

PLANNING & ECONOMIC DEVELOPMENT COMMITTEE

13-0272R

RESOLUTION AUTHORIZING AN AGREEMENT FOR LOAN A WITH DULUTH TEACHERS CREDIT UNION, IN AN AMOUNT NOT TO EXCEED \$15,048, CONTINGENT UPON RECEIPT OF A MINNESOTA INVESTMENT FUND GRANT - 2012 DISASTER RECOVERY PROGRAM FROM THE MINNESOTA DEPARTMENT OF EMPLOYMENT AND ECONOMIC DEVELOPMENT.

CITY PROPOSAL:

RESOLVED, that the proper city officials are hereby authorized to enter into an agreement, substantially in the form of that on file in the office of the city clerk as Public Document No. \_\_\_\_\_, with Duluth Teachers Credit Union for the repair work to its building located at 11 W. 2nd Street damaged as a result of the June 2012 flood event, in an amount not to exceed \$15,048, payable from Fund 235-020-5434 (Duluth Recovery Loan Program Fund, Planning, Grants & Awards), contingent upon receipt by the city of a Minnesota Investment Fund Grant - 2012 Disaster Recovery Program from the Minnesota Department of Employment and Economic development (DEED) pursuant to Grant DRLF-12-0002-V-FY13 (the "MIF grant").

Approved:

  
\_\_\_\_\_  
Department Director

Approved for presentation to council:

  
\_\_\_\_\_  
Chief Administrative Officer

Approved as to form:

  
\_\_\_\_\_  
Attorney

Approved:

  
\_\_\_\_\_  
Auditor

STATEMENT OF PURPOSE: This resolution authorizes the city to enter into a loan agreement titled "Loan Agreement of Minnesota Investment Funds" (Loan) with Duluth Teachers Credit Union (DTCU) in the amount of \$15,048. The sole source of funds for this Loan to DTCU is a DEED MIF 2012 Disaster Recovery Program grant. The 2012 Disaster Recovery Grant is an interest free loan program for businesses directly and adversely affected by the 2012 flood event. The loan proceeds will be provided to DTCU upon their written request after they have completed the repair work to its building damaged as a result of the Event. 50% of the loan is forgiven over a 10-year period if the business stays in operation in this location for 10 years. The other 50% is paid back to the Minnesota Department of Employment & Economic Development at no interest prorated over a 9-year period.

## AGREEMENT FOR LOAN OF MINNESOTA INVESTMENT FUND

**THIS AGREEMENT** is made and entered into as the \_\_\_\_\_ day of \_\_\_\_\_, 2013, by and between the City of Duluth, (the "City") and Duluth Teachers Credit Union (the "Borrower");

**WHEREAS**, City has been designated by the President of the United States as a federal disaster area resulting from a rain event of June 21-22, 2012 and the resulting flooding (the "Event")

**WHEREAS**, the City as a result of the Event has applied to the Minnesota Department of Employment and Economic Development for a Minnesota Investment Fund Disaster Recovery Grant (the "MIF Grant") pursuant to an application (the "Grant Application") and received approval for said grant; and

**WHEREAS**, Borrower experienced substantial damage to its building located at 11 W. 2<sup>nd</sup> Street as a result of the Event and has applied for loan from City under the Grant Agreement;

**WHEREAS**, Grant Agreement Number DRLF-12-0002-V-FY13 (the "Grant Agreement") between the Minnesota Department of Employment and Economic Development and the City has been executed and requires that the Borrower agree to loan terms with the City regarding the MIF Grant; and

**WHEREAS**, the parties hereto agree to incorporate into this Agreement by reference said Grant Application and Grant Agreement as if fully set forth herein word for word;

**NOW THEREFORE**, it is agreed by and between the parties hereto as follows:

### ARTICLE 1

#### Definitions

**Section 1.1.** Definitions. In this Agreement, unless a different meaning clearly appears from the context:

**"Application"** means the application submitted by Borrower to City for Loan funds to fund a portion of the Borrower's costs of the Project, which Application shall conform to the requirements of Section VIII, Paragraph B of the Guidelines. A copy of the Application is attached hereto and made a part hereof as Exhibit D.

**"Benefit Date"** means the date that the Borrower receives the Initial Disbursement, but shall be no later than December 31, 2013.

**"City"** means the City of Duluth, MN.

**"Borrower"** means Duluth's Teachers Credit Union.

**“Certificate of Completion”** shall mean a written certification executed by the City’s Executive Director of Business & Economic Development certifying that the Project has been fully and completely constructed.

**Collateral**” means the Mortgage Lien referenced in Section 4.3 below and any other collateral required by City to secure repayment of the Loan.

**“Evidentiary Materials”** means that documentation of Borrower’s use of the Loan funds and other funds to pay for the costs of the Project which shall include that documentation described in Paragraph 2.1 e. of the Grant Agreement and such other documentation as the City may request.

**“Full-time Equivalent or FTE”** means employment positions within the State providing 2,080 hours of employment per year.

**“Grant Agreement”** means Minnesota Department of Employment and Economic Development Grant Agreement # DRLF-12-0002-V-FY13.

**“Grantor Agency”** means the Minnesota Department of Employment and Economic Development.

**“Guidelines”** means the City’s Business Recovery Loan Program guidelines approved by the State Department of Employment and Economic Development Business and Community Development Division.

**“Initial Disbursement Date”** means the date of the first disbursement of any Loan Proceeds by the City to the Borrower.

**“Leveraged Funds”** means insurance proceeds made available to Borrower to pay for any portion of the costs of the Project as a result of the damage caused by the Event and any other funds available to Borrower to fund such costs.

**“Loan”** means the funds disbursed by the City to the Borrower pursuant to this Agreement. The amount of the Loan shall not exceed the amount expended by Borrower to pay Project costs less the amount of the Leveraged Funds or the amount set forth in Section 5.1 below, whichever is less.

