

City of Ramsey
Agenda
City Council Work Session
Tuesday November 13, 2012
Immediately Following Personnel Committee
Lake Itasca Room 7550 Sunwood Drive NW

- 1. Call to Order**
- 2. Topics for Discussion**
 1. Consider Modification of TIF District 14
 2. Consider Lease Agreement with Independent Auto Service INC for use of Cold Storage Area; and Consider Sublease Agreement with First Choice Towing (6745 Hwy 10).
 3. Consider EDA Revolving Loan Fund (RLF) Application
 4. Consider Development of 15153 Nowthen BLVD, Old City Hall Site
- 3. Future Topics for Discussion - *See Attached Calendar***
 1. Review Future Work Session Topics/Calendar
- 4. Mayor/Council/Staff Input**
- 5. Adjournment**

Meeting Date: 11/13/2012

Submitted For: Kurt Ulrich

By: Kathy Schmitz, Administrative Services

Title:

Consider Modification of TIF District 14

Background:

At the October 23 Council meeting, a motion was made to decertify TIF (Tax Increment Financing) District 14. The motion failed, and the majority of comments were that some decertification might be of interest, but that the Council lacked enough information at the time to move forward to decertify the district. Subsequently, the Mayor has requested that this item be put on the agenda to determine whether the Council would like to proceed.

A total decertification would require the City to escrow \$7.42 million to cover the GO Bond. Due to this requirement, the most workable alternative would be for the Council to approve a modification of the district that would remove selected parcels.

Current City obligations include a \$7.42 million GO bond for the apartment project, and a commitment to the the rail station. Also, the City received special legislation to be able to use TIF revenue to reimburse the City for the \$6.75 million land acquisition cost and the \$5.8 million in public improvements that were assessed to the land. Over the life of the district, approximately \$68 million in public infrastructure expenditures were proposed to be funded with TIF revenue (see attached). These improvements include highway interchanges, road projects, local streets, sewer, water, and storm water management. Without TIF financing, the City would need to find other sources of funding for these projects.

Notification:

No public hearing is required to modify a TIP plan if all the parcels to be removed are tax exempt. This would cover any of the HRA land. However to remove taxable parcels, a public hearing is required. With a ten day notification requirement, a public hearing could be held as soon as November 27th. Staff recommends that, if this item moves forward, that it be scheduled for no earlier than the regular meeting of December 11, to allow a financial analysis to be prepared.

Observations:

According to statute (MS469.175-attached), modification of the plan may be done per the following section:

Subd. 4.Modification of plan.

- (a) A tax increment financing plan may be modified by an authority.
- (b) The authority may make the following modifications only upon the notice and after the discussion, public hearing, and findings required for approval of the original plan:
 - (1) any reduction or enlargement of geographic area of the project or tax increment financing district that does not meet the requirements of paragraph (e);
 - (2) increase in amount of bonded indebtedness to be incurred;
 - (3) a determination to capitalize interest on the debt if that determination was not a part of the original plan;
 - (4) increase in the portion of the captured net tax capacity to be retained by the authority;
 - (5) increase in the estimate of the cost of the project, including administrative expenses, that will be paid or financed with tax increment from the district; or
 - (6) designation of additional property to be acquired by the authority.

Keeping the existing district in place allows the maximum flexibility to the City to create development that will pay off the City's current level of investment. Because, under TIF, the City receives the County's portion of the tax

payment, this is the quickest way for the City to pay-off these obligations. At a minimum, enough properties need to remain in the district to cover 20% of the principal payment of the bond over the life of the bond issue.

The TIF district adds value to the land and makes it more likely that the City will be able to sell land to a private developer because it provides a means to finance the necessary public improvements.

A schedule of the proposed sources and uses of TIF District 14 is attached and a more detailed exhibit of current obligations will be presented at the meeting.

Recommendation:

It is recommended that the City keep the existing TIF district in place, at least until existing obligations are met.

However, if the Council wishes to modify the district in some fashion, it is recommended that the City consider removing parcels that are expected to develop in the later phases of the project. The district is limited to a 25-year life and as parcels develop, much of their TIF revenue generating ability will have been diminished. A detailed financial analysis of the districts ability to pay off currently obligated expenditures will need to be conducted.

A total decertification is not practical at this time because it would require pay-off of the Flaherty and Collins project bonds.

Funding Source:

Professional services account in General Fund.

Council Action:

This item is on the regular Council agenda as a case with the following recommendation:

Direct staff to schedule this item for the regular meeting of December 11, and to bring forth recommendations for modifications to TIF District 14 to remove selected parcels from the district, along with a financial analysis of the district.

The action of the Council may be modified based upon work session discussion.

Attachments

TIF Dist 14 Sources and Uses

2012 MN TIF Statutes

Disclosure 2011

TIF Districts

TIF 14 Plan

Form Review

Inbox	Reviewed By	Date
Kurt Ulrich	Kurt Ulrich	11/08/2012 06:35 PM
Kurt Ulrich	Kurt Ulrich	11/09/2012 11:13 AM
Form Started By: Kathy Schmitz		Started On: 11/08/2012 04:18 PM

Final Approval Date: 11/09/2012

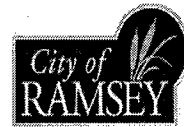
Use or Planned Use of Revenues

If the proposed special law will allow the district to collect additional increment or if the proposed special law authorizes additional spending not permitted by general law, list the planned use of the additional monies by the following categories:



Redevelopment TIF - Project Costs
 Ramsey Town Center - Ramsey, MN

		Total Spending by Funding Source				
Item	Description	TIF Revenue	Private Sources	Non-TIF Local Funds	Other Sources	Total
Northstar Station						
	Platform, Station, and Esmts	6,000,000			7,700,000	13,700,000
Structured Parking						
	Ramp B	8,000,000				8,000,000
	Ramp C	6,000,000				6,000,000
Pedestrian Overpass						
	Ramp A to Station	800,000				800,000
	Station to Regional Park	620,000			2,480,000	3,100,000
Roadway Improvements						
	Development and offsite	12,000,000		2,472,630	4,400,000	18,872,630
	Armstrong Overpass	5,000,000		5,000,000	40,000,000	50,000,000
	R/W Acquisition	2,000,000				2,000,000
Site Acquisition						
	Diamonds	1,000,000				1,000,000
	Church	1,000,000				1,000,000
	Pearson Easements	500,000				500,000
Infrastructure						
	Pearson Utilities	4,500,000				4,500,000
	Summerset Meadows	2,298,000				2,298,000
Private Construction						
	Public Roadways	2,000,000				2,000,000
	Incentives	5,000,000				5,000,000
	Development/Re-Development		364,450,895			364,450,895
Subtotal		66,718,000	364,450,895	7,472,630	54,580,000	483,221,625
	Finance Costs	0.02				1,134,360
	Cap'd Interest	0.04 2 yrs				4,537,440
	Administration	0.1				5,871,800
GRAND TOTAL		68,061,600				



Redevelopment TIF - TIF Capacity

Ramsey Town Center - Ramsey, MN

Item	Description	Acreage	Valuation	Tax/Annually
Retail/Commercial Districts				
	RTC Retail	69.23	65,765,233	1,644,131
Mixed-Use District				
	Ramp B	16.78	31,879,653	796,991
Business District				
	Ramp to Station	38.81	36,870,032	921,751
Housing Districts				
	Development and offsite	40.02	70,383,974	985,376
Redevelopment Districts				
	Total Redevelopment Parcels	221.60	159,552,000	3,988,800
Subtotal				
		386.44	364,450,892	8,337,049

TIF Capacity Calculations	
Duration (years)	25
Buildout Factor (rate)	0.5
Percentage of Capacity	1
Basis for increment	0.8
TIF Capacity (present value)	\$83,370,486

2012 Minnesota Statutes

469.175 ESTABLISHING, CHANGING PLAN, ANNUAL ACCOUNTS.

Subdivision 1. Tax increment financing plan.

(a) A tax increment financing plan shall contain:

(1) a statement of objectives of an authority for the improvement of a project;

(2) a statement as to the property within the project, if any, that the authority intends to acquire, identified by parcel number, identifiable property name, block, or other appropriate means indicating the area in which the authority intends to acquire properties;

(3) a list of any development activities that the plan proposes to take place within the project, for which the authority has entered into an agreement or designated a developer including the names of the parties or designated developer, the activity governed by the agreement or designation, and the expected date of completion of that activity;

(4) identification or description of the type of any other specific development reasonably expected to take place within the district, and the date when the development is likely to occur;

(5) estimates of the following:

(i) the cost of the project, including administrative expenses, and interest as a financing cost, which will be paid or financed with tax increments from the district, but not to exceed the estimated tax increment generated by the development activity;

(ii) the amount of bonds to be issued;

(iii) the original net tax capacity of taxable real property within the tax increment financing district and within any subdistrict;

(iv) the estimated captured net tax capacity of the tax increment financing district at completion; and

(v) the duration of the tax increment financing district's and any subdistrict's existence;

(6) statements of the authority's alternate estimates of the impact of tax increment financing on the net tax capacities of all taxing jurisdictions in which the tax increment financing district is located in whole or in part. For purposes of one statement, the authority shall assume that the estimated captured net tax capacity would be available to the taxing jurisdictions without creation of the district, and for purposes of the second statement, the authority shall assume that none of the estimated captured net tax capacity would be available to the taxing jurisdictions without creation of the district or subdistrict;

(7) identification and description of studies and analyses used to make the determination set forth in subdivision 3, clause (2); and

(8) identification of all parcels to be included in the district or any subdistrict.

(b) The authority may specify in the tax increment financing plan the first year in which it elects to receive increment, up to four years following the year of approval of the district. This paragraph does not apply to an economic development district.

Subd. 1a. Inclusion of county road costs.

(a) The county board may require the authority to pay all or a portion of the cost of county road improvements out of increment revenues, if the following conditions occur:

(1) the proposed tax increment financing plan or an amendment to the plan contemplates construction of a development that will, in the judgment of the county, substantially increase the use of county roads requiring construction of road improvements or other road costs; and

(2) the road improvements or other road costs are not scheduled for construction within five years under the county capital improvement plan or within five years under another formally adopted county plan, and in the opinion of the county, would not reasonably be expected to be needed within the reasonably foreseeable future if the tax increment financing plan were not implemented.

(b) If the county elects to use increments to finance the road improvements, the county must notify the authority and municipality within 45 days after receipt of the proposed tax increment financing plan under subdivision 2. The notice must include the estimated cost of the road improvements and schedule for construction and payment of the cost. The authority must include the improvements in the tax increment financing plan. The improvements may be financed with the proceeds of tax increment bonds or the authority and the county may agree that the county will finance the improvements with county funds to be repaid in installments, with or without interest, out of increment revenues. If the cost of the road improvements and other project costs exceed the projected amount of the increment revenues, the county and authority shall negotiate an agreement, modifying the development plan or proposed road improvements that will permit financing of the costs before the tax increment financing plan may be approved.

Subd. 2. Consultations; comment and filing.

(a) Before formation of a tax increment financing district, the authority shall provide the county auditor and clerk of the school board with the proposed tax increment financing plan for the district and the authority's estimate of the fiscal and economic implications of the proposed tax increment financing district. The authority must provide the proposed tax increment financing plan and the information on the fiscal and economic implications of the plan to the county auditor and the clerk of the school district board at least 30 days before the public hearing required by subdivision 3. The information on the fiscal and economic implications may be included in or as part of the tax increment financing plan. The county auditor and clerk of the school board shall provide copies to the members of the boards, as directed by their respective boards. The 30-day requirement is waived if the boards of the county and school district submit written comments on the proposal and any modification of the proposal to the authority after receipt of the information.

(b) For purposes of this subdivision, "fiscal and economic implications of the proposed tax increment financing district" includes:

(1) an estimate of the total amount of tax increment that will be generated over the life of the district;

(2) a description of the probable impact of the district on city-provided services such as police and fire protection, public infrastructure, and the impact of any general obligation tax increment bonds attributable to the district upon the ability to issue other debt for general fund purposes;

(3) the estimated amount of tax increments over the life of the district that would be attributable to school district levies, assuming the school district's share of the total local tax rate for all taxing jurisdictions remained the same;

(4) the estimated amount of tax increments over the life of the district that would be attributable to county levies, assuming the county's share of the total local tax rate for all taxing jurisdictions remained the same; and

(5) additional information regarding the size, timing, or type of development in the district requested by the county or the school district that would enable it to determine additional costs that will accrue to it due to the development proposed for the district. If a county or school district has not adopted standard questions in a written policy on information requested for fiscal and economic implications, a county or school district must request additional information no later than 15 days after receipt of the tax increment financing plan and the request does not require an additional 30 days of notice before the public hearing.

Subd. 2a. Housing districts; redevelopment districts.

In the case of a proposed housing district or redevelopment district, in addition to the requirements of subdivision 2, at least 30 days before the publication of the notice for public hearing under subdivision 3, the authority shall deliver written notice of the proposed district to each county commissioner who represents part of the area proposed to be included in the district. The notice must contain a general description of the boundaries of the proposed district and the proposed activities to be financed by the district, an offer by the authority to meet and discuss the proposed district with the county commissioner, and a solicitation of the commissioner's comments with respect to the district. The commissioner may waive the 30-day requirement by submitting written comments on the proposal and any modification of the proposal to the authority after receipt of the information.

Subd. 2b. Compact development districts; sunset.

The authority to establish or approve the tax increment financing plan for a new compact development district expires on June 30, 2012.

Subd. 3. Municipality approval.

(a) A county auditor shall not certify the original net tax capacity of a tax increment financing district until the tax increment financing plan proposed for that district has been approved by the municipality in which the district is located. If an authority that proposes to establish a tax increment financing district and the municipality are not the same, the authority shall apply to the municipality in which the district is proposed to be located and shall obtain the approval of its tax increment financing plan by the municipality

before the authority may use tax increment financing. The municipality shall approve the tax increment financing plan only after a public hearing thereon after published notice in a newspaper of general circulation in the municipality at least once not less than ten days nor more than 30 days prior to the date of the hearing. The published notice must include a map of the area of the district from which increments may be collected and, if the project area includes additional area, a map of the project area in which the increments may be expended. The hearing may be held before or after the approval or creation of the project or it may be held in conjunction with a hearing to approve the project.

(b) Before or at the time of approval of the tax increment financing plan, the municipality shall make the following findings, and shall set forth in writing the reasons and supporting facts for each determination:

(1) that the proposed tax increment financing district is a redevelopment district, a renewal or renovation district, a housing district, a soils condition district, or an economic development district; if the proposed district is a redevelopment district or a renewal or renovation district, the reasons and supporting facts for the determination that the district meets the criteria of section [469.174, subdivision 10](#), paragraph (a), clauses (1) and (2), or subdivision 10a, must be documented in writing and retained and made available to the public by the authority until the district has been terminated;

(2) that, in the opinion of the municipality:

(i) the proposed development or redevelopment would not reasonably be expected to occur solely through private investment within the reasonably foreseeable future; and

(ii) the increased market value of the site that could reasonably be expected to occur without the use of tax increment financing would be less than the increase in the market value estimated to result from the proposed development after subtracting the present value of the projected tax increments for the maximum duration of the district permitted by the plan. The requirements of this item do not apply if the district is a housing district;

(3) that the tax increment financing plan conforms to the general plan for the development or redevelopment of the municipality as a whole;

(4) that the tax increment financing plan will afford maximum opportunity, consistent with the sound needs of the municipality as a whole, for the development or redevelopment of the project by private enterprise;

(5) that the municipality elects the method of tax increment computation set forth in section [469.177, subdivision 3, paragraph \(b\)](#), if applicable.

(c) When the municipality and the authority are not the same, the municipality shall approve or disapprove the tax increment financing plan within 60 days of submission by the authority. When the municipality and the authority are not the same, the municipality may not amend or modify a tax increment financing plan except as proposed by the authority pursuant to subdivision 4. Once approved, the determination of the authority to undertake the project through the use of tax increment financing and the resolution of the governing body shall be conclusive of the findings therein and of the public need for the financing.

(d) For a district that is subject to the requirements of paragraph (b), clause (2), item (ii), the municipality's statement of reasons and supporting facts must include all of the following:

(1) an estimate of the amount by which the market value of the site will increase without the use of tax increment financing;

(2) an estimate of the increase in the market value that will result from the development or redevelopment to be assisted with tax increment financing; and

(3) the present value of the projected tax increments for the maximum duration of the district permitted by the tax increment financing plan.

(e) For purposes of this subdivision, "site" means the parcels on which the development or redevelopment to be assisted with tax increment financing will be located.

Subd. 4. Modification of plan.

(a) A tax increment financing plan may be modified by an authority.

(b) The authority may make the following modifications only upon the notice and after the discussion, public hearing, and findings required for approval of the original plan:

(1) any reduction or enlargement of geographic area of the project or tax increment financing district that does not meet the requirements of paragraph (e);

(2) increase in amount of bonded indebtedness to be incurred;

(3) a determination to capitalize interest on the debt if that determination was not a part of the original plan;

(4) increase in the portion of the captured net tax capacity to be retained by the authority;

(5) increase in the estimate of the cost of the project, including administrative expenses, that will be paid or financed with tax increment from the district; or

(6) designation of additional property to be acquired by the authority.

(c) If an authority changes the type of district to another type of district, this change is not a modification but requires the authority to follow the procedure set forth in sections [469.174](#) to [469.179](#) for adoption of a new plan, including certification of the net tax capacity of the district by the county auditor.

(d) If a redevelopment district or a renewal and renovation district is enlarged, the reasons and supporting facts for the determination that the addition to the district meets the criteria of section [469.174, subdivision 10](#), paragraph (a), clauses (1) and (2), or subdivision 10a, must be documented.

(e) The requirements of paragraph (b) do not apply if (1) the only modification is elimination of parcels from the project or district and (2)(A) the current net tax capacity of the parcels eliminated from the district equals or exceeds the net tax capacity of those parcels in the district's original net tax capacity or (B) the authority agrees that, notwithstanding section [469.177, subdivision 1](#), the original net tax capacity will be reduced by no more than the current net tax capacity of the parcels eliminated from the district. The authority must notify the county auditor of any modification that reduces or enlarges the geographic area of a district or a project area.

(f) The geographic area of a tax increment financing district may be reduced, but shall not be enlarged after five years following the date of certification of the original net tax capacity by the county auditor or after August 1, 1984, for tax increment financing districts authorized prior to August 1, 1979.

Subd. 4a. Filing plan with state.

(a) The authority must file a copy of the tax increment financing plan and amendments to the plan with the commissioner of revenue and the state auditor. The authority must also file a copy of the development plan or the project plan for the project area with the commissioner of revenue and the state auditor.

(b) Filing under this subdivision must be made within 60 days after the latest of:

(1) the filing of the request for certification of the district;

(2) approval of the plan by the municipality; or

(3) adoption of the plan by the authority.

Subd. 5. Annual disclosure.

An annual statement showing for each district the information required to be reported under subdivision 6, paragraph (c), clauses (1), (2), (3), (11), (12), (18), and (19); the amounts of tax increment received and expended in the reporting period; and any additional information the authority deems necessary must be published in a newspaper of general circulation in the municipality that approved the tax increment financing plan. The annual statement must inform readers that additional information regarding each district may be obtained from the authority, and must explain how the additional information may be requested. The authority must publish the annual statement for a year no later than August 15 of the next year. The authority must identify the newspaper of general circulation in the municipality to which the annual statement has been or will be submitted for publication and provide a copy of the annual statement to the county board, the county auditor, the state auditor, and, if the authority is other than the municipality, the governing body of the municipality on or before August 1 of the year in which the statement must be published.

The disclosure requirements imposed by this subdivision apply to districts certified before, on, or after August 1, 1979.

Subd. 6. Annual financial reporting.

(a) The state auditor shall develop a uniform system of accounting and financial reporting for tax increment financing districts. The system of accounting and financial reporting shall, as nearly as possible:

(1) provide for full disclosure of the sources and uses of tax increments of the district;

(2) permit comparison and reconciliation with the affected local government's accounts and financial reports;

(3) permit auditing of the funds expended on behalf of a district, including a single district that is part of a multidistrict project or that is funded in part or whole through the use of a development account funded with tax increments from other districts or with other public money;

(4) be consistent with generally accepted accounting principles.

(b) The authority must annually submit to the state auditor a financial report in compliance with paragraph (a). Copies of the report must also be provided to the county auditor and to the governing body of the municipality, if the authority is not the municipality. To the extent necessary to permit compliance with the requirement of financial reporting, the county and any other appropriate local government unit or private entity must provide the necessary records or information to the authority or the state auditor as provided by the system of accounting and financial reporting developed pursuant to paragraph (a). The authority must submit the annual report for a year on or before August 1 of the next year.

(c) The annual financial report must also include the following items:

(1) the original net tax capacity of the district and any subdistrict under section [469.177, subdivision 1](#);

(2) the net tax capacity for the reporting period of the district and any subdistrict;

(3) the captured net tax capacity of the district;

(4) any fiscal disparity deduction from the captured net tax capacity under section [469.177, subdivision 3](#);

(5) the captured net tax capacity retained for tax increment financing under section [469.177, subdivision 2](#), paragraph (a), clause (1);

(6) any captured net tax capacity distributed among affected taxing districts under section [469.177, subdivision 2](#), paragraph (a), clause (2);

(7) the type of district;

(8) the date the municipality approved the tax increment financing plan and the date of approval of any modification of the tax increment financing plan, the approval of which requires notice, discussion, a public hearing, and findings under subdivision 4, paragraph (a);

(9) the date the authority first requested certification of the original net tax capacity of the district and the date of the request for certification regarding any parcel added to the district;

(10) the date the county auditor first certified the original net tax capacity of the district and the date of certification of the original net tax capacity of any parcel added to the district;

(11) the month and year in which the authority has received or anticipates it will receive the first increment from the district;

(12) the date the district must be decertified;

(13) for the reporting period and prior years of the district, the actual amount received from, at least, the following categories:

(i) tax increments paid by the captured net tax capacity retained for tax increment financing under section [469.177, subdivision 2](#), paragraph (a), clause (1), but excluding any excess taxes;

(ii) tax increments that are interest or other investment earnings on or from tax increments;

(iii) tax increments that are proceeds from the sale or lease of property, tangible or intangible, purchased by the authority with tax increments;

(iv) tax increments that are repayments of loans or other advances made by the authority with tax increments;

(v) bond proceeds; and

(vi) the market value homestead credit paid to the authority under section [273.1384](#);

(14) for the reporting period and for the prior years of the district, the actual amount expended for, at least, the following categories:

(i) acquisition of land and buildings through condemnation or purchase;

(ii) site improvements or preparation costs;

(iii) installation of public utilities, parking facilities, streets, roads, sidewalks, or other similar public improvements;

(iv) administrative costs, including the allocated cost of the authority; and

(v) for housing districts, construction of affordable housing;

(15) the amount of any payments for activities and improvements located outside of the district that are paid for or financed with tax increments;

(16) the amount of payments of principal and interest that are made during the reporting period on any nondefeased:

(i) general obligation tax increment financing bonds; and

(ii) other tax increment financing bonds, including pay-as-you-go contracts and notes;

(17) the principal amount, at the end of the reporting period, of any nondefeased:

(i) general obligation tax increment financing bonds; and

(ii) other tax increment financing bonds, including pay-as-you-go contracts and notes;

(18) the amount of principal and interest payments that are due for the current calendar year on any nondefeased:

(i) general obligation tax increment financing bonds; and

(ii) other tax increment financing bonds, including pay-as-you-go contracts and notes;

(19) if the fiscal disparities contribution under chapter 276A or 473F for the district is computed under section [469.177, subdivision 3](#), paragraph (a), the amount of total increased property taxes to be paid from outside the tax increment financing district; and

(20) any additional information the state auditor may require.

(d) The reporting requirements imposed by this subdivision apply to districts certified before, on, and after August 1, 1979.

Subd. 6a.

[Repealed, [2000 c 490 art 11 s 44](#)]

Subd. 6b. Duration of disclosure and reporting requirements.

The disclosure and reporting requirements imposed by subdivisions 5 and 6 apply with respect to a tax increment financing district beginning with the annual disclosure and reports for the year in which the original net tax capacity of the district was certified and ending with the annual disclosure and reports for the year in which both of the following events have occurred:

(1) decertification of the district; and

(2) expenditure or return to the county auditor of all remaining revenues derived from tax increments paid by properties in the district.

Subd. 7. Creation of hazardous substance subdistrict; response actions.

(a) An authority which is creating or has created a tax increment financing district may establish within the district a hazardous substance subdistrict upon the notice and after the discussion, public hearing, and findings required for approval of or modification to the original plan. The geographic area of the subdistrict is made up of any parcels in the district designated for inclusion by the municipality or authority that are designated hazardous substance sites, and any additional parcels in the district designated for inclusion that are contiguous to the hazardous substance sites, including parcels that are contiguous to the site except for the interposition of a right-of-way. Before or at the time of approval of the tax increment financing plan or plan modification providing for the creation of the hazardous substance subdistrict, the authority must make the findings under paragraphs

(b) to (d), and set forth in writing the reasons and supporting facts for each.

(b) Development or redevelopment of the site, in the opinion of the authority, would not reasonably be expected to occur solely through private investment and tax increment otherwise available, and therefore the hazardous substance district is deemed necessary.

(c) Other parcels that are not designated hazardous substance sites are expected to be developed together with a designated hazardous substance site.

(d) The subdistrict is not larger than, and the period of time during which increments are elected to be received is not longer than, that which is necessary in the opinion of the authority to provide for the additional costs due to the designated hazardous substance site.

(e) Upon request by an authority that has incurred expenses for removal or remedial actions to implement a development response action plan, the attorney general may:

(1) bring a civil action on behalf of the authority to recover the expenses, including administrative costs and litigation expenses, under section [115B.04](#) or other law; or

(2) assist the authority in bringing an action as described in clause (1), by providing legal and technical advice, intervening in the action, or other appropriate assistance.

The decision to participate in any action to recover expenses is at the discretion of the attorney general.

(f) If the attorney general brings an action as provided in paragraph (e), clause (1), the authority shall certify its reasonable and necessary expenses incurred to implement the development response action plan and shall cooperate with the attorney general as required to effectively pursue the action. The certification by the authority is prima facie evidence that the expenses are reasonable and necessary. The attorney general may deduct litigation expenses incurred by the attorney general from any amounts recovered in an action brought under paragraph (e), clause (1). The authority shall reimburse the attorney general for litigation expenses not recovered in an action under paragraph (e), clause (1), but only from the additional tax increment required to be used as described in section [469.176, subdivision 4e](#). The authority must reimburse the attorney general for litigation expenses incurred to assist in bringing an action under paragraph (e), clause (2), but only from amounts recovered by the authority in an action or, if the amounts are insufficient, from the additional tax increment required to be used as described in section [469.176, subdivision 4e](#). All money recovered or paid to the attorney general for litigation expenses under this paragraph shall be paid to the general fund of the state for deposit to the account of the attorney general. For the purposes of this section, "litigation expenses" means attorney fees and costs of discovery and other preparation for litigation.

(g) The authority shall reimburse the pollution control agency for its administrative expenses incurred to review and approve a development action response plan. The authority must reimburse the Pollution Control Agency for expenses incurred for any services rendered to the attorney general to support the attorney general in actions brought or assistance provided under paragraph (e), but only from amounts recovered by the authority in an action brought under paragraph (e) or from the additional tax increment required to be used as described in section [469.176, subdivision 4e](#). All money paid to the pollution control agency under this paragraph shall be deposited in the remediation fund.

(h) Actions taken by an authority consistent with a development response action plan are deemed to be authorized response actions for the purpose of section [115B.17, subdivision 12](#). An authority that takes actions consistent with a development response action plan qualifies for the defenses available under sections [115B.04, subdivision 11](#), and [115B.05, subdivision 9](#).

(i) All money recovered by an authority in an action brought under paragraph (e) in excess of the amounts paid to the attorney general and the Pollution Control Agency must be treated as excess increments and be distributed as provided in section [469.176, subdivision 2](#), clause (4), to the extent the removal and remedial actions were initially financed with increment revenues.

Subd. 7a.

[Repealed, [1995 c 264 art 5 s 48](#)]

Subd. 8. Payment of debt service on credit enhanced bonds.

A tax increment financing plan may provide for the use of the tax increment to pay, or secure payment of, debt service on credit enhanced bonds issued to finance any project located within the boundaries of the municipality, whether or not the tax increment financing district from which the increment is derived is located within the boundaries of the project.

History:

[1987 c 291 s 176](#); [1987 c 312 art 1 s 26 subd 2](#); [1988 c 719 art 5 s 84](#); [art 12 s 9-14](#); [1989 c 277 art 2 s 63](#); [1989 c 329 art 13 s 20](#); [1989 c 335 art 1 s 246,247](#); [1Sp1989 c 1 art 14 s 6-8](#); [1990 c 604 art 7 s 10-14](#); [1993 c 375 art 3 s 43](#); [art 14 s 7-9](#); [1995 c 264 art 5 s 17-21](#); [1996 c 471 art 7 s 11-13](#); [art 11 s 14](#); [1997 c 231 art 10 s 5](#); [1998 c 389](#)

art 11 s 2-5; 1999 c 248 s 20; 2000 c 490 art 11 s 19-24; 1Sp2001 c 5 art 15 s 7-9; 2003 c 127 art 10 s 6-9; 2003 c 128 art 2 s 45; 2005 c 152 art 2 s 7-11; 2006 c 259 art 10 s 1-3; 2008 c 154 art 9 s 4,5; 2009 c 88 art 5 s 4,5; 2009 c 101 art 2 s 90,91; 2010 c 216 s 28

CITY OF RAMSEY
Annual Disclosure of Tax Increment Districts for the Year Ended December 31, 2011

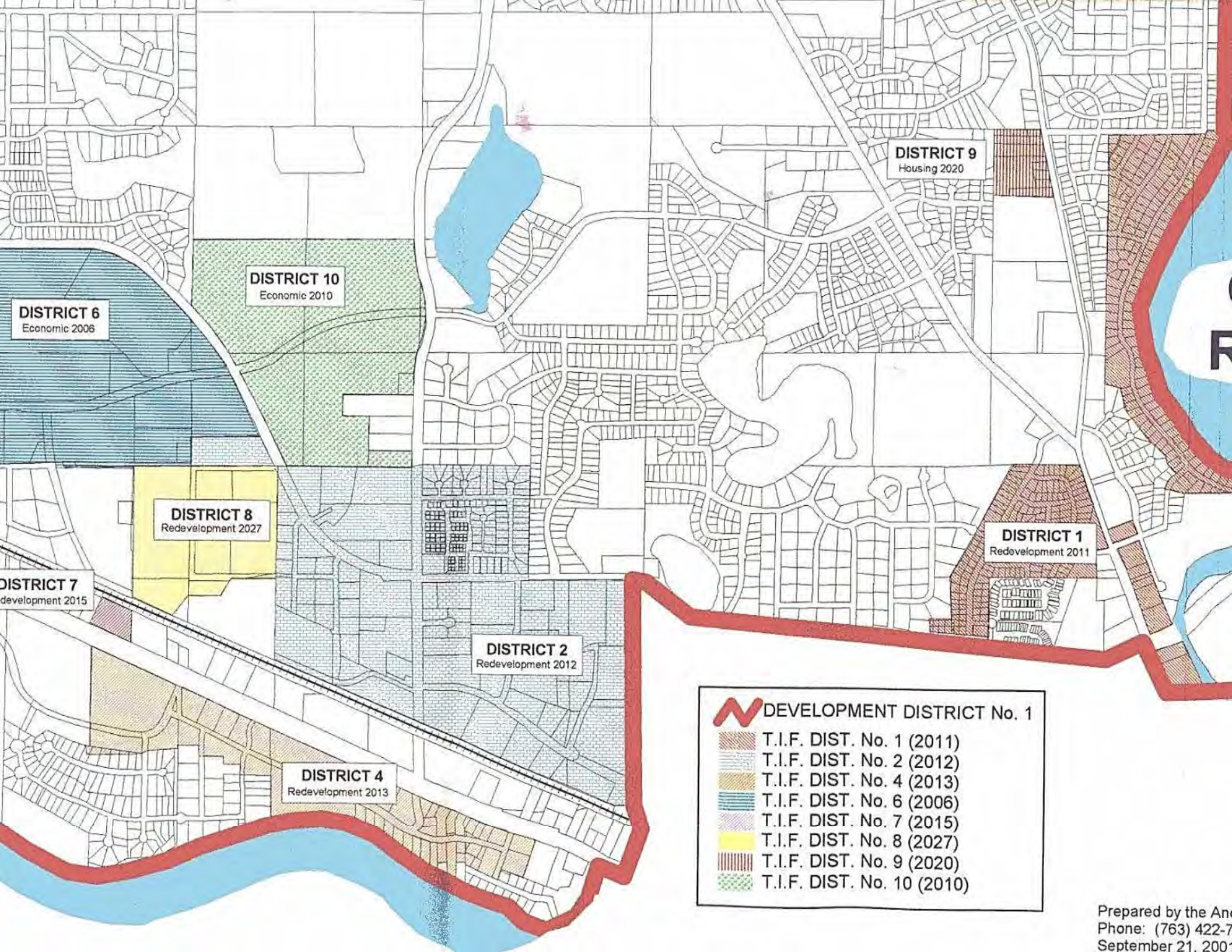
TIF District Name:	TIF District 1 Rivers Bend	TIF District 2 Gateway	TIF District 4 Front Street	TIF District 7 B & B, LLC	TIF District 8 AMCOR	TIF District 9 ACCAP	TIF District 10 Sunfish Lake	TIF District 11 Crestview	TIF District 12 ACCAP	TIF District 13 Crossings	TIF District 14 COR
Current Net Tax Capacity	798,401	1,838,346	525,354	54,674	339,986	24,294	358,180	12,426	0	138,328	1,300,653
Original Net Tax Capacity	19,615	193,901	40,558	10,122	26,614	1,772	46,082	6,800	0	100,611	1,300,653
Captured Net Tax Capacity	778,786	1,644,445	484,796	44,552	313,372	22,522	312,098	5,626	0	37,717	-
Principal and Interest Payments due during current year	-	20,264	-	23,000	261,237	29,200	0	-	-	0	0
Tax Increment Received	904,974	1,935,642	454,841	30,344	365,086	24,630	191,625	1,395	0	10,318	-
Tax Increment Expended	790,854	1,021,886	303,943	25,060	371,403	26,844	2,746	24,970	531	74,750	33,151
Month and Year of First Tax Increment Receipt	July 1986	June 1988	June 1988	July 2002	July 2003	July 2004	June 2004	June 2008	November 2009	June 2008	July 2013
Date of Required Decertification	12/31/2011	12/31/2013	12/31/2013	12/31/2015	12/31/2028	12/31/2029	12/31/2012	12/31/2033	12/31/2034	12/31/2023	12/31/2038
Increased property tax imposed on other properties as a result of fiscal disparities contribution*	2421**	263,327 **	59,087 **	N/A	58,932	0 **	N/A	N/A	N/A	N/A	0 **

* The fiscal disparities property tax law provides that the growth in commercial-industrial property tax values is shared throughout the area. In a tax increment financing district, this value can either result in a tax increase for other properties in the municipality or result in a decrease in tax increment financing district revenue depending on how the tax increment district is established.

** The districts noted by ** above do not share growth in commercial-industrial property tax values. This results in an increase in property taxes for other properties located in that municipality. For taxes payable in 2011, this increase in taxes on other properties amounted to the values listed above.

Additional information regarding each district may be obtained from:

Diana Lund, Finance Director
7550 Sunwood Drive NW
Ramsey, MN 55303
(763) 427-1410



DEVELOPMENT DISTRICT No. 1

-  T.I.F. DIST. No. 1 (2011)
-  T.I.F. DIST. No. 2 (2012)
-  T.I.F. DIST. No. 4 (2013)
-  T.I.F. DIST. No. 6 (2006)
-  T.I.F. DIST. No. 7 (2015)
-  T.I.F. DIST. No. 8 (2027)
-  T.I.F. DIST. No. 9 (2020)
-  T.I.F. DIST. No. 10 (2010)

REC'D JUL 00 2012

City of Ramsey, Minnesota

**Administrative Amendment to the
Tax Increment Financing Plan**

for

**Tax Increment Financing (Redevelopment)
District No. 14**

(The COR Development Project)

Within Development District No. 1

Dated: December 7, 2010

Approved: December 14, 2010

Administrative Amendment Approved: January 25, 2011

Prepared by:

**SPRINGSTED INCORPORATED
380 Jackson Street, Suite 300
St. Paul, MN 55101-2887
(651) 223-3000
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INTRODUCTION

The purpose of the Administrative Amendment to the Tax Increment Financing Plan for Tax Increment Financing (Redevelopment) District No. 14 is to correctly list and account for all parcels located within the statutorily defined boundaries of the TIF District. The Plan that was approved on December 14, 2010 did not include a complete listing of all the parcels in the district. This amendment should not materially impact the original estimates and will not increase the overall size of the District nor the overall size of the budget. The sections being modified are Sections G, J, L, N, P, & V, and Exhibits III-VII. The amendment makes no other modifications to the TIF District.

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Section A Definitions

The terms defined in this section have the meanings given herein, unless the context in which they are used indicates a different meaning:

"Authority" means the Housing and Redevelopment Authority of the City of Ramsey.

"City" means the City of Ramsey, Minnesota; also referred to as a "Municipality".

"City Council" means the City Council of the City; also referred to as the "Governing Body".

"County" means Anoka County, Minnesota.

"Development District" means Development District No. 1 in the City, which is described in the corresponding Development Program.

"Development Program" means the Development Program for the Development District.

"Project Area" means the geographic area of the Development District.

"School District" means Independent School District No. 11, Minnesota.

"State" means the State of Minnesota.

"TIF Act" means Minnesota Statutes, Sections 469.174 through 469.1799, both inclusive.

"TIF District" means Tax Increment Financing (Redevelopment) District No. 14.

"TIF Plan" means the tax increment financing plan for the TIF District (this document).

Section B Statutory Authorization

See Section 2.02 of the Development Program for the Development District.

Section C Statement of Need and Public Purpose

See Section 2.01 of the Development Program for the Development District.

Section D Statement of Objectives

See the Development Program for statement of objectives for the Development District.

**Section E Designation of Tax Increment Financing District as a
Redevelopment District**

Under Chapter 389 – H.F.No. 3729, Article 7 "Public Finance", Section 22 City of Ramsey; Tax Increment Financing District; Special Rules Subdivision (b) the requirements for qualifying a redevelopment tax increment district under Minnesota Statutes, section 469.174, subdivision 10, do not apply to the parcels located within the district. .

Section F Duration of the TIF District

Redevelopment districts may remain in existence 25 years from the date of receipt of the first tax increment. The City anticipates that the TIF District will remain in existence the maximum duration allowed by law (projected to be through the year 2037). Modifications of this plan (see Section Z) shall not extend these limitations. All tax increments from taxes payable in the year the TIF District is decertified shall be paid to the Authority. Pursuant to MN Statutes, Section 469.175 subdivision 1(b), the Authority elects to delay receipt of first increment until 2012.

Section G Property to be Included in the TIF District

The TIF District is a 533 acre area of land located within the Project Area. A map showing the location of the TIF District is shown in Exhibit I.

Under Chapter 389 – H.F.No. 3729, Article 7 “Public Finance”, Section 22 City of Ramsey; Tax Increment Financing District; Special Rules Subdivision (a) if the City of Ramsey or an authority of the City elects upon the adoption of a tax increment financing plan for a district, the rules under this section apply to a redevelopment tax increment financing district established by the City or an Authority of the City. The redevelopment tax increment district includes parcels within the area bound on the East by Ramsey Boulevard, on the North by Bunker Lake Boulevard as extended West to Llama Street, on the West by Llama Street, and on the south by a line running parallel to and 600 feet south of the southerly right-of-way for US Highway 10, but including Parcels 28-32-25-43-0007, and 28-32-25-34-0002 in their entirety, and excluding the Anoka County Regional Park property in it’s entirety.* A parcel within this area that is included in a tax increment financing district that was certified before the date of enactment of this act may be included in the district created under this act if the initial district is decertified.

The area encompassed by the TIF District shall also include all street or utility right-of-ways located upon or adjacent to the property described above.

*The individual parcel identification numbers and legal descriptions are described in Exhibit III. The administrative amendment to the tax increment financing plan does not increase the boundary of the TIF District as defined by the special legislation above, but additional parcel identification numbers and legal descriptions were added to Exhibit III for property located within the boundaries as defined above.

Section H Property to be Acquired in the TIF District

The City may acquire and sell any or all of the property located within the TIF District. The City currently owns a number of parcels located within the District and anticipates the sale of these parcels; additionally the City may also finance the direct acquisition of land by a Developer.

Section I Specific Development Expected to Occur Within the TIF District

The anticipated development projected to occur within the District is varied. The HRA has been acquiring parcels within the District and has been preparing them for development and sale to developers. The City has projected future development of this property; the projections include the development of 69 acres of retail development, 10 acres of mixed-use development, 15 acres of commercial/business development, and 16 acres of housing development.

The size of the proposed District makes it difficult to estimate with any certainty the years that various types of development will occur within such District. It is likely that multiple projects will occur through many years of the District. The projects forecasted within the revenue projections assume development to be fully constructed through 2035. Although the City has been approached by several developers indicating some level of interest in development of specific parcels within the District, at the time this document was prepared there were no signed construction contracts with regard to the above described development.

The City anticipates using tax increment to reimburse itself for a portion of the eligible public improvement costs including acquisition, demolition, site improvements, and related administrative costs. Additionally, under Chapter 389 – H.F.No. 3729, Article 7 “Public Finance”, Section 22 City of Ramsey; Tax Increment Financing District; Special Rules Subdivision (c) in addition to the costs permitted by Minnesota Statutes, section 469.176, subdivision 4j, eligible expenditures within the district include the City’s share of the costs necessary to provide for the construction of the Northstar Transit Station and related infrastructure, including structured parking, a pedestrian overpass, and roadway improvements.

Section J Findings and Need for Tax Increment Financing

In establishing the TIF District, the City makes the following findings:

- (1) The TIF District qualifies as a redevelopment district;

See Section E of this document for the reasons and facts supporting this finding.

- (2) The proposed development, in the opinion of the City, would not reasonably be expected to occur solely through private investment within the reasonably foreseeable future, and the increased market value of the site that could reasonably be expected to occur without the use of tax increment would be less than the increase in market value estimated to result from the proposed development after subtracting the present value of the projected tax increments for the maximum duration of the TIF District permitted by the TIF Plan;

Factual Basis:

Proposed development not expected to occur:

The proposed development in the District will include the construction of substantial transit and road improvements. A key component to the successful development of the project and the surrounding area is the construction of the Ramsey Station on the Northstar Commuter Rail. The application of tax increment financing will allow for construction of this key transit and related transportation infrastructure that will support the development of the proposed mixed-use, transit oriented development. The City has determined that but-for this investment in infrastructure to support the quality and type of development desired by the City and its regional partners, this project will not realize its full potential and maximize its location on a key transit and transportation corridor. In addition to the transit oriented benefits of this TIF Plan, the related transportation improvements of the Armstrong Boulevard interchange and pedestrian overpass will increase motor vehicle and pedestrian safety in the corridor. Additionally, this interchange improvement will increase the likelihood of development surrounding the interchange, that would not likely occur but-for the interchange improvement.

