

City of Ramsey
Agenda
Housing and Redevelopment Authority (HRA)
Regular Session
Tuesday April 12, 2011
Immediately following the City Council meeting
Council Chambers, 7550 Sunwood Drive NW

1. **Call to Order**
2. **Roll Call**
3. **Citizen Input**
4. **Approve Agenda**
5. **Approve Minutes**
 1. Approve the following HRA meeting minutes:

Tuesday, February 1, 2011
Tuesday, February 22, 2011
Tuesday, March 15, 2011
6. **HRA Business**
 1. Consider Extension to Purchase Agreement – Suite Living
 2. Consider Proposed Amendment to Purchase Agreement - The Residence at The COR
 3. Review 2011 and Projected 2012 HRA Budget
7. **Committee Reports**
8. **Executive Director's Report**
9. **Commissioner Input**
10. **Adjournment**

HRA Regular Session

Item #: 5. 1.

Date: 04/12/2011

By: JoAnn Shaw
Community Development

Information

Title:

Approve the following HRA meeting minutes:

Tuesday, February 1, 2011
Tuesday, February 22, 2011
Tuesday, March 15, 2011

Background:

n/a

Funding Source:

n/a

Council Action:

Approve the following HRA meeting minutes:

Tuesday, February 1, 2011
Tuesday, February 22, 2011
Tuesday, March 15, 2011

Attachments

[HRA 02.01.11](#)

[HRA 02.22.11](#)

[HRA 03.15.11](#)

Form Review

Inbox

Heidi Nelson

Form Started By: JoAnn Shaw

Final Approval Date: 04/07/2011

Reviewed By

Heidi Nelson

Date

04/07/2011 11:01 AM

Started On: 04/07/2011 09:24 AM

**HOUSING AND REDEVELOPMENT AUTHORITY
CITY OF RAMSEY
ANOKA COUNTY
STATE OF MINNESOTA**

The Housing and Redevelopment Authority conducted a special meeting on Tuesday, February 1, 2011, at the Ramsey Municipal Center, 7550 Sunwood Drive NW, Ramsey, Minnesota.

Members Present: Chairperson David Jeffrey
 Commissioner Randy Backous
 Commissioner David Elvig
 Commissioner Colin McGlone
 Commissioner Bob Ramsey
 Commissioner Jason Tossey
 Commissioner Jeffrey Wise

Members Absent: None.

Also Present: Deputy City Administrator Heidi A. Nelson
 City Administrator Kurtis G. Ulrich
 Development Manager Darren Lazan

CALL TO ORDER

Chairperson Jeffrey called the special meeting of the Housing and Redevelopment Authority to order at 7:55 p.m.

CITIZEN INPUT

There was none.

APPROVE AGENDA

Motion by Commissioner Backous and seconded by Commissioner Elvig to approve the agenda as presented.

Motion carried. All voted in favor.

APPROVE MINUTES

Motion by Commissioner Ramsey and seconded by Commissioner Wise to approve the following minutes:

Regular Meeting Minutes dated January 11, 2011
Special Meeting Minutes dated January 18, 2011

HRA BUSINESS

Case #1: Consider Development Plan 5.0 for The COR at Ramsey

HRA Director Nelson stated that the Development Team has been working on the new development plan for The COR to further redefine the retail area. The team would like to review the draft of the revised development plan with the HRA tonight. Once we become comfortable with this, it begins the process of a comp plan ó rezoning, etc. This includes the west 50 retail area and the residential areas north of Bunker Lake Boulevard. She stated she would now turn the meeting over to Mr. Lazan to work through those areas.

Commissioner Ramsey asked why we would want to go through and update our zoning ó what if something really good comes in ó isn't that a lot of work to do now only to have to redo it again.

Commissioner Elvig stated that we griped about our original plan being so detailed ó we talked about leaving some of these things raw so people could come in with ideas. We need something to urge something along but how detailed should we be?

Mr. Lazan stated that the AUAR has expired and we are at the risk of losing it.

Ms. Nelson stated that we believe we could update it versus starting from scratch.

Mr. Lazan stated we need to do a comp plan amendment ó we will have significantly fewer homes. We are updating the zoning code now to coincide with the revised Parking Use and Maintenance Agreement (PUMA). We need to have the City's zoning ordinances correctly reflect what we want. A number of things trickle down from having a plan. The purpose is to generally assign these areas. This is urban ó this is retail ó this is park, etc. He added that he understands the concern about being too "hard line". Parking ó In general, we are at what we would be required for something like this. The parking was discussed ó three rows ó breaking it up with vegetative strips. The idea here is to give us a gross occupancy. We need to get a handle on where we are today and where we will be.

Commissioner Elvig stated that he totally agrees if we can get that AUAR ó that was monumental. Could we pictorially say what Mr. Lazan just said ó make it more general ó just so we do not get too stuck. He inquired whom the map is for ó are we still trying to shine the penny here ó trying to sell chunks of property ó trying to find developers?

Commissioner Ramsey responded it would be all of the above until something happens. He stated he likes having this ó it gives us a place to start.

Commissioner McGlone stated some sections on this map are removable ó some are set in stone ó others are conceptual. We have to do some of this plan and we all agree big box retail has to show somewhere.

we feel about this. Minor things will get changed but great tool.

Commissioner Elvig stated it's an historical perspective ó we have gotten a õkick in the buttö before for something on the map ó but to put it in words, this is just conceptual.

Commissioner Ramsey suggested a big disclaimer on it ó this is conceptual and subject to massive changes.

Mr. Lazan stated there are a thousand factors that went into this layout ó one company cares about six of them ó and someone over here cares about 12 of them, etc. If you leave the pallet too broad, the ideas will not work. We need to give them enough to work on. We could do a bubble diagrammed version for the public.

Commissioner Jeffrey stated he does not like to have multiple diagrams in the community. The ups are the fixed drawing in this diagram and a disclaimer that this is conceptual.

Commissioner Elvig asked if we have had discussions with Coborn's about the access out.

Mr. Lazan showed that intersection.

Commissioner McGlone stated that Coborn's is our store no matter what we do to the traffic design ó people will still go to Coborn's.

Mr. Lazan stated that Coborn's objectives were rooted in an effort to prevent a large format retailer from locating here.

The group talked about realigning the road to a giant õSö curve. Mr. Lazan showed the design of the roads.

Commissioner Ramsey stated that it looks like you are driving to Coborn's ó not by Coborn's ó that's to their benefit.

Commissioner Tossey noted that Zeolite will be a straight shot - it's mostly Ramsey residents using that Coborn's.

Commissioner Elvig stated he is wondering if the entrance to that could be centered more on Sunwood.

Mr. Lazan stated we are trying for the least amount of disruption to their lots.

Commissioner Backous asked for clarification on that.

Mr. Lazan stated that the existing curb cuts are on Sunwood ó so we would keep the existing cuts but modify them ó maybe make it so there is one main entrance into their front door.

Ramsey stated they loved it.

Mr. Lazan continued with the north residential district. There are three components of a triangle parcel that was a townhome site but the market doesn't really call for that now. It seems that \$200,000 single-family homes are more what the market calls for. The horseshoe component of the discussion should be are we leaving it there forever.

Commissioner Elvig stated that with regard to the triangle of we will have some fill issues there of he asked about the drainage and Mr. Lazan explained the drainage.

Commissioner Ramsey asked how long is that product going to be on the market (horseshoe) of Mr. Lazan responded five to seven years.

Commissioner Ramsey suggested rough grading it, fencing it and making it a dog park.

Mr. Lazan stated that his thought is you can put a lot of units here but he recommended we grade it and seed it so it looks better. The north commons of there are a number of comments and questions, etc. on this. At the request of a handful of people, we looked at putting lots on two sides of this park. We drove the area and got rid of all the lots on one side. He talked about a sliding hill, trees, tot lots, etc. for the park. He added that we end up with eight lots. If someone is interested, it may be six lots instead.

Commissioner Tossey asked what that builder was willing to pay per lot.

Mr. Lazan stated about \$15,000 a lot, however, he thought we could push \$20,000 of that's low but not too low (triangle). He added he would rather take \$15,000 and have them put \$5,000 back into the product.

Commissioner Tossey cautioned to not sell ourselves short.

Commissioner McGlone stated that people in Ramsey drive pick-up trucks and expeditions, etc., so we need to make sure the driveways are long enough and the garages are back far enough.

Commissioner Backous stated there are a lot of empty lots. He liked the idea of going a little lower and putting more into the product.

Mr. Lazan stated that's the north residential area. Are we willing to sell lots in a configuration like this and willing to give the process to the park. Are we on track?

Chairperson Jeffrey stated he likes it, but because we are changing zoning, does this have to go to a public hearing and planning?

Deputy City Administrator Nelson replied yes. She added that with regard to the park issue, we have talked about taking this to the park board. We need to work through that.

that.

to submit this plan to the City Council for approval and
development plan and all the other stuff will flow from

Commissioner Tossey asked if we aren't really making more housing units.

Mr. Lazan responded that we are actually down to half.

Commissioner Wise stated that in talking about selling property to get money for the park, what amount will it take for the park or can we use some of that money for infrastructure.

Mr. Lazan stated that the rule of thumb is 1/3 land, 1/3 transaction costs, and 1/3 profit for the developer. If you take 2/3 and sell it all, there's a different number. This land you did not anticipate selling so you have 2/3 available to send downstream for the park.

Commissioner Ramsey stated we still need a dog park.

Commissioner McGlone stated that these residents are all worked up for a park that was never really dedicated as a park. Take a lesson from that and be very careful what we draw on maps.

Mr. Lazan stated that the remainder stays mostly the same. Looking at the A, B, C, and D parking districts, D will most likely be private.

Mr. Lazan continued that we are asking for the HRA's approval to submit the application to the City Council for approval/adoption of the new development plan.

Discussion ensued relating to the public process. Commissioner Elvig suggested hosting an open house.

Motion by Commissioner Elvig and seconded by Commissioner Ramsey to approve the draft plans submitted by staff and that the HRA asks Council to support them.

Motion carried. All voted in favor.

2) Consider Proposal to Complete COR Marketing Package and 2011 ICSC Conference Attendance

Deputy City Administrator Nelson stated that as part of the preparations for the ICSC Conference in 2010, marketing materials were prepared to represent The COR. The Development Management Team has continued to work on the marketing materials within the budget that was provided for in 2010. We are proposing to take the next step in completing the marketing package. She noted that a proposal from Sharp Creative was attached to this case for discussion and consideration. She reported that a large amount of time has been spent on the marketing. She stated that the piece that's not addressed in the case is the production side. She asked the HRA to consider what they might like, paper or electronic or both. The other piece

egas Conference 2011. She turned the discussion over to

Mr. Lazan stated that he wanted to talk about a collateral marketing system ó it's made up of a professional high grade printing product. You can print on demand ó it's a custom product ó an evolving marketing system. He presented an example. We put together a rough book and went out for cost and it came back pretty expensive. He felt there is a need for some printed precut and showed a rough draft and a price they came back with. He stated this is probably a \$30,000 product and he is asking for money tonight so the graphic artist can put this together ó a proposal for the marketing side. The whole project is at \$12,000. \$3,000 was previously approved for the website and it will take about \$9,000 to finish the website and finish this book.

Commissioner Backous stated he cannot go back to his company and ask for more marketing money ó that is his cost. He thought the marketing part was what Mr. Lazan was doing and he couldn't understand why this was the City's expense.

Mr. Lazan explained that we can have this discussion. We sliced it a certain way ó his (Lazan) time is included in this but the product cost is the City's. The marketing firm and the attorney are paid for by the HRA ó these pieces all stay with the City. That's the way we structured the contract ó all things stay with the project.

Commissioner Elvig stated he appreciates the comprehensiveness of this and added that this is a big expensive book. People who are really interested are going to check everything out. He thought there should be a CD, photos, videos, etc.

Commissioner McGlone stated he would question the value of a CD; this thing is alive and moveable.

Commissioner Elvig commented that he thought the video side of it could be more generic.

Mr. Lazan stated that he feels the venue is the website.

Commissioner Ramsey stated that people were impressed by the DVD's; however, we could do a flash drive.

Motion by Commissioner Elvig and seconded by Commissioner Ramsey to approve the \$12,000 for graphics ó the \$3,000 that's already spent and the \$9,000 left and to go with Sharp Creative.

Further discussion: Chairperson Jeffrey stated he is a little concerned that the HRA is approving \$10,000 and now in a little while, we will be talking about more money. Ms. Nelson stated this is the HRA budget. In 2011, we budgeted \$50,000 for marketing and \$20,000 for travel. This has been budgeted but we wanted to bring it forward to review with you this proposal. We need to make a determination about how much to print. This does not include the printing work ó we can work on that. Mr. Lazan stated we can run the budget on printing 500 books - \$7,000 to \$10,000. The question is for \$7,000 to \$10,000, how much interactive stuff could we do and maybe just do a minimum printed product. Chairperson Jeffrey stated he likes the system

ating this and \$10,000 to print ó we better make sure we
er. Mr. Lazan talked about how this could be done from
his office and that he would propose giving Ramsey three shelves; spend \$30,000 of our \$50,000
on this material.

Motion carried. All voted in favor.

With regard to the 2011 ICSC Vegas conference, Ms. Nelson stated that in 2009, the City sent a group to the ICSC conference and in 2010, we had our soft brand rollout at the conference. We had a nice presence in 2010 and she said she would like to step that up this year. She suggested three members of the development team and three members of the HRA to go. There is money budgeted for travel, lodging, etc. It would cost about \$20,000 to do all that. Mr. Lazan stated he drafted a budget for two Development Team members and three HRA members plus Cronk and Greeby will be out there. We are not paying their registration or anything. He did include a hosted dinner in the proposed budget. He noted he upped the price for the booth but using the same furnishings and he budgeted \$1,000 for food in the booth. He added for an upgrade to graphics and shipping to and from Vegas. \$500 was allocated to laser printing for the books for out there. That equals about \$19,000 and last year is was about \$29,000. He stated he would like feedback on the number of attendees and the idea of stepping up the booth.

Commissioner Wise asked if the \$2,800 more is just for pretty walls on the booth.

Mr. Lazan replied that it's bigger too and a nicer ó better location.

Commissioner Ramsey stated you get lost real quick if you have a plain Jane booth.

Commissioner Backous stated he did not have a problem spending heavily on the booth, etc., but wondered if we really need that many people out there.

Commissioner Elvig stated he would double the amount, to which Commissioner McGlone added that was a real workout with the amount of people that went last year.

Commissioner Tossey inquired if anything tangible came out of this conference yet.

Mr. Lazan gave some examples of what has come out of this. He stated do you go there and leave with a pocketful of contractors ó not these days ó but attendance definitely has value.

Commissioner Ramsey stated that last year he was concerned about four people going but it was very busy.

Commissioner Backous asked the group who went to describe a typical day. Mr. Lazan did so.

Commissioner Backous inquired how many contacts came out of this to which Ms. Nelson replied 170 or so.

building a momentum and unless we continue that, we

Mr. Lazan stated this is a deal making show. He stated that the two Development Management folks would be Ms. Nelson and himself and then he asked which three Commissioners would want to go.

Commissioner Wise stated he would be interested in going but maybe send someone that's been there before so they are experienced.

Commissioner Tossey suggested maybe sending someone like Councilmember Backous in case Councilmember Wise decides not to run in the next election.

Commissioner Backous stated he is more worried about getting it done right.

Discussion ensued about having Mr. Ulrich attend as well and the consensus was that he should attend the ICSC as part of the Development Management Team.

Commissioners Backous and McGlone stated they would be willing to attend the ICSC Conference, which is scheduled for May 22 ó 25, 2011.

Motion by Commissioner Ramsey and seconded by Commissioner McGlone to direct staff to proceed with the proposed budget for the ICSC Conference.

Further discussion: Commissioner Tossey stated that he would vote to support this because there has been tangible movements from this type of spending/investment and he wants to make it known that this is something that's beneficial.

Motion carried. All voted in favor.

3) Review 2011 Strategic Planning Items related to the Development Management Team and The COR

Deputy City Administrator Nelson stated that on January 24 and 25, 2011, the City Council and staff met in Strategic Planning Session to determine 2011 goals and action plans. A number of items identified by the Council pertain directly to the work of the HRA. She listed the bulleted items in the case:

- HRA and DM Team Communications
- Review the Development Management Contract and HRA Expenditures
- Build on outdoors/sportsmen's theme for retailers, consider stocking pond/lake
- Review COR marketing vs. city-wide marketing efforts
- Consider relocation of Old Town Hall to the COR
- Pursue Community Center/Indoor Sports Complex

was listed as an issue. The Council wanted to have a
t together some other items for the HRA to do its own
planning.

Chairperson Jeffrey stated that in looking at the bulleted items, he did not know if the new Councilmembers have ever seen Mr. Lazan's contract. He asked staff to get that out to the new members so they can read it ahead and will be ready to discuss it.

Commissioner Elvig stated he is anxious to make sure we have a conversation about performance and get the structure laid out long before we look at the contract.

Commissioner Tossey stated he was in a committee meeting and he heard a City staff member refer to The COR as Darren's COR. He stated he wanted to think of it as our COR and that kind of talk is destructive. He wished some of these items could be addressed. He stated that he was at a meeting and we were trying to convince a pizza business to come and he saw Cronk and Greeby reel that guy back in. He said what they did was pretty fantastic.

Ms. Nelson stated that this is our charge and our structure. The goal of the HRA was to create a separate development arm of the City and to create some autonomy so we could work as a separate piece. She knew there would be some issues with that. The structure we set up has some conflicts with that. We are looking for the HRA to say yes we should continue to work on this private side and we will, or redirect us to structure it differently.

Mr. Lazan stated that he feels a genuine appreciation that we are set up like this. We mean business ó he feels this structure is fundamental to that success. This is your project ó my name is on your card ó we have created this entity. This is a team. If we want to lay too much bureaucracy, we will undermine what we have done.

Commissioner Backous asked what type of efforts did we take with staff to make sure they were not blind-sided.

Ms. Nelson stated we have had a lot of discussions on what we are doing. We are bringing them along so they are not completely in the dark. She felt we have made a real effort to communicate.

City Administrator Ulrich stated we are making it up as we go along too because this is all new to us as well. If we have communication issues, we try to address them. Too much communication ó not enough communication ó this project should have a big advantage because it is a City project. We are working as we go along and he felt it's been a gradual acceptance.

Commissioner Backous asked about a major push back and morale ó and he asked what Mr. Ulrich's sense of morale is.

Mr. Ulrich replied that this was never a City project to begin with. This is a high profile project to be involved with; it's probably a little bit of wanting to be more involved and they cannot be

ink the message is getting to them ó they need to do their

Commissioner Ramsey stated that originally this was set up where there was a wall. Staff thought it was important to be peeking over the fence. Do not worry about other staff. Heidi Nelson and Darren Lazan would bring it to staff when they were ready.

Commissioner Backous stated that looking at productivity ó keep people happy. People like to feel like their opinions are being valued ó there is more to that than just money. You have to be working together to be happy ó we need to figure out how to make it work. The boss I used to work for who came on after I had been there for 17 years ó she would ask for my input and then would say ó no we won't do that. My opinion was not being valued ó you need to look at the morale thing.

Commissioner Elvig stated that everyone is spot on. This has to be run like a business. People on the outside do not like working with cities. If we are going to be effective and I agree with Kurt ó this is unprecedented. We have to take our Councilmembers hats off when we are sitting in this room as the HRA. We can describe what we are doing but it's too hard to live it still. We have to find a way to make this more comfortable ó maybe some tools to help come up with something. Maybe have the HRA, City Council and staff all sit down and discuss this.

Commissioner Backous stated he would agree with that. He just feels communication is not there.

Commissioner Wise asked are we talking communication or are we talking egos. Staff has to be buying in the same way City Council had to buy in.

Mr. Ulrich stated we need to push egos out ó coordination in ó show team support.

Commissioner Ramsey stated we go to these meetings and hear comments and we sit down and champion the project ó any time I am in a meeting and someone brings up a deal point what can we do. That's up to the dealmakers ó City staff. We may know the name and face but we are not getting a lot of information. I am not getting any information ó I hear stuff as I am walking around City Hall.

Commissioner Backous reported he has a flexible schedule and he would like to be in some of these meetings if he knows about them.

Chair Jeffrey stated that if a calendar is available for some of these meetings, it would be of good value to him. If you do not know what's going on you cannot get in on what's going on.

Commissioner McGlone stated that he is here to do a job. He added, "people who elected me sent me to do that job. I have more time. I have the authority to do that." Everything we are doing is unprecedented. We are writing the book on it as we go. This is working ó these people answer to the HRA ó referring to Lazan and Nelson.

re out how to keep communicating with the team.

Commissioner Elvig stated that our staff is busy and he feels bad when he has to stop in and take up their time. There needs to be a better way to communicate. He liked Chair Jeffrey's idea of a calendar.

Commissioner Ramsey noted that Darren Lazan is at City Hall every Tuesday and that he (Ramsey) comes in to listen to what's going on.

Mr. Lazan stated that he involves these people on an ambassador role. He really does not want people to see it on a calendar and just pop in. He would like to be able to strategically pull people in ó not just have them drop in. He feels a disconnect between himself and some staff right now. He wants to have that staff connection. We can spend some time on this connection. There is a lot of ownership here and he added, "this is not my project".

Commissioner Backous stated that meeting would be great ó an airing. You cannot just stiff arm people ó we need to value them.

Commissioner Elvig stated he would hate to have anyone lose ownership.

EXECUTIVE DIRECTOR'S REPORT

None

COMMISSIONER INPUT

None

ADJOURNMENT

Motion by Commissioner Elvig, seconded by Commissioner Tossey, to close the special meeting of the Housing and Redevelopment Authority.

Motion carried.

The regular meeting of the Housing and Redevelopment Authority adjourned at 10:19 p.m.

Respectfully submitted,

Heidi Nelson
HRA Executive Director



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Jo Ann M. Thieling
City Clerk

Drafted by Jo Thieling, City Clerk

**REDEVELOPMENT AUTHORITY
CITY OF RAMSEY
ANOKA COUNTY
STATE OF MINNESOTA**

The Housing and Redevelopment Authority conducted a regular meeting on Tuesday, February 22, 2011, at the Ramsey Municipal Center, 7550 Sunwood Drive NW, Ramsey, Minnesota.

Members Present: Chairperson David Jeffrey
 Commissioner Randy Backous
 Commissioner David Elvig
 Commissioner Colin McGlone
 Commissioner Bob Ramsey
 Commissioner Jason Tossey
 Commissioner Jeffrey Wise

Members Absent: None.

Also Present: City Administrator Kurtis G. Ulrich
 HRA Executive Director Heidi A. Nelson
 Public Works Director Brian Olson
 City Attorney Bill Goodrich
 Development Manager Darren Lazan
 Associate Planner Tim Gladhill

CALL TO ORDER

Chairperson Jeffrey called the regular meeting of the Housing and Redevelopment Authority to order at 8:00 p.m.

OPEN FORUM

There was none.

APPROVAL OF MINUTES

None.

APPROVAL OF AGENDA

Motion by Commissioner Backous, seconded by Commissioner Wise, to approve the agenda as submitted.

Motion carried. Voting Yes: Chairperson Jeffrey, Commissioners Backous, Wise, Elvig, McGlone, Ramsey, and Tossey. Voting No: None. Absent: None.

Case #1: Review 2011 Strategic Planning Items Related to the Development Management Team and the COR

Associate Planner Gladhill reviewed the staff report.

Commissioner Elvig expressed his appreciation for the streamlining efforts by staff. He said it has been difficult to stay up to speed with the projects because a meeting cannot be held for every consideration in every project. He asked if there is an approach that can be taken to have house meetings and raised the concern of confidentiality.

HRA Executive Director Nelson indicated there have been discussions to create sub groups. She expressed concern in keeping tight control when discussing possible developments and the proliferation of information when it is to be conveyed to a group.

City Administrator Ulrich suggested a standing committee could be created that would function more as ambassadors. Members could rotate through the group depending on their availability and willingness to get involved in developments.

Commissioner Ramsey noted the Commissioners get a weekly update on the COR, and any member could speak to a staff person as needed. He said he felt information could be obtained without extra meetings.

Development Manager Lazan offered a client cloud site. His company has an internal team portal and a public portal so the information could be accessed by Commissioners and not be available to the public.

There was discussion regarding methods that could be used to obtain information needed to make decisions by the HRA, disseminate information, and how to keep information confidential.

City Attorney Goodrich explained that Development Manager Lazan is a public employee so any information he generates is public information, except for a small list of exclusions.

HRA Executive Director Nelson questioned if the rest of the information for this item could be discussed at a future date. Updates on these items can be provided as requested.

Consensus was reached to discuss these items at a later date.

Case #2: Review Renewal of Development Management Agreement

HRA Executive Director Nelson reviewed the staff report.

Development Manager Lazan gave an overview of the projects that have been accomplished during the time he has been on contract with the City. He depicted the costs spent by Landform, the task list, and the percentage of time he and his employees have spent on projects for the City.

to break even with the projects it has funded. He has the development to the City.

Commissioner Elvig suggested this type of summary be provided monthly.

Chairperson Jeffrey expressed concern that in a bid situation, Landform can be more competitive with the information they already have, lessening the ability of local firms to make competitive bids.

Commissioner Wise pointed out the most competitive bid is awarded the work much of the time, and awards have gone to local companies.

Commissioner Ramsey noted synergy is one reason Landform may get bids since it is more costly to bring someone in from the outside and get them up to speed.

Development Manager Lazan explained his firm knows the City's boundaries, where roads can be moved, and an abundance of data regarding the City. He said he spent over 150 hours compiling this data from 12 consultants that have worked in the City previously so it would be a huge project to get others involved now and let them know the details. He added that the language in the contract is to the effect of "the City will use contracted engineers to the extent possible." He is part of a development team.

Development Manager Lazan stated he felt he was half way through the administrative tasks needed to clear up titles, etc. It has taken 10 months to get that far. Possibly next year at this time, he will be able to better gauge the day-to-day work and predict more accurately the timeline on projects.

Commissioner McGlone called the question. He said he wanted to see if there is a consensus to keep discussion going as it is.

Voting Yes: Chairperson Jeffrey, Commissioners Backous, Elvig, McGlone, Ramsey, Tossey, and Wise. Voting No: None. Absent: None.

Commissioner Ramsey stated staff and Landform should go over the contract together to see if they would like to change anything.

Commissioner Backous noted he is seeing the contract for the first time and is not in favor of plowing through. He would like to look at some of the concerns.

Commissioner Elvig noted it is the Commission's responsibility to review this contract. He added he believes Mr. Lazan's performance has been stellar. If anything in the contract needs adjusting, this is the time to handle it.

City Administrator Ulrich indicated staff spent a lot of time drawing up the contract. He said he thought Mr. Lazan has incentive to work hard for the City. He offered to help work on the

l work with any issues they have. The contract will be
r.

COMMITTEE REPORTS

None.

EXECUTIVE DIRECTOR'S REPORT

HRA Executive Director Nelson stated she had been presented with the opportunity to present at the ICSC conference March 8 and 9 at the 2011 University of Shopping Centers. The City Administrator will be out of town so she suggested Development Manager Lazan could represent the City.

Development Manager Lazan explained the presentation and offered to go but said he would like to have an HRA member go with him.

Commissioner Elvig volunteered to travel with Development Manager Lazan.

Consensus was reached for Commissioner Elvig to join Development Manager Lazan.

HRA Executive Director Nelson reported on the issues of the Armstrong Boulevard alignment. She asked for HRA reaction to some of the issues discussed at the meeting the previous week.

Development Manager Lazan stated he wanted direction, not a motion. He questioned how much work could be done on the west side of Armstrong Boulevard. He would like to develop a single access point in realigning Sunwood Drive and asked how important it was to master plan the west Armstrong Boulevard area and how aggressive the HRA wanted to be in acquiring property.

Commissioner McGlone responded he is more interested in the east side of Armstrong Boulevard. He added if the City does a good job developing the east side, the west side will follow.

Commissioner Jeffrey raised the issue of funding property purchases.

Commissioner Backous stated he is in favor of buying a right-of-way, but not more land. If the COR is developed as planned, this area would fall into place.

Commissioner Wise suggested researching what kind of deal could be structured for the property directly to the west.

Consensus was reached for Development Manager Lazan to draw up a plan to present to the HRA.

COMMISSIONER INPUT



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ADJOURNMENT

Motion by Commissioner Tossey, seconded by Commissioner Ramsey, to close the regular meeting of the Housing and Redevelopment Authority.

Motion carried.

The regular meeting of the Housing and Redevelopment Authority adjourned at 10:17 p.m.

Respectfully submitted,

Heidi Nelson
HRA Executive Director

ATTEST:

Jo Ann M. Thieling
City Clerk

Drafted by Chris Moksnes
TimeSaver Off Site Secretarial, Inc.

**REDEVELOPMENT AUTHORITY
CITY OF RAMSEY
ANOKA COUNTY
STATE OF MINNESOTA**

The Housing and Redevelopment Authority conducted a regular meeting on Tuesday, March 15, 2011, at the Ramsey Municipal Center, 7550 Sunwood Drive NW, Ramsey, Minnesota.

Members Present: Chairperson David Jeffrey
 Commissioner Randy Backous
 Commissioner David Elvig
 Commissioner Colin McGlone
 Commissioner Bob Ramsey
 Commissioner Jason Tossey
 Commissioner Jeffrey Wise

Members Absent: None.

Also Present: Deputy City Administrator/HRA Exec Dir Heidi Nelson
 City Administrator Kurtis G. Ulrich
 Public Works Director Brian Olson
 Finance Director Diane Lund
 Development/Marketing Manager Aaron Backman
 Development Manager Darren Lazan

CALL TO ORDER

Chairperson Jeffrey called the regular meeting of the Housing and Redevelopment Authority to order at 7:32 p.m.

OPEN FORUM

Eric Zaetsch, 154th Lane NW, stated he had attended earlier meetings in the evening. He said he felt there is a disservice to the residents of Ramsey. He gave his opinion that money is being misspent in bad deals and decisions and priorities are wrong. Mr. Zaetsch felt the discussions thus far were centered on the needs of the City and not considering the needs of the residents.

APPROVAL OF MINUTES

Motion by Commissioner Ramsey, seconded by Commissioner Wise, to approve the following minutes:

Regular Meeting Minutes dated February 8, 2011
Special Meeting Minutes dated February 15, 2011



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erson Jeffrey, Commissioners Ramsey, Wise, Backous,
o: None. Absent: None.

APPROVAL OF AGENDA

Commissioner Elvig requested Item 4 be discussed prior to Item 3.

Motion by Commissioner Backous, seconded by Commissioner Wise, to approve the agenda as amended.

Motion carried. Voting Yes: Chairperson Jeffrey, Commissioners Backous, Wise, Elvig, McGlone, Ramsey, and Tossey. Voting No: None. Absent: None.

HRA BUSINESS

Case #1: Consider EDA Recommendation Regarding Retail Space in Flaherty and Collins Apartment Project

Deputy City Administrator Nelson reviewed the staff report.

Commissioner McGlone pointed out the \$144,000 as mentioned in the report which the City is liable for is not complete. This does not include CAM fees. He noted it is his position that the HRA and the EDA are overlapping in this project. He stated he voted against the subsidy for the project that is proposed across the street and had pled to let Flaherty be released from this obligation. The subsidy earmarked for the other restaurant puts the City in jeopardy of having to spend \$200,000 in backstopping a lease. He said there are other corners that the City can develop as it sees fit.

Commissioner Backous said he understood the terminology stated the amount the City would be liable for is up to \$144,000. He added that he understood this was for a retail development and not necessarily a restaurant.

Development Manager Lazan explained that \$144,000 is the straight monthly obligation. He agreed that the CAM fees need to be added.

Commissioner Wise indicated he originally thought it could be beneficial to let Flaherty out of the contract. He now decided apartments there would not work, and he felt it was a good location for retail. He noted the City would most likely find a lessee and could create some kind of subsidized lease if necessary.

Development Manager Lazan explained the original offer to Flaherty. He noted the worst-case scenario is if the City cannot lease the building, the City would pay for all three years.

Commissioner Elvig pointed out this body has already discussed this item and voted on it. Development/Marketing Manager Backman had requested it come back to the Council for final approval since there are new Commissioners on the EDA. He didn't think there would be

development, a destination is created, which is why Maple City.

Motion by Commissioner Ramsey, seconded by Commissioner Elvig to direct the DM Team with regard to the Flaherty and Collins agreements for the construction of 3,000 square feet of retail space and assistance in securing tenants for the space in anticipation of a Fall 2012 occupancy.

Motion carried. Voting Yes: Chairperson Jeffrey, Commissioners Ramsey, Elvig, Tossey, and Wise. Voting No: Commissioners Backous and McGlone. Absent: None.

Case #2: Review the “Get on Board” Campaign

Deputy City Administrator Nelson reviewed the staff report.

Commissioner Ramsey said he was concerned this is premature. He suggested waiting until after this legislative session to see what the funding looks like. He stated the City made its case well for State and Federal aid.

City Administrator Ulrich pointed out the City is spending money monthly to support the bus and bring ridership. The City may be able to capture fare money and incentives to ride the bus would help the Ramsey businesses.

Commissioner Elvig agreed and suggested the City go beyond its borders to get outlying riders.

Development Manager Lazan noted the campaign had a tremendous amount of energy in the beginning. Once the election was done, the campaign lost some momentum. He questioned if the City wants to revisit the campaign and build bus ridership.

Commissioner Ramsey questioned how full the busses are.

Public Works Director Olson replied they are 70 to 80 percent full.

The Commission discussed issues and strategies on earning bus passes and rebates. Deputy City Administrator Nelson offered to get these issues clarified.

Commissioner Elvig commented this is a regional transit issue.

Commissioner Ramsey noted the residents will most likely ride the bus until the train station is done.

Development Manager Lazan stated packages have been created in low, medium and high costs. There are options to consider.

Consensus was reached to consider packages and options for banners for the campaign.

(This item was discussed prior to Case #3.)

Finance Director Lund reviewed the TIF dollars.

Deputy City Administrator Nelson reviewed the HRA budget.

Deputy City Administrator Nelson reviewed the Staff report.

Development Manager Lazan stated the expenditures for the past year by Landform were discussed in the last two meetings. He noted there are three ways to pay the expenditures: the incentive portion, the visioning portion and the administrative portion. He explained that depending on the cut off date for accounting and reporting, by the end of the next week, there will be \$158,000 earned. There was \$100,000 advanced last year, and \$108,000 earned. Development Manager Lazan further explained \$423,000 was spent in professional services, and roughly \$50,000 in direct services.

Commissioner Wise pointed out Development Manager Lazan is not making this money as income. He has to pay expenses and employees and represents 1.8 full time employees.

Development Manager Lazan pointed out there is about 15 people putting in 3,300 hours in this project for Ramsey. A fair amount of what they have done is asset management. The City already owns the property and a lot of it had to be cleaned up as far as titles, etc. Much of this work was uncovered as the project progressed. He estimated they are half way through clearing titles and getting land ready for sale.

Commissioner Elvig mentioned he would like to track this kind of progress on a quarterly basis.

Commissioner McGlone explained that costs for projects are always higher in the beginning and he believes the costs will go down. Land is now saleable because it is recorded correctly with the County, whereas it wasn't before. He said he thinks the project is at the point where the costs will start to even out

Case #3: Consider Development Management Contract Revisions

(This item was discussed after Item #4)

Deputy City Administrator Nelson reviewed the staff report.

Development Manager Lazan reviewed the presentation. He noted a daycare facility is considering a purchase agreement and there is a draft LOI from a national developer for the West 50. A homebuilder is interested in two of the parcels and there is a number of building permit issues to work on with one of the parcels. Discussions continue with the YMCA. There is interest in a workforce component and in a tax credit application. He pointed out this is a lot of activity on a 118-acre site, especially considering the economy. The past year was spent

, and cleaning up title issues and it is paying off. The firm had to figure out where some of the businesses could go in order to sell to potential buyers. There are many infrastructure pieces. There has to be some kind of plan used as a starting point because it is difficult to know what kind of retail will happen. Placeholders for certain businesses have to be put in according to what the residents want in order to start somewhere. Development Manager Lazan reviewed the presentation he gave at the February 22 HRA meeting.

Chairperson Jeffrey asked Development Manager Lazan to review the dashboard in a quick overview.

Development Manager Lazan reviewed the dashboard, pointing out it is not up-to-date but will be before the next meeting. The dashboard gives an overview of the current projects and where revenues and expenses are coming from. He explained the factors used to create valuations.

Commissioner Tossey questioned why the dashboard hasn't been shown before.

Development Manager Lazan responded there are some components that have sensitive information. Also, interest hasn't been indicated to learn it on a detailed level.

Commissioner Ramsey stated it is like asking to see what is in a toolbox. There are tools that may not need to be seen; the numbers just need to be correct. Also, if one number is changed, it changes other components, so it is a work in progress all the time.

Commissioner Backous stated he would like to be able to monitor the progress and see a regular update on the dashboard. He said he did not think the information should be kept sensitive since it seems counterproductive to the need for the Council to be forthright.

City Administrator Ulrich explained the general belief is that the City should not share information on potential developers unless it involves a specific negotiation. Meetings cannot be closed to discuss a general issue. City Administrator Ulrich suggested making a dashboard available monthly that provides good data, but does not divulge private information. It should summarize to a certain extent that keeps confidential data intact. Then, if the HRA wants to go into more detail, it can contact Development Manager Lazan to do so.

Deputy City Administrator Nelson read the proposed language in the contract regarding the City's discretion to use other consultants to self-perform on projects where Landform does not provide services.

Chairperson Jeffrey gave his opinion that this disadvantages local Ramsey businesses. He said he did not like it in the contract. He suggested Landform can bid on the project, although it probably does have a competitive edge. It should not be in the contract because it creates a monopoly.

Commissioner Backous stated he understands the logic and said he is not in favor of bringing everything to a halt to get bids. He wants to get the development done as soon as possible.

ed this was a negotiated component under additional compensation. He said he has worked with 17 different consultants for projects thus far. To ask for bids at this point and have him give out the information he has gathered is counterproductive. He said the knowledge part of the project far outweighs finding consultants.

Commissioner Tossey stated it would not be cost effective to put every project out for bid. Development Manager Lazan has streamlined the use of consultants. He said he did share concerns, and especially concerns around the TIF District.

Discussion took place regarding the amount of spending that occurred in relation to getting projects done and land ready for sale. Also included in the discussion was the fact that the contract is not 100% incentive based and the resulting pros and cons.

Commissioner Backous said he appreciates the work Development Manager Lazan has done. He noted he wants to make sure the City is prioritizing the work appropriately.

Commissioner Elvig inquired if there is a way to reduce the administration spending, such as having the City's staff take on some of the duties.

City Administrator Ulrich clarified the State requires sealed bids on larger projects. The City can do smaller projects if internal staff is available. Bids do not have to be sought on professional services; only for construction services.

Public Works Director Olson stated he is pleased with Landform's work. He said he would prefer to have the right to self-perform and noted it is prohibitive and costly to go out RFPs.

Development Manager Lazan indicated he has passed on more work than he's gotten in the COR. Some projects require more expertise than they have and he is more than willing to let the staff self perform.

Deputy City Administrator Nelson questioned if language in the contract should be changed concerning the two-year contract. Currently, the contract reads that if a deal were to occur 12 months after termination of this contract, Landform would be entitled to incentive pay over those 12 months.

Development Manager Lazan said he is proposing a static number for compensation upon early termination. If something closes in the following year after his contract is terminated, he gets compensated. If his contract is terminated, he would give his list of contacts to the City and if something closes, he would still be compensated. He said he would propose between 3 and 6 months on the fixed fee, and between 12 and 18 months on the carryover fees. He offered to work with staff on those numbers. He pointed out the contract states it can be terminated without cause.

Commissioner Elvig commented sales persons are commonly paid a base pay and phase into base pay with a draw.

ed if Development Manager Lazan should be on that type of structure to earn more draw. He said he would propose a higher commission on the land sales as incentive and cut down administrative costs.

Development Manager Lazan explained that many hours were put in to get land ready for sale. If the contract were set up for a draw and no payment for the hours put in prior to the sale, there would not be any land sold. He said he didn't think the project was at the point to work on draw. As soon as some closings happen, the work is incentive-based.

Deputy City Administrator Nelson raised the point that tremendous hours have been spent trying to resolve issues of land in the COR. The \$15,000 paid per month is payment for a team, not just one person. If the City reduces the administrative fee, then the list of tasks should be considered and discussion of how to reduce expectations should be had.

Development Manager Lazan stated he does not think he could work with less administrative fees because that is the groundwork to get the project ready.

Commissioner Backous suggested renaming administrative fees to commission. The draw comes off the commission when it is realized. He said that the business Mr. Lazan is in dictates a lot of work has to be done up front.

Chairperson Jeffrey stated he is not in favor of the incentive compensation draw, nor the extra \$10,000 per month.

Commissioner Elvig stated he would like to see what happens on the closings and over the next few months.

Commissioner Backous stated he would like to have a contract for a few months and update after the proposed closings.

Chairperson Jeffrey suggested a 30 day termination clause if the closings don't happen.

Commissioner McGlone suggested a contract for 30 days out and one year out of commissions as opposed to five. He stated Landform has shown good work and good faith up to this point.

Commissioner Tossey stated he would not support a contract extension as it is currently written.

A majority consensus was reached that the hotlist will be eliminated; the carryover commissions will go one year.

COMMITTEE REPORTS

None.

EXECUTIVE DIRECTOR'S REPORT



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The Falls Restaurant is requesting a conditional building permit for temporary easement.

Commissioner Ramsey asked if the City can withhold the COO if the parking needs are not met.

City Administrator Ulrich explained there is no minimum parking requirement the way the code is written. There are options with Mr. Deal to provide parking.

Commissioner McGlone cautioned against working with Mr. Deal because of other issues.

City Administrator Ulrich noted the City Attorney is waiting a response from their attorney.

Commissioner McGlone suggested letting the attorneys work it out and the owner can come to the City for a building permit after issues are resolved.

Motion by Commissioner Ramsey, seconded by Commissioner Elvig, to present The Falls Restaurant with a conditional building permit for a temporary six-month easement.

Motion carried. Voting Yes: Chairperson Jeffrey, Commissioners Ramsey, Elvig, and Backous. Voting No: Commissioners McGlone, Tossey, and Wise. Absent: None.

Development Manager Lazan raised the issue of the where the new sign for The COR should be. The space that is planned has two runs of power above it that would be in the way. Connexus gave a quote to bury the wires for \$8,000. This would clean up the appearance of the area outside the parking lot.

Commissioner Wise suggested removing the sign on Armstrong Boulevard.

Consensus was reached to bury the lines for the erection of the sign in the proposed space outside the parking lot, and remove the sign from Armstrong Boulevard.

COMMISSIONER INPUT

Commissioner Ramsey requested Deputy City Administrator Nelson research the ability to televise the HRA meetings that are held after the City Council meetings.

ADJOURNMENT

Motion by Commissioner Wise, seconded by Commissioner Tossey, to close the regular meeting of the Housing and Redevelopment Authority.

Motion carried.

The regular meeting of the Housing and Redevelopment Authority adjourned at 11:12 p.m.



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Heidi Nelson
HRA Executive Director

ATTEST:

Jo Ann M. Thieling
City Clerk

Drafted by Chris Moksnes
TimeSaver Off Site Secretarial, Inc.

Date: 04/12/2011

By: Heidi Nelson
Administrative Services

Information

Title:

Consider Extension to Purchase Agreement – Suite Living

Background:

The HRA and Toti Development (Suite Living) entered into a purchase agreement in September of 2010 for a 1.8 acre parcel west of the existing parking structure. As the contract has progressed, both parties have fulfilled many of the terms of the agreement including the due diligence, all title and survey work, and Toti has accepted the Special Services District language as required under the agreement. Toti has completed all of their entitlements necessary to close.

As written, the contract required Toti to close on the property on or before March 31, 2011 or exercise their right to extend as outlined in the contract. They currently have the right to extend the closing date through a series of extensions until September 30, 2011. As part of those options to extend, the seller was to deliver an additional \$25,000 hard earnest money to the title company, and pay an additional fee each month of the extension.

Toti has been working with their development and financing partner to assemble construction package and close on the property. They contend they have incurred additional costs in preparing this new urban prototype plan and request relief from the additional \$25,000 earnest monies to extend the agreement.

