



AGENDA
CHASKA ECONOMIC DEVELOPMENT AUTHORITY
CHASKA CITY HALL - COUNCIL CHAMBERS & ZOOM
Monday, January 9, 2023
IMMEDIATELY FOLLOWING CITY COUNCIL MEETING

1. Call to Order
2. Roll Call
3. Adopt Agenda
4. Approve Previous Meeting Minutes
 - 4.A. EDA Meeting Minutes 12-19-2022
5. Discussion Items
 - 5.A. Items Related to the Redevelopment of the Chaska Building Center Site
 - 5.A.i. Hold Public Hearing
 - 5.A.ii. Adopt Resolution No. EDA 2023-4
6. Other Business
7. Adjourn

**- MINUTES -
CHASKA ECONOMIC DEVELOPMENT AUTHORITY
DECEMBER 19, 2022**

1. Call to Order

President Windschitl called the meeting to order at 9:05 p.m.

2. Roll Call

Roll call was taken. Present: President Windschitl and Commissioners Hatfield, Hubbard, Grau, and Huang.

Absent: None.

Also Present: Elise Durbin, Assistant Executive Director and Matt Podhradsky, Executive Director.

3. Agenda

Motion by Commissioner Hatfield, second by Commissioner Huang to adopt the agenda as presented.

Motion carried.

4. Minutes

4.A. Approve EDA Meeting Minutes of 5/16/2022 and 9/12/2022

Motion by Commissioner Hubbard, second by Commissioner Grau to approve the minutes of the May 16, 2022 and September 12, 2022 EDA Meeting Minutes.

Motion carried.

5. Discussion Items

5A. Adopt Resolution EDA 2022-146 Adopting the 2023 EDA Budget and EDA Property Tax Levy for Payable 2023.

Executive Director Podhradsky introduced and provided an overview of this item.

Motion by Commissioner Hatfield, second by Commissioner Huang to adopt EDA Resolution No. 2022-146 adopting the 2023 EDA Budget and an EDA property tax levy for payable 2023.

Motion carried.

6. Other Business

There was no other business.

7. Adjourn

Motion by Commissioner Hubbard, second by Commissioner Hatfield to adjourn the meeting at 9:09 p.m.

Motion carried.

REQUEST FOR ACTION

CHASKA ECONOMIC DEVELOPMENT AUTHORITY

1/9/2023

Subject: Items related to the Redevelopment of the Chaska Building Center site

Prepared By: Elise Durbin, Assistant Executive Director

Background

For many years, the EDA has been working to redevelop the site that was once occupied by the Chaska Building Center. The site, located on Chaska Boulevard (CSAH 61) between East Creek and Fire Lane, has been partially developed with the DDK Construction offices and Formacoat. The EDA owns this remaining 3.72-acre vacant site through a Contract for Deed with Bremer Bank. Additionally, there is an existing Tax Increment Financing District across the entire site, including this parcel, that was established to facilitate the redevelopment.

In September 2021, the EDA entered into a Letter of Intent with Lariat Companies, Inc. to acquire the property and build a multi-tenant light industrial/manufacturing/office building. Since that time, the developer has been working on plan details and with staff on both a purchase agreement and development agreement for the site.

In October 2022, the project received Final Site and Building Plan approval to build a 41,000 square foot building for office, warehouse, and quasi-retail uses. The building will accommodate 25 tenants with spaces ranging in size from 1,320 to 2,460 square feet. The tenants are anticipated to be small businesses that could be working out of their homes currently or are in need of larger spaces, such as contractors, on-line retailers, dance studios, and other similar uses.

Development Agreement and Purchase Agreement

Both a Development Agreement and Purchase Agreement have been drafted with Lariat Companies, Inc., the city and the EDA for the transfer of this property and the redevelopment of the site. Generally, the terms in the documents are as follows:

- Lariat Companies, Inc. will pay to the EDA \$243,065 for the site, which reflects the \$1.50 per square foot price the property has been marketed at.
- To support the TIF, Lariat Companies, Inc agrees that as of January 2, 2024, the minimum market value to be assessed for the property shall be \$5,800,000.
- Chaska EDA agrees to pay Bremer Bank, with whom the EDA has a Contract for Deed with for the site, \$495,065.
- The city will:
 - Waive the following development fees: water area, sanitary sewer area, storm water area, parkland dedication and trails.
 - Repave Fire Lane within six months after project completion (weather permitting) and not assess the property.

- Closing is to happen no later than June 15, 2023 and construction is to begin no later than June 30, 2023.

Below is the revenue and expenditures related to the project:

Expenditures

Release of Land from Mortgage	\$495,065
Site Cleanup and Area Charges	\$350,000
Total	\$845,065

Revenue

TIF	\$602,000
Sale of Land	\$243,065
Total	\$845,065

Staff Recommendation

This site is the last piece in a many-year effort to redevelop the former Chaska Building Center site. The project works to accomplish the City Council's Vision of "In 2025 Chaska has a vibrant downtown" by redeveloping an underutilized site, adding jobs to the downtown area, and bringing a new type of facility to the community. Because of this, staff recommends that the EDA approve the action requested below.

The City Council will also be asked to take action on items related to this project as well.

EDA ACTION REQUESTED

Two actions are requested:

1. Hold a public hearing on the sale of the property.
2. Adopt EDA resolution 2023-4 approving the sale of the property; a purchase agreement between the EDA and Lariat Companies, Inc.; and a Development Agreement between the EDA, City of Chaska, and Lariat Companies, Inc.

**CITY OF CHASKA
CARVER COUNTY, MINNESOTA**

RESOLUTION

DATE 1/9/2023 **RESOLUTION NO.** EDA 2023-4

MOTION BY COUNCILMEMBER _____ **SECOND BY COUNCILMEMBER** _____

**RESOLUTION GRANTING APPROVAL OF THE SALE AND CONVEYANCE OF PROPERTY
BY THE ECONOMIC DEVELOPMENT AUTHORITY OF THE CITY OF CHASKA,
MINNESOTA (THE "EDA") AND GRANTING APPROVAL OF A PURCHASE AGREEMENT
BY AND BETWEEN THE EDA AND LARIAT COMPANIES, INC., A MINNESOTA
CORPORATION ("LARIAT") AND A DEVELOPMENT AGREEMENT BY AND AMONG THE
EDA, THE CITY OF CHASKA, MINNESOTA (THE "CITY") AND LARIAT**

BE IT RESOLVED by the EDA as follows:

Section 1. Authorization and Recitals.

1.01. Pursuant to Minnesota Statute Sections 469.001 through 469.047 and 469.090 through 469.1082, as amended, the EDA has created Redevelopment Project Area No. 4 (the "Project Area").

1.02. The EDA, pursuant to Minnesota Statute Section 469.105, as amended (the "Act"), is authorized to sell and convey its interest in property within the City or an economic development district, if, after a public hearing it determines that the sale and conveyance are in the best interests of the City and its people, and that the transaction furthers its general plan of economic development.

1.03. The EDA proposes to sell and convey its interest in the following property within the Project Area located at 2950 Chaska Boulevard (the "Property") to Lariat pursuant to a purchase agreement (the "Purchase Agreement"):

Lot 2, Block 1, Formacoat Addition, Carver County, Minnesota.

1.04. The EDA, pursuant to the Act, is authorized to enter into a Development Agreement (the "Development Agreement") with City and Lariat, under which (i) Lariat will construct an approximately 40,000 square-foot multi-tenant industrial facility for the development of a small bay industrial space for small businesses on the Property and (ii) the EDA and the City will provide certain financial accommodations to Lariat in connection with the same.

1.05. Pursuant to the Act, on January 9, 2023, the EDA conducted a public hearing on the advisability of selling its interest in the Property as contemplated by the Purchase Agreement and the Development Agreement. Public notice was provided as required by the Act.

Section 2. Approval of Sale and Conveyance.

2.01. The EDA hereby approves the sale and conveyance of the EDA's interest in the Property to Lariat and determines that the sale and conveyance is in the best interests of the EDA and its constituents, and that the transaction further its general plan of economic development.

2.02. The EDA hereby approves the Purchase Agreement, together with any related documents necessary in connection therewith (collectively, the "Purchase Documents") substantially in the form presented to the EDA Board of Commissioners. The EDA hereby authorizes its President or Executive Director, each individually or together, in their discretion and at such time, if any, as they may deem appropriate, to execute the same on behalf of the EDA, and to carry out, on behalf of the EDA, the EDA's obligations thereunder.

2.03. The EDA hereby approves the Development Agreement, together with any related documents necessary in connection therewith (collectively, the "Development Documents") substantially in the form presented to the EDA. The EDA hereby authorizes its President or Executive Director, each individually or together, in their discretion and at such time, if any, as they may deem appropriate, to execute the same on behalf of the EDA, and to carry out, on behalf of the EDA, the EDA's obligations thereunder.

2.04. The approval hereby given to the Purchase Documents and 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 EDA 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 EDA. The officers authorized herein to execute said documents are further authorized to take all steps and execute and deliver such documents, instruments or agreements on behalf of the EDA, as any such person shall deem necessary, desirable or appropriate to accomplish the conveyance of the Property to Lariat and to otherwise carry out the purposes of the matters authorized by this resolution or as contemplated by any of the agreements or documents authorized by this resolution. The execution of any instrument by the appropriate officers of the EDA herein authorized shall be conclusive evidence of the approval of such document in accordance with the terms hereof.

2.05. All actions of any EDA member or officer taken prior to the date hereof on behalf of the EDA in connection with the Purchase Documents and Development Documents and the sale of the Property are hereby approved, adopted and ratified in all respects.

Passed and adopted by the Board of Commissioners of the Economic Development Authority of the City of Chaska, Minnesota, this 9th day of January, 2023.

ECONOMIC DEVELOPMENT AUTHORITY OF
THE CITY OF CHASKA, MINNESOTA

By: _____
Mark Windschitl, President

ATTEST:

Chaska Deputy Clerk

DEVELOPMENT AGREEMENT

By and Among

ECONOMIC DEVELOPMENT AUTHORITY OF THE CITY OF CHASKA, MINNESOTA,

AND

CITY OF CHASKA, MINNESOTA

AND

LARIAT COMPANIES, INC.

This document drafted by:
DORSEY & WHITNEY LLP (ACS)
50 South Sixth Street, Suite 1500
Minneapolis, MN 55402

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DEVELOPMENT AGREEMENT

THIS AGREEMENT (the “Agreement”), made as of the 9th day of January, 2023, by and between the ECONOMIC DEVELOPMENT AUTHORITY OF THE CITY OF CHASKA, MINNESOTA, a body corporate and politic organized and existing under the laws of the State of Minnesota (the “EDA”); the City of Chaska, Minnesota (the “City”), a municipal corporation under the Constitution and laws of the State of Minnesota; and LARIAT COMPANIES, INC., a Minnesota corporation (the “Developer”),

Recitals:

A. Pursuant to Sections 469.001 through 469.047 and 469.090 through 469.1082, as amended (together, the “Development Act”), the EDA has created Redevelopment Project Area No. 4 (the “Project Area”) and has adopted or proposes to adopt a Redevelopment Plan therefor (the “Redevelopment Plan”).

B. Pursuant to the provisions of Minnesota Statutes, Section 469.174 through 469.1794, as amended, (the “TIF Act”), on January 23, 2012, the EDA adopted a resolution creating, within the Project Area, Tax Increment Financing (Redevelopment) District No. 18 (Chaska Building Center Project) as a redevelopment tax increment financing district (the “TIF District”), the legal description of which is attached hereto as Exhibit A and adopted a tax increment financing plan therefor (the “TIF Plan”) which provides for the use of tax increment financing in connection with certain development within the Project Area and the TIF District.

C. Developer proposes to construct an approximately 40,000 square foot multi-tenant industrial facility for use as small bay industrial space for small businesses on the approximately 3.72 acres of real property that is legally described on Exhibit B attached hereto (the “Development Property”) (the “Project”) and has requested that the EDA use tax increment financing to assist Developer with certain costs thereof in order to fill the gap between the Total Development Costs (as hereinafter defined) and the funds available to pay such costs.

D. The City and EDA have determined that, in order to accomplish the purposes specified in and to carry out the Redevelopment Plan and the TIF Plan, it is necessary and desirable for the City and the EDA to provide certain assistance to Developer to finance the Project through certain tax increment financing pursuant to the TIF Act and this Agreement.

