

**LOAN AGREEMENT
FOR WORKING CAPITAL**

THIS AGREEMENT, is made on _____, by and between the Hastings Economic Development and Redevelopment Authority, a Minnesota public body corporate and politic (“Authority”), organized and existing pursuant to Minn. Stat. §§ 469.001-469.047 and 469.090-469.108 (“Act”), and Spiral Food Coop, a Minnesota cooperative (“Developer”).

WITNESSETH:

WHEREAS, in furtherance of the objectives of the Act, the Authority has undertaken a program for the clearance and reconstruction or rehabilitation of blighted, deteriorated, deteriorating, vacant, unused, under used or inappropriately used areas of the City, and in this connection is engaged in carrying out a grocery store expansion project (the “Project”) at 1250 South Frontage Road, Hastings, Minnesota 55033 (the “Project Area”); and

WHEREAS, a major objective of the Authority in creating the Project is to stimulate and revitalize the Project Area through the rehabilitation and redevelopment of property located therein; and

WHEREAS, the Developer is a tenant of a parcel of real property containing improvements that are in need of renovation and rehabilitation (which real property, together with the building located thereon is herein referred to as the “Property”); and

WHEREAS, the Authority and the Developer desire that the Developer renovate and rehabilitate the building located on the Property and the Authority believes that by assisting the Developer in its renovation and rehabilitation of the Property it will be furthering the goals and objectives of the Project; and

WHEREAS, in consideration for the Developer’s commitment to undertake the renovation and rehabilitation of the building on the Property, the Authority is willing to make a loan to the Developer to finance a portion of the working capital cost thereof (the “Loan”).

NOW, THEREFORE, in consideration of the premises and the mutual obligations of the parties hereto, each of them does hereby covenant and agree with the other as follows:

ARTICLE I

Definitions

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

“Act” means Minnesota Statutes, Sections 469.001-469.047 and 469.090-469.108, as amended.

“Agreement” means this Agreement, as the same may be from time to time modified, amended, or supplemented.

“Authority” means the Hastings Economic Development and Redevelopment Authority, a Minnesota public body corporate and politic.

“City” means the City of Hastings, Minnesota.

“County” means the County of Dakota.

“Developer” means Spiral Food Coop, a Minnesota cooperative.

“Event of Default” means an action by the Developer listed in Article V of this Agreement.

“Loan” means the loan to be made by the Authority to the Developer pursuant to this Agreement.

“Note” means the promissory note to be provided by the Developer to the Authority to evidence the Loan.

“Project” means grocery store expansion located on the Property.

“Property” means the real property and improvements located generally at 1250 South Frontage Road, Hastings, Minnesota 55033.

“Security Documents” means the documents to be provided to the Authority pursuant to Section 3.3(b) of this Agreement to evidence and secure the Loan.

“State” means the State of Minnesota.

ARTICLE II

Representations

Section 2.1. Representations by the Authority. The Authority makes the following representations as the basis for the undertaking on its part herein contained:

(a) The Authority is a municipal economic development authority duly organized and existing under the laws of the State. Under the provisions of the Act, the Authority has the power to enter into this Agreement and to perform its obligations hereunder, including the authority to utilize the powers of a municipal housing and redevelopment authority.

(b) The Project is a “redevelopment project” within the meaning of the Act and was created, adopted and approved in accordance with the terms of the Act.

Section 2.2. Representations by the Developer. The Developer represents that:

(a) The Developer is a Minnesota cooperative, which Owner/Officer Matt Malecha has the legal capacity to enter into this Agreement and carry out the obligations of the Developer hereunder.

(b) The Developer will undertake the Project in accordance with the terms of this Agreement and all local, state and federal laws and regulations (including, but not limited to, environmental, zoning, building code and public health laws and regulations).

