

PURCHASE AGREEMENT

Land Acquisition

THIS AGREEMENT is between PSD, LLC, a Minnesota limited liability company ("Buyer") and the City of Ramsey, a Minnesota municipal corporation under the laws for the state of Minnesota ("Seller").

In consideration of this Agreement, Seller and Buyer agree as follows:

1. **Sale of Property.** Seller agrees to sell and transfer to Buyer, and Buyer agrees to buy from Seller the Property (hereinafter defined) known as OUTLOT A, RAMSEY TOWN CENTER 11TH ADDITION, Anoka County, Minnesota (consisting of approximately 9.01 acres) and OUTLOT B, RAMSEY TOWN CENTER, 11TH ADDITION, Anoka County, Minnesota (consisting of approximately 4.03 acres), as depicted in the plat attached hereto.

AND

The northerly portion of Lot 1, Block 1, Ramsey Town Center, 11th Addition (consisting of approximately .93 acres), as described in exhibit E.

The combined total square footage of the 3 parcels is 608,533.2 sq ft.

2. **Purchase Price and Manner of Payment.**

- a. **Purchase Price.** The total purchase price ("Purchase Price" or "Gross Sales Prices") to be paid by Buyer to Seller for the Property shall be \$1,897,089.60, which shall be payable in cash on the Closing Date stated in Section 4 of this Agreement.
- b. **Earnest Money.** Buyer shall pay Seller Fifty Thousand Dollars (\$50,000.00) earnest money upon execution of this Agreement. The earnest money shall be held in an escrow account by Registered Abstractors, 2115 Third Avenue, Anoka MN 55303 ("Title Insurance Company"). The deposit shall be applied to the purchase price described above.
- c. **Term of Agreement.** This Agreement shall continue in effect until May 1, 2015, and shall terminate, without notice to Seller, if prior thereto Buyer has not acquired the Property.

3. **Buyer's Contingencies.** The obligations of Buyer under this Agreement are subject to and contingent upon each of the following contingencies:

- a. **Title.** Title shall have been found acceptable, or be made acceptable, in accordance with the requirements and terms of Sections 6 (a) and 7 (a) of this

Agreement. At Closing, Seller shall convey a warranty deed conveying fee title to the Property in the condition required by this Agreement and the Title Company shall provide Buyer title insurance for the Property in the condition required by this Agreement.

- b. **Soil Tests.** Buyer shall have determined, on or before the closing date set forth below, that Buyer is satisfied with the results of and matters disclosed by such soil and geotechnical tests of the Property as Buyer may deem necessary, all such tests to be obtained at Buyer's sole cost and expense. Within ten (10) business days after the date of this Agreement, Seller shall deliver to Buyer all soil tests and other inspections, reviews and reports, if any, pertaining to the Property that are in Seller's possession or control or have been previously prepared on Seller's behalf.
- c. **Utilities.** On or before closing the Seller shall deliver to Buyer all documents, if any, that are in the Seller's possession or control which evidence the location and/or capacity of utilities available to the Property. On or before the closing date set forth below, Buyer shall confirm, at Buyer's option, that water, sanitary sewer, storm sewer and other utilities are available at the boundary of the Property. If one or more utility services are not available at the boundary of the Property, Seller covenants to extend such service, at its expense, to the boundary of the Property prior to Closing.
- d. **Environmental Assessment.** On or before closing the Seller shall deliver to Buyer all environmental assessments, if any, pertaining to the Real Property that are in Seller's possession or control or have been previously prepared on Seller's behalf.
- e. **Permitted Use.** On or before closing date, Buyer shall have determined that Buyer's Intended Use of the Property for multi-family housing which incorporates the use pitched roofs and detached garages, senior care facilities, hotel/motel facilities, office and retail space and parking facilities ("Buyer's Intended Use") is a permitted use under the Zoning, Subdivision and Land Use Regulations of the City of Ramsey and of Anoka County without the necessity of obtaining a variance or rezoning.
- f. **Governmental Permits and Approvals.** Contingencies shall include the following government approvals, on or before closing: 1) Buyer shall obtain Major Subdivision Final Plat Approval, and 2) Buyer shall obtain Site Plan Approval for 120 apartment units. For purposes of this Agreement, Governmental Approvals do not include Building Permit Review. Buyer shall be responsible for obtaining all required Building Permits.
- g. **Flood Plain Designation.** On or before closing date, Buyer shall determine that the Property is not located within a federally designated flood plain.
- h. **Access.** On or before closing date, Buyer shall have determined that the Real Property, when platted and upon performance of Seller's obligations related to the

plat, shall have adequate unrestricted access to a dedicated public street sufficient to support Buyer's Intended Use of the Real Property.

