

CITY OF FALCON HEIGHTS
Regular Meeting of the City Council
City Hall
2077 West Larpenteur Avenue

AGENDA
February 8, 2012

- A. CALL TO ORDER:
- B. ROLL CALL: LINDSTROM ____ HARRIS ____ GOSLINE ____
LONG ____ MERCER-TAYLOR ____
FISCHER ____
- C. PRESENTATIONS:
- D. APPROVAL OF MINUTES: January 25, 2012
- E. PUBLIC HEARINGS:
- F. CONSENT AGENDA:
 - 1. General Disbursements through 2/1/2012: \$40,876.29
Payroll through 1/31/2012: \$14,337.24
 - 2. City License Renewal
 - 3. Approval of Subordination Agreements (3) Associated With Falcon Heights Town Square-Senior Apartments LLC
 - 4. Public Works Equipment Purchases
 - 5. Authorization for the City of Falcon Heights to submit a grant application to the DNR for a "2010 to 2014 Community Forest Bonding Grant."
- G: POLICY ITEMS:
 - 1.
- H. INFORMATION/ANNOUNCEMENTS:
- I. COMMUNITY FORUM:
- J. ADJOURNMENT:

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AGENDA
January 25, 2012

- A. CALL TO ORDER:
- B. ROLL CALL: LINDSTROM _X_ HARRIS _X_ GOSLINE _X_
LONG _X_ MERCER-TAYLOR _ab_
FISCHER _X_ TESSER _X_
- C. PRESENTATIONS:
1. Andy Hovland, City Forester- 2012 Tree Update
- D. APPROVAL OF MINUTES: January 11, 2012 Approved
- E. PUBLIC HEARINGS:
- F. CONSENT AGENDA: Keith Gosline Moved Approval 4-0
1. General Disbursements through 1/19/2012: \$106,865.38
Payroll through 1/12/2012: \$11,898.13
2. City License Renewal
3. Amendment to Bylaws of Fire Department Relief Association
4. Approve St. Croix Tree Service, Inc. as the 2012 Tree Trimming and Removal Contractor
5. Approval to Accept the SPRWS Board of Water Commissioners Agreement Amendment
6. Designated Signor for City Funds, Investments, and Transfers by City Administrator/City Clerk
7. Designate Bart Fischer as City's "Responsible Authority" and "Data Practices Compliance Official."
- G. POLICY ITEMS:
1.
- H. INFORMATION/ANNOUNCEMENTS:
- I. COMMUNITY FORUM:
- J. ADJOURNMENT: 7:40pm



The City That Soars!

REQUEST FOR COUNCIL ACTION

Meeting Date	February 8, 2012
Agenda Item	Consent F1
Attachment	General Disbursements and Payroll
Submitted By	Roland Olson, Finance Director

Item	General Disbursements and Payroll
Description	General Disbursements through 2/1/2012: \$40,876.29 Payroll through 1/31/2012: \$14,337.24
Budget Impact	
Attachment(s)	General Disbursements and Payroll
Action(s) Requested	Staff recommends that the Falcon Heights City Council approve general disbursements and payroll.

PACKET: 00654 Regular Payables

VENDOR SET: 01 City of Falcon Heights

SEQUENCE : ALPHABETIC

DUE TO/FROM ACCOUNTS SUPPRESSED

-----ID-----			GROSS	P.O. #		
POST DATE	BANK CODE	-----DESCRIPTION-----	DISCOUNT	G/L ACCOUNT	-----ACCOUNT NAME-----	DISTRIBUTION
=====						
01-00300	ABLE HOSE & RUBBER					
I-1-837019		RUBBER HOSES	118.85			
1/24/2012	APBNK	DUE: 1/24/2012 DISC: 1/24/2012		1099: N		
		RUBBER HOSES		101 4131-70110-000	SUPPLIES	118.85
		=== VENDOR TOTALS ===	118.85			
=====						
01-05083	MICHAEL ARCAND					
I-201201263277		CERT FIRE EXTINGUISHER TNG SU	37.88			
1/26/2012	APBNK	DUE: 1/26/2012 DISC: 1/26/2012		1099: N		
		CERT FIRE EXTINGUISHER TNG SUP		211 4211-70100-000	SUPPLIES	37.88
		=== VENDOR TOTALS ===	37.88			
=====						
01-00892	BEARCOM					
I-4085564		3 MONITORS VHF 2 FREQ SV	1,547.82			
1/24/2012	APBNK	DUE: 1/24/2012 DISC: 1/24/2012		1099: N		
		3 MONITORS VHF 2 FREQ SV		402 4402-91000-000	MACHINERY & EQUIPMENT	1,547.82
		=== VENDOR TOTALS ===	1,547.82			
=====						
01-00869	BENEFIT EXTRAS, INC					
I-43256		ANNUAL FEE/QTRLY ADMIN FEE	390.00			
1/24/2012	APBNK	DUE: 1/24/2012 DISC: 1/24/2012		1099: N		
		ANNUAL FEE		101 4112-89000-000	MISCELLANEOUS	300.00
		QRT 1 ADMIN FEES		101 4112-89000-000	MISCELLANEOUS	90.00
		=== VENDOR TOTALS ===	390.00			
=====						
01-05454	CARTRIDGE CARE					
I-27800		PRINTER REPAIR	123.67			
1/25/2012	APBNK	MANUAL CK# 787870 1/23/2012		1099: N		
		PRINTER REPAIR		101 4112-87000-000	REPAIR OFFICE EQUIPMENT	123.67
		=== VENDOR TOTALS ===	123.67			
=====						
01-03110	CENTURY LINK					
I-201201243268		CURTISS LANDLINE	58.66			
1/24/2012	APBNK	DUE: 1/24/2012 DISC: 1/24/2012		1099: N		
		CURTISS LANDLINE		101 4141-85011-000	TELEPHONE - LANDLINE	58.66
		=== VENDOR TOTALS ===	58.66			

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-----ID-----			GROSS	P.O. #		
POST DATE	BANK CODE	-----DESCRIPTION-----	DISCOUNT	G/L ACCOUNT	-----ACCOUNT NAME-----	DISTRIBUTION
=====						
01-03123	CINTAS CORPORATION #470					
I-470762522		TOWELS/TOILET PAPER	90.33			
1/24/2012	APBNK	DUE: 1/24/2012 DISC: 1/24/2012		1099: N		
		TOWELS/TOILET PAPER		101 4131-70110-000	SUPPLIES	45.17
		TOWELS/TOILET PAPER		101 4141-70100-000	SUPPLIES	45.16
=====						
I-470769234		TOWELS/TOILET PAPER/SOAP	105.97			
1/24/2012	APBNK	DUE: 1/24/2012 DISC: 1/24/2012		1099: N		
		TOWELS/TOILET PAPER/SOAP		101 4131-70110-000	SUPPLIES	52.98
		TOWELS/TOILET PAPER/SOAP		101 4141-70100-000	SUPPLIES	52.99
		=== VENDOR TOTALS ===	196.30			
=====						
01-06290	CITY OF ROSEVILLE					
I-15708		DEC/11 ENGINEERING A/P	1,284.90			
1/25/2012	APBNK	DUE: 1/25/2012 DISC: 1/25/2012		1099: N		
		DEC/11 GENERAL ENG		101 20200-000	ACCOUNTS PAYABLE	954.29
		DEC/11 PMP & SEAL COATING ENG		419 20200-000	ACCOUNTS PAYABLE	124.34
		DEC/11 SANITART SEWER LINER EN		601 20200-000	ACCOUNTS PAYABLE	206.27
		=== VENDOR TOTALS ===	1,284.90			
=====						
01-05175	CONTINENTAL RESEARCH CORPORATI					
I-363593-CRC-1		ROTARY BIT SET	114.01			
1/24/2012	APBNK	DUE: 1/24/2012 DISC: 1/24/2012		1099: N		
		ROTARY BIT SET		101 4131-70110-000	SUPPLIES	114.01
		=== VENDOR TOTALS ===	114.01			
=====						
01-05113	DARLEY					
I-17009798		SLING, IRON	39.87			
1/24/2012	APBNK	DUE: 1/24/2012 DISC: 1/24/2012		1099: N		
		SLING, IRON		101 4124-70100-000	SUPPLIES	39.87
		=== VENDOR TOTALS ===	39.87			
=====						
01-04084	FIRE EQUIPMENT SPECIALTIES					
I-7399		MULTI-TOOLS/CASE	906.95			
1/24/2012	APBNK	DUE: 1/24/2012 DISC: 1/24/2012		1099: N		
		MULTI-TOOLS/CASE		402 4402-91000-000	MACHINERY & EQUIPMENT	906.95
		=== VENDOR TOTALS ===	906.95			

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-----ID-----			GROSS	P.O. #		
POST DATE	BANK CODE	-----DESCRIPTION-----	DISCOUNT	G/L ACCOUNT	-----ACCOUNT NAME-----	DISTRIBUTION
=====						
01-05115	GOPHER STATE ONE CALL					
I-30719		LOCATES - ANN FEE	100.00			
1/24/2012	APBNK	DUE: 1/24/2012 DISC: 1/24/2012		1099: N		
		LOCATES - ANN FEE		601 4601-88030-000	LOCATES	100.00
		=== VENDOR TOTALS ===	100.00			
=====						
01-05426	GREEN LIGHT RECYCLING, INC.					
I-12-1136		RECYCLING LIGHTS	343.47			
1/24/2012	APBNK	DUE: 1/24/2012 DISC: 1/24/2012		1099: N		
		RECYCLING LIGHTS		209 4209-89000-000	MISCELLANEOUS	343.47
		=== VENDOR TOTALS ===	343.47			
=====						
01-05424	LITTLE FALLS MACHINE, INC					
I-48545		SNOW PLOW ATTACHMENT	27.07			
1/24/2012	APBNK	DUE: 1/24/2012 DISC: 1/24/2012		1099: N		
		SNOW PLOW ATTACHMENT		101 4132-83030-000	SNOW REMOVAL	27.07
		=== VENDOR TOTALS ===	27.07			
=====						
01-05646	M-R SIGN COMPANY INC					
I-170118		8 STREET SIGNS	524.51			
1/24/2012	APBNK	DUE: 1/24/2012 DISC: 1/24/2012		1099: N		
		8 STREET SIGNS		101 4132-75100-000	STREET SIGNS	524.51
		=== VENDOR TOTALS ===	524.51			
=====						
01-05582	MENARDS					
I-201201253275		SHOP DESK TOP	21.51			
1/25/2012	APBNK	MANUAL CK# 787880 1/24/2012		1099: N		
		SHOP DESK TOP		101 4131-70110-000	SUPPLIES	21.51
		=== VENDOR TOTALS ===	21.51			
=====						
01-05670	METRO PRODUCTS INC					
I-82509		SHOP ROLL 80 GRIT	32.97			
1/26/2012	APBNK	DUE: 1/26/2012 DISC: 1/26/2012		1099: N		
		SHOP ROLL 80 GRIT		101 4131-70110-000	SUPPLIES	32.97
I-82866		SCREWS/WASHERS/TY WRAPS	164.29			
1/24/2012	APBNK	DUE: 1/24/2012 DISC: 1/24/2012		1099: N		
		SCREWS/WASHERS/TY WRAPS		101 4131-70110-000	SUPPLIES	164.29
		=== VENDOR TOTALS ===	197.26			

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POST DATE	BANK CODE	-----DESCRIPTION-----	DISCOUNT	G/L ACCOUNT	-----ACCOUNT NAME-----	DISTRIBUTION
=====						
01-05585	METROPOLITAN AREA MANAGEMENT A					
I-201201243265		MEETING/MAMA DUES	65.00			
1/24/2012	APBNK	DUE: 1/24/2012 DISC: 1/24/2012		1099: N		
		MEETING		101 4112-86100-000	CONFERENCES/EDUCATION/AS	20.00
		MAMA DUES		101 4112-86100-000	CONFERENCES/EDUCATION/AS	45.00
		=== VENDOR TOTALS ===	65.00			
=====						
01-05273	MN PUBLIC EMPLOYEES INSURANCE					
I-201201263278		MN PUBLIC EMPLOYEES INSURANCE	8,195.72			
1/26/2012	APBNK	DUE: 1/26/2012 DISC: 1/26/2012		1099: N		
		FEB/12 HEALTH INSURANCE		101 4112-89000-000	MISCELLANEOUS	8,195.72
		=== VENDOR TOTALS ===	8,195.72			
=====						
01-07263	NEXTEL COMMUNICATIONS, INC					
I-201201243264		CELL PHONE	127.88			
1/24/2012	APBNK	DUE: 1/24/2012 DISC: 1/24/2012		1099: N		
		CELL PHONE		101 20200-000	ACCOUNTS PAYABLE	86.17
		CELL PHONE		601 20200-000	ACCOUNTS PAYABLE	41.71
		=== VENDOR TOTALS ===	127.88			
=====						
01-05425	NORTH SUBURBAN HAZARDOUS MATER					
I-201201243266		HAZMAT MONITOR EQUIP	319.56			
1/24/2012	APBNK	DUE: 1/24/2012 DISC: 1/24/2012		1099: N		
		HAZMAT MONITOR EQUIP		402 4402-91000-000	MACHINERY & EQUIPMENT	319.56
		=== VENDOR TOTALS ===	319.56			
=====						
01-05983	NORTHERN TOOL AND EQUIPMENT					
I-201201243267		HOSE REEL	138.93			
1/24/2012	APBNK	DUE: 1/24/2012 DISC: 1/24/2012		1099: N		
		HOSE REEL		101 4131-70110-000	SUPPLIES	138.93
		=== VENDOR TOTALS ===	138.93			
=====						
01-06112	PIONEER PRESS					
I-201201253276		NEWSPAPER SUBSCRIPTON	169.00			
1/25/2012	APBNK	DUE: 1/25/2012 DISC: 1/25/2012		1099: N		
		NEWSPAPER SUBSCRIPTON		101 4112-70100-000	SUPPLIES	169.00
		=== VENDOR TOTALS ===	169.00			

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=====						
01-06115	TIMOTHY PITTMAN					
I-201201243269		TIMOTHY PITTMAN REIM	131.04			
1/24/2012	APBNK	DUE: 1/24/2012 DISC: 1/24/2012		1099: N		
		PARKS COMMISSION MILEAGE		101 4141-86101-000	MILEAGE	35.52
		STREETS MILEAGE		101 4132-86101-000	MILEAGE	35.52
		FOOD FOR EVENT		101 4112-89000-000	MISCELLANEOUS	60.00
		=== VENDOR TOTALS ===	131.04			
=====						
01-06185	RAMSEY COUNTY					
I-PRRRV-463		TNT NOTICE REIMBURSEMENT	304.15			
1/24/2012	APBNK	DUE: 1/24/2012 DISC: 1/24/2012		1099: N		
		TNT NOTICE REIMBURSEMENT		101 20200-000	ACCOUNTS PAYABLE	304.15
		=== VENDOR TOTALS ===	304.15			
=====						
01-06150	RAMSEY COUNTY LEAGUE OF LOCAL					
I-1101-2		RCLLG MEMBERSHIP	265.00			
1/24/2012	APBNK	DUE: 1/24/2012 DISC: 1/24/2012		1099: N		
		RCLLG MEMBERSHIP		101 4111-86140-000	COMMISSIONS/MEMBERSHIPS/	265.00
		=== VENDOR TOTALS ===	265.00			
=====						
01-06415	SCHARBER & SONS					
I-1090731		JOHN DEERE CAPEX/MAINTENANCE	733.23			
1/24/2012	APBNK	DUE: 1/24/2012 DISC: 1/24/2012		1099: N		
		JOHN DEERE LIFT ARMS		403 4403-91000-000	MACHINERY & EQUIPMENT	682.48
		JOHN DEERE LIFT ARMS		101 4132-87016-000	REPAIR JOHN DEERE	50.75
		=== VENDOR TOTALS ===	733.23			
=====						
01-06402	SPECTRUM BUSINESS SYSTEMS					
I-32930		TYPEWRITER REPAIR	154.84			
1/24/2012	APBNK	MANUAL CK# 078782 1/18/2012		1099: N		
		TYPEWRITER REPAIR		101 4112-87000-000	REPAIR OFFICE EQUIPMENT	154.84
		=== VENDOR TOTALS ===	154.84			

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-----ID-----			GROSS	P.O. #		
POST DATE	BANK CODE	-----DESCRIPTION-----	DISCOUNT	G/L ACCOUNT	-----ACCOUNT NAME-----	DISTRIBUTION
=====						
01-07128	ST	CROIX TREE SERVICE				
I-69540		TREE REMOVAL	432.84			
1/24/2012	APBNK	DUE: 1/24/2012 DISC: 1/24/2012		1099: N		
		TREE REMOVAL		419 4419-85000-000	TREE REMOVAL	432.84
		=== VENDOR TOTALS ===	432.84			
		=== PACKET TOTALS ===	17,069.92			