Observations:

Toti has prepared and presented a reinstatement of, and amendment to the purchase agreement for your consideration. The Development Management team has worked through the related issues and negotiated the following terms;

1. The closing date shall be amended from March 31, 2011 to August 15, 2011.
2. No additional earnest money will be delivered to the seller.
3. The buyer will affirm that the existing \$50,000 is non-refundable and release it to the City.
4. The Buyer will pay a monthly extension fee of \$5,000 until they close.

During the April 5th HRA worksession, the HRA requested that language be added to the amendment that requires TOTI to provide the HRA a written update monthly regarding their progress on financing and building plans. That language has been added to the attached amendment for your consideration this evening.

Recommendation:

The DM team recommends the HRA approve the proposed amendment.

Funding Source:

There are no fiscal impacts related to this amendment, however, if accepted the HRA will be foregoing the additional \$25,000 in earnest monies in exchange for receiving the existing \$50,000 and an acknowledgment that these monies are non-refundable except in the event of an HRA default.

Council Action:

Approve the proposed amendment.

Attachments

Reinstatement and Amendment to PA

Purchase Agreement

First Amendment to PA

Form Review

Inbox

Heidi Nelson (Originator)

Form Started By: Heidi Nelson

Final Approval Date: 04/07/2011

Reviewed By

Heidi Nelson

Date

04/07/2011 01:50 PM

Started On: 04/07/2011

PURCHASE AGREEMENT

FOR PORTION OF OUTLOT M, RAMSEY TOWN CENTER ADDITION

1. **Parties.** The parties to this Purchase Agreement (the "**Agreement**") are:
 - a. 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 ("**Seller**"); and
 - b. TOTI Holdings, LLC, a Minnesota limited liability company ("**Buyer**").

This Agreement sometimes refers to Seller and Buyer individually as a "Party" and collectively as the "Parties".

2. **Effective Date.** This Agreement is dated, for reference purposes, and is effective as of September 15, 2010 (the "**Effective Date**").

3. **Property and Platting.**

- a. **Description of Property.** The property that is the subject of this Agreement (the "**Property**") is the portions of Outlot M, RAMSEY TOWN CENTER ADDITION, and Outlot A, RAMSEY TOWN CENTER FIFTH ADDITION, Anoka County, Minnesota that are depicted as Lot 5, Block 1, COR ONE, Anoka County, Minnesota on the preliminary plat attached hereto as **Exhibit A** (the "**Draft Preliminary Plat**"). As used in this Agreement the term "Property" also includes all hereditaments and appurtenances to the Property. There are no improvements located on the Property. The Parties do not contemplate the conveyance of any personal property pursuant to this Agreement.

- b. **Platting.** Seller must submit the Draft Preliminary Plat to the Ramsey City Council (the "**City Council**") for approval on or before October 25, 2010. If the City Council approves the Draft Preliminary Plat, Seller must provide Buyer with a copy of the approved Preliminary Plat (the "**Approved Preliminary Plat**") within seven (7) days of the City Council's approval. Seller must submit a final plat that is based on the Approved Preliminary Plat (the "**Final Plat**") to the City Council for approval on or before the Date of Closing. If the City Council approves the Final Plat the term "Property," as used herein, shall mean Lot 5, Block 1, COR ONE, Anoka County, Minnesota as depicted on the Final Plat. If the City Council does not approve the Final Plat, Buyer may terminate this Agreement pursuant to Section 15 or Seller may terminate this Agreement pursuant to Section 16.

4. **Purchase and Sale.** Seller agrees to sell the Property to Buyer pursuant to the terms of this Agreement, and Buyer agrees to purchase the Property from Seller pursuant to the terms of this Agreement.

5. **Purchase Price.** The purchase price of the Property is \$1,524,600.00 (the "**Purchase Price**"). At closing Buyer must also pay to the City of Ramsey (the "**City**") or reimburse Seller for all fees and charges that Chapter 117 of the City's Ordinances require be paid in connection with or at the time of the City Council's approval and the City's execution of the Final Plat (the "**Platting Fees**").

6. **Earnest Money.** Within two (2) business days of Seller's execution of this Agreement, Buyer must deposit earnest money in the amount of \$50,000 (the "**Earnest Money**") with Land Title, Inc. ("**Title**"). Title must hold the Earnest Money in escrow pursuant to the provisions of the Escrow Agreement attached hereto as **Exhibit C**. The Earnest Money will remain the property of Buyer unless disbursed to Seller pursuant to the provisions of the Escrow Agreement. Interest the Earnest Money earns will inure to the party that is entitled to the Earnest Money under the terms of this Agreement. At Closing, the Earnest Money must be delivered to Seller and applied towards payment of the Purchase Price pursuant to the provisions of Section 7(b)(i) below.

7. **Closing.** Seller and Buyer must meet at the offices of Buyer's counsel, John W. Lang, Esq., Messerli & Kramer, P.A., 1400 Fifth Street Towers, 100 South Fifth Street, Minneapolis, Minnesota at 9:30 a.m. on March 31, 2011 or such earlier date as the Parties may establish by mutual agreement (the "**Date of Closing**") to close this transaction (the "**Closing**"). Buyer may extend the Date of Closing pursuant to Section 24. At or before Closing:

a. Seller must:

- i Deliver a certified copy of a Resolution of Seller's board of commissioners authorizing the execution of this Agreement and the performance of Seller's obligations under this Agreement to Buyer;
- ii Execute and record the Final Plat;
- iii Deliver to Buyer a duly executed and acknowledged Limited Warranty Deed conveying title to the Property from Seller to Buyer, subject to:
 - (A) Building, zoning and subdivision statutes, laws, ordinances and regulations;
 - (B) Reservations of minerals or of mineral rights in favor of the State of Minnesota, if any;
 - (C) Except as otherwise provided for herein, the lien of real estate taxes and special assessments not yet due and payable;
 - (D) The Final Plat and any dedicated drainage and utility easements shown thereon;

- (E) A reservation of a right of reverter in favor of Seller pursuant to which title to the Property will revert to and re-vest in Seller if (i) Buyer defaults in the performance of Buyer's obligations under a mortgage to which Seller has subjected its rights under this right of reverter and the mortgagee commences proceedings to foreclose the mortgage; or (ii) Buyer fails to substantially complete the construction of the improvements described on the attached Exhibit D on the Property on or before the date two years from the Date of Closing. If Seller is delayed in completing construction of the improvements as a result of acts of God, including, but not limited to, floods, ice storms, blizzards, tornadoes, landslides, lightening and earthquakes (but not including rain, snow or windstorms that constitute reasonably anticipated weather conditions for the geographic area); riots, insurrections, war or civil disorder affected the performance of the work; blockades; power or other utility failures; fires or explosions; labor strikes or labor shortages; or shortages of materials and Buyer promptly notifies Seller of the occurrence of such conditions, the two year period provided for in the preceding sentence shall be extended for a number of days equal to the number of days that the condition persists and a reasonable period for recovery and restoration thereafter. For purposes of the right of reverter, the improvements will be substantially complete when they are eligible for receipt of a certificate of occupancy. To facilitate Buyer's acquisition of financing for the project, Seller will subject Seller's interest under the right of reverter to the lien of a mortgage granted by Buyer to secure the repayment of a loan, the proceeds of which are disbursed to pay costs associated with the development of the Property and the construction of the improvements on the Property; provided the mortgagee acknowledges, in writing, that if Buyer fails to complete the improvements within the time period set forth in the right of reverter or if the mortgagee commences foreclosure proceedings, Seller may exercise the right of reverter and, if the mortgagee has foreclosed or thereafter forecloses, Seller may redeem the Property from foreclosure, as owner, within the time allowed by law;
- (F) A Master Declaration, if any, that Seller or that Seller and other owners of property within the Plat of Ramsey Town Center execute and record for the purposes of establishing a Master Association to perform certain services within the area subject to the Master Declaration;

- (G) A special service district, if any, established by the City of Ramsey pursuant to Minnesota Statute Chapter 428(A); and
 - (H) Any matters that become a Permitted Encumbrance pursuant to Section 11.
- iv execute and deliver to Buyer and Title a Minnesota Uniform Conveyancing Blank Affidavit Regarding Business Entity evidencing the absence of bankruptcies, judgments, tax liens or corporate dissolution proceedings involving parties with the same or similar names as the Seller and evidencing the absence of mechanic's liens and the absence of known unrecorded interests, encroachments or boundary line questions affecting the Property;
 - v execute and deliver to Buyer non-foreign affidavits in recordable form containing such information as is required under IRS Section 1445(b)(2) and any regulations relating thereto;
 - vi execute and deliver to the closing agent, Buyer or other appropriate party appropriate Federal Income Tax Reporting Forms; and
 - vii pay or provide evidence of payment of the following: the State Deed Tax due upon the execution of the Limited Warranty Deed; \$675.00 toward the cost of the Title Commitment, as defined in Section 10(a); the cost of the Survey, as defined in Section 10(b); real estate taxes, special assessments and annual assessments, if any, pursuant to the provisions of Section 8 below; and one-half of any reasonable and customary closing fees imposed by any closing agent engaged to conduct closing of this transaction.
- b. Buyer shall:
- i Direct Title to disburse the Earnest Money to Seller;
 - ii Tender the balance of the Purchase Price to Seller in wire transferred funds;
 - iii Reimburse Seller for all Platting Fees Seller has paid to the City and pay any remaining Platting Fees to the City; and
 - iv Pay or provide evidence of payment of the following: real estate taxes, if any, pursuant to the provisions of Section 8; the cost of recording the Limited Warranty Deed from Seller to Buyer; the cost of the Title Commitment, to the extent that the cost exceeds the \$675 that Seller is obligated to pay pursuant to Section 7(a)(vii) above; all premiums and other charges for any title insurance policies Buyer purchases for itself and its lender; all costs associated with Buyer's financing; and one-half of any reasonable

and customary closing fees imposed by any closing agent engaged to conduct the closing of this transaction.

8. **Real Estate Taxes, Special Assessments and Owners Association Assessments.**

a. **Real Estate Taxes.** On or before the Date of Closing, Seller must pay the real estate taxes, if any, due and payable with respect to the Property in years prior to the year of closing. Seller and Buyer must prorate the real estate taxes, if any, due and payable with respect to the Property in the year of Closing on a per diem basis as of the Date of Closing. To record the Plat, Seller must pay all real estate taxes due and payable with respect to the Property in the year the Plat is recorded. If the Plat is recorded before closing, Buyer must reimburse Seller at closing for Buyer's pro rata share of the real estate taxes Seller pays when the Plat is recorded.

b. **Special Assessments.** On or before the Date of Closing, Seller must pay all special assessments levied or pending against the Property as of the Date of Closing and any installments of any special assessments levied before the Date of Closing that are certified for payment with real estate taxes due and payable in the year of Closing and all prior years. Buyer shall be responsible for all other special assessments.

c. **Master Declaration Assessments and Special Service District Charges.** If, before the Date of Closing, Seller records a Master Declaration against the Property or establishes a special service district pursuant to Minnesota Statute Chapter 428(A) that includes the Property, Seller and Buyer must pro rate, as of the Date of Closing, any assessments levied against the Property in the year of closing pursuant to the terms of the Master Declaration and any service charges imposed against the Property in the year of closing pursuant to the terms of the ordinance establishing the special service district. The pro-rations shall be made on a per diem basis to the Date of Closing.

9. **Possession.** Seller will deliver possession of the Property to Buyer at Closing.

10. **Evidence of Title.**

a. Within twenty (20) days after the Effective Date, Buyer must, at Buyer's sole cost and expense (but subject to reimbursement to the extent provided for in Section 7(a)(vii)) obtain a current 2006 form ALTA title insurance commitment for the Property (the "**Title Commitment**") and deliver a copy of the Title Commitment to Seller; and

b. Within thirty (30) days of the Effective Date, Seller must, at Seller's sole cost and expense, obtain and deliver to Buyer a current ALTA/ACSM Land Title survey of the Property prepared by a surveyor registered under the laws of the state in which the Property is located. The survey must be certified to Buyer, Buyer's lender and Title, if any, and the certification language must be reasonably acceptable to Buyer and Title (the "**Survey**"; collectively with the Title Commitment, the "**Evidence of Title**").

11. **Examination of Title.** Within ten (10) business days of Buyer's receipt of the last item of the Evidence of Title or within ten (10) business days of Buyer's discovery of a defect in the marketability of Seller's title to the Property which defect was not reasonably ascertainable from the Evidence of Title, Buyer may give Seller written notice of alleged defect(s) in the marketability of Seller's actual and record title to the Property and request that Seller make Seller's title marketable ("**Objections**"). Any defects in the marketability of Seller's title to the Property, including but not limited to the "Existing Encumbrances, as defined in Section 12(a)(ii), which Buyer does not object to, in writing, within the time period set forth above, will be deemed "Permitted Encumbrances," and Seller may expressly exclude such Permitted Encumbrances from the Limited Warranty Deed described in Section 7(a)(iii). Within ten (10) business days of Seller's receipt of Buyer's Objection(s), Seller must notify Buyer, in writing, if Seller will attempt to make Seller's title to the Property marketable. If Seller notifies Buyer that Seller will attempt to make Seller's title to the Property marketable, Seller will have up to one hundred twenty (120) days from Seller's receipt of Buyer's Objections to do so, and, if necessary, the Date of Closing will be rescheduled accordingly. If Seller makes Seller's title marketable within the one hundred and twenty day period, Seller will notify Buyer, in writing, and the Parties must close pursuant to the terms of this Agreement. The new "Date of Closing" will be the earlier of the Date of Closing, as set forth in Section 7 or the date fifteen (15) days from the date Seller notifies Buyer that Seller's title is marketable. If (i) Seller notifies Buyer that Seller does not intend to make Seller's title marketable, (ii) Seller notifies Buyer that Seller intends to make Seller's title marketable but is unable to do so within one hundred twenty (120) days from Seller's receipt of Buyer's Objections, or (iii) Seller fails to notify Buyer if it intends to make Seller's title marketable within the ten (10) business day period provided for above, Buyer must either:

a. terminate this Agreement pursuant to the procedures set forth in Section 19, in which case the Earnest Money shall be disbursed to Buyer; or

b. notify Seller that Buyer waives Buyer's Objections. If Buyer waives Buyer's Objections, the matters giving rise to such Objections will be deemed a Permitted Encumbrance and the Parties must fully perform their obligations under this Agreement. The Parties must establish a new Date of Closing by mutual agreement, but if the Parties cannot establish a new Date of Closing by mutual agreement, the Date of Closing will be the date fifteen (15) days from the effective date of Buyer's notice to Seller that Buyer waives Buyer's Objections.

If Buyer does not notify Seller of Buyer's election to terminate this Agreement pursuant to subsection (a) above or waive Buyer's Objections pursuant to subsection (b) above within fifteen (15) days of the expiration of the one hundred twenty (120) day period provided for above, this Agreement will automatically terminate, Buyer must deliver an executed and recordable quit claim deed to the Property to Seller and Seller must return or instruct Title to return the Earnest Money and any interest which the Earnest Money has earned to Buyer.

12. **Representations, Statutory Disclosures and Covenants of Seller.**

a. **Representations of Seller.** Seller represents to Buyer that, as of the Effective Date:

- i Seller has the legal authority to enter into this Agreement and sell the Property. The individuals executing this Agreement on behalf of Seller have the requisite authority to execute this Agreement and such other documents as are contemplated or to be delivered by Seller herein and to bind Seller thereto.
- ii To the best of Seller's actual knowledge Seller has marketable fee simple title to the Property subject only to recorded dedications, easements, agreements, covenants, conditions and restrictions (the "Existing Encumbrances").
- iii There are no actions, suits, proceedings or investigations pending or, to Seller's knowledge, threatened against the Property, including, without limitation, (A) condemnation or eminent domain claims, actions or proceedings, or (B) actions to seize any portion of the Property under any civil or criminal law authorizing seizure or forfeiture as a penalty for violation.
- iv To the best of Seller's actual knowledge, there are no tenants or other third parties in possession of any portion of the Property.
- vi Seller has not entered into any unrecorded mortgages of the Property; any unrecorded contracts, leases or other agreements granting any third parties any right, title or interest in or to the Property; any other purchase agreements for the sale of the Property; or any unrecorded rights of first refusal or unrecorded options to purchase the Property. To Seller's actual knowledge no other person or entity has entered into any such unrecorded agreements or grants of interests.
- vii To the best of Seller's actual knowledge, Seller is not in default in the performance of any of Seller's obligations under any easement agreement, covenant, condition, restriction or other instrument relating to the Property.
- viii Seller is not aware of any violation by Seller of any applicable laws, ordinances, regulations, statutes, rules and restrictions pertaining to and affecting the Property. To the best of Seller's knowledge, performance of this Agreement will not result in any breach of, or constitute any default under, or result in the imposition of, any lien or encumbrance upon the Property under any agreement or other instrument to which Seller is party or by which Seller or the Property might be bound. Seller shall comply, at its sole expense, with any and all environmental and other applicable rules, regulations, and conditions applicable to the Property in its present condition and as presently used.

- ix To the best of Seller's actual knowledge, the Property has not been classified under any designation under applicable law to obtain a special low ad valorem tax rate or receive either any abatement or deferment of ad valorem taxes.
- x Seller has received no notice of and has no actual knowledge of any pending or proposed special assessments affecting the Property.
- xii Seller has received no notice of and has no actual knowledge of any pending or threatened action that would impair access to and from the Property from the adjacent public streets depicted on the Draft Preliminary Plat.
- xiii To the best of Seller's actual knowledge: there are no Hazardous Substances located on the Property, except as may be disclosed in the Phase I Environmental Site Assessment for Ramsey Town Center, Highway 10 and Ramsey Boulevard, NW, Ramsey, Minnesota dated April 27, 2007 (Delta Project No. 5A0703-198), prepared by Delta Environmental Consultants, Inc. for Minnwest Bank Central, a copy of which Seller has provided to Buyer (the "Environmental Report"); the Property is not subject to any liens or claims by government or regulatory agencies or third parties arising from the release or threatened release of Hazardous Substances in, on or about Property; and, except as may be disclosed in the Environmental Report, the Property has not been used in connection with the generation, disposal, storage, treatment or transportation of Hazardous Substance. For purposes of this Agreement, the term "Hazardous Substance" includes but is not limited to substances defined as "hazardous substances," "toxic substances" or "hazardous wastes" in the Comprehensive Environmental Response Compensation Liability Act of 1980, as amended, 42 U.S.C. §9601, et seq., and substances defined as "hazardous wastes," "hazardous substances," "pollutants, or contaminants" as defined in the Minnesota Environmental Response and Liability Act, Minnesota Statutes, §115B.02. The term "hazardous substance" also includes asbestos, polychlorinated biphenyls, petroleum, including crude oil or any fraction thereof, petroleum products, heating oil, natural gas, natural gas liquids, liquefied natural gas, or synthetic gas useable for fuel (or mixtures of natural gas and synthetic gas).

b. Minnesota Required Statutory Disclosures. As required by statute, Seller hereby represents to Buyer that, to the best of Seller's actual knowledge:

- i Wells.

There are no wells located on the Property.

OR

All wells, as that term is defined in Minnesota Statutes, Section 103I.005, subd. 21, located on the Property are described on the Minnesota Well Disclosure Statement attached as Exhibit ____ and there are no wells located on the Property which: are contaminated; are constructed or maintained in such a manner that their continued use or existence endangers ground water quality or is a safety or health hazard; are inoperable or not in use; or must be sealed under the provisions of Minnesota Statutes, Chapter 103I, except for wells which have been sealed in accordance with the requirements of Minnesota Statutes, Chapter 103I and as to which a Sealed Well Certificate has been delivered to the Minnesota Department of Health.

ii Storage Tanks.

There are no underground or above ground storage tanks of any size or type located on the Property.

OR

There are _____ underground and _____ above ground storage tanks located on the Property but, Seller is not required to record with the County Recorder or Registrar of Titles an affidavit described in Minnesota Statute § 116.48 subd. 6 relating to underground or above ground storage tanks.

OR

Seller has recorded or will, prior to Closing, record the affidavit required by Minnesota Statutes § 116.48 subd. 6.

iii Septic.

Sewage generated at the Property goes to a facility permitted by the Minnesota Pollution Control Agency.

OR

Sewage generated at the Property does not go to a facility permitted by the Minnesota Pollution Control Agency and the individual sewage treatment system located on the

Property is described on the Minnesota Disclosure of Sewage Treatment System attached as Exhibit.

OR

- Sewage is not currently generated at the Property.

AND

- There are no abandoned individual sewage treatment systems located on the Property.

iv Hazardous Substances.

- Seller is not required to record with the County Recorder or Registrar of Titles an affidavit described in Minnesota Statute § 515B.16 subd. 2. indicating that the Property is subject to "extensive contamination."

OR

- Seller has recorded or will, prior to Closing, record the affidavit required by Minnesota Statutes § 515B.16 subd. 2.

v Methamphetamine Production.

- Methamphetamine production has not occurred on the property.

OR

- Methamphetamine production has occurred on the property and Seller makes the following disclosure:

A county or local health department or sheriff [*strike one*] has / has not ordered that the property or some portion of the property is prohibited from being occupied or used until it has been assessed and remediated as provided in the Department of Health's Clandestine Drug Labs General Clean-up Guidelines.

If such order or orders have been issued complete the following statement:

The above orders issued against the property [*strike one*] have / have not been vacated.

If such order has not been issued, state the status of removal and remediation on the property: _____

If, at any time prior to the Date of Closing, Seller acquires actual knowledge of events or circumstances which render the representations set forth in Sections 12(a) and 12(b) inaccurate, Seller will notify Buyer, in writing. Seller will indemnify Buyer, its successors and assigns, against and will hold Buyer, its successors and assigns harmless from, any expenses or damages, including reasonable attorneys fees, that Buyer incurs because of the inaccuracy of any of the above representations when made or Seller's failure to notify Buyer within a reasonable time and, in any event, before the Date of Closing, if Seller learns that the representations set forth above are no longer accurate. The representations and indemnification set forth above will survive the Closing of this transaction and Seller's delivery of the Limited Warranty Deed to Buyer, but any action by Buyer to enforce the representations contained herein must be commenced within eighteen (18) months after the Date of Closing by filing an action in District Court or such right shall be deemed waived.

- c. Covenants of Seller. Seller covenants and agrees that:
 - i From and after the Effective Date, Seller will not perform any grading or excavation, construction or removal of any improvement or landscaping or otherwise make any other change or improvement upon or about the Property, without Buyer's consent which consent Buyer may not unreasonable withhold, condition or delay.
 - ii From and after the Effective Date, Seller will not create or incur any mortgage, lien, pledge or other encumbrance affecting the Property other than encumbrances that Seller will fully satisfy out of the proceeds of Closing.
 - iii Prior to Closing, water, sanitary sewer, storm sewer, gas, electricity and telephone utilities will be delivered to five (5) feet inside of the Property line in a location reasonably acceptable to Buyer.
 - iv Seller is solely responsible for the payment of any commission or fee due to any agent Seller engages.
 - v On or before the Date of Closing, Seller will pay for all labor performed and materials furnished to the Property at the request of Seller prior to the Date of Closing.
 - vi Prior to Closing, Seller will work with the City to finalize the Plat.

13. Representations of Buyer. Buyer represents to Seller that, as of the Effective Date:

- a. Buyer is a limited liability company, duly organized pursuant to the laws of the State of Minnesota, and is fully authorized to transact business in the State of Minnesota;

b. The individual signing this Agreement on behalf of Buyer is fully authorized and empowered to sign this Agreement on Buyer's behalf. Upon execution of this Agreement, it will be fully binding upon Buyer; and

c. Buyer is solely responsible for the payment of any commission or fee due to any agent Buyer engages in connection with this transaction.

14. **Inspections.** At all times prior to the Date of Closing, Buyer and its agents have the right, upon reasonable notice to Seller, to go upon the Property to inspect the Property and to determine the condition of the Property and the improvements located thereon, including specifically the presence or absence of hazardous substances, petroleum products and asbestos in, on, or about the Property. Buyer agrees to indemnify and defend Seller from and to hold Seller harmless against any and all claims, causes of action or expenses, including attorneys fees, relating to or arising from Buyer's presence on the Property prior to the Date of Closing. Buyer agrees to repair any damage to the Property caused by such inspections and to return the Property to substantially the same condition as existed prior to Buyer's inspection. **Buyer acknowledges that Buyer is purchasing the Property in reliance on Buyer's inspection of the Property pursuant to this Section 14 and on Buyer's judgment regarding the sufficiency of such inspections. Other than the representations set forth in Section 12 of this Agreement, Buyer is not relying on any written or oral representations, warranties or statements that Seller or Seller's Agents have made. Subject to Buyer's right to terminate this Agreement pursuant to Section 19, Buyer is purchasing the Property in "AS IS" condition pursuant to the terms of this Agreement.**

15. **Buyer's Contingencies.** Buyer's obligations under this Agreement are contingent on:

a. Buyer's determination, in Buyer's sole discretion based on the information and inspections described in Section 14 above and any other relevant information, that the condition of the Property is acceptable to Buyer.

b. Buyer's determination, in Buyer's sole discretion, that the terms of any Master Declaration that Seller records against title to the Property prior to the Date of Closing and the terms of any Ordinance the City adopts to establish a special service district pursuant to Minnesota Statute Chapter 428(A) are acceptable to Buyer.

c. If the boundaries of the Property as depicted on the Approved Preliminary Plat are not the same as the boundaries of the Property as depicted on the Draft Preliminary Plat, Buyer's determination, in Buyer's sole discretion, that the boundaries and area of the Property as depicted on the Approved Preliminary Plat are acceptable to Buyer.

d. The City Council's approval of a Final Plat.

e. Buyer's acquisition of any rezoning, governmental approvals, unappealable permits, variances, conditional use permits, licenses, site plan approvals, operating permits or other federal, state or local approvals or permits (collectively, the "**Permits**") necessary for Buyer's construction of improvements on the Property and

intended use of the Property for a minimum of eighty (80) approved assisted living units (the "**Project**"). On or before October 7, 2010, Buyer must apply to the City or and any other appropriate governmental agencies for all Permits necessary for Buyer's intended use of the Property, and Buyer must diligently pursue the acquisition of all such Permits. Buyer must pursue the acquisition of such Permits at Buyer's sole cost and expense. Seller agrees to cooperate with Buyer in the acquisition of such Permits but is not required to incur any cost or expense.

Buyer may exercise the contingencies described in subsections (a) and (e) and terminate this Agreement by giving Seller notice in accordance with Sections 19 and 22 on or before December 31, 2010 (the "**Due Diligence Date**"). Buyer may extend the Due Diligence Date to March 31, 2011 by delivering to Seller and Title a written notice that Buyer is exercising Buyer's right to extend the Due Diligence Date. Buyer may exercise the contingency described in subsection (b) and terminate this Agreement by giving Seller notice in accordance with Sections 19 and 22 on or before the date fifteen (15) business days after the date Seller delivers a proposed Master Declaration or a proposed Special Service District Ordinance to Buyer for review. Buyer may exercise the contingency described in subsection (c) and terminate this Agreement by giving Seller notice in accordance with Sections 19 and 22 on or before the date seven (7) business days after the date Seller delivers the Approved Preliminary Plat to Buyer for review. Buyer may exercise the contingency described in subsection (d) and terminate this Agreement by giving Seller notice in accordance with Sections 19 and 22 on the Date of Closing. If Buyer exercises one on or more of the contingencies set forth in this Section 15 and terminates this Agreement, the Parties shall direct Title to disburse the Earnest Money to Buyer, except that if Buyer extends the Due Diligence Date to March 31, 2011 and Buyer thereafter exercises one or more of the contingencies described in subsections (a) or (e), the Parties shall direct Title to disburse one half (1/2) of the Earnest Money to Seller and one half (1/2) of the Earnest Money to Buyer. If Buyer does not exercise a contingency by giving Seller notice in accordance with Sections 19 and 22 on or before the date set forth above for the exercise of that contingency, that contingency terminates and Buyer may no longer terminate this Agreement based upon that contingency.

16. **Seller's Contingencies.** Seller's obligations under this Agreement are contingent on:

- a. Buyer's determination that the representations set forth in Section 13 are true, when made; and
- b. The City Council's approval of a Final Plat.

If Seller exercises one on or more of the contingencies set forth in this Section 16 and terminates this Agreement, the Parties shall direct Title to disburse the Earnest Money to Buyer, Seller may exercise the contingencies described in subsections (a) and (b) and terminate this Agreement by giving Buyer notice in accordance with Sections 19 and 22 on the Date of Closing. If Seller does not exercise a contingency by giving Buyer notice in accordance with Sections 19 and 22 on or before the date set forth above for the exercise of that contingency, that contingency terminates and Seller may no longer terminate this Agreement based upon that contingency.

17. **Condemnation.** If a public or private entity with the power of eminent domain commences condemnation proceedings against all or any part of the Property, Seller must immediately notify Buyer, and Buyer may, at Buyer's sole option, terminate this Agreement pursuant to Section 19 below. Buyer will have twenty (20) days from Buyer's receipt of Seller's notice to Buyer to exercise Buyer's termination right. If Buyer terminates this Agreement pursuant to this Section 17, the Parties must instruct Title to disburse the Earnest Money to Buyer. If Buyer does not terminate this Agreement within said twenty (20) day period, the Parties must fully perform their obligations under this Agreement, with no reduction in the Purchase Price, and Seller must assign to Buyer, on the Date of Closing, all of Seller's right, title and interest in any award made or to be made in the condemnation proceedings. Seller may not designate counsel, appear or otherwise act with respect to any such condemnation proceedings without Buyer's prior written consent unless Buyer fails to respond within seven (7) days to a request for such written consent.

18. **Default.** If either Party defaults in the performance of any of the Party's obligations under this Agreement, the non-defaulting Party may, after written notice to the defaulting Party, suspend performance of its obligations under this Agreement, and the rights of the non-defaulting Party are as follows:

a. **Buyer's Default.** If Buyer defaults in the performance of any of Buyer's obligations under this Agreement or if one or more of the representations of Buyer in Section 13 was inaccurate when made, Seller has the right to:

- i terminate this Agreement pursuant to Minnesota Statutes, Section 559.21 and retain the Earnest Money and any interest which the Earnest Money has earned as liquidated damages. Title must disburse the Earnest Money to Seller upon Seller's delivery to Title of a copy of a Notice of Cancellation of Purchase Agreement which satisfies the requirements of Minn. Stat. 559.21; an Affidavit of Service stating that the Notice of Cancellation was served upon Buyer and an Affidavit stating that Buyer failed to comply with the requirements of the Notice of Cancellation within the time period set forth in Minn. Stat. 559.21;
- ii commence an action in a court of competent jurisdiction seeking a judgment terminating this Agreement and awarding damages to Seller if, and only if, one or more of the representations of Buyer set forth in Section 13 was inaccurate, when made, or if Buyer breaches Buyer's obligation to indemnify and defend Seller in accordance with Section 14. In any such action for damages, Seller may also recover Seller's attorneys' fees and costs;
- iii initiate a civil action to compel Buyer's specific performance of Buyer's obligations under this Agreement provided that Seller commences the action within three (3) months of the date of Buyer's default. In any such action for specific performance, Seller may also recover Seller's attorneys' fees and costs.

The remedies set forth in this Section 18(a) are Seller's sole and exclusive remedies in the event of Buyer's default.

b. Seller's Default. If Seller defaults in the performance of any of Seller's obligations under this Agreement or if one or more of the representations of Seller in Section 12 was inaccurate when made, Buyer may:

- i terminate this Agreement pursuant to Section 19, below, in which case the Parties must direct Title to disburse the Earnest Money to Buyer, and Seller must pay to Buyer an additional \$10,000 in cash or certified funds as liquidated damages which Buyer may receive as compensation for Seller's default due to the difficulty and uncertainty of ascertaining Buyer's actual damages;
- ii initiate a civil action to compel Seller's specific performance of Seller's Obligations under this Agreement provided that Buyer commences such action within three (3) months of the date of Seller's default. In any such action for specific performance, Buyer may also recover Buyer's attorneys' fees and costs.

The remedies set forth in this Section 18(b) are Buyer's sole and exclusive remedies in the event of Seller's default.

19. **Termination of this Agreement.** Sections 11, 15 and 17 of this Agreement allow Buyer to terminate this Agreement under certain conditions. Section 18(a)(i) also allows Buyer to terminate this Agreement under certain conditions, but a termination pursuant to Section 18(a)(i) is governed by Minnesota Statutes Section 559.21 and not by this Section 19. Sections 16 and 18(a)(i) of this Agreement allows Seller to terminate this Agreement under certain conditions. The following procedures govern a Party's exercise of a termination right:

a. A Party intending to terminate this Agreement pursuant to one of the above-referenced Sections (the "Terminating Party") must notify the non-terminating Party (the "Non-Terminating Party"), in writing, of the Terminating Party's intent to terminate this Agreement.

b. The Terminating Party's notice must recite the Section of this Agreement that authorizes the Terminating Party's termination of this Agreement and must describe the facts and circumstances which the Terminating Party asserts justify termination under the referenced Section.

c. The Terminating Party's notice of termination will be effective as of the date the Terminating Party deposits the notice of termination with the United States Postal Service, with all necessary postage paid, for delivery to the Non-Terminating Party via certified mail, return receipt requested at the address set forth in Section 22. If the Terminating Party delivers a notice of termination in a different manner than described in the preceding sentence, the notice of termination will be effective as of the date the Non-Terminating Party actually receives the notice of termination. The Terminating Party

must also mail a copy of the notice of termination to the Parties respective attorneys as provided for in Section 22 below.

d. If the Non-Terminating Party disputes the Terminating Party's right to terminate this Agreement, the Non-Terminating Party must so notify the Terminating Party, in writing, within five (5) business days of the Non-Terminating Party's receipt of the Terminating Party's notice of termination.

e. If the Non-Terminating Party does not dispute the Terminating Party's right to terminate the Agreement, Buyer must execute and delivery to Seller a recordable quit claim deed conveying the Property to Seller, and on the receipt of such a quit claim deed, Seller and Buyer must instruct Title to return the Earnest Money to the Party that is or the Parties that are entitled to the Earnest Money under the terms of this Agreement.

f. If the Parties dispute the validity of an attempted termination of this Agreement, either Party may initiate a civil action in a court of competent jurisdiction to determine the status of this Agreement, and the Party that prevails in any such action is entitled to recover the costs and reasonable attorneys' fees which such Party incurs in the action from the non-prevailing Party.

20. **Survival.** The representations, covenants, agreements and indemnities set forth in this Agreement will remain operative and will survive Closing and the execution and delivery of the deed and will not be merged therein.

21. **Assignment.** The terms and conditions hereof inure to the benefit of and are binding on the successors and assigns of both parties hereto. Buyer may not assign Buyer's rights or obligations under this Agreement to any third party without Seller's consent which consent Seller may grant or withhold in Seller's sole and absolute discretion. Notwithstanding the foregoing, Buyer may assign Buyer's rights and obligations under this Agreement to a limited liability company or other entity that Buyer controls or that Buyer's members control upon notice to but without the consent of Seller. Such an assignment will not relieve Buyer from liability pursuant to Section 18(a)(ii) for a prior or subsequent default in the performance of the Buyer's obligations referenced in that Section. .

22. **Notice.** Any notice to be given or served upon any party hereto in connection with this Agreement must be in writing, and delivered to the other parties (i) in person; (ii) by facsimile transmission (with confirmation of transmission available upon request from the non-sending party); (iii) by a nationally recognized overnight delivery service; or (iv) by certified mail, return receipt requested. If notice is given in person or via facsimile transmission, notice is deemed to have been given when personal delivery was received by the party or when the facsimile transmission was transmitted. If notice is given by a nationally recognized overnight delivery service, notice is deemed to have been given the day following delivery to the delivery service of such notice. If notice is given by certified mail, notice is deemed to have been given three (3) days after a certified letter containing such notice, properly addressed with postage prepaid, is deposited in the United States mail. Notices should be sent to the parties at the following addresses:

To Seller: The Housing and Redevelopment Authority in and for the City of Ramsey, Minnesota

Ramsey Municipal Center
7550 Sunwood Drive
Ramsey, Minnesota 55303
Attention: City Administrator

With a copy to: Thomas L. Bray
Briggs and Morgan, P.A.
2200 IDS Center
80 South Eighth Street
Minneapolis, MN 55402-2157
Telephone: (612) 977-8400
Fax: (612) 977-8650
E-Mail: tbray@briggs.com

To Buyer: TOTI HOLDINGS, LLC

Attn: Brian R. Wings
1245 Gun Club Road
White Bear Lake, MN 55110
Telephone: (651) 407-7009
E-Mail: brianw@comfortsofhomemn.com

With a copy to: John W. Lang, Esq.
Messerli & Kramer, P.A.
1400 Fifth Street Towers
100 South Fifth Street
Minneapolis, MN 55402-1217
Telephone: (612) 672-3614
Fax: (612) 672-3777
E-mail: jlang@messerlikramer.com

23. **Miscellaneous.**

a. Entire Agreement. This Agreement embodies the entire agreement between the parties and cannot be varied, except by the written agreement of the parties. This Agreement supersedes all prior and contemporaneous negotiations, understandings and agreements, written or oral, between the parties.

b. Attorneys' Fees; Costs; Venue. If any legal action is commenced by any party to enforce any provision of this Agreement, the losing party will pay to the prevailing party all actual expenses, including reasonable costs and attorney's fees, incurred by the prevailing party. The prevailing party is the party who receives substantially the relief sought, whether by judgment, summary judgment, dismissal, settlement or otherwise. Venue is proper in the county in which the Property is located.

c. Counterparts. This Agreement may be executed in several original counterparts, each of which and all together will constitute this Agreement in its entirety. A counterpart of this Agreement or any amendment thereto executed by a party and delivered to the other party via telecopier will be construed as a legally binding signature. Without delay, the sending party should deliver an original, signed counterpart to the other party.

d. Headings. The headings contained in this Agreement are for reference purposes only and do not in any way affect the meaning or interpretation hereof.

e. Exhibits. Incorporated into this Agreement by reference, as described above, are Exhibit A (Preliminary Plat); Exhibit B (Platting Fees) Exhibit C (Escrow Agreement); Exhibit D (Description of the Improvements); Exhibit E (Existing Encumbrances).

f. Dates. Time is of the essence with respect to this Agreement. If the final day of a period or date of performance under this Agreement falls on a Saturday, Sunday or legal holiday, then the final day of the period or the date of performance will be deemed to fall on the next day that is not a Saturday, Sunday or legal holiday.

g. Enforceability. If any provision of this Agreement is adjudged to be invalid or unenforceable by a court of competent jurisdiction, this Agreement should be construed as if such invalid or unenforceable provision had not been inserted herein and should not affect the validity or enforceability of the remainder of this Agreement.

h. No Third Party Beneficiaries. Nothing in this Agreement, expressed or implied, is intended to confer any rights or remedies under or by reason of this Agreement on any person other than the parties to it and their respective permitted successors and assigns. Furthermore, nothing in this Agreement is intended to relieve or discharge any obligation of any third person to any party hereto or give any third person any right of subrogation or action over or against any party to this Agreement.

i. No Partnership. Nothing contained herein and no act by Buyer or Seller in the performances of, or in any way related to, this Agreement should be construed to create or evidence in any manner any employment, partnership, agency or joint venture relationship between the parties hereto. Buyer and Seller represent and acknowledge that it is their mutual intention that the sole relationship created between them by this Agreement is that of vendor and purchaser.

j. Construction. All of the parties to this Agreement have participated freely in the negotiations and preparation hereof. Accordingly, this Agreement should not be construed more strictly against any one of the parties.

k. Waiver. Failure of either Buyer or Seller to exercise any right given hereunder or to insist upon strict compliance with regard to any term, condition or covenant specified herein, will not constitute a waiver of Buyer's or Seller's right to exercise such right or to demand strict compliance with any term, condition or covenant under this Agreement.

1. Choice of Law. This Agreement is governed by and construed in accordance with the laws of the State of Minnesota.

24. Extension of the Date of Closing. Buyer may extend the Date of Closing as provided for in this Section 24.

a. Buyer may extend the Date of Closing from March 31, 2011 to April 29, 2011 by;

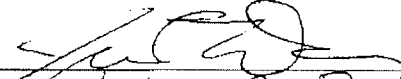
- i notifying Seller and Title of Buyer's election to extend the Date of Closing to April 29, 2011 on or before March 24, 2011;
- ii depositing an additional \$25,000 of Earnest Money with Title to be held and disbursed in accordance with the terms of Escrow Agreement attached hereto as Exhibit C and this Agreement. Notwithstanding anything else in this Agreement, upon Buyer's extension of the Closing Date to April 29, 2011, all \$50,000 of the original Earnest Money and the additional \$25,000 of Earnest Money that Buyer deposits with Title pursuant to this Section 24 is nonrefundable except in the event of Seller's default; and
- iii Buyer must pay to Seller, in certified or wire-transferred funds, a \$5,000 extension fee. The extension fee must be paid to Seller on or before March 24, 2011. The extension fee does not constitute Earnest Money, is nonrefundable and shall not be applied towards payment of the Purchase Price.

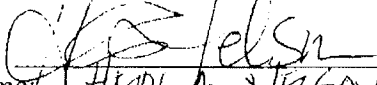
b. If Buyer extends the Date of Closing from March 31, 2011 to April 29, 2011 in accordance with Section 24(a), Buyer may, thereafter, extend the Date of Closing for up to five (5) consecutive one-month periods (with each such extension extending the Date of Closing to the last business day of the next month) by providing notice of each such extension to Seller and Title not less than seven (7) days before the then current Date of Closing. Notwithstanding anything else herein, Buyer may not extend the Date of Closing beyond September 30, 2011. For each consecutive one-month extension, Buyer must pay an additional extension fee to Seller. The extension fee is \$5,000 to extend the Date of Closing from April 29, 2011 to May 31, 2011; \$5,000 to extend the Date of Closing from May 31, 2011 to June 30, 2011; and \$10,000 for each monthly extension thereafter. Each extension fee must be paid to Seller in certified or wire-transferred funds at the time Buyer gives Seller notice of the extension, is not a part of the Earnest Money, is non-refundable and is not to be applied to the Purchase Price.

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SELLER:

**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**

By: 
Name: John P. Dehen
Its: Chairman

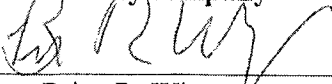
By: 
Name: HEIDI A. NELSON
Its: EXECUTIVE DIRECTOR

Signature Date: 9/14/2010

(Separate Signature Page to Purchase Agreement)

BUYER:

**TOTI HOLDINGS, LLC, a Minnesota
limited liability company**

By: 
Name: Brian R. Wings
Its: Chief Manager

Signature Date: 9-14-10

(Separate Signature Page to Purchase Agreement)

EXHIBIT A
(Preliminary Plat)

CONTACT INFORMATION

OWNER/SUBOWNER:
 RAMSEY AREA
 7550 SUNWOOD DR.
 RAMSEY, TN 35065

DESIGNER/SURVEYOR:
 LANDFORM
 102 SOUTH 4TH AVENUE
 SUITE 510
 PINEAPOLIS, TN 35401

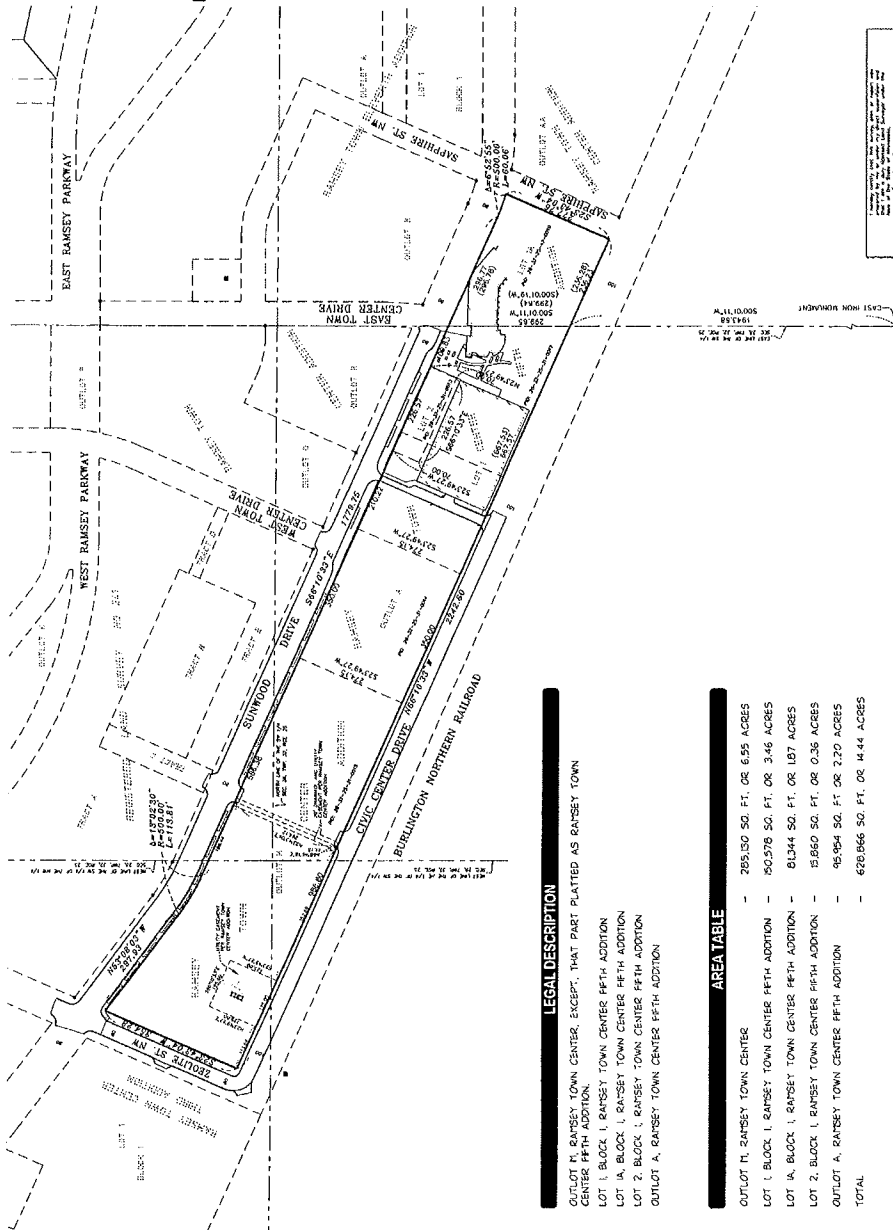


LANDFORM
 From Site to Finish

**EXISTING / SURVEY
 SKETCH PLAN**

09.03.2010

Copyright © 2010, Landform, an Equal Opportunity Employer, Nashville, Tennessee, U.S.A.



