

City of Ramsey
Agenda
Housing and Redevelopment Authority (HRA)
Work Session
Tuesday April 5, 2011
Immediately following City Council Work Session
Lake Itasca Room, 7550 Sunwood Drive NW

1. **Call to Order**
2. **Roll Call**
3. **Citizen Input**
4. **Approve Agenda**
5. **Approve Minutes**
6. **HRA Business**
 1. Consider Extension to Purchase Agreement – Suite Living
 2. Consider Proposed Amendment to Purchase Agreement - The Residence at The COR
7. **Committee Reports**
8. **Executive Director's Report**
9. **Commissioner Input**
10. **Adjournment**

Date: 04/05/2011

By: Darren Lazan
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.

Recommendation:

The DM team recommends the HRA accept the proposed amendment as negotiated and direct staff to prepare and place the final version on the agenda at the next Regular HRA meeting.

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:

Consider the proposed amendment to the purchase agreement and direct staff to prepare final documents for approval at the next Regular HRA meeting.

Attachments

Proposed Extension

Purchase Agreement

Amendment to Purchase Agreement

Form Review

Inbox

Heidi Nelson

Form Started By: Darren Lazan

Final Approval Date: 03/31/2011

Reviewed By

Heidi Nelson

Date

03/31/2011 02:07 PM

Started On: 03/31/2011 01:43 PM

REINSTATEMENT OF AND SECOND AMENDMENT TO PURCHASE AGREEMENT

THIS REINSTATEMENT OF AND SECOND AMENDMENT TO PURCHASE AGREEMENT ("**Second Amendment**") is dated April _____, 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, which legal description shall change to Lot 5, Block 1, COR ONE, Anoka County, Minnesota upon recordation of the Final Plat, as that term is defined in the First Amendment (the "**Property**"). The Purchase Agreement was amended by that certain Amendment to Purchase Agreement by and between Seller and Buyer dated January 18, 2011 ("**First Amendment**").

B. Under the terms of the Purchase Agreement, the Date of Closing was to have been March 31, 2011. The Closing did not occur on March 31, 2011.

C. Buyer has now proposed that the Purchase Agreement be reinstated and the Date of Closing, Earnest Money provisions, and certain other terms of the Purchase Agreement be amended. Seller has agreed to such reinstatement and amendments.

D. Buyer and Seller now wish to enter into this Second 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 and First Amendment.

2. As of the Effective Date of this Second Amendment, the Purchase Agreement shall be reinstated and shall be in full force and effect.

3. The Date of Closing shall be amended from March 31, 2011 to August 15, 2011.

4. Section 24, in its entirety, shall be deleted from the Purchase Agreement. Concurrent with execution of this Second Amendment, Buyer shall pay to Seller an extension fee in the amount of \$5,000, in certified or wire-transferred funds ("**First Extension Fee**"). In

addition, on May 1, 2011, June 1, 2011, July 1, 2011, and August 1, 2011, Buyer shall pay to Seller additional extension fees, each in the amount of \$5,000 (collectively, the “**Subsequent Extension Fees**”). The First Extension Fee and Subsequent Extension Fees shall be nonrefundable to Buyer, shall not be construed as Earnest Money, and shall not be applied towards payment of the Purchase Price. Failure by Buyer to pay any Subsequent Extension Fee when due constitutes a Buyer default under the Purchase Agreement.

5. No additional Earnest Money shall be due Seller by Buyer. Concurrent with execution by Buyer and Seller of this Second Amendment, Buyer and Seller shall mutually instruct Title to release the Earnest Money paid by Buyer in the amount of \$50,000, to the Seller, pursuant to Section 1 of the Escrow Agreement. The Earnest Money shall be nonrefundable to Buyer, except in the event of Seller’s default in the performance of any of Seller’s obligations under the terms of the Purchase Agreement.

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

7. This Second 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 Second Amendment as of the Effective Date above.

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: _____

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

BUYER:
TOTI HOLDINGS, LLC,
a Minnesota limited liability company

By: _____
Brian R. Wings
Its: Chief Manager

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 unreasonably 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;

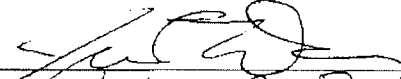
- i notifying Seller and Title of Buyer's election to extend the Date of Closing to April 29, 2011 on or before March 24, 2011;
- ii depositing an additional \$25,000 of Earnest Money with Title to be held and disbursed in accordance with the terms of Escrow Agreement attached hereto as Exhibit C and 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.

