City of Elk River

Economic Development Authority

Monday, October 21, 2024
5:30 PM
Elk River City Hall

Regular Meeting
Agenda

- Regular meeting in Council Chambers

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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 EDA Minutes - August 19, 2024 and September 16, 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.

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 Loan Extension Request - Hemmer Companies

   7.2 Loan Request - Modern Construction of MN

   7.3 General Updates

8. MOTION TO ADJOURN REGULAR MEETING

Meeting of the Economic Development Authority
Held at the Elk River City Hall
Monday, September 16, 2024

Members Present:	Chair Dan Tveite, Commissioners Cory Grupa, Jeff Hartwig, Mike Beyer, Jennifer Wagner
Members Absent:	Commissioners Matt Westgaard and Charlie Blesener
Staff Present:	Economic Development Brent O'Neil, Economic Development Specialist Joshua Mollan, and Recording Secretary 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

Moved by Commissioner Jennifer Wagner and seconded by Commissioner Jeff Hartwig to approve the agenda. Motion Carried 5-0.

4. CONSENT AGENDA

Moved by Commissioner Mike Beyer and seconded by Commissioner Cory Grupa to approve the following consent items as outlined in their respective staff reports. Motion Carried 5-0.

4.1 Check Register

4.2 Balance Sheet

4.3 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 General Updates

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

- Website: Shared analytics regarding the website, they are working with Golden Shovel to get new content, and they added the public art piece.
- Beautification Public Art Committee: The public art video has been published highlighting public art in the community. They hope to continue adding content with public art including highlighting the new piece *Where Energy Flows*. They are working on the reveal for the new piece, hoping it will be complete by the end of the year. They are also looking at what next year will entail.
- Together Elk River: They are looking to do some marketing to get people back into Elk River to tie into the opening of the 169 project.
- Staff along with Debbi Rydberg met as a 169 ribbon-cutting committee who are looking to do an event to commemorate the opening of 169.
- Heritage Millwork: The project has closed, and the land is in possession of Heritage Millwork. They have already started construction.
- Tipsy Chicken bought the Daddy-O's space and will have a restaurant there. They submitted an application for a city loan.
- They are having conversations with a couple of hotel groups. If it continues to gain seriousness, it is foreseen it will be brought forth to the EDA for more conversation regarding proposals and partnerships.
- Kwik Trip: Things are still on track. Their extension is up October 12, then they have 30 days to close. It is anticipated the transaction will happen in the middle of November.
- Development land: there was a recent inquiry from a state-wide search looking for sites with 50-80 acres in which is above and beyond what Elk River has to offer. There is the MMP land that does not have utilities and the anticipated gravel pit site for the future. They would like to keep the board informed of these inquiries.
- They will be partnering with the Chamber and a handful of businesses to be part of the Cool Jobs tour at the end of October. They recommend the EDA participate in sponsorship by buying the mini backpacks for that event.

7.2 Payment Extension Request for Distinctive Iron Loan

The staff report was presented.

Moved by Commissioner Jennifer Wagner and seconded by Commissioner Jeff Hartwig to authorize a continuance of the payment schedule with Distinctive Iron/Hemmer Companies LLC under regular amortization while its request to extend the balloon payment date is considered. Motion Carried 5-0.

8. MOTION TO ADJOURN REGULAR MEETING

Councilmember Wagner announced that the Downtown Elk River Business Association has been named and awarded the Minnesota Retail Community of the Year through the Minnesota Retailers Association. She invited the members to attend the ceremony on October 10, 2024, from 2:00 p.m. - 4:00 p.m. at Brookview in Golden Valley.

Moved by Commissioner Mike Beyer and seconded by Commissioner Cory Grupa to adjourn the meeting. Motion Carried 5-0.

The meeting adjourned at 05:44 PM

Minutes prepared by Jolene Richter.

____________________	______________________
Dan Tveite, Chair	Tina Allard, City Clerk

Meeting of the Economic Development Authority
Held at the Elk River City Hall
Monday, August 19, 2024

Members Present:	Commissioners Cory Grupa, Matt Westgaard, Jeff Hartwig, Mike Beyer, Jennifer Wagner, and Charlie Blesener
Members Absent:	None
Staff Present:	Economic Development Director Brent O'Neil, Economic Development Specialist Joshua Mollan, and City Clerk Tina Allard

1. CALL MEETING TO ORDER
   Pursuant to due call and notice thereof, the meeting was called to order at 5:30 p.m.

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

3. CONSIDER AGENDA
   Moved by Commissioner Jennifer Wagner and seconded by Commissioner Charlie Blesener to approve the agenda. Motion Carried 6-0.

4. CONSENT AGENDA
   Moved by Commissioner Matt Westgaard and seconded by Commissioner Jeff Hartwig to approve the following consent items as outlined in their respective staff reports. Motion Carried 6-0.

   4.1 Draft EDA Minutes - July 15, 2024

   4.2 Check Register

   4.3 Balance Sheet

   4.4 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 2025 EDA Budget

Mr. O'Neil presented the staff report. He noted the Authority previously discussed including a new line item to consider destination/tourism marketing versus adding it to the professional services line item.

Moved by Commissioner Charlie Blesener and seconded by Commissioner Cory Grupa to approve the 2025 EDA budget and recommend the City Council include $427,000 in the preliminary levy. Motion Carried 6-0.

7.2 Levy for Debt Service on YMCA Bonds

Mr. O'Neil presented the staff report.

The Commission noted this was a formality as the levy was approved by voters in 2008.

Moved by Commissioner Jennifer Wagner and seconded by Commissioner Jeff Hartwig to adopt Resolution 24-04 establishing the 2025 referendum tax levy as approved by voters for a recreational facility to be leased to the YMCA facility. Motion Carried 6-0.

7.3 Subordination Agreements - Loan to Heritage Millwork

Commissioner Westgaard abstained due to conflict of interest. Mr. O'Neil presented the staff report. He did note the risk is low and it is fairly common to take a subordination position for this type of a loan.

Moved by Commissioner Charlie Blesener and seconded by Commissioner Jennifer Wagner to adopt Resolution 24-05 approving subordination agreements related to the Heritage Millwork Project. Motion Carried 6-0.

7.4 General Updates

Mr. O'Neil and Mr. Mollan provided an update on the following items:

- Butterfly Garden improvements completed by youth to be featured in the local newspaper.
- Video production of current city public art and its community value.
- Development Minute video production of Thunderstruck along with an article write-up.
- Together Elk River Committee is planning a ribbon cutting for Highway 169 Redefine and considering post-construction marketing in the future.
- Beaudry Oil and Propane expressed their thanks to the city for assistance on their expansion project.
- Sherburne County EDA meeting update, which covered recreation and tourism topics.
- Kwik Trip interest in the Fox Haven lot (is there an address for this? We should include it versus stating Fox Haven lot, as it will be easier to locate if any future research is needed)

8. MOTION TO ADJOURN REGULAR MEETING
Moved by Commissioner Jennifer Wagner and seconded by Commissioner Matt Westgaard to adjourn the meeting. Motion Carried 6-0.

The meeting adjourned at 5:45 p.m.

Minutes prepared by Tina Allard.

Dan Tveite, Chair

Tina Allard, City Clerk

Report Criteria:
Detail report.
Invoices with totals above $0.00 included.
Only unpaid invoices included.
Bank.Bank number = 2

Description	FUND	DEPARTMENT	Net Invoice Amount
CITY OF ELK RIVER			
REIMB SALARIES - SEP 24	EDA	ECONOMIC D	9,595.29
REIMB SALARIES - SEP 24	EDA	ECONOMIC D	1,050.00
REIMB SALARIES - SEP 24	EDA	ECONOMIC D	727.16
REIMB SALARIES - SEP 24	EDA	ECONOMIC D	590.99
REIMB SALARIES - SEP 24	EDA	ECONOMIC D	140.40
REIMB SALARIES - SEP 24	EDA	ECONOMIC D	2,392.20
REIMB W/C INS OCT/DEC 24 ED	EDA	ECONOMIC D	133.00
REIMB SUPPLIES-STAPLES	EDA	ECONOMIC D	47.21
Total CITY OF ELK RIVER:			14,676.25
E C M PUBLISHERS INC			
FALL HOME IMPROVE ADV-EDA	EDA	ECONOMIC D	345.00
Total E C M PUBLISHERS INC:			345.00
JOSHUA MOLLAN			
REIMB MILEAGE 9/6 MOLLAN	EDA	ECONOMIC D	15.48
REIMB PLAQUE-REGAL AWARD	EDA	ECONOMIC D	20.00
Total JOSHUA MOLLAN:			35.48
KENNEDY & GRAVEN CHARTERE			
LEGAL SVCS SEP 23-EDA	EDA	ECONOMIC D	666.00
Total KENNEDY & GRAVEN CHARTERE:			666.00
MNCAR			
2024 4TH QTR ACCESS FEES	EDA	ECONOMIC D	590.00
Total MNCAR:			590.00
ORANGEBALL, INC.			
SOCIAL POSTS APR 24	EDA	ECONOMIC D	1,050.00
SOCIAL POSTS AUG 24	EDA	ECONOMIC D	750.00
SOCIAL POSTS SEP 24	EDA	ECONOMIC D	750.00
SOCIAL POSTS OCT 24	EDA	ECONOMIC D	600.00
Total ORANGEBALL, INC.:			3,150.00
PLANTS AND THINGS, USA			
GARDEN BENCH - EDA	EDA	ECONOMIC D	500.00
Total PLANTS AND THINGS, USA:			500.00
STAR BANNERS			
PRINTED BANNERS-EDA	EDA	ECONOMIC D	84.00
Total STAR BANNERS:			84.00

Description	FUND	DEPARTMENT	Net Invoice Amount
CAMPBELL KNUTSON P.A.			
LEGAL SVCS AUG - EDA	EDA	ECONOMIC D	36.00
Total CAMPBELL KNUTSON P.A.:			36.00
PRINTING SYSTEMS			
A/P CHECK STOCK - EDA	EDA	ECONOMIC D	153.22
Total PRINTING SYSTEMS:			153.22
Grand Totals:			20,235.95

Report Criteria:

- Detail report.
- Invoices with totals above $0.00 included.
- Only unpaid invoices included.
- Bank.Bank number = 2

DEPARTMENT	FUND	VENDOR NAME	DESCRIPTION	AMOUNT
Economic Development	EDA	US BANK	MNCAR - 3RD QTR ACCESS	590.00
			TOTAL:	590.00

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

920 EDA	590.00
GRAND TOTAL:	590.00

TOTAL PAGES: 1

BALANCE SHEET

AS OF: SEPTEMBER 30TH, 2024

920-EDA

ACCOUNT #	ACCOUNT DESCRIPTION	BALANCE		
ASSETS				
======				
920-1010	Cash - EDA	1,946,313.00		
920-1610	Land Held for Resale	175,000.00		
			2,121,313.00	
	TOTAL ASSETS			2,121,313.00
				==============
LIABILITIES				
===========				
EQUITY				
======				
920-2400	Fund Balance	1,867,515.88		
	TOTAL BEGINNING EQUITY	1,867,515.88		
	TOTAL REVENUE	474,045.37		
	TOTAL EXPENSES	220,248.25		
	TOTAL REVENUE OVER/(UNDER) EXPENSES	253,797.12		
	TOTAL EQUITY & REV. OVER/(UNDER) EXP.		2,121,313.00	
	TOTAL LIABILITIES, EQUITY & REV.OVER/(UNDER) EXP.			2,121,313.00
				==============

REVENUE & EXPENSE REPORT (UNAUDITED)

AS OF: SEPTEMBER 30TH, 2024

920-EDA

FINANCIAL SUMMARY 75.00% OF YEAR COMP.

	CURRENT BUDGET	CURRENT PERIOD	YEAR TO DATE ACTUAL	% OF BUDGET	BUDGET BALANCE
REVENUE SUMMARY					
EDA	434,950.00	6,088.43	474,045.37	108.99	(39,095.37)
TOTAL REVENUES	434,950.00	6,088.43	474,045.37	108.99	(39,095.37)
EXPENDITURE SUMMARY					
Economic Development					
Economic Development	434,950.00	21,508.70	220,248.25	50.64	214,701.75
TOTAL Economic Development	434,950.00	21,508.70	220,248.25	50.64	214,701.75
TOTAL EXPENDITURES	434,950.00	21,508.70	220,248.25	50.64	214,701.75
REVENUES OVER/(UNDER) EXPENDITURES	0.00	(15,420.27)	253,797.12		(253,797.12)

REVENUE & EXPENSE REPORT (UNAUDITED)

AS OF: SEPTEMBER 30TH, 2024

920-EDA

75.00% 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	222,467.50	53.48	193,482.50
TOTAL Taxes	415,950.00	0.00	222,467.50	53.48	193,482.50
Intergovernmental Rev					
Other Revenue					
920-3-0000-3621 Interest Income	15,000.00	6,088.43	57,910.52	386.07	(42,910.52)
920-3-0000-3626 Contributions	0.00	0.00	6,400.00	0.00	(6,400.00)
TOTAL Other Revenue	15,000.00	6,088.43	64,310.52	428.74	(49,310.52)
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	6,088.43	474,045.37	108.99	(39,095.37)
TOTAL REVENUE	434,950.00	6,088.43	474,045.37	108.99	(39,095.37)

REVENUE & EXPENSE REPORT (UNAUDITED)

AS OF: SEPTEMBER 30TH, 2024

920-EDA

Economic Development 75.00% 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	14,392.94	80,675.36	65.11	43,224.64
920-4-6210-4103 Part-time Pay	12,600.00	1,050.00	8,400.00	66.67	4,200.00
920-4-6210-4104 PERA	9,500.00	1,086.98	6,110.67	64.32	3,389.33
920-4-6210-4105 FICA	8,350.00	888.45	5,023.81	60.17	3,326.19
920-4-6210-4107 Medicare	2,000.00	210.00	1,192.33	59.62	807.67
920-4-6210-4108 Insurance	24,300.00	2,392.20	19,137.60	78.76	5,162.40
920-4-6210-4109 Workers Comp	550.00	0.00	509.57	92.65	40.43
TOTAL Personal Services	181,200.00	20,020.57	121,049.34	66.80	60,150.66
Supplies					
920-4-6210-4201 Office Supplies	2,500.00	13.51	160.59	6.42	2,339.41
920-4-6210-4212 Fuels & Lubes	50.00	0.00	5.58	11.16	44.42
TOTAL Supplies	2,550.00	13.51	166.17	6.52	2,383.83
Services & Charges					
920-4-6210-4304 Legal Fees	10,000.00	518.75	2,776.75	27.77	7,223.25
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	40.87	3,187.79	30.51	7,262.21
920-4-6210-4349 Advertising/Marketing	67,200.00	298.00	14,832.50	22.07	52,367.50
920-4-6210-4359 Publishing	350.00	0.00	318.20	90.91	31.80
920-4-6210-4361 Insurance	250.00	27.00	104.00	41.60	146.00
920-4-6210-4404 Software Services	11,100.00	0.00	14,598.40	131.52	(3,498.40)
920-4-6210-4433 Dues & Subscriptions	4,750.00	590.00	6,175.00	130.00	(1,425.00)
920-4-6210-4440 Miscellaneous	73,500.00	0.00	11,040.10	15.02	62,459.90
TOTAL Services & Charges	205,200.00	1,474.62	53,032.74	25.84	152,167.26
Capital Outlay					
Transfers Out					
920-4-6210-4721 Transfer-General Fund	46,000.00	0.00	46,000.00	100.00	0.00
TOTAL Transfers Out	46,000.00	0.00	46,000.00	100.00	0.00
TOTAL Economic Development	434,950.00	21,508.70	220,248.25	50.64	214,701.75
TOTAL Economic Development	434,950.00	21,508.70	220,248.25	50.64	214,701.75
TOTAL EXPENDITURES	434,950.00	21,508.70	220,248.25	50.64	214,701.75
REVENUES OVER/(UNDER) EXPENDITURES	0.00	(15,420.27)	253,797.12		(253,797.12)

Request for Action

To
Economic Development Authority

Item Number
7.1

Meeting Date
October 21, 2024

Prepared By
Joshua Mollan, Economic Development Specialist

Item Description
Loan Extension Request - Hemmer Companies

Reviewed by
Cal Portner

Action Requested
Approve, by motion, a resolution approving the loan extension for Hemmer Companies (Distinctive Iron) and authorization to execute the amended loan documents.

Background/Discussion
The EDA approved a loan to Distinctive Iron in 2015 and an additional $100,000 loan to the company in 2019. The existing balance of $89,338.20 of the first loan combined with the additional loan was structured as a new loan in the amount of $189,338.20. Amortized over 20 years, the present balance is $152,723.43 with a maturity date of October 1, 2024, as a balloon payment.

Distinctive Iron submitted a request to extend the maturity date of the loan to October 1, 2026 under existing terms, which is congruent with the extension policy for this loan program. Financial statements and a letter from their primary lender, Bank of Elk River, were provided, and it was determined that refinancing of the loan would result in an increase in monthly payments due to an increased interest rate as well as origination fees.

At last month's meeting, the EDA authorized a continuance of the payment schedule with Distinctive Iron while documents were drafted and the extension formally considered. Distinctive Iron has met all requirements of the existing loan terms and there have been no issues with payment history. Staff is supportive of this extension request.

Financial Impact
The EDA will continue to receive the regular monthly payments through October 1, 2026, when the balloon payment will become due.

Mission/Policy/Goal
Support Elk River businesses.

Attachments
1. EDA Resolution 24-06
2. Amendment Agreement

ECONOMIC DEVELOPMENT AUTHORITY
OF THE CITY OF ELK RIVER
COUNTY OF SHERBURNE
STATE OF MINNESOTA

RESOLUTION NO. 24-06

RESOLUTION APPROVING A
MASTER AMENDMENT AGREEMENT
(DISTINCTIVE IRON PROJECT)

WHEREAS, on September 25, 2019, the Economic Development Authority of the City of Elk River (the "EDA") provided a loan to Hemmer Companies L.L.C., a Minnesota limited liability company (the "Borrower"), pursuant to the EDA's Microloan Program (the "Program") in the amount of $126,000.00 (the "Original Loan") and on September 25, 2019, the EDA provided an additional loan to the Borrower pursuant to the Program in the amount of $100,000 (the "2019 Loan" and together with the Original Loan, the "Loan").

WHEREAS, in connection with the 2019 Loan, the EDA and the Borrower amended and restated the documents related to the Original Loan to account for the 2019 Loan and entered into an Amended and Restated Loan Agreement, dated September 25, 2019 (the "Loan Agreement"), between the Borrower and the EDA.

WHEREAS, the Loan was secured by (i) an Amended and Restated Promissory Note, dated September 25, 2019 (the "Promissory Note"), from Borrower to the EDA; (ii) an Amended and Restated Security Agreement, dated September 25, 2019 (the "Security Agreement"), from Distinctive Iron, LLC (the "Entity Guarantor"), in favor of the EDA providing the EDA with a security interest in certain equipment (the "Equipment") owned by Distinctive Iron, LLC (the "Entity Guarantor"); (iii) an Amended and Restated Mortgage and Assignment of Rents and Security Agreement and Fixture Financing Statement (the "Mortgage"), executed by Borrower, in favor of EDA, covering property located in the City of Elk River, Minnesota (the "City"); (iv) a Personal Guaranty, dated September 25, 2019, from Cynthia Mae Hemmer & Steven Michael Hemmer (the "Personal Guaranties); and (v) an Entity Guaranty, dated September 25, 2019 (the "Entity Guaranty" and together with the Personal Guaranties, the "Guaranties"), from the Entity Guarantor. The Loan matures on October 1, 2024 with a balloon payment due at maturity.

WHEREAS, the Board of Commissioners (the "Board") of the EDA has received a request from the Borrower that the EDA extend the maturity date of the Loan by two years.

WHEREAS, the EDA has caused to be prepared the Master Amendment Agreement which, among other things, amends the documents relating to the Loan to reflect the extension of the maturity date, a copy of which is on file with the Executive Director.

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 Master Amendment Agreement as presented to the EDA, together with all related documents necessary in connection therewith (the "Loan Documents") is hereby in all respects approved, in substantially the form on file with the City's Economic Development

Director; and the President and Executive Director are hereby authorized and directed to execute the Loan Documents to which it is a party 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. 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.

Approved by the Board of Commissioners of the Economic Development Authority of the City of Elk River this 1st day of October, 2024.

____
President

ATTEST:

____
Executive Director

MASTER AMENDMENT AGREEMENT

This Master Amendment Agreement (the "Master Amendment Agreement") is made this ____ day of October, 2024, with an effective date of October 1, 2024 (the "Effective Date"), between the ECONOMIC DEVELOPMENT AUTHORITY OF THE CITY OF ELK RIVER, a public body corporate and politic under the laws of the State of Minnesota (the "Lender"), and HEMMER COMPANIES L.L.C., a Minnesota limited liability (the "Borrower").

RECITALS

WHEREAS, on February 17, 2015, the Lender provided a loan to the Borrower in the principal amount of $126,000.00 (the "First Loan").