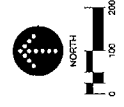
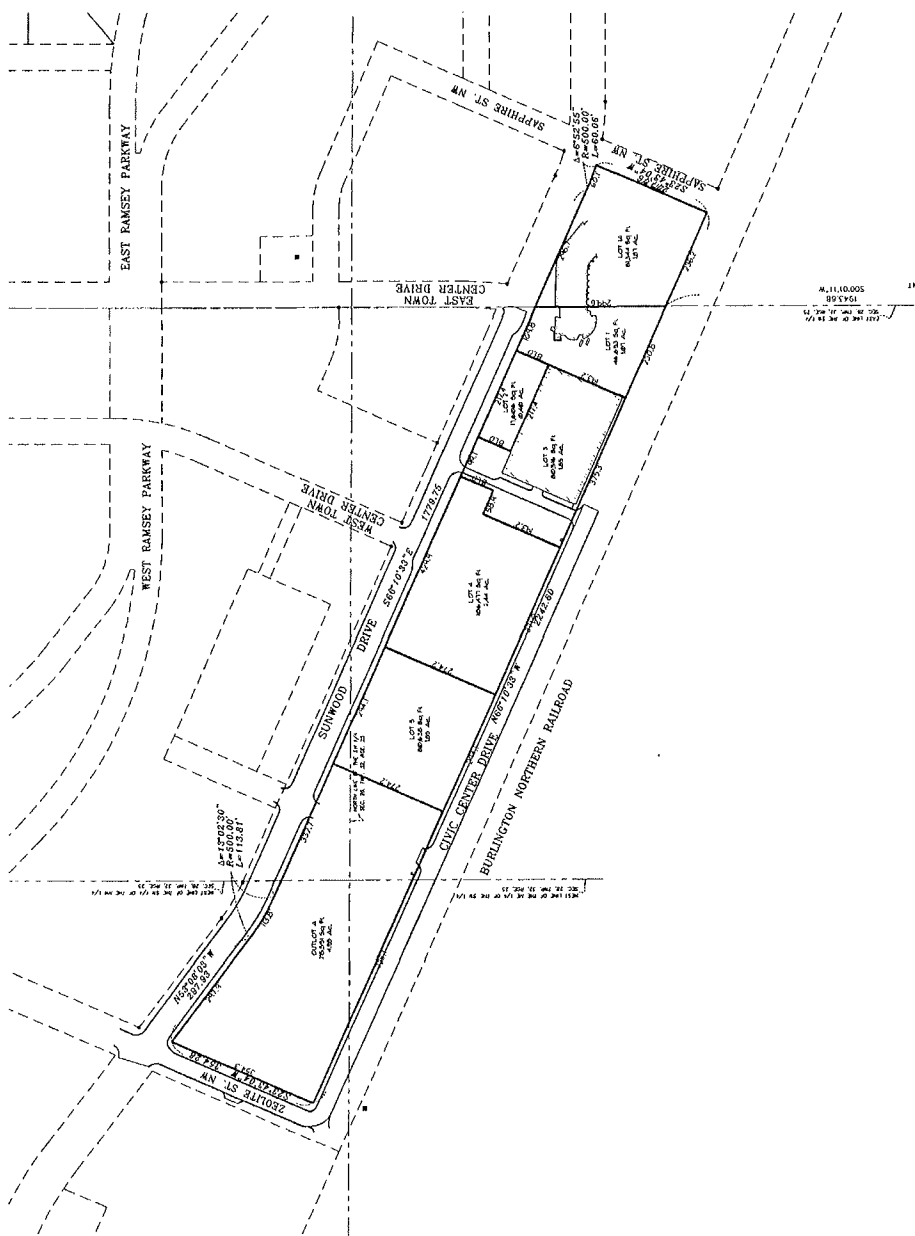
LEGAL DESCRIPTION

- LOT 1, RAMSEY TOWN CENTER, EXCEPT THAT PART PLATTED AS RAMSEY TOWN CENTER FIFTH ADDITION
- LOT 1, BLOCK 1, RAMSEY TOWN CENTER FIFTH ADDITION
- LOT 1A, BLOCK 1, RAMSEY TOWN CENTER FIFTH ADDITION
- LOT 2, BLOCK 1, RAMSEY TOWN CENTER FIFTH ADDITION
- OUTLOT A, RAMSEY TOWN CENTER FIFTH ADDITION

AREA TABLE

OUTLOT H, RAMSEY TOWN CENTER	- 285,150 SQ. FT. OR 6.55 ACRES
LOT 1, BLOCK 1, RAMSEY TOWN CENTER FIFTH ADDITION	- 50,278 SQ. FT. OR 3.46 ACRES
LOT 1A, BLOCK 1, RAMSEY TOWN CENTER FIFTH ADDITION	- 81,344 SQ. FT. OR 1.87 ACRES
LOT 2, BLOCK 1, RAMSEY TOWN CENTER FIFTH ADDITION	- 15,860 SQ. FT. OR 0.36 ACRES
OUTLOT A, RAMSEY TOWN CENTER FIFTH ADDITION	- 95,954 SQ. FT. OR 2.20 ACRES
TOTAL	- 628,686 SQ. FT. OR 14.44 ACRES

Surveyed and Platted by:
 Landform, Inc.
 Surveyor No. 10000
 Date: 09/03/2010

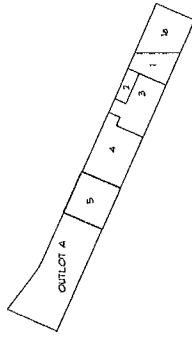


LANDFORM
From Site to Finish

OVERALL PROPOSED
SKETCH PLAN

09.03.2010
Copyright © 2010 by The COR, an Equal Opportunity Employer. All Rights Reserved.

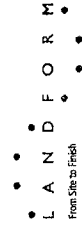
KEY PLAN



NOT TO SCALE

SITE DATA

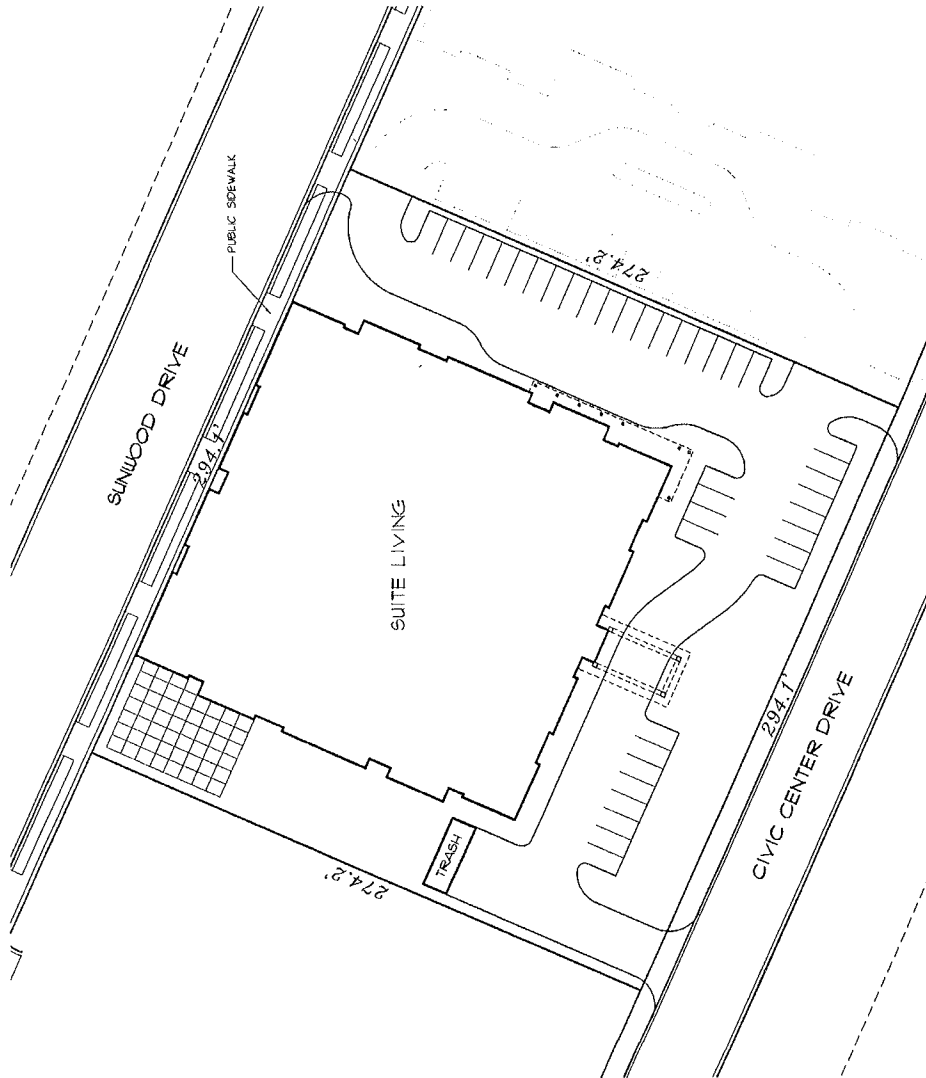
LOT 5 AREA = 1.85 AC.
38 UNITS PER AC.



SUITE LIVING
SKETCH PLAN

09.03.2010

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PAGE No. 1 of 1

EXHIBIT B

(Escrow Agreement)

ESCROW AGREEMENT

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 ("**Seller**"), and TOTI Holdings, LLC a Minnesota limited liability company ("**Buyer**") are parties to the purchase and sale of the real estate described in the attached Purchase Agreement, dated Sept. 15, 2010. As provided in Section 6 of the Purchase Agreement, Buyer hereby deposits the sum of \$50,000 (the "**Earnest Money**") with Land Title, Inc., a Minnesota limited liability company ("**Title**"). As provided in Section 24 of the Purchase Agreement, Buyer may subsequently deposit an additional \$25,000 of Earnest Money with Title, and if Buyer does so, the term "Earnest Money" shall mean the entire \$75,000 deposited by Buyer with Title. Title must hold the Earnest Money in an interest bearing account with an institution whose accounts are insured by a governmental agency or instrumentality.

Upon notification by both parties in writing that the transaction has closed, Title will pay the Earnest Money to the Seller. If either party notifies Title that the transaction has not closed, Title must pay the Earnest Money as follows:

1. Upon receipt of consistent instructions from both Parties regarding the release of the Earnest Money, Title must deliver the Earnest Money pursuant to such instructions;

2. If Seller delivers a Notice of Cancellation of Purchase Agreement describing the Purchase Agreement and the Property, as defined therein, together with an Affidavit of Service evidencing service of the Notice of Cancellation on Buyer and an Affidavit of Failure to Comply with Notice completed, executed and acknowledged to Title on or before the date one hundred and eighty (180) days after the Date of Closing as defined in the Purchase Agreement, Title must deliver the Earnest Money to Seller.

3. If no disposition of the Earnest Money has been made by the date one hundred eighty (180) days from the Date of Closing, as defined in the Purchase Agreement and as the same may be extended pursuant to the terms of the Purchase Agreement and neither Party has commenced an action asserting claims with respect to the Earnest Money, Title must return the Earnest Money to Buyer.

Title has no responsibility for any decision concerning performance or effectiveness of the Purchase Agreement, and is only responsible to act pursuant to the procedures set forth above. Buyer and Seller hereby agree to hold Title harmless from any claims or defenses arising out of this Escrow Agreement and indemnify Title for all costs and expenses in connection with this escrow, including court costs, attorney's fees, except for claims arising out of Title's failure to account for the funds held and costs and expenses incurred by the parties in connection with such a claim.

To the extent that the provisions of this Escrow Agreement are inconsistent with the provisions of Section 6 of the Purchase Agreement, the provisions of this Escrow Agreement control.

Title is not charging a fee for acting as an escrow agent.

SELLER:

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

BUYER:

**TOTI Holdings, LLC,
a Minnesota limited liability company**

By: [Signature]
Name: John P. Dehen
Its: Chairman

By: _____
Name: Brian R. Wings
Its: Chief Manager

By: [Signature]
Name: HEIDI A NELSON
Its: EXECUTIVE DIRECTOR

Address:

Ramsey Municipal Center
7550 Sunwood Drive
Ramsey, Minnesota 55303
Attention: City Administrator
Taxpayer Identification Number
41-0910467

Address:

1245 Gun Club Road
White Bear Lake, MN 55110

Taxpayer Identification Number

Title hereby acknowledges receipt of this Agreement and the Earnest Money, to hold the Earnest Money as above specified.

Dated this ____ day of _____, 2010.

Land Title, Inc.,
a Minnesota corporation

By: _____
Name: _____
Its: _____

To the extent that the provisions of this Escrow Agreement are inconsistent with the provisions of Section 6 of the Purchase Agreement, the provisions of this Escrow Agreement control.

Title is not charging a fee for acting as an escrow agent.

SELLER:

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

By: _____
Name: _____
Its: _____

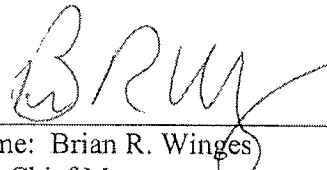
By: _____
Name: _____
Its: _____

Address:

Ramsey Municipal Center
7550 Sunwood Drive
Ramsey, Minnesota 55303
Attention: City Administrator
Taxpayer Identification Number
41-0910467

BUYER:

**TOTI Holdings, LLC,
a Minnesota limited liability company**

By: 
Name: Brian R. Wings
Its: Chief Manager

Address:

1245 Gun Club Road
White Bear Lake, MN 55110

Taxpayer Identification Number

Title hereby acknowledges receipt of this Agreement and the Earnest Money, to hold the Earnest Money as above specified.

Dated this ____ day of _____, 2010.

Land Title, Inc.,
a Minnesota corporation

By: _____
Name: _____
Its: _____

EXHIBIT C

(Description of the Improvements)

A three-story, 120,000 senior care facility consisting of approximately 80 acres of assisted living and memory care.

855961.1

PURCHASE AGREEMENT

FOR PORTION OF OUTLOT M, RAMSEY TOWN CENTER ADDITION

1. **Parties.** The parties to this Purchase Agreement (the "**Agreement**") are:
 - a. 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 ("**Seller**"); and
 - b. TOTI Holdings, LLC, a Minnesota limited liability company ("**Buyer**").

This Agreement sometimes refers to Seller and Buyer individually as a "Party" and collectively as the "Parties".

2. **Effective Date.** This Agreement is dated, for reference purposes, and is effective as of September 15, 2010 (the "**Effective Date**").

3. **Property and Platting.**

- a. **Description of Property.** The property that is the subject of this Agreement (the "**Property**") is the portions of Outlot M, RAMSEY TOWN CENTER ADDITION, and Outlot A, RAMSEY TOWN CENTER FIFTH ADDITION, Anoka County, Minnesota that are depicted as Lot 5, Block 1, COR ONE, Anoka County, Minnesota on the preliminary plat attached hereto as **Exhibit A** (the "**Draft Preliminary Plat**"). As used in this Agreement the term "Property" also includes all hereditaments and appurtenances to the Property. There are no improvements located on the Property. The Parties do not contemplate the conveyance of any personal property pursuant to this Agreement.

- b. **Platting.** Seller must submit the Draft Preliminary Plat to the Ramsey City Council (the "**City Council**") for approval on or before October 25, 2010. If the City Council approves the Draft Preliminary Plat, Seller must provide Buyer with a copy of the approved Preliminary Plat (the "**Approved Preliminary Plat**") within seven (7) days of the City Council's approval. Seller must submit a final plat that is based on the Approved Preliminary Plat (the "**Final Plat**") to the City Council for approval on or before the Date of Closing. If the City Council approves the Final Plat the term "Property," as used herein, shall mean Lot 5, Block 1, COR ONE, Anoka County, Minnesota as depicted on the Final Plat. If the City Council does not approve the Final Plat, Buyer may terminate this Agreement pursuant to Section 15 or Seller may terminate this Agreement pursuant to Section 16.

4. **Purchase and Sale.** Seller agrees to sell the Property to Buyer pursuant to the terms of this Agreement, and Buyer agrees to purchase the Property from Seller pursuant to the terms of this Agreement.

5. **Purchase Price.** The purchase price of the Property is \$1,524,600.00 (the "**Purchase Price**"). At closing Buyer must also pay to the City of Ramsey (the "**City**") or reimburse Seller for all fees and charges that Chapter 117 of the City's Ordinances require be paid in connection with or at the time of the City Council's approval and the City's execution of the Final Plat (the "**Platting Fees**").

6. **Earnest Money.** Within two (2) business days of Seller's execution of this Agreement, Buyer must deposit earnest money in the amount of \$50,000 (the "**Earnest Money**") with Land Title, Inc. ("**Title**"). Title must hold the Earnest Money in escrow pursuant to the provisions of the Escrow Agreement attached hereto as **Exhibit C**. The Earnest Money will remain the property of Buyer unless disbursed to Seller pursuant to the provisions of the Escrow Agreement. Interest the Earnest Money earns will inure to the party that is entitled to the Earnest Money under the terms of this Agreement. At Closing, the Earnest Money must be delivered to Seller and applied towards payment of the Purchase Price pursuant to the provisions of Section 7(b)(i) below.

7. **Closing.** Seller and Buyer must meet at the offices of Buyer's counsel, John W. Lang, Esq., Messerli & Kramer, P.A., 1400 Fifth Street Towers, 100 South Fifth Street, Minneapolis, Minnesota at 9:30 a.m. on March 31, 2011 or such earlier date as the Parties may establish by mutual agreement (the "**Date of Closing**") to close this transaction (the "**Closing**"). Buyer may extend the Date of Closing pursuant to Section 24. At or before Closing:

a. Seller must:

- i Deliver a certified copy of a Resolution of Seller's board of commissioners authorizing the execution of this Agreement and the performance of Seller's obligations under this Agreement to Buyer;
- ii Execute and record the Final Plat;
- iii Deliver to Buyer a duly executed and acknowledged Limited Warranty Deed conveying title to the Property from Seller to Buyer, subject to:
 - (A) Building, zoning and subdivision statutes, laws, ordinances and regulations;
 - (B) Reservations of minerals or of mineral rights in favor of the State of Minnesota, if any;
 - (C) Except as otherwise provided for herein, the lien of real estate taxes and special assessments not yet due and payable;
 - (D) The Final Plat and any dedicated drainage and utility easements shown thereon;

- (E) A reservation of a right of reverter in favor of Seller pursuant to which title to the Property will revert to and re-vest in Seller if (i) Buyer defaults in the performance of Buyer's obligations under a mortgage to which Seller has subjected its rights under this right of reverter and the mortgagee commences proceedings to foreclose the mortgage; or (ii) Buyer fails to substantially complete the construction of the improvements described on the attached Exhibit D on the Property on or before the date two years from the Date of Closing. If Seller is delayed in completing construction of the improvements as a result of acts of God, including, but not limited to, floods, ice storms, blizzards, tornadoes, landslides, lightening and earthquakes (but not including rain, snow or windstorms that constitute reasonably anticipated weather conditions for the geographic area); riots, insurrections, war or civil disorder affected the performance of the work; blockades; power or other utility failures; fires or explosions; labor strikes or labor shortages; or shortages of materials and Buyer promptly notifies Seller of the occurrence of such conditions, the two year period provided for in the preceding sentence shall be extended for a number of days equal to the number of days that the condition persists and a reasonable period for recovery and restoration thereafter. For purposes of the right of reverter, the improvements will be substantially complete when they are eligible for receipt of a certificate of occupancy. To facilitate Buyer's acquisition of financing for the project, Seller will subject Seller's interest under the right of reverter to the lien of a mortgage granted by Buyer to secure the repayment of a loan, the proceeds of which are disbursed to pay costs associated with the development of the Property and the construction of the improvements on the Property; provided the mortgagee acknowledges, in writing, that if Buyer fails to complete the improvements within the time period set forth in the right of reverter or if the mortgagee commences foreclosure proceedings, Seller may exercise the right of reverter and, if the mortgagee has foreclosed or thereafter forecloses, Seller may redeem the Property from foreclosure, as owner, within the time allowed by law;
- (F) A Master Declaration, if any, that Seller or that Seller and other owners of property within the Plat of Ramsey Town Center execute and record for the purposes of establishing a Master Association to perform certain services within the area subject to the Master Declaration;

- (G) A special service district, if any, established by the City of Ramsey pursuant to Minnesota Statute Chapter 428(A); and
 - (H) Any matters that become a Permitted Encumbrance pursuant to Section 11.
- iv execute and deliver to Buyer and Title a Minnesota Uniform Conveyancing Blank Affidavit Regarding Business Entity evidencing the absence of bankruptcies, judgments, tax liens or corporate dissolution proceedings involving parties with the same or similar names as the Seller and evidencing the absence of mechanic's liens and the absence of known unrecorded interests, encroachments or boundary line questions affecting the Property;
 - v execute and deliver to Buyer non-foreign affidavits in recordable form containing such information as is required under IRS Section 1445(b)(2) and any regulations relating thereto;
 - vi execute and deliver to the closing agent, Buyer or other appropriate party appropriate Federal Income Tax Reporting Forms; and
 - vii pay or provide evidence of payment of the following: the State Deed Tax due upon the execution of the Limited Warranty Deed; \$675.00 toward the cost of the Title Commitment, as defined in Section 10(a); the cost of the Survey, as defined in Section 10(b); real estate taxes, special assessments and annual assessments, if any, pursuant to the provisions of Section 8 below; and one-half of any reasonable and customary closing fees imposed by any closing agent engaged to conduct closing of this transaction.
- b. Buyer shall:
- i Direct Title to disburse the Earnest Money to Seller;
 - ii Tender the balance of the Purchase Price to Seller in wire transferred funds;
 - iii Reimburse Seller for all Platting Fees Seller has paid to the City and pay any remaining Platting Fees to the City; and
 - iv Pay or provide evidence of payment of the following: real estate taxes, if any, pursuant to the provisions of Section 8; the cost of recording the Limited Warranty Deed from Seller to Buyer; the cost of the Title Commitment, to the extent that the cost exceeds the \$675 that Seller is obligated to pay pursuant to Section 7(a)(vii) above; all premiums and other charges for any title insurance policies Buyer purchases for itself and its lender; all costs associated with Buyer's financing; and one-half of any reasonable

and customary closing fees imposed by any closing agent engaged to conduct the closing of this transaction.

8. **Real Estate Taxes, Special Assessments and Owners Association Assessments.**

a. **Real Estate Taxes.** On or before the Date of Closing, Seller must pay the real estate taxes, if any, due and payable with respect to the Property in years prior to the year of closing. Seller and Buyer must prorate the real estate taxes, if any, due and payable with respect to the Property in the year of Closing on a per diem basis as of the Date of Closing. To record the Plat, Seller must pay all real estate taxes due and payable with respect to the Property in the year the Plat is recorded. If the Plat is recorded before closing, Buyer must reimburse Seller at closing for Buyer's pro rata share of the real estate taxes Seller pays when the Plat is recorded.

b. **Special Assessments.** On or before the Date of Closing, Seller must pay all special assessments levied or pending against the Property as of the Date of Closing and any installments of any special assessments levied before the Date of Closing that are certified for payment with real estate taxes due and payable in the year of Closing and all prior years. Buyer shall be responsible for all other special assessments.

c. **Master Declaration Assessments and Special Service District Charges.** If, before the Date of Closing, Seller records a Master Declaration against the Property or establishes a special service district pursuant to Minnesota Statute Chapter 428(A) that includes the Property, Seller and Buyer must pro rate, as of the Date of Closing, any assessments levied against the Property in the year of closing pursuant to the terms of the Master Declaration and any service charges imposed against the Property in the year of closing pursuant to the terms of the ordinance establishing the special service district. The pro-rations shall be made on a per diem basis to the Date of Closing.

9. **Possession.** Seller will deliver possession of the Property to Buyer at Closing.

10. **Evidence of Title.**

a. Within twenty (20) days after the Effective Date, Buyer must, at Buyer's sole cost and expense (but subject to reimbursement to the extent provided for in Section 7(a)(vii)) obtain a current 2006 form ALTA title insurance commitment for the Property (the "**Title Commitment**") and deliver a copy of the Title Commitment to Seller; and

b. Within thirty (30) days of the Effective Date, Seller must, at Seller's sole cost and expense, obtain and deliver to Buyer a current ALTA/ACSM Land Title survey of the Property prepared by a surveyor registered under the laws of the state in which the Property is located. The survey must be certified to Buyer, Buyer's lender and Title, if any, and the certification language must be reasonably acceptable to Buyer and Title (the "**Survey**"; collectively with the Title Commitment, the "**Evidence of Title**").

11. **Examination of Title.** Within ten (10) business days of Buyer's receipt of the last item of the Evidence of Title or within ten (10) business days of Buyer's discovery of a defect in the marketability of Seller's title to the Property which defect was not reasonably ascertainable from the Evidence of Title, Buyer may give Seller written notice of alleged defect(s) in the marketability of Seller's actual and record title to the Property and request that Seller make Seller's title marketable ("**Objections**"). Any defects in the marketability of Seller's title to the Property, including but not limited to the "Existing Encumbrances, as defined in Section 12(a)(ii), which Buyer does not object to, in writing, within the time period set forth above, will be deemed "Permitted Encumbrances," and Seller may expressly exclude such Permitted Encumbrances from the Limited Warranty Deed described in Section 7(a)(iii). Within ten (10) business days of Seller's receipt of Buyer's Objection(s), Seller must notify Buyer, in writing, if Seller will attempt to make Seller's title to the Property marketable. If Seller notifies Buyer that Seller will attempt to make Seller's title to the Property marketable, Seller will have up to one hundred twenty (120) days from Seller's receipt of Buyer's Objections to do so, and, if necessary, the Date of Closing will be rescheduled accordingly. If Seller makes Seller's title marketable within the one hundred and twenty day period, Seller will notify Buyer, in writing, and the Parties must close pursuant to the terms of this Agreement. The new "Date of Closing" will be the earlier of the Date of Closing, as set forth in Section 7 or the date fifteen (15) days from the date Seller notifies Buyer that Seller's title is marketable. If (i) Seller notifies Buyer that Seller does not intend to make Seller's title marketable, (ii) Seller notifies Buyer that Seller intends to make Seller's title marketable but is unable to do so within one hundred twenty (120) days from Seller's receipt of Buyer's Objections, or (iii) Seller fails to notify Buyer if it intends to make Seller's title marketable within the ten (10) business day period provided for above, Buyer must either:

a. terminate this Agreement pursuant to the procedures set forth in Section 19, in which case the Earnest Money shall be disbursed to Buyer; or

b. notify Seller that Buyer waives Buyer's Objections. If Buyer waives Buyer's Objections, the matters giving rise to such Objections will be deemed a Permitted Encumbrance and the Parties must fully perform their obligations under this Agreement. The Parties must establish a new Date of Closing by mutual agreement, but if the Parties cannot establish a new Date of Closing by mutual agreement, the Date of Closing will be the date fifteen (15) days from the effective date of Buyer's notice to Seller that Buyer waives Buyer's Objections.

If Buyer does not notify Seller of Buyer's election to terminate this Agreement pursuant to subsection (a) above or waive Buyer's Objections pursuant to subsection (b) above within fifteen (15) days of the expiration of the one hundred twenty (120) day period provided for above, this Agreement will automatically terminate, Buyer must deliver an executed and recordable quit claim deed to the Property to Seller and Seller must return or instruct Title to return the Earnest Money and any interest which the Earnest Money has earned to Buyer.

12. **Representations, Statutory Disclosures and Covenants of Seller.**

a. **Representations of Seller.** Seller represents to Buyer that, as of the Effective Date:

- i Seller has the legal authority to enter into this Agreement and sell the Property. The individuals executing this Agreement on behalf of Seller have the requisite authority to execute this Agreement and such other documents as are contemplated or to be delivered by Seller herein and to bind Seller thereto.
- ii To the best of Seller's actual knowledge Seller has marketable fee simple title to the Property subject only to recorded dedications, easements, agreements, covenants, conditions and restrictions (the "Existing Encumbrances").
- iii There are no actions, suits, proceedings or investigations pending or, to Seller's knowledge, threatened against the Property, including, without limitation, (A) condemnation or eminent domain claims, actions or proceedings, or (B) actions to seize any portion of the Property under any civil or criminal law authorizing seizure or forfeiture as a penalty for violation.
- iv To the best of Seller's actual knowledge, there are no tenants or other third parties in possession of any portion of the Property.
- vi Seller has not entered into any unrecorded mortgages of the Property; any unrecorded contracts, leases or other agreements granting any third parties any right, title or interest in or to the Property; any other purchase agreements for the sale of the Property; or any unrecorded rights of first refusal or unrecorded options to purchase the Property. To Seller's actual knowledge no other person or entity has entered into any such unrecorded agreements or grants of interests.
- vii To the best of Seller's actual knowledge, Seller is not in default in the performance of any of Seller's obligations under any easement agreement, covenant, condition, restriction or other instrument relating to the Property.
- viii Seller is not aware of any violation by Seller of any applicable laws, ordinances, regulations, statutes, rules and restrictions pertaining to and affecting the Property. To the best of Seller's knowledge, performance of this Agreement will not result in any breach of, or constitute any default under, or result in the imposition of, any lien or encumbrance upon the Property under any agreement or other instrument to which Seller is party or by which Seller or the Property might be bound. Seller shall comply, at its sole expense, with any and all environmental and other applicable rules, regulations, and conditions applicable to the Property in its present condition and as presently used.

- ix To the best of Seller's actual knowledge, the Property has not been classified under any designation under applicable law to obtain a special low ad valorem tax rate or receive either any abatement or deferment of ad valorem taxes.
- x Seller has received no notice of and has no actual knowledge of any pending or proposed special assessments affecting the Property.
- xii Seller has received no notice of and has no actual knowledge of any pending or threatened action that would impair access to and from the Property from the adjacent public streets depicted on the Draft Preliminary Plat.
- xiii To the best of Seller's actual knowledge: there are no Hazardous Substances located on the Property, except as may be disclosed in the Phase I Environmental Site Assessment for Ramsey Town Center, Highway 10 and Ramsey Boulevard, NW, Ramsey, Minnesota dated April 27, 2007 (Delta Project No. 5A0703-198), prepared by Delta Environmental Consultants, Inc. for Minnwest Bank Central, a copy of which Seller has provided to Buyer (the "Environmental Report"); the Property is not subject to any liens or claims by government or regulatory agencies or third parties arising from the release or threatened release of Hazardous Substances in, on or about Property; and, except as may be disclosed in the Environmental Report, the Property has not been used in connection with the generation, disposal, storage, treatment or transportation of Hazardous Substance. For purposes of this Agreement, the term "Hazardous Substance" includes but is not limited to substances defined as "hazardous substances," "toxic substances" or "hazardous wastes" in the Comprehensive Environmental Response Compensation Liability Act of 1980, as amended, 42 U.S.C. §9601, et seq., and substances defined as "hazardous wastes," "hazardous substances," "pollutants, or contaminants" as defined in the Minnesota Environmental Response and Liability Act, Minnesota Statutes, §115B.02. The term "hazardous substance" also includes asbestos, polychlorinated biphenyls, petroleum, including crude oil or any fraction thereof, petroleum products, heating oil, natural gas, natural gas liquids, liquefied natural gas, or synthetic gas useable for fuel (or mixtures of natural gas and synthetic gas).

b. Minnesota Required Statutory Disclosures. As required by statute, Seller hereby represents to Buyer that, to the best of Seller's actual knowledge:

- i Wells.

There are no wells located on the Property.

OR

All wells, as that term is defined in Minnesota Statutes, Section 103I.005, subd. 21, located on the Property are described on the Minnesota Well Disclosure Statement attached as Exhibit ____ and there are no wells located on the Property which: are contaminated; are constructed or maintained in such a manner that their continued use or existence endangers ground water quality or is a safety or health hazard; are inoperable or not in use; or must be sealed under the provisions of Minnesota Statutes, Chapter 103I, except for wells which have been sealed in accordance with the requirements of Minnesota Statutes, Chapter 103I and as to which a Sealed Well Certificate has been delivered to the Minnesota Department of Health.

ii Storage Tanks.

There are no underground or above ground storage tanks of any size or type located on the Property.

OR

There are _____ underground and _____ above ground storage tanks located on the Property but, Seller is not required to record with the County Recorder or Registrar of Titles an affidavit described in Minnesota Statute § 116.48 subd. 6 relating to underground or above ground storage tanks.

OR

Seller has recorded or will, prior to Closing, record the affidavit required by Minnesota Statutes § 116.48 subd. 6.

iii Septic.

Sewage generated at the Property goes to a facility permitted by the Minnesota Pollution Control Agency.

OR

Sewage generated at the Property does not go to a facility permitted by the Minnesota Pollution Control Agency and the individual sewage treatment system located on the

Property is described on the Minnesota Disclosure of Sewage Treatment System attached as Exhibit.

OR

- Sewage is not currently generated at the Property.

AND

- There are no abandoned individual sewage treatment systems located on the Property.

iv Hazardous Substances.

- Seller is not required to record with the County Recorder or Registrar of Titles an affidavit described in Minnesota Statute § 515B.16 subd. 2. indicating that the Property is subject to "extensive contamination."

OR

- Seller has recorded or will, prior to Closing, record the affidavit required by Minnesota Statutes § 515B.16 subd. 2.

v Methamphetamine Production.

- Methamphetamine production has not occurred on the property.

OR

- Methamphetamine production has occurred on the property and Seller makes the following disclosure:

A county or local health department or sheriff [*strike one*] has / has not ordered that the property or some portion of the property is prohibited from being occupied or used until it has been assessed and remediated as provided in the Department of Health's Clandestine Drug Labs General Clean-up Guidelines.

If such order or orders have been issued complete the following statement:

The above orders issued against the property [*strike one*] have / have not been vacated.

If such order has not been issued, state the status of removal and remediation on the property: _____

If, at any time prior to the Date of Closing, Seller acquires actual knowledge of events or circumstances which render the representations set forth in Sections 12(a) and 12(b) inaccurate, Seller will notify Buyer, in writing. Seller will indemnify Buyer, its successors and assigns, against and will hold Buyer, its successors and assigns harmless from, any expenses or damages, including reasonable attorneys fees, that Buyer incurs because of the inaccuracy of any of the above representations when made or Seller's failure to notify Buyer within a reasonable time and, in any event, before the Date of Closing, if Seller learns that the representations set forth above are no longer accurate. The representations and indemnification set forth above will survive the Closing of this transaction and Seller's delivery of the Limited Warranty Deed to Buyer, but any action by Buyer to enforce the representations contained herein must be commenced within eighteen (18) months after the Date of Closing by filing an action in District Court or such right shall be deemed waived.

- c. Covenants of Seller. Seller covenants and agrees that:
 - i From and after the Effective Date, Seller will not perform any grading or excavation, construction or removal of any improvement or landscaping or otherwise make any other change or improvement upon or about the Property, without Buyer's consent which consent Buyer may not unreasonable withhold, condition or delay.
 - ii From and after the Effective Date, Seller will not create or incur any mortgage, lien, pledge or other encumbrance affecting the Property other than encumbrances that Seller will fully satisfy out of the proceeds of Closing.
 - iii Prior to Closing, water, sanitary sewer, storm sewer, gas, electricity and telephone utilities will be delivered to five (5) feet inside of the Property line in a location reasonably acceptable to Buyer.
 - iv Seller is solely responsible for the payment of any commission or fee due to any agent Seller engages.
 - v On or before the Date of Closing, Seller will pay for all labor performed and materials furnished to the Property at the request of Seller prior to the Date of Closing.
 - vi Prior to Closing, Seller will work with the City to finalize the Plat.

13. Representations of Buyer. Buyer represents to Seller that, as of the Effective Date:

- a. Buyer is a limited liability company, duly organized pursuant to the laws of the State of Minnesota, and is fully authorized to transact business in the State of Minnesota;

b. The individual signing this Agreement on behalf of Buyer is fully authorized and empowered to sign this Agreement on Buyer's behalf. Upon execution of this Agreement, it will be fully binding upon Buyer; and

c. Buyer is solely responsible for the payment of any commission or fee due to any agent Buyer engages in connection with this transaction.

14. **Inspections.** At all times prior to the Date of Closing, Buyer and its agents have the right, upon reasonable notice to Seller, to go upon the Property to inspect the Property and to determine the condition of the Property and the improvements located thereon, including specifically the presence or absence of hazardous substances, petroleum products and asbestos in, on, or about the Property. Buyer agrees to indemnify and defend Seller from and to hold Seller harmless against any and all claims, causes of action or expenses, including attorneys fees, relating to or arising from Buyer's presence on the Property prior to the Date of Closing. Buyer agrees to repair any damage to the Property caused by such inspections and to return the Property to substantially the same condition as existed prior to Buyer's inspection. **Buyer acknowledges that Buyer is purchasing the Property in reliance on Buyer's inspection of the Property pursuant to this Section 14 and on Buyer's judgment regarding the sufficiency of such inspections. Other than the representations set forth in Section 12 of this Agreement, Buyer is not relying on any written or oral representations, warranties or statements that Seller or Seller's Agents have made. Subject to Buyer's right to terminate this Agreement pursuant to Section 19, Buyer is purchasing the Property in "AS IS" condition pursuant to the terms of this Agreement.**

15. **Buyer's Contingencies.** Buyer's obligations under this Agreement are contingent on:

a. Buyer's determination, in Buyer's sole discretion based on the information and inspections described in Section 14 above and any other relevant information, that the condition of the Property is acceptable to Buyer.

b. Buyer's determination, in Buyer's sole discretion, that the terms of any Master Declaration that Seller records against title to the Property prior to the Date of Closing and the terms of any Ordinance the City adopts to establish a special service district pursuant to Minnesota Statute Chapter 428(A) are acceptable to Buyer.

c. If the boundaries of the Property as depicted on the Approved Preliminary Plat are not the same as the boundaries of the Property as depicted on the Draft Preliminary Plat, Buyer's determination, in Buyer's sole discretion, that the boundaries and area of the Property as depicted on the Approved Preliminary Plat are acceptable to Buyer.

d. The City Council's approval of a Final Plat.

e. Buyer's acquisition of any rezoning, governmental approvals, unappealable permits, variances, conditional use permits, licenses, site plan approvals, operating permits or other federal, state or local approvals or permits (collectively, the "**Permits**") necessary for Buyer's construction of improvements on the Property and

intended use of the Property for a minimum of eighty (80) approved assisted living units (the "**Project**"). On or before October 7, 2010, Buyer must apply to the City or and any other appropriate governmental agencies for all Permits necessary for Buyer's intended use of the Property, and Buyer must diligently pursue the acquisition of all such Permits. Buyer must pursue the acquisition of such Permits at Buyer's sole cost and expense. Seller agrees to cooperate with Buyer in the acquisition of such Permits but is not required to incur any cost or expense.

Buyer may exercise the contingencies described in subsections (a) and (e) and terminate this Agreement by giving Seller notice in accordance with Sections 19 and 22 on or before December 31, 2010 (the "**Due Diligence Date**"). Buyer may extend the Due Diligence Date to March 31, 2011 by delivering to Seller and Title a written notice that Buyer is exercising Buyer's right to extend the Due Diligence Date. Buyer may exercise the contingency described in subsection (b) and terminate this Agreement by giving Seller notice in accordance with Sections 19 and 22 on or before the date fifteen (15) business days after the date Seller delivers a proposed Master Declaration or a proposed Special Service District Ordinance to Buyer for review. Buyer may exercise the contingency described in subsection (c) and terminate this Agreement by giving Seller notice in accordance with Sections 19 and 22 on or before the date seven (7) business days after the date Seller delivers the Approved Preliminary Plat to Buyer for review. Buyer may exercise the contingency described in subsection (d) and terminate this Agreement by giving Seller notice in accordance with Sections 19 and 22 on the Date of Closing. If Buyer exercises one on or more of the contingencies set forth in this Section 15 and terminates this Agreement, the Parties shall direct Title to disburse the Earnest Money to Buyer, except that if Buyer extends the Due Diligence Date to March 31, 2011 and Buyer thereafter exercises one or more of the contingencies described in subsections (a) or (e), the Parties shall direct Title to disburse one half (1/2) of the Earnest Money to Seller and one half (1/2) of the Earnest Money to Buyer. If Buyer does not exercise a contingency by giving Seller notice in accordance with Sections 19 and 22 on or before the date set forth above for the exercise of that contingency, that contingency terminates and Buyer may no longer terminate this Agreement based upon that contingency.

16. **Seller's Contingencies.** Seller's obligations under this Agreement are contingent on:

a. Buyer's determination that the representations set forth in Section 13 are true, when made; and

b. The City Council's approval of a Final Plat.

If Seller exercises one on or more of the contingencies set forth in this Section 16 and terminates this Agreement, the Parties shall direct Title to disburse the Earnest Money to Buyer, Seller may exercise the contingencies described in subsections (a) and (b) and terminate this Agreement by giving Buyer notice in accordance with Sections 19 and 22 on the Date of Closing. If Seller does not exercise a contingency by giving Buyer notice in accordance with Sections 19 and 22 on or before the date set forth above for the exercise of that contingency, that contingency terminates and Seller may no longer terminate this Agreement based upon that contingency.

17. **Condemnation.** If a public or private entity with the power of eminent domain commences condemnation proceedings against all or any part of the Property, Seller must immediately notify Buyer, and Buyer may, at Buyer's sole option, terminate this Agreement pursuant to Section 19 below. Buyer will have twenty (20) days from Buyer's receipt of Seller's notice to Buyer to exercise Buyer's termination right. If Buyer terminates this Agreement pursuant to this Section 17, the Parties must instruct Title to disburse the Earnest Money to Buyer. If Buyer does not terminate this Agreement within said twenty (20) day period, the Parties must fully perform their obligations under this Agreement, with no reduction in the Purchase Price, and Seller must assign to Buyer, on the Date of Closing, all of Seller's right, title and interest in any award made or to be made in the condemnation proceedings. Seller may not designate counsel, appear or otherwise act with respect to any such condemnation proceedings without Buyer's prior written consent unless Buyer fails to respond within seven (7) days to a request for such written consent.

