

## **GRAND RAPIDS ECONOMIC DEVELOPMENT AUTHORITY**

**Thursday, February 22, 2018**

**4:00pm**

**Grand Rapids City Hall**

NOTICE IS HEREBY GIVEN, that a regular meeting of the Grand Rapids Economic Development Authority will be held in Conference Room 2A in the Grand Rapids City Hall, 420 North Pokegama Avenue, in Grand Rapids, Minnesota on Thursday, February 22, 2018 at 4:00pm.

### **AGENDA**

1. Call to Order
2. Call of Roll
3. Setting of the Regular Agenda - *This is an opportunity to approve the regular agenda as presented or add/delete by a majority vote of the Commissioners present an agenda item.*
4. Approval of minutes from the February 8, 2018 regular meeting.
5. Consider approval of claims
6. Consider approval of a loan agreement with Grand Itasca Clinic and Hospital
7. Consider approval of Central School leases with Baby Steps and Wildland Fabrics
8. Updates:
  - a.
9. Adjourn

#### GREDA Members/terms:

Dale Christy – 12/31/18 (with council term)

Rick Blake– 12/31/18 (with council term)

Mike Przytarski – 3/1/21

Cory Jackson – 3/1/23

Mike Stefan – 3/1/18

Chris Lynch – 3/1/19

Sholom Blake – 3/1/19

**GRAND RAPIDS ECONOMIC DEVELOPMENT AUTHORITY  
REGULAR MEETING  
THURSDAY, FEBRUARY 8, 2018  
4:00 P.M.  
GRAND RAPIDS CITY HALL – CONFERENCE ROOM 2A  
420 NORTH POKEGAMA AVE., GRAND RAPIDS, MINNESOTA**

**CALL TO ORDER:** Pursuant to due notice and call thereof, a Regular Meeting of the Grand Rapids Economic Development Authority (GREDA) was called to order on Thursday, February 8, 2018 at 4:00 p.m. in Conference Room 2A of City Hall, 420 North Pokegama Avenue, Grand Rapids, Minnesota.

**CALL OF ROLL:** On a Call of Roll the following members were present: Commissioners: Sholom Blake, Michael Stefan, Dale Christy, Chris Lynch. Absent: Mike Przytarski, Cory Jackson, Rick Blake.

**SETTING OF REGULAR AGENDA:** **Approved without addition.**

**APPROVAL OF MINUTES:**

**MOTION BY COMMISSIONER CHRISTY, SECOND BY COMMISSIONER STEFAN TO APPROVE THE MINUTES OF THE JANUARY 11, 2018 REGULAR MEETING. The following voted in favor thereof: S. Blake, Christy, Lynch, Stefan. Opposed: None, passed unanimously.**

Commissioner Jackson joined the meeting at 4:02 p.m.

**APPROVAL OF CLAIMS:**

**MOTION BY COMMISSIONER LYNCH, SECOND BY COMMISSIONER CHRISTY TO APPROVE CLAIMS IN THE AMOUNT OF \$21,057.55.**

Cole Hardware Inc	\$7.24	Grand Rapids Herald Review	\$51.75
Minnesota Energy Resources	\$48.09	P.U.C	\$984.08
The Northspan Group Inc	\$1,500.00		

**The following voted in favor thereof: S. Blake, Christy, Jackson, Stefan, Lynch. Opposed: None, passed unanimously.**

Consider approval of 2018 GREDA Work Plan.

The Commissioners reviewed the 2018 work plan.

**MOTION BY COMMISSIONER STEFAN, SECOND BY COMMISSIONER CHRISTY TO APPROVE THE 2018 GREDA WORK PLAN. The following voted in favor thereof: Stefan, Lynch, Christy, S. Blake, Jackson. Opposed: None, passed unanimously.**

Updates:

SCDP Commercial and Residential Rehabilitation Project Status- All commercial projects have had the asbestos testing done and soon will be out for bid. There have been 10 owner/occupied projects applied for and there is enough grant money for 20 projects.

Rebound Hospitality LOI- Rebound Hospitality had a market study done on the locatuibs they were looking at purchasing. The other location was considered to be a better fit for the hotel and they had executed a purchase agreement on that property. They are still interested in the block 20/21 site as a mixed use development. The LOI runs out at the end of this month Mr. Mattei is suggesting that if they are still interested in purchasing this property they draw up a purchase agreement rather than another LOI.

There being no further business the meeting adjourned at 4:13 p.m.

Respectfully submitted:

\_\_\_\_\_  
Aurimy Groom, Recorder

**DRAFT**

EDA BILL LIST - FEBRUARY 22, 2018

DATE: 02/16/2018  
 TIME: 13:01:33  
 ID: AP443000.CGR

CITY OF GRAND RAPIDS  
 DEPARTMENT SUMMARY REPORT

PAGE: 1

INVOICES DUE ON/BEFORE 02/22/2018

VENDOR #	NAME	AMOUNT DUE
-----		
EDA - CAPITAL PROJECTS		
	AIRPORT SOUTH INDUSTRIAL PARKS	
1900225	SEH-RCM	798.75
TOTAL AIRPORT SOUTH INDUSTRIAL PARKS		798.75
MANUFACTURING HANGAR		
0718010	CITY OF GRAND RAPIDS	2,339.88
TOTAL MANUFACTURING HANGAR		2,339.88
TOTAL UNPAID TO BE APPROVED IN THE SUM OF:		\$ 3,138.63
CHECKS ISSUED-PRIOR APPROVAL		
PRIOR APPROVAL		
1415511	NORTHERN STAR COOPERATIVE SERV	1,033.82
1621130	P.U.C.	731.14
TOTAL PRIOR APPROVAL ALLOWED IN THE SUM OF:		\$ 1,764.96
TOTAL ALL DEPARTMENTS		4,903.59

## LOAN AGREEMENT

This Loan Agreement ("Agreement") is made this 9th day of November, 2017, between Grand Itasca Clinic and Hospital, a Minnesota nonprofit corporation ("Borrower") and Grand Rapids Economic Development Authority, a public body corporate and politic and political subdivision of the State of Minnesota ("Lender").

### RECITALS

A. In consideration for the loan contemplated by this Agreement, Borrower is executing and delivering to Lender this Loan Agreement.

B. Lender agrees to loan to Borrower the maximum principal amount of \$300,000 (the "Loan") to pay a portion of the costs of certain site and building improvements (the "Improvements") necessary for the operation of a medical facility (the "Facility") located in the City of Grand Rapids, Minnesota (the "City"), on certain real property described in Exhibit A hereto (the "Property").

C. The parties agree and acknowledge that the Loan constitutes a business subsidy, pursuant to Minnesota Statutes, Sections 116J.993 to 116J.995, as amended (the "Business Subsidy Act"), and that a business subsidy agreement is required pursuant to the Business Subsidy Act.

D. The Lender and Borrower have negotiated the terms of the business subsidy and of repayment or forgiveness of the Loan, and now desire to memorialize such terms in this Agreement.

ACCORDINGLY, to induce Lender to make the Loan to Borrower, and for good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties hereto agree as follows:

1. The Loan Amount. Subject to and upon the terms and conditions of this Agreement, Lender agrees to loan to Borrower the sum of Three Hundred Thousand and no/100ths Dollars (\$300,000). The Loan shall be evidenced by a promissory note ("Note") payable by Borrower to Lender and substantially in the form of Exhibit B attached to this Agreement, which shall be dated as of the date of closing on the Loan (the "Loan Closing Date"). Proceeds of the Loan shall be disbursed in accordance with Section 3 hereof.

2. Repayment or Forgiveness of Loan. The Loan shall be repaid or forgiven as follows:

(a) The Note shall not bear interest.

(b) The entire unpaid balance of principal of the Note shall be due and payable upon the earlier of the following: (i) thirty (30) days after written notification by Lender to Borrower of the occurrence of an Event of Default as defined in this Agreement, and demand of payment according to Section 6 of this Agreement; or (ii) ten

(10) days after the Borrower makes or allows to be made any total or partial transfer, merger, sale, assignment, conveyance, lease, or transfer in any other mode, of the Property (as defined hereafter), if such transfer occurs within five (5) years after the date of the Note; except if such total or partial transfer, merger, sale, assignment, conveyance, lease, or otherwise is made to an affiliate or subsidiary of Borrower and such affiliate or subsidiary of Borrower continues to operate the Facility in the City during such five (5) year period. If no Events of Default occur, and if the Borrower does not sell the Property within five (5) years of the Loan Closing Date (subject to the exception described in the preceding sentence), no payments shall be payable on the Note and the principal balance of the Loan shall be forgiven.

3. Disbursement of Loan Proceeds.

(a) All Loan proceeds shall be paid to Borrower on the Loan Closing Date in accordance with the terms and conditions of this Agreement. Notwithstanding anything to the contrary herein, if the cost of the Improvements exceeds the amount to be reimbursed under this Agreement, such excess shall be the sole responsibility of the Borrower.

(b) The disbursement of proceeds of the Loan will be made subject to the conditions precedent that prior to or as of the Loan Closing Date:

(i) The Lender has received from Borrower, without expense to Lender, executed copies of this Agreement and the Note, and Borrower further having caused to be executed and delivered to Lender a corporate guaranty in substantially the form set forth hereto at Exhibit C (the "Guaranty");

(ii) The Lender has received a written statement from the Borrower's authorized representative certifying with respect to the payment: that each item for which the payment is proposed is included in the Improvements, accompanied by paid or payable invoices or other comparable evidence that the cost has been incurred and paid or is payable by Borrower;

(iii) Borrower has provided evidence satisfactory to Lender that Borrower has established an account for the exclusive purpose of recording the receipt and expenditure of the Loan proceeds;

(iv) Borrower has paid to Lender all reasonable legal fees incurred by Lender in the negotiation and preparation of this Agreement and any other agreement or instrument securing the Loan; and

(v) No Event of Default shall have occurred and be continuing.

4. Representations and Warranties. Borrower represents and warrants to Lender that:

(a) Borrower is duly authorized and empowered to execute, deliver, and perform this Agreement and to borrow money from Lender.

(b) The execution and delivery of this Agreement, and the performance by Borrower of its obligations hereunder, do not and will not materially violate or conflict with any applicable provision of law and do not and will not materially violate or conflict with, or cause any default or event of default to occur under, any material agreement binding upon Borrower.

(c) The execution and delivery of this Agreement has been duly approved by all necessary action of Borrower, and this Agreement has in fact been duly executed and delivered by Borrower and constitutes its lawful and binding obligation, legally enforceable against it.

(d) Borrower warrants that it shall keep and maintain books, records, and other documents relating directly to the receipt and disbursements of Loan proceeds and that any duly authorized representative of Lender shall, with reasonable advance notice, have access to and the right to inspect, copy, audit, and examine all such books, records, and other documents of Borrower pertaining to the Loan until the completion of all closeout procedures and the final settlement and conclusion of all issues arising out of this Loan.

