City of Blaine
Economic Development Authority

May 20, 2024 | 8:00 PM
Blaine City Hall
10801 Town Square Drive NE
Blaine, MN 55449

The purpose of the Blaine Economic Development Authority is to increase the City's commercial/industrial tax base, provide employment opportunities, undertake redevelopment to enhance and maintain neighborhood economic stability, and address special needs, such as senior housing. As authorized under Minnesota State statutes, the Blaine City Council also serves as the Blaine Economic Development Authority.

AGENDA

1. Call to Order

2. Roll Call

3. Approval of Minutes

3.1. 2024-784 Approval of the April 1, 2024 Economic Development Authority (EDA) Minutes
Sponsors: Erik Thorvig, Community Development Director

4. New Business

4.1. RES 24-63 Resolution Approving Loan Origination Contract Amendment
Sponsors: Elizabeth Showalter, Community Development Specialist

4.2. RES 24-65 Resolution Approving Lease Agreement for 1409 105th Avenue NE.
Sponsors: Erik Thorvig, Community Development Director

4.3. RES 24-102 Resolution Approving Purchase and Lease Agreements for 2190 106th Lane NE
Sponsors: Erik Thorvig, Community Development Director

5. Old Business

6. Adjournment

City of Blaine
Economic Development Authority

April 1, 2024 | 8:00 PM
Blaine City Hall
10801 Town Square Drive NE
Blaine, MN 55449

MINUTES

1. Call to Order

The meeting was called to order at 10:04PM by President Sanders followed by the Roll Call.

2. Roll Call

PRESENT: President Tim Sanders, Commissioners Terra Fleming, Leslie Larson, Chris Massoglia, Tom Newland, Jess Robertson, and Lori Saroya.

ABSENT: None.

Quorum Present.

ALSO PRESENT: City Manager Michelle Wolfe; Community Development Director Erik Thorvig; Safety Services Director/Police Chief Brian Podany; Finance Director Jason Zimmerman; Communications Manager Ben Hayle; and City Clerk Catherine Sorensen.

3. Approval of Minutes

3.1. 2024-95 Approval of the January 3, 2024 Economic Development Authority (EDA) Minutes
Sponsors: Erik Thorvig, Community Development Director

Moved by Commissioner Newland, seconded by Commissioner Robertson, that the Minutes of January 3, 2024, be approved.

Motion adopted unanimously.

4. New Business

4.1. 2024-96 Approving a License Agreement with Invictus Brewing for Use of EDA Owned Property

Community Development Director Thorvig stated the owners of Invictus Brewing approached city staff about the potential to use EDA-owned property for various events in the spring/summer. The EDA owns property directly north of Invictus. Invictus would like to erect a 40'x60' tent on the property through the end of July. They are looking at various music acts and other fundraising events. These events would fall under the special events ordinance. They would need to apply for a special events permit and a temporary liquor license for each event, which includes liquor liability insurance. Temporary liquor licenses require city council approval, however special events are approved adminstratively. In order to utilize EDA/city owned property for an extended period of time, the city attorney suggested entering into a license agreement which outlines terms and conditions for the use of property. The terms and conditions within the license agreement were reviewed with the EDA and staff recommended approval of the agreement with Invicus Brewing.

Moved by Commissioner Robertson, seconded by Commissioner Massoglia, to approve a License Agreement with Invictus Brewing for Use of EDA Owned Property.

Previn Solberg, co-owner of Invictis Brewing, explained he had several celebrations/events being planned for this summer and stated the extra space would allow for a large tent to be set up through July 31.

Commissioner Saroya questioned how often Invictus would be hosting events. Mr. Solberg reported he has three different events planned for this summer. He stated additional events may be hosted throughout the summer.

Commissioner Saroya suggested the EDA consider the sale of this EDA owned property to Invictus versus leasing the land. Mr. Thorvig indicated there was open space available to Invictus directly to the north that would allow for the celebrations/events and this would be worked through as the 105th Area develops.

Motion adopted unanimously.

5. Old Business

None.

6. Adjournment

Moved by Commissioner Robertson, seconded by Commissioner Massoglia, to adjourn the meeting at 10:14PM.

Motion adopted unanimously.

City of Blaine
Staff Report

File Number: RES 24-63

Agenda Date	Status
May 20, 2024	
In Control	**File Type**
Economic Development Authority	Resolution

New Business - Elizabeth Showalter, Community Development Specialist

Agenda Item # 4.1

Resolution Approving Loan Origination Contract Amendment

Executive Summary

The EDA contracts with Center for Energy and Environment (CEE) for loan origination and servicing. A contract amendment is needed at this time to allow for CEE to originate loans for the new Manufactured Home Deferred Loan program that is being funded partially through a grant from the state housing finance agency and to extend the contract term for two additional years.

Background

The EDA has offered low interest home improvement loans since the late 90s and contracts with the Center for Energy and Environment (CEE) for day to day administration including origination and servicing of loans. The contract for origination includes the terms for each loan program as well as the fees for origination of different loan products. The loan products offered or proposed to be offered are:

Name	Description
Revolving Loan	General home improvement loan for owner-occupied homes with interest rates typically 1% lower than private 2nd mortgages.
Manufactured Home Improvement Loan	General home improvement loan for owner-occupied homes with interest rates typically 1% lower than private 2nd mortgages.
Rental Property Loan	Loan for exterior, safety, security, and accessibility improvements to rental properties with interest rates typically 1% lower than private 2nd mortgages.
Last Resort Loan	Deferred and forgivable loan for emergencies.

Accesibility Loan	Deferred and forgivable loan for accessibility improvements.
Manufactured Home Deferred Loan	Deferred and forgivable loan for select exterior improvements to manufactured homes funded partially from a grant from Minnesota Housing Finance.
Down Payment Assistance Loan	Deferred loan for down payment assistance for first time homebuyers.

The deferred loans are similar to grants in that homeowners are not required to make regular payments. They are paid back out of proceeds of the sale of the home and all deferred loans, except down payment assistance, are forgiven if the homeowner stays in the home for a set number of years. This allows for the funds to be recycled in future years.

Manufactured Home Deferred Loan

The Minnesota Housing Finance Agency (MHFA) awarded the EDA $357,000 to fund forgivable home improvement loans for basic exterior improvements (roofing, siding, windows, doors) on manufactured homes. On June 20, 2023, the EDA authorized the application and authorized the expenditure of up to $135,000 as leveraged funds for the program, including administrative costs and loan funds. The first $357,000 in costs for the program (including loan funds and origination fees) will be paid using MHFA funds, released by MHFA on a loan by loan basis, and once those are expended, the remaining $135,000 in loans and origination fees will be paid with EDA funds from the Home Improvement Loan Fund (HIL Fund).

The proposed loan terms are in the attached contract. They differ slightly from what was included in the application to better conform to the state funding requirements. The maximum loan amount is $15,000, with the possibility to increase to $20,000 in cases of extreme deficiency in the home. This will balance the competing interests of funding repairs to the greatest number of homes and funding sufficient repairs on participating homes.

Staff will begin promoting the program in early June and applications will start being accepted in mid-June. Promotion will include door hangers on homes that are 30 years old or older, flyers provided to park management for distribution, on-site events, and promotion through general city communication streams. Promotional costs will be paid out of the revolving loan fund, separate from the $135,000 approved for loans and origination fees.

Contract Extension

The current contract with CEE for loan origination expires December 31, 2024. Since an amendment is needed at this time for the new loan program, staff recommends renewal of the contract for an additional two years. In 2021, an RFP was issued for loan origination and CEE was the only respondent. CEE was also the only respondent when an RFP was previously issued in 2012. Staff receives positive feedback from borrowers on CEE's services and is not aware of another loan originator that can provide the scope of services provided by CEE, particularly the popular remodeling advisor service. CEE is also contracted as the EDA's loan servicing provider which provides continuity for borrowers. Therefore, staff is recommending renewal of the contract without issuance of an RFP.

The fee for post installation verification and the remodeling advisor service are proposed to increase by $25 each. No changes to the origination fees are proposed at this time.

Loan origination is contracted to a third party due to the specialized nature of the work. The EDA does not originate sufficient loans to justify hiring staff with the necessary training and certification to originate loans.

Strategic Plan Relationship

Not applicable.

Board/Commission Review

Not applicable.

Financial Impact

Costs for the Manufactured Home Deferred Loan (including loan funds and origination costs) will be paid with a $357,000 grant from MHFA, and $135,000 previously approved by the EDA out of the Home Improvement Loan Fund. General loan origination and the annual fee paid to CEE are paid out of the HIL fund, which recoups costs from principle and interest payments on loans and investment earnings.

Public Outreach/Input

Staff conducted outreach to manufactured home park residents and park managers prior to submission of the application for the funding of the new Manufactured Home Deferred Loan Program.

Staff Recommendation

Staff recommends approval.

Attachment List

1. Contract Amendment
2. Exhibit A: Program Guidelines

City of Blaine

Signature Copy

Resolution: RES 24-63

Resolution Approving Loan Origination Contract Amendment

WHEREAS, Improving the quality of existing housing stock is a goal in the 2040 Comprehensive Plan; and

WHEREAS, the EDA received Home Infrastructure Appropriations from the Minnesota Housing Finance Agency to offer deferred and forgivable loans for basic exterior repairs to manufactured homes; and

WHEREAS, the Center for Energy and Environment is an established organization with the capability to administer the Home Improvement Loan Program;

NOW THEREFORE, BE IT RESOLVED, that the Blaine Economic Development Authority hereby approves the fourth amendment to the contract between The Center for Energy and Environment and the EDA for loan origination and authorizes the President and Executive Director to execute said contract.

PASSED by the Blaine Economic Development Authority this 20th day of May, 2024.

FOURTH AMENDMENT to the LOAN ORIGINATION AGREEMENT
Between
ECONOMIC DEVELOPMENT AUTHORITY IN AND FOR THE CITY OF BLAINE
And
CENTER FOR ENERGY AND ENVIRONMENT

(Blaine Home Improvement Loan Program)

The Agreement made the 1st day of January, 2013 by and between the ECONOMIC DEVELOPMENT AUTHORITY IN AND FOR THE CITY OF BLAINE, with offices at 10801 Town Square Drive Northeast, Blaine, MN 55449, (the "Authority"), and CENTER FOR ENERGY AND ENVIRONMENT, with its offices at 212 3rd Avenue North, Suite 560, Minneapolis, Minnesota 55401 ("CEE") is hereby amended.

Effective June 1, 2024 EXHIBIT B4 shall replace EXHIBIT B3 .

Section 2. <u>Compensation</u> shall be updated as stated below:

Post Installation Verification	$150
Remodeling Advisor Visit/Last Resort Inspection	$275
Loan Origination Fee (Home Improvement, Manufactured Home Improvement, Last Resort, Accessibility, Rental Property) per loan closed	$750
Loan Origination Fee (Down Payment Assistance, Manufactured Home Deferred) per loan closed	$950
Annual Administrative Fee	$5,000
One Time Program Set-Up Fee for Manufactured Home Deferred Loan	$1,000

The Annual Administrative Fee shall be payable on January 1st of each year the contract is active.

Section 5. <u>Term and Termination</u>

5.1 Unless earlier terminated as provided in the following paragraphs, this Agreement shall become effective on June 1, 2024 and continue through December 31, 2026.

All other sections of the contract and fees shall remain as written in the original agreement.

IN WITNESS WHEREOF, the parties hereunder set their hands as of the date written below:

ECONOMIC AND DEVELOPMENT AUTHORITY IN AND FOR THE CITY OF BLAINE

By ____________________________
, President

Date ____________________________

CENTER FOR ENERGY AND ENVIRONMENT

By ____________________________

Date ____________________________

#4557

By ______________________________ TAX ID 41-1647799
Executive Director

Date_____________________________

EXHIBIT A-24

PROGRAM GUIDELINES

BLAINE LOAN PROGRAM GUIDELINES

The Blaine Loan Programs are designed to supplement existing loan programs available from MHFA, CEE, private lenders and other housing resources. Center for Energy and Environment shall serve as the administrator for the Blaine Loan Programs and will secure the most beneficial financing based on the borrower's needs independent of the funding source.

Home Improvement Loan

Interest Rate: The 10 Year Treasury Note +1.75% (as of January 1 of the year the loan application was received). For loans when the city is in 1st lien position the rate is the 10 Year Treasury Note +1.5%.

Amortization Type: Amortizing (Monthly Payments Required).

Loan Amount: Minimum of $2,500 and Maximum of $50,000.

Total Project Cost: The borrower must have sufficient funds necessary to cover the cost of the entire project as outlined in the bid(s). Additional funds may come from the applicant's personal savings, gifts, or other non-City loans.

Loan term: Generally, one year per $1,000 borrowed. This will be somewhat flexible depending on the size of the loan and the borrower's ability to repay the loan. The minimum term is 1 year; the maximum term will be 20 years.

Eligible Properties: 1-4 unit owner-occupied properties located within the City of Blaine, including individual townhomes, twin homes, and condominiums. Properties held in a Trust are eligible.

Ineligible Properties: Properties with more than four units, cooperatives, manufactured homes, or properties used for commercial purposes. Properties owned by a Contract-For-Deed.

Eligible Borrowers: All borrowers must be legal residents of the United States.

Ineligible Borrowers: Including but not limited to: Foreign Nationals, Non-Occupant Co-Borrowers, and Properties in the name of a business.

Ownership/Occupancy: Owner- occupied only.

Loan - to - Value Ratio: The ratio of all loans secured by the property, including the new loan, should not exceed 110% of the property value. Half of the improvement value may be added to the initial property value. Value can be established by the Property Tax Statement, or an Appraisal dated within the past 12 months.

Income Limit: None.

Debt - to - Income Ratio: 55%

Credit Requirements: 1) All mortgage payments must be current and reflect no 30 day late payments history in the past 12 month period (without reasonable explanation). 2) All real estate taxes must be current. 3) No outstanding judgements or collections. 4) Bankruptcy must have been discharged for at least 18 months prior to loan closing (without reasonable explanation). 5) The redemption period on prior foreclosures must have occurred at least 18 months prior to the loan application date. 6) Generally, no 90-day late payments on credit report within the past year (without reasonable explanation). 7) No defaulted government loans.

Multiple Loans per Property/Borrower: More than one loan per property/borrower is allowed, however, the outstanding balance(s) for this loan CANNOT exceed $50,000.

Eligible Use of Funds: Most permanent interior and exterior improvements. The City shall be asked to approve uses of funds when eligibility is uncertain.

Ineligible Use of Funds: Payment for work initiated prior to the loan being approved and closed, unless due to emergency. Recreation or luxury projects (pools, lawn sprinkler systems, playground equipment, saunas, whirlpools, etc.), furniture, non-permanent appliances (unless part of a full kitchen remodel), and funds for working capital, debt service, homeowner labor or refinancing existing debts are NOT allowed.

