

**MEETING OF THE
DULUTH ECONOMIC DEVELOPMENT AUTHORITY
WEDNESDAY, March 27, 2019 - 5:15 P.M.
COUNCIL CHAMBERS, THIRD FLOOR, CITY HALL
AGENDA**

CALL TO ORDER

PUBLIC TO ADDRESS THE COMMISSION

PUBLIC HEARINGS

APPROVAL OF MINUTES: January 23, 2019 Special Meeting

APPROVAL OF CASH TRANSACTIONS – January 1, 2019 – February 28, 2019

NEW BUSINESS

RESOLUTIONS FOR APPROVAL

1. **RESOLUTION 19D-06:** RESOLUTION AUTHORIZING CONSENT TO COLLATERAL ASSIGNMENT OF PARKING LEASE WITH DULUTH GRAND LLC TO NATIONAL BANK OF COMMERCE
2. **RESOLUTION 19D-07:** RESOLUTION AUTHORIZING A TERMINATION OF LAND SALE AGREEMENT WITH THE HOUSING AND REDEVELOPMENT AUTHORITY OF DULUTH, MINNESOTA
3. **RESOLUTION 19D-08:** RESOLUTION AUTHORIZING ACQUISITION OF CERTAIN REAL PROPERTY IN THE RAMSEY NEIGHBORHOOD FROM THE HOUSING AND REDEVELOPMENT AUTHORITY OF DULUTH, MINNESOTA
4. **RESOLUTION 19D-09:** RESOLUTION AUTHORIZING AN OPTION AGREEMENT WITH ACCESSIBLE SPACE, INC. RELATED TO A SUPPORTIVE HOUSING DEVELOPMENT IN THE RAMSEY NEIGHBORHOOD
5. **RESOLUTION 19D-10:** RESOLUTION AUTHORIZING A GRANT/DEVELOPMENT AGREEMENT WITH MOLINE MACHINERY LLC FOR THE DEVELOPMENT OF A NEW MANUFACTURING FACILITY IN WEST DULUTH IN THE AMOUNT OF \$125,000
6. **RESOLUTION 19D-11:** RESOLUTION AUTHORIZING AN AGREEMENT WITH JAMAR COMPANY FOR REPAIR OF THE MRO BUILDING IN THE AMOUNT OF \$109,457.04

DISCUSSION

1. DIRECTOR'S REPORT

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**SPECIAL MEETING OF THE
DULUTH ECONOMIC DEVELOPMENT AUTHORITY
Wednesday, January 23, 2019 – 5:00 P.M.
LARGE CONFERENCE ROOM, FOURTH FLOOR, CITY HALL**

MINUTES

Call to Order: President McShane called the January 23, 2019 meeting of DEDA to order at 5:00 p.m.

Present: Zack Filipovich, Noah Hobbs, Tim McShane, Barb Russ, Nancy Aronson Norr

Others Present: Bob Asleson, Amanda Auvinen, Joan Christensen, Jason Hale, Keith Hamre, Heidi Timm-Bijold

Absent: Matt Cartier, Craig Chilcote

PUBLIC TO ADDRESS THE COMMISSION

PUBLIC HEARINGS

APPROVAL OF MINUTES: December 12, 2018 Special Meeting.

Vote to approve the December 12, 2018 meeting minutes: Unanimous
Hobbs/Filipovich (5-0)

APPROVAL OF CASH TRANSACTIONS – December 1, 2018 – December 31, 2018

Hamre noted these are straightforward end of the year cash transactions. There was a note on page one about administrative fees that were assessed in the amounts of \$67,437.50 from the Cambia Hills bond issuance and \$98,750 from the St. Luke's DEDA Bond issuance. Many were end of the year bills for the MRO facility (AAR), Temple Opera or the TIF Districts.

Vote to approve cash transactions: Vote: Unanimous Aronson Norr/Filipovich (5-0)

NEW BUSINESS

RESOLUTIONS FOR APPROVAL

1. **RESOLUTION 19D-01: RESOLUTION ELECTING OFFICERS FOR THE YEAR 2019**

Staff: None.

Discussion: Aronson Norr moved the following slate of candidates:

Tim McShane for President, Matt Cartier for Vice President, Zack Filipovich for Secretary and Barb Russ for Treasurer. All have agreed to these positions.

Vote to Approve Resolution 19D-01: Passed Unanimously. Aronson Norr/Hobbs (5-0)

2. **RESOLUTION 19D-02: ADOPTING A SCHEDULE OF REGULAR MEETING DATES FOR THE YEAR 2019**

Staff: Hamre had no comments.

Discussion: President McShane asked that meeting invites be sent out for all of the DEDA meeting dates for 2019.

Vote to Approve Resolution 19D-02: Passed Unanimously (Filipovich/Hobbs 5-0)

3. **RESOLUTION 19D-03: RESOLUTION AUTHORIZING AN AMENDMENT TO THE SUB-RECIPIENT FUNDING AGREEMENT WITH IPS CRANES INC. RELATING TO PROPERTY LOCATED AT 530 SOUTH 59TH AVENUE WEST**

Staff: Timm-Bijold explained that DEDA secured a contamination investigation and RAP development grant for the company IPS Cranes located near Striker Bay. IPS Cranes will need to do further environmental work at the site. IPS Cranes and its environmental consultant originally thought the grant-funded work would be completed in 2018. However, the land purchase transaction from Hallett Dock has taken longer than anticipated and as a result, the grant-funded work will extend into 2019. This amendment allows for that.

Discussion: None.

Vote to Approve Resolution 19D-03: Unanimous. (Filipovich/Aronson Norr 5-0)

4. **RESOLUTION 19D-04: RESOLUTION AUTHORIZING AN AGREEMENT WITH LAUNCH PROPERTIES LLC FOR MARKETING OF THE ATLAS INDUSTRIAL PARK**

Staff: Hamre stated this is a renewal of a contract with Launch Properties to do same marketing activities for Atlas Industrial Park. There were not a lot of opportunities to enact property sales. Launch is familiar with the site and can help us locate businesses and opportunities.

Discussion: Hobbs inquired about the first contract with DEDA and how Launch Properties would be compensated for their services. Hamre answered that they do get compensated in that manner so the company had incentive to recruit and show the sites.

Vote to Approve Resolution 19D-04: Passed Unanimously (Filipovich/Hobbs 5-0)

5. **RESOLUTION 19D-05: RESOLUTION AUTHORIZING AN AGREEMENT TO INSURE CERTAIN DEDA PROPERTY UNDER THE CITY OF DULUTH'S PROPERTY AND BOILER INSURANCE POLICIES IN AN AMOUNT NOT TO EXCEED \$18,937.89**

Staff: This is a standard insurance agreement that DEDA has working with the City of Duluth. This is for the two sites: the MRO facility where AAR is located and the Temple Opera. There may be a development agreement in the next couple of months for the sale of the Temple Opera. At that time, the coverage for the Temple Opera will come off. Insurance for the boilers will remain in place until there is a sale.

Discussion: None.

Vote to Approve Resolution 19D-05: Passed Unanimously (Hobbs/Aronson Norr 5-0)

DISCUSSION

DIRECTOR'S REPORT

Work with President McShane to schedule a strategic planning workshop with the DEDA commission about the Imagine Duluth 2035 and the strategic projects and strategic initiatives. The purpose is to layout work tasks for 2019 and 2020. The intention of the Imagine Duluth 2035 plan is to have an implementation schedule in front of DEDA, the Planning Committee and the City Council in order to have a report card to show what the City/DEDA are moving the ball forward on in the community.

Aronson Norr stated she would like to see the strategic planning workshop around the normal commission meetings time or week.

McShane inquired about closing date for Temple Opera. Hamre said there is no identified closing date for Temple Opera.

ADJOURNMENT: President McShane adjourned the January 23, 2019 special meeting of the DEDA at 5:15 p.m.

Respectfully submitted

Keith Hamre
Executive Director
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Duluth Economic Development Authority

January, 2019 Cash Activity - all DEDA Funds

ACCUMULATED TRANSACTION LISTING, G/L Date Range 01/01/19 - 01/31/19 (as of 02/06/2019)

G/L Date	Journal Number	Sub Ledg	Name	Net Amount	Description
FUND 860 - OPERATING FUND					
			Beginning Balance	2,594,367.50	
01/01/19	2019-00000529	GL	Cost Allocation - DEDA	(33,333.33)	
01/03/19	2019-00000125	RA	PayGripOReillyLLC	424.36	Jan 2019 - DEDA Lease Payment
01/04/19	2019-00000163	RA	Interstate	720.00	Waterfront Plaza parking
01/07/19	2019-00000195	RA	Thor Living	3,000.00	TIF deposit
01/07/19	2019-00000195	RA	Oneida Realty	129.06	Temple utility refund
01/17/19	2019-00000447	GL	Reverse 2018 YE P-Card A/P's JE 2018-10111 per Josh	(114.85)	meeting expenses?
01/18/19	2019-00000481	RA	Interstate	(7,192.38)	Parking
01/18/19	2019-00000481	RA	Interstate	720.00	Waterfront Plaza parking
01/22/19	2019-00000460	AP	ATK Enterprises, Inc	(640.75)	snow removal-Temple Bldg 11/29-12/31
01/22/19	2019-00000460	AP	ATK Enterprises, Inc	(22.00)	sidewalk salt Temple Bldg 12/20
01/22/19	2019-00000460	AP	SAS Associates	(18,305.00)	Downtown Waterfront Public Investment Plan per proposal
01/22/19	2019-00000460	AP	Waste Management of WI-MIN	(157.51)	Temple Bldg expenses
01/22/19	2019-00000460	AP	Telephone Associates Inc	(86.46)	Temple Bldg expenses
01/22/19	2019-00000460	AP	Duluth Public Utilities - Comfort Systems	(114.98)	8 N 2nd Av E - Temple
01/22/19	2019-00000460	AP	Duluth Public Utilities - Comfort Systems	(17.58)	8 N 2nd Av E - Temple
01/22/19	2019-00000460	AP	Duluth Public Utilities - Comfort Systems	(93.58)	8 N 2nd Av E - Temple
01/22/19	2019-00000460	AP	Duluth Public Utilities - Comfort Systems	(374.46)	201 E Superior St - Temple
01/22/19	2019-00000460	AP	Duluth Public Utilities - Comfort Systems	(137.34)	203 E Superior St - Temple
01/22/19	2019-00000460	AP	Duluth Public Utilities - Comfort Systems	(833.85)	335 W Superior St - Temple
01/22/19	2019-00000460	AP	St Louis County Auditor	(10,404.00)	SLC tax forfeit land purchase
01/30/19	2019-00000752	GL	reimb GF for DEDA expenses on FEDX Inv 6-438-48945	(5.84)	postage
01/30/19	2019-00000773	RA	Rodney A Vanbaalen	10,404.00	Sale of SLC tax forfeited land
01/31/19	2019-00000936	GL	Investment Earnings for January	4,682.00	
FUND 860 - OPERATING FUND				Ending Balance - 01-31-2019	2,542,613.01
FUND 861 - DEBT SERVICE					
			Beginning Balance	820,142.41	
01/22/19	2019-00000460	AP	Chester Park View Note LLC	(63,048.00)	2nd half 2018 TIF
01/28/19	2019-00000687	GL	receipt cash for 3rd tax pmt from SLC for 2018 (Jan-2019	(21,832.93)	
01/31/19	2019-00000936	GL	Investment Earnings for January	1,449.00	
FUND 861 - DEBT SERVICE				Ending Balance - 01-31-2019	736,710.48
FUND 865 - CAPITAL PROJECTS					
			Beginning Balance	2,031,225.65	
01/07/19	2019-00000189	GL	record pmt of bldg demo on jv 2018-9979	(8,200.00)	District 7 - City demo contract
01/14/19	2019-00000357	GL	reimb GF for DEDA expenses on FEDX Inv 6-411-99149	(140.36)	Voyageur postage
01/22/19	2019-00000460	AP	Duluth News Tribune	(153.60)	Public hearing notice-Voyageur Lakewalk Inn 12/7
01/31/19	2019-00000936	GL	Investment Earnings for January	3,681.00	
FUND 865 - CAPITAL PROJECTS				Ending Balance - 01-31-2019	2,026,412.69
FUND 866 - MRO FACILITY					
			Beginning Balance	752,304.51	

Duluth Economic Development Authority

January, 2019 Cash Activity - all DEDA Funds

ACCUMULATED TRANSACTION LISTING, G/L Date Range 01/01/19 - 01/31/19 (as of 02/06/2019)

G/L Date	Journal Number	Sub Ledg	Name	Net Amount	Description
01/15/19	2019-00000376	RA	AAR Aircraft Services, Inc	36,510.78	invoice #2019-00000013
01/22/19	2019-00000460	AP	St Germain's Glass, Inc	(43,929.00)	Furnish & install customer and employee entrance doors-AAR bldg
01/28/19	2019-00000690	RA	SCS interiors	300.00	sale of MRO Mitsubishi sewing machine
01/31/19	2019-00000936	GL	Investment Earnings for Janaury	1,378.00	
FUND 866 - MRO FACILITY				Ending Balance - 01-31-2019	746,564.29
FUND 867 - STOREFRONT LOANS				Beginning Balance	100,923.62
01/10/19	2019-00000299	RA	DEDA & Duluth 1200 Fund	656.79	12/1/2018 loan payments
01/18/19	2019-00000481	RA	Alerus Financial	1,037.10	Old City Hall payment
01/22/19	2019-00000508	RA	PSB for BLDG for WOMEN	215.13	loan payments
01/31/19	2019-00000936	GL	Investment Earnings for Janaury	185.00	
FUND 867 - STOREFRONT LOANS				Ending Balance - 01-31-2019	103,017.64

Duluth Economic Development Authority

February, 2019 Cash Activity - all DEDA Funds

ACCUMULATED TRANSACTION LISTING, G/L Date Range 02/01/19 - 02/28/19 (as of 03/14/2019)