- i. **Corporate Approvals.** On or before closing date, Buyer shall have received all necessary corporate approvals, approving Buyer's obligations under this Agreement and the transactions contemplated hereby.
- j. **Legally Conveyable Parcels.** On or before closing date, Buyer shall verify with the Title Company as defined in Article 2(b), that Outlot A, 11th Addition Ramsey Town Center and Outlot B, 11th Addition of Ramsey Town Center are legally conveyable lots and acceptable to Buyer. The Buyer will assume the responsibility of re-platting said lots in order to create buildable commercial lots that suit the Buyer's needs.
- k. **Special Service District.** The Seller, as the owner of the Property and as the owner of other property in Ramsey Town Center Addition, will not file or join in a petition under Minn. Stat. Section 428A.08 for the creation of a special service district that would encompass the Property and, if other property owners file a petition for the creation of a special service district that would encompass the Property, the Seller will join with the Buyer in filing an objection to the adoption of the special service district ordinance in accordance with Minn. Stat. 428A.09. This Agreement will be documented in the form of a covenant that runs with title to the property and binds the HRA's successors in title for a period of ten (10) years following the date of this Agreement. If the Seller has created a special service district which includes the Property, the Seller will take necessary steps to remove the Property from the special service district prior to closing.
- l. **Right Of Way (ROW) & Public Street.** The Buyer shall pay for the surveying, grading, and construction of a public street to be constructed in the 60' ROW between Outlot A, 11th Addition and Outlot B, 11th Addition at the location shown in the attached Exhibit A. In addition, the Buyer shall pay for the construction and installation of water mains, sanitary sewer mains, and storm sewer mains in the easement area adjacent to the street and serving the Property in the locations shown on the attached Exhibit A through Exhibit D. Said public street that is to be constructed will be installed per the Seller's minimum public street standards. Seller represents that no further action need be taken by it in order for Buyer to construct the street other than by the City's engineers to verify and approve the design of the roadway to be constructed.
- m. **Development Agreement.** On or before closing date, the Seller and Buyer shall enter into a development agreement for Outlot A and Outlot B, RTC 11th Addition. Prior to closing the Seller shall provide a zoning verification letter indicating the proposed uses on said lots are allowed, specifically stating that pitched roofs and detached garages that are planned to be incorporated in the residential component are allowable, as well as, that a 3-5 story hotel/motel building would be also be deemed an acceptable use

If any of the above contingencies have not been satisfied on or before the applicable dates stated in this Section 3, then this Agreement may be terminated, at Buyer's option, by written notice from Buyer to Seller. Such notice of termination shall be given within ten (10) days after a contingency has not been satisfied. Upon such termination, the Earnest Money shall be refunded to Buyer and upon such return, this Agreement shall become null and void and neither party will have any further rights or obligations regarding this Agreement or the Property. Should Buyer fail to give notice of termination on or before the applicable date stated above with respect to any of the foregoing contingencies, the contingency in question shall be conclusively deemed to have been waived by Buyer. Buyer shall have the right to unilaterally waive any contingency by written notice to Seller.

Seller shall allow Buyer, and Buyer's agents, access to the Property without charge and at all reasonable times for the purpose of Buyer's investigation and testing. Buyer shall pay all costs and expenses of such investigation and testing, except as herein otherwise expressly stated, and shall hold Seller and the Property harmless from all costs and liabilities relating to Buyer's activities. Buyer shall further repair and restore any damage to the Real Property caused by or occurring during Buyer's testing and return the Real Property to substantially the same condition as existed prior to such entry.

