



Economic Development Authority Agenda

I. Call to Order

- a. Pledge of Allegiance
- b. Roll Call
- c. Agenda Modifications
- d. Adopt Agenda

2. Consider Adoption of Resolution Approving Organization of Advisory Bodies

- a. Oath of Office (1 member)
- b. Election of 2022 President
- c. Election of 2022 Vice-President
- d. Election of 2022 Secretary
- e. Election of 2022 Treasurer
- f. Adoption of 2022 Meeting Schedule

3. Approval of Meeting Minutes from January 4, 2022 Meeting

4. Public Hearing

5. Business Item

- a. Amendments to Special Tools Documents
 - i. Resolution 2022-XXX Approving Forgivable Loan for Special Tools
 - ii. Development and Subsidy Agreement
 - iii. Purchase Agreement
 - iv. Promissory Note

7. Adjournment



MEMO

To: Economic Development Authority
From: Stephanie Hillesheim, Community Development Director
Date: February 2, 2022
Subject: Resolution 2022-1 ORGANIZING THE ECONOMIC DEVELOPMENT AUTHORITY OF THE CITY OF ISANTI MINNESOTA

According to the By-laws of the EDA, the first meeting of the year is time to choose new officers of the Economic Development Authority. New elected or appointed Authority members must take an oral "Oath of Office" and sign the "Oath of Office" sheet.

- A. Oath of Office
 - 1) Verbal Oath
 - 2) "Oath of Office" signatures-Form to be provided if necessary
- B. Election of 2021 EDA President
 Commissioner Johnson was appointed in 2021. The Role: Preside at all meetings; sign EDA documents; submit recommendations and information as considered proper concerning the business affairs and policies of the Authority. Staff recommends selection of a President for 2022 and adopting in attached Resolution 2022-2.
- C. Election of 2021 EDA Vice-President
 Commissioner Lundeen was appointed in 2021. The Role: Perform duties in the absence of the President. Staff recommends selection of a Vice President for 2021 and adopting in attached Resolution 2022-1.
- D. Election of 2022 EDA Secretary (typically Staff)
 Community Development Director Sheila Sellman was appointed Secretary in 2021. Staff would recommend appointing the Community Development Director, Stephanie Hillesheim for 2022. The Role: Keep minutes and maintain records. Staff recommends election of a Secretary and adopting in attached Resolution 2022-1
- E. Election of 2020 EDA Treasurer
 Finance Director Mike Betker was appointed EDA Treasurer in 2021. Staff would recommend appointing the City of Isanti Finance Director for 2022. The Role: Signatory of the Authority. Books are maintained by the City of Isanti. (Finance Director). Staff recommends election of a Treasurer and adopting in attached Resolution 2022-1.
- F. Adoption of 2021 Meeting Schedule

Request:

Staff is requesting action on this item.

Action Required:

Staff recommends adoption Resolution 2022-1 which includes the meeting dates for the 2022 EDA meetings. The City Council has approved the proposed dates.

Attachments:

- Resolution 2022-1
- 2022 Meeting Schedule
- Conflict of Interest Form

RESOLUTION 2022-1

ORGANIZING THE ECONOMIC DEVELOPMENT AUTHORITY OF THE CITY OF ISANTI MINNESOTA

WHEREAS, the Board of Commissioners (the "Board") of the Economic Development Authority of the City of Isanti Minnesota (the "EDA") as follows:

1. Recitals.

(a) On February 18, 2014 the City of Isanti Minnesota (the "City"), acting through its City Council, adopted a modified enabling resolution pursuant to Minnesota Statutes, Sections 469.090 through 469.108 and the EDA adopted its Bylaws on June 2, 2015 and amended and restated Bylaws on January 7, 2020.

(b) The Board wishes to provide for the basic organization of the EDA, including appointment of officers.

2. Appointment of Officers. The Board hereby appoints and approves the following officers of the Economic Development Authority:

President

Vice-President

Secretary: Stephanie Hillesheim, City of Isanti Community Development Director

Treasurer: Mike Betker, City of Isanti Finance Director

WHEREAS, the President shall be the chief presiding officer of the Board and shall have such other responsibilities as may be required by law or conferred on the President by resolution of the Board. In the absence of the President, the Vice-President shall assume all of said responsibilities of the President. The offices of President, Vice President, Treasurer, and Secretary shall be elected annually, as required by law. The Secretary shall act as the chief recording officer for the Board and shall maintain a file of minutes of Board meetings and resolutions; and,

WHEREAS, in accordance with Minnesota Statutes, Section 469.096, Subdivision 8, all checks of the EDA shall be signed by the Treasurer shall state the nature of the claim for which the check is issued. As required by law, the EDA shall adopt an official seal; and,

WHEREAS, regular Meetings of the Board. The Board shall hold regular meetings immediately following the 1st City Council Meeting on the 1st Tuesday of every month at Isanti City Hall. In the event that the 1st City Council Meeting of the month is moved due to a conflict (e.g. Election Day or precinct caucuses) the Authority meeting date will move to the same day as the 1st City Council Meeting of the month. The Board's regular meetings shall be held at such times as the Board may designate. For 2021, the following meeting dates are attached on Exhibit A; and,

WHEREAS, the following Commissioners were present: _____
and the following were absent: _____;

NOW, THEREFORE, IT IS HEREBY RESOLVED by the Economic Development Authority, the motion for the adoption of the foregoing resolution was introduced by Commissioner _____ and was duly seconded by Commissioner _____ and upon vote being taken thereon, the following Commissioners voted in favor thereof:

and the following voted against the same:

whereupon the resolution was declared duly passed and adopted and was signed by the President and Secretary.

The Resolution hereby approved by the Economic Development Authority Board of Commissioners on February 2, 2022.

