

**City of Ramsey**  
**Agenda**  
**Economic Development Authority (EDA)**  
**Thursday, December 8, 2022**  
**7:30 am**  
**Council Chambers, 7550 Sunwood Drive NW**

Remote Attendance available at [www.cityoframsey.com/meetings](http://www.cityoframsey.com/meetings).  
Those joining remotely and requesting to speak are asked to use a webcam when speaking.

1. **Call to Order**
  
2. **Approve Agenda**
  
3. **Approve Minutes**
  1. Approve Meeting Minutes for November 10, 2022
  
4. **EDA Business**
  1. Consider Business Assistance Application for Ramsey Properties, LLC.
  
  2. Consider Lease Agreement for 6701 Hwy 10 NW: Case of God's Kingdom Ministry (Portions of the meeting may be closed to the public)
  
5. **Member/Staff Input**
  
6. **Adjournment**

**Economic Development Authority (EDA)**

**3. 1.**

**Meeting Date:** 12/08/2022

**Submitted For:** Sean Sullivan, Community Development

**By:** Wendy Schlueter, Community Development

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**Title:**

Approve Meeting Minutes for November 10, 2022

**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:**

Approval of November 10, 2022 meeting minutes.

**Action:**

Motion to approve November 10, 2022 EDA meeting minutes.

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**Attachments**

EDA Minutes

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**Form Review**

<b>Inbox</b>	<b>Reviewed By</b>	<b>Date</b>
Sean Sullivan	Sean Sullivan	11/28/2022 10:12 AM
Brian Hagen	Brian Hagen	12/02/2022 11:01 AM
Form Started By: Wendy Schlueter		Started On: 11/21/2022 11:24 AM
Final Approval Date: 12/02/2022		

**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, November 10, 2022, at the Ramsey Municipal Center, 7550 Sunwood Drive NW, Ramsey, Minnesota.

Members Present:     Chairperson Michael Olson  
                          Member Rachal Johnson  
                          Member William MacLennan  
                          Member Chris Riley  
                          Member Shanna Stewart  
                          Member Scott Wiyninger

Members Absent:     Member Chelsee Howell

Also Present:         Sean Sullivan, Economic Development Manager

**1.     CALL TO ORDER**

Chairperson Olson called the Economic Development Authority meeting to order at 7:30 a.m.

**2.     APPROVE AGENDA**

Motion by Member MacLennan, seconded by Member Wiyninger, to approve the agenda.

Motion carried. Voting Yes: Chairperson Olson, Members MacLennan, Wiyninger, Johnson, Riley, and Stewart. Voting No: None. Absent: Member Howell.

**3.     CONSENT AGENDA**

**3.01:   Approve Meeting Minutes Dated October 13, 2022**

Motion by Member MacLennan, seconded by Member Johnson, to approve the October 13, 2022, minutes as presented.

Motion carried. Voting Yes: Chairperson Olson, Members MacLennan, Johnson, Riley, Stewart, and Wiyninger. Voting No: None. Absent: Member Howell.

**4.     EDA BUSINESS**

**4.01:   Approval of 2023 Business Network Meeting**

Economic Development Manager Sullivan presented the staff report.

Member Stewart stated that she is familiar with Kitchen Table but was not familiar with Wells Catering, so she had to look up information on that company. She stated that company also looks great and therefore she would go with the more cost-efficient option of Wells Catering for the event.

Chairperson Olson commented that the Highway 10 topic was very popular last year and agreed that the content for this year looked great. He agreed that the more cost-effective option for catering should be chosen, with Wells Catering, noting that company does a great job for the other EDA event as well.

Member MacLennan commented that Wells Catering has been used in the past and does a great job. He commented that it is a basic breakfast and therefore the more cost-effective vendor should be chosen. He agreed that the agenda looks good and noted that the meeting is typically well attended. He also believed that the date seems to be a good choice.

Member Johnson asked if the past attendance has been at 100.

Economic Development Manager Sullivan commented that attendance has ranged from 60 to 120, noting that the meeting was held virtually during COVID. He did anticipate 100 people for this event as more people are wanting to attend in person after COVID. He noted that if Kitchen Table is chosen, \$6,000 would need to be allocated for the budget, while \$3,500 would be allocated if Wells Catering is chosen. He noted that selecting Wells Catering would allow more wiggle room in the budget if more people attend and the budget could authorize up to \$4,000.

Member Wiyninger asked the typical audience for this meeting and what kind of marketing is done in preparation.

Economic Development Manager Sullivan replied that typically there is a mix of the different sectors, perhaps more heavily attended by industrial businesses. He stated that there are business owners and CEOs. He stated that because this event is designed for businesses, the City does extend the invitation to every single business.

Motion by Member Johnson, seconded by Member Stewart, to allocate \$4,000 for the 2023 Business Network Meeting and Lyndes/Wells Catering at the Fountains of Ramsey; approve the proposed agenda; and select Business Network Meeting date of January 31, 2023.

Motion carried. Voting Yes: Chairperson Olson, Members Johnson, Stewart, MacLennan, Riley, and Wiyninger. Voting No: None. Absent: Member Howell.

## **5. MEMBER / STAFF UPDATE**

### **5.01: Project Update**

Economic Development Manager Sullivan stated that within the packet he provided development updates on various projects within Ramsey and welcomed any questions.

Member Johnson asked for input on the building being constructed in the Coborn's parking lot.

Economic Development Manager Sullivan replied that the building is being done by Northstar Marketplace, is speculative and has a drive-thru unit that would lend itself to some type of food service. He stated that there are not any tenants signed on as of yet and noted that he will provide an update once tenants sign on. He noted that Papa Murphy's and Anytime Fitness will be opening in the building constructed on the other side of Armstrong Blvd which will create more energy in that area.

Chairperson Olson stated that he has been getting questions on a grocery store and asked for an update.

Economic Development Manager Sullivan stated that the City has entered into an LOI with a convenience grocer and although there were some delays, he anticipates that item will come forward to the EDA at an upcoming meeting.

Member Wyingner referenced the LOI section and asked if any of those projects are at risk.

Economic Development Manager Sullivan provided a brief update on the status of the different projects listed within that section.

Member MacLennan referenced the sports dome, noting that original ARAA was thinking of bringing in a partner and perhaps a restaurant. He asked if there was any progress on those potential partnerships.

Economic Development Manager Sullivan replied that staff has met with the architects and at this time they are proposing a sports dome with two other buildings, which could still be a restaurant and/or orthopedics user. He noted that the association would like to submit a site plan in December which would lead to discuss at the Planning Commission in January. He stated that tied to that would be the Ferret Street and West Armstrong infrastructure study which should be completed by the end of November. He anticipated that the road project could occur in 2023 and noted that the Council will still need to discuss the different funding sources available for that project. He noted that ARAA is still planning on the dome being a 2023 project as well.

Member MacLennan asked if the City would have to purchase property for a stormwater pond.

Economic Development Manager Sullivan noted that there are two options for a stormwater pond. He stated that one option would use a larger pond that would require the building to be removed while the second would use a smaller pond and in that case the building would not need to be removed. He noted that property owners in that area are supportive of the project and would be willing to work with the City and sell property to the City that may be necessary to move forward with that project.

Member Johnson asked for an update on the development that was proposed near Casey's.

Economic Development Manager Sullivan replied that the EDA and City Council took action to cancel the purchase agreement for that parcel. He noted that the developer decided not to move forward at this time because of the impact of that intersection on Highway 10 being closed during construction. He also provided an update on a new staff member at Anoka County dedicated to Economic Development as well as an upcoming UPRIVER event on November 17<sup>th</sup> at which Ramsey will have a booth that he will staff.

## **6. ADJOURNMENT**

Motion by Member Wiyninger, seconded by Member Johnson, to adjourn the meeting.

Motion carried. Voting Yes: Chairperson Olson, Members Wiyninger, Johnson, MacLennan, Riley, and Stewart. Voting No: None. Absent: Member Howell.

The regular meeting of the Economic Development Authority adjourned at 8:01 a.m.

Respectfully submitted,

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Sean Sullivan  
Economic Development Manager

ATTEST:

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Wendy Schlueter  
Economic Development Administrative Assistant

Draft by Amanda Staple  
*TimeSaver Off Site Secretarial, Inc.*

**Economic Development Authority (EDA)**

**4. 1.**

**Meeting Date:** 12/08/2022

**By:** Sean Sullivan, Community Development

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**Title:**

Consider Business Assistance Application for Ramsey Properties, LLC.

**Purpose/Background:**

The EDA may choose to go into closed session pursuant to Minnesota Statutes section 13D.05, subdivision 3(c)(3) to consider offers or counteroffers for the purchase or sale of real or personal property. If the EDA chooses to enter into to closed session the statute and reason above needs to be referenced along with legal description (Outlot A, Gigi Addition) and the Anoka County Tax ID number 28-32-25-23-0020.

The purpose of this case is to consider a Business Assistance request that involves the sale of Outlot A, Gigi Addition to The Schiebout Family Limited Partnership, LLLP (the "Developer"). The EDA and City Council have previously approved a Purchase Agreement to build an 82 unit Hilton Home 2 hotel and a proposed deal structure involving a TIF land cost write-down of \$311,454. Staff has been working with the Developer and Ehlers to complete the Business Assistance application and review. Project costs are coming in higher than the Developer has originally anticipated. The Developer has also adjusted the hotel floor plan/design to add an entrance to Sunwood Drive NW as requested by City planning staff to encourage activity and a connection along Sunwood Drive which have also added to the cost. These additional costs have triggered the request by the Developer for \$306,000 in additional TIF assistance which is shown in the attached Business Assistance Application. The Developer has also created a new business entity called Ramsey Properties, LLC and has filled it with the Minnesota Secretary of State, so this will be the entity name moving forward. As with any Business Assistance project, both Staff and Ehler's have completed analysis determined if the amount of assistance provided is appropriate. A summary of this analysis is below and attached in a Memo put together by Jason Aarsvold from Ehlers.

In summary, the lower than average projected return on investment means the project does demonstrate a need for assistance. Providing the requested land write-down and PAYGO note will help facilitate development of the hotel without unduly enriching the developer.

We estimate the project will generate approximately \$105,000 annually (at full build-out) in tax increment within the COR TIF district. Some of that increment can be directed to repay the City's land write-down through an inter-fund loan, and some can be used to repay the PAYGO TIF note. We propose using 40% of the increment generated to repay the City's inter-fund loan with the remaining 60% directed to the PAYGO note payments.

Based on this structure, we estimate the PAYGO note could be repaid with 6.5 years of payments, assuming an interest rate on the note of 5%. This, coupled with the land write-down, would push the project's average cash on cash return to 8.8% by year 8 (at which point the TIF payments would stop). Repayment of the City's land through an interfund loan would take an estimated 10.5 years assuming the City charges the maximum interfund land interest rate of 5%.

Staff is looking for EDA to provide a recommendation to the City Council in support of the proposed business assistance amount and structure.

**Notification:**

Notification is not required.

## **Observations/Alternatives:**

### **General Project Description**

- 82 unit, Four Story Hilton Home 2 Hotel with hot breakfast and indoor pool; a Certificate of Occupancy 12 months after Closing (could be extended to 16 months based on supply chain issues or force majeure). If this is not done, the City may exercise the Right of Re-Entry.
- Tax Assessed Value 5.9M
- Estimated Taxes - \$180,000 annually
- 21 new jobs to be created paying at least \$18.22 / hr
- Catalyst project (provides more trips to COR and encourages investment in restaurants/retail)

### **General Terms of Purchase Agreement (and Business Assistance Package)**

- Parcel: Outlot A, Gigi Addition - +/- 1.43 acres
- Purchase Price and Valuation: The purchase price for the Property is \$1.00 on +/- 1.43 acres (62,290 square feet) as outlined in Exhibit A (the "Purchase Price"). The property valuation is \$311,454. (\$5.00/SF)
- **\$306,000 in Pay-Go TIF Note for Site Development / Improvements (NEW REQUEST)**
- Inspection Period: 180 days
- Right of Re-Entry Required
- Reimbursement of Platting costs up to \$3,500 if project proceeds.

### **Business Assistance Application Review**

Review and analysis of the Business Assistance Package has been completed by City Staff and Ehler's. The project scores a 29.5 which is a moderate to high score for our project rating system. Analysis by Ehlers supports the need for assistance for this project, it supports the TIF "But-For" test and does not unduly enrich the developer.

### **Next Steps (Future Meetings)**

In the event that the Developer is comfortable with the assistance package recommended, staff will begin to work with Ehlers and Taft Law to put together a TIF Agreement outlining the terms and conditions of the financial assistance and business subsidy. A public hearing will be held at a later date for the City Council to consider approval of the business subsidy. The Developer will submit a site plan /plat application for review and approval by the Planning Commission and City Council. The site plan and TIF Assistance process will run concurrently.

### **Alternatives:**

- 1) EDA Recommendation to the City Council to approve Business Assistance and a TIF Agreement in the form of \$311,454 in TIF Land Cost Write Down and \$306,000 if Pay-Go TIF for Site Development/Improvements (as presented); subject to City Attorney Review (Staff recommendation).
- 2) EDA Recommendation to the City Council to approve Business Assistance and a TIF Agreement in the form of \$311,454 in TIF Land Cost Write Down and \$306,000 if Pay-Go TIF for Site Development/Improvements (with changes); subject to City Attorney Review
- 3) Something else.

### **Funding Source:**

This case is being handled as part of normal Staff duties. If financial assistance is provided, TIF District 14 will be the funding source.

### **Recommendation:**

Staff recommends an EDA Recommendation to the City Council to approve Business Assistance and a TIF Agreement in the form of \$311,454 in TIF Land Cost Write Down and \$306,000 if Pay-Go TIF for Site Development/Improvements (as presented); subject to City Attorney Review.

### **Action:**

Motion to recommend to the City Council to approve Business Assistance and a TIF Agreement in the form of \$311,454 in TIF Land Cost Write Down and \$306,000 if Pay-Go TIF for Site Development/Improvements (as presented); subject to City Attorney Review.

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### **Attachments**

Site Location Map

ACTION- Business Assistance Application

Ehlers Analysis Memo 11.30.22

TIF Run 60 40 Split

REFERENCE - Executed Purchase Agreement Schiebout

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### **Form Review**

**Inbox**

Sean Sullivan (Originator)

Brian Hagen

Form Started By: Sean Sullivan

Final Approval Date: 12/02/2022

**Reviewed By**

Sean Sullivan

Brian Hagen

**Date**

11/30/2022 05:23 PM

12/02/2022 11:01 AM

Started On: 09/29/2022 04:30 PM

# Outlot A, Gigi Addition



**Parcel Information:**

28-32-25-23-0020

RAMSEY  
MN 55303

Plat: GIGI ADDITION

Approx. Acres: 1.42694444

Commissioner: MATT LOOK

**Owner Information:**

RAMSEY CITY OF  
7550 SUNWOOD DRIVE  
RAMSEY  
MN  
55303

Sean Sullivan

1:2,400

Date: 4/1/2022

Disclaimer: Map and parcel data are believed to be accurate, but accuracy is not guaranteed. This is not a legal document and should not be substituted for a title search, appraisal, survey, or for zoning verification.

