Economic Development Authority

Monday, May 4, 2026
6:15 PM
Elk River City Hall

Special Meeting
Agenda

- Special meeting in Council Chambers

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1. CALL MEETING TO ORDER

2. PLEDGE OF ALLEGIANCE

3. CONSIDER AGENDA

4. GENERAL BUSINESS

   4.1 Update on Tyler Site Stormwater Relocation Project

5. PUBLIC HEARINGS

   An opportunity for the public to express their opinions and raise questions pertaining to the agenda item. All comments become part of the official public record. For this reason, all comments must be made at the podium so they can be heard and recorded. Comments may also be provided in writing. There will not be deliberations, discussions, or answers to questions until the hearing is closed. It is important to be courteous and allow each presenter to comment before adding additional testimony.

   5.1 Resolution Approving Land Sale to O'Brien Holdings/Crystal Distribution, Inc. and Subsidy Agreement

6. MOTION TO ADJOURN

Request for Action

To Economic Development Authority	**Item Number** 4.1
Meeting Date May 4, 2026	**Prepared By** Brent O'Neil, Economic Development Director
Item Description Update on Tyler Site Stormwater Relocation Project	**Reviewed by** Cal Portner

Action Requested
This item is for discussion purposes.

Background/Discussion
Staff will update the board on stormwater design and costs.

Financial Impact
N/A

Mission/Policy/Goal
Support the growth and development of the community.

Attachments
None

Request for Action

To
Economic Development Authority

Item Number
5.1

Meeting Date
May 4, 2026

Prepared By
Brent O'Neil, Economic Development Director

Item Description
Resolution Approving Land Sale to O'Brien Holdings/Crystal Distribution, Inc. and Subsidy Agreement

Reviewed by
Brent O'Neil
Cal Portner

Action Requested
Approve, by motion, the resolution approving a land sale agreement and business subsidy agreement to O'Brien Holdings and Crystal Distribution, Incorporated (CDI).

Background/Discussion
CDI intends to purchase seven acres of property from the EDA at 17610 Tyler Street, which will allow it to expand its existing facility by 40,000 sf and increase its workforce by at least 20. The purchase price is $518,000 to be paid at the time of closing. This is a reduction from the list price of $609,000.

CDI has requested a partial reimbursement of this price through Tax Increment Financing (TIF), which is being considered by the City Council. Should enough increment be available, the $91,000 price reduction is also reimbursable to the EDA.

As part of the sale, CDI will be obligated to perform the expansion project within specified milestones or the property reverts back to the EDA.

Additionally, the negotiation of this deal requires the relocation of a storm water conveyance pipe, which would be undertaken by the EDA and reimbursed with TIF.

Financial Impact
The EDA will receive $518,000 for this sale, and potentially $91,000 additionally through TIF over the next nine years. The EDA's expected contribution to the storm pipe relocation is expected to be offset by TIF.

Mission/Policy/Goal
Support the growth and development of the community.

Attachments
1. RES 26-05 Crystal Distribution - EDA
2. CDI - TIF 30 Agreement

3. CDI - Purchase Agreement

City of Elk River
Economic Development Authority

Resolution 26-05

A Resolution of the City Council of the City of Elk River approving a purchase agreement and TIF assistance agreement with O'Brien Holdings, LLC including the conveyance of land and business subsidy agreement therein

BE IT RESOLVED BY the Board of Commissioners (the "Board") of The Economic Development Authority for the City of Elk River, Minnesota (the "Authority") as follows:

Section 1. Recitals.

1.01. Authorization. The City of Elk River, Minnesota (the "City") has approved the establishment of its Tax Increment Financing District No. 30 (an economic development district) (the "TIF District"), within the Municipal Development District No. 1 ("Development Project") and has adopted a tax increment financing plan therefor for the purpose of financing certain public improvements within the Development Project.

1.02. To facilitate development of certain property in the TIF District, the Authority proposes to enter into a Purchase Agreement (the "Purchase Agreement") with O'Brien Holdings, LLC, a Minnesota limited liability company, or an affiliate thereof or entity related thereto (the "Developer"), under which the Authority will convey to the Developer certain property described in Exhibit A attached hereto (the "Development Property") in order for the Developer to construct an approximately 40,000 square foot expansion of the Developer's manufacturing facility to be owned by Developer and operated by Crystal Distribution, Inc. (the "Development"). In addition, the Developer, the Authority and the City will enter into a TIF Assistance Agreement (the "TIF Assistance Agreement") providing certain tax increment financing assistance to the Development.

1.03. The Authority proposes to sell the Development Property to the Developer at the price of $609,000. The purchase price for the Development Property will be paid from cash in the amount of $518,000, a land write down from the Authority in the amount of $91,000 (the "Land Write Down") which will be repaid from available tax increment generated by property within the TIF District in accordance with the TIF Assistance Agreement. In addition, the City proposes to reimburse the Developer for certain public development costs in the amount not to exceed $400,000 through the issuance of a pay as you go tax increment financing note (the "TIF Note"), subject to the terms and conditions set forth in the TIF Assistance Agreement.

1.04. The Land Write Down constitutes a "business subsidy" within the meaning of Minnesota Statutes, Section 116J.993 to 116J.995, as amended (the "Business Subsidy Act"), and the TIF Assistance Agreement includes a "business subsidy agreement" as required under the Business Subsidy Act.

1.05. On the date hereof, the Authority conducted a duly noticed public hearing regarding the conveyance of the Development Property to the Developer pursuant to the Purchase Agreement, at which all interested parties were given an opportunity to be heard, and the Authority hereby finds that the execution of the Purchase Agreement and TIF Assistance Agreement and performance of the Authority's obligations thereunder, including the conveyance of the Development Property to the Developer and the business subsidy agreement, are in the best interest of the City and its residents.

Section 2. Agreement Containing Land Sale and Business Subsidy Approved.

2.01 The Board approves the Purchase Agreement and TIF Assistance Agreement in substantially the form presented to the Board, together with any related documents necessary in connection therewith, including without limitation the business subsidy agreement provided therein, all documents, exhibits, certifications, or consents referenced in or attached to the Purchase Agreement and TIF Assistance Agreement including the assessment agreement, any documents required by the title company relating to the conveyance of property and the deed conveying the Development Property (the "Development Documents"). The Board hereby approves the conveyance of the Development Property to the Developer in accordance with the terms of the Purchase Agreement.

2.02. The Board hereby authorizes the President and Executive Director, in their discretion and at such time, if any, as they may deem appropriate, to execute the Development Documents on behalf of the Authority, and to carry out, on behalf of the Authority, the Authority's obligations thereunder when all conditions precedent thereto have been satisfied, provided that the closing statement and other documents required by the title company may be executed by the Executive Director. The Development Documents shall be in substantially the form on file with the Authority and the approval hereby given to the Development 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 officers authorized herein to execute said documents prior to their execution; and said officers are hereby authorized to approve said changes on behalf of the Authority. The execution of any instrument by the appropriate officers of the Authority herein authorized shall be conclusive evidence of the approval of such document in accordance with the terms hereof. This resolution shall not constitute an offer and the Development Documents shall not be effective until the date of execution thereof as provided herein.

2.03. In the event of absence or disability of the 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 City Attorney, may act on their behalf. Upon execution and delivery of the Development Documents, the officers and employees of the Board are hereby authorized and directed to take or cause to be taken such actions as may be necessary on behalf of the Board to implement the Development Documents, including without limitation the issuance of tax increment revenue obligations thereunder when all conditions precedent thereto have been satisfied and reserving funds for the payment thereof in the applicable tax increment accounts and the crediting of tax increments to the payment of the Purchase Price Note when all conditions precedent thereto have been satisfied.

Section 3. Effective Date. This resolution shall be effective upon approval.

Approved by the Board of Commissioners of the Economic Development Authority for the City of Elk River, Minnesota on May 4, 2026.

____
Matt Westgaard, President

ATTEST:

____
Brent O’Neil, Executive Director

TIF ASSISTANCE AGREEMENT

By and Between

CITY OF ELK RIVER, MINNESOTA,

THE ECONOMIC DEVELOPMENT AUTHORITY FOR THE CITY OF ELK RIVER,

and

O'BRIEN HOLDINGS, LLC

Dated as of: _________ __, 2026

This document was drafted by:
Kutak Rock LLP (GAF)
60 South Sixth Street, Suite 3400
Minneapolis, MN 55402
Telephone: (612) 334-5000

4922-1031-7209.4

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TIF ASSISTANCE AGREEMENT

THIS TIF ASSISTANCE AGREEMENT, made as of the __ day of ________, 2026, by and between the CITY OF ELK RIVER, MINNESOTA a municipal corporation and political subdivision under the laws of the State of Minnesota (the "City"), THE ECONOMIC DEVELOPMENT AUTHORITY FOR THE CITY OF ELK RIVER, a public body corporate and politic and political subdivision organized and existing under the laws of the State of Minnesota (the "Authority") and O'BRIEN HOLDINGS, LLC, a Minnesota limited liability company (the "Developer").

WITNESSETH:

WHEREAS, the City has undertaken a program to, among, other purposes, encourage new development in areas of a city that are already built up in order to provide employment opportunities, improve the tax base, to improve the general economy of the state, provide impetus for commercial development and increase employment, and in connection therewith, has established Municipal Development District No. 1 (the "Development Project") pursuant to Minnesota Statutes, Sections 469.124 through 469.133, as amended (the "City Development District Act"), and adopted a development plan for the Development Project; and

WHEREAS, the Authority was created pursuant to Minnesota Statutes, Sections 469.090 to 469.1081 (the "Act") and has undertaken a program to promote economic development and to promote the development of land which is underutilized within the City, and in connection therewith, created a development project known as the EDA Development District (the "EDA Development District'); and

WHEREAS, the Authority has acquired certain property described in Exhibit A (the "Authority Property") within the Development Project, and intends to convey the Authority Property to the Developer for development of certain improvements described herein; and

WHEREAS, City has approved a Tax Increment Financing Plan and a Modification to the Tax Increment Financing Plan (collectively, the "TIF Plan") for Tax Increment Financing District No. 30 (an economic development district) (the "TIF District"), within the Development Project, pursuant to Minnesota Statutes, Sections 469.174 to 469.1794, as amended (the "TIF Act"); and

WHEREAS, the Authority intends to convey the Authority Property to the Developer for the purposes of constructing an approximately 40,000 square foot expansion to the Developer's manufacturing building on the Authority Property (the "Minimum Improvements") to be owned by the Developer and operated by the Tenant (as defined herein) in accordance with the terms hereof; and

WHEREAS, the Developer has also requested financial assistance in the form of the Land Write Down (as defined herein) from the Authority to finance the acquisition of the Authority Property from the Authority as more particularly set forth in this Agreement; and

WHEREAS, the City and the Authority believe that the development of the Development Property pursuant to this Agreement and the fulfillment generally of this Agreement are in the vital and best interests of the City and the Authority, and the health, safety, morals, and welfare of the residents of the City, and in accord with the public purposes and provisions of the applicable State and local laws and requirements under which the Development Project has been undertaken and is being assisted; and

WHEREAS, the Purchase Price Note (as hereinafter defined) and the TIF Note (as hereinafter defined) constitute a business subsidy within the meaning of Minnesota Statutes, Sections 116J.993 through 116J.995, as amended (the "Business Subsidy Act"), and the City has adopted criteria for awarding business subsidies that comply with the Business Subsidy Act, after a public hearing for which notice was published in compliance with the Business Subsidy Act; and

WHEREAS, on April 20, 2026, the City Council of the City held a duly noticed public hearing on the business subsidy provided as represented by the TIF Note and the Board of Commissioners of the Authority held a duly noticed public hearing on the business subsidy represented by the Land Write Down, and this Agreement constitutes a subsidy agreement under the Business Subsidy Act;

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 others as follows:

ARTICLE I

Definitions

Section 1.1. Definitions. In this Agreement, unless a different meaning clearly appears from the context:

"Affiliate" means with respect to any entity (a) any corporation, partnership, limited liability company or other business entity or person controlling, controlled by, or under common control with the entity, and (b) any successor to such party by merger, acquisition, reorganization, or similar transaction involving all or substantially all of the assets of such party (or such Affiliate). For the purpose hereof the words "controlling", "controlled by," and "under common control with" shall mean, with respect to any corporation, partnership, limited liability company, or other business entity, the ownership of fifty percent or more of the voting interests in such entity or possession, directly or indirectly, of the power to direct or cause the direction of management policies of such entity, whether through ownership of voting securities or by contract or otherwise.

"Agreement" means this TIF Assistance Agreement, as the same may be from time to time modified, amended, or supplemented.

"Assessment Agreement" means the agreement, in substantially the form of the agreement contained in Exhibit E attached hereto and made a part of this Agreement, between the Developer and the City and including the attached certification by the assessor for the County, entered into pursuant to Article VI of this Agreement.

"Authority" means The Economic Development Authority for the City of Elk River, a public body corporate and politic and political subdivision organized and existing under the laws of the State of Minnesota.

"Authority Property" has the meaning described in Exhibit A attached hereto.

"Board" means the Board of Commissioners of the Authority.

"Business Subsidy Act" means Minnesota Statutes, Sections 116J.993 to 116J.995, as amended.

"Certificate of Completion" means the certification in the form set forth in Exhibit C and provided to the Developer pursuant to Section 4.4 of this Agreement.

"City" means the City of Elk River, Minnesota.

"City Pledged Tax Increment" means on each Payment Date, 25% of the Tax Increment attributable to the Development Property and paid to the City by Sherburne County in the six months preceding the Payment Date which shall be used to pay the Purchase Price Note, the Interfund Loan and the administrative costs of the TIF District paid by the Authority and the City.

"City Representative" means the City Administrator of the City, or any person designated by the City Administrator to act as the City Representative for the purposes of this Agreement.

"Closing Date" or "Closing" means the date that the Authority will convey title to the Authority Property to the Developer in accordance with the Purchase Agreement.

"Construction Documents" shall mean the following documents, all of which shall be in form and substance acceptable to City, such acceptance not to be unreasonably withheld, delayed or conditioned: (a) evidence satisfactory to City showing that the Minimum Improvements conform to applicable zoning, subdivision and building code laws and ordinances; (b) a copy of the executed agreement, if any, between Developer and an architect for architectural services for the Minimum Improvements, if any, and (c) a copy of the executed general contractor's contract, if any, for construction of the Minimum Improvements.

"Construction Plans" means the plans, specifications, drawings and related documents on the construction work to be performed by or on behalf of the Developer on the Development Property which a) shall be as detailed as the plans, specifications, drawings, and related documents which are submitted to the appropriate building officials of the City, and (b) shall include at least the following for each building: (1) site plan; (2) foundation plan; (3) basement plans; (4) floor plan for each floor; (5) cross sections of each (length and width); (6) elevations (all sides); (7) landscape plan; and (8) such other plans or supplements to the foregoing plans as the City may reasonably request to allow it to ascertain the nature and quality of the proposed construction work.

"County" means the County of Sherburne, Minnesota.

"Deed" means the Quit Claim Deed in the form attached to the Purchase Agreement, to be executed by the Authority conveying the Authority Property to the Developer.

"Developer" means O'Brien Holdings, LLC, a Minnesota limited liability company, or its permitted successors and assigns.

"Development Plan" means the City's Development Plan for the Development Project, as amended through the date of this Agreement.

"Development Project" means Municipal Development District No.1, previously established by the City.

"Development Property" means the real property described in Exhibit A of this Agreement.

"Event of Default" means an action by the Developer listed in Section 9.1 of this Agreement.

"Final Payment Date" means the earliest of (a) the date on which the entire principal on the TIF Note, the Interfund Loan, and the Purchase Price Note have been paid in full; (b) February 1, 2037; or (c) the Payment Date following the final collection of Tax Increments prior to the decertification of the TIF District in accordance with applicable law;

"Interfund Loan" means an interfund loan from the Authority or the City for the utility relocation costs described in Section 3.8 hereof and the administrative costs of the TIF District to be repaid from City Pledged Tax Increments, all as set forth in a resolution to be adopted by the City or the Authority;

"Land Write Down" means the reduction of the purchase price from fair market value provided to the Developer by the Authority pursuant to the terms of Section 3.2 hereof;

"Minimum Improvements" means the construction by the Developer on the Development Property of an approximately 40,000 square foot expansion of the Developer's manufacturing facility to be owned by Developer and operated by the Tenant.

"Minimum Market Value" means the agreed minimum market value of the Development Property and the Minimum Improvements for calculation of real property taxes as determined by the assessor for the County as of January 1, 2027 and as further set forth in the Assessment Agreement.

"Mortgage" means any mortgage made by the Developer, which is secured, in whole or in part, by the Development Property and which is a permitted encumbrance pursuant to the provisions of Article VII of this Agreement.

"Payment Date" means August 1 of the year commencing on August 1, 2028 and each February 1 and August 1 thereafter to and including the Final Payment Date.

"Public Development Costs" means the costs of acquisition of the Authority Property, site preparation and infrastructure costs of the Minimum Improvements, including grading, site improvements, parking improvements, remediation of soils conditions, utilities, and related street, curb, sidewalk installation.

"Purchase Agreement" means the Purchase Agreement, dated _____, 2026, as may be amended from time to time between the Authority and the Developer, relating to the Authority Property.

"Purchase Price Note" has the meaning provided in Section 3.2 hereof.

"State" means the State of Minnesota.

"Tax Increment" means that portion of the real property taxes which is paid with respect to the Development Property and which is actually remitted to the City by Sherburne County as tax increment pursuant to the Tax Increment Act and able to be retained by the City in accordance with the Tax Increment Act. The term Tax Increment does not include any amounts retained by or payable to the State auditor under Section 469.177, subdivision 11 of the Tax Increment Act.

"Tax Increment Act" or "TIF Act" means the Tax Increment Financing Act, Minnesota Statutes, Sections 469.174 to 469.1794, as amended.

"Tax Increment District" or "TIF District" means the City's Tax Increment Financing District No. 30, which is qualified as an economic development district under the Tax Increment Act.

