



# Economic Development Authority

Monday, June 15, 2026

5:30 PM

Elk River City Hall

## Regular Meeting, Work Session & Closed Meeting Agenda

- Regular meeting in Council Chambers
- Work Session and Closed 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 DRAFT Minutes - May 18, 2026

#### 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.

### 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 Resolution 26-06: Downtown Loan - Elk Dental Center

#### 7.2 Committee Member Appointment

### 8. OPEN DISCUSSION

This section is reserved for the board and staff to discuss relevant topics, updates, and other non-action items of the board.

### 9. MOTION TO ADJOURN REGULAR MEETING

10. WORK SESSION

Work Sessions are less formal meetings to encourage dialog. Official action or votes are not typically taken. At the conclusion of a discussion, a simple consensus provides staff direction for execution of the item. This portion of the agenda is audio recorded but not video recorded or broadcast. Work Sessions are open to the public; however, visitors who wish to provide input must be invited by the presiding officer, assume a seat at the discussion table and provide their full name and address for the official record.

10.1 Eden Endeavors - Hotel Developer

11. MOTION TO ADJOURN

12. CLOSED MEETING - PID 75-00960-0010

12.1 Statement to be read by the Chair:

"The Economic Development Authority will be closing the meeting pursuant to MN Statute Section 13D.05, Subdivision 3(c)(1) to consider offers or counteroffers relating to the sale of PID 75-00960-0010."

12.2 Motion Calling Closed Meeting

12.3 Hold Closed Meeting

12.4 Motion to Adjourn Closed Meeting

**The Elk River Vision**

*A welcoming community with revolutionary and spirited resourcefulness, exceptional service, and community engagement that encourages and inspires prosperity*



**Meeting of the Economic Development  
Authority  
Held at the Elk River City Hall  
Monday, May 18, 2026**

**Members Present:** President Matt Westgaard, Commissioners Cory Grupa, J. Brian Calva, Jeff Hartwig, Mike Beyers, Jennifer Wagner, and Charlie Blesener

**Members Absent:**

**Staff Present:** Economic Development Director Brent O'Neil, Economic Development Specialist Joshua Mollan, and City Clerk Justin Dunford

**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**

**Moved by Commissioner J. Brian Calva and seconded by Commissioner Jeff Hartwig to approve the agenda. Motion carried 7-0.**

**4. CONSENT AGENDA**

**Moved by Commissioner Charlie Blesener and seconded by Commissioner Jennifer Wagner to approve the following consent items as outlined in their respective staff reports. Motion carried 7-0.**

4.1 DRAFT Minutes - April 20, 2026 Regular Meeting

4.2 DRAFT Minutes - May 4, 2026 Special Meeting

4.3 Check Register

4.4 Balance Sheet

4.5 Revenue/Expenditure Reports

5. OPEN FORUM

No one appeared for open forum.

6. PUBLIC HEARINGS

There were no public hearings.

7. GENERAL BUSINESS

7.1 Placer.ai Presentation

Economic Development Specialist Joshua Mollan presented to the Commission data gathered from Placer.ai. The Commission reviewed data regarding economic activity both inside Elk River and in adjacent communities. The Commission discussed continued usage of Placer.ai and said that while the value of the data received is great, ultimately the data needs to be utilized in the appropriate manner. For example, the Commission was keen to review comparisons of economic activity data from other communities of a similar size and scope, find ways to share pertinent data with local business partners, and identify areas and sectors that Elk River can both be a leader in while still fitting within the vision and future of the city.

8. OPEN DISCUSSION

Staffmembers O'Neil and Mollan gave updates to the Commission. Mr. Mollan's update was that the Garden Gems contest is open for nominations and showed a yard sign that will be given to each nominee to try to increase interest and participation in the program. Mr. Mollan also informed the Commission of upcoming "Development Minute" videos that were going to be filmed and released regarding major projects taking place in Elk River. Mr. O'Neil provided an update on the CDI project that the Commission had been discussing in recent meetings, namely that work is ongoing and staff is working to determine the final cost of the project. Lastly, Mr. O'Neil informed the Commission of a local dry cleaning company that was closing and that the group planning to move into the vacated building will be applying for a Downtown Micro Loan for construction costs.