Bids: Two bids are required when work from any one contractor exceeds $15,000. Otherwise only 1 bid is required. All contractors must be properly licensed or registered and permits must be obtained when required.

Sweat Equity / Homeowner Labor: Work may be performed by property owners on a "sweat equity" basis. Loan funds may be used only for the purchase of materials. Loan funds cannot be used to purchase tools/ equipment or compensate for labor. Rental of equipment to complete the project is eligible.

Post Installation Inspection: Permits must be obtained and signed off by a City inspector where required; when not required, a post installation inspection will be performed by CEE to ensure the work has been completed before any funds will be released.

Loan Security: All loans will be secured with a mortgage.

Borrower Fees: Borrower will be responsible for a 1% origination fee, title report, document preparation fee, mortgage filing and service fees, credit report fees and any applicable closing fee.

Underwriting Decision: Applicants must have acceptable credit history. CEE will approve or deny loans based on a credit report, income verification and other criteria as deemed necessary through CEE's underwriting guidelines. CEE's decision shall be final.

Work Completion: All work must be completed within 120 days of the loan closing. However, when warranted, CEE may authorize exceptions on a case-by-case basis.

Manufactured Home Improvement Loan

Interest Rate: The 10 Year Treasury Note +1.75% (as of January 1 of the year the loan application was received). For loans when the city is in 1st lien position the rate is the 10 Year Treasury Note +1.5%.

Amortization Type: Amortizing (Monthly Payments Required).

Loan Amount: Minimum of $2,500 and Maximum of $7,500.

Total Project Cost: The borrower must have sufficient funds necessary to cover the cost of the entire project as outlined in the bid(s). Additional funds may come from the applicant's personal savings, gifts, or other non-City loans.

Loan term: Generally, one year per $1,000 borrowed. This will be somewhat flexible depending on the size of the loan and the borrower's ability to repay the loan. The minimum term is 1 year; the maximum term will be 8 years.

Eligible Properties: Residential Manufactured Homes located in the City of Blaine.

Ineligible Properties: Properties which are not a Residential Manufactured Home.

Eligible Borrowers: All borrowers must be legal residents of the United States.

Ineligible Borrowers: Including but not limited to: Foreign Nationals, Non-Occupant Co-Borrowers, and Properties in the name of a business.

Ownership/Occupancy: Owner- occupied only.

Loan - to - Value Ratio: N/A

Income Limit: None.

Debt - to - Income Ratio: 55%

Credit Requirements: 1) All loans secured to the property must be current and reflect no 30 day late payments history in the past 12 month period (without reasonable explanation). 2) No outstanding judgements or collections. 3) Bankruptcy must have been discharged for at least 18 months prior to loan closing (without reasonable explanation). 4) The redemption period on prior foreclosures must have occurred at least 18 months prior to the loan application date. 5) Generally, no 90-day late payments in the past year (without reasonable explanation). 6) No defaulted government loans.

Multiple Loans per Property/Borrower: More than one loan per property/borrower is allowed, however, the outstanding balance(s) of this program CANNOT exceed $7,500.

Eligible Use of Funds: Most permanent interior and exterior improvements. The City shall be asked to approve uses of funds when eligibility is uncertain.

Ineligible Use of Funds: Payment for work initiated prior to the loan being approved and closed, unless due to emergency. Recreation or luxury projects (pools, lawn sprinkler systems, playground equipment, saunas, whirlpools, etc.), furniture, non-permanent appliances (unless part of a full kitchen remodel), and funds for working capital, debt service, homeowner labor or refinancing existing debts are NOT allowed.

Bids: Two bids are required when work from any one contractor is over $15,000. Otherwise only 1 bid is required. All contractors must be properly licensed or registered and permits must be obtained when required.

Sweat Equity / Homeowner Labor: Work may be performed by property owners on a "sweat equity" basis. Loan funds may be used only for the purchase of materials. Loan funds cannot be used to purchase tools/ equipment or compensate for labor. Rental of equipment to complete the project is eligible.

Post Installation Inspection: Permits must be obtained and signed off by a City inspector where required; when not required, a post installation inspection will be performed by CEE to ensure the work has been completed before any funds will be released.

Loan Security: All loans will be secured with a lien on the Title.

Borrower Fees: Borrower will be responsible for a 1% origination fee, document preparation fee, title filing and service fees, credit report fees and any applicable closing fee.

Underwriting Decision: Applicants must have acceptable credit history. CEE will approve or deny loans based on a credit report, income verification and other criteria as deemed necessary through CEE's underwriting guidelines. CEE's decision shall be final.

Work Completion: All work must be completed within 120 days of the loan closing. However, when warranted, CEE may authorize exceptions on a case-by-case basis.

Manufactured Home Deferred Loan

Interest Rate: 0%

Amortization Type: Deferred

Loan Amount: Minimum loan is $3,000. Maximum loan is $15,000. Up to $20,000 for severe health and safety issues as determined by a property inspection.

Total Project Cost: It is the borrower's responsibility to obtain the amount of funds necessary to finance the entire cost of the work. In the event the final cost exceeds the original loan amount, the borrower is responsible to provide proof of having funds to pay for the remaining portion.

Loan term: 10 years. The loan is forgiven 10% each year the borrower has not sold or transferred title and still occupies the property. If the borrower has not sold or transferred title and still occupies the property 10 years from the date of the loan, the loan is 100% forgiven. If the borrower sells or transfers title of the property or the property is no longer occupied by the borrower prior to 10 years, the loan is 100% due and payable.

Eligible Properties: Residential Manufactured Homes located in the City of Blaine.

Ineligible Properties: Properties which are not a Residential Manufactured Home.

Eligible Borrowers: All borrowers must be legal residents of the United States.

Ineligible Borrowers: Includes, but are not limited to nonresident owners, non-occupant co-borrowers, properties held in the name of a business.

Ownership / Occupancy: Owner-occupied only.

Loan- to-Value Ratio: None

Income Limit: 60% AMI based on household size and projected Gross Income. Income must be calculated using the **MHFA Impact Income Determination Form**.

Debt- to-Income Ratio: N/A

Multiple Loans per Property/Borrower: Multiple loans on a property are allowed ; however, the outstanding balances can not exceed $15,000.

Eligible Improvements: All projects mut include at least one of the following improvements: roof, siding, doors (not including storm doors) and windows.

Additional improvements may include: replacement of steps or ramps (steps may be replaced by ramps, repair water damage caused by leaking roofs/doors/windows/siding, replacement or addition of a storm door and heat tape.

Other similar work may be approved by the EDA.

Ineligible Improvements: Any improvement not listed as eligible including, but not limited to: skirting, electrical, plumbing, general remodeling.

Bidding: Only 1 bid is required. All contractors must be properly licensed or registered. Permits must be obtained when required by City ordinance.

Sweat Equity: Work may be performed by property owners on a "sweat equity" basis. Loan funds may be used only for the purchase of materials. Loan funds cannot be used to purchase tools/ equipment or compensate for labor. Rental of equipment to complete the project is eligible.

Property Inspection: Required. Eligible improvements will be determined through an analysis of the property. A CEE representative will perform the analysis to prioritize eligible improvements. **If the property is at least 30 years old roofing/siding/doors and windows shall automatically be deemed necessary.**

Post Installation Inspection: Properties are subject to a post installation inspection by a CEE representative when a permit is not required. Where a permit is required, the work must be signed-off by a City inspector prior to release of funds.

Work Completion: All work must be completed within 120 days of loan closing. Extensions may be granted by CEE.

Underwriting Decision: Must be current on all mortgages and property taxes, no outstanding tax liens or in the process of Bankruptcy or Foreclosure.

Borrower Fees: Borrower will be responsible for a 1% origination fee, document preparation fee, title filing and service fees, credit report fees and any applicable closing fee.

Accessibility Deferred Loan

Interest Rate: 0%

Amortization Type: Deferred

Loan Amount: Minimum loan is $2,500. Maximum loan is $10,000.

Total Project Cost: It is the borrower's responsibility to obtain the amount of funds necessary to finance the entire cost of the work. In the event the final cost exceeds the original loan amount, the borrower is responsible to provide proof of having funds to pay for the remaining portion.

Loan term: 30 years. If the borrower has not sold or transferred title and still occupies the property 30 years from the date of the loan, the loan is 100% forgiven. If the borrower sells or transfers title of the property, or if the property is no longer occupied by the borrower prior to 30 years, the loan is 100% due and payable.

Eligible Properties: 1-4 unit owner-occupied properties located within the City of Blaine. Individual manufactured homes, townhomes, twin-homes and condominiums are eligible. Properties held in a Trust are eligible.

Ineligible Properties: Properties that are more than 4 units, cooperatives, manufactured homes, and properties used for commercial purposes. Properties held on a Contract-For-Deed are NOT eligible.

Eligible Borrowers: All borrowers must be legal residents of the United States.

Ineligible Borrowers: Includes, but are not limited to nonresident owners, non-occupant co-borrowers, properties held in the name of a business.

Ownership / Occupancy: Owner-occupied only.

Loan- to-Value Ratio: 110%

Income Limit: 110% AMI based on household size and Adjusted Gross Income from the most recent Federal Tax Return. If a tax return is not required to be filed, the income will be based on projected gross income.

Debt- to-Income Ratio: N/A

Multiple Loans per Property/Borrower: Multiple loans on a property are allowed if the outstanding balance does not exceed $10,000.

Eligible Improvements: Accessibility improvements, defined as interior or exterior improvements or modifications to a residential dwelling that are necessary to enable a person with a disability to function in a residential setting. Accessibility Improvements must be listed on a Accessibility and Disability Verification Form by a licensed physician.

Projects may include, but are not limited to: ramps, widening doorways, non-slip flooring, grab bars, accessible vanities and showers, chair and platform lifts.

Ineligible Improvements: Items not identified by a licensed physician as providing a medical benefit to a member of the household with a disability.

Bidding: Two bids are required when work from any one contractor exceeds $15,000. Otherwise only 1 bid is required. All contractors must be properly licensed or registered. Permits must be obtained when required by City ordinance.

Sweat Equity: Work may be performed by property owners on a “sweat equity” basis. Loan funds may be used only for the purchase of materials. Loan funds cannot be used to purchase tools/ equipment or compensate for labor. Rental of equipment to complete the project is eligible.

Property Inspection: Not required.

Post Installation Inspection: Properties are subject to a post installation inspection by a CEE representative when a permit is not required. Where a permit is required, the work must be signed-off by a City inspector prior to release of funds.

Work Completion: All work must be completed within 120 days of loan closing. Extensions may be granted by CEE.

Credit Requirements: 1) All loans secured to the property must be current and reflect no 30 day late payments history in the past 12 month period (without reasonable explanation). 2) No outstanding judgements or collections. 3) Bankruptcy must have been discharged for at least 18 months prior to loan closing (without reasonable explanation). 4) The redemption period on prior foreclosures must have occurred at least 18 months prior to the loan application date. 5) Generally, no 90-day late payments in the past year (without reasonable explanation). 6) No defaulted government loans

Underwriting Decision: Must be current on all mortgages and property taxes, no outstanding tax liens or in the process of Bankruptcy or Foreclosure.

Borrower Fees: Borrower will be responsible for a 1% origination fee, title report, document preparation fee, mortgage filing and service fees, credit report fees and any applicable closing fee.

Last Resort Deferred Loan

Interest Rate: 0%

Amortization type: Deferred

Loan Amount: Up to $10,000 for 1-4 unit homes and up to $7,500 for manufactured homes

Total Project Cost: It is the borrower's responsibility to obtain the amount of funds necessary to finance the entire cost of the work. In the event the final cost exceeds the original loan amount, the borrower is responsible to provide proof of having funds to pay for the remaining portion.

Loan term: 20 years. If the borrower has not sold or transferred title and still occupies the property 20 years from the date of the loan, the loan is 100% forgiven. If the borrower sells, transfers title of the property or the property is no longer occupied by the borrower prior to 20 years, the loan is 100% due and payable.

Eligible Properties: 1–4-unit owner-occupied properties located within the geographical boundaries of the City of Fridley. Individual manufactured homes, townhomes, twin homes, and condominiums. Properties held in a Trust are eligible.

Ineligible Properties: Properties with more than four units, cooperatives or properties used for commercial purposes and properties on a Contract-For-Deed.

Eligible Borrowers: All borrowers must be legal residents of the United States. **Borrowers must NOT be eligible for any other program that CEE administers.**

Ineligible Borrowers: Includes, but are not limited to nonresident owners, non-occupant co-borrowers, properties held in the name of a business.

Ownership / Occupancy: Owner-occupied only.

Loan- to-Value Ratio: 110%, not applicable for manufactured homes.

Income Limit: 110% AMI based on household size and Adjusted Gross Income from the most recent Federal Tax Return. If a tax return is not required to be filed, the income will be based on projected gross income.

Debt- to-Income Ratio: N/A

Multiple Loans per Property/Borrower: Multiple Emergency Deferred Loans are permitted based upon availability of funds. The cumulative outstanding balances of this program CANNOT exceed $10,000.

<u>Eligible Improvements:</u> Those which address an emergency. An emergency is defined as an imminent condition that makes a house uninhabitable, dangerous to the occupants, or can cause severe health problems. Repairs that will remedy such emergency repairs are eligible. Examples of eligible repairs include, but are not limited to, water lines, sewer service, fire hazards, repair to exterior steps, railings, retaining walls, water seepage into basement, structural problems, or replacement of a furnace or hot water heater.

<u>Ineligible Improvements:</u> Any improvement not addressing an emergency (as defined above).

<u>Bidding:</u> Two bids are required when work from any one contractor exceeds $15,000. Otherwise only 1 bid is required. All contractors must be properly licensed or registered with the MN Department of Labor. Permits must be obtained when required by City ordinance.

<u>Sweat Equity:</u> Work may be performed by property owners on a "sweat equity" basis. Loan funds may be used only for the purchase of materials. Loan funds cannot be used to purchase tools/ equipment or compensate for labor. Rental of equipment to complete the project is eligible.

<u>Property Inspection:</u> Required. Eligible improvements will be determined through an analysis of the property. A CEE staff member will perform the analysis to determine the severity of the situation.

<u>Post Installation Inspection</u>: Properties are subject to a post installation inspection by a CEE staff member when a permit is not required. Where a permit is required, the work must be signed-off by a City inspector prior to release of funds.

<u>Work Completion:</u> All work must be completed within 60 days of loan closing. Extensions may be granted by CEE.

<u>Underwriting Decision:</u> This is a last resort program. The borrower must not be eligible for any other financing administered by CEE to obtain an Emergency Deferred loan. Borrower must be current on all mortgage payments and property taxes and not have a pending Bankruptcy or Foreclosure.

<u>Borrower Fees</u>: Borrower will be responsible for a 1% origination fee, title report, document preparation fee, mortgage filing and service fees, credit report fees and any applicable closing fee.

Down Payment /Closing Cost Assistance

Interest Rate: 0%.