Attest:

Mayor Jeff Johnson

Stephanie Hillesheim, Secretary

2022 ECONOMIC DEVELOPMENT AUTHORITY MEETING SCHEDULE

The Economic Development Authority shall hold regular meetings immediately following the 1st 7:00 p.m. City Council Meeting on the 1st Tuesday of every month at Isanti City Hall. All meetings are held at Isanti City Hall at 110 1st Avenue NW, Isanti, MN 55040 in the City Council Chambers. The 2022 scheduled meeting dates are below:

January 4, 2022

February 2, 2022 (Wed.)

March 1, 2022

April 5, 2022

May 3, 2022

June 7, 2022

July 5, 2022

August 2, 2022

September 6, 2022

October 4, 2022

November 1, 2022

December 6, 2022

CONFLICTS OF INTEREST DISCLOSURE FORM

Print Name _____ Position _____

Public Officials of the City of Isanti listed by title in the Resolution are required to complete and file this Disclosure Form with the City Clerk in accordance with the provisions of the Conflicts of Interest Policy.

1. Affiliations with Agencies Doing Business with the City

Identify all positions as officer, director, partner, proprietor or employee of any firm or proprietary interest of ten percent (10%) or more in any company, business, enterprise, corporation, partnership, labor union or association doing business with the City.

<u>Name of Organization</u>	<u>Position Held</u>	<u>Compensation Involved</u>
_____	_____	Yes _____ No _____
_____	_____	Yes _____ No _____

☐ Not Applicable

2. Real Property Owned in the City of Isanti (*Exclude homestead property*)

Identify real property items owned or being purchased by a Public Official, spouse, or child, or in which the Official has a beneficial interest. The actual value of any item is not required.

<u>Property Item</u>	<u>Address</u>	<u>PID #</u>
_____	_____	_____
_____	_____	_____

☐ Not Applicable

3. Assets

Identify all ownership or beneficial interests in any company, business, enterprise, corporation, partnership, labor union or association doing business with the City where such interest exceeds ten percent (10%) of the total ownership.

Name of Organization

☐ Not Applicable

Public Official

The Above is True and Correct

Current Address

City

State

Zip Code

Home Phone Number _____

Cell Phone Number _____

Print Name _____ Signature _____

Date: _____

Received by the City Clerk/designee on: _____

**Economic Development Authority
Meeting Minutes
January 4, 2022**

1. **Call to Order:** Chair Johnson called the meeting to order at 7:36 pm
 - a. **Pledge of Allegiance**
 - b. **Roll Call:** EDA Members present: Jeff Johnson, Steve Lundeen, Paul Bergley, Dan Collison, and Jimmy Gordon
Members Absent: Luke Merrill
Staff Present: Community Development Director Stephanie Hillesheim, City Clerk Jaden Strand, City Administrator Josi Wood, Finance Director Mike Betker
 - c. **Agenda Modifications:** None
 - d. **Adopt Agenda:** Motion by Lundeen, second by Collison to adopt the agenda, motion passed 5-0.
2. **Approval of Meeting Minutes from November 16, 2021 Special Meeting:** Motion by Collison, second by Lundeen to approve the meeting minutes, motion passed 5-0.
3. **Business Item – Public Hearing**
 - A. **Amendments to Business Subsidy Criteria:** Community Development Director Stephanie Hillesheim explained that the business subsidy criteria is overdue for an update and city staff has gone through this criteria line by line to make it current. Major updates include updates to the wage requirements and subsidy thresholds to meet the requirements set in State Statutes so that they will automatically follow the requirements versus having to update the policy continually. Members of the EDA agreed that these were minor changes and common sense. City Administrator Josi Wood pointed out that a lot of the language is included within State Statutes, however State Statute requires that the city has a policy as well. CD Director Hillesheim explained that this is not an EDA resolution but that the EDA has to recommend this to Council to hold a resolution. Mayor Johnson opened the public hearing on this item. There was no one from the public who was present to speak at the public hearing. Motion by Lundeen, second by Collison to recommend that the amendments to the business subsidy criteria be brought to City Council for approval, motion passed 5-0.
4. **Other Business / Updates / Communications** None
5. **Adjournment:** Motion by Lundeen to adjourn second by Bergley, motion passed 5-0 meeting adjourned at 7:41 pm.

**MEMO**

To: Economic Development Authority
From: Stephanie Hillesheim, Community Development Director
Date: January 28, 2022
Subject: Resolution APPROVING A FORGIVABLE LOAN FOR CANE PROPERTIES LLC

On November 16, 2021 the Economic Development Authority approved the sale of the property located at 640 East Dual Blvd to Special Tools, Inc to expand their business in Isanti. Special Tools, Inc has created an LLC to be the official title holder of the property, Cane Properties LLC. Special Tools, Inc. doing business as Cane Properties LLC is working with the Small Business Administration for loan funding and to be eligible to include the value of the land in their loan documents the structure of the transaction has been altered to allow for a forgivable loan to the purchaser in lieu of selling the land for \$1.00. The outcome of the closing will remain the same. Due to the change in name, and structure of the deal, all documents must be updated and reapproved.

Request:

Staff is requesting action on this item.

Action Required:

If the EDA concurs, it should by motion, approve Resolution as written, as well as the accompanying updated documents: Purchase Agreement, Development and Subsidy Agreement, and Promissory Note.

