

**City of Ramsey**  
**Agenda**  
**Housing and Redevelopment Authority (HRA)**  
**Regular Session**  
**Tuesday October 8, 2013**  
**Immediately following City Council**  
**Council Chambers, 7550 Sunwood Drive NW**

- 1. Call to Order**
- 2. Citizen Input**
- 3. Approve Agenda**
- 4. Approve Minutes**
  1. Approve the Following Meeting Minutes:
    1. HRA Regular - July 9, 2013
    2. HRA Regular - July 23, 2013
    3. HRA Regular - August 27, 2013
    2. HRA Regular - September 10, 2013
    3. HRA Special - September 17, 2013
- 5. HRA Business**
  1. Approve Second Amendment to the Real Estate Contract Between the Ramsey HRA and McDonald's USA, LLC.
  2. Approve Extended Contract with Ehlers Financial Advisors for TIF Analysis
- 6. Executive Director's Report**
- 7. Commissioner Input**
- 8. Adjournment**

**HRA Regular Session**

4. 1.

**Meeting Date:** 10/08/2013

**By:** Jo Thieling, Administrative Services

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**Information**

**Title:**

Approve the Following Meeting Minutes:

1. HRA Regular - July 9, 2013
2. HRA Regular - July 23, 2013
3. HRA Regular - August 27, 2013
2. HRA Regular - September 10, 2013
3. HRA Special - September 17, 2013

**Background:**

Staff apologizes that the HRA meetings in August and September did not include the meeting minutes for approval. Those meeting minutes are attached for the HRA to review and approve.

**Notification:**

**Observations/Alternatives:**

**Recommendation:**

**Funding Source:**

N/A

**Action:**

Motion to approve the following meeting minutes

1. HRA Regular - July 9, 2013
  2. HRA Regular - July 23, 2013
  3. HRA Regular - August 27, 2013
  4. HRA Regular - September 10, 2013
  5. HRA Special - September 17, 2013
- 

**Attachments**

[HRA Mts 070913](#)

[HRA Mts 072313](#)

[HRA Mts 082713](#)

[HRA Mts 091013](#)

[HRA SpMts 091713](#)

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**Form Review**

Form Started By: Jo Thieling  
Final Approval Date: 10/01/2013

Started On: 10/01/2013 12:12 PM

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

The Housing and Redevelopment Authority conducted a regular meeting on Tuesday, July 9, 2013, at the Ramsey Municipal Center, 7550 Sunwood Drive NW, Ramsey, Minnesota.

Members Present:     Chairperson Randy Backous  
                            Commissioner Mark Kuzma  
                            Commissioner John LeTourneau  
                            Commissioner Chris Riley  
                            Commissioner Jason Tossey

Members Absent:     Commissioner Sarah Strommen

Also Present:         HRA Executive Director Kurtis G. Ulrich  
                            Deputy Executive Director Timothy Gladhill  
                            City Engineer Bruce Westby  
                            Assistant to the City Administrator Patrick Brama  
                            City Attorney Joe Langel

**1.     CALL TO ORDER**

Chairperson Backous called the regular meeting of the Housing and Redevelopment Authority to order at 8:57 p.m.

**2.     CITIZEN INPUT**

There was none.

**3.     APPROVAL OF AGENDA**

Motion by Commissioner LeTourneau, seconded by Commissioner Kuzma, to approve the agenda as submitted.

Motion carried. Voting Yes: Chairperson Backous, Commissioners LeTourneau, Kuzma, Riley, and Tossey. Voting No: None. Absent: Commissioner Strommen.

**4.     APPROVAL OF MINUTES**

Motion by Commissioner Kuzma, seconded by Commissioner Riley, to approve the following minutes:

Regular Meeting Minutes dated June 25, 2013

Motion carried. Voting Yes: Chairperson Backous, Commissioners Kuzma, Riley, LeTourneau, and Tossey. Voting No: None. Absent: Commissioner Strommen.

## **5. HRA BUSINESS**

### **5.01: Consider Counter Proposal for Sale of Outlot A, RTC 8<sup>th</sup> Addition (This discussion may be closed to the public)**

Executive Director Ulrich stated PSD, LLC, a developer, is proposing to construct 24 units (12 twin home developments) on Outlot A, Ramsey Town Center 8<sup>th</sup> Addition, and had offered to pay about \$1 per square foot for the property. City Administrator Ulrich stated staff researched market values and recommends moving to closed session to discuss whether to make a counter offer.

Executive Director Ulrich stated under Minnesota Statutes, the meeting can move into closed session to consider purchase offers and counter purchase offer negotiations. He indicated closed session discussion will relate to property sale of Outlot A, RTC 8<sup>th</sup> Addition for future development. The closed session will be tape recorded and that tape will be maintained for a period of eight years.

Motion by Councilmember Kuzma, seconded by Councilmember Riley, to move to closed session to discuss counter offer negotiations.

Motion carried. Voting Yes: Chairperson Backous, Commissioners Kuzma, Riley, LeTourneau, and Tossey. Voting No: None. Absent: Commissioner Strommen.

The City Council meeting moved into a closed session at 9:00 p.m.

The City Council reconvened in open session at 9:17 p.m.

Executive Director Ulrich stated the Council held discussion in Closed Session and reached consensus to direct staff to present a counter offer.

## **6. DEVELOPMENT TEAM REPORT**

Executive Director Ulrich provided an update on the Transportation Investment Generating Economic Recovery (TIGER) grant application and on-going projects.

## **7. COMMISSIONER INPUT**

None.

## **8. ADJOURNMENT**

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

Motion carried.

The regular meeting of the Housing and Redevelopment Authority adjourned at 9:22 p.m.

Respectfully submitted,

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Kurtis G. Ulrich  
HRA Executive Director

ATTEST:

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Jo Ann M. Thieling  
City Clerk

Drafted by Carla Wirth  
*TimeSaver Off Site Secretarial, Inc.*

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

The Housing and Redevelopment Authority conducted a regular meeting on Tuesday, July 23, 2013, at the Ramsey Municipal Center, 7550 Sunwood Drive NW, Ramsey, Minnesota.

Members Present:     Chairperson Randy Backous  
                          Commissioner Mark Kuzma  
                          Commissioner John LeTourneau  
                          Commissioner Chris Riley  
                          Commissioner Sarah Strommen  
                          Commissioner Jason Tossey

Members Absent:     None

Also Present:         HRA Executive Director Kurtis G. Ulrich  
                          Deputy Executive Director Timothy Gladhill  
                          Finance Director Diana Lund  
                          City Engineer Bruce Westby  
                          City Attorney Joe Langel

**1.     CALL TO ORDER**

Chairperson Backous called the regular meeting of the Housing and Redevelopment Authority to order at 7:48 p.m.

**2.     CITIZEN INPUT**

There was none.

**3.     APPROVAL OF AGENDA**

Motion by Commissioner LeTourneau, seconded by Commissioner Kuzma, to approve the agenda as submitted.

Motion carried. Voting Yes: Chairperson Backous, Commissioners LeTourneau, Kuzma, Riley, Strommen, and Tossey. Voting No: None.

**4.     APPROVAL OF MINUTES**

None.

**5.     HRA BUSINESS**

**5.01: Consider Offer to Purchase Outlot A of Ramsey Town Center 8<sup>th</sup> Addition (Portions closed to the public)**

**5.02: Consider Offer to Purchase Outlot A of Ramsey Town Center 7<sup>th</sup> Addition (Portions closed to the public)**

Executive Director Ulrich stated the City has received two purchase offers and recommended the HRA consider both in Closed Session. He described the location of Outlot A of Ramsey Town Center 8<sup>th</sup> Addition (3 acres planned for townhouse with some utilities already installed) and Outlot A of Ramsey Town Center 7<sup>th</sup> Addition (3.38 acres planned for multi-level, multi-family housing).

Executive Director Ulrich advised that under Minnesota Statutes, the meeting can move into closed session to discuss confidential or non-public appraisal data and acquisition negotiations. He indicated closed session discussion will relate to the purchase offer for Outlot A of Ramsey Town Center 8<sup>th</sup> Addition and the purchase offer for Outlot A of Ramsey Town Center 7<sup>th</sup> Addition for future development. The closed session will be tape recorded and that tape will be maintained for a period of eight years.

Motion by Commissioner Riley, seconded by Commissioner LeTourneau, to move to Closed Session to discuss acquisition negotiations.

Motion carried. Voting Yes: Chairperson Backous, Commissioners Riley, LeTourneau, Kuzma, Strommen and Tossey. Voting No: None.

The HRA meeting moved into a Closed Session at 7:53 p.m.

The HRA reconvened in Open Session at 8:29 p.m.

Executive Director Ulrich stated the HRA held discussion on the two purchase offers and no final decision was reached except to direct staff to clarify the numbers and continue negotiations.

## **6. DEVELOPMENT TEAM REPORT**

Executive Director Ulrich provided an update on progress with the McDonald's project, Flaherty & Collins lease up, search for an Economic Development Manager, and TIF study of the 400 acres within The COR. He estimated it may take three to four weeks to demolish the book store.

Finance Director Lund stated Flaherty & Collins did not meet the deadline of July 16, 2013, to make a \$2 million payment to obtain reduced principle payments on their first loan.

## **7. COMMISSIONER INPUT**

None.

## **8. ADJOURNMENT**

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

Motion carried.

The regular meeting of the Housing and Redevelopment Authority adjourned at 8:37 p.m.

Respectfully submitted,

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Kurtis G. Ulrich  
HRA Executive Director

ATTEST:

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Jo Ann M. Thieling  
City Clerk

Drafted by Carla Wirth  
*TimeSaver Off Site Secretarial, Inc.*

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

The Housing and Redevelopment Authority conducted a regular meeting on Tuesday, August 27, 2013, at the Ramsey Municipal Center, 7550 Sunwood Drive NW, Ramsey, Minnesota.

Members Present:     Acting Chairperson John LeTourneau  
                            Commissioner Jill Johns  
                            Commissioner Mark Kuzma  
                            Commissioner Chris Riley  
                            Commissioner Sarah Strommen  
                            Commissioner Jason Tossey

Members Absent:     Chairperson Randy Backous

Also Present:         HRA Executive Director Kurtis G. Ulrich  
                            Deputy Executive Director Timothy Gladhill  
                            City Engineer Bruce Westby  
                            Human Resources Manager Colleen Lasher  
                            Assistant to the City Administrator Patrick Brama  
                            City Attorney Joe Langel

**1.     CALL TO ORDER**

Chairperson Backous called the regular meeting of the Housing and Redevelopment Authority to order at 8:14 p.m.

**2.     CITIZEN INPUT**

Wayne Bucholz, 14621 Neon Street NW, asked if there are still two SuperAmericas coming to Ramsey.

Acting Chairperson LeTourneau noted that topic will be considered as Agenda Item 5.01.

Jim Benson, 14131 Junkite Street NW, thanked Commissioner Tossey for providing an explanation relating to taxes and the HRA levy because it is a difficult process and in his mind, a “shell game.”

Commissioner Tossey stated the Ramsey HRA was created to be the master developer when the old Ramsey Town Center was purchased. He stated his hope to reduce and eliminate the HRA’s activity.

**3.     APPROVAL OF AGENDA**

Motion by Commissioner Kuzma, seconded by Commissioner Johns, to approve the agenda as submitted.

Motion carried. Voting Yes: Acting Chairperson LeTourneau, Commissioners Kuzma, Johns, Riley, Strommen, and Tossey. Voting No: None. Absent: Chairperson Backous.

#### **4. APPROVAL OF MINUTES**

- None.

#### **5. HRA BUSINESS**

##### **5.01: Discuss SuperAmerica Properties**

Executive Director Ulrich reviewed the staff report and provided an update on the two SuperAmerica properties, noting a purchase agreement has not been signed but the City has received a letter of interest. With the Armstrong Boulevard site, there is an approved site plan for a convenience store. He stated since there has been renewed interest in that site, he would recommend delaying action until the market study is completed. With regard to the Ramsey Boulevard site, it is part of an existing larger parcel and if directed, staff could steer the property toward a development more consistent with the business/office area as it is a “gateway” parcel.

Commissioner Kuzma recommended allowing SuperAmerica an additional week to complete the market study and if that does not occur, to open the site to other uses.

Commissioner Riley stated support for SuperAmerica on the Armstrong Boulevard site but if that does not occur shortly, he supported placing a “For Sale” sign.

Commissioner Strommen stated the market study only relates to the Armstrong Boulevard site and she supports allowing SuperAmerica time to complete that work. She supported looking at other options for the Ramsey Boulevard site and to open consideration to other uses, such as a pharmacy.

Commissioner Tossey stated he supports the position of Commissioner Riley and to put “For Sale” signs on the HRA properties so it can get out of the development business.

Commissioner Johns concurred.

Acting Chairperson LeTourneau agreed that would be a good approach but the HRA should not forget its strategic plan that specifically outlines this should occur with an Economic Development Director and not as an HRA function. He supported filling that staff position and then market the property by other users.

Commissioner Tossey stated the EDA is still the government doing the work so he supported putting up “For Sale” signs and letting the market do the job.

Commissioner Strommen stated there is a short-term strategy to determine whether SuperAmerica is interested and if not, to market the property. There is also an issue of determining an exit strategy for the HRA to get out of this role. Commissioner Strommen stated the HRA mis-stepped when it advertised to the community that these two sites would be SuperAmericas without first having a purchase agreement.

Executive Director Ulrich stated filling the Economic Development Director position has been delayed and could be taken up again, if the HRA desires. He distributed a recent article relating to selling a high-profile site along the Mississippi River in the City of Champlin through a Request for Proposals (RFP). Executive Director Ulrich suggested the HRA consider listing active and shovel-ready sites, such as the former adult bookstore site, the Kiefer property, or the Ramsey Boulevard (SuperAmerica) site that has roadway and utilities so the HRA can recoup its investment.

Commissioner Riley stated another property is the old Amoco site on Highway 47.

Acting Chairperson LeTourneau suggested that topic be scheduled for discussion at a future HRA meeting.

The consensus of the HRA was to continue to support SuperAmerica on the Armstrong Boulevard site and direct staff to market the Ramsey Boulevard site to potential users other than a convenience store.

#### **5.02: Discuss Subsidy Alternatives for Assisted Living Projects**

Executive Director Ulrich reviewed the staff report and requested direction on the type of subsidy alternatives, if any, would be acceptable to the HRA for an assisted living project. It was noted the City currently has two parcels pending consideration by the City for one-level assisted living projects, both requiring significant assistance from the City. He indicated the estimated return of equity and expenses appear to be reasonable; however, giving the land for free does not meet what the developer wants for equity. Executive Director Ulrich described assistance options to abate taxes or create a Tax Increment Financing (TIF) District. He stated a TIF study/analysis has been completed and will be presented to the HRA on September 17, 2013. It was noted that these two projects would not be constructed this fall and if a funding scenario can be found, they would be constructed in 2014. Executive Director Ulrich stated if there is no interest in offering assistance, staff can so inform the developer.

Commissioner Strommen stated a Housing Assistance Policy would clearly state the City's goals for housing and if the HRA is willing to offer assistance, the level that would be considered. She noted the HRA has already determined policy that TIF is not a consideration. Commissioner Strommen stated if the HRA supports this type of housing, she would support opening it up with an RFP to assure the City attracts the best project to meet its goals.

Executive Director Ulrich stated the Housing Assistance Policy will come forward this fall and these sites would be attractive for an RFP process. He stated the HRA's main asset is the land, which could write down project costs if the HRA chose to subsidize it in that way.

Commissioner Tossey noted the City does not have an attractive tax capacity and abating taxes for this project would not improve it. He stated he does not know where the urgency is coming from to sell this property and he does not support subsidizing this project with TIF or tax abatement as it would not be equitable to the rest of Ramsey's residents.

Commissioner Strommen agreed there is not a lot of urgency so she supports waiting for the TIF study and Housing Assistance Policy.

Acting Chairperson LeTourneau agreed.

The consensus of the HRA was to delay consideration until the TIF Study and Housing Assistance Policy have been completed and reviewed.

## **6. DEVELOPMENT TEAM REPORT / EXECUTIVE DIRECTOR REPORT**

HRA Executive Director Ulrich provided updates on projects and property available for sale as detailed in the staff report. He reported the Landform attorneys have expressed a willingness to renegotiate the contract incentive terms.

## **7. COMMISSIONER INPUT**

None.

## **8. ADJOURNMENT**

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

Motion carried.

The regular meeting of the Housing and Redevelopment Authority adjourned at 8:48 p.m.

Respectfully submitted,

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Kurtis G. Ulrich  
HRA Executive Director

ATTEST:

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Jo Ann M. Thieling  
City Clerk

Drafted by Carla Wirth, *TimeSaver Off Site Secretarial, Inc.*

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

The Housing and Redevelopment Authority conducted a regular meeting on Tuesday, September 10, 2013, at the Ramsey Municipal Center, 7550 Sunwood Drive NW, Ramsey, Minnesota.

Members Present:     Chairperson Randy Backous  
                            Commissioner Jill Johns  
                            Commissioner Mark Kuzma  
                            Commissioner John LeTourneau  
                            Commissioner Chris Riley (arrived at 6:06 p.m.)  
                            Commissioner Sarah Strommen

Members Absent:     Commissioner Jason Tossey

Also Present:         HRA Executive Director Kurtis G. Ulrich  
                            Deputy Executive Director Timothy Gladhill  
                            Finance Director Diana Lund  
                            Fire Chief Dean Kapler  
                            Parks and Assistant Public Works Superintendent Mark Riverblood  
                            Public Works Superintendent Grant Riemer  
                            City Engineer Bruce Westby  
                            Assistant to the City Administrator Patrick Brama  
                            City Attorney Joe Langel

**1.     CALL TO ORDER**

Chairperson Backous called the regular meeting of the Housing and Redevelopment Authority to order at 6:04 p.m.

