

HERMANTOWN ECONOMIC DEVELOPMENT AUTHORITY

AGENDA

**Thursday, January 9, 2020 at 5:00 p.m. – Council Chambers
Governmental Services Building**

1. ROLL CALL

2. MINUTES – Approval or correction

a. December 12, 2019 HEDA Minutes

3. RESOLUTION

A. 2019-10H Resolution Approving An Agreement For Strategic
Planning Services With Northspan In An Amount
Not To Exceed \$6,000.00

(motion, roll call)

CLOSED SESSION

The Hermantown Economic Development Authority will meet in a closed session pursuant to MN Stats 13D.05 (Subd 3(c) for consideration of the Sale/Purchase of real or personal property;

B. 5028 Miller Trunk Highway

(motion, roll call)

4. RECESS

HERMANTOWN ECONOMIC DEVELOPMENT AUTHORITY

December 12, 2019

5:30 p.m.

ROLL CALL: Commissioners Geissler, Haapanen, Nelson, Reno, Schmidt, Mayor Boucher

CITY STAFF: John Mulder, City Administrator; Bonnie Engseth, City Clerk; Eric Johnson, Community Development Director; Steve Overom, City Attorney

ABSENT: Commissioner Peterson

VISITORS:

MINUTES

Motion made by Commissioner Nelson, seconded by Commissioner Schmidt to approve the November 14, 2019 Hermantown Economic Development Authority minutes. Motion carried.

RESOLUTIONS

2019-10H Resolution Approving An Agreement For Strategic Planning Services With Northspan In An Amount Not To Exceed \$6,000.00

Motion made by Commissioner Geissler, seconded by Commissioner Schmidt to table Resolution 2019-10H, Resolution Approving An Agreement For Strategic Planning Services With Northspan In An Amount Not To Exceed \$6,000.00. Motion carried.

Motion made by Commissioner Nelson, seconded by Commissioners Geissler to close the meeting for a closed session at 5:42 p.m.

CLOSED SESSION

A discussion was held regarding the sale of 5028 Miller Trunk Highway.

Motion made by Commissioner Nelson, seconded by Commissioner Reno to reconvene into open session. Motion carried.

The board discussed the possibility of a change in the meeting date and time.

Motion made by Commissioner Reno, seconded by Commissioner Schmidt to recess the meeting at 6:18 p.m. Motion carried.

Recorded by:

John Mulder, Executive Director

Transcribed by:

Bonnie Engseth, City Clerk

TO: HEDA Members

**Hermantown Economic
Development Authority**

FROM: John Mulder, Executive Director

DATE: January 3, 2020

Meeting Date: 1/09/20

SUBJECT: Strategic Planning

Agenda Item: 3-A

Resolution 2019-10H

STRATEGIC OBJECTIVE:

OBJECTIVE A: HEDA Organization Development – Build Our Foundation For Action

A.1 Reorganize HEDA as the lead public economic development entity for Hermantown that is proactive, has a well-defined mission and vision and strategic roadmap that lays out key opportunities, gaps to fill and has immediate and longer term priorities in place.

REQUESTED ACTION

Approve contract for services with Northspan for Strategic Planning Facilitation Services for an amount not to exceed \$6,000.

BACKGROUND

At the December meeting, the HEDA Board asked for additional information and wanted more discussion on whether we should proceed with an update to HEDA's strategic plan. I am attaching a report on the 2017-2019 that was presented to the HEDA Board at the November 2019 meeting. I had proposed that we use a similar process that was used by Northspan to assist the HEDA Board in developing this plan to update it at this time.

I believe that the Mission Statement, and Values are still relevant. I do believe that we should have some discussion on the 4 major Strategic Objectives should be reviewed and updated:

- Objective A: HEDA Organization Development – Build Our Foundation For Action

This first one primarily was related to our efforts to re-organize in 2017 and I believe, for the most part, this has been accomplished.

- Objective B: Implement Four Major Strategic Initiative Priorities

While I do not believe this objective is completed, I do think it would be worthwhile to review and ask if these four major strategic initiative priorities are still our top priorities or if there are other priorities we should consider. For example, there has been a lot of discussion in the region over the past 3-4 years about the need for childcare and workforce housing. Neither of these items, is currently identified as a priority by HEDA.

Further, I think it would be helpful to have some further discussion and possible outside assistance to develop some specific defined actions and performance measures to move these priorities forward.

Hermantown Economic Development Authority

HEDA's mission is to intentionally lead economic growth, creating a vibrant and prosperous community.

- Objective C: Development Tools And Growth Policy Development (Foundational)

I also do not think this objective is completed. I do think that we should look at those items and again decide if they are still the right tools we want to pursue, and then develop some specific actions and performance measures.

- Objective D: Define, Brand And Promote Hermantown

The City has hired a Communications and Community Engagement Manager and he has begun the work on branding for the City and HEDA, along with updating our web page. This particular objective may still be valid, and we may just need to have discussion about what actions should be taken.

If our “mission is to intentionally lead economic growth, creating a vibrant and prosperous community” then I think it is important to look at these objectives. I also think that we should have some outside assistance to facilitate that process.

SOURCE OF FUNDS (if applicable)

HEDA Funds 230-465100-319 Contracted services

ATTACHMENTS

Resolution 2019-10H

Proposal

Agreement for Services



HEDA Strategic Action Plan

2017 – 2019

HERMANTOWN ECONOMIC DEVELOPMENT AUTHORITY

OUR MISSION

HEDA's mission is to intentionally lead economic growth, creating a vibrant and prosperous community.

OUR VALUES

Collaborative...building public/private partnerships, trust and sustainable strategic alliances.

Fiscally Sound and Responsible...demonstrating integrity for our actions while delivering a return on investment for the community.

Good Community Stewards...acknowledging and respecting our community culture and heritage, the strengths and assets we can leverage, while building on this legacy as a regional community of choice.

Responsive...being accountable and offering streamlined processes and decisions that are customer and community driven.

Balanced Risk Takers...making prudent public investments that allow us to compete, be different when necessary and grow our sustainable economy.

A Proud Community...fulfilling our potential by being visible, confident, and celebrating our differences, legacies and successes.

Sociable and Approachable...demonstrating approachable leadership through transparency and accessibility, respect and broad clear communication.

Innovative...embrace change, new ideas and opportunities that support entrepreneurship and continuous business improvements.

STRATEGIC ACTION PLAN

2017 - 2019

OBJECTIVE A: HEDA ORGANIZATION DEVELOPMENT – BUILD OUR FOUNDATION FOR ACTION

Key Strategies		Actions and Performance Measures	Timing	Responsibility	Priority Outcomes	Accomplishments/Work Completed
A.1	Reorganize HEDA as the lead public economic development entity for Hermantown that is proactive, has a well-defined mission and vision and strategic roadmap that lays out key opportunities, gaps to fill and has immediate and longer term priorities in place.	Develop mission, vision and values statements – Have City Council approve revised enabling resolution				See below
A.2	Clearly define our role, philosophy, values we share and key relationships with other strategic partners.					2/9/17 - Res 2017-03H – Approved Mission Statement & Values
A.3	Look at our membership, meeting frequency and focus, how we might engage other community interests and formalize how we intend to operate strategically.	Update the Charter and Operating By-laws to reflect our new proactive approach.				2/9/17 - Res 2017-02H – Approved by-laws

STRATEGIC ACTION PLAN

2017 - 2019

OBJECTIVE B: IMPLEMENT FOUR MAJOR STRATEGIC INITIATIVE PRIORITIES

Key Strategies		Actions and Performance Measures	Timing	Responsibility	Priority Outcomes	Accomplishments/Work Completed
B.1	Further develop Marketplace mixed use concept					<p>3/16/17 Res 2017-05H & Res 2017-06H Purchase materials of Marketplace sign and installation by Kwik Trip</p> <p>3/16/17 Res 2017-07H Prepare Pre-lim Engineer report on Road Improvements (Lindgren & Richard)</p> <p>2019 Tax abatement agreement with St. Louis County for Marketplace & Section 24 Sewer trunk line.</p> <p>8/8/19 Banners in the Marketplace</p>
B.2	Position, develop and market the Industrial Park					<p>2/9/17 – Res 2017-04H – Approved preparation of Existing Conditions Report of the Industrial Park</p> <p>July 2017, accepted report on conditions in the Industrial Park</p>

						2017-18 Aluminum Cabinet Company 2018-19 Dawes Computerized Car Care
B.3	Implement an existing business growth and retention initiative					
B.4	<ul style="list-style-type: none"> • Highway 53 Corridor development planning <ul style="list-style-type: none"> – Highway 53, from Lavaque Road to Ugstad Road – Highway 53, from Kwik Trip to Lavaque Road – Stebner Road and Highway 53 					<p>2/15/17 City held open house on Hwy 53 Study</p> <p>11/6/17 City Council adopted Wester Miller Trunk Highway Small area plan as an amendment to the City's Comprehensive plan.</p> <p>Feb 2018, Made Zoning text amendments in the C and C1 Zoning districts as a direct result of the Hwy 53 Study</p>

STRATEGIC ACTION PLAN

2017 - 2019

OBJECTIVE C: DEVELOPMENT TOOLS AND GROWTH POLICY DEVELOPMENT (FOUNDATIONAL)

Key Strategies		Actions and Performance Measures	Timing	Responsibility	Priority Outcomes	Accomplishments/Work Completed
C.1	Review and assess development tools and resources including but not limited to TIF, Abatement, RLF Loan Fund, etc. to entice new business development	Create a Community Supporting organization/ Community fund				Oct 2017 Creation of the Hermantown Legacy Fund
C.2	Define our growth policy and relationship to tools and resources we intend to develop and deploy					
C.3	Complete our economic development assets and resource assessment					
C.4	Complete a strategic utilities and infrastructure development plan to target and leverage our sales tax revenues (City and HEDA)					Utility Commission reviewed parcel maps showing which were served by water & sewer Commission reviewed status and evaluation of existing lift stations. City working on Section 24 Sewer trunk line to serve the Marketplace City upgrading existing Ugstad Lift Station

C.5	Encourage the City to do a comprehensive plan update that reflects our strategic economic development priorities and needs supporting business, large scale multi-family housing development as well as quality of place needs such as trails, open space and recreation resources etc.					
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STRATEGIC ACTION PLAN

2017 - 2019

OBJECTIVE D: DEFINE, BRAND AND PROMOTE HERMANTOWN

Key Strategies		Actions and Performance Measures	Timing	Responsibility	Priority Outcomes	Accomplishments/Work Completed
D.1	Engage the public in our branding process					April 2019, Hired Communications Director position with the City. August 2019, hired consultant to re-do City Web site – with intention of promoting HEDA.
D.2	Define the story we intend to tell					
D.3	Multi-organizational driven					
D.4	Determine who will lead this process and what resources are needed. Who needs to buy-in?					
D.5	Engage a consultant					

TO: HEDA Members
FROM: John Mulder, Executive Director

**Hermantown Economic
Development Authority**

DATE: December 3, 2019

Meeting Date: 12/12/19

SUBJECT: Strategic Planning

Agenda Item: 3-A

Resolution 2019-10H

STRATEGIC OBJECTIVE:

OBJECTIVE A: HEDA Organization Development – Build Our Foundation For Action

A.1 Reorganize HEDA as the lead public economic development entity for Hermantown that is proactive, has a well-defined mission and vision and strategic roadmap that lays out key opportunities, gaps to fill and has immediate and longer term priorities in place.

REQUESTED ACTION

Approve contract for services with Northspan for Strategic Planning Facilitation Services for an amount not to exceed \$6,000.

BACKGROUND

In 2016, HEDA worked with Randy Lasky of Northspan to create a strategic plan for the years 2017-2019. As we discussed at the last meeting, it is recommended that we update the plan and develop new action items that will provide a return on our investment for economic development. If we want to intentionally lead economic growth, we need to identify some strategic and specific action item.

Based on the success during our process in 2016, we reached out to Northspan to facilitate our strategic planning efforts. Their proposal would include two, 3-hour meetings with the HEDA Board, 3-4 staff meetings for prep and follow up and a written three-year strategic plan document. The costs would not exceed \$6,000

SOURCE OF FUNDS (if applicable)

HEDA Funds 230-465100-319 Contracted services

ATTACHMENTS

**Resolution 2019-10H
Proposal
Agreement for Services**

Hermantown Economic Development Authority

HEDA's mission is to intentionally lead economic growth, creating a vibrant and prosperous community.