The City believes the investment in this key infrastructure would not occur but for the use of tax increment financing, and the special uses provided by the special legislation granted under Chapter 389 – H.F.No. 3729, Article 7 “Public Finance”, Section 22 City of Ramsey; Tax Increment Financing District; Special Rules Subdivisions (a-e). The City anticipates analyzing future developer’s proformas in detail to determine the minimal amount of assistance needed to compensate developers for extraordinary development costs.

No higher market value expected:

This finding is based on the fact that no other development of comparable scope to the proposed development is practical without the same type of assistance described in this plan, or the proposed transit and roadway improvements. The City of Ramsey believes the investment in this key infrastructure will provide for economic growth and development to the fullest potential, which would not be realized but for the use of tax increment financing.

To summarize the basis for the City's findings regarding alternative market value, in accordance with Minnesota Statutes, Section 469.175, Subd. 3(d), the City makes the following determinations:

- a. The City's estimate of the amount by which the market value of the site will increase without the use of tax increment financing is anywhere from \$0 to some modest amount based on small scale development that could be possible without assistance; any estimated values would be too speculative to ascertain.
 - b. If the proposed development to be assisted with tax increment occurs in the District, the total increase in market value would be approximately \$515,404,309, including the value of the building (See Exhibit III). Prior to the inclusion of a 2% market value inflator starting in 2018.
 - c. The present value of tax increments from the District for the maximum duration of the district permitted by the TIF Plan is estimated to be \$68,338,087 (See Exhibit VI)
 - d. Even if some development other than the proposed development were to occur, the Council finds that no alternative would occur that would produce a market value increase greater than \$447,066,222 (the amount in clause b less the amount in clause c) without tax increment assistance.
- (3) The TIF Plan will afford maximum opportunity, consistent with the sound needs of the City as a whole, for development of the Project Area by private enterprise.

Factual basis: The anticipated development projected by the City may include the development of 69 acres for retail development, 10 acres for mixed-use development, 15 acres for commercial/business development, and 16 acres for housing development; in addition to the substantial private development which is projected to occur in the District. The mixed-use, transit-oriented development clearly meets the economic development goals of the City.

- (4) The TIF Plan conforms to general plans for development of the City as a whole.

Factual basis: The City Planning Commission has determined that the development proposed in the TIF Plan conforms to the City comprehensive plan.

- (5) The City does not elect the method of tax increment computation set forth in Minnesota Statutes, Section 469.177, Subdivision 3(b); therefore subdivision 3(a) shall apply which indicates the original net tax capacity and the current net tax capacity shall be determined before the application of the fiscal disparity provisions (see method (a) in Section P).

Section K Estimated Public Costs

The estimated public costs of the TIF District are listed below. Such costs are eligible for reimbursement from tax increments of the TIF District.

	Original Budget – Adopted December 14, 2010	Administrative Amendment – January 25, 2011
Land/Building acquisition, Special Assessments, Public Utilities, Site Improvements/Preparation Costs, Northstar Transit Station and related infrastructure, and other Eligible Improvements	\$61,825,343	\$61,825,343
Bond/Note Interest Payments	105,312,690	105,312,690
Administrative expenses	18,570,896	18,570,896

Other Expenditures		
Capitalized Interest payments	0	0
Total	\$185,708,929	\$185,708,929

The City reserves the right to administratively adjust the amount of any of the items listed above or to incorporate additional eligible items, so long as the total estimated public cost is not increased.

Section L Estimated Sources of Revenue

	Original Budget – Adopted December 14, 2010	Administrative Amendment – January 25, 2011
Tax Increment revenue	\$185,708,929	\$184,022,262
Interest on invested funds		1,686,667
Bond proceeds		0
Loan proceeds		0
Grants		0
Other	0	0
Total	\$185,708,929	\$185,708,929

The City anticipates using future tax increments for reimbursement of public costs incurred from Section K. As increments are collected from the TIF District in future years, a portion of these taxes will be reserved by the City as reimbursement for public costs incurred (primarily land acquisition), either through internal funding or general obligation or revenue debt. The City also anticipates providing financial assistance to the proposed developments through the use of a pay-as-you-go technique. As tax increments are collected from the TIF District in future years, a portion of these taxes will be distributed to the developer/owner as reimbursement for public costs incurred that relate to redevelopment of the project site.

The City reserves the right to finance any or all public costs of the TIF District using pay-as-you-go assistance, internal funding, general obligation or revenue debt, or any other financing mechanism authorized by law. The City also reserves the right to use other sources of revenue legally applicable to the Project Area to pay for such costs including, but not limited to, special assessments, utility revenues, federal or state funds, and investment income.

Section M Estimated Amount of Bonded Indebtedness

The City does not anticipate issuing tax increment bonds to finance the estimated public costs of the TIF District, but reserves the right to issue such bonds in an amount not to exceed \$80,372,946 (\$61,825,343 + 30% contingency).

Section N Original Net Tax Capacity

The County Auditor shall certify the original net tax capacity of the TIF District. This value will be equal to the total net tax capacity of all property in the TIF District as certified by the State Commissioner of Revenue. For districts certified between January 1 and June 30, inclusive, this value is based on the previous assessment year. For districts certified between July 1 and December 31, inclusive, this value is based on the current assessment year.

The Estimated Market Value of all property within the TIF District as of January 2, 2010, for taxes payable in 2011, is \$85,278,600. Upon establishment of the TIF District, and subsequent reclassification of property, it is estimated that the original net tax capacity of the TIF District will be approximately \$1,391,239. At the time this document was created a significant portion of the land within the TIF District was owned by the HRA and tax-exempt and is not included in the amounts above. Pursuant to Minnesota Statutes, Section 469.177, Subdivision 1(c) if improvements are made to tax exempt property after certification of the District and before the parcel becomes taxable, the

assessor shall, at the request of the City, separately assess the estimated market value of the improvements. If the property becomes taxable, the County Auditor shall add to original net tax capacity, the net tax capacity of the parcel, excluding the separately assessed improvements. The City intends to request the assessor separately assess the market value of any improvements to the currently tax-exempt property.

Each year the County Auditor shall certify the amount that the original net tax capacity has increased or decreased as a result of:

- (1) changes in the tax-exempt status of property;
- (2) reductions or enlargements of the geographic area of the TIF District;
- (3) changes due to stipulation agreements or abatements; or
- (4) changes in property classification rates.

Section O Original Tax Capacity Rate

The County Auditor shall also certify the original tax capacity rate of the TIF District. This rate shall be the sum of all local tax rates that apply to property in the TIF District. This rate shall be for the same taxes payable year as the original net tax capacity.

In future years, the amount of tax increment generated by the TIF District will be calculated using the lesser of (a) the sum of the current local tax rates at that time or (b) the original tax capacity rate of the TIF District.

At the time this document was prepared, the sum of the local tax rates that apply to property in the TIF District, for taxes levied in 2010 and payable in 2011, was not yet available. When this total becomes available, the County Auditor shall certify this amount as the original tax capacity rate of the TIF District. For purposes of estimating the tax increment generated by the TIF District, the sum of the local tax rates for taxes levied in 2009 and payable in 2010 is 99.566% as shown below.

<u>Taxing Jurisdiction</u>	<u>2009/2010 Local Tax Rate</u>
City of Ramsey	37.811%
Anoka County	35.189%
ISD # 11	19.939%
Other	6.627%
Total	99.566%

**Section P Projected Retained Captured Net Tax Capacity and
Projected Tax Increment**

The City anticipates that the redevelopment will be continual through the term of the TIF District. The City is projecting a total tax capacity for TIF District No. 14 of \$1,736,081 as of January 2, 2011. The captured tax capacity as of that date is estimated to be \$344,842, and the first year of increment is estimated to be \$343,345 in payable 2012. A complete schedule of estimated tax increment from the TIF District is shown in Exhibit IV.

The estimates shown in this TIF Plan assume that residential class rates remain at 1.0% of the estimated market value under \$500,000 and 1.25% of the estimated market value above \$500,000, rental class rates remain at 1.25%, commercial class rates remain at 1.5% for the first \$150,000 of estimated market value and 2.0% of the market

value above \$150,000. The projections assume a 2% annual market value inflator starting in the year taxes payable 2018.

Each year the County Auditor shall determine the current net tax capacity of all property in the TIF District. To the extent that this total exceeds the original net tax capacity, the difference shall be known as the captured net tax capacity of the TIF District.

For communities affected by the fiscal disparity provisions of Minnesota Statutes, Chapter 473F and Chapter 276A, the original net tax capacity of the TIF District shall be determined before the application of fiscal disparity. In subsequent years, the current net tax capacity shall either (a) be determined before the application of fiscal disparity or (b) exclude the product of any fiscal disparity increase in the TIF District (since the original net tax capacity was certified) times the appropriate fiscal disparity ratio. The method the City elects shall remain the same for the life of the TIF District, except that a single change may be made at any time from method (a) to method (b) above. The City elects method (a), or M.S. Section 469.1777, subdivision 3(a).

The County Auditor shall certify to the City the amount of captured net tax capacity each year. The City may choose to retain any or all of this amount. It is the City's intention to retain 100% of the captured net tax capacity of the TIF District. Such amount shall be known as the retained captured net tax capacity of the TIF District.

Exhibit III gives a listing of the various information and assumptions used in preparing a number of the exhibits contained in this TIF Plan, including Exhibit IV which shows the projected tax increment generated over the anticipated life of the TIF District.

Section Q Use of Tax Increment

Each year the County Treasurer shall deduct 0.36% of the annual tax increment generated by the TIF District and pay such amount to the State's General Fund. Such amounts will be appropriated to the State Auditor for the cost of financial reporting and auditing of tax increment financing information throughout the state. Exhibit III shows the projected deduction for this purpose over the anticipated life of the TIF District.

The City has determined that it will use 100% of the remaining tax increment generated by the TIF District for any of the following purposes:

- (1) pay for the estimated public costs of the TIF District (see Section K) and County administrative costs associated with the TIF District (see Section T);
- (2) pay principal and interest on tax increment bonds or other bonds issued to finance the estimated public costs of the TIF District;
- (3) accumulate a reserve securing the payment of tax increment bonds or other bonds issued to finance the estimated public costs of the TIF District;
- (4) pay all or a portion of the county road costs as may be required by the County Board under M.S. Section 469.175, Subdivision 1a; or
- (5) return excess tax increments to the County Auditor for redistribution to the City, County and School District.

Tax increments from property located in one county must be expended for the direct and primary benefit of a project located within that county, unless both county boards involved waive this requirement. Tax increments shall not be used to circumvent levy limitations applicable to the City.

Tax increment shall not be used to finance the acquisition, construction, renovation, operation, or maintenance of a building to be used primarily and regularly for conducting the business of a municipality, county, school district, or

any other local unit of government or the State or federal government, or for a commons area used as a public park, or a facility used for social, recreational, or conference purposes. This prohibition does not apply to the construction or renovation of a parking structure or of a privately owned facility for conference purposes.

If there exists any type of agreement or arrangement providing for the developer, or other beneficiary of assistance, to repay all or a portion of the assistance that was paid or financed with tax increments, such payments shall be subject to all of the restrictions imposed on the use of tax increments. Assistance includes sale of property at less than the cost of acquisition or fair market value, grants, ground or other leases at less than fair market rent, interest rate subsidies, utility service connections, roads, or other similar assistance that would otherwise be paid for by the developer or beneficiary.

Section R Excess Tax Increment

In any year in which the tax increments from the TIF District exceed the amount necessary to pay the estimated public costs authorized by the TIF Plan, the City shall use the excess tax increments to:

- (1) repay any outstanding tax increment bonds;
- (2) discharge the pledge of tax increments thereof;
- (3) pay amounts into an escrow account dedicated to the payment of the tax increment bonds; or
- (4) return excess tax increments to the County Auditor for redistribution to the City, County and School District. The County Auditor must report to the Commissioner of Education the amount of any excess tax increment redistributed to the School District within 30 days of such redistribution.

Section S Tax Increment Pooling and the Five Year Rule

Under Chapter 389 – H.F.No. 3729, Article 7 “Public Finance”, Section 22 City of Ramsey; Tax Increment Financing District; Special Rules Subdivision (e) at least 100% of the tax increments from the TIF District, except for administrative expenses, must be expended on activities within the district or to pay for bonds used to finance the estimated public costs of the TIF District (see Section E for additional restrictions). All administrative expenses are considered to have been spent outside of the TIF District. Tax increments are considered to have been spent within the TIF District if such amounts are:

- (1) actually paid to a third party for activities performed within the TIF District within five years after certification of the district;
- (2) used to pay bonds that were issued and sold to a third party, the proceeds of which are reasonably expected on the date of issuance to be spent within the later of the five-year period or a reasonable temporary period or are deposited in a reasonably required reserve or replacement fund.
- (3) used to make payments or reimbursements to a third party under binding contracts for activities performed within the TIF District, which were entered into within five years after certification of the district; or
- (4) used to reimburse a party for payment of eligible costs (including interest) incurred within five years from certification of the district.

Under Chapter 389 – H.F.No. 3729, Article 7 “Public Finance”, Section 22 City of Ramsey; Tax Increment Financing District; Special Rules Subdivision (d) beginning with the 11th year following certification of the TIF District, at least 100% of the tax increments must be used to pay outstanding bonds or make contractual payments obligated within

the first ten years. When outstanding bonds have been defeased and sufficient money has been set aside to pay for such contractual obligations, the TIF District must be decertified.

The Authority does not anticipate that tax increments will be spent outside of the TIF District, except for allowable administrative expenses, in accordance with subdivision (e).

Section T Limitation on Administrative Expenses

Administrative expenses are defined as all costs of the Authority other than:

- (1) amounts paid for the purchase of land;
- (2) amounts paid for materials and services, including architectural and engineering services directly connected with the physical development of the real property in the project;
- (3) relocation benefits paid to, or services provided for, persons residing or businesses located in the project;
- (4) amounts used to pay principal or interest on, fund a reserve for, or sell at a discount bonds issued pursuant to section 469.178; or
- (5) amounts used to pay other financial obligations to the extent those obligations were used to finance costs described in clause (1) to (3).

Administrative expenses include amounts paid for services provided by bond counsel, fiscal consultants, planning or economic development consultants, and actual costs incurred by the County in administering the TIF District. Tax increments may be used to pay administrative expenses of the TIF District up to the lesser of (a) 10% of the total estimated tax increment expenditures authorized by the TIF Plan or (b) 10% of the total tax increment for the project.

Section U Limitation on Property Not Subject to Improvements - Four Year Rule

If after four years from certification of the TIF District no demolition, rehabilitation, renovation, or qualified improvement of an adjacent street has commenced on a parcel located within the TIF District, then that parcel shall be excluded from the TIF District and the original net tax capacity shall be adjusted accordingly. Qualified improvements of a street are limited to construction or opening of a new street, relocation of a street, or substantial reconstruction or rebuilding of an existing street. The City must submit to the County Auditor, by February 1 of the fifth year, evidence that the required activity has taken place for each parcel in the TIF District.

If a parcel is excluded from the TIF District and the Authority or owner of the parcel subsequently commences any of the above activities, the City shall certify to the County Auditor that such activity has commenced and the parcel shall once again be included in the TIF District. The County Auditor shall certify the net tax capacity of the parcel, as most recently certified by the Commissioner of Revenue, and add such amount to the original net tax capacity of the TIF District.

The City proposes to seek special legislation to provide for an exemption from or redefinition of the requirements of Minnesota Statutes Chapter 469.176 Subdivision 6.

Section V Estimated Impact on Other Taxing Jurisdictions

Exhibit V shows the estimated impact on other taxing jurisdictions if the maximum projected retained captured net tax capacity of the TIF District was hypothetically available to the other taxing jurisdictions. The City believes that there will be no adverse impact on other taxing jurisdictions during the life of the TIF District, since the proposed development would not have occurred without the establishment of the TIF District and the provision of public

assistance. A positive impact on other taxing jurisdictions will occur when the TIF District is decertified and the development therein becomes part of the general tax base.

The fiscal and economic implications of the proposed tax increment financing district, as pursuant to Minnesota Statutes, Section 469.175, Subdivision 2, are listed below.

1. The total amount of tax increment that will be generated over the life of the district is estimated to be \$185,708,929.
2. To the extent the project in TIF District 14 generates any public cost impacts on city-provided services such as police and fire protection, public infrastructure, and the impact of any general obligation tax increment bonds attributable to the district upon the ability to issue other debt for general fund purposes, such costs will be levied upon the taxable net tax capacity of the City, excluding that portion captured by the District.
3. The amount of tax increments over the life of the district that would be attributable to school district levies, assuming the school district's share of the total local tax rate for all taxing jurisdictions remained the same, is estimated to be \$37,324,274.
4. The amount of tax increments over the life of the district that would be attributable to county levies, assuming the county's share of the total local tax rate for all taxing jurisdictions remained the same is estimated to be \$65,871,101.
5. No additional information has been requested by the county or school district that would enable it to determine additional costs that will accrue to it due to the development proposed for the district.

Section W Prior Planned Improvements

The City shall accompany its request for certification to the County Auditor (or notice of district enlargement), with a listing of all properties within the TIF District for which building permits have been issued during the 18 months immediately preceding approval of the TIF Plan. The County Auditor shall increase the original net tax capacity of the TIF District by the net tax capacity of each improvement for which a building permit was issued.

The City proposes to seek special legislation to provide for an exemption from or redefinition of the requirements of Minnesota Statutes Chapter 469.177 Subdivision 4.

Section X Development Agreements

If within a project containing a redevelopment district, more than 25% of the acreage of the property to be acquired by the Authority is purchased with tax increment bonds proceeds (to which tax increment from the property is pledged), then prior to such acquisition, the City must enter into an agreement for the development of the property. Such agreement must provide recourse for the City should the development not be completed.

The City anticipates entering into individual agreements for development as projects occur, but does not anticipate acquiring any additional property located within the TIF District.

Section Y Assessment Agreements

The City may, upon entering into a development agreement, also enter into an assessment agreement with the developer, which establishes a minimum market value of the land and improvements for each year during the life of the TIF District.

The assessment agreement shall be presented to the County or City Assessor who shall review the plans and specifications for the improvements to be constructed, review the market value previously assigned to the land, and so long as the minimum market value contained in the assessment agreement appears to be an accurate estimate, shall certify the assessment agreement as reasonable. The assessment agreement shall be filed for record in the office of the County Recorder of each county where the property is located. Any modification or premature termination of this agreement must first be approved by the City, County and School District.

The City reserves the right to enter into an assessment agreement for individual projects.

Section Z Modifications of the Tax Increment Financing Plan

Any reduction or enlargement in the geographic area of the Project Area or the TIF District; increase in the amount of bonded indebtedness to be incurred; increase in the amount of capitalized interest; increase in that portion of the captured net tax capacity to be retained by the City; increase in the total estimated public costs; or designation of additional property to be acquired by the City shall be approved only after satisfying all the necessary requirements for approval of the original TIF Plan. This paragraph does not apply if:

- (1) the only modification is elimination of parcels from the TIF District; and
- (2) the current net tax capacity of the parcels eliminated equals or exceeds the net tax capacity of those parcels in the TIF District's original net tax capacity, or the City agrees that the TIF District's original net tax capacity will be reduced by no more than the current net tax capacity of the parcels eliminated.

The City must notify the County Auditor of any modification that reduces or enlarges the geographic area of the TIF District. The geographic area of the TIF District may be reduced but not enlarged after five years following the date of certification.

Section AA Administration of the Tax Increment Financing Plan

Upon adoption of the TIF Plan, the City shall submit a copy of such plan to the Minnesota Department of Revenue. The City shall also request that the County Auditor certify the original net tax capacity and net tax capacity rate of the TIF District. To assist the County Auditor in this process, the City shall submit copies of the TIF Plan, the resolution establishing the TIF District and adopting the TIF Plan, and a listing of any prior planned improvements. The City shall also send the County Assessor any assessment agreement establishing the minimum market value of land and improvements in the TIF District, and shall request that the County Assessor review and certify this assessment agreement as reasonable.

The County shall distribute to the City the amount of tax increment as it becomes available. The amount of tax increment in any year represents the applicable property taxes generated by the retained captured net tax capacity of the TIF District. The amount of tax increment may change due to development anticipated by the TIF Plan, other development, inflation of property values, or changes in property classification rates or formulas. In administering and implementing the TIF Plan, the following actions should occur on an annual basis:

- (1) prior to July 1, the City shall notify the County Assessor of any new development that has occurred in the TIF District during the past year to insure that the new value will be recorded in a timely manner.
- (2) if the County Auditor receives the request for certification of a new TIF District, or for modification of an existing TIF District, before July 1, the request shall be recognized in determining local tax rates for the current and subsequent levy years. Requests received on or after July 1 shall be used to determine local tax rates in subsequent years.

- (3) each year the County Auditor shall certify the amount of the original net tax capacity of the TIF District. The amount certified shall reflect any changes that occur as a result of the following:
- (a) the value of property that changes from tax-exempt to taxable shall be added to the original net tax capacity of the TIF District. The reverse shall also apply;
 - (b) the original net tax capacity may be modified by any approved enlargement or reduction of the TIF District;
 - (c) if laws governing the classification of real property cause changes to the percentage of estimated market value to be applied for property tax purposes, then the resulting increase or decrease in net tax capacity shall be applied proportionately to the original net tax capacity and the retained captured net tax capacity of the TIF District.

The County Auditor shall notify the City of all changes made to the original net tax capacity of the TIF District.

Section AB Filing TIF Plan, Financial Reporting and Disclosure Requirements

The City will file the TIF Plan and any subsequent amendments thereto, with the Commissioner of Revenue and the Office of the State Auditor pursuant to Minnesota Statutes, Section 469.175, subdivision 4A. The City will comply with all reporting requirements for the TIF District under Minnesota Statutes, Section 469.175, subdivisions 5 and 6.

MAP OF TAX INCREMENT FINANCING
(REDEVELOPMENT) DISTRICT NO. 14



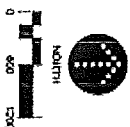
LEGEND

REDEVELOPMENT
DISTRICT

ANNISTON'S
REJUVENATION

AREA QUANTITIES

- 1 24.7 ACRES
 - 2 60.4 ACRES
 - 3 54.3 ACRES
 - 4 32.1 ACRES
 - 5 40.2 ACRES
- COR PARCELS: 306.6 ACRES

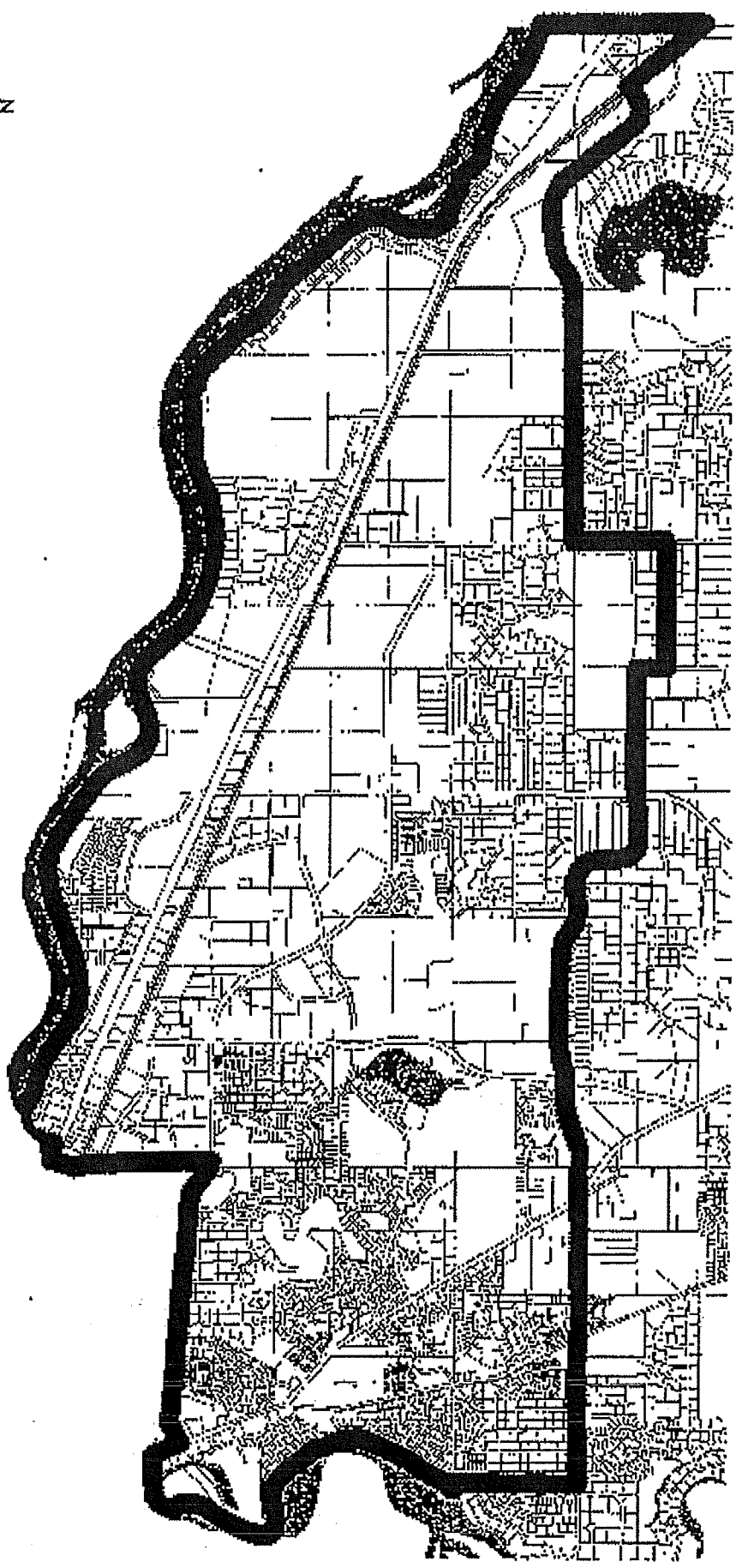


LAND FORM

From Site to Finish

TAX DISTRICTS

MAP OF DEVELOPMENT DISTRICT NO. 1



N DEVELOPMENT DISTRICT NO. 1

Prepared by Jim Andrus County G.I.S. Department
Phone: 783-422-7508
May 5, 2011

Boundaries of Tax Increment Financing (Redevelopment) District No. 14

09
18+ JWC

29-32-25-12-0001	UNPLATTED RAMSEY TWSP NW1/4 OF NE1/4 SEC 29-32-25-EX R R RT OF WAY-SUBJ TO EASE TO RURAL CO-OP POWER ASSN-
28-32-25-13-0008	LOT 1 BLOCK 2 RAMSEY TOWN CENTER 7TH ADD
28-32-25-13-0009	LOT 2 BLOCK 2 RAMSEY TOWN CENTER 7TH ADD
28-32-25-13-0010	LOT 3 BLOCK 2 RAMSEY TOWN CENTER 7TH ADD
28-32-25-13-0011	LOT 4 BLOCK 2 RAMSEY TOWN CENTER 7TH ADD
28-32-25-13-0012	LOT 5 BLOCK 2 RAMSEY TOWN CENTER 7TH ADD
28-32-25-13-0013	LOT 6 BLOCK 2 RAMSEY TOWN CENTER 7TH ADD
28-32-25-13-0014	LOT 7 BLOCK 2 RAMSEY TOWN CENTER 7TH ADD
28-32-25-13-0015	LOT 8 BLOCK 2 RAMSEY TOWN CENTER 7TH ADD
28-32-25-13-0016	LOT 9 BLOCK 2 RAMSEY TOWN CENTER 7TH ADD
28-32-25-13-0017	LOT 10 BLOCK 2 RAMSEY TOWN CENTER 7TH ADD
28-32-25-13-0018	LOT 11 BLOCK 2 RAMSEY TOWN CENTER 7TH ADD
28-32-25-13-0019	LOT 12 BLOCK 2 RAMSEY TOWN CENTER 7TH ADD
28-32-25-13-0024	LOT 5 BLOCK 3 RAMSEY TOWN CENTER 7TH ADDITION, SUBJ TO EASE OF REC
28-32-25-13-0025	LOT 6 BLOCK 3 RAMSEY TOWN CENTER 7TH ADDITION, SUBJ TO EASE OF REC
28-32-25-13-0026	LOT 7 BLOCK 3 RAMSEY TOWN CENTER 7TH ADD, SUBJ TO EASE OF REC
28-32-25-13-0027	LOT 8 BLOCK 3 RAMSEY TOWN CENTER 7TH ADD, SUBJ TO EASE OF REC
28-32-25-13-0028	LOT 9 BLOCK 3 RAMSEY TOWN CENTER 7TH ADD
28-32-25-13-0029	LOT 10 BLOCK 3 RAMSEY TOWN CENTER 7TH ADD
28-32-25-13-0030	LOT 11 BLOCK 3 RAMSEY TOWN CENTER 7TH ADD, SUBJ TO EASE OF REC
28-32-25-14-0055	LOT 47 BLOCK 1 RAMSEY TOWN CENTER 2ND
28-32-25-14-0056	LOT 1 BLOCK 2 CIC NO 214 RAMSEY TOWN CENTER 2ND ADD, TOG/W COMMON ELEMENT, SUBJ TO EASE OF REC
28-32-25-14-0057	LOT 2 BLOCK 2 RAMSEY TOWN CENTER 2ND CIC NO 214, TOG/W COMMON ELEMENT, SUBJ TO EASE OF REC
28-32-25-14-0058	LOT 3 BLOCK 2 RAMSEY TOWN CENTER 2ND CIC NO 214, TOG/W COMMON ELEMENT, SUBJ TO EASE OF REC
28-32-25-14-0059	LOT 4 BLOCK 2 RAMSEY TOWN CENTER 2ND CIC NO 214, TOG/W COMMON ELEMENT, SUBJ TO EASE OF REC
28-32-25-14-0071	LOT 16 BLOCK 2 RAMSEY TOWN CENTER 2ND CIC NO 214, TOG/W COMMON ELEMENT, SUBJ TO EASE OF REC
28-32-25-14-0072	LOT 17 BLOCK 2 RAMSEY TOWN CENTER 2ND CIC NO 214, TOG/W COMMON ELEMENT, SUBJ TO EASE OF REC
28-32-25-14-0073	LOT 18 BLOCK 2 RAMSEY TOWN CENTER 2ND CIC NO 214, TOG/W COMMON ELEMENT, SUBJ TO EASE OF REC
28-32-25-14-0074	LOT 19 BLOCK 2 RAMSEY TOWN CENTER 2ND CIC NO 214, TOG/W COMMON ELEMENT, SUBJ TO EASE OF REC
28-32-25-14-0075	LOT 20 BLOCK 2 RAMSEY TOWN CENTER 2ND CIC NO 214, TOG/W COMMON ELEMENT, SUBJ TO EASE OF REC
28-32-25-14-0076	LOT 21 BLOCK 2 RAMSEY TOWN CENTER 2ND CIC NO 214, TOG/W COMMON ELEMENT, SUBJ TO EASE OF REC
28-32-25-14-0077	LOT 22 BLOCK 2 RAMSEY TOWN CENTER 2ND CIC NO 214, TOG/W COMMON ELEMENT, SUBJ TO EASE OF REC
28-32-25-14-0078	LOT 23 BLOCK 2 RAMSEY TOWN CENTER 2ND CIC NO 214, TOG/W COMMON ELEMENT, SUBJ TO EASE OF REC
28-32-25-14-0079	LOT 24 BLOCK 2 RAMSEY TOWN CENTER 2ND CIC NO 214, TOG/W COMMON ELEMENT, SUBJ TO EASE OF REC
28-32-25-14-0080	LOT 25 BLOCK 2 RAMSEY TOWN CENTER 2ND CIC NO 214, TOG/W COMMON ELEMENT, SUBJ TO EASE OF REC
28-32-25-14-0081	LOT 26 BLOCK 2 RAMSEY TOWN CENTER 2ND CIC NO 214, TOG/W COMMON ELEMENT, SUBJ TO EASE OF REC
28-32-25-14-0090	LOT 35 BLOCK 2 RAMSEY TOWN CENTER 2ND CIC NO 214, COMMON ELEMENT, SUBJ TO EASE OF REC
28-32-25-14-0091	OUTLOT A RAMSEY TOWN CENTER 2ND, SUBJ TO EASE OF REC
28-32-25-14-0009	LOT 1 BLOCK 1 RAMSEY TOWN CENTER 2ND CIC NO 214, TOG/W COMMON ELEMENT, SUBJ TO EASE OF REC

28-32-25-14-0146	UNIT 19 CIC NO 213 GABLES MANOR, TOG/W COMMON ELEMENT, SUBJ TO EASE OF REC
28-32-25-14-0147	UNIT 20 CIC NO 213 GABLES MANOR, TOG/W COMMON ELEMENT, SUBJ TO EASE OF REC
28-32-25-14-0148	UNIT 21 CIC NO 213 GABLES MANOR, TOG/W COMMON ELEMENT, SUBJ TO EASE OF REC
28-32-25-14-0149	UNIT 22 CIC NO 213 GABLES MANOR, TOG/W COMMON ELEMENT, SUBJ TO EASE OF REC
28-32-25-14-0150	UNIT 23 CIC NO 213 GABLES MANOR, TOG/W COMMON ELEMENT, SUBJ TO EASE OF REC
28-32-25-14-0151	UNIT 24 CIC NO 213 GABLES MANOR, TOG/W COMMON ELEMENT, SUBJ TO EASE OF REC
28-32-25-14-0152	UNIT 25 CIC NO 213 GABLES MANOR, TOG/W COMMON ELEMENT, SUBJ TO EASE OF REC
28-32-25-14-0153	UNIT 26 CIC NO 213 GABLES MANOR, TOG/W COMMON ELEMENT, SUBJ TO EASE OF REC
28-32-25-23-0008	LOT 2 BLOCK 1 RAMSEY TOWN CENTER 3RD ADD, SUBJ TO EASE OF REC
28-32-25-31-0004	UNPLATTED CITY OF RAMSEY THAT PART OF THE NE1/4 OF SW1/4 OF SEC 28-32-25 ANOKA CNTY, MN DESC AS FOL-BEG AT THE POINT OF INTERSECTION OF THE W LINE OF SAID NE1/4 OF SW1/4 WITH THE SLY RT OF WAY LINE OF THE BURLINGTON NORTHERN RR-TH SLY ALONG SAID W LINE OF SAID NE1/4 OF SW1/4 TO ITS INTERSECTION WITH THE NLY RT OF WAY LINE OF U S TRKHwy NO 10-TH SELY ALONG SAID NLY RT OF WAY LINE OF SAID U S TRKHwy NO 10 A DIST OF 300.00 FT TO THE ACTUAL POINT OF BEG OF THE TRACT TO BE HEREIN DESC-TH CONT ALONG THE NLY RT OF WAY OF SAID HWY A DIST OF 185 FT-TH NLY TO A POINT ON SAID SLY RT OF WAY LINE OF SAID BURLINGTON NORTHERN RR DIST 551.80 FT SELY FROM THE LINE OF THE NE1/4 OF SW1/4 AS MEAS ALONG THE SLY RT OF WAY OF THE BURLINGTON NORTHERN RR-TH NWLY ALONG SAID SLY RT OF WAY LINE OF SAID BURLINGTON NORTHERN RR A DIST OF 185 FT-TH SWLY TO THE POINT OF BEG(SUBJ TO AN EASE FOR ROAD OVER THE W LY 25 FT THEREOF)
28-32-25-31-0007	THAT PRT OF NE1/4 OF SW1/4 DESC AS FOL: BEG AT THE PT OF INTER OF THE W LINE OF SD NE1/4 OF SW1/4 WITH THE SLY R/W LINE OF THE B & N R/R TH SLY ALG SD W LINE OF SD 1/4, 1/4 TO ITS INTER/W THE NLY R/W LINE OF T H #10 TH SELY ALG SD NLY R/W LINE OF SD HWY 485.0 FT TO THE ACT POB OF TRACT TO BE DESC TH CONT ALG THE NLY R/W LINE OF SD HWY 140 FT TH NLY TO A PT ON SD SLY R/W LINE OF SD B & N R/R 691.80FT SELY FROM THE W LINE OF NE1/4 OF SW1/4 (AS MEAS ALG THE SLY R/W LINE OF THE B & N R/R) TH NWLY ALG SD SLY R/W LINE OF SD B & N R/R 140 FT TH SWLY TO POB EX RD SUBJ TO EASE OF REC
28-32-25-32-0008	ALPACA ESTATES LOT 1 BLK 3 ALPACA EST EASE TO ST OF MN FOR RT OF ACCESS TO HWY NO 10(SUBJ TO EASE AS SHOWN ON PLAT)
28-32-25-41-0007	OUTLOT A RAMSEY TOWN CENTER 4TH
28-32-25-42-0014	THAT PRT OF OUTLOT AA RAMSEY TOWN CENTER ADD DESC AS FOL: BEG AT NE COR OF SD OUTLOT, TH W ALG NLY LINE OF SD OUTLOT 322.44 FT, TH S 124.54 FT, TH SELY 52.36 FT ALG A TAN CUR CONC TO NE RAD 250FT & CEN ANG 12 DEG, TH S 12 DEG E 144.84 FT, TH SELY SLY & SWLY 156.31 FT ALG A TAN CUR CONC TO W RAD 250 FT & CEN ANG 35 DEG 49 MIN 27 SEC, TH S 23 DEG 49 MIN 27 SEC W 54.25 FT TO SWLY LINE OF SD OUTLOT, TH S 66 DEG 10 MIN 33 SEC E ALG SD SWLY LINE 349.45 FT TO MOST SLY COR OF SD OUTLOT, TH N 03 DEG 49 MIN 27 SEC E ALG ELY LINE OF SD OUTLOT 58.84 FT TO PT OF CURVATURE IN SD ELY LINE, TH NLY 30.70 FT ALG SD ELY LINE ALG A TAN CUR CONC TO W RAD 460 FT & CEN ANG 03 DEG 49 MIN 27 SEC TO A PT OF TAN IN SD ELY LINE, TH N ALG SD ELY LINE 572.55 FT TO POB, SUBJ TO EASE OF REC
28-32-25-42-0015	OUTLOT AA RAMSEY TOWN CENTER ADD, EX THAT PRT THEREOF DESC AS FOL: BEG AT NE COR OF SD OUTLOT, TH W ALG NLY LINE OF SD OUTLOT 322.44 FT, TH S 124.54 FT, TH SELY 52.36 FT ALG A TAN CUR CONC TO NERAD 250 FT & CEN ANG 12 DEG, TH S 12 DEG E 144.84 FT, TH SELY SLY & SWLY 156.31 FT ALG A TAN CUR CONC TO W RAD 250 FT & CEN ANG 35 DEG 49 MIN 27 SEC, TH S 23 DEG 49 MIN 27 SEC W 54.25 FT TO SWLY LINE OF SD OUTLOT, TH S 66 DEG 10 MIN 33 SEC E ALG SD SWLY LINE 349.45 FT TO MOST SLY COR OF SD OUTLOT, TH N 03 DEG 49 MIN 27 SEC E ALG ELY LINE OF SD OUTLOT 58.84 FT TO A PT OF CURVATURE IN SD ELY LINE, TH NLY 30.70 FT ALG SD ELY LINE ALG A TAN CUR CONC TO W RAD 460 FT & CEN ANG 03 DEG 49 MIN 27 SEC TO A PT OF TAN IN SD ELY LINE, TH N ALG SD ELY LINE 572.55 FT TO POB, SUBJ TO EASE OF REC
28-32-25-44-0002	THAT PRT OF LOT 7 AUD SUB NO 34 DESC AS FOL: COM AT SE COR OF SD LOT, TH NWLY ALG SWLY LINE OF SD LOT 770 FT, TH N PRLL/W E LINE OF SD LOT TO NELY LINE OF SD LOT, TH SELY ALG SD NELY LINE 350 FT TO POB TH S PRLL/W SD E LINE TO SD SWLY LINE, TH SELY ALG SD SWLY LINE 180 FT, TH N PRLL/W SD E LINE TO SD NELY LINE, TH NWLY ALG SD NELY LINE TO POB, SUBJ TO EASE OF REC