9. MOTION TO ADJOURN REGULAR MEETING

**Moved by Commissioner Mike Beyer and seconded by Commissioner J. Brian Calva to adjourn the meeting. Motion carried 7-0.**

The meeting adjourned at 06:00 p.m.

Minutes prepared by Justin Dunford.

10. WORK SESSION

EDA President Matt Westgaard called the meeting to order at 6:01 p.m.

10.1 Project Fit and Nature's Edge Land

The Commission reviewed the final piece of the Nature's Edge Land property and whether the parcel could be a potential data center site due to its proximity to a new outstation being built by ERMU. The

-----  
Commission decided to move discussion on the topic until after June due to another data center project being under current consideration by council. In addition, the Commission asked staff to research what new or additional land could be fresh development areas to consider.

II. MOTION TO ADJOURN

**Moved by Commissioner Jennifer Wagner and seconded by Commissioner Jeff Hartwig to adjourn the meeting. Motion carried 7-0.**

The meeting adjourned at 06:09 p.m.

Minutes prepared by Justin Dunford.

\_\_\_\_\_  
Matt Westgaard, EDA President

\_\_\_\_\_  
Justin Dunford, City Clerk

DRAFT

Invoice Number	Sequence Number	Description	Type	Invoice Date	Due Date	Invoice Amount	Net Invoice Check Amount	GL Account Number
<b>CITY OF ELK RIVER</b>								
<b>920</b>								
5-2026 EDA	1	EDA SALARIES - MAY 26	Invoice	06/04/2026	06/15/2026	10,405.62	10,405.62	920-4-6210-4101
5-2026 EDA	2	EDA SALARIES - MAY 26	Invoice	06/04/2026	06/15/2026	1,050.00	1,050.00	920-4-6210-4103
5-2026 EDA	3	EDA SALARIES - MAY 26	Invoice	06/04/2026	06/15/2026	795.42	795.42	920-4-6210-4104
5-2026 EDA	4	EDA SALARIES - MAY 26	Invoice	06/04/2026	06/15/2026	650.90	650.90	920-4-6210-4105
5-2026 EDA	5	EDA SALARIES - MAY 26	Invoice	06/04/2026	06/15/2026	157.67	157.67	920-4-6210-4107
5-2026 EDA	6	EDA SALARIES - MAY 26	Invoice	06/04/2026	06/15/2026	1,512.00	1,512.00	920-4-6210-4108
5-2026 EDA	7	EDA SALARIES - MAY 26	Invoice	06/04/2026	06/15/2026	48.85	48.85	920-4-6210-4112
Total 17440 CITY OF ELK RIVER:						14,620.46	14,620.46	
Total 920:						14,620.46	14,620.46	
<b>PLACER LABS, INC.</b>								
<b>920</b>								
INUS10286 - EDA	1	ANNUAL PLATFORM ACCESS-EDA	Invoice	05/31/2026	06/30/2026	11,052.32	11,052.32	920-4-6210-4404
Total 14728 PLACER LABS, INC.:						11,052.32	11,052.32	
Total 920:						11,052.32	11,052.32	
<b>US BANK</b>								
<b>920</b>								
52526 EDA CC Pay	2	US BANK REBATE	Invoice	05/25/2026	06/05/2026	32.13-	32.13-	920-3-0000-3629
52526 EDA CC Pay	1	RE JOURNAL - REGISTRATION-MOLL	Invoice	05/25/2026	06/05/2026	131.45	131.45	920-4-6210-4331
Total 35099 US BANK:						99.32	99.32	
Total 920:						99.32	99.32	
Total :						25,772.10	25,772.10	
Grand Totals:						25,772.10	25,772.10	