PACKET: 00658 Regular Payables

VENDOR SET: 01 City of Falcon Heights

SEQUENCE : ALPHABETIC

DUE TO/FROM ACCOUNTS SUPPRESSED

-----ID-----			GROSS	P.O. #		
POST DATE	BANK CODE	-----DESCRIPTION-----	DISCOUNT	G/L ACCOUNT	-----ACCOUNT NAME-----	DISTRIBUTION
=====						
01-00255		AMERICAN OFFICE PRODUCTS				
I-123705		AMERICAN OFFICE PRODUCTS	60.54			
2/01/2012	APBNK	DUE: 2/01/2012 DISC: 2/01/2012		1099: N		
		CALENDAR/SUPPLIES		101 4112-70100-000	SUPPLIES	26.77
		NAME PLATES/TAGS		101 4112-70100-000	SUPPLIES	33.77
		=== VENDOR TOTALS ===	60.54			
=====						
01-00250		AMERIPRIDE SERVICES				
I-1001056958		LINEN CLEANING	39.14			
2/01/2012	APBNK	DUE: 2/01/2012 DISC: 2/01/2012		1099: N		
		LINEN CLEANING		101 4124-82011-000	LINEN CLEANING	39.14
		=== VENDOR TOTALS ===	39.14			
=====						
01-05422		BP				
I-201202013289		FUEL FOR TRUCKS	273.18			
2/01/2012	APBNK	DUE: 2/01/2012 DISC: 2/01/2012		1099: N		
		FUEL FOR TRUCKS		101 4132-74000-000	MOTOR FUEL & LUBRICANTS	273.18
		=== VENDOR TOTALS ===	273.18			
=====						
01-05454		CARTRIDGE CARE				
I-201202013282		PRINTER REPAIR	85.00			
2/01/2012	APBNK	DUE: 2/01/2012 DISC: 2/01/2012		1099: N		
		PRINTER REPAIR - HP2420		101 4112-87000-000	REPAIR OFFICE EQUIPMENT	85.00
		=== VENDOR TOTALS ===	85.00			
=====						
01-00911		CITY OF NEW BRIGHTON				
I-201202013284		1/4 COST SHARE HAZMAT SVCS	227.61			
2/01/2012	APBNK	DUE: 2/01/2012 DISC: 2/01/2012		1099: N		
		1/4 COST SHARE HAZMAT SVCS		101 20200-000	ACCOUNTS PAYABLE	227.61
		=== VENDOR TOTALS ===	227.61			
=====						
01-03120		CITY OF WHITE BEAR				
I-8180		GIS FEES	535.82			
2/01/2012	APBNK	DUE: 2/01/2012 DISC: 2/01/2012		1099: N		
		GIS FEES		101 4117-80500-000	GIS SUPPORT	535.82
		=== VENDOR TOTALS ===	535.82			

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-----ID-----			GROSS	P.O. #		
POST DATE	BANK CODE	-----DESCRIPTION-----	DISCOUNT	G/L ACCOUNT	-----ACCOUNT NAME-----	DISTRIBUTION
=====						
01-05352	SHAILA CUNNINGHAM					
I-201202013287		YOGA INSTRUCTOR	649.20			
2/01/2012	APBNK	DUE: 2/01/2012 DISC: 2/01/2012		1099: Y		
		YOGA INSTRUCTOR		201 4201-87700-000	INSTRUCTOR-SPECIALTY CLA	649.20
		=== VENDOR TOTALS ===	649.20			
=====						
01-04084	FIRE EQUIPMENT SPECIALTIES					
I-7415		FIRE EQUIPMENT	2,745.29			
2/01/2012	APBNK	DUE: 2/01/2012 DISC: 2/01/2012		1099: N		
		24' LADDER		402 4402-91000-000	MACHINERY & EQUIPMENT	740.14
		100' LG DIAMETER HOSE		402 4402-91000-000	MACHINERY & EQUIPMENT	1,360.52
		50' FIRE HOSE		402 4402-91000-000	MACHINERY & EQUIPMENT	644.63
		=== VENDOR TOTALS ===	2,745.29			
=====						
01-05117	GREATER METROPOLITAN HOUSING C					
I-201202013283		COOPERATIVE SVC HOUSE RSC CT	2,000.00			
2/01/2012	APBNK	DUE: 2/01/2012 DISC: 2/01/2012		1099: N		
		COOPERATIVE SVC HOUSE RSC CTR		101 4111-86500-000	COOPERATIVE SERVICE	2,000.00
		=== VENDOR TOTALS ===	2,000.00			
=====						
01-05243	HINRICHS,RICH					
I-201202013286		REIMBURSEMENT	215.39			
2/01/2012	APBNK	DUE: 2/01/2012 DISC: 2/01/2012		1099: N		
		TRAINING COURSE		101 4124-86020-000	TRAINING	59.00
		MILEAGE TO TRAINING		101 4124-86010-000	MILEAGE	26.09
		TRAINING BOOKS		101 4124-86020-000	TRAINING	130.30
		=== VENDOR TOTALS ===	215.39			
=====						
01-05153	HOME DEPOT CRC/GECF					
I-201202013290		HOME DEPOT CRC/GECF	117.16			
2/01/2012	APBNK	DUE: 2/01/2012 DISC: 2/01/2012		1099: N		
		WASH BUCKETS		101 4131-70110-000	SUPPLIES	13.85
		UTILITY BRUSH		101 4131-70110-000	SUPPLIES	8.56
		LUMBER SUPPLIES		101 4124-70100-000	SUPPLIES	56.71
		STRAP		101 4131-87010-000	CITY HALL MAINTENANCE	2.12
		VALVES/KIT FAUCETS		101 4124-70100-000	SUPPLIES	35.92
		=== VENDOR TOTALS ===	117.16			

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=====							
01-05585	METROPOLITAN AREA MANAGEMENT A						
I-201202013280		EVENT REGISTRATION	175.00				
2/01/2012	APBNK	MANUAL CK# 078827 2/01/2012		1099: N			
		EVENT REGISTRATION		101 4112-86100-000	CONFERENCES/EDUCATION/AS		175.00
		=== VENDOR TOTALS ===	175.00				
=====							
01-05843	MN NCPERS LIFE INSURANCE						
I-201202013281		FEB 12 LIFE INS	32.00				
2/01/2012	APBNK	DUE: 2/01/2012 DISC: 2/01/2012		1099: N			
		FEB 12 LIFE INS		101 21709-000	OTHER PAYABLE		31.20
		FEB 12 LIFE INS		206 21709-000	OTHER PAYABLE		0.80
		=== VENDOR TOTALS ===	32.00				
=====							
01-07263	NEXTEL COMMUNICATIONS, INC						
I-172868921-083		FIRE CELL PHONE JAN	96.92				
2/01/2012	APBNK	DUE: 2/01/2012 DISC: 2/01/2012		1099: N			
		FIRE CELL PHONE JAN		101 4124-85015-000	CELL PHONE		96.92
		=== VENDOR TOTALS ===	96.92				
=====							
01-06185	RAMSEY COUNTY						
I-EMCOM-001654		JAN 911 DISPATCH	2,155.92				
2/01/2012	APBNK	DUE: 2/01/2012 DISC: 2/01/2012		1099: N			
		JAN 911 DISPATCH		101 4122-81200-000	911 DISPATCH FEES		2,155.92
		=== VENDOR TOTALS ===	2,155.92				
=====							
01-06189	RAMSEY CTY PUBLIC WORKS						
I-PUBW-011630		LIFT STATION MAINT	5,411.00				
2/01/2012	APBNK	DUE: 2/01/2012 DISC: 2/01/2012		1099: N			
		LIFT STATION MAINT		602 4602-88700-000	LIFT STATION REPAIR/FERN		5,411.00
		=== VENDOR TOTALS ===	5,411.00				
=====							
01-00935	ST PAUL REGIONAL WATER SERVICE						
I-201202013288		WATER/SEWER CHARGES	268.53				
2/01/2012	APBNK	DUE: 2/01/2012 DISC: 2/01/2012		1099: N			
		PARKS WATER		101 4141-85040-000	WATER		137.08
		CITY HALL WATER		101 4131-85040-000	WATER		16.45
		PARKS SEWER		101 4141-85070-000	SEWER		95.76
		CITY HALL SEWER		101 4131-85070-000	SEWER		19.24
		=== VENDOR TOTALS ===	268.53		Federal Withholdings	4,546.26	
					State Withholdings	788.49	
		=== PACKET TOTALS ===	15,087.70		PERA withholdings	2,508.92	
					ICMA withholdings	875.00	

TOTAL FOR PAYABLES: 23,806.37

EMP #	NAME	AMOUNT
01-0013	PETER C LINDSTROM	317.84
01-0016	PAMELA M HARRIS	283.05
01-0019	KEITH P GOSLINE	283.05
01-1004	BART J FISCHER	1,761.74
01-1010	MICHELLE C TESSER	1,471.15
01-1012	JESSICA A ANDERSON	476.70
01-1136	ROLAND O OLSON	1,993.65
01-1038	DEBORAH K JONES	1,674.53
01-0086	RICHARD H HINRICHS	254.79
01-0105	ANTON M FEHRENBACH	98.29
01-1030	TIMOTHY J PITTMAN	1,815.12
01-1033	DAVE TRETSVEN	1,477.37
01-1143	COLIN B CALLAHAN	1,066.27

TOTAL PRINTED: 13 12,973.55

1-27-2012 9:01 AM PAYROLL CHECK REGISTER PAGE: 1
 PAYROLL NO: 01 City of Falcon Heights PAYROLL DATE: 1/27/2012

EMP NO	EMPLOYEE NAME	TYPE	CHECK DATE	CHECK AMOUNT	CHECK NO.
0017	MERCER-TAYLOR, ELIZABETH	R	1/27/2012	280.60	078818
0018	LONG, CHARLES E	R	1/27/2012	283.05	078819
1137	DIEGNAU, PAUL	R	1/27/2012	82.09	078820
0034	KURHAJETZ, CLEMENT	R	1/27/2012	367.30	078821
0095	POESCHL, MICHAEL J	R	1/27/2012	100.96	078822
0097	GAFFNEY, PATRICK	R	1/27/2012	100.96	078823
2175	RITCHIE, BRIAN D	R	1/27/2012	90.58	078824
2193	RITCHIE, MACKENZIE A	R	1/27/2012	27.36	078825
2194	SHANNON, ERIC S	R	1/27/2012	30.79	078826

1-27-2012 9:01 AM PAYROLL CHECK REGISTER PAGE: 2
 PAYROLL NO: 01 City of Falcon Heights PAYROLL DATE: 1/27/2012

*** REGISTER TOTALS ***

REGULAR CHECKS:	9	1,363.69
DIRECT DEPOSIT REGULAR CHECKS:	13	12,973.55
MANUAL CHECKS:		
PRINTED MANUAL CHECKS:		
DIRECT DEPOSIT MANUAL CHECKS:		
VOIDED CHECKS:		
NON CHECKS:		
TOTAL CHECKS:	22	14,337.24

*** NO ERRORS FOUND ***



The City That Soars!

REQUEST FOR COUNCIL ACTION

Meeting Date	February 8, 2012
Agenda Item	Consent F2
Attachment	
Submitted By	Michelle Tesser, Assistant to the City Administrator

Item	City License Applications
Description	<p>The following individuals have applied for a <u>Tree Trimming License</u> for 2012. Staff has received the necessary documents for licensure.</p> <p style="text-align: center;">1. Branch and Bough Tree Service and Landscape Care</p> <p>The following individuals have applied for a <u>Mechanical License</u> for 2012. Staff has received the necessary documents for licensure.</p> <p style="text-align: center;">1. Heating & Cooling Solutions, Inc.</p>
Budget Impact	
Attachment(s)	N/A
Action(s) Requested	Staff recommends that the Falcon Heights City Council approve the 2012 City License Applications



The City That Soars!

REQUEST FOR COUNCIL ACTION

Meeting Date	February 8, 2012
Agenda Item	Consent F3
Attachment	Subordination Agreement
Submitted By	Bart Fischer, City Administrator

Item	Approval of Subordination Agreements (3) Associated With Falcon Heights Town Square-Senior Apartments LLC
Description	<p>In 2003, as part of the Falcon Heights Town Square development, the City of Falcon Heights entered into several agreements with Sherman and Associates to facilitate the redevelopment project. Sherman and Associates/Falcon Heights Town Square Limited Partnership is looking to capitalize on the current low interest rate environment by refinancing some of their outstanding loans, but in order to complete the refinancing, they need approval from all parties associated with the agreements. Due to the tax increment financing that was provided to the project, the City of Falcon Heights is being requested to approve the attached master subordination agreements.</p> <p>These agreements have been reviewed and approved by the appropriate City Staff and Bond Counsel.</p>
Budget Impact	These agreements do not alter any previous financial agreements between the City of Falcon Heights and the developer.
Attachment(s)	Subordination Agreements
Action(s) Requested	Staff recommends that the Falcon Heights City Council adopt the attached master subordination agreements (3) and authorize the Mayor and City Administrator to sign the documents as appropriate.

Subordination Agreement

**U.S. Department of Housing
and Urban Development**
Office of Housing

OMB Approval No. 2502-0598
(Exp. 04/30/2014)

Public Reporting Burden for this collection of information is estimated to average 0.5 hours per response, including the time for reviewing instructions, searching existing data sources, gathering and maintaining the data needed, and completing and reviewing the collection of information. Response to this request for information is required in order to receive the benefits to be derived. This agency may not collect this information, and you are not required to complete this form unless it displays a currently valid OMB control number. While no assurance of confidentiality is pledged to respondents, HUD generally discloses this data only in response to a Freedom of Information Act request.

Project Name: Falcon Heights Town Square
HUD Project No: 092-35730

THIS SUBORDINATION AGREEMENT ("Agreement") is entered into to be effective as of February 1, 2012 by and among (i) **OAK GROVE COMMERCIAL MORTGAGE, LLC**, a Delaware limited liability company ("**Senior Lender**") with its offices located at 2177 Youngman Avenue, St. Paul, Minnesota 55116, (ii) the **CITY OF FALCON HEIGHTS, MINNESOTA**, a Minnesota municipal corporation ("**Subordinate Lender**") with its offices located at 2077 West Larpenteur Avenue, Falcon Heights, Minnesota 55113, and (iii) **FALCON HEIGHTS TOWN SQUARE LIMITED PARTNERSHIP**, a Minnesota limited partnership, ("**Borrower**") with offices located at 233 Park Avenue South, Suite 201, Minneapolis, Minnesota 55415.

Recitals

WHEREAS, Borrower is the owner of that certain 119-unit residential rental development known as "Falcon Heights Town Square" ("**Project**"), located at 1550 Larpenteur Avenue West, Falcon Heights, Minnesota 55108;

WHEREAS, Senior Lender is the holder of a Mortgage Note dated April 1, 2004, in the original principal amount of Eleven Million Eight Hundred Eighty Thousand and No/100 Dollars (\$11,880,000.00) (the "**Original Note**") made by Borrower and payable to the order of Glaser Financial Group, Inc., a Minnesota corporation ("**Glaser**") and endorsed for insurance under the provisions of Section 221(d)(4) of the National Housing Act, and the Regulations thereunder now in effect, evidencing indebtedness of Borrower to Senior Lender in the original principal amount of Eleven Million Eight Hundred Eighty Thousand and No/100 Dollars (\$11,880,000.00) ("**Original Indebtedness**");

WHEREAS, the Original Note is secured by a Mortgage dated April 1, 2004 from Borrower to Glaser, filed on April 29, 2004 in the office of the Registrar of Titles, Ramsey County, Minnesota as Document No. 1838696 ("**Original Mortgage**") encumbering certain improved real property located in Ramsey County, Minnesota. MMA Mortgage Investment Corporation, a Florida corporation ("**MMA**") was the successor to Glaser by merger. The Original Mortgage was assigned by MMA to Lender pursuant to that certain Assignment of Mortgage dated May 15, 2009, filed on April 23, 2010 in the office of the Registrar of Titles, Ramsey County, Minnesota as Document No. 2107386;

WHEREAS, Senior Lender is amending and restating the Original Indebtedness with the senior mortgage loan as described on Schedule A hereto ("**Senior Indebtedness**") to Borrower in the original principal amount as shown on Schedule A, evidenced by the Amended and Restated Note dated February 1, 2012 described in Schedule A ("**Senior Note**"), and secured by, among other things, the Amended and Restated Multifamily Mortgage, Assignment of Leases and Rents, Security Agreement and Fixture Filing dated February 1, 2012 as described in Schedule A (collectively, "**Senior Security Instrument**"), covering the property described in Exhibit A attached hereto together with all improvements thereon and personal property used relative thereof, all as more particularly described in the Senior Security Instrument ("**Mortgaged Property**");

WHEREAS, the City has established the Tax Increment Financing District No. 1-3 ("**Tax Increment District**") which the Mortgaged Property is a part and the City has provided certain tax increment financing to Borrower in the form of reimbursements to Borrower out of tax increments derived from the Tax Increment District pursuant to Minnesota laws (the "**Subordinate Tax Increment Financing**"), which has been used for certain development costs in connection with the Project;

WHEREAS, Borrower has requested Senior Lender to permit the existence of a Subordinate Development Agreement (as defined herein), setting forth the City's agreement regarding the Subordinate Tax Increment Financing as consideration for Borrower undertaking certain improvements;

WHEREAS, the parties hereto (or their predecessors-in-interest) entered into that certain Falcon Heights Town Square Apartments Master Subordination Agreement and Estoppel Certificate dated April 1, 2004, recorded April 29, 2004 with the Office of the Registrar of Titles, Ramsey County, Minnesota as Document No. 1838709, as Glaser's interest thereunder was assigned to Senior Lender by that certain Assignment of Master Subordination Agreement and Estoppel Certificate dated May 15, 2009, filed April 23, 2010 with the Office of the Registrar of Titles, Ramsey County, Minnesota as Document No. 2107387 (collectively "**Master Subordination Agreement**"), which agreement established the subordination and priority of various loans made to Borrower, including without limitation the Original Indebtedness and the Subordinate Loan; and

WHEREAS, Senior Lender, with the approval of the U.S. Department of Housing and Urban Development ("**HUD**"), has agreed to permit the existence of the Subordinate Tax Increment Financing and to allow the Subordinate Development Agreement to encumber the Mortgaged Property, subject to all of the conditions contained in this Agreement and in accordance with Program Obligations. "**Program Obligations**" means (1) all applicable statutes and any regulations issued by the Secretary pursuant thereto that apply to the Project, including all amendments to such statutes and regulations, as they become effective, except that changes subject to notice and comment rulemaking shall become effective only upon completion of the rulemaking process, and (2) all current requirements in HUD handbooks and guides, notices, and mortgagee letters that apply to the Project, and all future updates, changes and amendments thereto, as they become effective, except that changes subject to notice and comment rulemaking shall become effective only upon completion of the rulemaking process, and provided that such future updates, changes and amendments shall be applicable to the Project only to the extent that they interpret, clarify and implement terms in this Agreement rather than add or delete provisions from such document. Handbooks, guides, notices, and mortgagee letters are available on HUD's official website: (<http://www.hud.gov/offices/adm/hudclips/index.cfm>, or a successor location to that site).