28-32-25-44-0004	THAT PRT OF LOT 7 AUD SUB NO 34 DESC AS FOL: BEG AT INTER OF NLY R/W LINE OF T H NO 10 & E LINE OF SEC 28 TWP 32 RGE 25 ALSO BEING SE COR OF SD LOT 7, TH NLY ALG SD E LINE 367.87 FT TH SWLY TO A PT ONSD NLY R/W LINE 111.9 FT NWLY, AS MEAS ALG SD R/W LINE, FROM POB, TH SELY ALG SD R/W LINE TO POB, TOG/W THAT PRT OF SD LOT 7 DESC AS FOL: BEG AT INTER OF SD NLY R/W LINE WITH SD E LINE TH NWLY ALG SDR/W LINE 36.30 FT, TH N PRLL/W SD E LINE 203.46 FT TO POB, TH W PRLL/W S LINE OF SD SEC 85 FT, TH N PRLL/W SD E LINE TO NLY LINE OF SD LOT, SD NLY LINE ALSO BEING SLY R/W LINE OF B N R/R, TH E ALG SDSLY R/W LINE TO A PT ON A LINE DRAWN PRLL/W & 33 FT W OF SD E LINE, TH S ALG SD PRLL LINE TO POB, EX RD, SUBJ TO EASE OF REC
29-32-25-13-0004	LOT 1 BLOCK 1 ALPACA ESTATES 4TH ADD
29-32-25-13-0006	LOT 3 BLOCK 1 ALPACA ESTATES 4TH ADD
29-32-25-13-0007	OUTLOT A ALPACA ESTATES 4TH ADD
29-32-25-13-0008	OUTLOT B ALPACA ESTATES 4TH ADD
29-32-25-14-0017	LOT 5 BLOCK 1 ALPACA ESTATES 4TH ADD
29-32-25-14-0018	LOT 6 BLOCK 1 ALPACA ESTATES 4TH ADD
29-32-25-14-0019	LOT 7 BLOCK 1 ALPACA ESTATES 4TH ADD
29-32-25-41-0007	LOT 1 BLOCK 6 ALPACA ESTATES, EX RD SUBJ TO EASE OF REC
29-32-25-41-0021	LOT 1 BLOCK 2 ALPACA ESTATES 4TH ADD
29-32-25-41-0022	LOT 2 BLOCK 2 ALPACA ESTATES 4TH ADD
29-32-25-41-0023	LOT 3 BLOCK 2 ALPACA ESTATES 4TH ADD
29-32-25-41-0024	LOT 4 BLOCK 2 ALPACA ESTATES 4TH ADD
28-32-25-23-0007	LOT 1 BLOCK 1 RAMSEY TOWN CENTER 3RD ADD, SUBJ TO EASE OF REC
28-32-25-31-0003	UNPLATTED CITY OF RAMSEY THAT PART OF THE NE1/4 OF SW1/4 OF SEC 28-32-25 ANOKA CNTY, MN DESC AS FOL-BEG AT THE POINT OF INTERSECTION OF THE W LINE OF SAID NE1/4 OF SW1/4 WITH THE SLY RIGHT OF WAY LINE OF THE BURLINGTON NORTHERN RAILROAD-TH SLY ALONG SAID W LINE OF SAID NE1/4 OF SW1/4 TO ITS INTERSECTION WITH THE NLY RIGHT OF WAY LINE OF U S TRUNK HWY NO 10-TH SELY ALONG SAID NLY RIGHT OF WAY LINE OF SAID U S TRUNK HWY NO 10 A DIST OF 300.00 FT-TH NLY TO APOINT ON SAID SLY RIGHT OF WAY LINE OF SAID BURLINGTON NORTHERN RAILROAD DIST 366.80 FT SELY FROM THE PT OF BEG-TH NWLY ALONG SAID SLY RIGHT OF WAY LINE OF SAID BURLINGTON NORTHERN RAILROAD TO THE POINT OF BEG (SUBJ TO AN EASE FOR RD OVER THE ELY 25 FT THEREO F)
28-32-25-31-0005	THAT PRT OF NE1/4 OF SW1/4 OF SEC 28 TWP 32 RGE 25 DESC AS FOL: COM AT INTER OF W LINE OF SD 1/4 1/4 WITH NELY R/W LINE OF T H NO 10, TH SELY ALG SD R/W LINE 625 FT TO POB, TH CONT SELY ALG SD R/W LINE TO A PT 386.98 FT NWLY OF E LINE OF SD 1/4 1/4, AS MEAS ALG SD NELY R/W LINE, TH DEFL AT A RT ANG NELY TO INTER/W SWLY R/W LINE OF B & N R/R, TH NWLY ALG SD R/R R/W LINE TO A PT 691.80 FT SELY OF INTER/W W LINE OF SD 1/4 1/4 & SELY R/W LINE OF B & N R/R, TH SWLY TO POB, SUBJ TO EASE OF REC
28-32-25-32-0003	ALPACA ESTATES LOT 2 BLK 2 ALPACA EST EASE TO ST OF MN FOR RT OF ACCESS TO HWY NO 10(SUBJ TO EASE AS SHOWN ON PLAT)
28-32-25-32-0009	ALPACA ESTATES LOT 2 BLK 3 ALPACA EST EASE TO ST OF MN FOR RT OF ACCESS TO HWY NO 10(SUBJ TO EASE AS SHOWN ON PLAT)
28-32-25-41-0006	LOT 1 BLOCK 1 RAMSEY TOWN CENTER 4TH, SUBJ TO EASE OF REC
28-32-25-42-0002	ALL THAT PRT OF LOTS 2 & 3 AUD SUB NO 34 LYG NWLY OF FOL DESC LINE: BEG AT A PT ON NELY LINE OF CSAH NO 10 585 FT NWLY OF SE COR OF SD LOT 3, AS MEAS ALG NELY LINE OF SD HWY, TH NELY TO A PT ON SWLINE OF R/W OF GREAT NORTHERN R/R CO, WHICH PT IS 490 FT NWLY OF NE COR OF SD LOT 3, AS MEAS ALG SWLY LINE OF SD R/R R/W, TH NWLY ALG SWLY LINE OF SD R/R R/W 495 FT TO POB OF SD LINE, TH SLY TO A PTON NELY LINE OF SD HWY, WHICH PT IS 400 FT FROM POB & SD LINE THERE TERM, SUBJ TO EASE OF REC
28-32-25-43-0001	THAT PRT OF S1/2 OF SE1/4 SEC 28 T32 R25 (AKA PRT OF LOT 3 AUD SUB NO 34) LYG SLY OF SLY R/W LINE OF BN R/R, NLY OF NLY R/W LINE OF US HWY 10, WLY OF LINE A & ELY OF LINE B; SD LINE A DESC AS FOL: COM AT SE COR OF SD SEC, TH N 0 DEG 28 MIN 50 SEC W ALG E LINE OF SD SE1/4, 164.43 FT TO SD NLY R/W LINE, TH N 65 DEG 51 MIN 38 SEC W ALG SD NLY R/W LINE 806.12 FT, TH CONT NWLY ALG SD NLY R/W LINE ON A TAN CUR, CONC TO NE, RAD OF 22,673.76 FT, CEN ANG 1 DEG 42 MIN 24 SEC, 675.48 FT, TH N 64 DEG 09 MIN 14 SEC W ALG SD NLY R/W LINE 95.64 FT TO POB, TH N 1 DEG 25 MIN W 306.60 FT TO SD SLY R/W LINE & THERE TERM; SD LINE B DESC AS FOL: COM AT A PT ON SD NLY R/W LINE 447 FT NWLY, AS MEAS ALG SD NLY R/W LINE, FROM ITS INTER/W E LINE OF W1/2 OF SD

on
1/25/09
11/2/09

	SE1/4, TH N 62 DEG 05 MIN 41 SEC W ALG SD NLY R/W LINE 400 FT, TH N 1 DEG 20 MIN 02 SEC W 274.01 FT TO SD SLY R/W LINE, TH S 64 DEG 38 MIN 28 SEC E ALG SD SLY R/W LINE 495 FT, TH S 19 DEG 20 MIN 16 SEC W 264.04 FT TO SD NLY R/W LINE TO POB & THERETERM; EX RD; SUBJ TO EASE OF REC
28-32-25-43-0003	THAT PRT OF S1/2 OF SE1/4 SEC 28 T32 R25 (AKA PRT OF LOTS 3 & 7 AUD SUB NO 34) DESC AS FOL: COM AT SE COR OF SD SEC, TH N 0 DEG 28 MIN 50 SEC W ALG E LINE OF SD SE1/4, 164.43 FT TO A MONUMENT ON NLY R/W LINE OF T H NO 10, TH N 65 DEG 51 MIN 38 SEC W ALG SD NLY R/W LINE 806.12 FT TO A MONUMENT ON SD NLY R/W LINE, TH CONT NWLY ALG SD NLY R/W LINE ON A TAN CUR, CONC TO NE, RAD 22,673.76 FT, CEN ANG 1DEG 18 MIN 57 SEC, 520.81 FT TO POB, TH CONT NWLY ALG SD R/W LINE ON SD CUR, CEN ANG 0 DEG 23 MIN 27 SEC, 154.67 FT TO A MONUMENT ON SD R/W LINE, TH N 64 DEG 09 MIN 14 SEC W ALG SD NLY R/W LINE 95.64FT, TH N 1 DEG 25 MIN W 306.60 FT TO INTER/W SLY R/W LINE OF BN R/R, TH S 66 DEG 42 MIN 01 SEC E ALG SD SLY R/W LINE 253.26 FT TO INTER/W A LINE BRG N 0 DEG 05 MIN 02 SEC W FROM POB, TH S 0 DEG 05 MIN 02 SEC E 314.94 FT TO POB; EX RD; SUBJ TO EASE OF REC
28-32-25-43-0007	LOT 1 BLOCK 1 THE DIAMONDS
28-32-25-44-0003	THAT PRT OF LOT 7 AUD SUB NO 34 DESC AS FOL: COM AT SE COR OF SD LOT, TH N 0 DEG 3 MIN 28 SEC E ALG E LINE OF SD LOT 367.87 FT TO POB OF A LINE AKA LINE "A", TH SWLY TO A PT ON SWLY LINE OF SD LOT 111.9 FT NWLY, AS MEAS ALG SWLY LINE OF SD LOT, FROM POC & SD LINE "A" THERE TERM, TH NWLY ALG SD SWLY LINE 658.1 FT, TH N PRLL/W E LINE OF SD LOT TO INTER/W NELY LINE OF SD LOT, TH SELY ALG SD NELY LINE 350 FT, TH S PRLL/W E LINE OF SD LOT TO INTER/W SD SWLY LINE, TH SELY ALG SD SWLY LINE 180 FT TO POB, TH N PRLL/W SD E LINE TO INTER/W SD NELY LINE, TH SELY ALG SD NELY LINE 107.14 FT, TH S PRLL/W SDE LINE 177.43 FT, TH E PRLL/W S LINE OF SEC 28 TWP 32 RGE 25 TO INTER/W SD LINE "A", TH SWLY ALG SD LINE "A" TO SD SWLY LINE, TH NWLY ALG SD SWLY LINE TO POB, EX RD, SUBJ TO EASE OF REC
28-32-25-44-0005	AUDITORS SUB NO 34 THAT PART OF LOT 7 AUD SUB NO 34 ANOKA CNTY, MN DESC AS FOL-COM AT THE SE CORNER OF SAID LOT 7-TH NWLY ON THE SWLY LINE OF SAID LOT 7 DIST OF 770 FT-TH N & PRLL WITH THE E LINE OF SAID LOT 7 & TO THE NELY LINE OF SAID LOT 7-TH SELY ON SAID NELY LINE A DIST OF 200 FT TO THE PT OF BEG OF LAND TO BE DESC-TH CONT SELY ON THE NELY LINE OF SAID LOT 7 A DIST OF 150 FT-TH S & PRLL WITH THE E LINE OF SAID LOT 7 & TO THE SWLY LINE OF SAID LOT 7-TH NWLY ON SAID SWLY LINE TO A LINE DRAWN S FROM THE PT OF BEG & PRLL WITH THE E LINE OF SAID LOT 7-TH N & PRLL WITH THE E LINE OF SAID LOT 7 & TO THE PT OF BEG (SUBJ TO EASE OF RECORD IF ANY)
28-32-25-44-0006	AUDITORS SUB NO 34 THAT PART OF LOT 7 AUD SUB NO 34 ANOKA CNTY, MN DESC AS FOL-COM AT THE SW CORNER OF LOT 7 WHICH POINT IS THE INTERSECTION OF THE LINE OF THE SE1/4 OF SE1/4 SECTION 28-32-25 WITH THE NLY LINE OF ST TRK HWY NO 10-TH SELY ALONG THE NLY LINE OF ST TRK HWY NO 10 A DIST OF 138 FT TO THE ACTUAL POINT OF BEG OF THE TRACT TO BE HEREIN DESC-TH CONT SELY ALONG THE N LINE OF SAID HWY 10 A DIST OF 500 FT-TH N & PRLL TO THE E LINE OF SAID LOT 7 TO THE NELY LINE OF LOT 7-TH NWLY ALONG THE NLY LINE OF LOT 7 TO A POINT ON SAID NLY LINE DIST 138 FT FROM THE NW CORNER THEREOF-THS TO THE POINT OF COM(EX THAT PART DESC AS FOL-THAT PART OF LOT 7 AUD SUB NO 34 ANOKA CNTY, MN DESC AS FOL-COM AT THE SW CORNER OF LOT 7 WHICH POINT IS THE INTERSECTION OF THE W LINE OF THE SE1/4 OF SE1/4 SEC 28-32-25 WITH THE NLY LINE OF ST TRK HWY NO 10-TH SELY ALONG THE NLY LINE OF ST TRK HWY NO 10 A DIST OF 538 FT TO THE ACTUAL POINT OF BEG OF THE TRACT OF LAND TO BE HEREIN DESC-TH CONT SELY ALONG THE N LINE OF SAID HWY TO A POINT DIST 770 FT AS MEAS ALONG THE N LINE OF SAID ST TRK HWY NO 10 FROM THE SE CORNER OF SAID LOT 7-TH N & PRLL WITH THE E LINE OF SAID LOT 7 TO THE N LINE OF SAID LOT 7-TH NWLY ALONG THE NLY LINE OF SAID LOT 7 TO THE POINT OF INTERSECTION WITH A LINE DRAWN PRLL WITH THE E LINE OF SAID LOT 7 DRAWN THROUGH THE POINT OF BEG-TH S TO THE POINT OF BEG ACCORDING TO THE PLAT T HEREOF ON FILE & OF RECORD I N THE OFFICE OF THE REGISTE R OF DEEDS OF ANOKA CNTY, M N)
29-32-25-11-0008	LOT 3 BLK 1 HY-10 3RD ADD; EX RD SUBJ TO EASE OF REC
29-32-25-13-0005	LOT 2 BLOCK 1 ALPACA ESTATES 4TH ADD
29-32-25-14-0010	8019 146TH AVE NW , RAMSEY, MN 55303-0000
29-32-25-14-0013	LOT 2 BLOCK 1 HAUSER ADD
29-32-25-14-0014	LOT 3 BLOCK 1 HAUSER ADD
29-32-25-14-0016	LOT 4 BLOCK 1 ALPACA ESTATES 4TH ADD
29-32-25-41-0003	ALPACA ESTATES LOT 1 BLK 1 ALPACA EST EASE TO ST OF MN FOR RT OF ACCESS TO HWY NO 10(SUBJ TO EASE AS SHOWN ON PLAT)

29-32-25-41-0004	ALPACA ESTATES LOT 1 BLK 2 ALPACA EST EASE TO ST OF MN FOR RT OF ACCESS TO HWY NO 10(SUBJ TO EASE AS SHOWN ON PLAT)
29-32-25-11-0007	LOT 2 BLK 1 HY-10 3RD ADD; SUBJ TO EASE OF REC
29-32-25-11-0009	LOT 1 BLK 1 HY-10 RAMSEY 4TH ADD; SUBJ TO EASE OF REC
29-32-25-11-0010	LOT 2 BLK 1 HY-10 RAMSEY 4TH ADD; SUBJ TO EASE OF REC
29-32-25-11-0011	LOT 3 BLK 1 HY-10 RAMSEY 4TH ADD; SUBJ TO EASE OF REC
29-32-25-14-0005	LOT 1 BLK 1 HY-10 RAMSEY SUBJ TO EASE OF REC
28-32-25-42-0020	THAT PRT OF LOT 1 BLOCK 1 RAMSEY TOWN CENTER 11TH ADD LYG SLY OF FOL DESC LINE: COM AT SELY COR OF SD LOT, TH N ALG E LINE OF SD LOT 186.92 FT TO POB OF SD LINE, TH W 692.28 FT TO WLY LINE OF SD LOT & SD LINE THERE TERM, SUBJ TO EASE OF REC
28-32-25-44-0011	THAT PRT OF LOT 7 AUD SUB NO 34 DESC AS FOL: COM AT SW COR OF SD LOT, SD SW COR BEING INTER OF W LINE OF SE1/4 OF SE1/4 OF SEC 28 TWP 32 RGE 25 WITH NLY R/W LINE OF TH NO 10, TH SELY ALG SD NLY R/W LINE 538 FT TO POB, TH CONT SELY ALG SD R/W LINE TO A PT 570 FT N OF SE COR OF SD LOT, TH N PRLL/W E LINE OF SD LOT 335 FT TO N LINE OF SD LOT, TH NWLY ALG SD N LINE TO PT OF INTER/W A LINE DRAWN NLY PRLL/W SD E LINE FROM POB, TH S ALG SD PRLL LINE TO POB, SUBJ TO EASE OF REC
29-32-25-11-0013	LOT 2 BLOCK 1 HY-10 RAMSEY 2ND ADD, EX N 70 FT THEREOF, SUBJ TO EASE OF REC
29-32-25-14-0008	LOT 1 BLK 2 HY-10 RAMSEY SUBJ TO EASE OF REC
29-32-25-14-0009	LOT 2 BLK 2 HY-10 RAMSEY SUBJ TO EASE OF REC
29-32-25-14-0011	LOT 4 BLK 2 HY-10 RAMSEY SUBJ TO EASE OF REC
29-32-25-14-0012	LOT 1 BLOCK 1 HAUSER ADD
29-32-25-14-0015	LOT 2 BLK 1 HY-10 RAMSEY TOG/W THAT PRT OF SW1/4 OF NE1/4 OF SEC 29 TWP 32 RGE 25 LYG NELY OF NELY R/W LINE OF BN R/R, SUBJ TO EASE OF REC
28-32-25-41-0011	OUTLOT A RAMSEY TOWN CENTER 13TH ADD
28-32-25-41-0012	OUTLOT B RAMSEY TOWN CENTER 13TH ADD, SUBJ TO EASE OF REC
28-32-25-41-0014	LOT 1 BLOCK 1 RAMSEY TOWN CENTER 14TH ADD EX RD SUBJ TO EASE OF REC
28-32-25-41-0015	OUTLOT A RAMSEY TOWN CENTER 14TH ADD EX RD SUBJ TO EASE OF REC
28-32-25-41-0002	LOT 1 BLOCK 1 RAMSEY TOWN CENTER ADD
28-32-25-34-0002	OUTLOT A TOOTH ACRES
28-32-25-34-0003	OUTLOT B TOOTH ACRES
28-32-25-41-0010	LOT 1 BLOCK 1 RAMSEY TOWN CENTER 13TH ADD, SUBJ TO EASE OF REC
28-32-25-13-0005	LOT 1 BLOCK 2 RAMSEY TOWN CENTER ADD
28-32-25-13-0007	OUTLOT V RAMSEY TOWN CENTER ADD
28-32-25-13-0033	OUTLOT A RAMSEY TOWN CENTER 7TH ADD
28-32-25-13-0034	OUTLOT B RAMSEY TOWN CENTER 7TH ADD
28-32-25-14-0007	OUTLOT CC RAMSEY TOWN CENTER ADD
28-32-25-14-0008	OUTLOT DD RAMSEY TOWN CENTER ADDITION, SUBJ TO EASE OF REC
28-32-25-14-0094	THAT PRT OF OUTLOT B RAMSEY TOWN CENTER 2ND ADD LYG ELY OF FOL DESC LINE: COM AT NW COR OF SD OUTLOT, TH S 89 DEG 42 MIN 54 SEC E, ASSD BRG, ALG NLY LINE OF SD OUTLOT 607.10 FT TO POB OF SD LINE, TH S 247.47 TO SLY LINE OF SD OUTLOT & SD LINE THERE TERM, SUBJ TO EASE OF REC
28-32-25-14-0095	THAT PRT OF OUTLOT B RAMSEY TOWN CENTER 2ND LYG SLY OF RAMSEY TOWN CENTER 7TH ADD & LYG WLY OF FOL DESC LINE: COM AT NW COR OF SD OUTLOT, TH S 89 DEG 42 MIN 54 SEC E ASSD BRG, ALG NLY LINE OF SDOUTLOT 607.10 FT TO POB OF SD LINE, TH S 247.47 FT TO SLY LINE OF SD OUTLOT & SD LINE THERE TERM, SUBJ TO EASE OF REC
28-32-25-22-0005	OUTLOT F RAMSEY TOWN CENTER ADD
28-32-25-23-0004	OUTLOT G RAMSEY TOWN CENTER ADD
28-32-25-23-0005	OUTLOT H RAMSEY TOWN CENTER ADD
28-32-25-24-0002	OUTLOT J RAMSEY TOWN CENTER ADD
28-32-25-24-0003	OUTLOT K RAMSEY TOWN CENTER ADD
28-32-25-24-0005	OUTLOT N RAMSEY TOWN CENTER ADD
28-32-25-24-0006	OUTLOT O RAMSEY TOWN CENTER ADD
28-32-25-24-0007	OUTLOT P RAMSEY TOWN CENTER ADD

28-32-25-24-0008	OUTLOT Q RAMSEY TOWN CENTER ADD
28-32-25-24-0009	TRACT A REG LAND SURVEY NO 241
28-32-25-24-0010	TRACT B REG LAND SURVEY NO 241
28-32-25-24-0011	TRACT C REG LAND SURVEY NO 241
28-32-25-24-0012	TRACT D REG LAND SURVEY NO 241
28-32-25-24-0013	TRACT E REG LAND SURVEY NO 241
28-32-25-31-0009	OUTLOT R RAMSEY TOWN CENTER ADD
28-32-25-31-0012	LOT 1 BLOCK 1 RAMSEY TOWN CENTER 5TH ADD
28-32-25-31-0013	LOT 2 BLOCK 1 RAMSEY TOWN CENTER 5TH ADD
28-32-25-31-0014	OUTLOT A RAMSEY TOWN CENTER 5TH ADD
28-32-25-31-0015	OUTLOT M RAMSEY TOWN CENTER ADD, EX PRT PLATTED AS RAMSEY TOWN CENTER 5TH ADD, SUBJ TO EASE OF REC
28-32-25-41-0009	OUTLOT GG RAMSEY TOWN CENTER ADD, EX THAT PRT OF SD OUTLOT DESC AS FOL: BEG AT NW COR OF SD OUTLOT, TH S ALG WLY LINE OF SD OUTLOT 567.55 FT TO A PT OF CURVATURE IN SD WLY LINE, TH SLY 36.04 FT ALGSD WLY LINE ALG A TAN CUR CONC TO W RAD 540 FT & CEN ANG 03 DEG 49 MIN 27 SEC TO A PT OF TANGENCY IN SD WLY LINE, TH S 03 DEG 49 MIN 27 SEC W ALG SD WLY LINE 87.95 FT TO MOST SLY COR IN SD WLY LINE, TH S 66 DEG 10 MIN 33 SEC E ALG SWLY LINE OF SD OUTLOT 659.59 FT, TH N 957.75 FT TO NLY LINE OF SD OUTLOT, TH W ALG SD NLY LINE 596.32 FT TO POB, SUBJ TO EASE OF REC
28-32-25-42-0010	LOT 1A BLOCK 1 RAMSEY TOWN CENTER 5TH ADD
28-32-25-43-0008	OUTLOT A THE DIAMONDS
28-32-25-44-0012	OUTLOT HH RAMSEY TOWN CENTER ADD
29-32-25-13-0009	BLOCK PARK ALPACA ESTATES 4TH ADD
28-32-25-42-0017	OUTLOT A RAMSEY TOWN CENTER 11TH ADD
28-32-25-42-0018	OUTLOT B RAMSEY TOWN CENTER 11TH ADD
28-32-25-31-0002	UNPLATTED CITY OF RAMSEY THAT PART OF THE NE1/4 OF SW1/4 OF SEC 28-32-25 ANOKA CNTY, MN DESC AS FOL-BEG AT THE INTERSECTION OF THE ELY LINE OF SAID NE1/4 OF SW1/4 WITH THE NELY LINE OF U S HWY NO10 AS MONUMENTED TH NWLY ALONG SAID NELY LINE OF SAID HWY A DIST OF 386.98 FT-TH NELY AT RIGHT ANGLES TO SAID NELY LINE OF SAID HWY TO THE SWLY LINE OF THE BURLINGTON NORTHERN RAILROAD-TH SELY ALONG SAID SWLY LINE OF SAID RAILROAD TO THE SAID ELY LINE OF SAID NE1/4 OF SW1/4-TH SLY ON SAID ELY LINE TO THE POINT OF BEG
28-32-25-23-0009	OUTLOT A RAMSEY TOWN CENTER 3RD ADD
28-32-25-43-0002	THAT PRT OF W1/2 OF SE1/4 OF SEC 28 TWP 32 RGE 25 DESC AS FOL: COM AT SE COR OF SD SEC, TH N 0 DEG 28 MIN 50 MIN W, ASSD BRG, ALG E LINE OF SD 1/4 164.43 FT TO MONUMENT A-85 ON NLY R/W LINE OF TH NO10 AS SHOWN ON MN DEPT OF TRANSPORTATION PLAT 02-M4, TH N 65 DEG 51 MIN 38 SEC W ALG SD NLY R/W LINE 806.12 FT TO MONUMENT A-39 AS SHOWN ON SD PLAT, TH CONT ALG SD NLY R/W LINE ALG A TAN CUR CONC TONE RAD 22673.76 FT, CEN ANG 1 DEG 42 MIN 24 SEC 675.48 FT TO MONUMENT A-37 AS SHOWN ON SD PLAT, TH N 64 DEG 09 MIN 14 SEC W ALG SD NLY R/W LINE 430.18 FT TO POB, TH CONT N 64 DEG 09 MIN 14 SEC W ALGSD NLY R/W LINE 538 FT TO A PT 985 FT NWLY, AS MEAS ALG SD NLY R/W LINE, FROM ITS INTER/W E LINE OF SD W1/2 OF SE1/4, TH N 4 DEG 33 MIN 33 SEC W 269.97 FT TO SLY R/W LINE OF BN R/R, TH S 66 DEG 42 MIN 01 SEC E ALG SD SLY R/W LINE 630.93 FT TO INTER/W A LINE BRG N 16 DEG 12 MIN 07 SEC E FROM POB, TH S 16 DEG 12 MIN 07 SEC W 264.61 FT TO POB, AKA PRT OF LOTS 2 & 3 AUD SUB NO 34, EX RD, SUBJ TO EASE OF REC
29-32-25-11-0012	THE N 70 FT OF LOT 2 BLK 1 HY-10 RAMSEY 2ND ADD, SUBJ TO EASE OF REC

Additional parcels located within the District boundaries added in Administrative Amendment No. 1:

28-32-25-13-0002	✓ THE N 150 FT OF THE S1/2 OF NE1/4 OF SEC 28-32-25; EX RD; SUBJ TO EASE OF REC
28-32-25-13-0035	✓ UNIT 331 CIC NO 211 SYMPHONY AT TOWN CENTER, TOG/W COMMON ELEMENT, SUBJ TO EASE OF REC
28-32-25-13-0036	✓ UNIT 332 CIC NO 211 SYMPHONY AT TOWN CENTER, TOG/W COMMON ELEMENT, SUBJ TO EASE OF REC
28-32-25-13-0037	✓ UNIT 333 CIC NO 211 SYMPHONY AT TOWN CENTER, TOG/W COMMON ELEMENT, SUBJ TO EASE OF REC

28-32-25-13-0073 ✓	UNIT 1236 CIC NO 211 THE SYMPHONY AT TOWN CENTER, TOG/W COMMON ELEMENT, SUBJ TO EASE OF REC
28-32-25-13-0074 ✓	UNIT 1237 CIC NO 211 THE SYMPHONY AT TOWN CENTER, TOG/W COMMON ELEMENT, SUBJ TO EASE OF REC
28-32-25-14-0154 ✓	UNIT 211 CIC NO 211 SYMPHONY AT TOWN CENTER, TOG/W COMMON ELEMENT, SUBJ TO EASE OF REC
28-32-25-14-0155 ✓	UNIT 212 CIC NO 211 SYMPHONY AT TOWN CENTER, TOG/W COMMON ELEMENT, SUBJ TO EASE OF REC
28-32-25-14-0156 ✓	UNIT 213 CIC NO 211 SYMPHONY AT TOWN CENTER, TOG/W COMMON ELEMENT, SUBJ TO EASE OF REC
28-32-25-14-0157 ✓	UNIT 214 CIC NO 211 SYMPHONY AT TOWN CENTER, TOG/W COMMON ELEMENT, SUBJ TO EASE OF REC
28-32-25-14-0158 ✓	UNIT 215 CIC NO 211 SYMPHONY AT TOWN CENTER, TOG/W COMMON ELEMENT, SUBJ TO EASE OF REC
28-32-25-14-0159 ✓	UNIT 711 CIC NO 211 SYMPHONY AT TOWN CENTER, TOG/W COMMON ELEMENT, SUBJ TO EASE OF REC
28-32-25-14-0160 ✓	UNIT 712 CIC NO 211 SYMPHONY AT TOWN CENTER, TOG/W COMMON ELEMENT, SUBJ TO EASE OF REC
28-32-25-14-0161 ✓	UNIT 713 CIC NO 211 SYMPHONY AT TOWN CENTER, TOG/W COMMON ELEMENT, SUBJ TO EASE OF REC
28-32-25-14-0162 ✓	UNIT 714 CIC NO 211 SYMPHONY AT TOWN CENTER, TOG/W COMMON ELEMENT, SUBJ TO EASE OF REC
28-32-25-14-0163 ✓	UNIT 715 CIC NO 211 SYMPHONY AT TOWN CENTER, TOG/W COMMON ELEMENT, SUBJ TO EASE OF REC
28-32-25-14-0164 ✓	UNIT 716 CIC NO 211 SYMPHONY AT TOWN CENTER, TOG/W COMMON ELEMENT, SUBJ TO EASE OF REC
28-32-25-14-0165 ✓	UNIT 811 CIC NO 211 THE SYMPHONY AT TOWN CENTER SIXTH, TOG/W COMMON ELEMENT, SUBJ TO EASE OF REC
28-32-25-14-0166 ✓	UNIT 812 CIC NO 211 THE SYMPHONY AT TOWN CENTER SIXTH, TOG/W COMMON ELEMENT, SUBJ TO EASE OF REC
28-32-25-14-0167 ✓	UNIT 813 CIC NO 211 THE SYMPHONY AT TOWN CENTER SIXTH, TOG/W COMMON ELEMENT, SUBJ TO EASE OF REC
28-32-25-14-0168 ✓	UNIT 814 CIC NO 211 THE SYMPHONY AT TOWN CENTER SIXTH, TOG/W COMMON ELEMENT, SUBJ TO EASE OF REC
28-32-25-14-0169 ✓	UNIT 815 CIC NO 211 THE SYMPHONY AT TOWN CENTER SIXTH, TOG/W COMMON ELEMENT, SUBJ TO EASE OF REC
28-32-25-14-0170 ✓	UNIT 816 CIC NO 211 THE SYMPHONY AT TOWN CENTER SIXTH, TOG/W COMMON ELEMENT, SUBJ TO EASE OF REC
28-32-25-14-0171 ✓	UNIT 817 CIC NO 211 THE SYMPHONY AT TOWN CENTER SIXTH, TOG/W COMMON ELEMENT, SUBJ TO EASE OF REC
28-32-25-14-0173 ✓	UNIT 511 CIC NO 211 SYMPHONY AT TOWN CENTER, TOG/W COMMON ELEMENT, SUBJ TO EASE OF REC
28-32-25-14-0174 ✓	UNIT 512 CIC NO 211 SYMPHONY AT TOWN CENTER, TOG/W COMMON ELEMENT, SUBJ TO EASE OF REC
28-32-25-14-0175 ✓	UNIT 513 CIC NO 211 SYMPHONY AT TOWN CENTER, TOG/W COMMON ELEMENT, SUBJ TO EASE OF REC
28-32-25-14-0176 ✓	UNIT 514 CIC NO 211 SYMPHONY AT TOWN CENTER, TOG/W COMMON ELEMENT, SUBJ TO EASE OF REC
28-32-25-14-0177 ✓	UNIT 515 CIC NO 211 SYMPHONY AT TOWN CENTER, TOG/W COMMON ELEMENT, SUBJ TO EASE OF REC
28-32-25-14-0178 ✓	UNIT 516 CIC NO 211 SYMPHONY AT TOWN CENTER, TOG/W COMMON ELEMENT, SUBJ TO EASE OF REC
28-32-25-14-0179 ✓	UNIT 517 CIC NO 211 SYMPHONY AT TOWN CENTER, TOG/W COMMON ELEMENT, SUBJ TO EASE OF REC
28-32-25-32-0008 ✓	ALPACA ESTATES LOT 1 BLK 3 ALPACA EST EASE TO ST OF MN FOR RT OF ACCESS TO HWY NO 10(SUBJ TO EASE AS SHOWN ON PLAT)
28-32-25-32-0011 ✓	ALPACA ESTATES LOT 2 BLK 4 ALPACA EST(SUBJ TO EASE AS SHOWN ON PLAT)
28-32-25-32-0017 ✓	UNIT 1 CIC NO 251 RIVERVIEW OFF CONDO, TOG/W COMMON ELEMENT, SUBJ TO EASE OF REC
28-32-25-32-0018 ✓	UNIT 2 CIC NO 251 RIVERVIEW OFF CONDO, TOG/W COMMON ELEMENT, SUBJ TO EASE OF REC
28-32-25-32-0019 ✓	UNIT 3 CIC NO 251 RIVERVIEW OFF CONDO, TOG/W COMMON ELEMENT, SUBJ TO EASE OF REC
28-32-25-32-0020 ✓	UNIT 4 CIC NO 251 RIVERVIEW OFF CONDO, TOG/W COMMON ELEMENT, SUBJ TO EASE OF REC
28-32-25-32-0021 ✓	UNIT 5 CIC NO 251 RIVERVIEW OFF CONDO, TOG/W COMMON ELEMENT, SUBJ TO EASE OF REC

on list twice

28-32-25-32-0022 ✓	LOTS 3 THRU 6 INCL BLK 2 ALPACA ESTATES, SUBJ TO EASE OF REC
28-32-25-32-0023 ✓	LOTS 2 THRU 6 INCL BLK 5 ALPACA ESTATES, SUBJ TO EASE OF REC
28-32-25-41-0013 ✓	THE S 50 FT OF E 25 FT OF OUTLOT FF RAMSEY TOWN CENTER ADDITION, EX RD SUBJ TO EASE OF REC
28-32-25-42-0019 ✓	LOT 1 BLOCK 1 RAMSEY TOWN CENTER 11TH ADD, EX THAT PRT LYG SLY OF FOL DESC LINE: COM AT SELY COR OF SD LOT, TH N ALG ELY LINE OF SD LOT 186.92 FT TO POB OF SD LINE, TH W 692.28 FT TO WLY LINE OF SD LOT & SD LINE THERE TERM, SUBJ TO EASE OF REC
29-32-25-12-0001 ✓	UNPLATTED RAMSEY TWSP NW1/4 OF NE1/4 SEC 29-32-25-EX R R RT OF WAY-SUBJ TO EASE TO RURAL CO-OP POWER ASSN-
29-32-25-13-0007 ✓	OUTLOT A ALPACA ESTATES 4TH ADD
29-32-25-13-0008 ✓	OUTLOT B ALPACA ESTATES 4TH ADD
29-32-25-41-0025 ✓	UNIT 101 CIC NO 242 RAMSEY CONDO, TOG/W COMMON ELEMENT, SUBJ TO EASE OF REC
29-32-25-41-0026 ✓	UNIT 102 CIC NO 242 RAMSEY CONDO, TOG/W COMMON ELEMENT, SUBJ TO EASE OF REC
29-32-25-41-0027 ✓	UNIT 103 CIC NO 242 RAMSEY CONDO, TOG/W COMMON ELEMENT, SUBJ TO EASE OF REC

Plot
on list twice

Assumptions Report

**City of Ramsey, Minnesota
Tax Increment Financing (Redevelopment) District No. 14
The COR Project
Scenario 2 - Without FD**

Type of Tax Increment Financing District	Redevelopment			
Maximum Duration of TIF District	25 years from 1st increment			
Projected Certification Request Date	06/30/11			
Decertification Date	12/31/37 (26 Years of Increment)			
	<u>2010/2011</u>			
Base Estimated Market Value	\$85,278,600			
Original Net Tax Capacity	\$1,391,239			
	Assessment/Collection Year			
	2011/2012	2012/2013	2013/2014	2014/2015
Base Estimated Market Value	\$86,639,997	\$88,002,393	\$89,972,551	\$91,942,709
Increase in Estimated Market Value	15,982,624	31,965,249	49,815,112	67,664,975
Total Estimated Market Value	102,622,621	119,967,642	139,787,663	159,607,684
Total Net Tax Capacity	\$1,736,081	\$1,902,559	\$2,224,634	\$2,428,157
City of Ramsey	37.811%			
Anoka County	35.189%			
ISD #11	19.939%			
Other	6.627%			
Local Tax Capacity Rate	99.566%		2009/2010	
Fiscal Disparities Contribution From TIF District	41.9115%			
Administrative Retainage Percent (maximum = 10%)	10.00%			
Pooling Percent	0.00%			
<u>Bonds</u>	<u>Note (Pay-As-You-Go)</u>			
Bonds Dated	06/30/11	Note Dated	06/30/11	
Bond Issue @ 0.00% (NIC)	\$0	Note Rate	6.00%	
Eligible Project Costs	\$0	Note Amount	\$61,282,863	
Present Value Date & Rate	06/30/11		6.00%	

Notes

Assumptions include no future changes to the property tax system, class rates and tax rate.
The assumptions include the use of a 2% annual market value inflator starting in taxes payable 2018.

Projected Tax Increment Report

City of Ramsey, Minnesota
 Tax Increment Financing (Redevelopment) District No. 14
 The COR Project
 Scenario 2 - Without FD

Annual Period Ending (1)	Total Net Tax Capacity (2)	Less: Original Net Tax Capacity (3)	Less: Fiscal Disp. @ 0.0000% (4)	Retained Net Tax Capacity (5)	Times: Tax Capacity Rate (6)	Annual Gross Tax Increment (7)	Less: State Aud. Deduction 0.360% (8)	Less: Admin. Retainage 10.00% (9)	Annual Net Revenue (10)	P.V. Annual Net Rev. To 06/30/11 6.00%
12/31/11	1,391,239	1,391,239	0	0	99.566%	0	0	0	0	0
12/31/12	1,736,081	1,391,239	0	344,842	99.566%	343,345	1,236	34,211	307,898	286,223
12/31/13	1,902,559	1,409,713	0	492,846	99.566%	490,707	1,767	48,894	440,046	385,913
12/31/14	2,224,634	1,440,042	0	784,592	99.566%	781,187	2,812	77,838	700,537	579,584
12/31/15	2,428,157	1,470,371	0	957,786	99.566%	953,629	3,433	95,020	855,176	667,475
12/31/16	3,383,782	1,553,449	0	1,830,334	99.566%	1,822,390	6,561	181,583	1,634,246	1,203,348
12/31/17	3,811,925	1,636,526	0	2,175,398	99.566%	2,165,957	7,797	215,816	1,942,344	1,349,255
12/31/18	4,674,466	1,719,604	0	2,954,862	99.566%	2,942,038	10,591	293,145	2,638,302	1,728,967
12/31/19	5,570,786	1,802,681	0	3,768,105	99.566%	3,751,752	13,506	373,825	3,364,421	2,080,016
12/31/20	6,485,033	1,885,759	0	4,599,274	99.566%	4,579,314	16,486	456,283	4,106,545	2,395,119
12/31/21	7,417,565	1,968,836	0	5,448,729	99.566%	5,425,081	19,530	540,555	4,864,996	2,676,869
12/31/22	8,267,499	2,033,439	0	6,234,060	99.566%	6,207,004	22,345	618,466	5,566,193	2,889,329
12/31/23	9,134,432	2,098,043	0	7,036,389	99.566%	7,005,851	25,221	698,063	6,282,567	3,076,593
12/31/24	9,981,659	2,150,791	0	7,830,868	99.566%	7,796,882	28,069	776,881	6,991,932	3,230,161
12/31/25	10,845,830	2,203,540	0	8,642,291	99.566%	8,604,783	30,977	857,381	7,716,425	3,363,081
12/31/26	11,502,666	2,203,540	0	9,299,127	99.566%	9,258,768	33,332	922,544	8,302,892	3,413,852
12/31/27	12,107,408	2,203,540	0	9,903,869	99.566%	9,860,886	35,499	982,539	8,842,848	3,430,059
12/31/28	12,349,556	2,203,540	0	10,146,017	99.566%	10,101,983	36,367	1,006,562	9,059,054	3,315,022
12/31/29	12,596,547	2,203,540	0	10,393,008	99.566%	10,347,902	37,252	1,031,065	9,279,585	3,203,511
12/31/30	12,848,478	2,203,540	0	10,644,939	99.566%	10,598,740	38,155	1,056,059	9,504,526	3,095,439
12/31/31	13,105,448	2,203,540	0	10,901,908	99.566%	10,854,594	39,077	1,081,552	9,733,965	2,990,720
12/31/32	13,367,557	2,203,540	0	11,164,017	99.566%	11,115,566	40,016	1,107,555	9,967,995	2,889,268
12/31/33	13,634,908	2,203,540	0	11,431,368	99.566%	11,381,756	40,974	1,134,078	10,206,704	2,790,999
12/31/34	13,907,606	2,203,540	0	11,704,067	99.566%	11,653,271	41,952	1,161,132	10,450,187	2,695,829
12/31/35	14,185,758	2,203,540	0	11,982,219	99.566%	11,930,216	42,949	1,188,727	10,698,540	2,603,676
12/31/36	14,469,473	2,203,540	0	12,265,934	99.566%	12,212,700	43,966	1,216,873	10,951,861	2,514,459
12/31/37	14,758,863	2,203,540	0	12,555,323	99.566%	12,500,833	45,003	1,245,583	11,210,247	2,428,096
12/31/38	0	0	0	0	99.566%	0	0	0	0	0
12/31/39	0	0	0	0	99.566%	0	0	0	0	0
						\$184,687,135	\$664,873	\$18,402,230	\$165,620,032	\$61,282,863

Estimated Impact on Other Taxing Jurisdictions Report

City of Ramsey, Minnesota
 Tax Increment Financing (Redevelopment) District No. 14
 The COR Project
 Scenario 2 - Without FD

Taxing Jurisdiction	Without Project or TIF District			With Project and TIF District				Hypothetical Tax Generated by Retained Captured N.T.C. (*)
	2009/2010 Taxable Net Tax Capacity (1)	2009/2010 Local Tax Rate	2009/2010 Taxable Net Tax Capacity (1)	Projected Retained Captured Net Tax Capacity	New Taxable Net Tax Capacity	Hypothetical Adjusted Local Tax Rate (*)	Hypothetical Decrease In Local Tax Rate (*)	
City of Ramsey	22,452,307	37.811%	22,452,307	\$12,555,323	35,007,630	24.250%	13.561%	3,044,699
Anoka County	350,143,958	35.189%	350,143,958	12,555,323	362,699,281	33.971%	1.218%	4,265,155
ISD #11	222,953,724	19.939%	222,953,724	12,555,323	235,509,047	18.876%	1.063%	2,369,946
Other (2)	---	6.627%	---	12,555,323	---	6.627%	---	---
Totals						83.724%	15.842%	

* **Statement 1:** If the projected Retained Captured Net Tax Capacity of the TIF District was hypothetically available to each of the taxing jurisdictions above, the result would be a lower local tax rate (see Hypothetical Adjusted Tax Rate above) which would produce the same amount of taxes for each taxing jurisdiction. In such a case, the total local tax rate would decrease by 15.842% (see Hypothetical Decrease in Local Tax Rate above). The hypothetical tax that the Retained Captured Net Tax Capacity of the TIF District would generate is also shown above.

Statement 2: Since the projected Retained Captured Net Tax Capacity of the TIF District is not available to the taxing jurisdictions, then there is no impact on taxes levied or local tax rates.

- (1) Taxable net tax capacity = total net tax capacity - captured TIF - fiscal disparity contribution, if applicable.
- (2) The impact on these taxing jurisdictions is negligible since they represent only 6.66% of the total tax rate.