18. **Default.** If either Party defaults in the performance of any of the Party's obligations under this Agreement, the non-defaulting Party may, after written notice to the defaulting Party, suspend performance of its obligations under this Agreement, and the rights of the non-defaulting Party are as follows:

a. **Buyer's Default.** If Buyer defaults in the performance of any of Buyer's obligations under this Agreement or if one or more of the representations of Buyer in Section 13 was inaccurate when made, Seller has the right to:

- i terminate this Agreement pursuant to Minnesota Statutes, Section 559.21 and retain the Earnest Money and any interest which the Earnest Money has earned as liquidated damages. Title must disburse the Earnest Money to Seller upon Seller's delivery to Title of a copy of a Notice of Cancellation of Purchase Agreement which satisfies the requirements of Minn. Stat. 559.21; an Affidavit of Service stating that the Notice of Cancellation was served upon Buyer and an Affidavit stating that Buyer failed to comply with the requirements of the Notice of Cancellation within the time period set forth in Minn. Stat. 559.21;
- ii commence an action in a court of competent jurisdiction seeking a judgment terminating this Agreement and awarding damages to Seller if, and only if, one or more of the representations of Buyer set forth in Section 13 was inaccurate, when made, or if Buyer breaches Buyer's obligation to indemnify and defend Seller in accordance with Section 14. In any such action for damages, Seller may also recover Seller's attorneys' fees and costs;
- iii initiate a civil action to compel Buyer's specific performance of Buyer's obligations under this Agreement provided that Seller commences the action within three (3) months of the date of Buyer's default. In any such action for specific performance, Seller may also recover Seller's attorneys' fees and costs.

The remedies set forth in this Section 18(a) are Seller's sole and exclusive remedies in the event of Buyer's default.

b. Seller's Default. If Seller defaults in the performance of any of Seller's obligations under this Agreement or if one or more of the representations of Seller in Section 12 was inaccurate when made, Buyer may:

- i terminate this Agreement pursuant to Section 19, below, in which case the Parties must direct Title to disburse the Earnest Money to Buyer, and Seller must pay to Buyer an additional \$10,000 in cash or certified funds as liquidated damages which Buyer may receive as compensation for Seller's default due to the difficulty and uncertainty of ascertaining Buyer's actual damages;
- ii initiate a civil action to compel Seller's specific performance of Seller's Obligations under this Agreement provided that Buyer commences such action within three (3) months of the date of Seller's default. In any such action for specific performance, Buyer may also recover Buyer's attorneys' fees and costs.

The remedies set forth in this Section 18(b) are Buyer's sole and exclusive remedies in the event of Seller's default.

19. **Termination of this Agreement.** Sections 11, 15 and 17 of this Agreement allow Buyer to terminate this Agreement under certain conditions. Section 18(a)(i) also allows Buyer to terminate this Agreement under certain conditions, but a termination pursuant to Section 18(a)(i) is governed by Minnesota Statutes Section 559.21 and not by this Section 19. Sections 16 and 18(a)(i) of this Agreement allows Seller to terminate this Agreement under certain conditions. The following procedures govern a Party's exercise of a termination right:

a. A Party intending to terminate this Agreement pursuant to one of the above-referenced Sections (the "Terminating Party") must notify the non-terminating Party (the "Non-Terminating Party"), in writing, of the Terminating Party's intent to terminate this Agreement.

b. The Terminating Party's notice must recite the Section of this Agreement that authorizes the Terminating Party's termination of this Agreement and must describe the facts and circumstances which the Terminating Party asserts justify termination under the referenced Section.

c. The Terminating Party's notice of termination will be effective as of the date the Terminating Party deposits the notice of termination with the United States Postal Service, with all necessary postage paid, for delivery to the Non-Terminating Party via certified mail, return receipt requested at the address set forth in Section 22. If the Terminating Party delivers a notice of termination in a different manner than described in the preceding sentence, the notice of termination will be effective as of the date the Non-Terminating Party actually receives the notice of termination. The Terminating Party

must also mail a copy of the notice of termination to the Parties respective attorneys as provided for in Section 22 below.

d. If the Non-Terminating Party disputes the Terminating Party's right to terminate this Agreement, the Non-Terminating Party must so notify the Terminating Party, in writing, within five (5) business days of the Non-Terminating Party's receipt of the Terminating Party's notice of termination.

e. If the Non-Terminating Party does not dispute the Terminating Party's right to terminate the Agreement, Buyer must execute and delivery to Seller a recordable quit claim deed conveying the Property to Seller, and on the receipt of such a quit claim deed, Seller and Buyer must instruct Title to return the Earnest Money to the Party that is or the Parties that are entitled to the Earnest Money under the terms of this Agreement.

f. If the Parties dispute the validity of an attempted termination of this Agreement, either Party may initiate a civil action in a court of competent jurisdiction to determine the status of this Agreement, and the Party that prevails in any such action is entitled to recover the costs and reasonable attorneys' fees which such Party incurs in the action from the non-prevailing Party.

20. **Survival.** The representations, covenants, agreements and indemnities set forth in this Agreement will remain operative and will survive Closing and the execution and delivery of the deed and will not be merged therein.

21. **Assignment.** The terms and conditions hereof inure to the benefit of and are binding on the successors and assigns of both parties hereto. Buyer may not assign Buyer's rights or obligations under this Agreement to any third party without Seller's consent which consent Seller may grant or withhold in Seller's sole and absolute discretion. Notwithstanding the foregoing, Buyer may assign Buyer's rights and obligations under this Agreement to a limited liability company or other entity that Buyer controls or that Buyer's members control upon notice to but without the consent of Seller. Such an assignment will not relieve Buyer from liability pursuant to Section 18(a)(ii) for a prior or subsequent default in the performance of the Buyer's obligations referenced in that Section. .

22. **Notice.** Any notice to be given or served upon any party hereto in connection with this Agreement must be in writing, and delivered to the other parties (i) in person; (ii) by facsimile transmission (with confirmation of transmission available upon request from the non-sending party); (iii) by a nationally recognized overnight delivery service; or (iv) by certified mail, return receipt requested. If notice is given in person or via facsimile transmission, notice is deemed to have been given when personal delivery was received by the party or when the facsimile transmission was transmitted. If notice is given by a nationally recognized overnight delivery service, notice is deemed to have been given the day following delivery to the delivery service of such notice. If notice is given by certified mail, notice is deemed to have been given three (3) days after a certified letter containing such notice, properly addressed with postage prepaid, is deposited in the United States mail. Notices should be sent to the parties at the following addresses:

To Seller: The Housing and Redevelopment Authority in and for the City of Ramsey, Minnesota

Ramsey Municipal Center
7550 Sunwood Drive
Ramsey, Minnesota 55303
Attention: City Administrator

With a copy to: Thomas L. Bray
Briggs and Morgan, P.A.
2200 IDS Center
80 South Eighth Street
Minneapolis, MN 55402-2157
Telephone: (612) 977-8400
Fax: (612) 977-8650
E-Mail: tbray@briggs.com

To Buyer: TOTI HOLDINGS, LLC

Attn: Brian R. Wings
1245 Gun Club Road
White Bear Lake, MN 55110
Telephone: (651) 407-7009
E-Mail: brianw@comfortsofhomemn.com

With a copy to: John W. Lang, Esq.
Messerli & Kramer, P.A.
1400 Fifth Street Towers
100 South Fifth Street
Minneapolis, MN 55402-1217
Telephone: (612) 672-3614
Fax: (612) 672-3777
E-mail: jlang@messerlikramer.com

23. **Miscellaneous.**

a. Entire Agreement. This Agreement embodies the entire agreement between the parties and cannot be varied, except by the written agreement of the parties. This Agreement supersedes all prior and contemporaneous negotiations, understandings and agreements, written or oral, between the parties.

b. Attorneys' Fees; Costs; Venue. If any legal action is commenced by any party to enforce any provision of this Agreement, the losing party will pay to the prevailing party all actual expenses, including reasonable costs and attorney's fees, incurred by the prevailing party. The prevailing party is the party who receives substantially the relief sought, whether by judgment, summary judgment, dismissal, settlement or otherwise. Venue is proper in the county in which the Property is located.

c. Counterparts. This Agreement may be executed in several original counterparts, each of which and all together will constitute this Agreement in its entirety. A counterpart of this Agreement or any amendment thereto executed by a party and delivered to the other party via telecopier will be construed as a legally binding signature. Without delay, the sending party should deliver an original, signed counterpart to the other party.

d. Headings. The headings contained in this Agreement are for reference purposes only and do not in any way affect the meaning or interpretation hereof.

e. Exhibits. Incorporated into this Agreement by reference, as described above, are Exhibit A (Preliminary Plat); Exhibit B (Platting Fees) Exhibit C (Escrow Agreement); Exhibit D (Description of the Improvements); Exhibit E (Existing Encumbrances).

f. Dates. Time is of the essence with respect to this Agreement. If the final day of a period or date of performance under this Agreement falls on a Saturday, Sunday or legal holiday, then the final day of the period or the date of performance will be deemed to fall on the next day that is not a Saturday, Sunday or legal holiday.

g. Enforceability. If any provision of this Agreement is adjudged to be invalid or unenforceable by a court of competent jurisdiction, this Agreement should be construed as if such invalid or unenforceable provision had not been inserted herein and should not affect the validity or enforceability of the remainder of this Agreement.

h. No Third Party Beneficiaries. Nothing in this Agreement, expressed or implied, is intended to confer any rights or remedies under or by reason of this Agreement on any person other than the parties to it and their respective permitted successors and assigns. Furthermore, nothing in this Agreement is intended to relieve or discharge any obligation of any third person to any party hereto or give any third person any right of subrogation or action over or against any party to this Agreement.

i. No Partnership. Nothing contained herein and no act by Buyer or Seller in the performances of, or in any way related to, this Agreement should be construed to create or evidence in any manner any employment, partnership, agency or joint venture relationship between the parties hereto. Buyer and Seller represent and acknowledge that it is their mutual intention that the sole relationship created between them by this Agreement is that of vendor and purchaser.

j. Construction. All of the parties to this Agreement have participated freely in the negotiations and preparation hereof. Accordingly, this Agreement should not be construed more strictly against any one of the parties.

k. Waiver. Failure of either Buyer or Seller to exercise any right given hereunder or to insist upon strict compliance with regard to any term, condition or covenant specified herein, will not constitute a waiver of Buyer's or Seller's right to exercise such right or to demand strict compliance with any term, condition or covenant under this Agreement.

1. Choice of Law. This Agreement is governed by and construed in accordance with the laws of the State of Minnesota.

24. Extension of the Date of Closing. Buyer may extend the Date of Closing as provided for in this Section 24.

a. Buyer may extend the Date of Closing from March 31, 2011 to April 29, 2011 by;

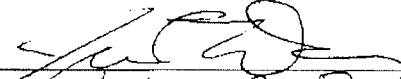
- i notifying Seller and Title of Buyer's election to extend the Date of Closing to April 29, 2011 on or before March 24, 2011;
- ii depositing an additional \$25,000 of Earnest Money with Title to be held and disbursed in accordance with the terms of Escrow Agreement attached hereto as Exhibit C and this Agreement. Notwithstanding anything else in this Agreement, upon Buyer's extension of the Closing Date to April 29, 2011, all \$50,000 of the original Earnest Money and the additional \$25,000 of Earnest Money that Buyer deposits with Title pursuant to this Section 24 is nonrefundable except in the event of Seller's default; and
- iii Buyer must pay to Seller, in certified or wire-transferred funds, a \$5,000 extension fee. The extension fee must be paid to Seller on or before March 24, 2011. The extension fee does not constitute Earnest Money, is nonrefundable and shall not be applied towards payment of the Purchase Price.

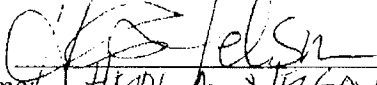
b. If Buyer extends the Date of Closing from March 31, 2011 to April 29, 2011 in accordance with Section 24(a), Buyer may, thereafter, extend the Date of Closing for up to five (5) consecutive one-month periods (with each such extension extending the Date of Closing to the last business day of the next month) by providing notice of each such extension to Seller and Title not less than seven (7) days before the then current Date of Closing. Notwithstanding anything else herein, Buyer may not extend the Date of Closing beyond September 30, 2011. For each consecutive one-month extension, Buyer must pay an additional extension fee to Seller. The extension fee is \$5,000 to extend the Date of Closing from April 29, 2011 to May 31, 2011; \$5,000 to extend the Date of Closing from May 31, 2011 to June 30, 2011; and \$10,000 for each monthly extension thereafter. Each extension fee must be paid to Seller in certified or wire-transferred funds at the time Buyer gives Seller notice of the extension, is not a part of the Earnest Money, is non-refundable and is not to be applied to the Purchase Price.

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SELLER:

**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**

By: 
Name: John P. Dehen
Its: Chairman

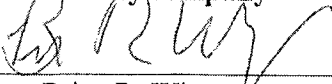
By: 
Name: HEIDI A. NELSON
Its: EXECUTIVE DIRECTOR

Signature Date: 9/14/2010

(Separate Signature Page to Purchase Agreement)

BUYER:

**TOTI HOLDINGS, LLC, a Minnesota
limited liability company**

By: 
Name: Brian R. Wings
Its: Chief Manager

Signature Date: 9-14-10

(Separate Signature Page to Purchase Agreement)

EXHIBIT A
(Preliminary Plat)

CONTACT INFORMATION

OWNER/SUBOWNER:
 RAMSEY AREA
 7550 SUNWOOD DR.
 RAMSEY, TN 35065

DESIGNER/SURVEYOR:
 LANDFORM
 102 SOUTH 4TH AVENUE
 SUITE 510
 PINEAPOLIS, TN 35401

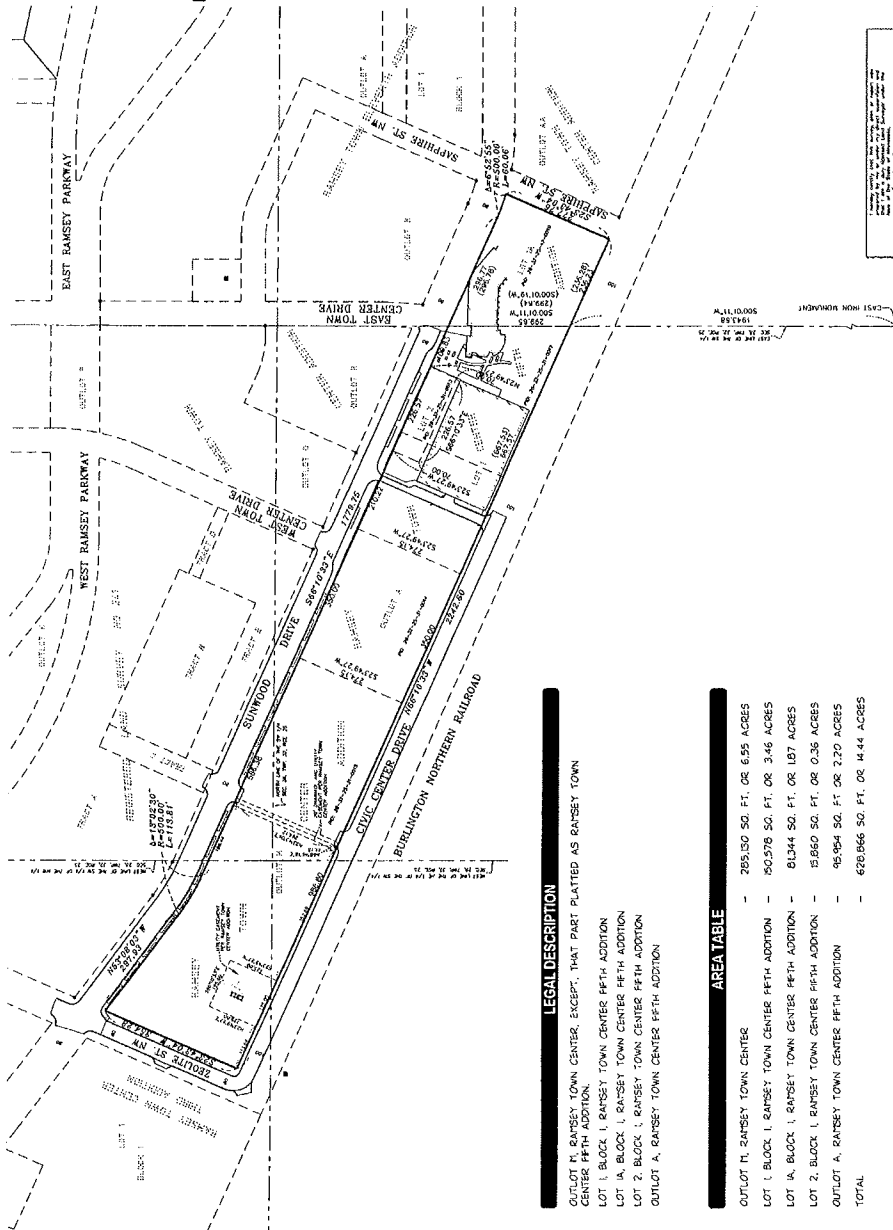


LANDFORM
 From Site to Finish

**EXISTING / SURVEY
 SKETCH PLAN**

09.03.2010

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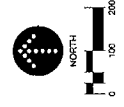
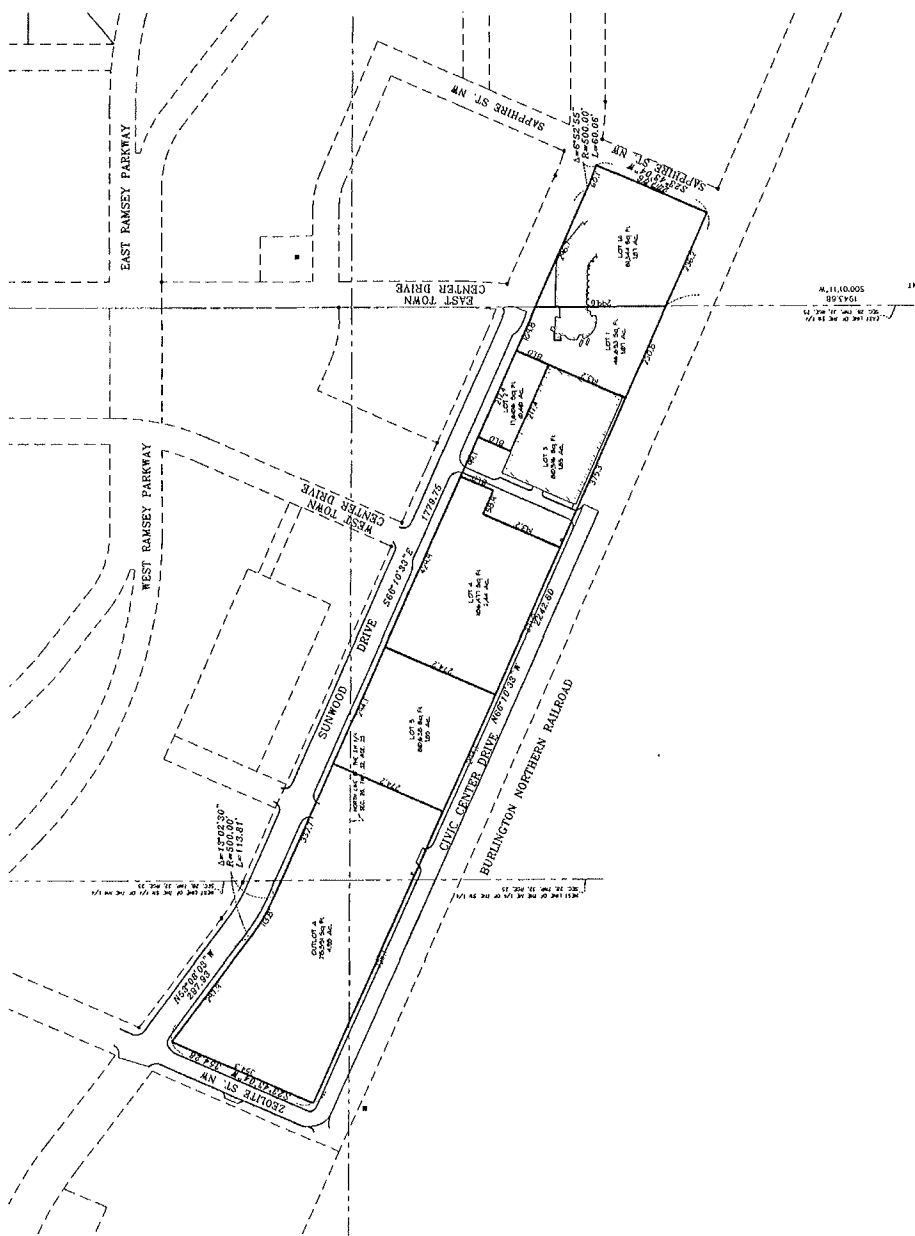
LEGAL DESCRIPTION

- OUTLOT H, RAMSEY TOWN CENTER, EXCEPT, THAT PART PLATTED AS RAMSEY TOWN CENTER FIFTH ADDITION
- LOT 1, BLOCK 1, RAMSEY TOWN CENTER FIFTH ADDITION
- LOT 1A, BLOCK 1, RAMSEY TOWN CENTER FIFTH ADDITION
- LOT 2, BLOCK 1, RAMSEY TOWN CENTER FIFTH ADDITION
- OUTLOT A, RAMSEY TOWN CENTER FIFTH ADDITION

AREA TABLE

OUTLOT H, RAMSEY TOWN CENTER	- 289,150 SQ. FT. OR 6.55 ACRES
LOT 1, BLOCK 1, RAMSEY TOWN CENTER FIFTH ADDITION	- 50,278 SQ. FT. OR 3.46 ACRES
LOT 1A, BLOCK 1, RAMSEY TOWN CENTER FIFTH ADDITION	- 81,344 SQ. FT. OR 1.87 ACRES
LOT 2, BLOCK 1, RAMSEY TOWN CENTER FIFTH ADDITION	- 15,860 SQ. FT. OR 0.36 ACRES
OUTLOT A, RAMSEY TOWN CENTER FIFTH ADDITION	- 95,954 SQ. FT. OR 2.20 ACRES
TOTAL	- 672,686 SQ. FT. OR 4.44 ACRES

Surveyed and Platted by
 Landform, Inc.
 102 South 4th Avenue, Suite 510
 Pineapolis, Tennessee 35401
 Date of Survey: 09/03/2010
 Date of Platting: 09/03/2010
 Surveyor's License No. 12345
 Surveyor's Name: [Signature]

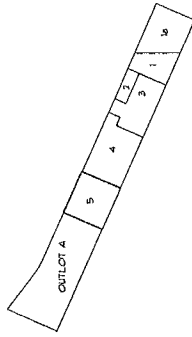


LANDFORM
From Site to Finish

OVERALL PROPOSED
SKETCH PLAN

09/03/2010
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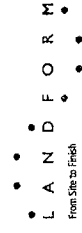
KEY PLAN



NOT TO SCALE

SITE DATA

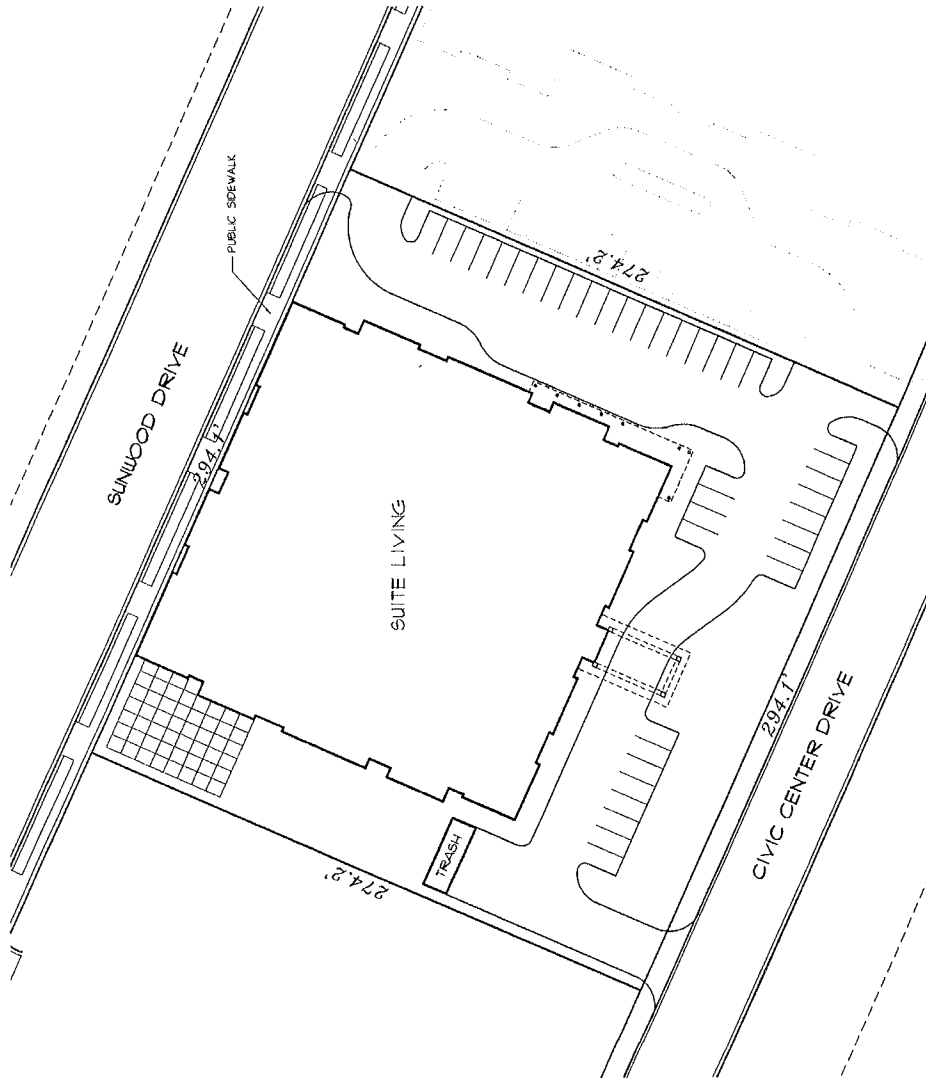
LOT 5 AREA = 1.85 AC.
38 UNITS PER AC.



**SUITE LIVING
SKETCH PLAN**

09.03.2010

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PAGE No. 1 of 1

EXHIBIT B

(Escrow Agreement)

ESCROW AGREEMENT

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 ("**Seller**"), and TOTI Holdings, LLC a Minnesota limited liability company ("**Buyer**") are parties to the purchase and sale of the real estate described in the attached Purchase Agreement, dated Sept. 15, 2010. As provided in Section 6 of the Purchase Agreement, Buyer hereby deposits the sum of \$50,000 (the "**Earnest Money**") with Land Title, Inc., a Minnesota limited liability company ("**Title**"). As provided in Section 24 of the Purchase Agreement, Buyer may subsequently deposit an additional \$25,000 of Earnest Money with Title, and if Buyer does so, the term "Earnest Money" shall mean the entire \$75,000 deposited by Buyer with Title. Title must hold the Earnest Money in an interest bearing account with an institution whose accounts are insured by a governmental agency or instrumentality.

Upon notification by both parties in writing that the transaction has closed, Title will pay the Earnest Money to the Seller. If either party notifies Title that the transaction has not closed, Title must pay the Earnest Money as follows:

1. Upon receipt of consistent instructions from both Parties regarding the release of the Earnest Money, Title must deliver the Earnest Money pursuant to such instructions;

2. If Seller delivers a Notice of Cancellation of Purchase Agreement describing the Purchase Agreement and the Property, as defined therein, together with an Affidavit of Service evidencing service of the Notice of Cancellation on Buyer and an Affidavit of Failure to Comply with Notice completed, executed and acknowledged to Title on or before the date one hundred and eighty (180) days after the Date of Closing as defined in the Purchase Agreement, Title must deliver the Earnest Money to Seller.

3. If no disposition of the Earnest Money has been made by the date one hundred eighty (180) days from the Date of Closing, as defined in the Purchase Agreement and as the same may be extended pursuant to the terms of the Purchase Agreement and neither Party has commenced an action asserting claims with respect to the Earnest Money, Title must return the Earnest Money to Buyer.

Title has no responsibility for any decision concerning performance or effectiveness of the Purchase Agreement, and is only responsible to act pursuant to the procedures set forth above. Buyer and Seller hereby agree to hold Title harmless from any claims or defenses arising out of this Escrow Agreement and indemnify Title for all costs and expenses in connection with this escrow, including court costs, attorney's fees, except for claims arising out of Title's failure to account for the funds held and costs and expenses incurred by the parties in connection with such a claim.

To the extent that the provisions of this Escrow Agreement are inconsistent with the provisions of Section 6 of the Purchase Agreement, the provisions of this Escrow Agreement control.

Title is not charging a fee for acting as an escrow agent.

SELLER:

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

BUYER:

**TOTI Holdings, LLC,
a Minnesota limited liability company**

By: [Signature]
Name: John P. Dehen
Its: Chairman

By: _____
Name: Brian R. Wings
Its: Chief Manager

By: [Signature]
Name: HEIDI A NELSON
Its: EXECUTIVE DIRECTOR

Address:

Ramsey Municipal Center
7550 Sunwood Drive
Ramsey, Minnesota 55303
Attention: City Administrator
Taxpayer Identification Number
41-0910467

Address:

1245 Gun Club Road
White Bear Lake, MN 55110

Taxpayer Identification Number

Title hereby acknowledges receipt of this Agreement and the Earnest Money, to hold the Earnest Money as above specified.

Dated this ____ day of _____, 2010.

Land Title, Inc.,
a Minnesota corporation

By: _____
Name: _____
Its: _____

To the extent that the provisions of this Escrow Agreement are inconsistent with the provisions of Section 6 of the Purchase Agreement, the provisions of this Escrow Agreement control.

Title is not charging a fee for acting as an escrow agent.

SELLER:

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

By: _____
Name: _____
Its: _____

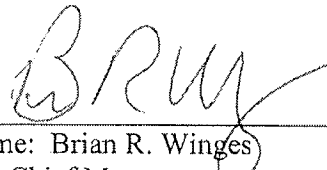
By: _____
Name: _____
Its: _____

Address:

Ramsey Municipal Center
7550 Sunwood Drive
Ramsey, Minnesota 55303
Attention: City Administrator
Taxpayer Identification Number
41-0910467

BUYER:

**TOTI Holdings, LLC,
a Minnesota limited liability company**

By: 
Name: Brian R. Wings
Its: Chief Manager

Address:

1245 Gun Club Road
White Bear Lake, MN 55110

Taxpayer Identification Number

Title hereby acknowledges receipt of this Agreement and the Earnest Money, to hold the Earnest Money as above specified.

Dated this ____ day of _____, 2010.

Land Title, Inc.,
a Minnesota corporation

By: _____
Name: _____
Its: _____

EXHIBIT C

(Description of the Improvements)

A three-story, 120,000 senior care facility consisting of approximately 80 acres of assisted living and memory care.

855961.1

AMENDMENT TO PURCHASE AGREEMENT

THIS AMENDMENT TO PURCHASE AGREEMENT ("**Amendment**") is dated January 18, 2011 ("**Effective Date**"), by and between 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 (the "**Seller**") and TOTI Holdings, LLC, a Minnesota limited liability company (the "**Buyer**").

Recitals

A. Seller and Buyer are parties to that certain Purchase Agreement dated September 15, 2010 (the "**Purchase Agreement**") pursuant to which Seller has agreed to sell and Buyer has agreed to purchase certain real property located in Outlot M, RAMSEY TOWN CENTER ADDITION, and Outlot A, RAMSEY TOWN CENTER FIFTH ADDITION, Anoka County, Minnesota (the "**Property**").

B. Pursuant to Sections 3(a) and 3(b) of the Purchase Agreement, Seller agreed to submit to the Ramsey City Council ("**City Council**"), for approval, a Final Plat including the Property and adjacent real property (the "**Final Plat**"), which Final Plat would change the legal description of the Property to, "Lot 5, Block 1, COR ONE, Anoka County, Minnesota" (the "**Proposed Legal Description**").

C. On December 14, 2010, the City Council approved a final plat for the Property, setting the boundaries for the Property and identifying the Property as "Lot 4, Block 1, COR ONE, Anoka County, Minnesota" (the "**Approved Final Plat**") (the "**Approved Legal Description**").

D. Pursuant to Section 10(b), Buyer and Seller have agreed that Buyer will obtain the Survey, for itself, at Seller's expense, which expense will be paid by Seller no later than the Date of Closing.

E. Buyer and Seller acknowledge that the platting of the Property and the change from the Proposed Legal Description to the Approved Legal Description requires that the Title Commitment and Survey be updated to accurately reflect the Approved Legal Description and that Buyer should have reasonable time to review such Evidence of Title and render all Objections under the terms of Section 11 of the Purchase Agreement.

F. On December 29, 2010, pursuant to Section 15 of the Purchase Agreement, Buyer exercised its right to extend the Due Diligence Date to March 31, 2011, by delivering written notice to Seller and Title as provided by the Purchase Agreement.

G. Buyer and Seller desire to enter into this Amendment to memorialize their agreements with regard to the above items.

NOW, THEREFORE, in consideration of the foregoing recitals and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, Seller and Buyer hereby agree as follows:

1. All capitalized terms not expressly defined herein shall have the meanings ascribed to them in the Purchase Agreement.

2. The term, "Property" as it is used in the Purchase Agreement and this Amendment, shall mean the Approved Legal Description.

3. The first sentence of Section 5 is deleted in its entirety and replaced with the following: "The purchase price of the Property is \$1,411,165.00 (the "Purchase Price")."

4. With regard to Section 10(a) and 10(b), Buyer and Seller acknowledge that Buyer shall have until January 10, 2011 to obtain the Title Commitment and Survey, based on the Approved Legal Description, and until January 20, 2011 to provide written notice of the Objections to Seller pursuant to Section 11 of the Purchase Agreement.

5. Buyer and Seller agree that Buyer shall obtain the Survey and that Seller shall be responsible for all fees and costs of the Survey, up to a maximum of \$4,000, due and payable no later than the Date of Closing.

6. The Due Diligence Date, as defined in Section 15, has been extended to March 31, 2011.

7. Seller will not subject the Property to the terms of the existing Master Declaration recorded in the office of the Anoka County Recorder as Document No. 484495.001 and will not subject the Property to any other "master declaration" establishing covenants, conditions, restrictions or easements. The City of Ramsey does intend to adopt an Ordinance establishing a special service district in accordance with Minnesota Statutes Chapter 428A. Buyer may exercise the contingency described in subsection (b) and terminate this Agreement by giving Seller notice in accordance with Sections 19 and 22 on or before the date five (5) business days after the date Seller delivers a proposed Special Service District Ordinance to Buyer for review.

8. Buyer acknowledges and agrees that the contingencies set forth in Sections 15(c) and 15(d) have been satisfied.

9. Buyer hereby waives the contingency described in Section 15(e).

10. Except as expressly modified hereby, the terms and conditions set forth in the Purchase Agreement shall remain in full force and effect. To the extent that the Purchase Agreement and this Amendment conflict, the terms and conditions of this Amendment shall govern and control.


11. This Amendment may be executed in two or more counterparts, each one of which may be construed as an original.


[SIGNATURE PAGES TO FOLLOW]

IN WITNESS WHEREOF, the undersigned has executed this Amendment as of the Effective Date.

SELLER:

**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**

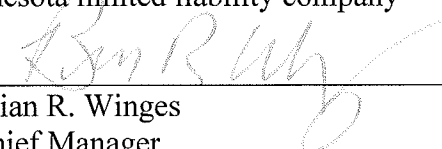
By: 
Name: DAVID JENSEN
Its: CHAIR

By: 
Name: HEIDI A. NERSISYAN
Its: EXECUTIVE DIRECTOR

IN WITNESS WHEREOF, the undersigned has executed this Amendment as of the Effective Date.

BUYER:

TOTI HOLDINGS, LLC,
a Minnesota limited liability company

By: 

Brian R. Wings
Its: Chief Manager

Date: 04/12/2011

By: Heidi Nelson
Administrative Services

Information

Title:

Consider Proposed Amendment to Purchase Agreement - The Residence at The COR

Background:

The HRA and Flaherty and Collins (The Residence) entered into a purchase agreement in December of 2010 for the sale of the parcel immediately west of the existing parking structure. As written, the agreement has had numerous dates for various seller and buyer obligations and due diligence. The majority of those dates have passed. In January of 2011 both the HRA and F&C chose not to execute their option to cancel the agreement based on the delivery of a train station. Most of the remaining contingencies have been resolved, but there is one remaining opportunity for F&C to cancel the agreement on April 15, 2011 if they are unable to obtain adequate financing. The closing date in the agreement is April 29, 2011. F&C has obtained all necessary entitlements to close on the property.

F&C has been working with their finance partners and have obtained a funding commitment on the project. This commitment has a number of challenging terms that F&C is continuing to negotiate, but is concerned it will not have a final funding commitment by the April 15th deadline for them to cancel.

Observations:

F&C has prepared and presented for your consideration a proposed amendment to the purchase agreement that modifies two dates:

1. The April 15, 2011 date to exercise their option to cancel due to financing is proposed to be extended to May 15, 2011.
2. The closing date is proposed to be extended from April 29, 2011 to June 15, 2011.

The DM team has worked with staff on the timing of the ramp addition and F&C closing/commencement and has determined that this schedule can be accomplished with the current ramp schedule and assuming the F&C project commences construction on or before June 30, 2011, the HRA's financing sources remain viable.

Staff continues to discuss construction coordination issues between the ramp and the The Residence at the COR project and will keep the HRA apprised of any issues that need to be addressed prior to closing.

Recommendation:

The DM team recommends the HRA approve the proposed amendment.

Funding Source:

There are no fiscal impacts related to this Amendment

Council Action:

Approve the proposed amendment to the purchase agreement.

Attachments

Proposed First Amendment

Purchase Agreement

Development Agreement

Form Review

Inbox

Heidi Nelson (Originator)

Form Started By: Heidi Nelson

Final Approval Date: 04/07/2011

Reviewed By

Heidi Nelson

Date

04/07/2011 01:59 PM

Started On: 04/07/2011

FIRST AMENDMENT TO PURCHASE AGREEMENT

This First Amendment to Purchase Agreement dated this ___ day of _____, 2011 by 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 (“Seller”), the City of Ramsey, Minnesota, a home rule charter city organized and existing under the constitution and laws of the State of Minnesota (“City”) and F&C Ramsey, LLC, an Indiana limited liability company (“Buyer”).

WHEREAS, the following facts are true:

A. The Seller, the City and the Buyer have previously entered into that certain “Purchase Agreement For The Portions of Lot 1, Block 1, Lot 2, Block 1 and Outlot A, Ramsey Town Center 5th Addition To Be Replatted As Lot 3, Block 1, COR ONE” (the “Purchase Agreement”).

B. The parties now wish to amend the Purchase Agreement to provide additional time for completion of certain contingencies and closing.

NOW THEREFORE, for good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the Seller, the City and the Buyer agree:

1. Paragraph 6 of the Purchase Agreement is hereby modified to extend the closing date from April 29, 2011 to June 15, 2011.
2. Buyer acknowledges receipt of the “Evidence of Title” as defined in Paragraph 9 of the Purchase Agreement; waives any claim that Seller is in default under the terms of the Purchase Agreement for failing to deliver the “Survey,” as defined in Paragraph 9(b) within the thirty (30) day period provided for in Paragraph 9; and acknowledges that the 10-day period in which Buyer may provide Seller with written notice of alleged defects in the marketability of Seller’s actual and record title to the Property (other than notice of alleged defects which are not reasonably ascertainable from the Evidence of Title) expires at 5:00 p.m. on Monday, April 18, 2011.
3. Buyer acknowledges and agrees that the contingencies set for in Paragraphs 14(a), 14(b) and 14(g) have expired and that Buyer no longer has any right to terminate the Purchase Agreement based on those contingencies. Buyer further acknowledges and agrees that Buyer does not have a right to terminate the Purchase Agreement based upon the contingency set forth in Paragraph 14(c) if Seller does not subject the Property to a declaration of covenants, restrictions and easements on or before the Closing and does not have a right to terminate the Purchase Agreement based upon the contingency set forth in Paragraph 14(d) if the City does not adopt an ordinance establishing a special service district which includes the Property on or before the Closing.
4. Paragraph 14 of the Purchase Agreement is modified to extend the contingency exercise dates for Paragraphs 14(e) and 14(f) from April 15, 2011 to and including May 15, 2011.

5. Except as specifically modified herein, the Purchase Agreement is ratified and confirmed in all respects.

Executed as of the date first above written.

(Signature pages follow)

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

By: _____
Its: Chair

By: _____
Its: Executive Secretary

(Separate Signature Page for First Amendment to Purchase Agreement)

THE CITY OF RAMSEY, MINNESOTA, A
HOME RULE CHARTER CITY ORGANIZED
AND EXISTING UNDER THE CONSTITUTION
AND THE LAWS OF THE STATE OF
MINNESOTA

By: _____
Its: Mayor

By: _____
Its: City Administrator

(Separate Signature Page for First Amendment to Purchase Agreement)

F&C RAMSEY, LLC

By: _____
David M. Flaherty, Manager

(Separate Signature Page for First Amendment to Purchase Agreement)

PURCHASE AGREEMENT

FOR THE PORTIONS OF LOT 1, BLOCK 1, LOT 2, BLOCK 1 AND OUTLOT A, RAMSEY TOWN CENTER 5TH ADDITION TO BE REPLATTED AS LOT 3, BLOCK 1, COR ONE

1. **Parties**. The parties to this Purchase Agreement (the "Agreement") are:
 - a. 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 ("Seller");
 - b. The City of Ramsey, Minnesota, a home rule charter city organized and existing under the constitution and laws of the State of Minnesota (the "City"); and
 - c. F & C Ramsey, LLC., an Indiana limited liability company ("Buyer").

This Agreement sometimes refers to Seller and Buyer individually as a "Party" and collectively as the "Parties". The Parties are also parties to a Development Agreement of even date herewith (the "Development Agreement"). Capitalized terms that are used in this Agreement, defined in the Development Agreement, and not otherwise defined in this Agreement, have the meanings set forth for such terms in the Development Agreement.

2. **Effective Date**. This Agreement is dated, for reference purposes, and is effective as of January 31, 2011 (the "Effective Date").

3. **Property**. The property that is the subject of this Agreement is the portion of Lot 1, Block 1, Lot 2, Block 1 and Outlot A, RAMSEY TOWN CENTER 5TH ADDITION, Anoka County, Minnesota depicted as Lot 3, Block 1 on the Preliminary Plat of COR ONE, Anoka County, Minnesota that the City approved on November 23, 2010 (the "Land"). As used in this Agreement the term "Property" means the Land and all hereditaments and appurtenances to the Land including but not limited to the easements described in this Section 3. There are currently no improvements located on the Land. The Parties do not contemplate the conveyance of any personal property pursuant to this Agreement. At or before the Closing, Seller and the City will record an amendment to the Parking Improvement Use and Maintenance Agreement dated February 28, 2005 and recorded in the office of the Anoka County Recorder and the office of the Anoka County Registrar of Titles on March 16, 2005 as Document Nos. 1973660.001 (Abstract) and 482124.002(Torrens) (the "PUMA") to:

a. subject the Parking Ramp Addition, as defined in Section 11(c)(iii), to the terms of the PUMA, subject to the exclusive easement described in subsection b;

b. grant the owner of the Land an exclusive, appurtenant easement for vehicular parking purposes over the portion of the Parking Ramp, as defined in Section 11(c)(iii), that is depicted on the attached Exhibit C (the "F & C Exclusive Easement Area."). The F & C Exclusive Easement Area must be sufficient in size to allow for

striping of 275 parking stalls which number shall include required handicapped accessible stalls.

c. grant the owner of the Land a non-exclusive, appurtenant easement to use an additional 25 parking spaces in the Parking Ramp, (other than parking spaces that are subject to exclusive easements or other exclusive use rights in favor of the owners of other properties subject to the PUMA);

d. grant the owner of the Land a non-exclusive, appurtenant easement for pedestrian access between the Land and the F & C Exclusive Easement Area; and

e. grant the owner of the Land a non-exclusive, appurtenant easement for vehicular access between the adjacent public rights of way and the F & C Exclusive Easement Area.

In addition, the City must, at or before the Closing, adopt an amendment to the "Parking Plan," as defined in the PUMA to allocate not less 25 parking stalls in the Parking Ramp (other than parking spaces that are subject to exclusive easements or other exclusive use rights in favor of the owners of other properties subject to the Puma) to the Land. Parking stalls other than handicapped accessible stalls must be at least 9 feet by 18 feet in size.

4. **Purchase and Sale.** Seller agrees to sell the Property to Buyer pursuant to the terms of this Agreement, and Buyer agrees to purchase the Property from Seller pursuant to the terms of this Agreement.

