

GRAND RAPIDS ECONOMIC DEVELOPMENT AUTHORITY

**Tuesday, October 18, 2016
3:00pm
Grand Rapids City Hall**

NOTICE IS HEREBY GIVEN, that a special 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 Tuesday, October 18, 2016 at 3:00pm.

AGENDA

1. Call to Order
2. Call of Roll
3. Approval of minutes from the September 22, 2016 regular meeting.
4. Consider approval of claims
5. Consider adopting a resolution approving First Amendment to the Purchase and Development Contract between the Grand Rapids Economic Development Authority and Grand Rapids Hotel Partners LLC
6. Consider adopting a resolution approving a Master Lease Agreement by and between Grand Rapids Economic Development Authority, the City of Grand Rapids, Itasca Economic Development Corporation and ACC Manufacturing, Inc.
7. Consider adopting a resolution approving a Hangar Purchase Agreement with Stanley J and Crystal V. Bostyancic.
8. Consider adopting a resolution approving an Itasca County Tax-Forfeited Land Purchase Agreement for real property situated at Highway 2 East and 8th Avenue, which are parcels 91-425-2710, 91-425-2650, 91-425-2640 and 91-425-2610.
9. Consider adopting a resolution approving Purchase Agreement with Hernesman Brothers Partnership for real property situated at Highway 2 East and 8th Avenue, which are parcels 91-425-2710, 91-425-2650, 91-425-2640 and 91-425-2610.
10. Consider approval of a Commercial Building Improvement Loan to Terry LaValle dba State Farm Insurance for improvements to his building at 516 NW 4th Ave.
11. Consider approving a contribution of \$1,000 toward a \$3,200 IEDC/APEX led project to have professional photography done for local economic development marketing materials.
12. Updates:
13. Adjourn

GREDA Members/terms:

Dale Christy – 12/31/16 (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, SEPTEMBER 22, 2016
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, September 22, 2016 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, Michael Stefan. Absent: Cory Jackson.

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

APPROVAL OF MINUTES:

DRAFT

MOTION BY COMMISSIONER STEFAN, SECOND BY COMMISSIONER CHRISTY TO APPROVE THE MINUTES OF THE AUGUST 25, 2016 REGULAR MEETING. The following voted in favor thereof: R. Blake, Stefan, S. Blake, Christy, Przytarski, Lynch, Jackson. Opposed: None, passed unanimously.

APPROVAL OF CLAIMS:

MOTION BY COMMISSIONER R. BLAKE, SECOND BY COMMISSIONER CHRISTY TO APPROVE CLAIMS IN THE AMOUNT OF \$85,788.51.

Cole Hardware	\$111.85	Comfort Heating	\$5,898.00
Itasca County Abstract Co	\$17,903.11	Itasca County H.R.A	\$51,352.84
IEDC	\$10,000.00	Grand Rapids Herald Review	\$141.70
Kennedy & Graven	\$217.00	P.U.C	\$96.71
Visa	\$67.30		

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

Consider adopting a resolution approving amendments to the Commercial Building Improvement Loan Program Guidelines.

Community Development Director Mattei reviewed the modifications with the GREDA.

MOTION BY COMMISSIONER PRZYTARSKI, SECOND BY COMMISSIONER LYNCH TO APPROVE RESOLUTION 16-04 TO MODIFY THE GRAND RAPIDS COMMERCIAL BUILDING IMPROVEMENT LOAN PROGRAM GUIDELINES. The following voted in favor thereof: R. Blake, Stefan, Jackson, S. Blake, Christy, Lynch, Przytarski. Opposed: None, passed unanimously.

Consider approving amendments to the SCDP Commercial & Residential Rehabilitation Deferred Loan Program Policy and Procedures Handbook.

The GREDA reviewed the amendments.

MOTION BY COMMISSIONER CHRISTY, SECOND BY COMMISSIONER R. BLAKE TO APPROVE AMENDMENTS TO THE SCDP COMMERCIAL & RESIDENTIAL REHABILITATION DEFERRED LOAN PROGRAM PLYCY AND PROCEDURES HANDBOOK. The following voted in favor thereof: Przytarski, Lynch, Christy, S. Blake, Jackson, Stefan, R. Blake. Opposed: None, passed unanimously.

Consider approving a Subordination Agreement for Mortgage with Gabe and Brandi Miskovich DBA Miskovich Properties, LLC.

MOTION BY COMMISSIONER LYNCH, SECOND BY COMMISSIONER STEFAN TO APPROVE A SUBORDINATION AGREEMENT FOR A MORTGAGE WITH GABE AND BRANDI MISKOVICH DBA MISKOVICH PROPERTIES, LLC. The following voted in favor thereof: R. Blake, Stefan, Jackson, S. Blake, Christy, Lynch, Przytarski. Opposed: None, passed unanimously.

Consider approving a residential lease for the property located at 3002 Airport Road.

Mr. Mattei reviewed the lease agreement with the GREDA also discussed the possibility of running natural gas to the property. The GREDA decided to hold off on hooking up to natural gas at this time.

MOTION BY COMMISSIONER PRZYTARSKI, SECOND BY COMMISSIONER R. BLAKE TO APPROVE A RESIDENTAIL LEASE FOR THE PROPERTY LOCATED AT 3002 AIRPORT ROAD. The following voted in favor thereof: Przytarski, Lynch, Christy, S. Blake, Jackson, Stefan, R. Blake. Opposed: None, passed unanimously.

Updates:

Grand Rapids Hotel Partners- The Alta Survey and Phase 1 are complete and the attorneys are reviewing the title commitment. The plan is for an 82 unit 4 story Fairfield Inn.

Swan Machine- There was a good turn out for the ground breaking ceremony. The site work has started and the building permit has been applied for.

There being no further business the meeting adjourned at 4:31 p.m.

Respectfully submitted:

Aurimy Groom, Recorder

DATE: 10/13/2016
 TIME: 15:53:34
 ID: AP443000.CGR

CITY OF GRAND RAPIDS
 DEPARTMENT SUMMARY REPORT

PAGE: 1

INVOICES DUE ON/BEFORE 10/18/2016

VENDOR #	NAME	AMOUNT DUE
EDA - CAPITAL PROJECTS		
DOWNTOWN REDVELPMNT BLK 18-21		
0218115	BRAUN INTERTEC CORPORATION	2,000.00
1105530	KENNEDY & GRAVEN	334.15
TOTAL DOWNTOWN REDVELPMNT BLK 18-21		2,334.15
AIRPORT SOUTH INDUSTRIAL PARKS		
0315455	COLE HARDWARE INC	48.00
1105530	KENNEDY & GRAVEN	247.00
1809153	RICK'S ELECTRIC & DATA INC	158.28
TOTAL AIRPORT SOUTH INDUSTRIAL PARKS		453.28
IND PARK SWAN MACHINE		
1105530	KENNEDY & GRAVEN	1,215.25
2000522	TNT AGGREGATES, LLC	52,413.16
TOTAL IND PARK SWAN MACHINE		53,628.41
DEED DEVELOPMENT PROGAMS		
0920051	ITASCA COUNTY H.R.A.	30,881.56
TOTAL DEED DEVELOPMENT PROGAMS		30,881.56
TOTAL UNPAID TO BE APPROVED IN THE SUM OF:		\$ 87,297.40
CHECKS ISSUED-PRIOR APPROVAL		
PRIOR APPROVAL		
0920055	ITASCA COUNTY RECORDER	247.00
1621130	P.U.C.	59.11
TOTAL PRIOR APPROVAL ALLOWD IN THE SUM OF:		\$ 306.11
TOTAL ALL DEPARTMENTS		87,603.51

EDA RESOLUTION NO. _____

**RESOLUTION APPROVING FIRST 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 (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 date of the completion of construction of the Minimum Improvements.

Section 2. First Amendment Approved.

2.01. The First 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 October 18, 2016.

President

Attest:

Secretary

Rob Mattei

From: Troy Hoekstra <hoekstratroy@gmail.com>
Sent: Tuesday, October 11, 2016 2:31 PM
To: Rob Mattei
Cc: 'Scott Hamak'; 'Martha Ingram'
Subject: RE: Purchase Agreement

I am willing to throw \$3500 towards the City legal expenses to get this done.



Troy J. Hoekstra
United Development Solutions LLC
921 1st St. N.
Suite 202
St. Cloud MN 56303
Cell: (320)493-6272
Fax: (866)297-1171
hoekstratroy@gmail.com
www.udsmn.com

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From: Rob Mattei [mailto:rmattei@ci.grand-rapids.mn.us]
Sent: Tuesday, October 11, 2016 2:06 PM
To: 'Troy Hoekstra' <hoekstratroy@gmail.com>
Cc: 'Scott Hamak' <SHamak@rinkenoonan.com>; Martha Ingram <MIngram@Kennedy-Graven.com>
Subject: RE: Purchase Agreement

Troy,

I will recommend to GREDA that we accommodate your request for an extension. Martha Ingram will draft an amendment to our agreement, which when you've reviewed, I will take to GREDA for approval.

Rob Mattei

Director of Community Development
City of Grand Rapids
420 North Pokegama Avenue
Grand Rapids, MN 55744-2662
Office: 218-326-7622
Mobile: 218-244-2924
Fax: 218-326-7621

From: Troy Hoekstra [mailto:hoekstratroy@gmail.com]
Sent: Tuesday, October 11, 2016 1:52 PM
To: Rob Mattei <rmattei@ci.grand-rapids.mn.us>
Cc: 'Scott Hamak' <SHamak@rinkenoonan.com>
Subject: Purchase Agreement

Rob:

I am hearing from my attorney that in the purchase agreement there is a closing date of Oct. 15th. I read through the PA a while back and had thought that was a contingency date. Between Mid-July and Mid-October that would only be 3 months or 90 days to get plans done, approval by Marriott, an appraisal, and then title work/closing. That is a 6 month process. We will need to extend this agreement at 90 days at a minimum. It was my hope to start this project in 2016 but with Marriott backed up 3-4 months on plan reviews there is no way that can happen. What would you suggest?



Troy J. Hoekstra
United Development Solutions LLC
921 1st St. N.
Suite 202
St. Cloud MN 56303
Cell: (320)493-6272
Fax: (866)297-1171
hoekstratroy@gmail.com
www.udsmn.com

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FIRST AMENDMENT TO PURCHASE AND DEVELOPMENT CONTRACT

This agreement is made as of _____, 2016, 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 (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, due to unanticipated delays experienced by the Developer in receiving final approval from Marriott of its plans and specifications for the Minimum Improvements, the parties have determined to 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 February 15, 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 April 1,

2017, and substantially complete construction of the Minimum Improvements by February 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.

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.

3. 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 Amendment.

(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 _____
Its President

By _____
Its Executive Director

STATE OF MINNESOTA)
) SS.
COUNTY OF ITASCA)

The foregoing instrument was acknowledged before me this ____ day of _____ 2016, 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 _____
Its Chief Manager

STATE OF MINNESOTA)
) SS.
COUNTY OF _____)

The foregoing instrument was acknowledged before me this ____ day of _____, 2016 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:

Kennedy & Graven, Chartered (MNI)
470 US Bank Plaza
200 South Sixth Street
Minneapolis, MN 55402
(612) 337-9300

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. ____

RESOLUTION APPROVING MASTER LEASE AGREEMENT BY AND BETWEEN THE GRAND RAPIDS ECONOMIC DEVELOPMENT AUTHORITY, THE CITY OF GRAND RAPIDS, ITASCA ECONOMIC DEVELOPMENT CORPORATION, AND ACC MANUFACTURING, INC.

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

Section 1. Recitals.

1.01. The City of Grand Rapids (the “City”) has heretofore approved the establishment of Development District No. 1 (the “Project”) pursuant to Minnesota Statutes, Sections 469.124 to 469.134, and has transferred control and administration of the Project to the Authority pursuant to Minnesota Statutes, Sections 469.090 to 469.1081 (the “EDA Act”).

1.02. To facilitate development of certain property in the Project, the Authority proposes to enter into a Master Lease Agreement (the “Agreement”) between the Authority, the City, Itasca Economic Development Corporation (“IEDC”), and ACC Manufacturing, Inc. (the “Developer”), under which, among other things, the Authority, the City, and IEDC will each lease certain property legally described in the attached Exhibit A (the “Development Property”) to Developer for the manufacture of aviation parts and related activities, at subsidized lease rates (i.e. annual lease rates below commercial rates for comparable industries).

1.03. Pursuant to Minnesota Statutes, Sections 115J.993 to 115J.995 (the “Business Subsidy Act”), the Authority hereby finds and determines that the total subsidized lease offered to the Developer by the Authority (the “Authority Subsidy”) constitutes a business subsidy exceeding \$25,000 but less than \$150,000, and that therefore, the Authority and Developer must enter into a business subsidy agreement but are not required to hold a public hearing regarding the subsidy.

1.04. The Authority finds and determines that the Authority Subsidy and approval of the Agreement is in the public interest and will further the objectives of its general plan of economic development, because it will provide an opportunity for Developer to relocate its business within the City and serve to create high-quality employment opportunities.

Section 2. Authority Approval; Further Proceedings.

2.01. The Board hereby approves the Agreement as presented to the Board, including the business subsidy agreement, subject to approval of the Agreement by the City Council of the City at its meeting on the date hereof and approval of the Agreement by IEDC, and 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 Agreement by those officials shall be conclusive evidence of their approval.

2.02. Authority staff and officials are authorized to take all actions necessary to perform the Authority's obligations under the Agreement as a whole, including without limitation execution of any documents to which the Authority is a party referenced in or attached to the Agreement, all as described in the Agreement.

Approved by the Board of Commissioners of the Grand Rapids Economic Development Authority this 18th day of October, 2016.

President

ATTEST:

Secretary

SCHEDULE A

Redevelopment Property

The Development property consists of the following:

Airport Property: Approximately 3,300 square feet of space in the Airport Maintenance Building, located on a parcel of land designated as Tax ID No. 91-028-4100, bearing the address of 1500 SE 7th Avenue, Unit C, Grand Rapids, MN, which parcel is legally described as:

A portion of Government Lot 4, Section 28, Township 55 North, Range 25 West, Itasca County, Minnesota.

Hangar Property: Hangar located on a 460 foot by 735 foot parcel designated as Tax ID No. 91-028-4401, bearing the address of 1500 SE 7th Avenue, Unit S, Grand Rapids, MN, which parcel is legally described as:

The North 460 feet of the South 660 feet of the West 735 feet of the Southeast Quarter of the Southeast Quarter of Section 28, Township 55, Range 25, Itasca County, Minnesota.
(the "Land")

The Property is an approximately 74 foot by 102 foot airplane hangar building containing approximately 7,500 square feet, and is attached to said Land.

IEDC Property: Approximately 7,010 square feet of space located at the north end of the manufacturing building owned by IEDC and located on a parcel of land designated as Tax ID No. 91-565-0091, bearing the address of 1201 SE 7th Avenue, Grand Rapids, Minnesota, which parcel is legally described as:

The East 220 feet of the South 250 feet of Lot 9, Industrial Park Addition to Grand Rapids, Itasca County, Minnesota.

