

**CITY OF NORTHFIELD ECONOMIC DEVELOPMENT AUTHORITY  
NORTHFIELD REVOLVING LOAN FUND LOAN AGREEMENT**

THIS LOAN AGREEMENT (this "Agreement") is made and entered into as of this \_\_\_\_\_ day of \_\_\_\_\_, 2019 (the "Effective Date,"), by and between Rebound/Stencil Development LLC, a Minnesota limited liability company, 527 Professional Drive, Northfield, MN 55057 (the "Recipient"), and the City of Northfield Economic Development Authority, a public corporation and political subdivision of the State of Minnesota (the "EDA").

WITNESSETH THAT,

WHEREAS, the EDA administers the Northfield Revolving Loan Fund Program to assist local businesses throughout the City in financing land and building purchases, building construction, renovation, and/or expansion, machinery and equipment purchases, inventory and working capital; and

WHEREAS, Recipient has applied to the EDA for a Revolving Loan in the amount of Two Hundred Fifty Thousand Dollars (\$250,000.00) to assist with the financing of Recipient's construction and development of 5th Street Lofts, a 79-unit apartment building and associated parking area (the "development project") to be located at 510 Washington Street, in the City of Northfield (the "Redevelopment Property"); and

WHEREAS, the EDA has determined that Recipient's loan application is consistent with the intent of the Northfield Revolving Loan Fund Program and has agreed to make a loan in the principal amount of Two Hundred Fifty Thousand Dollars (\$250,000.00) to Recipient from its Northfield Revolving Loan Fund in accordance with the terms and conditions provided herein.

NOW, THEREFORE, for good and valuable consideration, the parties agree as follows:

1. AMOUNT AND TERMS OF THE LOAN.

a. Loan. Subject to, and upon the terms and conditions herein set forth, the EDA agrees to make a loan to Recipient in the principal amount of Two Hundred Fifty Thousand Dollars (\$250,000.00) (the "Loan").

b. Interest. Interest shall accrue for twenty-four (24) months on the unpaid principal balance of the Loan at a rate of one (1) percent per annum (the "Introductory Rate"). Thereafter, interest shall accrue on the unpaid principal balance of the Loan at an annual rate equal to the current prime rate as published in the Wall Street Journal on \_\_\_\_\_ (the "Loan Rate").

c. Disbursements.

- i. Upon Recipient providing the EDA documentation signed by Recipient's bank or other financial institution demonstrating that Recipient has closed and obtained financing to construct and complete the development project on the Redevelopment Property, the EDA shall deposit the Loan into escrow (or other disbursing entity as necessitated by the Recipient's financing).
  - ii. The Loan funds shall only be expended by Recipient after Recipient expends one hundred percent (100%) of Recipient's equity.
2. REPRESENTATIONS OF RECIPIENT. Recipient warrants that the following statements are true:
  - a. The statements and representations made in Recipient's request for the Loan were at the time of the request and are as of the date hereof true and correct.
  - b. Recipient is in good standing with all public entities having any authority or jurisdiction over Recipient, and Recipient is in compliance and shall at all times remain in compliance with all federal, state and local laws, rules and regulations which apply to Recipient.
  - c. Recipient shall use the Loan funds for, and only for, the purposes stated in Recipient's request or as otherwise approved by the EDA in the award of the Loan, specifically, to assist with the financing of Recipient's construction of the development project to be located on the Redevelopment Property.
  - d. Recipient is current on local property tax and special assessment payments owing on the Redevelopment Property.
3. DISCLOSURE BY RECIPIENT. Recipient shall provide to the EDA, upon request, any and all business and financial records as may be necessary to confirm to the EDA that Recipient continues to be in good standing and operating successfully on the Redevelopment Property and that the Loan funds have been used in compliance with the approved purposes of the Loan. Recipient shall also provide to the EDA a year-end report annually until the Loan has been repaid in full following the effective date of this Loan Agreement. "Year-end" shall be defined as December 31, with the year-end report being due by the following January 31. The year-end reports shall demonstrate to the EDA the status or completion of the purposes for which the Loan was given and shall document the continuing existence of the business on the Redevelopment Property in Northfield and whether the business has created or retained jobs.
4. REPAYMENT OF LOAN FUNDS. Recipient shall make monthly "interest only" payments of interest accrued at the Introductory Rate for twenty-four (24) months, commencing [REDACTED], 2019, in accordance with the Amortization Schedule for Interest Only Payments attached hereto as Schedule A, and thereafter shall make monthly payments of principal and interest accrued at the Loan Rate amortized over a period of