**2.     CITIZEN INPUT**

There was none.

**3.     APPROVAL OF AGENDA**

Motion by Commissioner Kuzma, seconded by Commissioner LeTourneau, to approve the agenda as submitted.

Motion carried. Voting Yes: Chairperson Backous, Commissioners Kuzma, LeTourneau, Johns, and Strommen. Voting No: None. Absent: Commissioners Riley and Tossey.

#### **4. APPROVAL OF MINUTES**

- None.

#### **5. HRA BUSINESS**

##### **5.01: Adopt Resolution Approving Proposed 2014 HRA Levy**

Finance Director Lund presented the proposed 2014 HRA Levy in the amount of \$207,802, an increase of \$20,534 or 10.96% from 2013. It was noted that this amount can be lowered prior to adoption but cannot increase.

Commissioner Riley arrived at 6:06 p.m.

Chairperson Backous stated he supports eliminating this HRA levy so he will not support a motion to adopt the resolution.

Motion by Commissioner Strommen, seconded by Commissioner LeTourneau, to adopt Resolution #HRA-13-09-153, Approving Proposed 2014 HRA Levy.

Further discussion: Commissioner LeTourneau stated he could also support eliminating the HRA levy if done through a phased transition over several years. Chairperson Backous stated he opposes raising the levy and would prefer it remain even instead of being increased. Commissioner Strommen stated she moved the resolution as it is included in the Council's Strategic Goals and if the HRA levy is eliminated it should be accomplished through a transition. Commissioner Strommen commented on the need to build the City's tax base to fund HRA items so a levy is not needed. She felt there was need for a larger focus on economic development and hoped this levy can be lowered prior to adoption in December.

Motion carried. Voting Yes: Commissioners Strommen, LeTourneau, Johns, and Kuzma. Voting No: Chairperson Backous and Commissioner Riley. Absent: Commissioner Tossey.

##### **5.02: Discuss Request for Proposals for Real Estate Broker Services**

Executive Director Ulrich reviewed the staff report and described the HRA's residential and commercial properties that could be marketed through real estate broker services. He explained the Request for Proposal (RFP) process and suggested sale of The COR properties be discussed separately from this decision. Executive Director Ulrich suggested revising the RFP to add reference to carry-over compensation and a provision for conflict of interest statement by the professional so the City will know other properties they have listed that could result in a conflict.

Chairperson Backous asked why this is an HRA action if it includes City-owned land.

Executive Director Ulrich stated the RFP is written for both the City and HRA since land ownership is under both entities.

Commissioner Strommen asked if this will also be considered by the City Council.

Executive Director Ulrich stated approval of the RFP can be handled administratively; however, the contract would need to be authorized for signature by both the City Council and HRA.

Commissioner Strommen asked that the RFP be revised to reflect that.

Commissioner Riley stated his support for the RFP, noting it requires a licensed broker, which is not a skill of City Staff. He stated he finds this to be a good start.

Commissioner Kuzma stated he supports issuing an RFP, noting sale of properties will also help raise funds for road maintenance.

Commissioner Strommen stated the interested firms are being asked to identify if they are interested in residential and/or industrial land. She asked if more than one firm may be considered in the event that a firm is not interested in marketing both types of property.

Executive Director Ulrich stated it is the intent that more than one brokerage firm would be involved but it could be one firm depending on the strengths of the firm. He stated the RFP can be revised to indicate there may be more than one firm involved.

Commissioner Strommen stated she supports the RFP and clarifying the language so it is clear there may be more than one firm involved.

Commissioner Riley suggested adding language indicating the companies need to be in good standing with real estate and corporate taxes.

Chairperson Backous stated he would prefer to address all properties, including The COR, but understands that will involve additional discussion. He noted this property is an asset worth millions and the sale of this property should have been resolved years ago.

Motion by Commissioner Kuzma, seconded by Commissioner Johns, to authorize staff to draft and issue a Request for Proposals for real estate broker services.

Motion carried. Voting Yes: Chairperson Backous, Commissioners Kuzma, Johns, LeTourneau, Riley, and Strommen. Voting No: None. Commissioner Tossey.

### **5.03: Consider Sidewalk at North Commons Park**

Executive Director Ulrich reviewed the staff report and how the sidewalk would be funded.

Motion by Commissioner LeTourneau, seconded by Commissioner Strommen, to approve installation of a sidewalk at North Commons Park.

Motion carried. Voting Yes: Chairperson Backous, Commissioners LeTourneau, Strommen, Johns, Kuzma, and Riley. Voting No: None. Absent: Commissioner Tossey.

## **6. EXECUTIVE DIRECTOR REPORT**

Executive Director Ulrich reported on the satisfactory resolution with the contractor to level the stockpile of dirt that had raised concerns related to sight lines.

Commissioner Riley stated it appears the HRA paid to have dirt moved to this location and is now paying to have it removed.

Executive Director Ulrich stated this fill material came from the Lake Ramsey site and was stockpiled in this area to complete development of COR TWO. At that time, it was under the direction of Landform to bring a certain amount of fill onto this site but this is excess fill.

Commissioner Strommen stated she remembers conversations about the need to bring in fill. She stated she would be interested in reviewing past notes about that conversation held with Darren Lazan (Landform). She asked about the process for staff to review work of consultants to assure there are checks and balances. Commissioner Strommen stated she is interested in having such a process in place to avoid additional costs.

Chairperson Backous stated a mistake was made along the way and now the HRA is being expected to pay for it. He stated there is also a road that has to be repaved due to an error and early release of escrow funds, which he would like to further discuss with staff and determine if the City Attorney should become involved. Chairperson Backous stated these types of costs should be paid by the contractor and/or its insurance company and not by the residents of Ramsey.

Executive Director Ulrich stated he will report back on how this stockpile came to be in this location.

Commissioner Riley stated he likes that staff has found a way to remove this stockpile at no cost to the City; however, does not like how the stockpile got to this location in the first place.

Executive Director Ulrich reported that SuperAmerica is no longer interested in the Ramsey Boulevard site or the Armstrong Boulevard site so staff has contacted the developers to see if there is another user for these sites.

Commissioner Strommen stated during Happy Days, many asked when McDonalds and SuperAmerica were coming to Ramsey. She stated she remembers a conversation last year when those projects were heavily promoted in the City's newsletter and Chairperson Backous had expressed concern that the "cart was before the horse." Commissioner Strommen cautioned against prematurely promoting projects because if they do not come to fruition, it is perceived as a failure.

Chairperson Backous stated he found that prior action to be of a political nature.

**7. COMMISSIONER INPUT**

None.

**8. ADJOURNMENT**

Motion by Commissioner LeTourneau, seconded by Commissioner Riley, to adjourn the regular meeting of the Housing and Redevelopment Authority.

Motion carried.

The regular meeting of the Housing and Redevelopment Authority adjourned at 6:36 p.m.

Respectfully submitted,

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Kurtis G. Ulrich  
HRA Executive Director

ATTEST:

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Jo Ann M. Thieling  
City Clerk

Drafted by Carla Wirth  
*TimeSaver Off Site Secretarial, Inc.*

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

The Housing and Redevelopment Authority conducted a Special Session meeting on Tuesday, September 17, 2013, at the Ramsey Municipal Center, 7550 Sunwood Drive NW, Ramsey, Minnesota.

Members Present:     Chairperson Randy Backous  
                            Commissioner Jill Johns  
                            Commissioner Mark Kuzma  
                            Commissioner John LeTourneau  
                            Commissioner Chris Riley  
                            Commissioner Sarah Strommen  
                            Commissioner Jason Tossey

Members Absent:     None

Also Present:         HRA Executive Director Kurtis Ulrich  
                            Finance Director Diana Lund  
                            Assistant to the City Administrator Patrick Brama  
                            Stacie Kvilvang, Ehlers & Associates  
                            Mary Ippel, Briggs & Morgan

**1.     CALL TO ORDER**

Chairperson Backous called the special session meeting of the Housing and Redevelopment Authority to order at 7:00 p.m.

**2.     CITIZEN INPUT**

There was none.

**3.     APPROVAL OF AGENDA**

Motion by Commissioner Strommen, seconded by Commissioner Riley, to approve the agenda as submitted.

Motion carried. Voting Yes: Chairperson Backous, Commissioners Strommen, Riley, Johns, Kuzma, LeTourneau, and Tossey. Voting No: None.

**4.     APPROVAL OF MINUTES**

- None.

## **5. HRA BUSINESS**

### **5.01: Receive Presentation from Ehlers and Associates re: TIF Study**

HRA Executive Director Ulrich introduced the item, noting Ehlers and Associates conducted a study of The COR Tax Increment Financing (TIF) District 14 that was created by the City in November of 2011 to generate revenue to pay for adjacent public improvements. He explained it is now time to look again at this property, analyze the TIF District, and determine whether it should be modified to better meet the needs of the City going forward.

Stacie Kvilvang, Ehlers and Associates, explained that TIF provides the ability to capture and use most of the increased local property tax revenues from new development within a geographic area for a defined period of time and without approval of other taxing jurisdictions. She explained how market value is established by the City's Assessor and tax capacity is determined based upon class rate or "capacity to pay" for commercial/industrial, owner-occupied housing, rental housing, and 4D affordable housing. Ms. Kvilvang noted State property taxes are not captured by payment of taxes on owner-occupied or rental housing nor property within TIF Districts. She explained how TIF captures increased value from new development and reviewed how commercial taxes are distributed. Ms. Kvilvang then presented an example of a commercial property with a total taxable market value of \$3 million paying \$131,682 of total taxes, resulting in an annual gross TIF of \$86,862 (developer receives \$.59 on the dollar). She also presented an example of a housing project with a total taxable market value of \$9.5 million paying \$208,169 of total taxes, resulting in an annual gross TIF of \$180,129 (developer receives \$.77 on the dollar after deducting 10% administration and OSA fees).

Ms. Kvilvang explained how TIF is calculated as a whole for a District, not parcel by parcel, so if the current value is less than the base value, no TIF is generated. However, if the current value is more than the base value, then TIF is generated.

Ms. Kvilvang displayed a map depicting COR TIF District 1-14 comprised of 331 parcels with 123 developable areas. She reviewed the square footages available within the Primary Area for various uses and stated she finds some of the estimates may be over reaching as it is a dense development, may not be a reality for the market, and may need refinement. It was noted that COR TIF District 1-14 was created under special legislation, certified on November 28, 2011, and is a 26-year District. She stated TIF can be used for reimbursement to HRA for land acquisition and public improvements prior to creation of the District; future land acquisition and public improvements; construction of the Northstar Transit Station and related infrastructure; and/or, other future public improvements exclusive of parks or City facilities.

Ms. Kvilvang reviewed The COR expenses to date, noting there are \$66 million in TIF eligible costs and \$5.15 million in non-eligible costs (Park, Administration, Marketing). She stated City staff has been aggressive in seeking grants, there are MSA and County dollars, bond proceeds, land sale proceeds, other funds pledged to projects that do not require repayment, and developer financing relating to The Residence at The COR. The net costs to the City total about \$36 million and there is about \$3.5 million in non-reimbursable costs for a grand total of \$39,342.865

not including interest. Ms. Kvilvang noted the dollars under consideration are based on present value dollars.

Ms. Kvilvang stated potential land revenue for all uses in the Primary Area is estimated at \$33,872,780. This number will be refined as better market data becomes available. Potential TIF of the 18 areas has a present value of \$36,716,712 in tax increment. With TIF and land sale proceeds, the sources total \$70,589,491 and after deducting City reimbursables and pay-as-you-go there is a difference totaling \$39,342,865. Ms. Kvilvang explained this means there is about \$30 million extra that can be considered during the HRA's decisions on projects, decertification of parcels, and provide some flexibility in knowing that the development schedule is aggressive and may not be realistic so it can be determined what is more realistic timing. She stated the "clock" for any TIF District does not start until the City receives the first TIF distribution from the County. To date, no TIF has been received and only the VA Clinic and Allina Clinic have increased value. For all other parcels, the current value is less than the base value. Ms. Kvilvang stated approximately \$23 million in new development is needed to get to positive TIF for the District as a whole, which would allow The Residence at The COR Apartments to capture its increment.

Ms. Kvilvang explained that since the District is not generating any increment, the Flaherty & Collins (F&C) development agreement requires it to pay off the bonds of the project in June of 2015 and then the HRA would provide F&C with a pay-as-you-go TIF Note. It was noted that the 4 Year Rule requires the City to have a qualifying District within four years but Ramsey bought the land and put in some roads prior to creating the District so some parcels could be pulled from the District and not generate tax increment until there is a qualifying activity. At that point, they would be put back into the District.

Ms. Kvilvang stated the biggest concern is the obligation to F&C to issue a pay-as-you-go Note. She explained the HRA could amend the special legislation to exempt the District from the 4 Year Rule, reset base values at pay 2014 or pay 2015 values, or keep the base value of the Allina Clinic, the VA Clinic, and The COR Apartments at the pay 2011 certified value. Another option is to obtain special legislation to create The Residence at The COR Apartments as a stand-alone TIF District.

Ms. Kvilvang stated the HRA can look at decertifying selected parcels out of the District and/or a fiscal disparities election. Currently, increment is paid outside the District which creates more TIF for the City to repay itself but there is an impact to other taxpayers. However, the HRA can make a change one time to have it paid inside the District, which would create less TIF for the City to repay itself (approximately \$6.5 million less in TIF) but have no tax impact to other tax payers.

Commissioner Strommen noted the presentation indicates "the end uses established by the AUAR" and asked if that means the Ramsey Town Center or The COR Plan.

Ms. Kvilvang stated it would be back to The COR Plan.

Commissioner Strommen asked why the TIF District boundaries were drawn in that way.

HRA Executive Director Ulrich stated the boundaries were based on a geographic description and included the original Ramsey Towne Center as well as intersections so they could be included within expenditures.

Commissioner Strommen asked what the expectations were at the time the HRA approved the F&C deal. She noted it had been expected there would be tax increment to do the Note and asked what were the expectations.

Ms. Kvilvang explained the tax increment was based on the parcel's estimated base value being zero at the time the TIF District was created so projections estimated \$3 million for the District. She noted there was not the expectation that there would be such a large decline in property values from 2011 to 2012 to 2013.

Commissioner Riley asked why the HRA would not consider the option of resetting values.

Ms. Kvilvang stated she does not see a downside to resetting values since the goal is to assure the HRA is re-paid for its investment.

Chairperson Backous stated he thought the value of the Allina Clinic had been reset.

Ms. Kvilvang stated the HRA did add the Allina Clinic and the VA Clinic to reset the land value so that increment could be captured.

Chairperson Backous supported amending the 4 Year Rule, resetting values, and perhaps putting The Residences in a separate TIF District. He stated he would like to change the election to have the fiscal disparities paid inside the District.

Commissioner Tossey agreed and stated he had objected to paying fiscal disparities outside the District because then the rest of Ramsey subsidizes the TIF District. He stated he would support isolating F&C in its own District only if there is decertification in TIF District 14. Commissioner Tossey stated the HRA needs to take action and decide how this will be handled.

Chairperson Backous stated the option of removing some parcels from the District is another option and there is a strong support from most HRA members that it is not appropriate for housing and they should be taken from the District. Chairperson Backous felt the District was too large, noting it needs \$23 million in value before the TIF "clock" starts and then 23 years before the City realizes any benefit.

Commissioner Tossey pointed out that no current member of the HRA supported the F&C development in the way it was structured and he would not support such a development in the future. Commissioner Tossey stated he supports isolating that project in its own District.

Commissioner Strommen stated she agrees the options presented by Ehlers and Associates are good but she would like to also refine the end uses and schedule in terms of build out. She stated

the TIF District is big and the HRA was over aggressive in its estimate so she does not want to base future decisions on estimates that are over aggressive.

Commissioner Riley noted that less than two years ago, this was created and not much time has passed since that occurred. He stated he assumes the best information available was used to make that decision so he is concerned about the best information available today on which to base a better decision.

Ms. Kvilvang indicated that Ehlers has started discussion with the Assessors to determine where market values will be in 2014 and what a realistic market is for Ramsey. In addition, more thought will go into it than when the District was originally created.

Commissioner Strommen suggested the HRA look at a range, best and worse case scenarios.

Chairperson Backous stated one recommendation is to request special legislation.

Ms. Kvilvang stated the HRA is fortunate to already have a TIF District with special legislation so the Legislature may be more willing to consider an amendment. She stated staff could meet with its legislators to discuss such a request, noting there are others who will be seeking a similar consideration.

Chairperson Backous thanked Ms. Kvilvang and Ehlers and Associates for its work on this matter, noting it will be discussed by the HRA at upcoming meetings.

## **6. EXECUTIVE DIRECTOR'S REPORT**

HRA Executive Director Ulrich reported on the success of the recent event hosting the County Transit Investment Board and tour of the Transit Station.

## **7. COMMISSIONER INPUT**

None.

## **8. ADJOURNMENT**

Motion by Commissioner LeTourneau, seconded by Commissioner Kuzma, to adjourn the special session meeting of the Housing and Redevelopment Authority.

Motion carried.

The special session meeting of the Housing and Redevelopment Authority adjourned at 7:43 p.m.

Respectfully submitted,

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Kurtis G. Ulrich  
HRA Executive Director

ATTEST:

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Jo Ann M. Thieling  
City Clerk

Drafted by Carla Wirth  
*TimeSaver Off Site Secretarial, Inc.*

**HRA Regular Session**

**5. 1.**

**Meeting Date:** 10/08/2013

**Submitted For:** Kurt Ulrich,

**By:**

Jo Thieling, Administrative Services

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**Information**

**Title:**

Approve Second Amendment to the Real Estate Contract Between the Ramsey HRA and McDonald's USA, LLC.

