



HOUSING AND REDEVELOPMENT AUTHORITY AGENDA

Tuesday, November 19, 2013

6:50 p.m.

Coon Rapids City Center
Council Chambers

Call to Order

Roll Call

Approval of Minutes of Previous Meeting

November 6, 2013 Regular Meeting

New Business

1. Palis Properties LLC, 9864, 9920, and 9950 East River Road:
 - a. Approve Purchase Agreement
 - b. Authorize Chair and Secretary to Execute Purchase Agreement
 - c. Authorize Staff to Execute other Closing Documents as Necessary

Other Business

Adjourn



HRA Regular

Meeting Date: 11/19/2013

SUBJECT:

Attachments

11-6-13 HRA Meeting

UNAPPROVED

HOUSING AND REDEVELOPMENT AUTHORITY MEETING OF NOVEMBER 6, 2013

A meeting of the Coon Rapids Housing and Redevelopment Authority was called to order by Chair Howe at 6:50 p.m. on November 6, 2013, in the Council Chambers.

Members Present: Chair Tim Howe, Commissioners Denise Klint, Paul Johnson, Ron Manning, Jerry Koch, Bruce Sanders, and Steve Wells

Members Absent: None

CALL TO ORDER

Chair Howe called the meeting to order at 6:50 p.m.

ROLL CALL

All present.

APPROVAL OF MINUTES OF OCTOBER 15, 2013, REGULAR MEETING

MOTION BY COMMISSIONER SANDERS, SECONDED BY COMMISSIONER KOCH, FOR APPROVAL OF THE MINUTES OF THE OCTOBER 15, 2013, REGULAR MEETING. THE MOTION PASSED UNANIMOUSLY.

1. CONS. DEVELOPMENT AGREEMENT, TWIN CITIES HABITAT FOR HUMANITY, 12121 QUINCE STREET NW

Community Development Specialist Matt Brown shared the staff report.

Commissioner Johnson said he liked the idea of partnering to reduce costs, adding their previous project turned out very well. He said the plan includes some great ideas on new concepts and that he is in favor of the project.

Chair Howe confirmed that the proposed house plan was 1,600 square feet and included two baths.

Commissioner Johnson inquired about the existing garage. Mr. Brown said the applicant proposes to retain the existing detached garage.

Commissioner Sanders referred to the proposed floor plan of four bedrooms in a 1,600-square foot house with only one full bath and a half-bath remote. He said while this is not really the HRA's concern he questioned the future saleability.

Commissioner Koch said the second bath is actually a three-quarter bath but noted it seems to be in an odd location within the home.

Chad Dipman, Habitat for Humanity, said the proposed plan is only a tentative design but noted the selected site is intended to be matched with a family with accessibility needs so the home will be configured to suit their specific needs.

MOTION BY COMMISSIONER KOCH, SECONDED BY COMMISSIONER SANDERS, TO APPROVE A DEVELOPMENT AGREEMENT WITH TWIN CITIES HABITAT FOR HUMANITY, PROVIDING AN UP TO \$13,000 GRANT TO ASSIST WITH DEMOLITION AND SITE PREPARATION COSTS AT 10121 QUINCE STREET.

THE MOTION PASSED UNANIMOUSLY.

2. CONS. PURCHASE AGREEMENT FOR SINGLE-FAMILY HOUSE, 2335 MAIN STREET:

- A. APPROVE PURCHASE AGREEMENT**
 - B. AUTHORIZE CHAIR AND SECRETARY TO EXECUTE PURCHASE AGREEMENT**
 - C. AUTHORIZE STAFF TO EXECUTE OTHER CLOSING DOCUMENTS AS NECESSARY**
-

Community Development Specialist Matt Brown shared the staff report.

Chair Howe recapped that this action is a re-negotiation of an earlier-directed purchase agreement.

Commissioner Manning said the property will not be saleable because of its current non-conforming use as residential uses are not permitted in Conservancy District.

MOTION BY COMMISSIONER KLINT, SECONDED BY COMMISSIONER MANNING, TO APPROVE THE PURCHASE AGREEMENT FOR THE PROPERTY AT 2335 MAIN STREET WITH A SALE PRICE OF \$84,000, AUTHORIZE THE CHAIR AND SECRETARY TO EXECUTE THE PURCHASE AGREEMENT, AND AUTHORIZE STAFF TO EXECUTE OTHER CLOSING DOCUMENTS AS NECESSARY TO CLOSE ON THE PROPERTY.

THE MOTION PASSED UNANIMOUSLY.

3. CONS. REVISED LOAN AGREEMENT, KYLE ESTATES III, LLC, (SIMONSON'S SALON AND SPA), 3490 NORTHDALE BOULEVARD

Community Development Specialist Matt Brown shared the staff report.

MOTION BY COMMISSIONER KLINT, SECONDED BY COMMISSIONER WELLS, TO APPROVE THE LOAN AGREEMENT WITH REVISED INTEREST RATE OF 4.9% WITH KYLE ESTATES III, LLC, (SIMONSON'S SALON AND SPA), 3490 NORTHDALE BOULEVARD AND AUTHORIZE ANY ADDITIONAL LOAN DOCUMENTS AS NECESSARY FOR CLOSING.

THE MOTION PASSED UNANIMOUSLY.

OTHER BUSINESS

There was no other business to come before the HRA.

ADJOURN

MOTION BY COMMISSIONER SANDERS, SECONDED BY COMMISSIONER KOCH, TO ADJOURN THE NOVEMBER 6, 2013, MEETING AT 6:58 P.M. THE MOTION PASSED UNANIMOUSLY.

Respectfully submitted,

Cathy Sorensen
City Clerk



HRA Regular

1.

Meeting Date: 11/19/2013

Subject: Consider Purchase Agreement, Palis Properties LLC, 9864-9950 East River Rd.

From: Matt Brown, Community Development Specialist

INTRODUCTION

The HRA is asked to consider a purchase agreement for a multi-family property at 9864-9950 East River Road.

DISCUSSION

The apartment complex at 9864-9950 East River Road includes three buildings with a total of 20 one-bedroom units. The buildings are occupied and current rents range from \$570 to \$605 per month. The City's Comprehensive Plan and Port Riverwalk Master Plan recommend redevelopment of this area. The HRA owns the vacant land along both sides of East River Road west of this property toward Avocet Street. While the property is approximately 3 acres in area, a majority of the site is wet and undevelopable. In the long term, it is envisioned that the site will be combined with the HRA's land to the west for residential redevelopment.

Staff has negotiated a sale price of \$849,000, which reflects market value for the property. The complex's total annual income is between \$130,000 and \$140,000. If operating expenses are estimated at 50% of annual income, the property's net operating income is between \$65,000 and \$70,000 at full occupancy. Staff proposes keeping the property occupied after the HRA acquires it. As tenants move out voluntarily, units would not be filled. Tenants would be eligible for relocation benefits as required by law. Final relocation of tenants would be based on the timing of future development and building maintenance needs. Staff anticipates operating the building for at least a few years. The property is currently managed by a caretaker who lives on-site and receives reduced rent. Staff proposes the HRA enter into a maintenance agreement with the same caretaker.

Staff proposes using funds from TIF District 1-6 for this acquisition. Use of these funds is restricted to specific activities. Funds from this district were used for previous property acquisitions in Port Riverwalk.

RECOMMENDATION

Staff recommends that the HRA:

- a. Approve the purchase agreement for the property at 9864, 9920, and 9950 East River Road with a sale price of \$849,000.
- b. Authorize the Chair and Secretary to execute the purchase agreement.
- c. Authorize Staff to execute other closing documents as necessary to close on the property.

