

GRAND RAPIDS ECONOMIC DEVELOPMENT AUTHORITY

Thursday, February 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, February 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 January 26, 2017 regular meeting.
5. Consider approval of claims
6. Consider approval of a Central School Leases with: Salmela Photography (Suite 205)
7. Consider adoption of a resolution approving the Second Amendment to the Purchase and Development Contract between the Grand Rapids EDA and Grand Rapids Hotel Partners, LLC.
8. Consider adoption of a resolution authorizing the issuance of taxable revenue notes to Charles K. Blandin Foundation pursuant to the Program Related Investment Agreement for Commercial Building Improvement Program.
9. Updates:
10. 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, JANUARY 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, January 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, Michael Stefan, Rick Blake, Dale Christy. Absent: Mike Przytarski, Cory Jackson, Chris Lynch.

Cory Jackson joined the meeting at 4:01

SETTING OF REGULAR AGENDA: Approved without addition.

APPROVAL OF MINUTES:

MOTION BY COMMISSIONER STEFAN, SECOND BY COMMISSIONER CHRISTY TO APPROVE THE MINUTES OF THE JANUARY 26, 2017 REGULAR MEETING. The following voted in favor thereof: Jackson, S. Blake, Christy, Stefan, R. Blake. Opposed: None, passed unanimously.

APPROVAL OF CLAIMS:

MOTION BY COMMISSIONER JACKSON, SECOND BY COMMISSIONER R. BLAKE TO APPROVE CLAIMS IN THE AMOUNT OF \$3,176.94.

City of Grand Rapids	\$192.28	John Connelly	\$1,000.00
Northern Star Cooperative	\$476.24	Phils Garage Door	\$177.00
P.U.C.	\$1,191.42	SEH-RCM	\$140.00

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

Consider approval of a Central School Lease with: Yarn Works LLC (Suite 202)

MOTION BY COMMISSIONER CHRISTY, SECOND BY COMMISSIONER JACKSON TO APPROVE A CENTRAL SCHOOL LEASE WITH YARN WORKS LLC. The following voted in favor thereof: Stefan, Christy, R. Blake, S. Blake, Jackson. Opposed: None, passed unanimously.

Consider approval of a Commercial Building Improvement Loan with Klockow Enterprises LLC for improvements to 36 SE 10th St. to be completed for the Cantankerous Brewing Company project.

Andy and Tasha Klockow, owners and operators of a new venture, Cantankerous Brewing Company, have submitted an application for a Commercial Building Improvement Loan (CBIL) for planned improvements to the vacant commercial building located at 36 SE 10th St. The Klockows have recently completed the purchase of the building and have secured all of the financing for this \$1.1M project, with the exception of this request for a \$40,000 CBIL from the Grand Rapids EDA. Cantankerous Brewing Company will be a small production brewery with a taproom, which produces hand crafted ales and lagers for the northern Minnesota market served by the pint, flights, growlers and crowlers (can-growlers). Cantankerous also expects to self-distribute some kegs to local bars and restaurants. The Klockows intend to begin the buildout of the 6,000 sf production and taproom space in April of 2017, with a plan for opening in October.

MOTION BY COMMISSIONER STEFAN, SECOND BY COMMISSIONER R. BLAKE TO APPROVE A CBIL TO KLOCKOW ENTERPRISES LLC IN THE AMOUNT OF \$40,000 FOR IMPROVEMENTS TO 36 SE 10TH ST. The following voted in favor thereof: Jackson, Stefan, Christy, R. Blake, S. Blake. Opposed: None, passed unanimously.

Consider approval of a 2017 GREDA Work Plan.

The Commissioners reviewed the proposed work plan

MOTION BY COMMISSIONER CHRISTY, SECOND BY COMMISSIONER JACKSON TO APPROVE THE 2017 GREDA WORK PLAN. The following voted in favor thereof: S. Blake, R. Blake, Christy Stefan, Jackson. Opposed: None, passed unanimously.

Discuss replacement of water softener system at 3002 Airport Rd.

The Commissioners discussed replacing the water softener system and if they were to replace it they would like the tenants to be responsible for the salt and filters.

