

RESOLUTION 14D-18

RESOLUTION AUTHORIZING AN AMENDMENT TO THE BRIDGE LOAN PROMISSORY NOTE, C.I.F. BRIDGE LOAN AGREEMENT, AND MORTGAGE LOAN RIDER EXTENDING THE MATURITY DATE OF THE LOAN RELATED TO THE ARTSPACE PROJECT

WHEREAS, the Duluth Housing Trust Fund, Inc. ("DHTF") loaned to the Washington Studios Limited Partnership (the "Borrower") the original principal amount of Eighty Thousand and No/100 Dollars (\$80,000.00) as evidenced by a Bridge Loan Promissory Note dated July 6, 1996 in such amount (the "Note"), as modified by that certain Mortgage Loan Rider dated August 2, 1996 (the "Mortgage Rider"); and

WHEREAS, the proceeds of the Note were used by the Borrower in the construction of a 39-unit affordable housing development providing live/work artist housing located at 315 North Lake Avenue, Duluth, Minnesota (the "Project"); and

WHEREAS, the Note is secured by a mortgage lien on the Project, which mortgage lien is evidenced by that certain C.I.F. Bridge Loan Agreement dated July 9, 1996, by the Borrower in favor of DHTF and recorded with the St. Louis County Recorder as Document No. 665186 (the "Mortgage"), as modified by the Mortgage Rider; and

WHEREAS, DHTF's interest in the Note, the Mortgage, and the Mortgage Rider, was assigned to and assumed by the Duluth Economic Development Authority ("DEDA") pursuant to an Assignment and Assumption Agreement (Washington School Project) dated June 19, 1996, recorded with the St. Louis County Recorder as Document No. 665187 (the "DEDA Assignment" and, together with the Note, the Mortgage, the Mortgage Rider, and any other documents creating, evidencing, or securing the debt described in the Note, the "Loan Documents," with the loan evidenced by the Loan Documents referred to as the "Loan"); and

WHEREAS, the Note became due and payable in full on March 1, 2014; and

WHEREAS, the Borrower has requested that the Authority extend the maturity date of the Loan to January 1, 2019 and, as a result of such maturity date extension, delete the amortization schedule of the Loan set forth in the Loan Documents, with payments continuing to be made by the Borrower from and to the extent of the Borrower's Surplus Cash (the "Maturity Date Extension"); and

WHEREAS, the Authority wishes to continue its support of the Project; and

WHEREAS, the Authority desires to authorize the requested Maturity Date Extension; and

WHEREAS, the Authority must enter into one or more documents for the Maturity Date Extension to occur including an Amendment to Bridge Loan Promissory Note,

C.I.F. Bridge Loan Agreement, and Mortgage Loan Rider that is substantially in the form that is attached hereto ("Maturity Date Extension Documents");

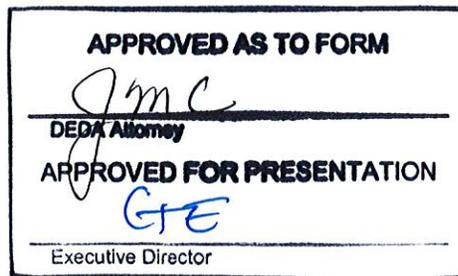
NOW, THEREFORE, BE IT RESOLVED, that the Board of Commissioners authorizes and approves the Maturity Date Extension.

RESOLVED FURTHER, that the proper DEDA officials are hereby authorized to execute the Maturity Date Extension Documents, including, but not limited to, an Amendment to Bridge Loan Promissory Note, C.I.F. Bridge Loan Agreement, and Mortgage Loan Rider that is substantially in the form that is attached (Contract No. _____) and any additional documents that reasonably may be required with respect to the Maturity Date Extension.

Approved by the Duluth Economic Development Authority this 23rd day of April, 2014.