Summary by General Ledger Account Number

GL Account Number	Debit	Credit	Net
920-3-0000-3629	.00	32.13-	32.13-
920-4-6210-4101	10,405.62	.00	10,405.62
920-4-6210-4103	1,050.00	.00	1,050.00
920-4-6210-4104	795.42	.00	795.42
920-4-6210-4105	650.90	.00	650.90
920-4-6210-4107	157.67	.00	157.67
920-4-6210-4108	1,512.00	.00	1,512.00
920-4-6210-4112	48.85	.00	48.85
920-4-6210-4331	131.45	.00	131.45
920-4-6210-4404	11,052.32	.00	11,052.32
Grand Totals:	25,804.23	32.13-	25,772.10

Summary by General Ledger Posting Period

<u>GL Posting Period</u>	<u>Debit</u>	<u>Credit</u>	<u>Net</u>
00/00	25,804.23	32.13-	25,772.10
Grand Totals:	<u>25,804.23</u>	<u>32.13-</u>	<u>25,772.10</u>

**CITY OF ELK RIVER**

Balance Sheet

May 31, 2026

Fund 920 - EDA

Assets

920-1010 Cash - EDA 2,594,972.76

Total Assets 2,594,972.76

Fund Equity

920-2400 Fund Balance 2,641,795.06  
Revenues over Expenditures - YTD (46,822.30)

Total Fund Equity 2,594,972.76

Total Liabilities & Equity 2,594,972.76

**CITY OF ELK RIVER**  
 Revenues with Comparison to Budget  
 For the Months Ending May 31, 2026

Fund 920 - EDA

		Period Actual	YTD Actual	Budget	Unexpended	PCNT
920-3-0000-3111	Property Taxes	-	-	429,850.00	429,850.00	0%
920-3-0000-3621	Interest Income	6,070.36	30,311.13	75,000.00	44,688.87	40%
920-3-0000-3629	Miscellaneous Revenue	-	31.65	-	(31.65)	0%
920-3-0000-3949	Transfer-HRA	-	-	4,500.00	4,500.00	0%
Total Fund Revenue		6,070.36	30,342.78	509,350.00	479,007.22	6%

**CITY OF ELK RIVER**  
Expenditures with Comparison to Budget  
For the Months Ending May 31, 2026

Fund 920 - EDA

	Period Actual	YTD Actual	Budget	Unexpended	PCNT
920-4-6210-4101 Regular Pay	10,405.61	40,581.92	138,000.00	97,418.08	29%
920-4-6210-4103 Part-time Pay	1,050.00	4,200.00	12,600.00	8,400.00	33%
920-4-6210-4104 PERA	795.42	3,114.76	10,550.00	7,435.24	30%
920-4-6210-4105 FICA	650.92	2,579.66	9,250.00	6,670.34	28%
920-4-6210-4107 Medicare	157.66	625.28	2,200.00	1,574.72	28%
920-4-6210-4108 Insurance	1,512.00	6,048.00	31,100.00	25,052.00	19%
920-4-6210-4109 Workers Comp	-	284.00	650.00	366.00	44%
920-4-6210-4112 PFML	48.85	193.60	800.00	606.40	24%
920-4-6210-4201 Office Supplies	23.72	264.12	2,000.00	1,735.88	13%
920-4-6210-4212 Fuels & Lubes	-	-	50.00	50.00	0%
920-4-6210-4304 Legal Fees	-	-	10,000.00	10,000.00	0%
920-4-6210-4319 Professional Services	-	-	25,000.00	25,000.00	0%
920-4-6210-4321 Telephone	-	-	700.00	700.00	0%
920-4-6210-4322 Postage	-	12.72	100.00	87.28	13%
920-4-6210-4331 Travel, Conferences & Schools	16.75	608.30	12,500.00	11,891.70	5%
920-4-6210-4349 Advertising/Marketing	-	10,239.72	115,500.00	105,260.28	9%
920-4-6210-4359 Publishing	-	269.00	1,000.00	731.00	27%
920-4-6210-4361 Insurance	27.00	54.00	300.00	246.00	18%
920-4-6210-4404 Software Services	-	-	17,500.00	17,500.00	0%
920-4-6210-4433 Dues & Subscriptions	-	5,090.00	6,200.00	1,110.00	82%
920-4-6210-4440 Miscellaneous	-	3,000.00	18,500.00	15,500.00	16%
920-4-62104510 Land	-	-	50,000.00	50,000.00	0%
920-4-6210-4721 Transfer-General Fund	-	-	49,900.00	49,900.00	0%
<b>Total Fund Expenditures</b>	<b>14,687.93</b>	<b>77,165.08</b>	<b>514,400.00</b>	<b>437,234.92</b>	<b>15%</b>
<b>Net Revenue Over Expenditures</b>	<b>(8,617.57)</b>	<b>(46,822.30)</b>	<b>(5,050.00)</b>	<b>41,772.30</b>	<b>-827%</b>