(c) The Developer has received no notice or communication from any local, state or federal official that the activities of the Developer or the Authority in the Project Area may be or will be in violation of any environmental law or regulation. The Developer is aware of no facts the existence of which would cause the Developer to be in violation of any local, state or federal environmental law, regulation or review procedure. In the event that the Authority is required to take any action to obtain any necessary permits or approvals with respect to the Project under any local, state or federal environmental law or regulation, the Developer will cooperate with the Authority in connection with such action.

(d) The Developer agrees to complete the construction activities on the Property no later than September 1, 2022.

ARTICLE III

Loan

Section 3.1. Making of Loan. In consideration for the Developer's agreement to undertake and complete the Project, the Authority is willing to make the Loan to the Developer in an amount of \$25,000.00. The Loan shall be used to pay the costs of the Developer's planned construction work on the Project, together with related costs.

Section 3.2. Conditions Precedent to Disbursing of the Loan. (a) Notwithstanding anything to the contrary contained herein, the Authority's obligation to disburse the Loan shall be subject to satisfaction, or waiver in writing by the Authority, of all of the following conditions precedent:

- (i) the Developer shall not be in default under the terms of this Agreement;
- (ii) the Developer shall have delivered to the Authority the fully executed Security Documents and paid a loan fee of \$150;
- (iii) the Developer shall have demonstrated that the Developer has sufficient funds, in addition to the Loan, to complete the Project at an estimated cost of \$634,811.00; and
- (iv) the Developer shall have provided to the Authority documentation in a form approved by the Authority showing the work the payment for which the

Developer is requesting a disbursement of the Loan proceeds and showing that such work has been done in accordance with the terms of this Agreement and that payment thereof is owing.

(b) The proceeds of the Loan shall be disbursed from time to time, but not more than monthly, to pay the costs of the Developer's construction work as such costs come due. In the event that the full amount of the Loan has not been disbursed by December 31, 2022, the Authority shall have no further obligations to make disbursements of the Loan and the amount of the Loan shall be the amount that has been disbursed as of such date.

Section 3.3. Terms of Loan. (a) The principal amount of the Loan shall equal \$25,000.00, or so much thereof as is drawn down by the Developer to pay the costs of the Project. The Loan shall be repayable in accordance with the terms of the Note attached to this Agreement as Schedule A.

(b) The Loan shall be evidenced and secured by the Security Documents which shall consist of the following:

(i) A Promissory Note in the form attached to this Agreement as Schedule A.

The form of the Security Documents shall be as prescribed by the Authority.

ARTICLE IV

Indemnification

Section 4.1. Release and Indemnification Covenants. The Developer shall indemnify, defend and hold the Authority, its officers, employees and agents, harmless from and against all claims, actions, damages, liability and expense arising or purportedly arising from the actions of Developer, its employees, contractors and agents in carrying out the transactions contemplated by this Agreement.

ARTICLE V

Events of Default

Section 5.1. Events of Default Defined. The following shall be "Events of Default" under this Agreement and the term "Event of Default" shall mean, whenever it is used in this Agreement (unless the context otherwise provides), any one or more of the following events:

(a) Failure by the Developer to pay when due any payments required to be paid under this Agreement or the Security Documents.

(b) Failure by the Developer to complete its construction activities in accordance with the terms of this Agreement.

(c) Failure by Developer to observe or perform any other material covenant, condition, obligation or agreement on the Developer's part to be observed or performed hereunder or under the Security Documents.

(d) There occurs a default by the Developer under the terms of any mortgage on the Property, and the mortgage holder exercises any remedy provided by the mortgage or exercises any remedy provided by law or equity in the event of such a default.

(e) The Developer does any of the following : (i) file any petition in bankruptcy or for any reorganization, arrangement, composition, readjustment, liquidation, dissolution, or similar relief under United States Bankruptcy Laws or any similar Federal or State Laws; or (ii) make an assignment for the benefit of her creditors; or (iii) admit, in writing, the Developer's inability to pay the Developer's debts generally as they become due; (iv) be adjudicated, bankrupt or insolvent; or (v) ceases operations of the Developer's business at the Property and does not reopen at a new location within the City of Hastings within a period of twelve (12) months.

