Regular Workshop Meeting of the
Vadnais Heights City Council
Tuesday, May 21, 2019 - 5:30 pm
Lakes Conference Room at City Hall

A G E N D A

1. Open Meeting - (5:30 p.m.)

2. Update on Veterans Village
   Documents:
       2.PDF

3. Intro to Stormwater S.E.H. Proposal
   Documents:
       3.PDF

4. Update on Koehler Trail
   Documents:
       4.PDF

5. Follow-up on Goals Session
   Documents:
       5.PDF

6. Other Staff Items

7. Future City Council Requests

8. Adjourn
Memorandum:

TO: Mayor Gunderson and City Council Members

FROM: Kevin Watson, City Administrator

DATE: May 21, 2019

SUBJECT: Veteran Village/Journey Home Request

Background
Greater Metropolitan Housing Corporation (GMHC) has asked the City to amend the Development Agreement assigning GMHC as the responsible party for completing the Veteran Village Project at 825, 827, 829 Garceau Lane in Vadnais Heights. As many of us are aware, Journey Home is no longer a viable organization and is incapable of completing the housing project to the standards we expect in Vadnais Heights. GMHC is an established organization in the Metro since the 1970s and investor in the project as they do have a second mortgage on these properties.

As background, the Veteran Village project was built on property the City owned, that was acquired when Arcade Street was extended in the early 1990s. The property had remained untouched until Journey Home inquired about Veteran Housing on the site. City Council agreed that, and based on neighboring lots sales, $75,000 was a reasonable price for the three parcels. Additionally, City Council was flexible with payment, electing to receive payment after five years’ time.

GMHC is planning to complete the full project to the expectations laid out in the Development Agreement. This includes final buildout of the homes, completed landscaping, a sidewalk and street light. The full plan is laid out in the proposal presented by GMHC. The one waiver GMHC is seeking is relief on the $75,000 payment the City was to receive for payment of the property. Given the debt on the property with Northeast Bank and GMHC, relief from the land purchase price will get the properties close to even if they sell for their expected value. After an initial discussion with City Council, there was concern about waiving the full payment. With that direction, I discussed with GMHC about cutting that payment in half, to $37,500, and they were agreeable to that.

City staff is supportive of this proposal. We have put an abundance of time into this project chasing down permitting issues, property maintenance issues, and responding to neighbor concerns. While we wouldn’t receive our full payment, our investment was fairly minimal on this project. Our preference has now transitioned to getting a completed project that works with the neighbors and affords them the opportunity to live in a neighborhood without an eyesore down the street. We’re optimistic this GMHC proposal will do just that.

If City Council is comfortable moving forward with GMHC, we will need to amend the Development Agreement to address the payment as well as the responsible parties. We will bring this forward to the City Council after the legal review has been completed.

Ulysses Awsumb with GMHC will be in attendance to answer questions. Attached is their proposal. Via email you have received this as well as other assessments of the property.

Attachment(s): GMHC Proposal
Proposal for Garceau Lane
SUMMARY OF INTENT

In an effort to satisfy the secured interest of all parties in regards to 825, 827, and 829 Garceau Lane, Greater Metropolitan Housing Corporation intends to become the permitted successor to the development agreement by and between the City of Vadnais Heights and Journey Home Minnesota, with modifications to the agreement, that are outlined within this proposal.

Detailed herein will be the current state of the development, the parties with secured interest, the request for modifications, permitted succession, and the plan to complete the project.

Additionally, we intend to request, subject to approval by planning and zoning, after becoming the permitted successor, the right to split lot 2 of the development, for construction of the 2nd single story twin home, mirrored in connection with the existing home on the lot.

To date, we have discussed these intents with the other parties involved and believe we are all in agreement on the terms and solution to the issues at hand.

For future communication purposes and for the project lead at GMHC, please contact:

Ulysses Awsumb
Greater Metropolitan Housing Corporation
15 S 5th St. #710
Minneapolis, MN 55402
612.339.0601 office
612.469.5279 cell
uawsumb@gmhchousing.org

ABOUT GMHC

Since 1971 GMHC has, through its program of renovating and building single-family homes, afforded families and individuals the opportunity to become homeowners. Most of the homes are purchased by people whose incomes are at or below 80% of the median income and first time homebuyers. Renovating and selling foreclosed properties is proving to be a successful initiative in providing affordable housing while supporting the revitalization of our most distressed metropolitan neighborhoods. We have completed over 2,000 new single family units, and even more renovations.
THE PARTIES

<table>
<thead>
<tr>
<th>GMHC</th>
<th>Lender&lt;sup&gt;1&lt;/sup&gt;</th>
</tr>
</thead>
<tbody>
<tr>
<td>City of Vadnais Heights</td>
<td>Party to Development Agreement&lt;sup&gt;2&lt;/sup&gt;</td>
</tr>
<tr>
<td>Journey Home Minnesota</td>
<td>Property Owner and party to Development Agreement&lt;sup&gt;3&lt;/sup&gt;</td>
</tr>
<tr>
<td>Northeast Bank</td>
<td>Lender&lt;sup&gt;4&lt;/sup&gt;</td>
</tr>
</tbody>
</table>

OBJECTIVE

To complete the development and return as much value to all parties as possible

CURRENT PROBLEMS

FOR LENDERS

Northeast Bank holds secured interest in the amount of $605,000<sup>5</sup>

GMHC Holds secured interest in the amount of $265,000<sup>6</sup>

FOR PARTIES TO THE DEVELOPMENT AGREEMENT

City of Vadnais heights awaits completion of the development.

Journey Home no longer has the financial ability to perform per its agreements with the City or both lenders or to complete the project.

Foreclosure would further delay the project’s completion and incur additional costs and risks for all parties involved.

DEBT

Based on the positions of parties with secured interest, there is $945,000.00 of debt on the property, with an improved value of at most $864,000.00

This includes the debt owed to Northeast Bank, GMHC and The City.

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<sup>1</sup> Holds secured interest in 2<sup>nd</sup> position
<sup>2</sup> The original agreement dated 6/22/16
<sup>3</sup> The Developer
<sup>4</sup> Holds secured interest in 1<sup>st</sup> position
<sup>5</sup> Recorded Mortgage
<sup>6</sup> Recorded Mortgage
STATE OF THE DEVELOPMENT

At the moment, the following scope of work needs to be completed:

INTERIOR WORK

Currently the interiors of all three properties are in need of repairs or completion in 3 categories:

1. Carpentry
   a. Complete millwork
   b. Hardware
   c. Repair of drywall damage and incompleton
   d. Install Garage Door opener

2. Finishes
   a. Paint throughout house including trim
   b. Replace damaged carpets at entryway with LVT plank

3. HVAC
   a. Complete the HVAC system with installation of 2 Mini Split AC units. One for upstairs and one for downstairs

EXTERIOR WORK

The exterior work to be completed are in two categories:

1. City Required work
   a. Approximately 275 ft. of sidewalk. The development agreement states 6’ wide asphalt sidewalk shall be installed from the development’s west edge to the intersecting sidewalk at Arcade St. and Garceau Ln.
   b. Installation of 1 16’ LED streetlamp per city guidelines as designed by Granite Ledge Electric Inc.
   c. Landscape must be completed, as the project currently has ungraded dirt through most of the yards.

2. Project completion or repair work
   a. Exteriors need structural posts permanently installed at entry eave overhangs
   b. Weather stripping at garage doors was never installed
   c. Storm Doors and weather stripping on exterior front doors
COST OF WORK TO BE COMPLETED

PER UNIT COSTS

The current cost of all items to be completed, per house, are as follows:

<table>
<thead>
<tr>
<th>825 Garceau Ln.</th>
<th>827 Garceau Ln.</th>
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<tbody>
<tr>
<td><strong>Construction/Renovation Scope</strong></td>
<td><strong>Price</strong></td>
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<tr>
<td>Garage Door openers</td>
<td>$275.00</td>
</tr>
<tr>
<td>Structural posts/finish</td>
<td>$250.00</td>
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<tr>
<td>Door weatherstripping</td>
<td>$125.00</td>
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<tr>
<td>Storm Door installation</td>
<td>$275.00</td>
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<tr>
<td>Paint/Hardware/ Carpentry</td>
<td>$11,850.00</td>
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<tr>
<td>Landscaping</td>
<td>$4,150.00</td>
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<td>Hydroseeding</td>
<td>$833.33</td>
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<tr>
<td>Sidewalk share</td>
<td>$1,751.67</td>
</tr>
<tr>
<td>Light post share</td>
<td>$2,833.33</td>
</tr>
<tr>
<td>LVL flooring at entry</td>
<td>$2,650.00</td>
</tr>
<tr>
<td>AC Splits</td>
<td>$5,000</td>
</tr>
<tr>
<td><strong>Total Cost</strong></td>
<td><strong>$29,993.33</strong></td>
</tr>
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</table>
**829 Garceau Ln.**

<table>
<thead>
<tr>
<th>Construction/Renovation Scope</th>
<th>Price</th>
</tr>
</thead>
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<tr>
<td><strong>Total Cost</strong></td>
<td><strong>$29,993.33</strong></td>
</tr>
</tbody>
</table>

**TOTAL COSTS**

The per unit costs include the items individual to the unit, and the portion or pro rata share of costs associated with items such as Sidewalks and Street Lamp installation. The total construction cost to finish the project comes to **$89,979.99**

This does not take into account any holding costs during marketing time, legal fees for estoppel and other associated issues, closing fees or marketing fees. Per the Financial Analysis of each unit, additional costs for taxes, utilities, insurance, marketing fees, closing costs, recording taxes and fees, an additional **$25,876.80** per unit would need to be paid for. Bringing the total necessary expenses to approximately **$167,000** for completion and divestiture of all three homes.

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7 See Attached Analysis
FINANCIAL BURDEN

To complete the property to improvement and divest:

-$167,000 needs to be spent

If improved, there remains negative equity in the project in the amount of:

-$81,000 less than improved value

If no completion of the property takes place, the project:

-Decreases in overall value
-Remains an issue for neighborhood residents
-Faces foreclosure and certain losses for all parties involved
-Extends timeline for any possible completion of the project
-Risk further use and depreciation to the assets over time
-Remains an issue for the current tenants as well as increasing the likelihood they will relocate

FINANCIAL SOLUTION

GMHC proposes that the City of Vadnais Heights allows GMHC to become the successor to the development agreement by and between the City and Journey Home and is willing to incur additional costs to improve the property, if modifications to the development agreement are made.