**EXHIBIT A**  
**BUSINESS ASSISTANCE APPLICATION**

**A. APPLICANT INFORMATION**

Name of Corporation/Partnership Ramsey Properties, LLC (and/or assigns)  
 Address 8445 Bunker Lake Boulevard Northwest, Ramsey, MN 55303  
 Primary Contact Emily Allegra  
 Address 8445 Bunker Lake Boulevard Northwest, Ramsey, MN 55303  
 Phone 763-516-1078 Fax \_\_\_\_\_ E-mail emily@schieboutfa.com

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 Brett Larson  
 Address 1400 Fifth Street Towers 100 South Fifth Street Minneapolis, MN 55402  
 Phone 612-672-3777 Fax 612-672-3777 E-mail blarson@messerlikramer.com

Contractor Name TBD  
 Address \_\_\_\_\_  
 Phone \_\_\_\_\_ Fax \_\_\_\_\_ E-mail \_\_\_\_\_

Engineer Name TBA  
 Address \_\_\_\_\_  
 Phone \_\_\_\_\_ Fax \_\_\_\_\_ E-mail \_\_\_\_\_

Architect Name David Wallace  
 Address 542 Douglas Avenue Dunedin, FL 34698  
 Phone 727-736-6000 Fax \_\_\_\_\_ E-mail dlw2@DLWARCHITECTS.COM



### 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	\$ 6,500,000
Other Loans	\$ 3,510,000
Owner Equity	\$ 5,084,000
Fed Grant/Loan	\$ _____
State Grant/Loan	\$ _____
Industrial Development Bonds	\$ _____
Tax Increment Financing	\$ 617,454 (\$311,454 L + \$306,000 SD)
Tax Abatement	\$ _____
Revolving Loan Fund	\$ _____
Other	\$ _____
<b>TOTAL</b>	<b>\$ 15,711,454</b>

<u>USES</u>	<u>AMOUNT rounded estimates</u>
Land Acquisition	\$ 311,454
Site Development	\$ 306,000
Construction	\$ 10,880,000
Machinery & Equipment	\$ 1,830,000
Architectural/Engineering Fees	\$ 425,000
Debt Service Reserve	\$ 300,000
Contingencies	\$ 657,000
Other	\$ 1,002,000
<b>TOTAL</b>	<b>\$ 15,711,454</b>

Total Amount of business assistance requested from either Revolving Loan Fund, Abatement, Tax Increment Financing or another source: \$311,454 in TIF Land Cost Write Down + an additional \$306,000 in Pay-Go TIF for Site Improvements/Development

**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 Emily Allegra Date 11/21/2022

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:**

\$ 15,094,000 Private Investment  
 \$ 617,454 Public Investment  
24:1 **Ratio Private : Public Financing**

**Points:** 5  
 5:1 5  
 4:1 4  
 3:1 3  
 2:1 2  
 Less than 2:1 1

**C. Job Creation:**

21 Net *new* jobs (minimum 40 hours per week) or fulltime equivalents

**Points:** 4  
 50+ 5  
 20+ 4  
 10+ 3  
 5+ 2  
 Less than 2 1

**D. Wage Level of jobs created:**

Average hourly wage  
 Of *new* jobs \$18.22

**Points:** 4  
 Over \$21/hour 5  
 \$18-21/hour 4  
 \$14-17/hour 3  
 \$10-13/hour 2  
 Under \$10/hour 1

<b>E. Ratio Of Business Assistance To New Jobs Created:</b>	<b>Points:</b>	<u>2</u>
\$ <u>617,454</u> Business assistance requested	\$5,000 or less	<u>5</u>
<u>21</u> Number of net <i>new</i> jobs created	\$15,000 or less	<u>4</u>
\$ <u>29,406</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>

<b>F. Project size:</b>	<b>Points:</b>	<u>4</u>
The project will result in a building size of 57,527 square feet	75,000+	<u>5</u>
.82 units	50,000+	<u>4</u>
	25,000+	<u>3</u>
	10,000+	<u>2</u>
	5,000 or less	<u>1</u>

<b>G. Type of Project:</b>	<b>Points:</b>	<u>5</u>
<u>x</u> 100% Owner Occupied		<u>5</u>
<u>      </u> Mix Owner Occupied & Investment		<u>3</u>
<u>      </u> Investment Property		<u>1</u>

<b>H. Likelihood that the project will result in unsubsidized, spin-off development:</b>	<b>Points:</b>	<u>4</u>
<u>x</u> High		<u>5</u>
<u>      </u> Moderate		<u>3</u>
<u>      </u> Low		<u>1</u>

<b>I.</b>	<u>4</u>
	<u>4</u>
	<u>4</u>

**Sub-Total Points 28 of a possible 35 points.**

<b>Bonus Points</b>	<b>Bonus Points:</b>	<u>1.5</u>
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:** 29.5

Overall project analysis:	High	35 points
	Moderate	25 points
	Low	15 points
	Not Eligible	5 points

Home2 Suites - Ramsey, MN				Number of
4 Story, Wood Frame, Indoor Pool		Number of Suites		Parking Spaces
		82		85
Land	\$311,454.00	\$3,798.22	2%	Price/Space
Site Improvements (Parking)	\$306,000.00	\$3,731.71	2%	\$3,600.00
Construction	\$10,884,367.00	\$132,736.18	69%	57742
Furniture, Fixtures, & Equipment/IT/Telecom/OS&E	\$1,830,240.00	\$22,320.00	12%	
Intangibles	\$2,386,313.21	\$29,101.38	15%	
<b>Total</b>	<b>\$15,718,374.21</b>	<b>\$191,687.49</b>	<b>100%</b>	

A/E	\$ 363,274.94	\$ 4,430.18	2.31%	
Civil	\$ 36,720.00	\$ 447.80	12.00%	
Developer Fee	\$ 353,663.42	\$ 4,312.97	2.25%	
Impact Fees & Gov't Fees	\$ 73,800.00	\$ 900.00		
Affiliation Fee	\$ 37,500.00	\$ 457.32		
Loan Fees and Interest	\$ 451,078.04	\$ 5,500.95	7.50%	12 Months
Pre-Opening, Start-up Overhead, Debt Service Reserve	\$ 290,000.00	\$ 3,536.59		
Miscellaneous OS&E (Pre-opening)	\$ 164,000.00	\$ 2,000.00		
Contingency	\$ 616,276.81	\$ 7,515.57	4.00%	
	\$ 2,386,313.21	\$ 29,101.38		

		2024	2025	2026	2027	2028
		Year	Year	Year	Year	Year
		1	2	3	4	5
<b>Initial Purchase Price or Appreciated Value</b>	<b>\$15,718,374.21</b>	<b>\$12,844,466.98</b>	<b>\$14,282,491.25</b>	<b>\$15,127,325.56</b>	<b>\$15,545,671.93</b>	<b>\$15,979,758.09</b>
Percent Increase in Value		-18.3%	-9.1%	-3.8%	-1.1%	1.7%
		29930	29930	30012	29930	29930
Number of Rooms	82	18257	19754	20408	20352	20352
Rate	<b>\$138.05</b>	<b>\$130.13</b>	<b>\$134.03</b>	<b>\$138.05</b>	<b>\$142.19</b>	<b>\$146.46</b>
Occupancy	<b>75.0%</b>	61.0%	66.0%	68.0%	68.0%	68.0%
RevPAR	\$103.54	\$79.38	\$88.46	\$93.87	\$96.69	\$99.59
Potential Gross Rental Income	<b>4.00%</b>	\$2,375,822.45	\$2,647,601.81	\$2,809,648.82	\$2,893,907.76	\$2,980,724.99
Gross Meeting/Event Revenue	<b>3.00%</b>	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
Potential Gross Miscellaneous Income		\$82,157.85	\$88,892.10	\$91,836.72	\$91,585.80	\$91,585.80
Leases on 0 sf (NNN)	-	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
<b>Potential Gross Income (PGI)</b>		<b>\$2,457,980.30</b>	<b>\$2,736,493.91</b>	<b>\$2,901,485.54</b>	<b>\$2,985,493.56</b>	<b>\$3,072,310.79</b>
<b>Effective Gross Income (EGI)</b>		<b>\$2,457,980.30</b>	<b>\$2,736,493.91</b>	<b>\$2,901,485.54</b>	<b>\$2,985,493.56</b>	<b>\$3,072,310.79</b>
Operating Expenses - Hotel	54.0%	-\$1,282,944.12	-\$1,429,704.98	-\$1,517,210.36	-\$1,562,710.19	-\$1,609,591.49
Capital Reserve	2.0%	-\$49,159.61	-\$54,729.88	-\$58,029.71	-\$59,709.87	-\$61,446.22
Management Fees	4.0%	-\$98,319.21	-\$109,459.76	-\$116,059.42	-\$119,419.74	-\$122,892.43
<b>Net Operating Income (NOI) (GOP)</b>		<b>\$1,027,557.36</b>	<b>\$1,142,599.30</b>	<b>\$1,210,186.04</b>	<b>\$1,243,653.75</b>	<b>\$1,278,380.65</b>
NOI/CapEx		6.5377%	7.2699%	7.6999%	7.912%	8.1333%
Capital Expenditures						
Sales Price		\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
Sales Expenses	3.0%	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
Payoff of Mortgage		\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
<b>Net Sales Price</b>		<b>\$0.00</b>	<b>\$0.00</b>	<b>\$0.00</b>	<b>\$0.00</b>	<b>\$0.00</b>
<b>Net Income</b>	<b>-\$15,718,374.21</b>	<b>\$1,027,557.36</b>	<b>\$1,142,599.30</b>	<b>\$1,210,186.04</b>	<b>\$1,243,653.75</b>	<b>\$1,278,380.65</b>
Debt Service	\$10,216,943.23	-\$857,067.82	-\$857,067.82	-\$857,067.82	-\$857,067.82	-\$857,067.82
<b>Before Tax Cash Flows (BTCF)</b>	<b>-\$5,501,430.97</b>	<b>\$170,489.54</b>	<b>\$285,531.48</b>	<b>\$353,118.23</b>	<b>\$386,585.94</b>	<b>\$421,312.83</b>
Rate of Return for NPV	8.00%					
Cash-on-Cash (ROE)		3.10%	5.19%	6.42%	7.03%	7.66%
Net Present Value	\$4,675,888.46					
<b>Before Tax Equity Reversion (BTER)</b>		<b>\$0.00</b>	<b>\$0.00</b>	<b>\$0.00</b>	<b>\$0.00</b>	<b>\$0.00</b>
<b>Mortgage Information:</b>						
Purchase Price		-\$15,718,374.21				
Loan to Value (PV)	65%	\$10,216,943.23				
Financing Costs	0.50%	-\$51,084.72				
Required Equity	35%	\$5,501,430.97	\$ 9,000,000.00	\$ -	\$ 2,043,388.65	\$ 11,043,388.65
Term in Years (n)	25					
Future Value (FV)	\$0.00					
Interest Rate of Loan (rate)	6.75%					
Loan Type Schedule (beginning or end)	0					
Annual Principal		-\$167,424.15	-\$178,725.28	-\$190,789.23	-\$203,667.51	-\$217,415.06
Annual Interest		-\$689,643.67	-\$678,342.54	-\$666,278.58	-\$653,400.31	-\$639,652.75
Annual Payment		-\$857,067.82	-\$857,067.82	-\$857,067.82	-\$857,067.82	-\$857,067.82
Monthly Payment		-\$70,590.04	-\$70,590.04	-\$70,590.04	-\$70,590.04	-\$70,590.04
<b>Loan Balance</b>		<b>\$10,049,519.09</b>	<b>\$9,870,793.81</b>	<b>\$9,680,004.58</b>	<b>\$9,476,337.07</b>	<b>\$9,258,922.01</b>
Capitalization Rate		8.00%	8.00%	8.00%	8.00%	8.00%
Return on Equity (ROE)		3.10%	5.19%	6.42%	7.03%	7.66%
Gross Income Multiplier (GIM)		5.23	5.22	5.21	5.21	5.20
Debt Coverage Ratio (DCR)		119.89%	133.31%	141.20%	145.11%	149.16%
Year Sold	6					
Internal Rate of Return (IRR) (after Debt Service)		N/A	N/A	N/A	N/A	N/A

## Part 1

The Schiebout Family Limited PLLC is a family business that began its roots when its founder, David Schiebout, had the vision to begin a custom manufacturing company in 1979 named, Delta ModTech® (DMT). DMT and its subsidiaries have placed manufacturing equipment around the globe in nearly 30 countries. This equipment manufactures medical, pharmaceutical, electronic, RFID, fuel cell/battery, and automotive products which are in turn delivered worldwide.

DMT had recently relocated their headquarters to Ramsey, MN. The Schiebout Family has been involved in serving their manufacturing business but also expanding into industrial and commercial real estate with many tenants that have partnered with the family for 20+ years. The Schiebout Family, now in their second generation, has the mission and vision to serve their customers, employees, tenants, and community. Part of the family's vision is to expand and diversify beyond their parent company of DMT and real estate arm, being steadfast with the same mission of servant leadership, as they provide opportunities for more positive economic growth in the communities they serve and as a catalyst for creating strong culture.

Although the Schiebout Family has been successfully developing and leasing industrial and commercial real estate since 1977, they have not ventured into the hospitality space. However, with due diligence and strong community support, they believed there was an unmet need in Ramsey for a new lodging offering. Because of this, the family pursued the potential of pioneering the prospect of this service-oriented business to our community. However, with the risk of the post-Covid environment, economic impact of the economy, and elevated construction costs, the family is requesting assistance from the city to pursue this unmet need.

The Schiebout Family desires to continue their focus on their mission and values of servant leadership in their working relationships with their tenants and community as a real-estate company and now venturing into Ramsey as a hospitality provider. The Schiebout Family is committed to continuing these values into the new opportunity of hospitality by providing a high-service, high quality result, based on servant leadership, the Golden Rule, and importance of serving our community.

## Part 2

The Shareholders who will be owners in this proposed project are as follows:

- David & Ronda Schiebout (Founders of DMT, G1 family owners), board member of DMT, Members of Schiebout Family Owner's Council
- Wendy Schiebout (G2 in family business) works at DMT in leadership and operations, board member of DMT, Members of Schiebout Family Owner's Council
- Evan Schiebout (G2 in family business) works at DMT on leadership and engineering, board member of DMT, Members of Schiebout Family Owner's Council
- Emily Allegra (G2 in family business) works at DMT as family leader and asset management, board member of DMT, Members of Schiebout Family Owner's Council

All 5 people are family members and owners of DMT and the business will be female-majority owned.

### **Part 3**

The proposed project is a 62,204-square-foot (1.43-acre) parcel to be improved with a limited-service, extended-stay lodging facility; the hotel will be associated with a nationally affiliated hotel brand such as Home2 Suites by Hilton. The proposed subject property, which is expected to open on July 1, 2024, will feature 82 rooms. The hotel will also contain the appropriate parking capacity and all necessary back-of-the-house space. The proposed project would offer a pool, free breakfast, laundry facilities, and a fitness center.

The owners recently invested in a revision of the plan after hearing from the City of Ramsey of the desire for a “main street” feel along Sunwood Drive. In the family’s desire to build community with Ramsey and help develop the next economic opportunities, the owners committed to redesigning their prototype to offer a dual entrance on the North and South of the building, add additional design and windows to the North entrance, and to incorporate more gathering options along the main street for the appeal of the COR’s long-term vision of the area.

This change created a loss in revenue of 1 room shifting the keys from 83 to 82 and increased the construction and design cost.

### **Part 4**

Based on the City’s request and recommendation to offer a dual entrance to promote the community and guest pedestrian experience and to provide access for future city development and surrounding amenities, we instructed our design team to make multiple changes. We had to increase the lobby square footage by approximately 50%, and we added significantly more glass than the brand requires to give the Sunwood façade a primary entrance. This change created a loss in revenue of 1 room shifting the keys from 83 to 82 and increased the construction and design cost.

Additionally, the market study is supportive of a higher percentage of queen/queen rooms which also added additional square footage and cost which we believe will better serve the needs of our community, while simultaneously increasing the potential tax revenue to the city.

Conservatively, we increased our cost by approximately \$500,000-\$600,000.

