



LETTER OF INTENT

THIS LETTER OF INTENT (“Agreement”) is entered into effective the ____ day of _____, 2005, by and between the **CITY OF CHISAGO CITY**, a Minnesota municipal corporation (“City”) and the Developer identified in Article One of this Agreement.

ARTICLE ONE **RECITALS**

1. The following Recitals contain capitalized terms which, if not defined in such Recital are defined elsewhere in this Agreement and are hereby made an integral part of this Agreement:

1.1 Developer. Where used in this Agreement the term “Developer” shall mean: _____, as the Purchaser and Developer of approximately ____ square feet of real property located within the City, County of Chisago, State of Minnesota, (the “Property”) and legally described on Exhibit A hereto (the “Property”).

1.2 Intent. The City and the Developer desire to set out the undertakings and obligations of each with respect to the matters described in this Agreement relating to the purchase and development of the Property.

1.3 Potential Actions. At the request of the Developer and subject to the Agreements and undertakings described in this Agreement, the City and the Developer have undertaken, may undertake or desire to move forward and attempt to reach agreement on some or all of the following identified matters (collectively, the “Undertakings”):

1.3.1 Purchase. The purchase by the Developer from the City or its Economic Development Authority (hereinafter the “Authority”) of the Property (hereinafter this transaction shall be referred to as the “Purchase”) including the drafting, negotiation, execution and closing of a real estate purchase agreement between Developer and the City or the Authority (the “Purchase Agreement”) setting out the terms and conditions of the purchase.

1.3.2 Development. The development of the Property (the “Development”) pursuant to and in compliance with the City’s ordinances and procedures potentially including, without limitation, the drafting, negotiation and execution of a Development Agreement (the “Development Agreement”) or agreements and related documentation in accordance with such ordinances and procedures

1.3.3 Ancillary Matters. All other matters ancillary or reasonably related to the Developer's acquisition of the Property from the City or the Authority, the Development, Development Agreement, and otherwise reasonably necessary to carry out the intent of this Agreement (the "Ancillary Matters").

1.4 City Costs. Developer and the City acknowledge that the City has and will continue to incur out-of-pocket costs, including, without limitation, costs for engineering, financial, planning, attorneys, and other services provided by contracted consultants of the City (collectively, the "City Costs").

ARTICLE TWO **AGREEMENT**

2. In consideration of the Developer's potential acquisition of the City Parcel and development of the Property and at the request of the Developer, the City's entering into negotiations with the Developer with respect to the Undertakings and processes described above including, without limitation, the Purchase, Purchase Agreement, Development, Development Agreement, and the Ancillary Matters, and the City's involvement of time and expense in addressing issues relating to such Undertakings, the Developer, and the City hereby agree as follows:

2.1 By the City. The City agrees to negotiate with the Developer with respect to the Undertakings, including, without limitation the Purchase, Purchase Agreement, Development, Development Agreement, and the Ancillary Matters and to authorize City staff to participate in such Undertakings provided, however, that nothing in this Agreement shall be deemed to be a promise by the City that any one or more of the Undertakings shall be successfully completed and further provided that all such Undertakings shall be conducted in accordance with the customary practices and procedures developed and followed by the City with respect to such matters.

2.2 By the Developer. The Developer for itself and its successors and assigns, agrees to allow the City to move forward with the Undertakings as determined to be appropriate by the City and to follow all of the City's ordinances and procedures and other state and local laws, rules, regulations and procedures with respect to the Undertakings and to promptly and completely respond to all reasonable requests of the City with respect to such matters.

2.3 Advance Payment. In consideration of the matters described herein, Developer agrees to deposit with the City the sum of Seven Thousand Five Hundred and no/100ths (\$7,500.00) Dollars (the "Advance Payment") which the City will hold as security for Developer's payment of the City Costs relating to this Agreement or the matters described herein including, without limitation, the Undertakings and which, subject to any deductions allowed herein will be returned to Developer upon completion of all of the Undertakings or the termination of any further action therein and Developer's payment of all City Costs related thereto.

2.4 Reimbursement of City Costs. The Developer agrees to reimburse the City for all of the City Costs reasonably incurred during the Development Period relating to any one or more of the Undertakings and otherwise relating to all phases of any one or more of the Undertakings by payment prior to the end of the month of Developer's receipt of a written and itemized invoice with respect to such expenses incurred by the City with respect to the afore-described matters. Such City Costs shall include, but not be limited to, the City's reasonable engineering, financial and other consultant expenses as well as the reasonable cost and expense incurred by other City employees with respect to any of the Undertakings. The obligation to reimburse the City for its reasonable costs and expenses incurred in this matter shall be binding upon and payable by the Developer irrespective of whether or not any one or more of the Undertakings is actually agreed upon and completed or for any reason or no reason, fails to be completed in a successful manner and such City Costs are not limited to the Advance Payment.

2.5 Remedies. In addition to all other remedies available to the City, if the Developer fails to make any payment of City Costs as and when such payment is due the City may cease any further activity on any of the Undertakings and Developer hereby waives any claim for damages or other relief as a result of such cessation of activity by the City. The City may also deduct from the Advance Payment the amount of any City Costs not paid within thirty (30) days of receipt of a bill from the City by the Developer and in such case Developer shall as a condition to any further action by the City under this Agreement, reinstate the Advance payment to the \$7,500.00 amount. Notwithstanding the foregoing, if Developer objects to the amount of any portion of such City Costs or the Developer's obligation to pay such portion of the City Costs pursuant to this Agreement, so long as Developer first pays such disputed amount into an escrow account to be held by the City's attorney, Developer may demand that such dispute be resolved by final and binding arbitration before a single arbitrator to be agreed upon by Developer and the City or failing such agreement, pursuant to rules for commercial arbitrations adopted by the American Arbitration Association. City and Developer will each pay one-half of the cost of such arbitrator unless the arbitrator determines that such proceeding was brought or defended in bad faith whereupon the arbitrator may award all of his or her costs against such party who is determined to have acted in bad faith.

ARTICLE THREE **MISCELLANEOUS**

3. The following miscellaneous provisions are hereby made an integral part of this Agreement:

3.1 Governing Law. This Agreement shall be governed by and construed in accordance with the laws of the State of Minnesota.

3.2 Binding Effect. This Agreement shall be binding on and inure to the benefit of the parties hereto and their respective heirs, successors and assigns.

3.3 Waiver. By executing this Agreement the Developer waives any claim that the requirements of this Agreement including, without limitation, the Developer's reimbursement of the City's expenses, shall be deemed to be a taking without just compensation or other unconstitutional or illegal requirement imposed by the City.

IN WITNESS WHEREOF, the parties hereto have executed this Agreement effective on the day and year first above written.

DEVELOPER:

CITY:

CITY OF CHISAGO CITY

By: _____

By: _____

John Pechman, City Administrator

Developer Address:

City Address:

City Of Chisago City
10625 Railroad Ave.
Chisago City, MN 55013
Attn: City Administrator