Third draft, October 14, 2016

MASTER LEASE AGREEMENT

By and Between

GRAND RAPIDS ECONOMIC DEVELOPMENT AUTHORITY

and

THE CITY OF GRAND RAPIDS

and

ITASCA ECONOMIC DEVELOPMENT CORPORATION

and

ACC MANUFACTURING, INC.

Dated as of: _____, 2016

This document was drafted by:

KENNEDY & GRAVEN, Chartered (MNI)
470 U.S. Bank Plaza
Minneapolis, Minnesota 55402
(612) 337-9300
<http://www.kennedy-graven.com>

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SCHEDULE A	Development Property
SCHEDULE B	IEDC Lease

MASTER LEASE AGREEMENT

THIS AGREEMENT, made as of the ___ day of October, 2016, 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”); the City of Grand Rapids, a Minnesota municipal corporation (the “City”); Itasca Economic Development Corporation, a Minnesota nonprofit corporation (“IEDC”); and ACC Manufacturing, Inc., a wholly-owned affiliate of ONE Aviation Corporation, a Delaware corporation (the “Developer”).

WITNESSETH:

WHEREAS, the Authority was created pursuant to Minnesota Statutes, Sections 469.090 to 469.1081 (the “Act”) and was authorized to transact business and exercise its powers by a resolution of the City Council of the City; and

WHEREAS, the City has undertaken a program to promote economic development and job opportunities and to promote the development of land which is underutilized within the City, and in this connection created a development project known as Development District No. 1 (“Development District”) pursuant to Minnesota Statutes, Sections 469.124 to 469.134 (the “Development District Act”); and

WHEREAS, by resolution, the City Council transferred control, authority and operation of the Development District to the Authority, which currently administers the Development District exercising the powers of the City under the Development District Act; and

WHEREAS, pursuant to the Act, the Development District Act and the HRA Act, the Authority is authorized to acquire real property, or interests therein, and to undertake certain activities to facilitate the development of real property by private enterprise; and

WHEREAS, the Developer has proposed to expand its business operations onto certain underused property in the City (the “Development Property”), and desires to enter into this Agreement for the purpose of setting forth the respective rights and obligations of the parties hereto in connection with such Development Property; and

WHEREAS, the Authority, the City, and IEDC believe that the development of the Development Property pursuant to this Agreement, and fulfillment generally of this Agreement, are in the vital and best interests of the Authority, the City, and IEDC and the health, safety, morals, and welfare of their residents.

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:

ARTICLE I

Definitions

Section 1.1. Definitions. In this Agreement, unless a different meaning clearly appears from the context:

“Act” means Minnesota Statutes, Sections 469.090 to 469.1081, as amended.

“Affiliate” means with respect to any entity (a) any corporation, partnership, limited liability company or other business entity or person controlling, controlled by or under common control with the entity, and (b) any successor to such party by merger, acquisition, reorganization or similar transaction involving all or substantially all of the assets of such party (or such Affiliate). For the purpose hereof the words “controlling”, “controlled by” and “under common control with” shall mean, with respect to any corporation, partnership, limited liability company or other business entity, the ownership of fifty percent or more of the voting interests in such entity or possession, directly or indirectly, of the power to direct or cause the direction of management policies of such entity, whether through ownership of voting securities or by contract or otherwise.

“Agreement” means this Agreement, as the same may be from time to time modified, amended, or supplemented.

“Airport Authority” means the City as designated responsible party for operations of the Itasca County-Grand Rapids Airport, established pursuant to the Grand Rapids/Itasca County Airport Joint Powers Cooperative Agreement, dated October 27, 2011.

“Airport Property” means that portion of the Development Property so described in Schedule A hereto.

“Authority” means the Grand Rapids Economic Development Authority.

“Authority Representative” means the Executive Director of the Authority, or any person designated by the Executive Director to act as the Authority Representative for the purposes of this Agreement.

“Business Day” means any day except a Saturday, Sunday, legal holiday, a day on which the Authority is closed for business, or a day on which banking institutions in the Authority are authorized by law or executive order to close.

“Business Subsidy Act” means Minnesota Statutes, Sections 116J.993 to 116J.995, as amended.

“City” means the City of Grand Rapids, Minnesota.

“County” means the County of Itasca, Minnesota.

“Developer” means ACC Manufacturing, Inc., a wholly-owned affiliate of ONE Aviation Corporation, or its permitted successors and assigns.

“Development Property” means the real property described in Schedule A of this Agreement and consisting of the Airport Property, the Hangar Property, and the IEDC Property.

“Equipment” means the specialized equipment necessary for the manufacturing activities of the Developer, to be purchased and installed on the Development Property pursuant to a separate agreement with the Iron Range Resources and Rehabilitation Board.

“Event of Default” means an action listed in Article IX of this Agreement.

“Hangar” means the private hangar on the Hangar Property to be acquired by the Authority pursuant to Section 3.1 hereof.

“Hangar Property” means that portion of the Development Property so described in Schedule A hereto.

“IEDC” means Itasca Economic Development Corporation.

“IEDC Lease” means the lease between IEDC and the Developer, in substantially the form attached as Schedule B to this Agreement.

“IEDC Property” means that portion of the Development Property so described in Schedule A hereto.

“IRRRB” means the Iron Range Resources and Rehabilitation Board.

“IRRRB Loan” means the loan described in Section 3.3(a) hereof.

“Land Lease” means the Airport Land Lease Agreement between the Airport Authority and Stanley Bostyancic, dated November 15, 2013, in connection with the Hangar Property.

“Lender” means the lender under a Loan Agreement.

“Loan Agreement” means any loan agreement between a Lender and the Developer to finance any portion of the Equipment.

“Minimum Improvements” means expansion on the Development Property of Developer’s existing aircraft manufacturing facilities, consisting of machine tooling of molds/masters for Kestrel Aircraft Corporation and Eclipse Aerospace on the Airport Property, the fabrication of tooling for Eclipse Aircraft composite material parts on the Hangar Property; and the metal machining of Eclipse and Kestrel Aircraft development parts on the IEDC Property; including without limitation the installation of specialized equipment necessary for these purposes on the Development Property.

“Public Infrastructure Improvements” has the meaning set forth in Section 4.3 hereof.

“State” means the state of Minnesota.

“Tax Official” means any County assessor, County auditor, County or State board of equalization, the commissioner of revenue of the State, or any State or federal district court, the tax court of the State, or the State Supreme Court.

“Termination Date” means the earlier of the date of termination of the Hangar Lease or the date the Authority terminates this Agreement pursuant to an Event of Default under Article IX hereof.

“Transfer” has the meaning set forth in Section 8.2(a) hereof.

“Unavoidable Delays” means delays beyond the reasonable control of the party seeking to be excused as a result thereof which are the direct result of strikes, other labor troubles, prolonged adverse weather or acts of God, fire or other casualty to the Minimum Improvements, litigation commenced by third parties which, by injunction or other similar judicial action, directly results in delays, or acts of any federal, state or local governmental unit (other than the Authority in exercising its rights under this Agreement), including without limitation condemnation or threat of condemnation of any portion of the Development Property, which directly result in delays. Unavoidable Delays shall not include delays experienced by the Developer in obtaining permits or governmental approvals necessary to occupy and carry out its business activities in the Minimum Improvements.

ARTICLE II

Representations and Warranties

Section 2.1. Representations by the Authority and City. (a) The Authority is a political subdivision of the State, duly organized and existing under the laws of the State. Under the provisions of the Act, the Authority has the power to enter into this Agreement and carry out its obligations hereunder.

(b) The Authority proposes to enter into this Agreement and to lease to the Developer the Hangar, for the purposes of increasing the tax base and creating employment opportunities within the City.

(c) The City is a Minnesota municipal corporation, duly organized and existing under the laws of the State. Under the provisions of the Development District Act, the City has the power to enter into this Agreement and carry out its obligations hereunder.

(d) The City proposes to enter into this Agreement and to lease to the Developer the Airport Property, for the purposes of increasing the tax base and fostering the expansion of high-quality manufacturing employment within the City.

(e) The City will reasonably cooperate with the Developer in granting such applicable permits, licenses and approvals as may be required to operate the Minimum Improvements.

Section 2.2. Representations by IEDC. (a) IEDC is a nonprofit corporation, duly incorporated and existing under the laws of the State. As a nonprofit corporation exercising the powers of an economic development authority under the Act, IEDC has the power to enter into this Agreement and carry out its obligations hereunder.

(b) IEDC proposes to enter into this Agreement and to lease to the Developer the IEDC Property, for the purposes of increasing the tax base and creating employment opportunities within the City.

Section 2.3. Representations and Warranties by the Developer. The Developer represents and warrants that:

(a) The Developer is a corporation, duly incorporated and in good standing under the laws of the State of Delaware, is not in violation of any provisions of its articles of incorporation or bylaws, is duly qualified as a corporation and authorized to transact business within the State, has power to enter into this Agreement and has duly authorized the execution, delivery, and performance of this Agreement by proper action of its officers.

(b) If the Developer leases the Development Property, the Developer will operate and maintain the Minimum Improvements in accordance with the terms of this Agreement, the

Development Program and all local, state and federal laws and regulations (including, but not limited to, environmental, zoning, building code, energy-conservation and public health laws and regulations).

(c) The Developer will obtain, in a timely manner, all required permits, licenses, and approvals, and will meet, in a timely manner, all requirements of all applicable local, state and federal laws and regulations which must be obtained or met before the Minimum Improvements may be lawfully operated for the purposes intended under this Agreement.

(d) The Developer has received no notice or communication from any local, state or federal official that the activities of the Developer may be or will be in violation of any environmental law or regulation (other than those notices or communications of which the Authority and IEDC are aware). The Developer is aware of no facts the existence of which would cause it to be in violation of or give any person a valid claim under any local, state or federal environmental law, regulation or review procedure.

(e) Neither the execution and delivery of this Agreement, the consummation of the transactions contemplated hereby, nor the fulfillment of or compliance with the terms and conditions of this Agreement is prevented, limited by or conflicts with or results in a breach of, the terms, conditions or provisions of any corporate restriction or any evidences of indebtedness, agreement or instrument of whatever nature to which the Developer is now a party or by which it is bound, or constitutes a default under any of the foregoing.

(f) The proposed development by the Developer hereunder would not occur but for the assistance being provided by the Authority, the City, and IEDC hereunder.

ARTICLE III

Development Property; Business Subsidy

Section 3.1. Status of the Development Property. The Development Property consists of the property so described in Schedule A, and consists of the Hangar Property, the Authority Property, and the IEDC Property.

(a) As of the date of this Agreement, the Authority has entered into a purchase agreement for the Hangar, and will assume the Land Lease on the Hangar Property simultaneously with closing on the purchase of the Hangar. The Authority will lease the Hangar to the Developer subject to the terms and conditions of this Agreement.

(b) As of the date of this Agreement, the Airport Authority owns the Airport Property, and will lease the Airport Property to the Developer subject to the terms and conditions of this Agreement.

(c) As of the date of this Agreement, IEDC owns the IEDC Property, and will lease the IEDC Property to the Developer subject to the terms and conditions of this Agreement.

Section 3.2. Environmental Conditions. (a) The Developer acknowledges that none of the Authority, the City, nor IEDC makes any representations or warranties as to the condition of the soils on the Development Property or the fitness of the Development Property for operation of the Minimum Improvements or any other purpose for which the Developer may make use of such property, and that the assistance provided to the Developer under this Agreement neither implies any responsibility by the Authority, the City, or IEDC for any contamination of the Development Property nor imposes any obligation on such parties to participate in any cleanup of the Development Property.

(b) Without limiting its obligations under Section 8.3 of this Agreement, the Developer further agrees that it will indemnify, defend, and hold harmless the Authority, the City, IEDC, and their governing body members, officers, and employees (the "Indemnified Parties"), from any claims or actions arising out of the presence, if any, of hazardous wastes or pollutants existing on or in the Development Property, which either (i) arise out of activities of Developer on the Development Property or (ii) arise out of hazardous substances, asbestos, petroleum substances, or pollutants, irritants or contaminants brought onto the Development Property by Developer. In addition, Developer agrees to release the Indemnified Parties from any and all costs, expenses, losses, liabilities, claims, causes of action, demands, and damages relating to the environmental conditions on the Development Property related to clauses (i) and (ii) of this Section, including without limitation any claim the Developer may have to recover from all or any of the Indemnified Parties any costs or expenses incurred by the Developer in performing any remediation of the Development Property. Nothing in this section will be construed to limit or affect any limitations on liability of the Authority or City under State or federal law, including without limitation Minnesota Statutes Sections 466.04 and 604.02. Notwithstanding the foregoing, the Authority, the City, and IEDC agree that they will indemnify, hold harmless, and defend the Developer from any claims or actions arising out of the presence, if any, of hazardous wastes or

pollutants on or in the Development Property that are determined to preexist the date of this Agreement.

Section 3.3. Airport Property Lease. (a) The provisions of this Section 3.3 constitute the Airport Property Lease. The City, in its official capacity as Airport Authority, agrees to lease the Airport Property to the Developer on a month-to-month basis, commencing on November 1, 2016 and expiring on February 28, 2017, with monthly extensions at the option of the Developer upon 30 days' written notice to the City, until such time as the IEDC Property is available and the IEDC Lease is executed. The Airport Property Lease shall be subject to the terms and conditions of this Agreement as a whole, including without limitation the following terms and conditions specific to this Airport Property Lease:

(i) The monthly lease rate under the Airport Property Lease will be \$0, net of monthly utility charges.

(ii) Monthly charges for electricity and gas will be paid by the City and reimbursed by the Developer, with payments by the Developer calculated based on a pro rata share of the total historic energy consumption of the Airport Maintenance Building, plus the additional energy consumed by the Developer above the historic energy consumption.

(iii) Prior to the commencement of the Airport Property Lease term, the Airport Authority agrees to construct the Public Infrastructure Improvements, as further described in Section 4.3 hereof.

(b) The parties agree and understand that the estimated annual market lease rate for the Airport Property is approximately \$5.80/sf (including CAM), resulting in a lease subsidy of \$4,785 over the term of the Airport Lease (the "Airport Lease Subsidy"). The parties agree that the Airport Lease Subsidy is not a business subsidy under Section 115J.993, subd. 3(1) or Section 115J.994, subd. 2 of the Business Subsidy Act because the assistance is under \$25,000.

