

5. **Consideration of Resolution No. 2022-29 approving a Master Amendment Agreement to the EDA's \$140,000 GMEF Loan Agreement with Sota Car Wash, LLC dba Due North (JT)**

A. **REFERENCE AND BACKGROUND:**

The EDA is asked to consider adopting Resolution No. 2022-29 approving an amendment of its \$140,000 Greater Monticello Enterprise Fund (GMEF) Loan Agreement with Sota Car Wash, LLC dba Due North. Recently, Cor Trust Bank (CTB) requested via email that the EDA consider subordinating its \$140,000 loan to an additional \$500,000 mortgage loan offered by CTB to Due North to cover additional project development expenditures. At the September 14, 2022, meeting, the EDA authorized entering into the CTB loan subordination document, contingent on Due North establishing an autopay format for its monthly loan installment payments and secondly, that the additional Due North equity partner, Nate Pierson, sign a Personal Guaranty document.

After the EDA approved the loan subordination at the September 14, 2022, meeting, the EDA attorney reviewed the CTB document for execution based on the EDA contingencies. Staff was informed that the loan agreement would need to be amended for the auto pay language and with a new Personal Guaranty form for Mr. Pierson. These amendments need to be approved by the EDA.

As noted in the attached email trac from CTB, Nate Pierson, is joining the Due North business as an equity partner, strengthening the managerial and financial profile of the business. This situation is positive in that it offers the EDA another guarantor to further back its loan.

As a reminder, the EDA approved its \$140,000 GMEF loan to Due North in September 2021. After a principal and interest deferral period, Due North started making monthly principal and interest installment payments on the loan in May 2022. The company is current on its monthly payments and the remaining loan balance is now \$137,842.49. Due North will be required to complete its first Business Subsidy compliance report, documenting its job creation results, in February 2023.

**A1. STAFF IMPACT:** Staff involved in the loan agreement amendment review and approval process includes the EDA attorney, Economic Development Manager and Community Development Director.

**A2. BUDGET IMPACT:** The budget impact from considering and processing the amended Due North loan agreement is minimal. There may be a modest amount of legal fees incurred related to the Resolution and the amendment documents completed by the EDA attorney. Those fees will be passed onto the borrower.

B. **ALTERNATIVE ACTIONS:**

1. Motion to adopt Resolution No. 2022-29 approving a Master Amendment Agreement to

the EDA's \$140,000 GMEF Loan to Due North.

2. Motion to table consideration of adopting Resolution No. 2022-29 approving a Master Amendment Agreement to the EDA's \$140,000 GMEF Loan to Due North.

**C. STAFF RECOMMENDATION:**

Staff recommends Alternative #1. The EDA authorized CTB's loan subordination with specific contingencies at the September 14, 2022, meeting. Following the meeting, the EDA attorney reviewed the CTB loan subordination document and authorized execution by the EDA President. The final related action step in the process is to incorporate the specific contingencies into the loan agreement through a Master Amendment Agreement. The specific contingencies are that Due North must arrange an autopay process for its monthly loan installment payments to the EDA and that the new equity partner in the business, Nate Pierson, must also sign a Personal Guaranty. By requiring, Mr. Pierson to complete a Personal Guarantee, the EDA will have a strengthened security position. Non-compliance of either of these amendment terms by Due North is considered an "event of default" per the language in the Master Amendment Agreement.

**SUPPORTING DATA:**

- A. EDA Resolution No. 2022-29
- B. Master Amendment Agreement
- C. Personal Guarantee form for Nate Pierson
- D. Email Trac – CTB, IF and EDA Manager

## EDA RESOLUTION NO. 2022-29

### RESOLUTION APPROVING A MASTER AMENDMENT AGREEMENT AND A GUARANTY AGREEMENT RELATED TO A GMEF LOAN TO RRG HOLDINGS LLC AND SOTA CAR WASH LLC

BE IT RESOLVED BY the Board of Commissioners ("Board") of the City of Monticello Economic Development Authority (the "Authority") as follows:

Section 1. Recitals.

