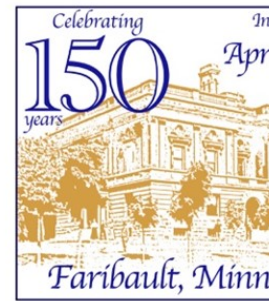




ECONOMIC DEVELOPMENT AUTHORITY AGENDA

PUBLIC MEETING ROOM	TUESDAY, DECEMBER 27, 2022	2:00 PM
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1. Call to Order
2. Items for Discussion
 - A. Request for reallocation of funding from Faribault Downtown Group
3. Adjournment



Request for Action

TO: Faribault Economic Development Authority
FROM: Stephanie Aman, Economic Development Coordinator
MEETING DATE: December 27, 2022
SUBJECT: Request for reallocation of funding from Faribault Downtown Group

BACKGROUND:

At their March, 2022 meetings, DIG Holdings presented a purchase of properties and phased renovation project to both the EDA and HRA to determine their interest in providing \$500,000 (each) worth of grant funding for key properties in Faribault's downtown. The initial project conversation included the investors fully renovating the buildings, for an estimated cost of \$12million. This project would create opportunities for new tenants, both residential and retail/commercial, that are not currently available. The EDA and HRA both agreed that this was a project worthy of consideration and wanted to continue these conversations.

Since the meeting in March, the original investment group has changed and Faribault Downtown Central, LLC has purchased the 13 building portfolio. Faribault Downtown Central, LLC had a different vision for how this funding would be utilized and has come back with different requests for the EDA and HRA to consider instead of the original plans to renovate all buildings in full. The EDA approved via resolution 2022-16, and the HRA approved via resolution 2022-16, the creation of the Downtown Revitalization Program and authorized staff to disburse funding based on the information provided at the October 20, 2022 and their November 14, 2022 meetings, respectively. This funding is to be used for 'clean and dry' of the buildings authorized in Phase 1 (attached) in the amount of \$250,000 each from EDA and HRA funds.

Staff were informed that Faribault Downtown Central, LLC are now requesting that the EDA and HRA change the allocations for funding to include buildings that were not originally included in the Phase 1 ask, and change the dollar amounts for other buildings. After consulting legal, it was determined that the request to change the allocations needs to be reviewed by the EDA and HRA for approval to ensure that the intent of the funds have remained intact, and that the funding is being used in the

manner it was intended.

To ensure a cohesive conversation of the two city commissions that have approved this funding, it was decided that the most efficient way to do this was to call both boards together to discuss.

REQUESTED ACTION:

Staff request that the EDA and HRA jointly discuss the initial funding request from Faribault Downtown Central, and the current request to reallocate funding to determine if the intent and use of the funding continues to meet the HRA and EDA vision.

ATTACHMENTS:

1. Downtown Revitalization Funds Policies
2. Prelim Agreement - EDA
3. Prelim Agreement - HRA
4. Approved Downtown Revitalization Funds- 10/22
5. First Updated Request - Phase 1 12-7-22
6. Requested updated funding allocations Phase 1 12/22
7. FINAL - DOCSOPEN-#838684-v4-
EDA_Loan_Agreement_with_Faribo_Downtown_Central
8. FINAL - DOCSOPEN-#838684-v4-
HRA_Loan_Agreement_with_Faribo_Downtown_Central

Resolution 2022-16

ESTABLISHING THE DOWNTOWN REVITALIZATION PROGRAM POLICY

WHEREAS, Community Vision 2040 provides a framework to help ensure success of the community; and

WHEREAS, “a vibrant downtown” is one of the strategic priorities identified in the vision – with the specific goal of enhancing the appearance of downtown buildings and the streetscape; and

WHEREAS, the Economic Development Authority has reviewed the following Downtown Revitalization Program policy set forth in Exhibit “A” and desires to adopt such policy; and

WHEREAS, as a means to further the community vision, encourage investment, and leverage private investment in the Central Business District the Economic Development Authority has made available a total of \$500,000 for the program - \$250,000 in forgivable loans for Phase 1 available for disbursement in 2022, and a second \$250,000 for disbursement in 2023 for Phase 2, for the specific buildings as set forth in the policy guidelines; and

WHEREAS, all funding provided in the form of a forgivable loan pursuant to this Program shall comply with Minnesota Statutes, Section 116J.993 to 116J.995 (Minnesota subsidy provisions), or such other applicable laws, as necessary.

NOW, THEREFORE, BE IT RESOLVED, by the Economic Development Authority for the City of Faribault, Minnesota that the recitals and exhibits set forth in this Resolution are incorporated into and made a part of this Resolution.

BE IT FURTHER RESOLVED, by the Economic Development Authority for the City of Faribault, Minnesota that the Economic Development Authority adopts the following Downtown Revitalization Program Policy, as essentially set forth and attached in Exhibit “A”.

BE IT FURTHER RESOLVED, by the Economic Development Authority for the City of Faribault, Minnesota that the Economic Development Authority will administer the program.

BE IT FINALLY RESOLVED, by the Economic Development Authority for the City of Faribault, Minnesota that the Community and Economic Development staff and consultants are hereby authorized and directed to take any and all additional steps and actions necessary or convenient in order to accomplish the intent of this Resolution.

ADOPTED: October 20, 2022

ATTEST:

Rodney Gramse, President

AJ Smith, Secretary

Exhibit A

2022 Downtown Revitalization Program Policy



FARIBAULT ECONOMIC DEVELOPMENT AUTHORITY DOWNTOWN REVITALIZATION PROGRAM POLICY

PROGRAM DESCRIPTION

The purpose of the Faribault EDA Downtown Revitalization Program (the “Program”) is to provide financial support in the form of forgivable loans to the thirteen (13) building property investment made by Faribo Downtown Central LLC. The Faribault EDA has made available a total of \$500,000 for the Program – \$250,000 in forgivable loans for Phase 1 of this project available for disbursement in 2022, and a second \$250,000 for disbursement in 2023 for Phase 2. Actual projects associated with the Phase 2 funding, and the specific buildings within the 13-building portfolio that are eligible for funding, will be defined at the time funding is requested. All funding provided in the form of a forgivable loan pursuant to this Program shall comply with Minnesota Statutes, Sections 116J.993 to 116J.995 (Minnesota business subsidy provisions), or such other applicable laws, as necessary.

As identified in Attachment A, Phase 1 funding is available for the following addresses:

Property addresses for which Phase 1 funding is allocated	
Address:	Funding Allocation:
219 Central	\$75,000
223 Central	\$75,000
227 Central	\$25,000
229 Central	\$25,000
313 Central	\$25,000
329 Central	\$25,000
Total Funding Phase 1	\$250,000

The addresses listed above have been deemed eligible properties to receive this funding from this EDA program, and will be ineligible for future EDA program assistance for a period five (5) years from the date of the execution of the individual loan agreements. Loan agreements, and promissory notes and a personal guaranty will be required for each building, to secure the forgivable loans. These six (6) properties will be eligible to receive Phase 1 funding in the form of forgivable loans to repair roofs on the buildings to prevent further damage.

Faribo Downtown Central, LLC acquired a total of thirteen (13) properties as part of this portfolio. All properties in the portfolio are eligible for consideration for funding. Pursuant to Attachment A, the seven (7) properties below will not be accessing Phase 1 funding.

Other Properties that are part of the purchased portfolio:	
116 Central	225 Central
Eastman Building – 301 Central (4 buildings, 1 PID)	311 Central

ELIGIBILITY

To be eligible for the Downtown Revitalization Program funds the property must be one of the addresses identified in Attachment A. Unless amended, six (6) of the thirteen (13) buildings will be accessing Phase 1 funding and seven (7) buildings remain eligible for all other EDA funded programs. Any building/address that accesses Phase 1 funding will not be eligible to apply for EDA funding of any type for a period of five (5) years regardless of ownership, from the date of the executed loan agreement.

Faribault's Community and Economic Development department will provide a loan agreement, a promissory note and a personal guaranty, based on the funding allocation, to Faribo Downtown Central LLC for each property as identified to receive Phase 1 funding. Funding will be dispersed to Faribault Downtown Central LLC upon receipt of fully executed loan documents. Faribo Downtown Central LLC shall provide appropriate documentation to support all disbursed loan proceeds pursuant to the loan agreements.

Faribo Downtown LLC will provide staff with contractor quotes that correlate to the project as presented to the Faribault EDA. Upon receipt of proof of inspection and a closed building permit and a signed affidavit confirming that the funds provided by the Faribault EDA were used in the manner that was presented on the attached spreadsheet, the loan on the corresponding property will be forgiven.

CITY CONTACT INFORMATION

Stephanie Aman

Economic Development Coordinator

Phone: 507-333-0388

Email: saman@ci.faribault.mn.us

Attachment A

Faribo Downtown Central LLC Properties											
<u>Property Name</u>	<u>Address</u>	<u>Approx. Above Ground SF</u>	<u>Portfolio allocations</u>		<u>Roof repairs (less sheeting and structural)</u>	<u>Cleaning / Clearing</u>	<u>Buildout</u>	<u>Acquisition and Phase I work</u>	<u>Phase II Estimates</u>	<u>Phase I Grant Allocations HRA</u>	<u>Phase I Grant Allocations EDA</u>
116	116 Central Avenue	4,865	146,860		0	2,250		149,110	335,500.00	0	0
219	219 Central Avenue	5,940	375,246		56,425	2,000	100,000	533,671	\$85,580	75,000	75,000
223	223 Central Avenue	8,129	336,995		5,100	9,145	156,420	507,660	\$626,000	75,000	75,000
225	225 Central Avenue	3,520	221,339		49,250	1,800		272,389	\$213,840	0	0
227	227 Central Avenue	3,520	167,840		47,850	2,000		217,690	\$249,403	25,000	25,000
229	229 Central Avenue	3564	230,780		63,650	2,673		297,103	\$521,125	25,000	25,000
Eastman Building 4 Properties - 1 Building	301 Central Avenue	19,424	576,950		238,915	21,852		837,717	\$2,117,060	0	0
311	311 Central Avenue	3,564	217,773		46,150	0		263,923	\$288,321	0	0
313	313 Central Avenue	4,675	236,475		51,025	2,500		290,000	\$412,500	25,000	25,000
329	329 Central Avenue	3,498	164,693		47,400	3,935		216,028	\$587,400	25,000	25,000
329 Lot	Vacant Lot (.06										
	totals	60,699	2,674,950	Bids	605,765	48,155	256,420	3,585,290	\$5,436,729		
				Roof reserve	100,000					0	
Acquisition	2,674,950			Total roof	705,765			Total PH I Grant Allocations		250,000	250,000
Phase I Clean and Dry	753,920	Roof bids plus reserves for expected structural repairs & cleanup									
Phase I planned buildout	256,420										
Total Phase I	1,010,340										
Ongoing costs (Phases I & II)											
Structural repairs	150,000										
H-Vac reserve	175,000										
Soft Costs	1,218,973	architecture, inspection, accounting, engineering, permits, taxes, legal fees						Notes			
Total ongoing costs p I & II	1,543,973							*	indicates current tenants		
								219 Buildout	office and apartment buildout		
Phase II renovations	5,436,729							223 Buildout	apartment plan/rough in (student housing)		
								Roof Reserve	expected repairs for decking and beams		
Estimated Total Investment	10,665,992										

APPENDIX A

To access a summary of each property, move your cursor over the address and press the Control Key and Click.



[116 Central Avenue \(114 & 116\) - Sheesley & Palisades](#)



[219 Central Avenue - Sheesley](#)



[223 Central Avenue - Sheesley](#)



[225 Central Avenue - Palisades](#)



[227 Central Avenue – GW Properties](#)



[229 Central Avenue - Sheesley](#)



[301 Central Avenue \(301, 303, 305 and 10,12,14,16 3rd St. NE\) - Sheesley](#)



[311 Central Avenue - Sheesley](#)



[313 Central Avenue - Sheesley](#)



[329 Central Avenue - Sheesley](#)



[Vacant Lot \(.06 acres\) - Sheesley](#)

PRELIMINARY AGREEMENT

THIS AGREEMENT (the "Agreement"), made and entered into as of this ____ day of October, 2022, (the "Effective Date") by and between the Economic Development Authority of Faribault, a public body corporate and politic under the laws of Minnesota (the "City") and Faribo Downtown Central LLC, a Minnesota limited liability company (the "Developer") or its assigns:

WITNESSETH:

WHEREAS, Developer has entered into a purchase agreement for the acquisition of certain real property, which is located in Rice County, Minnesota, legally described on Exhibit A attached hereto and hereby made a part hereof (the "Development Property"); and

WHEREAS, the City desires to promote development of property, businesses and housing in the City of Faribault; and

WHEREAS, Developer, or a special purpose entity to be formed by the Developer for the purpose of completing this project, has submitted or is in the process of submitting an updated proposal for development of the 13 parcels in the Development Property (the "Development"); and

WHEREAS, the Developer has indicated that it will seek business subsidy assistance or financial incentives from the City to make the Development feasible; and

WHEREAS, the City and Developer are interested in discussing and further planning, as well as potential financial assistance, for the Developer's proposal for the Development; and

WHEREAS, the City will need to determine if various studies, as may be determined to be reasonably necessary, should be conducted, including without limitation an environmental impact or related study, an infrastructure feasibility study, an economic impact study, and any other studies which are either required by law or deemed appropriate by the City; and

WHEREAS, the City will continue to discuss and negotiate with the Developer regarding the overall development of the Development Property; and

WHEREAS, the City is willing to discuss with the Developer public subsidies which may be available for the Development in an amount up to \$500,000.00, likely in the form of a forgivable loan, however, nothing herein shall be interpreted as an approval or guarantee of any future public financial assistance; and

WHEREAS, by providing public subsidies in an amount up to \$500,000, likely in the form of a forgivable loan, the City will not provide additional funding, from any/all other City programs, for these 13 properties included as part of the Development for a specific amount of time to be determined; and

WHEREAS, various ordinance, land use, zoning, and subdivision issues and actions related to the Development and the Development Property are required to be approved by the City in order to facilitate the Development by the Developer; and

WHEREAS, the City agrees to cooperate with the Developer to review and to assist the Developer, where deemed appropriate by the City, with obtaining various ordinance, land use, zoning, and subdivision approvals and actions related to the Development and the Development Property in order to facilitate the Development by the Developer, provided that nothing herein shall be interpreted as an approval or guarantee of any future land use, zoning, or other required City approvals; and

WHEREAS, the City is willing to consider and the Developer is desirous to undertake the Development if (i) a satisfactory agreement can be reached regarding the City's commitment for public costs, if any, necessary for the Development; (ii) satisfactory mortgage and equity financing, or adequate cash resources for the Development can be secured by Developer; and (iii) the feasibility and soundness of the Development and other necessary preconditions have been determined to the satisfaction of the parties.

