Economic Development Authority

Monday, June 17, 2024
5:30 PM
Elk River City Hall

Regular Meeting
&
Work Session
Agenda

- Regular meeting in Council Chambers
- Work Session meeting in Upper Town Conference Room immediately following regular meeting

---

1. CALL MEETING TO ORDER

2. PLEDGE OF ALLEGIANCE

3. CONSIDER AGENDA

4. CONSENT AGENDA
   Considered to be routine and noncontroversial and will be approved by one motion. There will be no separate discussion of these items unless there is a request to remove the item from the consent agenda to the regular agenda.

   4.1 Economic Development Authority Regular Minutes- May 20, 2024

   4.2 Check Register

   4.3 Balance Sheet

   4.4 Revenue/Expenditure Reports

5. OPEN FORUM
   An opportunity to provide comments and feedback regarding items not on the agenda. Information provided in Open Forum will not be discussed at this meeting; rather, the information will be referred to staff and/or scheduled for discussion at a future meeting.

6. PUBLIC HEARINGS
   An opportunity for the public to express their opinions and raise questions pertaining to the agenda item. All comments become part of the official public record. For this reason, all comments must be made at the podium so they can be heard and recorded. Comments may also be provided in writing. There will not be deliberations, discussions, or answers to questions until the hearing is closed. It is important to be courteous and allow each presenter to comment before adding additional testimony.

   6.1 Microloan for Heritage Millwork, Inc.

7. GENERAL BUSINESS
   Items in which the information is presented by city staff or consultants, then deliberation and action occur. General Business items are not opportunities to receive or provide public input. However, the presiding officer may, at its sole discretion, solicit public feedback.

   7.1 Placer.ai Presentation

   7.2 Public Art Agreement

   7.3 General Updates

8. MOTION TO ADJOURN REGULAR MEETING

Meeting of the Economic Development Authority
Held at the Elk River City Hall
Monday, May 20, 2024

Members Present: Chair Dan Tveite, Commissioners Cory Grupa, Jeff Hartwig, Mike Beyer, Jennifer Wagner, Matt Westgaard, and Charlie Blesener.

Members Absent: None

Staff Present: Economic Development Director Brent O'Neil, Economic Development Specialist Joshua Mollan, and Deputy Clerk Jolene Richter

1. CALL MEETING TO ORDER
Pursuant to due call and notice thereof, the meeting was called to order at 05:30 PM.

2. PLEDGE OF ALLEGIANCE
The Pledge of Allegiance was recited.

3. CONSIDER AGENDA
Commissioner Westgaard noted he would be abstaining from Items 7.1 and 7.2 due to a conflict of interest.

The Commission added item 7.4 Consideration from the Sherburne County Master Gardener Association.

Moved by Commissioner Wagner and seconded by Commissioner Beyer to approve the agenda as amended. Motion Carried 7-0.

4. CONSENT AGENDA
Moved by Commissioner Westgaard and seconded by Commissioner Hartwig to approve the consent agenda. Motion 7-0.

4.1 April 15, 2024, Regular Minutes

4.2 Check Register as outlined in the staff report.

4.3 Balance Sheet as outlined in the staff report.

4.4 Revenue/Expenditure Reports as outlined in the staff report.

DRAFT

5. OPEN FORUM

No one appeared for Open Forum.

6. PUBLIC HEARINGS

There were no public hearings.

7. GENERAL BUSINESS

7.1 Heritage Millwork Tax Increment Financing

The staff report was presented.

Moved by Commissioner Grupa and seconded by Commissioner Wagner to adopt a recommendation to the City Council for the approval of the Tax Increment Financing (TIF) plan for Heritage Millwork. Motion Carried 6-0. Commissioner Westgaard abstained due to a conflict of interest.

7.2 Heritage Millwork Energy Incentive Program

The staff report was presented.

Moved by Commissioner Wagner and seconded by Commissioner Beyer to approve a recommendation of approval of the Heritage Millwork Energy Incentive application to the City Council. Motion Carried 6-0. Commissioner Westgaard abstained due to a conflict of interest.

7.3 General Updates

The staff report was presented and the following updates were provided:

Beautification Public Art was granted the $8,000 Central Minnesota Arts Grant for the project and will be working to raise the remaining $2,000. There will be a draft agreement next month between the EDA and the artist.

Together Elk River had the first 169 Business Reels that were published to help support local businesses that are affected by the 169 construction.

There is a temporary sign at the Main and Gates property in which they have the ability to change what is on the sign if needed. This will be to support the local businesses that are affected by the construction as well.

Elk River Municipal Utilities is currently working with the electric car chargers company regarding transferring to the EDA. It will be brought back to the EDA before the official transfer is completed.

A reminder that the EDA budget process is coming up soon and staff is looking to have a work session in July and the EDA budget adoption will be at the August meeting.

7.4 Consideration from the Sherburne County Master Gardener Association

DRAFT

The Sherburne County Master Gardener Association is proposing the installation of brick pavers with a monarch, a caterpillar, and chrysalis in the Whimsical garden area. There will be no cost to the EDA and they will include the Junior Master Gardener group for the project. The Beautification Public Art Committee was in favor of it.

Moved by Commissioner Beyer and seconded by Commissioner Westgaard to approve the installation of brick pavers in the Whimsical Garden area by the Sherburne County Master Gardener Association. Motion Carried 7-0.

8. MOTION TO ADJOURN REGULAR MEETING

Moved by Commissioner Wagner and seconded by Commissioner Beyer to adjourn the meeting.

The meeting adjourned at 06:01 PM

Minutes prepared by Jolene Richter.

_____ _____

Dan Tveite, Chair Tina Allard, City Clerk

DRAFT

VENDOR SORT KEY	DESCRIPTION	FUND	DEPARTMENT	AMOUNT
C M M A	MEMBERSHIP DUES	EDA	Economic Development	350.00
			TOTAL:	350.00
CAREY DEAN	PROFESSIONAL SVCS-ART WORK	EDA	Economic Development	8,000.00
			TOTAL:	8,000.00
E D A M	SUMMER CONF - JOSH MOLLAN	EDA	Economic Development	365.00
	SUMMER CONF - BRENT O'NEIL	EDA	Economic Development	365.00
			TOTAL:	730.00
CITY OF ELK RIVER	REIMB SAL-MAY, W/C, INS,SP	EDA	Economic Development	9,453.05
	REIMB SAL-MAY, W/C, INS,SP	EDA	Economic Development	1,050.00
	REIMB SAL-MAY, W/C, INS,SP	EDA	Economic Development	716.49
	REIMB SAL-MAY, W/C, INS,SP	EDA	Economic Development	582.18
	REIMB SAL-MAY, W/C, INS,SP	EDA	Economic Development	138.36
	REIMB SAL-MAY, W/C, INS,SP	EDA	Economic Development	2,392.20
	REIMB SAL-MAY, W/C, INS,SP	EDA	Economic Development	146.94
	REIMB SAL-MAY, W/C, INS,SP	EDA	Economic Development	22.62
	REIMB SAL-MAY, W/C, INS,SP	EDA	Economic Development	27.00
			TOTAL:	14,528.84
KENNEDY & GRAVEN CHARTERED	LEGAL SVCS - EDA	EDA	Economic Development	260.00
			TOTAL:	260.00
JOSHUA MOLLAN	REIMB MILEAGE 5/30/24	EDA	Economic Development	15.48
			TOTAL:	15.48
ORANGEBALL, INC.	SOCIAL POSTS MAY	EDA	Economic Development	1,050.00
			TOTAL:	1,050.00
PLACER LABS, INC.	ANNUAL PLATFORM ACCESS-EDA	EDA	Economic Development	10,998.40
			TOTAL:	10,998.40
US BANK	EDA CC PAYMENT	EDA	Economic Development	22.50
	EDA CC PAYMENT	EDA	Economic Development	17.60
	EDA CC PAYMENT	EDA	Economic Development	35.00
	EDA CC PAYMENT	EDA	Economic Development	25.54
	EDA CC PAYMENT	EDA	Economic Development	131.45
			TOTAL:	232.09

VENDOR SORT KEY	DESCRIPTION	FUND	DEPARTMENT	AMOUNT

========== FUND TOTALS ==========

920	EDA	36,164.81
	GRAND TOTAL:	36,164.81

TOTAL PAGES: 2

BALANCE SHEET

AS OF: MAY 31ST, 2024

20-EDA

ACCOUNT #	ACCOUNT DESCRIPTION	BALANCE		
SSETS				
=====				
20-1010	Cash - EDA	1,836,445.90		
20-1610	Land Held for Resale	175,000.00		
			2,011,445.90	
	TOTAL ASSETS			2,011,445.90
				==========
IABILITIES				
==========				
QUITY				
=====				
20-2400	Fund Balance	1,867,515.88		
	TOTAL BEGINNING EQUITY	1,867,515.88		
	TOTAL REVENUE	227,307.90		
	TOTAL EXPENSES	83,377.88		
	TOTAL REVENUE OVER/(UNDER) EXPENSES	143,930.02		
	TOTAL EQUITY & REV. OVER/(UNDER) EXP.		2,011,445.90	
	TOTAL LIABILITIES, EQUITY & REV.OVER/(UNDER) EXP.			2,011,445.90
				==========

REVENUE & EXPENSE REPORT (UNAUDITED)

AS OF: MAY 31ST, 2024

920-EDA

FINANCIAL SUMMARY 41.67% OF YEAR COMP.

	CURRENT BUDGET	CURRENT PERIOD	YEAR TO DATE ACTUAL	% OF BUDGET	BUDGET BALANCE
REVENUE SUMMARY					
EDA	434,950.00	7,381.93	227,307.90	52.26	207,642.10
TOTAL REVENUES	434,950.00	7,381.93	227,307.90	52.26	207,642.10
EXPENDITURE SUMMARY					
Economic Development					
Economic Development	434,950.00	15,873.02	83,377.88	19.17	351,572.12
TOTAL Economic Development	434,950.00	15,873.02	83,377.88	19.17	351,572.12
TOTAL EXPENDITURES	434,950.00	15,873.02	83,377.88	19.17	351,572.12
REVENUES OVER/(UNDER) EXPENDITURES	0.00	(8,491.09)	143,930.02		(143,930.02)

REVENUE & EXPENSE REPORT (UNAUDITED)

AS OF: MAY 31ST, 2024

920-EDA

41.67% OF YEAR COMP.

REVENUES	CURRENT BUDGET	CURRENT PERIOD	YEAR TO DATE ACTUAL	% OF BUDGET	BUDGET BALANCE
EDA					
Taxes					
920-3-0000-3111 Property Taxes	415,950.00	0.00	8,528.95	2.05	407,421.05
TOTAL Taxes	415,950.00	0.00	8,528.95	2.05	407,421.05
Intergovernmental Rev					
Other Revenue					
920-3-0000-3621 Interest Income	15,000.00	7,381.93	31,511.60	210.08	(16,511.60)
TOTAL Other Revenue	15,000.00	7,381.93	31,511.60	210.08	(16,511.60)
Other Financing Sources					
920-3-0000-3910 Sale of Assets	0.00	0.00	187,267.35	0.00	(187,267.35)
TOTAL Other Financing Sources	0.00	0.00	187,267.35	0.00	(187,267.35)
Transfers In					
920-3-0000-3949 Transfer-HRA	4,000.00	0.00	0.00	0.00	4,000.00
TOTAL Transfers In	4,000.00	0.00	0.00	0.00	4,000.00
TOTAL EDA	434,950.00	7,381.93	227,307.90	52.26	207,642.10
TOTAL REVENUE	434,950.00	7,381.93	227,307.90	52.26	207,642.10

REVENUE & EXPENSE REPORT (UNAUDITED)

AS OF: MAY 31ST, 2024

920-EDA

Economic Development 41.67% OF YEAR COMP.

Economic Development

DEPARTMENTAL EXPENDITURES	CURRENT BUDGET	CURRENT PERIOD	YEAR TO DATE ACTUAL	% OF BUDGET	BUDGET BALANCE
Personal Services					
920-4-6210-4101 Regular Pay	123,900.00	9,453.04	37,812.17	30.52	86,087.83
920-4-6210-4103 Part-time Pay	12,600.00	1,050.00	4,200.00	33.33	8,400.00
920-4-6210-4104 PERA	9,500.00	716.48	2,865.92	30.17	6,634.08
920-4-6210-4105 FICA	8,350.00	582.17	2,381.95	28.53	5,968.05
920-4-6210-4107 Medicare	2,000.00	138.34	565.76	28.29	1,434.24
920-4-6210-4108 Insurance	24,300.00	2,392.20	9,568.80	39.38	14,731.20
920-4-6210-4109 Workers Comp	550.00	0.00	362.63	65.93	187.37
TOTAL Personal Services	181,200.00	14,332.23	57,757.23	31.87	123,442.77
Supplies					
920-4-6210-4201 Office Supplies	2,500.00	28.40	106.82	4.27	2,393.18
920-4-6210-4212 Fuels & Lubes	50.00	0.00	0.00	0.00	50.00
TOTAL Supplies	2,550.00	28.40	106.82	4.19	2,443.18
Services & Charges					
920-4-6210-4304 Legal Fees	10,000.00	614.00	1,692.00	16.92	8,308.00
920-4-6210-4319 Professional Services	27,000.00	0.00	0.00	0.00	27,000.00
920-4-6210-4321 Telephone	400.00	0.00	0.00	0.00	400.00
920-4-6210-4322 Postage	200.00	0.00	0.00	0.00	200.00
920-4-6210-4331 Travel, Conferences & Schools	10,450.00	173.39	2,021.13	19.34	8,428.87
920-4-6210-4349 Advertising/Marketing	67,200.00	225.00	9,896.50	14.73	57,303.50
920-4-6210-4359 Publishing	350.00	0.00	189.20	54.06	160.80
920-4-6210-4361 Insurance	250.00	0.00	50.00	20.00	200.00
920-4-6210-4404 Software Services	11,100.00	0.00	3,600.00	32.43	7,500.00
920-4-6210-4433 Dues & Subscriptions	4,750.00	500.00	5,065.00	106.63	(315.00)
920-4-6210-4440 Miscellaneous	73,500.00	0.00	3,000.00	4.08	70,500.00
TOTAL Services & Charges	205,200.00	1,512.39	25,513.83	12.43	179,686.17
Capital Outlay					
Transfers Out					
920-4-6210-4721 Transfer-General Fund	46,000.00	0.00	0.00	0.00	46,000.00
TOTAL Transfers Out	46,000.00	0.00	0.00	0.00	46,000.00
TOTAL Economic Development	434,950.00	15,873.02	83,377.88	19.17	351,572.12
TOTAL Economic Development	434,950.00	15,873.02	83,377.88	19.17	351,572.12
TOTAL EXPENDITURES	434,950.00	15,873.02	83,377.88	19.17	351,572.12
REVENUES OVER/(UNDER) EXPENDITURES	0.00	(8,491.09)	143,930.02		(143,930.02)

Request for Action

To
Economic Development Authority

Item Number
6.1

Meeting Date
June 17, 2024

Prepared By
Brent O'Neil, Economic Development Director

Item Description
Microloan for Heritage Millwork, Inc.

Reviewed by
Cal Portner

Action Requested
Following the public hearing, approve by motion, a resolution authorizing a loan of $200,000 to Heritage Millwork, Inc.

Background/Discussion
The EDA has received an application for an EDA microloan to fund equipment at a new manufacturing facility to be constructed in Elk River. The loan request of $200,000 has been reviewed by the Joint Finance Committee, which recommended approval. This loan funds a portion of an approximate $5 million equipment purchase for Heritage Millwork's new Elk River facility and is a component of Heritage's overall investment in the project of more than $20 million.

As structured, the loan would be amortized over 10 years at 3% interest. The loan would mature on the fifth anniversary as a balloon payment. These are prevailing terms of the microloan program. The EDA would have a third-position security interest, behind First Bank Elk River and the Small Business Administration. The loan is further secured through the personal guaranties of the principal shareholders of Heritage.

Because total city subsidies for this project exceed $150,000, the project is required to comply with the city business subsidy policy. In this case, Heritage is required to create 10 jobs per $20,000 in loan funds; 10 positions are required to be created as part of this loan award and are in addition to jobs required to be created from other city incentive programs.

Financial Impact
This is an outlay from the microloan fund of $200,000 which is expected to be repaid to the fund, in full, plus 3% annual interest.

Mission/Policy/Goal
Support commercial and industrial development.

Attachments
1. Resolution - Heritage Microloan
2. Heritage Loan Agreement
3. Heritage Promissory Note

4. Heritage Security Agreement
5. Heritage Guaranty D. Menth
6. Heritage Guaranty J. Menth
7. Heritage Guaranty A. Pulde
8. Heritage Guaranty P. Menth
9. Heritage JFC Staff Report (w/o attachments)

The Economic Development Authority for the City of Elk River, Minnesota

Resolution 24-03

A Resolution Approving Loan Agreement and Related Documents (Heritage Millwork, Inc., Project)

WHEREAS, the Board of Commissioners (the "Board") of the Economic Development Authority of the City of Elk River, Minnesota (the "EDA") has received a proposal from Heritage Millwork, Inc., a Minnesota corporation, or an entity related thereto or affiliated therewith (the "Borrower"), that the EDA assist the Borrower with the acquisition, construction and equipping of an approximately 110,000 square foot industrial warehouse facility (the "Project") located on certain real property in the City of Elk River, Minnesota (the "City") by providing a loan to the Borrower in the amount of $200,000 (the "Loan") pursuant to the EDA's Microloan Program (the "Program"); and

WHEREAS, proceeds of the Loan will be used by the Borrower to provide gap financing for equipment to be used at the Project; and

WHEREAS, the EDA has caused to be prepared a Loan Agreement (the "Loan Agreement") with the Borrower setting forth, among other things, the terms and conditions under which the EDA will make the loan, a copy of which is on file with the Executive Director; and

WHEREAS, the Loan constitutes a business subsidy within the meaning of Minnesota Statutes, Sections 116J.993 to 116J.995, as amended (the "Business Subsidy Act"), and on this date hereof the Board held a duly noticed public hearing on the Loan; and

WHEREAS, the Loan Agreement includes a business subsidy agreement whereby the Borrower shall agree to meet certain job and wage goals in connection with the Loan as required by the Business Subsidy Act.

NOW, THEREFORE, BE IT RESOLVED by the Board of Commissioners of the Economic Development Authority of the City of Elk River as follows**:**

1.01. The EDA hereby approves the Loan Agreement substantially in accordance with the terms set forth in the form presented to the Board including the provisions granting a business subsidy to the Borrower, pending approval of the business subsidy by the City Council of the City, together with all related documents necessary in connection therewith, including without limitation, a promissory note from the Borrower evidencing the Loan, a security agreement evidencing a third position security interest in certain equipment, and personal guaranties from Patrick Menth, Joseph Menth, David Menth and Anna Pulde

(collectively, the "Loan Documents"), and the President and Executive Director are hereby authorized and directed to negotiated the final terms thereof and, in their discretion and at such time as they may deem appropriate, to execute the Loan Documents to which the EDA is a party on behalf of the EDA and to carry out, on behalf of the EDA, the EDA's obligations thereunder.

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

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

Approved by the Board of Commissioners of the Economic Development Authority of the City of Elk River this 17th day of June, 2024.

_____

President

ATTEST:

_____

Executive Director

LOAN AGREEMENT
(Microloan)

THIS LOAN AGREEMENT ("Agreement") is made effective as of July __, 2024, by and between HERITAGE MILLWORK, INC., a Minnesota corporation (the "Borrower") and the ECONOMIC DEVELOPMENT AUTHORITY OF THE CITY OF ELK RIVER, a public body corporate and politic of the State of Minnesota ("Lender").

RECITALS

A. Borrower has applied to Lender for a Microloan Program loan to assist with purchasing equipment in connection with the acquisition, construction and equipping of an approximately 110,000 square foot industrial warehouse facility for use in the Borrower' manufacturing business located at _____, Elk River, Minnesota (the "Loan Property") in the principal amount of $200,000.00.

B. Lender is willing to make such loan to Borrower in the principal amount of $200,000.00 (the "Loan"), subject to all of the terms and conditions of this Agreement.

C. Contemporaneously with the execution hereof, Borrower is delivering to Lender the following security documents:

(i) A Promissory Note ("Note") effective as of the date herewith made by the Borrower to the order of Lender, in the original principal amount of $200,000.00.

(ii) A Security Agreement securing the Note ("Security Agreement"). The Security Agreement is of even date herewith, is executed by the Borrower, in favor of the Lender, as secured party, and provides a third lien security interest in equipment located at the Loan Property (the "Equipment"); and

(iii) The personal guaranties of Patrick Menth, David Menth, Anna Pulde and Joseph Menth (collectively, the "Personal Guaranties").

NOW, THEREFORE, in consideration of the mutual covenants hereinafter contained, it is hereby agreed as follows:

1. Amount and Purpose of Loan. Borrower agrees to take and Lender agrees to make the Loan, to be advanced in a single disbursement as hereinafter provided, and evidenced by the Note and secured by the Security Agreement, the Personal Guaranties and any other security document required under this Agreement. The Loan proceeds will be used to help finance the cost of acquisition of equipment to be used at the Loan Property. Subject to the prepayment provisions set forth in the Note, the Borrower agrees to repay the Loan by making all payments of principal, interest and any premium, penalty or charge that are required to be made under the Note at the times and in the amounts provided therein

2. Equipment and Security Interest. The Security Agreement will provide Lender with a third priority security interest in all equipment located at the Loan Property (the "Equipment"). The Borrower hereby consents to the Lender recording a UCC-1 Filing Statement with respect to all such Equipment.

3. Documents to be Delivered. Borrower covenants and agrees to immediately cause the compliance with the following conditions:

(a) Note. Deliver to Lender the Note.

(b) Security Agreement. Deliver to Lender the Security Agreement, together with evidence that a UCC-1 Financing Statement has been or will be duly filed for record.

(c) Personal Guaranties. Deliver to Lender the Personal Guaranties.

