

City of Ramsey
Agenda
Economic Development Authority (EDA)
Thursday, June 8, 2017
7:30 am
Lake Itasca Room, 7550 Sunwood Drive NW

- 1. Call to Order**
- 2. Approve Agenda**
- 3. Approve Minutes**
 1. Approve the Following Meeting Minutes:
 - 1) EDA Regular Meeting - May 25, 2017
- 4. EDA Business**
 1. Aeon Purchase Agreement: Multiple Actions
 2. Maple Investments LLC (dba Sharp & Associates) Purchase Agreement
 3. PSD LLC Business Park: Approve MOU Related to New Internal Public Roadway
 4. PSD LLC Business Park: Establish TIF District 16 and Approve TIF Agreement (Building #1)
 5. PSD LLC Business Park: Accept Business Subsidy Application & Call for a Public Hearing (Building #2)
 6. CBRE Update
 7. Review Architectural Design for StoneBrook Academy (Project #17-101); Case of Michael and Kristen Johnson
- 5. Member/Staff Input**
- 6. Adjournment**

Economic Development Authority (EDA)

3. 1.

Meeting Date: 06/08/2017

Submitted For: Patrick Brama, Administrative Services

By: Katie Schmidt, Administrative Services

Title:

Approve the Following Meeting Minutes:

1) EDA Regular Meeting - May 25, 2017

Purpose/Background:

Purpose: The purpose is to approve the meeting minutes for the EDA meeting held the prior month.

Background: The meeting minutes are attached for review and approval.

Notification:

Observations/Alternatives:

Funding Source:

Recommendation:

Action:

Motion to approve the following EDA meeting minutes:

1) EDA Regular Meeting - May 25, 2017

Attachments

[EDA Minutes 05-25-17](#)

Form Review

Inbox	Reviewed By	Date
Patrick Brama	Patrick Brama	05/25/2017 04:34 PM
Kurt Ulrich	Katie Schmidt	06/02/2017 11:33 AM
Form Started By: Katie Schmidt		Started On: 05/25/2017 03:05 PM
Final Approval Date: 06/02/2017		

**ECONOMIC DEVELOPMENT AUTHORITY
CITY OF RAMSEY
ANOKA COUNTY
STATE OF MINNESOTA**

The City of Ramsey Economic Development Authority (EDA) conducted a regular meeting on Thursday, May 25, 2017, at the Ramsey Municipal Center, 7550 Sunwood Drive NW, Ramsey, Minnesota.

Members Present: Chairperson Jim Steffen
 Member Phillip Brunt
 Member Brian Burandt
 Member Chris Riley
 Member Wayne Skaff
 Member Kristine Williams (arrived at 7:38 a.m.)

Members Absent: Member Glen Hardin

Also Present: Patrick Brama, Econ. Dev. Mgr/Assistant City Administrator
 Tim Gladhill, Development Services Manager

1. CALL TO ORDER

Chairperson Steffen called the Economic Development Authority meeting to order at 7:35 a.m.

2. APPROVE AGENDA

Motion by Member Skaff, seconded by Member Brunt, to approve the agenda.

Motion carried. Voting Yes: Chairperson Steffen, Members Skaff, Burandt, Brunt, and Riley.
Voting No: None. Absent: Members Hardin and Williams.

3. APPROVE MINUTES

3.01: Approve Meeting Minutes Dated April 13, 2017

Motion by Member Steffen, seconded by Member Skaff, to approve the April 13, 2017, minutes as presented.

Motion carried. Voting Yes: Chairperson Steffen, Members Skaff, Burandt, Brunt, Riley, and Skaff. Voting No: None. Absent: Hardin and Williams.

4. EDA BUSINESS

4.01: Review Planning Commission Recommendation for The COR Interim Development Plan

Community Development Director Gladhill presented the staff report.

Member Williams arrived at 7:38 a.m.

Chairperson Steffen asked if this plan includes more or less retail than the original plan.

Community Development Director Gladhill noted that this plan has slightly less retail but identified two other areas that have available space for retail. He noted that the Planning Commission feels that it would be a better balance.

Chairperson Steffen asked if there was a negative opinion of retail in this area from The COR panel.

Community Development Director Gladhill stated that there are challenges and barriers to the retail market. He explained that The COR will not be a Riverdale or Elk River, but the focus should instead be a unique business incubator.

Member Skaff asked the plans for the open land in the downtown area.

Community Development Director Gladhill stated that there would still be a mix of uses along Sunwood Drive between retail and residential with a focus on high density residential. He noted the relationship needed between residential and the success of the transit with the commuter rail.

Chairperson Steffen asked if the document would change any zoning.

Community Development Director Gladhill stated that the zoning would not change as the mixed use allows for a multitude of uses. He stated that some simple adjustments can be made to the subdistrict boundaries which allows more flexibility.

Member Williams stated that the document makes some strong statements in regard to retail and asked if the EDA is comfortable publishing that and making it public. She stated that while the City has not been able to attract the desired retail that is indicative of the market. She noted that there are two places in the vision statement that state no “big box” retail and asked if the EDA is comfortable with that.

Community Development Director Gladhill stated that he would support tweaking that language, as the vision statement became more focused on the northwest quadrant. He believed that the Planning Commission would support “big box” retail in the right opportunity. He explained that the Planning Commission wanted to attract more unique opportunities but would still be open to “big box” retail as well.

Chairperson Steffen stated that the City has been open to “big box” retail for 15 years and did not see any reason to detract from that option now.

Community Development Director Gladhill stated that perhaps the statement be tweaked to remove the portion disallowing “big box” retail and instead encouraging smaller incubator retail destinations.

Member Riley stated that the market will dictate the choice the City will have and noted that there are several statements that push the smaller unique retail that would have a higher rate of turnover. He noted that he would prefer to have more established names in terms of retail that would most likely have a higher rate of success.

Member Burandt agreed that the statement should instead say that the City will embrace market driven opportunities as they come, rather than trying to attract businesses that would have a higher rate of turnover.

Member Riley stated that this is a first draft of a document that the EDA has not yet had input on and therefore this is a great discussion.

Community Development Director Gladhill noted that the Planning Commission has spent a lot of time attempting to develop a plan broad enough to go over the entire development but advised that this is still a draft. He noted that he does like the idea of embracing market driven opportunities as they come but stated that perhaps the vision statement is not the right place for that item. He instead suggested putting talking points from each group under each section as the discussions continue.

Member Riley recognized the change in the mixed-use definition, noting that the idea has been switched as the vertical mixed use did not seem to be a success. He stated that parking is another area that the group should discuss. He noted that although the City prefers structured parking, the market would most likely support that notion. He stated that because the market would not support additional structured parking, that would require City funds to make that a reality. He stated that the floor area ratio has been changed but the document suggested that it should be changed back. He provided an example of a development that did not include structured parking and still provided a good product. He noted that going back to the original ratio would not allow additional developments of that nature.

Community Development Director Gladhill noted that there are discussions currently to determine whether there would be a return on investment for the City to invest in that type of infrastructure. He noted that while that policy discussion is occurring, the parking ramps have been left off this plan for the time being. He noted that the Planning Commission mentioned that during peak times it can be difficult to find parking near areas like Acapulco. He confirmed that the City is flexible in terms of parking, whether that be surface or ramp.

Member Riley stated that the EDA should weigh in further on parking. He stated that shared parking is a great concept if it works, he provided a successful example between Allina and the neighboring church. He stated that while that is a great concept that works in that situation he does not believe the City should attempt to coordinate those efforts between developing sites.

Community Development Director Gladhill asked if there is any openness to partner with developing properties to create structured parking, whether that be grant funds or TIF dollars. He asked if there is a desire to continue that discussion.

Economic Dev. Mgr./Assistant City Administrator Brama stated that this is a high-level policy land use plan, which is an interim plan. He noted that the next step will be a more detailed planning exercise, and will include a parking discussion that will have more details on costs. He confirmed that in this market there would need to be a cost-share between private and public to develop structured parking.

Chairperson Steffen stated that he would not say no to the concept. He noted that he would be willing to continue discussions, but does not want structured parking to be a requirement for developers.

Member Skaff stated that he would also be open to the concept but would not want to see structured parking become a requirement in a planning document, for developers.

Member Riley asked for more details on the floor area ratio.

Community Development Director Gladhill provided the definition of floor area ratio, noting the higher the floor area ratio, the denser the parking would need to be. He noted that the ratio had been decreased in order to respond to the market. He stated that a few years ago the Council then made the decision to encourage shared and structured parking but not require that element and decreased the floor area ratio to .65. He confirmed that the Planning Commission did support reverting back to the ratio of .75. He noted that the EDA comments would be added to that item, noting that while the EDA would be open to encouraging shared/structured parking, they would not want to require the element and do not support the change in floor area ratio from .65 to .75. He asked for broad thoughts on architecture and whether the City is on track, providing examples of recent development, and whether the architecture is meeting the expectations of the EDA.

Chairperson Steffen stated that there were one or two developments that did not meet his architectural expectations. He asked which examples the Planning Commission had.

Community Development Director Gladhill provided examples of architectural elements that the Planning Commission felt perhaps did not meet their expectations, noting that often it was color related.

Chairperson Steffen asked if the guidelines have changed in the past two years.

Community Development Director Gladhill stated that there have not been changes in the last two years but there was a significant amendment prior to that. He stated that staff's approach is to add more details to make things more specific. He stated that the design document is currently very lengthy and staff is attempting to simplify that while still providing the necessary definition. He stated that The COR is very unique and because the density was going to be higher, the desire

was to have higher design standards. He did not believe that would be appropriate to have the standards community wide.

Member Williams stated that she appreciates that the desire to stay strong to the architectural desires. She stated that with retail that could become a concern. She stated that it is important in the western and southern portion of The COR, and she would not want a development to look out at the back of a building. She stated that it is important to have four-sided design for buildings, so that you prevent a development from looking out at the back of a strip mall with no design and just back doors. She stated if you are going to require four-sided development, the City should also ensure that the sign ordinance would allow for signage on all sides. She provided examples of four-sided development that has been well done in The COR.

Community Development Director stated that there is flexibility to allow signage on all sides but the conflict often comes with the type of signage allowed. He noted that the discussion would play out with the Stonebrook Academy application as that moves forward. He noted that business will have their front entrance on the side opposite of Sunwood Drive and therefore the four-sided design will be important as the back of their building will be facing Sunwood.

Member Williams stated that she would want to ensure that the back of the building facing Sunwood still looks like the front as well, since that is the main roadway for The COR.

Community Development Director Gladhill summarized the input from the EDA regarding the vision statement, noting that the EDA would like to be market driven rather than dictating the market, with an emphasis of that discussion related to different types of retail users; for parking the EDA would be open to all parking options, but does not want to force shared/structured parking on developers; and in regard to architecture the EDA would like to emphasize four-sided design and would want to ensure signage is allowed for all sides if desired.

Member Riley stated that he feels the vision statement needs more amendments than what was mentioned.

Community Development Director Gladhill noted that this is intended to be an interim document and if the master developer route is chosen, that group would work with the EDA and Planning Commission to further develop the plan and implementation of the plan. He noted that the Planning Commission would focus on developing the plan while the EDA would focus on implementation of the plan. He noted that the document has been setup to allow for additional input from a master developer.

Motion by Member Skaff, seconded by Member Brunt, to recommend to City Council that approve The COR Interim Development Plan for public comment, incorporating the consensus statements from the EDA.

Motion carried. Voting Yes: Chairperson Steffen, Members Skaff, Brunt, Burandt, Riley, and Williams. Voting No: None. Absent: Member Hardin.

4.02: State of Minnesota Economic Development Marketing Initiative

Economic Dev. Mgr./Assistant City Administrator Brama presented the staff report.

Chairperson Steffen asked, and received confirmation, that the City does receive copies of the ad that they would be able to utilize. He asked what would be promoted.

Economic Dev. Mgr./Assistant City Administrator Brama stated that it is a high-level advertisement for the City that is very visual. He noted that Coon Rapids and Elk River utilize the publication. He stated that Anoka County used the publication in the past but pulled out of the publication this year which brings forward another reason it would be important for the City to include their own advertisement. He stated that the City would work with the designer to develop an ad.

Member Williams stated that while she likes the advertisement, it does not seem as detailed as some of the advertisements for the other cities. She suggested reviewing some of the other advertisements to make Ramsey's stand out a little more.

Member Burandt suggested using a map to show the location of Ramsey as well.

Motion by Member Brunt, seconded by Member Burandt, to authorize staff to utilize \$5,000 of the EDA budget to select, design, and publish an ad in the 2018 MN DEED/Business Climate annual publication.

Motion carried. Voting Yes: Chairperson Steffen, Members Brunt, Burandt, Riley, Skaff, and Williams. Voting No: None. Absent: Member Hardin.

Member Burandt suggested possibly cost-sharing the ad by highlighting shovel ready sites.

4.03: Business of the Year

Economic Dev. Mgr./Assistant City Administrator Brama presented the staff report. He explained how the short list is developed.

Chairperson Steffen stated that he likes the line of questioning which began in the last few years.

Economic Dev. Mgr./Assistant City Administrator Brama stated that an additional question was added regarding community support the previous year.

Chairperson Steffen stated that next year perhaps a scoring mechanism be developed next year to help quantify the chosen selection, noting that the questions would be weighted to provide higher numbers for the more important elements.

Member Riley stated that might be overthinking this. He stated that the EDA has been given the information and have an idea of which elements are more important to them.

Chairperson Steffen agreed but noted the scoring system would develop a system for the group to evaluate as a whole, rather than which element is most important to each member.

The EDA discussed possible recipients for the business of the year.

The EDA selected Capstone Homes as the 2017 Business of the Year with a strong recommendation that Zero Zone should be considered for 2018.

5. MEMBER / STAFF UPDATE

The EDA reviewed the Staff Update. Economic Dev. Mgr./Assistant City Administrator Brama highlighted recent activity regarding PSD and their interest in the north portion of the new business park noting that the request will come before the EDA in the next few weeks. He stated that Adrenaline Sports is also looking at the PSD owned space next to the potential PSD development. He stated that there is also interest in the site Adrenaline Sports was previously interested in, noting that hopefully a purchase agreement will come before the EDA at the next meeting. He also provided updates on the potential closing for Capstone and the recent activity of Stonebrook.

6. ADJOURNMENT

Motion by Member Skaff, seconded by Chairperson Steffen, to adjourn the meeting.

Motion carried. Voting Yes: Chairperson Steffen, Members Skaff, Burandt, Brunt, Riley, and Williams. Voting No: None. Absent: Member Hardin.

The regular meeting of the Economic Development Authority adjourned at 8:53 a.m.

Respectfully submitted,

Kurtis G. Ulrich
City Administrator

ATTEST:

Patrick Brama
Econ. Dev. Mgr/Assistant City Administrator

Draft by Amanda Staple
TimeSaver Off Site Secretarial, Inc.

Economic Development Authority (EDA)

4. 1.

Meeting Date: 06/08/2017

Submitted For: Patrick Brama, Administrative Services

By: Patrick Brama, Administrative Services

Title:

Aeon Purchase Agreement: Multiple Actions

Purpose/Background:

INTRODUCTION

The City approved a purchase agreement (PA) with Aeon, a Twin-Cities based workforce housing developer, in June of 2016 (attached). Said purchase agreement was split in two phases. The first phase is currently under official plat/ site plan review. The second phase, was described within the original PA, as an option to purchase (5 year option).

Aeon has indicated, their several financing partners are requiring the two land transactions split into two separate PAs (rather than a two-phased single PA). Therefore, the nature of this case is administrative. Staff is attempting to meet Aeon's request. No major changes to the terms and conditions are occurring as a result of this request. The major change is simply the approach. Aeon has indicated they are still very interested in the phase two project, and still intend to bring a project forward next year.

PURPOSE

(1) Consider approval of the attached Second Amendment to the original Purchase Agreement between the City and Aeon. This amendment eliminates all language related to phase two.

(2) Consider approval of the attached second Purchase Agreement with Aeon, for the second phase of their proposed development. This creates a stand alone PA for the second phase.

BACKGROUND

For background information on Aeon, workforce housing, or the previously approved case, please see attached. Also attached are concept site layouts and renderings for phase 1 and phase 2.

Notification:

Observations/Alternatives:

NA

Funding Source:

NA

Recommendation:

Staff has no concerns with this request, as it is simply a change to approach, and administrative in nature.

Action:

Motion to recommend the City Council approve the attached:

(1) Second Amendment to the original Purchase Agreement between the City and Aeon.

(2) Second Purchase Agreement with Aeon, for the second phase of their proposed development.

Attachments

Original PA, Amendment 2 (phase 1)

Second PA (phase 2)

Phase 1 (concept map and renderings)

Phase 2 (concept map and renderings)

May 2016 Aeon Case and Background Info

Original PA

Form Review

Inbox

Kurt Ulrich

Form Started By: Patrick Brama

Final Approval Date: 06/02/2017

Reviewed By

Katie Schmidt

Date

06/02/2017 11:33 AM

Started On: 05/30/2017 08:18 AM

PURCHASE AGREEMENT SECOND AMENDMENT

This is the Second Amendment to the Purchase Agreement by and between the **City of Ramsey**, a Minnesota municipal corporation (“Seller”), and **Aeon Portfolio II LLC**, a Minnesota nonprofit corporation, its successors and/or assigns (“Buyer”), dated May 24, 2016, and amended on May 17, 2017.

Recitals

1. Pursuant to the terms of the Purchase Agreement, the Property is 147,000 square feet in total size.
2. The Buyer is purchasing and developing an 88,000 square foot eastern portion of the Property and has an option to purchase the 59,000 square foot western remnant portion of the Property in the future (see Section 17 of the Purchase Agreement).
3. Buyer seeks to remove all language related to the option agreement for the western 59,000 square foot Option Property from the Purchase Agreement and to make the Option Property subject to a separate purchase agreement.

Agreement

In consideration for the mutual promises set forth below, the parties agree as follows:

1. Section 17 of the Purchase agreement is hereby removed and shall be null and void.
2. All other terms of the Purchase Agreement and First Amendment remain unchanged except to the extent inconsistent with this Second Amendment.

The City of Ramsey, Minnesota

By: _____
Sarah Strommen, Mayor

Dated: _____, 2017

By: _____
Kurtis G. Ulrich
City Administrator

Dated: _____, 2017

Aeon Portfolio II, LLC

By: _____

Dated: _____, 2017

PURCHASE AGREEMENT

THIS PURCHASE AGREEMENT (“Agreement”) is made and entered into effective as of June 13, 2017 (the “Effective Date”) by and between AEON PORTFOLIO 2 LLC, a Minnesota nonprofit corporation, its successors and/or assigns (“Buyer”), and the CITY OF RAMSEY, MINNESOTA, a Minnesota municipal corporation (“Seller”).

In consideration of the Earnest Money, the mutual covenants set forth in this Agreement, and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, Seller and Buyer agree as follows:

1. Capitalized Terms and Other Key Terms. Capitalized terms used in this Agreement that are not otherwise defined herein shall have the meanings assigned to such terms as set forth on Exhibit A hereto, which is hereby incorporated by reference.
2. Sale of Property. Seller agrees to sell to Buyer, and Buyer agrees to buy from Seller, the Property, upon and subject to the terms, conditions, and limitations herein contained.
3. Purchase Price and Manner of Payment. The Purchase Price shall be payable by Buyer to Seller as follows:
 - 3.1 Earnest Money Deposit. Within ten (10) business days following the Effective Date, Buyer shall deposit the Earnest Money in the form of cash with the Title Company and such funds shall be held and disbursed pursuant to the Escrow Agreement and this Agreement; provided, however, that if there are any inconsistent terms between the Escrow Agreement and this Agreement, the terms of this Agreement shall control. Except as otherwise provided herein, the Earnest Money shall be credited against the Purchase Price at the Closing.
 - 3.2 Balance of Purchase Price. The balance of the Purchase Price, as increased or decreased by any and all other adjustments set forth in this Agreement, shall be paid by wire transfer of immediately available funds at the Closing.
4. Inspection Period.
 - 4.1 Buyer acknowledges that it received the documents set forth in Exhibit C, if any, and previously inspected the Property as part of its purchase from the Seller of the adjoining property.
 - 4.2 Upon the completion of its activities on the Property, Buyer shall remove any debris resulting from such activities and shall restore the Property to the condition it was in prior to the commencement of such activities.

- 4.3 Buyer shall indemnify, hold harmless and defend the Seller from and against all Claims arising out of, resulting from or relating to any loss of (or damage to) any property or business or any injury to (or death of) any person, where such loss, damage, injury, or death actually or allegedly arises (whether directly or indirectly, wholly or in part) from: (a) any action or omission of Buyer (or its employees, agents, or contractors) while on the Property pursuant to this Section; or (b) the exercise by buyer (or its employees, agents, or contractors) of the permission granted by this Section; or (c) the release of any Hazardous Substance (as defined below) resulting (directly or indirectly, wholly or in part) from any action or omission of Buyer (or its employees, agents, or contractors) while on the Property.
- 4.4 Buyer (and its employees, agents, and contractors) shall comply with all applicable laws while on the Property.
- 4.5 Buyer will not commence any environmental testing until its work plan for such testing has been approved in writing by Seller, which approval shall not be unreasonably withheld, conditioned or delayed. Buyer will provide Seller with complete copies of the test data and test reports as soon as they are available to Buyer.
- 4.6 The cost of any test or additional survey work will be borne solely by Buyer.
- 4.7 Seller agrees not to negotiate with any third parties for the sale of the Property unless Buyer and Seller in writing terminate this Agreement.
5. Title Examination.
- 5.1 Unless otherwise agreed to by the Parties, the Escrow Agent shall be the Title Company for this transaction. Buyer acknowledges having received a title commitment and obtained a survey for the Property as part of its purchase from the Seller of the adjoining property. Buyer has [no objections] to the Title Commitment or the Survey.
- 5.2 Left blank intentionally.
- 5.3 Left blank intentionally.
6. Buyer's Contingencies. The obligations of Buyer under this Agreement are contingent upon each of the following:
- 6.1 Representations, Warranties, and Covenants. The representations, warranties, and covenants of Seller contained in this Agreement must be true as of the Effective Date and on the Closing Date as if made on the Closing Date.
- 6.2 Title. Title to the Property shall have been found acceptable, or been made acceptable.
- 6.3 Left blank intentionally.

- 6.4 Document Review. Buyer shall have determined, on or before the expiration of the Inspection Period, that it is satisfied with its review and analysis of any contracts related to the Property.
- 6.5 Government Approvals. Buyer shall have obtained on or before the Closing Date all final approvals from all Governmental Authorities necessary in Buyer's judgment to make the use of the Property which Buyer intends.
- 6.6 Financing. Buyer shall have received, on or before the Closing Date, the proceeds of financing necessary and sufficient, in Buyer's sole discretion, to complete the purchase of the Property and to implement Buyer's planned use of the Property, including, but not limited to, an award of Low Income Housing Tax Credits and gap funding from the Minnesota Housing Finance Agency in an amount and under terms acceptable to Buyer to facilitate the development of the Property as intended by Buyer.

Buyer shall inform Seller when the contingencies have been satisfied.

Buyer may terminate this Agreement by written notice to Seller on or before the last day of the applicable periods as specified above, but no later than November 01, 2017. Upon termination of this Agreement for failure to satisfy one of Buyer's contingencies set forth in this Section 6, neither party will have any further rights or obligations regarding this Agreement or the Property and if the termination occurs prior to the Inspection Period, the Earnest Money shall be returned to Buyer. If this Agreement is terminated by Buyer after the Inspection Period, other than as a result of Seller's default, Seller shall retain the Earnest Money. All the contingencies are specifically for the benefit of Buyer, and Buyer shall have the right to waive any contingency by written notice to Seller.

7. Seller's Contingency. The obligations of Seller under this Agreement are contingent upon the representations, warranties, and covenants of Buyer contained in this Agreement being true as of the Effective Date and as of the Closing Date.

- 7.1 Government Approvals. Buyer shall have obtained on or before the Closing Date all final approvals from all Governmental Authorities necessary to make the use of the Property; including: an approved final plat, approved development agreement, and approved architectural design renderings.

8. Closing. The Closing shall occur on the Closing Date. The Closing shall take place at a location mutually agreeable to Seller and Buyer. Seller agrees to deliver possession of the Property to Buyer on the Closing Date.

- 8.1 Seller's Closing Documents. On the Closing Date, Seller shall execute and deliver to Buyer the following documents (collectively, the "Seller's Closing Documents"), all in form and content reasonably satisfactory to Buyer:

- 8.1.1 The Deed.

- 8.1.2 The Closing Statement.

- 8.1.3 A non-foreign affidavit, properly executed, containing such information as is required by Code Section 1445(b)(2) and the regulations promulgated thereunder.
 - 8.1.4 Any executed documents that may be required in the State or other jurisdiction where the Property is located in order for the Deed to be recorded properly on the Closing Date.
 - 8.1.5 All other documents determined by Buyer or the Title Company to be necessary to transfer the Property to Buyer free and clear of all encumbrances other than the Permitted Encumbrances.
- 8.2 Buyer's Closing Documents. On the Closing Date, Buyer will execute and deliver to Seller the following (collectively, the "Buyer's Closing Documents"):
 - 8.2.1 The funds representing the remaining portion of the Purchase Price due hereunder, subject to any adjustments and/or prorations required hereunder.
 - 8.2.2 The Closing Statement.
- 9. Prorations. Seller and Buyer agree to the following prorations and allocation of costs regarding this Agreement:
 - 9.1 Title Insurance and Closing Fee. Seller will pay all costs of the issuance of the Title Commitment and the fees charged by the Title Company for any escrow required regarding Buyer's Title Objections. Buyer will pay all additional premiums required for the issuance of any lender's and owner's Title Policies and any endorsements requested by Buyer that are not necessary to cure Title Objections as provided in Section 5 of this Agreement. Seller and Buyer will each pay one-half (1/2) of any closing fee or charge imposed by any closing agent or by the Title Company.
 - 9.2 Real Estate Taxes and Special Assessments. All real estate taxes payable in the years prior to the year in which the Closing occurs, any deferred taxes, and any and all pending special assessments (regardless of when such assessments are due) shall be paid by Seller at the Closing. Real estate taxes payable in the year in which Closing occurs shall be prorated between Buyer and Seller based upon the Closing Date.
 - 9.3 Recording Fees. Seller will pay any recording fees in connection with the release of all mortgages, liens and encumbrances and security interests against the Property that are not being assumed by Buyer. Seller shall also pay any deed tax due in connection with the sale of the Property pursuant to applicable State statutes. Buyer shall pay the recording fee in connection with the recording of the Deed.

- 9.4 Funds. Any account balances or other funds connected to the Property shall be retained by Seller.
- 9.5 Other Costs. All other operating costs of the Property shall be prorated between Seller and Buyer as of the Closing Date so that Seller pays that portion of operating costs payable before the Closing Date, and Buyer pays that part of operating costs payable from and after the Closing Date.
- 9.6 Attorneys' Fees. Each of the parties will pay its own attorney's fees, except that a party defaulting under this Agreement or any document referenced in this Agreement will pay the reasonable attorneys' fees and court costs incurred by the nondefaulting party to enforce its rights hereunder.
10. Seller's Covenants During Executory Period. During the Executory Period, Seller covenants to comply with the following conditions:
- 10.1 Left blank intentionally.
- 10.2 Without obtaining the Consent of Buyer, Seller shall refrain (i) from creating any mortgage, easement, lien, pledge or any other encumbrance in any way affecting the Property, (ii) from conveying any interest in the Property, (iii) from entering into any other contracts or agreements pertaining to the Property, except contracts or agreements which are consistent with Buyer's rights hereunder and that may be terminated on or prior to the Closing Date, and/or (iv) agreeing to any change in the property tax status of the Property or deferring any property taxes.
- 10.3 Seller shall refrain from committing any waste or nuisance upon the Property.
- 10.4 Seller shall not market the Property for sale and/or to negotiate with any third parties for the sale of the Property unless Buyer and Seller in writing terminate this Agreement.
- 10.5 Left blank intentionally.
- 10.6 Without the Consent of Buyer, Seller shall not allow any labor to be performed on the Property that could give rise to the filing of a mechanic's lien against any portion of the Property if the costs of such labor are not timely paid.
11. Representations and Warranties of Seller. Seller represents and warrants to Buyer as of the Effective Date and the Closing Date as follows:
- 11.1 Title to Property. Seller has good and marketable, fee simple title to the Property, subject only to the Permitted Encumbrances. The Property constitutes a separate tax parcel eligible for development in accordance with the Regulations without need for further subdivision.
- 11.2 Authority; Consents. Seller represents and warrants to and covenants with Buyer that: (i) Seller is duly organized and has received all requisite authority to transact

business in the State in which the Property is located; (ii) Seller has the power and authority to enter into this Agreement and all of the Seller's Closing Documents signed or to be signed by it; (iii) the execution, delivery and performance of Seller of the Seller's Closing Documents do not conflict with or result in violation of Seller's organizational documents, any judgment, order or decree of any court or arbiter to which Seller is a party, or any local ordinance, or statute, rule, or law of the State; (iv) upon execution, the Seller's Closing Documents will be valid and binding obligations of Seller, and are enforceable in accordance with their terms, subject to applicable bankruptcy, insolvency, reorganization, moratorium, creditor's rights and other similar laws; and (v) the consents of no other parties are required as a condition to the Closing.

- 11.3 Unrecorded Agreements. There are no unrecorded agreements, undertakings or restrictions which affect the Property.
- 11.4 Leases. There are no leases or possessory rights of others regarding the Property.
- 11.5 No Default Notice. Seller has not received notice of a default or breach of any agreement to which Seller is a party, and is not aware of any facts that would result in Seller being in default or breach of any agreement to which it is a party.
- 11.6 Reports. The Reports delivered or to be delivered to Buyer hereunder are correct and complete and, to Seller's actual knowledge, do not contain any false information.
- 11.7 Operations. Seller has received no notice of actual or threatened cancellation or suspension of any utility services at or on the Property, nor has Seller received any notice of any violation of any Regulations. Except as disclosed in the Title Commitment, Seller has received no notice of actual or threatened special assessments or reassessments, condemnation, or eminent domain proceedings with respect to the Property.
- 11.8 Environmental Laws. To Seller's actual knowledge, no Hazardous Substances have been generated, treated, stored, transferred from, 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 the Property becoming a treatment, storage or disposal facility within the meaning of, or otherwise bring the Property within the ambit of, any Regulations relating to the protection of the environment. To Seller's actual knowledge, there are no Hazardous Substances in or on the Property that may support a claim or cause of action under any Regulations relating to the protection of the environment. To Seller's actual knowledge, the Property is not now, and never has been, listed on any list of sites contaminated with Hazardous Substances, nor used as landfill, dump, disposal or storage site for Hazardous Substances.

- 11.9 FIRPTA. Seller is not a “foreign person,” “foreign partnership,” “foreign trust,” or “foreign estate,” as those terms are defined in Code Section 1445 and the regulations promulgated thereunder.
- 11.10 No Proceedings. No legal or administrative proceeding is pending or, to Seller’s actual knowledge, threatened (i) against Seller or any of its affiliates which would adversely affect its right to convey the Property to Buyer as contemplated in this Agreement, or (ii) affecting the Property. There are no condemnation or eminent domain proceedings pending or, to Seller’s knowledge, threatened with respect to the Property.
- 11.11 Additional Interests. There are no property interests or other improvements that are owned by Seller and which are necessary or useful for the use and operation of the Property that are not being conveyed pursuant to this Agreement.
- 11.12 Private Sewage Systems; Wells. There are no private sewage systems or wells located on the Property.
- 11.13 Use of Property. To the best of Seller’s knowledge, no methamphetamine production has occurred on the Property.
- 11.14 Unpaid Labor and Materials. Neither Seller nor any other party is indebted for labor or material that might give rise to the filing of notice of mechanic’s lien against any portion of the Property.
- 11.15 No Broker. Seller has not engaged the services of any broker in connection with the sale and purchase contemplated by this Agreement except CBRE, to whom Seller will pay all real estate commissions due and owing no later than the Closing Date.
- 11.16 Property Notice / No Redemption Rights. There exist no outstanding redemption rights in any third parties with respect to all or any portion of the Property and the Seller has given all proper notices and obtained all requisite approvals necessary to sell and convey the Property to the Buyer pursuant to the terms of this Agreement.

Seller will indemnify the Indemnified Parties, against, and will hold each of the Indemnified Parties harmless from, any expenses or damages, including reasonable attorneys’ fees, that the Indemnified Parties incur because of the breach of any of the above representations and warranties. Each of the foregoing representations and warranties shall be deemed remade as of the Closing Date with respect to the Property.

12. Representations and Warranties of Buyer. Buyer represents and warrants to Seller as of the Effective Date and the Closing Date as follows:
- 12.1 Buyer is duly organized or incorporated under the laws of the State of its formation and has received all requisite authority to transact business in the State in which the Property is located.

- 12.2 Buyer has the power and authority to enter into this Agreement and all of the Buyer's Closing Documents signed or to be signed by it.
- 12.3 Buyer's execution, delivery and performance this Agreement and of the Buyer's Closing Documents do not conflict with or result in violation of Buyer's organizational documents or any judgment, order or decree of any court or arbiter to which Buyer is a party
- 12.4 Upon execution, the Buyer's Closing Documents will be valid and binding obligations of Buyer, and are enforceable in accordance with their terms, subject to applicable bankruptcy, insolvency, reorganization, moratorium, creditor's rights and other similar laws.
- 12.5 No consents or approvals from any third parties are required for Buyer to perform its obligations under this Agreement.
- 12.6 Buyer has not engaged the services of any broker in connection with the sale and purchase contemplated by this Agreement. Buyer is purchasing the Property for an investment with the intent of making a profit.
13. Casualty; Condemnation. If all or any part of the Property is substantially damaged by fire, casualty, the elements, or any other cause, Seller immediately shall give written notice to Buyer, and Buyer shall have the right to terminate this Agreement by giving written notice within thirty (30) days after Buyer receives written notice from Seller of the same. If Buyer shall fail to give notice of termination, then the parties shall proceed to Closing and Seller shall assign to Buyer all rights to insurance proceeds resulting from such event. If eminent domain proceedings are threatened or commenced against all or any portion of the Property, Seller immediately shall give written notice to Buyer, and Buyer shall have the right to terminate this Agreement by giving written notice within thirty (30) days after Buyer receives written notice from Seller of the same. If Buyer shall fail to give notice of termination, then the parties shall proceed to Closing and Seller shall assign to Buyer all rights to appear in and receive any award from such proceedings.
14. Remedies.
- 14.1 If Buyer defaults in its obligation to proceed to the Closing in accordance with the terms of this Agreement and fails to cure such default within ten (10) days after being notified in writing thereof, Seller shall be entitled, as its sole and exclusive remedy, to terminate this Agreement and to retain the Earnest Money as liquidated damages. The parties agree that in the event of default by Buyer, subject to the expiration of the cure period above, Seller's damages will be difficult or impractical to ascertain and the Earnest Money will be deemed to constitute a reasonable estimate of Seller's damages and shall not be deemed to constitute a forfeiture or penalty. Seller shall not have the right to recover any other damages of any kind from Buyer or to obtain other equitable adjustment to the terms of the sale of the Property.

- 14.2 If Seller defaults on any of its material obligations under this Agreement and fails to cure such default within ten (10) days after receiving written notice thereof, Buyer shall be entitled to exercise any remedies available to Buyer at law or equity for a default by Seller hereunder including, without limitation, (i) the immediate return of the Earnest Money, (ii) to apply for and to receive from a court of competent jurisdiction equitable relief by way of specific performance to enforce Seller's performance of the terms of this Agreement, and/or (iii) to seek and recover from Seller damages for nonperformance of this Agreement for all of Buyer's out-of-pocket costs and fees, including without limitation, reasonable attorneys' fees, accountants' fees and other consultants' fees incurred by Buyer in preparing and negotiating this Agreement, preparing for the Closing, obtaining financing commitments, investigating the status, title and condition of the Property, and other similar and reasonable costs and expenses.
- 14.3 If either party hereto shall bring suit against the other to enforce the terms of this Agreement, the losing party shall pay to the prevailing party the prevailing party's cost and expenses (including, without limitation, reasonable attorneys' fees and costs) incurred in enforcing such prevailing party's rights under this Agreement.
15. Miscellaneous.
- 15.1 Construction. This Agreement shall not be construed more strictly against one party than against the other, merely by virtue of the fact that it may have been prepared primarily by counsel for one of the parties, it being recognized that both Buyer and Seller have contributed substantially and materially to the preparation of this Agreement.
- 15.2 Headings. The headings preceding the text of the paragraphs and subparagraphs hereof are inserted solely for convenience of reference and shall not constitute a part of this Agreement, nor shall they affect its meaning, construction or effect.
- 15.3 Further Acts. Each party hereto agrees to do such further acts and execute, deliver, file and record such further documents and instruments as may be reasonably necessary to effectuate, evidence, and record the transactions contemplated by this Agreement.
- 15.4 Severability. The invalidity or unenforceability of any term or terms of this Agreement shall not invalidate, make unenforceable or otherwise affect any other term of this Agreement, and this Agreement shall be construed in all respects as if such invalid or unenforceable provision were omitted, and in such event, the remaining terms of this Agreement shall remain in full force and effect.
- 15.5 Governing Law; Parties in Interest. This Agreement shall be governed by and be construed in accordance with the laws of the State.
- 15.6 Computation of Time. In computing any period of time pursuant to this Agreement, the day of the act or event from which the designated period of time begins to run will not be included. The last day of the period so computed will be included, unless

it is a Saturday, Sunday or legal holiday, in which event the period runs until the end of the next day which is not a Saturday, Sunday or such legal holiday.

- 15.7 Time of the Essence. All times, wherever specified herein for the performance by Seller or Buyer of their respective obligations hereunder, are of the essence of this Agreement.
- 15.8 Assignment. Neither party shall be entitled to assign or convey any interest in this Agreement to any third party, without first obtaining the prior written consent of the other party. Notwithstanding the foregoing, Buyer shall have the right to assign its interest in this Agreement to an entity affiliated with, or controlled by Buyer, without the consent of Seller; provided, however, that Buyer shall provide Seller with a copy of any such assignment promptly after it has been executed. The parties' rights and obligations under this Agreement shall inure to the benefit of and shall be binding on successors and assigns.
- 15.9 Notices. All notices and other communications in respect to this Agreement shall be deemed to have been duly given, if in writing and delivered personally or if mailed in a sealed wrapper by United States registered or certified mail, return receipt requested, postage prepaid, or via facsimile, properly addressed to the parties as provided in Exhibit A attached hereto.
- 15.10 Complete Agreement. This instrument and any exhibits, schedules or addendums attached hereto contain the entire Agreement of the parties, and supersedes all prior negotiations, agreements or understandings, whether oral or in writing. This Agreement may not be changed orally but only by an Agreement in writing signed by the party against whom enforcement of any such waiver, change, modification, extension or discharge is sought.
- 15.11 Counterparts. This Agreement may be executed in any number of counterparts, each of which shall constitute an original but all of which, taken together, shall constitute but one and the same instrument.
17. Option to Extend.
- 17.1 Option Property. In the event Buyer requests a 90 day extension of the Inspection Period, and the extension is agreed to in writing by Seller, Buyer must deposit an additional \$10,000 Earnest Money with the Escrow Agent. Both the original Earnest Money, and the additional Earnest Money, are nonrefundable immediately, and shall comply with Section 3 of this Agreement. Buyer may be granted two (2) 90-day extensions.

IN WITNESS WHEREOF, Seller and Buyer have executed this Purchase Agreement effective as of the Effective Date.

The City of Ramsey, Minnesota

By: _____ Dated: _____, 2017

Sarah Strommen, Mayor

By: _____ Dated: _____, 2017

Kurtis G. Ulrich

City Administrator

Aeon Portfolio 2, LLC

By: _____ Dated: _____, 2017

EXHIBIT A

Key Terms and Definitions

A. Definitions. For purposes of this Agreement, the following capitalized terms shall have the following meanings:

1. “Agreement” shall mean the Purchase Agreement between Buyer and Seller to which this Exhibit is attached.
2. “Buyer” shall have the meaning assigned to such term in the opening paragraph of this Agreement.
3. “Buyer’s Closing Documents” shall have the meaning assigned to such term in Section 8.2 of the Agreement.
4. “Closing” shall mean the closing of the purchase and sale of the Property contemplated by this Agreement.
5. “Closing Date” shall mean no later than October 13, 2018.
6. “Closing Statement” means a closing statement prepared by the Title Company to be executed by Seller, Buyer, and the Title Company at the Closing that accurately describes the economic terms of transaction described this Agreement
7. “Code” shall mean the Internal Revenue Code of 1986, as amended.
8. “Consent” means the prior written consent of Buyer, which consent may be withheld in Buyer’s sole discretion unless otherwise stated in this Agreement.
9. “Cure Period” has the meaning set forth in Section 5.3.
10. “Deed” shall mean a Limited Warranty Deed conveying the Property to Buyer, free and clear of all encumbrances, except the Permitted Encumbrances, at the Closing.
11. “Earnest Money” means Ten Thousand Dollars (\$10,000), along with any interest or earnings accrued thereon while such funds are held by the Title Company.
12. “Effective Date” shall be as defined in the opening paragraph of this Agreement (June 13, 2017).
13. “Escrow Agreement” shall mean any form of acknowledgement of escrow deposit in the form required by the Title Company upon its receipt of the Earnest Money.
14. “Executory Period” shall mean the period of time from the Effective Date through and including the Closing Date.

16. “Governmental Authority” means any state, federal, local, municipal or other governmental authority, agency, or licensing authority of any kind having jurisdiction over the Property or Seller.
17. “Hazardous Substances” shall mean 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 any state, local or federal Regulations relating to the protection of the environment.
18. “Indemnified Parties” means collectively, Buyer, its officers, directors, members, partners, governors, managers, and employees and their respective successors and assigns
19. “Inspection Period” shall mean November 01, 2017; after which, earnest money will become non-refundable.
20. “Land” shall mean the western 59,000 square feet of the parcel described on Exhibit B to this Agreement. The parcel described on Exhibit B shall be updated prior to Closing, including a legal description.
21. “Permitted Encumbrances” means any defects or encumbrances on the Property to which Buyer does not submit a written Title Objection during the Inspection Period, or any defect or encumbrance that is waived by Buyer in accordance with the terms of this Agreement.
22. “Property” shall mean collectively the Land and all rights related thereto, including easements and adjacent street and alleys.
23. “Purchase Price” means \$123,368.00 (\$2.08 per square foot), as the same may be adjusted pursuant to the terms and conditions of this Agreement.
24. “Regulations” means the rules and regulations applicable to the Property or Seller of any Governmental Authority having jurisdiction.
25. “Reports” means all feasibility studies, soil reports, environmental reports, permits, licenses, service contracts, title policies, surveys, and other appraisals, inspections, tests, reports, or studies in the possession or reasonable control of Seller with respect to the Property.
26. “Seller” shall have the meaning assigned to such term in the opening paragraph of this Agreement.
27. “Seller’s Closing Documents” shall have the meaning assigned to such term in Section 8.1 of the Agreement.
28. “Seller’s Title Notice” shall have the meaning set forth in Section 5.1.
29. “State” shall mean the State of Minnesota.

EXHIBIT B

Legal Description

Outlot A, Ramsey Town Center 7th Addition, Anoka County, Minnesota.



	Miles
P Transit	
1. Veterans Drive & Ramsey Park & Ride	0.55
2. Ramsey Station & Platform	0.6
G Parks	
1. The Draw	0.0
2. Mississippi West Park.....	0.47
3. Cottonwood Park.....	0.8
4. Pelzer Park.....	0.9
O Education	
1. PACT Charter School.....	0.34
B Civic Facilities	
1. Ramsey City Fire Departments	0.22
Ramsey Police Department	0.22
Anoka County License Bureau.....	0.22
C Clinics	
1. Metro Dental Care	0.22
2. Northwest Metro VA Clinic.....	0.25
3. Allina Health Ramsey Clinic.....	0.41
4. Barnett Family Dentistry	0.55
5. Ramsey Eye Clinic.....	0.55
6. Pine Ridge Pet Care	0.6
G Grocery / Dining	
1. The Lunch Box.....	0.2
1. Corborn's Super Store.....	0.5
2. Subway	0.45
3. Caribou.....	0.55
4. Acapulco Restaurant	0.55
P Other	
1. Anytime Fitness	0.45
2. Crossfit Ursa.....	1.0
3. Anoka Ramsey Farm & Garden Center.....	0.44





SOUTH ELEVATION



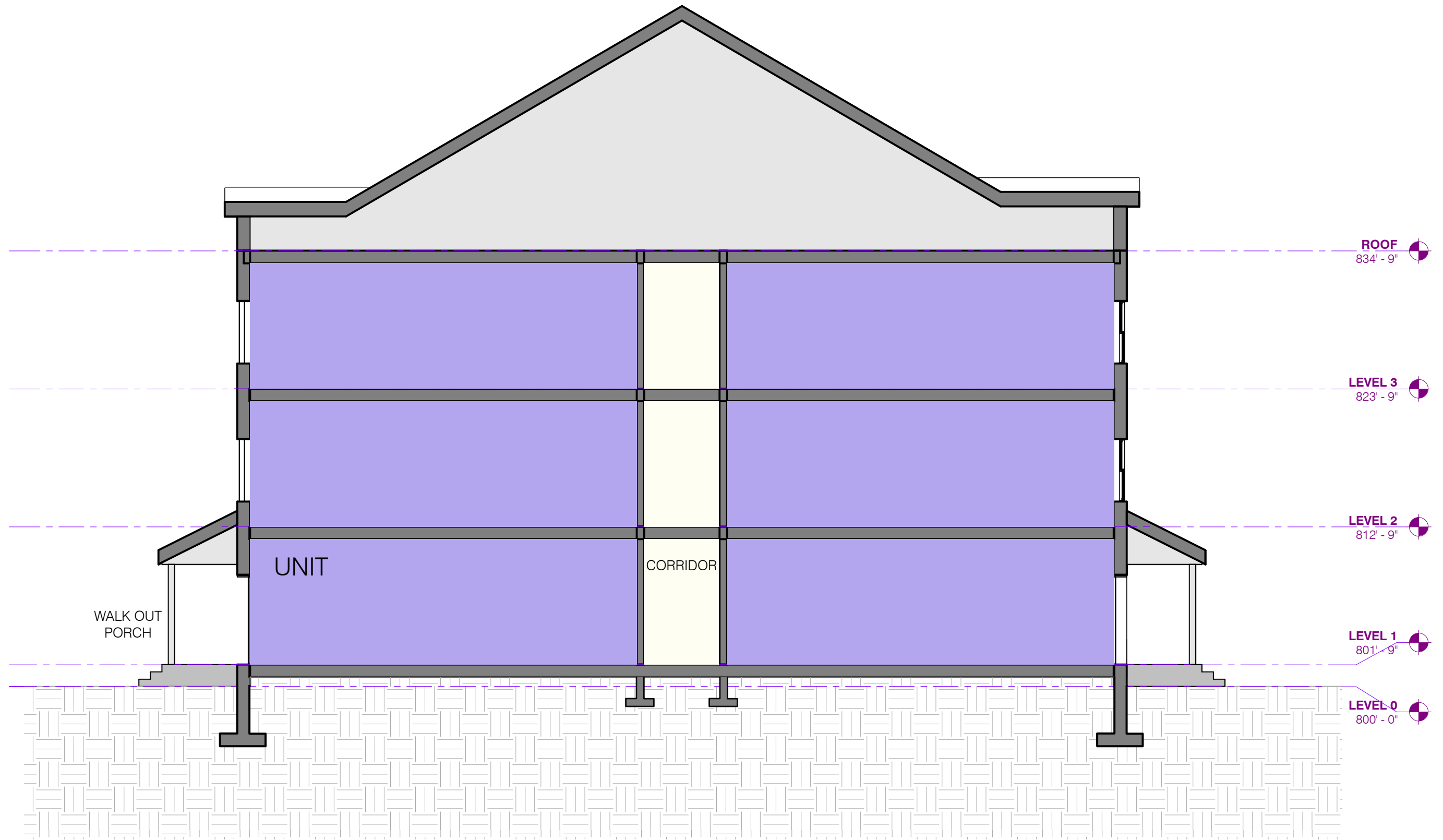
EAST ELEVATION



NORTH ELEVATION



WEST ELEVATION

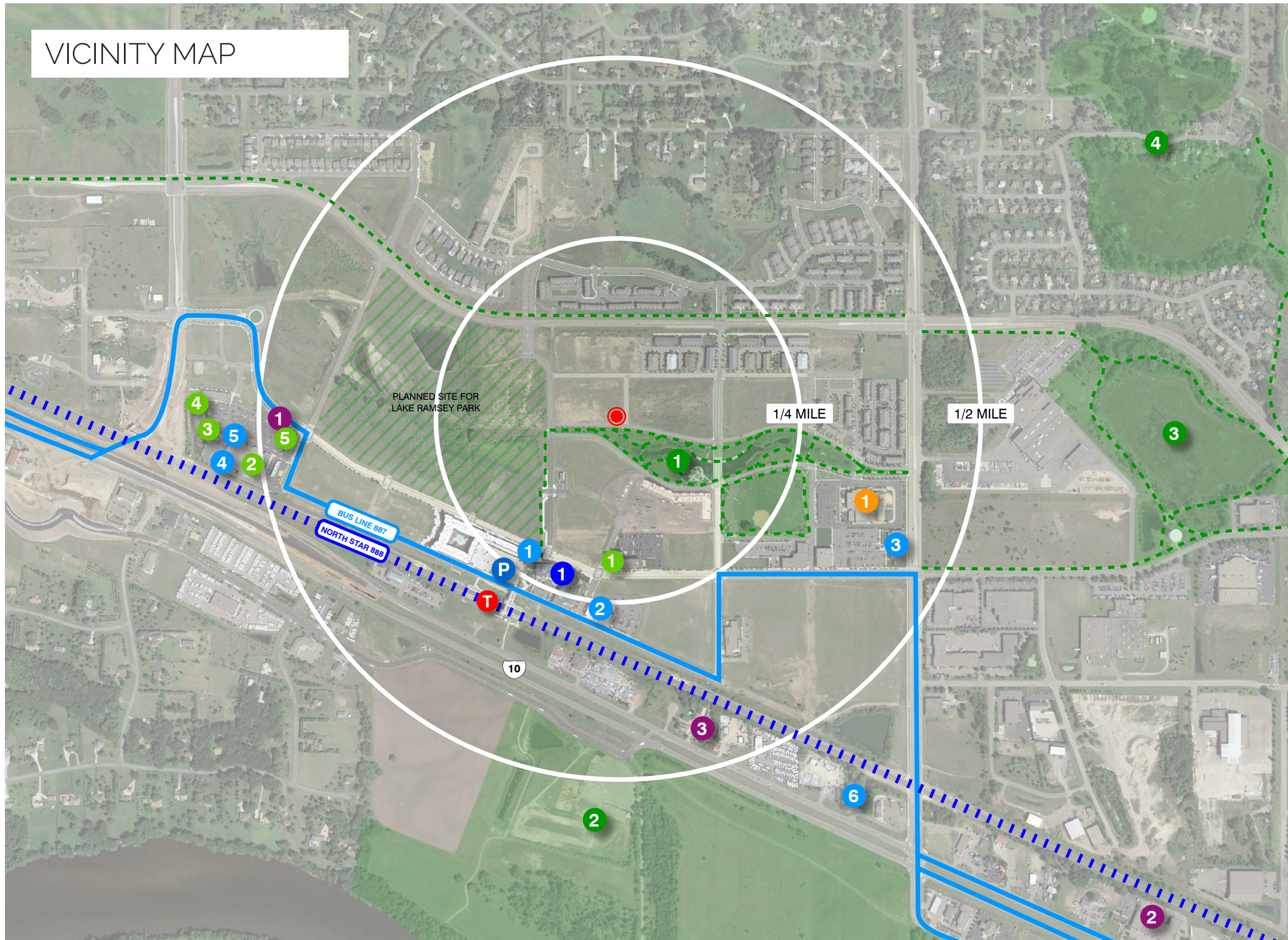








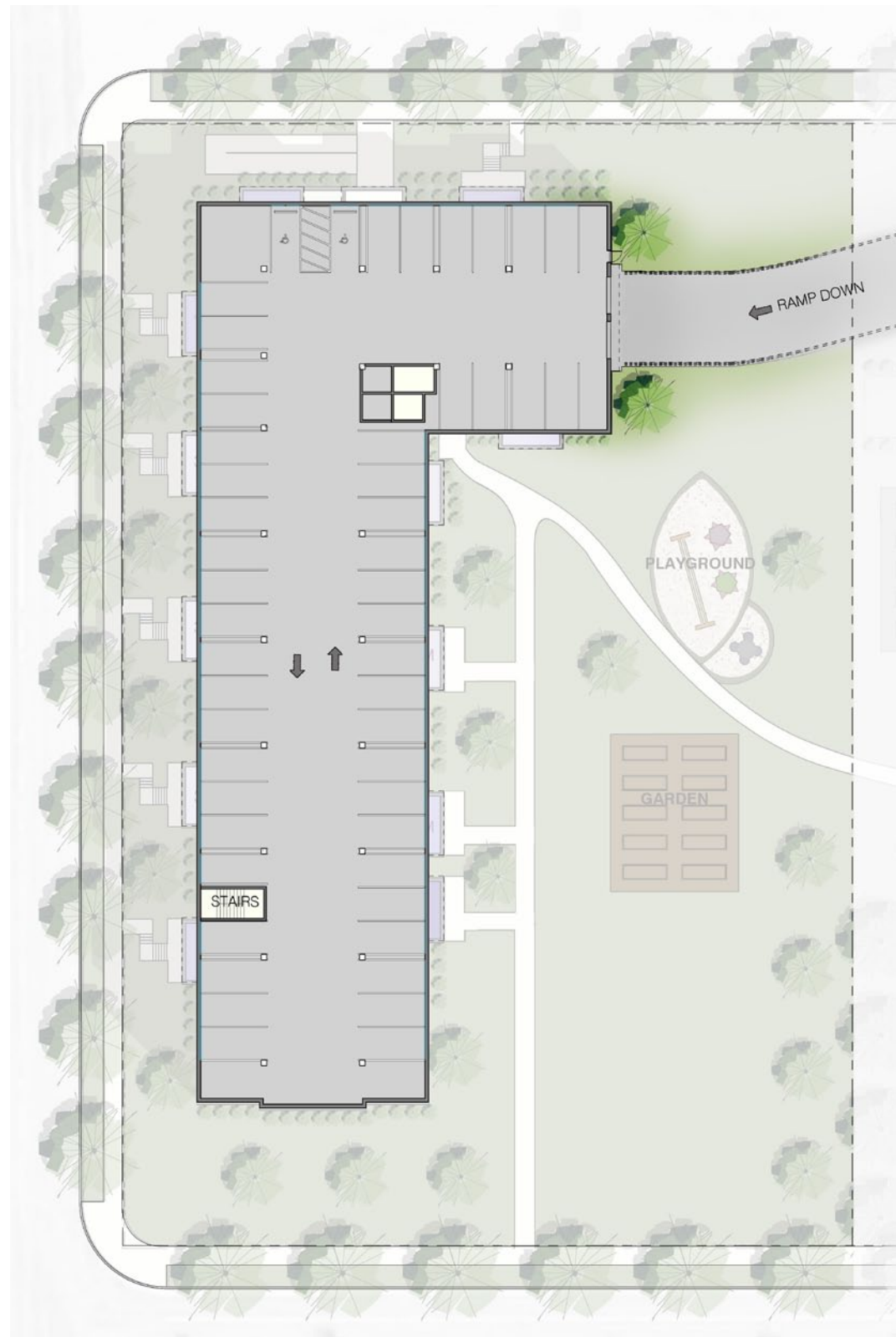
VICINITY MAP



	Miles
P Transit	
1. Veterans Drive & Ramsey Park & Ride.....	0.55
2. Ramsey Station & Platform	0.6
G Parks	
1. The Draw	0.0
2. Mississippi West Park.....	0.47
3. Cottonwood Park.....	0.8
4. Pelzer Park.....	0.9
O Education	
1. PACT Charter School.....	0.34
B Civic Facilities	
1. Ramsey City Fire Departments	0.22
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L Grocery / Dining	
1. The Lunch Box.....	0.2
1. Corborn's Super Store.....	0.5
2. Subway	0.45
3. Caribou.....	0.55
4. Acapulco Restaurant.....	0.55
P Other	
1. Anytime Fitness	0.45
2. Crossfit Ursa.....	1.0
3. Anoka Ramsey Farm & Garden Center.....	0.44







SUBLEVEL 1



LEVELS 2 - 3











NORTH ELEVATION



SOUTH ELEVATION



EAST ELEVATION



WEST ELEVATION

Meeting Date: 05/10/2016

Submitted For: Patrick Brama, Administrative Services

By: Patrick Brama, Administrative Services

Information

Title:

Aeon Purchase Agreement [PORTIONS OF CASE MAY BE CLOSED TO THE PUBLIC]

Purpose/Background:

PURPOSE

Consider attached offer to purchase City-owned land (Purchase Agreement, PA). Provide a recommendation to the City Council.

OVERVIEW

Attached to this case is a purchase agreement from Aeon, a Twin Cities housing developer. Aeon is interested in purchasing 3.38 acres of City-owned land located within The COR, on the northeast corner of Ramsey Parkway and Center Street (just north of The Draw). Aeon is proposing a 40-60 unit, 3-story, income restricted, apartment complex. In many ways, this proposed project will be structured much like the Common Bond project currently under construction in The COR.

Aeon plans to fund their \$12.4M project by utilizing low income housing tax credits (LIHTC), Metropolitan Council grants, Anoka County Homes Funds, and owner equity. At this point, Aeon is not requesting any funding from the City of Ramsey, nor are they asking for a discount on land. Although Aeon is a non-profit organization, they will be paying property taxes on this project. With limited information available, staff currently estimates property taxes for this project will range from \$40K-60K annually.

After discussing the project with staff, Aeon is aware of the high architectural standards/ expectations for projects located within The COR, and has indicated no concerns with delivering a quality project (similar to Common Bond). Aeon has indicated they will own and operate this project.

As proposed by Aeon, the 3.38 parcel will be developed in phases. Phase 1 is described above (2.02 acres). Phase 2 (1.36 acres) will occur when market demand is present, and will likely mirror Phase 1. Aeon is proposing to purchase Phase 1 now, and place an "Option" to purchase Phase 2 (see observations section of this case for details).

BACKGROUND

City Purchase of OUTLOT A

The City of Ramsey purchased The COR (formerly Ramsey Town Center) in 2009 for \$6.8M, consisting of 119.26 acres of developable property. As part of the purchase, the City pulled back assessments on all City-owned property, totaling \$5.9M. The total cost of the land purchase, including the assessments is \$12.7M, which breaks down to \$2.44 per square foot. The City purchased The COR with an intent to resurrect the development project and preserve the community's original vision and master plan. The subject property is a 3.38 acre portion of the larger 119.26 acre purchase.

Site Information

The subject property is roughly 3.38 acres in size and is zoned COR 4(C) Neighborhood District (Residential). The COR Master Plan contemplates an apartment complex for this parcel. This site is located in the north central portion end of The COR, and is rectangular in shape.

Property Listing

The City has officially listed this property with a broker (listing #52). The City has established an official asking price for this property (\$2.08 psf, \$90,725 per acre, \$450,000). Aeon is not offering to purchase the entire listing (4.96 acres), they are offering to purchase 2.02 acres; which can be prorated to (\$183,000). Staff believes this parcel is attractive and marketable (unlike the recently reviewed "triangle piece"). Staff believes the sale and development of this property is not a matter of "if" but rather "when."

Aeon (project proposal)

Attached to this case is detailed background information on Aeon, the proposed project (including a project budget), example projects Aeon has completed in the past, and background information on what income restricted projects really mean. Also attached is a site concept layout and concept design (both are very preliminary).

Notification:

NA

Observations/Alternatives:

PA SUMMARY

(1) Policy Compliance

The attached PA is a hybrid version of the City's adopted "template PA" and the previously reviewed "Common Bond PA." It appears to be in compliance with City's Land Sale Policies. Staff and the City Attorney are currently making final suggested edits to the PA (which will be ready for Council review)--at this point staff has no major concerns/ edits. The proposed offer is considered market rate, and therefore eliminates any discussion of a business/ housing subsidy.

(2) Offer Price

\$183,000 (\$183,000 asking price).

(3) Earnest Money

\$9,000 to become non-refundable after inspection period (5% of offer price).

(4) Inspection Period

7 months, 12/24/2016.

(5) Agreement Term (Closing Date)

No later than 09/29/2017. NOTE: the term of this agreement is long, much like Common Bond, due to the many funding partners contemplated, and subsequent application processes.

(6) Architectural Review

Staff will be adding a clause that requires city approval of the architectural design and layout of the proposed project. This will add a layer, above and beyond our standard zoning process, to ensure a quality project.

(7) Construction Deadline

The EDA did ask for a construction deadline provision be included in this PA on 05/05/2016. Staff was asked to work with Aeon to find a reasonable solution. Please see below.

The property Aeon is considering purchasing is 3.38 acres in size. They only need 88,000 sf for Phase 1 of their proposed development (about 2.02 acres). Phase 2 of their development will occur at an unknown time in the future. Therefore, Aeon is proposing to place an option for the purchase of Phase 2. Aeon is offering \$10K per year, for five years. \$20K would be paid for upfront (become nonrefundable when the inspection period in the PA expires). The remaining payments would be made annually. As a result of this request, the original land sale price of \$300,000, and \$15,000 earnest money, were be pro-rated (\$183,000 sale price, \$9,000 earnest money).

CONSIDERATIONS

(1) Development Fees (54 units/ phase 1 only)

Parks-\$126,290, Trails-\$39,150, Water-\$90,612, Sewer-\$65,664, Storm-\$24,786. Does not include SAC/WAC or building permit fees. This is an informal estimation, changes will occur.

(2) Tax Base (54 units)

40-60K annually in total property taxes. This project is located within TIF District 14, which is a benefit to the City, as it will generate dollars for TIF 14, which can be used for various public improvements contemplated for The COR. NOTE: the city is able to pull about 60% of total property taxes for TIF. This is an informal estimation, changes will occur.

(3) Workforce Housing

Over the past two years, staff has received strong and consistent feedback from local employers help is needed to address shortages in workforce. Anecdotally, local businesses have suggested the City consider affordable housing options to help retain and attract workforce.

(4) City Transaction Costs

In order to close this transaction, the City will need to pay CBRE a commission (5% on \$300K or \$15,000). Additionally, the City will need to pay 1/2 of closing costs, state DEED tax, and the cost for a title work (estimated between \$2,000-\$4,000). NOTE: these transaction costs are all consistent with past projects and in compliance with city policies.

(5) Concentration of Workforce Housing Projects

When considering the *Seasons of Ramsey* townhome project (2013), the *Common Bond* apartment project (2016), and now potential *Aeon* apartment project (2017 or 2018), it could be perceived that a concentration of workforce housing may be occurring in The COR. Staff has no concerns with workforce housing in Ramsey, as a whole. However, because the City is the property owner in this case, discretion exists for selecting buyers/ users. The policy question here is not IF the community generally supports workforce housing, but when is workforce housing becoming too concentrated in one geographic area (i.e. The COR).

(6) Land Sale Proceeds

Staff estimates roughly \$280K of land proceeds from this transaction, which will help pay down debt associated with The COR.

(7) Retail/ Restaurants

Although this project doesn't deliver much desired and anticipated restaurants/ retail to The COR, it does move Ramsey closer to this goal. Staff is repeatedly told by prospects, developers, and brokers, the two biggest things we can do (control) to get retail and restaurants in Ramsey, is continue improving U.S. Highway 10, and continue improving demographics (i.e. butts-in-seats). As our policy makers well know, Ramsey's experienced positive momentum in both arenas over the past two years.

(8) Term of Agreement

This agreement, and the proposed funding structure, does require a longer than normal due-diligence period (i.e. closing is far out). There is a chance this agreement never closes; and in the meantime, the city passes up on other prospects. NOTE: Aeon desires to construct their project in 2017. However, 2018 construction would not be unrealistic.

STAFF NOTE

The deal structure proposed by Aeon includes a Metropolitan LCDA Grant. LCDA grants require cities to sponsor applications (technically be the applicant). Additionally, LCDA grants require two application rounds (one conceptual/ preliminary, and one formal). The preliminary/ conceptual application does not cost the City anything, nor does it commit the City to a project. The deadline for 2016 LCDA grants, preliminary/ conceptual applications, was on 05/02/2016. Staff did work with Aeon to get a conceptual application into the Metropolitan Council. If the City decides not to move forward with this project, staff will pull said application

Funding Source:

NA

Recommendation:

Outside of consideration #5 outlined in this case, which requires policy direction, staff has no concerns with this project. To-date, Aeon staff has been great to work with. Generally, this project meets all applicable city policies, and helps the City achieve it's goals for The COR, and assists with addressing community workforce shortages.

The attached PA was amended to include an architectural review provision, and a construction deadline provision.

EDA Review

The EDA did review this case on 05/05/2016. Draft/ un-edited minutes are attached to this case. The EDA recommended moving forward with the attached Purchase Agreement, subject to adding a construction deadline provision. The EDA believes its important for the City to require a quality project from Aeon (i.e. an architectural review provision in the PA).

Action:

Motion to recommend the City Council:

[approve/ amend/ deny] the attached purchase agreement between Aeon Portfolio II LLC and the City of Ramsey; subject to changes by the City Attorney.

Attachments

Site Layout and Design

Cover Letter (Aeon Proposal)

Background (Aeon)

Example Projects

Income Restrictions Detail

Sources and Uses (draft)

Property Listing

Aeon Purchase Agreement

Form Review

Inbox

Kurt Ulrich

Form Started By: Patrick Brama

Final Approval Date: 05/05/2016

Reviewed By

Jo Thieling

Date

05/05/2016 02:13 PM

Started On: 05/04/2016 04:58 PM

Aeon | COR Affordable Housing Development

Income Restricted Housing:

Aeon's mission is to create and sustain quality affordable homes that strengthen lives and communities. Having a person place where people feel safe, comfortable and connected is transformational—a stabilizing force for individuals and communities. Studies also show that there are health, education and social benefits when a person has stable housing. When families are cost burdened, this transformation within the community can not occur.

According to the Minnesota Compass website, a social indicators website that measures and tracks trends within communities, 26.2% of households in Ramsey are paying 30% or more of their income towards monthly housing costs. This statistic also includes 48.1% of renters in Ramsey¹.

¹<http://www.mncompass.org/profiles/acs5/ramsey#>



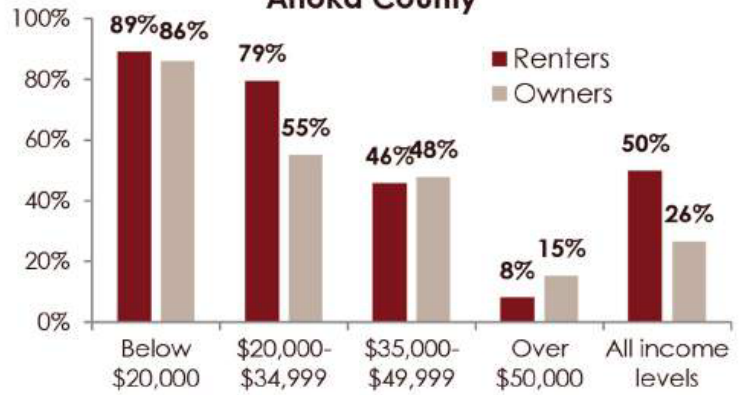
Home Changes Everything

901 N. 3rd Street, Suite 150 | Minneapolis MN 55401



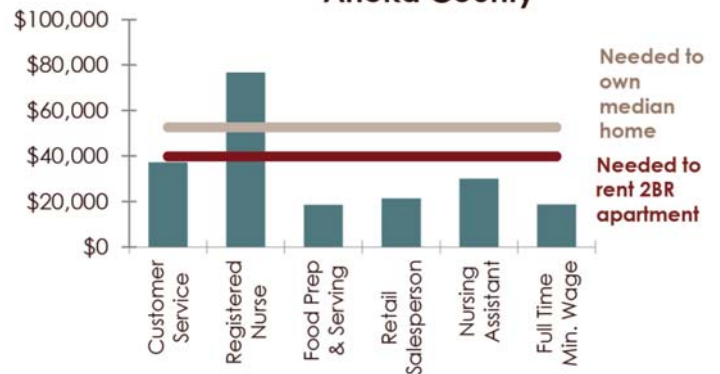
Anoka County shows an even larger proportion of the population experiencing a housing cost burden, causing many to forego other basic needs, such as food.²

Proportion of Households Paying 30% or More of Income for Housing, Anoka County



Wages for jobs in demand are often insufficient to cover the cost of housing, increasing the burden on the household. The median income earning for the top five jobs in demand in Minnesota to not cover all of the housing costs.

Housing Affordability by Occupation, Anoka County



In addition to the top five jobs in demand for Minnesota, Ramsey is also home to many manufacturing companies. The average starting hourly wage for a general laborer is \$13.50 per hour. This equates to an annual salary of \$28,080. According to the chart above, 79% of these individuals are experiencing challenges when it comes to the cost of housing.

Aeon's proposed project includes housing options for individuals and families experiencing this cost concern. Our population will be targeted to households making between \$28,000 and \$65,000 per year, depending on household size. Our apartment homes are the starting point for many families looking to build long term rooms in a community and work in area businesses.



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²http://www.mhponline.org/Images//stories/docs/research/countyprofiles/2015_rev/Anoka_Rev.pdf



Home Changes Everything

For 30 years, Aeon has served families and individuals who face the greatest barriers to stable housing.

Aeon celebrates 30 years of creating Home in 2016.

Every day, more than 14,000 people are homeless in our community, and many more are on the verge. One of the greatest barriers to finding safe, stable housing is economic.

- Families in Aeon's affordable apartment homes have an average income of \$15,849.
- 22% of our households have experienced homelessness.

Aeon is a nonprofit developer, owner and manager of high-quality affordable homes. As an award-winning nonprofit we have built or renovated 2,500 apartments and townhomes, which provide stability to more than 4,500 people each year.

Our mission is to create and sustain quality affordable homes that strengthen lives and communities. That every person has a home and is interconnected within community.

Aeon was originally founded in 1986 to replace 350 units of housing that were demolished to build the Minneapolis Convention Center.

Stable, affordable housing is good for residents and our communities.

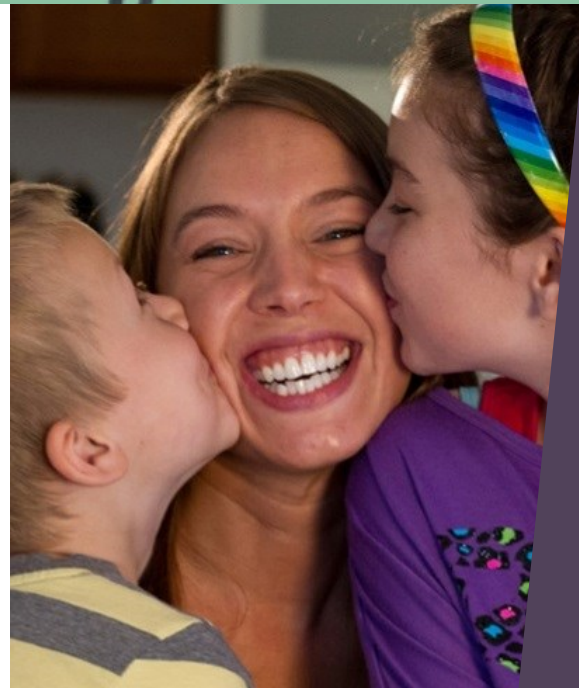
Our high-quality developments help increase neighborhood property values, boost local economies, and support residents' health.

Stable, affordable homes also allow residents to focus resources and energy on building more vibrant, healthy lives.

Learn how Aeon uses innovative ways to provide quality affordable homes for individuals and families. Attend Building Dreams, a one-hour informative session about the need for affordable housing in the Twin Cities.



The Rose, Minneapolis



Visit aeonmn.org/connect/events for upcoming dates of Building Dreams. Register online: aeonmn.org/buildingdreams.

More than a home—a place to gain stability

Aeon supports successful residency and creates thriving communities through its Resident Connections Program. Staff members help residents increase their stability by connecting them to community resources such as mental health or chemical dependency treatment, job training, after-school programs and community-building activities.

Long after properties are developed, Aeon’s property management team ensures that buildings operate as assets to residents and the greater community.

Sustainable for generations

From the air quality inside to the green spaces outside, Aeon has become an industry leader by increasingly using green building practices and healthy materials. Restoring and reusing existing structures keeps them out of landfills. We are committed to minimizing the negative effects on the environment and maximizing the positive impact on residents’ lives.

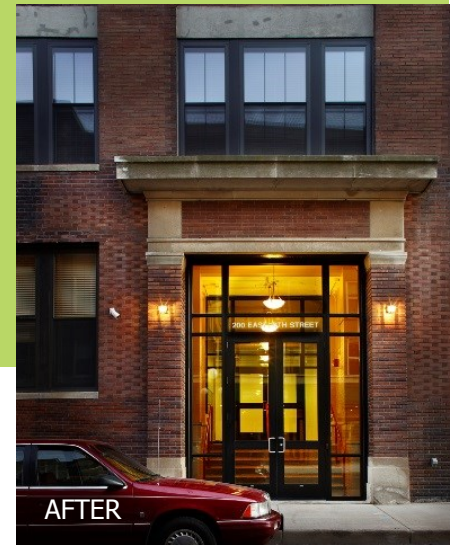
Local and National recognition

Aeon’s emphasis on quality, community revitalization and sustainability has been recognized locally and nationally. These three examples of awards illustrate Aeon’s significant impact on our community:

- Minnesota Preservation Adaptive Reuse Award for Renaissance Box, St. Paul, from Preservation Alliance of Minnesota
- National Award of Excellence for Sustainable community Design for Ripley Gardens, Minneapolis, from The Home Depot Foundation
- National Green Building of America Award for The Wellstone, Minneapolis from Real Estate & Construction Review
- 2016 “Local Public Health Hero Award” for the Rose (for achievement in supporting a Healthy Place to Live) from the City of Minneapolis Health Department



Renaissance Box, St. Paul



Ways to get involved

Support Aeon in fulfilling its vision that every person has a home.

Volunteer

Volunteer your time and effort to make a lasting impact on someone’s life and our community. Opportunities include food drives, painting parties, share a meal and donation drives.

Network

Join Connect, a dynamic group of young professionals committed to the cause of affordable housing or advocate on behalf of affordable housing to help create a public policy environment that supports this important cause.

Donate

Change a life. Your financial support provides homes from which 4,500 people connect to the community every year. Goods donations, such as clothes or household items, are also appreciated.

Invest in Aeon

Aeon has created lasting relationships with state and local governments, neighborhood groups and funders to create long-term solutions to the shortage of quality, affordable housing. Learn how you can invest in Aeon today to make a real difference in our communities.

Learn more visit aeonmn.org/connect



Resident at The Rose, Minneapolis



Aeon | COR Affordable Housing Development

Design:

Aeon is committed to producing quality affordable housing. Because of this, we have enlisted the help of UrbanWorks Architecture. They have experience working with the City of Ramsey's design standards and have the same commitment to quality as we do. UrbanWorks has provided some precedent images for review and comment.

In addition, Aeon has a 30 year history with many cities throughout the metropolitan area. We have worked in partnership with them to design a project that will be cohesive to the existing properties and an asset to the community for years to come. During the design process, Aeon will continue to work with City staff to ensure the architectural design standards are being met and the proposed project fits within the community.



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Recognition

Aeon emphasizes quality, community connection and sustainability in all of its developments. The following sample of awards illustrates Aeon's significant impact in the community. For a complete list of all Aeon awards, visit www.aeomn.org/awards.



The Rose

2016 "Local Public Health Hero Award" for the Rose from the City of Minneapolis Health Department

This award is for achievement in supporting a Healthy Place to Live.



Renaissance Box

2013 "Affordable Housing Design Award" AIA Minnesota/McKnight Foundation for Renaissance Box

This architectural design award's goal is to recognize and encourage innovative, high-quality design for affordable housing.

2012 "Outstanding/Innovative Resident Service: Continuous" MADACS Award from Minnesota Multi Housing Association for Aeon's Connect Share-a-Meal Program

The purpose of the MADACS awards is to recognize owners and associates who have made significant contributions to multi housing marketing and management through exemplary achievements.

2011 "Adaptive Reuse Award" from Preservation Alliance of Minnesota for Renaissance Box

This award recognizes Aeon for saving the Renaissance Box from vacancy and deterioration, restoring the building's original aesthetic with additional energy-saving features and reclaiming a neighborhood asset for needed affordable housing opportunities.



Alliance – exterior entry

2010 "Top Project of 2010 Award" from Finance & Commerce for Alliance Addition

Award-winning developments were judged for their degree of difficulty, creativity in design, innovative construction techniques, cooperation among contractors and management, and green/sustainability efforts. Aeon created 61 new and sustainable affordable apartment homes for formerly homeless adults in a sober living environment.



Alliance – interior entry

2010 “Best Multi-Family Rental Development Award” from Minneapolis/St. Paul Business Journal for Alliance Addition

This award recognizes Aeon for creating an additional 61 units of new, sustainable apartment homes for formerly homeless adults in a sober living environment. The development’s new construction was the first in Minnesota to become LEED Platinum certified through the LEED for Homes™ mid-rise pilot program.



Ripley Gardens

2009 “National Award of Excellence for Sustainable Community Development,” from The Home Depot Foundation for Ripley Gardens

This award, given to both Aeon and the City of Minneapolis, recognized Ripley Gardens as a national model of sustainable affordable housing. The public/private partnership addressed the city’s financial, social and environmental issues through thoughtful design and land use.

2008 “Merit Award” from American Institute of Architects Minnesota for Ripley Gardens

The Merit Award is given to developments that tell a story of excellence beyond design, including technical innovation, environmental responsibility, community impact and architectural innovation.



The Wellstone

2009 “Top Project” from Finance & Commerce for The Wellstone. Minnesota’s finest construction developments receive this award based on a variety of criteria, including innovative construction techniques, creativity in design and overall complexity.

2009 “Green Building of America Award” from Real Estate & Construction Review for The Wellstone

This award honors The Wellstone’s sustainable features, including its advanced design, construction and technology. The Wellstone has Minnesota’s largest solar hot water system in a residential building.



St. Barnabas Apartments

2008 National “Maxwell Award of Excellence” Honorable Mention from the Fannie Mae Foundation for St. Barnabas Apartments

This national award acknowledges nonprofits that develop and maintain housing for individuals with low incomes. St. Barnabas Apartments was recognized for providing supportive homes for homeless youth

2005 “Children’s Leadership Award” from The Sheltering Arms Foundation for St. Barnabas Apartments

This award acknowledges organizations who serve as outstanding advocates and role models for children within their communities. St. Barnabas Apartments received this recognition for providing homes as well as on site support services for homeless youth, in partnership with YouthLink.



Crane Ordway

2007 "Outstanding Adaptive Reuse of a Historic Building Award" from the St. Paul Heritage Preservation Commission for Crane Ordway

Crane Ordway, the historical preservation of a 1904 building on the National Register of Historic Places, was honored for preserving and enhancing the historic character of downtown St. Paul.