Attachments:

- Resolution 2022-XXX **APPROVING A FORGIVABLE LOAN FOR CANE PROPERTIES LLC**
- Promissory Note
- Purchase Agreement
- Business Subsidy Agreement

RESOLUTION 2022-xxx

**APPROVING A FORGIVABLE LOAN FOR CANE PROPERTIES LLC FOR CERTAIN
REAL PROPERTY LOCATED AT PID 16.125.0020**

WHEREAS, the Economic Development Authority of the City of Isanti owns industrial property for the public purpose of creating quality jobs and increasing the City's tax base; and,

WHEREAS, the Economic Development Authority entered into a Purchase Agreement with CANE Properties LLC for the sale of the property located at PID 16.125.0020; and,

WHEREAS, the EDA has received a request from CANE Properties LLC for assistance in the relocation and expansion of their business to 640 East Dual Blvd Northeast, as legally described as Lot 1 Block 1 Centennial Complex 8th Rearrangement; and,

WHEREAS, to support the business and the goals set forth in the Comprehensive Plan, the EDA agrees to provide a \$81,700 forgivable loan to CANE Properties LLC to support the growing business and filling an otherwise empty industrial lot; and,

WHEREAS, the \$81,700 loan will be forgiven upon compliance, by CANE Properties LLC, with the provision of paragraph 7(c) of the Development and Subsidy Agreement for CANE Properties LLC dated November 16, 2021; and

WHEREAS, the EDA has reviewed said request and found it to be in compliance with the City Code and Minnesota State Statutes.

NOW, THEREFORE, BE IT RESOLVED by the Economic Development Authority of the City of Isanti, Minnesota: that a \$81,700 deferred loan is awarded to CANE Properties LLC for assistance for the acquisition of real property, legally described as Lot 1 Block 1 Centennial Complex 8th Rearrangement.

This resolution was duly approved by the Isanti Economic Development Authority this 2nd of February, 2022.

Attest:

Mayor Jeff Johnson

Jaden Strand
City Clerk

CITY OF ISANTI

DEVELOPMENT AND SUBSIDY AGREEMENT FOR CANE PROPERTIES LLC

This Agreement (hereinafter the “Agreement”) is entered into this 16th day of November, 2021 by and between the **City of Isanti**, a Minnesota municipal corporation (the “**City**”) and **CANE Properties LLC**, a corporation under the laws of Minnesota (the “**Developer**”).

1. Subject Property. Developer is, or will be, the owner of the Subject Property legally described as Lot OOA Isanti Centennial Complex 3rd Rearrange, County of Isanti, State of Minnesota, PID Number 16.125.0020. Sale of the Subject Property by the City to Developer at a price below market value is the subsidy contemplated by this Agreement.
2. Conditions of Approval. The City has approved development of the Subject Property, as subsidized by the City, subject to satisfaction of the following conditions:
 - a. The Developer’s Execution of this Agreement. That the Developer enter into this Agreement.
 - b. Marketable Title. That the Developer obtain, and retain, title to the Subject Property.
 - c. Proof of Authority. That the Developer provide proof that its governing board authorized the Developer’s execution of this Agreement. This proof of authority may be satisfied by providing the City with a certified copy of the minutes of the governing board.
 - d. Site Plan. That Developer’s site plans, as required by the Isanti City Code, be completed by Developer and reviewed and approved by the City.
3. The Plans. The term “Plans” as used in this Agreement means the Site Plans prepared by Developer. The Plans are subject to: (a) Planning Commission review;

(b) approval of the City Council; and (c) such further revisions as the Developer may propose and the City approves. The Plans shall not be attached to this Agreement but are in the City's files.

4. Required Private Improvements. The private improvements the Developer will construct or install are as follows:

- a. Sanitary sewer
- b. Water
- c. Storm drainage facilities
- d. Stormwater maintenance
- e. Parking lot
- f. Concrete curb and gutter
- g. Lot grading
- h. Landscaping

5. Payment of Development Fees. Developer shall, contemporaneously with execution of this Agreement, deposit with the City an escrow of \$5,000 to cover the cost of legal fees, engineering fees, administrative expenses and other costs related to the Development. Any funds remaining in the escrow account(s) after the completion of the Development shall be refunded to the Developer. In the event the escrow account balance is reduced to \$1,000 or less, the Developer shall post additional sums of money to replenish the account to a maximum of \$2,000 to cover projected City costs as determined by the City. The escrow account shall always have a balance of no less than \$1,000.00. The Developer shall be entitled, upon request, to an itemized statement of all costs and fees charged against the Developer's escrow account. Sanitary Sewer Connection (Trunk) Fees, Water Connection (Trunk) Fees are collected at the time the building permit is issued.

6. Developer Defaults. If the Developer defaults in the performance of one or more of the Developer's obligations under this Contract, i) the City gives the Developer 30 days' written notice of the default and ii) the Developer fails to cure the default within said 30 days, then the City may pursue any and all remedies available at law or in equity including, but not limited to, the following:

- a. The City may, at its option, perform or engage one or more third parties to perform the Developer's obligations. If, in the reasonable judgment of the City's staff, the Developer's default creates an immediate risk to public health or safety, the City may perform or engage one or more third parties to perform the work before the City provides the notice described in the initial paragraph of this Section, but the City must use commercially reasonable efforts to notify the Developer as promptly as possible that the City is undertaking to perform the Developer's obligation or obligations. If the City performs one or more obligations of the Developer, the Developer must reimburse the City for any costs or expenses the City incurs, including costs and expenses for City staff time, to perform the work within 30 days

after the City notifies the Developer, in writing, of the costs and expenses the City incurred to perform the work. If the Developer does not reimburse the City within said 30day period, the City may pursue any remedies available to the City either at law or in equity or, in the alternative, the City may draw on the financial guaranty the Developer has provided to the City pursuant to this Agreement to reimburse itself for the expenses the City incurs to perform the work. This Agreement is a license for the City to act, and it shall not be necessary for the City to seek a Court Order for permission to enter the Developer Property. As an alternative to seeking recovery from the Developer or the financial guaranty, the City may levy special assessments against the Developer Property in accordance with Minnesota Statutes Section 429, and the Developer, for itself and its successors in title, hereby expressly waives any and all substantive and procedural objections or defenses the Developer may have to such special assessments;