# Request for Action

**To**  
Economic Development Authority

**Item Number**  
7.1

**Meeting Date**  
June 15, 2026

**Prepared By**  
Brent O'Neil, Economic Development Director

**Item Description**  
Resolution 26-06: Downtown Loan - Elk Dental Center

**Reviewed by**  
Cal Portner

## Action Requested

Approve, by motion, Resolution 26-06 authorizing a loan to Karma Real Estate, LLC.

## Background/Discussion

Karma Real Estate, LLC has purchased the building at 927 Highway 10, which was formerly Hardee's and Nature's Dry Cleaning. Karma intends a significant exterior and interior renovation to convert it to a dental clinic. Karma is a real estate entity sharing similar ownership with Elk Dental Center, which will operate in the new facility when construction is completed in Spring 2027.

Among its financing plans, Karma has applied for an EDA loan under the downtown program. The loan is proposed at the program maximum of \$74,999. As the EDA program has a component focused on facade improvements, this loan will focus on covering the facade work. Including new materials, profile change, and new windows, the exterior work will be in excess of \$100,000.

The loan will be structured as a 20-year amortization, with a balloon payment of the balance due after five years. At the program's 3% interest rate, the estimated monthly payment is \$415.95. The loan will be secured by a mortgage on the property. With a pre-construction appraisal of \$2.68 million, the EDA loan will amount to 3% of the total property value.

Karma is also receiving funding through Fifth Third Bank, which is covering the acquisition as well as a substantial portion of the renovation. Karma has requested that this loan be subordinated to the Fifth Third loan, and we are recommending a second position subordination. Loan-to-value on all loans will not exceed 94% percent, and will be partly driven by limits on loan amounts by Fifth Third pending a post-construction appraisal.

The project is expected to start in August.

## Financial Impact

\$74,999 to be disbursed at loan closing. Closing and doc fees, estimated to be approximately \$1,000 will be covered by the borrower.

## The Elk River Vision

*A welcoming community with revolutionary and spirited resourcefulness, exceptional service, and community engagement that encourages and inspires prosperity*

**Mission/Policy/Goal**

Support commercial growth. Community beautification.

**Attachments**

1. RES 26-06 Karma Loan
2. Karma Real Estate Loan Agreement



**City of Elk River  
Economic Development Authority**

**Resolution 26-06**

**A Resolution approving loan agreement and related documents (Elk Dental Center 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 Karma Real Estate LLC, a Minnesota limited liability company, or an entity related thereto or affiliated therewith (the "Borrower"), that the EDA assist the Borrower with the renovation and expansion (the "Project") of certain real property in the City of Elk River, Minnesota (the "City") for use as a dental office by providing a loan to the Borrower in the amount of \$74,999 (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 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 EDA believes that the provision of the Loan to the Borrower is in the vital and best interests of the City and the health, safety, morals, and welfare of its residents, and in accord with the public purposes and provisions of the applicable State of Minnesota and local laws and requirements.

