

GRAND RAPIDS ECONOMIC DEVELOPMENT AUTHORITY

Thursday, July 14, 2016

4:00pm

Grand Rapids City Hall

NOTICE IS HEREBY GIVEN, that a regular meeting of the Grand Rapids Economic Development Authority will be held in Conference Room 2A in the Grand Rapids City Hall, 420 North Pokegama Avenue, in Grand Rapids, Minnesota on Thursday, July 14, 2016 at 4:00pm.

AGENDA

1. Call to Order
2. Call of Roll
3. Setting of the Regular Agenda - *This is an opportunity to approve the regular agenda as presented or add/delete by a majority vote of the Commissioners present an agenda item.*
4. Approval of minutes from the June 23, 2016 regular meeting
5. Consider approval of claims
6. Public Hearing:
 - a. Conduct a public hearing and consider adopting a resolution approving a purchase and development contract with Grand Rapids Hotel Partners LLC
7. Review and discuss A + B Productions, Gems of Itasca pop-up space proposal.
8. Updates:
 - a. Swan Machine
9. 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, JUNE 23, 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, June 23, 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, Chris Lynch, Mike Przytarski. Absent: Cory Jackson, Michael Stefan.

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

APPROVAL OF MINUTES:

MOTION BY COMMISSIONER R. BLAKE, SECOND BY COMMISSIONER LYNCH TO APPROVE THE MINUTES OF THE JUNE 9, 2016 REGULAR MEETING. The following voted in favor thereof: R. Blake, Przytarski, S. Blake, Christy, Lynch. Opposed: None, passed unanimously.

APPROVAL OF CLAIMS:

MOTION BY COMMISSIONER LYNCH, SECOND BY COMMISSIONER STEFAN TO APPROVE CLAIMS IN THE AMOUNT OF \$57,736.28.

City of Grand Rapids	\$67.50	Itasca County H.R.A	\$57,233.47
Itasca County Recorder	\$46.00	P.U.C	\$53.55
Visa	\$335.76		

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

Review and discuss A+B Productions, Gems of Itasca pop-up space proposal.

To commemorate Itasca County's 125 year anniversary in 2016 Gems of Itasca is releasing its 125 year anniversary DVD. A+B Productions would like to set up a pop up space in Central School with episodes playing on loop, a photo booth, items on display from local artists, the historical society and Judy Garland Museum. They are asking GREDA to sponsor Gems of Itasca County with a room in Central School for three months. The Commissioners discussed setting precedent by allowing a for profit company to use space in Central School. The Commissioners would like more information regarding support from the tenants and community.

Updates:

Block 20/21- United Development Solutions- The developers attorney has marked up the first draft of the purchase and development agreement and forwarded to GREDA's attorney. Mr. Mattei reviewed the changes with the attorney and decided what needed to be negotiated.

Swan Machine- IRRRB approved a \$166,000.00 site development grant at their last meeting. They are still looking to build a 13,000 square foot building.

There being no further business the meeting adjourned at 4:26 p.m.

Respectfully submitted:

Aurimy Groom, Recorder

DRAFT

EDA BILL LIST - JULY 14, 2016

DATE: 07/11/2016
 TIME: 11:04:13
 ID: AP443000.CGR

CITY OF GRAND RAPIDS
 DEPARTMENT SUMMARY REPORT

PAGE: 1

INVOICES DUE ON/BEFORE 07/14/2016

VENDOR #	NAME	AMOUNT DUE
EDA - CAPITAL PROJECTS		
COM BLDG IMP LOAN		
0920040	ITASCA COUNTY FARM SERVICE	35,000.00
TOTAL COM BLDG IMP LOAN		35,000.00
TOTAL UNPAID TO BE APPROVED IN THE SUM OF:		\$ 35,000.00
CHECKS ISSUED-PRIOR APPROVAL		
PRIOR APPROVAL		
1621130	P.U.C.	58.34
TOTAL PRIOR APPROVAL ALLOWED IN THE SUM OF:		\$ 58.34
TOTAL ALL DEPARTMENTS		35,058.34



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

REQUEST FOR GRAND RAPIDS EDA ACTION

Agenda Item #6a

Meeting Date: 7/14/16

Statement of Issue:

Conduct a public hearing to consider approval of a Purchase and Development Contract with and conveyance of property to Grand Rapids Hotel Partners LLC.

Background:

On December 9, 2015, GREDA received a letter of intent (LOI) submitted by United Development Solutions, LLC expressing interest in the purchase of a 1.4 acre tract of GREDA property located on 2nd Street NE, which is a portion of Blocks 20 and 21 of the Town of Grand Rapids. In the LOI, United Development Solutions stated their interest in developing a 72 – 85 unit hotel on this site, with a total project cost of approximately \$8.5 million.

The draft Purchase and Development Contract involves GREDA and a business, established by United Development solutions for this project/property, named Grand Rapids Hotel Partners LLC.

Under the proposed purchase and development contract, Grand Rapids Hotel Partners is committing to begin construction of the proposed 72 – 86 unit hotel by November 1, 2016 and complete the project by December 31, 2017.

In summary, the proposed development described in the application, involves the following:

1. Acquisition of 1.4 acre GREDA site, in Blocks 20 & 21 of the Town of Grand Rapids, at a purchase price of \$200,000.00.
2. Construction of a 72 – 85 unit hotel by the developer, within the timeframe mentioned.
3. GREDA contributing 50% of the cost of updating: the Phase 1 Environmental Report, preparing an ALTA survey, and a letter addressing the reliable nature of the previously prepared soils report. That contribution is capped at a maximum of \$5,000.
4. The Developer agreeing to construct a six foot wide public sidewalk along the north side of 2nd St. NE., at the Developer's cost.
5. Closing date: No later than October 15, 2016.

Recommendation:

Conduct a Public Hearing to consider entering into a purchase and development contract between the GREDA and Hammerlund Partnership.

Public Hearing protocol:

- State the purpose of the public hearing.
- Verify that legal notice of the public hearing has been

	<p>made.</p> <ul style="list-style-type: none"> ▪ Staff will present the background. ▪ Request public input on the proposed agreement either in favor, or in opposition, and ask that any person from the public wishing to make a statement state their name and address for the record. ▪ After public input is received, entertain a motion to close the public hearing portion. ▪ Close the public hearing, give final consideration to the agreement and entertain any motion to amend the terms, or motions to approve or disapprove of the agreement in its original or amended form.
Required Action:	<p>If the GREDA finds it advisable to enter into the attached agreement, they should pass a motion adopting the attached resolution approving the purchase and development contract with and conveyance of property to Grand Rapids Hotel Partners LLC.</p>
Attachments:	<ul style="list-style-type: none"> ▪ Draft resolution approving purchase and development agreement with and conveyance of property to Grand Rapids Hotel Partners LLC. ▪ Purchase and Development Contract

GRAND RAPIDS ECONOMIC DEVELOPMENT AUTHORITY

RESOLUTION NO. ____

**RESOLUTION APPROVING PURCHASE AND DEVELOPMENT
CONTRACT WITH AND CONVEYANCE OF CERTAIN PROPERTY
TO GRAND RAPIDS HOTEL PARTNERS L.L.C.**

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 Authority and the City of Grand Rapids (the “City”) have heretofore approved the establishment of Development District No. 1 (the “Project”) pursuant to Minnesota Statutes, Sections 469.124 to 469.134 (the “Development District Act”).

1.02. To facilitate development of certain property in the Project, the Authority proposes to enter into a Purchase and Development Contract (the “Contract”) between the Authority and Grand Rapids Hotel Partners L.L.C. (the “Developer”), under which, among other things, the Authority will convey certain property legally described in the attached Exhibit A (the “Development Property”) to Developer for development as an approximately 72-85 room hotel.

1.03. The Authority has on this date conducted a duly noticed public hearing regarding the sale of the Development Property to Developer, at which all interested persons were given an opportunity to be heard.

1.04. The Authority finds and determines that conveyance of the Development Property to the Developer 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 maintain its presence in the City and serve to retain existing employment opportunities.

1.05. The Authority finds and determines that conveyance of the Development Property to the Developer has no relationship to the City’s comprehensive plan, in that no amendment or modification of the comprehensive plan is required for the conveyance. The Authority further finds and determines that conveyance of the Property to the Developer is consistent with the objectives of the City’s comprehensive plan pertaining to development of the City’s downtown area.

Section 2. Authority Approval; Further Proceedings.

2.01. The Board hereby approves the Contract as presented to the Board, including conveyance of the Development Property to Developer, 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 Contract 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 Contract as a whole, including without limitation execution of any documents to which the Authority is a party referenced in or attached to the Contract, and any deed or other documents necessary to convey the Development Property to Developer, all as described in the Contract.

Approved by the Board of Commissioners of the Grand Rapids Economic Development Authority this 14th day of July, 2016.

President

ATTEST:

Secretary

SCHEDULE A

Development Property

ALL OF THE FOLLOWING TRACTS LOCATED IN THE PLAT OF GRAND RAPIDS,
ITASCA COUNTY, MINNESOTA:

S ½ of Block 20 less the W. 220', and W. ½ of vacated 2nd Avenue E. lying adjacent to the south 125' of Block 20;

AND

That portion of Lots 1-4, Lots 20-24 and the vacated N-S alley, all within Block 21, lying S. and W. of a line extending from a point along the E. boundary of Block 21, 30' N. of the S.E. corner of Lot 1, Block 21 to a point along the W. boundary of Block 21, 130' N. of the S.W. corner of Lot 24, Block 21;

AND

The E. ½ of vacated 2nd Avenue E. lying adjacent to: Lots 20-24, Block 21;

AND

That portion of the W. ½ of Lot 20, Block 21 lying N.E. of a line extending from a point along the E. boundary of Block 21, 30' N. of the S.E. corner of Lot 1, Block 21 to a point along the W. boundary of Block 21, 130' N. of the S.W. corner of Lot 24, Block 21;

AND

That portion of vacated 2nd Street N. lying adjacent to Blocks 21 and 24 and lying N.E. of the following described line:

Beginning at a point along the N. line of Block 24 lying 105' W. of the N.E. corner of said Block thence northwesterly to the S.W. corner of Lot 24, Block 21 and there terminating.