Clover Field Marketplace

2007 "Best Multi-Family Rental Development Award" from Minneapolis/St. Paul Business Journal for Clover Field Marketplace

This award recognizes Aeon's first suburban development for creating an economically diverse neighborhood that strengthens and enhances the Chaska community.



The Jourdain

2006 "Best Community Impact Award" from Minneapolis/St. Paul Business Journal for The Jourdain

Being part of a four-corner development, The Jourdain offers housing, safety and a sense of community. It received this award from the Best in Real Estate Awards series



The Lamoreaux

2004 "Project of the Year" from the Minnesota Construction Association for the Lamoreaux Expansion

The Lamoreaux expanded the 1912 building with a three story vertical addition, providing 39 additional affordable apartments for formerly homeless adults.



East Village

2003 "Smart Growth Design Award" from 1000 Friends of Minnesota for East Village

East Village received the Smart Growth Design Award for reflecting a positive vision of the future, including protection of the environment, principles of social equity and a commitment to sustainable growth



1822 Park Avenue Apartments

2002 "Quality of Life" award from the Minneapolis Regional Chamber of Commerce for 1822 Park Avenue Apartments

Aeon was recognized for re-developing a building with 400 code violations into quality homes and creating a stronger community.



Phillips ReDesign

2000 National "Maxwell Award of Excellence" Honorable Mention from the Fannie Mae Foundation for Phillips ReDesign

The Phillips ReDesign received this award by demonstrating leadership in supportive housing by preserving affordable homes for individuals with low incomes.

Housing Development Team

The **Housing Development Team** is responsible for managing all of Aeon’s work related to new construction, adaptive reuse, and acquisition projects to both expand and preserve the supply of high-quality affordable apartment homes in the community.



Bryant Au, Project Manager

Bryant joined Aeon in June 2013 after graduating from Bradley University with a B.A. in Economics and Political Science. As a Project manager his responsibilities include conducting financial and feasibility studies for potential development projects, researching market trends and general project oversight and management. Bryant previously interned with the Congress for the New Urbanism, a Chicago-based advocate for traditional mixed-use/mixed-income walkable neighborhoods and



Aubrie Gould, Project Manager

Aubrie rejoined Aeon in the fall of 2015 as a Project Manager in the Housing Development department after attending graduate school at University College London in the United Kingdom. Aubrie currently manages various projects, with specific responsibilities for overseeing design schedule, city applications and community engagement. Other duties included conducting financial and feasibility studies for potential development projects, including site analysis and researching market trends. Aubrie holds a Master’s Degree in Building and Urban Design.



Blake Hopkins, Senior Project Manager

Blake joined Aeon in 2015 as a Senior Project Manager and brings seven years of experience working in affordable housing and community development. Blake’s responsibilities at Aeon include managing the housing development process from site acquisition through permanent financing conversion. Blake holds a B.S. in Political Science from the University of Oregon and a Master’s Degree in Urban Planning from the University of Southern California.



James Lehnhoff, Vice President, Housing Development

James first came to Aeon in August 2010 and now serves as the Vice President of Housing Development. In that role he oversees the development team and focuses on new construction, adaptive reuse, and acquisition projects to expand and preserve the supply of high-quality affordable apartment homes in the community. James has a breadth of experience working with local governments includes preparing comprehensive plans and ordinances; evaluating development proposals; and, engaging the community in development projects. James earned a B.A. in urban geography from the University of Minnesota Duluth and a Master’s in Urban and Regional Planning from the Hubert H. Humphrey Institute of Public Affairs at the University of Minnesota.

Housing Development Team



Malika Phelps, Executive Assistant

Malika joined Aeon in January 2016. She supports the James Lehnhoff the Vice President of Housing Development and the Development Team by developing of metrics and measures, designing of market materials and presentations, preparing of grant applications, and furnishing selections for new developments. Malika has a B.A. in Fine Art from the University of South Florida in Tampa, FL and coursework toward a Masters in Architecture from Rensselaer Polytechnic Institute in Troy, NY.



Leslie Roering, Project Manager

Leslie joined Aeon in July 2011 as an assistant site manager, where she helped manage ten properties within Aeon's portfolio. In October 2012, Leslie transitioned to the compliance department and spent the next few years as a compliance specialist. Most recently, Leslie joined the Housing Development team as a Project Manager, where she manages various projects, with specific responsibilities for overseeing design schedule, city applications and community engagement. Leslie holds a Bachelors of Design in Architecture with a minor in Landscape Architecture from the University of Minnesota - Twin Cities.



Miranda Walker, Senior Project Manager

Miranda joined Aeon in 2012, her responsibilities as a Senior Project Manager include managing the housing development process from site acquisition through permanent financing conversion. Miranda has a range of professional and volunteer experiences that include work with Hands On Twin Cities and Habitat for Humanity. She earned a B.A. in cinema and media culture and a Master's in Urban and Regional Planning from the Humphrey School of Public Affairs at the University of Minnesota.

Leadership Team



Alan Arthur, President and CEO

Alan has served as the president/chief executive officer of Aeon since 1988. Alan oversees the organization's 2,200 affordable apartment homes in the Twin Cities metropolitan area and brings more than 45 years of experience in housing and real estate development, including construction, project development, lending, code enforcement and city planning. He earned a B.A. in political science from Benedictine College in Atchison, Kansas. Alan teaches affordable housing development, financing and organizational governance issues to a variety of organizations, and serves on numerous local and national housing boards and task forces.



Andrea Bork, Interim Vice President of Resource Development

Andrea has more than 20 years of fund development experience and is a specialist at working with resource development teams during leadership transition and strategic transition. Andrea's most recent interim positions include Minnesota Opera, where she served as department head from November 2014 to September 2015, and CaringBridge, where she served as an Interim Major Gifts Officer several times – most recently in 2013. Andrea served as interim department head for the development offices at Children's Theater Company, The Ordway, Children's Museum of Minnesota, and Humane Society for Companion Animals (now Animal Humane Society). Her most recent capital campaign experience was as campaign counsel for Gilda's Club Twin Cities, which successfully concluded its campaign in 2014. Andrea has held the professional credential of Certified Fund Raising Executive (CFRE) since 2002.



Angela Emmrich, Director of Human Resources & Administration

Angela joined Aeon in 2008 and brings more than 14 years of Human Resource Management experience. Prior to joining Aeon, Angela worked as an Associate and Director of Human Resources of Property Solutions and Services, LLC. She directs the day-to-day operations of the organization's human resources and administration team including IT, employee relations, benefits, performance management, training and development, compensation, recruitment and staffing, leave administration and worker's compensation. Angela is a certified Professional in Human Resources through HR Certification Institute.



Scott Redd, Interim Director of Supportive Services and Resident Connections

Scott Redd joined Aeon in April of 2015. He has over 15 years of leadership experience in the public sector. Prior to joining Aeon, Scott served as the Executive Director of Community and Family Engagement for Minneapolis Public Schools. In this role Scott established an infrastructure that supported family, student and community engagement efforts that led to a welcoming, engaging and capacity building school district. Scott's practice and research interests focus on the complexities of self-advocacy and community engagement as a transformative pathway for societal change. Scott earned his Bachelor's degree in Urban Studies from the University of Minnesota and master's work in Education Administration at St. Cloud State University.



Caroline Horton, Chief Financial Officer

Caroline is responsible for Aeon's real estate asset management, finance and accounting functions. She has expertise in developing management systems that ensure the long-term viability of assets and monitor organizational risk factors. Since 2007, Caroline has been a member of the STRENGTH MATTERS™ CFO Working Group which has developed a series of white papers on external reporting best practices for the nonprofit affordable housing industry. Caroline earned her BSBA in accounting from Boston University School of Management, and is a CPA (inactive). She was recognized as one of the 2013 Top Women in Finance by Finance & Commerce. She has been with Aeon since 1998.



James Lehnhoff, Vice President of Housing Development

James first came to Aeon in August 2010 and now serves as the Vice President of Housing Development. In that role he oversees the development team and focuses on new construction, adaptive reuse, and acquisition projects to expand and preserve the supply of high-quality affordable apartment homes in the community. James has a breadth of experience working with local governments includes preparing comprehensive plans and ordinances; evaluating development proposals; and, engaging the community in development projects. James earned a B.A. in urban geography from the University of Minnesota Duluth and a Master's in Urban and Regional Planning from the Hubert H. Humphrey Institute of Public Affairs at the University of Minnesota.



Chris Nimmer, Vice President of Property Operations

Chris Nimmer has been a member of Aeon's property management team since September 2011. He has more than 20 years of property management experience with all types of real estate. Most recently, Chris served as a portfolio director at Aeon. Prior to working at Aeon, he was CEO of LaSalle Management Group, a third party property management firm with a diverse portfolio of properties that included project based section 8, tax credit and home owner association structures. He also has experience managing class A high-rise properties for Carlson Real Estate Company and Zeller Management Group. Chris received his Bachelor's degree from the University of Minnesota in economics and math and is a previous Board Chair for St. Paul Building Owners and Managers Association.



Eric Schnell, Chief Operations Officer

Eric joined Aeon as its operations leader in January 2013. He oversees Aeon's organizational strategies and implementation that ensure effective and efficient operations. He served the University of Minnesota Twin Cities' Office for Equity and Diversity as its chief administrative officer for five years. He brings 16 years of management and administration experience from the University, where he developed long-range strategies that achieve the organization's mission and evaluated its progress toward achievement. Eric has a master's degree in education from Colorado State University.



Home Changes Everything

April 29, 2016

Patrick Brama
City of Ramsey
4550 Sunwood Drive NW
Ramsey, MN 55303

Re: Aeon | COR Affordable Housing Development

Dear Mr. Brama:

Aeon is a mission-driven, nonprofit provider of quality apartment homes for low- and moderate-income individuals and families. Aeon's vision is that every person has a home and is interconnected within the community. We believe that 'home' is a place that is stable, safe, secure and healthy; shaped by the people who live there and the surrounding community. For 30 years, Aeon has committed to sustaining the affordability and livability of our apartments for generations, owns and manages more than 2,500 housing units in the Twin Cities metropolitan area, including Brooklyn Center, Chaska, Columbia Heights, Roseville and soon to be in Maplewood and Mound.

The proposed project will be located at the corner of Town Center Drive and 146th Ave NW. The property is currently vacant and already slated for multi-family residential housing. Aeon is proposing a 50-60 unit, 3-story apartment building. It will contain mostly two and three bedroom units with a small number of one and four bedroom units mixed in. The population served will be mainly working families with incomes ranging from \$28,000 to \$65,000, depending on household size. Our apartments are the starting point for many families looking to build long-term roots in a community and work in area businesses.

Aeon has enlisted the help of UrbanWorks Architecture and welcome discussion regarding design as we move forward together. We work hard to build strong connections to the public realm with front porches and streetscaping to maximize the direct connections to Ramsey's trail system, the Draw and to future Lake Ramsey. In addition, Aeon is nationally recognized for our efforts around sustainability and healthy building materials, most recently at our new apartment community called The Rose, which is one of the most energy efficient and healthiest multi-family buildings in the country. As lifelong owners and managers, we continue to look at every project through the lens of environmental, financial, and community sustainability.

In addition to collaborating with the City of Ramsey, we will be working with the Minnesota Housing, Metropolitan Council, and Anoka County on funding applications to raise the funds to construct this project. While there is much work to do, it is our hope that the City of Ramsey will support the project that we are looking to accomplish.

We appreciate your time and consideration of this request. For any questions, you may contact me, at jlehnhoff@aeonmn.org or by phone at 612-746-0528.

Sincerely,

James Lehnhoff
Vice President of Housing Development

PURCHASE AGREEMENT

THIS PURCHASE AGREEMENT (“Agreement”) is made and entered into effective as of May 24, 2016 (the “Effective Date”) by and between AEON PORTFOLIO II LLC, a Minnesota nonprofit corporation, its successors and/or assigns (“Buyer”), and the CITY OF RAMSEY, MINNESOTA, a Minnesota municipal corporation (“Seller”).

In consideration of the Earnest Money, the mutual covenants set forth in this Agreement, and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, Seller and Buyer agree as follows:

1. Capitalized Terms and Other Key Terms. Capitalized terms used in this Agreement that are not otherwise defined herein shall have the meanings assigned to such terms as set forth on Exhibit A hereto, which is hereby incorporated by reference.
2. Sale of Property. Seller agrees to sell to Buyer, and Buyer agrees to buy from Seller, the Property, upon and subject to the terms, conditions, and limitations herein contained.
3. Purchase Price and Manner of Payment. The Purchase Price shall be payable by Buyer to Seller as follows:
 - 3.1 Earnest Money Deposit. Within two (2) business days following the Effective Date, Buyer shall deposit the Earnest Money in the form of cash with the Title Company and such funds shall be held and disbursed pursuant to the Escrow Agreement and this Agreement; provided, however, that if there are any inconsistent terms between the Escrow Agreement and this Agreement, the terms of this Agreement shall control. Except as otherwise provided herein, the Earnest Money shall be credited against the Purchase Price at the Closing.
 - 3.2 Balance of Purchase Price. The balance of the Purchase Price, as increased or decreased by any and all other adjustments set forth in this Agreement, shall be paid by wire transfer of immediately available funds at the Closing.
4. Inspection Period.
 - 4.1 Within ten (10) days after the Effective Date, Seller shall deliver to Buyer copies of all of the documents set forth in Exhibit C hereto in the possession or reasonable control of Seller. During the Inspection Period, Buyer shall have the right, at Buyer’s sole cost, expense, and risk, to enter upon and examine and inspect the Property to conduct environmental reviews, soil condition testing, survey, engineering studies, and appraisals of the Property.
 - 4.2 Upon the completion of its activities on the Property, Buyer shall remove any debris resulting from such activities and shall restore the Property to the condition it was in prior to the commencement of such activities.
 - 4.3 Buyer shall indemnify, hold harmless and defend the Seller from and against all Claims arising out of, resulting from or relating to any loss of (or damage to) any

property or business or any injury to (or death of) any person, where such loss, damage, injury, or death actually or allegedly arises (whether directly or indirectly, wholly or in part) from: (a) any action or omission of Buyer (or its employees, agents, or contractors) while on the Property pursuant to this Section; or (b) the exercise by buyer (or its employees, agents, or contractors) of the permission granted by this Section; or (c) the release of any Hazardous Substance (as defined below) resulting (directly or indirectly, wholly or in part) from any action or omission of Buyer (or its employees, agents, or contractors) while on the Property.

- 4.4 Buyer (and its employees, agents, and contractors) shall comply with all applicable laws while on the Property.
- 4.5 Buyer will not commence any environmental testing until its work plan for such testing has been approved in writing by Seller, which approval shall not be unreasonably withheld, conditioned or delayed. Buyer will provide Seller with complete copies of the test data and test reports as soon as they are available to Buyer.
- 4.6 The cost of any test or additional survey work will be borne solely by Buyer.
- 4.7 Seller agrees not to negotiate with any third parties for the sale of the Property unless Buyer and Seller in writing terminate this Agreement.

5. Title Examination.

- 5.1 Unless otherwise agreed to by the Parties, the Escrow Agent shall be the Title Company for this transaction. Within 10 business days after the Effective Date Seller shall, at Seller's expense, deliver a title commitment covering the Property. The cost of an owner's policy and the cost of deleting of any exceptions in the Title Commitment, other than those deleted by providing the Title Company with an ALTA survey, shall be at Buyer's sole expense. Buyer shall be responsible for the cost of any endorsements required by Buyer.
- 5.2 Buyer, at Buyer's expense shall within 30 days of the Effective Date obtain an ALTA Survey from a licensed surveyor in Minnesota.
- 5.3 Buyer shall have until the later of: (i) the expiration of the Inspection Period; or (ii) ten business days after the receipt of the Survey and the Title Commitment (collectively, "**Title/Survey**") to review Title/Survey and to deliver in writing to Seller such objections as Buyer may have to anything contained therein. Any such item to which Buyer does not object shall be deemed a "**Permitted Encumbrance**." If Buyer's notice to Seller contains any objections to matters contained in Title/Survey, Seller shall notify Buyer within five days from receipt of Buyer's notice to notify Buyer in writing which items Seller will correct or remove from Title/Survey prior to the Closing ("**Seller's Title Notice**"). If Buyer notifies Seller within five days from receipt of Seller's Title Notice that Buyer accepts the matters contained in Seller's Title Notice, then such Title/Survey matters that Seller has not agreed to cure or remove from Title/Survey will be

additional Permitted Exceptions. If Buyer fails to respond to Seller's Title Notice within five days from receipt thereof, then this Agreement shall automatically terminate and the Earnest Money shall be promptly paid to Buyer. Seller shall cure or remove from Title/Survey those matters Seller has agreed to cure or remove to the reasonable satisfaction of Buyer and cause the Title Company to revise the Title Commitment accordingly to insure against such matters prior to the Closing (the "**Cure Period**"). If Seller fails to resolve any such objections to Buyer's satisfaction within the Cure Period (or it becomes reasonably ascertainable that Seller will be unable or unwilling to resolve any such objections to Buyer's satisfaction within the Cure Period), or if, for any reason, Seller is unable to convey title in accordance with the provisions set forth in this Section 2, then Buyer may at its option elect to: (A) waive such objections and accept such title as Seller is able to convey; (B) terminate this Agreement as to any or all of the Property by written notice to Seller; or (C) withhold from the Purchase Price an amount within the reasonable opinion of the Title Company is sufficient to correct the uncured objections.

6. Buyer's Contingencies. The obligations of Buyer under this Agreement are contingent upon each of the following:
 - 6.1 Representations, Warranties, and Covenants. The representations, warranties, and covenants of Seller contained in this Agreement must be true as of the Effective Date and on the Closing Date as if made on the Closing Date.
 - 6.2 Title. Title to the Property shall have been found acceptable, or been made acceptable, in accordance with the requirements and terms of Section 5 of this Agreement.
 - 6.3 Access and Inspection. Seller shall have allowed Buyer, and Buyer's agents, immediate access to the Property during the Inspection Period without charge and at all reasonable times for the purpose of Buyer's investigation and testing the same in accordance with Section 4 of this Agreement, and Buyer shall have been satisfied in its sole discretion with the results of such investigation and testing before the expiration of the Inspection Period.
 - 6.4 Document Review. Buyer shall have determined, on or before the expiration of the Inspection Period, that it is satisfied with its review and analysis of any contracts related to the Property.
 - 6.5 Government Approvals. Buyer shall have obtained on or before the Closing Date all final approvals from all Governmental Authorities necessary in Buyer's judgment to make the use of the Property which Buyer intends.
 - 6.6 Financing. Buyer shall have received, on or before the Closing Date, the proceeds of financing necessary and sufficient, in Buyer's sole discretion, to complete the purchase of the Property and to implement Buyer's planned use of the Property, including, but not limited to, an award of Low Income Housing Tax Credits and gap funding from the Minnesota Housing Finance Agency in an amount and under

terms acceptable to Buyer to facilitate the development of the Property as intended by Buyer.

Buyer shall inform Seller when the contingencies have been satisfied.

Buyer may terminate this Agreement by written notice to Seller on or before the last day of the applicable periods as specified above, but no later than August 29, 2017. Upon termination of this Agreement for failure to satisfy one of Buyer's contingencies set forth in this Section 6, neither party will have any further rights or obligations regarding this Agreement or the Property and if the termination occurs prior to the Inspection Period, the Earnest Money shall be returned to Buyer. If this Agreement is terminated by Buyer after the Inspection Period, other than as a result of Seller's default, Seller shall retain the Earnest Money. All the contingencies are specifically for the benefit of Buyer, and Buyer shall have the right to waive any contingency by written notice to Seller.

7. Seller's Contingency. The obligations of Seller under this Agreement are contingent upon the representations, warranties, and covenants of Buyer contained in this Agreement being true as of the Effective Date and as of the Closing Date.
8. Closing. The Closing shall occur on the Closing Date. The Closing shall take place at a location mutually agreeable to Seller and Buyer. Seller agrees to deliver possession of the Property to Buyer on the Closing Date.
 - 8.1 Seller's Closing Documents. On the Closing Date, Seller shall execute and deliver to Buyer the following documents (collectively, the "Seller's Closing Documents"), all in form and content reasonably satisfactory to Buyer:
 - 8.1.1 The Deed.
 - 8.1.2 The Closing Statement.
 - 8.1.3 A non-foreign affidavit, properly executed, containing such information as is required by Code Section 1445(b)(2) and the regulations promulgated thereunder.
 - 8.1.4 Any executed documents that may be required in the State or other jurisdiction where the Property is located in order for the Deed to be recorded properly on the Closing Date.
 - 8.1.5 All other documents determined by Buyer or the Title Company to be necessary to transfer the Property to Buyer free and clear of all encumbrances other than the Permitted Encumbrances.
 - 8.2 Buyer's Closing Documents. On the Closing Date, Buyer will execute and deliver to Seller the following (collectively, the "Buyer's Closing Documents"):
 - 8.2.1 The funds representing the remaining portion of the Purchase Price due hereunder, subject to any adjustments and/or prorations required hereunder.

8.2.2 The Closing Statement.

9. Prorations. Seller and Buyer agree to the following prorations and allocation of costs regarding this Agreement:
 - 9.1 Title Insurance and Closing Fee. Seller will pay all costs of the issuance of the Title Commitment and the fees charged by the Title Company for any escrow required regarding Buyer's Title Objections. Buyer will pay all additional premiums required for the issuance of any lender's and owner's Title Policies and any endorsements requested by Buyer that are not necessary to cure Title Objections as provided in Section 5 of this Agreement. Seller and Buyer will each pay one-half (1/2) of any closing fee or charge imposed by any closing agent or by the Title Company.
 - 9.2 Real Estate Taxes and Special Assessments. All real estate taxes payable in the years prior to the year in which the Closing occurs, any deferred taxes, and any and all and pending special assessments (regardless of when such assessments are due) shall be paid by Seller at the Closing. Real estate taxes payable in the year in which Closing occurs shall be prorated between Buyer and Seller based upon the Closing Date.
 - 9.3 Recording Fees. Seller will pay any recording fees in connection with the release of all mortgages, liens and encumbrances and security interests against the Property that are not being assumed by Buyer. Seller shall also pay any deed tax due in connection with the sale of the Property pursuant to applicable State statutes. Buyer shall pay the recording fee in connection with the recording of the Deed.
 - 9.4 Funds. Any account balances or other funds connected to the Property shall be retained by Seller.
 - 9.5 Other Costs. All other operating costs of the Property shall be prorated between Seller and Buyer as of the Closing Date so that Seller pays that portion of operating costs payable before the Closing Date, and Buyer pays that part of operating costs payable from and after the Closing Date.
 - 9.6 Attorneys' Fees. Each of the parties will pay its own attorney's fees, except that a party defaulting under this Agreement or any document referenced in this Agreement will pay the reasonable attorneys' fees and court costs incurred by the nondefaulting party to enforce its rights hereunder.
10. Seller's Covenants During Executory Period. During the Executory Period, Seller covenants to comply with the following conditions:
 - 10.1 Seller shall maintain the Property in the ordinary course of business in accordance with prudent, reasonable business standards, including the maintenance of adequate liability insurance.

- 10.2 Without obtaining the Consent of Buyer, Seller shall refrain (i) from creating any mortgage, easement, lien, pledge or any other encumbrance in any way affecting the Property, (ii) from conveying any interest in the Property, (iii) from entering into any other contracts or agreements pertaining to the Property, except contracts or agreements which are consistent with Buyer's rights hereunder and that may be terminated on or prior to the Closing Date, and/or (iv) agreeing to any change in the property tax status of the Property or deferring any property taxes.
 - 10.3 Seller shall refrain from committing any waste or nuisance upon the Property.
 - 10.4 Seller shall not market the Property for sale and/or to negotiate with any third parties for the sale of the Property unless Buyer and Seller in writing terminate this Agreement.
 - 10.5 Left blank intentionally.
 - 10.6 Without the Consent of Buyer, Seller shall not allow any labor to be performed on the Property that could give rise to the filing of a mechanic's lien against any portion of the Property if the costs of such labor are not timely paid.
11. Representations and Warranties of Seller. Seller represents and warrants to Buyer as of the Effective Date and the Closing Date as follows:
- 11.1 Title to Property. Seller has good and marketable, fee simple title to the Property, subject only to the Permitted Encumbrances. The Property constitutes a separate tax parcel eligible for development in accordance with the Regulations without need for further subdivision.
 - 11.2 Authority; Consents. Seller represents and warrants to and covenants with Buyer that: (i) Seller is duly organized and has received all requisite authority to transact business in the State in which the Property is located; (ii) Seller has the power and authority to enter into this Agreement and all of the Seller's Closing Documents signed or to be signed by it; (iii) the execution, delivery and performance of Seller of the Seller's Closing Documents do not conflict with or result in violation of Seller's organizational documents, any judgment, order or decree of any court or arbiter to which Seller is a party, or any local ordinance, or statute, rule, or law of the State; (iv) upon execution, the Seller's Closing Documents will be valid and binding obligations of Seller, and are enforceable in accordance with their terms, subject to applicable bankruptcy, insolvency, reorganization, moratorium, creditor's rights and other similar laws; and (v) the consents of no other parties are required as a condition to the Closing.
 - 11.3 Unrecorded Agreements. There are no unrecorded agreements, undertakings or restrictions which affect the Property.
 - 11.4 Leases. There are no leases or possessory rights of others regarding the Property.

- 11.5 No Default Notice. Seller has not received notice of a default or breach of any agreement to which Seller is a party, and is not aware of any facts that would result in Seller being in default or breach of any agreement to which it is a party.
- 11.6 Reports. The Reports delivered or to be delivered to Buyer hereunder are correct and complete and, to Seller's actual knowledge, do not contain any false information.
- 11.7 Operations. Seller has received no notice of actual or threatened cancellation or suspension of any utility services at or on the Property, nor has Seller received any notice of any violation of any Regulations. Except as disclosed in the Title Commitment, Seller has received no notice of actual or threatened special assessments or reassessments, condemnation, or eminent domain proceedings with respect to the Property.
- 11.8 Environmental Laws. To Seller's actual knowledge, no Hazardous Substances have been generated, treated, stored, transferred from, 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 the Property becoming a treatment, storage or disposal facility within the meaning of, or otherwise bring the Property within the ambit of, any Regulations relating to the protection of the environment. To Seller's actual knowledge, there are no Hazardous Substances in or on the Property that may support a claim or cause of action under any Regulations relating to the protection of the environment. To Seller's actual knowledge, the Property is not now, and never has been, listed on any list of sites contaminated with Hazardous Substances, nor used as landfill, dump, disposal or storage site for Hazardous Substances.
- 11.9 FIRPTA. Seller is not a "foreign person," "foreign partnership," "foreign trust," or "foreign estate," as those terms are defined in Code Section 1445 and the regulations promulgated thereunder.
- 11.10 No Proceedings. No legal or administrative proceeding is pending or, to Seller's actual knowledge, threatened (i) against Seller or any of its affiliates which would adversely affect its right to convey the Property to Buyer as contemplated in this Agreement, or (ii) affecting the Property. There are no condemnation or eminent domain proceedings pending or, to Seller's knowledge, threatened with respect to the Property.
- 11.11 Additional Interests. There are no property interests or other improvements that are owned by Seller and which are necessary or useful for the use and operation of the Property that are not being conveyed pursuant to this Agreement.
- 11.12 Private Sewage Systems; Wells. There are no private sewage systems or wells located on the Property.
- 11.13 Use of Property. To the best of Seller's knowledge, no methamphetamine production has occurred on the Property.

- 11.14 Unpaid Labor and Materials. Neither Seller nor any other party is indebted for labor or material that might give rise to the filing of notice of mechanic's lien against any portion of the Property.
- 11.15 No Broker. Seller has not engaged the services of any broker in connection with the sale and purchase contemplated by this Agreement except CBRE, to whom Seller will pay all real estate commissions due and owing no later than the Closing Date.
- 11.16 Property Notice / No Redemption Rights. There exist no outstanding redemption rights in any third parties with respect to all or any portion of the Property and the Seller has given all proper notices and obtained all requisite approvals necessary to sell and convey the Property to the Buyer pursuant to the terms of this Agreement.

Seller will indemnify the Indemnified Parties, against, and will hold each of the Indemnified Parties harmless from, any expenses or damages, including reasonable attorneys' fees, that the Indemnified Parties incur because of the breach of any of the above representations and warranties. Each of the foregoing representations and warranties shall be deemed remade as of the Closing Date with respect to the Property.

12. Representations and Warranties of Buyer. Buyer represents and warrants to Seller as of the Effective Date and the Closing Date as follows:
- 12.1 Buyer is duly organized or incorporated under the laws of the State of its formation and has received all requisite authority to transact business in the State in which the Property is located.
- 12.2 Buyer has the power and authority to enter into this Agreement and all of the Buyer's Closing Documents signed or to be signed by it.
- 12.3 Buyer's execution, delivery and performance this Agreement and of the Buyer's Closing Documents do not conflict with or result in violation of Buyer's organizational documents or any judgment, order or decree of any court or arbiter to which Buyer is a party
- 12.4 Upon execution, the Buyer's Closing Documents will be valid and binding obligations of Buyer, and are enforceable in accordance with their terms, subject to applicable bankruptcy, insolvency, reorganization, moratorium, creditor's rights and other similar laws.
- 12.5 No consents or approvals from any third parties are required for Buyer to perform its obligations under this Agreement.
- 12.6 Buyer has not engaged the services of any broker in connection with the sale and purchase contemplated by this Agreement. Buyer is purchasing the Property for an investment with the intent of making a profit.

13. Casualty; Condemnation. If all or any part of the Property is substantially damaged by fire, casualty, the elements, or any other cause, Seller immediately shall give written notice to Buyer, and Buyer shall have the right to terminate this Agreement by giving written notice within thirty (30) days after Buyer receives written notice from Seller of the same. If Buyer shall fail to give notice of termination, then the parties shall proceed to Closing and Seller shall assign to Buyer all rights to insurance proceeds resulting from such event. If eminent domain proceedings are threatened or commenced against all or any portion of the Property, Seller immediately shall give written notice to Buyer, and Buyer shall have the right to terminate this Agreement by giving written notice within thirty (30) days after Buyer receives written notice from Seller of the same. If Buyer shall fail to give notice of termination, then the parties shall proceed to Closing and Seller shall assign to Buyer all rights to appear in and receive any award from such proceedings.
14. Remedies.
 - 14.1 If Buyer defaults in its obligation to proceed to the Closing in accordance with the terms of this Agreement and fails to cure such default within ten (10) days after being notified in writing thereof, Seller shall be entitled, as its sole and exclusive remedy, to terminate this Agreement and to retain the Earnest Money as liquidated damages. The parties agree that in the event of default by Buyer, subject to the expiration of the cure period above, Seller's damages will be difficult or impractical to ascertain and the Earnest Money will be deemed to constitute a reasonable estimate of Seller's damages and shall not be deemed to constitute a forfeiture or penalty. Seller shall not have the right to recover any other damages of any kind from Buyer or to obtain other equitable adjustment to the terms of the sale of the Property.
 - 14.2 If Seller defaults on any of its material obligations under this Agreement and fails to cure such default within ten (10) days after receiving written notice thereof, Buyer shall be entitled to exercise any remedies available to Buyer at law or equity for a default by Seller hereunder including, without limitation, (i) the immediate return of the Earnest Money, (ii) to apply for and to receive from a court of competent jurisdiction equitable relief by way of specific performance to enforce Seller's performance of the terms of this Agreement, and/or (iii) to seek and recover from Seller damages for nonperformance of this Agreement for all of Buyer's out-of-pocket costs and fees, including without limitation, reasonable attorneys' fees, accountants' fees and other consultants' fees incurred by Buyer in preparing and negotiating this Agreement, preparing for the Closing, obtaining financing commitments, investigating the status, title and condition of the Property, and other similar and reasonable costs and expenses.
 - 14.3 If either party hereto shall bring suit against the other to enforce the terms of this Agreement, the losing party shall pay to the prevailing party the prevailing party's cost and expenses (including, without limitation, reasonable attorneys' fees and costs) incurred in enforcing such prevailing party's rights under this Agreement.
15. Miscellaneous.

- 15.1 Construction. This Agreement shall not be construed more strictly against one party than against the other, merely by virtue of the fact that it may have been prepared primarily by counsel for one of the parties, it being recognized that both Buyer and Seller have contributed substantially and materially to the preparation of this Agreement.
- 15.2 Headings. The headings preceding the text of the paragraphs and subparagraphs hereof are inserted solely for convenience of reference and shall not constitute a part of this Agreement, nor shall they affect its meaning, construction or effect.
- 15.3 Further Acts. Each party hereto agrees to do such further acts and execute, deliver, file and record such further documents and instruments as may be reasonably necessary to effectuate, evidence, and record the transactions contemplated by this Agreement.
- 15.4 Severability. The invalidity or unenforceability of any term or terms of this Agreement shall not invalidate, make unenforceable or otherwise affect any other term of this Agreement, and this Agreement shall be construed in all respects as if such invalid or unenforceable provision were omitted, and in such event, the remaining terms of this Agreement shall remain in full force and effect.
- 15.5 Governing Law; Parties in Interest. This Agreement shall be governed by and be construed in accordance with the laws of the State.
- 15.6 Computation of Time. In computing any period of time pursuant to this Agreement, the day of the act or event from which the designated period of time begins to run will not be included. The last day of the period so computed will be included, unless it is a Saturday, Sunday or legal holiday, in which event the period runs until the end of the next day which is not a Saturday, Sunday or such legal holiday.
- 15.7 Time of the Essence. All times, wherever specified herein for the performance by Seller or Buyer of their respective obligations hereunder, are of the essence of this Agreement.
- 15.8 Assignment. Neither party shall be entitled to assign or convey any interest in this Agreement to any third party, without first obtaining the prior written consent of the other party. Notwithstanding the foregoing, Buyer shall have the right to assign its interest in this Agreement to an entity affiliated with, or controlled by Buyer, without the consent of Seller; provided, however, that Buyer shall provide Seller with a copy of any such assignment promptly after it has been executed. The parties' rights and obligations under this Agreement shall inure to the benefit of and shall be binding on successors and assigns.
- 15.9 Notices. All notices and other communications in respect to this Agreement shall be deemed to have been duly given, if in writing and delivered personally or if mailed in a sealed wrapper by United States registered or certified mail, return receipt requested, postage prepaid, or via facsimile, properly addressed to the parties as provided in Exhibit A attached hereto.

- 15.10 Complete Agreement. This instrument and any exhibits, schedules or addendums attached hereto contain the entire Agreement of the parties, and supersedes all prior negotiations, agreements or understandings, whether oral or in writing. This Agreement may not be changed orally but only by an Agreement in writing signed by the party against whom enforcement of any such waiver, change, modification, extension or discharge is sought.
- 15.11 Counterparts. This Agreement may be executed in any number of counterparts, each of which shall constitute an original but all of which, taken together, shall constitute but one and the same instrument.

16. Building and Site Design.

The Development Agreement required for development of the Land shall include, as exhibits, the site design and the front, side and rear elevations of the proposed structure(s). In light of the location of the Land and the importance of the COR to Seller's comprehensive planning, Seller expressly reserves the right to approve the site design and elevations to be utilized on this Property.

17. Option to Purchase.

17.1 Option Property. The property legally described in Exhibit B as Outlot A, Ramsey Town Center 7th Addition, Anoka County, Minnesota, will be subdivided prior to Closing. The portion being purchased by Buyer pursuant to this Agreement is the Land. The remaining property (approximately 1.36 acres) is subject to this Section 17 (the Option Property).

17.2 Option to Purchase. Seller grants Buyer the exclusive option to purchase the Option Property under the following terms:

17.2.1 Option Period. Buyer's option to purchase the Option Property shall remain available to Buyer for a period of five years from the Effective Date of this Agreement (the Option Period), provided Buyer fulfills its obligations under this Section 17. In the event the option to purchase is not exercised by the end of the Option Period, the option shall be deemed null and void without notice or action by either party.

17.2.2 Purchase Price. The purchase price for the Option Property is \$2.08 per square foot for a total of \$123,368. The Option Cost, as described below, is in addition to, and not part of, the Purchase Price.

17.2.3 Option Cost. In consideration for Seller providing Buyer with the exclusive option to purchase the Option Property, Buyer shall pay Seller \$10,000.00 per year for each year Buyer chooses in its sole discretion to retain the option, up to five years. The first two years of option payments (\$20,000.00) are due at Closing. In order to retain the right to purchase the Option Property, the subsequent option payments (beginning two years after the Closing) are due annually on the anniversary of the Closing

unless Buyer closes on the purchase of the Option Property. In the event an option payment is not received prior to or on the anniversary date of the Closing, and Buyer has not closed on the Option Property, this Option to Purchase shall be deemed null and void without notice or action by either party.

17.2.4 Exercising the Option. In the event Buyer chooses to exercise its option to purchase the Option Property, and the Option Period has not terminated and all option payments are current, the parties shall enter into a separate purchase agreement reflecting the purchase price set forth in this Section. Buyer will be subject to all City Codes in existence at the time the new purchase agreement is executed. A Development Agreement will be required for development of the Option Property and will be subject to the terms of Section 16, above. The Development Agreement will include deadlines for construction of improvements on the Option Property.

17.3 Survival. This Section 17 shall survive the Closing and continue to be fully enforceable by its terms.

{THE REMAINDER OF THIS PAGE HAS BEEN LEFT BLANK INTENTIONALLY.}

IN WITNESS WHEREOF, Seller and Buyer have executed this Purchase Agreement effective as of the Effective Date.

SELLER:

CITY OF RAMSEY, MINNESOTA,
a Minnesota municipal corporation

By: Sarah Strommen
Name: Sarah Strommen
Title: MAYOR

By: Kurtis G. Ulrich
Name: Kurtis G. ULRICH
Title: CITY Administrator

BUYER:

AEON PORTFOLIO II LLC,
a Minnesota limited liability company

By: Caroline Horton
Name: Caroline Horton
Title: Secretary - Treasurer

ESCROW RECEIPT

The undersigned, Commercial Partners Title, LLC (“Escrow Agent”), acknowledges receipt of Nine Thousand One Hundred Fifty and No/100 Dollars (\$9,150.00) (the “Initial Deposit”) to be held by it pursuant to the Purchase Agreement to which this Escrow Receipt is attached. Additional deposits may be made with Escrow Agent (collectively with the Initial Deposit, the “Deposit”) pursuant to the Purchase Agreement. Escrow Agent agrees to hold the Deposit in accordance with the terms of the Purchase Agreement and disburse the same strictly in accordance with such terms. Escrow Agent shall invest the Deposit in such interest-bearing accounts or instruments as shall be approved by both Buyer and Seller. Interest shall accrue for the benefit of Buyer.

Seller and Buyer represent that their respective Tax I.D. Numbers are as follows: Seller, _____; Buyer, 45-2430948.

Escrow Agent shall have no responsibility for any decision concerning performance or effectiveness of the Purchase Agreement or to resolve any disputes concerning the Purchase Agreement. Escrow Agent shall be responsible only to act in accordance with the joint and mutual direction of both Seller and Buyer, or in lieu thereof, the direction of a court of competent jurisdiction. Seller and Buyer undertake to hold Escrow Agent harmless from all claims for damages arising out of this Escrow Receipt and do hereby agree to indemnify Escrow Agent for any costs and expenses in connection with this escrow, including court costs and attorneys’ fees, except for Escrow Agent’s failure to account for the funds held hereunder, or acting in conflict with the terms hereof.

The fees and charges of the Escrow Agent shall be paid by Buyer.

ESCROW AGENT:

Commercial Partners Title, LLC


By: _____
Its: _____


[Signatures continued on following page]

[Signatures continued]

SELLER:

**CITY OF RAMSEY, MINNESOTA,
a Minnesota municipal corporation**

By: 
Name: SARAH STROMMEN
Title: MAYOR

By: 
Name: Kurtis G. Ulbricht
Title: City Administrator

BUYER:

**AEON PORTFOLIO II LLC,
a Minnesota limited liability company**

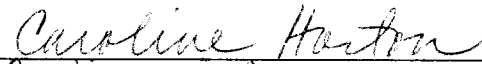
By: 
Name: CAROLINE HORTON
Title: Secretary - Treasurer

EXHIBIT A

Key Terms and Definitions

A. **Definitions.** For purposes of this Agreement, the following capitalized terms shall have the following meanings:

1. "Agreement" shall mean the Purchase Agreement between Buyer and Seller to which this Exhibit is attached.
2. "Buyer" shall have the meaning assigned to such term in the opening paragraph of this Agreement.
3. "Buyer's Closing Documents" shall have the meaning assigned to such term in Section 8.2 of the Agreement.
4. "Closing" shall mean the closing of the purchase and sale of the Property contemplated by this Agreement.
5. "Closing Date" shall mean thirty (30) days after the expiration of the contingencies but no later than September 29, 2017.
6. "Closing Statement" means a closing statement prepared by the Title Company to be executed by Seller, Buyer, and the Title Company at the Closing that accurately describes the economic terms of transaction described this Agreement
7. "Code" shall mean the Internal Revenue Code of 1986, as amended.
8. "Consent" means the prior written consent of Buyer, which consent may be withheld in Buyer's sole discretion unless otherwise stated in this Agreement.
9. "Cure Period" has the meaning set forth in Section 5.3.
10. "Deed" shall mean a Limited Warranty Deed conveying the Property to Buyer, free and clear of all encumbrances, except the Permitted Encumbrances, at the Closing.
11. "Earnest Money" means Nine Thousand One Hundred Fifty Dollars (\$9,150.00), along with any interest or earnings accrued thereon while such funds are held by the Title Company.
12. "Effective Date" shall be as defined in the opening paragraph of this Agreement.
13. "Escrow Agreement" shall mean any form of acknowledgement of escrow deposit in the form required by the Title Company upon its receipt of the Earnest Money.
14. "Executory Period" shall mean the period of time from the Effective Date through and including the Closing Date.
15. "Extended Closing Date" means the date which is 60 days after the Initial Closing Date.

16. "Governmental Authority" means any state, federal, local, municipal or other governmental authority, agency, or licensing authority of any kind having jurisdiction over the Property or Seller.
17. "Hazardous Substances" shall mean 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 any state, local or federal Regulations relating to the protection of the environment.
18. "Indemnified Parties" means collectively, Buyer, its officers, directors, members, partners, governors, managers, and employees and their respective successors and assigns
19. "Inspection Period" shall mean the period of time from the Effective Date through and including the date that is seven (7) months after the Effective Date.
20. "Land" shall mean 88,000 square feet of the parcel legally described on Exhibit B to this Agreement. The parcel legally described on Exhibit B shall be subdivided prior to Closing and the legal description for the new 88,000 square foot parcel shall constitute the Land for purposes of this Agreement.
21. "Permitted Encumbrances" means any defects or encumbrances on the Property to which Buyer does not submit a written Title Objection during the Inspection Period, or any defect or encumbrance that is waived by Buyer in accordance with the terms of this Agreement.
22. "Property" shall mean collectively the Land and all rights related thereto, including easements and adjacent street and alleys.
23. "Purchase Price" means One Hundred Eighty Three Thousand and No/100 Dollars (\$183,000.00), as the same may be adjusted pursuant to the terms and conditions of this Agreement.
24. "Regulations" means the rules and regulations applicable to the Property or Seller of any Governmental Authority having jurisdiction.
25. "Reports" means all feasibility studies, soil reports, environmental reports, permits, licenses, service contracts, title policies, surveys, and other appraisals, inspections, tests, reports, or studies in the possession or reasonable control of Seller with respect to the Property.
26. "Seller" shall have the meaning assigned to such term in the opening paragraph of this Agreement.
27. "Seller's Closing Documents" shall have the meaning assigned to such term in Section 8.1 of the Agreement.
28. "Seller's Title Notice" shall have the meaning set forth in Section 5.1.

Email: pbrama@ci.ramsey.mn.us
Phone Number: (763) 433-9868

With a copy to:

Ratwik, Roszak & Maloney, P.A.
730 Second Ave. South, Suite 300
Minneapolis, MN 55402
Attention: Joseph J. Langel
Email: jjl@ratwiklaw.com
Phone Number: (612) 339-0060
Facsimile Number: (612) 339-0038

EXHIBIT B
Legal Description

Outlot A, Ramsey Town Center 7th Addition, Anoka County, Minnesota.

EXHIBIT C

List of Required Documents

Copies of the following:

- Existing title policies, title commitments and survey, if any;
- Real estate tax statements and other tax bills (including special assessments) affecting the Property for the last two calendar years;
- All inspections, reports, clearances and other documentation issued by any Governmental Authority having jurisdiction of the Property in the last three calendar years;
- Any environmental reports in connection with the Property in Seller's possession;
- Copy of the plat for the Property; and
- All Reports.

Meeting Date: 06/08/2017

Submitted For: Patrick Brama, Administrative Services

By: Patrick Brama, Administrative Services

Title:

Maple Investments LLC (dba Sharp & Associates) Purchase Agreement

Purpose/Background:

PURPOSE

Consider the attached purchase agreement (purchase offer of \$606,622) from Sharp & Associates. for a 9.33-acre City-owned property located just south of Vision Ease Lens for an industrial development, including the immediate construction of a 50,000 square foot speculative industrial building.

BACKGROUND

Site Information

This site is zoned E-2 Employment District; which generally allows for "business park" type users. This site is located in one of the City of Ramsey's established business parks, with access to 143rd Ave and Jasper Street.

The City of Ramsey purchased the "Bury & Carlson" site in 2008 for \$1.75M, or \$1.90 psf (1.84 psf for land only). The City purchased the roughly 20 acre Bury & Carlson site for the purpose of locating a new City Public Works Campus. In late 2015, the City completed a Space Needs Analysis for a new Public Works Campus. As a result of that exercise, it was identified, a 9.33 acre portion of land was unneeded for the Public Works Campus, on the north side of the former Bury & Carlson site. Per informal Council direction, staff was asked to market this parcel for economic development purposes.

The City purchased this site with the following funding sources:

- TIF 2 \$134K, Water Fund \$292K
- Sewer Fund \$292K
- Stormwater Fund \$292K
- Water Utility Fund) \$719K.

The InterFund loan has a current balance of \$513K, and is being paid back by the General Fund/ General Levy. If this transaction moves forward, staff will recommend the InterFund loan be paid back first, as much as possible, with the benefit of removing a debt service burden from the General Levy.

Property Listing

The City has not officially listed this property with a broker. However, staff was informally provided direction to begin marketing this property, with CBRE, for sale in late 2015. Because this property is not officially listed, the City has not established an official asking price; or subsequent formal deal range. Traditionally, City owned parcels with similar zoning, and the City's future business park (privately owned), carry asking prices ranging from \$1.75 per square foot on the low end up to \$2.50 per square foot on the high end. NOTE: asking price is not the same as deal range prices.

Sharp & Associates

Sharp & Associates is perhaps the most well known "business park" developer in Ramsey. Sharp has several properties in Ramsey, and several others located in Anoka, Maple Grove, and Elk River. The majority of Sharp's buildings are small-bay multi-tenant buildings. This type of product is rare for a developer to

specialize in, and to do so successfully.

Staff believes the buildings that Sharp has established in Ramsey have played a major role in Ramsey's overall success in economic development. Reason being, Sharp has created a model very close to a private sector business incubator(s). Sharp attracts new and small business to his affordable, right-sized multi-tenant buildings... then, when they are ready to expand or build a new building, they work with Sharp (and typically stay in Ramsey). Sharp has constructed 10+ owner-occupied buildings in Ramsey for said tenants. Staff believes Sharp is one of Ramsey's greatest development relationships/ partners. This project generally fits the mold outlined above.

Proposed Project

Sharp is proposing using about half of the property for a 50,000 square foot multi-tenant, small-bay, industrial building. Sharp plans to construct the first building immediately. Please see attached concept map and renderings.

The other half of the property will be used by Sharp, in the future, to construct owner occupied projects (2-3, 15,000-30,000 facilities). Sharp is currently working with multiple prospects interested in the owner-occupied land. Staff believes Sharp's approach is to Ramsey's benefit--as the type of user interested in owning a new 15,000-30,000 sf building usually doesn't have the resources or expertise to manage such a project. Sharp works well with these prospects, as he is affordable, does quality work, makes the process turn-key, and allows the buyers to own their new building (many business park developers will only lease back).

Notification:

Observations/Alternatives:

OBSERVATIONS

Listed below are terms/ conditions/ observations related to the attached purchase agreement that staff considers important to highlight for potential discussion.

(1) Policy Compliance

Staff has no policy compliance concerns.

This project is not requesting a formal business subsidy, the City's Revolving Loan Fund, or State DEED Programs. The attached PA is simply an edited version of the City's adopted "template PA." Therefore, generally appears to be in compliance with City's Land Sale Policies.

(2) Offer Price

\$1.50 per square foot or \$606,622.

The buyer is making an offer that is below the City's standard asking prices for industrial land (\$1.75-\$2.50 psf). However, it is within the City's acceptable deal range. If desired, this item should be discussed in closed session.

Staff did add a contingency RE this item in the agreement (See Section 29). We are asking for a \$150,000 letter of credit. If the speculative building is not constructed by the deadline, we would receive an additional \$150,000 in land proceeds, and push us well within the City's asking price.

Lastly, the buyer has completed geotechnical soil evaluations on the property. It appears 1-3 feet of topsoil will need to be removed from the property, and replaced with buildable soils. Additionally, the site will need to be slightly raised allow for proper drainage. Finally, this site will require some minor redevelopment work/ minor clean up, as it is not a green-field site. With these three items in mind, the buyer has indicated the cost to remediate will be in the hundreds of thousands of dollars. Therefore, buyer has indicated he cannot pay more than \$1.50 per square foot--as the property is not shovel ready. If there was not soil remediation issues, the buyer indicated they could pay closer to \$2.00 per square foot.

(3) Earnest Money

\$10,000, to become hard after inspection period.

(4) Inspection Period

September 29, 2017 (close 30 days after).

(5) Extension Option

If the buyer decides to extend the PA, they will be required to place \$5,000 of additional non-refundable dollars in earnest for each 60 day extension.

(6) Construction Deadline

07/01/2019, 50,000 square foot certificate of occupancy issued.

(7) Removal of Materials

The subject property includes stockpiles of con-bit and a large quantity of retaining wall blocks (concrete blocks). The City shall retain ownership of said items, and will remove from the subject property by September 15, 2017

Funding Source:

NA

Recommendation:

If there are questions, concerns, or desire to make a counter offer on price, staff will suggest the attached purchase agreement be discussed in closed session. At this point, staff is not making that request. RE price, staff would note, a negotiation on price has gone back-and-forth between staff and Sharp over the past few weeks. \$1.50 was not Sharp's first offer (it was lower). Please see background section for "why" Sharp is requesting this price. Attached is a MEMO from CBRE.

Below are some project benefits worth noting:

- This project does not include any incentives, such as TIF. As a result, it will have an immediate positive impact to the general tax levy. This project is estimated to generate about \$90,000 in total annual property taxes.
- This project is speculative--meaning, tenants are unknown at this point. Therefore, job count predictions are challenging to make. However, at full occupancy, staff would predict the creation of 30-200 jobs, depending on the tenants.
- This project will collect development fees, estimated at about: Park \$20K, Trail 5K, Water 30K, Sewer \$17K, Storm 22K.
- This project does help Ramsey accomplish goals outlined in the Council Strategic Action Plan and EDA Workplan.
- The above benefits do NOT account for the roughly 4.5 acres of extra land Sharp will utilize for owner occupied buildings. In other words, the long-term benefit to the City for this transaction will be greater.
- Staff believes Sharp is a quality developer with a good track record in Ramsey; especially with Ramsey's business community.
- Staff believes this project compliments the new business park (PSD's projects) well. Sharp is looking at a 18' clear building, with small bays, for small tenants. He will have land available for small, 15,000-30,000 sf owner occupied buildings. PSD is constructing 24' clear buildings, with large bays, for medium to large size tenants. PSD would only consider selling land, or constructing owner occupied buildings, for medium to large size tenants (40,000+ sf).

Action:

Motion to recommend the City Council:

[Approve/ deny/ amend] the attached purchase agreement between the City of Ramsey and Maple Investments LLC for 9.33 Acres of City-owned land.

Attachments

PA

Ref Map

Site Concept and Renderings

CBRE MEMO

Form Review

Inbox

Kurt Ulrich

Patrick Brama (Originator)

Form Started By: Patrick Brama

Final Approval Date: 06/06/2017

Reviewed By

Katie Schmidt

Patrick Brama

Date

06/02/2017 11:33 AM

06/06/2017 11:18 AM

Started On: 05/30/2017 08:39 AM

PURCHASE AGREEMENT

This Agreement is entered into by and between the **City of Ramsey**, a Minnesota municipal corporation (“Seller”), and **Maple Investments LLC**, a Minnesota limited liability company (“Buyer”).

In consideration of the Earnest Money, the mutual covenants set forth below, and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, Seller and Buyer agree as follows:

1. **EFFECTIVE DATE.** The effective date of this Agreement is June 21, 2017 (the “Effective Date”).
2. **SALE OF PROPERTY.** Seller agrees to sell to Buyer, and Buyer agrees to buy from Seller, the Property, legally described as follows:

The roughly northern 9.33 acres of Lot 1, Block 1, Bury & Carlson Addition, Anoka County, Minnesota (part of County PID 27-32-25-34-009). The property size and legal description to be agreed upon by the Buyer and Seller through the City of Ramsey’s official platting process.

3. **PURCHASE PRICE.** The purchase price for the Property is \$606,622.00 (the “Purchase Price”). The Purchase Price shall be adjusted on the gross square footage of the Property. Such price adjustment will be determined by multiplying the gross square footage of the Property by \$1.50 per square foot.
4. **EARNEST MONEY.** Within ten (10) business days after the Effective Date, Buyer must deposit the sum of \$10,000.00 (the “Earnest Money”) with Commercial Partners Title Company, 200 South 6th Street, Suite 1300, Minneapolis, MN 55402 (“Escrow Agent”), via wire transfer or delivery of a certified check payable to Escrow Agent.
 - a. If Buyer does not deposit the Earnest Money with Escrow Agent as required above, then Seller may terminate this Agreement by written notice to Buyer; provided; however, if Buyer deposits the Earnest Money with Escrow Agent before Seller exercises Seller’s right to terminate, Seller’s right to terminate is extinguished.
 - b. Unless Buyer has previously terminated this Agreement pursuant to Section 9, \$10,000.00 of the Earnest Money (the “Initial Disbursement”) becomes non-refundable to Buyer (except in accordance with Section 24 as a result of a default

by Seller) on September 29, 2017 and on that date Escrow Agent must disburse the Initial Disbursement to Seller.

- c. In the event Buyer requests an extension of the Inspection Period, and the extension is agreed to in writing by Seller, all remaining Earnest Money shall become non-refundable and released to the Seller by the Escrow Agent.
 - d. Upon Seller's receipt of a Notice to Proceed from Buyer in accordance with Section 9(b), all of the Earnest Money becomes non-refundable (except in accordance with Section 23 as a result of a default by Seller).
 - e. If Buyer does not provide a Notice to Proceed to Seller in accordance with Section 9(b), this Agreement automatically terminates and Escrow Agent must disburse all Earnest Money Escrow Agent holds to Buyer, other than Earnest Money Escrow Agent is obligated to disburse to Seller pursuant to Sections 4(b) and (c).
 - f. At Closing, Escrow Agent shall disburse to Seller any Earnest Money not previously disbursed to Seller, and Buyer shall receive a credit against the Purchase Price owing at Closing in an amount equal to the amount of the Earnest Money.
- 5. PLATTING & DEVELOPMENT AGREEMENT.** This agreement is conditional upon Buyer obtaining an approved final plat and a development agreement with the City of Ramsey for the development of an approximately 50,000 square foot building on the Property before Closing. Development Agreement and Site Plan must comply with all local zoning ordinances and design standards. The Development Agreement required for development of the Land shall include, as exhibits, the site design and the front, side and rear elevations of the proposed structure(s). Seller expressly reserves the right to approve the site design and elevations to be utilized on this Property.

6. TITLE COMMITMENT.

- a. Seller makes no representations or warranties with respect to the status of title to the Property. Within ten (10) business days after the Effective Date, Seller shall, at Seller's expense, obtain a commitment from Escrow Agent to issue an owner's policy of title insurance insuring Buyer's title to the Property (the "Title Commitment") and deliver the Title Commitment and copies of or internet access to copies of all recorded documents referenced in the Title Commitment to Buyer.
- b. Buyer shall have until the date twenty (20) business days after the receipt of the Title Commitment to review Title and to give Seller written notice of (i) any defects in the marketability of Seller title to the Property or any encumbrances on Seller's title to the Property that are objectionable to Buyer, and (ii) the specific actions Buyer requests that Seller take with respect to each such defect or encumbrance (a "**Title Objection Notice**"). Any defects in or encumbrances on

Seller's title that Buyer does not identify in a timely Title Objection Notice are each a "**Permitted Exception.**" Within three (3) business days after Seller's receipt of a Title Objection Notice from Buyer, Seller will notify Buyer, in writing, of the actions, if any, that Seller is willing to take with respect to each of the matters identified in the Title Objection Notice and the time frame in which Seller will take those actions ("**Seller's Title Notice**"). If Seller's Title Notice indicates that Seller unconditionally agrees to make Seller's title to the Property marketable on or before the closing date established pursuant to Section 14, the parties shall proceed to closing pursuant to the terms of this Agreement. If Seller's Title Notice indicates that Seller does not unconditionally agree to make Seller's Title to the Property marketable on or before the closing date established in Section 14, Buyer may, at any time with five (5) business days after Buyer's receipt of Seller's Title Notice, terminate this Agreement by written notice to Buyer in which case this Agreement is terminated and Escrow Agent must disburse any Earnest Money (other than Earnest Money that Escrow Agent has disbursed to Seller pursuant to Sections 4(b) and (c)) ("**Buyer's Title Termination Notice**"). If Buyer does not deliver a Buyer's Title Termination Notice to Seller within the five (5) business days after Buyer's receipt of Seller's Title Notice, than Seller must perform in accordance with Seller's Title Notice, Buyer shall be deemed to have waived Buyer's objections to the extent Seller has not agreed to address them in Seller's Title Notice, the matters to which Buyer objected and Seller did not agree to resolve are deemed Permitted Exceptions, and the parties shall proceed to Closing in accordance with the terms of this Agreement and the terms of Seller's Title Notice.

- 7. RIGHT OF ENTRY.** At all times after Buyer has deposited the Earnest Money with Seller and before the expiration of the Inspection Period (as defined in Section 9), Buyer (and its employees, agents, and contractors) may enter the Property for the purpose of conducting soil tests, environmental tests, and additional survey work, subject to the following conditions:
- a. Upon the earlier of the date one week after Buyer's completion of its activities on the Property or the date one week after the termination of this Agreement, if either Seller or Buyer terminate this Agreement in accordance with the provisions hereof prior to Closing, Buyer must repair and or restore any damage Buyer or its employees, agents or contractors cause to the Property and remove any personal property, refuse or debris Buyer or its employees, agents or contractors brought onto or authorized third parties to bring onto the Property.
 - b. Buyer must defend and indemnify Seller from and against and hold Seller harmless from all "Claims," as defined in Section 10, arising out of, resulting from or relating to any loss of or damage to any property or business or out of any injury to or death of any person, if the loss, damage, injury, or death arises or is alleged to arise either directly or indirectly and either wholly or in part from: (a) any action or omission of Buyer or its employees, agents, or contractors, while on the Property pursuant to this Section; or (b) actions or omissions of Buyer or

Buyer's employees, agents, or contractors that cause or result in the release of any Hazardous Substance onto the Property or onto other property.

- c. Buyer must comply with and shall cause its employees, agents, and contractors to comply with all applicable laws, while on the Property.
 - d. Buyer may not commence any environmental testing on the Property until Buyer submits a work plan for such testing to Seller, and Seller approves the work plan, in writing. Seller may not unreasonably withhold condition or delay Seller's approval of a work plan.
 - e. Buyer must, promptly and without demand from Seller, provide Seller with true and complete copies of all draft and final reports relating to Buyer's geotechnical and environmental investigations and testing of the Property including, without limitation, any reports relating to any Phase I Environmental Site Assessment of the Property.
 - f. The cost of any test or additional survey work will be borne solely by Buyer.
- 8. PROPERTY SOLD AS IS.** Subject to Buyer's right to terminate this Agreement pursuant to Sections 5,6, and 9, Buyer agrees to accept the Property in its current condition, including, without limitation, its current environmental and geological condition, and in an "AS-IS" and with "ALL FAULTS" condition. Buyer's payment of the Purchase Price at Closing constitutes Buyer's acknowledgment and agreement that:
- a. Seller has not made any written or oral representations or warranties of any kind with respect to the Property (including without limitation express or implied warranties of title, merchantability, or fitness for a particular purpose).
 - b. Buyer has not relied on any written or oral representation or warranty made by Seller, its agents or employees with respect to the condition or value of the Property, except as described in Section 32.
 - c. Buyer has had an adequate opportunity to inspect the condition of the Property, including without limitation any environmental testing, and to inspect documents applicable thereto, and Buyer is relying solely on such inspection and testing, and
 - d. The condition of the Property is fit for Buyer's intended use.
 - e. Buyer accepts all risk of Claims (including without limitation all Claims under any Environmental Law and all Claims arising at common law, in equity or under a federal, state or local statute, rule or regulation) whether past, present or future, existing or contingent, known or unknown, arising out of, resulting from or relating to the condition of the Property, known or unknown, contemplated or un contemplated, suspected or unsuspected, including without limitation the presence of any Hazardous Substance on the Property, whether such Hazardous

Substance is located on or under the Property or has migrated from or to the Property.

9. INSPECTION PERIOD.

- a. Except as otherwise provided in Section 6, Buyer shall have from the date that Buyer deposits the Earnest Money with Escrow Agent to September 29, 2017 (the “**Inspection Period**”) to investigate the Property and determine, in Buyer’s sole judgment, whether (i) the condition of the Property is suitable to Buyer’s intended use; and (ii) Buyer will be able to apply for all governmental approvals and utilities necessary for Buyer’s intended use of the Property. Buyer acknowledges and agrees that Seller has not made any covenants, representations or warranties regarding Buyer’s ability to obtain governmental approvals from the City of Ramsey or any other governmental entity. The City of Ramsey will review, consider and act on any applications Buyer submits to the City for governmental approvals in accordance with City Code.
- b. Buyer may, at any time on or before 5:00 p.m. on the last day of the Inspection Period, terminate the Agreement by written notice to Seller based on Buyer’s determination, in Buyer’s sole and absolute discretion, that the condition of the Property is not suitable for Buyer’s intended use or that Buyer may not be able to obtain all governmental approvals and utilities necessary for Buyer’s intended use of the Property. In addition, this Agreement automatically terminates at 5:00 p.m. on the last day of the Inspection Period unless, prior to that time Buyer delivers a written notice of Buyer’s intention to proceed (a “**Notice to Proceed**”) to Seller.
- c. If, pursuant to Section 9(b) either Buyer terminates this Agreement or this Agreement is automatically terminated, the Escrow Agent must disburse to Buyer any Earnest Money Escrow Agent holds, other than Earnest Money Escrow Agent is obligated to disburse to Seller pursuant to Sections 4(b) and (c).
- d. During the Inspection Period, Buyer will conduct pre-leasing for the Property (including the installation of a real estate sign), seek city approval of site plans and proposed uses, apply for governmental approvals and entitlements, commence negotiations with a source of financing, order due diligence items such as survey, appraisal, environmental assessments, etc.

10. DEFINITIONS. As used in this Agreement:

“**Claim**” or “**Claims**” means any and all liabilities, suits, claims, counterclaims, causes of action, demands, penalties, debts, obligations, promises, acts, fines, judgments, damages, consequential damages, losses, costs, and expenses of every kind (including without limitation any attorney’s fees, consultant’s fees, costs, remedial action costs, cleanup costs and expenses which may be related to any claims).

“Environmental Law” means the Comprehensive Environmental Response, Compensation and Liability Act (“CERCLA”), 42 U.S.C. § 9601 et seq., the Resource Conservation and Recovery Act, 42 U.S.C. § 6901 et seq., the Federal Water Pollution Control Act (the Clean Water Act), 33 U.S.C. § 1251 et seq. the Clean Air Act, 42 U.S.C. § 7401 et seq., and the Toxic Substances Control Act, 15 U.S.C. § 2601 et seq., all as amended from time to time, and any other federal, state, local or other governmental statute, regulation, rule, law or ordinance dealing with the protection of human health, safety, natural resources or the environment now existing or hereafter enacted.

“Hazardous Substance” or **“Hazardous Substances”** means any pollutant, contaminant, hazardous substance or waste, solid waste, petroleum product, distillate, or fraction, radioactive material, chemical known to cause cancer or reproductive toxicity, polychlorinated biphenyl or any other chemical, substance or material listed or identified in or regulated by any Environmental Law.

- 11. RELEASE.** Buyer, for itself, its directors, officers, stockholders, divisions, agents, affiliates, subsidiaries, predecessors, successors, and assigns and anyone acting on its behalf or their behalf hereby fully releases and forever discharges Seller from any and all Claims (including without limitation all Claims arising under any Environmental Law and all Claims arising at common law, in equity or under a federal, state or local statute, rule or regulation), past, present and future, known and unknown, existing and contingent, arising out of, resulting from, or relating to the condition of the Property, and Buyer hereby waives any and all causes of action (including without limitation any right of contribution) Buyer had, has or may have against Seller and anyone acting on its behalf with respect to the condition of the Property, whether arising at common law, in equity or under a federal, state or local statute, rule or regulation. The foregoing shall apply to any condition of the Property, known or unknown, contemplated or un contemplated, suspected or unsuspected, including without limitation the presence of any Hazardous Substance on the Property, whether such Hazardous Substance is located on or under the Property, or has migrated from or to the Property.
- 12. INDEMNITY.** Buyer agrees to indemnify, hold harmless and defend Seller or anyone acting on its behalf for, from and against any and all Claims (including without limitation all Claims arising under any Environmental Law and all Claims arising at common law, in equity or under a federal, state or local statute, rule or regulation) past, present and future, existing and contingent, known and unknown arising out of, resulting from, or relating to the condition of the Property. The foregoing shall apply to any condition of the Property, known or unknown, contemplated or un contemplated, suspected or unsuspected, including without limitation the presence of any Hazardous Substance on the Property, whether such Hazardous Substance is located on or under the Property, or has migrated from or to the Property, regardless of whether the foregoing condition of the Property was caused in whole or in part by the Seller’s actions or inactions.
- 13. NOTICES.** Notices permitted or required by this Agreement must be in writing and shall be deemed given when delivered in legible form to the party to whom addressed. Notices may be sent by certified mail, fax or e-mail. Notices are effective two business

days after they are mailed via certified mail, return receipt requested or, if delivered in any other manner, when the party to whom the notice is directed actually receives the notice. If delivered at the Closing, a notice shall be deemed given when hand-delivered to the party's representative at the Closing. The business addresses of the parties are as follows:

Seller: City Administrator
City of Ramsey
7550 Sunwood Drive N.W.
Ramsey, MN 55303

Buyer: Dennis Sharp
Maple Investments, LLC
500 Bunker Lake Boulevard
Anoka, Minnesota 55303

Notices not given in the manner or within the time limits set forth in this Agreement are of no effect and may be disregarded by the party to whom they are directed.

14. CLOSING. This transaction shall close on the date agreed to by Buyer and Seller, which shall be on a date no more than thirty (30) days after Buyer delivers a Notice of Suitability to Seller or on such earlier date as Seller and Buyer may establish by mutual, written agreement. The Closing shall take place at the offices of the Escrow Agent, or at some other place as the parties may mutually agree prior to such date. At the option of either Party, the executed closing documents, Purchase Price and closing costs may be deposited with the Escrow Agent and disbursed by the Escrow Agent pursuant to avoid the necessity for a Closing at which the Parties are present.

a. Seller's Obligations at Closing. At Closing, Seller must deliver to Escrow Agent, for delivery to Buyer:

- i. A warranty deed, duly executed and acknowledged on behalf of the City and with the City's seal affixed, conveying title to the Property, subject to (A) the lien of real estate taxes, if any, not yet due and payable; (B) Building, Subdivision and Zoning Ordinances; (C) Matters that would be disclosed by an accurate survey of the Property; and (D) matters that constitute Permitted Exceptions pursuant to Section 6;
- ii. A certified copy of a duly adopted City Ordinance and Resolution authorizing Seller's sale of the Property to Buyer; and
- iii. Seller's affidavits, well disclosure certificate (if required), settlement statement approved by Seller and Buyer, and any other documents required by the Escrow Agent.

b. Buyer's Obligations at Closing. At Closing, Buyer must:

- i. Wire Transfer (or deliver a certified check in) an amount equal to the amount of the Purchase Price adjusted to reflect Buyer's prior payment of the Earnest Money and to reflect amounts Buyer must pay to or will receive from Escrow Agent for disbursement to Seller and others pursuant to this Agreement and the Settlement Statement; and
- ii. File or cause Escrow Agent to file an Electronic Certificate of Real Estate Value.

15. OPTION TO EXTEND. In the event Buyer requests a 60-day extension of the Inspection Period, and the extension is agreed to in writing by Seller, Buyer must deposit an additional \$5,000 Earnest Money with the Escrow Agent. Both the original Earnest Money, and the additional Earnest Money, is nonrefundable, and will comply with terms outlined in Section 4 of this Agreement. A total of two (2) 60-day extensions may be granted to the Buyer from the Seller.

a. Closing Costs.

- i. At Closing, the following Seller closing costs and expenses must be paid from the Purchaser Price or, if the Purchase Price is not sufficient, paid by Seller:
 1. Seller's portion of the prorated property taxes.
 2. Seller's own attorney's fees.
 3. One-half the cost of any closing fees.
 4. State deed tax.
 5. The cost of providing Title Commitment as prescribed in Section 6
 6. The cost of real estate broker commission fees as prescribed in Section 16.
- ii. At Closing Buyer must pay the Purchase Price to Seller and the following costs and expenses:
 1. Buyer's portion of prorated property taxes.
 2. Buyer's own attorney's fees.
 3. One-half the cost of any closing fees.
 4. Documentary and recording fees for the deed(s).
 5. The cost of the owner's title insurance policy if Buyer elects to purchase an Owner's title insurance policy.

b. Possession. Seller must deliver possession of the Property to Buyer at Closing.

16. REAL ESTATE BROKERS. 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"). Seller has agreed to pay a commission to CBRE in the amount of five percent (5%) of \$606,000 (\$30,300). 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 broker's fees or commissions resulting

for their actions or agreements regarding the execution or performance of this Agreement, other than the fees payable to Seller's and Buyer's Broker, 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 attorney's fees.

- 17. ASSIGNMENT.** This Agreement may not be assigned without the express written consent of the non-assigning Party. The Seller will not unreasonably withhold Buyer's ability to reassign this Agreement.
- 18. THIRD PARTY BENEFICIARY.** There are no third party beneficiaries of this Agreement, intended or otherwise.
- 19. JOINT VENTURE.** Seller and Buyer, by entering into this Agreement and completing the transactions described herein, shall not be considered joint ventures or partners.
- 20. 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.
- 21. ENTIRE AGREEMENT / MODIFICATION.** This written Agreement, and the related Development Agreement, if any, 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. In the event the terms of this Agreement conflict with the terms of the Development Agreement, the latter shall control.
- 22. BINDING EFFECT.** This Agreement binds and benefits the Parties and their successors and assigns.
- 23. CONTROLLING LAW.** This Agreement is made under the laws of the State of Minnesota and such laws will control its interpretation.
- 24. REMEDIES.**
 - a. If Buyer fails to perform any of the terms or conditions of this Agreement within the specified time limits, Seller may declare this Agreement terminated pursuant to Minnesota Statutes section 559.21. Seller's sole remedy in the event of Buyer's default is retention of the Earnest Money, unless Buyer defaults under Section 7 or 12 of this Agreement, in which case Seller may retain the Earnest money or suspend the performance of its obligations under this Agreement and commence an action in Anoka County District Court to recover its actual damages arising from the default.
 - b. If Seller fails to perform any of the terms or conditions of this Agreement within the specified time limits, Buyer may, as its sole remedy, declare this Agreement

terminated in which case Escrow Agent and, if applicable, Seller, shall refund the Earnest Money (both the Initial Disbursement and the Remaining Earnest Money) to Buyer, or, in the alternative, Buyer may have this Agreement specifically enforced. Buyer waives all claims for consequential damages against Seller based on Seller's breach or alleged default hereunder.

- 25. WAIVER.** Failure of Seller or Buyer to insist upon the performance of any of the covenants, agreements and/or conditions of this Agreement or to exercise any right or privilege herein shall not be deemed a waiver of any such covenant, condition or right.
- 26. SURVIVAL OF TERMS AND CONDITIONS.** The terms and conditions of this Agreement shall survive and be in full force and effect after the delivery of the deed, and shall not be deemed to have merged therein.
- 27. SEVERABILITY.** Each provision of this Agreement shall apply to the extent permitted by applicable law and is intended to be severable. If any provision is illegal or invalid for any reason whatsoever, such illegality or invalidity shall not affect the legality or validity of the remainder of the Agreement.
- 28. CONSTRUCTION.** The Parties acknowledge that this Agreement was initially prepared by Seller solely as a convenience and that all Parties and their counsel hereto have read and full negotiated all the language used in this Agreement. The Parties acknowledge that because all Parties and their counsel participated in negotiating and drafting this Agreement, no rule of construction shall apply to this Agreement to construe ambiguous or unclear language in favor of or against any Party.
- 29. DEVELOPMENT REQUIREMENTS & CONSTRUCTION DEADLINES.**
- a. If following conditions are not satisfied by the Buyer, a \$150,000 payment must be paid to the Seller immediately.
 - i. Buyer must obtain a certificate of occupancy from the City of Ramsey for the construction of an approximately 50,000 square foot building, by July 01, 2019.
 - b. The Buyer must supply the Seller an irrevocable letter of credit in the amount of \$150,000.
 - i. This letter of credit will remain in place until the Buyer obtains certificates of occupancy as outlined in Section 29 of this Agreement.
 - ii. The Seller shall immediately draw on this letter of credit in the event the Buyer defaults on Section 29(b) of this Agreement.
 - iii. This letter of credit shall be furnished and executed before Closing.
 - iv. This letter of credit shall meet City of Ramsey Finance Department standards, and must be approved by the Seller before Closing.

- v. This letter of credit is separate from the letter of credit that will be required by the City of Ramsey through the city's standard platting and development agreement processes.

30. BUSINESS SUBSIDY ACT NOT APPLICABLE. This Agreement does not constitute and formal business subsidy as defined by Minnesota Statutes, Sections 116J.993 to 116J.995. The land price determined in this Agreement is a result of negotiations, based on the conditions of the Property.

31. COUNTERPARTS; DIGITAL COPIES. This Agreement may be executed in any number of counterparts and the signature pages of the separate counterparts combined into a single copy of this Agreement which will then constitute a fully executed version of this Agreement. A facsimile, .pdf file or digital copy of a signed counterpart or of an assemblage of counterparts of this Agreement shall be deemed to be an original thereof.

32. DEADLINE FOR REMOVAL OF CITY PROPERTY. The City shall have until September 15, 2017 to remove: all bunker blocks located on the perimeter of the property (approximately 250+), approximately 100 tons of stock-piled boulders/ rocks, and approximately 500 tons of stock-piled con-bit (class 5).

33. IRS SECTION 1031 TAX-DEFERRED EXCHANGE. The Seller herein acknowledges that it is the intention of the Buyer to complete an IRS Section 1031 Tax-Deferred Exchange and that the Buyer's rights under this Agreement shall be assigned to Commercial Partners Exchange Company, LLC, for the purpose of completing such exchange. Further, this Agreement may be assigned to an exchange accommodation title holder for the purpose of structuring build-to-suit construction exchange under Section 1031 according to Revenue Procedure 200-37. Seller agrees to cooperate with the Buyer and/or its assigns in a manner necessary to complete said exchange.

SELLER: The City of Ramsey, Minnesota

By: _____
Sarah Strommen, Mayor

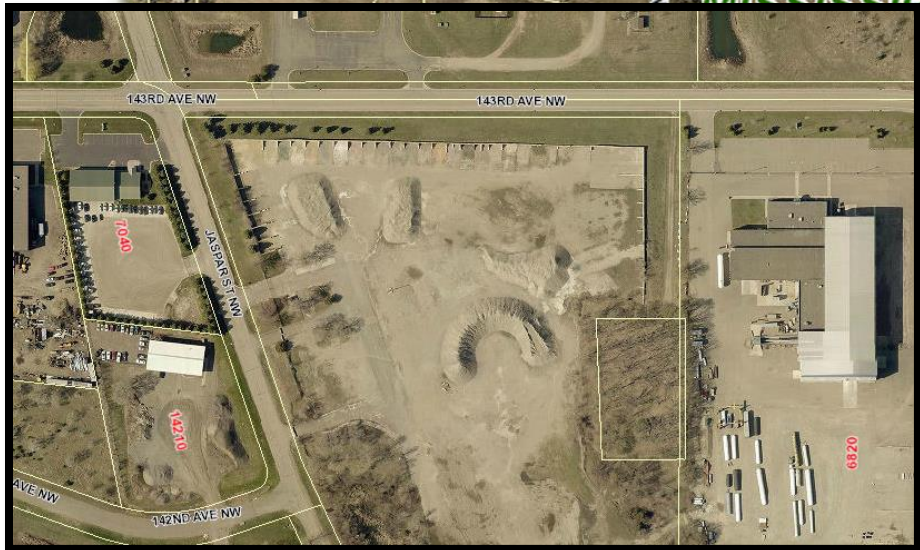
Dated: _____ 2017

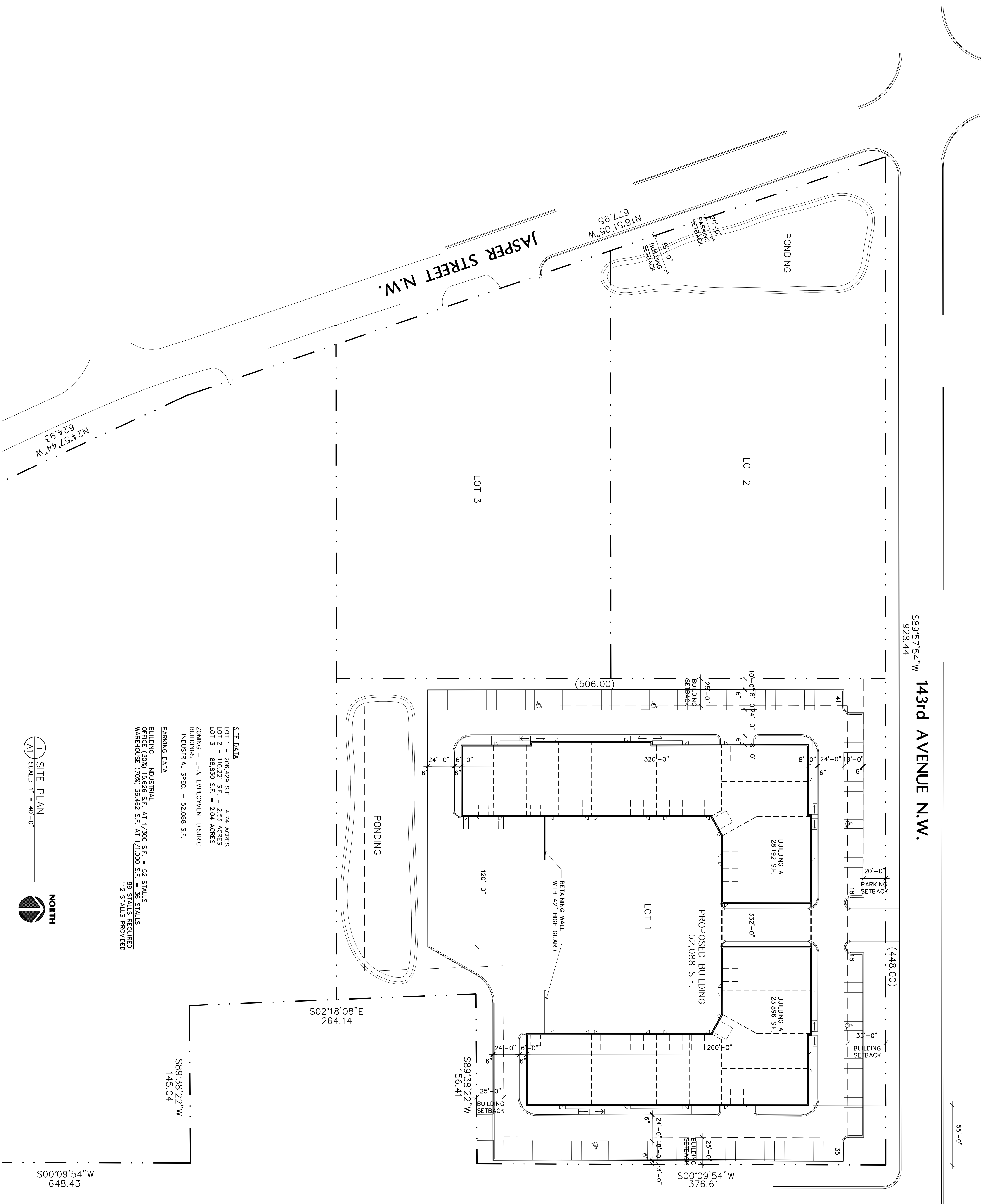
By: _____
Kurt Ulrich, City Administrator

BUYER: Maple Investments, LLC.