NOW, THEREFORE, in order to induce Senior Lender to permit the existence of the Subordinate Tax Increment Financing and to allow the Subordinate Development Agreement to encumber the Mortgaged Property, and in consideration thereof, Senior Lender, Subordinate Lender and Borrower agree as follows:

1. Definitions.

In addition to the terms defined in the Recitals to this Agreement, for purposes of this Agreement the following terms have the respective meanings set forth below:

(a) "**Affiliate**" is defined in 24 CFR 200.215, or any successor regulation.

(b) "**Bankruptcy Proceeding**" means any bankruptcy, reorganization, insolvency, composition, restructuring, dissolution, liquidation, receivership, assignment for the benefit of creditors, or custodianship action or proceeding under any federal or state law with respect to Borrower, any guarantor of any of the Senior Indebtedness, any of their respective properties, or any of their respective partners, members, officers, directors, or shareholders.

(c) "**Borrower**" means all entities identified as "Borrower" in the first paragraph of this Agreement, together with any successors, heirs, and assigns (jointly and severally). Borrower shall include any entity taking title to the Mortgaged Property, whether or not such entity assumes the Senior Note, provided that the term "Borrower" shall not include Senior Lender in the event that Senior Lender may acquire title to the Mortgaged Property. Whenever the term "Borrower" is used herein, the same shall be deemed to include the obligor of the debt secured by the Senior Security Instrument.

(d) "**Business Day**" means any day other than Saturday, Sunday or any other day on which Senior Lender or HUD is not open for business.

(e) "**Covenant Event of Default**" is defined in the Senior Security Instrument.

(f) "**[INTENTIONALLY OMITTED]**"

(g) "**Entity**" means an estate, trust, partnership, corporation, limited liability company, limited liability partnership, governmental department or agency or any other entity which has the legal capacity to own property.

(h) "**[INTENTIONALLY OMITTED]**"

(i) "**Monetary Event of Default**" is defined in the Senior Security Instrument.

(j) "**Non-Project Sources**" means any funds that are not derived from Project Sources.

(k) "**Project Sources**" means the Mortgaged Property (as defined in the Senior Security Instrument), any proceeds of the Senior loan, and any reserve or deposit made with Senior Lender or any other party as required by HUD in connection with the Senior loan.

(l) "**Senior Indebtedness**" means all present and future indebtedness, obligations, and liabilities of Borrower to Senior Lender under or in connection with the Senior loan or Senior Loan Documents.

(m) "**Senior Lender**" means the Entity named as such in the first paragraph on page 1 of this Agreement, its successors and assigns.

(n) "**Senior Loan Documents**" means the Senior Note, the Senior Security Instrument, and the Amended and Restated Regulatory Agreement between Borrower and HUD dated of even date herewith, as such documents may be amended from time to time and all other documents at any time evidencing, securing, guaranteeing, or otherwise delivered in connection with the Senior Indebtedness.

(o) "**[INTENTIONALLY OMITTED]**"

(p) "**Senior Security Instrument Default**" means a "Monetary Event of Default" or a "Covenant Event of Default" as defined in the Senior Security Instrument.

(q) "**Subordinate Indebtedness**" means all present and future indebtedness, obligations, and liabilities of Borrower to Subordinate Lender under or in connection with the Subordinate Tax Increment Financing or the Subordinate Development Agreement.

(r) "**Subordinate Lender**" means the Entity that qualifies under Program Obligations and named as such in the first paragraph on page 1 of this Agreement.

(s) "**Subordinate Development Agreement**" means collectively the Development Agreement between Subordinate Lender and Borrower dated July 18, 2003, as amended by a First Amendment to Development Agreement dated July 18, 2003, as amended and restated by that certain Amended and Restated Development Agreement between Subordinate Lender and Borrower dated April 28, 2004, all as evidenced by a Memorandum of Development Agreement dated April 28, 2004, filed April 29, 2004 with the Office of the Registrar of Titles, Ramsey County, Minnesota as Document No. 1838694, as supplemented by the Certificate of Completion of Minimum Improvements dated January 25, 2006, filed February 16, 2006 with the Ramsey County Registrar of Title as Document No. 1951697.

(t) "**Subordinate Tax Increment Financing Enforcement Action**" means the commencement of any suit or other legal, administrative, or arbitration proceeding based upon the Subordinate Development Agreement, or the taking of any other enforcement action against Borrower, any other party liable for any of the Subordinate Indebtedness or obligated under any of the Subordinate Tax Increment Financing Documents, or the Mortgaged Property.

(u) "**Subordinate Default**" means any act, failure to act, event, conditions, or occurrence which allows (but for any contrary provision of this Agreement), or which with the giving of notice or the passage of time, or both, would allow (but for any contrary provision of this Agreement), Subordinate Lender to take a Subordinate Tax Increment Financing Enforcement Action.

(v) "**Subordinate Tax Increment Financing Documents**" means the Subordinate Development Agreement, the TIF Note, and any and all amendments and documents related thereto.

(w) "**Surplus Cash**" is defined herein to mean the same as that term is defined in the Amended and Restated Regulatory Agreement between Borrower and HUD.

(x) "**TIF Note**" means the United States of America, State of Minnesota, County of Ramsey, City of Falcon Heights, Minnesota, Taxable Tax Increment Revenue Note (Falcon Heights Town Square Project - Multifamily TIF Note), dated as of April 28, 2004, in the original principal amount of One Million Five Hundred Eighty-Six Thousand One Hundred Twenty-Six and No/100ths Dollars (\$1,586,126.00) executed and delivered by the City to Borrower.

2. **Permission for Encumbrance Against Mortgaged Property.**

Senior Lender agrees, subject to the provisions of this Agreement, to permit the recorded Subordinate Development Agreement and other recordable Subordinate Tax Increment Financing Documents against the Mortgaged Property (which are subordinate in all respects to the lien of the Senior Security Instrument) that relate to Borrower's obligations under the Subordinate Development Agreement and all other obligations, indebtedness and liabilities of Borrower to Subordinate Lender under and in connection with the Subordinate Tax Increment Financing. Such permission is subject to the condition that each of the representations and warranties made by Borrower and Subordinate Lender in Section 3 are true and correct on the date of this Agreement. If any of the representations and warranties made by Borrower and Subordinate Lender in Section 3 are not true and correct on the date of this Agreement, the provisions of the Senior Loan Documents applicable to unpermitted liens on the Mortgaged Property shall apply.

3. **Borrower's and Subordinate Lender's Representations and Warranties.**

Borrower and, with respect to subsections (a) through (d) below, Subordinate Lender each make the following representations and warranties to Senior Lender:

(a) **Subordinate Tax Increment Financing Documents.** The Subordinate Tax Increment Financing is evidenced by the TIF Note and the Subordinate Development Agreement.

(b) **Terms of the Subordinate Tax Increment Financing.** The original principal amount of the TIF Note is \$1,586,126.00. The unpaid principal and accrued interest due on the TIF Note is \$_____. Interest on the Subordinate Note accrues at the rate of 5.935% per annum. The final maturity of the Subordinate Note is December 31, 2031 ("Maturity").

(c) **Relationship of Borrower to Subordinate Lender.** Subordinate Lender is not an Affiliate of Borrower.

(d) **Intentionally Left Blank.**

(e) **Intentionally Left Blank.**

(f) **Senior Loan Documents.** The executed Senior Loan Documents are the same forms as-approved by HUD prior to the date of this Agreement. Upon execution and delivery of the Senior Loan Documents, Borrower shall deliver to Subordinate Lender an executed copy of each of the Senior Loan Documents, certified to be true, correct and complete.

4. **Intentionally Left Blank.**

5. **Terms of Subordination.**

(a) **Agreement to Subordinate.** Senior Lender and Subordinate Lender agree

that: (i) the Subordinate Development Agreement is and shall be subordinated in right of payment, to the extent and in the manner provided in this Agreement, to the prior payment in full of the indebtedness evidenced by the Senior Loan Documents and (ii) the Subordinate Development Agreement and the other Subordinate Tax Increment Financing Documents, and any and all liens, security interests and restrictive covenants, if any, included in the TIF Documents, are and shall be subject and subordinate in all respects to the liens, terms, covenants and conditions of the Senior Security Instrument and the other Senior Loan Documents and to all advances heretofore made or which may hereafter be made pursuant to the Senior Security Instrument and the other Senior Loan Documents (including but not limited to, all sums advanced for the purposes of (1) protecting or further securing the lien of the Senior Security Instrument, curing defaults by Borrower under the Senior Loan Documents or for any other purpose expressly permitted by the Senior Security Instrument, or (2) constructing, renovating, repairing, furnishing, fixturing or equipping the Mortgaged Property).

(b) Subordination of Subrogation Rights. Except as otherwise required by law, Subordinate Lender agrees that if, by reason of its payment of real estate taxes or other monetary obligations of Borrower, or by reason of its exercise of any other right or remedy under the Subordinate Tax Increment Financing Documents, it acquires by right of subrogation or otherwise a lien on the Mortgaged Property which (but for this subsection) would be senior to the lien of the Senior Security Instrument, then, in that event, such lien shall be subject and subordinate to the lien of the Senior Security Instrument.

(c) Payments Before Senior Security Instrument Default. Until Subordinate Lender receives a default notice of a Senior Security Instrument Default from Senior Lender, Subordinate Lender shall be entitled to retain for its own account all payments made under or pursuant to the Subordinate Tax Increment Financing Documents provided that such payments are otherwise permitted under the terms of this Agreement.

(d) Payments After Senior Security Instrument Default. Borrower agrees that, after it receives notice (or otherwise acquires knowledge) of a Senior Security Instrument Default, it will not make any payments under or pursuant to the Subordinate Tax Increment Financing Documents (including but not limited to any sums set forth in the Subordinate Development Agreement) without Senior Lender's prior written consent. Subordinate Lender agrees that, after it receives a default notice from Senior Lender with written instructions directing Subordinate Lender not to accept payments from Project Sources on account of the Subordinate Tax Increment Financing, it will not accept any payments under or pursuant to the Subordinate Tax Increment Financing Documents (including but not any sums set forth in the Subordinate Development Agreement) unless either (i) such payment is being made solely from Non-Project Sources or (ii) such payment is made with Senior Lender's prior written consent. If Subordinate Lender receives written notice from Senior Lender that the Senior Security Instrument Default which gave rise to Subordinate Lender's obligation not to accept payments has been cured, waived, or otherwise suspended by Senior Lender, the restrictions on payment to Subordinate Lender in this Section 5 shall terminate, and Senior Lender shall have no right to any subsequent payments made to Subordinate Lender by Borrower prior to Subordinate Lender's receipt of a new default notice from Senior Lender in accordance with the provisions of this Section 5(d).

Notwithstanding anything to the contrary set forth herein, Borrower shall continue to make real estate tax payments and payments of special assessments that constitute a lien against the Mortgaged Property. The Senior Lender acknowledges that the Borrower shall continue to pay payments, if any, pursuant to sections 4.7, 8.2 and 9.6 of the Subordinate Development Agreement.

(e) Remitting Subordinate Tax Increment Financing Payments to Senior Lender. If, after Subordinate Lender receives a default notice from Senior Lender in accordance with subsection (d) above, Subordinate Lender receives any payments under the Subordinate Tax Increment Financing Documents (other than payments permitted under subsection (d) above), Subordinate Lender agrees that such payment or other distribution will be received and held in trust for Senior Lender and unless Senior Lender otherwise notifies Subordinate Lender in writing, will be promptly remitted, in kind to Senior Lender, properly endorsed to Senior Lender, to be applied to the principal of, interest on and other amounts due under the Senior Loan Documents in accordance with the provisions of the Senior Loan Documents. By executing this Agreement, Borrower specifically authorizes Subordinate Lender to endorse and remit any such payments to Senior Lender, and specifically waives any and all rights to have such payments returned to Borrower or credited against the Subordinate Tax Increment Financing. Borrower and Senior Lender acknowledge and agree that payments received by Subordinate Lender, and remitted to Senior Lender under this Section 5, shall not be applied or otherwise credited against the Subordinate Tax Increment Financing, nor shall the tender of such payment to Senior Lender waive any Subordinate Default which may arise from the inability of Subordinate Lender to retain such payment or apply such payment to the Subordinate Tax Increment Financing.

(f) Agreement Not to Commence Bankruptcy Proceeding. Subordinate Lender agrees that during the term of this Agreement it will not commence, or join with any other creditor in commencing any Bankruptcy Proceeding with respect to Borrower, without Senior Lender's prior written consent.

6. Default Under Subordinate Tax Increment Financing Documents.

(a) Notice of Default and Cure Rights. Subordinate Lender shall deliver to Senior Lender a default notice within five Business Days in each case where Subordinate Lender has given a default notice to Borrower. Failure of Subordinate Lender to send a default notice to Senior Lender shall not prevent the exercise of Subordinate Lender's rights and remedies under the Subordinate Tax Increment Financing Documents, subject to the provisions of this Agreement. Senior Lender shall have the opportunity, but not the obligation, to cure any Subordinate Default within 60 days following the date of such notice; provided, however that Subordinate Lender shall be entitled, during such 60-day period, to continue to pursue its rights and remedies under the Subordinate Tax Increment Financing Documents, subject to the limitations set forth in Section 6(b) below.

(b) Subordinate Lender's Exercise of Remedies After Notice to Senior Lender. If a Subordinate Default occurs and is continuing, Subordinate Lender agrees that it will not commence foreclosure proceedings with respect to the Mortgaged Property under the Subordinate Tax Increment Financing Documents or exercise any other rights or

remedies it may have under the Subordinate Tax Increment Financing Documents with respect to the Mortgaged Property, including, but not limited to accelerating the Subordinate Tax Increment Financing, collecting rents, appointing (or seeking the appointment of) a receiver or exercising any other rights or remedies thereunder without Senior Lender's prior written consent. However, the preceding sentence shall not (i) limit Subordinate Lender's right to bring an action seeking recovery solely from Non-Project Sources or (ii) preclude Subordinate Lender from exercising or enforcing all the rights available to Subordinate Lender under the Subordinate Tax Increment Financing Documents and/or under applicable law to enforce covenants and agreements of Borrower relating to income, rent or affordability restrictions.

7. Default Under Senior Loan Documents.

(a) Notice of Default and Cure Rights. Senior Lender shall deliver to Subordinate Lender a default notice within five Business Days in each case where Senior Lender has given a default notice to Borrower (provided that Senior Lender shall have no liability to Borrower, Subordinate Lender or to any other Entity for failure to timely give such notice). Failure of Senior Lender to send a default notice to Subordinate Lender shall not prevent the exercise of Senior Lender's right and remedies under the Senior Loan Documents, subject to the provisions of this Agreement. Borrower agrees that Subordinate Lender shall have the opportunity, but not the obligation, to cure either a Monetary Event of Default or a Covenant Event of Default within 30 days following the date of such notice, or any time prior to an assignment of the Senior Security Instrument from Senior Lender to HUD, whichever date is later. Subordinate Lender acknowledges that Senior Lender shall be entitled during such period described above to continue to pursue its remedies under the Senior Loan Documents. Subordinate Lender shall have the opportunity to cure a Covenant Event of Default during such period described above so long as there is no Monetary Event of Default under the Senior Loan Documents. All amounts paid by Subordinate Lender to Senior Lender to cure any default under the Senior Loan Documents shall be deemed to have been advanced by Subordinate Lender pursuant to the Subordinate Development Agreement.

(b) Cross Default. Subordinate Lender agrees that, notwithstanding any contrary provision contained in the Subordinate Tax Increment Financing Documents, a Senior Security Instrument Default shall not constitute a default under the Subordinate Tax Increment Financing Documents if no other default occurred under the Subordinate Tax Increment Financing Documents.

8. Conflict.

Borrower, Senior Lender and Subordinate Lender each agrees that, in the event of any conflict or inconsistency between the terms of the Senior Loan Documents, the Subordinate Tax Increment Financing Documents and the terms of this Agreement, the terms of this Agreement shall govern and control solely as to the following: (a) the relative priority of the security interests of Senior Lender and Subordinate Lender in the Mortgaged Property; and (b) solely as between Senior Lender and Subordinate Lender, the notice requirements, cure rights, and the other rights and obligations which Senior Lender and Subordinate Lender have agreed to as expressly provided in this Agreement. Borrower acknowledges

that the terms and provisions of this Agreement shall not, and shall not be deemed to: extend Borrower's time to cure any Senior Security Instrument Default or Subordinate Default, as the case may be; give Borrower the right to notice of any Senior Security Instrument Default or Subordinate Default, as the case may be other than that, if any, provided, respectively under the Senior Loan Documents or the Subordinate Tax Increment Financing Documents, as applicable; or create any other right or benefit for Borrower as against Senior Lender or Subordinate Lender.

9. Rights and Obligations of Subordinate Lender under the Subordinate Tax Increment Financing Documents and of Senior Lender under the Senior Loan Documents.

Subject to each of the other terms of this Agreement, all of the following provisions shall supersede any provisions of the Subordinate Tax Increment Financing Documents covering the same subject matter:

(a) Protection of Security Interest. Subordinate Lender shall not, without the prior written consent of Senior Lender in each instance, take any action which has the effect of increasing the indebtedness outstanding under the Subordinate Tax Increment Financing Documents, except that Subordinate Lender shall have the right to advance funds to cure Senior Security Instrument Defaults pursuant to Section 7(a) above and advance funds pursuant to the Subordinate Development Agreement for the purpose of curing defaults by Borrower under the Subordinate Tax Increment Financing Documents to the extent permitted thereunder.