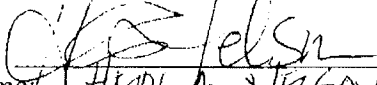
b. If Buyer extends the Date of Closing from March 31, 2011 to April 29, 2011 in accordance with Section 24(a), Buyer may, thereafter, extend the Date of Closing for up to five (5) consecutive one-month periods (with each such extension extending the Date of Closing to the last business day of the next 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.

[The remainder of this page is intentionally left blank.]

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 35041

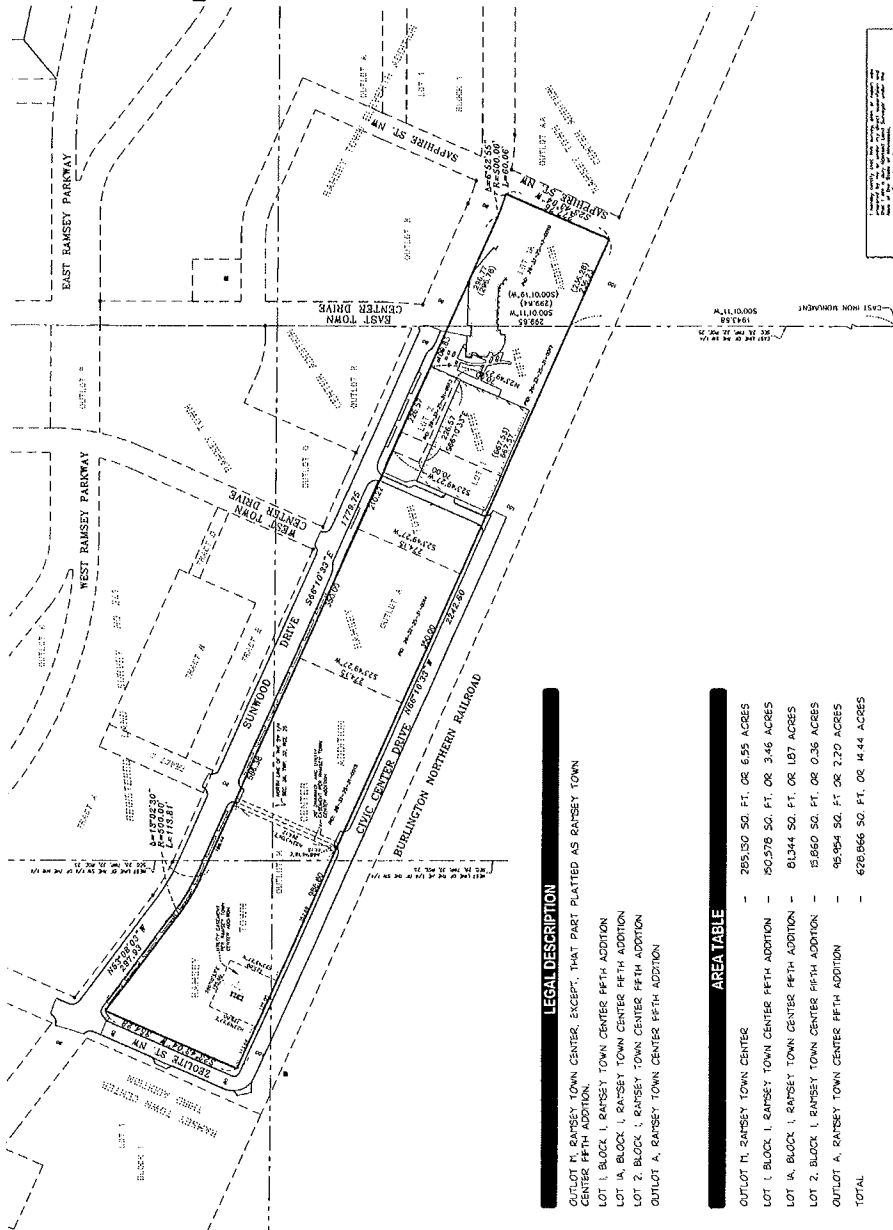


LANDFORM
 From Site to Finish