Market Value Analysis Report

**City of Ramsey, Minnesota
 Tax Increment Financing (Redevelopment) District No. 14
 The COR Project
 Scenario 2 - Without FD**

<u>Assumptions</u>			
	Present Value Date		06/30/11
	P.V. Rate - Gross T.I.		6.00%
<hr/>			
	Increase in EMV With TIF District		515,404,309
	Less: P.V of Gross Tax Increment		<u>68,338,087</u>
	Subtotal		\$447,066,222
	Less: Increase in EMV Without TIF		<u>0</u>
	Difference		\$447,066,222
<hr/>			
	Year	Annual Gross Tax Increment	Present Value @ 6.00%
1	2012	343,345	319,174
2	2013	490,707	430,342
3	2014	781,187	646,310
4	2015	953,629	744,319
5	2016	1,822,390	1,341,885
6	2017	2,165,957	1,504,589
7	2018	2,942,038	1,928,015
8	2019	3,751,752	2,319,479
9	2020	4,579,314	2,670,858
10	2021	5,425,081	2,985,045
11	2022	6,207,004	3,221,964
12	2023	7,005,851	3,430,787
13	2024	7,796,882	3,602,035
14	2025	8,604,783	3,750,257
15	2026	9,258,768	3,806,874
16	2027	9,860,886	3,824,946
17	2028	10,101,983	3,696,666
18	2029	10,347,902	3,572,317
19	2030	10,598,740	3,451,803
20	2031	10,854,594	3,335,028
21	2032	11,115,566	3,221,897
22	2033	11,381,756	3,112,314
23	2034	11,653,271	3,006,188
24	2035	11,930,216	2,903,426
25	2036	12,212,700	2,803,937
26	2037	<u>12,500,833</u>	<u>2,707,632</u>
		\$184,687,135	\$68,338,087

MODIFICATION TO THE DEVELOPMENT PROGRAM
FOR DEVELOPMENT DISTRICT NO. 1

CITY OF RAMSEY, MINNESOTA

ADOPTED: DECEMBER 14, 2010

This document was drafted by:

BRIGGS AND MORGAN,
Professional Association (MLI)
2200 First National Bank Building
332 Minnesota Street
Saint Paul, Minnesota 55101

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ARTICLE I

MODIFICATION TO THE DEVELOPMENT PROGRAM
FOR DEVELOPMENT DISTRICT NO. 1

Section 1.01 Definitions. The terms defined below have, for purposes of this Development Program, the meanings herein specified, unless the context specifically requires otherwise:

"City" means the City of Ramsey, a municipal corporation and political subdivision of the State of Minnesota.

"City Council" means the City Council of the City.

"County" means Anoka County, Minnesota.

"Development District Act" means Minnesota Statutes, Sections 469.124 through 469.134, as amended and supplemented from time to time.

"Development District" means Development District No. 1 of the City, the boundaries of which are described on the attached Exhibit A.

"Development Program" means the Development Program for the Development District, adopted by the City Council on August 27, 1985, as the same may, from time to time, be amended or supplemented.

"Public Costs" means the repayment of debt service on any Tax Increment Bonds and the costs set forth in Sections 3.07 and 3.16 of the Tax Increment Financing Plan, and any other costs eligible to be financed by Tax Increments under Minnesota Statutes, Section 469.176, subdivision 4.

"State" means the State of Minnesota.

"Tax Increment Financing District" means any tax increment financing district presently established or to be established in the future in the Development District.

"Tax Increment Financing Act" means Minnesota Statutes, Sections 469.174 through 469.1799, both inclusive, as amended and supplemented from time to time.

"Tax Increment Financing Plan" means the respective Tax Increment Financing Plan for each Tax Increment Financing District located within the Development District.

ARTICLE II

MODIFICATION TO THE DEVELOPMENT PROGRAM FOR DEVELOPMENT DISTRICT NO. 1

Section 2.01 Statement of Need and Public Purpose. The City Council of the City has determined that there is a need for the City to take certain actions designed to encourage, ensure and facilitate development and redevelopment by the private sector of under utilized and unused land located within the corporate limits of the City in order to provide additional employment opportunities for residents of the City and the surrounding area, to improve the tax base of the City, the County and Independent School District No. 11 (the "School District") thereby enabling them to better utilize existing public facilities and provide needed public services, and to improve the general economy of the City, the County, and the State. Specifically, the City Council has determined that the property within the Development District is either under utilized or unused due to a variety of factors, including inadequate public improvements to serve the property; which has resulted in a lack of private investment; that, as a result, the property is not providing adequate employment opportunities, and is not contributing to the tax base and general economy of the City, the School District, the County and the State to its full potential; and, therefore, that it is necessary for the City to exercise its authority under the Development District Act and the Tax Increment Financing Act to develop, implement and finance a program designed to encourage, ensure and facilitate the commercial development and redevelopment of the property located in the Development District, to further and accomplish the public purposes specified in this paragraph.

The development proposed for the Development District would not occur solely through private investment in the foreseeable future; the Tax Increment Financing Plan proposed herein is consistent with the Development Program; and the Tax Increment Financing Plan will afford maximum opportunity, consistent with the sound needs of the City as a whole, for the development or redevelopment of the property located in the Development District by private enterprise.

The welfare of the City, the County and the State of Minnesota requires active promotion, attraction, encouragement and development of economically sound industry and commerce by the City.

Section 2.02 Statutory Authority. The Development District Act authorizes the City, upon certain public purpose findings by the City Council, to establish and designate development districts within the City and to establish, develop and administer development programs therefor to meet the needs and accomplish the public purposes specified in Section 2.01. In accordance with the purposes set forth in Section 469.124 of the Development District Act, the City Council has established the Development District comprising the area described on the attached Exhibit A and has adopted this Development Program therefor.

The Tax Increment Financing Act authorizes the City, upon certain findings by the City Council, to establish and designate tax increment financing districts within the Development District and to adopt and implement a tax increment financing plan to accomplish the Development Program established for the Development District. In accordance with the Tax

Increment Financing Act, the City has established Tax Increment Financing District No. 12 in the Development District as a housing district described in Section 469.174 subdivision 11, and has adopted therefor the Tax Increment Financing Plan set forth in Article III of the Development Program, which provides for the use of tax increment financing to finance the cost of qualified public activities and improvements in the Development District, as specified in the Development Program and the Tax Increment Financing Plan.

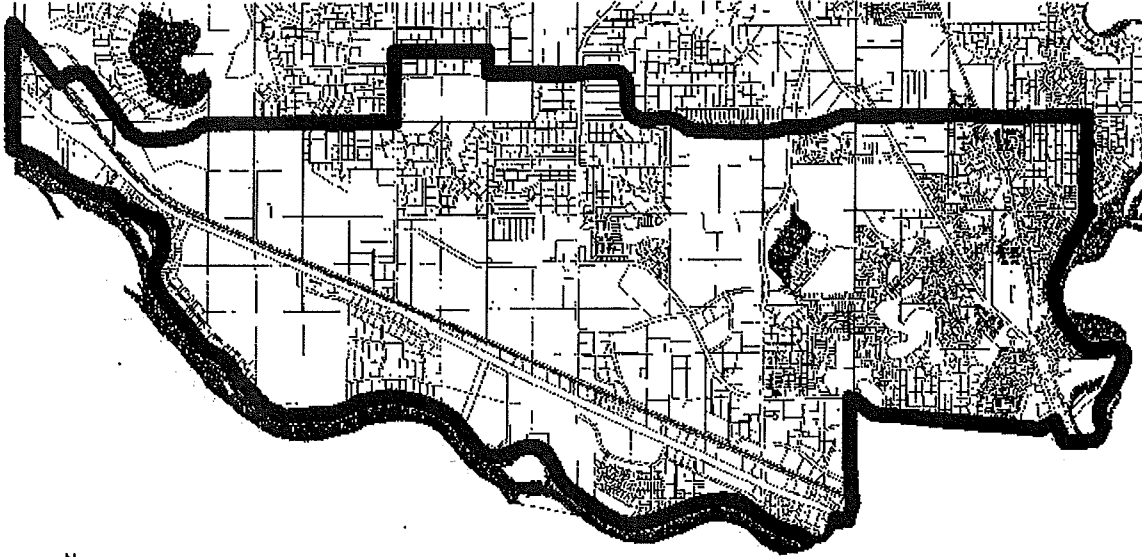
Section 2.03 Description of Development District. The Development District is described in Exhibit A.

Section 2.04 Increase Estimates of Public Costs and Budget. The additional costs eligible to be incurred by the City, directly or indirectly, in carrying out the Development Program, as modified are amended to include the Public Costs set forth in the Tax Increment Financing Plan for Tax Increment Financing (Redevelopment) District No. 14.

EXHIBIT A

Description of Development District No. 1

CITY OF RAMSEY



 DEVELOPMENT DISTRICT NO. 1

Prepared by the Ancker County G.I.S. Department
Phone: 763-422-7508
Fax: 5-2663

CC Work Session

2. 2.

Meeting Date: 11/13/2012

Submitted For: Patrick Brama

By: Patrick Brama, Administrative Services

Title:

Consider Lease Agreement with Independent Auto Service INC for use of Cold Storage Area; and Consider Sublease Agreement with First Choice Towing (6745 Hwy 10).

Background:

As part of a State driven effort to realign U.S. Highway 10, the City of Ramsey has acquired a number of properties. Said properties were purchased by means of the State Revolving Loan Acquisition Fund (RALF) and are located in the planned/future path of U.S. Highway 10.

Several "RALF" properties have existing structures/buildings. The City has the option to lease out said properties to the private sector until realignment of Highway 10 is ready to move forward. Leasing RALF properties generates property taxes.

One of those City owned RALF properties, and the concern of this case, is located at 6745 Highway 10 NW. The front end of the Subject Property is leased by Independent Auto Service INC. The rear of the Subject Property (which consists of cold storage) was formerly leased by Denny Sharp and is vacant, as of October 1.

They City has been approached by Independent Auto Service INC to lease the now vacant cold storage area. In addition, Independent Auto would like to bring forward a sublease agreement with First Choice Towing for Council Consideration.

Therefore, the purpose of this case is to consider two items:

- (A) Lease Agreement with Independent Auto INC, for the cold storage area located in the rear of Subject Property
- (B) Sublease Agreement between Independent Auto Service INC and First Choice Towing INC

Notification:

NA

Observations:

Lease between the City of Ramsey and Independent Auto for Cold Storage Area:

This is a 29 month term, step lease. Meaning, monthly rent increases over time. The lease begins in December 2012 and ends in April 2015; and includes a two year renewal option. Staff has worked with the City Attorney to structure this lease similar to leases used in the past for the Subject Property (6745 Highway 10) and the neighboring property (6701 Highway 10).

Due to timing, Staff is proposing a step lease. Demand for cold storage is high in the spring an fall, and low in the summer and winter. We are past the peak demand for fall, and Independent Auto INC has indicated they would not generate enough revenue to cover base rent until May. Therefore, three options are available (1) use a step lease with Independent Auto INC, as proposed (2) wait to lease with Independent Auto INC until peak demand arrives again in April/May (3) Not work with Independent Auto INC and look for a different prospect.

The step lease is structured at \$100 per month for December/January, \$350 per month for February/March, \$650 per month for April, \$1,612 May--forward. \$1,612 per month, covers the City's taxes and insurance (i.e. fixed costs) along with administrative costs. Details can be provided in closed session.

Sublease between Independent Auto and First Choice Towing:

The proposed sublease is not an agreement between the City of Ramsey and First Choice Towing INC. Ultimately,

Independent Auto INC is responsible for upholding the existing lease agreement with the City of Ramsey (and the proposed second agreement).

The proposed sublease before the Council is under consideration because the City owns the Subject Property; and it is written in the existing lease (and in the second proposed lease) that any additional use of the Subject property must be approved by the City Council through a sublease. A sublease provision provides the City with protection against the tenant using the Subject Property for an undesired use.

From a Staff perspective, there are no regulatory issues with the proposed sublease. NOTE: it is written in the sublease, First Choice Towing INC must comply with all rules and regulations outlined in the lease agreement between the City of Ramsey and Independent Auto INC.

Attached to this case are both proposed leases.

Recommendation:

Staff recommends approval of the proposed lease agreement between Independent Auto Service INC and the City of Ramsey. Additionally, Staff recommends approval of the proposed sublease agreement between Independent Auto Service INC and First Choice Towing INC.

Funding Source:

Property management is a duty of administrative and finance staff.

Council Action:

Motion to [Approve/Deny] proposed lease agreement between Independent Auto Service INC and the City of Ramsey, subject to the review and approval of the City Attorney.

-AND-

Motion to [Approve/Deny] proposed sublease agreement between Independent Auto Service INC and First Choice Towing INC., subject to the review and approval of the City Attorney.

Attachments

Sublease Agreement

Ref Map

Lease Agreement (Cold Storage Area)

Form Review

Inbox	Reviewed By	Date
Tim Gladhill	Tim Gladhill	11/08/2012 07:16 AM
Bill Goodrich	Kathy Schmitz	11/08/2012 05:01 PM
Kurt Ulrich	Kurt Ulrich	11/08/2012 06:30 PM
Patrick Brama	Patrick Brama	11/09/2012 10:58 AM
Form Started By: Patrick Brama		Started On: 10/24/2012 10:13 AM
Final Approval Date: 11/09/2012		

SUBLEASE AGREEMENT

THIS SUB LEASE AGREEMENT, dated this _____ day of November, 2012, (this "Lease") by and between Independent Auto Service Inc. 6745 Highway 10 NW, Ramsey, MN 55303 and First Choice Towing Inc. 16450 Nowthen Blvd. Ramsey MN 55303.

PROPERTY. The leased property located at 6745 Hwy 10 Nw. Ramsey MN, consists of 240 s.f. of front office, 2 indoor parking spaces in first repair bay, and 10 outside parking spaces in secured fenced area between storage building. (see attached fig. B)

1. TERM:

A. **Lease Term.** Lease term is to be for a period of 32 months commencing on the first day of December 2012, or 10 days after City of Ramsey Approval of sub lease.

B. **Option to Renew** First Choice Towing shall notify Independent Auto Service at least 60 days before the expiration date of lease as to intent to renew lease for a period of 24 months. Monthly rent to be equal to previous 24 month rent.

C. **Independent Autos Option to Quit.** First Choice Towing shall be notified in writing 60 days prior to Landlords option to terminate lease agreement.

2. Base Rent.

First Choice towing shall pay Independent Auto Service a total rent payment on the first day of each month in equal monthly installments according to set schedule as follows. Dec.2012 \$300.00/month, Jan. 2013- July 2014 500.00 per month.

3. Terms and Restrictions. First choice Towing shall operate under terms set forth by The City of Ramsey real property "landlord" as described in lease agreement between Independent Auto Service Inc and The city.

INDEPENDENT AUTO _____

Date: _____

FIRST CHOICE TOWING _____

Date: _____



1

2

3

4

A

B

C

D

34-210103

6825
34-210013

8781
34-120022

8745
34-120008

8701
34-120009

8840
34-210096

34-120010

HIGHWAY TO

EDR NW

**LEASE AGREEMENT
(Storage Building)**

THIS LEASE AGREEMENT, dated this _____ day of November, 2012, (this “Lease”) by and between the CITY OF RAMSEY, 7550 Sunwood Drive NW, Ramsey, MN 55303, a Minnesota municipal corporation (“Landlord”) and INDEPENDENT AUTO SERVICE, INC., a Minnesota corporation, 18140 Zane Street NW, Elk River, Minnesota 55330, a Minnesota Limited Liability Company (hereinafter referred to as “Tenant”).

DEFINITION:

PROPERTY. The leased property is approximately 11,200 square feet of a building located on that real property legally described as Lot 2, Block 2, DEAL INDUSTRIAL PARK, Anoka County, Minnesota, and is commonly known as 6745 Highway 10 NW, Ramsey, Minnesota (the “Site”). The leased property consists generally of the cold storage portion of the building located on the Site (the “Property”). The Property includes the common parking as shown on attached Exhibit B and all of the area within the fenced in area of the Site.

RECITALS:

1. TERM:

a. **Lease Term.** For and in consideration of the rents, additional rents, terms, provisions and covenants herein contained, Landlord hereby lets, leases and demises to Tenant the Property for the term of thirty (29) months commencing on the first day of December, 2012, or thirty days after Landlord tenders possession to Tenant, whichever is later (sometimes called “the Commencement Date”) and expiring on the 30th day of April, 2015 (sometimes called “Expiration Date”), unless sooner terminated as hereinafter provided

b. **Option to Renew.** Tenant shall notify Landlord, in writing, at least sixty (60) days before the Expiration Date of Tenant’s intent to renew the Lease Term for an additional twenty-four (24) months (“Option Period”). Monthly rent in the Option Period shall not exceed a three percent (3.0%) increase from the monthly rent in the last year of the initial lease term.

c. **Landlord’s Notice to Quit.** Notwithstanding the Lease Term or the Option to Renew, in the event Landlord determines, in its sole discretion, that the Property or any part thereof is required for the improvement of U.S. Highway 10, upon giving one year’s prior written notification to Tenant, the Landlord may terminate this Lease. Landlord is not obligated to provide this one year notice to quit in the event of any default by Tenant of the terms of this Lease.

2. BASE RENT:

Tenant shall pay Landlord, a total rent payment in advance without offset, deduction or demand, in equal monthly installments commencing on the Commencement Date and continuing on the first day of each and every month thereafter for the next succeeding 24 months, during the balance of the term based on the following schedule:

<u>Period</u>	<u>Rent</u>
December 1, 2012 – January 31, 2013	\$100.00/month
February 1, 2013 – March 31, 2013	\$350.00/month
April 1, 2013 – April 30, 2013	\$650.00/month
May 1, 2013 – April 30, 2015	\$1,612.00/month

If the Commencement Date is later than December 1, 2012, the schedule shall adjust accordingly.

3. ADDITIONAL RENT:

a. **Real Estate Taxes.** Reserved

b. **Property Operating Expenses.** Tenant shall pay its Proportionate Share of the annual aggregate Operating Expense incurred by Landlord in the operation, maintenance and repair of the Building and Property. The term “Operating Expenses” shall include but not be limited to maintenance, repair, operation of utilities and lighting, mechanical rooms, and roof, parking and landscaped areas, signs, snow removal, non-structural repair and maintenance of the exterior of the Building, insurance premiums, wages and fringe benefits of personnel employed for such work, costs of equipment purchased and used for such purposes.

The payment of the sums set forth in this paragraph 3. shall be in addition to the Base Rent payable pursuant to paragraph 2. of this Lease. All sums due hereunder shall be due and payable within thirty (30) days of delivery of written certification by Landlord setting forth the computation of the amount due from tenant. In the event the lease term shall begin or expire at any time during the calendar year, Tenant shall be responsible for its pro-rata share of Additional Rent under subdivisions a. and b. during the Lease and/or occupancy time.

Prior to commencement of this Lease, and prior to the commencement of each calendar year thereafter commencing during the term of this Lease or any renewal or extension thereof, Landlord may estimate for each calendar year (i) the Operating Expenses for such calendar year; and (ii) the computation of the annual and monthly rental payable during such calendar year as a result of increases or decreases of Operating Expenses. Said estimate will be in writing and will be delivered or mailed to Tenant.

The amount of Operating Expenses for each calendar year, so estimated, shall be payable as Additional Rent by Tenant, without offset, deduction or demand, in equal monthly installments, in advance, on the first day of each month during such calendar year at the option of Landlord. In the event that such estimate is delivered to Tenant before the first day of November of such calendar year, said amount, so estimated, shall be payable as additional rent in equal monthly installments, in advance, on the first day of each month during such calendar year. In the event that such estimate is delivered to Tenant after the first day of November of such calendar year, said amount, so estimated, shall be payable as additional rent in equal monthly installments, in advance, on the first day of each month over the balance of such calendar year, with the number of installments being equal to the number of full calendar months remaining in such calendar year.

Upon completion of each calendar year during the term of this Lease or any renewal or extensions thereof, Landlord shall cause its accountants to determine the actual amount of the Operating Expenses payable in such calendar year and deliver a written certification of the amounts thereof to Tenant. If Tenant has underpaid the Operating Expenses for such calendar year, Tenant shall pay the balance of same within thirty (30) days after receipt of such statement. If Tenant has overpaid the Operating Expenses for such calendar year, Landlord shall either (i) refund such excess, or (ii) credit such excess against the most current monthly installment or installments due Landlord for its estimate of Tenant's share of Operating Expenses for the next following calendar year. A pro-rata adjustment shall be made for a fractional calendar year occurring during the term of the Lease or any renewal or extension thereof based upon the number of days of the term of the Lease during said calendar year as compared to three hundred sixty-five (365) days and all additional sums payable by Tenant or credits due Tenant as a result of the provision of this paragraph 3 shall be adjusted accordingly.

4. COVENANTS TO PAY RENT:

The covenants of Tenant to pay the Base Rent and the Additional Rent are each independent of any other covenant, condition, provision or agreement contained in this Lease. All rents are payable to Landlord at Ramsey Municipal Center, 7550 Sunwood Drive NW, Ramsey, Minnesota, or such other place as Landlord may designate.

5. UTILITIES:

Landlord shall provide mains and conduits to supply electricity to the Property. Tenant shall pay, when due, all charges for sewer usage or rental, garbage disposal, refuse removal, water, electricity, heating fuel, gas, telephone and/or other utility services or energy source furnished to the Property during the term of this Lease, or any renewal or extension thereof. If Landlord elects to furnish any of the foregoing utility services or other services furnished or caused to be furnished to Tenant, then the rate charged by Landlord shall not exceed the rate Tenant would be required to pay to a utility company or service company furnishing any of the foregoing utilities or services. The charges thereof shall be deemed additional rent in accordance with paragraph 3. Landlord shall not be liable for, and Tenant shall not be entitled to any abatement or reduction of Base Rent or Minimum Rent by reason of Landlord's failure to furnish any of the foregoing utilities, when such failure is caused by accident, breakage, repairs (including replacements), strikes, lockouts or other labor disturbances or labor disputes of any character, or for any other causes.

6. CARE AND REPAIR OF PROPERTY:

Tenant shall, at all times throughout the term of this Lease, including renewals and extension, and at its sole expense, keep and maintain the Property in a clean, safe and sanitary condition and in compliance with all applicable laws, codes, ordinances, rules and regulations. Tenant's obligations hereunder shall include but not be limited to the maintenance, and repair, if necessary, of heating, air conditioning fixtures, equipment, and systems, all lighting and plumbing fixtures and equipment, fixtures, motors and machinery, all interior walls, partitions, doors and windows, including the regular painting thereof, all exterior entrances, windows, doors and docks and the replacement of all broken glass. When used in this provision, the term "repairs" shall include replacements or renewals when necessary and all such repairs made by

Tenant shall be equal in quality and class to the original work. The Tenant shall keep and maintain all portions of the Property and the sidewalk and areas adjoining the same in a clean and orderly condition, free of accumulation of dirt, rubbish, snow and ice. The Tenant shall be responsible for all outside maintenance of the Property, including grounds and parking areas.

If Tenant fails, refuses or neglects to maintain or repair the Property as required in this Lease after notice shall have been given Tenant, in accordance with paragraph 32 of this Lease, Landlord may make such repairs without liability to Tenant for any loss or damage that may accrue to Tenant's merchandise, fixtures or other property or to Tenant's business by reason thereof, and upon completion thereof, Tenant shall pay to Landlord all costs plus fifteen percent (15%) of overhead incurred by Landlord in making such repairs upon presentation to Tenant of bill therefore.

Landlord is under no obligation to make any structural or other alterations, decorating, additions or improvement in or to the Property/Building except as herein provided. Except as herein provided, Tenant is taking the Property "AS IS" except as set forth in this Agreement, Landlord shall not be obligated to do any work on or in the Property. Landlord warrants that at the Commencement Date, the Property is in compliance with all applicable laws, codes, ordinances, rules and regulations. Landlord shall be responsible for all structural repairs or replacement of the roof, exterior walls, floor and parking area, including sidewalks and curbing and all mechanical systems. Landlord in its sole discretion shall make the decision on any repairs or replacement of the roof, exterior walls, floor and parking area including sidewalks and curbing and all mechanical systems. In the event Landlord elects not to make a repair necessary for the continued quiet enjoyment of the Property by Tenant, Tenant may terminate this Agreement.

7. SIGNS:

Any sign, lettering, picture, notice or advertisement installed on or in any part of the Property and visible from the exterior of the Building, or visible from the exterior of the Property, must be approved in advance by Landlord, which approval shall not be unreasonably withheld, and installed at Tenant's expense. In the event of a violation of the foregoing by Tenant, Landlord may remove the same without any liability and may charge the expense incurred by such removal to Tenant.

8. ALTERATIONS, INSTALLATION, FIXTURES:

Except as hereinafter provided, Tenant shall not make any alternation, additions, or improvements in or to the Property or add, disturb or in any way change any plumbing or wiring therein without the prior written consent of Landlord, which consent will not be unreasonably withheld. In the event alterations are required by any governmental agency by reason of the use and occupancy of the Property by Tenant, Tenant shall make such alterations at its own cost and expense after first obtaining Landlord's approval of plans and specifications therefore and furnishing such indemnification as Landlord may reasonably require against liens, costs, damages and expenses arising out of such alterations. Alterations or additions by Tenant must be built in compliance with all laws, ordinances and governmental regulations affecting the Property and Tenant shall warrant to Landlord that all such alterations, additions, or improvements shall be in strict compliance with all relevant laws, ordinances, governmental regulations, and insurance requirements. Construction of such alterations or additions shall

commence only upon Tenant obtaining and exhibiting to Landlord the requisite approvals, licenses and permits and indemnification against liens. All alterations, installations, physical additions or improvements to the Property made by Tenant shall at the option of Landlord become the property of Landlord and shall be either removed by Tenant at Tenant's sole cost or surrendered to Landlord upon the termination of this Lease; provided, however, this clause shall not apply to movable equipment or furniture owned by Tenant which may be removed by Tenant at the end of the term if this Lease of Tenant is not then in default.

9. POSSESSION:

Except as hereinafter provided Landlord shall deliver possession of the Property to Tenant in the condition required by this Lease on or before the Commencement Date, but delivery of possession prior to or later than such Commencement Date shall not affect the expiration date of this Lease. The rentals herein reserved shall commence on the date that is thirty days after possession of the Property is delivered by Landlord to Tenant. Any occupancy by Tenant prior to the beginning of the term shall in all respects be the same as that of Tenant under this Lease. Landlord shall have no responsibility or liability for loss or damage to fixtures, facilities or equipment installed or left on the Property. If for any reason, Landlord cannot deliver possession of the Property to Tenant by the Commencement Date, in no event shall Landlord be subject to any liability for a delay in delivery and such failure shall not affect the validity of this Lease or the obligations of Tenant under, and Tenant's remedies for such delay shall be limited to termination of this Lease in the event that Landlord fails to deliver the Property to Tenant within 30 days of the Commencement Date.

10. SECURITY AND DAMAGE DEPOSIT:

Tenant contemporaneously with the execution of this Lease, has deposited with Landlord the sum of One Thousand Six Hundred and 00/100 Dollars (\$1,600.00), receipt of which is acknowledged by Landlord, which deposit is to be held by Landlord, as a security and damage deposit for the faithful performance by Tenant during the term hereof or any extension hereof. Prior to the time when Tenant shall be entitled to the return of this security deposit, Landlord may commingle such deposit with Landlord's own funds and to use such security deposit for such purpose as Landlord may determine. In the event of the failure of Tenant to keep and perform any of the terms, covenants and conditions of this Lease to be kept and performed by Tenant during the term hereof or any extension hereof, then Landlord, either with or without terminating this Lease may (but shall not be required to) apply such portion of said deposit as may be necessary to compensate or repay Landlord for all losses or damages sustained or to be sustained by Landlord due to such breach on the part of Tenant, including, but not limited to overdue and unpaid rent, any other sum payable by Tenant to Landlord pursuant to the provisions of this Lease, damages or deficiencies in the reletting of the Property, and reasonable attorney's fees incurred by Landlord. Should the entire deposit or any portion thereof, be appropriated and applied by Landlord, in accordance with the provisions of this paragraph, Tenant, upon written demand by Landlord, shall remit forthwith to Landlord a sufficient amount of cash to restore said security deposit to the original sum deposited, and Tenant's failure to do so within thirty (30) days after receipt of such demand shall constitute a breach of this Lease. Said security deposit together with any interest thereon as required by law, shall be returned to Tenant, less any depletion thereof as the result of the provisions of this paragraph, at the term of

this Lease or any renewal thereof, or upon the earlier termination of this Lease. Tenant shall have no right to anticipate return of said deposit by withholding any amount required to be paid pursuant to the provision of this Lease or otherwise.

In the event Landlord shall sell the Property, or shall otherwise convey or dispose of its interest in this Lease, Landlord may assign the security deposit or any balance thereof to Landlord's assignee, whereupon Landlord shall be released from all liability for the return or repayment of such security deposit and Tenant shall look solely to the said assignee for the return and repayment of said security deposit. Said security deposit shall not be assigned or encumbered by Tenant without such consent of Landlord, and any assignment or encumbrance without such consent shall not bind Landlord. In the event of any rightful and permitted assignment of this Lease by Tenant, said security deposit shall be deemed to be held by Landlord as a deposit made by the assignee, and Landlord shall have no further liability with respect to the return of said security deposit to Tenant.

11. USE:

The Property shall be used and occupied by Tenant solely for the purposes of cold storage of vehicles. Vehicle sales on the Property shall NOT be permitted. The permitted uses by Tenant shall at all times be in full compliance with all applicable laws, ordinances and governmental regulations affecting the Building and Property. The Property shall not be used in such manner that, in accordance with any requirement of law or of any public authority, Landlord shall be obligated on account of the purpose or manner of said use to make any addition or alteration to or in the Property. The Property shall not be used in any manner which will increase the rates required to be paid for public liability or for fire and extended coverage insurance covering the Property. Tenant shall occupy the Property, conduct its business and control its agents, employees, invitees and visitors in such a way as is lawful, and reputable and will not permit or create any nuisance, noise, odor, or otherwise interfere with, annoy or disturb any other Tenant in the Building in its normal business operations or Landlord in its management of the Building. Tenant's use of the Property shall conform to all landlord's rules and regulations relating to the use of the Property as listed on Exhibit A attached hereto. Tenant shall park no vehicles on the Property older than 1985 vintage and no vehicles requiring body work shall be parked on the Property.

12. ACCESS TO LEASED PROPERTY:

The Tenant agrees to permit Landlord and the authorized representatives of Landlord to enter the Property at all times during usual business hours for the purpose of inspecting the same and making any necessary repairs to the Property and performing any work therein that may be necessary to comply with any laws, ordinances, rules, regulations or requirements of any public authority or of the Board of Fire Underwriters or any similar body or that Landlord may deem necessary to prevent waste or deterioration in connection with the Property. Nothing herein shall imply any duty upon the part of Landlord to do any such work which, under any provision of this Lease, Tenant may be required to perform and the performance thereof by Landlord shall not constitute a waiver of Tenant's default in failing to perform the same. The Landlord may, during the progress of any work in the Property, keep and store upon the Property all necessary materials, tools and equipment. The Landlord shall not in any event be liable for inconvenience, annoyance, disturbance, loss of business, or other damage of Tenant by reason of making repairs

or the performance on any work in the Property, or on account of bringing materials, supplies and equipment into or through the Property during the course thereof and the obligations of Tenant under this Lease shall not thereby be affected in any manner whatsoever.

Landlord reserves the right to enter upon the Property at any time in the event of an emergency and at reasonable hours to exhibit the Property to prospective purchasers or others; and to exhibit the Property to prospective Tenants and to display "For Lease" or similar signs on windows or doors in the Property during the last one hundred eighty (180) days of the term of this Lease, all without hindrance or molestation by Tenant.

13. EMINENT DOMAIN:

In the event of any eminent domain or condemnation proceeding or private sale in lieu thereof in respect to the Property during the term thereof, the following provisions shall apply:

a. **Property Acquired** If the whole of the Property shall be acquired or condemned by eminent domain for any public or quasi-public use or purpose, then the term of this Lease shall cease and terminate as of the later of the end of the notice period pursuant to paragraph 1b. or the date possession shall be taken in such proceeding and all rentals shall be paid up to that date.

b. **Part of Property Acquired.** If any part constituting less than the whole of the Property shall be acquired or condemned as aforesaid, and in the event that such partial taking or condemnation shall materially affect the Property so as to render the Property unsuitable for the business of Tenant, in the reasonable opinion of Landlord or Tenant, then the term of this Lease shall cease and terminate as of the date possession shall be taken by the condemning authority and rent shall be paid to the date of such termination.

In the event of a partial taking or condemnation of the Property which shall not materially affect the Property so as to render the Property unsuitable for the business of Tenant, in the reasonable opinion of Landlord or Tenant, this Lease shall continue in full force and effect but with a proportionate abatement of the Base Rent and Additional Rent based on the portion if any, of the Property taken. Landlord reserves the right, at its option, to restore the Property to substantially the same condition as they were prior to such condemnation. In such event, Landlord shall give written notice to Tenant, within 30 days following the date possession shall be taken by the condemning authority, of Landlord's intention to restore. Upon Landlord's notice of election to restore, Landlord shall commence restoration and shall restore the Property with reasonable promptness, subject to delays beyond Landlord's control and delays in the making of condemnation or sale proceeds adjustment by Landlord; and Tenant shall have no right to terminate this Lease except as herein provided. Upon completion of such restoration, the rent shall be adjusted based upon the portion, if any, of the Property restored.

c. **Tenant Waiver.** In the event of any condemnation or taking as aforesaid, whether whole or partial, Tenant shall not be entitled to any part of the award paid for such condemnation and Landlord is to receive the full amount of such award, Tenant hereby expressly waives any right to claim to any part thereof.

d. **Tenant Damages.** Although all damages in the event of any condemnation shall belong to Landlord whether such damages are awarded as compensation for diminution in value of the leasehold or to the fee of the Property, Tenant shall have the right to claim and recover from the condemning authority, but not from Landlord, such compensation as may be separately awarded or recoverable by Tenant in Tenant's own right on account of any and all damage to Tenant's business by reason of the condemnation and of or on account of any cost or loss to which Tenant might be put in removing Tenant's merchandise, furniture, fixtures, leasehold improvements and equipment. However, Tenant shall have no claim against Landlord or make any claim with the condemning authority of the loss of its leasehold estate, any unexpired term of loss of any possible renewal or extension of said lease or loss of any possible value of said lease, any unexpired term, renewal or extension of said Lease.

14. DAMAGE OR DESTRUCTION:

In the event of any damage or destruction to the Property by fire or other cause during the term hereof, the following provisions shall apply:

a. **Significant Damages.** If the Property is damaged by fire or any other cause to such extent that the cost of restoration, as reasonably estimated by Landlord, will equal or exceed ten percent (10%) of the replacement value of the Property (exclusive of foundations) just prior to the occurrence of the damage, then Landlord or Tenant may, no later than the sixtieth (60th) day following the damage, give the other party written notice of their election to terminate this Lease.

b. **Date of Termination.** If the event Landlord or Tenant elects to terminate this Lease, it shall be deemed to terminate on the date of the receipt of the notice of election and all rentals shall be paid up to that date. Tenant shall have no claim against landlord for the value of any unexpired term of this Lease.

Notwithstanding anything contained in this paragraph 15 to the contrary, Landlord shall only be obligated to restore the Property to the extent of the insurance proceeds actually received, but if the insurance proceeds actually received do not permit Landlord to restore the Property, Landlord shall so notify Tenant and either Landlord or Tenant may terminate this Lease by written notice given within 60 days after Landlord's notice. If Landlord restores the Property in accordance with the provisions of this Section, then Tenant shall not have any right to terminate this Lease because of such damage pursuant to (i) any common law rights, (ii) Minnesota Statutes §504.131 as now in effect or as it may be hereafter amended or supplemented, or (iii) any comparable right established b a similar statute.

15. CASUALTY INSURANCE:

a. **Landlord to Maintain.** Landlord shall at all times during the term of this Lease, at its expense, maintain a policy or policies of insurance with premiums paid in advance issued by an insurance company licensed to do business in the State of Minnesota insuring the Property against loss or damage by fire, explosion or other insurable hazards and contingencies for the full insurance value, provided that Landlord shall not be obligated to insure any furniture, equipment, machinery, goods or supplies not covered by this Lease which Tenant may bring upon the Property or any additional improvements which Tenant may construct or install on the Property.

b. **Tenant to Maintain.** Tenant shall at all times during the term of this Lease, at its expense, maintain a policy or policies of insurance with premiums paid in advance issued by an insurance company licensed to do business in the State of Minnesota insuring the Property against loss or damage by fire, expulsion or other insurable hazards and contingencies for the full insurable value of Tenant's improvements to the Property and Tenant's personal property.

c. **Tenant Restriction.** Tenant shall not carry any stock of goods or do anything in or about the Property which will in any way impair or invalidate the obligation of the insurer under any policy of insurance required by this Lease.

d. **Waiver of Liability.** Landlord hereby waives and releases all claims, liabilities and causes of action against Tenant and its agents, servants and employees for loss or damage to, or destruction of, the Property or any portion thereof, including the buildings and other improvements situated thereon, resulting from fire, explosion and other perils included in standard extended coverage insurance, whether caused by the negligence of any of said persons or otherwise. Likewise, Tenant hereby waives and releases all claims, liabilities and causes of action against Landlord and its agents, servants and employees for loss or damage to, or destruction of, any of the improvements, fixtures, equipment, supplies, merchandise and other property, whether that of Tenant or of others, upon or about the Property resulting from fire, explosion or the other perils included in standard extended coverage insurance, whether caused by the negligence of any of said persons or otherwise. The waiver shall remain in force whether or not Tenant's insurer shall consent thereto.

e. **Tenant Payment.** In the event that the use of the Property by Tenant increases the premium rate for insurance carried by Landlord, Tenant shall pay Landlord, upon demand, the amount of such premium increase. If tenant installs any electrical equipment that overloads the power lines to the building or its wiring, Tenant shall, at its own expense, make whatever changes are necessary to comply with the requirements of the insurance underwriter, insurance rating bureau and governmental authorities having jurisdiction.

16. PUBLIC LIABILITY INSURANCE:

Tenant shall during the term hereof keep in full force and effect at its expense a policy or policies of public liability insurance with respect to the Property and the business of Tenant, on terms with companies approved in writing by Landlord, in Landlord. Landlord shall be named as additional insured under all policies. Limits of liability shall not be less than a combined policy limit of at least \$2,000,000.00 applying to Bodily Injury, Property Damage and Personal Injury. Such policy(ies) shall: (i) provide that such policies are primary and landlord's policy(ies) are noncontributing; (ii) include a cross-liability endorsement, and (iii) require that at least 30 days prior written notice must be given to Landlord prior to cancellation, expiration or material adverse changes to such policy(ies). Tenant shall furnish evidence satisfactory to Landlord at the time this Lease is executed that such coverage is in full force and effect.

17. DEFAULT OF TENANT:

a. **Failure to Pay Rent.** In the event of any failure of Tenant to pay any rental due hereunder within ten (10) days after the same shall be due, or any failure to perform any other of the terms, conditions or covenants of this Lease to be observed or performed by Tenant for more

than 20 days after written notice of such failure shall have been given to Tenant, or if Tenant or an agent of Tenant shall falsify any report required to be furnished to Landlord pursuant to the terms of this Lease, or if Tenant or any guarantor of this Lease shall become bankrupt or insolvent, or file any debtor proceedings or any person shall take or have against Tenant or any guarantor of this Lease in any court pursuant to any statute either of the United States or of any state a petition of bankruptcy or insolvency or for reorganization or for the appointment of a receiver or trustee of all or a portion of Tenant's or any such guarantor's property, or if Tenant or any such guarantor makes an assignment for the benefit of creditors, or petitions for or enters into an arrangement, or if Tenant shall abandon the Property or suffer this Lease to be taken under any writ of execution, then in any such event Tenant shall be in default hereunder, and Landlord, in addition to other rights of remedies it may have, shall have the immediate right of re-entry and may remove all personal property from the Property and such property may be removed and stored in a public warehouse or elsewhere at the cost of, and for the account of Tenant, all without service of notice or resort to legal process and without being guilty of trespass, or becoming liable for any loss or damage which may be occasioned thereby.

b. **Landlord's Rights.** Should Landlord elect to re-enter the Property, as herein provided, or should it take possession of the Property pursuant to legal proceedings or pursuant to any notice provided for by law, it may either terminate this Lease or it may from time to time, without terminating this Lease, make such alterations and repairs as may be necessary in order to relet the Property, and relet the Property or any part thereof upon such term or terms (which may be for a term extending beyond the term of this Lease) and at such rental or rentals and upon such other terms and conditions as Landlord in its sole discretion may deem advisable. Upon each such subletting all rentals received by Landlord from such reletting shall be applied first to the payment of any indebtedness other than rent due hereunder from Tenant to Landlord; second, to the payment of any costs and expenses of such reletting, including brokerage fees and attorney's fees and costs of such alterations and repairs; third, to the payment of the rent due and unpaid payment of future rent as the same may become due and payable hereunder. If such rentals received from such reletting during any month be less than that to be paid during that month by Tenant hereunder, possession of the Property by Landlord shall be construed as an election on its part to terminate this Lease unless a written notice of such intention be given to Tenant or unless the termination thereof be decreed by a court of competent jurisdiction. Notwithstanding any such reletting without termination, Landlord may at any time after such re-entry and reletting elect to terminate this Lease for any such breach, in addition to any other remedies it may have, it may recover from Tenant all damages it may incur by reason of such breach, including the cost of recovering the Property, reasonable attorney's fees, and including the worth at the time of such termination of the excess, if any, of the amount of rent and charges equivalent to rent reserved in this Lease for the remainder of the stated term, minus the amount of rental loss which Tenant proves could have been reasonably avoided, all of which amounts shall be immediately due and payable from Tenant to Landlord. Landlord shall also be entitled to any other amounts necessary to compensate Landlord for all detriment proximately caused by Tenant's failure to comply with the requirements of this Lease.

c. **Landlord May Cure Default.** Landlord may, at its option, instead of exercising any other rights or remedies available to it in this Lease or otherwise by law, statute or equity spend such money as is reasonably necessary to cure any default of Tenant herein and the

amount so spent, and costs incurred, including attorney's fees incurring such default, shall be paid by Tenant, and additional rent, upon demand.

d. **Tenant Payment.** In the event suit shall be brought for recovery of possession of the Property, for the recovery of rent of any other amount due under the provisions of this Lease, or because of the breach of any other covenant herein contained on the part of Tenant to be kept or performed, and a breach shall be established, Tenant shall pay to Landlord all expenses incurred therefore, including a reasonable attorney's fee, together with interest on all such expenses at the rate of ten percent (10%) per annum from the date of such breach of the covenants of this Lease.

e. **Waiver of Rights of Redemption.** Tenant also waives any demand for possession of the Property, and any demand for payment of rent and any notice of intent to re-enter the Property, or of intent to terminate this Lease, other than the notices above provided in this paragraph, and waives any and every other notice or demand prescribed by any applicable statutes or laws.

f. **No Exclusive Remedy.** No remedy herein or elsewhere in this Lease or otherwise by law, statute or equity, conferred upon or reserved to Landlord or Tenant shall be exclusive of any other remedy, but shall be cumulative, and may be exercised from time to time and as often as the occasion may arise.