G/L Date	Journal Number	Sub Ledg	Name	Beginning Balance	Net Amount	Description	
FUND 860 - OPERATING FUND							
02/01/19	2019-00000529	GL	Cost Allocation - DEDA	2,542,613.01	(33,333.33)		
02/04/19	2019-00000830	AP	Nancy R. Aronson-Norr		(35.00)	DEDA 1/23	
02/04/19	2019-00000830	AP	Zack Filipovich		(35.00)	DEDA 1/23	
02/04/19	2019-00000830	AP	Noah Hobbs		(35.00)	DEDA 1/23	
02/04/19	2019-00000830	AP	Timothy P McShane		(35.00)	DEDA 1/23	
02/04/19	2019-00000830	AP	Barbara Russ		(35.00)	DEDA 1/23	
02/04/19	2019-00000830	AP	Charter Communications		(79.97)	201 E Superior St	
02/04/19	2019-00000830	AP	Telephone Associates Inc		(87.12)	Temple Bldg expenses	
02/04/19	2019-00000830	AP	TKDA		(4,482.00)	boundary survey 1st St parking ramp	
02/04/19	2019-00000830	AP	Bruce L Duncan		(750.00)	bldg services 12/16/18-1/15/19 (Temple)	
02/04/19	2019-00000830	AP	Minnesota Power		(14.05)	205 E Superior St (Temple)	
02/04/19	2019-00000830	AP	Minnesota Power		(112.08)	201-203 E Superior St (Temple)	
02/04/19	2019-00000830	AP	Minnesota Power		(14.05)	8 N 2nd Av E (Temple)	
02/04/19	2019-00000830	AP	Minnesota Power		(325.30)	8 N 2nd Av E (Temple)	
02/04/19	2019-00000891	RA	PayGrpOReillyLLC		424.36	Feb 2019 DEDA Lease Payments	
02/05/19	2019-00000933	RA	Landmark/Hammes Company		7,843.75	invoice #2018-00000367, 2018-00000368	
02/07/19	2019-00000977	GL	record payment of 2019 SLC TIF Admin		499.55	SLC TIF Admin for 4th Avenue Ramp - City repayment	
02/14/19	2019-00001331	GL	DEDA Liability Insurance 2018		(7,000.00)		
02/19/19	2019-00001349	AP	Wenck Associates, Inc		(15,273.80)	C18-860-883-Building demolition consulting-Pastoret Terrace/Kozy	
02/19/19	2019-00001349	AP	Jason Hale		(494.56)	travel reimb-Ehlers Public Fin Seminar 2/6-2/8	
02/19/19	2019-00001349	AP	Chad Ronchetti		(677.68)	travel reimb-Ehlers Public Fin Seminar 2/6-2/8	
02/19/19	2019-00001349	AP	Duluth Public Utilities - Comfort Systems		(582.31)	Temple Opera bldg	
02/19/19	2019-00001349	AP	Duluth Public Utilities - Comfort Systems		(191.72)	Temple Opera bldg	
02/19/19	2019-00001349	AP	Duluth Public Utilities - Comfort Systems		(17.58)	Temple Opera bldg	
02/19/19	2019-00001349	AP	Duluth Public Utilities - Comfort Systems		(136.58)	Temple Opera bldg	
02/19/19	2019-00001349	AP	Duluth Public Utilities - Comfort Systems		(110.48)	Temple Opera bldg	
02/19/19	2019-00001349	AP	Duluth Public Utilities - Comfort Systems		(829.35)	335 W Superior St	
02/19/19	2019-00001349	AP	Northspan Group Inc		(15,000.00)	Northland Connection Funding Commitment 2019	
02/19/19	2019-00001349	AP	Waste Management of WI-MN		(12.61)	Temple Bldg expenses	
02/19/19	2019-00001349	AP	Area Partnership for Economic Expan. (APEX)		(1,050.00)	Northforce Talent Initiative-attraction/retention/placement	
02/19/19	2019-00001349	AP	ATK Enterprises, Inc		(649.00)	snow removal-Temple Bldg Jan	
02/19/19	2019-00001349	AP	Orion Management Consulting LLC		(869.52)	19-860-891 - Medical District Legislative Lobbying Assistance	
02/19/19	2019-00001349	AP	St Louis County Auditor		(4,836.40)	2018 HRA / City TIF billing - see associated billing/pmt	
02/21/19	2019-00001505	AP	Elissa Hansen		35.00	DEDA 5/23	
02/22/19	2019-00001557	GL	Clear Due To/From Prior to Posting Pay 4		(5.00)		
02/22/19	2019-00001584	RA	Haines Properties, LLP		925.00	Invoice 2019-00000041	
02/25/19	2019-00001603	GL	correct Haines Properties/DEDA assmnt pmt of 02-22		(925.00)	Haines Properties paid assessment direct to City	
02/25/19	2019-00001607	AP	Wells Fargo Bank		(89.95)	January 2019 P-Card Purchases	
02/25/19	2019-00001623	RA	Interstate		(5,503.69)	contract parking	
02/25/19	2019-00001623	RA	Interstate Parking Services, LLC		720.00		
02/26/19	2019-00001656	RA	Housing & Redevelopment Authority of Duluth - HRA		4,336.85	invoice #2019-000000042 - HRA SLC TIF Admin repayment	
02/28/19	2019-00001820	GL	Investment Earnings for February		4,120.00		
FUND 860 - OPERATING FUND					Ending Balance - 02-28-2019	2,467,889.39	

Duluth Economic Development Authority

February, 2019 Cash Activity - all DEDA Funds

ACCUMULATED TRANSACTION LISTING, G/L Date Range 02/01/19 - 02/28/19 (as of 03/14/2019)

G/L Date	Journal Number	Sub Ledg	Name	Net Amount	Description
FUND 861 - DEBT SERVICE					
02/19/19	2019-00001349	AP	St Louis County Auditor	736,710.48	
02/28/19	2019-00001820	GL	Investment Earnings for February	(6,991.30)	2018 TIF billing - SLC Admin
				1,210.00	
			Ending Balance - 02-28-2019	730,929.18	
FUND 865 - CAPITAL PROJECTS					
02/28/19	2019-00001820	GL	Investment Earnings for February	2,026,412.69	
				3,339.00	
			Ending Balance - 02-28-2019	2,029,751.69	
FUND 866 - MRO FACILITY					
02/19/19	2019-00001349	AP	TKDA	746,564.29	
02/19/19	2019-00001417	RA	AAR Aircraft Services, Inc	(2,724.89)	C19-860-894-Architectural services AAR wall repair and reconstru
02/28/19	2019-00001820	GL	Investment Earnings for February	36,510.78	Invoice 2019-00000025
				1,250.00	
			Ending Balance - 02-28-2019	781,600.18	
FUND 867 - STOREFRONT LOANS					
02/21/19	2019-00001552	RA	Alerus Financial	103,017.64	
02/27/19	2019-00001684	RA	PSB for Building for Women	1,037.10	DEDA Loan Payment
02/28/19	2019-00001820	GL	Investment Earnings for February	215.13	DEDA
				170.00	
			Ending Balance - 02-28-2019	104,439.87	

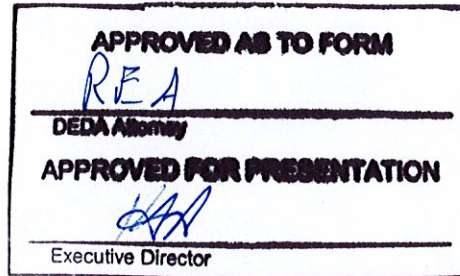
RESOLUTION 19D-06

**RESOLUTION AUTHORIZING CONSENT TO COLLATERAL
ASSIGNMENT OF PARKING LEASE WITH DULUTH
GRAND LLC TO NATIONAL BANK OF COMMERCE**

RESOLVED, by the Duluth Economic Development Authority (DEDA) that the proper DEDA officials are hereby authorized to execute the attached consent to a Collateral Assignment of Lease Agreement between Duluth Grand LLC and National Bank of Commerce consenting to the collateral assignment of the lease between DEDA and Duluth Grand which bears DEDA Contract No. 06-865-480 to said bank as part of the refinancing for the Sheraton Hotel property.

Approved by the Duluth Economic Development Authority this 27rd day of March, 2019.

ATTEST:



Executive Director

STATEMENT OF PURPOSE: This resolution authorizes DEDA to consent to a Collateral Assignment of Lease Agreement between Duluth Grand, LLC, the owner of the Sheraton Hotel property, and National Bank of Commerce as an element of the refinancing of the debt on the property.

When the Sheraton was developed in 2005, the parking that would be necessary to make the hotel viable was to be provided by allowing it to use spaces in the Medical District Parking Ramp. This was accomplished through a lease which provided for general use of the ramp on a validation/reimbursement basis along with a limited number of pick-up/drop-off spaces adjacent to the skywalk connection to the hotel.

Duluth Grand is now refinancing the remaining debt on the property and the bank has requested that the parking lease be collaterally assigned to the bank along with the mortgage on the hotel property as the lease continues to be necessary to the project. DEDA's consent to such an assignment is required.

Under the assignment, DEDA agrees to notify the bank of any breach of the lease by Duluth Grand and to give the bank the option of curing any breach before terminating the lease. If the bank does exercise the assignment, it agrees to stand in the place of Duluth Grand and to be bound by all of the terms of the lease.

Principal Amount: 13,900,000.00

Loan Number: 4101025

Date: March 14, 2019

COLLATERAL ASSIGNMENT OF PARKING LEASE AGREEMENT

Borrower:

**The Duluth Grand LLC
233 Park Avenue South, Suite 201
Minneapolis, MN 55415**

Bank:

**National Bank of Commerce
1314 East Superior Street
Duluth, MN 55805**

Guarantor:

**George E. Sherman
233 Park Avenue South, Suite 201
Minneapolis, MN 55415**

THIS COLLATERAL ASSIGNMENT OF LEASE AGREEMENT, dated as of March 14, 2019 (the "Assignment"), is executed and delivered by **THE DULUTH GRAND LLC**, a Minnesota limited liability company (the "Borrower"), in favor of **NATIONAL BANK OF COMMERCE**, a Minnesota banking corporation (the "Bank").

A. Bank has granted to Borrower a loan in the original principal amount of **\$13,900,000** to refinance existing indebtedness on the Sheraton Hotel at 301 E. Superior Street, Duluth, Minnesota 55802 (together with amendments, modifications, renewals, refinancings and replacements thereof, referred to as the "Loan"), pursuant to the terms of a Commercial Loan Agreement, and other documents of even date herewith.

B. The Duluth Economic Development Authority ("DEDA") and Borrower are parties to a parking lease agreement dated November 18, 2005, along with any amendments or additions thereto (the "Agreement").

C. As a condition of the Loan, Bank requires the collateral assignment to Bank of the Agreement, and the consent of DEDA.

D. In addition to this Assignment, the Loan is also evidenced and secured by all the documents and agreements executed and/or issued in connection with the Loan, including but not limited to a Commercial Loan Agreement, Note, Mortgage, UCC-1 Financing Statement and Guaranty, all of even date herewith (collectively, the "Loan Documents").

NOW THEREFORE, to secure the Loan and all advances to and obligations of Borrower under the Loan and the Loan Documents, Borrower agrees as follows:

1. Assignment. Borrower hereby grants, assigns, transfers and sets over unto Bank, and Bank's successors and assigns, all of its right, title and interest in and to the Agreement, as collateral for the Loan.

2. **Bank's Assumption of Duties and Obligations.** Once Bank notifies DEDA in writing that it is exercising its right to assume the Agreement, Bank shall be legally responsible for all duties and obligations under the Agreement, including, but not limited to, being responsible for paying any and all past due obligations of Borrower under the Agreement.

3. **No Liability.** Borrower agrees that Bank does not and will not assume any of the obligations or duties of Borrower under and with respect to the Agreement unless and until the following occurs:

- A. An event of default has occurred as set forth in any of the Loan Documents; and
- B. Bank has given DEDA written notice that it wishes to assume responsibility for Borrower's obligations in the Agreement.

Until Bank assumes responsibility for the Agreement, Bank shall not have any liability whatsoever for the performance of any of Borrower's obligations or duties. Bank may, in its commercially reasonable discretion, reassign its right, title, and interest in the Agreement, upon notice to and subject to approval by DEDA, such approval not to be unreasonably held or delayed, and upon such reassignment Bank shall have no liability under the Agreement.

Bank shall not be liable for any loss sustained by Borrower resulting from any act or omission of Bank in assuming the Agreement, unless such loss is caused by the willful misconduct or bad faith of Bank. Borrower agrees to indemnify Bank from any liability, loss or damage which may be incurred under the Agreement by reason of this Assignment. In the event Bank incurs any such liability above referenced to or in defense of any such claims or demands, the amount thereof, including costs and reasonable attorneys' fees, shall be secured by this Assignment and Borrower shall reimburse Bank immediately therefore, upon the demand of Bank.

4. **Representations and Warranties of Borrower.** Borrower represents and warrants as follows:

- A. That the Agreement is a valid and enforceable agreement and that there has been no assignments of the Agreement, except as provided by this Assignment;
- B. To the knowledge of Borrower, that neither party is in default of the Agreement;
- C. That all covenants, conditions and agreements have been performed as required therein, except those not due to be performed until after the date hereof.
- D. Borrower agrees that no change in the terms of the Agreement shall be valid without the prior written approval of Bank.
- E. Borrower agrees not to assign, sell, pledge, mortgage, or otherwise transfer or encumber its interest in the Agreement so long as this Assignment is in effect.

5. **Attorney in Fact.** Borrower hereby irrevocably constitutes and appoints Bank its attorney-in-fact, upon default under the Loan Documents, to demand, receive and enforce Borrower's rights with respect to the Agreement, to make payments under the Agreement and to give appropriate

receipts, releases and satisfactions for and on behalf of and in the name of Borrower, or at the option of Bank, in the name of Bank, with the same force and effect as Borrower could do if this Assignment had not been made.

6. **Perfected, Absolute and Present Assignment.** This Assignment shall constitute a perfected, absolute and present assignment provided that Bank shall not have any right under this Assignment to enforce the provisions of the Agreement or exercise any other remedies under this Assignment unless or until default has occurred under the Loan Documents.

7. **Default and Costs and Expenses.** Upon default under the Loan Documents, Bank may exercise its rights under this Assignment as Borrower's attorney-in-fact in any manner permitted by law without affecting any of its default rights or remedies under the Loan Documents or otherwise provided by law. Borrower hereby agrees to pay all costs and expenses (including, without limitation, reasonable attorneys' fees) which Bank may incur in exercising any of its rights under this Assignment.

8. **Binding Effect.** Subject to the limitation of further assignment by Borrower, this Assignment shall be binding upon Borrower, its successors and assigns, and shall inure to the benefit of Bank, its successors and assigns.

9. **Miscellaneous.** This Assignment may be waived, modified, amended, terminated, or discharged only explicitly in writing signed by Bank. A waiver signed by Bank shall be effective only in a specific instance and for the specific purpose given. Mere delay or failure to act shall not preclude the exercise or enforcement of any of Bank's rights or remedies hereunder. All rights and remedies of Bank shall be cumulative and shall be exercised singularly or concurrently, at Bank's option, and the exercise or enforcement of any one such right or remedy shall neither be a condition to nor bar the exercise or enforcement of any other.

10. **Counterparts and Scanned Signatures.** This Assignment may be executed by scanned signatures and concurrently in two or more counterparts, each of which will be deemed an original, but all of which together will constitute one and the same instrument.

IN WITNESS WHEREOF, Borrower has executed this Collateral Assignment of Lease Agreement as of the date and year first written above.

THE DULUTH GRAND LLC

By: _____
Christopher L. Sherman
Its: Vice President

DEDA'S ACKNOWLEDGMENT AND CONSENT

In consideration of the issuance of the Loan pursuant to the Loan Documents to finance the construction and equipping of the Project, all as described in the foregoing Assignment, DEDA hereby consents to the Assignment and acknowledges and agrees with Bank as follows:

1. DEDA has entered into the Agreement with Borrower pursuant to which DEDA constructed an approximately 600 car parking ramp and leased parking spaces to Borrower for the use of its customers and guests.

2. The Agreement is in full force and effect and has not been amended or assigned except as provided by this Assignment, and no event has occurred or failed to occur as of the date hereof which would be a default under the Agreement.

3. Upon default under any of the Loan Documents, DEDA shall, at Bank's request, continue performance on Bank's behalf under the Agreement in accordance with the same terms and conditions.

4. Bank may enforce the obligations of the Agreement with the same force and effect as if enforced by Borrower and once Bank notifies DEDA that Bank is assuming the Agreement, Bank shall be responsible for all of Borrower's duties and obligations under the Agreement. DEDA will accept such performance in lieu of performance by Borrower and in full satisfaction of Borrower's obligations under the Agreement.

5. DEDA will give Bank prompt written notice of any uncured default by Borrower under the Agreement.

6. DEDA will not terminate the Agreement on account of any default of Borrower without written notice of such default to Bank and providing Bank thirty (30) days' notice to cure the default or to commence completion of the Project. In the event Bank so elects to complete the Project, DEDA agrees not to terminate the Agreement so long as the defaults of Borrower thereunder are cured by Bank within such thirty (30) day period. However, nothing herein shall require Bank to cure any default of Borrower under the Agreement.

7. The officer signing this consent on behalf of DEDA hereby certifies that they have full authority under applicable state and local laws and regulations to perform all of its obligations under the Agreement with Borrower in accordance with its terms.