**Background:**

The Council granted a 90-day extension of the McDonald's purchase agreement to extend the July closing date. The original request was for a six month extension; however, a shorter term extension was negotiated (90 days) and Ramsey HRA and McDonald's USA, LLC entered into the First Amendment to the Real Estate Contract with the extended closing date of October 9.

Due to the fact that some open items remain prior to proceeding to close on the property, staff is requesting a 30 extension to November 11, 2013.

The original Real Estate Contract between the HRA and McDonald's USA, LLC as well as the First Amended Contract are attached for Council information.

**Observations/Alternatives:**

There are several outstanding issues to be wrapped up prior to closing:

1. Application for an Examiner's Directive from the Anoka County Examiner of titles. The HRA has not heard back from the Anoka County examiner of titles in regard to an Examiner's Directive that will determine the type of title insurance will need to be secured by closing.
2. Sign package. Staff is working with McDonald's in getting final design and quotes for the sign package that will need to be ordered by the HRA. The cost will be about \$65,000 for both multi-tenant signs. The HRA can authorize contingent upon closing.
3. Final soils agreement. Staff is proposing an escrow to cover soils inspection during construction and a final report to guarantee that the proper soils fill and compaction has been completed per the contract.
4. Final easements are being drafted for recording at closing.

The HRA has the option to not extend the contract which would require McDonald's to either cancel the contract, or waive all contingencies and close by October 23. Given that McDonald's may not be able to waive all contingencies by October 9 (and would therefore cancel the agreement) and the logistics of closing by October 23 is difficult, staff recommends a 30-day extension. A longer extension is not recommended as it would extend the process unnecessarily.

The revised document (with an additional 30-day extension) is now proposed to read:

**SECOND AMENDMENT TO REAL ESTATE CONTRACT**

This SECOND AMENDMENT TO REAL ESTATE CONTRACT ("**Amendment**") is dated \_\_\_\_ between **THE HOUSING AND REDEVELOPMENT AUTHORITY IN AND FOR THE CITY OF RAMSEY, MINNESOTA**, a public body corporate and politic under the laws of the State of Minnesota ("**Seller**") and **McDONALD'S USA, LLC**, a Delaware limited liability company ("**Purchaser**"). The following statements are a material part of this Amendment:

A. Seller and Purchaser entered into a Real Estate Contract dated December 19, 2012 ("Contract") for the property described in Exhibit A attached to the Contract and incorporated into this Agreement by this reference.

B. Purchaser has expended considerable time, money and effort to satisfy the conditions precedent in the Contract.

C. The expiration of the Contingency Period is about to occur, and the parties desire to extend such date.

THEREFORE, in consideration of the mutual covenants contained in the Contract and other good and valuable consideration, the receipt of which is hereby acknowledged between the parties, Seller and Purchaser agree as follows:

1. The expiration of the Contingency Period set forth in Article 6A of the Contract is extended to expire on November 11, 2013.

2. Except as modified by this Amendment, the Contract is ratified and confirmed by the parties.

3. This Amendment may be signed in one or more counterparts, all of which taken together shall constitute one and the same document.

**Recommendation:**

It is recommended that the HRA approve the Second Amendment to the Real Estate Contract Between the Ramsey HRA and McDonald's USA, LLC with an extension of the contingency period to November 11, 2013.

Extending the contingency period will allow the City to proceed to closing with all contingencies removed. Not approving the extension could potentially allow McDonald's to walk away or self-perform on the project improvements, neither option is desirable given the desire of the HRA to close on the property in a timely manner.

**Funding Source:**

Not applicable.

**Action:**

Approve Second Amendment to the Real Estate Contract Between the Ramsey HRA and McDonald's USA, LLC with an extension of the contingency period to November 11, 2013.

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**Attachments**

Original Real Estate Contract McDonalds

First Amendment to Real Estate Contract McDonalds

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**Form Review**

<b>Inbox</b>	<b>Reviewed By</b>	<b>Date</b>
Kurt Ulrich	Kurt Ulrich	10/03/2013 12:32 PM
Form Started By: Jo Thieling		Started On: 10/03/2013 09:19 AM
Final Approval Date: 10/03/2013		

City, State: Ramsey, MN  
Address: Sunwood Drive  
L/C: 022-0575

## REAL ESTATE CONTRACT

This Real Estate Contract ("**Contract**") dated 12/19, 2012, is between **The Housing and Redevelopment Authority in and for the City of Ramsey, Minnesota**, a public body corporate and politic under the laws of the State of Minnesota ("**Seller**"), and **McDONALD'S USA, LLC**, a Delaware limited liability company ("**Purchaser**"). For service of notices under this Contract, see Article 10.

1. **Conveyance:** Seller agrees to sell and convey to Purchaser (or Purchaser's nominee), and Purchaser agrees to purchase from Seller, the real estate located in Ramsey, County of Anoka, State of Minnesota, having a frontage of not less than 250 feet on Sunwood Drive, containing not less than 57,500 square feet (not including roads or public rights-of-way), more particularly described on Exhibit A, together with all easement rights and appurtenances, all buildings and improvements now located on the property, and all of Seller's rights, title and interest in all public ways adjoining the property (with the land, collectively called "**Premises**"). If Purchaser has the Premises surveyed in accordance with the certified survey provided for in Article 6A(4), then, at Purchaser's option, the parties will execute an amendment by which the survey description will be substituted for the Exhibit A description at any time hereafter, if necessary, and provided that such survey legal description is the same as the plat legal description to be recorded prior to closing.

2. **Price:** The purchase price is \$470,000.00.

3. **Deed and Other Documents:** Seller will convey insurable title to the Premises by quitclaim deed, subject only to title and survey matters approved by Purchaser in writing pursuant to the terms set forth in Article 5 of this Contract. Seller will also cause to be delivered to Purchaser, at closing, two restrictive covenants in recordable form, restricting those portions of Seller's other property located adjacent to the Premises and as depicted as Areas 1, 2 and 3 on Exhibit C, in substantially the same form and substance as those restrictive covenants attached to this Contract as Exhibit C-1 and Exhibit C-2. Specifically, the restrictive covenant attached as Exhibit C-1 will be recorded against Area 2 as shown on Exhibit C, and the restrictive covenant attached as Exhibit C-2 will be recorded against Areas 1 and 3 as shown on Exhibit C. Seller acknowledges that this restriction commences and will be recorded upon the earlier of (a) closing or (b) the closing of Seller's sale of that property labeled "Area 2" on Exhibit C to M&W Holding Company, LLC, a Minnesota limited liability company ("M&W Holding Company, LLC"), its member, Jeffrey Wise, or any subsidiary or affiliate of M&W Holding Company, LLC in which the majority interest is held by Jeffrey Wise or M&W Holdings, LLC. Notwithstanding the foregoing, if M&W Holding Company, LLC, its member, Jeffrey Wise, or any subsidiary or affiliate of M&W Holding Company, LLC in which the majority interest is held by Jeffrey Wise or M&W Holdings, LLC, do(es) not close on said property prior to January 1, 2014, or if Seller sells said property to any party other than M&W Holding Company, LLC, its member, Jeffrey Wise, or any subsidiary or affiliate of M&W Holding Company, LLC, in which the majority

interest is held by Jeffrey Wise or M&W Holdings, LLC, the restrictive covenant described in Exhibit C-2 will apply to and be recorded against Areas 1, 2 and 3, and the restrictive covenant attached as Exhibit C-1 will not be recorded or used in any capacity. Seller agrees to execute and deliver to Purchaser any other affidavit, statement or other document normally required by the Title Company (hereafter defined) as a condition for the issuance of the title insurance policy or for the escrow closing provided for below.

4. **Earnest Money:** Purchaser will deposit with the Title Company, as escrowee, within 30 days after the date of final execution of this Contract, \$5,000.00, as earnest money, to be credited against the purchase price at closing. If Purchaser defaults under this Contract and fails to cure the default within 10 days after receipt of notice from Seller, then, upon demand of Seller, the earnest money will be forfeited as liquidated damages, and not as a penalty; and this Contract will become null and void. If this Contract is terminated for any reason other than Purchaser's default, the earnest money will be returned to Purchaser.

5. **Title Insurance:** Purchaser, at Purchaser's sole cost and expense, will order a title commitment of the Premises for a 2006 ALTA owner's policy, with extended coverage, or a comparable form, from Chicago Title Insurance Company ("**Title Company**") in the amount of the purchase price, covering the date of this Contract. Upon final execution of this Contract, Seller will deliver to Purchaser any prior title evidence Seller may have, such as a current abstract or title policy, to expedite further examination of title. If the report on title, binder or commitment (the "**Title Commitment**") discloses any defects in title (other than liens or encumbrances of a definite or ascertainable amount which may be paid at closing by Seller), Purchaser will have 120 days after the opening of escrow to review the Title Commitment and and/or any survey obtained by Purchaser and to deliver to Seller, in writing, any objections that Purchaser may have to such defects described in the Title Commitment and/or survey (including in such notice a copy of the title commitment and survey, which Seller may rely upon at Seller's sole risk) ("**Purchaser's Notice of Objections**"). Seller will deliver to Purchaser, within 5 business days after Seller's receipt of Purchaser's Notice of Objections, a written notice ("**Seller's Response**") responding to each of Purchaser's objections and identifying any of such objections that Seller agrees to cure prior to closing. After receiving Seller's Response, Purchaser may, prior to the expiration of the Contingency Period (as defined hereafter), either (i) waive any objections that Seller has not committed to cure or (ii) terminate this Contract by written notice delivered to Seller at which time Purchaser will immediately be entitled to a refund of the earnest money.

Seller will have no obligation to cure any of Purchaser's objections. However, if Purchaser exercises option (i) above, Seller's commitment in Seller's Response to cure any such objections will then constitute a covenant on the part of Seller under this Contract to complete such cure prior to closing, and Purchaser will have the right to order an updated title commitment at any time. If such defects are not cured or removed prior to closing, Purchaser may, at Purchaser's sole option, either (i) take the title as it then is with the right to deduct from the purchase price liens or encumbrances of a definite or ascertainable amount by giving notice of such election to Seller and tendering performance on Purchaser's part or (ii) terminate this Contract by written notice delivered to Seller at which time Purchaser will immediately be entitled to a refund of the earnest money. Notwithstanding the foregoing, if new title or survey defects are revealed by Purchaser's updated Title Commitment, whether before or after Purchaser may have waived any defects disclosed in the original Title Commitment, Purchaser

will have the right to object to such new defects in the manner described above, except Purchaser will send Purchaser's Notice of Objections to Seller within 3 business days after discovery of the new title defects, and Seller will have 3 business days to provide Seller's Response. Purchaser will then have 3 business days to either (i) take the title as it then is with the right to deduct from the purchase price liens or encumbrances of a definite or ascertainable amount by giving notice of such election to Seller and tendering performance on Purchaser's part or (ii) terminate this Contract by written notice delivered to Seller at which time Purchaser will immediately be entitled to a refund of the earnest money.

#### 6. **Conditions Precedent:**

A. **Contingency Period:** If Purchaser is unable to satisfy the contingencies and/or conditions precedent of this Contract within 170 days after the opening of the escrow ("**Contingency Period**"), or if the soil tests, Phase I ESA (hereafter defined) or Phase II ESA, if applicable, title, survey, permits, or any other matters do not meet with Purchaser's approval or if they disclose matters that make the Premises unsuitable for the purposes stated in this Contract, Purchaser or Seller may, at any time after the expiration of the Contingency Period, terminate this Contract, the money and documents deposited in escrow will be returned to the party depositing them and this Contract will terminate and be of no further force and effect.

If Seller elects to terminate this Contract after the expiration of the Contingency Period, Purchaser will have 10 days after receiving Seller's termination notice to waive, in writing, the contingencies and/or conditions precedent and agree to close this Contract. If Purchaser waives the contingencies and/or conditions precedent, the closing must then take place within 14 days from the date of such waiver. If Purchaser does not waive the contingencies and/or conditions precedent, this Contract will terminate and be of no further force or effect 10 days after Purchaser's receipt of Seller's notice.

Purchaser and Seller covenant to act in good faith and use due diligence to satisfy all contingencies and/or conditions for which they are responsible, and neither party will have the right to terminate this Contract unless they have so performed.

This Contract is subject to the following contingencies and/or conditions precedent:

1. **Permits:** Purchaser obtaining, after expiration of all applicable appeal periods, all permits, variances, special use permits, licenses, permissions, approvals or other authorizations (collectively called "**Permits**") necessary for the construction and operation of a McDonald's restaurant, including Purchaser's signs and special service windows, and playland or PlayPlace and Purchaser's ability to operate 24 hours a day / 7 days a week (all at Purchaser's option), built according to Purchaser's plans and specifications, including, without limitation, curb cuts in connection with the facility deemed necessary or desirable by Purchaser. Seller agrees to execute any necessary documents, make appearances and do other things as Purchaser may reasonably request, at no cost or liability to Seller.

2. **Zoning:** Seller will, if necessary, use best efforts to obtain, or, where appropriate, assist Purchaser in obtaining the approval of all public and governmental authorities as to all matters relating to zoning, subdivision, lot splits, lot ties, replats or similar requirements for use of the Premises as a McDonald's restaurant in accordance with

Purchaser's plans and specifications as will permit Purchaser to obtain all necessary permits, licenses and approvals referred to above. Seller agrees to pay the expense of application and engineering and any other incidental costs relating to such approval or the recordation of a final parcel map or plat. Seller further agrees to dedicate or grant any easements for public ways and to diligently perform and pay for any improvements located off the Premises to the extent required by the Declarations (as defined in the Article 6A(13)). Purchaser will pay its proportionate share for such improvements, if any and if required by the Declarations.

3. **Utilities:** Purchaser confirming all water and gas mains, electric power lines, telephone, cable/DSL and/or internet lines, sanitary and storm sewer lines are located in the public right-of-way and at the property line of the Premises and are available and adequate for Purchaser's intended use. Seller agrees to extend sanitary and storm sewer lines and water mains to the Premises meeting Purchaser's specifications within 60 days from the date of closing, but in no event prior to May 15, 2013. Purchaser will, upon written request from Seller, promptly reimburse Seller for any and all impact, tap and connection fees associated with such utilities if paid by Seller. If any other utility lines are not available or not adequate, in Purchaser's sole discretion, for Purchaser's intended use, or if Purchaser decides, in Purchaser's sole discretion, that it is unwilling to expend any costs associated with extending such utilities to the Premises, then Purchaser may terminate this Contract, in which event this Contract will be null and void and of no further force and effect.

4. **Survey:** Purchaser obtaining a certified topographical survey, in accordance with Purchaser's standards, to be performed by a licensed surveyor, showing the area, dimensions and location of the Premises to the nearest monuments, streets, alleys on all sides, the topography, the location of all available utilities in adjoining streets, alleys or property, the location of all improvements and encroachments, the location of all recorded easements against or appurtenant to the Premises, and not disclosing any condition rendering the Premises unusable, in Purchaser's sole judgment, for the purposes stated in this Contract. If Purchaser elects to terminate due to Seller's default under this Contract, Seller will reimburse Purchaser for the cost of the survey within 30 days after written request.

5. **Soil Tests:** Purchaser obtaining boring, percolation, environmental and other soil or groundwater tests (the "Tests") describing the physical characteristics of the substrata of the Premises and showing that the soil and ground water are not contaminated with hazardous substances as defined or regulated under any federal, state or local laws relating to health, safety or the environment ("**Environmental Law**"), and that the Premises are satisfactory, in Purchaser's sole judgment, for the purposes stated in this Contract. All Tests will be performed between the hours of 8:00am and 5:00pm. Purchaser will provide written notice to Seller prior to entering the Premises to perform any Tests, which notice will include (i) a description of the type of testing to be performed; (ii) the date Purchaser plans to conduct the Tests and (iii) the identity of the contractor who will be performing the Test(s), and Purchaser will use good faith efforts to send such notice to Seller as many days as is reasonable possible prior to the planned date of the performance of the Tests.

6. **Phase I and II Environmental Site Assessments:** Purchaser may, at Purchaser's expense, obtain a written Phase I Environmental Site Assessment ("**ESA**") of the Premises conducted in accordance and compliance with the ASTM E1527-05 and 40 C.F.R. Part 312, et seq., standards and regulations for conducting Phase I ESAs ("**ESA Standards**

**and Regulations**"). The environmental professional, qualified to conduct an ESA in accordance with the ESA Standards and Regulations ("**Environmental Professional**") chosen by and acceptable to Purchaser will conduct the ESA.

If the Phase I ESA or any other soil tests identify any recognized environmental conditions, indicate that any hazardous substances are located on the Premises or recommend further Phase II environmental testing, Purchaser may, at Purchaser's option: (a) terminate this Contract and declare this Contract of no further force and effect; or (b) order, at Purchaser's expense, a written Phase II ESA to be undertaken as recommended by the Phase I ESA. If the written Phase II ESA is unacceptable to Purchaser, in Purchaser's sole judgment, Purchaser may, at Purchaser's option: (a) terminate this Contract and declare this Contract of no further force and effect; or (b) direct Seller, and Seller covenants, to remediate, remove and dispose of any environmental condition identified in the Phase II ESA that is a "Recognized Environmental Condition" as defined in ASTM E1527, for which remediation, removal and/or disposal is required by Environmental Law, to the extent required by the Minnesota Pollution Control Agency, with all costs and expense of any investigation, remediation, removal or disposal of hazardous substances, as required by Environmental Law, at the Premises to be paid by Seller, all of which must be completed within a timeframe acceptable to Purchaser. Seller indemnifies and holds Purchaser harmless and will defend Purchaser from and against any liability, obligation, damage, cost, expense, fines and penalties, including attorney's fees and costs, resulting directly or indirectly from the presence, removal or disposal of any hazardous substances at the Premises, which indemnity obligation will survive closing or termination of this Contract for a period of one year from the date of final execution of this Contract.