1.01. The Authority administers its Greater Monticello Enterprise Fund ("GMEF") revolving loan program pursuant to its authority under Minnesota Statutes, Sections 469.090 to 469.1081, as amended (the "EDA Act"), in order to assist businesses in the City of Monticello, Minnesota (the "City"), in financing certain economic development activities that result in the creation of jobs.

1.02. On September 23, 2021, the Authority provided a GMEF loan to RRG Holdings LLC and Sota Car Wash LLC (together, the "Borrower") in the amount of \$140,000 (the "Loan"), pursuant to a Loan Agreement, dated September 23, 2021 (the "Loan Agreement").

1.03. The Borrower applied the proceeds of the Loan to pay a portion of the costs of acquisition of certain property in the City, demolition of an existing structure thereon, and construction of a new car wash facility thereon.

1.04. To secure the Loan, the Borrower executed and delivered to the Authority a Promissory Note, dated September 23, 2021 (the "Promissory Note"), and a Mortgage, dated September 23, 2021, in favor of the Authority (the "Mortgage"). In addition, to secure repayment of the Promissory Note, Cory Kampschroer, Jessica Kampschroer, Ellen Halvorson, and Jason Halvorson, natural persons, made and entered into a Guaranty Agreement, dated September 23, 2021, for the benefit of the Authority (the "Original Guaranty Agreement").

1.05. The Borrower has requested that the Authority subordinate the Loan to Cortrust Bank NA (the "Lender"). The Board approved the subordination of the Loan and authorized the delivery of a subordination agreement at its meeting on September 13<sup>th</sup>. The Lender prepared a subordination agreement (the "Subordination Agreement") which was executed and delivered by the Authority. As a condition of delivering the Subordination Agreement, the Authority required that Nate Pierson, a natural person (the "Additional Guarantor"), be added as a guarantor on the Loan and that the Borrower set up automatic payments for the Loan.

1.06. The Borrower and the Authority desire to enter into a Master Amendment Agreement (the "Master Amendment Agreement"), which amends and supplements the terms of the Loan Agreement, the Promissory Note, and the Original Guaranty Agreement and requires the delivery of the Guaranty Agreement of the Additional Guarantor (the "Additional Guaranty Agreement").

Section 2. Amendment Documents Authorized.

2.01. The Authority hereby approves the Master Amendment Agreement and the Additional Guaranty Agreement in substantially the forms submitted, together with any related documents necessary in connection therewith (collectively, the “Amendment Documents”), and the President and Executive Director are hereby authorized and directed to execute the Amendment Documents on behalf of the Authority and to carry out, on behalf of the Authority, the Authority’s obligations thereunder. The Authority hereby ratifies the execution and delivery of the Subordination Agreement by the Executive Director and the President.

2.02. The approval hereby given to the Amendment Documents includes approval of such additional details therein as may be necessary and appropriate and such modifications thereof, deletions therefrom and additions thereto as may be necessary and appropriate and approved by legal counsel to the Authority and by the President and Executive Director prior to executing said documents; and said officers are hereby authorized to approve said changes on behalf of the Authority. The execution of any instrument by the President and Executive Director shall be conclusive evidence of the approval of such document in accordance with the terms hereof. In the event of absence or disability of said officers, any of the documents authorized by this resolution to be executed may be executed without further act or authorization of the Board by any duly designated acting official, or by such other officer or officers of the Board as, in the opinion of the Authority’s legal counsel, may act in their behalf.

Approved this 12th day of October 2022, by the Board of Commissioners of the City of Monticello Economic Development Authority.