4. **Closing.** Unless otherwise agreed to by the parties, the closing of the purchase and sale contemplated by this Agreement (the "Closing") shall be held on the first business day which is five days after the date on which the contingencies described above in Section 3 of this Agreement have been waived or satisfied (the "Closing Date"), but no later than May 01, 2015. The Closing shall take place at 10:00 a.m. local time at Registered Abstracters in Anoka: 2115 3rd Avenue, Anoka, Minnesota. Seller agrees to deliver possession of the Property to Buyer on the Closing Date.
 - a. **Seller's Closing Documents.** On the Closing Date, Seller shall execute and/or deliver to Buyer the following (collectively, "Seller's Closing Documents"):
 - i) **Warranty Deed.** A Warranty Deed conveying the Property to Buyer, free and clear of all encumbrances, except the Permitted Encumbrances hereafter defined.
 - ii) **Seller's Affidavit.** An Affidavit of Title by Seller (Uniform Conveyancing Blanks Form No. 116-M) indicating that on the Closing Date there are no outstanding, unsatisfied judgments, tax liens or bankruptcies against or involving Seller or the Property; that there has been no skill, labor or material furnished to the Property by Seller for which payment has not been made or for which mechanics' liens could be filed; and that there are no other unrecorded interests in the Property, together with whatever standard owner's affidavit and/or indemnity (ALTA Form) which may be required by the Title Company to issue an Owner's Policy of Title Insurance with the standard exceptions waived.

- iii) **FIRPTA Affidavit.** A non-foreign affidavit, properly executed and in recordable form, containing such information as is required by IRC Section 1445(b) (2) and its regulations.
 - iv) **Date-Down Certificate.** A certificate confirming the accuracy, as of the Closing Date, of the representations and warranties set forth in Section 7.
 - v) **Other Documents.** All other documents reasonably required to transfer the Property to Buyer in accordance with the terms of this Agreement.
- b. **Buyer's Closing Documents.** On the Closing Date, Buyer will execute and/or deliver to Seller the following (collectively, "Buyer's Closing Documents"):
- i) **Purchase Price.** The balance of the Purchase Price by cashier's check or wire transfer is to be delivered to Seller on the Closing Date.
 - ii) **Title Documents.** Such affidavits of Purchaser, Certificates of Value or other documents as may be reasonably required by Title in order to record the Seller's Closing Documents and issue the Title Insurance Policy required by this Agreement.
5. **Prorations.** Seller and Buyer agree to the following prorations and allocation of costs regarding this Agreement:
- a. **Title Insurance and Closing Fee.** Seller will pay all costs of providing the Title Commitment. Buyer will pay the premium required for the issuance of the Owner's Title Insurance Policy. Seller will pay the cost of providing the ALTA Survey identified in Section 6 of this Agreement. Seller and Buyer will each pay one-half of any reasonable and customary closing fee or charge imposed by the Title Company.
 - b. **Real Estate Taxes.** On or before the Closing, Seller shall pay all real estate taxes, and any penalties and interest thereon due and payable with respect to the Real Property in 2014 and all years prior to the year of Closing, including all so-called "Green Acre" taxes attributable to the year 2014 or years prior to the year of Closing. The real estate taxes due and payable in the year of closing shall be pro rated between Seller and Buyer, on a per diem basis using a calendar year, to the Closing Date. Buyer shall pay all real estate taxes due and payable in years following the year of Closing.
 - c. **Special Assessments.** Seller shall pay all special assessments levied, pending or otherwise of record against the Real Property as of the Closing Date. Installments of special assessments, if any, due and payable in the year 2014 and prior years shall be paid by Seller.

- d. **Recording Costs.** Seller will pay the cost of recording all documents necessary to place record title in the condition warranted by Seller in this Agreement. Buyer will pay the cost of recording all other documents.
- e. **Other Costs.** Except as otherwise provided in this Agreement, Seller and Buyer shall pay its own fees and costs incurred in this transaction.

6. **Title Examination.** Title Examination will be conducted as follows:

- a. **Title Evidence.** On or before closing date, Seller shall deliver to Buyer a commitment for an ALTA Owner's Policy of Title Insurance committing to insure title to the Real Property, in the amount of the Purchase Price, issued by the Title Insurance Company. The Title Commitment will commit the Title Insurance Company to insure title to the Real Property subject to any Permitted Encumbrance as described in section 6 (c) below, and shall include a Special Assessment Search and be accompanied by copies of each document evidencing liens and encumbrances affecting the Real Property.
- b. **Survey.** On or before closing date, Seller shall provide to Buyer, a survey of the Property, certified to Buyer and Title Insurance Company as having been prepared in accordance with ALTA minimum standard detail requirements, dated subsequent to the date hereof, by a registered land surveyor registered in Minnesota, showing and certifying (i) boundary lines; (ii) legal description; (iii) location of all adjacent roadways and any limitation of access (including recording information related thereto); (iv) location of all utilities located on or adjacent to the Property; (v) location of, and recording information relating to all easements; (vi) area of the Property to the nearest 1/1000th of an acre and the area of the Property to the nearest 1/1000th of an acre, net of any roadway easement; (vii) location of all visible encroachments; (viii) all set back lines; and (ix) all matters referred to on the title commitment that can reasonably be shown on such survey. The Surveyor's Certificate shall be in a form acceptable to the Title Insurance Company.
- c. **Buyer's Objections.** Within ten (10) days after receiving the Title Commitment and the Survey, Buyer will make in writing, any objections ("Objections") to the form or any contents of the Title Commitment and the Survey. Buyer's failure to make Objections within such time period will constitute a waiver of Objections. Any matter shown on such Title Commitment or the Survey and not objected to by Buyer shall be a "Permitted Encumbrance" hereunder. Seller will have thirty (30) days after receipt of the Objections to cure the Objections, during which period the Closing will be postponed as necessary. Seller shall use its best efforts to correct any Objections. If the Objections are not cured within such thirty-day period, Buyer will have the option to do any of the following:
 - i) Terminate this Agreement and receive a refund of the Earnest Money.
 - ii) Waive the Objections and proceed to close.

If Buyer fails to terminate this Agreement within fifteen (15) days of Seller's failure to cure any Objections during such thirty-day period, Buyer shall be conclusively deemed to have waived such Objections and shall proceed to close.

- d. **Title Policy.** At closing, Buyer will receive the Title Policy ("Title Policy") issued by the Title Company pursuant to the Commitment, or a suitably marked-up Commitment initialed by the Title Company undertaking to issue such a Title Policy in the form required by the Commitment as approved by Buyer.
- e. **Cancellation of Agreement.** Buyer and Seller agree to sign a cancellation of the Contract upon termination of this Agreement.

7. **Representations and Warranties by Seller.** Seller represents and warrants to Buyer as follows:

- a. **Title to Property.** Seller holds marketable title to the Property, free and clear of all encumbrances except the Permitted Encumbrances.
- b. **Environmental Laws.** To the best of Seller's knowledge, no toxic or hazardous substances or wastes, pollutants or contaminants (including, without limitation, asbestos, urea formaldehyde, the group of organic compounds known as polychlorinated biphenyls, petroleum products including gasoline, fuel oil, crude oil and various constituents of such products, and any hazardous substance as defined in the Comprehensive Environmental Response, Compensation and Liability Act of 1980 ("CERCLA"), 42 U.S.C. Section 9601-9657, as amended) have been generated, treated, stored, released or disposed of, or otherwise placed, deposited in or located on the Property, nor has any activity been undertaken on the Property that would cause or contribute to (i) the Property to become a treatment, storage or disposal facility within the meaning of, or otherwise bring the Property within the ambit of, the Resource Conservation and Recovery Act of 1976 ("RCRA"), 42 U.S.C. Section 6901 *et seq.*, or any similar federal law, state law or local ordinance, (ii) a release or threatened release of toxic or hazardous wastes or substances, pollutants or contaminants, from the Property within the ambit of, CERCLA, or any similar federal law, state law or local ordinance, or (iii) the discharge of pollutants or effluents into any water source or system, the dredging or filling of any waters or the discharge into the air of any emissions, that would require a permit under the Federal Water Pollution Control Act, 33 U.S.C. Section 1251 *et seq.*, or the Clean Air Act, U.S.C. Section 7401 *et seq.*, or any similar state law or local ordinance. To Seller's knowledge, no substances or conditions exist in or on the Property that may support a claim or cause of action under RCRA, CERCLA or any other federal, state or local environmental statutes, regulations, ordinances or other environmental regulatory requirements, including without limitation, the Minnesota Environmental Response and Liability Act, Minn. Stat. 115B ("MERLA") and the Minnesota Petroleum Tank Release Cleanup Act, Minn. Stat. 115C. To Seller's knowledge, no aboveground or

underground tanks, are located in or about the Property, or have been located under, in or about the Property and have subsequently been removed or filled.