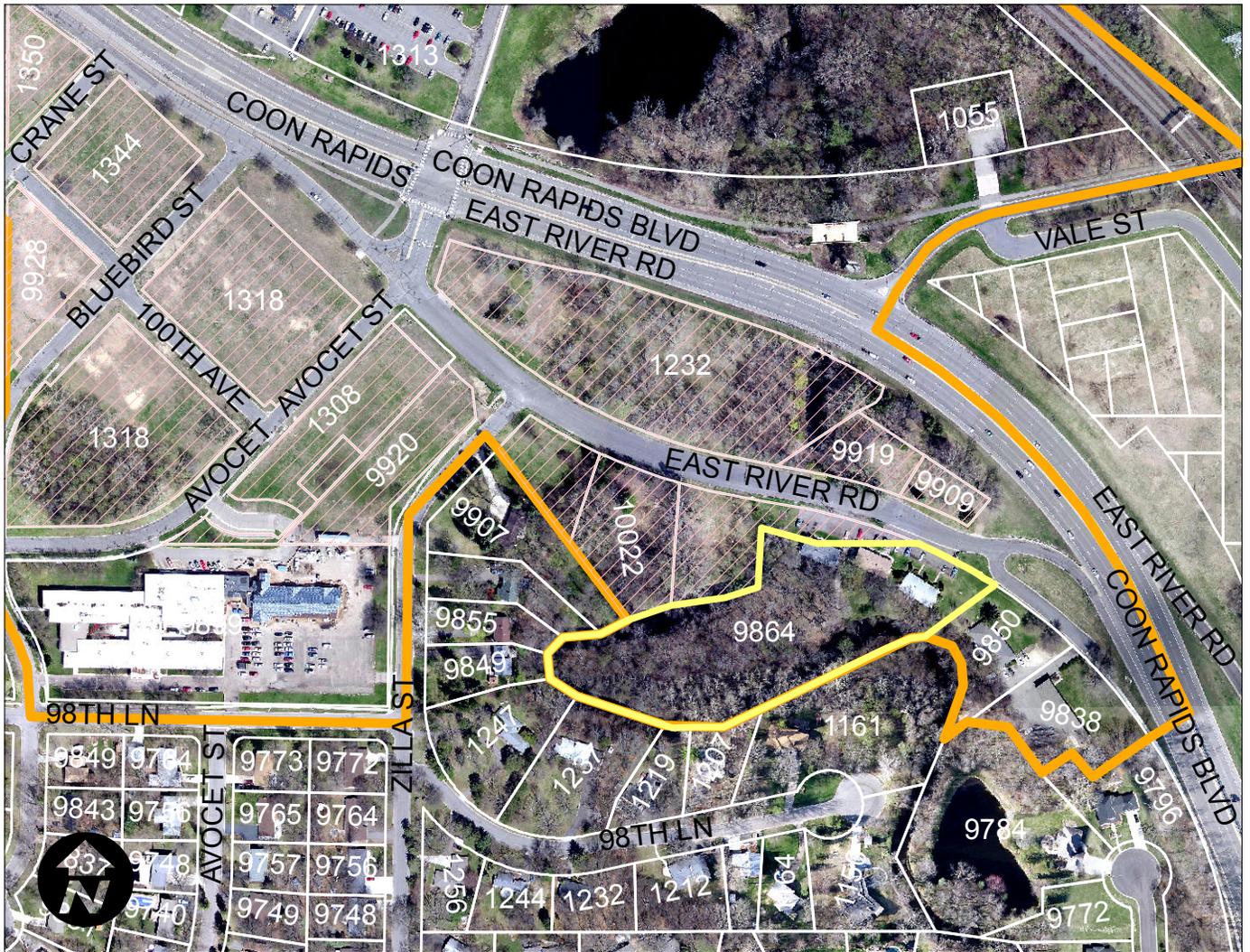
BUDGET IMPACT:

Sufficient funds exist in TIF District 1-6 for this purchase. These funds have limited uses and were used for other acquisitions in Port Riverwalk.

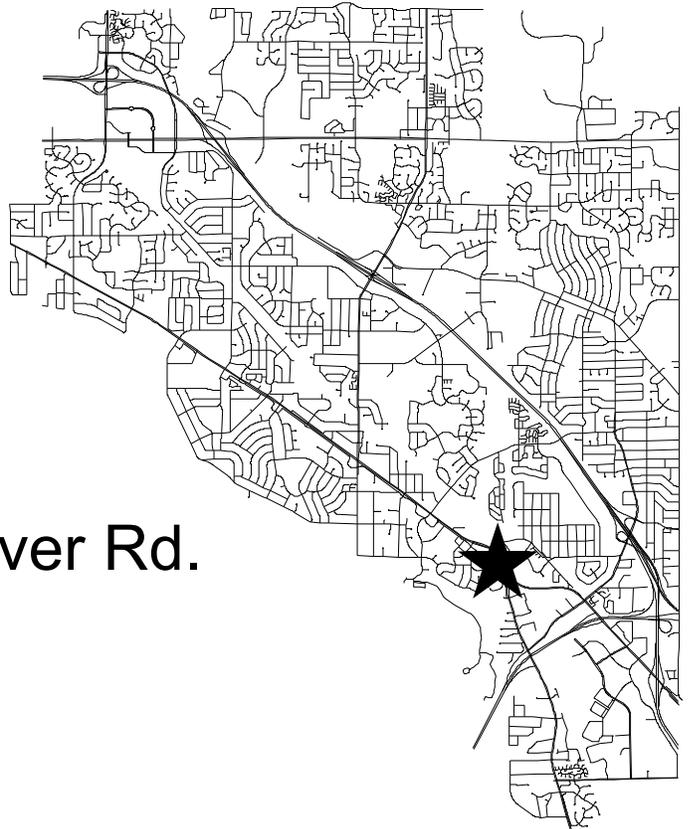
Attachments

Location Map

Purchase Agreement



-  HRA-Owned Property
-  Port Riverwalk Boundary



Palis Properties
9864, 9920, 9950 East River Rd.

PURCHASE AGREEMENT

THIS AGREEMENT is made and entered into as of _____, 2013 between Palis Properties, a Minnesota limited liability company, whose Tax I.D. Number is 41-1404023 ("Seller") and The Housing and Redevelopment Authority in and for the City Coon Rapids, a Minnesota Municipal Corporation, or its assigns, whose Tax I.D. Number is 41-6008573 ("Buyer").

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

1. Definitions and Exhibits.

1.1 Definitions. For purposes of this Agreement, each of the following terms, when used herein with an initial capital letter, will have the meaning ascribed to it as follows:

1.1.1 Agreement. This Purchase Agreement.

1.1.2 Building(s). Three buildings, consisting of 20 apartment units are located on the site, with addresses 9864 East River Road, 9920 East River Road, and 9950 East River Road, Coon Rapids, Minnesota.

1.1.3 Closing Date. The date on which the Closing occurs as provided in Section 5.

1.1.4 Contingency Date. The date which is 60 days after the Contract Date as described in Section 4.

1.1.5 Contract Date. The date upon which this Agreement is deemed effective, which is the date this Agreement has been executed by both Seller and Buyer and set forth on page 1.

1.1.6 Hazardous Substance. Any substance which is (i) defined as a hazardous substance, hazardous material, hazardous waste, pollutant, contaminant, or extremely or imminently hazardous substance or material under Environmental Law, (ii) petroleum and petroleum products including crude oil and any fractions thereof, PCBs, asbestos, natural gas, synthetic gas, and any mixtures or derivatives of the above, (iii) dangerous, toxic, flammable, corrosive, radioactive, infectious, toxic or carcinogenic, or (iv) regulated pursuant to any Environmental Law.

1.1.7 Improvements. The Building(s) and any other buildings, structures and improvements located on the Land, including Seller's interest in all systems, facilities, fixtures, machinery, equipment and conduits to provide fire protection, security, heat, exhaust,

ventilation, air conditioning, electrical power, light, plumbing, refrigeration, gas, sewer and water thereto (including all replacements and additions thereto between the Contract Date and the Closing Date).

1.1.8 Intangible Property. All intangible property, trade names, trademarks, and service marks owned or controlled by Seller relating to the Land or Improvements, except those, if any, hereinafter reserved to Seller.

1.1.9 Land. All those tracts or parcels of land described in Exhibit B attached hereto and all privileges, rights, rights of way easements, hereditaments and appurtenances thereto belonging, and all right, title and interest of Seller in and to any streets, alleys, passages and other rights of way included therein or adjacent thereto (before or after the vacation thereof).

1.1.10 Lease, Leases. Each lease of space or property within the Improvements in force and effect as of the Contract Date being listed on the Rent Roll attached hereto as Exhibit C and those leases executed by Seller between the Contract Date and the Closing Date in accordance with Section 8.

1.1.11 Permitted Title Exceptions. Those title matters which are not objected to by Buyer in accordance with Section 7 hereof.

1.1.12 Personal Property. All of the personal property, together with all replacements and additions thereto between the Contract Date and the Closing Date, located in or on the Property which is owned by Seller and used or usable in connection with the Property, including without limitation, all that property listed on Exhibit E attached hereto.

1.1.13 Plans. All originals and copies of the as-built blueprints, drawings, site plans, engineering and architectural plans and specifications, as-built plans and specifications for each space occupied by Tenants, land use and zoning materials for the Land, Improvements and the Personal Property, if any, as may be in the possession of Seller or under its control, including without limitation, those plans listed on Exhibit F attached hereto.

1.1.14 Property. All of Seller's right, title and interest in, to and under the following:

- (i) the Land;
- (ii) the Improvements;
- (iii) the Personal Property;
- (iv) the Guaranties;
- (v) the Warranties;

- (vi) the Permits and Licenses;
- (vii) the Plans;
- (viii) the Records; and
- (ix) the Intangible Property.

1.1.15 Proration Date. The effective date of the prorations provided in Section 6, which is 11:59 p.m. on the day before the Closing Date.

1.1.16 Surviving Contracts. Those Contracts, if any, which Buyer elects in writing to assume, pursuant to Section 9 and which will be assigned to Buyer at the Closing.

1.1.17 Tenant or Tenants. Each Tenant or assignee of Tenant who has executed a Lease or otherwise occupies any space in the Improvements.

1.1.18 Title Company. Registered Abstractors, Inc., 2115 Third Avenue North, Anoka, MN 55303.

1.1.19 Title Policy. An American Land Title Association (ALTA) Form B 1998 Owner's Title Insurance Policy (deleting the creditors' rights exception and arbitration clause) for the Land and Improvements issued by the Title Company in the full amount of the Purchase Price, subject only to the Permitted Title Exceptions, covering title to the Property and all appurtenant easements, showing Buyer as owner of the Land and Improvements, and providing for full extended coverage over all general title exceptions contained in such policies and the following special endorsements if required by Buyer: zoning (including parking), access, restrictions, utility, comprehensive, survey, tax parcel, contiguity, subdivision, and location.

1.1.20 Warranties. Those warranties, guaranties and similar contracts in favor of Seller or Seller's predecessors on equipment and improvements pertaining to the acquisition, construction, design, use, operation, management or maintenance of the Property.