ATTEST:

Executive Director



STATEMENT OF PURPOSE: The purpose of this resolution is to extend the terms of the promissory note, CIF Bridge Loan Agreement and mortgage for the Artspace project located in the former Washington School (315 Lake Avenue North, Duluth). The extension will allow time for the borrower to arrange permanent mortgage financing and take DEDA out of the loan in January 2019.

**THIS DOCUMENT IS EXEMPT FROM MORTGAGE REGISTRATION TAX
PURSUANT TO MINNESOTA STATUTES, SECTION 287.04(h).**

**AMENDMENT TO BRIDGE LOAN PROMISSORY NOTE, C.I.F. BRIDGE LOAN
AGREEMENT, AND MORTGAGE LOAN RIDER
(Washington Studios)**

THIS AMENDMENT TO BRIDGE LOAN PROMISSORY NOTE, C.I.F. BRIDGE LOAN AGREEMENT, AND MORTGAGE LOAN RIDER (this "Amendment") is made and entered into this ___ day of April, 2014, but effective as of March 1, 2014 (the "Effective Date"), by and among the **Duluth Economic Development Authority**, an economic development authority created and existing under Minnesota Statutes (1989) Chapter 469, with its principal office located at 411 West First Street, Room 402, Duluth, Minnesota 55802 (the "Lender"), **Washington Studios Limited Partnership**, a Minnesota limited partnership, with its principal office located at 250 Third Avenue North, Suite 400, Minneapolis, Minnesota 55401 (the "Partnership"), and **Artspace Projects, Inc.**, a Minnesota nonprofit corporation and the general partner of the Partnership, with its principal office located at 250 Third Avenue North, Suite 400, Minneapolis, Minnesota 55401 ("Artspace" and, together with the Partnership, the "Borrower").

RECITALS:

A. The Duluth Housing Trust Fund, Inc. ("DHTF") loaned to the Borrower the original principal amount of Eighty Thousand and No/100 Dollars (\$80,000.00) as evidenced by a Bridge Loan Promissory Note dated July 6, 1996 in such amount (the "Note"), as modified by that certain Mortgage Loan Rider dated August 2, 1996 (the "Mortgage Rider").

B. The Note is secured by a mortgage lien on the property legally described in the attached **Exhibit A** (the "Property"), which mortgage lien is evidenced by that certain C.I.F. Bridge Loan Agreement dated July 9, 1996, by the Borrower in favor of DHTF and recorded with the St. Louis County Recorder as Document No. 665186 (the "Mortgage"), as modified by the Mortgage Rider.

C. DHTF's interest in the Note, the Mortgage, and the Mortgage Rider was assigned to and assumed by the Lender pursuant to an Assignment and Assumption Agreement

(Washington School Project) dated June 19, 1996, recorded with the St. Louis County Recorder as Document No. 665187 (the "DEDA Assignment" and, together with the Note, the Mortgage, the Mortgage Rider, and any other documents creating, evidencing, or securing the debt described in the Note, the "Loan Documents," with the loan evidenced by the Loan Documents referred to as the "Loan").

D. The Note became due and payable in full on March 1, 2014.

E. The Borrower has requested that the Lender extend the Maturity Date and Term of the Loan and, as a result of such extension of the Maturity Date and Term, delete the amortization schedule of the Loan as set forth in the Loan Documents, and the Lender is willing to extend the Maturity Date and Term of the Loan, and delete the amortization schedule of the Loan as a result of the extension to the Maturity Date and the Term, all on the terms and conditions set forth in this Amendment.

F. Capitalized terms used in this Amendment and not otherwise defined shall have the meanings assigned to them in the Loan Documents.