- b. The City may commence an action in Isanti County District Court to pursue any remedy available to the City at law or in equity including, but not limited to, injunctive relief;
- c. The City may refuse to grant building permits for improvements to be constructed on the Subject Property until the Developer has cured all of its defaults; and
- d. The City may draw upon all or any portion of the financial guaranty the Developer has provided to the City and (i) use all or any portion of the proceeds from the financial guaranty to reimburse the City pursuant to subsection (a) above; (ii) use all or any portion of the proceeds from the financial guaranty to satisfy any judgment the City obtains against the Developer pursuant to subsection (b) above; (iii) use all or any portion of the proceeds to reimburse the City pursuant to Section 11 (j) below; and (iv) hold all or any portion of the proceeds for a reasonable time for the future application as described in subsections (i), (ii) and (iii) of this paragraph.

7. Business Subsidy. As a condition of developing the Subject Property, Developer and City agree to the following terms:

- a. Subsidy. Developer acknowledges and agrees that it received a business subsidy from the City in the form of a reduced purchase price for the Subject Property. The Subject Property is valued at \$81,700. The City sold the Subject Property to Developer for \$81,700 subject to a forgivable loan as outlined in the Promissory Note dated _____. The value of the subsidy is \$81,700.
- b. Public Purpose. The public purposes for granting the subsidy are to create jobs within the City of Isanti and to increase the City's tax base.

- c. Subsidy Goals. Developer shall create a minimum of 5 full-time, or full-time equivalent, jobs within two years of the date of this Agreement. All jobs shall meet or exceed State minimum wage requirements. Developer shall continue to meet or exceed said employment goals for at least five years after the date of this Agreement. In the event these requirements are not met, Developer shall pay the City the amount of the subsidy in a single lump sum payment or as otherwise agreed to in writing by the parties.
 - d. Statement of Need. Developer represents that without the business subsidy contemplated by this Agreement, Developer would not relocate its existing business to the City.
 - e. Reporting. Developer shall provide reports to the City as required by Minnesota Statutes section 116J.994, subdivision 7, on forms provided by the City.
8. Miscellaneous.
- a. Invalidity of Any Section. If any portion, section, subsection, sentence, clause, paragraph or phrase of this Agreement is for any reason invalid, such decision shall not affect the validity of the remaining portion of this Agreement.
 - b. Written Amendments Only. The action or inaction of the City or the Developer shall not constitute a waiver or amendment to the provisions of this Agreement. To be binding, amendments or waivers shall be in writing, signed by the parties, and approved by a resolution of the City Council. The City's or the Developer's failure to promptly take legal action to enforce this Agreement shall not be a waiver or release.
 - c. Compliance with Laws and Regulations. The Developer represents to the City that the Site Plan complies with all City, County, State, and Federal laws and regulations, including but not limited to: subdivision ordinances, zoning ordinances and environmental regulations. If the City determines that the site plan does not comply, the City may, at its option, refuse to allow any construction or development work on the Subject Property until the Developer does comply. Upon the City's demand Developer shall cease work until there is compliance.
 - d. Mailbox Locations. If the Developer desires to construct a mailbox within the public right of way, the Developer agrees that the placement of a mailbox along public streets is subject to the approval by the Postmaster. Utility locates will be necessary.
 - e. Not applicable.

- f. Construction, Hours and Entrance Signs. The City restricts construction and delivery hours to Monday through Friday 7:00 a.m. to 9:00 p.m., weekends and holidays, 8:00 a.m. to 8:00 p.m. The Developer is required to provide a sign at each entrance point stating delivery and construction operation hours. Said signs are not to exceed 80 square feet in size and must be clearly visible at all times during the construction period.
- g. Construction Site Maintenance. The Developer shall adhere to all of the City ordinances relating to, but not limited to, dumping of garbage, site development, construction debris, open burning, etc. The City reserves the right to withhold permits, inspections, or certificates of occupancy to correct violations relating to construction site maintenance.
- h. Estimated Cost. It is understood and agreed that cost amounts set forth in this Agreement as to the Required Private Improvements, unless qualified as fixed amounts, are estimated. The Developer agrees to pay the entire cost of said improvements including interest, engineering and legal fees related thereto.
- i. Plat Approval Expenses. Not applicable.
- j. Reimbursement to the City. The Developer agrees to reimburse the City for all costs incurred by the City in defense or enforcement of this Agreement, or any portion thereof, including court costs and reasonable engineering and attorney's fees.
- k. Certificate of Occupancy. The term "Certificate of Occupancy" as used in this Agreement shall be defined as a document issued by the City's Building Official, which authorizes the structure to be used for its intended purposes.
- l. Notices. Required notices shall be in writing, and shall be either hand delivered to the Parties, its employees or agents, or mailed to them by certified or registered mail at the following address:

To Developer:
CANE Properties LLC
Adam Klinkner
3950 Stark Drive NW
St. Francis MN 55070

To The City:
Josi Wood
City Administrator
City of Isanti
110 1st Ave. N.W.
Isanti, MN 55040

[The remainder of this page is intentionally left blank.]

The Developer:

CANE Properties LLC

By:_____

Adam Klinkner

Its: Chief Executive Officer

STATE OF MINNESOTA)
)ss.
COUNTY OF _____)

The foregoing instrument was acknowledged before me this _____ day of _____, 2021,
by Adam Klinkner, Chief Executive Officer of Special Tools Inc, a corporation under the laws of
the State of Minnesota on behalf of the corporation.