The current total of development costs, would result in GMHC being left short $223,545.60 of satisfaction for its secured interest of $265,000.00 if the recapture includes the $75,000 land acquisition fee per the agreement between the City and Journey Home.

Further compounding the burden of the amount short for GMHC, is the fact that we would need to spend the aforementioned $167,000 in order to recapture $41,454.40 of the debt owed by Journey Home.

<table>
<thead>
<tr>
<th>Property</th>
<th>Proceeds</th>
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<tr>
<td>825 Garceau Lane, Vadnais Heights MN</td>
<td>$ 26,129.87</td>
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<tr>
<td>827 Garceau Lane, Vadnais Heights MN</td>
<td>$ 26,129.87</td>
</tr>
<tr>
<td>829 Garceau Lane, Vadnais Heights MN</td>
<td>$(10,805.33)</td>
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<tr>
<td>Mortgage Recapture</td>
<td>$ 41,454.40</td>
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<td>GMHC Mortgage</td>
<td>$ 265,000.00</td>
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<td>Recapture</td>
<td>$ 41,454.40</td>
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<tr>
<td>GMHC Balance</td>
<td>$ 223,545.60</td>
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We therefore request the City approve and modify the following:

1. Allow GMHC to become the permitted successor to the development agreement by and between the City and Journey Home
2. Waive the $75,000 acquisition price of the land from the City
3. Remove the deed restriction for use as veteran housing
4. Waive the requirement to form a homeowner association for the properties in the agreement
5. Subject to approval by planning and zoning, GMHC requests the city approve the right to split Lot 2 of the development to accommodate the construction of the second half of the existing twin/single family home.

This would allow all parties to recoup benefits insofar as;

1. Northeast Bank has its interest satisfied
2. GMHC receives partial Satisfaction
3. Journey Home exits its debt on the property
4. The City receives a completed project, an increased tax base, and improvements that benefit both homeowners and city residents.

In furtherance, we request the city commit to the Agenda of City Council as soon as feasible, for a vote to approve GMHC as successor and to modification of the agreement, as stated.
Certified, filed and/or recorded on
Nov 17, 2016 10:00 AM

Office of the County Recorder
Ramsey County, Minnesota
Susan R Roth, County Recorder
Christopher A. Samuel, County Auditor and Treasurer

Deputy 503

Document Recording Fee Abstract $46.00

Document Total $46.00

This cover sheet is now a permanent part of the recorded document.
PURCHASE AND DEVELOPMENT CONTRACT

By and Between

CITY OF VADNAIS HEIGHTS, MINNESOTA

and

JOURNEY HOME MINNESOTA

Dated as of: November 2, 2016

This document was drafted by:
KENNEDY & GRAVEN, Chartered (JSB)
470 US Bank Plaza
Minneapolis, Minnesota 55402
Telephone: 337-9300
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## Financing

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<td>7.3</td>
<td>Subordination and Modification for the Benefit of Mortgagee</td>
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# ARTICLE VIII
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## Events of Default

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<td>22</td>
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<td>No Remedy Exclusive</td>
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<td>9.6</td>
<td>No Additional Waiver Implied by One Waiver</td>
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# ARTICLE X
## Additional Provisions

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<td>Conflict of Interests; City Representatives Not Individually Liable</td>
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# SIGNATURES

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<td>EXHIBIT A</td>
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<tr>
<td>EXHIBIT C</td>
<td>Form of Purchase Price Note</td>
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PURCHASE AND DEVELOPMENT CONTRACT

THIS AGREEMENT, made on or as of the 2nd day of November, 2016, by and between CITY OF VADNAIS HEIGHTS, MINNESOTA, a municipal corporation and political subdivision of the State of Minnesota (the “City”); and JOURNEY HOME MINNESOTA, a Minnesota nonprofit corporation (“Developer”).

WITNESSETH:

WHEREAS, the City is a municipal corporation duly organized and existing under the laws of the State; and

WHEREAS, pursuant to Minnesota Statutes, Section 469.185, the City is authorized to convey real property owned by the City in fee simple to encourage and promote industry and provide employment for citizens; and

WHEREAS, the City owns certain property described in Exhibit A (the “Development Property”) within the City, and intends to convey that property to Developer for development of certain improvements thereon; and

WHEREAS, the City believes that the development of the Development Property pursuant to this Agreement, and fulfillment generally of this Agreement, are in the vital and best interests of the City and the health, safety, morals, and welfare of its residents, and in accord with the public purposes and provisions of applicable State and local laws and requirements.

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

Definitions

Section 1.1. Definitions. In this Agreement, unless a different meaning clearly appears from the context:

“Affiliate” means with respect to any entity (a) any corporation, partnership, limited liability company or other business entity or person controlling, controlled by or under common control with the entity, and (b) any successor to such party by merger, acquisition, reorganization or similar transaction involving all or substantially all of the assets of such party (or such Affiliate). For the purpose hereof the words “controlling”, “controlled by” and “under common control with” shall mean, with respect to any corporation, partnership, limited liability company or other business entity, the ownership of 50% or more of the voting interests in such entity or possession, directly or indirectly, of the power to direct or cause the direction of management policies of such entity, whether through ownership of voting securities or by contract or otherwise.

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

“Certificate of Commencement or Completion” means the certification provided to Developer, or the purchaser of any part, parcel or unit of the Development Property, pursuant to Section 4.4 of this Agreement.

“City” means the City of Vadnais Heights, Minnesota.

“City Representative” means the City Administrator, or any person designated by the City Administrator to act as the City Representative for the purposes of this Agreement.

“Closing” has the meaning provided in Section 3.3(b).

“Construction Plans” means the plans, specifications, drawings and related documents on the construction work to be performed by Developer on the Development Property which (a) shall be as detailed as the plans, specifications, drawings and related documents which are submitted to the appropriate building officials of the City, and (b) shall include at least the following for each building: (1) site plan; (2) foundation plan; (3) basement plans; (4) floor plan for each floor; (5) cross sections of each (length and width); (6) elevations (all sides); (7) landscape plan; and (8) such other plans or supplements to the foregoing plans as the Authority may reasonably request to allow it to ascertain the nature and quality of the proposed construction work.

“County” means the County of Ramsey, Minnesota.

“Developer” means Journey Home Minnesota or its permitted successors and assigns.
“Development Property” means the real property so described in Exhibit A attached hereto.

“Event of Default” means an action by Developer listed in Article IX of this Agreement.

“Holder” means the owner of a Mortgage.

“Minimum Improvements” means the construction on the Development Property of approximately 6 housing units, consisting of a duplex and a fourplex, that will house wounded soldiers and their families.

“Mortgage” means any mortgage made by Developer which is secured, in whole or in part, with the Development Property, and any modification, supplement, extension, renewal or amendment thereof.

“State” means the State of Minnesota.

“Tax Official” means any County assessor; County auditor; County or State board of equalization, the commissioner of revenue of the State, or any State or federal district court, the tax court of the State, or the State Supreme Court.

“Termination Date” means the date on which the Purchase Price Note is paid in full.

“Unavoidable Delays” means unexpected delays which are the direct result of: (i) adverse weather conditions, (ii) shortages of materials, (iii) strikes, other labor troubles, (iv) fire or other casualty to the Minimum Improvements, (v) litigation commenced by third parties which, by injunction or other judicial action, directly results in delays, (vi) acts of any federal or state governmental unit, including legislative and administrative acts, (vii) approved changes to the Construction Plans that result in delays (viii) delays caused by the discovery of any adverse environmental condition on or within the Development Property to the extent reasonably necessary to comply with federal and state environmental laws, regulations, orders or agreements, (ix) delay in the issuance of any license or permit by any governmental entity, provided application therefor is timely made and diligently pursued by Developer and (x) any other cause or force majeure beyond the control of Developer which directly results in delays.
ARTICLE II

Representations and Warranties

Section 2.1. Representations by the City. The City makes the following representations as the basis for the undertaking on its part herein contained:

(a) The City is a municipal corporation duly organized and existing under the laws of the State. Under the provisions of Minnesota Statutes, Section 469.185, the City has the power to enter into this Agreement and carry out its obligations hereunder.

(b) The activities of the City are undertaken to foster the development of certain real property which for a variety of reasons is presently underutilized, to create increased tax base in the City, and to stimulate further development of the City as a whole.

(c) The City will use its best efforts to facilitate development of the Minimum Improvements, including but not limited to cooperating with the Developer in obtaining necessary administrative and land use approvals and construction financing pursuant to Section 7.1 hereof.

Section 2.2. Representations and Warranties by Developer. Developer represents and warrants that:

(a) Developer is a nonprofit corporation duly organized and in good standing under the laws of the State of Minnesota, is not in violation of any provisions of its articles of incorporation or bylaws or, to the best of its knowledge, the laws of the State, is duly authorized to transact business within the State, has power to enter into this Agreement and has duly authorized the execution, delivery and performance of this Agreement by proper action of its members.

(b) If Developer acquires the Development Property in accordance with this Agreement, Developer will construct, operate and maintain the Minimum Improvements, or cause the same to be constructed, operated and maintained, in accordance with the terms of this Agreement and all local, state and federal laws and regulations (including, but not limited to, environmental, zoning, building code and public health laws and regulations).

(c) Developer has received no written notice or communication from any local, state or federal official that the activities of Developer on the Development Property would be in violation of any environmental law or regulation (other than those notices or communications of which the City is aware). Developer is aware of no facts the existence of which would cause the Development Property to be in violation of or give any person a valid claim under any local, state or federal environmental law, regulation or review procedure.

(d) Developer will construct, or cause to be constructed, the Minimum Improvements in accordance with all local, state or federal energy-conservation laws or regulations.
(e) Developer will timely apply for and diligently pursue all required permits, licenses and approvals, and will meet, in a timely manner, all requirements of all applicable local, state and federal laws and regulations which must be obtained or met before the Minimum Improvements may be lawfully constructed.

(f) To the best of Developer’s knowledge and belief, neither the execution and delivery of this Agreement, the consummation of the transactions contemplated hereby, nor the fulfillment of or compliance with the terms and conditions of this Agreement is prevented, limited by or conflicts with or results in a breach of, the terms, conditions or provisions of any partnership or company restriction or any evidences of indebtedness, agreement or instrument of whatever nature to which Developer is now a party or by which it is bound, or constitutes a default under any of the foregoing.