twenty-five (25) years, commencing \_\_\_\_\_, 2021, with a balloon payment of the remaining balance on the Loan, including accrued interest, due after one-hundred and eighty (180) months from date of closing, or a latest date of \_\_\_\_\_, in accordance with the Amortization Schedule for Principal and Interest Payments attached hereto as Schedule B. Monthly interest only payments pursuant to Schedule A or payments of principal and interest after the first twenty-four (24) months pursuant to Schedule B, shall be due on the \_\_\_\_\_ day of the month, provided that should such date not be a business day, interest shall be payable on the next business day. Any amount of principal and/or accrued interest which is not paid when due shall bear interest from the date on which such amount is due until such amount is paid in full, payable on demand, at the Loan Rate or the maximum rate allowed by law. Interest shall be computed daily at the Introductory Rate or the Loan Rate, as applicable, on the basis of the actual number of days in which all or any portion of the principal amount hereof is outstanding computed on the basis of a 365 day year. Recipient may prepay the Loan at any time without penalty. Principal and interest shall be payable in lawful money of the United States at the EDA's offices located at 801 Washington Street, Northfield, Minnesota.

5. SECURITY. As security for the payment of principal and accrued interest under this Agreement, Recipient hereby grants the following to the EDA:

a. Mortgage. A mortgage upon the Redevelopment Property located in the City of Northfield, legally described as follows:

Lot 3, Block 48, in the Original Town (now City) of Northfield, Rice County, Minnesota.

Together with (1) all buildings and improvements constructed or located on the Redevelopment Property ("Improvements") and (2) all easements and rights benefitting or appurtenant to the Redevelopment Property and Improvements including any right, title or interest in the bed of any street, road, highway or alley adjoining the Redevelopment Property.

b. Subordination. The EDA's mortgage on the Mortgaged Properties shall be subject to a first mortgage in the amount of \$\_\_\_\_\_, granted by \_\_\_\_\_, a \_\_\_\_\_, as Mortgagor in favor of \_\_\_\_\_, a \_\_\_\_\_, as Mortgagee, dated \_\_\_\_\_, and recorded on \_\_\_\_\_ as Document No. \_\_\_\_\_ in the offices of the Rice County Recorder/Registrar.

c. Personal Guarantee. The personal guarantee of Brett Reese that, in the event of Recipients' default with respect to this Loan, he shall repay any overdue installment or installments that are due and payable, or the entire amount of principal and interest remaining owing.