**“MIF”** means the Minnesota Investment Fund.

**“MIF Grant”** means the grant of funds by the Grantor Agency to the City pursuant to the Grant Agreement.

**“Project”** means the repair of Borrower’s Building damaged by the Event as described in the Application.

**“Property”** means that property located at 11 W. 2<sup>nd</sup> Street in Duluth, St. Louis County, Minnesota, which Property is shown on Exhibit A and legally described on Exhibit B attached hereto.

**“State”** means the state of Minnesota.

**“Termination Date”** means the date of the final payment made to the city.

## ARTICLE 2

### Financing for Project

**Section 2.1. MIF Loan/Grant.** The MIF Grant will be used by the City to make a loan to the Borrower of not more than \$15,048 for the Project costs. The City’s obligations under this Agreement are expressly

contingent on the City's receipt of funds from the Grantor Agency pursuant to the Grant Agreement in the amount set forth in the Grant Agreement; in the event that the City receives an amount less than that set forth in the Grant Agreement, the City shall have the right, at its sole discretion, to reduce the amount of the Loan or to not make the Loan.

### ARTICLE 3

#### **MIF Loan Terms and Conditions**

**Section 3.1. Basic Loan Terms.** The principal amount of the Loan shall not exceed \$15,048. The Loan terms may not be modified without prior written approval from the Grantor Agency. The Loan shall be used exclusively for the Project costs. The detailed Loan terms are set forth in Article 5 of this Agreement.

**Section 3.2. Prepayment.** Prepayment of the Loan may occur at any time during the Loan without penalty.

**Section 3.3. Assignment.** If, prior to the Termination Date, the Borrower sells, conveys, transfers, or disposes of the Property or Building, or any part thereof or interest therein, or enters into an agreement to do any of the foregoing, the Borrower shall immediately repay all amounts then outstanding on the Loan. This shall be in addition to any other remedies at law or equity available to the City.

**Section 3.4. Termination.** This Agreement shall automatically terminate without any notice to Borrower: (1) if no Loan Proceeds have been disbursed to the Borrower prior to December 31, 2013; or (2) if: (a) the Borrower has not received any disbursement of Loan Proceeds from the City; and (b) the Borrower fails to pay its debts as they become due, makes an assignment for the benefit of its creditors, admits in writing its inability to pay its debts as they become due, files a petition under any chapter of the Federal Bankruptcy Code or any similar law, state or federal, now or hereafter existing, becomes "insolvent" as that term is generally defined under the Federal Bankruptcy Code, files an answer admitting insolvency or inability to pay its debts as they become due in any involuntary bankruptcy case commenced against it, or fails to obtain a dismissal of such case within sixty (60) days after its commencement or convert the case from one chapter of the Federal Bankruptcy Code to another chapter, or is the subject of an order for relief in such bankruptcy case, or is adjudged a bankrupt or insolvent, or has a custodian, trustee, or receiver appointed for it, or has any court take jurisdiction of its property, or any part thereof, in any proceeding for the purpose of reorganization, arrangement, dissolution, or liquidation, and such custodian, trustee, or receiver is not discharged, or such jurisdiction is not relinquished, vacated, or stayed within sixty (60) days of the appointment.

**Section 3.5. Promissory Note.** The Borrower shall execute a promissory note provided by the City.

### ARTICLE 4

#### **Default and Collateral**

**Section 4.1. Default.** The Borrower shall be in default under this Agreement upon the happening of any one or more of the following events:

(a) the Borrower fails to pay when due any amount payable on the Loan and such nonpayment is not remedied within ten (10) business days after written notice thereof to the Borrower by the City;

(b) the Borrower is in breach in any material respect, of any obligation or agreement under this Agreement (other than nonpayment of any amount payable on the Loan) and remains in breach in any material respect for thirty (30) business days after written notice thereof to the Borrower by the City; provided, however, that if such breach shall reasonably be incapable of being cured within such thirty

(30) business days after notice, and if the Borrower commences and diligently prosecutes the appropriate steps to cure such breach, no default shall exist so long as the Borrower is proceeding to cure such breach;

(c) if any material covenant, warranty, or representation of the Borrower shall prove to be untrue in any material respect;

(d) the Borrower, on or after the Initial Disbursement Date, fails to pay its debts as they become due, makes an assignment for the benefit of its creditors, admits in writing its inability to pay its debts as they become due, files a petition under any chapter of the Federal Bankruptcy Code or any similar law, state or federal, now or hereafter existing, becomes "insolvent" as that term is generally defined under the Federal Bankruptcy Code, files an answer admitting insolvency or inability to pay its debts as they become due in any involuntary bankruptcy case commenced against it, or fails to obtain a dismissal of such case within sixty (60) days after its commencement or convert the case from one chapter of the Federal Bankruptcy Code to another chapter, or be the subject of an order for relief in such bankruptcy case, or be adjudged a bankrupt or insolvent, or has a custodian, trustee, or receiver appointed for it, or has any court take jurisdiction of its property, or any part thereof, in any proceeding for the purpose of reorganization, arrangement, dissolution, or liquidation, and such custodian, trustee, or receiver is not discharged, or such jurisdiction is not relinquished, vacated, or stayed within sixty (60) days of the appointment;

(e) a final judgment is entered against the Borrower that the City reasonably deems will have a material, adverse impact on the Borrower's ability to comply with the Borrower's obligations under this Agreement;

(f) the Borrower sells, conveys, transfers, encumbers, or otherwise disposes of all or any part of its interest in the Property without the prior written approval of the City;

(g) the Borrower merges or consolidates with any other entity without the prior written approval of the City; or

(h) there is a loss, theft, substantial damage, or destruction of all or any part of the Collateral that is not remedied to the City's satisfaction within sixty (60) business days after written notice thereof by the City to the Borrower.

#### **Section 4.2. Remedies Upon Default.**

(a) In the event of a default, the City shall have the right as its option and without demand or notice, to declare all or any part of the Loan immediately due and payable. All sums so due and payable and not paid within ten (10) days of declaration of default by City shall bear interest at the rate of Twelve (12%) percent per annum. Further the City shall have the right to demand and be entitled to declaratory or injunctive relief or both to enforce any and all terms of the Agreement. In addition to the rights and remedies granted hereby, the City shall have all of the rights and remedies available under the Uniform Commercial Code and any other applicable law.