By: _____
Dennis Sharp, Registered Agent

Dated: _____, 2017



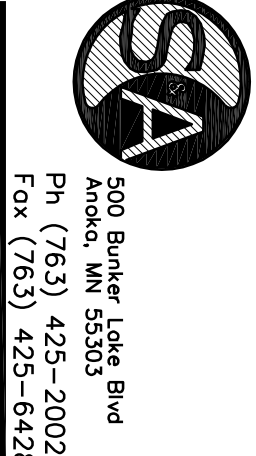


SITE DATA
 LOT 1 - 206,429 S.F. = 4.74 ACRES
 LOT 2 - 110,221 S.F. = 2.53 ACRES
 LOT 3 - 88,830 S.F. = 2.04 ACRES
ZONING - E-3, EMPLOYMENT DISTRICT
BUILDINGS
 INDUSTRIAL SPEC. - 52,088 S.F.
PARKING DATA
 BUILDING - INDUSTRIAL
 OFFICE (30%) 19,626 S.F. AT 1,200 S.F. = 52 STALLS
 WAREHOUSE (70%) 36,462 S.F. AT 1,000 S.F. = 36 STALLS
 88 STALLS REQUIRED
 112 STALLS PROVIDED

1 SITE PLAN
 A1 SCALE: 1" = 40'-0"



JASPER INDUSTRIAL PARK
 Ramsey, Minnesota

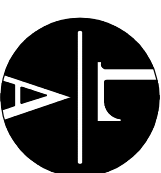


500 Bunker Lake Blvd
 Anoka, MN 55303
 Ph (763) 425-2002
 Fax (763) 425-6428

PRELIMINARY FOR CONSTRUCTION

ARCHITECT CERTIFICATION:
 I HEREBY CERTIFY THAT THIS PLAN, SPECIFICATION OR REPORT WAS PREPARED BY ME OR UNDER MY DIRECT SUPERVISION AND THAT I AM A LICENSED ARCHITECT UNDER THE LAWS OF THE STATE OF MINNESOTA.

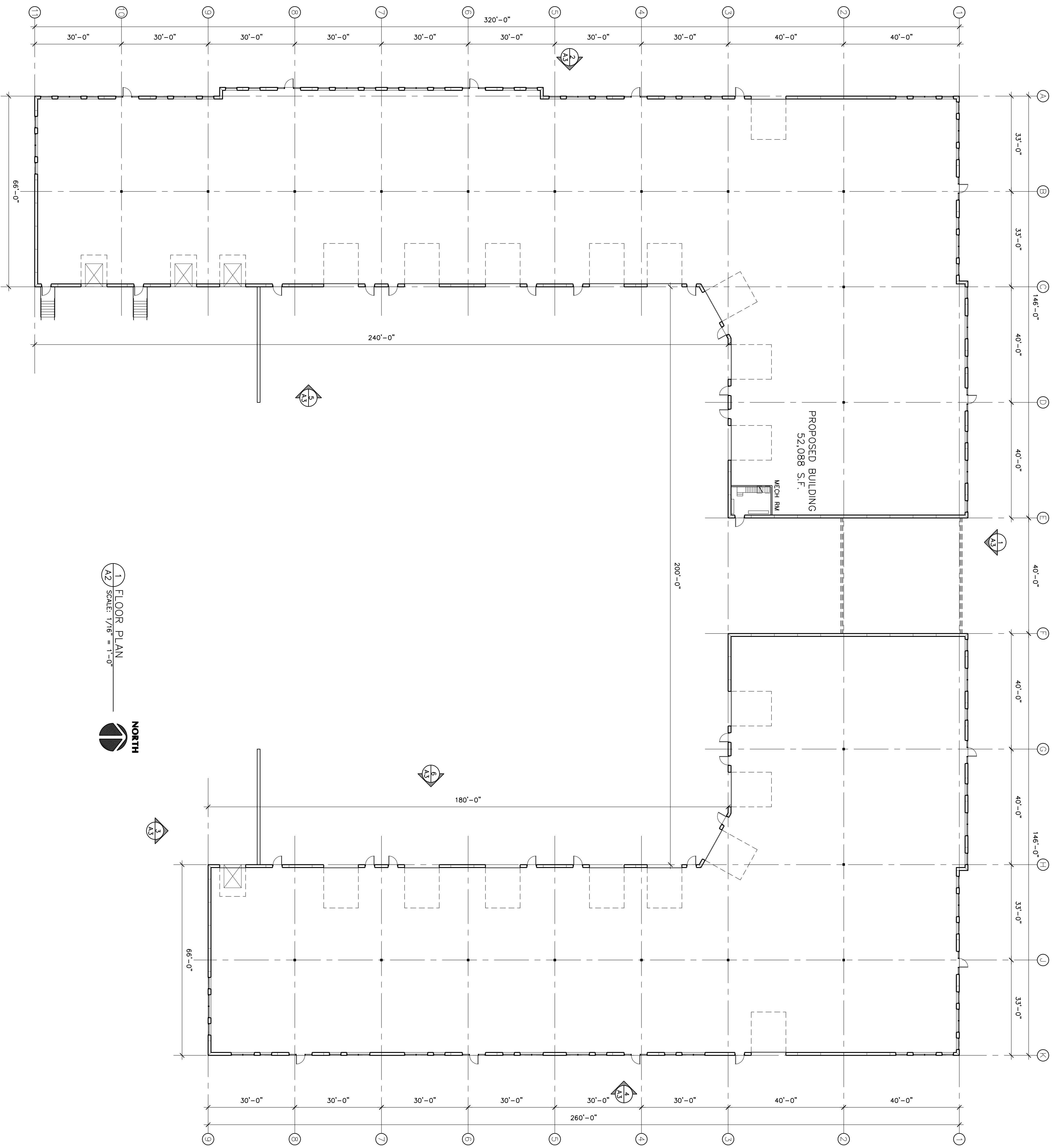
LAMPERTS ARCHITECTS
 420 Summit Avenue
 St. Paul, MN 55102
 Phone: 651.725.1211 Fax: 651.757.2849
 lampert@lampert-arch.com



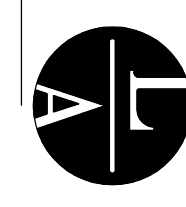
SITE PLAN
 Sheet Number

A1

Project No. 170418-2



1 FLOOR PLAN
A2 SCALE: 1/16" = 1'-0"
NORTH



LAMPERT ARCHITECTS
420 Summit Avenue
St. Paul, MN 55102
Phone: (612) 225-1411 Fax: (612) 225-7289
http://www.lampert-arch.com

ARCHITECT CERTIFICATION:
I, LEONARD LAMPERT, ARCHITECT, P.E., M.A.S.,
PREPARED BY ME OR UNDER MY DIRECT
SUPERVISION AND THAT I AM A DULY
LICENSED ARCHITECT UNDER THE
LAWS OF THE STATE OF MINNESOTA.

PRELIMINARY FOR CONSTRUCTION

Sharp & Associates, LLC



500 Boulder Lake Blvd
Ply (763) 425-2002
Anoka, MN 55303
Fax (763) 425-6428

JASPER INDUSTRIAL BUILDING

Ramsey, Minnesota

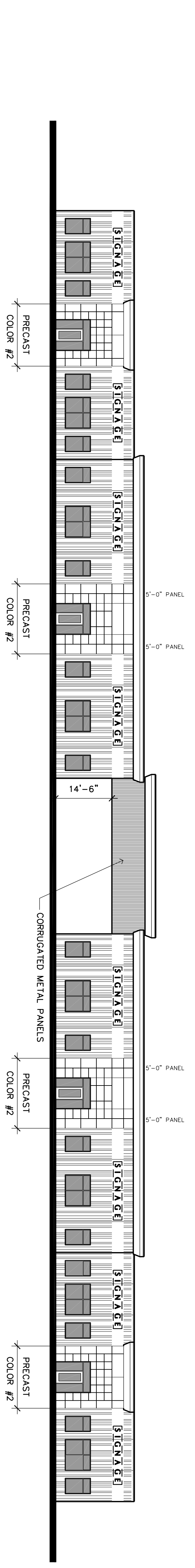
Copyright 2017
Lampert Architects, P.A.
Project Designer: JAMES B
Drawn By: AE
Checked By: LL
Revisions
5/31/17 PRELIMINARY

FLOOR PLAN

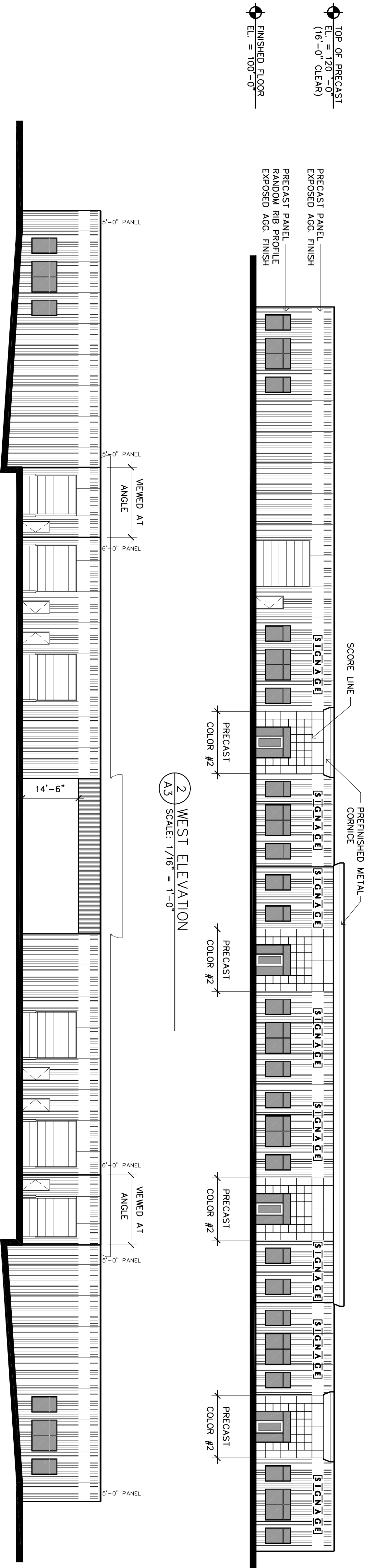
Sheet Number

A2

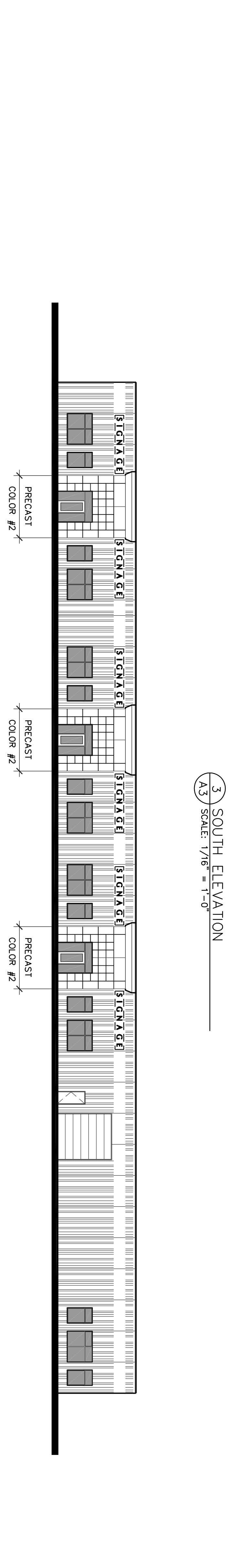
Project No. 170418-2



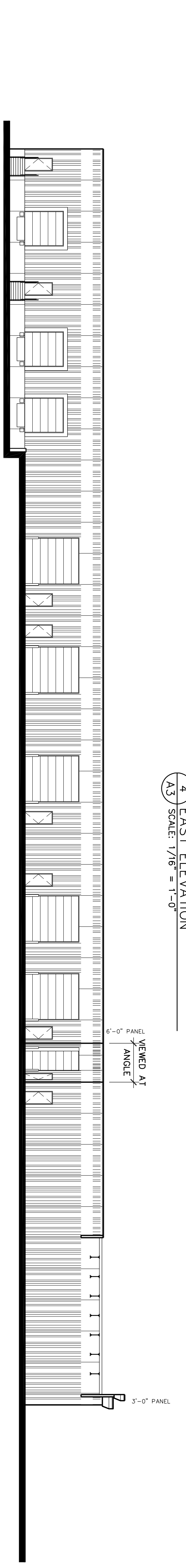
1 NORTH ELEVATION
A3 SCALE: 1/16" = 1'-0"



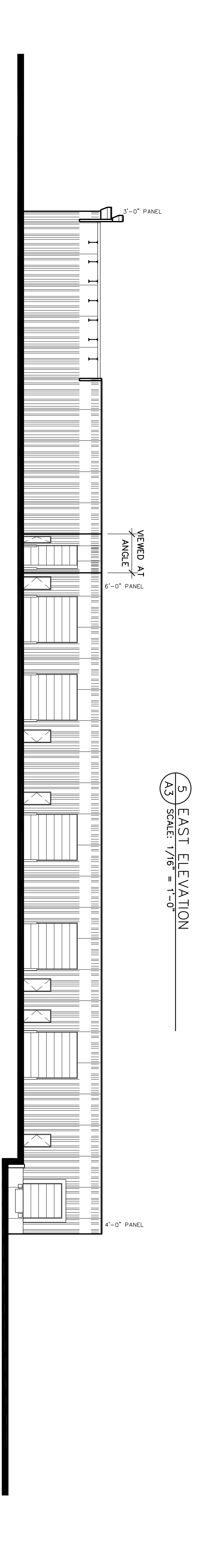
2 WEST ELEVATION
A3 SCALE: 1/16" = 1'-0"



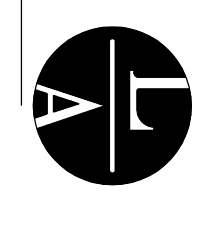
3 SOUTH ELEVATION
A3 SCALE: 1/16" = 1'-0"



4 EAST ELEVATION
A3 SCALE: 1/16" = 1'-0"



6 WEST ELEVATION
A3 SCALE: 1/16" = 1'-0"



LAMPERT ARCHITECTS
420 Summit Avenue
St. Paul, MN 55102
Phone: 651.225.1211 Fax: 651.297.2849
http://www.lampert-arch.com

ARCHITECT CERTIFICATION:
DESIGNED BY LAMPERT ARCHITECTS, INC.
PREPARED BY ME OR UNDER MY DIRECT SUPERVISION AND THAT I AM A DULY LICENSED ARCHITECT UNDER THE LAWS OF THE STATE OF MINNESOTA.

PRELIMINARY FOR CONSTRUCTION

Shorp & Associates, LLC



500 Baker Lake Blvd
Ando, MN 55303
Ph (763) 425-2002
Fax (763) 425-6428

JASPER INDUSTRIAL BUILDING

Ramsey, Minnesota

Copyright 2017
Lampert Architects, P.A.
Project Designer: JAMES B
Drawn By: JRB
Checked By: LL
Revisions
5/31/17 PRELIMINARY

BUILDING ELEVATIONS
Sheet Number

A3

Project No. 170418-2

M E M O

Date: June 5, 2017
To: Pat Brama-City of Ramsey Community
Development Director
From: Brian Pankratz, CBRE
Subject: City of Ramsey Sale Jasper & 143rd Land to
Sharp & Associates
cc: _____

Patrick

In reviewing the draft Purchase Agreement, we support the sale of this property to Sharp & Associates. With the sale and development of this property it will put the property back on the tax rolls, generate development fees, new jobs/businesses, and provide a new industrial development within the City of Ramsey. The proposed project will provide new modern warehouse options to tenants within and outside of Ramsey. The development will offer a variety of bay sizes to allow tenants to grow within the building and potentially expand from Sharp & Associates existing portfolio.

The price offered by Platinum is for \$606,622 or \$1.50 PSF and feel the price is fair based on market values in addition to the risk being taken by developer. The price is also higher than what was proposed by Platinum in a previous deal. There is not an established price range for this parcel but the proposed price would fall within these boundaries. The project is being built on a speculative development basis to my knowledge which is a good sign in the strength of the market. Ramsey is traditionally not a speculative industrial market so vacancy and market rental rates have been factored into the land price. There are not current comparable sales within the Ramsey market for this sale but understand another industrial land parcel with better access/visibility trading for approximately \$1.75 PSF. The project will allow tenants to take advantage of the easy access to Highway 10 via Ramsey Blvd. The industrial market has seen several spec industrial buildings in the Brooklyn Park, Rogers, and Dayton markets but this will be one of the first spec buildings built north of the river.

The deal will be contingent on final approval of the Purchase Agreement by the City Council and City Attorney. Within the Purchase Agreement there are contingencies for the Buyer

receiving the necessary governmental approvals for platting and securing any tenants within their due diligence period.

We feel this industrial development would be an added benefit to the City of Ramsey.

Economic Development Authority (EDA)

4. 3.

Meeting Date: 06/08/2017

Submitted For: Patrick Brama, Administrative Services

By: Patrick Brama, Administrative Services

Title:

PSD LLC Business Park: Approve MOU Related to New Internal Public Roadway

Purpose/Background:

this case is 1 of 3 cases related to the new PSD business park

PURPOSE

Consider approving the attached Memorandum of Understanding (MOU). The attached MOU indicates the City of Ramsey is willing to fund a not-to-exceed \$250,000 for the first phase of required public roadway located within the new PSD business park. The City would utilize the EDA Fund, ACHRA Fund, and/or TIF District #1 Funds for this project.

BACKGROUND

Attached to this case is background information on the proposed PSD Business Park (basic background, maps, and visual renderings). Also attached is a breakdown of the assistance requests made by PSD to the City. Lastly, attached is a QA Log on the City's policy for cost-sharing public infrastructure.

The EDA and City Council generally reviewed this request in April. At the time, both the EDA and City Council appeared to be generally open to further considering this request.

Notification:

Observations/Alternatives:

Per the attached MOU (appendix)--the proposed internal public roadway will be about 1,200' lineal feet. The entire 1,200' roadway section shown will be constructed by PSD in 2017. PSD is requesting reimbursement from the City for 500' of the internal public roadway (or about 42% of the total lineal feet).

Per the attached Infrastructure Policy QA Log--staff believes this request is reasonable, and falls within the City's past practice/ policy positions. In summary, in the past, the City typically has paid for all (100%) or a portion (60%) of public infrastructure located within industrial parks/ commercial areas.

Staff discussed this request with Ehlers. Both staff and Ehlers do not believe this request should be processed as a formal business subsidy request. This request should be considered a stand alone infrastructure negotiation process (which is common for new green-field projects, especially for commercial/ industrial projects). As a result, this request has not been formally underwritten and staff has not requested a pro-forma from the developer.

Funding Source:

EDA Fund, ACHRA Fund, and/or TIF 1. If the project continues to move forward, staff will need to formalize this item.

Recommendation:

Please see observations section. This roadway sets up PSD nicely to complete their first two buildings (see next two cases on this agenda). They hope to complete both buildings over the winter of 2017/2018. Additionally, this roadway will put PSD in position to provide pad ready sites for multiple future users--which is a competitive advantage for Ramsey. Lastly, the first 500' of this roadway will be separated by a median, will include tree plantings, signage, and will look like professional/ inviting--thus, setting the tone for the new business park. In summary, this public infrastructure project will help kick off the new PSD business park with a big splash, and it will set up Ramsey for economic development success into the future.

Action:

Recommend the City Council:

Adopt the attached Memorandum of Understanding (MOU); authorizing a not-to-exceed \$250,000 reimbursement to PSD LLC for the construction of a new public roadway located within the City's new business park.

Attachments

MOU

Background Maps and Renderings

Assistance Requests

Infrastructure QA

Form Review

Inbox

Kurt Ulrich

Patrick Brama (Originator)

Form Started By: Patrick Brama

Final Approval Date: 06/06/2017

Reviewed By

Katie Schmidt

Patrick Brama

Date

06/02/2017 11:33 AM

06/06/2017 03:09 PM

Started On: 05/30/2017 09:04 PM

MEMORANDUM OF UNDERSTANDING

This Memorandum of Understanding (“MOU”) is entered into between the **City of Ramsey**, a Minnesota municipal corporation, (“City”) and **PSD, LLC.**, a Minnesota limited liability company (“PSD”).

WHEREAS, over 300-acres of green-field land is available for development located northwest of the U.S. Highway 10 and Armstrong Boulevard interchange in the City (the “Armstrong-West Developable Area”); and

WHEREAS, the City has an interest in pursuing the development of a new business park in the Armstrong-West Developable Area totaling 131.52 acres in gross size, located on three parcels currently owned by Hageman Holdings, LLC (PIDs: 20-32-25-34-0004, 29-32-25-21-0003, and 29-32-25-12-0003). A new business park can benefit the City by creating well-paying jobs, increasing tax-base, and increasing local consumer spending; and

WHEREAS, PSD is under contract to purchase 45.1 acres of the land currently owned by Hageman Holdings LLC., in the Armstrong-West Developable Area. PSD intends to develop a business park with roughly 7-buildings totaling approximately 420,000 square feet, located on two parcels (PIDs: 29-32-25-12-0003 and 29-32-25-21-0003); and

WHEREAS, the development of the PSD business park will require various mass site improvements, with an estimated total cost of \$4.24M, including a new 500’ internal public roadway, with an estimated cost of \$227,000; and

WHEREAS, in order for PSD to move forward with their development interests, a mutual understanding of how the public road will be designed, constructed, and paid for is needed; and

WHEREAS, PSD has requested that the City fund the 500’ internal public roadway that will serve their business park. This roadway is described in Appendices A & B: Bolton & Menk Engineer’s Estimate, as Option 2, Phase 1: 40’ roadway with an 8’ center median, and two 16’ travel lanes (12’ plus 2’ curb reaction distance), with concrete curb and gutter.

NOW THEREFORE, the parties agree in principle to the following:

- 1) The City will reimburse PSD up to \$250,000 for the design and construction of the proposed 500’ internal public roadway.
- 2) Payment shall occur within 30 days after final completion of the new 500’ internal public roadway, subject to final inspection and approval by the City Engineer.
- 3) The City will consider the EDA Fund, the Anoka County HRA/ EDA Ramsey Account, and TIF #1 as the potential funding sources for this project.
- 4) PSD shall be responsible for designing and constructing the new 500’ internal public roadway.
- 5) The new 500’ internal public roadway must comply with all City design standards and City ordinances.

- 6) The Ramsey City Engineer must provide PSD written approval of all plans and specifications for the new 500' internal public roadway before the project is bid.

This MOU merely sets forth some of the more significant terms and conditions of the subject matter and is not binding on either party.

THE CITY: City of Ramsey, Minnesota, a Minnesota Municipal Corporation

By: _____
Sarah Strommen, Mayor

Dated _____, 2017

By: _____
Kurt Ulrich, City Administrator

PSD LLC., a Minnesota limited liability company

By: _____
Pamela Deal, Chief Manager

Dated _____, 2017

By: _____
Matt Kuker, Project Manager

Dated _____, 2017

Appendix A

PRELIMINARY ENGINEER'S ESTIMATE

RAMSEY BUSINESS PARK - EAST PARCEL COLLECTOR ROADWAYS
 PSD, LLC
 BMI PROJECT NO. R16.113129

3/2/2017

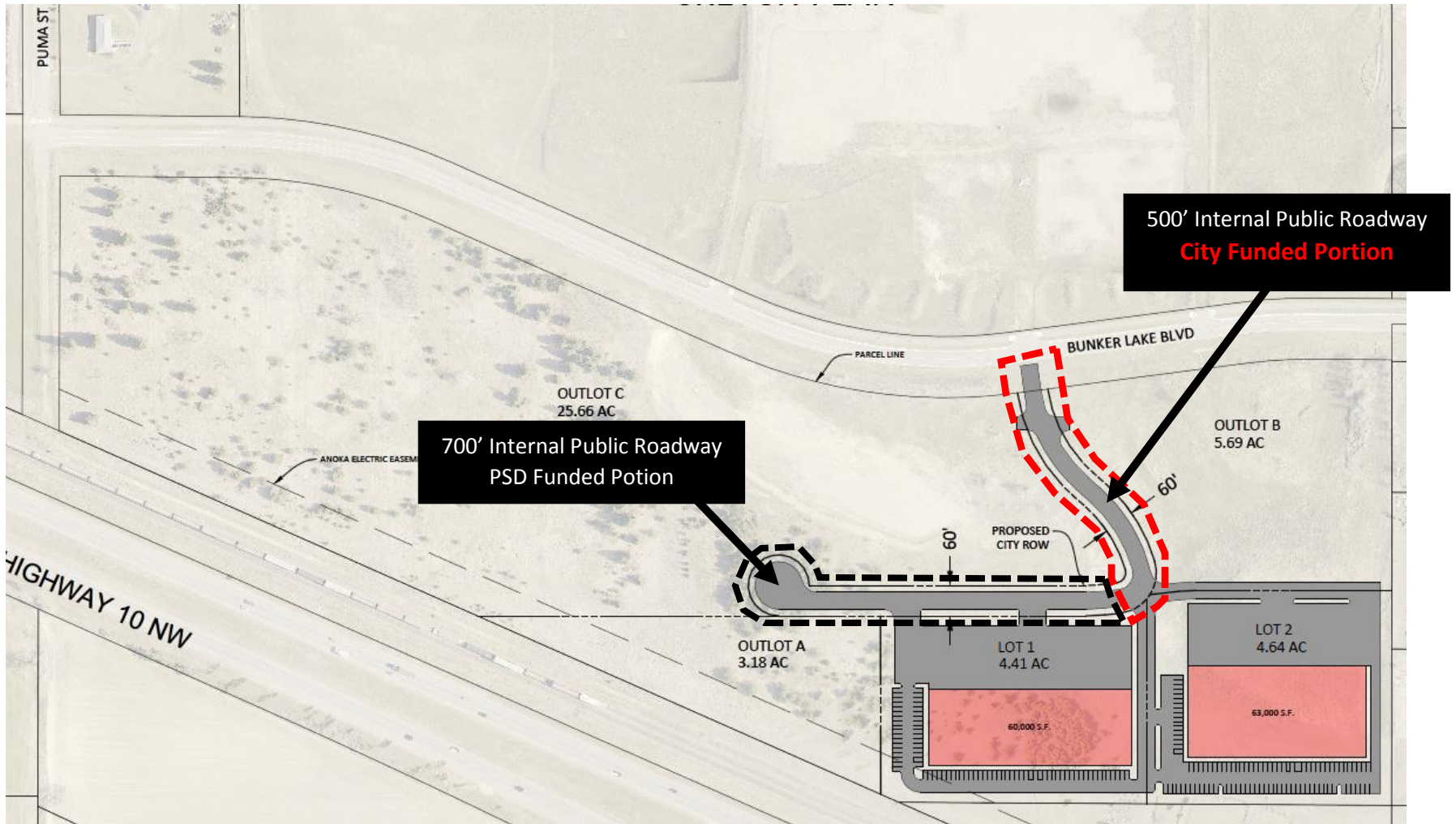
ITEM NO.	ITEM	UNIT	UNIT PRICE	ENGINEERS ESTIMATE OPTION 1 (TWO LANE ROADWAY)				ENGINEERS ESTIMATE OPTION 2 (TWO LANE ROADWAY W/ CENTER MEDIAN)				
				PHASE 1 QUANTITY	PHASE 1 TOTAL	PHASE 2 QUANTITY	PHASE 2 TOTAL	PHASE 1 QUANTITY	PHASE 1 TOTAL	PHASE 2 QUANTITY	PHASE 2 TOTAL	
1	MOBILIZATION	LUMP SUM	\$20,000.00	1	\$20,000.00	1	\$20,000.00	1	\$20,000.00	1	\$20,000.00	
2	COMMON EXCAVATION (EV)	CU YD	\$6.00	1,300	\$7,800.00	1,400	\$8,400.00	1,525	\$9,150.00	1,800	\$10,800.00	
3	AGGREGATE BASE CLASS 5 (10")	TON	\$24.00	1,450	\$34,800.00	1,650	\$39,600.00	1,825	\$43,800.00	2,050	\$49,200.00	
4	TYPE SP 9.5 WEARING COURSE (1.5")	TON	\$85.00	210	\$17,850.00	225	\$19,125.00	250	\$21,250.00	205	\$17,425.00	
5	TYPE SP 12.5 NON WEARING COURSE (3.5")	TON	\$75.00	500	\$37,500.00	525	\$39,375.00	590	\$44,250.00	475	\$35,625.00	
6	STORM SEWER PIPE	LIN FT	\$45.00	350	\$15,750.00	650	\$29,250.00	375	\$16,875.00	675	\$30,375.00	
7	RC PIPE APRON	EACH	\$1,500.00	2	\$3,000.00	1	\$1,500.00	2	\$3,000.00	1	\$1,500.00	
8	STORM SEWER MH / CB	EACH	\$2,500.00	4	\$10,000.00	4	\$10,000.00	4	\$10,000.00	4	\$10,000.00	
9	CONCRETE CURB & GUTTER DESIGN B618	LIN FT	\$13.00	1,120	\$14,560.00	1,650	\$21,450.00	1,675	\$21,775.00	3,150	\$40,950.00	
10	TRAFFIC CONTROL	LUMP SUM	\$2,500.00	1	\$2,500.00	1	\$2,500.00	1	\$2,500.00	1	\$2,500.00	
11	PREMIUM TOPSOIL BORROW	CU YD	\$30.00	120	\$3,600.00	150	\$4,500.00	120	\$3,600.00	150	\$4,500.00	
12	STORM DRAIN INLET PROTECTION	EACH	\$500.00	5	\$2,500.00	5	\$2,500.00	5	\$2,500.00	5	\$2,500.00	
13	STABILIZED CONSTRUCTION EXIT	LUMP SUM	\$1,500.00	1	\$1,500.00	1	\$1,500.00	1	\$1,500.00	1	\$1,500.00	
14	SEDIMENT CONTROL LOG	LIN FT	\$10.00	100	\$1,000.00	100	\$1,000.00	100	\$1,000.00	100	\$1,000.00	
15	HYDRAULIC BFM, SEED MIX 25-121, FERTILIZER TYPE 3	SQ YD	\$1.50	3,300	\$4,950.00	3,500	\$5,250.00	3,300	\$4,950.00	3,500	\$5,250.00	
ESTIMATED CONSTRUCTION COST					\$177,310.00		\$205,950.00		\$206,150.00		\$233,125.00	
CONSTRUCTION CONTINGENCY (10%)					\$17,731.00		\$20,595.00		\$20,615.00		\$23,312.50	
TOTAL ESTIMATED CONSTRUCTION COST					\$195,041.00		\$226,545.00		\$226,765.00		\$256,437.50	
OPTION 1 TOTAL						\$421,586.00	OPTION 2 TOTAL					\$483,202.50

OPTION 1: 32 FT ROADWAY F-F, (14' LANE 2' CURB REACTION DISTANCE), B618 CURB AND GUTTER
 OPTION 2: 40 FT ROADWAY F-F, 8 FT CENTERLINE MEDIAN, 16 FT F-F TRAVEL LANES (12' TRAVEL LANE, 2' CURB REACTION DISTANCE), B618 CURB AND GUTTER

PHASE 1: BUNKER LAKE BLVD TO INTERIOR INTERSECTION
 PHASE 2: INTERIOR INTERSECTION TO WEST PARCEL LINE

Appendix B

Reference Map



PSD LLC

Business Park Proposal

Background, Maps, and Renderings



Armstrong

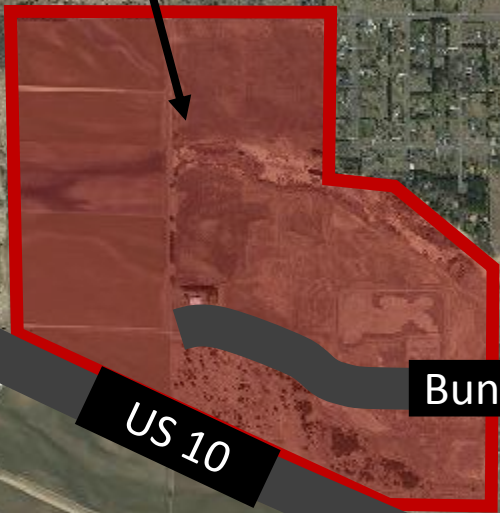
Bunker

US 10

THE
CORNER

Developable Area

- About 275 Acres Greenfield
- Hageman Holdings/ Pearson Properties



Armstrong

Bunker

US 10

THE
CORNER

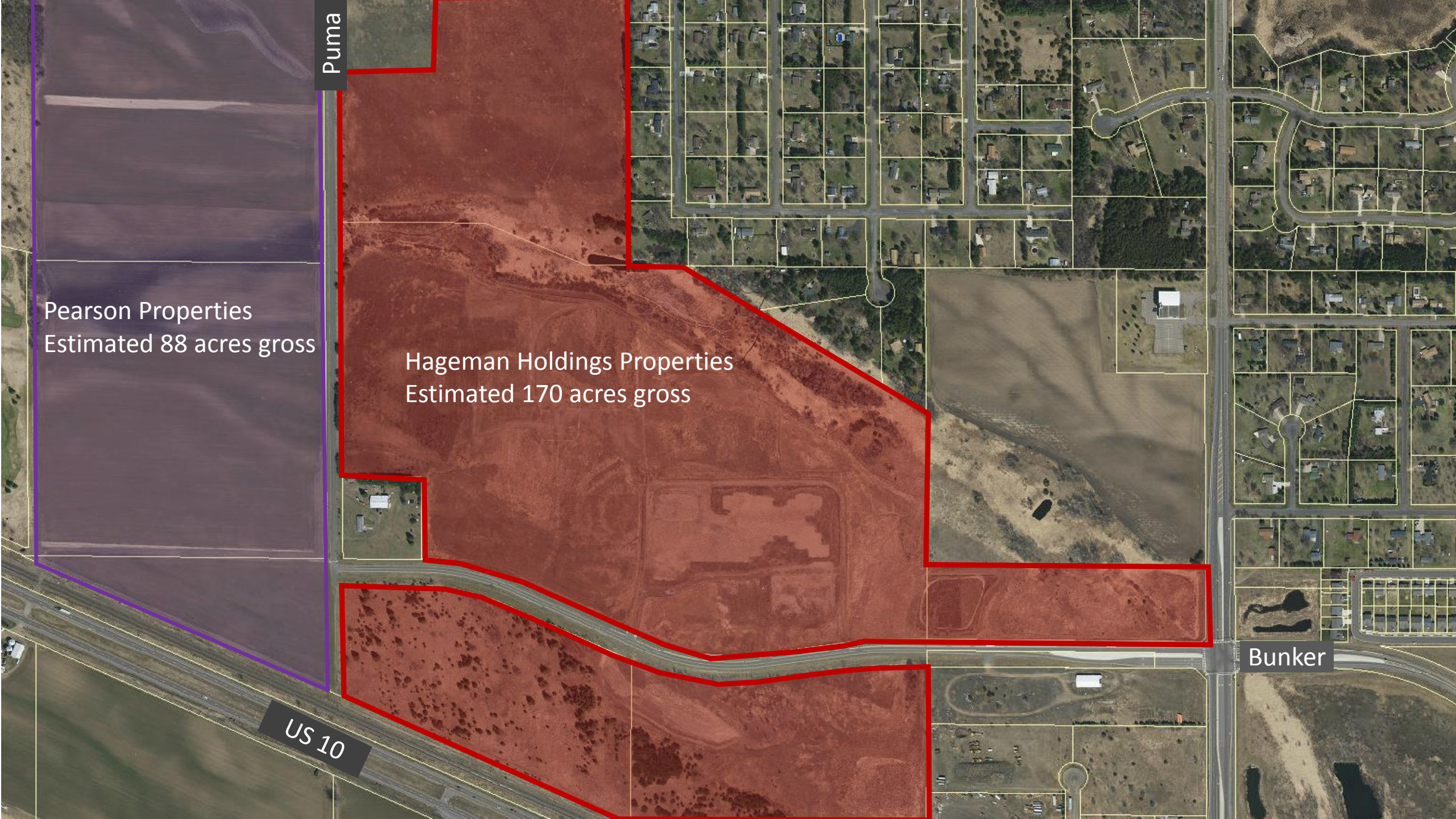
Puma

Pearson Properties
Estimated 88 acres gross

Hageman Holdings Properties
Estimated 170 acres gross

US 10

Bunker



Puma

PROPOSED BUSINESS PARK

- 133 Acres Gross (estimated)
- 107 Acres Less NWI (estimated)

US 10

Bunker



Puma

CAPSTONE HOMES

- Late 2016 proposal
- Preliminary Plat July 2017
- 298 units, medium density, single family, residential development.

US 10

Bunker

Capstone

Bunker

US 10

PSD LLC Proposal

- Purchase 45 acres of the business park
- Everything south of Bunker
- 7 buildings shown in master plan



BUNKER LAKE INDUSTRIAL PARK SKETCH PLAN

PUMA ST NW

Building #1

- 60,000 square feet
- Speculative industrial, multi-tenant
- 24' clear tilt up concrete
- Glass accents along Hwy 10

Building #2

- 56,000 square feet
- Adrenaline Sports Center
- 24' clear tilt up concrete
- Glass accents along Hwy 10

OUTLOT C
25.66 AC

OUTLOT B
5.69 AC

OUTLOT A
3.18 AC

LOT 1
4.41 AC

LOT 2
4.64 AC

60,000 S.F.

56,000 S.F.

ANOKA ELECTRIC EASEMENT

BUNKER LAKE BLVD

HIGHWAY 10 NW

60'

60'

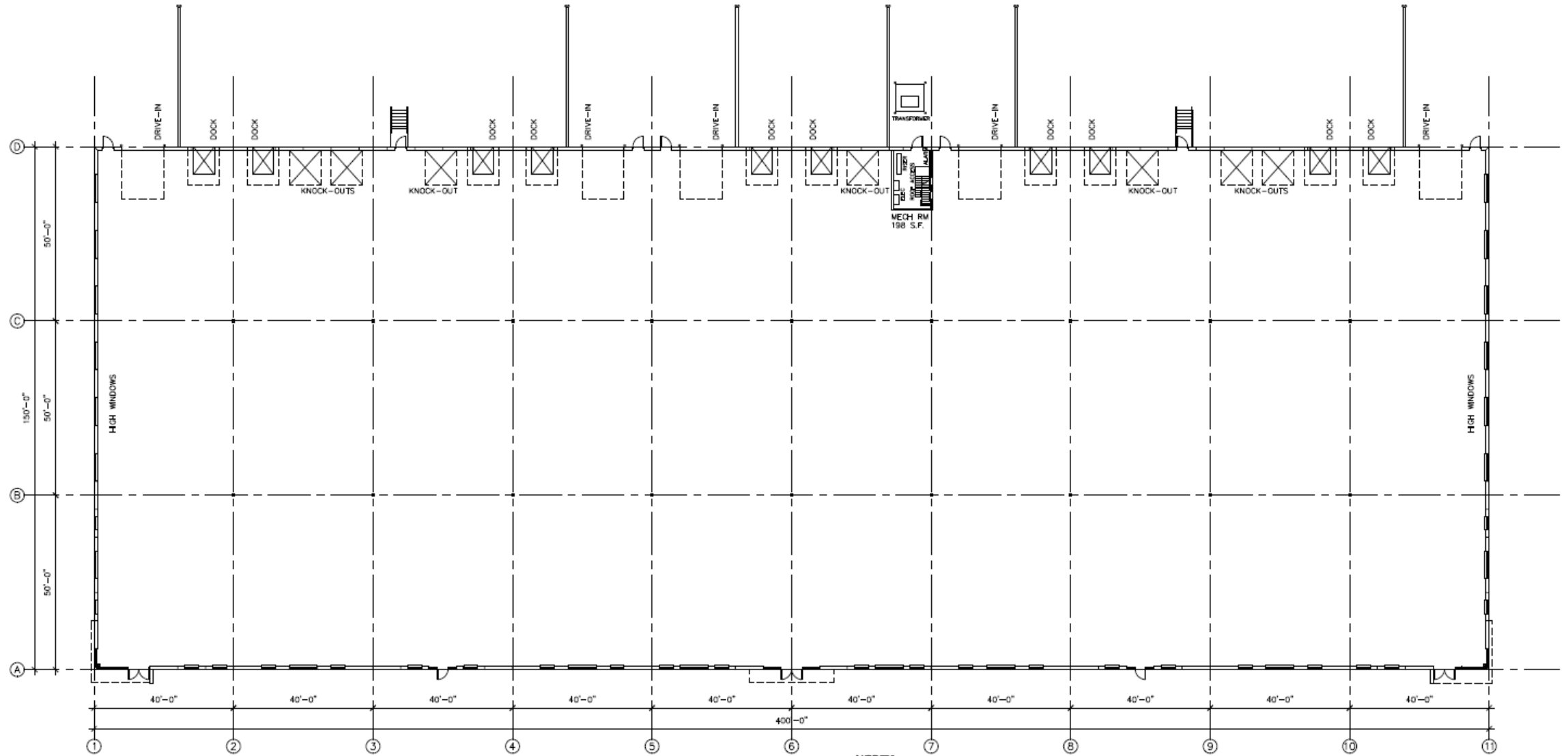
PROPOSED
CITY ROW



Example Renderings and Building Layout (draft)

Building A

Building A

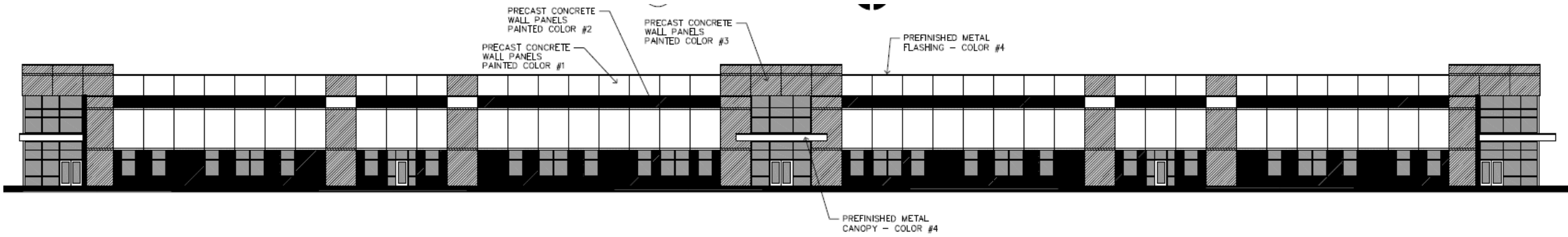


1 FLOOR PLAN
A2 SCALE: 1/16" = 1'-0"

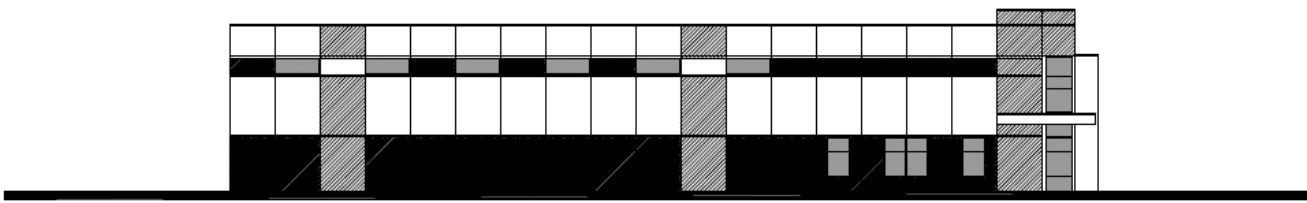


PRECAST CONCRETE

Building A



2 SOUTH ELEVATION
A2 SCALE: 1/16" = 1'-0"

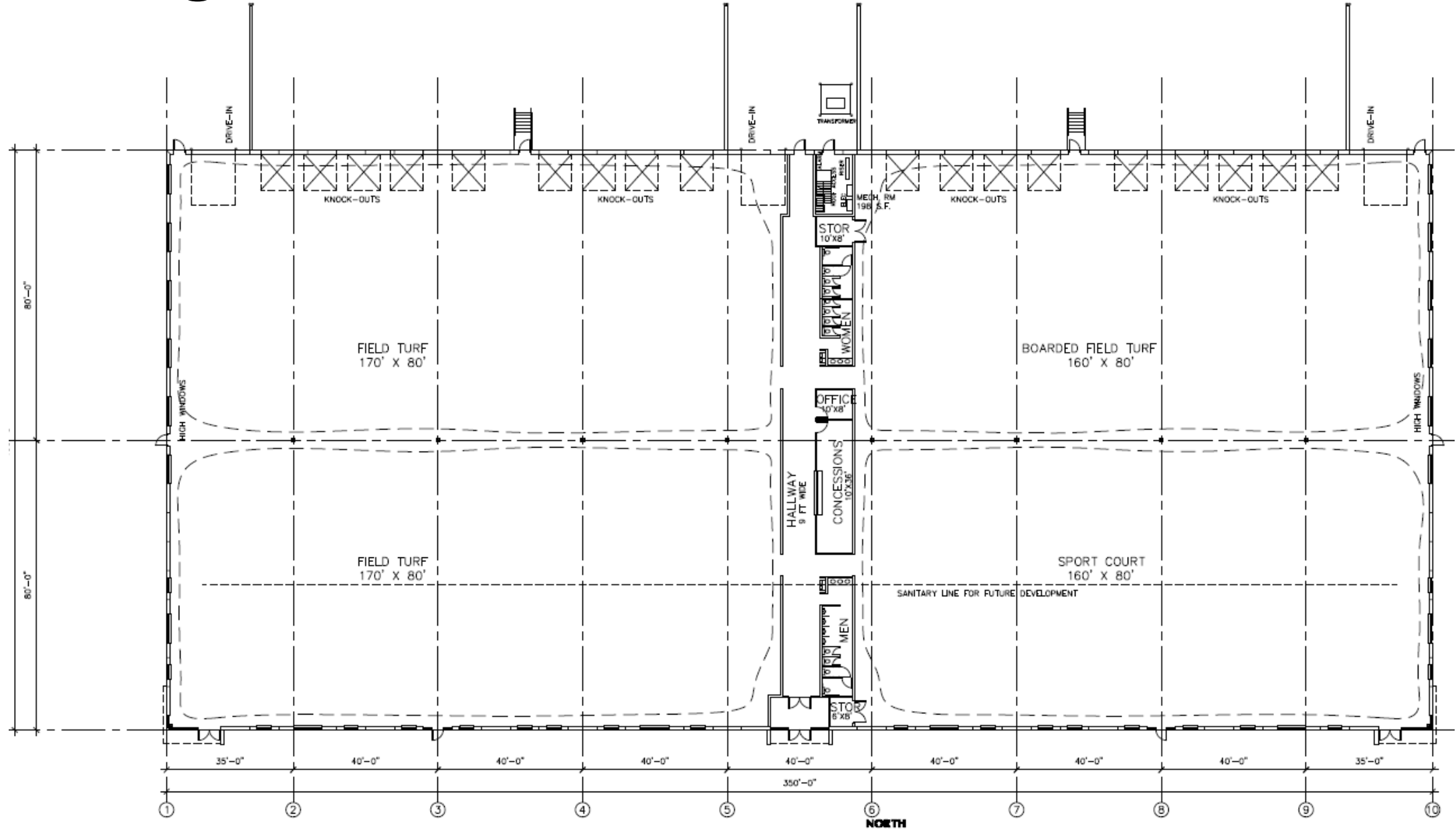


3 WEST ELEVATION
A2 SCALE: 1/16" = 1'-0"

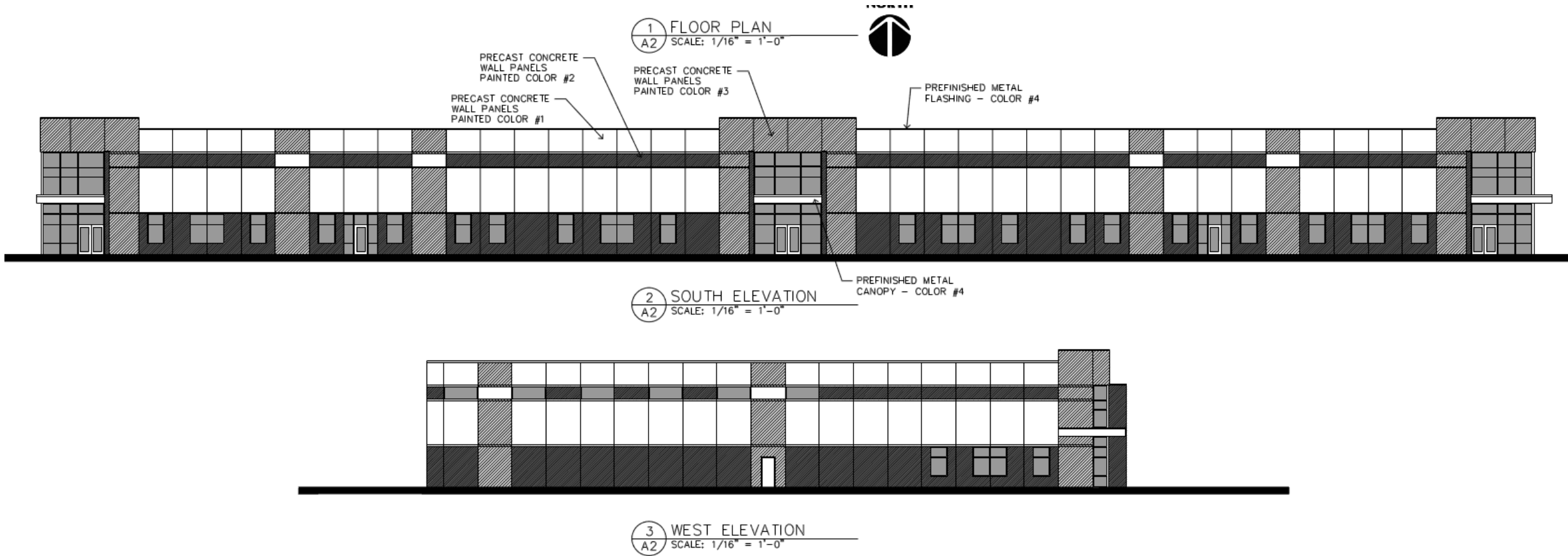
Example Renderings and Building Layout (draft)

Building B

Building B



Building B



PSD LLC

Business Park Proposal Requests for City Assistance



Armstrong

Bunker

US 10

THE
CORNER

PSD Projects Summary

(Project A) Mass Site Preparation Improvements

Details: \$3.45M acquisition, \$90K move berm, \$100K mass grading, \$200K regional pond, \$50K grubbing and debris clean up, \$250K internal public road phase 1, \$250K internal public road phase 2, \$100K signage.

Sub Total: \$4.49M

(Project B) Industrial Building #1, 60K SF, Speculative

Sub Total \$5.4M (cost includes site work, building construction, and all soft costs)

(Project C) Industrial Building #2, 56K SF, Adrenaline Sports Center

Sub Total \$5.0M (cost includes site work, building construction, and all soft costs)

City Assistance Requests

Details

City Assistance Request: A

(A) Mass Site Preparation Improvements, Sub Total: \$4.49M

Assistance Request: City pay for 1st phase of public roadway

Assistance Amount: 250K (5.5%)

Funding Source: EDA Fund, ACHRA Fund, and/or TIF #1

(B) Industrial Building #1, 60K SF, Speculative, Sub Total: \$5.4M

Assistance Request: City provide 9-year ED TIF District

Assistance Amount: 234K PV (4.3%)

Funding Source: new ED TIF District #16, pay-go only, PSD paid \$10K fee

(C) Industrial Building #2, 56K SF, Adrenaline Sports Center, Sub Total: \$5.0M

Assistance Request: City provide 200K-250K incentive

Assistance Amount: 200K-250K (4.0%-5.0%)

Funding Source: EDA Fund, ACHRA Fund, and/or TIF #1

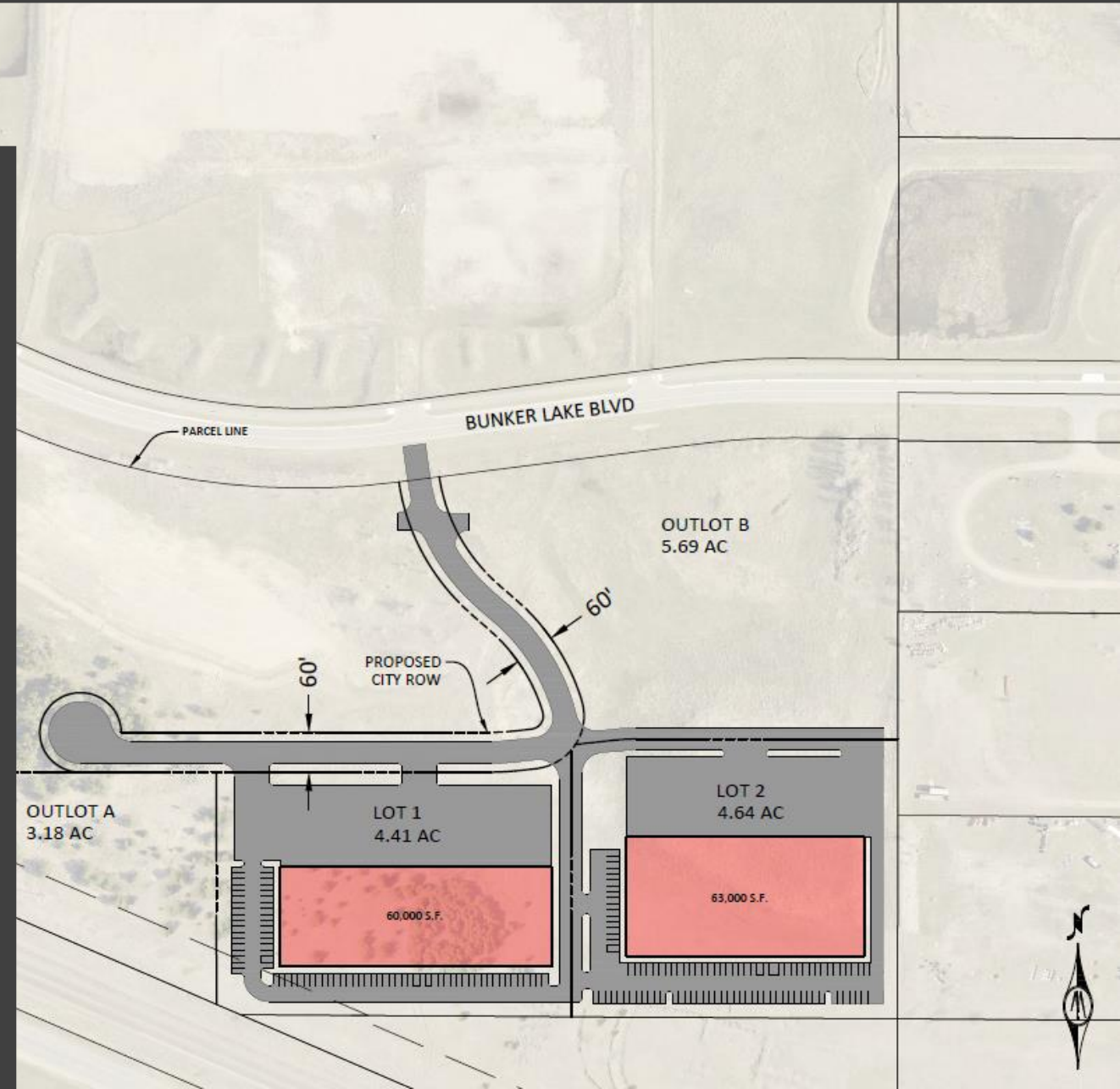
Request A: Mass Site Prep

Project Specifications

PSD will be completing the following mass site work immediately, to prep the business park for both immediate and future development projects. Having a ready-to-go business park is essential to their business model.

- \$3.45M acquisition
- \$90K move berm
- \$100K mass grading
- \$200K regional pond
- \$50K grubbing and debris clean up
- \$500K internal public road
- \$100K signage

\$4.49M



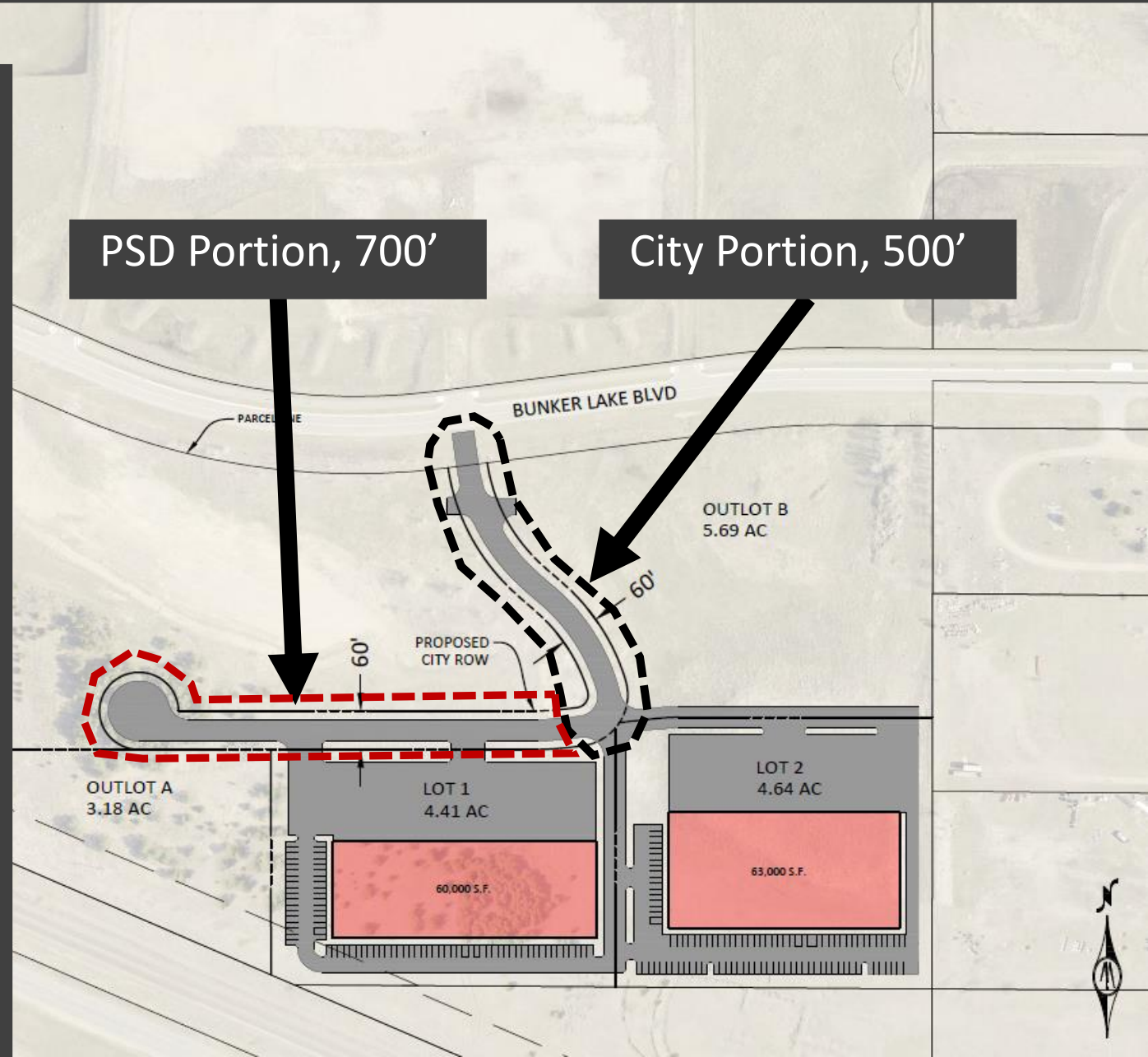
Request A: Mass Site Prep

Request A Staff Notes:

- Proposed public roadway will be about 1,200'. The entire 1,200' roadway will be constructed by PSD immediately.
- PSD is requesting reimbursement from the City for 500' of the internal public roadway (or about 42% of the total lineal feet).

In summary, in the past, the City typically has paid for all (100%) or a portion (60%) of public infrastructure located within industrial parks/commercial areas.

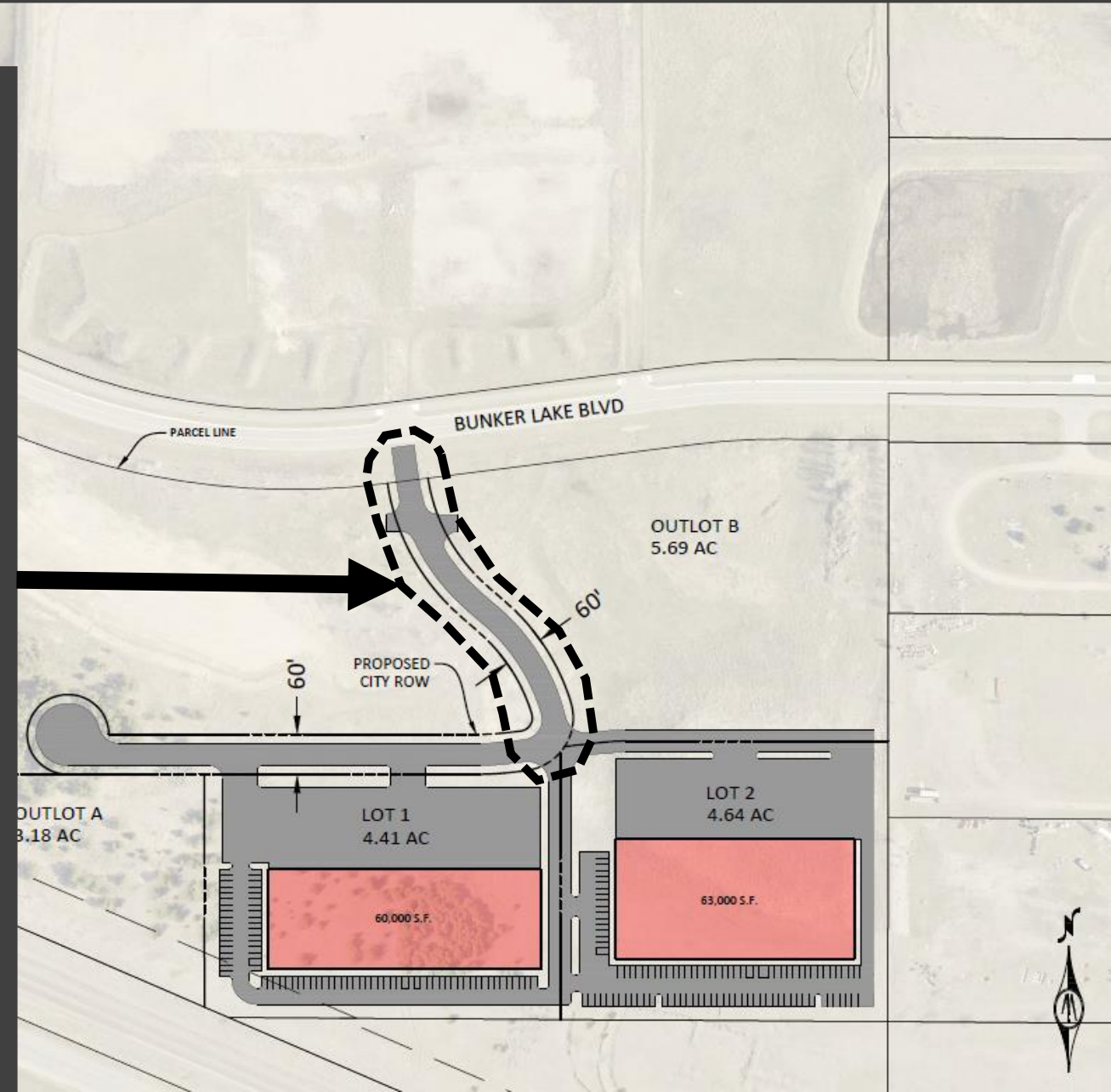
Both staff and Ehlers do not believe this request should be processed as a formal business subsidy request. This request should be considered a stand alone infrastructure negotiation process.



Request A: Mass Site Prep

Request A Specifications:

- City to reimburse PSD for phase 1 of the public roadway upon completion (250K request).
- PSD would design/ construct/ administer/ and upfront fund project.
- PSD would make this an attractive corporate style entrance, divided road, with median, tree plantings, and monument signs.
- PSD is open to discussing maintaining the road.
- City would fund via EDA Fund, ACHRA, or TIF #1. Agreement carried out via MOU. No formal business subsidy needed. This is a negotiable item for funding (i.e. public roadways).



City Assistance Requests: B

(A) Mass Site Preparation Improvements, Sub Total: \$4.49M

Assistance Request: City pay for 1st phase of public roadway

Assistance Amount: 250K (5.5%)

Funding Source: EDA Fund, ACHRA Fund, and/or TIF #1

(B) Industrial Building #1, 60K SF, Speculative, Sub Total: \$5.4M

Assistance Request: City provide 9-year ED TIF District

Assistance Amount: 234K PV (4.3%)

Funding Source: new ED TIF District #16, pay-go only, PSD paid \$10K fee

(C) Industrial Building #2, 56K SF, Adrenaline Sports Center, Sub Total: \$5.0M

Assistance Request: City provide 200K-250K incentive

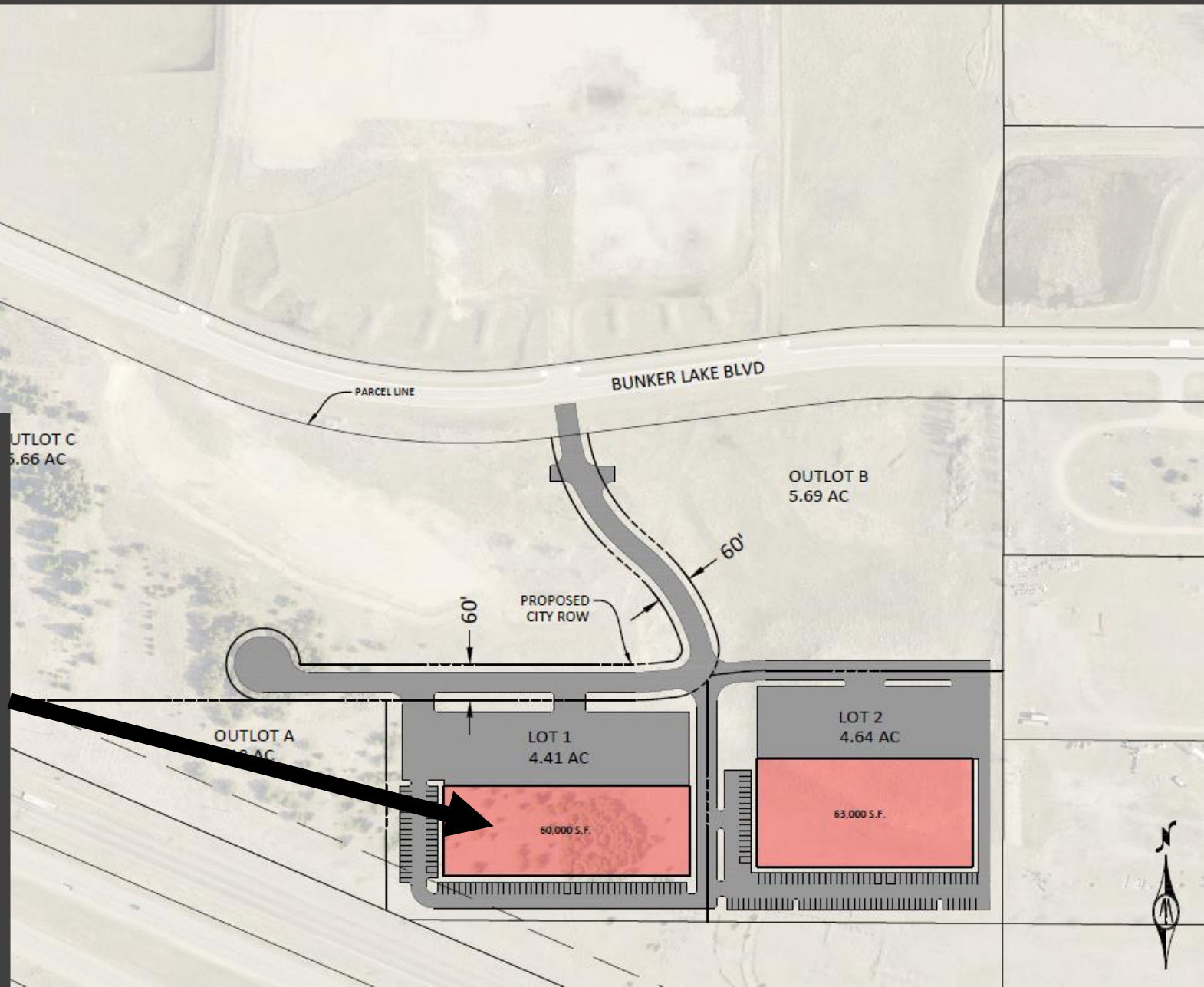
Assistance Amount: 200K-250K (4.0%-5.0%)

Funding Source: EDA Fund, ACHRA Fund, and/or TIF #1

Request B: Building 1

Building #1 Specifications

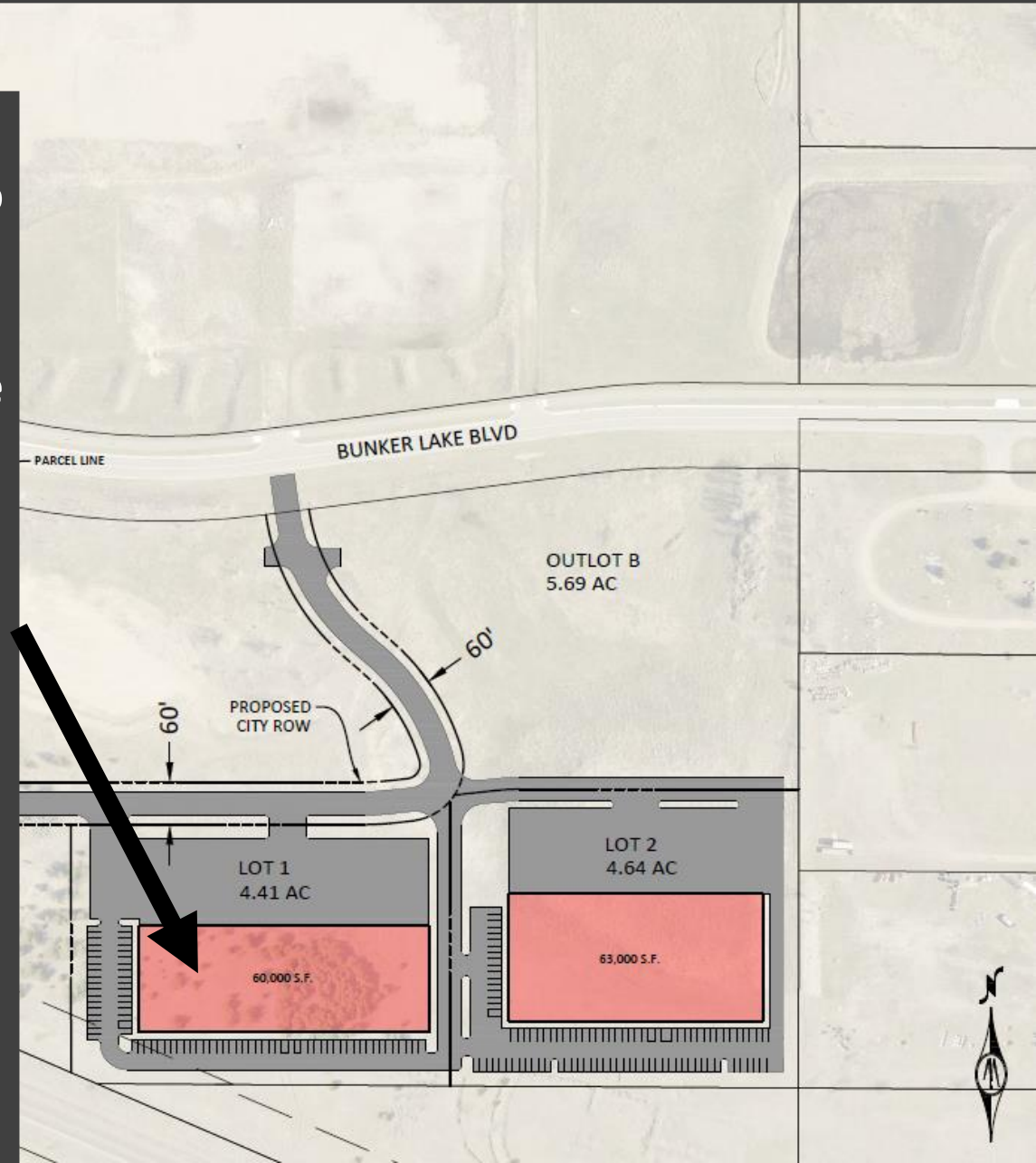
- 100% speculative industrial building
- Multi-tenant
- 60,000 square feet total size
- 10,000 square foot bays
- 24' clear, tilt-up concrete
- Glass accented
- Built-in below and at-grade mechanical doors
- About 115K per yr total prop taxes



Request B: Building 1

Request B Specifications:

- City to establish TIF district #16 and provide PSD pay-go TIF, over 9 years (234K request).
- TIF would be used by PSD for reimbursement of eligible TIF costs (site work, parking, storm water, etc.).
- PSD paid \$10K to apply for, and to set up, a new TIF district. Ehlers has completed underwriting, and has made a recommendation.
- Existing tax base remains in place (frozen). New tax base created by PSD (TIF) is repaid back to PSD for 9 years. NOTE: Fiscal Disparities is not included in TIF payments back to PSD, which means PSD will be contributing new dollars, which benefits the city.