5. **Purchase Price.** The purchase price of the Property is \$250,000.00 (the "Purchase Price").

6. **Closing.** Seller and Buyer must meet at Ramsey Municipal Center, 7550 Sunwood Drive, Ramsey, Minnesota at 9:30 a.m. on April 29, 2011 (the "Date of Closing") at which time the Parties will perform the obligations set forth in this Section 6 (the "Closing"). At Closing:

a. Seller and the City must provide Commercial Partners Title, LLC ("Title") with a recorded copy of or a recordable original of the amendment to the PUMA that is described in Section 3 and a recorded copy of or a recordable original of the final plat of COR ONE, Anoka County, Minnesota. Seller must pay all fees and charges payable to the City of Ramsey pursuant to Chapter 117 of the City's Ordinances in connection with the City's approval of the plat of CORE ONE. Those fees are specifically identified on Exhibit G of the Development Agreement;

b. Seller must:

i Deliver to Buyer a certified copy of a Resolution of Seller's board of commissioners authorizing the execution of this Agreement and the performance of Seller's obligations under this Agreement;

- ii Deliver to Buyer a duly executed and acknowledged Limited Warranty Deed conveying title to the Land from Seller to Buyer, subject to the following "Permitted Encumbrances:"
- (A) Building, zoning and subdivision statutes, laws, ordinances and regulations;
 - (B) Reservations of minerals or of mineral rights in favor of the State of Minnesota, if any;
 - (C) The lien of real estate taxes and special assessments not yet due and payable;
 - (D) Any dedicated drainage and utility easements shown on the Plat of COR ONE;
 - (E) The reservation of a right of reverter in favor of Seller. The Right of Reverter shall provide that if Buyer fails to commence construction of the "Minimum Improvements" on or before the "Commencement Date" or to substantially complete the construction of the "Minimum Improvements" in accordance with the "Final Construction Plans" on or before the "Completion Date," as those terms are defined in the Development Agreement, and as the same may be extended as a result of an Unavoidable Delay pursuant to Section 5.4 of the Development Agreement, or if the holder of a "Construction Mortgage," as defined in the Development Agreement, commences proceedings to foreclose the Construction Mortgage prior to Buyer's substantial completion of the Minimum Improvements, Seller may commence an action in Anoka County District Court seeking an order re-vesting title to the Development Property in Seller and granting Seller immediate possession of the Development Property. Buyer is deemed to have commenced construction when Buyer has: (a) obtained all building permits from the City necessary for the construction of the "Minimum Improvements," as defined in the Development Agreement, on the Property which work would constitute "the actual and visible beginning of improvement on the ground," as that phrase is used in Minnesota Statutes, Section 514.05 and interrupted by the Minnesota Courts. Seller will subject Seller's future interest in the Property pursuant to the Right of Reverter to the lien of any Construction Mortgage provided the holder of the Construction Mortgage acknowledges, in writing both for itself and any successor's in title to the Construction Mortgage, that if Seller obtains a District

Court Order re-vesting title to the Property in Seller prior a foreclosure of the Construction Mortgage and expiration of the redemption period provided for in Minnesota Statutes Sections 580 and 581, as applicable, Seller shall be entitled to redeem the Property from foreclosure, as an owner.

- (F) A Declaration of Easement declaring or a reservation in the Limited Warranty Deed reserving an exclusive easement over a portion of the Land for public vehicular and pedestrian ingress and egress between Lot 2, Block 1, COR ONE, Anoka County, Minnesota and Sunwood Drive for the benefit of and as an appurtenance to Lot 2, Block 1, COR ONE, Anoka County, Minnesota;
- (G) The PUMA, as amended pursuant to Section 3;
- (H) A declaration of covenants, restrictions and easements that Seller may, at Seller's option, execute and record against title to the Property to establish an owner's association to perform certain obligations for the benefit of and to enforce certain covenants and restrictions, against the owners of the property subject to the declaration;
- (I) Any special service district ordinance that the City may, at the City's option, adopt pursuant to Minnesota Statutes Chapter 428(A) on or before the Date of Closing; and
- (J) All matters that become Permitted Encumbrances pursuant to Section 10.

- iii execute and deliver to Buyer and Title a Minnesota Uniform Conveyancing Blank Affidavit Regarding Business Entity evidencing the absence of bankruptcies, judgments, tax liens or corporate dissolution proceedings involving parties with the same or similar names as the Seller and evidencing the absence of mechanic's liens and the absence of known unrecorded interests, encroachments or boundary line questions affecting the Land;
- iv execute and deliver to Buyer a non-foreign affidavit in recordable form containing such information as is required under IRS Section 1445(b)(2) and any regulations relating thereto;
- v execute and deliver to the closing agent, Buyer or other appropriate party appropriate Federal Income Tax Reporting Forms; and
- vi pay or provide evidence of payment of the following: the State Deed Tax due upon the execution of the Limited Warranty Deed; the cost of the Title Commitment, as defined in Section 9(a), and

the Survey, as defined in Section 9(b); real estate taxes, levied special assessments, private assessments and special service district charges, if any, pursuant to the provisions of Section 7 below; and one-half of any reasonable and customary closing fees Title charges to conduct closing of this transaction.

- c. Buyer shall:
 - i Tender the Purchase Price to Seller in wire transferred funds; and
 - ii Pay or provide evidence of payment of the following: real estate taxes, private assessments and special service district charges, if any, pursuant to the provisions of Section 7; the cost of recording the Limited Warranty Deed from Seller to Buyer; all premiums and other charges for any title insurance policies Buyer purchases for itself and its lender; all costs associated with Buyer's financing; and one-half of any reasonable and customary closing fees Title charges to conduct the closing of this transaction.

7. **Real Estate Taxes, Special Assessments and Owners Association Assessments.**

a. **Real Estate Taxes.** On or before the Date of Closing, Seller must pay the real estate taxes, if any, due and payable with respect to the Property in years prior to the year of Closing. In connection with recording the Plat, the Seller must pay all real estate taxes due and payable with respect to the Property in the year the Plat is recorded. Seller and Buyer must prorate the real estate taxes, if any, due and payable with respect to the Property in the year of Closing on a per diem basis as of the Date of Closing. If the Plat is recorded in the year of Closing, Buyer must reimburse Seller for Buyer's pro rata share of the real estate taxes paid by Seller in connection with the recording of the Plat.

b. **Special Assessments.** On or before the Date of Closing, Seller must pay all special assessments that are levied against the Property as of the Date of Closing.

c. **Private Assessments or Special Service District Charges.** If, before the Date of Closing, Seller records a declaration against the Land or establishes a special service district pursuant to Minnesota Statute Chapter 428A that includes the Land, Seller and Buyer must pro rate, as of the Date of Closing, any private assessments levied pursuant to the terms of the declaration or any service charges imposed against the Land pursuant to the terms of the ordinance establishing the special service district on a per diem basis to the Date of Closing.

8. **Possession.** Seller will deliver possession of the Property to Buyer at Closing.

9. **Evidence of Title.** Within twenty (20) days after the Effective Date, with respect to the Title Commitment (as defined below), and within thirty (30) days after the Effective Date, with respect to the Survey (as defined below), Seller must, at Seller's sole cost and expense, deliver the following to Buyer:

a. A current 2006 form ALTA title insurance commitment for the Property from Title, in its capacity as an agent for Old Republic National Title Insurance Company (the "Title Commitment"); and

b. A current ALTA/ACSM Land Title survey of the Land prepared by a surveyor registered under the laws of the state in which the Land is located. The survey must be certified to Buyer, Buyer's lender and Title, if any, and the certification language must be reasonably acceptable to Buyer and Title (the "Survey"; collectively with the Title Commitment, the "Evidence of Title"). The Survey will not depict the easements granted to the owner of the Land in the PUMA.

10. **Examination of Title.** Within ten (10) days of Buyer's receipt of the last item of the Evidence of Title or within ten (10) days of Buyer's discovery of a defect in the marketability of Seller's title to the Property which defect was not reasonably ascertainable from the Evidence of Title, Buyer may give Seller written notice of alleged defect(s) in the marketability of Seller's actual and record title to the Property and request that Seller make Seller's title marketable ("Objections"). The Existing Encumbrances may not serve as a basis for an Objection. Any defects in the marketability of Seller's title to the Property, including but not limited encumbrances of record as of the Effective Date, which Buyer does not object to, in writing, within the time period set forth above, will be deemed Permitted Encumbrances, and Seller may expressly exclude such Permitted Encumbrances from the Limited Warranty Deed described in Section 6(b)(ii). Within ten (10) days of Seller's receipt of Buyer's Objection(s), Seller must notify Buyer, in writing, what actions, if any, Seller will undertake to address each of Buyer's Objections. If Seller notifies Buyer that Seller will attempt to address Buyer's Objections, Seller will have until the date thirty (30) days before the Date of Closing to resolve the Objection so that it no longer constitutes a defect in the marketability of Seller's title. If (i) Seller notifies Buyer that Seller does not intend to take any actions to address one or more of Seller's Objections or that Seller intendeds to take actions that Buyer does not deem to be acceptable, (ii) Seller notifies Buyer that Seller intends to make Seller's title marketable but is unable to do so on or before the date thirty (30) days before the Date of Closing, or (iii) Seller fails to notify Buyer if it intends to make Seller's title marketable within the ten (10) day period provided for above, Buyer must either:

a. terminate this Agreement pursuant to the procedures set forth in Section 18 below;

b. notify Seller that Buyer waives Buyer's Objections. If Buyer waives Buyer's Objections, the matters giving rise to such Objections will be deemed a Permitted Encumbrances and the Parties must fully perform their obligations under this Agreement.

If Buyer does not notify Seller of Buyer's election to terminate this Agreement pursuant to subsection (a) above or waive Buyer's Objections pursuant to subsection (b) above within fifteen (15) days after the earlier of (i) the expiration of the ten (10) day period in which Seller must respond to Buyer's objections, if Seller fails to respond; (ii) Buyer's receipt of Seller's response, if Seller's response is not acceptable to Buyer; or (iii) the date thirty (30) days before the Date of Closing if Seller responds, Seller's response is acceptable to Buyer, but Seller is unable to make Seller's title marketable in a timely manner, this Agreement will automatically terminate, Buyer

must deliver an executed and recordable termination of purchase agreement or quit claim deed to the Property to Seller .

11. **Representations, Statutory Disclosures and Covenants of Seller and the City.**

a. **Representations of Seller.** Seller represents to Buyer that, as of the Effective Date:

- i Seller has the legal authority to enter into this Agreement and sell the Property.
- ii There are no actions, suits, proceedings or investigations pending or, to Seller's knowledge, threatened against the Property, including, without limitation, (A) condemnation or eminent domain claims, actions or proceedings, or (B) actions to seize any portion of the Property under any civil or criminal law authorizing seizure or forfeiture as a penalty for violation.
- iii To the best of Seller's actual knowledge, there are no tenants or other third parties in possession of any portion of the Land.
- iv Seller has not entered into any other contracts for the sale of the Property nor are there any rights of first refusal or options to purchase the Property or any other rights of others that might prevent the consummation of this Agreement.
- v To the best of Seller's actual knowledge: there are no Hazardous Substances located on the Property, except as may be disclosed in the Phase I Environmental Site Assessment for Ramsey Town Center, Highway 10 and Ramsey Boulevard, NW, Ramsey, Minnesota dated April 27, 2007 (Delta Project No. 5A0703-198), prepared by Delta Environmental Consultants, Inc. for Minnwest Bank Central, a copy of which Seller has provided to Buyer (the "Environmental Report"); the Property is not subject to any liens or claims by government or regulatory agencies or third parties arising from the release or threatened release of Hazardous Substances in, on or about Property; and, except as may be disclosed in the Environmental Report, the Property has not been used in connection with the generation, disposal, storage, treatment or transportation of Hazardous Substance. For purposes of this Agreement, the term "Hazardous Substance" includes but is not limited to substances defined as "hazardous substances," "toxic substances" or "hazardous wastes" in the Comprehensive Environmental Response Compensation Liability Act of 1980, as amended, 42 U.S.C. §9601, et seq., and substances defined as "hazardous wastes," "hazardous substances," "pollutants, or contaminants" as defined in the Minnesota Environmental

Response and Liability Act, Minnesota Statutes, §115B.02. The term "hazardous substance" also includes asbestos, polychlorinated biphenyls, petroleum, including crude oil or any fraction thereof, petroleum products, heating oil, natural gas, natural gas liquids, liquefied natural gas, or synthetic gas useable for fuel (or mixtures of natural gas and synthetic gas).

b. Statutory Disclosures. As required by statute, Seller hereby represents to Buyer that, to the best of Seller's actual knowledge:

- i There are no wells located on the Land.
- ii There are no underground or above ground storage tanks of any size or type located on the Land.
- iii Sewage is not currently generated at the Property, and there are no abandoned individual sewage treatment systems located on the Land.
- iv Methamphetamine production has not occurred on the Land.

c. Covenants of Seller and the City.

- i From and after the Effective Date, Seller will not perform any grading or excavation on the Land, will not construct, remove or modify any improvements or landscaping on the Land, without Buyer's consent which consent Buyer may not unreasonable withhold, condition or delay.
- ii On or before the Date of Closing Seller will pay, in full, any persons who provide lien labor or materials towards the improvement of the Land at the request of Seller.
- iii On or before June 30, 2012, the City must substantially complete the construction of the approximately 200 stall addition (the "Parking Ramp Addition") to the existing municipal parking ramp that is located on Lot 1, Block, 1, RAMSEY TOWN CENTER 5TH ADDITION, Anoka County Minnesota (the "Existing Parking Ramp") that is described on the attached Exhibit A and complete the construction of the improvements to the Parking Ramp and the installation the equipment, described on Exhibit B (the "F & C Parking Improvements"). If the City's completion of construction of the Parking Ramp Addition or the completion of the construction or installation of the F & C Parking Improvements, is delayed as a result of an Unavoidable Delay, as defined in the Development Agreement, the City gives the Buyer notice of the Unavoidable Delay within thirty (30) days after the onset of the Unavoidable Delay and the City uses all commercially reasonable

efforts to complete the construction of the Parking Ramp Addition and the construction and installation of the F & C Parking Improvements, as promptly as reasonably possible given the conditions causing the Unavoidable Delay, the completion date for the Parking Ramp Addition and the F & C Parking Improvements will be extended for a period of time equal to the duration of the condition causing the Unavoidable Delay plus a reasonable time for recovery and restoration following the cessation of such condition. As used herein, the term "Parking Ramp" means the Existing Parking Ramp and the Parking Ramp Addition.

- iv Seller will pay any commission or fee due to any agent Seller has engaged or subsequently engages in connection with the transactions described in this Agreement.

For purposes of Sections 11(a) and 11(b), the phrase "Seller's actual knowledge" means the actual knowledge of Mr. Kurt Ulrich, the City Administrator of the City of Ramsey. If, at any time prior to Closing, Seller acquires actual knowledge that a representation set forth in Section 11(a) or 11(b) is no longer accurate in some material respect, Seller will promptly notify Buyer. The representations and covenants set forth above will survive the Closing of this transaction and Seller's delivery of the Limited Warranty Deed to Buyer, but any action by Buyer alleging that (i) one or more of the representations set forth in Section 11(a) or 11(b) was inaccurate, when made; (ii) Seller failed to promptly notify Buyer after Seller acquired actual knowledge that a representation set forth in Sections 11(a) or 11(b) was no longer accurate in some material respect; or (iii) Seller breached one or more of the covenants set forth in Section 11(c), must be commenced within six (6) months after the Date of Closing by filing an action in Anoka County District Court or Buyer will be deemed to have waived any such claims.

12. **Representations and Covenants of Buyer.**

a. **Representations of Buyer.** Buyer represents to Seller that, as of the Effective Date:

- i Buyer is a corporation, duly organized pursuant to and in good standing under the laws of the State of Indiana; and
- ii The individual signing this Agreement on behalf of Buyer is fully authorized and empowered to sign this Agreement on Buyer's behalf.

b. **Covenants of Buyer.**

- i Buyer will pay any commission or fee due to any agent Buyer has engaged or subsequently engages in connection with the transactions described in this Agreement;

- ii Buyer will use commercially reasonable efforts to apply, in a timely manner, for and to obtain the "Permits" as defined in Section 14(e);
- iii Buyer will use commercially reasonable efforts to apply, in a timely manner, for and to obtain the third party financing described in Section 14(f);
- iv Buyer will reimburse the City for the cost of the F&C Parking Improvements pursuant to the procedures set forth in this Section 12(b)(iv). At any time after the City has incurred costs in connection with the construction or installation of F&C Parking Improvements, but no more often than once per month, the City may submit to Buyer invoices for costs the City has incurred and evidence that the City has paid those costs. Buyer must pay the City an amount equal to the sum of the submitted, paid invoices the City submits to Buyer, in wire transferred funds, within thirty (30) days of the City's submission of the invoices and evidence of payment; and
- v Buyer will cooperate with Seller in Seller's efforts to negotiate sewer access charges payable to the Metropolitan Council in connection with the Project including, but not limited to, providing Seller with information relating to the design and construction of the Minimum Improvements.

If, at any time prior to Closing, Buyer acquires actual knowledge that a representations set forth in Section 12(a) is no longer accurate in some material respect, Seller will promptly notify Seller. The representations and covenants set forth above will survive the Closing of this transaction and Seller's delivery of the Limited Warranty Deed to Buyer, but any action by Seller alleging that (i) one or more of the representations set forth in Section 12(a) was inaccurate, when made; (ii) Buyer failed to promptly notify Seller after Buyer acquired actual knowledge that a representation set forth in Sections 12(a) was no longer accurate in some material respect; or (iii) Buyer breached one or more of the covenants set forth in Section 12(b)(i) – (iii), must be commenced within six (6) months after the Date of Closing by filing an action in Anoka County District Court or Seller will be deemed to have waived any such claims. Any action by Seller alleging that Buyer's breached one or more of the covenants set forth in Section 12(b)(iv) must be commenced within six (6) months after the City's completion of the F & C Parking Improvements or Seller will be deemed to have waived any such claims.

13. **Inspections.** At all times prior to the Date of Closing, Buyer and its agents have the right, upon reasonable notice to Seller, to go upon the Land to inspect the Land and to determine the condition of the Land and the improvements located thereon, including specifically the presence or absence of hazardous substances, petroleum products and asbestos in, on, or about the Land. Buyer agrees to indemnify and defend Seller from and to hold Seller harmless against any and all claims, causes of action or expenses, including attorneys fees, relating to or arising from Buyer's presence on the Land prior to the Date of Closing. Buyer

agrees to repair any damage to the Land caused by such inspections and to return the Land to substantially the same condition as existed prior to Buyer's inspection. The obligations of Buyer under this Section 13 survive the termination of this Agreement. Buyer acknowledges that Buyer is purchasing the Land in reliance on Buyer's inspection of the Land pursuant to this Section 13 and on Buyer's judgment regarding the sufficiency of such inspections. Buyer is not relying on any written or oral representations, warranties or statements that Seller or Seller's Agents have made other than the representations of Seller set forth in Section 11.

14. **Buyer's Contingencies.** Buyer's obligations under this Agreement are contingent on:

a. Buyer's determination, in Buyer's sole discretion based on the information and inspections described in Section 14 above and any other information that Buyer deems relevant, that the geotechnical and environmental condition of the Land is acceptable to Buyer;

b. Buyer's determination, in Buyer's reasonable discretion, that the terms of the amendment to the PUMA that Seller and the City prepare pursuant to Section 3 is acceptable to Buyer;

c. Buyer's determination, in Buyer's reasonable discretion, that the terms of any private declaration of covenants, restrictions and easements that will constitute a Permitted Encumbrance pursuant to Section 6(b)(ii)(G) are acceptable to Buyer;

d. Buyer's determination, in Buyer's reasonable discretion, that the terms of any special service district ordinance that the City adopts before the Date of Closing in accordance with Minnesota Statutes Chapter 428A and that will constitute a Permitted Encumbrance pursuant to Section 6(b)(ii)(H) are acceptable to Buyer;

e. Buyer's acquisition of any rezoning, subdivision or other governmental approvals, variances, conditional use permits, or other federal, state or local approvals or permits necessary for Buyer's construction of Minimum Improvements, as defined in the Development Agreement, on the Land (collectively, the "Permits"); and

f. Buyer's acquisition of third party financing, which phrase includes the financing the City Loan the City is providing pursuant to the terms of the Development Agreement, to finance not less than 65% of Buyer's estimated cost of developing and constructing the Project.

g. Buyer's determination, in Buyer's reasonable discretion, that Seller will secure a stop on the North Star Commuter Rail Line and complete construction of a rail stop and station on or before July 1, 2012.

Buyer may exercise the contingency described in subsection (a) and terminate this Agreement pursuant to Section 18 on or before December 31, 2010. Buyer may exercise the contingency described in subsection (b) and terminate this Agreement pursuant to Section 18 on or before the date ten (10) business days after the date Seller or the City delivers the proposed amendment to the PUMA to Buyer for review. Buyer may exercise the contingency described in subsection (c)

and terminate this Agreement pursuant to Section 18 on or before the date ten (10) business days after the date Seller or the City delivers the proposed private declaration to Buyer for review. Buyer may exercise the contingency described in subsection (d) and terminate this Agreement pursuant to Section 18 on or before the date ten (10) business days after the date Seller or the City delivers the proposed special service district ordinance to Buyer for review. Buyer may exercise the contingency described in subsection (e) and terminate this Agreement pursuant to Section 18 on or before April 15, 2011. Buyer may exercise the contingency described in subsection (f) and terminate this Agreement pursuant to Section 18 on or before April 15, 2011. Buyer may exercise the contingency described in subsection (g) and terminate this Agreement pursuant to Section 18 on or before January 28, 2011. If Buyer does not exercise a contingency by giving Seller notice in accordance with Sections 18 on or before the date set forth above for the exercise of that contingency, that contingency terminates and Buyer may no longer terminate this Agreement based upon that contingency.

15. **Seller's and the City's Contingencies.** Seller's and the City's obligations under this Agreement are contingent on:

a. Buyer's providing Seller with evidence, reasonably acceptable to Seller, that Buyer has obtained all Permits necessary for the construction of the Minimum Improvements, as defined in the Development Agreement; and

b. Buyer's providing Seller with evidence, reasonably acceptable to Seller, that Buyer has obtained third party financing, which phrase includes the financing the City is providing pursuant to the terms of the Development Agreement, to finance Buyer's estimated cost of developing and constructing the Project.

c. Seller's determination, in Seller's reasonable discretion, that Seller will secure a stop on the North Star Commuter Rail Line and complete construction of a rail stop and station on or before July 1, 2012.

Seller may exercise the contingency described in subsection (a) and terminate this Agreement pursuant to Section 18 on or before the Date of Closing. Seller may exercise the contingency described in subsection (b) and terminate this Agreement pursuant to Section 18 on or before the Date of Closing. Seller may exercise the contingency described in subsection (c) and terminate this Agreement pursuant to Section 18 on or before January 28, 2011.

16. **Condemnation.** If a public or private entity with the power of eminent domain commences condemnation proceedings against all of any part of the Property, Seller must immediately notify Buyer, and either Seller or Buyer may, at Buyer's sole option, terminate this Agreement pursuant to Section 1 below. The Parties will have twenty (20) days from the effective date of Seller's notice to Buyer to exercise their termination right. If neither Party terminates this Agreement within said twenty (20) day period, the Parties must fully perform their obligations under this Agreement, with no reduction in the Purchase Price, and Seller must assign to Buyer, on the Date of Closing, all of Seller's right, title and interest in any award made or to be made in the condemnation proceedings. Seller may not designate counsel, appear or otherwise act with respect to any such condemnation proceedings without Buyer's prior written consent unless Buyer fails to respond within seven (7) days to a request for such written consent.

17. **Default.** If either Party defaults in the performance of any of the Party's obligations under this Agreement, the non-defaulting Party may, after written notice to the defaulting Party, suspend performance of its obligations under this Agreement, and the rights of the non-defaulting Party are as follows:

a. **Buyer's Default.** If Buyer defaults in the performance of any of Buyer's obligations under this Agreement or if one or more of the representations of Buyer in Section 12 is inaccurate as of the Effective Date, Seller and the City have the right to:

- i Seller may terminate this Agreement pursuant to Minnesota Statutes, Section 559.21
- ii Seller and the City may commence an action in a court of competent jurisdiction seeking a judgment terminating this Agreement and awarding damages to Seller. In any such action for damages, Seller's and the City's damages shall be limited to the recovery of amounts spent by Seller and the City in the planning, consideration, negotiation and documentation of this transaction and in the exercise of Seller's rights and the performance of Seller's obligations under this Agreement. In any such action, Seller may also recover Seller's reasonable attorneys' fees and costs; or
- iii initiate a civil action to compel Buyer's specific performance of Buyer's obligations under this Agreement provided that Seller commences the action within three (3) months of the date of Buyer's default. In any such action for specific performance, Seller may also recover Seller's attorneys fees and costs.

The remedies set forth in this Section 17(a) are Seller's and the City's sole and exclusive remedies in the event of Buyer's default or a misrepresentation by Buyer.

b. **Seller's Default.** If Seller defaults in the performance of any of Seller's obligations under this Agreement, Buyer may:

- i terminate this Agreement pursuant to Section 18, below,
- ii commence an action in a court of competent jurisdiction seeking a judgment terminating this Agreement and awarding damages to Buyer. In any such action for damages, Buyer's damages shall be limited to the recovery of amounts spent by Buyer in the planning, consideration, negotiation and documentation of this transaction and in the exercise of Buyer's rights and the performance of Seller's obligations under this Agreement. In any such action, Buyer may also recover Buyer's reasonable attorneys' fees and costs;; or
- iii initiate a civil action to compel Seller's and the City's specific performance of their Obligations under this Agreement provided

that Buyer commences such action within three (3) months of the date of the default. In any such action for specific performance, Buyer may also recover Buyer's attorneys fees and costs.

The remedies set forth in this Section 17(b) are Buyer's sole and exclusive remedies in the event of Seller's.

18. **Termination of this Agreement.** Sections 10, 12, 14, 16 and 17(b)(allow Buyer to terminate this Agreement under certain conditions. Sections 15 and 16 of this Agreement allows Seller to terminate this Agreement under certain conditions. The following procedures govern the Parties exercise of their termination rights (except that Seller's termination of this Agreement pursuant to Section 17(a) is governed by Minnesota Statutes Section 559.21 and not by this Section 18):

a. A Party intending to terminate this Agreement pursuant to one of the above-referenced Sections (the "Terminating Party") must notify the non-terminating Party (the "Non-Terminating Party"), in writing and in accordance with Section 21, of the Terminating Party's intent to terminate this Agreement.

b. The Terminating Party's notice must recite the Section of this Agreement that authorizes the Terminating Party's termination of this Agreement and must describe the facts and circumstances which the Terminating Party asserts justify termination under the referenced Section.

c. The Terminating Party's notice of termination will be effective as of the date the Terminating Party deposits the notice of termination with the United States Postal Service, with all necessary postage paid, for delivery to the Non-Terminating Party via certified mail, return receipt requested at the address set forth in Section 21. If the Terminating Party delivers a notice of termination in a different manner than described in the preceding sentence, the notice of termination will be effective as of the date the Non-Terminating Party actually receives the notice of termination. The Terminating Party must also mail a copy of the notice of termination to the Parties respective attorneys as provided for in Section 21 below.

d. If the Non-Terminating Party disputes the Terminating Party's right to terminate this Agreement, the Non-Terminating Party must so notify the Terminating Party, in writing, within five (5) business days of the Non-Terminating Party's receipt of the Terminating Party's notice of termination.

e. If the Non-Terminating Party does not dispute the Terminating Party's right to terminate the Agreement, Buyer must execute and delivery to Seller a recordable termination of this Agreement or quit claim deed conveying the Property to Seller.

f. If the Parties dispute the validity of an attempted termination of this Agreement, either Party may initiate a civil action in a court of competent jurisdiction to determine the status of this Agreement, and the Party that prevails in any such action is entitled to recover the costs and reasonable attorneys' fees which such Party incurs in the action from the non-prevailing Party.

19. **Survival.** The representations, warranties, covenants, agreements and indemnities set forth in this Agreement will remain operative and will survive Closing and the execution and delivery of the deed and will not be merged therein.

20. **Assignment.** The terms and conditions hereof are hereby made binding on the successors and assigns of both parties hereto. However, Buyer may not assign Buyer's rights or obligations under this Agreement to any third party without Seller's consent which consent Seller may grant or withhold in Seller's sole and absolute discretion. Notwithstanding the foregoing, Buyer may assign Buyer's rights and obligations under this Agreement to a limited liability company or other entity that Buyer controls or that Buyer's members control, subject to Seller's consent which consent Seller may not unreasonably withhold. Such an assignment will not relieve Buyer from liability for a default in the performance of Buyer's obligations under this Agreement.

21. **Notice.** Any notice to be given or served upon any party hereto in connection with this Agreement must be in writing, and delivered to the other parties (i) in person; (ii) by facsimile transmission (with confirmation of transmission available upon request from the non-sending party); (iii) by a nationally recognized overnight delivery service; or (iv) by certified mail, return receipt requested. If notice is given in person or via facsimile transmission, notice is deemed to have been given when personal delivery was received by the party or when the facsimile transmission was transmitted. If notice is given by a nationally recognized overnight delivery service, notice is deemed to have been given the day following delivery to the delivery service of such notice. If notice is given by certified mail, notice is deemed to have been given three (3) days after a certified letter containing such notice, properly addressed with postage prepaid, is deposited in the United States mail. Notices should be sent to the parties at the following addresses:

To Seller or the City: The City of Ramsey, Minnesota
Ramsey Municipal Center
7550 Sunwood Drive
Ramsey, Minnesota 55303
Attention: City Administrator

With a copy to: Thomas L. Bray
Briggs and Morgan, P.A.
2200 IDS Center
80 South Eighth Street
Minneapolis, MN 55402-2157
Telephone: (612) 977-8650
Fax: (612) 977-8288
E-Mail: tbray@briggs.com

To Buyer: F&C Ramsey, LLC
8900 Keystone Crossing #1200
Indianapolis, IN 46240
Attn: David M. Flaherty
Telephone: (317) 816-9300
Fax: (317) 816-9301
E-Mail: dflaherty@flahertycollins.com

With a copy to: Barnes & Thornburg
11 S. Meridian St.
Indianapolis, IN 46204
Attn: Stephen Lee
Telephone: (317) 231-7200
Fax: (317) 231-7433
E-mail: stephen.lee@BTLaw.com

22. **Miscellaneous.**

a. **Entire Agreement.** This Agreement the Development Agreement and the other Agreements referenced in the Development Agreement embody the entire agreement between the Parties and cannot be varied, except by the written agreement of the parties. This Agreement supersedes all prior and contemporaneous negotiations, understandings and agreements, written or oral, between the parties other than the Development Agreement.

b. **Attorneys' Fees; Costs; Venue.** If any legal action is commenced by any party to enforce any provision of this Agreement, the losing party will pay to the prevailing party all actual expenses, including reasonable costs and attorney's fees, incurred by the prevailing party. The prevailing party is the party who receives substantially the relief sought, whether by judgment, summary judgment, dismissal, settlement or otherwise. Venue is proper in the county in which the Property is located.

c. **Counterparts.** This Agreement may be executed in several original counterparts, each of which and all together will constitute this Agreement in its entirety. A counterpart of this Agreement or any amendment thereto executed by a party and delivered to the other party via telecopier will be construed as a legally binding signature. Without delay, the sending party should deliver an original, signed counterpart to the other party.

d. **Headings.** The headings contained in this Agreement are for reference purposes only and do not in any way affect the meaning or interpretation hereof.

e. **Exhibits.** The Exhibits attached to this Agreement are incorporated into and are a part of this Agreement.

f. **Dates.** Time is of the essence with respect to this Agreement. If the final day of a period or date of performance under this Agreement falls on a Saturday, Sunday

or legal holiday, then the final day of the period or the date of performance will be deemed to fall on the next day that is not a Saturday, Sunday or legal holiday.

g. Enforceability. If any provision of this Agreement is adjudged to be invalid or unenforceable by a court of competent jurisdiction, this Agreement should be construed as if such invalid or unenforceable provision had not been inserted herein and should not affect the validity or enforceability of the remainder of this Agreement.

h. No Third Party Beneficiaries. Nothing in this Agreement, expressed or implied, is intended to confer any rights or remedies under or by reason of this Agreement on any person other than the parties to it and their respective permitted successors and assigns. Furthermore, nothing in this Agreement is intended to relieve or discharge any obligation of any third person to any party hereto or give any third person any right of subrogation or action over or against any party to this Agreement.

i. No Partnership. Nothing contained herein and no act by Buyer or Seller in the performances of, or in any way related to, this Agreement should be construed to create or evidence in any manner any employment, partnership, agency or joint venture relationship between the parties hereto. Buyer and Seller represent and acknowledge that it is their mutual intention that the sole relationship created between them by this Agreement is that of vendor and purchaser.

j. Construction. All of the parties to this Agreement have participated freely in the negotiations and preparation hereof. Accordingly, this Agreement should not be construed more strictly against any one of the parties.


k. Waiver. Failure of either Buyer or Seller to exercise any right given hereunder or to insist upon strict compliance with regard to any term, condition or covenant specified herein, will not constitute a waiver of Buyer's or Seller's right to exercise such right or to demand strict compliance with any term, condition or covenant under this Agreement.

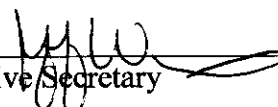
l. Choice of Law. This Agreement is governed by and construed in accordance with the laws of the State of Minnesota.

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SELLER:

**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**

By:  _____
Its: Chair

By:  _____
Its: Executive Secretary

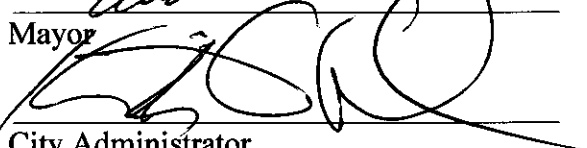
Signature Date: 1/31/11 _____

(Separate Signature Page to Purchase Agreement)

CITY

**THE CITY OF RAMSEY, MINNESOTA, A
HOME RULE CHARTER CITY ORGANIZED
AND EXISTING UNDER THE
CONSTITUTION AND THE LAWS OF THE
STATE OF MINNESOTA**

By: 
Its: Mayor

By: 
Its: City Administrator

Signature Date: 1 | 31 | 2011

(Separate Signature Page to Purchase Agreement)

BUYER:

F & C RAMSEY, LLC

By: 

Its: manager

Signature Date: 1-25-11

(Separate Signature Page to Purchase Agreement)

EXHIBIT A

(Parking Ramp Addition)

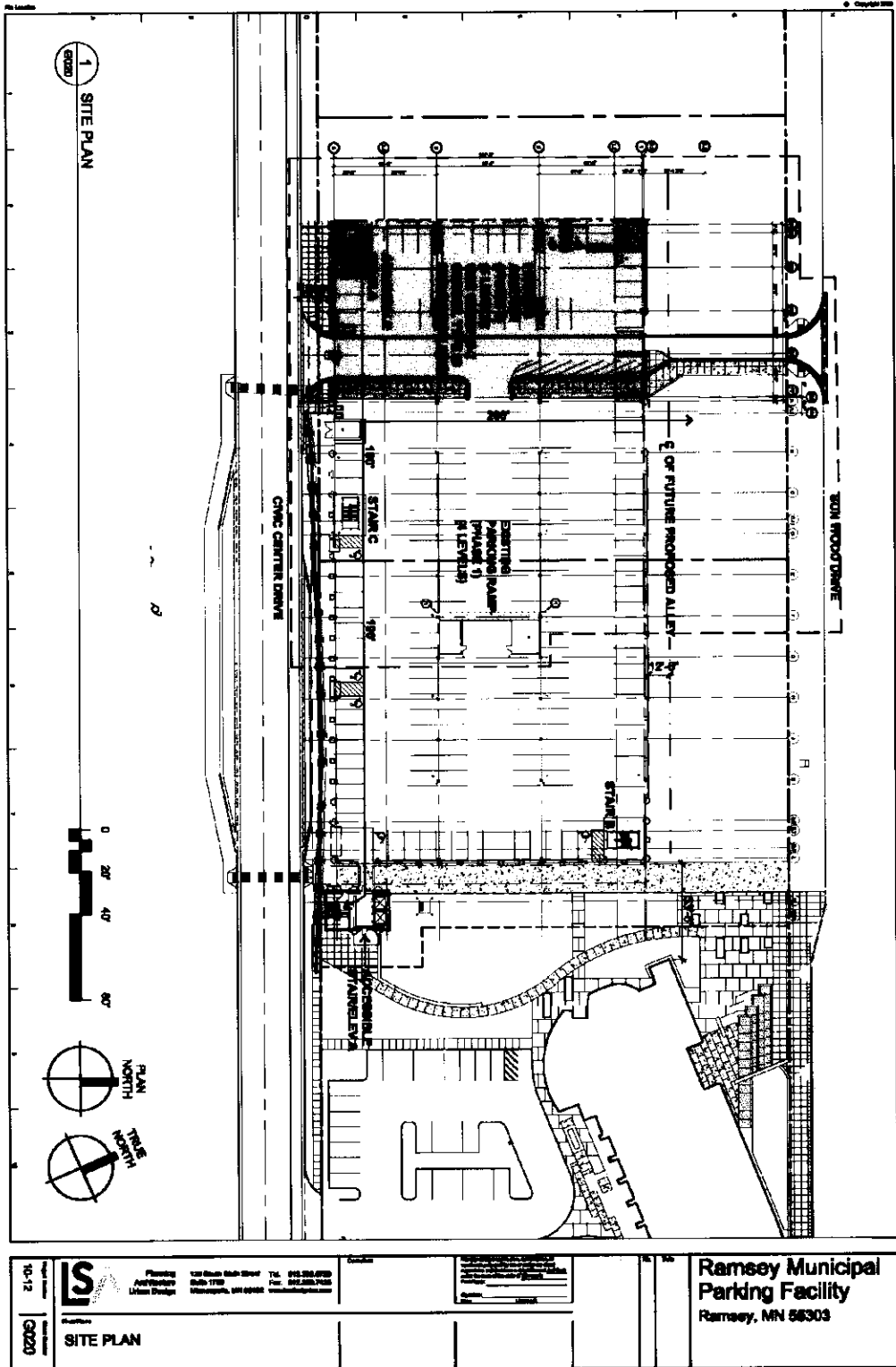


EXHIBIT B

**(F&C Parking Improvements)
Way finding and stall designation signage**

EXHIBIT B-1

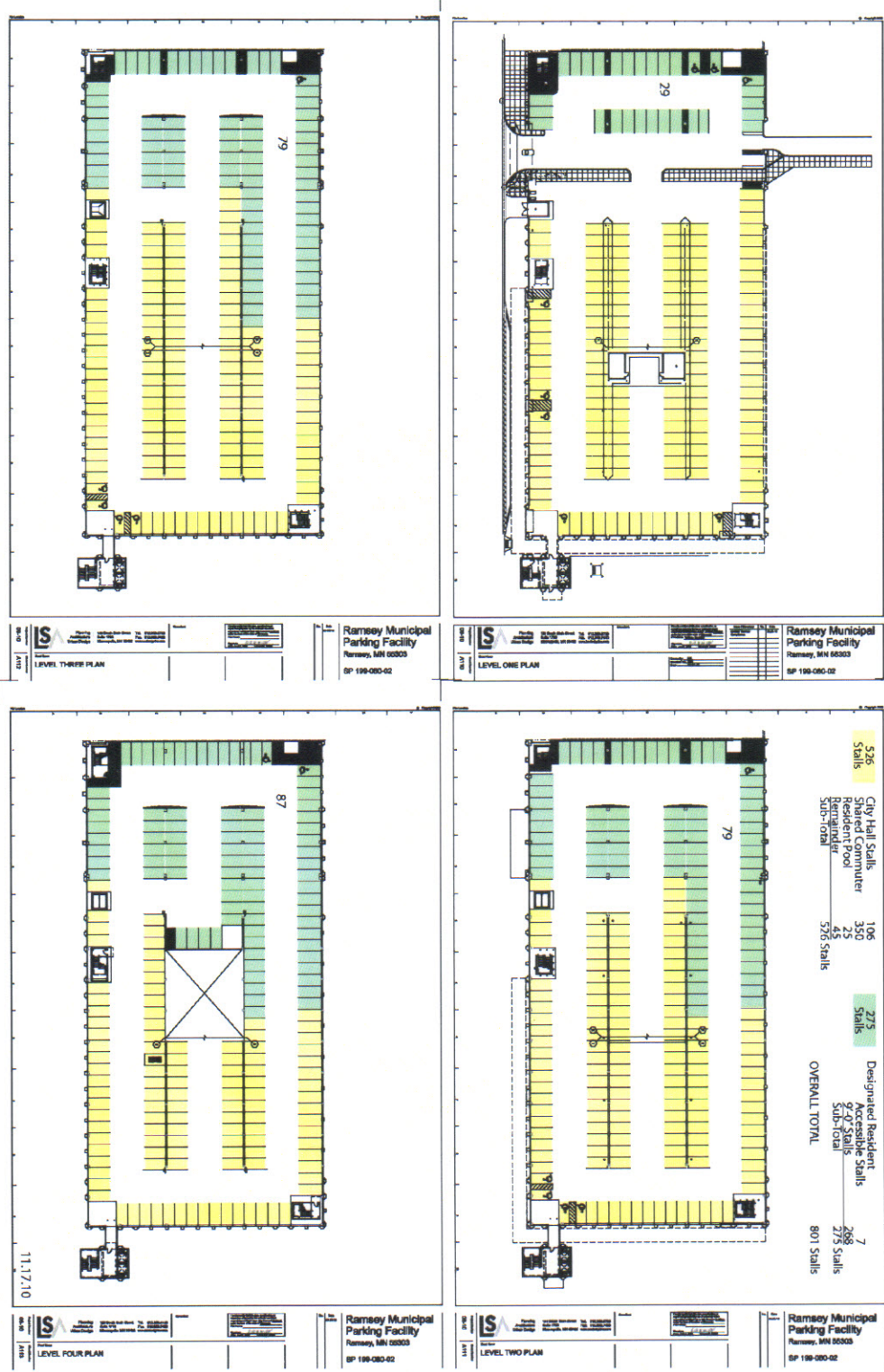
DESCRIPTION OF THE ADDITIONAL PARKING IMPROVEMENTS

Way Finding and Stall Designation Signage

1. Way finding signs to indicate the location of reserved residential parking. The location and design of way finding signs to be prepared by Developer in a timely fashion and submitted to City for approval.
2. Stall designation signage to be located at each of the reserved residential stalls. The location and design of stall designation signs to be prepared by Developer in a timely fashion and submitted to City for approval.

EXHIBIT C

(Depiction of the F & C Exclusive Easement Area)



DEVELOPMENT AGREEMENT

BY AND BETWEEN

THE HOUSING AND REDEVELOPMENT AUTHORITY IN AND FOR THE
CITY OF RAMSEY, MINNESOTA,

THE CITY OF RAMSEY, MINNESOTA

AND

F & C RAMSEY, LLC

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DEVELOPMENT AGREEMENT

The parties to this Development Agreement are 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 (the "HRA"); the City of Ramsey, Minnesota (the "City"), a home rule charter city organized and existing under the constitution and laws of the State of Minnesota and F & C Ramsey, LLC, an Indiana limited liability company ("Developer"). This Development Agreement is dated, for reference purposes, and is effective as of January 31, 2011 (the "Effective Date").

ARTICLE I

RECITALS

WHEREAS, the HRA owns the Development Property.

WHEREAS, the Development Property is located in the Development District. The City established the Development District on August 27, 1985 pursuant to Minnesota Statutes, Sections 469.124 through 469.134. The City adopted the Development Program for the Development District on August 27, 1985, and the City has amended it from time to time. The most recent amendments to the Development Program were adopted on or about January 23, 2007.

WHEREAS, Developer wants to acquire the Development Property from the HRA and develop and operate the Development Property, but Developer has determined that it cannot acquire the Development Property and develop the Project without financial assistance from the City and the HRA.

WHEREAS, the HRA and the City are entering into this Development Agreement with Developer to further the objectives of the Development Program and, particularly, to make the Development Property available for development by private enterprise in conformance with the Development Program.

WHEREAS, the City believes that the Project and the fulfillment of this Agreement are in the best interests of the City and further the health, safety, morals and welfare of residents of the City and that the Project has been undertaken and is being assisted in accordance with a public purpose and the provisions of the applicable state and local laws and requirements.