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, together with all related documents necessary in connection therewith, including without limitation, a promissory note from the Borrower evidencing the Loan, a mortgage providing the EDA with a second or third position security interest in the Project, and a corporate guaranty of EDC, P.L.L.C. doing business as Elk River Dental or such other corporate guarantor as approved by the Executive Director, (collectively, the "Loan Documents"), the President and Executive Director are hereby authorized and directed to negotiate 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.

2.03. 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 EDA to implement the Loan Documents.

Approved by the Board of Commissioners of the Economic Development Authority of the City of Elk River this 15 day of June, 2026.

---

Matt Westgaard, President

ATTEST:

---

Brent O'Neil, Executive Director

**LOAN AGREEMENT**  
**(Microloan)**

THIS LOAN AGREEMENT (“Agreement”) is made effective as of August \_\_, 2026, by and between KARMA REAL ESTATE LLC, a Minnesota limited liability company (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 Downtown Revitalization Financing Loan Program loan to assist with renovating property located at 927 United States Highway 10 in the City of Elk River, Minnesota (the “Loan Property”) for use as a dental office in the principal amount of \$74,999.00.

B. Lender is willing to make such loan to Borrower in the principal amount of \$74,999.00 (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 \$74,999.00;

(ii) A Corporate Guaranty. (the “Corporate Guaranty”) of EDC, P.L.L.C. doing business as Elk Dental Center (the “Corporate Guarantor”); and

(iii) A Mortgage and Assignment of Rents and Security Agreement and Fixture Financing Statement (the “Mortgage”) and covering the Loan Property.

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 Corporate Guaranty, the Mortgage, and any other security document required under this Agreement. The Loan proceeds will be used to help finance the cost of renovation and expansion of the Loan Property for use as a dental office (the “Project”). 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. Priority. Borrower represents and warrants that the Mortgage constitutes a second priority lien upon Borrower’s interest in the Loan Property as contemplated by this Agreement, subject only to a mortgage in favor of Fifth Third Bancorp of [\$ Amount] (the “First Lien Mortgage”). Borrower agrees to promptly and fully observe and comply with the reasonable

requirements of Lender with respect to the title, the Mortgage, disbursements of funds and such other reasonable requirements as Lender may make.

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) Corporate Guaranty. Deliver to Lender the Corporate Guaranty.

(c) Mortgage. Deliver to the Lender the Mortgage and the Environmental Indemnification Agreement (the “Environmental Indemnity”).

(d) Notice of Foreclosure. Deliver to Lender the Notice of Foreclosure, with respect to the First Lien Mortgage.

(e) [Reserved].

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

(g) 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.

(h) 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.

(i) Hazardous Substances. Deliver to Lender evidence acceptable to Lender,

that: (i) the Loan Property has not been used as a hazardous waste storage facility or burial site; (ii) the soil is free from hazardous waste, hazardous substances, pollutants and contaminants; and (iii) no hazardous waste, hazardous substance, pollutant or contaminant has been used in the construction or use of any building or other improvement on the Loan Property. For purposes of this subparagraph, the terms “hazardous waste,” “hazardous substances,” “pollutants” and “contaminants” shall include, but not be limited to, polychlorinated biphenyls (PCBs), asbestos, petroleum products and any other chemical or substance determined to be a hazard to human health or the environment.

(j) 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 Loan Property, by and between the Borrower and the Corporate Guarantor (the “Lease”).

(k) 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 in a manner reasonably acceptable to Lender. Lender and its representatives shall have the right to inspect, examine and copy all such books and records of Borrower and Borrower shall, at Lender’s request, furnish such information as Lender may reasonably demand. Borrower shall also ensure that Corporate Guarantor maintains accurate and complete books, accounts, and records in a manner reasonably acceptable to Lender. Lender and its representatives shall have the right to inspect, examine and copy all such books and records of Corporate Guarantor and Corporate Guarantor shall, at Lender’s request, furnish such information as Lender may reasonably demand.

7. Encumbrances and Transfer. Other than any mortgage or security agreement in favor of the Fifth Third Bancorp to finance improvements to the Loan Property and the Lease, 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.