Second draft, July 11, 2016

PURCHASE AND DEVELOPMENT CONTRACT

By and Between

GRAND RAPIDS ECONOMIC DEVELOPMENT AUTHORITY

and

GRAND RAPIDS HOTEL PARTNERS L.L.C.

Dated as of: _____, 2016

This document was drafted by:
KENNEDY & GRAVEN, Chartered (MNI)
470 US Bank Plaza
Minneapolis, Minnesota 55402
Telephone: 612-337-9300

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- SCHEDULE A Development Property
- SCHEDULE B Form of Quit Claim Deed
- SCHEDULE C Certificate of Completion

PURCHASE AND DEVELOPMENT CONTRACT

THIS AGREEMENT, made on or as of the ___ day of _____, 2016, by and between 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 ("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 of Grand Rapids (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 and the Development District 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 Authority has acquired certain property described in Schedule A (the "Development Property") within the Development District, and intends to convey that property to Developer for development of an approximately 72-85 room hotel thereon; and

WHEREAS, the Authority believes 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 City and the health, safety, morals, and welfare of its residents, and in accord with the public purposes and provisions of the applicable State and local laws and requirements under which the Project has been undertaken and is being assisted.

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 the Economic Development Authority Act, Minnesota Statutes, Sections 469.090 to 469.108, 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.

“Authority” means the Grand Rapids Economic Development Authority, or any successor or assign.

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

“Certificate of Completion” means the certification provided to Developer, or the purchaser of any part, parcel or unit of the Development Property, pursuant to Section 4.5 of this Agreement.

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

“Closing” has the meaning provided in Section 3.3(b).

“Construction Plans” means the plans, specifications, drawings and related documents on the construction work to be performed by Developer on the Development Property which (a)

shall be as detailed as the plans, specifications, drawings and related documents which are submitted to the appropriate officials of the City, and (b) shall include at least the following: (1) site plan; (2) landscape plan; and (3) such other plans or supplements to the foregoing plans as the Authority may reasonably request to allow it to ascertain the nature and quality of the proposed construction work.

“County” means the County of Itasca, Minnesota.

“Developer” means Grand Rapids Hotel Partners L.L.C., or its permitted successors and assigns.

“Development Plan” means the Development Program for the Development District, approved by the Authority on March 11, 2010, and as it may be amended.

“Development Property” means the real property so described in Schedule A attached hereto.

“Development District” means the Authority’s Development District No. 1.

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

“Holder” means the owner of a Mortgage.

“Minimum Improvements” means the construction on the Development Property of a hotel containing approximately 72 to 85 rooms.

“Mortgage” means any mortgage made by the Developer which is secured, in whole or in part, with the Development Property and which is a permitted encumbrance pursuant to the provisions of Article VIII of this Agreement.

“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 completion by the Developer of the Minimum Improvements or the date of termination of this Agreement as a result of an Event of Default.

"Unavoidable Delays" means unexpected delays which are the direct result of: (i) adverse weather conditions, (ii) shortages of materials, (iii) strikes, other labor troubles, (iv) fire or other casualty to the Minimum Improvements, (v) litigation commenced by third parties which, by injunction or other judicial action, directly results in delays, (vi) acts of any federal or state governmental unit, including legislative and administrative acts, (vii) approved changes to the Construction Plans that result in delays (viii) delays caused by the discovery of any adverse

environmental condition on or within the Development Property to the extent reasonably necessary to comply with federal and state environmental laws, regulations, orders or agreements, (ix) delay in the issuance of any license or permit by any governmental entity, provided application therefor is timely made and diligently pursued by Developer and (x) any other cause or force majeure beyond the control of Developer which directly results in delays.

ARTICLE II

Representations and Warranties

Section 2.1. Representations by the Authority. The Authority makes the following representations as the basis for the undertaking on its part herein contained:

(a) The Authority is an economic development authority duly organized and existing under the laws of the State. Under the provisions of the Act and the Development District Act, the Authority has the power to enter into this Agreement and carry out its obligations hereunder.

(b) The activities of the Authority are undertaken to foster the development of certain real property which for a variety of reasons is presently underutilized, to stimulate the creation of jobs, and to increase the City's tax base.

(c) The Authority will use its best efforts to facilitate development of the Minimum Improvements, including but not limited to cooperating timely and in good faith with the Developer in obtaining all necessary administrative and land use approvals.

(d) The Authority will convey the Development Property to the Developer, subject to all the terms and conditions of this Agreement.

(e) This Agreement has been duly executed and delivered by the Authority and such execution, delivery and performance by the Authority does not conflict with or result in a violation of any judgment, order, or decree of any court to which the Authority is a party or by which it is bound. This Agreement contains the valid and binding obligations of the Authority and is enforceable in accordance with its terms.

(f) The Authority is not aware of and has not received any notice of any violation of any law, municipal ordinance or other governmental requirement affecting the Development Property.

(g) To the best of the Authority's knowledge, no hazardous substances are located on or have been stored, generated, used, processed or disposed of on or released or discharged from (including ground water contamination) the Development Property and no above or underground storage tanks exist on, or have been removed from, the Development Property.

(h) No litigation or proceedings are pending or, to the best of Authority's knowledge, contemplated, threatened or anticipated, relating to the Development Property, or any portion thereof.

(i) The Authority has no knowledge of any unrecorded agreements, undertakings or restrictions which affect the Development Property. There are no tenants, persons or entities occupying any portion of the Development Property and no claim exists against any portion of the Development Property by reason of adverse possession or prescription.

(j) There are no wells on the Development Property within the meaning of Minnesota Statutes, Section 1031.235 and there is no sewage generated at the Development Property to be managed, and there is no individual sewage treatment system located on or serving the Development Property.

(k) The Authority owns the Development Property and will proceed in good faith and with all due diligence to attempt to cure any Objections by the Developer regarding any encumbrances against the Development Property before the Closing Date.

(l) The Authority has not entered into any other contracts for the sale of the Development Property, nor are there any rights of first refusal, options to purchase, rights to build, leases or any other agreements regarding the Development Property, or any other rights of third parties that might prevent the execution of this Agreement or Developer's purchase of the Development Property.

(m) The Development Property is properly zoned for construction and operation of the Minimum Improvements.

All representations and warranties made herein shall be deemed remade as of the Closing Date and shall be true and correct as of the Closing Date and shall be deemed to be material and to have been relied upon by the parties, notwithstanding any investigation or other act of Developer heretofore or hereafter made, and shall survive Closing and execution and delivery of the Deed.

Section 2.2. Representations and Warranties by Developer. Developer represents and warrants that:

(a) Developer is a limited liability company duly formed and in good standing under the laws of the State of Minnesota, is not in violation of any provisions of its organizational documents or bylaws or, to the best of its knowledge, the laws of the State, is duly 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 members.

(b) If Developer acquires the Development Property in accordance with this Agreement, Developer will construct, operate and maintain the Minimum Improvements, or cause the same to be constructed, operated and maintained, in accordance with the terms of this Agreement, the Development Plan and all applicable local, state and federal laws and regulations (including, but not limited to, environmental, zoning, building code and public health laws and regulations).

(c) Developer has received no written notice or communication from any local, state or federal official that the activities of Developer or the Authority in the Development District would be in violation of any environmental law or regulation (other than those notices or communications of which the Authority is aware). Developer is aware of no facts the existence

of which would cause the Development Property to be in violation of or give any person a valid claim under any local, state or federal environmental law, regulation or review procedure.

(d) Developer will construct, or cause to be constructed, the Minimum Improvements in accordance with all applicable local, state or federal energy-conservation laws or regulations.

(e) Developer will timely apply for and diligently pursue 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 constructed.

(f) To the best of Developer's knowledge and belief, 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 partnership or company restriction or any evidences of indebtedness, agreement or instrument of whatever nature to which Developer is now a party or by which it is bound, or constitutes a default under any of the foregoing.

ARTICLE III

Conveyance of Property

Section 3.1. Status of the Property. (a) As of the date of this Agreement, the Authority owns the real property described in Schedule A to this Agreement (the “Development Property”), and agrees to convey title to and possession of the Development Property to the Developer, and Developer agrees to purchase the Development Property and to construct the Minimum Improvements, subject to all the terms and conditions of this Agreement.

Section 3.2. Purchase Price. The purchase price to be paid to the Authority by Developer in exchange for the conveyance of the Development Property shall be \$200,000 (the “Purchase Price”), payable as follows: (a) non-refundable earnest money of \$1,000 shall be deposited in escrow at the offices of Tri-County Abstract and Title Guaranty (the “Title Company”) upon execution of this Agreement to be held and applied to the Purchase Price at Closing (defined hereafter) or otherwise disbursed as provided in this Agreement; and (b) the remaining balance due on the Purchase Price by check or wire transfer at Closing, according to the terms of this Agreement.