(e) Borrower warrants that to the best of its knowledge, it has fully complied with all applicable state and federal laws reasonably relevant to this Agreement and will continue to comply throughout the terms of this Agreement. If at any time Borrower receives notice of noncompliance from any governmental entity, Borrower agrees to take any necessary action to comply with the state or federal law in question.

(f) Borrower warrants that it will use the proceeds of the Loan made by Lender solely for the Improvements.

5. Business Subsidy Agreement. The provisions of this Section constitute the business subsidy agreement for the purposes of the Business Subsidy Act.

(a) *General Terms.* The parties agree and represent to each other as follows:

(1) The subsidy provided to the Borrower consists of the forgivable Loan, representing a total subsidy of \$300,000.

(2) The public purposes of the subsidy are to facilitate site and building improvements for the Facility in the City, increase net jobs in the City and the State, and increase the tax base of the City and the State.

(3) The goals for the subsidy are: to secure development of the Improvements on the Property; to maintain such improvements as a hospital and clinic for the time period described in clause (6) below; and to create the jobs and wage levels in accordance with Section 5(b) hereof.

(4) If the goals described in clause (3) are not met, the Borrower must make the payments to the Lender described in Section 5(c).

(5) The subsidy is needed to mitigate the cost of site and building improvements needed at the existing hospital site in the City.

(6) The Borrower must continue operation of the Facility as a "Qualified Facility" for at least five (5) years after the Benefit Date (defined hereinafter). The term Qualified Facility means a healthcare facility. The Facility will be a Qualified Facility as long as it is operated by Borrower for the aforementioned qualified uses. During any period when the Facility is vacant and not operated for the aforementioned qualified uses, the Facility will not constitute a Qualified Facility.

(7) The Borrower's parent corporation is Fairview Health Services.

(8) The Borrower has not received, and does not expect to receive, financial assistance from any other "grantor" as defined in the Business Subsidy Act, in connection with the Property or the Facility as it relates to the Improvements.

(b) *Job and Wage Goals.* The "Benefit Date" of the assistance provided in this Agreement is the Loan Closing Date. By the Compliance Date, which is the date two (2) years after the Benefit Date, the Borrower shall (i) create at least 4 full-time equivalent jobs at the Facility, and (ii) cause the average hourly wage of the 4 created jobs to be at least \$25.00 per hour, exclusive of benefits. Notwithstanding anything to the contrary herein, if the wage and job goals described in this paragraph are met by the Compliance Date, those goals are deemed satisfied as of the date such wage and job goals are met, despite the Developer's continuing obligations under Sections 5(a)(6) and 5(d). The Lender may, after a public hearing, extend the Compliance Date by up to one year, provided that nothing in this section will be construed to limit the Lender's legislative discretion regarding this matter.

(c) *Remedies.* If the Borrower fails to meet the goals described in Section 5(a)(3), the Borrower shall repay to the Lender upon written demand from the Lender a "pro rata share" of the outstanding principal amount of the Note. The term "pro rata share" means percentages calculated as follows:

(i) if the failure relates to the number of jobs, the jobs required less the jobs created, divided by the jobs required;

(ii) if the failure relates to wages, the number of jobs required less the number of jobs that meet the required wages, divided by the number of jobs required;

(iii) if the failure relates to maintenance of the Facility as a Qualified Facility in accordance with Section 5(a)(6), 60 less the number of months of operation as a Qualified Facility (where any month in which the Qualified Facility is in operation for at least 15 days constitutes a month of operation), commencing on the Benefit Date and ending with the date the Qualified Facility ceases operation as determined by the Lender, divided by 60; and



(iv) if more than one of clauses (i) through (iii) apply, the sum of the applicable percentages, not to exceed 100%.

Nothing in this Section shall be construed to limit the Lender's remedies under Section 7 hereof. In addition to the remedy described in this Section and any other remedy available to the Lender for failure to meet the goals stated in Section 5(a)(3), the Borrower agrees and understands that it may not receive a business subsidy from the Lender or any grantor (as defined in the Business Subsidy Act) for a period of five (5) years from the date of the failure or until the Borrower satisfies its repayment obligation under this Section, whichever occurs first.

(d) *Reports.* The Borrower must submit to the Lender a written report regarding business subsidy goals and results by no later than February 1 of each year following the Loan Closing Date and continuing until the later of (i) the date the goals stated Section 5(a)(3) are met; (ii) 30 days after expiration of the period described in Section 5(a)(6); or (iii) if the goals are not met, the date the subsidy is repaid in accordance with Section 5(c). The report must comply with Section 116J.994, subdivision 7 of the Business Subsidy Act. The Lender will provide information to the Borrower regarding the required forms. If the Borrower fails to timely file any report required under this Section, the Lender will mail the Borrower a warning within one week after the required filing date. If, after 14 days of the postmarked date of the warning, the Borrower fails to provide a report, the Borrower must pay to the Lender a penalty of \$100 for each subsequent day until the report is filed. The maximum aggregate penalty payable under this Section is \$1,000.

6. Event of Default by Borrower. The following shall be Events of Default under this Agreement:

- (a) failure to pay any principal of the Loan if and when due;
- (b) any representation or warranty made by Borrower herein or in the Note or Guaranty is false when made;
- (c) Borrower files a petition under any chapter of the Federal Bankruptcy Code or any similar law, state or federal, now or hereafter existing, becomes "insolvent" as that term is generally defined under the Federal Bankruptcy Code, or is adjudged a bankrupt or insolvent, or has a custodian, trustee, or receiver appointed for, or has any court take jurisdiction of its property, or any part thereof, in any proceeding for the purpose of reorganization, arrangement, dissolution, or liquidation, and such custodian, trustee, or receiver is not discharged, or such jurisdiction is not relinquished, vacated, or stayed within thirty (30) days of the appointment;
- (d) any material breach or failure of Borrower to perform any material term or condition of this Agreement not specifically described as an Event of Default in this Agreement and such breach or failure continues for a period of thirty (30) days after Lender has given written notice to Borrower specifying such default or breach, unless Lender agrees in writing to an extension of such time prior to its expiration; provided, however, if the failure stated in the notice cannot be corrected within the applicable period, Lender will not

unreasonably withhold its consent to an extension of such time if corrective action is instituted by Borrower within the applicable period and is being diligently pursued until the Event of Default is corrected, but no such extension shall be given for an Event of Default that can be cured by the payment of money (i.e., payment of taxes, insurance premiums, or other amounts required to be paid hereunder).

7. Lender's Remedies upon Borrower's Default. Upon an Event of Default by Borrower and after provision by Lender of written notice and subject to the applicable limitations described in Section 6, Lender shall have the right to exercise any or all of the following remedies (and any other rights and remedies available to it):

- (a) declare the principal amount of the Loan thereon to be immediately due and payable upon providing written notice to Borrower;
- (b) suspend its performance under this Agreement;
- (c) take any action provided for at law to enforce compliance by Borrower with the terms of this Agreement and the Note;
- (d) exercise its rights under the Guaranty.

In addition to any other amounts due on the Loan, and without waiving any other right of Lender under any this Agreement or any other instrument securing the Loan applicable documents, Borrower shall pay to Lender a late fee of \$250 for any payment not received in full by Lender within 30 calendar days of the date on which it is due.

8. Lender's Costs of Enforcement of Agreement. If an Event of Default has occurred as provided herein, then upon demand by Lender, Borrower shall pay or reimburse Lender for all expenses, including all reasonable attorneys' fees and expenses incurred by Lender in connection with the enforcement of this Agreement and the Note, or in connection with the protection or enforcement of the interests of Lender in any litigation or bankruptcy or insolvency proceeding or in any action or proceeding relating in any way to the transactions contemplated by this Agreement.

9. Indemnification.

(a) Borrower shall and does hereby agree to indemnify against and to hold Lender, and its officers, agents, and employees, harmless of and from any and all liability, loss, or damage that it may incur under or by reason of this Agreement, and of and from any and all claims and demands whatsoever that may be asserted against Lender by reason of any alleged obligations or undertakings on its part to perform or discharge any of the terms, covenants, or agreements contained herein.

(b) This indemnification and hold harmless provision shall survive the execution, delivery, and performance of this Agreement and the creation and payment of any indebtedness to Lender. Borrower waives notice of the acceptance of this Agreement by Lender.

(c) Nothing in this Agreement shall constitute a waiver of or limitation on any immunity from or limitation on liability to which Borrower is entitled under law.

10. Miscellaneous.

(a) Waiver. The performance or observance of any promise or condition set forth in this Agreement may be waived, amended, or modified only by a writing signed by Borrower and Lender. No delay in the exercise of any power, right, or remedy operates as a waiver thereof, nor shall any single or partial exercise of any other power, right, or remedy.

(b) Assignment. This Agreement shall be binding upon Borrower and its successors and assigns and shall inure to the benefit of Lender and its successors and assigns. All rights and powers specifically conferred upon Lender may be transferred or delegated by Lender to any of its successors and assigns. Borrower's rights and obligations under this Agreement may be assigned only when such assignment is approved in writing by Lender; except that if such assignment is made to an affiliate or subsidiary of Borrower, Borrower may assign any of its rights or obligations to such affiliate or subsidiary upon written notice to the Lender.

(c) Governing Law. This Agreement is made and shall be governed in all respects by the laws of the state of Minnesota. Any disputes, controversies, or claims arising out of this Agreement shall be heard in the state or federal courts of Minnesota, and all parties to this Agreement waive any objection to the jurisdiction of these courts, whether based on convenience or otherwise.

(d) Severability. If any provision or application of this Agreement is held unlawful or unenforceable in any respect, such illegality or unenforceability shall not affect other provisions or applications that can be given effect, and this Agreement shall be construed as if the unlawful or unenforceable provision or application had never been contained herein or prescribed hereby.

(e) Notice. All notices required hereunder shall be given by depositing in the U.S. mail, postage prepaid, certified mail, return receipt requested, to the following addresses (or such other addresses as either party may notify the other):

To Lender:                   Grand Rapids Economic Development Authority  
420 N. Pokegama Avenue  
Grand Rapids, MN 55744  
Attn: Chief Executive Officer

To Borrower:               Grand Itasca Clinic and Hospital  
1601 Golf Course Road  
Grand Rapids, MN 55744  
Attn: Chief Executive Officer

(f) Termination. If the Loan is not disbursed pursuant to this Agreement by June 30, 2018, this Agreement shall terminate and neither party shall have any further obligation to the other, except that if the Loan is not disbursed because Borrower has failed to use its best efforts to comply with the conditions set forth in Section 3 of this Agreement then Borrower shall pay to Lender all reasonable attorneys fees, costs, and expenses incurred by Lender in connection with this Agreement and the Note.