Section 5.2. Authority's Remedies on Default. Whenever any Event of Default by Developer referred to in Section 5.1 of this Agreement occurs, the Authority may immediately suspend its performance under this Agreement until it receives assurances from the Developer, deemed adequate by the Authority, that the Developer will cure the default and continue the Developer's performance under this Agreement and may take any one or more of the following actions after providing thirty (30) days written notice to the Developer of the Event of Default, but only if the Event of Default has not been cured within said thirty (30) days:

(a) Declare the entire outstanding balance of the Loan immediately due and payable.

(b) Terminate this Agreement.

(c) Exercise its remedies under the Security Documents.

(d) Take whatever action, including legal, equitable or administrative action, which may appear necessary or desirable to the Authority to collect any payments due under this Agreement, or to enforce performance and observance of any obligation, agreement, or covenant of the Developer under this Agreement or the Security Documents.

Section 5.3. No Remedy Exclusive. No remedy herein conferred upon or reserved to the Authority or Developer is intended to be exclusive of any other available remedy or remedies, but each and every such remedy shall be cumulative and shall be in addition to every other remedy given under this Agreement or now or hereafter existing at law or in equity or by statute. No delay or omission to exercise any right or power accruing upon any default shall impair any such right or power or shall be construed to be a waiver thereof, but any such right and power may be exercised from time to time and as often as may be deemed expedient. In order to entitle the Authority or the Developer to exercise any remedy reserved to them, it shall not be necessary to give notice, other than such notice as may be required in this Article V.

Section 5.4. No Additional Waiver Implied by One Waiver. In the event any agreement

contained in this Agreement should be breached by either party and thereafter waived by the other party, such waiver shall be limited to the particular breach so waived and shall not be deemed to waive any other concurrent, previous or subsequent breach hereunder.

Section 5.5. Attorney's Fees. If there occurs an Event of Default and the Authority incurs costs, including reasonable attorneys' fees to enforce this Agreement, the Developer shall be liable to the Authority for such costs, including reasonable attorney's fees, incurred in connection with the enforcement of the provisions of this Agreement or the Note.

ARTICLE VI

Additional Provisions

Section 6.1. Representatives Not Individually Liable. No member, official, or employee of the Authority shall be personally liable to the Developer, or any successor in interest, in the event of any default or breach or for any amount which may become due to Developer or successor in interest or on any obligations under the terms of this Agreement.

Section 6.2. Titles of Articles and Sections. Any titles of the several parts, Articles, and Sections of the Agreement are inserted for convenience of reference only and shall be disregarded in construing or interpreting any of its provisions.

Section 6.3. Notices and Demands. Except as otherwise expressly provided in this Agreement, a notice, demand, or other communication under the Agreement by either party to the other shall be sufficiently given or delivered if it is dispatched by registered or certified mail, postage prepaid, return receipt requested, or delivered personally; and

- (a) in the case of the Developer, is addressed to or delivered personally to the Developer at 1250 South Frontage Road, Hastings, Minnesota 55033; and
- (b) in the case of the Authority, is addressed to or delivered personally to the Authority at 101 East Fourth Street, Hastings, Minnesota 55033.

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

Section 6.4. Disclaimer of Relationships. The Developer acknowledges that nothing contained in this Agreement nor any act by the Authority or the Developer shall be deemed or construed by the Developer or by any third person to create any relationship of third-party beneficiary, principal and agent, limited or general partner, or joint venture between the Authority and the Developer and/or any third party.

Section 6.5. Modifications. This Agreement may be modified solely through written amendments hereto executed by the Developer and the Authority.

Section 6.6. Counterparts. This Agreement may be executed in any number of

counterparts, each of which shall constitute one and the same instrument.