(g) The proposed development by the Developer hereunder would not occur but for the financial assistance being provided by the City hereunder.
ARTICLE III

Conveyance of Property

Section 3.1. Status of the Property. As of the date of this Agreement, the City owns the Development Property and will convey title to and possession of the Development Property to Developer, subject to all the terms and conditions of this Agreement.

Section 3.2. Purchase Price. The purchase price (the “Purchase Price”) to be paid to the City by the Developer for the Development Property is $75,000. The Purchase Price shall be paid on the date of Closing (as defined below) by the delivery of a promissory note (the “Purchase Price Note”) which is in substantially the form attached hereto as Exhibit C in the amount of the Purchase Price. The parties agree that the Purchase Price reflects the fair market value of the Development Property.

Section 3.3. Conditions of Conveyance. (a) The City shall convey title to and possession of the Development Property to the Developer at Closing by quit claim deed substantially in the form set forth on Exhibit B to this Agreement (the “Deed”). The City’s obligation to convey the Development Property to the Developer, and Developer’s obligation to purchase the Development Property, is subject to and contingent upon satisfaction of the following terms and conditions:

(1) The Developer having secured permanent financing for the acquisition of the Development Property and the construction of the Minimum Improvements and City having approved such financing in accordance with Article VII hereof, and the Developer having closed on such financing at Closing.

(2) The Developer having delivered the Purchase Price Note.

(3) There being no uncured Event of Default under this Agreement.

(4) The City or applicable governing entity having approved Construction Plans for the Minimum Improvements in accordance with Section 4.2 and the Developer having received approval by the City and by all governmental agencies from which approval must be obtained for the development of the Development Property and construction of the Minimum Improvements, including without limitation approval of storm water management and wetlands management plans by the Vadnais Lake Area Watershed Management Organization, approvals by the City of a plat, site plans, building plans, construction permit, and any other reasonable City approvals, all to the extent so required under City ordinances.

(5) The Developer having reviewed and approved (or waived objections to) title to the Development Property as set forth in Section 3.5.

(6) The Developer having reviewed and approved (or waived objections to) soil and environmental conditions as set forth in Section 3.6.
Conditions (2), (3) and (4) are solely for the benefit of the City, and may be waived by the City. Conditions (5) and (6) are solely for the benefit of the Developer, and may be waived by the Developer. Condition (1) is for the benefit of both the City and the Developer and may only be waived by both parties.

All conditions must be satisfied or waived on for before the Closing stated in paragraph (b) below. If any of such conditions have not been satisfied or waived not less than 15 business days prior to the outside Closing Date stated in paragraph (c) below, then this Agreement may be terminated, at the benefitted party’s option, by written notice from that party to the other. Waiver of any condition (to the extent permitted under this paragraph) must be in writing delivered by the waiving party to the other party.

(b) The closing on conveyance of the Development Property from the City to the Developer shall occur upon satisfaction of the conditions specified in this Section, but no later than December 15, 2016, or at such other date as the parties hereto agree in writing (“Closing”).

Section 3.4. Place of Document Execution, Delivery and Recording. (a) Unless otherwise mutually agreed by the City and Developer, the execution and delivery of all deeds, documents and the payment of any purchase price shall be made at the offices of the title company selected by Developer or such other location to which the parties may agree.

(b) The Deed shall be in recordable form and shall be promptly recorded in the proper office for the recordation of deeds and other instruments pertaining to the Development Property. At Closing, Developer shall pay: all recording costs, including state deed tax, in connection with the conveyance of the Development Property; costs of recording any instruments used to clear title encumbrances; title insurance commitment fees and premiums, if any; and title company closing fees, if any. The City shall pay any special assessments outstanding or levied against the Development Property as of the date of Closing. The parties agree and understand that the Development Property is currently exempt from property taxes for taxes payable in 2016.

Section 3.5. Title. (a) As soon as reasonably practical after the date of this Agreement, the Developer, at the Developer’s sole expense, shall obtain a commitment for the issuance of a policy of title insurance for the Development Property. The Developer shall have 10 days from the date of its receipt of such commitment to review the state of title to the Development Property and to provide the City with a list of written objections to such title. Upon receipt of the Developer’s list of written objections (“Objections”), the City shall proceed in good faith and with reasonable due diligence to attempt to cure the Objections made by the Developer. In the event that the City has failed to cure Objections within 30 days after its receipt of the Developer’s list of such objections, the Developer may (i) by the giving of written notice to the City terminate this Agreement, upon the receipt of which this Agreement shall be null and void and neither party shall have any liability hereunder, except the Developer’s continuing obligations under Section 3.8 hereof, or (ii) waive any Objections and proceed to closing. The City shall have no obligation to take any action to clear defects in the title to the Development Property, other than the good faith efforts described above.
(b) The City shall take no actions to encumber title to the Development Property between the date of this Agreement and the time the deed is delivered to the Developer.

(c) The Developer shall take no actions to encumber title to the Development Property between the date of this Agreement and the time the deed is delivered to the Developer. The Developer expressly agrees that it will not cause or permit the attachment of any mechanics, attorneys, or other liens to the Development Property prior to Closing. Notwithstanding termination of this Agreement prior to Closing, Developer is obligated to pay all costs to discharge any encumbrances to the Development Property attributable to actions of Developer, its employees, officers, agents or consultants, including without limitation any architect, contractor and or engineer.

Section 3.6. Soils, Environmental Conditions. (a) The City hereby permits Developer and Developer’s agents and consultants to enter upon the Development Property for the purpose of performing environmental and geotechnical testing. If, at least 15 days before Closing the Developer determines that hazardous waste or other pollutants as defined under federal and state law exist on the property, or that the soils are otherwise unsuitable for construction of the Minimum Improvements, the Developer may at its option terminate this Agreement by giving written notice to the City, upon receipt of which this Agreement shall be null and void and neither party shall have any liability hereunder, except as provided in Section 10.11.

(b) The Developer acknowledges that the City makes no representations or warranties as to the condition of the soils on the Development Property or its fitness for construction of the Minimum Improvements or any other purpose for which the Developer may make use of such property. DEVELOPER ACKNOWLEDGES THAT DEVELOPER IS PURCHASING THE PROPERTY IN RELIANCE DEVELOPER’S INSPECTION OF THE PROPERTY PURSUANT TO THIS SECTION 3.6; AND ON DEVELOPER’S JUDGMENT REGARDING THE SUFFICIENCY OF SUCH INSPECTIONS. DEVELOPER IS NOT RELYING ON ANY WRITTEN OR ORAL REPRESENTATIONS, WARRANTIES OR STATEMENTS THAT CITY OR CITY’S AGENTS HAVE MADE. SUBJECT TO DEVELOPER’S RIGHT TO TERMINATE THIS AGREEMENT PURSUANT TO THIS SECTION 3.6, PURCHASER IS PURCHASING THE PROPERTY IN “AS IS” CONDITION. The Developer further agrees that, after Closing, it will indemnify, defend, and hold harmless the City, and its governing body members, officers, and employees, from any claims or actions arising out of the presence, if any, of hazardous wastes or pollutants on the Development Property. Nothing in this section will be construed to limit or affect any limitations on liability of the City or EDA under State or federal law, including without limitation Minnesota Statutes Sections 466.04 and 604.02.

Section 3.7. Payment of City Costs. The Developer agrees that it will pay, within 15 days after written notice from the City, the reasonable costs of consultants and attorneys retained by the City in connection with the negotiation, preparation and administration of this Agreement and other incidental agreements and documents related to the development of the Development Property. The City will provide written reports describing the costs accrued under this Section upon request from the Developer, but not more often than intervals of 45 days. Upon termination of this Agreement in accordance with its terms, the Developer remains obligated under this section for costs incurred through the effective date of termination.
Section 3.8. Exemption from Business Subsidy Act. The parties agree and understand that all financial assistance to Developer under in this Agreement represents assistance for housing, and accordingly is not subject to Minnesota Statutes, Sections 116J.993 to 116J.995, as amended.
ARTICLE IV

Construction of Minimum Improvements

Section 4.1. Construction of Minimum Improvements. Subject to all other terms and conditions of this Agreement, Developer agrees that it will construct, or cause to be constructed, the Minimum Improvements on the Development Property in accordance with the approved Construction Plans and at all times prior to the Termination Date will operate and maintain, preserve and keep the Minimum Improvements or cause the Minimum Improvements to be operated, maintained, preserved and kept with the appurtenances and every part and parcel thereof, in good repair and condition.

Section 4.2. Construction Plans. (a) Before Closing and before commencement of construction of the Minimum Improvements, Developer shall submit to the City Construction Plans. The City will approve such Construction Plans in writing if: (i) such Construction Plans conform to the terms and conditions of this Agreement; (ii) such Construction Plans conform to all applicable federal, state and local laws, ordinances, rules and regulations; (iii) such Construction Plans are adequate to provide for construction of the Minimum Improvements; (iv) the Construction Plans do not provide for expenditures in excess of the funds available to Developer for construction of the Minimum Improvements; and (v) no Event of Default has occurred. No approval by the City shall relieve Developer of the obligation to comply with the terms of this Agreement or of applicable federal, state and local laws, ordinances, rules and regulations, or to construct the Minimum Improvements in accordance therewith. No approval by the City shall constitute a waiver of an Event of Default. If approval of the Construction Plans is requested by Developer in writing at the time of submission, such Construction Plans shall be deemed approved unless rejected, in whole or in part, in writing by the City setting forth in detail the reasons therefor within 30 days after the date of their receipt by the City. If the City rejects any Construction Plans in whole or in part, Developer shall submit new or corrected Construction Plans within 30 days after written notification to Developer of the rejection. The provisions of this Section relating to approval, rejection and resubmission of corrected Construction Plans shall continue to apply until the Construction Plans have been approved by the City. The City’s approval shall not be unreasonably withheld. Said approval shall constitute a conclusive determination that the Construction Plans (and the Minimum Improvements, constructed in accordance with said plans) comply to the City’s satisfaction with the provisions of this Agreement relating thereto but any approvals by the City hereunder will not constitute approval by any City officials regarding any City requirement related to construction of the Minimum Improvements, rather such approvals shall be governed by City ordinances, policies and procedures.

