

PROMISSORY NOTE

\$900,000.00

Dated: _____, 2022

WHEREAS, the **CITY OF GRAND FORKS**, a North Dakota municipal corporation whose principal office and mailing address is 255 North 4th Street, Grand Forks, ND 58201 (hereinafter the “City”), the **GRAND FORKS GROWTH FUND**, a Jobs Development Authority, whose mailing address is 255 North 4th Street, P.O. Box 5200, Grand Forks, North Dakota 58203 (hereinafter referred to as the “Lender”) and **BLOCK V, LLC**, a North Dakota limited liability company, whose address is 4000 Garden View, Suite 101, Grand Forks, North Dakota 58201-7421 (referred to herein as the “Borrower”) entered into that certain Payment in Lieu of Property Tax Development Agreement (the “Block V PILOT Development Agreement”) having an effective date of _____, 2021 that provided certain property tax incentives to the Borrower. A copy of the Block V PILOT Development Agreement is attached hereto as Exhibit “A.”

WHEREAS, under the Block V PILOT Development Agreement, there is a loan from the JDA to the Borrower in the original principal amount of \$900,000.00, with the Borrower being required to execute this promissory note to the JDA for such loan (the “Block V Note”).

WHEREAS, under the Block V PILOT Development Agreement, to secure the repayment of this Block V Note, the Borrower is to grant to the JDA a first lien mortgage to the JDA (the “Block V Mortgage”).

WHEREAS, under the Block V PILOT Development Agreement, to secure the repayment of this Block V Note, certain parties are to execute and delivery Guaranties to the JDA.

FOR VALUE RECEIVED, Borrower promises to pay to the order of Lender at its principal place of business address of 255 North 4th Street, P.O. Box 5200, Grand Forks, North Dakota 58203, or such other place as is designated from time to time by the holder of this Block V Note, in lawful money of the United States, the sum of Nine Hundred Thousand and no/100 Dollars (\$900,000.00) (the “Principal Balance”) in the following manner:

1. Payment of Principal and Interest: The Borrower shall pay the Principal Balance plus accrued interest accruing thereon at the rate of two percent (2%) per annum as follows:

1.1 Annual Payment. The Borrower shall pay to the Lender Fifty-Five Thousand Forty-One and 05/100 Dollars (\$55,041.05) commencing on February 15, 2023, and a like sum on the 15th day of each February thereafter, with a final payment of the entire outstanding Principal Balance and all accrued interest thereon, plus any fees and penalties, on or before February 15, 2042.

1.2 Early Maturity Date. Notwithstanding anything contained herein to the contrary and without limiting the remedies for an event of default but in addition thereto, the entire outstanding Principal Balance and all accrued interest thereon, plus any applicable fees and penalties, shall be immediately due and payable upon the termination of the Block V Pilot under Section 3.2.3, Section 3.2.4 and/or Section 7.5 of the Block V PILOT Development Agreement.

1.3 Interest Accrual. While any amount of the Principal Balance is outstanding, interest shall accrue from and after the date of this Block V Note at the rate of two percent (2%) per annum. Interest shall be calculated on a three hundred sixty-five (365) day year and actual days elapsed.

1.4 Application of Payments. Each payment shall be applied first to accrued interest and the balance to the outstanding Principal Balance.

1.5 Advance Payments. The Borrower may make advance payments at any time and in such amounts as the Borrower may elect without penalty. All prepayments shall be applied on the principal in the inverse order of maturity, and shall not relieve the undersigned from paying the next succeeding installment or installments of principal and interest due hereunder.

2. Other Terms.

2.1 This Block V Note is secured by that the Block V Mortgage dated the ___ day of _____, 2022, executed by the Borrower in favor of the Lender. Further, this Block V Note is secured by the Block V Guaranty executed and delivered by the respective Guarantors thereunder. The Block V Mortgage and Block V Guaranty, and all documents related or collateral thereto shall be referred to herein as the “Security Instruments.”

2.2 If any required payment hereunder is not paid when due, the Borrower agrees to pay the Lender a late payment penalty in the amount of fifteen percent (15%) of any late payment with a minimum of Fifty and no/100 Dollars (\$50.00) and a maximum of Five Hundred and no/100 (\$500.00), and the Lender, or its successors and assigns may also, at its option, declare the entire unpaid Principal Balance, accrued interest thereon and any fees and penalties hereunder to be immediately due and payable, and exercise any and all rights described in the Block V PILOT Development Agreement and/or the Security Instruments as result of such an event of default hereunder.

2.3 The Borrower agrees and understands that an occurrence of any event of default, as described in the Block V PILOT Development Agreement and/or in any of the Security Instruments, shall be an event of default hereunder and shall permit the Lender, or its successors and assigns, at its option, to declare the entire unpaid Principal Balance and accrued interest thereon, plus any fees and penalties hereunder, to be immediately due and payable and exercise and any and all rights described in the Block V PILOT Development Agreement and/or the Security Instruments.

2.4 **If the Lender is required to commence any action against the Borrower to enforce any provision of this Block V Note, the venue for such action shall be in Grand Forks County, North Dakota District Court, by a judge alone and without a trial by jury. The Borrower, having had the opportunity to consult with independent counsel of its choosing, hereby knowingly and voluntarily waives its rights to a trial by jury in any manner relating to this Block V Note, the Security Instruments or any agreement, document or instrument related thereto. Further, the undersigned acknowledges and agrees that Grand Forks County, North Dakota District Court shall have complete and full personal jurisdiction over the undersigned and subject matter jurisdiction with respect to any such action.**

2.5 Waiver by the holder hereof of any default by the undersigned shall not constitute a waiver by the holder of a subsequent default. Failure by the Lender, or his successors and assigns, to exercise any right, power or privileges which he may have by reason of a default by the undersigned shall not preclude the exercise of such right, power or privilege so long as such default remains uncured or if a subsequent default occurs.

2.6 The undersigned hereby waives demand, presentment for payment, protest, notice of protest, and notice of dishonor.

2.7 Words used in the singular herein shall include the plural, and the obligations and liabilities hereunder of the undersigned shall be joint and several.

3. **Defined Terms of Block V Development Agreement.** In addition to the other defined terms set forth herein, all of the defined terms and definitions set forth in the Block V PILOT Development Agreement shall apply to and are incorporated into this Block V Note.

IN WITNESS WHEREOF, the undersigned has executed this Block V Note the day and year first hereinabove written.

BLOCK V, LLC,
a North Dakota limited liability company

By: _____
Its: _____

STATE OF _____)
: ss.
COUNTY OF _____)

This instrument was acknowledged before me on this ____ day of _____, 20____, by _____ as the _____ of Block V, LLC, on behalf of said entity.

Notary Public for the State of _____