1.2 Exhibits. Attached hereto and forming an integral part of this Agreement are the following exhibits, all of which are incorporated into this Agreement as fully as if the contents thereof were set out in full herein at each point of reference thereto:

Exhibit A - Escrow Agreement

Exhibit B - Legal Description of Land

Exhibit C - Rent Roll

Exhibit D - List of Permits and Licenses

Exhibit E - List of Personal Property

Exhibit F - List of Plans

Exhibit G - List of Contracts

Exhibit H- Relocation Waiver

2. Purchase and Sale of Property. Subject to and in accordance with the terms and provisions hereof, Seller agrees to sell to Buyer, and Buyer agrees to purchase from Seller, the Property.

3. Purchase Price and Manner of Payment. The total purchase price ("Purchase Price") for the Property is \$849,000 payable as follows:

3.1 \$10,000 as earnest money, which will be deposited by Buyer with Title Company within 1 business day after the Contract Date to be held, invested, and disbursed by Title Company in accordance with the Escrow Agreement.

3.2 The balance of the Purchase Price as adjusted by the prorations and credits specified herein will be paid in cash or by wire transfer of U.S. federal funds on or before 12:00 noon central time on the Closing Date.

4. Contingencies. Buyer's obligations under this Agreement are contingent upon Buyer's satisfaction with each of the following:

4.1 Document Inspection. Buyer may inspect the Property and examine, review, inspect and copy the books and records relating to the ownership and operation of the Property. Seller will make the Property available for Buyer's inspection in accordance with Section 4.2. Within 10 days after the Contract Date, Seller will deliver to Buyer complete copies of each of the following documents related to the Property that it has in its possession or under its control, or that is reasonably obtainable by Seller:

4.1.1 The Leases and any Guaranties;

4.1.2 The Rent Roll for the Property, outlining the rent, security deposit, term, and other terms of all Leases updated to a date not more than 30 days prior to the Contract Date. Seller will further update the Rent Roll to a date which is not more than 30 days prior to the Closing Date;

4.1.3 All Contracts. Seller will update the list of Contracts attached hereto as Exhibit G to a date which is not more than 30 days prior to the Closing Date;

4.1.4 All Plans;

4.1.5 Operating statements and related documents and records for the Property, including an aged receivables or delinquency report, for the current calendar year and for the 3 years immediately preceding the current calendar year;

4.1.6 The most recent budget for the Property for the current year and any future year, including income, operating expenses, property taxes and assessments and capital expenditures;

4.1.7 An updated list of Personal Property updated to a date not more than 30 days prior to the Closing Date;

4.1.8 All Warranties;

4.1.9 All environmental reports (including any Phase I or Phase II reports, inspection reports, audits, compliance documentation, permits, closure letters, no-action letters, no-association letters, and other environmental documents and records) pertaining to the Property or any activities or operations at any time on the Property and copies of all records concerning the presence, location and quantity of Hazardous Substances, asbestos containing materials and presumed asbestos containing materials at the Property;

4.1.10 Any prior surveys of the Property;

4.1.11 Insurance policies, and claims documentation for the current calendar year and for the immediately preceding 3 calendar years with respect to the insurance maintained on the Property or any portion thereof;

4.1.12 Any other information or documentation relating to the design, construction, layout, structure, mechanical, electrical and plumbing systems, fire protection systems and subsurface conditions relating to the Property; and

4.1.13 Those Records requested by Buyer.

4.2 Physical Inspection. Subject to the rights of the Tenants under the Leases and any rights or restrictions under any of the Permitted Title Exceptions, Buyer and its agents will have the right, from time to time prior to the Closing, to enter upon the Property to examine the same and the condition thereof and to conduct such surveys and to make such engineering and other inspections, tests and studies as Buyer determines to be reasonably necessary, all at Buyer's sole cost and expense. Buyer will give Seller advance notice of such examinations or surveys and will conduct such examinations or surveys during normal business hours to the extent practicable. Buyer will conduct all examinations and surveys of the Property in a manner that will not harm or damage the Property so that it cannot be restored to its prior condition or cause any claim adverse to Seller or default under any Lease, and will restore the Property to its

condition prior to any such examinations or surveys immediately after conducting the same. If it is not reasonably practical to restore the Property to its condition prior to such examinations or surveys, Buyer will not be required to restore the Property if prior to undertaking any such examination or surveys, Buyer receives the written approval of Seller that it will not be required to restore the Property. Buyer will indemnify, defend, and hold Seller harmless from and against any claims for injury or death to persons, damage to property or other losses, damages or claims, including, without limitation, claims of any Tenants, and including, in each instance, reasonable attorneys' fees and litigation costs, arising out of any action of any person or firm entering the Property on Buyer's behalf as aforesaid, which indemnity will survive the Closing and any termination of this Agreement without the Closing having occurred. Notwithstanding the foregoing, Buyer will not be liable merely for the discovery of a pre-existing condition at the Property.

4.3 Survey. Within 30 days after the Contract Date, Seller, at Seller's expense, will obtain a current, ALTA/ACSM as-built survey of the Property prepared by a registered land surveyor in form acceptable to Buyer (the "Survey"). The Deed to be delivered by Seller to Buyer at the Closing will contain the legal description of the Property as shown on the Survey and approved by Buyer and Title Company.

4.4 Financing. Buyer will acquire the Property on terms satisfactory to Buyer in Buyer's sole determination.

4.5 Environmental Assessment. Within 30 days after the Contract Date, Buyer may obtain, at its expense, a current ASTM Phase I environmental site assessment (the "Phase I") for the Property, performed by an environmental consultant (the "Environmental Consultant") acceptable to and for the benefit of and reliance on by Buyer. If the Phase I recommends that a Phase II environmental site assessment (the "Phase II") be prepared, Buyer will immediately notify Seller. Seller will have 5 days after receiving such notice to either commence and agree to pay for the cost of such Phase II by the Environmental Consultant and extend the Contingency Date for a period of 45 days following completion of the Phase II, or terminate this Agreement. In the event Seller elects to terminate this Agreement, Buyer may, at its option, pay for the cost of the Phase II, in which case Seller's termination will be null and void, or elect to have the Earnest Money promptly returned to Buyer, and Seller will reimburse Buyer for all of its actual out-of-pocket third-party due diligence costs (including travel costs for Buyer's employees). Buyer will have the right, at Buyer's expense, to conduct a Phase II investigation of the Property even if the Phase I does not recommend or require a Phase II; provided that Buyer gives Seller notice of the time and nature of the Phase II investigation; and provided further, that Seller approves the environmental consultant performing the Phase II, which approval will not be unreasonably withheld, conditioned, or delayed.

4.6 Notice to Proceed. Subsequent to the foregoing investigations, if Buyer, in its sole discretion, decides to proceed with the purchase of the Property, then Buyer will so notify Seller on or before 5:00 p.m. central time on the Contingency Date (the "Notice to Proceed") at which time the Earnest Money will become non-refundable except as otherwise provided herein.

If Buyer decides that it will not proceed with the purchase of the Property, Buyer will on or before the Contingency Date give notice to Seller that it is terminating this Agreement. If Buyer fails to notify Seller of its decision on or before the Contingency Date, Buyer will be deemed to have notified Seller on the Contingency Date that Buyer is terminating this Agreement. Buyer's Notice to Proceed will not be deemed to affect Seller's representations and covenants or the conditions precedent to Closing.

Notwithstanding the foregoing, if one or more of the contingencies set forth in this Section 4 has not been satisfied by the Contingency Date, Buyer may extend the Contingency Date for three consecutive one-month periods, by written notice to Seller delivered on or prior to the Contingency Date, or the last extended Contingency Date, as the case may be. Buyer's continued efforts to satisfy the contingencies described in this Agreement will be sufficient consideration for such extension(s).

5. Closing. The Closing Date will be that date which is 30 calendar days after the earlier of the Contingency Date or the date when Buyer gives the Notice to Proceed. The Closing will take place at 2115 Third Avenue North, Anoka, MN 55303 at the office of Registered Abstractors, Inc. in Anoka, Minnesota, or at such other place as may be agreed to. Seller will deliver possession of the Property to Buyer on the Closing Date, subject to the rights of Tenants under the Leases in their capacity as Tenants only.

5.1 Seller's Closing Documents. On the Closing Date, Seller will execute and/or deliver to Buyer the following (collectively, "Seller's Closing Documents"), all in form and content reasonably satisfactory to Buyer:

5.1.1 Deed. A Warranty Deed conveying to Buyer the Property to Buyer, free and clear of all encumbrances, except the Permitted Title Exceptions.

5.1.2 Bill of Sale. A Warranty Bill of Sale conveying to Buyer the Personal Property to Buyer, free and clear of all encumbrances.

Assignment of Leases. An Assignment and Assumption of all Leases, conveying Leases, free and clear of all encumbrances, together with the consent of all parties having the right to consent such Assignment, if necessary. Seller shall provide a current accounting to Buyer of all prepaid and overpaid rents and security and other deposits of all Tenants under the Leases not theretofore applied (including any interest required to be paid to Tenants pursuant to the terms of their Leases and accrued as of the Closing Date.

5.1.4 Assignment and Assumption of Permits and Licenses, Warranties, and Intangible Property. An Assignment and Assumption of Permits and Licenses, Warranties, and Intangible Property, conveying to Buyer with warranties the Permits and Licenses, Warranties, and Intangible Property, free and clear of all encumbrances, together with the consent of all parties having a right to consent to such Assignment, if necessary.