"Tax Increment Plan" or "TIF Plan" means the City's Tax Increment Financing Plan for the TIF District, as approved by the City on April 20, 2026, and as may be amended from time to time.

"Tax Official" means any County assessor; County auditor, the commissioner of revenue of the State, or any State or federal district court, the tax court of the State, or the State Supreme Court.

"Tenant" means Crystal Distribution Inc., a Minnesota corporation, and its authorized successors and assigns.

"Termination Date" means unless this Agreement is terminated earlier in accordance with its terms, the Final Payment Date.

"TIF Note" means the Taxable Tax Increment Revenue Note (Crystal Distribution Inc. Project), substantially in the form attached hereto as Exhibit D, to be delivered by the City to the Developer in accordance with Section 3.4 hereof.

"TIF Note Pledged Tax Increment," means, on each Payment Date, 75% of the Tax Increment attributable to the Development Property and paid to the City by Sherburne County in the six months preceding the Payment Date, but solely to the extent payable on such Payment Date pursuant to the TIF Note. TIF Note Pledged Tax Increment shall not include any Tax Increment if, as of any Payment Date, there is an uncured Event of Default under this Agreement.

"Transfer" has the meaning set forth in Section 8.2(a) hereof.

"Unavoidable Delays" means delays beyond the reasonable control of the party seeking to be excused as a result thereof which are the direct result of war, terrorism, strikes, other labor troubles, prolonged adverse weather or acts of God, fire or other casualty to the Minimum Improvements, a pandemic or epidemic, litigation commenced by third parties which, by injunction or other similar judicial action, directly results in delays, acts of any federal, state, or local governmental unit (other than the City in exercising its rights under this Agreement) which directly result in delays. Unavoidable Delays shall include delays in the Developer obtaining permits or governmental approvals necessary to enable the commencement, or completion of construction, of the Minimum Improvements by the dates such approvals and construction is required under Sections 4.2, 4.3 or 9.5 of this Agreement, and which are caused by the acts or omissions of the City or Authority provided that such delays are not due to the Developer's failure to provide the City or Authority with information required to process such permits or approvals.

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ARTICLE II

Representations and Warranties

Section 2.1. Representations and Warranties by the City. The City makes the following representations and warranties:

(a) The City is a municipal corporation and political subdivision duly organized and existing under the Constitution and the laws of the State and has the power to enter into this Agreement and carry out its obligations hereunder.

(b) The Tax Increment District is an "economic development district" within the meaning of Minnesota Statutes, Section 469.174, subdivision 12, and was created, adopted and approved in accordance with the terms of the Tax Increment Act.

(c) The activities of the City are undertaken to foster the development of certain real property which for a variety of reasons is presently underutilized, to create jobs in the City, County and State, create increased tax base in the City, help a current business expand and remain in the City, and to stimulate further development of the TIF District and Development Project as a whole.

(d) The City makes no representation or warranty, either express or implied, as to the Development Property or its condition, or that the Development Property shall be suitable for the Developer's purposes or needs.

(e) No member of the City Council of the City, or officer of the City, has either a direct or indirect financial interest in this Agreement.

Section 2.2. Representations and Warranties of the Authority. The Authority makes the following representations and warranties:

(a) The Authority is a public body corporate and politic and political subdivision organized and existing under the Constitution and laws of the State and has the power to enter into this Agreement and carry out its obligations hereunder.

(b) Except as provided otherwise in the Purchase Agreement, the Authority makes no representation or warranty, either express or implied, as to the Development Property or its condition, or that the Development Property shall be suitable for the Developer's purposes or needs.

(c) No member of the City Council, no other officer of the City, no member of the Board or other officer of the Authority has either a direct or indirect financial interest in this Agreement, nor will any member of the City Council, any other officer of the City, any member of the Board or any other officer of the Authority benefit financially from this Agreement within the meaning of Minnesota Statutes, Sections 412.311 and 471.87.

Section 2.3. Representations and Warranties by the Developer. The Developer represents and warrants that:

(a) The Developer is a limited liability company duly organized and in good standing under the laws of the State of Minnesota, is not in violation of any provisions of its organizational documents or the laws of the State, is duly authorized to transact business within the State, has power to enter into this

Agreement and has duly authorized the execution, delivery, and performance of this Agreement by proper action of its governing members.

(b) If the Developer acquires the Authority Property in accordance with this Agreement, the Developer will construct, operate, and maintain the Minimum Improvements in accordance with the terms of this Agreement, the Development Project and all applicable local, state, and federal laws and regulations (including, but not limited to, environmental, zoning, building code, labor, and public health laws and regulations).

(c) The Developer has received no actual notice or communication from any local, state, or federal official that the activities of the Developer or the City in the Development Project may be or will be in violation of any environmental law or regulation (other than those notices or communications of which the City is aware). The Developer is not actually aware of any facts the existence of which would cause it to be in violation of or give any person a valid claim under any local, state, or federal environmental law, regulation, or review procedure regarding the Development Project.

(d) The Developer will make reasonable efforts to obtain, or cause the Tenant to obtain, in a timely manner, all required permits, licenses, and approvals for the Minimum Improvements, and will make reasonable efforts to meet, in a timely manner, all requirements of all applicable local, state, and federal laws and regulations which must be obtained or met before the Minimum Improvements may be lawfully constructed.

(e) Neither the execution and delivery of this Agreement, the consummation of the transactions contemplated hereby, nor the fulfillment of or compliance with the terms and conditions of this Agreement is prevented, limited by, or conflicts with or results in a breach of, the terms, conditions or provisions of any corporate restriction or any evidences of indebtedness, agreement or instrument of whatever nature to which the Developer is now a party or by which it is bound, or constitutes a default under any of the foregoing.

(f) Whenever any Event of Default occurs and is continuing and if the City shall employ attorneys or incur other expenses for the collection of payments due or to become due or for the enforcement of performance or observance of any obligation or agreement on the part of the Developer under this Agreement, and the City prevails in such action, the Developer agrees that it shall, within thirty (30) days of written demand by the City, pay to the City the reasonable fees of such attorneys and such other expenses so incurred by the City.

(g) The proposed development by the Developer hereunder would not occur but for the tax increment financing assistance being provided by the City and the Authority hereunder. The Minimum Improvements would not be undertaken by the Developer, and in the opinion of the Developer would not be economically feasible within the reasonably foreseeable future, without the assistance and benefit to the Developer provided for in this Agreement.

(h) The Developer understands that the City and the Authority may subsidize or encourage the development of other developments in the City, including properties that compete with the Development Property and the Minimum Improvements, and that such subsidies may be more favorable than the terms of this Agreement, and that neither the City nor the Authority have represented that development of the Development Property will be favored over the development of other properties.

(i) The Developer is not currently in default under any business subsidy agreement with any grantor, as such terms are defined in the Business Subsidy Act.

(j) To the actual knowledge of the Developer, no member of the City Council, no other officer of the City, no member of the Board or other officer of the Authority has either a direct or indirect financial interest in this Agreement, nor will any member of the City Council, any other officer of the City, any member of the Board or any other officer of the Authority benefit financially from this Agreement within the meaning of Minnesota Statutes, Sections 412.311 and 471.87.

(k) The Developer did not obtain a building permit for any portion of the Minimum Improvements or for any other improvements on the Authority Property not included in the calculation of the original tax capacity before the date of original approval of the TIF Plan by the City.

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

ARTICLE III

Acquisition and Conveyance of Property; TIF Assistance

Section 3.1. Conveyance of the Authority Property. As of the date of this Agreement, the Authority owns the Authority Property described in Exhibit A. On and as of the Closing Date, (a) the Authority will convey title to and possession of the Authority Property to the Developer, subject to all the terms and conditions of this Agreement and the Purchase Agreement and (b) the Authority and the Developer will have jointly executed, and caused to be filed, a plat whereby the Development Property will be known as **[Lot 2, Block 1, Northstar Business Park Second Addition]** as shown on the plat.

Section 3.2. Purchase Price Note; Land Write Down. The purchase price to be paid to the Authority by the Developer in exchange for the conveyance of the Authority Property is $609,000 (the "Purchase Price"). The Purchase Price shall be paid in cash from the Developer in the amount of $518,000 and a purchase price note from the Developer in the amount of $91,000 evidencing repayment of a loan for a portion of the Purchase Price for the Authority Property (the "Purchase Price Note") in substantially the form attached hereto as Exhibit D. On the Closing Date, the delivery of the Purchase Price Note in lieu of a cash payment for the Authority Property represents a land write down of $91,000 to the Developer (the "Land Write Down").

The Purchase Price Note shall not accrue interest. The Purchase Price Note shall be payable solely from the City Pledged Tax Increments. On each Payment Date, the City will credit the City Pledged Tax Increment against the principal amount of the Purchase Price Note after payment of the Interfund Loan. On the Final Payment Date, the outstanding balance of the Purchase Price Note not paid from City Pledged Tax Increment shall be forgiven by the Authority. The City and the Authority retain the right to use any other legally available City or Authority funds to prepay the principal of the Purchase Price Note on any date.

Subject to Unavoidable Delays, in the event that the Certificate of Completion is not issued pursuant to Section 4.4 hereof by July 31, 2027, as a direct result of Developer's material default of its obligations hereunder, the Developer shall pay to the Authority the full amount of the Purchase Price Note within 30 days of written request of the Authority.

Section 3.3 Compliance with Environmental Requirements.

(a) The City and the Authority make no representations concerning nor shall have any responsibility or obligation to undertake any cleanup or remediation on the Authority Property. The Developer agrees to remediate any environmental contamination or pollution on the Authority Property that may be required by law.

(b) The City and the Authority make no warranties or representations regarding, nor do they indemnify the Developer with respect to, the existence or nonexistence on or in the vicinity of the Authority Property or anywhere within the TIF District of any toxic or hazardous substances or wastes, pollutants or contaminants (including, without limitation, asbestos, urea formaldehyde, the group of organic compounds known as polychlorinated biphenyls, petroleum products including gasoline, fuel oil, crude oil and various constituents of such products, or any hazardous substance as defined in the Comprehensive Environmental Response, Compensation and Liability Act of 1980 ("CERCLA"), 42 U.S.C. §§ 961-9657, as amended) (collectively, the "Hazardous Substances") and Developer waives any claims against the City and the Authority for indemnification, contribution, reimbursement or other payments arising under federal and state law and the common law or relating to the environmental condition of the land comprising the Authority Property.

Section 3.4. Reimbursement of Public Development Costs; Issuance of TIF Note. The City has determined that, in addition to providing the Land Write Down described in Section 3.2, in order to make development of the Minimum Improvements financially feasible, it is necessary to reimburse Developer for a portion of its Public Development Costs through the issuance of the TIF Note, subject to the terms of this Section. The total principal amount of Public Development Costs subject to reimbursement will not exceed $400,000. Public Development Costs in excess of the specified total are the responsibility of the Developer.

(a) *Conditions for Delivery of TIF Note.* To reimburse a portion of the Public Development Costs incurred by Developer, the City shall issue the TIF Note, in a principal amount equal to the lesser of (i) $400,000; or (ii) the amount of Public Development Costs actually incurred and shall be dated as of its date of issuance subject to reduction in accordance with 3.3 hereof. The principal of the TIF Note shall be payable on a pay-as-you-go basis solely from the TIF Note Pledged Tax Increment as provided below. The City shall issue and deliver the TIF Note upon the occurrence of the following:

(i) The Developer having delivered to the City evidence of Public Development Costs paid or incurred in at least the principal amount of the Note as well as one or more certificates signed by the Developer's duly authorized representative, containing the following: (A) a statement that each cost identified in the certificate is a Public Development Cost as defined in this Agreement and that no part of such cost has been included in any previous certification; (B) reasonable evidence that each identified Public Development Cost has been paid or incurred by or on behalf of the Developer; and (C) a statement that, to the Developer's knowledge, no uncured Event of Default by the Developer has occurred and is continuing under this Agreement; the City may, if not satisfied that the conditions described herein have been met, return any certificate with a statement of the reasons why it is not acceptable and requesting such further documentation or clarification as the City may reasonably require;

(ii) Developer having received from the City a certificate of occupancy for the Minimum Improvements.

(iii) Developer has provided evidence that the Assessment Agreement has been recorded against the Development Property.

(b) *Terms of TIF Note.* The terms of the TIF Note will be substantially in the form shown in Exhibit D, which is incorporated herein by reference. The TIF Note shall not bear interest.

(c) *Termination of Right to TIF Note.* Notwithstanding anything to the contrary in this Agreement, if the conditions for delivery of the TIF Note are not met by the date five (5) years after certification of the TIF District, the City's obligation to deliver the TIF Note shall terminate; provided that the remainder of this Agreement shall remain in full force and effect.

(d) *Qualifications.* The Developer understands and acknowledges that the City makes no representations or warranties regarding the amount of TIF Note Pledged Tax Increment, or that revenues pledged to the TIF Note will be sufficient to pay the principal amount of the TIF Note. The Developer further acknowledges that estimates of Tax Increment prepared by the City or its municipal advisors in connection with the TIF District or this Agreement are for the benefit of the City, and are not intended as representations on which the Developer may rely. If the Public Development Costs exceed the maximum aggregate principal amount of the TIF Note, such excess is the sole responsibility of Developer. The TIF Note shall be a special and limited obligation of the City and not a general obligation of the City, and only TIF Note Pledged Tax Increments shall be used to pay the principal of the TIF Note. The Developer further acknowledges that if development of the Minimum Improvements is delayed or not completed, the effect of such delay or failure to complete may be to reduce the amount of the Tax Increment available to pay the TIF Note. The Developer acknowledges the risk factors listed in Exhibit 1 to the TIF Note. After the payment in full of the TIF Note, the City may apply Tax Increments to the payment of the Purchase Price Note and the Interfund Loan.

(e) *Termination of Payments.* The City's obligation to make payments on the TIF Note on any Payment Date or any date thereafter shall be conditioned upon the requirement that (i) there shall not at that time be an Event of Default that has occurred and is continuing under this Agreement that has not been cured during the applicable cure period, (ii) this Agreement shall not have been terminated pursuant to Section 9.2, and (iii) a certificate of occupancy has been issued for the Minimum Improvements.

Section 3.5. Restrictions on Use in Economic Development TIF District.

(a) The TIF District is an economic development tax increment financing district within the meaning of the TIF Act and is subject, among other things, to the limitations of the types of uses permitted within the TIF District specified in section 469.176, subd. 4c of the TIF Act. Prior to the Termination Date, no more than 15 percent of the square footage of the Minimum Improvements may be used for a purpose other than:

(i) The manufacturing or production of tangible personal property, including processing resulting in the change in condition of the property;

(ii) Warehousing, storage, and distribution of tangible personal property, excluding retail sales;

(iii) Research and development related to the activities listed in clause (1) or (2); or

(iv) Space necessary for and related to the activities listed in clauses (1) to (3).

The Developer understands and acknowledges that a violation of the above limitations on use may cause the termination of the TIF District and constitutes an Event of Default under this Agreement and the termination of the TIF Note. The Developer agrees to notify the City immediately if at any time prior to the Termination Date more than 15 percent of the Minimum Improvements are occupied by any use other than one or more of the above uses. The Developer agrees to indemnify, defend and hold harmless the City and the Authority for any damages or costs resulting from a failure to limit the Minimum Improvements to the uses allowed in an economic development tax increment financing district including but not limited to repaying the outstanding principal amount of the Land Write Down. In addition to the repayment of the outstanding principal amount of the Land Write Down, damages or costs will include a reimbursement of any tax increment the City may be required or agrees to repay as a result of any action taken under Section 469.1771 of the TIF Act for violation of said act relating to disqualification of the TIF District or any other costs associated with any compliance audit.

If the City is required to reimburse tax increment to the County or any other governmental entity pursuant to Minnesota Statutes, Section 469.1771 or any other provision of the TIF Act for any reason related to action or inaction by the Developer, the Developer agrees to reimburse a similar amount to the City within 30 days' written notice by the City to the Developer. The City may add interest on the unpaid balance at the rate authorized by Minnesota Statutes, section 549.09 beginning on the 31st day after notice to the Developer. Failure by the Developer to reimburse the City pursuant to this Section shall constitute a lien on the Development Property.

(b) The limitation on the allowable uses in the TIF District specified in subsection (a)(1) above is based solely on compliance with the requirements of the TIF Act for an economic development district. In addition, the City's zoning ordinance and other land use regulations restrict the uses permissible in the TIF District and include other limitations on development. The Developer acknowledges and agrees to comply with all such regulations.

(c) The City and the Authority shall have the right to make a physical inspection of the Minimum Improvements in order to ensure compliance with the terms of this Agreement and the requirements of the TIF Act with regard to economic development districts. Such inspection shall be limited to regular business hours and upon at least 24 hours' notice by the City or Authority to the Developer. Absent probable cause regarding a violation of the TIF Act regarding allowable uses for economic development districts, such inspections shall not occur more than once within any 12-month period.

Section 3.6. Business Subsidy Agreement.

(a) *Public Purpose*. In order to satisfy the provisions of the Business Subsidy Act, the Developer and the Tenant acknowledge and agree that the amount of the "Business Subsidy" granted to the Developer under this Agreement is the Land Write Down, the Interfund Loan, and the TIF Note and that the Minimum Improvements is not feasible for the Developer and the Tenant to undertake without the Business Subsidy. The public purpose of the Business Subsidy is to develop manufacturing facilities in the City, help develop underutilized land in the City, increase the tax base in the City and the State, help an existing business remain and expand in the City and the State and stimulate the creation of jobs, including construction jobs.

(b) *Operation of Site.* The Tenant shall continue its operations at the Development Property (the "Qualified Facility") for at least 5 years after the Benefit Date (defined hereinafter). The Minimum Improvements will be a Qualified Facility as long as the Development Property is operated by the Tenant. The parties agree that the "Benefit Date" is the date that the City delivers the Certificate of Completion.