E. The City and EDA believe that the development activities associated with the Project pursuant to this Agreement are in the best interests of the City and benefit the health, safety, morals and welfare of its residents, and comply with the applicable state and local laws and requirements under which the Project has been undertaken and is being assisted.

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

ARTICLE I RECITALS; EXHIBITS, DEFINITIONS

Section 1.1. Recitals. The Recitals are true and correct statements of fact and are incorporated into this Agreement by this reference, including the definitions set forth therein.

Section 1.2. Exhibits. All Exhibits referred to in and attached to this Agreement upon execution are incorporated in and form a part of this Agreement as if fully set forth herein.

Section 1.3. Definitions. Unless the context otherwise specifies or requires, the following terms have the following definitions. Certain other capitalized terms are defined elsewhere in this Agreement. All defined terms may be used in the singular or the plural, as the context requires.

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

“Affiliate” means a corporation, partnership, joint venture, association, business trust or similar entity organized under the laws of the United States of America or a state thereof which is directly controlled by or under common control with Developer or any other Affiliate. For purposes of this definition, control means the power to direct management and policies through the ownership of at least a majority of its voting securities or interests, or the right to designate or elect at least a majority of the members of its governing body by contract or otherwise.

“Assessment Agreement” means the agreement, in substantially the form of the agreement contained in **Exhibit F** attached hereto and made a part of this Agreement, between Developer and the EDA and including the attached certification by the assessor for the County, entered into pursuant to Article III of this Agreement.

“Assessor’s Minimum Market Value” means the agreed minimum market value of the Project for calculation of real property taxes as determined by the assessor for the County as of **January 2, 2024** and as further set forth in the Assessment Agreement.

“Available Tax Increments” means **90%** of the Tax Increments received by the EDA less the amount of Tax Increments, if any, which the EDA must pay to the school district, the County and the State pursuant to Minnesota Statutes, Sections 469.177, Subds. 3, 9, 10, and 11; 469.176, Subd. 4h; and 469.175, Subd. 1a, as the same may be amended from time to time.

“Board” means the Board of Commissioners of the EDA.

“Business Day” means any day except a Saturday, Sunday or a legal holiday or a day on which banking institutions in the City are authorized by law or executive order to close.

“City” means the City of Chaska, Minnesota and its authorized successors and assigns.

“City Council” means the City Council of the City.

“Closing Date” or “Closing” means the date on which the EDA conveys the Development Property to Developer, which date shall be the date determined in accordance with the Purchase Agreement.

“Completion Date” means the date on which the Certificate of Completion with respect to the Project is executed by the EDA and the City pursuant to Section 3.7.

“Construction Costs” means the capital costs of the construction of the Project, including the costs of labor and materials; construction management and supervision expenses; insurance and payment or performance bond premiums; architectural and engineering fees and expenses; property taxes; usual and customary fees or costs payable to the EDA or the City, or any other public body with regulatory authority over construction of the Project (e.g. building permits and inspection fees); developer fee; and all other costs chargeable to the capital account of the Project under generally accepted accounting principles.

“Construction Documents” shall mean the following documents, all of which shall be in form and substance acceptable to Developer, the EDA and the City: (a) evidence satisfactory to EDA and the City showing that the Project conforms to applicable zoning, subdivision and building code laws and ordinances, including a copy of the building permit for the Project; (b) a copy of the executed standard form of agreement between owner and architect for architectural services for the Project, if any, and (c) a copy of the executed general contractor’s contract for the Project, if any.

“Construction Plans” means the plans, specifications, drawings and related documents for the construction of the Project which shall be as detailed as the plans, specifications, drawings and related documents which are submitted to the building inspector of the City.

“County” means Carver County, Minnesota.

“Deed” means the Quit Claim Deed in the form attached to the Purchase Agreement, to be executed by the EDA conveying the Development Property to Developer.

“Developer” means **Lariat Companies, Inc.**, a Minnesota corporation, and its authorized successors and assigns.

“Development Property” means the real property legally described in **Exhibit B** attached to this Agreement under the heading “Development Property”, which property is within the Project Area.

“EDA” means the Economic Development Authority of the City of Chaska, Minnesota and its authorized successors and assigns.

“Event of Default” means any of the events described in Section 5.1 hereof.

“Interfund Loan” means the interfund loan of non-federal funds from the City’s Electric Fund or other fund of the City which was used to finance certain costs of the Project, in the aggregate amount of **\$495,065.00**, with interest thereon at the rate of **4.00%** per annum, all as set forth in a resolution adopted by the EDA.

“Interfund Payment Date” has the meaning as set forth in Section 3.2.

“Project” means the construction of an approximately 40,000 square foot multi-tenant industrial facility to be located on the Development Property in the City for use as small bay industrial space for small businesses.

“Purchase Agreement” means the Purchase Agreement dated as of an even date herewith between the EDA and Developer related to the sale of the Development Property to Developer.

“State” means the State of Minnesota.

“Tax Increments” means the tax increments (i) only from the applicable pooling percent share for the District available to be expended on activities outside of the District under Minnesota Statutes, Sections 469.1763, Subd. 2, less applicable administrative expenses and (ii) which are derived from the Development Property and the improvements thereon which have been received and retained by the EDA in accordance with Minnesota law, as amended from time to time, including without limitation the provisions of Minnesota Statutes, Section 469.177. For purposes of this definition, “generated by the Development Property and any improvements thereon” means the portion of Tax Increments actually received by the EDA from the TIF District determined by the EDA, in its sole determination, to have been

derived from the Project based on the ratio that the captured tax capacity of the Development Property bears to the total captured tax capacity of the TIF District, taking into account tax delinquencies and petitions.

“TIF Act” means Minnesota Statutes, Sections 469.174 through 469.1794, as amended.

“TIF District” means the Tax Increment Financing (Redevelopment) District No. 18 (Chaska Building Center Project) consisting of the property legally described in **Exhibit A** attached hereto, which the EDA has established as a redevelopment district under the TIF Act.

“TIF Plan” means the tax increment financing plan approved for the TIF District.

“Termination Date” means the earlier of (i) **February 1, 2040**; or (ii) any earlier date this Agreement is cancelled in accordance with the terms hereof or deemed paid in full; or (iii) the final Interfund Payment Date following the final collection of Tax Increments prior to the decertification of the TIF District in accordance with the law.

“Total Development Costs” means the costs as set forth on **Exhibit D**.

“Unavoidable Delays” means delays, outside the control of the party claiming their occurrence, which are the direct result of strikes, other labor troubles, unusually severe or prolonged bad weather, acts of God, acts of war or terrorism, fire or other casualty to the Project, litigation commenced by third parties which, by injunction or other similar judicial action or by the exercise of reasonable discretion, directly results in delays, or acts of any federal, state or local governmental unit (other than the City or the EDA) which directly result in delays, acts of the public enemy or acts of terrorism and discovery of unknown hazardous materials or other concealed site conditions or delays of contractors due to such discovery.

ARTICLE II REPRESENTATIONS AND WARRANTIES

Section 2.1. Representations and Warranties of the EDA. The EDA makes the following representations and warranties:

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

(2) No member of the Board of Commissioners of the EDA, or officer of the EDA, has either a direct or indirect financial interest in this Agreement.

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

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

(2) No Councilmember of the City, or officer of the City, benefit financially from this Agreement within the meaning of Minnesota Statutes, Sections 412.311 and 471.87.

Section 2.3. Representations and Warranties of Developer. Developer makes the following representations and warranties:

(1) Developer is a Minnesota corporation duly and validly organized and existing in good standing under the laws of the State, and has power and authority to enter into this Agreement and to perform its obligations hereunder and is not in violation of any provision of the laws of the State.

(2) Developer has or will acquire, fee title to the Development Property, and will cause the Project to be constructed in accordance with the terms of this Agreement, the Redevelopment Plan, and all local, state and federal laws and regulations including, but not limited to, environmental, zoning, energy conservation, building code and public health laws and regulations.

(3) As set forth on **Exhibit D** attached hereto, the Total Development Costs of the Project are estimated to be approximately **\$6,000,000.00**, and the sources of revenue to pay such costs are approximately **\$5,504,935.00**, excluding the EDA's reimbursement of a portion of the costs of site acquisition and certain extraordinary site costs contemplated herein, and Developer has been unable to obtain additional private financing or investment for the total estimated Total Development Costs at rates or returns that allow the Project to be economically feasible within the reasonably foreseeable future.

(4) The Project would not be undertaken by Developer, and in the opinion of Developer would not be economically feasible within the reasonably foreseeable future, without the assistance and benefit to Developer provided for in this Agreement.

(5) Developer will obtain, or cause to be obtained, in a timely manner, all required permits, licenses and approvals, and will 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 construction and operation of the Project.

(6) 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 provision of any contractual restriction, evidence of indebtedness, agreement or instrument of whatever nature to which Developer is now a party or by which it is bound, or constitutes a default under any of the foregoing.

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

(8) As of **January 2, 2024**, the estimated market value of the Development Property is expected to be at least **\$5,800,000**.

ARTICLE III UNDERTAKINGS BY DEVELOPER, EDA AND CITY

Section 3.1. Total Development Costs and Public Costs. Based on Developer's representation that the Total Development Costs are approximately **\$6,000,000.00**, that the sources of revenue available to pay such costs, excluding the EDA's reimbursement of a portion of the costs of site acquisition and certain extraordinary site costs contemplated herein, is **\$5,504,935.00**, and that Developer is unable to obtain additional private financing or investment for the total estimated Total Development Costs at rates or returns that allow the Project to be economically feasible within the reasonably foreseeable future, the EDA has agreed to provide tax increment financing assistance as hereinafter set forth. Developer agrees that it will construct the Project on the Development Property if the estimated Total Development Costs are equal to or less than **\$6,000,000.00** on the Closing Date. If the estimate of Total Development Costs increase

to more than **\$6,000,000.00** prior the Closing Date and Developer exercises its right to terminate the Purchase Agreement under Section 5.1.5 thereof, then this Agreement shall automatically terminate and be of no further force and effect without the necessity of further action or instrument and thereafter Developer shall be released from its obligation to construct the Project.

Section 3.2. Agreement to Pay Tax Increment Shortfall. In order to assist with the costs of site acquisition and certain extraordinary site costs described in the Purchase Agreement, subject to the satisfaction of all conditions set forth in the Purchase Agreement and satisfaction of all other conditions required by law to implement the terms of this Agreement, the EDA agrees to convey the Development Property to Developer in accordance with the terms of the Purchase Agreement and to reimburse Developer from proceeds of the Interfund Loan in an amount equal to **\$495,065.00** as further set forth in this Agreement.

Commencing **August 1, 2025**, on each February 1 and August 1 thereafter to and including the Termination Date, or, if the first day of either February 1 or August 1 should not be a Business Day, the next succeeding Business Day (the “Interfund Payment Dates”) the EDA will credit against the principal amount of the Interfund Loan, an amount equal to all Available Tax Increments received by the EDA in the six (6) month period preceding such Interfund Payment Date. If, on any Interfund Payment Date, the Available Tax Increments received by the EDA in the six (6) month period preceding such Interfund Payment Date are less than the amount shown in the schedule below, Developer shall pay, by check or draft mailed to the EDA, an amount equal to the deficiency. Developer’s obligation to make such payments is evidenced by the Purchase Price Note in the form attached hereto as **Exhibit C** delivered in accordance with the Purchase Agreement and this Agreement.

<u>Date</u>	<u>Amount</u>	<u>Date</u>	<u>Amount</u>	<u>Date</u>	<u>Amount</u>	<u>Date</u>	<u>Amount</u>
08/01/25	49,164.50	08/01/29	49,164.50	08/01/33	49,164.50	08/01/37	49,164.50
02/01/26	49,164.50	02/01/30	49,164.50	02/01/34	49,164.50	02/01/38	49,164.50
08/01/26	49,164.50	08/01/30	49,164.50	08/01/34	49,164.50	08/01/38	49,164.50
02/01/27	49,164.50	02/01/31	49,164.50	02/01/35	49,164.50	02/01/39	49,164.50
08/01/27	49,164.50	08/01/31	49,164.50	08/01/35	49,164.50	08/01/38	49,164.50
02/01/28	49,164.50	02/01/32	49,164.50	02/01/36	49,164.50	02/01/39	49,164.50
08/01/28	49,164.50	08/01/32	49,164.50	08/01/36	49,164.50	08/01/39	49,164.50
02/01/29	49,164.50	02/01/33	49,164.50	02/01/37	49,164.50	02/01/40	49,164.50

If, as of the termination date of the TIF District, the EDA has received Available Tax Increments in excess of an amount sufficient to repay the principal amount of the Interfund Loan, with interest thereon at the rate set forth herein, the EDA will, on or before **December 31, 2040**, apply such excess to reimburse Developer for any amounts paid to the EDA pursuant to this Section 3.2 or the Purchase Price Note in an amount equal to such excess.