ARTICLE II

DEFINITIONS

Section 2.1 Definitions. Capitalized word and phrases used in this Development Agreement have the following meanings:

Affiliate means a natural person, corporation, limited liability company, partnership or limited partnership that controls Developer, is controlled by Developer or is controlled by the same individuals and entities that control Developer. A person or entity "controls" an entity if the person or entity, directly or indirectly or acting in or through one or more subsidiaries, owns, controls or holds with power to vote, more than 50 percent of the voting interest in the entity. An entity is "controlled by" a person or entity if that person or entity, directly or indirectly or acting in or through one or more subsidiaries, owns, controls or holds with power to vote, more than 50 percent of the voting interests in the entity. Control does not exist if the powers described in this subsection are held solely as a security interest and have not been exercised;

Agreement means this Development Agreement, as the same may be modified, amended or supplemented from time to time;

Assessment Agreement means an Assessment Agreement pursuant to Minnesota Statutes, Section 469.177, Subd. 8 specifying minimum market values for the Development Property as of January 2, 2012 and each January 2 thereafter through and including January 2, 2037 which minimum market values will be used for the calculation of real property taxes due and payable with respect to the Development Property. The form of Assessment Agreement is attached as Exhibit F;

Business Day means any day other than a Saturday, Sunday or a state or federal holiday that financial institutions or post offices in the state of Minnesota close to observe;

Certificate of Completion means a certificate in the form attached as Exhibit A;

City means the City of Ramsey, Minnesota;

City Loan means the \$1,420,000.00 loan the City makes to Developer pursuant to Article VIII;

City Loan Agreement means the loan agreement between the City and Developer which establishes the City's obligation to make the City Loan to Developer. The form of the City Loan Agreement is attached as Exhibit C;

City Note means the \$1,420,000.00 Promissory Note that Developer executes and delivers to the City to evidence Developer's obligation to repay the City Loan. The form of the City Note is attached as Exhibit D;

Commencement Date means June 30, 2011;

Completion Date means June 30, 2013;

Construction Loan. means a loan that (1) a third party makes to a Developer to (a) finance costs Developer incurs to acquire the Development Property and to construct the Minimum Improvements or (b) refinance a prior Construction Loan (including, but not limited to, Developer's so called "permanent" financing); and (2) is secured by a mortgage on the Development Property that has priority over any other mortgages on the Development Property;

Construction Mortgage means the first lien mortgage on the Development Property that Developer grants to a third party to secure the repayment of a Construction Loan;

Construction Plans means the plans, specifications, drawings and related documents for the Minimum Improvements;

County means Anoka County, Minnesota;

Developer means F & C Ramsey, LLC, an Indiana limited liability company and any successor in title to all or any portion of the Development Property;

Development District means the City's Development District No. 1;

Development Fees means the fees and charges payable to the City pursuant to Chapter 117 of the City's Ordinances in connection with City's approval of the plat of COR ONE. The "Development Fees" are specifically identified on Exhibit G;

Development Program means the development program the City has approved for the Development District;

Development Property means the portion of Lot 1, Block 1, Lot 2, Block 1 and Outlot A, RAMSEY TOWN CENTER 5TH ADDITION, Anoka County, Minnesota depicted as Lot 3, Block 1 on the Preliminary Plat of COR ONE, Anoka County, Minnesota that the City approved on November 23, 2010 and all improvements constructed thereon;

Eligible Costs means the actual cost of performing the activities, constructing the improvements, and paying the fees listed on the attached Exhibit J and the cost of any other excavation, grading, footings, foundations, filling, landscaping, sod, lawn sprinklers, outdoor lighting, fencing, curb and gutter, site concrete, utility improvements and extensions, and access and parking preparations to be constructed or undertaken by Developer on the Development Property;

Event of Default means any of the events described in Section 14.1;

Existing Parking Ramp means the approximately 590 stall public parking ramp located at 7650 Sunwood Drive, Ramsey, Minnesota;

Final Construction Plans means the Construction Plans that the City has approved pursuant to Section 5.3;

Guarantor means Flaherty & Collins Construction, Inc., an Indiana Corporation;

Guaranty means the guaranty that the Guarantor executes in favor of the City to provide security for the performance of Developer's obligations under the City Note. The form of Guaranty is attached as Exhibit E;

HRA means The Housing and Redevelopment Authority in and for the city of Ramsey, Minnesota, a public body politic incorporated under the laws of the State of Minnesota;

Minimum Improvements means the improvements described on Exhibit I until the City approves the Construction Plans and means the improvements described and depicted on the Final Construction Plans, after the City approves the Construction Plans;

Net Cash Flow means, for any calendar year, Net Operating Income for that calendar year less the scheduled debt service payments due on the Construction Loan in that calendar year and less reasonable contributions to replacement reserves;

Net Operating Income. means, for any calendar year, all income Developer derives from the Development Property, including, but not limited to rents received from the rental of residential apartments, parking stalls or non-residential space, in the Development Property less Operating Expenses actually incurred in that calendar year;

Operating Expenses. means the reasonable and customary expenses Developer incurs to operate and maintain the Development Property. Operating Expenses do not include (i) debt service payments on any loans to Developer; (ii) expenses Developer incurs to make improvements, repairs or replacements to the Development Property, the cost of which Developer is obligated to capitalize rather than expense under generally accepted accounting principles, consistently applied; or contributions to replacement reserves;

Parking Improvement Use and Maintenance Agreement means the Parking Improvement Use and Maintenance Agreement dated February 28, 2005 and recorded in the offices of the Anoka County Recorder and the Anoka County Registrar of Titles on March 16, 2005 as Document Nos. 1973660.001 (Abstract) and 482124.002 (Torrens);

Parking Ramp Addition means an approximately 200 stall addition to the Existing Parking Ramp;

Parking Ramp means the Existing Parking Ramp and the Parking Ramp Addition which will be located on the Parking Ramp Property;

Parking Ramp Property means the portion of Lot 1, Block 1, RAMSEY TOWN CENTER 5TH ADDITION, Anoka County, Minnesota depicted as Lot 2, Block 1, COR ONE, Ramsey County, Minnesota;

Purchase Agreement means the Purchase Agreement between the HRA and Developer of even date herewith that sets forth the terms and conditions under which the HRA will convey the Development Property to Developer and will amend the Parking Improvement Use and Maintenance Agreement to create easements over portions of the Parking Ramp Property that are appurtenant to the Development Property and that give the owner of the Development Property easements for (i) the exclusive use of 275, 9' x 18' parking stalls in the Parking Ramp (which includes any larger, handicapped accessible stalls required for the Project); (ii) the non-exclusive use of 25 other parking stalls in the Parking Ramp and (iii) related rights of vehicular and pedestrian ingress and egress. The Parking Improvement Use and Maintenance Agreements allocates the parking stalls in the Parking Ramp (other than parking stalls that are subject to exclusive easements) among the parcels that are subject to the Parking Improvement Use and Maintenance Agreement for purposes of satisfaction of municipal parking requirements. The amended Parking Improvement Use and Maintenance Agreement will allocate 25 of the non-

exclusive use parking stalls in the Parking Ramp to the Development Property for purposes of satisfying municipal parking requirements.

Project means Developer's acquisition of the Development Property and construction of the Minimum Improvements in accordance with the terms of this Agreement;

Sale of the Development Property means a voluntary or involuntary conveyance of all or any undivided interest in Developer's fee title to all or any material portion of the Development Property to an entity other than an Affiliate; a lease of all or any material portion of the Development Property to an entity other than an Affiliate for a term (including any rights to renew or extend) that exceeds twenty (20) years; or a voluntary or involuntary transfer of any membership interests in Developer to an entity other than an Affiliate;

State means the State of Minnesota;

Tax Increments means 85% of the tax increments derived from the Development Property, as determined by the City in its sole discretion, which have been received and retained by the City in accordance with the provisions of Minnesota Statutes Section 469.177;

Tax Increment Act means the Tax Increment Financing Act, Minnesota Statutes, Sections 469.174 through 469.1799, as amended;

Tax Increment District means a tax increment financing district, as defined in the Tax Increment Act, that the City proposes to establish as described in Section 6.1;

Tax Increment Financing Plan means the plan for the Tax Increment District that the City adopts, by resolution, if and when the City establishes the Tax Increment District;

Termination Date means the earlier of (i) the date Developer has completed construction of the Minimum Improvements; Developer has repaid the City Loan in full; and the City has paid the TIF Note in full or (ii) February 1, 2039;

TIF Note means the \$2,000,000.00 Tax Increment Revenue Note in the form attached as Exhibit B;

TIF Note Payment Date means August 1, 2013, February 1, 2014 and each August 1 and February 1 thereafter through and including February 1, 2039; provided, that if any such TIF Note Payment Date is not a Business Day, the TIF Note Payment Date is the next succeeding Business Day; and

Unavoidable Delay means a delay in Developer's commencement or completion of the Minimum Improvements that is the direct result of an act of God, other than weather related conditions or events that are reasonably foreseeable both in terms of the likelihood of their occurrence and their severity; war, riots, or civil disorder; labor strikes or labor shortages; shortages of necessary materials; or litigation commenced by third parties that, either by injunction or other similar judicial action or by the exercise of reasonable discretion, directly results in delays.

ARTICLE III

REPRESENTATIONS, WARRANTIES AND COVENANTS

Section 3.1 Representations and Warranties of the City and the HRA. The City and the HRA make the following representations and warranties:

(a) The City represents and warrants that the City is a municipal corporation and political subdivision organized under the provisions of the constitution and laws of the State of Minnesota and has the power to enter into this Agreement and carry out its obligations hereunder.

(b) The City represents and warrants that the development of the Development Property contemplated in this Agreement conforms with the development objectives of the Development Program.

(c) The HRA represents and warrants that the HRA is a body politic and corporate under the laws of the State of Minnesota and has the power to enter into this Agreement and carry out its obligations hereunder.

(d) The HRA represents and warrants that at a public hearing held on December 14, 2010 after published notice, the HRA's Board approved this Development Agreement and approved the HRA's conveyance of the Development Property to Developer pursuant to this Development Agreement and without public bidding, all as required by Minnesota Statutes Section 469.029, Subd. 2.

Section 3.2 Representations, Warranties and Covenants of Developer. Developer makes the following representations, warranties and covenants:

(a) Developer represents and warrants that it is a limited liability company organized, validly existing and in good standing under the laws of the State of Indiana, that it has the power to enter into this Agreement and to perform its obligations hereunder and by entering into and performing its obligations under this Agreement Developer will not be in violation of the its articles or bylaws.

(b) Developer represents that Developer would not undertake the Project and in Developer's opinion, the Project would not be economically feasible within the reasonably foreseeable future without the assistance and benefit provided for in this Agreement.

(c) Developer represents and warrants that neither the execution and delivery of this Agreement, the consummation of the transactions contemplated hereby, nor the fulfillment of or compliance with the terms and conditions of this Agreement is prevented, limited by or conflicts with or results in a breach of, the terms, conditions or provision of any contractual restriction, evidence of indebtedness, agreement or instrument of whatever nature to which Developer is now a party or by which it is bound, or constitutes a default under any of the foregoing.

(d) Developer agrees that Developer will cooperate fully with the City and the HRA with respect to any litigation a third party may commence with respect to the Development Property; provided, however, that Developer shall not be obligated to settle any litigation to which it is a party unless it approves such settlement in its sole discretion. This covenant shall survive the termination of this Agreement.

(e) Developer agrees that Developer will cooperate fully with the City in resolution of any traffic, parking, trash removal or public safety problems which may arise in connection with the construction and operation of the Project.

ARTICLE IV

PURCHASE AGREEMENT

Section 4.1 Purchase Agreement. The HRA and Developer are executing the Purchase Agreement and delivering it to one another contemporaneously with the execution and delivery of this Agreement.

Section 4.2 Relationship Between this Agreement and the Purchase Agreement. In the event of a conflict between the terms of this Agreement and the terms of the Purchase Agreement, the terms of this Agreement control. If the HRA or Developer terminate the Purchase Agreement, this Agreement automatically terminates except as to terms and provisions that this Agreement expressly states survive termination. The Purchase Agreement provides that if the City, HRA or Developer terminate this Agreement, the Purchase Agreement automatically terminates except as to terms and provisions that the Purchase Agreement expressly states survive termination.

Section 4.3 Right of Reverter. The Purchase Agreement provides for the HRA's conveyance of the Development Property to Developer subject to a right of reverter. The Right of Reverter shall provide that (a) if the Developer fails to commence construction of the Minimum Improvements on or before the Commencement Date, as the same may be extended pursuant to Section 5.4 as a result of an Unavoidable Delay; (b) if Developer fails to substantially complete the construction of the Minimum Improvements in accordance with the Final Construction Plans on or before the Completion Date, as the same may be extended pursuant to Section 5.4 as a result of an Unavoidable Delay; or (c) if the holder of a Construction Mortgage commences proceedings to foreclose the Construction Mortgage prior to Developer's substantial completion of the Minimum Improvements, the HRA may commence an action in Anoka County District Court seeking an order that re-vests title to the Development Property in the HRA and grants the HRA immediate possession of the Development Property. In the Purchase Agreement, the HRA agrees that the HRA will subject the HRA's interest in the Development Property pursuant to the Right of Reverter to the lien of any Construction Mortgage provided the holder of the Construction Mortgage acknowledges, in writing, that if the Construction Mortgage is foreclosed and if the HRA obtains a District Court Order re-vesting title to the Development Property in the HRA, the HRA shall be entitled to redeem the Development Property from foreclosure, as an owner, pursuant to Minnesota Statutes Sections 580 or 581, as applicable.

ARTICLE V

DEVELOPER'S CONSTRUCTION OF THE MINIMUM IMPROVEMENTS

Section 5.1 Required Approvals. Developer must obtain, in a timely manner, any governmental permits, licenses, approvals, consents or authorizations that are legally required in connection with the construction of the Minimum Improvements.

Section 5.2 Submission of Construction Plans. Developer must submit Construction Plans to the City for review and approval or disapproval on or before April 1, 2011. The Construction Plans must (a) provide for the construction of the Minimum Improvements on the Development Property and (b) must include at least the following: (1) a site plan; (2) a foundation plan; (3) a basement plan; (4) a floor plan for each floor; (5) cross sections of each floor (length and width); (6) elevations (all sides); (7) grading and drainage plans; and (8) a landscape plan.

Section 5.3 Review of the Construction Plans. The City must approve the Construction Plans in writing if: (a) the Construction Plans conform to the terms and conditions of this Agreement; (b) the Construction Plans conform to all applicable federal, state and local laws, ordinances, rules and regulations; (c) the Construction Plans are adequate for purposes of this Agreement to provide for the construction of the Minimum Improvements; and (d) no Event of Default under the terms of this Agreement has occurred; provided, however, that any such approval of the Construction Plans pursuant to this Section 5.3 constitutes approval for the purposes of this Agreement only and shall not be deemed to constitute approval or waiver by the City with respect to any building, zoning or other ordinances or regulations of the City. If the City rejects the Construction Plans the City must notify Developer, in writing, within thirty (30) days after Developer's submission of Construction Plans that satisfy the requirements of Section 5.2 or the City shall be deemed to have been approved the Construction Plans as submitted. If the City notifies Developer that the City is rejecting the Construction Plans, the notice must include a written statement specifying the respects in which the Construction Plans submitted by Developer fail to conform to the requirements of this Section 5.3. If the City rejects the Construction Plans in whole or in part, Developer must submit new or corrected Construction Plans within thirty (30) days after Developer's receipt of the City's rejection notice. The provisions of this Section 5.3 relating to approval, rejection and resubmission of corrected Construction Plans shall continue to apply until the City approves the Construction Plans; provided, however, Developer may not commence construction of the Minimum Improvements until the City has approved or is deemed to have approved the Construction Plans. Approval of the Construction Plans by the City shall not relieve Developer of any obligation to comply with the terms and provisions of this Agreement or the provision of applicable federal, state and local laws, ordinances and regulations, nor shall the City's approval of the Construction Plans constitute a waiver of any Event of Default. If Developer desires to make any material modification to the scope, size, appearance, value or use of the Minimum Improvements or to the Final Construction Plans after the City has approved the Construction Plans and before Developer has substantially completed the Minimum Improvements, Developer must submit a description of the proposed modification(s) and revised Construction Plans showing the proposed modification(s) to the City for its approval. If such material change in the Construction Plans conforms to the approval criteria listed in this Section 5.3 with respect to the original

Construction Plans, the revised Construction Plans shall be deemed approved unless the City notifies Developer that the City rejects the revised Construction Plans in writing within thirty (30) days after submission. If Developer desires to make any change which does not materially modify the scope, size, appearance, value or use of the Minimum Improvements, Developer is not obligated to resubmit the Construction Plans to the City for approval.

Section 5.4 Commencement and Completion of Construction of the Minimum Improvements. Developer must commence construction of the Minimum Improvements on or before the Commencement Date. The Developer is deemed to have commenced construction when the Developer has: (a) obtained all building permits from the City of Ramsey necessary for the construction of the Minimum Improvements; and (b) commenced work relating to the construction of the Minimum Improvements on the Development Property which work would constitute “the actual and visible beginning of the improvement on the ground,” as that phrase is used in Minnesota Statutes, Section 514.05 and interpreted by the Minnesota Courts. Developer must substantially complete the construction of the Minimum Improvements in accordance with the Final Construction Plans on or before the Completion Date. For purposes of this Agreement, the Minimum Improvements are substantially complete when they are eligible to receive a certificate of occupancy from the City. If Developer's commencement or completion of construction of the Minimum Improvements is delayed as a result of an Unavoidable Delay, Developer gives the City and the HRA notice of the Unavoidable Delay within thirty (30) days after the onset of the Unavoidable Delay and Developer uses all commercially reasonable efforts to commence and complete the construction of the Minimum Improvements as promptly as reasonably possible given the conditions causing the Unavoidable Delay, the Commencement Date and the Completion Date will be extend for a period of time equal to the duration of the condition causing the Unavoidable Delay plus a reasonable time for recovery and restoration following the cessation of such condition.

Section 5.5 Certificate of Completion. Developer shall notify the City when Developer has substantially completed construction of the Minimum Improvements. If the City determines that the Minimum Improvements have been constructed in substantial conformity with the Final Construction Plans and all uniformly applied local, state and federal laws and regulations (including, but not limited to, environmental, zoning, energy conservation, building code and public health laws and regulations), the City shall furnish to Developer a Certificate of Completion. Such Certificate of Completion shall be a conclusive determination of satisfaction and termination of Developer's obligation to construct the Minimum Improvements as set forth in Section 5.4. If Developer has completed the Minimum Improvements on or before the Completion Date, as the same may be extended pursuant to Section 5.4, the HRA will expressly acknowledge and agree in the Certificate of Completion that Developer has satisfied the conditions subsequent described in the Right of Reverter and that the Right of Reverter is terminated and is of no further force or effect.

ARTICLE VI

ESTABLISHMENT OF THE TAX INCREMENT DISTRICT

Section 6.1 Establishment of the Tax Increment District. The City proposes to create, approve and adopt a tax increment plan and a tax increment financing district that includes the

Development Property and that qualifies as a redevelopment district under the Tax Increment Act. The City is not obligated to create, approve and adopt the Tax Increment Plan the Tax Increment District and creation of the Tax Increment District is subject to all requirements of Minnesota law.

Section 6.2 Termination Right if TIF District Not Established. If the City has not created, adopted and approved the Tax Increment Plan and the Tax Increment District on or before February 1, 2011, any party may terminate this Agreement by written notice to the other two parties; provided, however, that if the City creates, approves and adopts the Tax Increment Plan and the Tax Increment District after February 1, 2011 but before a party exercises the termination right set forth in this Section 6.2, the termination right expires and the parties may not, thereafter, terminate this Agreement pursuant to this Section 6.2.

ARTICLE VII

TIF FINANCING

Section 7.1 Reimbursement. If, and only if, the City creates, adopts and approves the Tax Increment Plan and Tax Increment District as contemplated in Section 6.1, the City shall issue the TIF Note to reimburse Developer for the lesser of

- (a) \$2,000,000.00; or
- (b) the sum of all Eligible Costs Developer actually incurs and pays.

Section 7.2 Issuance of the TIF Note. If, and only if, (a) the City creates, adopts and approves the Tax Increment Plan and Tax Increment District as contemplated in Section 6.1 and (b) Developer (i) acquires the Development Property, (ii) substantially completes the Minimum Improvements, (iii) notifies the City that Developer has substantially completed the Minimum Improvements and is entitled to receive the Certificate of Completion described in Section 5.5; (iv) submits to the City invoices showing the Eligible Costs Developer actually incurred and for which Developer is seeking reimbursement; (v) submits to the City evidence, reasonable acceptable to the City, that Developer paid those invoices from a source or sources other than the proceeds of the City Loan; and (vi) Developer is not in default in the performance of Developer's obligations under this Agreement, the City will insert the amount established pursuant to Section 7.1 in the TIF Note, insert the interest rate as established pursuant to Section 7.3, execute and date the TIF Note and deliver the TIF Note to Developer

Section 7.3 Interest. As set forth in the TIF Note, the unpaid principal amount of the TIF Note shall bear simple, non-compounding interest from the date of issuance of the TIF Note at 6.25% per annum. Interest shall be computed on the basis of a 360 day year consisting of twelve (12) 30-day months. The principal amount of the TIF Note and the interest thereon shall be payable solely from the Tax Increments.

Section 7.4 Payments. On each TIF Note Payment Date and subject to the provisions of the TIF Note, the City shall pay, against the principal and interest outstanding on the TIF Note, the Tax Increments the City actually received during the preceding six months. All such

payments shall be applied first to pay accrued, unpaid interest and then to reduce the principal of the TIF Note.

Section 7.5 TIF Note Shall Be a Limited Obligation of the City. The TIF Note shall be a special and limited obligation of the City and not a general obligation of the City, and only Tax Increments shall be used to pay the principal of and interest accruing on the TIF Note.

Section 7.6 Conditions Subsequent. The City's obligation to make payments on the TIF Note on any TIF Note Payment Date or any date thereafter is conditioned upon the requirements that (i) there shall not be, at the time payment is due, any Event of Default that has occurred and is continuing; and (ii) the City shall not have canceled and rescinded the TIF Note pursuant to Section 14.2(c).

Section 7.7 Terms of the TIF Note. The TIF Note shall be governed by and payable pursuant to the additional terms thereof, as set forth in Exhibit B. In the event of any conflict between the terms of the TIF Note and the terms of this Article VII, the terms of the TIF Note shall govern. The issuance of the TIF Note pursuant and subject to the terms of this Agreement, and the taking by the City of such additional actions as bond counsel for the TIF Note may require in connection therewith, are hereby authorized and approved by the City.

ARTICLE VIII

CITY LOAN

Section 8.1 City Loan. To assist Developer with the construction of the Minimum Improvements, the City proposes to make a \$1,420,000.00 loan to Developer pursuant to the terms of the City Loan Agreement and the City Note. The City proposes to fund the City Loan with tax increments the City has collected from its Tax Increment District No. 1. The City cannot obligate itself and is not obligated to make the City Loan unless and until the City has held public hearings and adopted appropriate spending plans with respect to each of those tax increment districts and adoption of the spending plans is subject to all requirements of Minnesota law.

Section 8.2 Termination Right if Spending Plans Not Adopted. If the City has not held the necessary public hearings and adopted the necessary spending plans to allow the City to fund the City loan with tax increments the City has collected from its Tax Increment District No. 1 on or before February 1, 2011, any party may terminate this Agreement by written notice to the other two parties; provided, however, that if the City holds the necessary public hearings and adopts the necessary spending plans to allow the City to fund the City loan with tax increments the City has collected from its Tax Increment District No. 1 after February 1, 2011, but before a party exercises the termination right set forth in this Section 8.2, the termination right expires and the parties may not, thereafter, terminate this Agreement pursuant to this Section 8.2.

Section 8.3 City Loan Agreement, City Note, and Guaranty. If the City holds the necessary public hearings and adopts the necessary spending plans to allow the City to fund the City Loan with tax increments the City has collected from its Tax Increment District No. 1, the

City and Developer must each execute the City Loan Agreement and must each deliver an original, executed City Loan Agreement to the other party, Developer must execute the City Note and deliver the City Note to the City and Developer must cause the Guarantor to execute the Guaranty and deliver the Guaranty to the City, all contemporaneously with the HRA's conveyance of the Development Property to Developer pursuant to the Purchase Agreement. In the event of a conflict between the terms of the City Note and the terms of this Development Agreement, the terms of the City Note control. In the event of a conflict between the terms of this Agreement and the terms of the City Loan Agreement, the City Loan Agreement controls.

Section 8.4 Fee in Lieu of Interest, Interest and Default Interest. The City Note does not obligate Developer to pay interest on the outstanding principal of the City Loan prior to April 1, 2024 provided Developer is not in default in the timely payment of any amounts due under the City Note. In lieu of non-default interest during that time period and as consideration for the extension of credit, the City will charge Developer and Developer agrees to pay a one-time fee of \$120,000.00. As set forth in the City Loan Agreement, the City will be deemed to have made a \$120,000.00 "Advance," to itself in full payment of this fee contemporaneously with the first "Advance" the City makes pursuant to the terms of the City Loan Agreement. If Developer has not repaid the City Loan, in full, before April 1, 2024, simple interest will accrue on the unpaid principal balance of the City Note from April 1, 2024 until the City Note is paid in full at the rate of 6.25% per annum unless the rate is increased pursuant to the following sentence as a result of Developer's default. If, at any time, Developer defaults in the timely payment of any amounts due under the City Note, the City gives Developer notice of the default and Developer does not cure the default within ten (10) business days of the effective date of the City's notice, interest shall accrue on the outstanding principal balance of the City Note from the date of the default through the date Developer cures all defaults under the City Note at the rate of twelve percent (12%) per annum.

Section 8.5 Repayment Terms. As set forth in the City Note, commencing on April 1, 2014 and continuing on each April 1 thereafter until April 1, 2029, Developer must pay to the City, in certified or wire transferred funds and for application to the outstanding principal and interest, if any, due under the City Note, an amount equal to 20% of the Net Cash Flow for the immediately preceding year. If, prior to April 1, 2029, Developer refinances a Construction Loan, Developer must make an additional payment to the City, for application to the outstanding principal due under the City 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. The preceding sentence applies each time Developer refinances a Construction Loan. Notwithstanding anything else in this Section 8.5, 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 to 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 the City Loan and all accrued interest, if any, is due and payable in full upon the earlier of April 1, 2029 or a Sale of the Development Property.

Section 8.6 Limitations on Disbursements. As set forth in the City Loan Agreement, the City will not disburse any of the proceeds of the City Loan to Developer and the City's obligations to make the City Loan to Developer terminates if Developer does not commence

construction of the Minimum Improvements on or before June 30, 2011, and the City will only disburse proceeds of the City Loan on or before December 31, 2011 and only for costs of developing and constructing the Project that Developer has actually incurred on or before December 31, 2011. The City will not disburse proceeds of the City Loan to pay for Eligible Costs.

Section 8.7 Submission of Financial Information. On or before April 1, 2014 and on or before each April 1 thereafter until April 1, 2029, the Developer must provide the City with a statement from a certified public accountant 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 the City may reasonably request to confirm the certified public accountant's calculation of "Net Cash Flow," "Net Operating Income" and "Operating Expenses." The certified public accountant who prepares the statement may be an employee of Borrower or an Affiliate of Borrower.

ARTICLE IX

CONTINGENCY FOR RAIL STOP

Section 9.1 Contingency for Rail Stop. At any time on or before January 28, 2011, the City or Developer may terminate this Agreement by written notice to the other and to the HRA and they are not comfortable that the City will secure a stop on the North Star Commuter Rail line and complete construction of a rail stop on or before July 1, 2012. Upon such termination, the parties will have no further rights or obligations to the other parties under this Agreement except with respect to rights or obligations that this Agreement expressly states are to survive the termination of this Agreement.

ARTICLE X

PARKING RAMP IMPROVEMENTS

Section 10.1 Parking Ramp Improvements. As a part of the City's construction of the Parking Ramp Addition, the City will cause its contractors to construct and install the additional improvements described on Exhibit H. Upon the City's completion of the additional improvements described on Exhibit H, Developer must reimburse the City for all costs and expenses the City incurs to construct and install the additional improvements described on Exhibit H.

ARTICLE XI

REAL ESTATE TAX PAYMENTS AND ASSESSMENT AGREEMENT

Section 11.1 Real Property Taxes. Developer agrees that prior to December 31, 2038:

(a) It will not seek administrative review or judicial review of the applicability of any tax statute relating to the taxation of all or any portion of the Development Property determined by any tax official to be applicable to the Development Property or

Developer or raise the inapplicability of any such tax statute as a defense in any proceedings, including delinquent tax proceedings; provided, however, "tax statute" does not include any local ordinance or resolution levying a tax;

(b) It will not seek administrative review or judicial review of the constitutionality of any tax statute relating to the taxation of all or any portion of the Development Property determined by any tax official to be applicable to the Development Property or Developer or raise the unconstitutionality of any such tax statute as a defense in any proceedings, including delinquent tax proceedings; provided, however, "tax statute" does not include any local ordinance or resolution levying a tax;

(c) It will not seek any tax deferral or abatement, either presently or prospectively authorized under any other State or federal law, of the taxation of all or any portion of the Development Property;

(d) It will not ask the County Assessor for or commence or participate in any legal or administrative process seeking a reduction in the assessed value of the Development Property for purposes of the ad valorem real estate taxes except that if, in any given year, the assessed value exceeds the assessed value set forth for that year in the Assessment Agreement, Developer may seek a reduction in the assessed value of the Development Property to any amount equal to or greater than the assessed value set forth for that year in the Assessment Agreement. If Developer seeks a reduction in the assessed value of the Development Property to any amount equal to or greater than the assessed value set forth for that year in the Assessment Agreement, Developer must first provide not less than thirty (30) days written notice to the City. In that event, the City will continue to make Tax Increment payments to Developer on the TIF Note Payment Dates, but the payments will be based on 85% of the tax increments that would have been derived from the Development Property based on the minimum market values set forth in the Assessment Agreement for the applicable time periods rather than on the Tax Increments, and the City will withhold the difference until such time as the City can determine the actual Tax Increments for the year in question based on the assessed value of the Development Property as finally determined upon the conclusion of Developer's attempts to have the assessed value reduced.

(e) It will pay, when due, all real property taxes due and payable with respect to the Development Property.

Section 11.2 Assessment Agreement. Contemporaneously with the HRA's conveyance of the Development Property to Developer, Developer will execute the Assessment Agreement, deliver the Assessment Agreement to the City and record the Assessment Agreement in the Anoka County land records. Developer must record the Assessment Agreement against title to the Development Property prior to the recording of any mortgage or other lien on the Development Property that Developer grants to third party or, if such third party mortgage or lien is recorded first, must obtain and record an instrument whereby the holders of such mortgage or lien acknowledge and agree that they and their successors and assigns are subject to the rights of the City under the Assessment Agreement.

ARTICLE XII

RESTRICTIONS ON ASSIGNMENTS AND TRANSFERS AND PRIORITY

Section 12.1 Prohibition against Transfer of the Development Property; Assignment of Development Agreement and Assignment of the TIF Note. Prior to Developer's substantial completion of the Minimum Improvements and the City's issuance of the Certificate of Completion described in Section 5.5, Developer may not, except as set forth in Section 12.2, convey; mortgage; lease, other than in the ordinary course of Developer's business; or otherwise transfer the Development Property or any part thereof or interest therein; may not assign its rights or obligations under this Development Agreement; and may not assign the TIF Note, without the prior written approval of the City, which approval the City may grant, withhold or condition in the City's sole and absolute discretion.

Section 12.2 Permitted Collateral Assignments. The City expressly approves Developer's granting of a Construction Mortgage and Developer's collateral assignment of Developer's rights and obligations under this Development Agreement and the TIF Note to the holder of the Construction Mortgage as additional security for the repayment of the Construction Loan; provided the holder of the collateral assignment of Developer's rights and obligations under this Development Agreement and the TIF Note agrees, in the collateral assignment, that upon enforcement of the collateral assignment and the assignees acquisition of Developer's rights and obligations under either this Development Agreement, the TIF Note or both, the assignee will be subject to and liable for the performance of each of Developer's obligations under this Development Agreement.

Section 12.3 Subordination of Development Agreement to Construction Mortgage and Extension of Time to Cure. The City and the HRA will, upon the request of the holder of a Construction Mortgage, execute and record a subordination agreement pursuant to which the City and the HRA agree that, upon a default by Developer under a Construction Mortgage, the holder of the Construction Mortgage may elect, in an instrument to be recorded in the Anoka County land records and delivered to the City and the HRA before the commencement of proceedings to foreclose the Construction Mortgage, to either (1) treat this Development Agreement as being subordinate to the lien of the Construction Mortgage such that the foreclosure of the Construction Mortgage and the failure of any owner or junior creditor to redeem the Development Property from such foreclosure will terminate this Development Agreement and the TIF Note; or (2) to treat this Development Agreement as having priority over the Construction Mortgage in which case this Development Agreement and the TIF Note will survive the foreclosure of the Construction Mortgage and this Development Agreement will be binding upon the holder of the Sheriff's Certificate issued in conjunction with the foreclosure of the Construction Mortgage. The City further agrees that if the holder of the Construction Mortgage elects to treat this Development Agreement as having priority over the Construction Mortgage and the City will, upon the completion of the foreclosure without redemption by Developer or any junior creditor, amend this Development Agreement to extend the time for the completion of the Minimum Improvements to a date 12 months following the expiration of all applicable redemption periods.

ARTICLE XIII

INDEMNIFICATION OF THE CITY AND THE HRA

Section 13.1 Indemnification of the City and the HRA. Developer agrees to defend the City, the HRA, their governing body members, officers, agents, including independent contractors, consultants and legal counsel, servants and employees (hereinafter, for purposes of this Section, collectively the "Indemnified Parties"); to hold the Indemnified Parties harmless from; and to indemnify the Indemnified Parties against any third party claims, demands, suits, actions or other proceedings ("Claims") arising or purportedly arising from the actions or inactions of Developer (or if other persons acting on its behalf or under its direction or control) (i) pursuant to this Development Agreement or (ii) in connection with the transactions contemplated hereby or the acquisition, construction, installation, ownership, and operation of the Development Property. The provisions of this Section 13.1 are intended to survive the termination of this Agreement.

ARTICLE XIV

DEVELOPER EVENTS OF DEFAULT

Section 14.1 Events of Default Defined. The following shall each be an "Event of Default" under this Agreement:

(a) Developer's default in the performance of one or more of Developer's obligations under the Purchase Agreement if the HRA gives any notice of default provided for in the Purchase Agreement and Developer fails to cure the default within any applicable cure period provided for in the Purchase Agreement.

(b) Developer's failure to commence or to substantially complete the construction of the Minimum Improvements pursuant to the terms and conditions of and within the time frame set forth in Article V of this Development Agreement, as the same may be extended pursuant to Section 12.3 of this Agreement.

(c) Developer's default in the timely payment of any amounts due under the City Loan Agreement or the City Note, if the City gives Developer any notice of default provided for in the City Loan Agreement and Developer fails to cure the default within any applicable cure period provided for in the City Loan Agreement.

(d) Developer's default in the timely payment of any amounts due under Article X within thirty (30) days after the City notifies Developer that Developer is delinquent in the payment thereof.

(e) Developer's failure to pay any ad valorem real property taxes or installments of special assessments due and payable with respect to the Development Property within thirty (30) business days after the City or the HRA notifies Developer that Developer is delinquent in the payment thereof.

12.1. (f) Developer's breach of one or more of the restrictions set forth in Section

(g) Developer's failure to perform Developer's obligations under Article XIII or Section 15.14 if the City or the HRA gives Developer notice of the default and Developer fails to cure the default within thirty (30) days after the effective date of the notice.

(h) The holder of any mortgage on the Development Property, or any portion thereof, commencing foreclosure proceedings.

(i) Developer's;

(i) Filing of any petition in bankruptcy or for any reorganization, arrangement, composition, readjustment, liquidation, dissolution, or similar relief under the United States Bankruptcy Act of 1978, as amended or under any similar federal or state law; or

(ii) making an assignment for the benefit of its creditors; or

(iii) admission, in writing, that it is unable to pay its debts generally as they become due; or

(iv) being adjudicated a bankrupt or insolvent;

(j) The filing of a petition or answer proposing the adjudication of Developer as bankrupt or its reorganization under any present or future federal bankruptcy act or any similar federal or state law in any court and such petition or answer not being discharged or denied within ninety (90) days after the filing thereof; or

(k) The appointment of a receiver, trustee or liquidator of Developer or of the Development Property, or part thereof, in any proceeding brought against Developer, and said receiver, trustee or liquidator not being discharged within ninety (90) days after such appointment.

Section 14.2 Remedies on Default. At any time after the occurrence of an Event of Default as defined in Section 14.1 the City and the HRA may, in addition to any other rights the City or the HRA may have at law or in equity, take any one or more of the following actions:

(a) The City and the HRA may suspend their performance under this Development Agreement and the City Loan Agreement until they

(i) receive assurances from Developer, deemed adequate by the City and the HRA, that Developer will cure the default and continue its performance under this Development Agreement, the City Loan Agreement, and the City Note; or

(ii) receive assurance from the holder of a Construction Mortgage, deemed adequate by the City and the HRA, that the holder of the Construction Mortgage will cure the default or, if the holder of the Construction Mortgage cannot cure the default

without first obtaining possession of the Development Property, will foreclose the Construction Mortgage, elect, pursuant to Section 12.3, to treat this Development Agreement as having priority over the Construction Mortgage and, upon the completion of the foreclosure proceedings and the expiration of all applicable redemption periods, cure the default and perform the obligations of the Developer under this Agreement, the City Loan Agreement, and the City Note.

- (b) The City or the HRA may terminate this Development Agreement;
- (c) The City may terminate the City Loan Agreement; or
- (d) If the Event of Default is an Event of Default under Section 14.1 (b), (c), (d), (e), (f) or (g), the City may cancel and rescind the TIF Note.

ARTICLE XV

ADDITIONAL PROVISIONS

Section 15.1 Conflicts of Interest. No member of the governing body or other official of the City shall participate in any decision relating to the Agreement which affects his or her personal interests or the interests of any corporation, partnership or association in which he or she is directly or indirectly interested. No member, official or employee of the City shall be personally liable to the City in the event of any default or breach by Developer or successor or on any obligations under the terms of this Agreement.

Section 15.2 No Remedy Exclusive. No remedy herein conferred upon or reserved to any party intended to be exclusive of any other available remedy or remedies, but each and every such remedy shall be cumulative and shall be in addition to every other remedy given under this Development Agreement or now or hereafter existing at law or in equity or by statute to the extent provided herein. No delay or omission to exercise any right or power accruing upon any default shall impair any such right or power or shall be construed to be a waiver thereof, but any such right and power may be exercised from time to time and as often as may be deemed expedient.

Section 15.3 No Implied Waiver. In the event any agreement contained in this Agreement should be breached by any party and thereafter waived by any other party, such waiver shall be limited to the particular breach so waived and shall not be deemed to waive any other concurrent, previous or subsequent breach hereunder.

Section 15.4 Titles of Articles and Sections. Any titles of the several parts, articles and sections of this Agreement are inserted for convenience of reference only and shall be disregarded in construing or interpreting any of its provisions.

Section 15.5 Notices and Demands. Except as otherwise expressly provided in this Agreement, a notice, demand or other communication under this Agreement by any party to any other shall be sufficiently given or delivered the day following the day if it is dispatched by overnight courier; two business days after it is mailed, via registered or certified mail, postage prepaid, return receipt requested; or the day it is delivered personally, and

- (a) in the case of Developer is addressed to or delivered personally to:

F&C Ramsey, LLC
8900 Keystone Crossing #1200
Indianapolis, IN 46240
Attn: David M. Flaherty
Telephone No.: (317) 816-9300
Facsimile No.: (317) 816-9301
Email: dflaherty@flahertycollins.com

With a copy to:

Barnes & Thornburg
11 S. Meridian St.
Indianapolis, IN 46204
Attn: Stephen Lee
Telephone No.: (317) 231-7200
Facsimile No.: (317) 231-7433
Email: stephen.lee@BTLaw.com

- at: (b) in the case of the City is addressed to or delivered personally to the City

City of Ramsey, Minnesota
Ramsey Municipal Center
7550 Sunwood Drive
Ramsey, MN 55303
Attn: City Administrator
Telephone No.: (763) 427-1410
Facsimile No.: (763) 433-9888
Email: kulrich@ci.ramsey.mn.us

With a copy to:

Briggs and Morgan, PA
2200 IDS Center
80 South 8th Street
Minneapolis, Minnesota 55402-2157
Attn: Thomas L. Bray
Telephone No. 612-977-8285
Facsimile No. 612-977-8650

- at: (c) in the case of the HRA is addressed to or delivered personally to the HRA

The Housing and Redevelopment Authority in and for the City of Ramsey,
Minnesota
Ramsey Municipal Center
7550 Sunwood Drive
Ramsey, MN 55303
Attn: Executive Director
Telephone No.: (763) 427-1410
Facsimile No.: (763) 427-5543
Email: hnelson@ci.ramsey.mn.us

With a copy to:

Briggs and Morgan, PA
2200 IDS Center
80 South 8th Street
Minneapolis, Minnesota 55402-2157
Attn: Thomas L. Bray
Telephone No. 612-977-8285
Facsimile No. 612-977-8650

or at such other address with respect to any such party as that party may, from time to time, designate in writing and forward to the other, as provided in this Section.

Section 15.6 Counterparts. This Agreement may be executed in any number of counterparts, each of which shall constitute one and the same instrument.

Section 15.7 Law Governing. This Agreement will be governed and construed in accordance with the laws of the State of Minnesota.

Section 15.8 Covenants to Run with Title. The rights and obligations of Developer under this Agreement run with title to the Development Property and are binding on Developer and Developers successors in title to all or any portion of the Development Property.

Section 15.9 Time is of the Essence. Developers timely performance of its obligations under this Agreement is an essential term of this Agreement.

Section 15.10 Enforceability. If any provision of this Agreement is adjudged to be invalid or unenforceable by a court of competent jurisdiction, this Agreement should be construed as if such invalid or unenforceable provision had not been inserted herein and should not affect the validity or enforceability of the remainder of this Agreement.

Section 15.11 No Third Party Beneficiaries. Nothing in this Agreement, expressed or implied, is intended to confirm any rights or remedies under or by reason of this Agreement on any person other than the parties to it and their respective permitted successors and assigns.

Section 15.12 Termination. This Agreement shall terminate and be of no further force and effect as of the Termination Date.

Section 15.13 Business Days. If the date this Agreement establishes for a party's performance of an obligation or delivery of a notice is not a Business Day, the date for such performance or for the delivery of such notice is automatically extended to the next Business Day.

Section 15.14 Agreement to Pay Attorney's Fees and Expenses. Whenever a party defaults in the performance of the party's obligations under this Agreement and one or both of the other parties to this Agreement employs one or more attorneys to advise and represent it in connection with such default or incurs other expenses in connection with or as a result of the default, the defaulting party must, upon demand therefore, reimburse the non-defaulting parties their reasonable fees of such attorneys and such other reasonable expenses as the non-defaulting parties may incur.

Section 15.15 Agreement Regarding Commercial Space and Related Business Subsidy Agreement. Contemporaneously with the closing on Developer's Purchase of the Development Property pursuant to the Purchase Agreement, Developer and the HRA will execute an Agreement Regarding Commercial Space in the form attached as Exhibit K. The Agreement Regarding Commercial Space will set forth certain terms and conditions under which the HRA will agree to make payments to Developer if Developer is unable to lease the approximately 3,000 square feet of the Minimum Improvements that are intended for commercial use within the first twelve (12) months following substantial completion of the Minimum Improvements. The payments are intended to place Developer in substantially the same position Developer would be if Developer leased the Commercial Space for a three-year term at a rental rent of \$16.00 per square foot upon other terms and conditions substantially similar to leases of similar space in the Twin Cities' area.

F & C RAMSEY, LLC.

By *[Signature]*
Its Manager

STATE OF INDIANA)
) ss
COUNTY OF MARION)

The foregoing instrument was acknowledged before me this 25th day of January, 20 11, by David M. Flaherty, as Manager of F&C Ramsey, LLC, a n Indiana limited liability company.