5.1.5 Revised Rent Roll. An updated version of the Rent Roll dated as of the Closing Date certified by Seller to be correct and complete showing no material changes

from the Rent Roll attached to this Agreement, except it will exclude those Leases that expire or are terminated between the Contract Date and the Closing Date to the extent permitted by Section 8.

5.1.6 Title Policy. A pro forma Title Policy, or a suitably marked up Title Commitment initialed by the Title Company obligating the Title Company to issue the Title Policy to Buyer, in the form required by this Agreement and as approved by Buyer.

5.1.7 Bring-down Certificate. A Bring-down Certificate, stating that the representations and warranties are true and correct as of the Closing Date.

5.1.8 Seller's Affidavit. A Seller's Affidavit indicating that on the Closing Date there are no outstanding, unsatisfied judgments, tax liens or bankruptcies against or involving Seller or the Property; that there has been no skill, labor or material furnished to the Property for which payment has not been made or for which mechanics' liens could be filed; and that there are no other unrecorded interests in the Property, together with any standard owner's affidavit and/or indemnity (ALTA Form) which may be required by Title Company to issue the Title Policy.

5.1.9 Certificate(s) of Occupancy. A certificate of occupancy issued by the appropriate governmental body authorizing the use of the Property for the purposes now used.

5.1.10 Relocation Assistance Waiver. Seller is willing to voluntarily accept the purchase price due under this Agreement as full payment for the Property including any relocation benefits that Seller is or may be entitled to under applicable law. At Closing, Seller will deliver a document in substantially the form of Exhibit H evidencing Seller's willingness to relinquish all claims to any possible relocation benefits under applicable law..

5.1.11 Original Documents. Originals of the Permits and Licenses, the Warranties, the Plans and the Records.

5.1.12 Non-Foreign Certificate. A non-foreign certificate, properly executed, containing such information as is required by Internal Revenue Code Section 1445(b)(2) and its regulations.

5.1.13 Abstract of Title. A current abstract of title if the Property is abstract.

5.1.14 IRS Form. A Designation Agreement designating the "reporting person" for purposes of completing Internal Revenue Form 1099 and, if applicable, Internal Revenue Form 8594.

5.1.15 Well Certificate. A statement on the Deed that Seller has no knowledge of any "Wells" on the Property within the meaning of Minn. Stat. § 103I.005, subd. 21, or if there are "Wells" on the Property, a Well Certificate in the form required by law.

5.1.16 Storage Tank Affidavit. If the Property contains or contained a storage tank, an affidavit with respect thereto, as required by Minn. Stat. § 116.48, subd. 6.

5.1.17 Keys. All keys owned by and in possession of Seller used in connection with the Property including key cards, security codes, and combinations.

5.1.18 Other Documents. All other documents reasonably determined by Buyer to be necessary to transfer the Property to Buyer free and clear of all encumbrances.

5.2 Buyer's Closing Documents. On the Closing Date, Buyer will execute and/or deliver to Seller the following (collectively, "Buyer's Closing Documents") all in form and content reasonably satisfactory to Seller:

5.2.1 Purchase Price. The Purchase Price, by wire transfer of U.S. federal funds, to be received in Title Company's trust account on or before 12:00 noon central time on the Closing Date.

5.2.2 Assignment and Assumption Permits and Licenses, Warranties, and Intangible Property. An Assignment and Assumption of Permits and Licenses, Warranties, and Intangible Property by which Buyer will assume all obligations of Seller under the Surviving Contracts, Permits and Licenses, Warranties, and Intangible Property that accrue after the Closing Date.

5.2.3 IRS Form. A Designation Agreement designating the Title Company as the "reporting person" for purposes of completing Internal Revenue Form 1099 and, if applicable, Internal Revenue Form 8594.

5.2.4 Title Documents. Such affidavits of purchaser, certificates of real estate value or other documents as may be reasonably required by Title Company in order to record the Deed and issue the Title Policy required by this Agreement.

6. Prorations. Seller and Buyer agree to the following prorations and allocation of costs regarding this Agreement:

6.1 Title Insurance and Closing Fee. Seller will pay all costs of the Title Commitment and the fees charged by the Title Company for any escrow required regarding Buyer's Title Objections. Buyer will pay the premium for the Title Policy and any additional premiums required for the issuance of any mortgagee's title policy required by Buyer. Seller and

Buyer will each pay ½ of any reasonable and customary closing fee, escrow fee, or charge imposed by the Title Company.

6.2 Deed Tax. Seller will pay all state deed tax for recording the Deed to be delivered by Seller under this Agreement.

6.3 Recording Costs. Seller will pay the cost of recording all documents necessary to place record title in the condition warranted by Seller in this Agreement. Buyer will pay the cost of recording the Deed and all other documents.

6.4 Real Estate Taxes and Special Assessments. Seller will pay, on or before the Closing Date, all special assessments levied, pending or constituting a lien against the Property as of the Closing Date including, without limitation, any installments of special assessments including interest payable with general real estate taxes payable in 2013. General real estate taxes and installments of special assessments payable therewith payable in 2013 and all years prior to Closing will be paid by Seller. General real estate taxes payable in 2014 will be prorated by Seller and Buyer as of the Proration Date based upon a calendar fiscal year.

6.5 Rents. Seller is entitled to all Rent derived from ownership of the Property which is due or past due or not yet due but accrued under the terms of the Leases attributable to the period prior to the Closing Date, regardless of when such payments are actually made (but provided the same are made) except as otherwise provided in Section 6.6.

6.6 Prepaid and Overpaid Rents and Security Deposits. Except as otherwise expressly provided herein, all prepaid and overpaid rents and security and other deposits of all Tenants under the Leases not theretofore applied (including any interest required to be paid to Tenants pursuant to the terms of their Leases and accrued as of the Closing Date) will be maintained by Seller on the Closing Date. Buyer shall receive a credit against the Purchase Price for the foregoing amounts.

With respect to each individual Tenant, Seller hereby indemnifies and agrees to hold Buyer harmless from and against any liability (including reasonable attorneys' fees and costs) arising from Seller's failure to account properly to such Tenant for prepaid and overpaid rents and security and other deposits of such Tenant. The indemnity will survive Closing.

Seller reserves the right to pursue its remedies against any Tenant owing Delinquent Amounts, provided that Seller will not institute any proceeding to evict or dispossess a Tenant who has signed a new lease with Buyer from the Property, nor will Seller institute any proceedings whatsoever against any Tenant after expiration of 12 months following the Closing Date without the consent of Buyer, which consent may be withheld in Buyer's sole discretion.

6.7 Other Property Operating Expenses. Operating expenses for the Property (including payments under Surviving Contracts) will be prorated as of the Proration Date regardless of when invoices for the same are received. Seller will pay all utility charges and other operating expenses attributable to the Property prior to the Proration Date (except for those

utility charges and operating expenses payable directly by Tenants in accordance with the Leases and not constituting Charges) and Buyer will pay all utility charges and other operating expenses attributable to the Property after the Proration Date. To the extent that the amount of actual consumption of any utility services or actual cost of other operating expenses is not determined prior to the Proration Date, a proration will be made at Closing through an estimate based on the last available reading or estimate of other charges. Buyer will arrange with such services and companies to have accounts opened in Buyer's name beginning at 12:01 a.m. central time on the Proration Date.

6.8 Apportionment Credit. In the event the apportionments to be made at the Closing result in a credit balance (i) to Buyer, such sum will be paid at the Closing by giving Buyer a credit against the Purchase Price in the amount of such credit balance, or (ii) to Seller, Buyer will pay the amount thereof to the Title Company, on Seller's behalf, at the Closing by wire transfer.

6.9 Leasing Commissions. At or prior to Closing, Seller will pay any real estate commissions for the Leases.

6.10 Sales Tax. Buyer will pay, in addition to the Purchase Price, all state and local sales taxes arising from the transaction herein described, if any.

6.11 Attorneys' Fees. Each of the parties will pay its own attorneys' fees, except that a party defaulting under this Agreement or any Closing Document will pay the reasonable attorneys' fees and court costs incurred by the non-defaulting party in enforcing its rights regarding such default.

6.12 Other Costs. All other operating costs of the Property will be allocated between Seller and Buyer as of the Closing Date, so that Seller pays that part of such other operating costs attributable to the period before the Closing Date, and Buyer pays that part of such other operating costs attributable to the period on and after the Closing Date. Each party will pay any other costs customarily paid by such party pursuant to local practice.

7. Title Examination. Title Examination will be conducted as follows:

7.1 Seller's Title Evidence. Seller will, as soon as possible after the Contract Date, furnish the following (collectively, "Title Evidence") to Buyer:

7.1.1 Title Commitment. The Title Commitment accompanied by legible copies of all documents described in Section 4.4.

7.1.2 The Survey. The Survey described in Section 4.3.

7.1.3 UCC Search. A report covering the previous 5 years of the Uniform Commercial Code records of the Minnesota Secretary of State and the county in which the Property is located made by a search firm reasonably acceptable to Buyer.