Section 3.4. Hangar Lease. (a) The provisions of this Section 3.4 constitute the Hangar Lease. The Authority agrees to lease the Hangar on the Hangar Property to the Developer, subject to the terms and conditions of this Agreement as a whole, including without limitation the following terms and conditions specific to this Hangar Lease:

(i) The term of the Hangar Lease will be five years, commencing January 1, 2017. Provided that the Developer is not in default with respect to any of the terms of the Hangar Lease, the Developer shall have the option to renew the Hangar Lease for two additional terms of five years commencing at the expiration of the initial lease term. All of the terms and conditions of the Hangar Lease shall apply during the renewal terms except that the monthly rent shall be negotiated between the parties in good faith, provided that such monthly rent shall not exceed the then-applicable market rate for comparable commercial-industrial properties in the City. If the Developer chooses to exercise its option to renew, it must give written notice to the Authority not less than 120 days prior to the expiration of the then-current Hangar Lease term. If notice is not given in the manner provided herein within the time specified, this option shall expire.

(ii) The Developer shall make such improvements and changes to the Hangar as are necessary and appropriate to ensure that the Hangar is fit for the Developer's use as a manufacturing facility, including without limitation acquisition and installation of the Equipment.

(iii) The annual lease rate under the Hangar Lease, net of utility charges and property taxes, will be as follows: For the first three years of the Hangar Lease term, the annual lease rate will be \$2.15/sf plus \$0.50/sf CAM (representing Land Lease payments and building insurance), equal to \$19,875 per year and payable in 12 monthly installments of \$1,656.25, payable on the first day of each month to the City at the address provided in Section 10.6 hereof, to the attention of the City Finance Director; and for the fourth and fifth year of the Hangar Lease term, the annual lease rate will be \$3.80/sf plus \$0.50/sf CAM, equal to \$32,250 per year and payable in 12 monthly installments of \$2,687.50, payable on the first day of each month to the City at the address provided in Section 10.6 hereof, to the attention of the City Finance Director.

(iv) All applications and connections for necessary utility services to the Hangar shall be made in the same name of the Developer only, and Developer shall be solely liable for utility charges as they become due. Developer shall be responsible for paying for gas service, water service, sanitary sewer service, electric service, telephone service, Internet service, and garbage removal services, and any other desired services.

(v) In addition to its insurance obligations under Article V hereof, Developer agrees to insure all fixtures and Equipment installed by the Developer within the Hangar.

(vi) Developer agrees to pay property taxes due and payable on the Hangar.

(vii) Developer acknowledges that the interior of the Hangar is in good order and repair, unless otherwise indicated herein. Developer shall, at its own expense and at all times, maintain the interior of the Hangar in good and safe condition, and shall surrender the same, upon termination of this Hangar Lease, in as good condition as received, normal wear and tear excepted. Developer shall be responsible for routine maintenance and cleaning of the interior of the Hangar. The Authority, at the Authority's expense, shall make all necessary repairs and replacements to interior of the Hangar that are beyond the scope of routine day to day maintenance and cleaning, including, but not limited to, roof repairs/replacement, repairs to exterior walls, repairs to the building's structural foundation, furnace repairs/replacement, air conditioner repairs/replacement, and water heater repairs/replacement.

(viii) Developer acknowledges that the exterior of the Hangar is in good order and repair. Pursuant to the Land Lease to be assumed by the Authority, the Airport Authority shall be responsible for maintaining the exterior of the Hangar, including, but not limited to, removing snow from the parking lot and sidewalks, mowing and maintaining the grass, and maintaining and replacing vegetation.

(ix) The Authority will assume the obligations of the Land Lease and will pay all lease payments due to the Airport Authority under the Land Lease.

(x) The Authority will carry liability insurance on the Hangar.

(b) The parties agree and understand that the estimated annual market lease rate for the Hangar Property is approximately \$7.30/sf (including CAM), resulting in an annual lease subsidy of \$34,875 per year for the first three years and \$22,500 per year in the fourth and fifth years, totaling \$149,625 over the five-year term of the Hangar Lease (the “Hangar Lease Subsidy”).

Section 3.5. IEDC Lease. The Commercial Lease and Standard Provisions attached hereto as Schedule D shall constitute the IEDC Lease. IEDC agrees to lease the IEDC Property to the Developer, subject to the terms and conditions of the IEDC Lease and this Agreement as a whole. Basic terms of the IEDC Lease are as follows, provided that in the event of any discrepancy, the terms of the IEDC Lease shall control:

(a) The term of the IEDC Lease will be five years, commencing within 30 days after the IEDC Property is vacated by its current tenant and becomes available to the Developer. Provided that the Developer is not in default with respect to any of the terms of the IEDC Lease, the Developer shall have the option to renew the IEDC Lease for two additional terms of five years commencing at the expiration of the initial lease term. All of the terms and conditions of the IEDC Lease shall apply during the renewal term except that the monthly rent shall be negotiated between the parties in good faith, provided that such monthly rent shall not exceed the then-applicable market rate for comparable commercial-industrial properties in the City. If the Developer chooses to exercise this option, it must give written notice to IEDC not less than 120 days prior to the expiration of the then-current IEDC Lease term. If notice is not given in the manner provided herein within the time specified, this option shall expire.

(b) Upon 180 days’ written notice to IEDC, the Developer may terminate the IEDC Lease prior to the end of the then-current IEDC Lease term.

(c) The annual lease rate during the initial term of the IEDC Lease, net of utility charges, will be \$3.45/sf plus \$1.80/sf CAM (representing property tax, insurance, and maintenance of grounds), equal to \$36,802.50 and payable in 12 monthly installments of \$3,066.88. The option term additional (CAM) rent will be negotiated by the parties in good faith.

(d) All applications and connections for necessary utility services to the IEDC Property shall be made in the same name of the Developer only, and Developer shall be solely liable for utility charges as they become due. Developer shall be responsible for paying for gas service, water service, electric service, telephone service, Internet service, and garbage removal services, and any other desired services.

Section 3.6. 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 Developer by the Authority consists of the Hangar Lease Subsidy described in Section 3.4 hereof, in the principal amount of \$149,625. [If City amount is determined to be a subsidy, we will need to add City business subsidy provisions – TBD] The parties agree and understand that the “Benefit Date” (within the meaning of the Business Subsidy Act) for the subsidy under this Agreement is the date of occupancy by the Developer of the Hangar Property.

(2) The public purposes of the subsidy are to revitalize an underutilized area of the City through redevelopment, to increase the tax base in the City, and to create high-quality manufacturing jobs within the City.

(3) The goals for the subsidy are: to secure development of the Minimum Improvements for aircraft manufacturing purposes on the Development Property, and to maintain such improvements as aircraft component manufacturing facilities for at least five years as described in clause (6) below.

(4) If the goals described in clause (3) are not met, the Developer must make the payments to the Authority described in Section 3.6(c).

(5) The subsidy is needed to induce Developer to expand its operations to the Development Property, and to make the cost of the Minimum Improvements financially feasible.

(6) The Developer must continue operation of the Minimum Improvements as a “Qualified Facility” for at least five years after the Benefit Date, subject to the continuing obligation described in Section 10.3 of this Agreement. For the purposes of this Section, the term Qualified Facility means, at a minimum, aircraft component manufacturing facilities. The improvements will be a Qualified Facility as long as the Minimum Improvements are operated by Developer or an Affiliate for the aforementioned qualified uses. During any period when the Minimum Improvements are vacant and not operated for the aforementioned qualified uses, the Minimum Improvements will not constitute a Qualified Facility.

(7) The Developer is a wholly-owned affiliate of ONE Aviation, Inc.

(8) The Developer expects to receive financial assistance in the form of an equipment loan from the Iron Range Resources and Rehabilitation Board as a second business subsidy related to the Development Property.

(b) *Job and Wage Goals.* The “Benefit Date” of the assistance provided in this Agreement is the date any portion of the Minimum Improvements are occupied by the Developer. The “Benefit Date” of the assistance provided in this Agreement is the date the Minimum Improvements are occupied by Developer. By the Compliance Date, which is the date two years after the Benefit Date, the Developer shall (i) create at least 12 new full-time equivalent jobs on the Development Property, and (ii) cause the average hourly wage of the 12 created jobs to be at least \$18.00, exclusive of benefits. Notwithstanding anything to the contrary herein, if the wage and job

goals described in this paragraph are met on or before the Compliance Date, those goals are deemed satisfied despite the Developer's continuing obligations under Sections 3.6(a)(6) and 3.6(d). The Authority 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 Authority's legislative discretion regarding this matter.

(c) *Remedies.* If the Developer fails to meet the goals described in Section 3.6(a)(3), the Developer shall repay to the Authority upon written demand from the Authority a "pro rata share" of the Hangar Lease Subsidy together with interest on that amount at the implicit price deflator as defined in the Business Subsidy Act, accrued from the date of occupancy of the Minimum Improvements to the date of payment. 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 3.6(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 Authority Representative, 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 Authority's remedies under Article IX hereof. In addition to the remedy described in this Section and any other remedy available to the Authority for failure to meet the goals stated in Section 3.6(a)(3), the Developer agrees and understands that it may not receive a business subsidy from the Authority or any grantor (as defined in the Business Subsidy Act) for a period of five years from the date of the failure or until the Developer satisfies its repayment obligation under this Section, whichever occurs first.

(d) *Reports.* The Developer must submit to the Authority a written report regarding business subsidy goals and results by no later than February 1 of each year, commencing February 1, 2017 and continuing until the later of (i) the date the goals stated Section 3.6(a)(3) are met; (ii) 30 days after expiration of the period described in Section 3.6(a)(6); or (iii) if the goals are not met, the date the subsidy is repaid in accordance with Section 3.6(c). The report must comply with Section 116J.994, subdivision 7 of the Business Subsidy Act. The Authority will provide information to the Developer regarding the required forms. If the Developer fails to timely file any report required under this Section, the Authority will mail the Developer a warning within one week after the required filing date. If, after 14 days of the postmarked date of the warning, the Developer fails to

provide a report, the Developer must pay to the Authority a penalty of \$100 for each subsequent day until the report is filed. The maximum aggregate penalty payable under this Section is \$1,000.

Section 3.7. Payment of Administrative Costs. The parties agree that each party's Administrative Costs will be paid by that party, and that no party to this Agreement has an obligation to reimburse any other party for such expenditures. For purposes of this section, "Administrative Costs" means out of pocket costs incurred by each party together with staff costs of that party, all attributable to or incurred in connection with the negotiation and preparation of this Agreement in connection with the development of the Development Property.

ARTICLE IV

Minimum Improvements

Section 4.1. Improvement of Development Property. The Developer agrees that it will occupy, install the Equipment upon, and maintain the Minimum Improvements on the Development Property in accordance with this Agreement and that it will, during any period while the Developer retains a leasehold interest in any portion of the Minimum Improvements, operate and maintain, preserve and keep the Minimum Improvements or cause the Minimum Improvements to be maintained, preserved and kept with the appurtenances and every part and parcel thereof, in good repair and condition.

Section 4.2. Occupancy of Development Property. (a) Subject to Unavoidable Delays, the Developer will enter into the Airport Property Lease and occupy the Airport Property by November 1, 2016; will enter into the Hangar Lease and occupy the Hangar Property by February 1, 2017; and will enter into the IEDC Lease and occupy the IEDC Property by the earlier of (i) April 1, 2017, or (ii) no later than 45 days after the IEDC Property is vacated by its current tenant.

Section 4.3. Public Infrastructure Improvements. The City, pursuant to its authority as Airport Authority and at its sole cost, will cause the Airport Property to be served by 3-phase power service, and will make improvements to the interior lighting and install such additional electrical outlets as required by the Developer to support its manufacturing activities on the Airport Property, pursuant to the specifications provided by the Developer and attached hereto as Schedule B (the "Public Infrastructure Improvements"). The parties agree that the Public Infrastructure Improvements will be completed prior to the commencement of the Airport Property Lease term.

ARTICLE V

Insurance

Section 5.1. Insurance. (a) At all times during the term of this Agreement, the Developer shall maintain, or cause to be maintained, at its cost and expense, and from time to time at the request of the Authority shall furnish proof of the payment of premiums on, insurance as follows:

(i) Insurance against loss and/or damage to the Equipment installed by the Developer on the Development Property under a policy or policies covering such risks as are ordinarily insured against by similar businesses.

(ii) Comprehensive general public liability insurance, including personal injury liability (with employee exclusion deleted), against liability for injuries to persons and/or property, in the minimum amount for each occurrence and for each year of \$1,000,000, and shall be endorsed to show the Authority, City, and IEDC as additional insureds.

(iii) Such other insurance, including workers' compensation insurance respecting all employees of the Developer, in such amount as is customarily carried by like organizations engaged in like activities of comparable size and liability exposure; provided that the Developer may be self-insured with respect to all or any part of its liability for workers' compensation.

(b) All insurance required in Article V of this Agreement shall be taken out and maintained in responsible insurance companies selected by the Developer that are authorized under the laws of the State to assume the risks covered thereby. Upon request, the Developer will deposit annually with the Authority policies evidencing all such insurance, or a certificate or certificates or binders of the respective insurers stating that such insurance is in force and effect. Unless otherwise provided in this Article V of this Agreement each policy shall contain a provision that the insurer shall not cancel nor modify it in such a way as to reduce the coverage provided below the amounts required herein without giving written notice to the Developer and the Authority at least 30 days before the cancellation or modification becomes effective. In lieu of separate policies, the Developer may maintain a single policy, blanket or umbrella policies, or a combination thereof, having the coverage required herein, in which event the Developer shall deposit with the Authority a certificate or certificates of the respective insurers as to the amount of coverage in force upon the Minimum Improvements.

(c) All of the insurance provisions set forth in this Article V shall terminate upon the termination of this Agreement.

Section 5.2. Subordination. Notwithstanding anything to the contrary herein, the rights of the Authority with respect to the receipt and application of any insurance proceeds shall, in all respects, be subordinate and subject to the rights of any Lender under a Loan Agreement allowed pursuant to Article VII of this Agreement.

ARTICLE VI

Abatement; Taxes

Section 6.1. Right to Collect Delinquent Taxes. The Developer acknowledges that the Authority [and City] are providing substantial aid and assistance in furtherance of the development through the Hangar Lease Subsidy [and Airport Lease Subsidy]. To that end, the Developer agrees for itself, its successors and assigns, that in addition to the obligation pursuant to statute to pay real estate taxes, it is also obligated by reason of this Agreement to pay before delinquency all real estate taxes assessed against the Development Property. The Developer acknowledges that this obligation creates a contractual right on behalf of the Authority to sue the Developer or its successors and assigns to collect delinquent real estate taxes and any penalty or interest thereon and to pay over the same as a tax payment to the County auditor. In any such suit, the Authority shall also be entitled to recover its costs, expenses and reasonable attorney fees.

Section 6.2. Reduction of Taxes. The Developer agrees that prior to the Termination Date it will not cause a reduction in the real property taxes paid in respect of the Development Property through willful destruction of the Development Property, the Equipment, or any part thereof. The Developer also agrees that it will not, prior to the Termination Date, seek exemption from property tax for the Development Property or any portion thereof or transfer or permit the transfer of its leasehold interest in the Development Property to any entity that is exempt from real property taxes and state law, or apply for a deferral of property tax on the Development Property pursuant to any law.