(b) Condemnation or Casualty. In the event of: a taking or threatened taking by condemnation or other exercise of eminent domain of all or a portion of the Mortgaged Property (collectively, a "Taking"); or the occurrence of a fire or other casualty resulting in damage to all or a portion of the Mortgaged Property (collectively, a "Casualty"), at any time or times when the Senior Security Instrument remains a lien on the Mortgaged Property the following provisions shall apply:

(1) Subordinate Lender hereby agrees that its rights (under the Subordinate Tax Increment Financing Documents or otherwise) to participate in any proceeding or action relating to a Taking and/or a Casualty, or to participate or join in any settlement of, or to adjust, any claims resulting from a Taking or a Casualty shall be and remain subordinate in all respects to Senior Lender's rights under the Senior Loan Documents with respect thereto, and Subordinate Lender shall be bound by any settlement or adjustment of a claim resulting from a Taking or a Casualty made by or with the written consent of Senior Lender; and

(2) all proceeds received or to be received on account of a Taking or a Casualty, or both, shall be applied (to payment of the costs and expenses of repair and restoration and/or to payment of the Senior Security Instrument) in the manner determined by Senior Lender in its sole discretion; provided, however, that if Senior Lender elects to apply such proceeds to payment of the principal of, interest on and other amounts payable under the Senior Security Instrument, any proceeds remaining after the satisfaction in full of the principal of, interest on and other amounts payable

under the Senior Security Instrument shall be paid to, and may be applied by, Subordinate Lender in accordance with the applicable provisions of the Subordinate Tax Increment Financing Documents, if any. Any proceeds then remaining after the satisfaction in full of the principal of, interest on and other amounts payable under the Subordinate Tax Increment Financing Documents shall be paid by the Subordinate Lender to Borrower.

(c) No Modification of Subordinate Tax Increment Financing Documents.

Borrower and Subordinate Lender each agrees that, until the principal of, interest on and all other amounts payable under the Senior Loan Documents have been paid in full, it will not, without the prior written consent of Senior Lender in each instance, increase any obligations of Borrower under the Subordinate Tax Increment Financing Documents or otherwise amend the Subordinate Tax Increment Financing Documents in a manner that creates an adverse effect upon Senior Lender under the Senior Loan Documents. Any unauthorized amendment of the Subordinate Tax Increment Financing Documents without Senior Lender's consent shall be void ab initio and of no effect whatsoever.

10. Modification of Senior Loan Documents; Refinancing of Senior Indebtedness.

Subordinate Lender consents to any agreement or arrangement in which Senior Lender waives, postpones, extends, reduces or modifies any provisions of the Senior Loan Documents, including any provision requiring the payment of money. Subordinate Lender further agrees that its agreement to subordinate hereunder shall extend to any new mortgage debt which is for the purpose of refinancing all or any part of the Senior Security Indebtedness in accordance with Program Obligations (including reasonable and necessary costs associated with the closing and/or the refinancing) ; and that all the terms and covenants of this Agreement shall inure to the benefit of any holder of any such refinanced debt; and that all references to the Senior Indebtedness, the Senior Note, the Senior Security Instrument, the Senior Loan Documents and Senior Lender shall mean, respectively, the indebtedness related to the refinance loan, the refinance note, the security instrument securing the refinance note, all documents evidencing securing or otherwise pertaining to the refinance note and the holder of the refinance note.

11. Default by Subordinate Lender or Senior Lender.

If Subordinate Lender or Senior Lender defaults in performing or observing any of the terms, covenants or conditions to be performed or observed by it under this Agreement, the other, non-defaulting Lender shall have the right to all available legal and equitable relief.

12. Notices.

Each notice, request, demand, consent, approval or other communication (hereinafter in this Section referred to collectively as "notices" and referred to singly as a "notice") which Senior Lender or Subordinate Lender is required or permitted to give to the other party pursuant to this Agreement shall be in writing and shall be deemed to have been duly and sufficiently given if: (a) personally delivered with proof of delivery thereof (any notice so delivered shall be deemed to have been received at the time so delivered); or (b) sent by Federal Express (or other similar national overnight courier) designating next Business Day delivery (any notice so delivered shall be deemed to have been received on the next Business Day following receipt by the courier); or (c) sent by United States registered or certified mail, return receipt requested, postage prepaid, at a post office regularly maintained by the United States Postal Service (any notice so sent shall be deemed to have been received two Business Days after mailing in the United States), addressed to the respective parties as follows:

SENIOR LENDER: Oak Grove Commercial Mortgage, LLC
2177 Youngman Avenue
St. Paul, MN 55116
Attention: Kevin Sullivan

With a copy to: U.S. Department of Housing and Urban Development
Director - Office of Multifamily Asset Management
Room 6160
451 Seventh Street, S.W.
Washington, DC 20410

SUBORDINATE LENDER: City of Falcon Heights, Minnesota
2077 West Larpenteur Avenue
Falcon Heights, Minnesota 55113
Attention: City Administrator

Either party may, by notice given pursuant to this Section, change the person or persons and/or address or addresses, or designate an additional person or persons or an additional address or addresses for its notices, but notice of a change of address shall only be effective upon receipt.

13. Master Subordination Agreement. Borrower, Subordinate Lender, and Senior Lender hereby (i) consent to the amendment and restatement of the Glaser Loan (as defined in the Master Subordination Agreement) by the Senior Loan, (ii) acknowledge and agree that the Master Subordination Agreement remains in full force and effect with respect to the Senior Loan to the same extent as if (a) the Senior Loan was defined as the "Glaser Loan" thereunder and (b) the Senior Loan Documents were defined as the "Glaser Loan Documents" thereunder, (iii) hereby reaffirm the terms of the Master Subordination Agreement with respect to the Senior Loan to the same extent as if the Senior Loan was defined as the "Glaser Loan" thereunder, including without limitation (a) the subordination of the MARIF Loan and MARIF Loan Documents to the Senior Loan and Senior Loan Documents and (b) the following priority of the respective loans and respective loan documents: (1) the first priority of the Senior Loan (to the

same extent as if the Senior Loan was defined as the “Glaser Loan” thereunder) and the Senior Loan Documents (to the same extent as if the Senior Loan Documents was defined as the “Glaser Loan Documents” thereunder), (2) the second priority of the MARIF Loan (as defined thereunder) and the MARIF Loan Documents (as defined thereunder), (3) the third priority of the Ramsey County Loan (as defined thereunder) and the Ramsey County Loan Documents (as defined thereunder), (4) the fourth priority of the FHF Loan (as defined thereunder) and the FHF Loan Documents (as defined thereunder), (5) the fifth priority of Tax Increment Financing (as defined thereunder) and the TIF Documents (as defined thereunder), and (6) the sixth priority of the Declaration (as defined therein), except to the extent required by Section 9(d) of the Declaration (relating to the three (3) year vacancy control during the extended use period), all as stated in the Master Subordination Agreement, and (iv) hereby respectively certify that all of the covenants, statements, representations and warranties of such Parties that are made in the Master Subordination Agreement are true and correct as of the date hereof.

14. General.

(a) **Assignment/Successors.** This Agreement shall be binding upon Borrower, Senior Lender and Subordinate Lender and shall inure to the benefit of the respective legal successors and assigns of Senior Lender and Subordinate Lender.

(b) **No Partnership or Joint Venture.** Senior Lender's permission for the placement of the Subordinate Tax Increment Financing Documents does not constitute Senior Lender as a joint venturer or partner of Subordinate Lender. Neither party hereto shall hold itself out as a partner, agent or Affiliate of any other party hereto.

(c) **Senior Lender's and Subordinate Lender's Consent.** Wherever Senior Lender's consent or approval is required by any provision of this Agreement, such consent or approval may be granted or denied by Senior Lender in its sole and absolute discretion, unless otherwise expressly provided in this Agreement. Wherever Subordinate Lender's consent or approval is required by any provision of this Agreement, such consent or approval may be granted or denied by Subordinate Lender in its sole and absolute discretion, unless otherwise expressly provided in this Agreement.

(d) **Further Assurances; UCC Financing Statements.** Subordinate Lender, Senior Lender and Borrower each agree, at Borrower's expense, to execute and deliver all additional instruments and/or documents reasonably required by any other party to this Agreement in order to evidence that the Subordinate Tax Increment Financing Documents are subordinate to the lien, covenants and conditions of the Senior Loan Documents, or to further evidence the intent of this Agreement. Senior Lender is hereby authorized to file any and all UCC financing statement amendments required to reflect the priority of the Senior Indebtedness.

(e) **Amendment.** This Agreement shall not be amended except by written instrument signed by all parties hereto.

(f) **Governing Law.** This Agreement shall be governed by the laws of the State in which the Mortgaged Property is located, except as, so long as the Senior loan is

insured or held by HUD, and solely as to rights and remedies of HUD, federal jurisdiction may be appropriate pursuant to any federal requirements. The State courts, and with respect to HUD's rights and remedies, federal courts, and governmental authorities in the State in which the Mortgaged Property is located, shall have exclusive jurisdiction over all controversies which shall arise under or in relation to the Subordinate Tax Increment Financing Documents. Borrower irrevocably consents to service, jurisdiction, and venue of such courts for any such litigation and waives any other venue to which it might be entitled by virtue of domicile, habitual residence or otherwise.

(g) Severable Provisions. If any provision of this Agreement shall be invalid or unenforceable to any extent, then the other provisions of this Agreement shall not be affected thereby and shall be enforced to the greatest extent permitted by law.

(h) Term. The term of this Agreement shall commence on the date hereof and shall continue until the earliest to occur of the following events: (i) the payment of all of the principal of, interest on and other amounts payable under the Senior Loan Documents; (ii) the later of (a) the payment of all of the principal of, interest on and other amounts payable under the TIF Note and/or (b) the performance by Borrower of all obligations required under the Subordinate Development Agreement and/or any of the other Subordinate Tax Increment Financing Documents, including sums due thereunder, other than by reason of payments which Subordinate Lender is obligated to remit to Senior Lender pursuant to Section 4 hereof; (iii) the acquisition by Senior Lender of title to the Mortgaged Property pursuant to a foreclosure; or (iv) the acquisition by Subordinate Lender of title to the Mortgaged Property pursuant to any remedy in the Subordinate Tax Increment Financing Documents, but only if such acquisition of title does not violate any of the terms of this Agreement. Notwithstanding the foregoing, in the event the Senior Indebtedness is refinanced, the term of this Agreement shall continue and the Subordinate Indebtedness and Subordinate Tax Increment Financing Documents shall be subordinate to any such indebtedness related to the refinance loan as provided in Section 10 above.

(i) Counterparts. This Agreement may be executed in any number of counterparts, each of which shall be considered an original for all purposes; provided, however, that all such counterparts shall together constitute one and the same instrument.

[THE REMAINDER OF THIS PAGE SHALL REMAIN BLANK]

IN WITNESS WHEREOF, the parties hereto have executed this Agreement to be effective as of the day and year first written above.

SENIOR LENDER:

OAK GROVE COMMERCIAL MORTGAGE, LLC, a Delaware limited liability company

By: _____

Name: _____

Title: _____

STATE OF MINNESOTA

COUNTY OF RAMSEY

This instrument was acknowledged before me this ____ day of February, 2012 by _____ as _____ of OAK GROVE COMMERCIAL MORTGAGE, LLC, a Delaware limited liability company, on behalf of the limited liability company.

Notary Public

Printed Name: _____

My Commission Expires:

SUBORDINATE LENDER:

CITY OF FALCON HEIGHTS, MINNESOTA,
a Minnesota municipal corporation

By: _____
Name: _____
Its: _____

Approved as to Form:

STATE OF MINNESOTA)
)ss.
COUNTY OF _____)

The foregoing instrument was acknowledged before me this _____ day of February, 2012, by _____, the _____, of the **CITY OF FALCON HEIGHTS, MINNESOTA**, a Minnesota municipal corporation, on behalf of the municipal corporation.

Notary Public

BORROWER:

FALCON HEIGHTS TOWN SQUARE LIMITED PARTNERSHIP,

a Minnesota limited partnership

By: SHERMAN ASSOCIATES, INC.,
a Minnesota corporation

Its: General Partner

By: _____

George E. Sherman

Its: President

STATE OF MINNESOTA)
) ss.
COUNTY OF _____)

The foregoing instrument was acknowledged before me this ____ day of February, 2012, by George E. Sherman, the President of SHERMAN ASSOCIATES, INC., a Minnesota corporation, the sole general partner of FALCON HEIGHTS TOWN SQUARE LIMITED PARTNERSHIP, a Minnesota limited partnership, on behalf of the limited partnership.

Notary Public
Printed Name: _____
My Commission Expires: _____

This instrument was drafted by:

Oppenheimer Wolff & Donnelly LLP (CAE)
45 South Seventh Street, Suite 3300
Minneapolis, MN 55402-1609

EXHIBIT A**LEGAL DESCRIPTION**

The real property located in Ramsey County, Minnesota, and legally described as:

Parcel 1:

Lot 1, Block 1, Falcon Heights Town Square Second, according to the recorded plat thereof.

Parcel 2:

Together with the benefit of easements for access and storm sewer as set forth in Easement Agreement dated December 29, 2003, filed December 30, 2003 as Document No. 1796663 and for watermain as set forth in Private Water Main Agreement dated April 28, 2004, filed April 29, 2004 as Document No. 1838695.

Ramsey County, Minnesota
Torrens Property
Torrens Certificate No. 544081

SCHEDULE A**SENIOR INDEBTEDNESS**

1. Loan from Oak Grove Commercial Mortgage, LLC (“Lender”) to Falcon Heights Town Square Limited Partnership (“Borrower”) in the original principal balance of \$11,854,000.00
2. Amended and Restated Note executed and delivered by Borrower to Lender, dated as of February 1, 2012, in the original principal amount of \$11,854,000.00.
3. Amended and Restated Multifamily Mortgage, Assignment of Leases and Rents, Security Agreement and Fixture Filing, executed and delivered by Borrower to Lender, dated as of February 1, 2012.

**FALCON HEIGHTS TOWN SQUARE SENIOR APARTMENTS
AMENDED AND RESTATED MASTER SUBORDINATION AGREEMENT
AND ESTOPPEL CERTIFICATE**

THIS AMENDED AND RESTATED MASTER SUBORDINATION AGREEMENT AND ESTOPPEL CERTIFICATE (“Agreement”) made and entered into as of the 1st day of February 1, 2012, by and between **TOWN SQUARE SENIOR APARTMENTS LLC**, a Minnesota limited liability company, with offices located at 233 Park Avenue South, Suite 201, Minneapolis, Minnesota 55415 (“Borrower”), **OAK GROVE COMMERCIAL MORTGAGE, LLC**, a Delaware limited liability company, with its offices located at 2177 Youngman Avenue, St. Paul, Minnesota 55116 (“Senior Lender”), the **RAMSEY COUNTY HOUSING AND REDEVELOPMENT AUTHORITY**, Minnesota political subdivision, with its offices located at 250 Courthouse, 15 West Kellogg Boulevard, St. Paul, Minnesota 55102 (“Ramsey County”) and the **CITY OF FALCON HEIGHTS, MINNESOTA**, a Minnesota municipal corporation, with its offices located at 2077 West Larpenteur Avenue, Falcon Heights, Minnesota 55113 (“City”). (Senior Lender, Ramsey County and the City are sometimes collectively referred to herein as “Lenders”).

RECITALS:

WHEREAS, Senior Lender’s predecessor-in-interest Glaser Financial Group, Inc., a Minnesota corporation (“Glaser”) made a loan to Borrower in the original principal amount of Six Million and No/100 Dollars (\$6,000,000.00) ("Original Loan"), which Original Loan is insured by the Federal Housing Administration (the "FHA") of the United States Department of Housing and Urban Development ("HUD") under Section 221(d)(4) of the National Housing Act of 1934, as amended (the "Act") .

WHEREAS, Lender is the holder of (i) a Mortgage Note dated December 1, 2003, in the original principal amount of Six Million and No/100 Dollars (\$6,000,000.00) given by Borrower in favor of Glaser, as amended by the First Amendment to Mortgage Note dated February 1, 2006 between Borrower and MMA Mortgage Investment Corporation (“MMA”), a Florida corporation (collectively the “Original Note”) and (ii) a Mortgage dated December 1, 2003 from Borrower to Glaser, recorded on December 30, 2003 in the office of the Registrar of Titles, Ramsey County, Minnesota as Document No. 1796664 (“Original Mortgage”) encumbering a fifty-six (56) unit multifamily housing facility in Falcons Heights, Minnesota (the “Project”) on the real property described in Exhibit A attached hereto (“Mortgaged Property”). MMA was the successor to Glaser by merger. The Original Mortgage was assigned by MMA to Lender pursuant to that certain Assignment of Mortgage dated May 15, 2009, filed April 23, 2010 in the

office of the Registrar of Titles, Ramsey County, Minnesota as Document No. 2107404. Concurrently herewith, Borrower and Lender are amending and restating the terms of the Original Mortgage in its entirety pursuant to that certain Amended and Restated Multifamily Mortgage, Assignment of Leases and Rents, Security Agreement, and Fixture Filing dated February 1, 2012 (“Mortgage”).

WHEREAS, Borrower is refinancing the Original Loan with Oak Grove with a loan in the original principal amount of Five Million Eight Hundred Eighty and no/100 Dollars (\$5,880,000.00) (“Oak Grove Loan”), which Oak Grove Loan is being insured by the Federal Housing Administration (the “FHA”) of the United States Department of Housing and Urban Development (“HUD”) under Section 223(a)(7) of the National Housing Act of 1934, as amended (the “Act”) pursuant to the FHA’s Commitment dated January 12, 2012, FHA Project No. 092-35732 (the “FHA Commitment”).