Hermantown Economic Development Authority
Resolution No. 2019-10H

HEDA Commissioner _____ introduced the following resolution and moved its adoption:

RESOLUTION APPROVING AN AGREEMENT FOR STRATEGIC PLANNING SERVICES WITH NORTHSPAN IN AN AMOUNT NOT TO EXCEED \$6,000.00

WHEREAS, the Hermantown Economic Development Authority (“HEDA”) duly received a proposal with respect to the strategic planning project (“Project”); and

WHEREAS, a copy of such proposal is attached hereto as Exhibit A; and

WHEREAS, HEDA’s staff has recommended that Northspan (“Consultant”) be awarded the contract for Project; and

WHEREAS, a form of Agreement for Strategic Planning Services is attached hereto as Exhibit B; and

WHEREAS, HEDA has indicated that it accepts the recommendation of HEDA’s staff and has requested that HEDA approve the award of the Agreement for Strategic Planning Services to Consultant.

WHEREAS, the HEDA Commissioners have reviewed the Agreement for Strategic Planning Services and hereby believe that it is in the best interests of HEDA that the Agreement for Strategic Planning Services be approved.

NOW THEREFORE, BE IT RESOLVED by the Commissioners of HEDA as follows:

1. The proposal of Consultant is in the amount of \$6,000.00 for the Project shall be and hereby is accepted.
2. The Agreement for Strategic Planning Services substantially in the form of the one attached hereto as Exhibit B is hereby approved.
3. Upon execution of such Agreement for Strategic Planning Services by Consultant and its submission of a certificate of insurance acceptable to HEDA’s Attorney, the work pursuant to the Agreement for Strategic Planning Services may proceed.

The motion for the adoption of the foregoing resolution was duly seconded by HEDA Commissioner _____ and, after full discussion thereof and upon a vote being taken thereon, the following HEDA Members voted in favor thereof:

Commissioners

and the following voted against the same:

Whereupon said resolution was declared duly passed and adopted.

Dated this 12th day of December, 2019.

HEDA Administrator

NORTHSPAN

COMMUNITY BUSINESS ORGANIZATIONAL DEVELOPMENT

HERMANTOWN ECONOMIC DEVELOPMENT AUTHORITY

Proposal for Strategic Planning Facilitation Services

December 3, 2019



PREPARED FOR:

Hermantown Economic Development Authority
5105 Maple Grove Road
Hermantown, MN 55811
218.729.3600

PREPARED BY:

Northspan
202 W. Superior Street, Suite 700
Duluth, MN 55802
218.481.7737

OUR MISSION

To improve the economic well-being of our clients by delivering workable, creative solutions that enhance their effectiveness.

OUR EXPERTISE

NORTHSPAN delivers high quality development consulting services to clients in the Upper Midwest. We are a critical resource for businesses, organizations, and communities that need solid and dependable research services, professional technical support, and financial assistance to advance their projects.

BUSINESS

- Structure and facilitate financing for projects
- Provide expertise in packaging loan and grant applications
- Partner with communities and financial institutions to provide loan program support services
- Partner with community banks to provide Small Business Administration (SBA) 7a Loan Guaranty program services
- Provide accredited business valuation and succession planning

COMMUNITY

- Coordinate and facilitate critical conversations
- Provide strategic support and gap capacity for communities and regional partnerships
- Devise strategies for diversification, change, and sustainable growth
- Critically examine, research, and analyze opportunities and challenges
- Provide policy recommendations and process for change

ORGANIZATIONAL

- Coordinate and facilitate strategic planning processes
- Provide technical assistance for change, growth management, and development
- Provide meeting management and planning services
- Facilitate economic adjustment, crisis response, and readiness planning initiatives
- Conduct project feasibility studies and economic impact analyses

INTRODUCTION

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NORTHSPAN

202 West Superior Street, Suite 700, Duluth, MN 55802

218.481.7737 | info@northspan.org

December 3, 2019

RE: Proposal for Strategic Planning Facilitation Services

Dear Mr. Mulder,

Thank you for taking the time to discuss Hermantown Economic Development Authority's (HEDA) strategic planning needs. The Strategic Planning process will include confirming or revising your mission, core values and strategic objectives. We intend to include clear accomplishments, action steps, and performance measures.

Our facilitation approach is professional, objective, and inclusive. Northspan will organize and drive this conversation, but the staff team and HEDA members are responsible for participating and generating the outcomes desired. I will serve as the principal staff and facilitator for this work. With over twenty years of experience in business and community development, strategic planning, and organizational development, I'm well positioned to assist you with this discussion. I will facilitate this work with the support of an Associate Consultant.

Northspan appreciates the opportunity to assist the HEDA staff team and members with your strategic planning efforts.

Thank you.

Sincerely,

Elissa Hansen
President & CEO

STRATEGIC PLANNING CONSULTATION GOALS

1. Clarify and/or identify the following:
 - a. Mission and Values
 - b. Strategic directions for next 3 years
2. Create outcomes/accomplishments and action steps by which the strategic directions are achievable
3. Create accountability with performance measures

APPROACH

1. Pre-planning and context setting
 - a. Work with the City Administrator to obtain background information and related materials developed to date. This will be reviewed and serve as initial background to prepare for the sessions.
 - b. We will work with the City Administrator to organize and schedule meetings.
2. Conduct environmental scan survey with HEDA members and staff team.
3. Facilitate two, 3-hour minimum planning sessions that will focus on:
 - a. Contradictions and Strategies
 - b. Outcomes/Accomplishments, Timelines and Assignments
4. Draft realistic strategic directions, outcomes/accomplishment, and action steps
5. In-person or electronically communicate the draft strategy with staff and HEDA members to acquire feedback
6. Present an edited strategy to the board for approval
7. Roll out the 3-Year Strategic Plan and deliver a process summary report
8. Complete a 90-day check in

DELIVERABLES

- ❖ Strategic planning facilitation services for two, 3-hour minimum planning sessions
- ❖ 3-4 Small internal team meetings with staff to:
 - Prep agendas and process for the first meeting and survey
 - Debrief and prep for the second meeting
- ❖ Written 3-year strategic plan document that presents the following:
 - Overall planning process
 - Environment scan survey results
 - Strategic directions, outcomes/accomplishments, and action steps

INVESTMENT

Northspan requests a down payment and bills for services on a cost reimbursement basis, based upon the hourly rates of professional staff involved, and any direct charges and travel associated with the work performed, this will be detailed in the billings. The investment in these services range between \$5,000 - \$6,000 and will not exceed \$6,000 depending on the hours spent in revision and is based on the approach and deliverables highlighted above.

ABOUT US

The Northspan Group, Inc. is a private, nonprofit development consulting firm located in Duluth, Minnesota. While our primary service area is Northeast Minnesota and Northwest Wisconsin, we work with clients and partners across the Upper Midwest. For more than 30 years, our team has provided professional, fee-based services and technical support to the region's economic development community, private businesses and organizations, and local units of government. We build connections that bridge across boundaries and assist communities that can't afford full-time community and economic development staff. We specialize in development approaches that are innovative, solve problems, and exceed expectations.

CORE VALUES

We foster respect through intentional engagement of stakeholders and seek common solutions to community, business, and organizational challenges.

TRUSTWORTHY: We earn the loyalty of our clients by operating ethically, reliably, confidentially and always with integrity.

STEWARDS: We carefully manage the resources entrusted to us and focus on the long-term well-being of our clients and programmatic service areas.

ADAPTABLE: We offer a broad range of expertise which enables us to seize new opportunities and tailor our offerings to meet our clients' needs.

DELIGHTFUL: We provide satisfaction and joy to our clients by delivering excellent customer service and clear results.

HISTORY

Northspan has been a behind-the-scenes force for economic development for more than 30 years. It was born in 1985 as a private, nonprofit organization to offer professional business and community development services. At the time, northeast Minnesota was reeling from a recession, record high unemployment, and a shrinking tax base.

Northspan's founders chose its name to reflect its broad mission across the Upper Midwest and formed it as a private, nonprofit fee-for-service consulting group to nimbly address issues while remaining committed to its mission.

Northspan then built a team of professionals with broad capabilities that worked without limits imposed by geography or any professional field. Since its inception, Northspan has spearheaded regional partnerships, lent a fresh perspective, and built deep relationships in the communities it serves.

NORTHSPAN SKILLS AND COMPETENCIES IN STRATEGIC PLANNING AND FACILITATION



ELISSA HANSEN
PRESIDENT & CEO

www.linkedin.com/in/elissahansen

Elissa Hansen leads Northspan with more than 20 years of experience in business, community, organizational, and economic development across Minnesota and Wisconsin. She invests her time creatively advancing others' capabilities through strategic and business planning, meeting facilitation, grant management and writing, financial solutions and packaging, site selection and due diligence, community project funding development, and communications and brand development.

RELEVANT CREDENTIALS, EXPERIENCE, AND EXPERTISE:

- Strategic planning facilitation as an individual lead or with teams for a variety of communities, private businesses, and organizations including but not limited to Benton Economic Partnership, Wadena Development Authority, East Range Joint Powers Board, Bayfield County Economic Development Corporation, Aitkin Area Chamber of Commerce, City of Duluth, Zeitgeist Center for Arts & Community, Lake Superior Ice Festival, Statewide Health Improvement Program, Minnesota Power Regional Development & Community Relations, NORTHFORCE, North Point Geographic Solutions, Buzz Frenzy, and Lake Superior Consulting. Each of these projects included teams of people with multiple and competing perspectives on the situation they were currently in and worked toward a common vision.
- Knight Foundation's Intensive Study Tour & Training in Copenhagen, Denmark included a curated week of engaging lectures, planning workshops, and approaches to transform cities into places where public life can thrive.
- Master Class with Gehl Architects on public life studies and engagement strategies focused on people-first design, master planning, and urban development frameworks.
- Certified Economic Development Finance Professional with coursework in business credit analysis, real estate finance, and the art of deal-structuring with recertification courses in loan packaging, negotiating and problem-solving, as well as developing and financing affordable for sale housing.
- Served as a Duluth City Councilor, Council President, and Council Finance Committee Chair between 2016–2018. In this role my abilities and knowledge around inclusion, equity, and diversity grew exponentially. I was challenged at every meeting to create a welcoming and comfortable place for all residents and set a precedent for civil behavior. In this time, I worked with the community and councilors to update our Tools of Civility which now states "The Duluth City Council promotes the use and adherence of the tools of civility in conducting the business of the council. The tools of civility provide increased opportunities for civil discourse leading to positive resolutions for the issues that face our city. We know that when we have civility, we get civic engagement, and because we can't make each other civil and we can only work on ourselves, we state that today I will: pay attention, listen, be inclusive, not gossip, show respect, seek common ground, repair damaged relationships, use constructive language, and take responsibility."

Elissa has been directly involved in community engagement processes in numerous rural communities across northeast Minnesota and northwest Wisconsin. These tight-knit communities often have passionate and dedicated community advocates, but need assistance in recognizing their assets, gathering their ideas into a coherent plan, and following through on ideas to create genuine change in the community. So much of this work includes the ability to successfully create space for these communities to look at their future and aid them in making connections to resources that will get them moving in that direction.



AMANDA VUICICH

ASSOCIATE CONSULTANT & OPERATIONS MANAGER

www.linkedin.com/in/amanda-vuicich-6b6539166/

Amanda Vuicich oversees operations for the Northspan team and assists with several of its major programs, grant writing, and provides logistical support for regional partnerships. She joined Northspan in 2018 and has previous experience with an accounting firm and in hospitality management.

RELEVANT CREDENTIALS, EXPERIENCE, AND EXPERTISE:

- Has managed logistics and budgeting for regional partnerships including Minnesota Power and PolyMet's Community Advisory Panels, Iron Range Economic Alliance, Arrowhead Growth Alliance and other groups.
- Assists with analysis of business financials to provide SBA packaging services to community banks in Minnesota and Wisconsin.
- Provides assistance in analyzing loan requests to ARDC's RLF including preparation of loan summaries and loan credit analysis and is actively involved in the marketing of the ARDC RLF.
- Assists in the financial statement analysis as part of Northspan's business valuation services.
- Designed and implemented internal accounting operations for Northspan, including transition from third-party services to Northspan management with QuickBooks.
- Creation and distribution of Northspan financials including invoicing, accounts payable and receivable, and ensuring payroll data and requirements for 990 filing are correctly communicated to accountant.
- Management of Northspan hosted program budgets for NORTHFORCE, Northland Connection, Minnesota Opportunity Collaborative, and the Upper Minnesota Film Office.
- Providing fiscal agent services for the Iron Range Economic Alliance and Laurentian Vision Partnership, including timely updates to leadership with monthly financials, dues collections, and making payments on behalf of the organizations.
- Leads coordination of regional partners to present non-traditional lending options to city staff, bankers, and other community leaders.
- Creation of project listings for the Minnesota Opportunity Collaborative website, as well as management of program budget and submission of projects to national database.
- Assists with Northspan-facilitated organizational development projects, including recent projects with the Wadena Development Authority and Benton Economic Partnership.
- Conducted business retention and expansion visits in Sandstone and East Range communities to understand community priorities and issues and make recommendations for greater development.
- Bachelor's degree in International Studies from the University of Minnesota Duluth, with a minor in Political Science.