The Developer hereby waives any and all claims and causes of action whatsoever resulting from the review of the Construction Plans by the City and/or any changes in the Construction Plans requested by the City. Neither the City, nor any employee or official of the City shall be responsible in any manner whatsoever for any defect in the Construction Plans or in any work done pursuant to the Construction Plans, including changes requested by the City.
(b) If Developer desires to make any material change in the Construction Plans after their approval by the City, Developer shall submit the proposed change to the City for its approval. If the Construction Plans, as modified by the proposed change, conform to the requirements of this Section 4.2 of this Agreement with respect to such previously approved Construction Plans, the City shall approve the proposed change and notify Developer in writing of its approval. Such change in the Construction Plans shall, in any event, be deemed approved by the City unless rejected, in whole or in part, by written notice by the City to Developer, setting forth in detail the reasons therefor as soon as reasonably practicable but in any event within 30 days after receipt of the notice of such change. The City’s approval of any such change in the Construction Plans will not be unreasonably withheld. Nothing in this paragraph will relieve the Developer of the obligation to comply with any City ordinances or procedures regarding changes in Construction Plans, and any approvals by the City hereunder will not constitute approval by any City officials regarding any City requirement related to construction of the Minimum Improvements.

Section 4.3. Commencement and Completion of Construction. Subject to Unavoidable Delays, the Developer must commence construction of the Minimum Improvements by December 31, 2016, and substantially complete construction of the Minimum Improvements by December 31, 2018. All work with respect to the Minimum Improvements to be constructed on the Development Property shall substantially conform to the Construction Plans as submitted by Developer and approved by the City.

Developer agrees for itself, its successors and assigns, and every successor in interest to the Development Property, or any part thereof, that Developer, and such successors and assigns, shall promptly begin and diligently prosecute to completion the development of the Development Property through the construction of the Minimum Improvements thereon, and that such construction shall in any event be commenced within the period specified in this Section 4.3 of this Agreement. Subsequent to conveyance of the Development Property, or any part thereof, to Developer, and until construction of the Minimum Improvements has been completed, Developer shall make reports, in such detail and at such times as may reasonably be requested by the City, as to the actual progress of Developer with respect to such construction.

Section 4.4. Certificate of Completion. (a) Promptly after substantial completion of the Minimum Improvements in accordance with those provisions of the Agreement relating solely to the obligations of Developer to construct the Minimum Improvements (including the dates for commencement and completion thereof), the City will furnish Developer with an appropriate instrument so certifying. Such certification by the City shall be (and it shall be so provided in the deed and in the certification itself) a conclusive determination of satisfaction and termination of the agreements and covenants in the Agreement and in the deed with respect to the obligations of Developer, and its successors and assigns, to construct the Minimum Improvements and the date for the completion thereof. Such certification and such determination shall not constitute evidence of compliance with or satisfaction of any obligation of Developer to any Holder of a Mortgage, or any insurer of a Mortgage, securing money loaned to finance the Minimum Improvements, or any part thereof.
(b) The certificate provided for in this Section 4.4 of this Agreement shall be in such form as will enable it to be recorded in the proper office for the recordation of deeds and other instruments pertaining to the Development Property. If the City shall refuse or fail to provide any certification in accordance with the provisions of this Section 4.4 of this Agreement, the City shall, within 30 days after written request by Developer, provide Developer with a written statement, indicating in adequate detail in what respects Developer has failed to complete the Minimum Improvements in accordance with the provisions of the Agreement, or is otherwise in default, and what measures or acts it will be necessary, in the opinion of the City, for Developer to take or perform in order to obtain such certification.

(c) The construction of the Minimum Improvements shall be deemed to be commenced when a building permit is issued by the City, and shall be deemed to be substantially completed when Developer has received a certificate of occupancy issued by the City for the Minimum Improvements.
ARTICLE V

Insurance

Section 5.1. **Insurance.** The Developer will provide and maintain at all times during the process of constructing the Minimum Improvements an All Risk Broad Form Basis Insurance Policy and, from time to time during that period, at the request of the City, furnish the City with proof of payment of premiums on policies covering the following:

(i) Builder’s risk insurance, written on the so-called “Builder’s Risk -- Completed Value Basis,” in an amount equal to 100% of the insurable value of the Minimum Improvements at the date of completion, and with coverage available in nonreporting form on the so-called “all risk” form of policy. The interest of the City shall be protected in accordance with a clause in form and content satisfactory to the City;

(ii) Comprehensive general liability insurance (including operations, contingent liability, operations of subcontractors, completed operations and contractual liability insurance) together with an Owner’s Policy with limits against bodily injury and property damage of not less than $2,000,000 for each occurrence (to accomplish the above-required limits, an umbrella excess liability policy may be used). The City shall be listed as an additional insured on the policy; and

(iii) Workers’ compensation insurance, with statutory coverage.

(iv) Employer’s liability insurance, with minimum limits as follows:

(A) $500,000 bodily injury by disease per employee,

(B) $500,000 bodily injury by disease aggregate, and

(C) $500,000 bodily injury by accident; and

(v) Business automobile liability insurance (including coverage for owned, hired, and non-owned automobiles) in the minimum amount of $2,000,000 per occurrence, combined single limit for bodily injury and property damage.

(b) Upon completion of construction of the Minimum Improvements and prior to the Termination Date, the Developer shall maintain, or cause to be maintained, at its cost and expense, and from time to time at the request of the City shall furnish proof of the payment of premiums on, insurance as follows:
(i) Property insurance against physical loss and/or damage to the Minimum Improvements under a policy or policies covering such risks as are ordinarily insured against by similar businesses. The City shall be listed as a loss payee on the policy.

(ii) Commercial general public liability insurance, including personal injury liability (with employee exclusion deleted), against liability for injuries to persons and/or property, in the minimum amount of $2,000,000 for each occurrence and as an annual aggregate, and shall be endorsed to show the City as an additional insured.

(iii) Such other insurance, including workers' compensation insurance respecting all employees of the Developer and professional liability insurance in the event the Developer manages the Minimum Improvements, in such amount as is customarily carried by like organizations engaged in like activities of comparable size and liability exposure; provided that the Developer may be self-insured with respect to all or any part of its liability for workers' compensation.

(c) All insurance required in Article V of this Agreement shall be taken out and maintained in responsible insurance companies selected by the Developer that are authorized under the laws of the State to assume the risks covered thereby. Upon request, the Developer will deposit annually with the City policies evidencing all such insurance, or a certificate or certificates or binders of the respective insurers stating that such insurance is in force and effect. The Developer shall give, and each policy shall contain a provision that the insurer give, written notice to the EDA at least 30 days before the effective date of any cancellation or modification which reduces the coverage provided below the amounts required herein. In lieu of separate policies, the Developer or its contractor, as applicable, may maintain a single policy, blanket or umbrella policies, or a combination thereof, having the coverage required to be provided and maintained by Developer herein, in which event the Developer or its contractor, as applicable, shall deposit with the City a certificate or certificates of the respective insurers as to the amount of coverage in force upon the Minimum Improvements.

(d) The Developer agrees to notify the City immediately in the case of damage exceeding $100,000 in amount to, or destruction of, the Minimum Improvements or any portion thereof resulting from fire or other casualty. In such event the Developer will forthwith repair, reconstruct, and restore the Minimum Improvements to substantially the same or an improved condition or value as it existed prior to the event causing such damage and, to the extent necessary to accomplish such repair, reconstruction, and restoration, the Developer will apply the net proceeds of any insurance relating to such damage received by the Developer to the payment or reimbursement of the costs thereof.

The Developer shall complete the repair, reconstruction and restoration of the Minimum Improvements, regardless of whether the net proceeds of insurance received by the Developer for such purposes are sufficient to pay for the same. Any net proceeds remaining after completion of such repairs, construction, and restoration shall be the property of the Developer.
(e) In lieu of its obligation to reconstruct the Minimum Improvements as set forth in this Section, the Developer shall have the option of paying to the City an amount sufficient to pay in full the outstanding amount of the Purchase Price Note.

(f) The Developer and the City agree that all of the insurance provisions set forth in this Article V shall terminate upon the termination of this Agreement.

Section 5.2. Subordination. Notwithstanding anything to the contrary contained in this Article V, the rights of the City with respect to the receipt and application of any proceeds of insurance shall, in all respects, be subject and subordinate to the rights of any lender under a Mortgage approved pursuant to Article VII of this Agreement.

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ARTICLE VI

Delinquent Taxes and Review of Taxes

Section 6.1. Right to Collect Delinquent Taxes. The Developer acknowledges that the City is providing substantial aid and assistance in furtherance of the development by providing for the payment of the Purchase Price pursuant to the Purchase Price Note. To that end, the Developer agrees for itself, its successors and assigns, that in addition to the obligation pursuant to statute to pay real estate taxes, it is also obligated by reason of this Agreement, during any time that the Developer owns the Development Property or any part thereof, to pay before delinquency all real estate taxes assessed against the Development Property and the Minimum Improvements. The Developer acknowledges that this obligation creates a contractual right on behalf of the City through the Termination Date to sue the Developer or its successors and assigns to collect delinquent real estate taxes and any penalty or interest thereon and to pay over the same as a tax payment to the county auditor. In any such suit in which the City is the prevailing party, the City shall also be entitled to recover its costs, expenses and reasonable attorney fees.

Section 6.2. Review of Taxes. The Developer agrees that prior to the Termination Date it will not cause a reduction in the real property taxes paid in respect of the Development Property through: (a) willful destruction of the Development Property or any part thereof; or (b) willful refusal to reconstruct damaged or destroyed property in accordance with Section 5.1(d) of this Agreement, except as otherwise provided in Section 5.1(d). The Developer also agrees that, prior to the Termination Date, it will not apply for a deferral or reduction of property tax on the Development Property pursuant to any law, or transfer or permit transfer of the Development Property to any person or entity whose ownership or operation of the property would result in the Development Property being exempt from real estate taxes under State law.
ARTICLE VII

Financing

Section 7.1. Financing. (a) Before conveyance of the Development Property, the Developer shall submit to the City evidence of one or more commitments for mortgage financing which, together with committed equity for such construction, is sufficient for the construction of the Minimum Improvements. Such commitments may be submitted as short term financing, long term mortgage financing, a bridge loan with a long-term take-out financing commitment, or any combination of the foregoing. Such commitment or commitments for short term or long term mortgage financing shall be subject only to such conditions as are normal and customary in the mortgage banking industry.