WHEREAS, on November 19, 2003, Falcon Heights Town Square Limited Partnership, a Minnesota limited partnership, obtained a loan of Community Development Block Grant funds from Ramsey County in the original principal amount of Two Hundred Thousand and No/100ths Dollars (\$200,000.00) (the “CDBG Loan”) which has been disbursed for payment of construction related costs for the Project. Pursuant to the Assignment and Assumption Agreement and Amendment to Promissory Note dated December 29, 2003, Falcon Heights Town Square Limited Partnership assigned and Borrower has assumed all of the rights, title and interests of Falcon Heights Town Square Limited Partnership in the CDBG Loan; and

WHEREAS, Borrower has obtained a loan of HOME Investment Partnership Act funds from Ramsey County in the original principal amount of Two Hundred Thousand and No/100ths Dollars (\$200,000.00) (the “HOME Loan”), which has been disbursed for payment of construction related costs for the Project; and

WHEREAS, the City has established the Tax Increment Financing District No. 1-3 (“TIF District”) of which the Premises is a part and the City has agreed to provide certain tax increment financing to Borrower in the form of reimbursements to Borrower out of tax increments pursuant to Minnesota laws (the “Tax Increment Financing”) which has been and will be used for certain development costs in connection with the Project; and

WHEREAS, in conjunction with the Oak Grove Loan, Borrower and Senior Lender have entered into and executed those certain documents and agreements identified in Exhibit B attached hereto and incorporated herein by reference (the “Oak Grove Loan Documents”); and

WHEREAS, in conjunction with the CDBG Loan, Borrower and Ramsey County have entered into and executed those certain documents and agreements identified in Exhibit C attached hereto and incorporated herein by reference (the “CDBG Loan Documents”); and

WHEREAS, in conjunction with the HOME Loan, Borrower and Ramsey County have entered into and executed those certain documents and agreements identified in Exhibit D attached hereto and incorporated herein by reference (the “HOME Loan Documents”); and

WHEREAS, in conjunction with the Tax Increment Financing, Borrower and the City have entered into and executed those certain documents and agreements identified in Exhibit E attached hereto and incorporated herein by reference (the “TIF Documents”); and

WHEREAS, the Borrower, Glaser, Ramsey County, and the City entered into that certain Master Subordination Agreement and Estoppel Certificate dated December 1, 2003, filed December 30, 2003 with the Ramsey County Registrar of Titles as Document No. 1796671, and MMA was the successor to Glaser by merger, and MMA’s interest thereunder was assigned to Lender pursuant to that certain Assignment of Master Subordination Agreement and Estoppel Certificate dated May 15, 2009, filed April 23, 2010 in the office of the Registrar of Titles, Ramsey County, Minnesota as Document No. 2107405 (collectively “Original Master Subordination Agreement”); and

WHEREAS, this Agreement amends and restates in its entirety the Original Master Subordination Agreement; and

WHEREAS, in connection with the Oak Grove Loan, all of the liens, encumbrances, and restrictive covenants, if any, created by the CDBG Loan Documents have been subordinated to the lien of the Oak Grove Loan pursuant to that certain Subordination and Modification Agreement entered into as of even date herewith between Oak Grove, Borrower, and Ramsey County (the “CDBG Subordination Agreement”), which CDBG Subordination Agreement shall be recorded in the local land records of Ramsey County, Minnesota prior to the recordation of this Agreement; and

WHEREAS, in connection with the Oak Grove Loan, all of the liens, encumbrances, and restrictive covenants, if any, created by the HOME Loan Documents have been subordinated to the lien of the Oak Grove Loan pursuant to that certain Subordination and Modification Agreement entered into as of even date herewith between Oak Grove, Borrower, and Ramsey County (the “HOME Subordination Agreement”), which HOME Subordination Agreement shall be recorded in the local land records of Ramsey County, Minnesota prior to the recordation of this Agreement; and

WHEREAS, in connection with the Oak Grove Loan, all of the liens, encumbrances, and restrictive covenants, if any, created by the TIF Documents have been subordinated to the lien of the Oak Grove Loan pursuant to that certain Subordination Agreement entered into as of even date herewith between Oak Grove, Borrower, and the City (the “City Subordination Agreement”), which City Subordination Agreement shall be recorded in the local land records of Ramsey County, Minnesota prior to the recordation of this Agreement; and

WHEREAS, it is intended that the loans and corresponding loan documents referred to herein shall have the following order of priority:

- 1) The Oak Grove Loan and the Oak Grove Loan Documents shall have a first and senior priority;
- 2) The CDBG Loan and CDBG Loan Documents shall have second priority behind the Oak Grove Loan and Oak Grove Loan Documents; and

- 3) The HOME Loan and the HOME Loan Documents shall have third priority behind the Oak Grove Loan and the Oak Grove Loan Documents and the CDBG Loan and CDBG Loan Documents.
- 4) The Tax Increment Financing and the TIF Documents shall have fourth priority behind the Oak Grove Loan and Oak Grove Loan Documents, the CDBG Loan and CDBG Loan Documents, and the HOME Loan and HOME Loan Documents.

WHEREAS, it is further intended that the parties wish to specify how the terms and conditions contained in the loan documents referred to herein shall be interpreted in the event of a conflict or inconsistency therein; and

WHEREAS, the parties hereto now desire to amend and modify the terms of the Original Master Subordination Agreement and have agreed, for purposes of convenience, to restate the Original Master Subordination Agreement in its entirety as follows:

NOW, THEREFORE, in consideration of One Dollar (\$1.00) and other good and valuable consideration, and in further consideration of the parties hereto making and entering into the loans referred to herein, the parties do hereby agree as follows:

1. Consent to Loans. By executing this Agreement:
 - A. Oak Grove agrees that all of the liens, encumbrances, and restrictive covenants, if any, created by the CDBG Loan Documents, the HOME Loan Documents and the TIF Documents shall be deemed to be "Permitted Encumbrances" under the Oak Grove Loan Documents but subordinate to all liens, rights, and remedies created by the Oak Grove Loan Documents.
 - B. Ramsey County agrees that all of the liens, encumbrances, and restrictive covenants, if any, created by the Oak Grove Loan Documents, the HOME Loan Documents and the TIF Documents shall be deemed to be "Permitted Encumbrances" under the CDBG Loan Documents.
 - C. Ramsey County agrees that all of the liens, encumbrances, and restrictive covenants, if any, created by the Oak Grove Loan Documents, the CDBG Loan Documents and the TIF Documents shall be deemed to be "Permitted Encumbrances" under the HOME Loan Documents.
 - D. The City agrees that all of the liens, encumbrances, and restrictive covenants, if any, created by the Oak Grove Loan Documents, the HOME Loan Documents and the CDBG Loan Documents shall be deemed to be "Permitted Encumbrances" under the TIF Documents.
2. Use of Documents. With respect to the loan documents referred to and described herein, the parties do hereby covenant, warrant, consent, and agree as follows:
 - A. Ramsey County covenants and warrants that (i) the CDBG Loan Documents are all of the documents it has entered into regarding the CDBG Loan, (ii) there are no other documents relating to the CDBG Loan, (iii) it will not enter into any

- B. Ramsey County covenants and warrants that (i) the HOME Loan Documents are all of the documents it has entered into regarding the HOME Loan, (ii) there are no other documents relating to the HOME Loan, (iii) it will not enter into any other documents relating to the HOME Loan which would have an adverse impact upon any other party to this Agreement without the prior written consent of such party or parties, and (iv) any document relating to the HOME Loan which may exist and is not listed in the HOME Loan Documents, or may come into existence in the future, shall not have any force or effect until approved and consented to in writing by all of the parties to this Agreement, and upon such written approval such document shall be automatically considered to be included in the HOME Loan Documents, and Ramsey County will execute any and all documents necessary to include such document in the HOME Loan Documents.
- C. The City covenants and warrants that (i) the TIF Documents are all of the documents it has entered into regarding the Tax Increment Financing for the Project, (ii) there are no other documents relating to the Tax Increment Financing for the Project, (iii) it will not enter into any other documents or require Borrower to enter into any other documents relating to the Tax Increment Financing for the Project which would have an adverse impact upon any other party to this Agreement without the prior written consent of such party or parties, and (iv) any document relating to the Tax Increment Financing for the Project which may exist and is not listed in the TIF Documents, or may come into existence in the future, shall not have any force or effect until approved and consented to in writing by all of the parties to this Agreement, and upon such written approval such document shall be automatically considered to be included in the TIF Documents, and the City will execute any and all documents necessary to include such document in the TIF Documents.
- D. Oak Grove agrees and consents to the use of the CDBG Loan Documents, the HOME Loan Documents and the TIF Documents.
- E. Ramsey County agrees and consents to the use of the Oak Grove Loan Documents and the TIF Documents.
- F. The City agrees and consents to the use of the Oak Grove Loan Documents, the CDBG Loan Documents and the HOME Loan Documents.

3. Establishing the Relative Priority of the Loans and Documents. The parties agree to the following priority of the loans and documents referred to and described herein:
 - A. The parties hereby acknowledge and agree as follows:
 - i) The Oak Grove Loan and the Oak Grove Loan Documents shall have a first and senior priority;
 - ii) The CDBG Loan and the CDBG Loan Documents shall have second priority behind the Oak Grove Loan and Oak Grove Loan Documents;
 - iii) The HOME Loan and the HOME Loan Documents shall have third priority behind the Oak Grove Loan and Oak Grove Loan Documents and the CDBG Loan and the CDBG Loan Documents; and
 - iv) The Tax Increment Financing and the TIF Documents shall have fourth priority behind the Oak Grove Loan and Oak Grove Loan Documents, the CDBG Loan and the CDBG Loan Documents, the HOME Loan and the Home Loan Documents.
 - B. Ramsey County agrees and acknowledges that the CDBG Loan and the CDBG Loan Documents, and all advances made thereunder and accrued interest thereon are senior and prior to the HOME Loan and the HOME Loan Documents. Therefore, Ramsey County agrees to, and does hereby (i) subordinate any and all liens, security interests and restrictive covenants, if any, included in the HOME Loan and the HOME Loan Documents to any and all liens, security interests and restrictive covenants, if any, securing repayment of the CDBG Loan and the CDBG Loan Documents, and (ii) subordinates the HOME Loan and the HOME Loan Documents to the CDBG Loan and the CDBG Loan Documents.
 - C. The City agrees and acknowledges that the CDBG Loan, HOME Loan, CDBG Loan Documents, and the HOME Loan Documents and all advances made thereunder and accrued interest thereon are senior and prior to the TIF Documents. Therefore, the City agrees to, and does hereby (i) subordinate any and all liens, security interests and restrictive covenants, if any, included in the TIF Documents to any and all liens, security interests and restrictive covenants, if any, securing repayment of the CDBG Loan, HOME Loan, CDBG Loan Documents, and the HOME Loan Documents, and (ii) subordinates the TIF Documents to the CDBG Loan, HOME Loan, CDBG Loan Documents and the HOME Loan Documents.
4. Provisions in Documents. Notwithstanding the order of priority set forth and agreed to in Section 3 hereinabove, and notwithstanding any contrary provision contained in any of the documents referred to herein, the parties hereby agree that, if there are any inconsistencies or conflicts with respect to the provisions contained in any of the documents referred to herein, then the provisions contained in the Oak Grove Loan Documents shall control over any such inconsistent or conflicting provision in any other document.

5. Interpretation. The parties are entering into and executing this Agreement to establish the subordination and priority of the loans and the documents referred to herein and to resolve any inconsistencies or conflicts in such documents, and accordingly, the parties hereby agree, understand, and acknowledge that the enforceability of this Agreement is not, and shall not, be restricted, limited, or impaired by the fact that not all of the parties are signatories to each or any of the documents referred to and incorporated by reference herein

6. Compliance with Closing Requirements and Absence of Events of Default. The parties state, represent, and warrant as follows:
 - A. Oak Grove states, represents and warrants that, to the best of its knowledge, there are no Events of Default, or events which with the passage of time could constitute an Event of Default, currently existing under the Oak Grove Loan Documents.
 - B. Ramsey County states, represents, and warrants that, to the best of its knowledge, there are no Events of Default, or events which with the passage of time could constitute an Event of Default, currently existing under the CDBG Loan Documents.
 - C. Ramsey County states, represents, and warrants that, to the best of its knowledge, there are no Events of Default, or events which with the passage of time could constitute an Event of Default, currently existing under the HOME Loan Documents.
 - D. The City states, represents, and warrants that, to the best of its knowledge, there are no Events of Default, or events which with the passage of time could constitute an Event of Default, currently existing under the TIF Documents.

7. Additional Provisions.
 - A. None of the parties hereto have any obligation under this Agreement to the other parties hereto to advance any funds to Borrower or to insure that any funds so advanced are used for any specific purpose. Any application or use of funds advanced should not impair the priority provided herein.
 - B. Each of the parties hereto waives any right to require marshaling of assets or to require any other party hereto to proceed against or exhaust any specific security for the indebtedness held by it and any defense arising out of the loss or of impairment of any right of subrogation through the lien of any loan documentation.
 - C. Each agreement, and each and every covenant, agreement, and other provisions hereof shall be binding upon each of the parties hereto and their successors and assigns and shall inure to the benefit of each of the parties hereto and their successors and assigns and, in particular, to any subsequent holder of the loan

D. This Agreement may be changed only by an instrument in writing executed by the parties hereto. No waiver, amendment, or modification by custom, usage, or by implication shall be effective unless in writing signed by the parties. This Agreement shall not be construed as altering, amending, or modifying any of the terms and conditions of the loan documentation referred to herein other than for the establishment of priorities expressed herein.

8. Notices. All notices to be given by any party to the other under this Agreement shall be in writing and shall be deemed to have been given when delivered personally, or when deposited in the United States Mail, registered or certified postage prepaid, addressed to the party's address listed below or addressed to any such party at such other address as such party shall furnish subsequently by notice to the other parties. Any notice delivered personally to Borrower shall be delivered to a general partner of Borrower, and any notice delivered personally to any of the other parties to this Agreement shall be delivered to an officer of such party.

To Borrower: Town Square Senior Apartments LLC
233 Park Avenue South, Suite 201
Minneapolis, Minnesota 55415

To Oak Grove: Oak Grove Commercial Mortgage, LLC
2177 Youngman Avenue
St. Paul, Minnesota 55116

To Ramsey County: Ramsey County Housing and Redevelopment Authority
250 Courthouse
15 West Kellogg Boulevard
St. Paul, Minnesota 55102
ATTN: Chair

To the City: City of Falcon Heights, Minnesota
2077 West Larpenteur Avenue
Falcon Heights, Minnesota 55113
ATTN: City Administrator

9. Execution in Counterparts. This Agreement may be executed in any number of counterparts, each of which shall be deemed an original, but all of which shall constitute one instrument.

IN WITNESS WHEREOF, the parties hereto have executed this Agreement as of the date and year first above written.

(Signature Pages to Follow)

Signature Page to Master Subordination Agreement

OAK GROVE COMMERCIAL MORTGAGE,
LLC, a Delaware limited liability company

By: _____
Name: _____
Title: _____

STATE OF MINNESOTA

COUNTY OF RAMSEY

This instrument was acknowledged before me this ____ day of February, 2012, by
_____ as _____ of OAK GROVE COMMERCIAL
MORTGAGE, LLC, a Delaware limited liability company, on behalf of the limited liability
company.

Notary Public

Signature Page to Master Subordination Agreement

RAMSEY COUNTY HOUSING AND
REDEVELOPMENT AUTHORITY, a Minnesota
political subdivision

By: _____
Name: _____
Its: _____

Approved as to Form:

Ramsey County Attorney's Office

STATE OF MINNESOTA)
)ss.
COUNTY OF _____)

The foregoing instrument was acknowledged before me this _____ day of February 2012, by _____, the _____ of RAMSEY COUNTY HOUSING AND REDEVELOPMENT AUTHORITY, a Minnesota political subdivision, on behalf of the such political subdivision.

Notary Public

EXHIBIT A

TO MASTER SUBORDINATION AGREEMENT AND ESTOPPEL CERTIFICATE

Legal Description

Lot 1, Block 1, Falcon Heights Town Square, Ramsey County, Minnesota.

Together with the benefit of the appurtenant easements for access, parking, sanitary sewer, and storm sewer purposes created in Article 2 of Declaration of Easements and Covenants dated December 29, 2003, filed December 30, 2003, as Document No. 1796663.

Torrens Property
Torrens Certificate No. 538232

EXHIBIT B

TO MASTER SUBORDINATION AGREEMENT AND ESTOPPEL CERTIFICATE

Oak Grove Loan Documents

1. Amended and Restated Note dated as of February 1, 2012, executed and delivered by Town Square Senior Apartments LLC to Oak Grove Commercial Mortgage, LLC in the original principal amount of \$5,880,000.00.
2. Amended and Restated Multifamily Mortgage, Assignment of Leases and Rents, Security Agreement and Fixture Filing dated as of February 1, 2012, executed and delivered by Town Square Senior Apartments LLC to Oak Grove Commercial Mortgage, LLC encumbering the Premises.
3. Amended and Restated Regulatory Agreement for Multifamily Housing Projects dated as of February 1, 2012, entered into by and between Town Square Senior Apartments LLC and the Secretary of Housing and Urban Development.
4. UCC Financing Statement executed and delivered by Town Square Senior Apartments LLC, as Debtor, in favor of Oak Grove Commercial Mortgage, LLC and United States Department of Housing and Urban Development, as Secured Parties.
5. UCC Financing Statement (Fixture Filing) executed and delivered by Town Square Senior Apartments LLC, as Debtor, to Oak Grove Commercial Mortgage, LLC and United States Department of Housing and Urban Development, as Secured Parties, encumbering the Premises.
6. Amended and Restated Assignment of Tax Increment Financing dated as of February 1, 2012, and executed and delivered by Town Square Senior Apartments LLC to Oak Grove Commercial Mortgage, LLC.
7. Consent of the City of Falcon Heights, Minnesota, to the Amended and Restated Assignment of Tax Increment Financing executed and delivered by the City of Falcon Heights, Minnesota, to Oak Grove Commercial Mortgage, LLC
8. Assignment of Development Agreement dated as of February 1, 2012 executed and delivered by Town Square Senior Apartments LLC to Oak Grove Commercial Mortgage, LLC.
9. Subordination and Modification Agreement dated as of February 1, 2012 by and among Oak Grove Commercial Mortgage, LLC, Town Square Senior Apartments LLC, and Ramsey County Housing and Redevelopment Authority pertaining to the CDBG Loan.
10. Subordination and Modification Agreement dated as of February 1, 2012 by and among Oak Grove Commercial Mortgage, LLC, Town Square Senior Apartments LLC, and Ramsey County Housing and Redevelopment Authority pertaining to the HOME Loan.

11. Subordination Agreement dated as of February 1, 2012 by and among Oak Grove Commercial Mortgage, LLC, Town Square Senior Apartments, LLC and City of Falcon Heights pertaining to the TIF Financing.