18. INDEMNITY & HOLD HARMLESS:

Except to the extent that liability for damages or loss is caused by the intentional acts or gross negligence of Landlord, its agents or employees, Tenant shall indemnify, protect, defend (at Landlord's request and with counsel approved by Landlord) and hold Landlord and each of its respective officers and employees harmless from and against every demand, claim, cause of action, judgment and expense, including, but not limited to, reasonable attorney's fees and disbursements of counsel, whether suit is initiated or not, and all loss and damage arising from: (a) any injury, loss or damage to the person or property of Tenant, or to any other person rightfully in the Property, , (i) occurring in or about the Property, or (ii) caused by the negligence or misconduct of Tenant, or Tenant's affiliates or any of their respective employees, representatives, agents or contractors, or (iii) resulting from the violation of any legal requirements or the provisions of this Lease by Tenant, or Tenant's affiliates or any of their respective employees, representatives, agents or contractors; (b) any loss or damage, however caused, to books, records, computer or other electronic equipment or data or media, files, artwork, money, securities, negotiable instruments or papers in the Property; (or (c) any loss or damage resulting from interference with or obstruction of deliveries to or from the Property caused by Tenant or Tenant's affiliates or any of their respective employees, representatives, agents or contractors. All property kept, maintained or stored on the Property shall be so kept, maintained or stored at the sole risk of Tenant. If any mechanic's lien is filed against any part of the Property for work claimed to have been done for, or materials claimed to have been furnished to Tenant, such mechanic's lien shall be discharged by Tenant within ten (10) days thereafter, at Tenant's sole cost and expense, by the payment thereof or by making any deposit required by law or by posting a bond with such surety, in such amount and in such form as landlord deems proper. Tenant shall immediately notify Landlord of any mechanic's lien or other lien filed against the Property or any part thereof by a contractor or subcontractor of Tenant or otherwise

by reason of work claimed to have been done for or materials claimed to have been furnished to Tenant. If Tenant fails to remove such lien or post such bond within the ten (10) day period following the filing thereof, Landlord may, at its sole discretion and without waiving its right and remedies based on such breach by Tenant and without releasing Tenant from any of its obligations, cause such lien to be released by any means it shall deem proper, including payment in satisfaction of the claim giving rise to such lien. Tenant shall, in such event, pay to Landlord at once, upon notice by Landlord, any sum paid by Landlord to remove such lien, together with interest at the rate of twelve percent (12%) from the date of such payment by Landlord. Landlord shall have the right at all times to post and keep posted on the Property any notices permitted or required by applicable law, or that Landlord shall deem proper for the protection of Landlord, the Property, the Property and any other party having an interest therein, from liens. All material suppliers, contractors, artisans, mechanics, laborers and other parties contracting with Tenant for the furnishing of any labor, services, materials, supplies or equipment with respect to any portion of the Property are hereby charged with notice that they must look solely to Tenant for payment of the same and Tenant's purchase orders, contracts and subcontracts in connection therewith must clearly state this requirement.

19. NON-LIABILITY:

Subject to the terms and conditions of paragraphs 6 and 15 hereof, Landlord shall not be liable for damage to any property of Tenant or of others located on the Property, or for the loss of or damage to any property of Tenant or of others by theft or otherwise. Landlord shall not be liable for any injury or damage to persons or property resulting from fire, explosion, falling plaster, steam, gas, electricity, water, rain or snow or leaks from any part of the Property or from the pipes, appliances, or plumbing works or from the roof, street or subsurface or from any other place or by dampness or by any other cause of whatsoever nature. Landlord shall not be liable for any such damage caused by Tenants or persons in the Property, occupants of adjacent property, of the buildings, or the public or caused by operations in connection of any private, public or quasi-public work. Landlord shall not be liable for any latent defect in the Property. All property of Tenant kept or stored on the Property shall be so kept or stored at the risk of Tenant only and Tenant shall hold Landlord harmless from any claims arising out of damage to the same, including subrogation claims by Tenant's insurance carrier.

20. ASSIGNMENT OR SUBLETTING:

Tenant agrees to use and occupy the Property throughout the entire term hereof for the purpose or purposes herein specified and for no other purposes, in the manner and to substantially the extent now intended, and not to assign, sublet, license, concession or otherwise transfer this Lease or Tenant's rights in the Property, or any part thereof, whether by voluntary act, operation of law, or otherwise, without obtaining the prior written consent of Landlord in each instance. Tenant shall seek such consent of Landlord by a written request therefore, setting forth such information as Landlord may deem necessary. Landlord agrees not to withhold consent unreasonably. Consent by Landlord to any assignment of this Lease or to any subletting of the Property shall not be a waiver of Landlord's rights under this paragraph as to any subsequent assignment or subletting. Landlord's rights to assign this Lease are and shall remain unqualified. No such assignment or subleasing shall relieve Tenant from any of Tenant's obligations in this Lease contained, nor shall any assignment or sublease or other transfer of this Lease be effective unless the assignees, subtenant or transferee shall at the time of such assignment, sublease or

transfer, assume in writing for the benefit of Landlord, its successors or assigns, all of the terms, covenants and conditions of this Lease thereafter to be performed by Tenant and shall agree in writing to be bound thereby. Should Tenant sublease in accordance with the terms of this Lease, fifty percent (50%) of any increase in rental received by Tenant over the per square foot rental rate which is being paid by Tenant shall be forwarded to and retained by Landlord, which increase shall be in addition to the Base Rent and Additional Rent due landlord under this Lease.

21. ATTORNMENT:

In the event of any sale, transfer or assignment of Landlord's interest in the Property, or this Lease, or if the Property comes into custody or possession of a mortgagee or any other party whether because of a mortgage foreclosure, or otherwise, Tenant shall attorn to such assignee or other party and recognize such party as Landlord hereunder; provided, however, Tenant's peaceable possession will not be disturbed so long as Tenant faithfully performs its obligations under this Lease. Tenant shall execute, on demand, any attornment agreement required by any such party to be executed, containing such provisions and such other provisions as such party may require.

22. NOVATION IN THE EVENT OF SALE:

In the event of the sale of the Property, Landlord shall be and hereby is relieved of all of the covenants and obligations created hereby accruing from and after the date of sale, and such sale shall result automatically in the purchaser assuming and agreeing to carry out all the covenants and obligations of Landlord herein. Notwithstanding the foregoing provisions of this paragraph, Landlord, in the event of a sale of the Property, shall cause to be included in the agreement of sale and purchase a covenant whereby the purchaser of the Property assumes and agrees to carry out all of the covenants and obligations of Landlord herein.

The Tenant agrees at any time and from time to time upon not less than ten (10) days prior written request by Landlord to execute, acknowledge and deliver to Landlord a statement in writing certifying that this Lease is unmodified and in full force and effect as modified and stating the modifications, and the dates to which the basic rent and other charges have been paid in advance, if any, it being intended that any such statement delivered pursuant to this paragraph may be relied upon by any prospective purchaser of the fee or mortgagee or assignee of any mortgage upon the fee of the Property. In the event that Tenant fails to execute and return the estoppel certificate within such ten (10) day period, the holder of such encumbrance shall be entitled to rely, as against the Tenant, that: (i) this Lease is in full force and effect, without amendment except as specified by the Landlord, (ii) Tenant has no offsets against rent nor any defenses to Tenant's performance under this Lease, (iii) Tenant has no right to any offset or defenses to the payment of rent, and (iv) Tenant has not paid any rental under this Lease more than one month in advance.

23. SUCCESSORS AND ASSIGNS:

The terms, covenants and conditions hereof shall be binding upon and inure to the successors and assigns of the parties hereto.

24. REMOVAL OF FIXTURES:

Notwithstanding anything contained in paragraph 8, paragraph 28 or elsewhere in this Lease, if Landlord requests then Tenant will promptly remove at the sole cost and expense of Tenant all fixtures, equipment and alterations made by Tenant simultaneously with vacating the Property and Tenant will promptly restore the Property to the condition that existed immediately prior to said fixtures, equipment and alterations having been made all at the sole cost and expense of Tenant.

25. QUIET ENJOYMENT:

Landlord warrants that it has full right to execute and to perform this Lease and to grant the estate demised, and that Tenant, upon payment of the rents and other amounts due and the performance of all the terms, conditions, covenants and agreements on Tenant's part to be observed and performed under this Lease, may peaceably and quietly enjoy the Property for the business uses permitted hereunder, subject, nevertheless, to the terms and conditions of this Lease.

26. RECORDING:

Tenant shall not record this Lease without the written consent of Landlord. However, upon the request of either party hereto, the other party shall join in the execution of the Memorandum lease for the purposes of recordation. Said Memorandum lease shall describe the parties, the Property and the term of the Lease and shall incorporate this Lease by reference.

27. OVERDUE PAYMENTS:

All monies due under this Lease from Tenant to Landlord shall be due on demand, unless otherwise specified and if not paid when due, shall result in the imposition of a service charge for such late payment in the amount of five percent (5%) of the amount due.

28. SURRENDER:

On the Expiration Date or upon the termination hereof upon a day other than the Expiration Date, Tenant shall peaceably surrender the Property broom-clean in good order, condition and repair, reasonable wear and tear only excepted unless the Lease has been terminated pursuant to paragraphs 1.b, 13 or 14. On or before the Expiration Date or upon termination of this Lease on a day other than the Expiration Date, Tenant shall, at its expense, remove all trade fixtures, personal property and equipment and signs from the Property and any property not removed shall be deemed to have been abandoned. Any damage caused in removal of such items shall be repaired by Tenant and at its expense. All alterations, additions, improvements and fixtures (other than trade fixtures) which shall have been made or installed by Landlord or Tenant upon the Property and all floor covering so installed shall at the option of Landlord remain upon and be surrendered with the Property as a part thereof, without disturbance, molestation or injury, and without charge, at the expiration or termination of this Lease. If the Property is not surrendered on the Expiration Date or the date of termination, Tenant shall indemnify Landlord against loss or liability, claims, without limitation, made by any succeeding Tenant founded on such delay. Tenant shall promptly surrender all keys for the Property to Landlord at the place then fixed for payment of rent and shall inform Landlord of combinations of any locks and safes on the Property.

29. HOLDING OVER:

In the event of a holding over by Tenant after expiration or termination of this Lease without the consent in writing of Landlord, Tenant shall be deemed a Tenant at sufferance and shall pay rent for such occupancy at the rate of twice the lease-current aggregate Base and Additional Rent, prorated for the entire holdover period, plus all attorney's fees and expenses incurred by Landlord in enforcing its rights hereunder, plus any other damages occasioned by such holding over. Except as otherwise agreed, any holding over with the written consent of Landlord shall constitute Tenant as a month-to-month Tenant.

30. ABANDONMENT:

In the event Tenant shall remove its fixtures, equipment or machinery or shall vacate the Property or any part thereof prior to the Expiration Date of this Lease, or shall discontinue or suspend the operation of its business conducted on the Property for a period of more than thirty (30) consecutive days (except during any time when the Property may be rendered untenable by reason of fire or other casualty), then in any such event Tenant shall be deemed to have abandoned the Property and Tenant shall be in default under the terms of this Lease.

31. CONSENTS BY LANDLORD:

Whenever provision is made under this Lease for Tenant securing the consent or approval by Landlord, such consent or approval shall only be in writing.

32. NOTICES:

Any notice required or permitted under this Lease shall be deemed sufficiently given or secured if sent by registered or certified return receipt mail to Tenant at 6745 Highway 10 NW, Ramsey, Minnesota 55303, and to Landlord at the address then fixed for the payment of rent as provided in paragraph 4 of this Lease, and either party may by like written notice at any time designate a different address to which notices shall subsequently be sent or rent to be paid.

33. RULES AND REGULATIONS:

Tenant shall observe and comply with the rules and regulations as Landlord may prescribe and as listed on Exhibit A attached hereto, on written notice to Tenant for the safety, care and cleanliness of the Property.

34. INTENT OF PARTIES:

Except as otherwise provided herein, Tenant covenants and agrees that if it shall any time fail to pay any such cost or expenses, or fail to take out, pay for, maintain or deliver any of the insurance policies above required, or fail to make any other payment or perform any other act on its part to be made or performed as in this Lease provided, then Landlord may, but shall not be obligated so to do, and without notice to or demand upon Tenant and without waiving or releasing Tenant from any obligations of Tenant in this Lease contained, pay any such cost or expense, effect any such insurance coverage and pay premiums therefore, and may make any other payment or perform any other act on the part of Tenant to be made and performed as in this

Lease provided, in such manner and to such extent as Landlord may deem desirable, and in exercising any such right, to also pay all necessary and incidental costs and expenses, employ counsel and incur and pay reasonable attorney's fees. All sums so paid by Landlord and all necessary and incidental costs and expenses in connection with the performance of any such act by Landlord, together with interest thereon at the rate of twelve percent (12%) per annum from the date of making of such expenditure, by Landlord, shall be deemed Additional Rent hereunder, and shall be payable to Landlord on demand. Tenant covenants to pay any such sum or sums with interest as aforesaid and Landlord shall have the same rights and remedies in the event of the non-payment thereof by Tenant as in the case of default by Tenant in the payment of the Base Rent payable under this Lease.

35. GENERAL:

a. **Landlord Tenant Relationship.** This Lease does not create the relationship of principal and agent or of corporation or of joint venture or of any association between Landlord and Tenant, the sole relationship between the parties hereto being that of Landlord and Tenant.

b. **Effect of Waivers.** No waiver of any default of Tenant hereunder shall be implied from any omission by Landlord to take any action on account of such default if such default persists or is repeated, and no express waiver shall affect any default other than the default specified in the express waiver and that only for the time and to the extent therein stated. One or more waivers by Landlord shall not then be construed as a waiver of a subsequent breach of the same covenant, term or condition. The consent to or approval by Landlord of any act by Tenant requiring Landlord's consent or approval shall not waive or render necessary Landlord's consent to or approval of any subsequent similar act by Tenant. No action required or permitted to be taken by or on behalf of Landlord under the terms or provisions of this Lease shall be deemed to constitute an eviction or disturbance of Tenant's possession of the Property. All preliminary negotiations are merged into and incorporated in this Lease. The laws of the State of Minnesota shall govern the validity, performance and enforcement of this Lease.

c. **Entire Agreement.** This Lease and the exhibits, if any, attached hereto and forming a part hereof, constitute the entire agreement between Landlord and Tenant affecting the Property and there are no other agreements, either oral or written, between them other than are herein set forth. No subsequent alteration, amendment, change or addition to this Lease shall be binding upon Landlord or Tenant unless reduced to writing and executed in the same form and manner in which this Lease is executed.

d. **Enforceability of Provisions.** If any agreement, covenant or condition of this Lease or the application thereof to any person or circumstances shall, to any extent, be invalid or unenforceable, the remainder of this Lease, or the application of such agreement, covenant or condition to persons or circumstances other than those as to which it is held invalid or unenforceable, shall not be affected thereby and each agreement, covenant or condition of this Lease shall be valid and be enforced to the fullest extent permitted by law.

e. **No Personal Obligations.** The obligations of Landlord under this Lease do not constitute the personal obligations of the individual officers or employees of Landlord. If Landlord shall fail to perform any covenant, term or condition of this Lease required of landlord, Tenant shall be required to deliver to Landlord written notice of the same. If, as a consequence

of such default, Tenant shall recover a money judgment against Landlord, such judgment shall be satisfied only out of the proceeds of sale received upon execution of such judgment and levied thereon against the right, title and interest of Landlord in the Property and out of rent or other income from the Property receivable by Landlord, or out of consideration received by Landlord from the sale or other disposition of all or any part of Landlord's right, title or interest in the Property, and no action for any deficiency may be sought or obtained by Tenant.

f. **No Relocation Benefits.** The Tenant waives its right to relocation benefits under any state or federal law in the event Landlord elects to terminate this Lease prior to the expiration of the Lease Term or any subsequent term thereafter.

36. NO WASTE OR NUISANCE AND COMPLIANCE WITH LAWS:

a. **Property Use.** The Property shall be used by and/or at the sufferance of Tenant only for the purpose set forth in paragraph 11 above and for no other purposes. Tenant shall not use or permit the use of the Property in any manner that will tend to create waste or a nuisance. Tenant, its employees and all persons visiting or doing business with Tenant in the Property shall be bound by and shall observe the reasonable rules and regulations as listed on Exhibit A attached hereto, made by Landlord relating to the Property, of which notice in writing shall be given to Tenant, and all such rules and regulations shall be deemed to be incorporated into and form a part of this Lease.

b. **Obey Laws.** Tenant covenants throughout the Lease Term, at Tenant's sole cost and expense subject to Landlord's warranty in paragraph 6, promptly to comply with all laws and ordinances and the orders, rules and regulations and requirements of all federal, state and municipal governments and appropriate departments, commissions, boards, and officers thereof, and the orders, rules and regulations of the Board of Fire Underwriters where the Property are situated, or any other body now or hereafter created with jurisdiction over the Property, and whether or not the same require structural repairs or alterations, which may be applicable to the Property, or the use or manner of use of the Property. Tenant will likewise observe and comply with the requirements of all policies of public liability, fire and all other policies of insurance at any time in force with respect to the buildings and improvements on the Property and the equipment thereof.

37. HAZARDOUS MATERIAL:

In the event any Hazardous material (hereinafter defined) is brought or caused to be brought into or onto the Property by Tenant, Tenant shall handle any such material in compliance with all applicable federal, state and/or local regulations. For purposes of this paragraph, "Hazardous Material" means and includes any hazardous, toxic or dangerous waste, substance or material defined as such in (or for purposes of) the Comprehensive Environmental Response, Compensation, and Liability Act, and so-called "Superfund" or "Super lien" law, or any federal, state or local statute, law, ordinance, code, rule, regulation, order decree regulation, relating to, or imposing liability or standards of conduct concerning, any hazardous, toxic or dangerous waste, substance or material, as now or at any time hereafter in effect. Tenant shall submit to Landlord on an annual basis copies of its approved hazardous materials communication plan, OSHA monitoring plan, and permits required by the Resource Recovery and Conservation Act of 1976, if Tenant is required to prepare, file or obtain any such plans or permits. Tenant will

indemnify and hold harmless Landlord from any losses, liabilities, damages, costs or expenses (including reasonable attorney's fees) which Landlord may suffer or incur as a result of Tenant's introduction into or onto the Property, of any Hazardous Material. This paragraph shall survive the expiration or sooner termination of this Lease.

38. CAPTIONS:

The captions are inserted only as a matter of convenience and for reference, and in no way define, limit or describe the scope of this Lease nor the intent or any provision thereof.

39. ATTACHMENTS:

See also Exhibit A, which Exhibit is attached hereto and made a part hereof.

<u>Exhibit</u>	<u>Description</u>
Exhibit A	Property Rules and Regulations
Exhibit B	Graphic Depiction of Property

40. SUBMISSION:

Submission of this instrument to Tenant or proposed Tenant or its agents or attorneys for examination, review, consideration or signature does not constitute or imply an offer to lease, reservation of space, or option to lease, and this instrument shall have no binding legal effect until execution hereof by both Landlord/Owner and Tenant or its agents.

IN WITNESS WHEREOF, landlord and Tenant have caused these presents to be executed in form and manner sufficient to bind them at law, as of the day and year first above written.

LANDLORD:

TENANT:

**CITY OF RAMSEY, a
Minnesota Municipal Corporation**

**INDEPENDENT AUTO SERVICE, INC.
Minnesota Corporation**

By: _____
Bob Ramsey, Mayor

By: _____
Allen Berg, Chief Executive Manager

By: _____
Kurt G. Ulrich, City Administrator

**EXHIBIT A
TO LEASE AGREEMENT
DATED November 1, 2012**

BUILDING RULES AND REGULATIONS

1. Any sign, lettering, picture, notice or advertisement installed on or in any part of the Property and visible from the exterior of the Property, shall be installed at Tenant's sole cost and expense, and in such manner, character and style as Landlord may approve in writing. Anything herein to the contrary notwithstanding, approval as to signs shall be subject to Landlord's approval which may not be unreasonably withheld. In the event of a violation of the foregoing by Tenant, landlord may remove the same without any liability and may charge the expense incurred by such removal to Tenant.

2. Tenant assumes full responsibility for protecting its space from theft, robbery and pilferage, which includes keeping doors locked and other means of entry to the Property closed and secured after normal business hours.

3. Tenant shall comply with all applicable federal, state and municipal laws, ordinances and regulations, and building rules and shall not directly or indirectly make any use of the Property which may be prohibited by any of the foregoing or which may be dangerous to persons or property or may increase the cost of insurance or require additional insurance coverage.

4. The Property shall not be used for cooking (as opposed to heating of food), lodging, sleeping or for any immoral or illegal purpose.

5. Unless expressly permitted by Landlord, no additional locks or similar devices shall be attached to any door or window and no keys other than those provided by Landlord shall be made for any door. If more than two keys for one lock are desired by Tenant, Landlord may provide the same upon payment by Tenant. Upon termination of this Lease or of Tenant's possession, Tenant shall surrender all keys of the Property and shall explain to Landlord all combination locks on safes, cabinets and vaults.

6. The restrooms, drinking fountains and other plumbing fixtures shall not be used for any purpose other than for which they are constructed, and no sweepings, rubbish, rags, coffee grounds or other substances shall be thrown therein. All damages resulting from any misuse of the fixtures shall be borne by Tenant who, or whose employees, agents, visitors or licensees have caused same. No person shall waste water by interfering or tampering with the faucets or otherwise.

7. Tenant shall be responsible for any damage to the building or the property of its employees or others and injuries sustained by any person whomsoever resulting from the use or moving of such articles in or out of the Property, and shall make all repairs and improvements required by Landlord or governmental authorities in connection with the use or moving of such articles.

8. Wherever in these Building Rules and Regulations the word "Tenant" occurs, it is understood and agreed that it shall mean Tenant's associates, employees, agents, clerks, invitees, and visitors. Wherever the word "Landlord" occurs, it is understood and agreed that it shall mean Landlord's assigns, agents, clerks, and visitors.

9. Landlord shall have the right to enter upon the Property at all reasonable hours for the purpose of inspecting the same.

10. Landlord shall have the right to enter the Property at hours convenient to Tenant for the purpose of exhibiting the same to prospective tenants.

11. Tenant shall be responsible for all repair and maintenance of mechanical systems and devices associated with Tenant's Property, including, but not limited to, heating and air conditioning equipment, water heaters, exhaust fans, plumbing and electrical. Landlord must be advised of any such repair, etc. and must approve of any such repair. Landlord warrants that the equipment is in proper working order on the Commencement Date.

12. Alterations of any nature to the Property by Tenant shall require written approval of Landlord. Such approval shall not be unreasonably withheld. In the event of a violation of the foregoing by Tenant, Landlord may remove the same without any liability and may charge the expense incurred by such removal to Tenant.

13. Tenant and Tenant's employees, agents, visitors and licensees shall observe faithfully and comply strictly with the foregoing rules and regulations and such other and further appropriate rules and regulations as Landlord or Landlord's agent may from time to time adopt. Reasonable notice of any additional rules and regulations shall be given in such manner as Landlord may reasonably elect in its reasonable discretion.

14. Landlord reserves the right at any time to rescind, alter or waive, in whole or in part, any of these Rules and Regulations when deemed necessary, desirable, or proper, in Landlord's judgment, for its best interest or for the best interest of the tenants of the Complex. Tenant reserves the right to refuse compliance with any subsequent additional rules and regulations added to those agreed to at the time of signing the Lease.

15. To the extent these rules are in conflict with the terms of the Lease, the terms of the Lease shall rule and govern.

Exhibit B
Graphic Depiction of Property



CC Work Session**2.3.****Meeting Date:** 11/13/2012**Submitted For:** Patrick Brama**By:** Patrick Brama, Administrative Services**Title:**

Consider EDA Revolving Loan Fund (RLF) Application

Background:

The City of Ramsey has received an EDA Revolving Loan Fund (RLF) application from Koru Fitness, Inc., in the amount of \$34,500.00. Said application was approved by the Ramsey EDA at the regular October EDA meeting. Like any EDA loan or subsidy, the City Council must make final approval.

Attached to this case is the Koru's business plan, credit review of the applicant, company resume and proposed loan agreement.

The City's Economic Development Consultant, Mike Mulrooney, has worked directly with the applicant through this process and will be present to review this case.

The purpose of this case is to consider approval of the Revolving Loan Fund (RLF) application from Koru Fitness, Inc.

Notification:

NA

Observations:

Koru Fitness, Inc. is a start-up workout facility to be open in the fall of 2012. The primary focus of Koru Fitness, Inc. is to bring "Entertainment" to the Anoka, Ramsey, Andover and surrounding areas by providing world-class fitness classes that are safe, fun and effective. Partnering with Les Mills™ International (LMI), Koru Fitness, Inc. will offer six pre choreographed group exercise formats which are marketed to mostly women ages 25-45.

Additional information and background on this company is provided in the attached business plan and resume.

RLF Program Objective:

The objective of the City's RLF program is to fill the financing gap between project costs and private debt financing/private equity by making direct low interest rate loans for certain approved activities to businesses within the Ramsey City limits. Attached to this case is the RLF program policy. This application fits within the RLF guidelines.

Recommendation:

The City's Economic Development Consultant, Mike Mulrooney, has reviewed the applicant's business plan and financials; and is recommending approval of Koru's loan request.

The EDA reviewed this loan application at the October EDA meeting; and passed a motion to recommend approval of Koru's Loan request.

Funding Source:

EDA Revolving Loan Fund

Council Action:

Move to approve/deny the Revolving Loan Fund Application submitted by Koru Fitness, Inc. in the amount of \$34,500.00.

Attachments

Business Plan

Credit Review and Project Memo

Resume

Loan Agreement

RLF Policy

Form Review

Inbox	Reviewed By	Date
Kurt Ulrich	Kurt Ulrich	11/08/2012 03:41 PM
Form Started By: Patrick Brama		Started On: 11/07/2012 02:18 PM
	Final Approval Date: 11/08/2012	

Koru Fitness, Inc.

Business Plan 8.20.2012

Prepared by:

Nicole Kutches, Owner

16158 Iodine St. NW
Ramsey, MN 55303
612.207.3244

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Executive Summary

Who We Are

Koru Fitness, Inc. is a start-up workout facility to be open in the fall of 2012. By licensing with Les Mills™ International (LMI), Koru Fitness, Inc. will offer six unique fitness programs, as well as Zumba®, to it's members.

One of the keys to success of Koru Fitness, Inc. will be the state of the art studio space that will have it's members coming back for more. The studio will feature a large stage for instructors offering optimal viewing for every participant, light control, a disco ball with nightclub light effects, as well as the best audio equipment available.

Another key to success will be the recruitment of rock star instructors so members never have to worry about which instructor will be teaching. Every instructor will be able to deliver a life changing fitness experience to everyone, every class.

What We Sell

Koru Fitness's main focus is providing an "Exertainment," memorable experience for our participants. The six Les Mills™ programs offered at Koru Fitness, Inc. include*:

- BODYPUMP™ (Weight lifting)
- BODYFLOW™ (Yoga, Tai Chi, Pilates)
- BODYSTEP™ (Cardio with a step)
- BODYATTACK™ (Sports conditioning)
- BODYCOMBAT™ (Martial arts)
- SH'BAM™ (Group dance)
- Zumba® (Latin dance, not Les Mills but will be used to attract members)

* See appendix for full class descriptions and benefits.

Who We Sell To

Koru Fitness, Inc.'s target market is primarily women ages 25–45, with or without children. Men will also be marketed to with the BODYPUMP™, BODYCOMBAT™ and BODYATTACK™ classes.

Financial Summary

Koru Fitness, Inc. sought the guidance of SCORE (a nonprofit business mentoring association) to assist with the financial planning and solid business planning advice. Using a financial planning template provided by SCORE, Koru Fitness, Inc. has prepared financial projections spanning a 3–year period. The mentors at SCORE have reviewed the attached detailed financial plan and are satisfied with numbers and projections. The attached Excel workbook contains the following:

- Required Start-Up Funds
- Salaries and Wages
- Fixed Operating Expenses
- Projected Sales Forecast
- Cash Receipts–Disbursements
- Income Statement (covering 3 years)
- Cash Flow Statement (covering 3 years)
- Balance Sheet (covering 3 years)
- Year End Summary
- Financial Ratios
- Breakeven Analysis
- Amortization Schedule
- Financial Diagnostics

Company

Company Overview

Koru Fitness, Inc. is a start-up workout facility to be open in the fall of 2012. The primary focus of Koru Fitness, Inc. is to bring "Exertainment" to the Anoka, Ramsey, Andover and surrounding areas by providing world-class fitness classes that are safe, fun and effective. Partnering with Les Mills™ International (LMI), Koru Fitness, Inc. will offer six pre-choreographed group exercise formats which are marketed to mostly women ages 25-45. Classes offered will include:

- BODYPUMP™ (Weight lifting)
- BODYFLOW™ (Yoga, Tai Chi, Pilates)
- BODYSTEP™ (Cardio with a step)
- BODYATTACK™ (Sports conditioning)
- BODYCOMBAT™ (Martial arts)
- SH'BAM™ (Group dance)
- Zumba® (Latin dance)

Zumba® will be offered initially to pull people in the door. Eventually the format will be phased out and replaced with SH'BAM exclusively.

At present, there are two potential locations that Koru Fitness, Inc. is considering; both on the corner of Bunker Lake Boulevard and St. Francis Boulevard in Anoka and Ramsey. There are certain advantages and disadvantages to each which is discussed in the Location Options section.

Nicole Kutches is founder, operator and 50% owner of Koru Fitness, Inc. with the other 50% ownership belonging to outside investor, Gary Nereson.

Management Team

Koru Fitness, Inc. will initially be managed by Nicole Kutches on a day-to-day basis. Nicole will devote 100% of her time to this venture. Nicole will handle the main operations, direction and vision for Koru Fitness, Inc. She will work with a professional marketing firm to assist with marketing and promotion. Mort Harris or SCORE will continue to mentor Nicole on the business aspects. She has 18 years of experience teaching group fitness and 12 of those teaching LMI programs. Nicole has instructed at Lifetime Fitness, Gold's Gym and is currently at the YMCA in Andover and Coon Rapids. She is well respected by participants and staff for her knowledge, personality, enthusiasm and professionalism. Nicole will work closely with a professional bookkeeper to keep track of Koru Fitness, Inc.'s finances. Nicole will also hire and train a part-time employee to be acting manager when she is unable to work due to personal or family illness.

Location Options

Anoka

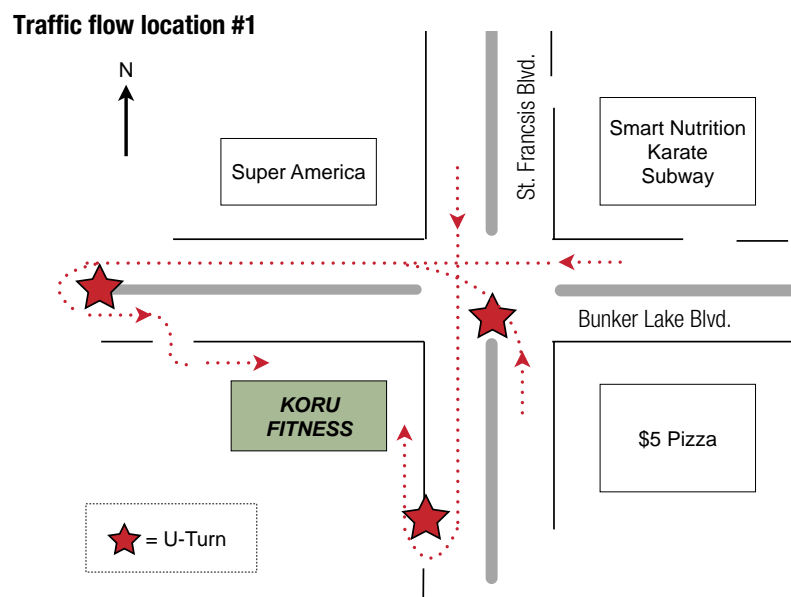
The first location located in Anoka comes with advantages and disadvantages.

Advantages

- Location is highly visible with traffic counts of 40,000 vehicles per day
- Open floor plan allowing for any studio plan
- Not limited to expandability
- Studio can be as large as needed
- No direct area competition
- Competition is limited to SNAP Fitness which does not offer classes
- Possibility to have a partnership with SNAP Fitness where both companies benefit
- Plenty of parking

Disadvantages

- Unknown if the building owner will contribute to buildout
- Building Owner isn't disclosing lease rate information
- Utilities not included in lease
- Access to and from this location is not convenient. Drivers must make a U-turn unless traveling east on Bunker Lake Blvd. (See map of traffic flow below.)



Ramsey

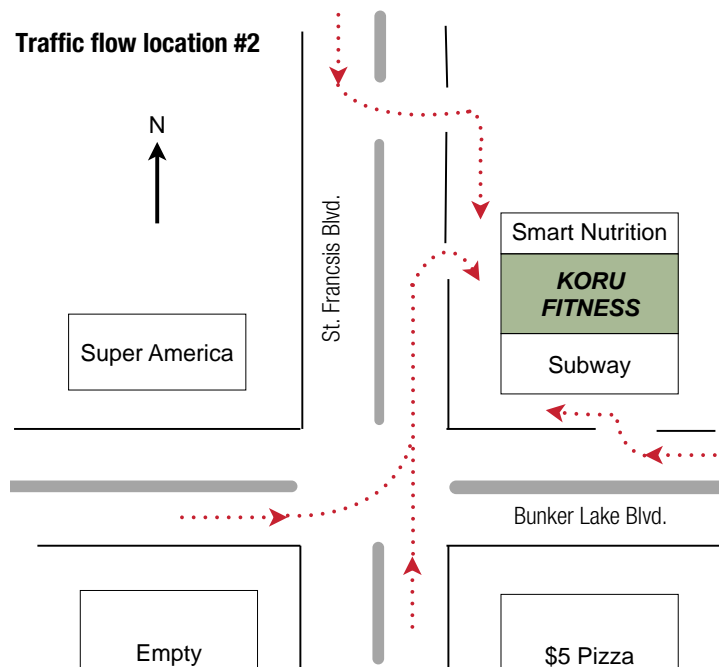
The second location in Ramsey is the preferred space. It comes with more advantages than disadvantages.

Advantages

- Location is highly visible with traffic counts of 40,000 vehicles per day
- Located inbetween Smart Nutrition and Subway
- No direct area competition
- Possibility to have a partnership with SNAP Fitness where both companies benefit
- Possibility to have a referral partnership with Smart Nutrition and the Massage business
- Of all retail buildings surrounding the intersection of St. Francis Boulevard and Bunker Lake Boulevard, this building has the most convenient access (See map below.)

Disadvantages

- 30-foot concrete wall dividing the space prohibits a completely open space
- Unknown if the building owner will contribute to buildout
- Lease rate high
- Utilities not included in lease
- Parking will become an issue in the future



Products and Services

Products and Services

Koru Fitness, Inc. aims to set itself apart from other facilities by providing it's members access to the world's best fitness classes in a state of the art, energetic studio. What sets the LMI programs apart from other pre-choreographed classes such as Zumba, Turbo Kick, Turbo Jam, Hip Hop Hustle, etc., is the science and expertise applied to every program. Before an LMI program is released to the licensed clubs and instructors, it has gone through a panel of physicians and fitness industry experts to ensure every move, tempo of music, and instructional cue is safe, effective and fun for the mass population. Instructors are required to attend a 2-day intense training as well as submit a video before obtaining their certification. No other program has these high quality standards and rigorous training procedures. LMI programs are world-class with proven results that are second to none. (See Appendix for sample program kit contents.)

Besides offering the world's best fitness classes, Les Mills™ International has a larger global objective in the battle against obesity. Their goal is to be number one in fitness experiences in every market they're in and one of the top 100 global brands. Currently there are about 6 million people who work out in a in Les Mills™ classes every week worldwide. By 2020, Les Mills™ aims to increase that number to 20 million. Koru Fitness, Inc. will contribute to this goal by not only tapping into the current market, but also targeting two new markets with BODYCOMBAT™ and BODYATTACK™. Please view the appendix for the Needsource Model explaining in detail the market needs, and where Les Mills™ programs fulfill those needs.

Please visit the link below to better understand why Koru Fitness, Inc. is choosing to partner with Les Mills™.

(Link to Phillip Mills, CEO of Les Mills™ International, talking about their classes.
<http://www.lesmills.com/global/clubs-and-facilities/secrets-of-success.aspx>)

Competitors

When measuring head-to-head, direct competitors, I have found that there are none in the north metro area. Koru Fitness, Inc. will be the only facility to offer 6 of the 10 LMI programs. However, there is still significant competition from chain fitness clubs, specialty clubs, and 24-7 fitness facilities. The nearest big box clubs to Koru Fitness, Inc. are Lifetime Fitness and the Andover YMCA. The nearest 24/7 fitness club is SNAP Fitness which is located in the same area. Koru Fitness, Inc. does not consider SNAP Fitness a direct competitor because although we are in the same industry, we offer different services and market to a different demographic.

National chains:

Lifetime Fitness, the national leader, had revenues in fiscal year 2010 of \$912.8 million. That is an increase of 9.1% over fiscal year 2009.

YMCA had revenues of \$47 million in fiscal year 2010. That is an increase of 16.2% over fiscal year 2009.

24/7 Fitness Clubs:

24/7 fitness clubs (i.e. SNAP Fitness, Anytime Fitness) only offer workout machines and free weights. They do not typically offer instructor led group fitness classes.

Speciality Clubs:

A variety of speciality fitness clubs are located throughout the Metro area. A comparison of their fee structure is shown below:

	Heat Yoga (Blaine & Maple Grove)	Corepower Yoga (10 metro locations)	Pure Barre (St. Louis Park)	Cycle Quest (Eden Prairie)	Tenacity Fitness & Endurance (Oakdale)	En Fuego Fitness (Jackson, WI)	Koru Fitness (Ramsey)
Type/ Speciality	Speciality Yoga	Speciality Yoga	Isometric Toning	Indoor Cycling	Group Fitness Classes	Group Fitness Classes	Les Mills™ Group Fitness Classes (plus Zumba®)
Number of Formats Offered	5	12	1	6	10	5	7
Child Care	No	No	No	No	No	Yes	No
Membership Monthly Fee (Unlimited)	\$150	\$159	\$225	\$100	\$135	\$65	\$79

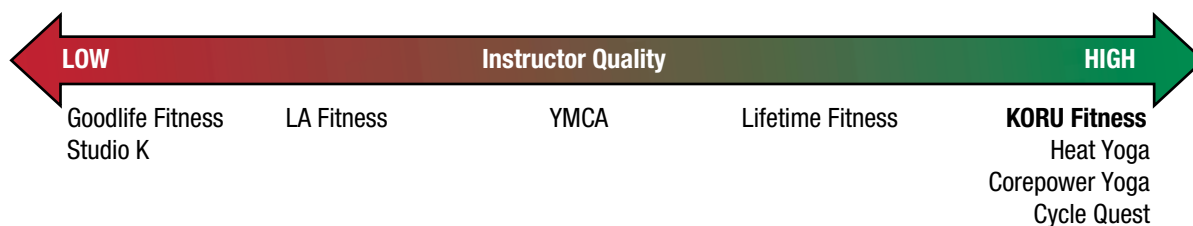
	Heat Yoga (Blaine & Maple Grove)	Corepower Yoga (10 metro locations)	Pure Barre (St. Louis Park)	Cycle Quest (Eden Prairie)	Tenacity Fitness & Endurance (Oakdale)	En Fuego Fitness (Jackson, WI)	Koru Fitness (Ramsey)
Punch Cards	Yes (10 for \$125)	Yes (10 for \$155)	Yes (10 for \$200)	Yes (10 for \$120)	Yes (12 for \$144)	Yes (10 for \$80)	Yes (10 for \$120)
Insurance Reimbursement	No	No	No	No	No	No	Yes
Student, Senior, Military Discount	Yes	Yes	No	Full-time Student Only	No	Yes	Yes

Koru Fitness, Inc. believes it has a significant competitive advantage over neighboring other clubs because of the following benefits:

- World-class Les Mills™ programs not offered at neighboring clubs
- Excellent, highly motivating instructors (See scale of instructor quality below)
- Quality control over the programs
- Convenient location with quick and easy access
- Competitive pricing
- Night club atmosphere making the studio a fun place to work out (See appendix for studio vision images)
- Belonging to something bigger than just a fitness club by being warriors in the global fight against obesity
- 90% of exercisers prefer to work out in instructor led groups*

Quality instructor Scale

*2009 AC Nielsen and IHRSA Research Study



Target Market

Market Overview

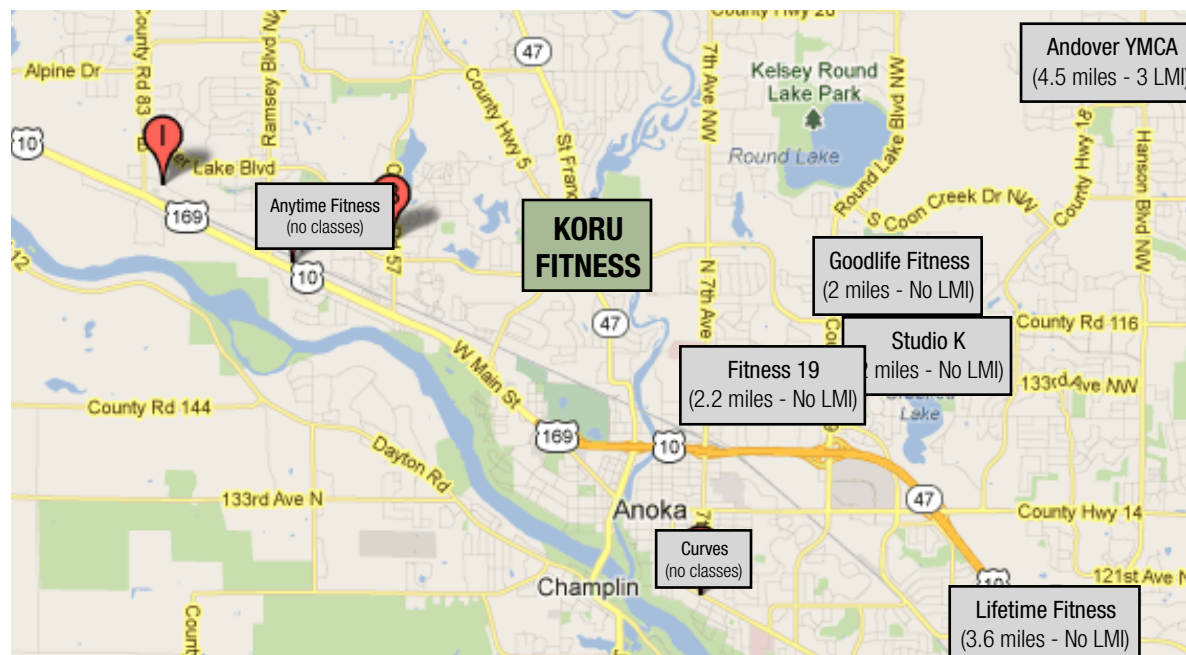
Koru Fitness, Inc. is marketed to the busy individual who wants a fun group exercise work out close to home. They want fitness classes that will keep them motivated, involve social interaction, and maximize their results all within an hour or less. The members will be able to come in, have an "Exertainment" experience, and go home to their families feeling energized and happy. Women ages 25-45 with one or more children will be the primary consumer, which also makes up about 50% of the population in the area. Men will also be targeted because three of the programs (BODYATTACK™, BODYCOMBAT™ and BODYPUMP™) appeal to them.