(d) Organizational Documents and Resolutions. Deliver to Lender copies of the (i) articles of incorporation for the Borrower certified by the Minnesota Secretary of State, (ii) a certificate of good standing for the Borrower issued by the Minnesota Secretary of State; (iii) bylaws for the Borrower; and (iv) certified resolutions of the Borrower authorizing the execution and delivery of this Agreement, the Note and any other document to be executed by Borrower pursuant to this Agreement.

(e) Insurance. Deliver to Lender: (i) a certificate or policy for all insurance required, under the terms hereof to be maintained by Borrower; and (ii) evidence that no part of the Loan Property is located in an area designated as being a flood plain or flood hazard area as defined by the Flood Hazard Boundary Map published by the Federal Insurance Administration.

(f) Compliance with Laws, Etc. Deliver to Lender such evidence as Lender may require as to the compliance of the Loan Property with: (i) all applicable laws, codes, rules, regulations and ordinances, including, without limitation, those relative to environmental protection, protection of wetlands, building and zoning matters and the Americans with Disabilities Act; and (ii) the requirements of any restrictive covenants, conditions and restrictions; conditional use permit or planned unit development applicable to the Loan Property.

(g) Lease. Deliver to Lender a copy of the lease agreement for the use of the Loan Property, executed no later than the date of this Agreement, with at least a 5 year term commencing upon issuance of a certificate of occupancy for the Development Property, by and between PLM Properties, LLC (the "Landlord"), as landlord, and the Borrower, as tenant (the "Lease").

(h) Program Fee. Deliver to Lender the program fee of $2,000.

Lender may waive any of the above requirements in its sole discretion.

4. Disbursement of Loan. Upon receipt by Lender of all of the items required pursuant to Section 3 above in the form and condition required therein, Lender agrees to disburse the Loan proceeds to Borrower. All of the proceeds of the Loan shall be used by the Borrower for the Project. Prior to such disbursement, the Lender shall have received from the Borrower such documentary evidence as the Lender deems necessary or appropriate, clearly demonstrating the use of the requested disbursement for Project related costs, all of which shall be subject to the Lender's approval.

5. Access to Loan Property. Lender and its respective representatives shall have at all reasonable times the right to enter and have free access to the Loan Property and the right to inspect the Loan Property.

6. Books and Records. Borrower agrees to maintain accurate and complete books, accounts and records in regard to the Loan Property and Equipment in a manner reasonably acceptable to Lender. At Lender's request, the Borrower shall furnish all such books, accounts and records to the Lender's municipal or financial advisor as reasonably demanded. The Lender's municipal advisor or financial advisor shall have the right to inspect, examine and copy all such books, accounts and records. The Borrower will not be required to provide their books, accounts and records directly to the Lender. At the time of Lender's request of Borrower's books, accounts and records, the Borrower, Lender, and municipal or financial advisor shall enter into a non-disclosure agreement regarding the use and confidentiality of such information. The Borrower shall pay all costs associated with any analysis undertaken by the Lender's municipal or financial advisor and all costs and attorneys fees with respect to the drafting and negotiation of any non-disclosure agreement.

7. Encumbrances and Transfer. Other than any mortgage in favor of the Bank of Elk River to finance improvements to or operations at the Loan Property, the Mortgage in favor of the City of Elk River, and the Lease from the Landlord to the Borrower, Borrower agrees not to sell, transfer, lease or convey the Loan Property or any part of it, or any interest therein, or encumber the Loan Property or any part of it, in any manner, without written consent of Lender which consent may be granted or withheld in the sole discretion of Lender. This requirement shall apply to each and every sale, transfer, lease or conveyance, whether voluntary or involuntary and whether or not Lender has consented to any such prior sale, transfer lease or conveyance. Borrower has agreed, pursuant to the Security Agreement, not to sell, transfer, lease or convey the Equipment or any part of it, or any interest therein, or encumber the Equipment or any part of it, in any manner, without the written consent of Lender which consent may be granted or withheld in the sole discretion of Lender. This requirement shall apply to each and every sale, transfer, lease or conveyance, whether voluntary or involuntary and whether or not Lender has consented to any such prior sale, transfer lease or conveyance.

8. Time of Essence. Time is of the essence in the performance of this Agreement.

9. Assignability. The Borrower shall not assign this Agreement without written consent of Lender, which consent may be withheld, conditioned or delayed in Lender's sole

discretion. Lender may freely assign or otherwise transfer (including by participation) all or any part of its interest in the Loan or any or all of the Loan documents, in Lender's sole discretion.

10. Miscellaneous Covenants of Borrower. Borrower covenants and agrees with Lender that, without cost to Lender, Borrower will or will cause Landlord to:

(a) Performance of Conditions. Promptly keep, perform and comply with all of the terms, covenants and conditions to be kept and performed by Borrower and/or Landlord, as required by the City of Elk River (the "City") and any other governmental body having jurisdiction over the Loan Property; keep unimpaired the rights of Borrower and/or Landlord under any permit or agreement issued or made by the City or other governmental body having jurisdiction over the Loan Property; and to enforce the prompt performance of all of the terms, covenants and conditions to be kept and performed by the City or other governmental body having jurisdiction over the Loan Property, respectively, under any permits or agreements issued or made by the City or such other governmental bodies, and any contractors under all contracts obtained or held by Borrower and/or Landlord in connection with construction or operation of the Borrower or Landlord's businesses.

(b) Amendment, Etc. of Documents. Not amend, cancel, terminate, supplement or waive any of the material terms, covenants and conditions of any permit or agreement issued or made by the City or any other governmental body having jurisdiction over the Loan Property, or any other contracts obtained or held by Borrower in connection with any contracts, documents or agreements referred to herein without the prior written approval of Lender.

(c) Performance of Note, Security Agreement, etc. Without limiting the foregoing, keep and perform all of the terms, covenants, conditions and requirements of the Note, the Security Agreement and this Agreement.

(d) Insurance. During the term of this Agreement, Borrower shall procure and maintain or cause to be procured and maintained at their sole expense, casualty insurance, public liability insurance and such other types of insurance as are reasonably required by Lender from time to time, with coverages and in amounts normally held by owners of property similar to the Loan Property (as improved) and with companies satisfactory to Lender. The policy or policies or duly executed certificate or certificates for such insurance and renewals or replacements thereof shall be deposited with Lender.

(e) Pay Charges. Pay all charges associated with the Loan, including, but not limited to: (i) Lender's attorneys' fees; and (ii) filing fees of any instruments required under this Agreement (collectively, the "Administrative Costs") within 30 days of the Lender providing written notice to the Borrower of Lender's costs. Administrative Costs shall be evidenced by invoices, statements or other reasonable written evidence of costs incurred by the Lender.

(f) Default Notices. Provide Lender with a copy of any default notice received by the Borrower pursuant to any documents related to any financing secured by the Loan Property or the Equipment (to the extent that such notice is sent by a party other than Lender), promptly after receipt of the same.

(g) Continual Operation. At all times while any portion of the Loan remains outstanding, Borrower will: (i) maintain its status as a for profit entity; (ii) maintain a positive net worth; and (iii) will operate its business from the Loan Property in a first class manner.

(h) Title to Equipment. Borrower represents that it owns or will own all of the Equipment at the Loan Property "free and clear," that Lender will have a "third priority" lien in the Equipment listed in the Equipment and that no other party has any right, title or interest in the Equipment except for the senior liens of the First National Bank of Elk River and the United States Small Business Administration.

(i) Litigation. Promptly inform Lender in writing of (a) all material adverse changes in the financial condition of the Borrower or the Guarantors; and (b) all litigation and claims and all threatened litigation and claims affecting the Borrower or the Guarantors which could materially affect the financial condition of any one or more of them.

(j) Financial Records. Maintain the books and records of the Borrower, and permit Lender to examine and audit the books and records of the Borrower at all reasonable times.

(k) Additional Assurances. Make, execute and deliver to Lender such promissory notes, mortgages, security agreements, financing statements, instruments, documents and other agreements as Lender or its attorneys may reasonably request to evidence and secure the Loan and to perfect the Security Interest which is granted to Lender.

(l) Financial Statements. Borrower shall deliver to the Lender as soon as available, but in no event later than the earlier of 30 days after their completion or 120 days after the end of each fiscal year,its then current balance sheet, statements of income and retained earnings and schedule of aging of accounts receivable and accounts payable, prepared by an independent certified public accountant reasonably acceptable to the Lender, and certified as correct to the best knowledge and belief by its chief financial officer or other officer or person acceptable to the Lender.

(m) Tax Statements. During the entire term of this Agreement, the Borrower and the Guarantors shall each provide to the Lender as soon as possible, but in no event later than 15 days after the deadline to file such forms with the applicable governmental authority, including extensions, copies of the Borrower's and the Guarantors' federal and state income tax returns for the then current fiscal year, including all schedules.

(n) Negative Covenants. Borrower covenants and agrees with Lender that while this Agreement is in effect, the Borrower shall not, without the prior written consent of Lender, which shall not be unreasonably withheld: (a) Engage in any business activities substantially different than those in which the Borrower is presently engaged; (b) cease operations, liquidate, merge or consolidate with any other entity; (c) sell, assign or transfer any of the assets of the Borrower which are related to the Borrower's business, except in the ordinary course of business; or (d) purchase or retire any of Borrower's outstanding shares or alter or amend Borrower's capital structure.

11. Warranties. Borrower represents and warrants to Lender the following:

(a) The Borrower is a corporation duly formed, validly existing and in good standing under the laws of the State of Minnesota.

(b) The making and performance of this Agreement, the Security Agreement, and the execution and delivery of the Note and any other instrument required hereunder are within the powers of the Borrower and have been duly authorized by all necessary corporate action on the part of the Borrower. This Agreement, the Security Agreement and the Note and any other instruments required hereunder have been duly executed and delivered and are the legal, valid and binding obligations of the Borrower, legally enforceable against it.

(c) No litigation, tax claims or governmental proceedings are pending or threatened against the Borrower, the Landlord or the Loan Property, and no judgment or order of any court or administrative agency is outstanding against the Borrower, the Landlord or the Loan Property which would have a material adverse effect on Borrower or the Loan Property.

(d) Borrower has filed all tax returns (federal and state) required to be filed for all prior years and paid all taxes shown thereon to be due, including interest and penalties. Borrower will file all such returns and pay all such taxes for the current and future years. Neither the Borrower nor the Guarantors have any material contingent obligations, liabilities for taxes, long-term leases, or unusual forward or long-term commitments not disclosed by, or reserved against, in the information submitted by Borrower and the Guarantors. Since the date of the latest of such statements, there has been no material adverse change in the financial condition of Borrower or the Guarantors from that set forth in the latest of such statements as at that date.

(e) All information, financial or other, which has been submitted by Borrower, the personal guarantor, and the Landlord in connection with the Loan is true, accurate and complete in all material respects. Borrower understands and agrees that Lender is relying upon the above representations and warranties in extending the Loan to Borrower. Borrower further agrees that the foregoing representations and warranties shall be continuing in nature and shall remain in full force and effect until such time as the Loan and Note shall be paid in full, or until this Agreement shall be terminated in the manner provided above, whichever is the last to occur.

12. Indemnification. Borrower agree to indemnify Lender and save it harmless against all loss, liability, expense, or damages including but not limited to attorneys' fees, which may arise by reason of the assertion of any lien against the Loan Property or the Equipment.

13. Defaults. Each of the following shall constitute an Event of Default:

(a) If Borrower or Landlord abandons the Loan Property or moves its operations outside the City.

(b) Failure of Borrower to make any payment when due on the Loan, which such failure shall continue for a period of 10 days or more.

(c) Bankruptcy, reorganization, assignment, insolvency or liquidation proceedings, or other proceedings for relief under any applicable bankruptcy law or other law for relief of debtors are instituted by or against the Borrower and, if such proceedings are instituted against the Borrower, an order, judgment or decree, without the consent of Borrower appointing a trustee or receiver for the Borrower or any part of their property or approving a petition under the bankruptcy laws of the United States or any similar laws of any state or other competent jurisdiction, shall have remained in force undischarged or unstayed for a period of 30 days.

(d) Any judgment, attachment, garnishment or other similar process is entered against the Borrower or against any property or assets of the Borrower and is not released, satisfied or discharged or bonded to Lender's satisfaction within 30 days of entry.

(e) Any of the terms, covenants or conditions of any permit or other agreement issued or made by the City or other governmental body having jurisdiction over the Loan Property are not complied with within the time required thereby or are terminated or modified by the City or such other governmental body and Borrower have not taken or has not caused the Landlord to take the necessary steps to correct or cure the same within 30 days after written notice is given by Lender.

(f) Any mechanic's or material supplier's lien is filed, against the Loan Property and is not released, satisfied or discharged or bonded to Lender's satisfaction,.

(g) A transfer which violates by Paragraph 9 hereof, Encumbrances and Transfer, occurs.

(h) If Borrower: (i) fails to pay when due any amount due under this Agreement, the Note, or any other documents listed in Section 3; (ii) fails to perform any other obligation to be performed under this Agreement, the Note, the Security Agreement, or any other document executed by Borrower pursuant to this Agreement; or (iii) fails to pay any amount or perform any obligation under any other note, or other agreement now or hereafter made by Borrower in favor of or with Lender or otherwise

now or hereafter held by Lender, and such failure continues beyond any applicable cure period.

(i) If Borrower fails to timely provide Lender any information necessary for Lender to perfect its security interest in the Equipment.

(j) Any representation or warranty by Borrower contained herein or in the Note, the Security Agreement, or any other instrument required hereunder is false or untrue in any material respect when made.

(k) A default under the Personal Guaranties or the Security Agreement beyond any applicable notice and cure period.

Upon the occurrence of an Event of Default, Lender, at its option, shall, in addition to any other remedies which it might be entitled to by law, have the right to:

(a) Take possession of the Equipment;

(b) Perform such other acts or deeds which reasonably may be necessary to cure any default existing under this Agreement, and to this end, it is hereby agreed as follows:

(i) All sums expended by Lender in effectuating its rights under paragraphs (ii) and (iii) of this paragraph shall be deemed to have been advanced under this Agreement and to be secured by the Security Agreement and any other security document required under this Agreement as security for the Loan.

(ii) Borrower hereby constitutes and appoints Lender their true and lawful attorney-in-fact with full power of substitution either in the name of Lender or in the name of Borrower or in the name of both, for the following purposes: (A) to prosecute and defend all actions or proceedings in connection with the Loan Property or the Equipment and do any and every act which Borrower might do in its own behalf; (B) to perform each of the terms, covenants and conditions to be kept and performed by Borrower under any contracts and/or leases obtained or held by Borrower in connection with the operation of the Loan Property and any other contracts; (C) without limiting the foregoing, to perform each of the terms, covenants and conditions to be kept or performed by Borrower under this Agreement, the Security Agreement and any other instrument required under this Agreement; and (D) to do all things that Lender reasonably deems necessary or advisable for the purpose of carrying out the powers enumerated in (A), (B), (C) and (D) of this Subparagraph (ii);

(iii) The powers herein granted Lender shall be deemed to be powers coupled with an interest and the same are irrevocable until such time as the Note is paid in full;

(c) cancel this Agreement;

(d) bring appropriate action to enforce such performance and the correction of such Event of Default;

(e) declare the entire unpaid principal of the Note and all accrued interest thereon immediately due and payable without notice. Upon the occurrence and continuance of an Event of Default entitling Lender to accelerate the maturity thereof, or in case the Loan shall have become due and payable, then and in every such case, Lender may protect and enforce its rights by a suit or suits in equity or at law, either for: (i) the specific performance of any covenant or agreement contained herein or in the Related Documents or in aid of the execution of any power herein or therein granted; (ii) the exercise of any rights and remedies provided in any of the Related Documents; or (iii) the enforcement of any other appropriate legal or equitable remedy;;

(f) Lender, in exercising its rights hereunder, shall also have, without limitation, all of the rights and remedies provided by the Minnesota Uniform Commercial Code, Minnesota Statutes Chapter 336;

(g) exercise any remedies under the Personal Guaranties or the Security Agreement, foreclose any other security instrument referred to in this Agreement and/or exercise any other rights or remedies it may have under the Personal Guaranties, the Security Agreement and any other security instruments.

Each and every power or remedy herein specifically given shall be in addition to every other power or remedy, existing or implied, given now or hereafter existing at law or in equity, and each and every power and remedy herein specifically given or otherwise so existing may be exercised from time to time and as often and in such order as may be deemed expedient by Lender, and the exercise or the beginning of the exercise of one power or remedy shall not be deemed a waiver of the right to exercise at the same time or thereafter any other power or remedy. No delay or omission of Lender in the exercise of any right or power accruing hereunder shall impair any such right or power or be construed to be a waiver of any default or acquiescence therein.

16. Default under Note and Security Agreement. The failure by Borrower to keep or perform any of the terms, covenants and conditions to be kept or performed by either of them under this Agreement shall constitute a default under the Note, the Security Agreement and any other security instrument held by Lender in connection with the Loan.

17. Notices. Any notices given hereunder shall be in writing and shall be deemed to have been given when delivered personally or three (3) days after deposited in the United States mail, registered, postage prepaid, addressed as follows:

If to Heritage:

Heritage Millwork, Inc.

_____
Elk River, Minnesota 55330
Attention: Patrick Menth

If to Lender:

Economic Development Authority of the City of Elk River
13065 Orono Parkway
Elk River, Minnesota 55330
Attn: Director of Economic Development

or addressed to any such party at such other address as such party shall hereafter furnish by notice to the other party. Any notice delivered personally to Borrower shall be delivered to an officer of Borrower and any notice delivered personally to Lender shall be delivered to an officer of Lender at the address for Lender for the mailing of notices. Either party may change its address for the giving of notices by giving the other party at least ten (10) days' notice in the manner provided above.

18. Headings. The headings used in this Agreement are for convenience only and do not define, limit or construe the contents of this Agreement.

19. Bindings on Successors and Assigns. Subject to the limitations on transfer contained in this Agreement, this Agreement shall be binding upon and inure to the benefit of the successors and assigns of the parties hereto.

20. Governing Law. This Agreement shall be governed by and construed in accordance with the laws of Minnesota, without giving effect to any choice or conflict of law provision or rule.

21. Counterparts. This Agreement may be executed in two (2) or more counterparts, each of which shall be an original and all of which shall constitute the same agreement.

22. Entire Agreement. This Agreement, the Note, the Security Agreement and the other documents executed by Borrower and/or Lender pursuant to this Agreement contain the entire agreement between the parties with respect to the subject matter hereof and supersede all prior understandings and agreements, both oral and written. This Agreement may be amended only in a writing signed by the parties hereto.

23. Fees and Expenses. Borrower agrees to pay to Lender immediately upon demand all costs and expenses, including, without limitation, all attorneys' fees, incurred by Lender in connection with the enforcement of the Lender's rights and/or the collection of any amounts which become due to Lender under this Agreement, the Note, the Security Agreement or the

other documents executed in connection herewith; and the prosecution or defense of any action in any way related to this Agreement, the Note, the Security Agreement or the other documents executed in connection herewith.

24. Business Subsidies Act.

(a) In order to satisfy the provisions of Minnesota Statutes, Sections 116J.993 to 116J.995 (the "Business Subsidies Act"), the Borrower acknowledges and agrees that the amount of the "Business Subsidy" granted to the Borrower under this Agreement is the amount of the Loan and that the Business Subsidy is needed because the project is not sufficiently feasible for the Borrower to undertake without the Business Subsidy. The public purpose of the Business Subsidy is to develop manufacturing facilities, increase the tax base in the City, help an existing business expand in the City, and stimulate the creation and retention of jobs. In consideration of the Business Subsidy provided to assist with the Borrower's acquisition of equipment for the Loan Property, the Borrower represents that it will cause meet following goals (the "Goals"): the Borrower shall create 10 full-time equivalent jobs at the Loan Property with hourly wages of at least $21.00 per hour exclusive of benefits by the two (2) year anniversary of the date of closing on the Loan (the "Benefit Date").

(b) If none of the Goals are met, the Borrower agree to repay all of the Business Subsidy to the Lender, plus interest ("Interest") set at the greater of 4% per annum or the implicit price deflator defined in Minnesota Statutes Section 275.70, subdivision 3, accruing from and after the date of closing on the Loan, compounded semiannually. If the Goals are met in part, the Borrower agrees to repay a portion of the Business Subsidy (plus Interest) determined by multiplying the Business Subsidy by a fraction, the numerator of which is the number of jobs in the Goals which were not created at the wage level set forth above and the denominator of which is 10 (i.e. number of jobs set forth in the Goals).

(c) The Borrower agrees to: (i) report its progress on achieving the Goals to the Lender until the later of the date the Goals are met or two years from the Benefit Date, or, if the Goals are not met, until the date the Business Subsidy is repaid, (ii) include in the report the information required in Section 116J.994, subdivision 7 of the Business Subsidies Act on forms developed by the Minnesota Department of Employment and Economic Development, and (iii) send completed reports to the Lender. The Borrower agrees to file these reports no later than March 1 of each year commencing March 1, 2025, and within 30 days after the deadline for meeting the Goals. The Lender agrees that if it does not receive the reports, it will mail the Borrower a warning within one week of the required filing date. If within 14 days of the post marked date of the warning the reports are not made, the Borrower agrees to pay to the Lender a penalty of $100 for each subsequent day until the report is filed up to a maximum of $1,000.

(d) The Borrower agrees that they will continue operations in the Lender for at least five years after the date of closing on the Loan. If the Borrower relocates

operations outside of the City at any time prior to the maturity date of the Loan, the Loan shall be immediately due and payable in full.

(e) Other than the loan provided pursuant to this Agreement, there are no other state or local government agencies providing financial assistance for the project.

(f) [There is no parent corporation of the Borrower.]

[Signature Pages follow]

Signature Page to Loan Agreement

IN TESTIMONY WHEREOF, each of the parties hereto has caused these presents to be effective as of the day and year first above written.

HERITAGE MILLWORK, INC.

By: _____
Its: _____

Signature Page to Loan Agreement

IN TESTIMONY WHEREOF, each of the parties hereto has caused these presents to be effective as of the day and year first above written.