(c) *Job and Wage Goals*. By or before the "Compliance Date", defined as the date two years after the Benefit Date, the Tenant shall cause at least 20 full-time equivalent jobs to be located at the Development Property with an hourly wage of at least $[26.19] plus [$3.93] in benefits per hour. Notwithstanding anything to the contrary herein, if the wage and job goals described in this paragraph are met by the Compliance Date, those goals are deemed satisfied despite the Developer's continuing obligations under Sections 3.6(b). The City may, after a public hearing, extend the Compliance Date by up to one year, provided that nothing in this section will be construed to limit the City's legislative discretion regarding this matter.

(d) *Remedie*s. If the Tenant fails to meet the goals described in Section 3.6(b) and 3.6(c), the Developer shall repay to the City upon written demand from the City a "pro rata share" of the principal amount of the Land Write Down and the TIF Note with interest thereon at the implicit price deflator rate as provided in Section 116J.994, subd. 6 of the Business Subsidy Act, accrued from the Benefit Date to the date of payment. The term "pro rata share" means percentages calculated as follows:

(i) if the failure relates to the number of jobs, the jobs required less the jobs created, divided by the jobs required;

(ii) if the failure relates to wages, the number of jobs required less the number of jobs that meet the required wages, divided by the number of jobs required;

(iii) if the failure relates to maintenance of the Development Property as a Qualified Facility in accordance with Section 3.6(b) 60 less the number of months of operation as a Qualified Facility (where any month in which the Qualified Facility is in operation for at least 15 days constitutes a month of operation), commencing on the Benefit Date and ending with the date the Qualified Facility ceases operation as reasonably determined by the City, divided by 60; and

(iv) if more than one of clauses (i) through (iii) apply, the sum of the applicable percentages, not to exceed 100%.

Nothing in this Section shall be construed to limit the City's remedies under Article VI hereof. In addition to the remedy described in this Section and any other remedy available to the City for failure to meet the goals stated in Section 3.6, the Tenant and the Developer agree and understand that they may not receive a business subsidy from the City or any grantor (as defined in the Business Subsidy Act) for a period of 5 years from the date of the failure or until the Developer satisfies its repayment obligation.

(e) *Reports*. The Developer must submit to the City a written report regarding business subsidy goals and results by no later than February 1 of each year, commencing February 1, 2027 and continuing until the later of (i) the date the goals stated in Sections 3.6(b) and (c) are met; (ii) 30 days after expiration of the period described in Section 3.6(b); or (iii) if the goals are not met, the date the subsidy is repaid in accordance with Section 3.6(d). The report must comply with Section 116J.994, subdivision 7 of the Business Subsidy Act. The City will provide information to the Developer regarding the required forms. If the Developer fails to timely file any report required under this Section, the City will mail the Developer a warning within one week after the required filing date. If, after 14 days of the postmarked date of the warning, the Developer fails to provide a report, the Developer must pay to the City a penalty of $100 for each subsequent day until the report is filed. The maximum aggregate penalty payable under this Section is $1,000.

(f) *Parent Corporation*. The Tenant does not have a parent corporation. The Developer has a parent entity which is O'Brien Family Holdings, LLC, a Minnesota limited liability company.

(g) *Other Assistance*. In addition to the Purchase Price Note, the Interfund Loan, and the TIF Note being provided by the City and the Authority pursuant to this Agreement, the Developer will also receive a Job Creation Fund loan in the amount of $175,000 from the Minnesota Department of Employment and Economic Development.

Section 3.7. Payment of Administrative Costs. In accordance with the City's Tax Increment Financing Policy, the Developer will pay all reasonable Administrative Costs (as defined below) of the City and the Authority and must pay such costs to the City and the Authority within 30 days after receipt of a written invoice from the City describing the amount and nature of the costs to be reimbursed. For the purposes of this Agreement, the term "Administrative Costs" means out of pocket costs incurred by the City and the Authority, including without limitation legal, municipal advisor, and other consultant costs of the City, all attributable to or incurred in connection with the establishment of the TIF District and adoption of TIF Plan and the review, negotiation and preparation of this Agreement and the Purchase Agreement (together with any other agreements entered into between the parties hereto contemporaneously therewith) and the review and approvals of other documents and agreements in connection with the Minimum Improvements or in connection with any amendments to any of the foregoing. In addition, certain engineering, environmental advisor, legal, land use, zoning, subdivision and other costs related to the development of the Development Property are required to be paid as provided in accordance with the City's planning, zoning, and building fee schedules. The parties acknowledge that the Developer deposited $10,000 with the City toward payment of the Administrative Costs. If such costs exceed such amount, then at any time, but not more often than monthly, the City will deliver written notice to the Developer setting forth any additional fees and expenses, together with suitable billings, receipts or other evidence of the amount and nature of the fees and expenses, and the Developer agrees to pay all fees and expenses within 30 days of the City's written request. Notwithstanding the foregoing, the Authority shall pay its own fees and costs following execution of the Purchase Agreement in connection with the real estate closing.

Section 3.8. Utility Relocation. The Authority and the City shall perform, or cause to be performed, and shall pay for at their sole cost, the planning, design and construction work to relocate the public stormwater utilities on the Development Property. Such costs shall be paid from the proceeds of an Interfund Loan that will be repaid from City Pledged Tax Increment.

Section 3.9. Re-platting for the Development Property. The Authority and the Developer shall join in a plat of property to replat Lots 1 and 2, Block 1 Northstar Business Park, Sherburne County, Minnesota into Lots 1 and 2, Block 1, Northstar Business Park Second Addition (the "New Plat"). The Developer shall pay the costs of the New Plat.

ARTICLE IV

Construction of Minimum Improvements

Section 4.1. Construction of Minimum Improvements. The Developer agrees that it will construct the Minimum Improvements on the Development Property, in accordance with the approved Construction Plans, and will operate and maintain, preserve and keep the Minimum Improvements or cause the Minimum Improvements to be maintained, preserved and kept with the appurtenances and every part and parcel thereof, in good repair and condition.

Section 4.2 Construction Plans.

(a) Before commencement of construction of the Minimum Improvements, the Developer shall submit the Construction Plans to the City, which shall be subject to approval by the City as provided in this Section 4.2. The Construction Plans shall provide for the Minimum Improvements to be constructed on the Development Property, and shall be in conformity with this Agreement, and all applicable federal, state and local laws and regulations. The City shall approve the Construction Plans in writing if: (a) the Construction Plans conform to the terms and conditions of this Agreement; (b) the Construction Plans conform to all applicable federal, state and local laws, ordinances, rules and regulations; (c) the Construction Plans are adequate for purposes of this Agreement to provide for the construction of the Minimum Improvements; and (d) no Event of Default under the terms of this Agreement has occurred and is continuing; provided, however, that any such approval of the Construction Plans pursuant to this Section 4.2 shall constitute approval for the purposes of this Agreement only and shall not be deemed to constitute approval or waiver by the City with respect to any building, zoning or other ordinances or regulation of the City, and shall not be deemed to be sufficient plans to serve as the basis for the issuance of a building permit if the Construction Plans are not as detailed or complete as the plans otherwise required for the issuance of a building permit.

(b) The Construction Plans must be rejected in writing by the City, accompanied by a written statement of the City specifying the respects in which the Construction Plans submitted by the Developer fail to conform to the requirements of this Section 4.2, within ten (10) business days after submission or shall be deemed to have been approved by the City. If the City rejects the Construction Plans in whole or in part, the Developer shall submit new or corrected Construction Plans within ten (10) business days after receipt by the Developer of the written notification of the rejection and written statement of the City's reasons for such rejection. The provisions of this Section 4.2 relating to approval, rejection and resubmission of corrected Construction Plans shall continue to apply until the Construction Plans have been approved by the City; provided, however, that in any event the Construction Plans, as modified, shall be approved prior to commencement of construction of the Minimum Improvements. Approval of the Construction Plans by the City shall not relieve the Developer of any obligation to comply with the terms and provisions of this Agreement, or the provision of applicable federal, state and local laws, ordinances and regulations, nor shall approval of the Construction Plans by the City be deemed to constitute a waiver of any Event of Default.

(c) If the Developer desires to make any material modification to the scope, size or use of the Minimum Improvements or to the site plan therefor after the Construction Plans have been approved by the

City, the Developer shall submit the proposed revised Construction Plans to the City for its approval. If such material change in the Construction Plans conforms to the approval criteria listed in this Section 4.2 with respect to the original Construction Plans, the revised Construction Plans shall be deemed approved by the City unless rejected in writing within ten (10) business days by the City with a written statement of the City's reasons for such rejection. If the Developer desires to make any change which does not materially modify the scope, size or use of the Minimum Improvements or the site plan therefor, the Construction Plans need not be resubmitted.

(d) Approval of Construction Plans hereunder is solely for purposes of this Agreement and shall not constitute approval for any other City purpose including provision of a building permit. The Developer hereby waives any and all claims and causes of action whatsoever resulting from the review of the Construction Plans by the City and/or any changes in the Construction Plans requested by the City. Neither the City nor any employee or official of the City shall be responsible in any manner whatsoever for any defect in the Construction Plans or in any work done pursuant to the Construction Plans, including changes requested by the City.

Section 4.3 Commencement and Completion of Construction.

(a) Subject to Unavoidable Delays, the Developer must commence construction of the Minimum Improvements not later than ninety (90) days after the Authority Property has been conveyed to the Developer. The construction of the Minimum Improvements shall be deemed to be commenced when physical improvements have been made to the Development Property, including grading, excavation, or other physical site preparation work (in accordance with a permit issued by the City). Prior to completion of the Minimum Improvements, upon the request of the City, and subject to applicable safety rules, the Developer will provide the City reasonable access to the Development Property. "Reasonable access" means at least one site inspection per week during regular business hours. During construction of the Minimum Improvements, the Developer will deliver progress reports to the City from time to time as reasonably requested by the City.

(b) Subject to Unavoidable Delays, the Developer must substantially complete construction of all Minimum Improvements by July 31, 2027. The construction of the Minimum Improvements will be considered substantially complete on the date when (i) the Developer has received a temporary or permanent certificate of occupancy issued by the City for the Minimum Improvements, as applicable, and (ii) the City has determined the Minimum Improvements have been constructed substantially in accordance with the approved Construction Plans as provided in Section 4.2. Completion shall be evidenced by a Certificate of Completion as described in Section 4.4.

(c) Developer agrees for itself, its successors and assigns, and every successor in interest to the Development Property, or any part thereof, that the Developer, and such successors and assigns, shall promptly begin and diligently prosecute to completion the development of the Development Property through the construction of the Minimum Improvements thereon, and that such construction shall in any event be commenced and completed within the period specified in this Section 4.3. Subsequent to conveyance of the Authority Property to the Developer, and until construction of the Minimum Improvements has been completed, the Developer shall make reports, in such detail and at such times as may reasonably be requested by the City, as to the actual progress of the Developer with respect to such construction.

(d) Subject to Unavoidable Delays, if the Developer does not substantially complete construction of the Minimum Improvements in accordance with the schedule set forth in Section 4.3 hereof, and does not substantially complete the construction within an additional ninety (90) days after receipt of written notice from the City, the Developer shall repay the principal amount of the Land Write Down in full. The Developer shall pay the Land Write Down within 30 days of written request from the City.

Section 4.4 Certificate of Completion. The Developer shall notify the City when construction of the Minimum Improvements has been substantially completed. The City shall conduct any inspections of the Minimum Improvements it determines necessary in order to determine whether the Minimum Improvements have been constructed in substantial conformity with the approved Construction Plans. If the City determines that the Minimum Improvements have not been constructed in substantial conformity with the approved Construction Plans, the City shall deliver a written statement to the Developer indicating in adequate detail the specific respects in which the Minimum Improvements have not been constructed in substantial conformity with the approved Construction Plans and the Developer shall have thirty (30) days to remedy such deficiencies. The City shall re-inspect the Minimum Improvements within twenty-five (25) days after receiving notice that such deficiencies have been remedied in order to determine whether the Minimum Improvements have been constructed in substantial conformity with the approved Construction Plans and this Agreement. Within twenty-five (25) days after determining that the Minimum Improvements has been constructed in substantial conformity with the approved Construction Plans, the City will furnish to the Developer a Certificate of Completion certifying the completion of the Minimum Improvements after determining that the following conditions precedent have been satisfied:

(a) There shall exist no uncured Event of Default by Developer hereunder;

(b) The City has issued a certificate of occupancy for the Minimum Improvements;

(c) The City shall have reasonably determined that the Minimum Improvements have been substantially completed and constructed in accordance with all local, state and federal laws and regulations (including without limitation environmental, zoning, building code, and public health laws and regulations), and any applicable permits and in substantial conformity with this Agreement and the final construction plans approved by the City in connection with issuing construction permits, each as applicable;

(d) The Developer shall certify to the City that all costs related to the Minimum Improvements and the development of the Development Property, including without limitation, payments to all contractors, subcontractors, and Minimum Improvements laborers, have been paid prior to the date of the request to the City.

The Certificate of Completion issued for the Minimum Improvements shall conclusively satisfy and terminate the agreements and covenants of the Developer in this Agreement solely with respect to construction of the Minimum Improvements. The issuance of a Certificate of Completion under this Agreement shall not be construed to relieve the Developer of any inspection or approval required by any City department in connection with the construction, completion or occupancy of the Minimum Improvements nor shall it relieve the Developer of any other obligations under this Agreement.

Section 4.5. Records and Reports.

(a) The City and the Authority, through any authorized representatives, shall have the right at all reasonable times after reasonable written notice to inspect, examine and copy all books and records of Developer relating to the Minimum Improvements that are reasonably relevant to the Developer's obligations under this Agreement. Such records shall be kept and maintained by Developer through the Termination Date.

(b) Upon request, the Developer also agrees to submit to the City written reports to allow the City to remain in compliance with reporting requirements under state statutes.

ARTICLE V

Insurance

Section 5.1. Insurance.

(a) The Developer will provide and maintain, or shall cause to be provided and maintained by the Tenant, at all times during the process of constructing the Minimum Improvements an All Risk Broad Form Basis Insurance Policy and, from time to time during that period, at the request of the City, furnish the City with proof of payment of premiums on policies covering the following:

(i) Builder's risk insurance, written on the so-called "Builder's Risk -- Completed Value Basis," in an amount equal to one hundred percent (100%) of the insurable value of the Minimum Improvements at the date of completion, and with coverage available in nonreporting form on the so-called "all risk" form of policy. The interest of the City shall be protected in accordance with a clause in form and content satisfactory to the City;

(ii) Commercial general liability insurance (including operations, contingent liability, operations of subcontractors, completed operations, and contractual liability insurance) insuring Developer with limits against bodily injury and property damage of not less than $1,000,000 for each occurrence (to accomplish the above-required limits, an umbrella excess liability policy may be used). The City shall be added as an additional insured on the policy; and

(iii) Workers' compensation insurance, with statutory coverage, provided that the Developer may be self-insured with respect to all or any part of its liability for workers' compensation.

(b) Upon completion of construction of the Minimum Improvements and prior to the Termination Date, the Developer shall maintain, or cause to be maintained, at its cost and expense, and from time to time at the request of the City shall furnish proof of the payment of premiums on, insurance as follows:

(i) Insurance against loss and/or damage to the Minimum Improvements under a policy or policies covering such risks as are ordinarily insured against by similar businesses.

(ii) Commercial general public liability insurance, including personal injury liability (with employee exclusion deleted), against liability for injuries to persons and/or property, in the minimum amount for each occurrence and for each year of $1,000,000, and shall be endorsed to show the City and the Authority as additional insureds.

(iii) Such other insurance, including workers' compensation insurance respecting all employees of the Developer, in such amount as is customarily carried by like organizations engaged in like activities of comparable size and liability exposure; provided that the Developer may be self-insured with respect to all or any part of its liability for workers' compensation.

(c) All insurance required in Article V of this Agreement shall be taken out and maintained in responsible insurance companies selected by the Developer that are authorized under the laws of the State to assume the risks covered thereby. Upon request, the Developer will deposit annually with the City a certificate or certificates of the respective insurers stating that such insurance is in force and effect. Unless otherwise provided in this Article V of this Agreement each policy shall contain a provision that the insurer shall not cancel nor modify it in such a way as to reduce the coverage provided below the amounts required herein without giving written notice to the Developer and the City at least thirty (30) days before the cancellation or modification becomes effective. In lieu of separate policies, the Developer may maintain a single policy, blanket or umbrella policies, or a combination thereof, having the coverage required herein, in which event the Developer shall deposit with the City a certificate or certificates of the respective insurers as to the amount of coverage in force upon the Minimum Improvements.

(d) The Developer agrees to notify the City immediately in the case of damage exceeding $250,000 in amount to, or destruction of, the Minimum Improvements or any portion thereof resulting from fire or other casualty. In such event the Developer will forthwith repair, reconstruct, and restore the Minimum Improvements to substantially the same or an improved condition or value as it existed prior to the event causing such damage and, to the extent necessary to accomplish such repair, reconstruction, and restoration, the Developer will apply the net proceeds of any insurance relating to such damage received by the Developer to the payment or reimbursement of the costs thereof.

The Developer shall complete the repair, reconstruction, and restoration of the Minimum Improvements, regardless of whether the net proceeds of insurance received by the Developer for such purposes are sufficient to pay for the same. Any net proceeds remaining after completion of such repairs, construction, and restoration shall be the property of the Developer.

(e) In lieu of the Developer's obligation to reconstruct the Minimum Improvements as set forth in this Section, the Developer shall have the option of terminating the TIF Note and paying to the City an amount that, in the opinion of the City and its fiscal consultant, is sufficient to pay in full the outstanding principal on the Land Write Down.

(f) The Developer and the City agree that all of the insurance provisions set forth in this Article V shall terminate upon the termination of this Agreement.

Section 5.2. <u>Subordination.</u> Notwithstanding anything to the contrary contained in this Article V, the rights of the City with respect to the receipt and application of any proceeds of insurance shall, in all respects, be subject and subordinate to the rights of any lender under a Mortgage approved pursuant to Article VII of this Agreement.

