

## PAK PROPERTIES

December 6, 2019

Brent Marsolek  
Steve Schneider  
St Paul Regional Water Services  
1900 Rice Street  
St Paul, MN 55113

**RE: LETTER OF INTENT TO PURCHASE**

**REF: ZITTELS GREENHOUSE PROPERTY ("PROPERTY")**

Dear Brent and Steve:

Please accept the following Letter of Intent to purchase the above-described Property. RC Enterprises, LLC dba PAK Properties or its assigns to a new single purpose entity with Richard Pakonen and Clint Blaiser as General Partners ("Buyer") is interested in entering into a purchase agreement for the Property, subject to the following terms and conditions. No binding agreement shall exist between Buyer and Seller with respect to the purchase and sale of the Property until the purchase agreement has been duly executed and delivered to both Buyer and Seller.

1. **PROPERTY** - The land located at 1958 Rice Street, Maplewood, MN 55113 consisting of approximately 13.31 undeveloped acres of land.
- 2.
3. **SELLER** - St. Paul Regional Water Services
4. **PURCHASE PRICE** - The purchase price shall be two million five hundred thousand and 00/100 dollars (\$2,500,000).
5. **EARNEST MONEY** - The total sum of fifty thousand and 00/100 dollars (\$50,000.00) shall be deposited in the title company escrow account immediately within three (3) business days following the completion of the Preliminary Due Diligence Period. Earnest Money shall apply toward the Purchase Price.
6. **CONTINGENCIES** - The purchase agreement shall be contingent upon the following conditions to be satisfied by Buyer in its sole discretion:
  - a) **ENVIRONMENTAL STUDIES:** Seller shall provide a copy of its most recent Phase 1 environmental study, as well as any other environmental reports in Sellers possession. If Buyer elects to update an existing Phase 1 or perform additional environmental studies, it shall be at the Buyers sole cost and expense.
  - b) **SURVEY:** Seller shall provide within fifteen (15) days following the execution of the purchase agreement, any existing ALTA surveys in its possession. If Buyer chooses to update this survey it shall do so at Buyer's sole cost and expense.

- c) **TITLE DOCUMENTS:** Seller shall provide satisfactory evidence of marketable title, free of any and all restrictions and encumbrances that could restrict Buyers use of the Property and shall convey the subject property to Buyer by general warranty deed.
  - d) **PHYSICAL:** Buyer shall inspect the physical condition of the Property.
  - e) **REGULATORY:** Buyer shall investigate all zoning, code, and governmental requirements to construct the Project. Buyer shall seek basic concept discussions with various governmental agencies involved with approving and financing the Project.
  - f) **FINANCING, DESIGN AND REGULATORY APPROVAL:** Buyer shall seek necessary regulatory and financing approvals to construct the Project. Buyer anticipates seeking an allocation of tax exempt bonds from the State of MN, Tax Increment Financing from the City of Maplewood and additional gap financing from other governmental agencies.
7. **PRELIMINARY DUE DILIGENCE PERIOD** - Buyer will have sixty (60) days after the purchase agreement is executed to satisfy the Contingencies as set forth in section 5 (a – e) above. At the end of the Preliminary Due Diligence Period, Buyer will either terminate the purchase agreement if it has not satisfied itself relative to the Contingencies 5 (a – e) or waive those Contingencies, deposit Earnest Money as described in Section 5 and proceed to the Financing and Design Contingency Period.
8. **FINANCING AND DESIGN CONTINGENCY PERIOD** – After the satisfactory expiration of the Preliminary Due Diligence Period, Buyer will proceed promptly to design the Project and satisfy Contingency 5 (f). Buyer will be responsible for all costs and expenses associated with the design and financing process. Buyer will proceed through this process in a prompt manner. If at any time in the Financing and Design Contingency Period, Buyer determines in its sole discretion that the Project will not obtain the required financing or regulatory approvals to construct the Project, Buyer may cancel this Purchase Agreement and receive a full refund of the Earnest Money. Buyer shall have until the earlier of May, 2021 or the receipt of all regulatory and financing approvals to satisfy Contingency 5 (f).
9. **CLOSING** - Within ninety (90) days after Financing and Design Contingency Period expires.
10. **RIGHT OF ENTRY** - Seller hereby grants to Buyer and its agents, contractors and employees the right to enter upon the Property at any reasonable time, with reasonable prior notice, in order to conduct soils, environmental and other engineering tests. Buyer will hold Seller harmless from any liability caused by such entry.
11. **REAL ESTATE TAXES** - The real estate taxed due and payable in the year of Closing will be prorated between the Buyer and Seller as of date of Closing. Any special assessments levied prior to the date of Closing shall be the responsibility of the Seller. Any special assessments levied after the date of Closing shall be assumed by the Buyer.
12. **PRORATION AND ESTOPPELS** - All income and expenses relating to or derived from the Property shall be prorated as of the date of Closing. Seller shall deliver executed estoppel letters for any party who will be a tenant of the Property after Closing.
13. **AS-IS/WHERE IS** – Buyer acknowledges that it is purchasing Property with no representations and warranties relating to the physical condition of the property.

14. **CLOSING COSTS** - The following expenses shall be paid by Seller in connection with the closing: (1) furnishing evidence of marketable title, (2) cost preparation of the warranty deed and other documents of conveyance, (3) state deed tax, (4) the cost of recording any documents necessary to make title marketable, (5) 1/2 of the closing fee charged by title company, (6) Seller's attorney's fees, (7) any transfer fees, and (8) any other customary costs of the closing usually paid by seller in Maplewood, Minnesota.

Buyer shall pay the following costs: (1) filing fee to record warranty deed, (2) 1/2 of the closing fee charged by the title company, (3) premium for any owners or lenders title insurance obtained by or for the benefit of Buyer, (4) Buyer's attorney's fees, and (4) any other customary costs of closing usually paid by a buyer in Maplewood, Minnesota.

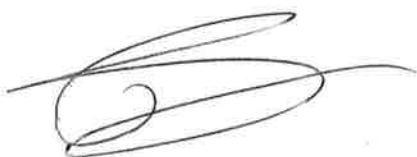
Buyer and Seller acknowledge that that neither party has engaged a broker or agent and no related fees are due as part of this sale.

15. **PROJECT** – Buyer anticipates constructing, at a minimum, a 180 unit, rental, multi-family apartment complex in a manner that is reasonably consistent with the area plan defined by the Rice Larpenteur Alliance. The buyer anticipates utilizing public subsidy sources for the development and complying with applicable affordability guidelines for low-income households.

This letter shall not be a binding legal agreement, and neither party shall have any Liability to the other until the execution of a definitive Purchase Agreement. It is understood (1) that this letter is intended as, and shall be construed only as, a letter summarizing and evidencing the discussions between Buyer and Seller to the date hereof and not as an offer to purchase the Assets of Seller or an agreement with respect thereto, and (2) that the respective rights and obligations of Buyer and Seller remain to be defined in the definitive Purchase Agreement into which this letter and all prior discussions shall merge.

Please confirm acceptance of the foregoing terms and conditions by signing this letter and returning to me. We will immediately proceed to negotiate a Purchase Agreement.

Sincerely,



Richard Pakonen  
Chief Manager

***AGREED & ACCEPTED***

St Paul Regional Water Services

By: \_\_\_\_\_

Its: \_\_\_\_\_

Date: \_\_\_\_\_