WHEREAS, the First Loan was secured by (i) a Promissory Note, dated February 17, 2015 (the "Original Promissory Note"), from Borrower to the Lender; (ii) a Security Agreement, dated February 17, 2015 (the "Original Security Agreement"), from Distinctive Iron, LLC (the "Entity Guarantor"), in favor of Lender, as secured party, providing a security interest in certain equipment; (iii) a Mortgage and Assignment of Rents and Security Agreement and Fixture Financing Statement (the "Original Mortgage"), executed by Borrower, as mortgagor, in favor of Lender, as mortgagee; and (iv) Guaranty Agreements, each dated February 17, 2015, from Cynthia Mae Hemmer & Steven Michael Hemmer (the "Personal Guaranties) and the Entity Guarantor (the "Entity Guarantor" and together with the Personal Guaranties, the "Guaranties").

WHEREAS, on September 25, 2019, the Lender made an additional loan to the Borrower in the amount of $100,000 (the "Second Loan" and together with the First Loan, the "Loan").

WHEREAS, in connection with the Second Loan, the Lender and the Borrower amended and restated certain documents related to the First Loan and executed and delivered the following documents including: (i) an Amended and Restated Promissory Note, dated September 25, 2019 (the "Note"), from Borrower to the Lender; (ii) an Amended and Restated Security Agreement, dated September 25, 2019 (the "Security Agreement"), from the Entity Guarantor in favor of the Lender; (iii) an Amended and Restated Mortgage and Assignment of Rents and Security Agreement and Fixture Financing Statement (the "Mortgage"), executed by Borrower, in favor of Lender and covering property legally described in Exhibit A attached hereto; (iv) a Personal Guaranty, dated September 25, 2019, from the Personal Guarantors (the "Personal Guaranties"); and (v) an Entity Guaranty, dated September 25, 2019 (the "Entity Guaranty" and together with the Personal Guaranties, the "Guaranties"), from the Entity Guarantor (collectively, the "Loan Documents").

WHEREAS, to secure the Loan, the Borrower executed and delivered the Mortgage, recorded in the Office of County Recorder, Sherburne County, Minnesota on September 26, 2019, as Document No. 879287; and

WHEREAS, the current outstanding principal balance of the Loan is $152,723.43 and matures on October 1, 2024 with a balloon payment due at maturity.

WHEREAS, the Borrower and the Lender desire to extend the maturity date of the Loan to provide the Borrower with additional time for repayment and have determined the need to amend certain provisions of the Loan Documents.

NOW THEREFORE, the Lender and the Borrower, each in consideration of the representations, covenants and agreements of the other as set forth herein, mutually represent, covenant and agree as follows:

ARTICLE I

AMENDMENTS

Section 1.1. Amendments to the Note.

(a) The maturity date in the Note is hereby extended to October 1, 2026 and the term "Maturity Date" in the Note shall mean October 1, 2026.

(b) The interest rate on the outstanding balance of the Original Note (as defined in the Note) and the New Note (as defined in the Note) shall be 3.00%.

(c) The paragraphs titled Original Note Balance and New Note Balance shall be deleted in the entirety and replaced with the new paragraph as set forth below to reflect that the outstanding principal balance on the Loan ($_____________) (the "Outstanding Balance") shall be paid as follows:

The Borrower shall be obligated to make monthly installments ("New Monthly Installment") in the amount of ________________, which New Monthly Installment shall commence on November 1, 2024, and continue on the first (1st) day of each and every monthly thereafter until the Maturity Date, when all unpaid principal and interest shall be payable in full in accordance with the amortization schedule attached hereto as Exhibit B. The principal amount of the Outstanding Balance will be amortized over a period of twenty (20) years beginning on October 1, 2019.

(d) All references to the Note and the Mortgage in the Note are hereby deemed to include the amendments set forth in this Master Amendment Agreement.

Section 1.2. Amendments to the Loan Agreement, Security Agreement, Personal Guaranties and Entity Guaranty.

(a) All references to the Note and the Mortgage in the Loan Agreement, Security Agreement, Personal Guaranties and Entity Guaranty are hereby deemed to include the amendments set forth in this Master Amendment Agreement.

Section 1.3. Amendments to the Mortgage.

(a) The Mortgage is hereby amended to the extent that the Note shall mature on October 1, 2026.

(b) All references to the Note and the Mortgage in the Mortgage are hereby deemed to include the amendments set forth in this Master Amendment Agreement.

ARTICLE II

MISCELLANEOUS

Section 2.1. Effective Date. The amendments made to the Note, the Loan Agreement, the Security Agreement, the Personal Guaranties, the Entity Guaranty, and the Mortgage, as set forth in this Master Amendment Agreement, shall be effective as of October 1, 2024.

Section 2.2. Certain Defined Terms. Terms used in this Master Amendment Agreement and not defined herein shall have the meanings given in the Loan Agreement.

Section 2.3. Confirmation of Agreements. Except as specifically amended by this Master Amendment Agreement, the Note, the Loan Agreement, and the Mortgage are hereby ratified and confirmed and remain in full force and effect.

Section 2.4. Recording. The Lender shall record this Master Amendment Agreement against the Property with the Office of the County Recorder of Sherburne County, Minnesota. The Borrower shall pay all costs for recording.

Section 2.5. Fees. The Borrower shall pay all fees and costs, including attorneys' fees, in connection with the preparation of this Master Amendment Agreement.

(The remainder of this page is intentionally left blank.)

IN WITNESS WHEREOF, the Lender and the Borrower have caused this Master Amendment Agreement to be executed in their respective names all as of the date and year first written above.

ECONOMIC DEVELOPMENT AUTHORITY
OF THE CITY OF ELK RIVER

By: ________________________________

Name: ________________________
Its: President

By: ________________________________

Name: ________________________
Its: Executive Director

STATE OF MINNESOTA)
) SS.
COUNTY OF SHERBURNE)

The foregoing instrument was acknowledged before me this _____________, 2024, by _______________, the President of the Economic Development Authority of the City of Elk River, on behalf of the Lender.

____
Notary Public

STATE OF MINNESOTA)
) SS.
COUNTY OF SHERBURNE)

The foregoing instrument was acknowledged before me this ____ day of _____________, 2024, by _______________, the Executive Director of the Economic Development Authority of the City of Elk River, on behalf of the Lender.

____
Notary Public

Execution page of the Borrower to the Master Amendment Agreement, dated as of the date and year first written above.

HEMMER COMPANIES L.L.C.

By: ________________________________
Cynthia Mae Hemmer
Its: President

STATE OF MINNESOTA)
) SS
COUNTY OF __________)

The foregoing instrument was acknowledged before me this ____ day of __________, 2024, by ______________________________________, the ________________________ of Hemmer Companies L.L.C., a Minnesota limited liability company, on behalf of the Borrower.

____
Notary Public

Consents of the Personal Guarantors and Entity Guarantor to the Master Amendment Agreement.

DISTINCTIVE IRON, LLC,
a Minnesota limited liability company

By: ________________________________
Name:______________________________
Its:________________________________

STATE OF MINNESOTA)
) SS
COUNTY OF __________)

The foregoing instrument was acknowledged before me this ____ day of __________, 2024, by ____, the _________________________ of Distinctive Iron, LLC, a Minnesota limited liability company, on behalf of the Borrower.

____
Notary Public

____
Cynthia Mae Hemmer

STATE OF MINNESOTA)
) SS
COUNTY OF __________)

The foregoing instrument was acknowledged before me this ____ day of __________, 2024, by ____, on behalf of such individual.

____
Steven Michael Hemmer

STATE OF MINNESOTA)
) SS
COUNTY OF __________)

The foregoing instrument was acknowledged before me this ____ day of __________, 2024, by ____, on behalf of such individual.

EXHIBIT A

LEGAL DESCRIPTION OF PROPERTY

Lot 2, Block 1, Cascade Industrial Park Second Addition, Elk River, Sherburne County, Minnesota

EXHIBIT B

AMORTIZATION SCHEDULE

Request for Action

To
Economic Development Authority

Item Number
7.2

Meeting Date
October 21, 2024

Prepared By
Brent O'Neil, Economic Development Director

Item Description
Loan Request - Modern Construction of MN

Reviewed by
Cal Portner

Action Requested
Approve, by motion, a resolution approving a business microloan to Modern Construction of Minnesota in the amount of $51,499.

Background/Discussion
Modern Construction of Minnesota, owned principally by Jesse Hartung, has purchased the former Daddy-O's building at 709 Main Street. Modern intends to renovate the building and relocate Tipsy Chicken, an affiliated business, to the space this fall. The company has applied for a loan through the EDA's Downtown Microloan Program to assist with renovation costs. Modern is the applicant, and Tipsy Chicken will be the tenant.

Modern purchased the building for $540,000 and will spend an additional $145,000 to prepare the building for Tipsy Chicken for a total investment of $685,000. Rent from Tipsy Chicken would be sufficient to cover the debt on the property.

Upon staff review and consultation with the Joint Finance Committee, it is recommended the loan be approved for $51,499. This is an amount lower than the application and is based on the program's requirement that 10% owner equity be put into the project; equity was increased to 10%, lowering the loan amount correspondingly. Terms are in accordance with program policy: 3% interest rate amortized over 20 years with a final balloon payment due at five years. In addition, the Committee also requested additional security guarantees on the project, which are included.

Staff informed the Committee regarding a program provision requiring projects not to commence before approval. Modern has started work, and in the review, the acquisition in August was included as a project cost. The Committee felt that a reasonable linkage between project start and loan approval would be acceptable even if some project components started earlier.

Financial Impact
An outlay of $51,499 from the Microloan Fund to be repaid to the fund by December 2023.

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

Attachments

1. EDA Resolution 24-07
2. Application Redacted
3. Draft JFC Minutes 09-24-2024
4. Elevation and Floor Plan
5. Microloan Packet

ECONOMIC DEVELOPMENT AUTHORITY
OF THE CITY OF ELK RIVER
COUNTY OF SHERBURNE
STATE OF MINNESOTA

RESOLUTION NO. 2024-07

RESOLUTION APPROVING LOAN AGREEMENT AND RELATED DOCUMENTS
(TIPSY CHICKEN 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 Modern Construction of Minnesota, Inc., a Minnesota corporation, or an entity related thereto or affiliated therewith (the "Borrower"), that the EDA assist the Borrower with the acquisition, and renovation (the "Project") located on certain real property in the City of Elk River, Minnesota (the "City") for use as a restaurant by providing a loan to the Borrower in the amount of $51,499 (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 Loan constitutes a business subsidy within the meaning of Minnesota Statutes, Sections 116J.993 to 116J.995, as amended (the "Business Subsidy Act"); 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; 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 including the provisions granting a business subsidy to the Borrower, 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 position security interest in the Project, a corporate guaranty of MFS Food, Inc., a security agreement evidencing a second position security interest in certain equipment, and personal guaranties from Jesse and Sarah Hartung (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.

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 21st day of October, 2024.

____
President

ATTEST:

____
Executive Director

City of Elk River

ELK RIVER ECONOMIC DEVELOPMENT MICROLOAN FUND APPLICATION

1. CONTACT INFORMATION

Legal Name of Business: Modern Construction of Minnesota

Project Site Address: 709 Main ST

City / State / Zip: Elk River MN 55330

Contact Person(s): Jesse Hartung

Business Phone: 952-217-1627 Fax: —

Home Phone: ______ Email: Jesse@ModernConstructionmn.com

Check One: ______ Proprietor X Corporation ______ Partnership

Federal ID # [redacted] State ID #______

2. NATURE OF LOAN REQUEST

Which Microloan Program are you applying for?

- ______ Industrial Incentive Loan
- X Downtown Revitalization Financing Loan
- ______ Energy Efficiency Improvement Loan
- ______ Micro-Brewery Loan
- ______ COVID-19 Small Business Loan

Amount Requested: $ 75,000 = Total Project Cost: $ 685,000 =

Type of project:

- ______ New construction for a start-up business
- ______ New construction for an existing business
- ______ On site expansion
- ______ Equipment purchase
- X Remodeling: *(circle one)* Commercial / Retail / Industrial
- ______ Other ______

POWERED BY NATURE

Please give a brief summary of your business and its products or service:
Remodel space to lease to a resturant

Please give a brief summary of the project:
Front facade and dinning Room remodel

Please describe how this loan will impact your project:
it allows us to lease to a resturant that does not have a space. This keeps Jobs and a Local buisness open

3. FINANCING

Project Costs

Land	$ —
Site improvements	$ —
Buildings (attach plans & costs)	$ 540,000.00
Equipment/Machinery/Fixtures (attach list and estimated costs)	$ —
Remodeling	$ 145,000.00
Industrial Inventory/Working Capital	$ —
Other (attach description)	$ —
Total Costs	$ 685,000.00

Comments:

Proposed Sources of Financing

SOURCE	NAME	TERMS	AMOUNT
Bank Loan	ALC Investments		$ 565,000.00
Bank Loan			$
Other Private Funds			$
Applicant Contribution	Modern		$ 45,000.00
Other			$
Fed Grant/Loan			$
State Grant/Loan			$
EDA Microloan	Elk River		$ 75,000.00
Tax Increment Financing			$
Tax Abatement			$
Total Financing			$ 685,000.00

Collateral Assignments

	Description of Collateral	Lien Position
To Bank 1	Property	1st
To Bank 2		
To Private Sources		
To Other Sources		
To Federal Govt		
To State		
To EDA Microloan	Property & FF&E	1st and 2nd

POWERED BY NATURE

Value of Collateral

	Book Value	Cost	Existing Liens
Land	$	$	$
Buildings	$695,000	$540,000*	$540,000
Machinery & Equip.	$75,000	$NA	$None
Other	$	$	$
Other	$	$	$

4. JOB & WAGE GOALS (this is for the tennant)

Present # of Employees 20 + Total Payroll $600,000 yearly

Jobs To Be ~~Created~~ Retained* will otherwise be lost

Please provide the following information on jobs you expect to create within 2-years.

Job Title	Number of Jobs	Average Hourly Wage	Annual Salary	Are the Jobs Permanent or Temporary?	Expected Hiring Date
GM	1		100 K	Perm	11-1
chef	1		75 K		
Cook	10	24			
Servers	10	12			
Dish	3	16			
other	3	16			

*If loan is for job retention only, please explain in Business Plan.

Microloan Program Objectives
(Check all that apply)

X The project contributes to the fulfillment of the city's approved and adopted economic development and/or redevelopment plans.
X The project prevents or eliminates slums and blight.
X The project increases the local tax base.
____ The project brings a structure into compliance with an existing building code violation.

POWERED BY NATURE

5. PROJECT CONTACTS

Attorney

Name None
Address
Phone

Accountant

Name Jesse Hartung
Address
Phone 752-217-1627

Financing Sources (lenders, partners, etc…)

Name ALC Investments
Address Lakeville mn
Phone 763-245-4055

Name
Address
Phone

Parent Company

Name NONE
Address
Phone

Others

Name None
Address
Phone

Name
Address
Phone

POWERED BY NATURE

6. ATTACHMENTS CHECK LIST

Please attach the following:

X A) Written Business Plan:
1. Description of Business
2. Ownership
3. Management
4. Date Established
5. Products/Services
6. Future Plans

X B) Financial Statements for Past Three Years and Year to Date
1. Profit & Loss Statements
2. Balance Sheets

(taxes included)

____ C) Financial Projections for up to Three Years N/A

X D) A Project Proforma to include:
1. Projected revenues,
2. Operating expenses,
3. Net Operating Income, and
4. Annual Debt Service and Loan Payments.

(Remodeling sworn)

X D) Resume of Owner/Management

____ E) Personal Financial Statements of Proprietor, Partners, Guarantors N/A

X F) Letter of Commitment from Applicant Pledging to Complete During the Proposed Project Duration

X G) Letter of Commitment from the Other Sources of Financing, Stating Terms and Conditions of their Participation in Project (Available upon Request)

X H) Processing Fee of $2,000 (Waived for COVI-19 Small Business Loan)
(was told $500)

POWERED BY NATURE

7. AGREEMENT

I / We certify that all information provided in this application is true and correct to the best of my/our knowledge. I / We authorize the city of Elk River and the Finance Committee to check credit references and verify financial and other information. I / We agree to provide any additional information as may be requested by the city and the Finance Committee.

The undersigned has received the city's policy regarding the payment of costs of review, understands that reimbursement to the city of costs incurred in reviewing the application will be required, agrees to reimburse the city as required in the policy and make payment when billed by the city, and agrees that the application may be denied for failure to reimburse the city for costs as provided in the policy.

APPLICANT SIGNATURE_______________

BY Jesse Harting

DATE 9-5-24

Meeting of the Joint Finance Committee
Held at the Elk River City Hall
Tuesday, September 24, 2024

Members Present:	Commissioner Charlie Blesener, Committee Member Ryan Hardin, Committee Member Jim Gromberg, Commissioner Dan Tveite, Commissioner Nate Ovall
Members Absent:	Committee Member Chad Vitzthum, Committee Member Rhonda Magnussen, Committee Member Tony Sofio, Commissioner Lynn Caswell
Staff Present:	Economic Development Specialist Josh Mollan, Economic Development Director Brent O'Neil, and Senior Planner Chris Leeseberg

1. CALL MEETING TO ORDER
Pursuant to due call and notice thereof, the meeting was called to order at 7:34 AM by Chair Tveite

2. CONSIDER AGENDA
Moved by Committee Member Ryan Hardin and seconded by Commissioner Nate Ovall to approve the agenda. Motion Carried 5-0.

3. CONSIDER MINUTES

3.1 May 14, 2024 Meeting Minutes

Moved by Commissioner Blesener and seconded by Committee Member Gromberg to approve the May 14, 2024 Meeting Minutes. Motion 5-0.

4. GENERAL BUSINESS

4.1 Modern Construction Microloan Application

Mr. O'Neil shared the staff report.

Commissioner Ovall suggested taking a look at the policy for the microloan program and consider an alternative rate structure, but is okay with this request.

Chair Tveite suggested taking a look at the lease Tipsy Chicken would have with Modern Construction to show support for their cash flow.

Committee Member Hardin also suggested reviewing the policy to avoid deviations from the guidelines, but if there is a personal guarantee, he is agreeable with the request.

Mr. O'Neil advised that Modern Construction does not meet the minimum 10% contribution to the project. He advised that the microloan could be reduced and Modern Construction's contribution could increase to meet the 10% threshold.

Chair Tveite suggested avoiding deviating from the 10% minimum applicant contribution.

Mr. O'Neil also asked the committee about timing of the project relative to program parameters about a project not commencing prior to program award, including that the building had already been acquired. The committee was in favor of including the purchase price of the building in the overall project cost, and suggested that with timing of government processes that reasonable exceptions to this timing would be acceptable.

Commissioner Ovall left the meeting at 7:54 a.m.

Moved by Committee Member Hardin and seconded by Committee Member Gromberg to recommend approval of Modern Construction's microloan application with the following conditions:
1. Adjustment of Modern Construction's contribution, and the EDA's microloan amount to meet the 10% applicant contribution threshold.
2. Request a personal guarantee from Modern Construction's owner, Jesse Hartung.
3. Staff review of additional financial documents.
Motion Carried 4-0.

4.2 General Updates

Mr. O'Neil shared that staff will be looking into reviewing all policies with guidance from financial advisor Ehlers.

Mr. O'Neil advised that the Heritage Millwork project is underway.

Mr. O'Neil advised that Distinctive Iron is seeking a two-year extension on their loan and as the loan is current and meets conditions for the extension, staff will be bring the request directly to the EDA.