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 Corporate Guarantor 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 Corporate Guarantor, 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 Corporate Guarantor 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 Corporate Guarantor in connection with construction or operation of the Borrower or Corporate Guarantor'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 and/or Corporate Guarantor in connection with any contracts, documents or agreements referred to herein without the prior written approval of Lender.

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

(d) Use of Proceeds; Façade Improvements. Use the proceeds of the Loan solely to pay Project costs for renovation and improvement of the Loan Property as described to Lender prior to closing. Without limiting the foregoing, not less than twenty percent (20%) of the Loan proceeds shall be applied to façade improvements to the Loan Property and at least fifty percent (50%) of the costs of the Project must come from private financing. The Borrower must use its own equity to cover at least 10% of the Project Costs. Borrower shall provide the City with a project budget shall maintain records evidencing the use of Loan proceeds and, upon Lender's request, provide such documentation as

Lender may request to verify compliance with this section.

(e) 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) including, without limitation, the coverages expressly required of the Mortgage, insuring Lender and Borrower with coverages, in amounts 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.

(f) Pay Charges. Immediately pay all loan charges including, but not limited to: (i) Lender's attorneys' fees; and (ii) mortgage registration taxes and filing fees of the Mortgage and any other instruments required under this Agreement within 15 days of the Lender providing notice to the Borrower of its costs.

(g) 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 (to the extent that such notice is sent by a party other than Lender) promptly after receipt of the same.

(h) 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.

(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 the Corporate Guarantor, and permit Lender to examine and audit the books and records of the Borrower and the Corporate Guarantor 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, the Borrower's and the Corporate Guarantor's 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 Corporate Guarantor 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 Corporate Guarantor's 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 limited liability company 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 Corporate Guaranty, the Mortgage and the execution and delivery of the Note and any other instrument required hereunder are within the powers of the Borrower and/or the Corporate Guarantor, and have been duly authorized by all necessary corporate action on the part of the Borrower and/or the Corporate Guarantor. This Agreement, the Mortgage, the Corporate Guaranty 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 and/or the Corporate Guarantor, legally enforceable against it.

(c) No litigation, tax claims or governmental proceedings are pending or threatened against the Borrower, the Corporate Guarantor or the Loan Property, and no judgment or order of any court or administrative agency is outstanding against the Borrower, the Corporate Guarantor 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 Corporate Guarantor 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 Corporate Guarantor. Since the date of the latest of such statements, there has been no material adverse change in the financial condition of Borrower or the Corporate Guarantor 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 and the Corporate Guarantor 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.

(f) The Corporate Guarantor and the Borrower are under common ownership.

12. Indemnification. Borrower agrees to indemnify Lender and hold 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. Borrower will indemnify and hold Lender harmless from any damages Lender may suffer or incur from Borrower's breach of its covenant in this Agreement.

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

(a) If Borrower or Corporate Guarantor 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 has not taken or has not caused the Corporate Guarantor 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 that violates Paragraph 9 hereof, Encumbrances and Transfer, occurs.

(h) If Borrower: (i) fails to pay when due any amount due under this Agreement, the Mortgage, the Note, or any other documents listed in Section 4; (ii) fails to perform any other obligation to be performed under this Agreement, the Note, the Mortgage 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) Any representation or warranty by Borrower or Corporate Guarantor contained herein or in the Note, the Corporate Guaranty, the Mortgage, or any other instrument required hereunder is false or untrue in any material respect when made.

(j) A default under the Corporate Guaranty or Mortgage 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) Exercise its remedies under the Mortgage, including foreclose on the Loan Property;

(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 Mortgage, Corporate Guaranty 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 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 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 Mortgage or the Corporate Guaranty, foreclose any other security instrument referred to in this Agreement and/or exercise any other rights or remedies it may have under the Corporate Guaranty, the Mortgage, 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.

14. Default under Note. 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 Mortgage, the Corporate Guaranty, and any other security instrument held by Lender in connection with the Loan.

15. 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 Borrower:

Karma Real Estate LLC  
907 United States Highway 10  
Elk River, Minnesota 55330  
Attention: Jess Spaude

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.