ARTICLE VI

Delinquent Taxes and Review of Taxes

Section 6.1. Right to Collect Delinquent Taxes. The Developer agrees for itself, its successors, and assigns, that in addition to the obligation pursuant to statute to pay real estate taxes, it is also obligated by reason of this Agreement to pay before delinquency all real estate taxes assessed against the Development Property and the Minimum Improvements. The Developer acknowledges that this obligation creates a contractual right on behalf of the City through the Termination Date to sue the Developer or its successors and assigns to collect delinquent real estate taxes and any penalty or interest thereon and to pay over the same as a tax payment to the county auditor. In any such suit in which the City or the Authority is the prevailing party, the City and the Authority, as applicable, shall also be entitled to recover its costs, expenses, and reasonable attorney fees.

Section 6.2. Review of Taxes.

(a) The Developer agrees that prior to the Termination Date, it will not cause a reduction in the real property taxes paid in respect of the Development Property through: (i) willful destruction of the Minimum Improvements or any part thereof; (ii) willful refusal to reconstruct damaged or destroyed property pursuant to Section 5.1 of this Agreement, except as otherwise provided in Section 5.1(e); or (c) engaging in any other proceedings, whether legal, administrative or equitable, with any administrative body in the County or State or court of the State or federal government to reduce the market value of the Development Property below the Minimum Market Value (defined below). The Developer also agrees that it will not, prior to the Termination Date, apply for a deferral of property tax on the Development Property pursuant to any law, or transfer or permit transfer of the Development Property to any entity whose ownership or operation of the property would result in the Development Property being exempt from real estate taxes under State law.

(b) Throughout the term of the Assessment Agreement, the Developer shall take no action, and suffer no circumstances to exist or action to be taken by others (to the extent the Developer may prevent the same), the effect of which would be to render the Development Property or any portion thereof to be no longer generally subject to real property taxation. The Developer agrees that prior to the termination of the Assessment Agreement:

> (i) It will not seek administrative review or judicial review of the applicability of any tax statute relating to the taxation of the Development Property determined by any tax official to be applicable or raise the inapplicability of any such tax statute as a defense in any proceedings, including delinquent tax proceedings;
>
> (ii) It will not seek administrative review or judicial review of the constitutionality of any tax statute relating to the taxation of the Development Property determined by any tax official or raise the unconstitutionality of any such tax statute as a defense in any proceedings, including delinquent tax proceedings; and
>
> (iii) It will not seek any tax deferral or abatement, either presently or prospectively authorized under any State or federal law, of the taxation of the Development Property.

(c) The Developer shall notify the City within 10 days of filing any petition to seek reduction in market value or property taxes on any portion of the Development Property under any State law (referred to as a “Tax Appeal”). If as of any Payment Date, any Tax Appeal is then pending, the City will continue to make payments on the TIF Note, but only to the extent that the TIF Note Pledged Tax Increments relate to the property taxes paid with respect to the Minimum Market Value under the Assessment Agreement, as determined by the City in its sole discretion, and the City will withhold payment of the TIF Note in the amount of the TIF Note Pledged Tax Increments related to property taxes market value of the in excess of the Minimum Market Value under the Assessment Agreement, as determined by the City in its sole discretion. The City will apply any withheld amount to the extent not reduced as a result of the Tax Appeal promptly after the Tax Appeal is fully resolved and the amount of TIF Note Pledged Tax Increments, as applicable, attributable to the disputed tax payments is finalized.

Section 6.3. Execution of Assessment Agreement.

(1) The Developer and the City shall execute the Assessment Agreement relating to the Minimum Improvements pursuant to the provisions of Minnesota Statutes, Section 469.177, Subdivision 8, specifying the Assessor's Minimum Market Value for calculation of real property taxes. Specifically, the Developer shall agree to a market value in the amount of $6,000,000 as of January 2, 2027. Nothing in the Assessment Agreement or this Agreement limits the discretion of the assessor for the County to assign a market value to the property in excess of such Assessor's Minimum Market Value nor prohibits the Developer from seeking, through the exercise of legal or administrative remedies, a reduction in such market value for property tax purposes, provided however, the Developer shall not seek a reduction of such market value below the Assessor's Minimum Market Value for any year so long as the Assessment Agreement remains in effect for that year.

(2) The Assessment Agreement shall remain in effect until the earlier of (i) January 31, 2035, (ii) the date on which the TIF District expires or is otherwise terminated, or (iii) the date the TIF Note, the Interfund Loan and the Purchase Price Note are fully paid, defeased or terminated in accordance with its terms. Pursuant to Minnesota Statutes, Section 469.177, Subdivision 8, the Assessment Agreement shall be filed for record in the office of the county recorder or registrar of titles of the County prior to any lien on the Development Property, including any mortgage, and such filing shall constitute notice to any subsequent encumbrancer or purchaser of the Development Property, whether voluntary or involuntary, and such Assessment Agreements shall be binding and enforceable in its entirety against any such subsequent purchaser or encumbrancer, including the holder of any mortgage.

(3) The Developer agrees to pay the cost of filing such Assessment Agreement with the Sherburne County Recorder.

(4) Developer agrees and acknowledges that the City is providing substantial aid and assistance in furtherance of the Minimum Improvements through reimbursement of Public Development Costs, the Interfund Loan, and the Purchase Price Note.

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ARTICLE VII

Financing

Section 7.1. Financing. (a) Before conveyance of the Authority Property, the Developer shall submit to the City evidence of one or more commitments for mortgage financing which, together with committed equity for such construction, is sufficient for the construction of the Minimum Improvements. Such commitments may be submitted as short term financing, long term mortgage financing, a bridge loan with a long-term take-out financing commitment, or any combination of the foregoing.

(b) If the City finds that the mortgage financing is sufficiently committed and adequate in amount to provide for the construction of the Minimum Improvements, then the City shall notify the Developer in writing of its approval. Such approval shall not be unreasonably withheld and either approval or rejection shall be given within thirty (30) days from the date when the City is provided the evidence of financing. A failure by the City to respond to such evidence of financing shall be deemed to constitute an approval hereunder. If the City rejects the evidence of financing as inadequate, it shall do so in writing specifying the basis for the rejection. In any event the Developer shall submit adequate evidence of financing within thirty (30) days after such rejection.

Section 7.2. City's Option to Cure Default on Mortgage. In the event that there occurs a default under any Mortgage authorized pursuant to Article VII of this Agreement, the Developer shall cause the City to receive copies of any notice of default received by the Developer from the holder of such Mortgage. Thereafter, the City shall have the right, but not the obligation, to cure any such default on behalf of the Developer within such cure periods as are available to the Developer under the Mortgage documents.

ARTICLE VIII

Prohibitions Against Assignment and Transfer; Indemnification

Section 8.1. Representation as to Development. The Developer represents and agrees that its purchase of the Authority Property, and its other undertakings pursuant to this Agreement, are, and will be used, for the purpose of development of the Authority Property and not for speculation in land holding.

Section 8.2. Prohibition Against Developer's Transfer of Property and Assignment of Agreement. The Developer represents and agrees that until the Termination Date:

(a) Except only by way of security for, and only for and the purpose of obtaining financing necessary to enable the Developer or any successor in interest to the Development Property, or any part thereof, to perform its obligations with respect to making the Minimum Improvements under this Agreement, and any other purpose authorized by this Agreement, the Developer has not made or created and will not make or create or suffer to be made or created any total or partial sale, assignment, conveyance, or lease, or any trust or power, or transfer in any other mode or form of or with respect to this Agreement or the Development Property or any part thereof or any interest therein, or any contract or agreement to do any of the same, to any person or entity (collectively, a "Transfer"), without the prior written approval of both the City and the Authority. The City and the Authority approve the lease with the Tenant. The term "Transfer" does not include (i) encumbrances made or granted by way of security for, and only for, the purpose of obtaining construction, interim or permanent financing necessary to enable the Developer or successor in interest to the Development Property or to construct the Minimum Improvements or component thereof; or (ii) an assignment or other transfer to the Tenant or an Affiliate.

(b) In the event the Developer desires to Transfer the Development Property or this Agreement, the City and the Authority shall be entitled to require, except as otherwise provided in this Agreement, as conditions to any such Transfer that:

(i) Any proposed transferee shall have the qualifications and financial responsibility, in the reasonable judgment of the City, necessary and adequate to fulfill the obligations undertaken in this Agreement and the Purchase Price Note by the Developer.

(ii) Any proposed transferee, by instrument in writing satisfactory to the City and the Authority and in form recordable among the land records, shall, for itself and its successors and assigns, and expressly for the benefit of the City and the Authority, have expressly assumed all of the obligations of the Developer under this Agreement (including the Purchase Price Note) and agreed to be subject to all the conditions and restrictions to which the Developer is subject; provided, however, that the fact that any transferee of, or any other successor in interest whatsoever to, the Development Property, or any part thereof, shall not, for whatever reason, have assumed such obligations or so agreed, and shall not (unless and only to the extent otherwise specifically provided in this Agreement or agreed to in writing by the City) deprive the City of any rights or remedies or controls with respect to the Development Property or any part thereof or the construction of the Minimum Improvements; it being the intent of the parties as expressed in this Agreement that (to the fullest extent permitted at law and in equity and excepting only in the manner and to the extent specifically provided otherwise in this Agreement) no transfer of, or change with respect to, ownership in the Development Property or any part thereof, or any interest therein, however consummated or occurring, and whether voluntary or involuntary, shall operate, legally or practically, to deprive or limit the City of or with respect to any rights or remedies on controls provided in or resulting from this Agreement with respect to the

Minimum Improvements that the City would have had, had there been no such transfer or change. In the absence of specific written agreement by the City to the contrary, no such transfer or approval by the City thereof shall be deemed to relieve the Developer, or any other party bound in any way by this Agreement or otherwise with respect to the construction of the Minimum Improvements, from any of its obligations with respect thereto.

(iii) Any and all instruments and other legal documents involved in effecting the transfer of any interest in this Agreement and the Purchase Price Note or the Development Property governed by this Article VIII, shall be in a form reasonably satisfactory to the City.

(iv) The Developer and its transferees shall comply with such other conditions as the City may reasonably require in order to achieve and safeguard the purposes of the TIF Act and this Agreement.

(v) The Developer agrees to pay all reasonable costs and expenses, including fees of legal counsel retained by the City, to review the documents submitted to the City in connection with any such transfer.

Section 8.3. Release and Indemnification Covenants.

(a) Except for any willful misrepresentation or any willful or wanton misconduct of the Indemnified Parties (defined below), and except for any breach by any of the Indemnified Parties of their obligations under this Agreement, the Developer releases the Indemnified Parties from and covenants and agrees that the Indemnified Parties shall not be liable for and agrees to indemnify and hold harmless the Indemnified Parties against any loss or damage to property or any injury to or death of any person occurring at or about or resulting from any defect in the Minimum Improvements or the Development Property. As used herein, the “Indemnified Parties” means the City, the Authority and their governing body members, officers, agents including the independent contractors, consultants and legal counsel, servants and employees thereof (hereinafter, for purposes of this Section, collectively the “Indemnified Parties”).

(b) Except for any willful misrepresentation or any willful or wanton misconduct of the Indemnified Parties, and except for any breach by any of the Indemnified Parties of their obligations under this Agreement, the Developer agrees to protect and defend the Indemnified Parties, and further agrees to hold the aforesaid harmless from any claim, demand, suit, action or other proceeding whatsoever by any person or entity whatsoever arising or purportedly arising from this Agreement, or the transactions contemplated hereby or the acquisition, construction, installation, ownership, and operation of the Minimum Improvements.

(c) Except for any willful misrepresentation or any willful or wanton misconduct of the Indemnified Parties, and except for any breach by any of the Indemnified Parties of their obligations under this Agreement, the Indemnified Parties shall not be liable for any damage or injury to the persons or property of the Developer or its officers, agents or employees or any other person who may be about the Development Property or Minimum Improvements.

(d) All covenants, stipulations, promises, agreements and obligations of the City and the Authority contained herein shall be deemed to be the covenants, stipulations, promises, agreements and obligations of the City and the Authority and not of any governing body member, officer, agent or employee of the City or the Authority in the individual capacity thereof.

Section 8.4. Change in Use of Minimum Improvements. The Developer agrees that it shall devote the Development Property to, and in accordance with, the uses specified in this Agreement and will continue the use of the Development Property as a facility meeting the requirements of an economic development district, pursuant to the Tax Increment Act. The conversion of any portion of the Minimum Improvements to any other use shall result in the termination of the Tax Increment District and require immediate payment in full of the outstanding balance of the Purchase Price Note and the Interfund Loan and the termination of the TIF Note.

ARTICLE IX

Events of Default

Section 9.1. 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, any one or more of the following events, after the defaulting party receives sixty (60) days' prior written notice from the non-defaulting party of the event, but only if the event has not been cured within said sixty (60) days or, if the event is by its nature incurable within sixty (60) days, the defaulting party does not, within such sixty (60) day period, provide assurances reasonably satisfactory to the party providing notice of default that it is proceeding with due diligence to cure such default and the event will be cured as soon as reasonably possible:

(a) any failure by either party to this Agreement to observe or perform any material covenant, condition, obligation or agreement on its part to be observed or performed under this Agreement, the Purchase Agreement, or the Assessment Agreement or under any other agreement entered into between the Developer, the Authority or the City in connection with development of the Development Property, including the Access Agreement;

(b) any default by Developer under a Mortgage, if any, that entitles the mortgagee to foreclose the Mortgage;

(c) failure by the Developer to timely pay any ad valorem real property taxes assessed with respect to the Development Property;

(d) Failure by the Developer to cause the construction of the Minimum Improvements to be completed pursuant to the terms, conditions and limitations of this Agreement.

(e) If the Developer or the Tenant shall;

(i) file any petition in bankruptcy or for any reorganization, arrangement, composition, readjustment, liquidation, dissolution, or similar relief under the United States Bankruptcy Act of 1978, as amended or under any similar federal or state law; or

(ii) make an assignment for the benefit of its creditors; or

(iii) admit in writing its inability to pay its debts generally as they become due; or

(iv) be adjudicated a bankrupt or insolvent; or if a petition or answer proposing the adjudication of the Developer or the Tenant, as a bankrupt or its reorganization under any present or future federal bankruptcy act or any similar federal or state law shall be filed in any court and such petition or answer shall not be discharged or denied within 90 days after the filing thereof; or a receiver, trustee or liquidator of the Developer or the Tenant, or of the Minimum Improvements, or part thereof, shall be appointed in any proceeding brought against the Developer or the Tenant, and shall not be discharged within 90 days after such appointment, or if the Developer or the Tenant, as applicable, shall consent to or acquiesce in such appointment.

Section 9.2. Remedies on Default. Whenever any Event of Default referred to in Section 9.1 of this Agreement occurs and is continuing, the non-defaulting party may exercise its rights under this Section 9.2:

(a) Suspend its performance under this Agreement until it receives assurances that the defaulting party will cure its default and continue its performance under this Agreement.

(b) The City and the Authority may cancel and rescind or terminate this Agreement and/or the TIF Note.

(c) The City and the Authority may suspend their performance under this Agreement and the TIF Note.

(d) The Authority may demand that the Developer immediately repay the outstanding principal balance of the Purchase Price Note and the Interfund Loan.

(e) If the Event of Default constitutes a breach of the condition subsequent set forth in the Right of Re-entry the City reserves in a deed conveying the Authority Property to the Developer, the City may exercise its Right of Re-entry.

(f) The Authority may demand the Land Write Down be repaid in part or in full.

(g) The City and the Authority may take whatever action, including legal, equitable or administrative action, which may appear necessary or desirable to collect any payments due under this Agreement, or to enforce performance and observance of any obligation, agreement, or covenant under this Agreement.

Section 9.3. No Remedy Exclusive. No remedy herein conferred upon or reserved to the City and the Authority or the 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 City to exercise any remedy reserved to it, it shall not be necessary to give notice, other than such notice as may be required in this Article IX.

Section 9.4. No Additional Waiver Implied by One Waiver. In the event any agreement contained in this Agreement should be breached by any party and thereafter waived by the other party(ies), 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 9.5. Conveyance Subject to Right of Re-entry. The City's conveyance of the Authority Property to the Developer pursuant to the Purchase Agreement is made subject to a right of re-entry for breach of conditions subsequent in favor of the City. The condition subsequent is that, barring any Unavoidable Delays, the Developer shall have commenced construction of the foundation of the Minimum Improvements on the Authority Property in accordance with permits issued by the City by not later than December 1, 2026. If Developer fails to satisfy such condition subsequent, the City shall provide written notice to the Developer and the Developer shall have 30 days from receipt of the City's notice to commence construction of the foundation of the Minimum Improvements. Failure to commence construction in such timeframe shall constitute a breach of the condition subsequent and the Developer shall re-convey the Authority Property back to the City, without cost to the City. If the Developer fails to re-convey the Authority Property to the City, the City may elect to exercise its right of reentry by commencing an action in Sherburne County District Court to establish the breach of the condition subsequent. If the City establishes a breach of the condition subsequent, title to and the right to possession of the Authority Property and title to all improvements located thereon reverts to the City, without cost to the City, and the Developer is not entitled to any compensation from the

City for the value of the Authority Property or any improvements the Developer has made to the Authority Property. After receipt of the executed Certificate of Release from the City, the Developer must record the Certificate of Release with the Sherburne County Recorder at its expense.

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

ARTICLE X

Additional Provisions

Section 10.1. Conflict of Interests; City Representatives Not Individually Liable. The City, Authority and the Developer, to the best of their respective knowledge, represent and agree that no member, official, or employee of the City or Authority shall have any personal interest, direct or indirect, in this Agreement, nor shall any such member, official, or employee participate in any decision relating to this Agreement which affects his personal interests or the interests of any corporation, partnership, or association in which he is, directly or indirectly, interested. No member, official, or employee of the City or Authority shall be personally liable to the Developer, or any successor in interest, in the event of any default or breach by the City or Authority or for any amount which may become due to the Developer or successor or on any obligations under the terms of this Agreement.

Section 10.2. Equal Employment Opportunity. The Developer, for itself and its successors and assigns, agrees that during the construction of the Minimum Improvements provided for in this Agreement it will comply with all applicable federal, state, and local equal employment and non-discrimination laws and regulations.