5. ADJOURNMENT
There being no further business, Chair Tveite adjourned the meeting at 8:08 AM.

____

Tina Allard, City Clerk

JIM MACKEY ARCHITECT
1723 LAFOND AVENUE, SAINT PAUL, MN 55104
PHONE/FAX (651)644-0869
E-MAIL jim.mack@q.com

Tipsy Chicken

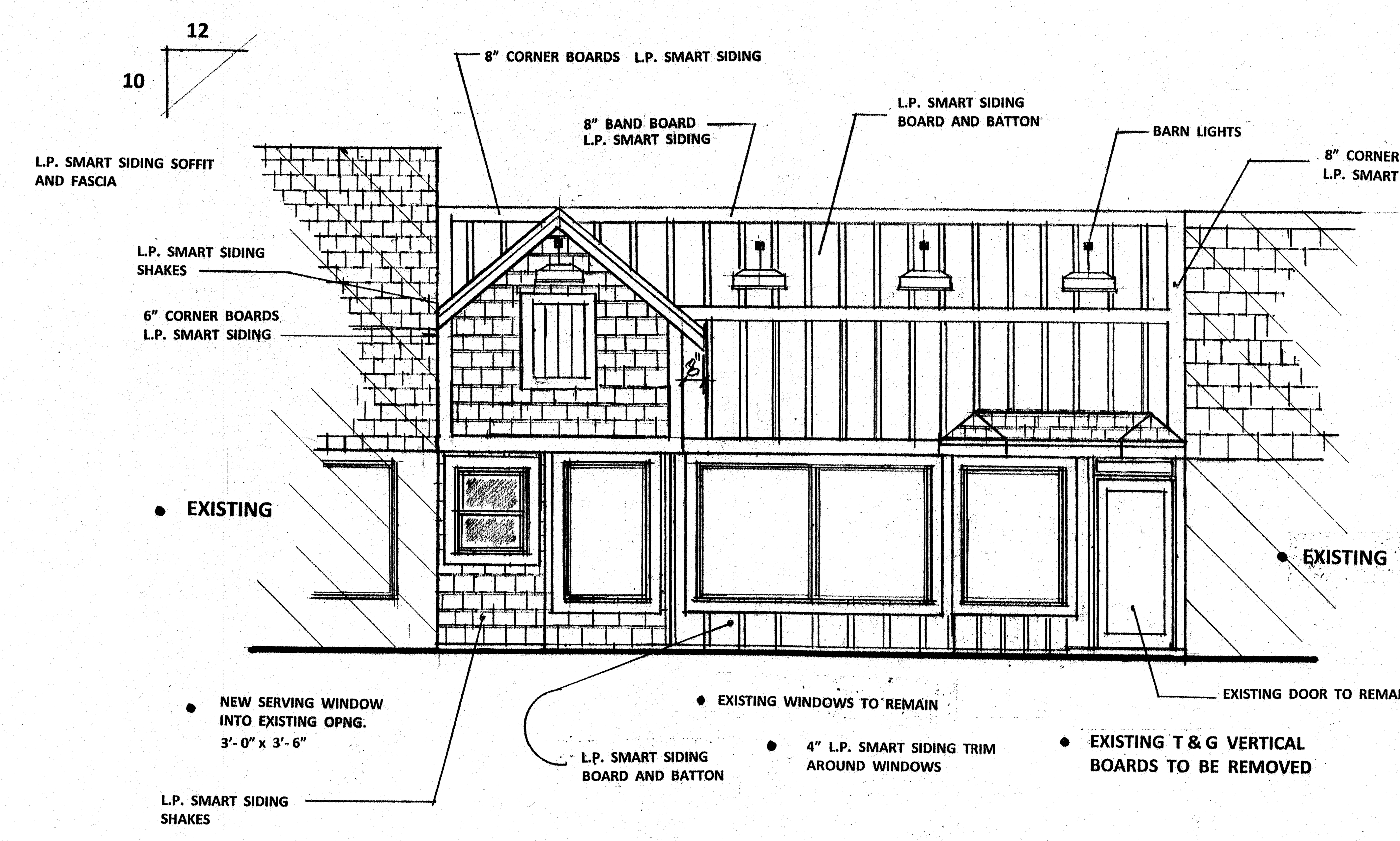
Finishes
709 Main Street NW
Elk River, MN

CODE SUMMARY

SCOPE OF WORK:	NEW EXTERIOR FRONT PARAPET OF EXISTING BUILDING FOR AN EXISTING RESTAURANT + NEW FINISHES IN DINING AREA
APPLICABLE CODES:	2020 MINNESOTA BUILDING CODE 2020 MINNESOTA BUILDING CONSERVATION CODE
OCCUPANCY TYPE:	A-2 (MBC SECTION 303.4)
CONSTRUCTION TYPE:	V-B ~ N1 (MBC TABLE 506.2) EXISTING 1 STORY WOOD FRAME BUILDING
OCCUPANT LOAD: (MBC TABLE 1004.5)	EXIST. KITCHEN: 910 SQ. FT. / 200 = 5 OCCUPANTS SEATING AREA: 1394 SQ. FT. / 15 = 93 OCCUPANTS TOTAL: 98 OCCUPANTS
EXIT LIGHTING:	EXISTING LED TYPE EXIT/EMERGENCY LIGHTS LOCATED AT EACH EXIT PER IBC SECTION 1008
AUTOMATIC FIRE SPRINKLER: (MBC 903.2.1.2)	NONE REQUIRED
TRAVEL DISTANCE: (MBC TABLE 1017.2)	MAXIMUM ALLOWED: 250' PROPOSED: 40'
PLUMBING FIXTURES: (MBC TABLE 2902.1)	FIXTURES REQUIRED: 1 WC / 1 LAV PER SEX EXISTING PROVIDED: 1 WC / 1 LAV PER SEX + SERVICE SINK.
GROSS FLOOR AREA:	MAIN FLOOR: 2286 SQ. FT. BASEMENT: 356 SQ. FT.
BUILDING HEIGHT:	EXISTING 1 STORY

GENERAL NOTES

1. THE GENERAL CONTRACTOR IS RESPONSIBLE FOR FIELD VERIFYING ALL DIMENSIONS AND EXISTING CONDITIONS.
2. SIMILAR MATERIALS INDICATED ON DIFFERENT PLANS, SECTIONS AND DETAILS, AND ANNOTATED ON ONE OR MORE PLAN, SECTION OR DETAIL SHALL BE CONSIDERED ANNOTATED, NOTED OR LABELED COMPLETELY ON ALL PLANS, SECTIONS AND DETAILS.
3. IN THE CASE OF AMBIGUITIES, DISCREPANCIES OR IRREGULARITIES IN THE DRAWINGS, SPECIFICATIONS, MANUFACTURING INSTRUCTIONS, SITE CONDITIONS OR APPLICABLE CODES AND STANDARDS, REQUEST CLARIFICATION FROM THE ARCHITECT OR ENGINEER BEFORE PROCEEDING. THE COST OF CORRECTING WORK DONE AS A RESULT OF PROCEEDING WITHOUT OBTAINING CLARIFICATION WILL BE BORNE SOLELY BY THE CONTRACTOR.
4. THE CONTRACTOR AND/OR OWNER MUST VERIFY AND CHECK ALL NOTES, FLOOR PLANS, ELEVATIONS, SECTIONS AND DETAILS AND NOTIFY THE ARCHITECT OF ANY ERRORS OR OMMISSIONS FOR POSSIBLE CORRECTION PRIOR TO START OF CONSTRUCTION.
5. ELECTRICAL, MECHANICAL AND PLUMBING PLANS (IF REQUIRED) SHALL BE SUPPLIED BY THE CONTRACTORS PERFORMING THE WORK.
6. ALL WORK SHALL COMPLY WITH ALL LOCAL AND STATE BUILDING CODES & ORDINANCES.
7. SEE CONSTRUCTION PLANS FOR ADDITIONAL INFORMATION.



FRONT ELEVATION

SCALE: 1/4" = 1'-0"

REVISIONS

JIM MACKEY ARCHITECT
1723 LAFOND AVENUE
SAINT PAUL, MN 55104
PHONE/FAX 651-644-0869
E-MAIL jim.mack@q.com

I HEREBY CERTIFY THAT THIS PLAN, SPECIFICATION OR REPORT WAS PREPARED BY ME OR UNDER MY DIRECT SUPERVISION AND THAT I AM A DULY LICENSED ARCHITECT UNDER THE LAWS OF THE STATE OF MINNESOTA.

JAMES A. MACKEY
DATE 9-17-24 LIC.NO. 23018

TIPSY CHICKEN
KITCHEN & COCKTAILS
709 MAIN STREET NW
ELK RIVER, MN. 55330

HOME PLANNING ASSOCIATES INC
PLANNERS DESIGNERS
1900 7th ST NW
NEW BRIGHTON, MN. 55112
763-786-6069 homeplanning@att.net

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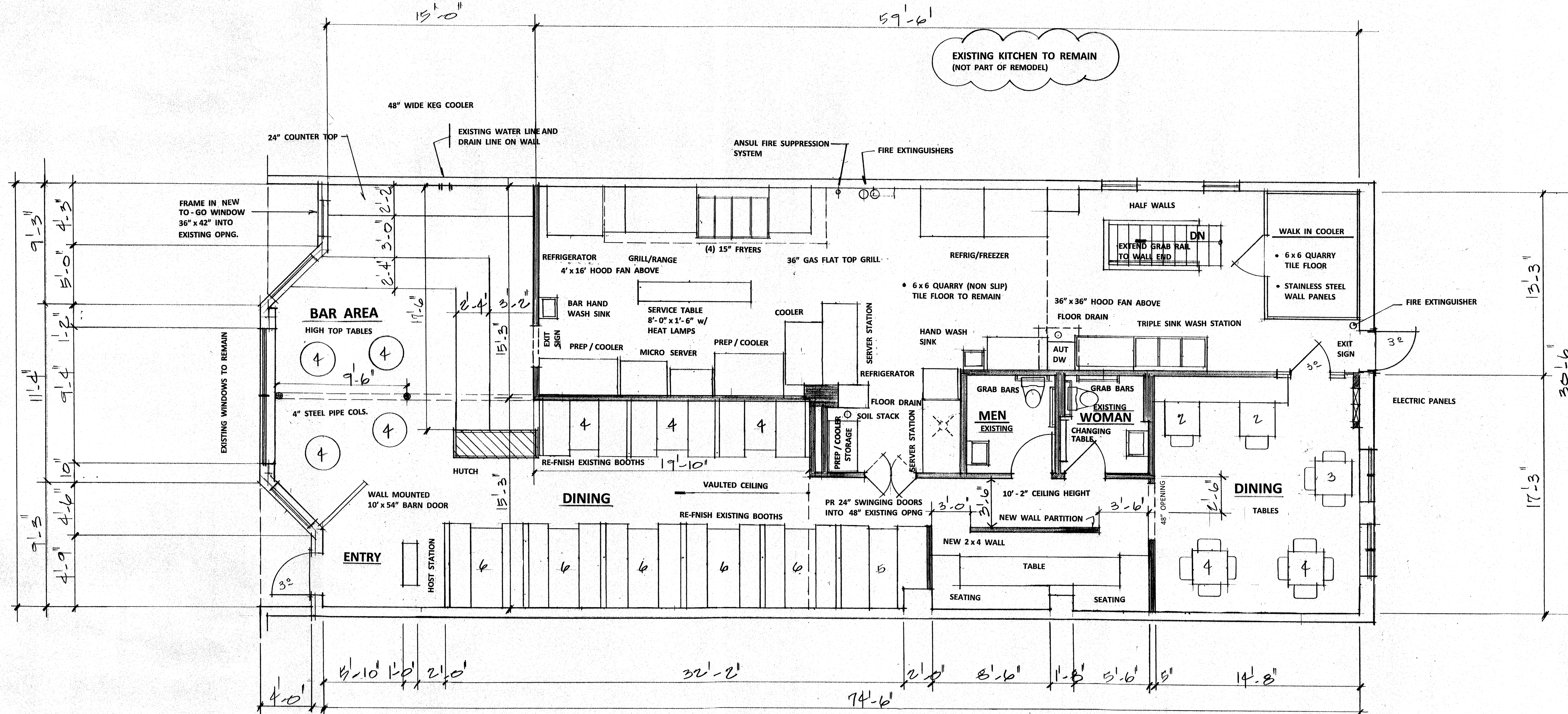
JAMES A. MACKEY
DATE
REG. NO. 23018

JIM MACKEY ARCHITECT
1723 LAFOND AVENUE
SAINT PAUL MN 55104
PHONE/FAX (651) 644-0869

MODERN CONSTRUCTION OF MINNESOTA, INC.
JESSE G. HARTUNG DIRECT 952-217-1627
EMAIL: jesse@modernconstructionmn.com
18837 OGDEN ST. NW
ELK RIVER, MN. 55330

SHEET #
A 1
OF 5 SHEETS



NOTE : EXISTING LAVS TO REMAIN UNCHANGED

DINING AREA : NEW WALL FINISH
PAINTED CEILING
BOOTHS TO BE REFINISHED
NEW FLOORING

FLOOR PLAN

SCALE : 1/4" = 1'-0"

REVISIONS

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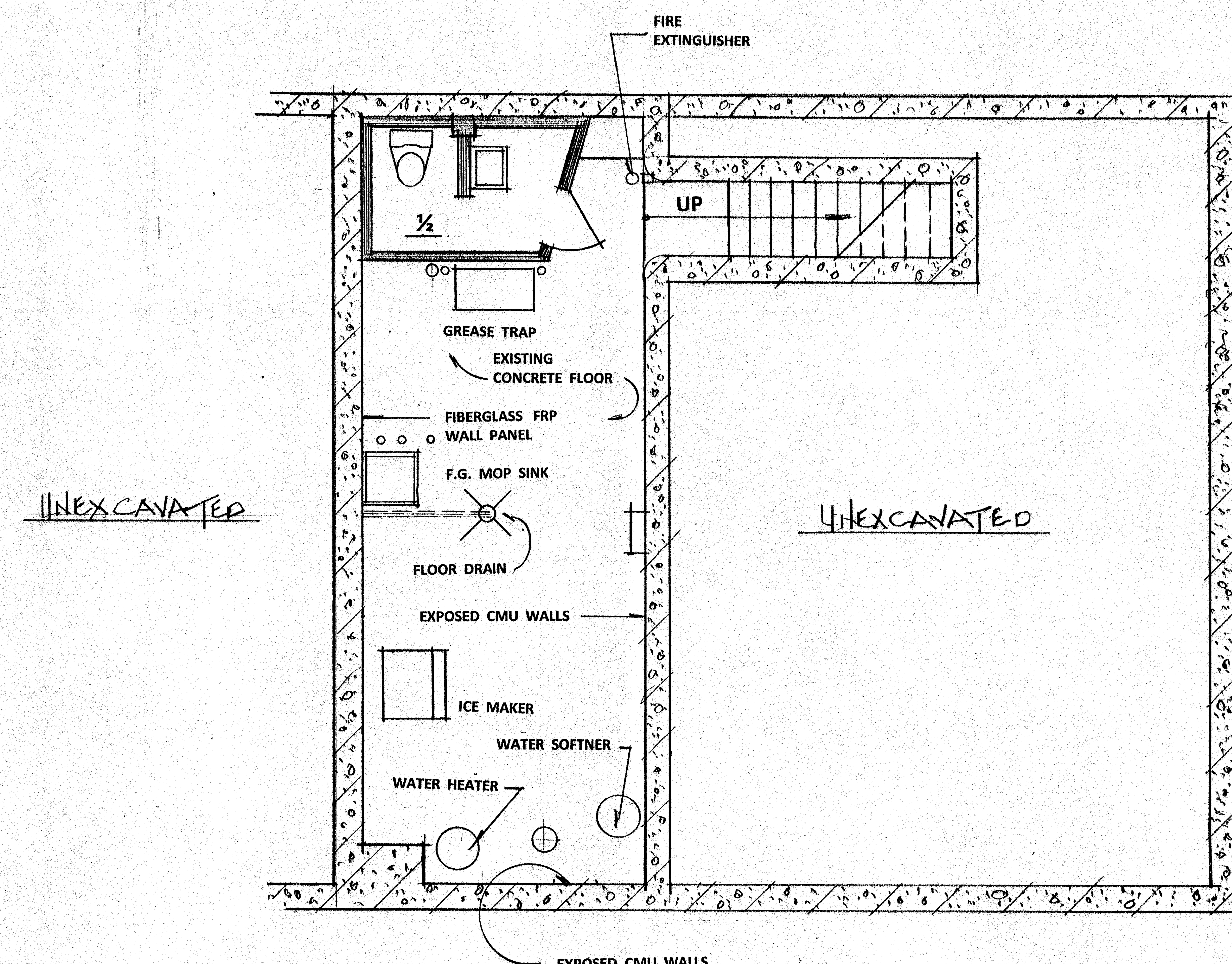
ELK RIVER, MN. 55330

SHEET # A 2 OF 5 SHEETS



EXISTING BASEMENT TO REMAIN
(NOT PART OF REMODEL)

BASEMENT PLAN

SCALE : 1/4" = 1'- 0"

REVISIONS

JIM MACKEY
ARCHITECT
1723 LAFOND AVENUE
SAINT PAUL, MN 55104
PHONE/FAX 651-644-0869
E-MAIL jim.mack@q.com

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JAMES A. MACKEY
DATE 9-19-24 LIC.NO. 23018

**TIPSY CHICKEN
KITCHEN & COCKTAILS
709 MAIN STREET NW
ELK RIVER, MN. 55330**

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JAMES A. MACKEY
DATE
REG. NO. 23018

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1723 LAFOND AVENUE
SAINT PAUL MN 55104
PHONE/FAX (651) 644-0869

MODERN CONSTRUCTION OF MINNESOTA, INC.
JESSE G. HARTUNG DIRECT 952-217-1627
EMAIL: jesse@modernconstructionmn.com
18837 OGDEN ST. NW
ELK RIVER, MN. 55330

SHEET #
A 3
OF 5 SHEETS

LOAN AGREEMENT
(Microloan)

THIS LOAN AGREEMENT ("Agreement") is made effective as of November __, 2024, by and between MODERN CONSTRUCTION OF MINNESOTA, 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 acquiring and renovating property located at 709 Main Street NW in the City Elk (the "Loan Property") for use as a restaurant in the principal amount of $51,499.00.

B. Lender is willing to make such loan to Borrower in the principal amount of $51,499.00 (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 $51,499.00;

(ii) A Security Agreement securing the Note ("Security Agreement") executed by MFS Foods, Inc., a Minnesota corporation (the "Corporate Guarantor") in favor of the Lender, as secured party, and provides a second lien security interest in equipment located at the Loan Property (the "Equipment");

(iii) The Personal Guaranties of Jesse and Sarah Hartung (collectively, the "Personal Guaranties");

(iv) A Corporate Guaranty of MFS Foods, Inc. (the "Corporate Guaranty"); and

(v) 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 Security Agreement, the Mortgage, the Corporate Guaranty, 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 and renovation of the Loan Property

for use as a restaurant. 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 second 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. Title Insurance. _____________ ("Title") is designated as the title insurer with respect to this Agreement. Title will insure Lender against loss or damage on account of mechanic's liens upon or unmarketability of the title to the Loan Property, and will ensure 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 ALC Investments, LLC of $_______________ (the "First Lien Mortgage"). Borrower agrees to promptly and fully observe and comply with the reasonable requirements of Title and Lender with respect to the title, the Mortgage, disbursements of funds and such other reasonable requirements as Title may make.

4. 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) Guaranties. Deliver to Lender the Personal Guaranties and the Corporate Guaranty.

(d) Mortgage. Deliver to the Lender the Mortgage and the Environmental Indemnification Agreement (the "Environmental Indemnity").

(e) Notice and Cure Agreement. Deliver to Lender the Notice of Foreclosure, with respect to the First Lien Mortgage.

(f) Title Insurance Policy. Deliver to Lender a Mortgagee's title insurance policy ("Title Policy"), from Title issued to Lender in the amount of the Loan with respect to the Mortgage and insuring that the Mortgage is a second priority lien on the Loan Property free and clear of mechanic's liens, materialmen's liens, taxes, special assessments, rights of parties in possession, other than (i) the First Lien Mortgage and (ii) the rights of tenants as tenants only under existing leases, and questions of title and survey approved in writing by Lender.

(g) 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. Deliver to Lender copies of the (i) articles of incorporation 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) bylaws 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

(h) 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.

(i) 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.

(j) 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.

(k) 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”).

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

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

5. Disbursement of Loan. Upon receipt by Lender of all of the items required pursuant to Section 4 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.

6. 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.

7. 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 regard to the Equipment 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.

8. Encumbrances and Transfer. Other than any mortgage or security agreement in favor of the ALC Investments, LLC 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. Corporate Guarantor 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.

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

10. 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.

11. 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, Security Agreement, etc. Without limiting the foregoing, keep and perform all of the terms, covenants, conditions and requirements of the Note, the Mortgage, Corporate Guarantor, Personal Guaranties, 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) 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.

(e) Pay Charges. Immediately pay all loan charges including, but not limited to: (i) Lender's attorneys' fees; (ii) title insurance fees, costs and premiums; (iii) 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.

(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 the Corporate Guarantor owns or will own all of the Equipment at the Loan Property "free and clear," that Lender will have a "second 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 lien of ALC Investments, LLC.

(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 Guarnator'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, Corporate Guarantor and the Personal 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, Corporate Guarantor’s and the Personal 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.

12. 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 Corporate Guarantor, the Security Agreement, 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, 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 and/or the Corporate Gurarantor, 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, the Corporate Guarantor nor the Personal 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, the Corporate Guarantor and the Personal Guarantors. Since the date of the latest of such statements, there has been no material adverse change in the financial condition of Borrower, the Corporate Guarantor or the Personal 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 Guarantors, 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.

13. Indemnification. Borrower agrees 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. 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.

14. 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 have 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 which violates by Paragraph 9 hereof, <u>Encumbrances and Transfer</u>, 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, 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 or Corporate Guarantor contained herein or in the Note, the Corporate Guarantor, the Mortgage, 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, the Corporate Guarantor, Mortgage 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) 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 Security Agreement, Mortgage, Corporate Guaranty and Personal Guaranties 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, Mortgage, the Corporate Guaranty 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 Corporate Guaranty, the Mortgage, and 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 Mortgage, the Corporate Guaranty, the Personal Guaranties. 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:

Modern Construction of Minnesota, Inc.
709 Main Street NW
Elk River, Minnesota 55330
Attention: Jesse Hartung

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, as amended, (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 renovate an existing building in the City, 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 Project, the Borrower represents that it will cause the Corporate Guarantor to meet following goals in the Lease (the "Goals"): create or retain 2 full-time equivalent jobs at the Loan Property with hourly wages of at least $31.00 per hour exclusive of benefits, 10 full-time equivalent jobs at the Loan Property with hourly wages of at least $24.00 per hour exclusive of benefits, 6 full-time equivalent jobs at the Loan Property with hourly wages of at least $16.00 per hour exclusive of benefits, and 10 full-time equivalent jobs at the Loan Property with hourly wages of at least $12.00 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 28 (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 and the Corporate Guarantor will continue operations in the City for at least five years after the date of closing on the Loan. If the Borrower or the Corporate Guarantor 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.