(g) Entire Agreement. This Agreement, together with the Exhibits hereto, which are incorporated by reference, constitutes the complete and exclusive statement of all mutual understandings between the parties with respect to this Agreement, superseding all prior or contemporaneous proposals, communications, and understandings, whether oral or written, concerning the Loan.

(h) Headings. The headings appearing at the beginning of the several sections contained in this Agreement have been inserted for identification and reference purposes only and shall not be used in the construction and interpretation of this Agreement.

IN WITNESS WHEREOF, this Agreement has been duly executed and delivered by the proper officers thereunto duly authorized on the day and year first written above.

GRAND RAPIDS ECONOMIC DEVELOPMENT  
AUTHORITY

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

Its President

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

Its Executive Director

[SIGNATURE PAGE TO LOAN AGREEMENT – GRAND RAPIDS ECONOMIC DEVELOPMENT AUTHORITY]

GRAND ITASCA CLINIC AND HOSPITAL

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

Title: Chief Executive Officer

[SIGNATURE PAGE TO LOAN AGREEMENT – GRAND ITASCA CLINIC AND HOSPITAL]

**EXHIBIT A**

**PROPERTY**

The Northwest Quarter of the Northwest Quarter (NW  $\frac{1}{4}$  NW  $\frac{1}{4}$ ), Section Twenty-nine (29), Township Fifty-five (55) North, Range Twenty-five (25), West of the Fourth Principal Meridian, LESS the South 191 feet of the East 363 feet thereof;

AND

The Northeast Quarter of the Northeast Quarter (NE  $\frac{1}{4}$  NE  $\frac{1}{4}$ ), Section Thirty (30), Township Fifty-five (55) North, Range Twenty-five (25), West of the Fourth Principal Meridian, LESS the South 250 feet of the West 347 feet thereof;

all according to the United States Government Survey thereof, Itasca County, Minnesota.

**EXHIBIT B**  
**PROMISSORY NOTE**

-\$300,000-

-0.0%-

\_\_\_\_\_, 2018

GRAND ITASCA CLINIC AND HOSPITAL, a Minnesota nonprofit corporation ("Maker"), for value received, hereby promises to pay to Grand Rapids Economic Development Authority, a public body corporate and politic and political subdivision of the State of Minnesota or its assigns ("Holder"), at its designated principal office or such other place as the Holder may designate in writing, the principal sum of Three Hundred Thousand and no/100ths Dollars (\$300,000) or so much thereof as may be advanced under this Note, in any coin or currency that at the time or times of payment is legal tender for the payment of private debts in the United States of America. The principal of this Note is payable as follows:

1. As provided in the loan agreement between Borrower and Lender dated as of November 9, 2017 ("Loan Agreement"), this Note shall not bear interest.

2. The entire unpaid balance of principal shall be due and payable upon the earlier of the following: (i) thirty (30) days after written notification by Holder to Maker of the occurrence of an Event of Default as defined in the Loan Agreement, and demand of payment according to Section 6 of the Loan Agreement; or (ii) ten (10) days after the Maker makes or allows to be made any total or partial transfer, sale, assignment, conveyance, lease, or transfer in any other mode, of the Property (as defined in the Loan Agreement), if such transfer occurs within five (5) years after the date of this Note, unless such total or partial transfer, sale, merger, assignment, conveyance, lease or otherwise is made to an affiliate or subsidiary of Maker and such affiliate or subsidiary of Maker continues to operate the Facility in the City during such five (5) year period. If no Events of Default occur, and if the Maker does not sell the Property within five (5) years of the Loan Closing Date (subject to the exception described in the preceding sentence), no payments shall be payable on this Note and the principal balance of the Loan shall be forgiven.

3. The Maker shall have the right to prepay the principal of this Note, in whole or in part, on any date.

4. This Note is given pursuant to the Loan Agreement and a corporate guaranty of even date herewith delivered by Borrower (the "Guaranty"). If any such security is found to be invalid for whatever reason, such invalidity shall constitute an Event of Default hereunder.

All of the agreements, conditions, covenants, provisions, and stipulations contained in the Loan Agreement, the Guaranty, or any other instrument securing this Note are hereby made a part



of this Note to the same extent and with the same force and effect as if they were fully set forth herein. It is agreed that time is of the essence of this Note. If an Event of Default occurs under the Loan Agreement, the Guaranty, or any other instrument securing this Note, then the Holder of this Note may at its right and option, without notice, declare immediately due and payable the principal balance of this Note, together with reasonable attorneys fees and expenses incurred by the Holder of this Note in collecting or enforcing payment hereof, whether by lawsuit or otherwise, and all other sums due hereunder or any instrument securing this Note. The Maker of this Note agrees that the Holder of this Note may, without notice to and without affecting the liability of the Maker, accept additional or substitute security for this Note, or release any security or any party liable for this Note or extend or renew this Note.

5. The remedies of the Holder of this Note as provided herein, and in the Loan Agreement, the Guaranty, or any other instrument securing this Note shall be cumulative and concurrent and may be pursued singly, successively, or together, and, at the sole discretion of the Holder of this Note, may be exercised as often as occasion therefor shall occur; and the failure to exercise any such right or remedy shall in no event be construed as a waiver or release thereof.

The Holder of this Note shall not be deemed, by any act of omission or commission, to have waived any of its rights or remedies hereunder unless such waiver is in writing and signed by the Holder and then only to the extent specifically set forth in the writing. A waiver with reference to one event shall not be construed as continuing or as a bar to or waiver of any right or remedy as to a subsequent event. This Note may not be amended, modified, or changed except only by an instrument in writing signed by the party against whom enforcement of any such amendment, modifications, or change is sought.

6. If any term of this Note, or the application thereof to any person or circumstances shall, to any extent, be invalid or unenforceable, the remainder of this Note, or the application of such term to persons or circumstances other than those to which it is invalid or unenforceable shall not be affected thereby, and each term of this Note shall be valid and enforceable to the fullest extent permitted by law.

7. It is intended that this Note is made with reference to and shall be construed as a Minnesota contract and is governed by the laws thereof. Any disputes, controversies, or claims arising out of this Note shall be heard in the state or federal courts of Minnesota, and all parties to this Note waive any objection to the jurisdiction of these courts, whether based on convenience or otherwise.

8. The performance or observance of any promise or condition set forth in this Note may be waived, amended, or modified only by a writing signed by the Maker and the Holder. No delay in the exercise of any power, right, or remedy operates as a waiver thereof, nor shall any single or partial exercise of any other power, right, or remedy.

9. IT IS HEREBY CERTIFIED AND RECITED that all conditions, acts, and things required to exist, happen, and be performed precedent to or in the issuance of this Note do exist, have happened, and have been performed in regular and due form as required by law.

IN WITNESS WHEREOF, the Maker has caused this Note to be duly executed as of the  
\_\_\_\_\_ day of \_\_\_\_\_, 2018.

GRAND ITASCA CLINIC AND HOSPITAL

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

Title: \_\_\_\_\_

[SIGNATURE PAGE FOR PROMISSORY NOTE – GRAND ITASCA CLINIC AND HOSPITAL]

**EXHIBIT C**

**GUARANTY**

[The remainder of this page is intentionally blank.]

**CORPORATE  
GUARANTY AGREEMENT**

**between**

**FAIRVIEW HEALTH SERVICES  
as Guarantor,**

**and**

**GRAND RAPIDS ECONOMIC DEVELOPMENT AUTHORITY**

**Dated as of \_\_\_\_\_, 2018**

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**THIS GUARANTY AGREEMENT**, made and entered into as of \_\_\_\_\_, 2018 (the "Guaranty"), by and between Fairview Health Services, a Minnesota nonprofit corporation, as Guarantor (the "Guarantor"), and the Grand Rapids Economic Development Authority, a public body corporate and politic and political subdivision of the State of Minnesota ("Authority").

Grand Itasca Clinic and Hospital ("Borrower") has requested that the Authority loan to Borrower the sum of \$300,000.00 (the "Loan"), as evidenced by that certain Note (the "Note") of even date herewith between Borrower, as maker, and the Authority as lender, pursuant to that certain Loan Agreement between the Borrower and the Authority of even date herewith (the "Loan Agreement").

The Guarantor desires to execute this Guaranty as an inducement to the Authority to make the Loan to Borrower.

In consideration of the premises and other good and valuable consideration, the Guarantor does hereby covenant and agree with the Authority as follows:

**SECTION 1. Guaranty.** The Guarantor hereby unconditionally guarantees the obligations of the Borrower under the Loan Agreement and Note (the "Obligations"), and agrees to pay any and all expenses incurred by the Authority in enforcing any rights under this Guaranty. No act or thing need occur to establish the liability of the Guarantor hereunder.

**SECTION 2. Guaranty Absolute.** The Guarantor unconditionally guarantees that the Obligations will be paid in accordance with the terms of the Loan Agreement and Note, regardless of any law, regulation or order now or hereafter in effect in any jurisdiction affecting any of such terms or the rights of the Authority with respect thereto. Without limiting the generality of the foregoing, the liability of the Guarantor under this Guaranty shall be absolute, continuing and unconditional notwithstanding:

- A. any lack of validity or enforceability of the Loan Agreement, Note, or any other agreement or instrument relating to the foregoing (collectively, the "Loan Documents");
- B. any extension, change in the time, manner or place of payment of, or in any other term of any of the Obligations; any extension of any payment or performance, maturity or other terms on the Loan Documents;
- C. any modification, alteration, substitution, destruction, condemnation, exchange, disposition, surrender, sale, cancellation, termination, release or other change, impairment, limitation, loss or discharge, in whole or in part, of any security for the Obligations as evidenced by any Loan Documents;
- D. any acceptance of guarantors, accommodation parties or sureties for the Obligations or any or all indebtedness or obligations evidenced by or arising from any of the Loan Documents;

- E. any waiver or indulgence granted to the Borrower or any other guarantor, or any delay or lack of diligence in the enforcement of any Obligations or any rights under any Loan Documents, or any failure to institute proceedings, file a claim, give any required notices or otherwise protect any rights under any Loan Documents;
- F. any full or partial release or compromise or settlement with, or agreement not to sue the Borrower, or any other guarantor or other person liable on or under the Loan Documents; or any other release, surrender, cancellation or other discharge under any Loan Documents or the acceptance of any instrument in renewal or substitution therefor;
- G. any assignment, sale, pledge or other transfer of any Loan Documents;
- H. any manner, order or method of application of any payments or credits under any of the Loan Documents;
- I. any voluntary or involuntary liquidation, dissolution, sale or other disposition of all or substantially all the assets, winding up, marshalling of assets and liabilities, receivership, insolvency, bankruptcy, assignment for the benefit of creditors, reorganization, arrangement, composition or readjustment of, or other similar event or proceeding affecting Borrower or any of its assets;
- J. any change in the relationship between Guarantor and Borrower;
- K. any enforcement of the Loan Documents; or
- L. any circumstance or event of any nature whatsoever, whether similar or not to the foregoing, which might otherwise constitute a defense available to, or a discharge of, the Borrower in respect of the Obligations or the Guarantor in respect of this Guaranty.