Section 10.3. Restrictions on Use. The Developer agrees that until the Termination Date, the Developer, and its successors and assigns, shall use the Development Property for the operation of the Minimum Improvements for uses described in the definition of such term in this Agreement, and shall not discriminate upon the basis of race, color, creed, sex or national origin in the sale, lease, or rental or in the use or occupancy of the Development Property or any improvements erected or to be erected thereon, or any part thereof.

Section 10.4. Provisions Not Merged With Deed. None of the provisions of this Agreement are intended to or shall be merged by reason of any deed transferring any interest in the Development Property and any such deed shall not be deemed to affect or impair the provisions and covenants of this Agreement.

Section 10.5. Titles of Articles and Sections. Any titles of the several parts, Articles, and Sections of this Agreement are inserted for convenience of reference only and shall be disregarded in construing or interpreting any of its provisions.

Section 10.6. Notices and Demands. Except as otherwise expressly provided in this Agreement, a notice, demand, or other communication under this 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 3005 Ranchview Lane N, Plymouth, MN 55447, Attn: Chief Financial Officer; or at such other address as that party may, from time to time, designate in writing and forward to the other parties as provided in this Section; and

(b) in the case of the City, is addressed to or delivered personally to the City at 13065 Orono Parkway, Elk River, MN 55330, Attn: City Administrator; or at such other address as that party may, from time to time, designate in writing and forward to the other parties as provided in this Section; and

(c) in the case of the Authority, is addressed to or delivered personally to the Authority at 13065 Orono Parkway, Elk River, MN 55330, Attn: Executive Director; or at such other address as that party may, from time to time, designate in writing and forward to the other parties as provided in this Section.

Section 10.7. Counterparts. This Agreement may be executed in any number of counterparts, each of which shall constitute one and the same instrument.

Section 10.8. Recording. The City may record this Agreement and any amendments thereto with the Sherburne County recorder. The Developer shall pay all costs for recording.

Section 10.9. Amendment. This Agreement may be amended only by written agreement approved and executed by the City, the Authority and the Developer.

Section 10.10. [Reserved.]

Section 10.11. Termination. This Agreement terminates on the Termination Date. Upon termination of this Agreement, the City shall promptly execute any reasonable documents necessary to remove this Agreement from the title records of the Development Property. Notwithstanding the foregoing, the Developer's obligations under Sections 3.3 and 8.3 shall survive termination.

Section 10.12. Choice of Law and Venue. This Agreement shall be governed by and construed in accordance with the laws of the State of Minnesota. Any disputes, controversies, or claims arising out of this Agreement shall be heard in the state or federal courts of Minnesota, and all parties to this Agreement waive any objection to the jurisdiction of these courts, whether based on convenience or otherwise.

Section 10.13. Interpretation; Concurrence. The language in this Agreement shall be construed simply according to its generally understood meaning, and not strictly for or against any party and no interpretation shall be affected by which party drafted any part of this Agreement. By executing this Agreement, the parties acknowledge that they (a) enter into and execute this Agreement knowingly, voluntarily and willingly of their own volition with such consultation with legal counsel as they deem appropriate; (b) have had a sufficient amount of time to consider this Agreement's terms and conditions, and to consult an attorney before signing this Agreement; (c) have read this Agreement, understand all of its terms, appreciate the significance of those terms and have made the decision to accept them as stated herein; and (d) have not relied upon any representation or statement not set forth herein.

Section 10.14. Government Data. The Developer has been required to provide certain data to the City, the Authority, or their consultants in connection with applying for financial assistance in constructing the Minimum Improvements. It is also likely that the Developer will be required to provide additional data to the City or consultants in the course of administering the TIF District to ensure compliance with this Agreement and the TIF Act. All data provided to the City, the Authority, or their consultants is government data within the meaning of the Minnesota Statutes, Chapter 13 (the "MGDPA"). The parties recognize that some of the data provided by the Developer to the City, the Authority or their consultants may be nonpublic data as defined by the MGDPA. The parties acknowledge that the City and the Authority are subject to the MGDPA and will handle all government data in their possession in accordance with the MGDPA, notwithstanding any other agreement or understanding to the contrary.

Section 10.15. Recording. The City may record this Agreement and any amendments thereto with the County recorder. The Authority shall pay all costs for recording.

IN WITNESS WHEREOF, the City has caused this Agreement to be duly executed in its name and behalf and the Developer has caused this Agreement to be duly executed in its name and behalf on or as of the date first above written.

CITY OF ELK RIVER, MINNESOTA

By__________________________________
Its Mayor

By__________________________________
Its City Clerk

STATE OF MINNESOTA)
) SS.
COUNTY OF SHERBURNE)

The foregoing instrument was acknowledged before me this ____ day of ____________, 2026, by ___________________ and ___________________, the Mayor and City Clerk of the City of Elk River, Minnesota, a municipal corporation and political subdivision, on behalf of the City.

____
Notary Public

IN WITNESS WHEREOF, the Authority has caused this Agreement to be duly executed in its name and behalf and the Developer has caused this Agreement to be duly executed in its name and behalf on or as of the date first above written.

THE ECONOMIC DEVELOPMENT
AUTHORITY FOR THE CITY OF ELK RIVER

By________________________________
Its President

By________________________________
Its Executive Director

STATE OF MINNESOTA)
) SS.
COUNTY OF SHERBURNE)

The foregoing instrument was acknowledged before me this ____ day of ____________, 2026, by ___________________ and ___________________, the President and Executive Director of The Economic Development Authority for the City of Elk River, a public body corporate and politic and political subdivision of the State of Minnesota, on behalf of the Authority.

____
Notary Public

O'BRIEN HOLDINGS, LLC, a Minnesota limited liability company

By ____
Its ____

STATE OF MINNESOTA)
) SS.
COUNTY OF __________)

The foregoing instrument was acknowledged before me this _____ day of _____________, 2026 by _________________________, the ___________________________ of O'Brien Holdings, LLC, a Minnesota limited liability company, on behalf of the limited liability company.

____
Notary Public

This TIF Assistance Agreement has been reviewed and consented to by Crystal Distribution, Inc., a Minnesota corporation (the "Tenant"). The terms herein, especially as they pertain to job and wage goals to be met by the Tenant in Section 3.6(c) hereof are hereby agreed to by the Tenant.

CRYSTAL DISTRIBUTION INC., a Minnesota corporation

By ____
Its ____

STATE OF MINNESOTA)
) SS.
COUNTY OF __________)

The foregoing instrument was acknowledged before me this _____ day of _____________, 2026 by _________________________, the ___________________________ of Crystal Distribution, Inc., a Minnesota corporation, on behalf of the corporation.

____
Notary Public

EXHIBIT A

Development Property

The property located in the City of Elk River, Sherburne County, Minnesota legally described as:

Lot 2, Block 1, NORTHSTAR BUSINESS PARK, Sherburne County, Minnesota,

and

That part of Lot 1, Block 1, NORTHSTAR BUSINESS PARK, Sherburne County, Minnesota, lying southerly and easterly of the following described line:
Commencing at the Northeasterly corner of said Lot 1; thence southeasterly on a curve along the Southwesterly right-of-way line of Twin Lakes Road an arc distance of 196.58 feet, said curve concave to the northeast, having a radius of 880.21 and a delta angle of 12 degrees 47 minutes 45 seconds, to the point of beginning of said described line; thence southwesterly to a point on the Westerly line of said Lot 1, 477.16 feet northwesterly of the Northwest corner of said Lot 2 and there terminating.

[The Development Property is proposed to be replatted as Lot 2, Block 1, Northstar Business Park Second Addition]

Authority Property

The property located in the City of Elk River, Sherburne County, Minnesota legally described as:

That part of Lot 1, Block 1, NORTHSTAR BUSINESS PARK, Sherburne County, Minnesota, lying southerly and easterly of the following described line:

Commencing at the Northeasterly corner of said Lot 1; thence southeasterly on a curve along the Southwesterly right-of-way line of Twin Lakes Road an arc distance of 196.58 feet, said curve concave to the northeast, having a radius of 880.21 and a delta angle of 12 degrees 47 minutes 45 seconds, to the point of beginning of said described line; thence southwesterly to a point on the Westerly line of said Lot 1, 477.16 feet northwesterly of the Northwest corner of said Lot 2 and there terminating.

EXHIBIT B

FORM OF PURCHASE PRICE NOTE

PURCHASE PRICE NOTE

Dated ___________ ____, 2026

O'Brien Holdings, LLC (the "Developer") hereby acknowledges itself to be indebted and, for value received, hereby promises to pay, solely from City Pledged Tax Increment, as provided herein, to The Economic Development Authority for the City of Elk River (the "Authority") the principal sum of NINETY-ONE THOUSAND DOLLARS and 00/100 ($91,000).

The principal amount of this Purchase Price Note (the "Note") shall equal, from time to time, the principal amount stated above, as reduced to the extent that such principal shall have been paid in whole or in part pursuant to the terms hereof. This Note is issued pursuant to that certain TIF Assistance Agreement, dated as of _________ ___, 2026, as the same may be amended from time to time (the "Assistance Agreement"), by and between the Authority, the City of Elk River, Minnesota (the "City") and the Developer. This Note does not bear interest.

The Developer acknowledges that the City will provide City Pledged Tax Increment (as defined in the Assistance Agreement) to the Authority who will credit such amounts towards the payment of this Note on each Payment Date following the payment of the Interfund Loan. If, as of the termination date of the TIF District (as defined in the Assistance Agreement), the Authority has received City Pledged Tax Increment available for the payment of this Note in an amount less than the par amount of this Note, then the Authority will forgive the remaining principal amount of this Note.

This Note is prepayable at any time without penalty and the Authority or the City may apply other Authority or City funds to the prepayment of this Note.

IN WITNESS WHEREOF, O'Brien Holdings, LLC has caused this Note to be executed and delivered as of the date first written above.

O'BRIEN HOLDINGS, LLC

By: ____
Its: ____

EXHIBIT C

CERTIFICATE OF COMPLETION

WHEREAS, the City of Elk River, Minnesota (the "City"), The Economic Development Authority for the City of Elk River (the "Authority") and O'Brien Holdings, LLC, a Minnesota limited liability company ("Developer") entered into a certain TIF Assistance Agreement dated __________, 2026 (the "Agreement"), recorded at the office of the County Recorder of Sherburne County as Document No. ________________; and

WHEREAS, the Agreement contains certain covenants and restrictions set forth in Articles III and IV thereof related to constructing certain Minimum Improvements; and

WHEREAS, the Developer has performed said covenants and conditions insofar as it is able in a manner deemed sufficient by the City to permit the execution and recording of this Certificate of Completion.

NOW, THEREFORE, this is to certify that all construction and other physical improvements related to the Minimum Improvements specified to be done and made by the Developer have been completed and the agreements and covenants in Articles III and IV of the Agreement relating to such construction have been performed by the Developer, and this Certificate of Completion is a conclusive determination of the satisfactory termination of the covenants and conditions of Articles III and IV of the Agreement related to completion of the Minimum Improvements, but any other covenants in the Agreement shall remain in full force and effect according to their terms.

Dated: _______________, 20__.

CITY OF ELK RIVER, MINNESOTA

By ____
City Representative

STATE OF MINNESOTA)
) SS.
COUNTY OF SHERBURNE)

The foregoing instrument was acknowledged before me this ____ day of _____________ 20__, by ______________________, the ___________________ of the City of Elk River, Minnesota, a municipal corporation and political subdivision under the laws of the State of Minnesota, on behalf of the City.

____
Notary Public

This document was drafted by:
Kutak Rock LLP (GAF)
60 South Sixth Street, Suite 3400
Minneapolis, MN 55402

(Signature page to Certificate of Completion)

EXHIBIT D

FORM OF TIF NOTE

UNITED STATES OF AMERICA
STATE OF MINNESOTA
COUNTY OF SHERBURNE
CITY OF ELK RIVER

No. R-1 $_____________

TAXABLE TAX INCREMENT REVENUE NOTE
SERIES 20__
(CRYSTAL DISTRIBUTION INC. PROJECT)

Rate	Date of Original Issue
0%	___________, 20__

The City of Elk River (the "City") for value received, certifies that it is indebted and hereby promises to pay to O'Brien Holdings, LLC, a Minnesota limited liability company ("Developer"), or registered assigns (as applicable, the "Owner"), the principal sum of $___________, solely from the sources and to the extent set forth herein. Unless defined otherwise herein, capitalized terms used herein shall have the meanings provided in the TIF Assistance Agreement between the City, The Economic Development Authority for the City of Elk River, and the Owner, dated as of _____________, 2026 (the "Agreement"), unless the context requires otherwise. This Note shall not bear interest.

1. Payments. Principal (the "Payments") shall be paid on August 1, 2028 and each February 1 and August 1 thereafter ("Payment Dates") to and including February 1, 2037 (the "Maturity Date") in the amounts and from the sources set forth in Section 3 herein. Payments shall be applied to unpaid principal. TIF Note Pledged Tax Increment will not include any Tax Increment (as defined in the Agreement) if, as of any Payment Date, there is an uncured Event of Default under the Agreement.

Payments are payable by mail to the address of the Owner or such other address as the Owner may designate upon sixty (60) days written notice to the City. Payments on this TIF Note are payable in any coin or currency of the United States of America which, on the Payment Date, is legal tender for the payment of public and private debts.

2. Interest. This TIF Note shall not bear interest.

3. TIF Note Pledged Tax Increment. (a) Payments on this TIF Note are payable on each Payment Date solely from and in the amount of TIF Note Pledged Tax Increment, which shall mean, 75% of the Tax Increment attributable to the Development Property and paid to the City by Sherburne County in the six months preceding the Payment Date.

(b) The City shall have no obligation to pay principal of this TIF Note on each Payment Date from any source other than TIF Note Pledged Tax Increment and the failure of the City to pay the entire amount of principal on this TIF Note on any Payment Date shall not constitute a default hereunder as long as the City pays principal hereon to the extent of TIF Note Pledged Tax Increment. The City shall have no obligation to pay any unpaid balance of principal that may remain after the final Payment on the Maturity Date.

4. Default. The City's payment obligations shall be subject to Sections 9.1 and 9.2 of the Agreement and are further subject to the conditions that (i) no Event of Default by Developer under Section 9.1 of the Agreement shall have occurred and be continuing at the time payment is otherwise due hereunder; and (ii) the Agreement and this TIF Note shall not have been terminated in accordance with Section 9.2 of the Agreement. Any such suspended and unpaid amounts shall become payable, without interest accruing thereon in the meantime, if this TIF Note has not been terminated in accordance with Section 9.2 of the Agreement and said Event of Default shall thereafter have been cured in accordance with Section 9.2. If pursuant to the occurrence of an Event of Default under the Agreement the City elects, in accordance with the Agreement, to cancel and rescind the Agreement and/or this TIF Note, the City shall have no further obligation under this TIF Note whatsoever. Reference is hereby made to all of the provisions of the Agreement, for a fuller statement of the rights and obligations of the City to pay the principal of this TIF Note, and said provisions are hereby incorporated into this TIF Note as though set out in full herein.

5. Prepayment. The principal sum payable under this TIF shall be prepayable at any time by the City.

6. Nature of Obligation. This TIF Note is one of an issue in the total principal amount of $_________, issued to aid in financing certain public development costs and administrative costs of a Development Program undertaken by the City pursuant to Minnesota Statutes, Sections 469.124 through 469.133, as amended, and is issued pursuant to an authorizing resolution (the "Resolution") duly adopted by the City on April 20, 2026, and pursuant to and in full conformity with the Constitution and laws of the State of Minnesota, including Minnesota Statutes, Sections 469.174 to 469.1794, as amended. This TIF Note is a limited obligation of the City which is payable solely from TIF Note Pledged Tax Increment pledged to the payment hereof under the Resolution. This TIF Note shall not be deemed to constitute a general obligation of the State of Minnesota or any political subdivision thereof, including, without limitation, the City. Neither the State of Minnesota, the City, nor any political subdivision thereof shall be obligated to pay the principal of this TIF Note or other costs incident hereto except out of TIF Note Pledged Tax Increment, and neither the full faith and credit nor the taxing power of the State of Minnesota , the City, or any political subdivision thereof is pledged to the payment of the principal of this TIF Note or other costs incident hereto. The Owner shall never have or be deemed to have the right to compel any exercise of any taxing power of the City or of any other public body, and neither the City nor any person executing or registering this Note shall be liable personally hereon by reason of the issuance or registration thereof or otherwise.

THE CITY MAKES NO REPRESENTATION OR WARRANTY THAT THE TIF NOTE PLEDGED TAX INCREMENT WILL BE SUFFICIENT TO PAY THE PRINCIPAL OF THIS NOTE. There are risk factors in the amount of Tax Increments that may actually be received by the City and some of those factors are listed on the attached Exhibit 1. The Registered Owner and the Developer acknowledges these risk factors and understands and agrees that payments by the City under this Note are subject to these and other factors.

7. Registration and Transfer. This TIF Note is issuable only as a fully registered TIF Note without coupons. As provided in the Resolution, and subject to certain limitations set forth therein, this TIF Note is transferable upon the books of the City kept for that purpose at the principal office of the City Administrator, by the Owner hereof in person or by such Owner's attorney duly authorized in writing, upon (i) surrender of this TIF Note together with a written instrument of transfer satisfactory to the City after

approval by the City Council, duly executed by the Owner; (ii) delivery by the assignee of an executed Acknowledgment Regarding TIF Note in the form set forth as **Exhibit B** to this Note. Additionally, in order to assign the Note, the assignee shall surrender the same to the City either in exchange for a new fully registered note or for transfer of this Note on the registration records for the Note maintained by the City. Each permitted assignee shall take this Note subject to the foregoing conditions and subject to all provisions stated or referenced herein.

IT IS HEREBY CERTIFIED AND RECITED that all acts, conditions, and things required by the Constitution and laws of the State of Minnesota to be done, to exist, to happen, and to be performed in order to make this TIF Note a valid and binding limited obligation of the City according to its terms, have been done, do exist, have happened, and have been performed in due form, time and manner as so required.

IN WITNESS WHEREOF, the City Council of the City of Elk River has caused this TIF Note to be executed with the manual signatures of its Mayor and City Clerk, all as of the Date of Original Issue specified above.