**EXISTING / SURVEY
 SKETCH PLAN**

09.03.2010

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

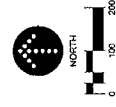


LEGAL DESCRIPTION

- 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

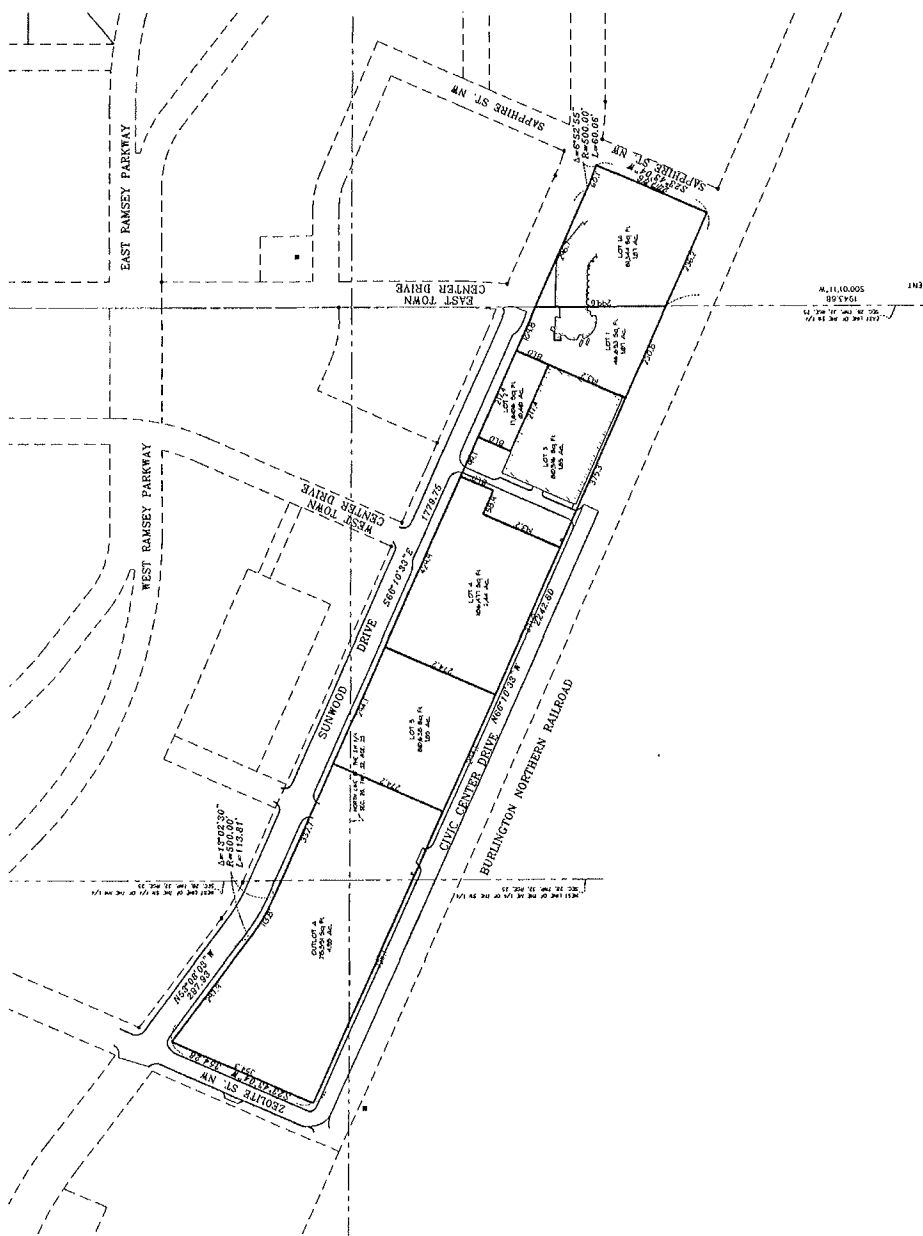
OUTLOT H, RAMSEY TOWN CENTER	- 285,150 SQ. FT. OR 6.55 ACRES
LOT 1, BLOCK 1, RAMSEY TOWN CENTER FIFTH ADDITION	- 50,278 SQ. FT. OR 3.46 ACRES
LOT 1A, BLOCK 1, RAMSEY TOWN CENTER FIFTH ADDITION	- 81,344 SQ. FT. OR 1.87 ACRES
LOT 2, BLOCK 1, RAMSEY TOWN CENTER FIFTH ADDITION	- 15,860 SQ. FT. OR 0.36 ACRES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