This Guaranty shall continue to be effective or be reinstated, as the case may be, if at any time payment of any of the Obligations is rescinded or must otherwise be returned by the Authority upon the insolvency, bankruptcy or reorganization of the Borrower or otherwise, all as though such payment had not been made.

**SECTION 3. Waivers.** The Guarantor hereby waives any and all defenses and discharges available to a surety, guarantor, or accommodation co-obligor, dependent on his character as such, and the Guarantor hereby waives any and all defenses, claims and setoffs against the Authority or any other obligor, pertaining to the Loan Documents, except the defense of discharge by payment in full in respect of the Obligations. Without limiting the generality of the foregoing, the Guarantor will not assert against the Authority any defense of waiver, release, discharge in bankruptcy, statute of limitations, res judicata, statute of frauds, anti-deficiency statute, fraud, ultra vires acts, usury, illegality or unenforceability which may be available to Borrower in respect of the Loan Documents, or any setoff available against the Authority to Borrower, whether or not on account of a related transaction. The Guarantor hereby waives

promptness, diligence, notice of acceptance, default or any amendment or modification, and any other notice with respect to any of the Obligations, this Guaranty or any Loan Documents and any requirement that the Authority protect, secure, perfect or insure any security interest or lien or any property subject thereto or exhaust any right or take any action against the Borrower or any other person or entity, including, without limitation, any other guarantor.

**SECTION 4. Subrogation.** The Guarantor shall not exercise any rights which it may acquire by way of subrogation under this Guaranty, by any payment made hereunder or otherwise, until all Obligations shall have been paid in full. If any amount shall be paid to the Guarantor on account of such subrogation rights at any time when all the Obligations shall not have been paid in full, such amount shall be held in trust for the benefit of the Authority and shall forthwith be paid to the Authority to be credited and applied to the Obligations in accordance with the terms of the Loan Documents. If (a) the Guarantor shall make payment to the Authority of all or any part of the Obligations and (b) all the Obligations shall be paid in full, the Authority will, at the Guarantor's request, execute and deliver to the Guarantor appropriate documents, without recourse and without representation or warranty, other than that the Authority has not assigned its rights hereunder, necessary to evidence the transfer by subrogation to the Guarantor of an interest in the Obligations resulting from such payment by the Guarantor.

**SECTION 5. Representations and Warranties.** The Guarantor hereby represents and warrants that it has full power and authority to enter into and perform its obligations under this Guaranty and that such execution and delivery and compliance with the terms hereof shall not contravene or constitute a default under any indenture, commitment, agreement, judgment, order or decree to which it is bound or the property of the Guarantor is subject. The Guarantor hereby further represents and warrants that all information, including, but not limited to, financial information, provided by or on behalf of the Guarantor, or to the best of its knowledge any Affiliate to the Guarantor is true and accurate. An "Affiliate" shall mean another person, entity, organization controlling, controlled by or under common control with such person.

**SECTION 6. Amendments, Etc.** No amendment or waiver of any provision of this Guaranty nor consent to any departure by the Guarantor here from shall in any event be effective unless the same shall be in writing and signed by the Authority, and then such waiver or consent shall be effective only in the specific instance and for the specific purpose for which given.

**SECTION 7. Addresses for Notices.** All notices and other communications in connection herewith shall be deemed made if in writing and addressed, mailed, sent by facsimile or delivered as follows:

*If to the Guarantor:* Fairview Health Services  
2450 Riverside Avenue  
Minneapolis, MN 55454  
Attn: Chief Executive Officer

*If to the Authority:* Grand Rapids Economic Development Authority  
420 N. Pokegama Avenue  
Grand Rapids, MN 55744



Attn: Executive Director

or as to each party at such other address as shall be designated by such party in a written notice to the other party. All such notices and other communications shall, when mailed or sent by facsimile or delivered by commercial delivery company, respectively, shall be effective when deposited in the mail confirmation of facsimile is received or delivered by the commercial company to the other party respectively, addressed as aforesaid.

**SECTION 8. No Waiver; Remedies.** No failure on the part of the Authority to exercise, and no delay in exercising, any right hereunder shall operate as a waiver thereof; nor shall any single or partial exercise of any right hereunder preclude any other or further exercise thereof or the exercise of any other right. The remedies herein provided are cumulative and not exclusive of any remedies provided by law.

**SECTION 9. Continuing Guaranty.** This Guaranty is a continuing guaranty and shall: (i) be binding upon the Guarantor, its successors and assigns, (ii) inure to the benefit of and be enforceable by the Authority and its successors, transferees and assigns and (iii) remain in full force and effect until payment or forgiveness in full of the Obligations pursuant to the Loan Documents, and all other amounts payable under this Guaranty.

**SECTION 10. Governing Law; Severability; Definitions.** This Guaranty shall be governed by, and construed in accordance with, the laws of the State of Minnesota. Capitalized terms not defined herein shall have the meanings ascribed to them in the Loan Documents. If any provision of this Guaranty shall be held to be invalid by any court of competent jurisdiction, the invalidity of such provision shall not affect any remaining provisions.

**SECTION 11. Additional Liability.** The liability of the Guarantor under this Guaranty is in addition to, and not in lieu of, the Guarantor's liability to pay the Obligations under any other agreement, law, ordinance, rule or regulation.

**SECTION 12. Counterparts.** This Guaranty may be executed in several counterparts, each of which shall be deemed an original, but all of which together shall constitute one and the same instrument.

**IN WITNESS WHEREOF**, the Guarantor has caused this Guaranty to be duly executed and delivered as of the date first above written.

**FAIRVIEW HEALTH SERVICES**

By \_\_\_\_\_  
Its \_\_\_\_\_

Accepted as of \_\_\_\_\_, 20\_\_

[Guarantor signature page to Corporate Guaranty Agreement dated \_\_\_\_\_, 2018]

**GRAND RAPIDS ECONOMIC  
DEVELOPMENT AUTHORITY**

By \_\_\_\_\_  
Its President

By \_\_\_\_\_  
Its Executive Director

[Authority signature page to Corporate Guaranty Agreement dated \_\_\_\_\_, 2018]

## LEASE AGREEMENT

Amended: February 22, 2018

This Lease Agreement, by and between the City of Grand Rapids, Minnesota, through its agent the Grand Rapids Economic Development Authority, hereinafter referred to as "Lessor" and **Itasca Area Community Education – Baby Steps**, hereinafter referred to as "Lessee", entered into this -  
\_\_\_ day of ~~January, 2017~~ February, 2018.

### **ARTICLE 1 - LEASED PREMISES**

1.1 In consideration of and subject to the mutual covenants, condition and obligations of this Lease Agreement to be kept and performed, the Lessor does hereby lease and demise to Lessee the premises identified in Exhibit "A" attached hereto, comprising approximately ~~760~~ 1,223 square feet together with the right to use in common with other lessees of the Central School their invitees, customer and employees, the elevators, stairways, halls, toilets and sanitary facilities, and all other general common facilities contained in the Central School, as well as the sidewalks, delivery areas, and appurtenances thereto, to be used by Lessee for the purposes generally described in Exhibit "B" attached hereto, in the Central School, Grand Rapids, Minnesota.

This Lease Agreement will also include one parking pass for the Lessee's use in the Central School lot at no additional cost to the Lessee. The Lessee will be provided one parking pass that must be displayed conspicuously by the Lessee. The Lessee will be able to park in any location within the parking lot of Central School. There will not be a designated parking spot. If the lot is full, the Lessee will utilize off street parking. This pass only applies to the Central School lot. If the pass is lost, stolen or needs to be replaced for any reason, there will be a \$25 plus tax replacement fee.

### **ARTICLE 2 – TERM**

2.1 The Term of this Lease Agreement shall commence on ~~January~~ **March 1, 2017 2018** and shall continue through **December 31, 2018 2020** unless earlier terminated in accordance with the provisions of this Lease Agreement.

### ARTICLE 3 -RENT

3.1 Lessee shall pay to Lessor as rent for the leased premises the sums hereinafter provided in this Article 3.

The term "operating costs for the Central School Building" as used in this Article 3 shall exclude all costs related to the exterior grounds except signs promoting tenants but shall otherwise include all those direct costs of operation and maintenance to be incurred by Lessor, including by way of illustration but not limitation, (1) all utility charges (sewer, water, electricity, heat, garbage collection, elevator service) except telephone and other communications equipment; (2) maintenance, insurance, repairs, parts and supplies, equipment and tools, and electrical maps, tubes, starters and ballasts; (3) the annual costs for a custodian and/or manager; and (4) promotion costs; and (5) a capital reserve equal to 5% of the total projected operation costs, excluding the capital reserve. The term "operating costs for the Central School Building" shall not include the original capital investment or associated debt service.

The term "rented square footage in the Central School Building" as used in the Article 3 shall exclude common areas, exterior grounds and space not rented.

3.2 Calendar year ~~2017 and 2018~~ base rent shall be in the amount of ~~\$10.26~~ **\$6.38** per square foot annually, payable in equal monthly installments beginning on the 1<sup>ST</sup> day of ~~January, 2017 March, 2018~~ and continuing on the first day of each month thereafter through **December 31, 2018**. **Calendar year 2019 base rent shall be in the amount of \$8.31 per square foot annually, payable in equal monthly installments beginning on the 1<sup>st</sup> day of January 2019 and continuing on the first day of each month thereafter through December 31, 2019.** **Calendar 2020 base rent shall be in the amount of \$12.31 per square foot annually, payable in equal monthly installments beginning on the 1<sup>st</sup> day of January 2020 and continuing on the first day of each month thereafter through December 31, 2020.** Additionally, tenant is solely responsible for paying any, and all, property taxes associated with the rental space.

3.3 Lessee shall pay as additional rent a late charge in the amount of 1.5% of the monthly rental payment in the event that the monthly rental payment is received after the fifth day of the month due. This late charge shall be exclusive of any other remedy which Lessor may have for Lessee's failure to timely pay rent.

3.4 At the commencement of the term of this Lease Agreement, Lessee shall furnish to Lessor a surety bond, letter of credit or cash deposit in an amount equivalent to one month's rent, to assure compliance with the provisions of this Lease Agreement. If Lessee fails to comply with the provisions of this Lease Agreement, Lessor shall be entitled, without further notice to Lessee, to call upon said surety bond, letter of credit or cash deposit to satisfy Lessee's obligation hereunder. Lessor's right to call upon the surety bond, letter of credit or cash deposit shall be exclusive of any other remedy which Lessor may have for Lessee's failure to comply with the provisions of this Lease Agreement. The surety bond or letter of credit furnished by Lessee shall be maintained in effect for the term of this Lease Agreement and during any period of holding over. If Lessee furnishes a cash deposit pursuant to this Paragraph, said cash deposit shall be held by Lessor for the term of this Lease Agreement unless earlier called upon by Lessor to satisfy Lessee's obligations hereunder. Said cash deposit shall be invested by Lessor and any interest earned shall be paid annually to Lessee.