Section 3.3. Conditions of Conveyance. (a) The Authority shall convey title to and possession of the Development Property to the Developer at Closing by quit claim deed substantially in the form set forth on Schedule B to this Agreement (the “Deed”). The Authority’s obligation to convey the Development Property to the Developer, and Developer’s obligation to purchase the Development Property and otherwise perform any obligations under this Agreement, is subject to satisfaction of the following terms and conditions:

- (1) There is no uncured Event of Default under this Agreement.
- (2) The Developer having obtained financing adequate for the acquisition of the Development Property and construction of the Minimum Improvements and Authority having reviewed the Developer’s evidence of financing in accordance with Section 7.1.
- (3) The Authority having approved the Construction Plans for the Minimum Improvements in accordance with Section 4.2.
- (4) The Developer having reviewed and approved (or waived objections to) title to the Development Property as set forth in Section 3.5 hereof.
- (5) The Developer having reviewed and approved (or waived objections to) soil and environmental conditions, Inspections and Due Diligence Documents as set forth in Section 3.6.
- (6) The Developer having obtained all necessary permits and approvals from the City and any other governmental entities necessary in Developer’s sole discretion for construction of the Public Improvements and Minimum Improvements, including without

limitation a building permit from the City; provided that the Developer shall timely, diligently and in good faith make such applications and submittals requested by the City as are necessary to consider the Developer's request for such permits and approvals.

(7) The Developer having obtained a hotel franchise or license agreement acceptable to Developer, in its sole discretion, for the development and operation of the Minimum Improvements.

(8) All of the representations and warranties of the Authority set forth in this Agreement being true and correct as of the Closing Date.

Conditions (1), (2), (3), and (6) are for the benefit of both parties, and may be waived by both parties. Conditions (4), (5), (7), and (8) are solely for the benefit of the Developer, and may be waived by the Developer.

(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 October 15, 2016; 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.

Section 3.4. Place of Document Execution, Delivery and Recording. (a) Unless otherwise mutually agreed by the Authority and Developer, the execution and delivery of all deeds, documents and the payment of the Purchase Price shall be made at the offices of the Title Company or such other location to which the parties may agree.

(b) The Deed shall be in recordable form and shall be promptly recorded in the proper office for the recordation of deeds and other instruments pertaining to the Development Property. At Closing, Developer shall pay: the cost to record the Deed in connection with the conveyance of the Development Property, title insurance policy fees and premiums, if any, and one-half of any closing fees charged by the Title Company. The Authority shall pay state deed tax, the costs of recording any instruments used to clear title encumbrances, and one-half of any closing fees charged by the Title Company. Each party shall pay its respective attorneys' fees. There are no special assessments outstanding or pending on the Development Property, and no park dedication fees or SAC/WAC fees will be assessed in connection with Closing. The parties agree and understand that the Development Property is exempt from property taxes for taxes payable in 2016, and is expected to be exempt for taxes payable in 2017.

Section 3.5. Title. (a) As soon as reasonably practical after the date of this Agreement, the Developer, at the Authority's sole expense, shall obtain a commitment for the issuance of a policy of title insurance for the Development Property (the "Title Commitment"). The Developer shall have twenty (20) days from the date of its receipt of such Title Commitment and a current ALTA survey of the Development Property including the following 2016 Table A items: 1, 2, 3, 4, 6(a), 6(b), 8, 11, 13, 14, 16, 17, and 19 (the "Survey") to review the state of title to the Development Property (including survey matters) and to provide the Authority with a list

of written objections to such title (“Objections”). Upon receipt of the Developer’s Objections, the Authority shall proceed in good faith and with all due diligence to attempt to cure the Objections made by the Developer. Promptly after expiration of the Developer’s 20-day review period, or after the date that any Objections have been cured to the reasonable satisfaction of the Developer, the Authority and Developer shall proceed with the conveyance of the Development Property pursuant to Section 3.2 of this Agreement. If, prior to Closing, an update to the Title Commitment or Survey reveals any additional encumbrances not disclosed in the original Title Commitment or Survey, the Developer shall have the right to make additional Objections and the provisions of this Section shall apply to such additional Objections. In the event that the Authority has failed to cure Objections within sixty (60) days after its receipt of the Developer’s list of such Objections, the Developer may (i) by the giving of written notice to the Authority terminate this Agreement, upon the receipt of which this Agreement shall be null and void and neither party shall have any liability hereunder, except the Authority shall promptly return to the Developer any earnest money, or (ii) waive any Objections and proceed to Closing. The Authority shall have no obligation to take any action to clear defects in the title to the Development Property, other than the good faith efforts described above.

(b) The Authority shall take no actions to encumber title to the Development Property between the date of this Agreement and the time the Deed is delivered to the Developer. The Authority expressly agrees that it will not cause or permit the attachment of any mechanics, attorneys, or other liens to the Development Property prior to Closing. Upon Closing, the Authority is obligated to pay all costs to discharge any encumbrances to the Development Property attributable to actions of the Authority, its employees, officers, agents or consultants, including without limitation any architect, contractor and or engineer. The Authority will remove any debris and personal property from the Development Property prior to Closing.

(c) The Developer shall take no actions to encumber title to the Development Property between the date of this Agreement and the time the Deed is delivered to the Developer. The Developer expressly agrees that it will not cause or permit the attachment of any mechanics, attorneys, or other liens to the Development Property prior to Closing. Notwithstanding termination of this Agreement prior to Closing, Developer is obligated to pay all costs to discharge any encumbrances to the Development Property attributable to actions of Developer, its employees, officers, agents or consultants, including without limitation any architect, contractor and or engineer.

Section 3.6. Soils, Environmental Conditions. (a) Before Closing, the Developer may enter the Development Property and conduct any environmental tests, soils studies, surveys, geothermal or other inspections, tests, or studies deemed necessary by the Developer (collectively, the “Inspections”). Within twenty (20) days after the date of this Agreement, the Authority at its cost shall obtain and provide to the Developer an updated Phase I environmental site assessment, [Developer approval of this provision is still pending:] **soils report reliance letter**, and Survey (collectively, the “Due Diligence Documents”); provided, however, that the Developer will reimburse the Authority for one-half of the actual costs of obtaining such Due Diligence Documents, and provided further that Authority’s costs shall be capped at \$5,000. If, at least 10 days before Closing the Developer determines that hazardous waste or other pollutants as defined under federal and state law exist on the Development Property, or that the soils are otherwise

unsuitable for construction of the Minimum Improvements, the Developer may at its option terminate this Agreement by giving written notice to the Authority, upon receipt of which this Agreement shall be null and void and neither party shall have any liability hereunder, except the Authority shall promptly return to the Developer any earnest money.

(b) The Developer acknowledges that except as provided in this Agreement, the Authority makes no representations or warranties as to the condition of the soils on the Development Property or its fitness for construction of the Minimum Improvements or any other purpose for which the Developer may make use of such property.

(c) 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, the County, 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. [Developer has requested deletion of the following language in bold:] **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 as of the Date of Closing and not caused by any action of the Authority, 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 under State or federal law, including without limitation Minnesota Statutes Sections 466.04 and 604.02.

Section 3.7. No Business Subsidy. The parties agree that the price paid by the Developer for the Development Property represents the fair market value of the Development Property. Accordingly, the parties agree and understand that the transaction described in this Agreement does not constitute a business subsidy within the meaning of the Business Subsidy Act. The Developer releases and waives any claim against the Authority and its governing body members, officers, agents, servants and employees thereof arising from application of the Business Subsidy Act to this Agreement, including without limitation any claim that the Authority failed to comply with the Business Subsidy Act with respect to this Agreement.

Section 3.8. Payment of Administrative Costs. The parties agree that the Authority's Administrative Costs will be paid by the Authority, and that the Developer has no obligation to reimburse the Authority for such expenditures. For purposes of this section, "Administrative Costs" means out of pocket costs incurred by the Authority together with staff costs of the Authority, 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

Construction of Minimum Improvements

Section 4.1. Construction of Minimum Improvements. Subject to all other terms and conditions of this Agreement, Developer agrees that it will construct, or cause to be constructed, the Minimum Improvements on the Development Property in accordance with the site plan and Construction Plans approved by the Authority, and at all times prior to the Termination Date will operate and maintain, preserve and keep the Minimum Improvements or cause the Minimum Improvements to be operated, maintained, preserved and kept with the appurtenances and every part and parcel thereof, in good repair and condition.

Section 4.2. Construction Plans. (a) Before commencement of construction of the Minimum Improvements, Developer shall submit to the Authority Construction Plans. The Authority will approve such Construction Plans in writing if: (i) such Construction Plans conform to the terms and conditions of this Agreement; (ii) such Construction Plans conform to the goals and objectives of the Development Plan; (iii) such Construction Plans conform to all applicable federal, state and local laws, ordinances, rules and regulations; (iv) such Construction Plans are adequate to provide for construction of the Minimum Improvements; (v) the Construction Plans do not provide for expenditures in excess of the funds available to Developer for construction of the Minimum Improvements; and (vi) no Event of Default has occurred. No approval by the Authority shall relieve Developer of the obligation to comply with the terms of this Agreement or of the Development Plan, applicable federal, state and local laws, ordinances, rules and regulations, or to construct the Minimum Improvements in accordance therewith. No approval by the Authority shall constitute a waiver of an Event of Default. The Construction Plans submitted by Developer in writing shall be deemed approved unless rejected in writing by the Authority, in whole or in part. Such rejections shall set forth in detail the reasons therefore, and shall be made within ten (10) days after the date of their receipt by the Authority. If the Authority rejects any Construction Plans in whole or in part, Developer shall submit new or corrected Construction Plans within ten (10) days after written notification to Developer of the rejection. The provisions of this Section relating to approval, rejection and resubmission of corrected Construction Plans shall continue to apply until the Construction Plans have been approved by the Authority. The Authority's approval shall not be unreasonably withheld. Said approval shall constitute a conclusive determination that the Construction Plans (and the Minimum Improvements, constructed in accordance with said plans) comply to the Authority's satisfaction with the provisions of this Agreement relating thereto.

