

AMENDMENT NO. 1 TO PURCHASE AGREEMENT

THIS AMENDMENT NO. 1 TO PURCHASE AGREEMENT (“Amendment”) is made as of the ___ day of September, by and between THE HOUSING AND REDEVELOPMENT AUTHORITY IN AND FOR THE CITY OF RAMSEY, MINNESOTA, a public body politic and corporate under the laws of the state of Minnesota (“Seller”) and KONA PROPERTIES, LLC, a Minnesota limited liability company (“Buyer”).

RECITALS:

A. Seller and Buyer are parties to that certain Purchase Agreement dated September 4, 2012 (the “Purchase Agreement”).

B. Seller and Buyer wish to amend the Purchase Agreement to reflect certain additional agreements between them.

NOW, THEREFORE, in consideration of the premises and for good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties agree as set forth below.

1. Defined Terms. Unless otherwise indicated, capitalized terms shall be defined in the manner set forth in the Purchase Agreement.

2. Legal Description. The existing legal description of the Property was inadvertently not included in the executed Purchase Agreement. Accordingly, the legal description attached hereto as Exhibit A is hereby inserted as Exhibit A to the Purchase Agreement. It is understood and agreed that, prior to Closing, the Property will be re-platted such that the legal description as of Closing shall be Lot 5, Block 1, COR TWO.

3. Special Service District. The following is hereby added as a new Section 5.6 to the Purchase Agreement:

“5.6. **Special Service District**. Seller has advised Buyer that Seller has been working with the City and intends to continue to work with the City after Closing on the City’s adoption of an ordinance establishing a Special Service District pursuant to Minnesota Statutes Sections 428A.01 through 428A.101, as the same may be amended, or the establishment of a similar service district pursuant to future special legislation (either a “Special Service District”). The Special Service District, if established, will include the Property. Buyer agrees that, at the request of Seller, Buyer will cooperate with and assist Seller and the City in the establishment of a Special Service District. Buyer’s obligation to cooperate and assist includes, but is not limited to, an obligation to join in a petition requesting a public hearing on the creation of a Special Service District pursuant to Minnesota Statutes Section 428A.08. Buyer further agrees that Buyer will not file or join in the filing of an objection

pursuant to Minnesota Statutes Section 428A.02, Sub. 4 or Section 428A.09 and will not appeal to the District Court pursuant to Minnesota Statutes Section 428A.02, Subd. 5. Buyer's obligations under this Section 5.6 survive the closing of the transaction contemplated by this Agreement and are binding on any person or entity obtaining any right, title or interest in the Property subject to the Agreement by or through Buyer. Seller may transfer its rights under this Section 5.6 to the City. Buyer acknowledges that an award of monetary damages may be insufficient to compensate Seller for Buyer's breach of Buyer's obligations under this Section 5.6 and agrees that if Buyer defaults in the performance of Buyer's obligations under this Section 5.6 Seller is entitled to seek an order compelling Buyer's specific performance of Buyer's obligations under this Section 5.6."

4. Reference to and Effect on the Purchase Agreement.

(a) Upon the effectiveness of this Amendment, each reference in the Purchase Agreement to "this Agreement", "hereunder", "hereof", "herein" or words of like import referring to the Purchase Agreement shall mean and be a reference to the Purchase Agreement as amended hereby.

(b) Except as specifically set forth above, the Purchase Agreement remains in full force and effect and is hereby ratified and confirmed.

(c) Wherever there exists a conflict between this Amendment and the Purchase Agreement, the provisions of this Amendment shall control.

(d) This Amendment, together with the Purchase Agreement, constitute the complete agreement of Seller and Buyer as to the matters set forth herein and may not be waived, modified or changed, except by writing signed by both Seller and Buyer.

5. Governing Law. This Amendment shall be governed by and construed in accordance with the laws of the State of Minnesota.

6. Headings. Section headings in this Amendment are included herein for convenience of reference only and shall not constitute a part of this Amendment for any other purpose.

7. Counterparts/Electronic Signatures. This Amendment may be executed in counterparts, all of which, when taken together, shall constitute one and the same original. Signatures on this Amendment sent via facsimile or electronic mail shall be deemed effective as original signatures.

8. Time of Essence. Time shall be of the essence as to each and every provision of this Amendment.

IN WITNESS WHEREOF, this Amendment has been executed as of the date first written above.

SELLER;

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

By: _____
Colin McGlone
Its Chairperson

By: _____
Kurt Ulrich
Its Executive Director

BUYER:

KONA PROPERTIES, LLC

By: _____
Name: _____

Title: _____

EXHIBIT A

THAT PART OF OUTLOT H, RAMSEY TOWN CENTER, ANOKA COUNTY, MINNESOTA DESCRIBED AS FOLLOWS:

COMMENCING AT THE NORTHWEST CORNER OF SAID OUTLOT H, THENCE SOUTH 00 DEGREES 11 MINUTES 57 SECONDS EAST ASSUMED BEARING ALONG THE WEST LINE OF SAID OUTLOT H, A DISTANCE OF 118.48 FEET; THENCE NORTH 44 DEGREES 47 MINUTES 55 SECONDS EAST, A DISTANCE OF 28.29 FEET; THENCE NORTH 89 DEGREES 47 MINUTES 46 SECONDS EAST, A DISTANCE OF 235.50 FEET TO THE POINT OF BEGINNING; THENCE CONTINUING NORTH 89 DEGREES 47 MINUTES 46 SECONDS EAST, A DISTANCE OF 77.65 FEET; THENCE SOUTHEASTERLY 163.29 FEET ALONG A TANGENTIAL CURVE, CONCAVE TO THE SOUTHWEST HAVING A RADIUS OF 115.00 FEET AND A CENTRAL ANGLE OF 81 DEGREES 21 MINUTES 18 SECONDS; THENCE SOUTH 08 DEGREES 50 MINUTES 56 SECONDS EAST, TANGENT TO LAST DESCRIBED CURVE, A DISTANCE OF 54.52 FEET; THENCE SOUTHERLY 72.31 FEET ALONG A TANGENTIAL CURVE, CONCAVE TO THE WEST, HAVING A RADIUS OF 479.00 FEET AND A CENTRAL ANGLE OF 08 DEGREES 38 MINUTES 59 SECONDS; THENCE SOUTH 00 DEGREES 11 MINUTES 57 SECONDS EAST, TANGENT TO LAST DESCRIBED CURVE, A DISTANCE OF 77.30 FEET; THENCE SOUTH 89 DEGREES 48 MINUTES 03 SECONDS WEST, A DISTANCE OF 59.99 FEET; THENCE NORTHWESTERLY 90.79 FEET ALONG A TANGENTIAL CURVE CONCAVE TO THE NORTHEAST HAVING A RADIUS OF 200.00 FEET AND A CENTRAL ANGLE OF 26 DEGREES 00 MINUTES 33 SECONDS; THENCE NORTH 64 DEGREES 11 MINUTES 24 SECONDS WEST, TANGENT TO LAST DESCRIBED CURVE, A DISTANCE OF 50.94 FEET; THENCE NORTH 05 DEGREES 41 MINUTES 40 SECONDS WEST, A DISTANCE OF 75.58 FEET; THENCE NORTHERLY 47.96 FEET ALONG A TANGENTIAL CURVE, CONCAVE TO THE EAST HAVING A RADIUS OF 500.00 FEET AND A CENTRAL ANGLE OF 05 DEGREES 29 MINUTES 43 SECONDS; THENCE NORTH 00 DEGREES 11 MINUTES 57 SECONDS WEST, A DISTANCE OF 104.81 FEET TO THE POINT OF BEGINNING.