NOW, THEREFORE, in consideration of the foregoing Recitals and the mutual covenants and promises set forth in this Amendment and other good and valuable consideration, the receipt and sufficiency of which are acknowledged, the parties agree as follows:

1. Maturity Date. The Maturity Date of the Loan shall be January 1, 2019.
2. Term. The reference to March 1, 2014 in the third paragraph of the Note and in Section 7 of the Mortgage is deleted and replaced with January 1, 2019.
3. Repayment. The Note included an amortization schedule for repayment of the Loan (the "Amortization Schedule"); provided, however, that the Note further provided that interest and principal on the Loan were repayable only from and to the extent of the Borrower's Surplus Cash. The Amortization Schedule is hereby deleted in its entirety and, from and after the date of this Amendment, principal and interest shall be payable on March 1 of each year, commencing on March 1, 2015, only from and to the extent of one hundred percent (100%) of the Borrower's Surplus Cash as calculated for the Borrower's immediately preceding calendar year, with any and all accrued but unpaid principal and interest due and payable on the Maturity Date.
4. Outstanding Loan Balance. The outstanding balance of the Loan, including principal and accrued and unpaid interest, as of March 1, 2014, was ONE HUNDRED FIFTY THOUSAND FIVE HUNDRED SEVENTY-FIVE and 34/100 Dollars (\$150,575.34).
5. Effect of Amendment. Except as modified by this Amendment, all other terms and conditions set forth in the Loan Documents shall remain in full force and effect.

6. Entire Agreement; Modification. This Amendment embodies and constitutes the entire understanding among the parties with respect to the transactions contemplated herein and all prior or contemporaneous agreements, understandings, representations and statements, oral or written are merged into this Amendment. Neither this Amendment nor any provision hereof may be waived, modified, amended, discharged, or terminated except by an instrument in writing and signed by the party against whom the enforcement of such waiver, modification, amendment, discharge or termination is sought.

7. Recording of this Amendment. The Borrower shall cause a fully-executed original of this Amendment to be recorded with the St. Louis County Recorder and, within a reasonable time after such recording, shall return either the recorded original or a conformed, file-stamped copy of this Amendment to the Lender.

8. Miscellaneous.

(a) This Amendment shall be construed according to and governed by the laws of the State of Minnesota.

(b) The captions contained in this Amendment are for convenience of reference only and in no event define, describe or limit the scope or intent of this Amendment or any of the provisions or terms hereof.

(c) This Amendment shall be binding upon and inure to the benefit of the parties and their respective heirs, legal representatives, successors and assigns.

(d) This Amendment may be executed in counterparts, each of which will be an original and all of which together will be one agreement.

[THE REMAINDER OF THIS PAGE HAS BEEN LEFT BLANK INTENTIONALLY. SIGNATURES BEGIN ON THE FOLLOWING PAGE.]

IN WITNESS WHEREOF, the parties have executed this Amendment effective as of the Effective Date.

BORROWER:

WASHINGTON STUDIOS LIMITED PARTNERSHIP, a Minnesota limited partnership

By: Artspace Projects, Inc., a Minnesota nonprofit corporation

Its: General Partner

By: _____
Gregory P. Handberg
Senior Vice President, Properties

ARTSPACE PROJECTS, INC., a Minnesota nonprofit corporation

By: _____
Gregory P. Handberg
Senior Vice President, Properties

State of Minnesota)
) ss.
County of Hennepin)

This instrument was acknowledged before me on April _____, 2014 by Gregory P. Handberg, the Senior Vice President, Properties of Artspace Projects, Inc., a Minnesota nonprofit corporation, by and on behalf of such nonprofit corporation in its own capacity and as the general partner of Washington Studios Limited Partnership, a Minnesota limited partnership, on behalf of such limited partnership.

Notary Public

LENDER:

**DULUTH ECONOMIC
DEVELOPMENT AUTHORITY**

By: _____
Nancy Aronson Norr, President

and

By: _____
Emily Larson, Secretary

State of Minnesota)
) ss.
County of St. Louis)

This instrument was acknowledged before me this _____ day of April, 2014, by Nancy Aronson Norr and Emily Larson, the President and the Secretary, respectively, of the Duluth Economic Development Authority, an economic development authority created and existing under Minnesota Statutes (1989) Chapter 469, on behalf of such authority.