City Assistance Request: C

(A) Mass Site Preparation Improvements, Sub Total: \$4.49M

Assistance Request: City pay for 1st phase of public roadway

Assistance Amount: 250K (5.5%)

Funding Source: EDA Fund, ACHRA Fund, and/or TIF #1

(B) Industrial Building #1, 60K SF, Speculative, Sub Total: \$5.4M

Assistance Request: City provide 9-year ED TIF District

Assistance Amount: 234K PV (4.3%)

Funding Source: new ED TIF District #16, pay-go only, PSD paid \$10K fee

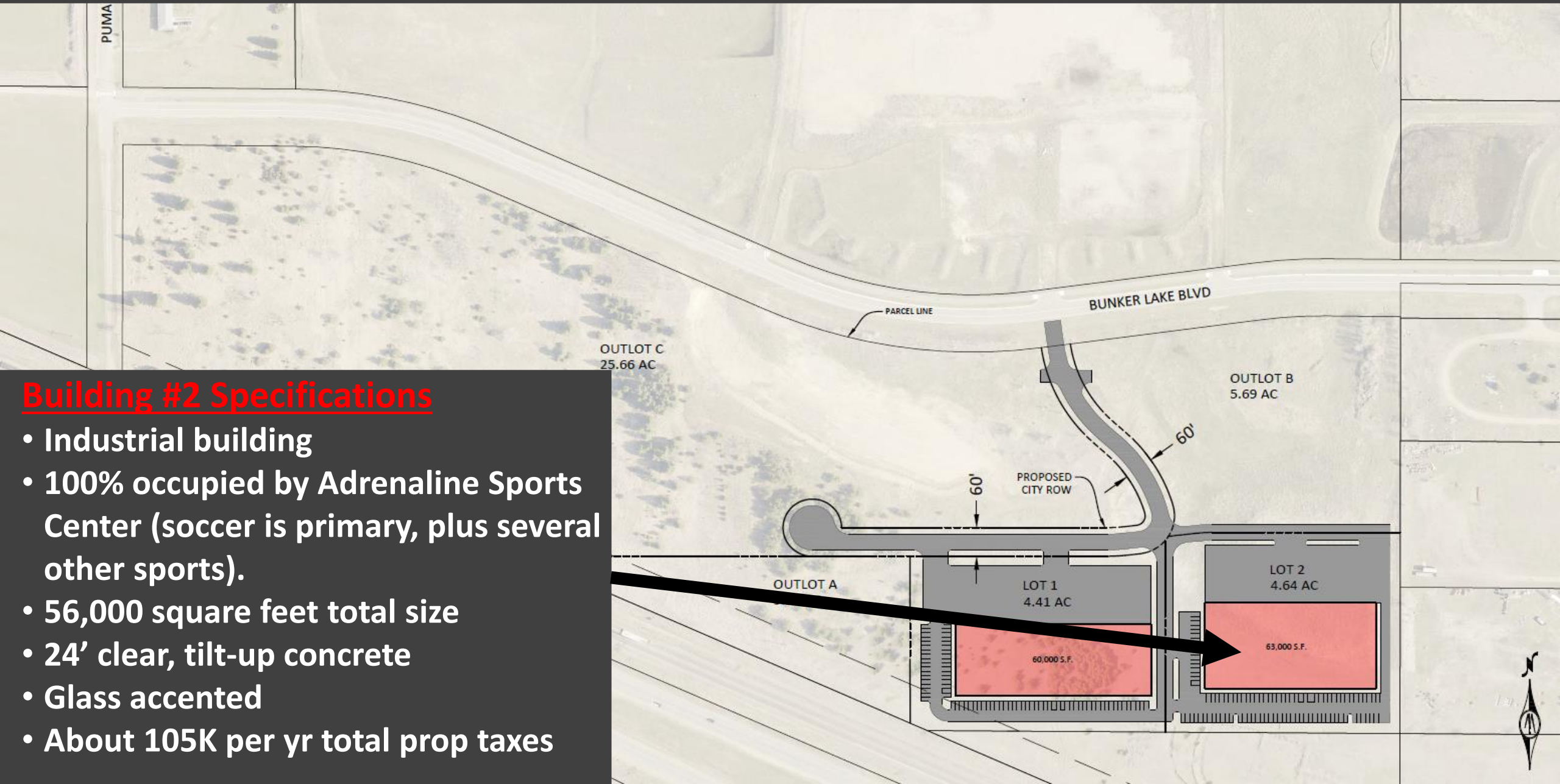
(C) Industrial Building #2, 56K SF, Adrenaline Sports Center, Sub Total: \$5.0M

Assistance Request: City provide 200K-250K incentive

Assistance Amount: 200K-250K (4.0%-5.0%)

Funding Source: EDA Fund, ACHRA Fund, and/or TIF #1

Request C: Building 2



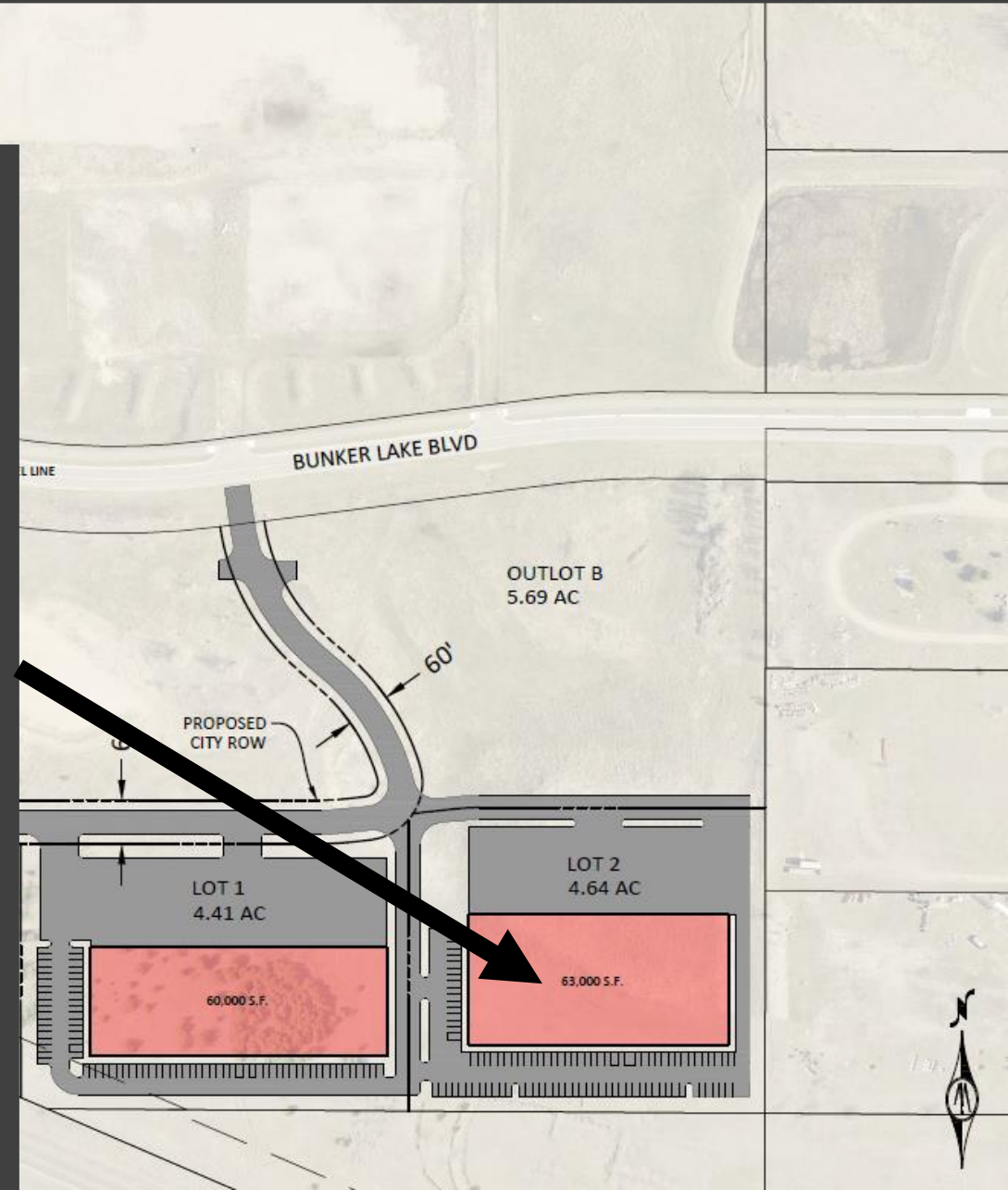
Building #2 Specifications

- Industrial building
- 100% occupied by Adrenaline Sports Center (soccer is primary, plus several other sports).
- 56,000 square feet total size
- 24' clear, tilt-up concrete
- Glass accented
- About 105K per yr total prop taxes

Request C: Building 2

Request C Specifications:

- City to provide PSD one-time incentive payment (200K-250K request).
- Payment would be used by PSD for reimbursement of eligible costs (site work, parking, storm water, etc.).
- PSD paid \$7.5K to apply for this assistance. City needs to decide on accepting PSD application, process in July.
- Because this is not a TIF request, 100% of the new and existing tax base will immediately benefit the City.
- Funding source will be the EDA Fund, ACHRA Fund, or TIF #1. Staff will narrow this down, if project moves forward.



City Assistance Requests: ALL

(A) Mass Site Preparation Improvements, Sub Total: \$4.49M

Assistance Request: City pay for 1st phase of public roadway

Assistance Amount: 250K (5.5%)

Funding Source: EDA Fund, ACHRA Fund, and/or TIF #1

(B) Industrial Building #1, 60K SF, Speculative, Sub Total: \$5.4M

Assistance Request: City provide 9-year ED TIF District

Assistance Amount: 234K PV (4.3%)

Funding Source: new ED TIF District #16, pay-go only, PSD paid \$10K fee

(C) Industrial Building #2, 56K SF, Adrenaline Sports Center, Sub Total: \$5.0M

Assistance Request: City provide 200K-250K incentive

Assistance Amount: 200K-250K (4.0%-5.0%)

Funding Source: EDA Fund, ACHRA Fund, and/or TIF #1

Infrastructure QA Log

06/01/2017

1. HOW HAS THE CITY PAID FOR PUBLIC INFRASTRUCTURE IN THE PAST, IS THERE A POLICY?

The City DOES have a formal program in place for maintenance and replacement of EXISTING public infrastructure. Please reference Ramsey's adopted assessment policy/ long term street maintenance program. The city DOES NOT have a formal policy in place for NEW infrastructure. Historically, this process has been addressed on a case-by-case negotiated basis in Ramsey. Based on staff research, below are some common trends/ informal policies.

A. *Collector Roads/ Arterial Roads*

In the recent past, the City of Ramsey has generally split costs 60:40 (60% City). This occurred in The COR in 2004, 2005 on Rhinestone Street and Sunwood Drive. This occurred in 2013 on the Legacy Christian Academy project (extension of Bunker). The City has a MOU in place for the final extension of Bunker/Puma, at 60:40.

Looking further into the past, staff conducted historical research on arterial/ collector "municipal" roads (please see appendix for details). 16 developments were analyzed on four major municipal roads: Sunwood Drive, Alpine Drive, 167th Ave, and Variolite Street. Below is a summary of findings.

- Most commonly, the City of Ramsey has paid for arterial roads, not developers. The City has used MSA funds, TIF funds, PIR funds, and bonding.
- There is a small sample of projects, in which developers did pay for a PORTION of arterial infrastructure (Sunwood Drive in the early 1990s). Developers made a partial contribution in the amount of what they would have paid, had the arterial/ collector road been a standard residential neighborhood/ internal road. In these cases, there was not a policy/ or specific percentage split. It was a case-by-case analysis approach, determined by an engineer.

B. *Internal Public Roads*

- For RESIDENTIAL developments, it appears Ramsey has required developers to pay 100% of costs associated with internal/ public roadway systems (i.e. neighborhood public roads). In some limited cases, the City of Ramsey has helped residential developers with internal roadways, by financing these improvements upfront via bonding, and paying them back via an assessment agreement with the developer (typically 5 year term).
- For INDUSTRIAL developments (not retail), the City of Ramsey has typically paid for construction via current and former TIF Districts. Two recent examples are Azurite Street and 143rd Ave. In those cases, however, developers did provide the City with land (i.e. dedicated ROW at no charge).

2. WHAT IS THE POLICY FOR ARTERIAL INFRASTRUCTURE IN OTHER DEVELOPING CITIES?

As part of the 2015 Bolton & Menk in-depth arterial infrastructure analysis, this question was addressed. Please see comments below from Bolton & Menk.

"We contacted numerous agency and community representatives to gauge the level of development activities on-going, planned and anticipated within their cities. The results varied greatly across the Metro area. There does not appear to be a uniform policy that can be drawn upon related to assessing costs. Even within most cities, there doesn't seem to be a strict set of rules related to development charges and fees. Rather, each community seems to have processes in place for working with developers that allow them to weigh the pros and cons of each development and determine the long-term financial benefits to the community. Eventually, development review processes are completed, requirements agreed upon, and the cost sharing between the developer and the city are formalized into a Developers Agreement. The information gathered indicates the City of Ramsey's previous approach to a cost split (40 percent developer and 60 percent City) for trunk utilities and collector roadways is reasonable based on what other communities are doing across the Metro area." –Bolton & Menk

3. WHAT FUNDING SOURCES HAS THE CITY HISTORICALLY USED FOR FUNDING NEW PUBLIC INFRASTRUCTURE?

In summary, the city has utilized three general funding sources:

1. TIF districts

The city either utilized TIF bonds or surplus TIF District Funds to complete this work (typically said investment was made by the city upfront). The city was paid back for their upfront investment over time via TIF revenues. This process was repeated several times from the 80s through the 2000's. Due to changes in TIF law, TIF districts have become less powerful and flexible over the past couple decades. As a result, Ramsey (along with other cities), have slowly become less reliant on TIF.

Additionally, it should be noted, through the 90's and early 2000's Ramsey had several TIF districts with multi-million dollar balances. Most of those TIF district balances have been spent down, and in some cases, those former TIF districts have been decertified. The former TIF districts played a major role in funding infrastructure in The COR for example (parking ramp, train station, roads, Armstrong, etc.).

2. Public Improvement Fund (PIR)

This fund generally helps pay for the construction and maintenance of public streets. In the 1980s and 1990s, this fund was commonly used to support the construction of new public roadways in Ramsey. Pervious to 2015, the fund received dollars from the City's general levy. Since 2015, this fund receives dollars from new general obligation debt (bonding).

3. MSA Fund

To support the State's system of streets, roads and bridges, MnDOT distributes funds for highway maintenance and construction to counties, cities and townships based on a formula determined by the State Legislature. This fund is fairly flexible and used for road construction projects. This fund was utilized for the Legacy Christian Academy Plant (extension of Bunker).

4. WHY SHOULDN'T THE DEVELOPERS PAY FOR EVERYTHING?

RE THE BUSINESS PARK AREA

Market rate asking prices for raw, shovel-ready, industrial land in the Ramsey area is \$2.00-\$3.50 per square foot.

Currently (i.e. before adding internal public roadway costs), Hageman Holdings is listing land for \$2.25-\$2.75 per square foot. PSD's goal is not to sell land—they will want to act as developer/ owner for most projects. However, if a large enough user comes forward, they will be asking for 2.75-3.50 per square foot (due to the investments they are making in their property).

Elk River, Ramsey's biggest economic development competitor, has been listing industrial land for \$2.50 psf, before use of economic development incentives. In some cases, via use of economic development incentives, said \$2.50 psf priced land has been written down to significantly lower prices (less than \$1.00 psf), or in some cases, even down to zero.

In order to stay competitive, based on asking prices, Ramsey should stay below \$3.00 psf, and ideally be closer to \$2.00 psf, for asking prices. Additionally, the City should be prepared to use economic development incentives.

Lastly, it should be noted, asking prices are different than what price a deal can be done—likely, Hageman would be willing to sell at a price closer to \$2.00 psf (depending on the project/ negotiation), and PSD would be willing to sell closer to \$2.50 psf.

5. WHO WILL PAY FOR NON-ARTERIAL PUBLIC INFRASTRUCTURE?

RE THE RESIDENTIAL AREA

Capstone Homes has indicated they will pay for 100% of all public infrastructure located within their site, which will be a multi-million dollar investment. This is consistent with past practice in the City of Ramsey, and other communities.

RE THE BUSINESS PARK AREA

First, it should be noted, the ability to predict if/ what scope of internal infrastructure will be needed within a business park is very challenging—due to the fact that projects range greatly. For example, from 10,000 sf users (needing 1 acre of land) to 200,000 sf users (needing 22 acres of land). Depending on what users come forward, the need for internal infrastructure could be minimal—or, it could become a significant need (and cost).

Generally, internal public infrastructure within business parks is dealt with on a case-by-case basis, depending on the merits of individual projects. In many cases, Ramsey has been a progressive-minded economic development community, and paid for internal public infrastructure in business park areas (Azurite and 143rd are recent examples). In some cases the city has required the developer pay for internal public infrastructure.

Staff believes this item should remain open, and should be dealt with, based on the merits of individually proposed projects. In the even that Ramsey attracts several small individual users, the city may need to discuss/ develop a master plan (big picture strategy) on how to deal with internal infrastructure.

Economic Development Authority (EDA)

4. 4.

Meeting Date: 06/08/2017

Submitted For: Patrick Brama, Administrative Services

By: Patrick Brama, Administrative Services

Title:

PSD LLC Business Park: Establish TIF District 16 and Approve TIF Agreement (Building #1)

Purpose/Background:

this case is 2 of 3 cases related to the new PSD business park

PURPOSE

Consider multiple actions regarding the PSD LLC TIF Assistance Application which was accepted by the EDA and City Council in April. This request is specifically related to PSD's proposed 60,000 square foot speculative Industrial (Building #1).

(1) TIF PLAN: Consider Support of the attached Resolution #17-06-131 to Modify Development District 1, Establish TIF District 16, and adopt TIF District 16 Plan. This step does not award TIF. This step allows the City to award TIF (and provides a not-to-exceed budget number, which is higher than what the city is awarding to PSD). Attached to this case is a TIF Plan Summary--Staff recommends the Council concentrate their time on this document.

--and--

(2) TIF AGREEMENT: Consider support of the attached Resolution #17-06-132 authorizing execution of a TIF Agreement. This is the actual TIF award for PSD LLC (\$234,595 PV @ 4.75%). This document includes all terms and conditions for this specific deal.

--and--

(3) INTER FUND LOAN: Consider support of the attached Resolution #17-06-133 which establishes an "ability" for the City to utilize an inter fund loan to pay for up front administrative/ legal costs associated with TIF District #16; and repay said inter fund loan with TIF District #16 proceeds (i.e. future PSD LLC increment).

BACKGROUND (project)

Please see attached background (background, maps, and renderings) document for greater context. Regarding this project specifically, PSD LLC plans to immediately construct a 60,000 square foot speculative industrial building. PSD LLC is proposing a high-quality, highly functional, and market relevant building; which will include: 24' clear ceilings, both drive-in garages and sub-grade docks for every tenant, and glass facades along Highway 10. The estimated total cost for PSD LLC's first building is \$5.49M.

BACKGROUND (subsidy request)

PSD LLC has asked the City for financial incentives related to this 60,000 square foot speculative building (building #1). Specifically, PSD LLC is requesting the City provide 9-years of pay-go TIF (\$234,595 PV @ 4%). Based on their modeling and project pro-forma, PSD LLC believes this assistance is needed, in order to make this project work. PSD has indicated there will be a multi-year tenant buildup period (i.e. there will be high vacancy rates for the first 2-3 years) which makes this project very risky. To see PSD's original request letter, please reference the April EDA case.

PSD LLC has competed and submitted a business subsidy application to staff, including a \$10,000 non-refundable fee. Ehlers has formally underwritten PSD's request (underwriting the pro-forma, sources and uses, etc.). Ehlers has also tee'd up the establishment of a new TIF district (#16), and worked with staff to draft a TIF agreement.

REMINDER: the PSD LLC request will not meet the job creation requirements outlined in the City's official business subsidy policy, due to the fact this project is a speculative building. Guaranteeing job creation on a speculative building is very challenging. The PSD LLC subsidy request will require a waiver to the City's policy, in order to be approved. A similar exception was provided to Platinum Properties, for their speculative construction building proposal, in 2016.

BACKGROUND (TIF)

More information on TIF? Please review the March EDA case, or see the following video

<https://youtu.be/U9KxGjIHFvc>.

Notification:

Both the School District and County have been notified of this action, as required by Statute.

Observations/Alternatives:

Project Benefits

- Supporting a speculative construction building puts the City of Ramsey in a very competitive position to attract economic development projects. Often times, communities that win economic development projects are the "most-ready-to-go-now."
- The proposed building is high-quality and market relevant. It will be one of the nicest industrial buildings in Ramsey. It will be prominent on Highway 10, and will set a positive image, and create a big splash for the City's new business park.
- PSD LLC is jump-starting the City's new business park with this project. This is important, as staff commonly receives feedback from prospects interested in the new business park--that don't want to be the first-one-in. There is a fear associated with that perspective, as it is considered to be high-risk. Momentum matters in the development industry.
- The proposed funding sources for the subsidy request is a new TIF district. Meaning, this subsidy will not have a direct impact on the general tax levy and Ramsey taxpayers (the existing tax base will remain in place, only the new increment will be used).
- The proposed 60,000 sf project will create annual total property tax revenues of \$116K.
- This project will pay significant development fees, about: \$21K Park, \$6K trail, \$33K Water, \$18K Sewer, \$25K Storm.
- A 60,000 square foot commercial/ industrial building will create jobs, it's simply a matter of time, and how many jobs. Staff estimates, based on past projects in Ramsey, a 60,000 sf building will produce 30-200 jobs, depending on the end user(s).
- The City of Ramsey is seeking retail and restaurant users. Common feedback from the development community and prospects is--Ramsey needs to improve their demographics, in order attract these users. Ramsey can do that by increasing both population (rooftops) and increasing trip generation (i.e. destination users). This PSD LLC business park will help generate demographics needed by prospect retail and

restaurant users (via new vehicle trip generation).

Project Considerations

- This project must be underwritten and must meet Ramsey's business subsidy policies. The PSD LLC request must be justified and must meet State Statute for Business Subsidies. PSD LLC must demonstrate that "but-for" this assistance, they cannot move forward with this project.
- The City verifies PSDs subsidy request by reviewing their project pro-forma, to determine if the developer is receiving a reasonable rate of return on their investment. If the developer is making a return greater than market (rate), staff would recommend against the subsidy. If the developer is making a return at or below market (rate), staff could support a project. Additionally, part of the underwriting process is to "verify" the numbers provided by the developer are market relevant (not inflated or understated).
- The City does not need to take on this project (i.e. provide a business subsidy). This is an elective initiative. The City could wait for the market to naturally develop the new business park. By taking on this project, we are associating the City with a speculative development. In the event the PSD LLC project isn't successful (i.e. and/or the economy takes a bad turn), it would look unfavorable for the City, and will likely result in opposition from tax payers.
- By dedicating TIF funding to this project, one could take the perspective that the City is losing the opportunity to use said funding (i.e. the incremental tax base). However, a counter to that argument is, but for this subsidy, the project would not happen at all (and that increment would not exist).

Funding Source:

New 9-year TIF District (TIF #16) and \$10,000 fee from PSD LLC.

Recommendation:

STAFF

Staff recommends moving forward with this proposed project and supports the motions outlined in this case. Staff believes this project meets several goals outlined within the City's Adopted Strategic Action Plan and EDA Workplan. Please see observations section for benefits and considerations regarding this request.

Reminder: this PSD LLC business subsidy request will require the City make an exception to our business subsidy policy, related to the creation of new jobs.

EHLERS

Ehler's completed the underwriting for this project. Please see the attached Ehlers MEMO. In summary, Ehlers' findings can support moving forward with approving this request.

Action:

Motion to recommend the City Council:

Adopt Resolution #17-06-131 to Modify Development District 1, Establish TIF District 16, and Adopt a Plan for TIF District 16; ; subject to changes by the City Attorney.

--and--

Adopt Resolution #17-06-132 Authorizing Execution of a TIF Agreement; subject to changes by the City Attorney.

--and--

Adopt Resolution #17-06-133 Authorizing the Establishment of an Inter fund Loan for TIF District 16.

Ehlers MEMO

Resolution Establishing TIF District and Plan

Resolution Authorizing TIF Agreement

Resolution Authorizing Interfund Loan

TIF Plan 16 Summary

TIF Plan

TIF Agreement

Background Maps and Renderings

Assistance Requests

Form Review

Inbox

Kurt Ulrich

Patrick Brama (Originator)

Form Started By: Patrick Brama

Final Approval Date: 06/06/2017

Reviewed By

Katie Schmidt

Patrick Brama

Date

06/02/2017 11:33 AM

06/06/2017 03:10 PM

Started On: 05/30/2017 04:25 PM



Memo

To: Patrick Brama, Economic Development Manager/
Assistant City Administrator

From: Jason Aarsvold, Ehlers

Date: June 1, 2017

Subject: Analysis of Request for Assistance – PSD, LLC Business Park

The City received a proposal from PSD, LLC to develop a business park on property located south of Bunker Lake Boulevard between Puma St. and Armstrong Blvd. At full build-out in its first phase, PSD anticipates a business park that includes 4 buildings of approximately 60,000 square feet each. The first 60,000 square foot building would start construction immediately as a speculative venture without a tenant in place and be completed in 2018.

Citing the high costs associated with developing the property, the higher building quality, and market risk, the developer is requesting nine (9) years of Tax Increment Financing (TIF) assistance from the City. Nine years is the maximum duration for an economic development district and we estimate the district would generate \$234,000 in present value, or \$300,000 in total value over the life of the district. This memo evaluates the need for TIF assistance based on our analysis of the developer’s project budget and projections, generally known as a pro forma.

Ehlers conducted a thorough review of the developer’s budget and operating pro forma to ensure all development costs, anticipated revenues, and expenditures are represented appropriately. The table below depicts the proposed sources and uses for the project.

SOURCES		
	Amount	Pct.
Developer Financing - 1st Mortgage	4,215,202	76.38%
Developer Equity	1,053,800	19.09%
City of Ramsey Infrastructure Contribution	250,000	4.53%
TOTAL SOURCES	5,519,002	100.00%

USES			
	Amount	% of Cost	Per Bldg. Sq. Ft.
Acquisition Costs	228,690	4.14%	4
Construction Costs	4,546,300	82.38%	76
Professional Services	450,000	8.15%	8
Financing Costs	94,012	1.70%	2
Developer Fee	200,000	3.62%	3
TOTAL USES	5,519,002	100.00%	92

Generally, this project meets the expectations of an industrial building as it relates to the total development costs, financing structure, projected revenues, and developer fee. Following are our findings relating to the analysis completed for the development:

- The developer is proposing permanent financing for 76% of the project costs and will bring 19% in equity, or approximately \$1.05 million. This financing structure is in line with typical industrial projects.
- The total development costs for this project are approximately \$5.5 million, or \$92 per square foot. Based on our experience with industrial projects, this is slightly higher than expected. This increased cost is attributable to the architectural building enhancements, added infrastructure and site work necessary for the project. We have requested the bids received for the project to verify these costs are accurate.
- The developer fee of \$200,000 is 3.62% of total development costs. For a project of this nature, we would expect to see a developer fee between 3% and 5%. The fee is commensurate with typical industry standards.
- Proposed rents are \$6.25 per square foot. We would expect to see rents of between \$7.00 and \$10.00 per square foot for office space and \$3.00 to \$5.00 per square foot for warehouse space. As a blended rate, \$6.25 per square foot is consistent with the surrounding market area.
- The projected cash-on-cost return on investment (net cash flow / total project costs) in year three (3) is 6.6% without assistance and 7.3% with assistance. Industrial developers are typically seeking a cash-on-cost return of between 7% and 9%. With the requested assistance, this project falls at the low end of the typical industry threshold for returns on investment.

Recommendations

Based on our review of the developer's pro forma and current market conditions, the proposed development may not reasonably be expected to occur solely through private investment within the reasonably near future. Due to the cost of land acquisition, site and public improvements and utilities in conjunction with achievable lease rates in the market, this project is feasible only through assistance, in part, from City contributions.

We conclude that providing a Pay-As-You-Go TIF note in the amount of \$234,000 will help the developer secure its first mortgage financing and facilitate construction of the project in the near term, while ensuring the return on investment does not exceed typical industry standards.

Pay-As-You-Go financing requires the developer to seek its own financing secured by the tax increments generated by the project. In this scenario, the City does not provide any funding up front, but enters into an agreement to provide tax increment payments from the project's increased taxes up to \$234,000 over a 9-year period. If the tax increments are insufficient to repay the note, the City does *not* make up the shortfall. The developer has indicated that they are willing to move forward based upon the proposed TIF assistance.

Please contact me at 651-697-8512 with any questions.

**CITY OF RAMSEY
ANOKA COUNTY
STATE OF MINNESOTA**

Council member _____ introduced the following resolution and moved its adoption:

RESOLUTION #17-06-132

RESOLUTION ADOPTING A MODIFICATION TO THE DEVELOPMENT PROGRAM FOR DEVELOPMENT DISTRICT NO. 1; AND ESTABLISHING TAX INCREMENT FINANCING DISTRICT NO. 16 (PSD BUSINESS PARK A) THEREIN AND ADOPTING A TAX INCREMENT FINANCING PLAN THEREFOR.

BE IT RESOLVED by the City Council (the "Council") of the City of Ramsey, Minnesota (the "City"), as follows:

Section 1. Recitals.

1.01. The City Council of the City of Ramsey (the "City") has heretofore established Development District No. 1 and adopted the Development Program therefor. It has been proposed by the City that the City adopt a Modification to the Development Program (the "Development Program Modification") for Development District No. 1 (the "Project Area") and establish Tax Increment Financing District No. 16 (PSD Business Park A) (the "District") therein and adopt a Tax Increment Financing Plan (the "TIF Plan") therefor (the Development Program Modification and the TIF Plan are referred to collectively herein as the "Program and Plan"); all pursuant to and in conformity with applicable law, including Minnesota Statutes, Sections 469.124 to 469.133 and Sections 469.174 to 469.1794, all inclusive, as amended, (the "Act") all as reflected in the Program and Plan, and presented for the Council's consideration.

1.02. The City has investigated the facts relating to the Program and Plan and has caused the Program and Plan to be prepared.

1.03. The City has performed all actions required by law to be performed prior to the establishment of the District and the adoption and approval of the proposed Program and Plan, including, but not limited to, notification of Anoka County and Independent School District No. 11 having taxing jurisdiction over the property to be included in the District, a review of and written comment on the Program and Plan by the City Planning Commission on June 1, 2017, recommendation of the Program and Plan by the City Economic Development Authority on June 8, 2017, and the holding of a public hearing upon published notice as required by law.

1.04. Certain written reports (the "Reports") relating to the Program and Plan and to the activities contemplated therein have heretofore been prepared by staff and consultants and submitted to the Council and/or made a part of the City files and proceedings on the Program and Plan. The Reports include data, information and/or substantiation constituting or relating to the basis for the other findings and determinations made in this resolution. The Council hereby confirms, ratifies and adopts the Reports, which are hereby incorporated into and made as fully a part of this resolution to the same extent as if set forth in full herein.

1.05 The City of Ramsey elects to calculate fiscal disparities for the District in accordance with Minnesota Statutes, Section 469.177, Subd. 3, clause b, which means the fiscal disparities contribution would be taken from inside the District.

1.06. The City is not modifying the boundaries of the Project Area, but is however, modifying the Development Program therefor.

Section 2. Findings for the Adoption and Approval of the Development Program Modification.

2.01. The Council approves the Development Program Modification, and specifically finds that: (a) the land within the Project Area would not be available for redevelopment without the financial aid to be sought under this Development Program; (b) the Development Program, as modified, will afford maximum opportunity, consistent with the needs of the City as a whole, for the development of the Project by private enterprise; and (c) that the Development Program, as modified, conforms to the general plan for the development of the City as a whole.

Section 3. Findings for the Establishment of Tax Increment Financing District No. 16 (PSD Business Park A).

3.01. The Council hereby finds that the District is in the public interest and is an "economic development district" under Minnesota Statutes, Section 469.174, Subd. 12 of the Act.

3.02. The Council further finds that the proposed development would not occur solely through private investment within the reasonably foreseeable future and that the increased market value of the site that could reasonably be expected to occur without the use of tax increment financing would be less than the increase in the market value estimated to result from the proposed development after subtracting the present value of the projected tax increments for the maximum duration of the District permitted by the Tax Increment Financing Plan, that the Program and Plan conform to the general plan for the development or redevelopment of the City as a whole; and that the Program and Plan will afford maximum opportunity consistent with the sound needs of the City as a whole, for the redevelopment or development of the District by private enterprise.

3.03. The Council further finds, declares and determines that the City made the above findings stated in this Section and has set forth the reasons and supporting facts for each determination in writing, attached hereto as Exhibit A.

Section 4. Public Purpose.

4.01. The adoption of the Program and Plan conforms in all respects to the requirements of the Act and will result in increased employment in the state and will result in preservation and enhancement of the tax base of the State and thereby serves a public purpose. For the reasons described in Exhibit A, the City believes these benefits directly derive from the tax increment assistance provided under the TIF Plan. A private developer will receive only the assistance needed to make this development financially feasible. As such, any private benefits received by a developer are incidental and do not outweigh the primary public benefits.

Section 5. Approval and Adoption of the Program and Plan.

5.01. The Program and Plan, as presented to the Council on this date, including without limitation the findings and statements of objectives contained therein, are hereby approved, ratified, established, and adopted and shall be placed on file in the office of the City Administrator.

5.02. The staff of the City, the City's advisors and legal counsel are authorized and directed to proceed with the implementation of the Program and Plan and to negotiate, draft, prepare and present to this Council for its consideration all further plans, resolutions, documents and contracts necessary for this purpose.

5.03 The Auditor of Anoka County is requested to certify the original net tax capacity of the District, as described in the Program and Plan, and to certify in each year thereafter the amount by which the original net tax capacity has increased or decreased; and the City of Ramsey is authorized and directed to forthwith transmit this request to the County Auditor in such form and content as the Auditor may specify, together with a list of all properties within the District, for which building permits have been issued during the 18 months immediately preceding the adoption of this resolution.

5.04. The City Administrator is further authorized and directed to file a copy of the Program and Plan with the Commissioner of Revenue and the Office of the State Auditor pursuant to Minnesota Statutes 469.175, Subd. 4a.

The motion for the adoption of the foregoing resolution was duly seconded by Council member _____, and upon a vote being taken thereon, the following voted in favor thereof:

and the following voted against the same:

Dated: June 27, 2017

ATTEST:

Sarah Strommen, Mayor

Kurt Ulrich, City Administrator

(Seal)

EXHIBIT A

RESOLUTION NO. _____

The reasons and facts supporting the findings for the adoption of the Tax Increment Financing Plan for Tax Increment Financing District No. 16 (PSD Business Park A) as required pursuant to *M.S., Section 469.175, Subd. 3* are as follows:

1. *Finding that the Tax Increment Financing District No. 16 (PSD Business Park A) is an economic development district as defined in M.S., Section 469.174, Subd. 12.*

Tax Increment Financing District No. 16 (PSD Business Park A) is a contiguous geographic area within the City's Development District No. 1, delineated in the TIF Plan, for the purpose of financing economic development in the City through the use of tax increment. The District is in the public interest because it will facilitate the construction of an approximately 60,000 square foot industrial facility in the City which will increase employment in the state as well as preserve and enhance the tax base of the state.

2. *Finding that the proposed development, in the opinion of the City Council, would not reasonably be expected to occur solely through private investment within the reasonably foreseeable future and that the increased market value of the site that could reasonably be expected to occur without the use of tax increment financing would be less than the increase in the market value estimated to result from the proposed development after subtracting the present value of the projected tax increments for the maximum duration of Tax Increment Financing District No. 16 (PSD Business Park A) permitted by the TIF Plan.*

The proposed development, in the opinion of the City, would not reasonably be expected to occur solely through private investment within the reasonably foreseeable future: This finding is supported by the fact that the development proposed in this plan is an industrial facility that meets the City's objectives for economic development. The cost of land acquisition, site and public improvements and utilities in conjunction with achievable lease rates in the market, makes development of the facility infeasible without City assistance. The added costs for a proposed internal roadway will lead to a more efficient layout of buildings and maximize the amount of value created on the site. The developer was asked for and provided a letter and a pro forma as justification that the developer would not have gone forward without tax increment assistance.

The increased market value of the site that could reasonably be expected to occur without the use of tax increment financing would be less than the increase in market value estimated to result from the proposed development after subtracting the present value of the projected tax increments for the maximum duration of the TIF District permitted by the TIF Plan: The City supported this finding on the grounds that the cost of land acquisition, site and public improvements and utilities, and construction of a high quality building add to the total development cost. The proposed project includes the construction of internal infrastructure on the site to maximize future development potential, further adding to the total cost. The City reasonably determines that no other development of similar scope is anticipated on this site without substantially similar assistance being provided to the development.

Therefore, the City concludes as follows:

- a. The City's estimate of the amount by which the market value of the entire District will increase without the use of tax increment financing is \$0.

- b. If the proposed development occurs, the total increase in market value will be \$3,212,568.
 - c. The present value of tax increments from the District for the maximum duration of the district permitted by the TIF Plan is estimated to be \$321,242.
 - d. Even if some development other than the proposed development were to occur, the Council finds that no alternative would occur that would produce a market value increase greater than \$2,891,326 (the amount in clause b less the amount in clause c) without tax increment assistance.
3. *Finding that the TIF Plan for Tax Increment Financing District No. 16 (PSD Business Park A) conforms to the general plan for the development or redevelopment of the municipality as a whole.*

The Planning Commission reviewed the TIF Plan and found that the TIF Plan conforms to the general development plan of the City.

4. *Finding that the Tax Increment Financing Plan for Tax Increment Financing District No. 16 (PSD Business Park A) will afford maximum opportunity, consistent with the sound needs of the City as a whole, for the development of Development District No. 1 by private enterprise.*

The project to be assisted by the District will result in increased employment in the City and the State of Minnesota, increased tax base of the State, and add a high-quality development to the City.

**CITY OF RAMSEY
ANOKA COUNTY
STATE OF MINNESOTA**

Council member _____ introduced the following resolution and moved its adoption:

RESOLUTION #17-06-132

RESOLUTION ADOPTING A MODIFICATION TO THE DEVELOPMENT PROGRAM FOR DEVELOPMENT DISTRICT NO. 1; AND ESTABLISHING TAX INCREMENT FINANCING DISTRICT NO. 16 (PSD BUSINESS PARK A) THEREIN AND ADOPTING A TAX INCREMENT FINANCING PLAN THEREFOR.

BE IT RESOLVED by the City Council (the "Council") of the City of Ramsey, Minnesota (the "City"), as follows:

Section 1. Recitals.

1.01. The City Council of the City of Ramsey (the "City") has heretofore established Development District No. 1 and adopted the Development Program therefor. It has been proposed by the City that the City adopt a Modification to the Development Program (the "Development Program Modification") for Development District No. 1 (the "Project Area") and establish Tax Increment Financing District No. 16 (PSD Business Park A) (the "District") therein and adopt a Tax Increment Financing Plan (the "TIF Plan") therefor (the Development Program Modification and the TIF Plan are referred to collectively herein as the "Program and Plan"); all pursuant to and in conformity with applicable law, including Minnesota Statutes, Sections 469.124 to 469.133 and Sections 469.174 to 469.1794, all inclusive, as amended, (the "Act") all as reflected in the Program and Plan, and presented for the Council's consideration.

1.02. The City has investigated the facts relating to the Program and Plan and has caused the Program and Plan to be prepared.

1.03. The City has performed all actions required by law to be performed prior to the establishment of the District and the adoption and approval of the proposed Program and Plan, including, but not limited to, notification of Anoka County and Independent School District No. 11 having taxing jurisdiction over the property to be included in the District, a review of and written comment on the Program and Plan by the City Planning Commission on June 1, 2017, recommendation of the Program and Plan by the City Economic Development Authority on June 8, 2017, and the holding of a public hearing upon published notice as required by law.

1.04. Certain written reports (the "Reports") relating to the Program and Plan and to the activities contemplated therein have heretofore been prepared by staff and consultants and submitted to the Council and/or made a part of the City files and proceedings on the Program and Plan. The Reports include data, information and/or substantiation constituting or relating to the basis for the other findings and determinations made in this resolution. The Council hereby confirms, ratifies and adopts the Reports, which are hereby incorporated into and made as fully a part of this resolution to the same extent as if set forth in full herein.

1.05 The City of Ramsey elects to calculate fiscal disparities for the District in accordance with Minnesota Statutes, Section 469.177, Subd. 3, clause b, which means the fiscal disparities contribution would be taken from inside the District.

1.06. The City is not modifying the boundaries of the Project Area, but is however, modifying the Development Program therefor.

Section 2. Findings for the Adoption and Approval of the Development Program Modification.

2.01. The Council approves the Development Program Modification, and specifically finds that: (a) the land within the Project Area would not be available for redevelopment without the financial aid to be sought under this Development Program; (b) the Development Program, as modified, will afford maximum opportunity, consistent with the needs of the City as a whole, for the development of the Project by private enterprise; and (c) that the Development Program, as modified, conforms to the general plan for the development of the City as a whole.

Section 3. Findings for the Establishment of Tax Increment Financing District No. 16 (PSD Business Park A).

3.01. The Council hereby finds that the District is in the public interest and is an "economic development district" under Minnesota Statutes, Section 469.174, Subd. 12 of the Act.

3.02. The Council further finds that the proposed development would not occur solely through private investment within the reasonably foreseeable future and that the increased market value of the site that could reasonably be expected to occur without the use of tax increment financing would be less than the increase in the market value estimated to result from the proposed development after subtracting the present value of the projected tax increments for the maximum duration of the District permitted by the Tax Increment Financing Plan, that the Program and Plan conform to the general plan for the development or redevelopment of the City as a whole; and that the Program and Plan will afford maximum opportunity consistent with the sound needs of the City as a whole, for the redevelopment or development of the District by private enterprise.

3.03. The Council further finds, declares and determines that the City made the above findings stated in this Section and has set forth the reasons and supporting facts for each determination in writing, attached hereto as Exhibit A.

Section 4. Public Purpose.

4.01. The adoption of the Program and Plan conforms in all respects to the requirements of the Act and will result in increased employment in the state and will result in preservation and enhancement of the tax base of the State and thereby serves a public purpose. For the reasons described in Exhibit A, the City believes these benefits directly derive from the tax increment assistance provided under the TIF Plan. A private developer will receive only the assistance needed to make this development financially feasible. As such, any private benefits received by a developer are incidental and do not outweigh the primary public benefits.

Section 5. Approval and Adoption of the Program and Plan.

5.01. The Program and Plan, as presented to the Council on this date, including without limitation the findings and statements of objectives contained therein, are hereby approved, ratified, established, and adopted and shall be placed on file in the office of the City Administrator.

5.02. The staff of the City, the City's advisors and legal counsel are authorized and directed to proceed with the implementation of the Program and Plan and to negotiate, draft, prepare and present to this Council for its consideration all further plans, resolutions, documents and contracts necessary for this purpose.

5.03 The Auditor of Anoka County is requested to certify the original net tax capacity of the District, as described in the Program and Plan, and to certify in each year thereafter the amount by which the original net tax capacity has increased or decreased; and the City of Ramsey is authorized and directed to forthwith transmit this request to the County Auditor in such form and content as the Auditor may specify, together with a list of all properties within the District, for which building permits have been issued during the 18 months immediately preceding the adoption of this resolution.

5.04. The City Administrator is further authorized and directed to file a copy of the Program and Plan with the Commissioner of Revenue and the Office of the State Auditor pursuant to Minnesota Statutes 469.175, Subd. 4a.

The motion for the adoption of the foregoing resolution was duly seconded by Council member _____, and upon a vote being taken thereon, the following voted in favor thereof:

and the following voted against the same:

Dated: June 27, 2017

ATTEST:

Sarah Strommen, Mayor

Kurt Ulrich, City Administrator

(Seal)

EXHIBIT A

RESOLUTION NO. _____

The reasons and facts supporting the findings for the adoption of the Tax Increment Financing Plan for Tax Increment Financing District No. 16 (PSD Business Park A) as required pursuant to *M.S., Section 469.175, Subd. 3* are as follows:

1. *Finding that the Tax Increment Financing District No. 16 (PSD Business Park A) is an economic development district as defined in M.S., Section 469.174, Subd. 12.*

Tax Increment Financing District No. 16 (PSD Business Park A) is a contiguous geographic area within the City's Development District No. 1, delineated in the TIF Plan, for the purpose of financing economic development in the City through the use of tax increment. The District is in the public interest because it will facilitate the construction of an approximately 60,000 square foot industrial facility in the City which will increase employment in the state as well as preserve and enhance the tax base of the state.

2. *Finding that the proposed development, in the opinion of the City Council, would not reasonably be expected to occur solely through private investment within the reasonably foreseeable future and that the increased market value of the site that could reasonably be expected to occur without the use of tax increment financing would be less than the increase in the market value estimated to result from the proposed development after subtracting the present value of the projected tax increments for the maximum duration of Tax Increment Financing District No. 16 (PSD Business Park A) permitted by the TIF Plan.*

The proposed development, in the opinion of the City, would not reasonably be expected to occur solely through private investment within the reasonably foreseeable future: This finding is supported by the fact that the development proposed in this plan is an industrial facility that meets the City's objectives for economic development. The cost of land acquisition, site and public improvements and utilities in conjunction with achievable lease rates in the market, makes development of the facility infeasible without City assistance. The added costs for a proposed internal roadway will lead to a more efficient layout of buildings and maximize the amount of value created on the site. The developer was asked for and provided a letter and a pro forma as justification that the developer would not have gone forward without tax increment assistance.

The increased market value of the site that could reasonably be expected to occur without the use of tax increment financing would be less than the increase in market value estimated to result from the proposed development after subtracting the present value of the projected tax increments for the maximum duration of the TIF District permitted by the TIF Plan: The City supported this finding on the grounds that the cost of land acquisition, site and public improvements and utilities, and construction of a high quality building add to the total development cost. The proposed project includes the construction of internal infrastructure on the site to maximize future development potential, further adding to the total cost. The City reasonably determines that no other development of similar scope is anticipated on this site without substantially similar assistance being provided to the development.

Therefore, the City concludes as follows:

- a. The City's estimate of the amount by which the market value of the entire District will increase without the use of tax increment financing is \$0.

- b. If the proposed development occurs, the total increase in market value will be \$3,212,568.
 - c. The present value of tax increments from the District for the maximum duration of the district permitted by the TIF Plan is estimated to be \$321,242.
 - d. Even if some development other than the proposed development were to occur, the Council finds that no alternative would occur that would produce a market value increase greater than \$2,891,326 (the amount in clause b less the amount in clause c) without tax increment assistance.
3. *Finding that the TIF Plan for Tax Increment Financing District No. 16 (PSD Business Park A) conforms to the general plan for the development or redevelopment of the municipality as a whole.*

The Planning Commission reviewed the TIF Plan and found that the TIF Plan conforms to the general development plan of the City.

4. *Finding that the Tax Increment Financing Plan for Tax Increment Financing District No. 16 (PSD Business Park A) will afford maximum opportunity, consistent with the sound needs of the City as a whole, for the development of Development District No. 1 by private enterprise.*

The project to be assisted by the District will result in increased employment in the City and the State of Minnesota, increased tax base of the State, and add a high-quality development to the City.

**CITY OF RAMSEY
ANOKA COUNTY
STATE OF MINNESOTA**

Council member _____ introduced the following resolution and moved its adoption:

RESOLUTION #17-06-133

**RESOLUTION AUTHORIZING AN INTERFUND LOAN FOR ADVANCE OF
CERTAIN COSTS IN CONNECTION WITH TAX INCREMENT FINANCING
DISTRICT NO. 16 (PSD BUSINESS PARK A)**

BE IT RESOLVED by the City Council (the "Council") of the City of Ramsey, Minnesota (the "City"), as follows:

Section 1. Background.

1.01. The City has heretofore approved the establishment of Tax Increment Financing District No. 16 (PSD Business Park A) (the "TIF District") within Development District No. 1 (the "Project"), and has adopted a Tax Increment Financing Plan (the "TIF Plan") for the purpose of financing certain improvements within the Project.

1.02. The City has determined to pay for certain costs identified in the TIF Plan consisting of land/building acquisition, site improvements/preparation, public utilities, streets and sidewalks, other qualifying costs, interest and administrative costs (collectively, the "Qualified Costs"), which costs may be financed on a temporary basis from City funds available for such purposes.

1.03. Under Minnesota Statutes, Section 469.178, Subd. 7, the City is authorized to advance or loan money from the City's general fund or any other fund from which such advances may be legally authorized, in order to finance the Qualified Costs.

1.04. The City intends to reimburse itself for the Qualified Costs from tax increments derived from the TIF District in accordance with the terms of this resolution (which terms are referred to collectively as the "Interfund Loan").

Section 2. Terms of Interfund Loan.

2.01. The City hereby authorizes the advance of up to \$30,000 from the EDA Fund or so much thereof as may be paid as Qualified Costs. The City shall reimburse itself for such advances together with interest at the rate stated below. Interest accrues on the principal amount from the date of each advance. The maximum rate of interest permitted to be charged is limited to the greater of the rates specified under Minnesota Statutes, Section 270C.40 or Section 549.09 as of the date the loan or advance is authorized, unless the written agreement states that the maximum interest rate will fluctuate as the interest rates specified under Minnesota Statutes, Section 270C.40 or Section 549.09 are from time to time adjusted. The interest rate shall be 4% and will not fluctuate.

2.02. Principal and interest ("Payments") on the Interfund Loan shall be paid semi-annually on each August 1 and February 1 (each a "Payment Date"), commencing on the first Payment Date on which

the Authority has Available Tax Increment (defined below), or on any other dates determined by the City Administrator, through the date of last receipt of tax increment from the TIF District.

2.03. Payments on this Interfund Loan are payable solely from "Available Tax Increment," which shall mean, on each Payment Date, tax increment available after other obligations have been paid, or as determined by the City Administrator, generated in the preceding six (6) months with respect to the property within the TIF District and remitted to the City by Anoka County, all in accordance with Minnesota Statutes, Sections 469.174 to 469.1794, all inclusive, as amended. Payments on this Interfund Loan may be subordinated to any outstanding or future bonds, notes or contracts secured in whole or in part with Available Tax Increment, and are on parity with any other outstanding or future interfund loans secured in whole or in part with Available Tax Increment.

2.04. The principal sum and all accrued interest payable under this Interfund Loan are pre-payable in whole or in part at any time by the City without premium or penalty. No partial prepayment shall affect the amount or timing of any other regular payment otherwise required to be made under this Interfund Loan.

2.05. This Interfund Loan is evidence of an internal borrowing by the City in accordance with Minnesota Statutes, Section 469.178, Subd. 7, and is a limited obligation payable solely from Available Tax Increment pledged to the payment hereof under this resolution. This Interfund Loan and the interest hereon shall not be deemed to constitute a general obligation of the State of Minnesota or any political subdivision thereof, including, without limitation, the City. Neither the State of Minnesota, nor any political subdivision thereof shall be obligated to pay the principal of or interest on this Interfund Loan or other costs incident hereto except out of Available Tax Increment, and neither the full faith and credit nor the taxing power of the State of Minnesota or any political subdivision thereof is pledged to the payment of the principal of or interest on this Interfund Loan or other costs incident hereto. The City shall have no obligation to pay any principal amount of the Interfund Loan or accrued interest thereon, which may remain unpaid after the final Payment Date.

2.06. The City may amend the terms of this Interfund Loan at any time by resolution of the City Council, including a determination to forgive the outstanding principal amount and accrued interest to the extent permissible under law.

Section 3. Effective Date. This resolution is effective upon the date of its approval.

The motion for the adoption of the foregoing resolution was duly seconded by Council member _____, and upon a vote being taken thereon, the following voted in favor thereof:

and the following voted against the same:

Dated: June 27, 2017

ATTEST:

Sarah Strommen, Mayor

Kurt Ulrich, City Administrator

(Seal)



Tax Increment Financing District Overview

City of Ramsey

Tax Increment Financing District No. 16 – PSD Business Park A

The following summary contains an overview of the basic elements of the Tax Increment Financing Plan for Tax Increment Financing District No. 16 – PSD Business Park A. More detailed information on each of these topics can be found in the complete Tax Increment Financing Plan.

Proposed action:	<ul style="list-style-type: none">➤ Establishment of Tax Increment Financing District No. 16 – PSD Business Park A (District) and adoption of a Tax Increment Financing Plan (TIF Plan).➤ Modification of the Development Program for Development District No. 1 which includes the establishment of Tax Increment Financing District No. 16 – PSD Business Park A, a continuation of the goals and objectives set forth in the Development Program for Development District No. 1.
Type of TIF District:	An economic development district
Parcel Numbers:	29-32-25-12-0003* The District encompasses approximately 3 acres of the parcel identified along with adjacent rights-of-way and abutting roadways. A new property identification number for the parcel to be included in the District will be provided prior to certification.
Proposed Development:	The District is being created to facilitate the construction of an approximately 60,000 square foot industrial facility in the City. Please see Appendix A of the TIF Plan for a more detailed project description.
Maximum duration:	The duration of the District will be 8 years from the date of receipt of the first increment (9 years of increment). The City expects to receive the first tax increment in 2019. It is estimated that the District, including any modifications of the TIF Plan for subsequent phases or other changes, would terminate after December 31, 2027, or when the TIF Plan is satisfied.
Estimated annual tax increment:	Up to \$54,296

Authorized uses:	The TIF Plan contains a budget that authorizes the maximum amount that may be expended: Land/Building Acquisition.....\$200,000 Site Improvements/Preparation.....\$75,000 Public Utilities\$53,153 Administrative Costs (up to 10%).....\$40,076 PROJECT COSTS TOTAL\$368,229 Interest\$72,603 PROJECT COSTS TOTAL <u>\$440,832</u>
	See Subsection 2-10, on page 2-5 of the TIF Plan for the full budget authorization.
Form of financing:	The project is proposed to be financed by a pay-as-you-go note and/or interfund loan.
Administrative fee:	Up to 10% of annual increment, if costs are justified.
Interfund Loan Requirement:	If the City wants to pay for administrative expenditures from a tax increment fund, it is recommended that a resolution authorizing a loan from another fund be passed <i>PRIOR</i> to the issuance of the check.
4 Year Activity Rule (§ 469.176 Subd. 6)	After four years from the date of certification of the District one of the following activities must have been commenced on each parcel in the District: <ul style="list-style-type: none"> • Demolition • Rehabilitation • Renovation • Other site preparation (not including utility services such as sewer and water) If the activity has not been started by approximately June 2021, no additional tax increment may be taken from that parcel until the commencement of a qualifying activity.
5 Year Rule (§ 469.1763 Subd. 3)	Within 5 years of certification revenues derived from tax increments must be expended or obligated to be expended. Any obligations in the District made after approximately June 2022, will not be eligible for repayment from tax increments.

The reasons and facts supporting the findings for the adoption of the TIF Plan for the District, as required pursuant to *M.S., Section 469.175, Subd. 3*, are included in Exhibit A of the City resolution.

MAP OF DEVELOPMENT DISTRICT NO. 1 AND
TAX INCREMENT FINANCING DISTRICT NO. 16 – PSD BUSINESS PARK A

Page 3



*As of May 22, 2017
Draft for Fiscal Implications*

**Modification to the Development Program
for Development District No. 1**

and the

Tax Increment Financing Plan

for the establishment of

**Tax Increment Financing District No. 16 (PSD Business Park A)
(an economic development district)**

within

Development District No. 1

City of Ramsey
Anoka County
State of Minnesota

Public Hearing: June 27, 2017
Adopted:

This document is in draft form for distribution to the County and the School District. The TIF Plan contains the estimated fiscal and economic implications of the proposed TIF District. The City may make minor changes to this draft document prior to the public hearing.



Prepared by: EHLERS & ASSOCIATES, INC.
3060 Centre Pointe Drive, Roseville, Minnesota 55113-1105
651-697-8500 fax: 651-697-8555 www.ehlers-inc.com

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**Section 1 - Modification to the Development Program
for Development District No. 1**

Foreword

The following text represents a Modification to the Development Program for Development District No. 1. This modification represents a continuation of the goals and objectives set forth in the Development Program for Development District No. 1. Generally, the substantive changes include the establishment of Tax Increment Financing District No. 16 (PSD Business Park A).

For further information, a review of the Development Program for Development District No. 1 is recommended. It is available from the City Administrator at the City of Ramsey. Other relevant information is contained in the Tax Increment Financing Plans for the Tax Increment Financing Districts located within Development District No. 1.

Section 2 - Tax Increment Financing Plan for Tax Increment Financing District No. 16 (PSD Business Park A)

Subsection 2-1. Foreword

The City of Ramsey (the "City"), staff and consultants have prepared the following information to expedite the establishment of Tax Increment Financing District No. 16 (PSD Business Park A) (the "District"), an economic development tax increment financing district, located in Development District No. 1.

Subsection 2-2. Statutory Authority

Within the City, there exist areas where public involvement is necessary to cause development or redevelopment to occur. To this end, the City has certain statutory powers pursuant to *Minnesota Statutes ("M.S.")*, Sections 469.124 to 469.133, inclusive, as amended, and *M.S.*, Sections 469.174 to 469.1794, inclusive, as amended (the "Tax Increment Financing Act" or "TIF Act"), to assist in financing public costs related to this project.

This section contains the Tax Increment Financing Plan (the "TIF Plan") for the District. Other relevant information is contained in the Modification to the Development Program for Development District No. 1.

Subsection 2-3. Statement of Objectives

The District currently consists of one parcel of land and adjacent and internal rights-of-way. The District is being created to facilitate the construction of an approximately 60,000 square foot industrial facility in the City. Please see Appendix A for further District information. The City intends to enter into an agreement with PSD, LLC as the developer. This TIF Plan is expected to achieve many of the objectives outlined in the Development Program for Development District No. 1.

The activities contemplated in the Modification to the Development Program and the TIF Plan do not preclude the undertaking of other qualified development or redevelopment activities. These activities are anticipated to occur over the life of Development District No. 1 and the District.

Subsection 2-4. Development Program Overview

1. Property to be Acquired - Selected property located within the District may be acquired by the City and is further described in this TIF Plan.
2. Relocation - Relocation services, to the extent required by law, are available pursuant to *M.S., Chapter 117* and other relevant state and federal laws.
3. Upon approval of a developer's plan relating to the project and completion of the necessary legal requirements, the City may sell to a developer selected properties that it may acquire within the District or may lease land or facilities to a developer.
4. The City may perform or provide for some or all necessary acquisition, construction, relocation, demolition, and required utilities and public street work within the District.
5. The City proposes both public and private infrastructure within the District. The proposed reuse of private property within the District will be for a manufacturing facility, and there will be continued operation of Development District No. 1 after the capital improvements

within Development District No. 1 have been completed.

Subsection 2-5. Description of Property in the District and Property To Be Acquired

The District encompasses all property and adjacent rights-of-way and abutting roadways identified by the parcels listed in Appendix C of this TIF Plan. Please also see the map in Appendix B for further information on the location of the District.

The City may acquire any parcel within the District including interior and adjacent street rights of way. Any properties identified for acquisition will be acquired by the City only in order to accomplish one or more of the following: storm sewer improvements; provide land for needed public streets, utilities and facilities; carry out land acquisition, site improvements, clearance and/or development to accomplish the uses and objectives set forth in this plan. The City may acquire property by gift, dedication, condemnation or direct purchase from willing sellers in order to achieve the objectives of this TIF Plan. Such acquisitions will be undertaken only when there is assurance of funding to finance the acquisition and related costs. The City does not currently intend to acquire the parcel comprising the District.

Subsection 2-6. Classification of the District

The City, in determining the need to create a tax increment financing district in accordance with *M.S., Sections 469.174 to 469.1794*, as amended, inclusive, finds that the District, to be established, is an economic development district pursuant to *M.S., Section 469.174, Subd. 12* as defined below:

"Economic development district" means a type of tax increment financing district which consists of any project, or portions of a project, which the authority finds to be in the public interest because:

- (1) it will discourage commerce, industry, or manufacturing from moving their operations to another state or municipality; or*
- (2) it will result in increased employment in the state; or*
- (3) it will result in preservation and enhancement of the tax base of the state.*

The District is in the public interest because it will meet the statutory requirement from clauses 2 and 3.

Pursuant to *M.S., Section 469.176, Subd. 4c*, revenue derived from tax increment from an economic development district may not be used to provide improvements, loans, subsidies, grants, interest rate subsidies, or assistance in any form to developments consisting of buildings and ancillary facilities, if more than 15 percent of the buildings and facilities (determined on the basis of square footage) are used for a purpose other than:

- (1) The manufacturing or production of tangible personal property, including processing resulting in the change in condition of the property;
- (2) Warehousing, storage, and distribution of tangible personal property, excluding retail sales;
- (3) Research and development related to the activities listed in items (1) or (2);
- (4) Telemarketing if that activity is the exclusive use of the property; or
- (5) Tourism facilities;
- (6) Space necessary for and related to the activities listed in items (1) to (5)

In meeting the statutory criteria the City relies on the following facts and findings:

The facilities in the District meet the conditions of Purposes 1, 2, and 6.

The District is being created to assist in the construction of a speculative industrial facility. The proposed facility will be used for manufacturing, warehousing and related activities.

Pursuant to *M.S., Section 469.176, Subd. 7*, the District does not contain any parcel or part of a parcel that qualified under the provisions of *M.S., Sections 273.111, 273.112, or 273.114* or *Chapter 473H* for taxes payable in any of the five calendar years before the filing of the request for certification of the District.

Subsection 2-7. Duration and First Year of Tax Increment of the District

Pursuant to *M.S., Section 469.175, Subd. 1, and M.S., Section 469.176, Subd. 1*, the duration of the District must be indicated within the TIF Plan. Pursuant to *M.S., Section 469.176, Subd. 1b.*, the duration of the District will be 8 years after receipt of the first increment by the City. The date of receipt by the City of the first tax increment is expected to be 2019. Thus, it is estimated that the District, including any modifications of the TIF Plan for subsequent phases or other changes, would terminate after 2027, or when the TIF Plan is satisfied. If increment is received in 2020, the term of the District will be 2028. The City reserves the right to decertify the District prior to the legally required date.

Subsection 2-8. Original Tax Capacity, Tax Rate and Estimated Captured Net Tax Capacity Value/Increment and Notification of Prior Planned Improvements

Pursuant to *M.S., Section 469.174, Subd. 7 and M.S., Section 469.177, Subd. 1*, the Original Net Tax Capacity (ONTC) as certified for the District will be based on the market values placed on the property by the assessor in 2017 for taxes payable 2018.

Pursuant to *M.S., Section 469.177, Subds. 1 and 2*, the County Auditor shall certify in each year (beginning in the payment year 2019) the amount by which the original value has increased or decreased as a result of:

1. Change in tax exempt status of property;
2. Reduction or enlargement of the geographic boundaries of the district;
3. Change due to adjustments, negotiated or court-ordered abatements;
4. Change in the use of the property and classification;
5. Change in state law governing class rates; or
6. Change in previously issued building permits.

In any year in which the current Net Tax Capacity (NTC) value of the District declines below the ONTC, no value will be captured and no tax increment will be payable to the City.

The original local tax rate for the District will be the local tax rate for taxes payable 2018, assuming the request for certification is made before June 30, 2018. The ONTC and the Original Local Tax Rate for the District appear in the table below.

Pursuant to *M.S., Section 469.174 Subd. 4 and M.S., Section 469.177, Subd. 1, 2, and 4*, the estimated Captured Net Tax Capacity (CTC) of the District, within Development District No. 1, upon completion of the projects within the District, will annually approximate tax increment revenues as shown in the table below. The City requests 100 percent of the available increase in tax capacity for repayment of its obligations and current expenditures, beginning in the tax year payable 2019. The Project Tax Capacity (PTC) listed is an estimate of values when the projects within the District are completed.

Project Estimated Tax Capacity upon Completion (PTC)	\$80,249	
Original Estimated Net Tax Capacity (ONTC)	\$1,311	
Fiscal Disparities Contribution	\$29,863	
Estimated Captured Tax Capacity (CTC)	\$49,075	
Original Local Tax Rate	1.03404	Pay 2017
Estimated Annual Tax Increment (CTC x Local Tax Rate)	\$50,746	
Percent Retained by the City	100%	

Tax capacity includes a 3% inflation factor for the duration of the District. The tax capacity included in this chart is the estimated tax capacity of the District in year 9. The tax capacity of the District in year one is estimated to be \$16,313.

Pursuant to *M.S., Section 469.177, Subd. 4*, the City shall, after a due and diligent search, accompany its request for certification to the County Auditor or its notice of the District enlargement pursuant to *M.S., Section 469.175, Subd. 4*, with a listing of all properties within the District or area of enlargement for which building permits have been issued during the eighteen (18) months immediately preceding approval of the TIF Plan by the municipality pursuant to *M.S., Section 469.175, Subd. 3*. The County Auditor shall increase the original net tax capacity of the District by the net tax capacity of improvements for which a building permit was issued.

The City has reviewed the area to be included in the District and found no parcels for which building permits have been issued during the 18 months immediately preceding approval of the TIF Plan by the City.

Subsection 2-9. Sources of Revenue/Bonds to be Issued

The costs outlined in the Uses of Funds will be financed primarily through the annual collection of tax increments. The City reserves the right to incur bonds or other indebtedness as a result of the TIF Plan. As presently proposed, the projects within the District will be financed by a pay-as-you-go note/interfund loan. Any refunding amounts will be deemed a budgeted cost without a formal TIF Plan Modification. This provision does not obligate the City to incur debt. The City will issue bonds or incur other debt only upon the determination that such action is in the best interest of the City.

The total estimated tax increment revenues for the District are shown in the table below:

<u>SOURCES OF FUNDS</u>	<u>TOTAL</u>
Tax Increment	\$374,547
<u>Interest</u>	<u>\$37,455</u>
TOTAL	\$412,002

The City may issue bonds (as defined in the TIF Act) secured in whole or in part with tax increments from the District in a maximum principal amount of \$344,147. Such bonds may be in the form of pay-as-you-go notes, revenue bonds or notes, general obligation bonds, or interfund loans. This estimate of total bonded indebtedness is a cumulative statement of authority under this TIF Plan as of the date of approval.

Subsection 2-10. Uses of Funds

Currently under consideration for the District is a proposal to facilitate the construction of an approximately 60,000 square foot industrial facility in the City. The City has determined that it will be necessary to provide assistance to the project(s) for certain District costs, as described. The City has studied the feasibility of the development or redevelopment of property in and around the District. To facilitate the establishment and development or redevelopment of the District, this TIF Plan authorizes the use of tax increment financing to pay for the cost of certain eligible expenses. The estimate of public costs and uses of funds associated with the District is outlined in the following table.

<u>USES OF TAX INCREMENT FUNDS</u>	<u>TOTAL</u>
Land/Building Acquisition	\$175,000
Site Improvements/Preparation	\$75,000
Utilities	\$56,692
<u>Administrative Costs (up to 10%)</u>	<u>\$37,455</u>
PROJECT COST TOTAL	\$344,147
<u>Interest</u>	<u>\$67,855</u>
PROJECT AND INTEREST COSTS TOTAL	\$412,002

The total project cost, including financing costs (interest) listed in the table above does not exceed the total projected tax increments for the District as shown in Subsection 2-9.

Estimated capital and administrative costs listed above are subject to change among categories by modification of the TIF Plan without hearings and notices as required for approval of the initial TIF Plan, so long as the total capital and administrative costs combined do not exceed the total listed above. Further, the City may spend up to 20 percent of the tax increments from the District for activities (described in the table above) located outside the boundaries of the District but within the boundaries of the Project (including administrative costs, which are considered to be spend outside the District), subject to all other terms and conditions of this TIF Plan.

Subsection 2-11. Fiscal Disparities Election

Pursuant to *M.S., Section 469.177, Subd. 3*, the City may elect one of two methods to calculate fiscal disparities. If the calculations pursuant to *M.S., Section 469.177, Subd. 3, clause b*, (within the District) are followed, the following method of computation shall apply:

- (1) The original net tax capacity shall be determined before the application of the fiscal disparity provisions of Chapter 276A or 473F. The current net tax capacity shall exclude any fiscal disparity commercial-industrial net tax capacity increase between the original year and the current year multiplied by the fiscal disparity ratio determined pursuant to M.S., Section 276A.06, subdivision 7 or M.S., Section 473F.08, subdivision 6. Where the original net tax capacity is equal to or greater than the current net tax capacity, there is no captured tax capacity and no tax increment determination. Where the original tax capacity is less than the current tax capacity, the difference between the original net tax capacity and the current net tax capacity is the captured net tax capacity. This amount less any portion thereof which the authority has*

designated, in its tax increment financing plan, to share with the local taxing districts is the retained captured net tax capacity of the authority.

- (2) *The county auditor shall exclude the retained captured net tax capacity of the authority from the net tax capacity of the local taxing districts in determining local taxing district tax rates. The local tax rates so determined are to be extended against the retained captured net tax capacity of the authority as well as the net tax capacity of the local taxing districts. The tax generated by the extension of the less of (A) the local taxing district tax rates or (B) the original local tax rate to the retained captured net tax capacity of the authority is the tax increment of the authority.*

The City will choose to calculate fiscal disparities by clause b.

According to *M.S., Section 469.177, Subd. 3:*

- (c) *The method of computation of tax increment applied to a district pursuant to paragraph (a) or (b) shall remain the same for the duration of the district, except that the governing body may elect to change its election from the method of computation in paragraph (a) to the method in paragraph (b).*

Subsection 2-12. Business Subsidies

Pursuant to *M.S., Section 116J.993, Subd. 3*, the following forms of financial assistance are not considered a business subsidy:

- (1) A business subsidy of less than \$150,000;
- (2) Assistance that is generally available to all businesses or to a general class of similar businesses, such as a line of business, size, location, or similar general criteria;
- (3) Public improvements to buildings or lands owned by the state or local government that serve a public purpose and do not principally benefit a single business or defined group of businesses at the time the improvements are made;
- (4) Redevelopment property polluted by contaminants as defined in *M.S., Section 116J.552, Subd. 3*;
- (5) Assistance provided for the sole purpose of renovating old or decaying building stock or bringing it up to code and assistance provided for designated historic preservation districts, provided that the assistance is equal to or less than 50% of the total cost;
- (6) Assistance to provide job readiness and training services if the sole purpose of the assistance is to provide those services;
- (7) Assistance for housing;
- (8) Assistance for pollution control or abatement, including assistance for a tax increment financing hazardous substance subdistrict as defined under *M.S., Section 469.174, Subd. 23*;
- (9) Assistance for energy conservation;
- (10) Tax reductions resulting from conformity with federal tax law;
- (11) Workers' compensation and unemployment compensation;
- (12) Benefits derived from regulation;
- (13) Indirect benefits derived from assistance to educational institutions;
- (14) Funds from bonds allocated under chapter 474A, bonds issued to refund outstanding bonds, and bonds issued for the benefit of an organization described in section 501 (c) (3) of the Internal Revenue Code of 1986, as amended through December 31, 1999;
- (15) Assistance for a collaboration between a Minnesota higher education institution and a business;
- (16) Assistance for a tax increment financing soils condition district as defined under *M.S., Section 469.174, Subd. 19*;

- (17) Redevelopment when the recipient's investment in the purchase of the site and in site preparation is 70 percent or more of the assessor's current year's estimated market value;
- (18) General changes in tax increment financing law and other general tax law changes of a principally technical nature;
- (19) Federal assistance until the assistance has been repaid to, and reinvested by, the state or local government agency;
- (20) Funds from dock and wharf bonds issued by a seaway port authority;
- (21) Business loans and loan guarantees of \$150,000 or less;
- (22) Federal loan funds provided through the United States Department of Commerce, Economic Development Administration; and
- (23) Property tax abatements granted under *M.S., Section 469.1813* to property that is subject to valuation under Minnesota Rules, chapter 8100.

The City will comply with *M.S., Sections 116J.993 to 116J.995* to the extent the tax increment assistance under this TIF Plan does not fall under any of the above exemptions.

Subsection 2-13. County Road Costs

Pursuant to *M.S., Section 469.175, Subd. 1a*, the county board may require the City to pay for all or part of the cost of county road improvements if the proposed development to be assisted by tax increment will, in the judgment of the county, substantially increase the use of county roads requiring construction of road improvements or other road costs and if the road improvements are not scheduled within the next five years under a capital improvement plan or within five years under another county plan.

If the county elects to use increments to improve county roads, it must notify the City within forty-five days of receipt of this TIF Plan. In the opinion of the City and consultants, the proposed development outlined in this TIF Plan will have little or no impact upon county roads, therefore the TIF Plan was not forwarded to the county 45 days prior to the public hearing. The City is aware that the county could claim that tax increment should be used for county roads, even after the public hearing.

Subsection 2-14. Estimated Impact on Other Taxing Jurisdictions

The estimated impact on other taxing jurisdictions assumes that the redevelopment contemplated by the TIF Plan would occur without the creation of the District. However, the City has determined that such development or redevelopment would not occur "but for" tax increment financing and that, therefore, the fiscal impact on other taxing jurisdictions is \$0. The estimated fiscal impact of the District would be as follows if the "but for" test was not met:

IMPACT ON TAX BASE			
	2016/Pay 2017 Total Net Tax Capacity	Estimated Captured Tax Capacity (CTC) Upon Completion	Percent of CTC to Entity Total
Anoka County	283,489,432	49,075	0.0173%
City of Ramsey	20,779,674	49,075	0.2362%
Anoka Hennepin ISD No. 11	148,772,334	49,075	0.0330%

IMPACT ON TAX RATES

	<u>Pay 2017 Extension Rates</u>	<u>Percent of Total</u>	<u>CTC</u>	<u>Potential Taxes</u>
Anoka County	0.368410	35.63%	49,075	18,080
City of Ramsey	0.424540	41.06%	49,075	20,834
Anoka Hennepin ISD No. 11	0.185900	17.98%	49,075	9,123
Other	<u>0.055190</u>	<u>5.34%</u>	<u>49,075</u>	<u>2,708</u>
Total	1.034040	100.00%		50,746

The estimates listed above display the captured tax capacity when all construction is completed. The tax rate used for calculations is the actual Pay 2017 rate. The total net capacity for the entities listed above are based on actual Pay 2017 figures. The District will be certified under the actual Pay 2018 rates, which were unavailable at the time this TIF Plan was prepared.

Pursuant to *M.S. Section 469.175 Subd. 2(b)*:

- (1) Estimate of total tax increment. It is estimated that the total amount of tax increment that will be generated over the life of the District is \$374,547;
- (2) Probable impact of the District on city provided services and ability to issue debt. An impact of the District on police protection is not expected. The City does track all calls for service including property-type calls and crimes. With any addition of new residents or businesses, police calls for service will be increased. However, the City believes any new calls generated from the development will be negligible. New developments add an increase in traffic, and additional overall demands to the call load. The City does not expect that the proposed development, in and of itself, will necessitate new capital investment.

The probable impact of the District on fire protection is not expected to be significant. Typically new buildings generate few calls, if any, and are of superior construction.

The impact of the District on public infrastructure is expected to be minimal. The development will require the construction of an internal public roadway for internal circulation and to maximize the are that can be developed with buildings. The City anticipates construction of this internal public roadway at the time of development. The current infrastructure for sanitary sewer, storm sewer and water will be able to handle the additional volume generated from the proposed development. Based on the development plans, there are minor additional costs associated with street maintenance, sweeping, plowing, lighting and sidewalks. The development in the District is expected to contribute to sanitary sewer (SAC) and water (WAC) connection fees, though costs are yet to be determined.

The probable impact of any District general obligation tax increment bonds on the ability to issue debt for general fund purposes is expected to be minimal. It is not anticipated that there will be any general obligation debt issued in relation to this project, therefore there will be no impact on the City's ability to issue future debt or on the City's debt limit.

- (3) Estimated amount of tax increment attributable to school district levies. It is estimated that the amount of tax increments over the life of the District that would be attributable to school district levies, assuming the school district's share of the total local tax rate for all taxing jurisdictions

remained the same, is \$67,344;

- (4) Estimated amount of tax increment attributable to county levies. It is estimated that the amount of tax increments over the life of the District that would be attributable to county levies, assuming the county's share of the total local tax rate for all taxing jurisdictions remained the same, is \$133,451;
- (5) Additional information requested by the county or school district. The City is not aware of any standard questions in a county or school district written policy regarding tax increment districts and impact on county or school district services. The county or school district must request additional information pursuant to *M.S. Section 469.175 Subd. 2(b)* within 15 days after receipt of the tax increment financing plan.

No requests for additional information from the county or school district regarding the proposed development for the District have been received.

Subsection 2-15. Supporting Documentation

Pursuant to *M.S. Section 469.175, Subd. 1 (a), clause 7* the TIF Plan must contain identification and description of studies and analyses used to make the determination set forth in *M.S. Section 469.175, Subd. 3, clause (b)(2)* and the findings are required in the resolution approving the District. Following is a list of reports and studies on file at the City that support the City's findings:

- Future Business Park Economic Development Analysis: City of Ramsey, February 2016.

Subsection 2-16. Definition of Tax Increment Revenues

Pursuant to *M.S., Section 469.174, Subd. 25*, tax increment revenues derived from a tax increment financing district include all of the following potential revenue sources:

1. Taxes paid by the captured net tax capacity, but excluding any excess taxes, as computed under *M.S., Section 469.177*;
2. The proceeds from the sale or lease of property, tangible or intangible, to the extent the property was purchased by the authority with tax increments;
3. Principal and interest received on loans or other advances made by the authority with tax increments;
4. Interest or other investment earnings on or from tax increments;
5. Repayments or return of tax increments made to the Authority under agreements for districts for which the request for certification was made after August 1, 1993; and
6. The market value homestead credit paid to the Authority under *M.S., Section 273.1384*.

Subsection 2-17. Modifications to the District

In accordance with *M.S., Section 469.175, Subd. 4*, any:

1. Reduction or enlargement of the geographic area of the District, if the reduction does not meet the requirements of *M.S., Section 469.175, Subd. 4(e)*;
2. Increase in amount of bonded indebtedness to be incurred;
3. A determination to capitalize interest on debt if that determination was not a part of the original TIF Plan;
4. Increase in the portion of the captured net tax capacity to be retained by the City;
5. Increase in the estimate of the cost of the District, including administrative expenses, that will be paid

- or financed with tax increment from the District; or
6. Designation of additional property to be acquired by the City,

shall be approved upon the notice and after the discussion, public hearing and findings required for approval of the original TIF Plan.

Pursuant to *M.S., Section 469.175 Subd. 4(f)*, the geographic area of the District may be reduced, but shall not be enlarged after five years following the date of certification of the original net tax capacity by the county auditor. If an economic development district is enlarged, the reasons and supporting facts for the determination that the addition to the district meets the criteria of *M.S., Section 469.174, Subd. 12* must be documented in writing and retained. The requirements of this paragraph do not apply if (1) the only modification is elimination of parcel(s) from the District and (2) (A) the current net tax capacity of the parcel(s) eliminated from the District equals or exceeds the net tax capacity of those parcel(s) in the District's original net tax capacity or (B) the City agrees that, notwithstanding *M.S., Section 469.177, Subd. 1*, the original net tax capacity will be reduced by no more than the current net tax capacity of the parcel(s) eliminated from the District.

The City must notify the County Auditor of any modification to the District. Modifications to the District in the form of a budget modification or an expansion of the boundaries will be recorded in the TIF Plan.

Subsection 2-18. Administrative Expenses

In accordance with *M.S., Section 469.174, Subd. 14*, administrative expenses means all expenditures of the City, *other than*:

1. Amounts paid for the purchase of land;
2. Amounts paid to contractors or others providing materials and services, including architectural and engineering services, directly connected with the physical development of the real property in the District;
3. Relocation benefits paid to or services provided for persons residing or businesses located in the District;
4. Amounts used to pay principal or interest on, fund a reserve for, or sell at a discount bonds issued pursuant to *M.S., Section 469.178*; or
5. Amounts used to pay other financial obligations to the extent those obligations were used to finance costs described in clauses (1) to (3).

For districts for which the request for certification were made before August 1, 1979, or after June 30, 1982, and before August 1, 2001, administrative expenses also include amounts paid for services provided by bond counsel, fiscal consultants, and planning or economic development consultants. Pursuant to *M.S., Section 469.176, Subd. 3*, tax increment may be used to pay any **authorized and documented** administrative expenses for the District up to but not to exceed 10 percent of the total estimated tax increment expenditures authorized by the TIF Plan or the total tax increments, as defined by *M.S., Section 469.174, Subd. 25, clause (1)*, from the District, whichever is less.

For districts for which certification was requested after July 31, 2001, no tax increment may be used to pay any administrative expenses for District costs which exceed ten percent of total estimated tax increment expenditures authorized by the TIF Plan or the total tax increments, as defined in *M.S., Section 469.174, Subd. 25, clause (1)*, from the District, whichever is less.

Pursuant to *M.S., Section 469.176, Subd. 4h*, tax increments may be used to pay for the County's actual

administrative expenses incurred in connection with the District and are not subject to the percentage limits of *M.S., Section 469.176, Subd. 3*. The county may require payment of those expenses by February 15 of the year following the year the expenses were incurred.

Pursuant to *M.S., Section 469.177, Subd. 11*, the County Treasurer shall deduct an amount (currently .36 percent) of any increment distributed to the City and the County Treasurer shall pay the amount deducted to the State Commissioner of Management and Budget for deposit in the state general fund to be appropriated to the State Auditor for the cost of financial reporting of tax increment financing information and the cost of examining and auditing authorities' use of tax increment financing. This amount may be adjusted annually by the Commissioner of Revenue.

Subsection 2-19. Limitation of Increment

The tax increment pledged to the payment of bonds and interest thereon may be discharged and the District may be terminated if sufficient funds have been irrevocably deposited in the debt service fund or other escrow account held in trust for all outstanding bonds to provide for the payment of the bonds at maturity or redemption date.

Pursuant to *M.S., Section 469.176, Subd. 6*:

if, after four years from the date of certification of the original net tax capacity of the tax increment financing district pursuant to M.S., Section 469.177, no demolition, rehabilitation or renovation of property or other site preparation, including qualified improvement of a street adjacent to a parcel but not installation of utility service including sewer or water systems, has been commenced on a parcel located within a tax increment financing district by the authority or by the owner of the parcel in accordance with the tax increment financing plan, no additional tax increment may be taken from that parcel, and the original net tax capacity of that parcel shall be excluded from the original net tax capacity of the tax increment financing district. If the authority or the owner of the parcel subsequently commences demolition, rehabilitation or renovation or other site preparation on that parcel including qualified improvement of a street adjacent to that parcel, in accordance with the tax increment financing plan, the authority shall certify to the county auditor that the activity has commenced and the county auditor shall certify the net tax capacity thereof as most recently certified by the commissioner of revenue and add it to the original net tax capacity of the tax increment financing district. The county auditor must enforce the provisions of this subdivision. The authority must submit to the county auditor evidence that the required activity has taken place for each parcel in the district. The evidence for a parcel must be submitted by February 1 of the fifth year following the year in which the parcel was certified as included in the district. For purposes of this subdivision, qualified improvements of a street are limited to (1) construction or opening of a new street, (2) relocation of a street, and (3) substantial reconstruction or rebuilding of an existing street.