\_\_\_\_\_  
President

ATTEST:

\_\_\_\_\_  
Executive Director

## MASTER AMENDMENT AGREEMENT

This Master Amendment Agreement (the "Master Amendment Agreement") is made this \_\_\_\_ day of September, 2022, between the CITY OF MONTICELLO ECONOMIC DEVELOPMENT AUTHORITY, a public body corporate and politic under the laws of the State of Minnesota (the "EDA"); RRG HOLDINGS LLC, a Minnesota limited liability company (the "Owner"); and SOTA CAR WASH LLC, a Minnesota limited liability company (the "Operator") (with the Owner, the "Borrower"), and amends and supplements the Loan Agreement, the Promissory Note and the Guaranty Agreement (as those terms are defined herein).

### RECITALS

On September 23, 2021, the EDA provided a loan to the Borrower from the Greater Monticello Enterprise Fund in the amount of \$140,000 (the "Loan"), pursuant to a Loan Agreement, dated September 23, 2021 (the "Loan Agreement"). The Borrower applied the proceeds of the Loan to pay a portion of the costs of acquisition of certain property in the City of Monticello, Minnesota, demolition of an existing structure thereon, and construction of a new car wash facility thereon. To secure the Loan, the Borrower executed and delivered to the EDA a Promissory Note, dated September 23, 2021 (the "Promissory Note") and a Mortgage, dated September 23, 2021, in favor of the EDA (the "Mortgage"). In addition, to secure repayment of the Promissory Note, Cory Kampschroer, Jessica Kampschroer, Ellen Halvorson, and Jason Halvorson, natural persons, made and entered into a Guaranty Agreement, dated September 23, 2021, for the benefit of the EDA (the "Original Guaranty Agreement").

The Borrower has requested that the EDA subordinate the Loan to Cortrust Bank NA and as a condition of such subordination, the EDA has required that Nate Pierson, a natural person, (the "Additional Guarantor") be added as a guarantor on the Loan and that the Borrower set up automatic payments for the Loan.

In consideration for the subordination of the Loan, the EDA has required that the Borrower enter into this Master Amendment Agreement, which amends and supplements the terms of the Loan Agreement, the Promissory Note, and the Guaranty Agreement and requires the delivery of the Guaranty Agreement of the Additional Guarantor in substantially the form attached hereto as Exhibit A (the "Additional Guaranty").

ACCORDINGLY, to induce the EDA to subordinate its Loan and for good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties hereto agree as follows:

#### Section 1. Amendments to Loan Agreement.

(i) All references to the Guaranty in the Loan Agreement shall be amended to include the Original Guaranty and the Additional Guaranty.

(ii) The following Section 2(c) is hereby added to the Loan Agreement:

(c) The Owner agrees that all payments due under the Loan shall be automatically deducted from an account maintained by the Owner. Borrower agrees to execute all documents necessary to open such account and authorize the automatic payments therefrom and provide evidence to the Lender that it has set up such payments on or before November 1, 2022. A failure to comply with this provision shall be an Event of Default under the Loan Agreement.

Section 2. Amendment to Promissory Note. Paragraph 4 of the Promissory Note is hereby deleted in its entirety and replaced with the following:

(4) This Note is given pursuant to the Loan Agreement and secured by a mortgage of even date herewith delivered by Borrower (the “Mortgage”) and by personal guaranties of Cory Kampschroer, Jessica Kampschroer, Ellen Halvorson, Jason Halvorson and Nate Pierson (altogether, the “Guaranty”). If any such security is found to be invalid for whatever reason, such invalidity shall constitute an Event of Default hereunder.

Section 3. Additional Guaranty Agreement. The Additional Guaranty shall be delivered on the date hereof. The obligations of the Guarantors under the Original Guaranty Agreement and the Additional Guarantor shall be joint and several with the obligations of each other Guarantor, shall be binding upon the heirs and estate of all the Guarantors, and shall survive the death, divorce, or any other change in situation or relationship of the Guarantors.

Section 4. Fees and Costs. The Borrower agrees to pay all costs related to the subordination of the Loan, the execution and delivery of this Master Amendment Agreement and any documents executed, delivered, and recorded, if necessary, in connection thereto.

Section 5. Mortgage. The Mortgage will unconditionally secure payment to the EDA as set forth herein and in the Promissory Note.