If, as of the termination date of the TIF District, the EDA has received Available Tax Increments in an amount less than an amount sufficient to repay the principal amount of the Interfund Loan, the EDA

will, if the Available Tax Increments have been received by the EDA in an amount at least equal to the amounts set forth above or Developer has paid all deficiency amounts in accordance with this Section 3.2 and the Purchase Price Note, forgive the remaining principal amount of the Purchase Price Note.

Section 3.3. EDA and City Fees and Expenses; Waiver of Area Fees. Except as expressly set forth in this Section 3.3, in accordance with the City's ordinances, policies and fee schedules, Developer will pay the EDA's and City's fees and expenses in connection with the Project, including but not limited to certain engineering fees, environmental advisor fees, land use fees, zoning fees, subdivision fees and other costs related to the development of the Development Property. In consideration of Developer's fulfillment of its obligations under this Agreement, the City hereby agrees to waive the following City development fees: (a) water area, (b) sanitary sewer area, (c) storm water area, (d) parkland dedication and (e) trails. The foregoing waiver does not include and Developer shall be responsible, for (i) all other standard charges and fees due with respect to real estate developments and allocable to the Development Property under City ordinances and the City code, including, but not limited to, building permit fees, plat fees, and inspection fees, and (ii) any and all water and/or sewer availability charges required by the City and/or the Metropolitan Council in connection with the Project. If Developer fails to achieve completion of the Project in accordance with this Agreement or if this Agreement is terminated due to an Event of Default by Developer, then Developer shall be responsible for paying to the City any such fees waived by the City under this Section, which such obligation shall survive termination of this Agreement.

Section 3.4. Compliance with Environmental Requirements.

(1) Developer shall comply with all applicable local, state, and federal environmental laws and regulations, and will obtain, and maintain compliance under, any and all necessary environmental permits, licenses, approvals or reviews.

(2) The EDA and the City make no warranties or representations regarding, nor does it indemnify Developer with respect to, the existence or nonexistence on or in the vicinity of the Development 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").

(3) Developer agrees to take all necessary action to remove or remediate any Hazardous Substances located on the Development Property to the extent required by and in accordance with all applicable local, state and federal environmental laws and regulations.

(4) Developer waives any claims against the EDA or the City, 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 Development Property.

Section 3.5. Construction Plans.

(1) Prior to the commencement of construction of the Project, Developer will deliver to the EDA and the City the Construction Plans and a sworn Construction Costs statement certified by Developer and the general contractor (the "Sworn Construction Cost Statement"). The EDA and the City shall promptly review any Construction Plans upon submission and deliver to Developer a written statement approving the Construction Plans or a written statement rejecting the Construction Plans and specifying the deficiencies in the Construction Plans. The EDA and the City shall approve the Construction Plans if: (i) the

Construction Plans substantially conform to the terms and conditions of this Agreement; (ii) the Construction Plans are consistent with the goals and objectives of the Redevelopment Plan; (iii) the Construction Plans comply with the site plan, including without limitation using consistent construction materials and architectural style; and (iv) the Construction Plans do not violate any applicable federal, State or local laws, ordinances, rules or regulations. If the Construction Plans are not approved by the EDA and the City, then Developer shall make such changes as the EDA and the City may reasonably require and resubmit the Construction Plans to the EDA or the City for approval. If the EDA and the City have not rejected the Construction Plans in writing within 15 calendar days of submission, such Construction Plans shall automatically be deemed approved by the EDA and the City.

(2) The approval of the Construction Plans, or any proposed amendment to the Construction Plans, by the EDA or the City does not constitute a representation or warranty by the EDA or the City that the Construction Plans or the Project comply with any applicable building code, health or safety regulation, zoning regulation, environmental law or other law or regulation, or that the Project will meet the qualifications for issuance of a certificate of occupancy, or that the Project will meet the requirements of Developer or any other users of the Project. Approval of the Construction Plans, or any proposed amendment to the Construction Plans, by the EDA or the City will not constitute a waiver of an Event of Default. Nothing in this Agreement shall be construed to relieve Developer of its obligations to receive any required approval of the Construction Plans from any City department.

Section 3.6. Commencement and Completion of Construction. Subject to the terms and conditions of this Agreement and to Unavoidable Delays, Developer will commence construction of the Project by **June 30, 2023**, and shall substantially complete the Project by **November 30, 2024**. Notwithstanding the foregoing, failure of Developer to substantially complete the Project shall not be an Event of Default unless the Project is not substantially completed by **June 30, 2025**. The Project will be constructed by Developer on the Development Property in conformity with this Agreement and the Construction Plans approved by the EDA and the City. No changes shall be made to the Construction Plans for the Project without the EDA's and the City's prior written approval, unless the aggregate of such changes do not increase or decrease the Total Development Costs by more than 10%. No changes which materially alter (a) the Project's site plan, (b) exterior appearance, (c) quality, (d) exterior materials, or (e) number of parking spaces shall be made without the EDA's and the City's prior written consent, which will not be unreasonably withheld, unreasonably conditioned or unreasonably delayed. Prior to completion, upon the request of the EDA or the City, and subject to applicable safety rules, Developer will provide the EDA or the City reasonable access to the Development Property. "Reasonable access" means at least one site inspection per week during regular business hours. During construction, marketing and rentals of the Project, Developer will deliver progress reports to the EDA and the City from time to time as mutually agreed upon by the EDA, the City and Developer.

Section 3.7. Certificate of Completion. Developer shall notify the EDA and the City when construction of the Project has been substantially completed. At no cost to Developer, the EDA and the City shall promptly inspect the Project in order to determine whether the Project has been constructed in substantial conformity with this Agreement, the approved Construction Plan. If the EDA and the City determine that the Project has not been constructed in substantial conformity with this Agreement, the approved Construction Plans, the EDA and the City shall deliver a written statement to Developer indicating in adequate detail the specific respects in which the Project has not been constructed in substantial conformity with the approved Construction Plans and Developer shall promptly remedy such deficiencies. Promptly upon determining that the Project has been constructed in substantial conformity with this Agreement, the approved Construction Plans, the EDA and the City will furnish to Developer a Certificate of Completion in the form attached hereto as **Exhibit E** certifying the completion of the Project. The Certificate of Completion issued for the Project shall conclusively satisfy and terminate the agreements and covenants of Developer in this Agreement to construct the Project. Developer may cause the Certificate of

Completion to be recorded in the proper office for recordation of deeds and other instruments pertaining to the Development Property. Regardless of whether a Certificate of Completion is issued by the City, the construction of the Project shall be deemed to be complete upon issuance of a certificate of occupancy for the Project by the City.

Section 3.8. Additional Responsibilities of Developer.

(1) Developer will construct, operate and maintain, or cause to be operated and maintained, the Project in substantial accordance with the terms of this Agreement, the Redevelopment Plan and all local, State, and federal laws and regulations including, but not limited to zoning, building code, public health laws and regulations, except for approved variances necessary to construct the Project contemplated in the Construction Plans approved by the EDA and the City.

(2) Developer will obtain, in a timely manner, all required permits, licenses, and approvals, and will 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 Project may be lawfully constructed.

(3) Developer will not construct any building or other structures on, over, or within the boundary lines of any public utility easement unless such construction is provided for in such easement or has been approved by the utility involved.

(4) Developer, at its own expense, will replace any public facilities and public utilities damaged during the construction of the Project, in accordance with the technical specifications, standards and practices of the owner thereof.

(5) Developer will provide and maintain or cause to be maintained at all times and, from time to time at the request of the EDA or the City, furnish the EDA or the City with proof of payment of premiums on insurance of amounts and coverages normally held by owners of property similar to the Project.

Section 3.9. Business Subsidy Act. The EDA, the City and Developer have determined that a business subsidy agreement within the meaning of the Minnesota Business Subsidy Act, Minnesota Statutes, Sections 116J.993 through 116J.995 is not required in accordance with the exception contained in the Minnesota Business Subsidy Act, Minnesota Statutes, Section 116J.993, subd. 3(17), because Developer's investment in the purchase of the Development Property and site preparation thereon is 70% or more of the assessor's current year's estimated market value for the Development Property.

Section 3.10. Execution of Assessment Agreement.

(1) On the Closing Date, Developer and the EDA shall execute the Assessment Agreement relating to the Project 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, Developer shall agree to a market value in the amount of **\$5,800,000** as of **January 2, 2024**. 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 Developer from seeking, through the exercise of legal or administrative remedies, a reduction in such market value for property tax purposes, provided however, 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) **December 31, 2039** (for assessment date January 2, 2038 for taxes payable 2039), or (ii) the date on which the TIF District expires or is otherwise terminated. Minnesota Statutes, Section 469.177, Subdivision 8, upon a finding by the assessor of the County that the Assessor's Minimum Market Value represents a reasonable estimate based upon the plans and specifications for the Project to be constructed on the Development Property. 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 Agreement shall be binding and enforceable in its entirety against any such subsequent purchaser or encumbrancer, including the holder of any mortgage.

(3) Developer agrees to pay the cost of filing such Assessment Agreement with the Carver County Recorder and Registrar of Titles.

(4) Developer agrees that prior to the Termination Date it will not cause a reduction in the real property taxes paid with respect to the Project through willful destruction of the Project or any part of the Development Property; or willful refusal to reconstruct damaged or destroyed property. Developer also agrees that it will not, prior to the Termination Date, apply for a deferral of property tax on the Development Property and the improvements thereon 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.

(5) Developer shall notify the City and the EDA 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 Interfund Payment Date, any Tax Appeal is then pending, the EDA will withhold payments of Available Tax Increments attributable to the disputed tax payment that is the subject of the Tax Appeal to determine any shortfall pursuant to Section 3.2. The EDA 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 Available Tax Increment attributable to the disputed tax payments is finalized.

Section 3.11 Repaving of Fire Lane. As a material inducement to the Developer to enter into this Agreement, the City has agreed after the Project has been completed to ground down and repave Fire Lane from Chaska Boulevard to the north end of Fire Lane and to not assess the Development Property to recover any costs that the City so incurs. The City agrees to complete this repaving of Fire Lane not later than six (6) months after the Project has been completed, weather permitting.

ARTICLE IV CONVEYANCE OF DEVELOPMENT PROPERTY

Section 4.1. Purchase and Sale of Development Property; Purchase Price. Subject to satisfaction of all conditions set forth in the Purchase Agreement and satisfaction of all other conditions required by law to implement the terms of this Agreement, including but not limited to the delivery of the Purchase Price Note and other funds of Developer on the Closing Date in accordance with the Purchase Agreement, the EDA will convey the Development Property to Developer as provided in the Purchase Agreement.

Section 4.2. Conveyance Subject to Right of Re-entry. The EDA's conveyance of the Development Property to Developer pursuant to the Purchase Agreement will be made subject to a right of re-entry for breach of a condition subsequent in favor of the EDA. The condition subsequent is that, barring

any Unavoidable Delays, Buyer shall commence construction of the Project by **June 30, 2023**. For purposes of this Section, the term “commence” means the making of visible improvements, including without limitation subsurface excavation but excluding mere surface grading. If Developer breaches such condition subsequent, the EDA shall give notice to Developer thereof and Developer shall have 30 days from receipt of said notice to comply with the condition. If Developer fails to comply within said 30 days, Developer shall re-convey the Development Property back to the EDA. If Developer fails to re-convey the Development Property to the EDA, the EDA may elect to exercise its right of reentry by commencing an action in Carver County District Court to establish the breach of the condition subsequent. If the EDA establishes a breach of the condition subsequent, title to and the right to possession of the Development Property and title to all improvements located thereon reverts to the EDA, and Developer is not entitled to any compensation from the EDA for the value of any improvements Developer has made to the Development Property.

ARTICLE V EVENTS OF DEFAULT

Section 5.1. Events of Default Defined. The following shall be “Events of Default” under this Agreement and the term “Event of Default” shall mean whenever it is used in this Agreement any one or more of the following events:

(1) Failure by Developer to timely pay any ad valorem real property taxes assessed with respect to the Development Property.

(2) Subject to Unavoidable Delays, failure by Developer to proceed with due diligence to substantially complete the construction of the Project pursuant to the terms, conditions and limitations of this Agreement by **June 30, 2025**.