NOW, THEREFORE, in consideration of the foregoing and of the mutual covenants and obligations set forth herein, the parties agree as follows:

1. Future Negotiations.

The parties agree to continue negotiations pursuant to the terms of this Agreement in an attempt to formulate a definitive plan for the Development based on the following:

- (a) Developer's proposal, which shows the scope of the proposed Development in its latest form as of the date of this Agreement, together with any changes or modifications required by the City;
- (b) Mutually-satisfactory agreements or contracts to be negotiated and agreed upon in accordance with negotiations contemplated by this Agreement;
- (c) Mutually satisfactory terms for the Development that may be required for the Development (e.g. access and utility easements, allocation of infrastructure costs, etc.); and
- (d) Other terms and conditions of this Agreement.

2. Statement of Intent.

Although not conclusive or binding on either party, it is the intention of the parties that this Agreement: (a) documents the present understanding and commitments of the parties; and (b) will lead to the negotiation and execution of mutually-satisfactory agreements prior to the termination date of this Agreement.

3. Term; Duties.

- (a) During the term of this Agreement, the City agrees to:
 - (i) Proceed to seek all necessary information with regard to the anticipated public costs, if any, associated with the Development; and
 - (ii) Should negotiations be successful, enter into an agreement or agreements satisfactory to the City in its sole discretion, with the Developer for the Development.

(iii) Create program policies/guidelines, similar to other City programs, to facilitate the issuance of a forgivable loan meeting the intent of this Agreement.

(b) During the term of this Agreement, the Developer agrees to:

(i) Develop and submit its detailed proposal, including the plans and specifications, for purchase and development of the Development Property;

(ii) Conduct a due diligence review of the Development Property, including without limitation, which must be acceptable to the Developer in its sole discretion: title, survey, environmental (Phase I & Phase II reports), soils, and market studies;

(iii) Acquire the Development Property;

(iv) Obtain approval by the City (including its Engineer, Planning and Inspection Department, and any other governing authority) of the site plan, exterior elevations and finishes, and zoning and subdivision approvals;

(v) Obtain any other necessary governmental approval from any governing authority;

(vi) Obtain financing on terms acceptable to Developer, including but not limited to public subsidies, private loans, tax credits, or equity investment(s); and

(vii) Should negotiations be successful, enter into an agreement or agreements with the City for the Development.

4. Business Subsidies.

(a) The City understands that the Developer is seeking business subsidy assistance from the City in an amount up to \$500,000.00, likely in the form of a forgivable loan. During the term of this Agreement, Developer shall:

(i) Submit to the City a design proposal to be reviewed by the City showing the location, size, and nature of the proposed Development, including layouts, renderings, elevations, and other graphic or written explanations of the Development. The design proposal shall be accompanied by a proposed schedule for the starting and completion of the Development;

(ii) Submit an over-all cost estimate for the design and construction of the Development;

(iii) Submit a time schedule for the Development;

(iv) Undertake and obtain such other preliminary economic feasibility studies, income and expense projections, and such other economic information as Developer may desire to further confirm the economic feasibility and soundness of the Development;

(v) Submit to the City the Developer's financing plan showing that the proposed Development is financially feasible;

(vi) Furnish satisfactory financial data to the City evidencing Developer's ability to undertake the Development; and

(vii) Furnish information in its possession and assist the City with obtaining all available business subsidy assistance which the City may deem appropriate.

(b) Developer understands that any business subsidy assistance sought for the proposed Development must be obtained as outlined by law.

5. Feasibility.

It is expressly understood that execution and implementation of any agreements entered into between the parties hereto shall be subject to:

(a) A determination by the City in its sole discretion that its undertakings are feasible based on (i) satisfaction of City Code requirements; (ii) the purposes and objectives of any development plan created or proposed for the Development; (iii) the Studies, if any; and (iv) the best interests of the City.

(b) A determination by Developer that the Development is feasible and in the best interests of Developer.

6. Effective Date; Expiration.

This Agreement is effective from the Effective Date until six (6) months after the Effective Date. After such date, neither party shall have any obligation hereunder except as expressly set forth to the contrary herein.

7. Termination.

This Agreement may be terminated if Developer abandons the acquisition of the Development Property, or ceases to negotiate in good faith with the City, and such failure to negotiate in good faith is not cured after 30 days written notice of such failure by City to Developer.

8. Severability.

If any portion of this Agreement is held invalid by a court of competent jurisdiction, such decision shall not affect the validity of any remaining portion of the Agreement.

9. Breach; Waiver.

In the event any covenant contained in this Agreement should be breached by one party and subsequently waived by another party, such waiver shall be limited to the particular breach so waived and shall not be deemed to waive any other concurrent, previous, or subsequent breach.

10. Notice.

Notice or demand or other communication between or among the parties shall be sufficiently given if sent by mail, postage prepaid, return receipt requested or delivered personally:

(a) As to City: City of Faribault
208 1st Avenue NW
Faribault, MN 55021
ATTN: Deanna Kuennen

With a copy to: Kennedy & Graven, Chartered
150 South Fifth Street, Suite 700
Minneapolis, MN 55402
ATTN: Scott J. Riggs

(b) As to Developer: Faribo Downtown Central LLC
527 Professional Drive, Suite 100
Northfield, MN 55057
ATTN: Brett Reese and Nort Johnson

11. Counterparts.

This Agreement may be executed simultaneously in any number of counterparts, all of which shall constitute one and the same instrument.

12. Governing Law.

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

13. Additional Actions.

The parties hereto understand that additional and separate actions, for which no obligation is created hereunder, will be required before either the City or Developer is obligated to take various actions with respect to the Development. Those actions potentially include, but are not limited to:

(a) Zoning, comprehensive plan, and subdivision approvals for any land use or development proposed by Developer; and

(b) Review of any business subsidy, as required by law.

14. Incorporation.

The Recitals set forth in the preamble to this Agreement and the Exhibits attached to this Agreement are incorporated into this Agreement as if fully set forth herein.

[REMAINDER OF PAGE INTENTIONALLY LEFT BLANK]

IN WITNESS WHEREOF, the Developer has caused this Agreement to be duly executed in its name and behalf and the City has caused this Agreement to be duly executed in its name and behalf as of the day and year first above written.

DEVELOPER:

FARIBO DOWNTOWN CENTRAL LLC

By: _____

Its: Chief Manager

CITY:

ECONOMIC DEVELOPMENT AUTHORITY OF
FARIBAULT

By:  _____

Its: Rodney Gramse
President

By:  _____

Its: A.J. Smith
Secretary

EXHIBIT A

DESCRIPTION OF DEVELOPMENT REAL PROPERTY

116 Central - 18.31.1.26.471

219 Central - 18.31.1.26.320

223 Central - 18.31.1.26.319

225 Central - 18.31.1.26.318

227 Central - 18.31.1.26.317

229 Central - 18.31.1.26.316

301 Central - 18.31.1.26.302 (addresses associated with building also include 12 3rd St NE, 14 3rd St NE, 16 3rd St NE, 303 Central, 305 Central)

311 Central - 18.31.1.26.300

313 Central - 18.31.1.26.299

329 Central - 18.31.1.26.294

Vacant lot - 18.31.1.26.293

PRELIMINARY AGREEMENT

THIS AGREEMENT (the “Agreement”), made and entered into as of this ____ day of November 2022, (the “Effective Date”) by and between the Housing and Redevelopment Authority of Faribault, a Minnesota public body corporate and politic under the laws of Minnesota (the “City”) and Faribo Downtown Central LLC, a Minnesota limited liability company (the “Developer”) or its assigns:

WITNESSETH:

WHEREAS, Developer has entered into a purchase agreement for the acquisition of certain real property, which is located in Rice County, Minnesota, legally described on Exhibit A attached hereto and hereby made a part hereof (the “Development Property”); and

WHEREAS, the City desires to promote development of property, businesses and housing in the City of Faribault; and

WHEREAS, Developer, or a special purpose entity to be formed by the Developer for the purpose of completing this project, has submitted or is in the process of submitting an updated proposal for development of the 13 parcels in the Development Property (the “Development”); and

WHEREAS, the Developer has indicated that it will seek business subsidy assistance or financial incentives from the City to make the Development feasible; and

WHEREAS, the City and Developer are interested in discussing and further planning, as well as potential financial assistance, for the Developer’s proposal for the Development; and

WHEREAS, the City will need to determine if various studies, as may be determined to be reasonably necessary, should be conducted, including without limitation an environmental impact or related study, an infrastructure feasibility study, an economic impact study, and any other studies which are either required by law or deemed appropriate by the City; and

WHEREAS, the City will continue to discuss and negotiate with the Developer regarding the overall development of the Development Property; and

WHEREAS, the City is willing to discuss with the Developer public subsidies which may be available for the Development in an amount up to \$500,000.00, likely in the form of a forgivable loan, however, nothing herein shall be interpreted as an approval or guarantee of any future public financial assistance; and

WHEREAS, various ordinance, land use, zoning, and subdivision issues and actions related to the Development and the Development Property are required to be approved by the City in order to facilitate the Development by the Developer; and

WHEREAS, the City agrees to cooperate with the Developer to review and to assist the Developer, where deemed appropriate by the City, with obtaining various ordinance, land use, zoning, and subdivision approvals and actions related to the Development and the Development Property in order to facilitate the

Development by the Developer, provided that nothing herein shall be interpreted as an approval or guarantee of any future land use, zoning, or other required City approvals; and

WHEREAS, the City is willing to consider and the Developer is desirous to undertake the Development if (i) a satisfactory agreement can be reached regarding the City's commitment for public costs, if any, necessary for the Development; (ii) satisfactory mortgage and equity financing, or adequate cash resources for the Development can be secured by Developer; and (iii) the feasibility and soundness of the Development and other necessary preconditions have been determined to the satisfaction of the parties.

NOW, THEREFORE, in consideration of the foregoing and of the mutual covenants and obligations set forth herein, the parties agree as follows:

1. Future Negotiations.

The parties agree to continue negotiations pursuant to the terms of this Agreement in an attempt to formulate a definitive plan for the Development based on the following:

- (a) Developer's proposal, which shows the scope of the proposed Development in its latest form as of the date of this Agreement, together with any changes or modifications required by the City;
- (b) Mutually-satisfactory agreements or contracts to be negotiated and agreed upon in accordance with negotiations contemplated by this Agreement;
- (c) Mutually satisfactory terms for the Development that may be required for the Development (e.g. access and utility easements, allocation of infrastructure costs, etc.); and
- (d) Other terms and conditions of this Agreement.

2. Statement of Intent.

Although not conclusive or binding on either party, it is the intention of the parties that this Agreement: (a) documents the present understanding and commitments of the parties; and (b) will lead to the negotiation and execution of mutually-satisfactory agreements prior to the termination date of this Agreement.

3. Term; Duties.

- (a) During the term of this Agreement, the City agrees to:
 - (i) Proceed to seek all necessary information with regard to the anticipated public costs, if any, associated with the Development; and
 - (ii) Should negotiations be successful, enter into an agreement or agreements satisfactory to the City in its sole discretion, with the Developer for the Development.
- (b) During the term of this Agreement, the Developer agrees to:

- (i) Develop and submit its detailed proposal, including the plans and specifications, for purchase and development of the Development Property;
- (ii) Conduct a due diligence review of the Development Property, including without limitation, which must be acceptable to the Developer in its sole discretion: title, survey, environmental (Phase I & Phase II reports), soils, and market studies;
- (iii) Acquire the Development Property;
- (iv) Obtain approval by the City (including its Engineer, Planning and Inspection Department, and any other governing authority) of the site plan, exterior elevations and finishes, and zoning and subdivision approvals;
- (v) Obtain any other necessary governmental approval from any governing authority;
- (vi) Obtain financing on terms acceptable to Developer, including but not limited to public subsidies, private loans, tax credits, or equity investment(s); and
- (vii) Should negotiations be successful, enter into an agreement or agreements with the City for the Development.

4. Business Subsidies.

(a) The City understands that the Developer is seeking business subsidy assistance from the City in an amount up to \$500,000.00, likely in the form of a forgivable loan. During the term of this Agreement, Developer shall:

- (i) Submit to the City a design proposal to be reviewed by the City showing the location, size, and nature of the proposed Development, including layouts, renderings, elevations, and other graphic or written explanations of the Development. The design proposal shall be accompanied by a proposed schedule for the starting and completion of the Development;
- (ii) Submit an over-all cost estimate for the design and construction of the Development;
- (iii) Submit a time schedule for the Development;
- (iv) Undertake and obtain such other preliminary economic feasibility studies, income and expense projections, and such other economic information as Developer may desire to further confirm the economic feasibility and soundness of the Development;
- (v) Submit to the City the Developer's financing plan showing that the proposed Development is financially feasible;
- (vi) Furnish satisfactory financial data to the City evidencing Developer's ability to undertake the Development; and

(vii) Furnish information in its possession and assist the City with obtaining all available business subsidy assistance which the City may deem appropriate.

