

## **GRAND RAPIDS ECONOMIC DEVELOPMENT AUTHORITY**

**Thursday, November 9, 2017**

**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, November 9, 2017 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 October 26, 2017 regular meeting.
5. Consider approval of claims
6. Consider adopting a resolution approving a loan agreement with Grand Itasca Clinic and Hospital.
7. Presentation: Human Rights Commission Activities
8. Updates:
  - a. SCDP Commercial Rehabilitation Grant
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 – 3/1/17

Mike Stefan – 3/1/18

Chris Lynch – 3/1/19

Sholom Blake – 3/1/19

**GRAND RAPIDS ECONOMIC DEVELOPMENT AUTHORITY  
REGULAR MEETING  
THURSDAY, OCTOBER 26, 2017  
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, October 26, 2017 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, Dale Christy, Rick Blake, Mike Przytarski, Chris Lynch, Cory Jackson. Absent: Michael Stefan.

**SETTING OF REGULAR AGENDA:** Approved with addition.

- Approve payment to First American Title in the amount of \$40,000.

**APPROVAL OF MINUTES:**

**MOTION BY COMMISSIONER PRZYTARSKI, SECOND BY COMMISSIONER JACKSON TO APPROVE THE MINUTES OF THE OCTOBER 12, 2017 REGULAR MEETING. The following voted in favor thereof: R. Blake, S. Blake, Christy, Przytarski, Lynch, Jackson. Opposed: None, passed unanimously.**

**APPROVAL OF CLAIMS:**

**MOTION BY COMMISSIONER R. BLAKE, SECOND BY COMMISSIONER PRZYTARSKI TO APPROVE CLAIMS IN THE AMOUNT OF \$1,376.35.**

Kennedy & Graven	\$1,171.74	P.U.C.	\$204.61
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**The following voted in favor thereof: S. Blake, Christy, R. Blake, Przytarski, Jackson, Lynch. Opposed: None, passed unanimously.**

Approve payment in the amount of \$40,000.00 to First American Title.

**MOTION BY COMMISSIONER CHRISTY, SECOND BY COMMISSIONER JACKSON TO APPROVE PAYMENT IN THE AMOUNT \$40,000.00. The following voted in favor thereof: Christy, Jackson, R. Blake, S. Blake, Lynch, Przytarski. Opposed: None, passed unanimously.**

There being no further business the meeting adjourned at 4:03 p.m.

Respectfully submitted:

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Aurimy Groom, Recorder

**DRAFT**

DATE: 11/06/2017  
 TIME: 14:10:12  
 ID: AP443000.CGR

CITY OF GRAND RAPIDS  
 DEPARTMENT SUMMARY REPORT

PAGE: 1

INVOICES DUE ON/BEFORE 11/09/2017

VENDOR #	NAME	AMOUNT DUE
-----		
EDA - CAPITAL PROJECTS		
MANUFACTURING HANGAR		
0920065	ITASCA ECONOMIC DEVELOPMENT	9,502.00
	TOTAL MANUFACTURING HANGAR	9,502.00
	TOTAL UNPAID TO BE APPROVED IN THE SUM OF:	\$9,502.00
CHECKS ISSUED-PRIOR APPROVAL		
PRIOR APPROVAL		
0920060	ITASCA COUNTY TREASURER	92.00
1309199	MINNESOTA ENERGY RESOURCES	48.09
1621130	P.U.C.	41.48
2301700	WASTE MANAGEMENT	66.51
T001171	FIRST AMERICAN TITLE	40,000.00
	TOTAL PRIOR APPROVAL ALLOWED IN THE SUM OF:	\$40,248.08
	TOTAL ALL DEPARTMENTS	49,750.08

**RESOLUTION APPROVING A LOAN AGREEMENT  
BETWEEN THE GRAND RAPIDS ECONOMIC  
DEVELOPMENT AUTHORITY AND GRAND ITASCA  
CLINIC AND HOSPITAL**

BE IT RESOLVED BY the Board of Commissioners ("Board") of the Grand Rapids Economic Development Authority (the "Authority") as follows:

Section 1. Recitals.

1.01. The Authority is a grantor as defined in Minnesota Statutes, Sections 116J.993 to 116J.995, as amended (the "Business Subsidy Act"), and is authorized to grant financial assistance to private development, including grants in the form of forgivable loans.