ECONOMIC DEVELOPMENT AUTHORITY
OF THE CITY OF ELK RIVER

By: _____

Name: _____

Its: President

By: _____

Name: _____

Its: Executive Director

PROMISSORY NOTE
(Microloan)

July __, 2024

Amount: $200,000.00
Interest: 3.00%
Maturity: August 1, 2029

FOR VALUE RECEIVED, the undersigned, HERITAGE MILLWORK, INC., a Minnesota corporation (the "Borrower"), promises to pay to the order of the ECONOMIC DEVELOPMENT AUTHORITY OF THE CITY OF ELK RIVER, a public body corporate and politic of the State of Minnesota ("Lender"), at 13065 Orono Parkway, Elk River, Minnesota 55330, or such other place as the Lender or any other holder of this Note may designate in writing, on or before August 1, 2029 ("Maturity Date"), the principal sum of Two Hundred Thousand and 00/100 Dollars ($200,000.00), together with interest on any and all amounts remaining unpaid thereon from time to time from the date hereof (computed on the basis of actual days elapsed in a year of 360 days) at a fixed interest rate of three percent (3%) per annum.

This Note is made pursuant to a Loan Agreement, between Borrower and Lender, of even date herewith ("Loan Agreement") which provides for the payment of a portion the cost of purchasing equipment in connection with the acquisition, construction and equipping of an approximately 110,000 square industrial warehouse facility for use in the Borrower' manufacturing business. The principal amount of this Note shall be amortized over a ten (10) year period.

Based on the foregoing, the Borrower shall be obligated to make monthly installments (each a "Monthly Installment") in the amount of $_____, which Monthly Installments shall commence on _____ 1, 2024, and continue on the first (1st) day of each and every month thereafter until the Maturity Date, when all outstanding principal and accrued but unpaid interest shall be payable in full.

This Note is secured by, among other things a Security Agreement ("Security Agreement") given by the Borrower to Lender and the Personal Guaranty made by each of Patrick Menth, David Menth, Anna Pulde and Joseph Menth to Lender both of which are made to Lender of even date herewith (collectively, the "Security Documents"). All of the terms and conditions contained in the Security Documents which are to be kept and performed by the Borrower 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; and Borrower covenants and agrees to keep and perform them, or cause them to be kept and performed, strictly in accordance with their terms.

This Note shall be immediately due and payable in full if the Borrower relocates operations outside of the City of Elk River prior to the Maturity Date.

If the Lender, or any other holder of this Note, has not received the full amount of any Monthly Installment provided for in this Note, by the end of ten (10) calendar days after the date it is due, Borrower shall pay a late charge fee to the Lender, or any other holder of this Note. The amount of the late charge fee shall be five percent (5.00%) of the overdue Monthly Installment. The Borrower shall pay this late charge fee on demand, however, collection of the late charge fee shall not be deemed a waiver of the Lender's right to declare an Event of Default and exercise its rights and remedies as provided for in the Loan Agreement and the Security Documents.

Each Monthly Installment and other payments made under this Note shall be applied as follows: (i) first, to be applied against any interest which has accrued and remains unpaid on the date the payment is received; then (ii) to be applied against and pay unpaid late charges and any other charges, including collection charges, attorneys' fees and protective advances; and then (iii) all remaining amounts, if any, shall be applied against and reduce the then outstanding principal balance of this Note.

If an Event of Default shall occur hereunder or under the Loan Agreement or any Security Document and any cure period provided for in the Loan Agreement or such Security Document has expired, the Borrower agrees to pay a default rate of interest equal to ten percent (10.00%) per annum as the applicable interest rate of this Note, and the entire principal amount outstanding, accrued interest and any other charges due hereon shall at once become due and payable at the option of the Lender or the holder hereof. Any failure of the Lender to exercise its right to increase the interest rate by the default rate of interest set forth above or its option to accelerate this Note at any time shall not constitute a waiver of the right to exercise the same right to increase the interest rate or accelerate at any subsequent time. Notwithstanding anything contained herein to the contrary, the default rate of interest hereon shall never exceed the highest rate permitted by law.

Upon the occurrence at any time of an Event of Default or at any time thereafter, the Lender shall have the right to set off any and all amounts due hereunder by the Borrower to the Lender against any indebtedness or obligation of the Lender to the Borrower.

Upon the occurrence at any time of an Event of Default or at any time thereafter, the outstanding principal balance hereof plus accrued interest hereon plus all other amounts due hereunder shall, at the option of the Lender, be immediately due and payable, without notice of demand.

The Borrower may prepay the principal under this Note at any time and from time to time, in whole or in part, without premium or penalty. No partial prepayment shall postpone the due date of any Monthly Installment or reduce the amount of any such Monthly Installment unless the Lender agrees otherwise in writing.

All sums payable to the Lender under this Note shall be paid in immediately available funds.

The Borrower promises to pay all costs in connection with the enforcement of this Note, including but not limited to, those costs, expenses and attorneys' fees of Lender whether or not suit is filed with respect thereto and whether or not such cost or expense is paid or incurred or to be paid or incurred prior to or after the entry of judgment or for the pursuance of, or defense of, any litigation, appellate, bankruptcy or insolvency proceeding.

Presentment, notice of dishonor and protest are hereby waived by all makers, sureties, guarantors and endorsers hereof. This Note shall be binding upon the Borrower, its successors and assigns.

The remedies of Lender, as provided herein and in the Loan Agreement and the Security Documents, shall be cumulative and concurrent and may be pursued singly, successively or together, at the sole discretion of Lender, and 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.

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.

Time is of the essence hereof.

This Note shall be governed by and be construed under the laws of the State of Minnesota, without regard to principles of conflicts of law.

[Signature Page Follows]

IN WITNESS WHEREOF, the undersigned have caused this Note to be effective as of the day and year first above written.

HERITAGE MILLWORK, INC.
a Minnesota corporation

By: _____
Its: _____

SECURITY AGREEMENT
(Microloan)

This SECURITY AGREEMENT ("Agreement") is made to be effective as of July __, 2024, by HERITAGE MILLWORK, INC., a Minnesota corporation ("Grantor") and the ECONOMIC DEVELOPMENT AUTHORITY OF THE CITY OF ELK RIVER (the "Secured Party").

AGREEMENT

In consideration of the above recitals, and the promises set forth in this Agreement, the parties agree as follows:

1. OBLIGATIONS. "Obligations" means collectively each debt, liability and obligation of every type and nature which the Grantor may now or at any time hereafter owe to Secured Party (including without limitation the obligations of the Grantor created under the loan agreement (the "Loan Agreement") and the promissory note of the Grantor to Secured Party of even date herewith, in the amount of $200,000 and all amendments, replacements, restatements, and substitutions therefor), whether now existing or hereafter created or arising, and whether direct or indirect, due or to become due, absolute or contingent, and the repayment or performance of any of the foregoing if any such payment or performance is at any time avoided, rescinded, set aside, or recovered from or repaid by Secured Party, in whole or in part, in any bankruptcy, insolvency, or similar proceeding instituted by or against the Grantor or any other guarantor of any Obligation, or otherwise, including but not limited to all principal, interest, fees, expenses and other charges.

2. COLLATERAL. "Collateral" means collectively all of the personal property and equipment of the Grantor and personal property and equipment in which the Grantor has rights, now owned or hereafter acquired, and located at or arising out of that certain real property located at _____, Elk River, MN, including, but not limited to: Accounts; Chattel Paper; Inventory; Machinery; Equipment; Instruments, including Promissory Notes; Investment Property; Documents; Deposit Accounts; Letter-of-Credit Rights; General Intangibles; Supporting Obligations; and to the extent not included in the foregoing as original collateral, the proceeds and products of the foregoing. The terms Collateral shall also include (a) accessions, additions and improvements to, replacements of, and substitutions for any of the foregoing; (b) all products and proceeds of any of the foregoing; and (c) books, records and data in any form relating to any of the foregoing.

3. SECURITY INTEREST. The Grantor grants to Secured Party a security interest ("Security Interest") in the Collateral to secure the payment and performance of the Obligations. The Security Interest continues in effect until this Agreement is terminated in writing by Secured Party.

4. REPRESENTATIONS, WARRANTIES AND COVENANTS. The Grantor represents, warrants and agrees that:

4.1. Principal Location. The Grantor's principal office and manufacturing facility is located at the address specified on the signature pages to this Agreement. The Grantor must give Secured Party written notice prior to any change in the location of the Grantor's principal office and manufacturing facility.

4.2. Organization; Authority. The Grantor is a corporation, duly organized, existing and in good standing under the laws of the state of its organization and has full power and authority to enter into this Agreement. The Grantor' state of organization/residence is Minnesota and its exact legal name is as set forth on the signature page to this Agreement. The Grantor will not change its state of organization, form of organization or name without Secured Party's prior written consent.

4.3. Perfection of Security Interest. The Grantor will execute and deliver, and irrevocably appoints Secured Party (which appointment is coupled with an interest) the Grantor's attorney-in-fact to execute and deliver in the Grantor's name, all financing statements (including, but not limited to, amendments, terminations and terminations of other security interests in any of the Collateral), control agreements and other agreements which Secured Party may at any time reasonably request in order to secure, protect, perfect, collect or enforce the Security Interest, the Grantor shall, at any time and from time to time, take such steps as Secured Party may reasonably request for Secured Party: (i) to obtain an acknowledgement, in form and substance reasonably satisfactory to Secured Party, of any bailee having possession of any of the Collateral that such bailee holds such Collateral for Secured Party; and (ii) otherwise to ensure the continued perfection and priority of the Security Interest in any of the Collateral and the preservation of the rights of Secured Party therein.

4.4. Enforceability of Collateral. To the extent the Collateral consists of accounts, instruments, documents, chattel paper, letter-of-credit rights, letters of credit or general intangibles, the Collateral is enforceable in accordance with its terms, is genuine, complies with applicable laws concerning form, content and manner of preparation and execution, and all persons appearing to be obligated on the Collateral have authority and capacity to contract and are in fact obligated as they appear to be on the Collateral.

4.5. Title to Collateral. The Grantor holds good and marketable title to the Collateral free of all security interests and encumbrances. The Grantor will keep the Collateral free of all security interests and encumbrances except for the Security Interest and the senior liens of the First National Bank of Elk River and the United States Small Business Administration. The Grantor will defend Secured Party's rights in the Collateral against the claims and demands of all other persons.

4.6. Collateral Location. The Grantor will keep all tangible Collateral at _____, Elk River, Minnesota 55330.

4.7. Collateral Use. The Grantor must use the Collateral only for business purposes. The Grantor must not use or keep any Collateral for any unlawful purpose or in violation of any federal, state or local law, statute or ordinance.

4.8. Maintenance of Collateral. The Grantor must maintain all tangible Collateral in good condition and repair. The Grantor must not commit or permit damage to or destruction of any of the Collateral. The Grantor must give Secured Party prompt written notice of any material loss of or damage to any tangible Collateral and of any other happening or event that materially affects the existence, value or amount of the Collateral.

4.9. Disposition of Collateral. The Grantor must not sell or otherwise dispose of any Collateral or any interest in any Collateral without the prior written consent of Secured Party, except that until the occurrence of an Event of Default (as defined in Section 5 below), the Grantor may sell any inventory constituting Collateral in the ordinary course of the Grantor's business.

4.10. Taxes, Assessments and Liens. The Grantor must promptly pay all taxes and other governmental charges levied or assessed upon or against any Collateral.

4.11. Records; Access. Grantor agrees to maintain accurate and complete books, accounts and records in regard to the Loan Property and Equipment in a manner reasonably acceptable to Secured Party. At Secured Party's request, the Grantor shall furnish all such books, accounts and records to the Secured Party's municipal or financial advisor as reasonably demanded. The Secured Party's municipal advisor or financial advisor shall have the right to inspect, examine and copy all such books, accounts and records. The Grantor will not be required to provide its books, accounts and records directly to the Secured Party. At the time of Secured Party's request of Grantor's books, accounts and records, the Grantor, Secured Party, and municipal or financial advisor shall enter into a non-disclosure agreement regarding the use and confidentiality of such information. The Grantor shall pay all costs associated with any analysis undertaken by the Secured Party's municipal or financial advisor and all costs and attorneys fees with respect to the drafting and negotiation of any non-disclosure agreement.

4.12. Insurance. The Grantor must keep all tangible Collateral insured against risks of fire (including so-called extended coverage), theft and other risks and in such amounts as Secured Party may reasonably request, with any loss payable to Secured Party to the extent of its interest. The Grantor assigns to Secured Party all money due or to become due with respect to, and all other rights of the Grantor with respect to, all insurance concerning the Collateral and the Grantor directs the issuer of any such insurance to pay all such money directly to Secured Party.

4.13. Collection Costs. The Grantor must reimburse Secured Party on demand for all costs of collection of any of the Obligations and all other expenses incurred by Secured Party in connection with the perfection, protection, defense or enforcement of the Security Interest and this Agreement, including all reasonable attorneys' fees incurred by Secured Party whether or not any litigation or bankruptcy or insolvency proceeding is commenced.

4.14. Financing Statements. The Grantor authorizes Secured Party to file one or more financing or continuation statements, and amendments thereto, relative to all or any part of the Collateral without the Grantor' signature where permitted by law, in each case in such form and substance as Secured Party may determine. The Grantor shall pay all filing, registration and recording fees and any taxes, duties, imports, assessments and charges arising out of or in connection with the execution and delivery of this Agreement, any agreement supplemental hereto, any financing statements, and any instruments of further assurance.

5. EVENTS OF DEFAULT. Each of the following is an "Event of Default" under this Agreement: (a) the Grantor fails to pay any of the Obligations when due and any applicable grace period lapses without cure by the Grantor; (b) the Grantor fails to timely perform any other Obligation and any applicable grace period lapses without cure by the Grantor; (c) any representation made by the Grantor in this Agreement or in any financial statement or report submitted by the Grantor to Secured Party proves to have been materially false or misleading when made; (d) the Grantor ceases to conduct its business; (e) the insolvency, dissolution, liquidation, merger, or consolidation of the Grantor, however defined; (f) the Grantor voluntarily files, or has filed against it involuntarily, a petition under the United States Bankruptcy Code; (g) any appointment of a receiver, trustee, or similar officer of any property of the Grantor or any assignment for the benefit of creditors of the Grantor; (h) any default under the terms of this Agreement or any other note, obligation, agreement, mortgage, or other writing heretofore, herewith or hereafter given to or acquired by the Secured Party to which the Grantor is a party; (i) the sale, lease or other disposition (whether in one transaction or in a series of transactions) to one or more persons other than in the ordinary course of business of all or a substantial part of the assets of the Grantor; (j) the entry of any judgment against the Grantor which is not discharged in a manner acceptable to the Secured Party within thirty (30) days after such entry; or (k) the issuance of levy of any writ, warrant, attachment, garnishment, execution, or other process against any property of the Grantor; or (l) the attachment of any tax lien to any property of the Grantor; or (m) any statement, representation, or warranty made by Grantor (or any representative of the Grantor) to the Secured Party at any time shall be incorrect or misleading in any material respect when made; or (n) there is a material adverse change in the condition (financial or otherwise), business, or property of the Grantor.

6. REMEDIES UPON EVENT OF DEFAULT. Upon the occurrence of an Event of Default and at any time thereafter, Secured Party may exercise one or more of the following rights and remedies: (a) declare any or all Obligations to be immediately due

and payable without presentment or any other notice or demand and immediately enforce payment of any or all of the Obligations; (b) require the Grantor to make the Collateral available to Secured Party at a place to be designated by Secured Party; (c) exercise and enforce any rights or remedies available upon default to a secured party under the Uniform Commercial Code as amended from time to time ("UCC"), and, if notice to the Grantor of the intended disposition of Collateral or any other intended action is required by law, such notice shall be commercially reasonable if given at least ten (10) calendar days prior to the intended disposition or other action; and (d) exercise and enforce any other rights or remedies available to Secured Party by law or agreement against the Collateral, the Grantor, or any other person or property. Secured Party's duty of care with respect to Collateral in its possession will be fulfilled if Secured Party exercises reasonable care in physically safekeeping the Collateral or, in the case of Collateral in the possession of a bailee or other third person, exercises reasonable care in the selection of the bailee or other third person. Mere delay or failure to act will not preclude the exercise or enforcement of any of Secured Party's rights or remedies. All rights and remedies of Secured Party are cumulative and may be exercised singularly or concurrently, at Secured Party's option.

7. LIMITED POWER OF ATTORNEY. If the Grantor at any time fails to perform or observe any agreement herein, the Secured Party, in the name and on behalf of the Grantor or, at its option, in its own name, may perform or observe such agreement and take any action which the Secured Party may deem necessary or desirable to cure or correct such failure. The Grantor irrevocably authorizes Secured Party and grants the Secured Party a limited power of attorney in the name and on behalf of the Grantor or, at its option, in its own name, to collect, receive, receipt for, create, prepare, complete, execute, endorse, deliver, and file any and all financing statements, insurance applications, remittances, instruments, documents, chattel paper, and other writings, to grant an extension to, compromise, settle, waive, notify, amend, adjust, change, and release any obligation of any account Grantor, obligor, insurer, or other person pertaining to any Collateral, and take any other action deemed by the Secured Party to be necessary or desirable to establish, perfect, protect, or enforce the Security Interest. All of the Secured Party's advances, charges, costs, and expenses, including without limitation reasonable attorneys' fees, in connection with the Obligations and in the protection and exercise of any rights or remedies hereunder, together with interest thereon at the highest rate then applicable to any of the Obligations, shall be secured hereunder and shall be paid by the Grantor to the Secured Party on demand.

8. MISCELLANEOUS. The following miscellaneous provisions are a part of this Agreement:

8.1. Definitions. Terms not otherwise defined in this Agreement shall have the meanings ascribed to them, if any, under the UCC and such meanings shall automatically change at the time that any amendment to the UCC, which changes such meanings, shall become effective.

8.2. Notices. All notices under this Agreement must be in writing and will be deemed

given when delivered or placed in the United States mail, registered or certified, postage prepaid, addressed to the respective party at the respective address set forth below its signature on the signature page to this Agreement. Any party may change its address for notices under this Agreement by giving written notice to the other parties.

8.3. Amendments/Waivers. This Agreement may be waived, amended, modified or terminated and the Security Interest may be released only in a writing signed by Secured Party. Any waiver signed by Secured Party will be effective only in the specific instance and for the specific purpose given.

8.4. Applicable Law. This Agreement is governed by the laws of the State of Minnesota without regard to the conflict of law principles. If any provision of this Agreement is held unlawful or unenforceable in any respect, such illegality or unenforceability will not affect other provisions or applications that can be given effect and this Agreement will be construed and enforced as if the unlawful or unenforceable provision or application had never been contained in or prescribed by this Agreement.

8.5. Caption Headings. Caption headings in this Agreement are for convenience purposes only and are not to be used to interpret or define the provisions of this Agreement.

8.6. Integration. This Agreement embodies the entire agreement and understanding among the parties relative to subject matter hereof and supersedes all prior agreements and understandings relating to such subject matter.

8.7. Successors and Assigns. This Agreement is binding upon and will inure to the benefit of the parties and their successors and assigns.

8.8. Counterparts. This Agreement may be executed in several counterparts, each of which will be an original, and all of which will constitute one and the same instrument.

IN WITNESS WHEREOF, the parties have executed this Agreement as of the date first written above.

HERITAGE MILLWORK, INC.,
a Minnesota corporation

By: _____
Its: _____

Address:
Heritage Millwork, Inc.
Attn: Patrick Menth
_____
Elk River, MN 55330

DOCSOPEN\EL185\79\955723.v1-5/29/24

SECURED PARTY:

ECONOMIC DEVELOPMENT
AUTHORITY OF THE CITY OF ELK
RIVER

By: _____

Its: _____

By: _____

Its: _____

Address:
13065 Orono Parkway
Elk River, MN 55330

DOCSOPEN\EL185\79\955723.v1-5/29/24

PERSONAL GUARANTY
(Microloan — David Menth)

Elk River, Minnesota
July __, 2024

FOR VALUABLE CONSIDERATION, the receipt and sufficiency of which is hereby acknowledged, and in consideration of and to induce financial accommodations of any kind, with or without security, given or to be given or continued at any time and from time to time by the ECONOMIC DEVELOPMENT AUTHORITY OF THE CITY OF ELK RIVER (the "Lender") to or for the account of Heritage Millwork, Inc. (the "Borrower"), the undersigned absolutely and unconditionally guaranty to the Lender the full and prompt payment when due, whether at maturity or earlier by reason of acceleration or otherwise, of any and all indebtedness, obligations and liabilities of the Borrower (and any and all successors of the Borrower) to the Lender, now or hereafter existing including the that certain Promissory Note of even date herewith, in the original aggregate principal amount of $200,000, executed and delivered by the Borrower to the Lender, in accordance with the terms of the Loan Agreement, of even date herewith, between the Borrower and the Lender, absolute or contingent, independent, joint, several or joint and several, secured or unsecured, due or to become due, contractual or tortious, liquidated or unliquidated, arising by assignment or otherwise, including without limitation all indebtedness, obligations and liabilities owed by the Borrower (and any and all successors of the Borrower) as a member of any partnership, syndicate, association or other group, and whether incurred by the Borrower (or any successor of the Borrower) as principal, surety, endorser, guarantor, accommodation party or otherwise (collectively, the "Indebtedness"); and the undersigned agrees to pay on demand all of the Lender's fees, costs, expenses and reasonable attorneys' fees in connection with the Indebtedness, any security therefor, and this guaranty, plus interest on such amounts at the highest rate then applicable to any of the Indebtedness.