(b) Developer understands that any business subsidy assistance sought for the proposed Development must be obtained as outlined by law.

5. Feasibility.

It is expressly understood that execution and implementation of any agreements entered into between the parties hereto shall be subject to:

(a) A determination by the City in its sole discretion that its undertakings are feasible based on (i) satisfaction of City Code requirements; (ii) the purposes and objectives of any development plan created or proposed for the Development; (iii) the Studies, if any; and (iv) the best interests of the City.

(b) A determination by Developer that the Development is feasible and in the best interests of Developer.

6. Effective Date; Expiration.

This Agreement is effective from the Effective Date until six (6) months after the Effective Date. After such date, neither party shall have any obligation hereunder except as expressly set forth to the contrary herein.

7. Termination.

This Agreement may be terminated if Developer abandons the acquisition of the Development Property, or ceases to negotiate in good faith with the City, and such failure to negotiate in good faith is not cured after 30 days written notice of such failure by City to Developer.

8. Severability.

If any portion of this Agreement is held invalid by a court of competent jurisdiction, such decision shall not affect the validity of any remaining portion of the Agreement.

9. Breach; Waiver.

In the event any covenant contained in this Agreement should be breached by one party and subsequently waived by another party, such waiver shall be limited to the particular breach so waived and shall not be deemed to waive any other concurrent, previous, or subsequent breach.

10. Notice.

Notice or demand or other communication between or among the parties shall be sufficiently given if sent by mail, postage prepaid, return receipt requested or delivered personally:

- (a) As to City: City of Faribault
208 1st Avenue NW
Faribault, MN 55021
ATTN: David Wanberg
- With a copy to: Kennedy & Graven, Chartered
150 South Fifth Street, Suite 700
Minneapolis, MN 55402
ATTN: Scott J. Riggs
- (b) As to Developer: Faribo Downtown Central
3305 Highway 60 West
Faribault, MN 55021
ATTN: Brett Reese and Nort Johnson

11. Counterparts.

This Agreement may be executed simultaneously in any number of counterparts, all of which shall constitute one and the same instrument.

12. Governing Law.

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

13. Additional Actions.

The parties hereto understand that additional and separate actions, for which no obligation is created hereunder, will be required before either the City or Developer is obligated to take various actions with respect to the Development. Those actions potentially include, but are not limited to:

- (a) Zoning, comprehensive plan, and subdivision approvals for any land use or development proposed by Developer; and
- (b) Review of any business subsidy, as required by law.

14. Incorporation.

The Recitals set forth in the preamble to this Agreement and the Exhibits attached to this Agreement are incorporated into this Agreement as if fully set forth herein.

[REMAINDER OF PAGE INTENTIONALLY LEFT BLANK]

IN WITNESS WHEREOF, the Developer has caused this Agreement to be duly executed in its name and behalf and the City has caused this Agreement to be duly executed in its name and behalf as of the day and year first above written.

DEVELOPER:

FARIBO DOWNTOWN CENTRAL

By: _____

Its: Chief Manager

CITY:

HOUSING AND REDEVELOPMENT AUTHORITY OF
FARIBAULT

By:  _____
Matthew Speckhals

Its: President

By: _____
David Wanberg

Its: Interim Executive Director

EXHIBIT A

DESCRIPTION OF DEVELOPMENT REAL PROPERTY

116 Central - 18.31.1.26.471

219 Central - 18.31.1.26.320

223 Central - 18.31.1.26.319

225 Central - 18.31.1.26.318

227 Central - 18.31.1.26.317

229 Central - 18.31.1.26.316

301 Central - 18.31.1.26.302 (addresses associated with building also include 12 3rd St NE, 14 3rd St NE, 16 3rd St NE, 303 Central, 305 Central)

311 Central - 18.31.1.26.300

313 Central - 18.31.1.26.299

329 Central - 18.31.1.26.294

Vacant lot - 18.31.1.26.293

Resolution 2022-16

ESTABLISHING THE DOWNTOWN REVITALIZATION PROGRAM POLICY

WHEREAS, Community Vision 2040 provides a framework to help ensure success of the community; and

WHEREAS, “a vibrant downtown” is one of the strategic priorities identified in the vision – with the specific goal of enhancing the appearance of downtown buildings and the streetscape; and

WHEREAS, the Economic Development Authority has reviewed the following Downtown Revitalization Program policy set forth in Exhibit “A” and desires to adopt such policy; and

WHEREAS, as a means to further the community vision, encourage investment, and leverage private investment in the Central Business District the Economic Development Authority has made available a total of \$500,000 for the program - \$250,000 in forgivable loans for Phase 1 available for disbursement in 2022, and a second \$250,000 for disbursement in 2023 for Phase 2, for the specific buildings as set forth in the policy guidelines; and

WHEREAS, all funding provided in the form of a forgivable loan pursuant to this Program shall comply with Minnesota Statutes, Section 116J.993 to 116J.995 (Minnesota subsidy provisions), or such other applicable laws, as necessary.

NOW, THEREFORE, BE IT RESOLVED, by the Economic Development Authority for the City of Faribault, Minnesota that the recitals and exhibits set forth in this Resolution are incorporated into and made a part of this Resolution.

BE IT FURTHER RESOLVED, by the Economic Development Authority for the City of Faribault, Minnesota that the Economic Development Authority adopts the following Downtown Revitalization Program Policy, as essentially set forth and attached in Exhibit “A”.

BE IT FURTHER RESOLVED, by the Economic Development Authority for the City of Faribault, Minnesota that the Economic Development Authority will administer the program.

BE IT FINALLY RESOLVED, by the Economic Development Authority for the City of Faribault, Minnesota that the Community and Economic Development staff and consultants are hereby authorized and directed to take any and all additional steps and actions necessary or convenient in order to accomplish the intent of this Resolution.

ADOPTED: October 20, 2022

ATTEST:

Rodney Gramse, President

AJ Smith, Secretary

Exhibit A

2022 Downtown Revitalization Program Policy



FARIBAULT ECONOMIC DEVELOPMENT AUTHORITY DOWNTOWN REVITALIZATION PROGRAM POLICY

PROGRAM DESCRIPTION

The purpose of the Faribault EDA Downtown Revitalization Program (the “Program”) is to provide financial support in the form of forgivable loans to the thirteen (13) building property investment made by Faribo Downtown Central LLC. The Faribault EDA has made available a total of \$500,000 for the Program – \$250,000 in forgivable loans for Phase 1 of this project available for disbursement in 2022, and a second \$250,000 for disbursement in 2023 for Phase 2. Actual projects associated with the Phase 2 funding, and the specific buildings within the 13-building portfolio that are eligible for funding, will be defined at the time funding is requested. All funding provided in the form of a forgivable loan pursuant to this Program shall comply with Minnesota Statutes, Sections 116J.993 to 116J.995 (Minnesota business subsidy provisions), or such other applicable laws, as necessary.

As identified in Attachment A, Phase 1 funding is available for the following addresses:

Property addresses for which Phase 1 funding is allocated	
Address:	Funding Allocation:
219 Central	\$75,000
223 Central	\$75,000
227 Central	\$25,000
229 Central	\$25,000
313 Central	\$25,000
329 Central	\$25,000
Total Funding Phase 1	\$250,000

The addresses listed above have been deemed eligible properties to receive this funding from this EDA program, and will be ineligible for future EDA program assistance for a period five (5) years from the date of the execution of the individual loan agreements. Loan agreements, and promissory notes and a personal guaranty will be required for each building, to secure the forgivable loans. These six (6) properties will be eligible to receive Phase 1 funding in the form of forgivable loans to repair roofs on the buildings to prevent further damage.

Faribo Downtown Central, LLC acquired a total of thirteen (13) properties as part of this portfolio. All properties in the portfolio are eligible for consideration for funding. Pursuant to Attachment A, the seven (7) properties below will not be accessing Phase 1 funding.

Other Properties that are part of the purchased portfolio:	
116 Central	225 Central
Eastman Building – 301 Central (4 buildings, 1 PID)	311 Central

ELIGIBILITY

To be eligible for the Downtown Revitalization Program funds the property must be one of the addresses identified in Attachment A. Unless amended, six (6) of the thirteen (13) buildings will be accessing Phase 1 funding and seven (7) buildings remain eligible for all other EDA funded programs. Any building/address that accesses Phase 1 funding will not be eligible to apply for EDA funding of any type for a period of five (5) years regardless of ownership, from the date of the executed loan agreement.

Faribault's Community and Economic Development department will provide a loan agreement, a promissory note and a personal guaranty, based on the funding allocation, to Faribo Downtown Central LLC for each property as identified to receive Phase 1 funding. Funding will be dispersed to Faribault Downtown Central LLC upon receipt of fully executed loan documents. Faribo Downtown Central LLC shall provide appropriate documentation to support all disbursed loan proceeds pursuant to the loan agreements.

Faribo Downtown LLC will provide staff with contractor quotes that correlate to the project as presented to the Faribault EDA. Upon receipt of proof of inspection and a closed building permit and a signed affidavit confirming that the funds provided by the Faribault EDA were used in the manner that was presented on the attached spreadsheet, the loan on the corresponding property will be forgiven.

CITY CONTACT INFORMATION

Stephanie Aman

Economic Development Coordinator

Phone: 507-333-0388

Email: saman@ci.faribault.mn.us

Attachment A

Faribo Downtown Central LLC Properties											
<u>Property Name</u>	<u>Address</u>	<u>Approx. Above Ground SF</u>	<u>Portfolio allocations</u>		<u>Roof repairs (less sheeting and structural)</u>	<u>Cleaning / Clearing</u>	<u>Buildout</u>	<u>Acquisition and Phase I work</u>	<u>Phase II Estimates</u>	<u>Phase I Grant Allocations HRA</u>	<u>Phase I Grant Allocations EDA</u>
116	116 Central Avenue	4,865	146,860		0	2,250		149,110	335,500.00	0	0
219	219 Central Avenue	5,940	375,246		56,425	2,000	100,000	533,671	\$85,580	75,000	75,000
223	223 Central Avenue	8,129	336,995		5,100	9,145	156,420	507,660	\$626,000	75,000	75,000
225	225 Central Avenue	3,520	221,339		49,250	1,800		272,389	\$213,840	0	0
227	227 Central Avenue	3,520	167,840		47,850	2,000		217,690	\$249,403	25,000	25,000
229	229 Central Avenue	3564	230,780		63,650	2,673		297,103	\$521,125	25,000	25,000
Eastman Building 4 Properties - 1 Building	301 Central Avenue	19,424	576,950		238,915	21,852		837,717	\$2,117,060	0	0
311	311 Central Avenue	3,564	217,773		46,150	0		263,923	\$288,321	0	0
313	313 Central Avenue	4,675	236,475		51,025	2,500		290,000	\$412,500	25,000	25,000
329	329 Central Avenue	3,498	164,693		47,400	3,935		216,028	\$587,400	25,000	25,000
329 Lot	Vacant Lot (.06										
	totals	60,699	2,674,950	Bids	605,765	48,155	256,420	3,585,290	\$5,436,729		
				Roof reserve	100,000					0	
Acquisition	2,674,950			Total roof	705,765			Total PH I Grant Allocations		250,000	250,000
Phase I Clean and Dry	753,920	Roof bids plus reserves for expected structural repairs & cleanup									
Phase I planned buildout	256,420										
Total Phase I	1,010,340										
Ongoing costs (Phases I & II)											
Structural repairs	150,000										
H-Vac reserve	175,000										
Soft Costs	1,218,973	architecture, inspection, accounting, engineering, permits, taxes, legal fees						Notes			
Total ongoing costs p I & II	1,543,973							*	indicates current tenants		
Phase II renovations	5,436,729							219 Buildout	office and apartment buildout		
								223 Buildout	apartment plan/rough in (student housing)		
								Roof Reserve	expected repairs for decking and beams		
Estimated Total Investment	10,665,992										

APPENDIX A

To access a summary of each property, move your cursor over the address and press the Control Key and Click.