(3) Failure of Developer to observe or perform any other material covenant, condition, obligation or agreement on its part to be observed or performed under this Agreement.

(4) Failure by Developer to make a payment within 10 days after such payment is due under the Purchase Price Note or pursuant to Section 3.2.

(5) If, prior to the Completion Date, Developer 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) be adjudicated a bankrupt or insolvent; or if a petition or answer proposing the adjudication of Developer, 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 60 days after the filing thereof; or a receiver, trustee or liquidator of Developer, or of the Project, or part thereof, shall be appointed in any proceeding brought against Developer, and shall not be discharged within 60 days after such appointment, or if Developer, shall consent to or acquiesce in such appointment.

Section 5.2. Remedies on Default. Whenever any Event of Default referred to in Section 5.1 occurs and is continuing, either the EDA or the City, as specified below, may take any one or more of the following actions after the giving of 90 days’ written notice to Developer, but only if the Event of Default has not been cured within said 90 days; provided that if such Event of Default cannot be reasonably cured

within the 90 day period, and Developer has provided reasonable assurances to EDA and the City that it is proceeding with due diligence to cure such default, such 90-day cure period shall be extended for an additional period deemed reasonably necessary by the EDA and the City to effect the cure, but in any event not to exceed an additional 180 days:

(1) The EDA or the City may suspend its performance under this Agreement until it receives assurances from Developer, deemed reasonably adequate by the EDA and the City, that Developer will cure its default and continue its performance under this Agreement.

(2) The EDA or the City may terminate this Agreement.

(3) The EDA may accelerate the payments of the Purchase Price Note and the obligations of Developer under Section 3.2.

(4) If the Event of Default constitutes a breach of the condition subsequent set forth in the right of re-entry in Section 4.2 and in the Deed, the EDA may exercise its right of re-entry as set forth in the Deed and Section 4.2 hereof

(5) The EDA may seek specific performance of the obligations of Developer pursuant to this Agreement and the Purchase Price Note or damages to the extent otherwise set forth herein as to any obligation, agreement, or covenant of Developer under this Agreement or the Purchase Price Note.

(6) The EDA or the City may take any action, including legal or administrative action, in law or equity, which may appear necessary or desirable to enforce performance and observance of any obligation, agreement, or covenant of Developer under this Agreement.

Section 5.3. No Remedy Exclusive. No remedy herein conferred upon or reserved to the EDA or the City 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.

Section 5.4. No Implied Waiver. In the event any agreement contained in this Agreement should be breached by any party and thereafter waived by any other party, such waiver shall be limited to the particular breach so waived and shall not be deemed to waive any other concurrent, previous or subsequent breach hereunder.

Section 5.5. Indemnification of EDA and the City.

(1) Developer releases from and covenants and agrees that the EDA and the City, and their governing bodies' 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") 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 Project, except to the extent caused by any willful misrepresentation or any willful or wanton misconduct of the Indemnified Parties.

(2) Except for any willful misrepresentation or any willful or wanton misconduct of the Indemnified Parties, Developer agrees to protect and defend the Indemnified Parties, now and forever, 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 the actions or inactions of Developer (or if other persons acting on its behalf or under its direction or control) under this Agreement, or the transactions contemplated hereby or the acquisition, construction, installation, ownership, and operation of the Project; provided, that this indemnification shall not apply to the warranties made or obligations undertaken by the EDA or the City in this Agreement.

(3) All covenants, stipulations, promises, agreements and obligations of the EDA or the City, respectively, contained herein shall be deemed to be the covenants, stipulations, promises, agreements and obligations of the EDA or the City, respectively, and not of any governing body member, officer, agent, servant or employee of the EDA or the City, respectively.

Section 5.6. Attorneys' Fees. If either party hereto initiates litigation to enforce or interpret any of the provisions of this Agreement against the other party, the prevailing party in such litigation shall be entitled to reimbursement from the non-prevailing party of all reasonable and documented costs and expenses, including reasonable attorneys' fees, paid or incurred by the prevailing party in connection with such litigation. For purposes of this Section, the term "prevailing party" shall be defined to mean the party whose position in such litigation is substantially upheld.

Section 5.7. Developer Remedies on Default. Whenever any Event of Default occurs by the EDA or the City, Developer may, after 30 days' prior written notice to the City and the EDA, suspend its performance under this Agreement and/or take whatever action at law or in equity may appear necessary or desirable to Developer to enforce performance and observance of any obligation, agreement, or covenant of the EDA or the City under this Agreement. Nothing in this Agreement shall entitle Developer to make any claim against the EDA or the City for any damages whatsoever and Developer's remedies are strictly limited to the foregoing.

ARTICLE VI ADDITIONAL PROVISIONS

Section 6.1. Restrictions on Use. Developer agrees for itself, its successors and assigns and every successor in interest to the Development Property, or any part thereof, that, throughout the term of this Agreement, Developer and such successors and assigns shall operate, or cause to be operated, the Project as a multi-tenant industrial facility in accordance with City zoning, which does not qualify for an exemption from property taxes. The conversion of any portion of the Project to any other use shall result in the termination of the use of the Tax Increments and require immediate payment in full of the outstanding balance of the Purchase Price Note and the Interfund Loan, unless the City first approves said change in use.

Section 6.2. Reports. Developer shall provide the EDA and the City reports in a timely manner with such information about the Project as the EDA or the City may reasonably request for purposes of satisfying any reporting requirements imposed by law on the EDA and the City.

Section 6.3. Limitations on Transfer and Assignment Prior to the issuance of the Certificate of Completion.

(1) Except as provided in Section 6.3(4), Developer will not sell, assign, convey, lease or transfer in any other mode or manner (collectively, "Transfer") this Agreement or the Development Property or the Project, or any interest therein, prior to the issuance of the Certificate of Completion, without the express written approval of the EDA and the City, which consent will not be unreasonably withheld, conditioned or delayed;

(2) The EDA and the City shall be entitled to require, as conditions to any approval of any Transfer of this Agreement, the Development Property, the Project, or applicable portion thereof prior to the issuance of the Certificate of Completion, that:

(i) Any proposed transferee shall have the qualifications and financial responsibility, as reasonably determined by the EDA and the City, necessary and adequate to fulfill the obligations undertaken in this Agreement and the Purchase Price Note by Developer;

(ii) Any proposed transferee, by instrument in writing satisfactory to the EDA and the City shall, for itself and its successors and assigns, and expressly for the benefit of the EDA and the City have expressly assumed any of the remaining obligations of Developer under this Agreement and the Purchase Price Note and agreed to be subject to all the conditions and restrictions to which Developer is subject.

(iii) There shall be submitted to the EDA and the City for review all instruments and other legal documents involved in effecting transfer, and if approved by EDA and the City, their approval shall be promptly indicated to Developer in writing;

(iv) Developer and its transferees shall comply with such other conditions as the EDA may reasonably require in order to achieve and safeguard the purposes of the Act, the TIF Act, this Agreement, and the Purchase Price Note; and

(v) In the absence of a specific written agreement by the EDA and the City to the contrary, no such transfer or approval by the EDA and the City thereof shall be deemed to relieve Developer or any other party bound in any way by this Agreement or otherwise with respect to the construction of the Project, from any of its obligations with respect thereto.

(3) Developer agrees to pay all reasonable legal fees and expenses of the EDA and the City, including fees of the city attorney and outside counsel retained by the EDA or the City to review the documents submitted to the EDA in connection with any Transfer.

(4) Nothing contained in this Section shall prohibit Developer from (i) entering into leases with tenants in the ordinary course of business, (ii) entering into easement or other agreements necessary for the operation of the Project, (iii) granting of a mortgage or other security interests in the Development Property as provided in Section 6.4 hereof; or (iv) transferring this Agreement or the Development Property or the Project to an Affiliate so long as the proposed transferee expressly assumes in writing provided to the City and the EDA the obligations of Developer hereunder; provided, however, in the absence of specific written agreement by the City and the EDA to the contrary, no any assignment or transfer, whether or not permitted hereunder, shall be deemed to relieve Developer, or any other party bound in any way by this Agreement or otherwise with respect to any of its obligations hereunder or any other document, agreement, or instrument executed in connection herewith.

Section 6.4. Mortgage on the Development Property.

(1) Until the Certificate of Completion is issued, Developer shall not engage in any financing or any other transaction creating any mortgage or other security interest in or lien upon the, or portion thereof, whether by express agreement or operation of law (a “Mortgage”), or suffer any Mortgage to be made on or attach to the Development Property except for the purpose of obtaining funds necessary for acquiring and constructing the Development Property and paying the costs set forth in **Exhibit D**.

(2) This Agreement shall have priority over any Mortgage on the Development Property, and the Memorandum and the Assessment Agreement shall be recorded in the Carver County land records before any Mortgage; provided, however, the City and the EDA will, upon the request of the holder of a Mortgage, execute and record a subordination agreement pursuant to which the City and the EDA agree that, upon a default by Developer under a Mortgage, the holder of the Mortgage may elect, in an instrument to be recorded in the Carver County land records and delivered to the City and the EDA before the commencement of proceedings to foreclose the Mortgage, to either (1) treat this Agreement as being subordinate to the lien of the Mortgage such that the foreclosure of the Mortgage and the failure to redeem from such foreclosure will extinguish and terminate this Agreement; or (2) to treat this Agreement as having priority over the Mortgage in which case this Agreement will survive the foreclosure of the Mortgage and this Agreement will be binding upon the holder of the Sheriff's Certificate issued in conjunction with the foreclosure of the Mortgage. If the holder of the Mortgage fails to notify the City and the EDA of its election under this Section on or before the commencement of foreclosure proceedings, the holder of the Mortgage shall be deemed to have elected to treat this Agreement as being subordinate to the lien of the Mortgage such that the foreclosure of the Mortgage and the failure to redeem from such foreclosure will extinguish and terminate this Agreement will automatically terminate. The City and the EDA each further agree that if the holder of a Mortgage elects to treat this Agreement as having priority over the Mortgage, the City and the EDA, upon the completion of the foreclosure without redemption, agree that the time for the completion of the Project is extended to a date 12 months following the expiration of all applicable redemption periods.

Section 6.5. Insurance.

(a) Developer shall obtain and continuously maintain insurance on the Project and, from time to time at the request of the City or the EDA, furnish proof to the City and the EDA that the premiums for such insurance have been paid and the insurance is in effect. The insurance coverage described below is the minimum insurance coverage that Developer must obtain and continuously maintain, provided that Developer shall obtain the insurance described in clause (i) below with respect to the Project prior to the commencement of construction thereof and is only obligated to maintain the insurance described in clause (i) until Developer receives a Certificate of Completion:

(i) Builder's risk insurance, written on the so-called "Builder's Risk-Completed Value Basis," in an amount equal to 100% of the insurable value of the Project at the date of Completion, and with coverage available in non-reporting form on the so-called "all risk" form of policy.

(ii) Fire, extended coverage perils, vandalism and malicious mischief, boiler explosion (but only if steam boilers are present), collapse on a replacement cost basis in an amount equivalent to the full insurable value thereof. ("Full insurable value" shall include the actual replacement cost of the Project, exclusive of foundations and footings, without deduction for architectural, engineering, legal or administrative fees or for depreciation.)

(iii) Comprehensive general liability insurance (including operations, contingent liability, operations of subcontractors, completed operations and contractual liability insurance) together with an Owner's/Contractor's Policy naming the City and the EDA, as an additional insured, with limits against bodily injury and property damage of not less than \$5,000,000 for each occurrence (to accomplish the above-required limits, an umbrella excess liability policy may be used), written on an occurrence basis.

(iv) Workers compensation insurance, for employees of Developer if and to the extent required by Law.

(b) All insurance required in this Section shall be obtained and continuously maintained by responsible insurance companies selected by Developer which are authorized under the laws of the State to assume the risks covered by such policies. If available on commercially reasonable terms, each policy must contain a provision that the insurer will not cancel nor modify the policy in a manner that would adversely impact coverage without giving written notice to the insured at least 30 days before the cancellation or modification becomes effective. Not less than 15 days prior to the expiration of any policy, Developer must renew the existing policy or replace the policy with another policy conforming to the provisions of this Section. In lieu of separate policies, Developer may maintain a single policy, blanket or umbrella policies, or a combination thereof, having the coverage required herein. The policies required by this Section shall be subject to a no coinsurance clause or contain an agreed amount clause, and may contain a deductibility provision not exceeding \$25,000.