MOTION BY COMMISSIONER R. BLAKE, SECOND BY COMMISSIONER JACKSON TO APPROVE A PROPOSAL IN THE AMOUNT OF 1400.00 FROM NORTHERN AIR TO REPLACE THE WATER SOFTENER SYSTEM A 3002 AIRPORT RD AND HAVE THE TENANTS RESPONSIBLE FOR THE SALT AND WATER FILTERS. The following voted in favor thereof: Jackson, Stefan, Christy, R. Blake, S. Blake. Opposed: None, passed unanimously.

There being no further business the meeting adjourned at 4:33 p.m.

Respectfully submitted:

Aurimy Groom, Recorder

DATE: 02/02/2017
 TIME: 15:51:00
 ID: AP443000.CGR

CITY OF GRAND RAPIDS
 DEPARTMENT SUMMARY REPORT

PAGE: 1

INVOICES DUE ON/BEFORE 02/09/2017

VENDOR #	NAME	AMOUNT DUE

EDA - CAPITAL PROJECTS		
MISCELLANEOUS PROJECT		
1105530	KENNEDY & GRAVEN	443.60
TOTAL MISCELLANEOUS PROJECT		443.60
AIRPORT SOUTH INDUSTRIAL PARKS		
0718010	CITY OF GRAND RAPIDS	67.50
TOTAL AIRPORT SOUTH INDUSTRIAL PARKS		67.50
IND PARK SWAN MACHINE		
2000522	TNT AGGREGATES, LLC	4,748.10
TOTAL IND PARK SWAN MACHINE		4,748.10
MANUFACTURING HANGAR		
0315455	COLE HARDWARE INC	4.96
1105530	KENNEDY & GRAVEN	751.74
TOTAL MANUFACTURING HANGAR		756.70
TOTAL UNPAID TO BE APPROVED IN THE SUM OF:		\$6,015.90
CHECKS ISSUED-PRIOR APPROVAL		
PRIOR APPROVAL		
1309199	MINNESOTA ENERGY RESOURCES	449.39
2301700	WASTE MANAGEMENT	65.21
TOTAL PRIOR APPROVAL ALLOWED IN THE SUM OF:		\$ 514.60
TOTAL ALL DEPARTMENTS		6,530.50

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 **Janna Salmela Photography, a sole proprietorship**, hereinafter referred to as "Lessee", entered into this -
___ day of **February, 2017**.

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 192 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, 2017** and shall continue through **December 31, 2017** 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** base rent shall be in the amount of **\$11.88** per square foot annually, payable in equal monthly installments beginning on the **1ST** day of **March, 2017** and continuing on the first day of each month thereafter through **December 31, 2017**. 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:

Janna Salmela
Janna Salmela Photography
10 NW 5th St., Suite 205
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:

BY: _____

BY: _____

Its _____

Date: _____

Exhibit A – Location in the Building

Salmela Photography is located on the Second Floor in the Middle West Room (Suite 205, consisting of 192 square feet.

Exhibit B – Use of Space

Salmela Photography is a professional photography studio.

Exhibit C – Improvements

None

EDA RESOLUTION NO. 17-01

**RESOLUTION APPROVING SECOND AMENDMENT TO
PURCHASE AND DEVELOPMENT CONTRACT BETWEEN
THE GRAND RAPIDS ECONOMIC DEVELOPMENT
AUTHORITY AND GRAND RAPIDS HOTEL PARTNERS
L.L.C.**

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

Section 1. Recitals.

1.01. The Authority and Grand Rapids Hotel Partners L.L.C. (the "Developer") executed a certain Purchase and Development Contract, dated as of July 14, 2016, as amended by a First Amendment thereto dated as of October 18, 2016 (as so amended, the "Contract"), whereunder the Authority agreed to convey certain property described in the Contract (the "Development Property") to the Developer in connection with the development of a hotel (the "Minimum Improvements") on the Development Property.

1.02. Due to unanticipated delays, the Developer has requested and the Authority has agreed to amend the Contract to extend (i) the date for closing on the transfer of the Development Property from the Authority to the Developer; and (ii) the dates of the commencement and completion of construction of the Minimum Improvements.

Section 2. Second Amendment Approved.