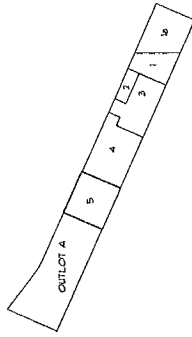
LANDFORM
From Site to Finish

OVERALL PROPOSED
SKETCH PLAN

09/03/2010
Copyright © 2010 by The COR, an Equal Opportunity Employer/Professional Services, LLC



KEY PLAN



NOT TO SCALE

SITE DATA

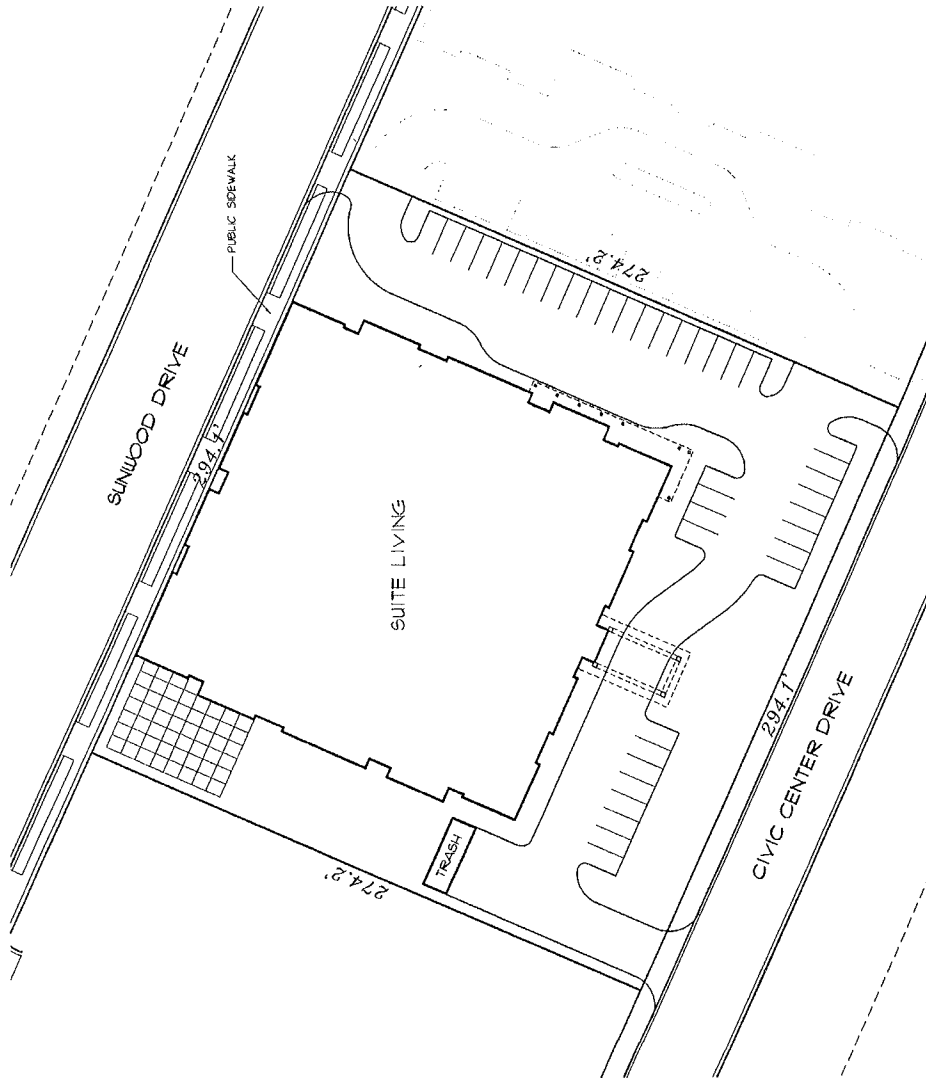
LOT 5 AREA = 1.85 AC.
38 UNITS PER AC.