The City or a property owner must improve parcels within the District by approximately June 2021 and report such actions to the County Auditor.

Subsection 2-20. Use of Tax Increment

The City hereby determines that it will use 100 percent of the captured net tax capacity of taxable property located in the District for the following purposes:

1. To pay the principal of and interest on bonds issued to finance a project;
2. To finance, or otherwise pay the capital and administration costs of Development District No. 1 pursuant to *M.S., Sections 469.124 to 469.133*;
3. To pay for project costs as identified in the budget set forth in the TIF Plan;
4. To finance, or otherwise pay for other purposes as provided in *M.S., Section 469.176, Subd. 4*;
5. To pay principal and interest on any loans, advances or other payments made to or on behalf of the City or for the benefit of Development District No. 1 by a developer;
6. To finance or otherwise pay premiums and other costs for insurance or other security guaranteeing the payment when due of principal of and interest on bonds pursuant to the TIF Plan or pursuant to *M.S., Chapter 462C, M.S., Sections 469.152 through 469.165*, and/or *M.S., Sections 469.178*; and
7. To accumulate or maintain a reserve securing the payment when due of the principal and interest on the tax increment bonds or bonds issued pursuant to *M.S., Chapter 462C, M.S., Sections 469.152 through 469.165*, and/or *M.S., Sections 469.178*.

These revenues shall not be used to circumvent any levy limitations applicable to the City nor for other purposes prohibited by *M.S., Section 469.176, Subd. 4*.

Tax increments generated in the District will be paid by Anoka County to the City for the Tax Increment Fund of said District. The City will pay to the developer(s) annually an amount not to exceed an amount as specified in a developer's agreement to reimburse the costs of land acquisition, public improvements, demolition and relocation, site preparation, and administration. Remaining increment funds will be used for City administration (up to 10 percent) and for the costs of public improvement activities outside the District.

Subsection 2-21. Excess Increments

Excess increments, as defined in *M.S., Section 469.176, Subd. 2*, shall be used only to do one or more of the following:

1. Prepay any outstanding bonds;
2. Discharge the pledge of tax increment for any outstanding bonds;
3. Pay into an escrow account dedicated to the payment of any outstanding bonds; or
4. Return the excess to the County Auditor for redistribution to the respective taxing jurisdictions in proportion to their local tax rates.

The City must spend or return the excess increments under paragraph (c) within nine months after the end of the year. In addition, the City may, subject to the limitations set forth herein, choose to modify the TIF Plan in order to finance additional public costs in Development District No. 1 or the District.

Subsection 2-22. Requirements for Agreements with the Developer

The City will review any proposal for private development to determine its conformance with the Development Program and with applicable municipal ordinances and codes. To facilitate this effort, the following documents may be requested for review and approval: site plan, construction, mechanical, and electrical system drawings, landscaping plan, grading and storm drainage plan, signage system plan, and any other drawings or narrative deemed necessary by the City to demonstrate the conformance of the development with City plans and ordinances. The City may also use the Agreements to address other issues related to the development.

Pursuant to *M.S., Section 469.176, Subd. 5*, no more than 10 percent, by acreage, of the property to be acquired in the District as set forth in the TIF Plan shall at any time be owned by the City as a result of

acquisition with the proceeds of bonds issued pursuant to *M.S., Section 469.178* to which tax increments from property acquired is pledged, unless prior to acquisition in excess of 10 percent of the acreage, the City concluded an agreement for the development of the property acquired and which provides recourse for the City should the development not be completed.

Subsection 2-23. Assessment Agreements

Pursuant to *M.S., Section 469.177, Subd. 8*, the City may enter into a written assessment agreement in recordable form with the developer of property within the District which establishes a minimum market value of the land and completed improvements for the duration of the District. The assessment agreement shall be presented to the County Assessor who shall review the plans and specifications for the improvements to be constructed, review the market value previously assigned to the land upon which the improvements are to be constructed and, so long as the minimum market value contained in the assessment agreement appears, in the judgment of the assessor, to be a reasonable estimate, the County Assessor shall also certify the minimum market value agreement.

Subsection 2-24. Administration of the District

Administration of the District will be handled by the City Administrator.

Subsection 2-25. Annual Disclosure Requirements

Pursuant to *M.S., Section 469.175, Subds. 5, 6, and 6b* the City must undertake financial reporting for all tax increment financing districts to the Office of the State Auditor, County Board and County Auditor on or before August 1 of each year. *M.S., Section 469.175, Subd. 5* also provides that an annual statement shall be published in a newspaper of general circulation in the City on or before August 15.

If the City fails to make a disclosure or submit a report containing the information required by *M.S., Section 469.175 Subd. 5 and Subd. 6*, the Office of the State Auditor will direct the County Auditor to withhold the distribution of tax increment from the District.

Subsection 2-26. Reasonable Expectations

As required by the TIF Act, in establishing the District, the determination has been made that the anticipated development would not reasonably be expected to occur solely through private investment within the reasonably foreseeable future and that the increased market value of the site that could reasonably be expected to occur without the use of tax increment financing would be less than the increase in the market value estimated to result from the proposed development after subtracting the present value of the projected tax increments for the maximum duration of the District permitted by the TIF Plan. In making said determination, reliance has been placed upon written representation made by the developer to such effects and upon City staff awareness of the feasibility of developing the project site(s) within the District. A comparative analysis of estimated market values both with and without establishment of the District and the use of tax increments has been performed as described above. Such analysis is included with the cashflow in Appendix D, and indicates that the increase in estimated market value of the proposed development (less the indicated subtractions) exceeds the estimated market value of the site absent the establishment of the District and the use of tax increments.

Subsection 2-27. Other Limitations on the Use of Tax Increment

1. General Limitations. All revenue derived from tax increment shall be used in accordance with the TIF

Plan. The revenues shall be used to finance, or otherwise pay the capital and administration costs of Development District No. 1 pursuant to *M.S., Sections 469.124 to 469.133*. Tax increments may not be used to circumvent existing levy limit law. No tax increment may be used for the acquisition, construction, renovation, operation, or maintenance of a building to be used primarily and regularly for conducting the business of a municipality, county, school district, or any other local unit of government or the state or federal government. This provision does not prohibit the use of revenues derived from tax increments for the construction or renovation of a parking structure.

2. Pooling Limitations. At least 80 percent of tax increments from the District must be expended on activities in the District or to pay bonds, to the extent that the proceeds of the bonds were used to finance activities within said district or to pay, or secure payment of, debt service on credit enhanced bonds. Not more than 20 percent of said tax increments may be expended, through a development fund or otherwise, on activities outside of the District except to pay, or secure payment of, debt service on credit enhanced bonds. For purposes of applying this restriction, all administrative expenses must be treated as if they were solely for activities outside of the District.
3. Five Year Limitation on Commitment of Tax Increments. Tax increments derived from the District shall be deemed to have satisfied the 80 percent test set forth in paragraph (2) above only if the five year rule set forth in *M.S., Section 469.1763, Subd. 3*, has been satisfied; and beginning with the sixth year following certification of the District, 80 percent of said tax increments that remain after expenditures permitted under said five year rule must be used only to pay previously committed expenditures or credit enhanced bonds as more fully set forth in *M.S., Section 469.1763, Subd. 5*.

Subsection 2-28. Summary

The City of Ramsey is establishing the District to preserve and enhance the tax base, and provide employment opportunities in the City. The TIF Plan for the District was prepared by Ehlers & Associates, Inc., 3060 Centre Pointe Drive, Roseville, Minnesota 55113-1105, telephone (651) 697-8500.

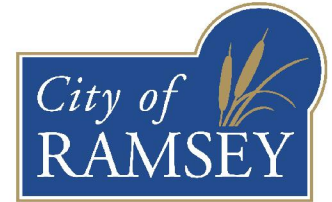
Appendix A

Project Description

PSD, LLC intends to construct a speculative 60,000 square foot, high quality, industrial building with 24 foot clear heights facing Highway 10. The building will include enhanced architectural features such as color variations and raised parapet walls to denote building entrances, as well as glass curtain wall, or similar feature visible from Highway 10.

Appendix B

Map of Development District No. 1 and the District



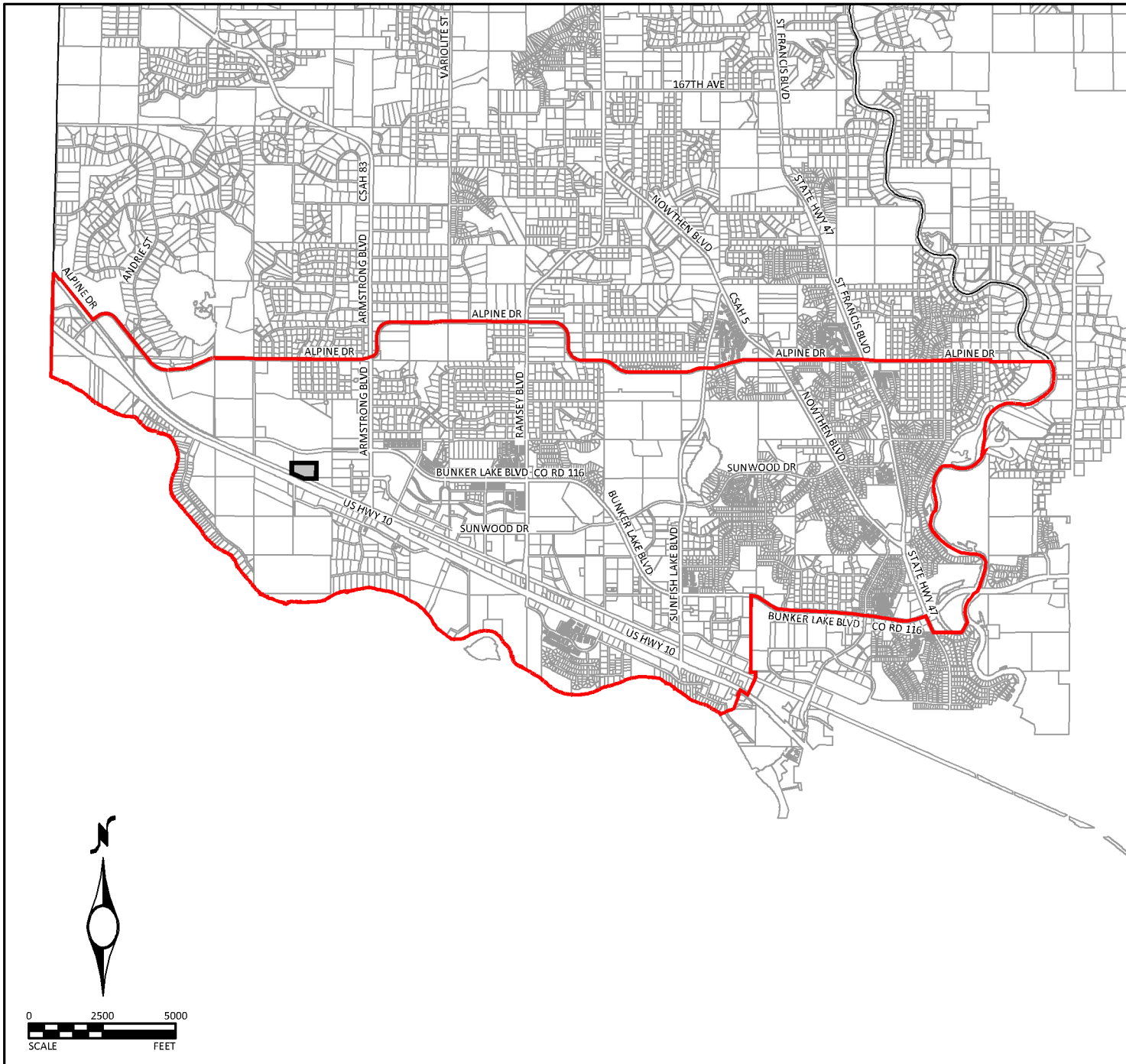
TIF DISTRICT NO. 16

TAX INCREMENT FINANCING
DISTRICT NO. 16

DEVELOPMENT DISTRICT NO. 1

CITY OF RAMSEY

ANOKA COUNTY, MINNESOTA



PUMA STREET

BUNKER LAKE BOULEVARD

OUTLOT C

OUTLOT B

OUTLOT A

**Proposed First
Phase of
Development**

LOT 1, BLOCK 1, BUNKER LAKE
BUSINESS PARK
4.80 ACRES

HORZ. SCALE 0 100 200 FEET



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H:\PSDLLC_PR\R16113129\CAD\C3D\preliminary\108432 parking BSE 4.dwg 5/11/2017 12:11 PM

Appendix C

Description of Property to be Included in the District

The District encompasses approximately 3 acres of the parcel identified below along with adjacent rights-of-way and abutting roadways. A new Property Identification Number for the parcel to be included in the District will be provided prior to certification.

<u>Parcel Numbers</u>	<u>Address</u>	<u>Owner</u>
29-32-25-12-0003	UNASSIGNED	HAGEMAN HOLDINGS LLC

Appendix D

Estimated Cash Flow for the District



Bunker Lake Industrial Park

City of Ramsey

60,000 sq. ft. Industrial

ASSUMPTIONS AND RATES

DistrictType:	Economic Development	
District Name/Number:		
County District #:		
First Year Construction or Inflation on Value	2017	
Existing District - Specify No. Years Remaining		
Inflation Rate - Every Year:	3.00%	
Interest Rate:	4.00%	
Present Value Date:	1-Aug-18	
First Period Ending	1-Feb-19	
Tax Year District was Certified:	Pay 2018	
Cashflow Assumes First Tax Increment For Development:	2019	
Years of Tax Increment	9	
Assumes Last Year of Tax Increment	2027	
Fiscal Disparities Election [Outside (A), Inside (B), or NA]	Inside(B)	
Incremental or Total Fiscal Disparities	Incremental	
Fiscal Disparities Contribution Ratio	37.8305%	Pay 2017
Fiscal Disparities Metro-Wide Tax Rate	150.0490%	Pay 2017
Maximum/Frozen Local Tax Rate:	103.404%	Pay 2017
Current Local Tax Rate: (Use lesser of Current or Max.)	103.404%	Pay 2017
State-wide Tax Rate (Comm./Ind. only used for total taxes)	45.8020%	Pay 2017
Market Value Tax Rate (Used for total taxes)	0.21561%	Pay 2017

Tax Rates		
Exempt Class Rate (Exempt)		0.00%
Commercial Industrial Preferred Class Rate (C/I Pref.)		
First \$150,000		1.50%
Over \$150,000		2.00%
Commercial Industrial Class Rate (C/I)		2.00%
Rental Housing Class Rate (Rental)		1.25%
Affordable Rental Housing Class Rate (Aff. Rental)		
First \$115,000		0.75%
Over \$115,000		0.25%
Non-Homestead Residential (Non-H Res. 1 Unit)		
First \$500,000		1.00%
Over \$500,000		1.25%
Homestead Residential Class Rate (Hmstd. Res.)		
First \$500,000		1.00%
Over \$500,000		1.25%
Agricultural Non-Homestead		1.00%

BASE VALUE INFORMATION (Original Tax Capacity)

Map #	PID	Owner	Address	Land Market Value	Building Market Value	Total Market Value	Percentage Of Value Used for District	Original Market Value	Tax Year Original Market Value	Property Tax Class	Current Original Tax Capacity	Class After Conversion	After Conversion Orig. Tax Cap.	Area/Phase
1	29-32-25-12-0003	Hageman	Unassigned	728,600	0	728,600	12%	87,432	Pay 2018	C/I Pref.	1,311	C/I Pref.	1,311	
				728,600	0	728,600		87,432			1,311		1,311	

Note:

1. Base values are for pay 2018 based upon review of County website on 4-5-2017. This building is expected to occupy 3 acres. The existing parcel is 24.8 acres according to the County website. Therefore 12% of the value is used for the district



Bunker Lake Industrial Park
 City of Ramsey
 60,000 sq. ft. Industrial

PROJECT INFORMATION (Project Tax Capacity)													
Area/Phase	New Use	Estimated Market Value Per Sq. Ft./Unit	Taxable Market Value Per Sq. Ft./Unit	Total Sq. Ft./Units	Total Taxable Market Value	Property Tax Class	Project Tax Capacity	Project Tax Capacity/Unit	Percentage Completed 2017	Percentage Completed 2018	Percentage Completed 2019	Percentage Completed 2020	First Year Full Taxes Payable
	Industrial	55	55	60,000	3,300,000	C/I Pref.	65,250	1	25%	100%	100%	100%	2020
TOTAL					3,300,000		65,250						
Subtotal Residential				0	0		0						
Subtotal Commercial/Ind.				60,000	3,300,000		65,250						

Note:

1. Market values are based upon estimates from the county assessor.

TAX CALCULATIONS									
New Use	Total Tax Capacity	Fiscal Disparities Tax Capacity	Local Tax Capacity	Local Property Taxes	Fiscal Disparities Taxes	State-wide Property Taxes	Market Value Taxes	Total Taxes	Taxes Per Sq. Ft./Unit
Industrial	65,250	24,684	40,566	41,946	37,039	29,886	7,115	115,986	1.93
TOTAL	65,250	24,684	40,566	41,946	37,039	29,886	7,115	115,986	

Note:

- Taxes and tax increment will vary significantly from year to year depending upon values, rates, state law, fiscal disparities and other factors which cannot be predicted.
- If tax increment is received in 2018, then the district will be one year shorter.

WHAT IS EXCLUDED FROM TIF?	
Total Property Taxes	115,986
less State-wide Taxes	(29,886)
less Fiscal Disp. Adj.	(37,039)
less Market Value Taxes	(7,115)
less Base Value Taxes	(843)
Annual Gross TIF	41,103

MARKET VALUE BUT / FOR ANALYSIS	
Current Market Value - Est.	87,432
New Market Value - Est.	3,300,000
Difference	3,212,568
Present Value of Tax Increment	300,234
Difference	2,912,334
Value likely to occur without Tax Increment is less than:	2,912,334



**Bunker Lake Industrial Park
City of Ramsey
60,000 sq. ft. Industrial**

TAX INCREMENT CASH FLOW														
% of OTC	Project Tax Capacity	Original Tax Capacity	Fiscal Disparities Incremental	Captured Tax Capacity	Local Tax Rate	Annual Gross Tax Increment	Semi-Annual Gross Tax Increment	State Auditor 0.36%	Admin. at 10%	Semi-Annual Net Tax Increment	Semi-Annual Present Value	PERIOD ENDING Yrs.	Tax Year	Payment Date
100%	16,313	(1,311)	(5,675)	9,326	103.404%	9,644	4,822	(17)	(480)	4,324	4,156	0.5	2019	02/01/19
100%	65,250	(1,311)	(24,188)	39,750	103.404%	41,103	4,822	(17)	(480)	4,324	8,231	1	2019	02/01/20
100%	67,208	(1,311)	(24,929)	40,967	103.404%	42,362	20,552	(74)	(2,048)	18,430	25,257	1.5	2020	08/01/20
100%	69,224	(1,311)	(25,692)	42,221	103.404%	43,658	20,552	(74)	(2,048)	18,430	41,950	2	2020	02/01/21
100%	71,300	(1,311)	(26,477)	43,512	103.404%	44,993	21,181	(76)	(2,110)	18,994	58,816	2.5	2021	08/01/21
100%	73,439	(1,311)	(27,286)	44,842	103.404%	46,368	21,181	(76)	(2,110)	18,994	75,351	3	2021	02/01/22
100%	75,643	(1,311)	(28,120)	46,211	103.404%	47,784	21,829	(79)	(2,175)	19,575	92,059	3.5	2022	08/01/22
100%	77,912	(1,311)	(28,978)	47,622	103.404%	49,243	21,829	(79)	(2,175)	19,575	108,439	4	2022	02/01/23
100%	80,249	(1,311)	(29,863)	49,075	103.404%	50,746	22,496	(81)	(2,242)	20,174	124,988	4.5	2023	08/01/23
							22,496	(81)	(2,242)	20,174	141,213	5	2023	02/01/24
							23,184	(83)	(2,310)	20,790	157,606	5.5	2024	08/01/24
							23,184	(83)	(2,310)	20,790	173,678	6	2024	02/01/25
							23,892	(86)	(2,381)	21,426	189,916	6.5	2025	08/01/25
							23,892	(86)	(2,381)	21,426	205,836	7	2025	02/01/26
							24,622	(89)	(2,453)	22,080	221,919	7.5	2026	08/01/26
							24,622	(89)	(2,453)	22,080	237,688	8	2026	02/01/27
							25,373	(91)	(2,528)	22,753	253,619	8.5	2027	08/01/27
							25,373	(91)	(2,528)	22,753	269,237	9	2027	02/01/28
Total							375,901	(1,353)	(37,455)	337,093				
Present Value From 08/01/2018				Present Value Rate	4.00%		300,234	(1,081)	(29,915)	269,237				

Appendix E

Minnesota Business Assistance Form (Minnesota Department of Employment and Economic Development)

A Minnesota Business Assistance Form (MBAF) should be used to report and/or update each calendar year's activity by April 1 of the following year.

Please see the Minnesota Department of Employment and Economic Development (DEED) website at <http://www.deed.state.mn.us/Community/subsidies/MBAFForm.htm> for information and forms.

Appendix F

Findings Including But/For Qualifications

The reasons and facts supporting the findings for the adoption of the Tax Increment Financing Plan for Tax Increment Financing District No. 16 (PSD Business Park A) as required pursuant to *M.S., Section 469.175, Subd. 3* are as follows:

1. *Finding that the Tax Increment Financing District No. 16 (PSD Business Park A) is an economic development district as defined in M.S., Section 469.174, Subd. 12.*

Tax Increment Financing District No. 16 (PSD Business Park A) is a contiguous geographic area within the City's Development District No. 1, delineated in the TIF Plan, for the purpose of financing economic development in the City through the use of tax increment. The District is in the public interest because it will facilitate the construction of an approximately 60,000 square foot industrial facility in the City which will increase employment in the state as well as preserve and enhance the tax base of the state.

2. *Finding that the proposed development, in the opinion of the City Council, would not reasonably be expected to occur solely through private investment within the reasonably foreseeable future and that the increased market value of the site that could reasonably be expected to occur without the use of tax increment financing would be less than the increase in the market value estimated to result from the proposed development after subtracting the present value of the projected tax increments for the maximum duration of Tax Increment Financing District No. 16 (PSD Business Park A) permitted by the TIF Plan.*

The proposed development, in the opinion of the City, would not reasonably be expected to occur solely through private investment within the reasonably foreseeable future: This finding is supported by the fact that the development proposed in this plan is a industrial facility that meets the City's objectives for economic development. The cost of land acquisition, site and public improvements and utilities in conjunction with achievable lease rates in the market, makes development of the facility infeasible without City assistance. The added costs for a proposed internal roadway will lead to a more efficient layout of buildings and maximize the amount of value created on the site. The developer was asked for and provided a letter and a pro forma as justification that the developer would not have gone forward without tax increment assistance.

The increased market value of the site that could reasonably be expected to occur without the use of tax increment financing would be less than the increase in market value estimated to result from the proposed development after subtracting the present value of the projected tax increments for the maximum duration of the TIF District permitted by the TIF Plan: The City supported this finding on the grounds that the cost of land acquisition, site and public improvements and utilities, and construction of a high quality building add to the total development cost. The proposed project includes the construction of internal infrastructure on the site to maximize future development potential, further adding to the total cost. The City reasonably determines that no other development of similar scope is anticipated on this site without substantially similar assistance being provided to the development.

Therefore, the City concludes as follows:

- a. The City's estimate of the amount by which the market value of the entire District will increase without the use of tax increment financing is \$0.
- b. If the proposed development occurs, the total increase in market value will be \$3,212,568.

- c. The present value of tax increments from the District for the maximum duration of the district permitted by the TIF Plan is estimated to be \$321,242.
 - d. Even if some development other than the proposed development were to occur, the Council finds that no alternative would occur that would produce a market value increase greater than \$2,891,326 (the amount in clause b less the amount in clause c) without tax increment assistance.
3. *Finding that the TIF Plan for Tax Increment Financing District No. 16 (PSD Business Park A) conforms to the general plan for the development or redevelopment of the municipality as a whole.*

The Planning Commission reviewed the TIF Plan and found that the TIF Plan conforms to the general development plan of the City.

4. *Finding that the Tax Increment Financing Plan for Tax Increment Financing District No. 16 (PSD Business Park A) will afford maximum opportunity, consistent with the sound needs of the City as a whole, for the development of Development District No. 1 by private enterprise.*

The project to be assisted by the District will result in increased employment in the City and the State of Minnesota, increased tax base of the State, and add a high quality development to the City.

But-For Analysis	
Current Market Value	87,432
New Market Value - Estimate	3,300,000
Difference	3,212,568
Present Value of Tax Increment	300,234
Difference	2,912,334
Value Likely to Occur Without TIF is Less Than:	2,912,334

TAX INCREMENT FINANCING (TIF) AGREEMENT

BY AND BETWEEN

CITY OF RAMSEY, MINNESOTA

AND

PSD, LLC

This document drafted by:

BRIGGS AND MORGAN (MLI)
Professional Association
2200 IDS Center
80 South 8th Street
Minneapolis, Minnesota 55402

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TAX INCREMENT FINANCING (TIF) AGREEMENT

THIS AGREEMENT, made as of the 1st day of July, 2017, by and between the City of Ramsey, Minnesota (the "City"), a municipal corporation existing under the laws of the State of Minnesota and PSD, LLC, a Minnesota limited liability company (the "Developer").

WITNESSETH:

WHEREAS, pursuant to Minnesota Statutes, Section 469.124 to 469.133, the City has heretofore established Development District No. 1 (the "Development District") and has adopted a development program therefor (the "Development Program"); and

WHEREAS, pursuant to the provisions of Minnesota Statutes, Section 469.174 through 469.1794, as amended (hereinafter, the "Tax Increment Act"), the City has heretofore established, within the Development District, Tax Increment Financing District No. 16 (PSD Business Park A) (the "Tax Increment District") and has adopted a tax increment financing plan therefor (the "Tax Increment Plan") which provides for the use of tax increment financing in connection with certain development within the Development District; and

WHEREAS, in order to achieve the objectives of the Development Program and particularly to make the land in the Development District available for development by private enterprise in conformance with the Development Program, the City has determined to assist the Developer with the financing of certain costs of a Project (as hereinafter defined) to be constructed within the Tax Increment District as more particularly set forth in this Agreement; and

WHEREAS, the City believes that the development and construction of the Project, and fulfillment of this Agreement are vital and are in the best interests of the City, the health, safety, morals and welfare of residents of the City, and in accordance with the public purpose and provisions of the applicable state and local laws and requirements under which the Project has been undertaken and is being assisted; and

WHEREAS, the requirements of the Business Subsidy Law, Minnesota Statutes, Section 116J.993 through 116J.995, apply to this Agreement; and

WHEREAS, the City has adopted criteria for awarding business subsidies that comply with the Business Subsidy Law, after a public hearing for which notice was published; and

WHEREAS, the Council has approved this Agreement as a subsidy agreement under the Business Subsidy Law;

NOW, THEREFORE, in consideration of the premises and the mutual obligations of the parties hereto, each of them does hereby covenant and agree with the other as follows:

ARTICLE I

DEFINITIONS

Section 1.1. Definitions. All capitalized terms used and not otherwise defined herein shall have the following meanings unless a different meaning clearly appears from the context:

Agreement means this Agreement, as the same may be from time to time modified, amended or supplemented;

Business Day means any day except a Saturday, Sunday or a legal holiday or a day on which banking institutions in the City are authorized by law or executive order to close;

City means the City of Ramsey, Minnesota, its successors and assigns;

County means Anoka County, Minnesota;

Developer means PSD, LLC, a Minnesota limited liability company, its successors and assigns;

Development District means the real property included in Development District No. 1 heretofore established;

Development Program means the Development Program approved in connection with the Development District;

Development Property means the real property described in Exhibit A attached to this Agreement;

Event of Default means any of the events described in Section 4.1 hereof;

Note Payment Date means August 1, 2019, and each February 1 and August 1 of each year thereafter to and including February 1, 2028; provided, that if any such Note Payment Date should not be a Business Day, the Note Payment Date shall be the next succeeding Business Day;

Prime Rate means the rate of interest from time to time publicly announced by U.S. Bank National Association in St. Paul, Minnesota, as its "prime rate" or "reference rate" or any successor rate, which rate shall change as and when that rate or successor rate changes;

Project means the construction of an approximately 60,000 square foot, high quality, industrial building with 24 foot clear heights facing Highway 10 on the Development Property located in the City. The building shall include enhanced architectural features such as color variations and raised parapet walls to denote building entrances, as well as glass curtain wall accents, or similar feature visible from Highway 10;

Site Improvements means the site improvements undertaken or to be undertaken on the Development Property, more particularly described on Exhibit C attached hereto;

State means the State of Minnesota;

Tax Increments means 90% of the tax increments derived from the Development Property which have been received by the City in accordance with the provisions of Minnesota Statutes, Section 469.177;

Tax Increment Act means Minnesota Statutes, Sections 469.174 through 469.1794, as amended;

Tax Increment District means Tax Increment Financing District No. 16 (PSD Business Park A) located within the Development District, a description of which is set forth in the Tax Increment Financing Plan, which was qualified as an economic development district under the Tax Increment Act;

Tax Increment Financing Plan means the tax increment financing plan approved for the Tax Increment District by the City Council on June 27, 2017, and any future amendments thereto;

TIF Note means the Tax Increment Revenue Note (PSD, LLC Project) to be executed by the City and delivered to the Developer pursuant to Article III hereof, the form of which is attached hereto as Exhibit B; and

Unavoidable Delays means delays, outside the control of the party claiming its occurrence, which are the direct result of strikes, other labor troubles, unusually severe or prolonged bad weather, acts of God, fire or other casualty to the Project, litigation commenced by third parties which, by injunction or other similar judicial action or by the exercise of reasonable discretion, directly results in delays, or acts of any federal, state or local governmental unit (other than the City) which directly result in delays.

ARTICLE II

REPRESENTATIONS AND WARRANTIES

Section 2.1. Representations and Warranties of the City. The City makes the following representations and warranties:

(1) The City is a municipal corporation and has the power to enter into this Agreement and carry out its obligations hereunder.

(2) The Tax Increment District is an "economic development district" within the meaning of Minnesota Statutes, Section 469.174, Subdivision 12, and was created, adopted and approved in accordance with the terms of the Tax Increment Act.

(3) The development contemplated by this Agreement is in conformance with the development objectives set forth in the Development Program.

(4) To finance certain costs within the Tax Increment District, the City proposes, subject to the further provisions of this Agreement, to apply Tax Increments to reimburse the Developer for acquisition of the Development Property and a portion of the costs of the construction of certain Site Improvements incurred in connection with the Project as further provided in this Agreement.

(5) The City makes no representation or warranty, either express or implied, as to the Development Property or its condition or the soil conditions thereon, or that the Development Property shall be suitable for the Developer's purposes or needs.

Section 2.2. Representations and Warranties of the Developer. The Developer makes the following representations and warranties:

(1) The Developer is a Minnesota limited liability company and has the power and authority to enter into this Agreement and to perform its obligations hereunder, and doing so will not violate its articles of organization, member control agreement or operating agreement, or the laws of the State and by proper action has authorized the execution and delivery of this Agreement.

(2) The Developer shall cause the Project to be constructed in accordance with the terms of this Agreement, the Development Program, and all local, state and federal laws and regulations (including, but not limited to, environmental, zoning, energy conservation, building code and public health laws and regulations).

(3) The construction of the Project would not be undertaken by the Developer, and in the opinion of the Developer would not be economically feasible within the reasonably foreseeable future, without the assistance and benefit to the Developer provided for in this Agreement.

(4) The Developer will use its best efforts to obtain, or cause to be obtained, in a timely manner, all required permits, licenses and approvals, and will meet, in a timely manner,

all requirements of all applicable local, state, and federal laws and regulations which must be obtained or met before the Project may be lawfully constructed.

(5) Neither the execution and delivery of this Agreement, the consummation of the transactions contemplated hereby, nor the fulfillment of or compliance with the terms and conditions of this Agreement is prevented, limited by or conflicts with or results in a breach of, the terms, conditions or provision of any contractual restriction, evidence of indebtedness, agreement or instrument of whatever nature to which the Developer is now a party or by which it is bound, or constitutes a default under any of the foregoing.

(6) The Developer will cooperate fully with the City with respect to any litigation commenced with respect to the Project.

(7) The Developer will cooperate fully with the City in resolution of any traffic, parking, trash removal or public safety problems which may arise in connection with the construction and operation of the Project.

(8) Construction shall begin by October 1, 2017 and the construction of the Project will be substantially completed by December 31, 2018, subject to Unavoidable Delays.

(9) The Developer acknowledges that Tax Increment projections contained in the Tax Increment Financing Plan are estimates only and the Developer acknowledges that it shall place no reliance on the amount of projected Tax Increments and the sufficiency of such Tax Increments to reimburse the Developer for a portion of the costs of the acquisition of the Development Property and the construction of the Site Improvements as provided in Article III.

ARTICLE III

UNDERTAKINGS BY DEVELOPER AND CITY

Section 3.1. Site Improvements and Development Property. The parties agree that the acquisition of the Development Property and the installation of the Site Improvements are essential to the successful completion of the Project. The costs of the Development Property and the construction of Site Improvements shall be paid by the Developer. The City shall reimburse the Developer for the lesser of \$234,000 for the costs of acquisition of the Development Property and the construction of Site Improvements actually incurred and paid by the Developer (the "Reimbursement Amount"), as further provided in Section 3.3 hereof.

Section 3.2. Limitations on Undertaking of the City. Notwithstanding the provisions of Section 3.1, the City shall have no obligation to the Developer under this Agreement to reimburse the Developer for the costs identified in Section 3.1, if the City, at the time or times such payment is to be made, is entitled under Section 4.2 to exercise any of the remedies set forth therein as a result of an Event of Default which has not been cured.

Section 3.3. Reimbursement: TIF Note. The City shall reimburse the payments made by the Developer under Section 3.1 for costs of the acquisition of the Development Property and the construction of Site Improvements through the issuance of the City's TIF Note in substantially the form attached to this Agreement as Exhibit B, subject to the following conditions:

(1) The TIF Note shall be dated, issued and delivered when the Developer shall have demonstrated in writing to the reasonable satisfaction of the City that the construction of the Site Improvements has been completed and that the Developer has incurred and paid the costs of the acquisition of the Development Property and of the construction of Site Improvements, as described in and limited by Section 3.1 and shall have submitted paid invoices for the costs of construction of the Site Improvements and a settlement statement or other evidence of payment of the costs of the Development Property in an amount not less than the Reimbursement Amount.

(2) The unpaid principal of the TIF Note shall bear simple non-compounding interest from the date of issuance of the TIF Note, at 4.75% per annum. Interest shall be computed on the basis of a 360 day year consisting of twelve (12) 30-day months.

(3) The principal amount of the TIF Note and the interest thereon shall be payable solely from the Tax Increments.

(4) On each Note Payment Date and subject to the provisions of the TIF Note and Section 3.5, the City shall pay, against the principal and interest outstanding on the TIF Note, any Tax Increments received by the City during the preceding 6 months. All such payments shall be applied first to accrued interest and then to reduce the principal of the TIF Note.

(5) The TIF Note shall be a special and limited obligation of the City and not a general obligation of the City, and only Tax Increments shall be used to pay the principal and interest on the TIF Note. If, on any TIF Note Payment Date, the Tax Increments for the payment of the accrued and unpaid interest on the TIF Note are insufficient for such purposes, the difference shall be carried forward, without interest accruing thereon, and shall be paid if and to the extent

that on a future TIF Note Payment Date there are Tax Increments in excess of the amounts needed to pay the accrued interest then due on the TIF Note.

(6) The City's obligation to make payments on the TIF Note on any Note Payment Date or any date thereafter shall be conditioned upon the requirements that: (A) there shall not at that time be an Event of Default that has occurred and is continuing under this Agreement and (B) this Agreement shall not have been rescinded pursuant to Section 4.2.

(7) The TIF Note shall be governed by and payable pursuant to the additional terms thereof, as set forth in Exhibit B. In the event of any conflict between the terms of the TIF Note and the terms of this Section 3.2, the terms of the TIF Note shall govern. The issuance of the TIF Note pursuant and subject to the terms of this Agreement, and the taking by the City of such additional actions as bond counsel for the TIF Note may require in connection therewith, are hereby authorized and approved by the City.

Section 3.4. Business Subsidies Act.

(1) In order to satisfy the provisions of Minnesota Statutes, Sections 116J.993 to 116J.995 (the "Business Subsidies Act"), the Developer acknowledges and agrees that the amount of the "Business Subsidy" granted to the Developer under this Agreement is \$234,000 which is the Reimbursement Amount for the acquisition of the Development Property and the installation of the Site Improvements and that the Business Subsidy is needed because the Project is not sufficiently feasible for the Developer to undertake without the Business Subsidy. The Tax Increment District is an economic development district and the public purpose of the Business Subsidy is to encourage the construction of an industrial building facility in the City.

(2) The creation of jobs has been determined not to be a goal of the City for the Project pursuant to Minnesota Statutes, Sections 116J.993 to 116J.995 and the City has held a public hearing and set the wage and job goals at zero.

(3) The Developer shall provide the City with information about the Project as requested by the City so that the City can satisfy the reporting requirements of Minnesota Statutes, Section 116J.994, Subd. 8.

(4) The Developer agrees to continue operations within the City for at least five (5) years after the Benefit Date.

(5) There are no other state or local government agencies providing financial assistance for the Project other than the City.

(6) There is no parent corporation of the Developer.

(7) The Developer certifies that it does not appear on the Minnesota Department of Employment and Economic Development's list of recipients that have failed to meet the terms of a business subsidy agreement.

Section 3.5. Real Property Taxes. Prior to the Termination Date, the Developer shall pay all real property taxes payable with respect to all and any parts of the Development Property

acquired and owned by it until the Developer's obligations have been assumed by any other person pursuant to the provisions of this Agreement.

The Developer agrees that prior to the Termination Date:

(1) It will not seek administrative review or judicial review of the applicability of any tax statute relating to the ad valorem property taxation of real property contained on the Development Property determined by any tax official to be applicable to the Project or the Developer or raise the inapplicability of any such tax statute as a defense in any proceedings with respect to the Development Property, including delinquent tax proceedings; provided, however, "tax statute" does not include any local ordinance or resolution levying a tax;

(2) It will not seek administrative review or judicial review of the constitutionality of any tax statute relating to the taxation of real property contained on the Development Property determined by any tax official to be applicable to the Project or the Developer or raise the unconstitutionality of any such tax statute as a defense in any proceedings, including delinquent tax proceedings with respect to the Development Property; provided, however, "tax statute" does not include any local ordinance or resolution levying a tax;

(3) It will not seek any tax deferral or abatement, either presently or prospectively authorized under Minnesota Statutes, Section 469.1813, or any other State or federal law, of the ad valorem property taxation of the Development Property between the date of execution of this Agreement and the Termination Date.

(4) It will not seek a reduction in the Market Value (as defined in Minnesota Statutes, Section 273.02) for the tax collection years of 2024 through 2027. In the event that the Developer obtains a reduction in Market Value that results in the City having to make a payment to the County (the "County Payment") for the tax collection years of 2019 through 2024, the Developer agrees that:

(a) If the TIF Note remains outstanding, the next Tax Increments to be paid to the Developer shall be reduced by the County Payment, and

(b) If the TIF Note is no longer outstanding, Developer shall pay the amount of the County Payment to the City within thirty (30) days after written notice from the City as to the amount of the County Payment.

Section 3.6. Lease of Project.

(1) The Developer shall lease the Project to a tenant or tenants who shall operate the Project only for the following purposes:

(a) the manufacturing or production of tangible personal property, including processing resulting in the change in condition of the property;

(b) warehousing, storage, and distribution of tangible personal property, excluding retail sales;

- (c) research and development related to the activities listed in (a) or (b);
- (d) telemarketing if that activity is the exclusive use of the property;
- (e) space necessary for and related to the activities listed in (a) to (d).

(2) Upon execution of a lease of the Project the Developer shall submit to the City evidence that the operation of the Project conforms to (1) above.

ARTICLE IV

EVENTS OF DEFAULT

Section 4.1. Events of Default Defined. The following shall be "Events of Default" under this Agreement and the term "Event of Default" shall mean whenever it is used in this Agreement any one or more of the following events:

(1) Failure by the Developer to timely pay any ad valorem real property taxes, special assessments or other City charges with respect to the Development Property.

(2) Failure of the Developer to observe or perform any covenant, condition, obligation or agreement on its part to be observed or performed under this Agreement.

(3) The holder of any mortgage on the Development Property or any improvements thereon, or any portion thereof, commences foreclosure proceedings as a result of any default under the applicable mortgage documents.

(4) If the Developer shall:

(a) file any petition in bankruptcy or for any reorganization, arrangement, composition, readjustment, liquidation, dissolution, or similar relief under the United States Bankruptcy Act of 1978, as amended or under any similar federal or state law; or

(b) make an assignment for the benefit of its creditors; or

(c) admit in writing its inability to pay its debts generally as they become due;
or

(d) be adjudicated a bankrupt or insolvent; or if a petition or answer proposing the adjudication of the Developer as bankrupt or its reorganization under any present or future federal bankruptcy act or any similar federal or state law shall be filed in any court and such petition or answer shall not be discharged or denied within sixty (60) days after the filing thereof; or a receiver, liquidator or trustee of the Developer, or of the Project, or part thereof, shall be appointed in any proceeding brought against the Developer, and shall not be discharged within sixty (60) days after such appointment, or if the Developer, shall consent to or acquiesce in such appointment.

Section 4.2. Remedies on Default. Whenever any Event of Default referred to in Section 4.1 occurs and is continuing, the City, as specified below, may take any one or more of the following actions after the giving of thirty (30) days' written notice to the Developer, but only if the Event of Default has not been cured within said thirty (30) days:

(1) The City may suspend its performance under this Agreement and the TIF Note until it receives assurances from the Developer, deemed adequate by the City, that the Developer will cure its default and continue its performance under this Agreement.

(2) The City may cancel and rescind the Agreement and the TIF Note.

(3) The City may take any action, including legal or administrative action, in law or equity, which may appear necessary or desirable to enforce performance and observance of any obligation, agreement, or covenant of the Developer under this Agreement.

Section 4.3. No Remedy Exclusive. No remedy herein conferred upon or reserved to the City is intended to be exclusive of any other available remedy or remedies, but each and every such remedy shall be cumulative and shall be in addition to every other remedy given under this Agreement or now or hereafter existing at law or in equity or by statute. No delay or omission to exercise any right or power accruing upon any default shall impair any such right or power or shall be construed to be a waiver thereof, but any such right and power may be exercised from time to time and as often as may be deemed expedient.

Section 4.4. No Implied Waiver. In the event any agreement contained in this Agreement should be breached by any party and thereafter waived by any other party, such waiver shall be limited to the particular breach so waived and shall not be deemed to waive any other concurrent, previous or subsequent breach hereunder.

Section 4.5. Agreement to Pay Attorney's Fees and Expenses. Whenever any Event of Default occurs and the City shall employ attorneys or incur other expenses for the collection of payments due or to become due or for the enforcement or performance or observance of any obligation or agreement on the part of the Developer herein contained, the Developer agrees that it shall, on demand therefor, pay to the City the reasonable fees of such attorneys and such other expenses so incurred by the City.

Section 4.6. Indemnification of City.

(1) The Developer (a) releases the City and its governing body members, officers, agents, including the independent contractors, consultants and legal counsel, servants and employees (collectively, the "Indemnified Parties") from, (b) covenants and agrees that the Indemnified Parties shall not be liable for, and (c) agrees to indemnify and hold harmless the Indemnified Parties against, any claim, cause of action, suit or liability for loss or damage to property or any injury to or death of any person occurring at or about or resulting from any defect in the Project or on the Development Property.

(2) Except for any willful misrepresentation or any willful or wanton misconduct of the Indemnified Parties, the Developer agrees to protect and defend the Indemnified Parties, now and forever, and further agrees to hold the aforesaid harmless from any claim, demand, suit, action or other proceeding whatsoever by any person or entity whatsoever arising or purportedly arising from the actions or inactions of the Developer (or other persons acting on its behalf or under its direction or control) under this Agreement, or the transactions contemplated hereby or the acquisition, construction, installation, ownership, and operation of the Project; provided, that this indemnification shall not apply to the warranties made or obligations undertaken by the City in this Agreement or to any actions undertaken by the City which are not contemplated by this Agreement but shall, in any event and without regard to any fault on the part of the City, apply to any pecuniary loss or penalty (including interest thereon from the date the loss is incurred or penalty is paid by the City at a rate equal to the Prime Rate) as a result of the Developer operating the Project so that the Tax Increment District does not qualify or ceases to qualify as an "economic

development district" under Section 469.174, Subdivision 12, of the Act and Section 469.176, Subdivision 4c. or to violate limitations as to the use of Tax Increments as set forth in Section 469.176, Subdivision 4c.

(3) All covenants, stipulations, promises, agreements and obligations of the City contained herein shall be deemed to be the covenants, stipulations, promises, agreements and obligations of the City and not of any governing body member, officer, agent, servant or employee of the City.

ARTICLE V

DEVELOPER'S OPTION TO TERMINATE AGREEMENT

Section 5.1. The Developer's Option to Terminate. This Agreement may be terminated by the Developer, if (i) the Developer is in compliance with all material terms of this Agreement and no Event of Default has occurred; and (ii) the City fails to comply with any material term of this Agreement, and, after written notice by the Developer of such failure, the City has failed to cure such noncompliance within ninety (90) days of receipt of such notice, or, if such noncompliance cannot reasonably be cured by the City within ninety (90) days, of receipt of such notice, the City has not provided assurances, reasonably satisfactory to the Developer, that such noncompliance will be cured as soon as reasonably possible.

Section 5.2. Action to Terminate. Termination of this Agreement pursuant to Section 5.1 must be accomplished by written notification by the Developer to the City within sixty (60) days after the date when such option to terminate may first be exercised. A failure by the Developer to terminate this Agreement within such period constitutes a waiver by the Developer of its rights to terminate this Agreement due to such occurrence or event.

Section 5.3. Effect of Termination. If this Agreement is terminated pursuant to this Article V, this Agreement shall be from such date forward null and void and of no further effect; provided, however, the termination of this Agreement shall not affect the rights of either party to institute any action, claim or demand for damages suffered as a result of breach or default of the terms of this Agreement by the other party, or to recover amounts which had accrued and become due and payable as of the date of such termination. Upon termination of this Agreement pursuant to this Article V, the Developer shall be free to proceed with the Project at its own expense and without regard to the provisions of this Agreement; provided, however, that the City shall have no further obligations to the Developer with respect to reimbursement of the expenses set forth in Section 3.2.

ARTICLE VI

ADDITIONAL PROVISIONS

Section 6.1. Restrictions on Use. Until termination of this Agreement, the Developer agrees for itself, its successors and assigns and every successor in interest to the Development Property, or any part thereof, that the Developer and such successors and assigns shall operate, or cause to be operated, the Project as a facility authorized under Minnesota Statutes, Section 469.176, Subd. 4c and shall devote the Development Property to, and in accordance with, the uses specified in this Agreement.

Section 6.2. Conflicts of Interest. No member of the governing body or other official of the City shall have any financial interest, direct or indirect, in this Agreement, the Development Property or the Project, or any contract, agreement or other transaction contemplated to occur or be undertaken thereunder or with respect thereto, nor shall any such member of the governing body or other official participate in any decision relating to the Agreement which affects his or her personal interests or the interests of any corporation, partnership or association in which he or she is directly or indirectly interested. No member, official or employee of the City shall be personally liable to the City in the event of any default or breach by the Developer or successor or on any obligations under the terms of this Agreement.

Section 6.3. Titles of Articles and Sections. Any titles of the several parts, articles and sections of the Agreement are inserted for convenience of reference only and shall be disregarded in construing or interpreting any of its provisions.

Section 6.4. Notices and Demands. Except as otherwise expressly provided in this Agreement, a notice, demand or other communication under this Agreement by any party to any other shall be sufficiently given or delivered if it is dispatched by registered or certified mail, postage prepaid, return receipt requested, or delivered personally, and

- (1) in the case of the Developer is addressed to or delivered personally to:

PSD, LLC
Attention: _____
7533 Sunwood Drive, Suite 220
Ramsay, MN 55303

with a copy to:

- (2) in the case of the City is addressed to or delivered personally to the City at:

City of Ramsey, Minnesota
Attention: City Administrator
Ramsey City Hall
7550 Sunwood Drive NW
Ramsey, MN 55303

with a copy to:

Briggs and Morgan, P.A.
Attention: Mary Ippel
2200 IDS Center
80 South 8th Street
Minneapolis, MN 55402

or at such other address with respect to any such party as that party may, from time to time, designate in writing and forward to the other, as provided in this Section.

Section 6.5. Counterparts. This Agreement may be executed in any number of counterparts, each of which shall constitute one and the same instrument.

Section 6.6. Law Governing. This Agreement will be governed and construed in accordance with the laws of the State.

Section 6.7. Expiration. This Agreement shall expire on the earlier of (i) February 1, 2028, (ii) the date the TIF Note is paid in full or (iii) the date this Agreement is terminated or rescinded in accordance with its terms.

Section 6.8. Provisions Surviving Rescission or Expiration. Sections 4.5 and 4.6 shall survive any rescission, termination or expiration of this Agreement with respect to or arising out of any event, occurrence or circumstance existing prior to the date thereof.

Section 6.9. Assignability of Agreement. This Agreement may be assigned only with the consent of the City. The TIF Note may only be assigned pursuant to the terms of the TIF Note.

IN WITNESS WHEREOF, the City has caused this Agreement to be duly executed in its name and on its behalf and the Developer has caused this Agreement to be duly executed in its name and on its behalf, on or as of the date first above written.

CITY OF RAMSEY, MINNESOTA

By _____
Its Mayor

By _____
Its City Administrator

This is a signature page to the Tax Increment Financing Agreement by and between the City of Ramsey, Minnesota and PSD, LLC.

PSD, LLC

By _____
Its _____

This is a signature page to the Tax Increment Financing Agreement by and between the City of Ramsey, Minnesota and PSD, LLC.

EXHIBIT A

Description of Development Property

Property located in the City of Ramsey, Anoka County, Minnesota with the following legal description:

EXHIBIT B

Form of TIF Note

No. R-1

\$ _____

UNITED STATES OF AMERICA
STATE OF MINNESOTA
COUNTY OF ANOKA
CITY OF RAMSEY

TAX INCREMENT REVENUE NOTE
(PSD, LLC PROJECT)

The City of Ramsey, Minnesota (the "City"), hereby acknowledges itself to be indebted and, for value received, hereby promises to pay the amounts hereinafter described (the "Payment Amounts") to PSD, LLC (the "Developer") or its registered assigns (the "Registered Owner"), but only in the manner, at the times, from the sources of revenue, and to the extent hereinafter provided.

The principal amount of this Note shall equal from time to time the principal amount stated above, as reduced to the extent that such principal installments shall have been paid in whole or in part pursuant to the terms hereof; provided that the sum of the principal amount listed above shall in no event exceed \$234,000 as provided in that certain Tax Increment Financing Agreement, dated as of July 1, 2017, as the same may be amended from time to time (the "TIF Agreement"), by and between the City and the Developer. The unpaid principal amount hereof shall bear interest from the date of this Note at the simple non-compounded rate of four and three quarters percent (4.75%) per annum. Interest shall be computed on the basis of a 360 day year consisting of twelve (12) 30-day months.

The amounts due under this Note shall be payable on August 1, 2019, and on each February 1 and August 1 thereafter to and including February 1, 2028, or, if the first should not be a Business Day (as defined in the TIF Agreement), the next succeeding Business Day (the "Payment Dates"). On each Payment Date, subject to the provisions of Section 3.5 the City shall pay by check or draft mailed to the person that was the Registered Owner of this Note at the close of the last business day of the City preceding such Payment Date an amount equal to the sum of the Tax Increments (hereinafter defined) received by the City during the six month period preceding such Payment Date. All payments made by the City under this Note shall first be applied to accrued interest and then to principal.

The Payment Amounts due hereon shall be payable solely from 90% of tax increments (the "Tax Increments") from the Development Property (as defined in the TIF Agreement) within the City's Tax Increment Financing District No. 16 (PSD Business Park A) (the "Tax Increment District") within its Development District No. 1 which are paid to the City and which the City is entitled to retain pursuant to the provisions of Minnesota Statutes, Sections 469.174 through 469.1794, as the same may be amended or supplemented from time to time (the "Tax Increment Act"). This Note shall terminate and be of no further force and effect following the last Payment

Date defined above, on any date upon which the City shall have terminated the TIF Agreement under Section 4.2(2) thereof or the Developer shall have terminated the TIF Agreement under Article V thereof, on the date the Tax Increment District is terminated, or on the date that all principal payable hereunder shall have been paid in full, whichever occurs earliest.

The City makes no representation or covenant, express or implied, that the Tax Increments will be sufficient to pay, in whole or in part, the amounts which are or may become due and payable hereunder.

The City's payment obligations hereunder shall be further conditioned on the fact that no Event of Default under the TIF Agreement shall have occurred and be continuing at the time payment is otherwise due hereunder, but such unpaid amounts shall become payable if said Event of Default shall thereafter have been cured; and, further, if pursuant to the occurrence of an Event of Default under the TIF Agreement the City elects to cancel and rescind the TIF Agreement, the City shall have no further debt or obligation under this Note whatsoever. Reference is hereby made to all of the provisions of the TIF Agreement, including without limitation Section 3.2 thereof, for a fuller statement of the rights and obligations of the City to pay the principal of this Note, and said provisions are hereby incorporated into this Note as though set out in full herein.

This Note is a special, limited revenue obligation and not a general obligation of the City and is payable by the City only from the sources and subject to the qualifications stated or referenced herein. This Note is not a general obligation of the City and neither the full faith and credit nor the taxing powers of the City are pledged to the payment of the principal of this Note and no property or other asset of the City, save and except the above-referenced Tax Increments, is or shall be a source of payment of the City's obligations hereunder.

This Note is issued by the City in aid of financing a project pursuant to and in full conformity with the Constitution and laws of the State of Minnesota, including the Tax Increment Act.

This Note may be assigned only with the consent of the City which consent shall not be unreasonably withheld. In order to assign the Note, the assignee shall surrender the same to the City either in exchange for a new fully registered note or for transfer of this Note on the registration records for the Note maintained by the City. Each permitted assignee shall take this Note subject to the foregoing conditions and subject to all provisions stated or referenced herein.

IT IS HEREBY CERTIFIED AND RECITED that all acts, conditions, and things required by the Constitution and laws of the State of Minnesota to be done, to have happened, and to be performed precedent to and in the issuance of this Note have been done, have happened, and have been performed in regular and due form, time, and manner as required by law; and that this Note, together with all other indebtedness of the City outstanding on the date hereof and on the date of its actual issuance and delivery, does not cause the indebtedness of the City to exceed any constitutional or statutory limitation thereon.

IN WITNESS WHEREOF, City of Ramsey, Minnesota, by its City Council, has caused this Note to be executed by the manual signatures of its Mayor and City Administrator and has caused this Note to be dated as of _____, 20____.

City Administrator

Mayor

DO NOT EXECUTE UNTIL PAID INVOICES FOR LAND ACQUISITION AND SITE IMPROVEMENTS ARE GIVEN TO THE CITY - REFER TO SECTION 3.3(1).

CERTIFICATION OF REGISTRATION

It is hereby certified that the foregoing Note was registered in the name of PSD, LLC, and that, at the request of the Registered Owner of this Note, the undersigned has this day registered the Note in the name of such Registered Owner, as indicated in the registration blank below, on the books kept by the undersigned for such purposes.

**NAME AND ADDRESS OF
REGISTERED OWNER**

**DATE OF
REGISTRATION**

**SIGNATURE OF
CITY ADMINISTRATOR**

PSD, LLC
7533 Sunwood Drive, Suite 220
Ramsey, MN 55303

EXHIBIT C

Site Improvements

Landscaping, including irrigation

Foundations and Footings

Grading/earthwork

Engineering

Survey

Environmental Testing

Soil Borings

Site Preparation

Onsite Utilities

Storm Water/Ponding

Outdoor Lighting

Onsite Road, Curb, Gutter, Driveway, Sidewalk and Streetscape Improvements

Parking

PSD LLC

Business Park Proposal

Background, Maps, and Renderings



Armstrong

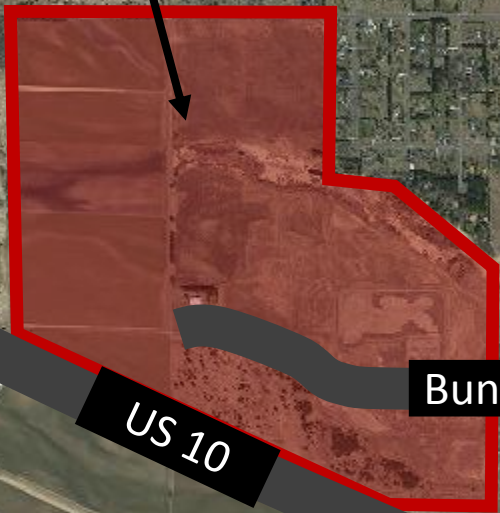
Bunker

US 10

THE
CORNER

Developable Area

- About 275 Acres Greenfield
- Hageman Holdings/ Pearson Properties



Armstrong

Bunker

US 10

THE CORNER

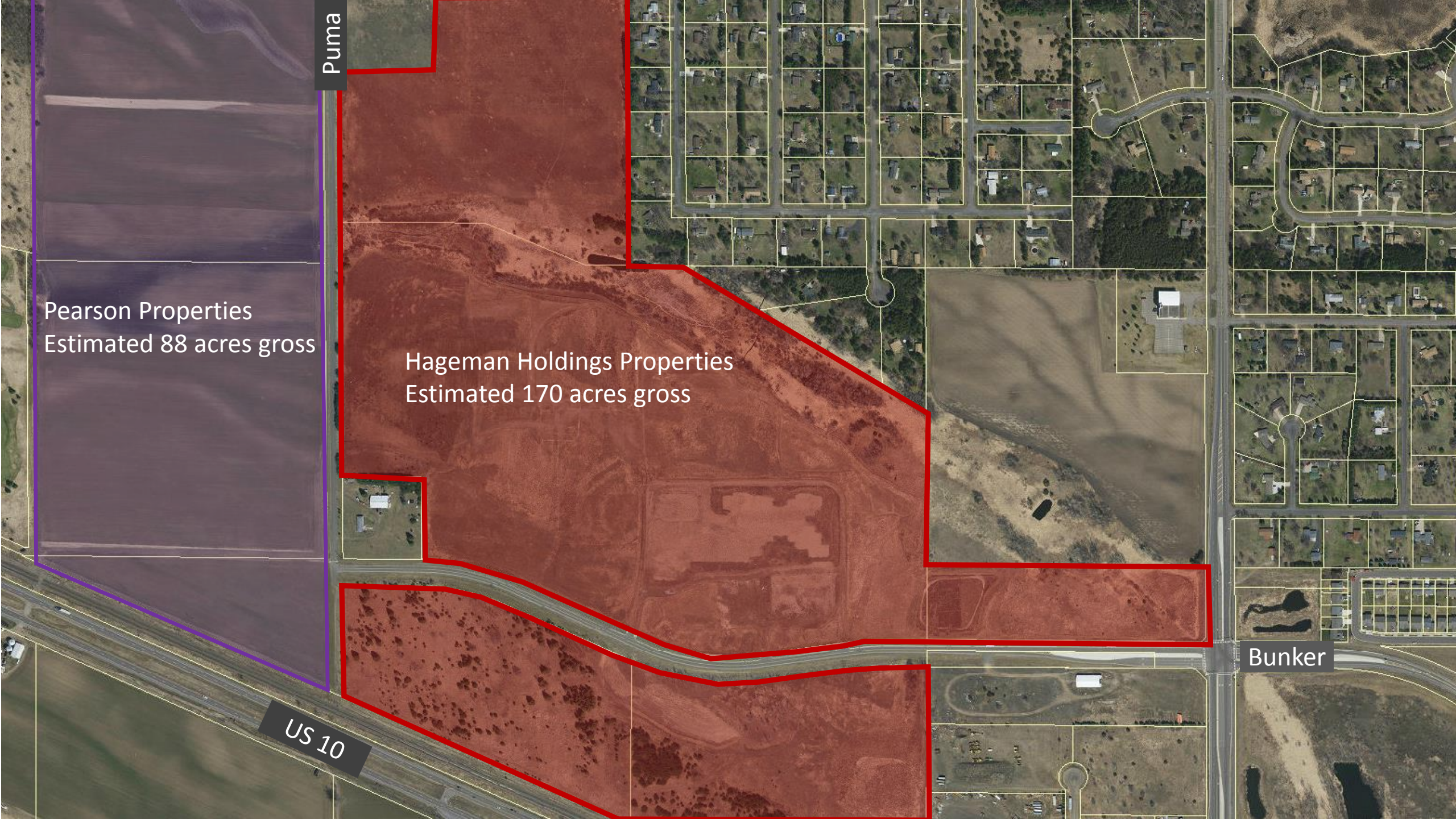
Puma

Pearson Properties
Estimated 88 acres gross

Hageman Holdings Properties
Estimated 170 acres gross

US 10

Bunker



Puma

PROPOSED BUSINESS PARK

- 133 Acres Gross (estimated)
- 107 Acres Less NWI (estimated)

US 10

Bunker



Puma

CAPSTONE HOMES

- Late 2016 proposal
- Preliminary Plat July 2017
- 298 units, medium density, single family, residential development.

US 10

Bunker

Capstone

Bunker

US 10

PSD LLC Proposal

- Purchase 45 acres of the business park
- Everything south of Bunker
- 7 buildings shown in master plan



BUNKER LAKE INDUSTRIAL PARK SKETCH PLAN

PUMA ST NW

Building #1

- 60,000 square feet
- Speculative industrial, multi-tenant
- 24' clear tilt up concrete
- Glass accents along Hwy 10

Building #2

- 56,000 square feet
- Adrenaline Sports Center
- 24' clear tilt up concrete
- Glass accents along Hwy 10

OUTLOT C
25.66 AC

OUTLOT B
5.69 AC

OUTLOT A
3.18 AC

LOT 1
4.41 AC

LOT 2
4.64 AC

60,000 S.F.

56,000 S.F.

ANOKA ELECTRIC EASEMENT

BUNKER LAKE BLVD

HIGHWAY 10 NW

60'

60'

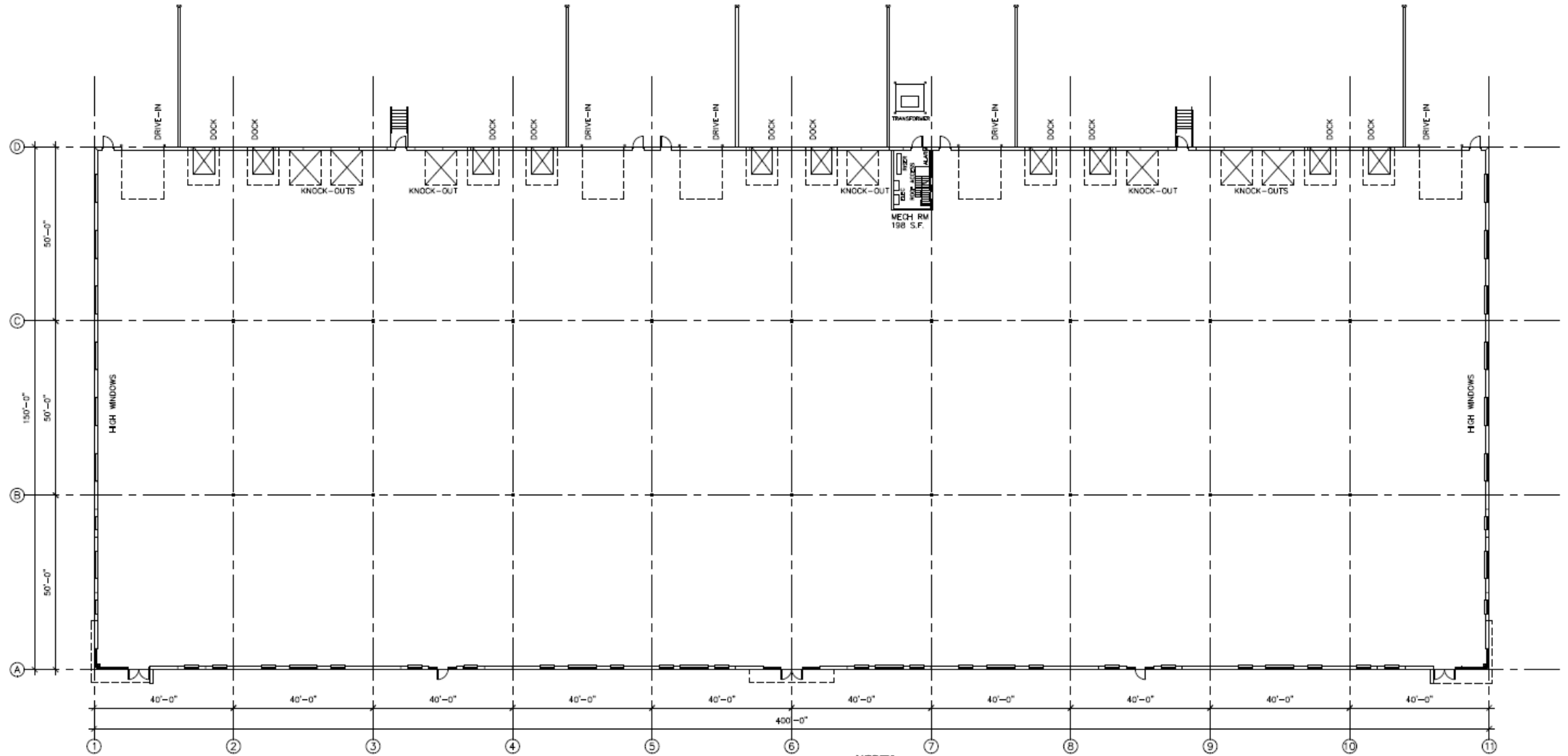
PROPOSED
CITY ROW



Example Renderings and Building Layout (draft)

Building A

Building A

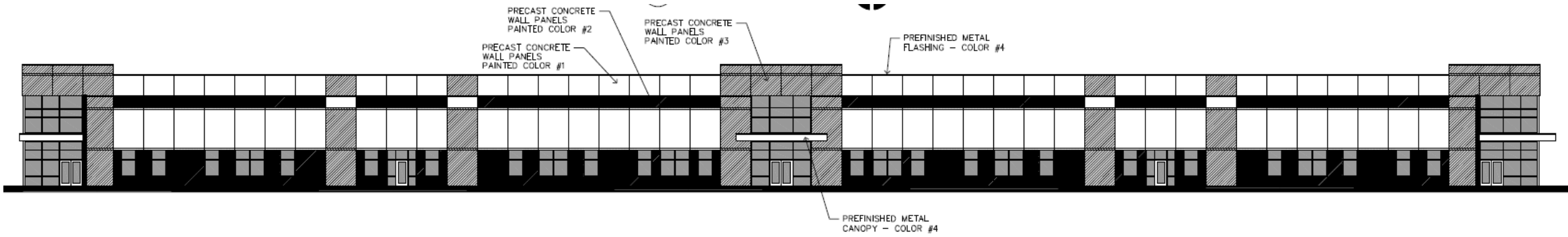


1 FLOOR PLAN
A2 SCALE: 1/16" = 1'-0"

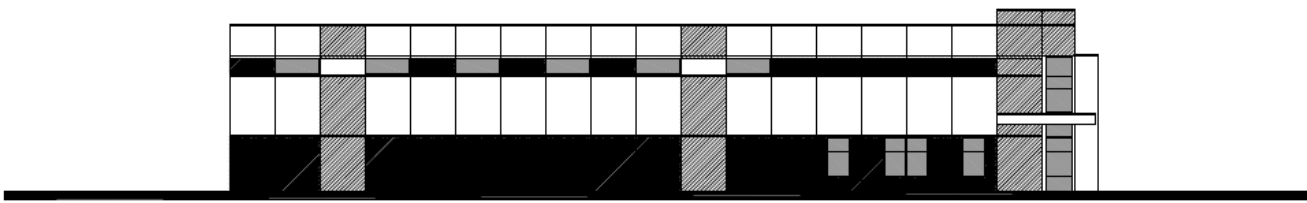


PRECAST CONCRETE

Building A



2 SOUTH ELEVATION
A2 SCALE: 1/16" = 1'-0"

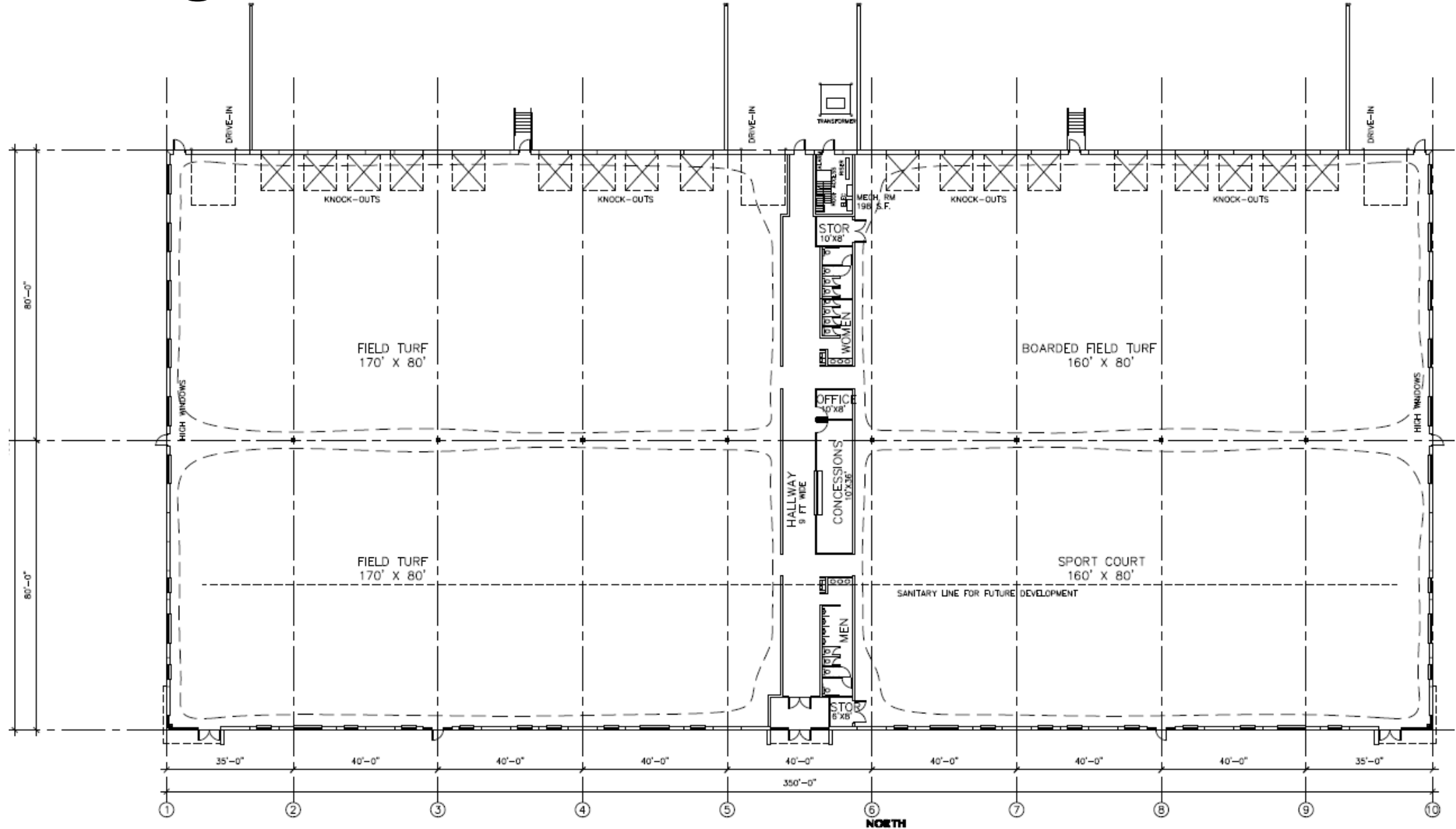


3 WEST ELEVATION
A2 SCALE: 1/16" = 1'-0"

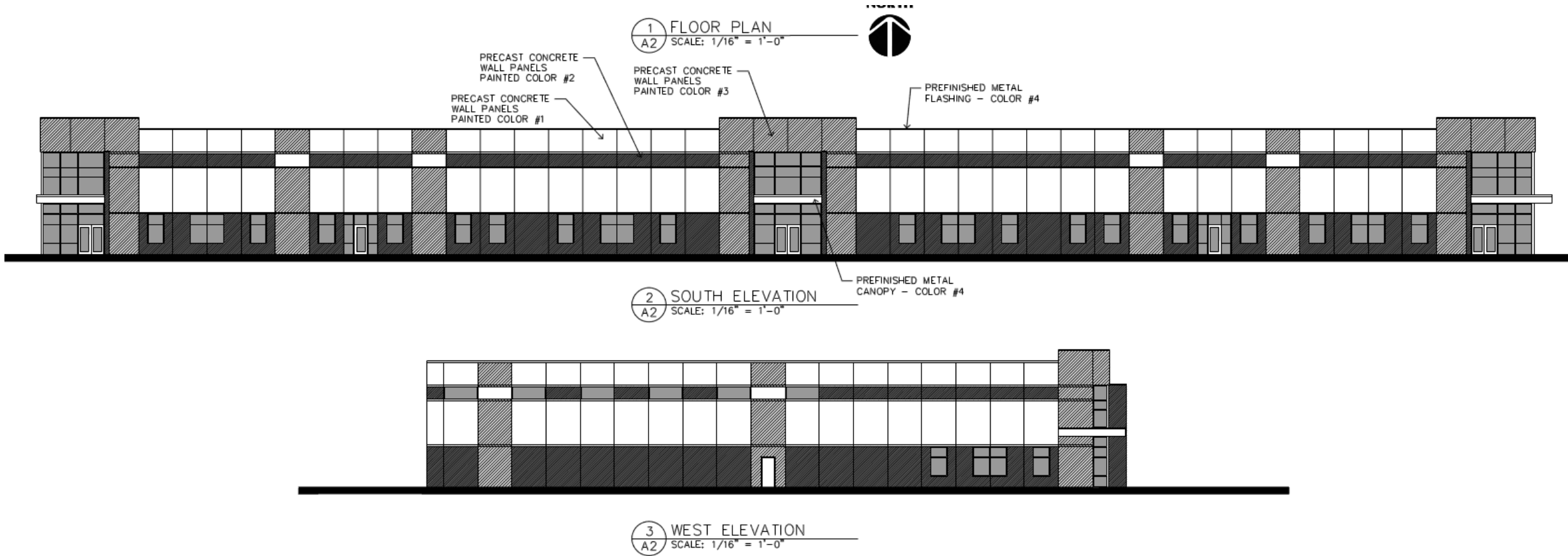
Example Renderings and Building Layout (draft)

Building B

Building B



Building B



PSD LLC

Business Park Proposal Requests for City Assistance



Armstrong

Bunker

US 10

THE
CORNER

PSD Projects Summary

(Project A) Mass Site Preparation Improvements

Details: \$3.45M acquisition, \$90K move berm, \$100K mass grading, \$200K regional pond, \$50K grubbing and debris clean up, \$250K internal public road phase 1, \$250K internal public road phase 2, \$100K signage.

Sub Total: \$4.49M

(Project B) Industrial Building #1, 60K SF, Speculative

Sub Total \$5.4M (cost includes site work, building construction, and all soft costs)

(Project C) Industrial Building #2, 56K SF, Adrenaline Sports Center

Sub Total \$5.0M (cost includes site work, building construction, and all soft costs)

City Assistance Requests

Details

City Assistance Request: A

(A) Mass Site Preparation Improvements, Sub Total: \$4.49M

Assistance Request: City pay for 1st phase of public roadway

Assistance Amount: 250K (5.5%)

Funding Source: EDA Fund, ACHRA Fund, and/or TIF #1

(B) Industrial Building #1, 60K SF, Speculative, Sub Total: \$5.4M

Assistance Request: City provide 9-year ED TIF District

Assistance Amount: 234K PV (4.3%)

Funding Source: new ED TIF District #16, pay-go only, PSD paid \$10K fee

(C) Industrial Building #2, 56K SF, Adrenaline Sports Center, Sub Total: \$5.0M

Assistance Request: City provide 200K-250K incentive

Assistance Amount: 200K-250K (4.0%-5.0%)

Funding Source: EDA Fund, ACHRA Fund, and/or TIF #1

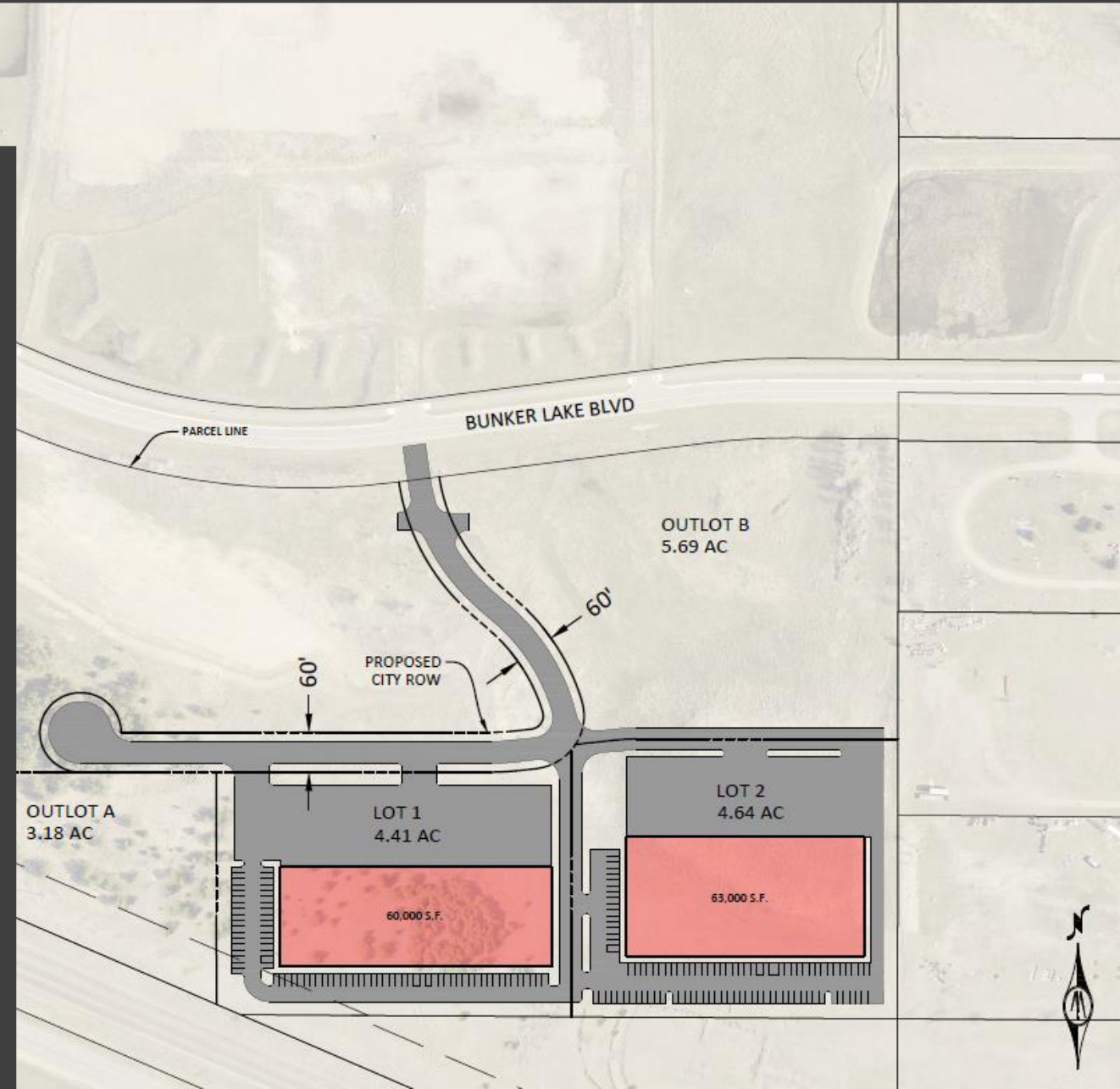
Request A: Mass Site Prep

Project Specifications

PSD will be completing the following mass site work immediately, to prep the business park for both immediate and future development projects. Having a ready-to-go business park is essential to their business model.