Section 6.6. Conflicts of Interest. No member of the governing body or other official of the EDA or the City shall have any financial interest, direct or indirect, in this Agreement, the Development Property or the Project, or any contract, agreement or other transaction contemplated to occur or be undertaken thereunder or with respect thereto, nor shall any such member of the governing body or other official participate in any decision relating to this Agreement which affects his or her personal interests or the interests of any corporation, partnership or association in which he or she is directly or indirectly interested. No member, official or employee of the EDA or the City shall be personally liable to the EDA or the City in the event of any default or breach by Developer or successor or on any obligations under the terms of this Agreement.

Section 6.7. Notices and Demands. Except as otherwise expressly provided in this Agreement, a notice, demand or other communication under this Agreement by any party to any 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

(i) in the case of Developer is addressed to or delivered personally to:

Lariat Companies, Inc.
8345 Crystal View Road, Suite 200
Eden Prairie, MN 55344
Attn: Ed Flaherty

with a copy to:

Edwin Chanin
Chanin Law Firm, P.A.
18171 82nd Place North
Maple Grove, Minnesota 55311

(ii) in the case of the EDA is addressed to or delivered personally to the EDA at:

Chaska Economic Development Authority
Chaska City Hall
One City Hall Plaza

Chaska, MN 55318
Attn: Executive Director

with a copy to:

Dorsey & Whitney LLP
50 South Sixth Street, Suite 1500
Minneapolis, MN 55402
Attn: Alex Sellke

- (iii) in the case of the City is addressed to or delivered personally to the City at:

City of Chaska
Chaska City Hall
One City Hall Plaza
Chaska, MN 55318
Attn: City Administrator

with a copy to:

Dorsey & Whitney LLP
50 South Sixth Street, Suite 1500
Minneapolis, MN 55402
Attn: Alex Sellke

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

Section 6.8. No Additional Waiver Implied by One Waiver. If any agreement contained in this Agreement should be breached by either party and thereafter waived by the other party, such waiver shall be limited to the particular breach so waived and shall not be deemed to waive any other concurrent, previous or subsequent breach hereunder.

Section 6.9. Term; Termination. This Agreement shall terminate on the Termination Date. In addition, Developer may elect to terminate this Agreement and the Assessment Agreement at any time by prepaying the outstanding principal balance of and accrued interest on the Purchase Price Note as of the date of such prepayment and termination. After the Termination Date, if requested by Developer, the EDA and the City will provide a termination certificate as to Developer's obligations hereunder.

Section 6.10. Provisions Surviving Termination. The following section will survive any termination, rescission, or expiration of this Agreement with respect to or arising out of any event, occurrence, or circumstance existing prior to the date thereof: Section 3.4(4) [waiver of environmental claims]; Section 4.2 [Conveyance Subject to Right of Re-entry]; Section 5.2 [Remedies on Default] to the extent of any Event of Default arising prior to such termination or expiration; Section 5.3 [No Remedy Exclusive]; Section 5.5 [Indemnification]; Section 5.6 [Reimbursement of Attorneys' Fees]; Section 5.7 [Developer Remedies on Defaults]; Section 6.5 [Insurance]; Section 6.7 [Notices and Demands]; Section 6.11 [Governing Law, Jurisdiction, Venue and Waiver of Trial by Jury]; and Section 6.18 [No Waiver of Governmental Immunity and Limitations on Liability].

Section 6.11. Governing Law, Jurisdiction, Venue and Waiver of Trial by Jury. All matters, whether sounding in tort or in contract, relating to the validity, construction, performance, or enforcement

of this Agreement shall be controlled by, interpreted and determined in accordance with the laws of the state of Minnesota without regard to its conflict and choice of law provisions. Any litigation arising out of this Agreement shall be venued exclusively in Carver County District Court, state of Minnesota and shall not be removed therefrom to any other federal or state court. Developer, the City, and the EDA hereby consent to personal jurisdiction and venue in the foregoing court. Developer, the City, and the EDA hereby waive trial by jury for any litigation arising out of this Agreement.

Section 6.12. Merger. 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. No waiver, consent, modification or change of terms of this Agreement shall bind any party unless in writing and signed by all parties. Such waiver, consent, modification or change, if made, shall be effective only in the specific instance and for the specific purpose given. There are no understandings, agreements, or representations, oral or written, not specified herein regarding this Agreement.

Section 6.13. Binding Effect. This Agreement shall inure to the benefit of and shall be binding upon the City, the EDA, and Developer and their respective successors and assigns.

Section 6.14. Severability. In the event any provision of this Agreement shall be held invalid or unenforceable by any court of competent jurisdiction, such holding shall not invalidate or render unenforceable any other provision hereof.

Section 6.15. Amendments, Changes and Modifications. This Agreement may be amended or any of its terms modified only by written amendment authorized and executed by the City, the EDA, and Developer.

Section 6.16. Further Assurances and Corrective Instruments. The City, the EDA, and Developer agree that they will, from time to time, execute, acknowledge and deliver, or cause to be executed, acknowledged and delivered, such supplements hereto and such further instruments as may reasonably be required for correcting any inadequate or incorrect description of the Development Property or the Project or for carrying out the expressed intention of this Agreement.

Section 6.17. City/EDA Approval. Unless the City Council or Board, as applicable, determines otherwise in its discretion, whenever this Agreement provides for the consent or approval by the City or the EDA, such approval shall be given by, respectively, the City Administrator or the Executive Director of the EDA (or in either case his/her designee), unless (a) this Agreement explicitly provides for approval by the City Council or the Board, (b) approval by the City Council or Board is required by law or (c) the approval, in the opinion of the City Administrator or the Executive Director, would result in a material change in the terms of this Agreement.

Section 6.18. No Waiver of Governmental Immunity and Limitations on Liability. Nothing in this Agreement shall in any way affect or impair the City's or the EDA's immunity or the immunity of the City's and the EDA's employees, consultants and contractors, whether on account of official immunity, legislative immunity, statutory immunity, discretionary immunity or otherwise. Nothing in this Agreement shall in any way affect or impair the limitations on the City's or the EDA's liability or the liability of the City's and the EDA's employees, consultants and independent contractors. By entering into this Agreement, neither the City nor the EDA waives any rights, protections, or limitations as provided under law and equity for the EDA, the City, or of their respective employees, consultants and contractors.

Section 6.19. Memorandum of Agreement. Neither party shall cause this Agreement to be recorded or filed in the real estate records of the County. However, at Closing, the parties shall execute,

and Developer shall cause to be recorded on the title to the Development Property, a memorandum of this Agreement in a form reasonably required by the EDA and the City (the “Memorandum”).

Section 6.20. Superseding Effect. This Agreement and the Purchase Agreement reflect the entire agreement of the parties with respect to the development of the Development Property, and supersede in all respects all prior agreements of the parties, whether written or otherwise, with respect to the development of the Development Property.

Section 6.21. Data Practices Act. Developer acknowledges that all of the data created, collected, received, stored, used, maintained, or disseminated by Developer with regard to the performance of its duties under this Agreement are subject to the requirements of Chapter 13, Minnesota Statutes.

Section 6.22. City and EDA Regulatory Authority. Nothing in this Agreement shall be construed to limit or modify the City’s or the EDA’s regulatory authority.

Section 6.23. Time is of the Essence. Time is of the essence of this Agreement and each and every term and condition hereof; provided, however, that if any date herein set forth for the performance of any obligations by Developer, the City, or the EDA or for the delivery of any instrument or notice as herein provided should not be on a business day, the compliance with such obligations or delivery shall be deemed acceptable on the next following business day.

Section 6.24. Relationship of Parties. Nothing in this Agreement is intended, or shall be construed, to create a partnership or joint venture among or between the parties hereto, and the rights and remedies of the parties hereto shall be strictly as set forth in this Agreement. All covenants, stipulations, promises, agreements and obligations of the EDA or the City contained herein shall be deemed to be the covenants, stipulations, promises, agreements and obligations of the EDA and the City and not of any governing body member, officer, agent, servant or employee of the EDA or the City.

Section 6.25. 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 6.26. Counterparts. This Agreement may be executed in any number of counterparts, each of which shall constitute one and the same instrument.

[Remainder of page intentionally left blank; signature(s) on following page(s)]

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

ECONOMIC DEVELOPMENT AUTHORITY
OF THE CITY OF CHASKA, MINNESOTA

By: _____
Mark Windschitl
Its: President

By: _____
Matt Podhradsky
Its: Executive Director

CITY OF CHASKA, MINNESOTA

By: _____
Mark Windschitl
Its: Mayor

By: _____
Matt Podhradsky
Its: City Administrator

LARIAT COMPANIES, INC.

By: _____
Name: _____
Its: _____

EXHIBIT A

DESCRIPTION OF TIF DISTRICT

The property located in the City of Chaska, Carver County, Minnesota legally described as:

Lot 1, Block 1, Formacoat Addition

Lot 2, Block 1, Formacoat Addition

EXHIBIT B

LEGAL DESCRIPTION OF DEVELOPMENT PROPERTY

The property located in the City of Chaska, Carver County, Minnesota legally described as:

Lot 2, Block 1, Formacoat Addition

EXHIBIT C

PURCHASE PRICE NOTE

LARIAT COMPANIES, INC., a Minnesota corporation (the “Developer”), hereby acknowledges itself to be indebted and, for value received, hereby promises to pay to the ECONOMIC DEVELOPMENT AUTHORITY OF THE CITY OF CHASKA, MINNESOTA, a body corporate and politic organized and existing under the laws of the State of Minnesota (the “EDA”) or its registered assigns (the registered owner of this Note is referred to herein as the “Registered Owner”), the principal sum of **\$495,065.00**, with interest thereon at the rate of **4.00%** per annum.

The principal amount of this 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 Development Agreement, dated as of January 2, 2024, as the same may be amended from time to time (the “Development Agreement”), by and between the EDA and Developer.

The amounts due under this Note shall be payable in 40 semi-annual installments, commencing **August 1, 2025**, and on each February 1 and August 1 thereafter to and including **February 1, 2040**, or, if the first day of either February 1 or August 1 should not be a Business Day (as defined in the Development Agreement), the next succeeding Business Day (the “Payment Dates”) in the amounts shown in the schedule below (each a “Payment Installment”). On each Payment Date the EDA will credit against the Payment Installment then due, an amount equal to all Available Tax Increments (as defined in the Development Agreement) received by the EDA in the 6-month period preceding such Payment Date. If, on any Payment Date, the Available Tax Increments received by the EDA in the 6-month period preceding such Payment Date is less than the amount shown in the schedule below, Developer shall pay, by check or draft mailed to the EDA, an amount equal to the deficiency.

<u>Date</u>	<u>Amount</u>	<u>Date</u>	<u>Amount</u>	<u>Date</u>	<u>Amount</u>	<u>Date</u>	<u>Amount</u>
08/01/25	49,164.50	08/01/29	49,164.50	08/01/33	49,164.50	08/01/37	49,164.50
02/01/26	49,164.50	02/01/30	49,164.50	02/01/34	49,164.50	02/01/38	49,164.50
08/01/26	49,164.50	08/01/30	49,164.50	08/01/34	49,164.50	08/01/38	49,164.50
02/01/27	49,164.50	02/01/31	49,164.50	02/01/35	49,164.50	02/01/39	49,164.50
08/01/27	49,164.50	08/01/31	49,164.50	08/01/35	49,164.50	08/01/38	49,164.50
02/01/28	49,164.50	02/01/32	49,164.50	02/01/36	49,164.50	02/01/39	49,164.50
08/01/28	49,164.50	08/01/32	49,164.50	08/01/36	49,164.50	08/01/39	49,164.50
02/01/29	49,164.50	02/01/33	49,164.50	02/01/37	49,164.50	02/01/40	49,164.50

This Note is prepayable at any time without penalty.

If, as of the termination date of the TIF District (as defined in the Development Agreement), the EDA has received Available Tax Increments in excess of an amount sufficient to repay the principal amount

of **\$495,065.00**, with interest thereon at the rate of **4.00%** per annum, the EDA will, on or before **December 31, 2040**, apply such excess to reimburse Developer for any amounts paid to the EDA pursuant to Section 3.2 of the Development Agreement and this Note in an amount equal to such excess.

If, as of the termination date of the TIF District, the EDA has received Available Tax Increments in an amount less than **\$495,065.00**, with interest thereon at the rate of **4.00%** per annum, the EDA will, if the Available Tax Increments have been received by the EDA in an amount at least equal to the amounts set forth above or Developer has paid all deficiency amounts in accordance with Section 3.2 of the Development Agreement and this Note, forgive the remaining principal amount of this Note.