2.01. The Second Amendment to Purchase and Development Contract (the "Amendment") as presented to the Board is hereby in all respects approved, 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. The President and Executive Director are hereby authorized to execute, on behalf of the Authority, the Amendment.

Adopted by the Grand Rapids Economic Development Authority on February 9, 2017.

President

Attest:

Secretary

SECOND AMENDMENT TO PURCHASE AND DEVELOPMENT CONTRACT

This Second Amendment to Purchase and Development Contract (the "Agreement") is made as of _____, 2017, by and between the GRAND RAPIDS ECONOMIC DEVELOPMENT AUTHORITY, a public body corporate and politic and political subdivision of the State of Minnesota (the "Authority") and GRAND RAPIDS HOTEL PARTNERS L.L.C., a Minnesota limited liability company (the "Developer").

WHEREAS, the Authority and the Developer entered into that certain Purchase and Development Contract dated as of July 14, 2016, as amended by a First Amendment to Purchase and Development Contract dated October 18, 2016 (collectively, the "Contract") providing, among other things, for the construction of certain improvements (the "Minimum Improvements") on the property legally described as attached hereto as **Exhibit A** (the "Development Property"); and

WHEREAS, the parties have determined to further extend the date of closing on the conveyance of the Development Property and the date of commencement of construction of the Minimum Improvements.

NOW, THEREFORE, in consideration of the premises and the mutual obligations of the parties hereto, each of them does hereby covenant and agree with the other as follows:

1. Amendment to Section 3.3(b) of the Contract. Section 3.3(b) of the Contract is amended as follows:

(b) The closing on conveyance of the Development Property from the Authority to the Developer ("Closing") shall occur upon satisfaction of the conditions specified in this Section, but no later than May 1, 2017, or such later date as the parties mutually agree in writing; provided, however, that if all of the foregoing conditions have not been satisfied or waived on or before Closing, either the Authority or Developer may terminate this Agreement upon written notice to the other party. Thereafter neither party shall have any obligations or liability to the other hereunder.

2. Amendment to Section 4.3 of the Contract. Section 4.3 of the Contract is amended as follows:

Section 4.3. Commencement and Completion of Construction. Subject to Unavoidable Delays, the Developer shall commence construction of the Minimum Improvements by June 1,

2017, and substantially complete construction of the Minimum Improvements by May 1, 2018. All work with respect to the Minimum Improvements to be constructed on the Development Property shall substantially conform to the Construction Plans as submitted by Developer and approved by the Authority.

3. Amendment to Section 4.4 of Contract. The last sentence of Section 4.4 of the Contract is amended, as follows:

“The Developer must substantially complete construction of the Public Improvements by May 1, 2018.”

Developer agrees for itself, its successors and assigns, and every successor in interest to the Development Property, or any part thereof, that Developer, and such successors and assigns, shall promptly begin and diligently prosecute to completion the development of the Development Property through the construction of the Minimum Improvements thereon, and that such construction shall in any event be commenced within the period specified in this Section 4.3 of this Agreement. Subsequent to conveyance of the Development Property, or any part thereof, to Developer, and until construction of the Minimum Improvements has been completed, Developer shall make reports, in such detail and at such times as may reasonably be requested by the Authority, as to the actual progress of Developer with respect to such construction.

4. Miscellaneous. Except as amended by this Amendment, the Contract shall remain in full force and effect. Upon execution, Developer shall reimburse the Authority for all out-of-pocket-costs incurred by the Authority in connection with negotiating, drafting and approval of this Agreement.

(Remainder of this page intentionally left blank.)

IN WITNESS WHEREOF, the Authority has caused this Agreement to be duly executed in its name and behalf and its seal to be hereunto duly affixed and Developer has caused this Agreement to be duly executed in its name and behalf on or as of the date first above written.

GRAND RAPIDS ECONOMIC
DEVELOPMENT AUTHORITY

By _____
Sholom Blake
Its President

By _____
Robert Mattei
Its Executive Director

STATE OF MINNESOTA)
) SS.
COUNTY OF ITASCA)

The foregoing instrument was acknowledged before me this ____ day of _____, 2017, by Sholom Blake and Robert Mattei, the President and Executive Director, respectively, of the Grand Rapids Economic Development Authority, a public body politic and corporate, on behalf of the Authority.