[Signature]
Notary Public

DRAFTED BY:
Briggs and Morgan, P.A.
2200 IDS Center
80 South Eighth Street
Minneapolis, MN 55402
(612) 977-8400

This is a signature page to the Development Agreement by and between the City of Ramsey, Minnesota The Housing and Redevelopment Authority in and for the City of Ramsey, Minnesota and F&C Ramsey, LLC.

Ramsey, Minnesota, a public body politic and corporate organized and existing under the laws of the State of Minnesota .

Notary Public

CITY OF RAMSEY, a Minnesota municipal corporation

By _____
Its Mayor

By _____
Its City Administrator

STATE OF MINNESOTA)
) ss
COUNTY OF ANOKA)

The foregoing instrument was acknowledged before me this _____ day of _____, 2011, by _____ and _____, the Mayor and the City Administrator of the City of Ramsey, Minnesota municipal corporation on behalf of the corporation .

Notary Public

DRAFTED BY:
Briggs and Morgan, P.A. (TLB)
2200 IDS Center
80 South Eighth Street
Minneapolis, Minnesota 55402-2157

EXHIBIT B
FORM OF TIF NOTE

No. _____

\$ _____

UNITED STATES OF AMERICA
STATE OF MINNESOTA
COUNTY OF ANOKA
CITY OF RAMSEY

TAX INCREMENT REVENUE NOTE
(F&C DEVELOPMENT, INC. PROJECT)

The City of Ramsey, Minnesota (the "City"), hereby acknowledges itself to be indebted and, for value received, hereby promises to pay the amounts hereinafter described (the "Payment Amounts") to F&C Ramsey, LLC, an Indiana limited liability company (the "Developer") or any Successor Holder (as defined below), but only in the manner, at the times, from the sources of revenue, and to the extent hereinafter provided.

The principal amount of this Note shall equal from time to time the principal amount stated above, as reduced to the extent that such principal installments shall have been paid in whole or in part pursuant to the terms hereof; provided that the principal amount listed above shall in no event exceed \$2,000,000.00 as provided in that certain Development Agreement, dated as of _____, by and between the City and Developer, as the same may be amended from time to time (the "Development Agreement"). The unpaid principal amount of this Note shall bear simple, non-compounding interest from the date of issuance of this Note at 6.25% per annum Interest shall be computed on the basis of a 360 day year consisting of twelve (12) 30-day months.

The amounts due under this Note shall be payable on August 1, 2013, February 1, 2014 and on each August 1 and February 1 thereafter through and including February 1, 2039, or, if such date is not a Business Day (as defined in the Development Agreement), the next succeeding Business Day (the "Payment Dates"). On each Payment Date the City shall pay by check or draft mailed to the person that was Developer or a Successor Holder of this Note at the close of the last business day of the City preceding such Payment Date an amount equal to the sum of the Tax Increments (as defined in the Development Agreement) received by the City during the six month period preceding such Payment Date. All payments made by the City under this Note shall be applied first to pay accrued, unpaid interest and then to principal.

The Payment Amounts due hereon shall be payable solely from Tax Increments (as defined in the Development Agreement) from the Development Property within the City's Tax Increment Financing District No. 14 (the "Tax Increment District") within its Development District No. 1 which are paid to the City and which the City is entitled to retain pursuant to the provisions of Minnesota Statutes, Sections 469.174 through 469.1799, as the same may be amended or supplemented from time to time (the "Tax Increment Act"). This Note shall terminate and be of no further force and effect following the last Payment Date defined above,

on any date upon which the City shall have terminated the Development Agreement under Section 14.2 thereof, on the date the Tax Increment District is terminated, or on the date that all principal and interest payable hereunder shall have been paid in full, whichever occurs earliest.

The City makes no representation or covenant, express or implied, that the Tax Increments will be sufficient to pay, in whole or in part, the amounts which are or may become due and payable hereunder.

The City's payment obligations hereunder shall be further conditioned on the fact that no Event of Default under the Development Agreement shall have occurred and be continuing at the time payment is otherwise due hereunder, but such unpaid amounts shall become payable if said Event of Default shall thereafter have been cured prior to the termination of the Development Agreement. If as a result of the occurrence of certain Events of Default under the Development Agreement the City elects to cancel and rescind this Note, the City shall have no further debt or obligation under this Note whatsoever. Reference is hereby made to all of the provisions of the Development Agreement, including without limitation Article VII and Article XIV thereof, for a fuller statement of the rights and obligations of the City to pay the principal of this Note, and said provisions are hereby incorporated into this Note as though set out in full herein.

This Note is a special, limited revenue obligation and not a general obligation of the City and is payable by the City only from the sources and subject to the qualifications stated or referenced herein. This Note is not a general obligation of the City, and neither the full faith and credit nor the taxing powers of the City are pledged to the payment of the principal of this Note and no property or other asset of the City, save and except the above-referenced Tax Increments, as defined in the Development Agreement, as the same may be amended from time to time, or shall be a source of payment of the City's obligations hereunder.

This Note is issued by the City in aid of financing a project pursuant to and in full conformity with the Constitution and laws of the State of Minnesota, including the Tax Increment Act.

This Note may be assigned only to transferees permitted or deemed to be permitted pursuant to the Development Agreement (each such permitted successor is referred to as "Successor Holder"), and any permitted assignment of the rights and obligations of the Development Agreement shall be deemed to be an assignment of the benefits of Developer pursuant to this Note. In order to assign the Note, the assignee shall surrender the same to the City either in exchange for a new fully registered note or for transfer of this Note on the registration records for the Note maintained by the City. Each permitted assignee shall take this Note subject to the foregoing conditions and subject to all provisions stated or referenced herein.

IT IS HEREBY CERTIFIED AND RECITED that all acts, conditions, and things required by the Constitution and laws of the State of Minnesota to be done, to have happened, and to be performed precedent to and in the issuance of this Note have been done, have happened, and have been performed in regular and due form, time, and manner as required by law; and that this Note, together with all other indebtedness of the City outstanding on the date hereof and on the date of its actual issuance and delivery, does not cause the indebtedness of the City to exceed any constitutional or statutory limitation thereon.

IN WITNESS WHEREOF, the City of Ramsey, Minnesota, by its City Council, has caused this Note to be executed by the manual signatures of its Mayor and City Administrator and has caused this Note to be dated as of _____, 20_____.

Mayor

City Administrator

CERTIFICATION OF REGISTRATION

It is hereby certified that the foregoing Note, as originally issued on _____, 200__, was on said date registered in the name of F&C Development, Inc. and that, at the request of the Registered Owner of this Note, the undersigned has this day registered the Note in the name of such Registered Owner, as indicated in the registration blank below, on the books kept by the undersigned for such purposes.

<u>NAME AND ADDRESS OF REGISTERED OWNER</u>	<u>DATE OF REGISTRATION</u>	<u>SIGNATURE OF CITY ADMINISTRATOR</u>
F&C Development, Inc. _____ _____ _____	_____ _____	_____ _____

EXHIBIT C

CITY LOAN AGREEMENT

CITY LOAN AGREEMENT

THIS CITY LOAN AGREEMENT is entered into as of _____, 2010, by and between the City of Ramsey, Minnesota, a charter city organized and existing under the constitution and laws of the State of Minnesota (the "City") and F & C Ramsey, LLC, an Indiana limited liability company (the "Developer").

RECITALS:

A. The City and the Developer are parties to the Development Agreement and the Purchase Agreement, as defined below, pursuant to which the City is selling the "Development Property" as defined below, to the Developer.

B. The Developer has also asked the City to lend the Developer \$1,420,000.00 to finance the construction and completion of the Minimum Improvements, as defined below.

C. The City has agreed to lend the Developer \$1,420,000.00 to finance the construction and completion of the Minimum Improvements, as defined below.

D. The City has agreed to make the City Loan to the Developer upon the terms and subject to the conditions hereinafter set forth.

AGREEMENTS:

NOW, THEREFORE, in consideration of the premises and the covenants hereinafter set forth, and of one dollar and other good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, the parties hereto hereby agree as follows:

ARTICLE I.

DEFINITIONS

For purposes of this City Loan Agreement the following terms shall have the meanings set forth in this Article I. Terms used in this City Loan Agreement and not otherwise defined herein have the meanings set forth in the Development Agreement.

"Advance" means an advance to the Developer of all or any portion of the proceeds of the City Loan in accordance with the terms hereof.

"City Counsel" means Briggs and Morgan, P.A.

"City Loan" shall mean the extension of credit evidenced by the City Note.

"City Loan Agreement" means this City Loan Agreement as the same may hereafter be amended, modified, extended or restated from time to time.

"City Note" means that certain Promissory Note bearing even date herewith made payable by Developer to the order of City in the original principal amount of up to \$1,420,000.00, and all amendments, modifications, replacements, renewals and substitutions therefor.

"Completion" or "Completed" means that (a) the Minimum Improvements are completed in accordance with the Final Construction Plans; (b) the City has issued the Certificate of Completion described in Section 5.5 of the Development Agreement; and (c) no Default or Event of Default has occurred and is continuing.

"Completion Date" means the earlier of (a) the date Developer's construction of the Minimum Improvements is Completed; or (b) December 31, 2012; provided, however, if a Developer's completion of construction of the Minimum Improvements is delayed as a result of an "Unavoidable Delay," as defined in the Development Agreement, the Developer gives the City notice of the Unavoidable Delay within thirty (30) days after the onset of the Unavoidable Delay and the Developer uses all commercially reasonable efforts to complete the construction of the Minimum Improvements as promptly as reasonably possible given the conditions causing the Unavoidable Delay, the Completion Date, as defined herein, will extend for a period of time equal to the duration of the condition causing the Unavoidable Delay plus a reasonable time for recovery and restoration following the cessation of such condition.

"Construction Cost Statement" means the Sworn Construction Cost Statement referred to in Section 2.3 hereof executed or to be executed by the Developer and the General Contractor.

"Construction Contract" means that certain agreement dated _____, 2011 between the Developer and the General Contractor.

"Contractor" means any Person including, without limitation, the General Contractor, that has a contract or subcontract under which payment may be required for any work done, materials supplied, or services furnished in connection with the design, construction and/or completion of the Minimum Improvements.

"Default" means any Event of Default or the occurrence of any event which, with the giving of notice or the lapse of any applicable grace period, or both, would be an Event of Default.

"Development Agreement" means that certain Development Agreement by and between the Developer and the City dated as of _____, 2010.

"Development Property" means Lot 3, Block 1, COR ONE, Anoka County, Minnesota and all improvements constructed thereon.

"Draw Request" means a Draw Request and Draw Request Certification in the form of Exhibit A hereto.

"Environmental Laws" shall mean, collectively, all applicable federal, state, local and foreign laws, common law or regulations, treaties, orders, decrees, permits, licenses, authorizations, judgments or injunctions issued, promulgated, approved or entered thereunder, now or hereafter in effect in each case relating to pollution or protection of individual, public or

employee health or safety or the environment (including, without limitation, ambient and indoor air, surface water, groundwater, soil, land surface or subsurface, and natural resources such as wetlands, flora and fauna) including, without limitation, laws relating to (a) emissions, discharges, releases or threatened releases of Hazardous Materials into the environment and (b) the manufacture, processing, distribution, use, generation, treatment, storage, disposal, transport or handling of Hazardous Materials.

"Event of Default" shall have the meaning given in Section 8.1 hereof.

"Final Construction Plans" has the meaning set forth in the Development Agreement.

"General Contractor" means Flaherty & Collins Construction, Inc.

"Guarantor" means Flaherty & Collins Construction, Inc.

"Guaranty" means that certain Guaranty bearing even date herewith executed by the Guarantor in favor of the City pursuant to which the Guarantor has unconditionally guaranteed the full payment and prompt performance of all obligations of the Developer under the Loan Documents.

"Hazardous Materials" the term "Hazardous Materials" includes but is not limited to substances defined as "hazardous substances," "toxic substances" or "hazardous wastes" in the Comprehensive Environmental Response Compensation Liability Act of 1980, as amended, 42 U.S.C. §9601, et seq., and substances defined as "hazardous wastes," "hazardous substances," "pollutants, or contaminants" as defined in the Minnesota Environmental Response Liability Act, Minnesota Statutes §115B.02. The term "Hazardous Materials" also includes asbestos, polychlorinated biphenyls, petroleum, including crude oil or any fraction thereof, petroleum products, heating oil, natural gas, natural gas liquids, liquefied natural gas, or synthetic gas useable for fuel (or mixtures of natural gas or synthetic gas).shall mean any pollutant, contaminant, toxic or hazardous substance, constituent or waste, or any other constituent, waste, material, compound or substance including, without limitation, asbestos, petroleum (including crude oil or any fraction thereof) or any petroleum product, which is subject to regulation or which can give rise to liability under any Environmental Law.

"Loan Documents" means this City Loan Agreement, the City Note, the Guaranty and any and all documents, instruments, certificates and agreements executed by the Developer and/or the Guarantor in connection with the City Loan, and any and all renewals, replacements, supplements, modifications, extensions and/or amendments of any of the foregoing.

"Minimum Improvements" means the "Minimum Improvements" as defined in the Development Agreement.

"Organizational Documents" means (a) as to any corporation, the certificate or articles of incorporation or association, the bylaws, any unanimous shareholder agreement or declaration, any certificate of determination or instrument relating to the rights of preferred shareholders of such corporation, any shareholder rights agreement or voting trust agreement and all other documents of a comparable nature, (b) as to any limited liability company, the articles of organization, the operating agreement, any unanimous member agreement or voting trust agreement and all other documents of a comparable nature, (c) as to any partnership, its partnership agreement, its certificate of partnership and all other documents of the nature

described above, and (d) as to any other entity, its organizational or governing documents and all other documents of the nature described above.

"Permits" means collectively all building permits, licenses and approvals required to be obtained prior to commencing construction of the Minimum Improvements.

"Person" means a natural person, corporation, partnership, limited partnership, unincorporated association, or proprietorship.

"Project" has the meaning set forth in the Development Agreement.

"Purchase Agreement" means the purchase agreement between the Housing and Redevelopment Authority for the City of Ramsey, Minnesota and the Developer dated _____, 2010.

ARTICLE II.

DOCUMENTS

In addition to the other conditions to the extension of credit contained in this City Loan Agreement, including but not limited to the conditions to advances set forth in Article IV hereof, the City shall have no obligation to make any advance against the City Note until the Developer has delivered the following items to the City, all of which shall be in form and substance satisfactory to the City:

2.1 Loan Documents. The executed Loan Documents.

2.2 Opinion of Counsel. Opinions of counsel of the Developer and the Guarantor in form and substance acceptable to City.

2.3 Sworn Construction Cost Statement. A sworn construction cost statement executed by the Developer and the General Contractor bearing even date herewith which:

- a. Lists the actual and estimated costs to complete the Minimum Improvements;
- b. Lists the names of all Contractors; and
- c. Shows that the funds available to the Developer are sufficient to assure completion of construction of the Minimum Improvements.

2.4 Insurance. One or more forms "ACORD 28 Evidence of Insurance" (or other evidence satisfactory to City) which substantiate that the insurance coverages required to be maintained by the Developer hereunder, and that all insurance policies relating thereto are in full force and effect.

ARTICLE III.

CONSTRUCTION LOAN COMMITMENT

3.1 Commitment of the City to Lend and the City Loan Agreement. Subject to the terms and conditions hereof and of the City Note and other Loan Documents delivered herewith, the City agrees to loan to the Developer, and the Developer agrees to borrow from the City, an amount not to exceed \$1,420,000.00. City shall make Advances against the City Note until the City Loan is fully

advanced, in the stages and subject to the limitations as set forth below. The City shall have no obligation to make any Advances against the City Note after the Completion Date.

ARTICLE IV.

ADVANCES AND DISBURSEMENTS

4.1 Conditions of All Advances. Without limiting any of the other terms of this City Loan Agreement, the obligation of the City to make any Advance hereunder shall be subject to the fulfillment of all of the following conditions:

- a. All representations, warranties and covenants contained in this City Loan Agreement or any documents or other written statement delivered to the City prior to or on the date of this City Loan Agreement shall be true and correct on and as of the date of this City Loan Agreement as though such representations, warranties and covenants had been made on and as of such date.
- b. No Default or Event of Default shall have occurred and be continuing.
- c. The City shall have received the documents and other items listed in Article II hereof.
- d. The Developer shall provide the City with lien waivers from all persons providing labor or materials to be paid for from the Advance.
- e. The Developer shall provide the City with evidence, reasonably acceptable to the City, that the Developer has spent more than \$1,300,000.00 of Developer equity on the Project.

4.2 Procedures and Requirements for Advances. Except as set forth in Section 4.6, to obtain Advances of the City Loan against the City Note, the Developer shall submit to the City, no more often than monthly, written Draw Requests stating the amount of the requested Advance and identifying the Contractors or other persons and entities who will be paid from the Advance, and certifying such amounts to be currently payable for costs incurred in connection with the development and construction of the Project. Each Draw Request shall be supported by the General Contractor's certification to the effect that:

- a. The construction work to be paid for has been completed in a workmanlike manner in accordance with the Plans;
- b. The funds remaining undisbursed on the City Loan together with the funds remaining undisbursed on Developer's Construction Loan, as defined in the Development Agreement, are sufficient to fully complete the Minimum Improvements in accordance with the Plans and the certified Construction Costs Statement; and
- c. The work is progressing so that it will be completed on or before the Completion Date.

Within ten (10) business days from receipt of such Draw Request and General Contractor's Certification the City shall disburse proceeds of the City Loan directly to the Developer and the other Contractors or

other persons and entities identified in the relevant Draw Request; provided that the City shall have the right, at its option, to refuse to make Advances should it determine that an Event of Default has occurred and is continuing.

4.3 Forms of Draw Request, etc. The form of Draw Request, the General Contractor's certificate, mechanic's lien waivers, certificates, and any and all other instruments or documents required to be delivered in connection with an advance hereunder shall be in form and substance satisfactory to the City in the City's reasonable discretion.

4.4 Sufficiency of Loan. It is expressly understood and agreed that the City assumes no liability or responsibility for the sufficiency of the City Loan to complete the Project.

4.5 Additional Rights and Remedies of City. In addition to all other rights and remedies available to the City hereunder and under the other Loan Documents, the City shall have the following rights:

a. The City may take such steps as it may deem appropriate, at its option, to verify the application of proceeds of the City Loan to work done and material furnished for the Project, and to vary the procedures for Advances herein set forth, if the same becomes necessary or desirable to assure the proper application of Advances authorized pursuant hereto, including but not limited to, authorizing Advances directly to the Contractors and corresponding reductions in the amount of Advances to be made to any Contractor or Developer hereunder. The foregoing notwithstanding, in no event shall the City be obligated to conduct any such verification or to so vary said procedures.

b. In the event that the City shall determine, in its reasonable judgment, that proper documentation to support a given Advance, as required by this City Loan Agreement, has not been furnished, it may withhold authorization of all or such portion of such Advance as shall not be so supported by proper documentation, and shall promptly notify the Developer of the discrepancy in or omission of such documentation. Until such time as such discrepancy or omission is corrected to the satisfaction of the City, it may withhold such amount.

c. From and after the occurrence of an Event of Default, the City reserves the right to authorize Advances which are allocated to any of the designated items in the Construction Cost Statement for such other purposes or in such different proportions as the City may, in its reasonable discretion, deem necessary or advisable. Developer may not reallocate items of cost or change the Construction Cost Statement without the consent of the City.

4.6 Advance to Pay Fee. In lieu of interest, the City is charging the Developer a \$120,000.00 fee for the extension of the City Loan to the Developer. The first Draw Request that the Developer submits to the City will be deemed to include a request that the City Advance \$120,000.00 and will be deemed to direct the City to retain the \$120,000.00 Advance in full payment of the fee described in this Section 4.6.

4.7 Additional Limitations on Advances. The City is not obligated to and will not make any Advances to the Developer before the Developer commences construction of the Minimum Improvements. For purposes of this Section 4.7, the Developer is deemed to have Commenced Construction when Developer has

a. obtained all building permits from the City of Ramsey necessary for the construction of the Minimum Improvements; and

b. commenced work related to the construction of the Minimum Improvements on the Development Property which work would constitute "the actual and visible beginning of the improvement on the ground," as that phrase is used in Minnesota Statutes Section 514.05 and interpreted by the Minnesota courts.

If Developer does not commence construction of the Minimum Improvements on or before June 30, 2011, the City is not obligated to make any Advances under this Agreement, and the City may terminate this Agreement upon five (5) days written notice to the Developer. The City is not obligated to and will not make any Advances after December 31, 2011. The City will not disburse proceeds of the City Loan to pay "Eligible Costs," as defined in the Development Agreement.

ARTICLE V.

REPRESENTATIONS AND WARRANTIES

To induce City to make the requested Loan hereunder, the Developer represents and warrants to City as of the date of this City Loan Agreement that:

5.1 Organization and Qualification of the Developer. The Developer is a corporation duly organized, validly existing and in good standing under the laws of the State of Indiana. The Developer has the power and authority to own its property and to carry on its activities as now being conducted, and is qualified and licensed to do business and is in good standing in every jurisdiction where failure to qualify could have a material adverse effect on the financial condition, activities, or operations of the Developer.

5.2 Organization and Qualification of Guarantor. The Guarantor is a corporation duly organized, validly existing and in good standing under the laws of the State of Indiana. The Guarantor has the power and authority to own its property and to carry on its activities as now being conducted, and is qualified and licensed to do business and is in good standing in every jurisdiction where failure to qualify could have a material adverse effect on the financial condition, activities, or operations of the Guarantor.

5.3 Authority; Validity; Binding Effect. The execution and delivery of the Loan Documents, the borrowing of funds contemplated thereby, and the performance or observance by Developer of its obligations under the Loan Documents do not contravene or violate any provision of law, or any covenant, indenture or agreement of or binding upon the Developer and do not require the consent or approval of any governmental entity or agency thereof. The execution and delivery of the Guaranty and the performance or observance by the Guarantor of its obligations under the Guaranty have been duly authorized by all necessary corporate action the of Guarantor, do not contravene or violate any provision of law, any Organizational Document of Guarantor or any covenant, indenture or agreement of or binding upon Guarantor and do not require the consent or approval of any governmental entity or agency thereof. The Loan Documents are legal, valid and binding obligations of the Developer and the Guarantor, and the Loan Documents are enforceable against the Developer and the Guarantor (as the case may be) in accordance with their respective terms.

5.4 Compliance with Laws. To the best of the Developer's actual knowledge, no violation of any law, ordinance, regulation or requirement exists with respect to the Project, and the Developer is in compliance with all other laws, ordinances, regulations and requirements where the

failure to comply would reasonably be expected to have a material adverse effect on the Developer, its activities or its financial condition.

5.5 Pending Actions. There are no material actions, suits or proceedings pending, or to the knowledge of the Developer, threatened against or affecting the Developer or the Project, and the Developer is not in default with respect to any order, writ, injunction, decree or demand of any court or any governmental authority.

5.6 No Breach. The consummation of the transaction contemplated hereby and performance of this City Loan Agreement, the Loan Documents, and all other documents executed and delivered in connection herewith will not result in any breach of, or constitute a default under, any mortgage, deed of trust, lease, bank loan or credit agreement, partnership agreement or other instrument to which the Developer or the Guarantor is a party, or by which the Developer or the Guarantor may be bound or affected.

5.7 No Event of Default. No Default or Event of Default has occurred and is continuing as of the date hereof.

5.8 Use of City Loan Funds. The Developer will use the proceeds of the City Loan solely to finance the development and construction of the Project.

5.9 Need for City Loan. The Developer would not undertake the Project without the assistance the City is providing to the City Loan.

ARTICLE VI.

AFFIRMATIVE COVENANTS

The Developer hereby covenants and agrees with the City that for so long as the City has any obligation to make Advances hereunder or any amount remains unpaid on any indebtedness of the Developer to the City hereunder, the Developer will:

6.1 Books, Records and Inspections. Maintain complete and accurate books and records; permit, and cause the Guarantor to permit, reasonable access by the City to the books and records of the Developer and the Guarantor; and permit the City to inspect the Project and other operations of the Developer and the Guarantor.

6.2 Insurance. Maintain insurance to such extent and against such hazards and liabilities as is commonly maintained by companies similarly situated or as the City may reasonably request from time to time, which insurance shall include without limitation the following:

a. Development Property Insurance. So-called "all risk" insurance with respect to the Project and all personal property located thereon, insuring against any peril now or hereafter included within the classification of "Special Perils" or "Cause of Loss – Special Form" (sometimes referred to as "All Risk of Physical Loss") in an amount equal to the full insurable value of such property.

b. Liability Insurance. Commercial general liability insurance on the so-called "occurrence" form, including bodily injury, death and property damage liability, insurance against any and all claims, including all legal liability to the extent insurable and imposed upon

the City and all court costs and legal fees and expenses, arising out of or connected with the possession, use, leasing, operation, maintenance or condition of the Project in such amounts as are generally available at commercially reasonable premiums but in any event for a limit per occurrence of at least \$1,000,000 and an annual aggregate of at least \$2,000,000. The City shall be named as additional insured with respect to any insurance policy providing the coverage required by the immediately preceding sentence, and the Developer shall cause each provider of any such insurance to agree, by endorsement upon the policy or policies issued by it or by independent instruments furnished to the City, that it will give the City thirty (30) days prior written notice before any such policy or policies shall be altered or canceled, and that no act or default of the Developer shall affect the rights of the City under such policy or policies.

c. Worker's Compensation Insurance. Statutory workers' compensation and disability insurance.

6.3 Taxes and Liabilities. Pay, when due, all taxes, assessments and other liabilities except as contested in good faith and by appropriate proceedings.

6.4 Real Estate Taxes and Insurance Premiums. Promptly advise the City of the non-payment when due of any real estate taxes or installments of special assessments payable with respect to the Project.

6.5 Construction of Minimum Improvements. Commence construction of the Minimum Improvements on or before June 30, 2011. Complete the Minimum Improvements on or before the Completion Date in a good and workmanlike manner, in accordance with the Plans and in compliance with applicable laws, rules, regulations, building codes, and ordinances.

6.6 Reimbursement of Expenses. Promptly reimburse the City for any and all expenses of collection of any loan made or to be made hereunder, including reasonable attorneys' fees, whether or not suit is commenced.

6.7 Financial Information Regarding Guarantor's Net Worth and Substitute Guarantor. Until the City Note is paid in full, the Developer shall cause the Guarantor to provide the City with a reviewed financial statement for the Guarantor for the immediately preceding calendar year prepared by a certified public accountant (who may be any employee of the Guarantor) in accordance with generally accepted accounting principles, consistently applied on or before May 15 of each calendar year. If, in any year, the Guarantor's net worth is less than \$2,200,000.00, Developer must provide a replacement guaranty from another individual or entity reasonably acceptable to the City and having a net worth of not less than \$2,200,000.00. If a replacement guaranty is provided, the person or entity providing the replacement guaranty shall be the "Guarantor" for purposes of this Agreement.

6.8 On or before April 1, 2014 and on or before each April 1 thereafter until April 1, 2029, the Developer must provide the City with a statement from a certified public accountant 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 the City may reasonably request to confirm the certified public accountant's calculation of "Net Cash Flow," "Net Operating Income," and "Operating Expenses." The certified public accountant who prepares the statement may be an employee of Borrower or an Affiliate of Borrower.

ARTICLE VII.

EVENTS OF DEFAULT AND THEIR EFFECT

7.1 Events of Default. Each of the following shall constitute an "Event of Default" under this City Loan Agreement:

a. Nonpayment of Note. Developer fails to pay any installment of principal on the City Note when due, and such payment is not made within a period of five (5) days after Written Notice thereof shall have been given by the City to the Developer.

b. Other Covenants. The Developer defaults in the due performance or observance of any term, covenant or agreement contained in this City Loan Agreement and such default shall continue for a period of fifteen (15) days after written notice thereof shall have been given by the City to the Developer.

c. Other Loan Documents. The Developer defaults in the due performance or observance of any term, covenant or agreement contained in any one or more of the Loan Documents and (a) such default constitutes an "Event of Default" under the terms of such other Loan Document(s), or (b) such default shall continue beyond the applicable notice and cure, if any, set forth in such other Loan Document.

d. Development Agreement. The Developer defaults in the due performance or observance of any term, covenant or agreement contained in the Development Agreement and such default shall continue beyond the applicable notice and cure period, if any, set forth in the Development Agreement.

e. Insolvency of Developer or Guarantor. The Developer or the Guarantor (i) becomes insolvent or unable to pay its debts generally as they mature, (ii) suspends business, (iii) makes a general assignment for the benefit of creditors, (iv) admits in writing its inability to pay its debts generally as they mature; (v) files or has filed against it a petition in bankruptcy or a petition or answer seeking a reorganization, arrangement with creditors or other similar relief under the federal bankruptcy laws or under any other applicable law of the United States of America or any state thereof, (vi) consents to the appointment of a trustee or receiver for it or for a substantial part of its property, (vii) takes any organizational action for the purpose of effecting or consenting to any of the foregoing.

f. Representations and Warranties. If any representation or warranty contained herein or in any other Loan Document, or in any letter, financial statement, or certificate furnished or to be furnished to the City, proves to be false in any material respect as of the date this City Loan Agreement is executed or at the time such letter or certificate is delivered to the City.

g. Completion of Minimum Improvements. If the Developer has not Completed the Minimum Improvements on or before the Completion Date.

7.2 Effect of Event of Default. If any Event of Default shall occur, the City Note shall, at the City's option, become immediately due and payable, in full, by giving the Developer written notice of such acceleration. In addition, and without limiting any other remedy available to the City, upon the occurrence of an event set forth in Section 8.1(e) above, all sums outstanding on the City Note shall

become immediately due and payable automatically without notice to the Developer. If any Event of Default shall occur, the City may, at its option, exercise any of its available rights and remedies under the Loan Documents and under any applicable law, rule or regulation, including, without limitation, the following:

- a. terminate the City's obligation to Advance any further sums pursuant hereto; or
- b. declare all amounts advanced against the City Note, plus all accrued but unpaid interest thereon, to be immediately due and payable, and demand payment in full of the then-outstanding principal balance of the City Note and all accrued but unpaid interest thereon.

7.3 No Remedy Exclusive. No remedy herein conferred upon or reserved to the City is intended to be exclusive of any other available remedy or remedies, but each and every such remedy shall be cumulative and shall be in addition to every other remedy given under this City Loan Agreement, the other Loan Documents, the Development Agreement now or hereafter existing at law or in equity or by statute. No delay or omission to exercise any right or power accruing upon any default shall impair any such right or power or shall be construed to be a waiver thereof, but any such right and power may be exercised from time to time and as often as may be deemed expedient.

ARTICLE VIII.

MISCELLANEOUS

8.1 Conflicts of Interest. No member of the governing body or other official of the City shall participate in any decision relating to this City Loan Agreement which affects his or her personal interests or the interests of any corporation, partnership or association in which he or she is directly or indirectly interested. No member, official or employee of the City shall be personally liable to the City in the event of any default or breach by the Developer or successor or on any obligations under the terms of this City Loan Agreement.

8.2 Titles of Articles and Sections. Any titles of the several parts, articles and sections of this City Loan Agreement are inserted for convenience of reference only and shall be disregarded in construing or interpreting any of its provisions.

8.3 Binding Effect. The parties hereto agree that this City Loan Agreement shall be binding upon and inure to the benefit of their respective successors in interest and assigns including any holder of or participant in the Note; provided, however, that the Developer may not assign or transfer its interest herein without the prior written consent of the City. Nothing herein shall be interpreted or construed as creating any rights in any person other than the parties hereto.

8.4 Governing Law, Waiver of Right to Jury Trial, Jurisdiction, Venue and Severability. This City Loan Agreement is made in the state of Minnesota and shall be construed in accordance with the laws thereof. The parties consent to the personal jurisdiction of the state and federal courts located in the state of Minnesota in connection with any controversy related to this City Loan Agreement and the parties waive any argument that venue in such forms is not convenient. The parties agree that any litigation initiated by either party against the other shall be venued either in the district court in Anoka County, Minnesota or the U.S. District Court, District of Minnesota. The City and the Developer, each having been represented by counsel each knowingly and voluntarily waives a right to a trial by jury in any action or proceeding to enforce or defend any rights under this City Loan Agreement

or any amendment to this City Loan Agreement. If any provision of this City Loan Agreement is in conflict with any statute or rule of law of the state of Minnesota or is otherwise unenforceable, such provision shall be deemed null and void only to the extent of such conflict or unenforceability, and shall be deemed separate from and shall not invalidate any other provision of this City Loan Agreement.

8.5 Notices. Any notices required or contemplated hereunder shall be effective upon the placing thereof in the United States mails, certified mail and with return receipt requested, postage prepaid, or sent by overnight courier, or sent by facsimile, and addressed as follows:

If to Developer: F&C Ramsey, LLC
8900 Keystone Crossing #1200
Indianapolis, IN 46240
Attn: David M. Flaherty
Telephone No.: (317) 816-9300
Facsimile No.: (317) 816-9301
Email: dflaherty@flahertycollins.com

With copies to: Barnes & Thornburg
11 S. Meridian St.
Indianapolis, IN 46204
Attn: Stephen Lee
Telephone No.: (317) 231-7200
Facsimile No.: (317) 231-7433
Email: stephen.lee@BTLaw.com

If to City: City of Ramsey, Minnesota
Ramsey Municipal Center
7550 Sunwood Drive
Ramsey, MN 55303
Attn: City Administrator
Telephone No.: (763) 427-1410
Facsimile No.: (763) 433-9888
Email: kulrich@ci.ramsey.mn.us

With copies to: Briggs and Morgan, P.A.
2200 IDS Center
80 South Eighth Street
Minneapolis, Minnesota 55402
Attn: Tom Bray
Email: tbray@briggs.com
Facsimile No. (612) 977-8650

8.6 No Waivers. No failure or delay on the part of the City in exercising any right, power or privilege hereunder and no course of dealing between the Developer and the City shall operate as a waiver thereof; nor shall any single or partial exercise of any right, power or privilege hereunder preclude any other or further exercise thereof or the exercise of any other right, power or privilege.

8.7 Amendment and Waiver. Neither this City Loan Agreement nor any provision hereof may be modified, waived, discharged or terminated orally, but only by an instrument in writing signed by the party against whom enforcement of the change, waiver, discharge or termination is sought.

In the event any agreement contained in this City Loan Agreement should be breached by any party and thereafter waived by any other party, such waiver shall be limited to the particular breach so waived and shall not be deemed to waive any other concurrent, previous or subsequent breach hereunder.

8.8 Counterparts. This City Loan Agreement may be executed in any number of counterparts, all of which taken together shall constitute one and the same instrument, and either of the parties may execute this City Loan Agreement by signing any such counterparts.

8.9 Superseding Effect. This City Loan Agreement, the Loan Documents, the Development Agreement, and the Purchase Agreement constitute the entire agreement between the City and Developer with respect to the matters addressed in those agreements and documents, and those agreements and documents supersede and replace any prior agreements, either oral or written, with respect to those matters.

8.10 Indemnification. The Developer hereby agrees to defend, protect, indemnify and hold harmless City and its affiliates and the directors, officers, employees of the City and its affiliates (each of the foregoing being an "Indemnitee" and all of the foregoing being collectively the "Indemnitees") from and against any and all claims, actions, damages, liabilities, judgments, costs and expenses (including all reasonable fees and disbursements of counsel which may be incurred in the investigation or defense of any matter) imposed upon, incurred by or asserted against any Indemnitee, whether direct, indirect or consequential and whether based on any federal, state, local or foreign laws or regulations (including securities laws, environmental laws, commercial laws and regulations), under common law or on equitable cause, or on contract or otherwise:

a. by reason of, relating to or in connection with the execution, delivery, performance or enforcement of any Loan Document, any commitments relating thereto, or any transaction contemplated thereby; or

b. by reason by, relating to or in connection with any credit extended or used under any Loan Document or any act done or omitted by any Person, or the exercise of any rights or remedies thereunder, including the acquisition of any collateral by the City by way of foreclosure of the lien thereon, deed or bill of sale in lieu of such foreclosure or otherwise;

provided, however, that the Developer shall not be liable to any Indemnitee for any portion of such claims, damages, liabilities and expenses resulting from such Indemnitee's gross negligence or willful misconduct. In the event this indemnity is unenforceable as a matter of law as to a particular matter or consequence referred to herein, it shall be enforceable to the full extent permitted by law.

The indemnification provisions set forth above shall be in addition to any liability the Developer may otherwise have. Without prejudice to the survival of any other obligation of the Developer hereunder, the indemnities and obligations of the Developer contained in this Section 9.9 shall survive the payment in full of the sums outstanding on the Note.

8.11 Developer Acknowledgments. The Developer hereby acknowledges that (a) it has been advised by counsel in the negotiation, execution and delivery of this City Loan Agreement and the other Loan Documents, (b) the City has no fiduciary relationship to the Developer, the relationship between the Developer and the City being solely that of debtor and creditor, (c) no joint venture exists between the Developer and the City, and (d) the City undertakes no responsibility to the Developer to review or inform the Developer of any matter in connection with any phase of the business or operations of the Developer and the Developer shall rely entirely upon its own judgment with respect to its business,

and any review, inspection or supervision of, or information supplied to, the Developer by the City is for the protection of the City and neither the Developer nor any third party is entitled to rely thereon.

8.12 Time of Essence. The parties' timely performance of each of the obligations set forth in this City Loan Agreement is an essential term of this City Loan Agreement.

8.13 Survival. The City and the Developer intend that the terms of this City Loan Agreement shall survive the parties' execution of the Development Agreement, Purchase Agreement, the deeds and other documents referenced in the Purchase Agreement, the Loan Documents and none of the terms or conditions of this City Loan Agreement shall be merged into any other documents executed in connection with the transactions contemplated herein.

8.14 Interpretation. The City and the Developer agree that this City Loan Agreement shall be interpreted without regard to which party drafted the City Loan Agreement.

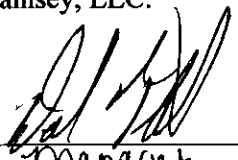
8.15 No Relationship. The City and the Developer are not, for any purpose, partners or joint ventures with respect to the development contemplated by this City Loan Agreement.

[Remainder of page intentionally left blank;
Signature page follows]

IN WITNESS WHEREOF, the parties hereby have caused this City Loan Agreement to be executed and delivered the date and year first above written.

DEVELOPER:

F&C Ramsey, LLC.

By 
Its Manager

CITY:

CITY OF RAMSEY, Minnesota, a public body
corporate and politic under the laws of Minnesota

By _____
Its Mayor

By _____
Its City Administrator

EXHIBIT A

**FORM OF DRAW REQUEST AND
DRAW REQUEST CERTIFICATION**

F& C Ramsey, LLC, an Indiana limited liability company ("Developer"), hereby certify as follows (all terms not otherwise defined herein having the meanings set forth in the City Loan Agreement ("City Loan Agreement") dated _____, 2010, between the Developer and the City of Ramsey, Minnesota, a public body corporate and politic under the laws of Minnesota:

a. At the date hereof no suit or proceeding at law or in equity, and no notice has been received that any investigation or proceeding of any governmental body has been instituted or, to the knowledge of Developer, is threatened, which in either case could have a material adverse effect on the financial condition or business operations of Developer.

b. At the date hereof, no default or event of default (other than any attributable to City) under the City Loan Agreement or under any of the other Loan Documents has occurred and is continuing, and no event has occurred which, upon the service of notice and/or the lapse of time, would constitute an event of default thereunder, except the following:

c. The representations and warranties set forth in Article V of the City Loan Agreement are hereby reaffirmed and restated, and Developer represents and warrants to City that the same are true, correct and complete on the date hereof, except as to the following:

_____.

d. No material adverse change has occurred in the financial condition or in the assets or liabilities of Developer from those set forth in the latest financial statements for each furnished to City, except the following: _____.

e. The progress of construction of the Project is such that it can be completed on or before the Completion Date specified in the City Loan Agreement for the cost originally represented to City, except for the following: _____.

f. The City Loan, as of the date hereof, is in balance as required by the City Loan Agreement, and the undisbursed proceeds of the City Loan, including the Advance requested herein, together with undisbursed proceeds of Developer's loan from _____ are adequate and sufficient to pay for all labor, materials, equipment, work, services and supplies necessary for the completion of the Minimum Improvements to which such Advance relates, including the installation of all fixtures and equipment required for the operation of the completed Project, except for the following increases in the total cost of the Minimum Improvements:

_____.

g. The labor, materials, equipment, work, services and supplies described herein have been performed upon or furnished to the Project in full accordance with the Plans, which have not been amended except as expressly permitted by the City Loan Agreement.

h. There have been no changes in any estimated costs relating to the completion of the Minimum Improvements from those set forth on the Construction Cost

Statement, as amended by any amendment thereto heretofore delivered by Developer to City and approved by City, if such approval is required by the City Loan Agreement.

i. All bills for labor, materials, equipment, work, services and supplies furnished in connection with the construction of the Minimum Improvements, which could give rise to a mechanic's lien if unpaid, have been paid, will be paid out of the requested Advance or are not yet due and payable.

j. All claims for mechanics' liens which shall have arisen or could arise for labor, materials, equipment, work, services or supplies furnished in connection with the Project through the last day of the period covered by the requested Advance have been effectively waived in writing, or will be effectively waived in writing when payment is made and such written lien waiver shall be delivered to City or its disbursing agent prior to the next Advance or final Advance against the City Note, or sooner as may be requested by the Title Company or City.

k. All funds advanced under the City Loan Agreement to date have been utilized as specified in the Draw Requests pursuant to which the same were advanced, exclusively to pay costs incurred for or in connection with constructing the Minimum Improvements and developing the Development Property and the Project, and Developer represents that no part of the City Loan proceeds have been paid for labor, materials, equipment, work, services or supplies incorporated into or employed in connection with any project other than the Project, as that term is defined in the City Loan Agreement. Developer further represents that all funds covered by this Draw Request are for payment for labor, materials, equipment, work, services or supplies furnished solely in connection with the construction and completion of the Minimum Improvements.

Developer authorizes and requests City to charge the total amount of this Draw Request against Developer's City Loan account and to advance from the proceeds of the City Loan the funds hereby requested, and to make or authorize disbursement of said funds to the Title Company for disbursement to Developer in amounts up to, but not exceeding, the amounts listed herein, subject to the requirements of and in accordance with the procedures provided in the City Loan Agreement. The Advance made pursuant to this Draw Request is acknowledged to be an accommodation to Developer and is not a waiver by City of any Defaults or Events of Default under the City Loan Agreement or any of the other Loan Documents or any other claims of City against Developer.

The advances and disbursements on the attached sheets are hereby approved and authorized.

F & C Ramsey, LLC,
An Indiana limited liability company

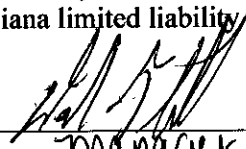
By  _____
Its manager _____

EXHIBIT D

CITY NOTE

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 accountant 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

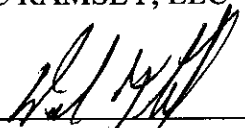
By:  _____
Its: Chief Manager

EXHIBIT E

GUARANTY

GUARANTY

_____, 2011

For good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, and to induce the City of Ramsey, Minnesota, a charter city organized and existing under the constitution and laws of the State of Minnesota (the "City"), to lend \$1,420,000 to F & C Development, Inc., an Indiana corporation (the "Developer") pursuant to the terms of that certain City Loan Agreement between the Developer and the City of even date herewith (the "City Loan Agreement") and the related Promissory Note executed by Developer in favor of the City of even date herewith (the "City Note"), the undersigned hereby absolutely and unconditionally guarantees to the City the full and prompt payment when due, whether at maturity or earlier by reason of acceleration or otherwise, all amounts payable by Developer to the City pursuant to the City Loan Agreement, the City Note, and all other Loan Documents (as defined therein), as the same may be amended, supplemented, restated, replaced or otherwise modified from time to time, whether such debt, liability or obligation now exists or is hereafter created or incurred, and whether it is or may be direct or indirect, due or to become due, absolute or contingent, primary or secondary, liquidated or unliquidated, or joint, several or joint and several (all such debts, liabilities and obligations being hereinafter collectively referred to as the "Indebtedness").

The undersigned further acknowledges and agrees with City that:

1. No act or thing need occur to establish the liability of the undersigned hereunder, and no act or thing, except full payment and discharge of all indebtedness, shall in any way exonerate the undersigned or modify, reduce, limit or release the liability of the undersigned hereunder.