DULUTH ECONOMIC DEVELOPMENT AUTHORITY

By: _____

Its: _____

DEDA's Contact Information:

Duluth Economic Development Authority
Room 402 City Hall
Duluth, MN 55802

RESOLUTION 19D-07

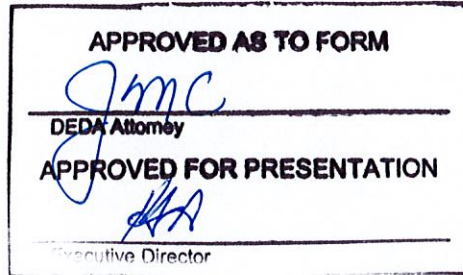
**RESOLUTION AUTHORIZING A TERMINATION OF
LAND SALE AGREEMENT WITH THE HOUSING AND
REDEVELOPMENT AUTHORITY OF DULUTH, MINNESOTA**

RESOLVED, by the Duluth Economic Development Authority ("DEDA"), that the proper DEDA officials are hereby authorized to enter into a Termination of Land Sale Agreement, substantially in the form of that attached hereto (DEDA Contract No. 12 865 687¹), with the Housing and Redevelopment Authority of Duluth, Minnesota ("HRA") terminating Contract No. 12 865 687 which related to the development of certain property for senior housing in Duluth's Ramsey neighborhood.

Approved by the Duluth Economic Development Authority this 27th day of March, 2019.

ATTEST:

Executive Director



STATEMENT OF PURPOSE:

In 2012, DEDA entered into said Land Sale Agreement pursuant to which DEDA agreed to sell certain property to the HRA for the purpose of reselling it to Park Place, LLC for development of senior housing within Duluth's Ramsey neighborhood. Subsequent to the execution of the Land Sale Agreement, Park Place decided not to move forward with the senior housing project and consequently, the property was never sold to the HRA. A new developer, Accessible Space, Inc. ("ASI"), has requested that DEDA convey the property to it for the purpose of constructing a new housing project consisting of approximately 76 units of supportive housing which is the subject of DEDA Resolution 19D-09. The purpose of this resolution is to terminate the Land Sale Agreement with the HRA to allow for DEDA to enter into an Option Agreement with ASI.

TERMINATION OF LAND SALE AGREEMENT

This Termination of Land Sale Agreement is entered into this ____ day of _____, 2019, by and between the DULUTH ECONOMIC DEVELOPMENT AUTHORITY, hereinafter "DEDA", and THE HOUSING AND REDEVELOPMENT AUTHORITY OF DULUTH, MINNESOTA, hereinafter "Authority".

WHEREAS, on November 28, 2012, DEDA adopted Resolution 12D-56 authorizing a Land Sale Agreement with Authority pursuant to which DEDA agreed to sell certain property legally described in the attached Exhibit A (the "Property") to the Authority for the purpose of reselling it to Park Place, LLC ("Developer") for redevelopment of senior housing within Duluth's Ramsey neighborhood; and

WHEREAS, on December 19, 2012, DEDA and Authority entered into said Land Sale Agreement which was filed in the Office of the St. Louis County Recorder on July 24, 2013, as Document No. 1219140; and

WHEREAS, subsequent to the execution of the Land Sale Agreement, the Developer determined not to move forward with the senior housing project and consequently, the Property was never sold to the Authority; and

WHEREAS, a subsequent developer has requested that DEDA convey the Property to it for the purposes of constructing a new housing project on the Property; and

WHEREAS, DEDA and the Authority desire to support the new housing project and to terminate the Land Sale Agreement as set forth herein.

NOW, THEREFORE, in consideration of the covenants and agreements hereinafter contained, the receipt and sufficiency of which is hereby acknowledged, the parties agree as follows:

1. The parties agree to the immediate termination of the Land Sale Agreement.

EXHIBIT A

That property located in St. Louis County, Minnesota, and legally described as follows:

Lots 1 through 10, Block 168, and Lots 1 through 10, Block 169, West Duluth Seventh Division; and

All those portions of the northeast quarter of the southwest quarter (NE $\frac{1}{4}$ SW $\frac{1}{4}$) and the northwest quarter of the southeast quarter (NW $\frac{1}{4}$ SE $\frac{1}{4}$) of Section 7, Township 49 North, Range 14 West, of the Fourth Principal Meridian which lie between two lines parallel with and distant 50 feet northwesterly and 100 feet southeasterly, measured at right angles from the hereinafter described Line A, and between the east line of 54th Avenue West and the north line of said northwest quarter of the southeast quarter (NW $\frac{1}{4}$ SE $\frac{1}{4}$) of said Section 7; except that portion of said property lying northeast of the centerline of Elinor Street and except that portion of said property lying southwest of the hereinafter described Line B,

Line A: Commencing at a stone monument in the intersection of Grand Avenue West and 59th Avenue West; thence south along the centerline of said 59th Avenue West on an assumed bearing of South 0° 00' 00" east, a distance of 381.1 feet to the point of beginning of Line A, thence north 45° 05' east a distance of 5,000 feet and there terminating.

Line B: Beginning at the southwest corner of Block 154, West Duluth Fifth Division, thence northeasterly along the southeasterly boundary of said West Fifth Division a distance of 445.71 feet to the point of beginning; thence southeasterly deflecting 90° 00' 00" to the right a distance of 200.00 feet to a point on the northwest boundary of Block 2, West Duluth First Division and there terminating (the Property)

RESOLUTION 19D-08

**RESOLUTION AUTHORIZING ACQUISITION OF CERTAIN
REAL PROPERTY IN THE RAMSEY NEIGHBORHOOD FROM THE
HOUSING AND REDEVELOPMENT AUTHORITY OF DULUTH, MINNESOTA**

RESOLVED, by the Duluth Economic Development Authority ("DEDA"), that the proper DEDA officials are hereby authorized to acquire by quit claim deed the below-described property in the Ramsey Neighborhood from the Housing and Redevelopment Authority of Duluth, Minnesota ("HRA") for the amount of \$5,250, payable from Fund 860-860-8640-5510:

Lots 11 through 17 and Lots 20 & 21, Block 169, WEST DULUTH SEVENTH DIVISION, EXCEPT all minerals rights; and

Lot 18, Block 169, WEST DULUTH SEVENTH DIVISION, EXCEPT minerals; and

Lot 19, Block 169, WEST DULUTH SEVENTH DIVISION; and

Lots 22 and 23, Block 169, WEST DULUTH SEVENTH DIVISION, EXCEPT all minerals and mineral rights; and

Lots 24, 25, 26, 27 and 28, Block 169, WEST DULUTH SEVENTH DIVISION, EXCEPT minerals and mineral rights as to Lots 24, 25, 26 and 27; and

Lots 11 and 12, Block 168, WEST DULUTH SEVENTH DIVISION;
and

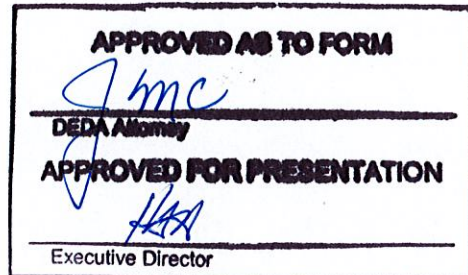
Lot 13, Block 168, WEST DULUTH SEVENTH DIVISION; and

Lots 14, 15, 16, 17 and 18, Block 168, WEST DULUTH SEVENTH DIVISION.

Approved by the Duluth Economic Development Authority this 27th day of March, 2019.

ATTEST:

Executive Director



STATEMENT OF PURPOSE: In 2009, DEDA entered into an agreement with the HRA in support of the "Creating Neighborhoods That Work At Home In Duluth" Property Acquisition/Demolition Program which was a continuation of the At Home in Duluth initiative to revitalize older Duluth neighborhoods. The program provided for the HRA to selectively acquire properties and demolish condemned, substandard or nonconforming structures in the designated target areas located in five Duluth neighborhoods and in the CDBG eligible Census Tract areas identified in the Agreement. Some of the properties acquired by the HRA are located in the Ramsey neighborhood and will be included in the Option Agreement with Assessible Space, Inc. ("ASI") which is the subject of Resolution 19-09. The purpose of this Resolution is to authorize the acquisition of these properties so that they may be included in the ASI development for supportive housing. The price of \$5,250 follows the HRA's Disposition Policy for the Creating Neighborhoods That Work At Home in Duluth program which outlines the process and sale price when disposing of property. Per the policy the total amount due for the properties is \$5,250.

RESOLUTION 19D-09

**RESOLUTION AUTHORIZING AN OPTION AGREEMENT WITH
ACCESSIBLE SPACE, INC. RELATED TO A SUPPORTIVE
HOUSING DEVELOPMENT IN THE RAMSEY NEIGHBORHOOD**

RESOLVED, by the Duluth Economic Development Authority ("DEDA") that the proper DEDA officials are hereby authorized to enter into an option agreement substantially in the form of that attached hereto as Exhibit A, with Accessible Space, Inc. ("ASI") for the development of certain property in the Ramsey neighborhood for supportive housing, which property is described below, subject to the terms and conditions of a Development Agreement to be negotiated between the parties:

Lots 1 through 18, Block 168, WEST DULUTH SEVENTH DIVISION,
except minerals; and

Lot 23 and the easterly 20 feet of Lot 22, Block 168, WEST DULUTH
SEVENTH DIVISION, except minerals; and

Lots 8 through 10, Block 169, WEST DULUTH SEVENTH DIVISION,
except minerals; and

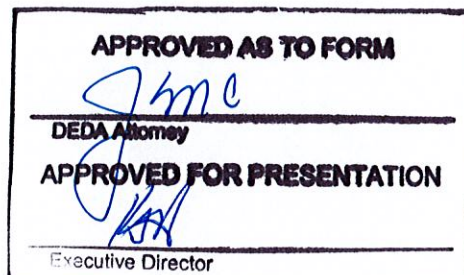
Lots 11 through 17 and Lots 19 through 28, Block 169, WEST
DULUTH SEVENTH DIVISION; and

Lot 18, Block 169, WEST DULUTH SEVENTH DIVISION, except
minerals.

Approved by the Duluth Economic Development Authority this 27th day of
March, 2019.

ATTEST:

Executive Director



STATEMENT OF PURPOSE: The purpose of this Resolution is to authorize an option agreement with ASI for the development of property in the Ramsey neighborhood into approximately 76 unit of supportive housing. Developer desires to apply to the Minnesota Housing Finance Agency for financing and Low Income Housing Tax Credits (LIHTC) for the proposed project and to perform additional analysis of the property in order to determine whether the property can be feasibly developed.

Tax Base Impact Statement: This property is presently vacant and publicly owned, and does not generate taxable value for the region. Through this development, it will again be on the tax rolls, assessed as a seventy-six-unit multi-family residential property. The owner will pay taxes on the full value of the property, which will remain in private ownership contributing to the tax base.

**OPTION AGREEMENT
DULUTH ECONOMIC DEVELOPMENT AUTHORITY, SELLER
ACCESSIBLE SPACE, INC.**

THIS AGREEMENT entered into this _____ day of _____, 2019, by and between the Duluth Economic Development Authority, an economic development authority created and existing under Minnesota Statutes (1989) Chapter 469, hereinafter referred to as "DEDA" and Accessible Space, Inc., a Minnesota nonprofit corporation, hereinafter referred to as "Developer".

WHEREAS, Developer provides accessible, affordable, assisted, supportive and independent living opportunities for persons with physical disabilities and brain injuries as well as seniors and veterans; and

WHEREAS, DEDA acquired certain property legally described on Exhibit A attached hereto and incorporated here (the "Property") for the purposes of fostering economic development in the City's Spirit Valley neighborhood;

WHEREAS, Developer has provided DEDA a proposal and tentative plan for the development of the Property involving the construction of approximately 76 units of supportive housing consisting of a total of approximately 72,000 square feet along with related utilities, parking, landscaping and other amenities (the "Project"); and

WHEREAS, Developer desires to apply to the Minnesota Housing Finance Agency for financing and Low Income Housing Tax Credits (LIHTC) for the proposed project and to perform additional analysis of the Property in order to determine whether the Property can be feasibly developed; and

WHEREAS, Developer desires an option to acquire the Property for the development of its Project; and

WHEREAS, DEDA is willing to grant a conditional option to Developer to allow Developer to make the investment in time, money and effort to determine whether the Property can be feasibly developed.

NOW, THEREFORE, in consideration of the mutual covenants and conditions

hereinafter contained, the receipt and sufficiency of which are hereby acknowledged, the parties hereto agree as follows:

ARTICLE I

Definitions

For the purposes of this Agreement, the following terms shall have the meanings hereinafter ascribed to them unless a different meaning clearly appears from the context:

- A. City: shall mean the City of Duluth.
- B. Conditional Option: shall mean the option granted to Developer to purchase the Property from DEDA upon the fulfillment of the terms and conditions hereinafter set forth.
- C. Development Agreement: shall mean an agreement between DEDA and Developer, in a form approved by the DEDA Board of Commissioners, which commits DEDA to convey the Property to Developer for the Purchase Price and commits Developer to acquire the Property from DEDA and to cause the Property to be developed in a manner consistent with this Agreement and the Development Agreement.
- D. Exercise Date: shall mean the date upon which DEDA and the Developer execute the Development Agreement.
- E. Executive Director: shall mean DEDA's Executive Director or the person designated to act on his/her behalf.
- F. Project: shall mean a residential development of approximately 76 units of supportive housing consisting of a total of approximately 72,000 square feet along with related utilities, parking, landscaping and other amenities.
- G. Property: shall mean the property in St. Louis County, Minnesota, legally described on Exhibit A attached hereto and made a part hereof.
- H. Purchase Price: shall mean the negotiated amount of Ten Thousand Dollars \$10,000 to be paid by Developer to DEDA.

ARTICLE II

Grant of Conditional Option

A. Conditional Option

In consideration of the sum of One Dollar (\$1.00) and other valuable consideration, the receipt and sufficiency of which is hereby acknowledged, DEDA hereby grants to Developer an exclusive Conditional Option to purchase the Property for the amount of the Purchase Price, which Conditional Option shall be effective from the date of execution of this Agreement until December 31, 2019, unless sooner exercised, extended or terminated as hereinafter provided. As of 4:00 P.M. on December 31, 2019, the Conditional Option herein granted shall terminate. Notwithstanding the above, in the event that on or before December 31, 2019, Developer has received notification that it has been approved for either 4% or 9% Low Income Housing Tax Credit (LIHTC) funding from the Minnesota Housing Finance Agency, then this Conditional Option shall be effective until December 31, 2020. In the event that on or before December 31, 2019, Developer has received notification that it has not been approved for 4% or 9% Low Income Housing Tax Credit (LIHTC) funding from the Minnesota Housing Finance Agency, then this Conditional Option shall be effective until December 31, 2019. Notwithstanding the above, in the event that on or before December 31, 2019, Developer has received notification that it has not been approved for 4% or 9% Low Income Housing Tax Credit (LIHTC) funding from the Minnesota Housing Finance Agency, DEDA may terminate this Agreement without cause upon ninety (90) days' prior written notice to Developer.

B. Developer's Right to Terminate

The Conditional Option granted to Developer is to allow Developer to perform necessary pre-development work including the testing and financial feasibility analysis necessary in order to allow the Developer to decide whether to proceed with the Project. Therefore, if the Developer is not in default of any of its obligations under this Agreement, Developer may at any time terminate this

Agreement by giving thirty (30) days' prior written notice thereof to DEDA, and thereafter Developer shall have no further obligations under this Agreement except as specifically provided for herein.

C. Conditional Option Conditions

The Conditional Option granted hereunder shall be conditioned upon the approval and execution of the Development Agreement which shall include the following:

1. Basic Requirements

Provides for the payment of the Purchase Price and otherwise conforms to the terms set forth in this Agreement.

2. Project Completion

Commits Developer to complete the Project as described in the Development Agreement within the time parameters provided for therein.