Notary Public

This instrument was drafted by:
Winthrop & Weinstine, P.A.
225 South Sixth Street, Suite 3500
Minneapolis, Minnesota 55402

EXHIBIT A

LEGAL DESCRIPTION OF THE PROPERTY

The following real property that is located in St. Louis County, Minnesota:

Lots 1, 3, 5, 7, 9, 11, 13 and 15, West Third Street and Lots 2, 4, 6, 8, 10, 12, 14 and 16, West Fourth Street, and the vacated alley lying between West Third Street, West Fourth Street, 1st Avenue West and Lake Avenue, all of the recorded subdivision of Duluth Proper First Division, Saint Louis County, Minnesota.

EXCEPT THE FOLLOWING:

1. That part of Lots 1, 3, 5, 7, 9 and 11, West Third Street and that part of Lots 2, 4, 6, 8 and 10, West Fourth Street, and that part of the vacated alley between West Third Street and West Fourth Street of the recorded subdivision of Duluth Proper First Division, Saint Louis County, Minnesota, lying between elevations 754.39 feet and 768.28 feet National Geodetic Vertical Datum (NGVD) 1929 and described jointly as follows:

Commencing at the most easterly corner of Lot 1, West Third Street; thence South 46 degrees 57 minutes 50 seconds West, along the southeasterly line of said Lot 1 a distance of 13.65 feet; thence North 42 degrees 57 minutes 26 seconds West a distance of 15.67 feet to the point of beginning; thence South 47 degrees 02 minutes 34 seconds West a distance of 25.96 feet; thence South 42 degrees 57 minutes 26 seconds East a distance of 1.67 feet; thence South 47 degrees 02 minutes 34 seconds West a distance of 16.00 feet; thence North 42 degrees 57 minutes 26 seconds West a distance of 1.67 feet; thence South 47 degrees 02 minutes 34 seconds West a distance of 194.95 feet; thence North 42 degrees 57 minutes 26 seconds West a distance of 139.77 feet; thence North 47 degrees 02 minutes 34 seconds East a distance of 26.71 feet; thence North 42 degrees 57 minutes 26 seconds West a distance of 16.00 feet; thence North 47 degrees 02 minutes 34 seconds East a distance of 14.25 feet; thence North 02 degrees 02 minutes 34 seconds East a distance of 5.66 feet; thence South 87 degrees 57 minutes 26 seconds East a distance of 5.66 feet; thence North 47 degrees 02 minutes 34 seconds East a distance of 14.49 feet; thence North 02 degrees 02 minutes 34 seconds East a distance of 5.66 feet; thence South 87 degrees 57 minutes 26 seconds East a distance of 5.66 feet; thence North 47 degrees 02 minutes 34 seconds East a distance of 79.47 feet; thence North 42 degrees 57 minutes 26 seconds West a distance of 27.51 feet; thence North 47 degrees 02 minutes 34 seconds East a distance of 10.21 feet; thence South 42 degrees 57 minutes 26 seconds East a distance of 27.51 feet; thence North 47 degrees 02 minutes 34 seconds East a distance of 30.13 feet; thence North 42 degrees 57 minutes 26 seconds West a distance of 70.96 feet; thence North 47 degrees 02 minutes 34 seconds East a distance of 45.63 feet; thence South 42 degrees 57 minutes 26 seconds East a distance of 4.69 feet; thence North 47 degrees 02

minutes 34 seconds East a distance of 0.92 feet; thence South 42 degrees 57 minutes 26 seconds East a distance of 21.02 feet; thence South 47 degrees 02 minutes 34 seconds West a distance of 0.92 feet; thence South 42 degrees 57 minutes 26 seconds East a distance of 201.01 feet to the point of beginning.