2. So long as any portion of the Indebtedness remains outstanding, the undersigned shall, on or before May 15 of each year, provide the City with a reviewed financial statement for the undersigned prepared by an independent accounting firm in accordance with generally accepted accounting principals, consistently applied. If, in any year, the undersigned's net worth is less than \$2,200,000.00 then the City shall have the right, upon ten (10) days written notice to Developer and the Developer's failure to provide a replacement guaranty from another individual or entity reasonably acceptable to the City and having a net worth of \$2,200,000.00 or more, as evidenced by a current reviewed financial statement for the replacement guarantor prepared by an independent accounting firm in accordance with generally accepted accounting principals, consistently applied, to declare the Indebtedness immediately due and payable, and the undersigned will forthwith pay to the City the full amount of all Indebtedness, whether due and payable or unmatured. If the undersigned voluntarily commences or there is commenced involuntarily against the undersigned a case under the United States Bankruptcy Code, the full amount of all Indebtedness, whether due and payable or unmatured, shall be immediately due and payable without demand or notice thereof.

3. The liability of the undersigned hereunder shall include accrued interest, all attorneys' fees, collection costs and enforcement expenses referable thereto. Indebtedness may be created and continued in any amount, whether or not in excess of such principal amount, without affecting or impairing the liability of the undersigned hereunder. The City may apply any sums received by or

available to the City on account of the Indebtedness from Developer, from their properties, out of any collateral security or from any other source to payment of the excess. Such application of receipts shall not reduce, affect or impair the liability of the undersigned hereunder.

4. The undersigned will pay or reimburse the City for all costs and expenses (including reasonable attorneys' fees and legal expenses) incurred by the City in connection with the protection, defense or enforcement of this guaranty in any litigation or bankruptcy or insolvency proceedings.

5. Whether or not any existing relationship between the undersigned and Developer has been changed or ended and whether or not this guaranty has been revoked, the City may, but shall not be obligated to, enter into transactions resulting in the creation or continuance of Indebtedness, without any consent or approval by the undersigned and without any notice to the undersigned. The liability of the undersigned shall not be affected or impaired by any of the following acts or things (which the City is expressly authorized to do, omit or suffer from time to time, both before and after revocation of this guaranty, without notice to or approval by the undersigned): (i) any acceptance of collateral security, guarantors, accommodation parties or sureties for any or all Indebtedness; (ii) any one or more extensions or renewals of Indebtedness (whether or not for longer than the original period) or any modification of the interest rates, maturities or other contractual terms applicable to any Indebtedness; (iii) any waiver or indulgence granted to Developer, any delay or lack of diligence in the enforcement of Indebtedness, or any failure to institute proceedings, file a claim, give any required notices or otherwise protect any Indebtedness; (iv) any full or partial release of, settlement with, or agreement not to sue, Developer or any other guarantor or other person liable in respect of any Indebtedness; (v) any discharge of any evidence of Indebtedness or the acceptance of any instrument in renewal thereof or substitution therefor; (vi) any failure to obtain collateral security (including rights of setoff) for Indebtedness, or to see to the proper or sufficient creation and perfection thereof, or to establish the priority thereof, or to protect, insure, or enforce any collateral security; or any modification, substitution, discharge, impairment, or loss of any collateral security; (vii) any foreclosure or enforcement of any collateral security; (viii) any transfer of any Indebtedness or any evidence thereof; (ix) any order of application of any payments or credits upon Indebtedness; (x) any election by the City under §1111(b) of the United States Bankruptcy Code.

6. The undersigned waives any and all defenses, claims and discharges of Developer, or any other obligor, pertaining to Indebtedness, except the defense of discharge by payment in full. Without limiting the generality of the foregoing, the undersigned will not assert, plead or enforce against the City any defense of waiver, release, discharge in bankruptcy, statute of limitations, res judicata, statute of frauds, anti-deficiency statute, fraud, incapacity, minority, usury, illegality or unenforceability which may be available to Developer or any other person liable in respect of any Indebtedness, or any setoff available against the City to Developer or any such other person, whether or not on account of a related transaction. The undersigned expressly agree that the undersigned shall be and remain liable for any deficiency remaining after foreclosure of any deed of trust or security interest securing Indebtedness, whether or not the liability of Developer or any other obligor for such deficiency is discharged pursuant to statute or judicial decision.

7. The undersigned waives presentment, demand for payment, notice of dishonor or nonpayment, and protest of any instrument evidencing Indebtedness. The City shall not be required first to resort for payment of the Indebtedness to Developer or other persons or their properties, or first to enforce, realize upon or exhaust any collateral security for Indebtedness, before enforcing this guaranty.

8. If any payment applied by the City to Indebtedness is thereafter set aside, recovered, rescinded or required to be returned for any reason (including, without limitation, the bankruptcy, insolvency or reorganization of Developer or any other obligor) the Indebtedness to which

such payment was applied shall for the purposes of this guaranty be deemed to have continued in existence, notwithstanding such application, and this guaranty shall be enforceable as to such Indebtedness as fully as if such application had never been made.

9. The liability of the undersigned under this guaranty is in addition to and shall be cumulative with all other liabilities of the undersigned to the City as guarantor or otherwise, without any limitation as to amount, unless the instrument or agreement evidencing or creating such other liability specifically provides to the contrary.

10. The undersigned represents and warrants to the City that (i) the undersigned has full power and authority to make and deliver this guaranty; (ii) the execution, delivery and performance of this guaranty by the undersigned does not and will not violate the provisions of, or constitute a default under, any presently applicable law or any agreement presently binding on the undersigned; (iii) this guaranty has been duly executed and delivered by the undersigned and constitutes the undersigned's lawful, binding and legally enforceable obligation (subject to the United States Bankruptcy Code and other similar laws generally affecting the enforcement of creditors' rights); and (iv) the execution and delivery and performance of this guaranty does not require notification to, registration with, or consent or approval by, any federal, state or local regulatory body or administrative agency.

11. This guaranty shall be effective upon delivery to the City, without further act, condition or acceptance by the City, shall be binding upon the undersigned and the successors and assigns of the undersigned and shall inure to the benefit of the City and its participants, successors and assigns. Any invalidity or unenforceability of any provision or application of this guaranty shall not affect other lawful provisions and application hereof, and to this end the provisions of this guaranty are to be severable. This guaranty may not be waived, modified, amended, terminated, released or otherwise changed except by a writing signed by the undersigned and the City. The undersigned waives notice of the City's acceptance hereof and waives the right to a trial by jury in any action based on or pertaining to this guaranty.

12. This guaranty shall be construed according to the laws of the State of Minnesota in which state it shall be performed by the undersigned. The undersigned hereby consents to the personal jurisdiction of the state and federal courts located in the State of Minnesota in connection with any controversy related to this guaranty, waives any argument that venue in such forums is not convenient, and agrees that any litigation initiated by the undersigned against the City in connection with this guaranty may be venued in either the District Court of Anoka County, Minnesota or the United States District Court in Minnesota.

13. The undersigned represents, warrants, acknowledges and agrees that: (i) the undersigned will receive direct economic benefit from the loans and advances made by the City to Developer evidenced by the Indebtedness, (ii) the City is making advances to Developer in reliance upon this guaranty, and (iii) the undersigned has received reasonably equivalent value in return for the undersigned's execution and delivery of this guaranty.


14. The undersigned waives and relinquishes any right of subrogation or other right of reimbursement from the Developer or the Developer's estate and any other right to payment from the Developer or the Developer's estate, arising out of or on account of any sums paid or agreed to be paid by the undersigned under this guaranty, whether any such right is reduced to judgment, liquidated, unliquidated, fixed, contingent, matured, unmatured, disputed, undisputed, secured or unsecured. The provisions of this paragraph are made for the express benefit of Developer as well as City and may be enforced independently by Developer.

15. The creation or existence from time to time of Indebtedness in excess of the amount to which the right of recovery under this Guaranty is limited is hereby authorized, without notice to the undersigned, and shall in no way affect or impair the rights of the Lender and the obligations of the undersigned under this Guaranty.

16. The undersigned hereby agrees to deliver to the City, as soon as available, and in any event within 120 days of the end of each calendar year, a sworn statement of the undersigned, in the form provided by City, and including, without limitation, a copy of the undersigned's annual internally-prepared financial statement and federal tax return in such form and detail as City may require.

IN WITNESS WHEREOF, this guaranty has been duly executed by the undersigned the day and year first above written.

Flaherty & Collins Construction, Inc.
an Indiana corporation

By: 
Its: President

SIGNATURE PAGE TO GUARANTY

EXHIBIT F

ASSESSMENT AGREEMENT

ASSESSMENT AGREEMENT

THIS AGREEMENT, dated as of this _____ day of _____, 2010, is between the City of Ramsey, Minnesota a home rule charter city organized and existing under the constitution and the laws of the State of Minnesota (the "City") and F & C Development, Inc., an Indiana corporation (the "Developer").

WITNESSETH

WHEREAS, on or before the date hereof the City, The Housing and Redevelopment Authority in and for the City of Ramsey, Minnesota (the "HRA") and the Developer have entered into a Development Agreement dated as of _____, 2010 (the "Development Agreement") regarding the property located in the City and legally described on the attached Exhibit A (the "Development Property").

WHEREAS, it is contemplated that pursuant to said Development Agreement, the Developer will construct certain "Minimum Improvement," as defined in the Development Agreement, on the Development Property in accordance with construction plans approved by the City (the "Project").

WHEREAS, the City and Developer desire to establish a minimum market value for the Development Property and the improvements constructed or to be constructed thereon, pursuant to Minnesota Statutes, Section 469.177.

WHEREAS, the Developer has acquired the Development Property.

WHEREAS, the City and the Assessor have reviewed Final Construction Plans, as defined in the Development Agreement for the Project.

NOW, THEREFORE, the parties to this Agreement, in consideration of the promises, covenants and agreements made by each to the other, do hereby agree as follows:

1. The Project shall be assessed for ad valorem real estate tax purposes at the minimum market values set forth on the attached Exhibit B, for assessment years 2013 through and including 2037.

2. The minimum market values herein established shall be of no further force and effect and this Agreement shall terminate on the earlier of (i) December 31, 2037; or (ii) the date on which the City's Tax Increment Financing District No. 14 expires or is otherwise terminated. If this Agreement terminates earlier than December 31, 2037, the City shall duly execute and record a release of this Agreement, upon the written request of the then holder of fee title to the Development Property.

3. This Agreement shall be recorded by the City with the County Recorder of Anoka County, Minnesota. The Developer shall pay all costs of recording.

4. Nothing in this Agreement limits the discretion of the Assessor to assign a market value to the Development Property in excess of the minimum market values set forth herein nor prohibits the Developer from seeking, through the exercise of legal or administrative remedies, a reduction of the Development Property's market value for ad valorem real estate tax purposes, but the Developer may not seek a reduction of the Development Property's market value for ad valorem real estate tax purposes below the applicable minimum market value with respect to any year during which this Agreement remains in effect.

5. Neither the preambles nor provisions of this Agreement are intended to, or shall they be construed as, modifying the terms of the Development Agreement between the City and the Developer.

6. This Agreement shall inure to the benefit of and be binding upon the successors and assigns of the parties.

IN WITNESS WHEREOF, the City, the Developer and the Assessor have caused this Agreement to be executed in their names and on their behalf all as of the date set forth above.

CITY OF RAMSEY, MINNESOTA

(SEAL)

By _____
Its Mayor

By _____
Its City Adminsitrator

STATE OF MINNESOTA)
): ss
COUNTY OF ANOKA)

The foregoing instrument was acknowledged before me this ____ day of _____, 2011, by _____, the Mayor and _____ the City Adminsitrator, of the City of Ramsey on behalf of said City.

Notary Public

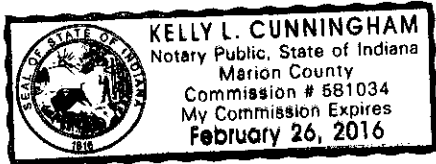
F & C RAMSEY, LLC

By [Signature]
Its: Chief Manager

STATE OF INDIANA)
) ss.
COUNTY OF MARION)

The foregoing instrument was acknowledged before me this 25 day of January, 2011, by David M. Flaherty, the Chief Manager of F & C Ramsey, LLC., an Indiana limited liability company, on behalf of said corporation.

[Signature]
Notary Public



This Instrument Drafted By:

Briggs and Morgan, P.A. (TLB)
2200 IDS Center
80 South Eighth Street
Minneapolis, Minnesota 55402-2157

Signature page for Assessment Agreement by and between the City of Ramsey, Minnesota, F & C Ramsey, LLC. and the Anoka County Assessor.

EXHIBIT A TO ASSESSMENT AGREEMENT

Legal Description of Development Property

Lot 3, Block 1, COR ONE, Anoka County, Minnesota.

SCHEDULE OF MINIMUM MARKET VALUES

Assessment Year	Minimum Market Value
2012	\$9,710,000.00
2013	\$19,420,000.00
2014	\$19,420,000.00
2015	\$19,420,000.00
2016	\$19,420,000.00
2017	\$19,420,000.00
2018	\$19,420,000.00
2019	\$19,420,000.00
2020	\$19,420,000.00
2021	\$19,420,000.00
2022	\$19,420,000.00
2023	\$19,420,000.00
2024	\$19,420,000.00
2025	\$19,420,000.00
2026	\$19,420,000.00
2027	\$19,420,000.00
2028	\$19,420,000.00
2029	\$19,420,000.00
2030	\$19,420,000.00
2031	\$19,420,000.00
2032	\$19,420,000.00
2033	\$19,420,000.00
2034	\$19,420,000.00
2035	\$19,420,000.00
2036	\$19,420,000.00
2037	\$19,420,000.00

EXHIBIT G
DEVELOPMENT FEES

Fee	2010 Amount	2011 Amount	Orig Multiplier	Adjust Multiplier	Type	Orig Total	Adjust Total	Credit	2011 Total	Dif 2010 2011
Park	2475	2475	229	195	Unit	\$566,775	\$481,759	\$85,016	\$481,759	\$0
Trail	600	600	229	229	Unit	\$137,400	\$137,400	\$0	\$137,400	\$0
Water Trunk	2209	2308	229	229	Unit	\$505,861	\$505,861	\$0	\$528,532	\$22,671
Water Lateral	8777	9102	2	2	Connection	\$17,554	\$17,554	\$0	\$18,204	\$650
Sewer Trunk	1271	1318	229	229	Unit	\$291,059	\$291,059	\$0	\$301,822	\$10,763
Sewer Lateral	3847	3989	2	2	Connection	\$7,694	\$7,694	\$0	\$7,978	\$284
Stormwater	448	465	229	229	Unit	\$102,592	\$102,592	\$0	\$106,485	\$3,893
SAC	2100	2230	229	229	SAC Unit	\$480,800	\$480,800	\$0	\$510,670	\$29,770
WAC	1627	1701	229	229	WAC Unit	\$372,583	\$372,583	\$0	\$389,529	\$16,946
SAC Handling	200	200	229	229	SAC Unit	\$45,800	\$45,800	\$0	\$45,800	\$0
Grand Total						\$2,528,218	\$2,443,202	\$85,016	\$2,528,179	\$84,977
NOTE: This is NOT the official SAC/WAC determination. Final plans will be needed in order for the Metropolitan Council to calculate final SAC determination.										

THESE FIGURES ARE ESTIMATES ONLY.

EXHIBIT H

DESCRIPTION OF THE ADDITIONAL PARKING IMPROVEMENTS

Way Finding and Stall Designation Signage

1. Way finding signs to indicate the location of reserved residential parking. The location and design of way finding signs to be prepared by Developer in a timely fashion and submitted to City for approval.

2. Stall designation signage to be located at each of the reserved residential stalls. The location and design of stall designation signs to be prepared by Developer in a timely fashion and submitted to City for approval.

EXHIBIT I

DESCRIPTION OF THE MINIMUM IMPROVEMENTS

An approximately 230 unit, luxury, four story, rental apartment project, consisting of approximately fourteen (14) two-story townhomes, with two levels of flats above, and the balance of the units will be configured as four levels of flats that will wrap around the future parking garage expansion. All parking for the residential units will be in the parking garage, with the exception of the townhome units, which will have their own garage for each unit. The project will include not less than 3,000 sq. ft. of retail space, located on the first floor in the space closest to the Ramsey City Hall.

Amenities for the residential units shall include a fitness center with cardio theatre and tanning bed, business center, cyber café, game room, courtyards, and a resort style pool. Additionally, all units will have their own washer and dryer. Architecturally, The Residence will combine urban architecture with components that exist in THE COR project today. The building will be Type V Construction, wood framed, with the façade consisting of brick, stone elements, and cement board. The roof will be a "flat roof" to further pronounce the urban nature of the architecture. All or most HVAC units will be rooftop mounted units so to best screen from street level site lines.

EXHIBIT J
ELIGIBLE COSTS

City of Ramsey

COR Apartments - Qualified Costs

General Conditions
Strip Topsoil & Haul off 3 acres
Pad with Haul in Fill
Utilities
Fine grade green areas
Landscaping
Pool and fencing
Fire Pit
Irrigation
Site lighting
Security equipment
Sidewalk
Land Acquisition
Building Permit
Plan Review Fee
Fire Separation from Parking Ramp
Foundations
Contractor Fee

EXHIBIT K

AGREEMENT REGARDING COMMERCIAL SPACE

AGREEMENT REGARDING COMMERCIAL SPACE

1. **Parties.** The parties to this Agreement Regarding Commercial Space are The Housing and Redevelopment Authority in and for the City of Ramsey, Minnesota, a body politic and corporate under the laws of the State of Minnesota (the "HRA") and F&C Ramsey, LLC, an Indiana limited liability company (the "Developer").

2. **Recitals.**

2.1 **Recital One.** The HRA, the Developer and the City of Ramsey, Minnesota (the "City") are parties to a Development Agreement and to Purchase Agreement, each dated as of _____, 2010, pursuant to which the Developer has agreed to construct an approximately 230 unit, luxury, four-story, rental apartment project on property the Developer is purchasing from the HRA (the "Project").

2.2 **Recital Two.** The HRA has agreed to sell the Developer the property upon which the Developer will construct the Project and the City has agreed to provide the Developer with tax increment financing and a loan to help finance the construction of the Project, on terms that are intended to encourage and support the development of the Project; and

2.3 **Recital Three.** The Developer's original proposal for the Project did not include any retail space. The HRA believes that the inclusion of retail space in the Project would be beneficial to the overall COR ONE development, so, the HRA has agreed to enter into this Agreement with the Developer to induce Developer to include not less than 3,000 rentable square feet of retail space in the Project.

3. **Definitions.** Capitalized terms used in this Agreement and not otherwise defined herein have the following meanings:

"Additional Rent" means amounts that a tenant is obligated to pay directly or to pay to the Developer for real estate taxes, insurance premiums or customary operating costs (other than separately metered utilities) under the terms of a lease with the Developer for the Retail Space.

"Commencement Date" means the date the Developer obtains a Certificate of Occupancy for the residential portion of the Project.

"Gross Rent" means the rent due from a tenant to the Developer under a lease of the Retail Space in which the landlord is

responsible for the payment of real estate taxes, insurance premiums and customary operating costs other than separately metered utilities.

“Gross Rent Equivalent” means the sum of the rent a tenant is obligated to pay to the Developer plus any Additional Rent that a tenant is obligated to pay, under a lease with the Developer for the Retail Space in which the tenant is responsible for the payment of Additional Rent.

“Retail Space” means the approximately 3,000 square foot retail space located on the first floor of the Project.

“Retail Space Area” means the lesser of (a) the actual rentable square foot area of the commercial space or; (b) 3,300 square feet.

“Termination Date” means the day this Agreement terminates pursuant to Section 4.

4. **Term.** This Agreement is effective when it has been executed by both the HRA and the Developer. This Agreement terminates upon the earlier of: (a) the day immediately preceding the fourth anniversary of the Commencement Date; (b) the date the Developer leases the Retail Space for a term that extends beyond the day immediately preceding the fourth anniversary of the Commencement Date; provided that the average Gross Rent or Gross Rent Equivalent during the period between the first anniversary of the Commencement Date and the Termination Date is \$16.00 per square foot or more; or (c) the date the Developer conveys the Project to a third party. The provisions of Section 6 survive the termination of this Agreement.

5. **The Developer's Obligation to Rent the Retail Space.** Developer must use commercially reasonable efforts to lease the Retail Space to unrelated third parties.

6. **The HRA's Obligation to Pay Rent Shortfalls.** Within sixty (60) days following the Termination Date, the Developer must provide the HRA with the Developer's calculation of the difference between:

6.1 The product of (a) the Retail Space Area; and (b) \$48; and

6.2 The sum of all Gross Rents and Gross Rent Equivalent that all tenants of the Retail Space are obligated to pay under the terms of all prior and existing leases of the Retail Space for the period between the first anniversary of the Commencement Date and the day immediately preceding the fourth anniversary of the Commencement Date, whether or not the tenants have actually paid those amounts.

(the “Shortfall Amount”). The Developer must also provide the HRA with copies of leases and such other books and records of the Developer as the HRA may reasonably request to permit the HRA to confirm the accuracy of the Developer's calculation. The HRA may also contact current and former tenants of the Retail Space to confirm the accuracy of the information the Developer provides. Within ninety (90) days following the HRA's receipt of the materials described above,

the HRA must pay the Shortfall Amount to the Developer in wire transferred funds or notify the Developer that the HRA disputes the Developer's calculation of the Shortfall Amount. If the HRA notifies the Developer that the HRA disputes the Shortfall Amount, the HRA must provide the Developer with the HRA's calculation of the Shortfall Amount. Within thirty (30) days following the Developer's receipt of the HRA's calculation of the Shortfall Amount, the Developer must either notify the HRA that the Developer accepts the HRA's calculation of the Shortfall Amount, in which case the HRA must promptly pay such amount to the Developer, or the Developer must commence an action in Anoka County District Court seeking a judicial determination of the Shortfall Amount. If the Developer does neither during said thirty (30) day period, the Developer is conclusively deemed to have accepted the HRA's determination of the Shortfall Amount.

7. Restrictions on Leasing.

7.1 The Developer may not lease the Retail Space to a related party without the written consent of the HRA which consent the HRA may not unreasonable withhold or delay.

7.2 The Developer may not enter into a lease of less than all of the Retail Space without the written consent of the HRA which consent the HRA may grant or withhold in the HRA's sole and absolute discretion.

7.3 The Developer may not enter into a lease of the Retail Space with a fixed term that is less than (a) twelve months; or (b) the number of months between the Commencement Date of the Lease and the Termination Date, without the HRA's written consent which consent the HRA may grant or withhold in the HRA's sole and absolute discretion.

7.4 The Developer may not enter into a Lease of the Retail Space under which the Gross Rent or Gross Rent Equivalent that the tenant is obligated to pay during any portion of the period between the first anniversary of the Commencement Date and the day immediately preceding the fourth anniversary of the Commencement Date is less than or equal to \$12 per square foot per year unless Developer first obtains the written consent of the HRA which consent the HRA may grant or withhold in the HRA sole and absolute discretion.

7.5 If the Developer leases the Retail Space to a tenant for a term that extends beyond the day immediately preceding the fourth anniversary of the Commencement Date, the Gross Rent or Gross Rent Equivalent that the tenant is obligated to pay during the year or years commencing on and following the fourth anniversary of the Commencement Date may not exceed the average Gross Rent or Gross Rent Equivalent that the tenant is obligated to pay during the period between (a) the later of the commencement date of the lease or the first anniversary of the Commencement Date and (b) the day immediately preceding the fourth anniversary of the Commencement Date by more than 5% per year.

7.6 The Developer may not enter into a lease of the Retail Space that obligates the Developer to provide the tenant with leasing incentives, including but not limited to, free rent, reduced rent or tenant improvements or tenant improvement allowances that exceed \$__ per square foot per year of the lease term without the written consent of the HRA which consent the HRA may grant or withhold in the HRA sole and absolute discretion.

8. **Assignments.** The rights of the Developer and the HRA are not assignable.

9. **Additional Provisions.**

9.1 **Conflicts of Interest.** No member of the governing body or other official of the HRA shall participate in any decision relating to the Agreement which affects his or her personal interests or the interests of any corporation, partnership or association in which he or she is directly or indirectly interested. No member, official or employee of the HRA shall be personally liable to the HRA in the event of any default or breach by Developer or successor or on any obligations under the terms of this Agreement.

9.2 **No Implied Waiver.** In the event any agreement contained in this Agreement should be breached by any party and thereafter waived by any other party, such waiver shall be limited to the particular breach so waived and shall not be deemed to waive any other concurrent, previous or subsequent breach hereunder.

9.3 **Titles of Sections.** Any titles of the several sections of this Agreement are inserted for convenience of reference only and shall be disregarded in construing or interpreting any of its provisions.

9.4 **Notices.** A notice, demand or other communication under this Agreement by any party to any other shall be sufficiently given or delivered the day following the day if it is dispatched by overnight courier; two business days after it is mailed, via registered or certified mail, postage prepaid, return receipt requested; or the day it is delivered personally, and

(i) in the case of Developer is addressed to or delivered personally to:

8900 Keystone Crossing #1200
Indianapolis, IN 46240
Attn: David M. Flaherty
Telephone No.: (317) 816-9300
Facsimile F&C Ramsey, LLC
No.: (317) 816-9301
Email: dflaherty@flahertycollins.com

With a copy to:

Barnes & Thornburg
11 S. Meridian St.
Indianapolis, IN 46204

Attn: Stephen Lee
Telephone No.: (317) 231-7200
Facsimile No.: (317) 231-7433
Email: stephen.lee@BTLaw.com

(ii) in the case of the HRA is addressed to or delivered personally to the HRA at:

The Housing and Redevelopment Authority in and for the
City of Ramsey, Minnesota

Ramsey Municipal Center
7550 Sunwood Drive
Ramsey, MN 55303
Attn: Executive Director
Telephone No.: (763) 427-1410
Facsimile No.: (763) 427-5543
Email: hnelson@ci.ramsey.mn.us

With a copy to:
Briggs and Morgan, PA
2200 IDS Center
80 South 8th Street
Minneapolis, Minnesota 55402-2157
Attn: Thomas L. Bray
Telephone No. 612-977-8285
Facsimile No. 612-977-8650
Email: tbray@briggs.com

or at such other address with respect to any such party as that party may, from time to time, designate in writing and forward to the other, as provided in this Section.

9.5 Counterparts. This Agreement may be executed in any number of counterparts, each of which shall constitute one and the same instrument.

9.6 Law Governing. This Agreement will be governed and construed in accordance with the laws of the State of Minnesota.

9.7 Covenants Personal. The rights and obligations of the HRA and the Developer under this Agreement are personal to the HRA and the Developer and do not run with title to the property on which the Project is located and are binding on and do not inure to the benefit of the Developers successors in title to all or any portion of said property.

9.8 Time is of the Essence. Developers timely performance of its obligations under this Agreement is an essential term of this Agreement.

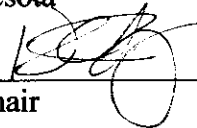
9.9 Enforceability. If any provision of this Agreement is adjudged to be invalid or unenforceable by a court of competent jurisdiction, this Agreement should be construed as if such invalid or unenforceable provision had not been inserted herein and should not affect the validity or enforceability of the remainder of this Agreement.

9.10 No Third Party Beneficiaries. Nothing in this Agreement, expressed or implied, is intended to confirm any rights or remedies under or by reason of this Agreement on any person other than the parties to it and their respective permitted successors and assigns.

9.11 Business Days. If the date this Agreement establishes for a party's performance of an obligation or delivery of a notice is not a Business Day, the date for such performance or for the delivery of such notice is automatically extended to the next Business Day.

9.12 Agreement to Pay Attorney's Fees and Expenses. Whenever a party defaults in the performance of the party's obligations under this Agreement and one or both of the other parties to this Agreement employs one or more attorneys to advise and represent it in connection with such default or incurs other expenses in connection with or as a result of the default, the defaulting party must, upon demand therefore, reimburse the non-defaulting parties their reasonable fees of such attorneys and such other reasonable expenses as the non-defaulting parties may incur.

THE HOUSING AND
REDEVELOPMENT AUTHORITY IN
AND FOR THE CITY OF RAMSEY,
MINNESOTA, a body politic and
corporate under the laws of the state of
Minnesota

By  _____
Its Chair

By _____
Its Secretary

STATE OF MINNESOTA)
) ss
COUNTY OF ANOKA)

The foregoing instrument was acknowledged before me this _____ day of _____, 201 __, by _____ and _____, the Mayor and the City Administrator, respectively, of the City of Ramsey, a Minnesota home rule charter City.

Notary Public

This is a signature page to the Agreement Regarding Commercial Space by and between The Housing and Redevelopment Authority in and for the City of Ramsey, Minnesota and F&C Ramsey, LLC.

Date: 04/12/2011

By: Heidi Nelson
Administrative Services

Information

Title:

Review 2011 and Projected 2012 HRA Budget

Background:

As a part of the review of HRA expenditures and the review of the Development Management contract, there was a request to review the current HRA budget and the projected budget for 2012.

Staff has prepared a revised 2011 budget that reflects the following changes:

Reduction in expenses:

A portion of the Planning Manager salary was budgeted from the HRA, the elimination of this position has resulted in a savings of \$19,971 for 2011.

Increase in revenues:

With the amendment to the TOTI purchase agreement, there will be a distribution of \$50,000 to the HRA in earnest monies.
This will help to offset the payment of incentive advance for 2011.

Increase in expenses:

The 2011 HRA budgeted reflected a full year of the DM Contract Admin fee, but only Jan-March of Incentive advance. Thus, additional revenue will be required to offset the contract obligation to pay the incentive advance for the first year of the new contract. Closings that are anticipated in the 2nd and 3rd quarters of 2011 will offset the advance payments in 2011.

Projected Reductions for 2012 budget:

Reduce Marketing 6246 to 33,000 (2010 budget -53,000)

Reduce Legal 6304 to 25,000 (2010 budget - 30,000)

Reduce Travel 6331 to 15,000 (2010 budget - 20,000)

With the closings projected for 2011, there will most likely not be a need to budget for advance incentive for the first quarter of 2012.

Budget spreadsheets for both 2011 and 2012 are attached for HRA review.

Recommendation:

Review proposed amendments to the 2011 HRA budget and the projected 2012 budget. Action on an amended HRA budget will not take place until closer to year end 2011. The 2012 HRA budget will be developed and approved as a part of the normal annual budget process.

Funding Source:

HRA activities are funded by the HRA levy, fund balance and land sale proceeds.

Council Action:

No action required at this time. Provide feedback to HRA Executive Director regarding 2011 and 2012 budgets.

Attachments

[HRA Budget Notes](#)

[HRA Updated](#)

[HRA Revenue](#)

[HRA Summary](#)

Form Review

Inbox

Heidi Nelson (Originator)
Form Started By: Heidi Nelson
Final Approval Date: 04/07/2011

Reviewed By

Heidi Nelson

Date

04/07/2011 12:25 PM
Started On: 04/07/2011 11:04 AM

City of Ramsey 2011 HOUSING REDEVELOPMENT AUTHORITY Budget Detail of Line Items

HOUSING & REDEVELOPMENT AUTHORITY - F#295

	2007 Actual	2008 Actual	2009 Actual	2010 Actual	2011 Amended	2012 Proposed
Revenues						
4011 Current Ad Valorem Taxes						
(includes taxes from Town Center)	305,669	306,911	561,353	383,004	368,549	368,549
	<u>305,669</u>	<u>306,911</u>	<u>561,353</u>	<u>383,004</u>	<u>368,549</u>	<u>368,549</u>
4701 Interest Earnings	14,122	23,749	24,699	24,421	10,000	5,000
4609 Miscellaneous						
Earnest Money - TOTI					50,000	0
County HRA payment towards RTC land purchase	0	0	595,641	5	0	0
	<u>0</u>	<u>0</u>	<u>595,641</u>	<u>5</u>	<u>50,000</u>	<u>0</u>
4901 Transfers in from other funds	0	0	6,251,973	5,000	0	0
Letter of Credit Proceeds & Sewer/Water Loan						
Expenditures						
6102 Wages & Salaries						
Personnel	85,279	89,536	97,849	43,085	122,055	116,926
6104 Wages & Salaries-Part-Time						
Stipend for HRA meetings \$25 mtg	0	0	0	0	8,400	8,400
6105 Temporary Wages & Salaries						
Temporary Labor - Maintenance	0	0	0	0	6,500	6,500
6246 Marketing & Promotional Supplies						
COR website Domains	0	0	0	2,234	3,000	3,000
COR Marketing	0	0	0	75,121	50,000	30,000
	<u>0</u>	<u>0</u>	<u>0</u>	<u>77,355</u>	<u>53,000</u>	<u>33,000</u>
6249 Miscellaneous Operating Supply						
Miscellaneous Supplies	0	0	0	218	0	0
6304 Legal Fees						
Legal Fees	0	0	1,198	32,424	30,000	25,000
6315 Miscellaneous Professional Services						
Development Management Contract & Exp	0	0		311,750	300,000	180,000
Property taxes			323,185			
Misc Consulting Services	13,200	7,057	113,999	12,136	30,000	30,000
	<u>13,200</u>	<u>7,057</u>	<u>437,184</u>	<u>323,886</u>	<u>330,000</u>	<u>210,000</u>
6322 Postage						
Mailings of Housing Surveys	0	0	0	27	1,000	1,000
6331 Travel/Meals/Lodging						
Travel for COR	0	0	0	12,003	20,000	15,000
6334 Mileage Reimbursement						
Reimbursement for personal use of auto	0	0	0	0	1,000	1,000
6335 Training						

City of Ramsey 2011 HOUSING REDEVELOPMENT AUTHORITY Budget Detail of Line Items

HOUSING & REDEVELOPMENT AUTHORITY - F#295

	2007 Actual	2008 Actual	2009 Actual	2010 Actual	2011 Amended	2012 Proposed
Misc HRA Conferences	405	126	989	3,655	2,500	2,500
6361 General Liability/Property/Auto Insurance						
Share of applicable insurance coverage.	673	541	1,652	4,562	2,000	2,000
6451 Dues						
ICSC	395	405	0	2,160	3,500	3,500
6452 Subscriptions						
MN Real Estate Journal & Business Journal	0	0	0	0	500	500
6453 Registration Fees						
	0	0	0	0	0	0
6489 Other Contracted Services						
Park Ramp Maint Agreement	0	0	0	47,660	47,600	47,600
6510 Capital Outlay - Land						
Ramsey Town Center Land Purchase	0	0	6,764,429	0	0	0
6580 Capital Outlay- Other						
COR Entrance Signs	0	0	0	0	90,000	0

City of Ramsey 2011 HRA Fund Budget Line Item Detail By Cost Center or Sub-function

HOUSING & REDEVELOPMENT AUTHORITY

HRA FUND 295

2007 Actual	2008 Actual	2009 Actual	2010 Actual	2011 Amended	2012 Proposed
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PERSONAL SERVICES

Wages and Salaries -

6102	Full-Time Regular	74,473	77,945	84,591	37,221	105,430	100,964
6103	Full-Time Overtime						
6104	Part-Time Regular					8,400	8,400
6105	Temporary Regular					6,000	6,000
6106	Temporary Overtime						
6107	Part-Time Overtime						
Total Wages and Salaries		74,473	77,945	84,591	37,221	119,830	115,364

Other Gross Earnings -

6108	Severance Pay						
Total Other Gross Earnings							

Employer Contributions -

6121	PERA Contributions	4,655	5,066	5,710	2,605	7,679	7,319
6122	FICA/Medicare Contributions	5,697	5,963	6,472	2,847	8,557	8,335
6125	ICMA Retirement Trust 401						
6131	Group Insurance						
6134	Disability Insurance						
6133	Workers' Comp - Premiums	454	561	1,076	411	889	808
Total Employer Contributions		10,806	11,591	13,258	5,864	17,125	16,462
Total Personal Services		85,279	89,536	97,849	43,085	136,955	131,826

SUPPLIES

Office Supplies

6201	Accessories						
6202	Duplicating Supplies & Copying Paper						
6204	Stationery, Envelopes & Forms						
6205	Drafting Supplies						
6206	Film, Microfilm, Tapes, Disks						
6207	Training Supplies						
6208	Miscellaneous Office Supplies						
Total Office Supplies							

Operating Supplies

6221	Cleaning Supplies						
6223	Gasoline						
6225	Diesel Fuel						
6227	Lubricants and Additives						
6229	Shop Materials						
6231	Uniforms & Turn-Out Gear						
6233	Batteries						
6235	Ammunition						
6237	Crime Scene Kit Materials						
6239	First Aid Supplies						
6246	Marketing & Promotional Supplies				77,355	53,000	33,000
6249	Miscellaneous Supplies				218		
Total Operating Supplies					77,573	53,000	33,000

Repair and Maintenance Supplies

6251	Batteries (Vehicle/Equipment)						
6253	Brakes						
6255	Tires						
6257	Other Vehicle Parts						
6259	Building Maintenance/Repair Supplies						
6261	Sand and Gravel						
6263	Salt						
6265	Asphalt						
6267	Other Street Maintenance Supplies						
6269	Landscape Materials						
6271	Sign Repair Materials						

City of Ramsey 2011 HRA Fund Budget Line Item Detail By Cost Center or Sub-function

HOUSING & REDEVELOPMENT AUTHORITY HRA FUND 295

	2007 Actual	2008 Actual	2009 Actual	2010 Actual	2011 Amended	2012 Proposed
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6275	Other Equipment Parts								
Total Repair & Maintenance Supplies									

Small Tools and Minor Equipment:

6281	Small Tools/Minor Equipment								
Total Small Tools/Minor Equip									

Merchandise For Resale:

6291	Culverts, Signs, Street Supplies								
6293	Maps								
Total Merchandise For Resale									
TOTAL SUPPLIES					77,573	53,000		33,000	

OTHER SERVICES AND CHARGES:

Professional Services

6302	Auditing and Accounting								
6303	Engineering Fees								
6304	Legal Fees			1,198	32,424	30,000		25,000	
6305	Medical/Psychological Fees								
6306	Personnel Testing/Recruitment								
6315	Miscellaneous Professional Services	11,700	7,057	437,184	323,886	330,000		210,000	
6317	Engineering Time								
Total Professional Services		11,700	7,057	438,382	356,310	360,000		235,000	

Communication:

6321	Telephone								
6322	Postage				27	1,000		1,000	
6323	Cellular Phones								
6324	Messenger/Delivery Service								
6325	Long Distance Charges								
Total Communication					27	1,000		1,000	

Employee Reimbursements:

6331	Travel/Meals/Lodging				12,003	20,000		15,000	
6334	Mileage Reimbursement					1,000		1,000	
6335	Training	405	126	989	3,655	2,500		2,500	
Total Employee Reimbursements		405	126	989	15,658	23,500		18,500	

Advertising and Publishing:

6351	Legal Notices Publishing								
6352	General Notice and Public Information								
6353	Ordinance Publication								
6354	Help Wanted Advertisements								
Total Advertising and Publishing									

Insurance:

6361	General Liability/Property/Auto Insurance	673	541	1,652	4,562	5,000		5,000	
Total Insurance		673	541	1,652	4,562	5,000		5,000	

Utilities:

6371	Electric Utilities								
6372	Water/Irrigation								
6373	Gas Utilities								
6374	Refuse/Recycling								
Total Utilities									

Repairs and Maintenance - Labor:

6381	Building and Structure Repair								
6382	Machinery and Equipment Repair								
6383	Office Equipment Repair								
6386	Brake Repair								
6387	Tire Mounting and Balancing								
6388	Other Vehicle Repair								
6389	Towing Services								
Total Repairs and Maintenance - Labor									

City of Ramsey 2011 HRA Fund Budget Line Item Detail By Cost Center or Sub-function

HOUSING & REDEVELOPMENT AUTHORITY

HRA FUND 295

2007 Actual	2008 Actual	2009 Actual	2010 Actual	2011 Amended	2012 Proposed
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Repairs and Maintenance - Contracts

6401	Buildings								
6402	Structures - Other Than Buildings								
6404	Machinery and Equipment								
6405	Office and Data Processing Equip								
Total Repairs and Maintenance - Contracts									

Rentals

6413	Office Equipment								
6415	Other Equipment								
6416	Machinery								
6417	Uniforms								
Total Rentals									

Miscellaneous

6433	Refunds								
6434	Gopher Feet Reimbursement								
6435	Finance Charges								
6439	Other Miscellaneous								
Total Miscellaneous									

Dues, Subscriptions and Registration Fees

6451	Dues	395	405		2,160	3,500	3,500
6452	Subscriptions					500	500
6453	Registration Fees						
Total Dues, Subscriptions & Reg Fees		395	405		2,160	4,000	4,000

Books and Pamphlets

6471	Books and Pamphlets								
Total Books and Pamphlets									

Contracted Services

6486	Contracted Community School Programs								
6489	Other Contracted Services				47,660	47,600	47,600		
Total Contracted Services					47,660	47,600	47,600		

Donations

6491	Donations								
6495	Trails								
Total Donations									
Total Services and Charges		13,173	8,129	441,023	426,377	441,100	311,100		
TOTAL OPERATING EXPENDITURES		98,452	97,664	538,872	547,035	631,055	475,926		

CAPITAL OUTLAY

6510	Land			6,764,429					
6520	Buildings and Structures								
6530	Improvements Other Than Bldgs								
6540	Heavy Machinery								
6550	Motor Vehicles								
6560	Office Equipment								
6580	Other Equipment					90,000			
6585	Computer Hardware/Software								
Total Capital Outlay				6,764,429		90,000			

TOTAL OPERATING & CAPITAL		98,452	97,664	7,303,301	547,035	721,055	475,926
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6820	Operating Transfers								
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TOTAL EXPENDITURES & OTHER USES		98,452	97,664	7,303,301	547,035	721,055	475,926
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City of Ramsey 2011 HRA Fund Budget Line Item Detail By Cost Center or Sub-function

HOUSING & REDEVELOPMENT AUTHORITY

HRA FUND 295

2007 Actual	2008 Actual	2009 Actual	2010 Actual	2011 Amended	2012 Proposed
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EXPENDITURE SUMMARY

Personal Services	85,279	89,536	97,849	43,085	136,955	131,826
Supplies				77,573	53,000	33,000
Other Services and Charges	13,173	8,129	441,023	426,377	441,100	311,100
Capital Outlay			6,764,429		90,000	
Other Financing Uses:						
Transfer to Equipment Replacement fund						
TOTAL EXPENDITURES	98,452	97,664	7,303,301	547,035	721,055	475,926

City of Ramsey 2011 HRA Fund Budget Revenues and Fund Balance

HOUSING AND REDEVELOPMENT AUTHORITY

HRA FUND 295

2007 Actual	2008 Actual	2009 Actual	2010 Actual	2011 Amended	2012 Proposed
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REVENUES AND OTHER SOURCES

4011	HRA Levy	305,669	306,911	561,353	383,004	368,549	368,549
4701	Interest Earnings	14,122	23,749	24,699	24,421	10,000	5,000
4609	Miscellaneous			595,641	5	50,000	
4901	Transfers From Other Funds/Fund Balance Reserves			6,251,973	5,000		
TOTAL HRA REVENUES		319,791	330,660	7,433,666	412,430	428,549	373,549

City of Ramsey 2011 Housing and Redevelopment Authority Fund Budget

HOUSING AND REDEVELOPMENT AUTHORITY FUND 295 - Budget Summary

2007 Actual	2008 Actual	2009 Actual	2010 Actual	2011 Amended	2012 Proposed
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REVENUES

Miscellaneous					
Taxes	305,669	306,911	561,353	383,004	368,549
Investment Earnings	14,122	23,749	24,699	24,421	10,000
Miscellaneous			595,641	5	50,000
Transfers From Other Funds			6,251,973	5,000	
TOTAL REVENUES	319,791	330,660	7,433,666	412,430	428,549

EXPENDITURES

Personal Services	85,279	89,536	97,849	43,085	136,955
Supplies				77,573	53,000
Other Services and Charges	13,173	8,129	441,023	426,377	441,100
Capital Outlay			6,764,429		90,000
Other Financing Uses:					
Transfers to Other Funds					
TOTAL EXPENDITURES	98,452	97,665	7,303,301	547,035	721,055

FUND BALANCE

FUND BALANCE, Begining on Yr	167,108	388,447	621,442	751,807	617,202
Revenues & Other Sources	319,791	330,660	7,433,666	412,430	428,549
Expenditures & Other Uses	(98,452)	(97,665)	(7,303,301)	(547,035)	(721,055)
FUND BALANCE, End of Yr	388,447	621,442	751,807	617,202	324,696