(b) The Borrower agrees in the event of a default to make the Collateral available to the City immediately upon demand of the City. The Borrower agrees to pay the costs and expenses incurred by the City in enforcing its rights under this Agreement, including but not limited to the City's attorneys' fees. If any notice of sale, disposition or other intended action by the City is required by law to be given to the Borrower, such notice shall be deemed reasonably and properly given if mailed to the Borrower at the Property or at such other address of the Borrower as may be shown herein, at least fifteen (15) days before such sale, disposition or other intended action.

#### **Section 4.3. Mortgage Lien**

Borrower agrees that there is hereby created and imposed on the Property a mortgage lien (the "Mortgage Lien"). The original principal amount of the Mortgage Lien shall be the amount of Fifteen Thousand Forty-eight and no/100ths (\$15,048) Dollars. The Mortgage Lien shall secure Borrower's repayment obligation under Article 5. The Mortgage Lien shall be exercisable by the City upon an event of Default by the Borrower as defined herein. It is agreed between the parties that this Agreement and the Mortgage Lien imposed herein shall be deemed to run with the land and all of its provisions shall be enforceable by the parties' respective heirs and assigns. The Mortgage Lien shall be in force and effect during the term of this Agreement as set forth herein.

Upon execution of this Agreement by the parties, Borrower shall record this Agreement in the office of the St. Louis County Recorder and shall pay all costs associated therewith. Upon recording, Borrower shall immediately submit to City an executed original of this Agreement showing the date and document numbers of record, or a duly certified copy of the filed original.

## ARTICLE 5

### Loan Disbursement Provisions

**Section 5.1. Payment Requisition Documentation and Format.** Loan disbursements shall be for costs of the Project and shall not exceed \$15,048. The Loan shall be disbursed to the Borrower only after the City has received from the Borrower documentation of the expenditures for the aforementioned uses. Upon receipt of such documentation, the City will disburse an amount equal to the amount of the expenditure, up to a total disbursement amount of \$15,048.

**Section 5.2. Provision for Evidentiary Materials.** No disbursements of Loan funds shall be made until all Evidentiary Materials required by the Grantor Agency have been submitted and approved by the Grantor Agency. These Evidentiary Materials shall include, but not necessarily be limited to, the materials described in Article 6 of this Agreement and the invoices described in Section 5.1.

**Section 5.3. Project Time Frame.** Borrower shall complete the project by December 31, 2013 and receive a Certificate of Completion.

**Section 5.4. Loan Terms.** The term of the Loan shall be amortized over one hundred eight (108) months (9 years). Except as provided for in Section 4.2 above the Loan shall bear interest at a rate of 0% interest per annum of which fifty (50%) will be forgiven if Borrower continues to own and operate its business activities for a period of ten (10) years after the Initial Disbursement Date. If Borrower closes or moves its business, otherwise ceases to continue to operate its existing business in substantially the same manner as existing at the time of this Agreement on the Property or otherwise defaults on the terms of this Agreement during the 10-year period, the remaining outstanding balance of the Loan will be due and payable. A copy of the amortization schedule is attached hereto as Exhibit C.

**Section 5.5. Loan Repayments Schedule.** Payments will be deferred for one (1) year from the date of the Initial Disbursement Date (the "Deferral Period"). Payments of principal and interest shall commence on the first day of the first month immediately following Deferral Period, and shall continue on the first day of each and every month thereafter, and shall continue until paid in full.

## ARTICLE 6

### Provision of Evidentiary Material Requirement

**Section 6.1. Provision of Evidentiary Materials.** In addition to those materials described in Section 5.2 of this Agreement, the Borrower shall provide the City with all Evidentiary Materials according to the format and timetable cited in the Grant Agreement. The City will forward these Evidentiary Materials to the Grantor Agency and assist in expediting reviews leading to a release of the Loan.

**Section 6.2. Documentation of Use of Funds.** The Borrower must provide the City with necessary documentation that the Loan and the Leveraged Funds have been used for the items and purposes stated in the Grant Application prior to submitting the final progress report and requesting grant closeout from the Grantor Agency.

**Section 6.3. Job Retention documentation.** The Borrower shall submit to the city a written report by January 15 of each year and shall continue until the Loan is paid in full, on forms provided by the City. This information shall be provided by the Borrower and must include at a minimum:

- (a) the number of Jobs retained; and
- (b) the job title, wages, benefits and hourly value of such benefits for each retained Job.

## **ARTICLE 7**

### **First Source Employment Agreement**

**Section 7.1. First Source Employment Referral Agreement.** (Minnesota Statutes Section 116L.66 and any successor statutes.) The Borrower shall list any vacant or new positions with the local Workforce Development Center.

## **ARTICLE 8**

### **Provision of Monitoring Information Related To Project Progress**

**Section 8.1. Provision of Progress Information.** The Borrower shall provide to the City information for incorporation into progress reports, as required by the Grantor Agency and as needed by the City, to monitor project implementation for compliance with Grantor and local guidelines.

## **ARTICLE 9**

### **Nondiscrimination**

**Section 9.1. Nondiscrimination.** The provisions of Minnesota Statutes, Section 181.59, which relate to civil rights and discrimination, shall be considered a part of this Agreement as though wholly set forth herein and the Borrower shall comply with each such provision throughout the term of this Agreement.

## **ARTICLE 10**

### **Borrower's Acknowledgments Representation, and Warranties**

**Section 10.1. Acknowledgments.** (a) The Borrower acknowledges that the City, in order to obtain funds for part of the City's activities in connection with the Project, has applied for the MIF Grant to the Grantor Agency under the Minnesota Investment Fund Program, Business and Community Development Division, and that the City has entered into the Grant Agreement with the Grantor Agency, setting forth the terms, conditions, and requirements of the MIF Grant. The Borrower further acknowledges that it has made certain representations and statements in the Grant Application concerning its activities relating to the Project, and that the Borrower is designated and identified under the Grant Agreement. Borrower agrees that it will, to the extent possible, perform all obligations of City under the Grant Agreement as

they related to the Project and the Loan hereunder and, and to the extent that Borrower cannot itself perform such City obligations, it will use its best efforts to provide all assistance to City in the performance of such obligations by City.