7. **Access:** Purchaser obtaining access to public thoroughfare(s) adequate, in Purchaser's sole judgment, for Purchaser's intended use of the Premises.

8. **Off-Site Costs:** Purchaser determining that Purchaser's off-site and extraordinary costs will not exceed \$10,000.00. "**Off-site and extraordinary costs**" will be defined as all costs and expenses other than construction costs for Purchaser's standard building and site improvements. Off-site and extraordinary costs include, but are not limited to: contaminated soil and ground water removal or remediation; costs to extend utility lines to the site; costs to construct off-site drainage or sewage treatment facilities; permit fees; impact fees; legal fees; expert and consulting fees for non-employees; costs and expenses for easements and additional property used in conjunction with the Premises; and costs or expenses related to roadways or the surrounding public rights-of-way. However, the parties' respective obligations to provide or pay for any of the above items may be stipulated elsewhere in this Contract.

9. **Intentionally Deleted.**

10. **Easements and Approvals:** Purchaser obtaining any and all necessary (in Purchaser's sole and absolute discretion) of the following: (i) perpetual, insurable easements and/or easement agreements in recordable form and (ii) approvals and/or amendments and/or consents and/or waivers from Seller or any third parties (including but not limited to non-disturbance agreements) necessary by any recorded or non-recorded documents in order for Purchaser to construct and operate Purchaser's desired improvements or in order to avoid any

interference with the rights, duties and obligations contemplated by this Contract. All of the foregoing (i) and (ii) must be acceptable to Purchaser in Purchaser's sole and absolute discretion at no additional cost to Purchaser and Purchaser will have the right to review all recordable documents prior to their recordation.

11. **Access Drives:** Purchaser determining that the access roads as legally described and depicted upon Exhibit B (the "Private Access Roads"), are fully constructed and operational, and provide adequate access for Purchaser's intended use of the Premises. Purchaser and Seller acknowledge that certain third parties will be responsible for construction of the Private Access Roads. Purchaser acknowledges and agrees to reimburse the constructing parties (or Seller, if Seller has paid Purchaser's share prior to closing) for Purchaser's pro rata share of the cost of constructing the roads, pursuant to a separate agreement. Notwithstanding the foregoing, if the Private Access Roads are not completed or are not constructed in a manner acceptable to Purchaser, in Purchaser's sole discretion, Purchaser may either (i) terminate this Contract, in which event Purchaser will not be responsible for any costs or expenses associated with the Private Access Roads or (ii) proceed to closing and complete or re-construct the Private Access Roads in a manner acceptable to Purchaser, pursuant to the terms of Article 5 of the Seller's Work Rider.

12. **Signage:** Purchaser determining, in Purchaser's sole discretion, that it will be able to obtain adequate signage for its intended development, through recorded agreements or otherwise. Notwithstanding the foregoing, Purchaser and Seller agree that Purchaser is entitled to the following signage: (i) one (1) 4' x 4' panel on the "Project Entry Sign" as shown on Exhibit D-1; (ii) one (1) 6' x 8' panel on the "Project Gateway Sign" as shown on Exhibit D-2; (iii) one panel on the east side of the "Community Pylon" as shown on Exhibit D-3 and (iv) Seller and Purchaser agree that Purchaser has the right to construct a temporary pylon sign at the corner of Highway 10 and Armstrong as shown on Exhibit D-4, and that the costs of such temporary pylon sign will be distributed amongst Purchaser, Seller and any relevant third parties in a manner that is mutually acceptable to Purchaser and Seller. Seller further agrees to use commercially reasonable efforts to obtain all necessary permits, approvals and/or easements to construct a permanent pylon sign at or near the aforementioned location when the Armstrong/Highway 10 interchange construction is complete. To the extent Seller undertakes to construct such pylon sign, Seller agrees that Purchaser will be granted at least one panel on the permanent pylon sign, and Purchaser and Seller further agree that the costs associated with such permanent pylon sign, should one eventually be constructed, will be distributed amongst Purchaser, Seller and any relevant third parties in a manner that is mutually acceptable to Purchaser, Seller and such relevant third parties. Nothing herein will preclude Seller from constructing such sign and providing panels thereon to third parties if Seller, Purchaser and relevant third parties cannot come to agreement as to the location of the sign, Purchaser's panel thereon and the distribution of the costs related thereto.

13. **Declaration(s):** Seller has informed Purchaser, and Purchaser has acknowledged that the Premises is or may be encumbered by one or more Declarations, including but not limited to that certain Agreement and Declaration of Easements, Covenants and Restrictions for COR TWO dated \_\_\_\_\_, recorded \_\_\_\_\_, that certain Declaration of Signage and Related Electrical Line Easements, dated \_\_\_\_\_, 2012, recorded \_\_\_\_\_, 2012, and that certain Agreement Relating to the Plat of COR TWO,

dated \_\_\_\_\_, 2012, recorded \_\_\_\_\_, 2012 (collectively, the "Declarations").

Notwithstanding anything contained in this Contract to the contrary, Purchaser will have the right to review the Declarations during the time period set forth in Article 5 to assure that the terms and provisions of the Declarations are acceptable to Purchaser, and that the Declarations are not in conflict with the business or legal parameters of this Contract or Purchaser's intended use of the Premises. Seller acknowledges that Purchaser may request certain modifications and/or amendments to the Declarations that Purchaser deems necessary or desirable, in Purchaser's sole opinion, for Purchaser's intended construction and operation of Purchaser's improvements on the Premises and Purchaser's intended use of the Premises (the "**Requested Declaration Amendment(s)**"), and Seller agrees to take all commercially reasonable steps necessary to obtain the Requested Declaration Amendment(s). If the terms of the Declarations are not acceptable to Purchaser, in Purchaser's sole opinion, and/or if Seller is unable to obtain the Requested Declaration Amendment(s), Purchaser may, at its option, terminate this Contract and declare this Contract null and void and of no further force and effect.

B. **Access:** Seller grants to Purchaser, Purchaser's agents and contractors, the right to enter upon the Premises to make the Tests (as defined in Article 6A(5)), surveys, and environmental assessments. In the event that Purchaser's entry upon the Premises disturbs any portion of the Premises, Purchaser agrees to restore the Premises to substantially its prior condition. Purchaser agrees to indemnify, defend and hold Seller harmless from and against any and all losses, damages, causes of action, claims, liabilities, cost and expenses (including reasonable attorneys' fees and court costs), suffered or incurred by Seller as a result of, directly or indirectly, the conduct of the Tests, surveys and/or environmental assessments or the entry upon the Premises by Purchaser, its agents, contractors, employees, licensees and invitees, which indemnity obligation will survive closing or termination of this Contract for a period of one year from the date of final execution of this Contract. The foregoing will not include, however, any cost, expense, claim or liability arising out of or in any way related to contaminated soil, asbestos or other environmental hazards discovered by the Tests or environmental assessments, or for any pre-existing physical conditions upon the Premises, to the extent that Purchaser did not create or exacerbate such conditions.

#### 7. **Possession and Demolition:**

A. **Possession:** Seller covenants to deliver sole and actual possession of the Premises to Purchaser, free and clear of all tenancies and parties in possession on the date title passes to Purchaser, subject to the easements contemplated in this Contract.

B. **Demolition:** Seller further covenants to demolish and remove from the Premises all signs, encroachments and existing improvements, including foundations and underground tanks, if any, within 10 days after Purchaser notifies Seller that all contingencies and/or conditions precedent have been satisfied or waived. This provision is a contingency of this Contract.

C. **As-Is:** Purchaser acknowledges that except for any obligations or express warranties and representations contained in this Contract or any instrument, document or agreement to be delivered to Purchaser at Closing, Purchaser is not relying on any written, oral, implied or other

representations, statements or warranties by Seller or any agent of Seller or any real estate broker or salesman. All previous written, oral, implied or other statements, representations, warranties or agreements, if any, are merged herein. Except as expressly set forth herein, Seller will have no liability to Purchaser, and Purchaser hereby releases Seller from any liability (including, but not limited to, contractual and/or statutory actions for contribution or indemnity), for, concerning or regarding (i) the nature and condition of the Premises, including, but not limited to, the suitability thereof for any activity or use; (ii) any improvements or substances located thereon; or (iii) the compliance of the Premises with any laws, rules, ordinances or regulations of any government or other body. PURCHASER ACKNOWLEDGES THAT SELLER HAS MADE NO, AND EXPRESSLY DISCLAIMS ALL, REPRESENTATIONS, WARRANTIES, COVENANTS AND AGREEMENTS, WHETHER IMPLIED OR BY OPERATION OF LAW, WITH RESPECT TO ANY MATTER AFFECTING THE PREMISES, INCLUDING BUT NOT LIMITED TO: (i) THE CONDITION, SUITABILITY, HABITABILITY, MERCHANTABILITY OR FITNESS OF THE PREMISES FOR PURCHASER'S PLANNED USE OF THE PREMISES; (ii) THE AVAILABILITY OR EXISTENCE OF ANY WATER, SEWER OR UTILITIES (PUBLIC OR PRIVATE); AND (iii) THE EXISTENCE OF ANY HAZARDOUS SUBSTANCE IN, ON, OR ABOUT THE PREMISES. PURCHASER ACKNOWLEDGES THAT THE PREMISES IS BEING SOLD "AS IS". THE PROVISIONS OF THIS PARAGRAPH WILL SURVIVE THE CLOSING HEREUNDER.

8. **Escrow:** This sale will be closed in escrow with the Title Company, under a deed and money escrow agreement conforming with this Contract, within 14 days after all contingencies and/or conditions and provisions of this Contract have been satisfied or waived by Purchaser and the Title Company is prepared to issue its final owner's policy, subject only to the approved title matters. Prior to closing, Seller will submit to Purchaser for approval a copy of the required deed and copies of the restrictive covenants described in Article 3. The submission and approval of these documents is a contingency of this Contract.

Seller and Purchaser agree that because Seller is a government entity exempt from the payment of real estate taxes, there will be no current or outstanding real estate taxes prior to closing. Notwithstanding the foregoing, if there are any outstanding real estate taxes or special assessments due and payable on or before closing, Seller will be responsible for those costs.

If the Premises is part of a larger parcel and is not separately assessed as of the date of closing, Purchaser's prorata share will be calculated in the following manner: (A) in the case of the land, the numerator of the fraction will be the land area of the Premises, and the denominator of the fraction will be the total land area of the property covered by the tax bill; (B) in the case of buildings, if there is no separate assessment for the building(s) on the Premises, the numerator of the fraction will be the area of the building(s) on the Premises, and the denominator of the fraction will be the total area of all buildings located on the property covered by the tax bill. Purchaser's prorata share will not include taxes attributable to improvements, unless there is a building on the Premises and Purchaser intends to use such building. For purposes of this Article 8, the term "**Premises**" will not be deemed to include any easement areas.

All transfer and conveyance taxes or documentary stamps and special real estate taxes and assessments will be paid by Seller. The cost of recording the documents called for in this Contract will be paid by Purchaser. The cost of the escrow will be divided equally between

Seller and Purchaser. Seller and Purchaser will pay other closing costs not expressly identified in this Article 8 according to local custom in Anoka County, Minnesota.

At closing, Seller will deliver the following: (1) the quitclaim deed, pursuant to Article 3 of this Contract; (2) an affidavit indicating that on the Closing Date there are no outstanding, unsatisfied judgments, tax liens or bankruptcies against or involving Seller, that there has been no skill, labor or material furnished to the Premises by or at the request of Seller for which mechanics' liens could be filed, and that there are no other unrecorded interests in the Premises of any kind, including but not limited to any leasehold interests in the Premises, except for those title exceptions of record approved in writing by Purchaser pursuant to Article 3 of this Contract; (3) a Certification Regarding Non-Foreign Status ("Non-Foreign Affidavit"), executed and sworn to under oath on behalf of Seller, in satisfaction of Section 1445(b)(4) of the Internal Revenue Code of 1986, as amended; (4) a settlement statement consistent with this Contract and (5) such certificates and other documentation as Title Company may reasonably request from Seller in order to issue the Owner's Policy to Purchaser.

**9. Time of the Essence:** Time is of the essence of this Contract, but any defaulting party will have 10 days after receipt of notice of a default to cure before the other party may exercise the remedies available to it under this Contract, namely: Seller may, as Seller's sole remedy, terminate this Contract and retain the earnest money as liquidated damages, and Purchaser may, as Purchaser's sole remedy, terminate this Contract and receive a refund of the earnest money and Seller will further reimburse Purchaser for all title, survey, engineering, architectural, legal and other fees reasonably incurred by Purchaser in reliance on this Contract, up to a maximum amount of \$75,000.00 within 30 days after receipt of a reasonably detailed written invoice from Purchaser (not including the refund of the earnest money). Notwithstanding the foregoing, in the event of litigation between Seller and Purchaser regarding this Contract, the prevailing party will be entitled to recover reasonable attorney fees, costs, and expenses (including expert fees and costs) incurred in connection with the prosecution or defense of such action, including any appeal, in addition to all other relief provided for in this Article 9. For the purposes of this Contract, "prevailing party" will mean the party which obtains the principal relief it has sought, whether by compromise, settlement, judgment or otherwise. In addition, the non-prevailing party will be responsible for payment of any and all actual third party costs and/or expenses (including, without limitation, reasonable attorney's fees and expert fees) incurred by the prevailing party in the enforcement of any of its rights and/or remedies under this Contract.

**10. Notices:** If at any time, it becomes necessary or convenient for one of the parties to serve notice, demand or communication upon the other party, such notice, demand or communication must be in writing, signed by the party serving notice, sent by nationally recognized overnight carrier or registered or certified United States mail, return receipt requested and postage or other charges prepaid. If intended for Seller, the notice must be addressed to The Housing and Redevelopment Authority in and for the City of Ramsey, Minnesota, 7550 Sunwood Drive NW, Ramsey, MN 55303 or if intended for Purchaser, the notice must be addressed to One McDonald's Plaza, Oak Brook, IL 60523, Attention: Director, U.S. Legal Department L/C 022-0575 and a copy to 1650 W. 82<sup>nd</sup> Street, Southpoint Office Center, Suite 900, Bloomington, MN 55431, Attention: Real Estate Manager, L/C 022-0575 or such other address as either party furnishes to the other, in writing, as a place for the service of notice. Any notice so sent will be deemed given as of receipt.

**11. Conflicts of Interest:** Seller and (if Seller is not an individual) the party(ies) executing this Contract for or on behalf of Seller, or as a representative of Seller, represent that, to the best of his/her/their knowledge, he/she/they, or any person connected directly or indirectly with Seller is/are not (an) agent(s), employee(s), servant(s), supplier(s), licensee(s) or officer(s) of Purchaser or any subsidiary, affiliate or parent corporation or related to any agent, employee, servant, supplier, licensee or officer of Purchaser or any subsidiary, affiliate or parent corporation. The parties executing this Contract acknowledge that Purchaser relies upon Seller's representations as inducement to enter into this Contract. Any misrepresentation will be grounds for Purchaser to terminate this Contract.

**12. Covenants:** All of the covenants, warranties, representations and agreements in this Contract will survive closing and extend to and be binding upon the heirs, executors, administrators, successors and assigns of the respective parties for a period of 1 year after the date of final execution of this Contract. It is understood that there are no oral or written agreements or representations between Seller and Purchaser affecting this Contract; and this Contract supersedes and cancels any and all previous negotiations, arrangements, representations and understandings, if any, between the parties. This Contract may be modified or altered only by an agreement in writing between the parties; and no act or omission of any employee or agent of the parties or any broker, if any, will alter, change or modify any of the provisions of this Contract.

**13. No Waiver:** No waiver by either party of any term, covenant or condition ("**Provision**") under this Contract by the other party will be effective or binding upon such party unless given in the form of a written instrument signed by such party, and no such waiver will be implied from any omission by such party to take action with respect to such Provision. No express written waiver of any Provision will affect any other Provision or cover any period of time other than the Provision and/or period of time specified in such express waiver. One or more written waiver(s) of any Provision will not be deemed to be a waiver of any subsequent Provision.

**14. Authority to Sign:** No employee or agent of Purchaser (other than an authorized signatory) has authority to execute this Contract or make any other warranty, representation, agreement or undertaking. The parties' submission of this document for examination and negotiation does not constitute an offer to purchase or a reservation of or option for the Premises and this document will become effective and binding only upon final execution and delivery by Seller and an authorized signatory of Purchaser. The parties executing this Contract on behalf of Seller and Purchaser represent that they have authority and power to sign this Contract on behalf of Seller and Purchaser. No act or omission of any employee or agent of the parties or any broker will alter, change or modify any provisions of this Contract.

**15. Anti-Terrorism Representation and Warranty:** Seller and Purchaser each represent and warrant that neither they nor the officers and directors controlling Seller and Purchaser, respectively, are acting, directly or indirectly, for or on behalf of any person, group, entity or nation named by the United States Treasury Department as a Specially Designated National and Blocked Person, or for or on behalf of any person, group, entity or nation designated in Presidential Executive Order 13224 as a person who commits, threatens to commit or supports terrorism; and that they are not engaged in this transaction directly or indirectly on behalf of, or facilitating this transaction directly or indirectly on behalf of, any such person, group, entity or nation. Each party agrees that in the event of a breach of this provision or any applicable law

relating to the subject of this provision, the non-breaching party may take such action as may be necessary in order to comply with this provision and/or the applicable law, including, but not limited to, terminating this Contract.