1.02. The Authority and Grand Itasca Clinic and Hospital (the "Borrower") desire to enter into a loan agreement (the "Loan Agreement") for a forgivable loan to be used for improvements to the existing clinic facility (the "Clinic") in the City of Grand Rapids (the "Loan"), utilizing funds provided to the Authority by the Iron Range Resources and Rehabilitation Board.

1.03. Pursuant to the Loan Agreement, the Authority will loan to the Borrower the sum of \$300,000 (the "Loan"), evidenced by a promissory note (the "Note") and a corporate guaranty (the "Guaranty"), to be executed and delivered to the Authority by the Borrower.

1.04. The terms of the Loan Agreement and Note shall conform to the Authority's written Business Subsidy Policy, including a five-year loan term and the inclusion of job and wage requirements, provided that the Loan will be forgiven if the Borrower meets the job and wage goals provided in the Loan Agreement and maintains the Clinic as a "qualified facility" (as defined in the Business Subsidy Act) for at least five years.

Section 2. Loan Agreement and Note Approved.

2.01. The Authority hereby approves the Loan Agreement, the Note, and the Guaranty in substantially the form presented to the Board, and authorizes execution of the Loan Agreement and all documents prepared in connection therewith, subject to modifications that do not alter the substance of the transaction and that are approved by the President and Executive Director, provided that execution of the Amendment by such officials shall be conclusive evidence of approval.

Approved this 9th day of November, 2017, by the Board of Commissioners of the Grand Rapids Economic Development Authority.

\_\_\_\_\_  
President

ATTEST:

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Executive Director

## 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), or so much thereof as is disbursed to Borrower in accordance with this Agreement. 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, 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. If no Events of Default occur, and if the Borrower does not sell the Property within five (5) years of the Loan Closing Date, no payments shall be payable on the Note and the principal balance shall be forgiven.

3. Disbursement of Loan Proceeds.

(a) The Loan proceeds shall be paid to Borrower 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) All disbursements of proceeds of the Loan will be made subject to the conditions precedent that prior to the date of such disbursement:

(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 each payment: (a) that none of the items for which the payment is proposed to be made has formed the basis for any payment previously made under this Section; and (b) that each item for which the payment is proposed is included in the Improvements;

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

(iv) Borrower has paid to Lender the full amount of the 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.

(c) Whenever the Borrower desires a disbursement to be made hereunder, which shall be no more often than weekly, the Borrower shall submit to the Lender a draw request in the form attached as Exhibit D duly executed on behalf of the Borrower, accompanied by paid invoices or other comparable evidence that the cost has been incurred and paid or is payable by Borrower. Each draw request shall constitute a representation and warranty by the Borrower that all representations and warranties set forth in this Agreement are true and correct as of the date of such draw request.

(d) If the Borrower has performed all of its agreements and complied with all requirements to be performed or complied with hereunder, including satisfaction of all applicable conditions precedent contained in this Section, the Lender shall make a disbursement to the Borrower in the amount of the requested disbursement or such lesser amount as shall be approved, within twenty days after the date of the Lender's receipt of the draw request.

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 violate or conflict with any provision of law and do not and will not violate or conflict with, or cause any default or event of default to occur under, any 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, at all reasonable times, 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 it has fully complied with all applicable state and federal laws pertaining to its business 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.

(g) Borrower warrants that it will not create, permit to be created, or allow to exist any liens, charges, or encumbrances prior to the obligation created by this Agreement, except as otherwise authorized in writing by Lender.

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 does not have a parent corporation.

(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.

(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 \$ \_\_\_\_\_ 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 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, commencing February 1, 2018 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 or interest on the Loan when due;

(b) any representation or warranty made by Borrower herein or in any document, instrument, or certificate given in connection with this Agreement, the Note, or the Guaranty is false when made;

(c) Borrower fails to pay its debts as they become due, makes an assignment for the benefit of its creditors, admits in writing its inability to pay its debts as they become due,

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, files an answer admitting insolvency or inability to pay its debts as they become due in any involuntary bankruptcy case commenced against it, or fails to obtain a dismissal of such case within thirty (30) days after its commencement or convert the case from one chapter of the Federal Bankruptcy Code to another chapter, or be the subject of an order for relief in such bankruptcy case, or be 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) a garnishment summons or writ of attachment is issued against or served upon Lender for the attachment of any property of Borrower in Lender's possession or any indebtedness owing to Borrower, unless appropriate papers are filed by Borrower contesting the same within thirty (30) days after the date of such service or such shorter period of time as may be reasonable in the circumstances;

(e) any breach or failure of Borrower to perform any other 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 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);

(f) any breach by Borrower of any other agreement between Borrower and Lender.