NORTHSPAN'S DEVELOPMENT PHILOSOPHY: ENGAGING & ELEVATING SINCE 1985

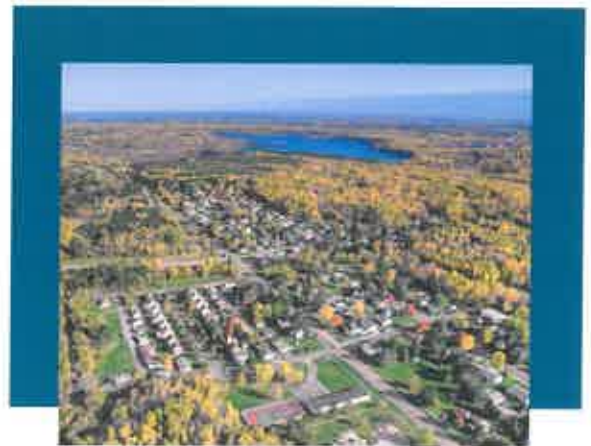
Over 34 years of community and economic development work, Northspan has built a reputation as a reliable partner that will create a careful strategy specific to the context of each engagement process. While the faces of staff members may change, the organization maintains a commitment to neutral, objective facilitation processes that are free of politics or special interests. We are well-rooted in the Upper Midwest and build long-term partnerships with communities and organizations. We often operate behind the scenes to add value for and increase the capacity of organizations that provide essential goods and services to people from all walks of life.

Trust is fundamental to our work, and we maintain a high standard of professionalism to continue the legacy we have built. We are also well-connected with regional partners who may be able to contribute to engagement processes, including bodies of state and local government, private companies, philanthropic organizations, nonprofits, and community leaders. Only with buy-in from a dense network of people and groups can community engagement processes be successful, and we aspire to this comprehensive level of connection in every engagement process.

Northspan and its staff have long track records of successful engagement at a community level to develop stakeholder-informed plans in rural communities across northeast Minnesota and northwest Wisconsin. While these processes have been diverse, Northspan includes the following elements:

- Conducts a wide range of stakeholder interviews on perceptions of the community, as directed by city or county staff
- Analyzes collected data for themes and report back to community and stakeholders on findings
- Provides programmatic and policy recommendations that result in a framework that assigns responsibility and leads to results

With a five-person staff, Northspan has the capacity to provide additional research work and administrative support, streamlining our internal processes and allowing us to conduct certain supporting tasks at a lower hourly rate than that of the facilitator. Changes in recent years have left Northspan even better positioned to provide community development and outreach work, as staff members bring strong backgrounds in this area through past work in the field, service in public office, and in their education. Our track record of professionalism, responsiveness, and fresh energy allows us to move quickly and leave clients satisfied with the support they receive.



OUR ADAPTABLE ENGAGEMENT PROCESS

Above all, Northspan's approach emphasizes neutrality and objectivity on behalf of the facilitator, which allows us to adapt and evolve as needed. We believe it is the facilitator's role to carefully listen to all perspectives, and to encourage and proactively seek participation from everyone in the room. Our flexible approach to facilitation adapts to client needs, meeting attendees, and new developments over the course of an engagement process. When possible, we seek to include non-traditional engagement methods that include the arts and active engagement, which we believe can reach communities in new ways and bring them on board behind a renewed vision of their communities' future. These processes provide an essential foundation for enhanced public life, create strong places that people can call home, and foster economic growth.

Northspan's work is based on human-centered design. We learn from the people we are working with by immersing ourselves in their communities or organizations to understand their challenges and opportunities. We make sense of what we learn, identify opportunities for change or movement, and consider how to model or pilot these ideas. Then, together with the community, we bring these ideas to life. How people believe, engage, act, move, think, and work within their communities are fundamental to our understanding of their dynamics. As we observe and analyze communities, gather new data, and use existing data, we begin to understand the reality on the ground.

We work with communities and organizations through the process and build partnerships and collaborations to allow for trust. This has the power to change perspectives and perceptions, inviting broader, long-range thinking. We create opportunities to test new ideas and gather more input, all while engaging all types of people in the community. When we take the time to listen, observe, and engage, we can make the best possible recommendations to elevate growth, recovery, and change.

ELEVATION OF DIVERSE PARTICIPANTS AND VIEWPOINTS

Northspan has a holistic vision of community and economic development and understands how partners can work together to best serve their communities. We know how to navigate a broader community and economic development ecosystem and help organizations find their niches among their partners to ensure they do not replicate services and provide a distinctive value proposition.

We research and learn to negotiate internal politics within the communities we serve, at times doing extensive background reading on communities' histories and tapping everyone in our networks to learn what we can about the places we work. Our diligence and knowledge of history allows us to research and break down historical divides, building connections where none had existed before. Our public and private sector experience leaves us very familiar in negotiating tough crowds and tougher conversations around organizational and community change.

We also believe it is essential to not only recognize people who show up to community meetings, but also explore methods to encourage participation from groups who are conspicuous in their absence. We believe in doing direct outreach in communities instead of waiting for community members to come to us. We identify where community members are and go directly to them, building bridges founded on common interests and goals. We believe in an expansive idea of diversity that works across age groups, race, faith, gender, and sexual orientation. We are also well-connected with the communities in which we operate, with ties to bodies of state and local government, private companies, philanthropic organizations, nonprofits, and community leaders. Only with buy-in from a dense network of people and groups can community engagement processes be successful, and we aspire to this comprehensive level of connection in every engagement process.

RELATED WORK EXPERIENCE

EAST RANGE JOINT POWERS BOARD – AURORA/BIWABIK/HOYT LAKES/TOWN OF WHITE, MN

In fall 2018, Northspan began work with the East Range Joint Powers Board (ERJPB), a unified economic development authority for the cities of Aurora, Biwabik, and Hoyt Lakes, and the Town of White. Northspan took on the role held by longtime partner Curt Anttila, who retired this past summer and has assisted with the transition.

Northspan had a long track record of work in the East Range area that includes facilitation of Community Advisory Panels sponsored by Minnesota Power and PolyMet; work on the Laskin Energy Park team, which is now moving to certify the site as Shovel Ready with the state of Minnesota; and facilitation numerous smaller-scale community conversations and planning processes. Because of these established relationships, Northspan jumped straight into several ongoing regional initiatives on the East Range, including efforts to boost broadband connectivity and expand childcare options. Early in the relationship, Northspan conducted priority-setting sessions with each of the East Range communities' city councils and the White Township board, which it used to guide a broader strategic direction for the region. Northspan compiled results from these stakeholders and used them to build a strategic action plan for its work over the course of the year. Northspan reports on its progress on each of these strategic initiatives at monthly board meetings.

ERJPB board members have expressed great satisfaction with Northspan's work to re-engage stakeholders and develop a cohesive plan for the organization. The plan has allowed ERJPB to leverage additional funding from stakeholders such as IRRR and the Blandin Broadband Communities program to further support economic development on the East Range and guarantee funding to complete the full scope of work. Monthly reports allow the ERJPB board to assess progress to date and engage in conversations about the priorities and potential solutions to pressing issues.

DULUTH HOUSING STUDY

See attached study. In this research project, the Lake Superior Association of Realtors, in coordination with the Arrowhead Builders Association and City of Duluth, contracted with Northspan to conduct a study of the perceived high costs of single-family housing construction in Duluth. This report built off previous Maxfield housing studies commissioned by the city that identified the need for different types of units in Duluth and aimed to explore the root causes of the city's inability to meet some of those goals. The report concluded with over a dozen policy and programming recommendations that could help alleviate the factors driving construction costs that were within the control of stakeholders in the city.

Contact: Maranda DeSanto, Lake Superior Association of Realtors CEO, 218-722-6044

NHED BELL PROGRAM

The NHED Bell Program was a proposed Iron Range-based engineering bachelor's degree program with a national reach seeking to assess its financial feasibility. Northspan staff analyzed background assumptions and worked with stakeholders to assess financial viability of the program. As a result, this pilot program launched in summer 2019, with plans to scale up to full capacity by 2023.

GPS 45:93

This longtime East Central MN economic development partnership lacked staffing capacity, hampering its efforts. Northspan provided staffing services to streamline internal operations, coordinate member activity, and help market the region. As a result, GPS has seen an increase in membership and enhanced its profile as a regional actor in Minnesota economic development.

RELATED WORK EXPERIENCE

COMMUNITY DEVELOPMENT IN SILVER BAY, SANDSTONE, & AITKIN

Northspan and its staff members have been directly involved in community engagement processes in numerous rural communities across northeast Minnesota and northwest Wisconsin. These tight-knit communities often have passionate and dedicated community advocates, but simply need assistance in recognizing their assets, gathering their ideas into a coherent plan, and following through on ideas to create genuine change in the community. So much of this work includes the ability to successfully create space for these communities to look at their future and aid them in making connections to resources that will get them moving in that direction.

Business retention and expansion (BR&E) programs are one example of a community engagement process that Northspan has frequently led, often with dramatic results. Through patient listening in our BR&E process in Silver Bay, the Northspan team brought out insights from a wide range of community members with diverging views, many of whom expressed gratitude over having an outlet to express their thoughts and concerns on their community for the first time in years, if ever. The aggregated results from these confidential visits gave the community an array of new insights, and it continues to hold-follow up meetings to bring businesses together in a way it had not before. In Sandstone, Northspan has worked for over a decade to assist the economic development authority to recognize its priorities, establish action plans to achieve these priorities, and make new projects happen.

Contacts: Kathy George, Sandstone City Administrator, 320-245-5241
Lana Fralich, Silver Bay City Administrator, 218-226-4408

DOWNTOWN DULUTH MARKET STUDY

Northspan has conducted a market study on behalf of Duluth's Greater Downtown Council on numerous occasions, including an initial study in 2016 and updates to this report in 2017 and 2019. The report assesses the vacancy rates of all properties in the GDC's area and subdivides them by use to provide greater context for trends in the market. The 2019 update also included information on rents for major office properties in the downtown district.

Contact: Kristi Stokes, Greater Downtown Council President, 218-727-8549

SMALL CITIES DEVELOPMENT PROGRAMMING, CROSBY/IRONTON/EMILY/DEERWOOD

In this project, Elissa Hansen researched the housing and downtown redevelopment needs of four communities in Crow Wing County to develop an application to the Small Cities Development Program. The communities had not cooperated much in the past, and some participants described it as the first time "ever" that representatives from all four had sat at the same table to look at how they could work together to generate growth. The project required sensitivity to the relationships between the communities and engagement of cross-cultural groups to develop a strategic, long-range plan for community development. Elissa met with community members, businesses, and homeowners and gained support across all four communities for the application. She then developed the application story with the community, submitted the application, and, once the communities received the funding, implemented the project over multiple years. This included continued community engagement and launched a more in-depth conversation about where these communities were headed. Much of this conversation turned toward mountain biking and community placemaking, and these communities are now renowned across the state for their trail networks and improved sense of place.

RELATED WORK EXPERIENCE

IMAGINE DULUTH, IMAGINE CANAL PARK

Imagine Canal Park was/is led by City of Duluth staff along with Elissa Hansen as the grant writer and project coordinator, but guided by everyone who lives, works, plays, visits, or travels through the Canal Park neighborhood. In fall 2017, the Imagine Canal Park team led a comprehensive and inclusive community engagement process to ensure everyone had an opportunity to participate in a plan to re-envision Duluth's popular Canal Park district. This engagement process included stakeholder workshops, online surveys, a walkshop, public life surveys, and a series of public Imagine Stations. The thousands of stakeholder ideas were then categorized into two priority areas and nine recommendations for pilot projects. Based on the engagement feedback, a few pilot projects are being tested out, including several that are concluding in fall 2018. The Imagine Canal Park team will evaluate the success and impact of these pilot projects and have been again asking residents and local stakeholders how they would like to be involved in building the future of Canal Park.