Loan Amount: $10,000 for current Blaine residents or employed in the City of Blaine; $5,000 for all others. **Borrower must contribute at least 1% of the purchase price with their own funds**.

Amortization Type: Deferred

Term: 30 years. If the borrower has not sold or transferred title and still occupies the property 30 years from the date of the loan, the loan is 100% forgiven. If the borrower sells or transfers title of the property, or the property is no longer occupied by the borrower prior to 30 years, the loan is 100% due and payable.

Matching Funds: Borrower MUST contribute at least 1% of the purchase price with their own funds.

Eligible Borrowers: All borrowers must be legal residents of the United States. The homebuyer(s) **MUST** attend a Home Stretch workshop or other valid homebuyers course offered through an approved counseling agency by the US Department of Housing and Urban Development and provide evidence prior to closing. Borrowers must be considered a first- time homebuyer.

Ineligible Borrowers: Including but not limited to: Foreign Nationals, Non-Occupant Co-Borrowers, and Properties held in the name of a business.

Eligible Properties: 1–4-unit residential properties located with the geographical boundaries of the City of Blaine. Individual Townhomes, twin-homes, and condominiums are eligible. **The Purchase Price can NOT exceed $350,000.**

Ineligible Properties: Non-owner occupied (aka absentee-owned), unless the property is the property being purchased and will become owner-occupied, dwellings with more than 4 dwelling units, Cooperatives, Manufactured homes, properties held in a Contract-for-Deed and properties used for commercial purposes.

Ownership/Occupancy: Must be owner-occupied after time of purchase.

Loan-to-Value: None

Income Limits: 110% AMI based on household size and adjusted gross income from most recent tax return. If a tax return is not required to be filed by the borrower(s) then income will be determined by the projected income over the next 12 months.

Debt-to-Income Ratio: N/A

Multiple Loans per Property / Borrower: Borrowers may only obtain one purchase assistance deferred loan from this program. If ownership changes, the new owner is eligible.

Eligible use of funds: These funds may only be used for down-payment or closing cost related to the purchase of the subject property.

Underwriting: Amount and approval of loan will be determined based on the 1st mortgage approval. In order to determine eligibility, CEE requires the following documentation from the 1st mortgage lender:

1) Application
2) Certification that all homebuyers have completed a Home Stretch or other Homebuyers course offered through a counseling agency approved by the US Department of Housing and Urban Development
3) A copy of the whole/complete Purchase Agreement
4) A copy of the Appraisal or determination of value
5) A copy of the Title Commitment
6) A copy of the 1st mortgage pre-approval/commitment letter
6) A copy of the 1st Mortgage loan estimate, prelim-closing disclosure

Disbursement of Funds: Funds will be disbursed to the closing agent, for the benefit of the borrower, in coordination with the purchase closing.

Borrower Fees: Borrower will be responsible for mortgage filing and service fees, flood certificate, credit report fees and any applicable closing fee which may be financed in the loan amount.

Multi-Family Improvement Loan

Interest Rate: The 10 Year Treasury Note +1.75% (as of January 1 of the year the loan application was received). For loans when the city is in 1st lien position the rate is the 10 Year Treasury Note +1.5%.

Amortization Type: Amortizing (Monthly Payments Required).

Loan Amount: Minimum of $5,000 and Maximum of $50,000 (city may allow higher amounts on a case-by-case basis).

Total Project Cost: The borrower must have sufficient funds necessary to cover the cost of the entire project as outlined in the bid(s). Additional funds may come from the applicant's personal savings, gifts, or other non-City loans.

Loan term: Generally, one year per $1,000 borrowed. This will be somewhat flexible depending on the size of the loan and the borrower's ability to repay the loan. The minimum term is 1 year; the maximum term will be 20 years.

Eligible Properties: 1–12-unit residential properties located within the geographical boundaries of the City of Blaine. Properties held in a Trust are eligible. Properties must have a passing result on the most recent rental inspection or be rectifying the violation(s) as part of the project.

Ineligible Properties: Properties with more than 12 units, cooperatives, manufactured homes, or properties used for commercial purposes.

Eligible Borrowers: All borrowers must be legal residents of the United States OR a registered business with the MN Secretary of State. The property must have a current rental license.

Ineligible Borrowers: A person or business with no ownership of the property. City of Blaine EDA members during their term.

Personal Gaurantors: The loan must be personally guaranteed for loans over $10,000. The personal guarantor(s) must be at least 50% owners of the business.

Ownership/Occupancy: Owner- occupied or Absentee-owned. At lease one of the units must be a rental unit.

Loan - to - Value Ratio: 110%. Half of the improvement value may be added to the initial property value. Value can be established by the Property Tax Statement, or an Appraisal dated within the past 12 months.

Income Limit: None.

Debt - to - Income Ratio: 50%. Not applicable if property is owned by a business but must show positive cash flow from most recent tax return or Profit and Loss Statement.

Credit Requirements: 1) All mortgage payments must be current and reflect no 30 day late payments history in the past 12 month period (without reasonable explanation). 2) All real estate taxes must be current. 3) No outstanding judgements or collections. 4) Bankruptcy must have been discharged for at least 18 months prior to loan closing (without reasonable explanation). 5) The redemption period on prior foreclosures must have occurred at least 18 months prior to the loan application date. 6) Generally, no 90-day late payments in the past year (without reasonable explanation). 7) No defaulted government loans.

Multiple Loans per Property/Borrower: More than one loan per property/borrower is allowed, however, the outstanding balance(s) for this loan CANNOT exceed $50,000.

Eligible Use of Funds: Exterior Projects; siding, brick or stucco repair, windows, doors, roofs, permanent landscaping, parking lots, sidewalks and steps. Accessibility Improvements, Security Systems, Parking Lot Lighting, Fire Suppression, Fire Alarm Systems and rectifying violations identified in a rental property inspection.

Ineligible Use of Funds: Payment for work initiated prior to the loan being approved and closed, unless due to emergency.

Bids: Two bids are required when work from any one contractor exceeds $15,000. Otherwise only 1 bid is required. All contractors must be properly licensed or registered and permits must be obtained when required.

Sweat Equity / Homeowner Labor: Work may be performed by property owners on a "sweat equity" basis. Loan funds may be used only for the purchase of materials. Loan funds cannot be used to purchase tools/ equipment or compensate for labor. Rental of equipment to complete the project is eligible.

Post Installation Inspection: Permits must be obtained and signed off by a City inspector where required; when not required, a post installation inspection will be performed by CEE to ensure the work has been completed before any funds will be released.

Loan Security: All loans will be secured with a mortgage in favor of the City of Fridley.

Borrower Fees: Borrower will be responsible for a 1% origination fee, title report, document preparation fee, mortgage filing and service fees, credit report fees and any applicable closing fee.

Underwriting Decision: Applicants must have acceptable credit history, unless in the name of a business. CEE will approve or deny loans based on a credit report, income verification and other criteria as deemed necessary through CEE's underwriting guidelines. CEE's decision shall be final.

Work Completion: All work must be completed within 120 days of the loan closing. However, when warranted, CEE may authorize exceptions on a case-by-case basis.

City of Blaine
Staff Report

File Number: RES 24-65

Agenda Date	Status
May 20, 2024	

In Control	File Type
Economic Development Authority	Resolution

New Business - Ruth Tucker, Economic Development Specialist

Agenda Item # 4.2

Resolution Approving Lease Agreement for 1409 105th Avenue NE.

Executive Summary

Background

The EDA purchased this property in 2018 for $340,000. It contains a small industrial building that was built in the 1970s. The corner of 105th Avenue/Highway 65 is identified as a redevelopment area in the 2040 Comprehensive Plan. There are four properties that could be part of a redevelopment. Two of these properties are EDA owned (1409 105th Avenue and vacant land to the north), and two of the properties are privately owned. Redevelopment is unlikely to be explored until completion of Highway 65 improvements in 2027.

The EDA assumed an existing lease with a welding business when the property was purchased in 2018. The company notified staff they would be vacating the building on March 31, 2024. The owner of ABC Signs, who owns property adjacent, indicated a desire to lease the building from the EDA for storage. The EDA discussed this property at the April 8, 2024, workshop and was interested in leasing the property to ABC Signs.

A draft lease has been prepared. The following are the general terms of the lease:

1. One-year lease from June 1, 2024, through May 31, 2025. The lease would be reexamined in a year for possible extension.
2. $600/month rent. This covers real estate taxes the EDA is responsible for.
3. The tenant is responsible for all utilities and general maintenance of the property. The tenant is able to improve the property at their expense (e.g. painting, etc.).
4. EDA is responsible for major repairs if necessary (e.g. HVAC, etc.).
5. 60-day notice by either tenant or landlord to terminate the lease.

Strategic Plan Relationship

Not applicable.

Board/Commission Review

Not applicable.

Financial Impact

Lease payments will cover real estate taxes owed by the EDA. Tenant is responsible for all utilities and other costs.

Public Outreach/Input

Not applicable.

Staff Recommendation

By motion, adopt the resolution.

Attachment List

1. Lease Agreement ABC Signs

City of Blaine

Signature Copy

Resolution: RES 24-65

Resolution Approving Lease Agreement for 1409 105th Avenue NE.

WHEREAS, the Blaine Economic Development Authority owns property at 1409 105th Avenue NE; and

WHEREAS, 10501 Prop LLC, who owns ABC Signs, is interested in leasing the building for storage purposes; and

WHEREAS, a lease agreement has been mutually agreed upon by both parties.

NOW THEREFORE, BE IT RESOLVED, that the Blaine Economic Development Authority hereby approves entering into a lease agreement with 10501 Prop LLC to lease property at 1409 105th Avenue NE and hereby authorizes the president and executive director to execute said lease.

PASSED by the Blaine Economic Development Authority this 20th day of May, 2024.

LEASE AGREEMENT

THIS LEASE AGREEMENT ("Lease") is made this _______ day of May, 2024, by and between the Blaine Economic Development Authority, a political subdivision under the laws of the State of Minnesota ("Landlord"), and 10501 Prop LLC., a Minnesota Limited Liability Corporation, with its principal place of business located at 10501 Central Ave., Blaine, Minnesota ("Tenant").

SECTION ONE
GRANT OF LEASE

1.1 Landlord hereby demises and leases the Premises, as defined herein, to Tenant, and Tenant hereby leases and accepts the Premises from Landlord, to have and to hold during the Term, subject to the terms and conditions of this Lease.

1.2 Landlord shall warrant and defend Tenant in the quiet enjoyment and possession of the Premises during the Term, subject to the terms and conditions of this Lease.

1.3 Landlord covenants to observe and perform all of the terms and conditions to be observed and performed by Landlord under this Lease. Tenant covenants to pay the rent when due under this Lease and to observe and perform all of the terms and conditions to be observed and performed by Tenant under this Lease.

1.4 “Building” means that structure located at 1409 105th Ave., Blaine, Minnesota.

1.5 "Premises" means the real property and Building located at 1409 105th Ave., Blaine, Minnesota, further identified as PID: 20-31-23-13-0005.

1.6 Condition of Premises. Landlord makes no guarantees or warranties as to the condition of the Premises or that the Premises are fit for Tenant’s intended purposes. Tenant has had an opportunity to inspect the Premises and make its own conclusions as to the fitness of the Premises for Tenant’s intended use. Tenant takes the property in its “AS IS” condition and the taking of possession of the Premises by Tenant shall be conclusive evidence as against Tenant that the Premises are in acceptable condition.

1.7 “Tenant’s Services” means manufacturing, repair, fabricating, and office.

SECTION TWO
TERM AND POSSESSION

2.1 Term. The term of this Lease shall begin on June 1, 2024 and end on May 31, 2025, unless otherwise terminated as provided herein.

2.2 Termination for Convenience. Tenant or Landlord may terminate this Lease by giving sixty (60) days prior written notice of its intent to terminate the Lease.

SECTION THREE
PERSONAL PROPERTY

Tenant is the owner of all fixtures and equipment. ("Tenant Property"). Tenant shall, at its own expense, provide all other personal property required to operate Tenant's Services. All personal property provided by Tenant shall be and remain Tenant's property during and after term of the lease.

SECTION FOUR
USE OF PREMISES

4.1 Use. The Premises shall be used and occupied only to provide Tenant's Services or for such other purpose as Landlord may specifically authorize in writing. Failure by Tenant to operate its business in such a manner shall be a basis for termination of this Lease by Landlord as provided herein. No outdoor storage is permitted.

4.2 Hours of Operation. Notwithstanding anything to the contrary in this Lease, Tenant shall determine the hours of operation of Tenant's Services in its sole discretion, so long as said hours of operation do not violate any state or local laws or regulations.

4.3 Compliance with Laws. The Premises shall be used and occupied in a safe, careful, and proper manner so as not to contravene any present or future governmental and quasi-governmental laws, regulations or orders, or the requirements of Landlord's insurance carriers.

4.4 Hazardous Substances. Tenant will not cause or permit any Hazardous Substance to be used, stored, generated or disposed of on or in the Premises by Tenant, Tenant's agents, employees, contractors or invitees, without obtaining Landlord's prior written consent. If Tenant breaches the foregoing representation and warranty, or if Hazardous Substances are used, stored, generated or disposed of on or in the Premises or the Building by such persons or if the Premises or the Building become contaminated in any manner for which the Tenant is legally liable, Tenant agrees to indemnify, defend and hold harmless Landlord from any and all claims, damages, fines, judgments, penalties, costs, liabilities or losses (including a decrease in value of the Premises, damages due to loss or restriction of rentable or usable space, or any damages due to adverse impact on marketing of the Premises, and any and all sums paid for settlement of claims, attorneys' fees, consultants' and experts' fees) arising during or after the termination of this Lease and arising as a result of such contamination by Tenant or such other persons. Without limitation of the foregoing, this indemnification includes all costs incurred due to any investigation of the site or any cleanup, removal or restoration mandated by a federal, state or local agency or political subdivision.

If Tenant causes or permits the presence of any Hazardous Substance in the Premises or the Building and such Hazardous Substances alone result in contamination, Tenant will promptly, at its sole expense, take all necessary actions to return the Premises or the Building to the condition existing prior to the contamination caused by the presence of any such Hazardous Substance on the Premises. Tenant must first obtain Landlord's approval and the approval of any necessary federal, state or local agencies for any such remedial action.

The foregoing indemnification and responsibilities of Landlord and Tenant, respectively, shall survive the termination or expiration of this Lease.

4.5 Nuisance. Tenant shall not cause or maintain any nuisance in or about the Premises, and shall keep the Premises free of debris, rodents, vermin, insects, and anything of a dangerous, noxious, or offensive nature or which could create a fire hazard (through undue load on electrical circuits or otherwise) or undue vibration, heat, or noise.

SECTION FIVE
RENT

5.1 Rent. Tenant shall pay as rent a monthly base amount of $600.00, starting on June 1, 2024 and continuing throughout the remainder of the lease.