EXHIBIT C

TO MASTER SUBORDINATION AGREEMENT AND ESTOPPEL CERTIFICATE

CDBG Loan Documents

1. Loan Agreement dated November 19, 2003 by and between Ramsey County Housing and Redevelopment Authority and Falcon Heights Town Square Limited Partnership.
2. Promissory Note dated November 19, 2003 executed and delivered by Falcon Heights Town Square Limited Partnership to the Ramsey County Housing and Redevelopment Authority in the original principal amount of \$200,000.00.
3. Assignment and Assumption Agreement and Amendment to Promissory Note dated December 29, 2003 by and between Falcon Heights Town Square Limited Partnership, Ramsey County Housing and Redevelopment Authority and Town Square Senior Apartments LLC.
4. Statutory Mortgage, Assignment of Leases and Rents, Security Agreement and Fixture Financing Statement dated December 29, 2003, filed December 30, 2003 with the Registrar of Titles, Ramsey County, Minnesota as Document No. 1796668, executed and delivered by Town Square Senior Apartments LLC to Ramsey County Housing and Redevelopment Authority securing the principal amount of \$200,000.00.

EXHIBIT D

TO MASTER SUBORDINATION AGREEMENT AND ESTOPPEL CERTIFICATE

HOME Loan Documents

1. HOME Investment Partnership Act Agreement dated December 29, 2003 by and between Ramsey County Housing and Redevelopment Authority and Town Square Senior Apartments LLC.
2. Promissory Note dated December 29, 2003 executed and delivered by Town Square Senior Apartments LLC to the Ramsey County Housing and Redevelopment Authority in the original principal amount of \$200,000.00.
3. Statutory Mortgage, Assignment of Leases and Rents, Security Agreement and Fixture Financing Statement dated December 29, 2003, filed December 30, 2003 with the Registrar of titles, Ramsey County, Minnesota as Document No. 1796669, executed and delivered by Town Square Senior Apartments LLC to Ramsey County Housing and Redevelopment Authority securing the principal amount of \$200,000.00.
4. Declaration of Covenants and Restrictions dated December 29, 2003 executed and delivered by Town Square Senior Apartments LLC.
5. Certification Regarding Debarment, Suspension, Ineligibility and Voluntary Exclusion – Lower Tier Covered Transactions dated December 29, 2003 executed and delivered by Town Square Senior Apartments LLC.

EXHIBIT E

TO MASTER SUBORDINATION AGREEMENT AND ESTOPPEL CERTIFICATE

TIF Documents

1. Development Agreement dated July 18, 2003, by and between the City of Falcon Heights, Minnesota, and Town Square Senior Apartments LLC, as modified by the Certificate of Completion dated February 10, 2005, filed February 22, 2005 with the Office of the Registrar of Title, Ramsey County, Minnesota as Document No. 1906469.
2. The United States of America, State of Minnesota, County of Ramsey, City of Falcon Heights, Minnesota, Taxable Tax Increment Revenue Note (Falcon Heights Town Square Project - Senior TIF Note), dated as of December 29, 2003, in the original principal amount of \$728,000.00 executed and delivered by the City of Falcon Heights, Minnesota, to Town Square Senior Apartments LLC.

Subordination Agreement

**U.S. Department of Housing
and Urban Development**
Office of Housing

OMB Approval No. 2502-0598
(Exp. 04/30/2014)

Public Reporting Burden for this collection of information is estimated to average 0.5 hours per response, including the time for reviewing instructions, searching existing data sources, gathering and maintaining the data needed, and completing and reviewing the collection of information. Response to this request for information is required in order to receive the benefits to be derived. This agency may not collect this information, and you are not required to complete this form unless it displays a currently valid OMB control number. While no assurance of confidentiality is pledged to respondents, HUD generally discloses this data only in response to a Freedom of Information Act request.

Project Name: Falcon Heights Town Square
Senior Apartments
HUD Project No: 092-35732

THIS SUBORDINATION AGREEMENT ("Agreement") is entered into to be effective as of February 1, 2012 by and among (i) **OAK GROVE COMMERCIAL MORTGAGE, LLC**, a Delaware limited liability company ("**Senior Lender**") with its offices located at 2177 Youngman Avenue, St. Paul, Minnesota 55116, (ii) the **CITY OF FALCON HEIGHTS, MINNESOTA**, a Minnesota municipal corporation ("**Subordinate Lender**") with its offices located at 2077 West Larpenteur Avenue, Falcon Heights, Minnesota 55113, and (iii) **TOWN SQUARE SENIOR APARTMENTS LLC**, a Minnesota limited liability company, ("**Borrower**") with offices located at 233 Park Avenue South, Suite 201, Minneapolis, Minnesota 55415.

Recitals

WHEREAS, Borrower is the owner of that certain 56-unit residential rental development known as "Falcon Heights Town Square Senior Apartments" ("**Project**"), located at 1530 Larpenteur Avenue West, Falcon Heights, Minnesota 55113. Senior Lender has made or is

making the senior mortgage loan as described on Schedule A ("**Senior Indebtedness**") to Borrower in the original principal amount as shown on Schedule A, evidenced by the Amended and Restated Note dated February 1, 2012 described in Schedule A ("**Senior Note**"), and secured by, among other things, the Amended and Restated Multifamily Mortgage, Assignment of Leases and Rents, Security Agreement and Fixture Filing dated February 1, 2012 as described in Schedule A (collectively, "**Senior Security Instrument**"), covering the property described in Exhibit A attached hereto together with all improvements thereon and personal property used relative thereof, all as more particularly described in the Senior Security Instrument ("**Mortgaged Property**");

WHEREAS, the City has established the Tax Increment Financing District No. 1-3 ("**Tax Increment District**") which the Mortgaged Property is a part and the City has provided certain tax increment financing to Borrower in the form of reimbursements to Borrower out of tax increments derived from the Tax Increment District pursuant to Minnesota laws (the "**Subordinate Tax Increment Financing**"), which has been used for certain development costs in connection with the Project;

WHEREAS, Borrower has requested Senior Lender to permit the existence of a Subordinate Development Agreement (as defined herein), setting forth the City's agreement regarding the Subordinate Tax Increment Financing as consideration for Borrower undertaking certain improvements;

WHEREAS, Senior Lender, with the approval of the U.S. Department of Housing and Urban Development ("**HUD**"), has agreed to permit the existence of the Subordinate Tax Increment Financing and to allow the Subordinate Development Agreement to encumber the Mortgaged Property, subject to all of the conditions contained in this Agreement and in accordance with Program Obligations. "**Program Obligations**" means (1) all applicable statutes and any regulations issued by the Secretary pursuant thereto that apply to the Project, including all amendments to such statutes and regulations, as they become effective, except that changes subject to notice and comment rulemaking shall become effective only upon completion of the rulemaking process, and (2) all current requirements in HUD handbooks and guides, notices, and mortgagee letters that apply to the Project, and all future updates, changes and amendments thereto, as they become effective, except that changes subject to notice and comment rulemaking shall become effective only upon completion of the rulemaking process, and provided that such future updates, changes and amendments shall be applicable to the Project only to the extent that they interpret, clarify and implement terms in this Agreement rather than add or delete provisions from such document. Handbooks, guides, notices, and mortgagee letters are available on HUD's official website: (<http://www.hud.gov/offices/adm/hudclips/index.cfm>, or a successor location to that site).

NOW, THEREFORE, in order to induce Senior Lender to permit the existence of the Subordinate Tax Increment Financing and to allow the Subordinate Development Agreement to encumber the Mortgaged Property, and in consideration thereof, Senior Lender, Subordinate Lender and Borrower agree as follows:

1. Definitions.

In addition to the terms defined in the Recitals to this Agreement, for purposes of this Agreement the following terms have the respective meanings set forth below:

(a) "**Affiliate**" is defined in 24 CFR 200.215, or any successor regulation.

(b) "**Bankruptcy Proceeding**" means any bankruptcy, reorganization, insolvency, composition, restructuring, dissolution, liquidation, receivership, assignment for the benefit of creditors, or custodianship action or proceeding under any federal or state law with respect to Borrower, any guarantor of any of the Senior Indebtedness, any of their respective properties, or any of their respective partners, members, officers, directors, or shareholders.

(c) "**Borrower**" means all entities identified as "Borrower" in the first paragraph of this Agreement, together with any successors, heirs, and assigns (jointly and severally). Borrower shall include any entity taking title to the Mortgaged Property, whether or not such entity assumes the Senior Note, provided that the term "Borrower" shall not include Senior Lender in the event that Senior Lender may acquire title to the Mortgaged Property. Whenever the term "Borrower" is used herein, the same shall be deemed to include the obligor of the debt secured by the Senior Security Instrument.

(d) "**Business Day**" means any day other than Saturday, Sunday or any other day on which Senior Lender or HUD is not open for business.

(e) "**Covenant Event of Default**" is defined in the Senior Security Instrument.

(f) "**[INTENTIONALLY OMITTED]**"

(g) "**Entity**" means an estate, trust, partnership, corporation, limited liability company, limited liability partnership, governmental department or agency or any other entity which has the legal capacity to own property.

(h) "**[INTENTIONALLY OMITTED]**"

(i) "**Monetary Event of Default**" is defined in the Senior Security Instrument.

(j) "**Non-Project Sources**" means any funds that are not derived from Project Sources.

(k) "**Project Sources**" means the Mortgaged Property (as defined in the Senior Security Instrument), any proceeds of the Senior loan, and any reserve or deposit made with Senior Lender or any other party as required by HUD in connection with the Senior loan.

(l) "**Senior Indebtedness**" means all present and future indebtedness, obligations, and liabilities of Borrower to Senior Lender under or in connection with the Senior Loan or Senior Loan Documents.

(m) "**Senior Lender**" means the Entity named as such in the first paragraph on page 1 of this Agreement, its successors and assigns.

(n) "**Senior Loan Documents**" means the Senior Note, the Senior Security Instrument, and the Amended and Restated Regulatory Agreement between Borrower and HUD dated of even date herewith, as such documents may be amended from time to

time and all other documents at any time evidencing, securing, guaranteeing, or otherwise delivered in connection with the Senior Indebtedness.

(o) "[**INTENTIONALLY OMITTED**]"

(p) "**Senior Security Instrument Default**" means a "Monetary Event of Default" or a "Covenant Event of Default" as defined in the Senior Security Instrument.

(q) "**Subordinate Indebtedness**" means all present and future indebtedness, obligations, and liabilities of Borrower to Subordinate Lender under or in connection with the Subordinate Tax Increment Financing or the Subordinate Development Agreement.

(r) "**Subordinate Lender**" means the Entity that qualifies under Program Obligations and named as such in the first paragraph on page 1 of this Agreement.

(s) "**Subordinate Development Agreement**" means collectively the Development Agreement dated as of July 18, 2003, filed December 30, 2003 with the Office of the Registrar of Titles, Ramsey County, Minnesota, as Document No. 1796662, as amended by Certificate of Completion dated February 10, 2005, filed February 22, 2005 with the Office of the Registrar of Titles, Ramsey County, Minnesota, as Document No. 1906469.

(t) "**Subordinate Tax Increment Financing Enforcement Action**" means the commencement of any suit or other legal, administrative, or arbitration proceeding based upon the Subordinate Development Agreement, or the taking of any other enforcement action against Borrower, any other party liable for any of the Subordinate Indebtedness or obligated under any of the Subordinate Tax Increment Financing Documents, or the Mortgaged Property.

(u) "**Subordinate Default**" means any act, failure to act, event, conditions, or occurrence which allows (but for any contrary provision of this Agreement), or which with the giving of notice or the passage of time, or both, would allow (but for any contrary provision of this Agreement), Subordinate Lender to take a Subordinate Tax Increment Financing Enforcement Action.

(v) "**Subordinate Tax Increment Financing Documents**" means the Subordinate Development Agreement, the TIF Note, and any and all amendments and documents related thereto.

(w) "**Surplus Cash**" is defined herein to mean the same as that term is defined in the Amended and Restated Regulatory Agreement between Borrower and HUD.

(x) "**TIF Note**" means the United States of America, State of Minnesota, County of Ramsey, City of Falcon Heights, Minnesota, Taxable Tax Increment Revenue Note (Falcon Heights Town Square Project - Senior TIF Note), dated as of December 29, 2003, in the original principal amount of Seven Hundred Twenty-Eight Thousand and No/100ths Dollars (\$728,000.00) executed and delivered by the City to Borrower.

2. **Permission for Encumbrance Against Mortgaged Property.**

Senior Lender agrees, subject to the provisions of this Agreement, to permit the recorded Subordinate Development Agreement and other recordable Subordinate Tax Increment Financing Documents against the Mortgaged Property (which are subordinate in all respects to the lien of the Senior Security Instrument) that relate to Borrower's obligations under the Subordinate Development Agreement and all other obligations, indebtedness and liabilities of Borrower to Subordinate Lender under and in connection with the Subordinate Tax Increment Financing. Such permission is subject to the condition that each of the representations and warranties made by Borrower and Subordinate Lender in Section 3 are true and correct on the date of this Agreement. If any of the representations and warranties made by Borrower and Subordinate Lender in Section 3 are not true and correct on the date of this Agreement, the provisions of the Senior Loan Documents applicable to unpermitted liens on the Mortgaged Property shall apply.

3. **Borrower's and Subordinate Lender's Representations and Warranties.**

Borrower and, with respect to subsections (a) through (d) below, Subordinate Lender each make the following representations and warranties to Senior Lender:

(a) **Subordinate Tax Increment Financing Documents.** The Subordinate Tax Increment Financing is evidenced by the TIF Note and the Subordinate Development Agreement.

(b) **Terms of the Subordinate Tax Increment Financing.** The original principal amount of the TIF Note is \$_____. The unpaid principal and accrued interest on the TIF Note is \$_____. Interest on the Subordinate Note accrues at the rate of 5.93% per annum. The final maturity of the Subordinate Note is December 31, 2031 ("Maturity").

(c) **Relationship of Borrower to Subordinate Lender.** Subordinate Lender is not an Affiliate of Borrower.

(d) **Intentionally Left Blank.**

(e) **Intentionally Left Blank.**

(f) **Senior Loan Documents.** The executed Senior Loan Documents are the same forms as-approved by HUD prior to the date of this Agreement. Upon execution and delivery of the Senior Loan Documents, Borrower shall deliver to Subordinate Lender an executed copy of each of the Senior Loan Documents, certified to be true, correct and complete.

4. **Intentionally Left Blank.**

5. Terms of Subordination.

(a) **Agreement to Subordinate.** Senior Lender and Subordinate Lender agree that: (i) the Subordinate Development Agreement is and shall be subordinated in right of payment, to the extent and in the manner provided in this Agreement, to the prior payment in full of the indebtedness evidenced by the Senior Loan Documents and (ii) the Subordinate Development Agreement and the other Subordinate Tax Increment Financing Documents, and any and all liens, security interests and restrictive covenants, if any, included in the TIF Documents, are and shall be subject and subordinate in all respects to the liens, terms, covenants and conditions of the Senior Security Instrument and the other Senior Loan Documents and to all advances heretofore made or which may hereafter be made pursuant to the Senior Security Instrument and the other Senior Loan Documents (including but not limited to, all sums advanced for the purposes of (1) protecting or further securing the lien of the Senior Security Instrument, curing defaults by Borrower under the Senior Loan Documents or for any other purpose expressly permitted by the Senior Security Instrument, or (2) constructing, renovating, repairing, furnishing, fixturing or equipping the Mortgaged Property).

(b) **Subordination of Subrogation Rights.** Except as otherwise required by law, Subordinate Lender agrees that if, by reason of its payment of real estate taxes or other monetary obligations of Borrower, or by reason of its exercise of any other right or remedy under the Subordinate Tax Increment Financing Documents, it acquires by right of subrogation or otherwise a lien on the Mortgaged Property which (but for this subsection) would be senior to the lien of the Senior Security Instrument, then, in that event, such lien shall be subject and subordinate to the lien of the Senior Security Instrument.

(c) **Payments Before Senior Security Instrument Default.** Until Subordinate Lender receives a default notice of a Senior Security Instrument Default from Senior Lender, Subordinate Lender shall be entitled to retain for its own account all payments made under or pursuant to the Subordinate Tax Increment Financing Documents provided that such payments are otherwise permitted under the terms of this Agreement.

(d) **Payments After Senior Security Instrument Default.** Borrower agrees that, after it receives notice (or otherwise acquires knowledge) of a Senior Security Instrument Default, it will not make any payments under or pursuant to the Subordinate Tax Increment Financing Documents (including but not limited to any sums set forth in the Subordinate Development Agreement) without Senior Lender's prior written consent. Subordinate Lender agrees that, after it receives a default notice from Senior Lender with written instructions directing Subordinate Lender not to accept payments from Project Sources on account of the Subordinate Tax Increment Financing, it will not accept any payments under or pursuant to the Subordinate Tax Increment Financing Documents (including but not any sums set forth in the Subordinate Development Agreement) unless either (i) such payment is being made solely from Non-Project Sources or (ii) such payment is made with Senior Lender's prior written consent. If Subordinate Lender receives written notice from Senior Lender that the Senior Security Instrument Default which gave rise to Subordinate Lender's obligation not to accept payments has been cured, waived, or otherwise suspended by Senior Lender, the restrictions on payment to Subordinate Lender in this

Section 5 shall terminate, and Senior Lender shall have no right to any subsequent payments made to Subordinate Lender by Borrower prior to Subordinate Lender's receipt of a new default notice from Senior Lender in accordance with the provisions of this Section 5(d). Notwithstanding anything to the contrary set forth herein, Borrower shall continue to make real estate tax payments and payments of special assessments that constitute a lien against the Mortgaged Property. The Senior Lender acknowledges that the Borrower shall continue to pay payments, if any, pursuant to sections 4.7, 8.2 and 9.6 of the Subordinate Development Agreement.