Anoka and Ramsey Location Area Demographics

DEMOGRAPHICS	1 mile radius	3 miles radius	5 miles radius
2010 Population			
Total Population	5,269	48,103	110,278
Male Population	50.2%	50.0%	49.9%
Female Population	49.8%	50.0%	50.1%
Median Age	30.4	34.1	34.1
2010 Income			
Median HH Income	\$82,121	\$73,556	\$82,716
Per Capita Income	\$30,911	\$31,199	\$32,806
Average HH Income	\$92,885	\$83,673	\$93,278
2010 Households			
Total Households	1,689	17,765	38,577
Average Household Size	3.08	2.66	2.84
2010 Housing			
Owner Occupied Housing Units	88.6%	70.2%	79.1%
Renter Occupied Housing Units	8.4%	26.2%	17.7%
Vacant Housing Units	3.0%	3.7%	3.3%
Population			
1990 Population	2,121	33,886	74,707
2000 Population	4,087	44,427	100,381
2010 Population	5,269	48,103	110,278
2015 Population	5,456	49,025	113,230
1990-2000 Annual Rate	6.78%	2.75%	3%
2000-2010 Annual Rate	2.51%	0.78%	0.92%
2010-2015 Annual Rate	0.7%	0.38%	0.53%

Market Needs

The Ramsey, MN area is an untapped market for a fitness center that offers group fitness classes. Depending on traffic lights, trains, and time of day, it can take 20 minutes or more to travel to one of these facilities. The busy people of Ramsey and Anoka want and need something closer to home, and on the west side of the Rum River. The map below indicates the proximity of neighboring clubs offering classes in reference to the preferred location for KORU Fitness.



There are several other clubs that offer group fitness classes, personal training, cardio equipment, free weights, etc. They also offer pools, hot tubs, saunas, steam rooms, and elaborate child care, but most members don't need or use most of the equipment and amenities the clubs offer. Because there are so many other areas for the large clubs to focus on, the group fitness department is often overlooked in terms of support, resources, and quality control. A 2009 AC Nielsen Research IHRSA (International Health, Racquet & Sportsclub Association) says 90% of all exercisers report that they prefer to exercise in a group, and 60% choose their club based on what group fitness classes are offered. However, it's not only the classes that are offered that attract and retain members, but having rock-star instructors who know how to pack a room. Since Koru Fitness, Inc. offers its members the world's BEST fitness classes by licensing Les Mills™ programs, and hires only excellent, highly motivating instructors, we are filling the needs and desires of the majority population in Andover, Anoka, Ramsey and surrounding communities. Koru Fitness, Inc. gives its members everything they're looking for in a group fitness club, at competitive pricing, convenient to where they live, and always delivers consistent life-changing fitness experiences.

Strategy and Implementation

Marketing Plan

Overview

The marketing strategy of Koru Fitness, Inc. is to establish anticipation of the club's opening in the community so that it can hit the ground running with memberships immediately upon opening. To that end, the following tactics will be used:

- Direct mail of postcards to a list of 1,000–3,000 households in the 1–3 mile radius.
- Advertisements in local newspapers and magazines.
- Flyers in the area around the site of the gym (i.e. Rum River Library, Subway, etc.)
- Launch of the website in anticipation of opening.
- Utilizing social media outlets such as Facebook, Twitter and You Tube to create buzz.
- Handing out coupons and walking in the Ramsey Happy Day's parade on September 8th.
- Targeting Mom's Clubs around the area

After opening, the following tactics will be used going forward:

- Direct mail to additional households out to a 5 mile radius.
- Facebook and Twitter updates as well as You Tube videos of classes.
- Advertising quarterly launches (new choreography and music) on an outdoor sign with specific themes each quarter. (See appendix for sample themes.)
- Highly visible signage of promotions located on St. Francis Boulevard.

Positioning

For the busy person who needs a fun and affordable place to work out with their neighbors and friends. Koru Fitness, Inc. offers world-class Les Mills™ fitness classes which will give them the weight-training and cardio benefits in a non-intimidating group setting. Participants won't know whether it's a workout or a party!

Unlike our competitors, Koru Fitness, Inc. offers exactly what the busy individual needs, without paying for extra amenities they don't use. It is close to home saving members travel time and money. Koru Fitness boasts a state of the art fitness studio, excellent instructors, and Les Mills classes which are not offered anywhere else in the north metro. With quick and easy access, participants receive an “Exertainment” experience with every workout.

Pricing

Our pricing strategy will be similar to that of speciality clubs, and slightly more than area competitors (YMCA and Lifetime Fitness) because the classes we offer are exclusive to Koru Fitness, Inc. After an initiation fee of \$99, Koru Fitness, Inc. will offer unlimited monthly memberships at \$79/person, \$129/dual, \$120 for a 10 class punch card, and single class drop-in rate of \$20/class. Koru Fitness, Inc. will offer a 20% discount during the first month to attract members.

For the first 3 months, Koru Fitness, Inc. will be paying its talented instructors a higher hourly rate than our competitors, as well as assist financially with the training they need. Koru Fitness, Inc. will also pay each instructor for three hours of practice time per program they are teaching, quarterly throughout the year. After we are established and the instructors have had a chance to build and promote their classes, the pay structure will change to a merit-based system. This will allow us to hire the best instructors, monitor quality control, and have a built-in motivational factor that will keep them inspired to work hard, insure the integrity of each program, all the while keeping them and Koru's members inspired and happy.

Promotion

We plan on having several promotions throughout the year. The biggest promotions will happen at opening and two other times throughout the year. There will also be quarterly special events at the time of new program launches. Some examples include:

- Try before you buy punch card for first-time customers. 7 classes for \$20 to be used w/in 30 days. No credit card or commitment.
- Initiation Fee waived for the first 50–100 members.
- The first 100 members to sign up with automatic monthly renewal will secure the 20% discounted rate until they cancel.
- Friend referral program.
- Discounted rate for students and possibly teachers offered during the summer.
- Discounts for Military, police and firefighters.
- Health Plan reimbursement program.
- Large quarterly events at the time of each program launch.
- Monthly specials for discounted packages.
- Member appreciation specials for existing members only.

Distribution

Memberships can be purchased directly at the facility or online through the use of mindbodyonline.com, a scheduling and management software designed for fitness facilities. Promotional products like clothing, headbands, yoga mats, nutrition bars, etc. will be available for purchase on location only.

Financial Plan

Koru Fitness, Inc. sought the guidance of SCORE (a nonprofit business mentoring association) to assist with the financial planning and solid business planning advice. Using a financial planning template provided by SCORE, Koru Fitness, Inc. has prepared financial projections spanning a 3-year period. The mentors at SCORE have reviewed the attached detailed financial plan and are satisfied with numbers and projections. The attached Excel workbook contains the following:

- Required Start-Up Funds
- Salaries and Wages
- Fixed Operating Expenses
- Projected Sales Forecast
- Cash Receipts–Disbursements
- Income Statement (covering 3 years)
- Cash Flow Statement (covering 3 years)
- Balance Sheet (covering 3 years)
- Year End Summary
- Financial Ratios
- Breakeven Analysis
- Amortization Schedule
- Financial Diagnostics

Assumptions

Based off current research studies on fitness trends and demographic information gathered from the 2010 census, Koru Fitness, Inc. is basing the membership and financial projections from the following assumptions:

- 50% of people regularly exercise.
- The demographics of the area are 50% women with a median age of 30 years old, which is Koru Fitness, Inc.’s target market.
- People will drive 5 miles to a fitness facility.
- 5% of the female population within a 5 mile radius is 2,757 which is the potential member base.
- The chart below shows Koru Fitness’ very conservative growth in members compared to the female population base (median age-34).

	1st Month	2nd Month	3rd Month	4th Month	5th Month	6th Month	8th Month	14th Month	18th Month
# of Members	50	75	100	120	140	160	200	230	290
% of female population in 1 mile radius	1.9%	2.8%	3.8%	4.6%	5.4%	6.2%	7.6%	8.9%	11%
% of female population in 3 mile radius	0.2%	0.3%	0.4%	0.5%	0.58%	0.6%	0.8%	0.9%	1.2%
% of female population in 5 mile radius	0.09%	0.13%	0.18%	0.21%	0.21%	0.3%	0.36%	0.4%	0.5%

- Koru Fitness, Inc. will offer 112 classes per month. Of those classes, it is assumed that half of them will have at least one person who will pay the drop-in rate.

Appendix

Program Information

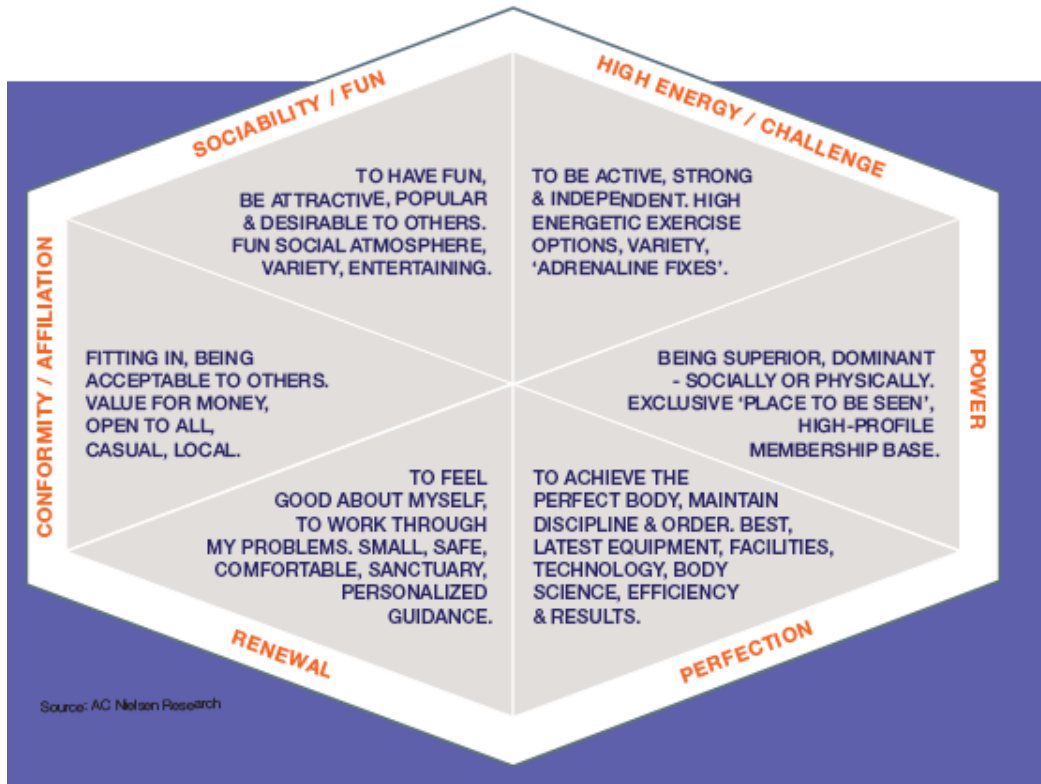
Program	Description	Benefits
BODYATTACK™	BODYATTACK™ is the sports-inspired cardio workout for building strength and stamina. This high-energy interval training class combines athletic aerobic movements with strength and stabilization exercises. Dynamic instructors and powerful music motivate everyone towards their fitness goals - from the weekend athlete to the hard-core competitor! Like all the LES MILLS™ programs, a new BODYATTACK™ class is released every three months with new music and choreography.	<ul style="list-style-type: none"> • Burn loads of calories • Tone and shape your body • Raise your overall fitness and stamina for high energy sports • Improve your coordination and agility • Develop strength through core conditioning work • Enhance your bone health and density • Increase your heart and lung capacity through a full-body cardio workout
BODYCOMBAT™	BODYCOMBAT™ is the empowering cardio workout where you are totally unleashed. This fiercely energetic program is inspired by martial arts and draws from a wide array of disciplines such as karate, boxing, taekwondo, tai chi and muay thai. Supported by driving music and powerful role model instructors, you strike, punch, kick and kata your way through calories to superior cardio fitness. Like all the LES MILLS™ programs, a new BODYCOMBAT™ class is produced every three months with new music and choreography.	<ul style="list-style-type: none"> • Improves heart and lung function and reduces the risk of heart disease • Tones and shapes key muscle groups • Burns calories for a leaner body • Improves co-ordination and agility • Improves bone density • Improves posture and core strength and stability • Builds self-confidence
BODYFLOW™	BODYFLOW™ is the Yoga, Tai Chi, Pilates workout that builds flexibility and strength and leaves you feeling centered and calm. Controlled breathing, concentration and a carefully structured series of stretches, moves and poses to music create a holistic workout that brings the body into a state of harmony and balance. Like all the LES MILLS™ programs, a new BODYFLOW™ class is released every three months with new music and choreography.	<ul style="list-style-type: none"> • Improve your joint flexibility and range of movement • Increase your core strength • Improve your cardio-vascular function • Burn calories • Reduce your stress levels • Provide a lasting sense of well-being and calm • Focus your mind and raise your level of consciousness
BODYSTEP™	BODYSTEP™ is the energizing step workout that makes you feel liberated and alive. Using a height-adjustable step and simple movements on, over and around the step you get huge motivation from sing-a-long music and approachable instructors. Cardio blocks push fat burning systems into high gear followed by muscle conditioning tracks that shape and tone your body. Like all the LES MILLS™ programs, a new BODYSTEP™ class is released every three months with new music and choreography.	<ul style="list-style-type: none"> • Burn lots of calories for a leaner body • Improve your strength through core conditioning work • Raise your overall fitness levels • Improve your coordination • Improve your bone health and density • Increase your heart and lung capacity through a full-body cardio workout

Program Information (continued)

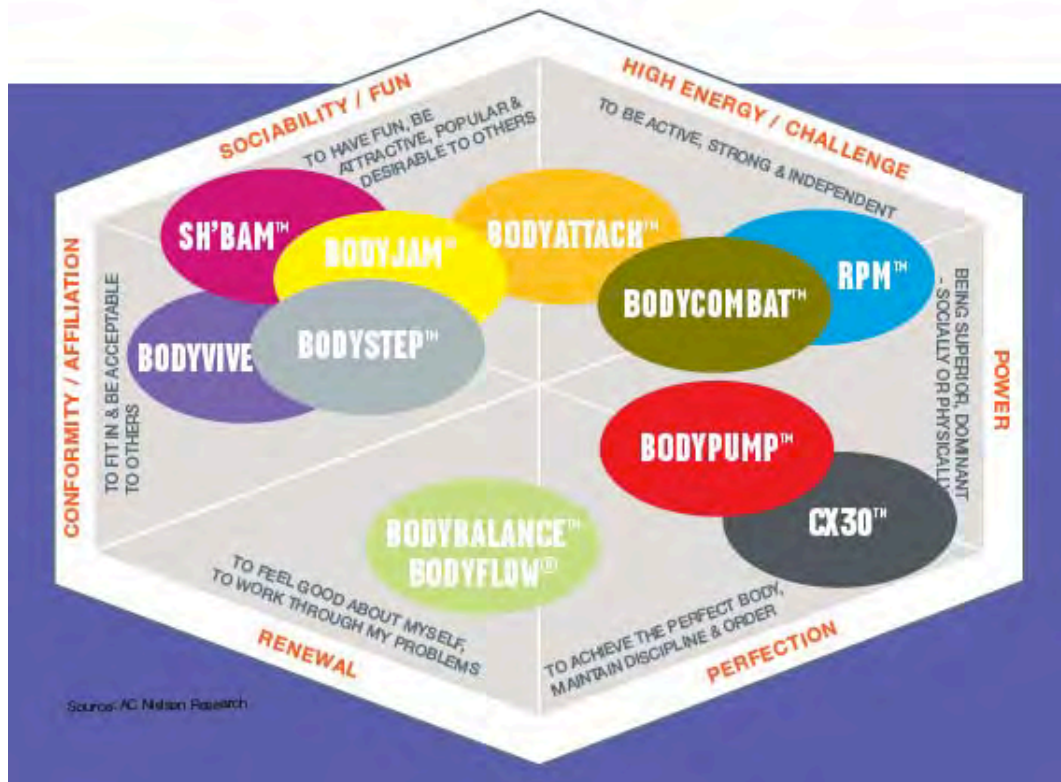
Program	Description	Benefits
<p>BODYPUMP™</p>	<p>BODYPUMP™, the original LES MILLS™ barbell class, will sculpt, tone and strengthen your entire body, fast!</p> <p>Great bodies aren't born, they are transformed, using the proven BODYPUMP™ formula: THE REP EFFECT™ a breakthrough in resistance workout training. Focusing on low weight loads and high repetition movements, you'll burn fat, gain strength and quickly produce lean body muscle conditioning.</p> <p>BODYPUMP™ is one of the world's fastest ways to get in shape as it challenges all of your major muscle groups while you squat, press, lift and curl.</p> <p>The cutting-edge BODYPUMP™ choreography, and chart-topping music is refreshed every three months, so with your choice of weight and highly-trained instructors you can get the group effect and the results you've been looking for!</p> <p>BODYPUMP™ is enjoyed by millions of people around the world!</p>	<ul style="list-style-type: none"> • Improve your strength • Perform 70-100 repetitions per body part totaling up to 800 repetitions in a single workout • Improve your general fitness • Shape and tone your muscles • Protect your bones and joints from injury • Get into shape fast • Feel confident
<p>SH'BAM™</p>	<p>Featuring simple but seriously hot dance moves, SH'BAM™ is the perfect way to shape up and let out your inner star - even if you're dance challenged.</p> <p>Set to a soundtrack of chart-topping popular hits, dance music that is heard in the hottest nightclubs around the world, familiar classics remixed and modernized Latin beats, SH'BAM™ is the ultimate fun and sociable way to exercise. Each 45-minute SH'BAM™ class is vibrant, unique and varied - and like all the LES MILLS™ programs, a new SH'BAM™ release is produced every three months with new music and choreography.</p>	<ul style="list-style-type: none"> • Benefit from interval training peaks • Get in the fat burn zone without the "hard work" workout • Learn hot new dance moves • Improve coordination • Increase cardiovascular fitness • Have loads of fun, get an emotional high and forget you're even exercising

NEEDSCOPE Model

The Needscope Model based off AC Nielsen Research says that people choose products and services to satisfy different emotional needs. Below are the six main categories.



The programs being offered at Koru Fitness, Inc. targets each of the six categories.



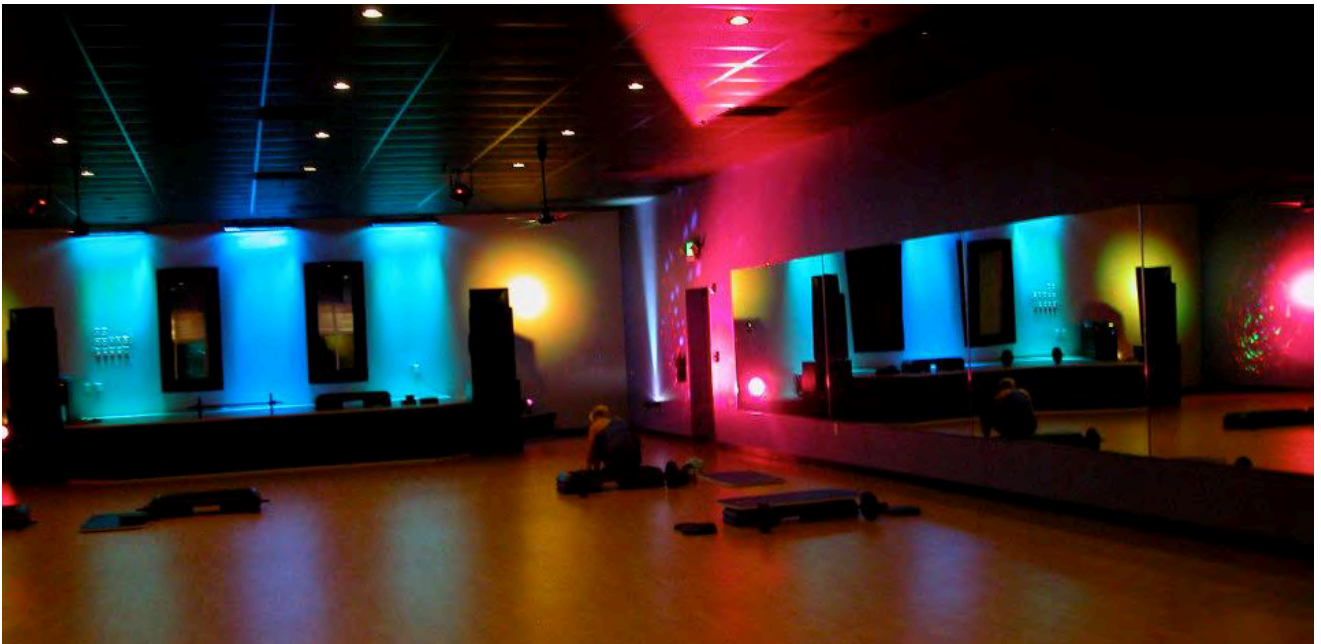
Sample Instructor Program Kits



Relevant continuing education and training included in every kit



Studio Vision



CONFIDENTIAL - DO NOT DISSEMINATE. This business plan contains confidential, trade-secret information and is shared only with the understanding that you will not share its contents or ideas with third parties without the express written consent of the plan author.

Sample Promotion and Marketing Materials



Memo

To: Ramsey EDA
 From: Mike Mulrooney, Economic Development Consultant
 CC: Patrick Brama, Kurt Ulrich
 Date: October 8, 2012
 Re: Koru Fitness Loan Request

As we discussed at our last meeting, Koru Fitness wishes to proceed ahead with the development of a new fitness center in the City of Ramsey. A copy of the business plan is attached for your review. The business is a start up work out facility designed in an art studio format. The studio will feature a large stage for instructors offering optimum viewing for every participant. The business will be located at the intersection of Bunker Lake Blvd and Highway 47.

The following is the proposed financing structure for the project.

Uses of Funds	Amount	Rate	Term	Debt Service
Working Capital	\$ 54,000			
Equipment	\$ 54,000			
Leasehold Improvements	\$ 69,000			
Total Project Costs	\$ 177,000			
Sources of Funds				
Bremer Bank	\$ 65,000	5.50%	10	\$ 8,465
City of Ramsey	\$ 34,500	3.25%	10	\$ 4,045
Landlord	\$ 47,500			
Owner Equity	\$ 30,000			
Total Sources of Funds	\$ 177,000			\$ 12,510

Ownership and Management

Koru Fitness will be owned equally by Nicole Kutches and Gary Nereson. They are related parties (father-daughter). Nicole will comprise the onsite management. She has an extensive background in the exercise industry as note by her resume contained in the business plan.

Guarantors/Obligors

We recommend that the EDA require personal guarantees from both shareholders. Nereson and Kutches have outstanding credit and strong financial statements. The Experian credit scores for Nereson and Kutches are 758 and 859 respectively. These scores are considered to be in the low risk category. Nereson's personal financial statement reflects a significant net worth that is more than adequate to cover the loan amount.

Collateral

The primary lender for this project is Bremer Bank. The bank plans to approve the financing for this project using the SBA 7(a) loan program. In this structure, the bank/SBA will have a first lien position on all business assets. The Ramsey RLF loan will be in a second collateral position. While this can be looked at as an unsecured loan, given the credit of the borrowers and their historical performance in other business ventures, I feel that this is a risk worth taking.

Key Risks

- Start up Business
- No historical cash flow to determine repayment ability

Key Strengths

- Experienced management team
- Strong personal balance sheet
- Outstanding credit
- Sound business plan

Recommendation

Recommend approval as presented subject to

1. Bremer Bank/SBA approval
2. Equity requirements met by owner
3. Clear title
4. Execution of a loan agreement
5. Personal guarantees of owners

8.21.2012

Dear Business Loan Officer,

Thank you for taking the time to consider me a candidate for a SBA loan. I am starting up a group fitness focused fitness facility along with my father. We have submitted an offer on a lease space at Rivers Bend Plaza at the corner of St. Francis Blvd. and Bunker Lake Blvd. in Ramsey, MN. If negotiations proceed as hoped for we may have a lease agreement and build out starting in the beginning of Sept. (Our hope is to be operational by Nov. 1). We are looking for a \$90,000 to \$100,000 loan.

The name of the facility is called Koru Fitness, Inc. because the programs I'm offering are all created in New Zealand, and the koru is a national symbol of New Zealand. It is a spiral shape based on the shape of a new unfurling silver fern frond and symbolizes new life, growth, strength and peace. As a life-long member of the community, I've noticed a need for a group fitness facility in the area of Ramsey, MN. I've grown up here and I believe my community needs what Koru Fitness, Inc. has to offer.

There are three components that will set Koru Fitness, Inc. above the rest of those out there offering fitness classes.

- 1.) Partnering with Les Mills International (LMI) to bring the world's best fitness classes to my community.
- 2.) Hiring only excellent, highly-motivated and thoroughly trained instructors.
- 3.) State-of-the-art fitness studio that is unique to anything else in the area.

I have 18 years experience in the fitness industry, 11 of those years teaching LMI programs at my local YMCA. I've taught several different formats in my career and LMI programs are simply the best. By bringing more LMI programs to the north metro, I will change the group fitness experience to be fun, educational, effective and safe for everyone. Koru Fitness, Inc. will do just this by:

- 1.) Being a group fitness focused facility .
- 2.) Having quality control over instructors and classes.
- 3.) Keeping instructors current on education and fitness trends through the educational resources provided by LMI.
- 4.) Marketing materials that will educate participants on LMI and how they will improve their health.
- 5.) Providing "Exertainment for every BODY."

I am experienced and knowledgeable about the industry and I've done my research. Outlined in my Business Plan is how I intend to make Koru Fitness, Inc. a success and get my community moving and loving it!

Thank you,



Nicole Kutches

Nicole Kutches

16158 Iodine St. NW • Ramsey, MN 55303 • 612.207.3244 • npkutches@comcast.net

Objective	Establish and operate a unique group fitness only studio, the only one of its kind in the north metro.		
Core Competencies	Member retention and relationships Leadership and motivation	Scheduling Problem-solving	Accountability Management
Professional Experience	<p><i>YMCA of the Twin Cities – Emma B. Howe & Andover Locations</i> Group Fitness Instructor: February 2001 – present</p> <ul style="list-style-type: none"> • Certified in BodyPUMP (2003), BodyFLOW (2006), BodySTEP (2007), Cardio Kickboxing, Pilates, and Cycle • Develop relationships with participants <p><i>Lifetime Fitness – Coon Rapids, MN</i> Group Fitness Instructor: October 1997 – November 2000</p> <ul style="list-style-type: none"> • Formats include: Step, Cycle, Boot camp, and Core training <p><i>HealthQuest Athletic Club – Ramsey, MN</i> Group Fitness Instructor: May 1997 – September 2000</p> <ul style="list-style-type: none"> • Formats include: Step, Hi-Low floor exercise, <p><i>Meditech Communications – St. Paul, MN</i> Project Manager: August 2010 – June 2011</p> <ul style="list-style-type: none"> • Managed staff, resources, and external vendors • Point of contact for incoming client requests • Assisted Account Executives with development of proposals, cost estimates and headed project time lines • Managed daily deadlines for multiple clients • Tracked projects from start to finish providing status reports throughout the project • Developed and implemented best practices for project flow minimizing risk of errors <p><i>Independent Contractor</i> Freelance Project Manager, Web Developer, and Digital Production Artist: April 2009 – present</p> <ul style="list-style-type: none"> • Self-marketing • Project management of print and interactive media projects for local agencies • Web site development using XHTML web standards and full CSS layout • Provide production design needs to small agencies and individuals in the metro area <p><i>Peggy Lauritsen Design Group – Minneapolis, MN</i> Project/Production Manager: May 2005 – April 2009</p> <ul style="list-style-type: none"> • Point of contact for incoming client requests • Managed internal resources, staff and external vendors <p>IT Manager: February 2001 – April 2009 Production Artist: February 2001 – May 2005</p> <p><i>North Suburban Access Corp – Roseville MN</i> Facilities Coordinator: April 1998 – August 2000</p>		
Education/ Achievements	Augsburg College, Minneapolis, MN Bachelor of Arts in Mass Communication	1996 Gopher State Bodybuilding competition 1998 Mr./Ms. Minnesota Bodybuilding competition BodySTEP AIM I (2011) & II (2012) BodyPUMP AIM I (2012)	
Certifications/ Certificates	Women Venture: Planning to Succeed National Exercise Trainers Association Principles of YMCA Health & Fitness Foundations of Group Exercise YMCA Group Exercise Instructor YMCA Pilates Instructor	NETA Kickboxing Instructor BodyPUMP BodyFLOW BodySTEP CPR/AED/O ₂	
Certificates (non-field related)	Lynda.com XHTML and HTML Essential Training	Anoka-Ramsey Community College, Coon Rapids, MN Achieving Top Search Engine Positions Introduction to CSS and XHTML Web Development Certificate	

LOAN AGREEMENT

1. **Parties.** The parties to this Agreement are as follows:

City of Ramsey, a Minnesota Municipal Corporation, 7550 Sunwood Drive NW, Ramsey, Minnesota 55303, (hereinafter referred to as “Lender”).

Koru Fitness, Inc., a Minnesota Corporation, 16158 Iodine Street NW, Ramsey, Minnesota 55303, (hereinafter referred to as “Borrower”).

Nicole Kutches whose address is 16158 Iodine Street NW, Ramsey, Minnesota 55303, (hereinafter referred to as “Guarantor”).

Gary Nereson whose address is 13415 NW Heather Street, Andover, Minnesota 55304, (hereinafter referred to as “Guarantor”).

2. **Date of Agreement:** The date of this Agreement is November 13, 2012.
3. **Term of this Agreement.** The term of this Agreement shall be from the date of this Agreement set forth above and continue thereafter until all indebtedness has been paid in full.
4. **Purpose of this Agreement.** Borrower has requested credit accommodations from Lender to which Lender has agreed. Lender has granted to Borrower the following credit accommodations, on the conditions set forth herein:

Term Loan of Thirty Four Thousand Five Hundred and 00/100 Dollars (\$34,500.00) to be used as working capital (hereinafter referred to as the “Loan”).
5. **Promissory Note.** In consideration of the receipt of the Loan, Borrower shall repay to the Lender the Loan pursuant to the terms of the Promissory Note of even date (the “Note”), the form of which is attached hereto as Exhibit A and which terms include the following: interest at a rate of 3.25% per annum; Principal and Interest payments of \$337.13 per month beginning January 1, 2013 and continuing on the first day of each month thereafter, until December 31, 2023, on which day the entire remaining principal balance plus accrued interest shall be due and payable in full; the Note may be prepaid in full at any time during the loan term with no prepayment penalty, subject only to the requirement that the Borrower provide Lender with at least 30 days written notice of the intent to prepay the obligation. Partial prepayments will not be allowed.
6. **Secured Collateral.** The Note shall be secured by a Security Interest in all business assets owned by Borrower (the “Collateral”). The Collateral shall be located at 16158 Iodine Street NW, Ramsey, MN.

7. **Personal Guarantee.** The Note shall be personally guaranteed by the principals of the Borrower, Nicole Kutches and Gary Nereson. The form of the said personal guaranties is attached hereto as Exhibit B.
8. **Covenants and Warranties.** Borrower covenants, represents and warrants to the Lender as follows:
 - a. Borrower is a Minnesota corporation in good standing and has the legal authority to undertake the obligations contemplated by this Loan Agreement.
 - b. Borrower will maintain policies of product liability and general liability insurance in such amounts and with such insurers as are reasonably satisfactory to Lender.
 - c. Borrower will locate its business operations and locate the Collateral at 16158 Iodine Street NW, Ramsey, MN 55303, so long as any balance is due and owing to Lender pursuant to the Note.
 - d. All financial statements and other information relating to the financial condition of Borrower which have been furnished to Lender prior to the date hereof are true and accurate as of the date of this Loan Agreement.
 - e. Borrower shall provide to Lender annually during the term of the Note as soon as available, and in any event within thirty (30) days after the deadline for filing, a copy of the Borrower's U.S. Income Tax Returns prepared by an independent certified public accountant acceptable to Lender. The said Tax Returns provided shall be inclusive of all schedules and statements.
 - f. A Breach of any of the covenants declared in this paragraph 6. shall be an Event of Default as defined in the Note.
9. **Costs.** In any proceeding to enforce the terms and conditions of the Note, the Lender shall be entitled to recover its costs and expenses including reasonable attorney fees from Borrower.
10. **Purpose of Loan:** The Loan is made pursuant to the Lender's Revolving Loan Fund (the "RLF"). The RLF is a City of Ramsey program administered by the City's Economic Development Authority ("EDA") and is designed to assist businesses in acquiring financing to expand business operations in the City of Ramsey, Minnesota. The Borrower agrees to utilize the Loan proceeds in furtherance of this purpose.
11. **Conflict of Interest Prohibition:** The Borrower acknowledges that none of its shareholders, directors, officers, or employees are related to Lender by way of being an employee, agent, consultant, officer, or elected or appointed official of Lender.
12. **Data Privacy:** The Borrower agrees that all data collected, created, received, maintained, or disseminated, or used in conjunction with the Loan is governed by the Minnesota Government Data Practices Act, Minnesota Statutes, Chapter 13 (the "Act") or any other applicable Minnesota statutes and any Minnesota administrative rule adopted to

implement the Act, as well as Minnesota statutes and Federal regulations on data privacy. The Borrower agrees to allow Lender to abide by these statutes, rules, and regulations, including any amendments thereto, as deemed necessary by Lender in servicing the Loan.

13. **Accuracy of Information:** Borrower acknowledges and certifies that the financial information provided by it to LENDER is accurate in all respects and fairly represents the financial condition of Borrower's business.
14. **Job Posting.** Borrower agrees to post all new positions it has for employment opportunities with the Anoka County Jobs and Training Center located at 3201 – 89th Avenue NE, Blaine, MN 55434, telephone no. (763) 783-4800, and to keep a written record of all persons interviewed and hired. The written record shall be reasonable available to Lender upon demand. The Borrower also agrees to consult with the Anoka Ramsey Community College and the Anoka County Jobs and Training Center to assist Borrower in developing its ongoing employee selection and training programs.
15. **Default defined.** Default under this Agreement shall consist of any one or more of the following events:
 - a. Failure to pay when due any amount required of Borrower or any Guarantor under this Agreement or under any promissory note, security agreement, or other loan instrument or document executed in connection with this Agreement.
 - b. Failure to perform any act or deed required of Borrower or any Guarantor or failure to refrain from any act prohibited, under this Agreement or under any related instrument or document executed in connection with this Agreement.
 - c. Any warranty, representation, or statement made or furnished to Lender by or on behalf of Borrower or any Guarantor which is false or misleading in any material respect, either now or at the time made or furnished.
 - d. The dissolution or termination of Borrower's existence as a going business, insolvency, appointment of a receiver for any part of Borrower's or any Guarantor's property, any assignment for the benefit of creditors, any type of creditor workout, or the commencement of any proceeding under any bankruptcy or insolvency laws by or against Borrower or by or against any Guarantor.
 - e. Failure to discharge taxes or other liens, other mortgages or charges levied or assessed against the Collateral (other than the liens created under this Agreement by the parties).
 - f. Lender, in good faith, deems itself insecure.
 - g. Any other event defined as an event of default in any separate promissory note, security agreement, mortgage or other instrument or document executed in connection with this Agreement.

- h. Death of any Guarantor to the extent life insurance assigned or pledged to Lender, or other sources of funds or security are unavailable to reasonably substitute for the financial security which the deceased Guarantor had provided to the Lender with his/her Guaranty during his/her life.
 - i. Any attempt by Guarantor to revoke the guaranty or impair its enforceability.
16. **Remedies.** In the event default occurs, Lender may exercise anyone or more of the following rights and remedies.
- a. Declare the entire balance of the Loan referred to in this Agreement or any or all loans governed by this Agreement as immediately due and payable.
 - b. Take possession of the Collateral by self help or judicial action, foreclosure, or other procedures and dispose of the Collateral pursuant to the Uniform Commercial Code and/or other applicable laws of the State Government.
 - c. Commence and prosecute an action to collect the debt from Borrower or any Guarantor, or any or all of them.
 - d. Exercise such additional or alternative remedies as are available to Lender under the terms of this Agreement, under any instrument or document executed in connection with this Agreement, or under applicable law.

Dated: November _____, 2012

Koru Fitness, Inc.

The City of Ramsey

By: _____
Nicole Kutches, President

By: _____
Kurt Ulrich, its City Administrator

EXHIBIT A

TO LOAN AGREEMENT

NOTE

\$34,500.00

Ramsey, Minnesota
December 1, 2012

FOR VALUE RECEIVED, KORU FITNESS, INC. a Minnesota Corporation (“Borrower”), hereby promises to pay to the order of **THE CITY OF RAMSEY**, a Minnesota Municipal Corporation (“Lender”), the principal sum of **Thirty-Four Thousand Five Hundred and 00/100 Dollars (\$34,500.00)** and all other amounts advanced by Lender to or on behalf of Borrower pursuant to the Loan Agreement (as hereinafter defined) and interest thereon from the date hereof until the maturity hereof, at the rate of **three and one quarters percent (3.25%)** per annum, plus interest on any overdue principal, if any. All computations of interest shall be based upon a 365 day year.

Borrower shall pay to Lender monthly principal and interest payments on this Note on the first day of the first calendar month subsequent to the date on which the loan proceeds are received in connection with the closing of the loan and shall continue on the twenty-ninth day of each calendar month thereafter for a period of one hundred twenty (120) months through December 31, 2023 (the “Loan Maturity Date”). All monthly payments shall consist of a combined principal and interest installment of \$337.13 each, provided, however, that the payment due on the Loan Maturity Date shall be in the amount necessary to pay all remaining unpaid principal and unpaid accrued interest due on the Loan.

Borrower shall make all payments hereunder in lawful money of the United States and in same day or immediately available funds. All principal and interest payments shall be paid to Lender at **The City of Ramsey, 7550 Sunwood Drive NW, Ramsey, MN 55303** or at such other location as requested by Lender in writing.

This Note is the Note referred to in the Loan Agreement, dated November 13, 2012 between Borrower and Lender (together with all Exhibits, supplements and amendments thereto, the “Loan Agreement”) which is incorporated herein by reference. Terms used herein have the meanings assigned to those terms in the Loan Agreement, unless otherwise defined herein. Payment of this Note is secured by a Security Agreement and the Guaranties as defined in the Loan Agreement and hereafter collectively referred to as the “Loan Documents.”

Should the indebtedness represented by this Note or any part hereof be collected at law or in equity or in bankruptcy, receivership or other court proceedings, or should this Note be placed in the hands of attorneys for collection after default, the Borrower agrees to pay, in addition to the principal, if any, interest due and payable hereon and any other sums due and payable hereon, all costs of collecting or attempting to collect this note, including reasonable attorneys’ fees and expenses (including those incurred in connection with any appeal).

Borrower and all endorsers and guarantors of this Note hereby waive presentment, demand, notice, protest, stay of execution, and all other defenses to payment generally, assent to the terms hereof, and agree that any renewal, extension, or postponement of the time for payment or any other indulgence or any substitution, exchange, or release of collateral or the additional release of any person or entity primarily or secondarily liable, may be affected without notice to and without releasing Borrower, any endorser or any guarantor from any liability hereunder or under any related guaranty.

Neither this Note, the Loan Agreement nor any other loan document shall require the payment or permit the collection of interest or any late payment charge in excess of the maximum rate permitted by law. If herein or in the Loan Agreement or any other Loan Document any excess of interest or late payment charge in such respect is provided for or shall be adjudicated to be so provided for, neither the Borrower, nor its successors or assigns shall be obligated to pay such interest or late payment charge in excess of the maximum amount permitted by law, and the right to demand the payment of any such excess shall be and hereby is waived, and this provision shall control any other provision of this note or the Loan Agreement or any other Loan Documents.

This Note, the Loan Agreement and the other loan documents are not subject to any valid right of rescission, set-off, abatement, diminution, counterclaim or defense as against Lender, including the defense of usury, and, the operation of any of the terms of the loan, or the exercise of any right thereunder, will not render the Loan unenforceable, in whole or in part, or subject to any right of rescission, set-off, abatement, diminution, counterclaim or defense, including the defense of usury, and Lender has not taken any action which would give rise to the assertion of any of the foregoing and no such right of rescission, set-off, abatement, diminution, counterclaim or defense, including the defense of usury, has been asserted with respect thereto.