5.2 Payment of Base Rent. On or before the 5th day of each month during the term of the lease.

SECTION SIX
UTILITY COSTS

Tenant shall be responsible for all utility costs for the Building and shall have all utilities billed directly to the Tenant.

SECTION SEVEN
REAL ESTATE TAXES

Tenant will not be obligated to pay any real estate taxes on the Premises.

SECTION EIGHT
SERVICES, MAINTENANCE, REPAIR, AND ALTERATIONS

8.1 Operation of Building. During Term, Tenant shall maintain the Building in accordance with all applicable laws and regulations, and the requirements of Landlord's insurance carriers.

8.2 Services to Building. Landlord shall provide the following services to the Building, for which Tenant shall be responsible for the ongoing monthly costs as provided in Section 6:

8.2.1 Heat, ventilation, and cooling as required for the comfortable use and occupancy of the Premises during normal business hours.

8.2.2 Electric power.

8.2.3 Domestic running water where available.

8.3 Building Services. Landlord shall provide in and around the Building:

8.3.1 Access to and egress from the Premises.

8.4 Repair and Maintenance. Tenant, as its sole cost and expense, throughout the term of this Lease, shall take good care of the Leased premises and shall keep the same in good order and condition, and make all necessary repairs, except has covered by the Landlord as indicated below. When used in this paragraph, the term “repairs” shall include all necessary renewals, alterations, additions and betterments. All repairs made by the Tenant shall be at least equal in quality to the original work. The necessity for or adequacy of repairs shall be measured by the standards which are appropriate for buildings of similar construction, age and class provided that the Tenant shall in any event make all ordinary repairs necessary to avoid any structural damage or other damage or injury to any building or other improvement that is part of the premises. Tenant shall put, keep and maintain all portions of the Premises and the parking area, sidewalks curb and lawn in orderly condition.

Landlord shall be responsible for any replacements during the term of this Lease that are considered capital expenditures (e.g. heating system, air conditioning system, roof, exterior walls, parking lot surfaces, etc.) or structural defects in the building or grounds.

8.5 Changes and Alterations. Tenant shall not make any changes or alterations, structural or otherwise, to the buildings, improvements and fixtures that are part of the Premises without obtained the prior written consent of the Landlord thereto which shall not be unreasonably denied by the Landlord. All work done in connection with any change or alteration shall be done promptly and in a good and workmanlike manner and in compliance with all building and zoning laws of the place in which the Premises are situated and with all laws, ordinances, rules, and regulations of all Federal, State and Municipal governments.

SECTION NINE
SIGNS

Any signs, lettering, decal or design of Tenant which is visible from the exterior of the Premises shall be at Tenant's expense and subject to prior written approval by Landlord.

SECTION TEN
MECHANIC'S LIENS

Tenant shall pay, before delinquent, all costs for work done or caused to be done by Tenant in the Premises which could result in a lien or encumbrance on Landlord's interest in the Premises or the Building or any part thereof, and shall keep the title to the Premises and Building, and every part thereof, free and clear of any lien or encumbrance in respect of such work, and shall indemnify and hold harmless Landlord against any claim, loss, costs, demand in legal or other expense arising out of the supply of material, services or labor for such work.

SECTION ELEVEN
INSURANCE

11.1 Landlord's Insurance. During the Initial and any Renewal Term, Landlord shall maintain property, comprehensive general liability, and fire insurance with extended coverage on the Building. Landlord may also provide business personal property insurance for personal property at the Premises owned by Landlord.

11.2 Tenant's Insurance. During the Initial and any Renewal Term of this Lease, Tenant shall maintain at its own expense, comprehensive general liability insurance for Tenant's business which shall be adequate to protect against liability for damage claims through public use of or arising out of any accident occurring in or around the Premises, in an amount not less than $1,000,000 combined single limit. Tenant shall also maintain workers' compensation insurance covering its employees, and business personal property insurance for personal property owned by Tenant. Tenant shall also maintain at its own expense liquor liability insurance in an amount not less than $500,000 combined single limit. Tenant shall cause Landlord to be named as an additional insured on all policies.

Policies for such insurance shall be in a form and with an insurer reasonably acceptable to Landlord and shall require at least thirty (30) days' prior written notice to Landlord of termination or material alteration during the Term, and shall waive any right of whom Landlord is responsible in law.

SECTION TWELVE
NON-LIABILITY OF LANDLORD FOR DAMAGES

Landlord shall not be responsible for liability or damage claims for injury to persons or property for claims of any type that may occur in connection with the operation of Tenant's business unless caused by the negligence of Landlord or its agents, servants, or employees. Except when caused by the negligence of the Landlord, its agents, servants, or employees, Tenant shall indemnify and hold harmless Landlord from all liability, loss or other damage claims for obligations resulting from any injuries or losses of any nature, including reasonable attorneys' fees and court costs incurred by Landlord in defending any such claims.

SECTION THIRTEEN
ASSIGNMENT AND SUBLETTING

Tenant shall not assign this Lease or sublet the Premises, or any right or privilege connected therewith, or allow any other person, except agents, employees, and customers of the Tenant, to occupy the Premises or any part thereof, without first obtaining the written consent of Landlord. Any such assignment or subletting which is permitted by Landlord shall not release Tenant of its obligations under this Lease unless such release is specifically granted by Landlord to Tenant in writing. A consent by Landlord shall not be a consent for a subsequent assignment, sublease or occupation by other persons. An unauthorized assignment, sublease, or license to occupy by Tenant, shall be void and this Lease shall terminate at the option of the Landlord. The interest of Tenant in this Lease is not assignable by operation of law, without the written consent of Landlord.

SECTION FOURTEEN
SURRENDER

14.1 Surrender of Premises. Upon the expiration or termination of this Lease, Tenant shall immediately quit and surrender possession of the Premises. Upon such expiration or termination, Tenant shall, without expense to Landlord, remove or cause to be removed from the Premises all debris and rubbish, and such items of furniture, equipment, free-standing cabinet work, movable partitions and other articles of personal property owned by Tenant or installed or placed by Tenant at its expense in the Premises, and such similar articles of any other persons claiming under Tenant, as Landlord may, in its sole discretion, require to be removed, and Tenant shall repair at its own expense all damage to the Premises resulting from such removal. Upon such surrender, all right, title and interest of the Tenant in and to the Premises and Landlord's personal property shall cease.

14.2 Disposition of Trade Fixtures, Personal Property and Improvements. Whenever Landlord shall re-enter the Premises as provided in this Lease, any trade fixtures, personal property, and improvements of Tenant not removed by Tenant within thirty (30) days of the expiration or termination of this Lease, or within 48 hours after a termination by reason of Tenant's default as provided in this Lease, may be deemed abandoned by Tenant and may be appropriated, sold, destroyed or otherwise disposed of by Landlord without notice or obligation to compensate Tenant or to account therefore, and Tenant shall pay to Landlord on written demand all reasonable costs incurred by Landlord in connection therewith.

SECTION FIFTEEN
HOLDING OVER

The failure of Tenant to surrender the Premises upon the expiration or termination of the Lease, and subsequent holding over by Tenant, without the prior written consent of the Landlord, shall result in the creation of a tenancy for month-to-month at a monthly rental of one hundred fifty percent (150%) of the previous Lease term's rent amount of which shall be payable on the first day of each month during the month-to-month tenancy. This provision does not give Tenant any right to hold over. All other terms and conditions of this Lease shall remain in full force during any month-to-month tenancy hereunder. Such month to month tenancy may be terminated by Landlord or Tenant on the last day of any calendar month by delivery of at least thirty (30) days advance written notice of termination to the other.

SECTION SIXTEEN
EMINENT DOMAIN

16.1 Taking of Premises. If during the Term, all of the Premises are taken for any public or quasi-public use under any statute or by right of eminent domain, or purchased under threat of such taking, the base rent shall abate and be appropriated to the date of taking, and Tenant shall thereafter pay to Landlord or the condemning authority, as the case may be, the apportioned Rent and all other amounts due under the Lease.

16.2 Partial Taking of Building. If during the Term only part of the Premises is taken or purchased as set out in Section 17.1, then Landlord and Tenant shall each have the right to terminate this Lease by giving the other at least thirty (30) days written notice thereof. If either party exercises its right of termination hereunder, this Lease shall terminate on the date stated in the notice, provided, however, that no termination pursuant to notice hereunder may occur later than sixty (60) days after the date of such taking.

16.3 Awards. Upon any such taking or purchase, and except as otherwise set forth herein, Landlord shall be entitled to receive and retain the entire award or consideration for the affected lands and improvements, and Tenant shall not have nor advance any claim against Landlord for the unexpired Term of the Lease. In the event that separate proceedings are initiated as to the individual interests of Landlord and Tenant, Tenant and Landlord shall each be entitled to receive and retain such separate awards and portions of lump sum awards as may be allocated to their respective interests in any condemnation proceedings provided that Tenant shall not seek payment in any other separate proceedings for the balance of the unexpired Lease Term and any options thereon.

SECTION SEVENTEEN
DAMAGE OR DESTRUCTION OF BUILDING.

If the Building is damaged or partially destroyed by fire, casualty or other cause during the Term of this Lease, not caused or contributed to by Tenant, and Landlord decides to repair the Building, Landlord shall promptly repair and restore it to the condition which Landlord furnished to Tenant upon the commencement of the of this Lease. If the damage is such that it materially interferes with the enjoyment of the Building by Tenant, the Rent shall abate in proportion to such interference during the period of such interference. Landlord shall use its best efforts to repair the Building within ninety (90) days of the date of the damage or destruction.

If the repairs cannot be completed within ninety (90) days of the occurrence, then either party shall have the option to terminate this Lease as of the date of damage or destruction by ten (10) days written notice to the other party.

If Landlord determines, in its sole discretion, not to make the repairs due to the costs involved, Landlord shall notify Tenant in writing within ten (10) days of its decision. Thereafter, Landlord may terminate this Lease.

SECTION EIGHTEEN
NOTICES

All communications, demands, notices, or objections permitted or required to be given or served under this Lease shall be in writing and shall be deemed to have been duly given or served if delivered in person to the other party or its duly authorized agent or if deposited in the United States mail, postage prepaid, for mailing by certified or registered mail, return receipt requested, and addressed to the other party to this Lease, to the address set forth at the beginning of this Lease. Any party may change their address by giving notice in writing, stating their new address, to the other party as provided in the foregoing manner. Commencing on the tenth (10th) day after the giving of notice, the newly designated address shall be that party's address for the purpose of all communications, demands, notices, or objections permitted or required to be given or served under this Lease.

SECTION NINETEEN
DEFAULT

19.1 Events of Default. The following events shall be deemed events of default by Tenant under this Lease:

> 19.1.1 Part or all of the Rent or other charges hereby required is not paid within ten (10) days of receipt by Tenant of notice of non-payment from Landlord; or
>
> 19.1.2 Tenant becomes insolvent or commits an act of bankruptcy or becomes bankrupt or takes the benefit of any statute that may be in force for bankrupt or insolvent debtors or becomes involved in voluntary or involuntary winding up proceedings or if a receiver shall be appointed for the business, property, affairs or revenues of Tenant; or
>
> 19.1.3 Tenant moves its goods, chattels and equipment out of the Premises (other than in the normal course of its business) or ceases to conduct business from the Premises; or
>
> 19.1.4 Tenant fails to materially observe, perform and keep each and every one of the covenants, agreements, provisions, stipulations and conditions herein contained to be observed, performed and kept by Tenant (other than payment of Rent).
>
> Any shorter period for cure provided by law notwithstanding, and in lieu thereof, Tenant may cure any default under Section 19.1.2, 19.1.3, or 19.1.4 within thirty (30) days after

written notice of default is received by Tenant from Landlord, provided that if such non-monetary default is curable but is of such a nature that the cure cannot be completed within thirty (30) days, Tenant shall be allowed to cure the default if Tenant promptly commences the cure upon receipt of the notice and diligently prosecutes the same to completion as promptly as reasonably possible thereafter.

Landlord's notice of default may be accomplished by, and shall not be in addition to, any notice required by law.

19.2 Remedies Upon Default. Upon the occurrence of any event of default by Tenant, Landlord shall have, in addition to any other remedies available to Landlord under this Lease or at law or in equity, the option to pursue any one or more of the following remedies (each and all of which shall be cumulative and non-exclusive) without any notice or demand whatsoever:

19.2.1 If the event of default is Tenant's failure to pay part or all of the Rent, Landlord may, in addition to any and all other rights it may have, impose late charges in the amount of two percent (2 %), which, together with the past due charges, shall be due and payable within ten (10) days of notice from Landlord.

19.2.2 Terminate this Lease, in which event Tenant shall immediately surrender the Premises and Landlord’s personal property to Landlord, and if Tenant fails to do so, Landlord may, without prejudice to any other remedy which it may have for possession or arrearages in Rent, and as allowable by law, enter upon and take possession of the Premises and Landlord Property and expel or remove Tenant and any other person who may be occupying the Premises or any part thereof. Tenant hereby waives any rights it may have to make any claim or assess any damages against Landlord for such entry and/or expulsion and Landlord may recover from Tenant the following:

a. Any unpaid Rent which has been earned at the time of such termination; plus

b. The amount of any unpaid Rent which would have been earned after termination until the time of award; plus

c. The amount of any unpaid Rent for the balance of the then current Term after the time of award; plus

d. Any other amount necessary to compensate Landlord for all the detriment approximately caused by Tenant's failure to perform its obligations under this Lease or which in the ordinary course of things would be likely to result therefrom, specifically including but not limited to brokerage commissions, advertising expenses and legal fees incurred, expenses of remodeling Premises or any portion thereof for a new tenant, whether for the same or a different use, and any special concessions made to obtain a new tenant; and

e. At Landlord's election, such other amounts in addition to or in lieu of the foregoing as may be permitted from time to time by applicable law.

19.2.3 If Landlord does not elect to terminate this Lease on account of any default by Tenant, Landlord may, from time to time, without terminating this Lease, enforce all its rights and remedies under this Lease, including the right to recover all Rent as it becomes due.

19.3 Tenant's Indemnification. Tenant shall indemnify Landlord against all costs and charges (including legal fees) lawfully and reasonably incurred in enforcing any payment due under this Lease, and in obtaining possession of the Premises after default of Tenant or upon expiration or earlier termination of this Lease, or in enforcing any covenant, provision or agreements of Tenant herein contained.

SECTION TWENTY
FORCE MAJEURE

If either party fails to perform any of its obligations under this Lease as a result of Force Majeure, such party shall not be liable for loss or damage for the failure and the other party shall not be released from any of its obligations under this Lease. If either party is delayed or prevented from performing any of its obligations as a result of Force Majeure, the period of delay or prevention shall be added to the time herein provided for the performance of any such obligation.