7.2 Buyer's Title Objections. Within 30 days after receiving the last of the Title Evidence, Buyer will examine the title to the Property and make written objections ("Title Objections") to the form or contents of the Title Evidence. If Buyer fails to give any notice to Seller by such date, Buyer will be deemed to have waived its right to object to any title exceptions or defects shown in the Title Evidence. If Buyer gives Seller timely notice of Title Objections, Seller will use commercially reasonable efforts to cure or satisfy the Title Objections within a reasonable time, not to exceed 60 days after Seller's receipt of the Title Objections, during which period the Closing will be postponed if necessary until 5 days after Seller cures or satisfies the Title Objections. To the extent any Title Objection can be satisfied by the payment of money, Buyer has the right to apply a portion of the cash payable to Seller at the Closing to the satisfaction of the Title Objections, and the amount so applied will reduce the amount of cash payable to Seller at the Closing. If the Title Objections are not cured within the 60 day period, Buyer will have the option to do any of the following:

7.2.1 Terminate this Agreement and receive a refund of the Earnest Money.

7.2.2 Close the transaction and withhold from the Purchase Price an amount which, in the reasonable judgment of Title Company, is 150% of the amount sufficient to assure cure of the Title Objections. Any amount so withheld will be placed in escrow with Title Company, pending such cure. If Seller does not cure the Title Objections within 90 days after the escrow is established, Buyer may, at its option, cure the Title Objections and charge the costs of such cure (including reasonable attorney's fees) against the escrowed amount. If the escrowed proceeds are insufficient to pay the costs of curing the Title Objections, Seller will reimburse Buyer for the deficiency within 10 days after receipt of an invoice. If such escrow is established, the parties will execute and deliver such documents as may be reasonably required by Title Company, and Seller will pay the charges of Title Company to create and administer the escrow.

7.2.3 Waive the Title Objections and proceed to Closing.

If Seller reasonably cures or satisfies, or undertakes to reasonably cure or satisfy, the Title Objections to the satisfaction of Buyer and Title Company, then this Agreement will continue in full force and effect. Buyer has the right at any time to waive any Title Objections that it may have made and, thereby preserve this Agreement in full force and effect. Seller will not voluntarily alter or encumber in any way Seller's title to the Property after the Contract Date (except to the extent provided in Section 8) without Buyer's written consent.

8. Operations Pending Closing.

Seller will, at its expense, use reasonable efforts to maintain the Property until the Closing Date or until the termination of this Agreement, whichever is earlier, substantially in its present condition, except damage by fire or other insured casualty and condemnation.

Until the Closing date Seller will not, without the prior written consent of Buyer, enter into or agree to enter into any lease or other agreement concerning occupancy or use of any portion of the Property, other agreements concerning operation or ownership of the Property, or any modification, amendment, or cancellation of any existing Lease, Contract or other agreement relating to the Property. Provided however, Seller may without prior written consent enter into month to month leases for occupancy of the Property. Seller shall institute any summary or other eviction proceeding or action against any defaulting Tenant or occupant of the Property.

Through and including the Closing Date, Seller will, at Seller's sole cost and expense:

8.1 keep all existing insurance policies affecting the Property or any portion thereof in full force and effect;

8.2 keep in full force and effect all Permits and Licenses, if any, pertaining to Seller's ownership or operation of the Property or any portion thereof in substantially the same manner as Seller currently maintains such Permits and Licenses;

8.3 continue to provide all services currently provided by Seller with respect to the Property or any portion thereof, and to continue to operate, manage, and maintain (including repairs and replacements) the Property in substantially the same manner as Seller currently operates, manages, and maintains (including repairs and replacements) the Property; and

8.4 keep Buyer timely advised of any repairs or improvements required to keep the Property or any portion thereof in the condition required by this Agreement, which cost in excess of \$1,000.00.

Seller will give Buyer written notice of any citation or other notice which Seller receives, subsequent to the Contract Date, from any governmental authority concerning any alleged violation of any law, ordinance, code, rule, regulation or order regulating the Property or the use thereof. Seller will pay in full, prior to the Closing Date, all bills and invoices for labor, materials and services relating to the Property which are attributable to the period prior to the Closing Date, subject to Closing proration, and which Buyer is not otherwise responsible for paying pursuant to this Agreement. From and after the Contract Date, Seller will not apply any security deposit to rent due from any Tenant.

9. Contracts. Seller will, at Seller's sole cost and expense, at or prior to the Closing, terminate all Contracts, except those Contracts, designated by Buyer within 30 days prior to the Closing Date to be Surviving Contracts, which Buyer elects to assume. Seller will pay any cost, penalty or fee associated with terminating those Contracts not designated as Surviving Contracts. Buyer will pay or reimburse Seller for any portion of the fees due for any Surviving Contracts which are attributable to the period from and after the Closing Date.

10. Representations and Warranties by Seller. As of the Contract Date, Seller represents and warrants to Buyer as follows:

10.1 Authority. Seller is duly formed and is in good standing under the laws of the State of Minnesota; Seller is duly qualified to transact business in the State of Minnesota; Seller has the requisite power and authority to enter into and perform this Agreement and those Seller's Closing Documents to be signed by it; this Agreement and such documents have been duly authorized by all necessary action on the part of Seller and have been or will be as of the Closing Date, as applicable, duly executed and delivered; such execution, delivery and performance by Seller of such documents do not conflict with or result in a violation of Seller's governing documents, or any judgment, order, or decree of any court or arbiter to which Seller is a party; such documents are valid and binding obligations of Seller, and are enforceable in accordance with their terms.

10.2 Title to Land and Improvements. Seller owns the Land and Improvements, free and clear of all encumbrances except the Permitted Title Exceptions.

10.3 Title to Personal Property and Intangible Property. Seller owns the Personal Property and Intangible Property, free and clear of all encumbrances, except those that will be discharged on or before the Closing Date.

10.4 Leases. Copies of the Leases which have been or will be delivered to Buyer and are listed on the Rent Roll are complete and accurate copies thereof, including all amendments and constitute all of the agreements between third parties and Seller affecting the occupation of the Property. Seller has not received any notice from any Tenant that Seller is in default under any of the Leases, and no Tenant has asserted or, to the best of Seller's knowledge has any defense, set-off, or counterclaim with respect to its tenancy or its obligation to pay Rent and Charges under its Lease except as specifically set forth on the Rent Roll. Except as may be otherwise agreed to in accordance with Section 8, there are no, and from and after the Closing Date will be no rental, lease, or other commissions now or hereafter payable to any person or entity with respect to the Leases. Seller has completed and paid for all construction and Tenant improvements required by the Leases and Seller has no further obligations with respect thereto. There are no cash allowances or rent abatements owed by Seller for any Leases for the current term falling due prior to the Closing Date or falling due subsequent to the Closing Date that are not set forth in the Leases.

10.5 Rent Roll. The Rent Roll attached hereto as Exhibit C is complete and accurate in all material respects and with the updated version of the Rent Roll which Seller will provide to Buyer at Closing will also be complete and accurate in all material respects.

10.6 Guaranties. The Guaranties made available to Buyer pursuant to Section 4.1 hereof are complete and accurate copies of all of the Guaranties, all of which are in full force and effect.

10.7 Contracts. A complete and accurate list of the Contracts is attached hereto as Exhibit G. Seller has made available to Buyer a correct and complete copy of the Contracts

and their amendments. Neither Seller, nor any other party to the Contracts, is in default under the Contracts. All other Contracts in effect regarding the Property are terminable on or before the Closing Date. Seller has not received any notice of default under any Contracts which remains uncured.

10.8 Permits and Licenses. A complete and accurate list of Permits and Licenses is attached hereto as Exhibit D. Seller has made available to Buyer a correct and complete copy of the Permits and Licenses, including Permits relating to Hazardous Substances, and their amendments. The Permits and Licenses are in full force and effect, and to the best knowledge of Seller, Seller is not in default under the Permits or Licenses. To the best knowledge of Seller No other Permits or Licenses are required from any governmental entity in order to operate the Property as it is now operated. Seller has not received any notice of default under or any violation of any Permits or Licenses which remains uncured. The Permits and Licenses constitute all Permits and Licenses required for the occupancy of the Property and the operation of the Improvements as the Property is now being occupied and operated.

10.9 Utilities. To Seller's actual knowledge without prior investigation, all water, sewer, electric, natural gas, telephone, telecommunications, and drainage facilities, and other utilities required for the current operation of the Property are installed to the Property and are connected with valid permits. All utility lines serving the Property are located within the boundaries of the Property, within lands dedicated to public use, or within recorded easements for such purpose. Seller has not received any notice of actual or threatened reduction or curtailment of any utility service now supplied to the Property.

10.10 Certificates of Occupancy. Seller has not received any notice of actual or threatened cancellation or suspension of any certificates of occupancy for any portion of the Property.

10.11 Taxes and Assessments. To the best knowledge of Seller, the Land is not subject to or affected by any special assessment for public improvements or otherwise, whether or not presently a lien upon the Land. Seller has not made any commitment to any governmental authority, utility company, school board, church or other religious body, homeowner or homeowner's association or any other organization, group or individual relating to the Property which would impose an obligation upon Seller or its successors or assigns to make any contributions or dedications of money or land, or to construct, install or maintain any improvements of a public or private nature as part of the Property or upon separate lands. To the best of Seller's knowledge, no governmental authority has imposed any requirement that Seller pay, directly or indirectly, any special fees or contributions or incur any expenses or obligations in connection with the development of the Property or any portion thereof, other than any regular and nondiscriminatory local real estate or school taxes assessed against the Property. No federal, state or local taxing authority has asserted any tax deficiency, lien, interest or penalty, special assessment or other assessment against the Property or Seller which has not been paid; and there is no pending audit or inquiry from any federal, state or local taxing authority or other matter relating to the Property or Seller of which Seller has received notice which reasonably may be

expected to result in a tax deficiency, lien, interest, penalty, special assessment or other assessment against the Property or Seller.

