



**HOUSING AND REDEVELOPMENT
AUTHORITY AGENDA**

Tuesday, June 7, 2016

6:55 p.m.

**Coon Rapids City Center
Council Chambers**

Call to Order

Roll Call

Approval of Minutes of Previous Meeting

New Business

1. Consider Resolution HRA 16-2 Approving Purchase Agreements for Riverdale Station Development

Other Business

Adjourn



HRA Regular

1.

Meeting Date: 06/07/2016

Subject: Consider Resolution HRA 16-2 Approving Purchase Agreements for Riverdale Station Development

From: Matt Brown, Economic Development Coordinator

INTRODUCTION

The HRA is asked to consider a resolution approving purchase agreements with the Anoka County Regional Rail Authority and Sherman Associates for a transit-oriented development project adjacent to the Riverdale Transit Station along Northdale Boulevard.

DISCUSSION

On April 19, the HRA and City Council approved a Term Sheet with Minneapolis-based Sherman Associates for a residential development project adjacent to the Riverdale Transit Station on Northdale Boulevard. Sherman proposes a first phase of approximately 245 apartments in 2 buildings on about 8 acres of the 16 acre site. Approximately 48 of the units (20%) are affordable to households earning 50% of AMI in order to qualify for tax credits and a housing TIF district. The remaining 80% of units would be market-rate apartments. A small retail component may be included in one of the buildings. A second phase would likely include senior housing on the balance of the site and would be constructed within a few years of the completion of the first phase.

Because Sherman needs to demonstrate site control for its tax credit application, the HRA is asked to enter into purchase agreements with Sherman Associates and the Anoka County Regional Rail Authority. The terms of the proposed purchase agreements are consistent with those listed in the Term Sheet. The HRA would purchase the entire site for \$2,300,000 and immediately sell the land for Phase I to Sherman for \$1,500,000. The two closings would occur simultaneously by June 30, 2017. Sherman would purchase the land for Phase II for \$800,000 from the HRA within three years of closing on the land for Phase I. The HRA is asked to adopt Resolution HRA 16-2, which approves purchase agreements related to the conveyance of the real estate for the project substantially in the form provided. Drafts of the two agreements are attached and if anything changes before Tuesday, staff will highlight those issues at the meeting.

The City Council will consider a resolution supporting Sherman's tax credit application at its June 7 meeting. It is expected that the Rail Authority will consider the purchase agreements at its June 14 meeting. Additional approvals related to the project, including a development agreement and land use approvals, will occur at a later date.

RECOMMENDATION

Staff recommends that the HRA:

1. Conduct a public hearing.
 2. Adopt Resolution HRA 16-2 approving purchase agreements and purchase and conveyance of certain property.
-

Attachments

Location Map

Resolution HRA 16-2

Sherman Purchase Agreement

ACRRA Purchase Agreement



RESOLUTION NO. HRA 16-2

RESOLUTION APPROVING PURCHASE AGREEMENTS AND PURCHASE AND CONVEYANCE OF CERTAIN PROPERTY

BE IT RESOLVED by the Board of Commissioners (“Board”) of the Housing and Redevelopment Authority of the City of Coon Rapids, Minnesota (“HRA”) as follows:

WHEREAS, the City of Coon Rapids has previously established Redevelopment Project No. 1 (the “Project Area”);

WHEREAS, the HRA was heretofore established by the City of Coon Rapids, Minnesota (the “City”) pursuant to Minnesota Statutes, Sections 469.001 to 469.047 (the “HRA Act”), and is authorized to undertake certain activities to facilitate the development and redevelopment of real property by private enterprise, including the purchase and sale of property;

WHEREAS, to facilitate housing development and redevelopment of certain property in the City, the HRA proposes to enter into a Purchase Agreement (the “Purchase Agreement”) between the HRA and the Anoka County Regional Railroad Authority (the “ACRRA”) for the purchase of certain land located at the intersection of 123rd Avenue NW and Northdale Boulevard in the City legally described as Tract A, Registered Land Survey No. 209, Anoka County, Minnesota (the “Development Property”);

WHEREAS, Sherman Associates, Inc. (the “Developer”) proposes to thereafter acquire the Development Property from the HRA in two phases pursuant to a Purchase Agreement (the “Sale Agreement” and, together with the Purchase Agreement, the “Agreements”) and develop a housing development on the Development Property in two phases. Phase I will include the construction of 191 market rate apartments and 48 affordable apartments and phase II will include the construction of additional housing units, including senior apartments;

WHEREAS, the Board has been presented with the Purchase Agreement between the HRA and the ACRRA which sets forth the terms and condition of the purchase of the Development Property by the HRA. The Board has also been presented with the Sale Agreement between the HRA and the Developer which sets forth the terms and conditions of the sale of the Development Property to the Developer;

WHEREAS, the HRA has on this date conducted a duly noticed public hearing in accordance with Minnesota Statutes, Section 469.029 regarding the sale of the Development Property to Developer, at which all interested persons were given an opportunity to be heard;

NOW THEREFORE, BE IT RESOLVED by the Board of the HRA as follows:

1. The HRA finds and determines that the purchase of the Development Property from the ACRRA and the subsequent conveyance of the Development Property to the Developer is in the public interest and will further the objectives of its general plan of economic development, housing development and redevelopment of the City because it will provide an opportunity for increased

employment opportunities and housing options in the City and serve as an impetus for further development.

2. The HRA hereby approves the Agreements in substantially the forms presented to the Board, together with any related documents necessary in connection therewith, including without limitation all documents referenced in or attached to the Agreements, and any deed or other documents necessary to carry out the Agreements, all as described in the Agreements (collectively, the “Development Documents”) and the Chair and the Secretary are hereby authorized and directed to execute the Development Documents on behalf of the HRA and to carry out, on behalf of the HRA, the HRA’s obligations thereunder.

3. HRA staff and officials are authorized to take all actions necessary to perform the HRA’s obligations under the Development Documents as a whole, including without limitation execution of any documents or certifications to which the HRA is a party referenced in or attached to the Development Documents, and any deed or other documents necessary to acquire the Development Property from the ACRRA and convey the Development Property to Developer.

4. The approval hereby given to the Development Documents includes approval of such additional details therein as may be necessary and appropriate and such modifications thereof, deletions therefrom and additions thereto as may be necessary and appropriate and approved by legal counsel to the HRA and by the officers authorized herein to execute said documents prior to their execution; and said officers are hereby authorized to approve said changes on behalf of the HRA. The execution of any instrument by the appropriate officers of the HRA herein authorized shall be conclusive evidence of the approval of such document in accordance with the terms hereof. In the event of absence or disability of the officers, any of the documents authorized by this Resolution to be executed may be executed without further act or authorization of the Board by any duly designated acting official, or by such other officer or officers of the Board as, in the opinion of the City Attorney, may act in their behalf.

Approved by the Board of Commissioners of the Housing and Redevelopment Authority in and for the City of Coon Rapids, Minnesota this 7th day of June, 2016.

Jerry Koch, Chair

ATTEST:

Brad Johnson, Secretary

PURCHASE AGREEMENT

THIS PURCHASE AGREEMENT (this “Agreement”) is made as of this ___ day of May, 2016 (the “Effective Date”), between the **HOUSING AND REDEVELOPMENT AUTHORITY IN AND FOR THE CITY OF COON RAPIDS, MINNESOTA** (“Seller”), and **SHERMAN ASSOCIATES, INC.**, a Minnesota corporation, or its permitted assigns (“Buyer”).

RECITALS

A. Seller is the fee owner of that certain approximately 15.9 acre parcel of real property legally described as set forth on Exhibit A attached hereto (the “Land”) located near the intersection of 123rd Avenue NW and Northdale Boulevard, Coon Rapids, Minnesota.

B. Seller desires to sell the Land to Buyer and Buyer desires to purchase the Land from Seller pursuant to the terms and conditions of this Agreement.