"Force Majeure" shall mean any period of delay which arises from or through acts of God; strikes, lockouts, or labor difficulty; explosion, sabotage, accident, riot, or civil commotion; act of war; fire or other casualty; legal requirements; delays caused by the other party; and causes beyond the reasonable control of a party.

SECTION TWENTY-ONE
MISCELLANEOUS

21.1 Relationship of Parties. Nothing contained in this Lease shall be construed as creating a partnership or joint venture between Landlord and Tenant or between Landlord and any other party, or cause Landlord to be responsible in any way for the debts or obligations of Tenant or any other party.

21.2 Consent Not Unreasonably Withheld. Except as otherwise specifically provided, whenever consent or approval of Landlord or Tenant is required under the terms of this Lease, such consent or approval shall not be unreasonably withhold or delayed. Tenant's sole remedy if Landlord unreasonably withholds or delays consent or approval shall be an action for specific performance, and Landlord shall not be liable for damages. If either party withholds any consent or approval, such party shall on written request deliver to the other party a written statement giving the reasons therefore.

21.3 Applicable Law and Construction. This Lease shall be governed by and construed under the laws of the State of Minnesota, and its provisions shall be construed as a whole according to their common meaning and not strictly for or against Landlord or Tenant. The words Landlord and Tenant shall include the plural as well as the singular. Time is of the essence of this Lease and each of its provisions. The captions of the Sections are included for convenience only, and shall have no effect upon the construction or interpretation of this Lease.

21.4 When Lease Becomes Binding. The submission of this document for examination and negotiation does not constitute an offer to lease, or a reservation of, or option for, the Premises, and this document shall become effective and binding only upon the execution and delivery hereof by both Landlord and Tenant.

21.5 Counterparts and Electronic Execution. This lease may be executed in counterparts, each of which shall be an original and all of which counterparts taken together shall constitute one and the same agreement. Execution of this Lease by electronic means shall be valid and given equal force and effect as ink signatures.

21.6 Authority. Landlord and Tenant each acknowledge and represent that it is duly organized, validly existing and in good standing and has all rights, power and authority to enter into this Agreement and bind itself hereto through the party set forth as signatory for the party below.

21.7 Entire Agreement. This lease contains the entire understanding of the parties hereto with respect to the transactions contemplated hereby and supersedes all prior agreements and understandings between the parties with respect to such subject matter. No representations, warranties, undertakings, or promises, whether oral, implied, written, or otherwise, have been made by either party hereto to the other unless expressly stated in this lease or unless mutually agreed to in writing between the parties hereto after the date hereof, and neither party has relied on any verbal representations, agreements, or understandings not expressly set forth herein.

21.8 Amendment or Modification. Unless otherwise specifically provided in this Lease, no amendment, modification, or supplement to this Lease shall be valid or binding unless set out in writing and executed by the parties hereto in the same manner as the execution of this Lease.

21.9 Construed Covenants and Severability. All of the provisions of this Lease are to be construed as covenants and agreements as though the words importing such covenants and agreements were used in each separate Article hereof. Should any provision of this Lease be or become invalid, void, illegal or not enforceable, it shall be considered separate and severable from the Lease and the remaining provisions shall remain in force and be binding upon the parties hereto as though such provisions had not been included.

21.10 No Implied Surrender or Waiver. No provisions of this Lease shall be deemed to have been waived by either party unless such waiver is in writing signed by the waiving party. A party's waiver of a breach of any term or condition of this Lease shall not prevent a subsequent act, which would have originally constituted a breach, from having all the force and effect of any original breach. Landlord's receipt of Rent with knowledge of a breach by Tenant of any term or condition of this Lease shall not be deemed a waiver of such breach. No act or thing done by Landlord, its agents or employees during the Term shall be deemed an acceptance of a surrender of the Premises, and no agreement to accept a surrender of the Premises shall be valid, unless in writing signed by Landlord. The delivery of keys to any of Landlord's agents or employees shall not operate as a termination of this Lease or a surrender of the Premises. No payment by Tenant, or receipt by Landlord, of a lesser amount than the Rent due hereunder shall be deemed to be other than on account of the earliest stipulated Rent. Nor shall any endorsement or statement on any check or any letter accompanying any check, or payment as Rent, be deemed an accord and satisfaction, and Landlord may accept such check or payment without prejudice to Landlord's right to recover the balance of such Rent or pursue any other remedy available to Landlord.

21.11 Successor Bound. Except as otherwise specifically provided, the covenants, terms, and conditions contained in this Lease shall apply to and bind the heirs, successors, executors, administrators and assigns of the parties hereto.

21.12 Waiver of Subrogation. Notwithstanding any other provision to the contrary, Landlord waives any and all rights of recovery against Tenant for or arising out of damage to or destruction of the Building or the Premises or personal property owned by Landlord from causes then included under standard fire and extended coverage insurance policies or endorsements, regardless of whether such damage or destruction is caused by the negligence of Tenant or its agents, servants, employees, contractors, visitors of licensees, but only to the extent that Landlord's insurance policies then in force, if any, permit such waiver. Tenant waives any and all rights of recovery against Landlord for or arising out of damage to or destruction of any property of Tenant from causes then included under the standard fire and extended coverage insurance policies or endorsements, regardless of whether caused by the negligence of Landlord or its agents, servants, employees, contractors, visitors or licensees, but only to the extent that Tenant's insurance policies then in force, if any, permit such waiver.

IN WITNESS WHEREOF, the parties hereto have hereunto set their hands the day and year opposite their signatures.

LANDLORD:
CITY OF BLAINE EDA

Date: ___________________ By:____________________________

President

Date: ____________________

By:______________________________

Executive Director

TENANT:

10501 Prop LLC

Date: ____________________

By: ______________________________

Its: ______________________________

City of Blaine
Staff Report

File Number: RES 24-102

Agenda Date	Status
May 20, 2024	

In Control	File Type
Economic Development Authority	Resolution

New Business - Tom Loonan, City Attorney

Agenda Item # 4.3

Resolution Approving Purchase and Lease Agreements for 2190 106th Lane NE

Executive Summary

Background

In December 2023, city staff was approached by an attorney representing Latzke Industrial Holdings, LLC, who owns property at 2190 106th Lane inquiring whether the EDA may be interested in purchasing the property prior to the owner putting the property on the market for-sale. The property is within the 105th Redevelopment Area where the EDA has been active in acquiring property since 2016. The EDA held several closed sessions to discuss offers for the property. The seller has agreed to the sale price of $708,111, which is consistent with the offer authorized by the EDA. The following are general terms that each party would consider as part of the purchase agreement:

1. Purchase price of $708,111.
2. $150,000 non-refundable earnest money.
3. Closing on or before June 30, 2024.
4. EDA would purchase the property as-is, no inspections, no due-diligence period.
5. Seller and EDA would enter into a leaseback agreement where the seller could occupy the building for a period of up to 12 months as they identify a new location. The lease term would be $1. The seller would be responsible for all maintenance, utilities and up-keep of the property during the lease term. The seller could terminate the lease agreement upon 30-days notice. The terms of the lease are consistent with other leaseback arrangements the EDA has made with other properties purchased (e.g. Blake Drilling, Dusty's Auto).

Strategic Plan Relationship

The 105th Avenue Redevelopment Area is identified in the Strategic Plan.

Board/Commission Review

Not applicable.

Financial Impact

The purchase price is $708,111 and would be funded with existing EDA funds.

Public Outreach/Input

Not applicable.

Staff Recommendation

Adopt the attached resolution.

Attachment List

1. Purchase Agreement
2. Lease

City of Blaine

Signature Copy

Resolution: RES 24-102

Resolution Approving Purchase and Lease Agreements for 2190 106th Lane NE

WHEREAS, Latzke Industrial Holdings owns property at 2190 106th Lane and approached the Blaine EDA regarding a potential purchase; and

WHEREAS, the property is located within the 105th Redevelopment Area; and

WHEREAS, the Blaine EDA discussed purchase of the property in closed session and prepared an offer; and

WHEREAS, the two parties have mutually agreed upon terms and desire to enter into a purchase and leaseback agreement for the property.

NOW THEREFORE, BE IT RESOLVED, that the Blaine Economic Development Authority hereby approves entering in a purchase and lease agreement with Latzke Industrial Holdings, LLC and hereby authorizes the president and executive director to enter into necessary agreements.

PASSED by the Blaine Economic Development Authority this 20th day of May, 2024.

PURCHASE AGREEMENT

THIS AGREEMENT is made as of ___________________, 2024, between Latzke Industrial Holdings, LLC ("Seller"), and the Blaine Economic Development Authority, a political subdivision under the laws of the State of Minnesota

In consideration of this Agreement, Seller and Buyer agree as follows:

1. Sale of Property. Seller agrees to sell to Buyer, and Buyer agrees to buy from Seller, the following property (collectively the "Property").

(a) Real Property. The real property and fixtures located in Anoka County, located at 2190 106th Lane, Blaine MN, 55449 legally described on the attached Exhibit A ("Land"), together with all easements and rights benefiting or appurtenant to the Land (collectively the "Real Property")

(b) Leases. Seller acknowledges there are no existing leases.

2. Purchase Price and Manner of Payment. The total purchase price ("Purchase Price") to be paid by Buyer to Seller for the Property shall be Seven Hundred Eight Thousand, One-Hundred Eleven ($708,111) Dollars, which Purchase Price shall be payable as follows:

(a) Non-fundable Earnest Money of $150,000, receipt of which is hereby acknowledged, which Earnest Money shall be held by the title company.

3. Contingencies. The obligations of Buyer under this Agreement are contingent upon each of the following:

(a) Representations and Warranties. The representations and warranties of Seller contained in this Agreement must be true now and on the Closing Date as if made on the Closing Date.

(b) Title. Title to the Property shall be acceptable to Buyer in Buyer's sole discretion, in accordance with the requirements and terms of Section 6 below.

(c) Performance of Seller's Obligations. Seller shall have performed all of the obligations required to be performed by Seller under this Agreement, as and when required by this Agreement. Included within the obligations of Seller under this Agreement shall be the following:

(i) Seller shall allow Buyer, and Buyer's agents, access to the Property without charge and at all reasonable times for the purpose of Buyer's investigation and testing of the same. Buyer shall pay all costs and expenses of such investigation and testing.

(ii) Seller shall execute such applications, covenants, plat or other documents as may be reasonably required by Buyer in order to make use of the Property which Buyer intends.

(d) Document Review. Buyer shall have determined, on or before the Closing Date, that it is satisfied with its review and analysis of the Title Evidence to the Property.

If any such contingency has not been satisfied on or before the Closing Date, then this Agreement may be terminated, at Buyer's option, by written notice from Buyer to Seller. Such notice of termination may be given at any time on or before the Closing Date. Upon such termination, neither party will have any further rights or obligations regarding this Agreement or the Property, all Earnest Money will be returned to Buyer, and the parties shall execute a written cancellation of this Agreement.

All of the contingencies set forth in this Agreement are specifically stated and agreed to be for the sole and exclusive benefit of the Buyer and the Buyer shall have the right to unilaterally waive any contingency by written notice to Seller.

4. Closing. The closing of the purchase and sale contemplated by this Agreement (the "Closing") shall on or before June 30, 2024(the "Closing Date"). The closing shall

take place at the office of the Title Company that provides the Title Commitment, or at such other place as may be agreed to. Seller agrees to deliver possession of the Property to Buyer on the Closing Date.

(a) Seller's Closing Documents. On the Closing Date, Seller shall execute and/or deliver to Buyer the following (collectively "Seller's Closing Documents"):

(1) Deed. A Warranty Deed, in form reasonably satisfactory to Buyer, conveying the Real Property to Buyer, free and clear of all encumbrances, except the Permitted Encumbrances hereafter defined.

(2) Title Policy. The Title Policy, or a suitably marked up Commitment for Title Insurance initialed by the Title Company, in the form required by this Agreement.

(3) Opinion of Seller's Counsel. If Seller is a corporation, partnership, or other entity, and if Seller is represented by counsel, an opinion of Seller's counsel, dated as of the Closing Date, in form reasonably satisfactory to Buyer, that Seller has been duly organized and is in good standing under the laws of the State of Minnesota; that Seller is duly qualified to transact business in the State of Minnesota; that Seller has the requisite power and authority to enter into and perform this Agreement, and those Seller's Closing Documents signed by it; that such documents have been duly authorized by all necessary action on the part of the Seller and duly executed and delivered; that the execution, delivery and performance by Seller of such documents do not conflict with or result in a violation of Seller's Articles of Organization or Operating Agreement or any judgment, order or decree of any court or arbiter to which Seller is a party; that such documents are valid and binding obligations of Seller, enforceable in accordance with their terms.

(4) Seller's Affidavit. An Affidavit of Title by

Seller indicating that on the Closing Date there are no outstanding, unsatisfied judgments, tax liens or bankruptcies against or involving Seller or the Real Property; that there has been no skill, labor or material furnished to the Real Property for which payment has not been made or for which mechanics' liens could be filed; and that there are no other unrecorded interests in the Real Property, together with whatever standard owner's affidavit and/or indemnity which may be required by the Title Company to issue an Owner's Policy of Title Insurance with the standard exceptions waived.

(5) FIRPTA Affidavit. A non-foreign affidavit, properly executed and in recordable form, containing such information as is required by IRC Section 1445(b)(2) and its regulations.

(6) Owner's Duplicate Certificate of Title. The Owner's Duplicate Certificate of Title, if any, regarding the Real Property.

(7) IRS Form. A Designation Agreement designating the "reporting person" for purposes of completing Internal Revenue Form 1099.

(8) Well Certificate. A Certificate signed by Seller warranting that there are no "Wells" on the Property, or if there are "Wells", a Well Certificate in the form required by law.

(9) Other Documents. All other documents reasonably determined by Buyer to be necessary to transfer the Property to Buyer free and clear of all encumbrances.

(b) Buyer's Closing Documents. On the Closing Date, Buyer will execute and/or deliver to Seller the following (collectively "Buyer's Closing Documents"):

(1) Purchase Price. The Purchase Price by Buyer's check.

(2) Title Documents. Such affidavits of Purchaser,

Certificate of Real Estate Value or other documents as may be reasonably required by the Title Company in order to record the Seller's Closing Documents and issue the Title Insurance Policy required by this Agreement.

5. Prorations. Seller and Buyer agree to the following prorations and allocation of costs regarding this Agreement:

(a) Title Insurance and Closing Fee. Seller will pay all costs of Title Evidence, and the fees charged by Title for any escrow regarding Buyer's Objections. Buyer will pay all premiums required for the issuance of an ALTA Owner's Title Insurance Policy. Seller and Buyer will each pay one-half of any reasonable and customary closing fee or charge imposed by any closing agent designated by the Title Company.

(b) Deed Tax. Seller shall pay all state deed tax regarding the Warranty Deed to be delivered by Seller under this Agreement.