- \$3.45M acquisition
- \$90K move berm
- \$100K mass grading
- \$200K regional pond
- \$50K grubbing and debris clean up
- \$500K internal public road
- \$100K signage

\$4.49M



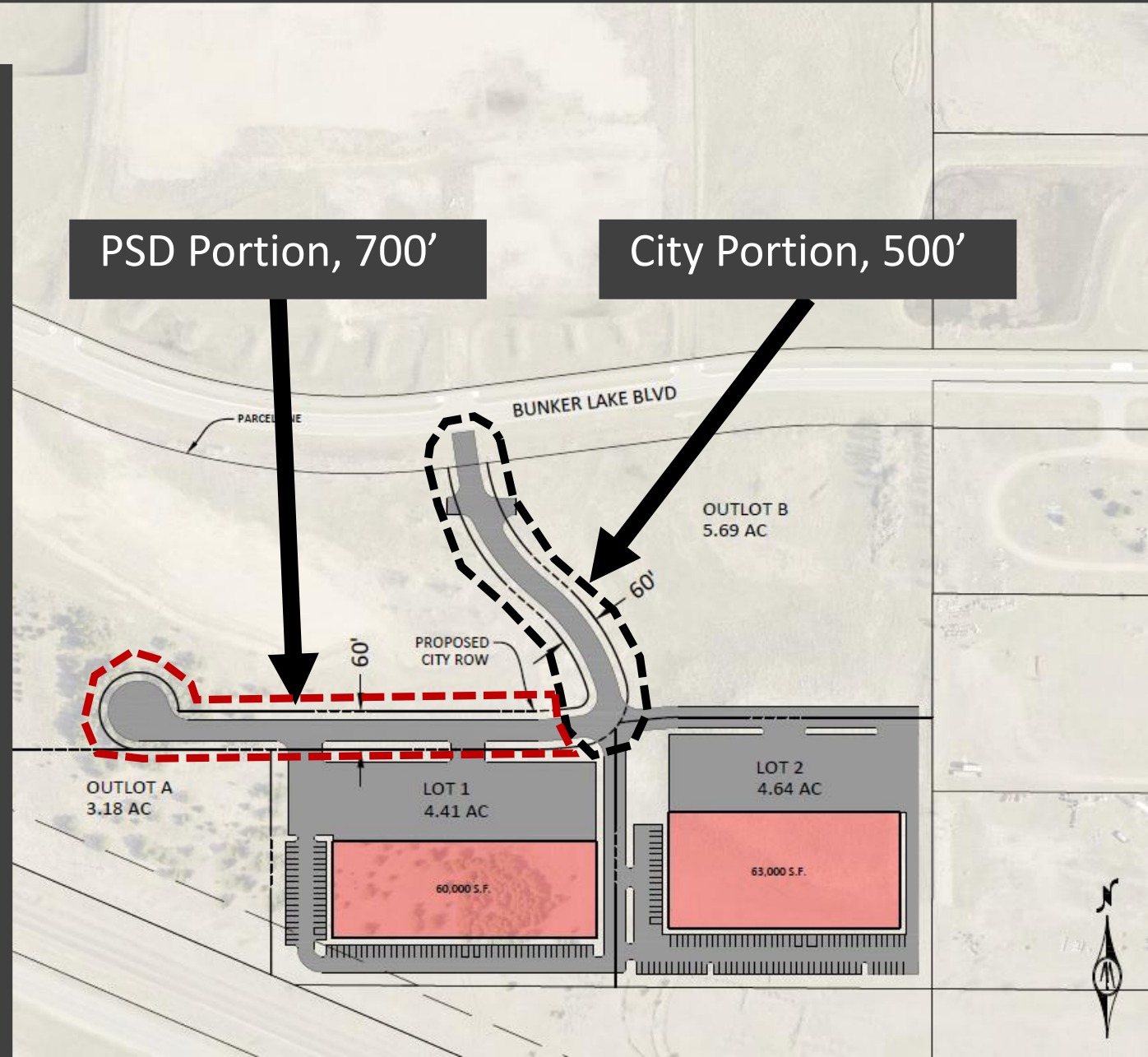
Request A: Mass Site Prep

Request A Staff Notes:

- Proposed public roadway will be about 1,200'. The entire 1,200' roadway will be constructed by PSD immediately.
- PSD is requesting reimbursement from the City for 500' of the internal public roadway (or about 42% of the total lineal feet).

In summary, in the past, the City typically has paid for all (100%) or a portion (60%) of public infrastructure located within industrial parks/commercial areas.

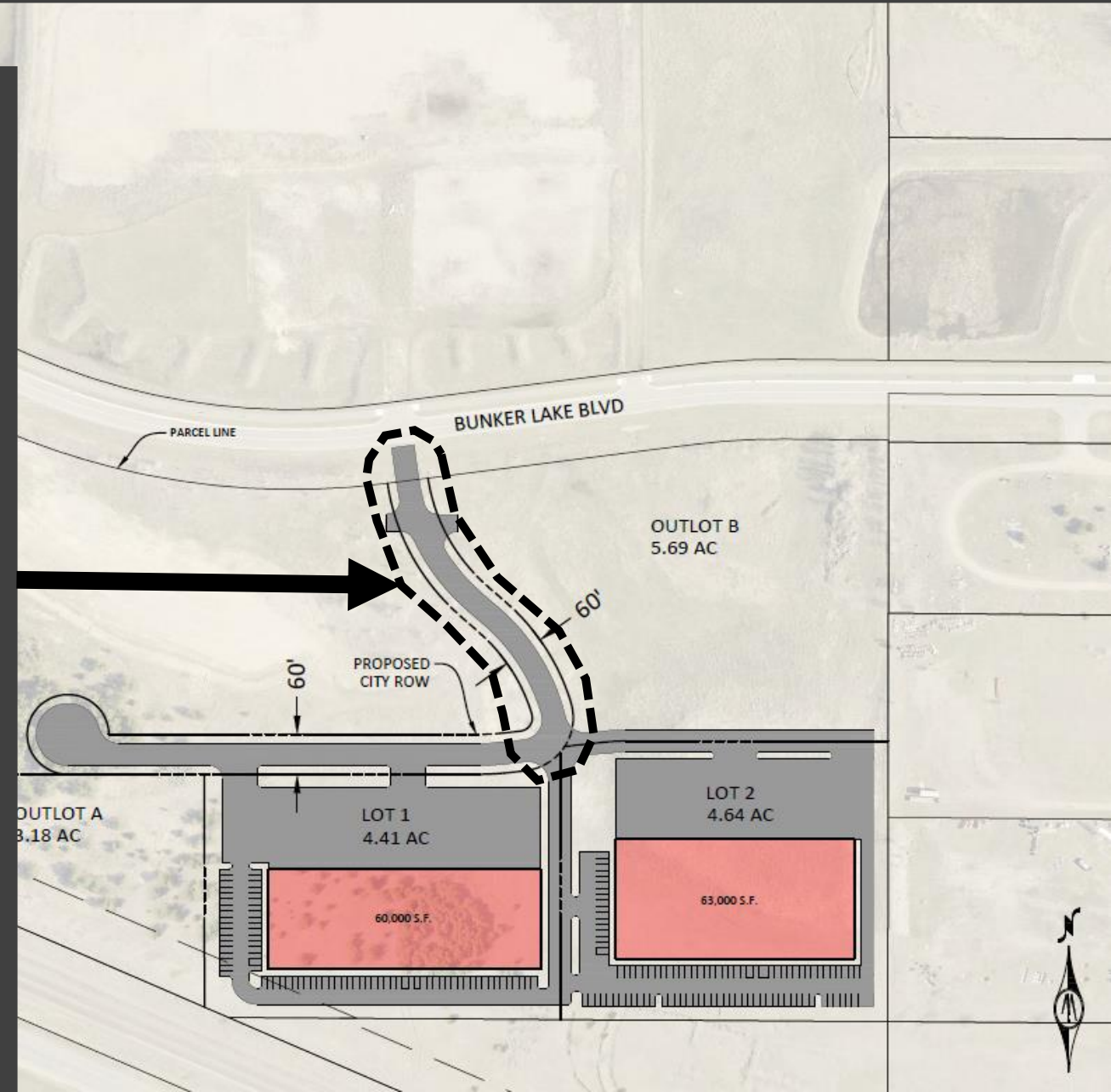
Both staff and Ehlers do not believe this request should be processed as a formal business subsidy request. This request should be considered a stand alone infrastructure negotiation process.



Request A: Mass Site Prep

Request A Specifications:

- City to reimburse PSD for phase 1 of the public roadway upon completion (250K request).
- PSD would design/ construct/ administer/ and upfront fund project.
- PSD would make this an attractive corporate style entrance, divided road, with median, tree plantings, and monument signs.
- PSD is open to discussing maintaining the road.
- City would fund via EDA Fund, ACHRA, or TIF #1. Agreement carried out via MOU. No formal business subsidy needed. This is a negotiable item for funding (i.e. public roadways).



City Assistance Requests: B

(A) Mass Site Preparation Improvements, Sub Total: \$4.49M

Assistance Request: City pay for 1st phase of public roadway

Assistance Amount: 250K (5.5%)

Funding Source: EDA Fund, ACHRA Fund, and/or TIF #1

(B) Industrial Building #1, 60K SF, Speculative, Sub Total: \$5.4M

Assistance Request: City provide 9-year ED TIF District

Assistance Amount: 234K PV (4.3%)

Funding Source: new ED TIF District #16, pay-go only, PSD paid \$10K fee

(C) Industrial Building #2, 56K SF, Adrenaline Sports Center, Sub Total: \$5.0M

Assistance Request: City provide 200K-250K incentive

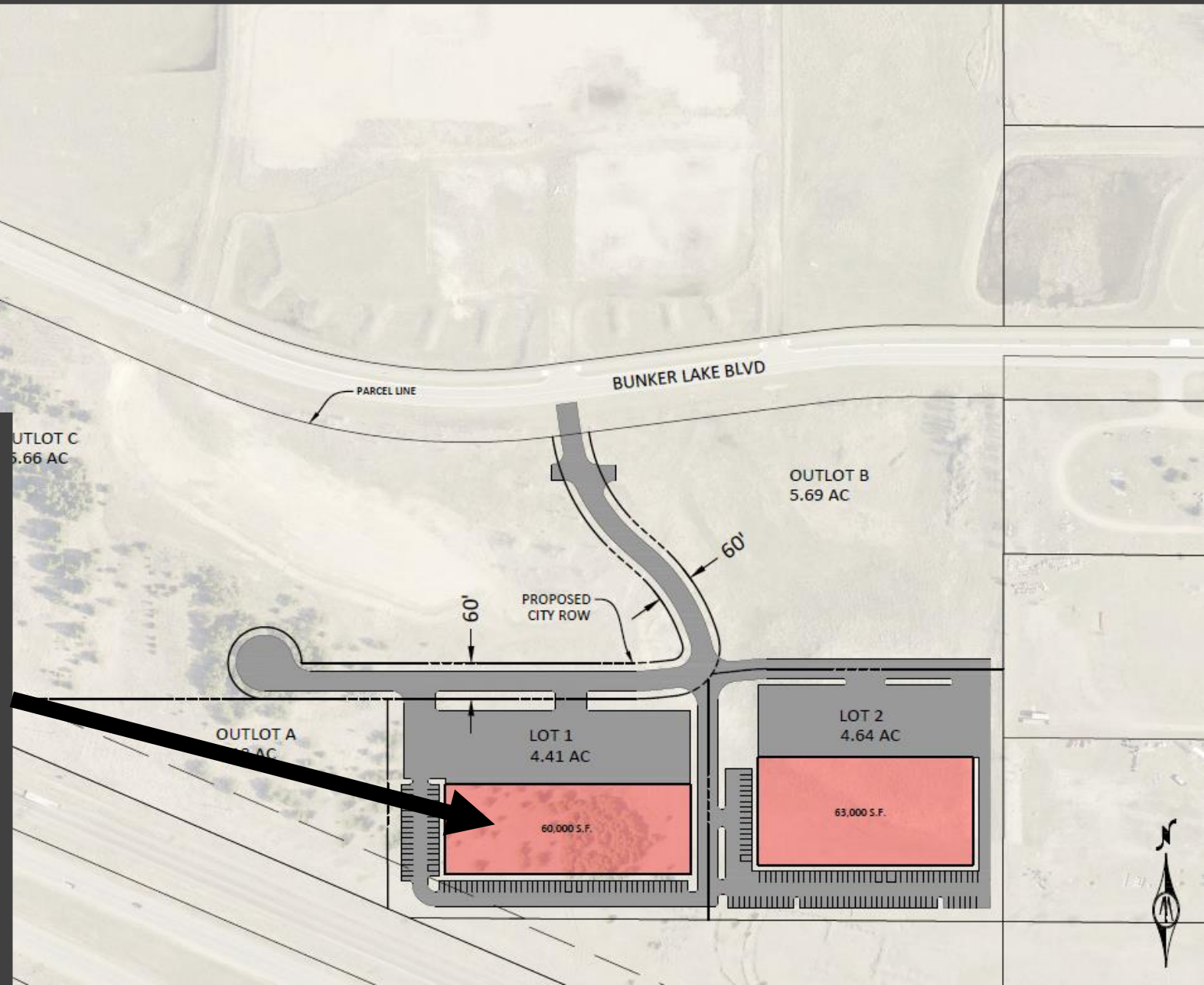
Assistance Amount: 200K-250K (4.0%-5.0%)

Funding Source: EDA Fund, ACHRA Fund, and/or TIF #1

Request B: Building 1

Building #1 Specifications

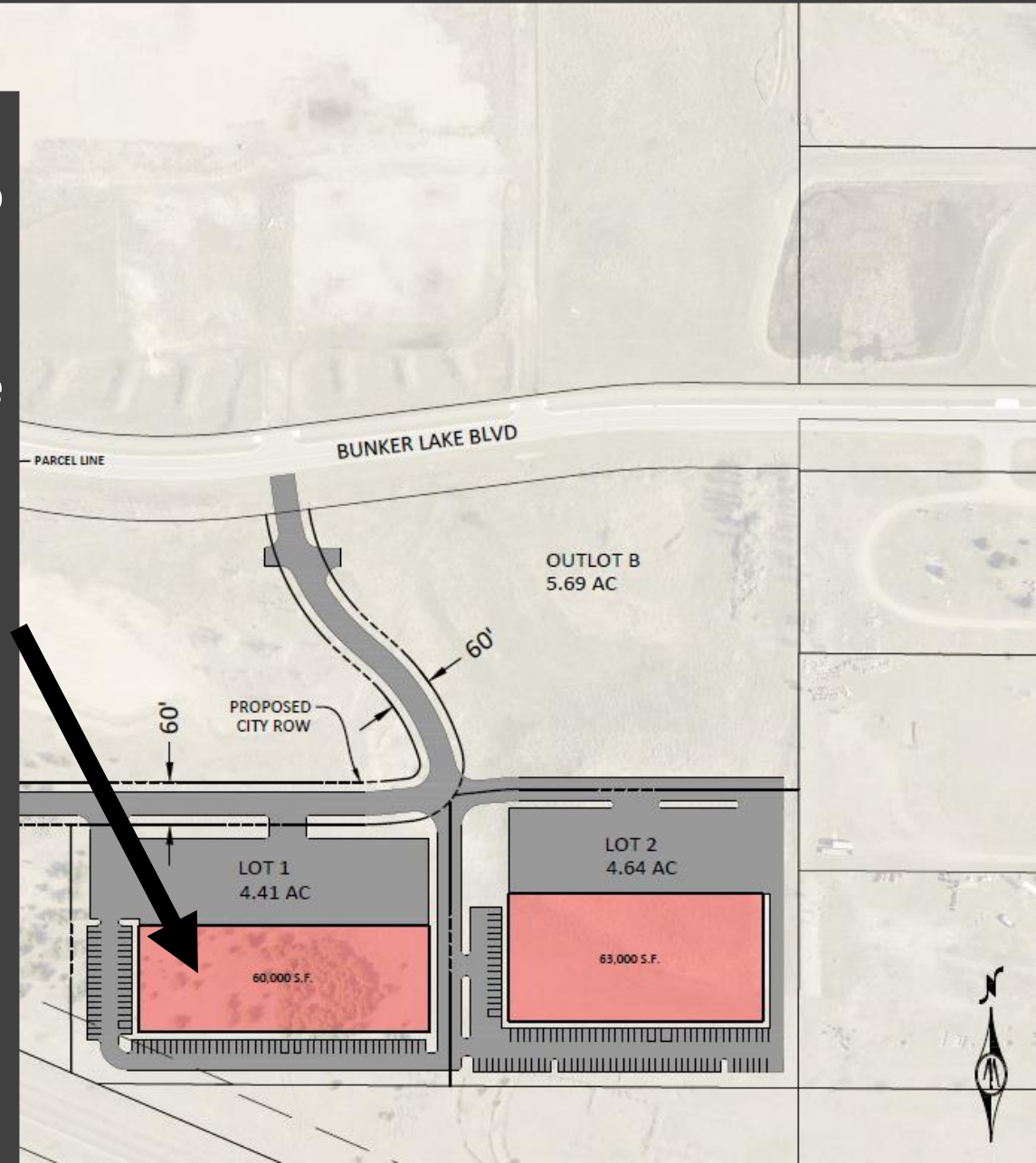
- 100% speculative industrial building
- Multi-tenant
- 60,000 square feet total size
- 10,000 square foot bays
- 24' clear, tilt-up concrete
- Glass accented
- Built-in below and at-grade mechanical doors
- About 115K per yr total prop taxes



Request B: Building 1

Request B Specifications:

- City to establish TIF district #16 and provide PSD pay-go TIF, over 9 years (234K request).
- TIF would be used by PSD for reimbursement of eligible TIF costs (site work, parking, storm water, etc.).
- PSD paid \$10K to apply for, and to set up, a new TIF district. Ehlers has completed underwriting, and has made a recommendation.
- Existing tax base remains in place (frozen). New tax base created by PSD (TIF) is repaid back to PSD for 9 years. NOTE: Fiscal Disparities is not included in TIF payments back to PSD, which means PSD will be contributing new dollars, which benefits the city.



City Assistance Request: C

(A) Mass Site Preparation Improvements, Sub Total: \$4.49M

Assistance Request: City pay for 1st phase of public roadway

Assistance Amount: 250K (5.5%)

Funding Source: EDA Fund, ACHRA Fund, and/or TIF #1

(B) Industrial Building #1, 60K SF, Speculative, Sub Total: \$5.4M

Assistance Request: City provide 9-year ED TIF District

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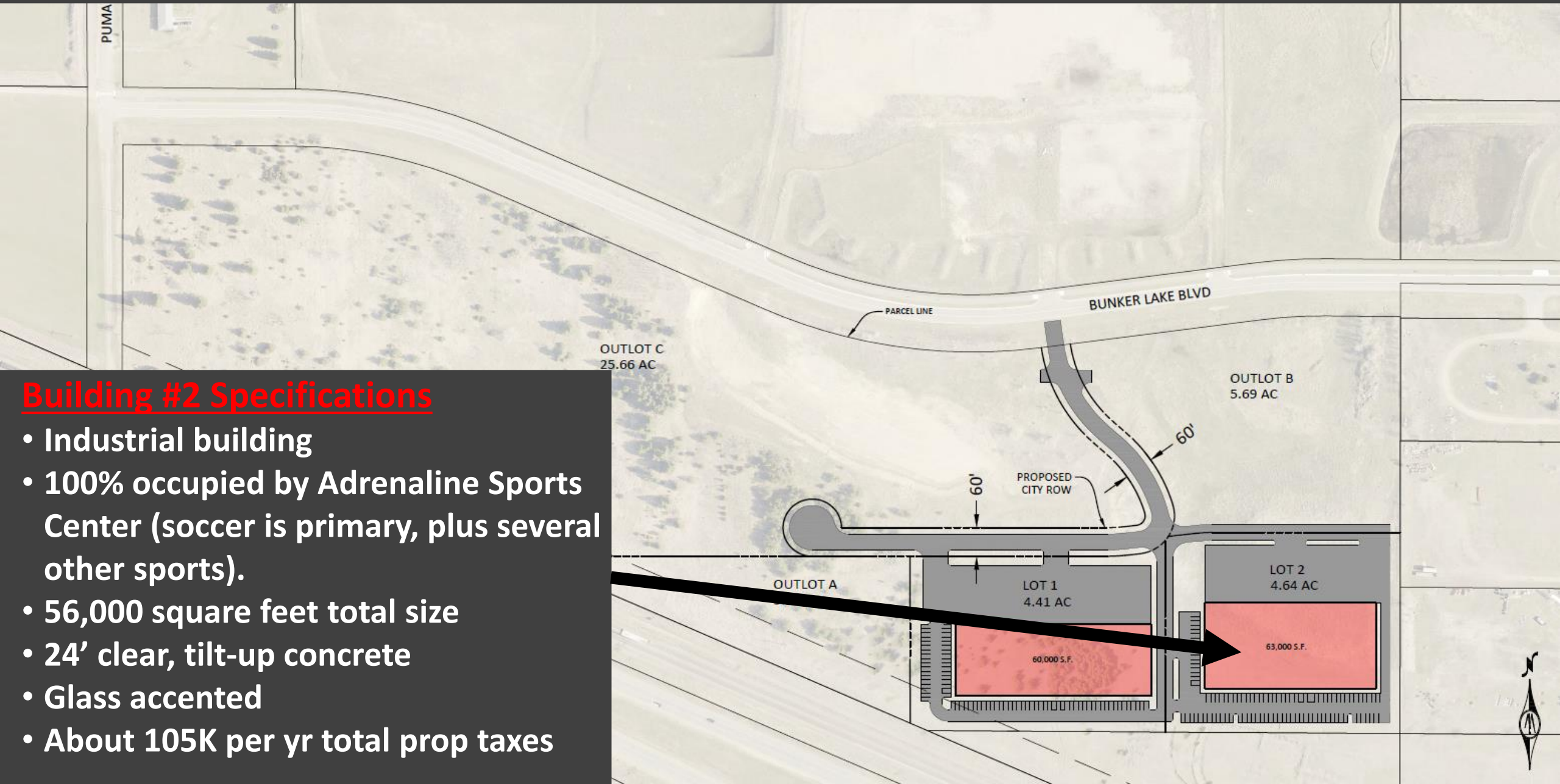
(C) Industrial Building #2, 56K SF, Adrenaline Sports Center, Sub Total: \$5.0M

Assistance Request: City provide 200K-250K incentive

Assistance Amount: 200K-250K (4.0%-5.0%)

Funding Source: EDA Fund, ACHRA Fund, and/or TIF #1

Request C: Building 2



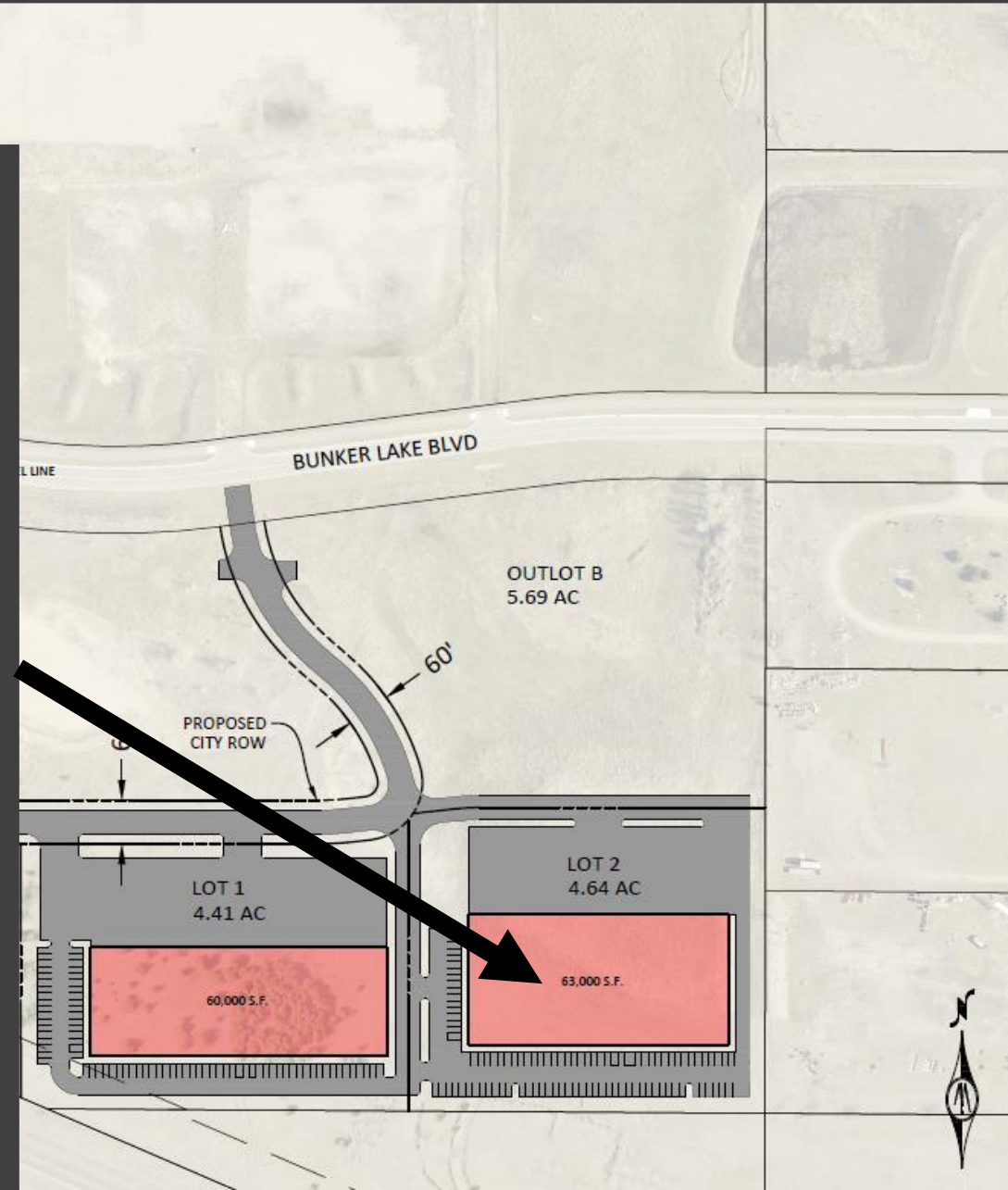
Building #2 Specifications

- Industrial building
- 100% occupied by Adrenaline Sports Center (soccer is primary, plus several other sports).
- 56,000 square feet total size
- 24' clear, tilt-up concrete
- Glass accented
- About 105K per yr total prop taxes

Request C: Building 2

Request C Specifications:

- City to provide PSD one-time incentive payment (200K-250K request).
- Payment would be used by PSD for reimbursement of eligible costs (site work, parking, storm water, etc.).
- PSD paid \$7.5K to apply for this assistance. City needs to decide on accepting PSD application, process in July.
- Because this is not a TIF request, 100% of the new and existing tax base will immediately benefit the City.
- Funding source will be the EDA Fund, ACHRA Fund, or TIF #1. Staff will narrow this down, if project moves forward.



City Assistance Requests: ALL

(A) Mass Site Preparation Improvements, Sub Total: \$4.49M

Assistance Request: City pay for 1st phase of public roadway

Assistance Amount: 250K (5.5%)

Funding Source: EDA Fund, ACHRA Fund, and/or TIF #1

(B) Industrial Building #1, 60K SF, Speculative, Sub Total: \$5.4M

Assistance Request: City provide 9-year ED TIF District

Assistance Amount: 234K PV (4.3%)

Funding Source: new ED TIF District #16, pay-go only, PSD paid \$10K fee

(C) Industrial Building #2, 56K SF, Adrenaline Sports Center, Sub Total: \$5.0M

Assistance Request: City provide 200K-250K incentive

Assistance Amount: 200K-250K (4.0%-5.0%)

Funding Source: EDA Fund, ACHRA Fund, and/or TIF #1

Economic Development Authority (EDA)

4. 5.

Meeting Date: 06/08/2017

Submitted For: Patrick Brama, Administrative Services

By: Patrick Brama, Administrative Services

Title:

PSD LLC Business Park: Accept Business Subsidy Application & Call for a Public Hearing (Building #2)

Purpose/Background:

this case is 3 of 3 cases related to the new PSD business park

PURPOSE

Consider accepting an application for City assistance related to PSD's proposed 56,000 square foot industrial building (Building #2); which will be home to Adrenaline Sports Center.

STEP 1 (this case): formally accept a business subsidy application from PSD LLC. The purpose of this case is not to "award" any financial incentives to PSD LLC. However, this case begins the State required public process to "allow" the City to award financial incentives to PSD LLC.

STEP 2 (future case): review underwriting of project pro-forma, consider awarding a business subsidy agreement

BACKGROUND (Project)

Please see attached background (background, maps, and renderings) document for greater context. Regarding this project specifically, PSD LLC plans to immediately construct a 56,000 square foot industrial building. Adrenaline Sports Center would be the anchor tenant. PSD LLC is proposing a high-quality, highly functional, and market relevant building; which will include: 24' clear ceilings, and glass facades along Highway 10. The estimated total cost for PSD LLC's first building is \$4.9M.

BACKGROUND (Subsidy Request)

PSD LLC has asked the City for financial incentives related to this 56,000 square foot speculative building (building #1). Specifically, PSD LLC is requesting the City provide of assistance (\$200,000--\$250,000). Based on their modeling and project pro-forma, PSD LLC believes this assistance is needed, in order to make this project work. PSD has indicated community sports tenants are very risky, and have very thin margins, thus requiring some assistance from the City.

PSD LLC has competed and submitted a business subsidy application to staff, including a \$7,500 non-refundable fee. If the City decides to accept the application, Ehlers will formally underwrite PSD's request (underwriting the pro-forma, sources and uses, and review the lease terms, etc.).

REMINDER: the PSD LLC request will not meet the job creation requirements outlined in the City's official business subsidy policy, due to the fact community sports centers create very few high-paying jobs. Guaranteeing job creation on this project is very challenging. The PSD LLC subsidy request will require an waiver to the City's policy, in order to be approved. A similar exception was provided to Platinum Properties, for their speculative construction building proposal, in 2016.

BACKGROUND (Anchor Tenant, Adrenaline Sports Center)

Adrenaline Sports Center began operations in Coon Rapids about eight years ago, under the name Gold Kick Soccer. Four years ago, it was converted to Adrenaline Sports Center. Today, Adrenaline leases 25,000 square feet

of space. The primary use of space is soccer training/ practice. Secondary users of the Adrenaline Sports Center include cross-fit and baseball training/ batting practice. Lastly, on occasion, Adrenaline is used for various events. Today, Adrenaline attracts an estimated 4,000-5,000 families to their facility on an annual basis.

Moving forward, Adrenaline Sports Center needs to expand. They would like to move to a location that provides 56,000 square feet of space, has room for future expansion, and can be ready by January 01, 2018. Staff began working with Adrenaline in June 2016. Since then, staff was working with several developers interested in developing a site, constructing a building, and leasing back to Adrenaline. After several attempts at getting a developer behind the project, PSD has now indicated a commitment to Adrenaline.

Notification:

Observations/Alternatives:

Project Benefits

- The proposed funding sources for the subsidy request are 1x dollars (EDA Fund, ACHRA Fund, or TIF #1). As a result, 100% of new taxes created from this project will have an immediate positive impact on Ramsey tax payers.
- The proposed 56,000 sf project will create estimated annual total property tax revenues of \$105K.
- This project will pay significant development fees, about: \$17K Park, \$5K trail, \$27K Water, \$15K Sewer, \$20K Storm.
- The City of Ramsey is seeking retail and restaurant users. Common feedback from the development community and prospects is--Ramsey needs to improve their demographics, in order attract these users. Ramsey can do that by increasing both population (rooftops) and increasing trip generation (i.e. destination users). This user will create significant new traffic to Ramsey, and The COR. This is considered a destination user.
- The City of Ramsey is seeking to improve our image, brand, and to serve as a regional destination. Staff believes this project can play a positive role in making progress for each said goal.
- The proposed building is high-quality and market relevant. It will be one of the nicest industrial buildings in Ramsey. It will be prominent on Highway 10, and will set a positive image, and create a big splash for the City's new business park.
- PSD LLC is jump-starting the City's new business park with this project. This is important, as staff commonly receives feedback from prospects interested in the new business park--that don't want to be the first-one-in. There is a fear associated with that perspective, as it is considered to be high-risk. Momentum matters in the development industry.

Project Considerations

- This project must be underwritten and must meet Ramsey's business subsidy policies. The PSD LLC request must be justified and must meet State Statute. PSD LLC must demonstrate that "but-for" this assistance, they cannot move forward with this project. Staff will be working with Ehlers to underwrite PSD LLC financials/ project pro-forma. The outcome of underwriting this project will determine if, and how much, city subsidy is justified.
- The City does not need to take on this project (i.e. provide a business subsidy). The City could wait for the market to naturally develop the new business park. If this project is unsuccessful, it would look unfavorable for the City, and will likely result in opposition from tax payers.
- Community sports facilities have a reputation for operating on narrow margins and being risky investments. This should be noted. The positive here is, PSD is taking on the risk for this project. If Adrenaline doesn't succeed, the City still has a nice industrial building, paying taxes, ready for the next user.
- By dedicating funding to this project, the City is losing the opportunity to use said funding on other projects. However, but for this subsidy, the project would likely not happen at all.

Funding Source:

EDA Fund, ACHRA Fund, or TIF #1. If this project moves forward, staff will need to sort out the details on this item.

Recommendation:

Staff is comfortable accepting the PSD LLC business subsidy request application. Staff believes this request needs to be underwritten and checked against our policies. Staff believes the request made by PSD, from a preliminary/ high-level perspective, appears to be reasonable for the City to further consider. PSD is requesting a subsidy in the amount of \$200,000-\$250,000, and will depend on their final due diligence/ final numbers/ final pro-forma. NOTE: in order to make this project work, it will need to move fast (January 1, 2018 occupancy).

Action:

Recommend the City Council:

Direct staff to accept and process a business subsidy application from PSD LLC for the proposed Adrenaline Sports Center facility (\$200,000-\$250,000).

--and--

Adopt the attached Resolution 17-06-134 calling for a business subsidy public hearing on July 25.

Attachments

Resolution

Background Maps and Renderings

Assistance Requests

Business Subsidy Policy

Form Review

Inbox

Kurt Ulrich
Patrick Brama (Originator)
Patrick Brama (Originator)
Form Started By: Patrick Brama
Final Approval Date: 06/06/2017

Reviewed By

Katie Schmidt
Patrick Brama
Patrick Brama

Date

06/02/2017 11:33 AM
06/06/2017 11:29 AM
06/06/2017 03:09 PM
Started On: 05/30/2017 09:05 PM

Councilmember XXXXX introduced the following resolution and moved for its adoption:

**CITY OF RAMSEY
ANOKA COUNTY, STATE OF MINNESOTA**

RESOLUTION #17-06-134

**RESOLUTION CALLING FOR A PUBLIC HEARING BY THE CITY COUNCIL
REGARDING A PROPOSED BUSINESS SUBSIDY TO BE GRANTED TO PSD,
LLC.**

BE IT RESOLVED by the City Council (the "Council") for the City of Ramsey, Minnesota (the "City"), as follows:

Section 1. Public Hearing. This Council shall meet on July 25, 2017, at approximately 7:00 P.M., to hold a public hearing on the proposed granting of a business subsidy, pursuant to and in accordance with Minnesota Statutes, Sections 116J.993 to 116J.995, inclusive, as amended. The proposed subsidy involves the construction of an approximately 58,000 square foot industrial building in the City of Ramsey and will result in an increase in the tax base of the City. The creation or retention of jobs is not a goal of the subsidy; and

Section 2. Notice of Public Hearing. City staff is authorized and directed to work with Ehlers & Associates, Inc., to cause notice of the hearing to be published at least once in the official newspaper of the City not later than 10, nor more than 30, days prior to July 25, 2017, and to place a copy of the business subsidy agreement on file in the City Administrator's office at City Hall and to make such copy available for inspection by the public.

The motion for the adoption of the foregoing resolution was duly seconded by Councilmember XXXXXXXX and upon vote being taken thereon, the following voted in favor thereof:

XXXXXX

and the following voted against the same:

XXXXXX

and the following abstained:

XXXXXX

and the following were absent:

XXXXXX

Whereupon said resolution was declared duly passed and adopted by the Ramsey City Council this the 13th day of June, 2017.

Sarah Strommen, Mayor

ATTEST:

Jo Ann M. Thieling, City Clerk

PSD LLC

Business Park Proposal

Background, Maps, and Renderings



Armstrong

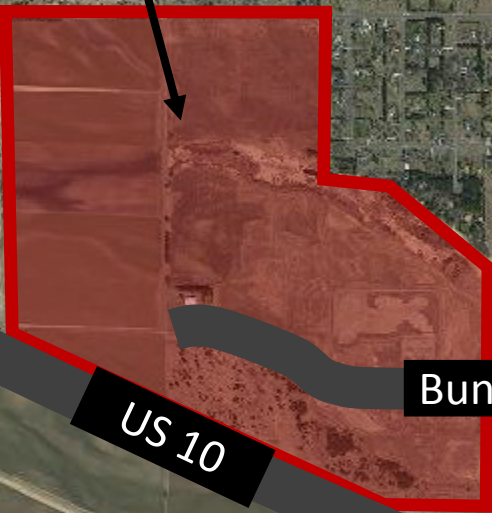
Bunker

US 10

THE
CORNER

Developable Area

- About 275 Acres Greenfield
- Hageman Holdings/ Pearson Properties



Armstrong

Bunker

US 10

THE
CORNER

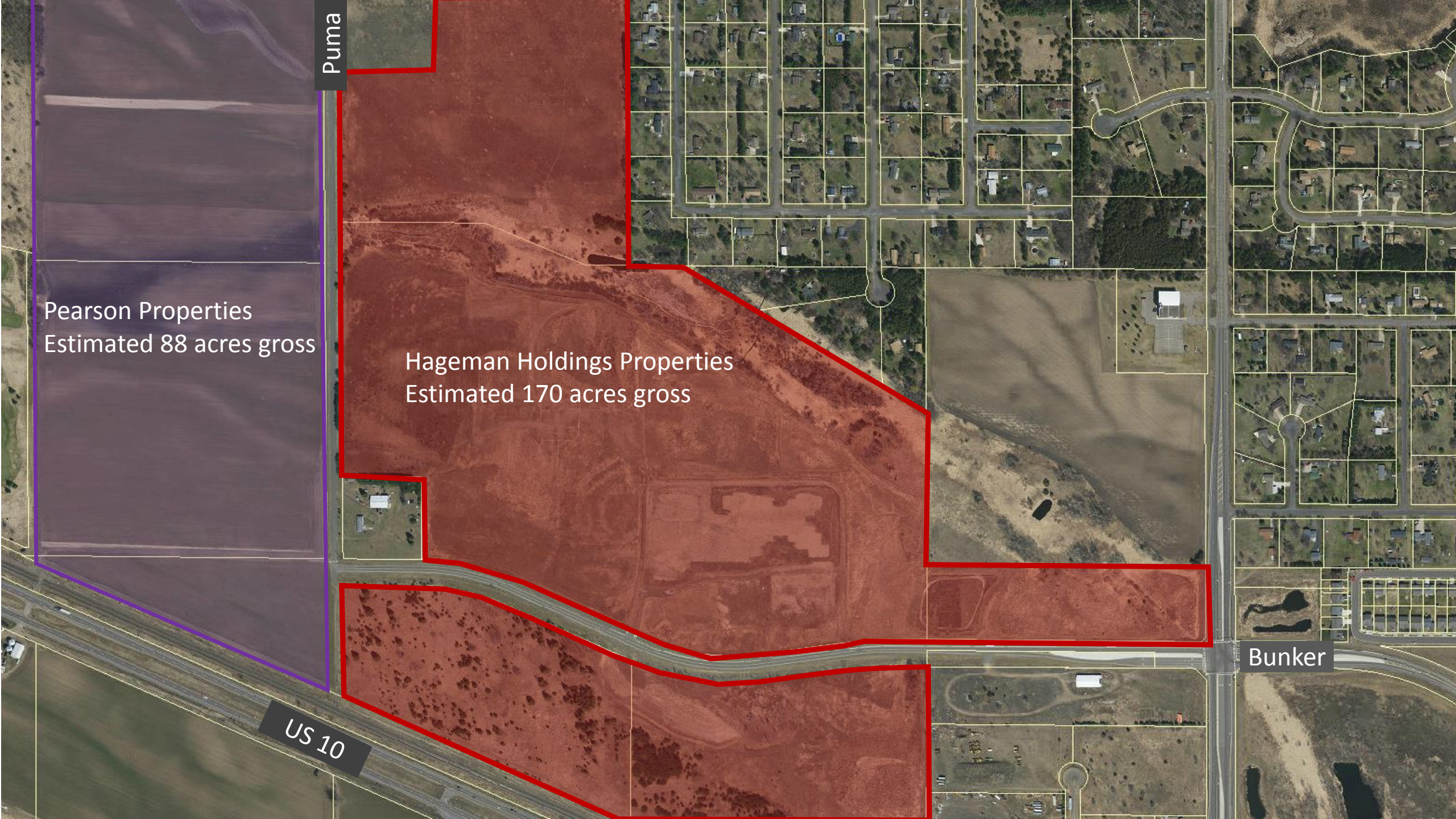
Puma

Pearson Properties
Estimated 88 acres gross

Hageman Holdings Properties
Estimated 170 acres gross

US 10

Bunker



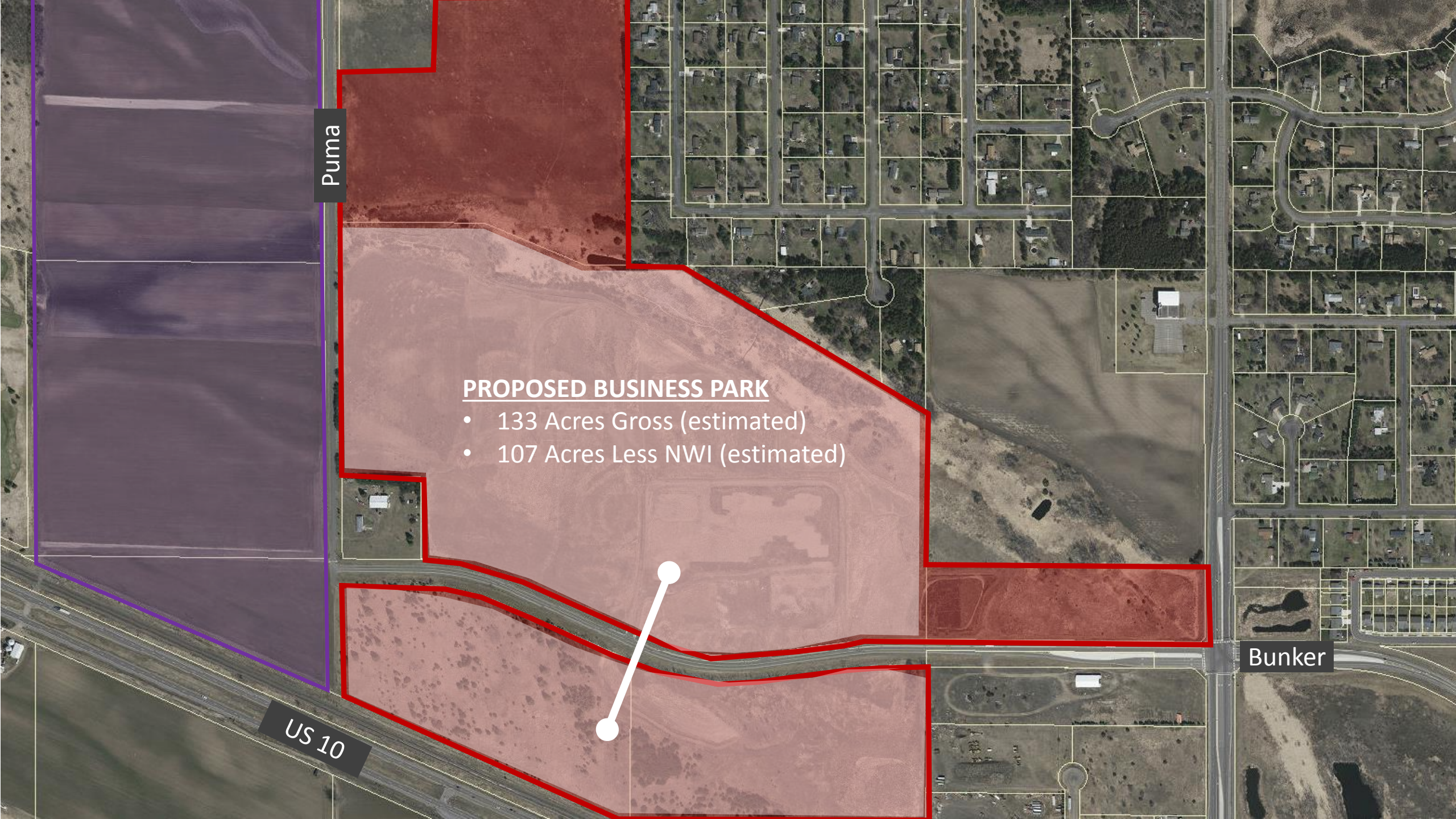
Puma

PROPOSED BUSINESS PARK

- 133 Acres Gross (estimated)
- 107 Acres Less NWI (estimated)

US 10

Bunker



Puma

CAPSTONE HOMES

- Late 2016 proposal
- Preliminary Plat July 2017
- 298 units, medium density, single family, residential development.

US 10

Bunker

Capstone

Bunker

US 10

PSD LLC Proposal

- Purchase 45 acres of the business park
- Everything south of Bunker
- 7 buildings shown in master plan



BUNKER LAKE INDUSTRIAL PARK SKETCH PLAN

PUMA ST NW

Building #1

- 60,000 square feet
- Speculative industrial, multi-tenant
- 24' clear tilt up concrete
- Glass accents along Hwy 10

Building #2

- 56,000 square feet
- Adrenaline Sports Center
- 24' clear tilt up concrete
- Glass accents along Hwy 10

OUTLOT C
25.66 AC

OUTLOT B
5.69 AC

OUTLOT A
3.18 AC

LOT 1
4.41 AC

LOT 2
4.64 AC

60,000 S.F.

56,000 S.F.

ANOKA ELECTRIC EASEMENT

BUNKER LAKE BLVD

HIGHWAY 10 NW

60'

60'

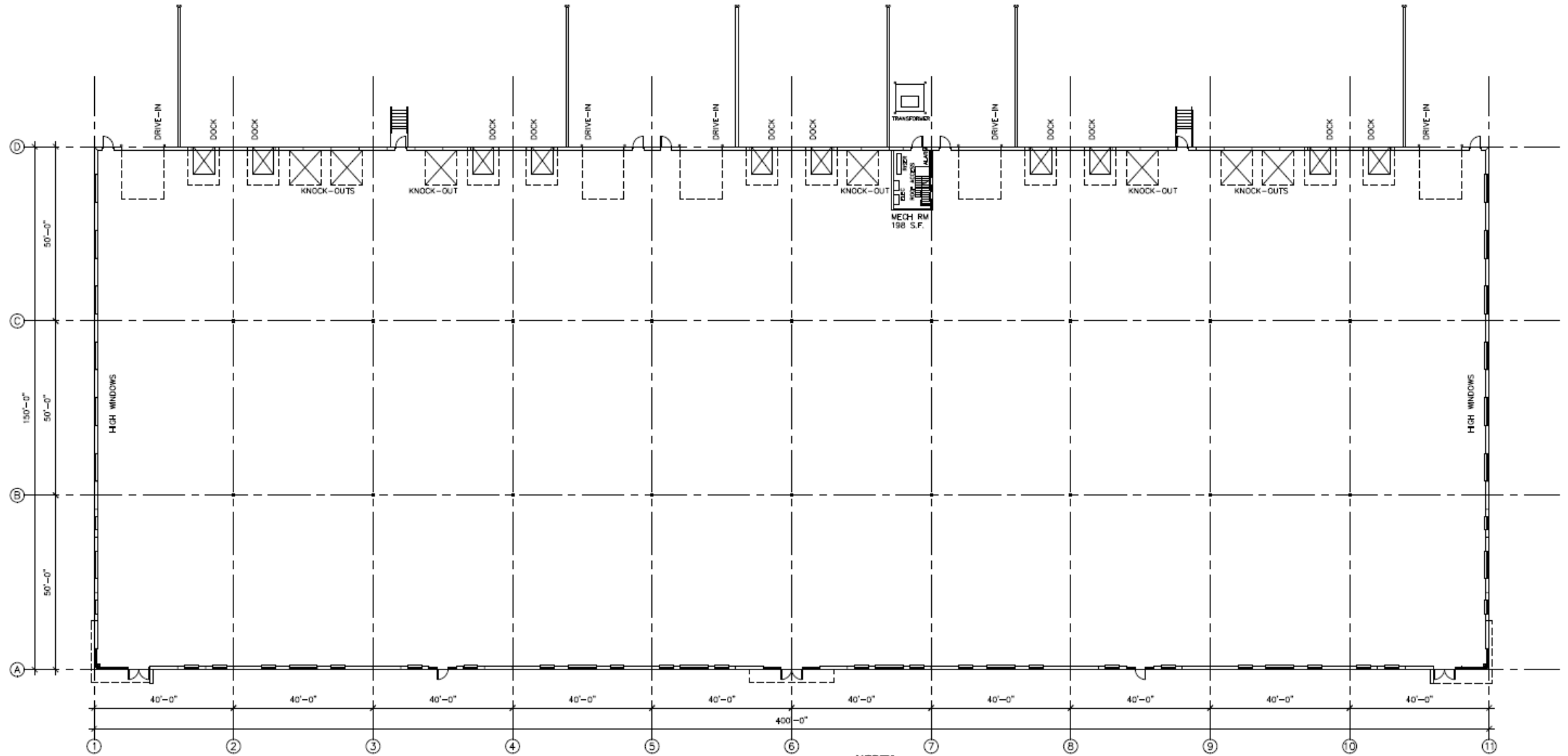
PROPOSED
CITY ROW



Example Renderings and Building Layout (draft)

Building A

Building A

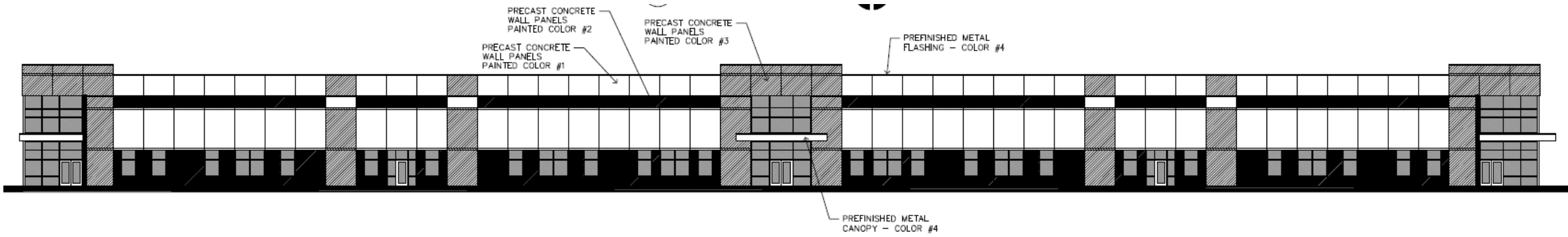


PRECAST CONCRETE

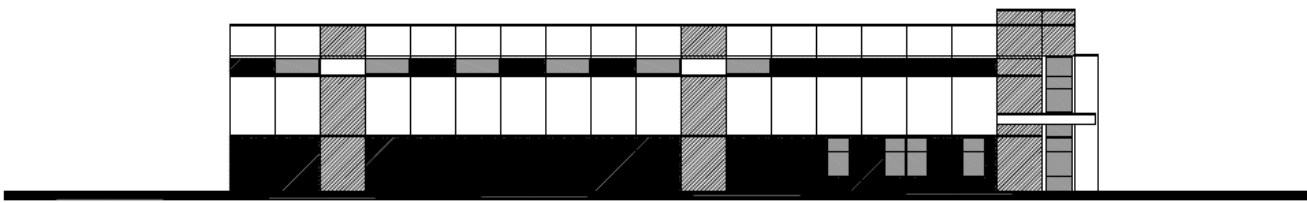
1 FLOOR PLAN
A2 SCALE: 1/16" = 1'-0"



Building A



2 SOUTH ELEVATION
A2 SCALE: 1/16" = 1'-0"

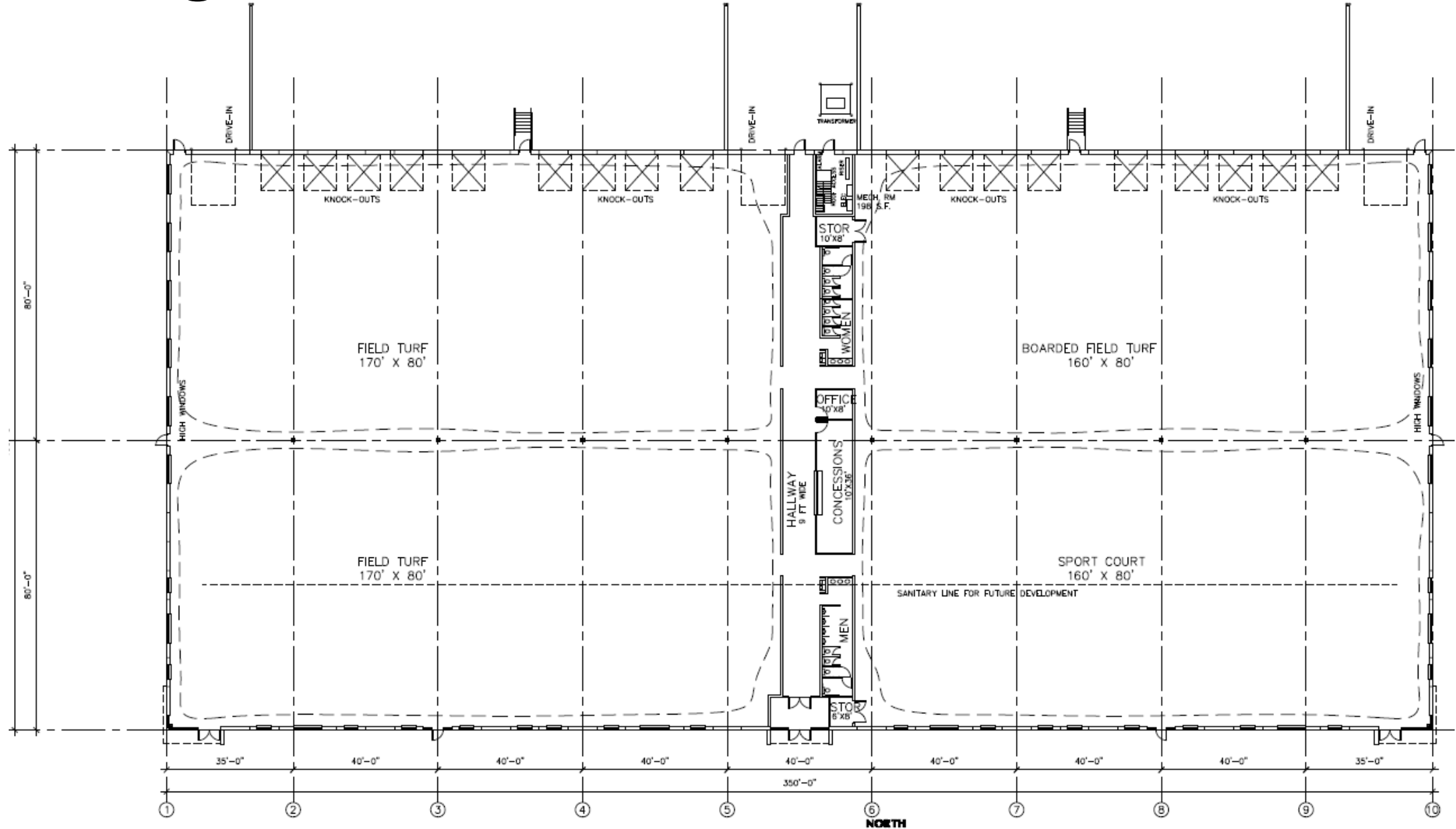


3 WEST ELEVATION
A2 SCALE: 1/16" = 1'-0"

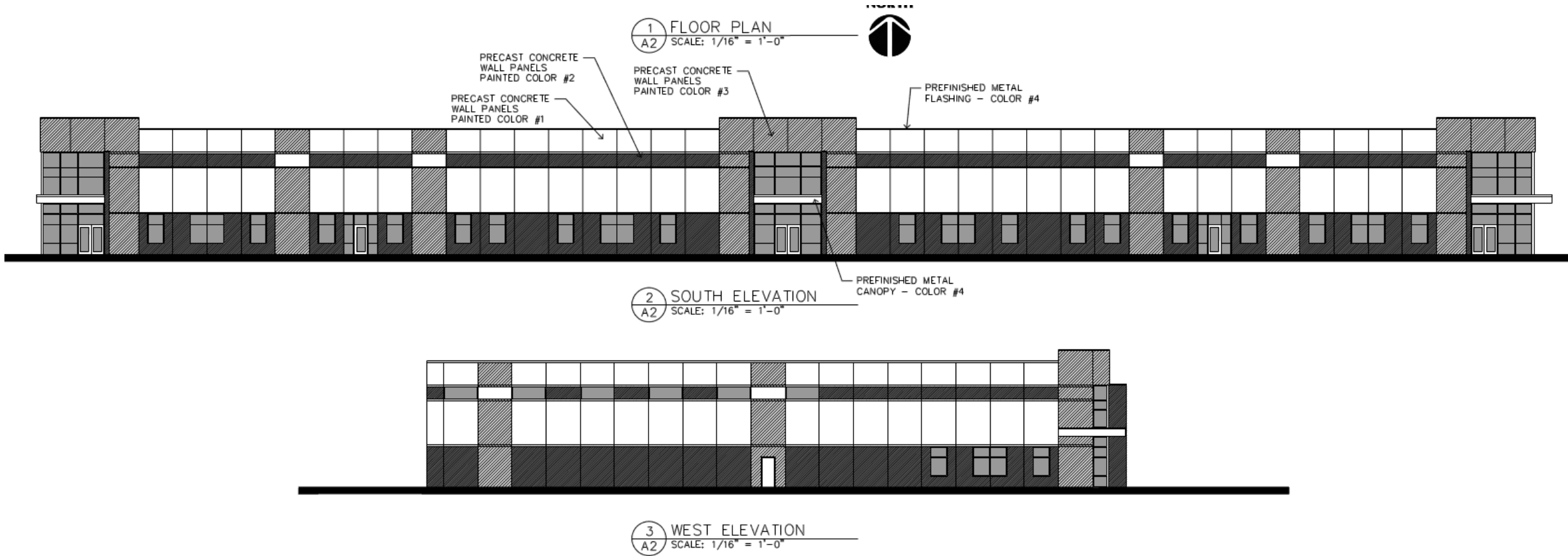
Example Renderings and Building Layout (draft)

Building B

Building B



Building B



PSD LLC

*Business Park Proposal
Requests for City Assistance*



Armstrong

Bunker

US 10

THE
CORNER

PSD Projects Summary

(Project A) Mass Site Preparation Improvements

Details: \$3.45M acquisition, \$90K move berm, \$100K mass grading, \$200K regional pond, \$50K grubbing and debris clean up, \$250K internal public road phase 1, \$250K internal public road phase 2, \$100K signage.

Sub Total: \$4.49M

(Project B) Industrial Building #1, 60K SF, Speculative

Sub Total \$5.4M (cost includes site work, building construction, and all soft costs)

(Project C) Industrial Building #2, 56K SF, Adrenaline Sports Center

Sub Total \$5.0M (cost includes site work, building construction, and all soft costs)

City Assistance Requests

Details

City Assistance Request: A

(A) Mass Site Preparation Improvements, Sub Total: \$4.49M

Assistance Request: City pay for 1st phase of public roadway

Assistance Amount: 250K (5.5%)

Funding Source: EDA Fund, ACHRA Fund, and/or TIF #1

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Assistance Amount: 234K PV (4.3%)

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Assistance Amount: 200K-250K (4.0%-5.0%)

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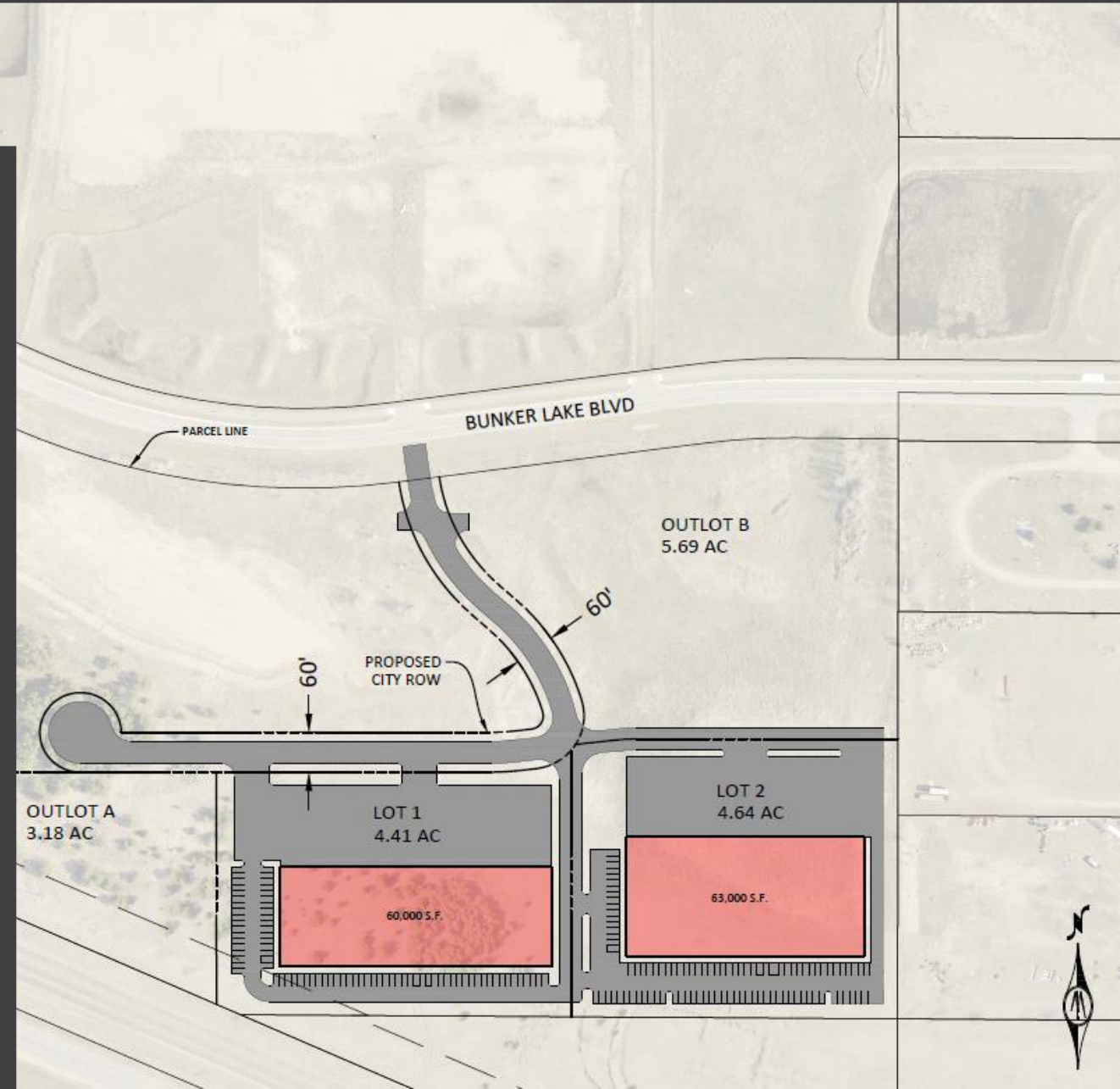
Request A: Mass Site Prep

Project Specifications

PSD will be completing the following mass site work immediately, to prep the business park for both immediate and future development projects. Having a ready-to-go business park is essential to their business model.

- \$3.45M acquisition
- \$90K move berm
- \$100K mass grading
- \$200K regional pond
- \$50K grubbing and debris clean up
- \$500K internal public road
- \$100K signage

\$4.49M



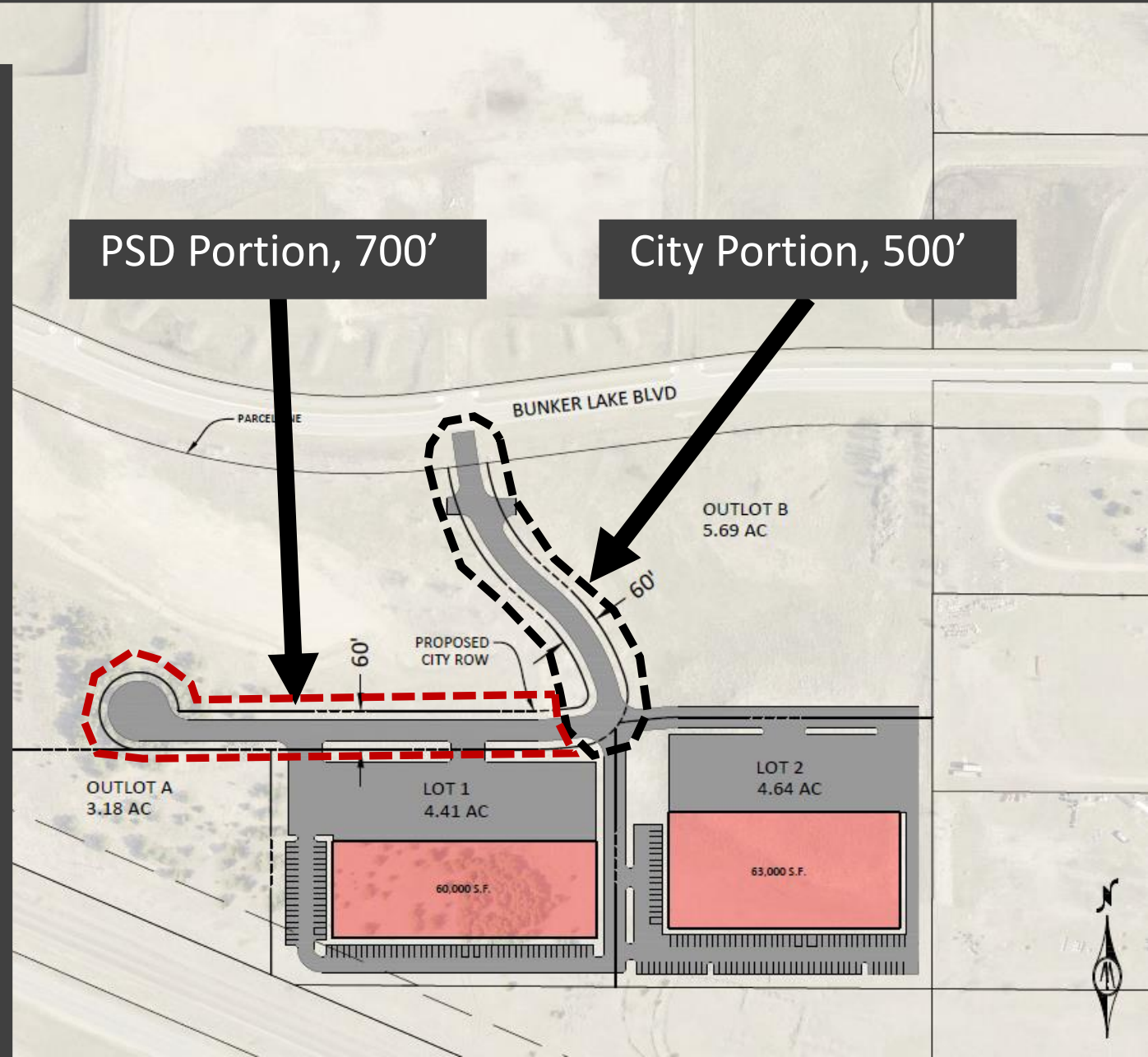
Request A: Mass Site Prep

Request A Staff Notes:

- Proposed public roadway will be about 1,200'. The entire 1,200' roadway will be constructed by PSD immediately.
- PSD is requesting reimbursement from the City for 500' of the internal public roadway (or about 42% of the total lineal feet).

In summary, in the past, the City typically has paid for all (100%) or a portion (60%) of public infrastructure located within industrial parks/commercial areas.

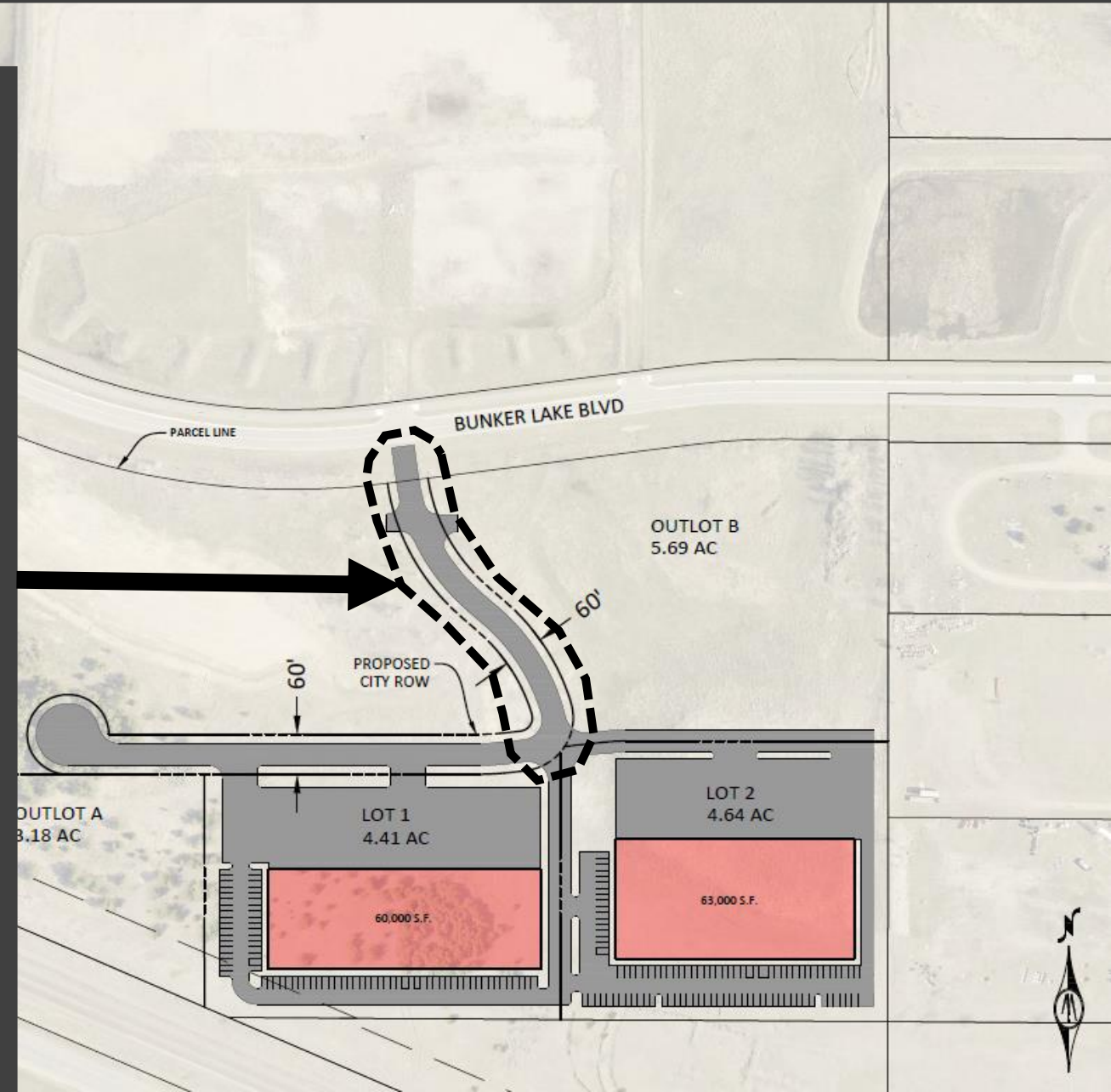
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- PSD would design/ construct/ administer/ and upfront fund project.
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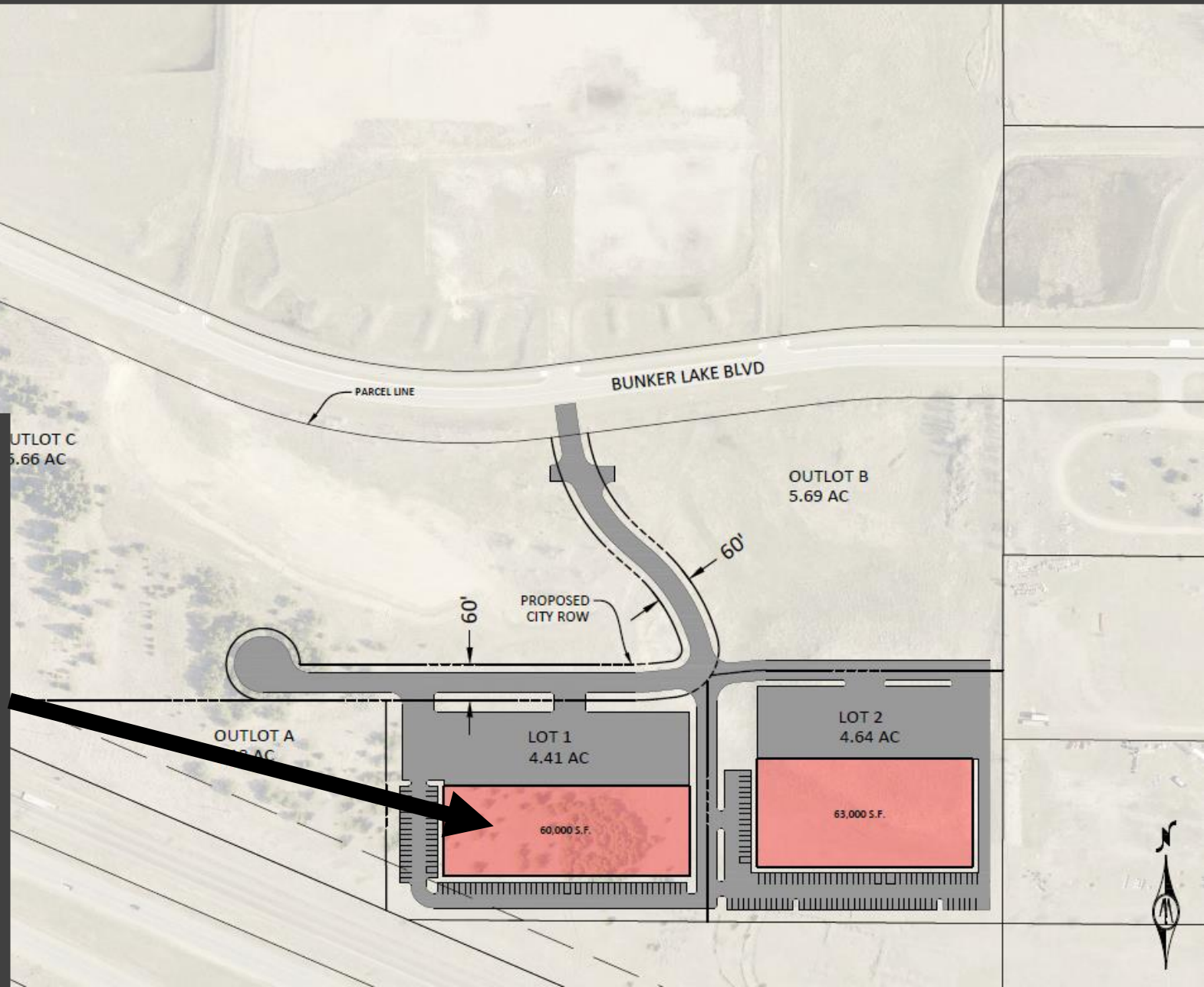
Assistance Amount: 200K-250K (4.0%-5.0%)

Funding Source: EDA Fund, ACHRA Fund, and/or TIF #1

Request B: Building 1

Building #1 Specifications

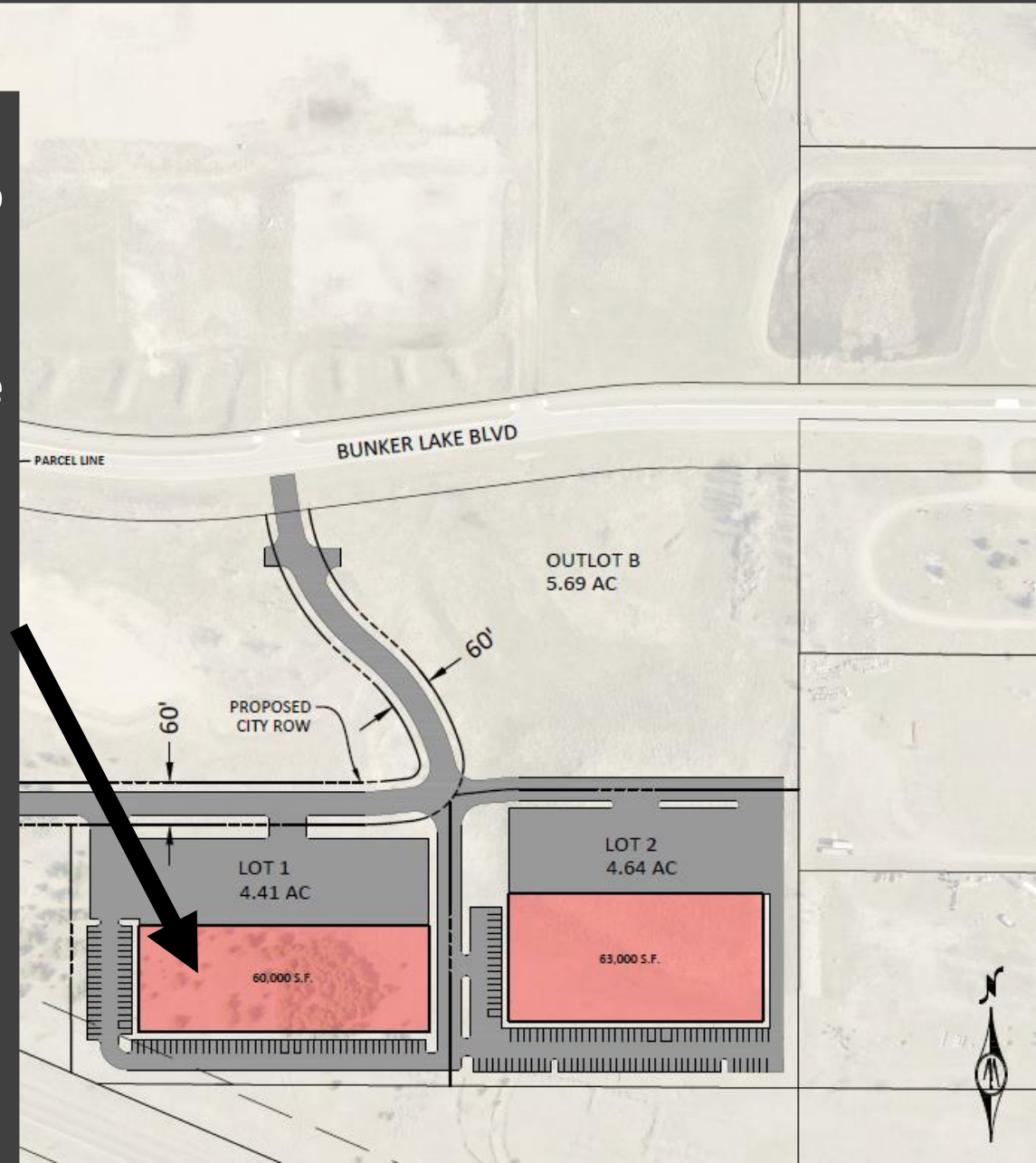
- 100% speculative industrial building
- Multi-tenant
- 60,000 square feet total size
- 10,000 square foot bays
- 24' clear, tilt-up concrete
- Glass accented
- Built-in below and at-grade mechanical doors
- About 115K per yr total prop taxes



Request B: Building 1

Request B Specifications:

- City to establish TIF district #16 and provide PSD pay-go TIF, over 9 years (234K request).
- TIF would be used by PSD for reimbursement of eligible TIF costs (site work, parking, storm water, etc.).
- PSD paid \$10K to apply for, and to set up, a new TIF district. Ehlers has completed underwriting, and has made a recommendation.
- Existing tax base remains in place (frozen). New tax base created by PSD (TIF) is repaid back to PSD for 9 years. NOTE: Fiscal Disparities is not included in TIF payments back to PSD, which means PSD will be contributing new dollars, which benefits the city.