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ARTICLE VII

Other Financing

Section 7.1. Generally. The Developer shall submit to the Authority or provide access thereto for review by Authority staff, consultants and agents, evidence reasonably satisfactory to the Authority that Developer has available funds, or commitments to obtain funds, whether in the nature of mortgage financing, equity, grants, loans, or other sources sufficient for paying the cost of developing the Minimum Improvements, provided that any lender or grantor commitments shall be subject only to such conditions as are normal and customary in the commercial lending industry.

Section 7.2. Authority's Option to Cure Default Under Loan Agreement. In the event that any portion of the Developer's funds is provided through financing under a Loan Agreement, and there occurs a default under any Loan Agreement authorized pursuant to Article VII of this Agreement, the Developer shall cause the Authority to receive copies of any notice of default received by the Developer from the Lender. Thereafter, the Authority shall have the right, but not the obligation, to cure any such default on behalf of the Developer within such cure periods as are available to the Developer under the loan documents.

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ARTICLE VIII

Prohibitions Against Assignment and Transfer; Indemnification

Section 8.1. Representation as to Development. The Developer represents and agrees that its undertakings pursuant to this Agreement, are, and will be used, for the purpose of development of the Development Property and not for speculation in land holding.

Section 8.2. Prohibition Against Developer's Transfer of Property and Assignment of Agreement. The Developer represents and agrees that for a period of five years after the Benefit Date described in Section 3.6(a) hereof:

(a) The Developer has not made or created and will not make or create or suffer to be made or created any total or partial sale, assignment, conveyance, or lease, or any trust or power, or transfer in any other mode or form of or with respect to this Agreement or the Development Property or any part thereof or any interest therein, or any contract or agreement to do any of the same, to any person or entity whether or not related in any way to the Developer (collectively, a "Transfer"), without the prior written approval of the Authority (whose approval will not be unreasonably withheld, subject to the standards described in paragraph (b) of this Section) unless the Developer remains liable and bound by this Development Agreement in which event the Authority's approval is not required. Any such Transfer shall be subject to the provisions of this Agreement. For the purposes of this Agreement, the term Transfer does not include (i) acquisition of a controlling interest in Developer by another entity or merger of Developer with another entity; or (ii) any lease, conveyance, or transfer in any form to any Affiliate.

(b) In the event the Developer, upon Transfer of the Development Property or any portion thereof, seeks to be released from its obligations under this Development Agreement as to the portion of the Development Property that is transferred, the Authority shall be entitled to require, except as otherwise provided in the Agreement, as conditions to any such release that:

(i) Any proposed transferee shall have the qualifications and financial responsibility, in the reasonable judgment of the Authority, necessary and adequate to fulfill the obligations undertaken in this Agreement by the Developer as to the portion of the Development Property to be transferred.

(ii) Any proposed transferee, by instrument in writing satisfactory to the Authority and in form recordable in the public land records of the County, shall, for itself and its successors and assigns, and expressly for the benefit of the Authority, have expressly assumed all of the obligations of the Developer under this Agreement as to the portion of the Development Property to be transferred and agreed to be subject to all the conditions and restrictions to which the Developer is subject as to such portion; provided, however, that the fact that any transferee of, or any other successor in interest whatsoever to, the Development Property, or any part thereof, shall not, for whatever reason, have assumed such obligations or so agreed, and shall not (unless and only to the extent otherwise specifically provided in this Agreement or agreed to in writing by the Authority) deprive the Authority of any rights

or remedies or controls with respect to the Development Property, the Minimum Improvements or any part thereof or the operation and maintenance of the Minimum Improvements; it being the intent of the parties as expressed in this Agreement that (to the fullest extent permitted at law and in equity and excepting only in the manner and to the extent specifically provided otherwise in this Agreement) no transfer of, or change with respect to, ownership in the Development Property or any part thereof, or any interest therein, however consummated or occurring, and whether voluntary or involuntary, shall operate, legally, or practically, to deprive or limit the Authority of or with respect to any rights or remedies on controls provided in or resulting from this Agreement with respect to the Development Property that the Authority would have had, had there been no such transfer or change. In the absence of specific written agreement by the Authority to the contrary, no such transfer or approval by the Authority thereof shall be deemed to relieve the Developer, or any other party bound in any way by this Agreement or otherwise with respect to the Development Property, from any of its obligations with respect thereto.

(iii) Any and all instruments and other legal documents involved in effecting the transfer of any interest in this Agreement or the Development Property governed by this Article VIII, shall be in a form reasonably satisfactory to the Authority.

In the event the foregoing conditions are satisfied then the Developer shall be released from its obligation under this Agreement, as to the portion of the Development Property that is leased, assigned, or otherwise conveyed.

Section 8.3. Release and Indemnification Covenants. (a) Except for any willful misrepresentation or any willful or wanton misconduct or negligence of the Indemnified Parties as hereinafter defined, and except for any breach by any of the Indemnified Parties of their obligations under this Agreement, the Developer releases from and covenants and agrees that the Authority, the City, IEDC, and the governing body members, officers, agents, servants, and employees thereof (the "Indemnified Parties") shall not be liable for and agrees to indemnify and hold harmless the Indemnified Parties against any loss or damage to property or any injury to or death of any person occurring at or about or resulting from any defect in the Development Property or the Minimum Improvements on or after the date of this Agreement.

(b) Except for any willful misrepresentation or any willful or wanton misconduct or negligence of the Indemnified Parties, and except for any breach by any of the Indemnified Parties of their obligations under this Agreement, the Developer agrees to protect and defend the Indemnified Parties, now and forever, and further agrees to hold the aforesaid harmless from any claim, demand, suit, action, or other proceeding whatsoever by any person or entity whatsoever arising or purportedly arising from this Agreement, or the transactions contemplated hereby or the acquisition, construction, installation, ownership, maintenance, and operation of the Development Property.

(c) Except for any willful misrepresentation or any willful or wanton misconduct or negligence of the Indemnified Parties as hereinafter defined, and except for any breach by any of the Indemnified Parties of their obligations under this Agreement, the Indemnified Parties shall not be liable for any damage or injury to the persons or property of the Developer or its officers,

agents, servants, or employees or any other person who may be about the Development Property or Minimum Improvements.

(d) All covenants, stipulations, promises, agreements and obligations of the Authority, the City, or IEDC contained herein shall be deemed to be the covenants, stipulations, promises, agreements, and obligations of such entity and not of any governing body member, officer, agent, servant, or employee of such entities in the individual capacity thereof.

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

ARTICLE IX

Events of Default

Section 9.1. Events of Default Defined. The following shall be “Events of Default” under this Agreement and the term “Event of Default” shall mean, whenever it is used in this Agreement, any one or more of the following events, after the non-defaulting party provides thirty (30) days written notice to the defaulting party of the event, but only if the event has not been cured within said thirty (30) days or, if the event is by its nature incurable within thirty (30) days, the defaulting party does not, within such thirty- (30-) day period, provide assurances reasonably satisfactory to the party providing notice of default that the event will be cured and will be cured as soon as reasonably possible:

(a) Failure by any party to observe or perform any covenant, condition, obligation, or agreement on its part to be observed or performed under this Agreement.

(b) If, during the term of this Agreement, the Developer shall

(i) file any petition in bankruptcy or for any reorganization, arrangement, composition, readjustment, liquidation, dissolution, or similar relief under the United States Bankruptcy Act or under any similar federal or State law, which action is not dismissed within sixty (60) days after filing; or

(ii) make an assignment for benefit of its creditors; or

(iii) admit in writing its inability to pay its debts generally as they become due; or

(iv) be adjudicated a bankrupt or insolvent.

Section 9.2. Remedies on Default. Whenever any Event of Default referred to in Section 9.1 of this Agreement occurs, the non-defaulting party may:

(a) Suspend its performance under this Agreement until it receives assurances that the defaulting party will cure its default and continue its performance under the Agreement.

(b) Upon a default by the Developer under the business subsidy provisions of this Agreement, the Authority may exercise its remedies under Section 3.6(c) hereof.

(c) Take whatever action, including legal, equitable, or administrative action, which may appear necessary or desirable to collect any payments due under this Agreement, or to enforce performance and observance of any obligation, agreement, or covenant under this Agreement.

Section 9.3. No Remedy Exclusive. No remedy herein conferred upon or reserved to any party is intended to be exclusive of any other available remedy or remedies, but each and every such remedy shall be cumulative and shall be in addition to every other remedy given under this

Agreement or now or hereafter existing at law or in equity or by statute. No delay or omission to exercise any right or power accruing upon any default shall impair any such right or power or shall be construed to be a waiver thereof, but any such right and power may be exercised from time to time and as often as may be deemed expedient.

Section 9.4. No Additional Waiver Implied by One Waiver. In the event any agreement contained in this Agreement should be breached by any party and thereafter waived by the other parties, such waiver shall be limited to the particular breach so waived and shall not be deemed to waive any other concurrent, previous or subsequent breach hereunder.

Section 9.5. Attorney Fees. Whenever any Event of Default occurs and if the non-defaulting parties employ attorneys or incurs other expenses for the collection of payments due or to become due or for the enforcement of performance or observance of any obligation or agreement on the part of the defaulting party under this Agreement, the defaulting party shall, within ten (10) days of written demand by the non-defaulting parties, pay to the non-defaulting parties the reasonable fees of such attorneys and such other expenses so incurred by the non-defaulting parties.

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

ARTICLE X

Additional Provisions

Section 10.1. Conflict of Interests; Representatives Not Individually Liable. The Authority, the City, IEDC, and the Developer, to the best of their respective knowledge, represent and agree that no member, official, or employee of the Authority, the City, or IEDC shall have any personal interest, direct or indirect, in the Agreement, nor shall any such member, official, or employee participate in any decision relating to the Agreement that affects his personal interests or the interests of any corporation, partnership, or association in which he, directly or indirectly, is interested. No member, official, or employee of the Authority, the City, or IEDC shall be personally liable to the Developer, or any successor in interest, in the event of any default or breach by the Authority, the City, or IEDC or for any amount that may become due to the Developer or successor or on any obligations under the terms of the Agreement.

Section 10.2. Equal Employment Opportunity. The Developer, for itself and its successors and assigns, agrees that during the term of this Agreement it will comply with all applicable federal, state, and local equal employment and non-discrimination laws and regulations.

Section 10.3. Restrictions on Use. The Developer agrees that until the Termination Date, the Developer, and any successors and assigns, shall use the Development Property and the Minimum Improvements only as a Qualified Facility, provided that after expiration of the five-year period described in Section 3.6(a), the repayment remedy described in Section 3.6(c) may not be imposed on Lessee for default under this Section, and the Authority is limited to any other remedies available under Article IX hereof. Further, until the Termination Date the Developer shall not discriminate upon the basis of race, color, creed, sex or national origin in the sale, lease, or rental or in the use or occupancy of the Development Property or any improvements erected or to be erected thereon, or any part thereof.

Section 10.4. Provisions Not Merged With Deed. None of the provisions of this Agreement are intended to or shall be merged by reason of any deed transferring any interest in the Development Property and any such deed shall not be deemed to affect or impair the provisions and covenants of this Agreement.

Section 10.5. Titles of Articles and Sections. Any titles of the several parts, Articles, and Sections of the Agreement are inserted for convenience of reference only and shall be disregarded in construing or interpreting any of its provisions.

Section 10.6. Notices and Demands. Except as otherwise expressly provided in this Agreement, a notice, demand, or other communication under the Agreement by any party to the others shall be sufficiently given or delivered if it is dispatched by registered or certified mail, postage prepaid, return receipt requested, or delivered personally, to the following addresses (or to such other addresses as any party may notify the others):

To Developer: ONE Aviation Corporation
Attn: Edward Underwood, CFO
2503 Clark Carr Loop
Albuquerque, New Mexico 87101

With a copy to: Hesson & Birtch, LLC
Attn: Jeff Hesson
244 E. Doty Avenue
Neenah, Wisconsin 54956

To the Authority: Grand Rapids Economic Development Authority
Attn: Executive Director
420 Pokegama Avenue North
Grand Rapids, Minnesota 55744

To the City: City of Grand Rapids
Attn: City Administrator
420 Pokegama Avenue North
Grand Rapids, Minnesota 55744

To IEDC: Itasca Economic Development Corporation
Attn: President/CEO
12 NW 3rd Street
Grand Rapids, Minnesota 55744

Section 10.7. Counterparts. This Agreement may be executed in any number of counterparts, each of which shall constitute one and the same instrument.

Section 10.8. Recording. The Authority may record this Agreement and any amendments thereto with the Itasca County recorder. The Developer shall pay all costs for recording.

Section 10.9 Amendment. This Agreement may be amended only by written agreement approved by the parties hereto.

Section 10.10. Authority or City Approvals. Unless otherwise specified, any approval required by the Authority or the City under this Agreement may be given by the Authority Representative.

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

IN WITNESS WHEREOF, the Authority, the City, IEDC, and the Developer have caused this Agreement to be duly executed by their duly authorized representatives as of the date first above written.

GRAND RAPIDS ECONOMIC DEVELOPMENT
AUTHORITY

By _____
Its President

By _____
Its Executive Director

STATE OF MINNESOTA)
) SS.
COUNTY OF ITASCA)

The foregoing instrument was acknowledged before me this ____ day of _____, 2016 by _____ and _____, the President and Executive Director of the Grand Rapids Economic Development Authority, a public body corporate and politic and political subdivision of the State of Minnesota, on behalf of the Authority.

Notary Public

CITY OF GRAND RAPIDS

By _____
Its Mayor

By _____
Its City Clerk

STATE OF MINNESOTA)
) SS.
COUNTY OF ITASCA)

The foregoing instrument was acknowledged before me this ____ day of _____, 2016
by _____ and _____, the Mayor and City Clerk of the City of
Grand Rapids, a Minnesota municipal corporation, on behalf of the City.

Notary Public

ITASCA ECONOMIC DEVELOPMENT
CORPORATION

By _____
Its Chair

By _____
Its _____

STATE OF MINNESOTA)
) SS.
COUNTY OF ITASCA)

The foregoing instrument was acknowledged before me this ____ day of _____, 2016
by _____ and _____, the Chair and
_____ of the Itasca Economic Development Corporation, a Minnesota nonprofit
corporation, on behalf of the corporation.

Notary Public

ACC MANUFACTURING, INC.

By _____
Its _____

STATE OF _____)
) SS.
COUNTY OF _____)

The foregoing instrument was acknowledged before me this ____ day of _____, 2016, by _____, the _____ of ACC Manufacturing, Inc., a Delaware corporation, on behalf of the corporation.

Notary Public

SCHEDULE A

DEVELOPMENT PROPERTY

The Development property consists of the following:

Airport Property: Approximately 3,300 square feet of space in the Airport Maintenance Building, located on a parcel of land designated as Tax ID No. 91-028-4100, bearing the address of 1500 SE 7th Avenue, Unit C, Grand Rapids, MN, which parcel is legally described as:

A portion of Government Lot 4, Section 28, Township 55 North, Range 25 West, Itasca County, Minnesota.