MODERN CONSTRUCTION OF MINNESOTA, INC.

By: ________________________________
Name: Jesse Hartung
Its:_________________________________

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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: Dan Tveite

Its: President

By: ________________________________

Name: Brent O’Neil

Its: Executive Director

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PROMISSORY NOTE
(Microloan)

November ___, 2024

Amount: $51,499.00
Interest: 3.00%
Maturity: January 1, 2030

FOR VALUE RECEIVED, the undersigned, MODERN CONSTRUCTION OF MINNESOTA, 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 January 1, 2030 (“Maturity Date”), the principal sum of Fifty Thousand and Four Hundred Ninety-Nine and 00/100 Dollars ($51,499.00), 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 the acquisition and renovation of real property in the City of Elk River, Minnesota to be used as a restaurant. The principal amount of this Note shall be amortized over a twenty (20) 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 December 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. The final payment shall be a balloon payment in the amount of all outstanding principal and accrued but unpaid interest.

This Note is secured by, among other things, (i) a Security Agreement (“Security Agreement”) given by MFS Food, Inc. to the Lender, (ii) the Corporate Guaranty given by MFS Food, Inc. to the Lender, (iii) a Mortgage and Assignment of Rents and Security Agreement and Fixture Financing Statement given by the Borrower in favor of the Lender, and (vi) the Personal Guaranty made by Sarah and Jesse Hartung to Lender, all of which are dated 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 or the Corporate Guarantor 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.

MODERN CONSTRUCTION OF MINNESOTA, INC.
a Minnesota corporation

By: ________________________________
Name: Jesse Hartung
Its: ________________________________

MORTGAGE
AND
ASSIGNMENT OF RENTS
AND
SECURITY AGREEMENT
AND
FIXTURE FINANCING STATEMENT

(Microloan)

This MORTGAGE AND ASSIGNMENT OF RENTS AND SECURITY AGREEMENT AND FIXTURE FINANCING STATEMENT ("Mortgage") is made as of November __, 2024, by MODERN CONSTRUCTION OF MINNESOTA, INC., a Minnesota corporation ("Mortgagor"), in favor of the ECONOMIC DEVELOPMENT AUTHORITY OF THE CITY OF ELK RIVER, a public body corporate and politic of the State of Minnesota ("Mortgagee").

THE MAXIMUM AMOUNT SECURED BY THIS MORTGAGE IS $51,499.00 OF PRINCIPAL INDEBTEDNESS, TOGETHER WITH ALL INTEREST ACCRUING THEREON AND ANY AMOUNTS WHICH MAY BE ADVANCED BY MORTGAGEE IN PROTECTION OF THE MORTGAGED PREMISES OR THE LIEN OF THIS MORTGAGE.

RECITALS

A. On the date hereof, the Mortgagee is providing a loan in the amount of $51,499.00 (the "Loan") to the Borrower pursuant to a Loan Agreement, dated the date hereof, between the Mortgagor and the Mortgagee. The Loan will be secured by a Promissory Note, dated the date hereof (the "Note"), from the Borrower to the Mortgagee reflecting that the balance of the Note being is due and payable in full on January 1, 2030 (the "Maturity Date"). The proceeds of the Note are being utilized to pay the cost of acquisition and renovation of the Mortgaged Property (as defined below).

B. As a condition of providing the loan pursuant to the Loan Agreement, Lender required that the Mortgagor's obligations under the Loan Agreement, the Note and any other documents related thereto be secured by this Mortgage in addition to other security documents required under the Loan Agreement.

NOW THEREFORE, in consideration of the Recitals and for the purpose of securing the payment and performance of all of Mortgagor's obligations under the Note and the Loan Agreement (collectively "Obligations"); and to secure the performance of all covenants, conditions and agreements herein and in the Note and the Loan Agreement, Mortgagor does hereby mortgage, grant, bargain, sell, release and convey unto Mortgagee, with power of sale, forever all of Mortgagor's right, title and interest in all the tracts or parcels of land lying and being in Sherburne County, Minnesota, legally described in Exhibit A hereto, (hereinafter the "Land"), whether now owned or hereafter acquired, together with: (i) all building materials, supplies and equipment now or hereafter located on the Land and suitable or intended to be incorporated in any building, structure, or other improvement located or to be erected on the Land; and (ii) all of the buildings, structures and other improvements now standing or at any time hereafter constructed or placed upon the Land; and (iii) all heating, plumbing and lighting apparatus, motors, engines, and machinery, electrical equipment, incinerator apparatus, air conditioning equipment, water and gas apparatus, pipes, faucets, and all other fixtures of every description which are now or may hereafter be placed or used upon the Land or in any building or improvement now or hereafter located thereon; and (iv) all additions, accessions, increases, parts, fittings, accessories, replacements, substitutions, betterments, repairs and proceeds to any and all of the foregoing; and (v) all hereditaments, easements, appurtenances, estates, rents, issues, profits, condemnation awards, proceeds of policies of insurance and other rights and interests now or hereafter belonging or in any way pertaining to the Land or to any building or improvement now or hereafter located thereon; and (vi) all leases or other occupancy agreements now or hereafter in effect in any way appertaining to the Land or to any building or improvement now or hereafter located thereon, including, without limitation, all cash and security deposits, advance rentals and deposits or payments of a similar nature ("Leases"), and all Rents (as herein defined) (all of the foregoing, together with the Land, hereinafter being referred to as the "Property" or "Mortgaged Property"),

TO HAVE AND TO HOLD the Mortgaged Property unto Mortgagee forever;

PROVIDED, NEVERTHELESS, that this Mortgage is given upon the express condition that if Mortgagor shall cause to be paid and performed all of the Obligations, and shall also keep and perform all and singular the covenants herein contained on the part of Mortgagor to be kept and performed, then the Mortgage and the estate hereby granted shall cease and be and become void and shall be released of record at the expense of Mortgagor; otherwise this Mortgage shall be and remain in full force and effect.

MORTGAGOR REPRESENTS, WARRANTS AND COVENANTS to and with Mortgagee that Mortgagor has good right and full power and authority to execute this Mortgage and to mortgage the Mortgaged Property; that the Mortgaged Property is free from all liens and encumbrances except a mortgage in favor of ALC Investments, LLC in the amount of $______________ (the "First Lien Mortgage"); that Mortgagee shall quietly enjoy and possess the Mortgaged Property; that Mortgagor will warrant and defend the title to the Mortgaged Property against all claims, whether now existing or hereafter arising. The covenants and warranties of this paragraph shall survive foreclosure of this Mortgage and shall run with the Land.

AND IT IS FURTHER COVENANTED AND AGREED AS FOLLOWS:

ARTICLE ONE

GENERAL COVENANTS, AGREEMENTS, WARRANTIES

1.1. Payment of Obligations; Observance of Covenants. Mortgagor will duly pay and perform its Obligations and will perform all other agreements and covenants by Mortgagor to be performed hereunder.

1.2. Payment of Impositions. Mortgagor agrees to pay, before a penalty might attach for nonpayment thereof, all taxes, assessments, water and sewer charges, and other fees, taxes and charges of whatsoever nature levied upon or assessed or placed against the Mortgaged Property (collectively "Impositions"). Mortgagor will likewise pay all taxes, assessments and other charges, levied upon or assessed, placed or made against, or measured by, this Mortgage, or the recordation hereof, or the Obligations, provided that Mortgagor shall not be obliged to pay such tax, assessment or charge if such payment would be contrary to law or would result in the payment of an usurious rate of interest on the Obligations. Mortgagor shall promptly furnish to Mortgagee all notices received by Mortgagor of amounts due under this Section and upon Mortgagee's request, shall deliver proper receipts evidencing the payment of such amounts. In the event of a judicial decree or legislative enactment after the date of this Mortgage, providing that any such imposition may not be lawfully paid by Mortgagor, or in the event that the payment of any such imposition by Mortgagor would result in the payment of a usurious rate of interest on the Obligations, the Obligations, together with interest, shall become immediately due and payable, or, at Mortgagee's option, Mortgagee may pay any amount or portion of such Imposition as renders the Obligations unlawful or usurious, in which event Mortgagor shall concurrently therewith pay the remaining lawful and non-usurious portion or balance of said Imposition.

1.3. Payment of Operating Costs; Prior Mortgages and Liens. Mortgagor agrees that it will pay, or cause to be paid, all operating costs and expenses of the Mortgaged Property; keep the Mortgaged Property free from mechanics' and material suppliers' and other liens, subject to Mortgagor's right to contest in good faith as set forth in Section 1.4 hereof; will keep the Mortgaged Property free from levy, execution or attachment and will immediately pay when due all indebtedness which may be secured by mortgage, lien or charge on the Mortgaged Property and upon request will exhibit to Mortgagee satisfactory evidence of such payment and discharge.

1.4. Contest of Impositions, Liens and Levies. Mortgagor shall not be required to pay, discharge or remove any Imposition, lien or levy so long as Mortgagor shall in good faith contest the same or the validity thereof by appropriate legal proceedings which shall operate to prevent the collection of the levy, lien or Imposition so contested and the sale of the Mortgaged Property, or any part thereof to satisfy the same; provided, however, that Mortgagor, prior to the date such levy, lien or Imposition is due and payable or, in the case of a mechanic's lien or other involuntary lien within (30) days after the same shall have been filed, shall have given such reasonable security as may be demanded by Mortgagee to ensure such payments and any penalties and interest that may accrue thereon and prevent any sale or forfeiture of the Mortgaged Property by reason of such nonpayment. Any such contest shall be prosecuted with due diligence and Mortgagor shall promptly after final determination thereof pay the amount of any such levy, lien or Imposition so determined, together with all interest and penalties, which may be payable in connection therewith. Notwithstanding the provisions of this Section, Mortgagor shall, and Mortgagee may (but shall have no obligation to), pay any such levy, lien or Imposition notwithstanding such contest if in the reasonable opinion of Mortgagee, the Mortgaged Property is in jeopardy or in danger of being forfeited or foreclosed.

1.5. Maintenance and Repairs; Inventory. Mortgagor agrees that it will keep and maintain (or cause to be kept and maintained) the Mortgaged Property in good condition and repair, free from any waste or misuse, and will comply with all requirements of law, municipal ordinances and regulations, restrictions and covenants affecting the Mortgaged Property and its use, and will promptly repair or restore any buildings, improvements or structures now or hereafter on the Mortgaged Property which may become damaged or destroyed. Mortgagor further agrees that without the prior consent of Mortgagee it will not remove from the Mortgaged Property any fixtures or any personal property that is included in the Mortgaged Property unless the same is immediately replaced with like fixtures or personal property of at least equal value, or is otherwise removable under Section 6.1 hereof; or expand any improvements on the Mortgaged Property, erect any new improvements or make any material alterations in any improvements which will materially alter the basic structure, materially and adversely affect the market value or materially change the existing architectural character of the Mortgaged Property. Mortgagor agrees that it will complete within a reasonable time any buildings now or at any time in the process of erection on the Mortgaged Property. Mortgagor agrees not to acquiesce in any rezoning classification, modification or restriction affecting the Mortgaged Property without Mortgagee’s prior written consent. Mortgagor agrees that it will not abandon the Mortgaged Property. Upon request of Mortgagee, Mortgagor shall deliver to Mortgagee an inventory in detail reasonably acceptable to Mortgagee of any personal property owned by Mortgagor that is included in the Mortgaged Property pursuant to the terms hereof together with a certification by Mortgagor that said inventory is a true and complete schedule of the personal property to be included in the Mortgaged Property pursuant to the terms hereof. Such inventory shall list any conditional sales contracts and other title retention arrangements to which such personal property may be subject.

1.6. Insurance.

(a) So long as the Obligations remain unpaid, Mortgagor shall, at its own cost, maintain or cause to be maintained with insurers of recognized responsibility acceptable to Mortgagee the following insurance:

(i) hazard and fire insurance on the improvements now existing or hereafter constructed on the Land insuring against loss by fire, hazards included in the term “extended coverage,” loss by vandalism or malicious mischief, and such other hazards, casualties and contingencies as may be required by Mortgagee, on the basis of replacement cost without a coinsurance clause, in an amount equal to the full replacement cost thereof (without deduction for depreciation) or such additional amounts and for such periods as may be required by Mortgagee;

(ii) comprehensive general public liability insurance covering the liability of Mortgagor against claims for bodily injury, death or property damage occurring on or about the Mortgaged Property in such minimum amounts and limits as Mortgagee may require but in no event, less than $2,000,000.00 combined single limit per occurrence and naming Mortgagee as an additional insured;

(iii) insurance covering the Mortgaged Property against loss or damage by explosion, rupture or bursting of steam boilers, steam pipes, steam turbines, steam engines or pressure vessels or fly wheels located on or a part of the Mortgaged Property and providing for full repair and full replacement cost coverage; and

(iv) such other forms of insurance in such minimum amounts as Mortgagee may reasonably require or as may be required by law.

Mortgagor shall pay or cause to be paid all premiums on insurance required hereunder by making payment directly to the insurer. Mortgagee shall have the right to hold the policies and renewals thereof, and Mortgagor shall promptly furnish to Mortgagee all such policies, renewals thereof, renewal notices and all paid-premium receipts received by it. All policies of insurance and any and all refunds of unearned premiums are hereby assigned to Mortgagee as additional security for the payment of the Obligations secured hereby. In the event of foreclosure of this Mortgage, all right, title and interest of Mortgagor in and to any insurance policies then in force shall pass to the purchaser at the foreclosure sale.

(b) The policies of all such insurance shall have mortgagee and loss payable provisions in favor of Mortgagee. All such insurance shall be in form acceptable to Mortgagee, shall provide for at least thirty (30) days' prior written notice of cancellation, termination or modification thereof to Mortgagee, shall permit Mortgagee to make premium payments to prevent cancellation, and shall provide that no act or negligence of Mortgagor or of any occupant of the Mortgaged Property, and no occupancy or use of the Mortgaged Property for purposes more hazardous than permitted by the terms of the policy, will affect the validity or enforceability of such insurance as against Mortgagee. In the event of loss under such insurance Mortgagor shall give prompt notice to the insurance carrier and Mortgagee; Mortgagor shall duly make proof of loss, and shall immediately furnish to Mortgagee a copy of such proof of loss.

(c) Subject to the rights of the mortgagee under the First Lien Mortgage which has priority over this Mortgage, Mortgagee is authorized and empowered to settle, collect and receive all fire and hazard insurance proceeds, to apply such proceeds to all expenses (including reasonable attorneys' fees) reasonably incurred by Mortgagee in collecting the same and, at Mortgagee's option and in its sole discretion, apply the balance of said proceeds ("Net Proceeds") to payment of the Obligations or make the Net

Proceeds available for the repair and restoration of the Mortgaged Property; provided, however, Mortgagor may settle claims without Mortgagee's consent if the loss is less than $5,000.00 and no Event of Default exists at the time of settlement. Mortgagor shall apply any such proceeds to the repair and restoration of the Mortgaged Property. So long as no Event of Default exists, any settlement of a fire and hazard insurance claim of more than $5,000.00 shall require the consent of Mortgagor, which consent will not be unreasonably withheld.

(d) If Mortgagee elects to apply the Net Proceeds to repair and restoration of the Mortgaged Property (i) the Net Proceeds shall be held by Mortgagee and at Mortgagee's election may be disbursed either by Mortgagee or a disbursing agent selected by Mortgagee and paid by Mortgagor, (ii) upon Mortgagee's request prior to disbursement of any Net Proceeds or thereafter, from time to time, Mortgagor will deposit with Mortgagee such amounts in excess of remaining Net Proceeds as Mortgagee reasonably determines is required to complete the repair and restoration, (iii) the Net Proceeds and any funds deposited by Mortgagor shall be held and disbursed in accordance with sound construction loan disbursement practices, including, but not limited to, approval of the plans and specifications, appraisal, its other conditions for disbursement of draw requests and inspection of the work, and such other reasonable conditions as Mortgagee may impose and (iv) any Net Proceeds not so applied to repair and restoration shall be applied to the payment of the Obligations. If an Event of Default occurs prior to full disbursement, any undisbursed portion of the Net Proceeds and any funds deposited by Mortgagor with Mortgagee may at Mortgagee's option be applied to the Obligations.

1.7. Inspection. Mortgagee, or its agents, shall have the right to enter upon the Mortgaged Property during ordinary business hours for the purposes of inspecting the Mortgaged Property or any part thereof. Mortgagee shall have no duty, however, to make such inspection. Mortgagee, or its agents, shall also have the right during ordinary business hours to examine the books and records of Mortgagor pertaining to the Mortgaged Property and to make extracts therefrom and copies thereof. The parties agree that Mortgagee's right to inspect the books and records of Mortgagor, as described in this provision, relates solely to the Mortgaged Property.

1.8. Protection of Mortgagee's Security. If Mortgagor fails to perform any of the covenants and agreements contained in this Mortgage and such failure shall continue beyond any applicable notice and cure period contained in Article Two hereof or if any action or proceeding is commenced which does or may adversely affect the Mortgaged Property or the interest of Mortgagor or Mortgagee therein, or the title of Mortgagor thereto, then Mortgagee, at Mortgagee's option, may perform such covenants and agreements, defend against such action or proceeding, or otherwise act as Mortgagee deems necessary to protect its interest. In the event that, after damage to or destruction of the Mortgaged Property or condemnation of a portion of the Mortgaged Property or a sale under threat thereof, the proceeds are used to restore the Mortgaged Property, and the insurance, sale or condemnation proceeds which are paid to Mortgagee are not sufficient to pay for such restoration, Mortgagee may nevertheless effect the restoration. Any amounts disbursed or costs incurred by Mortgagee pursuant to this Section, including interest and reasonable attorney's fees, shall become additional Obligations of

Mortgagor secured by this Mortgage. All amounts disbursed or costs incurred by Mortgagee pursuant to this paragraph shall be payable upon demand, and shall bear interest from the date of disbursement or incurrence at the rate set forth in the Note unless payment of interest at such rate would be contrary to law, in which event such amounts shall bear interest at the highest rate permitted by law. Mortgagee shall, at its option, be subrogated to any encumbrance, lien, claim or demand, and to all the rights and securities for the payment thereof, paid or discharged with the principal sum secured hereby or by Mortgagee under the provisions hereof, and any such subrogation rights shall be additional and cumulative security for this Mortgage. Nothing contained in this Section shall require Mortgagee to incur any expense or do any act hereunder, and Mortgagee shall not be liable to Mortgagor for any damages or claims arising out of action taken by Mortgagee pursuant to this paragraph.

1.9. Hazardous Materials. Mortgagor hereby represents and warrants to Mortgagee that the Mortgaged Property has not at any time been used for storage, transfer, transportation or disposal of hazardous substances, hazardous wastes, pollutants, contaminants or similar substances (collectively "Hazardous Substances"), or for the discharge of the same into the environment in violation of any law, regulation, or judicial or administrative order or judgment; and the Mortgaged Property is not contaminated by, and does not contain, any Hazardous Substances. Mortgagor will not use or permit the use of the Mortgaged Property for such purposes. Mortgagor will fully indemnify Mortgagee and defend Mortgagee against any claims, losses, damages, actions, costs and expenses of any kind, including without limitation, court costs and reasonable attorneys' fees, in connection with any Hazardous Substances now or hereafter located on the Mortgaged Property or any other violation of any federal, state or local environmental statute, ordinance, rule or regulation ("Environmental Laws"). This indemnity shall not apply to the extent that the willful act or omission of the Mortgagee contributes to the actual or threatened discharge, dispersal, release, storage, treatment, generation, disposal or escape of the Hazardous Substances. The indemnity provisions of this Section shall survive the foreclosure or other termination of this Mortgage.

Without limiting the generality of the foregoing, Mortgagor agrees that upon the discovery of a release or threatened release of Hazardous Substances on or from the Mortgaged Property, it will promptly, diligently and without cost to Mortgagee, proceed to remediate all contamination in accordance with all applicable laws, ordinances, rules and regulations, and the requirements of all governmental authorities having jurisdiction, and otherwise to the satisfaction of Mortgagee. A failure to do so shall constitute a default by Mortgagor under this Mortgage.

1.10. Escrows. Upon the request of Mortgagee after the occurrence of an Event of Default (whether or not such Event of Default is subsequently cured), Mortgagor shall deposit with Mortgagee, on the first day of each and every month, commencing with the date the first payment shall be due on the Note which is after the date of such request, a deposit to pay the Impositions and insurance premiums (collectively "Charges") in an amount equal to:

(a) One-twelfth (1/12) of the Impositions next to become due upon the Mortgaged Property; provided, however, that, in the case of the first such deposit, there shall be deposited in addition an amount as estimated by Mortgagee which, when added to monthly deposits to be made thereafter as provided for herein, shall assure that there will be sufficient funds on deposit to pay the Impositions as they come due; plus

(b) One-twelfth (1/12) of the annual premiums on each policy of insurance required to be maintained hereunder; provided that with the first such deposit there shall be deposited, in addition, an amount equal to one-twelfth (1/12) of such annual insurance premiums multiplied by the number of months elapsed between the date premiums on each policy are last paid to and including the date of deposit.