(b) A copy of the Grant Agreement shall be on file in the offices of the City. In the event any provision of this Agreement relating to the Borrower's obligations hereunder is inconsistent with the provisions of the Grant Agreement relating to the Borrower's activities there under, the provisions of the Grant Agreement shall prevail.

(c) The Borrower acknowledges that nothing contained in the Grant Agreement or this Agreement, nor any act of the Grantor Agency or the City, shall be deemed or construed to create between the Grantor Agency and the Borrower (or, except as Borrower and lender between the City and the Borrower) any relationship, including but not limited to that of third-party beneficiary, principal and agent, limited or general partnership, or joint venture.

**Section 10.2. Representations and Warranties.** The Borrower warrants and represents, in connection with the MIF Grant and for the benefit of the Grantor Agency and the City, that:

(a) Representations, statements, and other matters provided by the Borrower relating to those activities of the Project to be completed by the Borrower, which were contained in the Grant Application, were true and complete in all material respects as of the date of submission to the City and that such representations, statements, and other matters are true as of the date of this Agreement and that there are no adverse material changes in the financial condition of the Borrower's business.

(b) To the best of the Borrower's knowledge, no member, officer, or employee of the City, or its officers, employees, designees, or agents, no consultant, member of the governing body of the City, and no other public official of the City, who exercises or has exercised any functions or responsibilities with respect to the Project during his or her tenure shall have any interest, direct or indirect, in any contract or subcontract, or the proceeds thereof, for work to be performed in connection with the Project or in any activity, or benefit there from, which is part of the Project.

(c) The Borrower acknowledges that the Grantor Agency, in selecting the City as recipient of the Grant, relied in material part upon the assured completion of the Project to be carried out by the Borrower, and the Borrower warrants that said Project will be carried out as promised.

(d) The Borrower warrants that to the best of its knowledge, it has obtained all federal, state, and local governmental approvals, reviews, and permits required by law to be obtained in connection with the Project and has undertaken and completed all actions necessary for it to lawfully execute this Agreement as binding upon it.

(e) The Borrower warrants that it shall keep and maintain books, records, and other documents relating directly to Loan, and that any duly authorized representative of the Grantor Agency shall, at all reasonable times, have access to and the right to inspect, copy, audit, and examine all such books, records, and other documents of the Borrower until such time that the City and the Grantor Agency have both determined that all issues, requirements, and close-out procedures relating to or arising out of the MIF Grant have been settled and completed.

(f) The Borrower warrants that no transfer of any or all of the Loan Proceeds by the City to the Borrower shall be or be deemed an assignment of Loan Proceeds, and the Borrower shall neither succeed to any rights, benefits, or advantages of the City under the Grant Agreement, nor attain any right, privileges, authorities, or interest in or under the Grant Agreement.

(g) The Borrower warrants that it has fully complied with all applicable local, state, and federal laws pertaining to its business and will continue such compliance throughout the terms of this Agreement. If at any time notice of noncompliance is received by the Borrower, the Borrower agrees to take any necessary action to comply with the local, state, or federal law in question.

## ARTICLE 11

### Other Special Conditions

**Section 11.1. Antitrust.** The Borrower hereby assigns to the State of Minnesota any and all claims for overcharges as to goods and services provided in connection with this Agreement resulting from antitrust violations that arise under the antitrust laws of the United States or the antitrust laws of the State.

**Section 11.2. Workers Compensation Insurance.** The Borrower has obtained workers compensation insurance as required by Minnesota Statutes, Section 176.181, subd. 2. The Borrower's workers compensation insurance information is as follows:

- (a) Company Name:
- (b) Policy Number:
- (c) Local Agent:

**Section 11.3. Business with the State of Minnesota/State Tax Laws.** The Borrower is required by Minnesota Law to provide its Minnesota tax identification number if it does business with the State of Minnesota. This information may be used in the enforcement of Federal and State tax laws. Supplying these numbers could result in an action to require the Borrower to file State tax returns and pay delinquent State tax liabilities. This Agreement will not be approved unless these numbers are provided. These numbers will be available to Federal and State tax authorities and State personnel involved in the payment of State obligations.

Minnesota Tax ID: 8066718

Federal Employer ID: 41-0226825

**Section 11.4. Grant Closeout.** The Borrower shall, prior to grant closeout from the Grantor Agency, provide the City with all documentation necessary to demonstrate that the Loan has been used for the items and purposes set forth in the Grant Application.

**Section 11.5. Review of Documents.** The Borrower shall not be entitled to any disbursement of Loan Proceeds until the City's legal counsel and the Grantor Agency have reviewed and approved this Agreement and the exhibits attached hereto.

**Section 11.6. Effect on Other Agreements.** Nothing in this Agreement shall be construed to modify any term of any other agreement to which the City and the Borrower are parties.

**Section 11.7. Release and Indemnification Covenants.** Except for any breach of the representations and warranties of the City or the negligence or other wrongful act or omission of the following named parties, the Borrower agrees to protect and defend the City and the governing body members, officers, agents, servants, and employees thereof, now and forever, and further agrees to hold the aforesaid harmless from any claim, demand, suit, action, or other proceeding whatsoever by any person or entity whatsoever arising or purportedly arising from the acquisition, construction, installation, ownership, maintenance, and operation of the Project and the Borrower's activities on the Property.

**Section 11.8. Modifications.** This Agreement may be modified solely through written amendments hereto executed by the Borrower and the City and approved by the Grantor Agency.

**Section 11.9. Notices and Demands.** Any notice, demand, or other communication under this Agreement by either party to the other shall be sufficiently given or delivered only if it is dispatched by registered or certified mail, postage prepaid, return receipt requested, or delivered personally:

as to the City: City of Duluth  
ATTN: Executive Director  
Business & Economic Development  
402 City Hall  
411 W. 1<sup>st</sup> Street  
Duluth, MN 55802

as to the Borrower: Duluth Teachers Credit Union  
Attn: VP of Operations  
11 W. 2<sup>nd</sup> Street  
Duluth, MN 55802

or at such other address with respect to any party as that party may, from time to time, designate in writing and forward to the others as provided in this Section 11.9.