[116 Central Avenue \(114 & 116\) - Sheesley & Palisades](#)



[219 Central Avenue - Sheesley](#)



[223 Central Avenue - Sheesley](#)



[225 Central Avenue - Palisades](#)



[227 Central Avenue – GW Properties](#)



[229 Central Avenue - Sheesley](#)



[301 Central Avenue \(301, 303, 305 and 10,12,14,16 3rd St. NE\) - Sheesley](#)



[311 Central Avenue - Sheesley](#)



[313 Central Avenue - Sheesley](#)



[329 Central Avenue - Sheesley](#)



[Vacant Lot \(.06 acres\) - Sheesley](#)

Faribo Downtown Central LLC Properties											
<u>Property Name</u>	<u>Address</u>	<u>Approx. Above Ground SF</u>	<u>Portfolio allocations</u>		<u>Roof repairs (less sheeting and structural)</u>	<u>Cleaning / Clearing</u>	<u>Buildout</u>	<u>Acquisition and Phase I work</u>	<u>Phase II Estimates</u>	<u>Phase I Grant Allocations HRA</u>	<u>Phase I Grant Allocations EDA</u>
116	116 Central Avenue	4,865	146,860		0	2,250		149,110	335,500.00	0	0
219	219 Central Avenue	5,940	375,246		56,425	2,000	100,000	533,671	\$85,580	28,123	28,123
223	223 Central Avenue	8,129	336,995		5,100	9,145	156,420	507,660	\$626,000	2,550	2,550
225	225 Central Avenue	3,520	221,339		49,250	1,800		272,389	\$213,840	24,625	24,625
227	227 Central Avenue	3,520	167,840		47,850	2,000		217,690	\$249,403	23,925	23,925
229	229 Central Avenue	3564	230,780		63,650	2,673		297,103	\$521,125	31,825	31,825
Eastman	301 Central Avenue	19,424	576,950		238,915	21,852		837,717	\$2,117,060	58,915	58,915
311	311 Central Avenue	3,564	217,773		46,150	0	15,500	279,423	\$288,321	30,825	30,825
313	313 Central Avenue	4,675	236,475		51,025	2,500		290,000	\$412,500	25,513	25,513
329	329 Central Avenue	3,498	164,693		47,400	3,935		216,028	\$587,400	23,700	23,700
329 Lot	Vacant Lot (.06										
	totals	60,699	2,674,950	Bids	605,765	48,155	271,920	3,600,790	\$5,436,729		
				Roof reserve	100,000					0	
Acquisition	2,674,950			Total roof	705,765			Total PH I Grant Allocations		250,000	250,000
Phase I Clean and Dry	753,920	Roof bids plus reserves for expected structural repairs & cleanup									
Phase I planned buildout	256,420										
Total Phase I	1,010,340										
Ongoing costs (Phases I & II)											
Structural repairs	150,000										
H-Vac reserve	175,000										
Soft Costs	1,218,973	architecture, inspection, accounting, engineering, permits, taxes, legal fees									
Total ongoing costs p I & II	1,543,973										
Phase II renovations	5,436,729										
Estimated Total Investment	10,665,992										

Faribo Downtown Central LLC Properties											
<u>Property Name</u>	<u>Address</u>	<u>Approx. Above Ground SF</u>	<u>Portfolio allocations</u>	<u>Roof repairs (less sheeting and structural)</u>	<u>Cleaning / Clearing</u>	<u>Buildout</u>	<u>Acquisition and Phase I work</u>	<u>Phase II Estimates</u>	<u>Phase I Grant Allocations HRA</u>	<u>Phase I Grant Allocations EDA</u>	
116	116 Central Avenue	4,865	146,860	0	2,250		149,110	335,500.00	0	0	
219	219 Central Avenue	5,940	375,246	56,425	2,000	100,000	533,671	\$85,580	28,123	28,123	
223	223 Central Avenue	8,129	336,995	5,100	9,145	156,420	507,660	\$626,000	2,550	2,550	
225	225 Central Avenue	3,520	221,339	49,250	1,800		272,389	\$213,840	0	0	
227	227 Central Avenue	3,520	167,840	47,850	2,000		217,690	\$249,403	23,925	23,925	
229	229 Central Avenue	3564	230,780	63,650	2,673		297,103	\$521,125	31,825	31,825	
Eastman	301 Central Avenue	19,424	576,950	238,915	21,852		837,717	\$2,117,060	83,540	83,540	
311	311 Central Avenue	3,564	217,773	46,150	0	15,500	279,423	\$288,321	30,825	30,825	
313	313 Central Avenue	4,675	236,475	51,025	2,500		290,000	\$412,500	25,513	25,513	
329	329 Central Avenue	3,498	164,693	47,400	3,935		216,028	\$587,400	23,700	23,700	
329 Lot	Vacant Lot (.06										
	totals	60,699	2,674,950	Bids	605,765	48,155	271,920	3,600,790	\$5,436,729		
				Roof reserve	100,000					0	
Acquisition	2,674,950			Total roof	705,765			Total PH I Grant Allocations	250,000	250,000	
Phase I Clean and Dry	753,920	Roof bids plus reserves for expected structural repairs & cleanup									
Phase I planned buildout	256,420										
Total Phase I	1,010,340										
Ongoing costs (Phases I & II)											
Structural repairs	150,000										
H-Vac reserve	175,000										
Soft Costs	1,218,973	architecture, inspection, accounting, engineering, permits, taxes, legal fees									
Total ongoing costs p I & II	1,543,973							forgivable loan proceeds not invested			
Phase II renovations	5,436,729										
Estimated Total Investment	10,665,992										

LOAN AGREEMENT

THIS AGREEMENT (the “Agreement”) is made and entered into this ____ day of December, 2022, between the [Economic Development Authority of Faribault, a public body corporate and politic under the laws of Minnesota] **OR** [Housing and Redevelopment Authority of Faribault, a public body corporate and politic under the laws of Minnesota] (the “City”), and Faribo Downtown Central LLC, a Minnesota limited liability company (the “Borrower”):

RECITALS

1. The purpose of the City is as follows:
 - A. Provide a sufficient supply of adequate, safe and sanitary dwellings in order to protect the health, safety, morals and welfare of the city;
 - B. Clear and redevelop blighted areas;
 - C. Provide commercial development opportunities; and
 - D. Redevelop blighted areas in situations in which private enterprise would not act without governmental participation or subsidies.
2. The Borrower has acquired certain real property legally described on Exhibit A attached hereto (the “Property”), which is located in Rice County, Minnesota.
3. The Borrower has submitted or is in the process of submitting an updated proposal for development of the Property (the “Development”).
4. Business assistance is proposed to be granted by the City to Borrower under Minnesota Statutes, Sections 116J.993 through 116J.995 (the “Business Subsidy Act”), and Minnesota Statutes, Chapter 469 for the Property pursuant to the requirements of the City Downtown Revitalization Program (the “Policy”).
5. This Agreement between the Borrower and the City, provides for certain benefits and business assistance to the Borrower in connection with development of the Property, including the following assistance: a one-time forgivable loan in the maximum principal amount of \$_____.
 - (a) During the term of this Agreement, Developer shall:
 - (i) Submit to the City a design proposal to be reviewed by the City showing

the location, size, and nature of the proposed Development, including layouts, renderings, elevations, and other graphic or written explanations of the Development. The design proposal shall be accompanied by a proposed schedule for the starting and completion of the Development;

- (ii) Submit an over-all cost estimate for the design and construction of the Development;
 - (iii) Submit a time schedule for the Development;
 - (iv) Undertake and obtain such other preliminary economic feasibility studies, income and expense projections, and such other economic information as Developer may desire to further confirm the economic feasibility and soundness of the Development;
 - (v) Submit to the City the Developer's financing plan showing that the proposed Development is financially feasible;
 - (vi) Furnish satisfactory financial data to the City evidencing Developer's ability to undertake the Development.
- (b) Developer understands that any business assistance sought for the proposed Development must be obtained as outlined by law.
6. The Borrower has requested financial assistance from the City in the amount of \$ _____ to assist with the Development at the Property.
7. The City has agreed to lend to the Borrower, upon execution of this Agreement, project financing for the Development in the maximum principal amount of \$ _____ (the "Funds").
8. The City has reviewed this Agreement and finds that execution of this Agreement by the City and performance of the City's obligations hereunder are in the best interests of the City, and its residents.
9. The parties are authorized and empowered to enter into this Agreement under the laws of the State of Minnesota.
10. By providing the Funds, the City will not provide additional funding, from any/all other City programs, for the Property included as part of the Development for five (5) years.

NOW, THEREFORE, in consideration of the mutual covenants and promises hereinafter set forth, the City and the Borrower agree as follows:

1. The recitals set forth in the preamble to this Agreement and the exhibits attached to this Agreement are incorporated into this Agreement as if fully set forth herein.

2. The Borrower intends to conduct activity and to make the contemplated improvements to the Property in accordance with the Development (the “Improvements”). Upon submission of the materials to the reasonable satisfaction of the City required for the Development as set forth particularly in Recital No. 5 above, and as required by the Policy and the fulfillment of all terms and conditions of this Agreement, the Funds shall be provided as a \$ _____ forgivable loan pursuant to the Promissory Note (the “Note”), the form of which is attached hereto as Exhibit B, a separate mortgage (the “Mortgage”), the form of which is attached as Exhibit C, and a separate Guaranty Agreement, the form of which is attached hereto as Exhibit D. The Borrower agrees to execute all such documents at closing.
3. Upon closing, the City agrees to provide the Funds.
4. The business assistance in the form of a forgivable loan are proposed to be granted by the City to Borrower under Minnesota Statutes, Sections 116J.993 through 116J.995 (the “Business Subsidy Act”), and Minnesota Statutes, Chapter 469 and pursuant to the requirements of the Policy.
5. The Borrower agrees to fully comply with all stated requirements, and acknowledges that all terms, conditions, and requirements are made part of this Agreement.
6. All documents executed shall, as deemed reasonably necessary by the City, be filed with the County Recorder and/or Registrar of Titles. The City shall maintain a lien on the Property pursuant to the security instruments required herein.
7. Failure to comply with any term, covenant, condition, or requirement contained in this Agreement, or a default under any note, mortgage, or other instrument executed in connection with this Agreement (following the passing of any applicable notice and cure periods), following thirty (30) days after the City gives written notice specifying the form of said non-compliance, shall constitute a breach of this Agreement and a default by the Borrower. The foregoing notwithstanding, if a default requires more than thirty (30) days to cure, such default shall not constitute an uncured default, provided that the curing of the default is promptly commenced upon receipt of written notice from the City, and with due diligence is thereafter continuously prosecuted to completion and is completed in a reasonable period of time, not to exceed ninety (90) days.

If any default shall occur, following the passing of applicable cure periods, the City may declare the Funds provided to Borrower to be due and payable in accordance with the terms of the Note. The City may also pursue remedies available under the terms of any mortgage or other instrument executed to secure its interests in the Funds or the Property, and other such remedies as may be available under local, state, or federal laws.

8. The Borrower, for itself and for its successors and/or its assigns, further agrees and consents to the filing of such security instruments and this Agreement with the government officials or entities appropriate to protect the interest of the City in the Property.

9. Without limitation of any provision set forth herein, the Borrower agrees to pay to the City any costs or expenses, including without limitation attorney fees, incurred by the City in enforcing any provision of this Agreement.
10. Except as expressly set forth herein, nothing in this Agreement shall constitute a limitation or waiver of the City's right to enforce any ordinance, law, rule, or regulation.
11. The Borrower shall and does hereby agree to protect, defend, indemnify and hold the City, including its officers, agents, and employees, harmless of and from any and all liability, loss, or damage that it may incur under or by reason of this Agreement, and of and from any and all claims and demands whatsoever that may be asserted against the City by reason of any alleged obligations or undertakings on the part of the City to perform or discharge any of the terms, covenants, or agreements contained in this Agreement. This indemnification and hold harmless provision shall survive the execution, delivery, and performance of this Agreement and the payment or repayment of any Funds. The Borrower waives notice of the acceptance of this Agreement by the City. Nothing in this Agreement shall constitute a waiver or limitation of the City's immunities or limitations on liability as set forth in Minnesota Statutes, Chapter 466 or otherwise.
12. A notice, demand, or other communication under this Agreement by either party to the other shall be sufficiently given or delivered if it is dispatched by registered or certified mail, postage prepaid, return receipt requested, or delivered personally; and

(A) as to the Borrower: Faribo Downtown Central LLC
3305 Highway 60 West
Faribault, MN 55021
ATTN: Brett Reese and Nort Johnson

(B) as to the City: Housing and Redevelopment Authority
of the City of Faribault
208 1st Avenue NW
Faribault, MN 55021
ATTN: David Wanberg

Economic Development Authority
of Faribault
208 1st Avenue NW
Faribault, MN 55021
ATTN: David Wanberg

with a copy to: Scott J. Riggs, City Attorney
Kennedy & Graven, Chartered
150 South 5th Street, Suite 700
Minneapolis, MN 55402

or at such other address with respect to either such party as that party may, from time to time, designate in writing and forward to the other as provided in this section 12.

13. This Agreement may be executed in any number of counterparts, each of which shall constitute one and the same instrument.
14. The City and the Borrower acknowledge that nothing contained in this Agreement nor any act by the City and the Borrower shall be deemed or construed by the parties or by any third person to create any relationship of third-party beneficiary, principal and agent, limited or general partner, or joint venture between the City and the Borrower.
15. This Agreement shall be governed by and construed in accordance with the laws of the state of Minnesota. Any disputes, controversies, or claims arising out of this Agreement shall be heard in the state or federal courts of Minnesota, and all parties to this Agreement waive any objection to the jurisdiction of these courts, whether based on convenience or otherwise.
16. The performance or observance of any promise or condition set forth in this Agreement may be waived, amended, or modified only by a writing signed by both parties. No delay in the exercise of any power, right, or remedy operates as a waiver thereof, nor shall any single or partial exercise of any other power, right, or remedy.
17. This Agreement may be modified solely through written amendments hereto executed by both the Borrower and the City.
18. The Borrower shall not assign, subcontract, transfer, or pledge this Agreement whether in whole or in part, without the prior written consent of the City. The Borrower may sell, assign or transfer interest in the Property to a third party with notice to, and with the City's consent, which consent shall not be unreasonably withheld or conditioned.
19. Wherever possible, each provision of this Agreement and each related document shall be interpreted so that it is valid under applicable law. If any provision of this Agreement or any related document is to any extent found invalid by a court or other governmental entity of competent jurisdiction, that provision shall be ineffective only to the extent of such invalidity, without invalidating the remainder of such provision or the remaining provisions of this Agreement or any other related document.
20. This Agreement, together with the Exhibits hereto, which are expressly incorporated by reference, constitutes the complete and exclusive statement of all mutual understandings between the parties with respect to this Agreement, superseding all prior or contemporaneous proposals, communications, and understandings, whether oral or written, pertaining to the subject matter of this Agreement or concerning the Funds.
21. This Agreement shall be recorded among the land records of Rice County, Minnesota. The provisions of this Agreement shall run with the Property and be binding upon the Borrower and its assigns or successors in interest.
22. The Borrower warrants that all work performed pursuant to this Agreement shall be in compliance with existing laws, codes, ordinances, pertinent regulations, standards, and specifications. This Agreement does not act as a substitute for any permits or approvals that are otherwise required by the Borrower in order to complete any of the Improvements.