Section 6. Notices. All notices required hereunder shall be given by depositing in the U.S. mail, postage prepaid, first class mail, return receipt requested, to the following addresses (or such other addresses as either party may notify the other):

To Lender: City of Monticello Economic Development Authority  
505 Walnut Street, Suite 1  
Monticello, MN 55362  
Attn: Executive Director

To Guarantor: Cory Kampschroer  
682 55<sup>th</sup> Street NE  
Buffalo, MN 55313

Jessica Kampschroer  
682 55<sup>th</sup> Street NE  
Buffalo, MN 55313

Ellen Halvorson  
5392 Braddock Avenue NE  
Buffalo, MN 55313

Jason Halvorson  
5392 Braddock Avenue NE  
Buffalo, MN 55313

Nate Pierson  
[ADDRESS]

Section 6. Confirmation of Loan Agreement, Promissory Note and Guaranty Agreement.  
Unless specifically amended herein, all terms of the Loan Agreement, the Promissory Note and the Guaranty Agreement remain the same, are confirmed as of the date hereof, and are incorporated herein by reference.

(The remainder of this page is intentionally left blank.)

IN WITNESS WHEREOF, this Master Amendment Agreement has been duly executed and delivered by the proper officers thereunto duly authorized on the date and year first written above.

**CITY OF MONTICELLO ECONOMIC  
DEVELOPMENT AUTHORITY**

By \_\_\_\_\_  
Its President

By \_\_\_\_\_  
Its Executive Director

(Signature Page of EDA to Master Amendment Agreement)



This Master Amendment Agreement has been duly executed and delivered by the Borrower on the date and year first written above.

**OWNER:  
RRG HOLDINGS LLC**

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

Its \_\_\_\_\_

**OPERATOR:  
SOTA CAR WASH LLC**

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

Its \_\_\_\_\_

(Signature Page of Borrower to Master Amendment Agreement)

**EXHIBIT A**  
**ADDITIONAL GUARANTY**

## GUARANTY AGREEMENT

This Guaranty Agreement is made and entered into this \_\_ day of September, 2022, by Nate Pierson, a natural person (the "Guarantor"), for the benefit of City of Monticello Economic Development Authority ("Lender"), a public body corporate and politic and a political subdivision of the State of Minnesota.

WITNESSETH:

WHEREAS, Lender provided a loan to RRG Holdings LLC, a Minnesota limited liability company (the "Owner") from the Greater Monticello Enterprise Fund in the amount of \$140,000 (the "Loan"), pursuant to a Loan Agreement between Lender, Owner and Sota Car Wash LLC, a Minnesota limited liability company (the "Operator") (with Owner, the "Borrower"), dated September 23, 2021 (the "Loan Agreement"); and

WHEREAS, Owner applied the proceeds of the Loan to finance a portion of the costs of acquisition of property located in the City of Monticello, Minnesota, demolition of an existing structure thereon, and construction of a new car wash facility thereto; and

WHEREAS, to secure the Loan, Owner executed and delivered to Lender a Promissory Note, dated September 23, 2021 (the "Note") and a Mortgage, dated September 23, 2021, in favor of Lender (the "Mortgage"); and

WHEREAS, in addition, to secure repayment of the Note, Cory Kampschroer, Jessica Kampschroer, Ellen Halvorson, and Jason Halvorson, natural persons, made and entered into a Guaranty Agreement, dated September 23, 2021 (the "Original Guaranty"), for the benefit of Lender; and

WHEREAS, pursuant to the Master Amendment Agreement, dated this date hereof, the Borrower requested that the Guarantor be added as an additional guarantor on the Loan and as such Lender agreed to amend the financing terms of the Loan and accept this guaranty agreement (this "Guaranty") by the Guarantor; and

WHEREAS, the Guarantor will receive a direct financial benefit from the Loan pursuant to the Note.