**16. Right of Re-Entry:** The deed described in Article 3 of this Contract will contain a reservation of a right of re-entry, which right of re-entry will be superior to any mortgage on the Premises, for breach of conditions subsequent in favor of Seller pursuant to which Seller may commence an action in Anoka County District Court seeking an order re-vesting title to the Premises in Seller if (i) Purchaser does not commence construction of the improvements on the Premises (the "Purchaser's Improvements") within 720 days after the date of the deed; or (ii) Purchaser does not substantially complete the construction of Purchaser's Improvements within 1080 days after the date of the deed. For purposes of this right of re-entry, Purchaser will be deemed to have commenced construction when Purchaser has (a) obtained building permits for the construction of Purchaser Improvements; and (b) caused material or labor to be furnished to the Premises in a manner and to an extent sufficient that a mechanic's lien for such work would attach and take effect pursuant to Minn. Stat. §514.05, and Purchaser will be deemed to have substantially completed construction of Purchaser Improvements when Purchaser opens for business on the Premises. Seller may redeem the Premises from foreclosure, as an owner, within the time allowed by law. The provisions of this Article 16 will survive closing.

**17. Section Headings:** Article and section headings used in this Contract are for reference and identification only and are not intended to in any way limit or amplify the terms and provisions of this Contract.

**18. Assignment:** Purchaser will not have the right to assign this Contract or any interest herein without the express written consent of Seller, which consent will not be unreasonably withheld, conditioned or delayed, and in the event Seller consents to such assignment, Purchaser will remain liable for, and the assignee will assume, all obligations of Purchaser hereunder. Notwithstanding the foregoing, Purchaser may, without the consent of Seller, assign this Contract or its rights under this Contract to any affiliate, subsidiary or parent corporation thereof.

**19. Governing Law.** This Contract will be governed by and construed in accordance with the laws of the State in which the Premises is located. This Contract will be enforced in any state or federal court with proper jurisdiction located in the State of Minnesota.

**20. Counterparts:** This Contract may be executed in multiple counterparts, each of which will constitute an original hereof, and all of which taken together will constitute one and the same Contract.

**21. Days:** Any reference to "day" or "days" in this Contract will, unless the context clearly requires otherwise, mean calendar days. Any reference to "business days" will mean calendar days excluding Saturdays, Sundays, or legal holidays of the States of Minnesota and Illinois. Any time period provided herein (whether relating to delivery of documents or other items, or relating to the inspection period, closing or any other matter) that ends on a day that is not a business day will be deemed to be extended to the immediately following business day.

**22. Broker's Commission:** The parties to this Contract represent to each other that they have not dealt with any real estate agent, broker, finder or any other entity which is or may be entitled to a commission as a result of this transaction, except for Colliers, located at 4350 Baker Road, Minnetonka, Minnesota, 55343. Any party making a misrepresentation under this clause will hold the other party harmless from any loss, costs, or expenses, including reasonable attorneys' fees, arising out of such breach. Notice of any claim under this provision must be given to the other party within 30 days from the date a request for a commission is made. The indemnifying party will have the right to defend and settle any claim.

**22. Riders and Exhibits:** This Contract includes the following Riders and/or Exhibits, which govern over conflicting provisions (if any) of this Contract, and are made an integral part of this Contract and fully incorporated by reference:

- Exhibit A – Legal Description of the Premises
- Exhibit B – Depiction of Private Access Drives
- Exhibit C – Depiction of Seller's Property to be Restricted
- Exhibit C-1 – Lot 3 Restrictive Covenant
- Exhibit C-2 – Lot 5 and Outlot A Restrictive Covenant
- Exhibits D-1 through D-3 – Sign Easement Depictions
- Exhibit E – Sunwood Retail Common Improvements Overall Cost Estimate
- Seller's Work Rider

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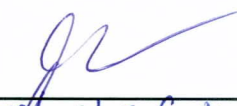

SELLER'S SIGNATURE PAGE  
TO  
PURCHASE AGREEMENT  
BETWEEN  
THE HOUSING AND REDEVELOPMENT AUTHORITY IN AND FOR THE CITY OF RAMSEY,  
MINNESOTA, A PUBLIC BODY POLITIC AND CORPORATE UNDER THE LAWS OF THE  
STATE OF MINNESOTA  
AND  
MCDONALD'S USA, LLC, A DELAWARE LIMITED LIABILITY COMPANY

SELLER AND PURCHASER, by their execution below, indicate their consent to the terms of this Contract.

**SELLER:**  
**The Housing and Redevelopment Authority  
in and for the City of Ramsey, Minnesota, a**  
public body corporate and politic under the  
laws of the State of Minnesota


**PURCHASER:**  
**MCDONALD'S USA, LLC, a Delaware limited**  
liability company

By:   
Name: Colin McGlone  
Its: Board Chair

By:    
Its: Jacob Steinfink, Senior Counsel

Date: \_\_\_\_\_

Date: 12/19/12

By:   
Name: Kurt Ulrich  
Its: Executive Director

Date: 10/25/12

SELLER'S SOCIAL SECURITY or FEDERAL  
TAX I.D. # \_\_\_\_\_  
**(FORM W-9 ATTACHED FOR EXECUTION)**

(ATTACH ACKNOWLEDGMENT CERTIFICATES)

ACKNOWLEDGMENT – McDONALD'S  
(No Attestation required)

STATE OF ILLINOIS )  
) SS:  
COUNTY OF DUPAGE )

I, Michele M. Lechtenberg, a Notary Public in and for the county and state set forth above, CERTIFY that Jacob Steinfink, as Senior Counsel of McDONALD'S USA, LLC, a Delaware limited liability company, who is personally known to me to be the same person whose name is subscribed to the foregoing instrument as such authorized party, appeared before me this day in person and acknowledged that he/she signed, sealed and delivered this instrument as his/her free and voluntary act as such authorized party and as the free and voluntary act of the company for the uses and purposes described in this instrument.

Given under my hand and notarial seal, this 19 day of December, 2012.

Michele M. Lechtenberg  
Notary Public

My commission expires 2/24/16.



ACKNOWLEDGMENT – CORPORATE

STATE OF MN )  
) SS:  
COUNTY OF ANOKA )

I, JoAnn M. Thieling Notary Public in and for the county and state set forth above, CERTIFY that **The Housing and Redevelopment Authority in and for the City of Ramsey, Minnesota**, a public body corporate and politic under the laws of the State of Minnesota, who is personally known to me to be the person whose name is subscribed to the foregoing instrument as such authorized party, appeared before me this day in person and acknowledged that he/she signed, sealed and delivered this instrument as his/her free and voluntary act as such authorized party and as the free and voluntary act of the company/corporation for the uses and purposes described in this instrument.

Given under my hand and notarial seal, this 25th day of October, 2012

JoAnn M. Thieling  
Notary Public

My commission expires 1-31-2015.



EXHIBIT A

LEGAL DESCRIPTION OF THE PREMISES

LOT 4, BLOCK 1, COR TWO - (Prior to Platting):

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 TO THE POINT OF BEGINNING; 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; THENCE SOUTH 00 DEGREES 11 MINUTES 57 SECONDS, PARALLEL WITH SAID WEST LINE, A DISTANCE OF 104.81 FEET; THENCE SOUTHERLY 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 SOUTH 05 DEGREES 41 MINUTES 40 SECONDS EAST, TANGENT TO LAST DESCRIBED CURVE, A DISTANCE OF 75.58 FEET; THENCE SOUTHERLY 30.48 FEET ALONG A TANGENTIAL CURVE, CONCAVE TO THE WEST, HAVING A RADIUS OF 500.00 FEET AND A CENTRAL ANGLE OF 03 DEGREES 29 MINUTES 35 SECONDS; THENCE NORTH 64 DEGREES 11 MINUTES 24 SECONDS WEST, NOT TANGENT TO LAST DESCRIBED CURVE, A DISTANCE OF 27.55 FEET; THENCE WESTERLY 90.79 FEET ALONG A TANGENTIAL CURVE, CONCAVE TO THE SOUTH, HAVING A RADIUS OF 200.00 FEET AND A CENTRAL ANGLE OF 26 DEGREES 00 MINUTES 33 SECONDS; THENCE SOUTH 89 DEGREES 48 MINUTES 03 SECONDS WEST, TANGENT TO LAST DESCRIBED CURVE, A DISTANCE OF 154.56 FEET TO SAID WEST LINE OF OUTLOT H; THENCE NORTH 00 DEGREES 11 MINUTES 57 SECONDS WEST, ALONG SAID WEST LINE, A DISTANCE OF 205.98 FEET TO THE POINT OF BEGINNING.

EXHIBIT B

LEGAL DESCRIPTIONS AND DEPICTIONS OF PRIVATE ACCESS DRIVES

Legal Description of the West Access Easement Property

**DESCRIPTION SKETCH**

**FOR: COR TWO ACCESS EASEMENT**

**LEGAL DESCRIPTION**

AN INGRESS AND EGRESS EASEMENT OVER AND ACROSS THAT PART OF LOTS 3, 4 AND 5, BLOCK 1, COR TWO, ANOKA COUNTY, DESCRIBED AS FOLLOWS:

COMMENCING AT THE SOUTHWEST CORNER OF SAID LOT 4; THENCE NORTH 00 DEGREES 11 MINUTES 57 SECONDS WEST, ASSUMED BEARING ALONG THE WEST LINE OF SAID LOT 4, A DISTANCE OF 20.00 FEET; THENCE NORTH 89 DEGREES 48 MINUTES 03 SECONDS EAST, PARALLEL WITH THE SOUTH LINE OF SAID LOT 4, A DISTANCE OF 154.56 FEET; THENCE SOUTHEASTERLY 83.66 FEET, PARALLEL WITH SAID SOUTH LINE AND ALONG A TANGENTIAL CURVE, CONCAVE TO THE SOUTH, HAVING A RADIUS OF 220.00 FEET, A CENTRAL ANGLE OF 21 DEGREES 47 MINUTES 14 SECONDS AND A CHORD THAT BEARS SOUTH 79 DEGREES 18 MINUTES 20 SECONDS EAST; THENCE NORTH 53 DEGREES 55 MINUTES 25 SECONDS EAST, A DISTANCE OF 15.17 FEET; THENCE NORTH 05 DEGREES 41 MINUTES 40 SECONDS WEST, PARALLEL WITH THE EAST LINE OF SAID LOT 4, A DISTANCE OF 58.96 FEET; THENCE NORTHERLY 40.39 FEET, PARALLEL WITH SAID EASTERLY LINE AND ALONG A TANGENTIAL CURVE, CONCAVE TO THE EAST, HAVING A RADIUS OF 515.00 FEET AND A CENTRAL ANGLE OF 5 DEGREES 29 MINUTES 43 SECONDS; THENCE NORTH 00 DEGREES 11 MINUTES 57 SECONDS WEST, PARALLEL WITH SAID WEST LINE, A DISTANCE OF 104.81 FEET TO THE NORTH LINE OF SAID LOT 4, THENCE NORTH 89 DEGREES 47 MINUTES 46 SECONDS EAST, ALONG SAID NORTH LINE, A DISTANCE OF 15.00 FEET TO THE NORTHEAST CORNER OF SAID LOT 4; THENCE CONTINUING NORTH 89 DEGREES 47 MINUTES 46 SECONDS EAST, ALONG THE NORTH LINE OF SAID LOT 5, A DISTANCE OF 15.00 FEET; THENCE SOUTH 00 DEGREES 11 MINUTES 57 SECONDS, PARALLEL WITH SAID EAST LINE OF SAID LOT 4 AND THE WEST LINE OF SAID LOT 5, A DISTANCE OF 104.81 FEET; THENCE SOUTHERLY 46.52 FEET, PARALLEL WITH SAID WEST LINE AND ALONG A TANGENTIAL CURVE, CONCAVE TO THE EAST, HAVING A RADIUS OF 485.00 FEET AND A CENTRAL ANGLE OF 5 DEGREES 29 MINUTES 43 SECONDS; THENCE SOUTH 05 DEGREES 41 MINUTES 40 SECONDS EAST, PARALLEL WITH SAID WEST LINE, A DISTANCE OF 75.58 FEET; THENCE SOUTH 32 DEGREES 49 MINUTES 06 SECONDS EAST, A DISTANCE OF 27.46 FEET; THENCE SOUTH 64 DEGREES 11 MINUTES 24 SECONDS EAST, PARALLEL WITH THE SOUTH LINE OF SAID LOT 5, A DISTANCE OF 29.82 FEET; THENCE SOUTHEASTERLY 47.50 FEET, PARALLEL WITH SAID SOUTH LINE AND ALONG A TANGENTIAL CURVE, CONCAVE TO THE NORTH, HAVING A RADIUS OF 180.00 FEET AND A CENTRAL ANGLE OF 15 DEGREES 07 MINUTES 07 SECONDS AND A CHORD THAT BEARS SOUTH 71 DEGREES 44 MINUTES 57 SECONDS EAST; THENCE SOUTH 00 DEGREES 11 MINUTES 57 SECONDS EAST, A DISTANCE OF 40.60 FEET; THENCE NORTHWESTERLY 65.72 FEET, PARALLEL WITH THE NORTH LINE OF SAID LOT 3 AND ALONG A NON-TANGENTIAL CURVE, CONCAVE TO THE NORTHEAST, HAVING A RADIUS OF 220.00 FEET AND A CENTRAL ANGLE OF 17 DEGREES 07 MINUTES 00 SECONDS AND A CHORD THAT BEARS NORTH 72 DEGREES 44 MINUTES 54 SECONDS; THENCE NORTH 64 DEGREES 11 MINUTES 24 SECONDS WEST, PARALLEL WITH THE NORTH LINE OF SAID LOT 3 AND TANGENT TO LAST DESCRIBED CURVE, A DISTANCE OF 78.49 FEET; THENCE WESTERLY 81.71 FEET, PARALLEL WITH SAID SOUTH LINE AND ALONG A TANGENTIAL CURVE, CONCAVE TO THE SOUTH HAVING A RADIUS OF 180.00 FEET AND A CENTRAL ANGLE OF 26 DEGREES 00 MINUTES 33 SECONDS; THENCE SOUTH 89 DEGREES 48 MINUTES 03 SECONDS WEST, PARALLEL WITH SAID NORTH LINE AND TANGENT TO LAST DESCRIBED CURVE, A DISTANCE OF 154.56 FEET TO THE WEST LINE OF SAID LOT 3, THENCE NORTH 00 DEGREES 11 MINUTES 57 SECONDS WEST, ALONG SAID WEST LINE, A DISTANCE OF 20.00 FEET TO THE POINT OF BEGINNING.

PAGE 1 OF 3

I hereby certify that this survey, plan or report was prepared by me or under my direct supervision and that I am a duly licensed Land Surveyor under the laws of the State of Minnesota.

*Scott C. Trosen*

SCOTT C. TROSEN Date: 08.06.12  
License No. 47465 Revised:

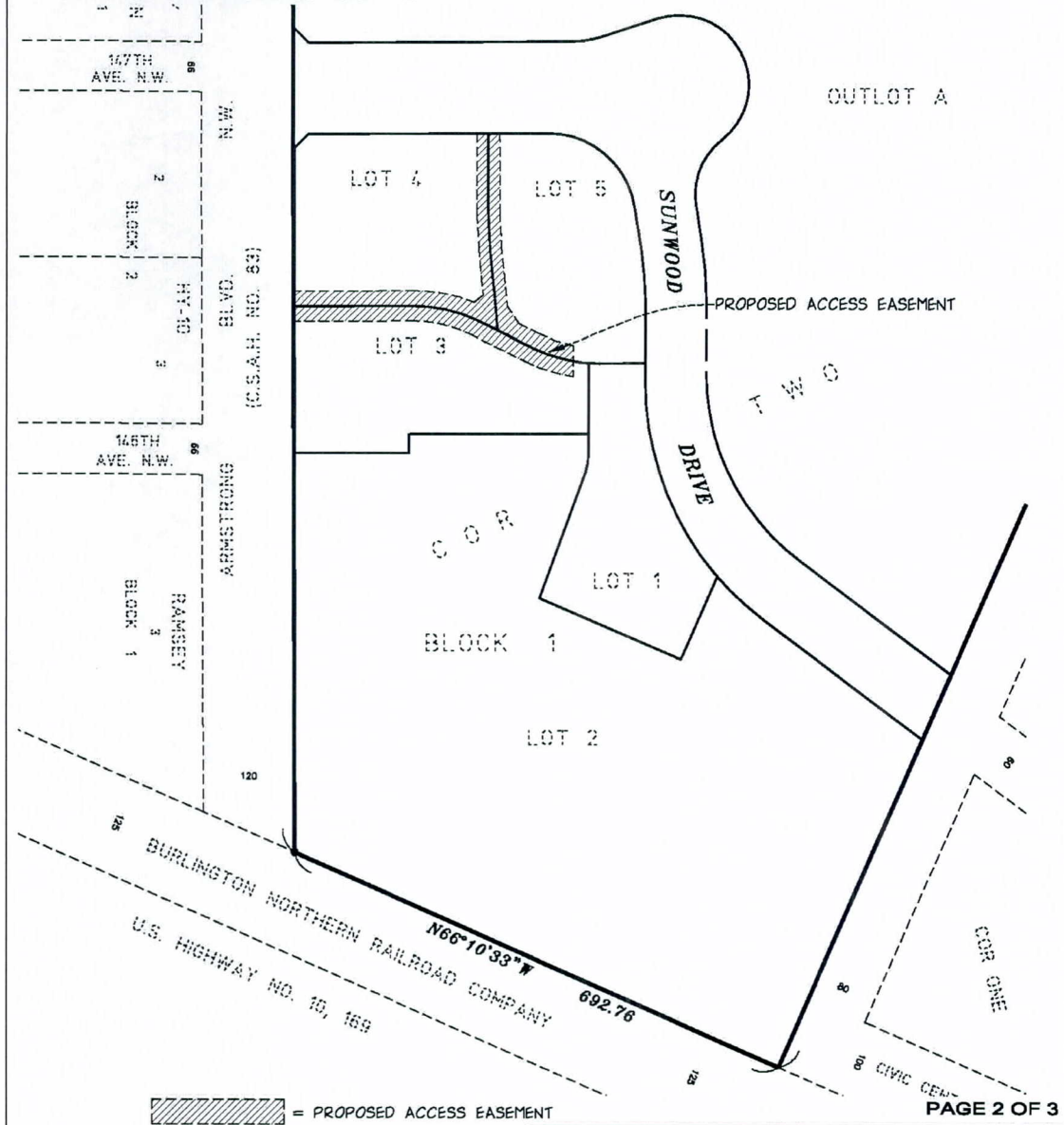


105 South Fifth Avenue  
Suite 513  
Minneapolis, MN 55401  
Web: landform.net

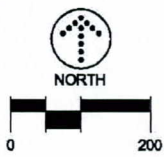
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# DESCRIPTION SKETCH