(b) If the City finds that the mortgage financing is sufficiently committed and adequate in amount to provide for the construction of the Minimum Improvements, then the City shall notify the Developer in writing of its approval. Such approval shall not be unreasonably withheld and either approval or rejection shall be given within 30 days from the date when the City is provided the evidence of financing. A failure by the City to respond to such evidence of financing shall be deemed to constitute an approval hereunder. If the City rejects the evidence of financing as inadequate, it shall do so in writing specifying the basis for the rejection. In any event the Developer shall submit adequate evidence of financing within 30 days after such rejection. Approval of any subordination agreement under Section 7.3 hereof will constitute approval of financing for the purposes of this Section.

Section 7.2. City's Option to Cure Default on Mortgage. In the event that there occurs a default under any Mortgage, Developer shall cause the City to receive copies of any notice of default received by Developer from the holder of such Mortgage. Developer will use its reasonable efforts to include in any Mortgage a provision that the City shall have the right, but not the obligation, to cure any such default on behalf of Developer within such cure periods as are available to Developer under the Mortgage documents. In the event there is an event of default under this Agreement, the City will transmit to the Holder of any Mortgage a copy of any notice of default given by the City pursuant to Article IX of this Agreement.

Section 7.3. Subordination and Modification for the Benefit of Mortgagee. In order to facilitate Developer obtaining financing for purchase of the Development Property and for construction according to the Construction Plans, the City agrees to subordinate its rights under this Agreement, including without limitation its rights of reversion under Sections 9.3 and 9.4 hereof, provided that such subordination shall be subject to such reasonable terms and conditions as the City and Holder of such Mortgage mutually agree in writing.
ARTICLE VIII

Prohibitions Against Assignment and Transfer; Indemnification

Section 8.1. Representation as to Development. Developer represents and agrees that its purchase of the Development Property or portions thereof, and its other undertakings pursuant to the Agreement, are, and will be used, for the purpose of development of the Development Property and not for speculation in land holding.

Section 8.2. Prohibition Against Transfer of Property and Assignment of Agreement. Developer represents and agrees that prior to the Termination Date, other than rentals of housing units in the ordinary course of business, the Developer has not made or created and will not make or create or suffer to be made or created any total or partial sale, assignment, conveyance, or lease, or any trust or power, or transfer in any other mode or form of or with respect to this Agreement or the Development Property or any part thereof or any interest therein, or any contract or agreement to do any of the same, to any person or entity (collectively, a “Transfer”), unless the Developer prepays the Purchase Price Note in full. The term “Transfer” does not include (i) encumbrances made or granted by way of security for, and only for, the purpose of obtaining construction, interim or permanent financing necessary to enable Developer or any successor in interest to the Development Property, or any part thereof, to construct the Minimum Improvements, (ii) any lease, license, easement or similar arrangement entered into in the ordinary course of business related to operation of the Minimum Improvements, (iii) any Transfer to an Affiliate or (iv) any transfer of a housing unit to an owner occupant who meets the Developer’s criteria for the program for development of the Minimum Improvements.

Section 8.3. Release and Indemnification Covenants. (a) Developer releases from and covenants and agrees that the City and the governing body members, officers, agents, servants and employees thereof (collectively, the “Indemnified Parties”) shall not be liable for and agrees to indemnify and hold harmless the City and Indemnified Parties against any loss or damage to property or any injury to or death of any person occurring at or about or resulting from any defect in the Minimum Improvements.

(b) Except for willful misrepresentation or any willful or wanton misconduct of the Indemnified Parties, the Developer agrees to protect and defend the City and the Indemnified Parties, now or forever, and further agrees to hold the Indemnified Parties harmless from any claim, demand, suit, action or other proceeding whatsoever arising or purportedly arising from this Agreement, or the transactions contemplated hereby or the acquisition, construction, installation, ownership, maintenance and operation of the Minimum Improvements.

(c) The Indemnified Parties shall not be liable for any damage or injury to the persons or property of Developer or its officers, agents, servants or employees or any other person who may be about the Development Property or Minimum Improvements.

(d) All covenants, stipulations, promises, agreements and obligations of the City contained herein shall be deemed to be the covenants, stipulations, promises, agreements and
obligations of the City and not of any governing body member, officer, agent, servant or employee of the City in the individual capacity thereof.
ARTICLE IX

Events of Default

Section 9.1. Events of Default Defined. The following shall be “Events of Default” under this Agreement and the term “Event of Default” shall mean, whenever it is used in this Agreement (unless the context otherwise provides), any one or more of the following events:

(a) any default by the Developer in any payment of the Purchase Price Note in accordance with its terms that remain unpaid after 10 days’ written notice of such failure to pay;

(b) any failure by any party, that has not been cured within 30 days’ written notice of such failure, to observe or perform any other covenant, condition, obligation or agreement on its part to be observed or performed under this Agreement or under any other agreement entered into between Developer and the City in connection with development of the Development Property.

Section 9.2. Remedies on Default. Whenever any Event of Default referred to in Section 9.1 of this Agreement occurs, the non-defaulting party may exercise its rights under this Section 9.2, but only if the Event of Default has not been cured within the period after written notice specified in Section 9.1 or, with respect to an even specified in Section 9.1(b), if the Event of Default is by its nature incurable within 30 days, the defaulting party does not provide assurances reasonably satisfactory to the non-defaulting party that the Event of Default will be cured and will be cured as soon as reasonably possible:

(a) Suspend its performance under the Agreement until it receives assurances that the defaulting party will cure its default and continue its performance under the Agreement.

(b) Cancel and rescind or terminate the Agreement; provided however, that no such termination will terminate the Developer’s obligations under the Purchase Price Note.

(c) Demand repayment of the outstanding principal balance of the Purchase Price Note;

(d) Take whatever action, including legal, equitable or administrative action, which may appear necessary or desirable to collect any payments due under this Agreement, or to enforce performance and observance of any obligation, agreement, or covenant under this Agreement.

Section 9.3. Revesting Title in City Upon Happening of Event Subsequent to Conveyance to Developer. In the event that subsequent to conveyance of the Development Property to Developer and prior to completion of construction of the Minimum Improvements (as evidenced by a Certificate of Completion described in Section 4.4):
(a) Developer, subject to Unavoidable Delays, shall fail to begin construction of the Minimum Improvements in conformity with this Agreement and such failure to begin construction is not cured within 90 days after written notice from the City to Developer to do so; or

(b) Developer fails to pay real estate taxes or assessments on the parcel or any part thereof when due, or creates, suffers, assumes, or agrees to any encumbrance or lien on the parcel (except to the extent permitted by this Agreement), or shall suffer any levy or attachment to be made, or any materialmen's or mechanics' lien, or any other unauthorized encumbrance or lien to attach, and such taxes or assessments shall not have been paid, or the encumbrance or lien removed or discharged or provision satisfactory to the City made for such payment, removal, or discharge, within 30 days after written demand by the City to do so; provided, that if Developer first notifies the City of its intention to do so, it may in good faith contest any mechanics’ or other lien filed or established and in such event the City shall permit such mechanics’ or other lien to remain undischarged and unsatisfied during the period of such contest and any appeal and during the course of such contest Developer shall keep the City informed respecting the status of such defense; or

(c) there is, in violation of the Agreement, any Transfer of the parcel in violation of the terms of Section 8.2, and such violation is not cured within 60 days after written demand by the City to Developer, or if the event is by its nature incurable within 30 days, Developer does not, within such 30-day period, provide assurances reasonably satisfactory to the City that the event will be cured as soon as reasonably possible; or

(d) Developer fails to comply with any of its other covenants under this Agreement related to the Minimum Improvements and fails to cure any such noncompliance or breach within 30 days after written demand from the City to Developer to do so, or if the event is by its nature incurable within 30 days, Developer does not, within such 30-day period, provide assurances reasonably satisfactory to the City that the event will be cured as soon as reasonably possible; or

(e) the Holder of any Mortgage secured by the subject property exercises any remedy provided by the Mortgage documents or exercises any remedy provided by law or equity in the event of a default in any of the terms or conditions of the Mortgage, in either case which would materially adversely affect the rights and obligations of the City hereunder,

Then the City shall have the right to re-enter and take possession of the parcel to which the default relates and to terminate (and revest in the City) the estate conveyed by the deed to Developer as to that parcel, subject to all intervening matters, it being the intent of this provision, together with other provisions of the Agreement, that the conveyance of the parcel to Developer shall be made upon, and that the deed shall contain a condition subsequent to the effect that in the event of any default on the part of Developer and failure on the part of Developer to remedy, end, or abrogate such default within the period and in the manner stated in such subdivisions, the City at its option may declare a termination in favor of the City of the title, and of all the rights and interests in and to the parcel conveyed to Developer, and that such title and all rights and interests of Developer, and any assigns or successors in interest to and in the parcel, shall revert to the City, but only if the events stated in Section 9.4(a)-(e) have not been cured within the time periods provided above. Notwithstanding anything to the contrary herein, in the event the Development Property have been replatted as part of other parcels as of the date of the City's exercise of its rights under this Section,
Developer will cooperate with the City in obtaining any subdivision necessary to revest in the City title to the applicable City Parcel.

Section 9.4. **Resale of Reacquired Property; Disposition of Proceeds.** Upon the revesting in the City of title to and/or possession of the parcel or any part thereof as provided in Section 9.3, the City shall, pursuant to its responsibilities under law, use its best efforts to sell the parcel or part thereof as soon and in such manner as the City shall find feasible and consistent with the objectives of such law to a qualified and responsible party or parties (as determined by the City) who will assume the obligation of making or completing the Minimum Improvements as shall be satisfactory to the City in accordance with the uses specified for such parcel or part thereof in the Development Plan and TIF Plan. During any time while the City has title to and/or possession of a parcel obtained by reverter, the City will not disturb the rights of any tenants under any leases encumbering such parcel. Upon resale of the parcel, the proceeds thereof shall be applied:

(a) First, to reimburse the City for all costs and expenses incurred by them, including but not limited to salaries of personnel, in connection with the recapture, management, and resale of the parcel (but less any income derived by the City from the property or part thereof in connection with such management); all taxes, assessments, and water and sewer charges with respect to the parcel or part thereof (or, in the event the parcel is exempt from taxation or assessment or such charge during the period of ownership thereof by the City, an amount, if paid, equal to such taxes, assessments, or charges (as determined by the City assessing official) as would have been payable if the parcel were not so exempt); any payments made or necessary to be made to discharge any encumbrances or liens existing on the parcel or part thereof at the time of revesing of title thereto in the City or to discharge or prevent from attaching or being made any subsequent encumbrances or liens due to obligations, defaults or acts of Developer, its successors or transferees; any expenditures made or obligations incurred with respect to the making or completion of the subject improvements or any part thereof on the parcel or part thereof; and any amounts otherwise owing the City by Developer and its successor or transferee; and

(b) Second, to reimburse Developer, its successor or transferee, up to the amount equal to (1) the purchase price paid by Developer under Section 3.2 with respect to the parcel revesed; plus (2) the amount actually invested by it in making any of the subject improvements on the parcel or part thereof.