Based on these additional unanticipated costs, we are requesting additional support from the City for the land cost as well as site improvements in order to better meet the needs of our community.

Our current rate of return calculation and proforma show the risk and slow ramp up of this project due to the slow market penetration and substantial increase in operations costs and forecasted inflation. Our forecasts, independently analyzed, show a below average ADR and occupancy rates in comparison to the industry and specifically lower than the brand average.

Part 6 – See attached Site plan and building renderings

- Tax ID number: 28-32-25-23-0020
- Legal Description: Outlot A, Gigi Addition

Part 7 – See section C

Part of the mission of our family and business is to serve our community. When we evaluated the needs of our company, employees and their families, as well as our greater community in Ramsey, we realized there was a need in our local area for a high-quality lodging that would provide an extended stay option. Currently there are no offerings of this type within Ramsey.

This potential development will create many new employment opportunities with a strong national brand that offers top of the industry training, benefits, and support. Beyond the direct employment impact, it will also drive economic demand and higher revenues in the community, as well as indirect jobs through suppliers, gig-workers, and vendors. The versatility of the hotel will provide short-term and long-term lodging options for many of the companies and families requiring temporary longer stay lodging while between homes or even for construction crews that are working on other projects in the City.

We are also committed to partnering with a top national brand and flag to bring into Ramsey which will create a stimulus for bringing in more national brands for future restaurants and retail locations for the city of Ramsey. We see this as a win-win for the community we serve, the city we support, and future economic growth for all stakeholders and the city at large.

This unmet need was validated through the demand study and feasibility analysis that showed Ramsey's unmet need for an extended stay hotel with the closest similar product over 10 miles away outside of Ramsey. Even though there are other lodging options in Ramsey, our project will meet a different market offering the extended stay which will increase the overall economic impact and draw new customers and additional tax revenue into our community.

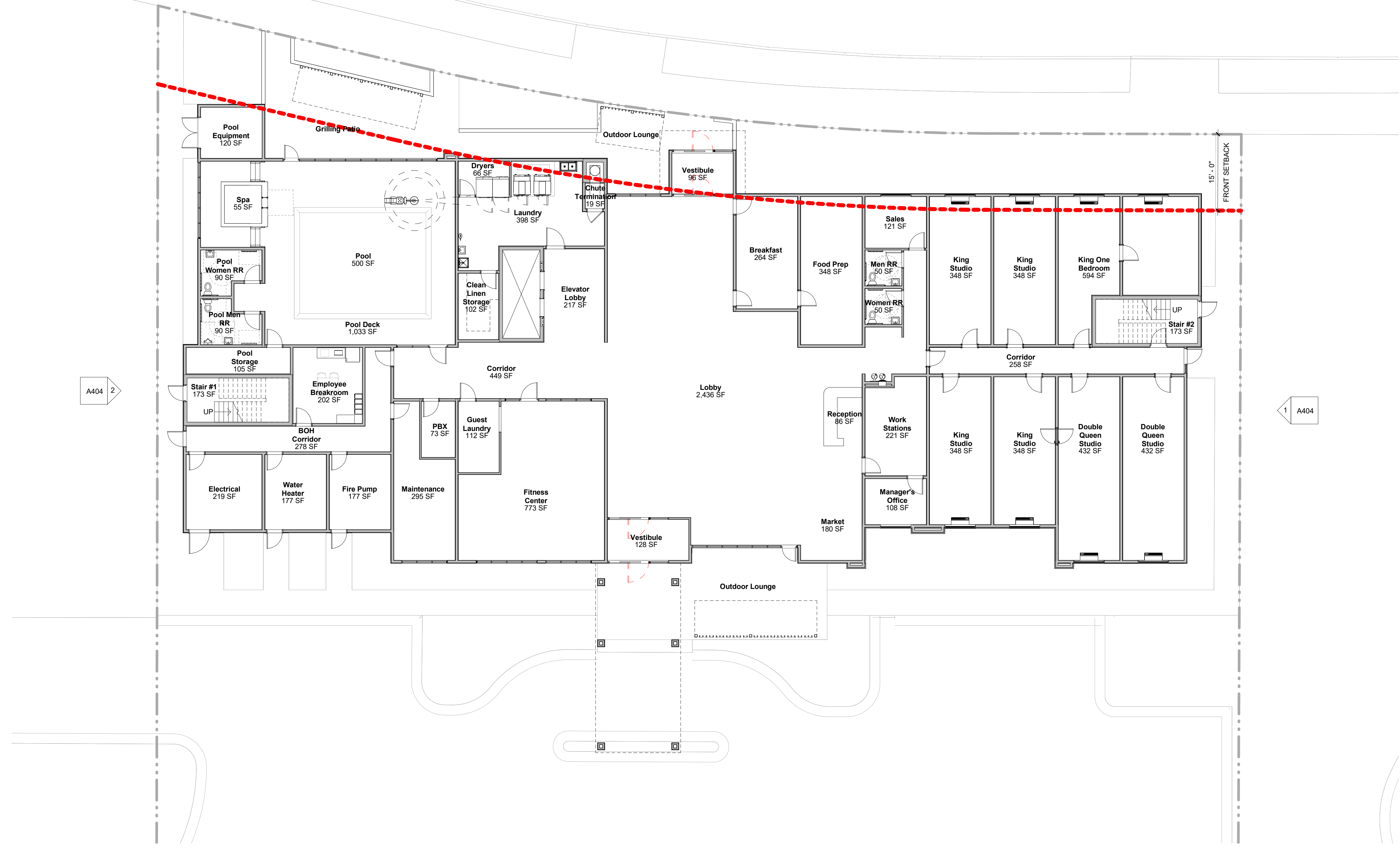
Based on these unmet needs determined through the demand study and the partnership with the City, we decided to pursue the project despite the uncertainty of the post-Covid lodging market, as well as the significant upfront cost that the project will incur. With the support of the City of Ramsey, we believe that the best opportunity to drive more economic growth is to take the risk and pioneer this project.

Part 8 – See Section 8



1ST FLOOR GUESTROOM SCHEDULE		
Name	#	Area
Double Queen Studio	2	432 SF
King One Bedroom	1	594 SF
King Studio	4	348 SF
<b>Total</b>	<b>7</b>	

No.	DESCRIPTION	DATE



**Home2 Suites by Hilton**  
**Sunwood Drive NW,**  
**Ramsey, Minnesota**  
**Emily Allegra**



DRAWN	PC/AS
PROTOTYPE VERSION	
ISSUE DATE	11/22/2022
SCALE	3/32" = 1'-0"
JOB NUMBER	22-014
PROJECT STATUS	YS
SHEET NAME	LEVEL 1 - Floor Plan
LOCATION / INN CODE	

**1** Level 1 Floor Plan  
 A101 3/32" = 1'-0"

SHEET NUMBER  
**A101**

PLOT DATE: 11/22/2022 10:40:17 AM

2ND FLOOR ROOM SCHEDULE		
Name	#	Area
Accessible Double Queen Studio	1	576 SF
Accessible King One Bedroom	1	715 SF
Double Queen Studio	12	432 SF
King One Bedroom	2	594 SF
King Studio	9	348 SF
<b>Total</b>	<b>25</b>	

No.	DESCRIPTION	DATE



**Home2 Suites by Hilton**  
**Sunwood Drive NW,**  
**Ramsey, Minnesota**  
**Emily Allegra**

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DRAWN	PC/AS
PROTOTYPE VERSION	
ISSUE DATE	11/22/2022
SCALE	3/32" = 1'-0"
JOB NUMBER	22-014
PROJECT STATUS	YS
SHEET NAME	LEVEL 2 - Floor Plan
LOCATION / INN CODE	

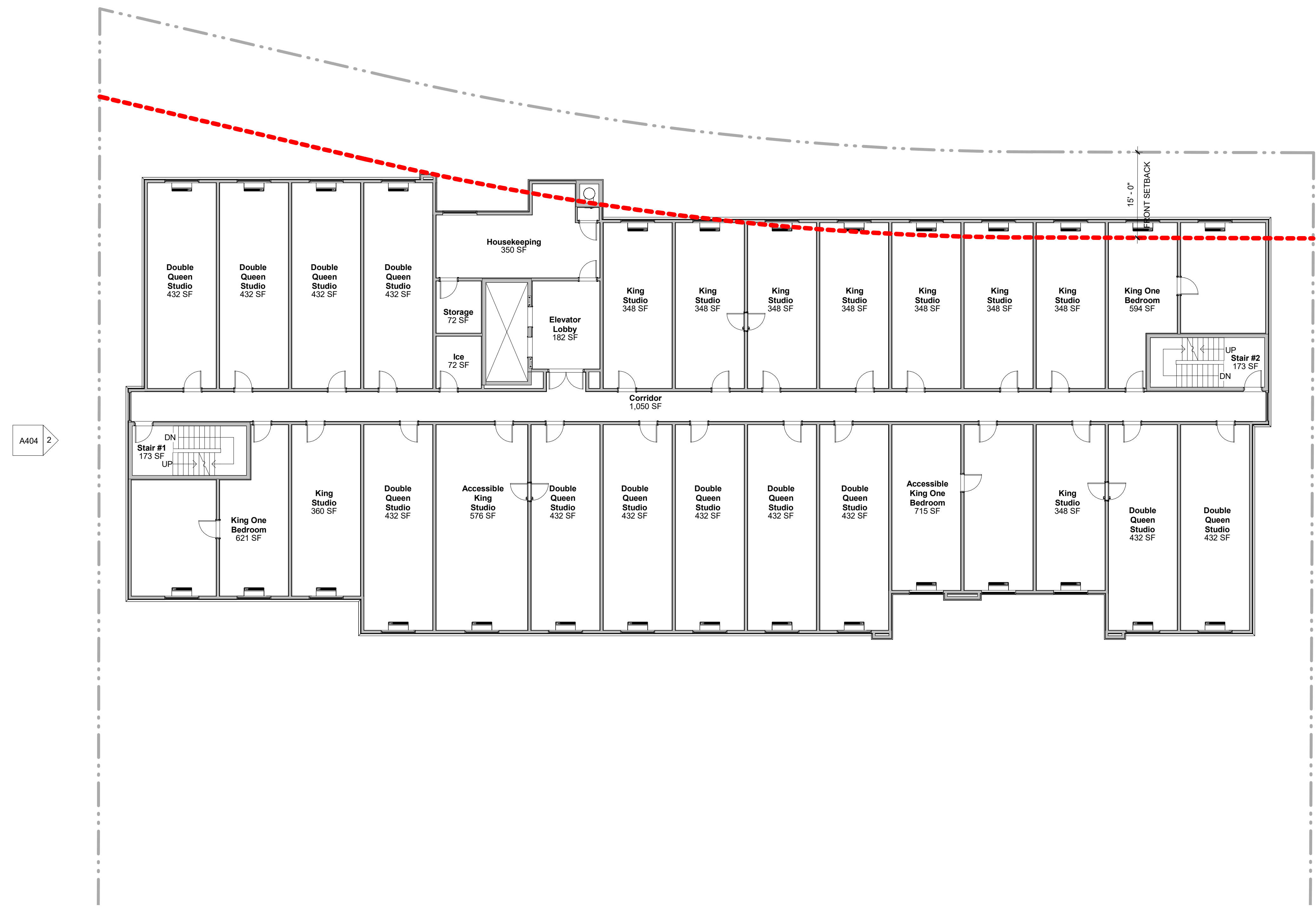
**1** Level 2 Floor Plan  
 A104 3/32" = 1'-0"

SHEET NUMBER  
**A104**

PLOT DATE: 11/22/2022 10:40:18 AM

3RD FLOOR ROOM SCHEDULE		
Name	#	Area
Accessible King One Bedroom	1	715 SF
Accessible King Studio	1	576 SF
Double Queen Studio	12	432 SF
King One Bedroom	2	594 SF
King Studio	9	348 SF
<b>Total</b>	<b>25</b>	

No.	DESCRIPTION	DATE



**Home2 Suites by Hilton**  
**Sunwood Drive NW,**  
**Ramsey, Minnesota**  
**Emily Allegra**

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DRAWN	PC/AS
PROTOTYPE VERSION	
ISSUE DATE	11/22/2022
SCALE	3/32" = 1'-0"
JOB NUMBER	22-014
PROJECT STATUS	YS
SHEET NAME	LEVEL 3 - Floor Plan
LOCATION / INN CODE	

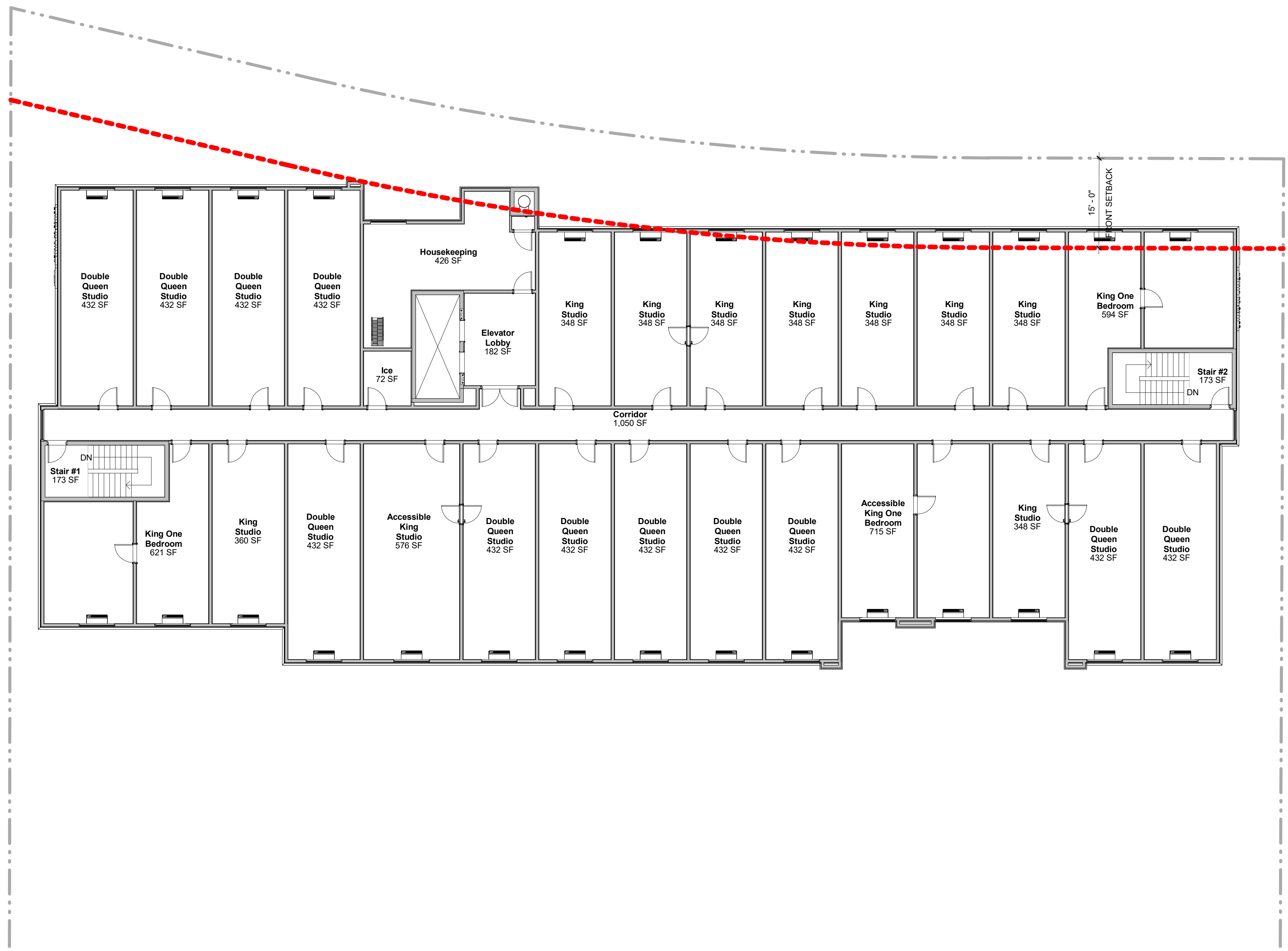
SHEET NUMBER  
**A107**

**1** Level 3 Floor Plan  
 A107 3/32" = 1'-0"

PLOT DATE: 11/22/2022 10:40:19 AM

4TH FLOOR ROOM SCHEDULE		
Name	#	Area
Accessible King One Bedroom	1	715 SF
Accessible King Studio	1	576 SF
Double Queen Studio	12	432 SF
King One Bedroom	2	594 SF
King Studio	9	348 SF
<b>Total</b>	<b>25</b>	

No.	DESCRIPTION	DATE



**Home2 Suites by Hilton**  
**Sunwood Drive NW,**  
**Ramsey, Minnesota**  
**Emily Allegra**

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DRAWN	PC/AS
PROTOTYPE VERSION	
ISSUE DATE	11/22/2022
SCALE	3/32" = 1'-0"
JOB NUMBER	22-014
PROJECT STATUS	YS
SHEET NAME	LEVEL 4 - Floor Plan
LOCATION / INN CODE	

SHEET NUMBER  
**A110**

**1** Level 4 Floor Plan  
 A110 3/32" = 1'-0"

PLOT DATE: 11/22/2022 10:40:19 AM

# Memo

**To:** Sean Sullivan, Economic Development Manager  
**From:** Jason Aarsvold, Ehlers  
**Date:** 11-30-2022  
**Subject:** Home2 Suites – Request for Assistance

The City of Ramsey received a request for assistance to construct an 82 room Home2 Suites within the COR area on City-owned land. The developer is requesting the City write-down the cost of the land to \$1 and provide a pay-as-you-go (PAYGO) TIF note in the amount of \$306,000 to make the project financially feasible.