The Lender may at any time and from time to time, without consent of or notice to the undersigned, without incurring responsibility to the undersigned, without releasing, impairing or affecting the liability of the undersigned hereunder, upon or without any terms or conditions, and in whole or in part: (1) sell, pledge, surrender, compromise, settle, release, renew, subordinate, extend, alter, substitute, exchange, change, modify or otherwise dispose of or deal with in any manner and in any order any Indebtedness, any evidence thereof, or any security or other guaranty therefor; (2) accept any security for, or other guarantors of, any Indebtedness; (3) fail, neglect or omit to obtain, realize upon or protect any Indebtedness or any security therefor, to exercise any lien upon or right to any money, credit or property toward the liquidation of the Indebtedness, or to exercise any other right against the Borrower, the undersigned, any other guarantor or any other person; and (4) apply any payments and credits to the Indebtedness in any manner and in any order. No act, omission or thing, except full payment and discharge of the Indebtedness, which but for this provision could act as a release or impairment of the liability of the undersigned hereunder, shall in any way release, impair or otherwise affect the liability of the undersigned hereunder, and the undersigned waives any and all defenses of the Borrower pertaining to the Indebtedness, any evidence thereof, and any security therefor, except the defense of discharge by payment. The failure of any person or persons to sign this or any other

guaranty shall not release, impair or affect the liability of the undersigned hereunder. This guaranty is a primary obligation of the undersigned and the Lender shall not be required to first resort for payment of the Indebtedness to the Borrower or any other person, their properties or estates, or any security or other rights or remedies whatsoever. The undersigned shall be and remain liable for any deficiency remaining after foreclosure of any mortgage or security interest securing the Indebtedness, whether or not the liability of the Borrower or any other person for such deficiency is discharged pursuant to statute, judicial decision or otherwise.

The liability of the undersigned under this guaranty is in addition to and shall be cumulative with all other liabilities of the undersigned to the Lender, as guarantor or otherwise, without any limitation as to amount, unless the writing evidencing or creating such other liability specifically provides to the contrary. If any payment applied by the Lender to the Indebtedness is thereafter set aside, recovered, rescinded or required to be returned for any reason (including without limitation the bankruptcy, insolvency or reorganization of the Borrower or any other person), the Indebtedness to which such payment was applied shall for the purposes of this guaranty be deemed to have continued in existence, notwithstanding such application, and this guaranty shall be enforceable as to such Indebtedness as fully as if such application had never been made.

The undersigned waives: (1) notice of acceptance of this guaranty and of the creation and existence of the Indebtedness; (2) presentment, demand for payment, notice of dishonor, notice of nonpayment, and protest of any instrument evidencing the Indebtedness; and (3) all other demands and notices to the undersigned or any other person and all other actions to establish the liability of the undersigned hereunder. The undersigned consents to the personal jurisdiction of the state and federal courts located in the State of Minnesota in connection with any controversy related to this guaranty, waives any argument that venue in such forums is not convenient, and agrees that any litigation initiated by the undersigned against the Lender in connection with this guaranty shall be venued in either the District Court of Sherburne County, Minnesota, or the United States District Court, District of Minnesota.

All property of the undersigned, now or hereafter in the possession, control or custody of or in transit to the Lender for any purpose, including without limitation the balance of every account of the undersigned with and each claim of the undersigned against the Lender, shall be subject to a lien and security interest in favor of the Lender, as security for all liabilities of the undersigned to the Lender, and shall be subject to be set off against any and all such liabilities, and the Lender may at any time and from time to time at its option and without notice appropriate and apply any such property toward the payment of any and all such liabilities. The undersigned agrees to promptly provide the Lender from time to time with financial statements of the undersigned, in form and substance acceptable to the Lender, at least once every 12 months and as otherwise requested by the Lender. The undersigned agrees to promptly provide the Lender from time to time with such other information respecting the condition (financial and otherwise), business and property of the undersigned as the Lender may request, in form and substance acceptable to the Lender.

The undersigned waives all claims, rights and remedies which the undersigned may now have or hereafter acquire against any person at any time now or hereafter liable to payment of

any of the Indebtedness and as to any collateral security, including but not limited to all claims, rights and remedies of contribution, indemnification, exoneration, reimbursement, recourse and subrogation, whether or not such claim, right or remedy arises in equity, under contract, by statute, under common law or otherwise, whether or not the Indebtedness has been fully paid, and all payments and recoveries under this guaranty shall be considered equity investments by the undersigned in the Borrower; provided, nothing contained in this guaranty shall deprive the undersigned of any claim, right or remedy, after the Indebtedness has been fully paid, against any person other than the Borrower. No delay or failure by the Lender in exercising any right, and no partial or single exercise thereof shall constitute a waiver thereof. No waiver of any rights hereunder, and no modification or amendment of this guaranty shall be effective unless the same is in writing duly executed by the Lender, and each such waiver, if any, shall apply only with respect to the specific instance involved and shall not impair or affect the rights of the Lender or the provisions of this guaranty in any other respect at any other time. This guaranty shall continue until written notice of revocation of this guaranty, executed by the undersigned, has been received by the Lender; provided, no revocation of this guaranty shall affect in any manner any liability of the undersigned under this guaranty with respect to Indebtedness arising before the Lender receives such written notice of revocation, and the sole effect of revocation of this guaranty shall be to exclude from this guaranty Indebtedness thereafter arising which is unconnected with Indebtedness theretofore arising or transactions theretofore entered into.

Any invalidity or unenforceability of any provision or application of this guaranty shall not affect other lawful provisions and applications hereof and to this end the provisions of this guaranty are declared to be severable. This guaranty shall bind the undersigned and the heirs, representatives, successors and assigns of the undersigned, and of each of them respectively, and shall benefit the Lender, its successors and assigns. This guaranty shall be governed by and construed in accordance with the laws of the State of Minnesota.

Agrees that the Lender shall not be required to first resort for payment to the Borrower or any other person, corporation or entity, or their properties or estate, or any other right or remedy whatsoever, prior to enforcing this Guaranty.

Agrees that this Guaranty shall be construed as a continuing, absolute, and unconditional guaranty without regard to (I) the validity, regularity or enforceability or the Obligations or the disaffirmance thereof in any insolvency or bankruptcy proceeding relating to the Borrower; or (2) any event or any conduct or action of the Borrower or the Lender or any other party which might otherwise constitute a legal or equitable discharge of a surety or guarantor but for this provision.

All property of the Guarantor, now or hereafter in the possession, control or custody of or in transit to the Lender for any purpose, including without limitation the balance of every account of the Guarantor with and each claim of the Guarantor against the Lender, shall be subject to a lien and security interest in favor of the Lender, as security for all liabilities of the Guarantor to the Lender, and shall be subject to be set off against any and all such liabilities, and the Lender may at any time and from time to time at its option and without notice appropriate and apply any such property toward the payment of any and all such liabilities. The Guarantor agrees to promptly provide the Lender from time to time with financial statements of the

Guarantor, in form and substance acceptable to the Lender, at least once every 12 months and as otherwise requested by the Lender. The Guarantor agrees to promptly provide the Lender from time to time with such other information respecting the condition (financial and otherwise), business and property of the Guarantor as the Lender may request, in form and substance acceptable to the Lender.

The Guarantor agrees to deliver to the Lender: (i) on or before the earlier of thirty (30) days after its completion or one hundred twenty (120) days following each calendar year, the signed personal financial statement of the Guarantor, in a form acceptable to Lender and dated as of December 31st of the immediately preceding year, which financial statement presents the financial condition (including all guaranty and other contingent obligations) of the Guarantor as of such date; and (ii) as soon as available, but in no event later than their required filing, the federal income tax return, including all schedules and forms, for the applicable year for the Guarantor. In addition, Guarantor agrees with reasonable promptness, to provide to Lender such further information regarding the business, operations, affairs and financial and other condition of the Guarantor as the Lender may reasonably request.

The Guarantor warrants and represents to the Lender as follows:

a. Enforceability. This Guaranty constitutes the legal, valid and binding obligation of the Guarantor, enforceable in accordance with its terms (subject, as to enforceability, to limitations resulting from bankruptcy, insolvency or other similar laws affecting creditors' rights generally).

b. Litigation. There is no action, suit or proceeding pending or, to the knowledge of the Guarantor, threatened against or affecting the Guarantor which, if adversely determined, would have a material adverse effect on the condition (financial or otherwise), property or assets of the Guarantor, or which would question total validity of this Guaranty or any instrument, document or other agreement related hereto or required hereby, or impair the ability of the Guarantor to perform his or her obligations hereunder or thereunder.

c. Default. Guarantor is not in default of a material provision under any material agreement, instrument, decree or order to which he or she is a party or by which he or she or his or her property is bound or affected.

d. Consents. No consent, approval, order or authorization of, or registration, declaration or filing with, or notice to, any governmental authority or any third party is required in connection with the execution and delivery of this Guaranty or any of the agreements or instruments herein mentioned to which Guarantor is a party or the carrying out or performance of any of the transactions required or contemplated hereby or thereby or, if required, such consent, approval, order or authorization has been obtained or such registration, declaration or filing has been accomplished or such notice has been given prior to the date hereof.

e. Taxes. Guarantor has filed all tax returns required to be filed and has paid all taxes shown thereon to be due, including interest and penalties, which are not being contested in good faith and by appropriate proceedings and none of them has any information or knowledge of any objections to or claims for additional taxes in respect of federal income or excess profits tax returns for prior years.

The undersigned is the _____ of the Borrower and the undersigned acknowledges and agrees that the Indebtedness is being utilized by the Borrower to assist in financing equipment to be used at the real property located at _____, Elk River, Minnesota (the "Property"), and such equipment will materially financially benefit the undersigned and, therefore, the undersigned's obligations under this Guaranty are proper, valid and enforceable.

THE UNDERSIGNED REPRESENTS, CERTIFIES, WARRANTS AND AGREES THAT THE UNDERSIGNED HAS READ ALL OF THIS GUARANTY AND UNDERSTAND ALL OF THE PROVISIONS OF THIS GUARANTY. THE UNDERSIGNED ALSO AGREES THAT COMPLIANCE BY THE LENDER WITH THE EXPRESS PROVISIONS OF THIS GUARANTY SHALL CONSTITUTE GOOD FAITH AND SHALL BE CONSIDERED REASONABLE FOR ALL PURPOSES.

_____
David Menth

PERSONAL GUARANTY
(Microloan — JOSEPH MENTH)

Elk River, Minnesota
July __, 2024

FOR VALUABLE CONSIDERATION, the receipt and sufficiency of which is hereby acknowledged, and in consideration of and to induce financial accommodations of any kind, with or without security, given or to be given or continued at any time and from time to time by the ECONOMIC DEVELOPMENT AUTHORITY OF THE CITY OF ELK RIVER (the "Lender") to or for the account of Heritage Millwork, Inc. (the "Borrower"), the undersigned absolutely and unconditionally guaranty to the Lender the full and prompt payment when due, whether at maturity or earlier by reason of acceleration or otherwise, of any and all indebtedness, obligations and liabilities of the Borrower (and any and all successors of the Borrower) to the Lender, now or hereafter existing including the that certain Promissory Note of even date herewith, in the original aggregate principal amount of $200,000, executed and delivered by the Borrower to the Lender, in accordance with the terms of the Loan Agreement, of even date herewith, between the Borrower and the Lender, absolute or contingent, independent, joint, several or joint and several, secured or unsecured, due or to become due, contractual or tortious, liquidated or unliquidated, arising by assignment or otherwise, including without limitation all indebtedness, obligations and liabilities owed by the Borrower (and any and all successors of the Borrower) as a member of any partnership, syndicate, association or other group, and whether incurred by the Borrower (or any successor of the Borrower) as principal, surety, endorser, guarantor, accommodation party or otherwise (collectively, the "Indebtedness"); and the undersigned agrees to pay on demand all of the Lender's fees, costs, expenses and reasonable attorneys' fees in connection with the Indebtedness, any security therefor, and this guaranty, plus interest on such amounts at the highest rate then applicable to any of the Indebtedness.

The Lender may at any time and from time to time, without consent of or notice to the undersigned, without incurring responsibility to the undersigned, without releasing, impairing or affecting the liability of the undersigned hereunder, upon or without any terms or conditions, and in whole or in part: (1) sell, pledge, surrender, compromise, settle, release, renew, subordinate, extend, alter, substitute, exchange, change, modify or otherwise dispose of or deal with in any manner and in any order any Indebtedness, any evidence thereof, or any security or other guaranty therefor; (2) accept any security for, or other guarantors of, any Indebtedness; (3) fail, neglect or omit to obtain, realize upon or protect any Indebtedness or any security therefor, to exercise any lien upon or right to any money, credit or property toward the liquidation of the Indebtedness, or to exercise any other right against the Borrower, the undersigned, any other guarantor or any other person; and (4) apply any payments and credits to the Indebtedness in any manner and in any order. No act, omission or thing, except full payment and discharge of the Indebtedness, which but for this provision could act as a release or impairment of the liability of the undersigned hereunder, shall in any way release, impair or otherwise affect the liability of the undersigned hereunder, and the undersigned waives any and all defenses of the Borrower pertaining to the Indebtedness, any evidence thereof, and any security therefor, except the defense of discharge by payment. The failure of any person or persons to sign this or any other

guaranty shall not release, impair or affect the liability of the undersigned hereunder. This guaranty is a primary obligation of the undersigned and the Lender shall not be required to first resort for payment of the Indebtedness to the Borrower or any other person, their properties or estates, or any security or other rights or remedies whatsoever. The undersigned shall be and remain liable for any deficiency remaining after foreclosure of any mortgage or security interest securing the Indebtedness, whether or not the liability of the Borrower or any other person for such deficiency is discharged pursuant to statute, judicial decision or otherwise.

The liability of the undersigned under this guaranty is in addition to and shall be cumulative with all other liabilities of the undersigned to the Lender, as guarantor or otherwise, without any limitation as to amount, unless the writing evidencing or creating such other liability specifically provides to the contrary. If any payment applied by the Lender to the Indebtedness is thereafter set aside, recovered, rescinded or required to be returned for any reason (including without limitation the bankruptcy, insolvency or reorganization of the Borrower or any other person), the Indebtedness to which such payment was applied shall for the purposes of this guaranty be deemed to have continued in existence, notwithstanding such application, and this guaranty shall be enforceable as to such Indebtedness as fully as if such application had never been made.

The undersigned waives: (1) notice of acceptance of this guaranty and of the creation and existence of the Indebtedness; (2) presentment, demand for payment, notice of dishonor, notice of nonpayment, and protest of any instrument evidencing the Indebtedness; and (3) all other demands and notices to the undersigned or any other person and all other actions to establish the liability of the undersigned hereunder. The undersigned consents to the personal jurisdiction of the state and federal courts located in the State of Minnesota in connection with any controversy related to this guaranty, waives any argument that venue in such forums is not convenient, and agrees that any litigation initiated by the undersigned against the Lender in connection with this guaranty shall be venued in either the District Court of Sherburne County, Minnesota, or the United States District Court, District of Minnesota.

All property of the undersigned, now or hereafter in the possession, control or custody of or in transit to the Lender for any purpose, including without limitation the balance of every account of the undersigned with and each claim of the undersigned against the Lender, shall be subject to a lien and security interest in favor of the Lender, as security for all liabilities of the undersigned to the Lender, and shall be subject to be set off against any and all such liabilities, and the Lender may at any time and from time to time at its option and without notice appropriate and apply any such property toward the payment of any and all such liabilities. The undersigned agrees to promptly provide the Lender from time to time with financial statements of the undersigned, in form and substance acceptable to the Lender, at least once every 12 months and as otherwise requested by the Lender. The undersigned agrees to promptly provide the Lender from time to time with such other information respecting the condition (financial and otherwise), business and property of the undersigned as the Lender may request, in form and substance acceptable to the Lender.

The undersigned waives all claims, rights and remedies which the undersigned may now have or hereafter acquire against any person at any time now or hereafter liable to payment of

any of the Indebtedness and as to any collateral security, including but not limited to all claims, rights and remedies of contribution, indemnification, exoneration, reimbursement, recourse and subrogation, whether or not such claim, right or remedy arises in equity, under contract, by statute, under common law or otherwise, whether or not the Indebtedness has been fully paid, and all payments and recoveries under this guaranty shall be considered equity investments by the undersigned in the Borrower; provided, nothing contained in this guaranty shall deprive the undersigned of any claim, right or remedy, after the Indebtedness has been fully paid, against any person other than the Borrower. No delay or failure by the Lender in exercising any right, and no partial or single exercise thereof shall constitute a waiver thereof. No waiver of any rights hereunder, and no modification or amendment of this guaranty shall be effective unless the same is in writing duly executed by the Lender, and each such waiver, if any, shall apply only with respect to the specific instance involved and shall not impair or affect the rights of the Lender or the provisions of this guaranty in any other respect at any other time. This guaranty shall continue until written notice of revocation of this guaranty, executed by the undersigned, has been received by the Lender; provided, no revocation of this guaranty shall affect in any manner any liability of the undersigned under this guaranty with respect to Indebtedness arising before the Lender receives such written notice of revocation, and the sole effect of revocation of this guaranty shall be to exclude from this guaranty Indebtedness thereafter arising which is unconnected with Indebtedness theretofore arising or transactions theretofore entered into.

Any invalidity or unenforceability of any provision or application of this guaranty shall not affect other lawful provisions and applications hereof and to this end the provisions of this guaranty are declared to be severable. This guaranty shall bind the undersigned and the heirs, representatives, successors and assigns of the undersigned, and of each of them respectively, and shall benefit the Lender, its successors and assigns. This guaranty shall be governed by and construed in accordance with the laws of the State of Minnesota.

Agrees that the Lender shall not be required to first resort for payment to the Borrower or any other person, corporation or entity, or their properties or estate, or any other right or remedy whatsoever, prior to enforcing this Guaranty.

Agrees that this Guaranty shall be construed as a continuing, absolute, and unconditional guaranty without regard to (I) the validity, regularity or enforceability or the Obligations or the disaffirmance thereof in any insolvency or bankruptcy proceeding relating to the Borrower; or (2) any event or any conduct or action of the Borrower or the Lender or any other party which might otherwise constitute a legal or equitable discharge of a surety or guarantor but for this provision.

All property of the Guarantor, now or hereafter in the possession, control or custody of or in transit to the Lender for any purpose, including without limitation the balance of every account of the Guarantor with and each claim of the Guarantor against the Lender, shall be subject to a lien and security interest in favor of the Lender, as security for all liabilities of the Guarantor to the Lender, and shall be subject to be set off against any and all such liabilities, and the Lender may at any time and from time to time at its option and without notice appropriate and apply any such property toward the payment of any and all such liabilities. The Guarantor agrees to promptly provide the Lender from time to time with financial statements of the

Guarantor, in form and substance acceptable to the Lender, at least once every 12 months and as otherwise requested by the Lender. The Guarantor agrees to promptly provide the Lender from time to time with such other information respecting the condition (financial and otherwise), business and property of the Guarantor as the Lender may request, in form and substance acceptable to the Lender.

The Guarantor agrees to deliver to the Lender: (i) on or before the earlier of thirty (30) days after its completion or one hundred twenty (120) days following each calendar year, the signed personal financial statement of the Guarantor, in a form acceptable to Lender and dated as of December 31st of the immediately preceding year, which financial statement presents the financial condition (including all guaranty and other contingent obligations) of the Guarantor as of such date; and (ii) as soon as available, but in no event later than their required filing, the federal income tax return, including all schedules and forms, for the applicable year for the Guarantor. In addition, Guarantor agrees with reasonable promptness, to provide to Lender such further information regarding the business, operations, affairs and financial and other condition of the Guarantor as the Lender may reasonably request.

The Guarantor warrants and represents to the Lender as follows:

a. Enforceability. This Guaranty constitutes the legal, valid and binding obligation of the Guarantor, enforceable in accordance with its terms (subject, as to enforceability, to limitations resulting from bankruptcy, insolvency or other similar laws affecting creditors' rights generally).

b. Litigation. There is no action, suit or proceeding pending or, to the knowledge of the Guarantor, threatened against or affecting the Guarantor which, if adversely determined, would have a material adverse effect on the condition (financial or otherwise), property or assets of the Guarantor, or which would question total validity of this Guaranty or any instrument, document or other agreement related hereto or required hereby, or impair the ability of the Guarantor to perform his or her obligations hereunder or thereunder.

c. Default. Guarantor is not in default of a material provision under any material agreement, instrument, decree or order to which he or she is a party or by which he or she or his or her property is bound or affected.

d. Consents. No consent, approval, order or authorization of, or registration, declaration or filing with, or notice to, any governmental authority or any third party is required in connection with the execution and delivery of this Guaranty or any of the agreements or instruments herein mentioned to which Guarantor is a party or the carrying out or performance of any of the transactions required or contemplated hereby or thereby or, if required, such consent, approval, order or authorization has been obtained or such registration, declaration or filing has been accomplished or such notice has been given prior to the date hereof.

e. Taxes. Guarantor has filed all tax returns required to be filed and has paid all taxes shown thereon to be due, including interest and penalties, which are not being contested in good faith and by appropriate proceedings and none of them has any information or knowledge of any objections to or claims for additional taxes in respect of federal income or excess profits tax returns for prior years.

The undersigned is the _____ of the Borrower and the undersigned acknowledges and agrees that the Indebtedness is being utilized by the Borrower to assist in financing equipment to be used at the real property located at _____, Elk River, Minnesota (the "Property"), and such equipment will materially financially benefit the undersigned and, therefore, the undersigned's obligations under this Guaranty are proper, valid and enforceable.

THE UNDERSIGNED REPRESENTS, CERTIFIES, WARRANTS AND AGREES THAT THE UNDERSIGNED HAS READ ALL OF THIS GUARANTY AND UNDERSTAND ALL OF THE PROVISIONS OF THIS GUARANTY. THE UNDERSIGNED ALSO AGREES THAT COMPLIANCE BY THE LENDER WITH THE EXPRESS PROVISIONS OF THIS GUARANTY SHALL CONSTITUTE GOOD FAITH AND SHALL BE CONSIDERED REASONABLE FOR ALL PURPOSES.