The amount of such deposits shall be based upon Mortgagee's reasonable estimate as to the amount of Impositions and premiums of insurance next to be payable. Mortgagee will, upon timely presentation to Mortgagee by Mortgagor of the bills therefor, pay the Charges from such deposits. In the event the deposits on hand shall not be sufficient to pay all of the Charges when the same shall become due from time to time, or the prior deposits shall be less than the currently estimated monthly amounts, then Mortgagor shall pay to Mortgagee on demand any amount necessary to make up the deficiency. The excess of any such deposits shall be returned to Mortgagor or credited towards subsequent Charges, at the discretion of Mortgagee. If an Event of Default shall occur under the terms of this Mortgage, Mortgagee may, at its option, without being required so to do, apply any deposits on hand to the Obligations, in such order and manner as Mortgagee may elect. When the Obligations have been fully paid, any remaining deposits shall be returned to Mortgagor as its interest may appear. All deposits are hereby pledged as additional security for the Obligations, shall be held for the purposes for which made as herein provided, may be held by Mortgagee and may be commingled with other funds of Mortgagee, shall be held without any allowance of interest thereon, and shall not be subject to the decision or control of Mortgagor. Mortgagee shall not be liable for any act or omission made or taken in good faith. In making any payments, Mortgagee may rely on any statement, bill or estimate procured from or issued by the payee without inquiry into the validity or accuracy of the same. If the taxes shown in the tax statement shall be levied on property more extensive than the Mortgaged Property, Mortgagee shall be under no duty to seek a tax division or apportionment of the tax bill, and any payment of taxes based on a larger parcel shall be paid by Mortgagor, and Mortgagor shall expeditiously cause a tax subdivision to be made.

1.11. Compliance with Code. Mortgagor covenants that when completed the improvements to the Mortgaged Property shall comply with all applicable restrictions, conditions, codes, ordinances, regulations and laws of the City of Elk River (the "City") and other governmental bodies having jurisdiction over the Mortgaged Property, including, without limitation, the Americans with Disabilities Act and those related to environmental protection. Mortgagor has NOT commenced construction of improvements to the Mortgaged Property.

ARTICLE TWO

EVENTS OF DEFAULT

Each of the following occurrences shall constitute an Event of Default hereunder:

2.1. Failure to pay. Mortgagor's failure to pay any amount due under the Note or the Loan Agreement or any other amount required to be paid by Mortgagor hereunder when due.

2.2. Other Performance Failure. The Mortgagor's failure to duly observe or perform any of the other terms, conditions, covenants or agreements required to be observed or performed by Mortgagor hereunder and the continuation of such failure for a period of thirty (30) days after Mortgagee gives Mortgagor written notice of such failure.

2.3. Breach of Warranty of Title. Subject to Mortgagor's right to contest in good faith as set forth in Section 1.4 hereof, the breach of any warranty of title or any other warranty made by Mortgagor hereunder.

2.4. Misrepresentation. The making of any material misstatement in any financial statement or report submitted to Mortgagee by or on behalf of Mortgagor.

2.5. Foreclosure. The institution of a foreclosure or other enforcement proceedings by the holder of any other lien on the Mortgaged Property (without hereby implying Mortgagee's consent to any mortgage or other lien).

2.6. Sale of Property. The sale, assignment, conveyance, mortgage, encumbrance, lease or transfer of: (i) Mortgagor's interest in the Mortgaged Property or any part thereof, or any interest therein; or (ii) any transfer in ownership or control of Mortgagor, without the prior written consent of Mortgagee, which consent may be granted or withheld by Mortgagee at its sole discretion.

2.7. Breach of the First Lien Mortgage, Other Agreements, etc. Any default or breach under the First Lien Mortgage, any other note, mortgage or other obligation of Mortgagor or Borrower now held or hereafter acquired by Mortgagee or City, or any other failure to comply with the terms and conditions thereof and the continuance thereof beyond any applicable notice and/or cure period contained therein.

ARTICLE THREE

ACCELERATION AND FORECLOSURE; OTHER REMEDIES

Upon any Event of Default, Mortgagee may, at its option, exercise one or more of the following rights and remedies (and any other rights and remedies available to it):

3.1. Acceleration. Mortgagee may declare immediately due and payable all unmatured Obligations secured by this Mortgage, and the same shall thereupon be immediately due and payable, without notice or demand.

3.2. UCC Remedies. Mortgagee shall have and may exercise with respect to all fixtures and any personal property included in the Mortgaged Property, all the rights and remedies accorded upon default to a secured party under the Uniform Commercial Code, as in effect in the State of Minnesota.

3.3. Foreclosure; Action or Advertisement. Mortgagee may (and is hereby authorized and empowered to) foreclose this Mortgage by action or advertisement, pursuant to the statutes of the State of Minnesota in such case made and provided, power being expressly granted to sell the Mortgaged Property at public auction and convey the same to the purchaser to the full extent of Mortgagor's interest and, out of the proceeds arising from such sale, to pay all Obligations secured hereby with interest, and all legal costs and charges of such foreclosure and the maximum attorneys' fees permitted by law, which costs, charges and fees Mortgagor agrees to pay. Any real estate or interest or estate sold hereunder may be sold in one parcel, as an entirety, or in such parcels and in such manner or order as Mortgagee, in its sole discretion, may elect. In case of any sale of the Mortgaged Property pursuant to any judgment or decree of any court or at public auction or otherwise in connection with the enforcement of any of the terms of this Mortgage, Mortgagee, its successors and assigns, may become the purchaser, and for the purpose of making settlement for or payment of the purchase price, shall be entitled to deliver over and use any sum then due under the Note and any claims for interest accrued and unpaid thereon, together with all other sums, with interest, advanced and unpaid hereunder, and all statutory charges for such foreclosure including maximum attorney's fees allowed by law in order that there may be credited as paid on the purchase price the sum then due under the Note and all other sums, with interest, advanced and unpaid hereunder, and all charges and expenses of such foreclosure including maximum attorneys' fees allowed by law.

3.4. Receiver. Mortgagee shall be entitled as a matter of right without notice and without giving bond and without regard to the solvency or insolvency of Mortgagor, or waste of the Mortgaged Property or adequacy of the security of the Mortgaged Property, to apply for the appointment of a receiver, in accordance with the statutes and law made and provided. The receiver shall collect the rents, and all other income of any kind; manage the Mortgaged Property so to prevent waste; execute leases within or beyond the period of receivership, pay all expenses for normal maintenance of the Mortgaged Property and perform the terms of this Mortgage and apply the rents, issues and profits as permitted by Minnesota Statutes, Section 576.25 in the following order to (i) payment of the reasonable fees of said receiver, (ii) application of tenant security deposits as required by Minnesota Statutes Section 504B.178, (iii) payment when due of prior or current real estate taxes or special assessments with respect to the Mortgaged Property or, if this Mortgage so requires, to the periodic escrow for the payment thereof, (iv) the payment when due of premiums for insurance of the type required by this Mortgage or, if this Mortgage so requires, to the periodic escrow for the payment thereof; and (v) as further provided in any Assignment of Rents executed by Mortgagor as further security for the Obligations (whether included in this Mortgage or separate instrument), including but not limited to applying the same to the costs and expenses of the receivership, including reasonable attorneys' fees, to the repayment of the Obligations and to the operation, maintenance, upkeep and repair of the Mortgaged Property, including payment of taxes and payments of premiums of insurance. Mortgagor does hereby irrevocably consent to such appointment.

3.5. Specific Performance. Mortgagee may bring suit for specific performance of any covenant or warranty hereunder.

3.6. Forbearance and Other Rights of Mortgagee. Any delay by Mortgagee in exercising any right or remedy hereunder, or otherwise afforded by law or equity, shall not be a waiver of or preclude the exercise of such right or remedy or any other right or remedy hereunder or at law or in equity. The failure of Mortgagee to exercise any option to accelerate maturity of the Obligations secured by the Mortgage, the forbearance by Mortgagee before or after the exercise of such option, or the withdrawal or abandonment of proceedings provided for by this Mortgage shall not be a waiver of the right to exercise such option or to accelerate the maturity of such Obligations by reason of any past, present or future event which would permit acceleration. The procurement of insurance or the payment of taxes or other liens or charges by Mortgagee shall not be a waiver of Mortgagee's right to accelerate the maturity of the Obligations. Mortgagee's receipt of any awards, proceeds or damages shall not operate to cure or waive default by Mortgagor. Mortgagee may at any time, without notice, release any person liable for payment of any Obligations, extend the time or agree to alter the terms of payment of any of the Obligations, accept additional security of any kind, release any plat or map of the Mortgaged Property or the creation of any easement thereon or any covenants restricting use or occupancy thereof, or agree to alter or amend the terms of this Mortgage in any way. No such release, modification, addition or change shall affect the liability of any person other than the person so released, for payment of any Obligations, nor affect the priority and lien status of this Mortgage upon any property not so released.

ARTICLE FOUR

ASSIGNMENT OF RENTS

4.1. Assignment. As security in addition to the lien of this Mortgage upon the Property, Mortgagor hereby grants, transfers and assigns to Mortgagee all of the right, title and interest of Mortgagor in and to all Leases and all rents, income, profits, revenues, royalties, bonuses, rights, accounts, contract rights, general intangibles and benefits (all of which are sometimes hereinafter referred to as “Rents”), now or hereafter accruing or owing by reason of a Lease of any or all of the Property.

4.2. Covenants of Performance. To protect the security of this Assignment, Mortgagor warrants, covenants and agrees:

(a) to faithfully abide by, perform and discharge each and every obligation, covenant and agreement under any Leases to be performed by Mortgagor thereunder; to give prompt written notice to Mortgagee of any notice of default on the part of Mortgagor with respect to any Lease received from a tenant thereunder; to enforce or secure short of termination of any Lease the performance of each and every obligation, covenant, condition and agreement of the Leases by the tenants thereunder to be performed; not to borrow against, pledge or assign any of the Rents, or anticipate the Rents; not to waive, excuse, condone or in any manner release or discharge any tenant thereunder of or from the obligations, covenants, conditions and agreements to be performed under the Lease or to permit the tenant to assign its interest in the Lease unless required to do so by the terms of the Lease; not to terminate the Leases or accept a surrender thereof or a discharge of the tenant unless required to do so by the terms of the Lease; not to consent to a subordination of the interest of the tenant thereunder to any party other than Mortgagee and then only if specifically required to do so by Mortgagee;

(b) at Mortgagor’s sole cost and expense, to appear in and defend any action or proceeding arising under, growing out of or in any manner connected with the Leases or the obligations, duties or liabilities of Mortgagor and tenants thereunder, and to pay all costs and expenses of Mortgagee, including attorneys’ fees in a reasonable sum, in any such action or proceeding in which Mortgagee may appear or with respect to which it may incur costs;

(c) that Mortgagor has the full right and title to assign the Rents; that at the date of this Mortgage there exist no Leases which now or in the future affect the Mortgaged Property which have not been disclosed to Mortgagee in writing; and that there is no outstanding assignment or pledge of the Leases or Rents; and

(d) to furnish to Mortgagee, at Mortgagee’s written request, a complete list of all Leases and security deposits made thereunder as to any part of the Mortgaged Property, showing the type of lease, the name of the tenant, the monthly rental, the date to which paid, the term of the Lease, the date of occupancy, and the date of expiration and any and every special premium, concession or inducement granted to the tenant.

4.3. Assignment Absolute. This Assignment is absolute and is effective immediately. Notwithstanding the foregoing, until an Event of Default, as defined in ARTICLE TWO above, has occurred, Mortgagor may receive, collect and enjoy the Rents. Upon or at any time after an Event of Default has occurred, Mortgagee may at its option, without notice:

(a) in the name, place and stead of Mortgagor (i) enter upon, manage and operate the Mortgaged Property, or retain the services of an independent contractor to manage and operate the same, (ii) make, enforce, modify and accept surrender of the Leases, (iii) obtain or evict tenants, demand, collect, sue for, receive and give acquittances for, fix or modify Rents and enforce all rights of Mortgagor under the Leases, and (iv) perform any and all other acts that may be necessary or proper to protect the security of this Assignment; provided always, however, that until the end of any redemption period available to Mortgagor after any foreclosure of this Mortgage Mortgagee shall continue to deal with the Leases on the Property in a reasonable businesslike manner, recognizing and protecting Mortgagor's continuing rights during such period to retake possession and control of the Mortgaged Property upon paying the appropriate redemption price, and to resume the management of such Leases;

(b) give or require Mortgagor to give notice to any and all tenants under the Leases authorizing and directing the tenants to pay all Rents due under the Leases directly to Mortgagee; and

(c) apply for, and Mortgagor hereby consents to, the appointment of a receiver of the Mortgaged Property.

4.4. Application of Rents.

(a) All Rents collected by Mortgagee, or by a receiver, shall be held and applied by Mortgagee in its reasonable discretion, in accordance with applicable law, including, without limitation to: (i) payment of all reasonable fees of the receiver, if any, approved by the court; (ii) the repayment when due of all tenant security deposits pursuant to the provisions of Minnesota Statutes Section 504B.178; (iii) payment of all delinquent or current real estate taxes and special assessments payable with respect to the Property or, if this Mortgage so requires, to the periodic escrow for the payment thereof; (iv) payment of all premiums then due for the insurance required by the provisions of this Mortgage or, if this Mortgage so requires, to the periodic escrow for the payment thereof; (v) payment of expenses incurred for normal maintenance of the Mortgaged Property.

(b) Any amounts remaining after such application shall be applied as follows:

(i) if received prior to any foreclosure sale of the Mortgaged Property to Mortgagee for payment of the indebtedness secured by this Mortgage, but no such payment made after acceleration of the indebtedness shall affect such acceleration; and

(ii) if received during or with respect to a period after a foreclosure sale of the Mortgaged Property:

(1) if the purchaser at the foreclosure sale is not Mortgagee, first to Mortgagee to the extent of any deficiency of the sale proceeds to repay the indebtedness secured by this Mortgage, second to the purchaser as a credit to the redemption price, but if the Mortgaged Property is not redeemed, then to the purchaser of the Mortgaged Property;

(2) if the purchaser at the foreclosure sale is Mortgagee, first to Mortgagee to the extent of any deficiency of the sale proceeds to repay the indebtedness secured by this Mortgage and the balance to be retained by Mortgagee as a credit to the redemption price, but if the Mortgaged Property is not redeemed, then to Mortgagee, whether or not such deficiency exists.

4.5. Continuing Effect. The rights and powers of Mortgagee under this Assignment and the application of the Rents shall continue and remain in full force and effect both before and after commencement of any action or procedure to foreclose this Mortgage, after any foreclosure sale of Mortgagor's interest in the Property in connection with the foreclosure of this Mortgage, and until expiration of the period of redemption from any such foreclosure sale, whether or not any deficiency from the unpaid balance of the Obligations exists after such foreclosure sale.

4.6. Mortgagee Not Obligated. Mortgagee shall not be obligated by this Assignment for the control, care, management or repair of the Mortgaged Property, nor for the carrying out of any of the terms and conditions of the Leases; nor shall this Assignment operate to make Mortgagee responsible or liable for any waste committed on the Mortgaged Property by the tenants or any other party, or for any dangerous or defective condition of the Mortgaged Property, or for any violation of Environmental Laws or for any negligence in the management, upkeep, repair or control of the Mortgaged Property resulting in any loss or any injury or death to any person.

4.7. Hold Harmless. Mortgagor shall and does agree to indemnify and to hold Mortgagee harmless of and from any and all liability, loss or damage which it may or might incur under or by reason of this Assignment, and of and from any and all claims and demands whatsoever which may be asserted against it by reason of any alleged obligations or undertakings on its part to perform or discharge any of the terms, covenants or agreements contained in the Leases; provided, however, that such indemnification shall not apply if the same arises out of Leases intentionally breached by Mortgagee which were made by Mortgagor in the ordinary course of managing the Mortgaged Property and prior to the time Mortgagee obtained the right to possess and manage the Mortgaged Property, or if the same arises out of the negligent or willful act of Mortgagee in operating and using the Mortgaged Property. Should Mortgagee incur any such liability, loss or damage under any Lease or by reason of this Assignment, or in the defense of any such claims or demands, the amount thereof, including costs, expenses, and reasonable attorneys' fees, shall be secured hereby and Mortgagor shall reimburse Mortgagee therefor immediately upon demand. Mortgagee shall give Mortgagor notice of any such claim and Assignor shall have the opportunity to defend Mortgagee in connection therewith with counsel reasonably acceptable to Mortgagee; provided Mortgagee's failure to give such notice and opportunity to defend shall not affect Mortgagor's obligations under this Section except to the extent Mortgagor is actually prejudiced by such failure.

4.8. Authorization to Tenants. The tenants under any of the Leases are hereby irrevocably authorized and directed to recognize the claims of Mortgagee or its assigns hereunder without investigating the reason for any action taken by Mortgagee, or the validity or the amount of indebtedness owing to Mortgagee, or the existence of any such event of default, or the application of the Rents to be made by Mortgagee. Mortgagor hereby irrevocably directs and authorizes each tenant to pay to Mortgagee all sums due under its Lease and consents and directs that said sums shall be paid to Mortgagee without the necessity for a judicial determination that any such event of default has occurred or that Mortgagee is entitled to exercise its rights hereunder, and to the extent such sums are paid to Mortgagee, Mortgagor agrees that the tenants shall have no further liability to Mortgagor for the same. The sole signature of Mortgagee shall be sufficient for the exercise of any rights under this Assignment and the sole receipt of Mortgagee for any sums received shall be a full discharge and release therefor to the tenants or occupants of the Mortgaged Property.

4.9. Mortgagee Attorney-in-Fact. Mortgagor hereby irrevocably appoints Mortgagee as its agent and attorney in fact, which appointment is coupled with an interest, to exercise any rights or remedies hereunder and to execute and deliver during the term of this Assignment such instruments as Mortgagee may deem necessary to make this Assignment and any further assignment effective.

4.10. Mortgagee Not in Possession. Nothing herein contained and no actions taken pursuant to this Assignment shall be construed as constituting Mortgagee a "Mortgagee in Possession."

ARTICLE FIVE

CONDEMNATION

5.1. Notice. Mortgagor will give Mortgagee prompt notice of any action, actual or threatened, in condemnation or eminent domain, direct or inverse.

5.2. Awards. Subject to any obligations under the First Lien Mortgage, which has priority over this Mortgage, Mortgagor hereby assigns, transfers, and sets over to Mortgagee the entire proceeds of any award or payment which becomes payable by reason of any taking of or damage to the Mortgaged Property, or any part or appurtenance thereof, either temporarily or permanently, in or by condemnation or other eminent domain proceedings or by reason of sale under threat thereof, or in anticipation of the exercise of the right of condemnation or other eminent domain proceedings. Mortgagor will file or prosecute in good faith and with due diligence what would otherwise be its claim in any such award or payment and cause the same to be collected and paid over to Mortgagee, and Mortgagor irrevocably authorizes and empowers Mortgagee, which power is coupled with an interest and is irrevocable, in the name of Mortgagor or otherwise, in the event that Mortgagor fails to do so, to file and prosecute any such claim and to collect, receipt for and retain the same. The proceeds of the award or payment, after deducting all reasonable costs, attorneys' fees and other expenses which may have been incurred by Mortgagee in collection thereof, at the sole discretion of Mortgagee, may be released to Mortgagor, applied to restoration of the Mortgaged Property or applied to the payment of any part of the Obligations, in such order of application as Mortgagee may determine. If proceeds are made available to be applied to restoration, they shall be held and disbursed in accordance with Paragraph 1.6(d) hereof.

ARTICLE SIX

UNIFORM COMMERCIAL CODE

6.1. Security Interest. This Mortgage shall constitute a security agreement as defined in the Uniform Commercial Code with respect to, and Mortgagor hereby grants Mortgagee a security interest in, all of fixtures and any personal property included in the Mortgaged Property and substitutions therefor and proceeds thereof. Mortgagor hereby authorizes Mortgagee to file one or more financing statements, covering such fixtures and personal property (in a form satisfactory to Mortgagee) which Mortgagee may reasonably consider necessary or appropriate to perfect its security interest. Mortgagor also authorizes Mortgagee to file amendments to financing statements, and terminations of financing statements filed by other secured parties, all with respect to all fixtures and personal property included in the Mortgaged Property, in such form and substance as Mortgagee, in its reasonable discretion, may determine. Mortgagor will pay to Mortgagee, on demand, the amount of any and all costs and expenses (including reasonable attorneys' fees and legal expenses) paid or incurred by Mortgagee in connection with the exercise of any right or remedy referred to in this Section. In any instance where Mortgagor in its sound discretion determines that any item subject to a security interest under this Mortgage has become: (i) inadequate, obsolete, worn out, or (ii) unsuitable, undesirable or unnecessary for the operation of the Mortgaged Property, Mortgagor may, at its expense, remove and dispose of it and substitute and install other items not necessarily having the same function, provided, that such removal and substitution shall not impair the operating utility and unity of the Mortgaged Property. With respect to items which are a part of the Mortgaged Property, all items substituted for such items shall become a part of the Mortgaged Property and subject to the lien of this Mortgage. Any amounts received or allowed Mortgagor upon the sale or other disposition of the removed items of property shall be applied against the cost of acquisition and installation of the substituted items. Nothing herein contained shall be construed to prevent any tenant or subtenant from removing from the Mortgaged Property trade fixtures, furniture and equipment installed by it and removable by tenant under its terms of any one or more of the Leases, on the condition, however, that Mortgagor shall assure the repair of any and all damages to the Mortgaged Property resulting from or caused by the removal thereof. Mortgagee acknowledges that no items of personal property are included in the Mortgaged Property.