23. Each of the undersigned parties warrants it has the full authority to execute this Agreement.

[Signature pages to follow]

IN WITNESS WHEREOF, the Borrower, having signed this Agreement, and the City having duly approved this Agreement on the day and year first written above and pursuant to such approval and the proper City officials having signed this Agreement, the parties hereto agree to be bound by the provisions herein set forth.

THE BORROWER:

Dated: December ____, 2022.

FARIBO DOWNTOWN CENTRAL LLC

By: _____

Brett Reese

Its: Chief Manager

STATE OF MINNESOTA)
) ss.
COUNTY OF RICE)

The foregoing instrument was acknowledged before me this ____ day of December, 2022, by Brett Reese, the Chief Manager of Faribo Downtown Central LLC, a Minnesota limited liability company, by and on behalf of said company.

Notary Public

CITY:

**ECONOMIC DEVELOPMENT AUTHORITY
OF FARIBAULT**

Dated: December ____, 2022.

By: _____
Rodney Gramse
Its: President

By: _____
A.J. Smith
Its: Secretary

STATE OF MINNESOTA)
) ss.
COUNTY OF RICE)

On this ____ day of December, 2022, before me personally appeared Rodney Gramse and A.J. Smith, the President and Secretary, respectively, of the Economic Development Authority of Faribault, a public body corporate and politic under the laws of Minnesota, on behalf of said authority.

Notary Public

**HOUSING AND REDEVELOPMENT
AUTHORITY OF FARIBAULT**

Dated: December ____, 2022.

By: _____
Matthew Speckhals
Its: Chairperson

By: _____
Brendan Kennedy
Its: Vice Chairperson

STATE OF MINNESOTA)
) ss.
COUNTY OF RICE)

On this ____ day of December 2022, before me personally appeared Matthew Speckhals and Brendan Kennedy, the Chairperson and Vice Chairperson, respectively, of the Housing and Redevelopment Authority of Faribault, a public body corporate and politic under the laws of Minnesota, on behalf of said authority.

Notary Public

This document drafted by:
Kennedy & Graven, Chartered (SJR)
700 Fifth Street Towers
150 South Fifth Street
Minneapolis, MN 55402

EXHIBIT A TO LOAN AGEEMENT
LEGAL DESCRIPTION OF THE PROPERTY

The land to which this Agreement applies is legally described as follows:

[Insert legal]

EXHIBIT B TO LOAN AGREEMENT

PROMISSORY NOTE

\$ _____

Date: December _____, 2022

Faribo Downtown Central LLC, a Minnesota limited liability company ("Maker"), for value received, hereby promises to pay to [the Economic Development Authority of Faribault, a public body corporate and politic under the laws of Minnesota (the "EDA")] **OR** [the Housing and Redevelopment Authority of Faribault, a public body corporate and politic under the laws of Minnesota], or its assigns (referred to herein as "Holder"), at its designated principal office or such other place as the Holder may designate in writing, the principal sum of _____ and No/100 Dollars (\$ _____) or so much thereof as may be advanced under this Note, without interest thereon, in any coin or currency that at the time or times of payment is legal tender for the payment of private debts in the United States of America. The principal of and interest on this Note is payable in installments due as follows:

1. The entire unpaid balance of principal shall be due and payable upon the earlier of the following: (i) thirty (30) days after written notification by Holder to Maker of the occurrence of any default or non-compliance with any provision or requirement of the Loan Agreement (following notice and passing of all applicable notice and cure provisions), dated December ___, 2022, between the Maker and Holder (the "Agreement"); or (ii) ten (10) days after the Maker makes or allows to be made any total or partial transfer, sale, assignment, conveyance or transfer in any other mode, of the Property (as such term is defined in the Agreement), if such transfer occurs before the issuance of a Certificate of Occupancy for the Improvements (as defined in the Loan Agreement); unless, such transfer, sale, assignment, conveyance or transfer in any other mode is expressly allowed under the Agreement. If the Maker completes the Improvements consistent with the Agreement, and does not default under the Agreement, no payments shall be payable on this Note and the entire principal balance shall be forgiven.

2. This Note is given pursuant to the Agreement between the Maker and Holder. If any information in the Agreement is found to be invalid for whatever reason, such invalidity shall constitute an Event of Default hereunder.

3. All of the agreements, conditions, covenants, provisions, and stipulations contained in the Agreement are hereby made a part of this Note to the same extent and with the same force and effect as if they were fully set forth herein. It is agreed that time is of the essence of this Note. If an Event of Default occurs under the Agreement, or any other instrument securing this Note, then the Holder of this Note may at its right and option, without notice, declare immediately due and payable the principal balance of this Note, together with reasonable attorneys' fees and expenses incurred by the Holder of this Note in collecting or enforcing payment hereof, whether by lawsuit or otherwise, and all other sums due hereunder or any instrument securing this Note. The Maker of this Note agrees that the Holder of this Note may, without notice to and without affecting the liability of the Maker, accept additional or substitute security for this Note, or release any security or any party liable for this Note or extend or renew this Note.

4. The remedies of the Holder of this Note as provided herein, and in the Agreement, or any other instrument securing this Note shall be cumulative and concurrent and may be pursued singly, successively, or together, and, at the sole discretion of the Holder of this Note, may be exercised as often as occasion therefor shall occur; and the failure to exercise any such right or remedy shall in no event be construed as a waiver or release thereof.

The Holder of this Note shall not be deemed, by any act of omission or commission, to have waived any of its rights or remedies hereunder unless such waiver is in writing and signed by the Holder and then only to the extent specifically set forth in the writing. A waiver with reference to one event shall not be construed as continuing or as a bar to or waiver of any right or remedy as to a subsequent event. This Note may not be amended, modified, or changed except only by an instrument in writing signed by the party against whom enforcement of any such amendment, modifications, or change is sought.

5. If any term of this Note, or the application thereof to any person or circumstances shall, to any extent, be invalid or unenforceable, the remainder of this Note, or the application of such term to persons or circumstances other than those to which it is invalid or unenforceable shall not be affected thereby, and each term of this Note shall be valid and enforceable to the fullest extent permitted by law.

6. If any Event of Default occurs, and if Holder engages legal counsel or others in connection with advice to Holder or Holder's rights and remedies under the Agreement or this Note, Maker shall pay all reasonable expenses incurred by Holder for such persons, irrespective of whether any suit or other proceeding has been or is filed or commenced. Any such expenses, costs and charges shall constitute additional principal, payable upon demand, and subject to this Note.

7. It is intended that this Note is made with reference to and shall be construed as a Minnesota contract and is governed by the laws thereof. Any disputes, controversies, or claims arising out of this Note shall be heard in the state or federal courts of Minnesota, and all parties to this Note waive any objection to the jurisdiction of these courts, whether based on convenience or otherwise.

8. The performance or observance of any promise or condition set forth in this Note may be waived, amended, or modified only by a writing signed by the Maker and the Holder. No delay in the exercise of any power, right, or remedy operates as a waiver thereof, nor shall any single or partial exercise of any other power, right, or remedy.

IT IS HEREBY CERTIFIED AND RECITED that all conditions, acts, and things required to exist, happen, and be performed precedent to or in the issuance of this Note do exist, have happened, and have been performed in regular and due form as required by law.

IN WITNESS WHEREOF, the Maker has caused this Note to be duly executed as of the ____ day of December, 2022.

Faribo Downtown Central LLC, a Minnesota limited liability company

By: _____
Brett Reese
Its: Chief Manager

EXHIBIT C TO LOAN AGREEMENT

MORTGAGE

THIS MORTGAGE, made this _____ day of December, 2022, by Faribo Downtown Central LLC, a Minnesota limited liability company, with its principal place of business located at 3305 Highway 60 West, Faribault, MN 55021 (“Mortgagor”), to the [Economic Development Authority of Faribault, a public body corporate and politic under the laws of Minnesota, located at 208 1st Avenue NW, Faribault, MN 55021] **OR** [Housing and Redevelopment Authority of Faribault, a public body corporate and politic under the laws of Minnesota, located at 208 1st Avenue NW, Faribault, MN 55021] (“Mortgagee”).

WITNESSETH: That said Mortgagor hereby mortgages and conveys to said Mortgagee the following described premises located at:

[116 Central - 18.31.1.26.471
219 Central - 18.31.1.26.320
223 Central - 18.31.1.26.319
225 Central - 18.31.1.26.318
227 Central - 18.31.1.26.317
229 Central - 18.31.1.26.316
301 Central - 18.31.1.26.302 (addresses associated with building
also include 12 3rd St NE, 14 3rd St NE, 16 3rd St NE, 303
Central, 305 Central)

311 Central - 18.31.1.26.300
313 Central - 18.31.1.26.299
329 Central - 18.31.1.26.294

Vacant lot - 18.31.1.26.293]

Faribault, Minnesota, Rice County Minnesota (the “Property”), and legally described in Exhibit A attached hereto and made a part hereof.

This Mortgage is given in consideration of and as security for the payment of _____ Thousand and No/100 Dollars (\$_____) (the “Loan”), receipt of which is hereby acknowledged and which is made to enable the Mortgagor to make improvements to the Property. The Loan is evidenced by a Promissory Note (the “Note”), attached hereto as Exhibit B, and repayment of the Loan shall be in accordance with the terms of the Note.

Mortgagor makes and includes in this Mortgage the statutory covenants and other provisions set forth in Minnesota Statutes Section 507.15, including the following:

- a. To warrant title to the Property;

- b. To pay all other mortgages, liens, charges or encumbrances against the Property as and when they become due;
- c. To pay the indebtedness of the Note as herein provided;
- d. To pay all real estate taxes on the Property;
- e. To keep the Property in repair and not commit waste; and
- f. To keep the Property insured against loss by fire and other hazards for at least the sum of the full insurable value of the Property for the protection for the Mortgagee.

If the Mortgagor herein shall pay the Mortgagee herein, its successors or assigns, the sum of _____ and No/100 Dollars (\$ _____) when it becomes due according to the terms of the above-mentioned Note, then this Mortgage shall be null and void, otherwise to remain in full force and effect. But if default shall be made in payment of said sum when due or in any of the covenants or agreements contained herein, then the Mortgagee may declare immediately due and payable the entire unpaid principal balance, and the Mortgagee, its successors or assigns, are hereby authorized and empowered to foreclose this Mortgage by action or advertisement, pursuant to the statutes of the State of Minnesota in such case made and provided, power being expressly granted to sell the Property at public auction and convey the same to the purchaser in fee simple and, out of the proceeds arising from such sale, to pay the principal of the Note with interest, if any, together with all legal costs and charges of such foreclosure and the maximum attorneys' fees permitted by law.

Mortgagee prior to acceleration shall mail notice to Mortgagor specifying: (1) the event of default; (2) the action required to cure such event; (3) the date, not less than 30 days from the date the notice is mailed to Mortgagor, by which date such default must be cured; and (4) that failure to cure such default on or before the date specified in the notice may result in acceleration of the sums secured by this Mortgage and sale of the Property. The notice shall further inform Mortgagor of the right to reinstate after acceleration and the right to bring a court action to assert the nonexistence of a default or any other defense of Mortgagor to acceleration and sale. If the default is not cured on or before the date specified in the notice (subject to the cure rights set forth below), Mortgagee at Mortgagee's option, may declare all of the sums secured by this Mortgage to be immediately due and payable without further demand and may invoke the power of sale hereby granted and any other remedy permitted by applicable law. Any one of the following events shall constitute and Event of Default:

- i. Mortgagor fails to pay any amounts due under the Note when said payment is due, and such default shall continue for ten (10) days after notice from the City; and
- ii. Mortgagor violates or fails to perform any of the other terms, covenants or conditions of this Mortgage and such default shall continue for thirty (30) days after notice from the Mortgagee, unless such default cannot be cured in the exercise of reasonable

diligence within said thirty (30) day period, in which event Mortgagor shall be allowed such additional time as is needed to cure such default with all due diligence.

Notwithstanding Mortgagee's acceleration of the sums secured by this Mortgage, Mortgagor shall have the right to have any proceedings begun by Mortgagee to enforce this Mortgage discontinued at any time prior to the earlier of (i) sale of the Property pursuant to the power of sale contained in this Mortgage or (ii) a judgment enforcing this Mortgage, if: (a) Mortgagor pays Mortgagee all sums constituting the default actually existing under this Mortgage and the Note at the commencement of foreclosure proceedings under this Mortgage; (b) Mortgagor cures all breaches of any other covenants or agreements of Mortgagor contained in this Mortgage; (c) Mortgagor pays all reasonable expenses incurred by Mortgagee in enforcing the covenants and agreements of Mortgagor contained in this Mortgage and in enforcing Mortgagee's remedies as provided herein, including, but not limited to, reasonable attorneys' fees, and (d) Mortgagor takes such action as Mortgagee may reasonably require to assure that the lien of this Mortgage, Mortgagee's interest in the Property and Mortgagor's obligation to pay the sums secured by this Mortgage shall continue unimpaired. Upon such payment and cure by Mortgagor, this Mortgage and the obligations secured hereby shall remain in full force and effect as if no acceleration had occurred.