_____

JOSEPH MENTH

PERSONAL GUARANTY
(Microloan — Anna Pulde)

Elk River, Minnesota
July __, 2024

FOR VALUABLE CONSIDERATION, the receipt and sufficiency of which is hereby acknowledged, and in consideration of and to induce financial accommodations of any kind, with or without security, given or to be given or continued at any time and from time to time by the ECONOMIC DEVELOPMENT AUTHORITY OF THE CITY OF ELK RIVER (the "Lender") to or for the account of Heritage Millwork, Inc. (the "Borrower"), the undersigned absolutely and unconditionally guaranty to the Lender the full and prompt payment when due, whether at maturity or earlier by reason of acceleration or otherwise, of any and all indebtedness, obligations and liabilities of the Borrower (and any and all successors of the Borrower) to the Lender, now or hereafter existing including the that certain Promissory Note of even date herewith, in the original aggregate principal amount of $200,000, executed and delivered by the Borrower to the Lender, in accordance with the terms of the Loan Agreement, of even date herewith, between the Borrower and the Lender, absolute or contingent, independent, joint, several or joint and several, secured or unsecured, due or to become due, contractual or tortious, liquidated or unliquidated, arising by assignment or otherwise, including without limitation all indebtedness, obligations and liabilities owed by the Borrower (and any and all successors of the Borrower) as a member of any partnership, syndicate, association or other group, and whether incurred by the Borrower (or any successor of the Borrower) as principal, surety, endorser, guarantor, accommodation party or otherwise (collectively, the "Indebtedness"); and the undersigned agrees to pay on demand all of the Lender's fees, costs, expenses and reasonable attorneys' fees in connection with the Indebtedness, any security therefor, and this guaranty, plus interest on such amounts at the highest rate then applicable to any of the Indebtedness.

The Lender may at any time and from time to time, without consent of or notice to the undersigned, without incurring responsibility to the undersigned, without releasing, impairing or affecting the liability of the undersigned hereunder, upon or without any terms or conditions, and in whole or in part: (1) sell, pledge, surrender, compromise, settle, release, renew, subordinate, extend, alter, substitute, exchange, change, modify or otherwise dispose of or deal with in any manner and in any order any Indebtedness, any evidence thereof, or any security or other guaranty therefor; (2) accept any security for, or other guarantors of, any Indebtedness; (3) fail, neglect or omit to obtain, realize upon or protect any Indebtedness or any security therefor, to exercise any lien upon or right to any money, credit or property toward the liquidation of the Indebtedness, or to exercise any other right against the Borrower, the undersigned, any other guarantor or any other person; and (4) apply any payments and credits to the Indebtedness in any manner and in any order. No act, omission or thing, except full payment and discharge of the Indebtedness, which but for this provision could act as a release or impairment of the liability of the undersigned hereunder, shall in any way release, impair or otherwise affect the liability of the undersigned hereunder, and the undersigned waives any and all defenses of the Borrower pertaining to the Indebtedness, any evidence thereof, and any security therefor, except the defense of discharge by payment. The failure of any person or persons to sign this or any other

guaranty shall not release, impair or affect the liability of the undersigned hereunder. This guaranty is a primary obligation of the undersigned and the Lender shall not be required to first resort for payment of the Indebtedness to the Borrower or any other person, their properties or estates, or any security or other rights or remedies whatsoever. The undersigned shall be and remain liable for any deficiency remaining after foreclosure of any mortgage or security interest securing the Indebtedness, whether or not the liability of the Borrower or any other person for such deficiency is discharged pursuant to statute, judicial decision or otherwise.

The liability of the undersigned under this guaranty is in addition to and shall be cumulative with all other liabilities of the undersigned to the Lender, as guarantor or otherwise, without any limitation as to amount, unless the writing evidencing or creating such other liability specifically provides to the contrary. If any payment applied by the Lender to the Indebtedness is thereafter set aside, recovered, rescinded or required to be returned for any reason (including without limitation the bankruptcy, insolvency or reorganization of the Borrower or any other person), the Indebtedness to which such payment was applied shall for the purposes of this guaranty be deemed to have continued in existence, notwithstanding such application, and this guaranty shall be enforceable as to such Indebtedness as fully as if such application had never been made.

The undersigned waives: (1) notice of acceptance of this guaranty and of the creation and existence of the Indebtedness; (2) presentment, demand for payment, notice of dishonor, notice of nonpayment, and protest of any instrument evidencing the Indebtedness; and (3) all other demands and notices to the undersigned or any other person and all other actions to establish the liability of the undersigned hereunder. The undersigned consents to the personal jurisdiction of the state and federal courts located in the State of Minnesota in connection with any controversy related to this guaranty, waives any argument that venue in such forums is not convenient, and agrees that any litigation initiated by the undersigned against the Lender in connection with this guaranty shall be venued in either the District Court of Sherburne County, Minnesota, or the United States District Court, District of Minnesota.

All property of the undersigned, now or hereafter in the possession, control or custody of or in transit to the Lender for any purpose, including without limitation the balance of every account of the undersigned with and each claim of the undersigned against the Lender, shall be subject to a lien and security interest in favor of the Lender, as security for all liabilities of the undersigned to the Lender, and shall be subject to be set off against any and all such liabilities, and the Lender may at any time and from time to time at its option and without notice appropriate and apply any such property toward the payment of any and all such liabilities. The undersigned agrees to promptly provide the Lender from time to time with financial statements of the undersigned, in form and substance acceptable to the Lender, at least once every 12 months and as otherwise requested by the Lender. The undersigned agrees to promptly provide the Lender from time to time with such other information respecting the condition (financial and otherwise), business and property of the undersigned as the Lender may request, in form and substance acceptable to the Lender.

The undersigned waives all claims, rights and remedies which the undersigned may now have or hereafter acquire against any person at any time now or hereafter liable to payment of

any of the Indebtedness and as to any collateral security, including but not limited to all claims, rights and remedies of contribution, indemnification, exoneration, reimbursement, recourse and subrogation, whether or not such claim, right or remedy arises in equity, under contract, by statute, under common law or otherwise, whether or not the Indebtedness has been fully paid, and all payments and recoveries under this guaranty shall be considered equity investments by the undersigned in the Borrower; provided, nothing contained in this guaranty shall deprive the undersigned of any claim, right or remedy, after the Indebtedness has been fully paid, against any person other than the Borrower. No delay or failure by the Lender in exercising any right, and no partial or single exercise thereof shall constitute a waiver thereof. No waiver of any rights hereunder, and no modification or amendment of this guaranty shall be effective unless the same is in writing duly executed by the Lender, and each such waiver, if any, shall apply only with respect to the specific instance involved and shall not impair or affect the rights of the Lender or the provisions of this guaranty in any other respect at any other time. This guaranty shall continue until written notice of revocation of this guaranty, executed by the undersigned, has been received by the Lender; provided, no revocation of this guaranty shall affect in any manner any liability of the undersigned under this guaranty with respect to Indebtedness arising before the Lender receives such written notice of revocation, and the sole effect of revocation of this guaranty shall be to exclude from this guaranty Indebtedness thereafter arising which is unconnected with Indebtedness theretofore arising or transactions theretofore entered into.

Any invalidity or unenforceability of any provision or application of this guaranty shall not affect other lawful provisions and applications hereof and to this end the provisions of this guaranty are declared to be severable. This guaranty shall bind the undersigned and the heirs, representatives, successors and assigns of the undersigned, and of each of them respectively, and shall benefit the Lender, its successors and assigns. This guaranty shall be governed by and construed in accordance with the laws of the State of Minnesota.

Agrees that the Lender shall not be required to first resort for payment to the Borrower or any other person, corporation or entity, or their properties or estate, or any other right or remedy whatsoever, prior to enforcing this Guaranty.

Agrees that this Guaranty shall be construed as a continuing, absolute, and unconditional guaranty without regard to (I) the validity, regularity or enforceability or the Obligations or the disaffirmance thereof in any insolvency or bankruptcy proceeding relating to the Borrower; or (2) any event or any conduct or action of the Borrower or the Lender or any other party which might otherwise constitute a legal or equitable discharge of a surety or guarantor but for this provision.

All property of the Guarantor, now or hereafter in the possession, control or custody of or in transit to the Lender for any purpose, including without limitation the balance of every account of the Guarantor with and each claim of the Guarantor against the Lender, shall be subject to a lien and security interest in favor of the Lender, as security for all liabilities of the Guarantor to the Lender, and shall be subject to be set off against any and all such liabilities, and the Lender may at any time and from time to time at its option and without notice appropriate and apply any such property toward the payment of any and all such liabilities. The Guarantor agrees to promptly provide the Lender from time to time with financial statements of the

Guarantor, in form and substance acceptable to the Lender, at least once every 12 months and as otherwise requested by the Lender. The Guarantor agrees to promptly provide the Lender from time to time with such other information respecting the condition (financial and otherwise), business and property of the Guarantor as the Lender may request, in form and substance acceptable to the Lender.

The Guarantor agrees to deliver to the Lender: (i) on or before the earlier of thirty (30) days after its completion or one hundred twenty (120) days following each calendar year, the signed personal financial statement of the Guarantor, in a form acceptable to Lender and dated as of December 31st of the immediately preceding year, which financial statement presents the financial condition (including all guaranty and other contingent obligations) of the Guarantor as of such date; and (ii) as soon as available, but in no event later than their required filing, the federal income tax return, including all schedules and forms, for the applicable year for the Guarantor. In addition, Guarantor agrees with reasonable promptness, to provide to Lender such further information regarding the business, operations, affairs and financial and other condition of the Guarantor as the Lender may reasonably request.

The Guarantor warrants and represents to the Lender as follows:

a. Enforceability. This Guaranty constitutes the legal, valid and binding obligation of the Guarantor, enforceable in accordance with its terms (subject, as to enforceability, to limitations resulting from bankruptcy, insolvency or other similar laws affecting creditors' rights generally).

b. Litigation. There is no action, suit or proceeding pending or, to the knowledge of the Guarantor, threatened against or affecting the Guarantor which, if adversely determined, would have a material adverse effect on the condition (financial or otherwise), property or assets of the Guarantor, or which would question total validity of this Guaranty or any instrument, document or other agreement related hereto or required hereby, or impair the ability of the Guarantor to perform his or her obligations hereunder or thereunder.

c. Default. Guarantor is not in default of a material provision under any material agreement, instrument, decree or order to which he or she is a party or by which he or she or his or her property is bound or affected.

d. Consents. No consent, approval, order or authorization of, or registration, declaration or filing with, or notice to, any governmental authority or any third party is required in connection with the execution and delivery of this Guaranty or any of the agreements or instruments herein mentioned to which Guarantor is a party or the carrying out or performance of any of the transactions required or contemplated hereby or thereby or, if required, such consent, approval, order or authorization has been obtained or such registration, declaration or filing has been accomplished or such notice has been given prior to the date hereof.

e. Taxes. Guarantor has filed all tax returns required to be filed and has paid all taxes shown thereon to be due, including interest and penalties, which are not being contested in good faith and by appropriate proceedings and none of them has any information or knowledge of any objections to or claims for additional taxes in respect of federal income or excess profits tax returns for prior years.

The undersigned is the _____ of the Borrower and the undersigned acknowledges and agrees that the Indebtedness is being utilized by the Borrower to assist in financing equipment to be used at the real property located at _____, Elk River, Minnesota (the "Property"), and such equipment will materially financially benefit the undersigned and, therefore, the undersigned's obligations under this Guaranty are proper, valid and enforceable.

THE UNDERSIGNED REPRESENTS, CERTIFIES, WARRANTS AND AGREES THAT THE UNDERSIGNED HAS READ ALL OF THIS GUARANTY AND UNDERSTAND ALL OF THE PROVISIONS OF THIS GUARANTY. THE UNDERSIGNED ALSO AGREES THAT COMPLIANCE BY THE LENDER WITH THE EXPRESS PROVISIONS OF THIS GUARANTY SHALL CONSTITUTE GOOD FAITH AND SHALL BE CONSIDERED REASONABLE FOR ALL PURPOSES.

_____

Anna Pulde

PERSONAL GUARANTY
(Microloan — Patrick Menth)

Elk River, Minnesota
July __, 2024

FOR VALUABLE CONSIDERATION, the receipt and sufficiency of which is hereby acknowledged, and in consideration of and to induce financial accommodations of any kind, with or without security, given or to be given or continued at any time and from time to time by the ECONOMIC DEVELOPMENT AUTHORITY OF THE CITY OF ELK RIVER (the "Lender") to or for the account of Heritage Millwork, Inc. (the "Borrower"), the undersigned absolutely and unconditionally guaranty to the Lender the full and prompt payment when due, whether at maturity or earlier by reason of acceleration or otherwise, of any and all indebtedness, obligations and liabilities of the Borrower (and any and all successors of the Borrower) to the Lender, now or hereafter existing including the that certain Promissory Note of even date herewith, in the original aggregate principal amount of $200,000, executed and delivered by the Borrower to the Lender, in accordance with the terms of the Loan Agreement, of even date herewith, between the Borrower and the Lender, absolute or contingent, independent, joint, several or joint and several, secured or unsecured, due or to become due, contractual or tortious, liquidated or unliquidated, arising by assignment or otherwise, including without limitation all indebtedness, obligations and liabilities owed by the Borrower (and any and all successors of the Borrower) as a member of any partnership, syndicate, association or other group, and whether incurred by the Borrower (or any successor of the Borrower) as principal, surety, endorser, guarantor, accommodation party or otherwise (collectively, the "Indebtedness"); and the undersigned agrees to pay on demand all of the Lender's fees, costs, expenses and reasonable attorneys' fees in connection with the Indebtedness, any security therefor, and this guaranty, plus interest on such amounts at the highest rate then applicable to any of the Indebtedness.

The Lender may at any time and from time to time, without consent of or notice to the undersigned, without incurring responsibility to the undersigned, without releasing, impairing or affecting the liability of the undersigned hereunder, upon or without any terms or conditions, and in whole or in part: (1) sell, pledge, surrender, compromise, settle, release, renew, subordinate, extend, alter, substitute, exchange, change, modify or otherwise dispose of or deal with in any manner and in any order any Indebtedness, any evidence thereof, or any security or other guaranty therefor; (2) accept any security for, or other guarantors of, any Indebtedness; (3) fail, neglect or omit to obtain, realize upon or protect any Indebtedness or any security therefor, to exercise any lien upon or right to any money, credit or property toward the liquidation of the Indebtedness, or to exercise any other right against the Borrower, the undersigned, any other guarantor or any other person; and (4) apply any payments and credits to the Indebtedness in any manner and in any order. No act, omission or thing, except full payment and discharge of the Indebtedness, which but for this provision could act as a release or impairment of the liability of the undersigned hereunder, shall in any way release, impair or otherwise affect the liability of the undersigned hereunder, and the undersigned waives any and all defenses of the Borrower pertaining to the Indebtedness, any evidence thereof, and any security therefor, except the defense of discharge by payment. The failure of any person or persons to sign this or any other

guaranty shall not release, impair or affect the liability of the undersigned hereunder. This guaranty is a primary obligation of the undersigned and the Lender shall not be required to first resort for payment of the Indebtedness to the Borrower or any other person, their properties or estates, or any security or other rights or remedies whatsoever. The undersigned shall be and remain liable for any deficiency remaining after foreclosure of any mortgage or security interest securing the Indebtedness, whether or not the liability of the Borrower or any other person for such deficiency is discharged pursuant to statute, judicial decision or otherwise.

The liability of the undersigned under this guaranty is in addition to and shall be cumulative with all other liabilities of the undersigned to the Lender, as guarantor or otherwise, without any limitation as to amount, unless the writing evidencing or creating such other liability specifically provides to the contrary. If any payment applied by the Lender to the Indebtedness is thereafter set aside, recovered, rescinded or required to be returned for any reason (including without limitation the bankruptcy, insolvency or reorganization of the Borrower or any other person), the Indebtedness to which such payment was applied shall for the purposes of this guaranty be deemed to have continued in existence, notwithstanding such application, and this guaranty shall be enforceable as to such Indebtedness as fully as if such application had never been made.

The undersigned waives: (1) notice of acceptance of this guaranty and of the creation and existence of the Indebtedness; (2) presentment, demand for payment, notice of dishonor, notice of nonpayment, and protest of any instrument evidencing the Indebtedness; and (3) all other demands and notices to the undersigned or any other person and all other actions to establish the liability of the undersigned hereunder. The undersigned consents to the personal jurisdiction of the state and federal courts located in the State of Minnesota in connection with any controversy related to this guaranty, waives any argument that venue in such forums is not convenient, and agrees that any litigation initiated by the undersigned against the Lender in connection with this guaranty shall be venued in either the District Court of Sherburne County, Minnesota, or the United States District Court, District of Minnesota.

All property of the undersigned, now or hereafter in the possession, control or custody of or in transit to the Lender for any purpose, including without limitation the balance of every account of the undersigned with and each claim of the undersigned against the Lender, shall be subject to a lien and security interest in favor of the Lender, as security for all liabilities of the undersigned to the Lender, and shall be subject to be set off against any and all such liabilities, and the Lender may at any time and from time to time at its option and without notice appropriate and apply any such property toward the payment of any and all such liabilities. The undersigned agrees to promptly provide the Lender from time to time with financial statements of the undersigned, in form and substance acceptable to the Lender, at least once every 12 months and as otherwise requested by the Lender. The undersigned agrees to promptly provide the Lender from time to time with such other information respecting the condition (financial and otherwise), business and property of the undersigned as the Lender may request, in form and substance acceptable to the Lender.

The undersigned waives all claims, rights and remedies which the undersigned may now have or hereafter acquire against any person at any time now or hereafter liable to payment of

any of the Indebtedness and as to any collateral security, including but not limited to all claims, rights and remedies of contribution, indemnification, exoneration, reimbursement, recourse and subrogation, whether or not such claim, right or remedy arises in equity, under contract, by statute, under common law or otherwise, whether or not the Indebtedness has been fully paid, and all payments and recoveries under this guaranty shall be considered equity investments by the undersigned in the Borrower; provided, nothing contained in this guaranty shall deprive the undersigned of any claim, right or remedy, after the Indebtedness has been fully paid, against any person other than the Borrower. No delay or failure by the Lender in exercising any right, and no partial or single exercise thereof shall constitute a waiver thereof. No waiver of any rights hereunder, and no modification or amendment of this guaranty shall be effective unless the same is in writing duly executed by the Lender, and each such waiver, if any, shall apply only with respect to the specific instance involved and shall not impair or affect the rights of the Lender or the provisions of this guaranty in any other respect at any other time. This guaranty shall continue until written notice of revocation of this guaranty, executed by the undersigned, has been received by the Lender; provided, no revocation of this guaranty shall affect in any manner any liability of the undersigned under this guaranty with respect to Indebtedness arising before the Lender receives such written notice of revocation, and the sole effect of revocation of this guaranty shall be to exclude from this guaranty Indebtedness thereafter arising which is unconnected with Indebtedness theretofore arising or transactions theretofore entered into.

Any invalidity or unenforceability of any provision or application of this guaranty shall not affect other lawful provisions and applications hereof and to this end the provisions of this guaranty are declared to be severable. This guaranty shall bind the undersigned and the heirs, representatives, successors and assigns of the undersigned, and of each of them respectively, and shall benefit the Lender, its successors and assigns. This guaranty shall be governed by and construed in accordance with the laws of the State of Minnesota.

Agrees that the Lender shall not be required to first resort for payment to the Borrower or any other person, corporation or entity, or their properties or estate, or any other right or remedy whatsoever, prior to enforcing this Guaranty.

Agrees that this Guaranty shall be construed as a continuing, absolute, and unconditional guaranty without regard to (I) the validity, regularity or enforceability or the Obligations or the disaffirmance thereof in any insolvency or bankruptcy proceeding relating to the Borrower; or (2) any event or any conduct or action of the Borrower or the Lender or any other party which might otherwise constitute a legal or equitable discharge of a surety or guarantor but for this provision.

All property of the Guarantor, now or hereafter in the possession, control or custody of or in transit to the Lender for any purpose, including without limitation the balance of every account of the Guarantor with and each claim of the Guarantor against the Lender, shall be subject to a lien and security interest in favor of the Lender, as security for all liabilities of the Guarantor to the Lender, and shall be subject to be set off against any and all such liabilities, and the Lender may at any time and from time to time at its option and without notice appropriate and apply any such property toward the payment of any and all such liabilities. The Guarantor agrees to promptly provide the Lender from time to time with financial statements of the

Guarantor, in form and substance acceptable to the Lender, at least once every 12 months and as otherwise requested by the Lender. The Guarantor agrees to promptly provide the Lender from time to time with such other information respecting the condition (financial and otherwise), business and property of the Guarantor as the Lender may request, in form and substance acceptable to the Lender.

The Guarantor agrees to deliver to the Lender: (i) on or before the earlier of thirty (30) days after its completion or one hundred twenty (120) days following each calendar year, the signed personal financial statement of the Guarantor, in a form acceptable to Lender and dated as of December 31st of the immediately preceding year, which financial statement presents the financial condition (including all guaranty and other contingent obligations) of the Guarantor as of such date; and (ii) as soon as available, but in no event later than their required filing, the federal income tax return, including all schedules and forms, for the applicable year for the Guarantor. In addition, Guarantor agrees with reasonable promptness, to provide to Lender such further information regarding the business, operations, affairs and financial and other condition of the Guarantor as the Lender may reasonably request.

The Guarantor warrants and represents to the Lender as follows:

a. Enforceability. This Guaranty constitutes the legal, valid and binding obligation of the Guarantor, enforceable in accordance with its terms (subject, as to enforceability, to limitations resulting from bankruptcy, insolvency or other similar laws affecting creditors' rights generally).

b. Litigation. There is no action, suit or proceeding pending or, to the knowledge of the Guarantor, threatened against or affecting the Guarantor which, if adversely determined, would have a material adverse effect on the condition (financial or otherwise), property or assets of the Guarantor, or which would question total validity of this Guaranty or any instrument, document or other agreement related hereto or required hereby, or impair the ability of the Guarantor to perform his or her obligations hereunder or thereunder.

c. Default. Guarantor is not in default of a material provision under any material agreement, instrument, decree or order to which he or she is a party or by which he or she or his or her property is bound or affected.

d. Consents. No consent, approval, order or authorization of, or registration, declaration or filing with, or notice to, any governmental authority or any third party is required in connection with the execution and delivery of this Guaranty or any of the agreements or instruments herein mentioned to which Guarantor is a party or the carrying out or performance of any of the transactions required or contemplated hereby or thereby or, if required, such consent, approval, order or authorization has been obtained or such registration, declaration or filing has been accomplished or such notice has been given prior to the date hereof.

e. Taxes. Guarantor has filed all tax returns required to be filed and has paid all taxes shown thereon to be due, including interest and penalties, which are not being contested in good faith and by appropriate proceedings and none of them has any information or knowledge of any objections to or claims for additional taxes in respect of federal income or excess profits tax returns for prior years.