Hangar Property: Hangar located on a 460 foot by 735 foot parcel designated as Tax ID No. 91-028-4401, bearing the address of 1500 SE 7th Avenue, Unit S, Grand Rapids, MN, which parcel is legally described as:

The North 460 feet of the South 660 feet of the West 735 feet of the Southeast Quarter of the Southeast Quarter of Section 28, Township 55, Range 25, Itasca County, Minnesota.
(the "Land")

The Property is an approximately 74 foot by 102 foot airplane hangar building containing approximately 7,500 square feet, and is attached to said Land.

IEDC Property: Approximately 7,010 square feet of space located at the north end of the manufacturing building owned by IEDC and located on a parcel of land designated as Tax ID No. 91-565-0091, bearing the address of 1201 SE 7th Avenue, Grand Rapids, Minnesota, which parcel is legally described as:

The East 220 feet of the South 250 feet of Lot 9, Industrial Park Addition to Grand Rapids, Itasca County, Minnesota.

SCHEDULE B

**WMB Draft
10/7/2016**

COMMERCIAL LEASE

Itasca Economic Development Corporation a Minnesota Corporation, Landlord
ACC Manufacturing, Inc., Tenant

**SECTION 1)
RECITALS**

- a) The parties desire to enter into this formal Lease Agreement ("the Lease") in order to establish all of the parameters of their relationship as Landlord and Tenant. The Standard Provisions, attached to this Lease, are integral to and a part of the Lease.
- b) In consideration of the mutual covenants contained herein, the parties agree as follows.

**SECTION 2)
SUMMARY AGREEMENT**

- a) The date of this agreement is October ____, 2016.
- b) Landlord owns the building located at 1201 SE 7th Avenue, in Grand Rapids, Minnesota ("the Building").
- c) Tenant desires to lease a 7,010 square feet portion of the Building as premises for machining purposes related to the production of its aircraft.
- d) The Premises consists of a total rentable area of 7,010 square feet.
- e) Landlord demises the Premises to Tenant for an initial term of five (5) years ("the Initial Term").
- f) The Initial Term of the lease begins thirty (30) days after the Premises are vacated by its current tenant and becomes available to the Tenant.
- g) The proposed lease will extend for one (1) month on the 1st day of each month following its expiration, if the option to extend is not exercised, unless either party gives written notice of termination prior to the 1st of the month preceding the Lease's expiration.
- h) Base Rent: Monthly Base Rent during the Initial Term of the Lease is at \$3.45 per square foot, a total of \$24,184.50 annually and \$2,015.38 per month.

- i) Additional Rent: In addition to Monthly Base Rent as set forth in Section 2.8, Tenant shall also pay as Additional Rent for Tenant's share of CAM (Common Area Maintenance) charges, the sum of \$1.80 per square foot (representing property tax, insurance and maintenance of grounds), a total of \$12,618.00 per year and \$1,051.00 per month.
- j) The monthly rentals above provided are to be paid over to Landlord in equal installments on the first day of each month for that month's rental, during the term of the Lease, subject to the other provisions hereof.
- k) Rent shall be mailed or delivered to: Itasca Economic Development Corporation
 12 NW 3rd Street
 Grand Rapids, MN 55744
- l) Tenant is responsible for all other costs relating to the Premises, including all utility services, to be placed in the name of Tenant only, with Tenant liable for such utility charges as they become due, specifically responsible for gas service, water service, electric service, telephone service, internet service, garbage removal, and any other desired services.

**SECTION 3)
MISCELLANEOUS PROVISIONS**

- a) At the lease rates indicated above, Landlord will lease the property to Tenant on an as-is basis. Any tenant improvements, after approval from owner, will be paid for by Tenant.
- b) Upon the expiration of the Lease, Tenant agrees to return the Premises in equal or better condition than it was upon occupancy. Landlord may require Tenant to remove any tenant improvements, at Tenant's expense, in order to return the Premises to a leasable condition.
- c) Tenant has an option to renew this Lease for a period of five (5) years, by notice given not less than one hundred twenty (120) days prior to expiration of the Initial Term if the Tenant is not in default. The rent for such option term will be the Monthly Base Rent. The Additional Rent shall be increased by an amount to be negotiated between the parties in good faith.

**SECTION 4)
NOTICE**

- a) All notices to be given with respect to the Lease shall be in writing.
- b) Each notice shall be sent by registered or certified mail, postage prepaid and return receipt requested, to the party to be notified at the address set forth herein or at such other address as either party may from time to time designate in writing.

c) Notice address for tenant/copy atty.

ACC Manufacturing, Inc.

d) Notice address for landlord/copy atty.

Itasca Economic Development Corporation
12 NW 3rd Street
Grand Rapids, MN 55744

Atty: William M. Burns
Hanft Fride, P.A.
130 W. Superior Street, Suite 1000
Duluth, MN 55802

e) Every notice shall be deemed to have been given at the time it shall be deposited in the United States mail, by certified mail, return receipt requested, or overnight delivery with a receipt required as of the date of mailing or delivery to the overnight delivery service.

f) Nothing contained herein shall be construed to preclude personal service of any notice in the manner prescribed for personal service of a summons or other legal process.

IN WITNESS WHEREOF, the parties have executed the Lease at Grand Rapids, Minnesota, the day and year first above written.

Tenant:

Landlord:

ACC Manufacturing, Inc.

Itasca Economic Development Corporation

By _____
Its _____

By _____
Mark Zimmerman, President

Standard Provisions are attached hereto.

STANDARD PROVISIONS

SECTION 5) SUBJECT AND PURPOSE

- 1.1. Landlord hereby leases space to Tenant, for the purposes described in Commercial Lease Section 2.3, subject to all the zoning ordinances, restrictions imposed by ordinance or otherwise, and general regulations of the City of Grand Rapids and State of Minnesota.

SECTION 2. TERM

- 2.1. The Initial Term is as defined in Section 2.5 of the Commercial Lease of which this is an integral part. Upon termination of the Commencement Date, based on the referenced definition, Landlord and Tenant will execute a written agreement confirming such date.
- 2.2. In the event an option to extend is exercised, all terms of rental by Tenant of the Premises from the Landlord shall remain the same, except the rental which shall be as described in the Commercial Lease, Section 3.3.

SECTION 3. RENT

- 3.1. The monthly rentals provided in Commercial Lease Sections 2.8 and 2.9 are to be paid over to Landlord in equal installments on the first day of each month for that month's rental, during the term of the Lease, subject to the other provisions hereof.
- 3.2. Partial months shall be prorated.
- 3.3. All charges, costs and expenses that Tenant assumes or agrees to pay hereunder, together with all interest and penalties that may accrue thereon in the event of the failure of Tenant to pay those items, and all other damages, costs, expenses, and sums that Landlord may suffer or incur, or that may become due, by reason of any default of Tenant or failure by Tenant to comply with the terms and conditions of the Lease shall be deemed to be additional rent, and, in the event of nonpayment, Landlord shall have all the rights and remedies as herein provided for failure to pay rent.
- 3.4. All rental payments shall be made to Landlord at the address specified herein. (Commercial Lease Section 2.11).
- 3.5. Past due rental payments, including additional rent, shall accrue interest at the rate of 12% per annum, provided that Landlord provides written notice to Tenant of such delinquency and Tenant fails to remedy the delinquency within three (3) days.

- 3.6. Tenant shall pay to Landlord monthly and on the same day as the base rent is due hereunder, the Additional Rent defined in and specifically stated in Commercial Lease, Section 2.8.

**SECTION 4.
INITIAL IMPROVEMENTS**

- 4.1 There are no initial improvements contemplated to be made by Landlord. Tenant accepts the Premises leased hereunder, as is, where is, without representation or warranty of any kind.

**SECTION 5.
ADDITIONAL ALTERATIONS, ADDITIONS AND IMPROVEMENTS**

- 5.1. Tenant may further alter or modify the Premises (beyond the Initial Improvements if applicable), subject, however, to the written consent of Landlord not to be unreasonably withheld.
- 5.2. Alterations shall be performed in a workmanlike manner and shall not weaken or impair the structural strength, or lessen the value, of the Building on the Premises, or change the purposes for which the Building, or any part thereof, may be used.
- 5.3. Before commencement of any alterations, additions or improvements, all plans and specifications shall be filed with and approved by all governmental departments or authorities having jurisdiction and any public utility company having an interest therein, and all work shall be done in accordance with requirements of local regulations.
- 5.4. The plans and specifications for any alterations estimated to cost Five Thousand Dollars (\$5,000.00) or more, shall be submitted to Landlord for written approval prior to commencing work.
- 5.5. All alterations, additions and improvements on or in the Premises at the commencement of the term, and that may be erected or installed during the term, shall become part of the Premises and the sole property of Landlord, except that all moveable trade fixtures installed by Tenant shall be and remain the property of Tenant.
- 5.6. Tenant shall not erect or install any exterior window or door signs, advertising media or window lettering or placards or other signs or install any interior window or door signs, advertising media or window or door lettering or placards or other signs without Landlord's prior written consent. Tenant shall not install any exterior light or plumbing fixtures, shades or awnings, or make any exterior decoration or painting, or build any fence, or make any changes to the exterior of Northbank Professional Building without Landlord's prior written consent. Use of roof is reserved to Landlord.
- 5.7. Nothing in the Lease Agreement contained shall be deemed or construed in any way as constituting the consent or request of Landlord, express or implied, by inference or

otherwise, to any contractor, subcontractor, laborer or material man for the performance of any labor or the furnishing of any materials for any part or portion thereof, or for the demolition or replacement of any improvement now on the Premises or hereafter erected thereon.

**SECTION 6.
MAINTENANCE, GENERAL UPKEEP AND CLEANING**

- 6.1. Tenant shall, at all times during the Lease and at its own cost and expense, repair, replace and maintain the paint, wall coverings, floor covering, decorating items, and lamps contained in the Premises. Proper disposal of lamps is responsibility of Tenant. Any oil or other stains to the concrete floor must be cleaned up at the expense of Tenant.
- 6.2. Tenant is responsible for providing cleaning/janitorial services for the Premises.
- 6.3. Tenant is responsible for payment for expenses related to clogged drains or any other plumbing services in the Premises.
- 6.4. Tenant is responsible for payment for expenses related to pest control in the Premises.

**SECTION 7.
TAXES**

- 7.1. Tenant's share of taxes is paid as part of the Additional Rent.

**SECTION 8.
UTILITIES**

- 8.1. Tenant is responsible for utilities as described in Commercial Lease Section 2.9.

**SECTION 9.
INSURANCE**

- 9.1. During the term of the Lease and for any further time that Tenant shall hold the Premises, Landlord shall obtain and maintain at his expense insurance against liability for bodily injury and property damage and machinery insurance, all to be in amounts not less than \$2,000,000 per incident and \$2,000,000 aggregate.
- 9.2. Landlord shall be responsible for insurance of the building improvements and fixtures with Tenant responsible for insuring its equipment and other personal property at the Premises.
- 9.3. Tenant shall provide and keep in force other insurance in amounts that may from time to time be required by Landlord against insurable hazards as are commonly insured against for the type of business activity that Tenant will conduct, including without limitation insurance against liability for bodily injury and property damage and machinery

insurance, all to be in amounts not less than \$1,000,000 per incident and \$1,000,000 aggregate.

- 9.4. All insurance required by this section shall be carried in favor of Landlord and Tenant as their respective interests may appear, and in the case of insurance against damage to the Premises by fire or other casualty, shall provide that loss shall be payable to the holder under a standard mortgage clause.
- 9.5. Rent insurance and use and occupancy insurance may be carried by Tenant, but the proceeds are hereby assigned to Landlord to be held by Landlord as security for the payment of the rent and any additional rent hereunder until restoration of the Premises.
- 9.6. All insurance shall be written with responsible companies that Landlord shall approve, and the policies shall be held by Landlord or, when appropriate, by the holder of any mortgage, in which case copies of the policies or certificates of insurance shall be delivered by Tenant to Landlord.
- 9.7. All policies shall require 20 days' notice by registered mail to Landlord of any cancellation or change affecting any interest of Landlord.

**SECTION 10.
UNLAWFUL OR DANGEROUS ACTIVITY**

- 10.1. Tenant shall neither use nor occupy the Premises or any part thereof for any unlawful, disreputable or ultrahazardous business purpose, nor operate or conduct his business in a manner constituting a nuisance of any kind.
- 10.2. Tenant shall immediately, on discovery of any unlawful, disreputable or ultrahazardous use, take action to halt such activity.

**SECTION 11.
INDEMNITY**

- 11.1. Tenant shall indemnify Landlord against all expenses, liabilities and claims of every kind, including reasonable counsel fees, by or on behalf of any person or entity arising out of either (a) a failure by Tenant to perform any of the terms or conditions of the Lease, (b) any injury or damage happening on or about the Premises as a result of Tenant's negligence, (c) failure to comply with any law of any governmental authority, or (d) any mechanic's lien or security interest filed against the Premises or equipment, materials or alterations of buildings or improvements thereon, except such liabilities or damages caused by negligence of Landlord or its agents.

**SECTION 12.
DEFAULT OR BREACH**

- 12.1. Each of the following events shall constitute a default or breach of the Lease by Tenant:

- 12.2. If Tenant, or any successor or assignee of Tenant while in possession, shall file a petition of bankruptcy or insolvency or for reorganization under any bankruptcy act, or shall voluntarily take advantage of any such act by answer or otherwise, or shall make an assignment for the benefit of creditors. The preceding sentence notwithstanding, such a filing or action on the part of Tenant's successor or assignee shall not constitute a default if Tenant is able to substantiate to Landlord's satisfaction, not unreasonably withheld, its solvency and ability to continue to meet Tenant's obligations under the Lease.
- 12.3. If voluntary proceedings under any bankruptcy law or insolvency act shall be instituted against Tenant, or if a receiver or trustee shall be appointed of all or substantially all of the property of Tenant, and such proceedings shall not be dismissed or the receivership or trusteeship vacated within 30 days after the institution or appointment.
- 12.4. If Tenant shall fail to pay Landlord any rent or additional rent when the rent shall become due and shall not make the payment within 20 days after notice thereof by Landlord to Tenant.
- 12.5. If Tenant shall fail to perform or comply with any of the conditions of the Lease and if the nonperformance shall continue for a period of 45 days after notice thereof by Landlord to Tenant or, if the performance cannot be reasonably had within the 45-day period, Tenant shall not in good faith have commenced performance within the 45-day period and shall not diligently proceed to completion of performance.
- 12.6. If Tenant shall vacate or abandon the Premises, provided same shall not be a default if (i) Tenant causes adequate security/protection for the premises to be provided so as to avoid increased costs to Landlord for insurance or otherwise, and (ii) otherwise complies with the Lease.
- 12.7. If the Lease or the estate of Tenant hereunder shall be transferred to or shall pass to or devolve on any other person or party, except in the manner herein permitted, subject to the rights of Tenant in Section 24 hereof.
- 12.8. If Tenant is in default under the Master Lease Agreement of October ____, 2016 subject to the cure rights stated therein.