3. Plan Conformance

Complies with the terms of the City of Duluth Comprehensive Plan.

4. Business Subsidy Policies

If applicable, is in conformance with DEDA's policy for the granting of business subsidies to development projects.

ARTICLE III

Right of Entry; Testing

During the term of the Conditional Option herein granted, DEDA hereby grants to Developer the right to enter upon the Property at any time for the purposes of performing survey work related to the Property and/or for the purpose of performing geotechnical and environmental testing on the Property as Developer may deem desirable to determine the suitability of the Property for the Project. Developer agrees to require its contractors to use their all commercially reasonable efforts to not unnecessarily disrupt the Property by reason of said testing. The costs of such survey and testing work shall be solely the responsibility of Developer. In the event that

Developer shall for any reason not purchase the Property from DEDA, Developer shall be obligated to restore the Property to as good or better a condition as its prior condition and repair and restore all fences damaged as a result of such operations, or Developer, at its option, may reimburse DEDA for the costs of such restoration. In the event that Developer shall purchase the Property from DEDA, Developer shall not be liable for any damage done to the Property or to fences resulting from such operations.

DEDA shall have no liability to Developer, its officers, agents, employees or contractors for bodily injury, personal injury, death, illness, disease or property damage sustained by any of them. Developer's activities on the Property shall be conducted at its sole risk, loss, cost and expense, and in compliance with all applicable federal, state, county and municipal laws, rules and regulations. This right of entry is granted and accepted on as "as is" basis with respect to the Property and its condition.

ARTICLE IV

Title Examination

A. DEDA's Title Evidence

Within fifteen (15) Days of receipt of Developer's written request therefor, DEDA shall furnish to Developer such title report as is now in DEDA's possession; provided that Developer's request shall have been received by DEDA no less than forty-five (45) Days prior to any Exercise Date proposed by Developer.

B. Developer's Objections

Developer shall promptly order a new title commitment and survey after receiving all of the documentation required pursuant to Paragraph A of this Article. Developer shall notify DEDA of the dates of receipt of the new title commitment and the survey. Within fifteen (15) days of receiving the new title commitment and survey, Developer will make written objections (the "Objections") to the form or contents or both of said documents and to any matter referenced therein. Developer's failure to make such Objections within such time shall constitute a waiver thereof and render such matters to be "Permitted Objections" hereunder.

DEDA shall thereafter have up to sixty (60) days after receipt of written notice of the Objections to cure such Objections, during which period the closing date for the conveyance of the Property will be extended as necessary to allow DEDA to cure such Objections. If any such Objection is not cured within such sixty (60) day period or if DEDA notifies Developer that it is unable or unwilling to cure such objection within such sixty (60) day time period, Developer shall have the following remedies:

1. Terminate this Agreement whereupon neither party shall have any rights or responsibilities with regard to the other under this Agreement except as provided herein.
2. Waive in writing said Objection or Objections and proceed to closing.

ARTICLE V

Contingency

This Agreement is contingent upon, among other things, the following conditions being completed or satisfied in Developer's discretion:

- A. Soils encountered after subsurface investigation are compatible with the proposed Project and no adverse environmental problems exist or are discovered.
- B. Developer shall have obtained satisfactory financing from the Minnesota Housing Finance Agency for 9% Low Income Housing Tax Credits (LIHTC) for the proposed Project.

ARTICLE VI

Exercise

Exercise of this Conditional Option shall be accomplished by the approval of the Development Agreement by the DEDA Board of Commissioners and the execution by the appropriate officials of DEDA and Developer of the Development Agreement meeting the requirements of this Agreement on or before the last day of the term of this Conditional Option. The manner of implementing the closing on the purchase of the

Property, and the documentation related thereto and the apportionment of costs shall be set forth in the Development Agreement.

ARTICLE VII

PROVISION AGAINST LIENS

A. Provision Against Liens

Developer shall not create or permit any mortgage, encumbrance or allow any mechanic's or materialmen's liens to be filed or established or to remain against the Property or any part thereof which would materially or adversely affect DEDA's interest in the Property or this Agreement during the term of this Agreement, provided that if Developer shall first notify DEDA of its intention to do so and post such security as DEDA reasonably deems necessary, Developer may, in good faith, contest any such mechanic's or other liens filed or established as long as DEDA does not deem its interest or rights in this Agreement to be subject to foreclosure by reason of such context.

B. Provision Against Assignments, Transfers or Change in Identity of Developer

The parties hereto acknowledge that DEDA is relying upon the qualifications and identify of Developer to develop the Property. Therefore, Developer represents and agrees for itself, its successors and assigns that it has not made or created, and will not make or create or suffer to be made or created, any total or partial sale, assignment, conveyance, lease, trust, lien or power of attorney, and has not or will not otherwise transfer in any other way all or any portion of the Property or of its rights under this Agreement or any other contract or agreement entered into in connection with carrying out its obligations hereunder without the prior written approval of the Executive Director; and Developer will not make or create or suffer to be made any such transfer of Developer's rights hereunder without the prior approval of the Executive Director.

ARTICLE VIII

Indemnification

Developer hereby agrees to defend, indemnify and hold harmless DEDA and the City and their officers, agents, servants and employees from any and all liability, losses, damages, fines and penalties, claims, judgments, costs and expenses of any kind whatsoever, including legal fees and expenses, arising in any way out of the occupation of, use of, work upon or operations on the Property by Developer, its officers, agents, employees or contractors, and upon ten (10) days' written notice from DEDA, Developer shall appear and defend such parties.

ARTICLE IX

INSURANCE

A. Liability Insurance

The Developer shall procure and maintain continuously in force, and shall require any contractor performing any work on the Property to procure and maintain, Public Liability Insurance written on an "occurrence" basis under a Comprehensive General Liability Form in limits of not less than Two Million and No/100s (\$2,000,000.00) Dollars aggregate per occurrence for personal bodily injury and death, and limits of Two Million and No/100s (\$2,000,000.00) Dollars for Property damage liability. If person limits are specified, they shall be for not less than Two Million and No/100 (\$2,000,000.00) Dollars per person and be for the same coverages. DEDA and the City shall be named as additional insureds therein. Insurance shall cover:

1. Public liability, including premises and operations coverage.
2. Independent contractors--protective contingent liability.
3. Personal injury.
4. Owned, non-owned and hired vehicles.
5. Contractual liability covering the indemnity obligations set forth herein.

6. Property of others.

B. Workers' Compensation

Workers' Compensation Coverage, if required by Minnesota Statutes, in statutory amounts with "all states" endorsement. Employees liability insurance shall be carried in limits of One Hundred Thousand and No/100 (\$100,000.00) Dollars per employee.

C. Insurance Requirements

All insurance required in this Article shall be taken out and maintained in responsible insurance companies organized under the laws of the states of the United States and licensed to do business in the State of Minnesota. Developer shall provide a Certificate of Insurance to DEDA evidencing such coverage with 30-day's notice of cancellation, non-renewal or material change provisions included. DEDA does not represent or guarantee that these types or limits of coverage are adequate to protect the Developer's interests and liabilities. If a certificate of insurance is provided, the form of the certificate shall contain an unconditional requirement that the insurer notify the DEDA without fail not less than 30 days prior to any cancellation, non-renewal or modification of the policy or coverages evidenced by said certificate and shall further provide that failure to give such notice to DEDA will render any such change or changes in said policy or coverages ineffective as against DEDA and the City.

ARTICLE X

DEFAULTS AND REMEDIES THEREFORE

A. General Events of Default

It shall be a default to which the remedies set forth in Subparagraph 2 below shall be applicable if Developer shall fail to observe or perform any of the terms, conditions, covenants or agreements required to be observed or performed by it pursuant to this Agreement and such failure shall continue for a period of thirty (30) calendar days after DEDA has given written notice to Developer of such

default or, in the event that such default shall be incapable of cure during said thirty (30) day period, shall have failed to commence to cure said default within thirty (30) days of the date of said notice and to diligently pursue the same to completion.

B. General Remedies

Except as otherwise set forth in this Agreement, DEDA shall have the following remedies in the event of a default by Developer which remedies shall be deemed to be cumulative and non-exclusive:

1. Seek and be entitled to monetary damages, including consequential damages from Developer for any damages incurred by DEDA as a result of Developer's default.
2. Seek and be entitled to injunctive or declaratory relief as is necessary to prevent Developer's violation of the terms and conditions of this Agreement or to compel Developer's performance of its obligations hereunder.
3. Seek such other legal or equitable relief as a court of competent jurisdiction may determine is available to DEDA.

ARTICLE XI

MINNESOTA GOVERNMENT DATA PRACTICES ACT

All documents and data pertaining to this Agreement are governed by the provisions of the Minnesota Statutes Chapter 13, the "Minnesota Government Data Practices Act, as amended.

ARTICLE XII

NO THIRD PARTY RIGHTS

Nothing in this Agreement confers or purports to confer on any third party any benefit or any right to enforce any term of this Agreement.

ARTICLE XIII

SEVERABILITY

In the event any provision herein shall be deemed invalid or unenforceable, the remaining provisions shall continue in full force and effect and shall be binding upon the parties to this Agreement.

ARTICLE XIV

WAIVER

Any waiver by either party of any provision of this Agreement shall not imply a subsequent waiver of that or any other provision. To be effective, any waiver of any default by Developer hereunder shall be in writing by the Executive Director.

ARTICLE XV

NOTICES

Telephone calls may be used to expedite communications, but shall not be official communication unless confirmed in writing. Any notice, demand or other communication under this Agreement by either party to the other shall be deemed to be sufficiently given or delivered if it is dispatched by registered or certified mail, postage prepaid to:

In the case of DEDA:

Duluth Economic Development Authority
402 City Hall
411 West First Street
Duluth, MN 55802
Phone: 1-218-730-5580
Attn: Adam Fulton

In the case of Developer:

Accessible Space, Inc.
2550 University Avenue
Suite 330N
St. Paul, MN 55114

Phone: 1-800-466-7722

Attn: John Sullivan

ARTICLE XVI

APPLICABLE LAW

This Agreement is made in the State of Minnesota and shall be construed and interpreted in accordance with the laws of the State of Minnesota. The appropriate venue and jurisdiction for any litigation hereunder shall be in a court located in St. Louis County, Minnesota.

ARTICLE VII

ENTIRE AGREEMENT

This Agreement, including Exhibit A, constitutes the entire agreement between DEDA and Developer and supersedes all prior written or oral agreements and negotiations between the parties relating to the subject matter hereto.

IN WITNESS WHEREAS, the parties have hereunto set their hands the day and date first above shown.

DULUTH ECONOMIC DEVELOPMENT
AUTHORITY

ACCESSIBLE SPACE, INC.

By: _____
Its President

By: _____
Its _____

By: _____
Its Secretary

STATE OF MINNESOTA)
) ss.
COUNTY OF ST. LOUIS)

The foregoing instrument was acknowledged before me this _____ day of _____, 2019 by _____ the _____ of Accessible Space, Inc. a Minnesota nonprofit corporation, on behalf of the corporation.

Notary Public

STATE OF MINNESOTA)
) ss.
COUNTY OF ST. LOUIS)

The foregoing instrument was acknowledged before me this _____ day of _____, 2019, by Tim McShane and Zach Filipovich, the President and Secretary of the Duluth Economic Development Authority, an economic development authority under the laws of the State of Minnesota, on behalf of the Authority.

Notary Public

This instrument was drafted by:

Joan M. Christensen
Assistant City Attorney
410 City Hall
Duluth, MN 55802
(218) 730-5273

EXHIBIT A

Lots 1 through 18, Block 168, WEST DULUTH SEVENTH DIVISION, except minerals (Abstract)

Lot 23 and the easterly 20 feet of Lot 22, Block 168, WEST DULUTH SEVENTH DIVISION, except minerals (Abstract)

Lots 8 through 10, Block 169, WEST DULUTH SEVENTH DIVISION, except minerals (Abstract)

Lots 11 through 17 and Lots 19 through 28, Block 169, WEST DULUTH SEVENTH DIVISION (Abstract)

Lot 18, Block 169, WEST DULUTH SEVENTH DIVISION, except minerals (Torrens COT #286314)

RESOLUTION 19D-10

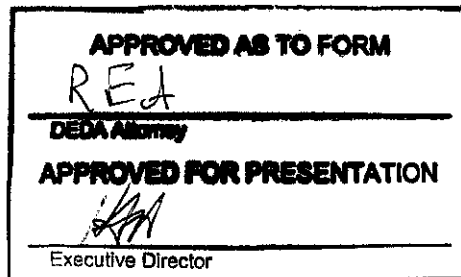
**RESOLUTION AUTHORIZING A GRANT/DEVELOPMENT AGREEMENT WITH
MOLINE MACHINERY LLC FOR THE DEVELOPMENT OF A NEW
MANUFACTURING FACILITY IN WEST DULUTH IN THE AMOUNT OF \$125,000.**

RESOLVED, by the Duluth Economic Development Authority ("DEDA") that the proper DEDA officials are hereby authorized to enter into a Grant/Development Agreement, substantially in the form of that attached hereto (DEDA Contract No. 19 860) with Moline Machinery, LLC to facilitate the development of a new approximately 25,000 square foot manufacturing facility to be used In conjunction with existing facilities in the manufacture of baking and food processing machinery as described in said development agreement, in the amount of not to exceed \$125,000, payable from Fund 860.

Approved by the Duluth Economic Development Authority this 27th day of March, 2019.

ATTEST:

Executive Director



STATEMENT OF PURPOSE: The purpose of this resolution is to approve the attached Grant/Development Agreement with Moline Machinery, LLC (Moline) to facilitate an expansion project, currently underway in West Duluth.

Moline is a Duluth based manufacturer of industrial bakery and food processing equipment for high volume production serving the world's largest food companies. Moline has significant real estate investments in its West Duluth complex. In the company's name, or its affiliates, are facilities which will pay more than \$135,000 in real estate taxes during 2019. The project, underway, will modernize one of the historic existing buildings and add an additional 25,000 sq ft of new manufacturing space, adding new real estate tax base. Moline anticipates that the new and renovation construction will result in additional valuation consistent with its other industrial sites and associated additional real estate tax.

In order to make the expansion possible, a new sewer line must be constructed to serve the combined facility. The grant will be utilized to replace the sanitary main (public improvements) associated with the project, which will need to extend under Keene Creek. As a condition of DEDA's assistance, Moline has committed to the

retention/preservation of no less than 83 FTE jobs in Duluth. In addition to retaining/preserving much-needed manufacturing jobs in the Duluth region, this project will upgrade public infrastructure and work to protect Keene Creek from sanitary main failure. This Agreement commits Moline to the preservation of jobs in Duluth, or be subject to repaying the conditional grant on a pro rata basis at the end of three years. Moline has committed to the design and construction of the public improvements in accordance with plans and specifications approved by the City Engineer. Upon completion of construction, the public improvements will be turned over to the City for ownership, operation, and maintenance.

**SHORT-FORM
DEVELOPMENT AGREEMENT
DULUTH ECONOMIC DEVELOPMENT AUTHORITY
MOLINE MACHINERY, LLC**

THIS AGREEMENT entered into this _____ day of _____, 2019, by and between the DULUTH ECONOMIC DEVELOPMENT AUTHORITY, an economic development authority created and existing under Minnesota Statutes (1989) Chapter 469, hereinafter referred to as "DEDA", and MOLINE MACHINERY, LLC, a limited liability company under the laws of the State of Minnesota, hereinafter referred to as "Developer".