The undersigned is the _____ of the Borrower and the undersigned acknowledges and agrees that the Indebtedness is being utilized by the Borrower to assist in financing equipment to be used at the real property located at _____, Elk River, Minnesota (the "Property"), and such equipment will materially financially benefit the undersigned and, therefore, the undersigned's obligations under this Guaranty are proper, valid and enforceable.

THE UNDERSIGNED REPRESENTS, CERTIFIES, WARRANTS AND AGREES THAT THE UNDERSIGNED HAS READ ALL OF THIS GUARANTY AND UNDERSTAND ALL OF THE PROVISIONS OF THIS GUARANTY. THE UNDERSIGNED ALSO AGREES THAT COMPLIANCE BY THE LENDER WITH THE EXPRESS PROVISIONS OF THIS GUARANTY SHALL CONSTITUTE GOOD FAITH AND SHALL BE CONSIDERED REASONABLE FOR ALL PURPOSES.

_____
Patrick Menth

Request for Action

To		Item Number
Joint Finance Committee Meeting		4.1
Agenda Section	**Meeting Date**	**Prepared by**
General Business	May 14, 2024	Brent O'Neil, Economic Development Director
Item Description		**Reviewed by**
Microloan Application Review – Heritage Millwork		Joshua Mollan, Economic Development Specialist
		Reviewed by

Action Requested

Consider and provide recommendation to the EDA on a microloan application received from Heritage Millwork, Inc. The Joint Finance Committee may recommend approval, approval with conditions, or denial of the request.

Background/Discussion

The city received an application from Heritage Millwork, Inc. requesting a $200,000 job incentive loan from the EDA revolving loan funds. The funds in this program are seeded from a previous Minnesota Investment Fund award through the state Department of Employment and Economic Development (DEED).

The Jobs Incentive Microloan Program goal is to encourage the growth of new jobs and the retention of existing jobs. The company currently employs 70 employees in multiple locations, with 8 presently in Elk River. The proposed Heritage consolidation of facilities in Elk River would result in all jobs being in Elk River and the potential for job expansion opportunities as well. The average hourly wage is $32.41 per hour for existing positions. The potential for six new positions would have an average wage of $23.00 per hour.

Analysis

Purpose: To assist existing businesses with expansion and attract new businesses to the city whose local operations will expand the city's economy through job retention and creation and maintain/ grow the city's tax base. The purpose of the program is to encourage the creation of quality, high-paying jobs within the city.

Amount: Up to $200,000 of secondary financing not to exceed 20% of the project cost.
The total project cost is in excess of $21,000,000. The requested amount is approximately 1%, less than the 20% maximum allowed.

Equity: Must have private-sector commitments for 50% of the project cost. Borrower must provide 10% or more of project financing.

The applicant's S/U statement indicates the company will be contributing $2,116,947 in cash equity, or 10% of total project costs. new equipment. This includes approximately $12MM for facility construction and $5MM in equipment.

Criteria: All new jobs must be created within two years and retained for the period of the loan. Said jobs must pay greater of $15.00 per hour or 150% of state or federal minimum wage ($15.12), exclusive of benefits required by law. Any loans shall meet the city of Elk River Business Subsidy Policy for the creation of new jobs, as well as a 5-year location requirement.

All positions are in excess of the wage requirement of $15.12, as the lowest hourly wage for all positions is $21.00 per hour.

Summary

The applicant is eligible for a maximum loan of $200,000 per the city's policy, meeting the equity, wage, and job criteria requirements and the proposed fund uses are eligible expenses. The project scored 42 out of 50 points, representing a highly desirable project.

Terms

The loan will be amortized over 10 years at 3% with a 5-year balloon payment. The EDA would retain a 3rd position on the equipment behind the principal lender First Bank Elk River and Small Business Administration. Staff and the applicant have discussed securing the loan with a personal guarantee.

Financial Impact

If the committee agrees this loan meets the goals of the city and EDA, the loan funds could be funded from the DEED account, which has a balance of $439,246.36. Similarly, it could be funded from the EDA's Business Microloan Fund which has a balance exceeding $1,000,000.

Attachments

- Microloan Application
- Scoring Worksheet
- Company Information
- Commitment Letter from the First Bank Elk River
- Microloan – Additional Information
- Company Financials (confidential, available at the meeting)

Request for Action

To
Economic Development Authority

Item Number
7.1

Meeting Date
June 17, 2024

Prepared By
Joshua Mollan, Economic Development Specialist

Item Description
Placer.ai Presentation

Reviewed by
Brent O'Neil
Cal Portner

Action Requested
Item presented for information and discussion purposes.

Background/Discussion
Staff will use this time to share a presentation of relevant reports and features from Placer.ai which include: leakage report, downtown visitation trends, and 169 Redefine impacts, among others.

Financial Impact
N/A

Mission/Policy/Goal
Support Elk River's existing businesses through relationship building, programmatic offerings, and high-quality city services. Attract new business development to Elk River to build the City's economic vibrancy, job offerings and tax base.

Attachments
1. EDA Placer Presentation 06-2024

Placer.ai Update

Joshua Mollan

June 2024

Leakage Report

Leakage Report

Category
(All)

Leakage by Entity from Elk River Boundary

Entity	Category	Residents	Visits	Avg. Spend ($)	Avg. Home Distance (mi)	Avg. Work Distance (mi)
Target 15800 87th St NE, Otsego	Superstores	19.22K	428.97K	64.83	3.22	12.64
The Shoppes at Arbor Lakes 12459 Elm Creek Blvd N, Maple Gro..	Community Shopping Centers	13.19K	89.99K	--	17.05	12.53
Coborn's 15700 88th St NE, Otsego	Groceries	6.47K	74.80K	--	2.92	14.06
Northstar Marketplace 7988 Sunwood Drive, Ramsey, MN 5..	Community Shopping Centers	7.64K	72.97K	--	7.01	10.08
Albertville Premium Outlets 6415 Labeaux Ave Ne, Albertville, M..	Community Shopping Centers	11.63K	71.69K	--	6.75	14.40

City of Elk River

Placer.ai

Leakage Report

Store	2021	2022	2023
Target – Otsego	304,000	291,000	309,000
Costco – Coon Rapids	68,000	63,000	52,000
Kohl's – Rogers	43,000	33,000	27,000
Target – Rogers	36,000	34,000	34,000
Costco – Maple Grove	31,000	32,000	31,000

City of Elk River

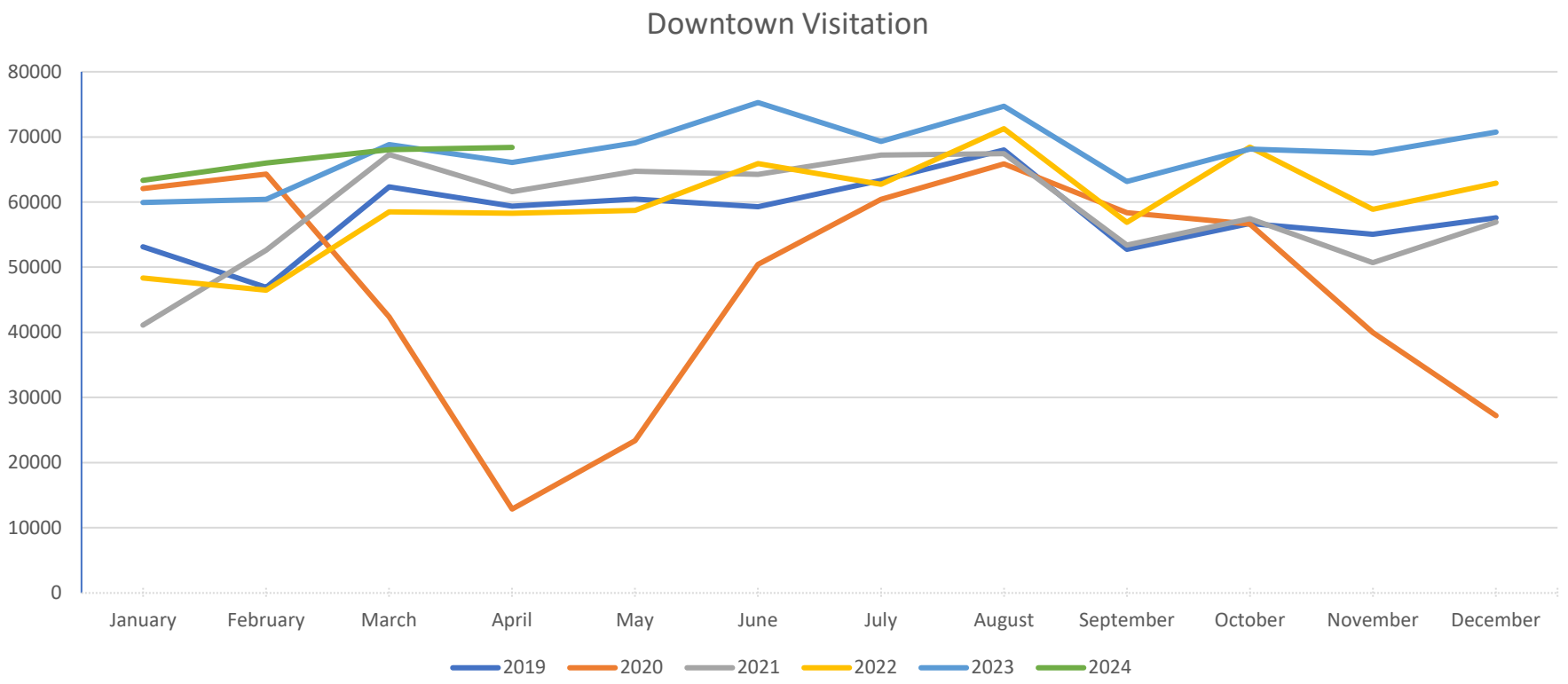
Placer.ai

Leakage Report

2021		2022		2023	
Chick-fil-A – CR	14	Chick-fil-A – CR	14	McDonald's – R	24
Raising Cane's – CR	13	Chick-fil-A – MG	12	Chick-fil-A – CR	21
Chick-fil-A – MG	9	Raising Cane's – CR	11	McDonald's – BL	19
Raising Cane's – MG	9	Raising Cane's – MG	10	Wendy's – R	17
Freddy's – R	8	Noodle's – R	9	Raising Cane's – CR	16

Downtown Analysis

Downtown Analysis



City of Elk River

Placer.ai

Downtown Analysis

Annual visitation trends

	2019	2020	2021	2022	2023	2024
Total	695,000	564,000	705,000	717,000	813,000	*846,000 est.*
YTD (5/1)	222,000	182,000	223,000	212,000	255,000	266,000

Downtown Analysis

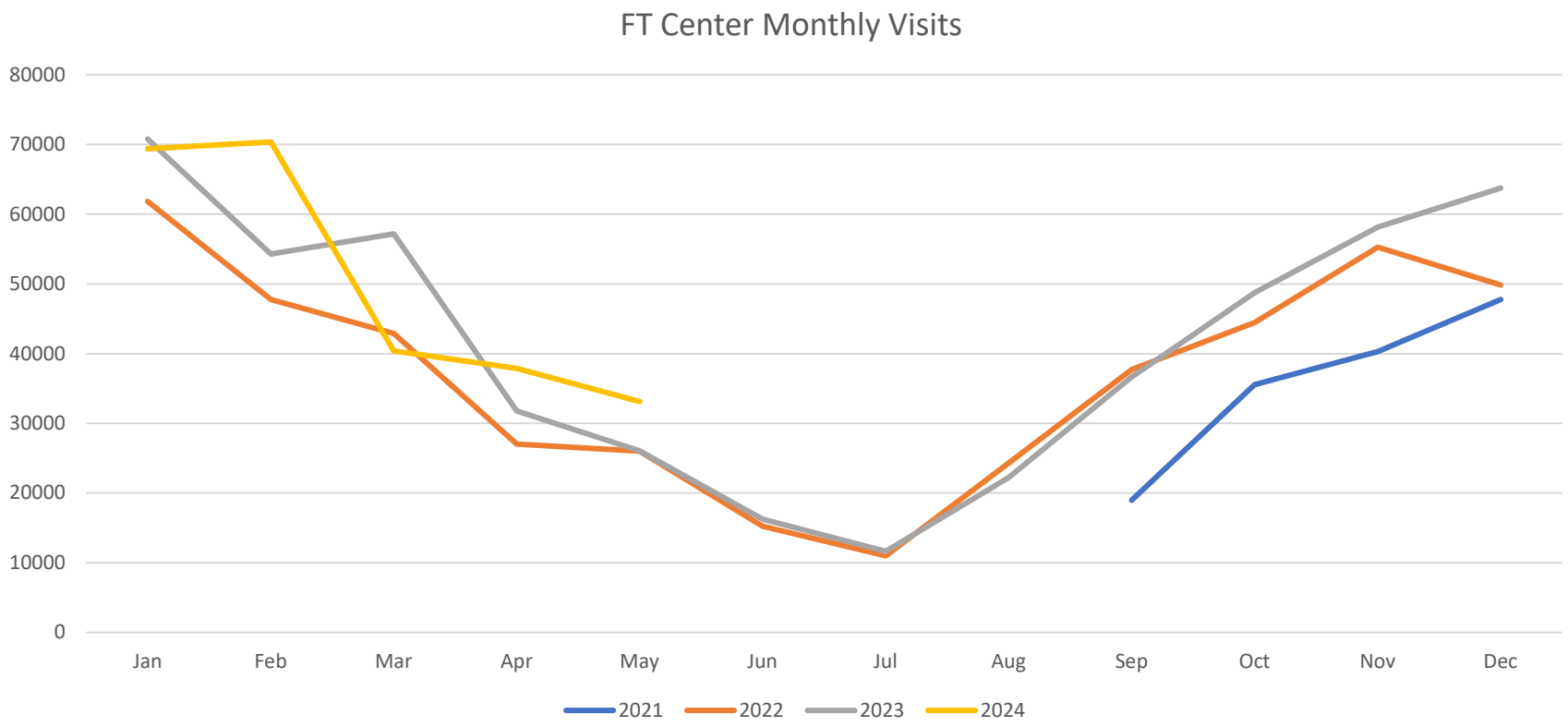
Top 5 zip code visitation by home location

▪ Elk River	337,000	+23.3K	41.4%	+7.4%
▪ Zimmerman	68,400	+4.2K	8.4%	+6.5%
▪ Anoka	53,600	+4.1K	6.6%	+8.4%
▪ Big Lake	39,000	+10K	4.8%	+34.5%
▪ Princeton	23,500	+4.3K	2.9%	+22.2%