(c) Real Estate Taxes and Special Assessments. Seller will pay on or before the Closing Date, all special assessments levied, pending or constituting a lien against the Real Property as of the Closing Date including without limitation any installments of special assessments including interest payable with general real estate taxes in the year of Closing. General real estate taxes and installments of special assessments payable in all years prior to the year of Closing will be paid by Seller. General real estate taxes payable in the year of Closing shall be prorated by Seller and Buyer as of the Closing Date based upon a calendar year. Seller shall pay all deferred real estate taxes or special assessments which may become payable as a result of the sale contemplated hereby. If the amount of such general real estate taxes and installments of special assessments payable therewith cannot be determined on the Closing Date, Seller will deposit with the Title Company, from the Purchase Price, an amount equal to 110% of the most current estimate of such taxes and special assessment installments, assuming for estimating purposes that the Real Property will be fully assessed. Such deposit will be held in escrow and all interest earnings on such deposit will be paid to Seller. The Title Company will retain such deposit to pay Seller's share of the actual general real estate taxes payable in year of Closing and installments of special assessments including interest payable therewith, paying any excess over to Seller. Seller will pay any deficiency, when such general real estate taxes and installments of special assessments including interest payable therewith are known.

(d) Recording Costs. Buyer will pay the costs of recording all documents necessary to place record title in the condition warranted in this Agreement. Buyer will pay the cost of recording all other documents.

(e) Other Costs. All other operating costs of the Property, will be allocated between Seller and Buyer as of the Closing Date, so that Seller pays that part of such other operating costs payable before the Closing Date, and Buyer pays that part of such operating costs payable from and after the Closing Date.

(f) Attorney's Fees. Each of the parties will pay its own attorneys fees, except that a party defaulting under this Agreement or any closing document will pay the reasonable attorney's fees and court costs incurred by the nondefaulting party to enforce its rights regarding such default.

6. Title Examination. Title Examination will be conducted as follows:

(a) Seller's Title Evidence. Seller shall within fifteen (15) days after the date of this Agreement, furnish the following (collectively the "Title Evidence") to Buyer:

(1) Title Evidence. Seller shall, at its cost, provide a Commitment for an ALTA Owner's Policy of Title Insurance insuring title to the Real Property, deleting standard exceptions and including affirmative insurance regarding zoning,

appurtenant easements, and such other matters as may be identified by Buyer, in the amount of the Purchase Price.

(b) Buyer's Objections. Within fifteen (15) days after receiving the last of the Title Evidence, Buyer will make written objections ("Objections") to the form and/or contents of the Title Evidence, or at Buyer's expense to make application for an ALTA Owner's Title Insurance Policy. Buyer shall have fifteen(15) days after receipt of its Commitment for Title Insurance to provide Seller with a copy of the Commitment and Buyer's Objections. Buyer's failure to make Objections within such time period will constitute a waiver of Objections. Any matter shown on such Title Evidence and not objected to by Buyer shall be a "Permitted Encumbrance" hereunder. Seller will have thirty (30) days after receipt of the Objections to cure the Objections, during which period the Closing Date will be postponed as necessary. Seller shall use its best efforts to correct any Objections. To the extent an Objection can be satisfied by the payment of money, Buyer shall have the right to apply a portion of the cash payable to Seller at the Closing to satisfaction of such Objection and the amount so applied shall reduce the amount of cash payable to Seller at the Closing. If the Objections are not cured within such 30-day period, Buyer will have the option to do any of the following:

(1) Terminate this Agreement.

(2) Withhold from the Purchase Price an amount which, in the reasonable judgment of Title, is sufficient to assure cure of the Objections. Any amount so withheld will be placed in escrow with Title, pending such cure. If Seller does not cure such Objections within ninety (90) days after such escrow is established, Buyer may then cure such Objections and charge the costs of such cure (including reasonable attorney's fees) against the escrowed amount. If such escrow is established, the parties agree to execute and deliver such documents as may be reasonably required by Title, and Seller agrees to pay the

charges of Title to create and administer the escrow.

(3) Waive the Objections and proceed to close.

7. Operation Prior to Closing. During the period from the date of Seller's acceptance of this Agreement to the Closing Date (the "Executory Period"), Seller shall operate and maintain the Property in the ordinary course of business in accordance with prudent, reasonable business standards, including the maintenance of adequate liability insurance and insurance against loss by fire, windstorm and other hazards, casualties and contingencies, including vandalism and malicious mischief. Seller shall execute no contracts, leases or other agreements regarding the Property during the Executory Period that are not terminable on or before the Closing Date, without the written consent of Buyer, which consent may be withheld by Buyer at its sole discretion.

Seller must ensure that all tenants, other than the tenant identified in Exhibit B, have vacated the Real Property prior to Closing.

8. Representations and Warranties by Seller. Seller represents and warrants to Buyer as follows:

(a) Authority. If Seller is a corporation, partnership or other entity, Seller represents that it is duly organized and is in good standing under the laws of the State of Minnesota; Seller is duly qualified to transact business in the State of Minnesota; Seller has the requisite power and authority to enter into and perform this Agreement and those Seller's Closing Documents signed by it; such documents have been duly authorized by all necessary action on the part of Seller and have been duly executed and delivered; such execution, delivery and performance by Seller of such documents does not conflict with or result in a violation of Seller's Articles of Organization or Operating Agreement, or any judgment, order, or decree of any court or arbiter to which Seller is a party; such documents are valid and binding obligations of Seller, and are enforceable in accordance with their terms.

(b) Title to Property. Seller owns the Property, free and clear of all encumbrances except the Permitted Encumbrances identified on Exhibit B attached hereto (the "Permitted Encumbrances").

(c) Utilities. Seller has received no notice of actual or threatened reduction or curtailment of any utility service now supplied to the Real Property.

(d) Rights of Others to Purchase Property. Seller has not entered into any other contracts for sale of the Property, nor are there any rights of first refusal or options to purchase the Property or any other rights of others that might prevent the consummation of this Agreement.

(e) Seller's Defaults. Seller is not in default concerning any of its obligations or liabilities regarding the Property.

(f) FIRPTA. Seller is not a "foreign person", foreign partnership", "foreign trust" or "foreign estate" as those terms are defined in Section 1445 of the Internal Revenue Code.

(g) Proceedings. There is no action, litigation, investigation, condemnation or proceeding of any kind pending or threatened against Seller or any portion of the Property.

(h) Agents and Employees. No management agents or other personnel employed in connection with the operation of the Property have the right to continue such employment after the Closing Date. There are no claims for brokerage commission or other payments with respect to the existing Property, including leases which will survive and remain unpaid after the Date of Closing.

(i) Wells. The Seller certifies and warrants that the Seller does not know of any "Wells" on the described Property within the meaning of Minnesota Statutes. This representation is intended to satisfy the requirements of that statute.

(j) Storage Tanks. No above ground or underground tanks, are located in or about the Property, or have been located under, in or about the Property and have subsequently been removed or filled. To the extent storage tanks have been duly registered with all appropriate regulatory and governmental bodies and otherwise are in compliance with applicable Federal, state and locate statutes, regulations, ordinances and other regulatory requirements.

(k) Sale "As-is," "Where Is" Condition – No representations or Express or Implied Warranties

Buyer represents that is a sophisticated purchaser with experiences purchasing and operating assets such as the Property. Buyer acknowledges that Seller has accorded, and during the Inspection Period will accord, Buyer a full and fair opportunity to many and all inspections of the Property that Buyer deems necessary or advisable. Finally, Buyer represents and agrees that in purchasing the Property is relying on its own financial evaluation of all matters relating to the purchase and its own inspection of the property and analysis both prior to the date of this Agreement and during the Inspection Period, and not on any assurances, representations or statements of the Seller or its agents, representatives or employees. Accordingly, by closing on its purchase of the Property, Buyer hereby agrees and shall be deemed to have elected to accept the Property on an "AS IS,""WHERE IS" basis, with all defects deficiencies and shortages whether patent or latent. Buyer likewise hereby agrees to assume all risks related to the condition of the Property, including that posed by all such defects, deficiencies and shortages, from and after the date of Closing. Buyer acknowledges and agrees that, other than as expressly set forth in this Agreement, neither seller nor its property manager, nor any of their agents, board members, managers, members, officers or employees have made any representations or warranties whatsoever, express or implied, as to zoning, land use controls and entitlements; as to public or private use rights and restrictions; as to building, fire and safety code compliance; as to the condition or quality of any element of the Property, including without limitation, representations or warranties as to value, merchantability, fitness or suitability for a particular purpose; as to soil, water or any other environmental conditions; as to matters relating to either above ground or underground storage tanks, as to taxes or assessments; or as to any other matter whatsoever. By Closing on its purchase of the Property, Buyer shall be deemed to and hereby does, relinquish and waive any and all rights, claims or causes of action relating to the Property the Buyer has or may ever have against the one or more of the Seller, its property managers, officers, board of directors, agents, employees and members for indemnification, contribution, reimbursement, refunds, damages, costs or other monetary awards, or any form of equitable or injunctive relief, including by not limited to those arising under or based upon any federal, state or local statute, law, ordinance, rule or regulation, or the common law, dealing with any matter whatsoever, including but not limited to those regulating or concerned with the environment, public health and safety, pollution or as to any other matter whatsoever, including, without limitation, CERCLA, 42 U.S.C. 9601-9607 and MERLA, Minn. Stat. Ch. 115B

9. Damage. If, prior to the Closing Date, all or any part of the Property is substantially damaged by fire, casualty, unforeseen elements or any other cause, Seller shall immediately give notice to Buyer of such fact and at Buyer's option (to be exercised within thirty (30) days after Seller's notice), this Agreement shall terminate, in which event neither party will have any further obligations under this Agreement. If Buyer fails to elect to terminate despite such damage, or if the Property is damaged but not substantially, Seller shall promptly commence to repair such damage or destruction and return the Property to its condition prior to such damage. If such damage shall be completely repaired prior to the Closing Date then there shall be no reduction in the Purchase Price and Seller retain the proceeds of all insurance related to such damage. If such damage shall not be completely repaired prior to the Closing Date but Seller is diligently proceeding to repair, then Seller shall complete the repair after the Closing Date and shall be entitled to receive the proceeds of all insurance

related to such damage after repair is completed; provided, however, Buyer shall have the right to delay the Closing Date until repair is completed. If Seller shall fail to diligently proceed to repair such damage then Buyer shall have the right to require a closing to occur and the Purchase Price (and specifically the cash portion payable at the Closing Date) shall be reduced by the cost of such repair, or at Buyer's option, the Seller shall assign to Buyer all right to receive the proceeds of all insurance related to such damage and the Purchase Price shall remain the same.

10. Condemnation. If, prior to the Closing Date, eminent domain proceedings are commenced against all or any part of the Property, Seller shall immediately give notice to Buyer of such fact and at Buyer's option (to be exercised within thirty (30) days after Seller's notice), this Agreement shall terminate, in which event neither party will have further obligations under this Agreement. If Buyer shall fail to give such notice then there shall be no reduction in the Purchase Price, and Seller shall assign to Buyer at the Closing Date all of Seller's right, title and interest in and to any award made or to be made in the condemnation proceedings. Prior to the Closing Date, Seller shall not designate counsel, appear in, or otherwise act with respect to the condemnation proceedings without Buyer's prior written consent.

11. Broker's Commission. Seller and Buyer agree that there are no brokers representing either party.

12. Mutual Indemnification. Seller and Buyer agree to indemnify each other against, and hold each other harmless from, all liabilities (including reasonable attorneys' fees in defending against claims) arising out of the ownership, operation or maintenance of the Property for their respective periods of ownership. Such rights to indemnification will not arise to the extent that (a) the party seeking indemnification actually receives insurance proceeds or other cash 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 act or neglect of the party seeking indemnification. If and to the extent that the indemnified party has insurance coverage, or the right to make 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 proceeding and assign the recovery and/or right of recovery to the indemnifying party to the extent of the indemnification payment made by such party.

13. Assignment. Either party may assign its rights under this Agreement before or after the Closing. Any such assignment will not relieve such assigning party of its obligations under this Agreement.

14. Survival. All of the terms of this Agreement will survive and be enforceable after the Closing.

15. Notices. Any notice required or permitted to be given by any party upon the other is given in accordance with this Agreement if it is directed to Seller by delivering it personally to an officer of Seller; or if it is directed to Buyer, by delivering it personally to Buyer; or if mailed in a sealed wrapper by United States registered or certified mail, return receipt requested, postage prepaid; or if transmitted by facsimile, copy followed by mailed notice as above required; or if deposited cost paid with a nationally recognized, reputable overnight courier, properly addressed as follows:

If to Seller: Latzke Industrial Holdings, LLC
2190 106th Lane
Blaine, MN 55449

If to Buyer: Blaine Economic Development Authority
10801 Town Square Drive
Blaine, MN 55449

Notices shall be deemed effective on the earlier of the date of receipt or the date of deposit as aforesaid; provided, however, that if notice is given by deposit that the time for response to any notice by the other party shall commence to run one business day after any such deposit. Any party may change its address for the service of notice by giving written notice of such change to the other party, in any manner above specified ten (10) days prior to the effective date of such change.

16. Captions. The paragraph headings or captions appearing in this Agreement are for convenience only, are not a part of this Agreement and are not to be considered in interpreting this Agreement.

17. Entire Agreement; Modification. This written Agreement constitutes the complete agreement between the parties and supersedes any prior oral or written agreements between the parties regarding the Property. There are no verbal agreements that change this Agreement and no waiver of any of its terms will be effective unless in a writing executed by the parties.

18. Binding Effect. This Agreement binds and benefits the parties and their successor and assigns.

19. Controlling Law. This Agreement has been made under the laws of the State of Minnesota, and such laws will control its interpretation.

20. Remedies. If Buyer defaults in the performance of this agreement due to no fault of Seller, then Seller may, as its sole and exclusive remedy, terminate this agreement in accordance with Minn. Stat. §559.21. The termination of this Agreement will be the sole remedy available to Seller for such default by Buyer, and Buyer will not be liable for damages or specific performance. If Seller defaults under this Agreement, this provision does not preclude Buyer from seeking and recovering from Seller damages for nonperformance or specific performance of this Agreement. If Seller defaults under this Agreement, Buyer shall have no right to seek damages from Seller for Buyer's loss of its bargain in failing to acquire the Property, but Buyer shall recover as damages from Seller all of Buyer's out-of-pocket costs and fees including without limitation attorneys' fees, accountants' fees and other consultants' fees incurred by Buyer in preparing and negotiating this Agreement, preparing for the closing, obtaining financing commitments, investigating the status, title and condition of the Property, and other similar and reasonable costs and expenses.

21. Leaseback. Seller and buyer agree to enter into a lease agreement whereby the tenant will have the ability to lease the property from the buyer for a period of time subject to the terms identified in the EXHIBIT B.

23. Personal Property. Seller agrees to removal all personal property from the building and property prior to expiration of the Lease Agreement. Personal property shall mean anything not affixed to the structure or land. Costs to remove any personal property not removed by the seller shall be responsibility of the seller. No other activity is permitted by the seller and the buyer is not liable for any injuries, theft, or damage that may occur as a result of the seller accessing the property to remove personal property.