Any balance remaining after such reimbursements shall be retained by the City as its property.

Section 9.5. **No Remedy Exclusive.** No remedy herein conferred upon or reserved to the City or Developer is intended to be exclusive of any other available remedy or remedies, but each and every such remedy shall be cumulative and shall be in addition to every other remedy given under this Agreement or now or hereafter existing at law or in equity or by statute. No delay or omission to exercise any right or power accruing upon any default shall impair any such right or power or shall be construed to be a waiver thereof, but any such right and power may be exercised from time to time and as often as may be deemed expedient. In order to entitle the City to exercise any remedy reserved to it, it shall not be necessary to give notice, other than such notice as may be required in this Article IX.
Section 9.6. No Additional Waiver Implied by One Waiver. In the event any agreement contained in this Agreement should be breached by either party and thereafter waived by the other party, such waiver shall be limited to the particular breach so waived and shall not be deemed to waive any other concurrent, previous or subsequent breach hereunder.

Section 9.7. Attorney Fees. Whenever any Event of Default occurs and if the non-defaulting party employs attorneys or incurs other expenses for the collection of payments due or to become due or for the enforcement of performance or observance of any obligation or agreement on the part of the defaulting party under this Agreement, the defaulting party shall, within 10 days of written demand by the non-defaulting party, pay to the non-defaulting party the reasonable fees of such attorneys and such other expenses so incurred by the non-defaulting party.
ARTICLE X

Additional Provisions

Section 10.1. Conflict of Interests: City Representatives Not Individually Liable. The City and Developer, to the best of their respective knowledge, represent and agree that no member, official, or employee of the City shall have any personal interest, direct or indirect, in the Agreement, nor shall any such member, official, or employee participate in any decision relating to the Agreement which affects his personal interests or the interests of any corporation, partnership, or association in which he is, directly or indirectly, interested. No member, official, or employee of the City shall be personally liable to Developer, or any successor in interest, in the event of any default or breach by the City or for any amount which may become due to Developer or successor or on any obligations under the terms of the Agreement.

Section 10.2. Equal Employment Opportunity. Developer, for itself and its successors and assigns, agrees that during the construction of the Minimum Improvements provided for in the Agreement it will comply with all applicable federal, state and local equal employment and non-discrimination laws and regulations.

Section 10.3. Restrictions on Use. Developer agrees that until the Termination Date, Developer, and such successors and assigns, shall devote the Development Property to the operation of the Minimum Improvements for uses described in the definition of such term in this Agreement, and shall not discriminate upon the basis of race, color, creed, sex or national origin in the sale, lease, or rental or in the use or occupancy of the Development Property or any improvements erected or to be erected thereon, or any part thereof.

Section 10.4. Provisions Not Merged With Deed. None of the provisions of this Agreement are intended to or shall be merged by reason of any deed transferring any interest in the Development Property and any such deed shall not be deemed to affect or impair the provisions and covenants of this Agreement.

Section 10.5. Titles of Articles and Sections. Any titles of the several parts, Articles, and Sections of the Agreement are inserted for convenience of reference only and shall be disregarded in construing or interpreting any of its provisions.

Section 10.6. Notices and Demands. Except as otherwise expressly provided in this Agreement, a notice, demand, or other communication under the Agreement by either party to the other shall be sufficiently given or delivered if it is dispatched by registered or certified mail, postage prepaid, return receipt requested, or delivered personally; and

(a) in the case of Developer, is addressed to or delivered personally to Developer at 899 Cobb Road, Shoreview, MN 55126, Attn: Blake Huffman; and

(b) in the case of the City, is addressed to or delivered personally to the City at 800 East County Road E, Vadnais Heights, Minnesota 56127, Attn: City Administrator,
or at such other address with respect to any such party as that party may, from time to time, designate in writing and forward to the others as provided in this Section.

Section 10.7. Counterparts. This Agreement may be executed in any number of counterparts, each of which shall constitute one and the same instrument.

Section 10.8. Recording. The City may record this Agreement and any amendments thereto with the Ramsey County recorder. Developer shall pay all costs for recording.

Section 10.9. Amendment. This Agreement may be amended only by written agreement approved by the City and Developer.

Section 10.10. City Approvals. Unless otherwise specified, any approval required by the City under this Agreement may be given by the City Representative.

Section 10.11. Termination. This Agreement terminates on the Termination Date; provided however Sections 3.6(b), 3.7, 8.3, 9.3 (until satisfied), 9.4, and 9.7 shall survive any rescission, termination or expiration of this Agreement with respect to or arising out of any event, occurrence or circumstance existing prior to the date thereof; and provided further, that no such termination will terminate the Developer's obligations under the Purchase Price Note until paid and satisfied in full.

Section 10.12. Choice of Law and Venue. This Agreement shall be governed by and construed in accordance with the laws of the state of Minnesota. Any disputes, controversies, or claims arising out of this Agreement shall be heard in the state or federal courts of Minnesota, and all parties to this Agreement waive any objection to the jurisdiction of these courts, whether based on convenience or otherwise.

Section 10.13. Good Faith. Each party shall act in good faith and in a commercially reasonable manner with respect to any matter contemplated by this Agreement, including, without limitation, approving or disapproving any request, including any request for approval of plans.
IN WITNESS WHEREOF, the City has caused this Agreement to be duly executed in its name and behalf and its seal to be hereunto duly affixed and Developer has caused this Agreement to be duly executed in its name and behalf on or as of the date first above written.

CITY OF VADNAIS HEIGHTS

By ________________________________
Its Mayor

By ________________________________
Its City Administrator

STATE OF MINNESOTA )
 ) SS.
COUNTY OF RAMSEY )

The foregoing instrument was acknowledged before me this 10th day of November, 2016, by Marc A. Johansen and Kevin Watson, the Mayor and City Administrator of the City of Vadnais Heights, a Minnesota municipal corporation, on behalf of the City.

Rebecca Gumatz
Notary Public

REBECCA GUMATZ
NOTARY PUBLIC - MINNESOTA
My Commission Expires: Jan. 31, 2018
JOURNEY HOME MINNESOTA

By: [Signature] Blake Huffman

Its: President

STATE OF MINNESOTA  )
                ) SS.
COUNTY OF RAMSEY  )

The foregoing instrument was acknowledged before me this 10th day of November, 2016 by Blake Huffman, the President of Journey Home Minnesota, a Minnesota nonprofit corporation, on behalf of the company.

[Signature]
Notary Public

[Notary Seal]
EXHIBIT A
DEVELOPMENT PROPERTY

Lot 1 and Lot 2, Block 1, Veteran Village, according to the recorded plat thereof, Ramsey County, Minnesota
EXHIBIT B

FORM OF QUIT CLAIM DEED

Deed Tax Due: $ ___

ECRV _______________________

QUIT CLAIM DEED

THIS QUIT CLAIM DEED, between the City of Vadnais Heights, a Minnesota municipal corporation (the “Grantor”), and Journey Home Minnesota, a Minnesota nonprofit corporation (the “Grantee”).

WITNESSETH, that Grantor, in consideration of the sum of $75,000.00 and other good and valuable consideration the receipt whereof is hereby acknowledged, does hereby grant, bargain, quitclaim and convey to the Grantee, its successors and assigns forever, all the tract or parcel of land lying and being in the County of Ramsey and State of Minnesota described as follows, to-wit (such tract or parcel of land is hereinafter referred to as the “Property”):

Lot 1 and Lot 2, Block 1, Veteran Village, according to the recorded plat thereof, Ramsey County, Minnesota

Check here if all or part of property is registered (Torrens) □

To have and to hold the same, together with all the hereditaments and appurtenances thereunto belonging.

SECTION 1.

It is understood and agreed that this Deed is subject to the covenants, conditions, restrictions and provisions of an agreement recorded herewith entered into between the Grantor and Grantee as of the 2nd day of November, 2016, identified as “Purchase and Development Contract” (hereafter referred to as the “Agreement”) and that the Grantee shall not convey this Property, or any part thereof, except as permitted by the Agreement until a certificate of completion releasing the Grantee from certain obligations of said Agreement as to this Property or such part thereof then to be conveyed, has been placed of record. This provision, however, shall in no way prevent the Grantee from mortgaging this Property in order to obtain funds for the purchase of the Property hereby conveyed or for erecting the Minimum Improvements thereon (as defined in the Agreement) in conformity with the Agreement, any applicable development program and applicable provisions of the zoning ordinance of the City of Vadnais Heights, Minnesota, or for the refinancing of the same.
It is specifically agreed that the Grantee shall promptly begin and diligently prosecute to completion the development of the Property through the construction of the Minimum Improvements thereon, as provided in the Agreement.

Promptly after completion of the Minimum Improvements in accordance with the provisions of the Agreement, the Grantor will furnish the Grantee with an appropriate instrument so certifying. Such certification by the Grantor shall be (and it shall be so provided in the certification itself) a conclusive determination of satisfaction and termination of the agreements and covenants of the Agreement and of this Deed with respect to the obligation of the Grantee, and its successors and assigns, to construct the Minimum Improvements and the dates for the beginning and completion thereof. Such certifications and such determination shall not constitute evidence of compliance with or satisfaction of any obligation of the Grantee to any holder of a mortgage, or any insurer of a mortgage, securing money loaned to finance the purchase of the Property hereby conveyed or the Minimum Improvements, or any part thereof.