WHEREAS, Developer is the owner and operator of an approximately 30,000 square foot manufacturing facility located at 114 South Central Avenue in Duluth, Minnesota in which it manufactures equipment for the bakery and food processing industries; and

WHEREAS, Developer has significant real estate investments in its West Duluth complex, and in its name, or its affiliates, are facilities which will pay more than \$135,000 in real estate taxes during 2019;

WHEREAS, in order to remain competitive in the industry and to retain its existing workforce in the Duluth market, Developer is in need of constructing and developing a major addition to said manufacturing facilities to augment its manufacturing capacity on property adjacent to the above facility, which expansion will require the construction of a new sanitary sewer main through challenging terrain to serve both facilities; and

WHEREAS, Developer is constructing and developing a major expansion of its manufacturing facilities and capacity on property adjacent to an existing facility, which requires a new sanitary sewer main to avoid pollution (the current system may be failing) and to deal with challenging terrain, or an intermediate, perhaps temporary fix that would potentially need further investment in the future; and

WHEREAS, Developer has requested the assistance of DEDA in financing the costs of the sewer project; and

WHEREAS, DEDA has determined that there is significant public interest in upgrading the sewer to avoid impact on Keene Creek and to better serve and provide stability to the operations of Developer;:

WHEREAS, Developer has agreed to cause the sanitary sewer main to be constructed, doing a full repair/replacement, if it receives the grant described herein;

NOW, THEREFORE, in consideration of the mutual covenants and conditions hereinafter contained, the parties hereto agree as follows:

ARTICLE I

Definitions

For the purposes of this Agreement, the following terms shall have the meanings hereinafter ascribed to them unless a different meaning clearly appears from the context:

- A. Approved by the Executive Director: shall mean the written approval of the Executive Director, or such person or persons to whom he or she may delegate such approval authority in writing, in the exercise of his or her sole discretion, provided that such approval shall not be unreasonably withheld.
- B. City: shall mean the City of Duluth, Minnesota.
- C. Eligible Costs: shall mean those costs of designing and constructing the Sewer Project, including the amount of the deposit as set forth in Paragraph 5 of the MOU.
- D. Developer Property: shall mean that property in St. Louis County, Minnesota, legally described as:

Lots 1 through 16 inclusive, Block 50 and Lots 1 through 16 inclusive, Block 51, WEST DULUTH First Division, including vacated alley except highway right-of-way.

- E. Full-time Equivalent or FTE shall mean employment positions within the State providing 2,080 hours of employment per year
- F. MOU: shall mean that Memorandum of Understanding between Developer and the City of Duluth's City Engineer for the construction of the Sewer Project and the acceptance of the resulting sewer utility by the City.
- G. Project: shall mean the construction of the Sewer Project.
- H. Plans: shall mean the plans and specifications, as prepared by Krech Ojard and submitted to the City of Duluth.

ARTICLE II

Ownership, Title and Control of Property

Developer hereby represents and warrants to DEDA that it owns the Property in fee simple absolute and that the Property is subject to no liens or encumbrances of any kind which would prevent or interfere in any way with Developer performing its obligations under this Agreement.

ARTICLE III

Conditions Precedent to Construction of the Project

Prior to the commencement of the construction of the Project, Developer shall have presented the following documentation to DEDA with regard to the Project and shall have received the Executive Director's prior approval thereof in writing as hereinafter required:

- A. Construction Plans
Approved Plans for the Project are attached to the MOU..
- B. Construction Contract
A copy of an executed contract between Developer and a contractor for the construction of the Project, certified by Developer to be a true and correct copy thereof.

C. Financial Assurance

Evidence of Developer's ability to complete the Project.

ARTICLE IV

Project Plans

A. Plans and Specifications

Plans are attached to the MOU and approved.

B. Changes After Initial Approval

Any changes made to plans by Developer after initial approval of the Executive Director deemed to be material or substantial shall be submitted to him or her for acceptance in the same manner provided for in Paragraph A above.

ARTICLE V

Construction

A. Construction of Developer Projects

Upon the fulfillment of the Preconditions to Construction provided for in Article III above and subject to the provisions of Article IV above but in no event later than November 1, 2019, Developer shall promptly commence construction of the Project in conformance with the plans developed pursuant to Article IV above. Construction of the Project as herein defined shall be completed no later than December 31, 2020 except as hereinafter set forth in this Agreement. Provided, that the Executive Director may, in the exercise of his or her discretion, extend the time for completion of the Project for up to nine (9) months, which extension shall be in writing.

B. Developer to Bear All Costs of Project

Subject to the terms and conditions of this Agreement, Developer specifically guarantees and agrees to bear all costs related to the development, completion and operation of the Project and any modifications thereto.

C. Progress Reports

Until construction of the Project has been completed, Developer shall make reports in such detail and at such times as may reasonably be requested by DEDA as to the actual progress of construction with respect to each such Project.

D. Certificate of Completion

Promptly upon completion by Developer, in accordance with this Agreement, of the construction of the Project, DEDA shall furnish to Developer an appropriate certificate so certifying. No such certification shall be issued until the Project has been completed. Such certification by DEDA shall constitute a conclusive determination of satisfaction of construction obligations of Developer undertaken pursuant to this Agreement.

ARTICLE VI

In consideration of Developer's performance of its obligations under this Agreement, DEDA hereby agrees to reimburse Developer for the cost of the Sewer Project in the amount of up to One Hundred Twenty-five Thousand, Dollars (\$125,000). One-half of that amount shall be payable upon the signing of this Agreement. Up to the entirety of the remaining amount shall be payable upon i) the issuance of the Certificate of Completion provided for in Paragraph D of Article V above; ii) the issuance of a certificate of occupancy by the City of Duluth Building Official for the addition described in the Whereas clauses above, which addition shall be approximately 25,000 square feet in size; iii) lien waivers from all contractors constructing the Project and said addition; and Developer submitting a written request for reimbursement of such costs incurred by Developer in constructing the Project, accompanied by evidence that such work has been performed and that the costs therefore have been paid by Developer, together with such other documentation as the Executive Director shall reasonably request.

ARTICLE VII

Developer's Operating Covenant

Developer further covenants and agrees that in its operations and use of the Project and the Property it will:

A. Job Retention

Developer currently employs 83 FTEs in Duluth. As a condition of the payment to Developer as provided for in Article VI above, Developer agrees to employ at least 83 FTEs at similar jobs in Duluth for a term of at least two (2) Years from the date of the issuance of the Certificate of Completion as described in Paragraph D of Article V above, subject to the provisions of Paragraph B. of Article XII below. On the first and second anniversary dates of the issuance of the Certificate of Completion as provided for in Paragraph D of Article V above, Developer shall provide to DEDA written certification of the number of FTEs actually employed in Duluth, attested to as true by the President or a Vice President of Developer. Additionally, the certification coinciding with said second anniversary shall be accompanied by payroll records or such other supporting documentation as shall be reasonably requested by the Executive Director necessary to support said certification. In the event that, at the end of the second year, the total number of employees is less than 83 FTEs, a pro rata portion of the DEDA grant above described will be returned to DEDA. For example, if there are 81 employees on the second anniversary date, $2/83 \times$ (amount of the grant received) will be returned.

B. Maintenance

The Project shall be maintained until accepted by the City of Duluth pursuant to the terms of this Agreement and the MOU.

ARTICLE VIII

Indemnification By Developer

A. Generally

Developer will to the fullest extent permitted by law, protect, indemnify and save DEDA and the City of Duluth and their officers, agents, servants, employees and any person who controls DEDA within the meaning of Securities Act of 1933, harmless from and against all liabilities, losses, damages, costs, expenses, including attorneys' fees and expenses, causes of action, suits, claims demands and judgements of any nature arising from:

1. Any injury to or death of any person or damage to property in or upon the Project or the Property or growing out of or in connection with the use or non-use, condition or occupancy of the Project or the Property or any part thereof and the construction or installation of the Project on any portion of the Project and the Property. The foregoing indemnification shall not be limited in any way by any limitation on the amount or type of damage, compensation or benefits payable by or for the Developer, customers, suppliers or affiliated organizations under any Workers' Compensation Act, Disability Benefit Acts or any other Employee Benefit Acts.
2. Any violation by Developer of any provision of this Agreement.
3. Any violation of any contract, agreement or restriction related to the Project which shall have existed at the commencement of the term of this Agreement or shall have been approved by the Developer.
4. Any violation of any law, ordinance, court order or regulation affecting the Project or the Property, or the ownership, occupancy or use thereof.

B. Environmental Indemnification

In addition to the generality of the foregoing above, Developer hereby agrees that for itself, its successors and assigns that it will indemnify and save the DEDA and the City of Duluth and their officers, agents, servants and employees and any person who controls the DEDA or the City within the meaning of the Securities Act of 1933 harmless from and against all liabilities, losses, damages, costs, expenses, including reasonable attorneys' fees and expenses, causes of action, suits, claims, demands and

judgments arising out of any condition created in the Project or the Property after the date of the signing of this Agreement which constitutes a violation of any environmental law or laws with regard to pollutants or hazardous or dangerous substances promulgated by the government of the United States or of the State of Minnesota or of any such duly promulgated rules and regulations of the United States Environmental Protection Agency or the Minnesota Pollution Control Agency or the presence in the Project or the Property of any element, compound, pollutant, contaminant, or toxic or hazardous substance, material or waste, or any mixture thereof, which otherwise causes injury or death to persons or damage to property and that indemnification granted hereby shall include all costs of clean-up, remediation, together with the costs incurred in proceedings before court of law or administrative agency including attorney's fees, expenses, the fees and expenses of persons providing technical expertise addressing such problems, including expert witnesses, the costs of preparing and securing approval of Response Action Plans as may be necessary to meet the requirements of the aforesaid agencies and any other costs and expenses of any kind whatsoever arising out of such conditions existing in the Project or on the Property.

C. Indemnification Procedures

Promptly after receipt by DEDA or the City of notice of the commencement of any action with respect to which the other party is required to indemnify the party receiving such notice under this Article, such indemnitee shall notify the indemnitor in writing of the commencement thereof, and, subject to the provisions as hereinafter stated, the indemnitor shall assume the defense of such action, including the employment of counsel satisfactory to the indemnitee and the payment of expenses. In so far as such action shall relate to any alleged liability of the indemnitee with respect to which indemnity may be sought against the indemnitor, the indemnitee shall have the right to employ separate counsel in any such action and to participate

in the defense thereof, and the fees and expenses of such separate counsel shall be at the expense of the indemnitor.

ARTICLE IX

Insurance

Developer shall provide for purchase and maintenance of such insurance as will protect Developer, DEDA and the City against risk of loss or damage to the Project and the Property and any other property permanently located or exclusively used at the Project site and against claims which may arise or result from the maintenance and use of the Project, including operations conducted in connection with construction of improvements thereupon. Such coverages shall be consistent with those carried by commercial enterprises in the City of Duluth and shall name the City of Duluth as an additional insured or named insured, where requested by the Executive Director.

ARTICLE X

Defaults and Remedies Therefore

A. Developer General Defaults and Remedies

1. General Events of Default

The following shall be deemed to be general events of default by Developer under the terms and conditions of this Agreement to which the remedies set forth in Subparagraph 2 below shall be applicable except as otherwise set forth in this Agreement.

- a. Failure to pay Ad Valorem Real Estate Taxes as and when due and payable.
- b. Developer shall fail to observe or perform any of the terms, conditions, covenants or agreements required to be observed

or performed by it or any successor or assigns of Developer pursuant to this Agreement and such failure shall continue for a period of sixty (60) calendar days after DEDA has, pursuant to the provisions of this Agreement, given written notice to Developer of such default or, in the event that such default shall be incapable of cure during said sixty (60) day period, shall have failed to commence to cure said default within sixty (60) days of the date of said notice and to diligently pursue the same to completion.

- c. Developer fails to complete its obligations under Articles IV or V as set forth above on or before December 31, 2020.

2. General Remedies

Except as otherwise set forth in this Agreement, DEDA shall have the following remedies in the event of a default by Developer:

- a. Seek and be entitled to injunctive or declaratory relief as is necessary to prevent Developer's violation of the terms and conditions of this Agreement or to compel Developer's performance of its obligations hereunder.
- b. Seek such other legal or equitable relief as a court of competent jurisdiction may determine is available to DEDA.

B. DEDA Defaults and Remedies

1. General Events of Default

The following shall be deemed to be general events of default by DEDA under the terms and conditions of this Agreement to which the remedies set forth in Subparagraph 2 below shall be applicable except as otherwise set forth in this Agreement.

- a. DEDA shall fail to observe or perform any of the terms, conditions, covenants or agreements required to be observed or performed by it pursuant to this Agreement and such failure shall continue for a period of thirty (30) calendar days after

Developer has, pursuant to the provisions of this Agreement, given written notice to DEDA of such default or, in the event that such default shall be incapable of cure during said thirty (30) day period, shall have failed to commence to cure said default within thirty (30) days of the date of said notice and to diligently pursue the same to completion.

- b. The failure of DEDA to abide by any of the terms and conditions of the Lease which, when taken together pursuant to those documents, constitute obligations of DEDA.

2. General Remedies

Except as otherwise set forth in this Agreement, Developer shall have the following remedies in the event of a default by DEDA:

- a. Seek such legal or equitable relief as a court of competent jurisdiction may determine is available to Developer.

C. Non-Waiver

The waiver by either party of any default on the part of the other party or the failure of said party to declare default on the part of the other party of any of its obligations pursuant to this Agreement shall not be deemed to be a waiver of any subsequent event of default on the part of the defaulting party of the same or of any other obligation of the defaulting party hereunder. And, to be effective, any waiver of any default by the defaulting party hereunder shall be in writing by the non-defaulting party.

D. Remedies Cumulative

Except as specifically set forth herein, the remedies provided under this Agreement shall be deemed to be cumulative and non-exclusive and the election of one remedy shall not be deemed to be the waiver of any other remedy with regard to any occasion of default hereunder.

E. Attorneys' Fees

In the event that either party is in Default of any of the terms and conditions of this Agreement and the non-defaulting party shall successfully take legal action to enforce said rights herein, in addition to the foregoing, such non-defaulting party shall be entitled to reimbursement for its reasonable attorney's fees and costs and otherwise for its costs and disbursements occasioned in enforcing its rights hereunder.

ARTICLE XI

Force Majeure

Under the terms of this Agreement, neither the DEDA nor Developer shall be considered in default or in breach of any of the terms with respect to the performance to their respective obligations under this Agreement in the event of enforced delay in the performance of its obligations due to unforeseeable causes beyond its control and without its fault or negligence, including but not limited to acts of God, acts of a public enemy, acts of the federal government, acts of another party, fire, floods, epidemics, strikes or embargoes, or for delays of subcontractors due to such causes. In the event of any such delay, any time for completion or delivery under this Agreement shall be extended for the period of any such delay upon written notice from the party seeking the extension to the other party.

ARTICLE XII

Representations by DEDA

DEDA represents and warrants that as of the date hereof:

- A. It is a lawfully constituted economic development authority under the laws of the State of Minnesota, it is not a material violation of any provisions of State law and that it has full power and authority to enter into this Agreement and perform its obligations hereunder.
- B. There are not actions, suits or proceedings pending, or to the knowledge of DEDA, threatened against DEDA or any property of DEDA in any court or before any Federal, State, municipal or governmental agency which, if

decided adversely to DEDA, would have a material adverse effect upon DEDA or any business or property of DEDA or the DEDA Portion and DEDA is not in default with respect to any order of any court or government agency.

- C. DEDA has investigated and has no knowledge that the DEDA Executive Director or other member, official, or employee of DEDA is directly or indirectly financially interested in this Agreement or in any transactions concluded in connection with this Agreement.
- D. DEDA shall do such things as are necessary to cause any information, document, certificate, statement in writing, or report required under this Agreement or otherwise delivered to any third parties under this Agreement to be true, correct and complete in all material respects.