6.2. Fixture Filing. From the date of its recording, this Mortgage shall be effective as a financing statement with respect to all goods constituting part of the Mortgaged Property which are or are to become fixtures related to the real estate described herein. For this purpose, the following information is set forth:

(a) Name and Address of Mortgagor:
Modern Construction of Minnesota, Inc.
709 Main Street NW
Elk River, MN 55330
Attention: Jesse Hartung

(b) Name and address of Secured Party:
Economic Development Authority of the City of Elk River
13065 Orono Parkway
Elk River, MN 55330
Attention: Director of Economic Development

(c) This document covers goods which are or are to become fixtures.

(d) The real estate to which such fixtures are or are to be attached is that described in Exhibit A attached hereto.

ARTICLE SEVEN

MISCELLANEOUS

7.1. Mortgagee's Remedies Cumulative. All remedies of Mortgagee are distinct and cumulative to any other right or remedy under this Mortgage or afforded by law or equity, and may be exercised concurrently or independently, as often as the occasion therefore arises.

7.2. Successors and Assigns Bound; Captions. The covenants and agreements herein contained shall bind, and the rights hereunder shall inure to, the respective heirs, legal representatives, successors and assigns of Mortgagee and Mortgagor. The captions and headings of the Sections of this Mortgage are for convenience only and are not to be used to interpret or define the provisions hereof.

7.3. Notices. Any notice from Mortgagee to Mortgagor under this Mortgage shall be deemed to have been given by Mortgagee and received by Mortgagor, when delivered personally to an officer of Mortgagor or three (3) days after the date it is mailed by certified mail addressed as follows:

Modern Construction of Minnesota, Inc.
709 Main Street NW
Elk River, MN 55330
Attention: Jesse Hartung

7.4. Governing Law; Severability. This Mortgage shall be governed by the laws of the State of Minnesota. In the event that any provision or clause of this Mortgage conflicts with applicable law, such conflict shall not affect other provisions of this Mortgage which can be given effect without conflicting provisions and to this end the provisions of this Mortgage are declared to be severable.

7.5. Counterparts. This Mortgage may be executed in any number of counterparts, each of which shall be an original but all of which together shall constitute one instrument.

7.6. Waiver of Appraisement, Homestead, Marshaling. Mortgagor hereby waives the benefit of any homestead, appraisement, evaluation, stay and extension laws now or hereinafter in force. Mortgagor hereby waives any rights available with respect to marshaling of assets so as to require the separate sales of any portion of the Mortgaged Property or to require Mortgagee to exhaust its remedies against a specific portion of the Mortgaged Property before proceeding against the other.

7.7. Subsequent Agreements. Any agreement hereafter made by Mortgagor and Mortgagee pursuant to this Mortgage shall be superior to the rights of the holder of any intervening lien or encumbrance.

7.8. Construction Mortgage. This Mortgage secures an obligation incurred for the construction of an improvement on land and is a construction mortgage.

Signature Page to Mortgage

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

MODERN CONSTRUCTION OF MINNESOTA, INC.,
a Minnesota corporation.

By: ________________________________
Jesse Hartung
Its: ____________________

STATE OF MINNESOTA)
) ss.
COUNTY OF ________)

The foregoing instrument was acknowledged before me on ______________, 2024, by Jesse Hartung, ________________ of Modern Construction of Minnesota, Inc., a Modern Construction of Minnesota, Inc., on behalf of the corporation.

____
Notary Public
My Commission Expires:

This Instrument was drafted by:
Kennedy & Graven, Chartered
150 South Fifth Street, Suite 700
Minneapolis, MN 55402-1299
(612) 337-9300

EXHIBIT A
Legal Description

[ADD LEGAL DESCRIPTION]

SECURITY AGREEMENT
(Microloan)

This SECURITY AGREEMENT ("Agreement") is made to be effective as of November __, 2024, by MFS FOODS, 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 and Modern Construction of Minnesota, Inc. (the "Borrower") may now or at any time hereafter owe to Secured Party (including without limitation the obligations of the Borrower created under the loan agreement (the "Loan Agreement") and the Promissory Note of the Borrower to Secured Party of even date herewith, in the amount of $51,499.00 and all amendments, replacements, restatements, and substitutions therefor) together with Grantor's obligations to Secured Party pursuant to the Corporate Guaranty of even date herewith, 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, the Borrower 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 or the Borrower and personal property and equipment in which the Grantor or the Borrower has rights, now owned or hereafter acquired, and located at or arising out of that certain real property located in Elk River, Minnesota legally described in Exhibit A attached hereto, 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 location 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 lien of ALC Investments, LLC, a Minnesota limited liability company. 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 709 Main Street NW, 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.

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 or the Borrower fails to pay any of the Obligations when due and any applicable grace period lapses without cure by the Grantor; (b) the Grantor or the Borrower fails to timely perform any other Obligation and any applicable grace period lapses without cure by the Grantor or the Borrower; (c) any representation made by the Grantor or the Borrower 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 or the Borrower ceases to conduct its business; (e) the insolvency, dissolution, liquidation, merger, or consolidation of the Grantor or the Borrower, however defined; (f) the Grantor or the Borrower 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 or the Borrower; (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 or the Borrower 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 theordinary course of business of all or a substantial part of the assets of the Grantor; (j) the entry of any judgment against the Grantor or the Borrower 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 the Borrower; or (l) the attachment of any tax lien to any property of the Grantor or the Borrower; or (m) any statement, representation, or warranty made by Grantor or the Borrower(or any representative of the Grantor or the Borrower) 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 or the Borrower.

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.

MFS FOODS, INC.,
a Minnesota corporation

By: ________________________________

Name: Jesse Hartung

Its: ___________________________

Address:
MFS Foods, Inc.
Attn: Jesse Hartung
709 Main Street NW
Elk River, MN 55330

SECURED PARTY:

ECONOMIC DEVELOPMENT AUTHORITY OF THE CITY OF ELK RIVER

By: ___________________________________
Dan Tveite
Its: President

By: ___________________________________
Brent O'Neil
Its: Executive Director

Address:
13065 Orono Parkway
Elk River, MN 55330

EXHIBIT A

LEGAL DESCRIPTION OF DEVELOPMENT PROPERTY

That certain property located in the City of Elk River, Sherburne County, Minnesota, legally described as

All that part of the North 57 feet, as measured at right angles to the North line of Lot 4, Block 5, Village of Elk River, Sherburne County, Minnesota lying West of the following described line:

Commencing at the intersection of the East line of said Lot 4 with the South line of said North 57 feet of Lot 4; thence West along said South line of the North 57 feet a distance of 19.44 feet to the actual point of beginning of the line to be hereby described; thence Northerly to a point on the North line of said Lot 4 a distance of 19.73 feet West of the Northeast corner of said Lot 4 as measured along said North line; and lying East of the following described line: Commencing at said point of intersection of the East line of Lot 4 with the South line of the North 57 feet thereof; thence West along said South line of the North 57 feet a distance of 51.80 feet to the actual point of beginning of the line to be hereby described; thence Northerly to a point on the North line of said Lot 4 a distance of 51.91 feet West of the Northeast corner of said Lot 4 as measured along said North line. Together with all that part of the South 28 feet of the North 85 feet, as measured at right angles to the North line, of said Lot 4 lying West of the following described line: Commencing at said point of intersection of the East line of Lot 4 with the South line of the North 57 feet thereof; thence West along said South line of the North 57 feet a distance of 19.24 feet to the actual point of beginning of the line to be hereby described; thence Southerly to a point on the South line of said North 85 feet of Lot 4 a distance of 19.10 feet West of the point of intersection of said East line of Lot 4 with said South line of the North 85 feet thereof; and lying East of the following described line: Commencing at said point of intersection of the East line of Lot 4 with the South line of the North 57 feet thereof; thence West along said South line of the North 57 feet a distance of 51.42 feet to the actual point of beginning of the line to be hereby described; thence Southerly to a point on the South line of said North 85 feet of Lot 4 a distance of 51.83 feet West of the point of intersection of said East line of Lot 4 with said South line of the North 85 feet thereof. Sherburne County, Minnesota
Abstract Property

ENVIRONMENTAL INDEMNIFICATION AGREEMENT

THIS AGREEMENT is made as of the ___ day of ______, 2024, by MODERN CONSTRUCTION OF MINNESOTA, INC., a Minnesota corporation (the "Borrower") and ECONOMIC DEVELOPMENT AUTHORITY OF THE CITY OF ELK RIVER, a public body corporate and politic of the State of Minnesota ("Lender").

RECITALS

A. On the date hereof,, the Lender provided to the Borrower a Loan in the principal amount of $51,499.00 from the Lender, pursuant to its Microloan Program (the "Loan").

B. The Loan is secured in part by an Mortgage and Assignment of Rents and Security Agreement and Fixture Financing Statement dated even herewith (the "Mortgage") pertaining to certain land described in Exhibit A attached hereto (collectively, the "Property") owned by Borrower and located in Sherburne County, Minnesota.

C. Lender has refused to make the Loan to Borrower unless this Agreement is executed and delivered by Borrower.

AGREEMENT

NOW, THEREFORE, in consideration of Lender's agreement to make the Loan to Borrower, Borrower hereby warrants and represents to, and covenants and agrees with, Lender as follows:

1. Definitions. As used in this Agreement, the following terms shall have the following meanings:

(a) "Environmental Regulation" means a Law relating to the environment and/or to human health or safety, or governing, regulating or pertaining to the generation, treatment, storage, handling, transportation, use or disposal of any Hazardous Substance.

(b) "Hazardous Substance" means any substance or material defined in or governed or regulated by any Environmental Regulation as a dangerous, toxic or hazardous pollutant, contaminant, chemical, waste, material or substance, and also expressly includes urea-formaldehyde, polychlorinated biphenyls, dioxin, radon, lead-based

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paint, asbestos, asbestos containing materials, nuclear fuel or waste, radioactive materials, explosives, carcinogens and petroleum products, including but not limited to crude oil or any fraction thereof, natural gas, natural gas liquids, gasoline and synthetic gas, and any other waste, material, substance, pollutant or contaminant the presence of which on, in, about or under the Property would subject the owner or operator thereof to any damages, penalties, fines or liabilities under any applicable Environmental Regulation.

(c) "Law" means any federal, state or local law, statute, code, ordinance, rule, regulation or requirement.

2. Warranties and Representations. Borrower warrants and represents to Lender that to Borrower's knowledge, and except as otherwise described in documents identified on Exhibit A attached hereto:

(a) There is not located on, in, about or under the Property any Hazardous Substances except for Hazardous Substances of the type ordinarily used, stored or manufactured in connection with the operation of the Property as it is presently operated, and such existing Hazardous Substances have been and are used, stored and manufactured in compliance with all Environmental Regulations.

(b) The Property is not presently used, and has not in the past been used, as a landfill, dump, disposal facility or gasoline station, or for industrial, manufacturing or military purposes, or for the storage, generation, production, manufacture, processing, treatment, disposal, handling, transportation or deposit of any Hazardous Substances.

(c) There has not in the past been, and no present threat now exists of, a spill, discharge, emission or release of a Hazardous Substance in, upon, under, over or from the Property or from any other property which would have an impact on the Property.

(d) The Property is in compliance with, and there are no past or present investigations, administrative proceedings, litigation, regulatory hearings or other actions completed, proposed, threatened or pending, alleging noncompliance with or violation of, any Environmental Regulations respecting the Property, or relating to any required environmental permits covering the Property.

(e) Borrower has disclosed to Lender all reports and investigations commissioned by or in the possession or control of Borrower and relating to Hazardous Substances and the Property.

(f) There are not now, nor have there ever been, any above ground or underground storage tanks located in or under the Property. All storage tanks identified on Exhibit A have been registered and/or permitted as required by Environmental Regulations, and evidence of such registration and/or permitting has been given to Lender. There are no wells on or under the Property, except as identified on Exhibit A.

3. Covenants and Agreements. Borrower covenants and agrees as follows:

(a) Except for substances normally used for maintenance or operation of the Property which are used, stored and disposed of in accordance with all applicable Environmental Regulations and except as identified on Exhibit A, Borrower shall not, nor shall it permit others to, place, store, locate, generate, produce, create, process, treat, handle, transport, incorporate, discharge, emit, spill, release, deposit or dispose of any Hazardous Substance in, upon, under, over or from the Property. Borrower shall cause all Hazardous Substances found on or under the Property, which are not permitted under the foregoing sentence, to be properly removed therefrom and properly disposed of at Borrower's cost and expense. Borrower shall not install or permit to be installed any underground storage tank on or under the Property. Borrower shall give written notice to Lender prior to a change in the operations on the Property.

(b) In the event that (i) Lender reasonably believes that a violation of an Environmental Regulation may have occurred in connection with the Property; (ii) Lender receives notice from Borrower or otherwise has knowledge that an event described in subparagraph 3(d) has occurred; (iii) Lender reasonably believes that a representation or warranty of Borrower in Paragraph 2 was untrue in any material respect when made or has become untrue in any material respect; (iv) Lender receives notice from Borrower or otherwise has knowledge of a change in operations on the Property and Lender reasonably believes that the new operations may entail the presence of more or different Hazardous Substances on the Property; or (v) Lender reasonably believes that Hazardous Substances are present on the Property which were not previously known by Lender to be present on the Property; then, in any such event, Borrower shall at its cost obtain and deliver to Lender an environmental review, audit, assessment and/or report relating to the Property or shall have any previously delivered materials updated and/or amplified, by an engineer or scientist selected by Borrower and acceptable to Lender; if Borrower fails to do so within forty-five (45) days after such request is made, Lender shall have the right to do so, in which event Borrower shall reimburse Lender for the cost incurred by Lender in doing so within ten (10) days following demand therefor by Lender.

(c) Borrower shall, promptly after obtaining actual knowledge thereof, give notice to Lender of: (i) any activity in violation of any applicable Environmental Regulations relating to the Property, (ii) any governmental or regulatory actions instituted or threatened under any Environmental Regulations affecting the Property, (iii) all claims made or threatened by any third party against Borrower or the Property relating to any Hazardous Substance or a violation of any Environmental Regulations, (iv) discovery by Borrower of any occurrence or condition on or under the Property or on or under any real property adjoining or in the vicinity of the Property which could subject Borrower, Lender or the Property to a claim under any Environmental Regulations. Any such notice shall include copies of any written materials received by Borrower.

(d) Any investigation or any remedial or corrective action taken with respect to the Property shall be done under the supervision of a qualified consultant, engineer or scientist acceptable to Lender who shall, at Borrower's cost and at the completion of such investigation or action, provide a written report of such investigation or action to Lender. Borrower shall also provide Lender with a copy of any interim reports prepared in connection with any such investigation or action.

(e) If the Property has, or is suspected to have, asbestos or asbestos containing materials ("ACM") which, due to its condition or location or due to any planned building renovation or demolition, is recommended to be abated by repair, encapsulation, removal or other action, Borrower shall promptly carry out the recommended abatement action. If the recommended abatement includes removal of ACM, Borrower shall cause the same to be removed and disposed of offsite by a licensed and experienced asbestos removal contractor, all in accordance with Environmental Regulations. Upon completion of the recommended abatement action, Borrower shall deliver to Lender a certificate, signed by an officer of Borrower and the consultant overseeing the abatement action, certifying to Lender that the work has been completed in compliance with all applicable laws, ordinances, codes and regulations (including without limitation those regarding notification, removal and disposal) and that no airborne fibers beyond permissible exposure limits remain on site.

(f) After an Event of Default (as defined in the Loan Agreement between the Borrower and the Lender dated an even date herewith), Lender shall have the right, after ten (10) days' prior written notice to Borrower, to have an environmental review, audit, assessment, testing program and/or report with respect to the Property performed or prepared by an environmental engineering firm selected by Lender. Borrower shall provide reasonable access to the Property to such environmental engineering firm during normal business hours to conduct such review. Borrower shall reimburse Lender for the cost incurred for each such action within ten (10) days following demand therefor by Lender.

4. Indemnity. The Borrower shall indemnify Lender, any participant of Lender, its and their directors, officers, employees, agents, contractors, licensees, invitees, and the respective heirs, legal representatives, successors and assigns of all such persons and parties (hereinafter collectively referred to as "Indemnified Parties") against, shall hold the Indemnified Parties harmless from, and shall reimburse the Indemnified Parties for, any and all loss, damage, liability, cost and expense directly or indirectly incurred by the Indemnified Parties, including reasonable attorneys' and consultants' fees, resulting from: (a) the presence or discovery of any Hazardous Substance in, upon, under or over, or emanating from, the Property, whether or not the Borrower is responsible therefor, and whether or not it was placed, located, deposited or released by the Borrower, or (b) any violation of any Environmental Regulation, or both (a) and (b). Borrower agrees that the Indemnified Parties shall have no responsibility for, and Borrower hereby releases the Indemnified Parties from responsibility for, damage or injury to human health, property, the environment or natural resources caused by Hazardous Substances and for abatement, clean-up, detoxification, removal or disposal of, or otherwise with respect to, Hazardous Substances. The indemnity contained in this paragraph 4 shall be deemed continuing

for the benefit of the Indemnified Parties, including any purchaser at a foreclosure or other sale under Mortgage, any transferee of the title from Lender, and any subsequent owner of the Property, and shall survive the satisfaction or release of the Mortgage, any foreclosure of or other sale under the Mortgage and/or any acquisition of title to the Property or any part thereof by Lender, or anyone claiming by, through or under Lender, by deed in lieu of foreclosure or otherwise, and also shall survive the repayment or any other satisfaction of the Loan. Notwithstanding the foregoing, the indemnity contained in this paragraph 4 shall not apply with respect to any loss, damage, liability, cost or expense which Borrower proves by a preponderance of the evidence was caused solely by or resulted solely from any act or omission of any person, other than the Borrower or an agent, employee, invitee, guarantor, or contractor of the Borrower, which occurred after Lender or anyone claiming by, through or under Lender acquired title to the Property by foreclosure of Mortgage or deed in lieu of foreclosure or otherwise and control of the Property. Any amounts covered by the foregoing indemnification shall bear interest from the date incurred at the rate set forth in the promissory note evidencing the Loan, and shall be payable on demand. Borrower agrees that its obligations under this Agreement are separate from, independent of, and in addition to its obligations, if any, under the Mortgage and other documents which secure the Loan.

5. Liability. The liability of Borrower under this Agreement shall not be subject to any limitations on liability set forth in the Mortgage or any other document evidencing or securing the Loan. Without limitation, the obligations and liability of Borrower under this Agreement shall in no way be waived, released, discharged, reduced, mitigated or otherwise affected by Lender's making of the Loan with knowledge of the matters described in documents identified on Exhibit A attached hereto, or of the presence of any Hazardous Substance on, in, about or under the Property or any property adjoining or in the vicinity of the Property, or of any violation of any Environmental Regulation or any condition or state of facts or circumstances which with notice or lapse of time or both might ripen into such a violation, or by any neglect, delay or forbearance of Lender in demanding, requiring or enforcing payment or performance of the obligations and liability of Borrower hereunder, or by the receivership, bankruptcy, insolvency or dissolution of Borrower or any affiliate thereof. No action or proceeding brought or instituted under this Agreement, and no recovery made as a result thereof, shall be a bar or a defense to any further action or proceeding under any other agreement. Borrower shall reimburse Lender and the other Indemnified Parties for all attorneys' fees and expenses incurred in connection with the enforcement of the Indemnified Parties' rights under this Agreement, including those incurred in any case, action, proceeding or claim under the Federal Bankruptcy Code or any successor statute.

6. Notices. Any notice or other communication to any party in connection with this Agreement shall be in writing and shall be sent in accordance with the provisions of the Loan Agreement.

7. Governing Law and Construction. The validity, construction and enforceability of this Agreement shall be governed by the laws of the State of Minnesota, without giving effect to conflict of laws or principles thereof, but giving effect to federal laws of the United States applicable to national banks. Whenever possible, each provision of this Agreement and any other statement, instrument or transaction contemplated hereby or relating hereto, shall be interpreted in such manner as to be effective and valid under such applicable law, but, if any

provision of this Agreement or any other statement, instrument or transaction contemplated hereby or relating hereto shall be held to be prohibited or invalid under such applicable law, such provision shall be ineffective only to the extent of such prohibition or invalidity, without invalidating the remainder of such provision or the remaining provisions of this Agreement or any other statement, instrument or transaction contemplated hereby or relating hereto.

8. Consent to Jurisdiction. At the option of Lender, this Agreement may be enforced in any Federal Court or State Court sitting in Sherburne County, Minnesota; and Borrower consents to the jurisdiction and venue of any such Court and waives any argument that venue in such forums is not convenient. In the event Borrower commences any action in another jurisdiction or venue under any tort or contract theory arising directly or indirectly from the relationship created by this Agreement, Lender at its option shall be entitled to have the case transferred to one of the jurisdictions and venues above-described, or if such transfer cannot be accomplished under applicable law, to have such case dismissed without prejudice.