CITY OF ELK RIVER, MINNESOTA

______________________________	______________________________
Mayor	City Clerk

REGISTRATION PROVISIONS

The ownership of the unpaid balance of the within TIF Note is registered in the bond register of the City Finance Director, in the name of the person last listed below.

Date of Registration	Registered Owner	Signature of Finance Director
_________, 20__	______________________ Federal Tax I.D No_____________	____________________________

4922-1031-7209.4

EXHIBIT 1

TO TAXABLE TIF NOTE

RISK FACTORS

Risk factors on the amount of Tax Increments that may actually be received by the City include but are not limited to the following:

1. Value of Project. If the contemplated Minimum Improvements (as defined in the TIF Agreement) constructed in the tax increment financing district is completed at a lesser level of value than originally contemplated, it will generate fewer taxes and fewer tax increments than originally contemplated.

2. Damage or Destruction. If the Minimum Improvements is damaged or destroyed after completion, its value will be reduced, and taxes and tax increments will be reduced. Repair, restoration or replacement of the Minimum Improvements may not occur, may occur after only a substantial time delay, or may involve property with a lower value than the Minimum Improvements, all of which would reduce taxes and tax increments.

3. Change in Use to Tax-Exempt. The Minimum Improvements could be acquired by a party that devotes it to a use which causes the property to be exempt from real property taxation. Taxes and tax increments would then cease.

4. Depreciation. The Minimum Improvements could decline in value due to changes in the market for such property or due to the decline in the physical condition of the property. Lower market valuation will lead to lower taxes and lower tax increments

5. Non-payment of Taxes. If the property owner does not pay property taxes, either in whole or in part, the lack of taxes received will cause a lack of tax increments. The Minnesota system of collecting delinquent property taxes is a lengthy one that could result in substantial delays in the receipt of taxes and tax increments, and there is no assurance that the full amount of delinquent taxes would be collected. Amounts distributed to taxing jurisdictions upon a sale following a tax forfeiture of the property are not tax increments.

6. Reductions in Taxes Levied. If property taxes are reduced due to decreased municipal levies, taxes and tax increments will be reduced. Reasons for such reduction could include lower local expenditures or changes in state aids to municipalities. For instance, in 2001 the Minnesota Legislature enacted an education funding reform that involved the state increasing school aid in lieu of the local general education levy (a component of school district tax levies).

7. Reductions in Tax Capacity Rates. The taxable value of real property is determined by multiplying the market value of the property by a tax capacity rate. Tax capacity rates vary by certain categories of property; for example, the tax capacity rates for residential homesteads are currently less than the tax capacity rates for commercial and industrial property. In 2001 the Minnesota Legislature enacted property tax reform that lowered various tax capacity rates to “compress” the difference between the tax capacity rates applicable to residential homestead properties and commercial and industrial properties.

8. Changes to Local Tax Rate. The local tax rate to be applied in the tax increment financing district is the lower of the current local tax rate or the original local tax rate for the tax increment financing district. In the event that the Current Local Tax Rate is higher than the Original Local Tax Rate, then the “excess” or difference that comes about after applying the lower Original Local Tax Rate instead of the

Current Local Tax Rate is considered "excess" tax increment and is distributed by Sherburne County to the other taxing jurisdictions and such amount is not available to the City as tax increment.

9. Legislation. The Minnesota Legislature has frequently modified laws affecting real property taxes, particularly as they relate to tax capacity rates and the overall level of taxes as affected by state aid to municipalities.

Exhibit 2

To Taxable TIF Note

ACKNOWLEDGMENT REGARDING TIF NOTE

The undersigned, _______________a ___________ ("Note Holder"), hereby certifies and acknowledges that:

A. On the date hereof the Note Holder has [acquired from]/[made a loan (the "Loan") [to/for the benefit] of] O'BRIEN HOLDINGS, LLC, a Minnesota limited liability company (the "Developer"), [secured in part by] the Taxable Tax Increment Revenue Note (Crystal Distribution Inc. Project), a pay-as-you-go tax increment revenue note in the original principal amount of $________, dated __________, 20__ of the City of Elk River, Minnesota (the "City"), a copy of which is attached hereto (the "Note").

B. The Note Holder has had the opportunity to ask questions of and receive all information and documents concerning the Note as it requested, and has had access to any additional information the Note Holder thought necessary to verify the accuracy of the information received. In determining to [acquire the Note]/[make the Loan], the Note Holder has made its own determinations and has not relied on the City or information provided by the City.

C. The Note Holder represents and warrants that:

1. The Note Holder is acquiring [the Note]/[an interest in the Note as collateral for the Loan] for its own account, and without any view to resale or other distribution.

2. The Note Holder is (i) the owner of the Development Property or (ii) a financial institution or an "accredited investor" as defined in Rule 501(a) of Regulation D promulgated under the Securities Act of 1933, and as further described in **Exhibit 1A** hereto and has such knowledge and experience in financial and business matters that it is capable of evaluating the merits and risks of acquiring [and holding the Note] [an interest in the Note as collateral for the Loan].

3. The Note Holder understands that the Note is a security which has not been registered under the Securities Act of 1933, as amended, or any state securities law, and must be held until its sale is registered or an exemption from registration becomes available.

4. The Note Holder is aware of the limited payment source for the Note and interest thereon and risks associated with the sufficiency of that limited payment source.

D. The Note Holder understands that the Note is payable solely from certain tax increments derived from certain properties located in a tax increment financing district, if and as received by the City. The Note Holder acknowledges that the City has made no representation or covenant, express or implied, that the revenues pledged to pay the Note will be sufficient to pay, in whole or in part, the principal due on the Note. Any amounts which have not been paid on the Note on or before the final maturity date of the Note shall no longer be payable, as if the Note had ceased to be an obligation of the City. The Note Holder understands that the Note will never represent or constitute a general obligation, debt or bonded indebtedness of the City, the State of Minnesota, or any political subdivision thereof and that no right will exist to have taxes levied by the City, the State of Minnesota or any political subdivision thereof for the payment of principal on the Note.

E. The Note Holder understands that the Note is payable solely from certain tax increments, which are taxes received on improvements made to certain property (the "Improvements") in a tax increment financing district from the increased taxable value of the property over its base value at the time that the tax increment financing district was created, which base value is called "original net tax capacity". There are risk factors in relying on tax increments to be received, which include, but are not limited to, the following:

1. Value of Improvements. If the contemplated Improvements constructed in the tax increment financing district are completed at a lesser level of value than originally contemplated, they will generate fewer taxes and fewer tax increments than originally contemplated.

2. Damage or Destruction. If the Improvements are damaged or destroyed after completion, their value will be reduced, and taxes and tax increments will be reduced. Repair, restoration or replacement of the Improvements may not occur, may occur after only a substantial time delay, or may involve property with a lower value than the Improvements, all of which would reduce taxes and tax increments.

3. Change in Use to Tax-Exempt. The Improvements could be acquired by a party that devotes them to a use which causes the property to be exempt from real property taxation. Taxes and tax increments would then cease.

4. Depreciation. The Improvements could decline in value due to changes in the market for such property or due to the decline in the physical condition of the property. Lower market valuation will lead to lower taxes and lower tax increments.

5. Non-payment of Taxes. If the property owner does not pay property taxes, either in whole or in part, the lack of taxes received will cause a lack of tax increments. The Minnesota system of collecting delinquent property taxes is a lengthy one that could result in substantial delays in the receipt of taxes and tax increments, and there is no assurance that the full amount of delinquent taxes would be collected. Amounts distributed to taxing jurisdictions upon a sale following a tax forfeiture of the property are not tax increments.

6. Reductions in Taxes Levied. If property taxes are reduced due to decreased municipal levies, taxes and tax increments will be reduced. Reasons for such reduction could include lower local expenditures or changes in state aids to municipalities. For instance, in 2001 the Minnesota Legislature enacted an education funding reform that involved the state increasing school aid in lieu of the local general education levy (a component of school district tax levies).

7. Reductions in Tax Capacity Rates. The taxable value of real property is determined by multiplying the market value of the property by a tax capacity rate. Tax capacity rates vary by certain categories of property; for example, the tax capacity rates for residential homesteads are currently less than the tax capacity rates for commercial and industrial property. In 2001 the Minnesota Legislature enacted property tax reform that lowered various tax capacity rates to "compress" the difference between the tax capacity rates applicable to residential homestead properties and commercial and industrial properties.

8. Changes to Local Tax Rate. The local tax rate to be applied in the tax increment financing district is the lower of the current local tax rate or the original local tax rate for the tax increment financing district. In the event that the Current Local Tax Rate is higher than the Original Local Tax Rate, then the "excess" or difference that comes about after applying the lower Original Local Tax Rate instead of the Current Local Tax Rate is considered "excess" tax increment and is

distributed by Sherburne County to the other taxing jurisdictions and such amount is not available to the City as tax increment.

9. Legislation. The Minnesota Legislature has frequently modified laws affecting real property taxes, particularly as they relate to tax capacity rates and the overall level of taxes as affected by state aid to municipalities.

F. The Note Holder acknowledges that the Note was issued pursuant to a TIF Assistance Agreement between the City, The Economic Development Authority for the City of Elk River, and the Developer, dated ___________, 2026 (the "Agreement"), and that the City has the right to suspend payments under this Note and/or terminate the Note upon an Event of Default under the Agreement.

G. The Note Holder acknowledges that the City makes no representation about the tax treatment of, or tax consequences from, the Note Holder's acquisition of [the Note]/[an interest in the Note as collateral for the Loan].

WITNESS our hand this ___ day of ___________, 20__.

Note Holder:

____

By ________________________

Name: _________________

Its ________________________

EXHIBIT E
ASSESSMENT AGREEMENT

THIS AGREEMENT, dated as of this ___ day of [_______], 2026, is between the City of Elk River, Minnesota (the "City"), and O'Brien Holdings, LLC, a Minnesota limited liability company (the "Developer").

WITNESSETH

WHEREAS, the Developer has acquired from the Economic Development Authority for the City of Elk River (the "Authority") the real property legally described in **Exhibit A** attached hereto (the "Authority Property").

WHEREAS, on or before the date hereof the City, the Authority and the Developer have entered into a TIF Assistance Agreement dated as of [______], 2026 (the "TIF Assistance Agreement") regarding certain real property located in the City legally described in **Exhibit B** attached hereto (the "Development Property"), which includes the Authority Property acquired by Developer.

WHEREAS, it is contemplated that pursuant to said TIF Assistance Agreement, the Developer will construct and equip on the Authority Property an approximately 40,000 square foot expansion of the Developer's current manufacturing facility (the "Project") on a portion of the Development Property in accordance with construction plans approved by the City.

WHEREAS, the City and the Developer desire to establish a minimum market value for the Development Property and the improvements constructed or to be constructed thereon, pursuant to Minnesota Statutes, Section 469.177.

WHEREAS, the City and the County Assessor have reviewed the Construction Plans for the Project.

NOW, THEREFORE, the parties to this Agreement, in consideration of the promises, covenants and agreements made by each to the other, do hereby agree as follows:

1. As of January 2, 2027, the minimum market value which shall be assigned to and assessed for the Development Property for purposes of real estate property taxation for taxes payable 2028 through 2036, both inclusive, shall be not less than $6,000,000 (the "Minimum Market Value"). It is the express intent hereof that said minimum market value shall apply with respect to the payable 2028 through the payable 2036 real property taxes, both inclusive.

2. The minimum market values herein established shall be of no further force and effect after the assessment on January 1, 2035 for taxes payable in 2036 and this Agreement shall terminate automatically on January 31, 2035; provided, however, this Agreement shall terminate on such earlier date as the TIF District (as defined in the TIF Assistance Agreement) is decertified or the TIF Note, the Interfund Loan and the Purchase Price Note (both as defined in the TIF Assistance Agreement) are fully paid, defeased or terminated in accordance with the terms of the Agreement (the "Termination Date"). If the Termination Date is earlier than January 31, 2035 for taxes payable in 2036, the City shall duly execute and record a release of this Agreement upon the written request and sole expense of the then holder of fee title to the Development Property.

3. This Agreement shall be recorded by the Developer with the County Recorder of Sherburne County, Minnesota. The Developer shall pay all costs of recording.

4. Neither the preambles nor provisions of this Agreement are intended to, or shall they be construed as, modifying the terms of the TIF Assistance Agreement among the City, the Authority and the Developer.

5. This Agreement shall inure to the benefit of and be binding upon the successors and assigns of the parties, shall be governed by and interpreted pursuant to Minnesota law, and may be executed in counterparts, each of which shall constitute an original hereof and all of which shall constitute one and the same instrument.

This instrument was drafted by:
Kutak Rock LLP (GAF)
60 South Sixth Street, Suite 3400
Minneapolis, Minnesota 55402

IN WITNESS WHEREOF, the City and the Developer have caused this Agreement to be executed in their names and on their behalf all as of the date set forth above.

CITY OF ELK RIVER, MINNESOTA

By__________________________________
Its Mayor

By__________________________________
Its City Clerk

STATE OF MINNESOTA)
) SS.
COUNTY OF SHERBURNE)

The foregoing instrument was acknowledged before me this ____ day of ____________, 2026, by ___________________ and ___________________, the Mayor and City Clerk of the City of Elk River, Minnesota, a municipal corporation and political subdivision, on behalf of the City.

____
Notary Public

Signature page for Assessment Agreement

O'BRIEN HOLDINGS, LLC, a Minnesota limited liability company

By____
Name: ____________________________________
Its: ______________________________________

STATE OF MINNESOTA)
) ss
COUNTY OF _________)

The foregoing instrument was acknowledged before me this ____ day of _______, 2026, by ___________, the ___________ of O'Brien Holdings, LLC, a Minnesota limited liability company, on behalf of said limited liability company.

____
Notary Public

Signature page for Assessment Agreement

4922-1031-7209.4

CERTIFICATION BY COUNTY ASSESSOR

The undersigned, having reviewed the Assessment Agreement, dated as of the date first written above, by and between the City of Elk River, Minnesota and O'Brien Holdings, LLC, the plans and specifications for the Project, as defined in the foregoing Assessment Agreement, and the market value currently assigned to land upon which the improvements are to be constructed and being of the opinion that the minimum market value contained in the Assessment Agreement appears reasonable, hereby certifies as follows:

The undersigned Assessor, being legally responsible for the assessment of the above-described Development Property, hereby certifies that the minimum market value as of January 1, 2027 of $6,000,000 assigned to such land and improvements is reasonable.

____
County Assessor for Sherburne County

STATE OF MINNESOTA)
) ss.
COUNTY OF SHERBURNE)

This instrument was acknowledged before me on ___________, 2026, by ______________________, the County Assessor of Sherburne County.

____
Notary Public

EXHIBIT A TO ASSESSMENT AGREEMENT

Legal Description of the Authority Property

The property located in the City of Elk River, Sherburne County, Minnesota legally described as:

That part of Lot 1, Block 1, NORTHSTAR BUSINESS PARK, Sherburne County, Minnesota, lying southerly and easterly of the following described line:

Commencing at the Northeasterly corner of said Lot 1; thence southeasterly on a curve along the Southwesterly right-of-way line of Twin Lakes Road an arc distance of 196.58 feet, said curve concave to the northeast, having a radius of 880.21 and a delta angle of 12 degrees 47 minutes 45 seconds, to the point of beginning of said described line; thence southwesterly to a point on the Westerly line of said Lot 1, 477.16 feet northwesterly of the Northwest corner of said Lot 2 and there terminating.

EXHIBIT B TO ASSESSMENT AGREEMENT

Legal Description of the Development Property

Lot 2, Block 1, NORTHSTAR BUSINESS PARK, Sherburne County, Minnesota,

and

That part of Lot 1, Block 1, NORTHSTAR BUSINESS PARK, Sherburne County, Minnesota, lying southerly and easterly of the following described line:

Commencing at the Northeasterly corner of said Lot 1; thence southeasterly on a curve along the Southwesterly right-of-way line of Twin Lakes Road an arc distance of 196.58 feet, said curve concave to the northeast, having a radius of 880.21 and a delta angle of 12 degrees 47 minutes 45 seconds, to the point of beginning of said described line; thence southwesterly to a point on the Westerly line of said Lot 1, 477.16 feet northwesterly of the Northwest corner of said Lot 2 and there terminating.

[The Development Property is proposed to be replatted as Lot 2, Block 1, Northstar Business Park Second Addition]

PURCHASE AGREEMENT

THIS PURCHASE AGREEMENT (the "Agreement") is made and entered into this ________ day of ________, 2026 (the "Effective Date") by and between THE ECONOMIC DEVELOPMENT AUTHORITY FOR THE CITY OF ELK RIVER, a public body corporate and politic and political subdivision organized and existing under the laws of the State of Minnesota (the "Seller" or the "Authority"), and O'BRIEN HOLDINGS, LLC, a Minnesota limited liability company ("Buyer" and, together with Seller, the "Parties" or individually each a "Party").

Recitals

WHEREAS, the Authority is the fee title owner of that certain real property legally described in Exhibit A attached hereto (the "Property") located in the City of Elk River, Minnesota (the "City');

WHEREAS, the Buyer wishes to purchase the Property from the Seller subject to the terms and conditions of this Agreement to construct on the Property, and the adjacent real property now owned by the Buyer (the "Buyer's Existing Property"), an approximately 40,000 square foot expansion to the manufacturing business currently operated by Crystal Distribution Inc. ("Tenant") on the Buyer's Existing Property in the City (the "Development");

WHEREAS, the Seller believes that the development of the Property is vital and that it is in the best interests of the Seller, and is in accordance with the public purpose and provisions of the applicable state and local laws and requirements under which the Development will be undertaken. Further, the Seller believes the Development will result in the enhancement of the City's tax base, create jobs in the City and the State of Minnesota (the "State"), help an existing business remain in the City and the State, and help develop manufacturing facilities in the City's industrial park; and

WHEREAS, the Seller is willing to sell the Property to the Buyer under the terms and conditions provided herein.