NOW THEREFORE, in consideration of the covenants set forth herein and other good and valuable consideration, the receipt and sufficiency of which the parties hereby acknowledge, Seller and Buyer hereby agree as follows:

1. Sale of Property. Subject to compliance with the terms of this Agreement, Seller agrees to sell to Buyer, and Buyer agrees to buy from Seller, the following property (collectively, the “Property”):

(a) Real Property. The Land, together with (i) all improvements located on the Land (“Improvements”), and (ii) all easements and rights benefiting or appurtenant to the Land, including Seller’s rights in any vacated or existing public rights of way abutting the property (“Appurtenances”) (the Land, Improvements and Appurtenances are collectively the “Real Property”), subject only to Permitted Encumbrances (as defined below).

(b) Licenses and Permits. To the extent that they are assignable, all right, title and interest of Seller in and any licenses and permits relating to the ownership of the Real Property, any name rights associated with the Real Property, and records kept (collectively, the “Licenses and Permits”).

2. Earnest Money. Within thirty (30) days after the date of full execution and delivery of this Agreement, Buyer shall deposit Ten Thousand and No/100 Dollars (\$10,000.00) (such deposit together with the interest earnings thereon is referred to herein as the “Earnest Money”) to be deposited with and held in trust in an interest bearing account (all interest earned thereon shall be credited to Buyer) by Commercial Partners Title LLC (the “Title Company”) until applied to the Purchase Price at Closing or otherwise disbursed to Buyer or Seller as required in this Agreement. The Earnest Money shall be disbursed as follows as applicable:

(a) If Seller terminates this Agreement pursuant to Section 25 hereof because of Buyer's default, the Earnest Money shall be disbursed to Seller upon such termination. If Buyer terminates this Agreement pursuant to Section 25 hereof because of Seller's default, the Earnest Money shall be disbursed to Buyer upon such termination.

(b) If Buyer terminates this Agreement due to any condemnation pursuant to Section 15 hereof, the Earnest Money shall be disbursed to Buyer upon such termination.

(c) If Buyer or Seller terminates this Agreement before or on any Contingency Date as provided in Section 4 and 5 hereof, the Earnest Money shall be disbursed to Buyer upon such termination.

(d) Notwithstanding anything contained herein, if Buyer proceeds to the Phase II Closing (defined below), all Earnest Money shall be credited to Seller in part payment of the Second Installment, and the Earnest Money shall be disbursed to Seller at the Phase II Closing.

3. Purchase Price. The "Purchase Price" for the Property shall be Two Million Three Hundred Thousand (\$2,300,000). The Purchase Price shall be paid as follows:

(a) \$1,500,000 of the Purchase Price (the "First Installment") shall be paid at Phase I Closing (defined below) for the portion of the Property approximately depicted as Phase I on Exhibit B attached hereto ("Phase I");

(b) \$790,000 (the Earnest Money shall be credited to Seller) of the Purchase Price (the "Second Installment") shall be paid at Phase II Closing (defined below) for the portion of the Property approximately depicted as Phase II on Exhibit B attached hereto ("Phase II").

4. Buyer's Contingencies. Buyer's obligation to close on the transaction contemplated hereunder is contingent upon the occurrence of the events described below.

(a) On or before April 30, 2017 (the "Due Diligence Contingency Date"):

i. Title and Survey. The condition of title and the survey shall have been found acceptable to Buyer, or been made acceptable, in accordance with the requirements and terms of Section 6 below. The Due Diligence Contingency Date shall be extended as necessary as provided in Section 6(d) hereof.

ii. Testing, Investigation. Buyer shall have determined that it is satisfied with the results of all matters disclosed by soil tests, soil borings, engineering inspections, structural and mechanical inspections, surveys, and any and all other reviews, tests or studies of the Property, including tests and inspections relating to asbestos and the adequacy of utilities available to the Property, all such tests, inspections and reviews to be obtained at Buyer's sole cost and expense.

Seller shall obtain approval from the Anoka County Regional Railroad Authority (the “ACRRA”) allowing Buyer, and Buyer’s agents, access to the Property without charge and at all reasonable times for the purpose of Buyer’s investigation and testing the same. In performing such investigation and testing Buyer shall make reasonable efforts to minimize any interference with the Property’s operation. Buyer shall pay all costs and expenses of such investigation. The Buyer shall indemnify, defend and hold the Seller harmless from any claim for damage to person or property arising from any investigation or inspection of the Property conducted by the Buyer, the Buyer’s agents or contractors, including the cost of attorneys’ fees. Copies of any written reports, studies or test results obtained by the Buyer in connection with the Buyer’s inspection of the Property or investigation relating to the Property shall be delivered to the Seller promptly upon receipt of the same at no cost to the Seller.

iii. Environmental Investigation. Buyer shall have determined that it is satisfied with the results of all matters disclosed by hazardous waste and environmental reviews of the Property. Seller shall obtain approval from the ACRRA allowing Buyer, and Buyer’s agents, access to the Property without charge and at all reasonable times for the purpose of Buyer’s investigation and testing the same. All such tests, inspections and reviews will be obtained at Buyer’s sole cost and expense. In performing such investigation and testing, Buyer shall make reasonable efforts to minimize any interference with the operation of the Property. Buyer shall pay all costs and expenses of such investigation and testing. The Buyer shall indemnify, defend and hold the Seller harmless from any claim for damage to person or property arising from any investigation or inspection of the Property conducted by the Buyer, the Buyer’s agents or contractors, including the cost of attorneys’ fees. Copies of any written reports, studies or test results obtained by the Buyer in connection with the Buyer’s inspection of the Property or investigation relating to the Property shall be delivered to the Seller promptly upon receipt of the same at no cost to the Seller.

iv. Government Approvals. Buyer shall have obtained any governmental approvals necessary to accomplish Buyer’s planned redevelopment of the Property (“Redevelopment Project”), including but not limited to, subdivision of the Property.

v. Document Review. Within ten (10) days of the Effective Date, Seller shall provide Buyer with true and correct copies of all documents and materials in Seller’s possession relating to the Property, including but not limited to:

- (A) Any Licenses and Permits;
- (B) Current and prior year’s property tax statements;
- (C) Any title evidence or survey of the Real Property;

- (D) Any written notices received from any governmental organization of any violation regarding the Property; and
- (E) Any engineering or environmental inspection reports, any environmental remediation plans, any no-action letters or other documentation relating to completion of environmental remediation at the Property; and
- (F) Any Phase I or Phase II reports.

which Buyer shall have found satisfactory.

(b) On or before the Phase I Closing Date (the “Phase I Final Contingency Date”):

i. Financing. Buyer shall have received commitments for financing the proposed redevelopment of Phase I pursuant to terms and conditions acceptable to Buyer in its sole discretion. Such financing may include but not be limited to tax increment financing and low income housing tax credits.

ii. Subdivision. Buyer shall have subdivided the Property into Phase I and Phase II approximately shown on Exhibit B attached hereto.

iii. Representations and Warranties. Seller’s representations and warranties contained in this Agreement must be accurate in all material respects now and on the Phase I Closing Date as if made on the Phase I Closing Date and Seller shall have delivered to Buyer at closing a certificate dated as of the applicable Closing Date certifying that such representations and warranties are true as of the Phase I Closing Date (“Phase I Update Certificate”).

iv. Material Changes. There shall have been no material adverse changes in the operation or physical condition of the Property in the period between the Effective Date of this Agreement and the Phase I Closing Date.

v. Title Policy. On or before the applicable Closing Date, Buyer shall have obtained from the Title Company a proforma title policy for Phase I or a suitably marked up Title Commitment (as defined herein) initialed by the Title Company in the form required by this Agreement.