Notary Public

GRAND RAPIDS HOTEL PARTNERS L.L.C.

By _____
Troy J. Hoekstra
Its Chief Manager

STATE OF MINNESOTA)
) SS.
COUNTY OF _____)

The foregoing instrument was acknowledged before me this _____ day of _____, 2017, by Troy J. Hoekstra, the Chief Manager of Grand Rapids Hotel Partners L.L.C., a Minnesota limited liability company, on behalf of the limited liability company.

Notary Public

THIS DOCUMENT DRAFTED BY:

Rinke Noonan (HAM)
1015 W. St. Germain St., Suite 300
P.O. Box 1497
St. Cloud, MN 56302-1497
(320) 251-6700
File No. 26640-0001

EXHIBIT A

DEVELOPMENT PROPERTY

Real property in the City of Grand Rapids, County of Itasca, State of Minnesota, described as follows:

Parcel 1:

The South Half of Block Twenty (20), Town of Grand Rapids, Minnesota, according to the plat thereof on file and of record in the office of the Register of Deeds, of Itasca County, Minnesota, AND the West Half (W1/2) of vacated 2nd Avenue East lying adjacent to the South 125 feet (S 125) of Block Twenty (20) LESS that part conveyed by Document No, 45251, described as follows: The West 220 feet of the South half of Block 20, Town of Grand Rapids.
(Torrens Cert. No. 23062)

Parcel 2:

That portion of Block Twenty-one (21), Town of Grand Rapids, AND the vacated North-South alley lying within Block 21, lying South and West of a line extending from a point along the East boundary of Block 21, Thirty (30) feet North of the Southeast corner of Lot One (1) to a point along the West boundary of Block 21, One Hundred Thirty (130) feet North of the Southwest corner of Lot Twenty-four (24) and the East Half (E1/2) of vacated 2nd Avenue East lying adjacent to: Lots Twenty thru Twenty-four (20-24), Block 21, according to the recorded plat thereof on file and of record in the office of the Registrar of Titles of Itasca County, Minnesota.

Less and Except that part of Lot 19, Block 21, according to the Plat of Grand Rapids on file in the office of the Itasca County Recorder, lying southwesterly of a line extending from a point along the East boundary of Block 21, Thirty (30) feet North of the Southeast corner of Lot One (1) to a point along the West boundary of Block 21, One Hundred Thirty (130) feet North of the Southwest corner of Block 21.

AND

That portion of the West Half (W1/2) of Lot Twenty (20), Block Twenty-one(21), Town of Grand Rapids, lying northeast of a line extending from a point along the East boundary of Block 21, Thirty (30) feet North of the Southeast corner of Lot One (1) to a point along the West boundary of Block 21, One Hundred Thirty (130) feet North of the Southwest corner of Lot Twenty-four (24), Block 21, according to the recorded plat thereof on file and of record in the office of the Registrar of Titles of Itasca County, Minnesota.

AND

That part of the North Half (N1/2) of vacated Second Street North lying adjacent to Blocks Twenty-one (21) and Twenty-four (24) and lying northeast of the following described line : beginning at a point along the north line of Block Twenty-four (24) lying One Hundred five (105) feet West of the Northeast corner of said Block; thence Northwesterly to the southwest corner of said Lot Twenty-four (24), Block Twenty-one (21) and there terminating.

(Torrens Cert. No. 24386)

Parcel 3:

That part of the South Half of vacated Second Street North, lying between Blocks 21 and 24, of the Plat of Town of Grand Rapids, Itasca County, Minnesota, lying northeasterly of the following described line: beginning at a point on the north line of said Block 24, 105 feet West of the northeast corner thereof; thence northwesterly to the southwest corner of Lot 24, Block 21, said Town of Grand Rapids.

(Abstract)

GRAND RAPIDS ECONOMIC DEVELOPMENT AUTHORITY

RESOLUTION NO. 17-02

**RESOLUTION AUTHORIZING THE ISSUANCE OF TAXABLE
REVENUE NOTES TO CHARLES K. BLANDIN FOUNDATION
PURSUANT TO PROGRAM RELATED INVESTMENT
AGREEMENT FOR COMMERCIAL BUILDING
IMPROVEMENT PROGRAM**

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

Section 1. Recitals.