Notary Public

The City:

City OF ISANTI

By: _____
Its: Mayor

By: _____
Its: City Clerk

STATE OF MINNESOTA)
)ss.
COUNTY OF ISANTI)

The forgoing instrument was acknowledged before me on this _____ day of _____ 2021, by Jeff Johnson and Jaden Strand, the Mayor and the City Clerk, respectively, of the City of Isanti, a municipal corporation organized under the laws of the State of Minnesota on behalf of the City.

Notary Public

This document drafted by:
Ratwik, Roszak & Maloney, P.A
730 Second Ave. S., Suite 300
Minneapolis, MN 5540

PURCHASE AGREEMENT

This Agreement is entered into by and between the **City of Isanti**, a Minnesota municipal corporation (“Seller”), and **CANE Properties LLC** a corporation under the laws of Minnesota (“Buyer”).

- 1. EFFECTIVE DATE.** The effective date of this Agreement is February 2, 2022 (the “Effective Date”).
- 2. SALE OF PROPERTY.** Seller agrees to sell to Buyer, and Buyer agrees to buy from Seller the Property legally described as follows:

Lot 1 Block 1 of Isanti Centennial Complex 8th Rearrangement, County of Isanti, State of Minnesota

Isanti County PID Number: 16.125.0020

- 3. PURCHASE PRICE.** The purchase price for the Property is \$81,700 (the “Purchase Price”).
- 4. EARNEST MONEY.** None.
- 5. SURVEY.** Buyer may, at Buyer’s expense, obtain a survey (the “Survey”) from a duly licensed surveyor. If so obtained, a copy shall be provided to Seller within 30 days of receipt by Buyer.
- 6. TITLE COMMITMENT.**
 - a. Seller makes no representations or warranties with respect to the status of title to the Property. Within 30 business days after the Effective Date, Buyer may, at Buyer’s expense, obtain a commitment from Escrow Agent to issue an owner’s policy of title insurance insuring Buyer’s title to the Property (the “Title Commitment”) and deliver the Title Commitment and copies of or internet access to copies of all recorded documents referenced in the Title Commitment to Buyer.
 - b. Buyer shall have until the date 30 days after the receipt of the Title Commitment to review Title and to give Seller written notice of (i) any defects in the marketability of Seller title to the Property or any encumbrances on Seller’s title to the Property that are objectionable to Buyer, and (ii) the specific actions Buyer requests that Seller take with respect to each such defect or encumbrance (a “**Title Objection Notice**”). Any

defects in or encumbrances on Seller's title that Buyer does not identify in a timely Title Objection Notice are each a **"Permitted Exception."** Within three business days after Seller's receipt of a Title Objection Notice from Buyer, Seller will notify Buyer, in writing, of the actions, if any, that Seller is willing to take with respect to each of the matters identified in the Title Objection Notice and the time frame in which Seller will take those actions (**"Seller's Title Notice"**). If Seller's Title Notice indicates that Seller unconditionally agrees to make Seller's title to the Property marketable on or before the closing date established pursuant to Section 10, the parties shall proceed to closing pursuant to the terms of this Agreement. If Seller's Title Notice indicates that Seller does not unconditionally agree to make Seller's Title to the Property marketable on or before the closing date established in Section 10, Buyer may, at any time with three business days after Buyer's receipt of Seller's Title Notice, terminate this Agreement by written notice to Buyer in which case this Agreement is terminated (**"Buyer's Title Termination Notice"**). If Buyer does not deliver a Buyer's Title Termination Notice to Seller within the three business days after Buyer's receipt of Seller's Title Notice, then Seller must perform in accordance with Seller's Title Notice, Buyer shall be deemed to have waived Buyer's objections to the extent Seller has not agreed to address them in Seller's Title Notice, the matters to which Buyer objected and Seller did not agree to resolve are deemed Permitted Exceptions, and the parties shall proceed to Closing in accordance with the terms of this Agreement and the terms of Seller's Title Notice.

- 7. RIGHT OF ENTRY.** Buyer (and its employees, agents, and contractors) may enter the Property for the purpose of conducting soil tests, environmental tests and additional survey work, subject to the following conditions:
- a. Within one week after the termination of this Agreement, if either Seller or Buyer terminate this Agreement in accordance with the provisions hereof prior to Closing, Buyer must repair and or restore any damage Buyer or its employees, agents or contractors cause to the Property and remove any personal property, refuse or debris Buyer or its employees, agents or contractors brought onto or authorized third parties to bring onto the Property.
 - b. Buyer must defend and indemnify Seller from and against and hold Seller harmless Seller from all "Claims," as defined in Section 10, arising out of, resulting from or relating to any loss of or damage to any property or business or out of any injury to or death of any person, if the loss, damage, injury, or death arises or is alleged to arise either directly or indirectly and either wholly or in part from: (a) any action or omission of Buyer or its employees, agents, or contractors, while on the Property pursuant to this Section; or (b) actions or omissions of Buyer or Buyer's employees, agents, or contractors that cause or result in the release of any Hazardous Substance onto the Property or onto other property.
 - c. Buyer must comply with and shall cause it employees, agents, and contractors to comply with all applicable laws, while on the Property.

- d. Other than a standard Phase 1 environmental assessment, Buyer may not commence any environmental testing on the Property until Buyer submits a work plan for such testing to Seller and Seller approves the work plan, in writing. Seller may not unreasonably withhold, condition or delay Seller's approval of a work plan.
- e. Buyer must, promptly and without demand from Seller, provide Seller with true and complete copies of all draft and final reports relating to Buyer's geotechnical and environmental investigations and testing of the Property including, without limitation, any reports relating to any Phase I Environmental Site Assessment of the Property.
- f. The cost of any test or additional survey work will be borne solely by Buyer.