Section 6.7. Judicial Interpretation. Should any provision of this Agreement require judicial interpretation, the court interpreting or construing the same shall not apply a presumption that the terms hereof shall be more strictly construed against one party by reason of the rule of construction that a document is to be construed more strictly against the party who itself or through its agent or attorney prepared the same, it being agreed that the agents and attorneys of both parties have participated in the preparation hereof.

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EXHIBIT A

PROMISSORY NOTE

\$25,000.00

Hastings, Minnesota
April _____, 2022

FOR VALUE RECEIVED, Spiral Food Coop, a Minnesota cooperative (the “Undersigned”), agrees and promises to pay to the order of the Hastings Economic Development and Redevelopment Authority, a Minnesota public body politic and corporate, its endorsees, successors and assigns (the “Holder”), in lawful money of the United States at its principal office at 101 Fourth Street East, Hastings, Minnesota 55033, or such other place as the Holder may from time to time designate, the principal sum of Twenty-Five Thousand and 00/100 Dollars (\$25,000.00), or so much thereof as has been advanced by the Holder to the Undersigned pursuant to the terms of that certain Loan Agreement of even date herewith between the Undersigned and the Holder (the “Loan Agreement”), together with interest at the rates stated herein. The Loan shall commence on May 1, 2022. No interest shall accrue for the first twelve (12) months. Thereafter, commencing on May 1, 2023, interest shall accrue on the outstanding principal amount of this Note at an annual rate of Three and a Half Percent (3.50%) until this Note has been paid in full. On May 1, 2033 the outstanding principal amount of the Loan, together with accrued and unpaid interest, shall be payable in full. Payments under this Note shall be made in accordance with the payment schedule attached hereto as Exhibit A, which payment schedule is subject to adjustment on the dates that the interest rate is reset as described herein.

The principal amount of this Note, together with accrued interest, shall also be immediately due and payable upon a sale, transfer, or other disposition of whatsoever nature, of all of the Undersigned’s business and assets to a new entity, without prior written consent of Holder. The principal amount hereof shall also be due and payable upon the occurrence of an Event of Default under the Loan Agreement that is not cured within the time period for cure set forth in the Loan Agreement.

The principal amount of this Note may be prepaid in whole or in part at any time.

All payments made with respect to this Note shall be applied first to accrued interest and then to the principal amount of this Note.

Electronic Payment. Borrower will complete an ACH-Pay Plan for recurring payments of this loan. ACH-Pay Plan will directly charge the bank account specified by the Borrower and automatically deduct the payment from that bank account and the City will credit the payment to your loan balance. If the due date falls on a weekend or a bank holiday, the payment will be processed the next business day. A \$30 penalty fee will be assessed for insufficient funds or account closure.

Time is of the essence. No delay or omission on the part of the Holder in exercising any right hereunder shall operate as a waiver of such right or of any other remedy under this Note. A waiver of any one occasion shall not be construed as a bar to or waiver of any such right or remedy on a future occasion.

Presentment for payment, protest and notice of non-payment are waived. Consent is given to any extension or alteration of the time or terms of payment hereof, any renewal, any release of all or any part of the security given for the payment hereof, any acceptance of additional security of any kind,

and any releases of, or resort to any party liable for payment hereof.

Executed as of the date first above written.

SPIRAL FOOD COOP

By: _____
Matt Malecha
Its Owner/Officer

EXHIBIT A
Payment Schedule - Loan Amortization Schedule

Enter values	
Loan amount	\$ 25,000.00
Annual interest rate	3.50 %
Loan payment period in years	3
Number of payments per year	12
Loan Start Date	5/1/2022
Date payments start	5/1/2023
Est Taxes/Insurance	\$ -

Loan summary	
Scheduled payment	\$ 732.55
Scheduled number of payments	36
Actual number of payments	36
Total early payments	\$ -
Total interest	\$ 1,371.87