The Developer hereby waives any and all claims and causes of action whatsoever resulting from the review of the Construction Plans by the Authority and/or any changes in the Construction Plans requested by the Authority. Neither the Authority, the City, nor any employee or official of the Authority or City shall be responsible in any manner whatsoever for any defect in the Construction Plans or in any work done pursuant to the Construction Plans, including changes requested by the Authority.

(b) If Developer desires to make any material change in the Construction Plans after their approval by the Authority, Developer shall submit the proposed change to the Authority for its approval. If the Construction Plans, as modified by the proposed change, substantially conform to the requirements of this Section 4.2 of this Agreement with respect to such previously approved Construction Plans, the Authority shall approve the proposed change and notify Developer in writing of its approval. Such change in the Construction Plans shall, in any event, be deemed approved by the Authority unless rejected, in whole or in part, by written notice by the Authority to Developer, setting forth in detail the reasons therefor. Such rejection shall be made within ten (10) days after receipt of the notice of such change. The Authority's approval of any such change in the Construction Plans will not be unreasonably withheld, conditioned, or delayed.

Section 4.3. Commencement and Completion of Construction. Subject to Unavoidable Delays, the Developer shall commence construction of the Minimum Improvements by November 1, 2016, and substantially complete construction of the Minimum Improvements by December 31, 2017. 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.

Section 4.4. Public Improvements. The Developer shall construct a six-foot wide public sidewalk adjacent to the Minimum Improvements on the Development Property (the "Public Improvements"). The Public Improvements shall extend along the north curb line of 2nd Street North between the east and west boundary line of the Development Property, a length of approximately 480 feet. The Developer must substantially complete construction of the Public Improvements by December 31, 2017.

Section 4.5. Certificate of Completion. (a) Promptly after substantial completion of the Minimum Improvements and Public Improvements in accordance with those provisions of the Agreement relating solely to the obligations of Developer to construct the Minimum Improvements and Public Improvements (including the dates for commencement and completion thereof), the Authority will furnish Developer with an appropriate instrument so certifying, in substantially the form attached as Schedule C (the "Certificate of Completion"). The Certificate of Completion shall be (and it shall be so provided in the Deed and in the Certification of Completion itself) a conclusive determination of satisfaction and termination of the agreements and covenants in the Agreement and in the Deed with respect to the obligations of Developer, and its successors and assigns, to construct the Minimum Improvements and Public

Improvements and the date for the completion thereof. Such Certificate of Completion and such determination shall not constitute evidence of compliance with or satisfaction of any obligation of Developer to any Holder of a Mortgage, or any insurer of a Mortgage, securing money loaned to finance the Minimum Improvements, or any part thereof.

(b) The Certificate of Completion shall be in such form as will enable it to be recorded in the proper office for the recordation of deeds and other instruments pertaining to the Development Property. If the Authority shall refuse or fail to provide the Certificate of Completion in accordance with the provisions of this Section 4.5 of this Agreement, the Authority shall, within ten (10) days after written request by Developer, provide Developer with a written statement, indicating in adequate detail in what respects Developer has failed to complete the Minimum Improvements and/or Public Improvements in accordance with the provisions of the Agreement, or is otherwise in default, and what measures or acts it will be necessary, in the opinion of the Authority, for Developer to take or perform in order to obtain such Certificate of Completion.

(c) The construction of the Minimum Improvements shall be deemed to have commenced upon commencement of grading of the Development Property, and shall be deemed to be substantially completed upon final inspection by the City and issuance of a certificate of occupancy. The construction of the Public Improvements shall be deemed to be substantially completed upon final inspection and acceptance by the City.

ARTICLE V

Insurance

Section 5.1. Insurance. (a) Developer will provide and maintain at all times during the process of constructing the Minimum Improvements an All Risk Broad Form Basis Insurance Policy and, from time to time during that period, at the request of the Authority, furnish the Authority with proof of payment of premiums on policies covering the following:

(i) Builder's risk insurance, written on the so-called "Builder's Risk -- Completed Value Basis," in an amount equal to one hundred percent (100%) of the insurable value of the Minimum Improvements at the date of completion, and with coverage available in nonreporting form on the so-called "all risk" form of policy.

(ii) Comprehensive general liability insurance (including operations, contingent liability, operations of subcontractors, completed operations and contractual liability insurance) together with an Owner's Contractor's Policy with limits against bodily injury and property damage of not less than \$1,000,000 for each occurrence (to accomplish the above-required limits, an umbrella excess liability policy may be used); and

(iii) Workers' compensation insurance, with statutory coverage.

(b) All insurance required in Article V of this Agreement shall be taken out and maintained in responsible insurance companies selected by the Developer which 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 thirty (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.

(d) The Developer agrees to notify the Authority immediately in the case of damage exceeding \$100,000 in amount to, or destruction of, the Minimum Improvements or any portion thereof resulting from fire or other casualty. In such event the Developer will forthwith repair, reconstruct and restore the Minimum Improvements to substantially the same or an improved condition or value as it existed prior to the event causing such damage and, to the extent necessary to accomplish such repair, reconstruction and restoration, the Developer will apply the

net proceeds of any insurance relating to such damage received by the Developer to the payment or reimbursement of the costs thereof.

The Developer shall complete the repair, reconstruction and restoration of the Minimum Improvements, whether or not the net proceeds of insurance received by the Developer for such purposes are sufficient to pay for the same. Any net proceeds remaining after completion of such repairs, construction and restoration shall be the property of the Developer.

(f) The Developer and the Authority agree that 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 contained in this Article V, the rights of the Authority with respect to the receipt and application of any proceeds of insurance shall, in all respects, be subject and subordinate to the rights of any lender under a Mortgage approved pursuant to Article VII of this Agreement.

ARTICLE VI

Delinquent Taxes and Review of Taxes

[Intentionally omitted.]

ARTICLE VII

Financing

Section 7.1. Financing. (a) Before conveyance of the Development Property, the Developer shall submit to the Authority evidence of one or more commitments for financing which, together with committed equity for such construction, is sufficient for the construction of the Minimum Improvements. Such commitments may be submitted as short term financing, long term financing, a bridge loan with a long-term take-out financing commitment, or any combination of the foregoing. Such commitment or commitments for short term or long term financing shall be subject only to such conditions as are normal and customary in the commercial banking industry.

Section 7.2. Authority's Option to Cure Default on Mortgage. In the event that there occurs a default under any Mortgage, Developer shall make commercially reasonable efforts to cause the Authority to receive copies of any notice of default received by Developer from the holder of such Mortgage. Developer will use its reasonable efforts to include in any mortgage a provision that the Authority shall have the right, but not the obligation, to cure any such default on behalf of Developer within such cure periods as are available to Developer under the Mortgage documents.

Section 7.3. Modification; Subordination. The Authority agrees to subordinate its rights under this Agreement to the Holder of any Mortgage securing construction or permanent financing, in accordance with the terms of a subordination agreement in a form reasonably acceptable to the Authority.

ARTICLE VIII

Prohibitions Against Assignment and Transfer; Indemnification

Section 8.1. Representation as to Development. Developer represents and agrees that its purchase of the Development Property or portions thereof, and its other undertakings pursuant to the 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 Transfer of Property and Assignment of Agreement. Developer represents and agrees that until issuance of the Certificate of Completion for the Minimum Improvements:

(a) Except only by way of security for, and only for, the purpose of obtaining financing necessary to enable the Developer or any successor in interest to the Development Property, or any part thereof, to perform its obligations with respect to making the Minimum Improvements under this Agreement, and any other purpose authorized by this Agreement, 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 (collectively, a "Transfer"), without the prior written approval of the Authority's board of commissioners unless Developer remains liable and bound by this Agreement, in which event, notwithstanding anything in this Agreement to the contrary, the Authority's approval is not required. The term "Transfer" does not include (i) encumbrances made or granted by way of security for, and only for, the purpose of obtaining construction, interim or permanent financing necessary to enable Developer or any successor in interest to the Development Property, or any part thereof, to construct the Minimum Improvements, (ii) any lease, license, easement or similar arrangement entered into in the ordinary course of business related to operation of the Minimum Improvements, or (iii) any sale, conveyance, or transfer in any form to any Affiliate.

(b) If Developer seeks to effect a Transfer which requires the approval of the Authority prior to issuance of the Certificate of Completion for the Minimum Improvements, the Authority shall be entitled to require as conditions to such Transfer that:

(i) Any proposed transferee shall have the qualifications and financial responsibility, in the reasonable judgment of the Authority and City, necessary and adequate to fulfill the obligations undertaken in this Agreement by 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 among the land records, shall, for itself and its successors and assigns, and expressly for the benefit of the Authority, have expressly assumed all of the obligations of 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 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 or any part thereof or the construction 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 Minimum Improvements 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 Developer, or any other party bound in any way by this Agreement or otherwise with respect to the construction of the Minimum Improvements, 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.

(c) If the conditions described in paragraph (b) are satisfied with regard to any Transfer requiring the approval of the Authority then the Transfer will be approved and Developer shall be released from its obligations under this Agreement, as to the portion of the Development Property that is transferred, assigned, or otherwise conveyed. The provisions of this paragraph (c) apply to all subsequent transferors, assuming compliance with the terms of this Article.