Terms of the Agreement

NOW, THEREFORE, in consideration of the mutual covenants hereinafter set forth, the Parties agree as follows:

1. Recitals. The recitals as set forth above are hereby incorporated into this Agreement. Capitalized terms used in this Agreement but not defined in this Agreement shall have the meanings given such terms in the TIF Assistance Agreement (as hereinafter defined) unless the context requires otherwise.

2. Purchase Price. The sum of $20,000.00 in earnest money (the "Earnest Money") shall be paid by the Buyer to the Seller upon execution of this Agreement. The total purchase price for the Property shall be $609,000 (the "Purchase Price"). At Closing (as defined below) the Buyer shall pay the Purchase Price to the Seller in cash in the amount of $518,000 less the Earnest Money and with a purchase price note in the amount of $91,000 (the "Purchase Price Note") in substantially the form attached as Exhibit B to the TIF Assistance Agreement.

3. Closing. Subject to the terms of this Agreement, the closing of the purchase and sale of the Property contemplated by this Agreement (the "Closing") shall occur at the office of Guaranty

Commercial Title, Inc. (the "Title Company"), on July 31, 2026, or sooner as determined by the Parties (the "Closing Date").

4. Due Diligence Investigation. The Buyer shall have a due diligence period commencing on the Effective Date and ending 30 days thereafter ("Due Diligence Period") to make all such investigations as the Buyer, in its sole and absolute discretion, deems reasonable and necessary in determining the suitability of the Property for the Buyer's needs including:

a. To examine and inspect the Property, to review the Due Diligence Documents (as hereinafter defined), to conduct feasibility studies with regard to the ownership and operation of the Property, including, but not limited to, environmental reviews, soil condition testing, surveying, engineering studies, appraisals and any other physical inspections of the Property as determined by the Buyer and at Buyer's expense (except for the Due Diligence Documents as hereinafter defined), and to investigate all physical aspects of the Property, and to review all other due diligence matters related to the Property. Buyer may enter upon the Property to inspect the same, and may conduct tests and examinations with regard thereto, provided that Buyer's activities do not unreasonably interfere with the ongoing operation of the Property. Buyer shall promptly restore the Property to substantially the same condition in which it existed immediately prior to any physical tests conducted by or on behalf of Buyer. Seller shall cooperate with Buyer in obtaining reliance letters related to any existing environmental conditions affecting the Property. Buyer agrees to indemnify and defend Seller against any liens, claims, losses, or damage directly attributable to the Buyer's exercise of its right to enter and inspect the Property. Upon request by Seller, Buyer agrees to provide Seller with a copy of any report prepared as a result of such inspection, examination, or testing.

b. To investigate all zoning, code and governmental regulations or requirements in place at the Property, and to obtain all land use and rezoning approvals and permits determined necessary by the Buyer for Buyer's intended Development and use of the Property.

c. To secure funding for the purchase and development of the Property on terms acceptable to Buyer, in Buyer's sole discretion.

d. In addition to the contingencies in Section 8(a) below, Buyer shall have until the last day of the Due Diligence Period to provide written notice to Seller of Buyer's intention to terminate this Purchase Agreement for any reason. If Buyer terminates this Agreement within the Due Diligence Period, the transactions contemplated herein shall be considered terminated and the Earnest Money, or a portion thereof, shall be refunded to Buyer pursuant to Section 5 below.

5. Earnest Money. If this Agreement is terminated or expires, the Earnest Money shall be used: (a) first, to reimburse and pay any and all TIF costs incurred by the City in connection with the TIF Assistance Agreement or the transaction contemplated herein not otherwise covered by the deposit paid by the Buyer with its TIF application and such portion of the Earnest Money shall be nonrefundable to Buyer, and (b) second, any remaining balance of the Earnest Money shall be returned to the Buyer.

6. Title Review and Objections. Buyer has obtained from the Title Company and provided to Seller, a copy of a commitment for an ALTA owner's title insurance policy, which shall be periodically updated in accordance with the Development Documents (as defined herein), and any survey desired by

Buyer (the “Survey”). Within ten (10) days after the later of (i) Effective Date or (ii) Buyer’s receipt of the Survey, Buyer shall notify Seller in writing of any objections to the condition of title to the Property, including those appearing in the Survey or a preliminary plat of the Property, or the objections shall be deemed waived. If any objections are so made, the Seller shall be allowed until the Closing Date to cure such objections and make the title to the Property good and marketable of record in Seller. Notwithstanding the foregoing, Seller shall have no obligation to cure any title objections. If a timely objection has been made by Buyer pursuant to this Section and such objection remains uncured by the Seller on the Closing Date, Buyer, as its sole and exclusive remedy, may either: (A) terminate this Agreement by giving written notice to the Seller, and having the Earnest Money, or a portion thereof, refunded to Buyer pursuant to Section 5 above; or (B) elect to accept the title to the Property in its unmarketable condition and without reduction of the Purchase Price by giving written notice to the Seller.

7. Conveyance Subject to Right of Re-entry. The Seller’s conveyance of the Property to the Buyer pursuant to this Agreement shall be made in the form of a quit claim deed (the “Deed”), in substantially the form set forth in Exhibit B attached hereto. The Deed shall include a right of re-entry for breach of a condition subsequent in favor of the Seller (the “Right of Re-entry”) as attached to the Deed as Exhibit B. The condition subsequent is that subject to “Unavoidable Delays” (as defined in the TIF Assistance Agreement), the Buyer shall have commenced, or caused to have commenced, construction of the foundation of the Minimum Improvements to be located on the Property by December 1, 2026 provided that in accordance with Minnesota Statutes, Section 469.105, even in the event of Unavoidable Delays, commencement of the construction of the foundation shall occur within 1 year from the Closing Date. If Buyer breaches such condition subsequent, the Buyer shall re-convey the Property back to the Seller, subject to matters then of record. If the Buyer fails to re-convey the Property to the Seller, the Seller may elect to exercise its right of re-entry by commencing an action in Sherburne County District Court to establish the breach of the condition subsequent. If the Seller establishes a breach of the condition subsequent, title to and the right to possession of the Property and title to all improvements located thereon shall revert to the Seller, and the Buyer is not entitled to any compensation from the Seller for the Property or the value of any improvements the Buyer has made to the Property. If Buyer complies with the condition subsequent in the Deed, Seller shall execute and deliver to Buyer the Certificate of Release attached to the Deed as Exhibit C. Upon receipt of a certificate of release from the Seller in connection with the condition subsequent, the Buyer shall record the certificate of release of the Right of Re-entry in the proper County land records at its expense.

8. Contingencies.

a. Buyer’s Contingencies. The Buyer’s obligation to purchase the Property shall be contingent on the following:

i. By the end of the Due Diligence Period, the Buyer shall have determined, in its sole and absolute discretion, that it is satisfied with the results and matters disclosed by the Buyer’s investigation of the Property pursuant to Section 4 of this Agreement.

ii. By the Closing Date, the Buyer shall have determined, in its sole discretion, that it will be able to obtain, or caused to be obtained, in a timely manner, all required permits, licenses and approvals which must be obtained for the Development, including without limitation, subdivision of the Property by re-platting, and all other zoning and land use approvals, which must be obtained for the Development.

iii. By the Closing Date, the Buyer shall have obtained approval from the City and the Seller, following a duly noticed public hearing and the satisfaction of all other conditions required by Minnesota law, of the Financial Assistance (as hereinafter defined).

iv. By the Closing Date, Buyer, Seller, and the City shall have executed, effective not later than the Closing Date, the TIF Assistance Agreement.

v. By the Closing Date, the Buyer shall have obtained all necessary financing for the Development.

vi. By the Closing Date, the condition of title to the Property shall be satisfactory to the Buyer following the Buyer's examination of title as provided herein.

vii. By the Closing Date, Seller and the Buyer shall have negotiated and executed an access agreement (the "Access Agreement") for the Property and the adjacent land owned by the Seller.

viii. By the Closing Date, (1) plans for the relocation of the stormwater utilities on the Buyer's Existing Property and the Property shall have been mutually approved by Buyer, Seller, the City and Northern Natural Gas Company ("Northern"), the holder of the rights to a gas line easement on and under the Buyer's Existing Property and the Property, and (2) Buyer, Seller, Northern and the City (if required) shall have negotiated and executed any required mutually agreeable encroachment agreement (the "Encroachment Agreement") allowing for the relocated stormwater utilities to encroach on the area of the gas line easement in favor of Northern located on the Buyer's Existing Property and the Property.

ix. By the Closing Date, Buyer and Seller shall have joined in and executed a replat of the Property and the Existing Buyer's Property (the "Plat").

The contingencies set forth above are for the benefit of the Buyer and may be waived by the Buyer in the Buyer's sole discretion. Notwithstanding any other provision in this Agreement, a waiver of a contingency must be in writing to be effective. If any of the above contingencies is not satisfied or waived by Buyer by the applicable date (i.e. end of Due Diligence Period or the Closing Date), Buyer, as its sole and exclusive remedy, may either: (A) terminate this Agreement by giving written notice to the Seller and having the Earnest Money, or a portion thereof, refunded to Buyer pursuant to Section 5 above; or (B) elect to waive such contingency(ies) and close on the purchase of the Property without reduction of the Purchase Price.

b. <u>Seller's Contingencies.</u> The Seller's obligation to convey the Property shall be contingent on the following being satisfied by the Closing Date:

i. Seller shall have determined, in Seller's reasonable discretion, that Buyer will be able to obtain, or caused to be obtained, in a timely manner, all required permits, licenses and approvals for the Development, and will be able to meet, in a timely manner, all requirements of all applicable local, state, and federal laws and regulations which must be obtained or met for the Development including without limitation a building permit, any needed variances, final plat or subdivision approval, and zoning and land use approvals;

ii. The Buyer shall have obtained approval from the City and the Seller of the sale of the Property pursuant to this Agreement following a duly noticed public hearing, and in accordance with and following the satisfaction of all conditions required by Minnesota law, including Minnesota Statutes, Section 469.105;

iii. Following all requirements of Minnesota law, the Buyer, the Seller, and the City shall have executed, effective not later than the Closing Date, a TIF Assistance Agreement (the "TIF Assistance Agreement"), providing for, among other things, the (a) construction of the Development by the Buyer in accordance with plans, specifications and a timeline approved by the Seller; (b) the Purchase Price Note in accordance with applicable law and the terms of any tax increment financing assistance to be provided for the Development (the "Financial Assistance") in accordance with applicable law; (c) a minimum assessment agreement for the Property and Buyer's Existing Property as shown on the Plat; (d) any applicable legal or policy requirements of the Seller related to the Development or the Purchase Price Note; and (e) any documents ancillary thereto (collectively, the "Development Documents");

iv. Buyer shall have performed all of the obligations required to be performed by the Buyer under this Agreement or the Development Documents as of the Closing Date and any further contingencies to Closing set forth in such Development Documents shall have been satisfied as provided therein, including without limitation execution and delivery of all Development Documents that are required to be executed or delivered on the Closing Date;

v. Buyer shall have delivered to the Seller all of the Buyer's Documents described in Section 14 below;

vi. The Buyer shall have submitted the construction plans for the Development to the Seller and the City, and the Seller and the City shall have approved the construction plans pursuant to the Development Documents;

vii. Seller shall have determined, in its reasonable discretion, that Buyer will be able to receive a building permit for the Development and the Buyer has submitted all information required for the City to review the application for the building permit;

viii. The Seller shall have obtained final plat approval or obtained the necessary subdivision approvals required for the conveyance of the Property and construction of the Development;

ix. By the Closing Date, the Buyer shall have obtained and provided to the Seller evidence of all necessary financing for the Development in a form satisfactory to the Seller in its reasonable discretion;

x. The Seller and the Buyer shall have negotiated and executed the Access Agreement described above; and

xi. The Seller shall have determined that the Development to be undertaken by the Buyer on the Property is in conformance with this Agreement and the development objectives set forth in resolutions of the Seller authorizing the Development Documents.

xii. Plans for the relocation of the stormwater utilities on the Buyer's Existing Property and the Property shall have been mutually approved by Buyer, Seller, the City and Northern Natural Gas Company ("Northern"), the holder of the rights to a gas line easement on and under the Buyer's Existing Property and the Property, and (2) Buyer, Seller, Northern and the City (if required) shall have negotiated and executed any required mutually agreeable encroachment agreement (the "Encroachment Agreement") allowing for the relocated stormwater utilities to encroach on the area of the gas line easement in favor of Northern located on the Buyer's Existing Property and the Property.

The contingencies set forth in this Section 8(b) are for the benefit of the Seller and may be waived only by the Seller in its sole and absolute discretion. Notwithstanding any other provision in this Agreement, a waiver of a contingency must be in writing to be effective. Prior to the Closing Date, the Seller will give written notice to the Buyer of the contingencies that have been waived, satisfied, or neither waived nor satisfied.

c. Seller's and Buyer's Options. In the event that any of the foregoing contingencies fail to be satisfied by the Closing Date or the end of the Due Diligence Period, as applicable:

i. The applicable party benefitting from the contingency(ies) may terminate this Agreement, and Buyer and Seller shall execute and deliver to each other documentation effecting the termination of this Agreement; or

ii. The applicable party benefitting from the contingency(ies) may waive such failure and proceed to Closing; provided that the contingencies in Section 8(a) are solely for the benefit of the Buyer and may be waived only by the Buyer as provided in therein) and the contingencies in Section 8(b) are solely for the benefit of the Seller and may be waived only by the Seller as provided therein; or

iii. Buyer and the Seller may mutually agree to extend the Closing Date.

9. Real Estate Taxes and Special Assessments. Any general real estate taxes payable in the year in which Closing occurs shall be prorated between the Buyer and the Seller as of the Closing Date. The Buyer will pay all outstanding special assessments with respect to the Property as of the Effective Date.

10. Representations and Warranties of Seller. As a condition for the Buyer's receipt of the Financial Assistance, the Property shall be sold AS-IS. Buyer acknowledges that it has inspected or will have had the opportunity to inspect the Property and agrees to accept the Property "AS IS" with no right of set off or reduction in the Purchase Price. Such sale shall be without representation or warranties, express or implied, either oral or written, made by Seller or any official, employee or agent of Seller with respect to the physical condition of the Property, including but not limited to, the existence or absence of petroleum, hazardous substances, pollutants or contaminants in, on, or under, or affecting the Property or with respect to the compliance of the Property or its operation with any laws, ordinances, or regulations of any government or other body, except as stated below. Buyer acknowledges and agrees that Seller has

not made and does not make any representations, warranties, or covenants of any kind or character whatsoever, whether expressed or implied, with respect to income potential, operating expenses, uses, habitability, tenant ability, or suitability for any purpose, merchantability, or fitness of the Property for a particular purpose, all of which warranties Seller hereby expressly disclaims, except as stated below. Buyer is relying entirely upon information and knowledge obtained from the Due Diligence Documents and Buyer's own investigation, experience and knowledge obtained from Buyer's own investigation, experience, or personal inspection of the Property. Buyer expressly assumes, at closing, all environmental and other liabilities with respect to the Property and releases and indemnifies Seller from same, whether such liability is imposed by statute or derived from common law including, but not limited to, liabilities arising under the Comprehensive Environmental Response, Compensation and Liability Act ("CERCLA"), the Hazardous and Solid Waste Amendments Act, the Resource Conservation and Recovery Act ("RCRA"), the federal Water Pollution Control Act, the Safe Drinking Water Act, the Toxic Substances Act, the Superfund Amendments and Reauthorization Act, the Toxic Substances Control Act, and the Hazardous Materials Transportation Act, all as amended, and all other comparable federal, state or local environmental conservation or protection laws, rules or regulations. The foregoing assumption and release shall survive Closing. All statements of fact or disclosures, if any, made in this Agreement or in connection with this Agreement, do not constitute warranties or representations of any nature. The foregoing provision shall survive Closing and shall not be deemed merged into any instrument of conveyance delivered at Closing.

Notwithstanding the foregoing, Seller represents to Buyer as follows:

a. Unrecorded Agreements. To Seller's actual knowledge, there are no unrecorded agreements, undertakings or restrictions which affect the Property.

b. Leases. To the Seller's actual knowledge, there are no leases or possessory rights of others regarding the Property.

c. Due Diligence Documents. To Seller's actual knowledge, the Due Diligence Documents delivered or to be delivered to Buyer hereunder are correct and complete and do not contain any false information.

d. FIRPTA. Seller is not a "foreign person," "foreign partnership," "foreign trust," or "foreign estate," as those terms are defined in Internal Revenue Code Section 1445 and the regulations promulgated thereunder.

e. No Proceedings. To the Seller's actual knowledge, there are no legal or administrative proceedings pending or threatened (i) which would adversely affect Seller's right to convey the Property to Buyer as contemplated in this Agreement, or (ii) affecting the Property. There are no condemnation or eminent domain proceedings pending or, to Seller's knowledge, threatened with respect to the Property.

f. Private Sewage Systems; Wells. To the Seller's knowledge, there are no wells or private sewage systems located on the Property.

g. Use of Property. To Seller's knowledge, no methamphetamine production has occurred on the Property.

h. Current Conditions. Seller shall maintain the Property in its present condition, ordinary wear and tear excepted.

i. Authority. Seller has full power and authority to enter into this Agreement and to perform all of its obligations hereunder, and has taken all action required by law, its governing instruments, or otherwise to authorize the execution, delivery, and performance of this Agreement and all the deeds, agreements, certificates, and other documents contemplated herein. This Agreement has been duly executed by and is a valid and binding agreement of Seller, enforceable in accordance with its terms, except as enforceability may be limited by equitable principles or by the laws of bankruptcy, insolvency, or other laws affecting creditors' rights generally.

j. Entity. Seller is a public body corporate and politic and political subdivision of the State of Minnesota.

k. The obligations of Buyer under this Agreement are contingent upon the representations and warranties of Seller contained in this Agreement being true as of the Effective Date and on the Closing Date as if made on the Closing Date. Each of the foregoing representations and warranties shall be deemed remade as of the Closing Date and, as so remade, shall survive the Closing.

11. Due Diligence Documents. Within ten (10) days after the Effective Date, Seller shall deliver to Buyer copies of the documents set forth on Exhibit C attached hereto and incorporated herein that are in Seller's possession or reasonable control (the "Due Diligence Documents").