MORTGAGOR HEREBY: EXPRESSLY CONSENTS TO THE FORECLOSURE AND SALE OF THE MORTGAGED PROPERTY BY ACTION PURSUANT TO MINNESOTA STATUTES CHAPTER 581 OR, AT OPTION OF MORTGAGEE, BY ADVERTISEMENT PURSUANT TO MINNESOTA STATUTES CHAPTER 580, WHICH PROVIDES FOR SALE AFTER SERVICE OF NOTICE THEREOF UPON THE OCCUPANT OF THE MORTGAGED PROPERTY AND PUBLICATION OF SAID NOTICE FOR SIX WEEKS IN THE COUNTY IN MINNESOTA WHERE THE MORTGAGED PROPERTY IS SITUATED AND ACKNOWLEDGES THAT SERVICE NEED NOT BE MADE UPON MORTGAGOR PERSONALLY UNLESS MORTGAGOR IS AN OCCUPANT AND THAT NO HEARING OF ANY TYPE IS REQUIRED IN CONNECTION WITH THE SALE AND EXCEPT AS MAY BE PROVIDED IN SAID STATUTES, EXPRESSLY WAIVES ANY AND ALL RIGHT TO PRIOR NOTICE OF SALE OF THE MORTGAGED PROPERTY.

This Mortgage and the Note shall be construed according to the laws of the State of Minnesota. In the event that any provision or clause of this Mortgage or the Note conflicts with applicable law, such conflict shall not affect other provisions of this Mortgage or the Note which can be given effect without the conflicting provision.

(Signatures Appear on Next Page)

IN WITNESS WHEREOF, the Mortgagor has caused this Mortgage to be duly executed as of the day and year first above written.

MORTGAGOR:

Dated: December ____, 2022.

FARIBO DOWNTOWN CENTRAL LLC

By: _____
Brett Reese
Its: Chief Manager

STATE OF MINNESOTA)
) ss.
COUNTY OF RICE)

The foregoing instrument was acknowledged before me this ____ day of December, 2022, by Brett Reese, the Chief Manager of Faribo Downtown Central LLC, a Minnesota limited liability company, by and on behalf of said company.

Notary Public

This document drafted by:
Kennedy & Graven, Chartered (SJR)
700 Fifth Street Towers
150 South Fifth Street
Minneapolis, MN 55402

EXHIBIT A TO MORTGAGE
PROPERTY LEGAL DESCRIPTION

[Insert Legal Descriptions of Property]

EXHIBIT B TO MORTGAGE
EXECUTED PROMISSORY NOTE

EXHIBIT D TO LOAN AGREEMENT

GUARANTY AGREEMENT

This Guaranty Agreement (the "Guaranty" or "Guaranty Agreement") is made and entered into this _____ day of December, 2022, by Brett Reese (the "Guarantor") for the benefit of the [Economic Development Authority of Faribault, a public body corporate and politic under the laws of Minnesota] **OR** [Housing and Redevelopment Authority of Faribault, a public body corporate and politic under the laws of Minnesota] ("Lender").

WITNESSETH:

WHEREAS, pursuant to the loan agreement of even date herewith between Borrower and Lender (the "Loan Agreement"), Faribo Downtown Central LLC, a Minnesota limited liability company (the "Borrower") proposes to borrow the sum of \$____,000.00 from Lender in order to make certain upgrades and improvements on the property within the City of Faribault, Minnesota, legally described as set forth in the attached Exhibit A to this Guaranty, which is incorporated by reference and included in this Guaranty as if fully set forth herein; and

WHEREAS, Borrower has agreed to repay to Lender \$____,000.00 together with interest thereon at the rate, if any, and within the time stated in Borrower's promissory note of even date herewith ("Note"); and

WHEREAS, to secure payment of the Note, Lender has required, and the Guarantor has agreed to provide, a guaranty of the indebtedness above described between Borrower and Lender; and

WHEREAS, the Guarantor will receive a direct financial benefit from the loan to Borrower by Lender pursuant to the Note.

NOW, THEREFORE, to induce Lender to make the loan to Borrower, Guarantor hereby covenants and agrees with Lender, for the benefit of all who at any time become holders of the Note, as follows:

Section 1.1. The Guarantor hereby unconditionally guarantees to Lender for the benefit of the Holder (as defined in the Note) from time to time of the Note: (a) the full and prompt payment of the principal of the Note when and as the same shall become due, whether at the stated maturity thereof, by acceleration or otherwise; (b) the full and prompt payment of any interest, if any, on the Note when and as the same shall become due; and (c) any other amounts due Lender under the Loan Agreement and the Note. All payments shall be paid in lawful money of the United States of America. Each and every default in payment of the principal of or interest on the Note shall give rise to a separate cause of action hereunder, and separate suits may be brought hereunder as each cause of action arises.

Section 1.2. The obligations of Guarantor under this Guaranty shall be absolute and unconditional and shall remain in full force and effect until the entire principal of and interest on

the Note shall have been paid or forgiven as provided for in the Note and Loan Agreement, and such obligations shall not be affected, modified or impaired upon the happening from time to time of any event, including, without limitation, any of the following:

- a. The compromise, settlement, or release of less than all of the obligations, covenants or agreements of Borrower under the Loan Agreement and the Note;
- b. The failure to give notice to any person of the occurrence of an event of default under the terms and provisions of this Guaranty or the Note executed by Borrower;
- c. The extension of the time for payment of principal of or interest on the Note or under this Guaranty;
- d. Any failure, omission, delay, or lack on the part of Lender to enforce, assert or exercise any right, power, or remedy conferred on Lender in this Guaranty or other instruments executed and delivered in connection with the loan contemplated thereby, or any other act or acts on the part of Lender or any of the holders from time to time of the Note;
- e. The default or failure of Guarantor to perform any of the obligations set forth in this Guaranty.

Section 1.3. No set-off, counterclaim, reduction, or diminution of any obligation, or any defense of any kind or nature that Borrower has or may have against Lender shall be available hereunder to Guarantor against Lender.

Section 1.4. In the event of a default in the payment of principal of the Note when and as the same shall become due, whether at the stated maturity thereof, by acceleration or otherwise, or in the event of a default in the payment of any interest on the Note when and as the same shall become due, or upon the occurrence and continuance of any Event of Default under the Loan Agreement, Lender may proceed hereunder, and Lender, in its sole discretion, shall have the right to proceed first and directly against Guarantor for the full amount due without proceeding against or exhausting any other remedies it may have as to Borrower.

Section 1.5. Guarantor hereby expressly waives notice from Lender or the holders from time to time of the Note of acceptance of or any reliance upon this Guaranty. Guarantor agrees to pay all the costs, expenses, and fees, including attorneys fees, which may be incurred by Lender in enforcing or attempting to enforce this Guaranty whether the same shall be enforced by suit or otherwise.

Section 1.6. This Guaranty is entered into by Guarantor with Lender for the benefit of Lender and the holders from time to time of the Note, all of whom shall be entitled to enforce performance and observance of this Guaranty.

Section 1.7. Guarantor is duly authorized and empowered to execute, deliver, and perform this Guaranty Agreement.

Section 1.8. The performance or observance of any promise or condition set forth in this Guaranty may be waived, amended, or modified only by a writing signed by Guarantor and Lender. No delay in the exercise of any power, right, or remedy operates as a waiver thereof, nor shall any single or partial exercise of any other power, right, or remedy.

Section 1.9. This Guaranty is made and shall be governed in all respects by the laws of the state of Minnesota. Any disputes, controversies, or claims arising out of this Guaranty shall be heard in the state or federal courts of Minnesota, and all parties to this Guaranty waive any objection to the jurisdiction of these courts, whether based on convenience or otherwise.

Section 1.10. If any provision or application of this Guaranty is held unlawful or unenforceable in any respect, such illegality or unenforceability shall not affect other provisions or applications that can be given effect, and this Guaranty shall be construed as if the unlawful or unenforceable provision or application had never been contained herein or prescribed hereby.

Section 1.11. All notices required hereunder shall be given by depositing in the U.S. mail, postage prepaid, certified mail, return receipt requested, to the following addresses (or such other addresses as either party may notify the other):

To Lender: Economic Development Authority of Faribault
208 NW 1st Avenue
Faribault, MN 55021
Attn: EDA Secretary

Housing and Redevelopment Authority
of the City of Faribault
208 1st Avenue NW
Faribault, MN 55021
ATTN: David Wanberg

To Guarantor: Faribo Downtown Central LLC
3305 Highway 60 West
Faribault, MN 55021
Attn: Brett Reese

Section 1.12. This Guaranty constitutes the complete and exclusive statement of all mutual understandings between the parties with respect to this Guaranty, superseding all prior or contemporaneous proposals, communications, and understandings, whether oral or written, concerning the Guaranty. Nothing contained herein shall effect or impair Lender's rights under the Loan Agreement, or the Note.

Section 1.13. Brett Reese hereby acknowledges and agrees that he is liable for each and every obligation of the Borrower set forth in the Note and that such liability shall survive death, divorce, and any other event and shall be binding on his respective estate.

IN WITNESS WHEREOF, Guarantor has caused this Guaranty to be executed as of the date first above written.

Brett Reese

EXHIBIT A TO GUARANTY AGREEMENT

LEGAL DESCRIPTION

That property located within the city of Faribault, Rice County, Minnesota and legally described as follows:

[INSERT LEGAL DESCRIPTION]

LOAN AGREEMENT

THIS AGREEMENT (the “Agreement”) is made and entered into this ____ day of December, 2022, between the [Economic Development Authority of Faribault, a public body corporate and politic under the laws of Minnesota] **OR** [Housing and Redevelopment Authority of Faribault, a public body corporate and politic under the laws of Minnesota] (the “City”), and Faribo Downtown Central LLC, a Minnesota limited liability company (the “Borrower”):

RECITALS

1. The purpose of the City is as follows:
 - A. Provide a sufficient supply of adequate, safe and sanitary dwellings in order to protect the health, safety, morals and welfare of the city;
 - B. Clear and redevelop blighted areas;
 - C. Provide commercial development opportunities; and
 - D. Redevelop blighted areas in situations in which private enterprise would not act without governmental participation or subsidies.
2. The Borrower has acquired certain real property legally described on Exhibit A attached hereto (the “Property”), which is located in Rice County, Minnesota.
3. The Borrower has submitted or is in the process of submitting an updated proposal for development of the Property (the “Development”).
4. Business assistance is proposed to be granted by the City to Borrower under Minnesota Statutes, Sections 116J.993 through 116J.995 (the “Business Subsidy Act”), and Minnesota Statutes, Chapter 469 for the Property pursuant to the requirements of the City Downtown Revitalization Program (the “Policy”).
5. This Agreement between the Borrower and the City, provides for certain benefits and business assistance to the Borrower in connection with development of the Property, including the following assistance: a one-time forgivable loan in the maximum principal amount of \$_____.
 - (a) During the term of this Agreement, Developer shall:
 - (i) Submit to the City a design proposal to be reviewed by the City showing

the location, size, and nature of the proposed Development, including layouts, renderings, elevations, and other graphic or written explanations of the Development. The design proposal shall be accompanied by a proposed schedule for the starting and completion of the Development;

- (ii) Submit an over-all cost estimate for the design and construction of the Development;
 - (iii) Submit a time schedule for the Development;
 - (iv) Undertake and obtain such other preliminary economic feasibility studies, income and expense projections, and such other economic information as Developer may desire to further confirm the economic feasibility and soundness of the Development;
 - (v) Submit to the City the Developer's financing plan showing that the proposed Development is financially feasible;
 - (vi) Furnish satisfactory financial data to the City evidencing Developer's ability to undertake the Development.
- (b) Developer understands that any business assistance sought for the proposed Development must be obtained as outlined by law.
6. The Borrower has requested financial assistance from the City in the amount of \$ _____ to assist with the Development at the Property.
7. The City has agreed to lend to the Borrower, upon execution of this Agreement, project financing for the Development in the maximum principal amount of \$ _____ (the "Funds").
8. The City has reviewed this Agreement and finds that execution of this Agreement by the City and performance of the City's obligations hereunder are in the best interests of the City, and its residents.
9. The parties are authorized and empowered to enter into this Agreement under the laws of the State of Minnesota.
10. By providing the Funds, the City will not provide additional funding, from any/all other City programs, for the Property included as part of the Development for five (5) years.

NOW, THEREFORE, in consideration of the mutual covenants and promises hereinafter set forth, the City and the Borrower agree as follows:

1. The recitals set forth in the preamble to this Agreement and the exhibits attached to this Agreement are incorporated into this Agreement as if fully set forth herein.

2. The Borrower intends to conduct activity and to make the contemplated improvements to the Property in accordance with the Development (the “Improvements”). Upon submission of the materials to the reasonable satisfaction of the City required for the Development as set forth particularly in Recital No. 5 above, and as required by the Policy and the fulfillment of all terms and conditions of this Agreement, the Funds shall be provided as a \$ _____ forgivable loan pursuant to the Promissory Note (the “Note”), the form of which is attached hereto as Exhibit B, a separate mortgage (the “Mortgage”), the form of which is attached as Exhibit C, and a separate Guaranty Agreement, the form of which is attached hereto as Exhibit D. The Borrower agrees to execute all such documents at closing.
3. Upon closing, the City agrees to provide the Funds.
4. The business assistance in the form of a forgivable loan are proposed to be granted by the City to Borrower under Minnesota Statutes, Sections 116J.993 through 116J.995 (the “Business Subsidy Act”), and Minnesota Statutes, Chapter 469 and pursuant to the requirements of the Policy.
5. The Borrower agrees to fully comply with all stated requirements, and acknowledges that all terms, conditions, and requirements are made part of this Agreement.
6. All documents executed shall, as deemed reasonably necessary by the City, be filed with the County Recorder and/or Registrar of Titles. The City shall maintain a lien on the Property pursuant to the security instruments required herein.
7. Failure to comply with any term, covenant, condition, or requirement contained in this Agreement, or a default under any note, mortgage, or other instrument executed in connection with this Agreement (following the passing of any applicable notice and cure periods), following thirty (30) days after the City gives written notice specifying the form of said non-compliance, shall constitute a breach of this Agreement and a default by the Borrower. The foregoing notwithstanding, if a default requires more than thirty (30) days to cure, such default shall not constitute an uncured default, provided that the curing of the default is promptly commenced upon receipt of written notice from the City, and with due diligence is thereafter continuously prosecuted to completion and is completed in a reasonable period of time, not to exceed ninety (90) days.