**SECTION 13.
EFFECT OF DEFAULT**

- 13.1. In the event of any default hereunder, as set forth in Section 12, the rights of Landlord shall be as follows:
- 13.2. Landlord shall have the right to cancel and terminate the Lease, as well as all of the right, title and interest of Tenant hereunder, by giving to Tenant not less than 60 days' notice of the cancellation and termination. On expiration of the time fixed in the notice, the Lease and the right, title and interest of Tenant hereunder, shall terminate in the same manner

and with the same force and effect, except as to Tenant's liability, as if the date fixed in the notice of cancellation and termination were the end of the term herein originally determined.

- 13.3. Landlord may elect, but shall not be obligated, to make any payment required of Tenant herein or comply with any agreement, term or condition required hereby to be performed by Tenant, and Landlord shall have the right to enter the Premises for the purpose of correcting or remedying any such default and to remain until the default has been corrected or remedied, but any expenditure for the correction by Landlord shall not be deemed to waive or release the default of Tenant or the right of Landlord to take any action as may be otherwise permissible hereunder in the case of any default.
- 13.4. Landlord may re-enter the Premises immediately and remove the property and personnel of Tenant, and store the property in a public warehouse or at a place selected by Landlord, at the expense of Tenant. Tenant shall retain the right to immediately retrieve all business records and data related to its business. After re-entry, Landlord may terminate the Lease on giving 60 days' written notice of termination to Tenant. Without such notice, re-entry will not terminate the Lease or Tenant's obligations hereunder. On termination, Landlord may recover from Tenant all damages proximately resulting from the breach, including the cost of recovering the Premises, and any amount by which the amounts due from Tenant to Landlord under the balance of the Lease exceed the reasonable rental value of the Premises for the remainder of the Lease term, which sum shall be immediately due Landlord from Tenant.
- 13.5. After re-entry, Landlord may relet the Premises or any part thereof for any term without terminating the Lease, at the rent and on the terms as are commercially reasonable. Landlord may make reasonable alterations and repairs to the Premises. The duties and liabilities of the parties if the Premises are relet as provided herein shall be as follows:
 - 13.5.1. In addition to Tenant's liability to Landlord for breach of the Lease, Tenant shall be liable for all reasonable expenses of the reletting, the costs of securing judgments and collection of unpaid rents, and repairs necessitated by Tenant's use, and for the difference between the rent received by Landlord under the new lease agreement and the rent installments that are due for the same period under the Lease.
 - 13.5.2. Landlord shall apply the rent received from reletting the Premises (A) to reduce the indebtedness of Tenant to Landlord under the Lease, not including indebtedness for rent, (B) to expenses of the reletting and repairs made, (C) to rent due under the Lease, or (D) to payment of future rent under the Lease as it becomes due.
 - 13.5.3. If the new Tenant does not pay a rent installment promptly to Landlord, and the rent installment has been credited in advance of payment to the indebtedness of Tenant other than rent, or if rentals from the new Tenant have been otherwise applied by Landlord as provided for herein and during any rent installment period are less than the rent payable for the corresponding installment period under the Lease, Tenant shall pay Landlord the

deficiency, separately for each rent installment deficiency period, and before the end of that period.

13.5.4. Landlord may at any time after a reletting terminate the Lease for the breach on which Landlord had based the re-entry and subsequently relet the Premises.

SECTION 14. DESTRUCTION OF PREMISES

- 14.1. In the event of a partial destruction of the Premises which substantially interferes with the operations of Tenant's business on the premises, Tenant shall have the right to terminate the Lease on ten (10) days' written notice unless Landlord has notified Tenant, in writing, within fifteen (15) days of the date of the partial destruction that Landlord is proceeding to make necessary repairs and that such necessary repairs can be, will be and are completed within ninety (90) days of the date of the loss. Tenant's business shall be deemed to be substantially interfered with in the event that the Premises partially destroyed include more than one-fourth of the area then under lease to and use by Tenant.
- 14.2. Any dispute between Landlord and Tenant relative to the provisions of this section shall be subject to arbitration.

SECTION 15. CONDEMNATION

- 15.1. Rights and duties in the event of condemnation are as follows:
- 15.2. If the whole of the Premises shall be taken or condemned by any competent authority for any public or quasi-public use or purpose, the Lease shall cease and terminate as of the date on which the title shall vest thereby in that authority, and the rent reserved hereunder shall be apportioned and paid up to that date. Landlord will immediately forward to Tenant any notice received by Landlord of any condemnation affecting the Premises. Tenant will be entitled to any relocation costs and other such costs allowed by statute from the acquiring authority, including without limitation capital costs related to construction, increased rental costs and/or costs related to relocation of equipment.
- 15.3. If only a portion of the Premises shall be taken or condemned, the Lease and the term hereof shall not cease or terminate, but the rent payable after the date on which Tenant shall be required to surrender possession of such portion shall be reduced in proportion to the decreased use suffered by Tenant as the parties may agree or as shall be determined by arbitration.
- 15.4. In the event of any taking or condemnation in whole or in part, the award of consequential damages shall belong to Landlord and Tenant as their interest shall appear and Landlord and Tenant shall cooperate in the attempts to settle and, if necessary, litigate the amount of the award to be received by them.

- 15.5. In the event that the condemnation unreasonably interferes with the operation of Tenant's business on the Premises, then Tenant shall have the right, on 10 days' written notice to cancel and terminate all of Tenant's obligations hereunder.
- 15.6. In case of any governmental action not resulting in the taking or condemnation of any portion of the Premises but creating a right to compensation therefor, or if less than a fee title to all or any portion of the Premises shall be taken or condemned by any governmental authority for temporary use or occupancy, the Lease shall continue in full force and effect without reduction or abatement of rent, and the rights of the parties shall be unaffected by the other provisions of this section, but shall be governed by applicable law.

**SECTION 16.
SUBORDINATION**

- 16.1. The Lease and all rights of Tenant hereunder shall be subject and subordinate to the lien of any and all mortgages that may now or hereafter affect the Premises, or any part thereof, and to any and all renewals, modifications or extensions of any such mortgages.
- 16.2. Tenant shall on demand execute, acknowledge and deliver to Landlord, at Landlord's expense, any and all instruments that may be necessary or proper to subordinate the Lease and all rights therein to the lien of any such mortgage or mortgages and each renewal, modification or extension.
- 16.3. Landlord will use its best efforts to secure from any holder of a mortgage affecting the Premises a non-disturbance agreement in favor of Tenant.

**SECTION 17.
ACCESS TO PREMISES: SIGNS POSTED BY LANDLORD**

- 17.1. Tenant shall permit Landlord or its agents to enter the Premises at all reasonable hours to inspect the premises or make repairs that Tenant may neglect or refuse to make in accordance with the provisions of the Lease, and also to show the Premises to prospective buyers.
- 17.2. At any time within six months prior to expiration of the term, Landlord may show the Premises to persons wishing to rent the Premises. Tenant shall, within four months prior to expiration of the term, permit the usual notices of "For Rent" and "For Sale" to be placed on the Premises and to remain thereon without hindrance and molestation, but such signs shall not exceed 4' X 6'.

**SECTION 18.
EASEMENTS, AGREEMENTS OR ENCUMBRANCES**

- 18.1. The parties shall be bound by all existing easements, agreements and encumbrances of record relating to the Premises, and Landlord shall not be liable to Tenant for any damages resulting from any action taken by a holder of an interest pursuant to the rights of that holder thereunder.

**SECTION 19.
QUIET ENJOYMENT**

- 19.1. Landlord warrants that Tenant shall be granted peaceable and quiet enjoyment of the Premises free from any eviction or interference by Landlord if Tenant pays the rent and other charges provided herein, and otherwise fully and punctually performs the terms and conditions imposed on Tenant.

**SECTION 20.
LIABILITY OF LANDLORD**

- 20.1. Tenant shall be in exclusive control and possession of the Premises, and Landlord shall not be liable for any injury or damages to any property or to any person on or about the Premises nor for any injury or damage to any property of Tenant.
- 20.2. The provisions herein permitting Landlord to enter and inspect the Premises are made to insure that Tenant in compliance with the terms and conditions hereof and makes repairs that Tenant has failed to make. Landlord shall not be liable to Tenant for any entry on the Premises for inspection purposes.
- 20.3. Notwithstanding anything contained herein, Landlord shall be responsible for any injury or damage to property or person, including injury or damage to property of Tenant, in the event that same is a result of Landlord's negligence or intentional misconduct.

**SECTION 21.
RENT ABATEMENT**

- 21.1. No abatement, diminution or reduction of rent shall be claimed or allowed to Tenant or any person claiming under him under any circumstances, whether for inconvenience, discomfort, interruption of business or otherwise, arising from the making of alterations, improvements or repairs to the premises, because of any governmental laws or arising from and during the restoration of the Premises after the destruction or damage thereof by fire or other cause of the taking or condemnation of a portion only of the Premises except as provided in Section 13.

**SECTION 22.
WAIVERS**

- 22.1. The failure of a party to insist on a strict performance of any of the terms and conditions hereof shall be deemed a waiver of the rights or remedies that such party may have regarding that specific instance only, and shall not be deemed a waiver of any subsequent breach or default in any terms and conditions.
- 22.2. No receipt of money by Landlord from Tenant after default or cancellation of the Lease in any lawful manner shall (1) reinstate, continue or extend the term of affect any notice given to Tenant, (2) operate as a waiver of the right of Landlord to enforce the payment of rent and additional rent then due or falling due, or (3) operate as a waiver of the right of Landlord to recover possession of the Premises by proper suit, action, proceeding or other remedy.

**SECTION 23.
ARBITRATION**

- 23.1. In a situation where the Lease provides for the settlement of a dispute or question by arbitration, the same shall be settled by arbitration to take place in Duluth, Minnesota in accordance with the commercial rules of the American Arbitration Association at Duluth, Minnesota, and judgment on the award rendered may be entered in any court having jurisdiction thereof.

**SECTION 24.
ASSIGNMENT, MORTGAGE OR SUBLEASE**

- 24.1. Neither Tenant nor his successors or assigns shall assign, mortgage, pledge or encumber the Lease or sublet the Premises in whole or in part, or permit the premises to be used or occupied by others, nor shall the Lease be assigned or transferred by operation of law, without the prior consent in writing of Landlord in each instance, such approval not to be unreasonably withheld.
- 24.2. If the Lease is assigned or transferred, or if all or any part of the Premises is sublet or occupied by anybody other than Tenant, Landlord may, after default by Tenant, collect rent from the assignee, transferee, subtenant or occupant, and apply the net amount collected to the rent reserved herein, but no such assignment, subletting, occupancy or collection shall be deemed a waiver of any agreement or condition hereof, or the acceptance of the assignee, transferee, subtenant or occupant as Tenant. Tenant shall continue to be liable hereunder in accordance with the terms and conditions of the Lease and shall not be released from the performance of the terms and conditions hereof.
- 24.3. The consent by Landlord to an assignment, mortgage, pledge or transfer shall not be construed to relieve Tenant from obtaining the express written consent of Landlord to any future transfer of interest.

- 24.4. Agreements between Tenant and any other tenant of the building which the Premises are located are at Tenant's sole discretion, such agreements shall not vary Tenant's responsibilities hereunder, but agreement as to the subletting or sharing of facilities between tenants in the building shall not constitute a violation of the prohibitions against assignment or subletting.

**SECTION 25.
SURRENDER OF POSSESSION**

- 25.1. Tenant shall, on the last day of the term, or on earlier termination and forfeiture of the Lease, peaceably and quietly surrender and deliver the Premises to Landlord free of subtenancies, including all buildings, additions and improvements constructed or placed thereon by Tenant, except moveable trade fixtures, all in good condition and repair. The cost of any repairs in excess of normal wear and tear will be the responsibility of the Tenant.
- 25.2. Any trade fixtures or personal property not used in connection with the operation of the Premises and belonging to Tenant, if not removed at the termination or default, and if the Landlord shall so elect, shall be deemed abandoned and become the property of Landlord without any payment or offset therefor. Landlord may remove such fixtures or property from the Premises and store them at the risk and expense of Tenant if Landlord shall not so elect.
- 25.3. Tenant shall repair and restore all damage to the Premises caused by the removal of equipment, trade fixtures and personal property.

**SECTION 26.
REMEDIES OF LANDLORD**

- 26.1. In the event of a breach or a threatened breach by Tenant of any of the terms or conditions hereof, Landlord shall have the right of injunction to restrain Tenant and the right to invoke any remedy allowed by law or in equity, as if the specific remedies of indemnity or reimbursement were not provided herein.
- 26.2. The rights and remedies given to Landlord in the Lease are distinct, separate and cumulative, and no one of them, whether or not exercised by Landlord, shall be deemed to be in exclusion of any of the others herein, by law, or by equity provided.
- 26.3. In all cases hereunder, and in any suit, action or proceeding of any kind between the parties, it shall be presumptive evidence of the fact of the existence of a charge being due if Landlord shall produce a bill, notice or certificate of any public official entitled to give that notice to the effect that such charge appears of record on the books in his office and has not been paid.

26.4. After (1) service of notice of termination and forfeiture as herein provided and the expiration of the time specified therein, (2) the commencement of any suit, action, proceeding or other remedy, or (3) final order or judgment for possession of the Premises, Landlord may demand, receive and collect any monies due, without in any manner affecting such notice, order or judgment. Any and all such monies so collected shall be deemed to be payment on account of the use and occupation of the Premises or at the election of Landlord, on account of the liability of Tenant hereunder.

**SECTION 27.
TOTAL AGREEMENT; APPLICABLE TO SUCCESSORS**

- 27.1. The Lease contains the entire agreement between the parties and cannot be changed or terminated except by a written instrument subsequently executed by the parties hereto.
- 27.2. The Lease and the terms and conditions hereof apply to and are binding on the heirs, legal representatives, successors and assigns of both parties.

**SECTION 28.
MISCELLANEOUS**

- 28.1. The Agreement shall be governed by and construed in accordance with the laws of the State of Minnesota.
- 28.2. Time is of the essence in all provisions of the Lease.

IN WITNESS WHEREOF, the parties have executed these Standard Provisions of the Commercial Lease at Grand Rapids, Minnesota, as of the day and year stated in said Commercial Lease.

Tenant:

ACC Management, Inc.