**Section 11.10. Conflict of Interests; Representatives Not Individually Liable.** No officer or employee of the City may acquire any financial interest, direct or indirect, in this Agreement, the Project or in any contract related to the Borrower. No officer, agent, or employee of the City shall be personally liable to the Borrower or any successor in interest in the event of any default or breach by the City or for any amount that may become due to the Borrower or on any obligation or term of this Agreement.

**Section 11.11. Binding Effect.** The covenants and agreements in this Agreement shall bind and benefit the heirs, executors, administrators, successors, and assigns of the parties to this Agreement.

**Section 11.12. Provisions Not Merged With Deed.** None of the provisions of this Agreement are intended to or shall be merged by reason of any deed transferring any interest in the Property and any such deed shall not be deemed to affect or impair the provisions and covenants of this Agreement.

**Section 11.13. Titles of Articles and Sections.** Any titles of the several parts, Articles, and Sections of this Agreement are inserted only for convenience of reference and shall be disregarded in construing or interpreting any of its provisions.

**Section 11.14. Amendments; Counterparts.** This Agreement may be amended only by a written instrument signed by both parties. This Agreement may be executed in counterparts, each of which shall be deemed to be original and all of which together shall constitute the binding and enforceable agreement of the parties hereto. This Agreement may be executed and delivered by a party by facsimile or PDF transmission, which transmission copy shall be considered an original and shall be binding and enforceable against such party.

**Section 11.15. Choice of Law and Venue.** This Agreement shall be governed by and construed in accordance with the laws of the state of Minnesota without regard to its conflict of laws provisions. All proceedings related to this Agreement shall be venued in Duluth, Minnesota, and the parties to this Agreement waive any objection to the jurisdiction of these courts, whether based on convenience or otherwise.

**Section 11.16. Waiver.** The failure or delay of any party to take any action or assert any right or remedy, or the partial exercise by any party of any right or remedy shall not be deemed to be a waiver of such action, right, or remedy if the circumstances creating such action, right, or remedy continue or repeat.

**Section 11.17. Entire Agreement.** This Agreement, with the exhibits hereto, constitutes the entire agreement between the parties pertaining to its subject matter and it supersedes all prior contemporaneous agreements, representations, and understandings of the parties pertaining to the subject matter of this Agreement.

**Section 11.18. Severability.** Wherever possible, each provision of this Agreement and each related document shall be interpreted so that it is valid under applicable law. If any provision of this Agreement or any related document is to any extent found invalid by a court or other governmental entity of competent jurisdiction, that provision shall be ineffective only to the extent of such invalidity, without invalidating the remainder of such provision or the remaining provisions of this Agreement or any other related document.

**Section 11.19. Immunity.** Nothing in this Agreement shall be construed as a waiver by the City of any immunities, defenses, or other limitations on liability to which the City is entitled by law, including but not limited to the maximum monetary limits on liability established by Minnesota Statutes, Chapter 466.

**IN WITNESS WHEREOF,** the City has caused this Agreement to be duly executed in its name and behalf and the Borrower has caused this Agreement to be duly executed in its name and behalf as of the date first above written.

**CITY OF DULUTH**

**DULUTH TEACHERS CREDIT UNION**

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

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

ATTEST:

\_\_\_\_\_  
City Clerk  
Date: \_\_\_\_\_

Approved as to form:

\_\_\_\_\_  
City Attorney

Countersigned:

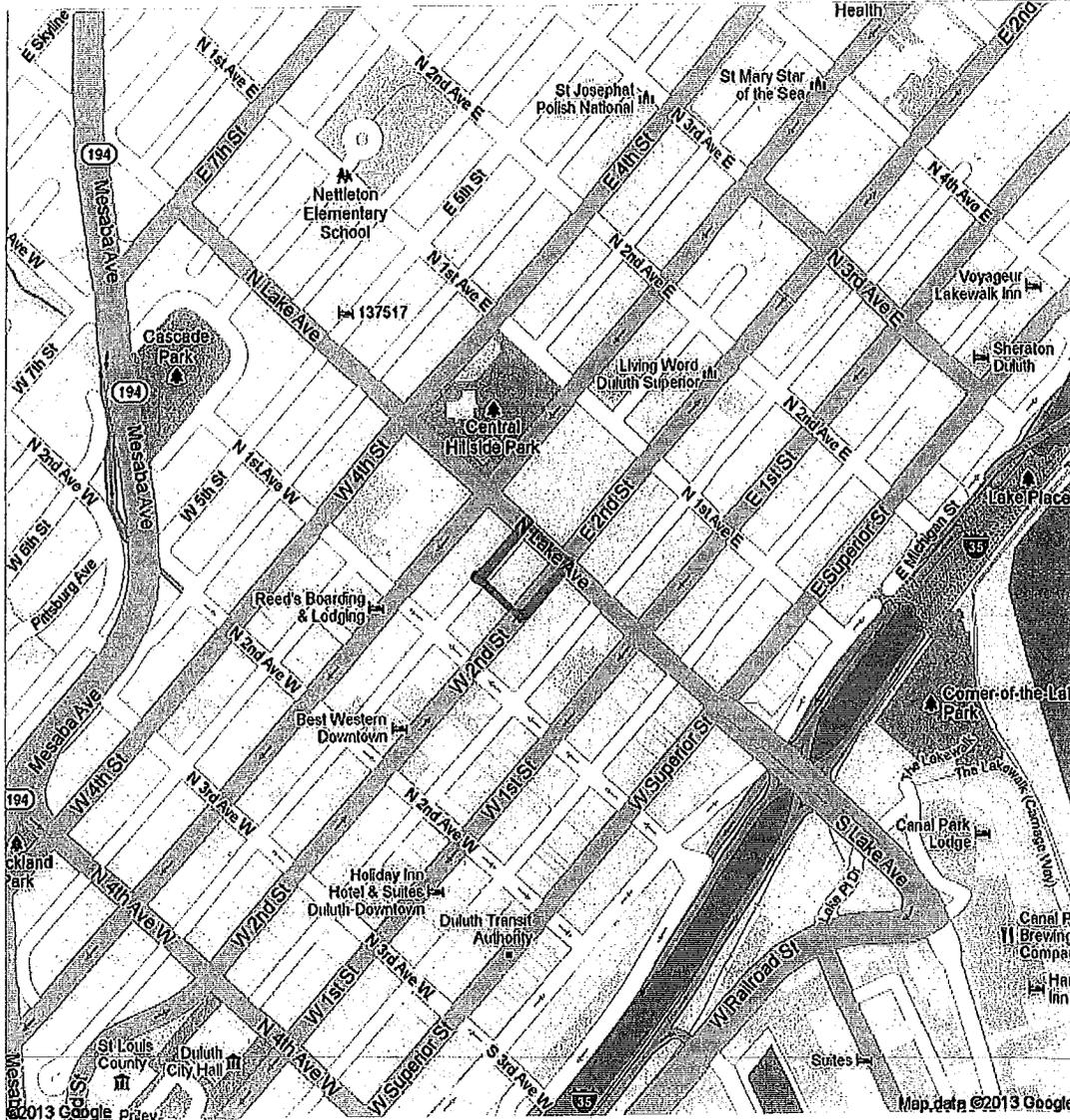
\_\_\_\_\_  
City Auditor

EXHIBIT A

Map of Property

Google

Duluth Teachers Credit Union Location



**EXHIBIT B**

Legal Description of Property

Lots 1 and 3  
Duluth Proper 1st Division West Second Street

**EXHIBIT C**

Amortization Schedule

**Duluth Teachers Credit Union**

**Principal 15,048**  
**Interest Rate 0.00%**  
**Term - months 108**

**Monthly pymt \$69.67**

**Amortization table**

| Month | Interest | Principal | Balance   | P&I   |
|-------|----------|-----------|-----------|-------|
|       |          |           | 15,048.00 |       |
| 1     | 0.00     | 69.67     | 14,978.33 | 69.67 |
| 2     | 0.00     | 69.67     | 14,908.66 | 69.67 |
| 3     | 0.00     | 69.67     | 14,838.99 | 69.67 |
| 4     | 0.00     | 69.67     | 14,769.32 | 69.67 |
| 5     | 0.00     | 69.67     | 14,699.65 | 69.67 |
| 6     | 0.00     | 69.67     | 14,629.98 | 69.67 |
| 7     | 0.00     | 69.67     | 14,560.31 | 69.67 |
| 8     | 0.00     | 69.67     | 14,490.64 | 69.67 |
| 9     | 0.00     | 69.67     | 14,420.97 | 69.67 |
| 10    | 0.00     | 69.67     | 14,351.30 | 69.67 |
| 11    | 0.00     | 69.67     | 14,281.63 | 69.67 |
| 12    | 0.00     | 69.67     | 14,211.96 | 69.67 |
| 13    | 0.00     | 69.67     | 14,142.29 | 69.67 |
| 14    | 0.00     | 69.67     | 14,072.62 | 69.67 |
| 15    | 0.00     | 69.67     | 14,002.95 | 69.67 |
| 16    | 0.00     | 69.67     | 13,933.28 | 69.67 |
| 17    | 0.00     | 69.67     | 13,863.61 | 69.67 |
| 18    | 0.00     | 69.67     | 13,793.94 | 69.67 |
| 19    | 0.00     | 69.67     | 13,724.27 | 69.67 |
| 20    | 0.00     | 69.67     | 13,654.60 | 69.67 |
| 21    | 0.00     | 69.67     | 13,584.93 | 69.67 |
| 22    | 0.00     | 69.67     | 13,515.26 | 69.67 |
| 23    | 0.00     | 69.67     | 13,445.59 | 69.67 |
| 24    | 0.00     | 69.67     | 13,375.92 | 69.67 |
| 25    | 0.00     | 69.67     | 13,306.25 | 69.67 |
| 26    | 0.00     | 69.67     | 13,236.58 | 69.67 |
| 27    | 0.00     | 69.67     | 13,166.91 | 69.67 |
| 28    | 0.00     | 69.67     | 13,097.24 | 69.67 |
| 29    | 0.00     | 69.67     | 13,027.57 | 69.67 |
| 30    | 0.00     | 69.67     | 12,957.90 | 69.67 |
| 31    | 0.00     | 69.67     | 12,888.23 | 69.67 |
| 32    | 0.00     | 69.67     | 12,818.56 | 69.67 |
| 33    | 0.00     | 69.67     | 12,748.89 | 69.67 |
| 34    | 0.00     | 69.67     | 12,679.22 | 69.67 |
| 35    | 0.00     | 69.67     | 12,609.55 | 69.67 |
| 36    | 0.00     | 69.67     | 12,539.88 | 69.67 |
| 37    | 0.00     | 69.67     | 12,470.21 | 69.67 |
| 38    | 0.00     | 69.67     | 12,400.54 | 69.67 |
| 39    | 0.00     | 69.67     | 12,330.87 | 69.67 |
| 40    | 0.00     | 69.67     | 12,261.20 | 69.67 |
| 41    | 0.00     | 69.67     | 12,191.53 | 69.67 |
| 42    | 0.00     | 69.67     | 12,121.86 | 69.67 |
| 43    | 0.00     | 69.67     | 12,052.19 | 69.67 |
| 44    | 0.00     | 69.67     | 11,982.52 | 69.67 |
| 45    | 0.00     | 69.67     | 11,912.85 | 69.67 |
| 46    | 0.00     | 69.67     | 11,843.18 | 69.67 |
| 47    | 0.00     | 69.67     | 11,773.51 | 69.67 |
| 48    | 0.00     | 69.67     | 11,703.84 | 69.67 |

