

June 11, 2013

Kurt Ulrich  
City of Ramsey HRA  
7550 Sunwood Dr NW  
Ramsey MN 55303  
Via Email: kulrich@ci.ramsey.mn.us

Re: Proposal for Loan Agreement Restructuring,  
The Residence at The COR, Ramsey MN

Dear Kurt,

This letter is designed to serve as a proposal for restructuring of the initial Loan Agreement per the Development Agreement that was entered into by F & C Ramsey, LLC ("Developer"), F & C Ramsey Member, LLC ("Borrower"), The Housing and Redevelopment Authority in and for the City of Ramsey, Minnesota (the "HRA"), and the City of Ramsey, Minnesota (the "City"). The proposed restructuring of the Loan Agreement is specifically in regards to the prepayment plan on Loan No. 2 in the Loan Agreement and the forgiveness credit on principal amount of Loan No. 1 outlined in the initial Loan Agreement.

The initial Loan Agreement for Loan No. 2 states, in Section 8.1 of Article VIII of the Development Agreement, that to further assist Developer with the construction of the Housing Development Project, the HRA proposes to make a loan to Borrower in an original principal amount equal to the sum of (i) \$6,825,000.00 (ii) the Costs of Issuance pursuant to the terms of the Loan Agreement and the Note No. 2. In Section 8.5 of Article VIII it goes on to outline the options of prepayment that are available to the Borrower. It states the Borrower may prepay Note No. 2, in whole or in part, at any time and, if in part, from time to time, during the term of Note No. 2. Specifically it states if Borrower prepays \$2,000,000.00 or more on or before the date 12 months after the date of the first disbursement of proceeds of Loan No. 2 (July 16, 2013), the HRA shall forgive \$250,000.00 of the principal amount of Loan No. 1, such forgiveness to be effective as of the date Borrower has prepaid at least \$2,000,000.00.

Our proposed restructuring of the Loan Agreement for Loan No. 2, would result in a reduction in prepay amount that Borrower is required to meet in order to receive forgiveness on the principal amount of Loan No. 1. In conjunction with the reduction in prepay amount that Borrower is required to meet, our proposal also would reduce the received forgiveness amount on the principal amount of Loan No. 1. We would like to restructure the Loan Agreement to state that if Borrower prepays \$1,000,000.00 or more on or before the date 12 months after the date of the first disbursement of proceeds of Loan No. 2 (July 16, 2013), the HRA shall forgive \$125,000.00 of the principal amount of Loan No. 1, such forgiveness to be effective as of the date Borrower has prepaid at least \$1,000,000.00.

The proposed restructuring of the Loan Agreement for Loan No. 2 would effectively reduce the amount of prepayment required for forgiveness on the principal amount of Loan No. 1 from \$2,000,000.00 to \$1,000,000.00 as well as reduce the amount of forgiveness on the principal amount of Loan No. 1 from \$250,000.00 to \$125,000.00. Essentially our proposal would result in a 50% decrease in both the prepayment amount require for forgiveness on the principal amount of Loan No. 1 as well as the amount of forgiveness on the principal amount of Loan No. 1.

Consideration to approve said proposal is very much appreciated.

Very truly yours,



Ryan D. Cronk  
Flaherty & Collins