SUITE LIVING
SKETCH PLAN

09.03.2010

Copyright © 2010 by The Cor Company, a subsidiary of Lend Lease Construction, LLC



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: _____

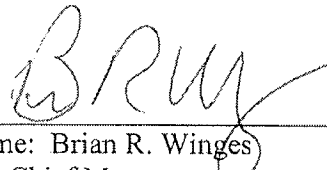
By: _____
Name: _____
Its: _____

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 _____, 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. *[The following sentences in Section 15 of the Purchase Agreement, "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 proposed Special Service District Ordinance to Buyer for review." is hereby deleted in its entirety and replaced with the following: "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."]* **or** *[Buyer has received and reviewed the City's proposed form of Special Service District Ordinance and hereby waives the contingency described in Section 15(b) of the Purchase Agreement.]* **[Selection between Italicized provisions to be made prior to HRA Board approval]**

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: _____
Its: _____

By: _____
Name: _____
Its: _____

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: 04/05/2011

By: Darren Lazan
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 31, 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.

Recommendation:

The DM team recommends the HRA consider the proposed amendment as negotiated and direct staff to prepare and place the final version on the agenda at the next Regular HRA meeting.

Funding Source:

There are no fiscal impacts related to this Amendment

Council Action:

Consider the proposed amendment to the purchase agreement and direct staff to prepare final documents for approval at the next Regular HRA meeting.

Attachments

Proposed F&C Amendment

Purchase Agreement

Development Agreement

Form Review

Inbox

Heidi Nelson

Form Started By: Darren Lazan

Final Approval Date: 03/31/2011

Reviewed By

Heidi Nelson

Date

03/31/2011 02:17 PM

Started On: 03/31/2011 01:50 PM

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. 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 31, 2011.

3. 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.

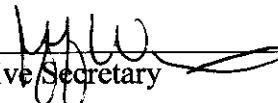
l. Choice of Law. This Agreement is governed by and construed in accordance with the laws of the State of Minnesota.

[The remainder of this page is intentionally left blank.]

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

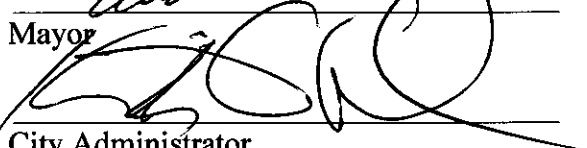
Signature Date: 1/31/11 _____

(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)