All certifications provided for herein shall be in such form as will enable them to be recorded with the County Recorder, or Registrar of Titles, Ramsey County, Minnesota. If the Grantor shall refuse or fail to provide any such certification in accordance with the provisions of the Agreement and this Deed, the Grantor shall, within thirty (30) days after written request by the Grantee, provide the Grantee with a written statement indicating in adequate detail in what respects the Grantee has failed to complete the Minimum Improvements in accordance with the provisions of the Agreement or is otherwise in default, and what measures or acts it will be necessary, in the opinion of the Grantor, for the Grantee to take or perform in order to obtain such certification.

SECTION 2.

The Grantee's rights and interest in the Property are subject to the terms and conditions of Section 9.3 of the Agreement relating to the Grantor's right to re-enter and revest in Grantor title to the Property under conditions specified therein, including but not limited to termination of such right upon issuance of a Certificate of Completion as defined in the Agreement.

SECTION 3.

The Grantee agrees for itself and its successors and assigns to or of the Property or any part thereof, hereinbefore described, that the Grantee and such successors and assigns shall comply with all provisions of the Agreement that relate to the Property or use thereof for the periods specified in the Agreement, including without limitation the covenant set forth in Section 10.3 thereof.

It is intended and agreed that the above and foregoing agreements and covenants shall be covenants running with the land for the respective terms herein provided, and that they shall, in any event, and without regard to technical classification or designation, legal or otherwise, and except only as otherwise specifically provided in this Deed, be binding, to the fullest extent permitted by law and equity for the benefit and in favor of, and enforceable by, the Grantor against the Grantee, its successors and assigns, and every successor in interest to the Property, or any part thereof or any interest therein, and any party in possession or occupancy of the Property or any part thereof.
In amplification, and not in restriction of, the provisions of the preceding section, it is intended and agreed that the Grantor shall be deemed a beneficiary of the agreements and covenants provided herein, both for and in its own right, and also for the purposes of protecting the interest of the community and the other parties, public or private, in whose favor or for whose benefit these agreements and covenants have been provided. Such agreements and covenants shall run in favor of the Grantor without regard to whether the Grantor has at any time been, remains, or is an owner of any land or interest therein to, or in favor of, which such agreements and covenants relate. The Grantor shall have the right, in the event of any breach of any such agreement or covenant to exercise all the rights and remedies, and to maintain any actions or suits at law or in equity or other proper proceedings to enforce the curing of such breach of agreement or covenant, to which it or any other beneficiaries of such agreement or covenant may be entitled; provided that Grantor shall not have any right to re-enter the Property or re-vest in the Grantor the estate conveyed by this Deed on grounds of Grantee’s failure to comply with its obligations under this Section 3.

SECTION 4.

This Deed is also given subject to:

(a) Provision of the ordinances, building and zoning laws of the City of Vadnais Heights, and state and federal laws and regulations in so far as they affect this real estate.

(b) All easements of record running in favor of the Grantor and/or the public, if any.

(c) Purchase and Development Contract dated November 2, 2016, by and between the City of Vadnais Heights and Journey Home Minnesota.

(d) Development Agreement dated November ____, 2016, by and between the City of Vadnais Heights and Journey Home Minnesota.

(e) All other covenants, conditions, restrictions, easements and declarations of record, if any.

Grantor certifies that it does not know of any wells on the Property.
IN WITNESS WHEREOF, the Grantor has caused this Deed to be duly executed in its behalf by its Mayor and City Administrator and has caused its corporate seal to be hereunto affixed this ______ day of November, 2016.

✓ The Seller certifies that the Seller does not know of any wells on the described real property.

☐ A well disclosure certificate accompanies this document or has been electronically filed. (If electronically filed, insert WDC number: ____________.)

☐ I am familiar with the property described in this instrument and I certify that the status and number of wells on the described real property have not changed since the last previously filed well disclosure certificate.

GRANTOR

CITY OF VADNAIS HEIGHTS,
MINNESOTA

By ______________________

 Its Mayor

By ______________________

 Its Administrator

STATE OF MINNESOTA ) ss
COUNTY OF RAMSEY )

This instrument was acknowledged before me on this ______ day of November, 2016, by Marc A. Johanssen and Kevin Watson, the Mayor and City Administrator, respectively, of the City of Vadnaïs Heights, Minnesota, a municipal corporation and public body corporate and politic under the laws of Minnesota, on behalf of the municipal corporation.

______________________________
Notary Public

This instrument was drafted by:

Kennedy & Graven, Chartered (JSB)
470 U.S. Bank Plaza
Minneapolis, Minnesota 55402
EXHIBIT C

FORM OF PURCHASE PRICE NOTE

Date: November 1, 2021

Amount: $75,000.00

FOR VALUE RECEIVED, the undersigned (the "Borrower") promises to pay to the order of the CITY OF VADNAIS HEIGHTS, MINNESOTA, a municipal corporation and public body corporate and politic, organized and existing under the laws of the State of Minnesota (the "City"), its successors or assigns, at 800 East County Road E, Vadnais Heights, Minnesota 56127 the sum of SEVENTY-FIVE THOUSAND AND 00/100 DOLLARS, ($75,000.00) (the "Loan"), that was advanced pursuant to that certain Purchase and Development Contract, dated November 2, 2016 between the Borrower and the City (the "Agreement), the terms and conditions of which Agreement are incorporated herein, in legal tender of the United States, without interest, as provided below. Defined terms used in this note have the meanings as defined in either this note or in the Agreement.

1. No payments of principal will be made until November 1, 2021, at which time the principal amount this Note is due and payable in full ("Maturity Date"). This Note may be prepaid at any time without penalty.

2. Prior to the Maturity Date, the entire amount owing under this Note shall be due and payable in full on the occurrence of any of the following events:

   (i) The voluntary or involuntary sale, transfer or conveyance of any part of the Property, except as permitted under the Agreement; or

   (ii) The voluntary or involuntary sale, transfer or conveyance of any part of the Borrower not permitted under the Agreement; or

   (iii) In the event of damage to the Minimum Improvements in excess of $100,000 and the Developer fails to complete any repair, reconstruction or restoration of the Minimum Improvements within one year from the date of receipt of insurance or condemnation proceeds, subject to Unavoidable Delays;

   (iv) In the event that there is an Event of Default by Borrower which remains uncured after the expiration of any notice and cure period, the entire principal sum of this Note may be declared immediately due and payable by the City.

3. In the event the principal on this Note, or any part thereof, is not paid when due, at the Maturity Date, or upon acceleration, or as otherwise provided herein or in the Agreement, and is placed in the hands of an attorney or debt collector for collection, the Borrower, its successors and assigns, will repay on demand all costs and expenses of collection so incurred,

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including reasonable attorney's fees, whether or not suit or legal proceeding is actually commenced for the collection thereof.

4. If default be made in the payment of this Note or any part thereof when due, at the Maturity Date, or upon acceleration, or as otherwise provided herein or in the Agreement, then the whole sum or sums herein agreed to be paid, shall at the option of the City, become immediately due and payable, without notice, and no omission or delay on the part of the City to exercise such option shall be construed as a waiver of such right. Such option shall be a continuing right and may be exercised as often as any such default may occur.

5. Demand, protest and notice of demand and protest are hereby waived, and the undersigned further hereby waives, to the extent authorized by law, any and all exemption rights which otherwise would apply to the debt evidenced by this note.

6. This Note may not be modified orally, but only by an agreement in writing and signed by the party against whom enforcement of any waiver, change, modification or discharge is sought, and is made with reference to and is to be construed in accordance with the laws of the State of Minnesota.

IN WITNESS WHEREOF, this note has been duly executed by the undersigned as of the above-listed date.

JOURNEY HOME MINNESOTA, a Minnesota nonprofit corporation

By: ____________________________
    Blake Huffman
Its: President
Memorandum:

TO: Mayor Gunderson and City Council Members
FROM: Jesse Farrell, Director of Public Works
DATE: May 21, 2019

SUBJECT: Introduction to Potential Citywide Stormwater Management Analysis Project

Background
The City owns and maintains a wide variety of stormwater management infrastructure. Catch basins, storm sewer pipe, manholes, ponds, wetlands, outlet structures and ditches all work together to move water through the community. This infrastructure provides a critical function in protecting property.

The last few years in our region have been wet. This has led to numerous calls and inquiries from property owners that are concerned about relatively high water. As the utility owner, we should take steps to analyze our existing system, and where necessary, make targeted improvements in a programmed manner.

At the Workshop, I will present an overview and introduction of our system and discuss potential opportunities for improvement, beginning with a high-level professional analysis of our existing system.
Memorandum:

TO: Mayor Gunderson and City Council Members

FROM: Tim Sandvik, Assistant City Administrator

DATE: May 21, 2019

SUBJECT: Koehler Road – Alternatives Analysis Review

Background

In 2018, the City Council recognized the need to form a task force regarding a pedestrian friendly corridor along Koehler Road. The opportunity to serve on the Koehler Road Task Force was advertised in late fall and its first meeting was held on December 6, 2018. The make-up of the Task Force included elected officials, City staff who represent various departments (Administration, Planning, Engineering, and Public Works), neighbors, the school district and Ramsey County Public Works as the road is under Ramsey County jurisdiction – in all, 16 attendees.

The goal of the December 6, 2018 Task Force meeting was to better understand all perspectives and considerations regarding a pedestrian friendly corridor, and create a plan to move a potential project forward. At the completion of the meeting, City staff summarized areas the Task Force would like to better understand, including exploring the following ideas:
- Using both sides of Koehler Rd
- A one-way
- A pathway system in the wetlands area
- A traffic count/traffic study
- A speed study
- An all-way stop sign
- A two-way bikeways
- A trail to the north of properties connecting to the school
- A potential trail
- Meandering versus a straight-shot, type of trail
- Additional exploration of the section going north on Edgerton Street from Koehler

Following the meeting, in early 2019, the City Council approved an agreement with Short Elliot Hendrickson, Inc. (SEH) to conduct an ‘Alternatives Analysis’ highlighting considerations raised by the Task Force. City Staff have worked with SEH recently to refine this document within appropriate parameters. Staff will present highlights from the most recent draft and ask that the City Council give direction on finalizing the Alternatives Analysis. Further, staff would like to understand desired outcomes from the next Koehler Road Task Force meeting to occur in early summer.
Memorandum:

TO: Mayor Gunderson and City Council Members

FROM: Kevin P. Watson, City Administrator

DATE: May 21, 2019

SUBJECT: Consider Approval of 2019-2021 Work Plan Resulting from the Council's Goals Session

Requested Council Action
Approve the 2019-2021 Work Plan that was developed by Phil Kern as a result of the Council's Goals Session held on April 22, 2019.