1.01. Program Related Investment Agreement.

(a) The Authority and the Charles K. Blandin Foundation (“Blandin”) entered into a Program Related Investment Agreement dated as of April 24, 2008, as amended by a First and Second Amendment thereto (as so amended, the “PRI Agreement”), pursuant to which Blandin committed up to \$175,000 in loan funds to the Authority for the purpose of establishing an Authority revolving loan fund (the “Loan Fund”), from which the Authority agreed to make loans (the “Developer Loans”) for commercial building improvements to businesses located within the City of Grand Rapids (the “City”), which Developer Loans were evidenced by promissory notes and secured by mortgages from the borrowers to the Authority.

(b) Pursuant to the PRI Agreement, the Authority was authorized to make Developer Loans over the time necessary to fully spend down the Loan Fund, and to issue its taxable revenue note or notes (the “Notes”) to Blandin upon fully expending the Loan Fund, rather than issuing a separate note to Blandin for each Developer Loan.

(c) Pursuant to the PRI Agreement, the Loan Fund was available to support two types of loans, the first for downtown commercial improvements and the second as matching funds for commercial rehabilitation projects under the Small Cities Development Program. The Authority made Developer Loans under both programs.

(d) The Authority made its final Developer Loan on December 2, 2016, has fully expended the Loan Fund, and is receiving repayments under each Developer Loan.

1.02. Notes Authorized; Issuance and Terms of the Notes. The Board hereby authorizes issuance of the Notes to Blandin to evidence the Authority’s obligation to repay the Loan Fund pursuant to the PRI Agreement. The Authority will issue two Notes to Blandin pursuant to the terms of the PRI Agreement, reflecting the loan terms under the two programs supported by the Loan Fund. The Notes shall be dated as of February 10, 2017, and shall bear interest from the date of issue as provided in the form of Notes in Section 2 hereof to the earlier of maturity or prepayment.

Section 2. Form of Notes. The Notes shall be in substantially the following forms:

Commercial Building Improvement Loan Program Note

UNITED STATES OF AMERICA
STATE OF MINNESOTA
COUNTY OF ITASCA
GRAND RAPIDS
ECONOMIC DEVELOPMENT AUTHORITY

No. R-1

\$34,735.50

TAXABLE REVENUE NOTE

Interest Rate

4.0%

Date
of Original Issue

February 10, 2017

GRAND RAPIDS ECONOMIC DEVELOPMENT AUTHORITY, a public body corporate and politic under the laws of the State of Minnesota (the "Authority") for value received, hereby promises to pay to CHARLES K. BLANDIN FOUNDATION or its successors or assigns (the "Holder"), at its designated principal office or such other place as the Holder may designate in writing, solely from the sources and to the extent hereinafter provided, the principal sum of \$34,735.50, with interest as hereinafter provided, in any coin or currency which 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 and interest on this Note is payable as follows:

1. Interest on the principal of this Note will accrue from the date of issuance. Interest will be computed at the rate of 4%, pursuant to the terms of that certain Program Related Investment Agreement between the Authority and the Holder, dated as of April 24, 2008, as amended by a First Amendment thereto and a Second Amendment thereto dated as of December 5, 2013 (as amended, the "PRI Agreement"). Commencing January 1, 2018 and on January 1 of each year thereafter until the Maturity Date (as hereinafter defined), the Authority shall pay accrued interest on this Note to the Holder. Interest on this Note shall be amortized over twenty (20) years; provided, however, the entire balance of accrued and unpaid interest as of the first day of the sixtieth (60th) month following the Date of Original Issue (the "Maturity Date") shall be due and payable in full on the Maturity Date. Interest shall be computed on the basis of a 360-day year consisting of twelve thirty-day months.

The Holder is entitled to all of the benefits and subject to all of the obligations provided for in the PRI Agreement, or referred to in said PRI Agreement, to which PRI Agreement reference is made for a statement of the terms and conditions under which this indebtedness was incurred and the events of default under which the due date of this Note may be accelerated. The provisions of the PRI Agreement are incorporated by reference herein with the same force and effect as if fully set forth herein.