10.12 Environmental Laws. To Seller's actual knowledge without prior investigation, Seller, the Seller's business, and the Property have been and are in compliance in all material respects with applicable Environmental Laws. There is and has been no civil or criminal litigation, written notice of violation, order, demand, allegation, citation, directive, summons, penalty, fine or liability arising under any Environmental Law (collectively, "Environmental Notices") during the period of time that Seller has owned the Property, or to the best of Seller's knowledge, prior thereto, and Seller, Seller's business and the Property have not been the subject of any administrative proceeding, investigation or information request relating to any Environmental Law or Environmental Matter. To the best of Seller's knowledge Seller and the Property are in compliance with those Permits and Licenses required under Environmental Law to operate the business and the Property as currently operated by Seller, and no such Permits and Licenses or other approvals will be required, revoked, terminated or not renewed as a result of the transactions contemplated by this Agreement. Seller has not used, handled, generated, produced, manufactured, treated, stored, disposed of, recycled or transported any Hazardous Substances on, under, about, to or from the Property (or any other property) in violation of any Environmental Law. There is and has been no Release or threatened Release of any Hazardous Substances on, in, at, under or from the Property or from any real property impacting the Property and there are no asbestos-containing materials or PCBs located on the Property and no such materials have been removed or abated. To the best of Seller's knowledge there are no past or present events, conditions, circumstances, activities, practices, incidents, actions or plans of Seller, either collectively, individually or severally, which reasonably would be expected to prevent continued compliance with any Environmental Laws, or which reasonably would be expected to give rise to any Environmental Matter or would reasonably be expected to require a material expenditure by Buyer with respect to compliance with any Environmental Law or any Environmental Matter. There are no liens or assessments relating to any Environmental Matter against Seller, the Seller's business or the Property.

10.13 Reports. Seller has made available to Buyer copies of all Reports which Buyer requested and which are in the possession of Seller.

10.14 No Rights to Purchase. Seller is the sole owner of the Property and, no person, other than Buyer, has any right, agreement, commitment, option, right of first refusal or any other agreement, whether oral or written, with respect to the purchase, assignment or transfer of all or any portion of the Property (other than the rights of Tenants to lease portions of the Property, as Tenants only, pursuant to the Leases). To the best knowledge of Seller, no party other than Seller and Tenants has or claims any unrecorded or undisclosed legal or equitable interest in the Property.

10.15 Seller's Defaults. To the best knowledge of Seller, Seller is not in default concerning any of its obligations or liabilities regarding the Property.

10.16 Non-Foreign Status. Seller is not a “foreign person,” “foreign partnership,” “foreign trust” or “foreign estate” as those terms are defined in Section 1445 of the Internal Revenue Code of 1986, as amended and the regulations promulgated thereto.

10.17 Use of Property. To Seller's actual knowledge without prior investigation, the Property is usable for its current uses without violating any federal, state, local or other governmental building, zoning, health, traffic, environmental, flood control, fire, safety, platting, subdivision or other law, ordinance or regulation, or any applicable private restriction, and such use is a legal conforming use.

10.18 Agents and Employees. No management agents or other personnel employed in connection with the operation of the Property have the right to continue such employment after the Closing Date. There are no collective bargaining agreements or other contracts of employment fixing the wages, hours and conditions of employment of those persons and no work stoppage exists. Except as may be otherwise agreed to in accordance with Section 8, and except as provided in Section 16, there are no claims for brokerage commissions or other payments with respect to the Property, including Leases, which will survive and remain unpaid after the Closing Date.

10.19 Condition. To Seller's actual knowledge without prior investigation, the buildings, structures and improvements included within the Property are structurally sound and in good repair and in first-class condition, and all mechanical, electrical, heating, air conditioning, drainage, sewer, water and plumbing systems are in proper working order.

10.20 Wells. Seller does not know of any “Wells” on the described Property within the meaning of Minn. Stat. § 103I. This representation is intended to satisfy the requirements of that statute.

10.21 Storage Tanks. No “above ground storage tanks” or “underground tanks” (within the meaning of Minn. Stat. §116.46) are located in or about the Property, or have been located under, in or about the Property and have subsequently been removed or filled. To the extent storage tanks exist on or under the Property such storage tanks have been duly registered with all appropriate regulatory and governmental bodies and otherwise are in compliance with applicable federal, state and local statutes, regulations, ordinances and other regulatory requirements.

10.22 Individual Sewage Treatment Systems. Solely for purposes of satisfying the requirements of Minn. Stat. § 115.55, there is no “individual sewage treatment system” (within the meaning of that statute) on or serving the Property.

10.23 Historical. To the best knowledge of Seller the Property (a) is not located in or is a contributing building to a municipally-recognized district for historic preservation; (b) is not eligible for listing on the National Register of Historic Places, or on any municipal or local list identifying eligible historic buildings; (c) is not subject to any impediments under any

municipal ordinances or federal or state laws to the demolition of the improvements on the Property; and (d) does not contain an Indian burial grounds as defined in Minn. Stat. Ch. 307.

10.24 Prorations. To the best of Seller's knowledge the information to be furnished by Seller on which the computation of prorations is based will be true, correct and complete in all material respects.

10.25 Warranties. The Warranties made available to Buyer pursuant to Section 4.1, if any, are complete and accurate and are in full force and effect in accordance with their respective terms.

10.26 No Litigation. Seller has not received notice of (a) any actual or pending litigation or proceeding by any organization, person, individual or governmental agency against Seller with respect to the Property or against the Property, (b) any violation of the Property's compliance with applicable fire safety laws, building code ordinances, zoning ordinances or any similar statutes, ordinances, laws, rules or regulations, (c) any condition, defect or inadequacy which, if not corrected, would result in the termination of, or increase in the cost of, insurance coverage, (d) any proceedings which could cause the change, redefinition or other modification of the zoning classifications or of other legal requirements applicable to the Property or any part thereof, or (e) any pending or threatened condemnation proceeding that would affect the Property.

10.27 Miscellaneous. It is a condition of Closing that the representations and warranties contained in this Section 10 are true and correct at Closing and Seller will reaffirm these representations and warranties at Closing in the Bring Down Certificate required by Section 5.1.9. In the event that Seller or Buyer learns that any of said representations or warranties becomes inaccurate between the Contract Date and the Closing Date, Seller or Buyer will immediately notify the other party in writing of such change. If such change is adverse to Buyer, Seller will then use its good faith efforts to cure such change after giving or receiving notice thereof as required herein. The Closing Date will be automatically extended in order to allow Seller to cure such change. In the event Seller so cures such change, this Agreement will remain in full force and effect. If Seller is unable to cure such change, Buyer may either (a) terminate this Agreement by written notice to Seller, in which case the Earnest Money will be returned to Buyer and the parties will have no further rights or obligations hereunder, except for those which expressly survive such termination, or (b) waive such right to terminate and proceed with the transaction pursuant to the remaining terms and conditions of this Agreement. In the event Buyer elects option (b) in the preceding sentence or in the event Buyer elects to close with the knowledge that a representation or warranty of Seller herein which was the subject of a notice pursuant to this Section 10.31, is untrue or incorrect, such representation and warranty will be deemed to be automatically amended to reflect said change. The representations and warranties contained in this Section 10 will survive the Closing, but terminate three years after the Closing Date, unless Buyer serves notice of a claim on Seller on or before the expiration of said three-year period. Seller will indemnify Buyer, its successors and assigns, against, and will hold

Buyer, its successors and assigns, harmless from, any expenses or damages, including reasonable attorneys' fees and remediation costs, that Buyer incurs because of the breach of any of the above representations and warranties, whether such breach is discovered before or after Closing. Except as provided in this Section 10.31, consummation of this Agreement by Buyer with knowledge of any such breach by Seller will not constitute a waiver or release by Buyer of any claims due to such breach.

11. Representations and Warranties by Buyer. Buyer represents and warrants to Seller that Buyer is duly formed and is in good standing under the laws of the State of Minnesota; that Buyer is duly qualified to transact business in the State of Minnesota; that Buyer has the requisite power and authority to enter into this Agreement and the Buyer's Closing Documents signed by it; this Agreement and such documents have been, or will be as of the Closing Date, as applicable, duly authorized by all necessary action on the part of Buyer and have been, or will be as of the Closing Date, as applicable, duly executed and delivered; that the execution, delivery and performance by Buyer of such documents do not conflict with or result in violation of Buyer's governing documents or any judgment, order or decree of any court or arbiter to which Buyer is a party; such documents are valid and binding obligations of Buyer, and are enforceable in accordance with their terms. The representations and warranties contained in this Section 11 will survive the Closing, but terminate three years after the Closing Date, unless Seller serves notice of a claim on Buyer on or before the expiration of said three-year period. Buyer will indemnify Seller, its successors and assigns, against, and will hold Seller, its successors and assigns, harmless from, any expenses or damages, including reasonable attorneys' fees, that Seller incurs because of the breach of any of the above representations and warranties, whether such breach is discovered before or after Closing. Consummation of this Agreement by Seller with knowledge of any such breach by Buyer will not constitute a waiver or release by Seller of any claims due to such breach.

