

MEMORANDUM OF UNDERSTANDING

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

WHEREAS, over 150-acres of green-field land is available for development within The COR, a downtown, mixed use, transit oriented development located off U.S. Highway 10 and Armstrong Boulevard in the City of Ramsey, Minnesota (“The COR”); and

WHEREAS, CAP Acquisitions has interest in pursuing the development of a new 172-unit, senior, independent living, market rate, apartment complex located on City-owned land within The COR (the “Proposed Development”); and

WHEREAS, CAP Acquisitions entered into a purchase agreement for roughly 4.2 acres of City-owned land on September 26, 2017 (the “Purchase Agreement”); and

WHEREAS, the Proposed Development will require various improvements to public infrastructure in The COR. Public infrastructure improvements include water line extensions, sewer line extensions, trail extensions, new roads, street lights, and storm sewer as set forth on Appendix A (“Public Infrastructure”); and,

WHEREAS, Bolton & Menk, Inc. completed a conceptual feasibility analysis for required public infrastructure within The COR in December 2017 (“Infrastructure Study”); and

WHEREAS, the Purchase Agreement between CAP Acquisitions and the City indicated the buyer would be responsible for 20% of all public infrastructure costs on roads located adjacent to the Proposed Development; and

WHEREAS, the Purchase Agreement between CAP Acquisitions and the City indicated a formal cost-share agreement, or developer reimbursement agreement, for the construction of public infrastructure, would be drafted and executed before the Purchase Agreement inspection period expired (April 1, 2018); and

WHEREAS, in order for CAP Acquisitions to move forward with the Proposed Development, a detailed mutual understanding of how public infrastructure improvements will be designed, constructed, and paid for is needed.

NOW THEREFORE, CAP Acquisitions agrees to the following:

SECTION 1

For the following road segments outlined in Appendix A and B, CAP Acquisitions shall design, prepare plans/ specifications, construct, and provide upfront financing.

SEGMENT: A-1, C-1, C-2

Bolton & Menk estimated costs: \$766,000, \$481,000, \$190,000 = \$1,437,000.

Construction of Public Infrastructure shall be completed before a certificate of occupancy for the Proposed Development is issued by the City of Ramsey.

SECTION 2

For the following road segments outlined in Appendix A and B, CAP Acquisitions shall pay the City 20% of the total estimated costs.

SEGMENT: B

Bolton & Menk estimated cost: 290,000 x 20% = \$58,000 payment to the City.

This payment shall be credited against the future TIF Agreement/ TIF Note outlined in Section 3 below. This shall be a onetime credit. Construction of road segment B will occur at an undetermined time in the future.

NOW THEREFORE, the City agrees to the following:

SECTION 3

For the following road segments outlined in Appendix A and B, the City will enter into a Tax Increment Financing (TIF) Agreement, and reimburse CAP Acquisitions certain costs to design, prepare plans/ specifications, and construct.

SEGMENT: A-1, C-1 (80% reimbursement)

Bolton & Menk estimated costs: \$766,000, 481,000 x 80% = \$977,600 reimbursement

SEGMENT: C2 (100% reimbursement)

Bolton & Menk estimated costs: \$190,000 x 100% = \$190,000 reimbursement

The TIF Agreement shall be drafted, executed, and recorded before closing on the Purchase Agreement. The TIF Agreement shall include 4.5% interest charges paid to CAP Acquisitions from the City, in addition to principal payments. The TIF Agreement shall allow a 10% administrative fee. The TIF Agreement will be structured as a PAY-GO TIF note. Based on current property tax projections, the TIF Note will be paid back in 8 years. The TIF Agreement will include a minimum assessment provision.

NOW THEREFORE, the CAP Acquisitions and the City agrees to the following:

SECTION 4

All parties shall work together in good-faith to draft and approve a TIF Agreement, based on this MOU, within 60 days after this MOU is executed.

SECTION 5

All parties understand this MOU includes preliminary costs estimations for Public Infrastructure, and preliminary payback forecasts for TIF. Actual final Public Infrastructure costs and actual final TIF payback periods may change. All parties agree in principle to this non-binding agreement.

DRAFT

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

By: _____
Sarah Strommen, Mayor

Dated _____, 2018

By: _____
Kurt Ulrich, City Administrator

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BUYER: CAP Acquisitions, LLC, a Washington Limited Liability Company.

By: _____
Scott Morris, Manager

Dated: _____, 2018

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Appendix A

Bolton & Menk Public Infrastructure Study: Section VII, Cost Considerations
2018 Cost Estimations by Road Segment

<u>Improvement</u>	<u>Segment A-1</u>	<u>Segment B</u>	<u>Segment C-1</u>	<u>Segment C-2</u>
Roadway	\$ 361,000	\$ 150,000	\$ 171,000	\$ 67,000
Trails/Sidewalks	\$ 32,000	\$ 35,000	\$ 75,000	\$ 30,000
Street Lighting	\$ 22,000	\$ 13,000	\$ 17,000	\$ 7,000
Storm Sewer	\$ 118,000	\$ 35,000	\$ 43,000	\$ 17,000
Trunk Storm Sewer	\$ 43,000	\$ 0	\$ 0	\$ 0
Watermain	\$ 122,000	\$ 57,000	\$ 98,000	\$ 38,000
Sanitary Sewer	\$ 78,000	\$ 0	\$ 77,000	\$ 31,000
Trunk San Sewer	\$ 0	\$ 0	\$ 0	\$ 0
Total Costs	\$ 776,000	\$ 290,000	\$ 481,000	\$ 190,000

Prepared by: Bolton & Menk, Inc.
Center Street Area Analysis| R16.114929

Appendix B

Bolton & Menk Public Infrastructure Study: Figure 2 Road Segment Reference Map