NOW, THEREFORE, Guarantor hereby covenants and agrees with Lender, for the benefit of all who at any time become holders of the Note, as follows:

Section 1.1. Guarantor hereby unconditionally guarantees to Lender for the benefit of the Holder (as defined in the Note) from time to time of the Note: (a) the full and prompt payment of the principal of the Note when and as the same shall become due, whether at the stated maturity thereof, by acceleration or otherwise; (b) the full and prompt payment of any interest on the Note when and as the same shall become due; and (c) any other amounts due to Lender under the Loan Agreement or the Note. All payments shall be paid in lawful money of the United States of America. Each and every default in payment of the principal of or interest on the Note shall give rise to a separate cause

of action hereunder, and separate suits may be brought hereunder as each cause of action arises.

Section 1.2. The obligations of Guarantor under this Guaranty shall be absolute and unconditional and shall remain in full force and effect until the entire principal of and interest on the Note shall have been paid, and such obligations shall not be affected, modified, or impaired upon the happening from time to time of any event, including, without limitation, any of the following:

- a. The compromise, settlement, or release of less than all of the obligations, covenants, or agreements of Owner under the Note;
- b. The failure to give notice to any person of the occurrence of an event of default under the terms and provisions of this Guaranty or the Note executed by Owner;
- c. The extension of the time for payment of principal of or interest on the Note or under this Guaranty;
- d. Any failure, omission, delay, or lack on the part of Lender to enforce, assert or exercise any right, power, or remedy conferred on Lender in this Guaranty or other instruments executed and delivered in connection with the loan contemplated thereby, or any other act or acts on the part of Lender or any of the holders from time to time of the Note;
- e. The default or failure of Guarantor to perform any of the obligations set forth in this Guaranty.

Section 1.3. No set-off, counterclaim, reduction, or diminution of any obligation, or any defense of any kind or nature that Owner has or may have shall be available hereunder to Guarantor against Lender.

Section 1.4. In the event of a default in the payment of principal of the Note when and as the same shall become due, whether at the stated maturity thereof, by acceleration or otherwise, or in the event of a default in the payment of any interest on the Note when and as the same shall become due, or upon the occurrence and continuance of any Event of Default under the Agreement, Lender may proceed hereunder; and Lender, in its sole discretion, shall have the right to proceed first and directly against the Guarantor for the full amount due without proceeding against or exhausting any other remedies it may have as to Owner.

Section 1.5. Guarantor hereby expressly waives notice from Lender or the holders from time to time of the Note of acceptance of or any reliance upon this Guaranty. Guarantor agrees to pay all the costs, expenses, and fees, including attorneys' fees, which may be incurred by Lender in enforcing or attempting to enforce this Guaranty whether the same shall be enforced by suit or otherwise.

Section 1.6. This Guaranty is entered into by Guarantor with Lender for the benefit of Lender and the holders from time to time of the Note, all of whom shall be entitled to enforce performance and observance of this Guaranty.

Section 1.7. Guarantor is duly authorized and empowered to execute, deliver, and perform

this Agreement and to borrow money from Lender.

Section 1.8. The performance or observance of any promise or condition set forth in this Guaranty may be waived, amended, or modified only by a writing signed by Guarantor and Lender. No delay in the exercise of any power, right, or remedy operates as a waiver thereof, nor shall any single or partial exercise of any other power, right, or remedy.

Section 1.9. This Guaranty is made and shall be governed in all respects by the laws of the state of Minnesota. Any disputes, controversies, or claims arising out of this Guaranty shall be heard in the state or federal courts of Minnesota, and all parties to this Guaranty waive any objection to the jurisdiction of these courts, whether based on convenience or otherwise.

Section 1.10. If any provision or application of this Guaranty is held unlawful or unenforceable in any respect, such illegality or unenforceability shall not affect other provisions or applications that can be given effect, and this Guaranty shall be construed as if the unlawful or unenforceable provision or application had never been contained herein or prescribed hereby.