The team has collected extensive user data and feedback for each pilot installation and will examine which changes worked well, which didn't, and why they did or did not. The results of this evaluation process will inform the recommendations that go into the final Imagine Canal Park report. This final report will shape the future growth and development of Canal Park and set out a clear plan of action to ensure that residents' collective vision for this area is realized.

During this process Elissa traveled to Copenhagen, Denmark and Miami, Florida for intensive trainings on methods to increase community engagement, including what it means to focus on public life and how to gather relevant information. This is a newer element to Northspan's work, and one the organization plans to grow in the communities it serves. We know there is great importance in providing this expertise across our region when it comes to placemaking, understanding why and how people decide to live and be in their communities, and creating welcoming spaces to increase the likelihood of public life. These efforts all boil down to the essence of what encourages people to engage in their communities and the importance of designing communities for people.

NORTHFORCE & MENTOR CONNECTION

Both Elissa and Karl have worked with the NORTHFORCE program both during its start-up phase when they were at APEX and now in its more mature phase through their work at Northspan. In order to address growing workforce needs in northeast Minnesota and northwest Wisconsin, the NORTHFORCE team researched workforce development issues and best practices from across the nation. It engaged with businesses at a regional level to understand and address the issues faced by employers and connected with stakeholders in workforce development and education to identify methods to fill key gaps. NORTHFORCE also worked with area colleges and universities to develop a mentorship program, Mentor Connection, that connects students with local employers and seeks to retain them in the region after graduation. Many of these efforts have worked to cross cultural divides and make the region more welcoming to non-residents and people of different backgrounds who can contribute to the economy but have not always felt welcome in our largely homogenous communities. Throughout the development of NORTHFORCE, Northspan has performed the strategic planning work necessary to sustain these initiatives and looked to stay on the cutting edge of workforce development issues. Elissa also led the community process to name and brand the NORTHFORCE program.



N O R T H S P A N

202 W. SUPERIOR ST., SUITE 700 DULUTH, MN 55802 218.481.7737
INFO@NORTHSPAN.ORG



**AGREEMENT FOR
STRATEGIC PLANNING SERVICES**

THIS AGREEMENT FOR STRATEGIC PLANNING SERVICES (“Agreement”) is made effective as of the ____ day of _____, 20__ by and between the **Hermantown Economic Development Authority**, hereinafter referred to as “Owner”, and **Northspan**, hereinafter referred to as “Consultant”, in response to the following situation:

A. Owner desires to obtain services from Consultant with respect to the strategic planning (“Project”).

B. Consultant is willing to provide such services to Owner pursuant to these terms of this Agreement.

NOW, THEREFORE, Owner and the Consultant do mutually agree as follows:

1. Services to be Performed.

1.1 The services to be performed by Consultant shall be performed by Elissa Hansen.

1.2 The scope of services to be provided to Owner by Consultant is as set forth on Exhibit A attached hereto.

2. Personnel. Consultant will secure, at its own expense, all personnel required to perform the services under this Agreement, and such personnel shall not be the employee(s) of, nor have a contractual relationship with, Owner.

3. Assignability. Consultant shall not assign any interest in this Agreement, shall not contract with others to perform Consultant’s services and shall not transfer any interest in this Agreement without the prior written approval of Owner.

4. Agreement Period. This Agreement shall be effective as of the date hereof and shall continue until terminated as provided in paragraph 5 hereof.

5. Termination of Agreement. Either Consultant or Owner may, by giving written notice specifying the effective date which shall not be less than thirty (30) days from the date such notice is given, terminate this Agreement in whole or in part. In the event of termination, all property and finished or unfinished documents and other writings prepared by the Consultant under this Agreement shall be delivered to Owner and Consultant shall be entitled to compensation for time expended and expenses incurred to the date of termination.

6. Independent Contractor. The relationship between the Consultant and Owner shall be that of an independent contractor. Nothing herein shall in any way make or create any employer employee relationship between Owner and Consultant.

7. Standard of Performance and Insurance; Indemnity. All services to be performed by Consultant hereunder shall be performed in a skilled, professional and non-negligent manner. Consultant shall obtain and maintain at his/her/its cost and expense:

7.1 Commercial general liability insurance that covers the consultant services performed by Consultant for Owner with a per occurrence limit/general aggregate limit of liability of at least Two Million Dollars (\$2,000,000.00).

7.2 Errors and omissions or equivalent insurance that covers the consultant services performed by Consultant for Owner with a per occurrence limit/general aggregate limit of liability of at least Two Million Dollars (\$2,000,000.00).

7.3 Worker's compensation insurance covering Consultant (if an individual) all of Consultant's employees with coverages and limits of coverage required by law.

Consultant shall indemnify and hold harmless Owner from and against all errors, omissions and/or negligent acts causing claims, damages, liabilities and damages arising out of the performance of his/her/its services hereunder.

Consultant certifies that Consultant is in compliance with all applicable worker's compensation laws, rules and regulations. Neither Consultant (if an individual) nor Consultant's employees and agents will be considered Owner employees. Any claims that may arise under any worker's compensation laws on behalf of any employee of Consultant and any claims made by any third party as a consequence of any act or omission on the part of Consultant or any employee of Consultant are in no way Owner's obligation or responsibility. By signing this Agreement, Consultant certifies that Consultant is in compliance with these laws and regulations.

Consultant shall deliver to Owner, concurrent with the execution of this Agreement, one or more certificate(s) of insurance evidencing that Consultant has the insurance required by this Agreement in full force and effect. Owner shall be named as additional insured under such Consultant's commercial general liability policy. The insurer will provide at least thirty (30) days prior written notice to Owner, without fail, of any cancellation, non-renewal, or modification of any the policy(ies) or coverage evidenced by said certificate(s) for any cause, except for nonpayment of premium. The insurer will provide at least ten (10) days prior written notice to Owner, without fail, of any cancellation of any of the policy(ies) or coverage evidenced by said certificate(s) for nonpayment of premium. Consultant shall provide Owner with appropriate endorsements to its policy(ies) reflecting the status of Owner as an additional insured and requiring that the foregoing required notice of cancellation, material alteration or non-renewal be provided Owner by the insurance company providing such insurance policy to Consultant.

The Consultant shall require any subcontractor permitted by Owner under Section 3 hereof to perform work for Consultant on the Project to have in full force and effect the insurance coverage required of the Consultant under this Agreement before any subcontractor(s) begin(s) work on the Project. Consultant shall require any such subcontractor to provide to Consultant a Certificate of Insurance evidencing that such subcontractor has the insurance

required by this Agreement in full force and effect. The Consultant and Owner shall be named as additional insureds under such policies. The insurer will provide thirty (30) day written notice to Owner and Consultant, without fail, of any cancellation, non-renewal, or modification of the policy(ies) or coverage evidenced by said certificate(s) for any cause, except for nonpayment of premium. The insurer will provide at least ten (10) days prior written notice to Owner, without fail, of any cancellation of any of the policy(ies) or coverage evidenced by said certificate(s) for nonpayment of premium. Owner shall also be provided with appropriate endorsements to its policy(ies) reflecting the status of Owner as an additional insured and requiring that the foregoing required notice of cancellation, material alteration or non-renewal be provided Owner by the insurance company providing such insurance policy(ies).

8. Compensation. Consultant shall be compensated for the services to be performed hereunder as set forth in Exhibit B. Consultant shall submit to Owner itemized statements of services rendered during each month setting forth the date such services were rendered, a description of the services rendered, the person performing such services and the amount of time expended in performing such services.

9. Recordkeeping. Consultant hereby agrees:

9.1 To maintain all books, documents, papers, accounting records and other evidence pertaining to the fees and expenses for which it seeks payment or reimbursement hereunder and appropriate records with respect to the services performed by it under this Agreement.

9.2 To make such materials available at its office at all reasonable times during the Agreement Term and for three (3) years from the date of final payment under this Agreement for inspection by Owner and copies thereof shall be furnished to Owner upon request by Owner.

10. No Prohibited Interest. Consultant represents and warrants to Owner that no employee, officer or agent of Owner, any member of the family of any such person, any partner of any such person or any organization which employs or is about to employ any of the above has a financial or other interest in the business of Consultant.

11. Confidentiality. Consultant agrees that, at all times, both during the term of this Agreement and after the termination of this Agreement, it will be faithful to Owner by not divulging, disclosing or communicating to any person, firm or corporation, in any manner whatsoever, except in furtherance of the business of Owner or as required by any applicable law, rule, regulation or ordinance of Owner or any other governmental authority, any information of any kind, nature or description concerning any matters affecting or relating to the business, employees, agents, customers of Owner, or parties contracting with Owner.

12 Intellectual Property Rights. For the purposes of this Agreement, Project Materials means copyrights and all works developed in the performance of this Agreement, including, but not limited to, the finished product and any deliverables, including any software or data.

Project Materials do not include any materials that Consultant developed, acquired or otherwise owned or had a license to use prior to the date of this Agreement.

All Project Materials are agreed by Consultant to be “works made for hire” as defined under 17 U.S.C. §101, for which Owner has the sole and exclusive right, title and interest, including all rights to ownership and copyright and/or patent. In addition, Consultant hereby assigns all right, title and interest, including rights of ownership and copyright in the Project Materials to Owner no matter what their status might be under federal law.

Consultant shall provide Owner with copies of all Project Materials

Upon request by Consultant, Owner may authorize Consultant to use specified Project Materials to evidence Consultant’s progress and capability. In all such uses of Project Materials by Consultant, reference shall be made to Owner and the Project and that the Project Materials are owned by Owner.

Consultant also acknowledges and agrees that all names and logos provided to Consultant by Owner for use in connection with the Project are and shall remain the sole and exclusive property of Owner.

13. Notices. Any notice required to be given under this Agreement shall be deemed sufficient if in writing, sent by mail to the last known office address of Consultant, or to Owner at 5105 Maple Grove Road, Hermantown, Minnesota 55811.

14. Miscellaneous. This Agreement constitutes the sole and complete agreement relating to the subject matter of this Agreement between the parties, superseding any and all other agreements between the parties and no verbal or other statements, inducements or representations have been made or relied upon by either party. No modifications hereof shall be binding upon either party unless in writing and properly executed.

15. No Contractual Authority. Consultant shall have no authority to enter into any contracts or agreements binding upon Owner or to create any obligations on the part of Owner.

16. Data Practices Act. Consultant acknowledges that Owner is subject to the provisions of the Minnesota Government Data Practices Act.

Consultant must comply with the Minnesota Government Data Practices Act, Minnesota Statutes, Chapter 13, as it applies to all data provided by Owner in accordance with this Agreement and as it applies to all data created, collected, received, stored, used, maintained, or disseminated by Consultant in accordance with this Agreement. The civil remedies of Minnesota Statutes § 13.08, apply to Consultant and Owner.

Minnesota Statutes, Chapter 13, provides that all government data are public unless otherwise classified. If Consultant receives a request to release the data referred to in this Section, Consultant must immediately notify Owner and consult with Owner as to how Consultant should respond to the request. Consultant's response shall comply with applicable law, including that the response is timely and, if Consultant denies access to the data, that Consultant's response references the statutory basis upon which Consultant relied. Consultant does not have a duty to provide public data to the public if the public data is available from Owner.

17. Choice of Law and Venue. All matters relating to the validity, construction, performance, or enforcement of this Agreement shall be determined in accordance with the laws of the State of Minnesota. All legal actions initiated with respect to or arising from any provision contained in this Agreement shall be initiated, filed and venued in the State of Minnesota District Court located in the City of Duluth, County of St. Louis, State of Minnesota.

18. Counterparts. This Agreement may be executed in any number of counterparts, each of which when so executed and delivered shall be an original, but such counterparts shall together constitute one and the same instrument.

[SIGNATURES APPEAR ON NEXT PAGE]

IN WITNESS WHEREOF, Owner and Consultant have executed this Agreement for Website Redesign and Hosting Services as of the date first above written.