3.5 Rental payments shall be made to the order of the City of Grand Rapids and mailed or delivered to: **City Finance Director, 420 N. Pokegama Avenue, Grand Rapids, MN 55744.**

3.6 Lessee shall timely pay when due any personal property or real property tax on the leasehold estate.

#### **ARTICLE 4 - IMPROVEMENTS**

4.1 In taking possession of the leased premises, Lessee acknowledges that same were on the date of occupancy in good, clean and tenable condition, subject only to the repairs or improvements which Lessor has agreed to make at Lessor's expense and which are set forth on Exhibit "C" attached hereto, if there are any.

4.2 Lessee agrees to make at its own expense all alterations and improvements to the leased premises except as otherwise indicated to be the obligation of Lessor under this Lease Agreement. All such improvements and alterations made by Lessee shall be undertaken only upon advance approval of Lessor, shall be made under the supervision, direction and control of Lessor's architect, shall be made in good and workmanlike manner according to the terms, conditions and

requirements set by Lessor and its architect, and shall be in keeping with the historical character of the building. All alterations and improvements performed on the leased premises by Lessee shall be performed by competent contractors and subcontractors approved by Lessor, which approval shall not unreasonably be withheld. Lessee shall pay for all architectural, engineering and other services and all costs incurred by Lessor in connection with Lessee's improvement or alteration of the leased premises, including the work, if any, of Lessor's engineer, architect and other agents connected therewith. Prior to undertaking any alterations or improvements to the leased premises, Lessee shall obtain and deliver to Lessor a valid waiver and release of mechanic's liens by each party who will furnish labor, materials or services to the lease premises.

4.3 At the expiration or termination of the term of this Lease Agreement, all improvements and alterations made to the leased premises by Lessee shall remain with the leased premises and shall be the property of Lessor. Lessee shall, at its expense, remove Lessee's goods and effects, including trade fixtures, machinery, and equipment, and quit and deliver up the leased premises to Lessor, peaceably and quietly in as good order and condition as same were in on the original date of occupancy, reasonable wear and tear excepted. Any property left in the leased premises at the expiration or termination of this term of this lease shall be deemed to have been abandoned and shall become the property of Lessor to be disposed of as Lessor deems expedient, with all costs of cleanup and disposal of goods abandoned at the leased premises to be paid by Lessee. Lessee shall not permit any mechanic's or materialmen's liens to stand against the leased premises or against the Central School and Lessor may require appropriate assurances by way of bond, deposit or other reasonable procedure to protect against such liens and may, should such liens arise out of Lessee's acts hereunder, pay and discharge same and such amounts shall become due and payable to Lessor from Lessee with interest at the rate of eight percent (8%), or such greater amount as shall then be permitted by law, per annum.

#### **ARTICLE 5 - MAINTENANCE, REPAIRS**

5.1 Lessee shall at all times be responsible for maintaining at its own expense the leased premises in a clean, orderly and safety condition, except as hereinafter provided. Lessee shall be responsible, at its own expense, to clean and maintain all trade fixtures, machinery and equipment

furnished by Lessee within the leased premises. Lessee shall be responsible to deposit normal office waste and rubbish at a location at the Central School as designated by Lessor.

5.2 Lessee shall be responsible to perform all repairs the need for which is caused by Lessee's use of the premises except that Lessor shall be responsible to perform major repairs of a structural nature. Lessor shall be responsible to arrange for removal of waste and rubbish from the location designated as the deposit location for lessees. All costs incurred by Lessor pursuant to the obligations of this Paragraph shall be included within "operating costs".

5.3 Lessor shall provide custodian services for the common areas of Central School. Costs incurred by Lessor in providing such custodian services shall be included within "operating costs".

#### **ARTICLE 6 - UTILITIES**

6.1 Lessor shall furnish such heat, water, sewer, electricity, elevator services, central air conditioning and garbage removal in and about the leased premises as shall be necessary, in Lessor's judgment, for comfortable occupancy of the leased premises, under normal business conditions. Lessor's obligation to provide electricity to the leased premises shall include only electricity for standard building lighting and office use. Any electricity supplied to the leased premises for extraordinary purposes, such as kitchen equipment, refrigeration equipment and air conditioning units, shall be paid by the Lessee upon Lessor's billing of same.

It is understood and agreed that Lessee shall be responsible to pay to Lessor, as additional rent, the cost of separately-metered-electricity supplied to the leased premises. Lessee shall also be responsible for the construction of insulation of a separate electrical meter when required.

6.2 Lessee shall conserve heat, water and electricity and shall not neglect or misuse water, fixtures, electrical lights, or other equipment or facilities furnished in conjunction with Lessor's provisions of utilities pursuant to this Article.



6.3 In the event energy use restrictions are established by Federal or State authorities or that an energy supply emergency is declared by Federal or State authorities, Lessor may reduce the quantity or quality of any utilities or other services to be provided under this Article as may be necessary to comply with directives and regulations promulgated by said authorities.

6.4 Lessor shall be responsible to provide light, heat and other utility services to the common areas of the Central School as, in Lessor's discretion, is appropriate. The cost of providing such heat, lighting and other utilities shall be included within "operating costs".

#### **ARTICLE 7 - BUILDING USE, REGULATIONS, SECURITY**

7.1 Lessee shall use the leased premises only for the purpose of purposes generally described in Exhibit "B". Lessee shall keep the leased premises in a clean, orderly and safe condition and shall not permit any hazardous or dangerous activity thereon or any activity which will increase insurance risks or premiums on the leased premises. Lessee shall at all times comply with all statutes, ordinances, codes, and regulations of any governmental authority concerning the use and maintenance of the leased premises and the Central School. Lessee shall not overload the floors in the leased premises.

7.2 Lessee shall use the leased premises and the common areas of the Central School in accordance with such reasonable rules and regulations as may from time to time be promulgated by Lessor for the general safety, comfort and convenience of Lessor and Lessees of the Central School and their invitees and Lessee shall cause its clients, employees and invitees to abide by such rules and regulations. The Lessor will allow the Lessee to utilize up to 12 square feet of floor space in the common areas adjacent to the Lessee's business for display purposes only. Storage of equipment, recycling, or anything deemed not to be display items, is prohibited. The items placed in this space must not be affixed permanently to the floor or wall in any way. The usage of a table, shelf, or rack is acceptable. The Lessee will adhere to all fire and building access codes.

If the Lessee wishes to use more than 12 square feet of floor space, a written letter to the Lessor with the Lessee's intent is required. The Lessee cannot proceed with their plans until the Lessor has granted the request in writing.

The Lessee is required to supply the Lessor with documentation from the Lessee's insurance company that the Lessee's property is covered while in the common areas of Central School.

7.3 Lessee shall keep the leased premises open to the public during such days and hours of operation of the Central School as may from time to time be determined by Lessor.

7.4 Lessee shall be responsible for securing the leased premises by locking doors and windows providing direct access to the leased premises. Lessor covenants that other Lessees within the Central School will have similar responsibilities to those required of Lessee under this Paragraph.

7.5 Lessee shall pay to Lessor on demand for any damage done to the Central School or the leased premises, including broke glass, caused by Lessee, Lessee's agents or employees, or Lessee's invitees.

7.6 Lessee shall not conduct or permit to be conducted on the leased premises any business or permit any act which is contrary to or in violation of the laws, ordinances or regulations of any governmental unit, federal, state or local.

#### **ARTICLE 8 - COMMON AREAS, EXTERNAL GROUNDS**

8.1 Lessee's use of the common areas and external grounds of Central School shall be in compliance with rules and regulations which may be promulgated from time by Lessor.

8.2 Lessee shall place nothing in the common areas of the Central School, including displays, advertising, merchandise, or other items of any sort whatsoever, without the advance written approval of the Grand Rapids Economic Development Authority.

8.3 Lessee shall place no signs which will be visible outside the leased premises, including no signs which may be visible through a window and no signs which may be visible within the common areas of the Central School or from the external grounds of the Central School or beyond, without the advance written approval of Lessor. Lessor shall provide signs, of a number, style and quality as deemed appropriate in Lessor's exclusive judgment, to be placed on the external

grounds of the Central School, which signs will identify the lessees within Central School. Cost incurred by Lessor in providing said signs shall be included within "operating costs". Signs within the interior common areas of Central School shall be approved in advance by Lessor and, if provided by Lessor, the expense thereof shall be included within "operating costs".

#### **ARTICLE 9 - INSURANCE**

9.1 Lessor shall maintain general liability, fire and extended coverage insurance on the Central School, including common areas and exterior grounds, and Lessor's fixtures and equipment and Lessor shall cause Lessee to be named as an additional insured. Lessee shall insure its own personal property on the premises as it sees fit. All personal property placed upon or in the leased premises or common areas or external grounds shall be at the risk of Lessee or the owner of the personal property and Lessor shall not be liable to Lessee or any other party for any damage or destruction of said personal property arising from any cause whatsoever. Lessee shall maintain at its own cost and expenses general liability insurance required herein. All insurance coverage is subject to approval of the City of Grand Rapids and shall be maintained by Lessee at all times this Agreement is in effect. Lessee further agrees that to protect themselves as well as the City of Grand Rapids under the indemnity Contract set forth above, the Lessee shall at all times during the term of the Agreement have and keep in force insurance protection as specified by Minn. Stat. Cpt. 466.04, subd. 1 as may be modified from time to time by the State Legislature and Lessee shall name Lessor as an additional insured on said policy. Throughout the term of this Lease Agreement, Lessee shall provide Lessor with evidence that Lessee has obtained the insurance required by this Article and that Lessor is an additional insured under said policies of insurance. All costs incurred by Lessor in maintaining insurance coverage pursuant to this Article shall be included within "operating costs".

9.2 Notwithstanding anything in this Lease Agreement to the contrary, Lessor shall not be liable to Lessee and Lessee shall not be liable to Lessor for any damage to or destruction of the Central School Building by fire or other perils or for any claim or cause of action arising out of any death, injury or damage to property in, on or about the leased premises or the common areas or exterior grounds of Central School. Lessor and Lessee shall furnish to each other appropriate written consents from their respective insurers to this waiver of liability provision.

## **ARTICLE 10 - LESSOR ACCESS**

10.1 Lessor, its agents and employees shall have the right to enter the leased premises upon reasonable advance notice for the purpose of inspection, cleaning, repairing, altering or improving the premises, or to exhibit the premises to prospective tenants. Lessor's reserved rights hereunder shall include, without limitation, free, unhampered and unobstructed access to the airways, equipment ducts, stairways, access panels and all utilities and services to the Central School. There shall be no diminution of rent and no liability on the part of Lessor by reason of any inconvenience, annoyance or injury to business caused by Lessor's reasonable exercise of rights reserved by Lessor in this Article.