FOR: COR TWO ACCESS EASEMENT



PAGE 2 OF 3



**LANDFORM**  
From Site to Finish

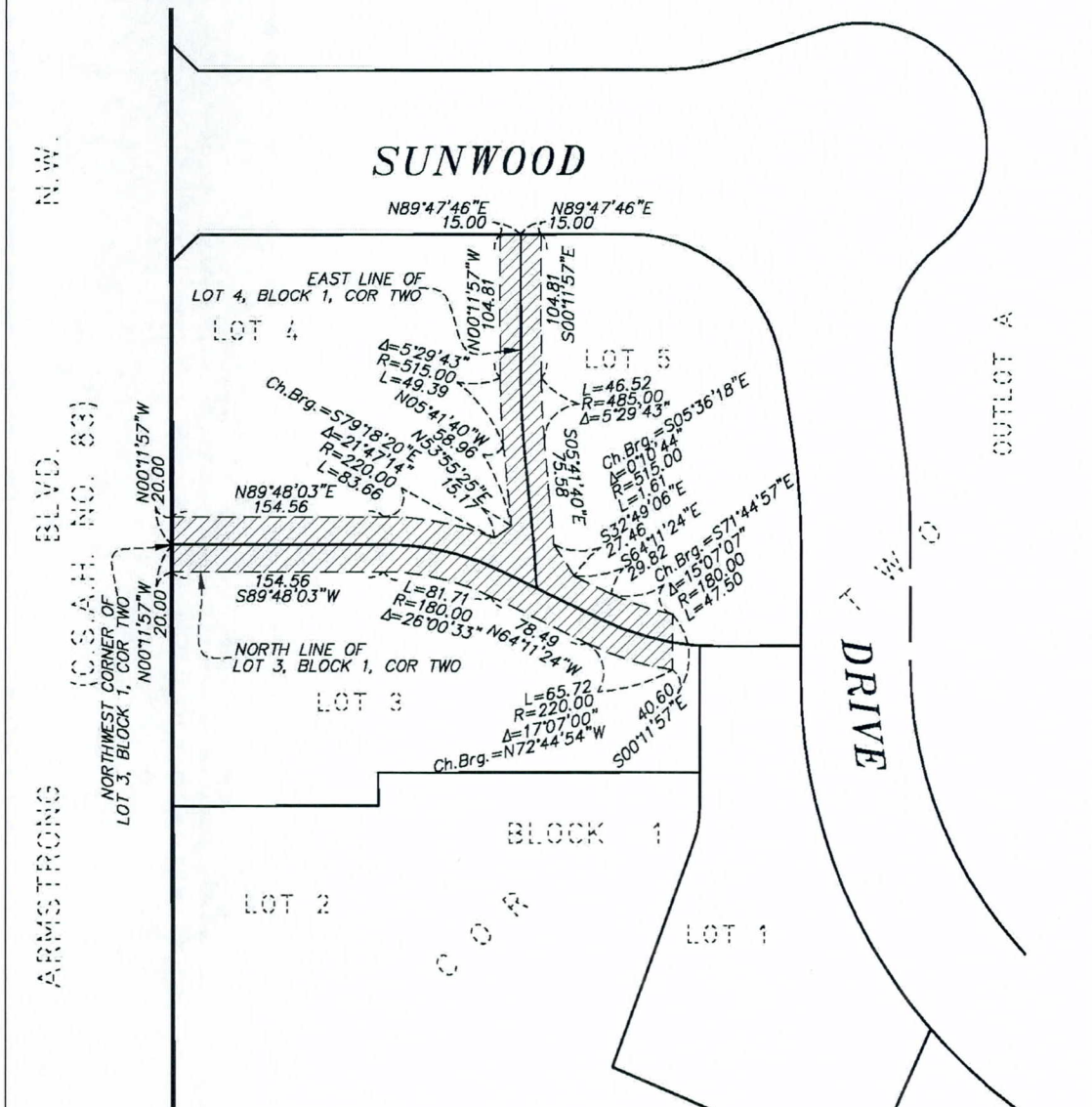
105 South Fifth Avenue  
Suite 513  
Minneapolis, MN 55401  
Web: [landform.net](http://landform.net)

Job No. RAM12020 Drawing: eose-Access W. By: SCT

EXHIBIT B

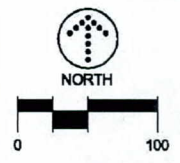
# DESCRIPTION SKETCH

FOR: COR TWO ACCESS EASEMENT



= PROPOSED ACCESS EASEMENT

PAGE 3 OF 3



105 South Fifth Avenue  
Suite 513  
Minneapolis, MN 55401  
Web: [landform.net](http://landform.net)

**LANDFORM**  
From Site to Finish

---

Job No. RAM12020    Drawing: ease-Access W.    By: SCT

EXHIBIT B

Legal Description of the East Access Easement Property

# DESCRIPTION SKETCH

## FOR: COR TWO ACCESS EASEMENT

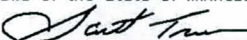
### LEGAL DESCRIPTION

AN INGRESS AND EGRESS EASEMENT OVER AND ACROSS THAT PART OF LOTS 1, 2, 3 AND 5, BLOCK 1, COR TWO, ANOKA COUNTY, DESCRIBED AS FOLLOWS:

COMMENCING AT THE NORTHEAST CORNER OF SAID LOT 1; THENCE SOUTH 00 DEGREES 11 MINUTES 57 SECONDS, ASSUMED BEARING, ALONG THE EAST LINE OF SAID LOT 1, A DISTANCE OF 20.00 FEET; THENCE SOUTH 89 DEGREES 48 MINUTES 03 SECONDS WEST, PARALLEL WITH THE NORTH LINE OF SAID LOT 1, A DISTANCE OF 29.00 FEET; THENCE SOUTH 44 DEGREES 48 MINUTES 03 SECONDS WEST, A DISTANCE OF 35.36 FEET; THENCE SOUTH 00 DEGREES 11 MINUTES 57 SECONDS, PARALLEL WITH THE WESTERLY LINE OF SAID LOT 1, A DISTANCE OF 71.19 FEET; THENCE SOUTHERLY 35.68 FEET, PARALLEL WITH SAID WESTERLY LINE AND ALONG A TANGENTIAL CURVE CONCAVE TO THE WEST, HAVING A RADIUS OF 102.00 FEET AND A CENTRAL ANGLE OF 20 DEGREES 02 MINUTES 36 SECONDS; THENCE SOUTH 19 DEGREES 50 MINUTES 39 SECONDS WEST, PARALLEL WITH SAID WEST LINE AND TANGENT TO LAST DESCRIBED CURVE, A DISTANCE OF 174.53 FEET TO THE SOUTH LINE OF SAID LOT 1, THENCE NORTH 66 DEGREES 37 MINUTES 45 SECONDS WEST, ALONG SAID SOUTH LINE, A DISTANCE OF 20.04 FEET TO THE SOUTHWEST CORNER OF SAID LOT 1; THENCE CONTINUING NORTH 66 DEGREES 37 MINUTES 45 SECONDS WEST, ON THE NORTHWESTERLY EXTENSION OF THE SOUTH LINE OF SAID LOT 1 A DISTANCE OF 20.04 FEET; THENCE NORTH 19 DEGREES 50 MINUTES 39 SECONDS, PARALLEL WITH SAID WESTERLY LINE OF LOT 1 AND THE EASTERLY LINE OF LOT 2, A DISTANCE OF 172.06 FEET; THENCE NORTHERLY, 21.69 FEET, PARALLEL WITH SAID EASTERLY LINE AND ALONG A TANGENTIAL CURVE, CONCAVE TO THE WEST, HAVING A RADIUS OF 62.00 FEET AND A CENTRAL ANGLE OF 20 DEGREES 02 MINUTES 36 SECONDS; THENCE NORTH 00 DEGREES 11 MINUTES 57 SECONDS WEST, PARALLEL WITH SAID EASTERLY LINE OF SAID LOT 2 AND THE EASTERLY LINE OF SAID LOT 3 AND ITS NORTHERLY EXTENSION, A DISTANCE OF 139.43 FEET; THENCE EASTERLY, PARALLEL WITH THE SOUTH LINE OF SAID LOT 5 AND ALONG A NON-TANGENTIAL CURVE, CONCAVE TO THE NORTH, HAVING A RADIUS OF 180.00 FEET, A CENTRAL ANGLE OF 10 DEGREES 53 MINUTES 26 SECONDS AND A CHORD THAT BEARS 84 DEGREES 45 MINUTES 14 SECONDS EAST; THENCE NORTH 89 DEGREES 48 MINUTES 03 SECONDS EAST, PARALLEL WITH THE SAID SOUTH LINE, A DISTANCE OF 59.99 FEET TO THE EASTERLY LINE OF SAID LOT 5, THENCE SOUTH 00 DEGREES 11 MINUTES 57 SECONDS EAST ALONG SAID EAST LINE, A DISTANCE OF 20.00 FEET TO THE POINT OF BEGINNING.

PAGE 1 OF 3

I hereby certify that this survey, plan or report was prepared by me or under my direct supervision and that I am a duly licensed Land Surveyor under the laws of the State of Minnesota.



SCOTT C. TROSEN Date: 08.06.12  
License No. 47465 Revised:

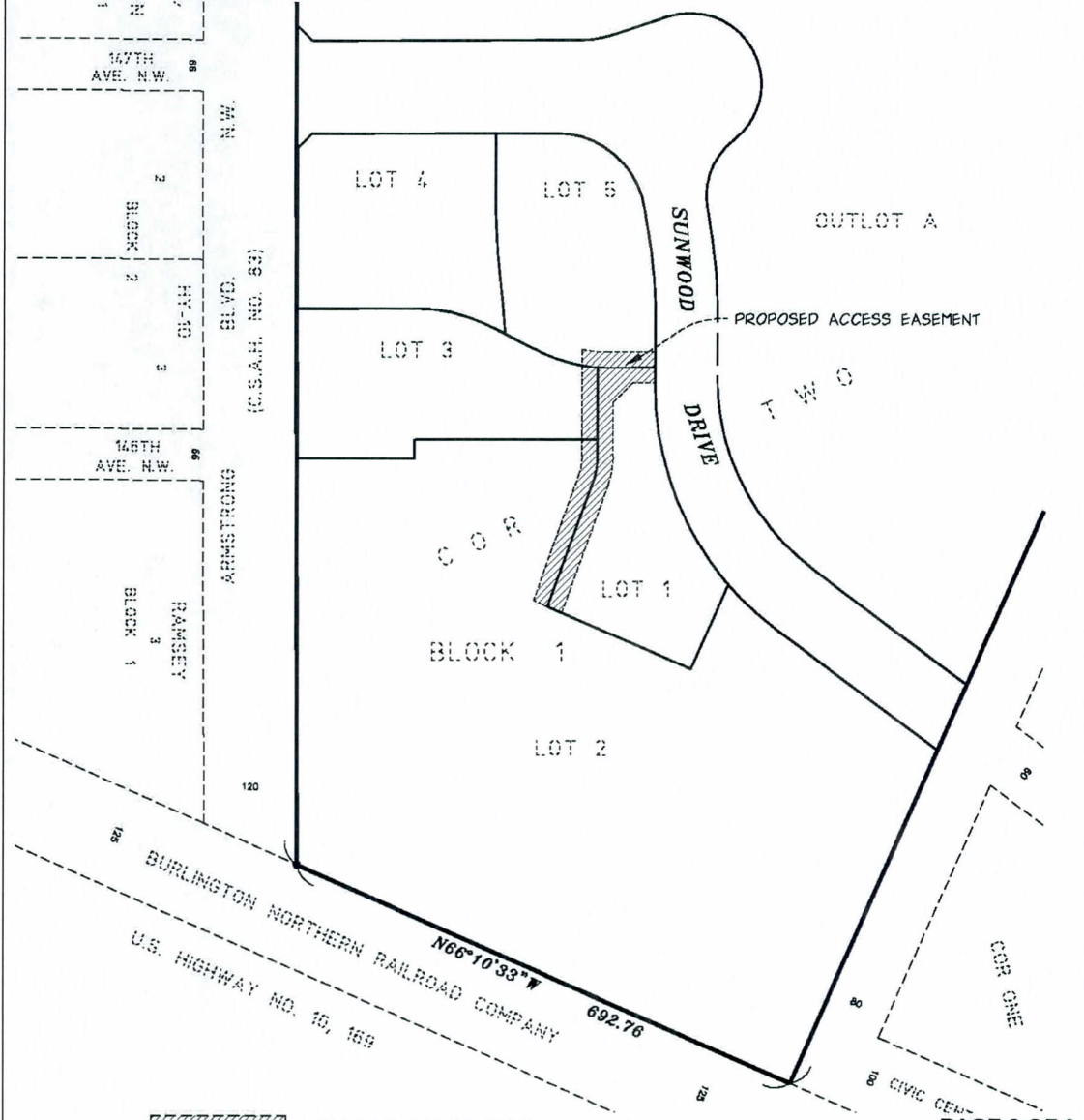
LANDFORM  
From Site to Finish

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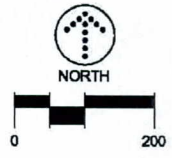
Job No. RAM12020 Drawing: eose-Access E. By: SCT

# DESCRIPTION SKETCH

FOR: COR TWO ACCESS EASEMENT



 = PROPOSED ACCESS EASEMENT



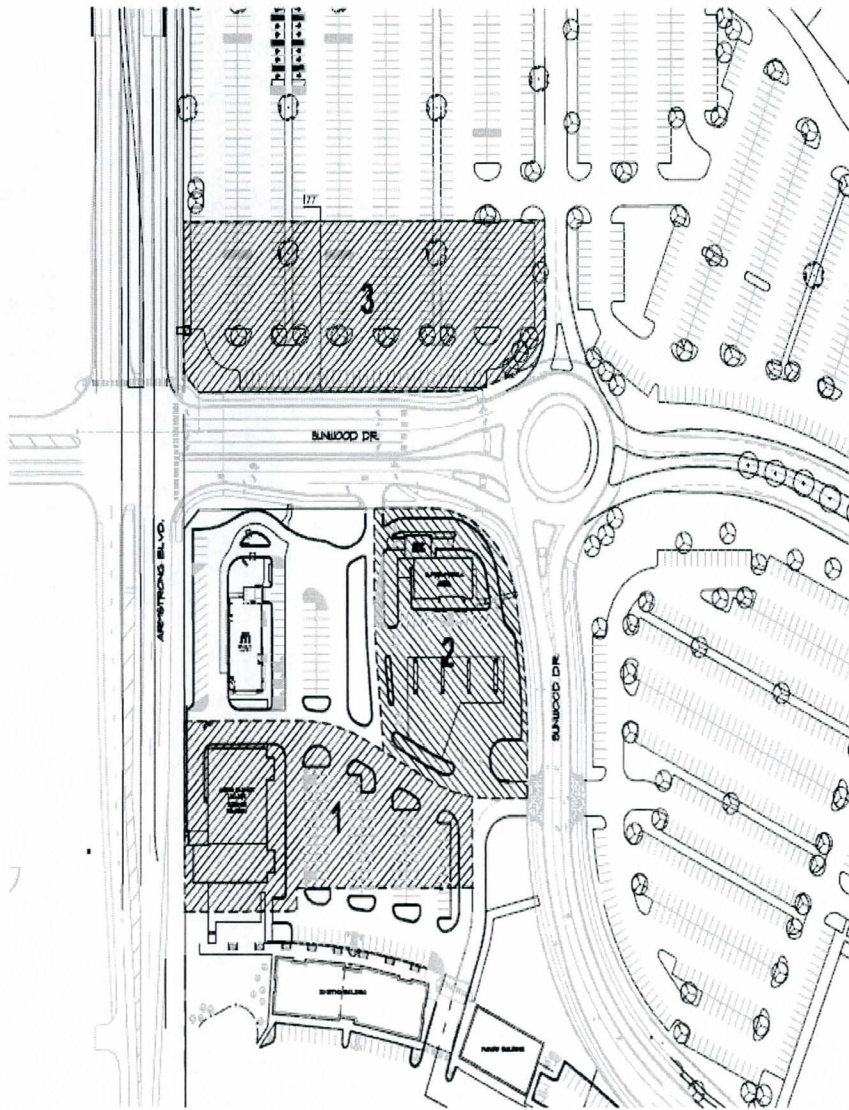
**LANDFORM**  
From Site to Finish

105 South Fifth Avenue  
Suite 513  
Minneapolis, MN 55401  
Web: [landform.net](http://landform.net)

Job No. RAMI2020 Drawing: *eose-Access E.* By: SCT

EXHIBIT B





# THE COR

MANSRY, MINNESOTA

## LEGAL DESCRIPTIONS FOR RESTRICTION AREA'S

AREA 1  
LOT 3, BLOCK 1, COR TWO

AREA 2  
LOT 5, BLOCK 1, COR TWO

AREA 3  
THAT PART OF OUTLOT A, COR TWO ANDA COUNTY, MINNESOTA LYING SOUTHERLY AND WESTERLY OF THE FOLLOWING DESCRIBED LINE:

COMMENCING AT A SOUTHWESTERLY CORNER OF SAID OUTLOT A, SAID POINT BEING THE INTERSECTION OF THE NORTH RIGHT-OF-WAY LINE OF SUNWOOD DRIVE AND THE EAST RIGHT-OF-WAY LINE OF ARMISTONG BOULEVARD N.W.; THENCE NORTH 00 DEGREES 11 MINUTES 57 SECONDS WEST, ASSUMED BEARING ALONG THE WEST LINE OF OUTLOT A, A DISTANCE OF 197.00 FEET TO THE POINT OF BEGINNING OF THE LINE TO BE DESCRIBED; THENCE NORTH 89 DEGREES 47 MINUTES 48 SECONDS EAST, PARALLEL WITH A SOUTHERLY LINE OF SAID OUTLOT A, A DISTANCE OF 409.50 FEET; THENCE SOUTH 00 DEGREES 11 MINUTES 57 SECONDS EAST, PARALLEL WITH SAID EAST LINE, A DISTANCE OF 162.5 FEET TO A SOUTHERLY LINE OF SAID OUTLOT A AND SAID LINE THERE TERMINATING.



