

CITY OF GRAND RAPIDS, MINNESOTA

RESOLUTION NO. _____

**RESOLUTION APPROVING CERTAIN LENDER DOCUMENTS
RELATED TO THE L & M SUPPLY PROJECT**

BE IT RESOLVED by the City Council (the “City Council”) of the City of Grand Rapids, Minnesota (the “City”) as follows:

Section 1. Recitals.

1.01. The City and the Grand Rapids Economic Development Authority (the “Authority”), have executed a certain Development Assistance Agreement (the “Development Assistance Agreement”), between the Authority, the City and SE 7th Ave Distribution LLC, a Minnesota limited liability company, or an affiliate thereof or an entity related thereto (the “Developer”), pursuant to which the City agrees to provide to the Developer a Tax Increment Financing Note in the amount of up to \$3,479,084 (the “TIF Note”) to assist the Developer in financing the construction, improvement and equipping of an approximately 210,000 square foot warehouse and distribution center (the “Project”) on certain property (the “Property”) to be owned by the Developer and operated by L & M Supply, Inc., a Minnesota corporation (the “Tenant”), in connection with the expansion of the Tenant’s existing business.

1.02. To finance the Project, the Developer has received a loan from Alerus Financial, National Association, a national banking association (the “Lender”), in the approximate amount of \$32,560,000 (the “Loan”), and to secure the repayment of the Loan, the Developer will execute a certain Mortgage, Security Agreement and Fixture Financing Statement, whereby the Developer shall mortgage the Property to the Lender. As a condition of giving the Developer the Loan, the Lender requires that the City and the Authority execute a certain Consent and Estoppel Certificate by and between the Authority, the City and the Lender (the “Consent and Estoppel”), a form of which is presented to the City Council, pursuant to which the Authority and the City acknowledge that the Developer has granted Park State Bank, a banking institution (the “TIF Lender”), a security interest in the TIF Note and the payments thereunder, and the Developer’s right, title and interest in and to the Development Assistance Agreement, as collateral for an approximately \$2,400,000 loan from the TIF Lender to the Developer (the “TIF Loan”). As a condition of giving the TIF Loan, the TIF Lender requires that the Authority and the City execute a certain Assignment of Tax Increment Financing and Subordination Agreement by and between the Developer, the City, the Authority, and the TIF Lender (the “TIF Assignment”), pursuant to which the Developer agrees to assign its rights under the Development Assistance Agreement and the TIF Note to the TIF Lender and the City and the Authority agree to subordinate their rights under the Development Assistance Agreement to the Promissory Note and Construction Loan Agreement related to the TIF Loan.

Section 2. Lender Documents Approved.

2.01. The City hereby approves the Consent and Estoppel and the TIF Assignment substantially in accordance with the terms set forth in the forms presented to the City Council, together with any related documents necessary in connection therewith, including without limitation all documents, exhibits, certifications or consents referenced in or attached to the Consent and Estoppel and the TIF Assignment (collectively, the “Lender Documents”) and hereby authorizes the Mayor and the City Administrator to negotiate the final terms thereof and, in their discretion and at such time as they may deem appropriate, to execute the Lender Documents on behalf of the City, and to carry out, on behalf of the City, the City’s obligations thereunder when all conditions precedent thereto have been satisfied. Notwithstanding the foregoing, the delivery of the quit claim deed to the Authority shall be contingent upon the delivery of a quit

claim deed from the County conveying its interest in the Property to the City.

2.02. The approval hereby given to the Lender Documents includes approval of such additional details therein as may be necessary and appropriate and such modifications thereof, deletions therefrom and additions thereto as may be necessary and appropriate and approved by legal counsel to the City and by the officers authorized herein to execute said documents prior to their execution; and said officers are hereby authorized to approve said changes on behalf of the City. The execution of any instrument by the appropriate officers of the City herein authorized shall be conclusive evidence of the approval of such document in accordance with the terms hereof. This Resolution shall not constitute an offer and the Lender Documents shall not be effective until the date of execution thereof as provided herein. In the event of absence or disability of the officers, any of the documents authorized by this Resolution to be executed may be executed without further act or authorization of the City Council by any duly designated acting official, or by such other officer or officers of the City Council as, in the opinion of the City Attorney, may act in their behalf.

2.03. Upon execution and delivery of the Lender Documents, the officers and employees of the City are hereby authorized and directed to take or cause to be taken such actions as may be necessary on behalf of the City to implement the Lender Documents.

Adopted on May __, 2024 by the City Council of the City of Grand Rapids, Minnesota.

Mayor

City Clerk