- 813,200 total visits

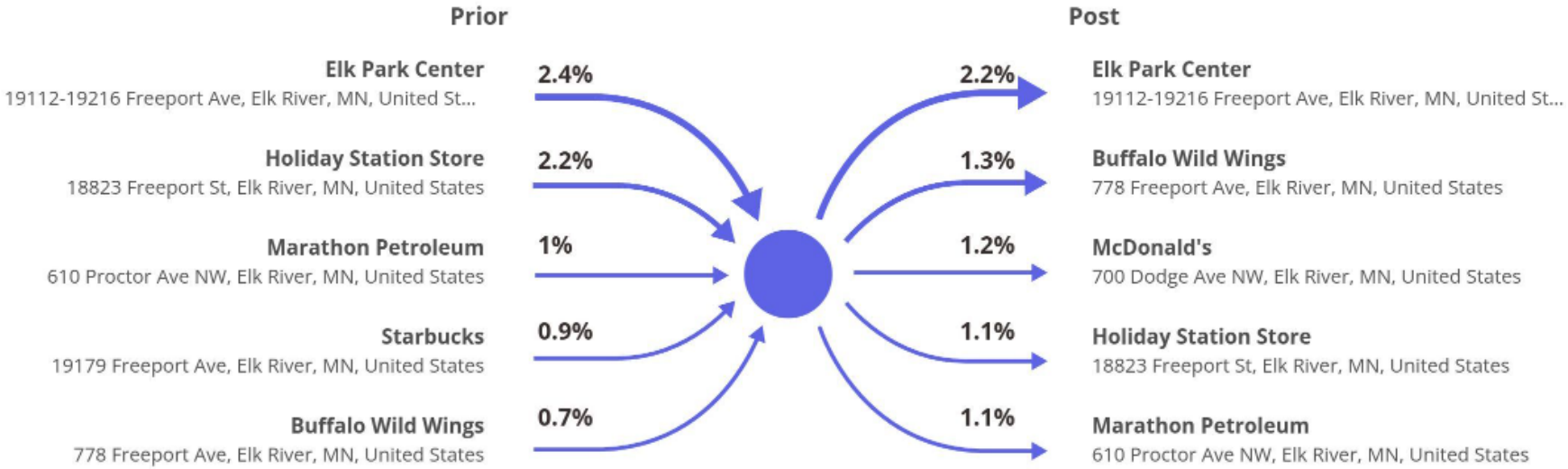
FT Center Analysis

FT Center Analysis



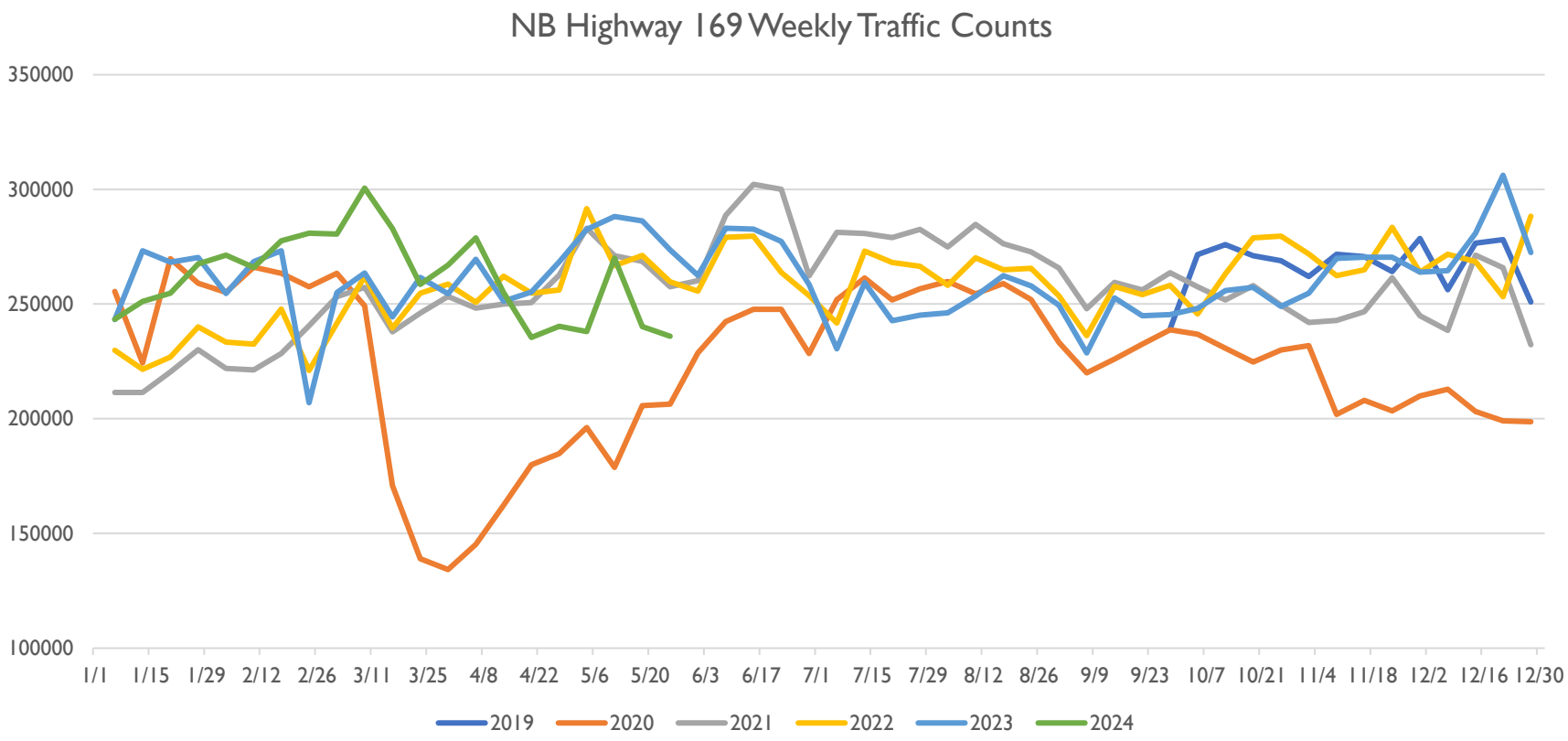
FT Center Analysis

Visitor Journey - 2023

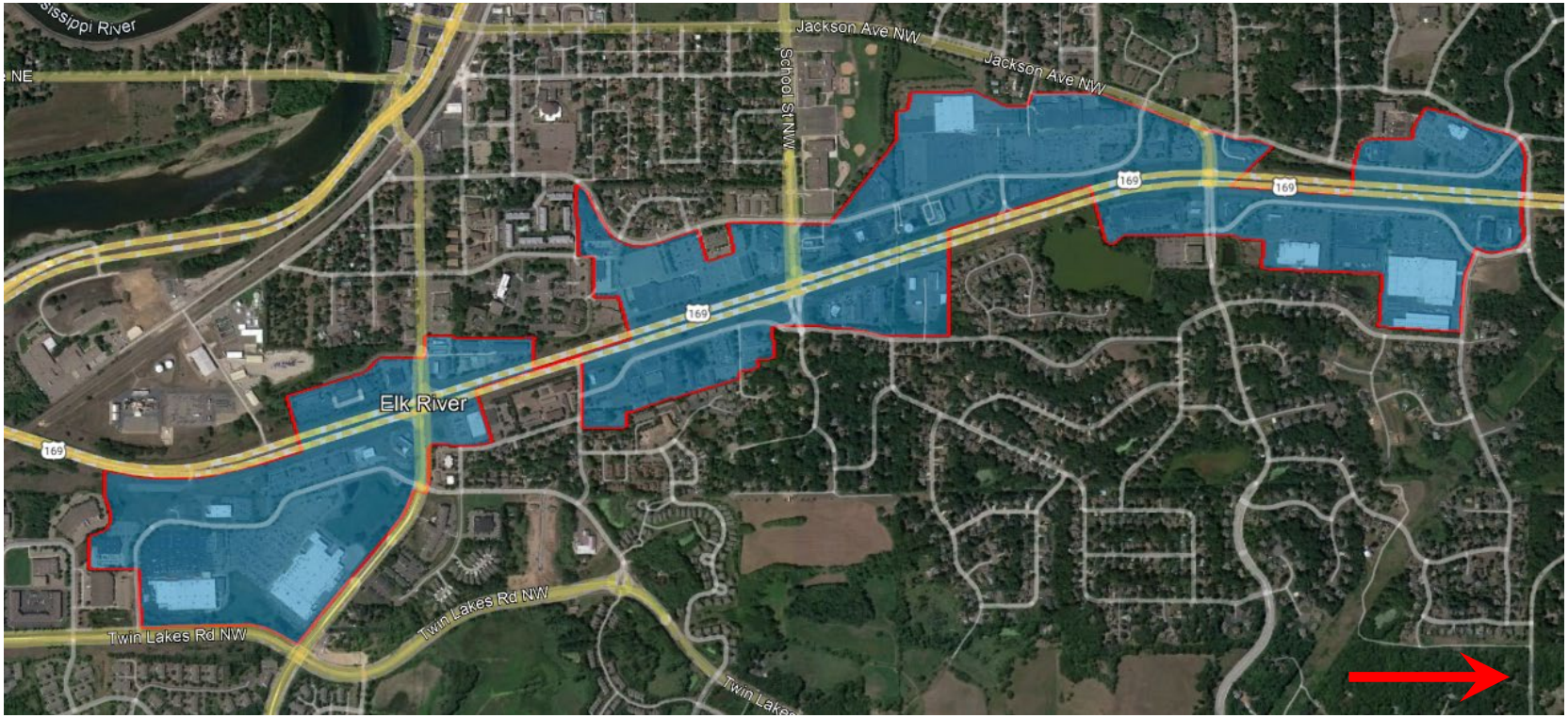


I69 Redefine Analysis

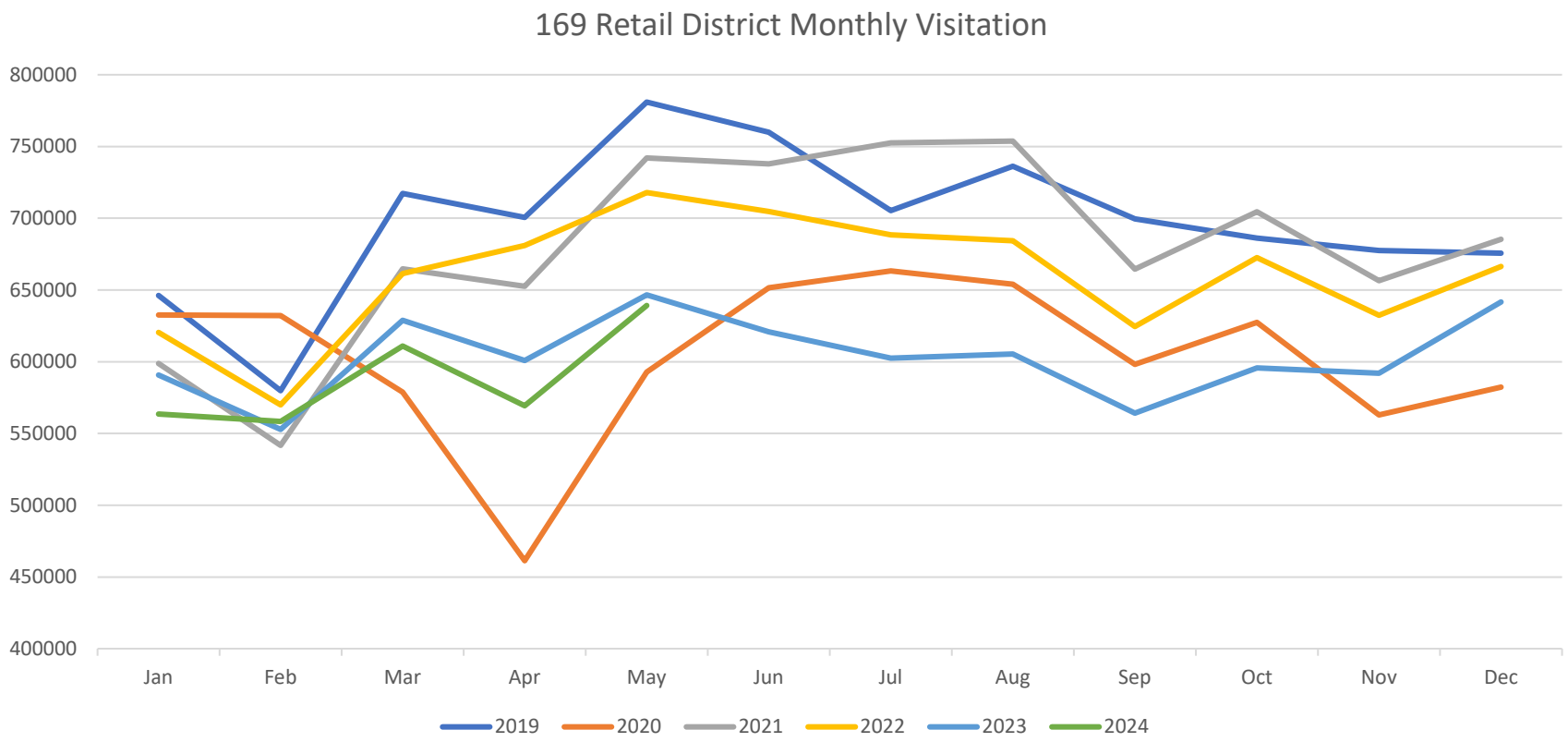
169 Redefine Analysis



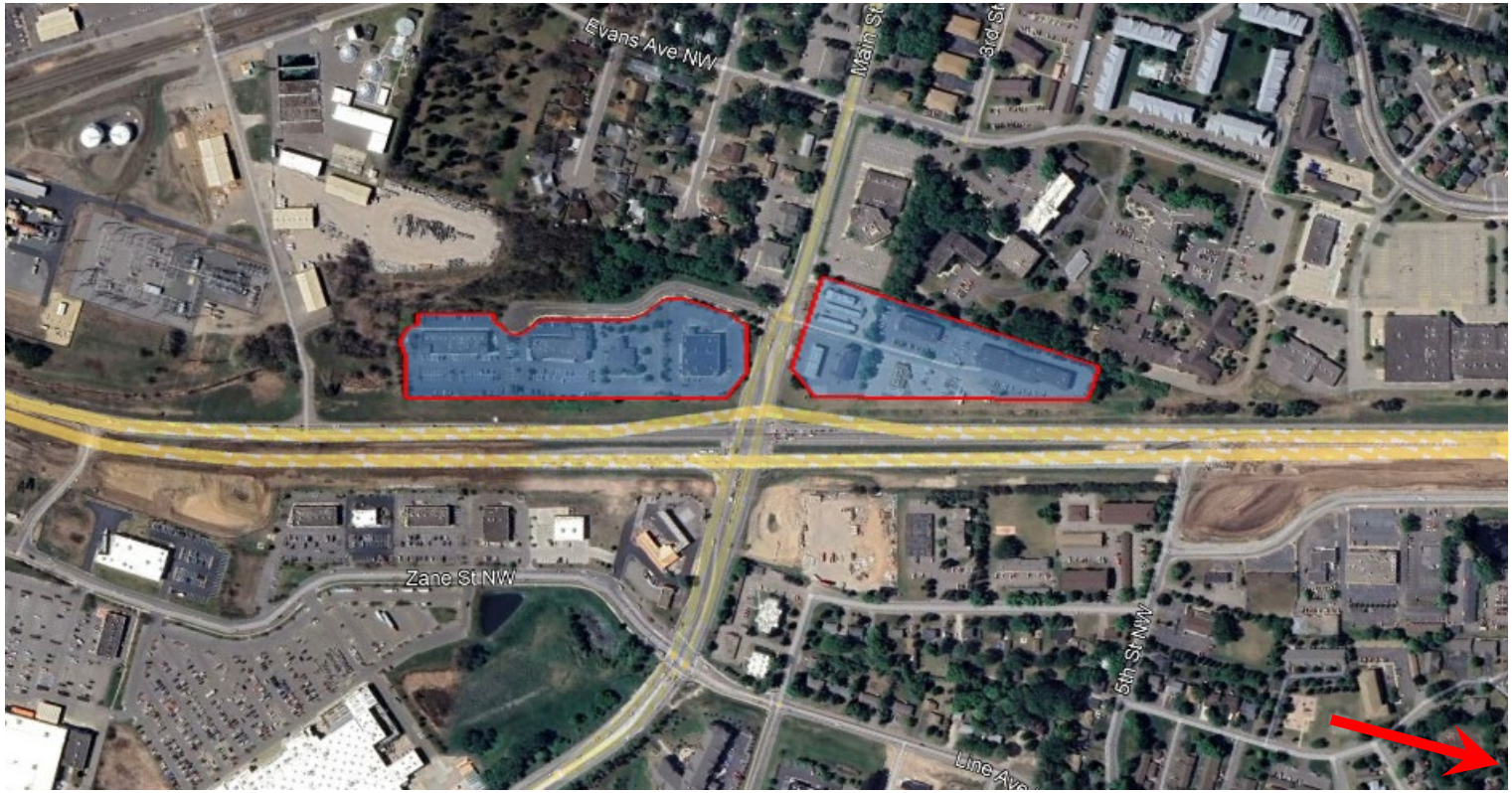
Retail District Analysis



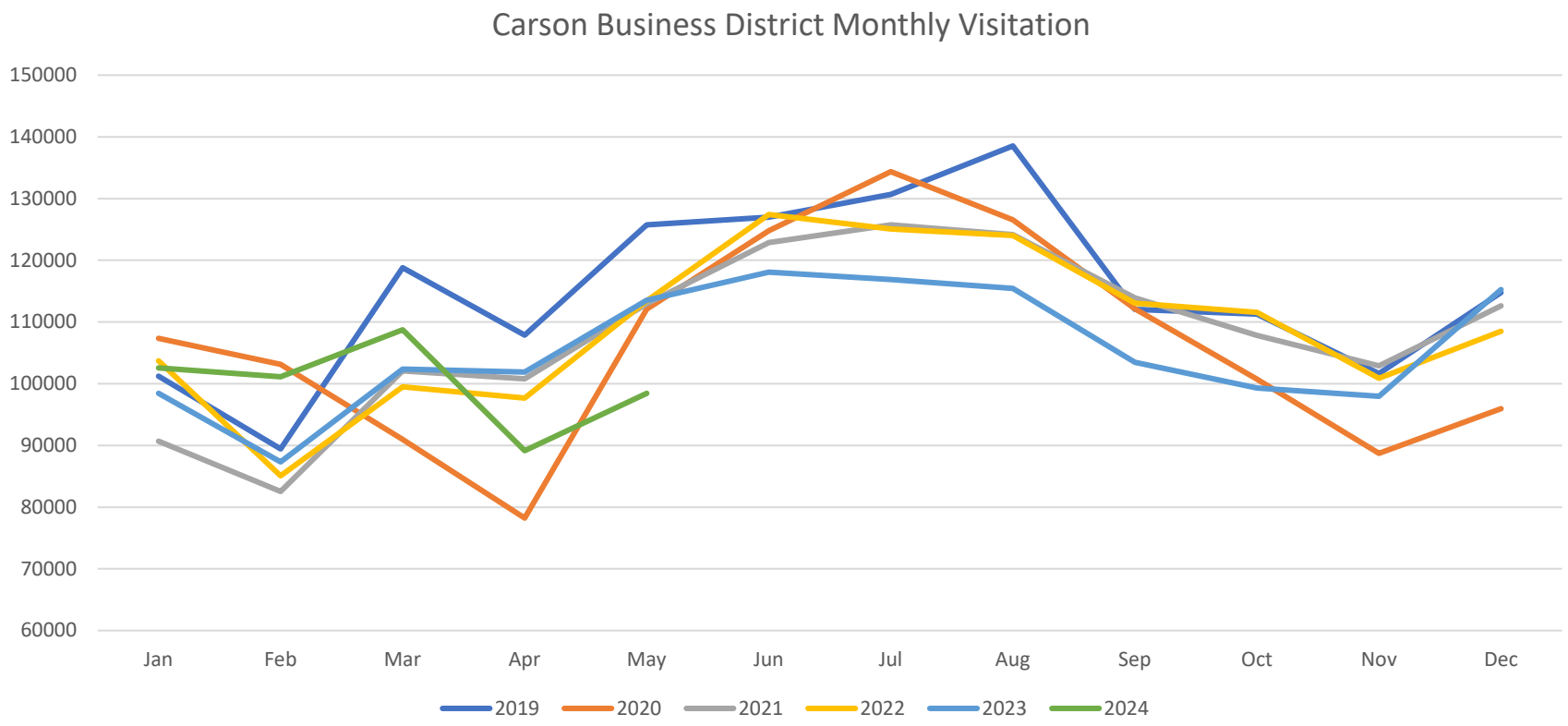
Retail District Analysis



Carson Business Analysis



Carson Business Analysis

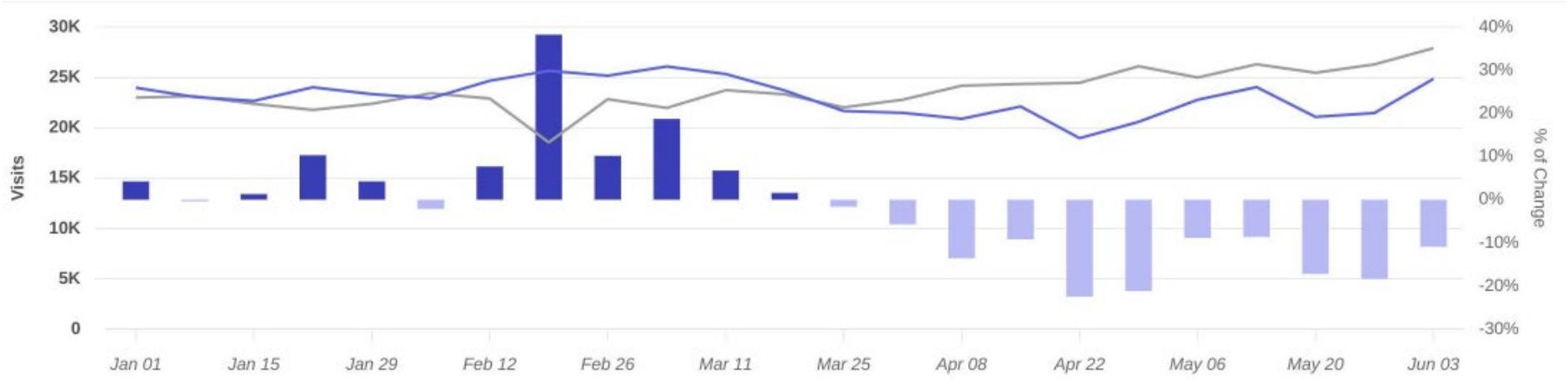


City of Elk River

Placer.ai

Carson Business Analysis

Visits Variance YOY YTD



City of Elk River

Placer.ai

Carson Business Analysis

Top Six Tenant Trends YOY YTD

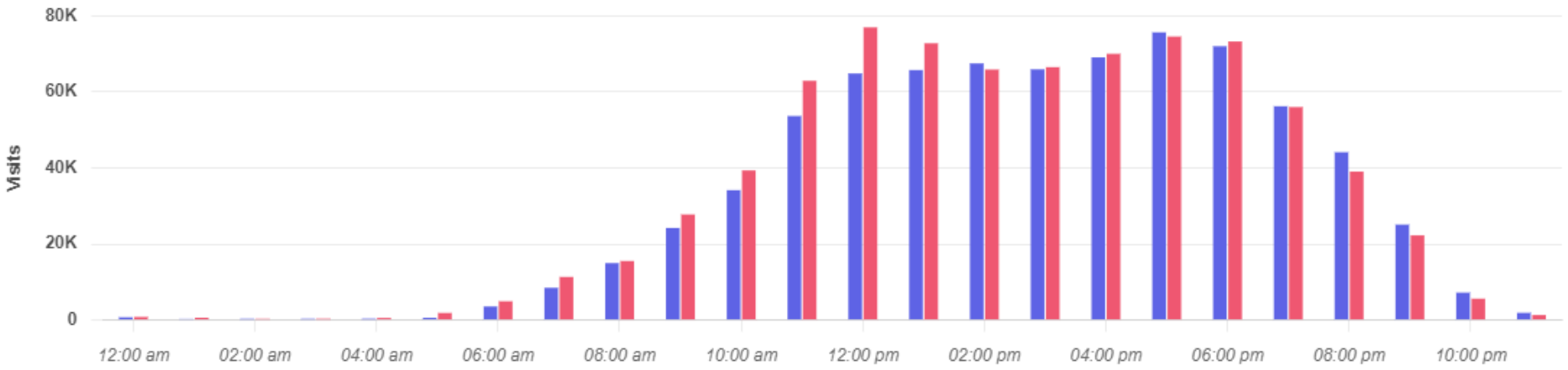
Tenants / Category	Visits	Visits Chain Rank, State
Walgreens | Drugstores & Pharmacies 18267 Carson Ct NW, Elk River, 55330, MN	136.2K (-9%)	48/141 (-16) 66%
Chipotle Mexican Grill | Fast Food & QSR 18201 Carson Ct NW, Elk River, 55330, MN	98.4K (+19%)	7/67 (+4) 91%
SONIC Drive In | Fast Food & QSR 229 Carson St NW, Elk River, 55330, MN	77K (+1%)	3/5 60%
Speedway | Gas Stations & Convenience Stores 200 Main St NW, Elk River, 55330, MN	70.6K (-41%)	162/219 (-97) 26%
Jimmy John's | Fast Food & QSR 18157 Carson Ct NW, Elk River, 55330, MN	33.4K (-5%)	17/97 (-2) 83%
Caribou Coffee | Breakfast, Coffee, Bakeries & Dessert Shops 18157 Carson Ct NW, Ste A, Elk River, 55330, MN	32.1K (-19%)	174/191 (-32) 9%

City of Elk River

Placer.ai

Carson Business Analysis

Hourly Visits Trends YOY YTD



Thank you!

Questions?

Requests?

Request for Action

To
Economic Development Authority

Item Number
7.2

Meeting Date
June 17, 2024

Prepared By
Joshua Mollan, Economic Development Specialist

Item Description
Public Art Agreement

Reviewed by
Brent O'Neil
Cal Portner

Action Requested
Approve, by motion, a professional services agreement between the EDA and Carey Dean.

Background/Discussion
At its March meeting, the EDA supported moving forward with the public art project "Where Energy Flows" by Carey Dean. Staff will show Carey around FT Center in June to determine final art placement as well as for her to sign her portion of the professional services agreement. Per the agreement, $8,000 will be due to Carey upon signing, with the remaining $12,000 to be paid upon completion of the project. The project is projected to have funding from the following sources:

- The EDA has approved contributing $10,000 to the project.
- Central Minnesota Arts Board (CMAB) has approved granting $8,000 to the project. CMAB will pay out 80% ($6,400) of the grant to the EDA soon after staff provides the executed PSA. The remaining 20% ($1,600) will be paid to the EDA after completion and acceptance of the final report which will be completed by staff.
- The remaining $2,000 is available for willing business sponsors.

Financial Impact
$20,000 in EDA outlays. $10,000 from EDA funds, $8,000 from CMAB, and $2,000 in private contributions.

Mission/Policy/Goal
Support Elk River's existing businesses through relationship building, programmatic offerings, and high quality city services.

Attachments
1. EDA Carey Dean Agreement
2. Carey Dean Packet

PROFESSIONAL SERVICES AGREEMENT

BETWEEN: Economic Development Authority of the City of Elk River

AND: Carey Dean

EFFECTIVE DATE: June __, 2024

This Professional Services Agreement (this "Agreement") is made this __ day of June, 2024, by and between the Economic Development Authority of the City of Elk River, a public body corporate and politic under laws of the State of Minnesota, hereinafter referred to as the "EDA", and Carey Dean, hereinafter referred to as the "Consultant":

RECITALS

A. The Consultant is engaged in the business of providing professional public art design, documentation, fabrication, and installation services.

B. The EDA desires to engage the Consultant to provide the services described in this Agreement and the Consultant is willing to provide such services on the terms and conditions set forth herein.

AGREEMENT

1. **Services to be Provided.** The Consultant agrees to provide the EDA with public art design, documentation, fabrication, and installation services as set forth in the Scope of Work proposal, all attached hereto as **Exhibit A** (the "Work"). All Work shall be provided in a manner consistent with the level of care and skill ordinarily exercised by professionals currently providing similar services.

2. **Term for Completion.** This Agreement shall remain in force and effect commencing from June ___, 2024 and continuing until the completion of the Work not later than May 9, 2025 in accordance with the timeline set forth in **Exhibit A**, unless terminated by the EDA or amended pursuant to this Agreement.