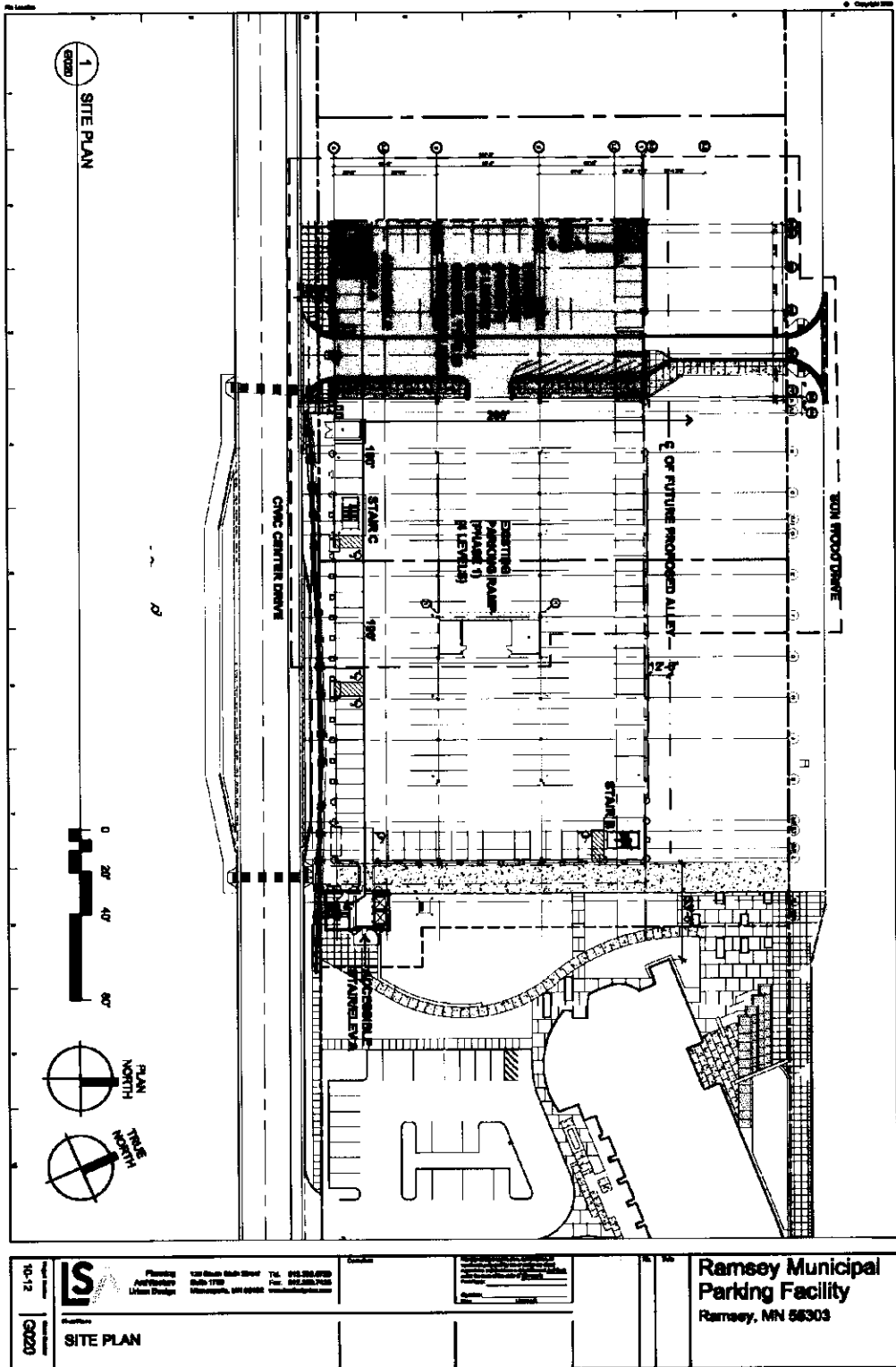


EXHIBIT B

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

EXHIBIT B-1

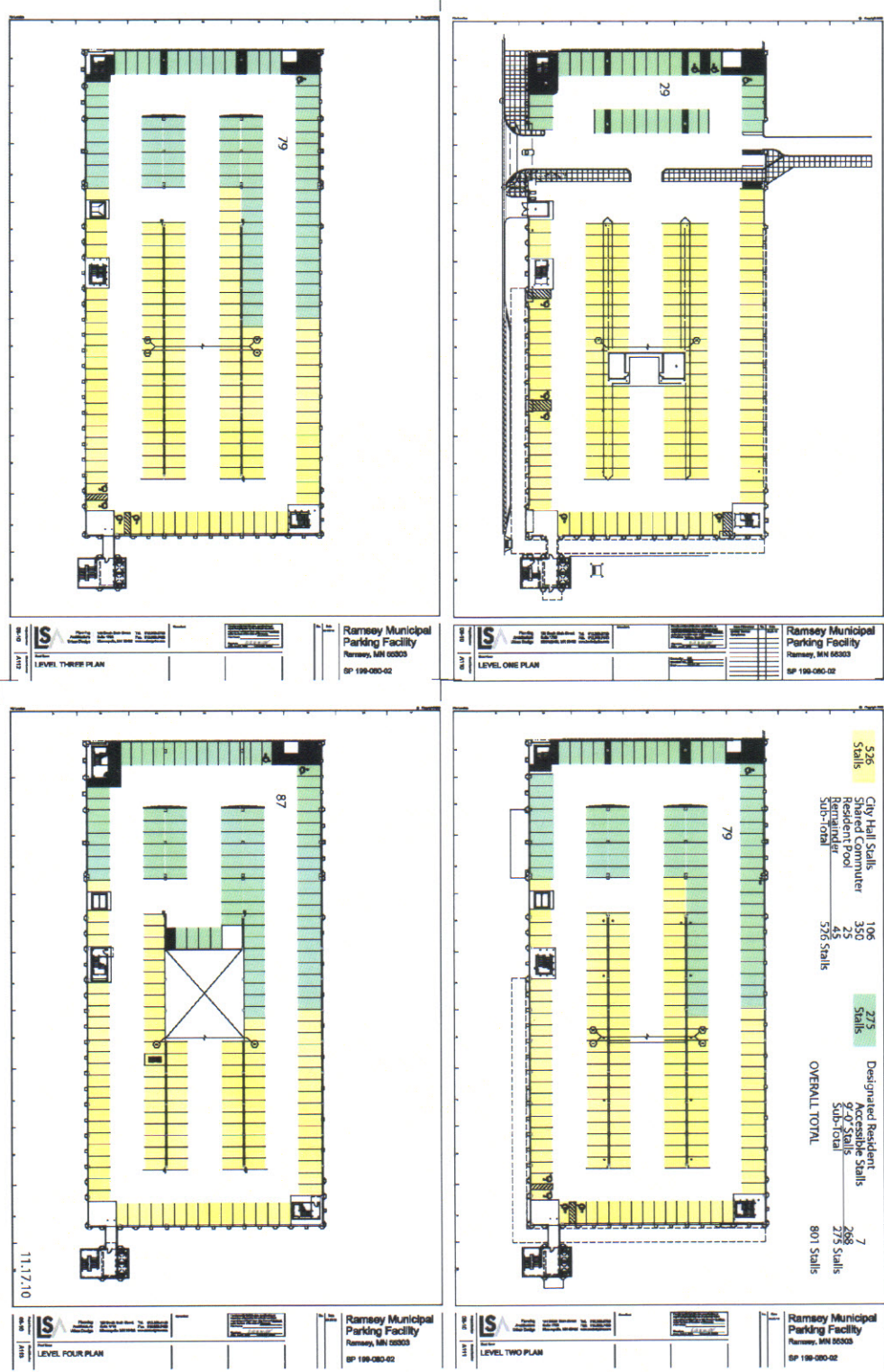
DESCRIPTION OF THE ADDITIONAL PARKING IMPROVEMENTS