12. Closing Costs.

a. The Buyer shall pay all costs of the preparation of a title commitment, including the search and examination fees and any abstracting fees, if required by the Title Company. The Buyer shall also pay the fees for standard searches with respect to the Seller and the Property, all premiums required for issuance of a title insurance policy and any endorsements, all of the costs for the Survey, and one-half (1/2) of all Closing fees or escrow fees charged by the Title Company. The Seller shall pay all recording fees and charges related to the filing of any instrument required to make title marketable including the Deed, any state deed tax, and one-half (1/2) of all Closing fees or escrow fees charged by the Title Company.

b. Buyer shall also pay the following costs: (1) all costs for obtaining government approvals that may be required in order to close on the Property or as required for the Buyer's intended use of the Property; (2) all fees of the cost of preparation of any necessary documents for the Plat or other subdivision documents; (3) Buyer's attorney's fees; (4) the Seller's reasonable legal, accounting fees and other out of pocket costs incurred in connection with this Agreement and the Development Documents and all tax increment financing approvals as further provided in the Development Documents as required by the City's Tax Increment Financing Policy, provided that the Seller shall pay its own fees and costs in connection with the real estate closing following execution of this Agreement; and (5) all other costs to be paid by Buyer as outlined in the Development Documents entered into between the Parties.

13. Seller's Closing Documents. At Closing, Seller shall execute and/or deliver to Buyer the following documents (collectively, the "Seller's Closing Documents"):

a. The Deed conveying the Property to Buyer.

b. A closing/settlement statement prepared by the Title Company to be executed by Seller, Buyer, and the Title Company at the Closing that accurately describes the economic terms of the transaction described in this Agreement.

c. A non-foreign affidavit, properly executed, containing such information as is required by IRC Section 1445(b)(2) and the regulations promulgated thereunder.

d. The TIF Assistance Agreement and the Assessment Agreement (all as defined in the TIF Assistance Agreement) and any other documents required pursuant to the terms of the Development Documents.

e. Any executed documents that may be required in the State of Minnesota in order for the Deed to be recorded on the Closing Date.

f. An affidavit of title with respect to the Property in a form satisfactory to the Title Company so as to enable the Title Company to remove standard title insurance exceptions that can be removed with such affidavit.

g. A Well Disclosure Certificate or a statement that the Seller does not know of any wells on the Property.

h. The Access Agreement.

i. The Encroachment Agreement (if required).

j. The Plat.

k. Such other documents as may be reasonably required to complete the transaction as set forth in this Agreement, including affidavits of the Seller and Certificates of Value.

14. <u>Documents to be Delivered by the Buyer</u>. The Buyer agrees to deliver to the Seller the following documents (the "Buyer's Documents"), duly executed as appropriate, at Closing:

a. Such affidavits of Buyer, Certificates of Value or other documents as may be reasonably required in order to complete the transaction contemplated by this Agreement.

b. Any documentary evidence required to satisfy the contingencies set forth herein.

c. The TIF Assistance Agreement, the Purchase Price Note, and the Assessment Agreement (all as defined in the TIF Assistance Agreement) and any other documents required pursuant to the terms of the Development Documents.

d. The Access Agreement.

e. The Encroachment Agreement (if required).

f. Such other documents as shall be required to carry out the intent of this Agreement.

15. <u>Casualty or Condemnation</u>. If before the Closing Date any of the improvements on the Property are destroyed or substantially damaged by fire or any other casualty or any substantial part of the Property shall be taken by condemnation (including a deed given in lieu thereof), Buyer shall have the

option of (i) enforcing this Agreement (and in such event the insurance proceeds or condemnation award shall belong to Buyer) or (ii) canceling this Agreement by written notice given within 30 days after Buyer receives notice of such casualty or condemnation from Seller. If this Agreement is canceled under this Section, the Earnest Money, or a portion thereof, shall be refunded to Buyer pursuant to Section 5 above, and the Parties' obligations hereunder shall be of no further force and effect.

16. Remedies. If either Party defaults under this Agreement, the non-defaulting party shall have the right to terminate this Agreement by giving written notice to the defaulting party. If the defaulting party is Seller, and Seller fails to cure such default within 14 days of the date of receipt of such written notice, this Agreement will terminate unless such default is waived by Buyer. If the defaulting party is Buyer, Seller may terminate this Agreement only by complying with Minn. Stat. Section 559.21. The termination of this Agreement shall be the sole and absolute remedy available to the non-defaulting Party for such default.

17. Commissions. Seller shall be responsible for and shall pay all brokerage commissions due in connection with this transaction. Specifically, Seller agrees to pay (i) a listing commission of $15,540 to its broker (__________), and (ii) a buyer's representation fee of $5,000 to the Buyer's broker (CBRE). These commissions shall be due and payable only upon the successful closing and will be paid on the Closing Date. Except for the brokers' fees set forth in the previous sentence, each party agrees that no other real estate brokers were retained and agrees to indemnify and hold the other party harmless from anyone else claiming a commission/fee through the indemnifying party.

18. Notices. Any notices required herein shall be deemed given when sent in the U.S. Mail, either registered or certified, return receipt requested, or by Federal Express or other overnight delivery service requiring a signature upon receipt, to the parties at the following addresses:

SELLER: The Economic Development Authority
for the City of Elk River
13065 Orono Parkway
Elk River, MN 55330
Attention: Executive Director

BUYER: O'Brien Holdings, LLC
3005 Ranchview Ln N
Plymouth, MN 55447
Attention: Brad Martin

19. Survival. All representations, warranties, and indemnities set forth herein shall survive the Closing, except as otherwise provided herein.

20. Governing Law. This Agreement shall be governed by and construed in accordance with the laws of the State of Minnesota.

21. Assignment. Buyer shall have the right to assign its interest in this Agreement, without the consent of Seller, to an entity in which Buyer, or one or more of its members, has an ownership interest, member interest or is otherwise affiliated with. The consent of the Seller shall be required if Buyer assigns this Agreement to any other third party, such consent not to be unreasonably withheld.

22. Binding Effect. This Agreement is binding upon the Parties and their respective permitted successors and assigns.

23. Construction. This Agreement shall not be construed more strictly against one Party than the other, merely by virtue of the fact that it may have been prepared primarily by counsel for one of the Parties, it being recognized that both Buyer and Seller have contributed substantially and materially to the preparation of this Agreement.

24. Headings. The headings preceding the text of the sections and subsections hereof are inserted solely for convenience of reference and shall not constitute a part of this Agreement, nor shall they affect its meaning, construction or effect.

25. Severability. The invalidity or unenforceability of any term or terms of this Agreement shall not invalidate, make unenforceable or otherwise affect any other term of this Agreement, and this Agreement shall be construed in all respects as if such invalid or unenforceable provision were omitted, and in such event, the remaining terms of this Agreement shall remain in full force and effect.

26. Computation of Time. In computing any period of time pursuant to this Agreement, the day of the act or event from which the designated period of time begins to run will not be included. The last day of the period so computed will be included, unless it is a Saturday, Sunday or federal holiday, in which event the period runs until the end of the next day which is not a Saturday, Sunday or federal holiday.

27. Time of the Essence. All times, wherever specified herein for the performance by Seller or Buyer of their respective obligations hereunder, are of the essence of this Agreement.

28. Complete Agreement. This instrument and any exhibits, schedules or addendums attached hereto contain the entire Agreement of the Parties regarding the subject matter hereof, and supersedes all prior negotiations, agreements or understandings, whether oral or in writing. This Agreement may not be changed orally but only by an Agreement in writing signed by the Parties.

29. Counterparts. This Agreement may be executed in any number of counterparts, each of which shall constitute an original but all of which, taken together, shall constitute but one and the same instrument. This Agreement may be executed by DocuSign or delivery of executed signature pages by email transmission.

Signature page follows

IN WITNESS WHEREOF, said Parties hereby execute this Purchase Agreement effective as of the Effective Date stated above.

SELLER:

THE ECONOMIC DEVELOPMENT AUTHORITY FOR THE CITY OF ELK RIVER

By__________________________________
Its President

By__________________________________
Its Executive Director

BUYER:

O'BRIEN HOLDINGS, LLC

By: __________________________________

Its: __________________________________

EXHIBIT A
LEGAL DESCRIPTION OF THE PROPERTY

That property located in the City of Elk River, Sherburne County, Minnesota legally described as:

That part of Lot 1, Block 1, NORTHSTAR BUSINESS PARK, Sherburne County, Minnesota, lying southerly and easterly of the following described line:

Commencing at the Northeasterly corner of said Lot 1; thence southeasterly on a curve along the Southwesterly right-of-way line of Twin Lakes Road an arc distance of 196.58 feet, said curve concave to the northeast, having a radius of 880.21 and a delta angle of 12 degrees 47 minutes 45 seconds, to the point of beginning of said described line; thence southwesterly to a point on the Westerly line of said Lot 1, 477.16 feet northwesterly of the Northwest corner of said Lot 2 and there terminating.

EXHIBIT B

FORM OF QUIT CLAIM DEED

(Top 3 inches reserved for recording data)

QUIT CLAIM DEED

DEED TAX DUE: $____________________ DATE: ________, 2026

ECRV: ________________
(month/day/year)

FOR VALUABLE CONSIDERATION, The Economic Development Authority for the City of Elk River
(insert name of Grantor)

a public body corporate and politic and political subdivision under the laws of Minnesota, ("**Grantor**"),
hereby conveys and quitclaims to O'Brien Holdings, LLC
(insert name of Grantee)
a limited liability company under the laws of Minnesota, ("**Grantee**"),
real property in Sherburne County, Minnesota, legally described as follows:

The property located in the City of Elk River, Sherburne County, Minnesota legally described as

The property located in the City of Elk River, Sherburne County, Minnesota legally described as:

That part of Lot 1, Block 1, NORTHSTAR BUSINESS PARK, Sherburne County, Minnesota, lying southerly and easterly of the following described line:

Commencing at the Northeasterly corner of said Lot 1; thence southeasterly on a curve along the Southwesterly right-of-way line of Twin Lakes Road an arc distance of 196.58 feet, said curve concave to the northeast, having a radius of 880.21 and a delta angle of 12 degrees 47 minutes 45 seconds, to the point of beginning of said described line; thence southwesterly to a point on the Westerly line of said Lot 1, 477.16 feet northwesterly of the Northwest corner of said Lot 2 and there terminating.

Check here if all or part of the described real property is Registered (Torrens) ☐

together with all hereditaments and appurtenances belong thereto, subject to the Right of Re-Entry for Breach of Condition Subsequent in favor of Grantor which is described on Exhibit A attached hereto and the form of Certificate of Release described on Exhibit B attached hereto.

Check applicable box:
X The Seller certifies that the Seller does not know of any wells on the described property.
☐ A well disclosure certificate accompanies this document (If electronically filed, insert WDC number: __________________).

The Economic Development Authority for the City of Elk River

By: ______________________________
Matthew T. Westgaard

Its: President

☐ I am familiar with the property described in this instrument and I certify that the status and number of wells on the described real property have not changed since the last previously filed well disclosure certificate.

By: ________________________________
Brent O'Neil

Its: Executive Director_____

State of Minnesota, County of SHERBURNE

This instrument was acknowledged before me on ________________________, 20__ by Matthew T. Westgaard, as President and by Brent O'Neil, as the Executive Director of the Economic Development Authority for the City of Elk River, a public body corporate and politic and political subdivision under the Constitution and laws of the State of Minnesota, on behalf of the Authority.

____
Notary Public

THIS INSTRUMENT WAS DRAFTED BY:
(insert name and address)

Kutak Rock LLP (GAF)
60 South Sixth Street, Suite 3400
Minneapolis, MN 55402

TAX STATEMENTS FOR THE REAL PROPERTY DESCRIBED IN THIS INSTRUMENT SHOULD BE SENT TO:
(insert name and address of Grantee to whom tax statements should be sent)

O'Brien Holdings, LLC
3005 Ranchview Ln N
Plymouth, MN 55447

EXHIBIT A

TO QUIT CLAIM DEED
EXECUTED BY
THE ECONOMIC DEVELOPMENT AUTHORITY
FOR THE CITY OF ELK RIVER, GRANTOR,
IN FAVOR OF O'BRIEN HOLDINGS, LLC, GRANTEE.

THE ECONOMIC DEVELOPMENT AUTHORITY FOR THE CITY OF ELK RIVER, Grantor, is conveying the property described in the attached Quit Claim Deed (the "Property") to O'BRIEN HOLDINGS, LLC, Grantee, subject to a right of re-entry for breach of conditions subsequent in favor of Grantor. The condition subsequent is that, barring any Unavoidable Delays, the Grantee shall have commenced construction of the foundation of the Minimum Improvements, as defined in that certain TIF Assistance Agreement between the Grantor, the City of Elk River (the "City"), and Grantee dated as of [____________], 2026 (the "TIF Assistance Agreement"), by December 1, 2026. If Grantee breaches the condition subsequent, Grantee shall re-convey the Property back to Grantor. If Grantee fails to re-convey the Property to the Grantor, Grantor may elect to exercise its right of reentry by commencing an action in Sherburne County District Court to establish the breach of the condition subsequent. If Grantor establishes a breach of the condition subsequent, title to and the right to possession of the Property, and title to all improvements located thereon reverts to Grantor, and Grantee is not entitled to any compensation from Grantor for the value of any improvements Grantee has made to the Property.

The Grantee shall notify the Grantor when the Grantee has commenced, or caused to be commenced, construction of the foundation of the Minimum Improvements on the Property in accordance with permits issued by the City or the Grantor. The Grantor shall, within 20 days after such notification, inspect the Property in order to determine whether the Grantee has commenced construction of the foundation of the Minimum Improvements in accordance with permits issued by the City or the Grantor. If the Grantor determines the Grantee has commenced construction of the foundation of the Minimum Improvements in accordance with permits issued by the City or the Grantor, the Grantor will furnish to the Grantee a Certificate of Release in the form attached hereto as Exhibit B, releasing the Property from the right-of-reentry

EXHIBIT B

TO QUIT CLAIM DEED EXECUTED BY
THE ECONOMIC DEVELOPMENT AUTHORITY
FOR THE CITY OF ELK RIVER, GRANTOR,
IN FAVOR OF O'BRIEN HOLDINGS, LLC, GRANTEE.
CERTIFICATE OF RELEASE

Recitals.

Recital One. O'Brien Holdings, LLC, a Minnesota limited liability company (the "Grantee") is the owner of the real property legally described in Exhibit A hereto (the "Property").

Recital Two. Grantee acquired title to the Property subject to a right of re-entry for breach of conditions subsequent in favor of the Grantor (the "Right of Reentry") set forth in a deed from The Economic Development Authority for the City of Elk River (the "Grantor") dated ____________ __, 2026 and recorded in the office of the Sherburne County Registrar of Titles /Sherburne County Recorder on ____________________ as Document No. ______________ (the "Deed").

Recital Three. The Grantee is a party to a TIF Assistance Agreement between the Grantor, the City of Elk River, Minnesota (the "City"), and the Grantee, dated _____________ __, 2026 (such agreement, as the same may be modified or amended, the "TIF Assistance Agreement") (capitalized terms utilized herein and not separately defined shall have the meanings ascribed to them in the TIF Assistance Agreement).

Recital Four. Pursuant to the TIF Assistance Agreement the Grantee is obligated to have commenced, or caused to be commenced, by December 1, 2026, construction of the foundation of the Minimum Improvements in accordance with permits issued by the City.

Recital Five. The Grantor's Right of Re-entry would be triggered by the Grantee's failure to have commenced, or caused to be commenced, by December 1, 2026, construction of the foundation of the Minimum Improvements in accordance with permits issued by the City.

Recital Six. The Grantee has represented to the Grantor that the Grantee has commenced, or caused to be commenced, by December 1, 2026, construction of the foundation of the Minimum Improvements in accordance with permits issued by the City and has requested this Certificate of Release from the Grantor.

Certificate of Release. The Grantor hereby certifies that the Grantee has satisfied its obligations with respect to commencing, or causing to be commenced, by December 1, 2026, construction of the foundation of the Minimum Improvements in accordance with permits issued by the City. The Grantor further acknowledges and agrees that the Property is released from the Right of Reentry.

IN WITNESS WHEREOF, the Grantor has caused this certificate to be duly executed on its behalf this ____ day of ____________, 20___.

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THE ECONOMIC DEVELOPMENT AUTHORITY FOR THE CITY OF ELK RIVER

By_______________________________

Its President

By_______________________________

Its Executive Director

STATE OF MINNESOTA
COUNTY OF SHERBURNE

This instrument was acknowledged before me on ____________________, 20__ by _____________, as President and by _____________, as the Executive Director of the Economic Development Authority for the City of Elk River a public body corporate and politic and political subdivision under the Constitution and laws of the State of Minnesota, on behalf of the Authority.

____

Notary Public

DRAFTED BY:
Kutak Rock LLP (GAF)
60 South Sixth Street, Suite 3400
Minneapolis, MN 55402

EXHIBIT A
TO CERTIFICATE OF RELEASE
LEGAL DESCRIPTION OF THE PROPERTY

The property located in the City of Elk River, Sherburne County, Minnesota legally described as:

That part of Lot 1, Block 1, NORTHSTAR BUSINESS PARK, Sherburne County, Minnesota, lying southerly and easterly of the following described line:

Commencing at the Northeasterly corner of said Lot 1; thence southeasterly on a curve along the Southwesterly right-of-way line of Twin Lakes Road an arc distance of 196.58 feet, said curve concave to the northeast, having a radius of 880.21 and a delta angle of 12 degrees 47 minutes 45 seconds, to the point of beginning of said described line; thence southwesterly to a point on the Westerly line of said Lot 1, 477.16 feet northwesterly of the Northwest corner of said Lot 2 and there terminating.

EXHIBIT C

DUE DILIGENCE DOCUMENTS

Copies of the following in Seller's possession or control and related to the Property:

1. Copies of all agreements affecting the Property, including any assignable warranties;
2. Grading Plans
3. Phase I
4. Utility plans.