## **ARTICLE 11 - FIRE OR OTHER CASUALTY: CONDEMNATION**

11.1 If during the term of this Lease the leased premises shall be damaged or destroyed by fire or other casualties so that the premises shall thereby be rendered unfit for use or occupation, Lessor shall have the option to either (a) repair such damage with all reasonable diligence and restore the premises to substantially the condition immediately prior to such event, and until such premises have been duly repaired and restored the rent herein reserved, or a just and proportionate part thereof according to the nature and extent of the injury which has been sustained shall be abated, or (b) Lessor may terminate this lease and end the term hereof, and in case of such termination and cancellation the rent shall be paid to the date of such fire or other casualty and all other further obligations on the part of either party hereto shall cease. Lessor is required to notify Lessee of whether it will repair or terminate within thirty (30) days of the date of such damage or destruction. Provided, however, that in the event the premises are not so restored within one hundred eighty (180) days after the occurrence, Lessee may, at its option, terminate this lease.

11.2 Lessee shall be entitled in any full or partial taking by eminent domain to take that portion of the net award representing payment for Lessee's leasehold interest, trade fixtures, moving expenses or business interruption. All amounts paid pursuant to an agreement with a condemning authority in connection with any taking shall be deemed to constitute an award on account of such taking. Lessee agrees that this Lease shall control rights of Lessor and Lessee in any such award, and any contrary provision of any present or future law is hereby waived. If any taking shall result in

Lessee being deprived of space in excess of 5 percent of the space then leased to Lessee, Lessee shall have the right on thirty (30) days advance written notice, to terminate the obligations hereunder effective as of such taking. If Lessee continues occupancy following a partial taking, rent will be adjusted of a pro-rata basis for the remainder of the lease term.

#### **ARTICLE 12 - QUIET POSSESSION**

12.1 Lessor hereby warrants and covenants that it has full authority to execute this Lease Agreement and further agrees that Lessee, upon paying rent and performing the covenants and conditions of this Lease Agreement, shall quietly have, hold and enjoy the leased premises during the term hereof.

#### **ARTICLE 13 - NOTICE**

13.1 Any notice, demand, request or other communication which may or shall be given or served by Lessor or Lessee pursuant to this Lease Agreement shall be deemed to have been given or served on the date the same is deposited in the United States mail, registered or certified, postage prepaid and addressed as follows:

To Lessee:

Itasca Area Community Education  
Baby Steps  
10 NW 5<sup>th</sup> St., Suite 3 102  
Grand Rapids MN 55744

To: Lessor

GREDA Executive Director  
City Hall  
420 N. Pokegama Avenue  
Grand Rapids, MN 55744

#### **ARTICLE 14 - ASSIGNMENT, SUBLETTING**

14.1 Lessee agrees that neither the leased premises nor any part thereof shall be sublet nor shall this Lease Agreement be assigned by Lessee without prior written consent of Lessor, which consent shall not be unreasonably withheld. If Lessor does give consent, such consent shall not release Lessee from its obligation hereunder, unless a release is specifically given by Lessor.

**ARTICLE 15 - NO PARTNERSHIP**

15.1 Nothing contained in this Lease Agreement shall be deemed or construed to create a partnership or joint venture of or between Lessor and Lessee or to create any other relationship between the parties hereto other than that of Lessor and Lessee.

**ARTICLE 16 - DEFAULT BY LESSEE**

16.1 Lessor and Lessee agree that this Lease Agreement is made upon the condition that if the Lessee shall neglect or fail to keep, observe and perform any of the covenants and agreements contained in this Lease Agreement which are to be kept, observed or performed by Lessee, so as to be in default, or if the leasehold interest of Lessee shall be taken by execution or other legal process of law, or if Lessee shall petition to be or be declared to be bankrupt or insolvent according to law, or if Lessee shall vacate said premises or abandon the same for a period of 45 days during the term of this Lease Agreement, then and in any of said cases the Lessor may, at its option, immediately or at any time thereafter without further notice or demand, enter into and upon the leased premises, or any part thereof, in the name of the whole, and take absolute possession of the same without such re-entry working a forfeiture of the rents to be paid and the covenants to be performed by Lessee for the full term of this Lease Agreement, and may, at Lessor's election, lease or sublet the leased premises, or any part thereof, on such terms and conditions and for such rents and for such time as the Lessor may elect, and after crediting the rent actually collected by Lessor from such reletting, collect the balance of rent owed pursuant to this Lease Agreement from Lessee, charging Lessee such reasonable expenses as the Lessor may expand in putting the premises in tenable condition and collecting said rentals from Lessee, including reasonable attorney's fees.

Alternatively, Lessor may at its election and upon written notice to Lessee declare this Lease Agreement forfeited and void under the condition set forth above, and Lessor may re-enter and take full and absolute possession of said premises as the owner thereof, free from any right or claim of Lessee or any person or persons claiming through or under Lessee, and such election and re-entry shall be and constitute an absolute bar to any right to enter by Lessee. The commencement by Lessor of any action to recover possession of the leased premises or any part thereof shall not be deemed an

election by Lessor to treat this Lease Agreement as void and terminated, without the written notice above specified.

In the event of termination or re-entry by Lessor for default by Lessee, Lessor shall make every reasonable effort to re-rent, lease or sublet the premises. Lessor, at its option, may make such alterations, repairs, replacements and/or decorations to the leased premises as Lessor, in its sole judgment, considers advisable and necessary for the purpose of reletting the premises; and the making of such alterations, repairs, replacements and/or decorations shall not operate to be construed to release Lessee for liability hereunder as aforesaid.

#### **ARTICLE 17 - DEFAULT BY LESSOR, LESSEE**

17.1 Lessor shall not be deemed to be in default under this Lease Agreement until Lessee shall have given Lessor written notice specifying the nature of the default and Lessor shall have not cured such default within ten (10) days after receipt of such notice, or within such reasonable time thereafter as may be necessary to cure such default where such default is of a character as to reasonably require more than ten (10) days to cure.

17.2 Except with respect to the payment of rent, for which no notice of default shall be necessary, Lessee shall not be deemed to be in default under this Lease Agreement until Lessor shall have given Lessee written notice specifying the nature of default and Lessee shall have not cured such default within ten (10) days after receipt of such notice or within such reasonable time thereafter as may be necessary to cure such default where such default is of a character as to reasonably require more than ten (10) days to cure.

#### **ARTICLE 18 - WAIVER, MODIFICATION, ENTIRE AGREEMENT**

18.1 No waiver of any condition, covenant, right of option of this Lease Agreement by the Lessor shall be deemed to imply or constitute a further waiver of any like condition or covenant of said Lease Agreement.

18.2 No amendment or modification of this Lease Agreement shall be valid or binding unless expressed in writing and executed by duly authorized representatives of the parties hereto in the same manner as the execution of this Lease Agreement. The Grand Rapids Economic

Development Authority shall consider the recommendation of all interested parties in determining whether to approve any amendment or modification of this Lease Agreement.

18.3 Neither Lessor nor any agent or employee of Lessor has made any representations or promises with respect to the leased premises or the Central School except as herein expressly set forth, and no rights, privileges, easements or licenses are acquired by Lessee except as herein expressly set forth.

**ARTICLE 19 - WINDOW TREATMENT**

19.1 Lessee, at its expense, may install shades, drapes or window coverings and, if installed, Lessee shall maintain said window coverings in an attractive and safe condition, provided however, in the sole judgment of Lessor said window coverings are in harmony with the exterior and interior appearance of Central School and will create no safety or fire hazard.

**ARTICLE 20 - PARKING**

20.1 Lessor has established public parking facilities on the grounds of Central School. Lessee warrants that it will enforce regulations providing that its employees will not park their private vehicles in said public parking area during time when said employees are working at the leased premises (except on a short-term basis for emergencies or for deliveries).

**DISCRIMINATION PROHIBITED:** The Landlord shall not discriminate based upon race, color, creed, religion, national origin, sex, marital status, age, handicap, or disability, familial status or recipients of public assistance; and shall comply with all nondiscrimination requirements of Federal, State and local law.

**IN WITNESS WHEREOF,** the parties have hereunto set their hands on the date first written above.

LESSOR:

\_\_\_\_\_  
GREDA President

\_\_\_\_\_  
GREDA Executive Director

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

LESSEE:



Itasca Area Community Education – Baby Steps

BY: \_\_\_\_\_

BY: \_\_\_\_\_

Its \_\_\_\_\_

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

## Exhibit A – Location in the Building

The Itasca Area Community Education – Baby Steps is located on the **First Level** ~~Garden Level~~ in ~~Suite 3~~ **Suites 102 and 103**, consisting of ~~760~~ **1,223** square feet.

## Exhibit B – Use of Space

Baby Steps, a non-profit organization, is a link to successful parenting. It looks and operates like a retail store, but coupons that are earned by families using services that strengthen their families, are used to “purchase” new merchandise for children ages 0-5. No money is exchanged at the store. We are open two days a week. Occasional meetings and fundraising activities are also held in the store.

Exhibit C – Improvements

None

## **LEASE AGREEMENT**

This Lease Agreement, by and between the City of Grand Rapids, Minnesota, through its agent the

Grand Rapids Economic Development Authority, hereinafter referred to as "Lessor" and **Megan Brekke doing business as Wildland Fabrics, a Limited Liability Corporation**, hereinafter referred to as "Lessee", entered into this 26<sup>th</sup> day of February, 2018.

### **ARTICLE 1 - LEASED PREMISES**

1.1 In consideration of and subject to the mutual covenants, condition and obligations of this Lease Agreement to be kept and performed, the Lessor does hereby lease and demise to Lessee the premises identified in Exhibit "A" attached hereto, comprising approximately 755 square feet together with the right to use in common with other lessees of the Central School their invitees, customer and employees, the elevators, stairways, halls, toilets and sanitary facilities, and all other general common facilities contained in the Central School, as well as the sidewalks, delivery areas, and appurtenances thereto, to be used by Lessee for the purposes generally described in Exhibit "B" attached hereto, in the Central School, Grand Rapids, Minnesota.

This Lease Agreement will also include one parking pass for the Lessee's use in the Central School lot at no additional cost to the Lessee. The Lessee will be provided one parking pass that must be displayed conspicuously by the Lessee. The Lessee will be able to park in any location within the parking lot of Central School. There will not be a designated parking spot. If the lot is full, the Lessee will utilize off street parking. This pass only applies to the Central School lot. If the pass is lost, stolen or needs to be replaced for any reason, there will be a \$25 plus tax replacement fee.