Landlord:

Itasca Economic Development Corporation

By _____

— Its _____

By _____

Mark Zimmerman, President

GRAND RAPIDS ECONOMIC DEVELOPMENT AUTHORITY

RESOLUTION NO. ___

**APPROVING A HANGAR PURCHASE AGREEMENT
WITH STANLEY J. BOSTYANCIC AND CRYSTAL V. BOSTYANCIC**

Whereas, it is proposed that the Grand Rapids Economic Development Authority (“GREDA”) acquire an approximately 74 foot by 102 foot airplane hangar building containing approximately 7,500 square feet (the “Property”), attached to certain property located in the City of Grand Rapids, Minnesota (the “City”) described as the North 460 feet of the South 660 feet of the West 735 feet of the Southeast Quarter of the Southeast Quarter of Section 28, Township 55, Range 25, Itasca County, Minnesota (the “Land”), together with all hereditaments and appurtenances belonging thereto; and

Whereas, it is proposed that GREDA purchase the Property from Stanley J. Bostyancic and Crystal V. Bostyancic (the “Sellers”) for the purpose of furthering GREDA’s economic development objectives; and

Whereas, GREDA has reviewed a purchase agreement (the “Purchase Agreement”), between GREDA and the Sellers, providing for the conveyance of the Property by the Sellers to GREDA.

NOW, THEREFORE, BE IT RESOLVED by the Board of Commissioners of the Grand Rapids Economic Development Authority as follows:

1. The proposed offer and purchase of the Property from the Sellers is approved. The President and Executive Director of GREDA are authorized and directed to sign the Purchase Agreement providing for the conveyance of the Property from the Sellers to GREDA, and any additional documents referenced in the Purchase Agreement or necessary to effect such conveyance.
2. The Purchase Agreement is approved in substantially the form on file with GREDA, subject to modifications that do not alter the substance of the transaction and are approved by the President and Executive Director; provided that execution of the document will be conclusive evidence of their approval.
3. The funds required for the purchase will come in part from proceeds of an IRRRB loan in the principal amount of \$293,000, in part from a contribution from the City’s Neighborhood/Economic Development Fund in the amount of \$203,000, and in part from a loan from the IEDC Itasca Building Development Fund in the principal amount of \$90,000.

Approved by the Board of Commissioners of the Grand Rapids Economic Development Authority this 18th day of October, 2016.

President

Attest:

Executive Director

HANGAR PURCHASE AGREEMENT

THIS PURCHASE AGREEMENT (the "Purchase Agreement") entered into this 13 day of October, 2016, by and between Stanley J. Bostyancic and Crystal V. Bostyancic, married to each other ("Sellers"), and the Grand Rapids Economic Development Authority, a public body corporate and politic and political subdivision under the laws of Minnesota ("Buyer" or "GREDA").

1. Description of Property to be Sold. Sellers hereby sell and agree to convey unto the Buyer, upon the prompt and full performance by the Buyer of its part of this Purchase Agreement, the airplane hangar building (the "Property") owned by Sellers and located on a 460 foot by 735 foot parcel designated as Tax ID # 91-028-4401, bearing the address 1500 SE 7th Avenue, Grand Rapids, MN 55744, which parcel is legally described as:

The North 460 feet of the South 660 feet of the West 735 feet of the Southeast Quarter of the Southeast Quarter of Section 28, Township 55, Range 25, Itasca County, Minnesota.
(the "Land")

The Property is an approximately 74 foot by 102 foot airplane hangar building containing approximately 7,500 square feet, and is attached to said Land. Seller Stanley J. Bostyancic currently leases the Land from the Grand Rapids-Itasca County Airport, a joint powers entity consisting of the City of Grand Rapids (the "City"), and Itasca County, Minnesota (the "County," and, together with the City, the "Lessor"), pursuant to an Airport Land Lease Agreement between Seller Stanley J. Bostyancic and Lessor, dated November 15, 2013 (the "Land Lease"). The Land is not included in this Purchase Agreement.

2. Purchase Price; Contingencies. Buyer, in consideration of the covenants and agreements of Sellers, hereby agrees to pay to Sellers, and Sellers hereby agree to accept from Buyer, as and for the purchase price of the Property, the amount of Five Hundred Eighty Thousand and no/100 Dollars (\$580,000.00) (the "Purchase Price"), subject to the following contingencies:

a) Financing to be provided to GREDA from Iron Range Resources and Rehabilitation Board ("IRRRB") for 50% of Purchase Price, to be approved by IRRRB (approx. \$293,000);

b) IRRRB approval of equipment financing in the approximate amount of \$1,000,000, for the benefit of a prospective future tenant, pursuant to a separate Development Agreement (the "Agreement") currently being negotiated between GREDA, the Itasca Economic Development Corporation ("IEDC"), and said tenant;

c) Execution in full of the Agreement prior to the Closing Date (as defined hereinafter);

d) \$203,000 contribution toward the Purchase Price from the City's Neighborhood and Economic Development Fund to be approved by the City Council;

- e) Assignment to Buyer of Sellers' rights in the Land Lease, pursuant to the lease transfer provisions of said Land Lease;
- f) Sellers to provide evidence reasonably acceptable to the Buyer that no liens exist against the Property;
- g) Approval of a new Airport Land Lease Agreement, in favor of Sellers or Stanley J. Bostyancic individually as Lessee, conveying a leasehold interest in another site appropriate for locating a new hangar of similar size as the Property being herein conveyed.

The contingencies a-f are solely for the benefit of the Buyer and may be waived by the Buyer; contingency g is solely for the benefit of Sellers and may be waived by Sellers. If the contingencies are duly satisfied or waived, then the Buyer and Sellers shall proceed to close the transaction as contemplated herein. If, however, one or more of the contingencies is not satisfied, or is not satisfied on time, and is not waived by the relevant party, this Purchase Agreement shall thereupon be void, at the option of the non-waiving party. If this Purchase Agreement is voided, the Buyer and the Sellers shall execute and deliver to each other a termination of this Purchase Agreement.

3. Taxes and Special Assessments. Real estate taxes due and payable in connection with the Property, pursuant to the terms of the Land Lease, for 2016 and all prior years, if any, shall be paid by the Sellers. If Closing is delayed to 2017, the Seller shall pay that portion of 2017 real estate taxes prorated to the date of Closing and the Buyer to pay that portion of 2017 real estate taxes prorated to the end of 2017. All unpaid special assessments against the Property as of the date of the Closing shall be paid by the Sellers on the date of Closing. The Buyer shall assume payment of any special assessments levied against the Property after the Closing Date.

4. Default. Except as provided in Paragraph 6 hereof, in the event of Sellers' default hereunder, Buyer may either (i) terminate this Purchase Agreement by notice to Sellers, or (ii) avail itself of an action for specific performance. In the event of Buyer's default hereunder, Sellers, as their sole remedy, shall be entitled to terminate this Agreement upon 30 days written notice to Buyer.

5. Representations and Warranties by Sellers. Sellers represent and warrant to Buyer that:

a) Sellers are the sole owners of the Property, and have the right to sell and convey the Property to Buyer free and clear of any interest or encumbrance in favor of any other party;

b) There is no action, litigation, investigation, condemnation or proceeding of any kind pending or threatened against Sellers or the Property which could adversely affect the Property, and Sellers shall give Buyer prompt notice thereof if any such action is threatened or commenced prior to the Closing Date;

c) To the best of Sellers' knowledge, the Property has not been used for the generation, transportation, storage, treatment, or disposal of any hazardous waste, hazardous

substance, pollutant, or contaminant, including petroleum, as defined under federal, state or local law;

Except as otherwise provided herein, Sellers are selling the Property and Buyer is purchasing the Property "as is" and without any representations or warranties. The foregoing representations and warranties shall survive closing hereunder. If any of the foregoing shall be breached or shall be untrue, Sellers shall indemnify and hold Buyer harmless from any damages or liabilities relating thereto notwithstanding the provisions of this Paragraph, which obligation shall survive termination of this Purchase Agreement or Closing.

6. Title Examination/Curing Title Defects. The Sellers will provide the Buyer with evidence of title for the Property. The Buyer shall have twenty (20) business days after receipt of the fully executed Purchase Agreement and the evidence of title to examine title and to deliver written objections to title, if any, to Sellers. If timely written objections are not delivered, any such objections shall be deemed waived. Sellers shall have until the Closing Date to make title marketable, at Sellers' cost. In the event that title to the Property cannot be made marketable or is not made marketable by the Sellers by the Closing Date, this Agreement may be terminated at the option of the Buyer.

7. Closing. The "Closing" of this transaction shall take place on or before November 15, 2016, or such later date as the parties mutually agree in writing (the "Closing Date"). At Closing, the Sellers shall execute and deliver to the Buyer a bill of sale for the Property, containing all customary warranties, in substantially the form attached as Exhibit A.

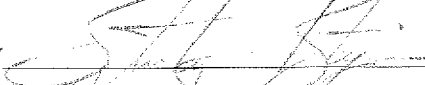
8. Timing. Time is of the essence for all provision of this Purchase Agreement.

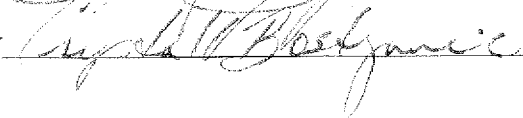
9. Amendment and Modification. No amendment, modification or waiver of any condition, provision or term of this Purchase Agreement shall be valid or have any effect unless made in writing, is signed by the party to be bound and specifies with particularity the extent and nature of such amendment, modification or waiver. Any waiver by either party of any default by the other party shall not affect or impair any right arising from any previous or subsequent default.

10. Entire Agreement. This Purchase Agreement constitutes the entire agreement between the parties and no other agreement prior to this Purchase Agreement or contemporaneous herewith shall be effective except as expressly set forth or incorporated herein. This instrument may be executed in counterparts, which, upon combination and full execution of the parties, shall constitute one instrument binding on the parties hereto.

IN WITNESS THEREOF, the undersigned have executed this purchase agreement instrument the date first above-mentioned.

Stanley J. Bostyancic and Crystal V. Bostyancic, husband and wife, Sellers

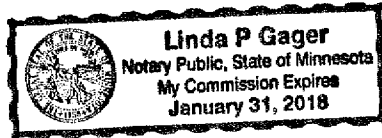
By  _____

By  _____

GREDA, Buyer

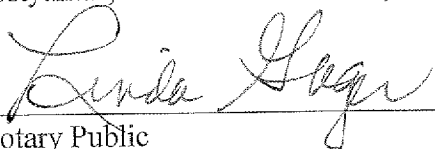
By _____

Its _____



STATE OF MINNESOTA)
) SS.
COUNTY OF ITASCA)

The foregoing instrument was acknowledged before me this 13th day of October, 2016 by Stanley J. Bostyancic and Crystal V. Bostyancic, married to each other, as Sellers.



Notary Public

ITASCA COUNTY TAX-FORFEITED LAND PURCHASE AGREEMENT

Regarding Itasca County Tax-Forfeited Land Described as:
PARCEL ID NUMBER: ATTACHED **Sec-Twp-Rge: 21 - 55 - 25**
Legal Description: THIRD DIVISION OF GRAND RAPIDS
ATTACHED

I, the undersigned, agree to pay to Itasca County the full amount of the bid value for the above listed parcel(s) of Itasca County Tax-Forfeited or Direct County land (including any timber or building value) plus any required fees as listed below:

TOTAL BID: \$ 189,000.00

Total Appraised Value: \$ 189,000.00

% Bid Up = (0.0 %)

	Appraised	Bid
Value of Timber	\$ -	\$ -
Value of Building(s)	\$ -	\$ -
Value of Land	\$ 189,000.00	\$ 189,000.00
Assessments Due (if any):		

3% Assurance Fee:	\$5,670.00
State Deed Issuance Fee:	\$25.00
State Deed Recording Fee:	\$46.00
Deed Tax (\$1.65 for each \$500.00 of purchase price of purchase price)	\$623.70
\$50.00 Well Certificate Recording Fee (where applicable):	\$0.00

Sale date: _____ **TOTAL PRICE:** \$195,364.70

PAYMENTS ARE TO BE MADE AS FOLLOWS:

AMOUNT DUE DAY OF SALE:	\$195,364.70
AMOUNT PAID DAY OF SALE:	

NO TIMBER SHALL BE CUT UNTIL ENTIRE PURCHASE PRICE IS PAID IN FULL

I understand that the premises are being sold **AS IS** and that Itasca County makes no warranties as to the condition of any buildings, wells, septic systems, soils, roads, or any other thing on the premises. The premises is being sold with the understanding that the buyer and seller agree to waive disclosures required under Minnesota Statutes Chapters 513.52 to 513.60 and 1031.235 and any associated liabilities.

<i>Please print and sign your name(s) as you would like it to appear on the deed:</i>	
BUYER 1: Print full name to be recorded on deed	BUYER 2: Print full name to be recorded on deed
Signature:	Signature:
Phone number:	Phone number:
Date:	Date:
Name and address to which tax statements should be sent:	Ownership Desired (MUST CHECK ONLY ONE)
	<input type="checkbox"/> Single Ownership; Individual
	<input type="checkbox"/> Single Ownership; Partnership (must match buyer)
	<input type="checkbox"/> Single Ownership; Corporation (must match buyer)
	<input type="checkbox"/> Co-ownership; Joint Tenancy
	<input type="checkbox"/> Co-ownership; Tennenancy in Common
FOR COUNTY USE ONLY:	
Witness:	Date:

91-425-2710

LOTS 1-12 & 16-24 BLK 27 & VAC ALLEY & W ½ OF VAC 9TH AVE LYG ADJ THERETO
THIRD DIVISION OF GRAND RAPIDS
SECTION 21 TOWNSHIP 55N RANGE 25W

91-425-2610

LTS 1-3 BLK 26 & E 1/2 OF VAC N/S ALLEY ADJ THERETO
THIRD DIVISION OF GRAND RAPIDS
SECTION 21 TOWNSHIP 55N RANGE 25W

91-425-2640

LOTS 19-20 BLK 26 & W 1/2 OF VAC N/S ALLEY LYG ADJ THERETO & E 1/2 OF VAC 9TH AVE LYG ADJ
THERETO
THIRD DIVISION OF GRAND RAPIDS
SECTION 21 TOWNSHIP 55N RANGE 25W

91-425-2650

LTS 21-24 BLK 26 & W 1/2 OF VAC N/S ALLEY LYG ADJ THERETO & E 1/2 OF VAC 9TH AVE LYG ADJ
THERETO
THIRD DIVISION OF GRAND RAPIDS
SECTION 21 TOWNSHIP 55N RANGE 25W

PURCHASE AGREEMENT

THIS PURCHASE AGREEMENT ("Agreement") is made and entered into this _____ day of _____, 2016 by and between the Grand Rapids Economic Development Authority a public body corporate and politic and political subdivision of the State of Minnesota (hereinafter "Seller"), and Hernesman Brothers Partnership (hereinafter "Purchaser").

RECITALS

- A. Seller is the fee owner of certain real property situated at Highway 2 East and 8th Avenue, which are parcels 91-425-2710, 91-425-2650, 91-425-2640 and 91-425-2610 and which is legally described as follows:

See Exhibit A, legal description

- B. Seller desires to sell and Purchaser desires to purchase the Property, subject to the terms and conditions of this Agreement.