8. PROPERTY SOLD AS IS. Subject to Buyer's right to terminate this Agreement pursuant to Section 9, Buyer agrees to accept the Property in its current condition, including, without limitation, its current environmental and geological condition, and in an "AS-IS" and with "ALL FAULTS" condition. Buyer's payment of the Purchase Price at Closing constitutes Buyer's acknowledgment and agreement that:

- a. Seller has not made any written or oral representations or warranties of any kind with respect to the Property (including without limitation express or implied warranties of title, merchantability, or fitness for a particular purpose);
- b. Buyer has not relied on any written or oral representation or warranty made by Seller, its agents or employees with respect to the condition or value of the Property;
- c. Buyer has had an adequate opportunity to inspect the condition of the Property, including without limitation any environmental testing, and to inspect documents applicable thereto, and Buyer is relying solely on such inspection and testing; and
- d. The condition of the Property is fit for Buyer's intended use.
- e. Buyer accepts all risk of Claims (including without limitation all Claims under any Environmental Law and all Claims arising at common law, in equity or under a federal, state or local statute, rule or regulation) whether past, present or future, existing or contingent, known or unknown, arising out of, resulting from or relating to the condition of the Property, known or unknown, contemplated or un contemplated, suspected or unsuspected, including without limitation the presence of any Hazardous Substance on the Property, whether such Hazardous Substance is located on or under the Property, or has migrated from or to the Property.

9. INSPECTION PERIOD.

- a. Except as otherwise provided in Section 6, Buyer shall have **90 days from the Effective Date** (the “**Inspection Period**”) to investigate the Property and determine, in Buyer’s sole judgment, whether (i) the condition of the Property is suitable to Buyer’s intended use; and (ii) Buyer will be able to obtain all governmental approvals (including, but not limited to, approvals necessary to subdivide and re-plat the Property, if applicable) and utilities necessary for Buyer’s intended use of the Property. Buyer acknowledges and agrees that Seller has not made any covenants, representations or warranties regarding Buyer’s ability to obtain governmental approvals from the City of Isanti or any other governmental entity. The City of Isanti will review, consider and act on any applications Buyer submits to the City for governmental approvals in accordance with City Code.
- b. Buyer may, at any time on or before 5:00 p.m. on the last day of the Inspection Period, terminate the Agreement by written notice to Seller based on Buyer’s determination, in Buyer’s sole and absolute discretion, that the condition of the Property is not suitable for Buyer’s intended use or that Buyer may not be able to obtain all governmental approvals and utilities necessary for Buyer’s intended use of the Property. In addition, this Agreement automatically terminates at 5:00 p.m. on the last day of the Inspection Period unless, prior to that time Buyer delivers a written notice of Buyer’s intention to proceed (a “**Notice to Proceed**”) to Seller.

10. DEFINITIONS. As used in this Agreement:

“**Claim**” or “**Claims**” means any and all liabilities, suits, claims, counterclaims, causes of action, demands, penalties, debts, obligations, promises, acts, fines, judgments, damages, consequential damages, losses, costs, and expenses of every kind (including without limitation any attorney’s fees, consultant’s fees, costs, remedial action costs, cleanup costs and expenses which may be related to any claims).

“**Environmental Law**” means the Comprehensive Environmental Response, Compensation and Liability Act (“CERCLA”), 42 U.S.C. § 9601 et seq., the Resource Conservation and Recovery Act, 42 U.S.C. § 6901 et seq., the Federal Water Pollution Control Act (the Clean Water Act), 33 U.S.C. § 1251 et seq. the Clean Air Act, 42 U.S.C. § 7401 et seq., and the Toxic Substances Control Act, 15 U.S.C. § 2601 et seq., all as amended from time to time, and any other federal, state, local or other governmental statute, regulation, rule, law or ordinance dealing with the protection of human health, safety, natural resources or the environment now existing or hereafter enacted.

“**Hazardous Substance**” or “**Hazardous Substances**” means any pollutant, contaminant, hazardous substance or waste, solid waste, petroleum product, distillate, or fraction, radioactive material, chemical known to cause cancer or reproductive toxicity, polychlorinated biphenyl or any other chemical, substance or material listed or identified in or regulated by any Environmental Law.

11. RELEASE. By accepting the deed to the Property, Buyer, for itself, its directors, officers, stockholders, divisions, agents, affiliates, subsidiaries, predecessors, successors, and assigns and anyone acting on its behalf or their behalf hereby fully releases and forever discharges Seller from any and all Claims (including without limitation all Claims arising under any Environmental Law and all Claims arising at common law, in equity or under a federal, state or local statute, rule or regulation), past, present and future, known and unknown, existing and contingent, arising out of, resulting from, or relating to the condition of the Property, and Buyer hereby waives any and all causes of action (including without limitation any right of contribution) Buyer had, has or may have against Seller and anyone acting on its behalf with respect to the condition of the Property, whether arising at common law, in equity or under a federal, state or local statute, rule or regulation. The foregoing shall apply to any condition of the Property, known or unknown, contemplated or un contemplated, suspected or unsuspected, including without limitation the presence of any Hazardous Substance on the Property, whether such Hazardous Substance is located on or under the Property, or has migrated from or to the Property.

12. NOTICES. Notices permitted or required by this Agreement must be in writing and shall be deemed given when delivered in legible form to the party to whom addressed. Notices may be sent by certified mail or e-mail. Notices are effective two business days after they are mailed via certified mail, return receipt requested or, if sent by email, upon email transmission (provided that any email transmission that occurs after 5:00 pm Pacific Time will be deemed provided on the following day). If delivered at the Closing, a notice shall be deemed given when hand-delivered to the party's representative at the Closing. The business addresses of the parties are as follows:

Seller: Josi Wood
 City Administrator
 City of Isanti
 110 1st Ave. N.W.
 Isanti, MN 55040
 Email: jwood@cityofisanti.us

Buyer: CANE Properties LLC
 Adam Klinkner
 3950 Stark Drive
 St. Francis MN 55070

Email: adamk@specialtoolsinc.com

Notices not given in the manner or within the time limits set forth in this Agreement are of no effect and may be disregarded by the party to whom they are directed.