City Assistance Request: C

(A) Mass Site Preparation Improvements, Sub Total: \$4.49M

Assistance Request: City pay for 1st phase of public roadway

Assistance Amount: 250K (5.5%)

Funding Source: EDA Fund, ACHRA Fund, and/or TIF #1

(B) Industrial Building #1, 60K SF, Speculative, Sub Total: \$5.4M

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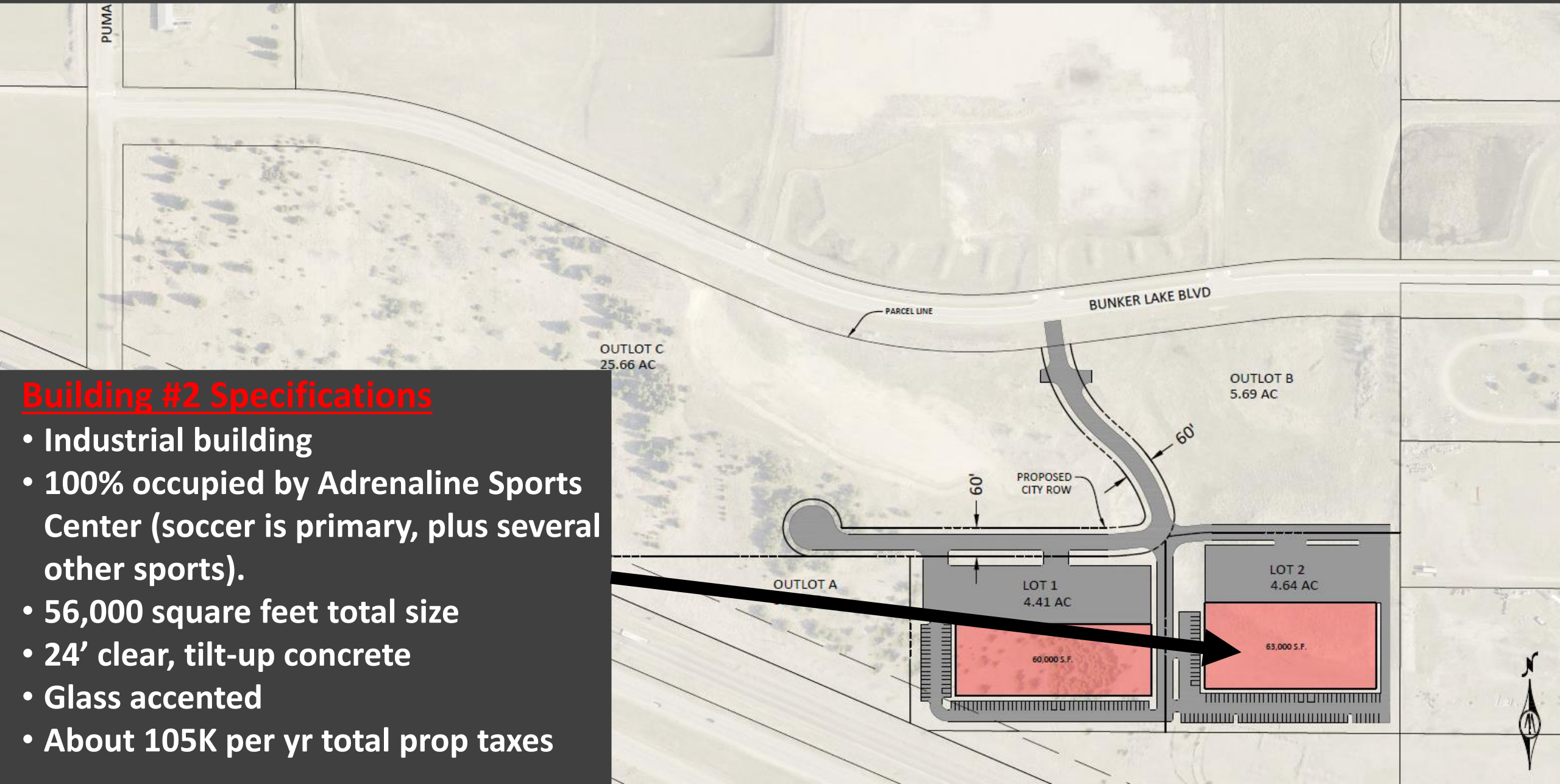
(C) Industrial Building #2, 56K SF, Adrenaline Sports Center, Sub Total: \$5.0M

Assistance Request: City provide 200K-250K incentive

Assistance Amount: 200K-250K (4.0%-5.0%)

Funding Source: EDA Fund, ACHRA Fund, and/or TIF #1

Request C: Building 2



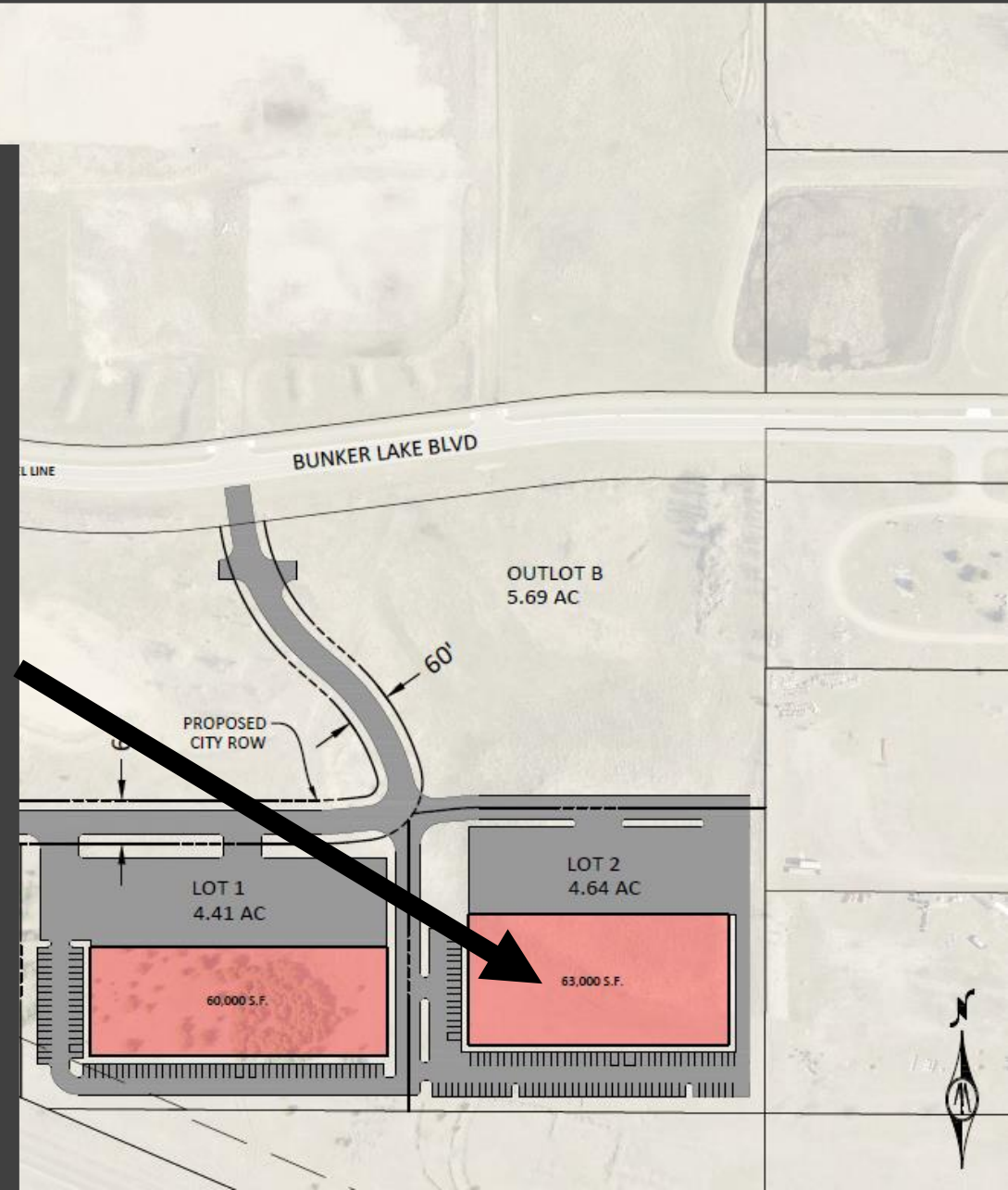
Building #2 Specifications

- Industrial building
- 100% occupied by Adrenaline Sports Center (soccer is primary, plus several other sports).
- 56,000 square feet total size
- 24' clear, tilt-up concrete
- Glass accented
- About 105K per yr total prop taxes

Request C: Building 2

Request C Specifications:

- City to provide PSD one-time incentive payment (200K-250K request).
- Payment would be used by PSD for reimbursement of eligible costs (site work, parking, storm water, etc.).
- PSD paid \$7.5K to apply for this assistance. City needs to decide on accepting PSD application, process in July.
- Because this is not a TIF request, 100% of the new and existing tax base will immediately benefit the City.
- Funding source will be the EDA Fund, ACHRA Fund, or TIF #1. Staff will narrow this down, if project moves forward.



City Assistance Requests: ALL

(A) Mass Site Preparation Improvements, Sub Total: \$4.49M

Assistance Request: City pay for 1st phase of public roadway

Assistance Amount: 250K (5.5%)

Funding Source: EDA Fund, ACHRA Fund, and/or TIF #1

(B) Industrial Building #1, 60K SF, Speculative, Sub Total: \$5.4M

Assistance Request: City provide 9-year ED TIF District

Assistance Amount: 234K PV (4.3%)

Funding Source: new ED TIF District #16, pay-go only, PSD paid \$10K fee

(C) Industrial Building #2, 56K SF, Adrenaline Sports Center, Sub Total: \$5.0M

Assistance Request: City provide 200K-250K incentive

Assistance Amount: 200K-250K (4.0%-5.0%)

Funding Source: EDA Fund, ACHRA Fund, and/or TIF #1

The Economic Development Authority and City of Ramsey, Minnesota

**Business Subsidy Policy
Tax Abatement Policy
Tax Increment Policy**

Dated January 13, 2009

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1. City and EDA of Ramsey Business Subsidy Policy

The following business subsidy criteria are intended to satisfy the requirements of Minnesota Statutes, §§116J.993 through 116J.995 (the "Act"). The term "City" means the City of Ramsey. The term "project" means the property with respect to which the business subsidy is provided.

A. MANDATORY CRITERIA

All projects must comply with the following criteria:

1. But For Test. There is a substantial likelihood that the project would not go forward without the business subsidy.
2. Wage Policy. If the project results in the creation of any jobs, the wage for each part-time and full-time job created must be, within two years of the date assistance is received (as defined in the Act), at least equal to 70% of the most recent median wage figure for the Twin City 7 County Metro County as published by the Minnesota Department of Employment and Economic Development or such greater amount as the City may require for a specific project.
3. Economic Feasibility. The recipient must demonstrate to the satisfaction of the City that it has adequate financing for the project and that the project will be completed in a timely fashion.
4. Compliance with Act. The business subsidy from the City must satisfy all requirements of the Act.
5. Minimum Subsidy Amount: Financial assistance in the form of a business subsidy of \$25,000 or more; and business loans and guarantees of \$75,000, must be reported to the Department of Employment and Economic Development. A public hearing is only required if the business subsidy is greater than \$150,000.

B. POLICY

1. The City recognizes that the creation of good paying jobs is a desirable goal which benefits the community. Nevertheless, not all projects assisted with subsidies derive their public purposes and importance solely by virtue of job creation. In addition, the imposition of high job creation requirements and high wage level requirements may be unrealistic and counter-productive in the face of larger economic forces of influence and the financial and competitive circumstances of an individual business. In determining the requirements for a project under consideration for a business subsidy, the determination of the number of jobs to be created and the wage levels therefore will be guided by the following principles and criteria:

- a. The evaluation of projects will take into consideration the project's importance in and benefit to the community from all perspectives, including created or retained jobs.
 - b. If a particular project does not involve the creation of jobs, but is nonetheless found to be worthy of support and subsidy, assistance may be approved without any specific job or wage goals if permitted by applicable law.
 - c. In cases where the objective is the retention of existing jobs, the recipient of the subsidy will be required to provide evidence which demonstrates that the loss of those jobs is specific and demonstrable.
 - d. The setting of wage and job goals will be informed by (i) prevailing wage rates, (ii) local economic conditions, (iii) external economic forces over which neither the City nor the recipient of the subsidy has control, (iv) the financial resources of the recipient and (v) the competitive environment in which the recipient's business exists.
2. Because it is not possible to anticipate all the needs and requirements of every type of project and the ever-changing needs of the community and in order to retain the flexibility necessary to respond to all proposed projects, the City retains the right to approve projects and business subsidies which may vary from the principles and criteria set forth herein.

C. PROJECT EVALUATION CRITERIA

The project review and evaluation criteria are the following:

1. Jobs and Wages
 - a. New Jobs. The minimum net number of direct full time equivalent jobs to be created or retained by the proposed project for a period of at least two years from the estimated benefit date.
 - b. Payroll. The minimum annual net payroll (including employer contributions for health benefits) to be generated at the end of the second anniversary date of the estimated benefit date.
2. Tax Base
 - a. Increase in Tax Base. The net increase in property taxes estimated to be generated by the project in the second full year of operation.

3. Land Use
 - a. Compliance with Comprehensive or Other Plans. Whether, apart from any needed services to the community described in section 5 below, the project is compatible with the comprehensive plan and permitted uses for the property.
 - b. Marginal Property. Whether the project is located on property which needs but is not likely to be developed or redeveloped because of blight or other adverse conditions of the property. For example property may be so blighted that the cost of making land ready for redevelopment exceeds the property's fair market value.
 - c. Design and/or Other Amenities. Whether, as a result of the business subsidy, the project will include design and/or amenity features not otherwise required by law. For example, the project may, at the request of the City, include landscaping, open space, public trails, employee work out facilities or day care facilities which serve a public purpose but are not required by law.
4. Impact on Existing and Future Public Investment
 - a. Utilization of Existing Infrastructure Investment. Whether and to what extent (a) the project will utilize existing public infrastructure capacity and (b) the project will require additional publicly funded infrastructure investments.
 - b. Direct Monetary Return on Public Investment. Arrangements made or to be made for the City to receive a direct monetary return on its investment in the project. For example, the business subsidy may be in the form of an interest bearing loan or may involve a project sharing arrangement.
5. Economic Development
 - a. Leveraged Funds. For every dollar of business subsidy to be provided for the project, the minimum amount of private funds which will be applied towards the capital cost of the project.
 - b. Spin Off Development. The dollar amount of non-subsidized development the project is expected to generate in the surrounding area and the need for and likelihood of such spin off development.

- c. *Growth Potential*. Based on recipient's market studies and plans for expansion, whether and to what extent the project is expected within five years of its completion, be expanded to produce a net increase of full time equivalent jobs and of payroll, over and above the minimum net increase in jobs and payroll described in section 1 above.
6. Quality of Life
 - a. *Community Services*. Whether the project will provide services in the community and the need for such services. For example, the project may provide health services, retail convenience services such as a nearby grocery store, or social services needed in the community.
 - b. *Natural Environment*. Whether the project will add to, or detract from, the environment. It is a reflection of what is important to the community - clean air and water, beautiful scenery, recreational opportunities, and a strong desire to pass along these attributes to future generations.
 7. Other
 - a. *Other Factors*. Depending on the nature of the project, such other factors as the City may deem relevant in evaluating the project and the business subsidy proposed for it.

D. ADDITIONAL CONSIDERATIONS

The City will give consideration to one or more of the issues listed below in determining whether to provide financial or other assistance to a project as a business subsidy:

1. The City may consider the requirements of any other business subsidy received, or to be received, from a grantor other than the City.
2. If the business subsidy is a guaranty, the amount of the business subsidy may be valued at the principal amount of the guaranteed payment obligation.
3. If the business subsidy is real or personal property, the amount of the subsidy will be the fair market value of the property as determined by the City.

4. If the business subsidy is received over time, the City may value the subsidy at its present value using a discount rate equal to an interest rate which the City determines is fair and reasonable under the circumstances.

As used herein "benefit date" means the date the business subsidy is received. If the business subsidy involves the purchase, lease, or donation of physical equipment, then the benefit date occurs when the recipient puts the equipment into service. If the business subsidy is for improvements to property, then the benefit date refers to the earliest date of either: when the improvements are finished for the entire project, or when a business occupies the property.

E. FINANCIAL ASSISTANCE NOT CONSIDERED A BUSINESS SUBSIDY

The following forms of financial assistance are not a business subsidy as per Minnesota Statutes, §§116J.993, Subd.3 and therefore do not require a public hearing:

1. A business subsidy of less than \$150,000;
2. Assistance that is generally available to all businesses or to a general class of similar businesses, such as a line of business, size, location, or similar general criteria;
3. Public improvements to buildings or lands owned by the state or local government that serve a public purpose and do not principally benefit a single business or defined group of businesses at the time the improvements are made;
4. Redevelopment property polluted by contaminants as defined in section [116J.552](#), subdivision 3;
5. Assistance provided for the sole purpose of renovating old or decaying building stock or bringing it up to code and assistance provided for designated historic preservation districts, provided that the assistance is equal to or less than 50 percent of the total cost;
6. Assistance to provide job readiness and training services if the sole purpose of the assistance is to provide those services;
7. Assistance for housing;
8. Assistance for pollution control or abatement, including assistance for a tax increment financing hazardous substance subdistrict as defined under section [469.174](#), subdivision 23;
9. Assistance for energy conservation;
10. Tax reductions resulting from conformity with federal tax law;

11. Workers' compensation and unemployment insurance;
12. Benefits derived from regulation;
13. Indirect benefits derived from assistance to educational institutions;
14. Funds from bonds allocated under chapter 474A, bonds issued to refund outstanding bonds, and bonds issued for the benefit of an organization described in section 501(c)(3) of the Internal Revenue Code of 1986, as amended through December 31, 1999;
15. Assistance for a collaboration between a Minnesota higher education institution and a business;
16. Assistance for a tax increment financing soils condition district as defined under section [469.174](#), subdivision 19;
17. Redevelopment when the recipient's investment in the purchase of the site and in site preparation is 70 percent or more of the assessor's current year's estimated market value;
18. General changes in tax increment financing law and other general tax law changes of a principally technical nature;
19. Federal assistance until the assistance has been repaid to, and reinvested by, the state or local government agency;
20. Funds from dock and wharf bonds issued by a seaway port authority;
21. Business loans and loan guarantees of \$150,000 or less; and
22. Federal loan funds provided through the United States Department of Commerce, Economic Development Administration; and
23. Property tax abatements granted under section 469.1813 to property that is subject to valuation under Minnesota Rules, chapter 8100.

Adopted by: Ramsey EDA / City Council

Date of Adoption: 11-13-08/1-13-09

Date of Public Hearing: 1-13-09

2. City and EDA of Ramsey Tax Abatement and Tax Increment Financing Policy

A. PURPOSE

The purpose of this policy is to establish the City's position relative to the use of Tax Abatement (§§469.1812 through §§469.1815) and Tax Increment Financing (§§469.174 through §§469.1799) (TIF), also referred to in this document as the *business assistance programs*, or *business assistance*. This policy shall be used as a guide in the processing and review of applications requesting the use of Tax Abatement and Tax Increment Financing. It is the expressed intent of the City to minimize the risk and amount of business assistance to a project and to leverage its public dollars to maximize private sector funding.

The City is granted the power to utilize the business assistance programs by Minnesota Statutes 2008 as cited. The fundamental purpose of the business assistance programs is to encourage desirable private development or redevelopment within the City that would not occur *but for* the assistance provided. Further information related to the States business assistance programs and links to State Statutes can be found at www.state.mn.us.

The City will approve or reject requests for business assistance on a case by case basis taking into consideration established policies, project criteria, and the project's demonstrated public purpose. Meeting all policy criteria does not guarantee approval of the requested business assistance. The City maintains its ability to approve or deny the request at its discretion.

B. PUBLIC PURPOSE OBJECTIVES

The City will consider the use of business assistance programs which demonstrate the achievement of one or more of the following public purpose objectives:

1. To encourage redevelopment of priority sites within the City as determined by the City Council and EDA.
2. To retain local jobs and/or increase the number and diversity of jobs that offer stable employment and/or attractive wages and benefits.
3. To enhance and/or diversify the City's economic base.
4. To encourage additional unsubsidized private (re)development.
5. To remove blight and/or encourage (re)development of commercial and industrial areas.

6. To assist in creating environmental sustainability.
7. To provide a diversity of family housing and alternative housing choices.
8. To promote neighborhood stabilization and revitalization by the removal of blight and the upgrading of existing housing stock in residential areas.
9. To accomplish other public policies which may be adopted such as the promotion of quality urban or architectural design, energy conservation, and decreasing capital and/or operating costs of local government, or any of the following:
 - Utilization of architectural and landscaping techniques that will enable the components of the project to blend with the natural environment.
 - Mitigation of project impact on the natural environment.

C. POLICY POSITIONS

1. Business assistance shall be provided in a form that minimizes the risk of public participation.
2. Business assistance requests for up-front project financing through the sale of bonds or other internal sources may require personal guarantees of the developer. These requests shall be addressed on a case by case basis.
3. Business assistance shall not be provided for projects requiring land and/or building purchases at prices in excess of fair market value.
4. Business assistance shall not be provided to developers/projects that cannot adequately demonstrate an ability to complete the proposed project on time and on budget.
5. Assistance will be provided based on \$25,000 per qualified job created as referenced in Section 1.A.2 in the Business Subsidy Policy unless a waiver is provided by the City Council.

D. PROJECT REQUIREMENTS

All projects requesting business assistance must demonstrate the following:

1. That the project is not financially feasible but-for the use of Revolving Loan Fund, Tax Abatement or Tax Increment Financing.
2. That the project will comply with all provisions set forth in Minnesota Statute chapters 116j.993 through 116j.995, as amended (Business Subsidies).

3. That the business assistance request complies with all provisions set forth in Minnesota Statutes 2008 chapters 469.1812 through 469.1815 as amended (Tax Abatement), and chapters 469.174 through 469.1799 as amended (Tax Increment Financing).
4. That the project is consistent with the City's comprehensive plan, land use plan, and zoning ordinances.

E. APPLICATION PROCESS

1. Applicant submits a Business Assistance Application (Exhibit A) to the EDA and/or City.
2. Staff reviews the application and completes the Application Review Worksheet (Exhibit B).
3. Staff uses results of the Worksheet to inform the EDA/City.
4. EDA reviews proposal, provides comments, and makes an advisory recommendation to the City Council on denial or approval of the request within 30 days.
5. If advisory approval is granted, staff prepares all necessary notices, resolutions and certificates.
6. City Council holds public hearing(s) on the proposed project to consider the advisory recommendation(s).
7. The City Council grants final approval or denies the request.

EXHIBIT A
BUSINESS ASSISTANCE APPLICATION

A. APPLICANT INFORMATION

Name of Corporation/Partnership _____

Address _____

Primary Contact _____

Address _____

Phone _____ Fax _____ E-mail _____

Type of business assistance requested (select one):

 Tax Abatement Tax Increment Financing Revolving Loan Fund Other

Have you been, or are you currently, involved in any bankruptcy proceedings or lawsuits related to other development projects with which you have been involved? If yes, please provide an explanation.

 Yes No

On a separate sheet, please provide the following:

- Brief description of the corporation/partnership's business, including history, principal product or service, etc. **Attach as Part 1.**
- List names of officers and shareholders/partners with more than five percent (5%) interest in the corporation/partnership. **Attach as Part 2.**
- Brief description of the proposed project. **Attach as Part 3.**
- *A but for* analysis and narrative. **Attach as Part 4.**
- Completed Revolving Loan Fund Application. **Attach as Part 5 if required.**

Attorney Name _____

Address _____

Phone _____ Fax _____ E-mail _____

Contractor Name _____

Address _____

Phone _____ Fax _____ E-mail _____

Engineer Name _____

Address _____

Phone _____ Fax _____ E-mail _____

Architect Name _____

Address _____

Phone _____ Fax _____ E-mail _____

C. PUBLIC PURPOSE OBJECTIVES

It is the policy of the City and EDA of Ramsey that the business assistance should result in a public benefit as identified in items 1-10 below. Please indicate how the proposed project will accomplish this by checking the appropriate boxes. **Attach additional narrative as Part 7.**

- 1. To encourage redevelopment.
- 2. To retain local jobs and/or increase the number and diversity of jobs that offer stable employment and/or attractive wages and benefits.
- 3. To enhance and/or diversify the City's economic base.
- 4. To encourage additional unsubsidized private (re)development.
- 5. To remove blight and/or encourage (re)development of commercial and industrial areas.
- 6. To create housing opportunities.
- 7. To provide a diversity of housing.
- 8. To provide a variety of family housing ownership alternatives and housing choices.
- 9. To promote neighborhood stabilization and revitalization by the removal of blight and the upgrading of existing housing stock in residential areas.
- 10. To accomplish other public policies which may be adopted such as the promotion of quality urban or architectural design, energy conservation, and decreasing capital and/or operating costs of local government.
 - Utilization of architectural and landscaping techniques that will enable the components of the project to blend with the natural environment.
 - Mitigation of project impact on the natural environment.

D. SOURCES & USES OF FUNDS

Attach additional information as Part 8

<u>SOURCES</u>	<u>AMOUNT</u>
Bank Loan	\$ _____
Other Loans	\$ _____
Owner Equity	\$ _____
Fed Grant/Loan	\$ _____
State Grant/Loan	\$ _____
Industrial Development Bonds	\$ _____
Tax Increment Financing	\$ _____
Tax Abatement	\$ _____
Revolving Loan Fund	\$ _____
Other	\$ _____
TOTAL	\$ _____

<u>USES</u>	<u>AMOUNT</u>
Land Acquisition	\$ _____
Site Development	\$ _____
Construction	\$ _____
Machinery & Equipment	\$ _____
Architectural/Engineering Fees	\$ _____
Debt Service Reserve	\$ _____
Contingencies	\$ _____
Other	\$ _____
TOTAL	\$ _____

Total Amount of business assistance requested from either Revolving Loan Fund, Abatement, Tax Increment Financing or another source: \$ _____

E. ADDITIONAL DOCUMENTATION AND CHECKLIST

Applicants will also be required to provide the following documentation. All personal financial information will be kept private and confidential.

- 1. Written business plan or a description of the business, ownership/ management, date established, products and services, and future plans.
- 2. Financial statements for past two years, including profit and loss statements and balance sheets.
- 3. Two year financial projections.
- 4. Personal financial statements of all major shareholders (principals) including the most recent 2 years of tax returns. (If requested.)
- 5. Letter of commitment from other sources of financing, stating terms and conditions of their participation in the project.
- 6. Administrative fee of up to \$5,000. In addition to defraying the cost of staff time, the fee will be used to pay costs associated with processing this request for financial assistance such as legal, engineering and financial analysis. The City reserves the right to stop the processing of the request until additional fees are paid should the original amount be insufficient to pay such costs. That portion which remains unspent, if any, will be returned only if the project is denied approval.
- 7. Attach the following documentation:
 - _____ Part 1 – Corporation/Partnership Description
 - _____ Part 2 – List of Shareholders/Partners
 - _____ Part 3 – Description of Project
 - _____ Part 4 – *But For* Analysis
 - _____ Part 5 – List of Prospective Lessees (If requested)
 - _____ Part 6 – Legal Description, Property Identification Numbers, maps of the project area, and project renderings
 - _____ Part 7 – Public Purpose Narrative
 - _____ Part 8 – Sources & Uses of Funds – Additional Information

The undersigned certifies that all information provided in this application is true and correct to the best of the undersigned’s knowledge. The undersigned authorizes the City and EDA of Ramsey to check credit references, verify financial and other information, and share this information with other political subdivisions as needed. The undersigned also agrees to provide any additional information as may be requested by the City after the filing of this application.

Applicant Name _____ Date _____

By _____

Its _____

EXHIBIT B
BUSINESS ASSISTANCE REVIEW WORKSHEET
FOR COMMERCIAL/INDUSTRIAL PROJECTS
TO BE COMPLETED BY APPLICANT AND CITY STAFF

A. The project meets which of the following objectives as set forth in Section C of the Business Assistance policy:

- 1. To encourage redevelopment.
- 2. To retain local jobs and/or increase the number and diversity of jobs that offer stable employment and/or attractive wages and benefits.
- 3. To enhance and/or diversify the City's economic base.
- 4. To encourage additional unsubsidized private (re)development.
- 5. To remove blight and/or encourage (re)development of commercial and industrial areas.
- 6. To accomplish other public policies which may be adopted such as the promotion of quality urban or architectural design, energy conservation, and decreasing capital and/or operating costs of local government.
 - Utilization of architectural and landscaping techniques that will enable the components of the project to blend with the natural environment.
 - Mitigation of project impact on the natural environment.

B. Ratio of Private to Public Investment in Project:

\$ _____ Private Investment

\$ _____ Public Investment

_____ **Ratio Private : Public Financing**

Points: _____

5:1 5

4:1 4

3:1 3

2:1 2

Less than 2:1 1

C. Job Creation:

_____ Net *new* jobs (minimum 40 hours per week) or
 _____ fulltime equivalents

Points: _____

50+ 5

20+ 4

10+ 3

5+ 2

Less than 2 1

D. Wage Level of jobs created:

Average hourly wage

Of *new* jobs _____

Points: _____

Over \$21/hour 5

\$18-21/hour 4

\$14-17/hour 3

\$10-13/hour 2

Under \$10/hour 1

E. Ratio Of Business Assistance To New Jobs Created:	Points:
\$ _____ Business assistance requested	\$5,000 or less <u>5</u>
_____ Number of net <i>new</i> jobs created	\$15,000 or less <u>4</u>
\$ _____ of business assist. per net <i>new</i> job created	\$25,000 or less <u>3</u>
	\$50,000 or less <u>2</u>
	Over \$75,000 <u>1</u>

F. Project size:	Points:
The project will result in the construction of _____ square feet	75,000+ <u>5</u>
	50,000+ <u>4</u>
	25,000+ <u>3</u>
	10,000+ <u>2</u>
	5,000 or less <u>1</u>

G. Type of Project:	Points:
_____ 100% Owner Occupied	<u>5</u>
_____ Mix Owner Occupied & Investment	<u>3</u>
_____ Investment Property	<u>1</u>

H. Likelihood that the project will result in unsubsidized, spin-off development:	Points:
_____ High	<u>5</u>
_____ Moderate	<u>3</u>
_____ Low	<u>1</u>

I. _____

Sub-Total Points _____ of a possible 35 points.

Bonus Points	Bonus Points:
The project will be 100% <i>pay-as-you-go</i> financing.	<u>3</u>
The project is a redevelopment project.	<u>3</u>

Total Points: _____

Overall project analysis:	High	35 points
	Moderate	25 points
	Low	15 points
	Not Eligible	5 points

APPENDIX I
Business Subsidy Statute 2008

APPENDIX II
Sample Business Subsidy Agreement

APPENDIX III
Business Subsidy Reporting Form

Economic Development Authority (EDA)

4. 6.

Meeting Date: 06/08/2017

Submitted For: Patrick Brama, Administrative Services

By: Katie Schmidt, Administrative Services

Title:

CBRE Update

Purpose/Background:

Provide periodic update to the EDA/ Council on CBRE efforts/ leads/ market trends. CBRE will be at the meeting to make a presentation.

Notification:

NA

Observations/Alternatives:

NA

Funding Source:

NA

Recommendation:

NA

Action:

NA

Attachments

CBRE Retail Marketview

CBRE Industrial Marketview

Form Review

Inbox

Patrick Brama

Kurt Ulrich

Form Started By: Katie Schmidt

Final Approval Date: 05/03/2017

Reviewed By

Patrick Brama

Kurt Ulrich

Date

04/28/2017 12:19 PM

05/03/2017 10:34 AM

Started On: 04/28/2017 11:44 AM

Minneapolis/St. Paul Retail, Q1 2017

Outlook positive for 2017 despite higher vacancy



Vacancy Rate
8.1%



Net Asking Rate
\$16.75



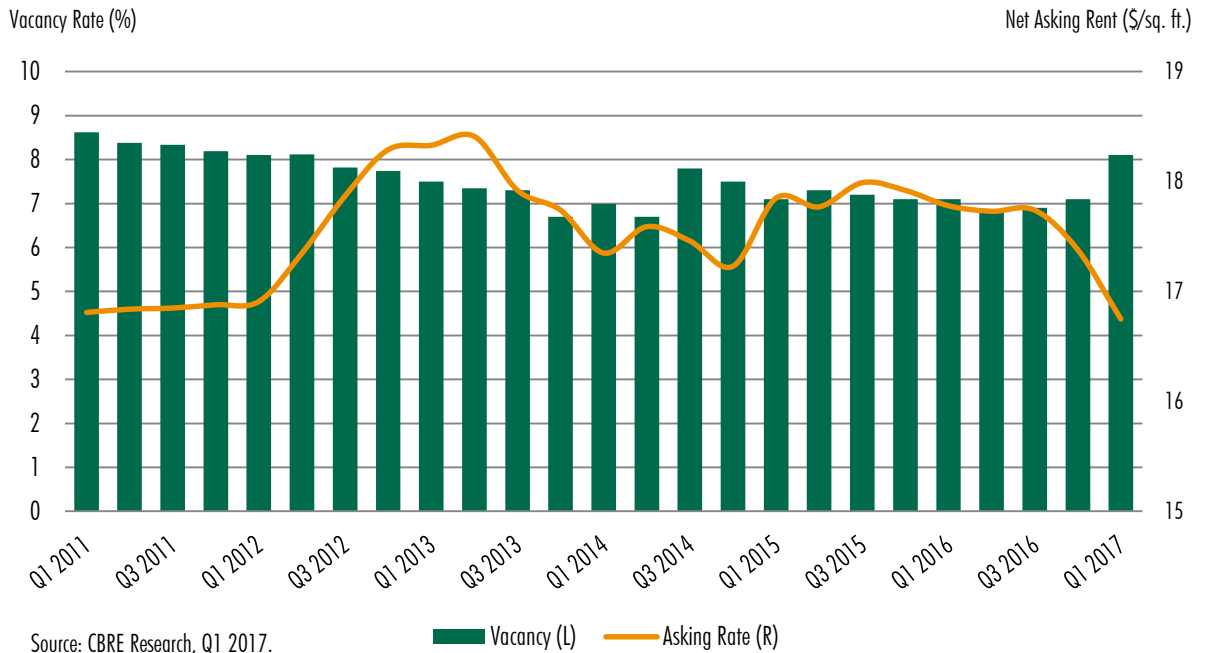
Net Absorption
(380,765) SF



Under Construction
679,893 SF

Figure 1: Direct Vacancy Rate and Lease Rate

*Arrows indicate change from previous quarter.



Source: CBRE Research, Q1 2017.

■ Vacancy (L) — Asking Rate (R)

MARKET OVERVIEW

- Macy's sold its flagship building in downtown Minneapolis and vacated 361,655 sq. ft.
- Grocers continued their push in the Minneapolis/St. Paul retail market, with another Hy-Vee completed in Savage and another set to break ground in Q2 2017.
- Scheels, a sporting goods company, signed the largest lease of Q1 2017, an expansion at Eden Prairie Center totally 204,566 sq. ft.
- Two of the top five sales of Q1 2017 had Walgreens as a tenant, demonstrating the attractiveness of long term leases to investors.

While net asking rates and absorption are down quarter-over-quarter and vacancy rates are up, positive indicators in sales and leasing activity in the Minneapolis/St. Paul retail market signal a robust 2017.

Two large retailers, Macy's and Sears, accounted for the majority of the negative absorption in Q1 2017. Macy's left its flagship store at 700 Nicollet Mall in downtown Minneapolis and Sears vacated Riverdale Village at Round Lake Blvd and Highway 10 in Coon Rapids. However, Hobby Lobby's future occupancy in Riverdale Village will offset some of the negative absorption seen Q1 2017.

TOP LEASE TRANSACTIONS

The top lease of Q1 2017 was Scheels sporting goods executing a 204,566-sq.-ft. lease for the former Sears space in Eden Prairie Center, 8301 Flying Could Dr. The retailer has a smaller space in the mall already, so its occupancy is expected in 2019. The former Sears space was vacated in 2016 and sold in Q3 2016 to the owner of Eden Prairie Center, Cypress REIT LLC. At the time, Sears had occupied 130,800 sq. ft. meaning the mall was able to lease additional vacancy to Scheels.

New-to-market trampoline park franchiser, Urban Air, leased 40,319 sq. ft. in Coon Rapids. The Texas-based company is one of many entertainment and adventure companies to enter the Minneapolis/St. Paul market over the last few years. Urban Air plans to open in Q2 2017.

In 2013, Macy’s vacated a 360,000-sq.-ft. building and the St. Paul Port Authority had been working with partners to redevelop the building. It was renamed in Q1 2017 “Treasure Island Center” after the Prairie Island Sioux Community bought the naming rights and Walgreens signed a 24,928 sq. ft. lease. Treasure Island Center will also be home to the practice facility for the Minnesota Wild hockey team for 15 years. Tria Sports Medicine clinic bought the naming rights of the practice facility and will also open a clinic in 2017.

The fourth largest lease transaction of Q1 2017 was PetSmart leasing 20,700 sq. ft. at Westlake

Center at 112 12th St. in Forest Lake. Westlake Center had been mostly vacant since 2013 when Rainbow Foods vacated. ALDI later filled a portion of the vacancy in 2014.

TOP SALE TRANSACTIONS

The top sale transaction of Q1 2017 the former Macy’s store in downtown Minneapolis. New York-based 601W Cos. bought the building for \$59 million, or \$51 per sq. ft. The retail store vacated towards the end of Q1 2017 but the sale was finalized in January. The new owner plans to redevelop the building and has partnered with Minneapolis-based United Properties on the renovation. Preliminary plans include retail in the new iteration of the building but office and multifamily are also options.

The second largest sale was a Walgreens that sold at 1055 Wayzata Blvd in Wayzata that sold for \$762 per sq. ft. It was sold 20 months after Doran Companies purchased the building.

The Shops at Southwest station was a former Greek-themed restaurant in Eden Prairie that had been closed since 2014. Minnesota-based Venture Pass Partners purchased the building in 2016 from Minnwest Bank and redeveloped it, leasing all available space. A private investor paid \$612 per sq. ft. for the building in Q1 2017, making it the third highest sale.

Figure 2: Notable Retail Lease Transactions

Tenant	Location	City	Size (Sq. Ft.)	Type
Scheels	Eden Prairie Center	Eden Prairie	204,566	New/
Urban Air	Northtown Village Shopping Center	Coon Rapids	40,319	New
Walgreens	Treasure Island Center	St. Paul	24,928	New
PetSmart	Westlake Center	Forest Lake	20,700	New

Source: CBRE Research, Q1 2017.

Figure 3: Top Retail Sales Transactions

Property	Size (Sq. Ft.)	City	Buyer	Price
Macy's	1,161,655	Minneapolis	601W Cos.	\$59,000,000
Walgreens	15,374	Wayzata	POMCO LLC	\$11,720,000
Shops at Southwest Station	10,975	Eden Prairie	Naper Corner TRP LLC	\$6,720,849
Walgreens	14,490	St. Paul	1180 Arcade LLC	\$6,500,000
South Pond Center	12,655	Champlin	Wallingford Properties	\$6,175,000

Source: CBRE Research, Q1 2017.

TOP SALE TRANSACTIONS, CONTINUED

The fourth highest sale was another Walgreens but this time in St. Paul. Located at 1180 Arcade St., it traded to a California-based investor for \$449 per sq. ft. It sold for 10.2% more than it did in 2011 and Walgreens has a long-term, triple net lease in the building.

Rounding out the top five was the sale of South Pond Center in Champlin. The retail center was constructed in 2015 and is currently fully leased to tenants including Pacific Dental, Chipotle and Leann Chin. TOLD Development sold the property for \$488 per sq. ft. to Minnesota-based Wallingford Properties.

NOTABLE CONSTRUCTION PROJECTS AND 2017 EXPECTATIONS

According to the 2016 Midwest Trends report by CBRE Research, mixed-use projects (developments where there is more than one primary use) are the dominant form of development across the Midwest with over 40 completed in 2016 and over 90 are currently underway.

In Minneapolis/St. Paul, developers are favoring

mixed-use developments in the form of both lifestyle-type centers (like Central Park Commons in Eagan) and ground floor retail of multifamily and commercial development (like the currently under construction Rex 20 Apartments in Minneapolis). Of the current large construction projects noted in Figure 4, The Village at Arbor Lakes fits the trend.

Figure 4: Notable Twin Cities Retail Construction Projects

Project	Sq. Ft.	Submarket
Woodbury Costco	164,000	Woodbury
The Village at Arbor Lakes	150,000	Maple Grove
Schneiderman's Furniture	122,000	A.V./Lakeville
Grove Plaza Hy-Vee	95,700	Cottage Grove

Source: CBRE Research, Q1 2017.

Figure 5: Minneapolis/St. Paul Retail Market Statistics

Submarket	Rentable Area (Sq. Ft.)	Direct Vacancy Rate(%)	Average Net Asking Rate (\$/Sq. Ft./Yr)	Q1 Net Absorption (Sq. Ft.)	YTD Net Absorption (Sq. Ft.)	Active Construction (Sq. Ft.)
A.V. — Lakeville	3,499,383	6.1	20.65	3,155	3,155	122,000
Brookdale	3,510,557	14.6	15.70	(24,210)	(24,210)	
Burnsville	3,549,950	4.4	26.08	111,877	111,877	
Calhoun	1,258,636	9.2	29.04	(7,758)	(7,758)	55,707
Coon Rapids	4,168,306	2.5	8.01	(103,376)	(103,376)	
Eagan	2,960,668	6.3	10.90	(11,528)	(11,528)	
Eden Prairie	3,794,209	10.6	17.16	9,162	9,162	
Maple Grove	5,425,652	3.0	20.51	(8,395)	(8,395)	150,000
Maplewood	3,563,352	4.7	18.63	3,860	3,860	20,600
Minneapolis CBD	2,238,390	14.4	25.68	(331,014)	(331,014)	
Northtown	3,063,899	17.0	7.58	(15,964)	(15,964)	48,500
Ridgedale	5,502,483	3.2	14.23	(2,018)	(2,018)	
Rosedale	5,316,025	9.4	15.69	(12,676)	(12,676)	71,665
Southdale	6,848,416	4.4	19.91	(12,676)	(12,676)	
St. Paul Highlands	1,413,147	4.4	16.52	25,741	25,741	
West St. Paul	1,305,502	10.5	13.91	7,095	7,095	
Woodbury	4,821,267	9.5	13.72	(12,170)	(12,170)	259,921
Total (Metro)	62,239,842	8.1	16.75	(380,765)	(308,765)	679,893

Source: CBRE Research, Q1 2017.

* Note: In Q1 2017, the Mall of America was removed from the tracked set.

SUNDAY FUNDAY: MINNESOTA APPROVES SUNDAY WINE AND SPIRIT SALES

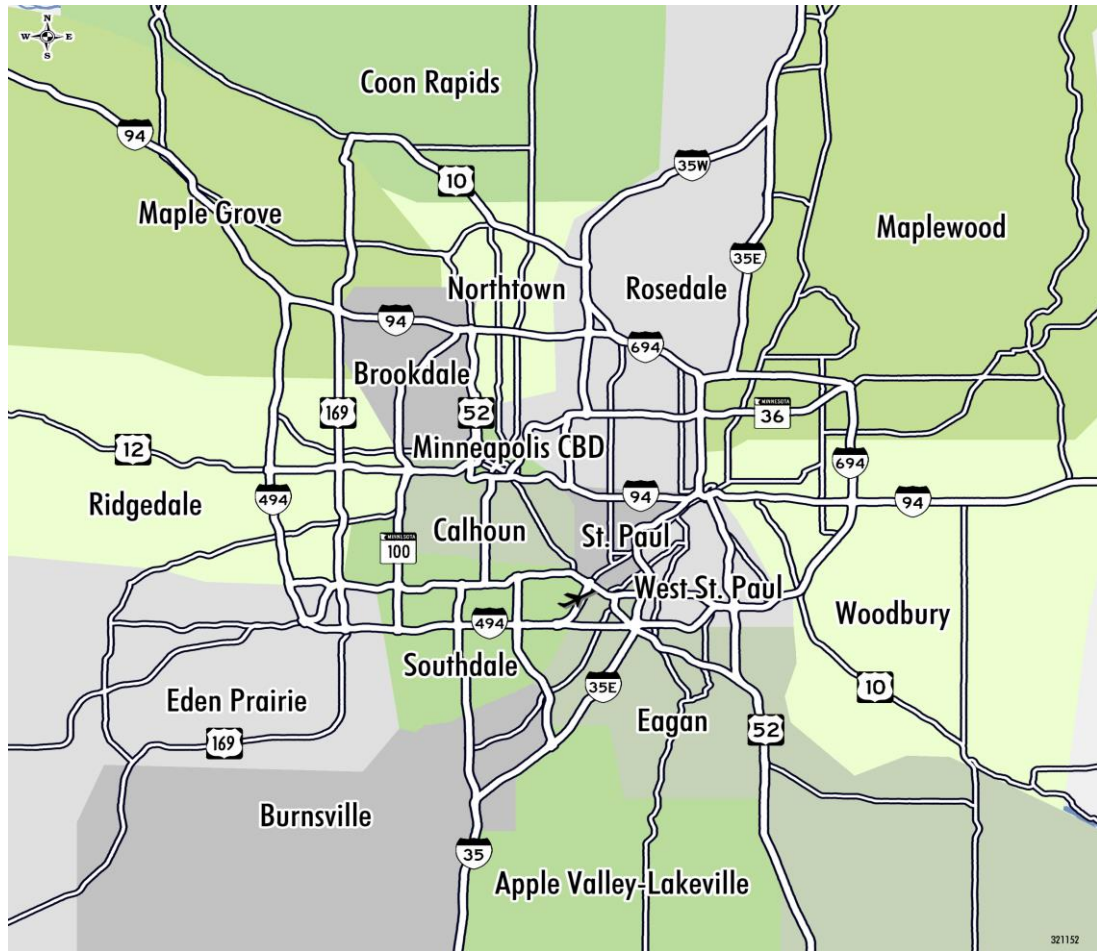
Ending a decades old ban, a March legislative decision abolished the ban on Sunday liquor sales in the State of Minnesota. Beginning in July, retailers will be allowed to open for business on Sundays for the first time since Prohibition. Years in the making, this repeal opens the door to boost retail sales instead of losing out to neighboring states that allowed for Sunday sales.

Figure 6: Wine and Spirit Sale Image



Source: CBRE Research, Q1 2017.

Figure 7: Q1 2017 Submarket Map



Source: CBRE Research, Q1 2017.

CONTACTS

Allyn Thorpe
 Research Analyst - Team Lead
 +1 952 924 4810
 allyn.thorpe@cbre.com

Tim Tysk
 Researcher
 +1 952 924 4627
 tim.tysk@cbre.com

CBRE OFFICE

Minneapolis/St. Paul
 1900 LaSalle Plaza
 800 LaSalle Avenue
 Minneapolis, MN 55402

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Minneapolis/St. Paul Industrial, Q1 2017

Strong construction propels market to stay hot

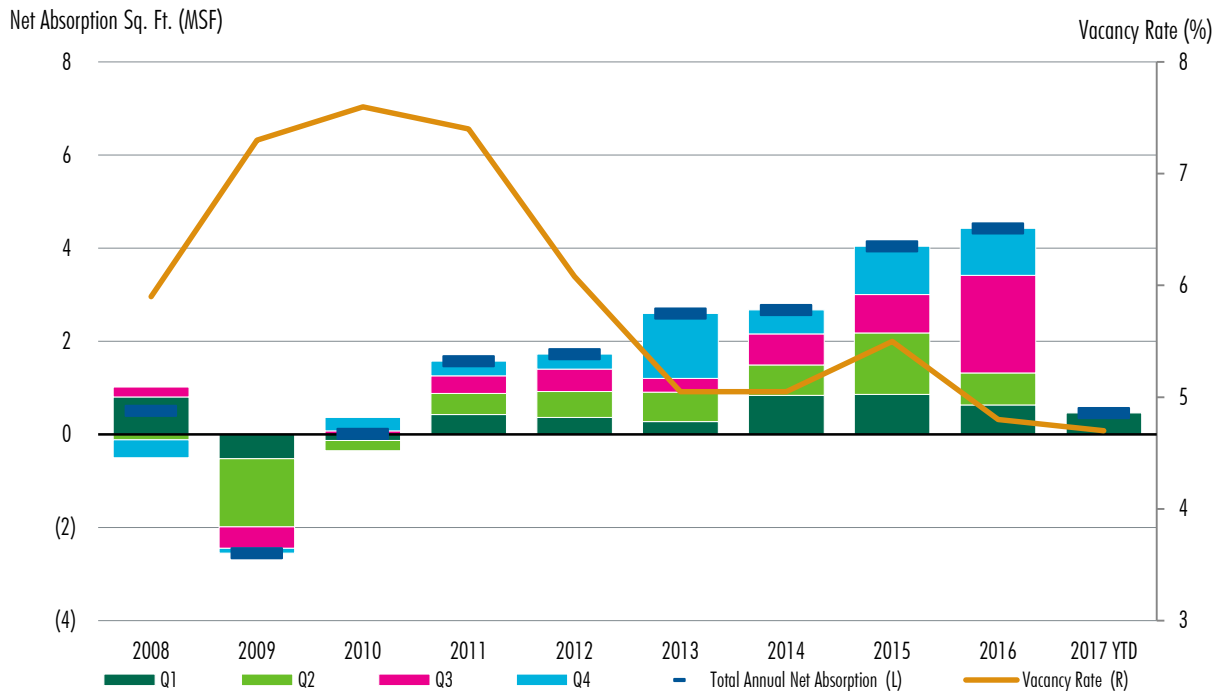
 Vacancy Rate
4.7%

 Lease Rate
\$5.85 PSF

 Net Absorption
458,276 SF

Figure 1: Historical Net Absorption vs Vacancy Rate

*Arrows indicate change from previous quarter.



Source: CBRE Research, Q1 2017.

- The largest lease transaction of Q1 2017 was Dakota Supply, occupying 135,447 SF at 845 Berkshire Ln.
- The largest sale transaction of Q1 2017 was the purchase of Lake Point Distribution Center for \$8.2 million by Haleakala Ranch Co.
- Q1 2017 marked the 27th consecutive quarter of positive net absorption for the Minneapolis/St. Paul industrial market.

MARKET OVERVIEW

The Minneapolis/St. Paul industrial market has yet to see a disruptive force present itself to derail this train of 27 consecutive quarters of positive net absorption. Backed by a strong numbers of new construction, both build-to-suit (BTS) and speculative (spec), completion in Q1 2017. The market finished with 458,276 sq. ft. of positive net absorption.

MARKET OVERVIEW CONT'D

Direct vacancy rates for Q1 2017 ended at 4.7%, which is up 40 basis points (bps) quarter-over-quarter. This change in vacancy reflects the trend of companies downsizing space into newer, more modern locations. For those that did need additional space, the standard has shifted. New construction is the method of choice to fulfill the needs of the tenant, resulting in 1,057,173 sq. ft. of completed construction in Q1 2017 being BTS.

Average net asking rates of the industrial market have had a year-over-year increase of 1.1%, ending at \$5.85 per sq. ft. in Q1 2017.

ABSORPTION BUILDS ON ITS HOT STREAK

Q1 2017 absorption numbers continued the streak of positive net absorption, counting 27 consecutive positive quarters. While 458,276 sq. ft. maintained the streak, it is a year-over-year decrease due, in part, to some large tenants downsizing their operations. Single tenant BTS was the largest driver to push the absorption positive. For those not downsizing, when it was time to expand, BTS construction was the preferred method of expansion.

Dakota Supply had the largest lease transaction, occupying 135,447 sq. ft., followed by MVP Logistics with 108,988 sq. ft. and V-Star Entertainment Group rounding out the top three with 104,818 sq. ft.

Figure 2: Top Lease Transactions

Tenant	Size (Sq. Ft.)	Address	Transaction Type
Dakota Supply	135,447	845 Berkshire Ln.	Renewal/Expansion
MVP Logistics	108,988	14600 N 21 st . Ave	Renewal
V-Star Entertainment Group	104,818	44 E Northern Stacks Dr.	New
Ceva Freight, LLC.	103,407	3169 Dodd Rd.	Relocation
Cojo	88,000	201 Armour Ave.	Renewal

Source: CBRE Research, Q1 2017

CONSTRUCTION

Q1 2017 was a big quarter for construction completions. With ten projects wrapping up, 1,353,231 sq. ft. were added to the market with 89.9% pre-leased upon completion. Many of the projects that finished were BTS, which accounted for the high percentage of pre-leased space.

The largest construction completion in the market was a 192,000 sq. ft. BTS in the bustling town of Hopkins, within the Southwest submarket. Japs-Olson Company was the sole tenant of this project.

The next largest completion also happens to be the largest spec project of the ten finished buildings, at 189,000 sq. ft. Upon completion, the Midway Stadium Business Center was 28% leased. Other Spec completions include Northern Stacks II and Chanhassen West Business Center III.

Ten projects are currently under construction in the market, with half BTS and the other half spec. When all is complete, another 1,368,016 sq. ft. of industrial space will be added with approximately 40% uncommitted and available.

SINGLE PROPERTY SALES DOMINATE Q1

Q1 2017 sales activity consisted of all single tenant transactions totaling \$69 million in total volume. The largest was Lake Point Distribution Center in Plymouth at 15300 25th Ave., which sold for \$83 per sq. ft. between United Properties and private capital source.

Southeast Corporate Center, 2250 Pilot Knob Road in Mendota Heights, was the second largest sale in terms of price. The 58,333-sq.-ft. building sold for \$126 per sq.-ft. to Spectrum Development Group by Alidade Capital.

Of the 14 sales during Q1 2017, half were purchased for occupancy by owner/users. As a comparison, Q1 2016 saw only one third of purchased by users.

INVESTMENT EXPECTATIONS

CBRE expects 2017 industrial sale velocity to increase in Q3 and Q4 with several offerings currently in the market or under contract. Pricing on core industrial offering will continue to be competitive and achieve record high pricing through the first three quarters of 2017.

Figure 3: Southeast Corporate Center



Source: CBRE Research, Q1 2017.

Figure 4: Top Investment Sale Transactions

Property	Buyer	Sale Price (\$) / Size (Sq. Ft.)	City	Transaction Type
Lake Point Distribution Center	Haleakala Ranch Co	8,185,500 / 97,446	Plymouth	Property
Southeast Corporate Center	Spectrum Dev Group	7,350,000 / 58,333	Eagan	Property
2500 County Road C West	Stan Koch & Sons Trucking Inc.	7,020,000 / 60,000	Roseville	Property
20240 South Diamond Lake Rd	Commercial Partners Exchange	7,000,000 / 154,821	Rogers	Property
8650 109 th Ave North	Crown Equipment Inc.	5,350,000 / 82,307	Champlin	Property

Source: CBRE Research, Q1 2017.

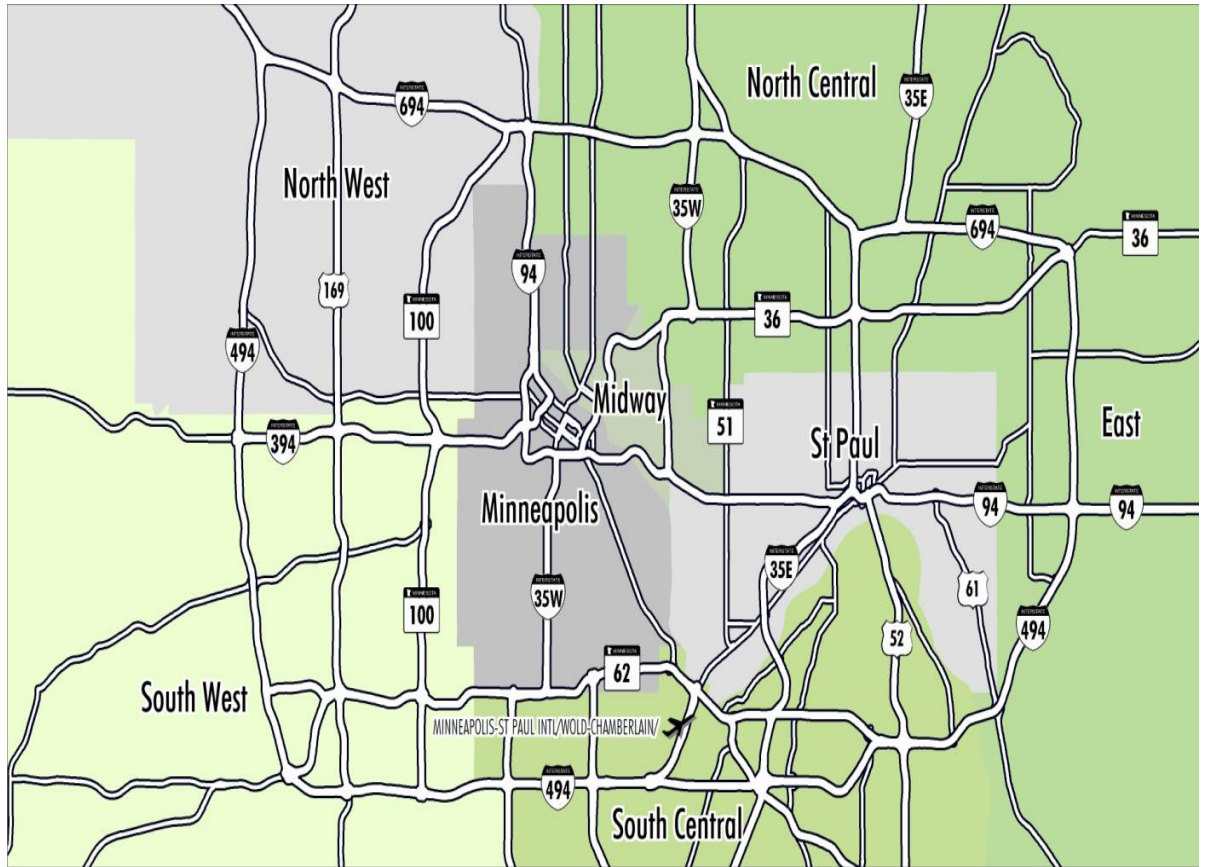
Figure 5: Minneapolis/St. Paul Industrial Market Statistics

Submarket	Rentable Area (Sq. Ft.)	Total Vacancy Rate (%)	Y-o-Y Vacancy Trend	Average Net Asking Rate (\$/Sq. Ft./Yr)	Q4 Net Absorption (Sq. Ft.)	Y-o-Y Net Absorption Trend	YTD Net Absorption (Sq. Ft.)	Under Construction Spec (Sq. Ft.)	Under Construction BTS (Sq. Ft.)
Metro Overall	333,156,356	4.7	↓	5.85	458,276	↓	458,276	415,200	952,816
Bulk Warehouse	70,624,965	5.5	↓	4.62	(233,852)	↑	(233,852)	142,000	402,000
Office Warehouse	144,312,347	4.5	↓	5.64	378,025	↑	378,025	273,200	467,816
Office Showroom	36,776,391	8.5	↓	7.64**	(24,045)	↓	(24,045)	-	-
Northwest	67,708,868	8.1	↑	5.54	(261,041)	↓	(261,041)	142,000	96,000
Bulk Warehouse	17,884,165	12.4	↑	4.71	(200,823)	↓	(200,823)	142,000	-
Office Warehouse	31,685,714	5.6	↓	5.13	304,057	↑	304,057	-	96,000
Office Showroom	7,880,331	11.4	↓	7.53**	(29,696)	↓	(29,696)	-	-
Southwest	72,028,053	4.4	↓	6.25	731,109	↑	731,109	-	-
Bulk Warehouse	14,848,374	4.4	↓	5.97	(73,045)	↓	(73,045)	-	-
Office Warehouse	31,994,142	4.1	↓	5.15	68,405	↓	68,405	-	-
Office Showroom	12,814,707	8.2	↓	8.17**	14,740	↑	14,740	-	-
South Central	52,442,202	3.1	↓	5.62	57,484	↑	57,484	140,000	206,000
Bulk Warehouse	12,113,801	1.2	↓	4.87	111,489	↑	111,489	-	-
Office Warehouse	24,210,105	3.5	↓	4.92	(24,600)	↑	(24,600)	140,000	206,000
Office Showroom	7,148,740	7.6	↓	7.63**	(7,404)	↓	(7,404)	-	-
St. Paul	15,751,362	2.2	↓	5.99	-	↑	-	-	-
Bulk Warehouse	2,850,253	2.7	↓	3.75	-	→	-	-	-
Office Warehouse	6,067,398	3.0	↓	8.25	-	↑	-	-	-
Office Showroom	1,303,721	6.6	→	8.12**	-	→	-	-	-
Minneapolis	27,845,438	2.7	↓	5.74	68,000	↑	68,000	-	-
Bulk Warehouse	2,221,360	6.0	↑	3.87	-	→	-	-	-
Office Warehouse	11,021,281	3.8	↓	7.80	68,000	↑	68,000	-	-
Office Showroom	182,266	5.5	↓	-	-	→	-	-	-
North Central	49,885,447	4.1	↓	5.98	20,000	↓	20,000	133,200	650,816
Bulk Warehouse	10,889,171	1.0	↓	3.87	135,000	↑	135,000	-	402,000
Office Warehouse	23,671,693	5.5	↓	4.90	(154,458)	↓	(154,458)	133,200	248,816
Office Showroom	5,210,370	7.6	↓	7.76**	(1,685)	↓	(1,685)	-	-
East	15,030,875	1.9	↓	5.56	125,000	↑	125,000	-	-
Bulk Warehouse	2,470,518	0.2	↓	4.50	-	→	-	-	-
Office Warehouse	5,614,857	2.0	↓	4.71	-	→	-	-	-
Office Showroom	1,500,977	5.9	↓	8.51**	-	→	-	-	-
Midway	32,464,111	5.8	↓	6.15	(269,852)	↓	(269,852)	-	-
Bulk Warehouse	7,347,323	7.1	↑	4.59	(206,473)	↓	(206,473)	-	-
Office Warehouse	10,077,157	5.8	↓	4.25	116,621	↑	116,621	-	-
Office Showroom	735,279	5.7	↓	7.25**	-	↓	-	-	-

Source: CBRE Research, Q1 2017.

* Single Tenant & Multi Tenant. ** Represents a blended rate of 50% office and 50% warehouse. Total Vacancy Rate May Not Add Up Due To Rounding.

Figure 6: Minneapolis/St. Paul Industrial Submarket Map



CONTACTS

Tim Tysk
Researcher
 +1 952 924 4627
 Tim.Tysk@cbre.com

CBRE OFFICE

Minneapolis
 1900 LaSalle Plaza, 800 LaSalle Avenue
 Minneapolis, MN 55402

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Economic Development Authority (EDA)

4. 7.

Meeting Date: 06/08/2017**Submitted For:** Tim Gladhill, Community Development**By:** Eric Maass, Community Development**Title:**

Review Architectural Design for StoneBrook Academy (Project #17-101); Case of Michael and Kristen Johnson

Purpose/Background:

The City has received an application for Preliminary Plat, Final Plat and Site Plan for StoneBrook Academy, a proposed 9,132 square foot building for a new child care center to be located west of Sunwood Village between Sunwood Drive and Veterans Drive.

The purpose of this case is to review the architectural design with the EDA in the context of compliance/expectations related to the Purchase Agreement with the City. NOTE: the Staff Review Letter does require updating, as revised plans were received on May 31, 2017. However, Staff has not completed review of the revised plans, so the most recent review is included for reference.

Notification:

City Staff attempted to notify all property owners within 700 feet of the Subject Property of the request via U.S. mail and published a notice of public hearing in the Anoka Union Herald, the City's official newspaper.

Observations/Alternatives:

The proposed project appears consistent with the Zoning and Future Land Use maps.

The Preliminary Plat and Final Plat appear to meet the minimum bulk standards for the COR 2 sub-district. The Plat shows the creation of one (1) commercial lot and two (2) outlots to be developed at a later time. The one (1) commercial lot meets the bulk standards for the COR2 subdistrict for lot width and lot depth. Any necessary revisions are outlined in the Staff Review Letter.

The Environmental Policy Board (EPB) reviewed the proposed Site Plan at its meeting on May 15, 2017 and recommended approval of the site plan with corrections as noted in the Staff Review Letter.

The Site Plan shows a proposed daycare facility of 9,132 square feet in size with an auxiliary playground space of 2,346 square feet, all of which is located on the 36,925 square foot parcel. The Applicant has refined the proposed building elevations per the discussions held at the May Planning Commission meeting. The revised elevations incorporate more brick and window treatments, as well as a flat roof fronting Sunwood Drive in an attempt to better match other nearby buildings. Additional required revisions are detailed in the Staff Review Letter. Most required revisions seem to be relatively minor. However, Staff needs policy direction about a lack of entrance along Sunwood Drive. The City has found flexibility in other sub-districts (retail/office); however, this is the first time the City has encountered this topic this close to the Downtown District. Final note - there are no current restrictions on the use of pitched roofs in any sub-district of The COR.

In refining the Site Plan and elevations, the Applicant has achieved a Floor Area Ratio (FAR) of .25. and a variance is no longer necessary or being sought at this time. The Applicant is showing a total of thirty-six (36) parking stalls, which includes two (2) handicap stalls. While a daycare is not specifically outlined in the City's Zoning Code with regard to the number of stalls required, Staff believes that the number of stalls shown is adequate. This is based on the expectation of up to twenty-four (24) employees and that the nature of the business as a daycare facility will result in a high amount of pick up and drop off traffic of the anticipated 120 students and that dedicated stalls for these students is not necessary. The Site Plan shows two (2) downcast lighting fixtures located in the center medians

of the parking lot which adheres to the City's Zoning Code.

Alternatives

Alternative 1: Recommend approval of the requested Preliminary Plat, Final Plat, and Site Plan requests. The proposed project appears to comply with the bulk standards of The COR Design Framework and the proposed use would be an asset to the COR development as well as the City of Ramsey. Staff is supportive of this alternative contingent upon compliance with the Staff Review Letter.

Alternative 2: Recommend approval of the requested Preliminary Plat, Final Plat and Site Plan with additional modifications to the building elevations and/or other elements of the project other than what is currently outlined in the Staff Review Letter. The Applicant made attempts to improve the architecture of the building while still maintaining their desired look and feel of it. If the Planning Commission still feels that it is not sufficient, it should provide specific direction as to what additional elements or features should be incorporated.

Alternative 3: Recommend denial of the Preliminary Plat, Final Plat, and Site Plan as currently requested. If the Planning Commission desires to recommend denial it should clearly state its findings for the recommended denial and direct staff to prepare a resolution outlining those findings of fact. As previously noted, the proposed project appears consistent with the provisions of City Code and The COR Design Framework. Staff does not support this alternative.

Funding Source:

The Applicant is responsible for all costs associated with this request.

Recommendation:

EDA Review: staff is requesting the EDA review the site layout and building renderings. Staff would like the EDA to provide input (support, opposition, or amendments).

Staff recommend approval of the project, contingent on revisions outlined in the Staff Review Letter (including architectural corrections).

The Planning Commission recommended approval of the site plan, contingent on further building design revisions in addition to those outlined in the Staff Review Letter:

1. Additional window coverage on Sunwood Drive facade
2. Further emphasis on stone pillars between window facades on Sunwood Drive
3. Both design elements illustrated on Page 52 (top right image) of The COR Design Framework (included in attached Staff Review Letter)

Final note, the Planning Commission did note that the Applicant did make significant improvement to the design from the original building design package submitted for official Site Plan Review. The Planning Commission had raised significant concern with the original design.

Action:

Motion to provide:

[support/ opposition/ amendments to] the attached proposed architectural package for Stone Brook Academy.