(c) On or before the Phase II Closing Date (the “Phase II Final Contingency Date”):

i. Financing. Buyer shall have received commitments for financing the proposed redevelopment of Phase II pursuant to terms and conditions acceptable to Buyer in its sole discretion.

ii. Representations and Warranties. Seller's representations and warranties contained in this Agreement must be accurate in all material respects now and on the Phase II Closing Date as if made on the Phase II Closing Date and Seller shall have delivered to Buyer at closing a certificate dated as of the applicable Closing Date certifying that such representations and warranties are true as of the Phase II Closing Date ("Phase II Update Certificate").

iii. Material Changes. There shall have been no material adverse changes in the operation or physical condition of the Property in the period between the Effective Date of this Agreement and the Phase II Closing Date.

iv. Title Policy. On or before the applicable Closing Date, Buyer shall have obtained from the Title Company a proforma title policy for Phase II or a suitably marked up Title Commitment (as defined herein) initialed by the Title Company in the form required by this Agreement.

For purposes herein, the Due Diligence Contingency Date, the Phase I Final Contingency Date and the Phase II Final Contingency Date shall be individually and collectively referred to as a "Contingency Date". If any contingency set forth in this Section 4 has not been satisfied on or before the applicable Contingency Date, then this Agreement may be terminated, at Buyer's option, by written notice from Buyer to Seller and the Earnest Money shall be returned to Buyer. If any contingency set forth in Section 4(c) has not been satisfied on or before the applicable Contingency Date, then this Agreement may be terminated at Buyer's option, by written notice from Buyer to Seller and the Earnest Money shall be returned to Buyer. Such notice of termination must be given at any time not later than the applicable Contingency Date. All the contingencies set forth in this Section 4 are specifically stated and agreed to be for the sole and exclusive benefit of Buyer, and Buyer shall have the right to unilaterally waive any contingency by written notice to Seller. Seller agrees to cooperate with and assist Buyer in attempting to satisfy each of the foregoing contingencies.

5. Seller's Contingencies. Seller's obligation to close on the transaction contemplated hereunder is contingent upon the occurrence of the events described below on or before the applicable Closing Date:

- (a) All representations and warranties made by the Buyer in this Purchase Agreement shall be true in all material respects as of the Closing Date and the Buyer is not in default under this Purchase Agreement.
- (b) The Seller has entered into a separate Purchase Agreement for the Property with the ACCRA, all contingencies have been met thereunder, and no event of default exists thereunder.

For purposes herein, the Due Diligence Contingency Date, the Phase I Final Contingency Date and the Phase II Final Contingency Date shall be individually and collectively referred to as a "Contingency Date". If any contingency set forth in this Section 5 has not been satisfied on or

before the applicable Contingency Date, then this Agreement may be terminated, at Seller's option, by written notice from Seller to Buyer and the Earnest Money shall be returned to Buyer. . Such notice of termination must be given at any time not later than the applicable Contingency Date. All the contingencies set forth in this Section 5 are specifically stated and agreed to be for the sole and exclusive benefit of Seller, and Seller shall have the right to unilaterally waive any contingency by written notice to Buyer. Buyer agrees to cooperate with and assist Seller in attempting to satisfy each of the foregoing contingencies.

6. Title.

(a) Condition of Title. On or before the applicable Closing Date, Seller shall be required to convey fee title to Phase I and Phase II, as applicable, to Buyer, subject to no liens, easements, encumbrances, conditions, reservations or restrictions other than the Permitted Encumbrances (as defined below).

(b) Title Evidence. The following shall constitute "Title Evidence":

(i) Title Insurance Commitment. Seller shall obtain, at Seller's expense, and deliver to Buyer within twenty (20) days after the Effective Date a commitment (the "Title Commitment") from the Title Company for an Owner's Policy of Title Insurance, together with legible copies of all documents, maps and plats referenced therein, in an amount requested by Buyer.

(ii) Survey. Buyer shall obtain, at Buyer's expense, within thirty (30) days of receipt of the Title Commitment, an ALTA survey of the Property from a registered land surveyor properly licensed to practice in Minnesota (the "Survey").

(c) Buyer's Objections. Within thirty (30) days after receiving the last of the Title Commitment and Survey (collectively, the "Title Evidence"), Buyer shall make written objections ("Objections") to the form and/or contents of the Title Evidence. Buyer's failure to make Objections within such time period will constitute waiver of objections, except that Buyer shall not be deemed by virtue of failure to so object to have waived any proper objection relating to any consensual lien on the Property. Any matter shown on such Title Evidence and not included in Buyer's Objections (other than such consensual liens) shall be a "Permitted Encumbrance" hereunder.

(d) Seller Cure Period. Seller shall have thirty (30) days after receipt of the Objections to cure the Objections, during which period the Due Diligence Contingency Date will be extended and the Phase I Closing will be postponed as necessary. Seller shall use its best efforts to correct any Objections. To the extent an Objection can be satisfied by the payment of money, Buyer shall have the right to apply a portion of the cash payable to Seller at the Phase I Closing to satisfy such Objection and the amount so applied shall reduce the amount of cash payable to Seller at the Phase I Closing. If the Objections are not cured within such thirty (30) day period, Buyer's options will be to do the following: (i) terminate this Agreement by written notice to Seller and the Earnest Money shall be

disbursed to Buyer; (ii) waive the Objections and proceed to close; or (iii) give Seller an extension to correct any Objections, which extension shall automatically extend the Due Diligence Contingency Date and postpone the Phase I Closing Date as necessary.

7. Closing. The consummation of the purchase and sale transaction contemplated by this Agreement for Phase I (the “Phase I Closing”) shall occur on or before June 30, 2017 (the “Phase I Closing Date”), at such place as Buyer and Seller may agree. The consummation of the purchase and sale transaction contemplated by this Agreement for Phase II (the “Phase II Closing”) shall occur on or before three (3) years after the Phase I Closing Date (the “Phase II Closing Date”), at such place as Buyer and Seller may agree. Seller shall deliver possession of Phase I and Phase II, as applicable, on the respective Closing Date.

8. Seller’s Closing Obligations. On the Phase I Closing Date and the Phase II Closing Date, as applicable, Seller shall execute and/or deliver to Buyer the following items, which are referred to as “Seller’s Closing Documents.” Seller’s Closing Documents shall be duly executed and, where appropriate, be in recordable form.

(a) Deed. A quit claim deed for Phase I or Phase II, as applicable, conveying such portion of the Property to Buyer, free and clear of all encumbrances, except the Permitted Encumbrances.

(b) Assignment of Contracts. An Assignment of Contracts duly executed by Seller, assigning and transferring to Buyer all of Seller’s right, title and interest in and to any Licenses and Permits with respect to the Phase I or Phase II, as applicable, to the extent the same are assignable, in form and substance acceptable to Buyer (the “Assignment of Contracts”).

(d) Update Certificate. The Phase I Update Certificate or Phase II Update Certificate, as applicable.

(e) Seller’s Affidavit. An Affidavit by Seller indicating that on the applicable Closing Date, other than the Permitted Encumbrances, there are no outstanding, unsatisfied judgments, divorce proceedings, 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 unrecorded interests in the Property, together with whatever standard owner’s affidavit and/or indemnity (ALTA form) that may be required by the Title Company to issue an Owner’s Policy of Title Insurance with the standard exceptions waived.

(f) FIRPTA Affidavit. A non-foreign affidavit as required by applicable law.

(g) Other Documents. A closing statement and all other documents necessary to transfer Phase I or Phase II, as applicable, to Buyer free and clear of all encumbrances except for the Permitted Encumbrances and to allow the Title Company to record the deed and issue the Title Insurance Policies required by this Agreement.

(h) Possession. Possession of Phase I or Phase II, as applicable, free of possession by Seller and others.

9. Buyer's Closing Obligations. On the Phase I Closing Date and the Phase II Closing Date, as applicable, Buyer will execute and/or deliver to Seller the following, which (in the case of documents) are referred to as "Buyer's Closing Documents." Buyer's Closing Documents shall be duly executed and, where appropriate, be in recordable form.

(a) Purchase Price. The First Installment or the Second Installment, as applicable, by wire transfer or other immediately available funds.

(b) Assignment of Contracts. The Assignment of Contracts.

(c) Other Documents. A closing statement and all other documents necessary to transfer Phase I or Phase II, as applicable, to Buyer free and clear of all encumbrances except for the Permitted Encumbrances and to allow the Title Company to record the deed and issue the Title Insurance Policies required by this Agreement.