7. Lender's Remedies upon Borrower's Default. Upon an Event of Default by Borrower and after provision by Lender of written notice, 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. Furthermore, interest will continue to accrue on any amount due until the date on which it is paid to Lender, and all such interest will be due and payable at the same time as the amount on which it has accrued.

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 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 and collateral security 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) Should Lender, or its officers, agents, or employees incur any such liability or be required to defend against any claims or demands pursuant to this Section, or should a judgment be entered against Lender, the amount thereof, including costs, expenses, and attorneys fees, shall bear interest thereon at the rate then in effect on the Note, shall be secured hereby, shall be added to the Loan, and Borrower shall reimburse Lender for the same immediately upon demand, and upon the failure of Borrower to do so, Lender may declare the Loan immediately due and payable.

(c) 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.

(d) 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.

(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:

(f) Termination. If the Loan is not disbursed pursuant to this Agreement by December 31, 2017, 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: \_\_\_\_\_

[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 -

\_\_\_\_\_, 2017

- 0.0% -

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. If no Events of Default occur, and if the Maker does not sell the Property within five (5) years of the Loan Closing Date, no payments shall be payable on this Note and the principal balance 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 and interest accrued thereon, 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 \_\_\_\_\_, 2017.

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  
as Guarantor,**

**and**

**GRAND RAPIDS ECONOMIC DEVELOPMENT AUTHORITY**

**Dated as of November \_\_\_\_, 2017**

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**THIS GUARANTY AGREEMENT**, made and entered into as of November \_\_\_\_, 2017 (the "Guaranty"), by and between Fairview, a \_\_\_\_\_, 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 or any modification of the interest rate, 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 acceptance of or failure to obtain collateral security (including rights of setoff) for any Obligations or Loan Documents, or to properly or sufficiently create and perfect the same, or to establish the priority thereof, or to preserve, protect, insure, care for, exercise or enforce any collateral security;
- F. 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;
- G. 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;
- H. any assignment, sale, pledge or other transfer of any Loan Documents;
- I. any manner, order or method of application of any payments or credits under any of the Loan Documents;
- J. 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;
- K. any change in the relationship between Guarantor and Borrower;
- L. any foreclosure or enforcement of any collateral security interest or any enforcement of the Loan Documents; or
- M. 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 or any collateral.

**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  
[address to be inserted]

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

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**

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

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

[Guarantor signature page to Corporate Guaranty Agreement dated November \_\_\_\_, 2017]

**GRAND RAPIDS ECONOMIC  
DEVELOPMENT AUTHORITY**

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

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

[Authority signature page to Corporate Guaranty Agreement dated November \_\_\_\_, 2017]

**EXHIBIT D**

**DRAW REQUEST**

TO: Grand Rapids Economic Development Authority  
420 N. Pokegama Avenue  
Grand Rapids, MN 55744  
Attn: Executive Director

DISBURSEMENT DIRECTION

The undersigned Authorized Representative of GRAND ITASCA CLINIC AND HOSPITAL, a Minnesota nonprofit corporation (the "Borrower"), hereby authorizes and requests you to disburse from proceeds of the Loan, in accordance with the terms of the Loan Agreement between Grand Rapids Economic Development Authority ("Lender") and the Borrower, dated as of \_\_\_\_\_, 2017 (the "Agreement"), the following amount to the following person and for the following proper cost of the Improvements:

1. Amount:
2. Payee:
3. Purpose:

all as defined and provided in the Agreement. The undersigned further certifies to the Lender that (a) none of the items for which the payment is proposed to be made has formed the basis for any payment previously made under Section 3 of the Agreement; and (b) that each item for which the payment is proposed is Improvements, eligible for funding from the proceeds of the Loan.

Dated: \_\_\_\_\_

\_\_\_\_\_  
Borrower's Authorized Representative