6. **EVENTS OF DEFAULT OF RECIPIENT.** Each of the following shall constitute an event of default (“Event of Default”) under this Agreement:
- a. Recipient shall fail to pay when due (whether by acceleration or otherwise) principal or interest under this Agreement, and such default unless otherwise cured shall have continued for a period of thirty calendar days after Recipient receives notice thereof from the EDA;
  - b. Any representation or warranty made by or on behalf of Recipient in this Agreement, in any other Loan Document or in any statement or certificate given in writing pursuant thereto or in connection therewith is false, misleading or incomplete in any material respect when made (or deemed to have been made);
  - c. Recipient fails or neglects to perform, keep or observe any covenant set forth in this Agreement and the same has not been cured within thirty calendar days after Recipient receives notice thereof from the EDA;
  - d. Recipient shall commence a voluntary case or other proceeding seeking liquidation, reorganization or other relief with respect to itself or its debts under any bankruptcy, insolvency or other similar law now or hereafter in effect or seeking the appointment of a trustee, receiver, liquidator, custodian or other similar official of it or any substantial part of its property, or shall consent to any such relief or to the appointment of or taking possession by any such official in an involuntary case or other proceeding commenced against it, or shall make a general assignment for the benefit of creditors, or shall fail generally to pay its debts as they become due, or shall take any corporate action to authorize any of the foregoing;
  - e. An involuntary case or other proceeding shall be commenced against Recipient seeking liquidation, reorganization or other relief with respect to it or its debts under any bankruptcy, insolvency or other similar law now or hereafter in effect or seeking the appointment of a trustee, receiver, liquidator, custodian or other similar official of it or any substantial part of its property, and such involuntary case or other proceeding shall remain undismissed and unstayed for a period of 60 days; or an order for relief shall be entered against Recipient under the federal bankruptcy laws as now or hereafter in effect; or
  - f. This Agreement, for any reason (other than the satisfaction in full of all amounts owing in connection with the Loan) ceases to be, or is asserted by Recipient not to be, a legal, valid and binding obligation of Recipient, enforceable in accordance with its terms, and such occurrence has not been cured to the EDA's satisfaction within five (5) calendar days after Recipient receives notice thereof from the EDA.
7. **EDA REMEDIES IN EVENT OF DEFAULT.** If an Event of Default shall occur and be

continuing or shall exist, the outstanding principal amount of the Loan and interest accrued thereon shall be immediately due and payable without presentment demand, protest or further notice of any kind, all of which are hereby expressly waived, interest thereon shall accrue on the total amount of the Loan (principal and interest) outstanding from and after the date of default at a rate equal to the interest rate on state court judgments established by the State Court Administrator's office in effect at the time of default, and an action therefore shall immediately accrue. After the date of default, payments by Recipient shall be applied first to interest and then to principal. Recipient shall also pay any costs of collection, including but not limited to reasonable attorneys' fees and expenses, incurred by the EDA in enforcing this obligation.

## 8. GENERAL TERMS.

a. Voluntary and Knowing Action. The parties, by executing this Agreement, state that they have carefully read this Agreement and understand fully the contents thereof; that in executing this Agreement they voluntarily accept all terms described in this Agreement without duress, coercion, undue influence, or otherwise, and that they intend to be legally bound thereby.

b. Authorized Signatories. The parties each represent and warrant to the other that (1) the persons signing this Agreement are authorized signatories for the entities represented, and (2) no further approvals, actions or ratifications are needed for the full enforceability of this Agreement against it; each party indemnifies and holds the other harmless against any breach of the foregoing representation and warranty.

c. Assignment. This Agreement may not be assigned by either party without the written consent of the other party.

d. Modifications/Amendment. Any alterations, variations, modifications, amendments or waivers of the provisions of this Agreement shall only be valid when they have been reduced to writing, and signed by authorized representative of the EDA and Recipient.

e. Records—Availability and Retention. Pursuant to Minn. Stat. § 16C.05, subd. 5, Recipient agrees that the City of Northfield, the EDA, State Auditor, or any of their duly authorized representatives at any time during normal business hours and as often as they may reasonably deem necessary, shall have access to and the right to examine, audit, excerpt, and transcribe any books, documents, papers, records, etc., which are pertinent to the accounting practices and procedures of Recipient and involve transactions relating to this Agreement.