You requested that Ehlers review the developer’s proposal to determine whether the request is reasonable and within industry standards. Ehlers conducted a thorough review of the developer’s budget and operating pro forma to ensure all development costs, anticipated revenues, and expenditures were represented appropriately. The table below depicts the sources and uses of funds for the project as proposed by the developer.

<b>SOURCES</b>			
	<b>Amount</b>	<b>Pct.</b>	<b>Per Room</b>
First Mortgage	9,910,943	64.3%	120,865
TIF PAYGO Note	306,000	2.0%	3,732
Developer Equity	5,189,978	33.7%	63,292
<b>TOTAL SOURCES</b>	<b>15,406,921</b>	<b>100%</b>	<b>187,889</b>

<b>USES</b>			
	<b>Amount</b>	<b>Pct.</b>	<b>Per Room</b>
Acquisition Costs	1	0.0%	0
Construction Costs	11,806,644	76.6%	143,983
Permits/Fees	73,800	0.5%	900
Furniture, Fixtures, & Equipment	1,830,240	11.9%	22,320
Professional Services	437,495	2.8%	5,335
Financing Costs	451,078	2.9%	5,501
Developer Fee	353,663	2.3%	4,313
Cash Accounts/Escrows	454,000	2.9%	5,537
<b>TOTAL USES</b>	<b>15,406,921</b>	<b>100%</b>	<b>187,889</b>

## Analysis

Generally, this project meets the expectations of a limited service, or upper midscale, hotel project as it relates to the financing structure, projected revenues, developer fee, and on-going operational costs. Following are our findings from the analysis completed for the project:

- The Developer proposes to finance the entire hotel project with a combination of equity and debt. The proposed financing includes 32.7% equity and 66.3% debt in the form a first mortgage and the PAYGO portion of the developer loan. For a project of this nature, we would expect to see an equity contribution of at least 25%. The developer indicates the first mortgage would include a 25-year term with 6.75% interest. While these terms are within industry standards and are used for the analysis, we were not given an actual lending commitment to review.
- The total development cost (TDC) for this project is \$15.4 million or \$187,889 per room, assuming no payment for the land. Based on our experience with similar projects, we would expect total development costs to range between \$175,000 and \$200,000 per room with a payment for land. The development costs are within an acceptable range, but we did not receive a detailed breakdown for review.
- The developer fee of \$353,663 is 2.3% of total development costs. For a project of this nature, we would expect to see a developer fee of no more than 5%. The proposed fee is acceptable.
- The developer proposes an Average Daily Rate (ADR) of \$130 in year one with a 61% percent occupancy assumption. This increases to an ADR of \$138 by year three with a 68% occupancy assumption. The projected ADR is consistent with a third-party market analysis prepared for the project and is, therefore, an acceptable assumption for this project.
- The total operating costs are projected at just over \$20,626 per room and represent 58% of effective gross income. The proposed operating costs are within industry standards.
- The project's *average* cash on cash return (annual cash flow / equity) without any assistance is 5.1% in year three and increases to 7.5% by year 8. Hotel developer/ owners would like to see a cash-on-cash return of 8% to 10%.

## Recommendations

In summary, the lower than average projected return on investment means the project does demonstrate a need for assistance. Providing the requested land write-down and PAYGO note will help facilitate development of the hotel without unduly enriching the developer.

We estimate the project will generate approximately \$105,000 annually (at full build-out) in tax increment within the COR TIF district. Some of that increment can be directed to repay the City's land write-down through an inter-fund loan, and some can be used to repay the PAYGO TIF note. We propose using 40% of the increment generated to repay the City's inter-fund loan with the remaining 60% directed to the PAYGO note payments.

Based on this structure, we estimate the PAYGO note could be repaid with 6.5 years of payments, assuming an interest rate on the note of 5%. This, coupled with the land write-down, would push the project's average cash on cash return to 8.8% by year 8 (at which point the TIF payments would stop). Repayment of the City's land through an interfund loan would take an estimated 10.5 years assuming the City charges the maximum interfund land interest rate of 5%.

## Home2 Suites - No Inflation

City of Ramsey, MN

82 Room Hotel



### ASSUMPTIONS AND RATES

<b>DistrictType:</b>	<b>Redevelopment</b>	
<b>District Name/Number:</b>	TIF 1-14 COR	
<b>County District #:</b>	V7	
<b>First Year Construction or Inflation on Value</b>	<b>2023</b>	
<b>Existing District - Specify No. Years Remaining</b>	<b>16</b>	
Inflation Rate - Every Year:	<b>0.00%</b>	
Interest Rate:	<b>5.00%</b>	
Present Value Date:	<b>1-Aug-24</b>	
First Period Ending	1-Feb-25	
Tax Year District was Certified:	<b>Pay 2011</b>	
Cashflow Assumes First Tax Increment For Development:	2025	
Years of Tax Increment	16	
Assumes Last Year of Tax Increment	2040	
Fiscal Disparities Election [Outside (A), Inside (B), or NA]	<b>Outside(A)</b>	
Incremental or Total Fiscal Disparities	<b>Incremental</b>	
Fiscal Disparities Contribution Ratio	34.1376%	Prelim. Pay 2023
Fiscal Disparities Metro-Wide Tax Rate	133.6670%	Prelim. Pay 2023
Maximum/Frozen Local Tax Rate:	110.413%	2011 - Frzn
Current Local Tax Rate: (Use lesser of Current or Max.)	95.108%	Prelim. Pay 2023
State-wide Tax Rate (Comm./Ind. only used for total taxes)	34.0000%	Prelim. Pay 2023
Market Value Tax Rate (Used for total taxes)	0.23956%	Prelim. Pay 2023

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 \$100,000		0.75%
Over \$100,000		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 ID	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
<b>1</b>	28-32-25-23-0020	City of Ramsey	Unassigned	350,700	0	350,700	100%	350,700	Pay 2011	Exempt	-	C/I Pref.	6,264	1
				<b>350,700</b>	<b>0</b>	<b>350,700</b>		<b>350,700</b>			<b>0</b>		<b>6,264</b>	

Note:

1. Base values are for pay 2023 based upon review of County website on 11-28-2022.
2. Located in SD #11 and WS Lower Rum River (UTA 630110)

Home2 Suites - No Inflation  
 City of Ramsey, MN  
 82 Room Hotel



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 2023	Percentage Completed 2024	Percentage Completed 2025	Percentage Completed 2026	First Year Full Taxes Payable
1	Hotel	71,951	71,951	82	5,900,000	C/I Pref.	117,250	1,430	50%	100%	100%	100%	2026
<b>TOTAL</b>					<b>5,900,000</b>		<b>117,250</b>						
Subtotal Residential				0	0		0						
Subtotal Commercial/Ind.				82	5,900,000		117,250						

Note:

- 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
Hotel	117,250	40,026	77,224	73,446	53,502	39,100	14,134	180,182	2,197.34
<b>TOTAL</b>	<b>117,250</b>	<b>40,026</b>	<b>77,224</b>	<b>73,446</b>	<b>53,502</b>	<b>39,100</b>	<b>14,134</b>	<b>180,182</b>	

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.

WHAT IS EXCLUDED FROM TIF?	
Total Property Taxes	180,182
less State-wide Taxes	(39,100)
less Fiscal Disp. Adj.	(15,434)
less Market Value Taxes	(14,134)
less Base Value Taxes	(5,958)
<b>Annual Gross TIF</b>	<b>105,557</b>



## Home2 Suites - No Inflation

City of Ramsey, MN

82 Room Hotel

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 40%	Semi-Annual Net Tax Increment	Semi-Annual Present Value	PERIOD ENDING Yrs.	Tax Year	Payment Date
														02/01/25
100%	58,625	(6,264)	-	52,361	95.108%	49,799	24,900	(90)	(9,924)	14,886	14,169	0.5	2025	08/01/25
100%	117,250	(6,264)	-	110,986	95.108%	105,557	24,900	(90)	(9,924)	14,886	27,992	1	2025	02/01/26
100%	117,250	(6,264)	-	110,986	95.108%	105,557	52,778	(190)	(21,035)	31,553	84,466	2	2026	02/01/27
100%	117,250	(6,264)	-	110,986	95.108%	105,557	52,778	(190)	(21,035)	31,553	111,674	2.5	2027	08/01/27
100%	117,250	(6,264)	-	110,986	95.108%	105,557	52,778	(190)	(21,035)	31,553	138,218	3	2027	02/01/28
100%	117,250	(6,264)	-	110,986	95.108%	105,557	52,778	(190)	(21,035)	31,553	164,115	3.5	2028	08/01/28
100%	117,250	(6,264)	-	110,986	95.108%	105,557	52,778	(190)	(21,035)	31,553	189,380	4	2028	02/01/29
100%	117,250	(6,264)	-	110,986	95.108%	105,557	52,778	(190)	(21,035)	31,553	214,030	4.5	2029	08/01/29
100%	117,250	(6,264)	-	110,986	95.108%	105,557	52,778	(190)	(21,035)	31,553	238,077	5	2029	02/01/30
100%	117,250	(6,264)	-	110,986	95.108%	105,557	52,778	(190)	(21,035)	31,553	261,539	5.5	2030	08/01/30
100%	117,250	(6,264)	-	110,986	95.108%	105,557	52,778	(190)	(21,035)	31,553	284,428	6	2030	02/01/31
100%	117,250	(6,264)	-	110,986	95.108%	105,557	52,778	(190)	(21,035)	31,553	306,759	6.5	2031	08/01/31
100%	117,250	(6,264)	-	110,986	95.108%	105,557	52,778	(190)	(21,035)	31,553	328,545	7	2031	02/01/32
100%	117,250	(6,264)	-	110,986	95.108%	105,557	52,778	(190)	(21,035)	31,553	349,800	7.5	2032	08/01/32
100%	117,250	(6,264)	-	110,986	95.108%	105,557	52,778	(190)	(21,035)	31,553	370,536	8	2032	02/01/33
100%	117,250	(6,264)	-	110,986	95.108%	105,557	52,778	(190)	(21,035)	31,553	390,767	8.5	2033	08/01/33
100%	117,250	(6,264)	-	110,986	95.108%	105,557	52,778	(190)	(21,035)	31,553	410,504	9	2033	02/01/34
100%	117,250	(6,264)	-	110,986	95.108%	105,557	52,778	(190)	(21,035)	31,553	429,760	9.5	2034	08/01/34
100%	117,250	(6,264)	-	110,986	95.108%	105,557	52,778	(190)	(21,035)	31,553	448,546	10	2034	02/01/35
100%	117,250	(6,264)	-	110,986	95.108%	105,557	52,778	(190)	(21,035)	31,553	466,874	10.5	2035	08/01/35
100%	117,250	(6,264)	-	110,986	95.108%	105,557	52,778	(190)	(21,035)	31,553	484,755	11	2035	02/01/36
100%	117,250	(6,264)	-	110,986	95.108%	105,557	52,778	(190)	(21,035)	31,553	502,200	11.5	2036	08/01/36
100%	117,250	(6,264)	-	110,986	95.108%	105,557	52,778	(190)	(21,035)	31,553	519,220	12	2036	02/01/37
100%	117,250	(6,264)	-	110,986	95.108%	105,557	52,778	(190)	(21,035)	31,553	535,824	12.5	2037	08/01/37
100%	117,250	(6,264)	-	110,986	95.108%	105,557	52,778	(190)	(21,035)	31,553	552,023	13	2037	02/01/38
100%	117,250	(6,264)	-	110,986	95.108%	105,557	52,778	(190)	(21,035)	31,553	567,827	13.5	2038	08/01/38
100%	117,250	(6,264)	-	110,986	95.108%	105,557	52,778	(190)	(21,035)	31,553	583,246	14	2038	02/01/39
100%	117,250	(6,264)	-	110,986	95.108%	105,557	52,778	(190)	(21,035)	31,553	598,289	14.5	2039	08/01/39
100%	117,250	(6,264)	-	110,986	95.108%	105,557	52,778	(190)	(21,035)	31,553	612,965	15	2039	02/01/40
100%	117,250	(6,264)	-	110,986	95.108%	105,557	52,778	(190)	(21,035)	31,553	627,282	15.5	2040	08/01/40
							52,778	(190)	(21,035)	31,553	641,251	16	2040	02/01/41
<b>Total</b>							<b>1,633,148</b>	<b>(5,879)</b>	<b>(650,907)</b>	<b>976,361</b>				
<b>Present Value From 08/01/2024</b>							<b>1,072,613</b>	<b>(3,861)</b>	<b>(427,501)</b>	<b>641,251</b>				

## PURCHASE AGREEMENT

This Agreement is entered into by and between the **City of Ramsey**, a Minnesota municipal corporation (sometimes, "Seller" or "City"), and **THE SCHIEBOUT FAMILY LIMITED PARTNERSHIP, LLLP** and/or its assigns, a Minnesota limited partnership ("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 **August 26, 2022** (the "Effective Date").
2. **SALE OF PROPERTY.** Seller agrees to sell to Buyer, and Buyer agrees to buy from Seller approximately 1.43 acres of vacant land, legally described as follows:  
  
Outlot A, Gigi Addition, to be platted as: T.B.D.  
  