**USE RESTRICTION AREA'S**

10-01-2012

Ramsey, MN  
Sunwood Drive  
L/C: 022-0575

Prepared by: Gillian Bregman  
After recording, return to: Kim Delmedico  
McDONALD'S CORPORATION  
One McDonald's Plaza  
Oak Brook, Illinois 60523

## RESTRICTIVE COVENANT

**The Housing and Redevelopment Authority in and for the City of Ramsey, Minnesota**, a public body corporate and politic under the laws of the State of Minnesota ("Grantor") wishes to enter into a contract ("Contract") with **McDONALD'S USA, LLC, a Delaware limited liability company** ("Grantee") to sell to Grantee a parcel of real estate described on Exhibit A attached ("the Premises").

As an inducement for Grantee to enter into the Contract with Grantor, Grantor has agreed to record a Restrictive Covenant affecting the use of Grantor's parcel of real estate located adjacent to the Premises, as described on Exhibit B and as depicted as Area 1 on Exhibit C ("Lot 3").

THEREFORE, in consideration of ONE DOLLAR AND NO CENTS (\$1.00), and other good and valuable consideration, the receipt of which is hereby acknowledged, Grantor promises and declares that Lot 3 will not be leased, used or occupied as a Quick Service Restaurant and further, that Lot 3 will only be primarily used for non-restaurant retail purposes (although its ancillary uses will remain unrestricted) for a period of 20 years from the date listed in this Restrictive Covenant; provided, however, that if (a) Grantee is not operating a McDonald's Restaurant within 545 days after the date listed in this Restrictive Covenant or (b) if Grantee opens and operates a McDonald's Restaurant and at any time within said 20 year period ceases operating the McDonald's Restaurant for a period of more than 180 days other than as the result of a casualty or any other conditions that are beyond the reasonable control of any party to this Restrictive Covenant and not due to the fault or negligence of such party, this Restrictive Covenant shall be null and void and of no further force or effect. The term "Quick Service Restaurant" for purposes of this restriction shall be defined as any restaurant or food service establishment with drive thru service, drive-in service or pedestrian walk-up window service whose primary business consists of or whose marketing strategy is based on the sale of hamburgers, ground meat or meat substitute sandwiches, or a combination of ground meat and meat substitute sandwiches, or any other type of meat products, any of which are served in sandwich form or chicken served in sandwich form. Any food service establishment which offers as the primary method of service for all meal times, food and drink orders taken by and served by a waiter or waitress at the customer's table is excluded from the term Quick Service Restaurant. Notwithstanding the foregoing, a restaurant with drive-thru facilities that sells as its primary product hamburgers, ground beef or ground beef products in sandwich form or chicken in sandwich form shall be included in the term "Quick Service Restaurant". In addition, and not by way of example, the following restaurants operating under the listed trade names, or operating under any successor trade names, are prohibited within the area described on Exhibit B, attached:

Apollo Burgers  
 Bison Jack's  
 Burger King  
 Checkers  
 Culver's  
 Fatburger  
 Fuddruckers  
 Iceberg Drive Inn  
 Jake's Wayback Burgers  
 Rally's  
 Smashburger  
 Wendy's  
 Bojangles'  
 El Pollo Loco  
 Pollo Tropical

Astro Burgers  
 Bobby's Burger Palace  
 Burger Street  
 Cheeburger Cheeburger  
 DQ Grill & Chill  
 Five Guys  
 Hardee's  
 In-N-Out Burger  
 Johnny Rockets  
 Roy Rogers  
 Sonic  
 Whataburger  
 Brown's Chicken  
 KFC  
 Popeyes

Back Yard Burgers  
 Burger 21  
 Carl's Jr.  
 Crown Burgers  
 Elevation Burger  
 Five Napkin Burger  
 Hires Big H  
 Jack in the Box  
 Krystal  
 Shake Shack  
 Steak 'n Shake  
 White Castle  
 Chick-fil-A  
 Pollo Campero  
 Raising Cane's

As of the date of this Restrictive Covenant, Grantor is under contract to sell Lot 3 to M&W Holding Company, LLC, a Minnesota limited liability company (the "Next Lot 3 Owner"). This restriction will become effective and will run with Lot 3 upon the first of the following: (a) alienation in the form of transfer of title of Lot 3 to any owner who receives fee title to Lot 3 from the Next Lot 3 Owner, or (b) alienation in the form of the subleasing or assignment of any leasehold interest held by the lessee of Lot 3 under any lease agreement between the Next Lot 3 Owner and such lessee, as the term of such lease may be extended. Notwithstanding the foregoing, if Grantor sells Lot 3 to anyone other than the Next Lot 3 Owner, its member, Jeffrey Wise, or any subsidiary or affiliate of M&W Holding Company, LLC, in which the majority interest is held by Jeffrey Wise or M&W Holdings, LLC, or if the Next Lot 3 Owner, its member, Jeffrey Wise, or any subsidiary or affiliate of M&W Holding Company, LLC in which the majority interest is held by Jeffrey Wise or M&W Holdings, LLC, does not close on its purchase of Lot 3 prior to January 31, 2014, the foregoing paragraph will not apply and the restriction will be enforced as above. This restriction will inure to the benefit of Grantee and be binding upon Grantor and Grantor's successors and assigns.

Grantor has executed this Restrictive Covenant, this \_\_\_\_ day of \_\_\_\_\_, 2012.

GRANTOR:  
**Housing and Redevelopment Authority in and for the City of Ramsey, Minnesota,**  
 a public body corporate and politic under the laws of the State of Minnesota

GRANTEE:  
**McDONALD'S USA, LLC,**  
 a Delaware limited liability company

By \_\_\_\_\_  
 Printed \_\_\_\_\_ Name: \_\_\_\_\_  
 Its \_\_\_\_\_

By \_\_\_\_\_  
 Printed \_\_\_\_\_ Name: \_\_\_\_\_  
 Its \_\_\_\_\_

\*(CITY/STATE)  
\*(Address)  
L/C: \*  
File #\*

Prepared by: \*  
After recording, return to: \*  
McDONALD'S CORPORATION  
One McDonald's Plaza  
Oak Brook, Illinois 60523

## RESTRICTIVE COVENANT

Under a Contract dated \_\_\_\_\_, 2012, ("Contract") The Housing and Redevelopment Authority in and for the City of Ramsey, Minnesota, a public body corporate and politic under the laws of the State of Minnesota ("Grantor") agreed to convey to McDONALD'S USA, LLC, a Delaware limited liability company ("Grantee") a parcel of real estate described on Exhibit A attached ("the Premises").

One of the terms of that Contract required Grantor to record a Restrictive Covenant affecting the use of certain portions of Grantor's other property located adjacent to the Premises, as legally described on Exhibit B, and as depicted as Areas 2 and 3 on Exhibit C.

THEREFORE, in consideration of the terms and conditions contained in that Contract, Grantor promises and declares that the property described on Exhibit B will not be leased, used or occupied as a Quick Service Restaurant for a period of 20 years from the date listed in this Restrictive Covenant; provided, however, that if (a) Grantee is not operating a McDonald's Restaurant within 545 days after the date listed in this Restrictive Covenant or (b) if Grantee opens and operates a McDonald's Restaurant and at any time within said 20 year period ceases operating the McDonald's Restaurant for a period of more than 180 days other than as the result of a casualty or any other conditions, which are beyond the reasonable control of any party to this Restrictive Covenant and not due to the fault or negligence of such party, this Restrictive Covenant will be null and void and of no further force or effect. The term "Quick Service Restaurant" for purposes of this restriction will be defined as any restaurant or food service establishment with drive thru service, drive-in service or pedestrian walk-up window service whose primary business consists of or whose marketing strategy is based on the sale of hamburgers, ground meat or meat substitute sandwiches, or a combination of ground meat and meat substitute sandwiches, or any other type of meat products, any of which are served in sandwich form or chicken served in sandwich form. Any food service establishment which offers, as the primary method of service for all meal times, food and drink orders taken by and served by a waiter or waitress at the customer's table is excluded from the term Quick Service Restaurant. Notwithstanding the foregoing, a restaurant with drive-thru facilities that sells as its primary product hamburgers, ground beef or ground beef products in sandwich form or chicken in sandwich form will be included in the term "Quick Service Restaurant". In addition, and not by way of example, the following restaurants operating under the listed trade names, or operating under any successor trade names, are prohibited within the area described on Exhibit B:

Apollo Burgers  
Bison Jack's  
Burger King  
Checkers  
Culver's  
Fatburger  
Fuddruckers  
Iceberg Drive Inn  
Jake's Wayback Burgers  
Rally's  
Smashburger  
Wendy's  
Bojangles'  
El Pollo Loco  
Pollo Tropical

Astro Burgers  
Bobby's Burger Palace  
Burger Street  
Cheeburger Cheeburger  
DQ Grill & Chill  
Five Guys  
Hardee's  
In-N-Out Burger  
Johnny Rockets  
Roy Rogers  
Sonic  
Whataburger  
Brown's Chicken  
KFC  
Popeyes

Back Yard Burgers  
Burger 21  
Carl's Jr.  
Crown Burgers  
Elevation Burger  
Five Napkin Burger  
Hires Big H  
Jack in the Box  
Krystal  
Shake Shack  
Steak 'n Shake  
White Castle  
Chick-fil-A  
Pollo Campero  
Raising Cane's

This restriction runs with the land described on Exhibits A and B and will inure to the benefit of Grantee and be binding upon Grantor and Grantor's successors and assigns.

Grantor has executed this Restrictive Covenant, this \_\_\_\_ day of \_\_\_\_\_, 2012.

GRANTOR:

WITNESS

By

\_\_\_\_\_  
Its

ATTEST:

By

\_\_\_\_\_  
Its

(Attach Exhibits A, B and C)

**SIGN EXHIBITS**

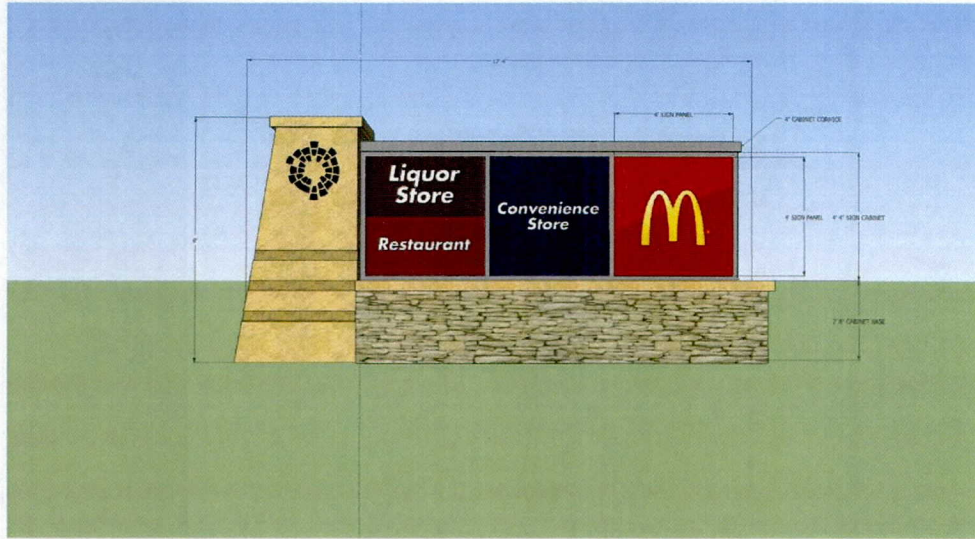
EXHIBIT D-1: PROJECT ENTRY SIGN

EXHIBIT D-2: PROJECT GATEWAY SIGN

EXHIBIT D-3: COMMUNITY PYLON

EXHIBIT D-4: TEMPORARY PYLON SIGN

EXHIBIT D-1  
PROJECT ENTRY SIGN



PROJECT ENTRY SIGN

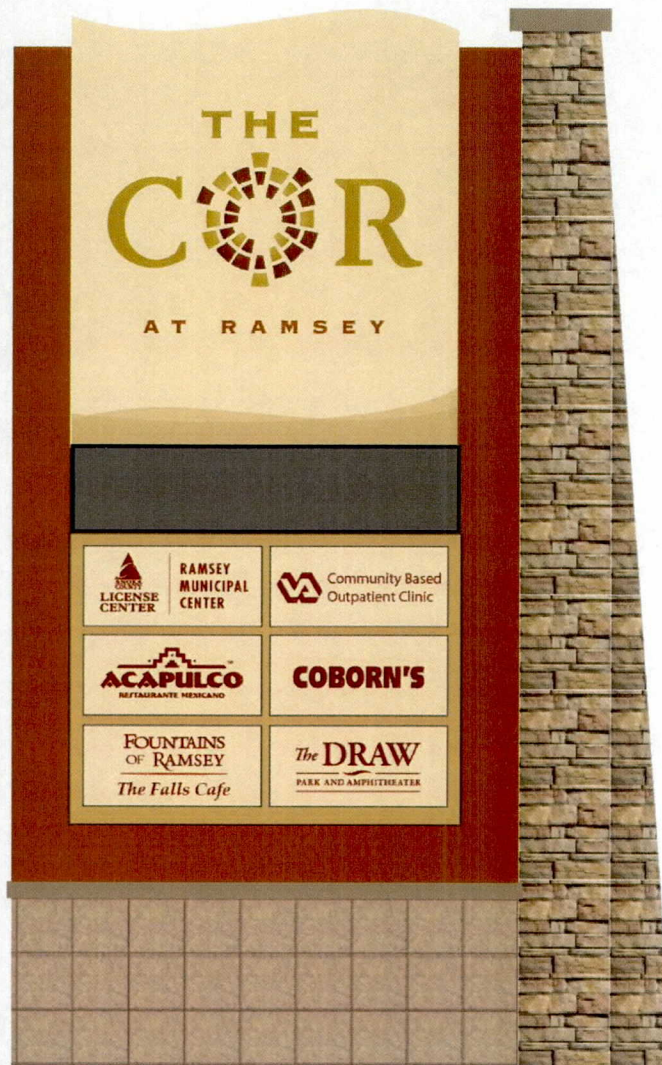
EXHIBIT D-2

PROJECT GATEWAY SIGN



PROJECT GATEWAY SIGN

EXHIBIT D-3  
COMMUNITY PYLON

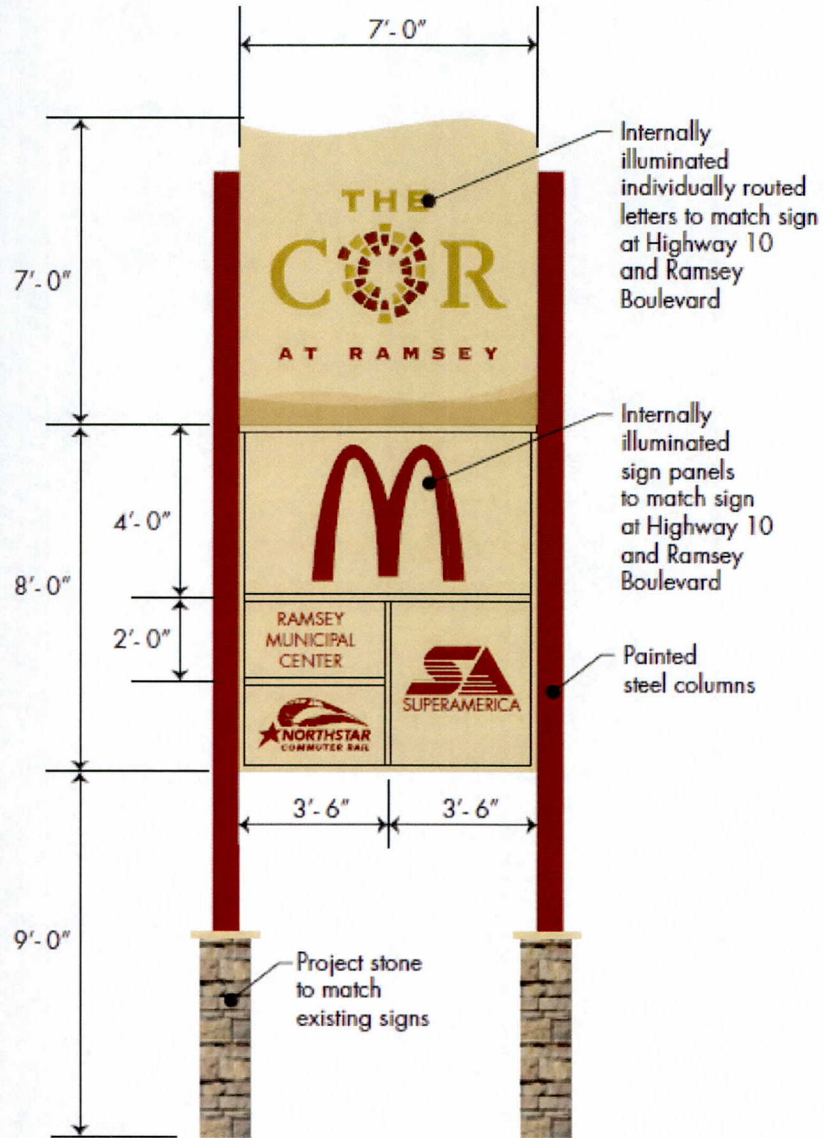


COMMUNITY PYLON

Westbound View

EXHIBIT D-4

TEMPORARY PYLON SIGN



SIGN AT HIGHWAY 10 & ARMSTRONG BOULEVARD

<b>Overall Cost Estimate</b>
Project: Sunwood Retail Common Improvements
Ramsey, MN