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

a) All real estate taxes due and payable for all years prior to the Phase I Closing or Phase II Closing, as applicable, shall be paid by Seller. Seller shall pay all special assessments levied or pending as of the applicable Closing Date. Real estate taxes for the year of the applicable Closing shall be prorated between Buyer and Seller based on the most recent tax bill, so that Seller pays that portion of the real estate taxes payable up to and including the applicable Closing Date and Buyer pays that portion of the real estate taxes payable after the applicable Closing Date. Buyer shall pay all real estate taxes due and payable in years following the applicable Closing Date. Buyer shall pay all special assessments levied or pending after the applicable Closing Date.

(b) Buyer shall pay for the Survey. Buyer shall pay all title charges for the issuance of the Title Commitment and any Title Policy premiums for any policies of title insurance, including any requested endorsements.

(c) Buyer shall pay all costs of recording the deed and Seller shall pay for the cost of recording any other documents necessary to convey the Property as required by this Agreement.

(d) Buyer shall pay the State deed tax to record the deed. Buyer shall also reimburse Seller at the Phase I Closing for the State deed tax that Seller paid in order to acquire the Property from the Anoka County Regional Rail Authority.

(e) Any closing fee payable to the Title Company or escrow fees shall be paid by Buyer.

(f) All utility bills, charges, and other operating costs of the Property (other than real estate taxes and special assessments) shall be allocated between Seller and Buyer as of the applicable Closing Date, so that Seller pays that portion of the bills, charges, and other operating costs due and payable on or before the applicable Closing Date and Buyer pays that portion of the bills, charges, and other operating costs due and payable after the applicable Closing Date.

(g) 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 actual, reasonable attorneys' fees, court costs and any and all other costs incurred by the non-defaulting party to enforce its rights regarding such default.

11, Operation Prior to Closing. During the period from the date of Seller's acceptance of this Agreement to the Phase I Closing Date and the Phase II Closing Date, as applicable, (the "Executory Period"), Seller shall:

(a) Operate and maintain the Property in the ordinary course of business in accordance with prudent, reasonable business standards.

(b) Not convey or otherwise transfer any of the Property without the consent of Buyer.

(c) Not execute any contracts, leases or other agreements regarding the Property during the Executory Period that do not terminate on or before the applicable Closing Date without the written consent of Buyer, which consent may be withheld by Buyer in its sole discretion.

(d) Promptly deliver to Buyer a copy of any notice, consent, waiver, request or other communication Seller receives from any public or private entity with respect to any of the Property.

(e) Not sell, dispose, transfer, assign or otherwise remove any of the Property except Property that is replaced with Property of equivalent or greater value in the ordinary course of business without the consent of Buyer.

(g) Timely pay and discharge all bills and monetary obligations and timely and properly perform all of its obligations and commitments under all existing contracts and agreements pertaining to the Property, except as to amounts or obligations which Seller contests in good faith.

(h) Not enter into any negotiations with or solicit any offer, inquiry or proposal from any other person with respect to the sale, merger or other acquisition of the Property.

12. As Is, Where Is. The Buyer acknowledges that the Buyer has inspected or has had the opportunity to inspect the Property and agrees to accept the Property "AS IS" with no right of set off or reduction in the Purchase Price. Such sale shall be without representation of

warranties, express or implied, either oral or written, made by the Seller or any official, employee or agent of the Seller with respect to the physical condition of the Property, including but not limited to, the existence or absence of petroleum, hazardous substances, pollutants or contaminants in, on, or under, or affecting the Property or with respect to the compliance of the Property or its operation with any laws, ordinances, or regulations of any government or other body, except as stated above. The Buyer acknowledges and agrees that the Seller has not made and does not make any representations, warranties, or covenants of any kind or character whatsoever, whether expressed or implied, with respect to warranty of income potential, operating expenses, uses, habitability, tenant ability, or suitability for any purpose, merchantability, or fitness of the Property for a particular purpose, all of which warranties Seller hereby expressly disclaims, except as stated above. The Buyer is relying entirely upon information and knowledge obtained from the Buyer's own investigation, experience and knowledge obtained from the Buyer's own investigation, experience or personal inspection of the Property. The Buyer expressly assumes, at closing, all environmental and other liabilities with respect to the Property and release and indemnify the Seller from same, whether such liability is imposed by statute or derived from common law including, but not limited to, liabilities arising under the Comprehensive Environmental Response, Compensation and Liability Act ("CERCLA"), the Hazardous and Solid Waste Amendments Act, the Resource Conservation and Recovery Act ("RCRA"), the federal Water Pollution Control Act, the Safe Drinking Water Act, the Toxic Substances Act, the Superfund Amendments and Reauthorization Act, the Toxic Substances Control Act and the Hazardous Materials Transportation Act, all as amended, and all other comparable federal, state or local environmental conservation or protection laws, rules or regulations. The foregoing assumption and release shall survive Closing. All statements of fact or disclosures, if any, made in this Agreement or in connection with this Agreement, do not constitute warranties or representations of any nature. The foregoing provision shall survive Closing and shall not be deemed merged into any instrument of conveyance delivered at Closing.

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

(a) Authority. Seller has the requisite power and authority to enter into and perform this Agreement and those Seller's Closing Documents signed by it; the foregoing documents have been or will be duly executed and delivered; the execution, delivery and performance by Seller of such documents do not conflict with or result in a violation of any judgment, order, or decree of any court or arbiter or any other agreements of any nature to which Seller is a party; such documents are or will be when signed valid and binding obligations of Seller and are enforceable in accordance with their terms.

(b) Contracts. Seller has not entered into any contracts for the sale of the Property other than this Agreement. Seller has received no notice of and has no knowledge of any rights of first refusal, right of first offer or options to purchase any of the Property or any other rights or agreements that may delay or prevent this transaction. No person or entity is entitled to possession of any of the Property other than Seller. There is in effect no contract or agreement relating to occupancy, management or operation of the Property that cannot be terminated on or prior to the applicable Closing Date.

(c) Compliance. To the best of Seller's knowledge, Property is in compliance with applicable law, without the benefit of any "grandfathering" or similar variance. Seller has received no notice or complaint from any governmental agency or subdivision of a governmental agency of any legal or regulatory noncompliance related to the Property, including but not limited to noncompliance with health, safety, fire, electrical or building codes or environmental, zoning, planning or other land use requirements. Seller has received no notice of any default or breach of any covenants, conditions, restrictions or easements affecting the Property. Seller has not received any notice or complaint from any insurance underwriter relating to the condition or operation of the Property. If Seller receives any such notice at any time prior to the applicable Closing Date, Seller shall notify Buyer of such notice and, at Buyer's request, provide a copy of such notice, if in writing, to Buyer.

(d) Licenses and Permits. The Licenses and Permits, if any, are in full force, and Seller is not in default under the Licenses or Permits. If requested by Buyer, Seller shall cooperate with Buyer in applying for the transfer and re-issuance in the name of Buyer of all certificates of appropriate officials evidencing compliance with all applicable legal requirements.

(e) Mechanic's Liens. To the best of Seller's knowledge, there has been no labor or materials of any kind furnished to or for the benefit of the Property for which payment in full has not been made or with respect to which a construction lien may be filed against the Property.

(f) Proceedings; Litigation. To the best of Seller's knowledge, there are no existing proceedings, or, to the best of Seller's knowledge, any threatened proceedings that would affect the Property or the use thereof by Buyer, either administrative or judicial, and there is no litigation or condemnation proceeding pending, or, to the best of Seller's knowledge, threatened, that would affect the Property or the use thereof by Buyer. Seller has received no notice of any contemplated special assessments against the Real Property, and there is presently no real estate tax protest or similar tax abatement proceeding pending with respect to the Real Property.

(g) Other Agreements. To the best of Seller's knowledge, there is no note, mortgage, security agreement, or other agreement affecting the Property that requires the consent of any party (or Seller shall provide such consent if necessary at its expense) or requires a change in the terms and conditions of the underlying financing as a result of the sale contemplated by this Agreement, and that there are no defaults existing in any such agreements affecting the Property.