Section 1.11. All notices required hereunder shall be given by depositing in the U.S. mail, postage prepaid, certified mail, return receipt requested, to the following addresses (or such other addresses as either party may notify the other):

To Lender:                      City of Monticello Economic Development Authority  
   505 Walnut Street, Suite 1  
   Monticello, MN 55362  
   Attn: Executive Director

To Guarantor:                 Nate Pierson  
   [ADDRESS]

Section 1.12. This Guaranty constitutes the complete and exclusive statement of all mutual understandings between the parties with respect to this Guaranty, superseding all prior or contemporaneous proposals, communications, and understandings, whether oral or written, concerning the Guaranty. Nothing contained herein shall effect or impair Lender's rights under the Loan Agreement, the Note, or the Mortgage.

Section 1.13. The obligation of the Guarantor under this Guaranty shall be joint and several with the obligations of each other guarantor under the Original Guaranty (collectively, the "Guarantors"), shall be binding upon the heirs and estate of all the Guarantors, and shall survive the death, divorce, or any other change in situation or relationship of the Guarantors.

(The remainder of this page is intentionally blank; signatures follow.)

IN WITNESS WHEREOF, the Guarantor has caused this Guaranty to be executed as of the date first above written.

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Nate Pierson

**[SIGNATURE PAGE FOR GUARANTY]**

**From:** [REDACTED]  
**To:** [Jim Thares](mailto:Jim.Thares@ci.monticello.mn.us)  
**Subject:** RE: [EXTERNAL]RRG/ Sota Car Wash  
**Date:** Wednesday, September 7, 2022 12:39:02 PM  
**Attachments:** [REDACTED]

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If we don't have to go through the concept of support process and can just get the subordination signed, that would be best. We are under a time constraint to get that sign in the ground before freeze up and it takes two months to get here once ordered.

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**From:** Jim Thares <[Jim.Thares@ci.monticello.mn.us](mailto:Jim.Thares@ci.monticello.mn.us)>  
**Sent:** Wednesday, September 7, 2022 11:36 AM  
**To:** Randy Voeller [REDACTED] Dan Bullert [REDACTED]  
**Subject:** RE: [EXTERNAL]RRG/ Sota Car Wash

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Hi Randy. This is a very helpful summary. Do you have a Loan subordination form prepped and ready to send over or did you want it run by the EDA as a concept of support first? From my perspective, what CTB is proposing is fine and I am seeing first-hand how the car wash is succeeding and Cory and Jessica's involvement in the community. I don't vote on these matters though. The EDA only meets two times a month (2<sup>nd</sup> and 4<sup>th</sup> Wednesdays). This could drag out a bit if you want to have it presented as a concept for support first with formal action at a follow-on meeting. LMK. Thank you.

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**From:** Randy Voeller [REDACTED]  
**Sent:** Wednesday, September 7, 2022 11:24 AM  
**To:** Dan Bullert [REDACTED]  
**Cc:** Jim Thares <[Jim.Thares@ci.monticello.mn.us](mailto:Jim.Thares@ci.monticello.mn.us)>  
**Subject:** RE: [EXTERNAL]RRG/ Sota Car Wash

Thanks Dan

The additional costs are primarily for 2 things that were not included in the original package.

- A pylon sign for out front
- Additional vacuums due to the popularity.
- Cory did underestimate some of the construction related costs that are normally included in projects such as interim interest costs; minor bills that pop up during the course of construction which a contingency would cover; some bills that needed paying before the next draw was requested etc.
- Lastly, Cory's friend and soon to be additional partner, Nate Pierson, who has successfully built, operated, and sold carwashes, said Cory should have included a developers fee in his construction costs. This fee is \$250,000 and is not uncommon with other such projects. This is

to compensate the owner/developer for their time (which Cory put in a great deal of) and other hours spent working with the contractor and subs each day of the project to assure the outcome he wanted. Nate is buying into the partnership for a sum of \$350K to help capitalize the company. CTB felt that with this infusion of cash, it was more acceptable to allow Cory's request for the developers fee ie; the company is exchanging equity for equity.