[Remainder of page intentionally left blank; signature on following page]

IN WITNESS WHEREOF, Lariat Companies, Inc. has caused this Note to be executed and delivered as of _____, 2023.

LARIAT COMPANIES, INC.

By: _____

Name: _____

Its: _____

EXHIBIT D

TOTAL DEVELOPMENT COSTS AND SOURCES AND USES

Development Costs:

To be re-bid and determined in Spring 2023, estimated to be \$6,000,000

Sources:

Developer equity and proceeds of the Interfund Loan as provided herein

EXHIBIT E

CERTIFICATE OF COMPLETION OF PROJECT

THIS CERTIFICATE, made this _____ day of _____, 202__ from the ECONOMIC DEVELOPMENT AUTHORITY OF THE CITY OF CHASKA, MINNESOTA, a body corporate and politic organized and existing under the laws of the State of Minnesota (the “EDA”) and the CITY OF CHASKA, MINNESOTA, a municipal corporation existing under the Constitution and laws of the State of Minnesota (the “City”), for the benefit LARIAT COMPANIES, INC., a Minnesota corporation (the “Developer”).

WHEREAS, the EDA and the City entered into a Development Agreement (the “Agreement”), dated January 9, 2023, with Developer which requires Developer to construct an approximately 40,000 square foot multi-tenant industrial facility to be located on the Development Property in the City for use as small bay industrial space for small businesses (the “Project”) on the property situated in the City of Chaska, County of Carver, State of Minnesota legally described as follows (the “Development Property”):

Lot 2, Block 1, Formacoat Addition;

WHEREAS, Developer has constructed the Project in a manner deemed sufficient by the EDA and the City to permit the execution of this certification;

NOW THEREFORE, the EDA and the City do hereby certify that Developer has satisfactorily completed the Project and terms and conditions as recited in the Agreement. Developer is released and forever discharged from its obligations with respect to construction of the Project under Article III of the Agreement. Any remaining obligations under the Agreement shall be solely contractual obligations of Developer and parties to whom Developer expressly assigns, and who expressly assume, Developer’s obligations under the Agreement. The remaining covenants of Developer under the Agreement are not intended to run with title to the Development Property or bind successors in title to the Development Property.

The EDA has, as of the date and year first above written, set its hand hereon.

ECONOMIC DEVELOPMENT AUTHORITY
OF THE CITY OF CHASKA, MINNESOTA

By _____
Its Executive Director

STATE OF MINNESOTA)
) ss
COUNTY OF CARVER)

On this _____ day of _____, 202__, before me a Notary Public within and for said County, personally appeared _____, to me personally known, who, being by me duly sworn, did say that she/he is the Executive Director of the Economic Development Authority of the City of Chaska, Minnesota, the corporation named in the foregoing instrument, and said instrument was signed in behalf of said political subdivision by authority of its Board of Commissioners, and said _____ acknowledged said instrument to be the free act and deed of said corporation.

Notary Public

The City has, as of the date and year first above written, set its hand hereon.

CITY OF CHASKA, MINNESOTA

By: _____
Its: City Administrator

STATE OF MINNESOTA)
) ss
COUNTY OF CARVER)

On this _____ day of _____, 202____, before me a Notary Public within and for said County, personally appeared _____, to me personally known, who, being by me duly sworn, did say that she/he is the City Administrator of the City of Chaska, Minnesota, the municipal corporation named in the foregoing instrument, and said instrument was signed in behalf of said municipal corporation by authority of its City Council, and said _____ acknowledged said instrument to be the free act and deed of said municipal corporation.

Notary Public

THIS INSTRUMENT WAS DRAFTED BY:
DORSEY & WHITNEY LLP
50 South Sixth Street, Suite 1500
Minneapolis, MN 55402

EXHIBIT F

ASSESSMENT AGREEMENT

THIS AGREEMENT, dated as of this ____ day of _____, 2023, is between Economic Development Authority of the City of Chaska, Minnesota (the “EDA”), and Lariat Companies, Inc. (the “Developer”).

WITNESSETH

WHEREAS, on or before the date hereof the EDA and Developer have entered into a Development Agreement dated as of January 9, 2023 (the “Development Agreement”) regarding certain real property located in the EDA including the property legally described in **Exhibit A** (the “Developer Property”).

WHEREAS, it is contemplated that pursuant to said Development Agreement, Developer will construct of an approximately 40,000 square foot multi-tenant industrial facility to be located on the Development Property in the City of Chaska, Minnesota for use as small bay industrial space for small businesses (the “Project”) on Developer Property in accordance with construction plans approved by the EDA.

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

WHEREAS, Developer has acquired the land included in Developer Property legally described in **Exhibit A** attached hereto.

WHEREAS, the EDA and the Assessor have reviewed 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 1, 2024**, the minimum market value, which shall be assessed for Developer Property, shall be **\$5,800,000**.

2. The minimum market values herein established shall be of no further force and effect after assessment as of **January 2, 2038** for taxes payable in 2039 and this Agreement shall terminate automatically on **December 31, 2039**; provided, however, this Agreement shall terminate on such earlier date as the TIF District (as defined in the Development Agreement) is decertified, defeased or terminated in accordance with its terms (the “Termination Date”). If the Termination Date is earlier than **January 2, 2038** for taxes payable in 2039, the EDA 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 Developer Property.

3. This Agreement shall be recorded by the EDA with the County Recorder of Carver County, Minnesota. 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 Development Agreement among the EDA and Developer.

5. This Agreement shall inure to the benefit of and be binding upon the successors and assigns of the parties.

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

ECONOMIC DEVELOPMENT AUTHORITY
OF THE CITY OF CHASKA, MINNESOTA

By _____
Its President

By _____
Its Executive Director

STATE OF MINNESOTA)
): ss
COUNTY OF CARVER)

The foregoing instrument was acknowledged before me this _____ day of _____, 2023, by _____, the President of the Economic Development Authority of the City of Chaska, Minnesota on behalf of said Authority.

Notary Public

STATE OF MINNESOTA)
) ss.
COUNTY OF CARVER)

The foregoing instrument was acknowledged before me this _____ day of _____, 2023, by _____, the Executive Director of the Economic Development Authority of the City of Chaska, Minnesota, on behalf of said Authority.

Notary Public

LARIAT COMPANIES, INC., a Minnesota corporation

By _____
Name: _____
Its: _____

STATE OF MINNESOTA)
): ss
COUNTY OF)

The foregoing instrument was acknowledged before me this ____ day of _____, 2023, by _____, the _____ of Lariat Companies, Inc., a Minnesota corporation, on behalf of said corporation.

Notary Public

This instrument was drafted by:
DORSEY & WHITNEY LLP (ACS)
50 South Sixth Street, Suite 1500
Minneapolis, MN 55402

CERTIFICATION BY COUNTY ASSESSOR

The undersigned, having reviewed the Assessment Agreement dated as of _____, 2023 by and between Economic Development Authority of the City of Chaska, Minnesota and Lariat Companies, Inc., the plans and specifications for the Project, as defined in the foregoing Assessment Agreement, and the minimum 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 property, hereby certifies that the minimum market value as of **January 1, 2024** of **\$5,800,000** assigned to such land and improvements is reasonable.

County Assessor for Carver County

STATE OF MINNESOTA)
) ss.
COUNTY OF CARVER)

This instrument was acknowledged before me on _____, 2023, by _____, the County Assessor of Carver County.

Notary Public

EXHIBIT A TO MINIMUM ASSESSMENT AGREEMENT

Legal Description of Developer Property

The real property situated in the City of Chaska, County of Carver, State of Minnesota, described as follows:

Lot 2, Block 1, Formacoat Addition;

PURCHASE AGREEMENT

1. PARTIES. This Purchase Agreement (this “Agreement”) is made on this 9th day of January, 2023 (the “Effective Date”), by and between the ECONOMIC DEVELOPMENT AUTHORITY OF THE CITY OF CHASKA, MINNESOTA, a body corporate and politic organized and existing under the laws of the State of Minnesota (the “EDA”) and LARIAT COMPANIES, INC., a Minnesota corporation, or its permitted assigns (the “Buyer”).

2. SALE OF PROPERTY. On the terms and subject to the conditions hereinafter set forth, the EDA agrees to sell to the Buyer and the Buyer agrees to buy from the EDA, the approximately 3.72 acres of real property located in Carver County, Minnesota, that is legally described on the attached **Exhibit A-1** and depicted on **Exhibit A-2** (the “Property”). As more particularly described in, and pursuant to the terms of, that certain Development Agreement dated as of an even date herewith (the “Development Agreement”) between the Buyer, the EDA, and the City of Chaska, Minnesota (the “City”), the EDA is selling the Property to Buyer, and Buyer is purchasing the Property from the EDA, for the purpose of Buyer developing, constructing, and operating an approximately 40,000 square foot multi-tenant industrial facility for use as small bay industrial space for small businesses on the Development Property (the “Project”).

3. PURCHASE PRICE; EARNEST MONEY.

3.1. Purchase Price. The total purchase price to be paid by the Buyer to the EDA for the Property (the “Purchase Price”) shall be **\$738,130.00**, which shall be payable as follows:

- (i) **\$20,000.00** earnest money deposited with the Title Company (as defined below) in the time and manner set forth below (the “Earnest Money”);
- (ii) **\$495,065.00** payable pursuant to that certain Purchase Price Note executed by the Buyer in favor the EDA pursuant to and subject to the terms and conditions of the Development Agreement (“Purchase Price Note”);
- (iii) **\$243,065.00** in cash by wire transfer of immediately available funds to a bank account designated by the EDA in writing to Buyer (the “Cash Purchase Price”) (subject to prorations and adjustments as provided herein).

3.2. Earnest Money. Within five (5) days of the Effective Date, the Buyer will deposit the Earnest Money in escrow with **Title Mark, LLC** or a different reputable title insurance company selected by the Buyer and reasonably approved by the EDA and having an office in Carver County, Minnesota (the “Title Company”). The Earnest Money shall be applied towards payment of the Purchase Price at Closing (defined below), or released to Buyer or the EDA as provided in this Agreement.

4. BREMER BANK RELEASE.

The parties acknowledge and agree that the Property is presently held in title by Bremer Bank, National Association (“Bremer Bank”), all of which is subject to that certain contract for deed entered into by Bremer Bank, as vendor, and EDA, as vendee and a prior mortgage held by Bremer Bank. As a condition to the parties’ respective Closing obligations under this Agreement (collectively, the “Bremer Condition”), the EDA will have negotiated and agreed to with Bremer Bank (i) a price certain for release of and/or conveyance of Bremer Bank’s interests in said Property, in each case, in an aggregate amount not to exceed the principal amount of the Purchase Price Note (“Release Price”) and (ii) the escrowing of

\$200,000.00 of the Release Price at Closing (the “Escrowed Funds”) for additional or potentially additional costs which may be incurred by the Buyer for the Project related to soils corrections, lack of topsoil on site, and de-watering in connection with a high water table, all as more particularly described in that certain Amcon Construction estimate dated October 7, 2021 (collectively, “Extraordinary Site Costs”), which Escrowed Funds would be made available to the Buyer pursuant to an escrow agreement approved by the EDA, Bremer Bank and the Buyer for actual Extraordinary Site Costs incurred by Buyer in connection with Project. Notwithstanding anything to the contrary in this Agreement or in the Development Agreement, the Buyer, as Developer under the Development Agreement, shall be responsible for all actual Extraordinary Site Costs in excess of the Escrowed Funds. Any Escrowed Funds not used for actual Extraordinary Site Costs shall be disbursed to Bremer Bank as part of the Release Price. Subject to satisfaction of the Bremer Condition, and as more particularly described in the Development Agreement, the EDA will fund the Release Price (including the Escrowed Funds) from an interfund loan from the EDA to be secured by Buyer’s delivery of the Purchase Price Note as part of the Purchase Price.

5. BUYER’S AND EDA’S CONTINGENCIES; TERMINATION RIGHT:

5.1. Buyer’s Contingencies. The Closing obligations of Buyer under this Agreement are contingent upon each of the following:

5.1.1. Testing. On or before the date which is **90 days** after the Effective Date (the “Contingency Date”), the Buyer shall have determined that the Buyer is satisfied with the results of, and matters disclosed by, any environmental site assessments, soil tests, engineering inspections, hazardous substances and environmental reviews of the Property, all such tests, assessments, inspections and reviews to be obtained at the Buyer’s sole cost and expense.