OWNER:

**Hermantown Economic
Development Authority**

By _____
Its _____

And By _____
Its _____

CONSULTANT:

Northspan

By _____
Its _____

EXHIBIT A

EXHIBIT B

TO: HEDA Members
FROM: John Mulder, Executive Director

**Hermantown Economic
Development Authority**

DATE: January 3, 2020

Meeting Date: 1/09/20

**SUBJECT: Purchase offer
5028 Miller Trunk Highway**

Agenda Item: 3-B Closed Session

STRATEGIC OBJECTIVE:

REQUESTED ACTION

Consider an offer to purchase and provide direction to staff regarding the offer.

BACKGROUND

At the December 12, 2019, meeting the Board considered an offer to purchase the former Hermantown Area Family Resource Center (sometimes referred to as the HAFRC) at 5028 Miller Trunk Highway. The Board had some questions regarding the efforts to market the building and the possible use of the building. We have asked Greg Follmer to attend the closed session and provide some additional information for you.

The City acquired the former Ethan Allen building at 5028 Miller Trunk Highway in 1995 with the use of a state grant of \$200,000 for the purposes of using the facility as an Early Childhood Education Center. Since that time, the City has leased the property to the School District for the Hermantown Area Family Resource Center (sometimes referred to as the HAFRC). Earlier this year the City listed the property with Greg Follmer Commercial Real Estate.

Attached is an offer to purchase. We will meet in closed session to consider the offer, and discuss the various options.

Given the fact that this land was purchased in part with a state grant, there will be some additional steps in the process that HEDA will have to take before any final closing. We will discuss that process at the meeting as well.

If the HEDA Board wishes to proceed with sale, we will ask that we set a public hearing date in February to consider the sale.

SOURCE OF FUNDS (if applicable)

ATTACHMENTS

Offer to purchase

Hermantown Economic Development Authority

HEDA's mission is to intentionally lead economic growth, creating a vibrant and prosperous community.

TO: HEDA Members
FROM: John Mulder, Executive Director

**Hermantown Economic
Development Authority**

DATE: December 4, 2019

Meeting Date: 12/12/19

SUBJECT: Purchase offer
5028 Miller Trunk Highway

Agenda Item: 3-B Closed Session

STRATEGIC OBJECTIVE:

REQUESTED ACTION

Consider an offer to purchase and provide direction to staff regarding the offer.

BACKGROUND

The City acquired the former Ethan Allen building at 5028 Miller Trunk Highway in 1995 with the use of a state grant of \$200,000 for the purposes of using the facility as an Early Childhood Education Center. Since that time, the City has leased the property to the School District for the Hermantown Area Family Resource Center (sometimes referred to as the HAFRC). Earlier this year the City listed the property with Greg Follmer Commercial Real Estate.

Attached is an offer to purchase. We will meet in closed session to consider the offer, and discuss the various options.

Given the fact that this land was purchased in part with a state grant, there will be some additional steps in the process that HEDA will have to take before any final closing. We will discuss that process at the meeting as well.

SOURCE OF FUNDS (if applicable)

ATTACHMENTS

Offer to purchase

Hermantown Economic Development Authority

HEDA's mission is to intentionally lead economic growth, creating a vibrant and prosperous community.

COMMERCIAL PURCHASE AGREEMENT

This form approved by the Minnesota Association of REALTORS® and the Minnesota Commercial Association of REALTORS®, which disclaims any liability arising out of use or misuse of this form. © 2018 Minnesota Association of REALTORS®, Edina, MN

1. Page 1 Date 11/12/2019

2. BUYER (S): Kevin J. Pietrusa and/or assigns

3. _____
4. Buyer's earnest money in the amount of Ten Thousand and 00/100's-----
5. Ten Thousand Dollars

6. (\$ 10,000.00) shall be delivered no later than two (2) Business Days after
7. Final Acceptance Date of this Purchase Agreement to be deposited in the trust account of: (Check one.)

8. listing broker; or
9. First American Title Insurance Co. ,
(Trustee)

10. within three (3) Business Days of receipt of the earnest money or Final Acceptance Date of this Purchase
11. Agreement, whichever is later.

12. Said earnest money is part payment for the purchase of property at 3308 West Arrowhead Road
13. 5028 Miller Trunk Highway, Hermantown, MN 55911 located in the

14. City/Township of Hermantown , County of St. Louis ,
15. State of Minnesota, PID # (s) 395-0010-02975

16. _____
17. and legally described as follows Attached as "Exhibit A"

18. _____
19. _____ (collectively the "Property")
20. together with the personal property as described in the attached Addendum to Commercial Purchase Agreement:
21. Personal Property, if any, all of which property the undersigned has this day sold to Buyer for the sum of:

22. Four Hundred Thousand
23. Four Hundred Thousand and 00/100's

24. (\$ 400,000.00) Dollars ("Purchase Price"), which Buyer agrees to pay in the following manner:

25. 1. CASH of 20 percent (%) of the sale price, or more in Buyer's sole discretion, which includes the earnest
26. money; PLUS
27. 2. FINANCING of 80 percent (%) of the sale price. Buyer shall, at Buyer's sole expense, apply for any
28. financing as required by this Purchase Agreement.

29. Such financing shall be: (Check one.) a first mortgage; a contract for deed; or a first
30. mortgage with subordinate financing, as described in the attached Addendum to Commercial Purchase Agreement:
31. Conventional/SBA/Other Contract for Deed.
(Check one.)

32. DUE DILIGENCE: This Purchase Agreement IS IS NOT subject to a due diligence contingency. (If answer is IS,
33. see attached Addendum to Commercial Purchase Agreement: Due Diligence.)
(Check one.)

34. CLOSING: The date of closing shall be on or before June 1 , 20 20

35. DEED/MARKETABLE TITLE: Subject to performance by Buyer, Seller agrees to execute and deliver a: (Check one.)
36. WARRANTY DEED LIMITED WARRANTY DEED CONTRACT FOR DEED

37. OTHER: _____ DEED conveying marketable title, subject to:
38. (a) building and zoning laws, ordinances, and state and federal regulations;
39. (b) restrictions relating to use or improvement of the Property without effective forfeiture provisions;
40. (c) reservation of any mineral rights by the State of Minnesota or other government entity;
41. (d) utility and drainage easements which do not interfere with existing improvements; and
42. (e) others (must be specified in writing): _____



COMMERCIAL PURCHASE AGREEMENT

44. Page 2 Date 11/12/2019

45. Property located at 5028 Miller Trunk Highway, Excelsior, MN, 55811
46. **TENANTS/LEASES:** Property **IS** **IS NOT** subject to rights of tenants (if answer is **IS**, see attached *Addendum*
(Check one.))
47. *to Commercial Purchase Agreement: Due Diligence*.
48. Seller shall not execute leases from the date of this Purchase Agreement to the date of closing, the term of which lease
49. extends beyond the date of closing, without the prior written consent of Buyer. Buyer's consent or denial shall be
50. provided to Seller within three days of Seller's written request. Said consent
51. shall not be unreasonably withheld.
52. **REAL ESTATE TAXES:** Real estate taxes due and payable in the year of closing shall be prorated between Seller and
53. Buyer on a calendar year basis to the actual date of closing unless otherwise provided in this Purchase Agreement.
54. Real estate taxes, including penalties, interest, and any associated fees, payable in the years prior to closing shall be
55. paid by Seller. Real estate taxes payable in the years subsequent to closing shall be paid by Buyer.
56. **SPECIAL ASSESSMENTS:**
57. **BUYER AND SELLER SHALL PRORATE AS OF THE DATE OF CLOSING** **SELLER SHALL PAY**
(Check one.)
58. on the date of closing all installments of special assessments certified for payment with the real estate taxes due and
59. payable in the year of closing.
60. **BUYER SHALL ASSUME** **SELLER SHALL PAY ON DATE OF CLOSING** all other special assessments
(Check one.)
61. levied as of the date of this Purchase Agreement.
62. **BUYER SHALL ASSUME** **SELLER SHALL PROVIDE FOR PAYMENT OF** special assessments pending as
(Check one.)
63. of the date of this Purchase Agreement for improvements that have been ordered by any assessing authorities. (Seller's
64. provision for payment shall be by payment into escrow of up to two (2) times the estimated amount of the assessments
65. or less, as allowed by Buyer's lender.)
66. Buyer shall pay any unpaid special assessments payable in the year following closing and thereafter, the payment of
67. which is not otherwise here provided.
68. As of the date of this Purchase Agreement, Seller represents that Seller **HAS** **HAS NOT** received a notice
(Check one.)
69. regarding any new improvement project from any assessing authorities, the costs of which project may be assessed
70. against the Property. Any such notice received by Seller after the date of this Purchase Agreement and before
71. closing shall be provided to Buyer immediately. If such notice is issued after the date of this Purchase Agreement
72. and on or before the date of closing, then the parties may agree in writing, on or before the date of closing, to pay,
73. provide for the payment of, or assume the special assessments. In the absence of such agreement, either party may
74. declare this Purchase Agreement canceled by written notice to the other party, or licensee representing or assisting the
75. other party, in which case this Purchase Agreement is canceled. If either party declares this Purchase Agreement
76. canceled, Buyer and Seller shall immediately sign a written cancellation of Purchase Agreement confirming said
77. cancellation and directing all earnest money paid here to be refunded to Buyer.
78. **POSSESSION:** Seller shall deliver possession of the Property: *(Check one.)*
79. **IMMEDIATELY AFTER CLOSING;** or
80. **OTHER: Possession is subject to Tenants rights**
81. Seller agrees to remove ALL DEBRIS AND ALL PERSONAL PROPERTY NOT INCLUDED HERE from the Property
82. by possession date.
83. **PRORATIONS:** All items customarily prorated and adjusted in connection with the closing of the sale of the Property
84. here including but not limited to rents, operating expenses, interest on any debt assumed by Buyer, shall be prorated
85. as of the date of closing. It shall be assumed that Buyer will own the Property for the entire date of the closing.
86. **RISK OF LOSS:** If there is any loss or damage to the Property between the Final Acceptance Date and the date of
87. closing; for any reason, the risk of loss shall be on Seller. If the Property is destroyed or substantially damaged before
88. the closing, this Purchase Agreement shall be canceled, at Buyer's option, if Buyer gives written notice to Seller, or licensee
89. representing or assisting Seller, of such cancellation within thirty (30) days of the damage. Upon said cancellation,
90. Buyer and Seller shall immediately sign a written cancellation of Purchase Agreement confirming said cancellation and
91. directing all earnest money paid here to be refunded to Buyer.