13. CLOSING. This transaction shall close within 30 days after Buyer delivers a Notice to Proceed to Seller or on such earlier date as Seller and Buyer may establish by mutual, written agreement. The Closing shall take place at City offices or at some other place as

the parties may mutually agree prior to such date. At the option of either Party, the executed closing documents, Purchase Price and closing costs may be deposited with the City to avoid the necessity for a Closing at which the Parties are present.

a. **Seller's Obligations at Closing.** At Closing, Seller must deliver to Escrow Agent, for delivery to Buyer:

- i. A limited warranty deed, duly executed and acknowledged on behalf of the City, conveying title to the Property, subject to (A) Building, Subdivision and Zoning Ordinances; (B) Matters that would be disclosed by an accurate survey of the Property; and (C) matters that constitute Permitted Exceptions pursuant to Section 6.
- ii. A certified copy of a duly adopted Resolution authorizing Seller's sale of the Property to Buyer; and
- iii. Seller's affidavits, well disclosure certificate (if required), settlement statement approved by Seller and Buyer, and any other documents required by the Escrow Agent.

b. **Buyer's Obligations at Closing.** At Closing, Buyer must:

- i. Provide the Purchase Price; and
- ii. File or cause Escrow Agent to file an Electronic Certificate of Real Estate Value, if required and necessary.

c. **Closing Costs.**

- i. At Closing, the following Seller closing costs and expenses must be paid from the Purchase Price or, if the Purchase Price is not sufficient, paid by Seller:
 1. Seller's own attorney's fees.
 2. The cost of real estate broker commission fees as prescribed in Section 14, if any.
- ii. At Closing Buyer must pay the Purchase Price to Seller and the following costs and expenses:
 1. Property taxes payable 2021, if any.
 2. Buyer's own attorney's fees.
 3. All closing fees.
 4. Documentary and recording fees for the deed(s).
 5. State deed tax.
 6. The cost of the title commitment.

7. The cost of the owner's title insurance policy, if Buyer elects to purchase an Owner's title insurance policy.

d. **Possession**. Seller must deliver possession of the Property to Buyer at Closing.

14. REAL ESTATE BROKERS. Seller and Buyer represent and warrant to each other that they have dealt with no brokers, real estate agents, finders or the like in connection with this transaction. Seller and Buyer agree to indemnify each other and to hold each other harmless against all claims, damages, costs or expenses of or for any broker's fees or commissions resulting for their actions or agreements regarding the execution or performance of this Agreement, other than the fees payable to Seller's Broker, and will pay all costs of defending any action or lawsuit brought to recover any such fees or commissions incurred by the other party, including reasonable attorney's fees.

15. ASSIGNMENT. This Agreement may not be assigned without the written consent of the non-assigning Party.

16. THIRD PARTY BENEFICIARY. There are no third-party beneficiaries of this Agreement, intended or otherwise.

17. JOINT VENTURE. Seller and Buyer, by entering into this Agreement and completing the transactions described herein, shall not be considered joint ventures or partners.

18. CAPTIONS. The paragraph headings or captions appearing in this Agreement are for convenience only, are not a part of this Agreement, and are not to be considered in interpreting this Agreement.

19. ENTIRE AGREEMENT / MODIFICATION. This written Agreement constitutes the complete agreement between the parties and supersedes any prior oral or written agreements between the parties regarding the Property. There are no verbal agreements that change this Agreement and no waiver or modification of any of its terms will be effective unless in writing executed by the parties.

20. BINDING EFFECT. This Agreement binds and benefits the Parties and their successors and assigns.

21. CONTROLLING LAW. This Agreement is made under the laws of the State of Minnesota and such laws will control its interpretation.

22. REMEDIES.

- a. If Buyer fails to perform any of the terms or conditions of this Agreement within the specified time limits, Seller may declare this Agreement terminated pursuant to Minnesota Statutes section 559.21. Seller's sole remedy in the event of Buyer's default is retention of the Earnest Money, if any, unless Buyer defaults under Section 7 or 11 of this Agreement, in which case Seller may retain the Earnest money or suspend the performance of its obligations under this Agreement and commence an action in Isanti County District Court to recover its actual damages arising from the default.
- b. If Seller fails to perform any of the terms or conditions of this Agreement within the specified time limits, Buyer may, as its sole remedy, declare this Agreement terminated, or, in the alternative, Buyer may have this Agreement specifically enforced and recover any incidental damages. Buyer waives all claims for consequential damages against Seller based on Seller's breach or alleged default hereunder.

23. WAIVER. Failure of Seller or Buyer to insist upon the performance of any of the covenants, agreements and/or conditions of this Agreement or to exercise any right or privilege herein shall not be deemed a waiver of any such covenant, condition or right.

24. SURVIVAL OF TERMS AND CONDITIONS. The terms and conditions of this Agreement shall survive and be in full force and effect after the delivery of the deed and shall not be deemed to have merged therein.

25. SEVERABILITY. Each provision of this Agreement shall apply to the extent permitted by applicable law and is intended to be severable. If any provision is illegal or invalid for any reason whatsoever, such illegality or invalidity shall not affect the legality or validity of the remainder of the Agreement.

26. CONSTRUCTION. The Parties acknowledge that this Agreement was initially prepared by Seller solely as a convenience and that all Parties and their counsel hereto have read and full negotiated all the language used in this Agreement. The Parties acknowledge that because all Parties and their counsel participated in negotiating and drafting this Agreement, no rule of construction shall apply to this Agreement to construe ambiguous or unclear language in favor of or against any Party.