(d) Upon issuance of the Certificate of Completion for the Minimum Improvements, Developer may transfer or assign the Minimum Improvements and/or Developer's rights and obligations under this Agreement with respect to such property without the prior written consent of the Authority.

Section 8.3. Release and Indemnification Covenants. (a) Developer releases from and covenants and agrees that the Authority and the governing body members, officers, agents, servants and employees thereof shall not be liable for and agrees to indemnify and hold harmless the Authority and the governing body members, officers, agents, servants and employees thereof 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 Minimum Improvements, other than loss or damage to property or injury to or death of any person resulting from the negligence or misconduct of the Authority and the governing body members, officers, agents, servants and employees thereof.

(b) Except for any willful misconduct or negligence of the following named parties, any claim as to the legal authority of the Authority to perform as required by this Agreement, and any breach by the Authority of this Agreement, Developer agrees (if timely tendered by the Authority to Developer) to protect and defend the Authority and the governing body members, officers, agents, servants and employees thereof, now or 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 to the extent caused by the construction, installation, and operation of the Minimum Improvements.

(c) The Authority and the governing body members, officers, agents, servants and employees thereof shall not be liable for any damage or injury to the persons or property of Developer or its officers, agents, servants or employees or any other person who may be about the Development Property or Minimum Improvements due to any act of negligence of any person (other than the Authority).

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

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 (unless the context otherwise provides), any failure by any party, following notice and cure periods described in Section 9.2 hereof, to observe or perform any covenant, condition, obligation or agreement on its part to be observed or performed under this Agreement or under any other agreement entered into between Developer and the Authority in connection with development of the Development Property.

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 exercise its rights under this Section 9.2 after providing thirty days written notice to the defaulting party of the Event of Default, but only if the Event of Default has not been cured within said thirty days or, if the Event of Default is by its nature incurable within thirty days, the defaulting party does not provide assurances reasonably satisfactory to the non-defaulting party that the Event of Default will be cured and will be cured as soon as reasonably possible:

- (a) Suspend its performance under the Agreement until it receives assurances that the defaulting party will cure its default and continue its performance under the Agreement.
- (b) Cancel and rescind or terminate the Agreement.
- (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. Revesting Title in Authority Upon Happening of Event Subsequent to Conveyance to Developer. In the event that subsequent to conveyance of the Development Property to Developer and prior to completion of construction of the Minimum Improvements (evidenced by a Certificate of Completion described in Section 4.5):

- (a) Developer, subject to Unavoidable Delays, shall fail to begin construction of the Minimum Improvements in conformity with this Agreement and such failure to begin construction is not cured within sixty (60) days after written notice from the Authority to Developer to do so; or
- (b) Developer fails to pay assessments on the parcel or any part thereof when due, or creates, suffers, assumes, or agrees to any encumbrance or lien on the parcel (except to the extent permitted by this Agreement), or shall suffer any levy or attachment to be made, or any materialmen’s or mechanics’ lien, or any other unauthorized encumbrance or lien to attach, and such assessments shall not have been paid, or the encumbrance or lien removed or discharged or provision satisfactory to the Authority made for such payment, removal, or discharge, within sixty

(60) days after written demand by the Authority to do so; provided, that if Developer first notifies the Authority of its intention to do so, it may in good faith contest any mechanics' or other lien filed or established and in such event the Authority shall permit such mechanics' or other lien to remain undischarged and unsatisfied during the period of such contest and any appeal and during the course of such contest Developer shall keep the Authority informed respecting the status of such defense; or

(c) there is, in violation of the Agreement, any Transfer of the parcel in violation of the terms of Section 8.2, and such violation is not cured within sixty (60) days after written demand by the Authority to Developer, or if the event is by its nature incurable within 60 days, Developer does not, within such 60-day period, provide assurances reasonably satisfactory to the Authority that the event will be cured as soon as reasonably possible; or

(d) Developer fails to comply with any of its other covenants under this Agreement related to the Minimum Improvements and fails to cure any such noncompliance or breach within sixty (60) days after written demand from the Authority to Developer to do so, or if the event is by its nature incurable within 60 days, Developer does not, within such 60-day period, provide assurances reasonably satisfactory to the Authority that the event will be cured as soon as reasonably possible; or

(e) the Holder of any Mortgage secured by the subject property exercises any remedy provided by the Mortgage documents or exercises any remedy provided by law or equity in the event of a default in any of the terms or conditions of the Mortgage, in either case which would materially adversely affect the rights and obligations of the Authority hereunder,

Then the Authority shall have the right to re-enter and take possession of the parcel to which the default relates and to terminate (and revest in the Authority) the estate conveyed by the deed to Developer as to that parcel, subject to all intervening matters, it being the intent of this provision, together with other provisions of the Agreement, that the conveyance of the parcel to Developer shall be made upon, and that the deed shall contain a condition subsequent to the effect that in the event of any default on the part of Developer and failure on the part of Developer to remedy, end, or abrogate such default within the period and in the manner stated in such subdivisions, the Authority at its option may declare a termination in favor of the Authority of the title, and of all the rights and interests in and to the parcel conveyed to Developer, and that such title and all rights and interests of Developer, and any assigns or successors in interest to and in the parcel, shall revert to the Authority, but only if the events stated in Section 9.4(a)-(e) have not been cured within the time periods provided above. Notwithstanding anything to the contrary herein, in the event the Development Property have been replatted as part of other parcels as of the date of the Authority's exercise of its rights under this Section, Developer will cooperate with the Authority in obtaining any subdivision necessary to revest in the Authority title to the applicable Authority Parcel.

Section 9.4. Resale of Reacquired Property; Disposition of Proceeds. Upon the revesting in the Authority of title to and/or possession of the parcel or any part thereof as provided in Section 9.3, the Authority shall, pursuant to its responsibilities under law, use its best efforts to sell the parcel or part thereof as soon and in such manner as the Authority shall find feasible and consistent with the objectives of such law and of the Development Plan to a qualified and responsible party or

parties (as determined by the Authority) who will assume the obligation of making or completing the Minimum Improvements as shall be satisfactory to the Authority in accordance with the uses specified for such parcel or part thereof in the Development Plan. During any time while the Authority has title to and/or possession of a parcel obtained by reverter, the Authority will not disturb the rights of any tenants under any leases encumbering such parcel. Upon resale of the parcel, the proceeds thereof shall be applied:

(a) First, to reimburse the Authority for all costs and expenses incurred by them, including but not limited to salaries of personnel, in connection with the recapture, management, and resale of the parcel (but less any income derived by the Authority from the property or part thereof in connection with such management); all taxes, assessments, and water and sewer charges with respect to the parcel or part thereof (or, in the event the parcel is exempt from taxation or assessment or such charge during the period of ownership thereof by the Authority, an amount, if paid, equal to such taxes, assessments, or charges (as determined by the Authority assessing official) as would have been payable if the parcel were not so exempt); any payments made or necessary to be made to discharge any encumbrances or liens existing on the parcel or part thereof at the time of reversion of title thereto in the Authority or to discharge or prevent from attaching or being made any subsequent encumbrances or liens due to obligations, defaults or acts of Developer, its successors or transferees; any expenditures made or obligations incurred with respect to the making or completion of the subject improvements or any part thereof on the parcel or part thereof; and any amounts otherwise owing the Authority by Developer and its successor or transferee; and

(b) Second, to reimburse Developer, its successor or transferee, up to the amount equal to the amount actually invested by it in making any of the subject improvements on the parcel or part thereof.

Any balance remaining after such reimbursements shall be retained by the Authority as its property.

Section 9.5. No Remedy Exclusive. No remedy herein conferred upon or reserved to the Authority or Developer 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. In order to entitle the Authority to exercise any remedy reserved to it, it shall not be necessary to give notice, other than such notice as may be required in this Article IX.

Section 9.6. No Additional Waiver Implied by One Waiver. In the event any agreement contained in this Agreement should be breached by either party and thereafter waived by the other party, 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.

ARTICLE X

Additional Provisions

Section 10.1. Conflict of Interests; Authority Representatives Not Individually Liable. The Authority and Developer, to the best of their respective knowledge, represent and agree that no member, official, or employee of the Authority 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 which affects his personal interests or the interests of any corporation, partnership, or association in which he is, directly or indirectly, interested. No member, official, or employee of the Authority shall be personally liable to Developer, or any successor in interest, in the event of any default or breach by the Authority or for any amount which may become due to Developer or successor or on any obligations under the terms of the Agreement.

Section 10.2. Equal Employment Opportunity. Developer, for itself and its successors and assigns, agrees that during the construction of the Minimum Improvements provided for in the 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. Developer agrees that until the Termination Date, Developer, and such successors and assigns, shall devote the Development Property to the operation of the Minimum Improvements for uses described in the definition of such term in this Agreement, and 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; and

(a) in the case of Developer, is addressed to or delivered personally to Developer at 921 1st Street North, Suite 202, St. Cloud, Minnesota 56303; and

(b) in the case of the Authority, is addressed to or delivered personally to the Authority at 420 North Pokegama Avenue, Grand Rapids, Minnesota 55744, Attn: Executive Director.

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. Developer shall pay all costs for recording.

Section 10.9. Amendment. This Agreement may be amended only by written agreement approved by the Authority and Developer.

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

Section 10.11. Termination. This Agreement terminates on the Termination Date. Upon request of the Developer, the Authority shall execute and record a release of this Agreement.

Section 10.12. Choice of Law and Venue. This Agreement shall be governed by and construed in accordance with the laws of the state of Minnesota. Any disputes, controversies, or claims arising out of this Agreement shall be heard in the state or federal courts of Minnesota, and all parties to this Agreement waive any objection to the jurisdiction of these courts, whether based on convenience or otherwise.