COMMERCIAL PURCHASE AGREEMENT

92. Page 3 Date 11/12/2019

93. Property located at 5028 Miller Trunk Highway, Hermantown, MN 55811
94. **EXAMINATION OF TITLE:** Seller shall, at its expense, within 30 days after Final
95. Acceptance of this Purchase Agreement, furnish to Buyer, or licensee representing or assisting Buyer, a commitment
96. for an owner's policy of title insurance from First American Title Insurance Co., including levied
(Name of Title Company)
97. and pending special assessments. Buyer shall be allowed ten (10) days ("Objection Period") after receipt of the
98. commitment for title insurance to provide Seller, or licensee representing or assisting Seller, with written objections.
99. Buyer shall be deemed to have waived any title objections not made within the Objection Period provided for immediately
100. above and any matters with respect to which title objection is so waived may be excepted from the warranties in the
101. Deed as specified here to be delivered pursuant to this Agreement.
102. **TITLE CORRECTIONS AND REMEDIES:** Seller shall have thirty (30) days ("Cure Period") from receipt of Buyer's
103. written title objections to cure any title objections but shall not be obligated to do so. Upon receipt of Buyer's title
104. objections, Seller shall, within ten (10) days, notify Buyer, or licensee representing or assisting Buyer, in writing whether
105. or not Seller will endeavor to cure such objections within the Cure Period. Liens or encumbrances for liquidated amounts
106. created by instruments executed by Seller and which can be released by payment proceeds of closing shall not delay
107. the closing.
108. If Seller's notice states that Seller will not endeavor to cure one or more specified objections within the Cure Period,
109. Buyer may, as its sole remedy, within ten (10) days of the sending of such notice by Seller, declare this Purchase
110. Agreement canceled by written notice to Seller, or licensee representing or assisting Seller, in which case this Purchase
111. Agreement is canceled. If Buyer declares this Purchase Agreement canceled, Buyer and Seller shall immediately sign a
112. written cancellation of Purchase Agreement confirming said cancellation and directing all earnest money paid here to
113. be refunded to Buyer. If Buyer does not declare this Purchase Agreement canceled as provided immediately above,
114. Buyer shall be bound to proceed with the closing and to purchase the Property subject to the objections Seller has
115. declined to cure without reduction in the Purchase Price.
116. If Seller's notice states that Seller will endeavor to cure all of the specified objections, or if Seller's notice states that
117. Seller will endeavor to cure some, but not all, of the specified objections and Buyer does not declare this Purchase
118. Agreement canceled as provided above, Seller shall use commercially reasonable efforts to cure the specified objections
119. or those Seller has agreed to endeavor to cure and, pending correction of title, all payment required here and the
120. closing shall be postponed.
121. If Seller, within the Cure Period provided above, corrects the specified objections Seller's notice indicated Seller would
122. endeavor to cure, then upon presentation to Buyer, or licensee representing or assisting Buyer, of documentation
123. establishing that such objections have been cured, the closing shall take place within ten (10) days or on the scheduled
124. closing date, whichever is later.
125. If Seller, within the Cure Period provided above, does not cure the specified objections which Seller's notice indicated
126. Seller would endeavor to cure, Buyer may, as its sole remedy, declare this Purchase Agreement canceled by written
127. notice to Seller, or licensee representing or assisting Seller, given within five (5) days after the end of the Cure Period,
128. in which case this Purchase Agreement is canceled. Buyer and Seller shall immediately sign a *Cancellation of Purchase*
129. *Agreement* confirming said cancellation and directing all earnest money paid here to be refunded to Buyer. Neither
130. party shall be liable for damages here to the other. In the alternative, Buyer may elect to waive such objections by
131. providing written notice to Seller, or licensee representing or assisting Seller, within such five (5)-day period and accept
132. title subject to such uncured objections, in which event, Buyer shall be bound to proceed with the closing and to purchase
133. the Property subject to the objections Seller has not cured without reduction in the Purchase Price. If neither notice is
134. given by Buyer within such five (5)-day period, Buyer shall be deemed to have elected to waive the objections and to
135. proceed to closing as provided in the immediately preceding sentence.
136. If title is marketable, or is made marketable as provided here, and Buyer defaults in any of the agreements here,
137. Seller, in addition to any other right or remedy available to Seller here, at law or in equity may cancel this Purchase
138. Agreement as provided by either MN Statute 559.21 or MN Statute 559.217, whichever is applicable, and retain all
139. earnest money paid here as liquidated damages.
140. If title is marketable, or is made marketable as provided here, and Seller defaults in any of the agreements here,
141. Buyer may, in addition to any other right or remedy available to Buyer here, seek specific performance within six
142. (6) months after such right of action arises.

COMMERCIAL PURCHASE AGREEMENT

143. Page 4 Date 11/12/2019

144. Property located at 5028 Miller Trunk Highway, Burntown, MN. 55811
145. **REPRESENTATIONS AND WARRANTIES OF SELLER:** The following representations made are to the best
146. of Seller's knowledge.
147. There is no action, litigation, investigation, condemnation, or other proceeding of any kind pending or threatened against
148. Seller or any portion of the Property. In the event Seller becomes aware of any such proceeding prior to closing, Seller
149. will promptly notify Buyer of such proceeding.
150. The Property is in compliance with all applicable provisions of all planning, zoning, and subdivision rules; regulations;
151. and statutes. Seller has obtained all necessary licenses, permits, and approvals necessary for the ownership and
152. operation of the Property.
153. Prior to the closing, payment in full will have been made for all labor, materials, machinery, fixtures, or tools furnished
154. within the 120 days immediately preceding the closing in connection with construction, alteration, or repair of any
155. structure on, or improvement to, the Property.
156. Seller has not received any notice from any governmental authority as to condemnation proceedings, or violation of
157. any law, ordinance, regulation, code, or order affecting the Property. If the Property is subject to restrictive covenants,
158. Seller has not received any notice from any person or authority as to a breach of the covenants. Any such notices
159. received by Seller shall be provided to Buyer immediately.
160. Seller has not executed any options to purchase, rights of first refusal, or any other agreements giving any person or
161. other entity the right to purchase or otherwise acquire any interest in the Property, and Seller is unaware of any options
162. to purchase, rights of first refusal, or other similar rights affecting the Property.
163. The legal description of the real property to be conveyed has been or shall be approved for recording as of the date
164. of closing.
165. If Seller is an organized entity, Seller represents and warrants to Buyer that Seller is duly organized and is in good
166. standing under the laws of the State of Minnesota; that Seller is duly qualified to transact business in the State of
167. Minnesota; that Seller has the requisite organizational power and authority to enter into this Purchase Agreement and
168. the Seller's closing documents signed by it; such documents have been duly authorized by all necessary action on
169. the part of Seller and have been duly executed and delivered; that the execution, delivery, and performance by Seller of
170. such documents do not conflict with or result in a violation of Seller's organizational documents or Bylaws or any judgment,
171. order, or decree of any court or arbiter to which Seller is a party; and that such documents are valid and binding obligations
172. of Seller, and are enforceable in accordance with their terms.
173. Seller will indemnify Buyer, its successors and assigns, against and will hold Buyer, its successors and assigns,
174. harmless from, any expenses or damages, including reasonable attorneys' fees, that Buyer incurs because of the
175. breach of any of the above representations and warranties, whether such breach is discovered before or after the date
176. of closing.
177. See attached *Addendum to Commercial Purchase Agreement: Due Diligence*, if any, for additional representations
178. and warranties.
179. **REPRESENTATIONS AND WARRANTIES OF BUYER:** If Buyer is an organized entity, Buyer represents and warrants
180. to Seller that Buyer is duly organized and is in good standing under the laws of the State of Minnesota; that Buyer is
181. duly qualified to transact business in the State of Minnesota; that Buyer has the requisite organizational power and
182. authority to enter into this Purchase Agreement and the Buyer's closing documents signed by it; such documents
183. have been duly authorized by all necessary action on the part of Buyer and have been duly executed and delivered;
184. that the execution, delivery, and performance by Buyer of such documents do not conflict with or result in a violation
185. of Buyer's organizational documents or Bylaws or any judgment, order, or decree of any court or arbiter to which Buyer
186. is a party; and that such documents are valid and binding obligations of Buyer, and are enforceable in accordance with
187. their terms. Buyer will indemnify Seller, its successors and assigns, against and will hold Seller, its successors and
188. assigns, harmless from, any expenses or damages, including reasonable attorneys' fees, that Seller incurs because
189. of the breach of any of the above representations and warranties, whether such breach is discovered before or after
190. the date of closing.

COMMERCIAL PURCHASE AGREEMENT

191. Page 5 Date 11/12/2019

192. Property located at 5028 Miller Trunk Highway, Hermantown, MN, 55811

193. TIME IS OF THE ESSENCE FOR ALL PROVISIONS OF THIS CONTRACT.

194. **CALCULATION OF DAYS:** Any calculation of days begins on the first day (calendar or Business Days as specified)
195. following the occurrence of the event specified and includes subsequent days (calendar or Business Days as specified)
196. ending at 11:59 P.M. on the last day.

197. **BUSINESS DAYS:** "Business Days" are days which are not Saturdays, Sundays, or state or federal holidays unless
198. stated elsewhere by the parties in writing.

199. **DEFAULT:** If Buyer defaults in any of the agreements here, Seller may cancel this Purchase Agreement, and any
200. payments made here, including earnest money, shall be retained by Seller as liquidated damages and Buyer and Seller
201. shall affirm the same by a written cancellation. In the alternative, Seller may seek all other remedies allowed by law.

202. If Buyer defaults in any of the agreements here, Seller may terminate this Purchase Agreement under the
203. provisions of either MN Statute 559.21 or MN Statute 559.217, whichever is applicable.

204. If this Purchase Agreement is not canceled or terminated as provided here, Buyer or Seller may seek actual damages
205. for breach of this Purchase Agreement or specific performance of this Purchase Agreement; and, as to specific
206. performance, such action must be commenced within six (6) months after such right of action arises.

207. **SUBJECT TO RIGHTS OF TENANTS, IF ANY, BUYER HAS THE RIGHT TO VIEW THE PROPERTY PRIOR TO**
208. **CLOSING TO ESTABLISH THAT THE PROPERTY IS IN SUBSTANTIALLY THE SAME CONDITION AS OF THE**
209. **DATE OF THIS PURCHASE AGREEMENT.**

210. **DISCLOSURE NOTICE:** If this Purchase Agreement includes a structure used or intended to be used as residential
211. property as defined under MN Statute 513.52, Buyer acknowledges Buyer has received a *Disclosure Statement: Seller's*
212. *Property Disclosure Statement* or *Disclosure Statement: Seller's Disclosure Alternatives* form.

213. **(Check appropriate boxes.)**

214. SELLER WARRANTS THAT THE PROPERTY IS EITHER DIRECTLY OR INDIRECTLY CONNECTED TO:

215. CITY SEWER YES NO / CITY WATER YES NO

216. SUBSURFACE SEWAGE TREATMENT SYSTEM

217. SELLER DOES DOES NOT KNOW OF A SUBSURFACE SEWAGE TREATMENT SYSTEM ON OR SERVING
-----*(Check one.)*-----

218. THE PROPERTY. (If answer is **DOES**, and the system does not require a state permit, see *Disclosure Statement:*
219. *Subsurface Sewage Treatment System.*)

220. PRIVATE WELL

221. SELLER DOES DOES NOT KNOW OF A WELL ON OR SERVING THE PROPERTY. (If answer is **DOES** and well
-----*(Check one.)*-----

222. is located on the Property, see *Disclosure Statement: Well.*)

223. To the best of Seller's knowledge, the Property IS IS NOT in a Special Well Construction Area.
-----*(Check one.)*-----

224. THIS PURCHASE AGREEMENT IS IS NOT SUBJECT TO AN ADDENDUM TO PURCHASE AGREEMENT:
-----*(Check one.)*-----

225. *SUBSURFACE SEWAGE TREATMENT SYSTEM AND WELL INSPECTION CONTINGENCY.*

226. (If answer is **IS**, see attached *Addendum.*)

227. **IF A WELL OR SUBSURFACE SEWAGE TREATMENT SYSTEM EXISTS ON THE PROPERTY, BUYER HAS**
228. **RECEIVED A DISCLOSURE STATEMENT: WELL AND/OR A DISCLOSURE STATEMENT: SUBSURFACE SEWAGE**
229. **TREATMENT SYSTEM.**

COMMERCIAL PURCHASE AGREEMENT

230. Page 6 Date 11/12/2019

231. Property located at 5026 Miller Trunk Highway, Hermantown, MN. 55811

232. AGENCY NOTICE
233. Joseph H. Kleiman is [] Seller's Agent [x] Buyer's Agent [] Dual Agent [] Facilitator.
234. Kleiman Realty
235. Greg Follmer is [x] Seller's Agent [] Buyer's Agent [] Dual Agent [] Facilitator.
236. Follmer Commercial Real Estate

237. DUAL AGENCY DISCLOSURE: Dual agency occurs when one broker or salesperson represents both parties to a
238. transaction, or when two salespersons licensed to the same broker each represent a party to the transaction. Dual
239. agency requires the informed consent of all parties, and means that the broker or salesperson owes the same fiduciary
240. duties to both parties to the transaction. This role limits the level of representation the broker and salespersons can
241. provide, and prohibits them from acting exclusively for either party. In dual agency, confidential information about price,
242. terms, and motivation for pursuing a transaction will be kept confidential unless one party instructs the broker or
243. salesperson in writing to disclose specific information about him or her. Other information will be shared. Dual agents
244. may not advocate for one party to the detriment of the other.