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

TABLE OF CONTENTS

		Page
ARTICLE I	RECITALS	1
ARTICLE II	DEFINITIONS.....	1
Section 2.1	Definitions.....	1
ARTICLE III	REPRESENTATIONS, WARRANTIES AND COVENANTS	5
Section 3.1	Representations and Warranties of the City and the HRA	5
Section 3.2	Representations, Warranties and Covenants of Developer.....	6
ARTICLE IV	PURCHASE AGREEMENT.....	7
Section 4.1	Purchase Agreement	7
Section 4.2	Relationship Between this Agreement and the Purchase Agreement.....	7
Section 4.3	Right of Reverter.....	7
ARTICLE V	DEVELOPER'S CONSTRUCTION OF THE MINIMUM IMPROVEMENTS	7
Section 5.1	Required Approvals	7
Section 5.2	Submission of Construction Plans	8
Section 5.3	Review of the Construction Plans.....	8
Section 5.4	Commencement and Completion of Construction of the Minimum Improvements	9
Section 5.5	Certificate of Completion	9
ARTICLE VI	ESTABLISHMENT OF THE TAX INCREMENT DISTRICT	9
Section 6.1	Establishment of the Tax Increment District	9
Section 6.2	Termination Right if TIF District Not Established	9
ARTICLE VII	TIF FINANCING.....	10
Section 7.1	Reimbursement	10
Section 7.2	Issuance of the TIF Note.....	10
Section 7.3	Interest.....	10
Section 7.4	Payments	10
Section 7.5	TIF Note Shall Be a Limited Obligation of the City	10
Section 7.6	Conditions Subsequent.....	10
Section 7.7	Terms of the TIF Note	11

TABLE OF CONTENTS
(continued)

