

CONSENT AND ESTOPPEL CERTIFICATE

THIS CONSENT AND ESTOPPEL CERTIFICATE (this “Estoppel Certificate”), is dated as of _____, 2024, and is from the GRAND RAPIDS ECONOMIC DEVELOPMENT AUTHORITY, a body corporate and politic organized and existing under the laws of the State of Minnesota (the “Authority”), and the CITY OF GRAND RAPIDS, MINNESOTA, a statutory city organized and existing under the laws of the State of Minnesota (the “City”), to ALERUS FINANCIAL, NATIONAL ASSOCIATION, a national banking association (the “Lender”), and its successors and assigns. The Authority and the City each hereby agrees with the Lender as follows:

1. Unless the context otherwise indicates, capitalized terms not otherwise defined herein shall have the definitions given such terms in that certain that certain Development Assistance Agreement dated as of December 15, 2023 (the “Development Assistance Agreement”) by and among the Authority, the City and SE 7th Ave Distribution LLC, a Minnesota limited liability company (“Borrower”).

2. Each of the Authority and the City understands that the Lender contemplates making (a) a construction and term loan available to the Borrower (the “Construction Loan”), which Construction Loan is to be secured by, among other things, a Mortgage, Security Agreement and Fixture Financing Statement dated of even date herewith, executed by Borrower in favor of the Lender, encumbering the Project (the “Construction Mortgage”).

3. Each of the Authority and the City understands that the Lender has required this Estoppel Certificate as a condition of making the Construction Loan and that the Lender will rely on this Estoppel Certificate in connection therewith.

4. Each of the Authority and the City acknowledges that, in exchange for developing the Project, Borrower will receive from the City, among other things, that certain Taxable Tax Increment Revenue Note (L & M Supply Project) in the anticipated original principal face amount of up to \$3,479,084.00 (the “TIF Note”), which will be issued to Borrower in accordance with the terms of the Development Assistance Agreement. Further, each of the Authority and the City acknowledges that, to secure the payment of a loan from Park State Bank (the “TIF Lender”) to the Borrower, the Borrower has agreed to grant to the TIF Lender a security interest in the TIF Note and the payments thereunder and Borrower’s right, title and interest in and to the Development Assistance Agreement.

5. The Authority and the City, as applicable, each further covenants, represents, and warrants to and agrees with the Lender as follows:

a. The TIF Note has been duly authorized by the City and if and when issued pursuant to the terms of the Development Assistance Agreement, the TIF Note will be a valid and binding special limited obligation of the City, payable solely from the sources provided therefor in the TIF Note and the Development Assistance Agreement;

b. That the City will deposit all payments to be made to the City under the TIF Note in accordance with the terms of the Development Assistance Agreement and the TIF Note);

c. That it has received and approved the Construction Plans for the Project;

d. That it hereby consents to the execution and delivery of the Construction Mortgage, and to the liens and security interests created therein, as security for the Construction Loan;

e. That the City has the power to issue the TIF Note, upon the conditions set forth in the Development Assistance Agreement, and to perform the agreements on its part to be performed under the Development Agreement; and

f. That the Borrower has provided proof of insurance (and proof of the payment of all premiums therefor) as contemplated by Section 6.1 the Development Assistance Agreement.

6. Nothing in this Estoppel Certificate shall prevent the Authority or the City from exercising their rights and remedies under Section 5.2 of the Development Assistance Agreement. Nothing herein shall be construed as subordinating the requirements contained in the Development Assistance Agreement.

7. The Development Assistance Agreement has not been amended or modified in any respect and represent the entire agreement of the parties thereto as to all of the subject matters dealt with therein. The Development Assistance Agreement is in full force and effect and neither the Authority nor the City has given any notice of any default thereunder. To the actual knowledge of the undersigned representatives of the Authority and the City, Borrower has performed all of its obligations under the Development Assistance Agreement with respect to the Project which are required to be performed as of the date hereof. To the actual knowledge of the undersigned representatives of the Authority and the City, the Borrower is not in default in the performance or observance of any of its covenants or agreements under the Development Assistance Agreement or pursuant to any other agreement with the Authority or with the City as of the date hereof.

8. Until the termination of the Assignment, each of the Authority and the City agrees to give the Lender a copy of each notice or demand given to the Borrower with respect to any breach or default by the Borrower in its obligations under any of the Development Assistance Agreement at the same time such notice, demand or other communication is given to the Borrower under the Development Assistance Agreement, addressed to the Lender as follows:

Alerus Financial, National Association
11100 Wayzata Blvd, #570
Minnetonka, MN 55305
Attention: Eric P. Gundersen, SVP

Neither the giving nor the failure to give a notice to the Lender pursuant to this Section 7 will affect the validity of any notice given by the City or Authority to the Borrower.

9. Each of the Authority and the City agrees to accept the cure by the Lender of any default by the Borrower under the Development Agreement within thirty (30) days after the later of (i) delivery of notice of such default to the Lender pursuant to Section 7 above and (ii) the expiration of the time provided Borrower pursuant to Section 5.2 of the Development Assistance Agreement, provided, that, each of the Authority and the City acknowledge that the Lender shall be under no obligation to cure any such default. No commencement of any performance by the Lender on any obligation of the Borrower required under the Development Assistance Agreement shall obligate the Lender to continue or complete such performance or otherwise perform any of the Borrower's obligations under the Development Assistance Agreement.

10. The Authority and the City each acknowledge and agree that neither the Lender nor its successors or assigns shall be obligated to construct or complete the Project; provided, however, that if the Lender or its successors or assigns acquires the Project by foreclosure or a conveyance in lieu of foreclosure, the City acknowledges and agrees that, upon substantial completion of the Project in accordance with the Development Assistance Agreement, the Lender shall be entitled to seek from the City, and the City shall be obligated to issue, a Certificate of Completion for the Project in accordance with the terms set forth in Section 4.4 of the Development Assistance Agreement.

[Remainder of this page intentionally left blank.]

IN WITNESS WHEREOF, the undersigned officers of the Authority and the City have executed this Consent and Estoppel Certificate as of the date and year first written above.

GRAND RAPIDS ECONOMIC DEVELOPMENT
AUTHORITY

By: _____
Its: President

By: _____
Its: Executive Director

CITY OF GRAND RAPIDS, MINNESOTA

By: _____
Its: Mayor

By: _____
Its: City Administrator