Background
Mayor Gunderson had expressed interest in hiring a facilitator to help guide City Council and department heads through a collaborative discussion on short-term goals. At the March 19, 2019 Council meeting, the Council authorized the City Administrator to contract with Phil Kern for the facilitation of the goals session.

The Goals Session was held on April 22, 2019. Attendees included Mayor Gunderson, Council Members Craig Johnson, Greg Urban, Patricia Youker and Bob Morse, plus City Department Heads, Bob Sundberg, Nolan Wall, Ed Leier, myself and Assistant City Administrator Tim Sandvik.

Following the Goals Session, Mr. Kern developed the attached 2019-2021 Work Plan for consideration by the Council.

Attachment(s):
2019-2021 Work Plan
City of Vadnais Heights

2019 Goal Setting Session Report

On April 22, 2019, the Vadnais Heights City Council and Department Heads convened a special session to discuss the status of the organization and brainstorm key priorities for the coming 2-3 year period. The session included Mayor Heidi Gunderson, Councilmembers Craig Johnson, Bob Morse, Greg Urban, and Patricia Youker, City Administrator Kevin Watson, Assistant City Administrator Tim Sandvik, Fire Chief Ed Leier, Community Development Director Nolan Wall, Finance Director Bob Sundberg and City Engineer/Public Works Director Jesse Farrell.

Organizational Assessment

The session began with an assessment of the organization and the community as it exists today. This process provided participants with the opportunity to focus on the strengths of the organization, the areas in which it can improve, and the opportunities that present themselves in the near future. Participants were asked to share their thoughts on each topic and focus on brainstorming as many results as possible in the time provided. This process provided the background necessary for participants to think about what the most critical goals are in the coming years.

Organizational/Community Strengths

The first activity focused on the strengths of the organization. Specifically, participants were asked what elements of the City would they be most proud to publicly share with others less familiar with Vadnais Heights. The members of the Council and staff identified the following as strengths:

- "Right Size" – stronger community, sense of identity
- Strong, professional and talented staff
- Helpful and supportive team approach between staff and Council
- Motivated and energetic Council
- Stability amongst citizens, businesses, and staff
- Strong business climate, regulations not overly burdensome
- Low taxes, low cost of ownership
- Great natural resources, specifically lakes, parks, trails and open spaces
- Excellent public facilities
- Great location and accessibility to the Twin Cities
- Great community events (HD, Egg Hunt, etc.)
- Strong service groups and volunteer participation, help further mission
- High level of neighborliness – friendly, caring and courteous
- Strong mix of business
- Convenient and strong retail options
• City services are excellent and well regarded
• Fully development and well-established community
• Creativity will bring new opportunities
• City listens well and is connected to its citizens
• Stable financial position – efficient operations
• Great public safety services – safe community
• Snow removal and utility services are amongst the best
• Schools are excellent
• Relationships with neighboring communities, county, etc., are strong

This activity showed the starting point for conversations about what the team wants to accomplish moving forward. The strengths of the community identified were wide-ranging and thorough, and participants were consistent in their acknowledgement of these assets. Common themes amongst small groups were that Vadnais Heights is a strong community with a high-level of public services and a good value for those who live and do business in the city.

Organizational/Community Areas for Improvement

The next activity led the group to a discussion of areas for improvement. The purpose of this exercise is to identify those tasks and/or areas of the community that could be improved. Essentially, these items provide the building blocks for the establishment of goals. As such, participants were asked to brainstorm things under the City’s control that could be improved from its current state. The results of this activity were as follows:

• Street maintenance – more specifically pavement management
• Financing for aging infrastructure, future needs – CIP/funding alignment in the areas of streets, utilities, trails, natural resource mgmt., parks, department needs, sheriff’s budget
• Budgeting/financial planning for future levies
• “Kicking the can” – putting off costs until a later date
• Pavilion in need of rehabilitation
• Telling the story of city – communication
• Franchise fees – not enough to fully fund street maintenance
• Lack of shared goals, initiatives to move forwarded with consensus
• More reactionary than being proactive
• “Old habits” – doing things the same way we’ve always done them.
• Addressing best city interests in the face of strong opposition
• Managing demands of changing demographics, new community members
• Aging volunteers, need to attract new volunteers
• Firefighter recruitment
• Lean operation and staffing
• Expanse of social media, community communication expectations
• WBL lake level
• Rising cost of public safety services
• Lack of a defined downtown
• Housing supply challenges – aging housing stock, new supply not balanced
• Fully developed city – growth means redevelopment
• Green space/open space is an asset, but also costly and restricts other land uses
• Lack of public transportation options
• Lack of local entertainment options

This list as well contains many common or similar themes amongst members of the leadership team. Foremost is the acknowledgement that while the city has been cost conscious and effectively offering a low tax rate, there are long-term financial planning needs – specifically around capital improvement planning for infrastructure improvements – that would improve the City’s ability to meet community needs. The activity also yielded comments regarding the community’s housing stock, communication strategies, and service needs within the city.

Organizational/Community Opportunities

This activity led the group to brainstorming opportunities provided by its strengths and areas of improvement. The brainstorming of opportunities followed many of the common themes of the previous two activities. Actively discussing and sharing perspectives of the opportunities provide a strong basis to set goals to take advantage of what’s possible. Participants identified the following as opportunities:

• The economy and housing market are thriving, providing potential for redevelopment opportunities – NE Quadrant Plan, Garceau redevelopment, Rice/694, etc.
• Growth of technology and communication ability
• Natural areas provide trail opportunities
• New Council and staff
• Pooled TIF revenues provide opportunities for new strategies
• Great public services
• Potential for regional partnerships – SV Community Center, RC Sports Facility, STP Water Department, RC Parks, HB Fuller
• Location
• Programs to enhance housing reinvestments, specifically along County Road D
• City’s strong financial position, continued evaluation of cost controls and opportunities to enhance efficiencies
• Good schools, opportunities for new families
• Strong neighborliness in the community
• Engage community – education on City issues, get fresh ideas, tap into community
• Partnering with other organizations, specifically to address senior needs
• Marketing of the city – welcome wagon, tourism/convention, promotion

The potential foundations of a goals program emerged during this brainstorming of opportunities in front of the community. The presence of a strong economy and housing market in the Twin Cities metropolitan area was recognized by most of the participants as an opportunity for Vadnais Heights to address redevelopment areas within the city. Further, the City’s strong financial position was identified by participants to be an asset to address capital improvements needs. The group also recognized the strength that its neighborly and connected community can provide in terms of enhanced engagement.
2019-2020 Goal Setting

Following the organizational assessment phase of the worksession, the Council and staff developed ideas for a goals platform to guide the City’s actions over the next 2-3 years. This timeframe is used to establish a workplan that can reasonably be accomplished over the next two years, but also challenges to think of goals that may stretch the organization.

Participants were asked to focus on goals that were measurable, manageable, and achievable. To that end, effective goals need to be within the organization’s capability to control. The goals also need to be measurable – at any given point in the future, the leadership team should be able to assess if the goals are being accomplished and to what degree. Likewise, the workplan should contain goals that can be measured and can be accomplished in the timeline.

As the final step in the workplan development, the Council should formally adopt all, or a portion, of the goals listed below.

**Highest Priority Goals**

- Develop a Street Reinvestment Plan
- Formulate and Adopt a 20-year Capital Improvement Plan
- Develop a pro-active Economic Development Plan
- Create and Utilize a Service-Level Budgeting Approach
- Develop communication/engagement strategies for greater community participation
- Maintain or increase housing values through Housing Preservation/Investment Plan
- Preserve/Expand Trail System

**Priority Goals**

- Evaluate Parks and Recreation programs, amenities, and events to increase efficiency and access
- Identify and prioritize redevelopment/development opportunities
- Maintain/Retain/Attract a high-performing municipal team
- Develop a risk management strategy regarding development

The group went further with its highest priority goals, developing them into a draft workplan. While this workplan contains a series of objectives for each of the highest priority goals, further evaluation and enhancement of these objectives will likely be needed as the organization develops its strategies to accomplish the respective goals. The workplan is attached as a standalone document.

In conclusion, it was my pleasure to work with your team on this important project. This goals program and work plan will provide organizational clarity for both the Council’s decision-making process and the day-to-day service delivery by City staff. Your leadership team displayed an impressive level of caring and commitment to the community you serve, and that demonstrated itself through the thoughts and ideas you shared about its direction. It was an honor to work with you.

Prepared and submitted by Phil Kern on behalf of the City of Vadnais Heights,
City of Vadnais Heights
2019-2021 Work Plan

Top Priorities and Objectives

1. Develop a Street Reinvestment Plan
   - Evaluate current conditions of city streets
   - Rate based on approved criteria
   - Establish city relationship between service level expectations and funding
   - Create one- and five-year plans and beyond
   - Implement plan and assess accordingly

2. Formulate and adopt a 20-year Capital Improvement Plan
   - Assess current infrastructure and equipment
   - Prioritize ownership, lease, share or other methods of providing equipment
   - Identify acquisition options (selection)
   - Develop the funding plan
   - Develop narrative and communication plan, effective messaging

3. Develop a proactive Economic Development Plan
   - Collaborate and coordinate with VHEDC
   - Analyze potential financial incentives/business subsidy policy
   - Review existing TIF tools and future uses
   - Assess demographics within certain city segments

4. Create and utilize a service-level budgeting approach
   - Assess programs and operations within each department
   - Retool budget document and process to tell the story (narrative)
   - Council evaluate cost priorities
   - Incorporate CIP for manageable levy increase

5. Develop communication/engagement strategies for greater community participation
   - Identify our demographics and how they access information
   - Tell our story as identified by goals and priorities
   - Connect to understand desired level of engagement
   - Marketing/Education
   - Face-to-Face opportunities, such as special events, partnerships, coffee w/your Council member – get creative and make it fun!

6. Maintain or increase housing values through Housing Preservation Plan
   - Consider subsidizing home improvements
   - Analyze existing programs by other agencies
   - Consider proactive code enforcement
   - Analyze existing property maintenance violations

7. Preserve and Expand the City's trail system
   - Evaluate and look for gaps in trail system; solicit public feedback
   - Look for high priority projects – Vadnais Lake, Koehl Road, etc.
   - Establish funding
   - Create maintenance plan
   - Implement and evaluate