Anoka County PID Number: 28-32-25-23-0020
3. **PURCHASE PRICE.** The purchase price for the Property is \$1.00 on +/- 1.43 acres (62,290 square feet) as outlined in Exhibit A (the "Purchase Price"). The property valuation is \$311,454.
4. **INITIAL DEPOSIT; EARNEST MONEY AND ADDITIONAL EARNEST MONEY.** Buyer has previously deposited the sum of Five Thousand and No/100 Dollars (\$5,000.00) (the "Initial Deposit") with the City to pay costs of third party tax increment financing ("TIF") analysis and the preparation of the TIF Agreement. Within five business days after the Effective Date, Buyer must deposit the sum of \$1.00 (the "Earnest Money") with Guaranty Commercial Title, Inc. ("Escrow Agent"), via wire transfer or delivery of a certified check payable to Escrow Agent.
  - a. If Buyer does not deposit the Earnest Money 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. 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 22 as a result of a default by Seller).
  - c. 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.

- d. 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. SURVEY; SELLER DELIVERIES.** Seller has provided the Buyer an ALTA/NSPS 2016 survey (Table A, items 1-4 and 6, 8, and 11) for Outlot B, COR One (the "Survey") from a duly licensed surveyor dated April 18, 2017. Buyer may arrange with the surveyor to include additional information on the Survey at Buyer's expense. The City also has provided the Buyer with the recorded Gigi Addition plat. The Seller shall also provide to Buyer within ten (10) days of the Effective Date, copies of all environmental, geotechnical, wetland or other reports, plans or studies it has in its possession related to the Property.

**6. TITLE COMMITMENT.**

- a. Seller represents it has fee title to the Property. Seller makes no other representations or warranties with respect to the status of title to the Property. Within thirty (30) 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 thirty (30) days after the receipt of the Title Commitment and the Survey (collectively, "**Title/Survey**") to review Title/Survey 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 10, 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 10, Buyer may, at any time with three (3) 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 to Buyer ("**Buyer's Title Termination Notice**"). If Buyer

does not deliver a Buyer's Title Termination Notice to Seller within the three (3) 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 Closing, 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. Within 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 Seller 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 it employees, agents, and contractors to comply with all applicable laws, while on the Property.
  - d. Other than a standard Phase 1 environmental assessment, 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 Section 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;
- 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 unanticipated, 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 **March 26, 2023** (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 obtain all governmental approvals (including, but not limited to, approvals necessary to subdivide and re-plat the Property) 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, and the Seller shall pay any remaining Initial Deposit to Buyer.

**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.** By accepting the deed to the Property, 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. 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 or e-mail. Notices are effective two business days after they are mailed via certified mail, return receipt requested or, if sent by email, upon email transmission (provided that any email transmission that occurs after 5:00 pm Central Time will be deemed provided on the following day). 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  
Email: [bhagen@cityoframsey.com](mailto:bhagen@cityoframsey.com)

Buyer: THE SCHIEBOUT FAMILY LIMITED PARTNERSHIP, LLLP  
Emily Allegra  
8445 Bunker Lake  
Blvd. NW  
Ramsey, MN 55303  
Email: [emily@schieboutfa.com](mailto:emily@schieboutfa.com)

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.

- 13. CLOSING.** This transaction shall close within 30 days after Buyer delivers a Notice to Proceed to Seller or on such earlier date as Seller and Buyer may establish by mutual, written agreement; provided, however, Buyer may extend the Closing a total of two (2) times, each time for a period of sixty (60) days, by depositing an additional One Thousand and 00/100 Dollars (\$1,000.00) earnest money with Escrow Agent for each extension. Each \$1,000 extension payment shall be non-refundable, but applicable to the Purchase Price. 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 limited 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 and any installments of special assessments certified for payment therewith; and (B)

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 for to reflect Buyer's prior payment of the Earnest Money and to reflect amounts Buyer must pay or will receive pursuant to Section 14(c), to 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, if required and necessary.

c. **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 shall pay all outstanding property taxes, including but not limited to, Payable 2022 for the Property.
  2. Seller's own attorney's fees.
  3. One-half the cost of any closing fees.
  4. The cost of real estate broker commission fees as prescribed in Section 14.
  5. State Deed Tax.
  6. Such other reimbursements to Buyer pursuant to the terms of this Agreement.
- 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.

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

- 14. 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. (“Sellers Broker”). Seller shall pay Seller’s Broker as required by their agreement 3% of final gross sale price. 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 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.
- 15. ASSIGNMENT.** This Agreement may not be assigned without the written consent of the non-assigning Party. The Seller recognizes the Buyer intends to assign this Agreement to an affiliated special purpose entity that will be registered officially with the State of Minnesota.
- 16. THIRD PARTY BENEFICIARY.** There are no third-party beneficiaries of this Agreement, intended or otherwise.
- 17. JOINT VENTURE.** Seller and Buyer, by entering into this Agreement and completing the transactions described herein, shall not be considered joint ventures or partners.
- 18. 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.
- 19. ENTIRE AGREEMENT / MODIFICATION.** This written Agreement constitutes the complete agreement between the parties and supersedes any prior oral or written agreements between the parties regarding the Property. There are no verbal agreements that change this Agreement and no waiver or modification of any of its terms will be effective unless in writing executed by the parties.
- 20. BINDING EFFECT.** This Agreement binds and benefits the Parties and their successors and assigns.
- 21. CONTROLLING LAW.** This Agreement is made under the laws of the State of Minnesota and such laws will control its interpretation.
- 22. 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 Deposit and the Remaining Earnest Money) to Buyer, or, in the alternative, Buyer may have this Agreement specifically enforced and recover any incidental damages. Buyer waives all claims for consequential damages against Seller based on Seller's breach or alleged default hereunder.

**23. 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.

**24. 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.

**25. 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.

**26. 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.

**27. 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.

**28. CONSTRUCTION DEADLINE.** Buyer shall obtain a certificate of occupancy from the City of Ramsey for the construction of minimum 60 unit - 4 story hotel with pool compliant with COR Zoning requirements to be further defined by an approved Site Plan a year after closing. At Closing, a "Right of Re-Entry Agreement" must be executed and recorded to the Property providing that, in the event the above deadline is not met, Seller has the right to reclaim title to the parcel(s) for which a certificate of occupancy was not obtained.

**29. TIME PERIODS.** The time for performance of any obligation or taking any action under this Agreement shall be deemed to expire at 5:00 p.m. Central Time on the last day of the applicable time period provided for in this Agreement. If the time for the

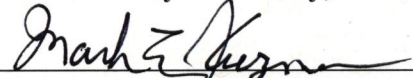
performance of any obligation or taking any action under this Agreement expires on a Saturday, Sunday or legal holiday, the time for performance or taking such action shall be extended to the next succeeding day which is not a Saturday, Sunday or legal holiday.

**30. PLATTING & DEVELOPMENT AGREEMENT.** Buyer must be in the process of obtaining an approved final plat, development agreement, and building exterior visual renderings with the City of Ramsey for its intended project before Closing. The Development Agreement and Site Plan must comply with all local zoning ordinances and design standards, including The COR Design Standards. City of Ramsey will reimburse Buyer up to \$3500 for re-platting expense. The reimbursement will only take place upon a successful closing and City of Ramsey is not responsible for any cost reimbursement if Buyer does not close on subject property. Buyer to provide written documentation of platting costs for reimbursement.

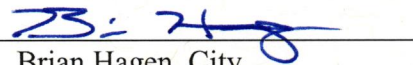
**31. CONTINGENCIES.** In addition to all other requirements and contingencies by the Buyer and Seller herein, Buyer's obligation to acquire the Property and the Purchase Price of \$1.00 is contingent on the following:

- a. Satisfactory review of the underwriting by the Seller demonstrating the need of financial assistance in the form of a land write down of \$311,454.
- b. City Council approval and execution of a Tax Increment Financing Agreement between the Seller and Buyer and or its assigns.
- c. City Council approval of Business Subsidy for Buyer and or its assigns.
- d. Hotel feasibility study supporting a viable market in the City of Ramsey, Developer obtaining surveys, environmental and geotechnical reports, wetland studies and such other items Developer determines to be necessary to build and operate the proposed hotel.
- e. Seller's approval of a replat of the Property.
- f. Buyer and Seller entering into a Development Agreement on such terms as are satisfactory to Buyer;
- g. Any shared access easement(s) between the Property and any adjacent property required by Seller is in existence or has been obtained.

**SELLER: The City of Ramsey**, a Minnesota municipal corporation

By:   
Mark E Kuzma, Mayor

Dated: August 26, 2022

By:   
Brian Hagen, City  
Administrator

Dated: August 26, 2022

**BUYER: THE SCHIEBOUT FAMILY LIMITED PARTNERSHIP, LLLP**

By: THE SCHIEBOUT FAMILY LIMITED PARTNERSHIP, LLLP

Emily Allegra  
Emily Allegra, Partner

Dated: 8/26/2022, 2022

Exhibit A

GIGI ADDITION

CITY OF RAMSEY  
COUNTY OF ANOKA  
SEC. 28, T. 32, R. 25

KNOW ALL PERSONS BY THESE PRESENTS, That the City of Ramsey, a Minnesota municipal corporation, owner of the following described property:

TRAIL A, COR. STONE BROOK ACADemy, Anoka County, Minnesota.

Has adopted the plans to be surveyed and platted as GIGI ADDITION and does hereby dedicate to the public for public use the drainage utility easements as shown on this plat.

In witness whereof the City of Ramsey, a Minnesota municipal corporation, has caused these presents to be signed by its proper officers this 14th day of September, 2021.

WITNESSED: City of Ramsey

By: David E. Hagrone Mayor By: Colleen Sankala Clerk

STATE OF MINNESOTA  
COUNTY OF STERNA  
The following persons were the 2nd day of March, 2021, by MARKEE KUZMA, as Mayor and Colleen Sankala, as Clerk of Ramsey, a Minnesota municipal corporation, in behalf of the corporation:

David E. Hagrone Mayor  
My Commission Expires: 10/17/24

Colleen Sankala Clerk  
My Commission Expires: 10/17/24

Section 2, Article 10, Chapter 354, Laws of Minnesota, requires that the plat be prepared by me or under my direct supervision, that I am a duly Licensed Land Surveyor in the State of Minnesota, and that I am duly sworn and qualified in and to the County of Ramsey, Minnesota, and that I am duly sworn and qualified in and to the County of Ramsey, Minnesota, and that I am duly sworn and qualified in and to the County of Ramsey, Minnesota.

Section 354.01, Subd. 3, of the State of Minnesota requires that the plat and all public maps and plans shall be signed by the plat.

Dated this 14th day of April, 2021.

David E. Hagrone Mayor  
My Commission Expires: 10/17/24

STATE OF MINNESOTA  
COUNTY OF RAMSEY  
The instrument was acknowledged before me on this 14th day of April, 2021, by David E. Hagrone Mayor and Colleen Sankala Clerk of Ramsey, Minnesota, a Minnesota municipal corporation, in behalf of the corporation.

David E. Hagrone Mayor  
My Commission Expires: 10/17/24

Colleen Sankala Clerk  
My Commission Expires: 10/17/24

CITY COUNCIL, CITY OF RAMSEY, MINNESOTA

The plat of GIGI ADDITION was approved and recorded by the City Council of the City of Ramsey, Minnesota, at a regular meeting thereof held on the 14th day of March, 2021, and was adopted in compliance with the provisions of Minnesota Statutes, Section 354.01, Subd. 2.

City Council: City of Ramsey, Minnesota

By: David E. Hagrone Mayor By: Colleen Sankala Clerk

COUNTY SURVEYOR

I hereby certify that a copy of this plat is on file with the Minnesota State Surveyor, Section 552.01, Subd. 11, and that the same has been reviewed and approved on this 14th day of September, 2021.

David M. Bergstrom  
Surveyor - Anoka County Surveyor  
David M. Bergstrom  
My Commission Expires: 10/17/24

COUNTY AUDITOR - TREASURER

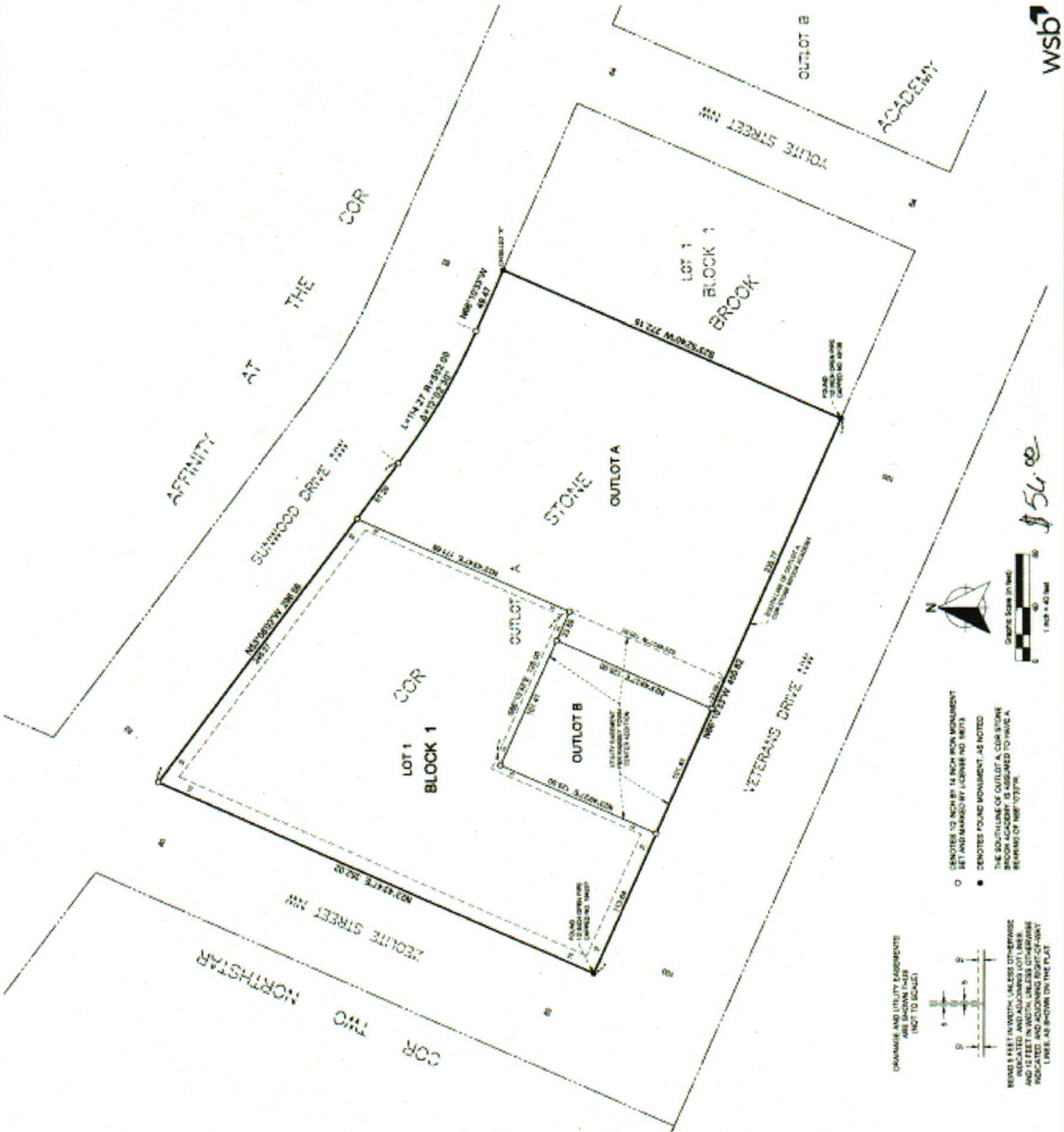
Plat returned to Minnesota Statutes, Section 552.01, Subd. 3, upon deposit on the 14th day of September, 2021, in the land records office of the County of Ramsey, Minnesota, and the same has been recorded in the land records office of the County of Ramsey, Minnesota, on the 14th day of September, 2021, and the same has been recorded in the land records office of the County of Ramsey, Minnesota, on the 14th day of September, 2021.