- c. **Environmental Claims.** There is no Environmental Claim pending or, to the knowledge of the Seller, threatened against the Seller or against any person whose liability for such Environmental Claim the Seller has retained or assumed by contract, license use agreement, lease, warranty or guarantee, or any applicable law. "Environmental Claim" means any written notice by a Government Authority alleging potential liability (including potential liability for investigatory cost, cleanup cost, governmental response cost, natural resources damage, property damage, personal injury or penalty) arising out of or resulting from directly or indirectly, (a) the presence, or release into the environment, of any material or form of energy at any location, whether or not owned by the Seller, or b.) circumstances forming the basis of any violation, or alleged violation, of any Environmental Law.
- d. **Water Wells.** To the best of Seller's knowledge, no water wells exist on or under the Property or have existed on or under the Property.
- e. **Rights of Others to Purchase Property.** Seller has not entered into any other contracts for the sale of the Real Property, which remain in effect as of the date of this Agreement, nor are there any rights of first refusal or options to purchase the Real Property or any other rights of others that might prevent the consummation of this Agreement.
- f. **FIRPTA.** Seller is not a "foreign person", "foreign partnership", "foreign trust" or "foreign estate" as those terms are defined in Section 1445 of the Internal Revenue Code.
- g. **Proceedings.** There is no action, litigation, investigation, condemnation or proceeding of any kind pending or to the best knowledge of Seller, threatened against Seller or any portion of the Real Property that would affect Seller's ability to perform its obligations under this Agreement.
- h. **Assessments.** Seller has received no notices from any governmental entity regarding assessments or planned improvements that may result in assessments to the Property.
- i. **Governmental Notices.** Seller is not in possession of any notices regarding the Property which were sent by governmental entities to Seller at any time during its ownership of the Property.
- j. **Unrecorded Documents.** There are no unrecorded leases, contracts, easements, or any other documents creating rights in parties other than Seller which cannot be terminated by Seller prior to Closing and which will continue to affect the Property after Closing.

- k. **Condition of Property.** Seller warrants that there are no present violations of any restrictions relating to the use or improvement of the Property.

Seller will indemnify Buyer against and will hold Buyer harmless from, any expenses or damages, including reasonable attorneys' fees, that Buyer incurs because of the breach of any of the above representations and warranties, whether such breach is discovered before or after Closing. Each of the representations and warranties herein contained shall survive the Closing. Buyer is purchasing the Property based upon its own investigation and inquiry and, except for the representations and warranties expressly provided for herein, is not relying on any representation of Seller or other person and agrees to accept and purchase the Property "as is, where is". "To the best of Seller's knowledge" is limited to the actual knowledge of employees or representative of the Ramsey Housing and Redevelopment Agency.

8. **Project Assistance Notification.** The Buyer has not requested any government subsidies or financial assistance programs in relation to this Purchase Agreement. Based on market conditions, Buyer may, or may not, make a request for project assistance in the future. In the event a request is made by the Buyer, this clause does not bind or obligate the Seller to provide project assistance.
9. **Condemnation.** If, prior to the Closing Date, eminent domain proceedings are commenced or Seller receives notice of the pendency of eminent domain proceedings against all or any part of the Property, Seller shall immediately give notice to Buyer of such fact and at Buyer's option (to be exercised within thirty (30) days after Seller's notice), this Agreement shall terminate, in which event neither party will have further obligations under this Agreement and the Earnest Money shall be refunded to Buyer. If Buyer shall fail to give such notice then there shall be no reduction in the Purchase Price, and the Seller shall assign to Buyer at the Closing Date all of Seller's right, title and interest in and to any award made or to be made in the condemnation proceedings. Prior to the Closing Date, Seller shall not designate counsel, appear in, or otherwise act with respect to the condemnation proceedings without Buyer's prior written consent.
10. **Damage or Destruction.** If, prior to the Date of Closing, the Property or any part thereof shall be damaged or destroyed by fire or other casualty, this Agreement shall become null and void at Buyer's option by written notice to Seller and, in such case, Seller will be entitled to the insurance proceeds and Buyer shall receive a refund of its Earnest Money. If Buyer does not terminate this Agreement, despite said damage or destruction, there shall be no reduction in or abatement of the Purchase Price and Seller shall assign all insurance proceeds it received due to the damage or destruction to Buyer.
11. **Broker's Commission.** Seller and Buyer represent and warrant to each other that they have dealt with no brokers, real estate agents, finders or the like in connection with this transaction, other than CBRE, Inc. ("Seller's Broker") which represents Seller. Seller shall pay broker as required by their specific agreement. Seller and Buyer agree to indemnify each other and to hold each other harmless against all claims, damages, costs or expenses of or for any brokers' fees or commissions resulting from their actions or agreements regarding the execution or performance of this Agreement, other than the fees