245. CONSENT TO DUAL AGENCY
246. Broker represents both parties involved in the transaction, which creates a dual agency. This means that Broker and
247. its salespersons owe fiduciary duties to both parties. Because the parties may have conflicting interests, Broker and its
248. salespersons are prohibited from advocating exclusively for either party. Broker cannot act as a dual agent in this
249. transaction without the consent of both parties. Both parties acknowledge that
250. (1) confidential information communicated to Broker which regards price, terms, or motivation to buy, sell, or lease will
251. remain confidential unless the parties instruct Broker in writing to disclose this information. Other information will
252. be shared;
253. (2) Broker and its salespersons will not represent the interest of either party to the detriment of the other; and
254. (3) within the limits of dual agency, Broker and its salesperson will work diligently to facilitate the mechanics of the
255. sale.
256. With the knowledge and understanding of the explanation above, the parties authorize and instruct Broker and its
257. salespersons to act as dual agents in this transaction.
258. SELLER: N/A BUYER: N/A
259. By: By:
260. Its: Its:
261. (Date) (Date)
262. SELLER: N/A BUYER: N/A
263. By: By:
264. Its: Its:
265. (Date) (Date)

COMMERCIAL PURCHASE AGREEMENT

266. Page 7 Date 11/12/2019

267. Property located at 5028 Miller Trunk Highway, Excelsior, MN 55811
268. **SUCCESSORS AND ASSIGNS:** All provisions of this Purchase Agreement shall be binding on successors and assigns.
269. **CLOSING COSTS:** Buyer or Seller may be required to pay certain closing costs, which may effectively increase the
270. cash outlay at closing or reduce the proceeds from the sale.
271. **FOREIGN INVESTMENT IN REAL PROPERTY TAX ACT ("FIRPTA"):** Section 1445 of the Internal Revenue Code
272. provides that a transferee ("Buyer") of a United States real property interest must be notified in writing and must withhold
273. tax if the transferor ("Seller") is a foreign person and no exceptions from FIRPTA withholding apply. Buyer and Seller
274. agree to comply with FIRPTA requirements under Section 1445 of the Internal Revenue Code.
275. Seller shall represent and warrant, under the penalties of perjury, whether Seller is a "foreign person" (as the same
276. is defined within FIRPTA), prior to closing. Any representations made by Seller with respect to this issue shall survive
277. the closing and delivery of the deed.
278. Buyer and Seller shall complete, execute, and deliver, on or before closing, any instrument, affidavit, or statement
279. reasonably necessary to comply with the FIRPTA requirements, including delivery of their respective federal taxpayer
280. identification numbers or Social Security numbers.
281. Due to the complexity and potential risks of failing to comply with FIRPTA, including the Buyer's responsibility for
282. withholding the applicable tax, Buyer and Seller should **seek appropriate legal and tax advice regarding FIRPTA**
283. **compliance, as the respective licensees representing or assisting either party will be unable to assure either**
284. **party whether the transaction is exempt from FIRPTA withholding requirements.**
285. **NOTE:** MN Statute 500.221 establishes certain restrictions on the acquisition of title to agricultural land by aliens and
286. non-American corporations. Please seek appropriate legal advice if this Purchase Agreement is for the sale
287. of agricultural land and Buyer is a foreign person.
288. **ACCEPTANCE DEADLINE:** This offer to purchase, unless accepted sooner, shall be withdrawn at 11:59 P.M.,
289. _____, 20_____, and in such event all earnest money shall be returned to Buyer.
290. **CONDEMNATION:** If, prior to the closing date, condemnation proceedings are commenced against all or any part
291. of the Property, Seller or licensee representing or assisting Seller, shall immediately give written notice to Buyer, or
292. licensee representing or assisting Buyer, of such fact and Buyer may, at Buyer's option (to be exercised within thirty (30)
293. days after Seller's notice), declare this Purchase Agreement canceled by written notice to Seller or licensee representing
294. or assisting Seller, in which case this Purchase Agreement is canceled and neither party shall have further obligations
295. under this Purchase Agreement. In the event Buyer declares the Purchase Agreement canceled, Buyer and Seller
296. shall immediately sign a written cancellation confirming such cancellation and directing all earnest money paid
297. here to be refunded to Buyer. If Buyer fails to give such written notice, then Buyer shall be bound to proceed with
298. closing, subject to any other contingencies to this Purchase Agreement. In such event, there shall be no reduction in
299. the purchase price, and Seller shall assign to Buyer at the closing date all of Seller's rights, title, and interest in and to
300. any award made or to be made in the condemnation proceedings. Prior to the closing date, Seller shall not designate
301. counsel, appear in, or otherwise act with respect to, the condemnation proceedings without Buyer's prior written consent.
302. **MUTUAL INDEMNIFICATION:** Seller and Buyer agree to indemnify each other against, and hold each other harmless
303. from, all liabilities (including reasonable attorneys' fees in defending against claims) arising out of the ownership,
304. operation, or maintenance of the Property for their respective periods of ownership. Such rights to indemnification will
305. not arise to the extent that (a) the party seeking indemnification actually receives insurance proceeds or other cash
306. payments directly attributable to the liability in question (net of the cost of collection, including reasonable attorneys'
307. fees); or (b) the claim for indemnification arises out of the act or neglect of the party seeking indemnification. If, and
308. to the extent that, the indemnified party has insurance coverage, or the right to make claim against any third party for
309. any amount to be indemnified against, as set forth above, the indemnified party will, upon full performance by the
310. indemnifying party of its indemnification obligations, assign such rights to the indemnifying party or, if such rights are
311. not assignable, the indemnified party will diligently pursue such rights by appropriate legal action or proceeding and
312. assign the recovery and/or right of recovery to the indemnifying party to the extent of the indemnification payable made
313. by such party.

COMMERCIAL PURCHASE AGREEMENT

314. Page 8 Date 11/12/2019

315. Property located at 5028 Miller Trunk Highway, Hermantown, MN 55811
316. **ENTIRE AGREEMENT:** This Purchase Agreement and any addenda or amendments signed by the parties shall
317. constitute the entire agreement between Buyer and Seller. Any other written or oral communication between Buyer and
318. Seller, including, but not limited to, e-mails, text messages, or other electronic communications are not part of this
319. Purchase Agreement. This Purchase Agreement can be modified or canceled only in writing signed by Buyer and
320. Seller or by operation of law. All monetary sums are deemed to be United States currency for purposes of this Purchase
321. Agreement.
322. **ELECTRONIC SIGNATURES:** The parties agree the electronic signature of any party on any document related to this
323. transaction constitute valid, binding signatures.
324. **FINAL ACCEPTANCE:** To be binding, this Purchase Agreement must be fully executed by both parties and a copy
325. must be delivered.
326. **SURVIVAL:** All warranties and representations in this Purchase Agreement shall survive the delivery of the deed or
327. contract for deed and be enforceable after the closing.
328. **OTHER:**
329. **Seller to provide as due diligence items to the Buyer: Any items in the**
330. **Seller's possession to include existing title insurance policy, lease**
331. **agreement and amendments, as built site plan, survey,**
332. **Phase I environmental audit, Phase II environmental investigation, or**
333. **any other documents that pertain to the sale of the property.**
334. **Closing costs: Seller responsible for the following expenses at**
335. **closing: State Deed Tax, Warranty Deed Preparation, recording of**
336. **mortgage satisfaction, title commitment, as well as 50% of expense of**
337. **closing fee charged by First American Title, Co. Buyer responsible for**
338. **normal buyer closing costs, title insurance policy, appraisal, mortgage**
339. **registration tax, 50% of expense of closing fee charged by First**
340. **American Title, Co. and any other closing fees the Buyer might incur.**
341. **It is understood that the property is currently exempt from real estate**
342. **taxes. Seller is responsible for payment of any real estate taxes due**
343. **in the year of closing.**
344. **Buyer to obtain financing with Bremer Bank.**
- 345.
- 346.

MNC:PA-8 (8/18)

COMMERCIAL PURCHASE AGREEMENT

347. Page 9 Date 11/12/2019

348. Property located at 5028 Miller Trunk Highway, Hermantown, MN 55811

349. **ADDENDA: Attached addenda are a part of this Purchase Agreement.**

350. If checked, this Purchase Agreement is subject to
351. attached **Addendum to Commercial Purchase**
352. **Agreement: Counteroffer.**

353. **FIRPTA:** Seller represents and warrants, under penalty
354. of perjury, that Seller IS IS NOT a foreign person (i.e., a
-----*(Check one.)*-----
355. non-resident alien individual, foreign corporation, foreign
356. partnership, foreign trust, or foreign estate for purposes
357. of income taxation. (*See lines 271-284.*) This representation
358. and warranty shall survive the closing of the transaction
359. and the delivery of the deed.

360. **SELLER**

361. Hermantown Economic Development Association

362. By: _____

363. Its: _____
(Title)

364. _____
(Date)

BUYER

Kevin J. Pietrusa

By: _____

Its: _____
(Title)

(Date)

365. **SELLER**

366. _____

367. By: _____

368. Its: _____
(Title)

369. _____
(Date)

BUYER

By: _____

Its: _____
(Title)

(Date)

370. **FINAL ACCEPTANCE DATE:** _____ The Final Acceptance Date
371. is the date on which the fully executed Purchase Agreement is delivered.

372. **THIS IS A LEGALLY BINDING CONTRACT BETWEEN BUYER(S) AND SELLER(S).**
373. **IF YOU DESIRE LEGAL OR TAX ADVICE, CONSULT AN APPROPRIATE PROFESSIONAL.**

374. **THIS MINNESOTA ASSOCIATION OF REALTORS® COMMERCIAL PURCHASE AGREEMENT IS NOT**
375. **DESIGNED TO BE AND IS NOT WARRANTED TO BE INCLUSIVE OF ALL ISSUES SELLER AND BUYER**
376. **MAY WISH TO ADDRESS, AND EITHER PARTY MAY WISH TO MODIFY THIS PURCHASE AGREEMENT**
377. **TO ADDRESS STATUTORY OR CONTRACTUAL MATTERS NOT CONTAINED IN THIS FORM.**
378. **BOTH PARTIES ARE ADVISED TO SEEK THE ADVICE OF AN ATTORNEY TO ENSURE**
379. **THIS CONTRACT ADEQUATELY ADDRESSES THAT PARTY'S RIGHTS.**

WIRE FRAUD ALERT



Internet fraud — the use of Internet services or software with Internet access to defraud victims — is on the rise in real estate transactions.

THESE SOPHISTICATED CRIMINALS COULD:

- **HACK INTO YOUR E-MAIL ACCOUNT** or the e-mail of others involved in your real estate transaction and may direct you to wire money to the hacker's account.
- **SEND FRAUDULENT E-MAILS** that appear to be from your real estate licensee, lender, or closing agent.
- **CALL YOU** claiming they have revised wiring instructions.

Buyers/Tenants and Sellers/Owners are advised to:

- (1) Never wire funds without confirming the wiring instructions directly with the intended recipient.
- (2) Verify that the contact information for the wire transfer recipient is legitimate by calling a known phone number for the broker or closing agent. Do not rely on the information given to you in an e-mail communication.
- (3) Never send personal information through unsecured/unencrypted e-mail.

If you suspect wire fraud in your transaction:

- (1) Immediately notify your bank, closing agent, and real estate licensee.
- (2) File a complaint online at the Internet Crime Complaint Center (IC3) at <http://www.ic3.gov>.

The undersigned acknowledge receipt of this wire fraud alert and understand the importance of taking proactive measures to avoid being a victim of wire fraud in a real estate transaction.

(Signature)

(Date)

(Signature)

(Date)

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**ADDENDUM TO COMMERCIAL
PURCHASE AGREEMENT:
DUE DILIGENCE**

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1. Date 11/12/2019

2. Page 1

3. Addendum to Purchase Agreement between parties, dated November 12th 20 19
4. pertaining to the purchase and sale of the Property at 5028 Miller Trunk Highway, Hermantown, MN 55811

5. _____
6. In the event of a conflict between this Addendum and any other provision of the Purchase Agreement the language in
7. this Addendum shall govern.

8. This Purchase Agreement is contingent upon Buyer's reasonable approval of due diligence matters as agreed to in
9. this Addendum.

10. Title and examination and title corrections and remedies are excluded from this Addendum and shall be handled in
11. accordance with terms specified in the Examination of Title and Title Corrections and Remedies section of this Purchase
12. Agreement.

13. Buyer shall satisfy himself/herself/itself with respect to the physical condition of the Property and the feasibility and
14. suitability of the Property for Buyer's intended purpose within the respective time period(s) specified herein. Buyer
15. acknowledges that any information provided by Seller, a third party, or broker representing or assisting Seller regarding
16. dimensions, square footage, or acreage of land or improvements is approximate. Buyer shall verify the accuracy of
17. information to Buyer's satisfaction, at Buyer's sole cost and expense.

18. Buyer may declare this Purchase Agreement canceled by providing written notice to Seller, or licensee representing
19. or assisting Seller, within the respective time period(s) specified herein, in which case this Purchase Agreement is
20. canceled. Buyer and Seller shall immediately sign a written cancellation confirming said cancellation and directing all
21. earnest money paid hereunder to be refunded to Buyer, unless provided otherwise in this Purchase Agreement.

