

EXCELSIOR

❖ *The Excelsior Group*

April 16, 2015

Dean Zuleger
City Administrator
City of Lake Elmo

Re: Easton Village Development

Dean,

I appreciate your time yesterday to discuss the Easton Village development and our potential involvement in that project going forward.

The Excelsior Group, through one of its' affiliated companies, has entered into an agreement with Easton Village, LLC to purchase the first phase (71 lots) of the Easton Village development. We are currently going through our due diligence of the planned purchase, to ensure that our assumptions regarding the purchase are accurate. As part of this process, we have met with the project engineer, the contractor, the city, and other stakeholders. We anticipate completing our due diligence process by the end of April, with a planned closing the first part of May. There remain a few open items that need to be resolved before we can proceed to closing, but we feel these will be resolved.

As you know, the Excelsior Group, through an affiliated company, is in the process of completing the Boulder Ponds development in Lake Elmo. We felt that this existing relationship with the city of Lake Elmo would make all stakeholders more comfortable with the contemplated purchase of Easton Village. The Excelsior Group is a local investment company that invests in various types of real estate, mainly in the twin cities area. A segment of our business is the development of single family residential lots for sale to well established independent builders. We also provide financing for independent builders, so that they can grow their business, we truly want to be partners with the builders that we work with.

Our intention regarding Easton Village is to simply step into the shoes of Easton Village, LLC, and complete the development as designed. We would assume the responsibilities of the developer as they relate to the phase 1 improvements, including the installation of the water and sewer mains that will serve the area. We would assume the Development Agreement and post the surety required as part of that agreement. We are in the process of pulling together a pool of builders, from the builders that we work with, to build homes in Easton Village. We anticipate that we will have 2 – 4 independent builders building in Easton Village. We intend to begin construction of the infrastructure this spring, with the hope that our pool of builders can begin construction on their homes by late summer.

We will establish a Homeowners Association in Easton Village for the purpose of maintaining the entrance monument and any other common spaces that require maintenance. In addition, there will be architectural requirements that our builders will need to adhere to, this will ensure that the development is aesthetically pleasing.

We request, that as part of the approval of the Development Agreement, the city approve the potential assignment of said agreement to our affiliated entity, OP4 Easton Village, LLC. This approval will allow us to keep the process moving.

Should you have any other questions or concerns, please do not hesitate to contact me.

Sincerely,

A handwritten signature in black ink, appearing to be 'BS' with a long horizontal stroke extending to the right.

Ben Schmidt
Vice President

The Excelsior Group
612-259-0375