If any default shall occur, following the passing of applicable cure periods, the City may declare the Funds provided to Borrower to be due and payable in accordance with the terms of the Note. The City may also pursue remedies available under the terms of any mortgage or other instrument executed to secure its interests in the Funds or the Property, and other such remedies as may be available under local, state, or federal laws.

8. The Borrower, for itself and for its successors and/or its assigns, further agrees and consents to the filing of such security instruments and this Agreement with the government officials or entities appropriate to protect the interest of the City in the Property.

9. Without limitation of any provision set forth herein, the Borrower agrees to pay to the City any costs or expenses, including without limitation attorney fees, incurred by the City in enforcing any provision of this Agreement.
10. Except as expressly set forth herein, nothing in this Agreement shall constitute a limitation or waiver of the City's right to enforce any ordinance, law, rule, or regulation.
11. The Borrower shall and does hereby agree to protect, defend, indemnify and hold the City, including its officers, agents, and employees, harmless of and from any and all liability, loss, or damage that it may incur under or by reason of this Agreement, and of and from any and all claims and demands whatsoever that may be asserted against the City by reason of any alleged obligations or undertakings on the part of the City to perform or discharge any of the terms, covenants, or agreements contained in this Agreement. This indemnification and hold harmless provision shall survive the execution, delivery, and performance of this Agreement and the payment or repayment of any Funds. The Borrower waives notice of the acceptance of this Agreement by the City. Nothing in this Agreement shall constitute a waiver or limitation of the City's immunities or limitations on liability as set forth in Minnesota Statutes, Chapter 466 or otherwise.
12. A notice, demand, or other communication under this Agreement by either party to the other shall be sufficiently given or delivered if it is dispatched by registered or certified mail, postage prepaid, return receipt requested, or delivered personally; and

(A) as to the Borrower: Faribo Downtown Central LLC
3305 Highway 60 West
Faribault, MN 55021
ATTN: Brett Reese and Nort Johnson

(B) as to the City: Housing and Redevelopment Authority
of the City of Faribault
208 1st Avenue NW
Faribault, MN 55021
ATTN: David Wanberg

Economic Development Authority
of Faribault
208 1st Avenue NW
Faribault, MN 55021
ATTN: David Wanberg

with a copy to: Scott J. Riggs, City Attorney
Kennedy & Graven, Chartered
150 South 5th Street, Suite 700
Minneapolis, MN 55402

or at such other address with respect to either such party as that party may, from time to time, designate in writing and forward to the other as provided in this section 12.

13. This Agreement may be executed in any number of counterparts, each of which shall constitute one and the same instrument.
14. The City and the Borrower acknowledge that nothing contained in this Agreement nor any act by the City and the Borrower shall be deemed or construed by the parties or by any third person to create any relationship of third-party beneficiary, principal and agent, limited or general partner, or joint venture between the City and the Borrower.
15. This Agreement shall be governed by and construed in accordance with the laws of the state of Minnesota. Any disputes, controversies, or claims arising out of this Agreement shall be heard in the state or federal courts of Minnesota, and all parties to this Agreement waive any objection to the jurisdiction of these courts, whether based on convenience or otherwise.
16. The performance or observance of any promise or condition set forth in this Agreement may be waived, amended, or modified only by a writing signed by both parties. No delay in the exercise of any power, right, or remedy operates as a waiver thereof, nor shall any single or partial exercise of any other power, right, or remedy.
17. This Agreement may be modified solely through written amendments hereto executed by both the Borrower and the City.
18. The Borrower shall not assign, subcontract, transfer, or pledge this Agreement whether in whole or in part, without the prior written consent of the City. The Borrower may sell, assign or transfer interest in the Property to a third party with notice to, and with the City's consent, which consent shall not be unreasonably withheld or conditioned.
19. Wherever possible, each provision of this Agreement and each related document shall be interpreted so that it is valid under applicable law. If any provision of this Agreement or any related document is to any extent found invalid by a court or other governmental entity of competent jurisdiction, that provision shall be ineffective only to the extent of such invalidity, without invalidating the remainder of such provision or the remaining provisions of this Agreement or any other related document.
20. This Agreement, together with the Exhibits hereto, which are expressly incorporated by reference, constitutes the complete and exclusive statement of all mutual understandings between the parties with respect to this Agreement, superseding all prior or contemporaneous proposals, communications, and understandings, whether oral or written, pertaining to the subject matter of this Agreement or concerning the Funds.
21. This Agreement shall be recorded among the land records of Rice County, Minnesota. The provisions of this Agreement shall run with the Property and be binding upon the Borrower and its assigns or successors in interest.
22. The Borrower warrants that all work performed pursuant to this Agreement shall be in compliance with existing laws, codes, ordinances, pertinent regulations, standards, and specifications. This Agreement does not act as a substitute for any permits or approvals that are otherwise required by the Borrower in order to complete any of the Improvements.

23. Each of the undersigned parties warrants it has the full authority to execute this Agreement.

[Signature pages to follow]

IN WITNESS WHEREOF, the Borrower, having signed this Agreement, and the City having duly approved this Agreement on the day and year first written above and pursuant to such approval and the proper City officials having signed this Agreement, the parties hereto agree to be bound by the provisions herein set forth.

THE BORROWER:

Dated: December ____, 2022.

FARIBO DOWNTOWN CENTRAL LLC

By: _____

Brett Reese

Its: Chief Manager

STATE OF MINNESOTA)
) ss.
COUNTY OF RICE)

The foregoing instrument was acknowledged before me this ____ day of December, 2022, by Brett Reese, the Chief Manager of Faribo Downtown Central LLC, a Minnesota limited liability company, by and on behalf of said company.

Notary Public

CITY:

**ECONOMIC DEVELOPMENT AUTHORITY
OF FARIBAULT**

Dated: December ____, 2022.

By: _____
Rodney Gramse
Its: President

By: _____
A.J. Smith
Its: Secretary

STATE OF MINNESOTA)
) ss.
COUNTY OF RICE)

On this ____ day of December, 2022, before me personally appeared Rodney Gramse and A.J. Smith, the President and Secretary, respectively, of the Economic Development Authority of Faribault, a public body corporate and politic under the laws of Minnesota, on behalf of said authority.

Notary Public

**HOUSING AND REDEVELOPMENT
AUTHORITY OF FARIBAULT**

Dated: December ____, 2022.

By: _____
Matthew Speckhals
Its: Chairperson

By: _____
Brendan Kennedy
Its: Vice Chairperson

STATE OF MINNESOTA)
) ss.
COUNTY OF RICE)

On this ____ day of December 2022, before me personally appeared Matthew Speckhals and Brendan Kennedy, the Chairperson and Vice Chairperson, respectively, of the Housing and Redevelopment Authority of Faribault, a public body corporate and politic under the laws of Minnesota, on behalf of said authority.

Notary Public

This document drafted by:
Kennedy & Graven, Chartered (SJR)
700 Fifth Street Towers
150 South Fifth Street
Minneapolis, MN 55402

EXHIBIT A TO LOAN AGEEMENT
LEGAL DESCRIPTION OF THE PROPERTY

The land to which this Agreement applies is legally described as follows:

[Insert legal]

EXHIBIT B TO LOAN AGREEMENT

PROMISSORY NOTE

\$ _____

Date: December _____, 2022

Faribo Downtown Central LLC, a Minnesota limited liability company ("Maker"), for value received, hereby promises to pay to [the Economic Development Authority of Faribault, a public body corporate and politic under the laws of Minnesota (the "EDA")] **OR** [the Housing and Redevelopment Authority of Faribault, a public body corporate and politic under the laws of Minnesota], or its assigns (referred to herein as "Holder"), at its designated principal office or such other place as the Holder may designate in writing, the principal sum of _____ and No/100 Dollars (\$ _____) or so much thereof as may be advanced under this Note, without interest thereon, in any coin or currency that at the time or times of payment is legal tender for the payment of private debts in the United States of America. The principal of and interest on this Note is payable in installments due as follows:

1. The entire unpaid balance of principal shall be due and payable upon the earlier of the following: (i) thirty (30) days after written notification by Holder to Maker of the occurrence of any default or non-compliance with any provision or requirement of the Loan Agreement (following notice and passing of all applicable notice and cure provisions), dated December ___, 2022, between the Maker and Holder (the "Agreement"); or (ii) ten (10) days after the Maker makes or allows to be made any total or partial transfer, sale, assignment, conveyance or transfer in any other mode, of the Property (as such term is defined in the Agreement), if such transfer occurs before the issuance of a Certificate of Occupancy for the Improvements (as defined in the Loan Agreement); unless, such transfer, sale, assignment, conveyance or transfer in any other mode is expressly allowed under the Agreement. If the Maker completes the Improvements consistent with the Agreement, and does not default under the Agreement, no payments shall be payable on this Note and the entire principal balance shall be forgiven.

2. This Note is given pursuant to the Agreement between the Maker and Holder. If any information in the Agreement is found to be invalid for whatever reason, such invalidity shall constitute an Event of Default hereunder.

3. All of the agreements, conditions, covenants, provisions, and stipulations contained in the Agreement are hereby made a part of this Note to the same extent and with the same force and effect as if they were fully set forth herein. It is agreed that time is of the essence of this Note. If an Event of Default occurs under the Agreement, or any other instrument securing this Note, then the Holder of this Note may at its right and option, without notice, declare immediately due and payable the principal balance of this Note, together with reasonable attorneys' fees and expenses incurred by the Holder of this Note in collecting or enforcing payment hereof, whether by lawsuit or otherwise, and all other sums due hereunder or any instrument securing this Note. The Maker of this Note agrees that the Holder of this Note may, without notice to and without affecting the liability of the Maker, accept additional or substitute security for this Note, or release any security or any party liable for this Note or extend or renew this Note.

4. The remedies of the Holder of this Note as provided herein, and in the Agreement, or any other instrument securing this Note shall be cumulative and concurrent and may be pursued singly, successively, or together, and, at the sole discretion of the Holder of this Note, may be exercised as often as occasion therefor shall occur; and the failure to exercise any such right or remedy shall in no event be construed as a waiver or release thereof.

The Holder of this Note shall not be deemed, by any act of omission or commission, to have waived any of its rights or remedies hereunder unless such waiver is in writing and signed by the Holder and then only to the extent specifically set forth in the writing. A waiver with reference to one event shall not be construed as continuing or as a bar to or waiver of any right or remedy as to a subsequent event. This Note may not be amended, modified, or changed except only by an instrument in writing signed by the party against whom enforcement of any such amendment, modifications, or change is sought.

5. If any term of this Note, or the application thereof to any person or circumstances shall, to any extent, be invalid or unenforceable, the remainder of this Note, or the application of such term to persons or circumstances other than those to which it is invalid or unenforceable shall not be affected thereby, and each term of this Note shall be valid and enforceable to the fullest extent permitted by law.

6. If any Event of Default occurs, and if Holder engages legal counsel or others in connection with advice to Holder or Holder's rights and remedies under the Agreement or this Note, Maker shall pay all reasonable expenses incurred by Holder for such persons, irrespective of whether any suit or other proceeding has been or is filed or commenced. Any such expenses, costs and charges shall constitute additional principal, payable upon demand, and subject to this Note.

7. It is intended that this Note is made with reference to and shall be construed as a Minnesota contract and is governed by the laws thereof. Any disputes, controversies, or claims arising out of this Note shall be heard in the state or federal courts of Minnesota, and all parties to this Note waive any objection to the jurisdiction of these courts, whether based on convenience or otherwise.

8. The performance or observance of any promise or condition set forth in this Note may be waived, amended, or modified only by a writing signed by the Maker and the Holder. No delay in the exercise of any power, right, or remedy operates as a waiver thereof, nor shall any single or partial exercise of any other power, right, or remedy.

IT IS HEREBY CERTIFIED AND RECITED that all conditions, acts, and things required to exist, happen, and be performed precedent to or in the issuance of this Note do exist, have happened, and have been performed in regular and due form as required by law.

IN WITNESS WHEREOF, the Maker has caused this Note to be duly executed as of the ____ day of December, 2022.

Faribo Downtown Central LLC, a Minnesota limited liability company

By: _____
Brett Reese
Its: Chief Manager

EXHIBIT C TO LOAN AGREEMENT

MORTGAGE

THIS MORTGAGE, made this ____ day of December, 2022, by Faribo Downtown Central LLC, a Minnesota limited liability company, with its principal place of business located at 3305 Highway 60 West, Faribault, MN 55021 (“Mortgagor”), to the [Economic Development Authority of Faribault, a public body corporate and politic under the laws of Minnesota, located at 208 1st Avenue NW, Faribault, MN 55021] **OR** [Housing and Redevelopment Authority of Faribault, a public body corporate and politic under the laws of Minnesota, located at 208 1st Avenue NW, Faribault, MN 55021] (“Mortgagee”).

WITNESSETH: That said Mortgagor hereby mortgages and conveys to said Mortgagee the following described premises located at:

[116 Central - 18.31.1.26.471
219 Central - 18.31.1.26.320
223 Central - 18.31.1.26.319
225 Central - 18.31.1.26.318
227 Central - 18.31.1.26.317
229 Central - 18.31.1.26.316
301 Central - 18.31.1.26.302 (addresses associated with building
also include 12 3rd St NE, 14 3rd St NE, 16 3rd St NE, 303
Central, 305 Central)

311 Central - 18.31.1.26.300
313 Central - 18.31.1.26.299
329 Central - 18.31.1.26.294

Vacant lot - 18.31.1.26.293]

Faribault, Minnesota, Rice County Minnesota (the “Property”), and legally described in Exhibit A attached hereto and made a part hereof.