22. Buyer's failure to give written notice of cancellation of this Purchase Agreement, within the respective time period(s)
23. specified herein shall conclusively be deemed Buyer's election to proceed with the transaction without correction of any
24. disapproved items that Seller has not agreed in writing to correct or remedy.

25. **Buyer's Responsibility Regarding Due Diligence:** Buyer shall keep the Property free and clear of all liens, shall
26. indemnify, defend, and hold Seller harmless from all liability, claims, demands, damages, costs or expenses, incurred
27. by Seller by reason of any physical damage to the Property or injury to persons caused by Buyer or its agents or
28. contractors in exercising its rights under this Addendum, and shall return the Property to the same condition it was in
29. prior to Buyer's testing. Buyer shall not disturb any tenants, employees or occupants of the Property.

30. **Seller's Responsibility Regarding Due Diligence:** Seller agrees to allow reasonable access to the Property for
31. performance of any surveys, due diligence or inspections agreed to herein. Seller understands that the inspections
32. may require that all utilities be on and the Seller is responsible for providing same at Seller's expense. If the Property
33. is occupied by someone other than Owner, Owner shall comply with Minnesota law and existing Owner's lease, if any,
34. to provide tenant with proper notice in advance of any Property showing.

35. **A. ENVIRONMENTAL ASSESSMENTS/INSPECTIONS:**

36. (i) **Phase I:** This Purchase Agreement IS IS NOT contingent upon BUYER SELLER
37. _____(Check one.)_____

38. obtaining a Phase I environmental site assessment of the Property at BUYER'S SELLER'S expense
39. _____(Check one.)_____

40. within _____ days of Final Acceptance Date of this Purchase Agreement.

41. Buyer shall provide reasonable approval of the Phase I environmental site assessment within

42. _____ days of either:

43. (a) Final Acceptance Date of this Purchase Agreement if the Phase I environmental site assessment is
44. obligated to be obtained by Buyer; or

45. (b) receipt of the Phase I environmental site assessment if Seller is obligated to obtain.

**ADDENDUM TO COMMERCIAL
PURCHASE AGREEMENT:
DUE DILIGENCE**

44. Page 2

45. Property located at 5028 Miller Trunk Highway, Hermantown, MN.55811

46. (ii) **Phase II:** This Purchase Agreement IS IS NOT contingent upon BUYER SELLER
47. obtaining a Phase II environmental site assessment of the Property at BUYER SELLER
48. expense within _____ days of Final Acceptance Date of this Purchase Agreement.
49. Buyer shall provide reasonable approval of the Phase II environmental site assessment within
50. _____ days of either:
51. (a) Final Acceptance Date of this Purchase Agreement if the Phase II environmental site assessment is
52. obligated to be obtained by Buyer; or
53. (b) receipt of the Phase II environmental site assessment if Seller is obligated to obtain.

54. (iii) **Other Testing:** This Purchase Agreement IS IS NOT contingent upon BUYER SELLER
55. obtaining other Intrusive Testing of the Property at BUYER'S SELLER'S expense within
56. _____ days of Final Acceptance Date of this Purchase Agreement.
57. Buyer shall provide reasonable approval of the assessment/inspection within
58. _____ days of either:
59. (a) Final Acceptance Date of this Purchase Agreement if the assessment/inspection is obligated to be obtained
60. by Buyer; or
61. (b) receipt of the assessment/inspection if Seller is obligated to obtain.

62. For purposes of this form, "Intrusive Testing" shall mean any testing, inspection(s) or investigation(s) that
63. changes the Property from its original condition or otherwise damages the Property.

64. Buyer SHALL SHALL NOT be required to provide Seller with a copy of any assessment/inspection
65. reports obtained by Buyer.

66. (iv) **Seller's Representations on Environmental Concerns:** To the best of Seller's knowledge, there are no
67. hazardous substances or underground storage tanks except herein noted:
68. _____
69. _____
70. _____

71. **B. GOVERNMENTAL APPROVAL:** The following items, if applicable, shall be completed within
72. _____ days of Final Acceptance Date of this Purchase Agreement.

73. (i) This Purchase Agreement IS IS NOT contingent upon Buyer obtaining approval of governing body of
74. development or subdivision plans, as described below, at BUYER SELLER expense. If IS, Seller shall
75. cooperate with Buyer to obtain such approval.
76. _____

77. (ii) This Purchase Agreement IS IS NOT contingent upon Buyer obtaining approval of governing body for
78. rezoning or use permits, as described below, at BUYER SELLER expense. If IS, Seller shall
79. cooperate with Buyer to obtain such approval.
80. _____
81. _____

**ADDENDUM TO COMMERCIAL
PURCHASE AGREEMENT:
DUE DILIGENCE**

82. Page 3

83. Property located at 5028 Miller Trunk Highway, Hermantown, MN.55811
84. **C. OTHER CONTINGENCIES:** This Purchase Agreement is contingent upon Buyer's reasonable approval of the
85. following items, if checked. Buyer shall approve the items within 30 days of either:
86. (a) Final Acceptance Date of this Purchase Agreement if Buyer is obligated to obtain the item; or
87. (b) receipt of the item if Seller is obligated to obtain the item.
88. *(Select appropriate options i-vi.)*
89. (i) BUYER SELLER obtaining a certificate of survey of the Property, at BUYER SELLER
90. (Check one.) expense. (Check one.)
91. (ii) BUYER SELLER obtaining soil tests which indicate that the Property may be improved without
92. (Check one.) extraordinary building methods or costs, at BUYER SELLER expense.
(Check one.)
93. (iii) BUYER SELLER obtaining copies of all covenants, reservations and restrictions affecting the Property,
94. (Check one.) at BUYER SELLER expense.
(Check one.)
95. (iv) BUYER SELLER obtaining and approving copies of Association documents at BUYER SELLER
96. (Check one.) expense. (Check one.)
97. (v) Buyer obtaining from Seller copies of all documents in Seller's possession or control relating to the rights
98. of tenants, including but not limited to, rent rolls, leases, common area maintenance fees, and estoppel
99. certificates.
100. Seller assigns all right, title, and interest in and to the tenant security deposits and the interest earned, if
101. any, and credited thereon (collectively, the Security Deposits) for the Property at closing. Seller warrants
102. that the Security Deposits being assigned are all of the Security Deposits being held for tenants at the
103. Property. Seller shall, immediately after closing, notify tenant of the Security Deposit transfer and of Buyer's
104. name and address as required under MN Statute 504B.178, Subd. 5. Buyer agrees to hold and apply all
105. of the Security Deposits in accordance with the terms of the leases of the Property pursuant to MN Statute
106. 504B.178 and indemnify and agree to hold and defend Seller, its legal representatives, successors and
107. assigns harmless from and against any and all claims, actions, suits, proceedings, demands, assessments,
108. judgments, liabilities and costs including, without limitation, reasonable attorney's fees and expenses of
109. any kind whatsoever, arising from and after the date of closing asserted by said tenants or any person or
110. persons claiming under any of them with respect to any of the Security Deposits.
111. (vi) Buyer obtaining from Seller copies of all permits applicable to the Property, operating statements for the
112. last _____ years, vendor contracts, and any other documents in Seller's possession or
113. control and relating to the Property.
114. Buyer acknowledges that Seller makes no representations or warranties by providing any documents to
115. Buyer. Buyer agrees to return all such documents to Seller upon Seller's written request.

**ADDENDUM TO COMMERCIAL
PURCHASE AGREEMENT:
DUE DILIGENCE**

116. Page 4

117. Property located at 5028 Miller Trunk Highway, Hermantown, MN 55811

118. **D. BUYER INVESTIGATIONS:** This Purchase Agreement **IS** **IS NOT** contingent upon Buyer's investigations
-----*(Check one.)*-----

119. of the Property for Buyer to satisfy himself/herself/itself with respect to the physical condition of the Property and
120. the feasibility and suitability of the Property for Buyer's intended purpose. Any Buyer investigations shall be
121. completed within 30 days of Final Acceptance Date of this Purchase
122. Agreement. All Buyer investigations shall be at Buyer's sole cost and expense.

123. **SELLER**

BUYER

124. _____

125. By: Hermantown Economic Development Association

By: Kevin J. Pietrusa/or assigns

126. Its: _____
(Title)

Its: _____
(Title)

127. _____
(Date)

(Date)

128. **SELLER**

BUYER

129. _____

130. By: _____

By: _____

131. Its: _____
(Title)

Its: _____
(Title)

132. _____
(Date)

(Date)

133. **THIS IS A LEGALLY BINDING CONTRACT BETWEEN BUYER(S) AND SELLER(S).**
134. **IF YOU DESIRE LEGAL OR TAX ADVICE, CONSULT AN APPROPRIATE PROFESSIONAL.**

MN-ACPA:DD-4 (8/17)

COMMERCIAL PURCHASE AGREEMENT

347. Page 9 Date 11/12/2019

348. Property located at 5020 Hillier Trunk Highway, Sartanov, MN 56011

349. **ADDENDA:** Attached addenda are a part of this Purchase Agreement.

350. If checked, this Purchase Agreement is subject to
351. attached **Addendum to Commercial Purchase**
352. **Agreement: Counteroffer.**

353. **FIRPTA:** Seller represents and warrants, under penalty
354. of perjury, that Seller IS IS NOT a foreign person (i.e., a
 ----(Check one.)----
355. non-resident alien individual, foreign corporation, foreign
356. partnership, foreign trust, or foreign estate for purposes
357. of income taxation. (See lines 271-284.) This representation
358. and warranty shall survive the closing of the transaction
359. and the delivery of the deed.

360. **SELLER**

361. Bermantown Economic Development Association

362. By: _____

363. Its: _____
(Title)

364. _____
(Date)

BUYER

Kevin J. Pietrusa

By: *Kevin J. Pietrusa*

Its: _____
(Title)

11/13/19
(Date)

365. **SELLER**

366. _____

367. By: _____

368. Its: _____
(Title)

369. _____
(Date)

BUYER

By: _____

Its: _____
(Title)

(Date)

370. **FINAL ACCEPTANCE DATE:** _____ The Final Acceptance Date
371. is the date on which the fully executed Purchase Agreement is delivered.

372. **THIS IS A LEGALLY BINDING CONTRACT BETWEEN BUYER(S) AND SELLER(S).**
373. **IF YOU DESIRE LEGAL OR TAX ADVICE, CONSULT AN APPROPRIATE PROFESSIONAL.**

374. **THIS MINNESOTA ASSOCIATION OF REALTORS® COMMERCIAL PURCHASE AGREEMENT IS NOT**
375. **DESIGNED TO BE AND IS NOT WARRANTED TO BE INCLUSIVE OF ALL ISSUES SELLER AND BUYER**
376. **MAY WISH TO ADDRESS, AND EITHER PARTY MAY WISH TO MODIFY THIS PURCHASE AGREEMENT**
377. **TO ADDRESS STATUTORY OR CONTRACTUAL MATTERS NOT CONTAINED IN THIS FORM.**
378. **BOTH PARTIES ARE ADVISED TO SEEK THE ADVICE OF AN ATTORNEY TO ENSURE**
379. **THIS CONTRACT ADEQUATELY ADDRESSES THAT PARTY'S RIGHTS.**

WIRE FRAUD ALERT



Internet fraud — the use of Internet services or software with Internet access to defraud victims — is on the rise in real estate transactions.

THESE SOPHISTICATED CRIMINALS COULD:

- **HACK INTO YOUR E-MAIL ACCOUNT** or the e-mail of others involved in your real estate transaction and may direct you to wire money to the hacker's account.
- **SEND FRAUDULENT E-MAILS** that appear to be from your real estate licensee, lender, or closing agent.
- **CALL YOU** claiming they have revised wiring instructions.

Buyers/Tenants and Sellers/Owners are advised to:

- (1) Never wire funds without confirming the wiring instructions directly with the intended recipient.
- (2) Verify that the contact information for the wire transfer recipient is legitimate by calling a known phone number for the broker or closing agent. Do not rely on the information given to you in an e-mail communication.
- (3) Never send personal information through unsecured/unencrypted e-mail.

If you suspect wire fraud in your transaction:

- (1) Immediately notify your bank, closing agent, and real estate licensee.
- (2) File a complaint online at the Internet Crime Complaint Center (IC3) at <http://www.ic3.gov>.

The undersigned acknowledge receipt of this wire fraud alert and understand the importance of taking proactive measures to avoid being a victim of wire fraud in a real estate transaction.

 11/13/19
(Signature) (Date)

(Signature)

(Date)

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