	HRA (LOT 1 & 2, BLOCK 1)	HRA (COSTS ASSOC, W/ LOT 4, BLOCK 1)	WISER CHOICE (LOT 3, BLOCK 1)	McDONALDS (LOT 4, BLOCK 1)	SUPERAMERICA (LOT 5, BLOCK 1)	
<b>Item</b>						<b>Total Price</b>
Mobilization	3,000	-	3,000	3,000	3,000	12,000
Clearing & Erosion Control	1,719	-	2,057	2,641	2,756	9,173
Grading / Earthwork	2,089	-	2,428	2,944	3,069	10,540
Bituminous Pavement w/ Aggregate Base	-	-	14,689	13,641	9,581	37,920
Concrete Pavement w/ Aggregate Base	6,404	-	-	-	-	6,404
Curb & Gutter	560	-	2,534	2,580	-	5,684
Storm Sewer (including Stormwater Treatment)	-	29,183	29,606	-	26,311	85,100
Sanitary Sewer (including Dewatering)	-	15,680	-	-	14,920	30,600
Watermain	-	13,130	-	-	13,130	26,260
Lighting	8,041	-	14,918	16,029	13,913	52,900
Landscaping (Tree's, Seed)	3,083	-	-	27	21	3,130
	<b>24,905</b>	<b>57,993</b>	<b>69,242</b>	<b>40,870</b>	<b>86,700</b>	<b>279,711</b>

10% Contingency:	\$27,971.14
<b>Subtotal</b>	<b>\$307,682.50</b>

20% Indirect Costs	\$64,613.32
<b>Grand Total</b>	<b>\$372,295.82</b>

## SELLER'S WORK RIDER

This Seller's Work Rider ("**Seller's Work Rider**") is attached to and forms a part of the Real Estate Contract dated \_\_\_\_\_, 2012, ("**Contract**") between **The Housing and Redevelopment Authority in and for the City of Ramsey, Minnesota**, a public body corporate and politic under the laws of the State of Minnesota ("**Seller**") and **McDONALD'S USA, LLC**, a Delaware limited liability company ("**Purchaser**"). Seller and Purchaser agree as follows:

1. **Seller's Work:** Seller promises to perform all work described in the Contract and the work set forth in this Seller's Work Rider (collectively "**Seller's Work**") including extending certain utilities to the Premises meeting Purchaser's specifications and completing site preparation as set forth in Article 1C of this Seller's Work Rider.

A. **Utilities:** Seller will extend sanitary and storm sewer lines and water main(s) to the Premises meeting Purchaser's specifications within 30 days from the date Purchaser notifies Seller that Purchaser has obtained all necessary permits and approvals and Purchaser delivers Purchaser's plans and specifications for the utilities to Seller. Seller will pay any and all impact, tap and connection fees associated with such utilities.

B. **Intentionally Deleted.**

C. **Site Preparation:** Seller agrees to clear, fill, compact and grade the Premises and the access roads, drives and parking areas adjacent to the Premises and required for access to the Premises to those finished elevations mutually acceptable to Seller and Purchaser. Seller must clear the existing subgrade of all large stones, sod, wood, mud and other debris, including all foundations and underground tanks and utility lines. Seller will fill all holes and other irregularities and compact same before the main fill is placed. The fill material must consist of granular materials, free of rock or gravel greater than 2 inches in diameter, such as bank-run sand, gravel, crushed stones, crushed air-cooled blast furnace slag weighing not less than 70 lbs. per cubic foot, or other granular material approved by Purchaser. Cinders, foundry sand, clay or silt are not acceptable.

Seller must remove soils with a UBC Expansion Index greater than 15 within the upper 2 feet of pad subgrade (soil grade) and replace same with non-expansive material. Imported non-expansive fill should consist of a well graded, slightly cohesive, fine silty sand or sandy silt soil. This material should possess the following characteristics:

Percent Passing No. 200 Sieve	20 to 50
Plasticity Index	10 maximum
UBC Standard 29-2 Expansion Index	15 maximum

On-site soil with a UBC Expansion Index between 15 and 50 may be utilized below 2 feet of soil grade.

Seller must remove any undocumented fill on the Premises and recompact the Premises to the minimum standards set forth in this Seller's Work Rider.

Seller must place the fill in layers not exceeding 8 inches in loose depth for heavy equipment or 4 inches in loose depth for material compacted by hand-operated tampers. Seller must install the fill to a finished grade of +/- 1 foot (one foot) of the finished pad elevation, as defined in Purchaser's approved grading plan. Seller will thoroughly compact fill material to 95% of the maximum dry soil density, as defined by ASTM 1557-91, by rolling, vibrating or tamping, or by a combination of these methods or as prescribed in the soils report for the Premises ("**Soils Report**"). Seller will not use bulldozers and trucks as compacting equipment. The Premises will be delivered to Purchaser in an interim grading condition facilitating sheet drainage across the site to interim drainage facilities. Earthwork on the Premises as delivered to Purchaser will balance within 200 cubic yards.

Soil at all foundation locations must have a minimum soil bearing capacity of 2000 pounds per square foot. The subgrade must be well drained and of adequate and uniform load bearing nature. Any clay subgrade must be covered with at least one inch of granular material, such as bank-run sand.

After the site preparation work set forth in this Seller's Work Rider is complete, Seller will provide, at Seller's sole cost, a compaction report certified and signed by a licensed civil/geotechnical engineer showing that the site preparation work is complete as required in this Seller's Work Rider. Purchaser may, at Purchaser's option, have borings and other soil tests performed after the above work is complete to determine if such work meets the standards set forth in this Seller's Work Rider. If, in Purchaser's reasonable opinion, such standards have not been met, Seller will immediately, upon notice from Purchaser, correct all deficiencies.

Purchaser's acceptance of the site is further contingent upon Purchaser's receipt of a report from a licensed surveyor certifying that the grades at the time of the surveyor's investigation are as represented in this Seller's Work Rider. If, after receipt of this report, Purchaser finds a difference of 6" or more at any point on the site, or if any of the other site preparation standards are not met, Seller will immediately upon notice from Purchaser correct all deficiencies. Seller's surveyor will replace any corner stakes and pins originally placed by Purchaser's surveyor that may have been removed during the course of Seller's Work.

- D. **Paving and Construction of Common Areas, Utilities, and Off-Site Improvements:** Seller will pave and construct all on-site and off-site improvements pursuant to the terms of the Contract and this Seller's Work Rider, which will include, but not be limited to, all street improvements, street paving, access roads, drives, curbs, gutters, sidewalks, traffic signals, installation of necessary utilities to the exterior boundary lines of the Premises, building area and common area rough grading, demolition, necessary fill and soil compaction, necessary storm water detention/retention facilities, including collection lines and detention pond areas, engineering, surveys, soils tests, and common access drive lighting.

The paving must provide for 1.5% minimum slope to allow for the surface drainage of water from the Premises, common drives or the public right-of-way, as approved by Purchaser, and described in this Seller's Work Rider. The material and thickness of the base and paving material for the common area must be, at a minimum, as follows:

COMPACTION:                   1-1/2" BINDER COURSE  
                                  1-1/2" SURFACE COURSE 96% MARSHALL  
                                  6" GRANULAR BASE COURSE  
                                  95% MODIFIED PROCTOR DENSITY

OIL CONTENT:                   4.5% - 6.0%

GRADATION EXTRACTION:   80% MAXIMUM, SHALL PASS U.S. STD. #4 SIEVE

The minimum standards set forth above may be adjusted to meet the requirements set forth in the Soils Report.

Seller will insure that all utility lines are installed to a location on the Premises approved in writing by Purchaser. Unless otherwise agreed to in writing by Purchaser and Seller, the minimum utility requirements are as follows:

Water	2" diameter line @ 65 PSI
Sanitary Sewer	6" sewer lateral
Fire	6" diameter line @ 65 PSI
Storm Sewer	As required per approved civil engineering design plan(s)

2. **Permits and Approvals:** Within 60 days from the date of final execution of this Contract, Seller will apply for and diligently pursue obtaining all governmental approvals for the final grading and drainage plan and other permits and approvals to complete the common access drives and utility work described in Article 1A of this Seller's Work Rider. Prior to closing, Seller will provide Purchaser with evidence acceptable to Purchaser, in Purchaser's sole opinion, that Seller has paid all fees and obtained all governmental approvals for all utilities, curb cuts, driveways and the construction of the common areas on the Shopping Center.

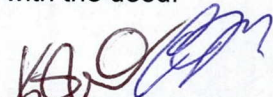
3. **Intentionally Deleted.**

4. **Warranties:** Seller will pay all costs to complete Seller's Work; provide affidavits, statements and waivers reasonably required by Purchaser or the Title Company to insure that all mechanics' and materialmen's liens and/or rights have been released or waived; perform all Seller's Work in a good, workmanlike manner; guarantee all Seller's Work for 1 year against defects in materials, faulty workmanship and design. Seller's Work must be done in compliance with all local, state and federal laws, standards and codes including, but not limited to, the Americans with Disabilities Act, at Seller's sole cost.

5. **Completion of Seller's Work:** Seller will complete Seller's Work prior to closing ("Seller's Completion Date"). If Seller has not completed Seller's Work by Seller's Completion Date, Purchaser may, in addition to all other remedies, at Purchaser's option, either (A) postpone closing until Seller's Work is complete; (B) proceed to closing; or (C) terminate this

Contract. Seller has no right to terminate this Contract if Purchaser has notified Seller that all other contingencies and/or conditions have been satisfied or waived by Purchaser and Seller has not completed Seller's Work.

If Purchaser closes, the escrow agent is authorized to record and deliver Seller's deed and withhold from the funds due Seller 1 1/2 times the cost of completing Seller's Work as the cost of all of the uncompleted items described on the Sunwood Retail Common Improvements Overall Cost Estimate (the "**Overall Estimate**") attached to the Contract as Exhibit E. After closing, Purchaser may (but is not obligated to) complete Seller's Work and be reimbursed by the escrow agent upon presentation to the escrow agent of an affidavit, setting forth Purchaser's costs and the amount of reimbursement Purchaser is entitled to under this Contract, together with invoices marked "Paid" or invoices with copies of checks paying such invoices; it being understood and agreed that the amount payable to Purchaser for any uncompleted item shall not exceed the amount of said item as set forth on the Overall Estimate, subject to unforeseen costs incurred by Purchaser in the course of performing the uncompleted items set forth on the Overall Estimate. The balance of the funds remaining, if any, will be disbursed to Seller. If the escrowed funds are insufficient to fully reimburse Purchaser, Seller is liable for the difference, provided that any amount payable by Seller under this sentence for any uncompleted item shall not exceed the amount of said item as set forth on the Overall Estimate, subject to unforeseen costs incurred by Purchaser in performing the uncompleted items of Seller's Work. Notwithstanding the foregoing, any payment to Purchaser under this Paragraph 5 shall be net of amounts that Purchaser is obligated to reimburse Seller pursuant to the Contract or the Declarations (as defined in the Contract). This provision survives closing and will not merge with the deed.

  
\_\_\_\_\_  
Seller's Initials

  
\_\_\_\_\_  
Purchaser's Initials



Ramsey, Minnesota  
Sunwood Drive  
L/C: 022-0575

## FIRST AMENDMENT TO REAL ESTATE CONTRACT

This FIRST AMENDMENT TO REAL ESTATE CONTRACT ("**Amendment**") is dated \_\_\_\_\_ between **THE HOUSING AND REDEVELOPMENT AUTHORITY IN AND FOR THE CITY OF RAMSEY, MINNESOTA**, a public body corporate and politic under the laws of the State of Minnesota ("**Seller**") and **McDONALD'S USA, LLC**, a Delaware limited liability company ("**Purchaser**"). The following statements are a material part of this Amendment:

A. Seller and Purchaser entered into a Real Estate Contract dated December 19, 2012 ("**Contract**") for the property described in Exhibit A attached to the Contract and incorporated into this Agreement by this reference.

B. Purchaser has expended considerable time, money and effort to satisfy the conditions precedent in the Contract.

C. The expiration of the Contingency Period is about to occur, and the parties desire to extend such date.

THEREFORE, in consideration of the mutual covenants contained in the Contract and other good and valuable consideration, the receipt of which is hereby acknowledged between the parties, Seller and Purchaser agree as follows:

1. The expiration of the Contingency Period set forth in Article 6A of the Contract is extended to expire on January 7, 2014.
2. Except as modified by this Amendment, the Contract is ratified and confirmed by the parties.
3. This Amendment may be signed in one or more counterparts, all of which taken together shall constitute one and the same document.

End of Text. Signatures on next page.

To indicate their agreement to the above, the parties or their authorized representatives or officers have signed this document.

**SELLER:**  
**THE HOUSING AND REDEVELOPMENT**  
**AUTHORITY IN AND FOR THE CITY OF**  
**RAMSEY, MINNESOTA**, a public body corporate  
and politic under the laws of the State of Minnesota

**PURCHASER:**  
**McDONALD'S USA, LLC**  
a Delaware limited liability company

By: \_\_\_\_\_  
Its: \_\_\_\_\_  
Name: \_\_\_\_\_

By: \_\_\_\_\_  
Its: \_\_\_\_\_

By: \_\_\_\_\_  
Its: \_\_\_\_\_  
Name: \_\_\_\_\_

(ACKNOWLEDGMENTS OF ALL SIGNATURES)



**HRA Regular Session**

**5. 2.**

**Meeting Date:** 10/08/2013

**Submitted For:** Kurt Ulrich, Administrative Services

**By:** Jo Thieling, Administrative Services

**Information**

**Title:**

Approve Extended Contract with Ehlers Financial Advisors for TIF Analysis

**Background:**

Staff received a Proposal for Services for Further analysis of TIF District #14 - The COR from Stacie Kvilvang of Ehlers. The proposal is for a not-to-exceed amount of \$5,000 to finalize the initial work performed under the first contract.

Attached is the proposal from Ehlers.

**Observations/Alternatives:**

The scope of services in the proposal are in line with creating a final report and recommendation for the Council on TIF District 14. Ehlers has been asked to add a task of performing drafting and analysis of special legislation to meet City’s TIF goals, as part of the scope of services under this contract.

**Recommendation:**

Approve the proposal as submitted, but adding the task of performing drafting and analysis of special legislation to meet City’s TIF goals, as part of the scope of services under the contract. There would be no change in the contract price.

**Funding Source:**

Funding will come from the City's existing TIF Districts as an administrative expense.

**Action:**

Motion to approve the Proposal for Services, as amended, for Further Analysis of TIF District #14 - The COR for a not-to-exceed amount of \$5,000.

**Attachments**

TIF 14 Proposal

**Form Review**

<b>Inbox</b>	<b>Reviewed By</b>	<b>Date</b>
Kurt Ulrich	Kurt Ulrich	10/03/2013 03:06 PM
Diana Lund	Jo Thieling	10/03/2013 03:29 PM
Form Started By: Jo Thieling		Started On: 10/03/2013 10:39 AM
Final Approval Date: 10/03/2013		



Mr. Kurt Ulrich  
City of Ramsey  
7550 Sunwood Drive Northwest  
Ramsey, MN 55303

September 30, 2013

RE: Proposal for Services for Further Analysis of TIF District #14 – The COR

Dear Kurt:

Thank you for the opportunity to submit a proposal in regards to the above referenced project. Following is the scope of services anticipated for this portion of the project:

1. Meet with City staff to revise development scenarios and timing of development.
2. Update overall COR project costs to date and anticipated costs.
3. Prepare updated TIF runs for each area and update overall TIF district model to determine:
  - a. Amount of TIF available through the term of the district to repay the City/HRA for their investment in the land and public improvements to date
  - b. Amount of TIF available for any future public improvements in the TIF district
  - c. Amount of TIF available for Residence at the COR bond and pay-as-you-go obligations; and
  - d. Amount of TIF available for any future third party obligations (amount of TIF that is not needed to pay for existing or future City/HRA obligations).
4. Determine what parcels could be decertified from the TIF district and impact of their removal.
5. Provide an analysis of impacts of changing the fiscal disparities election to inside the district.
6. Attend meeting with City Council/HRA to overview findings and facilitate discussion on options.

We propose a not to exceed fee of \$5,000 for the work to be completed. I will be responsible for the majority of the work involved. Shelly Eldridge in our office will serve as the secondary contact on the project and will be involved in completing the TIF and fiscal disparities analysis.

I look forward to continued work with you and your staff on this project. Please contact me at 651-697-8506 with any questions.

Sincerely,

Stacie Kvilvang

cc: Diana Lund – Finance Director