2. All accrued and unpaid interest and the unpaid principal of this Note shall due and payable on the Maturity Date.

3. The Authority shall have the right to prepay the principal of this Note and accrued interest thereon, in whole or in part, on any date.

4. This Note is payable solely from and to the extent of repayment of the Developer Loan pursuant to the Program (as such terms are defined in paragraph 5 hereof). This Note is further secured

by a mortgage given by McAlpine Rentals, LLC (the "Developer") to the Authority pursuant to the Program.

5. This Note is issued by the Authority pursuant to and in accordance with Minnesota Statutes, Section 469.103 for the purpose of providing funds to make loans to third-party developers for economic development and redevelopment activities within the City of Grand Rapids, and specifically pursuant to its Commercial Building Improvement Loan Program (the "Program"). The proceeds of this Note shall reimburse the Authority for Authority funds loaned to the Developer pursuant to the Program. Under the terms of the Program, the Developer has agreed to repay the Developer Loan, together with interest thereon, in installments scheduled to be sufficient to pay the principal of and interest on this Note when due.

This Note is a special limited obligation of the Authority. This Note shall not be payable from nor charged upon any funds other than the repayment of the PRI, nor shall the Authority be subject to any liability hereon or have the powers to obligate itself to pay this Note from funds other than the PRI and no holder of this Note shall ever have the right to compel any exercise of any taxing power of the Authority or the City of Grand Rapids or any other public body, to pay the principal of or interest on this Note, nor to enforce payment thereof against any property of the Authority or other public body other than that expressly pledged for payment of the Note.

All of the agreements, conditions, covenants, provisions, and stipulations contained in the PRI Agreement or any 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.

6. The remedies of the Holder of this Note as provided herein, and in the PRI Agreement, 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 of this Note 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.

7. 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.

8. 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 Authority has caused this Note to be duly executed as of the ___ day of February, 2017.

GRAND RAPIDS ECONOMIC
DEVELOPMENT AUTHORITY

By _____
Its President

By _____
Its Executive Director

(The remainder of this page is intentionally left blank.)

Small Cities Development Program Note

UNITED STATES OF AMERICA
STATE OF MINNESOTA
COUNTY OF ITASCA
GRAND RAPIDS
ECONOMIC DEVELOPMENT AUTHORITY

No. R-1 \$140,264.50
TAXABLE REVENUE NOTE

<u>Interest Rate</u>	<u>Date of Original Issue</u>
1.0%	February 10, 2017

GRAND RAPIDS ECONOMIC DEVELOPMENT AUTHORITY, a public body corporate and politic under the laws of the State of Minnesota (the "Authority") for value received, hereby promises to pay to CHARLES K. BLANDIN FOUNDATION or its successors or assigns (the "Holder"), at its designated principal office or such other place as the Holder may designate in writing, solely from the sources and to the extent hereinafter provided, the principal sum of \$140,264.50, with interest as hereinafter provided, in any coin or currency which 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 and interest on this Note is payable as follows:

1. Interest on the principal of this Note from time to time outstanding will accrue from the date of issuance. Interest will be computed at the rate of 1% per annum, pursuant to the terms of the Program Related Investment Agreement between the Holder and Authority dated as of April 24, 2008, as amended by a First Amendment thereto and a Second Amendment thereto dated as of December 5, 2013 (as amended, the "PRI Agreement"). Commencing January 1, 2018 and on January 1 of each year thereafter until the Maturity Date (as hereinafter defined), the Authority shall pay accrued interest on the Note to the Holder. Interest shall be computed on the basis of a 360-day year consisting of twelve thirty-day months.

The Holder is entitled to all of the benefits and subject to all of the obligations provided for in the PRI Agreement, or referred to in said PRI Agreement, to which PRI Agreement reference is made for a statement of the terms and conditions under which this indebtedness was incurred and the events of default under which the due date of this Note may be accelerated. The provisions of the PRI Agreement are incorporated by reference herein with the same force and effect as if fully set forth herein.

2. All accrued and unpaid interest and the unpaid principal balance of this Note shall be due and payable on January 1, 2025 (the "Maturity Date").