ARTICLE XIII

Developer's Representations and Warranties

Developer represents and warrants that as of the date hereof:

- A. It is a lawfully constituted limited liability company under the laws of the State of Minnesota, is not in material violation of any provisions of State law and that it has full power and authority to enter into this Agreement and to perform its obligations hereunder.
- B. It is fully competent to acquire the Property and to construct and equip the Project thereon under all laws, rulings, regulations and ordinances of any governmental authority having jurisdiction and that it agrees to comply with all applicable State, Federal acquisition and relocation laws, wages and hours laws, including Davis-Bacon and local versions thereof or similar laws at its own expense.
- C. There are no actions, suits or proceedings pending or, to the knowledge of Developer, threatened against Developer or any property of Developer in any court or before any Federal, State or municipal or other governmental

agency which, if decided adversely to Developer could have a material adverse effect upon Developer or the Property and the Project, and that Developer is not in default of any order of any court or governmental agency.

- D. It is not in default of the payment of principal of or interest on any indebtedness for borrowed money or in default under any instrument or agreement pursuant to which the indebtedness has been occurred.
- E. That Developer has investigated and has no knowledge that any officer, director, agent or employee of Developer is directly or indirectly financially interested in this Agreement or in any transactions concluded in connection with this Agreement.

- F. Developer shall do such things as are necessary to cause any information, document, certificate, statement in writing, or report required under this Agreement delivered to any third party under this Agreement to be true, correct and complete in all material and respects. If necessary Developer agrees to perform any survey work prior to construction and all descriptions and exhibits hereto and definitions herein shall be subject to such revisions as are necessary after completion of any survey.

ARTICLE XIV

Term

The term of this Agreement shall run from the date first above shown until the Issuance of the Certificate of Completion as provided for in Paragraph D of Article V unless this Agreement is otherwise terminated as herein before provided for.

ARTICLE XV

Runs With the Land

This Agreement shall be deemed to run with the land and shall enure to the benefit of the parties hereto and to their successors and assigns.

ARTICLE XVI

Notices

Any notice, demand or other communication under this Agreement by either party to the other shall be deemed to be sufficiently given or delivered if it is dispatched by registered or certified mail, postage prepaid to:

In the case of DEDA:

Duluth Economic Development Authority
Room 402 City Hall
411 West First Street
Duluth, MN 55802

In the case of Developer:

Gary Moline
Moline Machinery, LLC
114 South Central Avenue
Duluth, MN 55807

With copies to:

William M. Burns
Hanft Fride, A Professional Association
130 W. Superior Street #1000
Duluth, MN 55802

ARTICLE XVII

Applicable Law

This Agreement together with all of its Articles, paragraphs, terms and provisions is made in the State of Minnesota and shall be construed and interpreted in accordance with the laws of the State of Minnesota.

IN WITNESS WHEREAS, the parties have hereunto set their hands the day and date first above shown.

DULUTH ECONOMIC DEVELOPMENT
AUTHORITY, an economic development
authority under MinnStat. (1989)
Chapter 469.

MOLINE MACHINERY, LLC,
a Minnesota Limited
Liability Company

Its President

Its _____

Its Secretary

RESOLUTION 19D-11

RESOLUTION AUTHORIZING AN AGREEMENT WITH JAMAR COMPANY FOR REPAIR OF THE MRO BUILDING IN THE AMOUNT OF \$109,457.04

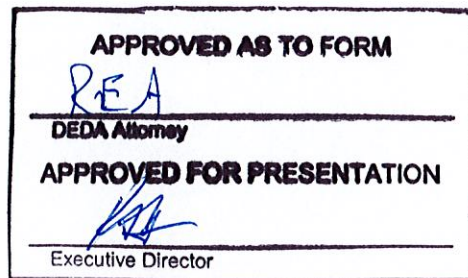
CITY PROPOSAL:

RESOLVED, by the Duluth Economic Development Authority ("DEDA") that the proper DEDA officials are hereby authorized to enter into a contract (DEDA Contract No. 19-0860-XXXX) with Jamar Company for the repair of the MRO building roof at the Duluth International Airport in the amount of \$109,457.04, payable from Fund 0860.

Approved by the Duluth Economic Development Authority this 27th day of March, 2019.

ATTEST:

Executive Director



STATEMENT OF PURPOSE: This resolution approves the award by DEDA of a contract to Jamar Company to repair portions of the ethylene propylene diene monomer (EDPM) roof of DEDA's MRO Building at the Duluth International Airport.

The MRO Building was originally constructed for Northwest Airlines (NWA) in the late 1990's, in part with development assistance from DEDA. It is currently leased to AAR for aircraft refurbishing operations. AAR has occupied the building for more than 6 years, and has provided DEDA with a letter of intent to enter into an amendment of the lease and continue occupancy. Under the terms of the Lease with AAR, the maintenance and repair of the EDPM Roof is DEDA's responsibility.

Due to age and associated wear and tear, the EDPM roof is nearing its end of useful life and now requires major remedial actions. The roof repairs are the first phase and address the major deficiencies in preparation for the second phase of a liquid applied membrane that would return the roof to "like-new" condition.

The EDPM roof is comprised of five separate sections at a total of nearly 162,000 square feet.

Since the work is necessary to the long-term integrity of the building, DEDA determined to proceed with the repair of all five sections of the EDPM roof. The second phase, which is the application of the fluid applied membrane, is projected to occur in 4-5 years by allocating lease revenues annually.

The Jamar Company has been providing roof services to the MRO facility EDPM roof, including emergency repairs, and has foundational knowledge of the needs of the EDPM system. On October 10, 2018, it provided to DEDA a "Management Report" constituting a long-term plan for the maintenance, repair and ultimately the replacement of the MRO roof. Based on their recommendations, DEDA staff has determined that it is prudent and necessary to commence implementation of the plan by (describe work to be covered by this contract.)

In 2017, the city entered into a cooperative purchasing agreement with Sourcewell (formerly the National Joint Purchasing Alliance, or NJPA) which authorizes the city to purchase goods and services under contracts entered into by Sourcewell. Sourcewell establishes and provides nationally leveraged and competitively solicited purchasing contracts under the guidance of the Minnesota Uniform Municipal Contracting Law which allows member agencies access to national contract volume pricing. Jamar is one of the companies that provided the lowest prices for roof work, allowing DEDA to contract with Jamar under Sourcewell contract MN03IR-042517-JMR for the work.



Work Order Signature Document

Sourcewell EZIQC Contract No.: MN03IR-042517-JMR

New Work Order

Modify an Existing Work Order

Work Order Number: 066109.00

Work Order Date: 03/18/2019

Owner PO No:

Work Order Title: City of Duluth Roof Repairs

Owner Name: CITY OF DULUTH

Contractor Name: The Jamar Company

Contact: CHAD RONCHETTI

Contact: Caleb Blomdahl

Phone: 2187305323

Phone: 218-628-6120

Work to be Performed

Work to be performed as per the Final Detailed Scope of Work Attached and as per the terms and conditions of Sourcewell EZIQC Contract No MN03IR-042517-JMR.

Brief Work Order Description:

ROOF REPAIRS

Time of Performance *See Schedule Section of the Detailed Scope of Work*

Duration

Liquidated Damages Will apply: Will not apply:

Work Order Firm Fixed Price: \$109,457.04

Owner Purchase Order Number:

Approvals

Owner

Date

Contractor

Date

Detailed Scope of Work

To: Caleb Blomdahl
Jamar
No Data Input
No Data Input,
218-628-6120

From: CHAD RONCHETTI
CITY OF DULUTH
411 West First Street
DULUTH, MN 55802
2187305323

Date Printed: March 18, 2019

Work Order Number: 066109.00

Owner PO No:

Work Order Title: City of Duluth Roof Repairs

Brief Scope: ROOF REPAIRS

Preliminary

Revised

Final

The following items detail the scope of work as discussed at the site. All requirements necessary to accomplish the items set forth below shall be considered part of this scope of work.

ROOF REPAIRS TO SECTIONS 1, 2, 3, 4 REPAIR FAILED EDGE FLASHING (APPROX. 150') REPAIR DETERIORATED CURB FLASHING (APPROX. 480') REPAIR LOOSE WALL FLASHING (APPROX. 280') MISC. FIELD REPAIRS (APPROX. 650') REPLACE WET INSULATION (APPROX. 64') OVERLAY FIELD SEAMS (APPROX. 8000') REPAIR OPEN T-JOINTS (APPROX. 175') INSTALL TERMINATION BAR IN CORNERS (APPROX. 200')

Contractor

Date

Owner

Date

Contractor's Price Proposal - Summary

Date: March 18, 2019

Re: IQC Master Contract #: MN03IR-042517-JMR
Work Order #: 066109.00
Owner PO #:
Title: City of Duluth Roof Repairs
Contractor: The Jamar Company
Proposal Value: \$109,457.04

No Category Input	\$109,457.04
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Proposal Total	\$109,457.04
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Contractor's Price Proposal - Detail

Date: March 18, 2019

Re: IQC Master Contract #: MN031R-042517-JMR
 Work Order #: 066109.00
 Owner PO #:
 Title: City of Duluth Roof Repairs
 Contractor: The Jamar Company
 Proposal Value: \$109,457.04

Sect.	Item	Modifer	UOM	Description	Line Total
Labor	Equip.	Material	(Excluded if marked with an X)		
No Category Input					
1	01 22 16 00 0002		EA	Reimbursable Fees Reimbursable Fees will be paid to the contractor for eligible costs. The base cost of the Reimbursable Fee is \$1.00. Insert the appropriate quantity to adjust the base cost to the actual Reimbursable Fee (e.g. quantity of 125 = \$125.00 Reimbursable Fee). If there are multiple Reimbursable Fees, list each one separately and add a comment in the "note" block to identify the Reimbursable Fee (e.g. sidewalk closure, road cut, various permits, extended warrantee, expedited shipping costs, etc.). A copy of each receipt shall be submitted with the Price Proposal.	\$350.00
				Installation	
				Quantity	
				350.00	
				x	
				Unit Price	
				1.00	
				x	
				Factor	
				1.0000	
				=	
				Total	
				350.00	
				Performance & Payment Bond	
2	07 05 13 00 0005		EA	Labor Crew Up-Charge For >3 To 4 SQ	\$997.78
				Installation	
				Quantity	
				4.00	
				x	
				Unit Price	
				158.63	
				x	
				Factor	
				1.5725	
				=	
				Total	
				997.78	
3	07 05 13 00 0014		SF	Roof Repair, Membrane Roofing, >50 To 100 SF	\$105,355.93
				Installation	
				Quantity	
				6,900.00	
				x	
				Unit Price	
				9.71	
				x	
				Factor	
				1.5725	
				=	
				Total	
				105,355.93	
4	07 05 13 00 0026		LF	Mastic Sealer, 1/4" Bead At Joint	\$1,690.44
				Installation	
				Quantity	
				500.00	
				x	
				Unit Price	
				2.15	
				x	
				Factor	
				1.5725	
				=	
				Total	
				1,690.44	
5	07 22 16 00 0052		SF	4" Thick, R23.6, Polyisocyanurate, Roof Board Insulation	\$273.74
				Installation	
				Quantity	
				64.00	
				x	
				Unit Price	
				2.72	
				x	
				Factor	
				1.5725	
				=	
				Total	
				273.74	
6	07 22 16 00 0052	0134	MOD	For Mechanically Fastened To Wood Or Steel, Deduct	\$0.00
				Installation	
				Quantity	
				16.00	
				x	
				Unit Price	
				0.00	
				x	
				Factor	
				1.5725	
				=	
				Total	
				0.00	
7	07 22 16 00 0182		SF	Demolish >3" To 4" Average Thickness, Rigid Board Roofing Insulation	\$31.20
				Installation	
				Quantity	
				64.00	
				x	
				Unit Price	
				0.31	
				x	
				Factor	
				1.5725	
				=	
				Total	
				31.20	
8	07 59 00 00 0002		LF	Roofing Membrane Termination Bar Includes fasteners and caulking.	\$757.95
				Installation	
				Quantity	
				200.00	
				x	
				Unit Price	
				2.41	
				x	
				Factor	
				1.5725	
				=	
				Total	
				757.95	

Subtotal for No Category Input \$109,457.04

Proposal Total \$109,457.04

This total represents the correct total for the proposal. Any discrepancy between line totals, sub-totals and the proposal total is due to rounding.



Management Report



DEDA
AAR - Duluth Airbus Facility
4600 Stebner Rd., Duluth, MN

Prepared For
DEDA

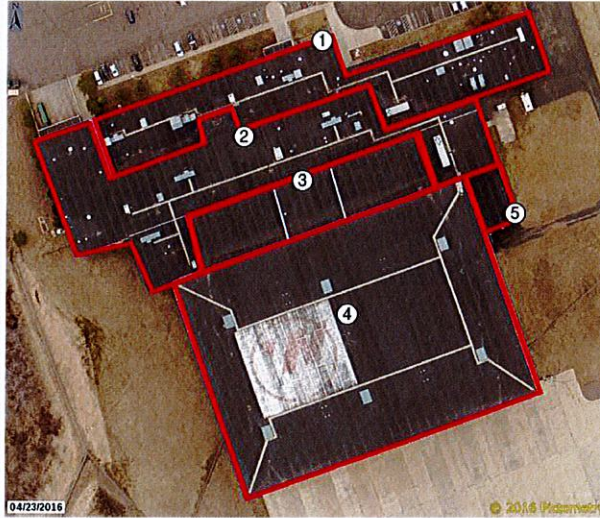
Powered By



DEDA

AAR - Duluth Airbus Facility
4600 Stebner Rd.
Duluth, MN

Site Overview



Total Sections: 5
Total Sq/Ft: 161,612

Map	Name	Sq/Ft	Est Install	Grade
1	Section 1	28,845	1996	C
2	Section 2	38,672	1996	D
3	Section 3	15,045	1996	C
4	Section 4	76,750	1996	D
5	Section 5	2,300	1996	C

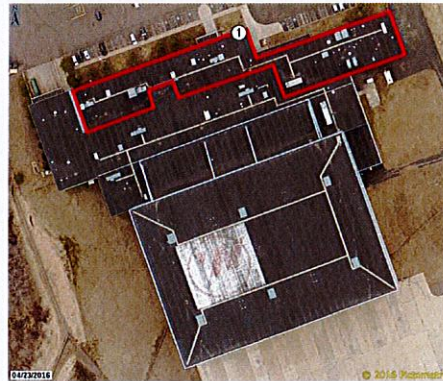
DEDA

AAR - Duluth Airbus Facility
4600 Stebner Rd.
Duluth, MN

Observations

Section: Section 1
Size: 28,845
Overall Grade: C

Inspection Date: 10/10/2018
Inspector: Caleb Blomdahl



- Site Overview
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- Budget Matrix



Section Overview
Several areas of siding are still in need of replacement on this level



Section Overview



Observation 3



Observation 4

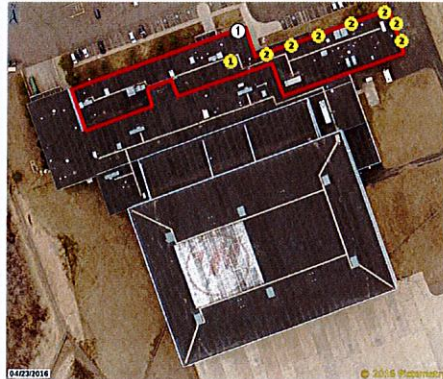
DEDA

AAR - Duluth Airbus Facility
4600 Stebner Rd.
Duluth, MN

Deficiencies

Section: Section 1
Size: 28,845
Overall Grade: C

Inspection Date: 10/10/2018
Inspector: Caleb Blomdahl



General - Annual Roof Maintenance & Repairs (Remedial)

Quantity: 28845 SF

Deficiency:

Roof system is in need of general roof maintenance and repair. We recommend yearly inspections and repairs to prolong the life of the roof system.