Section 10.13. Good Faith. Each party shall act in good faith and in a commercially reasonable manner with respect to any matter contemplated by this Agreement, including, without limitation, approving or disapproving any request, including any request for approval of plans.

Section 10.14. Estoppel. The Authority agrees that it will, from time to time, upon written request by the Developer, execute and deliver to the Developer and to any parties designated by the Developer, within ten (10) days following demand therefor, an estoppel certificate certifying (i) that this Agreement is unmodified and in full force and effect (or, if there have been modifications, that the same is in full force and effect as so modified); (ii) that there are no defaults hereunder; and (iii) such other matters as may be reasonably requested by the Developer, including without limitation certifications as to the completion and acceptance of the Minimum Improvements.

[Section 10.15 as requested by Developer: **Indemnification. The Authority and Developer agree to indemnify each other against, and hold each other harmless from, all liabilities (including reasonably attorneys' fees in defending against claims) arising out of the ownership, operation, or maintenance of the Development Property during their respective periods of ownership. Such rights to indemnification will not arise to the extent that (a) the party seeking such indemnification actually receives insurance proceeds or**

other payments directly attributable to the liability in question (net of the cost of collection, including reasonable attorneys' fees) or (b) the claim for indemnification arises out of the negligent act of the party seeking indemnification. If and to the extent that the indemnified party carries insurance, or has the right to make a claim against any third party for any amount to be indemnified against as set forth above, the indemnified party will, upon full performance by the indemnifying party of its indemnification obligations, assign such rights to the indemnifying party or, if such rights are not assignable, the indemnified party will diligently pursue such rights by appropriate legal action or proceedings and assign the recovery and/or right of recovery to the indemnifying party to the extent of the indemnification payment made by such party.]

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 _____ and _____, 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 _____

STATE OF MINNESOTA)
) SS.
COUNTY OF _____)

The foregoing instrument was acknowledged before me this _____ day of _____, 2016 by _____, the _____ of Grand Rapids Hotel Partners L.L.C., a Minnesota limited liability company, on behalf of the limited liability company.

Notary Public

SCHEDULE A

DEVELOPMENT PROPERTY

ALL OF THE FOLLOWING TRACTS LOCATED IN THE PLAT OF GRAND RAPIDS,
ITASCA COUNTY, MINNESOTA:

S ½ of Block 20 less the W. 220', and W. ½ of vacated 2nd Avenue E. lying adjacent to the south
125' of Block 20;

AND

That portion of Lots 1-4, Lots 20-24 and the vacated N-S alley, all within Block 21, lying S. and
W. of a line extending from a point along the E. boundary of Block 21, 30' N. of the S.E. corner
of Lot 1, Block 21 to a point along the W. boundary of Block 21, 130' N. of the S.W. corner of
Lot 24, Block 21;

AND

The E. ½ of vacated 2nd Avenue E. lying adjacent to: Lots 20-24, Block 21;

AND

That portion of the W. ½ of Lot 20, Block 21 lying N.E. of a line extending from a point along
the E. boundary of Block 21, 30' N. of the S.E. corner of Lot 1, Block 21 to a point along the W.
boundary of Block 21, 130' N. of the S.W. corner of Lot 24, Block 21;

AND

That portion of vacated 2nd Street N. lying adjacent to Blocks 21 and 24 and lying N.E. of the
following described line:

Beginning at a point along the N. line of Block 24 lying 105' W. of the N.E. corner of said Block
thence northwesterly to the S.W. corner of Lot 24, Block 21 and there terminating.

Check here if part or all of the land is Registered (Torrens)

SCHEDULE B

FORM OF QUIT CLAIM DEED

Deed Tax Due: \$ _____

ECRV: _____

THIS INDENTURE, between the Grand Rapids Economic Development Authority, a public body corporate and politic and political subdivision under the laws of the State of Minnesota (the "Grantor"), and Grand Rapids Hotel Partners L.L.C., a Minnesota limited liability company (the "Grantee").

WITNESSETH, that Grantor, in consideration of the sum of \$ _____ and other good and valuable consideration the receipt whereof is hereby acknowledged, does hereby grant, bargain, quitclaim and convey to the Grantee, its successors and assigns forever, all the tract or parcel of land lying and being in the County of Itasca and State of Minnesota described as follows, to-wit (such tract or parcel of land is hereinafter referred to as the "Property"):

ALL OF THE FOLLOWING TRACTS LOCATED IN THE PLAT OF GRAND RAPIDS, ITASCA COUNTY, MINNESOTA:

S ½ of Block 20 less the W. 220', and W. ½ of vacated 2nd Avenue E. lying adjacent to the south 125' of Block 20;

AND

That portion of Lots 1-4, Lots 20-24 and the vacated N-S alley, all within Block 21, lying S. and W. of a line extending from a point along the E. boundary of Block 21, 30' N. of the S.E. corner of Lot 1, Block 21 to a point along the W. boundary of Block 21, 130' N. of the S.W. corner of Lot 24, Block 21;

AND

The E. ½ of vacated 2nd Avenue E. lying adjacent to: Lots 20-24, Block 21;

AND

That portion of the W. ½ of Lot 20, Block 21 lying N.E. of a line extending from a point along the E. boundary of Block 21, 30' N. of the S.E. corner of Lot 1, Block 21 to a point along the W. boundary of Block 21, 130' N. of the S.W. corner of Lot 24, Block 21;

AND

That portion of vacated 2nd Street N. lying adjacent to Blocks 21 and 24 and lying N.E. of the following described line:

Beginning at a point along the N. line of Block 24 lying 105' W. of the N.E. corner of said Block thence northwesterly to the S.W. corner of Lot 24, Block 21 and there terminating.

Check here if part or all of the land is Registered (Torrens)

To have and to hold the same, together with all the hereditaments and appurtenances thereunto belonging.

SECTION 1.

It is understood and agreed that this Deed is subject to the covenants, conditions, restrictions and provisions of an agreement recorded herewith entered into between the Grantor and Grantee on the ___ day of _____, 2016, identified as "Purchase and Development Contract" (hereafter referred to as the "Agreement") and that the Grantee shall not convey this Property, or any part thereof, except as permitted by the Agreement until a certificate of completion releasing the Grantee from certain obligations of said Agreement as to this Property or such part thereof then to be conveyed, has been placed of record. This provision, however, shall in no way prevent the Grantee from mortgaging this Property in order to obtain funds for erecting the Minimum Improvements thereon (as defined in the Agreement) in conformity with the Agreement, any applicable development program and applicable provisions of the zoning ordinance of the Grand Rapids, Minnesota, or for the refinancing of the same.

It is specifically agreed that the Grantee shall promptly begin and diligently prosecute to completion the development of the Property through the construction of the Minimum Improvements thereon, as provided in the Agreement.

Promptly after completion of the Minimum Improvements in accordance with the provisions of the Agreement, the Grantor will furnish the Grantee with a Certificate of Completion (as defined in the Agreement). Such Certificate of Completion by the Grantor shall be (and it shall be so provided in the certification itself) a conclusive determination of satisfaction and termination of the agreements and covenants of the Agreement and of this Deed with respect to the obligation of the Grantee, and its successors and assigns, to construct the Minimum Improvements and the dates for the beginning and completion thereof. Such Certification of Completion and such determination shall not constitute evidence of compliance with or satisfaction of any obligation of the Grantee to any holder of a mortgage, or any insurer of a mortgage, securing money loaned to finance the purchase of the Property hereby conveyed or the Minimum Improvements, or any part thereof.

The Certificate of Completion provided for herein shall be in such form as will enable it to be recorded with the County Recorder, Itasca County, Minnesota. If the Grantor shall refuse or fail to provide the Certificate of Completion in accordance with the provisions of the Agreement and this Deed, the Grantor shall, within ten (10) days after written request by the Grantee, provide the Grantee with a written statement indicating in adequate detail in what respects the Grantee has failed to complete the Minimum Improvements in accordance with the provisions of the Agreement

or is otherwise in default, and what measures or acts it will be necessary, in the opinion of the Grantor, for the Grantee to take or perform in order to obtain such Certificate of Completion.

SECTION 2.

The Grantee's rights and interest in the Property are subject to the terms and conditions of Section 9.3 of the Agreement relating to the Grantor's right to re-enter and revest in Grantor title to the Property under conditions specified therein, including but not limited to termination of such right upon issuance of a Certificate of Completion as defined in the Agreement.

SECTION 3.

The Grantee agrees for itself and its successors and assigns to or of the Property or any part thereof, hereinbefore described, that the Grantee and such successors and assigns shall comply with all provisions of the Agreement that relate to the Property or use thereof for the periods specified in the Agreement, including without limitation the covenant set forth in Section 10.3 thereof.

It is intended and agreed that the above and foregoing agreements and covenants shall be covenants running with the land for the respective terms herein provided, and that they shall, in any event, and without regard to technical classification or designation, legal or otherwise, and except only as otherwise specifically provided in this Deed, be binding, to the fullest extent permitted by law and equity for the benefit and in favor of, and enforceable by, the Grantor against the Grantee, its successors and assigns, and every successor in interest to the Property, or any part thereof or any interest therein, and any party in possession or occupancy of the Property or any part thereof.