(e) Remitting Subordinate Tax Increment Financing Payments to Senior Lender. If, after Subordinate Lender receives a default notice from Senior Lender in accordance with subsection (d) above, Subordinate Lender receives any payments under the Subordinate Tax Increment Financing Documents (other than payments permitted under subsection (d) above), Subordinate Lender agrees that such payment or other distribution will be received and held in trust for Senior Lender and unless Senior Lender otherwise notifies Subordinate Lender in writing, will be promptly remitted, in kind to Senior Lender, properly endorsed to Senior Lender, to be applied to the principal of, interest on and other amounts due under the Senior Loan Documents in accordance with the provisions of the Senior Loan Documents. By executing this Agreement, Borrower specifically authorizes Subordinate Lender to endorse and remit any such payments to Senior Lender, and specifically waives any and all rights to have such payments returned to Borrower or credited against the Subordinate Tax Increment Financing. Borrower and Senior Lender acknowledge and agree that payments received by Subordinate Lender, and remitted to Senior Lender under this Section 5, shall not be applied or otherwise credited against the Subordinate Tax Increment Financing, nor shall the tender of such payment to Senior Lender waive any Subordinate Default which may arise from the inability of Subordinate Lender to retain such payment or apply such payment to the Subordinate Tax Increment Financing.

(f) Agreement Not to Commence Bankruptcy Proceeding. Subordinate Lender agrees that during the term of this Agreement it will not commence, or join with any other creditor in commencing any Bankruptcy Proceeding with respect to Borrower, without Senior Lender's prior written consent.

6. Default Under Subordinate Tax Increment Financing Documents.

(a) Notice of Default and Cure Rights. Subordinate Lender shall deliver to Senior Lender a default notice within five Business Days in each case where Subordinate Lender has given a default notice to Borrower. Failure of Subordinate Lender to send a default notice to Senior Lender shall not prevent the exercise of Subordinate Lender's rights and remedies under the Subordinate Tax Increment Financing Documents, subject to the provisions of this Agreement. Senior Lender shall have the opportunity, but not the obligation, to cure any Subordinate Default within 60 days following the date of such notice; provided, however that Subordinate Lender shall be entitled, during such 60-day period, to continue to pursue its rights and remedies under the Subordinate Tax Increment Financing Documents, subject to the limitations set forth in Section 6(b) below.

(b) Subordinate Lender's Exercise of Remedies After Notice to Senior

Lender. If a Subordinate Default occurs and is continuing, Subordinate Lender agrees that it will not commence foreclosure proceedings with respect to the Mortgaged Property under the Subordinate Tax Increment Financing Documents or exercise any other rights or remedies it may have under the Subordinate Tax Increment Financing Documents with respect to the Mortgaged Property, including, but not limited to accelerating the Subordinate Tax Increment Financing, collecting rents, appointing (or seeking the appointment of) a receiver or exercising any other rights or remedies thereunder without Senior Lender's prior written consent. However, the preceding sentence shall not (i) limit Subordinate Lender's right to bring an action seeking recovery solely from Non-Project Sources or (ii) preclude Subordinate Lender from exercising or enforcing all the rights available to Subordinate Lender under the Subordinate Tax Increment Financing Documents and/or under applicable law to enforce covenants and agreements of Borrower relating to income, rent or affordability restrictions.

7. Default Under Senior Loan Documents.

(a) Notice of Default and Cure Rights. Senior Lender shall deliver to Subordinate Lender a default notice within five Business Days in each case where Senior Lender has given a default notice to Borrower (provided that Senior Lender shall have no liability to Borrower, Subordinate Lender or to any other Entity for failure to timely give such notice). Failure of Senior Lender to send a default notice to Subordinate Lender shall not prevent the exercise of Senior Lender's right and remedies under the Senior Loan Documents, subject to the provisions of this Agreement. Borrower agrees that Subordinate Lender shall have the opportunity, but not the obligation, to cure either a Monetary Event of Default or a Covenant Event of Default within 30 days following the date of such notice, or any time prior to an assignment of the Senior Security Instrument from Senior Lender to HUD, whichever date is later. Subordinate Lender acknowledges that Senior Lender shall be entitled during such period described above to continue to pursue its remedies under the Senior Loan Documents. Subordinate Lender shall have the opportunity to cure a Covenant Event of Default during such period described above so long as there is no Monetary Event of Default under the Senior Loan Documents. All amounts paid by Subordinate Lender to Senior Lender to cure any default under the Senior Loan Documents shall be deemed to have been advanced by Subordinate Lender pursuant to the Subordinate Development Agreement.

(b) Cross Default. Subordinate Lender agrees that, notwithstanding any contrary provision contained in the Subordinate Tax Increment Financing Documents, a Senior Security Instrument Default shall not constitute a default under the Subordinate Tax Increment Financing Documents if no other default occurred under the Subordinate Tax Increment Financing Documents.

8. Conflict.

Borrower, Senior Lender and Subordinate Lender each agrees that, in the event of any conflict or inconsistency between the terms of the Senior Loan Documents, the Subordinate Tax Increment Financing Documents and the terms of this Agreement, the terms of this Agreement shall govern and control solely as to the following: (a) the relative priority of the security interests of Senior Lender and Subordinate Lender in the Mortgaged Property;

and (b) solely as between Senior Lender and Subordinate Lender, the notice requirements, cure rights, and the other rights and obligations which Senior Lender and Subordinate Lender have agreed to as expressly provided in this Agreement. Borrower acknowledges that the terms and provisions of this Agreement shall not, and shall not be deemed to: extend Borrower's time to cure any Senior Security Instrument Default or Subordinate Default, as the case may be; give Borrower the right to notice of any Senior Security Instrument Default or Subordinate Default, as the case may be other than that, if any, provided, respectively under the Senior Loan Documents or the Subordinate Tax Increment Financing Documents, as applicable; or create any other right or benefit for Borrower as against Senior Lender or Subordinate Lender.

9. Rights and Obligations of Subordinate Lender under the Subordinate Tax Increment Financing Documents and of Senior Lender under the Senior Loan Documents.

Subject to each of the other terms of this Agreement, all of the following provisions shall supersede any provisions of the Subordinate Tax Increment Financing Documents covering the same subject matter:

(a) Protection of Security Interest. Subordinate Lender shall not, without the prior written consent of Senior Lender in each instance, take any action which has the effect of increasing the indebtedness outstanding under the Subordinate Tax Increment Financing Documents, except that Subordinate Lender shall have the right to advance funds to cure Senior Security Instrument Defaults pursuant to Section 7(a) above and advance funds pursuant to the Subordinate Development Agreement for the purpose of curing defaults by Borrower under the Subordinate Tax Increment Financing Documents to the extent permitted thereunder.

(b) Condemnation or Casualty. In the event of: a taking or threatened taking by condemnation or other exercise of eminent domain of all or a portion of the Mortgaged Property (collectively, a "Taking"); or the occurrence of a fire or other casualty resulting in damage to all or a portion of the Mortgaged Property (collectively, a "Casualty"), at any time or times when the Senior Security Instrument remains a lien on the Mortgaged Property the following provisions shall apply:

(1) Subordinate Lender hereby agrees that its rights (under the Subordinate Tax Increment Financing Documents or otherwise) to participate in any proceeding or action relating to a Taking and/or a Casualty, or to participate or join in any settlement of, or to adjust, any claims resulting from a Taking or a Casualty shall be and remain subordinate in all respects to Senior Lender's rights under the Senior Loan Documents with respect thereto, and Subordinate Lender shall be bound by any settlement or adjustment of a claim resulting from a Taking or a Casualty made by or with the written consent of Senior Lender; and

(2) all proceeds received or to be received on account of a Taking or a Casualty, or both, shall be applied (to payment of the costs and expenses of repair and restoration and/or to payment of the Senior Security Instrument) in the manner determined by Senior Lender in its sole discretion; provided, however, that if Senior

Lender elects to apply such proceeds to payment of the principal of, interest on and other amounts payable under the Senior Security Instrument, any proceeds remaining after the satisfaction in full of the principal of, interest on and other amounts payable under the Senior Security Instrument shall be paid to, and may be applied by, Subordinate Lender in accordance with the applicable provisions of the Subordinate Tax Increment Financing Documents, if any. Any proceeds then remaining after the satisfaction in full of the principal of, interest on and other amounts payable under the Subordinate Tax Increment Financing Documents shall be paid by the Subordinate Lender to Borrower.

(c) No Modification of Subordinate Tax Increment Financing Documents.

Borrower and Subordinate Lender each agrees that, until the principal of, interest on and all other amounts payable under the Senior Loan Documents have been paid in full, it will not, without the prior written consent of Senior Lender in each instance, increase any obligations of Borrower under the Subordinate Tax Increment Financing Documents or otherwise amend the Subordinate Tax Increment Financing Documents in a manner that creates an adverse effect upon Senior Lender under the Senior Loan Documents. Any unauthorized amendment of the Subordinate Tax Increment Financing Documents without Senior Lender's consent shall be void ab initio and of no effect whatsoever.

10. Modification of Senior Loan Documents; Refinancing of Senior Indebtedness.

Subordinate Lender consents to any agreement or arrangement in which Senior Lender waives, postpones, extends, reduces or modifies any provisions of the Senior Loan Documents, including any provision requiring the payment of money. Subordinate Lender further agrees that its agreement to subordinate hereunder shall extend to any new mortgage debt which is for the purpose of refinancing all or any part of the Senior Security Indebtedness in accordance with Program Obligations (including reasonable and necessary costs associated with the closing and/or the refinancing) ; and that all the terms and covenants of this Agreement shall inure to the benefit of any holder of any such refinanced debt; and that all references to the Senior Indebtedness, the Senior Note, the Senior Security Instrument, the Senior Loan Documents and Senior Lender shall mean, respectively, the indebtedness related to the refinance loan, the refinance note, the security instrument securing the refinance note, all documents evidencing securing or otherwise pertaining to the refinance note and the holder of the refinance note.

11. Default by Subordinate Lender or Senior Lender.

If Subordinate Lender or Senior Lender defaults in performing or observing any of the terms, covenants or conditions to be performed or observed by it under this Agreement, the other, non-defaulting Lender shall have the right to all available legal and equitable relief.

12. Notices.

Each notice, request, demand, consent, approval or other communication (hereinafter in this Section referred to collectively as "notices" and referred to singly as a "notice") which Senior Lender or Subordinate Lender is required or permitted to give to the other party pursuant to this Agreement shall be in writing and shall be deemed to have been duly and sufficiently given if: (a) personally delivered with proof of delivery thereof (any notice so delivered shall be deemed to have been received at the time so delivered); or (b) sent by Federal Express (or other similar national overnight courier) designating next Business Day delivery (any notice so delivered shall be deemed to have been received on the next Business Day following receipt by the courier); or (c) sent by United States registered or certified mail, return receipt requested, postage prepaid, at a post office regularly maintained by the United States Postal Service (any notice so sent shall be deemed to have been received two Business Days after mailing in the United States), addressed to the respective parties as follows:

SENIOR LENDER: Oak Grove Commercial Mortgage, LLC
2177 Youngman Avenue
St. Paul, MN 55116
Attention: Kevin Sullivan

With a copy to: U.S. Department of Housing and Urban Development
Director - Office of Multifamily Asset Management
Room 6160
451 Seventh Street, S.W.
Washington, DC 20410

SUBORDINATE LENDER: City of Falcon Heights, Minnesota
2077 West Larpenteur Avenue
Falcon Heights, Minnesota 55113
Attention: City Administrator

Either party may, by notice given pursuant to this Section, change the person or persons and/or address or addresses, or designate an additional person or persons or an additional address or addresses for its notices, but notice of a change of address shall only be effective upon receipt.

13. Intentionally Left Blank.

14. General.

(a) **Assignment/Successors.** This Agreement shall be binding upon Borrower, Senior Lender and Subordinate Lender and shall inure to the benefit of the respective legal successors and assigns of Senior Lender and Subordinate Lender.

(b) **No Partnership or Joint Venture.** Senior Lender's permission for the placement of the Subordinate Tax Increment Financing Documents does not constitute Senior Lender as a joint venturer or partner of Subordinate Lender. Neither party hereto

shall hold itself out as a partner, agent or Affiliate of any other party hereto.

(c) **Senior Lender's and Subordinate Lender's Consent.** Wherever Senior Lender's consent or approval is required by any provision of this Agreement, such consent or approval may be granted or denied by Senior Lender in its sole and absolute discretion, unless otherwise expressly provided in this Agreement. Wherever Subordinate Lender's consent or approval is required by any provision of this Agreement, such consent or approval may be granted or denied by Subordinate Lender in its sole and absolute discretion, unless otherwise expressly provided in this Agreement.

(d) **Further Assurances; UCC Financing Statements.** Subordinate Lender, Senior Lender and Borrower each agree, at Borrower's expense, to execute and deliver all additional instruments and/or documents reasonably required by any other party to this Agreement in order to evidence that the Subordinate Tax Increment Financing Documents are subordinate to the lien, covenants and conditions of the Senior Loan Documents, or to further evidence the intent of this Agreement. Senior Lender is hereby authorized to file any and all UCC financing statement amendments required to reflect the priority of the Senior Indebtedness.

(e) **Amendment.** This Agreement shall not be amended except by written instrument signed by all parties hereto.

(f) **Governing Law.** This Agreement shall be governed by the laws of the State in which the Mortgaged Property is located, except as, so long as the Senior loan is insured or held by HUD, and solely as to rights and remedies of HUD, federal jurisdiction may be appropriate pursuant to any federal requirements. The State courts, and with respect to HUD's rights and remedies, federal courts, and governmental authorities in the State in which the Mortgaged Property is located, shall have exclusive jurisdiction over all controversies which shall arise under or in relation to the Subordinate Tax Increment Financing Documents. Borrower irrevocably consents to service, jurisdiction, and venue of such courts for any such litigation and waives any other venue to which it might be entitled by virtue of domicile, habitual residence or otherwise.

(g) **Severable Provisions.** If any provision of this Agreement shall be invalid or unenforceable to any extent, then the other provisions of this Agreement shall not be affected thereby and shall be enforced to the greatest extent permitted by law.

(h) **Term.** The term of this Agreement shall commence on the date hereof and shall continue until the earliest to occur of the following events: (i) the payment of all of the principal of, interest on and other amounts payable under the Senior Loan Documents; (ii) the later of (a) the payment of all of the principal of, interest on and other amounts payable under the TIF Note and/or (b) the performance by Borrower of all obligations required under the Subordinate Development Agreement and/or any of the other Subordinate Tax Increment Financing Documents, including sums due thereunder, other than by reason of payments which Subordinate Lender is obligated to remit to Senior Lender pursuant to Section 4 hereof; (iii) the acquisition by Senior Lender of title to the Mortgaged Property pursuant to a foreclosure; or (iv) the acquisition by Subordinate Lender of title to the Mortgaged Property

pursuant to any remedy in the Subordinate Tax Increment Financing Documents, but only if such acquisition of title does not violate any of the terms of this Agreement.

Notwithstanding the foregoing, in the event the Senior Indebtedness is refinanced, the term of this Agreement shall continue and the Subordinate Indebtedness and Subordinate Tax Increment Financing Documents shall be subordinate to any such indebtedness related to the refinance loan as provided in Section 10 above.

(i) **Counterparts.** This Agreement may be executed in any number of counterparts, each of which shall be considered an original for all purposes; provided, however, that all such counterparts shall together constitute one and the same instrument.

[THE REMAINDER OF THIS PAGE SHALL REMAIN BLANK]

IN WITNESS WHEREOF, the parties hereto have executed this Agreement to be effective as of the day and year first written above.

SENIOR LENDER:

OAK GROVE COMMERCIAL MORTGAGE, LLC, a Delaware limited liability company

By: _____

Name: _____

Title: _____

STATE OF MINNESOTA

COUNTY OF RAMSEY

This instrument was acknowledged before me this ____ day of February, 2012 by _____ as _____ of OAK GROVE COMMERCIAL MORTGAGE, LLC, a Delaware limited liability company, on behalf of the limited liability company.

Notary Public

Printed Name: _____

My Commission Expires:

SUBORDINATE LENDER:

CITY OF FALCON HEIGHTS, MINNESOTA,
a Minnesota municipal corporation

By: _____
Name: _____
Its: _____

Approved as to Form:

STATE OF MINNESOTA)
)ss.
COUNTY OF _____)

The foregoing instrument was acknowledged before me this _____ day of February, 2012, by _____, the _____, of the **CITY OF FALCON HEIGHTS, MINNESOTA**, a Minnesota municipal corporation, on behalf of the municipal corporation.

Notary Public

BORROWER:

**TOWN SQUARE SENIOR APARTMENTS
LLC, a Minnesota limited liability company**

By: _____
Name: _____
Its: _____

STATE OF MINNESOTA

COUNTY OF _____

This instrument was acknowledged before me this ____ day of February, 2012 by
_____ as _____ of TOWN SQUARE SENIOR
APARTMENTS LLC, a Minnesota limited liability company, on behalf of the limited liability
company.

Notary Public
Printed Name: _____
My Commission Expires: _____

This instrument was drafted by:

Oppenheimer Wolff & Donnelly LLP (CAE)
45 South Seventh Street, Suite 3300
Minneapolis, MN 55402-1609

EXHIBIT A**LEGAL DESCRIPTION**

Lot 1, Block 1, Falcon Heights Town Square, Ramsey County, Minnesota.

Together with the benefit of the appurtenant easements for access, parking, sanitary sewer, and storm sewer purposes created in Article 2 of Declaration of Easements and Covenants dated December 29, 2003, filed December 30, 2003, as Document No. 1796663.

Torrens Property
Torrens Certificate No. 538232

SCHEDULE A**SENIOR INDEBTEDNESS**

1. Loan from Oak Grove Commercial Mortgage, LLC (“Lender”) to Town Square Senior Apartments LLC (“Borrower”) in the original principal balance of \$5,880,000.00.
2. Amended and Restated Note executed and delivered by Borrower to Lender, dated as of February 1, 2012, in the original principal amount of \$5,880,000.00
3. Amended and Restated Multifamily Mortgage, Assignment of Leases and Rents, Security Agreement and Fixture Filing, executed and delivered by Borrower to Lender, dated as of February 1, 2012.



