

**GRAND RAPIDS ECONOMIC DEVELOPMENT AUTHORITY  
CITY OF GRAND RAPIDS  
ITASCA COUNTY  
STATE OF MINNESOTA**

**RESOLUTION NO. \_\_\_\_\_**

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

WHEREAS, the Grand Rapids Economic Development Authority (the “Authority”) has previously entered in Purchase Agreement in 2013 (the “2023 Purchase Agreement”), with SE 7<sup>th</sup> Ave Distribution LLC, a Minnesota limited liability company, or an affiliate thereof or an entity related thereto (the “Developer”), pursuant to which the Developer acquired the real property legally described in Exhibit B attached thereto (the “2023 Property”) for the purpose of constructing, improving and equipping thereon and on adjacent property, an approximately 210,000 square foot warehouse and distribution center (the “Project”) 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, and the Developer obtained title to the 2023 Property pursuant to that certain Quit Claim Deed, dated December 13, 2023 (the “2023 Deed”); and

WHEREAS, the Authority also entered into a Purchase Agreement with the Developer in 2024 relating to additional property (the “2024 Purchase Agreement” and, together with the 2023 Purchase Agreement, the “Purchase Agreements”), pursuant to which the Developer would acquire the certain real property legally described in Exhibit B attached thereto (the “2024 Property” and, together with the 2023 Property, the “Property”) pursuant to the form of quit claim deed attached thereto as Exhibit A (the “2024 Deed” and, together with the 2023 Deed, the “Deeds”) for the development of the Project; and

WHEREAS, 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; and

WHEREAS, the Lender requires that as a condition of giving the Developer the Loan, the Authority subordinate certain rights of re-entry and reverter related to the Property as detailed in the Purchase Agreements and the Deeds pursuant to a certain Subordination Agreement by and between the Authority, the Developer and the Lender (the “Subordination Agreement”), a form of which is presented to the Board of Commissioners of the Authority (the “Board”); and

WHEREAS, the Authority and the City have approved a certain Development Assistance Agreement between the Authority, the City and the Developer (the “Development Assistance Agreement”), and as a condition of the Loan, the Lender requires that the Authority and the City 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 Board, 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 Taxable Tax Increment Revenue Note to be issued by the City pursuant to the Development Assistance Agreement, and the payments thereunder, and the Developer’s right, title and interest in and to the Development Assistance Agreement as collateral for an approximate \$2,400,000 loan from the TIF Lender to the Developer (the “TIF Loan”); and

WHEREAS, 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.

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

1. The Authority hereby approves the Subordination Agreement, the Consent and Estoppel and the TIF Assignment substantially in accordance with the terms set forth in the forms presented to the Board, together with any related documents necessary in connection therewith, including without limitation all documents, exhibits, certifications or consents referenced in or attached to the Subordination Agreement, the Consent and Estoppel, or the TIF Assignment (collectively, the "Lender Documents") and hereby authorizes the President and the Executive Director 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 Authority, and to carry out, on behalf of the Authority, the Authority's obligations thereunder when all conditions precedent thereto have been satisfied. The Board hereby approves the conveyance of the Property to the Developer in accordance with the terms of the Lender Documents.

2. 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 Authority 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 Authority. The execution of any instrument by the appropriate officers of the Authority 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 Board by any duly designated acting official, or by such other officer or officers of the Board as, in the opinion of the Authority's Attorney, may act in their behalf.

3. The powers provided to the Executive Director hereunder shall be delegated and assigned to the City's Assistant Community Development Director in the event of the Executive Director's absence. In such circumstances, the Assistant Community Development Director shall have all authority to act as the Acting Executive Director pursuant to this resolution and in connection with the closing on the conveyance of the Property to the Developer.

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

Approved this May \_\_, 2024, by the Board of Commissioners of the Grand Rapids Economic Development Authority.

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President

ATTEST:

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Secretary

**EXHIBIT A**

**LEGAL DESCRIPTION OF PROPERTY**

The property located in the City of Grand Rapids, Itasca County, Minnesota legally described as:

That part of the East 330.00 feet of the South Half of the Southeast Quarter of the Northeast Quarter of section 33, Township 55 North, Range 25 West, Itasca County, Minnesota, lying southwesterly of the following described line:

Commencing at the southeast corner of said Southeast Quarter of the Northeast Quarter; thence on an assigned bearing of North 01 degrees 20 minutes 08 seconds West, along the east line of said Southeast Quarter of the Northeast Quarter, a distance of 151.91 feet to the point of beginning of the line herein described; thence North 14 degrees 18 minutes 12 seconds West 523.41 feet to the north line of the South Half of the Southeast Quarter of the Northeast Quarter and said line terminating thereat.