This Note is subject to the following additional terms and conditions:

1. Events of Default. The occurrence or existence of any one or more of the following shall constitute an “event of default” hereunder.
 - a. Monetary. Borrower’s failure to pay within five (5) calendar days after the due date thereof any principal, interest, or other payment required under the terms of this Note or the Loan Agreement; or Borrower shall fail to pay, when due (but subject to any applicable grace period) any other Indebtedness of Borrower to Lender or any third parties.
 - b. Performance of Obligations. (i) Borrower’s failure to perform or observe any term, covenant, condition or obligation contained in the Loan Agreement or in the other Loan Documents within ten (10) Business Days after receipt of written notice from Lender or such longer cure period as may be provided in the Loan Documents; provided, however, if such default cannot be cured within such period, Borrower shall have such longer period of time to cure such default provided, in Lender’s sole reasonable discretion, Borrower is proceeding with due diligence, but in no

event shall such period of time exceed thirty (30) Business Days; or (ii) Borrower's failure to perform or observe any term, covenant, condition or obligation owed to Lender contained in any loan agreement, credit agreement or other agreement, document or instrument (other than this Note and the other Loan Documents), subject to applicable grace periods;

- c. Representations and Warranties. Any representation, warranty, certificate, or other statement (financial or otherwise) made or furnished by or on behalf of Borrower or a guarantor, if any, to Lender in or in connection with the Loan or any of the Loan Documents, or as an inducement to Lender to make the Loan, shall be false, incorrect incomplete or misleading in any material respect when made or furnished.
- d. Liens, Attachment; Condemnation. (i) The sequestration or attachment of, or any levy or execution upon the assets of Borrower, which sequestration, attachment, levy or execution is not released, expunged or dismissed within thirty (30) days and before the sale of the assets affected thereby;
- e. Death; Withdrawal. The death, retirement, incapacity, withdrawal or dissolution, as applicable, of Nicole Kutches, principal of Borrower and guarantor;
- f. Transfer of Property or Interest in Borrower. Borrower shall not, without the prior written consent of Lender, sell, transfer, mortgage, pledge, hypothecate, assign, encumber or otherwise dispose of, whether voluntarily, involuntarily or by operation of law, all or any part of its business assets (except for equipment and inventory in the ordinary course of its business), or sell, transfer, mortgage, pledge, hypothecate, assign, encumber or otherwise dispose of, whether voluntarily, involuntarily or by operation of law any interest (whether general or limited partnership interest, limited liability company interest, stock or otherwise) in Borrower;
- g. Adverse Financial Condition. Any change in the financial condition of Borrower, or, guarantor, or any other person or entity from the condition shown on the financial statement(s) submitted to Lender and relied upon by Lender in making the Loan which change has a Material Adverse Effect;
- h. Termination or Revocation of Guaranty. Any guarantor shall terminate or revoke or attempt or purport to terminate or revoke its guaranty of Borrower's obligations to Lender;
- i. Voluntary Bankruptcy; Insolvency; Dissolution. (i) The filing of a petition by Borrower for relief under the Bankruptcy Reform Act of 1978 (11 USC §101-1330), or under any other present or future federal or state law regarding bankruptcy, reorganization or other debtor relief (the "Bankruptcy Code"); (ii) the filing of any pleading or an answer by Borrower in any involuntary proceeding under the Bankruptcy Code or

other debtor relief law which admits the jurisdiction of the court or the petition's material allegations regarding Borrower's insolvency; (iii) a general assignment by Borrower for the benefit of creditors; (iv) Borrower applying for, or the reappointment of, a receiver, trustee, custodian or liquidator of Borrower or any of its property; or (v) the filing by or against Borrower of a petition seeking the liquidation or dissolution of Borrower or the commencement of any other procedure to liquidate or dissolve Borrower and or any guarantor;

- j. Involuntary Bankruptcy. The failure of Borrower to effect a full dismissal of any involuntary petition under the Bankruptcy Code or any other debtor relief law that is filed against Borrower or in any way restrains or limits Borrower or Lender regarding the Loan, the Improvements or the Assets, prior to the earlier of the entry of any court order granting relief sought in such involuntary petition, or thirty (30) days after the date of filing of such involuntary petition; or
- k. Remedies. Upon the occurrence or existence of any Event of Default (other than an Event of Default referred to in (i) or (j), and at any time thereafter during the continuance of such Event of Default, Lender may, by written notice to Borrower, declare all outstanding obligations payable by Borrower hereunder, as well as all other obligations owed by Borrower to Lender under any other loan or credit agreement, to be immediately due and payable without presentment, demand, protest or any other notice of any kind, all of which are hereby expressly waived, anything contained herein or in the note to the contrary notwithstanding. Upon the occurrence or existence of any Event of Default described in (i) or (j), immediately and without notice, all outstanding Obligations payable by Borrower hereunder, as well as all other obligations owed by Borrower to Lender under any other loan or credit agreement, shall automatically become immediately due and payable, without presentment, demand, protest or any other notice of any kind, all of which are hereby expressly waived, anything contained herein or in the Note to the contrary notwithstanding. In addition to the foregoing remedies, upon the occurrence or existence of any Event of Default, Lender may exercise any other right, power or remedy granted to it by the Loan Documents or otherwise permitted to it by law, either by suit in equity or by action at law, or both.

Borrower shall pay fees and expenses of Lender as provided in the Loan Agreement. This Note shall be governed by and construed in accordance with the laws of the State of Minnesota without reference to conflicts of law rules.

IN WITNESS WHEREOF, the undersigned has executed and delivered this Note as of the date and year first above written.

KORU FITNESS, INC
a Minnesota corporation

By: _____
Nicole Kutches, President

**EXHIBIT B
TO LOAN AGREEMENT
UNCONDITIONAL GUARANTEE**

Lender Loan Number	Tba
Loan Name	Koru Fitness, Inc.
Guarantors	Nicole Kutches Gary Nereson
Borrower	Koru Fitness, Inc., a Minnesota Corporation
Lender	The City of Ramsey, a Minnesota Municipal Corporation
Date	November 13, 2012
Note Amount	\$34,500.00

1. GUARANTEE:

Guarantors unconditionally guarantee payment to Lender of all amounts owing under the Note/Loan Agreement. This guarantee shall be in effect until the Note is paid in full. Guarantors must pay all amounts due under the Note when Lender makes written demand upon Guarantors. Lender is not required to seek payment from any other source before demanding payment from Guarantors.

2. NOTE:

The "Note" is the promissory note dated December 1, 2012 in the principal amount of \$34,500.00 and no/100 Dollars, from Borrower to Lender. It includes any assumptions, renewal, substitution, or replacement of the Note, and multiple notes under a line of credit.

3. DEFINITIONS:

"Collateral" means any property taken as security for payment of the Note or any guarantee of the Note.

"Loan" means the loan evidenced by the Note.

"Loan Documents" and "Loan Agreement" means the documents related to the Loan signed by the Borrower, Guarantors or anyone who pledges collateral.

4. LENDER'S GENERAL POWERS:

Lender may take any of the following actions at any time, without notice, without Guarantor's consent, and without making demand upon Guarantor:

- A. Modify the terms of the Note or any other Loan Document except to increase the amounts due under the Note;
- B. Refrain from taking any action on the Note, the Collateral, or any guarantee;
- C. Release any Borrower or any guarantor of the Note;
- D. Compromise or settle with the Borrower or any guarantor of the Note;
- E. Substitute or release any of the Collateral, whether or not Lender receives anything in return;
- F. Foreclose upon or otherwise obtain, and dispose of, any Collateral at public or private sale, with or without advertisement;
- G. Bid or buy at any sale of Collateral by Lender or any other lienholder, at any price Lender chooses; and
- H. Exercise any rights it has, including those in the Note and other Loan Documents.

These actions will not release or reduce the obligations of Guarantor or create any rights or claims against Lender.

5. GOVERNING LAW

This guaranty shall be governed by the laws of the State of Minnesota.

6. RIGHTS, NOTICES, AND DEFENSES THAT GUARANTOR WAIVES:

To the extent permitted by law,

A. Guarantor waives all rights to:

- 1) Require presentment, protest, or demand upon Borrower;
- 2) Redeem any Collateral before or after Lender disposes of it;
- 3) Have any disposition of Collateral advertised; and
- 4) Require a valuation of Collateral before or after Lender disposes of it.

B. Guarantor waives any notice of:

- 1) Any default under the Note;
- 2) Presentment, dishonor, protest, or demand;
- 3) Execution of the Note;
- 4) Any action or inaction on the Note or Collateral, such as disbursements, payment, nonpayment, acceleration, intent to accelerate, assignment, collection activity, and incurring enforcement expenses;
- 5) Any change in the financial condition or business operations of Borrower or any guarantor;
- 6) Any changes in the terms of the Note or other Loan Documents, except increases in the amounts due under the Note; and
- 7) The time or place of any sale or other disposition of Collateral.

C. Guarantor waives defenses based upon any claim that:

- 1) Lender failed to obtain any guarantee;
- 2) Lender failed to obtain, perfect, or maintain a security interest in any property offered or taken as Collateral;
- 3) Lender or others improperly valued or inspected the Collateral;
- 4) The Collateral changed in value, or was neglected, lost, destroyed, or underinsured;

- 5) Lender impaired the Collateral;
- 6) Lender did not dispose of any of the Collateral;
- 7) Lender did not conduct a commercially reasonable sale;
- 8) Lender did not obtain the fair market value of the Collateral;
- 9) Lender did not make or perfect a claim upon the death or disability of Borrower or any guarantor of the Note;
- 10) The financial condition of Borrower or any guarantor was overstated or has adversely changed;
- 11) Lender made errors or omissions in Loan Documents or administration of the Loan;
- 12) Lender did not seek payment from the Borrower, any other guarantors, or any Collateral before demanding payment from Guarantor;
- 13) Lender impaired Guarantor's suretyship rights;
- 14) Lender modified the Note terms, other than to increase amounts due under the Note. If Lender modifies the Note to increase the amounts due under the Note without Guarantor's consent, Guarantor will not be liable for the increased amounts and related interest and expenses, but remains liable for all other amounts;
- 15) Borrower has avoided liability on the Note; or
- 16) Lender has taken an action allowed under the Note, this Guarantee, or other Loan Documents.

7. DUTIES AS TO COLLATERAL:

Guarantor will preserve the Collateral pledged by Guarantor to secure this Guarantee. Lender has no duty to preserve or dispose of any Collateral.

8. SUCCESSORS AND ASSIGNS:

Under this Guarantee, Guarantor includes heirs and successors, and Lender includes successors and assigns.

9. GENERAL PROVISIONS:

- A. ENFORCEMENT EXPENSES. Guarantor promises to pay all expenses Lender incurs to enforce this Guarantee, including, but not limited to, attorney's fees and costs.
- B. SUBROGATION RIGHTS. Guarantor has no subrogation rights as to the Note or the Collateral until the Note is paid in full.
- C. JOINT AND SEVERAL LIABILITY. All individuals and entities signing as Guarantor are jointly and severally liable.
- D. DOCUMENT SIGNING. Guarantor must sign all documents necessary at any time to comply with the Documents and to enable Lender to acquire, perfect, or maintain Lender's liens on Collateral.
- E. FINANCIAL STATEMENTS. Guarantor must give Lender financial statements as Lender requires.
- F. LENDER'S RIGHTS CUMULATIVE, NOT WAIVED. Lender may exercise any of its rights separately or together, as many times as it chooses. Lender may delay or forgo enforcing any of its rights without losing or impairing any of them.
- G. ORAL STATEMENTS NOT BINDING. Guarantor may not use an oral statement to contradict or alter written terms of the Note or this Guarantee, or to raise a defense to this Guarantee.
- H. SEVERABILITY. If any part of this Guarantee is found to be unenforceable, all other parts will remain in effect.
- I. CONSIDERATION. The consideration for this Guarantee is the Loan or any accommodation by Lender as to the Loan.

10. GUARANTOR ACKNOWLEDGMENT OF TERMS.

Guarantor acknowledges that Guarantor has read and understands the significance of all terms of the Note and this Guarantee, including all waivers.

11. GUARANTOR NAME(S) AND SIGNATURE(S):

By signing below, the individual or entity becomes obligated as Guarantor under this Guarantee.

Nicole Kutches, Individually

Gary Nereson, Individually

City of Ramsey

**Economic Development Revolving
Loan Fund Guidelines**

As Amended February 2005

City of Ramsey
Community Development Division
15153 Nowthen Boulevard NW
Ramsey, Minnesota 55303

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Economic Development Revolving Loan Guidelines

I. Purpose.

The purpose of these guidelines is to establish policies and procedures to regulate, coordinate, and facilitate the workflow for underwriting new financing requests, servicing revolving loans, and ensuring borrower compliance with loan terms and conditions.

II. Authorization and Funding Sources.

Chapter 469 of the Minnesota State Statutes, as amended, authorizes the City of Ramsey to make loans to prospective private businesses. The revolving loan fund was capitalized through funds made available by the City of Ramsey and the Minnesota Department of Employment and Economic Development.

III. Mission.

The mission of the revolving loan fund is to increase the City's tax base, create and retain permanent private sector jobs and improve economic opportunity and living standards for the citizens of Ramsey by promoting local business development and expansion, by attracting out-of-state business expansion, leveraging private sector funds, and assisting with the development of new technologies.

IV. Program Objective.

The objective of the revolving loan fund is to fill the financing gap between project costs and private debt financing and private equity by making direct low-interest rate loans for certain approved activities to businesses within the Ramsey city limits.

V. Eligible Activities.

- A. Loan funds may be used to assist small businesses primarily by providing financial assistance for the following types of activities, including but not limited to: growth and expansion, rehabilitation, code compliance, employee recruitment and retention through housing initiatives, and facade enhancement.

B. Eligible costs. Eligible costs may include the following:

1. Land improvements. Improvements to the land which are a portion of the project cost including but not limited to: grading, new streets or street improvements, parking lots, utilities, and landscaping.
2. Purchase or renovation of building. Purchase and, if necessary, renovation of an existing industrial or commercial facility is permitted.
3. Purchase machinery or equipment. Purchase of major items of machinery and equipment independent of land and buildings. These items must be defined to have a useful life of at least 5 years.
4. Building construction. Construction of a new building and/or a major addition to an existing building.
5. Leasehold improvements. Revolving loan funds may be used for certain leasehold improvements provided the lease is equal to or greater than the term of the loan and the City secures a lien on the land or building, and improvements.

VI. Ineligible Activities. Certain applicants, projects, activities, and costs are ineligible for revolving loan funds.

- A. Ineligible activities. Funds may not be used for nonprofit institutions, retail businesses, gambling organizations, lending or investment organizations, land speculation, or any activity deemed illegal by federal, state, or local law or ordinance.
- B. Ineligible costs. Ineligible costs include but are not limited to: management fees, financing costs, franchise fees, debt repayment or consolidation, moving costs, refinancing, and operating costs or working capital.

VII. Loan Terms and Conditions

The City shall make available to eligible applicants direct low-interest loans for the purpose of encouraging economic development, job creation and job retention to meet business needs, and preservation of business districts in the City of

Ramsey.

- A. Loan amount. There are maximum and minimum loan amounts for eligible projects.
 - 1. Maximum loan amount. The maximum loan available from the revolving loan fund for each eligible project is limited to \$300,000.00 or 40% of total project cost, whichever is less.
 - 2. Minimum loan amount. The minimum loan amount available from the revolving loan fund for each eligible project is \$25,000.00.
- B. Interest rate. The interest rate shall be a fixed-rate and will be equal to the 10-year Treasury bond rate at the date of funding but shall not be less than 3.0%.
- C. Term. The term of the loan will be tied to the useful life of the assets being financed. The following general terms apply:
 - 1. Machinery/equipment. The term of the loan for machinery/equipment shall not exceed 7 years.
 - 2. Land/building acquisition. The term of the loan for land/building shall not exceed 15 years.
 - 3. New construction/renovation. The term of the loan for new construction/renovation shall not exceed 15 years.
 - 4. Balance due. All balances will be due and payable if and when the loan recipient sells or otherwise transfers any or part of his/her interest in the property or fails to meet any of the guidelines established within this document before the maturity date of the loan or relocates any part or all of the business outside the City of Ramsey.
- D. Wage and job goals.
 - 1. Wage and Job goals shall be established for all loans in excess of \$75,000. The wage and job goals will be identified in the Loan Agreement between the City of Ramsey and the borrower. The loan

agreement, must include: (1) the number of jobs created, which may include separate goals for the number of part-time or full-time jobs, or, in cases where job loss is specific and demonstrable, goals for the number of jobs retained; (2) wage goals for any jobs created or retained; and (3) wage goals for any jobs to be enhanced through increased wages. If the creation or retention of jobs is determined not to be a goal after a public hearing, the wage and job goals may be set at zero.

2. A business that receives revolving loan funds must agree to list any vacant or new position with the Minnesota Department of Employment and Economic Development.
- E. Equity participation. There shall be a minimum 10% owner equity investment of total project costs required of all applicants.
- F. Collateral requirements. All loan agreements will be secured by one or more of the following; promissory note, mortgage, or security agreement as required by the City; and
1. The revolving fund may take a subordinate position to the primary lender on the assets financed; and
 2. Surety deposits shall be required for certain construction contracts as set forth in Minnesota Statutes 290.9705.
- G. Letters of Commitment. Letters of commitment from all funding sources must be submitted for the application to be deemed complete.
- H. Personal guaranty. Personal guarantees of persons with ownership interest of 20% or greater are required. Personal guarantees of persons with ownership interest between 5% to 19% may be required by the City but are discretionary.
- I. Loan repayments. Loan payments must begin within one month of receipt of the Revolving Loan. The City of Ramsey may make exceptions to this rule on a case-by-case basis.
- J. Loan prepayment. Prepayments are permitted where the Borrower makes the EDA whole for any losses or costs associated with the prepayment.

- K. Notice of award or denial. Applicants will be notified in writing not more than fourteen (14) days after final action has been taken on their revolving loan fund application by the City.
- L. Loan closing documents. The City will close the loan within sixty (60) days of final City approval of the loan application. At that time, the City will deliver to the Borrower all closing documents and a final debt service schedule. In exchange, the Borrower will deliver to the City its loan obligation which is defined as a bond, note, or other evidence of obligation issued by the Borrower to evidence its indebtedness under the loan agreement.
- M. Post closing amendments and modifications. Requests for amendments and modifications following award, closing or disbursement of funds to the underwriting of the original request require City approval and shall be presented at the next scheduled meeting of the EDA.
- N. Loan declination. The City will not make a loan if it determines the loan amount would place an undue burden on the financial resources of the Borrower or the Borrower cannot demonstrate adequate financial capacity to repay the loan or the City determines that making the loan is not in the best interest of the City.
- O. Appeal. There will be a complaint and appeal procedure for aggrieved applicants:
 - 1. Written notice. Applicants will receive written notice of denial of the loan and the reasons(s) for the determination within fourteen (14) days of the determination.
 - 2. Petition. The aggrieved applicant may petition the EDA in writing for reconsideration within fourteen (14) days from date of the written notice of denial. Any request to appear before the EDA must be in writing and must be submitted at least seven (7) days prior to the EDA's scheduled meeting. Upon receipt of the written petition for reconsideration, the EDA shall consider the petition at its next scheduled meeting and advise the petitioner in writing of its decision within fourteen (14) days of that meeting. The EDA's decision will be final.
 - 3. Re-application. Applicants aggrieved by the EDA's final decision may re-apply for revolving loan funds after ninety (90) days if the concerns in the

preceding application are adequately and appropriately addressed.

VIII. Administration.

- A. Loan review committee. The Ramsey EDA will serve as the loan review committee. The final determination on all revolving loan applications rests with the City Council.
- B. Conflict of Interest. All city officials and employees shall comply with the applicable conflict of interest regulations set forth in the City Code.
- C. Staff responsibility. Community development staff shall have the general responsibility for coordinating the application process, reviewing loan application, preparing applications and recommendations for review by the EDA, and coordinating the loan approval and service process as set forth in Subsections D -- G of this section.
- D. Pre-application process. All parties seeking revolving loan funds must file a pre-application. Pre-application forms may be obtained from the Community Development Department.
 - 1. There will be a pre-application form that must be completed and submitted to the Community Development Department for review and approval.
 - 2. The pre-application form will request information regarding the applicant, project scope, and project costs.
 - 3. Upon Community Development Department approval, the applicant will be forwarded a revolving loan fund application.
 - 4. Pre-application forms may be submitted on an open basis throughout the year.
- E. Application process. All parties seeking revolving loan funds must file an application. Application forms may be obtained from the Community Development Department.
 - 1. Components of application. Only completed applications will be reviewed for consideration by community development staff. A completed application is one that satisfies the checklist provided below:

- a. Business plan describing the scope of the project, including site plans, building plans, renderings, or blueprints;
- b. Project budget;
- c. Private financing commitment;
- d. Equity investment commitment;
- e. Proposed security;
- f. Company financial statements (3 years);
- g. Personal financial statements (2 years);
- h. Credit check release;
- i. Mortgage or lease of property to be improved;
- j. Proof of insurance of property to be improved;
- k. Number of jobs to be created or retained;
- l. Wage information;
- m. Amount of loan request; and
- n. Other documentation as requested.

2. Incomplete applications. Community development staff, in its sole discretion, will determine if the application is complete and actionable. Incomplete applications will be assigned *pending* status and the applicant will be informed in writing of the missing documentation.
3. Transmittal. Applications transmitted by oral, telegraphic, facsimile, or e-mail will not be accepted.
4. Determination of eligibility. Applicant eligibility will be determined by community development staff using criteria enumerated in subsection D (1) of this section.
5. Site inspection. As part of the eligibility determination process, the city will inspect the property or building designated for improvements for compliance with the city administrative ordinances and zoning codes.
6. Credit check. A credit check for the company and each of its principal owners shall be conducted by community development staff.

F. Loan approval process. Community development staff will prepare loan applications and make recommendations to the EDA.

1. EDA agenda. Upon determining the eligibility of the completed application

and reviewing for credit worthiness and soundness of plan, community development staff will place loan application the on the agenda for the EDA's next scheduled meeting.

2. Criteria. The EDA will base their decision on the economic benefit to the City of Ramsey, credit underwriting typical to the lending community including the borrower's ability to repay the loan and the collateral offered to secure the loan, the number of jobs to be created or retained, wage rates of jobs created or retained, and increase in the local tax base.
 3. EDA action. Upon placement on the agenda, the EDA shall approve, deny, or postpone for consideration at a future meeting the loan application request.
 4. Notification of EDA action. The applicant shall be notified in writing within fourteen (14) days of the EDA's decision in accordance with the requirements set forth in Section VII, Subsection M of these guidelines.
 5. Approval. If approved, the applicant will be sent a written commitment letter that will outline the terms and conditions of the loan approval. A copy of the commitment letter will be signed by the Borrowers and Guarantors signifying acceptance of the terms and conditions of the loan proposal and the conditions for funding. Upon the return of the executed commitment letter, community development staff will begin the loan closing process with the City Attorney.
 6. Closing. The City Attorney will prepare documentation and coordinate the closing with the Borrower or the Borrower's counsel.
- G. Loan servicing. Community development staff will coordinate loan servicing activities.
1. Monitoring. Community development staff will monitor loans for compliance with the accepted terms and conditions including job creation statistics and wage and benefit levels.
 2. Reports. Community development staff and finance staff are responsible for ensuring that all required reports are filed in a timely manner.
 3. Records. Computer files and conventional paper files will be maintained for the purpose of documenting, tracking, and monitoring program and project

activities. Program records will be maintained by the Community Development staff and financial records will be maintained primarily by the Finance Division. Where applicable, the following records will be maintained:

a. Program records. The following program information will be maintained in the program project file, including but not limited to:

- i. Environmental report;
- ii. Eligibility determination records as set forth in Section VIII, Subsection E (1) (a-n);
- iii. Property inspection report;
- iv. Progress reports;
- v. EDA Resolutions;
- vi. Correspondence;
- vii. Loan documents; and
- viii. Executed loan agreement.

b. Financial records. The following financial information will be maintained in the financial project file, including but not limited to:

- i. Copy of the executed loan agreement;
- ii. Disbursement data;
- iii. Progress reports;
- iv. Repayment data; and
- v. Amortization tables.

4. Record retention. All program and financial records, supporting documents, statistical records, environmental review records and other records pertinent to the revolving loan program shall be maintained for a period of at least three (3) years from the final project report and project closeout date.

IX. Delinquency. There shall be a notification procedure for delinquent loans.

A. The finance officer is responsible for the timely posting and of all loan repayments.

B. Thirty day notice. Upon thirty (30) days delinquency, the finance officer will notify the Finance Director (FD) of the delinquency and the Director shall send the borrower a delinquency notice requesting payment within fifteen

(15) days. A copy of the letter shall be forwarded to the City Administrator (CA).

C. Forty-five day notice. If payment has not been received by the 45th day a second delinquency notice will be sent to the Borrower by the FD requesting payment within fifteen (15) days. A copy of the letter shall be forwarded to the CA.

D. Sixty day notice. If payment has not been received by the 60th day, the FD will attempt to contact the Borrower by telephone to the delinquency. The FD shall also send a notice of default to borrower via certified mail requesting immediate payment and advising the borrower the delinquency will be placed on the EDA agenda for discussion at the next scheduled meeting.

E. Ninety day notice. If no repayment plan is submitted by the Borrower, or if there is no attempt by the Borrower to negotiate the amount due, the FD will contact the CA and the City Attorney to sending a 90 day letter calling due the loan in full.

F. Negotiation. Throughout this process, every attempt will be made to preserve the company, the jobs, and the loan funds.

X. Default. If the EDA determines a loan to be in default it will pass a resolution declaring the entity in default and convey the matter to the City Attorney for disposition.

XI. Recaptured funds. The Ramsey Economic Development Revolving Loan Fund will serve as the repository for all loan repayments. These recaptured funds are available to other applicants for utilization as gap financing for certain approved economic development projects. The revolving loan fund shall be administered by a financial management system in compliance with all state and federal requirements.

XII. Funding acknowledgement. For projects financially supported by revolving loan funds the Borrower shall:

A. Acknowledge revolving loan fund support in certain written materials

including company brochures, reports, newsletters, and press releases; and

- B. On the building or expansion construction site post a sign acknowledging financial support from the State of Minnesota and the City of Ramsey.

XIII. Guidelines for the regulation of State Economic Development Revolving Loan Funds.

- A. General. The following rules, regulations, policies, and procedures govern state economic development revolving loan funds.
- B. Incorporation by Reference. The dissemination, use, and regulation of state economic development revolving loan funds shall be generally governed by guidelines including:

1. The Minnesota Investment Fund (MS.116J.8731).

CC Work Session

2. 4.

Meeting Date: 11/13/2012

Submitted For: Patrick Brama

By: Patrick Brama, Administrative Services

Title:

Consider Development of 15153 Nowthen BLVD, Old City Hall Site

Background:

The property located at 15153 Nowthen Boulevard, known as the old municipal center, is the subject of this case. The Subject Property contains two large parcels and two substantial buildings; those being, the City's former police station and municipal center. Currently, the Subject Property serves as an interim fire station. Attached to this case is a detailed property profile.

The Subject Property was identified as surplus City-owned Land in 2011 by the City Council; and, staff was directed to pursue options for disposal.

Recently, the City was approached by Connexus Energy regarding the Subject Property. Connexus Energy has identified the Subject Property as the "best site in Anoka County" for the development of a data center.

The purpose of this case is to gage the Council's position on developing the Subject Property for a data center.

Observations:

Connexus Energy is interested in (A) partnering with the City of Ramsey to develop the Subject Property for a data center; and, (B) attaining a State of Minnesota "Shovel Ready Certification" for the Subject Property.

In summary, the Minnesota "Shovel Ready" certification gets a number of documents, licenses and surveys in order before a developer steps forward. "Shovel Ready" certification makes a Ramsey site more competitive/attractive than other available sites across the State and Country. Additionally, certified sites are marketed by the State of Minnesota Department of Employment and Economic Development (DEED) at a national level. Connexus Energy has indicated they would be willing to pay the State Shovel Ready Certification application fee (about \$3,000).

This case was brought forward to the EDA in October. The EDA indicated they support development of the Subject Property as a data center site, the pursuit of the State's "Shovel Ready" certification (which includes a \$20,000 dedication of funds from the EDA for required work) and partnering with Connexus Energy to market the Subject Property. Attached to this case is a presentation used by Connexus Energy for the October EDA meeting.

Additionally, the EDA has ordered sketch plans for three development scenarios; which include a two phased data center approach, one phase data center approach and a single family residential approach. Each approach will be analyzed from a cost/benefit perspective, be used to guide proper zoning and for visual referencing purposes. The EDA has indicated they would like to clearly understand what benefits and challenges each scenario will bear.

Because the Subject property is owned by the City of Ramsey, and the Subject Property needs to be rezoned in order to allow for a data center user, support from the City Council regarding this initiative is important to move forward. Data Centers are traditionally found in industrial or employment type districts. In this case, given the surrounding built environment, the City Council may want to consider a modified or hybrid district to ensure compatibility with the surrounding current and future land uses. Zoning tools could include a Planned Unit Development (PUD) or a Overlay District specifying the modified standards.

Funding Source:

EDA Fund

Staff Recommendation:

Staff recommends that the City Council to provide feedback and direct Staff to commence the necessary zoning amendments, including completion of conceptual sketch plans (if so desired).

EDA Action:

Provide general direction on the following three items:

1. Continue to explore developing the Subject Property as a data center site.
2. Explore rezoning the Subject Property for a data center use.
3. Support a partnership between the City of Ramsey and Connexus Energy for the development of the Subject Property for a data center.

Attachments

Subject Property Profile

Data Center Vs Residential Development

Connexus Presentation

Example Marketing Package Data Center

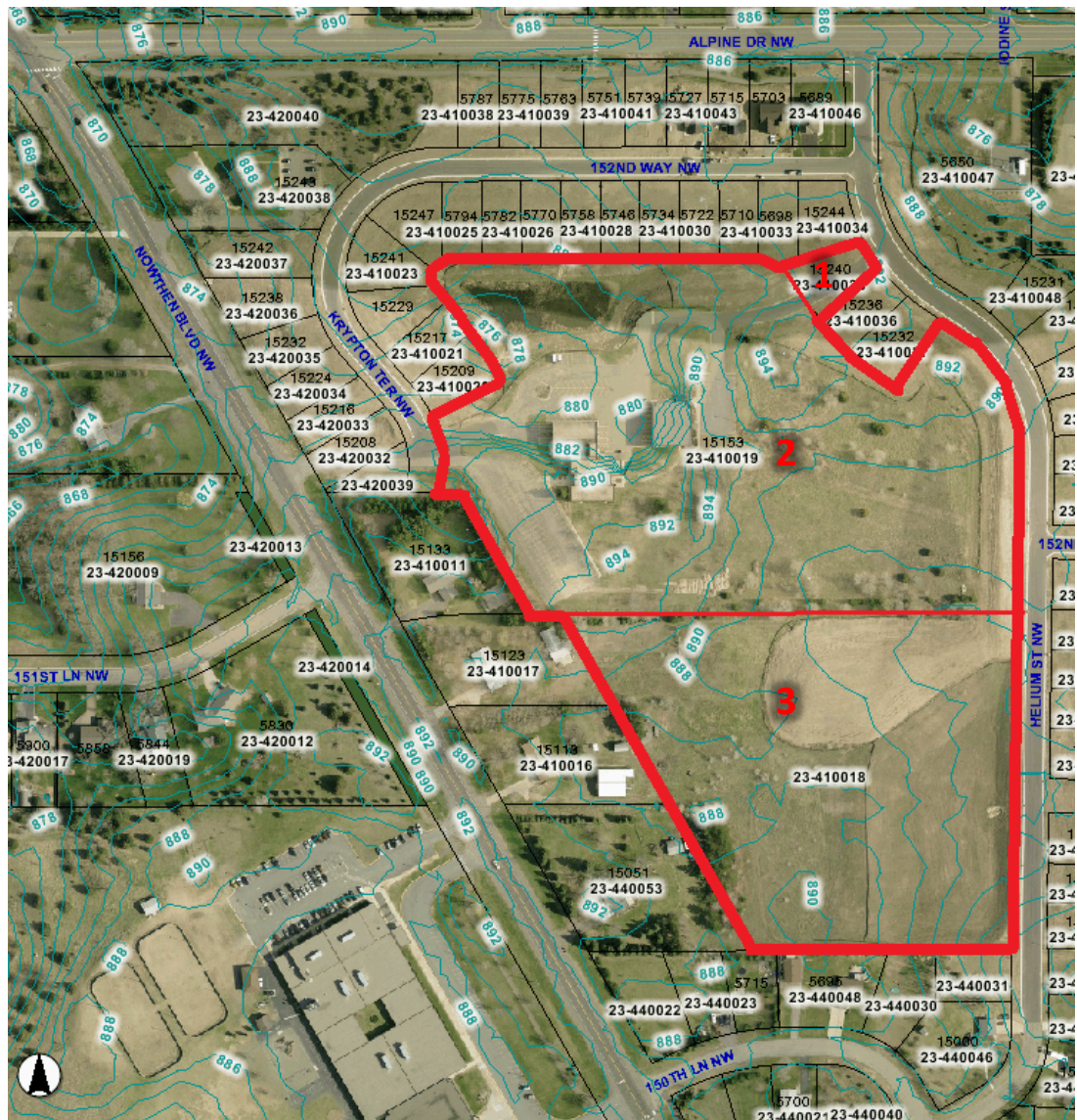
Site Concepts

Form Review

Inbox	Reviewed By	Date
Tim Gladhill	Tim Gladhill	11/08/2012 07:13 AM
Kurt Ulrich	Kurt Ulrich	11/08/2012 03:07 PM
Form Started By: Patrick Brama		Started On: 10/24/2012
	Final Approval Date: 11/08/2012	

PROPERTY PROFILE: CITY OF RAMSEY

NUMBER: 06
ADDRESS: 15240 HELIUM ST NW, 15153 NOWTHEN BLVD NW, NA
PID: 233225410035, 233225410019, 233225410018 (Three separate parcels—listed from the top down).
LEGAL: Lots 4, 5, 21, Block 1, Meadow, Anoka County, Minnesota
ACRES: 20.86
VALUATION: \$1,501,769
ZONING: Public/Quasi Public and PUD (Planned Unit Development)
MUSA: Yes
GIS IMAGE:



DESCRIPTION: The subject property is located on the east side of Nowthen Boulevard and on the South side of Alpine Drive. It is made up of three separate parcels; which make up the old municipal center complex. The property is surrounded by residential and is zoned Public/Quasi Public District.

WETLAND: No reason to use property for wetland banking. There are no issues with wetlands that would make this property unusable; or, effect adjacent properties.

MAINTENANCE: Mowed 12 times per year—\$125 per mow (\$1,500 per year). There are multiple buildings located on these parcels as well—which are maintained by the city (additional cost).

OWNER & ENCUMBRANCE: These three parcels comprise the old City Hall complex and are available for sale.

DISPOSITION: The old municipal center is available for a number of business and/or commercial uses. Otherwise, redevelopment of the property into single family residential or senior housing fits in well with the surrounding areas. This property is currently being marketed by the Ramsey EDA.

BUILDING SPECIFICATIONS: Next Page

BUILDING SPECIFICATIONS:

Bldg.	Floor	Room	Description	Walls	Length	Width	Sq. ft.
B	Down	1	Garage	Brick	30	74	2220
B	Down	2	Storage Room	Brick	17	22	374
B	Down	3	Storage Room (connected to 2)	Brick	10	25	250
B	Down	4	Large storage garage, various cut out rooms	Brick	53	33	1749
B	Up	1	Office Room	Finished	12	17	204
B	Up	2	Office Room	Finished	12	9.5	114
B	Up	3	Office Room	Finished	12	12	144
B	Up	4	Small Utility Room	Finished	8	10	80
B	Up	5	Lobby	Finished	10	10	100
B	Up	6	Office Room	Finished	15	40	600
B	Up	7	Utility	Brick	12	8	96
B	Up	8	Office Room	Finished	12	10	120
B	Up	9	Office Room	Finished	12	20	240
B	Up	10	Office Room	Finished	12	9.5	114
B	Up	11	Office Room (plus two small attached rooms)	Finished	12	22	264
B	Up	12	Office Room	Finished	12	22	264
B	Up	13	Office Room	Finished	14	26	364
A	Down	1	Garage	Brick	74	37	2738
A	Down	2	Cafeteria, staging room	Brick	20	40	800
A	Down	3	Office Room	Finished	10	10	100
A	Down	4	Storage room (connected to 1)	Brick	12	20	240
A	Down	5	Office Room	Finished	24	40	960
A	Down	6	Office Room	Finished	33	24	792
A	Down	7	Cafeteria (connected to 6)	Finished	12	24	288
A	Up	1	Lobby	Finished	10	20	200
A	Up	2	Reception Desk Area	Finished	12	24	288
A	Up	3	Office Room	Finished	22	67	1474
A	Up	4	Office Room (connected to 1)	Finished	20	14	280
A	Up	5	Office Room	Finished	50	12.5	625
A	Up	6	Office Room	Finished	12	9.5	114
A	Up	7	Office Room	Finished	28	12	336
A	Up	8	Office Room	Finished	12	9.5	114
A	Up	9	Office Room	Finished	12	9	108
A	Up	10	Office Room	Finished	12	9.5	114
A	Up	11	Office Room	Finished	15	9.5	142.5

Breakdown of Square Footage

<u>Building A (Old Admin/Fire)</u>	<u>9913.5</u>
Downstairs	6118
Upstairs	3795.5
<u>Building B (Old Police Station)</u>	<u>7297</u>
Downstairs	4593
Upstairs	2704
Total Finished/Office Space	8543.5
Total Garage/Storage	8667
<u>Grand Total (usable space)</u>	<u>17211</u>

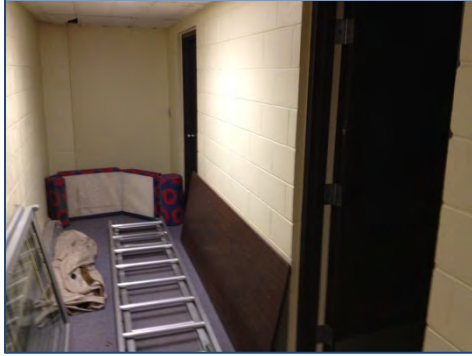
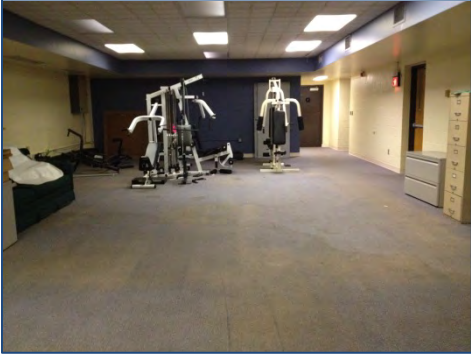
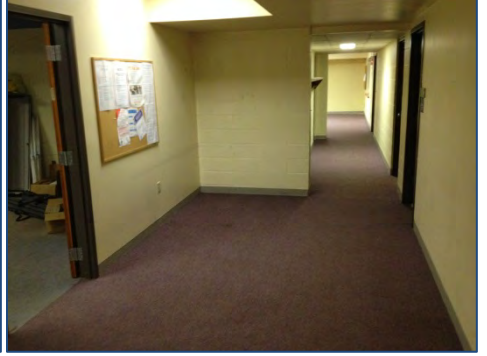
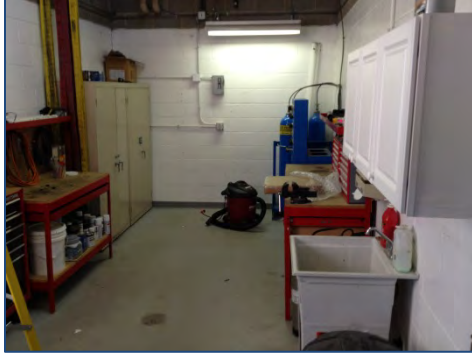
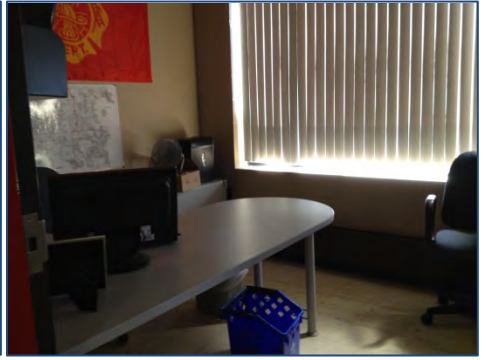
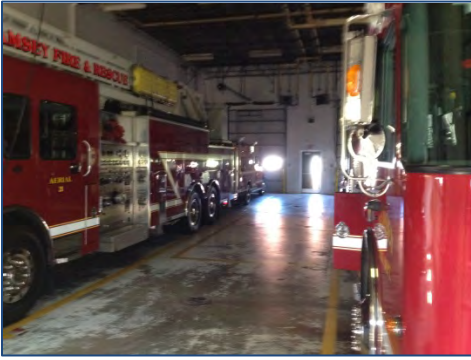
NOTE: there are a large number of small utility rooms, storage rooms, hall ways bathrooms, stair cases, etc--taking up a significant amount of square feet estimated between 5,000-10,000

BUILDING IMAGES (OUTSIDE):

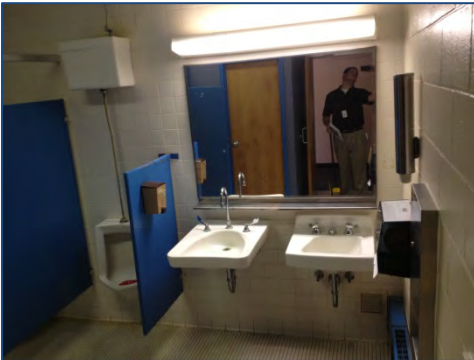
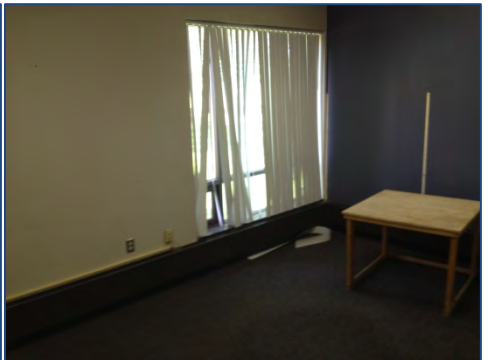
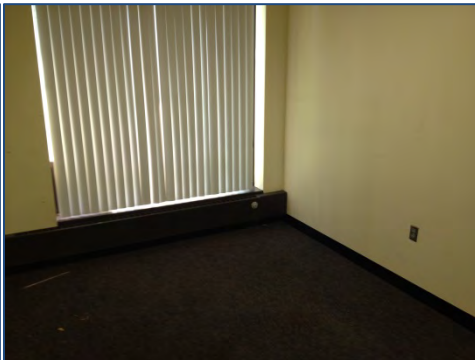
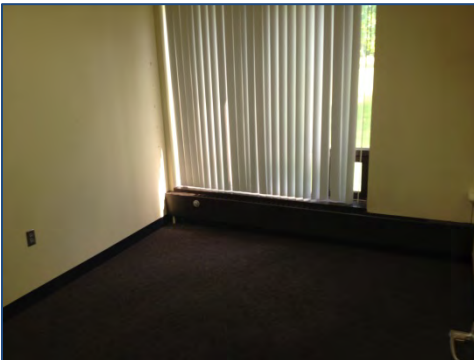


BUILDING IMAGES (INSIDE):

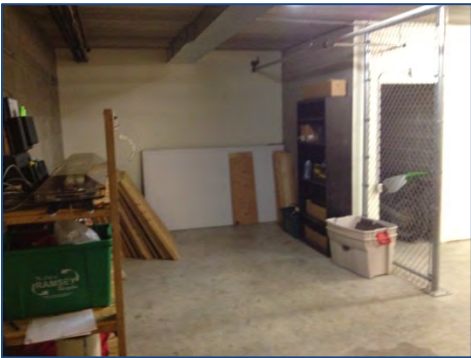
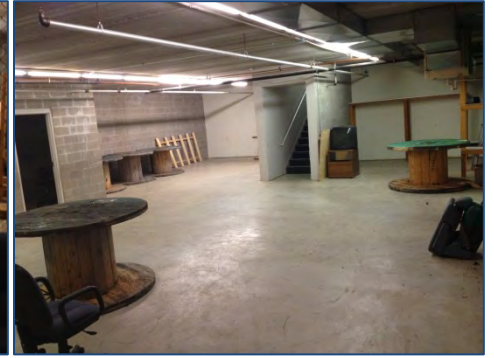
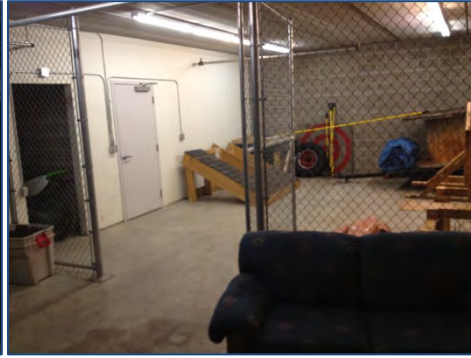
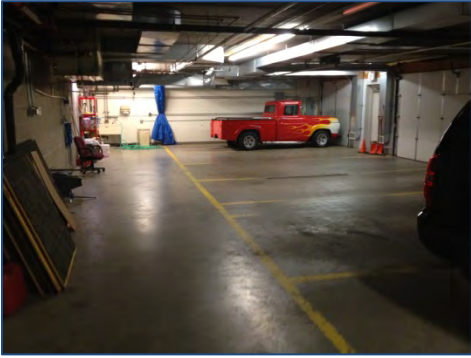
Building A, Downstairs



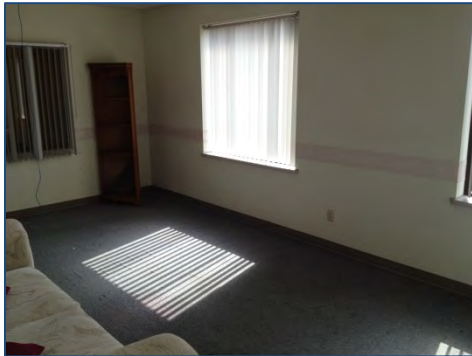
Building A, Upstairs



Building B, Downstairs



Building B, Downstairs



Memo

To: Ramsey EDA
From: Michael Mulrooney
CC: Kurt Ulrich, Patrick Brama
Date: 10/3/2012
Re: Data Center Evaluation at Old City Hall Site

I have been asked to provide input on the potential fiscal impact of two development options for the Old City Hall site. The options include developing the site as a data center or to continue with a pattern of housing consistent with surrounding land uses. Below is a description of what data centers are and their economic impact. This report will provide the EDA with a comparison between the two alternative types of development if they were to develop at the city hall property.