payable to Seller's Broker as above provided, and will pay all costs of defending any action or lawsuit brought to recover any such fees or commissions incurred by the other party, including reasonable attorneys' fees.

12. **Assignment.** Buyer may assign Buyer's rights under this Agreement to another entity without Seller's prior written consent. If Seller reassigns its' right to complete this transaction, written notification must be sent to Seller and sent to Seller via the address listed for notices as shown in Section 14.
13. **Survival.** All of the terms of this Agreement will survive and be enforceable after the Closing.
14. **Notices.** Any notice or communication required or permitted to be given by any party to the other shall be in writing and shall be deemed to have been given in accordance with this Agreement if it is delivered personally to Seller or Buyer or if mailed to either Seller or Buyer in a sealed wrapper by first class United States Mail addressed as follows:

If to Seller: City Administrator
City of Ramsey
7550 Sunwood Drive
Ramsey, MN 55303

If to Buyer: Pamela S. Deal
PSD, LLC
7533 Sunwood Drive NW
Suite 315
Ramsey, MN 55303

Mailed notices shall be deemed effective two (2) business days after the date of mailing. Any party may change its address for the service of notice by giving written notice of such change to the other party, in any manner above specified, ten (10) days prior to the effective date of such change.

15. **Captions.** The paragraph headings or captions appearing in this Agreement are for convenience only, are not a part of this Agreement and are not to be considered in interpreting this Agreement.
16. **Entire Agreement; Modification.** This written Agreement constitutes the complete agreement between the parties and supersedes any prior oral or written agreements between the parties regarding the Property. There are no verbal agreements that change this Agreement and no waiver or modification of any of its terms will be effective unless in writing executed by the parties.
17. **Binding Effect.** This Agreement binds and benefits the parties and their successors and assigns.

18. **Controlling Law.** This Agreement has been made under the laws of the State of Minnesota, and such laws will control its interpretation.
19. **Remedies.** If Buyer defaults under this Agreement, Seller shall have the right and option to terminate this Agreement by giving written notice to Buyer. If Buyer fails to cure such default within thirty (30) days of the date of such notice, this Agreement will terminate, and upon such termination Seller will retain the Earnest Money and accrued interest thereon as liquidated damages and not as a penalty, time being of the essence of this Agreement. The termination of this Agreement and retention of the Earnest Money will be the sole remedy available to Seller for such default by Buyer, and Buyer shall not be liable for damages or specific performance. If Seller defaults under this Agreement, this provision does not preclude Buyer from seeking and recovering from Seller damages for nonperformance and/or specific performance of this Agreement.
20. **Third Party Beneficiary.** There are no third party beneficiaries of this Agreement, intended or otherwise.
21. **No Joint Venture or Partnership.** Seller and Buyer, by entering into this Agreement and completing the transactions described herein, shall not be considered joint venturers or partners.
22. **Time Periods.** If the time for performance of any obligations under this Agreement expires on a day that is not a business day, the time for performance shall be extended to the next business day.
23. **Date of Agreement.** In the event this Agreement is not signed simultaneously by both parties, it shall be considered to be an offer made by the party first executing it. In such event this offer shall expire at mid-night on 45 days after the first party executed the agreement, unless a copy of this Agreement, executed by the party to whom this offer had been made, shall have been received by the party making the offer.

Dated: _____, 2015

SELLER

The City of Ramsey, Minnesota

By: _____

Printed Name: *Kurt Ulrich*

Its: Administrator

AND

By: _____

Printed Name: *Sarah Strommen*

Its: Mayor

Dated: _____, 2014

BUYER

PSD, LLC

By: _____

Printed Name: *Pamela S. Deal*

Its: Chief Manager