Recipient agrees to maintain these records for a period of six years from the date of termination of this Agreement.

f. Compliance with Laws. Recipient shall abide by all Federal, State and local laws, statutes, ordinances, rules and regulations now in effect or hereinafter adopted pertaining

to this Agreement or to the facilities, programs and staff for which Recipient is responsible.

g. Interest by City/EDA Officials. No elected official, officer, or employee of the City of Northfield or the EDA shall, during his or her tenure or employment and for one year thereafter, have any interest, direct or indirect, in this Agreement or the proceeds thereof.

h. Governing Law. This Agreement shall be deemed to have been made and accepted in Rice County, Minnesota, and the laws of the State of Minnesota shall govern any interpretations or constructions of the Agreement without regard to its choice of law or conflict of laws principles.

i. Data Practices. The parties acknowledge that this Agreement is subject to the requirements of Minnesota's Government Data Practices Act, Minnesota Statutes, Section 13.01 *et seq.*

j. No Waiver. Any party's failure in any one or more instances to insist upon strict performance of any of the terms and conditions of this Agreement or to exercise any right herein conferred shall not be construed as a waiver or relinquishment of that right or of that party's right to assert or rely upon the terms and conditions of this Agreement. Any express waiver of a term of this Agreement shall not be binding and effective unless made in writing and properly executed by the waiving party.

k. Severability. The invalidity or unenforceability of any provision of this Agreement shall not affect the validity or enforceability of any other provision. Any invalid or unenforceable provision shall be deemed severed from this Agreement to the extent of its invalidity or unenforceability, and this Agreement shall be construed and enforced as if the Agreement did not contain that particular provision to the extent of its invalidity or unenforceability.

l. Entire Agreement. These terms and conditions constitute the entire Agreement between the parties regarding the subject matter hereof. All discussions and negotiations are deemed merged in this Agreement.

m. Headings and Captions. Headings and captions contained in this Agreement are for convenience only and are not intended to alter any of the provisions of this Agreement and shall not be used for the interpretation of the validity of the Agreement or any provision hereof.

n. Survivability. All covenants, indemnities, guarantees, releases, representations and warranties by any party, and any undischarged obligations of the EDA and Recipient arising prior to the expiration of this Agreement (whether by completion or earlier termination), shall survive such expiration.

o. Execution. This Agreement may be executed simultaneously in two or more

counterparts that, when taken together, shall be deemed an original and constitute one and the same document. The signature of any party to the counterpart shall be deemed a signature to the Agreement, and may be appended to, any other counterpart. Facsimile and email transmissions of executed signature pages shall be deemed as originals and sufficient to bind the executing party.

IN WITNESS WHEREOF the parties have caused these presents to be signed as of the date first above mentioned.

**REBOUND/STENCIL DEVELOPMENT LLC**

By: \_\_\_\_\_  
Brett D. Reese, Its President

Date: \_\_\_\_\_

STATE OF MINNESOTA            )  
  ) ss.  
COUNTY OF RICE                )

The foregoing instrument was acknowledged before me this \_\_\_\_\_ day of \_\_\_\_\_, 2019, by Brett D. Reese, President of Rebound/Stencil Development LLC, on behalf of the limited liability company and pursuant to the authority granted by its board of governors.

\_\_\_\_\_  
Notary Public



**THE CITY OF NORTHFIELD ECONOMIC  
DEVELOPMENT AUTHORITY**

By: \_\_\_\_\_  
Andrew Ehrmann, Its President

Date: \_\_\_\_\_

By: \_\_\_\_\_  
Britt Ackerman, Its Treasurer

Date: \_\_\_\_\_

STATE OF MINNESOTA            )  
  ) ss.  
COUNTY OF RICE                )

The foregoing instrument was acknowledged before me this \_\_\_\_\_ day of \_\_\_\_\_, 2019, by Andrew Ehrmann, President, and Britt Ackerman, Treasurer, on behalf of the City Northfield Economic Development Authority.

\_\_\_\_\_  
Notary Public

THIS INSTRUMENT WAS DRAFTED BY:

FLAHERTY & HOOD, P.A.  
Northfield City Attorneys  
525 Park Street, Suite 470  
St. Paul, MN 55103-2122  
651-225-8840

SCHEDULE A  
AMORTIZATION SCHEDULE FOR INTEREST ONLY PAYMENTS

SCHEDULE B  
AMORTIZATION SCHEDULE FOR PRINCIPAL AND INTEREST PAYMENTS