(h) Wells; Storage Tanks. There are no wells or individual sewage treatment systems located on the Property, and there are no underground or above ground storage tanks in, on or about the Property.

(i) Documents True and Correct. All documents delivered by Seller to Buyer in connection with the Property are true, complete and correct in all material respects.

(j) Private Restrictions. To the best of Seller's knowledge and except as disclosed in the Title Commitment, there are no and will be no private restrictions that affect the uses that may be made of the Property by Buyer, including but not limited to agreements to subject architectural plans to an association or other group; and provisions requiring the joining with others in group actions.

(k) Beneficial Easements, Licenses and Permits. There are no beneficial easements, licenses or permits that are owned or possessed by Seller that are necessary or useful for the operation of the Property that are not being conveyed pursuant to this Agreement.

(l) Methamphetamine Disclosure. To the best of Seller's knowledge, methamphetamine production has not occurred on the Property.

Seller shall indemnify Buyer, its successors and assigns, against, and shall hold Buyer, its successors and assigns harmless from, any expenses or damages, including reasonable attorneys' fees, that Buyer incurs because of the breach of any of the above representations and warranties, whether such breach is discovered before or after the applicable Closing. Each of the representations and warranties herein contained shall survive the closing or the early termination or the merger of this Agreement. 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. Seller's representations and warranties contained in this Section must be accurate in all material respects now and on the applicable Closing Date as if made on the applicable Closing Date, and Seller shall deliver the Phase I Update Certificate and Phase II Update Certificate, as applicable, to Buyer at the respective Closing.

14. Representations and Warranties by Buyer. Buyer represents and warrants to Seller that Buyer has the requisite power and authority to enter into this Agreement and Buyer's Closing Documents signed by it; such documents have been duly authorized by all necessary action on the part of Buyer and have been duly executed and delivered; that the execution, delivery and performance by Buyer of such documents do not conflict with or result in violation of 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. 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 the applicable Closing. Each of the representations and warranties herein contained shall survive the closing or the early termination or the merger of this Agreement. 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.

15. Condemnation. If, prior to the Phase I Closing Date or Phase II Closing Date, as applicable, any eminent domain proceedings are commenced against all or any portion of the Property, Seller shall immediately give notice to Buyer of such fact and at Buyer's option (to be exercised within thirty (30) days after Seller's notice), as Buyer's sole remedy, this Agreement

shall terminate and the Earnest Money returned to Buyer, in which event neither party will have further obligations under this Agreement. If Buyer does not give such notice within thirty (30) days, then there shall be no reduction in the Purchase Price, and Seller shall assign to Buyer on the applicable Closing Date all of Seller's right, title and interest in and to any award made or to be made in the condemnation proceedings. Prior to the applicable Closing Date, Seller shall not designate counsel, appear in, or otherwise act with respect to the condemnation proceedings without Buyer's prior written consent, which consent shall not be delayed or withheld unreasonably.

16. Brokers' Commissions. Seller and Buyer represent and warrant to each other that they have not dealt with any brokers or real estate agents in connection with the transaction contemplated by this Purchase Agreement. Each party agrees to indemnify, defend and hold each other harmless from the claims of any broker or real estate agent.

17. Survival. All of the terms of this Agreement will survive and be enforceable after the applicable Closing and delivery of the respective deed.

18. TIF District. The Buyer understands and agrees that any tax increment financing district created by the Seller including the Property will have a maximum duration of ten (10) years or less.

19. Notices. Any notice required or permitted to be given by any party to the other shall be given in writing, and shall be (i) hand delivered to the receiving party (or any officer of such party), or (ii) mailed by United States registered or certified mail, return receipt requested, postage prepaid, or (iii) properly deposited with a nationally recognized, reputable overnight courier, properly addressed as follows:

If to Seller: Housing and Redevelopment Authority
in and for the City of Coon Rapids, Minnesota

Tel: (____) _____
Fax: (____) _____
Attn: _____
e-mail address: _____

If to Buyer: Sherman Associates, Inc.
233 Park Avenue South, Suite 201
Minneapolis, Minnesota 55415
Tel: (612) 332-3000
Fax: (612) 332-8119
Attention: Paul Keenan, Senior Developer
e-mail address: pkeenan@sherman-associates.com

If to Title: Commercial Partners Title LLC
Company 200 South Sixth Street, #1300
Minneapolis, Minnesota 55402
Attention: Jane Miller

Notices shall be deemed effective on the date of receipt. For purposes of this Agreement, any notice shall be deemed to be received on the same day as sent with respect to hand delivery or e-mail delivery, shall be deemed to be received on the first business day after the date sent with respect to delivery by overnight courier, and shall be deemed to be received on the third business day after the date sent with respect to delivery by mail. Any party may change its address for the service of notice by giving written notice of such change to the other party, in any manner above specified, at least ten (10) days prior to the effective date of such change. Any notice delivered under this Section shall also be delivered by e mail to the e mail address of the applicable party.

20. Entire Agreement. This written Agreement constitutes the complete agreement between the parties and supersedes any and all other oral or written agreements, negotiations, understandings and representations between the parties regarding the Property. There are no verbal or written side agreements that change this Agreement.

21. Amendment; Waiver. No amendment of this Agreement, and no waiver of any provision of this Agreement, shall be effective unless set forth in a writing expressing the intent to so amend or waive, and the exact nature of such amendment or waiver, and signed by all parties (in the case of amendment) or the waiving party (in the case of waiver). No waiver of a right in any one instance shall operate as a waiver of any other right or as a waiver of such right in a later or separate instance.

22. Binding Effect. This Agreement binds and benefits the parties and their successors and assigns.

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

24. Assignment. Buyer may assign its rights under this Agreement without the consent of Seller to an entity formed by Buyer to acquire title to the Property. Seller may not assign its rights under this Agreement without Buyer's consent.

25. Remedies. If Buyer defaults under this Agreement, Seller shall have the right to terminate this Agreement by giving thirty (30) days advance written notice to Buyer in the manner required by this Agreement. If Buyer fails to cure such default within thirty (30) days of the date of such notice, this Agreement will terminate and Seller shall be entitled to receive the Earnest Money. The termination of this Agreement and the receipt of the Earnest Money will be the sole remedies available to Seller for such default by Buyer, and Buyer will not be liable for damages or specific performance. If Seller defaults under this Agreement, Buyer's sole options are to either bring an action for specific performance or to terminate this Agreement upon written notice to Seller and receive the Earnest Money.

26. Counterparts. For the convenience of the parties, any number of counterparts hereof may be executed and each such executed counterpart shall be deemed an original, but all such counterparts together shall constitute one and the same Agreement.

27. Time of the Essence. Time is of the essence with respect to all dates, deadlines and other terms and conditions under this Agreement.

[The remainder of this page has been left blank intentionally. Signature page follows.]

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

SELLER

**HOUSING AND REDEVELOPMENT
AUTHORITY IN AND FOR THE CITY OF
COON RAPIDS, MINNESOTA**

By: _____

Its: _____

By: _____

Its: _____

BUYER

SHERMAN ASSOCIATES, INC.

By: _____

George E. Sherman

Its: President

:

EXHIBIT A

Legal Description of the Property

EXHIBIT B

Depiction

ACKNOWLEDGEMENT OF TITLE COMPANY

The Title Company hereby accepts the Earnest Money in the amount of \$10,000.00 from Buyer and agrees to deposit and disburse the Earnest Money in accordance with this Agreement.

ACKNOWLEDGED AND AGREED TO BY:

COMMERCIAL PARTNERS TITLE LLC

By: _____

Its: _____

Date: _____

PURCHASE AGREEMENT

THIS PURCHASE AGREEMENT (this “Agreement”) is made as of this ___ day of May, 2016 (the “Effective Date”), between the **ANOKA COUNTY REGIONAL RAILROAD AUTHORITY** (“Seller”), and the **HOUSING AND REDEVELOPMENT AUTHORITY IN AND FOR THE CITY OF COON RAPIDS, MINNESOTA**, or its permitted assigns (“Buyer”).