History

Data centers have their roots in the huge computer rooms of the early ages of the computing industry. Early computer systems were complex to operate and maintain, and required a special environment in which to operate. Also, a single mainframe required a great deal of power, and had to be cooled to avoid overheating. Security was important – computers were expensive, and were often used for military purposes. Basic design guidelines for controlling access to the computer room were therefore devised.

During the boom of the microcomputer industry, and especially during the 1980s, computers started to be deployed everywhere, in many cases with little or no care about operating requirements. However, as information technology (IT) operations started to grow in complexity, companies grew aware of the need to control IT resources. With the advent of client-server computing, during the 1990s, microcomputers (now called "servers") started to find their places in the old computer rooms. The availability of inexpensive networking equipment, coupled with new standards for network structured cabling, made it possible to use a hierarchical design that put the servers in a specific room inside the company. The use of the term "data center," as applied to specially designed computer rooms, started to gain popular recognition about this time.

The boom of data centers came during the dot-com bubble. Companies needed fast Internet connectivity and nonstop operation to deploy systems and establish a presence on the Internet. Installing such equipment was not viable for many smaller companies. Many companies started building very large facilities, called Internet data centers (IDCs), which provide businesses with a range of solutions for systems deployment and operation. New technologies and practices were designed to handle the scale and the operational requirements of such large-scale operations. These practices eventually migrated toward the private data centers, and were adopted largely because of their practical results.

With an increase in the uptake of cloud computing, business and government organizations are scrutinizing data centers to a higher degree in areas such as security, availability, environmental impact and adherence to standards. Standard Documents from accredited professional groups, such as the Telecommunications Industry Association, specify the requirements for data center design. Well-known operational metrics for data center availability can be used to evaluate the business impact of a disruption. There is still a lot of development being done in operation practice, and also in environmentally friendly data center design. Data centers are typically very expensive to build and maintain.

Requirements for Data Centers

IT operations are a crucial aspect of most organizational operations. One of the main concerns is business continuity; companies rely on their information systems to run their operations. If a system becomes unavailable, company operations may be impaired or stopped completely. It is necessary to provide a reliable infrastructure for IT operations, in order to minimize any chance of disruption. Information security is also a concern, and for this reason a data center has to offer a secure environment which minimizes the chances of a security breach. A data center must therefore keep high standards for assuring the integrity and functionality of its hosted computer environment. This is accomplished through redundancy of both fiber optic cables and power, which includes emergency backup power generation.

Organizations are experiencing rapid IT growth but their data centers are aging. Industry research company International Data Corporation (IDC) puts the average age of a data center at nine-years-old. Gartner, another research company, says data centers older than seven years are obsolete. In May 2011, data center research organization Uptime Institute, reported that 36 percent of the large companies it surveyed expect to exhaust IT capacity within the next 18 months.

Site selection

Aspects such as proximity to available power grids, telecommunications infrastructure, networking services, transportation lines and emergency services can affect costs, risk, security and other factors to be taken into consideration for data center design. Location affects data center design also because the climatic conditions dictate what cooling technologies should be deployed. In turn this impacts uptime and the costs associated with cooling. For example, the topology and the cost of managing a data center in a warm, humid climate will vary greatly from managing one in a cool, dry climate.

Energy Use

Energy use is a central issue for data centers. Power draw for data centers ranges from a few kW for a rack of servers in a closet to several tens of MW for large facilities. Some facilities have power densities more than 100 times that of a typical office building. For higher power density facilities, electricity costs are a dominant operating expense and account for over 10% of the total cost of ownership of a data center. By 2012 the cost of power for the data center is expected to exceed the cost of the original capital investment.

Recent Minnesota Major Data Center Successes

Recent data center activity in Minnesota includes the following projects:

Company	City	Date	Square Feet	Investment
United Health Group	Chaska	2010	250,000 sf	\$250 million
Thomson Reuters	Eagan	2007	50,000 sf	\$140 million
Target	Elk River	2007	161,300 sf	\$125 million
United Health Group	Elk River	2007	237,000 sf	\$125 million
Unisys	Eagan	2007	130,000 sf	*
Iron Gate Solutions	Woodbury	2010	80,000 sf	*

Old City Hall Site as a Data Center

The site under consideration as a location for a data center in Ramsey is the old city hall site. This site is 20.86 acres in size and has many of the attributes companies look for in a data center site. Given the size of the site it is possible to construct a facility of approximately 250,000 or more square feet depending upon building design and parking requirements. Based on existing data centers, facilities of this type have an estimated market value of approximately \$120 per square foot bringing the total EMV for a 250,000 square foot facility to \$30 million. The commercial industrial property tax impact from a project of this size would approach an estimated \$1,190,000 annually. The City of Ramsey's share of the commercial industrial property taxes would be approximately \$268,000 annually.

Old City Hall Site as Housing

The Old City Hall site could also be used for housing. Based on common densities and surrounding land uses the potential exists to develop approximately 60 to 80 homes on the site. Based on current average estimated market values housing on this site would yield approximately \$15 million to \$20 million in estimated market value with corresponding property tax revenue of approximately \$150,000 to \$200,000 annually. The City of Ramsey's share of this fiscal impact is estimated to be approximately \$35,000 to \$50,000 annually.

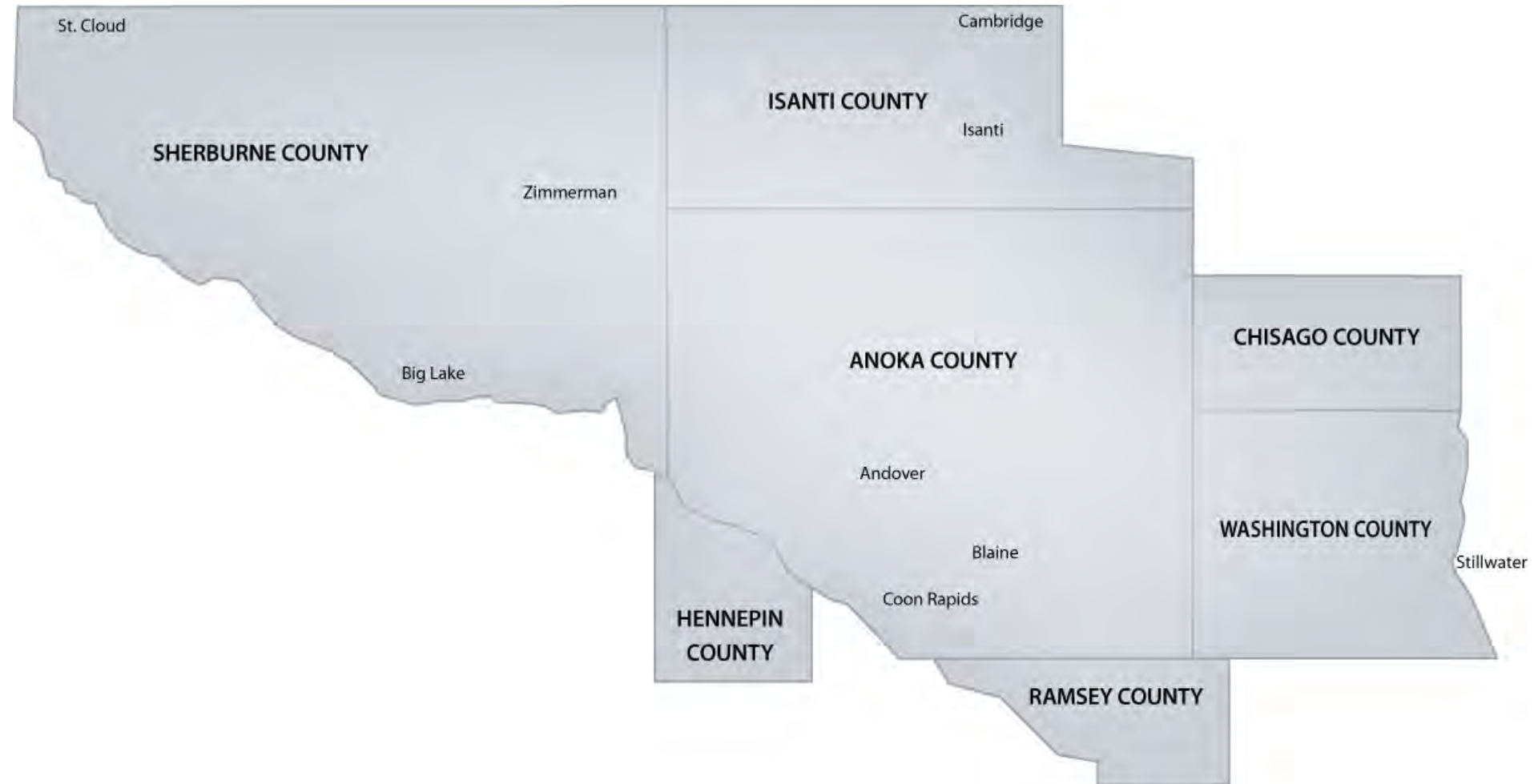
The scope of this analysis has been limited to estimated revenue generated by the two alternative land uses. The city may also want to conduct additional research to determine the net impact after analyzing the costs associated with the differing land use development options.

RAMSEY ECONOMIC DEVELOPMENT AUTHORITY

Brian Burandt

October 11, 2012

CONNEXUS SERVICE AREA



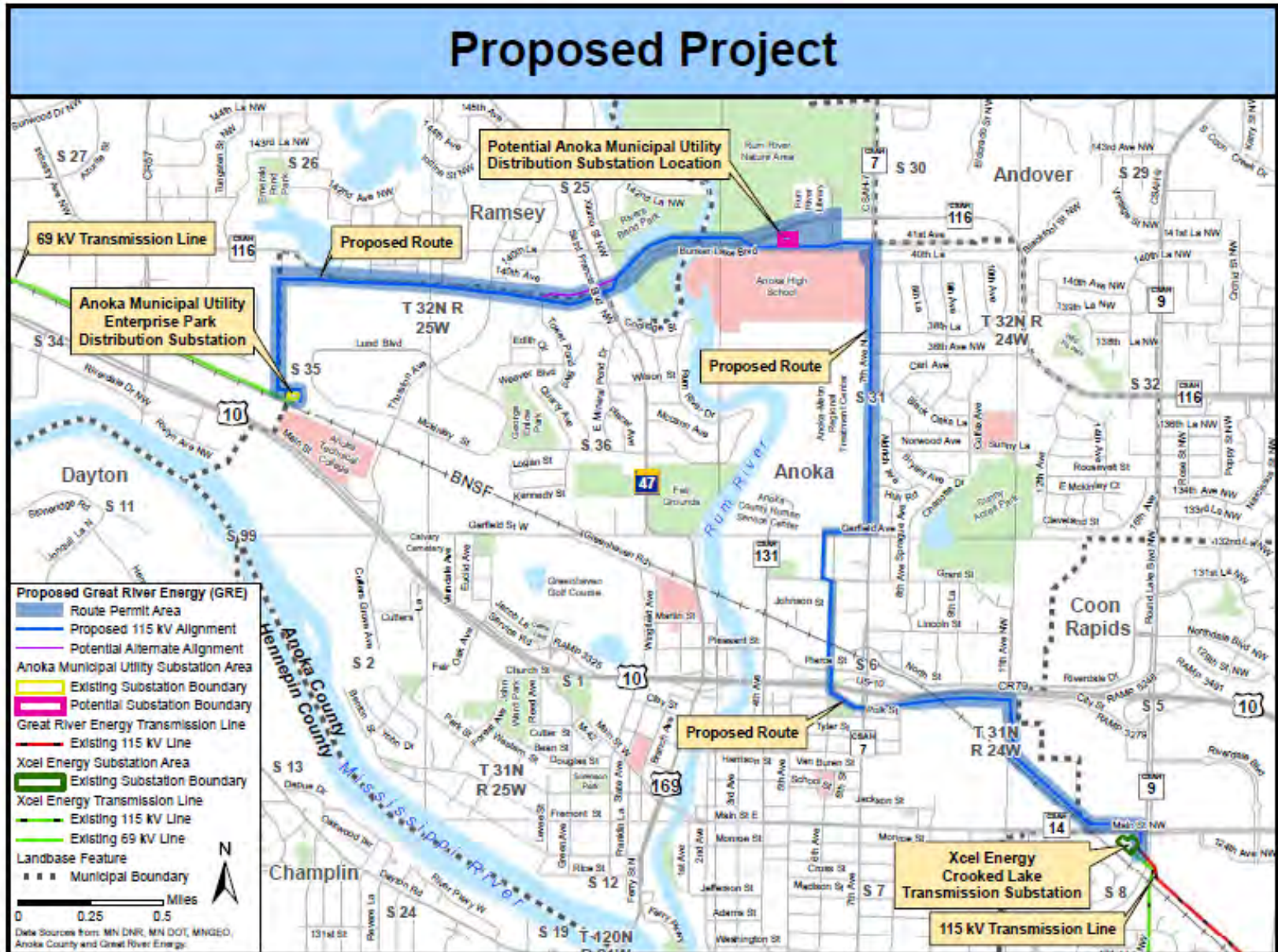
DATA CENTERS - TARGET



DATA CENTERS – UNITED HEALTH



CROOKED LAKE TO ENTERPRISE PARK





- **Rates**
 - Firm
 - Interruptible
 - TOU
 - Discounted
- **Rebates**
 - Energy Efficiency
 - Shovel Ready
 - Green Lean
- **Reliable Electric Service**



- Rates
 - Competitive
 - Options
- Rebates
 - Energy Efficiency
 - Shovel Ready Certification
 - GreenLean Studies
- Reliability
 - High

THE END



Questions?

PREMIER DATA CENTER OPPORTUNITY

Property Website



Greater Minneapolis, Minnesota

±64.3 Acres

30MW service to the site via adjacent, double-ended substation with multiple feeds available

Secondary feeds available from the south and east, with up to 10MW and 4MW service available, respectively

Multiple fiber providers service the site via diverse paths

8,000 hours of free cooling annually

\$0.057/kWh all in Energy Rate

Significant Tax incentives available

No personal property tax

CBRE

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Richard Palmiter
Vice President
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richard.palmiter@cbre.com

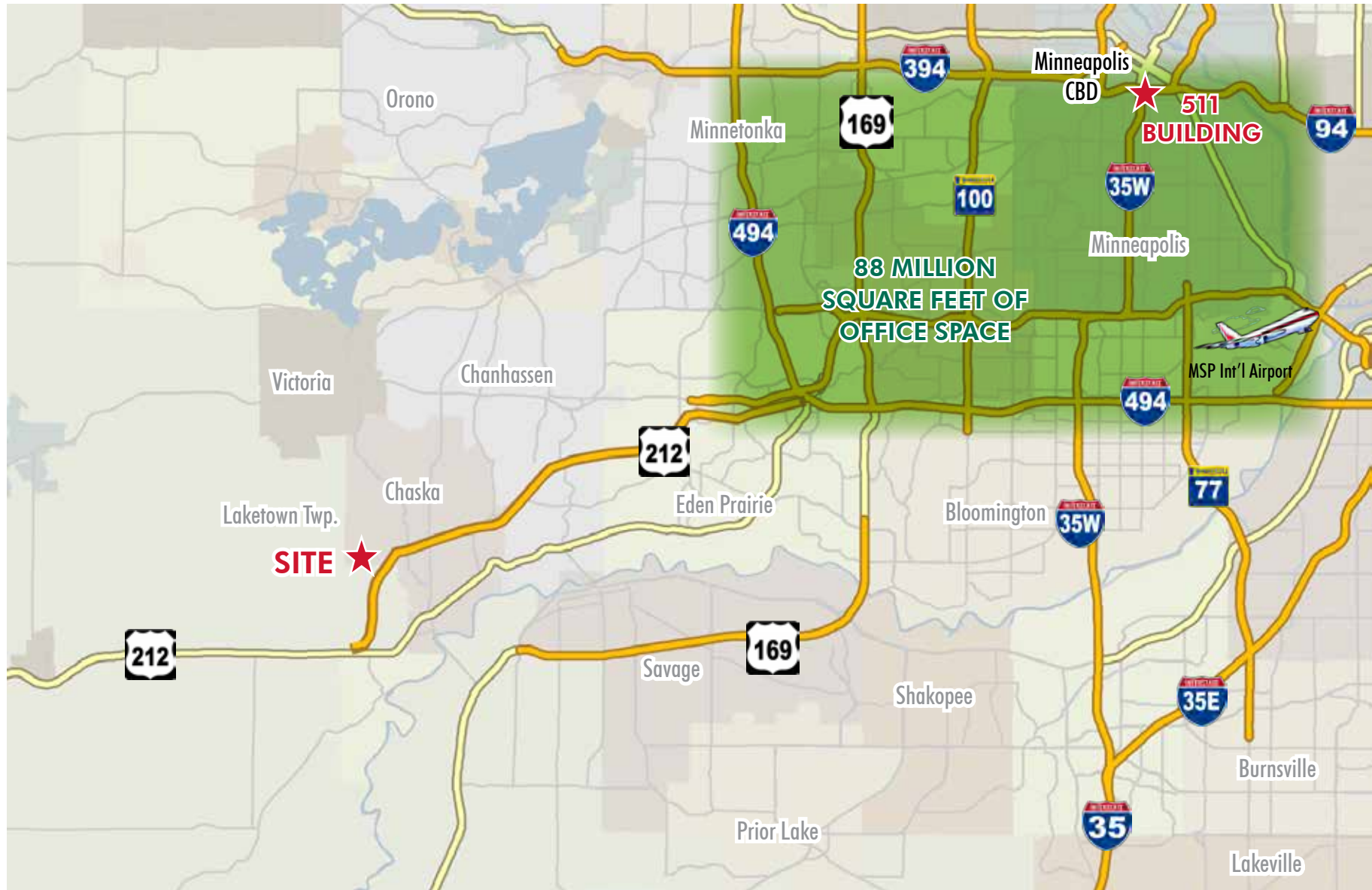
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Chad Freese
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chad.freese@cbre.com

GENERAL PROPERTY OVERVIEW

Purchase Price	\$9,800,000
Property Address	1191 Victoria Drive - Chaska, MN 55318
Property Size	±64.3 Acres
Parcel Identification Numbers (PIDs)	300311010 and 3003110000
Zoning	PID-7 (Planned Industrial District)
Site Location	25 minutes southwest of Minneapolis/St. Paul International Airport
Access	Freeway - Highway 212
Topography	Flat
Site Infrastructure	<p>Power - Service provided by the City of Chaska Electric Utility. Adjacent West Creek substation has 30 megawatts remaining capacity and is expandable by 50 megawatts. Backup feeds to the site from the Chaska substation with 10 megawatts remaining capacity, and from the Minnesota River substation with 4 megawatts remaining capacity. Power is distributed underground at 13.8 kv.</p> <p>Fiber – CenturyLink, Verizon and Chaska.net service the site from the south, Century Link services the site from the north and Chaska.net services the site from the west. Zayo in close proximity.</p> <p>Water – Chaska’s Municipal Water System services the site with a 12” main from the north and a 16” main from the south.</p> <p>Sewer – Presently to site.</p>
Low Site Risk Characteristics	<ul style="list-style-type: none"> • Not in a flood plain • Not in a flight path • Nearest railroad 1 mile to the northwest • Nearest manufacturing Business 3 miles to the northeast • Nearest chemical Business 3 miles to the northeast • Nearest Power Plant (Diesel Peaking, 40 MW capacity) 3 miles to the southeast • Nearest Nuclear Power Plant 40 miles to the northeast
Safety Services	<ul style="list-style-type: none"> • Police – 3 miles away. Less than 5 minute response time • Sheriff – 4 miles away. Less than 5 minute response time • Fire – 1 mile away. Less than 5 minute response time
City of Chaska Electric Utility Quoted Rates	<ul style="list-style-type: none"> • All in Energy Rate - \$0.057/kWh • Demand Rate - \$10.06/kW • Riders and Surcharges - \$0.001/kWh estimated Fuel Adjustment Clause • Discounts - 5% for users with 2MW of demand or greater
Free Cooling	<ul style="list-style-type: none"> • 8,000 hours per year
Tax Incentives	<ul style="list-style-type: none"> • State of Minnesota - Sales tax abatement for 20 years on computers, software, networking equipment, power and cooling infrastructure, and electricity. No personal property tax. • City of Chaska - Tax increment financing or tax abatement equal to three time local property taxes.







Accessibility

Minneapolis/St. Paul International Airport
—25 minutes away with non-stop service
to over 325 destinations.



Incentives

State of Minnesota – Sales tax abatement for 20 years or through June 30, 2042 (whichever comes first) on computers, software, networking equipment, power and cooling infrastructure, and electricity for projects over 30,000 sf and \$50,000,000 in total investment within a 24 month period.

City of Chaska—Tax Increment Financing or Tax Abatement equal to three times local property taxes (city, county and school.)

Business Climate

Minnesota’s business taxes rank among the 16 lowest in the nation, lower than Washington, Texas, California, Alabama, Iowa and Arizona, according to a report by Ernst & Young and the Council on State Taxation, 2009.

Minnesota exempts personal property like inventory and machinery from the property tax, resulting in a lower effective tax rate for businesses. As a result, businesses whose equipment and inventory values are high relative to the real estate value pay a lower effective tax than in states that impose such taxes.

Why Greater Minneapolis/St. Paul?

±64.3 Acres

20 FORTUNE 500 COMPANIES HEADQUARTERED IN MINNESOTA

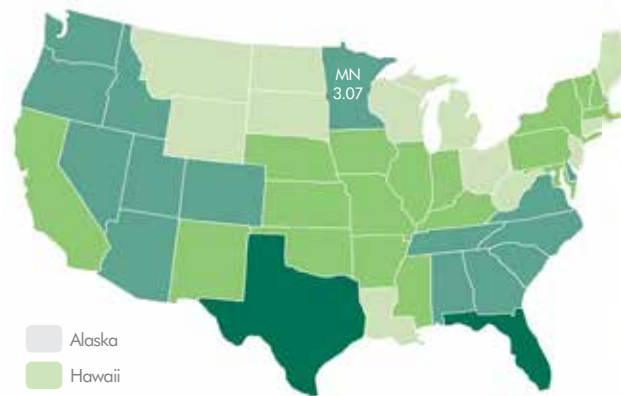
RANK	COMPANY
22	Fortune 100 Company
33	Target
47	Best Buy
61	SuperValu
97	3M
103	CHS
126	U.S. Bancorp
158	Medtronic
166	General Mills
218	Land O'Lakes
237	Xcel Energy
246	Ameriprise Financial
265	C.H. Robinson Worldwide
318	Thrivent Financial
325	Hormel Foods
346	Mosaic
378	Ecolab
436	St. Jude Medical
449	Nash Finch
472	Alliant Techsystems

FORBES LARGEST PRIVATE COMPANIES

RANK	COMPANY
1	Cargill
83	Carlson Companies
94	Schwans Foods
132	Holiday Companies
169	Rosen's Diversified
182	M.A. Mortenson
210	Andersen Windows

MINNESOTA LEADS THE MIDWEST IN GDP GROWTH

2011-2016 Average annual GDP growth



Source: IHS Global Insight

2.6%

MINNESOTA'S EXPECTED 2011 FISCAL YEAR GDP GROWTH
Source: U.S. Bureau of Economic Analysis

3.07%

MINNESOTA'S EXPECTED GDP GROWTH IN EACH OF THE NEXT FIVE YEARS, THE HIGHEST RATE IN THE MIDWEST

Why Minnesota?

Minnesota is home to numerous data centers. The utilities and construction companies are experienced in providing services to these facilities. Over the past several years major companies have made significant investments in Minnesota to build their data centers, including Unisys, a Fortune 100 Company, Thomson Reuters and Target.

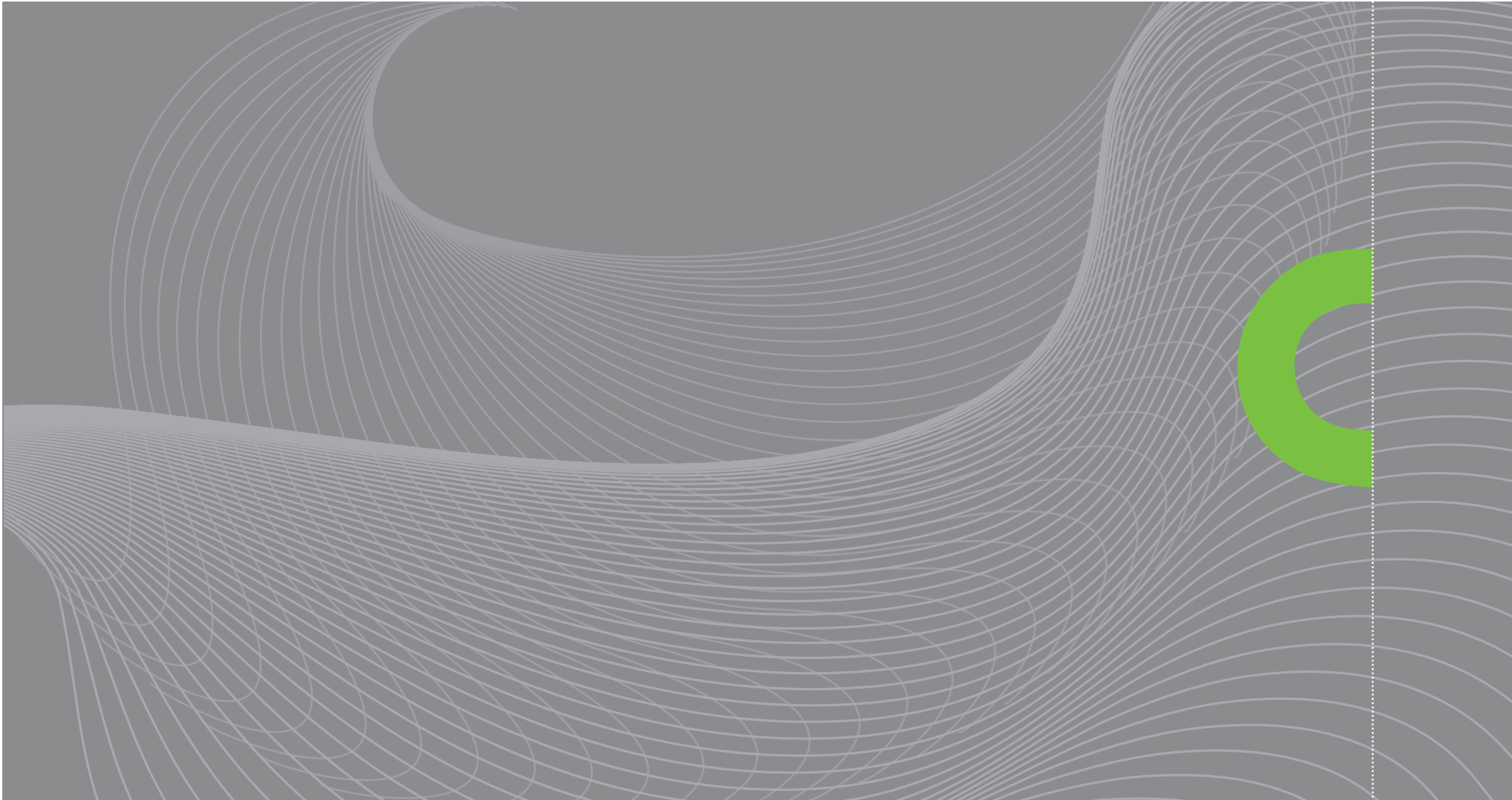
Existing Dedicated Facilities:



Recent Data Center Activity in Minnesota

Company	City	Date	Tier	S.F.	Investment
Fortune 100 Company	Chaska	2010	III	250,000	\$250 Million
Thomson Reuters	Eagan	2007-2008	III	50,000	\$140 Million
Target	Elk River	2007	III	185,000	\$125 Million
Fortune 100 Company	Elk River	2007	III	185,000	\$125 Million
Unisys	Eagan	2007	III	130,000	*
Target	Brooklyn Park	2010	III	112,000	*

* Not available



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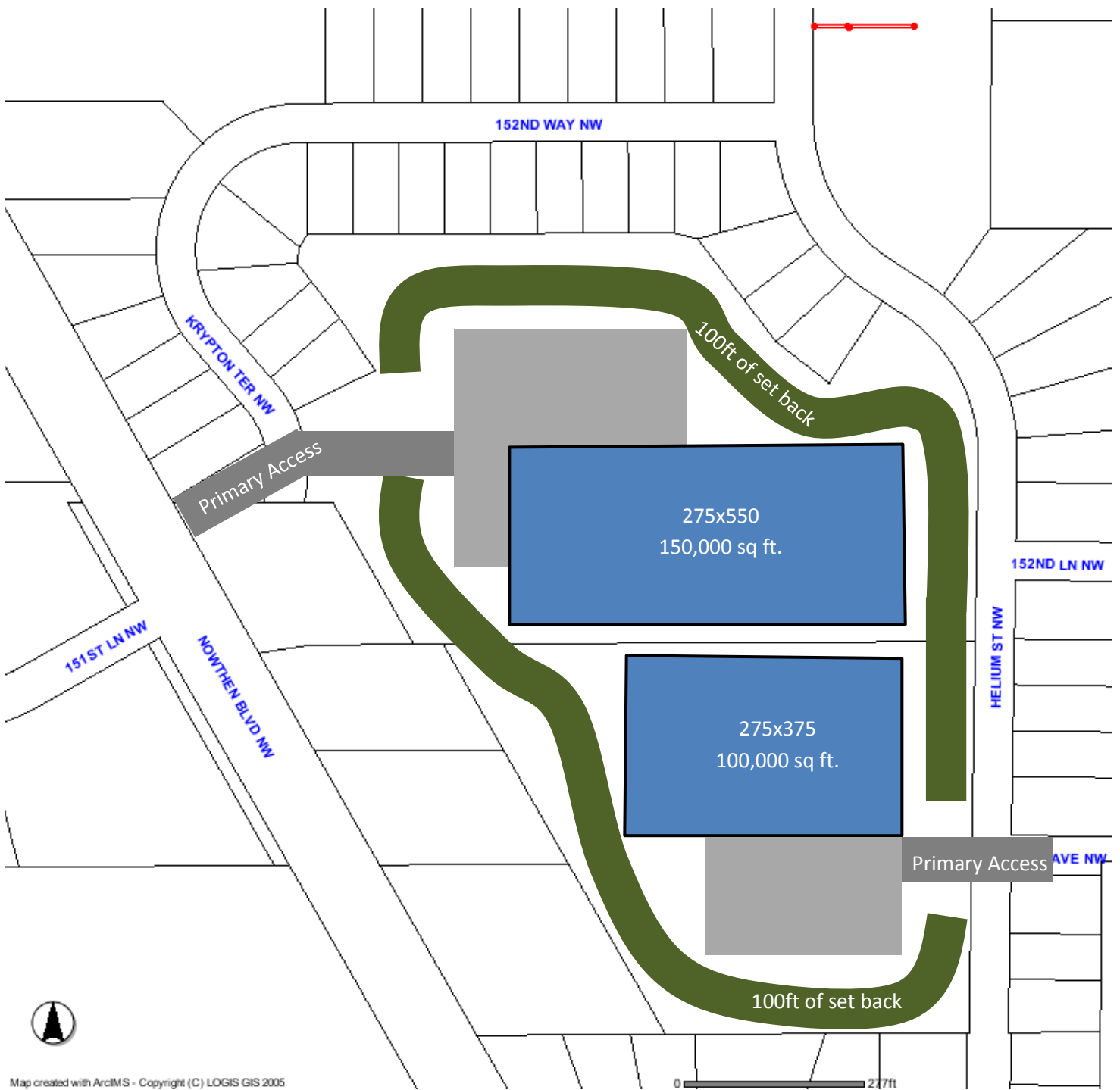
#31832 - October 5, 2012

4400 WEST 78TH STREET, SUITE 200 | MINNEAPOLIS, MN 55435



Single user approach: one building, two parcels:

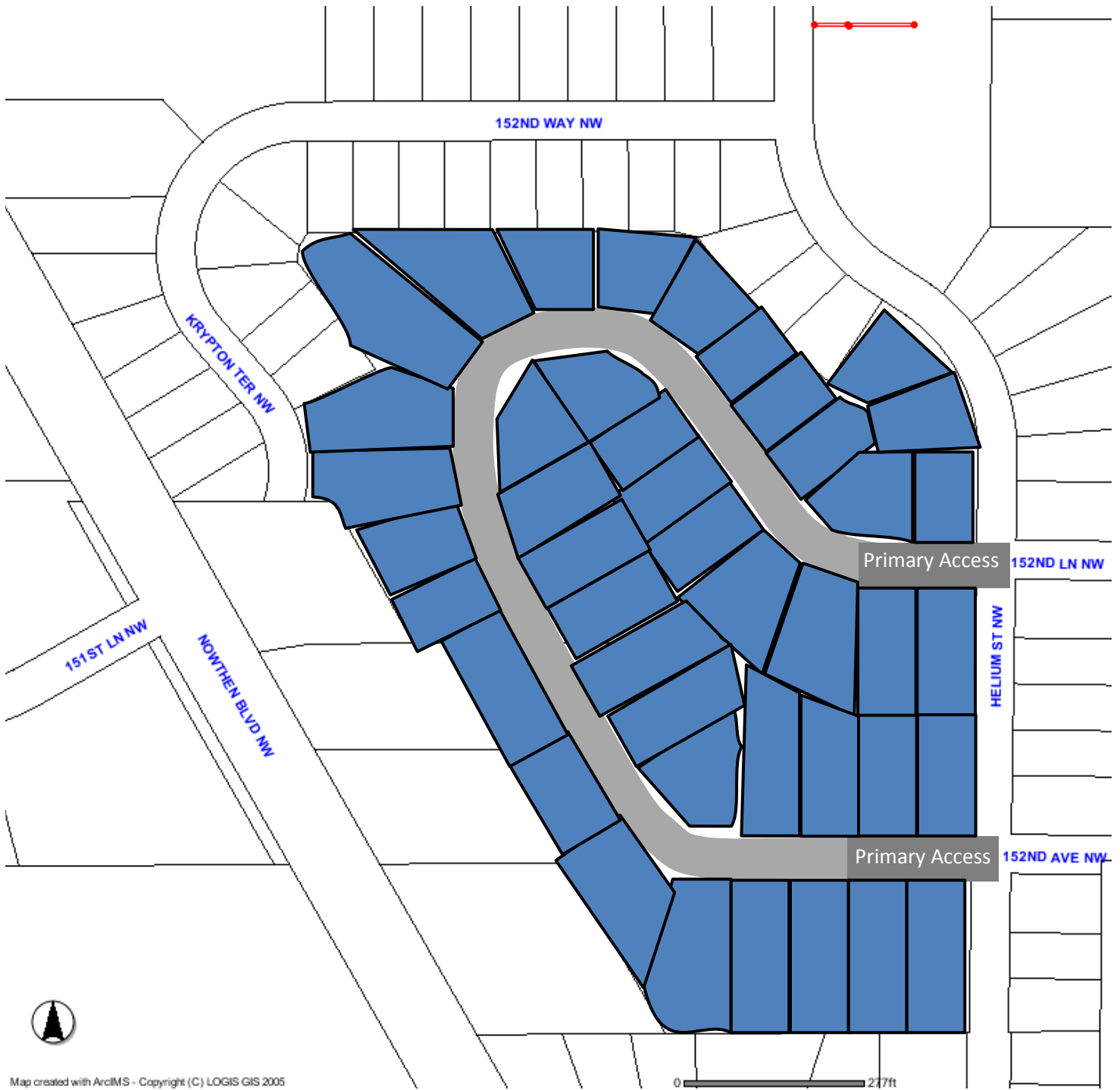
- Please display square footage, # of parking stalls, screening at minimum 100ft
- Access from Nowthen BLVD only



Map created with ArcIMS - Copyright (C) LOGIS GIS 2005

Phased/two user approach: two buildings, two parcels:

- Please display square footage, # of parking stalls, screening at minimum 100ft
- Access from Nowthen BLVD for northern parcel, southern parcel access from Helium St.



Residential Approach, .25 minimum sized lots (.30 if possible)

- Please add a mock road(s) where appropriate from helium street only, planning prefers to have access align with 152nd Ave
- Would like to know the number of homes and length/width of street.

CC Work Session

3. 1.

Meeting Date: 11/13/2012

By: Jo Thieling, Administrative Services

Title:

Review Future Work Session Topics/Calendar

Background:

Attached is a list of future work session topics.

Funding Source:

N/A

Council Action:

For review - no formal action necessary.

Attachments

Future Work Session Topics

Form Review

Inbox	Reviewed By	Date
Kurt Ulrich	Kurt Ulrich	11/08/2012 04:13 PM
Jo Thieling (Originator)	Jo Thieling	11/08/2012 04:20 PM
Kurt Ulrich	Kurt Ulrich	11/08/2012 06:31 PM
Form Started By: Jo Thieling		Started On: 11/08/2012 03:42 PM
	Final Approval Date: 11/08/2012	

Please Note: This document is a Draft Working Document. Any and/or all items are subject to change. The Schedule listed is Tentative

**Future Topics – Tentative Calendar
2012**

Month	Date	<u>CC Work Session</u> Topics for Discussion
November	20	<ul style="list-style-type: none"> • Review Plans and Funding Request for Rail Utility Structure (KU)
November	27	<ul style="list-style-type: none"> • Review 2013 Budget
November/December		<ul style="list-style-type: none"> • Review the Inventory and Rental Rates of Equipment and Facilities (KU) • Review Business Retention Program (PB) • Review Policy and/or Statutory Requirements w/re to Met Council Policy re RALF Lease Revenue (KU) • Review Inventory and Prioritize High Priority Programs and Services (KU) • Review Feedback from Key Stakeholders (Image and Success of Ramsey) (KU) • Update on Exploration of partnerships for Trail Grants and Funding (MR) • Lot Combination Policy (TG) • Volunteer Recognition Program (MR)
Month	Date	<u>HRA</u> Cases for Discussion
November		<ul style="list-style-type: none"> • Review COR Dashboard
December		<ul style="list-style-type: none"> • Review Center Street Project Schedule
Month	Date	<u>FINANCE</u> Cases for Discussion – None Scheduled
Month	Date	<u>PERSONNEL</u> Cases for Discussion – None Scheduled
Month	Date	<u>PUBLIC WORKS</u> Cases for Discussion
November		<ul style="list-style-type: none"> • Review Project Management issues (e.g. 151st & 167th Projects) • Review Different Forms of Correspondence to Residents from Project Development through Project Completion (Public Improvements) (Eng) • Discuss/Update Highway #47 Alignment through Anoka Study – discuss participation • Stop Light Timing at Hwy 47 & Bunker/Sunfish and Hwy 10/Sunfish and Alpine (<i>may discuss triggers on right turn lane when shared with straight ahead – delay?</i>) Others? <i>Also left turn signals vs yellow flashing left turn signals or yield on green to turn left – Bunker & Ramsey – Sunfish and Ramsey – others . . .</i>(KU) • Reconfiguration of and Additional Lanes at 47 and Bunker (KU) • Review History of Private Street West of Highway #47/Bunker (behind SA) (Eng)
December		<ul style="list-style-type: none"> • Review Post Construction Customer Satisfaction Survey (Public Improvements (Engineering)) • Review History of Private Street West of Highway #47/Bunker (behind SA) (Engineering) • Review Project Management Issues (e.g. 151st & 167th Projects)
Month	Date	<u>PARK & REC</u> Cases for Discussion

Month	Date	<u>PLANNING</u> Cases for Discussion
November		<ul style="list-style-type: none"> • Consider Additional Commercial Nodes (167/48 and Armstrong/181st) Review of Scope Process (Following Comp S/W Plan Update) (TG)
Month	Date	<u>EDA</u> Cases for Discussion
November		<ul style="list-style-type: none"> • Review List of Key Stakeholders in the Image and Success of Ramsey (KU)