Attachments

Site Location Map

Architectural Package

Staff Review Letter

Form Review

Inbox

Chris Anderson

Tim Gladhill

Patrick Brama

Tim Gladhill

Form Started By: Eric Maass

Final Approval Date: 06/02/2017

Reviewed By

Chris Anderson

Tim Gladhill

Patrick Brama

Tim Gladhill

Date

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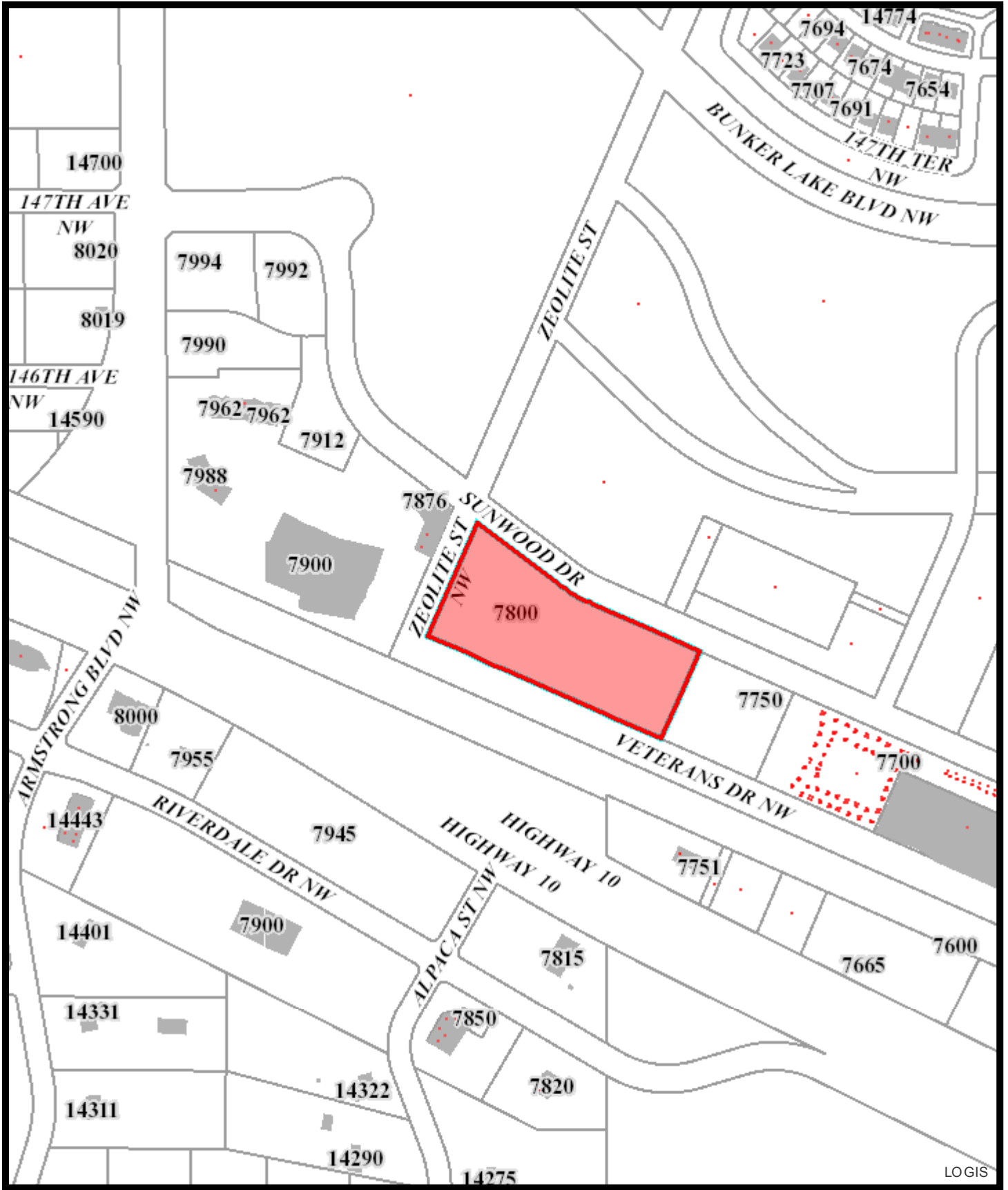
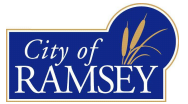
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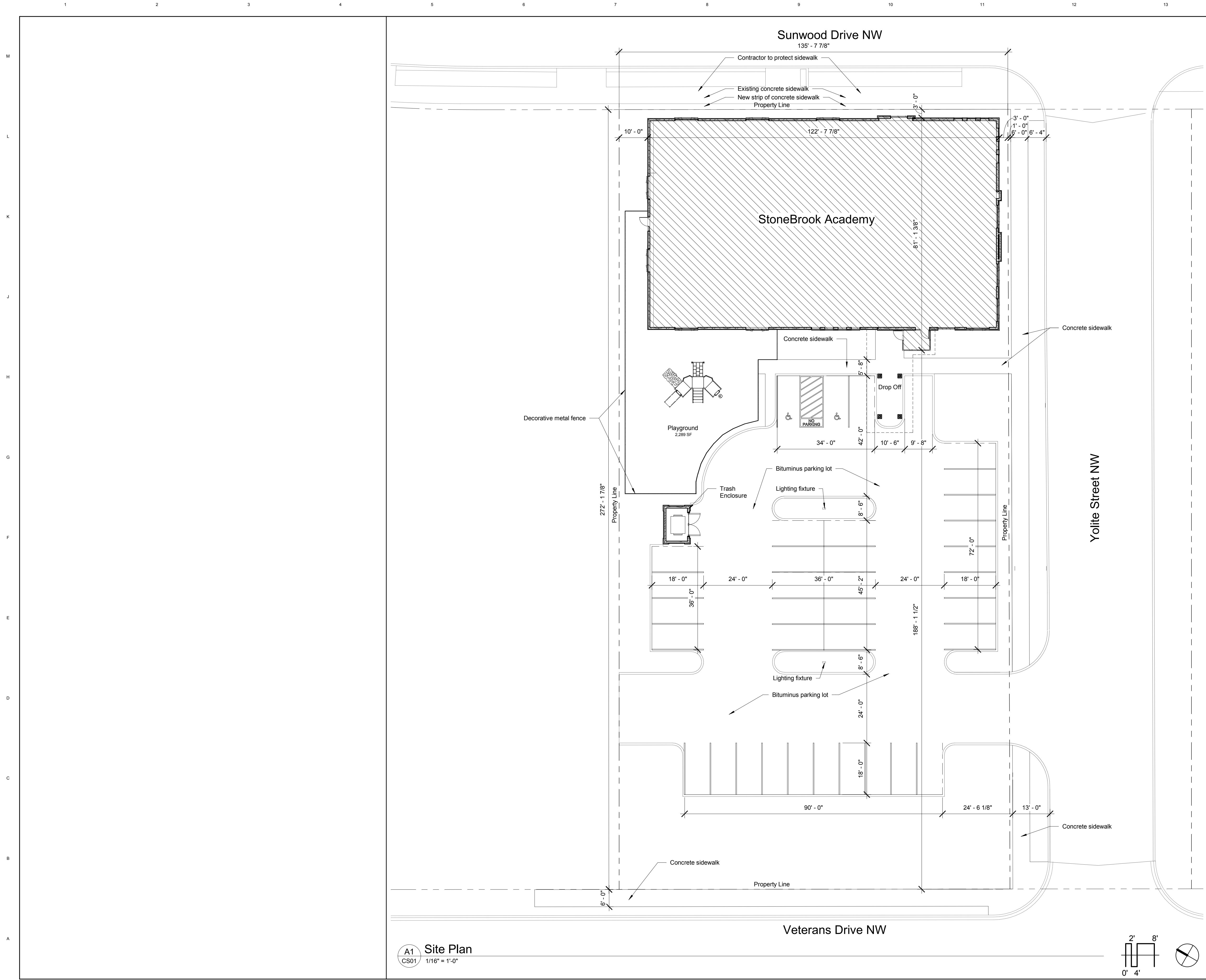
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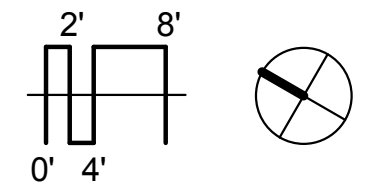
Site Location Map



C:\Revt\REVIT\2017\17018 - Ramsey Daycare_mcdunasa.rvt
5/31/2017 3:04:30 PM



A1 Site Plan
CS01 1/16" = 1'-0"



Building Statistics	
Proposed Name	StoneBrook Academy
Type of Use	Daycare
Expected Number of Employees	22-24
Zoning	COR-2
Site Statistics	
Site Square Footage	37,022 SF
Site Acreage	.85 Acres
Building Square Footage / Percentage	9,132 SF / 25%
Impervious Surface Square Footage / Percentage	24,482 SF / 66%
Green Space Square Footage / Percentage	12,443 SF / 33%
Parking Spaces	36 (Including 2 Handicap)
F.A.R.	25

HEREBY CERTIFY THAT THIS PLAN, SPECIFICATIONS, AND CONTRACT DOCUMENTS WERE PREPARED BY ME OR UNDER MY CLOSE PERSONAL SUPERVISION AND THAT I AM A FULLY LICENSED ARCHITECT IN THE STATE OF MINNESOTA.
 PRINT NAME: Quinn S. Hulson
 SIGNATURE: [Signature]
 DATE: 05/04/17 LIC. NO.: 21234

CNH NO.: 17018
 DATE: 05/23/17
 REVISIONS:

Stone Brook Academy
 7800 Sunwood Drive
 Ramsey, MN 55303
 Site Plan

CS01



7800 WEST 147TH STREET SUITE 504 APPLE VALLEY, MN 55247-7580 (626) 431-4433
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NOT FOR CONSTRUCTION



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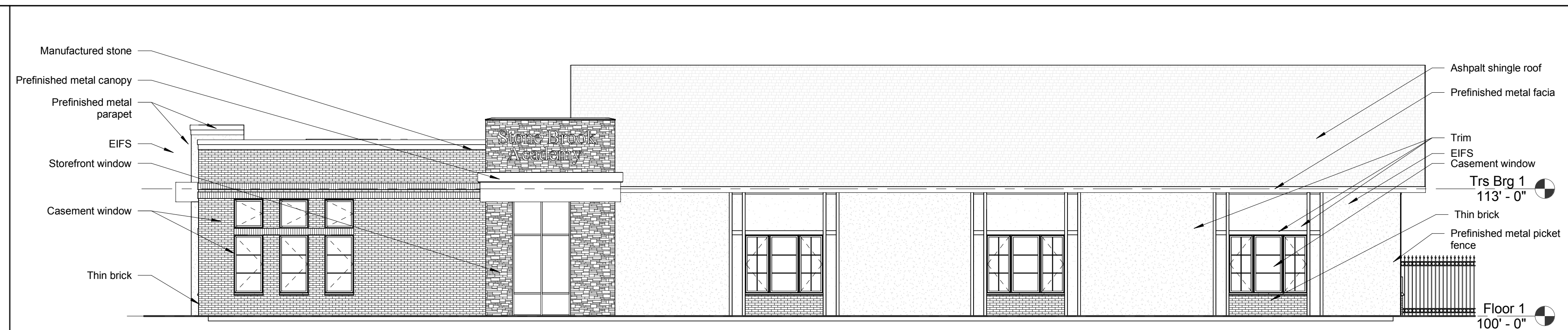
HEREBY CERTIFY THAT THIS PLAN, SPECIFICATIONS, AND SCHEDULES WERE PREPARED BY ME OR UNDER MY CLOSE PERSONAL SUPERVISION AND THAT I AM A DULY LICENSED ARCHITECT UNDER THE LAWS OF THE STATE OF MINNESOTA.
 PRINT NAME: **Quinn S. Hulson**
 SIGNATURE: *Q. Hulson*
 DATE: 05/04/17 LIC. NO.: 21234

CNH NO.: 17018
 DATE: 05/23/17
 REVISIONS:

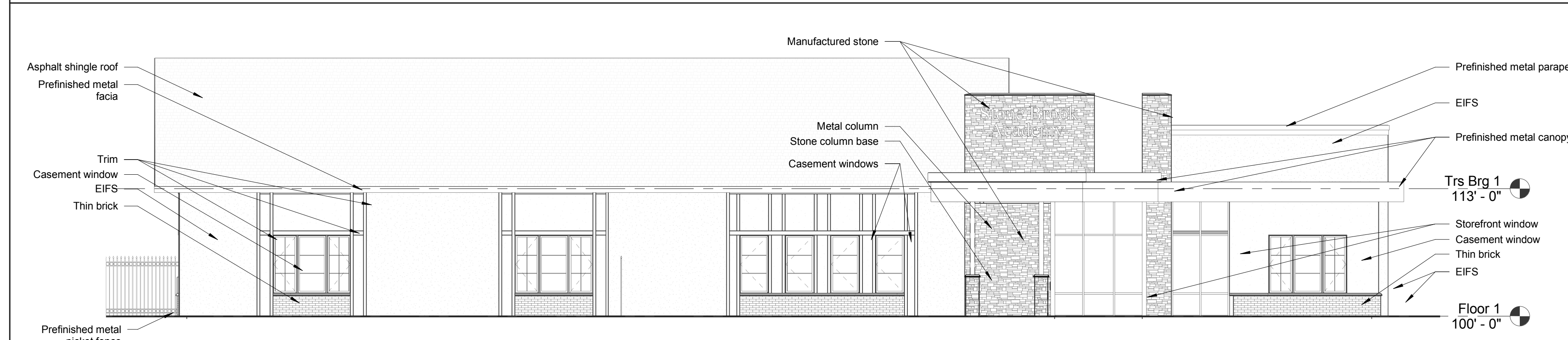
Stone Brook Academy
 7800 Sunwood Drive
 Ramsey, MN 55303
 Elevations

CS02

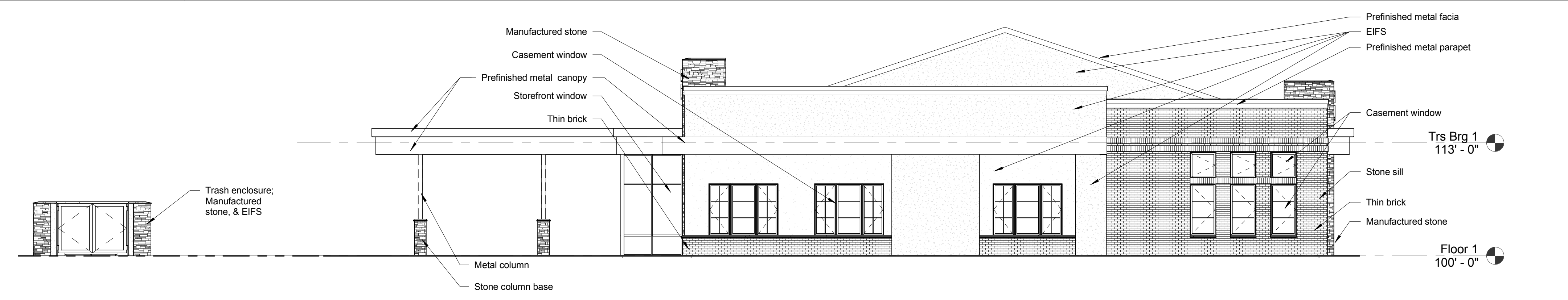
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Sign Types	Wall Sign (2)
% of facade allowable	15%
% of facade total	North Facade: 2% South Facade: 2%
North Elevation Statistics	
Facade SF	1800 SF
EIFS %	40%
Stone/Brick/Metal %	44%
Windows %	16%
South Elevation Statistics	
Facade SF	1895 SF
EIFS %	51%
Stone/Brick/Metal %	27%
Windows %	22%
East Elevation Statistics	
Facade SF	1510 SF
EIFS %	39%
Stone/Brick/Metal %	41%
Windows %	20%
West Elevation Statistics	
Facade SF	1590 SF
EIFS %	83%
Stone/Brick/Metal %	3%
Windows %	14%



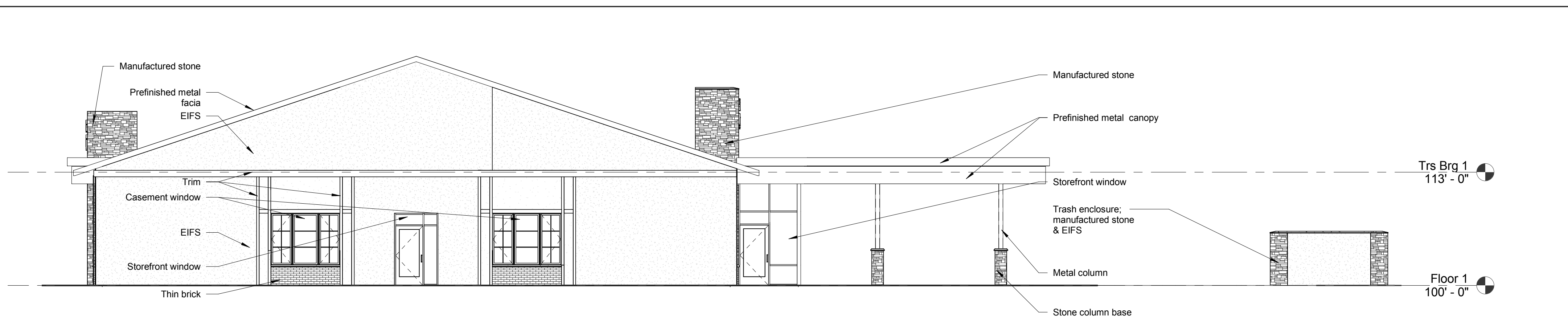
K4
CS02 Preliminary North Elevation (View from Sunwood Drive)
 1/8" = 1'-0"



G4
CS02 Preliminary South Elevation (View from Veterans Drive)
 1/8" = 1'-0"



D2
CS02 Preliminary East Elevation (View from Yolite Street)
 1/8" = 1'-0"

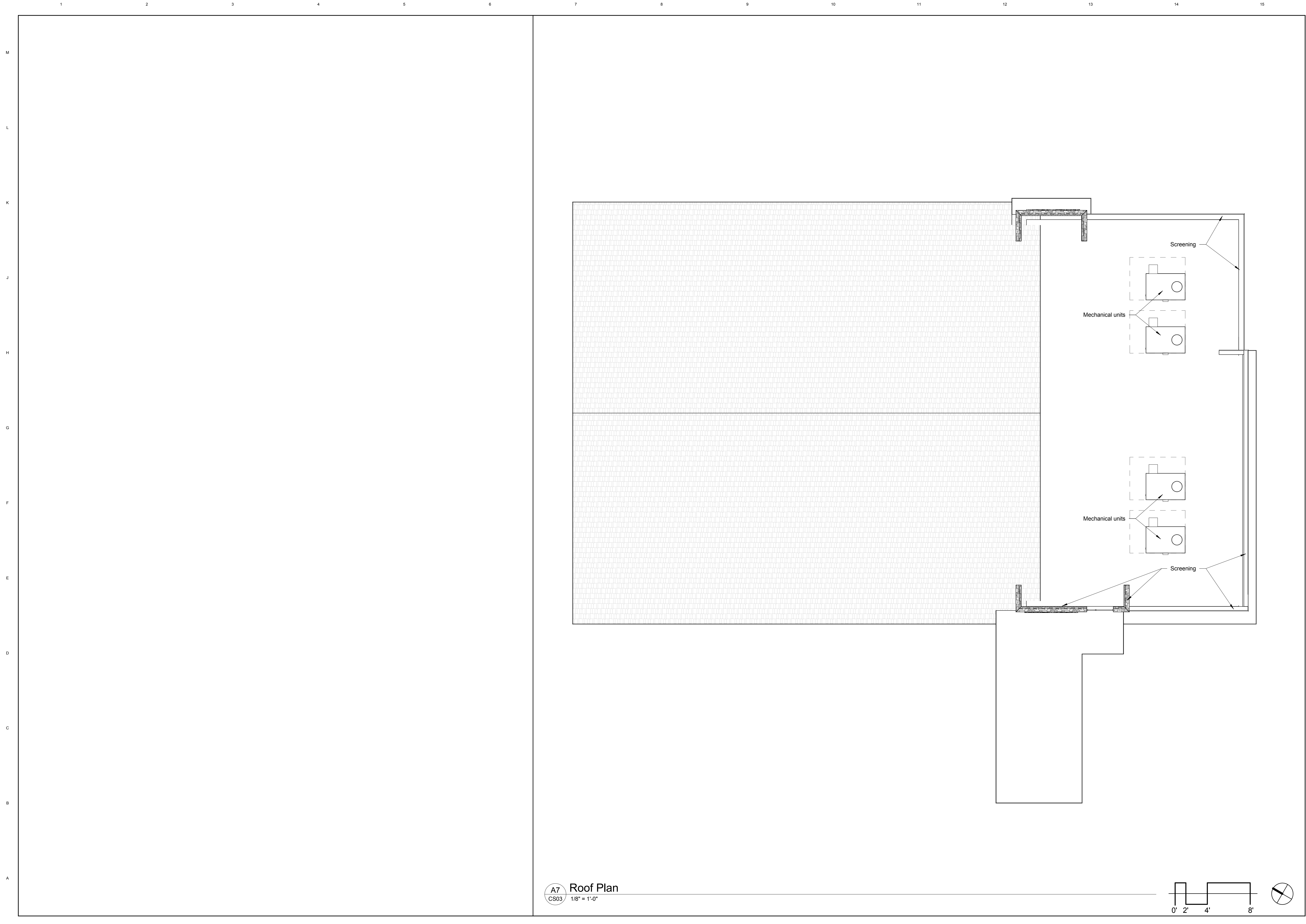


A2
CS02 Preliminary West Elevation
 1/8" = 1'-0"

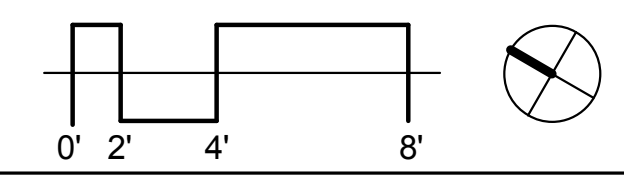
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A7
CS03 **Roof Plan**
1/8" = 1'-0"



NOT FOR CONSTRUCTION



HEREBY CERTIFY THAT THIS PLAN, SPECIFICATION, AND CONTRACT DOCUMENTS WERE PREPARED BY ME OR UNDER MY DIRECT SUPERVISION AND THAT I AM A FULLY LICENSED ARCHITECT IN THE STATE OF MINNESOTA.
 SIGNATURE: *Quinn S. Hulson*
 PRINT NAME: **Quinn S. Hulson**
 DATE: 05/04/17 LIC. NO.: 21234

CNH NO.: 17018
 DATE: 05/23/17
 REVISIONS:

Stone Brook Academy
 7800 Sunwood Drive
 Ramsey, MN 55303
 Roof Plan

CS03

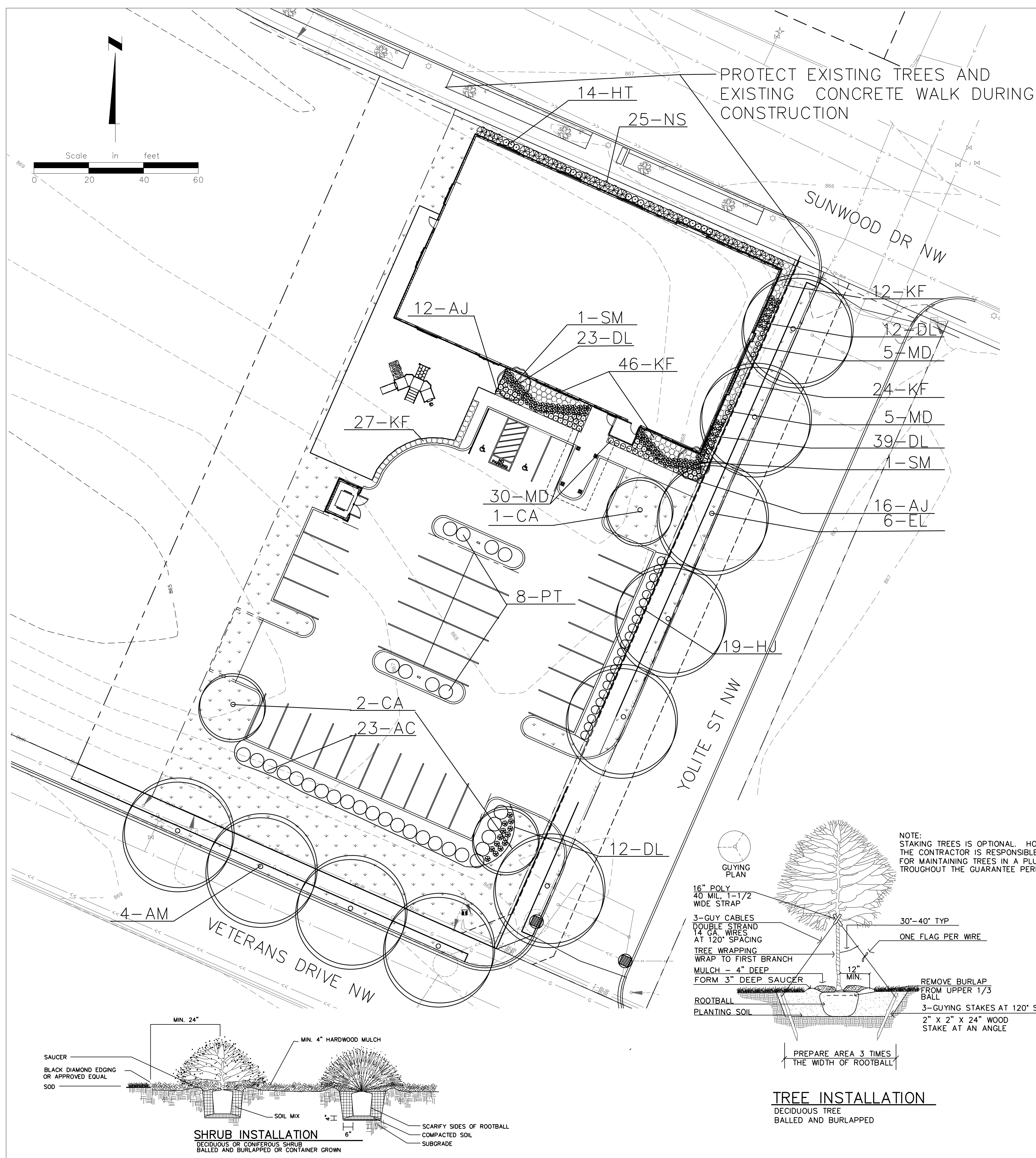
7800 WEST 147TH STREET SUITE 504 APPLE VALLEY, MN 55247-7580 (626) 431-4433
 © COPYRIGHT BY CNH ARCHITECTS, INC.

I hereby certify that this plan, specification or report was prepared by me or under my direct supervision and that I am a duly registered Landscape Architect under the laws of the State of Minnesota.
HT PO
 HANSEN, TUGGE, PULLEN, OLSON, Inc.
 2017
 Reg. No. 20893 Date: 5-4-2017

CNH NO.: 17018
 DATE: 5/4/17
 REVISIONS:
 05-26-2017 SITE PLAN REVISION

StoneBrook Academy
 7800 Sunwood Drive
 Ramsey, MN 55303
 Landscape Plan

L1



PROTECT EXISTING TREES AND EXISTING CONCRETE WALK DURING CONSTRUCTION

IRRIGATION NOTES:

ALL SODDED AREAS, PLANTING BEDS AND PARKING ISLANDS SHALL HAVE AN IRRIGATION SYSTEM PER CITY REQUIREMENTS AND SHALL BE BID AS DESIGN BUILD. DO NOT IRRIGATE ANY SEEDED AREAS.

THE IRRIGATION SYSTEM WILL BE DESIGNED BY THE CONTRACTOR CHOSEN TO DO THE WORK. A DESIGN DRAWING IS TO BE SUBMITTED TO THE LANDSCAPE ARCHITECT SHOWING LOCATIONS, SIZES, AND KINDS OF EQUIPMENT TO BE INSTALLED.

CONTRACTOR TO VERIFY MECHANICAL ROOM LOCATION AS SOURCE OF ELECTRIC AND WATER SUPPLY. CONTRACTOR SHALL COORDINATE ROUTING OF SUBWATER AND IRRIGATION CONTROL WIRING FROM MECH. ROOM TO FRONT OF BUILDING.

SUBMIT SHOP DRAWINGS AND PRODUCT FOR APPROVAL. SHOP DRAWINGS SHALL INCLUDE LAYOUT OF SYSTEM AND DESIGN CALCULATIONS. SUBMIT PRODUCT DATA FOR PUMPS, CONTROLLER, SPRINKLE HEADS, BACKFLOW PREVENTER, RAIN SENSOR, AUTOMATIC VALVES AND OTHER MATERIALS.

OPERATING AND MAINTENANCE MANUALS SHALL BE SUBMITTED AND THE OWNERS PERSONNEL SHALL BE INSTRUCTED IN THE USE AND MAINTENANCE OF THE SPRINKLER SYSTEM.

IRRIGATION CONTRACTORS QUALIFICATIONS. THE IRRIGATION SYSTEM SUB-CONTRACTOR SHALL HAVE AT LEAST 3 YEARS CONTINUOUS, SATISFACTORY EXPERIENCE IN INSTALLING IRRIGATION SYSTEMS OF A SIMILAR SIZE AND TYPE. SUBMIT REFERENCE LIST OF SIMILAR SYSTEMS INSTALLED IN THE METRO AREA BY THE CONTRACTOR BIDDING.

FINAL ACCEPTANCE SHALL BE CONTINGENT UPON THE COMPLETION OF THE PROJECT. A DEMONSTRATION OF THE SYSTEM SHALL BE PROVIDED TO THE OWNER. ANY ADJUSTMENT TO HEADS SHALL BE MADE PRIOR TO THE DEMONSTRATION.

THE CONTRACTOR SHALL MAINTAIN A SKILLED JOURNEYMEN ON THE JOB DURING INSTALLATION, TOGETHER WITH A COMPETENT SUPERINTENDENT WHO HAS THE AUTHORITY TO ACT IN ALL MATTERS PERTAINING TO THE WORK.

IRRIGATION SYSTEMS MUST HAVE AN APPROVED BACKFLOW DEVISE INSTALLED IN THE IRRIGATION ENCLOSURE. IRRIGATION ENCLOSURE LOCATION AND CONSTRUCTION MATERIALS ARE SUBJECT TO THE APPROVAL OF THE CITY ENGINEER. ALL SYSTEMS MUST INSTALL A RAIN SENSOR DEVISE TO STOP IRRIGATION DURING RAIN EVENTS.

GENERAL NOTES:

SHOULD A PLANT BE UNAVAILABLE AT THE TIME OF INSTALLATION, ALL SUBSTITUTIONS ARE SUBJECT TO THE APPROVAL OF THE LANDSCAPE ARCHITECT AND THE CITY.

ANY EXISTING VEGETATION TO BE REMOVED FROM THE SITE SHALL BE DISPOSED OF IN A MANNER THAT IS APPLICABLE WITH LOCAL CITY AND STATE REQUIREMENTS.

SEE ENGINEERS GRADING AND UTILITY PLANS FOR EXACT LOCATIONS OF BERMS, FENCE, RETAINING WALLS, AND PIPE LOCATIONS.

ALL TREES SHALL RECEIVE SAUCERS AND MULCH WITH SHREDDED HARD-WOOD INDIVIDUALLY AS PER PLANTING DETAIL. ALL SHRUB GROUPS SHALL RECEIVE A CONTINUOUS BEDLINE A MIN. 24" FROM THE ROOT-BALL OF THE PROPOSED PERIMETER PLANTS OF THAT GROUPING. FINAL SHAPE OF THE BEDLINES ARE TO BE FIELD APPROVED BY THE LANDSCAPE ARCHITECT. PLANTS SHALL BE MULCHED AS A CONTINUOUS MASS. ALL SHRUBS BEDS SHALL BE EDGED WITH A HEAVY DUTY BLACK DIAMOND EDGING OR APPROVED EQUAL.

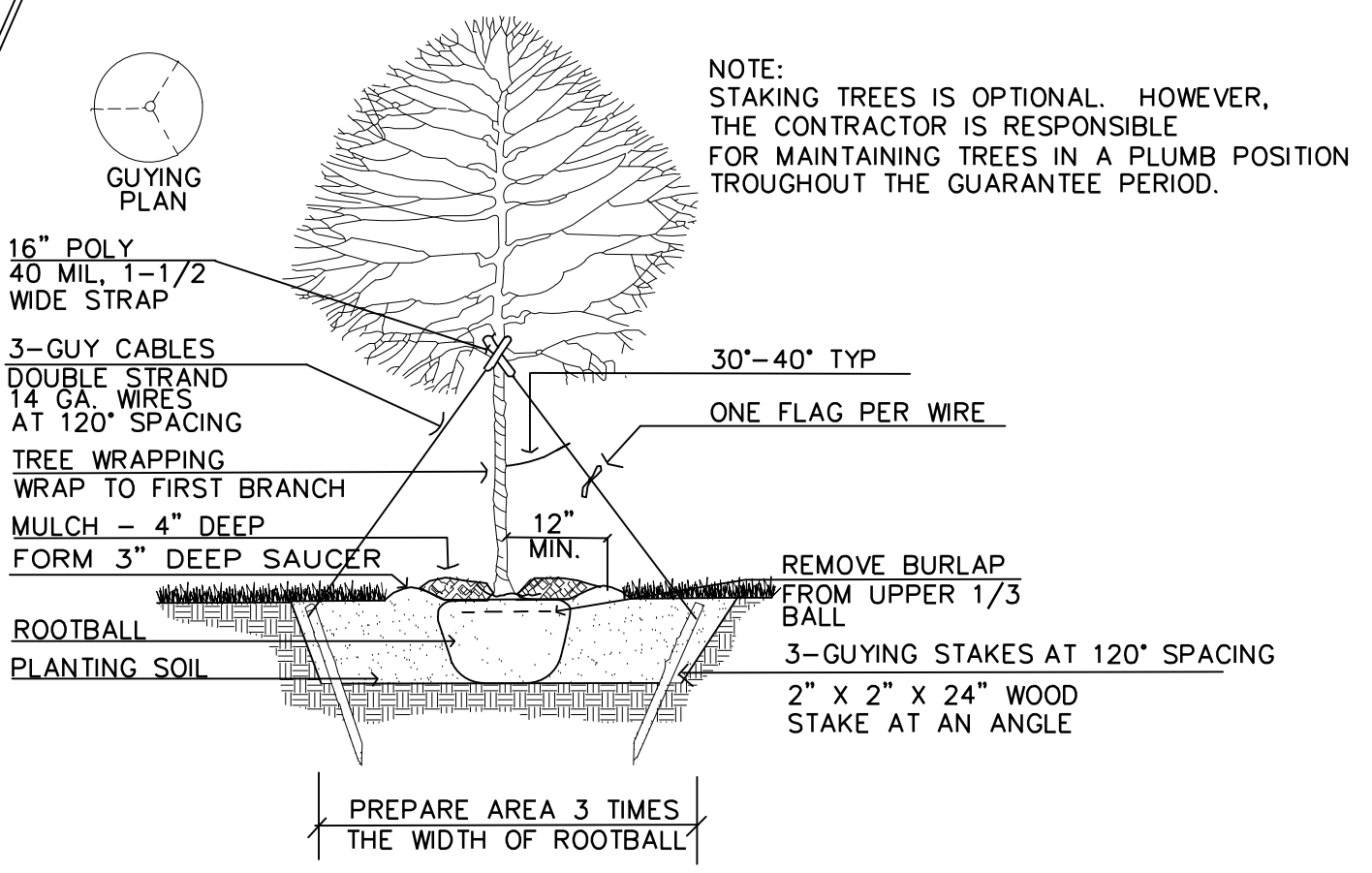
HARDWOOD MULCH SHALL BE APPLIED TO ALL PLANTING BEDS AND GROUNDCOVER AREAS TO A 4" DEPTH.

ALL LANDSCAPE AREAS INCLUDING ALL PLANTING BEDS, PARKING ISLANDS, AND SODDED AREAS SHALL HAVE AN IRRIGATION SYSTEM PER CITY REQUIREMENTS AND SHALL BE PROVIDED BY OTHERS.

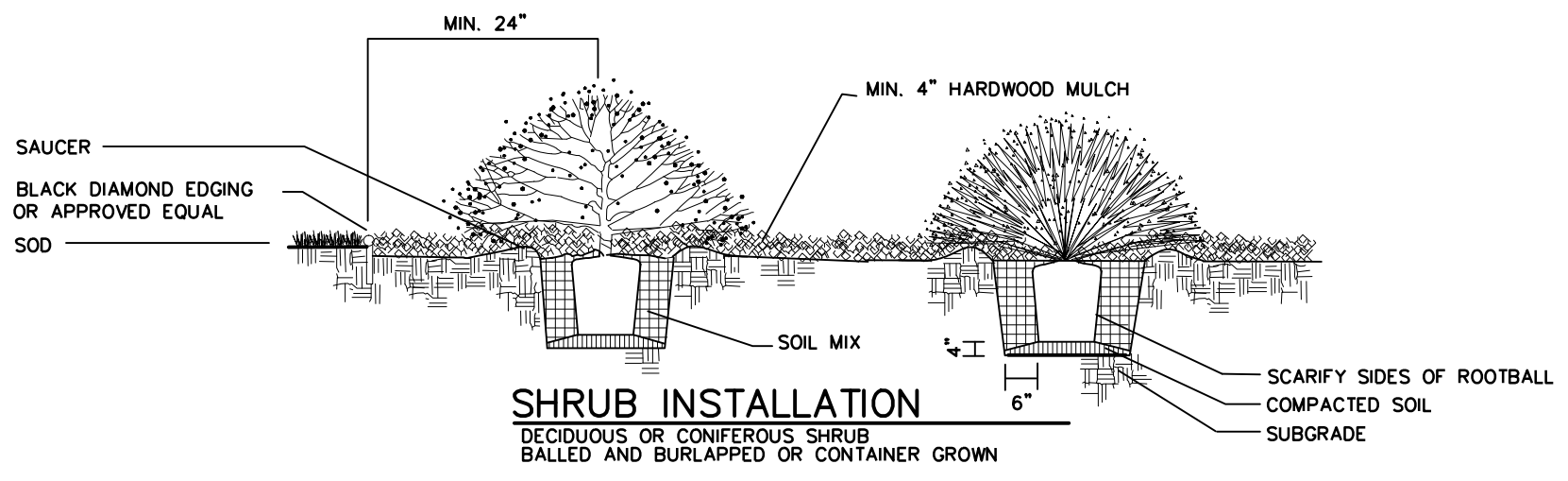
ALL AREAS WITHIN THE PROPERTY THAT ARE NOT SHRUB BEDS OR HARD SURFACED EXCEPT AS NOTED SHALL BE SODDED. ALL AREAS OUTSIDE THE PROPERTY LINES DISTURBED BY GRADING OR UTILITY INSTALLATION SHALL BE RETURNED TO EXISTING CONDITION OR BETTER OR AS NOTED.

PLANT SCHEDULE

SYM	QTY	SIZE	COMMON NAME	LATIN NAME
EL	6	2.5 B&B	ACCOLADE ELM	ULMUS JAPONICA X WILLSONANA MORTON
AM	4	2.5 B&B	AUTUMN BLAZE MAPLE	ACER X FREEMANII JEFFERSRED
CA	3	2.0 B&B	SPRING SNOW CRABAPPLE	MALUS "SPRING SNOW"
SM	2	#10 CONT	SMOKEBUSH	COTINUS COGGYGRID ANCOT
NS	25	#5 CONT	DWF NORWAY SPRUCE	PICEA ABIES PUMILA
HJ	19	#5 CONT	HETZ MIDGET ARBORVITAE	THUJA OCCIDENTALIS "HETZ MIDGET"
PT	8	#5 CONT	POTENTILLA	POTENTILLA FUITICOSA ULMAN
AC	23	#5 CONT	ALPINE CURRANT	RIBES ALPINUM
HT	14	#1 CONT	AUGUST MOON HOSTA	HOSTA "AUGUST MOON"
DL	86	#1 CONT	DAYLILY	HEMEROCALLIS "HAPPY RETURNS"
KF	109	#1 CONT	KARL FOERSTER GRASS	CALAMAGROSTIS X ACUTIFLORA "KARL FOERSTER"
MD	40	#1 CONT	MAY NIGHT SALVIA	SALVIA NEMOROSA "MAYNIGHT"
AJ	28	#1 CONT	AUTUMN JOY SEDUM	SEDUM X "AUTUMN JOY"
			INDICATES AREAS TO BE SODDED	



TREE INSTALLATION
 DECIDUOUS TREE
 BALLED AND BURLAPPED



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StoneBrook Academy - Preliminary North Perspective

Comm. No.: 17018
Date: 05/23/17





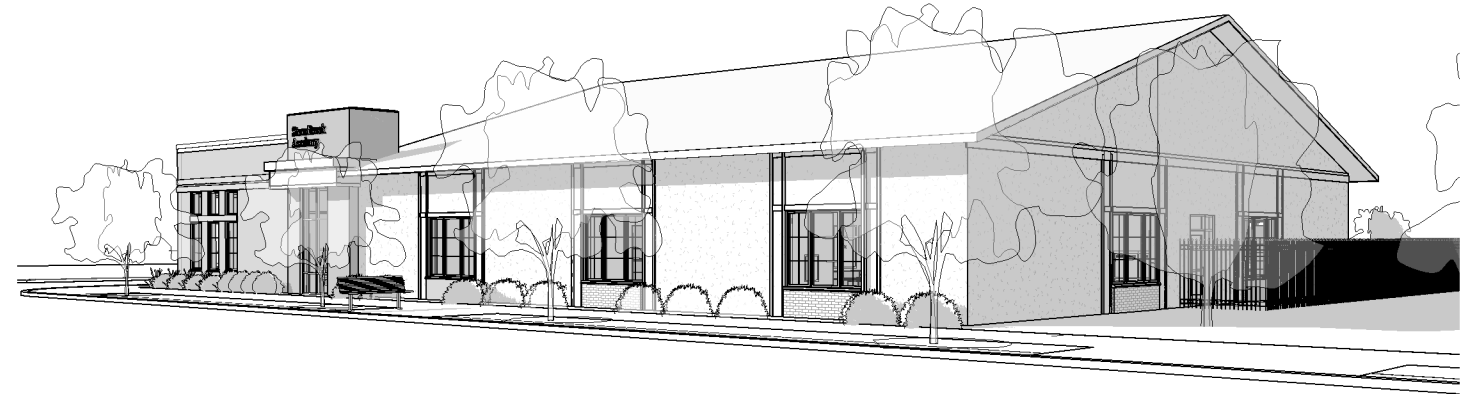
StoneBrook Academy - Preliminary Northeast Perspective

Comm. No.: 17018
Date: 05/23/17





1 Northeast Perspective - Preliminary
SC33



2 Northwest Perspective - Preliminary
SC33



3 Southeast Perspective - Preliminary
SC33



4 Southwest Perspective - Preliminary
SC33

StoneBrook Academy - Preliminary Perspectives

Comm. No.: 17018
Date: 05/02/17



**CITY OF RAMSEY LAND USE APPLICATION
TECHNICAL REVIEW FILE**

DATE	MAY 26, 2017	PROJECT ADDRESS	7800 SUNWOOD DR NW
PROJECT. TITLE	STONEBROOK ACADEMY FINAL PLAT, PRELIMINARY PLAT, SITE PLAN REVIEW		
ESCROW #	115699		
DEPARTMENT:	Community Development: Planning Division (Zoning Code)		
TECHNICAL REVIEWER:	Name: Eric Maass, Consultant Planner Phone: 763-433-4302 Email: EMaass@wsbeng.com		

Preliminary and Final Plat Review

General. The purpose of this file is to review the official Preliminary Plat, Final Plat, and Site Plan applications made by Stonebrook Academy. The associated plans were prepared by Hakanson Anderson and are dated May 4, 2017. The applicant is requesting approval for one (1) commercial lot and two (2) outlots.

This case is being reviewed per [City Code Section 117-118](#) entitled The COR, and [Chapter 117, Article III](#) entitled Subdivisions.

Staff provides the following comments for general review of applications:

Land Use and Zoning. The Property is guided as Mixed Use in the Comprehensive Plan and is zoned The COR. The intent of the Mixed Use land use designation is to allow for the construction of a variety of uses including retail, commercial, entertainment, office, institutional, high density residential, transit hubs and park and recreation uses with access to municipal sewer and water. The proposed use is consistent with this land use guidance. The project is located within the COR 2 Commercial subdistrict. This subdistrict is intended to provide space for commercial operations with a mix of large and small floor plates accommodating auto-oriented uses.



Lot Dimensions. There is no minimum lot size in The COR 2 Commercial subdistrict. The minimum lot width is 80 feet, measured at the building setback line, and the minimum lot depth is 100 feet.

Setbacks and Dimensional Standards.

The COR2 Subdistrict	
Required	Proposed
Minimum Lot Width: 80 feet	135 feet
Minimum Lot Depth: 100 feet	272 feet
Build to Line: 30 feet (located on a local street)	3 feet
Building Height: 1-4 stories	1 story

Landscaping. A tech report regarding landscaping requirements was produced and presented to the City’s Environmental Policy Board (EPB). Alterations to the plan set required from that review are provided in the landscaping and streetscape review tech report dated May 12, 2017.

The Environmental Policy Board (EPB) recommended approval of the landscape and tree preservation plans with revisions as noted in the landscaping and streetscape tech report.

Streets and Access. The Preliminary and Final Plat indicate the dedication of sixty (60) feet of right-of-way for the construction of Yolite Street NW. The project would have access off of Yolite Street NW.

Development Fees: Development Fees will be due with the Plat including, but not limited to, Park Dedication, Trail Development, and Stormwater Management. These fees are collected at the time the Final Plat is recorded and at the rate in effect when the plat is recorded.

Development Agreement: An executed Development Agreement for the site improvements will be required prior to releasing the plat for recording. A separate Development Agreement for the construction of Yolite Street will be required prior to releasing of a building permit. Staff will review the engineering estimates once submitted by the Applicant.

Site Plan Review

General. The purpose of this portion of the review is to assess the submitted site plan application for Stonebrook Academy. The associated plans were prepared by CNH Architects and are dated May 4, 2017 and updated May 23, 2017.

Surfacing: The Applicant is proposing a completely bituminous parking lot which is an acceptable material within The COR. The current plan set shows the bituminous drive lane stopping short of the western property boundary. The drive aisle will need to be extended to the edge of the property line for access for future development. This will also require a cross-access easement recorded against the properties.

Waste Storage: Elevations provided show the trash enclosure to have an exterior finish of manufactured stone and EIFS that would match the primary structure as is required by the Design Framework, and Ramsey City Code.

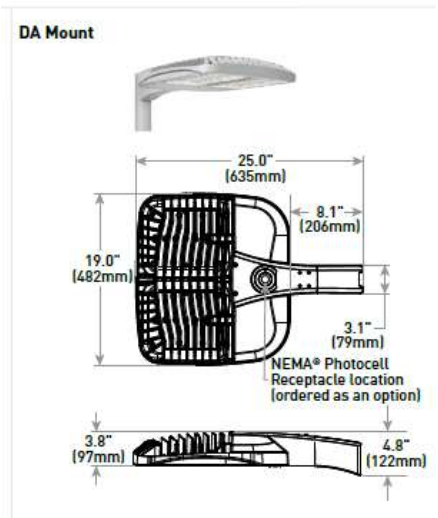
Fencing: The Applicant is proposing a six (6) foot tall prefinished metal picket fence. The height as well as the material are in compliance with the City's Zoning Code.

Lighting: The plan set provided by CNH Architects shows two (2) lighting fixtures, one each in the center of the center parking medians. City Code requires that lighting used to illuminate an off-street parking area be arranged to deflect light away from adjacent residential districts or public streets. The photometric plan indicates that no illumination will spread beyond the bounds of the site which is in compliance with City Code. The Applicant has provided shop drawings (shown to the left) of the proposed lighting fixtures which show that they are downcast in design and adhere to the City Code requirements for lighting fixture design.

Parking: City Code Section 117-356 addresses commercial development off-street parking requirements. That code indicates that for 90 degree parking stalls, that the stall widths be a minimum of 9 feet wide, that the stall depth be a minimum of 18 feet deep, and that the drive aisle between stalls be a minimum of 24 feet deep. The plans provided show parking stalls and drive aisles which adhere to those dimensional requirements. The plans provided show a total of 36 parking spaces including 2 handicap parking spaces. The City's Zoning Ordinance does not specifically identify daycares in its parking space allocation table; however, Staff's opinion is that the 36 spaces is adequate to fit the proposed use as the expected number of full time employees is anticipated to be 15 total, with an additional 7 part time employees. After employee parking that would still provide an additional 14 spaces for customers.

Sidewalks: Boulevards shall be six (6) feet in width and shall be clearly labeled on plan sheets. Sidewalks shall also be six (6) feet in width and be clearly labeled on plan sheets.

Landscaping: Please refer to the landscaping and streetscape improvements technical memo dated May 12th, 2017.



CITY OF RAMSEY LAND USE APPLICATION
TECHNICAL REVIEW FILE

DATE	MAY 26, 2017	PROJECT ADDRESS	7800 SUNWOOD DR NW
PROJECT. TITLE	STONEBROOK ACADEMY FINAL PLAT, PRELIMINARY PLAT, SITE PLAN REVIEW		
ESCROW #	115699		
DEPARTMENT:	Community Development: Planning Division (Architectural)		
TECHNICAL REVIEWER:	Name: Tim Gladhill, Community Development Director Phone: 763-433-9826 Email: tgladhill@cityoframsey.com		

Architectural Review

Site Design Framework for this sub-district focus on a unique opportunity to recast typical commercial development patterns into a contemporary and innovative strategy that responds to overall objectives for The COR. Specifically, this suggests that the majority of buildings front on the primary through streets, with parking and service areas on the side or in the back, away from view. However, the market realities suggest that the types of auto-oriented users in this district will have the potential for larger parking fields and drive-throughs that will make a true urban model challenging. The City will hold all users to this design vision while modifying the COR2 standards slightly to accommodate these types of more typical suburban land uses. A mix of uses within individual blocks, including retail, restaurant and residential, further enhances this model, addresses design character/aesthetics and promotes activity throughout much of the day and evening hours.

Buildings in the Commercial Sub-district make a significant contribution to first impressions of The COR. Buildings form gateways at the major entries into the site, architectural elements and choice of materials convey a certain character and the scale or massing of structures begins to define the feel or experience of this place. These are not just ‘commodity’ buildings, but instead should raise the bar in terms of overall design and specific details that make The COR unique, inviting and memorable. Architecture to be ‘4-sided’ at all locations visible to public areas. Emphasis will be on great design along public street frontage.

The Applicant provided updated building elevations following feedback from the City’s Planning Commission that the elevations submitted did not meet the City’s Design Framework for buildings constructed within The COR. Additional revisions are outlined below.

Current Revisions. The revised elevations include a change in material for the corner of the building, which would be located at the corner of Sunwood Drive and Yolite Street from EIFS to brick. In addition to the material change, the Applicant is also now showing additional windows along the north and east elevations which border Sunwood Drive and Yolite Street. In addition, the revised elevations now show the introduction of additional natural stone covering a parapet wall located along Sunwood Drive. Lastly, a change in the EIFS color is being proposed to complement the brick and natural stone colors being proposed.

Please make the following revisions to the plan set.

- Please revise any materials that are not glass, stone, brick, windows, or canvas awnings, except as a complimentary material (less than 25% of the façade).
- Use clear or lightly tinted glass for all windows and doors – reflective or highly tinted glass is not acceptable.

Review File: Stonebrook Academy

Preliminary Plat, Final Plat, and Site Plan Review - Architecture

May 25, 2017

Page 2 of 2

- Subject to Planning Commission Approval – make further modifications to draw attention/direction from patrons parking on Sunwood Drive to the main entrance on the south façade.
- The Planning Commission must specifically approve any trash enclosure that is not designed internal to the building.
- At least 50% of the ground level façade along Sunwood Drive must demonstrate ‘great design’ consisting of window openings, brick, stone, or other comparable material.
- A minimum of 40% of the Sunwood Drive façade must be real window openings.
- The Developer is responsible for compliance with all provisions of design from the Design Framework including, but not limited to the following pages.
 - Pages 26-29
 - Pages 49-53
 - Pages 57-59

Overall Framework – Building Design

Overview

The COR Development Plan 5.03 identifies the preferred mix and approximate location of a variety of land use types. Together with the Zoning Code, this Design Framework focuses on the following overall objectives:

- Promote vertical and horizontal mixed use (within a building, within a block, within a district)
- Provide a variety of housing types, styles, pricing
- Encourage increased density in and around the central core area
- Promote an interesting mix of building styles, scales and massing for each sub-district
- Support creative, innovative, high quality design solutions as the benchmark for success
- Integrate mix of uses with public green space within each district
- Provide a variety of commercial types
- Mix residential and commercial uses to promote street-level activity throughout the day

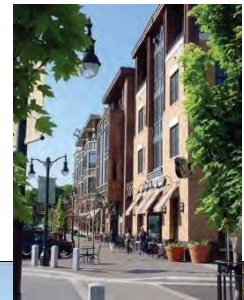
Guideline Recommendations

The mix of land uses in The COR will encourage activity during the day and into the evening and nighttime hours. As a focus of commerce, employment, recreation and housing, The COR resembles a small to medium size Midwestern downtown in scale and character. Land uses are intentionally mixed, to bring shoppers and workers into the area during the day and attract new residents and visitors to entertainment venues in the evening.

The civic component of The COR, anchored by City Hall, Police Station and variety of public spaces and squares, adds an important element to the land use mix and brings a level of authenticity to the district.

Objectives

- Encourage vertical mixed-use in the core with housing and office space over retail uses along the street, particularly in the center of the district.
- In residential districts, particularly closer to the core, a limited amount of retail uses will be encouraged to service residents and provide nearby places to gather.
- Promote innovative models for housing that include a mix of townhomes, flats and lofts within single buildings or on the same block.
- Accommodate larger, ‘big box’ retailing and auto-oriented uses within the COR2 sub-district only if innovative design approaches are used including two story buildings, use of liner stores facing the street, minimal blank walls, creative parking strategies, etc.
- Where similar uses create a ‘family’ or campus of buildings (e.g. medical campus), buildings should reinforce the street edge and parking should be set within the core of the block.
- Uses shall promote pedestrian friendly streets, contributing to street level activities and overall visual character of each district.
- All uses should reinforce the street edge.



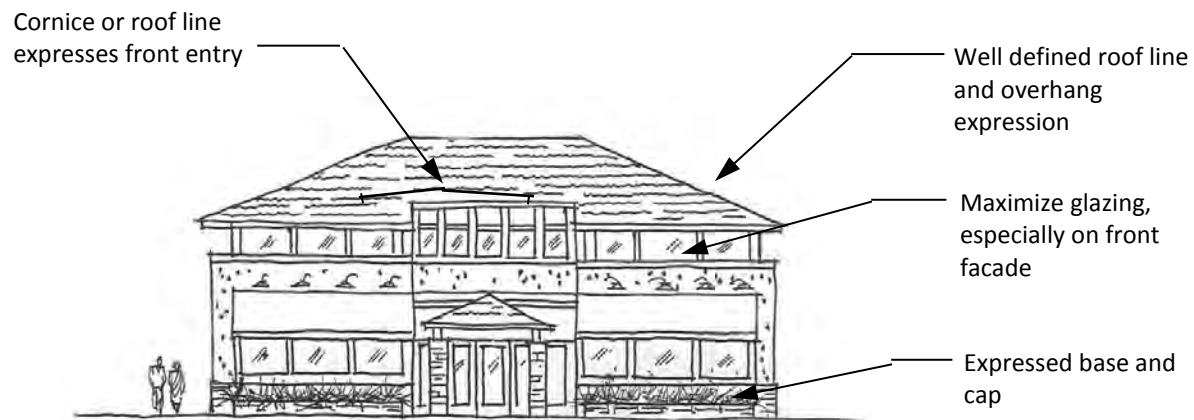
Architectural Overview

High quality architecture is an essential component in fulfilling the objectives of the Design Framework. Rather than prescribing a particular style, these architectural guidelines are intended to encourage an integration of both traditional and contemporary design. Architectural designs should provide a consistent quality, measured, to a great degree, by the pedestrian experience along the street and by an architectural expression that provides character without being thematic, obtrusive, or artificial. Architectural character should strive to be authentic and varied, but not 'thematic'.

Architecture Recommendations

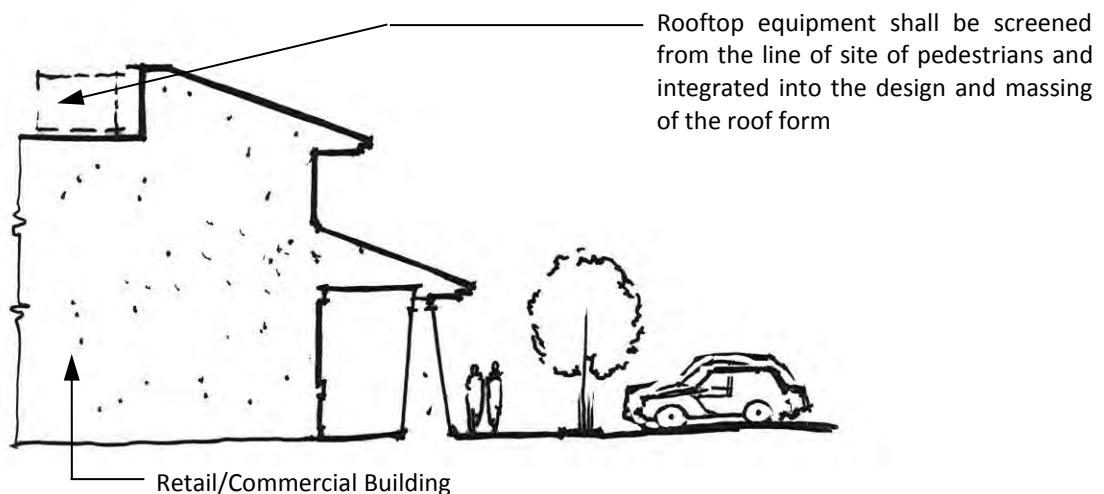
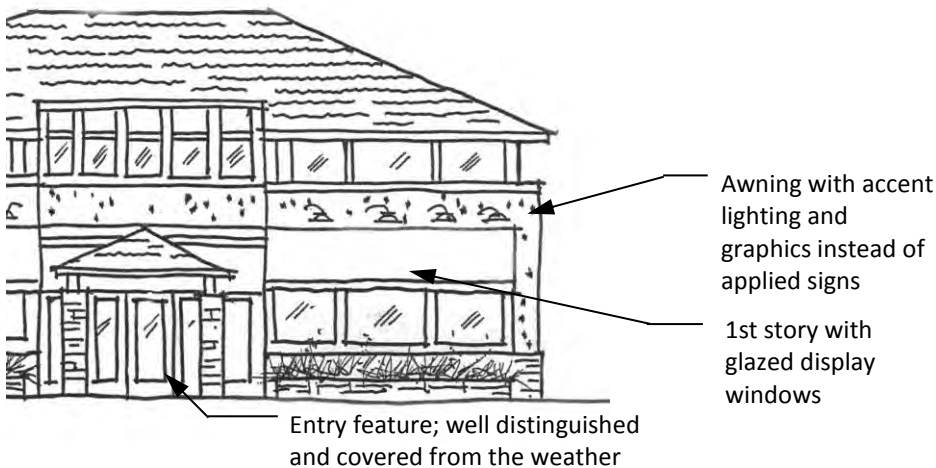
Of all the layers that combine to form The COR Development Plan, architecture will typically be the most prominent development component. Both visually and physically, architecture will play a major role in defining the overall design character and mix of uses for The COR. It is crucial that the design and location of buildings address these architectural guidelines, with specific emphasis on the following:

- An animated street presence with a mix of street-level uses, interesting building façades, many doors and windows on the street, careful design of lighting, awnings, signage and other elements that animate the pedestrian experience

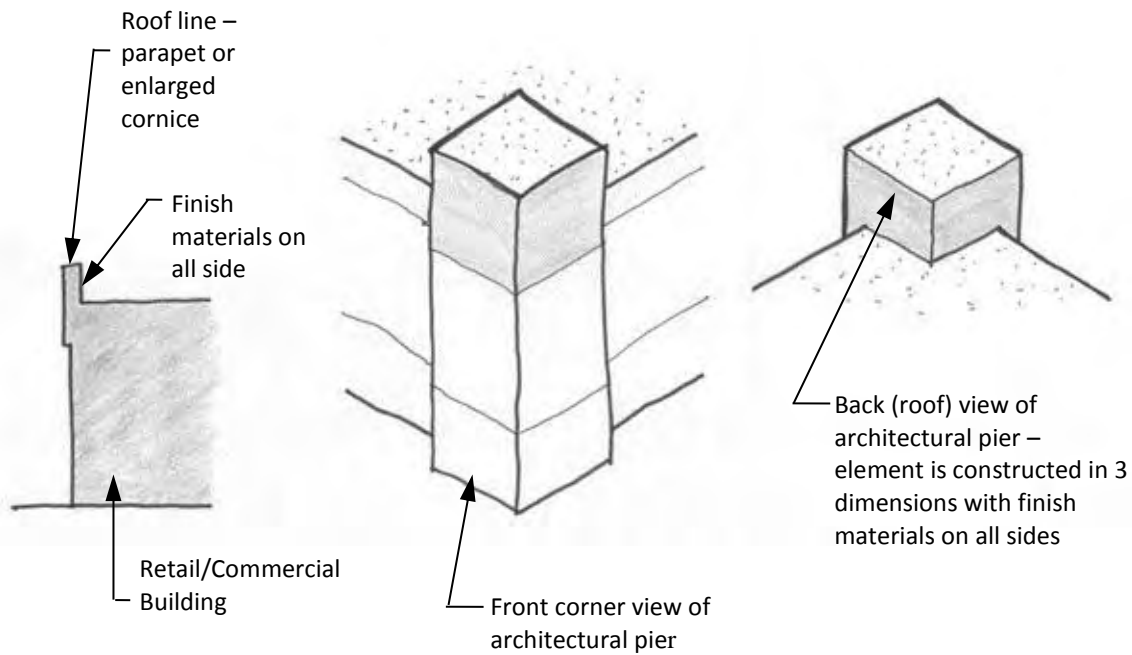


- Variety in building design, character and expression; not one theme or building style, but a thoughtful integration of many design solutions
- Variety of building types including a range of height, scale and proportion, that support an integrated mix of housing options, shopping destinations, entertainment venues, civic structures and other COR uses
- Use of high quality materials, suggesting a preference toward native materials and masonry elements, with respect for local building techniques
- Building location is as important as building style; special architectural elements, character, transparency and a higher level of materials and detailing should be used to highlight key streets and important crossroads throughout The COR
- Buildings should always be located at all four corners of intersections.
 - In the COR2 sub-district, if the City finds that there are unique circumstances where buildings cannot be located on the corner, the City may approve the use of fences, walls or other design elements to create that “street edge”

- Buildings will be located at the street right-of-way line (zero setback), but also allow recessed space for outdoor dining and other street level activities providing some minor deviation for variety
- Greater emphasis should be given to architectural elements, materials and other design features for buildings located at primary intersections, or where streets intersect with parks, such as the streets that front on or end near the Municipal Plaza. These locations can often be seen from several directions, perhaps terminate a view from a distance down the street or sit at a prominent node; They will likely become future landmarks or helpful orientation/wayfinding icons as The COR develops
- Encourage both vertical mixed use (within each building) and horizontal mixed use (within each block) throughout this district
- Include a mix of housing, civic, retail, restaurant, entertainment, performance and other uses that encourage a variety of activities throughout the day.
- Minimize openings between buildings, although limited driveway access and some provision for pedestrian connections through blocks are encouraged – gaps between buildings to accommodate surface parking lots, greater building setbacks or other purposes are discouraged
- Use recessed entries and windows to create street-level interest, variety and enhance pedestrian scale along street frontage



- Equipment, mechanical systems, transformers, etc. must be screened from view in a way that is integral to the architecture of the building. Screening should be accomplished with materials similar to or compatible with materials used on the main structure; metal fencing or mechanical vent screens alone are not sufficient.
- Roof lines and cornice details shall be completed in a 3-dimensional manner so that the back of roof features or similar unfinished areas are not visible.



Part Two: Sub-district Framework

Overview

The Master Plan and Zoning Ordinance identify five (5) distinct sub-districts within The COR. Each of these sub-districts is defined by a unique mix of uses, specific site development patterns and perhaps a distinctive character or image. The sub-districts complement one another as part of the overall plan. The sub-districts are shown the attached Sub-district Map (**Error! Reference source not found.**). They include:

- **COR1 Mixed Use Core** – provides the broadest variety, highest density and greatest intensity of development, encouraging both vertical and horizontal mixed use
- **COR2 Commercial** – provides a location for larger scale retail and other auto-orientated commercial uses
- **COR3 Workplace** – provides a location for uses with high concentrations of employees, such as medical/technology related office, and other corporate or institutional uses
- **COR4 Neighborhood** – provides opportunities for a range of housing types from small lot single family to townhouse, to high density senior or rental apartment
- **COR5 Park and Open Space** – preserves environmental features and provides neighborhood/community amenities throughout The COR

Development plans must respond to the overall COR Design Framework described in Part One of this document, but also must address the following detailed framework standards for each sub-district. To further clarify and illustrate proposed features in the Master Plan, these sub-district guidelines are organized under the following categories:

- Public Realm / Streetscape Framework
- Site Design Framework
- Architectural Framework

In all cases, the sub-district framework must be applied in harmony with the overall COR framework and with other existing city, county, state codes, design criteria, plans and studies that support broader goals for regional growth and development. However, within each district, development standards shall be based, in part, on the street hierarchy established in The COR.

Public Realm/Streetscape

- A. The developer shall be responsible for construction of all streetscape improvements along adjacent streets. These improvements include all hardscape improvements, such as trails, sidewalks, benches, bike racks, etc., as well as street trees and other greenscape.
- B. The landowner shall be responsible for maintenance of the streetscape improvements along adjacent streets. Such maintenance may be managed as part of a Special Service District (SSD) or similar.

Plazas

- A. All properties with principal buildings in excess of 30,000 square feet shall be required to have a public plaza space.

- B. The public plaza space shall include benches, bike racks trash receptacles, lighting fixtures and other amenities to create a welcoming space for tenants of the building and members of the public.
- C. These plaza spaces should be visible from the public street.

Architecture

These architectural framework standards provide an important balance between design continuity, desirable variety and the notion that buildings should complement, and perhaps contrast, but not compete with one another. The lasting appeal of the final outcome must be grounded in the authenticity of the design and the acceptable level of ‘messiness’ that comes with creating a real downtown over time; ‘faux’ second floors, stage set or themed solutions, and large faceless buildings are not acceptable.



Auto Versus Human Design: Providing rear alleys or side loaded garages enables the home to present itself to the street, which promotes sociability and walkability.

Minimum Standards

Definitions

Build to line: The line at which construction of a building facade is to occur on a lot. The build to line provides a maximum setback for all building facades from the right-of-way or inside edge of the sidewalk, whichever is greater. The build to line applies to all facades abutting a street right of way. Build to line standards are based on the sub-district the parcel is located and the street in which the building is located upon.

Setback: The minimum required distance between a parking lot or the vertical wall of a building and a lot line. Setbacks are typically more flexible than build to lines and allow a building to be set further back from the lot line and street right-of-way.

Requirements:

- A. Additional development standards shall be defined within each sub-district.

- B. Provide a diverse mix of materials, applied in a variety of proportions, exposures and detailing within a block, or along a street.
- C. Buildings should be articulated to break up the mass of the building façade on all elevations. Large blank exterior walls shall be prohibited. Windows are encouraged to be used to break up the mass of the building. Rooflines and building elevations should be articulated to break up the mass of buildings. Buildings must be broken at a minimum of every fifty (50) feet. This variation can be accomplished through one (1) or more of the following:
 1. Wall face variations (minimum depth of two (2) feet)
 2. Pilasters or columns (minimum depth of two (2) feet)
 3. Upper wall break in color and/or materials (minimum of 2/3 up the height of the wall)
 4. Wainscot (minimum of four (4) feet high)
 5. Canopies (minimum four (4) foot width)
 6. Corner and demising wall or building separations



More Desirable

- D. Each development application must list building materials, roofing materials and building colors on the plans. Building articulation, mechanical screening by architectural elements and design elements on all building elevations must be identified on the plans. The plans shall be subject to City review and approval to ensure that the design intent of the Framework has been met.



Less Desirable

- E. Building materials shall be high-quality durable materials, such as glass, stone, brick, windows, canvas awnings, etc.
 1. Use local sources if available
 2. Siding is not allowed (vinyl, metal, wood) except as a complimentary use
 3. Use clear or lightly tinted glass for all windows and doors – mirrored, reflective or highly tinted glazing is not acceptable
 4. Metal and wood components are acceptable as a complimentary, not primary, building material
 5. COR1 sub-district buildings shall be primarily brick or a comparable alternative and shall comprise a minimum of fifty (50%) percent of the non-glazed wall area
- F. Residential development should provide variety within the subdivision to avoid monotony. Developers will include front porches and windows that face all streets. Corner units shall have more than one (1) window per side of building to help create a sense of place in the community and promote safety on the street.
- G. Garage forward or “snout houses” are highly discouraged on all residential development as they dominate the view from the street and sidewalk.
- H. All sides of buildings shall have an equal finish in terms of materials and general design.

I. The main entrance of each principal building must face the street. On corner lots, the main entrance may face either of the streets or be oriented to the corner. With buildings that have more than one (1) main entrance, only one (1) entrance must meet this requirement.



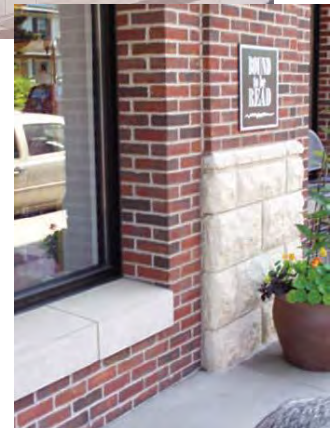
J. Building massing shall be oriented parallel to the street frontage of the lot.

K. Trash and recycling areas shall be designed internal to the building.

L. Provide recessed entries wherever possible.

M. Buildings shall have a base and top to the architecture.

N. Multi-story buildings are preferred in the COR1 sub-district, but occasional single story buildings are acceptable; single story buildings should not dominate any street frontage and should be a minimum of twenty (20) feet to the roofline.



O. Maximize glass openings for all ground level, street front façades – especially for retail, restaurant and other commercial uses – fifty (50%) minimum of total ground level façade, or demonstrate great design through other means.

P. Provide real window openings for all street facing façades above ground level in all districts—a minimum of forty (40%) percent of total façade.

Residential uses in COR4 and COR5 must also comply with the following:

A. *Location of main entrance*

1. A building must include a front porch or covered balcony/patio at all main entrances that face a street. The porch or stoop shall adjoin the main entrance and the main entrance shall be accessible from the porch.
2. The main entrance of each principal building must face the street. On corner lots, the main entrance may face either of the streets or be oriented to the corner. With buildings that have more than one (1) main entrance, only one (1) entrance must meet this requirement.



B. *Porches:* Porches used to satisfy the design criteria shall comply with the following:

1. Porches shall be covered by a solid roof. The roof shall not

be located more than 12 feet above the floor of the porch. If the roof of a required porch is developed as a deck or balcony, it may be flat.

2. The porch shall have minimum dimensions of 6 feet by 6 feet. (6' x 6'). For single-family detached dwelling units, the covered area provided by the porch must be at least forty-eight (48) square feet and a minimum of eight (8) feet wide. If the main entrance is for more than one (1) dwelling unit, the covered area provided by the porch must be at least sixty-three (63) square feet and a minimum of nine (9) feet wide.



- C. *Covered balconies/patio*: The covered area must be at least forty-eight (48) square feet, a minimum of eight (8) feet wide, and no more than fifteen (15) feet above grade. The covered area must be accessible from the interior living space of the house.

- D. *Openings between porch floor and ground*: Openings of more than one (1) foot between the porch floor and the ground must be covered with a solid material or lattice.



E. *Roofs*

1. *Slope*: Principal structures must have a roof that is sloped, with a pitch that is no flatter than six (6) units of horizontal run to twelve (12) units of horizontal rise.
2. *Architectural features*: The roof of a principal structure shall include the following architectural details:
 - a. At least one (1) dormer facing the street. If only one (1) dormer is included, it shall be at least five (5) feet wide and shall be centered horizontally between each end of the front elevation. If more than one (1) dormer is provided, a dormer at least four (4) feet wide must be provided on each side of the front elevation; or
 - b. A gabled end, or a gabled end of a roof projection, facing the street.
3. *Roof eaves*: Roof eaves must project from the building wall at least twelve (12) inches, measured horizontally, on at least the front and side elevations.

Sub-District Framework - COR2 Commercial

Public Realm / Streetscape

While the Commercial Sub-district encourages a mix of large and small floor plates accommodating auto-oriented uses, this suggests even greater attention be paid to public realm and streetscape improvements that not only accommodate vehicles, but also invite bicycle and pedestrian traffic. Surface parking lots provide convenient access to storefronts, but present an additional challenge to the overall visual character and aesthetic appeal of this area. While no large public parks are identified for this sub-district, small pocket parks, squares or other gathering spaces are encouraged. A consistent, attractive streetscape is also essential.

Site Development

Site Design Framework for this sub-district focus on a unique opportunity to recast typical commercial development patterns into a contemporary and innovative strategy that responds to overall objectives for The COR. Specifically, this suggests that the majority of buildings front on the primary through streets, with parking and service areas on the side or in the back, away from view. However, the market realities suggest that the types of auto-oriented users in this district will have the potential for larger parking fields and drive-throughs that will make a true urban model challenging. The City will hold all users to this design vision while modifying the COR2 standards slightly to accommodate these types of more typical suburban land uses. A mix of uses within individual blocks, including retail, restaurant and residential, further enhances this model, addresses design character/aesthetics and promotes activity throughout much of the day and evening hours.

Architecture

Buildings in the Commercial Sub-district make a significant contribution to first impressions of The COR. Buildings form gateways at the major entries into the site, architectural elements and choice of materials convey a certain character and the scale or massing of structures begins to define the feel or experience of this place. These are not just 'commodity' buildings, but instead should raise the bar in terms of overall design and specific details that make The COR unique, inviting and memorable. Architecture to be '4-sided' at all locations visible to public areas. Emphasis will be on great design along public street frontage.

Table 4

COR2 Development Standards						
	Arterial Street	Destination Street	Parkway	Connector Street	Downtown Street	Local Street
Minimum lot size	None	None	None	None	None	None
Minimum lot width	80 feet	80 feet	80 feet	80 feet	80 feet	80 feet
Minimum lot depth	100 feet	100 feet	100 feet	100 feet	100 feet	100 feet
Allowable residential density in dwelling units per acre ⁽¹⁾	>15 DU/AC	>15 DU/AC	>15 DU/AC	>15 DU/AC	>15 DU/AC	>15 DU/AC
Build to Line						
Front yard ⁽⁴⁾	30 feet as measured from building front to right-of-way ⁽²⁾⁽³⁾ (40% of front facade w/in max.)	15 feet as measured from building front to right-of-way ⁽²⁾ (40% of front facade w/in max.)	30 feet as measured from building front to right-of-way ⁽²⁾⁽³⁾ (40% of front facade w/in max.)	15 feet as measured from building front to right-of-way ⁽²⁾ (40% of front facade w/in max.)	15 feet as measured from building front to right-of-way ⁽²⁾ (40% of front facade w/in max.)	15 feet as measured from building front to right-of-way ⁽²⁾ (40% of front facade w/in max.)
Side yard	no req.	no req.	no req.	no req.	no req.	no req.
Rear yard	no req.	no req.	no req.	no req.	no req.	no req.
Driveway length (minimum)	25 feet for residential units	25 feet for residential units	25 feet for residential units	25 feet for residential units	25 feet for residential units	25 feet for residential units
Building height (min. - max.)	1-4 stories.	1-4 stories.	1-4 stories.	1-4 stories.	1-4 stories.	1-4 stories.
Planter Style	N/A	Boulevard Sod	Boulevard Sod	Boulevard Sod	N/A	Boulevard Sod
Tree Spacing (on center)	N/A	35 feet	35 feet	35 feet	35 feet	35 feet
Boulevard Width	N/A	6 feet	6 feet	6 feet	N/A	6 feet
Sidewalk Width	10 feet	6 feet	6 feet	10 feet	10 feet	10 feet

1. Residential density is based on the net area of the parcel in question for parcels. In the event that public open space that is not dedicated to the City is developed independently of any particular residential project, the land area of the open space shall be divided equally among those abutting projects for purposes of density calculations.
2. Build to line shall be measured from building front to edge of right-of-way, or edge of sidewalk easement as defined by the City and said sidewalk must be encumbered by a sidewalk easement recorded with the office of the Anoka County Recorder.
3. The City may approve up to a 60-foot setback if it finds that topography or other factors require that a building be set back further to achieve acceptable grades or buffer between the street, the site entrance and the building.
4. In order to address vision clearance standards on higher speed roadways, parcels that are located at an intersection with an arterial roadway are allowed a build-to line of 35 feet from both streets.

- A. At least forty (40%) percent of street frontage of any lot shall be occupied by building facades meeting this build-to-line. On lots with more than one (1) street frontage, the build to line shall apply only to one (1) street frontage.
 1. An enclosed open area plaza space or outdoor seating with a decorative wall with a minimum height of three feet (3') and a maximum of four and one-half feet (4 ½') can be used to meet the forty (40%) percent street frontage requirement.
 2. The City may approve a variation from the required build to line if the applicant provides a street edge consisting of fencing, decorative wall and/or landscaping with a minimum height of three feet (3') and a maximum of four and one-half feet (4 ½') can be used to meet the forty (40%) percent street frontage requirement.
- B. Screening Of Parking Areas: Wherever a surface parking area faces a street frontage, such frontage shall be screened with a decorative wall, railing, hedge, or a combination of these elements, to a minimum height of three feet (3') and a maximum height of four and one-half feet (4 ½') above the

level of the parking lot, at the build-to line. This screening may be broken into sections along the street edge provided it meets the forty (40%) percent required on all street frontages.

**CITY OF RAMSEY LAND USE APPLICATION
TECHNICAL REVIEW FILE**

DATE	MAY 23, 2017	PROJECT ADDRESS	SOUTH OF SUNWOOD DRIVE, WEST OF FUTURE YOLITE STREET
PROJECT. TITLE	STONEBROOK ACADEMY		
ESCROW #	115699		
DEPARTMENT:	Engineering		
TECHNICAL REVIEWER:	Name: Leonard Linton Phone: 763 433-9834 Email: llinton@ci.ramsey.mn.us		

We offer the following comments regarding the Final Site Plan and Plat Submittal Exhibits for Stonebrook Academy. The submittal consists of 6 Site Plan sheets and 21 Yolite Street Plan sheets prepared by Hakanson Anderson Associates, and 4 Site Plan Sheets prepared by CNH Architects. All sheets are dated May 4, 2017. A new set of plans was received on May 24, 2017. This report does not address the changes in the revised plan set. We offer the following general comments on these plans:

1. A legend showing all symbols used on that sheet must be added to **each** sheet.
2. Ramsey City Details must be included in the plans for all applicable items that will be installed on the project. The details are available on the City website in .dwg and .pdf format.
3. All sidewalks in public right-of-way must be shown as 6 feet wide and 6 inches thick.
4. Class 5 shall meet the Ramsey modified gradation. This gradation must be included in the details.
5. Add note: "All DIP 6" and smaller shall be Class 53."
6. Specify that construction of Yolite Street is in a separate plan set.
7. A note must be added to "Protect the existing planters and plant material along Sunwood Drive" to each sheet where there is work adjacent to Sunwood Drive.
8. A SWPPP must be prepared for this project. It must include the training certifications for the designer and installers of the BMP's.

Sheet specific comments follow:

Site Plan Sheets 1 - 6

Sheet 2

1. Each line and symbol on this sheet must be added to the sheet legend.
2. The title states this is a Removals plan. Removals must be shown or the title changed.

Sheet 3

1. Grading is showing extending onto the lot to the west. A right-of-entry agreement must be provided to the City prior to commencing construction.
2. The driveway must be extended to the west lot line as noted below. The drainage must accommodate the driveway extension.
3. The spot elevation at the new catch basin does not match the utility plan rim elevation. This information must be coordinated on both sheets.
4. Review the drainage on the north side the driveway adjacent to the east property line.

Sheet 4

1. The curb and paving must be extended to the west lot line.
2. The pavement section in the drive from the Yolite Street to the west property line must meet City street design standards.
3. Dimensions must be provided for all of the work proposed on this page including parking striping.
4. Add stationing and invert information for the Utility Stubs.

Sheet 5

1. Add note "Streets shall be cleaned within 3 hours after notification by City that sweeping is required".
2. Add the following under termination of coverage "The City must approve the Notice of Termination prior to submittal. All Erosion Control inspection logs must be submitted to the City prior issuance of the Certificate of Occupancy."

Site Plan Sheets 1 – 4 prepared by CNH Architects

CS01

1. The sidewalk along Sunwood Drive is existing and must be labeled as such.
2. A new strip of sidewalk must be added along Sunwood drive between the back of existing walk and the property line.

Street Plan Sheets 1 - 21

Sheet 3

1. Add detail STR-25.

Sheet 4

2. The current MNDOT Pedestrian ramp details have 6 sheets.

Sheet 9

1. Show the ROW width on the typical section.
2. The City standard street section is 1 ½” Bituminous Wear, 2” Bituminous Base and 4” Class 5.
3. The clear zone between the sidewalk and ROW is 1’.

Sheet 11

1. Add note to storm sewer removal “Remove pipe to structure and bulkhead.”
2. Reference Detail STR25 at the pavement removal area.
3. Callout quantity of bituminous pavement to remove and quantity of concrete pavement to remove.

Sheet 12

1. The castings shall be R-3267 with grated back.
2. Label all pipes in profile view.
3. Specify rim elevations.
4. Call out pipe outside of ROW “by others” or show length, slope, invert elevation and rim elevation.

Sheet 13

1. The sewer and water lines must be darker on this sheet, the storm sewer lines must be lighter on this sheet.
2. Provide stationing for proposed services and structures. The watermain parallel to the street must be 8” DIP.
3. Specify the invert elevations for the sanitary sewer services.

Sheet 14

1. Add note “Streets shall be cleaned within 3 hours after notification by City that sweeping is required”.
2. A custom detail is required for each pedestrian ramp. Three pedestrian ramps are required, 2 at the new driveway entrance and 1 at the southwest corner of Yolite Street and Veterans Drive.

Sheet 16

1. The City makes and installs the signs.

Stormwater Calculations

A stormwater summary report was submitted and reviewed. The report must be updated to include the 2 year event. Infiltration mitigation calculations were submitted. The City has developed a standardized model for calculating the contribution to the infiltration mitigation fund and proposes that the contribution be \$ 6,355. Our calculations are shown below. We included importing 1 foot of growing medium between the native soils and the bottom of the basin.

Stonebrook Academy

Infiltration Needed (MIDS Calculator)	3,049	CF
Max Depth	1.8	Ft
Surface Area	1,865	SF
Infiltration Basin Construction (1.8 ft +1 ft)	5,222	CF
	193	CY
Excavation and removal of soil	\$ 15	CY
Grading cost	\$ 2,901	
Liner 1 ft thick	1,975	CF
	73	CY
Liner import	\$ 30	CY
Liner Cost	\$ 2,194	
Seeding	\$ 400	
Total	\$ 5,526	
Contingency 15%	\$ 828.83	
Total with Contingency	\$ 6,354.39	

The pipe sizing calculations must be submitted.

A project manual which includes the bid form, contract and specifications must be submitted for the project. Shop Drawings must be submitted for City Review.

*Review File: Stonebrook Academy
Final Site Plan Submittal
Engineering Review
May 23, 2017
Page 5 of 5*

CITY OF RAMSEY LAND USE APPLICATION
TECHNICAL REVIEW FILE

DATE	MAY 12, 2017	PROJECT ADDRESS	TBD
PROJECT. TITLE	STONEBROOK ACADEMY		
ESCROW #	115699		
DEPARTMENT:	Community Development: Planning Division (Landscape Plan & Environmental Resources)		
TECHNICAL REVIEWER:	Name: Chris Anderson, City Planner Phone: 763-433-9817 Email: canderson@cityoframsey.com		

The project is located within The COR, which has specific design standards relating to streetscape improvements, including sidewalk widths, boulevard widths, and boulevard plantings, which are outlined in Table 4 of the Sub-District Framework – COR2 Commercial in The COR Design Framework. Furthermore, the Design Framework also addresses street furniture, which outlined in the Master Streetscape Plan.

We offer the following comments regarding the Landscape Plan, prepared by CNH Architects and dated May 4, 2017, and the Yolite St design plans, prepared by Hakason Anderson and dated May 4, 2017, as it relates to The COR Design Framework:

Sheet L1:

- Update irrigation notes to specify that the irrigation system shall include one or more water efficient technologies, such as a smart controller, soil moisture sensors, ET sensors, etc.
- Add Landscape Note specifying that all areas, including boulevards, not otherwise improved with impervious surfaces shall receive four (4) inches of topsoil meeting the City’s topsoil specification. Copies of the load tickets shall be provided to the City and a topsoil inspection shall be completed prior to installation of any landscaping.
- Boulevards shall be six (6) feet in width and shall be clearly labeled on plan sheets.
- Sidewalks shall be six (6) feet in width and shall be clearly labeled on plan sheets.
- Sidewalks shall have alternating brush strokes per panel (see City specification).
- Boulevard area along both Veterans Drive and Yolite St shall be improved with topsoil and sod and this must be reflected on the plan set.
- The driveway surface must be extended to connect with the western property boundary for access for future development (this will also require a cross-access easement recorded against the properties).
- Update the Tree Installation Detail to specify that the first set of primary roots shall be at finished grade.
- Boulevard trees shall have branching beginning no lower than six (6) feet above grade.
- Add a Landscape Note that states the City requires a pre-planting meeting to review expectations for all street tree installations.

- Add note stating that any deviation from the approved Final Plat Schedule shall require approval of the City prior to installation.
- Add details of how the existing streetscape along Sunwood Drive will be protected throughout construction (scaffolding with tunnel works best as it also allows for pedestrian movement along sidewalk throughout construction).
- Update Plant Schedule to indicate that shrubs shall be at least twenty-four (24) inches in height or width, depending on species characteristics, at the time of planting.
- The proposed shrubs between the parking lot and Yolite Street must be of a columnar nature to avoid conflicts with pedestrians utilizing the sidewalk.

Sheet CS01

- Boulevards shall be six (6) feet in width and shall be clearly labeled on plan sheets.
- Sidewalks shall be six (6) feet in width and shall be clearly labeled on plan sheets.
- Sidewalks shall have alternating brush strokes per panel (see City specification).
- The driveway surface must be extended to connect with the western property boundary for access for future development (this will also require a cross-access easement recorded against the properties).
- Add details of how the existing streetscape along Sunwood Drive will be protected throughout construction (scaffolding with tunnel works best as it also allows for pedestrian movement along sidewalk throughout construction).

Sheet 12

- Boulevards shall be six (6) feet in width and shall be clearly labeled on plan sheets.
- Sidewalks shall be six (6) feet in width and shall be clearly labeled on plan sheets.
- Sidewalks shall have alternating brush strokes per panel (see City specification).

Sheet 13

- Boulevards shall be six (6) feet in width and shall be clearly labeled on plan sheets.
- Sidewalks shall be six (6) feet in width and shall be clearly labeled on plan sheets.
- Sidewalks shall have alternating brush strokes per panel (see City specification).

Sheet 14

- Boulevards shall be six (6) feet in width and shall be clearly labeled on plan sheets.
- Sidewalks shall be six (6) feet in width and shall be clearly labeled on plan sheets.
- Sidewalks shall have alternating brush strokes per panel (see City specification).