RECITALS

A. Seller is the fee owner of that certain approximately 15.9 acre parcel of real property legally described as set forth on Exhibit A attached hereto (the “Land”) located near the intersection of 123rd Avenue NW and Northdale Boulevard, Coon Rapids, Minnesota.

B. Seller desires to sell the Land to Buyer and Buyer desires to purchase the Land from Seller pursuant to the terms and conditions of this Agreement.

NOW THEREFORE, in consideration of the covenants set forth herein and other good and valuable consideration, the receipt and sufficiency of which the parties hereby acknowledge, Seller and Buyer hereby agree as follows:

1. Sale of Property. Subject to compliance with the terms of this Agreement, Seller agrees to sell to Buyer, and Buyer agrees to buy from Seller, the following property (collectively, the “Property”):

(a) Real Property. The Land, together with (i) all improvements located on the Land (“Improvements”), and (ii) all easements and rights benefiting or appurtenant to the Land, including Seller’s rights in any vacated or existing public rights of way abutting the property (“Appurtenances”) (the Land, Improvements and Appurtenances are collectively the “Real Property”), subject only to Permitted Encumbrances (as defined below).

(b) Licenses and Permits. To the extent that they are assignable, all right, title and interest of Seller in and any licenses and permits relating to the ownership of the Real Property, any name rights associated with the Real Property, and records kept (collectively, the “Licenses and Permits”).

3. Purchase Price. The “Purchase Price” for the Property shall be Two Million Three Hundred Thousand and No/100 Dollars (\$2,300,000.00). The Purchase Price shall be paid at Closing.

4. Buyer’s Contingencies. Buyer’s obligation to close on the transaction contemplated hereunder is contingent upon the occurrence of the events described below.

(a) On or before April 30, 2017 (the “Due Diligence Contingency Date”):

i. Title and Survey. The condition of title and the survey, if any, shall have been found acceptable to Buyer, or been made acceptable, in accordance with the requirements and terms of Section 5 below. The Due Diligence Contingency Date shall be extended as necessary as provided in Section 5(d) hereof.

ii. Testing, Investigation. Buyer shall have determined that it is satisfied with the results of all matters disclosed by soil tests, soil borings, engineering inspections, structural and mechanical inspections, surveys, and any and all other reviews, tests or studies of the Property, including tests and inspections relating to asbestos and the adequacy of utilities available to the Property, all such tests, inspections and reviews to be obtained at Buyer's sole cost and expense. Seller shall allow Buyer, Sherman Associates, Inc. ("Sherman") and Buyer's agents, access to the Property without charge and at all reasonable times for the purpose of Buyer's and Sherman's investigation and testing the same. In performing such investigation and testing Buyer and Sherman shall make reasonable efforts to minimize any interference with the Property's operation. Sherman shall pay all costs and expenses of such investigation.

iii. Environmental Investigation. Buyer shall have determined that it is satisfied with the results of all matters disclosed by hazardous waste and environmental reviews of the Property. Seller shall allow Buyer, Sherman, and Buyer's agents, access to the Property without charge and at all reasonable times for the purpose of Buyer's and Sherman's investigation and testing the same. All such tests, inspections and reviews will be obtained at Sherman's sole cost and expense. In performing such investigation and testing, Buyer and Sherman shall make reasonable efforts to minimize any interference with the operation of the Property. Sherman shall pay all costs and expenses of such investigation and testing.

iv. Government Approvals. All governmental approvals necessary to accomplish Sherman's planned redevelopment of the Property ("Redevelopment Project"), including but not limited to, subdivision of the Property.

v. Document Review. Within ten (10) days of the Effective Date, Seller shall provide Buyer with true and correct copies of all documents and materials in Seller's possession relating to the Property, including but not limited to:

- A. Any Licenses or Permits;
- B. Current and prior year's property tax statements;
- C. Any title evidence or survey of the Real Property;
- D. Any written notices received from any governmental organization of any violation regarding the Property;

E. Any engineering or environmental inspection reports, any environmental remediation plans, any no-action letters or other documentation relating to completion of environmental remediation at the Property; and

F. Any Phase I or Phase II reports

which Buyer shall have found satisfactory.

(b) On or before the Closing Date (the “Final Contingency Date”):

i. Representations and Warranties. Seller’s representations and warranties contained in this Agreement must be accurate in all material respects now and on the Closing Date as if made on the Closing Date and Seller shall have delivered to Buyer at closing a certificate dated as of the Closing Date certifying that such representations and warranties are true as of the Closing Date (“Update Certificate”).

ii. Material Changes. There shall have been no material adverse changes in the operation or physical condition of the Property in the period between the Effective Date of this Agreement and the Closing Date.

iii. Title Policy. On or before the Closing Date, Buyer shall have obtained from the Title Company a proforma title policy or a suitably marked up Title Commitment (as defined herein) initialed by the Title Company in the form required by this Agreement.

iv. Purchase Agreement with Sherman. The Buyer has entered into a separate Purchase Agreement to sell the Property in two phases to Sherman, all contingencies have been met thereunder, and no event of default exists thereunder.

For purposes herein, the Due Diligence Contingency Date, the Final Contingency Date shall be individually and collectively referred to as a “Contingency Date”. If any contingency set forth in this Section 4 has not been satisfied on or before the Contingency Date, then this Agreement may be terminated, at Buyer’s option, by written notice from Buyer to Seller. If any contingency set forth in Section 4(c) has not been satisfied on or before the Contingency Date, then this Agreement may be terminated at Buyer’s option, by written notice from Buyer to Seller. Such notice of termination must be given at any time not later than the Contingency Date. All the contingencies set forth in this Section 4 are specifically stated and agreed to be for the sole and exclusive benefit of Buyer, and Buyer shall have the right to unilaterally waive any contingency by written notice to Seller. Seller agrees to cooperate with and assist Buyer in attempting to satisfy each of the foregoing contingencies.

5. Title.

(a) Condition of Title. On or before the Closing Date, Seller shall be required to convey fee title to Buyer, subject to no liens, easements, encumbrances, conditions, reservations or restrictions other than the Permitted Encumbrances (as defined below).

(b) Title Evidence. The following shall constitute "Title Evidence":

(i) Title Insurance Commitment. Seller shall obtain, at Seller's expense, and deliver to Buyer within twenty (20) days after the Effective Date a commitment (the "Title Commitment") from the Title Company for an Owner's Policy of Title Insurance, together with legible copies of all documents, maps and plats referenced therein, in an amount requested by Buyer.

(c) Buyer's Objections. Within thirty (30) days after receiving the Title Commitment (the "Title Evidence"), Buyer shall make written objections ("Objections") to the form and/or contents of the Title Evidence. Buyer's failure to make Objections within such time period will constitute waiver of objections, except that Buyer shall not be deemed by virtue of failure to so object to have waived any proper objection relating to any consensual lien on the Property. Any matter shown on such Title Evidence and not included in Buyer's Objections (other than such consensual liens) shall be a "Permitted Encumbrance" hereunder.

(d) Seller Cure Period. Seller shall have thirty (30) days after receipt of the Objections to cure the Objections, during which period the Due Diligence Contingency Date will be extended and the Closing will be postponed as necessary. Seller shall use its best efforts to correct any Objections. To the extent an Objection can be satisfied by the payment of money, Buyer shall have the right to apply a portion of the cash payable to Seller at the Closing to satisfy such Objection and the amount so applied shall reduce the amount of cash payable to Seller at the Closing. If the Objections are not cured within such thirty (30) day period, Buyer's options will be to do the following: (i) terminate this Agreement by written notice to Seller; (ii) waive the Objections and proceed to close; or (iii) give Seller an extension to correct any Objections, which extension shall automatically extend the Due Diligence Contingency Date and postpone the Closing Date as necessary.