This Mortgage is given in consideration of and as security for the payment of _____ Thousand and No/100 Dollars (\$_____) (the “Loan”), receipt of which is hereby acknowledged and which is made to enable the Mortgagor to make improvements to the Property. The Loan is evidenced by a Promissory Note (the “Note”), attached hereto as Exhibit B, and repayment of the Loan shall be in accordance with the terms of the Note.

Mortgagor makes and includes in this Mortgage the statutory covenants and other provisions set forth in Minnesota Statutes Section 507.15, including the following:

- a. To warrant title to the Property;

- b. To pay all other mortgages, liens, charges or encumbrances against the Property as and when they become due;
- c. To pay the indebtedness of the Note as herein provided;
- d. To pay all real estate taxes on the Property;
- e. To keep the Property in repair and not commit waste; and
- f. To keep the Property insured against loss by fire and other hazards for at least the sum of the full insurable value of the Property for the protection for the Mortgagee.

If the Mortgagor herein shall pay the Mortgagee herein, its successors or assigns, the sum of _____ and No/100 Dollars (\$ _____) when it becomes due according to the terms of the above-mentioned Note, then this Mortgage shall be null and void, otherwise to remain in full force and effect. But if default shall be made in payment of said sum when due or in any of the covenants or agreements contained herein, then the Mortgagee may declare immediately due and payable the entire unpaid principal balance, and the Mortgagee, its successors or assigns, are hereby authorized and empowered to foreclose this Mortgage by action or advertisement, pursuant to the statutes of the State of Minnesota in such case made and provided, power being expressly granted to sell the Property at public auction and convey the same to the purchaser in fee simple and, out of the proceeds arising from such sale, to pay the principal of the Note with interest, if any, together with all legal costs and charges of such foreclosure and the maximum attorneys' fees permitted by law.

Mortgagee prior to acceleration shall mail notice to Mortgagor specifying: (1) the event of default; (2) the action required to cure such event; (3) the date, not less than 30 days from the date the notice is mailed to Mortgagor, by which date such default must be cured; and (4) that failure to cure such default on or before the date specified in the notice may result in acceleration of the sums secured by this Mortgage and sale of the Property. The notice shall further inform Mortgagor of the right to reinstate after acceleration and the right to bring a court action to assert the nonexistence of a default or any other defense of Mortgagor to acceleration and sale. If the default is not cured on or before the date specified in the notice (subject to the cure rights set forth below), Mortgagee at Mortgagee's option, may declare all of the sums secured by this Mortgage to be immediately due and payable without further demand and may invoke the power of sale hereby granted and any other remedy permitted by applicable law. Any one of the following events shall constitute and Event of Default:

- i. Mortgagor fails to pay any amounts due under the Note when said payment is due, and such default shall continue for ten (10) days after notice from the City; and
- ii. Mortgagor violates or fails to perform any of the other terms, covenants or conditions of this Mortgage and such default shall continue for thirty (30) days after notice from the Mortgagee, unless such default cannot be cured in the exercise of reasonable

diligence within said thirty (30) day period, in which event Mortgagor shall be allowed such additional time as is needed to cure such default with all due diligence.

Notwithstanding Mortgagee's acceleration of the sums secured by this Mortgage, Mortgagor shall have the right to have any proceedings begun by Mortgagee to enforce this Mortgage discontinued at any time prior to the earlier of (i) sale of the Property pursuant to the power of sale contained in this Mortgage or (ii) a judgment enforcing this Mortgage, if: (a) Mortgagor pays Mortgagee all sums constituting the default actually existing under this Mortgage and the Note at the commencement of foreclosure proceedings under this Mortgage; (b) Mortgagor cures all breaches of any other covenants or agreements of Mortgagor contained in this Mortgage; (c) Mortgagor pays all reasonable expenses incurred by Mortgagee in enforcing the covenants and agreements of Mortgagor contained in this Mortgage and in enforcing Mortgagee's remedies as provided herein, including, but not limited to, reasonable attorneys' fees, and (d) Mortgagor takes such action as Mortgagee may reasonably require to assure that the lien of this Mortgage, Mortgagee's interest in the Property and Mortgagor's obligation to pay the sums secured by this Mortgage shall continue unimpaired. Upon such payment and cure by Mortgagor, this Mortgage and the obligations secured hereby shall remain in full force and effect as if no acceleration had occurred.

MORTGAGOR HEREBY: EXPRESSLY CONSENTS TO THE FORECLOSURE AND SALE OF THE MORTGAGED PROPERTY BY ACTION PURSUANT TO MINNESOTA STATUTES CHAPTER 581 OR, AT OPTION OF MORTGAGEE, BY ADVERTISEMENT PURSUANT TO MINNESOTA STATUTES CHAPTER 580, WHICH PROVIDES FOR SALE AFTER SERVICE OF NOTICE THEREOF UPON THE OCCUPANT OF THE MORTGAGED PROPERTY AND PUBLICATION OF SAID NOTICE FOR SIX WEEKS IN THE COUNTY IN MINNESOTA WHERE THE MORTGAGED PROPERTY IS SITUATED AND ACKNOWLEDGES THAT SERVICE NEED NOT BE MADE UPON MORTGAGOR PERSONALLY UNLESS MORTGAGOR IS AN OCCUPANT AND THAT NO HEARING OF ANY TYPE IS REQUIRED IN CONNECTION WITH THE SALE AND EXCEPT AS MAY BE PROVIDED IN SAID STATUTES, EXPRESSLY WAIVES ANY AND ALL RIGHT TO PRIOR NOTICE OF SALE OF THE MORTGAGED PROPERTY.

This Mortgage and the Note shall be construed according to the laws of the State of Minnesota. In the event that any provision or clause of this Mortgage or the Note conflicts with applicable law, such conflict shall not affect other provisions of this Mortgage or the Note which can be given effect without the conflicting provision.

(Signatures Appear on Next Page)

IN WITNESS WHEREOF, the Mortgagor has caused this Mortgage to be duly executed as of the day and year first above written.

MORTGAGOR:

Dated: December ____, 2022.

FARIBO DOWNTOWN CENTRAL LLC

By: _____
Brett Reese
Its: Chief Manager

STATE OF MINNESOTA)
) ss.
COUNTY OF RICE)

The foregoing instrument was acknowledged before me this ____ day of December, 2022, by Brett Reese, the Chief Manager of Faribo Downtown Central LLC, a Minnesota limited liability company, by and on behalf of said company.

Notary Public

This document drafted by:
Kennedy & Graven, Chartered (SJR)
700 Fifth Street Towers
150 South Fifth Street
Minneapolis, MN 55402

EXHIBIT A TO MORTGAGE
PROPERTY LEGAL DESCRIPTION

[Insert Legal Descriptions of Property]

EXHIBIT B TO MORTGAGE
EXECUTED PROMISSORY NOTE

EXHIBIT D TO LOAN AGREEMENT

GUARANTY AGREEMENT

This Guaranty Agreement (the "Guaranty" or "Guaranty Agreement") is made and entered into this _____ day of December, 2022, by Brett Reese (the "Guarantor") for the benefit of the [Economic Development Authority of Faribault, a public body corporate and politic under the laws of Minnesota] **OR** [Housing and Redevelopment Authority of Faribault, a public body corporate and politic under the laws of Minnesota] ("Lender").

WITNESSETH:

WHEREAS, pursuant to the loan agreement of even date herewith between Borrower and Lender (the "Loan Agreement"), Faribo Downtown Central LLC, a Minnesota limited liability company (the "Borrower") proposes to borrow the sum of \$____,000.00 from Lender in order to make certain upgrades and improvements on the property within the City of Faribault, Minnesota, legally described as set forth in the attached Exhibit A to this Guaranty, which is incorporated by reference and included in this Guaranty as if fully set forth herein; and

WHEREAS, Borrower has agreed to repay to Lender \$____,000.00 together with interest thereon at the rate, if any, and within the time stated in Borrower's promissory note of even date herewith ("Note"); and

WHEREAS, to secure payment of the Note, Lender has required, and the Guarantor has agreed to provide, a guaranty of the indebtedness above described between Borrower and Lender; and

WHEREAS, the Guarantor will receive a direct financial benefit from the loan to Borrower by Lender pursuant to the Note.

NOW, THEREFORE, to induce Lender to make the loan to Borrower, Guarantor hereby covenants and agrees with Lender, for the benefit of all who at any time become holders of the Note, as follows:

Section 1.1. The Guarantor hereby unconditionally guarantees to Lender for the benefit of the Holder (as defined in the Note) from time to time of the Note: (a) the full and prompt payment of the principal of the Note when and as the same shall become due, whether at the stated maturity thereof, by acceleration or otherwise; (b) the full and prompt payment of any interest, if any, on the Note when and as the same shall become due; and (c) any other amounts due Lender under the Loan Agreement and the Note. All payments shall be paid in lawful money of the United States of America. Each and every default in payment of the principal of or interest on the Note shall give rise to a separate cause of action hereunder, and separate suits may be brought hereunder as each cause of action arises.

Section 1.2. The obligations of Guarantor under this Guaranty shall be absolute and unconditional and shall remain in full force and effect until the entire principal of and interest on

the Note shall have been paid or forgiven as provided for in the Note and Loan Agreement, and such obligations shall not be affected, modified or impaired upon the happening from time to time of any event, including, without limitation, any of the following:

- a. The compromise, settlement, or release of less than all of the obligations, covenants or agreements of Borrower under the Loan Agreement and the Note;
- b. The failure to give notice to any person of the occurrence of an event of default under the terms and provisions of this Guaranty or the Note executed by Borrower;
- c. The extension of the time for payment of principal of or interest on the Note or under this Guaranty;
- d. Any failure, omission, delay, or lack on the part of Lender to enforce, assert or exercise any right, power, or remedy conferred on Lender in this Guaranty or other instruments executed and delivered in connection with the loan contemplated thereby, or any other act or acts on the part of Lender or any of the holders from time to time of the Note;
- e. The default or failure of Guarantor to perform any of the obligations set forth in this Guaranty.

Section 1.3. No set-off, counterclaim, reduction, or diminution of any obligation, or any defense of any kind or nature that Borrower has or may have against Lender shall be available hereunder to Guarantor against Lender.

Section 1.4. In the event of a default in the payment of principal of the Note when and as the same shall become due, whether at the stated maturity thereof, by acceleration or otherwise, or in the event of a default in the payment of any interest on the Note when and as the same shall become due, or upon the occurrence and continuance of any Event of Default under the Loan Agreement, Lender may proceed hereunder, and Lender, in its sole discretion, shall have the right to proceed first and directly against Guarantor for the full amount due without proceeding against or exhausting any other remedies it may have as to Borrower.

Section 1.5. Guarantor hereby expressly waives notice from Lender or the holders from time to time of the Note of acceptance of or any reliance upon this Guaranty. Guarantor agrees to pay all the costs, expenses, and fees, including attorneys fees, which may be incurred by Lender in enforcing or attempting to enforce this Guaranty whether the same shall be enforced by suit or otherwise.

Section 1.6. This Guaranty is entered into by Guarantor with Lender for the benefit of Lender and the holders from time to time of the Note, all of whom shall be entitled to enforce performance and observance of this Guaranty.

Section 1.7. Guarantor is duly authorized and empowered to execute, deliver, and perform this Guaranty Agreement.

Section 1.8. The performance or observance of any promise or condition set forth in this Guaranty may be waived, amended, or modified only by a writing signed by Guarantor and Lender. No delay in the exercise of any power, right, or remedy operates as a waiver thereof, nor shall any single or partial exercise of any other power, right, or remedy.

Section 1.9. This Guaranty is made and shall be governed in all respects by the laws of the state of Minnesota. Any disputes, controversies, or claims arising out of this Guaranty shall be heard in the state or federal courts of Minnesota, and all parties to this Guaranty waive any objection to the jurisdiction of these courts, whether based on convenience or otherwise.

Section 1.10. If any provision or application of this Guaranty is held unlawful or unenforceable in any respect, such illegality or unenforceability shall not affect other provisions or applications that can be given effect, and this Guaranty shall be construed as if the unlawful or unenforceable provision or application had never been contained herein or prescribed hereby.

Section 1.11. All notices required hereunder shall be given by depositing in the U.S. mail, postage prepaid, certified mail, return receipt requested, to the following addresses (or such other addresses as either party may notify the other):

To Lender: Economic Development Authority of Faribault
208 NW 1st Avenue
Faribault, MN 55021
Attn: EDA Secretary

Housing and Redevelopment Authority
of the City of Faribault
208 1st Avenue NW
Faribault, MN 55021
ATTN: David Wanberg

To Guarantor: Faribo Downtown Central LLC
3305 Highway 60 West
Faribault, MN 55021
Attn: Brett Reese

Section 1.12. This Guaranty constitutes the complete and exclusive statement of all mutual understandings between the parties with respect to this Guaranty, superseding all prior or contemporaneous proposals, communications, and understandings, whether oral or written, concerning the Guaranty. Nothing contained herein shall effect or impair Lender's rights under the Loan Agreement, or the Note.

Section 1.13. Brett Reese hereby acknowledges and agrees that he is liable for each and every obligation of the Borrower set forth in the Note and that such liability shall survive death, divorce, and any other event and shall be binding on his respective estate.

IN WITNESS WHEREOF, Guarantor has caused this Guaranty to be executed as of the date first above written.

Brett Reese

EXHIBIT A TO GUARANTY AGREEMENT

LEGAL DESCRIPTION

That property located within the city of Faribault, Rice County, Minnesota and legally described as follows:

[INSERT LEGAL DESCRIPTION]