3. **Consideration.** The consideration, which the EDA shall pay to the Consultant, for both the Work performed by the Consultant and the expenses incurred by the Consultant in performing the Work, shall not exceed $20,000 in accordance with the budget set forth in **Exhibit A**. The EDA shall pay the Consultant 40% or $8,000 for upfront costs for materials upon execution of this Agreement. The final 60% or $12,000 will be paid upon installation of the work.

4. **Approvals**. The Consultant will secure the written approval of the EDA's Executive Director before making any expenditures, purchases, or commitments on the EDA's behalf or before releasing any material to the media.

5. **Termination.** Notwithstanding any other provision hereof to the contrary, this Agreement may be terminated as follows:

a. The parties, by mutual written agreement, may terminate this Agreement at any time.

b. The Consultant may terminate this Agreement in the event of a material breach of this Agreement by the EDA upon providing 7 days' written notice to the EDA.

c. The EDA may terminate this Agreement upon providing 7 days' written notice to the Consultant at any time at its option, for any reason, or no reason at all.

In the event of a termination, the EDA will reimburse the Consultant for all costs of materials or other expenses incurred prior to the date of termination and pay the Consultant just and equitable compensation for any satisfactory Work performed to the date of termination. The EDA is entitled to any work product produced by the Consultant that is paid for by the EDA pursuant to this provision.

6. **Amendments**. No amendments may be made to this Agreement except in writing signed by both parties.

7. **Remedies.**

a. In the event of a termination of this Agreement by the EDA, the EDA and the Consultant will endeavor in good faith to find a reasonable solution in an effort to bring the work to completion with regards to the Consultant's copyright as creator/designer of the work. This remedy, which will be mutually agreed upon, must be approved by the Consultant as subsequent contractors will provide services that represent the Consultant's brand.

b. If no agreement can be reached, the EDA shall be entitled to exercise any one or more other legal or equitable remedies available because of the Consultant's breach.

8. **Records/Inspection.** Pursuant to Minnesota Statutes § 16C.05, Subd. 5, the Consultant agrees that the books, records, documents, and accounting procedures and practices of the Consultant, that are relevant to this Agreement or the Work, are subject to examination by the EDA and the state auditor or legislative auditor for a minimum of 6 years. The Consultant shall maintain such records for a minimum of 6 years after final payment.

9. **Indemnification.** To the fullest extent permitted by law, the Consultant, and the Consultant's successors or assigns, agree to indemnify and hold harmless the EDA and the City of Elk River, Minnesota (the "City"), their officers, agents, and employees from all claims, suits, or actions of any kind, nature, or character, and the reasonable costs, disbursements, and expenses of defending the same, including but not limited to, reasonable attorneys' fees, consulting project management services, and other technical, administrative or professional assistance to the extent caused by the negligence, breach of contract or willful misconduct of the Consultant or its subcontractors, agents, or employees under this Agreement or arising out of the failure to obtain or maintain the insurance required by this Agreement. Nothing in this Agreement shall constitute a waiver or limitation of any immunity or limitation on liability to which the EDA or the City is entitled. The parties agree that these indemnification obligations will survive the completion or termination of this Agreement.

10. **Insurance.** The Consultant will maintain insurance coverage for general, professional and products liability satisfactory to the EDA.

11. **Subcontracting.** Nothing contained in this paragraph shall prevent the Consultant from employing such independent consultants, associates, and subcontractors, as it may deem appropriate to assist it in the performance of services hereunder. Notwithstanding the foregoing, the Consultant may retain, at its expense, the services of consultant) for the Work.

12. **Assignment.** Neither the EDA nor the Consultant shall assign this Agreement or any rights under or interest in this Agreement, in whole or in part, without the other party's prior written consent. Any assignment in violation of this provision is null and void. Unless specifically stated to the contrary in any written consent to an assignment, no assignment will release or discharge the assignor from any duty or responsibility under this Agreement.

13. **Independent Contractor.** The Consultant shall be deemed an independent contractor. The Consultant's duties will be performed with the understanding that the Consultant has special expertise as to the services which the Consultant is to perform and is customarily engaged in the independent performance of the same or similar services for others. The manner in which the services are performed shall be controlled by the Consultant; however, the nature of the services and the results to be achieved shall be specified by the EDA. The Consultant is not to be deemed an employee or agent of the EDA or the City and has no authority to make any binding commitments or obligations on behalf of the EDA or the City except to the extent expressly provided herein. All services provided by the Consultant pursuant to this Agreement shall be provided by the Consultant as an independent contractor and not as an employee of the EDA or the City for any purpose, including but not limited to: income tax withholding, workers' compensation, unemployment compensation, FICA taxes, liability for torts and eligibility for employee benefits.

14. **Compliance with Laws.** The Consultant shall exercise due professional care to comply with applicable federal, state and local laws, rules, ordinances and regulations in effect as of the date the Consultant agrees to provide the applicable services detailed in Exhibit A or any supplemental letter agreement.

15. **Notices.** Any notices permitted or required by this Agreement shall be deemed given when personally delivered or upon deposit in the United States mail, postage fully prepaid, certified, return receipt requested, addressed to:

Consultant: Carey Dean
2015 131st Court NE
Blaine, MN 55449

EDA: Economic Development Authority of the City of Elk River
13065 Orono Parkway
Elk River, MN 55330
Attention: Executive Director

Or such other address as either party may provide to the other by notice given in accordance with this provision.

16. **Attorney Fees.** In the event of any action to enforce or interpret this Agreement, the prevailing party shall be entitled to recover from the losing party reasonable attorney fees incurred in the proceeding, as set by the court, at trial, on appeal or upon review.

17. **Entire Agreement.** This Agreement, any attached exhibits and any addenda or amendments signed by the parties shall constitute the entire agreement between the EDA and the Consultant, and supersedes any other written or oral agreements between the EDA and the Consultant. This Agreement can only be modified in writing signed by the EDA and the Consultant.

18. **Third Party Rights.** The parties to this Agreement do not intend to confer on any third party any rights under this Agreement.

19. **Choice of Law and Venue.** 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.

20. **Conflict of Interest.** The Consultant shall use reasonable care to avoid conflicts of interest and appearances of impropriety in representation of the EDA and the City. In the event of a conflict of interest, the Consultant shall advise the EDA and either secure a waiver of the conflict or advise the EDA that it will be unable to provide the requested services. It is the intent of the Consultant to refrain from handling advertising, digital, and public relations matters for any other person or entity that may pose a conflict of interest.

21. **Work Products and Ownership of Documents.** Upon full payment for all amounts due hereunder, all records, information, materials and other work products, including, but not limited to the completed reports and the Work prepared and developed in connection with the provision of services pursuant to this Agreement shall become the property of the EDA, but reproductions of such records, information, materials and other work products in whole or in part may be retained by the Consultant. The Consultant and its subconsultants shall not be responsible for the EDA's use of such work product and documents unless the Consultant is retained to provide professional services in connection with such use.

22. **Copyright**: The Consultant expressly reserves every right available to him/her in common law or under the Federal Copyright Act to control the making and dissemination of copies or reproductions of the Work, except as those rights are limited by the Agreement. The Consultant shall not unreasonably refuse the contracting agency and/or the EDA permission to reproduce the Work graphically for purposes strictly for the sole use and benefit of the public. All reproductions of the Work shall contain a credit to the Consultant and copyright notice substantially in the following form: "Copyright, Consultant's name, year of publication," in such a manner and location as shall comply with the U.S. Copyright laws.

23. **Data Practices Act Compliance.** Any and all data provided to the Consultant, received from the Consultant, created, collected, received, stored, used, maintained, or disseminated by the Consultant pursuant to this Agreement shall be administered in accordance with, and is subject to the requirements of the Minnesota Government Data Practices Act, Minnesota Statutes, Chapter 13, as amended. This paragraph does not create a duty on the part of the Consultant to provide access to public data to the public if the public data are available from the EDA, except as required by the terms of this Agreement.

24. **No Discrimination**. The Consultant agrees not to discriminate in providing products and services under this Agreement on the basis of race, color, sex, creed, national origin, disability, age, sexual orientation, status with regard to public assistance, or religion. Violation of any part of this provision may lead to immediate termination of this Agreement.

25. **Authorized Agents**. The EDA's authorized agent for purposes of administration of this contract is the Executive Director of the EDA, or his or her designee. The Consultant's authorized agent for purposes of administration of this contract is Carey Dean. All Work shall be performed by or under the supervision of Carey Dean.

26. **Waiver**. No waiver of any provision or of any breach of this Agreement shall constitute a waiver of any other provisions or any other or further breach, and no such waiver shall be effective unless made in writing and signed by an authorized representative of the party to be charged with such a waiver.

27. **Headings**. The headings contained in this Agreement have been inserted for convenience of reference only and shall in no way define, limit or affect the scope and intent of this Agreement.

28. **Severability**. In the event that any provision of this Agreement shall be illegal or otherwise unenforceable, such provision shall be severed, and the balance of this Agreement shall continue in full force and effect.

IN WITNESS WHEREOF, the EDA and the Consultant have caused this Professional Services Agreement to be executed by their duly authorized representatives effective as of the date first written above.

ECONOMIC DEVELOPMENT AUTHORITY
OF THE CITY OF ELK RIVER

By: _____
Its President

By: _____
Its Executive Director

Carey Dean

By: _____
Carey Dean

EXHIBIT A
SCOPE OF WORK

[Insert Carey Dean Packet]

Carey Dean
612.889.6228
carey2art@gmail.com
careydean.com

Dear Art Committee or Whom It May Concern,

I am very interested in the current RFQ for public Art for the City of Elk RIver. As a visual artist my work has been exhibited internationally and commissioned for public art projects throughout Minnesota and the United States. Ideal for interior spaces, my contemporary stained glass mosaics are representational and abstract depictions of natural formations and dramatic American landscapes. As a professional artist, I strive to capture the unique character of a region, create a welcoming ambiance and promote a sense of pride of place.

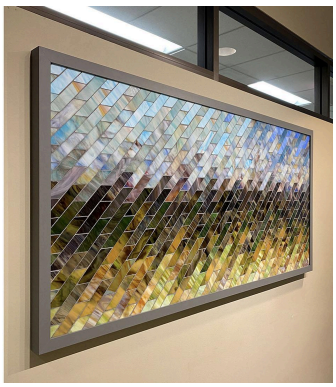
With a background as an oil painter, my contemporary mosaics are unusual and break the normal conventions of mosaic art having been described as "paintings in glass". Well suited for public spaces, my glass mosaics are safe, low-maintenance, long-lasting and all-inclusive. With glass as my medium, my work introduces color and subtle light reflections while complementing existing architectural features.

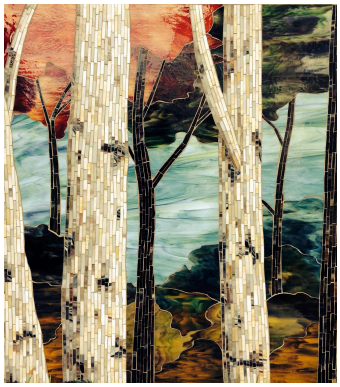
Celebrating the beauty and complexity of the natural world, my work brings the illusion of nature both real and imagined into architectural spaces. My recent public art commissions include unique interpretations of recognizable locations such as state and national parks. As an artist, I look to the local landscape for inspiration to create artwork that celebrates the beauty of a specific region and grants a timeless art experience to be enjoyed by the public.

In response to your RFQ for art, I would be honored to create a contemporary glass mosaic for any available wall space in the FT Center. My work is durable, safe for high traffic areas and requires very minimal maintenance. For the RFQ I have submitted two possible proposals both combining the theme of energy and the imagery of the river. Both concepts are inspired by what makes the city of Elk River unique and regionally significant. My artistic goal for this project is ultimately about creating an art experience that celebrates the natural beauty of the area and pays tribute to the city's rich history.

Thank you in advance for your time and consideration and I hope to be able to work with you to create a public art piece that enhances the public experience at the FT Center in Elk River.

Sincerely,
Carey Dean





examples of my mosaic work

Carey Dean

Public Art proposal for the City of Elk River

carey2art@gmail.com / carey2d@yahoo.com
careydean.com / 612.889.6228

Overview

For the City of Elk River's current RFP for public art I have two proposal options for the FT Center. One for the 8' x 8' wall and the second option for either the 8' x 8' or 11' x 12' wall next to vending machines.

Background

As a visual artist my nature inspired work has been exhibited internationally and commissioned for public spaces throughout the United States. Ideal for interior spaces, my stained glass mosaics are representational and abstract depictions of natural formations and dramatic American landscapes. As a public artist, I strive to capture the unique character of a region, create a welcoming ambiance and promote a sense of pride of place.

With a background as an oil painter, my contemporary mosaics are unusual and break the normal conventions of mosaic art having been described as "paintings in glass". Well suited for public spaces for all ages, my glass mosaics are safe, low-maintenance, long-lasting and all-inclusive. With glass as my medium, my work introduces color and subtle light reflections while complimenting existing architectural features.

Proposal 1 - “Where Energy Flows” parallelogram-style stained glass mosaic on framed panel for the 8’ x 8’ or 11’ x 12’ wall at the FT Center.

-Proposed mosaic features abstract imagery inspired by views of the Mississippi River from the town of Elk River.

-Proposed mosaic uses slightly reflective glass in colors inspired by the local landscape (a variety of blues, greens, browns) bringing color and subtle reflected light into the architectural space.

-Proposed mosaic using the parallelogram-style technique creating the illusion of visual movement and gradual shifts in color. Composition also gives the impression of energy waves of movement paying tribute to the history of “Energy City”or town of Elk River.

-Proposed mosaic celebrates the importance of the Elk River and Mississippi River to the city of Elk River’s local community.

-Proposed mosaic is low-maintenance, durable, all-inclusive and safe for a high traffic public space. Only maintenance required wiping off dust and fingerprints every few years with a soft cloth and glass cleaner.

-Proposed mosaic, if commissioned, would enhance my portfolio as a female mid-career artist from Minnesota who is very familiar with the city of Elk River.

Specifications/Other

-Proposed mosaic approximately is 7’ W x 4” H x 2” D for the 11’ x 12’ wall at the FT Center.

-The mosaic materials include hand-cut stained glass, concrete mortar and grout on a tile backer board and plywood substrate with custom museum quality framing.

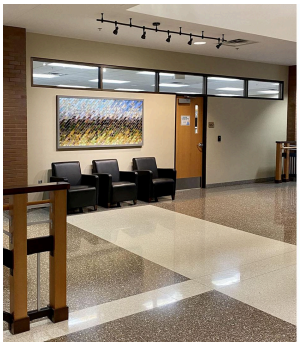
-The mosaic would be securely hung by cleat and security hardware.

-The mosaic can be designed, fabricated and installed within the project dates and deadlines. Fabrication scheduled to begin fall 2024 for installation spring/summer 2025.

-The proposed mosaic would require a budget of $20,000 with 40% up front at contract signing for purchase of materials and the remaining balance of 60% due during installation.

-Costs include approximately $2000 for glass and materials, $1800 custom frame and cleat, $1200 installation and delivery, $500 glass saw blades/tools, $14,500 for artist fee.

Proposal 1: Concept/Design “Where Energy Flows” mosaic for FT Center



examples of parallelogram-style mosaic (The Light Of A New Day On The South Dakota Plains commissioned by 1% for the Arts City of Brookings, SD Government Center (left) inspiration photograph (center) detail of parallelogram-style mosaic (right)

sample inspiration image from riverbank in Elk River (left)

digital mock-ups of parallelogram-style mosaic on either wall section at FT Center (center and right) - actual mosaic would have similar color scheme but inspired by views in Elk River. Proposed mosaic would introduce color and subtle reflected light into the space. The parallelogram-style motif also gives the illusion of movement and energy waves.

Carey Dean

mixed media artist based in Minneapolis, MN and St. Augustine, FL specializing in public art
carey2art@gmail.com / 612-889-6228 / careydean.com

Education

MFA International Practice - UCA University for the Creative Arts, Canterbury
(formerly Kent Institute of Art & Design) Kent, United Kingdom. 2005

BFA Concentration in Painting - University of Wisconsin Stout
Menomonie, Wisconsin. 1999

Public Art Commissions & Permanent Collections

Western State Hospital - public art commission for Treatment and Recovery Center
Tacoma, Washington 2022 - 2023 (*in-progress)*

Surratts-Clinton Branch Library - public art commission for Welcome Area Alcove
Clinton, Maryland. 2022

South Central College - public art commission for campus corridor
Mankato, Minnesota. 2021

City of Brookings County Building - public arts commission for public waiting area
Brookings, South Dakota. 2020

MSP Airport Terminal 1 - 2 public art commissions for Valet Lounge
Minneapolis, Minnesota. 2019 - 2020

Westfields Hospital and Clinic Outpatient Center- permanent collection purchase
New Richmond, Wisconsin. 2015

Gundersen Lutheran Medical Center - public art commission for main lobby
LaCrosse, Wisconsin. 2013

Mother Baby Center / Allina Children's Hospital and Clinic - public art commission
Minneapolis, Minnesota. 2013

University of Minnesota Morris Welcome Center - permanent collection purchase
Morris, Minnesota. 2010

Minnesota Artist's Collection - Governor's residence temporary collection
Saint Paul, Minnesota. 2006 - 2007

City of Bloomington Water and Utilities - permanent collection purchase
Bloomington, Minnesota. 2003

JAS - permanent collection purchase
Minneapolis, Minnesota. 2002

Professional Work Experience

University of Wisconsin - Stout, Menomonie, Wisconsin
Senior Lecturer - Art and Art History Department, School of Art & Design. 2006 - 2019

Minneapolis College of Art and Design. Minneapolis, Minnesota
Continuing Studies Art Instructor. 2006 - 2020

Minnetonka Center for the Arts, Minnetonka, Minnesota
Visiting Artist and Lecturer. 2006 - 2007

Museum Services Inc. Minneapolis, Minnesota
Art Conservation and Restoration. 2000 - 2003, 2006

National & International Art Exhibitions (2004 - present)

Drawing Distinctions 2: Exhibition with the London Group
Cello Factory Gallery. Lambeth, London and Furlong Gallery Menomonie, WI. 2019

Drawing Distinctions 1: Exhibition with the London Group and UW Stout Faculty Members
Furlong Gallery. University of Wisconsin Stout. Sept. 17 - October 27, 2018

By Nature We Are Connected *(solo exhibition)*
Gordon Parks Gallery. Metropolitan State University. Saint Paul, Minnesota. 2018

Sustainable Acts: Mother Earth's Embrace Juried Exhibition
University of Minnesota Institute on the Environment. Saint Paul, Minnesota. 2016

Fragmented Vistas *(solo exhibition)*
Minnesota Gallery, Macrostie Art Center. Grand Rapids, Minnesota. 2015

Department of Art and Design Faculty Exhibition
Furlong Gallery, University of Wisconsin Stout. Menomonie, Wisconsin. 2014

Enchanted Forest (*solo exhibition)*
Gallery 360. Minneapolis, Minnesota August 24 - September 29, 2013

Open Door 8: Eighth Annual Juried Exhibition
Rosalux Gallery. Minneapolis, Minnesota. 2012

Phipp's Healing Arts Program Juried Group Exhibition
Hudson Hospital. Hudson, Wisconsin. May 16 - August 5, 2012

33rd Annual Paper in Particular National Juried Exhibition
Columbia College. Columbia, Missouri. 2012

Department of Art and Design Faculty Exhibition
Furlong Gallery. University of Wisconsin Stout. December 1, 2011 - February 9, 2012

National & International Art Exhibitions (2004 - present) continued

Northern National Art Competition Exhibition
Nicolet Art College Art Gallery. Rhinelander, Wisconsin. 2011

Department of Art and Design Faculty Exhibition
Furlong Gallery. University of Wisconsin Stout. December 17, 2009 - February 2, 2010

Biotics: All Media National Juried Exhibition
Conduit Gallery. Minneapolis, Minnesota. 2010

99th Annual Minnesota State Fair Fine Arts Competition
Minnesota State Fair Fine Arts Gallery. Saint Paul, Minnesota. 2010

North of the 45th Parallel National Juried Exhibition
DeVos Art Museum, University of Northern Michigan. Marquette, Michigan. 2010

Chowan University National Juried Exhibition
University of North Carolina Art Gallery. Murfreesboro, North Carolina. 2010

Art Biologic: National Juried Exhibition
Limner Gallery. Hudson, New York. 2009

A Necessary Ornamentation: work by the Minnesota Mosaic Guild
Gordon Parks Gallery. Metropolitan State University. Saint Paul, Minnesota. 2008

Arts In Harmony Regional Juried Artists Exhibition Sherburne County Government Center.
Elk River, Minnesota. February 6 - March 24, 2008

96th Annual Minnesota State Fair Fine Arts Competition
Minnesota State Fair Fine Arts Gallery. Saint Paul, Minnesota. 2007

Southern Exposure: Department of Art and Design Faculty Exhibition
University of Louisville. Louisville, Kentucky. 2006

Open Door 2: Eighth Annual Juried Exhibition
Rosalux Gallery. Minneapolis, Minnesota. 2006

Dislocated Ground: New work by Carey Dean, J L Dean and Jessika Worrall
Seven Seven Gallery. East End, London, United Kingdom. 2005

Scottish Arts Club Group Art Exhibition
Edinburgh, Scotland. 2005

Xross-Polynation International Artists Exhibition Randolph Gallery.
Randolph Gallery. Edinburgh, Scotland. June 3 - 10, 2005

Xross-Polynation International Artists Exhibition All India Fine Arts and Crafts Society.
New Delhi, India. February 2 - 20, 2004

Request for Action

To
Economic Development Authority

Item Number
7.3

Meeting Date
June 17, 2024

Prepared By
Brent O'Neil, Economic Development Director

Item Description
General Updates

Reviewed by
Cal Portner

Action Requested
Item presented for information and discussion purposes.

Background/Discussion
This item is an opportunity to discuss relevant topics and other non-action items of the Authority.

Financial Impact
N/A

Mission/Policy/Goal
Support Elk River's existing businesses through relationship building, programmatic offerings, and high-quality city services. Attract new business development to Elk River to build the City's economic vibrancy, job offerings and tax base.

Attachments
None