In discussing with CorTrust management, we agreed to the above on the following conditions:

1. If the borrowers wished to have us consider the additional funding, they would need to pay for a 2<sup>nd</sup> appraisal and accept whatever that appraisal allowed. In this case, we did not want the bank or the junior lenders to be in any worse LTV position than we were initially. That is the case as the 2<sup>nd</sup> appraisal came in nearly \$600K higher than the first.
2. The new partner I mentioned above, Nate Pierson, become a guarantor on the deal. This has been agreed to.
3. We are going to reduce the amort to 20 years from 25 and increase the rate a bit. This too has been agreed to.

In the end, we are picking up an additional guarantor of strength; remaining at the same overall LTV based on the new appraisal; and helping them complete the project as they had desired it to be. They are doing quite well out of the gate and have displayed good initial numbers for the first 4+ months. The car wash is very popular in the community and whenever I go by there, it is busy. Cory and Jessica have done a great job marketing the business and have plans to continue so using all forms of media.

CorTrust Bank would like to increase our commitment by the \$500K by filing another separate mortgage to save the borrower some costs.

I am asking both the City of Monticello and the Initiative Foundation to agree to subordinate their current debt to that of the banks so the bank can continue in a priority position.

Please let me know soon as we are trying to move this along.

I appreciate your efforts in helping a great new business spring up in our community.

Randy

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**From:** Dan Bullert [REDACTED]  
**Sent:** Wednesday, September 7, 2022 8:53 AM  
**To:** Randy Voeller [REDACTED]  
**Cc:** Jim Thares <[Jim.Thares@ci.monticello.mn.us](mailto:Jim.Thares@ci.monticello.mn.us)>  
**Subject:** RE: [EXTERNAL]RRG/ Sota Car Wash

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Randy,



From a concept perspective, I could support this request/structure. I am curious about the actual additional costs, total project costs, and how much is going back to Cory.

**Dan Bullert**

*Business Finance Manager*

**Initiative Foundation**

405 First Street SE | Little Falls, MN 56345

[REDACTED]  
[REDACTED] | [www.ifound.org](http://www.ifound.org)

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**From:** Randy Voeller [REDACTED]  
**Sent:** Thursday, September 1, 2022 8:38 AM  
**To:** Jim Thares <[Jim.Thares@ci.monticello.mn.us](mailto:Jim.Thares@ci.monticello.mn.us)>; Dan Bullert [REDACTED]  
**Subject:** [EXTERNAL]RRG/ Sota Car Wash

Gentlemen

Cory requested an additional \$500,000 for the project for additional signage, (30ft. electronic pylon sign on highway 25); add'l vacuums and fees he paid personally during the construction period. CTB feels it is acceptable but only if an updated appraisal supported the new funds. As such, at their own cost, we had the property reappraised in its completed state. The new appraisal came in at \$5,460,000 vs the orig. at \$4,880,000. Here is how the new structure would look if approved by our executive committee.

Current total debt against the property including City & IF =  $\$4,120,000 / \$4,880,000 = 84.4\%$  LTV  
Adding \$500K to the first mtg. would bring total debt to  $\$4,620,000 / \$5,460,000 = 84.6\%$  LTV

As you can see, the value now would result in a virtually unchanged total LTV. The difference is that both the City and IF are behind a larger amount.

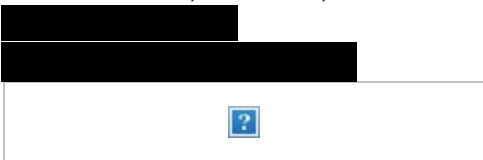
Does this cause concern or issues with either of you? Please reply and let me know.

Thanks

**Randall Voeller**  
**VP/Commercial Lending/Branch Manager**

NMLS #403068

106 East 4th St., Monticello, MN 55362



**REFERRALS ARE WELCOMED AND APPRECIATED**

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