27. COUNTERPARTS; DIGITAL COPIES. This Agreement may be executed in any number of counterparts and the signature pages of the separate counterparts combined into a single copy of this Agreement which will then constitute a fully executed version of this Agreement. A facsimile, .pdf file or digital copy of a signed counterpart or of an assemblage of counterparts of this Agreement shall be deemed to be an original thereof.

28. CONSTRUCTION DEADLINE. Buyer shall devote the Property to its intended use (Industrial) or begin work on the improvements to the Property to devote it to that use,

within two years after closing. In the event the above deadline is not met, Seller may cancel the sale and title shall return to Seller. Title to the Property may not be transferred by Buyer within one year of purchase without consent of Seller.

29. TIME PERIODS. The time for performance of any obligation or taking any action under this Agreement shall be deemed to expire at 5:00 p.m. Central Time on the last day of the applicable time period provided for in this Agreement. If the time for the performance of any obligation or taking any action under this Agreement expires on a Saturday, Sunday or legal holiday, the time for performance or taking such action shall be extended to the next succeeding day which is not a Saturday, Sunday or legal holiday.

SELLER: The City of Isanti

By: _____
Jeff Johnson, Mayor

Dated: _____, 2021

By: _____
Jaden Strand, City Clerk

Dated: _____, 2021

BUYER: CANE Properties LLC

By: _____
Adam Klinkner

Dated: _____, 2021

Its: Chief Executive Officer

Promissory Note

\$81,700.00

Date:

CANE Properties LLC. ("Undersigned"), for value received, promises to pay to the Economic Development Authority of the City of Isanti public body corporate and political of the State of Minnesota, or its assigns (collectively referred to herein as the "Holder"), at its designated principal office or such other place as the Holder may designate in writing, the principal sum of Eighty-One Thousand and Seven Hundred dollars (\$81,700) or so much thereof as may be advanced under this Note, without interest thereon, in any coin of currency that at the time or times of the payment is legal tender for the payment of private debts in the United States of America. The principal of this is Note is payable as follows:

1. The entire unpaid balance of principal shall be due and payable upon failure of the Undersigned to submit application for a building permit at PID 16.125.0020 within --- months of the date of this Note.
2. The entire unpaid balance of principal shall be due and payable upon the earlier of the following (i) thirty (30) days after the total or partial sale, transfer or conveyance, whether voluntarily or involuntarily, of the Property (as described in Exhibit A hereto), if such sale, transfer, or conveyance occurs within five (5) years after the effective date of the Repayment agreement, dated ----, between the Undersigned and the Holder (the "Agreement"). If the aforementioned events under this paragraph do not occur within five (5) years of the date of the Agreement, no payments shall be payable on this Note and the principal balance shall be forgiven.
3. This Note is given pursuant to the Agreement between the Undersigned and the Holder. If any information in the Agreement is found to be invalid for whatever reason, such invalidity shall constitute an Event of Default hereunder.
4. All of the agreements, conditions, covenants, provisions and stipulations contained in the Agreement are made a part of this Note to the same extent and with the same force and effect as if they were fully set forth herein. It is agreed that time is of the essence of the Note. If an Event of Default occurs under the Agreement, or any instrument securing this Note may at its right and option, without notice, declare immediately due and payable the

principal balance of this Note and interest accrued thereon, if any, together with reasonable attorney's fees and expenses incurred by the Holder of this Note in collecting or enforcing payment hereof, whether by lawsuit or otherwise, and all other sums due hereunder or any instrument securing this Note. The Undersigned of this Note agree that the Holder of this Note may, without notice to and without affecting the liability of the Undersigned, accept additional or substitute security for this Note, or release any such security or any party liable for this Note or extend or renew this Note.

5. All of the agreements, conditions, covenants, provisions, and stipulations contained in the Loan Agreement, or any instrument securing this Note are hereby made a part of this Note to the same extent and with the same force and effect as if they were fully set forth herein. It is agreed that time is of the essence of this Note. If a default occurs under the Loan Agreement, or any instrument securing this Note and such default is not cured within the cure period specified in the Loan Agreement or other instrument, then the Holder of this Note may at its right and option, without further notice, declare immediately due and payable the principal balance of this Note, together with any costs of collection including attorney fees incurred by the Holder of this Note in collecting or enforcing payment hereof, whether suit be brought or not, and all other sums due hereunder, or under any instrument securing this Note. The Maker agrees that the Holder of this Note may, without notice to the Maker of this Note and without affecting the liability of the Maker of this Note, accept additional or substitute security for this Note, or release any security or any party liable for this Note or extend or renew this Note.
6. The remedies of the Holder of this Note as provided herein, and in the Repayment Agreement, or any other instrument securing this Note, shall be cumulative and concurrent and may be pursued singly, successively, or together, and, at the sole discretion of the Holder of this Note, may be exercised as often as occasion therefore 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 of this Note 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.
7. This Note shall be governed by and construed in accordance with the laws of the state of Minnesota without regard to its conflict of law's provisions. Any disputes, controversies, or claims arising out of this Note shall be heard in the state or federal courts of Minnesota, and all parties to this Note waive any objection to the jurisdiction of these courts, whether based on convenience or otherwise.

8. Wherever possible, each provision of this Note and each related document shall be interpreted so that it is valid under applicable law. If any provision of this Agreement or any related document is to any extent found invalid by a court or other governmental entity of competent jurisdiction, that provision shall be ineffective only to the extent of such invalidity, without invalidating the remainder of such provision or the remaining provisions of this Note or any other related document.
9. IT IS HEREBY CERTIFIED AND RECITED that all conditions, acts, and things required to exist, happen, and be performed precedent to or in the issuance of this Note do exist, have happened, and have been performed in regular and due form as required by law.

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

CANE Properties LLC

By_____

Its_____