David M. Bergstrom  
Surveyor - Anoka County Surveyor  
David M. Bergstrom  
My Commission Expires: 10/17/24

COUNTY RECORDER - CLERK OF TITLES  
County of Ramsey, Minnesota

I hereby certify that the plat of GIGI ADDITION was filed in the office of the County Recorder of Ramsey, Minnesota, on the 14th day of September, 2021, and the same has been recorded in the land records office of the County of Ramsey, Minnesota, on the 14th day of September, 2021.

David M. Bergstrom  
Surveyor - Anoka County Surveyor  
David M. Bergstrom  
My Commission Expires: 10/17/24



CHANGES AND UTILITY ENCUMBRANCES ARE NOT TO BE SHOWN

REMARKS: ALL DIMENSIONS ARE IN FEET AND DECIMALS THEREOF. ALL DIMENSIONS ARE TO BE TAKEN FROM THE CENTER OF THE LOT.

SEE PLAN FOR DIMENSIONS OF OUTLET A, OUTLET B, AND 61.22' ALLEY. ALL DIMENSIONS ARE TO BE TAKEN FROM THE CENTER OF THE LOT.

SEE PLAN FOR DIMENSIONS OF OUTLET A, OUTLET B, AND 61.22' ALLEY. ALL DIMENSIONS ARE TO BE TAKEN FROM THE CENTER OF THE LOT.



**Extended Stay Hotel**  
**Sunwood Drive NW, Ramsey**  
**Minnesota**  
**Emily Allegra**

**dm**  
 DESIGN MANAGEMENT  
 10000 Sunwood Drive NW  
 Suite 100  
 Ramsey, MN 55403  
 Phone: 763.881.1111  
 Fax: 763.881.1112  
 Email: info@dm.com

**A091**

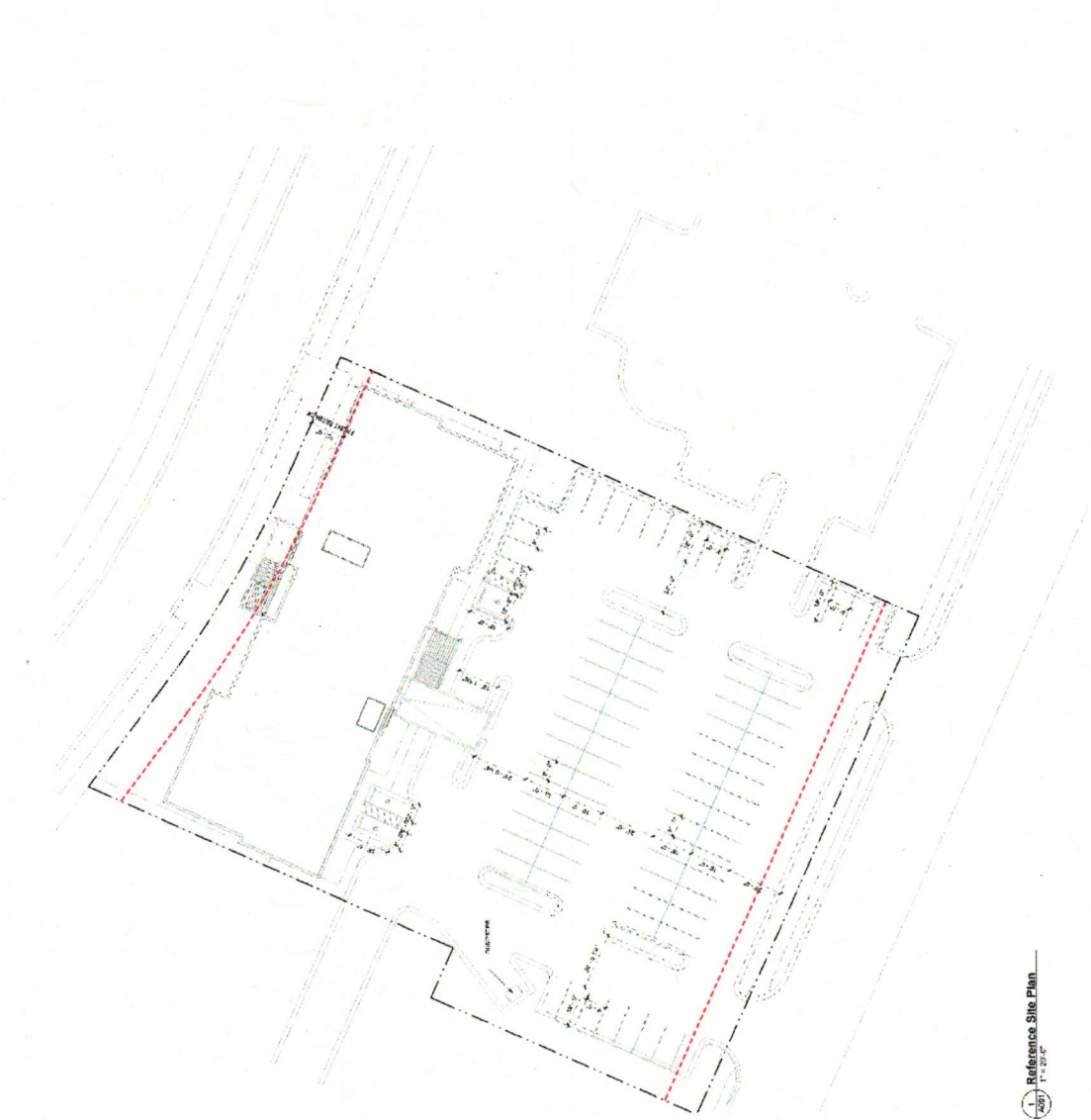
QUESTIONS	Area	Count
Level 1	422 SF	4
Double Queen Studio	548 SF	3
King Studio	422 SF	1
Level 2	422 SF	1
Double Queen Studio	548 SF	2
King One Bedroom ADA	691 SF	1
King One Bedroom ADA	490 SF	1
King Studio ADA	422 SF	3
Level 3	422 SF	3
Double Queen Studio	548 SF	1
King One Bedroom ADA	691 SF	1
King Studio	422 SF	1
Level 4	422 SF	1
Double Queen Studio	548 SF	2
King One Bedroom ADA	691 SF	2
King Studio	422 SF	13
King Studio ADA	490 SF	1
		82

PARKING SCHEDULE	
Type	#
ADA Double Parking	2
Standard Parking	81
Max ADA Double Parking	2
	85

Rm. Chgo. Grades SF	
Level	Area
Level 1	13,873 SF
Level 2	13,873 SF
Level 3	13,873 SF
Level 4	13,873 SF
	55,512 SF

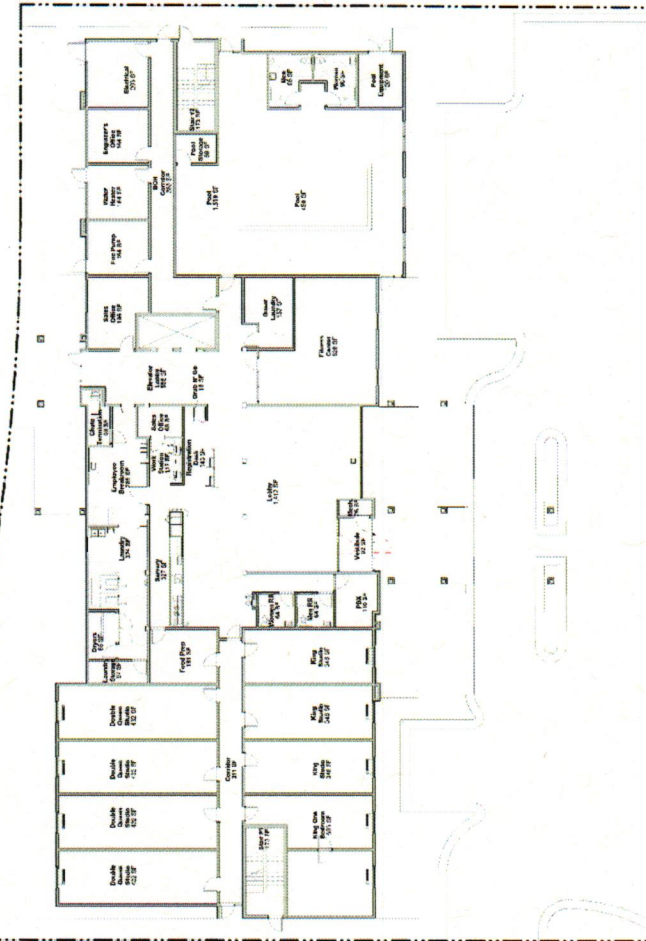


**Reference Site Plan**  
 1/11/2016  
 1/11/2016

A-110 1/11/2016 11:00 AM

**1ST FLOOR ROOM SCHEDULE**

Name	#	Area
Double Queen Studio	4	423 SF
King One Bedroom	1	593 SF
King Studio	3	348 SF
<b>Total</b>		



Extended Stay Hotel  
 Sunwood Drive NW, Ramsey  
 Minnesota  
 Emily Allegra

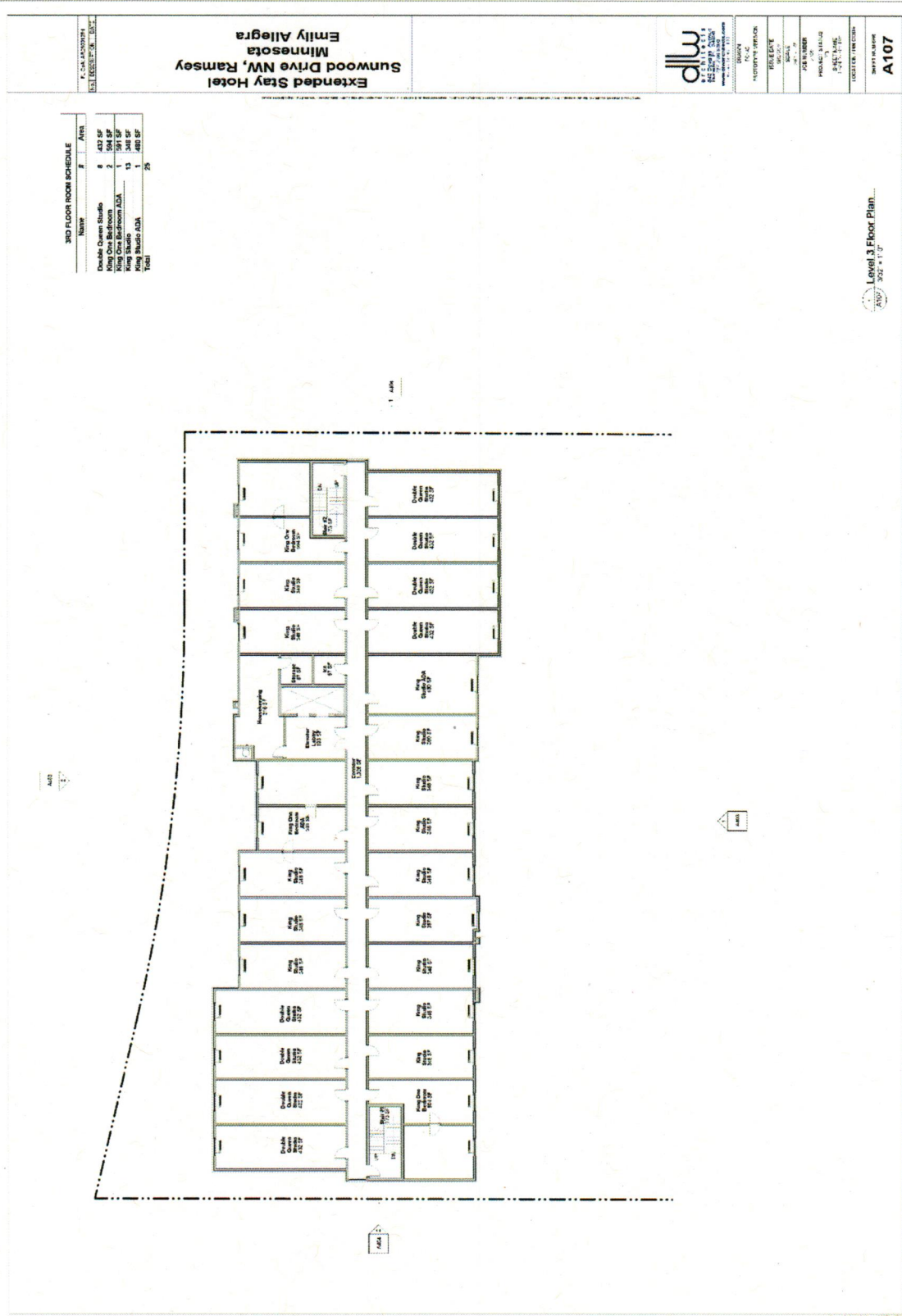


PROJECT LOCATION  
 PROJECT NO.  
 PROJECT NAME  
 PROJECT DATE  
 PROJECT OWNER  
 PROJECT ARCHITECT  
 PROJECT ENGINEER  
 PROJECT CONTRACTOR  
 PROJECT SCHEDULE  
 PROJECT BUDGET  
 PROJECT STATUS

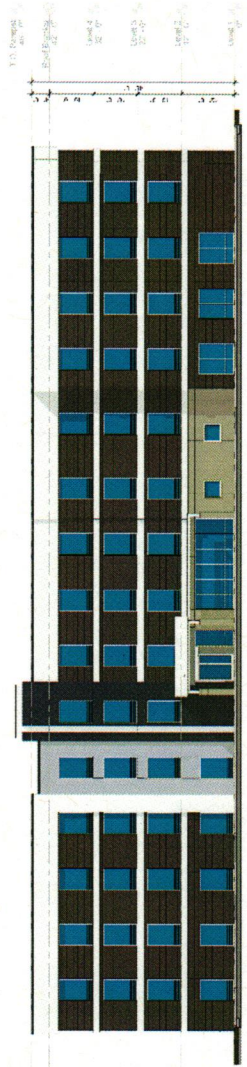
Level 1 Floor Plan  
 302-110

A101

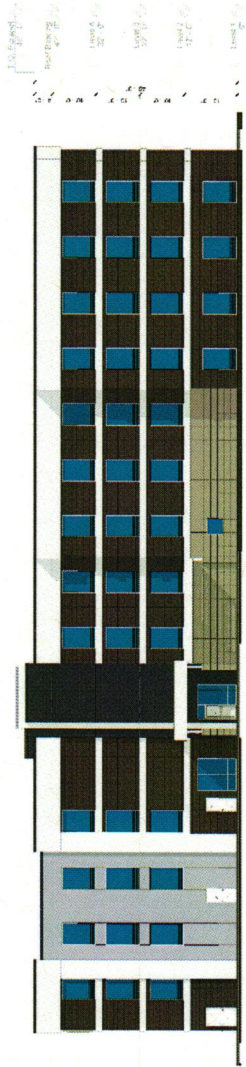








1 Building Elevation  
3/22' x 1/8"



2 Building Elevation  
3/22' x 1/8"

P. C. & ASSOCIATES  
10000 15th Ave NW  
Shoreline, MN 55555

Extended Stay Hotel  
Sunwood Drive NW, Ramsey  
Minnesota  
Emily Allegra



dlw  
10000 15th Ave NW  
Shoreline, MN 55555  
763.437.1100  
www.dlw.com

PROJECT NO. 15-001  
SHEET NO. A403  
DATE: 03/22/17

PROJECT NAME  
EXTENDED STAY HOTEL  
SUNWOOD DRIVE NW  
RAMSEY, MN

PROJECT NUMBER  
A403

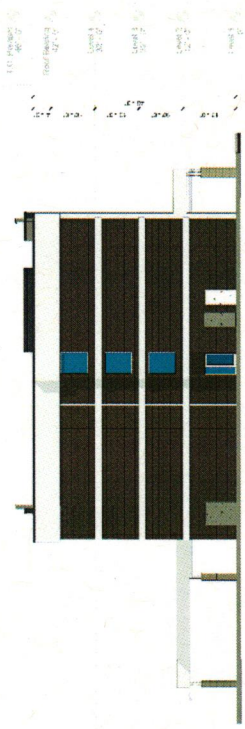
A. C. S. ARCHITECTS  
300 S. 10TH ST. SUITE 200  
MINNEAPOLIS, MN 55402