Seller and Buyer have executed this Agreement as of the date first written above.

SELLER:

By:____________________________

By:____________________________

BUYER:

By:____________________________
Its: Executive Director

By:____________________________
Its: President

EXHIBIT A - REAL PROPERTY DESCRIPTION

PID: 21-31-23-24-0025

Lot 6, Block 1, Northway Estates

EXHIBIT B – Lease

STANDARD LEASE AGREEMENT (GROSS)

THIS LEASE AGREEMENT (hereafter called the "**Lease Agreement**") made as of the ____ day of __________, 2023, by and between **City of Blaine Economic Development Authority,** having offices at 10801 Town Square Drive NE Blaine, MN 55449 (hereafter called the "**Landlord**") and ___________________________a Minnesota Limited Liability Company having its main office at 2190 106th Lane NE Blaine, MN 55449 (hereafter called the "**Tenant**").

WITNESSETH

FOR AND IN CONSIDERATION of the sum of One Dollar ($1.00) in hand paid by each of the parties to the other, and other good and valuable consideration, receipt and sufficiency of which is hereby acknowledged, the parties hereby agree as follows:

ARTICLE 1 - PREMISES AND TERM

A. Landlord does hereby lease to Tenant, and Tenant does hereby lease from Landlord, that area depicted on Exhibit A-1 attached hereto, and by this reference incorporated herein, and described as **2190 106th Lane Blaine, MN** hereafter called the "**Premises**", County of Anoka, State of Minnesota. The term "**Building**" as it is used herein shall consist of the land and building(s) set forth in Exhibit A-1 attached hereto.

B. Tenant may have and hold the Premises for a term commencing on the Closing date of the Purchase Agreement between the City of Blaine Economic Development Authority (Buyer) and _______________________(Seller) (the Closing date is anticipated to be on or before June 30, 2024) and expiring on June 30th, 2025 (hereafter called the "Term") subject to the conditions set forth in this Lease Agreement and the Exhibits attached hereto.

C. Tenant may exercise a right to terminate upon 30 days notice.

ARTICLE 2 - USE / RATE

For the duration of the Lease term, the Tenant shall have the right to use the Premises for the existing operations of Blake Drilling Company, Inc. in the same use and manner as being conducted as on the Lease Commencement Date and for lawful purposes incidental thereto.

Tenant agrees to pay to Landlord during the Term as minimum rental (hereafter called "**Minimum Rental**") for the Premises, without notice, set-off or demand, the following amounts per month:

Period of Term	Annual Gross Rate Total	Monthly Minimum Rental
Per Article 1B above	$1.00	N/A

Said monthly installments shall be due and payable by Tenant in advance on the first day of each calendar month during the Term of this Lease Agreement, or any extension or renewal thereof, at the office of Landlord set forth in the preamble to this Lease Agreement or at such other place as Landlord may designate in writing; provided, however, that if the first day of the Term shall be a day other than the first day of a calendar month or the last day of the Term shall be a day other than the last day of a calendar month, the Minimum Rental installment for such first or last fractional month shall be prorated accordingly. Tenant agrees to pay, as Additional Rental, which shall be collectible to the same extent as Minimum Rental, all amounts which may become due to Landlord under this Lease Agreement. **First year's gross rent of $1.00 shall be due at the time this Lease is executed.**

ARTICLE 3 - CONSTRUCTION: THIS SECTION OMITTED.

ARTICLE 4 - POSSESSION

Except as otherwise provided, Landlord shall deliver possession of the Premises on or before the date hereinabove specified for commencement of the Term. By occupying the Premises as a tenant, or to install trade fixtures or equipment, or to perform finishing work, Tenant shall be conclusively deemed to have accepted the same and to have acknowledged that the Premises are in the condition required by this Lease Agreement. Following Tenant's occupancy of the Premises and within ten (10) days of Landlord's request, Landlord and Tenant shall execute a ratification agreement which shall set forth the final commencement and expiration dates of the Term, shall acknowledge the Minimum Rental, the rentable square footage of the Premises, delivery of the Premises in the condition required by this Lease Agreement and shall include such other matters as Landlord may reasonably request (hereafter the "**Ratification Agreement**"). Tenant is taking the space in it's "AS-IS" condition.

ARTICLE 5 - TENANT'S PRO RATA SHARE OF REAL ESTATE TAXES AND OPERATING EXPENSES

This is a gross Lease. Tenant shall not be responsible for the payment of any property taxes during the term of this lease.

ARTICLE 6 - UTILITIES AND SERVICE

A. Tenant shall contract with the appropriate service provider for electricity and for heat (gas) and shall have sole responsibility for any / all payments to the service provider(s) for these utility expenses during the entire term of the Lease.

B. No interruption or failure of any of the foregoing services under this Article 6 incidental to the making of repairs, alterations or improvements, or due to accidents, labor disputes, energy use restrictions or conditions or events not under Landlord's reasonable control, shall be deemed an eviction of the Tenant or relieve Tenant from its obligation to pay the rentals as and when due hereunder or from any of the Tenant's other obligations hereunder.

C. Tenant shall be responsible for their own trash service.

D. Tenant shall be responsible for their own telephone and data service.

ARTICLE 7 - NON-LIABILITY OF LANDLORD

Landlord shall not be liable for and Tenant hereby waives all claims against Landlord for any damage to any property or any injury to any person in or about the Premises or the Building by or from any cause whatsoever (including without limiting the foregoing, rain or water leakage of any character from the roof, windows, walls, basement, pipes and plumbing facilities, and gas, fire, oil, electricity or theft), except to the extent caused by the gross negligence or willful misconduct of Landlord or its contractors, agents or employees. In no event shall Landlord be liable to Tenant for any consequential damages.

Tenant shall not be liable for and Landlord hereby waives all claims against Tenant for any damage to any property or any injury to any person in or about the Premises or the Building by or from any cause whatsoever (including without limiting the foregoing, rain or water leakage of any character from the roof, windows, walls, basement, pipes and plumbing facilities, and gas, fire, oil, electricity or theft), except to the extent caused by the gross negligence or willful misconduct of Tenant or its contractors, agents or employees. In no event shall Tenant be liable to Landlord for any consequential damages.

ARTICLE 8 - CARE OF PREMISES

A. Tenant agrees:

1. To keep the Premises in as good condition and repair as they were in at the time Tenant took possession of same, reasonable wear and tear and damage from fire and other casualty for which insurance is normally procured excepted;

2. To keep the Premises in a clean and sanitary condition;

3. Not to commit any nuisance or waste on the Premises, overload the Premises or the electrical, water and/or plumbing facilities in the Premises or Building, throw foreign substances in plumbing facilities, or waste any of the utilities furnished by Landlord;

B. If Tenant shall fail to keep and preserve the Premises in the state of condition required by the provisions of this Article 8, the Landlord may at its option put or cause the same to be put into the condition and state of repair agreed upon, and in such case the Tenant, within ten (10) days following Tenant’s receipt of an invoice therefore, shall pay the cost thereof as Additional Rental.

ARTICLE 9 - NON-PERMITTED USE

Tenant agrees to use the Premises only for the purposes set forth in Article 2 hereof. Tenant further agrees not to commit or permit any act to be performed on the Premises or any omission to occur which shall be in violation of any statute, regulation or ordinance of any governmental body or which will increase the insurance rates on the Building or which will be in violation of any insurance policy carried on the Building by the Landlord. Tenant, at its expense, shall comply with all governmental laws, ordinances, rules and regulations applicable to the use of the Premises and its occupancy and shall promptly comply with all governmental orders, rulings and directives for the correction, prevention and abatement of any violation upon, or in connection with the Premises or Tenant's use or occupancy of the Premises, all at Tenant's sole cost and expense; provided, however, Tenant shall not be responsible for making any alterations or improvements to the Building or Premises unless they are occasioned by Tenant’s own use of the Premises or its negligence.

ARTICLE 10 - INSPECTION

The Landlord and its employees, agents and contractors shall have the right, upon reasonable verbal notice to Tenant at the Premises (except that no notice need be given in the case of an emergency and without any diminution of rent or other charges payable hereunder by Tenant, to enter the Premises at all reasonable times for the purpose of exhibiting the Premises to prospective purchasers, but nothing contained in this Article shall be construed so as to impose any obligation on the Landlord to make any repairs, alterations or improvements. Landlord shall have the right to enter the space within the last 90 days of the Lease period to show the space to new/other prospective Tenant’s. These showings shall take place Monday through Friday from 8am – 5pm.

ARTICLE 11 - ALTERATIONS

Tenant will not make any alterations, repairs, additions or improvements in or to the Premises without the express written consent of the Landlord, which consent shall not be unreasonable witheld.

ARTICLE 12 - SIGNS

Tenant and Landlord agree that all existing signage shall be allowed and that no new signage or other advertising materials shall be erected, attached or affixed to any portion of the exterior of the Premises or the Building or to any portion of the interior of the Premises visible from the common areas or the outside of the Building with exception of temporary help wanted portable signage**.**

ARTICLE 13 - COMMON AREAS

A. There are no common area's in the Premises.

ARTICLE 14 - ASSIGNMENT AND SUBLETTING

Tenant agrees not to assign, sublet, license, mortgage or encumber this Lease Agreement, the Premises, or any part thereof, whether by voluntary act, operation of law, or otherwise, without the specific prior written consent of the Landlord.

ARTICLE 15 - LOSS BY CASUALTY

If the Building is damaged or destroyed by fire or other casualty, the Landlord shall have the right to terminate this Lease Agreement, provided it gives written notice thereof to the Tenant within ninety (90) days after such damage or destruction. If a portion of the Premises is damaged by fire or other casualty, and Landlord does not elect to terminate this Lease Agreement, the Landlord shall, at its expense, restore the Premises to as near the condition which existed immediately prior to such damage or destruction, as reasonably possible, and the rentals shall abate during such period of time as the Premises are untenantable, in the proportion that the untenantable portion of the Premises bears to the entire Premises.

ARTICLE 16 - WAIVER OF SUBROGATION

Landlord and Tenant hereby release the other from any and all liability or responsibility to the other or anyone claiming through or under them by way of subrogation or otherwise for any loss or damage to property caused by fire or any of the extended coverage or supplementary contract casualties, even if such fire or other casualty shall have been caused by the fault or negligence of the other party, or anyone for whom such party may be responsible.

ARTICLE 17 - EMINENT DOMAIN

This Lease is NOT subject to taking by eminent domain and shall remain in full effect for the entire term of the Lease.

ARTICLE 18 - SURRENDER

On the last day of the Term of this Lease Agreement or on the sooner termination thereof in accordance with the terms hereof, Tenant shall peaceably vacate and surrender possession of the Premises in good condition and repair consistent with Tenant's duty to make repairs as provided in Article 8 hereof. On or before said last day, Tenant shall at its expense remove all of its furnishings, equipment and other personal property from the Premises, repairing any damage caused thereby, and any property not removed shall be deemed abandoned. All alterations, additions and fixtures other than Tenant's trade fixtures, which have been made or installed by either Landlord or Tenant upon the Premises shall remain as Landlord's property and shall be surrendered with the Premises as a part thereof, or shall be removed by Tenant, in which event Tenant shall at its expense repair any damage caused thereby. If the Premises are not vacated and surrendered at the end of the Term or the sooner termination thereof, Tenant shall indemnify Landlord against any and all loss, cost, damage, liability and expense resulting from delay by Tenant in so vacating and surrendering the Premises, including, without limitation, claims made by any succeeding tenant founded on such delay, which indemnity obligation shall survive the expiration or earlier termination of this Lease Agreement. Tenant shall promptly surrender all keys for the Premises to Landlord at the place then fixed for payment of rentals and shall inform Landlord of combinations on any locks and safes on the Premises.

ARTICLE 19 - NON-PAYMENT OF RENT, DEFAULTS

If any one or more of the following occurs: (1) a rent payment or any other payment due from Tenant to Landlord shall be and remain unpaid in whole or in part for more than ten (10) days after same is due and payable; (2) Tenant shall violate or default on any of the other covenants, agreements, stipulations or conditions herein, or in any parking agreement(s) or other agreements between Landlord and Tenant relating to the Premises, and such violation or default shall continue for a period of ten (10) days after written notice from Landlord of such violation or default; (3) if Tenant shall commence or have commenced against Tenant proceedings under a bankruptcy, receivership, insolvency or similar type of action; or (4) if Tenant shall vacate any substantial portion of the Premises for a period of more than fifteen (15) days; then it shall be optional for Landlord, without further notice or demand, to cure such default or to declare this Lease Agreement forfeited and the said Term ended, or to terminate only Tenant's right to possession of the Premises, and to re-enter the Premises, subject to applicable law, and Landlord shall not be liable for damages by reason of such forfeiture or re-entry; but notwithstanding re-entry by Landlord or termination only of Tenant's right to possession of the Premises, the liability of Tenant for the rent and all other sums provided herein shall not be relinquished or extinguished for the balance of the Term of this Lease Agreement and Landlord shall be entitled to periodically sue Tenant for all sums due under this Lease Agreement or which become due prior to judgment, but such suit shall not bar subsequent suits for any further sums coming due thereafter. Tenant shall be responsible for, in addition to the rentals and other sums agreed to be paid hereunder, the cost of any necessary maintenance, repair, restoration, reletting (including related cost of removal or modification of tenant improvements) or cure as well as reasonable attorneys' fees incurred or awarded in any suit or action instituted by Landlord to enforce the provisions of this Lease Agreement, regain possession of the Premises, or the collection of the rentals due Landlord hereunder. Tenant shall also be liable to Landlord for the payment of a late charge in the amount of ten percent (10%) of the rental installment or other sum due Landlord hereunder if said payment has not been received within ten (10) days from the date said payment becomes due and payable. Tenant agrees to pay interest at the rate of twelve percent (12%) per annum or the maximum permissible rate under the applicable usury statutes, whichever is less, on all rentals and other sums due Landlord hereunder not paid within ten (10) days from the date same become due and payable. Each right or remedy of Landlord provided for in this Lease Agreement shall be cumulative and shall be in addition to every other right or remedy provided for in this Lease Agreement now or hereafter existing at law or in equity or by statute or otherwise.

ARTICLE 20 - LANDLORD'S DEFAULT

Landlord shall not be deemed to be in default under this Lease Agreement until Tenant has given Landlord written notice specifying the nature of the default and Landlord does not cure such default within thirty (30) days after receipt of such notice or within such reasonable time thereafter as may be necessary to cure such default where such default is of such a character as to reasonably require more than thirty (30) days to cure.