EXCEPTED FROM THIS PARCEL: That part of Lot 1, West Third Street of the recorded subdivision of Duluth Proper First Division, Saint Louis County, Minnesota, described as follows:

Commencing at the most easterly corner of Lot 1, West Third Street; thence South 46 degrees 57 minutes 50 seconds West, along the southeasterly line of said Lot 1 a distance of 13.65 feet; thence North 42 degrees 57 minutes 26 seconds West a distance of 15.67 feet; thence South 47 degrees 02 minutes 34 seconds West a distance of 25.96 feet; thence North 42 degrees 57 minutes 26 seconds West a distance of 102.19 feet to the point of beginning; thence South 47 degrees 02 minutes 34 seconds West a distance of 4.25 feet; thence North 42 degrees 57 minutes 26 seconds West a distance of 9.76 feet; thence North 47 degrees 02 minutes 34 seconds East a distance of 11.75 feet; thence South 42 degrees 57 minutes 26 seconds East a distance of 9.76 feet; thence South 47 degrees 02 minutes 34 seconds West a distance of 7.50 feet to the point of beginning.

2. That part of Lots 3, 5 and 7, West Third Street of the recorded subdivision of Duluth Proper First Division, Saint Louis County, Minnesota, lying between elevations 768.28 feet and 773.70 feet NGVD 1929 and described as follows:

Commencing at the most easterly corner of Lot 1, West Third Street; thence South 46 degrees 57 minutes 50 seconds West, along the southeasterly line of said Lot 1 a distance of 13.65 feet; thence North 42 degrees 57 minutes 26 seconds West a distance of 171.43 feet; thence South 47 degrees 02 minutes 34 seconds West a distance of 31.93 feet; thence North 42 degrees 57 minutes 26 seconds West a distance of 114.97 feet; thence South 47 degrees 02 minutes 34 seconds West a distance of 13.70 feet; thence South 42 degrees 57 minutes 26 seconds East a distance of 30.04 feet; thence South 47 degrees 02 minutes 34 seconds West a distance of 42.69 feet; thence South 42 degrees 57 minutes 26 seconds East a distance of 13.97 feet; thence North 47 degrees 02 minutes 34 seconds East a distance of 2.34 feet; thence South 42 degrees 57 minutes 26 seconds East a distance of 70.96 feet; thence North 47 degrees 02 minutes 34 seconds East a distance of 10.21 feet; thence South 42 degrees 57 minutes 26 seconds East a distance of 42.26 feet; thence South 47 degrees 02 minutes 34 seconds West a distance of 6.22 feet to the point of beginning; thence South 42 degrees 57 minutes 26 seconds East a distance of 68.98 feet; thence South 47 degrees 02 minutes 34 seconds West a distance of 46.48 feet; thence South 42 degrees 57 minutes 26 seconds East a distance of 3.82 feet; thence South 47 degrees 02 minutes 34 seconds West a distance of 36.28 feet; thence North 42 degrees 57

minutes 26 seconds West a distance of 72.80 feet; thence North 47 degrees 02 minutes 34 seconds East a distance of 82.76 feet to the point of beginning.

3. That part of Lots 7, 9 and 11, West Third Street and the vacated alley between West Third Street and West Fourth Street, all of the recorded subdivision of Duluth Proper First Division, Saint Louis County, Minnesota, lying between elevations 768.28 feet and 786.00 feet NGVD 1929 and described as follows:

Commencing at the most easterly corner of Lot 1, West Third Street; thence South 46 degrees 57 minutes 50 seconds West, along the southeasterly line of said Lot 1 a distance of 13.65 feet; thence North 42 degrees 57 minutes 26 seconds West a distance of 171.43 feet; thence South 47 degrees 02 minutes 34 seconds West a distance of 31.93 feet; thence North 42 degrees 57 minutes 26 seconds West a distance of 114.97 feet; thence South 47 degrees 02 minutes 34 seconds West a distance of 13.70 feet; thence South 42 degrees 57 minutes 26 seconds East a distance of 30.04 feet; thence South 47 degrees 02 minutes 34 seconds West a distance of 42.69 feet; thence South 42 degrees 57 minutes 26 seconds East a distance of 13.97 feet; thence North 47 degrees 02 minutes 34 seconds East a distance of 2.34 feet; thence South 42 degrees 57 minutes 26 seconds East a distance of 70.96 feet; thence North 47 degrees 02 minutes 34 seconds East a distance of 10.21 feet; thence South 42 degrees 57 minutes 26 seconds East a distance of 42.26 feet; thence South 47 degrees 02 minutes 34 seconds West a distance of 6.22 feet; thence South 42 degrees 57 minutes 26 seconds East a distance of 68.98 feet; thence South 47 degrees 02 minutes 34 seconds West a distance of 46.48 feet; thence South 42 degrees 57 minutes 26 seconds East a distance of 3.82 feet; thence South 47 degrees 02 minutes 34 seconds West a distance of 36.28 feet to the point of beginning; thence South 47 degrees 02 minutes 34 seconds West a distance of 72.17 feet; thence North 42 degrees 57 minutes 26 seconds West a distance of 99.06 feet; thence North 47 degrees 02 minutes 34 seconds East a distance of 26.71 feet; thence North 42 degrees 57 minutes 26 seconds West a distance of 2.90 feet; thence North 47 degrees 02 minutes 34 seconds East a distance of 45.46 feet; thence South 42 degrees 57 minutes 26 seconds East a distance of 101.96 feet to the point of beginning.

4. That part of Lots 1, 3, 5, 7, 9 and 11, West Third Street and that part of Lot 2, 4, 6, 8 and 10, West Fourth Street, and that part of the vacated alley between West Third Street and West Fourth Street all of the recorded subdivision of Duluth Proper First Division, Saint Louis County, Minnesota, lying between elevations 737.84 feet and 754.39 feet NGVD 1929 and described as follows:

Commencing at the most easterly corner of Lot 1, West Third Street; thence South 46 degrees 57 minutes 50 seconds West, along the southeasterly line of said Lot 1 a distance of 13.65 feet; thence North 42 degrees 57 minutes 26 seconds West a distance of 140.93 feet to the point of beginning; thence South 47 degrees 52

minutes 18 seconds West a distance of 40.59 feet; thence South 42 degrees 57 minutes 26 seconds East a distance of 81.32 feet; thence South 47 degrees 02 minutes 34 seconds West a distance of 87.88 feet; thence South 42 degrees 57 minutes 26 seconds East a distance of 3.82 feet; thence South 47 degrees 02 minutes 34 seconds West a distance of 108.45 feet; thence North 42 degrees 57 minutes 26 seconds West a distance of 99.06 feet; thence North 47 degrees 02 minutes 34 seconds East a distance of 26.71 feet; thence North 42 degrees 57 minutes 26 seconds West a distance of 16.00 feet; thence North 47 degrees 02 minutes 34 seconds East a distance of 14.25 feet; thence North 02 degrees 02 minutes 34 seconds East a distance of 5.66 feet; thence South 87 degrees 57 minutes 26 seconds East a distance of 5.66 feet; thence North 47 degrees 02 minutes 34 seconds East a distance of 14.49 feet; thence North 02 degrees 02 minutes 34 seconds East a distance of 5.66 feet; thence South 87 degrees 57 minutes 26 seconds East a distance of 5.66 feet; thence North 47 degrees 02 minutes 34 seconds East a distance of 165.44 feet; thence South 42 degrees 57 minutes 26 seconds East a distance of 30.51 feet to the point of beginning.

Subject to a 8-foot easement over and across that part of Lot 11, West Third Street and Lot 12, West Fourth Street and the vacated alley between said lots, all in Duluth Proper First Division, Saint Louis County, Minnesota, the northeasterly line is described as follows:

Commencing at the most easterly corner of Lot 1, West Third Street; thence South 46 degrees 57 minutes 50 seconds West, along the southeasterly line of said Lot 1 and Lots 3, 5, 7, 9 and 11 a distance of 251.40 feet to the point of beginning; thence North 42 degrees 57 minutes 26 seconds West a distance of 299.96 feet to the northwesterly line of said Lot 12 and there terminating.