AGREEMENT

In consideration of the mutual covenants made below and other good and valuable consideration, the parties agree as follows:

- Offer and Acceptance.** Seller agrees to sell and Purchaser agrees to purchase the Property, subject to the terms and conditions of this Agreement, together with all easements, rights and appurtenances thereto, and all of Seller's rights, title and interest in all public ways adjoining the same. (Hereafter all the foregoing referred to as the "Subject Premises").
- Purchase Price.** The purchase price for the Property ("Purchase Price") is ONE HUNDRED NINETY-FIVE THOUSAND THREE HUNDRED SIXTY-FOUR AND 70/100THS DOLLARS (\$195,364.70), which figure is based upon the agreed-upon value of \$189,000 plus charges issued by Itasca County totaling \$6,364.70 to transfer the tax-forfeited land which is a condition of sale per paragraph 4.2. The purchase price is payable on the Closing Date (as hereinafter defined).
- Evidence of Title.** Purchaser shall, if desired, examine or cause to be examined the title

to the premises described herein, at his expense, and shall advise Seller in writing within thirty (30) days of signing this Agreement of any objections to title, and Seller shall thereafter clear title of the defects or objections at Seller's expense prior to closing. Title to be conveyed as herein provided shall be marketable title, free and clear of all liens, encumbrances, restrictions, options to purchase, and easements, except as may be expressly waived by Purchaser.

4. **Conditions to Closing.** Closing of the transaction contemplated by this Agreement and the obligation of Seller to sell the Property and of Purchaser to purchase the Property is subject to the following conditions:

4.1 Purchaser shall have reviewed and approved title to the Property pursuant to Section 3 of this Agreement.

4.2 This transaction is predicated upon Seller receiving an unrestricted Conveyance of Forfeited Lands by the State of Minnesota prior to the closing date.

The above contingencies are for the sole benefit of Purchaser, and Purchaser shall have the right to waive those contingencies by giving written notice to Seller. If the contingencies set forth in this Section 4 have not been satisfied or waived by the Closing Date, Purchaser or Seller may terminate this Agreement by giving written notice to the other on or before the Closing Date.

5. **Environmental and Soil Investigation.** Purchaser and its agents shall have the right, at its sole option and risk, to enter the Property for the purpose of testing soils, surveying, or doing other such work as may be necessary to determine the suitability of the Property for use by Purchaser. If Purchaser investigates and tests the Property pursuant to this Section 5, Purchaser shall pay all costs and expenses of such investigations and testing and shall hold Seller harmless from all damages and liabilities arising out of Purchaser's activities. Upon request by Purchaser, Seller shall also permit Purchaser to review all environmental reports and files, if any, relating to the Property and in Seller's possession or control.

6. **Costs and Proration.** Seller and Purchaser agree to the following proration and allocation of costs in connection with this Agreement and the transaction contemplated hereby:

6.1 Purchaser shall be responsible for closing costs including:

- a. State deed tax applicable to the transfer of the Property to Purchaser.
- b. Well certificate filing fee, if applicable.
- c. All outstanding special assessments levied against the property as of the date of closing.
- d. Conservation fee.
- e. Recording fees related to filing the Deed.
- f. Title company closing fee, if any
- g.. A policy of title insurance, if any, insuring Purchaser.

6.2 Seller shall be responsible for:

a. All recording fees and charges related to the filing of any instrument required to make title marketable.

6.3 Seller shall pay all real estate taxes, if any, payable in the years prior to closing, and Purchaser shall pay all real estate taxes payable in the years subsequent to closing. Any real estate taxes levied in the year of closing shall be prorated between Seller and Purchase on a calendar year basis. It is assumed that Purchaser will own the Premises the entire day of closing. Seller represents that the property is non-homestead.

6.4 Each of the parties shall pay all of its own respective attorneys' fees in connection with the negotiation, preparation and closing of this Agreement and the transaction contemplated hereby.

6.5 If, and to the extent, any cost or fee shall be payable by Seller under this Agreement, Purchaser shall have the right to pay such amount for the account of Seller and deduct the amount thereof from the cash due Seller at the Date of Closing. If the amount of Seller's obligation cannot be determined on the Date of Closing, Purchaser shall have the right to establish an escrow account (and offset from the cash payment) 150% of the maximum foreseeable liability.

7. Closing.

7.1. Closing shall occur on, or before, November 15, 2016, or at such other date as may be agreed to by the parties in writing ("Closing Date"). Closing shall take place at the offices of a closing company selected by Seller, or at such other location as may be mutually agreeable in writing to the parties.

7.2. On the Closing Date, Purchaser shall deliver to Seller the Purchase Price and Seller shall execute and/or deliver to Purchaser:

- (a) A duly executed general warranty deed ("Deed"), conveying marketable title to the Property, subject only to: (i) building and zoning laws, ordinances, state and federal regulations; and (ii) utility and drainage easements, which do not interfere with Purchaser's intended use of the Property;
- (b) A duly executed affidavit regarding Seller;
- (c) A well disclosure certificate or indication that there is no well;
- (d) Affidavit of non-foreign identity;
- (e) Other documents customarily and reasonably required by Purchaser's title examiner or title insurer.

8. Possession. Seller agrees to deliver possession of the Property to Purchaser no later than the date of closing.

9. Damages to Real Property. If the Property is substantially damaged prior to closing, Purchaser may at its sole option rescind this Agreement by notice to Seller within ten

(10) days after Seller notifies Purchaser of the damage, during which 10-day period Purchaser may inspect the Property.

10. **Personal Property Not Included.** Seller shall remove all personal property, not included in this sale.

11. **Covenants, Representations and Warranties of Seller.**

- 11.1. Seller represents that it is the fee owner of the Property. The signatories to this Agreement represent that they are authorized to execute this Agreement on behalf of Seller.
- 11.2. Seller agrees to take no actions to encumber title to the Property between the date of this Agreement and the time the Deed is delivered to Purchaser.
- 11.3. Seller warrants that it has not used the Property for the storage of hazardous substances or petroleum products and, as of the date of this Agreement, is not aware of any facts the existence of which would constitute a violation of any local, state or federal environmental law, regulation or review procedure or which would give any person a valid claim under the Minnesota Environmental Rights Act or the federal Comprehensive Environmental Response, Compensation and Liability Act. The foregoing is applicable only to Seller's actual knowledge of facts, and Seller represents that Seller has made no independent investigation of the Property.
- 11.4. Seller warrants that there has been no labor or material furnished to the Property for which payment has not been made.
- 11.5. Seller warrants that Property is not occupied by any tenant and no person or entity has any leasehold interest in the Property. As evidenced by an Owner's and Encumbrance report prepared by Itasca Abstract Company on September 29, 2016.
- 11.6. Seller warrants that on the Date of Closing, there will be no service contracts in effect in connection with the Subject Premises, except those which are terminable on thirty (30) days' written notice.
- 11.7. Seller warrants that Seller has received no notice of any action, litigation, investigation or proceeding of any kind pending neither against Seller, nor to the best of Seller's knowledge is any action, litigation, investigation, or proceeding pending or threatened against the Subject Premises, or any part thereof.

12. **Covenants, Representations and Warranties of Purchaser.** Seller is a public body corporate and politic under the laws of Minnesota and has the power to enter into this Agreement and carry out its obligations hereunder. The signatories to this Agreement represent that they are authorized to execute this Agreement on behalf of Seller.
13. **Broker Commissions.** Seller and Purchaser represent that neither party has engaged the services of any realtor, broker, or other person who would be entitled to a fee or commission in connection with the sale of the Property.
14. **Miscellaneous.**

14.1. This Agreement represents the complete and final agreement of the parties regarding sale of the Property and supersedes any prior oral or written understanding. This Agreement may be amended only by a writing executed by both parties. This Agreement shall be binding on the parties hereto, their successors and assigns.

14.2. Purchaser and Seller represent and warrant that the recitals contained herein are true and accurate as of the date of execution of this Agreement. All warranties and representations by Seller and Purchaser shall survive the closing of this transaction.

14.3 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 the Seller: Grand Rapids Economic Development Authority
 Attn: Rob Mattei, Executive Director
 420 North Pokegama Avenue
 Grand Rapids, MN 55744 2622

To the Purchaser: Hernesman Brothers Partnership
 Attn: Dave Hernesman, Partner
 710 4th St. NE
 Grand Rapids, MN 55744

15. **Assignment.** Purchaser shall have the right to assign its interest under this Agreement, without first obtaining the consent of Seller, provided that Purchaser shall remain liable to Seller under this Agreement.
16. **Survival.** All of the terms, covenants, conditions, representations, warranties and agreements contained in this Agreement shall survive and continue in force and effect and shall be enforceable after the Closing.
17. **Effective Date of Agreement.** This Agreement shall become effective and shall be binding upon the parties hereto only after it has been executed by each of the parties

hereto. Purchaser will have no more than forty-five (45) days after date of Seller's acceptance of this agreement to accept and sign this Agreement.

SELLER:
Grand Rapids Economic Development Authority

By: _____
Its: President

By: _____
Its: Executive Director

PURCHASER:
Hernesman Brothers Partnership

Dave Hernesman, Partner

DATE OF FINAL ACCEPTANCE _____

EXHIBIT A



CITY OF GRAND RAPIDS
IT'S IN MINNESOTA'S NATURE

Commercial Building Improvement Loan Application

Grand Rapids Economic Development Authority
c/o Community Development Department
420 North Pokegama Ave.
Grand Rapids, MN 55744
Tel. (218) 326-7601 Fax (218) 326-7621
www.grandrapidsmn.org

Community Development Office Use Only	
Date Received	_____
GREDA Review Date	_____
GREDA Approval	_____

Applicant Information:

The undersigned do hereby respectfully request the Grand Rapids Economic Development Authority's consideration of a Commercial Building Improvement Loan: *(If the applicant is not the property owner, the property owner must, also, sign the application.)*

TERRANCE LAVALLE
Name of Applicant (print)
22571 HENDERSON RD
Address
COLLASEE - MN 55721
City State Zip
218 929 1151
Telephone/ E-Mail
STATE FARM
Doing business as:

TERRANCE LAVALLE
Name of Owner (print)
516 NW 4TH AVE
Address
GRAND RAPIDS MN 55744
City State Zip
218 326-1261
Telephone/E-Mail

What is your interest in the building/property? (check one)

- Own the Business Lease the building
 Purchasing the building on contract for deed Other: _____

Project Information:

Tax Parcel # 91-420-1630 Existing Zoning: _____
Existing Use: BUSINESS Proposed Use: SAME
Property Address / Location: 516 NW 4TH AVE
Legal Description: LOT 5-7 B1K 16 20-55-25
(attach additional sheet if necessary)

Description of your proposed commercial building improvement project: SOIL RESTORATION, R/R
INSIDE FLOOR COVERINGS, SHEET PILE REPAIR, PAINT
(attach additional sheet if necessary)

Are you coordinating your project with any neighboring businesses? Yes No

If yes, please provide their name(s) and the nature of their project(s): _____

When would you like to begin your project? 9/2016

How much time will be needed to complete the project? 3 MONTHS

If your project is located in the CBD (Central Business District), please explain how it furthers the objectives stated within the *Downtown Redevelopment Master Plan*. (if applicable)

(attach additional sheet if necessary)

Project Cost/Financing:

The GREDA Commercial Building Improvement Loan Program may finance up to 75% or \$40,000 of eligible project costs, whichever is less.

Please provide a breakdown of this estimated cost by construction category (*attach copies of quotes*):

Construction Item/Category	Estimated Cost (Quote)
SO: 16 CORRECTION	75,000
DORHOIT TILE/CARPET	13,765
LANDSCAPE PS-	10,000 +/-
INTERIOR SHEETROCK PAINTING	5,000 +/-
Total Estimated Cost:	103,765

(attach additional sheet if necessary)

Please provide a list of proposed/secured financing sources:

Source	Secured (yes/no)	Amount
GREDA Commercial Bldg. Improvement Loan (requested amount)	YES	40,000
Bank	-	-
Cash	NO.	60,000 +/-
Other (specify) _____		
Other (specify) _____		
Total \$		

Required Submittals with Application:

- Application Fee - \$150.00
- Building/Site Photos
- Concept Plan
- Copies of Tax Returns (past 3 years)
- Cash Flow Projections (3 years)*
- Estim. Income Statements (3 years)*
- Business Plan
- Letters of Commitment
- Credit Report
- Evidence of ownership in the form of title insurance, title opinion, or copy of deed
- Marketing Information

* MN Small Business Development Center at Itasca Economic Development Corp. can assist with this, free of charge.

If Loan is Approved, Additional Submittals Required Prior to Disbursement of Funds:

- Verification that building is insured at a level equal to its value, with the GREDA listed as an additional insured.
- Ownership and encumbrance report
- Copies of receipts for project expenses.
- Verification from the City Building Official that the project is complete.
- Security: Personal guarantee in the form of a Promissory Note (*form provided by City*) and a mortgage.

INCOMPLETE APPLICATIONS WILL NOT BE ACCEPTED

More information may be requested by the Grand Rapid Economic Development Authority, if deemed necessary, to properly evaluate your request.

I certify that, to the best of my knowledge, information, and belief, all of the information presented by me in this application is accurate and complete and includes all required information and submittals, and that I consent to entry upon the subject property by public officers, employees, and agents of the City of Grand Rapids wishing to view the site for purposes of processing, evaluating, and deciding upon this application. Further, I have read and fully understand the CBIL Program Guidelines described as Exhibit A to GREDA Resolution 08-03.

Signature(s) of Applicant(s)

9/16/2016

Date

Rob Mattei

From: Tamara Lowney <Tamara@apexgetsbusiness.com>
Sent: Monday, October 10, 2016 9:29 AM
To: Rob Mattei
Subject: FW: Quote

Follow Up Flag: Follow Up
Due By: Monday, October 10, 2016 4:57 PM
Flag Status: Flagged

Rob,

This has both of John's quotes on it. Currently, I have a commitment from Cohasset and from Nashwauk for \$1,000. If we can get the same from Grand Rapids, APEX will do the last 200 for the \$3200 quote.

Thanks!

Tamara

Tamara Lowney
Business Developer


306 W. Superior Street
Suite 902
Duluth, MN 55802
Cell: (218)242-0572
Office: (218)740-3667
tamara@apexgetsbusiness.com
www.apexgetsbusiness.com

From: John Connelly [mailto:john@j-connelly.com]
Sent: Tuesday, September 13, 2016 2:33 PM
To: Tamara Lowney <Tamara@apexgetsbusiness.com>
Subject: Re: Quote

Sure, Tamara, no problem. The two options would either be \$3,200 or \$4,500. Basically two or three full days of shooting, with a discount if you want to go for the three. If you want to start with the two and see what we can get done, and add the third later if needed, that's fine with me.

I could still give you the discount on the 3rd.

Also, fyi, a full day doesn't necessarily mean it has to all take place on one day. It's fine if it needs to be broken up (with some limitations).

Let me know if you need any additional information.

Thanks,

John