Families, Fields and Fair

REQUEST FOR COUNCIL ACTION

Meeting Date	February 8, 2012
Agenda Item	Policy G1
Attachment	State contract bids
Submitted By	Tim Pittman, Director of Public Works and Parks

Item Description	Public Works Equipment Purchases												
Background	<p>Two years ago the city council approved the sale of equipment certificates to purchase public works equipment. The following equipment is scheduled to be purchased this year, and public works staff has been working with the vendors approved through the State of Minnesota Cooperative Purchasing Venture (State Contract).</p> <table> <tr> <td>2012 Ford F-350 1 Ton 4x4 truck</td> <td>\$24,954.76</td> </tr> <tr> <td>Dump box and accessories</td> <td>\$16,072.00</td> </tr> <tr> <td>2012 Toolcat 5610 F- Series</td> <td>\$40,817.60</td> </tr> <tr> <td>Attachments: 72' mower and 72" brush-cutter</td> <td>\$7,690.20</td> </tr> <tr> <td>Estimated taxes</td> <td><u>\$6,309.35</u></td> </tr> <tr> <td>Total</td> <td>\$95,843.91</td> </tr> </table> <p>The City of Falcon Heights has an equipment replacement plan that was adopted by council to replace certain pieces of equipment that have met or exceeded its life expectancy. The equipment being replaced will be auctioned off at Minnesota Surplus Services as soon as the new equipment is delivered and ready for service.</p>	2012 Ford F-350 1 Ton 4x4 truck	\$24,954.76	Dump box and accessories	\$16,072.00	2012 Toolcat 5610 F- Series	\$40,817.60	Attachments: 72' mower and 72" brush-cutter	\$7,690.20	Estimated taxes	<u>\$6,309.35</u>	Total	\$95,843.91
2012 Ford F-350 1 Ton 4x4 truck	\$24,954.76												
Dump box and accessories	\$16,072.00												
2012 Toolcat 5610 F- Series	\$40,817.60												
Attachments: 72' mower and 72" brush-cutter	\$7,690.20												
Estimated taxes	<u>\$6,309.35</u>												
Total	\$95,843.91												
Budget Impact	Money has been allocated in the 2012 Capital Equipment 2010A (424) Fund for these three items in the amount of \$96,000.												
Attachment(s)	Bids from Midway Ford, Truck Utilities and Tri-State Bobcat.												
Action(s) Requested	Staff recommends that the Falcon Heights City Council approve the purchase of the above mentioned equipment under the state contract prices to Midway Ford in the amount of \$24,954.76, Tri-State Bobcat in the amount of \$48,507.80 and Truck Utilities in the amount of \$16,072.00 for an estimated total after tax of \$95,843.91. Staff further recommends that the city council authorizes disposal of the replaced equipment through Minnesota Surplus Services.												



Product Quotation

Quotation Number: 859F08864

Date: 2012-01-19 13:12:02

Ship to	Bobcat Dealer	Bill To
City of Falcon Heights Attn: Tim Pittman 2077 Larpenteur Ave W Falcon Heights, MN 55113 Phone: (651) 792-7600	Tri-State Bobcat, Inc 3101 Spruce St Little Canada MN 55117 Phone: (651) 407-3727 Fax: (651) 217-5770 ----- Contact: Patrick Schoen Phone: 651-407-3727 Fax: 651-217-5770 Cellular: 612-356-8890 E Mail: patricks@tristatebobcat.com	City of Falcon Heights Attn: Tim Pittman 2077 Larpenteur Ave W Falcon Heights, MN 55113 Phone: (651) 792-7600

Description	Part No	Qty	Price Ea.	Total
Toolcat 5610 F-Series	M1003	1	\$55,604.00	\$55,604.00
29 x 12.5, 6 PR Turf Tires	M1003-R05-C05	1	\$450.00	\$450.00
27 X 10.5-15, 8 PR, Trac Tire Assembly - Left	7121766	2	\$255.00	\$510.00
27 X 10.5-15, 8 PR, Trac Tire Assembly - Right	7121765	2	\$255.00	\$510.00
Total of Items Quoted				\$57,074.00
Freight Charges				\$865.80
Discount	Bobcat Municipal Discount			(\$8,561.10)
Discount	Tri-State Bobcat Municipal Discount			(\$8,561.10)
Sales total before Taxes				\$40,817.60
Taxes:	State of Minnesota			\$2,806.21
Quote Total - US dollars				\$43,623.81

Notes:

All prices subject to change without prior notice or obligation. This price quote supersedes all preceding price quotes.
Customer must exercise his purchase option within 30 days from quote date.

Customer Acceptance:

Purchase Order: _____

Authorized Signature:

Print: _____ Sign: _____ Date: _____



Product Quotation

Quotation Number: 859F08865

Date: 2012-01-19 12:59:31

Ship to	Bobcat Dealer	Bill To
City of Falcon Heights Attn: Tim Pittman 2077 Larpenteur Ave W Falcon Heights, MN 55113 Phone: (651) 792-7600	Tri-State Bobcat, Inc 3101 Spruce St Little Canada MN 55117 Phone: (651) 407-3727 Fax: (651) 217-5770 ----- Contact: Patrick Schoen Phone: 651-407-3727 Fax: 651-217-5770 Cellular: 612-356-8890 E Mail: patricks@tristatebobcat.com	City of Falcon Heights Attn: Tim Pittman 2077 Larpenteur Ave W Falcon Heights, MN 55113 Phone: (651) 792-7600

Description	Part No	Qty	Price Ea.	Total
72" Mower	7144850	1	\$3,425.10	\$3,425.10
Total for these items				\$3,425.10
Description	Part No	Qty	Price Ea.	Total
72" Brushcat Rotary Cutter, High Flow	7114303	1	\$4,265.10	\$4,265.10
Total for these items				\$4,265.10

Total of Items Quoted	\$7,690.20
Sales total before Taxes	\$7,690.20
Taxes: State of Minnesota	\$528.70
Quote Total - US dollars	\$8,218.90

Notes:

All prices subject to change without prior notice or obligation. This price quote supersedes all preceding price quotes. Customer must exercise his purchase option within 30 days from quote date.

Customer Acceptance: _____ Purchase Order: _____

Authorized Signature: _____

Print: _____ **Sign:** _____ **Date:** _____

Midway Ford Commercial
 Fleet and Government Sales
 2777 N. Snelling Ave.
 Roseville MN 55113



rhwoitas@hotmail.com

tswanson@rosevillemidwayford.com

Fax # 651-638-4880

Renee Woitas
 651-315-0960

Travis Swanson
 651-343-5212

C-41 Contract # 36177

F350 4X4- Regular Cab-Cab and Chassis (DRW) 60" Cab to Axle

Vehicle will include the following required OEM equipment if not part of standard base package.

Standard

**Automatic Transmission
 Upfitter Switches
 AM/FM Radio
 40 Gal Fuel Tank**

**Cab Lights
 Air Conditioning
 Wide Load/Trailer Tow Type Mirrors**

Options	Code	Price	Select	Exterior Colors		Select
				Dark Blue Pearl Metallic	DX	
Brake Controller	52B	\$184	x	Vermillion Red	F1	
Power Group	90L	\$716	x	Green Gem	W6	
Limited Slip Diff	X4N	\$280	x	Pale Adobe Metallic	LQ	
Snow Plow Prep Pkg	473	\$68	x	Tuxedo Black Metallic	UH	
Cab Steps	18B	\$256	x	Sterling Grey Metallic	UJ	
Cruise Control	525	\$188	x	Ingot Silver Metallic	UX	
Skid Plates	41P	\$80	x	Oxford White	Z1	x
Spare Wheel & Tire	512	\$280	x	Interior Colors		
Block Heater	41H	N/C	x	Steel only color for XL		
Daytime Run Lights	942	\$36	x	Extended Service Contracts		Cost
Shift on Fly 4x4	213	\$148	x	5yr/100000m CC F350 Gas 4x2	1220	Select
LT245/75r17E AT	TBM	\$100	x	5yr/100000m CC F350 Gas 4x4	1545	
				5yr/100000m CC F350 Diesel 4x2	1630	
				5yr/100000m CC F350 Diesel 4x4	2000	
Option Total		\$2,336				

Base Price		Totals	More time and mileage options available	
6.2 Gas		\$22,523.76	You must have a active FIN code to participate in this purchase contract : FIN code # _____	
Options Price Totals		\$2,336.00	Purchase Order required prior to order placement	
Extended Warranty			Payment due upon agreed vehicle acceptance	
Transit Impr Excise Tax		\$20.00	Name of Organization _____	
Tax Exempt Lic			Address _____	
Other			City, State, Zip _____	
Document fee (If Midway is titling)		\$75.00	Contact Person/ Phone # _____	
Sub total per vehicle		\$24,954.76	Contact's e-mail address and fax # _____	
Number of Vehicles		1	Midway Ford Acceptance Signature _____	
Grand Total for all units		\$24,954.76	Date _____	
		Tax 1809.22		
		TOTAL 26,763.98		
Acceptance Signature _____				
Print Name and Title _____		Date _____		

TRUCK UTILITIES INC.

2370 English Street at Highway 36 St. Paul, Minnesota 55109 - 2098 (651) 484-3305 Fax: (651) 484-0076

*161 072.00
1165.22 Tax
17237.22*

January 20, 2012

City Of Falcon Heights Public Works
Phone# 651-792-7618
Fax# 651-792-7610
Attn: Tim Pitman
Proper cab chassis length is 60"ca.

Per State Contract Pricing.

ONE (1) RUGBY ELIMINATOR 304 STAINLESS STEEL CONTRACTOR BODY:

- Length - 9'-3" overall length with 14" sides with cheater board sockets and 24" high rear tailgate
 - 12 Volt electric/hydraulic pump with hand held pendant control.
 - Sissors HR 520-ESM Hoist: 8.1 tons capacity at 45 degree dump angle, power down.
 - Headsheet has triple bend top rail and horizontal brace with seamless front panel.
 - 5" Structural channel iron longitudinals.
 - 1/4 Cab shield: Included
 - 3/16" AR 400 High strength steel floor.
 - Full height front corner posts.
 - 24" High tailgate with adjustable rod on trip lever .
 - Heavy duty 1" dia. rear hinge pins and top pins on new EZ latch mechanism.
 - Paint: Never need paint. Polished stainless steel finish.
 - Undercoating: Standard
 - Capacity: 2 to 3 Yard
 - One (1) set of anti-sail mudflaps.
- BASE PRICE:** Includes mounting to chassis, DOT 108 body lights, hookup of OEM tail lights **\$ 10,458.00**

OPTIONS/ADDITIONS:

- H.D. 5/8" pull plate, with pintle/ball combo (2" ball), price includes safety chain rings **\$ 636.00**
- Receiver tube install in pull plate, under pintle/ball combo. **\$ 51.00**
- Trailer wiring supplied on chassis by Ford
- 7-Prong RV Trailer socket. **\$ 100.00**
- Protech 36" x18" x18" aluminum under bed tool box with polished stainless steel door and hardware, frame mounted. **\$ 682.00**
- Trailer wiring supplied on chassis by Ford
- Duel LED strobe light installed on bulkhead with (2) two LED oval rear corner mounted LED strobes. **\$ 1,430.00**
- Whelen LED arrow board (16" high x 5-1/4" thick x 48" long), installed on rear of bulkhead. **\$ 2,715.00**

Sales tax not included

If you have any further questions please feel free to give me a call.
Charlie Miller

Your truck equipment specialists
www.truckutilities.com

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Vendor Name: TRUCK UTILITIES, INC.
 Contact Person: Charlie Miller
 Street Address: 2370 ENGLISH STREET
 P.O. Box: _____
 City, State, Zip: ST. PAUL, MN 55109
 Phone #: 651-484-3305
 Toll Free #: 800-869-1075
 Fax #: 651-484-0076
 Email Address: @truckutilities.com
 Website: www.truckutilities.com

5.0	<u>DUMP BODY</u>	Make	Rugby
	Warranty		Three (3) Years
	Date & I.D. of Price List		TU 6-1-2011
	Discount to be applied to Price List		0%
	Options		
5.1	RUGBY 9' MILD STEEL CONTRACTOR BODY: Double acting tailgate with E-Z latch release lever, tapered bulkhead with cab shield, 12" fold down sides, 18" tailgate, painted black (factory)		\$ <u>4,165.00</u>
5.2	RUGBY 9' MILD STEEL CONTRACTOR BODY: Double acting tailgate with E-Z latch release lever, tapered bulkhead with cab shield, 17" fold down sides, 23" tailgate, painted black (factory)		\$ <u>4,340.00</u>
5.3	Rugby 11' MILD STEEL CONTRACTOR BODY: Double acting tailgate with E-Z latch release lever, tapered bulkhead with cab shield, 12" fold down sides, 18" tailgate, painted black (factory)		\$ <u>4,519.00</u>
5.4	RUGBY 11' MILD STEEL CONTRACTOR BODY: Double acting tailgate with E-Z latch release lever, tapered bulkhead with cab shield, 17" fold down sides, 23" tailgate, painted black (factory)		\$ <u>4,685.00</u>
5.5	RUGBY 9' ALUMINUM CONTRACTOR BODY: Double acting tailgate with E-Z latch release lever, tapered bulkhead with cab shield, 12" fold down sides, 18" tailgate.		\$ <u>6,825.00</u>
5.6	RUGBY 11' ALUMINUM CONTRACTOR BODY: Double acting tailgate with E-Z latch release lever, tapered bulkhead with cab shield, 12" fold down sides, 18" tailgate		\$ <u>7,590.00</u>
5.7	RUGBY 9' POLISHED STAINLESS STEEL CONTRACTOR BODY: Double acting tailgate with E-Z latch release lever, tapered bulkhead with cab shield, 14" fold down sides, 24" tailgate, AR400 floor		\$ <u>7,211.00</u> *
5.8	RUGBY 11' STAINLESS STEEL CONTRACTOR BODY: Double acting tailgate with E-Z latch release lever, tapered bulkhead with cab shield, 14" fold down sides, 24" tailgate, AR400 floor		\$ <u>7,709.00</u>
5.9	RUGBY MD-9-3 Multi-Directional Dump Body (Rear and side dumping combined in one body): Fold down passenger side, dump through drivers side, cab shield, installed and painted. Includes hoist: Electric double acting. Painted black (factory)		\$ <u>8,736.00</u>
5.10	RUGBY MD-11-3 Multi-Directional Dump Body (Rear and side dumping combined in one body): Fold down passenger side, dump through drivers side, cab shield, installed and painted. Includes hoist: Electric double acting. Painted black (factory)		\$ <u>8,985.00</u>

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5.11	Mud flaps	\$	76.00	*
5.12	Coal chute - Factory installed for mild steel body	\$	202.00	
5.13	Coal chute - Factory installed for stainless steel body	\$	303.00	
5.14	Rubber mounted stop/turn/tail lights in bulkhead uprights	\$	404.00	
5.15	Electric backup alarm	\$	95.00	
5.16	Heavy duty 5/8" pull plate with D-rings	\$	530.00	*
5.17	Reinforced heavy duty ICC bumper with receiver tube and D-rings	\$	379.00	
5.18	Brake controller with Berg trailer plug	\$	303.00	
5.19	Receiver tube installed in pull plate	\$	51.00	*
5.20	Combo pintle ball 2-5/16"	\$	106.00	*
5.21	Rugby model HR520-EDM (Electric hydraulic double acting) designed for 8', 9' and 10' Rugby bodies	\$	1,911.00	*
5.22	Rugby HR-540-EDM (Electric hydraulic double acting) for use on 11' bodies	\$	2,028.00	
5.23	Installation of Rugby hoist only	\$	530.00	*
5.24	Deduct for the electric-hydraulic if centralized hydraulics is requested	\$	(350.00)	
5.25	Custom color	\$	800.00	
5.26	Undercoat body	\$	200.00	*
5.27	- LED light kit	\$	125.00	
	Installation of dump body and/or hoist as well as options -complete install cost	\$	530.00	*
	Price of FMVSS 108 lighting package	<u>Standard where required</u>		
	Installation of FMVSS 108 lighting package- complete install cost	<u>Standard where required</u>		
	Price of ICC bumper under ride protection	<u>See Hitches</u>		
	Installation of ICC bumper under ride protection- complete install cost	<u>See Hitches</u>		
5.28	VENDOR OWNED RENTAL RETURN OR DEMO EQUIPMENT PROGRAM See Special Terms and Conditions DEDUCT cost per Used Hour from the original Contract Price.	<u>N/A</u>		
5.29	DISCOUNT OFF LIST PRICE FOR RELATED PARTS & ACCESSORIES (See Special Terms and Conditions)	<u>0%</u>		
5.30	DELIVERY STARTING POINT -	CITY, STATE, ZIP CODE: <u>St. Paul, MN 55109</u>		
		PRICE PER LOADED MILE: <u>\$ 1.95</u>		



The City That Soars!

REQUEST FOR COUNCIL ACTION

Meeting Date	February 8, 2012
Agenda Item	Consent F5
Attachment	N/A
Submitted By	Bart Fischer, City Administrator

Item	Authorization for the City of Falcon Heights to submit a grant application to the DNR for a "2010 to 2014 Community Forest Bonding Grant."
Description	<p>Over the past several years, the City has conducted an aggressive Emerald Ash Borer (EAB) removal and re-planting program based on the fact that an EAB case was confirmed within the borders of Falcon Heights at the U of M Campus. The City Forester has been working with the City and residents on the removal of ash trees on or within City/Public property and ROW as well as assisting them with questions/concerns regarding ash trees on private property.</p> <p>The City has budgeted funds for this program, received a MN Department of Agriculture grant in the past and is now looking to submit an application for a DNR grant to help fund this program through 2014.</p> <p>The amount of funds the City will request from this grant will be \$95,000 over a 3 year period. It is the understanding of the City Forester and staff that this, along with the City's budgeted matching cash and in-kind services, should provide cover funds to complete the EAB Removal/Re-Planting Program by 2014.</p>
Budget Impact	The city has on an annual basis budgeted dollars for tree removal and re-planting. These grant funds will continue to allow for the City to leverage these budgeted dollars toward an aggressive EAB Removal/Re-Planting Program.
Attachment(s)	N/A
Action(s) Requested	Staff recommends that the Falcon Heights City Council authorize the City Forester and city staff to apply for a MNDNR "2010 to 2014 Community Forest Bonding Grant" in the amount of \$95,000.