|     |      |       |           |       |
|-----|------|-------|-----------|-------|
| 49  | 0.00 | 69.67 | 11,634.17 | 69.67 |
| 50  | 0.00 | 69.67 | 11,564.50 | 69.67 |
| 51  | 0.00 | 69.67 | 11,494.83 | 69.67 |
| 52  | 0.00 | 69.67 | 11,425.16 | 69.67 |
| 53  | 0.00 | 69.67 | 11,355.49 | 69.67 |
| 54  | 0.00 | 69.67 | 11,285.82 | 69.67 |
| 55  | 0.00 | 69.67 | 11,216.15 | 69.67 |
| 56  | 0.00 | 69.67 | 11,146.48 | 69.67 |
| 57  | 0.00 | 69.67 | 11,076.81 | 69.67 |
| 58  | 0.00 | 69.67 | 11,007.14 | 69.67 |
| 59  | 0.00 | 69.67 | 10,937.47 | 69.67 |
| 60  | 0.00 | 69.67 | 10,867.80 | 69.67 |
| 61  | 0.00 | 69.67 | 10,798.13 | 69.67 |
| 62  | 0.00 | 69.67 | 10,728.46 | 69.67 |
| 63  | 0.00 | 69.67 | 10,658.79 | 69.67 |
| 64  | 0.00 | 69.67 | 10,589.12 | 69.67 |
| 65  | 0.00 | 69.67 | 10,519.45 | 69.67 |
| 66  | 0.00 | 69.67 | 10,449.78 | 69.67 |
| 67  | 0.00 | 69.67 | 10,380.11 | 69.67 |
| 68  | 0.00 | 69.67 | 10,310.44 | 69.67 |
| 69  | 0.00 | 69.67 | 10,240.77 | 69.67 |
| 70  | 0.00 | 69.67 | 10,171.10 | 69.67 |
| 71  | 0.00 | 69.67 | 10,101.43 | 69.67 |
| 72  | 0.00 | 69.67 | 10,031.76 | 69.67 |
| 73  | 0.00 | 69.67 | 9,962.09  | 69.67 |
| 74  | 0.00 | 69.67 | 9,892.42  | 69.67 |
| 75  | 0.00 | 69.67 | 9,822.75  | 69.67 |
| 76  | 0.00 | 69.67 | 9,753.08  | 69.67 |
| 77  | 0.00 | 69.67 | 9,683.41  | 69.67 |
| 78  | 0.00 | 69.67 | 9,613.74  | 69.67 |
| 79  | 0.00 | 69.67 | 9,544.07  | 69.67 |
| 80  | 0.00 | 69.67 | 9,474.40  | 69.67 |
| 81  | 0.00 | 69.67 | 9,404.73  | 69.67 |
| 82  | 0.00 | 69.67 | 9,335.06  | 69.67 |
| 83  | 0.00 | 69.67 | 9,265.39  | 69.67 |
| 84  | 0.00 | 69.67 | 9,195.72  | 69.67 |
| 85  | 0.00 | 69.67 | 9,126.05  | 69.67 |
| 86  | 0.00 | 69.67 | 9,056.38  | 69.67 |
| 87  | 0.00 | 69.67 | 8,986.71  | 69.67 |
| 88  | 0.00 | 69.67 | 8,917.04  | 69.67 |
| 89  | 0.00 | 69.67 | 8,847.37  | 69.67 |
| 90  | 0.00 | 69.67 | 8,777.70  | 69.67 |
| 91  | 0.00 | 69.67 | 8,708.03  | 69.67 |
| 92  | 0.00 | 69.67 | 8,638.36  | 69.67 |
| 93  | 0.00 | 69.67 | 8,568.69  | 69.67 |
| 94  | 0.00 | 69.67 | 8,499.02  | 69.67 |
| 95  | 0.00 | 69.67 | 8,429.35  | 69.67 |
| 96  | 0.00 | 69.67 | 8,359.68  | 69.67 |
| 97  | 0.00 | 69.67 | 8,290.01  | 69.67 |
| 98  | 0.00 | 69.67 | 8,220.34  | 69.67 |
| 99  | 0.00 | 69.67 | 8,150.67  | 69.67 |
| 100 | 0.00 | 69.67 | 8,081.00  | 69.67 |
| 101 | 0.00 | 69.67 | 8,011.33  | 69.67 |
| 102 | 0.00 | 69.67 | 7,941.66  | 69.67 |
| 103 | 0.00 | 69.67 | 7,871.99  | 69.67 |
| 104 | 0.00 | 69.67 | 7,802.32  | 69.67 |
| 105 | 0.00 | 69.67 | 7,732.65  | 69.67 |
| 106 | 0.00 | 69.67 | 7,662.98  | 69.67 |
| 107 | 0.00 | 69.67 | 7,593.31  | 69.67 |
| 108 | 0.00 | 69.67 | 7,523.64  | 69.67 |

**EXHIBIT D**

Loan Application



**Business Loan Application  
Business Recovery Loan Program**

**APPLICANT**

Applicant's Legal Name: **Duluth Teachers Credit Union**

Trade Name (If different from Legal Name):

Mailing Address: **11 West 2nd Street**

City: **Duluth**

State: **MN**

Zip: **55802**

Damaged Property Address: **11 West 2nd Street**

City: **Duluth**

State: **MN**

Zip: **55802**

Contact Person: **Lisa Herstad**

Title: **VP Operations**

Email: **lisa.herstad@dtcu.net**

Phone Number: **218-722-9242**

Alternate Phone Number: **218-733-8001**

Fax Number: **218-722-4516**

Organization Type:  Sole Proprietor  Partnership  Corporation  LLC Date Established:

Federal Identification Number: **410226825**

State Identification Number: **8066718**

Business Description:

**Credit Union**

| Name of Owner(s) with 20% or more interest | % Owned |
|--|---------|
|  |         |
|  |         |
|  |         |

**INSURANCE**

Did insurance cover any of the damage?  Yes  No

Amount of Insurance Coverage: **\$50,000.00**

Status of Claim: **paid**

Insurance Company: Travelers Insurance

Insurance Agent: Jeffery Heywood

Phone Number: 651-249-1991

**EMPLOYMENT / WAGES**

Pre-Flood Full Time FTE's:                      Part Time:                      Average Wage/Hour:

Do you expect to retain these jobs after your business is fully operational?  Yes  No

If No, how many jobs do you intend to have: Full Time FTE's:                      Part Time:                      Average Wage/Hour:

**DESCRIPTION OF FLOOD DAMAGES:**

|                                | Insurance               | Northland Foundation | MIF | Other | Other                 | Total  |
|--------------------------------|-------------------------|----------------------|-----|-------|-----------------------|--------|
| <b>Machinery and Equipment</b> | see claim detail report |                      |     |       | see attached receipts |        |
| <b>Fixtures</b>                |                         |                      |     |       |                       |        |
| <b>Inventory</b>               |                         |                      |     |       |                       |        |
| <b>Leasehold Improvements</b>  |                         |                      |     |       |                       |        |
| <b>Clean-Up Costs</b>          |                         |                      |     |       |                       |        |
| <b>Real Estate</b>             |                         |                      |     |       |                       |        |
| <b>Total</b>                   | 54,727.36               |                      |     |       | 10,320.64             | 65,048 |

How was the amount of damages determined? SBA loss verification, insurance, other: **Insurance and rebuild estimates**

How was the inventory loss determined? **Insurance and manager assessment**

\*Documentation must be provided to back up the costs listed above. This includes invoices for work completed to date and quotes/cost estimates for work not yet complete

For the applicant business and each owner listed, please respond to the following questions, providing dates and details on any question answered YES. (Attach an additional sheet for detailed responses.)

1. Has the business or a listed owner ever been involved in a bankruptcy or insolvency proceeding?  Yes  No
2. Does the business or a listed owner have any outstanding judgments, tax liens, consent decrees, stipulations for settlement, or other such actions which would prevent the business or listed owner from participating in any program administered by the local, regional or state government?  Yes  No
3. Is there any pending, anticipated or final regulatory or legal (civil or criminal) litigation involving the business, owners, principals, officers, or shareholders?  Yes  No
4. Has the business or a listed owner ever been or currently are delinquent on State or Federal taxes?  Yes  No
5. Has the business or a listed owner ever defaulted on any loan commitment?  Yes  No

**IF YOU ANSWERED YES TO ANY OF THESE QUESTIONS, PLEASE EXPLAIN:**

**The following information must be provided with this application:**

- SBA Disaster Application, if applicable
- Regional Development organization, if applicable
- Proof of loss statement from insurer
- Historical Financial Statements and Tax Records for the 24 months immediately prior to the application date.
  - Profit and Loss Statement
  - Balance Sheet
  - Tax Statements
  - Current year to date profit and loss statement
- Cost estimates for construction, equipment to be purchased, lost inventory
- Invoices for work completed
- For clean-up costs: Payroll reports for staff involved in cleanup; invoices from garbage carriers, etc.
- Documentation that property taxes are current
- Other documents as requested.

**AGREEMENTS AND CERTIFICATIONS**

On behalf of the undersigned individually and for the applicant business:

1. The property was in fact "directly and adversely" affected by the flood of 2012 and that all proceeds received under this program will be used for the sole purpose of eligible flood-damaged related expenses.
2. I/We agree that the applicant business will remain in the community a minimum of five years after the date of the loan and ten years in order to receive 50 percent loan forgiveness.
3. All statements made in the application are made for the purpose of obtaining the Business Recovery Loan indicated herein;
4. Verification or re-verification of any information contained in the application may be made at any time by the Lender, its agents, successors and assigns, either directly or through a reporting agency, from any source named in this application, and the original copy of this application will be retained by the Lender, even if the Business Recovery Loan is not approved;
5. The Lender, its agents, successors and assigns will rely on the information contained in the application and I/we have continuing obligations to amend and/or supplement the information provided in this application if any of the material fact which I/we have represented herein should change prior to loan closing;
6. In the event my/our payments or obligations for the Business Flood Recovery Loan indicated in this application become delinquent or otherwise in default, the Lender, its agents, successors and assigns, may, in addition to all their other rights and remedies, report my/our name(s) and account information to a credit reporting agency;
7. I/We authorize my/our insurance company, bank, financial institution, the Small Business Administration or other creditors to release to the Lender all records and information necessary to process the application.
8. I/We authorize the lender to perform a credit check on the applicant business and owners of the applicant business.
9. I/We certify that the applicant business is in compliance with all applicable local ordinances and plans.]
10. That this agreement may not be modified, waived, or otherwise amended except in writing signed by the Lender.

**CERTIFICATION:** I/We certify that the information provided in this application is true and correct as of the date set forth opposite my/our signature(s) on this application and acknowledge my/our understanding that may intentional or negligent misrepresentation(s) of the information contained in this application may result in civil liability and/or criminal penalties including, but not limited to, fine or imprisonment or both and liability for monetary damages to the Lender, its agents, successors and assigns, insurers and any other person who may suffer any loss due to reliance upon any misrepresentation which I/We have made on this application.

**DATA PRIVACY ACKNOWLEDGEMENT**

Tennessee Warning Notice: Per MN Statutes 13.04, Subd.2, this data is being requested from you to determine if you are eligible for assistance from the Minnesota Investment Fund Business Recovery Loan Program. You are not required to provide the requested information, but failure to do so may result in the department's inability to determine your eligibility for assistance. The data you provide that is classified as private or non-public will not be shared without your permission except as specified in state and federal laws.

Data Privacy Notice: Per MN Statutes 13.591, Subd. 1, certain data provided in this application is private or non-public data; this includes financial information about the business, including credit reports, financial statements, net worth calculations, business plans; income and expense projections; balance sheets; customer lists; income tax returns; and design, market, and feasibility studies not paid for with public funds. Per MN Statutes 116J.401, Subd. 3., certain data provided in this application is private data; this includes data collected on individuals pursuant to the operation of Minnesota Investment Fund Business Recovery Loan Program .

I have read the above statements and I agree to supply the information requested to the lender or its agent with full knowledge of the information provided herein. I certify that all information provided herein is true and accurate and that the official signing this form has authorization to do so.

Rick Lappi President DTCU  
Typed Name of Company Official

Signature



Date