	Page
ARTICLE VIII CITY LOAN	11
Section 8.1 City Loan	11
Section 8.2 Termination Right if Spending Plans Not Adopted.....	11
Section 8.3 City Loan Agreement, City Note, and Guaranty	11
Section 8.4 Fee in Lieu of Interest, Interest and Default Interest	11
Section 8.5 Repayment Terms	12
Section 8.6 Limitations on Disbursements	12
ARTICLE IX CONTINGENCY FOR RAIL STOP.....	12
Section 9.1 Contingency for Rail Stop	12
ARTICLE X PARKING RAMP IMPROVEMENTS.....	13
Section 10.1 Parking Ramp Improvements	13
ARTICLE XI REAL ESTATE TAX PAYMENTS AND ASSESSMENT AGREEMENT	13
Section 11.1 Real Property Taxes.....	13
Section 11.2 Assessment Agreement.....	14
ARTICLE XII RESTRICTIONS ON ASSIGNMENTS AND TRANSFERS AND PRIORITY	14
Section 12.1 Prohibition against Transfer of the Development Property; Assignment of Development Agreement and Assignment of the TIF Note.....	14
Section 12.2 Permitted Collateral Assignments.....	14
Section 12.3 Subordination of Development Agreement to Construction Mortgage and Extension of Time to Cure.....	15
ARTICLE XIII INDEMNIFICATION OF THE CITY AND THE HRA	15
Section 13.1 Indemnification of the City and the HRA.....	15
ARTICLE XIV DEVELOPER EVENTS OF DEFAULT.....	15
Section 14.1 Events of Default Defined	15
Section 14.2 Remedies on Default.....	17
ARTICLE XV ADDITIONAL PROVISIONS	17
Section 15.1 Conflicts of Interest.....	17
Section 15.2 No Remedy Exclusive.....	17
Section 15.3 No Implied Waiver	18

TABLE OF CONTENTS
(continued)

		Page
Section 15.4	Titles of Articles and Sections	18
Section 15.5	Notices and Demands	18
Section 15.6	Counterparts	19
Section 15.7	Law Governing	20
Section 15.8	Covenants to Run with Title	20
Section 15.9	Time is of the Essence	20
Section 15.10	Enforceability.....	20
Section 15.11	No Third Party Beneficiaries	20
Section 15.12	Termination.....	20
Section 15.13	Business Days	20
Section 15.14	Agreement to Pay Attorney's Fees and Expenses	20
EXHIBIT A CERTIFICATE OF COMPLETION		A-1
EXHIBIT B FORM OF TIF NOTE.....		B-1
EXHIBIT C CITY LOAN AGREEMENT.....		C-1
EXHIBIT D CITY NOTE.....		D-1
EXHIBIT E GUARANTY.....		E-1
EXHIBIT F ASSESSMENT AGREEMENT		F-1
EXHIBIT G DEVELOPMENT FEES.....		G-1
EXHIBIT H DESCRIPTION OF THE ADDITIONAL PARKING IMPROVEMENTS		H-1
EXHIBIT I DESCRIPTION OF THE MINIMUM IMPROVEMENTS.....		I-1
EXHIBIT J ELIGIBLE COSTS.....		J-1
EXHIBIT K AGREEMENT REGARDING COMMERCIAL SPACE.....		K-1

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.

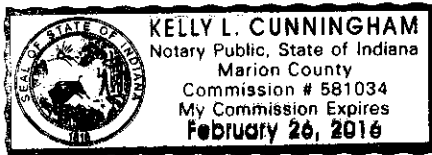
Section 15.15 Agreement Regarding Commercial Space and Related Business Subsidy Agreement. Contemporaneously with the closing on Developer's Purchase of the Development Property pursuant to the Purchase Agreement, Developer and the HRA will execute an Agreement Regarding Commercial Space in the form 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.



Kelly L. Cunningham
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.

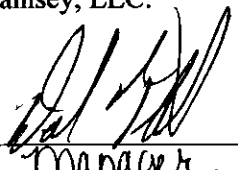
8.15 No Relationship. The City and the Developer are not, for any purpose, partners or joint ventures with respect to the development contemplated by this City Loan Agreement.

[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

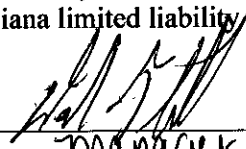
By  _____
Its manager _____

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

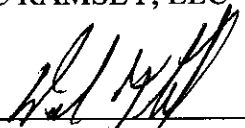
By:  _____
Its: Chief Manager

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 of 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

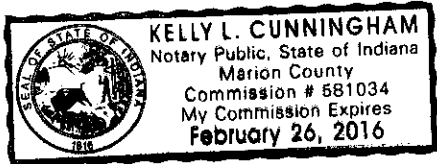
F & C RAMSEY, LLC

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.