12. Conditions to Closing. Buyer's obligation to proceed to Closing under this Agreement is subject to the following conditions precedent:

12.1 Seller will have performed and satisfied each and all of Seller's obligations under this Agreement;

12.2 Each and all of Seller's representations and warranties set forth in this Agreement will be true and correct on the Contract Date and on the Closing Date;

12.3 There will be no material adverse change between the Contract Date and the Closing Date in the physical condition of the Property or in Seller's obligations with respect thereto;

12.4 Buyer will have delivered the Notice to Proceed to Seller on or prior to the Contingency Date; and

12.5 Seller will deliver title to Buyer in condition that enables the Title Company to deliver the Title Policy in accordance with Section 1.1.50.

In the event any of the foregoing conditions are not satisfied on the Closing Date, Buyer will have no obligation to proceed to Closing and, unless Buyer delivers written notice to Seller that Buyer has waived any unsatisfied condition and will proceed to Closing, this Agreement, upon notice from Buyer to Seller, will cease and terminate, and the Earnest Money will be returned and paid to Buyer. Notwithstanding the foregoing, nothing contained herein will waive or diminish any right or remedy Buyer may have for Seller's default or breach of this Agreement.

13. Damage. If, prior to the Closing, all or any part of the Property is substantially damaged by fire, casualty, the elements or any other cause, Seller will immediately give notice to Buyer of such fact and at Buyer's option (to be exercised within 30 days after Seller's notice), this Agreement will terminate, in which event neither party will have any further obligations under this Agreement, and the Earnest Money will be refunded to Buyer. If Buyer fails to elect to terminate this Agreement despite such damage, or if the Property is not substantially damaged, Seller will promptly repair such damage or destruction and return the Property to its condition prior to such damage; or at Buyer's option, Seller will assign to Buyer all of Seller's rights to receive the proceeds of all insurance related to such damage, the Transaction will close, and the Purchase Price will remain the same. If such damage is completely repaired prior to the Closing, then there will be no reduction in the Purchase Price and Seller will retain the proceeds of all insurance related to such damage. If such damage is not completely repaired prior to the Closing, but Seller is diligently proceeding to repair, then Seller will complete the repair after the Closing and will be entitled to receive the proceeds of all insurance related to such damage after repair is completed; provided, however, Buyer will have the right to postpone the Closing until repairs are completed. If Seller fails to diligently proceed to repair such damage, then Buyer has the right to require the Closing to occur and the Purchase Price (and specifically the cash portion payable at the Closing) will be reduced by the cost of such repair, or at Buyer's option, Seller will assign to Buyer all of Seller's rights to receive the proceeds of all insurance related to such damage, and the Purchase Price will remain the same. For purposes of this Section, the words "substantially damaged" mean damage that is reasonably estimated to cost \$1,000 or more to repair.

14. Condemnation. If, prior to the Closing, eminent domain proceedings are commenced against all or any material part of the Property by anyone other than Seller, Seller will immediately give notice to Buyer of such fact, and at Buyer's option (to be exercised within 30 days after Seller's notice), this Agreement will terminate, in which event neither party will have further obligations under this Agreement, and the Earnest Money will be refunded to Buyer. If Buyer fails to give such notice then there will be no reduction in the Purchase Price, and Seller will assign to Buyer at the Closing all of Seller's right, title and interest in and to any award made or to be made in the condemnation proceedings. Prior to the Closing, Seller will not designate counsel, appear in, or otherwise take any action with respect to the condemnation proceedings without Buyer's prior written consent.

15. Broker's Commission. Seller and Buyer represent and warrant to each other that they have dealt with no brokers, finders or the like in connection with this transaction, and will indemnify each other and hold each other harmless against all claims, damages, costs or expenses of or for any other such fees or commissions resulting from the actions or agreements of the indemnitor regarding the execution or performance of this Agreement, 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.

16. Mutual Indemnification. Seller will indemnify and hold Buyer harmless from all liabilities (including reasonable attorneys' fees in defending against claims) arising out of claims by third parties relating to acts or occurrences on, at or with respect to the Property which occur prior to the Closing, unless such claims relate to acts by Buyer or its agents. Buyer will indemnify and hold Seller harmless from all liabilities (including reasonable attorneys' fees in defending against claims) arising out of claims by third parties relating to acts or occurrences on, at or with respect to the Property which occur on or after the Closing unless such claims relate to acts by Seller or its agents.

17. Assignment.

17.1 Assignment by Buyer. Buyer will have the right to assign or transfer all or any part of its right in this Agreement. Upon such assignment, the assignee will have and be subject to all the rights, benefits, duties and obligations of Buyer hereunder, but Buyer will not be released from any liability or obligation of Buyer hereunder unless Seller consents to such release in writing.

17.2 Assignment by Seller. Seller will have the right to assign or transfer all or any part of its right in this Agreement. Upon such assignment, the assignee will have and be subject to all the rights, benefits, duties and obligations of Seller hereunder, but Seller will not be released from any liability or obligation of Seller hereunder unless Buyer consents to such release in writing.

18. Survival. The warranties and representations contained herein will survive and be enforceable after the Closing as provided in Sections 10.32 and 11. All of the other terms of this Agreement will survive the Closing.

19. Notices. Any notice required or permitted hereunder will be given if delivered by personal delivery upon an authorized representative of a party hereto; or if mailed by United States registered or certified mail, return receipt requested, postage prepaid; or if transmitted by facsimile copy followed by mailed notice; or if deposited cost paid with a nationally recognized overnight courier, properly addressed as follows:

If to Seller:

Dennis Palm
1519 14th Ave. NW
New Brighton, MN 55112

If to Buyer:

Matt Brown
Community Development Specialist
City of Coon Rapids
11155 Robinson Drive
Coon Rapids, MN 55433
Fax #: 763-767-6573

With Copy to:

David Brodie, City Attorney
City of Coon Rapids
11155 Robinson Drive
Coon Rapids, MN 55433

Notices will be deemed effective on the earlier of the date of receipt or the date of deposit, as aforesaid; provided, however, that if notice is given by deposit, the time for response to any notice by the other party will start running 1 business day after any such deposit. Any party may change its address for the service of notice by giving notice of such change 10 days prior to the effective date of such change.

20. Waive of Relocation Benefits. Seller is willing to voluntarily accept the purchase price due under this Agreement as full payment for the Property including any relocation benefits that Seller is or may be entitled to under applicable law. At Closing, Seller will deliver a document in substantially the form of Exhibit ____ evidencing Seller's willingness to relinquish all claims to any possible relocation benefits under applicable law.

2. Miscellaneous.

21.1 Captions. The paragraph headings or captions appearing in this Agreement are for convenience only, are not a part of this Agreement and are not to be considered in interpreting this Agreement.

21.2 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 of any of its terms will be effective unless in a writing executed by the parties.

21.3 Controlling Law. This Agreement has been made under the laws of the State of Minnesota, and such laws will control its interpretation.

21.4 No Waiver. Neither the failure of either party to exercise any power given such party hereunder or to insist upon strict compliance by the other party with its obligations hereunder, nor any custom or practice of the parties at variance with the terms hereof constitutes a waiver of either party's right to demand exact compliance with the terms hereof.

21.5 Binding Effect. This Agreement is binding upon and inures to the benefit of the parties hereto and their respective heirs, executors, administrators, legal representatives, successors and assigns, subject to the provisions of Section 18.

21.6 Amendments. No amendment to this Agreement will be binding on either of the parties hereto unless such amendment is in writing and is executed by the party against whom enforcement of such amendment is sought.

21.7 Date For Performance. If the time period by which any right, option or election provided under this Agreement must be exercised, or by which any act required hereunder must be performed, or by which the Closing must be held, expires on a Saturday, Sunday or legal or bank holiday, then such time period will be automatically extended through the close of business on the next regularly scheduled business day.

21.8 Recording. Seller and Buyer will not record this Agreement or a short-form of this Agreement without the consent of the other party.

21.9 Counterparts. This Agreement may be executed in any number of counterparts, each of which will be deemed to be an original, but all of which, when taken together, constitute the same instrument.

21.10 Time of the Essence. Time is of the essence of this Agreement and each and every term and condition hereof.

21.11 Severability. This Agreement is intended to be performed in accordance with, and only to the extent permitted by, all applicable laws, ordinances, rules and regulations, and is intended, and will for all purposes be deemed to be, a single, integrated document setting forth all of the agreements and understandings of the parties hereto, and superseding all prior negotiations, understandings and agreements of such parties. If any term or provision of this Agreement or the application thereof to any person or circumstance is, for any reason and to any extent, held to be invalid or unenforceable, then such term or provision will be ignored, and to the maximum extent possible, this Agreement will continue in full force and effect, but without giving effect to such term or provision.