9. Waiver of Jury Trial. Borrower and Lender irrevocably waive any and all right to trial by jury in any legal proceeding arising out of or relating to this Agreement or any of the Loan documents (as that term is used in the Loan Agreement) or the transactions contemplated hereby or thereby.

10. Binding Effect; Gender. This Agreement shall inure to the benefit of Lender, and the Indemnified Parties, and shall bind Borrower and Borrower's heirs; executors, administrators, personal representatives, legal representatives, successors and assigns. The obligations of Borrower under this Agreement shall be enforceable in all events against Borrower, its heirs, executors, administrators, personal representatives, legal representatives, successors and assigns, and each of them, jointly and severally, and shall be enforceable, in the event of the death of an Borrower, as a claim against his or her estate or otherwise against the representatives of his or her estate, the heirs-at-law, the devisees and beneficiaries of the total estate and each of them. The use of any gender herein shall include all other genders.

11. Counterparts. This Agreement may be executed in any number of counterparts, each executed counterpart constituting an original, but all together only one agreement.

[signature pages follow]

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

BORROWER

MODERN CONSTRUCTION OF MINNESOTA, INC.

By: ___________________________________
Jesse Hartung
Its: ____________________________

STATE OF MINNESOTA)
) ss.
COUNTY OF ________)

The foregoing instrument was acknowledged before me on ______________, 2024, by Jesse Hartung, ______________ of Modern Construction of Minnesota, Inc., a Minnesota corporation, on behalf of the corporation.

____
Notary Public
My Commission Expires:

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LENDER:

ECONOMIC DEVELOPMENT AUTHORITY OF THE CITY OF ELK RIVER

By:__________________________________
Its: President

By:__________________________________
Its: Executive Director

STATE OF MINNESOTA)
) ss.
COUNTY OF ________)

The foregoing instrument was acknowledged before me on ______________, 2024, by Dan Tveite, the President, and Brent O'Neil, the Executive Director, of the Economic Development Authority of the City of Elk River, a public body corporate and politic of the State of Minnesota, on behalf of the corporation.

____
Notary Public
My Commission Expires:

This Instrument was drafted by:
Kennedy & Graven, Chartered
150 South Fifth Street, Suite 700
Minneapolis, MN 55402-1299
(612) 337-9300

EXHIBIT A

All that part of the North 57 feet, as measured at right angles to the North line of Lot 4, Block 5, Village of Elk River, Sherburne County, Minnesota lying West of the following described line: Commencing at the intersection of the East line of said Lot 4 with the South line of said North 57 feet of Lot 4; thence West along said South line of the North 57 feet a distance of 19.44 feet to the actual point of beginning of the line to be hereby described; thence Northerly to a point on the North line of said Lot 4 a distance of 19.73 feet West of the Northeast corner of said Lot 4 as measured along said North line; and lying East of the following described line: Commencing at said point of intersection of the East line of Lot 4 with the South line of the North 57 feet thereof; thence West along said South line of the North 57 feet a distance of 51.80 feet to the actual point of beginning of the line to be hereby described; thence Northerly to a point on the North line of said Lot 4 a distance of 51.91 feet West of the Northeast corner of said Lot 4 as measured along said North line. Together with all that part of the South 28 feet of the North 85 feet, as measured at right angles to the North line, of said Lot 4 lying West of the following described line: Commencing at said point of intersection of the East line of Lot 4 with the South line of the North 57 feet thereof; thence West along said South line of the North 57 feet a distance of 19.24 feet to the actual point of beginning of the line to be hereby described; thence Southerly to a point on the South line of said North 85 feet of Lot 4 a distance of 19.10 feet West of the point of intersection of said East line of Lot 4 with said South line of the North 85 feet thereof; and lying East of the following described line: Commencing at said point of intersection of the East line of Lot 4 with the South line of the North 57 feet thereof; thence West along said South line of the North 57 feet a distance of 51.42 feet to the actual point of beginning of the line to be hereby described; thence Southerly to a point on the South line of said North 85 feet of Lot 4 a distance of 51.83 feet West of the point of intersection of said East line of Lot 4 with said South line of the North 85 feet thereof. Sherburne County, Minnesota
Abstract Property

CORPORATE GUARANTY

Elk River, Minnesota
November __, 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 LENDER OF ELK RIVER, a body corporate and politic and political subdivision of the State of Minnesota (the "Lender"), to or for the account of MODERN CONSTRUCTION OF MINNESOTA, INC., a Minnesota corporation (the "Borrower"), MFS FOODS, INC., a Minnesota corporation, also doing business as Tipsy on Main (the "Corporate Guarantor"), absolutely and unconditionally guaranties to the Lender the full and prompt payment if and 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, 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 now or hereafter existing including the that certain Promissory Note of even date herewith, in the original aggregate principal amount of $51,499.00, executed and delivered by the Borrower to the Lender, in accordance with the terms of the Loan Agreement, between the Lender and the Borrower (collectively, the "Indebtedness"); and the Corporate Guarantor 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 Corporate Guarantor, without incurring responsibility to the Corporate Guarantor, without releasing, impairing or affecting the liability of the Corporate Guarantor 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 Corporate Guarantor, 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 Corporate Guarantor hereunder, shall in any way release, impair or otherwise affect the liability of the Corporate Guarantor hereunder, and the Corporate Guarantor 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 Corporate Guarantor hereunder. This guaranty is a primary obligation of the Corporate Guarantor 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 Corporate Guarantor 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 Corporate Guarantor under this guaranty is in addition to and shall be cumulative with all other liabilities of the Corporate Guarantor 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 Corporate Guarantor 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 Corporate Guarantor or any other person and all other actions to establish the liability of the Corporate Guarantor hereunder. The Corporate Guarantor 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 Corporate Guarantor 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 Corporate 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 Corporate Guarantor with and each claim of the Corporate 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 Corporate 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 Corporate Guarantor agrees to promptly provide the Lender from time to time with financial statements of the Corporate Guarantor, in form and substance acceptable to the Lender, at least once every 12 months and as otherwise requested by the Lender. The Corporate 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 Corporate Guarantor as the Lender may request, in form and substance acceptable to the Lender.

The Corporate Guarantor waives all claims, rights and remedies which the Corporate Guarantor 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 Corporate Guarantor in the Borrower; provided, nothing contained in this guaranty shall deprive the Corporate Guarantor 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 Corporate Guarantor, has been received by the Lender; provided, no revocation of this guaranty shall affect in any manner any liability of the Corporate Guarantor 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 Corporate Guarantor and the representatives, successors and assigns of the Corporate Guarantor, 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.

The Corporate Guarantor is or will be the occupant of certain property in the City of Elk River, Minnesota (the “Property”). Borrower has acquired the Property and will be leasing it to the Corporate Guarantor pursuant to a certain lease agreement (the “Lease”). Borrower and the Corporate Guarantor are under common ownership. The Corporate Guarantor acknowledges and agrees that the Indebtedness is being utilized by Borrower to finance the acquisition the Property and to renovate the Property for use by the Corporate Guarantor and, therefore, the Corporate Guarantor’s obligations under this Guaranty are proper, valid and enforceable. This Guaranty has been approved by unanimous consent of the board of governors of the Corporate Guarantor.

THE ENTITY GUARANTOR REPRESENTS, CERTIFIES, WARRANTS AND AGREES THAT THE UNDERSIGNED HAVE READ ALL OF THIS GUARANTY AND UNDERSTAND ALL OF THE PROVISIONS OF THIS GUARANTY. THE ENTITY GUARANTOR 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.

MFS FOODS, INC.
a Minnesota corporation

By: ____
Name: Sarah Hartung
Its: ____

EL185\81\983347.v1

PERSONAL GUARANTY
(Microloan — Jesse and Sarah Hartung)

Elk River, Minnesota
November __, 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 MODERN CONSTRUCTION OF MINNESOTA, INC. (the "Borrower"), the undersigned married couple 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 $51,499.00, 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 the acquisition and renovation of the building located at 709 Main Street NW, Elk River, Minnesota (the "Property") for use as a restaurant, and such improvements 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.

____
Jesse Hartung

____
Sarah Hartung

(Top 3 inches reserved for recording data)

CERTIFICATE AND REQUEST FOR NOTICE by Business Entity **Minnesota Uniform Conveyancing Blanks Form 60.6.2 (2006)**

1. The name and mailing address of the person holding a lien or having a redeemable interest in real property requesting notice is:
ECONOMIC DEVELOPMENT AUTHORITY OF THE CITY OF ELK RIVER, 13065 Orono Parkway, Elk River, MN 55330, Attn: Director of Economic Development, ("**Requesting Party**").

2. The redeemable interest or lien of the Requesting Party was created by the following instrument: Mortgage, Assignment of Rents, Security Agreement, and Fixture Financing Statement dated _______, 2024 and
(insert name of document/instrument) *(month/day/year)*
recorded on __________________________ Document Number ____________________ (or in Book _____ of ____________,
(month/day/year)
Page ___________), in the Office of the ☒ County Recorder ☐ Registrar of Titles of Sherburne County, Minnesota.
(check the applicable boxes)

3. The Requesting Party has a redeemable interest in or lien upon real property in Sherburne County, Minnesota, described as follows:

All that part of the North 57 feet, as measured at right angles to the North line of Lot 4, Block 5, Village of Elk River, Sherburne County, Minnesota lying West of the following described line:
Commencing at the intersection of the East line of said Lot 4 with the South line of said North 57 feet of Lot 4; thence West along said South line of the North 57 feet a distance of 19.44 feet to the actual point of beginning of the line to be hereby described; thence Northerly to a point on the North line of said Lot 4 a distance of 19.73 feet West of the Northeast corner of said Lot 4 as measured along said North line; and lying East of the following described line: Commencing at said point of intersection of the East line of Lot 4 with the South line of the North 57 feet thereof; thence West along said South line of the North 57 feet a distance of 51.80 feet to the actual point of beginning of the line to be hereby described; thence Northerly to a point on the North line of said Lot 4 a distance of 51.91 feet West of the Northeast corner of said Lot 4 as measured along said North line. Together with all that part of the South 28 feet of the North 85 feet, as measured at right angles to the North line, of said Lot 4 lying West of the following described line: Commencing at said point of intersection of the East line of Lot 4 with the South line of the North 57 feet thereof; thence West along said South line of the North 57 feet a distance of 19.24 feet to the actual point of beginning of the line to be hereby described; thence Southerly to a point on the South line of said North 85 feet of Lot 4 a distance of 19.10 feet West of the point of intersection of said East line of Lot 4 with said South line of the North 85 feet thereof; and lying East of the following described line: Commencing at said point of intersection of the East line of Lot 4 with the South line of the North 57 feet thereof; thence West along said South line of the North 57 feet a distance of 51.42 feet to the actual point of beginning of the line to be hereby described; thence Southerly to a point on the South line of said North 85 feet of Lot 4 a distance of 51.83 feet West of the point of intersection of said East line of Lot 4 with said South line of the North 85 feet thereof. Sherburne County, Minnesota
Abstract Property

Check here if all or part of the described real property is Registered (Torrens) ☐

4. The Requesting Party requests notice of any mortgage foreclosure by advertisement as provided in Minn. Stat. 580.032, subd. 1.

456759v2 MJM EL185-30

5. The Requesting Party requests notice of any post-foreclosure sale reduction of the mortgagor's redemption period for any superior lien as provide in Minn. Stat. 582.032, subd. 3.

ECONOMIC DEVELOPMENT AUTHORITY OF THE CITY OF ELK RIVER
(name)

By: ______________________________
(signature)

Its: President
(type of authority)

By: ______________________________
(signature)

Its: Executive Director
(type of authority)

State of Minnesota, County of SHERBURNE

This instrument was acknowledged before me on ____________________, by ____________________
(month/day/year) *(name of authorized signer)*
______________________________ as President
(type of authority)

and by ______________________________
(name of authorized signer)

as Executive Director of ECONOMIC DEVELOPMENT AUTHORITY OF THE CITY OF ELK RIVER.
(type of authority) *(name of party on behalf of whom the instrument was executed)*

(Seal, if any)

____
(signature of notarial officer)

Title (and Rank): ____________________

My commission expires: ____________________
(month/day/year)

THIS INSTRUMENT WAS DRAFTED BY:
(insert name and address)

Kennedy & Graven Chartered
150 South 5th Street, Suite 700Minneapolis, MN 55402-1458

456759v2 MJM EL185-30

Request for Action

To
Economic Development Authority

Item Number
7.3

Meeting Date
October 21, 2024

Prepared By
Joshua Mollan, Economic Development Specialist

Item Description
General Updates

Reviewed by
Brent O'Neil
Cal Portner

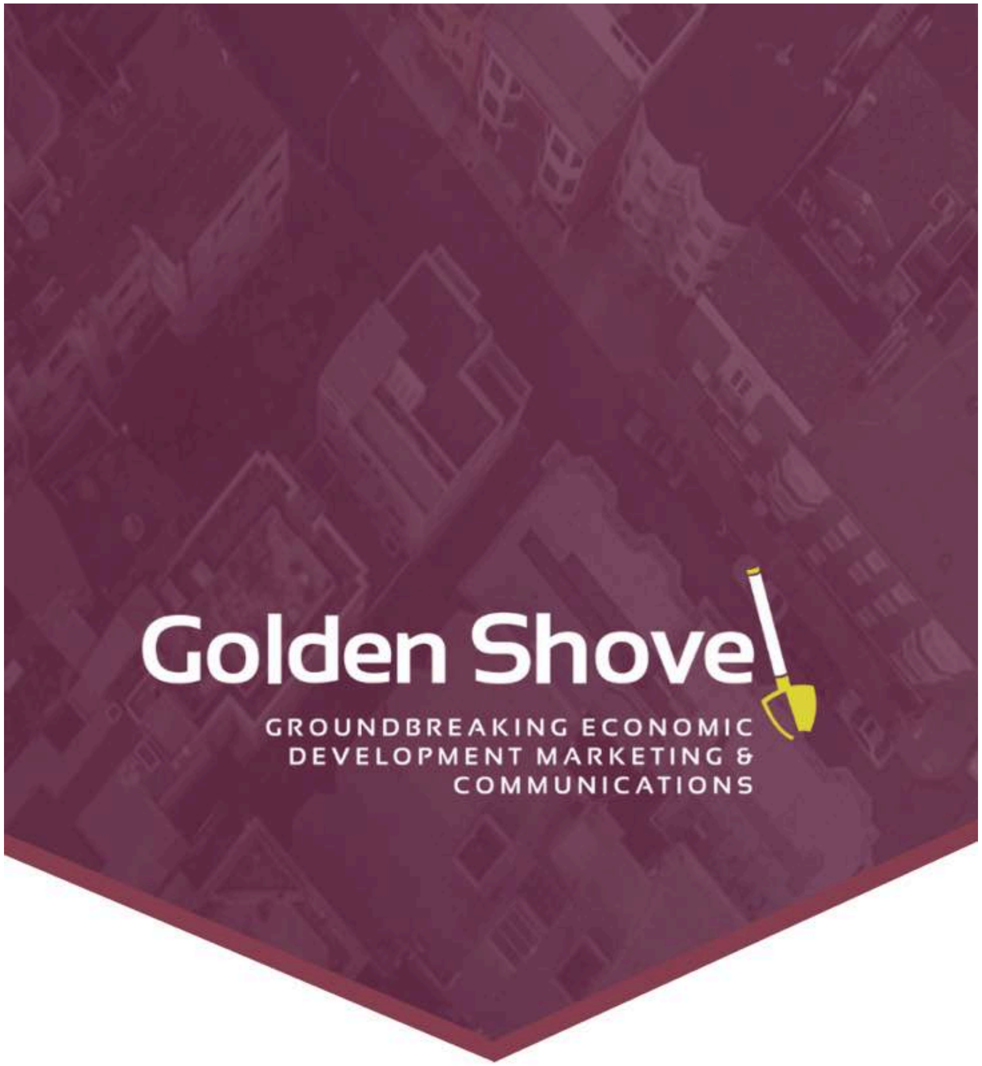
Action Requested
Item presented for information and discussion purposes.

Background/Discussion
This item is an opportunity to discuss relevant topics and other non-action items of the board, including committee updates.

Financial Impact
N/A

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

Attachments
1. Q3 Analytics Report



Prepared for
City of Elk River
Economic Development

Quarterly Analytics Report
Q3 2024

Confidential: This report is intended solely for the use of the addressee and may contain confidential information. Any dissemination, distribution, copying, or other use of this document is strictly prohibited

Golden Shovel Agency
43 East Broadway Street
Little Falls, MN 56345
Phone: (320) 639-0110
Toll-Free: (888) 266-4778
www.GoldenShovelAgency.com

WWW.GOLDENSHOVELAGENCY.COM

As we close out Q3, we're reflecting on the progress made and milestones achieved. Our team at Golden Shovel Agency has been dedicated to enhancing your online presence through website updates, informative content, and strategic communications. This quarterly report highlights our efforts, showcasing the latest enhancements, news, and insights to support your economic development initiatives.

Looking ahead to Q4, we recommend focusing on strategies such as leveraging storytelling to showcase local success stories or optimizing content for mobile devices. This new quarter presents opportunities to refine your digital strategy, engage your audience, and drive economic growth. As usual in this report, you'll find key metrics of your website's performance, that can be used to make adjustments to your strategy and keep your audience engaged. Rest assured, our team is committed to helping you maximize your online presence and achieve your economic development goals.

Cheers to another productive quarter!

The Golden Shovel Team

Gateway Developments and Upgrades

Our development team continues working on upgrades and improvements to make your website more reliable and user-friendly. The below listed are the most recent additions to the Gateway platform:

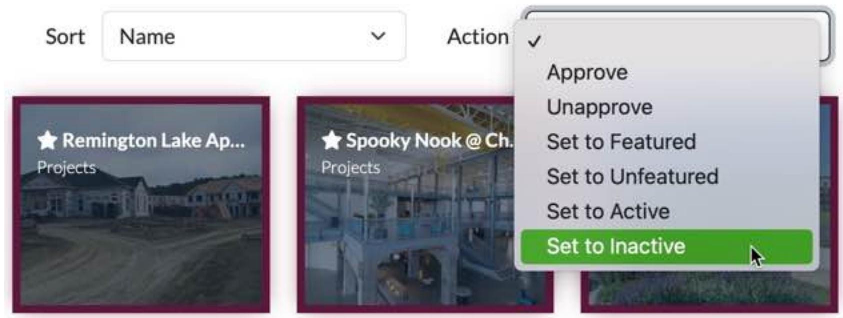
Major Updates

- **Universal Searching** is now a default user setting in modules:
  - Previously the search box for every module functioned as a filter, meaning it only would look at what was displayed on the page. Pagination of module items made this problematic.
  - Searching functionality now searches every module item regardless of pagination.
    - Searching is limited to the module item Name and the Categor(ies)
  - This can be turned back on to the filter functionality in the Users → My Account area. Just toggle **Inline Filtering** on to restore:

- Clients who don't like the new pagination can opt to **show up to 90 module items** per page.
  - Changing the number of items showing should be remembered by the user's browser, but it is a cookie-type memory so it could be wiped if cookies are cleared.

- Popup-grid Templates Update: The popups are no longer logged in the browser history, so the back button now takes the user to whatever page they were on before opening the popup-grid page.

- **Module Items Active Status:** Most modules now have an Active toggle that can make a module item inactive (not appear on the website) instead of deletion.
  - Please use this instead of the Approved toggle
  - For most modules the toggle is at the top, but some modules have the toggle at the bottom of the module item listing.
  - It's also in the **Action** dropdown when looking at the View All for a module with this feature.



- **Module Listing Open on Front-End:** The same icon that is on Pages in the Admin to open the page on the front end has been added to module items.
  - Clicking on the icon *should* open the listing on the front end
  - This will only work if the module item has a published page where it is included.
  - List Maker module items function somewhat differently, instead opening on the page where the listing *may* appear.

If you need further details on any of the above listed upgrades, please feel free to contact your GateKeeper rep or email our support portal at support@goldenshovelagency.com

Support and Resources

Did you miss one of our webinars? You can watch the recordings at your convenience using the links below.

Building Stronger Communities: Innovative Workforce Solutions for Economic Development

This collaborative session between Golden Shovel and Convergent Nonprofit Solutions explored innovative strategies for attracting, developing, and retaining skilled workers essential for community growth, helping you discover how to effectively market your community's strengths and position it as a desirable place for both businesses and talent. **Watch the recording!**

The Economic Development Benefits of Community EV Charging

Electric vehicle (EV) sales continue to rise year over year, and the average price of a light-duty vehicle in Q1 2024 was 9.0% lower than it was in Q1 2023. Communities, businesses, utilities, and residents across the U.S. are working to hit lofty targets, such as 56% of new vehicle sales being EVs by 2032. This webinar was intended for economic development professionals working at the community level **Watch the recorgin here.**

Runways to Revenue: Unlocking the Economic Potential of Your Airport

Presented by Ron Kresha, aviation enthusiast and CFO of Golden Shovel Agency, this insightful session explored the economic potential of general aviation airports and provided actionable strategies for leveraging these valuable assets to drive local and regional economic growth. Don't miss this opportunity to enhance your understanding of general aviation and unlock the economic benefits for your community. **Watch the recording!**

Securing Tomorrow: Succession Planning for Economic Development Leaders

Succession planning is critical for maintaining momentum in business and economic development organizations. In this webinar, we will address succession planning for economic development and community organizations while briefly discussing how these same concepts and strategies can be applied to the local business community your organization is supporting. Watch it here!