(a) The Buyer shall pay all costs and expenses of such investigation and testing and shall promptly repair and restore any damage to the Property caused by the Buyer’s testing and return the Property to substantially the same condition as existed prior to entry. The Buyer shall indemnify, defend and hold the EDA harmless from any claim for damage to person or property arising from any investigation or inspection of the Property conducted by the Buyer, the Buyer’s agents or contractors, including the cost of attorneys’ fees. These indemnity obligations of the Buyer shall survive Closing or any termination of this Agreement.

(b) Copies of any written reports, studies or test results obtained by the Buyer in connection with the Buyer’s inspection of the Property or investigation relating to the Property shall be delivered to the EDA promptly upon receipt of the same at no cost to the EDA.

5.1.2. Land Use Approvals. On or before the Contingency Date, the Buyer shall have obtained, at the Buyer’s sole cost and expense, all consents, agreements, approvals, easements, variances, conditional use permits, licenses and adequate assurances that are determined to be reasonably necessary for the Project, including, but not limited to, land use approvals from the City (“collectively, “Land Use Approvals”).

5.1.3. Title. Title shall have been found acceptable to Buyer in accordance with the requirements and terms of Section 8 below.

- 5.1.4. Bremer Condition. On or before the Closing, the Bremer Condition shall be satisfied.
- 5.1.5. Total Development Costs. On or before the Closing, the estimate of Total Development Costs (as defined in the Development Agreement) to complete the Project must not be greater than **\$6,000,000.00**.
- 5.2. EDA's Contingencies. The Closing obligations of the EDA under this Agreement are contingent upon each of the following:
 - 5.2.1. Approval of this Agreement by the EDA. The EDA shall have approved the sale of the Property pursuant to this Agreement following a public hearing as required by applicable law.
 - 5.2.2. Tax Increment. The EDA shall have determined that the Project proposed by the Buyer on the Property and approved in accordance with the Land Use Approvals is in conformance with the EDA's Tax Increment Financing Plan for Tax Increment Financing (Redevelopment) District No. 18 (Chaska Building Center Project).
 - 5.2.3. Land Use Approvals. The Buyer shall have obtained the Land Use Approvals.
 - 5.2.4. Bremer Condition. On or before the Closing, the Bremer Condition shall be satisfied.
- 5.3. Termination Right. If either party determines that any of their respective contingencies listed in this Section have not been satisfied in their sole discretion by the date listed above corresponding to the applicable contingency (and if no date is listed above, then such contingency must be satisfied or waived by such party by the Closing Date), then this Agreement may be terminated by written notice from the party to the other, which notice must be given no later than such applicable date. If the party does not give written notice of termination on or before the applicable date, all of such contingencies will be deemed to have been satisfied and the parties shall proceed to close this transaction in accordance with the terms of this Agreement. If this Agreement is terminated by either party in accordance with this Section, the Earnest Money shall be returned to Buyer and neither party shall have any further rights or obligations regarding this Agreement or the Property. All of the contingencies set forth in this Agreement are specifically stated and agreed to be for the sole and exclusive benefit of the respective party and each party shall have the right to unilaterally waive any of its contingencies by written notice to the other party. If Buyer does not provide a written notice of termination by the date required, Buyer shall no longer have a right to terminate this Agreement under this Section because of such Buyer contingency and the Earnest Money shall be nonrefundable except as expressly provided in this Agreement.

6. CLOSING. The closing of the purchase and sale contemplated by this Agreement (the "Closing") shall be on a date mutually agreeable to the EDA and the Buyer ("Closing Date"), but in no event later than **June 15, 2023**. The EDA agrees to deliver possession of the Property to the Buyer on the Closing Date.

- 6.1. EDA's Closing Documents. On the Closing Date, the EDA shall execute and deliver to the Buyer the following (collectively, "EDA's Closing Documents"), all in form and content reasonably satisfactory to the EDA and the Buyer:
- 6.1.1. A quit claim deed conveying the Property to the Buyer in substantially the form set forth in **Exhibit B** hereto (the "Deed"), which such Deed may be delivered by Bremer Bank directly to Buyer;
 - 6.1.2. A Minnesota Uniform Conveyancing Blank Form 50.1.3 Affidavit Regarding Business Entity;
 - 6.1.3. A non-foreign affidavit, properly executed, containing such information as is required by the Internal Revenue Code Section 1445(b)(2) and its regulations;
 - 6.1.4. The City's and EDA's original executed counterpart to the Memorandum (as defined in the Development Agreement);
 - 6.1.5. The EDA's counterpart to the escrow agreement for the Escrowed Funds; and
 - 6.1.6. Any other instruments or other deliveries required by this Agreement or otherwise reasonably requested by the Title Company or the Buyer to consummate the Closing.
- 6.2. Buyer's Closing Documents. On the Closing Date, the Buyer shall execute, as appropriate and deliver to the EDA the following (collectively, "Buyer's Closing Documents") all in form and content reasonably satisfactory to the EDA and the Buyer:
- 6.2.1. The Cash Purchase Price;
 - 6.2.2. An original executed Purchase Price Note;
 - 6.2.3. An original executed Assessment Agreement (as defined in the Development Agreement);
 - 6.2.4. The Buyer's original executed counterpart to the Memorandum (as defined in the Development Agreement);
 - 6.2.5. The Buyer's counterpart to the escrow agreement for the Escrowed Funds;
 - 6.2.6. Construction Plans (as defined in the Development Agreement) for completion of the Project which have been approved by the City and EDA in accordance with the Development Agreement;
 - 6.2.7. Evidence that the Buyer has closed on construction financing for the Project with the lender thereof in an amount which the Buyer shall certify is sufficient, together with equity commitments, to complete construction of the Project in accordance with the Construction Plans approved by the City and the EDA;
 - 6.2.8. Evidence that the Buyer has obtained all Land Use Approvals; and

- 6.2.9. Any other instruments or other deliveries required by this Agreement or otherwise reasonably requested by the Title Company or the EDA to consummate the Closing.

7. PRORATIONS. The EDA and the Buyer agree to the following proration and allocation of costs regarding this Agreement:

- 7.1. Title Insurance and Closing Fees. The EDA will pay the cost of the Title Commitment. The Buyer will be responsible for all other title examination costs, title insurance premiums and the cost of any survey. The Buyer and EDA equally share the closing fee and any escrow fees imposed by the Title Company in connection with the Closing. The Buyer shall pay the state deed tax due on the Deed to be delivered by the EDA under this Agreement. The Buyer shall pay the cost of recording the Deed and all other documents, the EDA shall pay the costs to record any document required to establish title in the EDA as required by this Agreement.
- 7.2. Real Estate Taxes and Special Assessments. Any general real estate taxes due and payable in all years prior to the year in which the Closing occurs shall be the responsibility of the EDA (or its predecessor). Any general real estate taxes in the year in which Closing occurs shall be prorated to the Closing Date. Seller shall pay all levied, pending, and/or deferred special assessments on the Closing Date
- 7.3. Other Costs. All costs incidental to the Closing not otherwise specifically allocated in this Agreement shall be allocated in accordance with the custom and practice for similar transactions in the area in which the Property is located.

8. TITLE EXAMINATION. Title Examination shall be conducted as follows:

- 8.1. EDA's Title Evidence. As soon as reasonably practical after the Effective Date, the EDA shall order or furnish the following (collectively, "Title Evidence") to the Buyer:
- 8.1.1. Title Commitment. A commitment ("Title Commitment") for a 2016 ALTA Owner's Policy of Title Insurance committing to insure title to the Property in Buyer, subject only to the Permitted Encumbrances, in the amount of the Purchase Price and issued by the Title Company.
- 8.1.2. Survey. A copy of any existing land survey of the Property in the EDA's possession or control. The Buyer, at the Buyer's option, also may obtain, at the Buyer's expense, a new survey of the Property. Any new survey shall be certified and delivered to the EDA as well as the Buyer and any other parties that the Buyer may designate.
- 8.2. Buyer's Objections. No later than thirty (30) days after receiving the Title Commitment the Buyer must make written objections ("Objections") to the marketability of title to the Property based on the Title Evidence. If the Buyer elects to obtain a new survey, objections based upon the survey must be made within thirty (30) days after receipt of said survey but in no event later than the Contingency Date. The Buyer's failure to make Objections within such time period will constitute a waiver of Objections. However, any matter which is not referenced in the Title Commitment and is first recorded, discovered or disclosed after the effective date of the Title Commitment, whichever is later may be objected to by the Buyer in the manner described herein. The Buyer need not object to mortgages or other liens

created, assumed or otherwise caused by the EDA. Subject to satisfaction of the Bremer Condition, if not sooner satisfied, the EDA shall cause the Property to be released from any other mortgages or other liens against the Property created, assumed or otherwise caused by the EDA as of the Closing Date. Any matter shown on such Title Evidence, other than a mortgage or other lien and not objected to by the Buyer shall be a “Permitted Encumbrance” hereunder.

- 8.3. Cure Period. The EDA may advise Buyer in writing (“Cure Notice”) within seven (7) days after Buyer delivers written notice of any Objections, which (if any) of the Objections the EDA is willing to cure (the “Cure Items”). If the EDA does not deliver a Cure Notice, the EDA will be deemed to have elected not to undertake to cure any Objection. The EDA will have 30 days after delivery of the Cure Notice (the “Cure Period”) to use commercially reasonable efforts to attempt to cure the Cure Items in the EDA’s sole discretion, during which the Closing will be postponed as necessary; provided, however, that the EDA may pay monetary liens out of proceeds from Closing on the Closing Date if they are not satisfied prior thereto or assumed by Buyer in accordance with this Agreement, and the EDA shall otherwise have no obligation to cure any Objections. If the Cure Period expires prior to the Closing Date, Buyer shall have the right to extend the Cure Period to the Closing Date. If the EDA elects not to cure an Objection or any Cure Items are not cured within the Cure Period, Buyer may elect any of the following options by providing written notice thereof to the EDA and to the Title Company:

- 8.4.1. Terminate this Agreement within five days after the expiration of the Cure Period. Upon receipt of such notice from Buyer, the Title Company shall promptly return the Earnest Money to Buyer. Upon such return, neither the EDA nor Buyer shall have any further rights or obligations under this Agreement (except for any obligations that expressly survive the termination of this Agreement); or
- 8.4.2. Waive the Objections and close the transaction contemplated by this Agreement as if such Objections had not been made, and the title matters related to such Objections will be deemed Permitted Encumbrances.

The Buyer shall make the election within 10 days after expiration of the EDA’s Cure Period. A failure to make an election within such period shall be deemed an election to proceed to close pursuant to subsection 8.4.2.

9. REPRESENTATIONS AND WARRANTIES BY THE EDA. The EDA represents and warrants to the Buyer that the following are true in all material respects now and, as modified by any changes about which the Buyer obtains actual knowledge of before Closing;

- 9.1. EDA. The EDA is a public body corporate and politic, duly created under and subject to the laws of the State of Minnesota; the EDA has the requisite power and authority to enter into and perform this Agreement and those EDA Closing Documents signed by it; such documents have been or will be duly authorized by all necessary action on the part of the EDA and have been or will be duly executed and delivered; such execution, delivery and performance by the EDA of such documents does not conflict with or result in a violation of any judgment, order, or decree of any court or arbiter to which the EDA is a party; such documents are valid and binding obligations of the EDA, and are enforceable in accordance with their terms, subject to bankruptcy, reorganization, insolvency, moratorium and other laws affecting the rights and remedies of creditors generally and principles of equity.

- 9.2. Rights of Others to Purchase the Property. The EDA has not entered into any other contracts for the sale of the Property, nor are there any rights of first refusal or options to purchase the Property or any other rights of others (other than Bremer Bank) that might prevent the sale of the Property contemplated by this Agreement.
- 9.3. Proceedings. There is no action, litigation, investigation, condemnation or proceeding of any kind pending or, to the best of the EDA's knowledge without investigation, threatened against the EDA or any portion of the Property.
- 9.4. Wells. No wells exist on the Property.
- 9.5. Sewage Treatment Systems. No sewage treatment system exists on the Property.

If any time prior to Closing, the Buyer shall determine that any representation herein made by the EDA was not true in all material respects when made, the Buyer's sole remedy shall be to terminate this Agreement by giving notice to the EDA and obtain a return of the Earnest Money. The representations and warranties contained in this Section shall survive and be enforceable for a period of six (6) months after the date of Closing and delivery of the Deed.