In amplification, and not in restriction of, the provisions of the preceding section, it is intended and agreed that the Grantor shall be deemed a beneficiary of the agreements and covenants provided herein, both for and in its own right, and also for the purposes of protecting the interest of the community and the other parties, public or private, in whose favor or for whose benefit these agreements and covenants have been provided. Such agreements and covenants shall run in favor of the Grantor without regard to whether the Grantor has at any time been, remains, or is an owner of any land or interest therein to, or in favor of, which such agreements and covenants relate. The Grantor shall have the right, in the event of any breach of any such agreement or covenant to exercise all the rights and remedies, and to maintain any actions or suits at law or in equity or other proper proceedings to enforce the curing of such breach of agreement or covenant, to which it or any other beneficiaries of such agreement or covenant may be entitled; provided that Grantor shall not have any right to re-enter the Property or revest in the Grantor the estate conveyed by this Deed on grounds of Grantee's failure to comply with its obligations under this Section 3.

SECTION 4.

This Deed is also given subject to:

- (a) Provision of the ordinances, building and zoning laws of the Grand Rapids, and state and federal laws and regulations in so far as they affect this real estate.

(b) [Others]

SCHEDULE C

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

CERTIFICATE OF COMPLETION

WHEREAS, the Grand Rapids Economic Development Authority, a public body corporate and politic (the "Authority"), by a Deed recorded in the Office of the County Recorder or the Registrar of Titles in and for the County of Itasca and State of Minnesota, as Deed Document Number(s) _____ and _____, respectively, has conveyed to Grand Rapids Hotel Partners L.L.C. (the "Developer"), the following described land in County of Itasca and State of Minnesota, to-wit:

ALL OF THE FOLLOWING TRACTS LOCATED IN THE PLAT OF GRAND RAPIDS, ITASCA COUNTY, MINNESOTA:

S ½ of Block 20 less the W. 220', and W. ½ of vacated 2nd Avenue E. lying adjacent to the south 125' of Block 20;

AND

That portion of Lots 1-4, Lots 20-24 and the vacated N-S alley, all within Block 21, lying S. and W. of a line extending from a point along the E. boundary of Block 21, 30' N. of the S.E. corner of Lot 1, Block 21 to a point along the W. boundary of Block 21, 130' N. of the S.W. corner of Lot 24, Block 21;

AND

The E. ½ of vacated 2nd Avenue E. lying adjacent to: Lots 20-24, Block 21;

AND

That portion of the W. ½ of Lot 20, Block 21 lying N.E. of a line extending from a point along the E. boundary of Block 21, 30' N. of the S.E. corner of Lot 1, Block 21 to a point along the W. boundary of Block 21, 130' N. of the S.W. corner of Lot 24, Block 21;

AND

That portion of vacated 2nd Street N. lying adjacent to Blocks 21 and 24 and lying N.E. of the following described line:

Beginning at a point along the N. line of Block 24 lying 105' W. of the N.E. corner of said Block thence northwesterly to the S.W. corner of Lot 24, Block 21 and there terminating.

WHEREAS, the undersigned hereby certifies that the Developer has fully complied with its obligations under Articles III and IV of that document titled "Purchase and Development Contract," dated as of _____, 2016 between the Authority and the Developer ("Agreement"), with respect to construction of the Minimum Improvements and the Public Improvements in accordance with Article IV of the Agreement, and that the Developer is released and forever discharged from its obligations with respect to construction of the Minimum Improvements and Public Improvements under Articles III and IV of the Agreement.

Dated: _____, 20__.

GRAND RAPIDS ECONOMIC DEVELOPMENT
AUTHORITY

By _____
Authority Representative

This document was drafted by:
KENNEDY & GRAVEN, Chartered (MNI)
470 US Bank Plaza
Minneapolis, Minnesota 55402
Telephone: 612-337-9300

Rob Mattei

From: Rob Mattei
Sent: Friday, July 01, 2016 10:18 AM
To: Chris Lynch (clynch@colerainebank.com); Cory Jackson; Dale Christy; Mike Stefan; przytarski@mchsi.com; Rick Blake; Sholom Blake (sblake@srblakecpa.com)
Subject: FW: Gems of Itasca + GREDA
Attachments: Gems of Itasca Community Support and Goals June 2016.pdf
Importance: High

GREDA Commissioners,

I wanted to give you an opportunity to review the response from A+B Productions.

To give you something to think about, relative to the nominal fee question, I have isolated the monthly cost for that space for: utilities, contracted services, and building maintenance and have compared it to the lease rate:

Lease rate: \$889.40/month

Budgeted utility and sanitation cost: \$270.36/month

Budgeted contracted services (janitorial, management, legal, accounting): \$123.63/month

Budgeted building maintenance cost: \$219.93/month

I will bring this back to the regular agenda at our July 14th meeting. Call me if you have any questions or comments.

Have a great 4th!

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: Benjamin Braff - A PLUS B PRODUCTIONS, LLC [mailto:benjamin@aplusbproductions.com]

Sent: Friday, July 01, 2016 9:27 AM

To: Rob Mattei <rmattei@ci.grand-rapids.mn.us>

Cc: Alisi Styles <alisi@aplusbproductions.com>

Subject: Gems of Itasca + GREDA

Importance: High

Hi Rob,

Thank you for your notes earlier this week.

1. **Re: community support.** We've attached a list of community supporters and included information about how this initiative addresses multiple goals of the previously community-commissioned Grand Rapids BrandMAP. We've also included some quotes we've received in support of the project.

2. **Re: "for-profit" entity.** As artists, we run into the complexities of the "art for public good v.s. sustainability issue" quite often, and, especially with our non-commissioned projects like Gems of Itasca where we could not

find a non-profit to run with the project, we've had to lead-out on our own as artists, creating Gems of Itasca under an LLC to manage artistic and legal processes for dealing with a project of this scale involving hundreds of people and a couple hundred thousand dollars in sponsorships. While essentially all artists (including the ones in the Old Central School) that sell their art, are for-profit entities, Gems of Itasca is different even from the usual artistic model of create & sell because it truly was the community's sponsorships and in-kind support that enabled us filmmakers to produce & distribute the content for free to the public for consumption and sharing and for the county to have a tool at its disposal. It's not a for-profit model as the film is free online and the DVDs are being given away - that's why we need sponsors and your help. It's a service for the community where we saw a deficit and opportunity to help with our craft & vision.

3. Re: pop-up space operational sustainability. Popcorn, gifts, crafts, and other locally sourced items may be sold within pop-up space along with promotions for other groups, non-profits, businesses, and other activities that relate to the region.

First, if there is any net income, it will help alleviate some of the project costs of staffing and creating the space. For example, running the First Friday one-night event "Old School Cinema" cost the project \$400 in consumable supplies and production assistants' time. Alisi and I have contributed a significant, possibly unreasonable, amount of in-kind time on this project and especially this new pop-up aspect because, as the stewards of this vision, we feel responsible to see it through to be as useful as possible.

Second, curating the space to be as engaging as possible with items from or promotions for the region's "gems" will help propel visitors to engage more of our region and its "gems."

4. Re: nominal contribution. At present, we still have just over \$3,000 left to raise for the extended features & music license upgrade and \$7,500 to find to find to help with the DVD manufacturing. It hasn't been easy to get this far, but we will find it somehow. While we are asking the City/GREDA to be a sponsor so this project doesn't incur any further expenses, we could offer a nominal contribution to the city if it helps as a technicality. I'm not sure if \$1, \$10, or \$50 a month is in the neighborhood of what constitutes "nominal." We're open to it, but our ask is for sponsorship.

I hope these talking points assist your conversation. Thank you for your time.

Kind regards,

BENJAMIN BRAFF

Producer

A+B Productions [A Plus B Productions, LLC]

WEBSITE | www.aplusbproductions.com

PHONE

| +1 424 262 5474

FACEBOOK

| <http://www.facebook.com/APlusBProductions>

GEMS OF ITASCA: the documentary | To find out more: www.gemsofitasca.com

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violation of law and is strictly prohibited. If you are not the intended recipient, please contact the sender and delete all copies.

I hope these talking points assist your conversation. Thank you for your time.

Kind regards,

BENJAMIN BRAFF

Producer

A+B Productions [A Plus B Productions, LLC]

WEBSITE | www.aplusbproductions.com

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GEMS OF ITASCA: the documentary | To find out more: www.gemsofitasca.com

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GEMS OF ITASCA

Discover, experience and share the artistic, historical and cultural gems of
Itasca County, Minnesota, U.S.

COMMUNITY SUPPORT List of \$\$ and in-kind Sponsors

As of June 2016, the Gems of Itasca community initiative sponsors include:

PHASE: 1 \$\$ (ORIGINAL SERIES OF 8 FILMS - 2014):

- Blandin Foundation
- Children's Discovery Museum
- CMT – Community Marketing Taskforce
- Cub Foods
- Grand Rapids Herald-Review
- House of Rock
- IEDC
- Judy Garland Museum
- Magnetation
- Mello Smello
- Miner Group International
- North Compass Financial Advisors
- Olympak
- Reif Centre
- Visit Grand Rapids
- Wa-Ga-Tha-Ka Resort
- Lee family of Minneapolis
- Benjamin family of Florida
- Bailey family of Jamaica
- Braff family of Grand Rapids
- Showboat members

PHASE: 2 \$\$ (TWO NEW EPISODES – RELEASE 2016):

- Allete
- Industrial Lubricant
- Itasca County Land Department
- Magnetation

PHASE: 3 \$\$ (125TH ANNIVERSARY RE-LAUNCH & DVD – JULY 2016)

- City of Bovey
- Grand Rapids Herald-Review
- Grand Rapids State Bank
- IEDC
- Itasca County Land Department
- Mike's Bar, Bovey
- Private Sponsor for portion of DVD
- Showboat Landing (Grand Rapids Showboat Inc.)