### **ARTICLE 2 - TERM**

2.1 The Term of this Lease Agreement shall commence on **March 1, 2018** and shall continue through **December 31, 2018** unless earlier terminated in accordance with the provisions of this Lease Agreement.

### **ARTICLE 3 -RENT**

3.1 Lessee shall pay to Lessor as rent for the leased premises the sums hereinafter provided in this Article 3.

The term "operating costs for the Central School Building" as used in this Article 3 shall exclude all costs related to the exterior grounds except signs promoting tenants but shall otherwise include all those direct costs of operation and maintenance to be incurred by Lessor, including by way of illustration but not limitation, (1) all utility charges (sewer, water, electricity, heat, garbage collection, elevator service) except telephone and other communications equipment; (2) maintenance, insurance, repairs, parts and supplies, equipment and tools, and electrical maps, tubes, starters and ballasts; (3) the annual costs for a custodian and/or manager; and (4) promotion costs; and (5) a capital reserve equal to 5% of the total projected operation costs, excluding the capital reserve. The term "operating costs for the Central School Building" shall not include the original capital investment or associated debt service.

The term "rented square footage in the Central School Building" as used in the Article 3 shall exclude common areas, exterior grounds and space not rented.

3.2 The base rent shall be in the calculated amount of **\$7.42** per square foot multiplied by 50% annually, payable in equal monthly installments beginning on the **1<sup>ST</sup>** day of **March, 2018** and continuing on the first day of each month thereafter through **December 31, 2018**. Additionally, tenant is solely responsible for paying any, and all, property taxes associated with the rental space.

3.3 Lessee shall pay as additional rent a late charge in the amount of 1.5% of the monthly rental payment in the event that the monthly rental payment is received after the fifth day of the month due. This late charge shall be exclusive of any other remedy which Lessor may have for Lessee's failure to timely pay rent.

3.4 At the commencement of the term of this Lease Agreement, Lessee shall furnish to Lessor a surety bond, letter of credit or cash deposit in an amount equivalent to one month's rent, to assure compliance with the provisions of this Lease Agreement. If Lessee fails to comply with the provisions of this Lease Agreement, Lessor shall be entitled, without further notice to Lessee, to call upon said surety bond, letter of credit or cash deposit to satisfy Lessee's obligation hereunder. Lessor's right to call upon the surety bond, letter of credit or cash deposit shall be exclusive of any

other remedy which Lessor may have for Lessee's failure to comply with the provisions of this Lease Agreement. The surety bond or letter of credit furnished by Lessee shall be maintained in effect for the term of this Lease Agreement and during any period of holding over. If Lessee furnishes a cash deposit pursuant to this Paragraph, said cash deposit shall be held by Lessor for the term of this Lease Agreement unless earlier called upon by Lessor to satisfy Lessee's obligations hereunder. Said cash deposit shall be invested by Lessor and any interest earned shall be paid annually to Lessee.

3.5 Rental payments shall be made to the order of the City of Grand Rapids and mailed or delivered to: **City Finance Director, 420 N. Pokegama Avenue, Grand Rapids, MN 55744.**

3.6 Lessee shall timely pay when due any personal property or real property tax on the leasehold estate.

#### **ARTICLE 4 - IMPROVEMENTS**

4.1 In taking possession of the leased premises, Lessee acknowledges that same were on the date of occupancy in good, clean and tenable condition, subject only to the repairs or improvements which Lessor has agreed to make at Lessor's expense and which are set forth on Exhibit "C" attached hereto, if there are any.

4.2 Lessee agrees to make at its own expense all alterations and improvements to the leased premises except as otherwise indicated to be the obligation of Lessor under this Lease Agreement. All such improvements and alterations made by Lessee shall be undertaken only upon advance approval of Lessor, shall be made under the supervision, direction and control of Lessor's architect, shall be made in good and workmanlike manner according to the terms, conditions and requirements set by Lessor and its architect, and shall be in keeping with the historical character of the building. All alterations and improvements performed on the leased premises by Lessee shall be performed by competent contractors and subcontractors approved by Lessor, which approval shall not unreasonably be withheld. Lessee shall pay for all architectural, engineering and other services and all costs incurred by Lessor in connection with Lessee's improvement or

alteration of the leased premises, including the work, if any, of Lessor's engineer, architect and other agents connected therewith. Prior to undertaking any alterations or improvements to the leased premises, Lessee shall



obtain and deliver to Lessor a valid waiver and release of mechanic's liens by each party who will furnish labor, materials or services to the lease premises.

4.3 At the expiration or termination of the term of this Lease Agreement, all improvements and alterations made to the leased premises by Lessee shall remain with the leased premises and shall be the property of Lessor. Lessee shall, at its expense, remove Lessee's goods and effects, including trade fixtures (e.g., items such as chairs, sinks, stations, furniture, shelving units), machinery, and equipment, and quit and deliver up the leased premises to Lessor, peaceably and quietly in as good order and condition as same were in on the original date of occupancy, reasonable wear and tear excepted. Any property left in the leased premises at the expiration or termination of this term of this lease shall be deemed to have been abandoned and shall become the property of Lessor to be disposed of as Lessor deems expedient, with all costs of cleanup and disposal of goods abandoned at the leased premises to be paid by Lessee. Lessee shall not permit any mechanic's or materialmen's liens to stand against the leased premises or against the Central School and Lessor may require appropriate assurances by way of bond, deposit or other reasonable procedure to protect against such liens and may, should such liens arise out of Lessee's acts hereunder, pay and discharge same and such amounts shall become due and payable to Lessor from Lessee with interest at the rate of eight percent (8%), or such greater amount as shall then be permitted by law, per annum.

#### **ARTICLE 5 - MAINTENANCE, REPAIRS**

5.1 Lessee shall at all times be responsible for maintaining at its own expense the leased premises in a clean, orderly and safety condition, except as hereinafter provided. Lessee shall be responsible, at its own expense, to clean and maintain all trade fixtures, machinery and equipment furnished by Lessee within the leased premises. Lessee shall be responsible to deposit normal office waste and rubbish at a location at the Central School as designated by Lessor.

5.2 Lessee shall be responsible to perform all repairs the need for which is caused by Lessee's use of the premises except that Lessor shall be responsible to perform major repairs of a structural

nature. Lessor shall be responsible to arrange for removal of waste and rubbish from the location designated as the deposit location for lessees. All costs incurred by Lessor pursuant to the obligations of this Paragraph shall be included within "operating costs".

5.3 Lessor shall provide custodian services for the common areas of Central School. Costs incurred by Lessor in providing such custodian services shall be included within "operating costs".

#### **ARTICLE 6 - UTILITIES**

6.1 Lessor shall furnish such heat, water, sewer, electricity, elevator services, central air conditioning and garbage removal in and about the leased premises as shall be necessary, in Lessor's judgment, for comfortable occupancy of the leased premises, under normal business conditions. Lessor's obligation to provide electricity to the leased premises shall include only electricity for standard building lighting and office use. Any electricity supplied to the leased premises for extraordinary purposes, such as kitchen equipment, refrigeration equipment and air conditioning units, shall be paid by the Lessee upon Lessor's billing of same.

It is understood and agreed that Lessee shall be responsible to pay to Lessor, as additional rent, the cost of separately-metered-electricity supplied to the leased premises. Lessee shall also be responsible for the construction of insulation of a separate electrical meter when required.

6.2 Lessee shall conserve heat, water and electricity and shall not neglect or misuse water, fixtures, electrical lights, or other equipment or facilities furnished in conjunction with Lessor's provisions of utilities pursuant to this Article.

6.3 In the event energy use restrictions are established by Federal or State authorities or that an energy supply emergency is declared by Federal or State authorities, Lessor may reduce the quantity or quality of any utilities or other services to be provided under this Article as may be necessary to comply with directives and regulations promulgated by said authorities.

6.4 Lessor shall be responsible to provide light, heat and other utility services to the common areas of the Central School as, in Lessor's discretion, is appropriate. The cost of providing such heat, lighting and other utilities shall be included within "operating costs".

#### **ARTICLE 7 - BUILDING USE, REGULATIONS, SECURITY**

7.1 Lessee shall use the leased premises only for the purpose of purposes generally described in Exhibit "B". Lessee shall keep the leased premises in a clean, orderly and safe condition and shall not permit any hazardous or dangerous activity thereon or any activity which will increase insurance risks or premiums on the leased premises. Lessee shall at all times comply with all statutes, ordinances, codes, and regulations of any governmental authority concerning the use and maintenance of the leased premises and the Central School. Lessee shall not overload the floors in the leased premises.

7.2 Lessee shall use the leased premises and the common areas of the Central School in accordance with such reasonable rules and regulations as may from time to time be promulgated by Lessor for the general safety, comfort and convenience of Lessor and Lessees of the Central School and their invitees and Lessee shall cause its clients, employees and invitees to abide by such rules and regulations. The Lessor will allow the Lessee to utilize up to 12 square feet of floor space in the common areas adjacent to the Lessee's business for display purposes only. Storage of equipment, recycling, or anything deemed not to be display items, is prohibited. The items placed in this space must not be affixed permanently to the floor or wall in any way. The usage of a table, shelf, or rack is acceptable. The Lessee will adhere to all fire and building access codes.

If the Lessee wishes to use more than 12 square feet of floor space, a written letter to the Lessor with the Lessee's intent is required. The Lessee cannot proceed with their plans until the Lessor has granted the request in writing.

The Lessee is required to supply the Lessor with documentation from the Lessee's insurance company that the Lessee's property is covered while in the common areas of Central School.

7.3 Lessee shall keep the leased premises open to the public during such days and hours of operation of the Central School as may from time to time be determined by Lessor.

7.4 Lessee shall be responsible for securing the leased premises by locking doors and windows providing direct access to the leased premises. Lessor covenants that other Lessees within the Central School will have similar responsibilities to those required of Lessee under this Paragraph.

7.5 Lessee shall pay to Lessor on demand for any damage done to the Central School or the leased premises, including broke glass, caused by Lessee, Lessee's agents or employees, or Lessee's invitees.

7.6 Lessee shall not conduct or permit to be conducted on the leased premises any business or permit any act which is contrary to or in violation of the laws, ordinances or regulations of any governmental unit, federal, state or local.

#### **ARTICLE 8 - COMMON AREAS, EXTERNAL GROUNDS**

8.1 Lessee's use of the common areas and external grounds of Central School shall be in compliance with rules and regulations which may be promulgated from time by Lessor.

8.2 Lessee shall place nothing in the common areas of the Central School, including displays, advertising, merchandise, or other items of any sort whatsoever, without the advance written approval of the Grand Rapids Economic Development Authority.