Corrective Action:

Walk entire roof section. Inspect field seams and penetration flashings. Check and clear all drains & scuppers. Clean roof surface of all nature's debris (leaves, branches, dirt). Remove and dispose of any foreign debris (screws, trash, filters, belts, etc.) Check and caulk all vent stacks & storm collars as necessary.



General - Edge Flashing Failure (Remedial)

Quantity: 150 LF

Deficiency:

Roof membrane has separated or deteriorated from the metal edge detail.

Corrective Action:

Clean and prime area as necessary and install new material to ensure water tightness.

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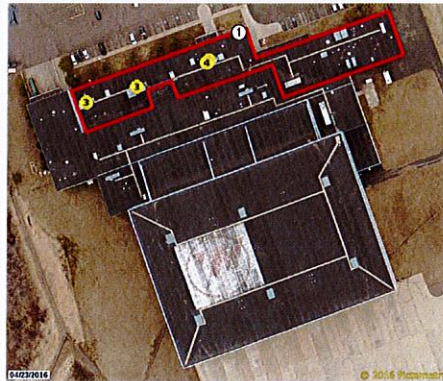
DEDA

AAR - Duluth Airbus Facility
4600 Stebner Rd.
Duluth, MN

Deficiencies (continued)

Section: Section 1
Size: 28,845
Overall Grade: C

Inspection Date: 10/10/2018
Inspector: Caleb Blomdahl



- Site Overview
- Section 1
- Composition
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- Deficiencies



General - Deteriorated Curb Flashing (Remedial)

Quantity: 80 LF

Deficiency:

Flashing details are starting to deteriorate and should be reinforced before they fail completely.

Corrective Action:

Strip in flashing with new pressure sensitive cover tape to ensure a long term watertight condition.



General - New Fluid Applied Membrane Budget (Remedial)

Quantity: 28845 SF

Deficiency:

Roof system is over 20 years old.

Corrective Action:

Furnish and install a new fluid applied membrane

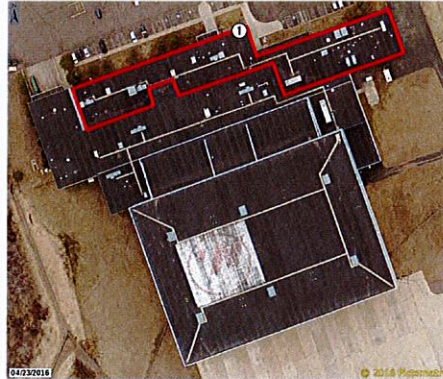
DEDA

AAR - Duluth Airbus Facility
4600 Stebner Rd.
Duluth, MN

Summary

Section: Section 1
Size: 28,845
Overall Grade: C

Inspection Date: 10/10/2018
Inspector: Caleb Blomdahl



Condition Summary

Membrane: C
Flashings: C
Sheet Metal: C

Overall: C

Overall Grade

- A = 10 Years or more of service life remaining
- B = 8-10 Years of service life remaining
- C = 5-7 Years of service life remaining
- D = 2-4 Years of service life remaining
- F = Less than 1 Year of service life remaining

Estimated Replacement: 2024

Recommendations

We recommend repairing the items noted in this report along with starting a semi annual maintenance agreement. Having the roof serviced in the spring will keep this roof serviceable for several years. Keeping the insulation dry is very important. It allows for a significant savings when it is time for a re-roof by being able to salvage the existing insulation. There are also VE options like a fluid applied membrane which is a seamless system that can be applied over the EPDM membrane. Based on our findings during our inspection, we recommend this roof section be replaced 3rd if all sections cannot be completed at once. Leaking is also present at the siding and windows which is not included in these budgets

Estimated Repair Costs: \$150,250.00

Estimated Replacement Costs: \$288,450.00

- Site Overview
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- Composition
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- Section 5
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- Budget Matrix

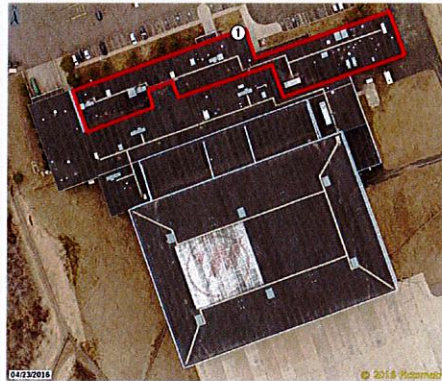
DEDA

AAR - Duluth Airbus Facility
4600 Stebner Rd.
Duluth, MN

Summary

Section: Section 1
Size: 28,845
Overall Grade: C

Inspection Date: 10/10/2018
Inspector: Caleb Blomdahl



1 - Section 1 (28,845 SF) Grade C

Deficiency	Qty	Emergency	Remedial	Replacement
Annual Roof Maintenance & Repairs	28845 SF		\$3,000.00	
Edge Flashing Failure	150 LF		\$2,250.00	
Deteriorated Curb Flashing	80 LF		\$1,000.00	
New Fluid Applied Membrane Budget	28845 SF		\$144,000.00	
Full Replacement	28,845 SF			\$288,450.00
Total		\$0.00	\$150,250.00	\$288,450.00

- Site Overview
- Section 1
- Composition
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- Budget Matrix

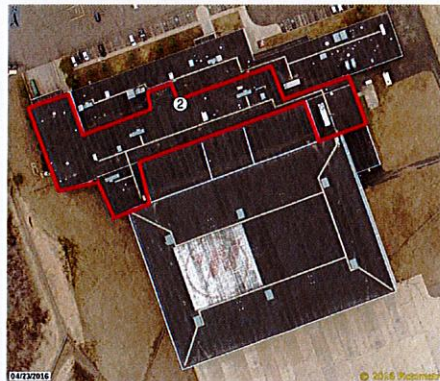
DEDA

AAR - Duluth Airbus Facility
4600 Stebner Rd.
Duluth, MN

Observations

Section: Section 2
Size: 38,672
Overall Grade: D

Inspection Date: 10/10/2018
Inspector: Caleb Blomdahl



- Site Overview
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Observation #1
Most of the field seams have been overlaid. There are still quite a few curbs and edge flashing to address



Observation #2
Siding should be installed on these walls to eliminate leaking



Observation #3



Observation #4

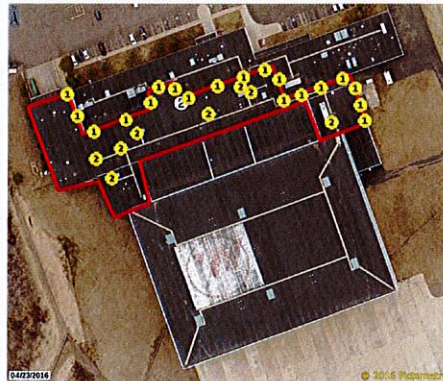
DEDA

AAR - Duluth Airbus Facility
4600 Stebner Rd.
Duluth, MN

Deficiencies

Section: Section 2
Size: 38,672
Overall Grade: D

Inspection Date: 10/10/2018
Inspector: Caleb Blomdahl



General - Deteriorated Edge Flashing (Remedial)

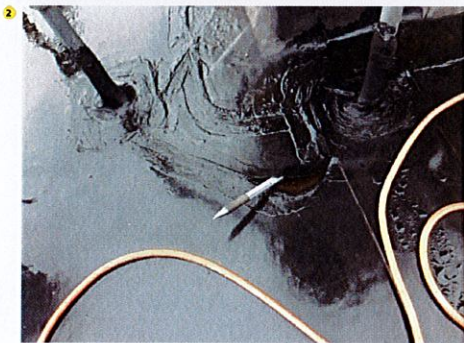
Quantity: 200 LF

Deficiency:

Roof membrane is starting to separate from the metal edge detail.

Corrective Action:

Clean and prime area as necessary and install new material to ensure water tightness.



General - Deteriorated Curb Flashing (Remedial)

Quantity: 400 LF

Deficiency:

Flashing details are starting to deteriorate and should be reinforced before they fail completely.

Corrective Action:

Strip in flashing with new pressure sensitive cover tape to ensure a long term watertight condition.

- Site Overview
- Section 1
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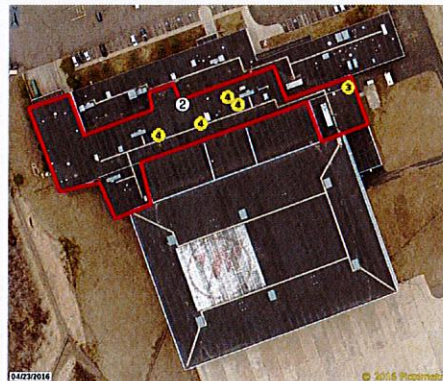
DEDA

AAR - Duluth Airbus Facility
4600 Stebner Rd.
Duluth, MN

Deficiencies (continued)

Section: Section 2
Size: 38,672
Overall Grade: D

Inspection Date: 10/10/2018
Inspector: Caleb Blomdahl



- Site Overview
- Section 1
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General - Loose Wall Flashing (Remedial)

Quantity: 10 LF

Deficiency:

Wall flashing is no longer adhered to the expansion joint

Corrective Action:

Membrane would be cut and re-adhered to wall. New cover tape will be installed where membrane is cut.



General - Misc. Field Repairs (Remedial)

Quantity: 250 LF

Deficiency:

As a maintenance item, we strongly recommend you strip in field seams that are glued. Installing EPDM cover tape material over seams will greatly extend the service life of your roof system.

Corrective Action:

Clean and prime seam. Install and roll cover tape material to ensure water tight condition.

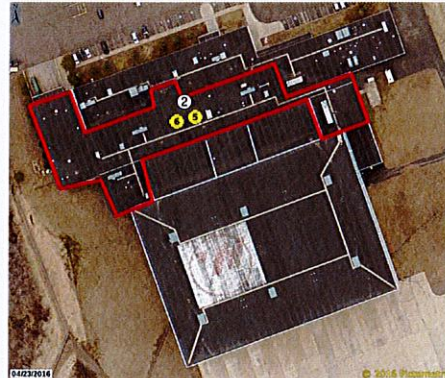
DEDA

AAR - Duluth Airbus Facility
4600 Stebner Rd.
Duluth, MN

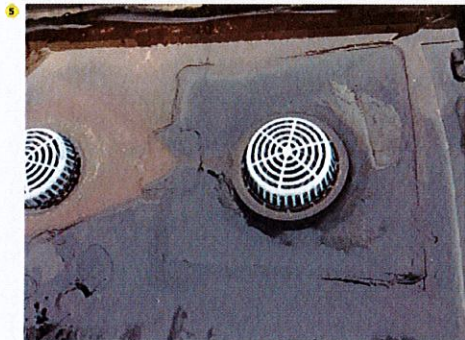
Deficiencies (continued)

Section: Section 2
Size: 38,672
Overall Grade: D

Inspection Date: 10/10/2018
Inspector: Caleb Blomdahl



- Site Overview
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General - Annual Roof Maintenance & Repairs (Remedial)

Quantity: 1 EA

Deficiency:

Roof system is in need of general roof maintenance and repair. We recommend yearly inspections and repairs to prolong the life of the roof system.

Corrective Action:

Walk entire roof section. Inspect field seams and penetration flashings. Check and clear all drains & scuppers. Clean roof surface of all nature's debris (leaves, branches, dirt). Remove and dispose of any foreign debris (screws, trash, filters, belts, etc.) Check and caulk all vent stacks & storm collars as necessary.



General - New Fluid Applied Membrane Budget (Remedial)

Quantity: 38672 SF

Deficiency:

Roof system is over 20 years old

Corrective Action:

Furnish and install a new fluid applied membrane

DEDA

AAR - Duluth Airbus Facility
4600 Stebner Rd.
Duluth, MN

Summary

Section: Section 2
Size: 38,672
Overall Grade: D

Inspection Date: 10/10/2018
Inspector: Caleb Blomdahl



Condition Summary

Membrane: C
Flashings: D
Sheet Metal: C

Overall: D

Overall Grade

- A = 10 Years or more of service life remaining
- B = 8-10 Years of service life remaining
- C = 5-7 Years of service life remaining
- D = 2-4 Years of service life remaining
- F = Less than 1 Year of service life remaining

Estimated Replacement: 2022

Recommendations

We recommend continuing with annual maintenance and repairs on this section to prolong the serviceable life. All of the field seams have been addressed but there are still roof curbs, edge flashing, field patches to reinforce, target patches around roof drains, and loose wall flashing to address. We also noted the insulation to be solid at the time of inspection. A fluid applied membrane could be considered if the insulation continues to stay dry. Based on our findings during our inspection, we recommend this roof section be replaced 2nd if all sections cannot be completed at once.

Siding also needs to be addressed on this section. There has been ongoing leaks in the break room and locker rooms that are siding related.

Estimated Repair Costs: \$208,220.00

Estimated Replacement Costs: \$386,720.00

- Site Overview
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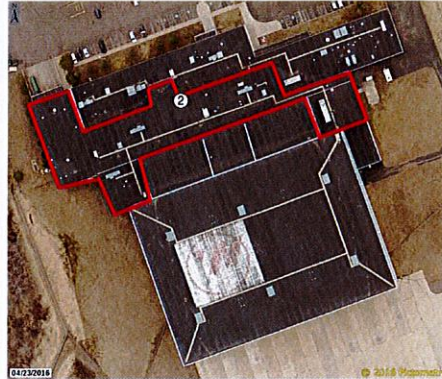
DEDA

AAR - Duluth Airbus Facility
4600 Stebner Rd.
Duluth, MN

Summary

Section: Section 2
Size: 38,672
Overall Grade: D

Inspection Date: 10/10/2018
Inspector: Caleb Blomdahl



- Site Overview
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2 - Section 2 (38,672 SF) Grade D

Deficiency	Qty	Emergency	Remedial	Replacement
Deteriorated Edge Flashing	200 LF		\$3,000.00	
Deteriorated Curb Flashing	400 LF		\$5,000.00	
Loose Wall Flashing	10 LF		\$220.00	
Misc. Field Repairs	250 LF		\$3,000.00	
Annual Roof Maintenance & Repairs	1 EA		\$4,000.00	
New Fluid Applied Membrane Budget	38672 SF		\$193,000.00	
Full Replacement	38,672 SF			\$386,720.00
Total		\$0.00	\$208,220.00	\$386,720.00

DEDA

AAR - Duluth Airbus Facility
4600 Stebner Rd.
Duluth, MN

Observations

Section: Section 3
Size: 15,045
Overall Grade: C

Inspection Date: 10/10/2018
Inspector: Caleb Blomdahl



Observation #1
All the field seams have been stripped in on this section



Observation #2

- Site Overview
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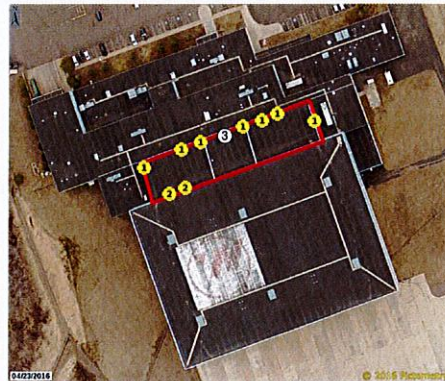
DEDA

AAR - Duluth Airbus Facility
4600 Stebner Rd.
Duluth, MN

Deficiencies

Section: Section 3
Size: 15,045
Overall Grade: C

Inspection Date: 10/10/2018
Inspector: Caleb Blomdahl



General - Loose Wall Flashing (Remedial)

Quantity: 120 LF

Deficiency:

Wall flashing is no longer adhered to the wall.

Corrective Action:

Mechanically fasten new termination bar at parapet. New cover tape will be installed over the term bar.



General - Wet/Deteriorated Insulation (Remedial)

Quantity: 64 SF

Deficiency:

Insulation has become saturated do to water infiltration.

Corrective Action:

Remove entire area of damaged insulation. Install new insulation an waterproofing membrane to maintain a watertight condition.