6. Closing. The consummation of the purchase and sale transaction contemplated by this Agreement (the "Closing") shall occur on or before June 30, 2017 (the "Closing Date"), at such place as Buyer and Seller may agree.

7. Seller's Closing Obligations. On the Closing Date, Seller shall execute and/or deliver to Buyer the following items, which are referred to as "Seller's Closing Documents." Seller's Closing Documents shall be duly executed and, where appropriate, be in recordable form.

(a) Deed. A quit claim deed conveying the Property to Buyer, free and clear of all encumbrances, except the Permitted Encumbrances.

(b) Assignment of Contracts. An Assignment of Contracts duly executed by Seller, assigning and transferring to Buyer all of Seller's right, title and interest in and to any Licenses and Permits with respect to the Property to the extent the same are assignable, in form and substance acceptable to Buyer (the "Assignment of Contracts").

(d) Update Certificate. The Update Certificate, as applicable.

(e) Seller's Affidavit. An Affidavit by Seller indicating that on the Closing Date, other than the Permitted Encumbrances, there are no outstanding, unsatisfied judgments, divorce proceedings, 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 unrecorded interests in the Property, together with whatever standard owner's affidavit and/or indemnity (ALTA form) that may be required by the Title Company to issue an Owner's Policy of Title Insurance with the standard exceptions waived.

(f) FIRPTA Affidavit. A non-foreign affidavit as required by applicable law.

(g) Other Documents. A closing statement and all other documents necessary to transfer the Property, to Buyer free and clear of all encumbrances except for the Permitted Encumbrances and to allow the Title Company to record the deed and issue the Title Insurance Policies required by this Agreement.

(h) Possession. Possession of the Property, as applicable, free of possession by Seller and others.

8. Buyer's Closing Obligations. On the Closing Date, Buyer will execute and/or deliver to Seller the following, which (in the case of documents) are referred to as "Buyer's Closing Documents." Buyer's Closing Documents shall be duly executed and, where appropriate, be in recordable form.

(a) Purchase Price. The Purchase Price shall be transferred by wire transfer or other immediately available funds.

(b) Assignment of Contracts. The Assignment of Contracts.

(c) Other Documents. A closing statement and all other documents necessary to transfer the Property, to Buyer free and clear of all encumbrances except for the Permitted Encumbrances and to allow the Title Company to record the deed and issue the Title Insurance Policy required by this Agreement.

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

a) All real estate taxes due and payable for all years prior to the Closing shall be paid by Seller. Seller shall pay all special assessments levied or pending as of the Closing Date. Real estate taxes for the year of the Closing shall be prorated between Buyer and Seller based on the most recent tax bill, so that Seller pays that portion of the real estate taxes payable up to and including the Closing Date and Buyer pays that portion of the real estate taxes payable after the Closing Date. Buyer shall pay all real estate taxes due and payable in years following the Closing Date. Buyer shall pay all special assessments levied or pending after the Closing Date.

(b) Seller shall pay all title charges for the issuance of the Title Commitment. Buyer shall pay for any Title Policy premiums for any policies of title insurance, including any requested endorsements.

(c) Buyer shall pay all costs of recording the deed and Seller shall pay for the cost of recording any other documents necessary to convey the Property as required by this Agreement.

(d) Buyer shall pay the State deed tax to record the deed.

(e) Any closing fee payable to the Title Company or escrow fees shall be shared equally by Seller and Buyer.

(f) All utility bills, charges, and other operating costs of the Property (other than real estate taxes and special assessments) shall be allocated between Seller and Buyer as of the Closing Date, so that Seller pays that portion of the bills, charges, and other operating costs due and payable on or before the Closing Date and Buyer pays that portion of the bills, charges, and other operating costs due and payable after the Closing Date.

(g) 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 actual, reasonable attorneys' fees, court costs and any and all other costs incurred by the non-defaulting party to enforce its rights regarding such default.

10. Operation Prior to Closing. During the period from the date of Seller's acceptance of this Agreement to the Closing Date (the "Executory Period"), Seller shall:

(a) Operate and maintain the Property in the ordinary course of business in accordance with prudent, reasonable business standards.

(b) Not convey or otherwise transfer any of the Property without the consent of Buyer.

(c) Not execute any contracts, leases or other agreements regarding the Property during the Executory Period that do not terminate on or before the Closing Date

without the written consent of Buyer, which consent may be withheld by Buyer in its sole discretion.

(d) Promptly deliver to Buyer a copy of any notice, consent, waiver, request or other communication Seller receives from any public or private entity with respect to any of the Property.

(e) Not sell, dispose, transfer, assign or otherwise remove any of the Property except Property that is replaced with Property of equivalent or greater value in the ordinary course of business without the consent of Buyer.

(g) Timely pay and discharge all bills and monetary obligations and timely and properly perform all of its obligations and commitments under all existing contracts and agreements pertaining to the Property, except as to amounts or obligations which Seller contests in good faith.

(h) Not enter into any negotiations with or solicit any offer, inquiry or proposal from any other person with respect to the sale, merger or other acquisition of the Property.

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

(a) Authority. Seller has the requisite power and authority to enter into and perform this Agreement and those Seller's Closing Documents signed by it; the foregoing documents have been or will be duly executed and delivered; the execution, delivery and performance by Seller of such documents do not conflict with or result in a violation of any judgment, order, or decree of any court or arbiter or any other agreements of any nature to which Seller is a party; such documents are or will be when signed valid and binding obligations of Seller and are enforceable in accordance with their terms.

(b) Contracts. Seller has not entered into any contracts for the sale of the Property other than this Agreement. Seller has received no notice of and has no knowledge of any rights of first refusal, right of first offer or options to purchase any of the Property or any other rights or agreements that may delay or prevent this transaction. No person or entity is entitled to possession of any of the Property other than Seller. There is in effect no contract or agreement relating to occupancy, management or operation of the Property that cannot be terminated on or prior to the Closing Date.

(c) Compliance. The Property is in compliance with applicable law, without the benefit of any "grandfathering" or similar variance. Seller has received no notice or complaint from any governmental agency or subdivision of a governmental agency of any legal or regulatory noncompliance related to the Property, including but not limited to noncompliance with health, safety, fire, electrical or building codes or environmental, zoning, planning or other land use requirements. Seller has received no notice of any default or breach of any covenants, conditions, restrictions or easements affecting the

Property. Seller has not received any notice or complaint from any insurance underwriter relating to the condition or operation of the Property. If Seller receives any such notice at any time prior to the Closing Date, Seller shall notify Buyer of such notice and, at Buyer's request, provide a copy of such notice, if in writing, to Buyer.

(d) Licenses and Permits. The Licenses and Permits, if any, are in full force, and Seller is not in default under the Licenses or Permits. If requested by Buyer, Seller shall cooperate with Buyer in applying for the transfer and re-issuance in the name of Buyer of all certificates of appropriate officials evidencing compliance with all applicable legal requirements.

(e) Mechanic's Liens. There has been no labor or materials of any kind furnished to or for the benefit of the Property for which payment in full has not been made or with respect to which a construction lien may be filed against the Property.

(f) Proceedings; Litigation. There are no existing proceedings, or, to the best of Seller's knowledge, any threatened proceedings that would affect the Property or the use thereof by Buyer, either administrative or judicial, and there is no litigation or condemnation proceeding pending, or, to the best of Seller's knowledge, threatened, that would affect the Property or the use thereof by Buyer. Seller has received no notice of any contemplated special assessments against the Real Property, and there is presently no real estate tax protest or similar tax abatement proceeding pending with respect to the Real Property.

(g) Other Agreements. There is no note, mortgage, security agreement, or other agreement affecting the Property that requires the consent of any party (or Seller shall provide such consent if necessary at its expense) or requires a change in the terms and conditions of the underlying financing as a result of the sale contemplated by this Agreement, and that there are no defaults existing in any such agreements affecting the Property.