8.3 Lessee shall place no signs which will be visible outside the leased premises, including no signs which may be visible through a window and no signs which may be visible within the common areas of the Central School or from the external grounds of the Central School or beyond, without the advance written approval of Lessor. Lessor shall provide signs, of a number, style and quality as deemed appropriate in Lessor's exclusive judgment, to be placed on the external grounds of the Central School, which signs will identify the lessees within Central School. Cost incurred by Lessor in providing said signs shall be included within "operating costs". Signs within the

interior common areas of Central School shall be approved in advance by Lessor and, if provided by Lessor, the expense thereof shall be included within "operating costs".

#### **ARTICLE 9 - INSURANCE**

9.1 Lessor shall maintain general liability, fire and extended coverage insurance on the Central School, including common areas and exterior grounds, and Lessor's fixtures and equipment and Lessor shall cause Lessee to be named as an additional insured. Lessee shall insure its own personal property on the premises as it sees fit. All personal property placed upon or in the leased premises or common areas or external grounds shall be at the risk of Lessee or the owner of the personal property and Lessor shall not be liable to Lessee or any other party for any damage or destruction of said personal property arising from any cause whatsoever. Lessee shall maintain at its own cost and expenses general liability insurance required herein. All insurance coverage is subject to approval of the City of Grand Rapids and shall be maintained by Lessee at all times this Agreement is in effect. Lessee further agrees that to protect themselves as well as the City of Grand Rapids under the indemnity Contract set forth above, the Lessee shall at all times during the term of the Agreement have and keep in force insurance protection as specified by Minn. Stat. Cpt. 466.04, subd. 1 as may be modified from time to time by the State Legislature and Lessee shall name Lessor as an additional insured on said policy. Throughout the term of this Lease Agreement, Lessee shall provide Lessor with evidence that Lessee has obtained the insurance required by this Article and that Lessor is an additional insured under said policies of insurance. All costs incurred by Lessor in maintaining insurance coverage pursuant to this Article shall be included within "operating costs". 9.2 Notwithstanding anything in this Lease Agreement to the contrary, Lessor shall not be liable to Lessee and Lessee shall not be liable to Lessor for any damage to or destruction of the Central School Building by fire or other perils or for any claim or cause of action arising out of any death, injury or damage to property in, on or about the leased premises or the common areas or exterior grounds of Central School. Lessor and Lessee shall furnish to each other appropriate written consents from their respective insurers to this waiver of liability provision.

#### **ARTICLE 10 - LESSOR ACCESS**

10.1 Lessor, its agents and employees shall have the right to enter the leased premises upon reasonable advance notice for the purpose of inspection, cleaning, repairing, altering or improving the premises, or to exhibit the premises to prospective tenants. Lessor's reserved rights hereunder shall include, without limitation, free, unhampered and unobstructed access to the airways, equipment ducts, stairways, access panels and all utilities and services to the Central School. There shall be no diminution of rent and no liability on the part of Lessor by reason of any inconvenience, annoyance or injury to business caused by Lessor's reasonable exercise of rights reserved by Lessor in this Article.

#### **ARTICLE 11 - FIRE OR OTHER CASUALTY: CONDEMNATION**

11.1 If during the term of this Lease the leased premises shall be damaged or destroyed by fire or other casualties so that the premises shall thereby be rendered unfit for use or occupation, Lessor shall have the option to either (a) repair such damage with all reasonable diligence and restore the premises to substantially the condition immediately prior to such event, and until such premises have been duly repaired and restored the rent herein reserved, or a just and proportionate part thereof according to the nature and extent of the injury which has been sustained shall be abated, or (b) Lessor may terminate this lease and end the term hereof, and in case of such termination and cancellation the rent shall be paid to the date of such fire or other casualty and all other further obligations on the part of either party hereto shall cease. Lessor is required to notify Lessee of whether it will repair or terminate within thirty (30) days of the date of such damage or destruction. Provided, however, that in the event the premises are not so restored within one hundred eighty (180) days after the occurrence, Lessee may, at its option, terminate this lease.

11.2 Lessee shall be entitled in any full or partial taking by eminent domain to take that portion of the net award representing payment for Lessee's leasehold interest, trade fixtures, moving expenses or business interruption. All amounts paid pursuant to an agreement with a condemning authority in connection with any taking shall be deemed to constitute an award on account of such taking. Lessee agrees that this Lease shall control rights of Lessor and Lessee in any such award, and any

contrary provision of any present or future law is hereby waived. If any taking shall result in Lessee being deprived of space in excess of 5 percent of the space then leased to Lessee, Lessee shall have the right on thirty (30) days advance written notice, to terminate the obligations hereunder effective as of such taking. If Lessee continues occupancy following a partial taking, rent will be adjusted of a pro-rata basis for the remainder of the lease term.

**ARTICLE 12 - QUIET POSSESSION**

12.1 Lessor hereby warrants and covenants that it has full authority to execute this Lease Agreement and further agrees that Lessee, upon paying rent and performing the covenants and conditions of this Lease Agreement, shall quietly have, hold and enjoy the leased premises during the term hereof.

**ARTICLE 13 - NOTICE**

13.1 Any notice, demand, request or other communication which may or shall be given or served by Lessor or Lessee pursuant to this Lease Agreement shall be deemed to have been given or served on the date the same is deposited in the United States mail, registered or certified, postage prepaid and addressed as follows:

To Lessee:

Meghan Brekke  
Wildland Fabric  
26303 Trout Lake Rd.  
Bovey, MN 55709

To: Lessor

GREDA Executive Director  
City Hall  
420 N. Pokegama Avenue  
Grand Rapids, MN 55744

**ARTICLE 14 - ASSIGNMENT, SUBLETTING**

14.1 Lessee agrees that neither the leased premises nor any part thereof shall be sublet nor shall this Lease Agreement be assigned by Lessee without prior written consent of Lessor, which

consent shall not be unreasonably withheld. If Lessor does give consent, such consent shall not release Lessee from its obligation hereunder, unless a release is specifically given by Lessor.

#### **ARTICLE 15 - NO PARTNERSHIP**

15.1 Nothing contained in this Lease Agreement shall be deemed or construed to create a partnership or joint venture of or between Lessor and Lessee or to create any other relationship between the parties hereto other than that of Lessor and Lessee.

#### **ARTICLE 16 - DEFAULT BY LESSEE**

16.1 Lessor and Lessee agree that this Lease Agreement is made upon the condition that if the Lessee shall neglect or fail to keep, observe and perform any of the covenants and agreements contained in this Lease Agreement which are to be kept, observed or performed by Lessee, so as to be in default, or if the leasehold interest of Lessee shall be taken by execution or other legal process of law, or if Lessee shall petition to be or be declared to be bankrupt or insolvent according to law, or if Lessee shall vacate said premises or abandon the same for a period of 45 days during the term of this Lease Agreement, then and in any of said cases the Lessor may, at its option, immediately or at any time thereafter without further notice or demand, enter into and upon the leased premises, or any part thereof, in the name of the whole, and take absolute possession of the same without such reentry working a forfeiture of the rents to be paid and the covenants to be performed by Lessee for the full term of this Lease Agreement, and may, at Lessor's election, lease or sublet the leased premises, or any part thereof, on such terms and conditions and for such rents and for such time as the Lessor may elect, and after crediting the rent actually collected by Lessor from such reletting, collect the balance of rent owed pursuant to this Lease Agreement from Lessee, charging Lessee such reasonable expenses as the Lessor may expand in putting the premises in tenable condition and collecting said rentals from Lessee, including reasonable attorney's fees.

Alternatively, Lessor may at its election and upon written notice to Lessee declare this Lease Agreement forfeited and void under the condition set forth above, and Lessor may re-enter and take full and absolute possession of said premises as the owner thereof, free from any right or claim of Lessee or any person or persons claiming through or under Lessee, and such election and re-entry shall be and constitute an absolute bar to any right to enter by Lessee. The



commencement by Lessor of any action to recover possession of the leased premises or any part thereof shall not be deemed an election by Lessor to treat this Lease Agreement as void and terminated, without the written notice above specified.

In the event of termination or re-entry by Lessor for default by Lessee, Lessor shall make every reasonable effort to re-rent, lease or sublet the premises. Lessor, at its option, may make such alterations, repairs, replacements and/or decorations to the leased premises as Lessor, in its sole judgment, considers advisable and necessary for the purpose of reletting the premises; and the making of such alterations, repairs, replacements and/or decorations shall not operate to be construed to release Lessee for liability hereunder as aforesaid.

#### **ARTICLE 17 - DEFAULT BY LESSOR, LESSEE**

17.1 Lessor shall not be deemed to be in default under this Lease Agreement until Lessee shall have given Lessor written notice specifying the nature of the default and Lessor shall have not cured such default within ten (10) days after receipt of such notice, or within such reasonable time thereafter as may be necessary to cure such default where such default is of a character as to reasonably require more than ten (10) days to cure.

17.2 Except with respect to the payment of rent, for which no notice of default shall be necessary, Lessee shall not be deemed to be in default under this Lease Agreement until Lessor shall have given Lessee written notice specifying the nature of default and Lessee shall have not cured such default within ten (10) days after receipt of such notice or within such reasonable time thereafter as may be necessary to cure such default where such default is of a character as to reasonably require more than ten (10) days to cure.

#### **ARTICLE 18 - WAIVER, MODIFICATION, ENTIRE AGREEMENT**

18.1 No waiver of any condition, covenant, right of option of this Lease Agreement by the Lessor shall be deemed to imply or constitute a further waiver of any like condition or covenant of said Lease Agreement.

18.2 No amendment or modification of this Lease Agreement shall be valid or binding unless expressed in writing and executed by duly authorized representatives of the parties hereto in the

same manner as the execution of this Lease Agreement. The Grand Rapids Economic Development Authority shall consider the recommendation of all interested parties in determining whether to approve any amendment or modification of this Lease Agreement.

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**ARTICLE 20 - PARKING**

20.1 Lessor has established public parking facilities on the grounds of Central School. Lessee warrants that it will enforce regulations providing that its employees will not park their private vehicles in said public parking area during time when said employees are working at the leased premises (except on a short-term basis for emergencies or for deliveries).

**DISCRIMINATION PROHIBITED:** The Landlord shall not discriminate based upon race, color, creed, religion, national origin, sex, marital status, age, handicap, or disability, familial status or recipients of public assistance; and shall comply with all nondiscrimination requirements of Federal, State and local law.

**IN WITNESS WHEREOF**, the parties have hereunto set their hands on the date first written above.

LESSOR:

\_\_\_\_\_  
GREDA President  
\_\_\_\_\_

GREDA Executive Director

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

LESSEE:

\_\_\_\_\_

BY: \_\_\_\_\_

BY: \_\_\_\_\_

Its \_\_\_\_\_

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

## Exhibit A – Location in the Building

Wild Lands Fabric and Leather is located on the Garden Level in Suite 1, consisting of 755 square feet.

## Exhibit B – Use of Space

Wildland Fabrics is a fabric store selling custom cuts of fabric, precut bundles of fabric and sewing kits.

## Exhibit C – Improvements

Some sheetrock and painting of all walls