News!

Want some more updates? Here is a summary of the most relevant news published by Golden Shovel. If you like to stay up-to-date with economic development industry standards, trends, and the latest news, please subscribe here to Golden Shovel's newsletter, "Economic Developer's EDGE"!

Discover the Hidden Economic Benefits of Your Local Airport

Have you ever heard the hum of a plane overhead and wondered about the impact the local airport has on your community? You might be surprised to learn that general aviation airports are more than just takeoff and landing strips—they are powerful economic engines driving growth and prosperity. Read the full article…

From Cities to Suburbs: The Economic Developers' Guide to Attracting & Retaining Millennial Talent

Economic developers have a strong incentive to attract and retain millennial talent in their areas. Millennials, born between 1981 and 1996, now make up the largest portion of the workforce. As digital natives, millennials are highly skilled in leveraging technology and adapting to new innovations. Getting this tech-savvy generation on board is crucial for businesses to remain competitive and drive overall economic growth. **Learn more!**

Tips for Cultivating Natural Spaces for Economic Prosperity

It's widely known that spending time in nature offers a multitude of benefits- for mental, spiritual, and physical health. Yet beyond those compelling perks, the cultivation of natural spaces has been shown to yield numerous economic benefits. Natural spaces, including parks, community gardens, green belts, outdoor recreational areas, green roofs, and permeable pavements, play a vital role in economic development. **Get the full article here!**

Why Downtowns Matter, and 10 Strategies for Fostering A Vibrant Downtown

Downtown isn't just for cities, urban areas or song lyrics anymore. In the realm of economic development, the concept of a "downtown" has become a focal point for communities of all sizes. Far from being limited to major urban centers, downtowns play a significant role in fostering economic growth, cultural vibrancy, and community identity. **Click here for the full article!**

Eco-Industrial Parks: A New Route Towards Sustainable Economic Development

As concerns over climate change and resource scarcity intensify, Eco-Industrial Parks (EIPs) are emerging as a noteworthy tool for promoting sustainable economic growth, while minimizing environmental impact. The United Nations Industrial Development Organization (UNIDO) defines an EIP as [a community of businesses located on common property, seeking enhanced environmental, economic, and social performance through collaborative resource management]. In essence, these parks represent a paradigm shift in industrial operations, emphasizing collaboration over competition in pursuit of sustainability goals. **Click here for the full article!**

[Navigating the Skyways: Exploring Federal Funding for Local Airports]

Part 49 of the US Code of Federal Regulations requires this plan to identify the amounts and types of airport development eligible for Federal funding under the Airport Improvement Plan (AIP) and Bipartisan Infrastructure Law (BIL). **Understanding the application process and timelines is critical for communities wishing to expand or renovate their current airport.** Learn more.

Empowering Out-State Communities: Economic Development Strategies to Compete with Urban Areas

Urban areas often come with significant drawbacks that can turn that glittering dream into a gritty reality. Think: bumper-to-bumper traffic, relentless hustle, overwhelming stimuli, questionable safety, a cost of living that devours one's paycheck, hordes of people, and living spaces so tiny you could extend your arms and touch the parallel walls of your kitchen. In contrast, non-urban areas offer a breath of fresh air - literally and figuratively. These often-overlooked gems are brimming with benefits that are increasingly attractive to both individuals and businesses..**Learn more.**

Recommended Reading: From Runways to Revenue: Economic Benefits of Your Local Airport

General aviation generates over $150 billion annually and supports approximately 8 million jobs. Small, local airports contribute mightily to local economies, even though this asset is often largely ignored. Over 90% of the 220,000 aircraft registered in the United States fall under civilian or general aviation categories—airplanes that typically fly out of small, local airports. If you have a general aviation airport in your community, it's time to tap into its economic potential. "From Runways to Revenue: Economic Benefits of Your Local Airport" will show you how. Download to discover the economic impact being made by general aviation, strategies for maximizing growth, how to fund airport expansion, involve the community, and create aviation jobs in your community. **Download your free copy here.**

Listen to the latest episodes of the ShovelTalk Podcast!

In the "ShovelTalk" Podcast, your hosts, Bethany and Amanda, and producer Darren take you behind the scenes of local economic development organizations and help you get to know economic developers from throughout the country. All episodes are available for free. **Want to be a guest on the ShovelTalk Podcast? We'd love to have you! Fill out our interest form here.**

Listen on Apple Podcasts   Listen on Spotify   Listen on Youtube   Listen on Golden Shovel's Website

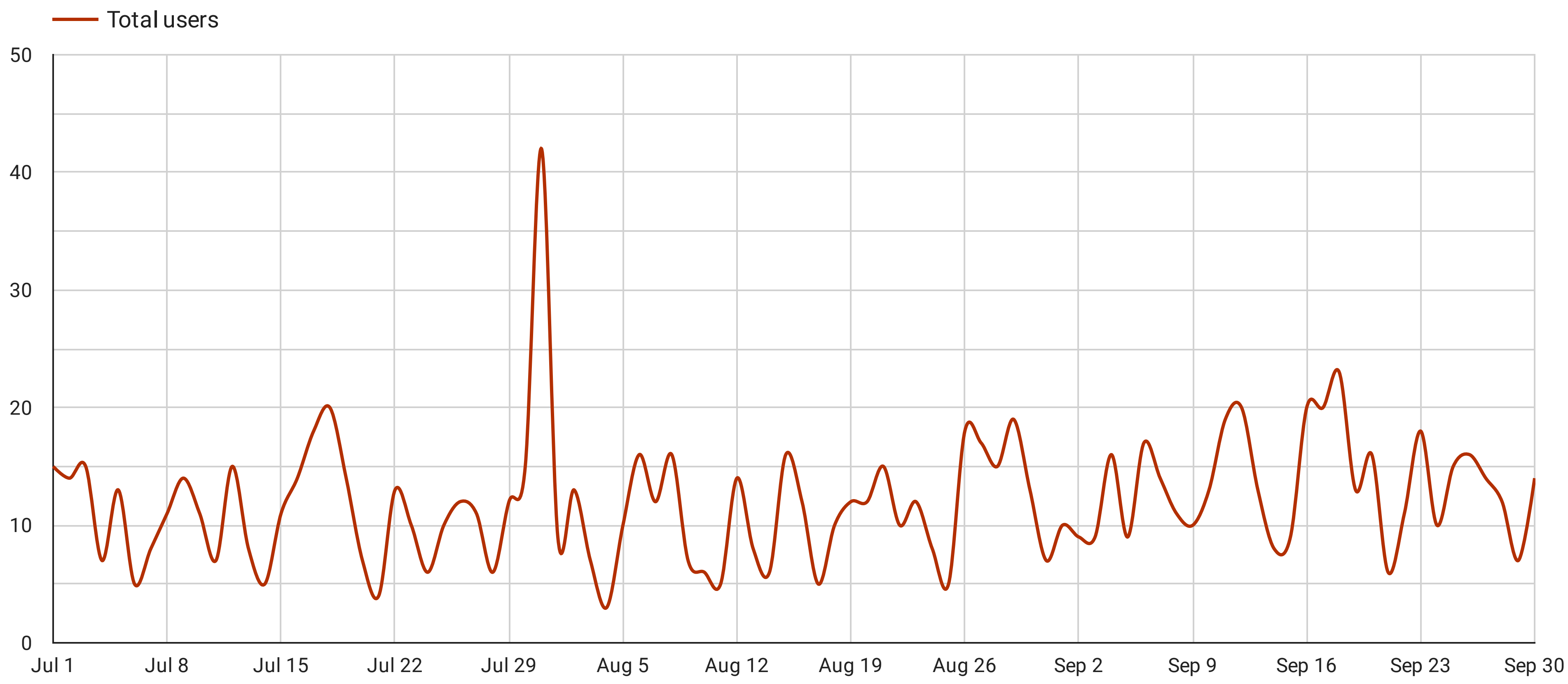
Ep.30 Building Stronger Communities: Insights from Eric Canada
In this episode of ShovelTalk, Aaron Brossoit, CEO of Golden Shovel Agency, has an in-depth conversation with Eric Canada, a well-known thought leader in the economic development field and author of Economic Development for the Team. Eric shares key insights from his book, emphasizing how teamwork and collaboration are critical to driving community success. Whether you're an economic developer or a community leader, this episode offers valuable guidance on fostering partnerships, overcoming challenges, and building stronger, more resilient communities.

Now, it's time to check out your website metrics!

Google Analytics Audience Overview

Jul 1, 2024 - Sep 30, 2024

Your audience at a glance!



Total users
946

New users
899

Sessions
1,269

Sessions per user
1.34

Engagement rate
60.36%

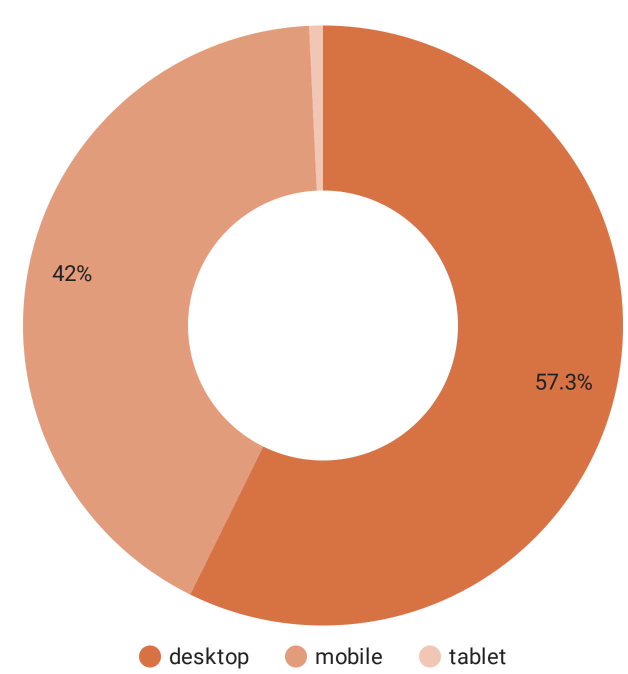
Views
2,573

Engaged sessions
766

Total users 1 801

	Country	Total users
1.	United States	792
2.	China	29
3.	Ireland	18
4.	India	12
5.	Philippines	9
6.	Pakistan	5
7.	Canada	3
8.	Israel	3
9.	Indonesia	2
10.	Mexico	2

What device are people using?

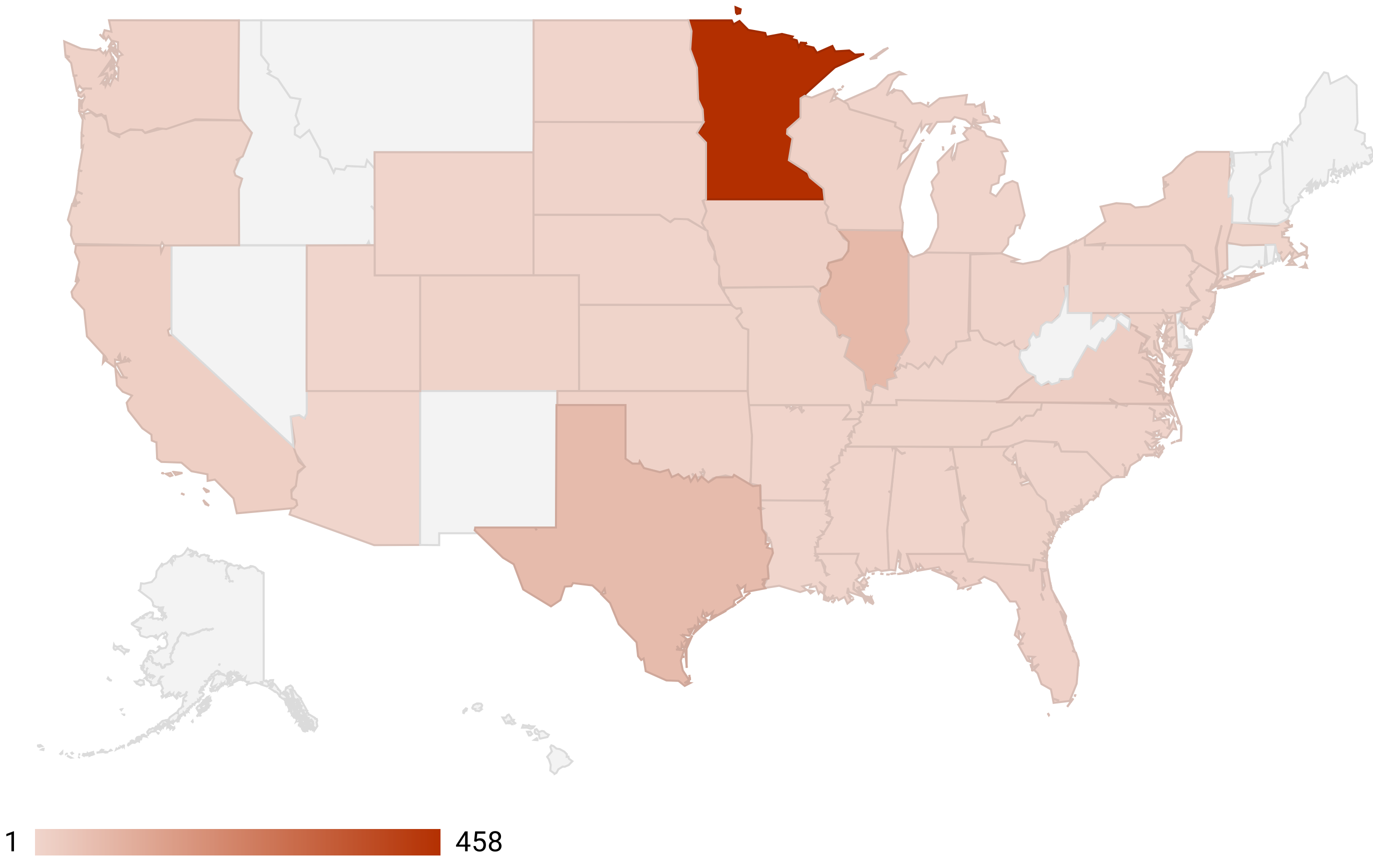


	Device category	Total users
1.	desktop	542
2.	mobile	397
3.	tablet	7

Google Analytics Audience Overview

Let's learn a bit more about your users!

USA Audience



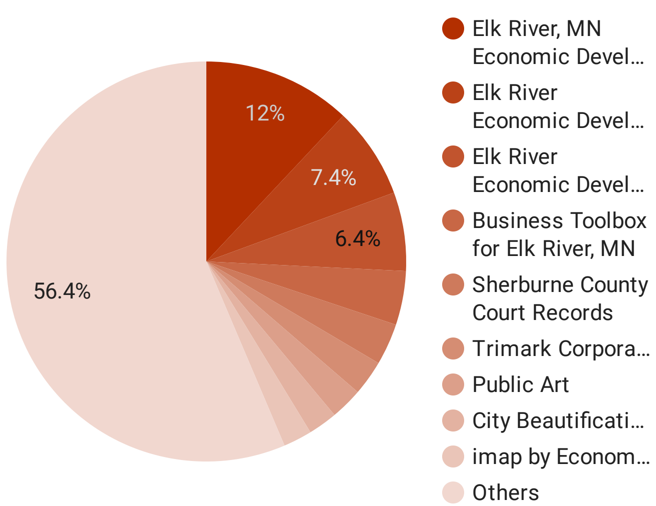
Higher Traffic - States (globally)

	Region	Total users ▾
1.	Minnesota	458
2.	Illinois	79
3.	Texas	73
4.	Virginia	20
5.	California	18
6.	Iowa	14
7.	Florida	11
8.	New York	10
9.	Wisconsin	10
10.	Oklahoma	9

Higher Traffic - Cities (globally)

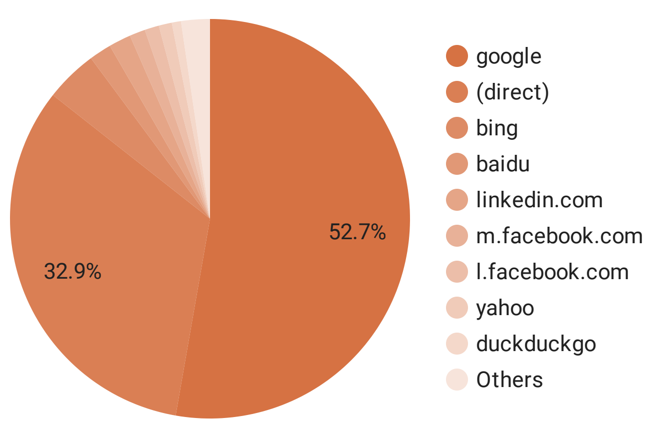
	City	Total users ▾
1.	Minneapolis	107
2.	Elk River	78
3.	Chicago	69
4.	Dallas	43
5.	Otsego	19
6.	Saint Paul	15
7.	Cambridge	13
8.	Plymouth	12
9.	Maple Grove	11
10.	New York	9

Higher Traffic - Pages



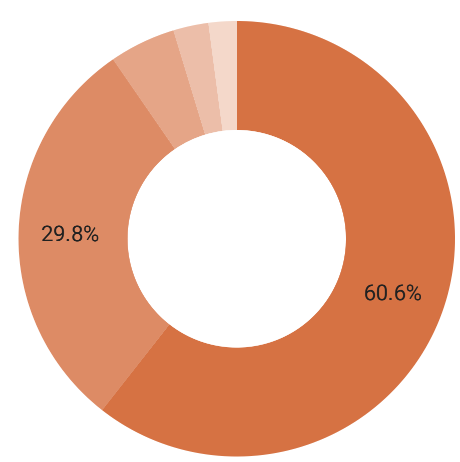
	Page title	Total users...	Views
1.	Elk River, MN Economic Development	205	300
2.	Elk River Economic Development	135	185
3.	Elk River Economic Development Business Directory	101	159
4.	Sherburne County Court Records	70	84
5.	Trimark Corporations New Elk River Facility A Catalyst For Local Economic Growth	61	71
6.	imap by Economic Gateway	53	58
7.	Chow Mixed Grill And Bbq Celebrates One Year In Business	45	45
8.	Elk River Economic Development Staff	40	51
9.	Business Toolbox for Elk River, MN	33	109

Acquisition Sources



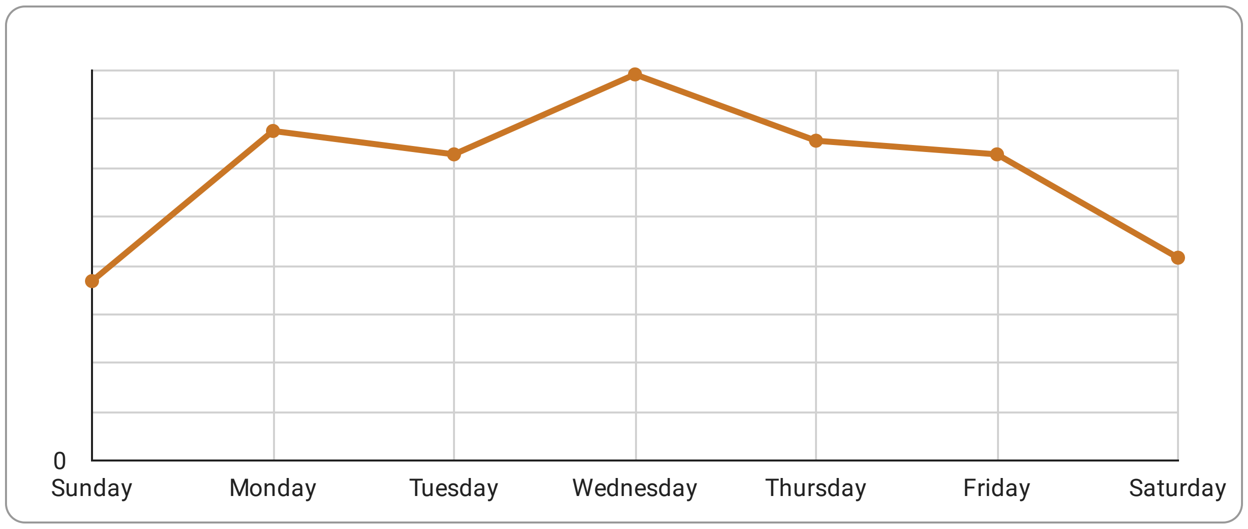
	First user source	Total users ▾
1.	google	499
2.	(direct)	311
3.	bing	40
4.	baidu	17
5.	linkedin.com	17
6.	m.facebook.com	12
7.	l.facebook.com	11
8.	yahoo	10
9.	duckduckgo	7
10.	goldenshovelagency.com	7

Traffic Type



	Session default c...	Total users ▾
1.	Organic Search	581
2.	Direct	286
3.	Organic Social	47
4.	Referral	20

What day of week users visit your website?



Social Media Following

1.2K Followers

546 Followers

844 Followers

Thank you for being a valued client!

Golden Shovel
GROUNDBREAKING ONLINE
ECONOMIC DEVELOPMENT