ARTICLE 21 - HOLDING OVER

Tenant will, at the expiration of this Lease Agreement, whether by lapse of time or termination, surrender immediate possession of the Premises to Landlord. If Tenant fails to surrender possession of the Premises the Landlord may, at its option, serve written notice upon Tenant that such holdover constitutes the creation of a month-to-month tenancy. If Landlord does not give said notice, Tenant's holdover shall create a tenancy at sufferance. In any event, the tenancy shall be upon the terms and conditions of this Lease Agreement, except that the Minimum Rental shall be double the Minimum Rental Tenant was obligated to pay Landlord under this Lease Agreement immediately prior to expiration (in the case of tenancy at sufferance such Minimum Rental shall be prorated on the basis of a 365 day year for each day Tenant remains in possession); excepting further that in the case of a tenancy at sufferance, no notices shall be required prior to commencement of any legal action to regain possession of the Premises. The provisions of this Article shall not constitute a waiver by Landlord of any right of re-entry as otherwise available to Landlord; nor shall receipt of any rent or any other act in apparent affirmance of the tenancy operate as a waiver of the right to terminate this Lease Agreement for a breach by Tenant hereof.

ARTICLE 22 - SUBORDINATION

Tenant agrees that this Lease Agreement shall be subordinate to any mortgage(s) that may now or hereafter be placed upon the Building or any part thereof, and to any and all advances to be made thereunder, and to the interest thereon, and all renewals, replacements, and extensions thereof, provided the Mortgagee named in any such mortgage shall agree to recognize this Lease Agreement and not disturb Tenant's rights hereunder in the event of foreclosure provided the Tenant is not in default. This subordination and non-disturbance shall be self-operative and no further certificate or instrument of subordination need be required by any such Mortgagee. In confirmation of such subordination and non-disturbance, however, Tenant shall within ten (10) days of Tenant's receipt thereof, execute and deliver any instrument, in recordable form, as required by Landlord's Mortgagee. In the event of any Mortgagee electing to have this Lease Agreement a prior encumbrance to its mortgage, then and in such event upon such Mortgagee notifying Tenant to that effect, this Lease Agreement shall be deemed prior in encumbrance to the said mortgage, whether this Lease Agreement is dated prior to or subsequent to the date of said mortgage.

ARTICLE 23 - INDEMNITY, INSURANCE AND SECURITY

A. Tenant will keep in force at its own expense for so long as this Lease Agreement remains in effect commercial general liability insurance insuring Tenant against liability for bodily injury, property damage (including loss of use of property) and personal injury, which insurance shall (i) name Landlord, its property manager and such other parties as Landlord may designate, as additional insureds, (ii) be with companies and in form acceptable to Landlord, and (iii) have a minimum limit of liability of One Million and 00/100ths Dollars ($1,000,000.00) per occurrence and a general aggregate limit of no less than Two Million and 00/100ths Dollars ($2,000,000.00). Said insurance shall also provide for contractual liability coverage. The amount and coverage of such commercial general liability insurance shall not limit Tenant's liability nor relieve Tenant of any of its obligations under this Lease Agreement. Tenant shall further provide for business interruption insurance to cover a period of not less than six (6) months. Tenant will deposit with Landlord certificate(s) of the policy or policies of such insurance, which shall provide that Landlord shall be notified in writing thirty (30) days prior to cancellation, material change, or failure to renew the insurance. Tenant further covenants and agrees to indemnify and hold Landlord and Landlord's property manager harmless from and defend them against all claims, liabilities, judgments, demands, causes of action, losses, damages and costs and expenses, including reasonable attorneys' fees, for damage to any property or injury to or death of any person arising from: (i) any act or omission by Tenant, its contractors, agents, employees or invitees in, at, or around the Premises or the Building; (ii) the negligence or willful misconduct of Tenant; (iii) Tenant's failure to comply with any and all governmental laws, rules, ordinances or regulations applicable to the use of the Premises and its occupancy; and/or (iv) any breach or default by Tenant under this Lease Agreement. Tenant's indemnity obligations under this Article shall survive the expiration or earlier termination of this Lease Agreement. If Tenant shall not comply with its covenants made in this Article, Landlord may, at its option, cause insurance as aforesaid to be issued and in such event Tenant agrees to pay the premium for such insurance promptly upon Landlord's demand.

B. Tenant shall be responsible for the security and safeguarding of the Premises and all property kept, stored or maintained in the Premises. Tenant represents that it is satisfied that following the completion of any Tenant Improvements to be made to the Premises, the construction of the Building and the Premises, including the floors, walls, windows, doors and means of access thereto will be suitable for the particular needs of Tenant's business. Tenant further represents that it is satisfied with the security of said Building and Premises for the protection of any property which may be owned, held, stored or otherwise caused or permitted by Tenant to be present upon the Premises. The placement and sufficiency of all safes, vaults, cash or security drawers, cabinets or the like placed upon the Premises by Tenant shall be at the sole responsibility and risk of Tenant. Tenant shall maintain in force throughout the Term, property insurance upon all furnishings, equipment, trade fixtures and other personal property in the Premises and upon any alterations, additions, fixtures, or improvements in the Premises acknowledged by Landlord to be the Tenant's.

C. Landlord shall carry and cause to be in full force and effect a fire and extended coverage insurance policy on the Building, but not contents owned, leased or otherwise in possession of Tenant. The cost of such insurance and any other insurance maintained by Landlord for the Building shall be Landlord's expense.

ARTICLE 24 - NOTICES, DEMANDS AND OTHER COMMUNICATIONS

All notices, demands, requests, consents, approvals and other communications required or permitted to be given pursuant to the terms of this Lease Agreement shall be in writing (unless a provision of this Lease Agreement shall expressly provide for verbal notice) and shall be deemed to have been properly given if: (a) with respect to Tenant, they are (i) deposited in the U.S. mails, certified mail with return receipt requested and postage prepaid, (ii) deposited with a reputable courier service for delivery no later than the next business day, or (iii) delivered by hand, in each case addressed to Tenant at the address for the Premises; and (b) with respect to Landlord, they are (i) deposited in the U.S. mails, certified mail with return receipt requested and postage prepaid, (ii) deposited with a reputable courier service for delivery no later than the next business day, or (iii) delivered by hand, in each case addressed to Landlord at its address first above set forth along with a copy to any Mortgagee, if Tenant has been advised of the address for such Mortgagee, delivered in the same manner; provided however that in no event shall Minimum Rental or Additional Rental be deemed to have been paid or delivered until actually received by Landlord. Tenant shall have the right to designate one (1) additional address to which copies of all notices and other written communications to the Tenant pursuant to this Article shall be sent. Landlord and Tenant shall each have the right from time to time to specify as its address for purposes of this Lease Agreement any other address in the United States of America upon fifteen (15) days' written notice thereof, similarly given, to the other party and any Mortgagee. Landlord's property manager and attorneys are authorized to send notices and other written communications to Tenant on behalf of Landlord.

ARTICLE 25 - APPLICABLE LAW

This Lease Agreement shall be construed under the laws of the State of Minnesota.

ARTICLE 26 - MECHANICS' LIEN

In the event any mechanic's lien shall at any time be filed against the Premises or any part of the Building by reason of work, labor, services or materials performed or furnished to Tenant or to anyone holding the Premises through or under Tenant, Tenant shall forthwith cause the same to be discharged of record. If Tenant shall fail to cause such lien forthwith to be discharged within fifteen (15) days after being notified of the filing thereof, then, in addition to any other right or remedy of Landlord, Landlord may, but shall not be obligated to, discharge the same by paying the amount claimed to be due, or by bonding, and the amount so paid by Landlord and all costs and expenses, including reasonable attorneys' fees incurred by Landlord in procuring the discharge of such lien, shall be due and payable in full by Tenant to Landlord on demand.

ARTICLE 27 - RIGHTS RESERVED BY LANDLORD

Landlord shall have the following rights, exercisable without liability by Landlord to Tenant: (a) to change the Building's name and/or street address; (b) to install, affix and maintain any and all signs on the exterior and in the interior of the Building. Landlord also reserves all airspace rights above, below and to all sides of the Premises; (d) to change the normal business hours of the Building so long as the new hours do not vary substantially with the hours maintained by comparable office buildings in the area where the Building is located; and (e) to grant anyone the exclusive right to conduct any business or render any service in or to the Building, so long as it does not exclude Tenant's permitted use of the Premises.

ARTICLE 28 - BROKERAGE

Each of the parties represents and warrants that there are no claims for brokerage commissions or finder's fees (collectively "**Leasing Commissions**") in connection with this Lease Agreement, and agrees to indemnify the other party against, and hold it harmless from all liabilities arising from any claim for Leasing Commissions asserted by a broker, agent or other person or entity claiming through the indemnifying party, including without limitation, reasonable attorneys' fees incurred in connection therewith.

ARTICLE 29 - SUBSTITUTION (N/A)

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ARTICLE 30 - ESTOPPEL CERTIFICATES AND FINANCIAL STATEMENTS

This paragraph is intentionally omitted.

ARTICLE 31 - PATRIOT ACT

Tenant represents to Landlord, and Landlord represents to Tenant, that the representing party is not (and such party is not engaged in this transaction on behalf of) a person or entity with which either party is prohibited from doing business pursuant to any law, regulation or executive order pertaining to national security ("**Anti-Terrorism Laws**") and; such party has not violated and, to the best of such party's knowledge it is not under investigation for, the violation of any Anti-Terrorism Laws pertaining to money laundering. "Anti-Terrorism Laws", as referenced above, shall specifically include, but shall not be limited to, the Uniting and Strengthening America by Providing Appropriate Tools Required to Intercept and Obstruct Terrorism Act of 2001, Pub. L. No. 107-56 (aka, the USA Patriot Act); Executive Order 13224; the Bank Secrecy Act, 31 U.S.C. Section 5311 et. Seq.; the Trading with the Enemy Act, 50 U.S.C. App. Section 1 et. Seq.; the International Emergency Economic Powers Act, 50 U.S.C. Section 1701 et. Seq.; sanctions and regulations promulgated pursuant thereto by the Office of Foreign Assets Control ("OFAC"), as well as laws related to the prevention and detection of money laundering in 18 U.S.C. Sections 1956 and 1957.

ARTICLE 32 - SECURITY DEPOSIT

Simultaneously with Tenant's execution hereof, Tenant shall pay Landlord the sum of **<u>$1.00</u>** (the "**Security Deposit**") to guarantee the payment of rent and the performance by Tenant of all the terms and provisions of this Lease Agreement. Such amount held as a Security Deposit shall bear no interest. Upon the occurrence of any default under this Lease Agreement by Tenant, Landlord may use said Security Deposit to the extent necessary to cure such default, whether rent or otherwise. Any remaining balance of said Security Deposit shall be returned to Tenant upon compliance with the terms and provisions of this Lease Agreement, including, without limitation, Article 19 hereof. Tenant understands that its potential liability under this Lease Agreement is not limited to the amount of the Security Deposit. Use of such Security Deposit by Landlord shall not constitute a waiver, but is in addition to any other remedies available to Landlord under this Lease Agreement and under law. Upon the use of all or any part of the Security Deposit to cure any default of Tenant, Tenant shall forthwith deposit with Landlord the amount of Security Deposit so used.

ARTICLE 33 - EXCULPATION

Tenant agrees to look solely to Landlord's interest in the Building for the recovery of any judgment from Landlord, it being agreed that Landlord and Landlord's partners, whether general or limited (if Landlord is a partnership) or its directors, governors, officers, managers, members or shareholders (if Landlord is a limited liability company or corporation), shall never be personally liable for any such judgment.

ARTICLE 34 - GENERAL

This Lease Agreement does not create the relationship of principal and agent or of partnership or of joint venture or of any association between Landlord and Tenant, the sole relationship between Landlord and Tenant being that of lessor and lessee. No waiver of any default by a party hereunder shall be implied from any omission by the non-defaulting party to take any action on account of such default if such default persists or is repeated, and no express waiver shall affect any default other than the default specified in the express waiver and that only for the time and to the extent therein stated. The covenants of Tenant to pay the Minimum Rental and the Additional Rental are each independent of any other covenant, condition, or provision contained in this Lease Agreement. The marginal or topical headings of the several Articles, paragraphs and clauses are for convenience only and do not define, limit or construe the contents of such Articles, paragraphs or clauses. All preliminary negotiations are merged into and incorporated in this Lease Agreement. This Lease Agreement can only be modified or amended by an agreement in writing signed by the parties hereto. All provisions hereof shall be binding upon the heirs, successors and assigns of each party hereto. If any term or provision of this Lease Agreement shall to any extent be held invalid or unenforceable, the remainder shall not be affected thereby, and each other term and provision of this Lease Agreement shall be valid and be enforced to the fullest extent permitted by law. If Tenant is a legal entity, each individual executing this Lease Agreement on behalf of said entity represents and warrants that s/he is duly authorized to execute and deliver this Lease Agreement on behalf of said entity in accordance with a duly adopted resolution of the governing body of said entity or in accordance with the organizational documents of said entity, and that this Lease Agreement is binding upon said entity in accordance with its terms. No receipt or acceptance by Landlord from Tenant of less than the monthly rent herein stipulated shall be deemed to be other than a partial payment on account for any due and unpaid stipulated rent; no endorsement or statement of any check or any letter or other writing accompanying any check or payment of rent to Landlord shall be deemed an accord and satisfaction, and Landlord may accept and negotiate such check or payment without prejudice to Landlord's rights to (i) recover the remaining balance of such unpaid rent or (ii) pursue any other remedy provided in this Lease Agreement. Neither party shall record this Lease Agreement or any memorandum thereof, and any such recordation shall be a breach of this Lease Agreement, void and without effect. Time is of the essence with respect to the due performance of the terms, covenants and conditions herein contained.

ARTICLE 35 - SUBMISSION

Submission of this Lease Agreement by Landlord to Tenant for examination and/or execution shall not in any manner bind Landlord and no obligations on Landlord shall arise under this Lease Agreement unless and until this Lease Agreement is fully signed and delivered by Landlord and Tenant; provided, however, the execution and delivery by Tenant of this Lease Agreement to Landlord shall constitute an offer by Tenant of the terms, covenants and conditions contained in this Lease Agreement, which offer may not be revoked for a period of thirty (30) days after such delivery.

ARTICLE 36- EXPIRATION OF THE LEASE

Tenant may terminate this Lease at anytime prior to the expiration of the Lease term shown in Article 1b, herein, by providing Landlord with thirty (30) days prior written notice to vacate. There shall be no additional fee's or penalties of any kind, including additional utilities for tenant's early termination of the Lease term. Tenant shall cancel heat, electric, trash and telecommunications on the 30th day following it's written notice to Landlord.

IN WITNESS WHEREOF this Lease Agreement has been duly executed by the parties hereto as of the day and year indicated above.

TENANT: ______________________________, LLC

By:____

Its:____

Date: ____

LANDLORD: City of Blaine Economic Development Authority

By:____

It's: ______________________________

Date: ______________________________

By: ____

It's: ______________________________

Date: ______________________________

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EXHIBIT A-1 PREMISES