Extended Stay Hotel  
Sunwood Drive NW, Ramsey  
Minnesota  
Emily Allegra

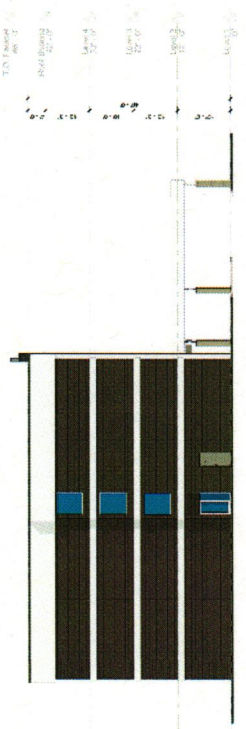


PROJECT NO. 10-0000  
SCALE: 1/8" = 1'-0"  
DATE: 10/15/10  
DRAWN BY: J. J. JENSEN  
CHECKED BY: J. J. JENSEN  
PROJECT NO. 10-0000  
SCALE: 1/8" = 1'-0"  
DATE: 10/15/10  
DRAWN BY: J. J. JENSEN  
CHECKED BY: J. J. JENSEN

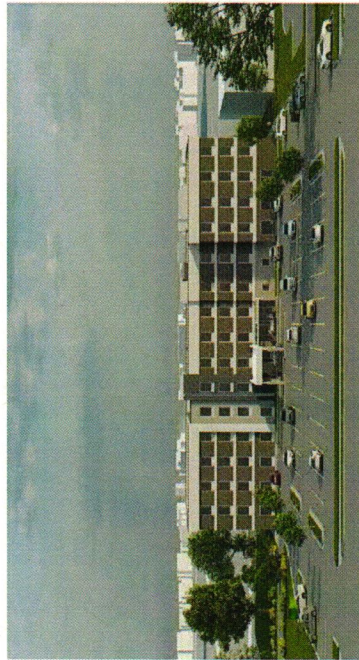
SHEET NUMBER  
**A404**



1. Building Elevation  
300' x 110'



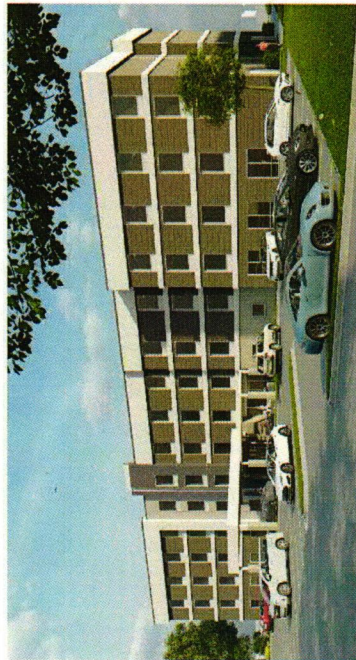
2. Building Elevation  
300' x 110'



Rendering - Veterans Dr View



Rendering - Sunwood Dr View



Rendering - Veterans Dr View



Rendering - Sunwood Dr View

PLANNING  
CONSULTANTS

Extended Stay Hotel  
Sunwood Drive NW, Ramsey  
Minnesota  
Emily Allegra



DESIGN & ARCHITECTURE

10000 15th Avenue NW  
Suite 1000  
Atlanta, GA 30328

PHONE: 404.525.1100

FAX: 404.525.1101

WWW.DLWARCHITECTS.COM

PROJECT NUMBER

DATE

SCALE

PROJECT NAME

OWNER NAME

PROJECT ADDRESS

CITY/STATE/ZIP

PROJECT NUMBER

A406

**Economic Development Authority (EDA)**

4. 2.

**Meeting Date:** 12/08/2022

**By:** Sean Sullivan, Community Development

---

**Title:**

Consider Lease Agreement for 6701 Hwy 10 NW: Case of God's Kingdom Ministry  
(Portions of the meeting may be closed to the public)

**Purpose/Background:**

God's Kingdom Ministry Church has presented an offer to lease the west 4,820 square feet of 6701 Highway 10 NW for 2 years. Staff, along with Premier Commercial Properties (property manager), has been negotiating with the proposed tenant over the past few weeks. God's Kingdom Ministry Church currently leases space in Brooklyn Center and they are current with their rent. The west 4,820 square feet of 6701 Hwy 10 is currently vacant and the city does not have any other offers. The proposed Tenant has been told that his lease situation is temporary, as the Property is RALF owned and will be sold once the Hwy 10 project is completed, or it is known that this parcel will not be needed for the project. The temporary nature of the lease is why it is only for 2 years and includes a 120 day, no questions asked, out for the City.

This space was previously occupied by Potter's House Christian Community Church. During the last lease period Potters Church paid a rate of \$3,587.00 / month. The offer from God's Kingdom Ministry Church is \$3,587.00 / month for year one with an inflationary increase of 3% for year 2. The offered rate is \$8.93/SF with market rate being around \$12.00/SF. Staff believes this is a fair offer considering it's a short term, temporary lease. Staff also wants to reiterate that the City does not receive the revenue from RALF leases. The revenue goes to maintain the properties, pay the taxes and the rest goes back to the RALF Program.

**Notification:**

N/A

**Observations/Alternatives:**

The offer of \$3,587 / month by God's Kingdom Ministry Church is the offer that is on the table for consideration. There is value to having a tenant in the building and maintaining it. Staff and the Property Manager support accepting the offer with the key terms below.

**Key Lease Terms**

**Location:** 6701 Hwy 10 (West 4,820 SF)

**Lease Duration:** February 1, 2023 - January 31, 2025

**Lease Rate (3% inflator):**

Year 1 (2/1/23 through 1/31/24): \$3,587.00

Year 2 (2/1/24 through 1/31/25): \$3,695.00

**Utilities:** Tenant paid

**Snow Plowing / Sidewalks:** Tenant paid (Tenant has agreed to paying "pro-rata" share)

**Early Termination:** The City can terminate the lease at anytime without cause after giving an 120 day notice.

**Alternatives:**

1. Recommend to City Council to approve Lease as presented; subject to City Attorney review.
2. Direct staff to continue negotiations with proposed tenant.
3. Recommend to City Council something else.

**Funding Source:**

This item is being handled under normal Staff duties.

**Recommendation:**

Staff recommends a recommendation to City Council for approval the Lease as presented; subject to City Attorney review.

**Action:**

Motion to recommend to City Council approval of the Lease as presented; subject to City Attorney review.

---

**Attachments**

Site Location Map

ACTION - Draft Lease - Gods Kingdom

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**Form Review**

**Inbox**

Sean Sullivan (Originator)

Brian Hagen

Form Started By: Sean Sullivan

Final Approval Date: 12/02/2022

**Reviewed By**

Sean Sullivan

Brian Hagen

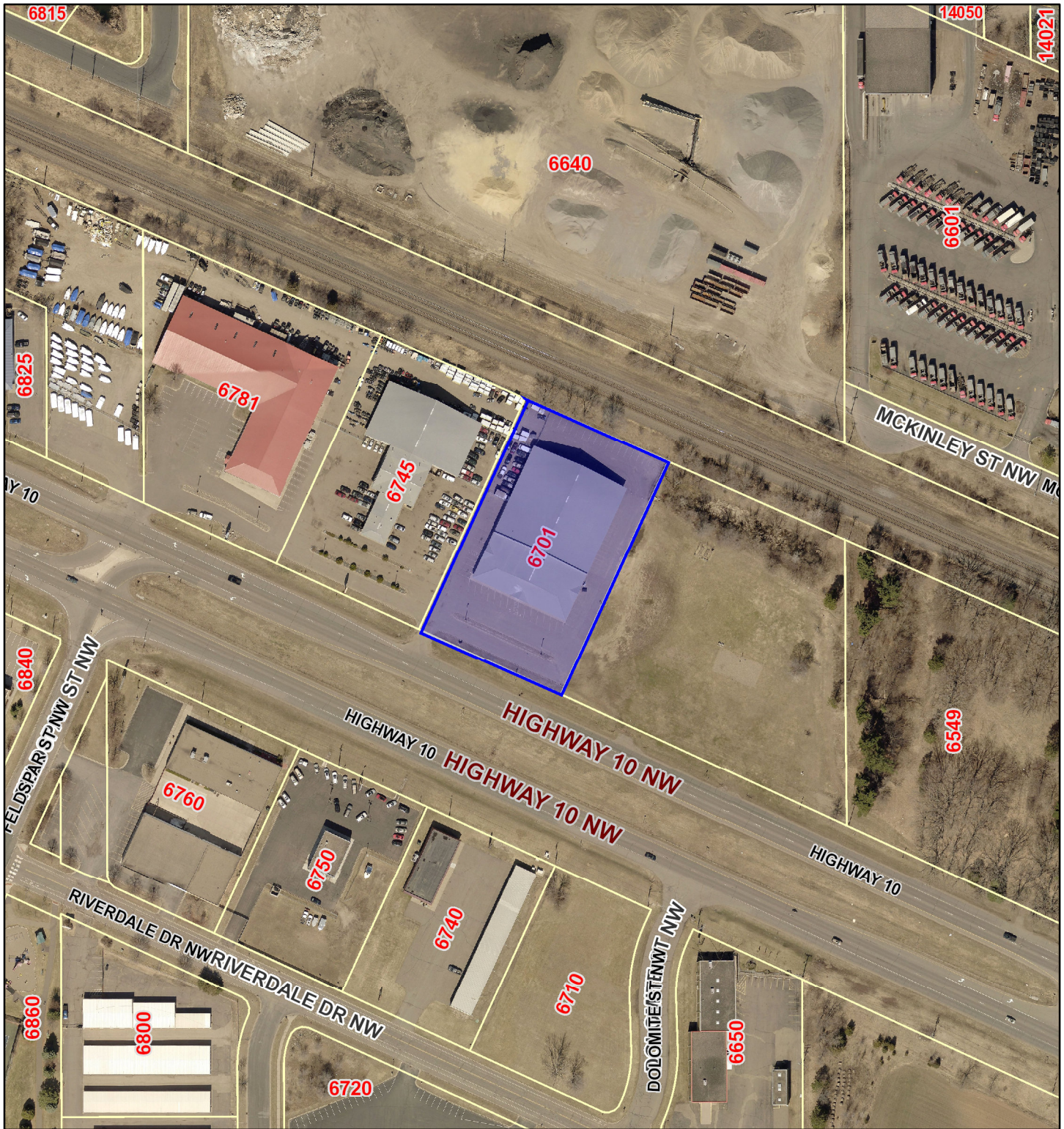
**Date**

11/28/2022 04:58 PM

12/02/2022 11:03 AM

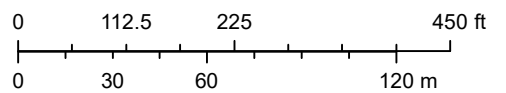
Started On: 11/28/2022 11:22 AM

# Site Location Map - 6701 Hwy 10 NW



September 28, 2020

1:2,400



## LEASE AGREEMENT

**THIS LEASE AGREEMENT** (hereinafter “Lease”) made as of this \_\_\_\_ day of \_\_\_\_\_, 2022, is entered into by and between the **City of Ramsey**, a Minnesota municipal corporation, 7550 Sunwood Drive, Ramsey, Minnesota 55303 (“Landlord”) and **God’s Kingdom Ministry**, a non-profit corporation organized under the laws of the State of Minnesota, 5701 Shingle Creek Parkway Brooklyn Center, MN 55430, Minnesota (“Tenant”). The Landlord and the Tenant are hereinafter collectively referred to as “the parties” and individually as a “party.”

**IN CONSIDERATION OF** the mutual agreements expressed herein, the parties agree as follows:

1. **Purpose.** Landlord is the fee owner of the Premises described in Paragraph 2 of this Agreement. Tenant desires to rent the Premises from Landlord for Tenant’s use as a place of worship and related uses. Landlord is willing to lease the Premises to Tenant pursuant to the terms and conditions of this Lease.

2. **Premises.** The “Premises” consists of the Westerly 4,820 square feet of the office area located in the building located at 6701 Highway 10 Northwest, in Ramsey, Minnesota and which building (“Building”) is located on the following legally described property:

Lot 3, Block 1, DEAL INDUSTRIAL PARK, Anoka County, Minnesota.

The Premises also include the nonexclusive use of the paved parking areas adjacent to the Building, excluding the fenced in area. The Tenant’s employees and invitees shall not be permitted to the use of those parking areas which interfere with the reasonable use of other tenants located within the Building.

The Premises is depicted on the attached Exhibit A hereto, and is labeled “4,820 sf Office Space” and “Parking.” Exhibit A is incorporated herein as if fully set forth in this Lease.

3. **Term.** The term of this Lease is for a period of five years, commencing on February 1, 2023 (the “Commencement Date”) and ending at midnight on January 31<sup>st</sup>, 2025, unless extended by written agreement of both parties or sooner terminated as provided herein (“Lease Term”). Notwithstanding the Lease Term, Landlord may terminate this Lease at any time at Landlord’s sole option upon 120 days prior written notice to Tenant.

4. **Use.** The Premises shall be used by Tenant as a commercial use for worship, educational and outreach purpose programs for use as a church. Tenant will not

make or suffer any unlawful or offensive use of the Premises or any use or occupancy thereof contrary to any federal law, state law or ordinance of the City of Ramsey now or subsequently hereto made. Tenant will not conduct or permit to be conducted any activity, or place any equipment in or about the Premises, which will in any way increase the rate of fire insurance or other insurance on the Premises; and if any increase in the in the rate of fire insurance or other insurance is stated by any insurance company or by the applicable Insurance Rating Bureau to be due to activity or equipment of Tenant in or about the Premises, such statement shall be conclusive evidence that such increase in such rate is due to such activity or equipment and, as a result thereof, Tenant shall be liable for such increase and shall reimburse Landlord therefore and further, shall discontinue or cause the discontinuance of such conduct or shall remove such equipment upon Landlord's demand made at any time thereafter. Tenant acknowledges they are taking the Premises in it's "AS-IS" condition.

5. **Rent.** Tenant covenants and agrees to pay to Landlord at the Landlord's office without demand, monthly rent in the following amounts:

Year 1 (2/1/23 through 1/31/24): \$3,587.00  
Year 2 (2/1/24 through 1/31/25): \$3,695.00

All Rent shall be payable on the first day of each month during the Lease Term. If Landlord does not receive the Rent by the fifth day of the month, Tenant must pay a late fee equal to five percent of the overdue rent payment as an additional rent. Rent is "paid" when Landlord receives it, not when mailed or sent by Tenant.

Tenant contemporaneously with the execution of this Lease shall deposit with Landlord the sum of Three Thousand Five Hundred and 00/100 Dollars (\$3,587.00) as first month's gross rent, receipt which is hereby acknowledged by the Landlord.

6. **Additional Rent.** In addition to the Rent set forth in Paragraph 5 of this Lease, Tenant covenants and agrees to pay as additional rent all monies required to be paid by Tenant as set forth in the balance of this Lease. Specifically, but not by way of limitation, the reasonable value of any action taken or materials used by Landlord to correct or mitigate any violations of this Lease by the Tenant shall be deemed additional rent and charged to Tenant payable with the Rent as set forth in Paragraph 5.