Lender name:

Pmt No.	Payment Date	Beginning Balance	Scheduled Payment	Taxes/Insur Payment	Total Payment	Principal	Interest	Ending Balance	Cumulative Interest
Payment Term is 3 years, with the first year being payment/interest free.									
1	6/1/2023	\$ 25,000.00	\$ 732.55	\$ -	\$ 732.55	\$ 659.64	\$ 72.92	\$ 24,340.36	\$ 72.92
2	7/1/2023	24,340.36	732.55	-	732.55	661.56	70.99	23,678.81	143.91
3	8/1/2023	23,678.81	732.55	-	732.55	663.49	69.06	23,015.32	212.97
4	9/1/2023	23,015.32	732.55	-	732.55	665.42	67.13	22,349.89	280.10
5	10/1/2023	22,349.89	732.55	-	732.55	667.36	65.19	21,682.53	345.29
6	11/1/2023	21,682.53	732.55	-	732.55	669.31	63.24	21,013.22	408.53
7	12/1/2023	21,013.22	732.55	-	732.55	671.26	61.29	20,341.95	469.82
8	1/1/2024	20,341.95	732.55	-	732.55	673.22	59.33	19,668.73	529.15
9	2/1/2024	19,668.73	732.55	-	732.55	675.18	57.37	18,993.55	586.51
10	3/1/2024	18,993.55	732.55	-	732.55	677.15	55.40	18,316.39	641.91
11	4/1/2024	18,316.39	732.55	-	732.55	679.13	53.42	17,637.26	695.34
12	5/1/2024	17,637.26	732.55	-	732.55	681.11	51.44	16,956.15	746.78
13	6/1/2024	16,956.15	732.55	-	732.55	683.10	49.46	16,273.06	796.23
14	7/1/2024	16,273.06	732.55	-	732.55	685.09	47.46	15,587.97	843.70
15	8/1/2024	15,587.97	732.55	-	732.55	687.09	45.46	14,900.88	889.16
16	9/1/2024	14,900.88	732.55	-	732.55	689.09	43.46	14,211.79	932.62
17	10/1/2024	14,211.79	732.55	-	732.55	691.10	41.45	13,520.69	974.07
18	11/1/2024	13,520.69	732.55	-	732.55	693.12	39.44	12,827.57	1,013.51
19	12/1/2024	12,827.57	732.55	-	732.55	695.14	37.41	12,132.43	1,050.92
20	1/1/2025	12,132.43	732.55	-	732.55	697.17	35.39	11,435.27	1,086.31
21	2/1/2025	11,435.27	732.55	-	732.55	699.20	33.35	10,736.07	1,119.66
22	3/1/2025	10,736.07	732.55	-	732.55	701.24	31.31	10,034.83	1,150.97
23	4/1/2025	10,034.83	732.55	-	732.55	703.28	29.27	9,331.55	1,180.24
24	5/1/2025	9,331.55	732.55	-	732.55	705.33	27.22	8,626.21	1,207.46
25	6/1/2025	8,626.21	732.55	-	732.55	707.39	25.16	7,918.82	1,232.62
26	7/1/2025	7,918.82	732.55	-	732.55	709.46	23.10	7,209.36	1,255.72
27	8/1/2025	7,209.36	732.55	-	732.55	711.52	21.03	6,497.84	1,276.74
28	9/1/2025	6,497.84	732.55	-	732.55	713.60	18.95	5,784.24	1,295.70
29	10/1/2025	5,784.24	732.55	-	732.55	715.68	16.87	5,068.56	1,312.57
30	11/1/2025	5,068.56	732.55	-	732.55	717.77	14.78	4,350.79	1,327.35
35	4/1/2026	1,458.72	732.55	-	732.55	728.30	4.25	730.42	1,369.74
36	5/1/2026	730.42	732.55	-	730.42	728.29	2.13	0.00	1,371.87