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

17. 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.

18. 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.

19. 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.

20. Entire Agreement. This Agreement, the Note, the Mortgage, 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.

21. 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 Mortgage or the other documents executed in connection herewith.

22. Data Practices. All data collected, created, received, maintained or disseminated for any purpose in the course of the Borrower's performance of this Agreement is governed by the Minnesota Government Data Practices Act, Minn. Stat. Ch. 13, and any other applicable state statutes, any state rules adopted to implement the Act and statutes, as well as federal statutes and regulations on data privacy.

23. Accounting and Records. The Borrower agrees to establish and maintain complete, accurate and detailed accounts and records relating to the receipt and expenditure of all funds received under this Agreement. Such accounts and records shall be kept and maintained by the Borrower for a period of six (6) years following the Maturity Date (as defined in the Note). Accounting methods shall be in accordance with generally accepted accounting principles.

24. Audits. The accounts and records of the Borrower described in paragraph (1) above shall be audited in the same manner as all other accounts and records of the Borrower and may, for a period of six (6) years following the Maturity Date, be inspected on the Borrower's premises by the Lender or individuals or organizations designated by the Lender, upon reasonable notice thereof to the Borrower. The books, records, documents and accounting procedures relevant to this Agreement are subject to examination by the State Auditor in accordance with Minnesota law.

**[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.

KARMA REAL ESTATE LLC

By: \_\_\_\_\_

Name: Jess Spaude

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: Matt Westgaard

Its: Chair

By: \_\_\_\_\_

Name: Brent O'Neil

Its: Executive Director



# Request for Action

**To**  
Economic Development Authority

**Item Number**  
7.2

**Meeting Date**  
June 15, 2026

**Prepared By**  
Joshua Mollan, Economic Development Specialist

**Item Description**  
Committee Member Appointment

**Reviewed by**  
Brent O'Neil  
Cal Portner

## Action Requested

Approve, by motion, the appointment of Connie Beckers to serve on the Beautification and Public Art Committee.

## Background/Discussion

Commissioner Calva was approached by a resident who was interested in supporting the public art scene in Elk River. Staff contacted the resident, Connie Beckers, and invited her to attend the April Beautification and Public Art (BPA) Committee meeting as a guest. Since then, Connie has submitted an application to join the committee as a member.

Ms. Beckers has been a glass artist for over 30 years and has served in a variety of administrative roles across art shows, festivals, and arts organizations. She is also an active member of the Downtown Elk River Business Association. Connie would be a valuable asset to the Beautification and Public Art Committee.

The EDA bylaws state that the BPA Committee may have up to seven members, five of whom are at-large. With the current composition at six, there is room on the committee for another member. Staff and the committee members recommend that Connie be appointed to the BPA Committee.

## Financial Impact

N/A

## Mission/Policy/Goal

Support and recognize public art initiatives and business beautification efforts.

## Attachments

None

## The Elk River Vision

*A welcoming community with revolutionary and spirited resourcefulness, exceptional service, and community engagement that encourages and inspires prosperity*



# Request for Action

**To**  
Economic Development Authority

**Item Number**  
10.1

**Meeting Date**  
June 15, 2026

**Prepared By**  
Brent O'Neil, Economic Development Director

**Item Description**  
Eden Endeavors - Hotel Developer

**Reviewed by**  
Cal Portner

**Action Requested**  
This item is for information and discussion purposes.

**Background/Discussion**  
Eden Endeavors continues to express interest in siting a new hotel in Elk River, and continues to work on evaluating sites. We'd like to discuss recent conversations with Eden about their requests of a partnership with the city/EDA, and other opportunities for hotel development in Elk River.

**Financial Impact**  
N/A

**Mission/Policy/Goal**  
Support the growth and development of the community.

**Attachments**  
None

## The Elk River Vision

*A welcoming community with revolutionary and spirited resourcefulness, exceptional service, and community engagement that encourages and inspires prosperity*