IN-KIND:

20 local and national contributors:

- Bovey City Hall, Bovey, Minnesota
- Bovey Police, Bovey, Minnesota
- Breaktime Studios, Grand Rapids, Minnesota
- Coleraine Reserve Police, Coleraine, Minnesota
- Cutsforth family of Grand Rapids, Minnesota
- El Potro Mexican Restaurant, Grand Rapids, Minnesota
- Forest Lake Restaurant, Grand Rapids, Minnesota
- Grand Rapids Players, Grand Rapids, Minnesota
- KOZY/KMFY
- HDMG Minneapolis
- IEDC, Grand Rapids, Minnesota
- Itasca County Historical Society
- Killer Tracks, Los Angeles, California
- Lake + Co. (Lake Time Magazine)
- Lens Rental, Nashville, Tennessee
- Rummage in The Park, Hibbing, Minnesota
- SugarLake Lodge, Grand Rapids, Minnesota
- Togerson family of Grand Rapids, Grand Rapids, Minnesota
- University of the Nations (YWAM - Youth With a Mission) Kona, Hawaii
- Zorba's on the Lake, Grand Rapids, Minnesota

GRAND RAPIDS – COMMUNITY BRAND

Additionally, the community previously invested considerable resources to hire a consultancy firm to produce a plan for creating a more attractive and unified identity for the region with many goals and actionable items.

For such goals, a quick review of the Grand Rapids BrandMAP gave a refreshing reminder of how the Gems of Itasca series not only aligns with but also meets and executes those goals (and without further consultancy fees!)

With regards to the BrandMAP, pages 7, 8, 9, and 10 in addition to 108, 110, 111, 112, 113, 114, 115, 116, 117, 118, and 119 all contain recommendations and strategies that Gems of Itasca executes:

From Grand Rapids BrandMAP, Page 7

"In addition, the plan has been formulated to provide solutions to the following issues listed as priorities by the brand drivers:

- Renew local residents' appreciation of Grand Rapids' assets – natural, cultural, and economic
- Increase awareness throughout Minnesota of Grand Rapids' many positive offerings as a place to live, locate a business and visit
- Expand tourism market and help maximize tourism potential
- Overcome the "remote and inaccessible" label which keeps both tourists and potential businesses from the area
- Celebrate local history, industry and culture
- Attract a more "upscale" tourist clientele and capture more discretionary dollars from those who visit
- Provide tools and message to help with economic development initiatives
- Attract more creative folks to Grand Rapids to both live and visit
- Recruit and retain more college graduates and other young people to live in the Grand Rapids area
- Use the brand to support further improvements in the downtown area

- Use the brand to bring Itasca County together under a common cause.

Finally, it should be recognized that no plan can ever be implemented in a vacuum. To that end, this strategic plan has been developed with current socio-economic trends in mind, including:

- The move toward an “experience economy” – Consumers/tourists want to see AND do, to get their hands dirty, learn how things/businesses/products are made and marketed, to continue to learn and to experience throughout life. And, they’re willing to pay top dollar for those experiences. Agritourism is an excellent example of this kind of experience. Tourists enjoy everything from a single afternoon picking berries or feeding a calf to a week of building a barn or greenhouse and putting in the summer crop.”

With **Gems of Itasca** episodes focusing on the history of **Family Resorts**, the world-famous **Grace** photo, **Reif Center**, the **Forest History Center**, **Judy Garland Museum**, the **artisans** in Itasca County, the aforementioned local **agritourism** industry and much, much more - the entire documentary **"celebrates local history, industry & culture" through and through.**

Gems of Itasca is 100% about promoting contemporary experiences available in our community and supporting the many facets thereof.

GRAND RAPIDS – COMMUNITY QUOTES

“We know that the arts are an economic driver. This is the kind of project that needs to be done in our community.”

–David Marty , President, Myles Reif Performing Arts Center

“Help support The Gems of Itasca project! This short form documentary will feature “local gems” in Itasca County and help stimulate economic and cultural development in our region.”

–Blandin Foundation

“Tourism will benefit from a project like this.”

–Britta Arendt, Editor, Grand Rapids Herald Review

“We could never do what this film will help us to do, is to share our arts, our culture and our heritage.”

–Lilah Crowe, Executive Director, Itasca Historical Society

“The Gems of Itasca is valuable because it will highlight the arts & cultural attractions here in Itasca County that make us unique. And they’re really our only hope to expand tourism.”

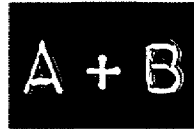
– John Kelsch, Director, Judy Garland & Children’s Discovery Museum

“We recognize the historical significance of the Gems projects and how it showcases Itasca county and all the rich heritage and resources that the area offers. While a number of organizations are pursuing projects to recognize the 125 year anniversary of the area, the Gems project that aims to deliver DVD’s and online content that showcases Itasca County was a great way for us to support the project and celebrate this historical milestone for the area.”

–Noah Wilcox, President, Grand Rapids State Bank

“Forestry, mining and lakes are the foundation to celebrating our past, present and future. The Land Edition is about county governments’ dedication to quality resource stewardship, the stewardship ethic of Northland citizens and the key role that loggers have in the stewardship of our natural environment. Its message is intended for beyond our borders...to the larger state population and legislators who too often control our future. The Gems of Itasca series serves to tell the unique story of the Itasca County area.”

–Garrett Ous, Itasca County Land Commissioner



A PLUS B PRODUCTIONS, LLC

GEMS OF ITASCA
The documentary
www.gemsofitasca.com

Gems of Itasca Pop-up Space Proposal
6/17/16

Dear Rob & GREDA,

Background:

For those who aren't familiar, *Gems of Itasca* is a short film documentary series highlighting the arts, culture, and history of Itasca County for the purpose of cultural & economic development. More than 20,000 online viewers have tuned into the community-sponsored project created & produced by filmmakers Alisi Styles & Benjamin Braff of Grand Rapids based independent film production company – A+B Productions. The project was created to address a deficit in the community for high quality visual presentation of the area and to be an attractive and easily shareable tool for citizens, businesses, organizations and local government departments. Since launching online in May 2014, area businesses and organizations have been using it to share their community story and attract interest in visiting, moving, and investing in the community.

Initiative:

To commemorate Itasca County's 125-year anniversary in 2016, *Gems of Itasca* is releasing its 125-year anniversary DVD. The DVD will feature the original eight films plus 2 new episodes and will carry 20+ videos of additional features and extended interviews with local historians, artisans, community leaders and guests whose stories and contributions to the community all add to the richness of the narrative of the Itasca County area. The extra features will benefit education, recruitment and tourism sectors in showcasing the many layers of our community.

Initiative cont:

- A generous sponsor is contributing to the manufacture of more than 20,000 Gems of Itasca 125 year anniversary DVDs for the 2016 re-release.
- Through a partnership with the Grand Rapids Herald-Review, the 20,000+ DVDs will be hand delivered to every occupied home in the county, as determined by the Manny's Shopper.
- Additionally, we are making the films available for regional broadcast on ICTV.
- We are working with large & small businesses and non-profits as sponsors to cover the cost of producing the extended interviews and music licensing cost for distribution on DVD and broadcast television.
- LakeTime Magazine is featuring the series across 6 months of its publication (2 issues) which is available across Minnesota including the Minneapolis - St. Paul International Airport and twelve Barnes & Noble book stores.

GREDA + Old Central School

As we work in the community to make this initiative as effective as possible, **we are asking GREDA to sponsor Gems of Itasca with a room in Old Central School for three months (mid-July to mid-October) to maximize exposure and engagement with tourists and residents alike.**

Vision

Our vision is for a **Gems of Itasca pop-up space** in Old Central School (first floor, SE corner room) that is open daily throughout the week to engage people with the stories and experiences available in Itasca County.

Features:

- Gems of Itasca episodes playing on loop via a screen with seating
- Photo booth opportunity with red carpet and the official Gems of Itasca & sponsor step-and-repeat photo banner
- Items or displays from various "gems" of the county: e.g. Itasca County Historical Society, Judy Garland Museum, various local artists
- Hot popcorn for sale
- Gems of Itasca gift shop for tourists and visitors (revenue to offset project costs ie. Pop up space attendant).

Impact

With the success of our recent First Friday installation, *Old School Cinema*, featuring Gems of Itasca screening on loop in a vacant Old Central School room, a photo booth with props and step and repeat photo/sponsor banner, and fresh, hot popcorn served to attendees, we received great feedback from building tenants (Lake Lovers Vintage, Lake + Co; Janna Salmela Photography) and leaders in the community (Kathy Dodge, Chair of Arts & Culture Commission). The First Friday event staff expenses were covered by Gems of Itasca (A+B Productions) with sponsored equipment from Lake + Co; Schroeder Log Homes, Itasca County Historical Society and Visit Grand Rapids (Visit Grand Rapids is also a valued sponsor of the original eight films in the series.)

Feedback included:

- "Great idea"
- "[The tenants] would love to have you here" – Kathy LaDoux, Lake Lovers Vintage
- "Please do more" – Lake & Co. (Lake Time Magazine, Lake Bride Magazine).
- "It's embarrassing how empty the building typically is" (concerned for visitors looking for engagement). What you're doing fits in with the vision of the tenants for the building." – Janna Salmela Photography
- "The cinema got people thinking about what else they could do in the space." – Kathy Dodge – Chair of Arts and Culture Commission.

We look forward to further promoting the economic opportunities of the region through our work and partnering with GREDA on leveraging this vacant space to inspire citizens and tourists about this community as well as encourage future tenants about the diverse possibilities Old Central School offers.

Thank you for your time.

Faithfully,

Benjamin Braff, Producer
Alisi Styles, Producer

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