3. The Authority shall have the right to prepay the principal of this Note and accrued interest thereon, in whole or in part, on any date.

4. This Note is payable solely from and to the extent of repayment of the Developer Loans pursuant to the Program (as such terms are defined in paragraph 5 hereof). This Note is further secured by mortgages given by each Developer to the Authority pursuant to the Program. A list of the Developers, the amount of each Developer Loan, and the date of each Developer Loan are attached to this Note as Exhibit A.

5. This Note is issued by the Authority pursuant to and in accordance with Minnesota Statutes, Section 469.103 for the purpose of providing funds to make loans to the Developers for economic development and redevelopment activities within the City of Grand Rapids, and specifically pursuant to its Commercial Building Improvement Loan Program (the "Program"). The proceeds of this Note shall reimburse the Authority for Authority funds loaned to the Developers pursuant to the Program. Under the terms of the Program, each Developer has agreed to repay the Developer Loans, together with interest thereon, in installments scheduled to be sufficient to pay the principal of and interest on this Note when due.

This Note is a special limited obligation of the Authority. This Note shall not be payable from nor charged upon any funds other than the repayment of the Developer Loans, nor shall the Authority be subject to any liability hereon or have the powers to obligate itself to pay this Note from funds other than the Developer Loan repayments and no holder of this Note shall ever have the right to compel any exercise of any taxing power of the Authority or the City of Grand Rapids or any other public body, to pay the principal of or interest on this Note, nor to enforce payment thereof against any property of the Authority or other public body other than that expressly pledged for payment of the Note.

All of the agreements, conditions, covenants, provisions, and stipulations contained in the PRI Agreement or any 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.

6. The remedies of the Holder of this Note as provided herein, and in the PRI Agreement, 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 of this Note 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.

7. 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.

8. 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 Authority has caused this Note to be duly executed as of the day of _____, 2017.

GRAND RAPIDS ECONOMIC
DEVELOPMENT AUTHORITY

By _____
Its President

By _____
Its Executive Director

EXHIBIT A

Developer	Amount of Loan	Date of Loan/Note
First Call for Help of Itasca County, a Minnesota nonprofit corporation	\$35,000	11/14/2016
Itasca County Farm Service Association, a Minnesota Cooperative	\$35,000	12/2/2016
Daniel and Jean Anderson, husband and wife	\$14,792.40	10/26/2015
Bret and Sandra Wagner, husband and wife	\$35,000	4/24/2015
Miskovich Properties, LLC	\$35,000	12/10/2015

Section 3. Terms, Execution and Delivery.

3.01. Denomination, Payment. The Notes shall be issued as typewritten notes numbered R-1.

Principal of and interest on the Notes shall be payable by check or draft issued by the Registrar described herein.

3.02. Dates; Interest Payment Dates. Principal of and interest on the Notes shall be payable by mail to the owner of record thereof as of the close of business on the fifteenth day of the month preceding the Payment Date, whether or not such day is a business day.

3.03. Registration. The Authority hereby appoints the Executive Director to perform the functions of registrar, transfer agent and paying agent (the "Registrar"). The effect of registration and the rights and duties of the Authority and the Registrar with respect thereto shall be as follows:

(a) Register. The Registrar shall keep at its office a bond register in which the Registrar shall provide for the registration of ownership of the Note and the registration of transfers and exchanges of the Note.

(b) Transfer of Note. Upon surrender for transfer of a Note duly endorsed by the registered owner thereof or accompanied by a written instrument of transfer, in form reasonably satisfactory to the Registrar, duly executed by the registered owner thereof or by an attorney duly authorized by the registered owner in writing, the Registrar shall authenticate and deliver, in the name of the designated transferee or transferees, a new Note of a like aggregate principal amount and maturity, as requested by the transferor. Notwithstanding the foregoing, the Notes shall not be transferred to any person other than an affiliate, or other related entity, of Blandin unless the Authority has been provided with an opinion of counsel or a certificate of the transferor, in a form satisfactory to the Authority, that such transfer is exempt from registration and prospectus delivery requirements of federal and applicable state securities laws. The Registrar may close the books for registration of any transfer after the fifteenth day of the month preceding each Payment Date and until such Payment Date.