- Site Overview
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DEDA

AAR - Duluth Airbus Facility
4600 Stebner Rd.
Duluth, MN

Deficiencies (continued)

Section: Section 3
Size: 15,045
Overall Grade: C

Inspection Date: 10/10/2018
Inspector: Caleb Blomdahl



- Site Overview
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3 **General - New Fluid Applied Membrane Budget (Remedial)**
 Quantity: 15045 SF
Deficiency:
 Roof system is over 20 years old
Corrective Action:
 Furnish and install a new fluid applied membrane



4 **General - Annual Roof Maintenance & Repairs (Remedial)**
 Quantity: 15045 EA
Deficiency:
 Roof system is in need of general roof maintenance and repair. We recommend yearly inspections and repairs to prolong the life of the roof system.
Corrective Action:
 Walk entire roof section. Inspect field seams and penetration flashings. Check and clear all drains & scuppers. Clean roof surface of all natures debris (leaves, branches, dirt). Remove and dispose of any foreign debris (screws, trash, filters, belts, etc.) Check and caulk all vent stacks & storm collars as necessary.

DEDA

AAR - Duluth Airbus Facility
4600 Stebner Rd.
Duluth, MN

Summary

Section: Section 3
Size: 15,045
Overall Grade: C

Inspection Date: 10/10/2018
Inspector: Caleb Blomdahl



Condition Summary

Membrane: C
Flashings: D
Sheet Metal: C

Overall: C

Overall Grade

- A = 10 Years or more of service life remaining
- B = 8-10 Years of service life remaining
- C = 5-7 Years of service life remaining
- D = 2-4 Years of service life remaining
- F = Less than 1 Year of service life remaining

Estimated Replacement: 2025

Recommendations

All of the field seams have been addressed. We noted loose wall flashings around the perimeter and two areas of wet insulation. We recommend taking care of the walls and insulation sooner than later. This roof section does not see a lot of roof traffic and would be a great candidate for a fluid applied membrane. Based on our findings during our inspection, we recommend this roof section be replaced 4th if all sections cannot be completed at once.

Estimated Repair Costs: \$80,930.00

Estimated Replacement Costs: \$180,540.00

- Site Overview
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DEDA

AAR - Duluth Airbus Facility
4600 Stebner Rd.
Duluth, MN

Summary

Section: Section 3
Size: 15,045
Overall Grade: C

Inspection Date: 10/10/2018
Inspector: Caleb Blomdahl



3 - Section 3 (15,045 SF) Grade C

Deficiency

	Qty	Emergency	Remedial	Replacement
Loose Wall Flashing	120 LF		\$2,640.00	
Wet/Deteriorated Insulation	64 SF		\$1,290.00	
New Fluid Applied Membrane Budget	15045 SF		\$75,000.00	
Annual Roof Maintenance & Repairs	15045 EA		\$2,000.00	
Full Replacement	15,045 SF			\$180,540.00
Total		\$0.00	\$80,930.00	\$180,540.00

- Site Overview
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DEDA

AAR - Duluth Airbus Facility
4600 Stebner Rd.
Duluth, MN

Observations

Section: Section 4

Size: 76,750

Overall Grade: D

Inspection Date: 10/10/2018

Inspector: Caleb Blomdahl



Observation #1



Observation #2



Observation #3



Observation #4

- Site Overview
- Section 1
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DEDA

AAR - Duluth Airbus Facility
4600 Stebner Rd.
Duluth, MN

Deficiencies

Section: Section 4
Size: 76,750
Overall Grade: D

Inspection Date: 10/10/2018
Inspector: Caleb Blomdahl



General - Delaminated Field Seams (Remedial)

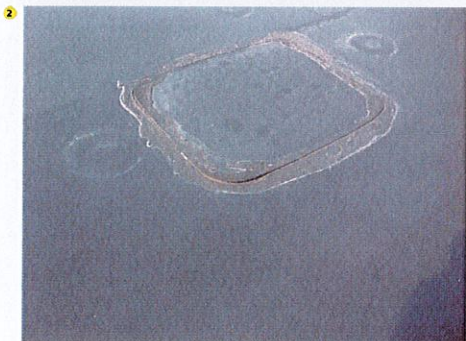
Quantity: 8000 LF

Deficiency:

Open seams in the waterproofing membrane are typically caused by failing seam adhesives coupled with membrane shrinkage and stress on the seams. The area where the Logo is painted on the roof has been deducted from the LF

Corrective Action:

The area surrounding the open seam must be cleaned. A new piece of waterproofing membrane would be installed and sealed per industry standards.



General - Delaminated field patching (Remedial)

Quantity: All EA

Deficiency:

Previous patchwork is peeling up and needs to be reinforced. This condition is around the roof drains as well

Corrective Action:

We will remove the existing repair, clean and prime area and install new patch to ensure water tightness.

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DEDA

AAR - Duluth Airbus Facility
4600 Stebner Rd.
Duluth, MN

Deficiencies (continued)

Section: Section 4
Size: 76,750
Overall Grade: D

Inspection Date: 10/10/2018
Inspector: Caleb Blomdahl



- Site Overview
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General - Window and siding Sealant Failure (Emergency)

Quantity: 1 EA

Deficiency:

Windows and siding sealant has failed and is allowing water into the building.

Corrective Action:

Apply caulk to open window and siding sealant utilizing a manlift on the outside of the building at a cost of \$3500 per day.



General - New Fluid Applied Membrane Budget (Remedial)

Quantity: 76750 SF

Deficiency:

Maintenance has been deferred on this section but the substrate is still dry. We recommend installing a fluid applied membrane

Corrective Action:

Furnish and install a fluid applied membrane

DEDA

AAR - Duluth Airbus Facility
4600 Stebner Rd.
Duluth, MN

Deficiencies (continued)

Section: Section 4
Size: 76,750
Overall Grade: D

Inspection Date: 10/10/2018
Inspector: Caleb Blomdahl



- Site Overview
- Section 1
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- Summary



General - Open T-Joints (Remedial)

Quantity: 175 EA

Deficiency:

T-Joints are open and letting in water. T-joints are where the two field sheets come together.

Corrective Action:

Furnish and install new roof flashing over open t-joint



General - Loose Wall Flashing (Remedial)

Quantity: 150 LF

Deficiency:

Wall flashing is no longer adhered to the wall. This could have been caused by wind, moisture in the wall, or treated plywood. The base attachment appears to still be in place and functional.

Corrective Action:

Cut loose wall and allow it to relax. Install new termination bar at loose wall details. New cover tape will be installed over the term bar

DEDA

AAR - Duluth Airbus Facility
4600 Stebner Rd.
Duluth, MN

Deficiencies (continued)

Section: Section 4
Size: 76,750
Overall Grade: D

Inspection Date: 10/10/2018
Inspector: Caleb Blomdahl



General - Annual Roof Maintenance & Repairs (Remedial)

Quantity: 76750 EA

Deficiency:

Roof system is in need of general roof maintenance and repair. We recommend yearly inspections and repairs to prolong the life of the roof system.

Corrective Action:

Walk entire roof section. Inspect field seams and penetration flashings. Check and clear all drains & scuppers. Clean roof surface of all nature's debris (leaves, branches, dirt). Remove and dispose of any foreign debris (screws, trash, filters, belts, etc.) Check and caulk all vent stacks & storm collars as necessary.

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DEDA

AAR - Duluth Airbus Facility
4600 Stebner Rd.
Duluth, MN

Summary

Section: Section 4
Size: 76,750
Overall Grade: D

Inspection Date: 10/10/2018
Inspector: Caleb Blomdahl



Condition Summary

Membrane: D
Flashings: D
Sheet Metal: D

Overall: D

Overall Grade
A = 10 Years or more of service life remaining
B = 8-10 Years of service life remaining
C = 5-7 Years of service life remaining
D = 2-4 Years of service life remaining
F = Less than 1 Year of service life remaining

Estimated Replacement: 2020

Recommendations

This section is the highest priority to repair due to deferred maintenance. Field seams have not been addressed on this section and are starting to fail. We also noted some areas of loose walls that should be addressed right away to prevent further damage. We recommend addressing the field seams along with repairing the wall flashings. This section would also be a good candidate for a fluid applied membrane. The field seams would not need to be stripped in if you decided to move forward with this option. Based on our findings during our inspection, we recommend this roof section be replaced 1st if all sections cannot be completed at once.

Estimated Repair Costs: \$546,300.00

Estimated Replacement Costs: \$997,750.00

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DEDA

AAR - Duluth Airbus Facility
4600 Stebner Rd.
Duluth, MN

Summary

Section: Section 4
Size: 76,750
Overall Grade: D

Inspection Date: 10/10/2018
Inspector: Caleb Blomdahl



4 - Section 4 (76,750 SF) Grade D

Deficiency	Qty	Emergency	Remedial	Replacement
Delaminated Field Seams	8000 LF		\$68,000.00	
Delaminated field patching	All EA		\$4,500.00	
Window and siding Sealant Failure	1 EA	\$0.00		
New Fluid Applied Membrane Budget	76750 SF		\$460,000.00	
Open T-Joints	175 EA		\$4,500.00	
Loose Wall Flashing	150 LF		\$3,300.00	
Annual Roof Maintenance & Repairs	76750 EA		\$6,000.00	
Full Replacement	76,750 SF			\$997,750.00
Total		\$0.00	\$546,300.00	\$997,750.00

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DEDA

AAR - Duluth Airbus Facility
4600 Stebner Rd.
Duluth, MN

Observations

Section: Section 5
Size: 2,300
Overall Grade: C

Inspection Date: 10/10/2018
Inspector: Caleb Blomdahl



Section Overview



New wall panels have been installed

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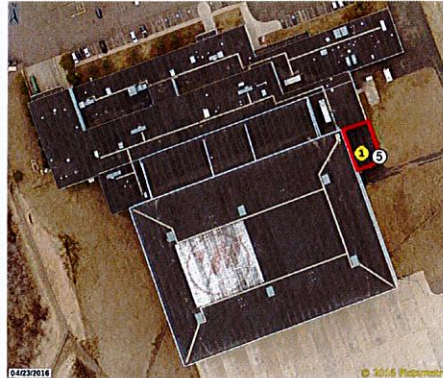
DEDA

AAR - Duluth Airbus Facility
4600 Stebner Rd.
Duluth, MN

Deficiencies

Section: Section 5
Size: 2,300
Overall Grade: C

Inspection Date: 10/10/2018
Inspector: Caleb Blomdahl



General - Roof Maintenance Program (Remedial)

Quantity: 2250 SF

Deficiency:

We highly recommend starting an annual Roof Maintenance Program. Routine roof maintenance helps prolong the life of the roof system.

Corrective Action:

Visually inspect the entire roof. Repair minor deficiencies as necessary. Check and clear all drains & scuppers. Clean roof surface of all nature's debris (leaves, branches, dirt). Remove and dispose of any foreign debris (screws, trash, filters, belts, etc.) Check and caulk all vent stacks & storm collars as necessary. If any major issues are found, we will provide a proposal for repair.

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DEDA

AAR - Duluth Airbus Facility
4600 Stebner Rd.
Duluth, MN

Summary

Section: Section 5
Size: 2,300
Overall Grade: C

Inspection Date: 10/10/2018
Inspector: Caleb Blomdahl



Condition Summary

Membrane: C
Flashings: C
Sheet Metal: C

Overall: C

Overall Grade
A = 10 Years or more of service life remaining
B = 8-10 Years of service life remaining
C = 5-7 Years of service life remaining
D = 2-4 Years of service life remaining
F = Less than 1 Year of service life remaining

Estimated Replacement: 2023

Recommendations

Field seams have been addressed on this section. Numerous field repairs have been made. We recommend annual inspections and maintenance. This section would be a good candidate for a fluid applied membrane which is a seamless spray or roll applied membrane. Based on our inspection, we recommend this section be replaced 5th if all sections cannot be completed at once.

Estimated Repair Costs: \$1,500.00

Estimated Replacement Costs: \$34,500.00

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DEDA

AAR - Duluth Airbus Facility
4600 Stebner Rd.
Duluth, MN

Summary

Section: Section 5
Size: 2,300
Overall Grade: C

Inspection Date: 10/10/2018
Inspector: Caleb Blomdahl



5 - Section 5 (2,300 SF) Grade C

Deficiency	Qty	Emergency	Remedial	Replacement
Roof Maintenance Program	2250 SF		\$1,500.00	
Full Replacement	2,300 SF			\$34,500.00
Total		\$0.00	\$1,500.00	\$34,500.00

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DEDA

AAR - Duluth Airbus Facility
4600 Stebner Rd.
Duluth, MN

Budget Matrix
AAR - Duluth Airbus Facility
Duluth, MN
161,612 Sq/Ft

Overall Grade
A = 10 Years or more of service life remaining
B = 8-10 Years of service life remaining
C = 5-7 Years of service life remaining
D = 2-4 Years of service life remaining
F = Less than 1 Year of service life remaining



1 - Section 1 (28,845 SF) Grade C
Projected Replacement: 2024

Deficiency	Qty	Emergency	Remedial	Replacement
Annual Roof Maintenance & Repairs	28845 SF		\$3,000.00	
Edge Flashing Failure	150 LF		\$2,250.00	
Deteriorated Curb Flashing	80 LF		\$1,000.00	
New Fluid Applied Membrane Budget	28845 SF		\$144,000.00	
Full Replacement	28,845 SF			\$288,450.00
Total		\$0.00	\$150,250.00	\$288,450.00

2 - Section 2 (38,672 SF) Grade D
Projected Replacement: 2022

Deficiency	Qty	Emergency	Remedial	Replacement
Deteriorated Edge Flashing	200 LF		\$3,000.00	
Deteriorated Curb Flashing	400 LF		\$5,000.00	
Loose Wall Flashing	10 LF		\$220.00	
Misc. Field Repairs	250 LF		\$3,000.00	
Annual Roof Maintenance & Repairs	1 EA		\$4,000.00	
New Fluid Applied Membrane Budget	38672 SF		\$193,000.00	
Full Replacement	38,672 SF			\$386,720.00
Total		\$0.00	\$208,220.00	\$386,720.00

3 - Section 3 (15,045 SF) Grade C
Projected Replacement: 2025

Deficiency	Qty	Emergency	Remedial	Replacement
Loose Wall Flashing	120 LF		\$2,640.00	
Wet/Deteriorated Insulation	64 SF		\$1,290.00	
New Fluid Applied Membrane Budget	15045 SF		\$75,000.00	
Annual Roof Maintenance & Repairs	15045 EA		\$2,000.00	
Full Replacement	15,045 SF			\$180,540.00
Total		\$0.00	\$80,930.00	\$180,540.00

4 - Section 4 (76,750 SF) Grade D
Projected Replacement: 2020

Deficiency	Qty	Emergency	Remedial	Replacement
Delaminated Field Seams	8000 LF		\$68,000.00	
Delaminated field patching	All EA		\$4,500.00	

Window and siding Sealant Failure	1 EA	\$0.00		
New Fluid Applied Membrane Budget	76750 SF		\$460,000.00	
Open T-Joints	175 EA		\$4,500.00	
Loose Wall Flashing	150 LF		\$3,300.00	
Annual Roof Maintenance & Repairs	76750 EA		\$6,000.00	
Full Replacement	76,750 SF			\$997,750.00
Total		\$0.00	\$546,300.00	\$997,750.00
5 - Section 5 (2,300 SF) Grade C				
Projected Replacement: 2023				
Deficiency	Qty			
Roof Maintenance Program	2250 SF		\$1,500.00	
Full Replacement	2,300 SF			\$34,500.00
Total		\$0.00	\$1,500.00	\$34,500.00
Budget Totals		Emergency	Remedial	Replacement
		\$0.00	\$987,200.00	\$1,887,960.00

Aerial Year: 2016