7. **Utilities and Trash Removal.** Tenant is solely responsible for paying for all utilities servicing the Premises, including but not limited to, water, natural gas and electricity. Tenant is also responsible for paying for the removal of all trash and recycling materials generated as a result of Tenant's use of the Premises. Landlord is not responsible for any interruption in such services beyond the reasonable control of Landlord.

8. **Real Estate Taxes and Special Assessments.** Landlord is responsible for the payment of all real estate taxes and special assessments pertaining to the Premises during the Lease Term.

9. **Repair and Maintenance.** Tenant shall keep in good order and repair all glass, including plate glass, and the interior of the Premises, and heating, sprinkler, water and electric fixtures in and upon the Premises, ordinary wear and tear excepted. Tenant shall protect such systems against freezing and damage due to neglect of Tenant, and Tenant shall keep the abutting sidewalks and parking areas free of ice and snow. Tenant shall pay all costs and expenses necessary to maintain the plumbing, heating, air conditioning and electrical systems in and upon the Premises in good order and repair. Landlord shall have the plumbing, heating, air conditioning, and electrical systems in working order on the Commencement Date. Tenant shall be responsible to keep sidewalks adjacent to the Premises neat and clean and in sanitary condition, free from ice and snow, waste or debris and shall neither commit or permit and waste or nuisance thereon. Tenant shall arrange for all necessary maintenance of the Premises, including but not limited to snow removal, except that Landlord shall be responsible for all lawn (grass) maintenance on the grassy areas around the Building. Tenant shall also be responsible for any flower, shrubbery plantings, and or tree pruning it may choose on the front and east side of the Building. Except for lawn (grass) maintenance above referenced, Tenant shall pay 100% of all costs and expenses for such maintenance of any plantings it chooses and/or tree pruning. Tenant shall be solely and exclusively responsible for any and all costs and expenses of any nature or kind whatsoever attributable to the Premises except as herein otherwise provided. Tenant agrees to and shall maintain and keep the interior and exterior areas of the Premises in the same high degree of maintenance and upkeep as when the Tenant takes possession. Provided, however, that Landlord shall be responsible for repair of the foundation, the exterior walls excluding glass and doors, the roof and any defect that is pre-existing as of the date hereof. Notwithstanding the foregoing, the Landlord shall plow snow as required and bill back to Tenant (in their pro rata share) for each and every snow plow, which payment shall be due within ten (10) days from the snow plow event.

10. **Tenant's Improvements, Alterations and Remodeling.** Tenant shall be permitted to perform improvements, alterations or remodeling on or to the Premises consistent with its intended use thereof; provided however, that such improvements shall be done at the sole expense of Tenant and provided that any single improvement reasonably expected to exceed \$2,500.00 in cost may be done only with Landlord's prior written consent. Notwithstanding the above, Tenant shall not make any alterations to the structure, plumbing, electrical, or HVAC systems of the Building without the prior written consent of Landlord.

11. **Signage.** Tenant is permitted signage above the Premises. Costs for signage to be at that expense of the Tenant and must be compliant with sign code and obtain required City approvals.

12. **Assignment or Subletting.** Tenant may not assign, transfer, mortgage or encumber this Lease, and may not sublet, rent or permit occupancy or use of the Premises, or any part thereof, by any third party; no assignment or transfer of this Lease shall be effectuated voluntarily, by operation of law, or otherwise. Any of the foregoing will hereinafter be referred to as an "Assignment" for purposes of this Lease.

13. **Destruction of Premises.** If the Premises are totally destroyed (or so substantially damaged as to be wholly untenable) by storm, fire, earthquake or other casualty, this Lease shall terminate as of the date of such destruction or damage, and Rent shall be accounted for between Landlord and Tenant as of that date. If the Premises are damaged but not rendered wholly untenable and the damage can be fully repaired within 90 days from the date of the damage, Rent shall abate in proportion as the Premises have been damaged, and Landlord shall restore within said 90 day time limit, whereupon payment of full Rent shall re-commence. In the event Landlord fails or refuses to fully repair the Premises within said 90 days, Tenant may terminate this Lease.

14. **Removal of Fixtures.** Unless otherwise approved by Landlord, Tenant must, prior to the termination of this Lease, remove all fixtures and equipment which Tenant has placed in the Premises. Tenant must repair all damage caused by removal of fixtures or equipment.

15. **Entry by Landlord.** Landlord or its agents or representatives may enter the Premises at all reasonable hours to inspect the same, clean, make repairs, alterations and additions thereto or exhibit the Premises to prospective tenants, purchasers or others, or for other reasonable purposes as Landlord may deem necessary or desirable, and Tenant shall not be entitled to any abatement or reduction of Rent, or any other sums due. Tenant waives any claim for damages or for any injury or inconvenience or for interference with Tenant's business, and any other loss occasioned thereby.

16. **Default.** If Tenant defaults for 10 days after written notice from Landlord in paying any Rent, including additional rent, or if Tenant shall be declared bankrupt or insolvent according to law or if Tenant shall make an assignment for the benefit of its creditors or if Tenant shall violate or default in any other covenants, agreements, stipulations or conditions herein and such violation or default shall continue for ten 10 days after written notice from Landlord of such violation or default, then and in such case Landlord lawfully may immediately, or at any time thereafter, and without notice or demand, enter into and upon the Premises, or any part thereof, in the name of the whole,

and repossess the same and expel Tenant and those claiming under it and remove their effects, forcibly if necessary, without being taken or deemed to be guilty of any manner of trespass, and prejudice, and Landlord shall have all remedies and recourse which might otherwise be used by Landlord for arrears of Rent or any breach of covenants contained in this Lease.

17. **Quiet Enjoyment.** Landlord covenants and agrees to allow Tenant to peacefully have, hold and enjoy the Premises during the Lease Term, provided that Tenant pays the Rent set forth herein and performs all of Tenant's other agreements and obligations set forth herein.

18. **Nuisance.** Tenant shall conduct its business and control its agents, employees, invitees and visitors in such a manner as not to create waste, odors, nuisance, or interfere with, annoy or disturb any other tenant of Landlord in its operation of the Building or the Premises.

19. **Hold Harmless and Liability Insurance.** Except in the case of the negligence of Landlord, its agents or its employees, Tenant agrees to indemnify, save, hold harmless and defend Landlord against all claims, losses or liabilities for injury or death to any person or for damage to or loss of use of any property arising or resulting from the occupancy or use by Tenant of the Premises. Landlord shall not be liable to Tenant, its agents, employees, representatives, customers or invitees for any personal injury, death or damage to property caused by theft, burglary, water, gas, electricity, fire or for any other cause occurring on or about the Premises. All property kept, stored or maintained in the Premises shall be so kept, stored or maintained at the sole risk of the Tenant. Tenant further agrees to indemnify, defend and hold harmless Landlord from and against any and all claims arising from any breach or default in the performance of any obligation on Tenant's part to be performed under the terms of this Lease. Further, in no event shall Landlord be liable for damages caused by Tenant or Tenant's employees or agents. The provisions of this Paragraph shall survive the expiration or termination of this Lease with respect to any damage, injury, death, breach or default occurring prior to such expiration or termination.

During the Lease Term and any extension thereof, Tenant shall at all times have in full force and effect a policy of general public liability insurance in the amount of the greater of \$2,000,000.00 or the maximum liability for tort liability pursuant to Minnesota Statutes Section 466.04 and any amendments thereto, which insurance shall insure Landlord and Tenant against liability for acts of Landlord and Tenant.

20. **Hazard Insurance.** It shall be the responsibility of Landlord to keep the Premises and its interest therein covered by hazard insurance against loss or damage by

fire and other perils. Landlord shall provide to Tenant copies of such insurance policies upon reasonable request of Tenant.

21. **Time of the Essence.** Time is of the essence with regard to this Lease and the terms therein.

22. **Relationship of Parties.** This Lease shall create the relationship of Landlord and Tenant between the parties and none other.

23. **Holding Over.** If Tenant remains in possession of the Premises, or any part thereof, after the expiration or termination of the Lease Term with the express written consent of Landlord, Tenant shall be deemed to be occupying the Premises as a Tenant at will, subject to all the conditions, provisions and obligation of this Lease insofar as the same can be applicable to a tenant at will; provided, however, that the Rent required to be paid by Tenant during any holdover period shall be a minimum of 1.5 times the monthly Rent which Tenant was obligated to pay for the month immediately preceding the end of the Lease Term, for each month or any part thereof, of any such holdover period. In the event of holding over by Tenant after expiration or termination of this Lease without the written consent of Landlord, Tenant shall be in breach of this Lease and Landlord shall be entitled to all of its rights and remedies under this Lease, in law, or in equity. No holding over by Tenant after the Lease Term shall operate to extend the Lease Term or renew this Lease. In the event of any unauthorized holding over, Tenant shall indemnify Landlord against all claims for damages by any other tenant to whom Landlord may have leased all or any part of the Premises covered hereby effective upon the expiration or termination of the Lease.

24. **Surrender of Premises.** At the termination of this Lease, Tenant shall surrender the Premises and all keys thereof to Landlord.

25. **Eminent Domain.** If the entire Premises are taken by any public authority under the power or threat of eminent domain, then the term of this Lease shall cease as of the day possession shall be taken by such public authority, and the Landlord shall make a pro rata refund of any Rent that has been paid in advance by Tenant for a period beyond the date of the taking. In the event that less than the entire Premises is so taken and provided the Premises are not rendered untenable thereby, then this Lease shall terminate only at the option of the Landlord. In the event that only a part of the Premises is so taken and that this Lease does not so terminate, there shall be a pro rata reduction in Rent to the extent that such taking interferes in any way with Tenant's use of the Premises, and all other terms and provisions of this Lease shall remain in full force and effect. All damages awarded for such taking shall belong to and be the property of the Landlord, irrespective of the basis on which they were awarded.

26. **Subordination.** Tenant agrees that, at the Landlord's election, this Lease shall be subordinate to any land Lease or mortgage now on or to be placed in the future on the Premises or Building and to any and all advances to be made thereunder and to the interest thereon and to all renewals, replacements and extensions thereof, provided that such subordination shall not materially affect either party's obligations under this Lease. Tenant hereby appoints Landlord as its attorney-in-fact to execute such documents as may be required to accomplish such subordination.

27. **No Waiver.** No reference to any specific right or remedy shall preclude Landlord from exercising any other right or from having any other remedy or from maintaining any action to which it may otherwise be entitled either at law or in equity. Landlord's failure to insist upon a strict performance of any covenant of this Lease or to exercise any option or right herein contained shall not be a waiver or relinquishment for the future of such covenant, right or option; but the same shall remain in full force and effect.

28. **Captions.** The captions and headings herein are for convenience and reference only.

29. **Brokers.** Each of the parties represents and warrants to the other that there are no claims for brokerage commission or finder's fees in connection with the execution of this Lease, except for Premier Commercial Properties, LLC, who represents the Landlord. Each party agrees to indemnify the other against, and hold it harmless from, all liabilities arising from any such claim including, without limitation, reasonable attorney's fees in connection therewith.

30. **No Partnership.** This Lease does not create a joint venture or partnership relation between the parties hereto.

31. **Notices.** All communications, demands, notices or objections permitted or required to be given or served under this Lease shall be in writing and shall be deemed to have been duly given or served if delivered in person to the other party or its duly authorized agent or if deposited in the United States mail, postage prepaid, for mailing by certified or registered mail, return receipt requested, and addressed to the other party to this Lease at the addresses set forth below for each party, or if to a person not a party to this Lease, to the address designated by a party to this Lease in the foregoing manner.

Landlord: City Administrator  
City of Ramsey  
7550 Sunwood Drive  
Ramsey, Minnesota 55303

Tenant:                   Apostle Samuel Toure  
                              God's Kingdom Ministry  
                              10975 Brittany Drive North  
                              Champlin, MN 55316  
                              612-390-2403

Either party may, by written notice to the other party, designate a different address to which notices must be sent. Such written notice designating a different address must state the party's newly designated address and must be provided by following the above notice requirements. Commencing on the 10th day after a party gives notice designating a new address to which notices must be sent, the newly designated address shall be the party's address for the purpose of all communication, demands, notices or objections permitted or required to be given or served under this Lease.

32.    **Force Majeure.** The time within which any of the parties hereto shall be required to perform any act or acts under this Lease, except for the payment of monies, shall be extended to the extent that the performance of such act or acts shall be delayed by acts of God, fire, windstorm, flood, explosion, collapse or structures, riot, war, labor and/or legal disputes, delays or restrictions by government bodies, inability to obtain or use necessary materials or any cause beyond the reasonable control of such party, provided however that the party entitled to such extension hereunder shall give prompt notice to the other party of the occurrence causing such delay.

33.    **Minnesota Law.** This Lease shall be construed and enforced in accordance with the laws of the State of Minnesota. The parties agree that the Minnesota state courts will have exclusive jurisdiction over any dispute arising out of this Lease.

34.    **Entire Agreement.** This Lease constitutes the entire agreement between the parties relating to the subject matter described herein. The terms of this Lease are contractual and are intended to be legally binding. This Lease supersedes any and all prior agreements between the parties relating to the subject matter described herein. No party has relied upon any statements, representations, or promises that are not set forth in this Lease. No changes to this Lease will be valid or enforceable unless they are in writing and signed by all of the parties.

35.    **Equal Drafting.** In the event any party asserts a provision of this Lease is ambiguous, this Lease must be construed to have been drafted equally by the parties.

36.    **Savings Clause.** Each provision of this Lease is separate and distinct and individually enforceable. In the event any provision hereof or the application of any such

provision under any circumstance is declared to be unlawful or invalid, the enforceability of all the other provisions shall not be affected.

37. **Counterparts.** This Lease may be executed in multiple counterparts, each of which shall be an original, but all of which together shall constitute a single agreement.

38. **Security And Damage Deposit.** Tenant contemporaneously with the execution of this Lease, has deposited with Landlord the sum of Three Thousand Five Hundred Eighty-seven and 00/100 Dollars (\$3,587.00), receipt of which is hereby acknowledged by Landlord, which deposit is to be held by Landlord, as a security and damage deposit for the faithful performance by Tenant during the term hereof or any extension hereof. Prior to the time when Tenant shall be entitled to the return of this security deposit, Landlord may commingle such deposit with Landlord's own funds and to use such security deposit for such purpose as Landlord may determine. In the event of the failure of Tenant to keep and perform any of the terms, covenants and conditions of this Lease to be kept and performed by Tenant during the term hereof or any extension hereof, then Landlord, either with or without terminating this Lease may (but shall not be required to) apply such portion of said deposit as may be necessary to compensate or repay Landlord for all losses or damages sustained or to be sustained by Landlord due to such breach on the part of Tenant, including, but not limited to overdue and unpaid rent, any other sum payable by Tenant to Landlord pursuant to the provisions of this Lease, damages or deficiencies in the reletting of the Leased Property, and reasonable attorney's fees incurred by Landlord. Should the entire deposit or any portion thereof, be appropriated and applied by Landlord, in accordance with the provisions of this paragraph, Tenant upon written demand by landlord, shall remit forthwith to Landlord a sufficient amount of cash to restore said security deposit to the original sum deposited, and tenant's failure to do so within five (5) days after receipt of such demand shall constitute a breach of this Lease. Said security deposit shall be returned to Tenant, less any depletion thereof as the result of the provisions of this paragraph, at the termination of this Lease. Tenant shall have no right to anticipate return of said deposit by withholding any amount required to be paid pursuant to the provision of this Lease or otherwise.



EXHIBIT A