22. Default and Remedies.

22.1 Buyer's Default. If Buyer defaults under this Agreement, Seller will have the right to terminate this Agreement, after written notice of cancellation as provided under Minnesota Statutes Section 559.21. Upon such termination, Seller will retain the Earnest Money as liquidated damages, time being of the essence of this Agreement. Seller and Buyer agree that Seller's economic detriment resulting from the removal of the Property from the market and the carrying and other costs incurred thereafter and associated therewith, including any costs to be incurred by Seller in order to satisfy the conditions of escrow set forth herein, are impracticable or extremely difficult to ascertain. Seller and Buyer agree that the Earnest Money is a reasonable estimate of such damages in the event of Buyer's failure to perform according to the provisions of this Agreement. Such payment is intended to be liquidated damages and not intended to be a forfeiture or penalty. The termination of this Agreement and retention of the Earnest Money will be the sole remedy available to Seller for default by Buyer, and Buyer will not be liable for damages or specific performance. Seller and Buyer acknowledge and agree that any liability of

Buyer to Seller under the indemnity provided for in Section 4.2 hereof will not be limited by this liquidated damages provision.

22.2 Seller's Default. If Seller defaults under this Agreement, Buyer will have the right to terminate this Agreement by giving written notice of termination to Seller, whereupon this Agreement will terminate, and upon such termination, all Earnest Money will be refunded to Buyer. In addition to terminating this Agreement, Buyer may sue Seller for damages. In lieu of terminating this Agreement, Buyer may maintain a suit for specific performance of this Agreement.

23. Confidentiality. Buyer and Seller agree that the terms of this Agreement, as well as the identity of the parties to the transactions contemplated hereby, and all information concerning the Property (including, without limitation, all information obtained by Buyer and Seller prior to the Closing Date) are subject to the Minnesota Data Practices Act and the Minnesota Open Meeting Law and other applicable laws of the State of Minnesota. Notwithstanding the foregoing, nothing contained herein will be construed so as to prohibit Seller or Buyer from making any disclosure required by law, including any such disclosure required by any federal, state or local governmental agency or court of competent jurisdiction.

Seller and Buyer have executed this Agreement as of the date first written above.

SELLER:

PALIS PROPERTIES, LLC

By: Dennie Malm
Its: _____

By: [Signature]
Its: _____

BUYER:

THE HOUSING AND REDEVELOPMENT
AUTHORITY IN AND FOR THE CITY OF
COON RAPIDS

By: _____
Tim Howe, Chair

By: _____
Bruce Sanders, Secretary

Approved as to Form and Content

By: _____
David Brodie, City Attorney

EXHIBIT A
ESCROW AGREEMENT

The undersigned, _____ (“Title Company”), acknowledges receipt of \$ _____ (the “Initial Earnest Money”) to be held by it pursuant to the Purchase Agreement to which this Escrow Agreement is attached. Title Company will hold the Initial Earnest Money in accordance with the terms of the Purchase Agreement and disburse the same strictly in accordance with such terms. Title Company will invest the Earnest Money in such interest-bearing accounts, instruments, corporate paper, or money market funds as approved by both Buyer and Seller. Interest will accrue for the benefit of Buyer, unless the Purchase Agreement is terminated by reason of the default of Buyer, in which case the interest will be paid to Seller. Prior to the Contingency Date, Buyer may direct the Title Company to return the Initial Earnest Money to it if Buyer elects to terminate the Purchase Agreement.

Seller and Buyer represent that their respective Tax I.D. Numbers are as follows:
Seller, _____; Buyer, 41-6008573.

Title Company is not responsible for any decision concerning performance or effectiveness of the Purchase Agreement or for resolution of any disputes concerning the Purchase Agreement. Title Company is responsible only to act in accordance with the joint and mutual direction of both Seller and Buyer, or in lieu thereof, the direction of a court of competent jurisdiction except as to Buyer’s right to direct the return of the Initial Earnest Money prior to the Contingency Date. Seller and Buyer will hold Title Company harmless from all claims for damages arising out of this Escrow Agreement and do hereby agree to indemnify Title Company for all costs and expenses in connection with this escrow, including court costs and attorneys’ fees, except for Title Company’s failure to account for the funds held hereunder, or acting in conflict with the terms hereof.

The fees and charges of the Title Company will be paid by Seller.

TITLE COMPANY:

By: _____
Its: _____

SELLER:

PALIS PROPERTIES

By: Dennis Walsh
Its: _____

BUYER:

THE HOUSING AND REDEVELOPMENT
AUTHORITY IN AND FOR THE CITY OF
COON RAPIDS

By: _____
Tim Howe, Chair

By: _____
Bruce Sanders, Secretary

EXHIBIT B

LEGAL DESCRIPTION OF LAND

See attachment



Anoka County
 Larry W. Dalien, Division Manager
 Property Records and Taxation
 2100 3rd Avenue
 Anoka, MN 55303-2281
 (763) 323-5400
 www.co.anoka.mn.us

2013

PROPERTY TAX STATEMENT

Taxpayer(s):

006528

PALIS PROPERTIES
 5063 217TH ST N
 FOREST LAKE MN 55025-9675



Property I.D.: 26-31-24-24-0077 REAL

Property Description: TRACT A RLS NO 80 & THAT PRT OF AN UNNUMBERED LOT OF COON CREEK PARK BEING IN THE NE1/4 OF THE NW1/4 & NW1/4 OF THE NE1/4 DESC AS FOL: COM AT A PT ON THE ELY EXT OF S LINE OF LOT 11 SD COON CREEK PARK

9864 EAST RIVER RD NW COON RAPIDS, MN 55433-0000
 TCA: 17011AU7

Owners(s): PALIS PROPERTIES



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You may be eligible for one or even two refunds to reduce your property tax.

REFUNDS?

Read the back of this statement to find out how to apply.

Taxes Payable Year:	2012	2013
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- | | | |
|--|--------|--------|
| 1. Use this amount on Form MIPR to see if you are eligible for a property tax refund. File by August 31. If this box is checked, you owe delinquent taxes and are not eligible. <input type="checkbox"/> | | \$0.00 |
| 2. Use these amounts on Form MIPR to see if you are eligible for a special refund. | \$0.00 | |

Property Tax and Credits

3. Property taxes before credits	\$13,516.45	\$14,443.19
4. Credits that reduce property taxes		
A. Agricultural market value credit	\$0.00	\$0.00
B. Agricultural preserve credit	\$0.00	\$0.00
5. Property taxes after credits	\$13,516.45	\$14,443.19

Property Tax by Jurisdiction

6. County		
A. General county levy	\$3,953.95	\$4,303.87
B. Regional rail authority	\$62.46	\$75.30
7. County/municipal public safety system	\$45.07	\$33.92
8. City or town	\$4,115.17	\$4,732.59
9. State general tax	\$0.00	\$0.00
10. School district #11:		
A. Voter approved levies	\$3,098.57	\$3,056.03
B. Other local levies	\$1,292.53	\$1,646.35
11. Special taxing districts		
A. Metropolitan special taxing districts	\$313.57	\$337.25
B. Other special taxing districts	\$250.61	\$257.88
C. Tax increment	\$384.52	\$0.00
D. Fiscal disparity	\$0.00	\$0.00
12. Non-school voter approved referenda levies	\$0.00	\$0.00
13. Total property tax before special assessments	\$13,516.45	\$14,443.19

Special Assessments

14. Special assessments		
A. Solid waste management charge	\$312.20	\$312.20
B. All other special assessments	\$0.00	\$0.00
C. Contamination tax	\$0.00	\$0.00

15. TOTAL PROPERTY TAX AND SPECIAL ASSESSMENTS	\$13,828.65	\$14,755.39
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2nd HALF PAYMENT STUB – PAYABLE 2013

Property LD.: 26-31-24-24-0077 REAL

To avoid penalty, pay on or before: **October 15, 2013**

Total Property Tax for 2013: \$14,755.39
Second-half payment due Oct. 15: \$7,377.70

Taxpayer(s): PALIS PROPERTIES
 5063 217TH ST N
 FOREST LAKE MN 55025-0000

Please Include Property I.D. on Check
 Make Check Payable To: Anoka County
 2100 3rd Ave., Anoka, MN 55303-2281

Check to indicate address correction on back.

Your canceled check is your receipt. Do not send back.

EXHIBIT C
RENT ROLL

(To be delivered by Seller)

See attached

EXHIBIT D
LIST OF PERMITS AND LICENSES

(To be delivered by Seller)

See Attached



License Fee: \$590.00

License No. 29023

RENTAL DWELLING
LICENSE

By order of the Coon Rapids City Council, a license is hereby granted to:

PALIS PROPERTIES
TO OPERATE A RENTAL DWELLING AT
9864/9920/9950 EAST RIVER RD

in the City of Coon Rapids, County of Anoka, State of Minnesota, for the period commencing May 1, 2013 and terminating on May 1, 2014 at midnight.

This license is granted pursuant to the submitted application and payment of fees therefore. This license is subject to the laws and rules of the State of Minnesota and the City Code and regulations of the City of Coon Rapids pertaining thereto, and is subject to suspension or revocation for violation thereof. This license is non-transferable.

In testimony whereof, we have hereunto subscribed our names and affixed the seal of the City of Coon Rapids this day of April 24, 2013.

ATTEST: 
Michelle Posch, Compliance Official

EXHIBIT E
LIST OF PERSONAL PROPERTY

(To be created by Seller)

(20) Refrigerators

(20) Stoves

(1) Snow Blower

EXHIBIT F
LIST OF PLANS

(To be delivered by Seller)

There are no Plans.

EXHIBIT G
LIST OF CONTRACTS

(To be created by Seller)

See Attached

Palis Properties Contracts

- Allied Waste Services- 952-946-5245
- BDS Laundry Management- 651-688- 8000

EXHIBIT H
RELOCATION WAIVER

We will sign
at closing -
Per - attorney