(h) Hazardous Materials. Seller has not stored, released, disposed of, nor permitted any other party to store, release or dispose of, and to the best of Seller's knowledge there has not been any storage, release or disposal of, any Hazardous Material in, on, about or from the Property, and Seller has no knowledge of the existence in, on or about the Property of any Hazardous Material. The term "Hazardous Materials" means asbestos, urea formaldehyde, polychlorinated biphenyls, nuclear fuel or materials, radioactive materials, explosives, known carcinogens, petroleum products and by-products, and any pollutant, contaminant, chemical, material or substance defined as hazardous or as a pollutant or a contaminant in, or the release or disposal of which is regulated by, any federal, state, county, municipal, local or other statute, ordinance or regulation that relates to or deals with human health or the environment, including, without limitation, all regulations promulgated by a regulatory body pursuant to any such statute, ordinance, or regulation, including, but not limited to, the Comprehensive Environmental Response and Liability Act of 1980 ("CERCLA"), 42 U.S.C. § 9601, as amended.

(i) Wells; Storage Tanks. There are no wells or individual sewage treatment systems located on the Property, and there are no underground or above ground storage tanks in, on or about the Property.

(j) Documents True and Correct. All documents delivered by Seller to Buyer in connection with the Property are true, complete and correct in all material respects.

(k) Private Restrictions. To the best of Seller's knowledge and except as disclosed in the Title Commitment, there are no and will be no private restrictions that affect the uses that may be made of the Property by Buyer, including but not limited to agreements to subject architectural plans to an association or other group; and provisions requiring the joining with others in group actions.

(l) Beneficial Easements, Licenses and Permits. There are no beneficial easements, licenses or permits that are owned or possessed by Seller that are necessary or useful for the operation of the Property that are not being conveyed pursuant to this Agreement.

(m) Methamphetamine Disclosure. To the best of Seller's knowledge, methamphetamine production has not occurred on the Property.

Seller shall indemnify Buyer, its successors and assigns, against, and shall hold Buyer, its successors and assigns harmless from, any expenses or damages, including reasonable attorneys' fees, that Buyer incurs because of the breach of any of the above representations and warranties, whether such breach is discovered before or after the Closing. Each of the representations and warranties herein contained shall survive the closing or the early termination or the merger of this Agreement. 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. Seller's representations and warranties contained in this Section must be accurate in all material respects now and on the Closing Date as if made on the Closing Date, and Seller shall deliver the Update Certificate to Buyer at the Closing.

12. Representations and Warranties by Buyer. Buyer represents and warrants to Seller that Buyer has the requisite power and authority to enter into this Agreement and Buyer's Closing Documents signed by it; such documents have been duly authorized by all necessary action on the part of Buyer and have been duly executed and delivered; that the execution, delivery and performance by Buyer of such documents do not conflict with or result in violation of 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. 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 the Closing. Each of the representations and warranties herein contained shall survive the closing or the early termination or the merger of this Agreement. 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.

13. Condemnation. If, prior to the Closing Date any eminent domain proceedings are commenced against all or any portion of the Property, Seller shall immediately give notice to Buyer of such fact and at Buyer's option (to be exercised within thirty (30) days after Seller's notice), as Buyer's sole remedy, this Agreement shall terminate, in which event neither party will have further obligations under this Agreement. If Buyer does not give such notice within thirty (30) days, then there shall be no reduction in the Purchase Price, and Seller shall assign to Buyer on the Closing Date all of Seller's right, title and interest in and to any award made or to be made in the condemnation proceedings. Prior to the Closing Date, Seller shall not designate counsel, appear in, or otherwise act with respect to the condemnation proceedings without Buyer's prior written consent, which consent shall not be delayed or withheld unreasonably.

14. Brokers' Commissions. Seller and Buyer represent and warrant to each other that they have not dealt with any brokers or real estate agents in connection with the transaction contemplated by this Purchase Agreement. Each party agrees to indemnify, defend and hold each other harmless from the claims of any broker or real estate agent.

15. Survival. All of the terms of this Agreement, exception Section 16, shall terminate on the Closing Date.

16. TIF District. The parties agree and understand that Sherman intends to undertake the development of the Property in two phases and that Buyer intends to create two tax increment financing districts each including a portion of the Property. If Buyer creates any tax increment financing district including any portion of the Property, Buyer agrees that the duration of any tax increment financing district shall not exceed 10 years. The Buyer agrees to enter into an enforceable binding agreement obligating Buyer to pay to Anoka County a payment in the amount of Anoka County's portion of the tax increment generated by the Property in such year for each and every year any tax increment district remains in effect longer than 10 years.

17. Notices. Any notice required or permitted to be given by any party to the other shall be given in writing, and shall be (i) hand delivered to the receiving party (or any officer of such party), or (ii) mailed by United States registered or certified mail, return receipt requested, postage prepaid, or (iii) properly deposited with a nationally recognized, reputable overnight courier, properly addressed as follows:

If to Seller: Anoka County Regional Railway Authority

Tel: (____) _____
Fax: (____) _____
Attn: _____
e-mail address: _____

If to Buyer: Housing and Redevelopment Authority in and
for the City of Coon Rapids, Minnesota

Tel: (____) _____

Fax: (____) _____

Attn: _____

e-mail address: _____

If to Title: Commercial Partners Title LLC
Company 200 South Sixth Street, #1300
Minneapolis, Minnesota 55402
Attention: Jane Miller

Notices shall be deemed effective on the date of receipt. For purposes of this Agreement, any notice shall be deemed to be received on the same day as sent with respect to hand delivery or e-mail delivery, shall be deemed to be received on the first business day after the date sent with respect to delivery by overnight courier, and shall be deemed to be received on the third business day after the date sent with respect to delivery by mail. Any party may change its address for the service of notice by giving written notice of such change to the other party, in any manner above specified, at least ten (10) days prior to the effective date of such change. Any notice delivered under this Section shall also be delivered by e mail to the e mail address of the applicable party.

18. Entire Agreement. This written Agreement constitutes the complete agreement between the parties and supersedes any and all other oral or written agreements, negotiations, understandings and representations between the parties regarding the Property. There are no verbal or written side agreements that change this Agreement.

19. Amendment; Waiver. No amendment of this Agreement, and no waiver of any provision of this Agreement, shall be effective unless set forth in a writing expressing the intent to so amend or waive, and the exact nature of such amendment or waiver, and signed by all parties (in the case of amendment) or the waiving party (in the case of waiver). No waiver of a right in any one instance shall operate as a waiver of any other right or as a waiver of such right in a later or separate instance.

20. Binding Effect. This Agreement binds and benefits the parties and their successors and assigns.

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

22. Assignment. Buyer may assign its rights under this Agreement without the consent of Seller to an entity formed by Buyer to acquire title to the Property. Seller may not assign its rights under this Agreement without Buyer's consent.

23. Remedies. If Buyer defaults under this Agreement, Seller shall have the right to terminate this Agreement by giving thirty (30) days advance written notice to Buyer in the manner required by this Agreement. If Buyer fails to cure such default within thirty (30) days of the date of such notice, this Agreement will terminate. The termination of this Agreement will be the sole remedy available to Seller for such default by Buyer, and Buyer will not be liable for damages or specific performance. If Seller defaults under this Agreement, Buyer's sole options are to either bring an action for specific performance or to terminate this Agreement upon written notice to Seller.

24. Counterparts. For the convenience of the parties, any number of counterparts hereof may be executed and each such executed counterpart shall be deemed an original, but all such counterparts together shall constitute one and the same Agreement.

25. Time of the Essence. Time is of the essence with respect to all dates, deadlines and other terms and conditions under this Agreement.

[The remainder of this page has been left blank intentionally. Signature page follows.]

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

SELLER

**ANOKA COUNTY REGIONAL RAILWAY
AUTHORITY**

By: _____

Its: _____

By: _____

Its: _____

BUYER

**HOUSING AND REDEVELOPMENT
AUTHORITY IN AND FOR THE CITY OF
COON RAPIDS, MINNESOTA**

By: _____

Its: _____

By: _____

Its: _____

EXHIBIT A

Legal Description of the Property

Tract A, Registered Land Survey No. 209, Anoka County, Minnesota