(c) Cancellation. A Note surrendered upon any transfer shall be promptly cancelled by the Registrar and thereafter disposed of as directed by the Authority.

(d) Improper or Unauthorized Transfer. When a Note is presented to the Registrar for transfer, the Registrar may refuse to transfer the same until it is satisfied that the endorsement on such Note or separate instrument of transfer is legally authorized. The Registrar shall incur no liability for its refusal, in good faith, to make transfers which it, in its judgment, deems improper or unauthorized.

(e) Persons Deemed Owners. The Authority and the Registrar may treat the person in whose name a Note is at any time registered in the bond register as the absolute owner of the Note, whether the Note shall be overdue or not, for the purpose of receiving payment of, or on account of, the principal of and interest on such Note and for all other purposes, and all such payments so made to any such registered owner or upon the owner's order shall be valid and effectual to satisfy and discharge the liability of the Authority upon such Note to the extent of the sum or sums so paid.

(f) Taxes, Fees and Charges. For every transfer or exchange of a Note, the Registrar may impose a charge upon the owner thereof sufficient to reimburse the Registrar for any tax, fee, or other governmental charge required to be paid with respect to such transfer or exchange.

(g) Mutilated, Lost, Stolen or Destroyed Note. In case any Note shall become mutilated or be lost, stolen, or destroyed, the Registrar shall deliver a new Note of like amount, maturity dates and tenor in exchange and substitution for and upon cancellation of such mutilated Note or in lieu of and in substitution for such Note lost, stolen, or destroyed, upon the payment of the reasonable expenses and charges of the Registrar in connection therewith; and, in the case the Note lost, stolen, or destroyed, upon filing with the Registrar of evidence satisfactory to it that such Note was lost, stolen, or destroyed, and of the ownership thereof, and upon furnishing to the Registrar of an appropriate bond or indemnity in form, substance, and amount satisfactory to it, in which both the Authority and the Registrar shall be named as obligees. The Note so surrendered to the Registrar shall be cancelled by it and evidence of such cancellation shall be given to the Authority. If the mutilated, lost, stolen, or destroyed Note has already matured or been called for redemption in accordance with its terms, it shall not be necessary to issue a new Note prior to payment.

3.04. Preparation and Delivery. The Notes shall be prepared under the direction of the Executive Director and shall be executed on behalf of the Authority by the signatures of its President and Executive Director. In case any officer whose signature shall appear on the Notes shall cease to be such officer before the delivery of the Notes, such signature shall nevertheless be valid and sufficient for all purposes, the same as if such officer had remained in office until delivery. When the Notes have been so executed, they shall be delivered by the Executive Director to Blandin in accordance with the PRI Agreement.

Section 4. Security Provisions.

4.01. Pledge. The Authority hereby pledges to the payment of the principal of and interest on the Notes all repayments of the Developer Loans as defined in the Notes, subject to the provisions of Section 4.02 hereof. Repayments of each Developer Loan shall be applied to payment of the principal of and interest on the Notes in accordance with the terms of the form of Notes set forth in Section 2 of this resolution.

4.02. Note Fund. Until the date the Notes are no longer outstanding and no principal thereof or interest thereon (to the extent required to be paid pursuant to this resolution) remains unpaid, the Authority shall maintain a separate and special "Note Fund" to be used for no purpose other than the payment of the principal of and interest on the Notes. The Authority irrevocably agrees to appropriate to the Note Fund on or before each Payment Date the repayments under the Developer Loans. Any repayment amounts of the Developer Loans remaining in the Note Fund shall be retained by the Authority upon the termination of the Notes in accordance with their terms.

Section 5. Certification of Proceedings.

5.01. Certification of Proceedings. The officers of the Authority are hereby authorized and directed to prepare and furnish to Blandin certified copies of all proceedings and records of the Authority, and such other affidavits, certificates, and information as may be required to show the facts relating to the legality of the Notes as the same appear from the books and records under their custody and control or as otherwise known to them, and all such certified copies, certificates, and affidavits, including any heretofore furnished, shall be deemed representations of the Authority as to the facts recited therein.

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

**GRAND RAPIDS ECONOMIC DEVELOPMENT
AUTHORITY**

President

ATTEST:

Secretary