Notwithstanding the above paragraph, all representations and warranties shall continue with respect to prior to Closing Date but terminate on the Closing Date with respect to all times thereafter. Any claim by the Buyer not made by written notice delivered to the EDA before the date the representation or warranty terminates shall be deemed waived.

10. "AS IS, WHERE IS." The Buyer acknowledges that the Buyer has inspected or has 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 of warranties, express or implied, either oral or written, made by the EDA or any official, employee or agent of the EDA 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 above. The Buyer acknowledges and agrees that the EDA 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 warranty of 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 EDA hereby expressly disclaims, except as stated above. The Buyer is relying entirely upon information and knowledge obtained from the Buyer's own investigation, experience and knowledge obtained from the Buyer's own investigation, experience or personal inspection of the Property. The Buyer expressly assumes, at closing, all environmental and other liabilities with respect to the Property and release and indemnify the EDA 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. All statements of fact or disclosures, if any, made in this Agreement or in connection with this Agreement, do not constitute warranties or representations as to the physical condition of the Property. The foregoing assumption and release shall survive Closing. The foregoing provision shall survive Closing and shall not be deemed merged into any instrument of conveyance delivered at Closing.

11. REPRESENTATIONS AND WARRANTIES BY THE BUYER. The Buyer represents and warrants to the EDA that the Buyer is a corporation; that the Buyer has the requisite capacity, power and authority to enter into this Agreement and the Buyer's Closing Documents; such execution, delivery and performance by the Buyer of such documents does not conflict with or result in a violation of any judgment, order or decree of any court or arbiter to which the Buyer is a party; such documents are valid and binding obligations of the Buyer, and are enforceable in accordance with their terms.

12. CONDEMNATION. If, prior to the Closing, eminent domain proceedings are commenced against all or any material part of the Property, the EDA shall immediately give notice to the Buyer of such fact and at the Buyer's option (to be exercised within 15 days after the EDA's notice), this Agreement shall terminate, in which event all Earnest Money shall be returned to Buyer and neither party will have further obligations under this Agreement. If the Buyer fails to give such notice, then there shall be no reduction in the Purchase Price, and the EDA shall assign to the Buyer at the Closing all of EDA's right, title and interest in and to any award made or to be made in the condemnation proceedings. Prior to the Closing, the EDA shall not designate counsel, appear in, or otherwise act with respect to the condemnation proceedings without the Buyer's prior written consent. For purposes of this Section, the words "a material part" means a part if acquired by a condemning authority would materially hinder Buyer's operations on the Property.

13. BROKERS. The EDA retained the real estate broker identified below. The EDA has agreed, and shall be responsible, to pay any broker's fee due to the EDA's broker identified herein pursuant to the terms of a separate agreement with the EDA's broker:

EDA's Broker:	Newmark Knight Frank
	Brian Netz, Agent
	150 South Fifth Street, Suite 2700
	Minneapolis, MN 55402

14. REMEDIES.

- 14.1. Buyer's Remedies. If the EDA fails to consummate this Agreement for any reason except the Buyer's default or the termination of this Agreement pursuant to a right to terminate given herein, the Buyer, as its only and exclusive remedies, may: (i) terminate this Agreement by giving 30 days' written notice to the EDA, pursuant to Minnesota Statutes Section 559.21, as amended from time to time, and upon such release, all Earnest Money shall be returned to Buyer and neither party shall be further obligated to the other (except for the Buyer's and the EDA's indemnities set forth in this Agreement); or seek specific performance under provisions in this Agreement. The Buyer specifically waives any right to make a claim against the EDA for compensatory or consequential damages or any other type of monetary claim, except for the indemnity obligations set forth in this Agreement.
- 14.2. EDA's Remedy. If the Buyer fails to consummate this Agreement for any reason except the EDA's default or the termination of this Agreement pursuant to a right to terminate given herein, the EDA's sole and exclusive remedy shall be to terminate this Agreement by giving 30 days' written notice to the Buyer, pursuant to Minnesota Statutes Section 559.21, as amended from time to time and upon such termination to receive the Earnest Money as liquidated damages.
- 14.3. Indemnification Remedy. Notwithstanding the foregoing provisions of this Section 14, in the event of any default by the Buyer or the EDA under or in connection with any indemnification pursuant to this Agreement, and in the event of any failure by the

defaulting party to cure such default within 30 days after the date of notice of default by the non-defaulting party to the defaulting party, the non-defaulting party shall be entitled to seek and recover all legal and equitable relief available under applicable law, including, without limitation, monetary damages.

15. REVERTER. EDA's conveyance of the Property to Buyer pursuant to the Deed will be made subject to a right of re-entry for breach of conditions subsequent in favor of EDA. The condition subsequent is that, barring any Unavoidable Delays, Buyer shall commence construction of the Project by **June 30, 2023**. For purposes of this Section 15, the term "commence" means the making of visible improvements, including without limitation subsurface excavation but excluding mere surface grading. If Buyer breaches such condition subsequent, Buyer shall re-convey the Property to EDA. If Buyer fails to re-convey the Property to EDA, EDA may elect to exercise its right of re-entry by commencing an action in Carver County District Court to establish the breach of the condition subsequent. If EDA 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 EDA, and Buyer is not entitled to any compensation from EDA or the City for the value of any improvements Buyer has made to the Property. Buyer shall notify EDA when the construction in accordance with an approved site plan on the Property has commenced beyond the point of site preparation. Notwithstanding anything to the contrary herein, in the event the Property has been replatted as of the date of EDA's exercise of its rights under this Section, Buyer will cooperate with EDA in obtaining any subdivision necessary to revest title to the Property in EDA.

"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, litigation commenced by third parties which, by injunction or other similar judicial action, directly results in delays, or acts of any federal, state or local governmental unit (other than EDA in exercising its rights under this Agreement), which directly result in delays. Unavoidable Delays shall not include delays in Buyer's obtaining of permits or governmental approvals necessary to enable construction of the Project, so long as the Construction Plans have been approved in accordance with the Development Agreement.

16. ASSIGNMENT. The Buyer may not assign the Buyer's rights under this Agreement, without prior consent of the EDA.

17. NOTICES. Except as may be otherwise provided herein, all notices, requests, consents, claims, demands, waivers and other communications required or permitted hereunder shall be in writing and shall be deemed given or delivered (a) when delivered personally, (b) one business day after being deposited with an overnight courier service (costs prepaid), (c) when sent by facsimile or email if sent during normal business hours and on the next business day if sent after normal business hours, in each case with confirmation of transmission by the transmitting equipment, or (d) when received or rejected by the addressee, if sent by certified or registered mail, return receipt requested, postage prepaid, in each case to the addresses, facsimile numbers and email addresses and marked to the attention of the individual (by name or title) set forth below or to such other address, facsimile number, email address or individual as such party may designate by a notice given in accordance with this Section 17:

If to the EDA:	Chaska Economic Development Authority Chaska City Hall One City Hall Plaza Chaska, MN 55318 Attn: Executive Director and Assistant City Administrator Email: mpodhradsky@chaskamn.gov and edurbin@chaskamn.gov
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with a copy to:

Dorsey & Whitney LLP
50 South Sixth Street, Suite 1500
Minneapolis, MN 55402
Attn: Alex Sellke
Email: sellke.alex@dorsey.com

If to the Buyer:

Lariat Companies, Inc.
8345 Crystal View Road, Suite 200
Eden Prairie, MN 55344
Attn. Ed Flaherty and Kelly Adams
joiner8443@aol.com
kelly.adams@lariatcompanies.com

with a copy to:

Edwin Chanin
Chanin Law Firm, P.A.
18171 82nd Place North
Maple Grove, Minnesota 55311
ed@chaninlaw.com

or to such other respective addresses and/or addressees as may be designated by notice given in accordance with the provisions of this Section 17.

18. CAPTIONS. The paragraph headings or captions appearing in this Agreement are for convenience only, are not a part of this Agreement and are not to be considered in interpreting this Agreement.

19. ATTORNEYS' FEES AND COSTS. In the event of litigation arising out of breach or claimed breach of this Agreement, the prevailing party shall be entitled to recover from the other party all costs and expenses incurred as a result, including reasonable attorneys' fees and costs.

20. ENTIRE AGREEMENT, MODIFICATIONS. This written Agreement constitutes the complete agreement between the parties and supersedes any prior oral or written agreements between the parties regarding the Property. There are no verbal agreements that change this Agreement and no waiver of any of its terms will be effective unless in writing executed by the parties.

21. BINDING EFFECT. This Agreement binds and benefits the parties and their successors and assigns.

22. TIME OF ESSENCE. Time is of the essence of this Agreement.

23. CALCULATION OF TIME PERIODS. Except as specifically set forth in this Agreement, in computing any period of time described in this Agreement, the day of the act or event after which the designated period of time begins to run is not to be included and the last day of the period so computed is to be included, unless such last day is on a Saturday, Sunday or legal holiday, in which event the period shall run until the end of the next business day following such Saturday, Sunday or legal holiday. As used herein, the term "legal holiday" means any state or federal holiday for which financial institutions or post offices are generally closed in the state where the Property is located.

24. CONTROLLING LAW. This Agreement has been made under the substantive laws of the State of Minnesota, and such laws shall control its interpretation.

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

[Remainder of page intentionally left blank; signature(s) on following page(s)]

BUYER

LARIAT COMPANIES, INC.

By: Ed Flaherty
Its: President

EDA:

ECONOMIC DEVELOPMENT AUTHORITY OF THE
CITY OF CHASKA, MINNESOTA

By: _____
Mark Windschitl
Its: President

By: _____
Matt Podhradsky
Its: Executive Director

EXHIBIT A-1

Legal Description of the Property

The property located in the City of Chaska, Carver County, Minnesota legally described as:

Lot 2, Block 1, Formacoat Addition

EXHIBIT A-2

Depiction of the Property



State of Minnesota, County of _____

This instrument was acknowledged before me on _____ by _____
(month/day/year)

_____ as President
(name of authorized signer) (type of authority)

and by _____
(name of authorized signer)

as Executive Director of Chaska Economic Development Authority, a Minnesota body corpora
(name of Grantor) (type of authority)

(Seal, if any)

(signature of notarial officer)

Title (and Rank): _____

My commission expires: _____
(month/day/year)

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

Dorsey & Whitney LLP (ACS)
50 South Sixth Street, Suite 1500
Minneapolis, MN 55402

TAX STATEMENTS FOR THE REAL
PROPERTY DESCRIBED IN THIS
INSTRUMENT SHOULD BE SENT TO:

Lariat Companies, Inc.
8345 Crystal View Road, Suite 200
Eden Prairie, MN 55344

EXHIBIT A
TO QUIT CLAIM DEED EXECUTED BY
CHASKA ECONOMIC DEVELOPMENT AUTHORITY, GRANTOR,
TO LARIAT COMPANIES, INC., GRANTEE.

The ECONOMIC DEVELOPMENT AUTHORITY OF THE CITY OF CHASKA, MINNESOTA, a body corporate and politic organized and existing under the laws of the State of Minnesota, Grantor, is conveying title to the property described in the attached Quit Claim Deed (the “EDA Parcel”) to LARIAT COMPANIES, INC., Grantee, subject to a right of reentry for breach of conditions subsequent in favor of Grantor. The condition subsequent is that, barring any Unavoidable Delays, Grantee shall commence construction in accordance with an approved site plan for the EDA Parcel (the “Minimum Improvements”) beyond the point of site preparation by **June 30, 2023**, as set forth in Section 15 of that certain Purchase Agreement between the Grantor and Grantee dated as of January 9, 2023. If Grantee breaches the condition subsequent, the Grantee shall re-convey the EDA Property to the Grantor. If the Grantee fails to re-convey the EDA Property to the Grantor, the Grantor may elect to exercise its right of reentry by commencing an action in Carver 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 all portions of the EDA Parcel for which Grantor has not issued a Certificate of Release, in the form attached as **Exhibit B** to this Deed, and title to all improvements located thereon reverts to Grantor, and Grantee is not entitled to any compensation from Grantor or the City of Chaska, Minnesota for the value of any improvements Grantee has made to the EDA Parcel.

The Grantee shall notify the Grantor when construction of the Minimum Improvements has commenced beyond the point of site preparation. The Grantor shall, within 14 days after such notification, inspect the Minimum Improvements in order to determine whether construction of the Minimum Improvements has been commenced. If the Grantor determines that construction of the Minimum Improvements has commenced beyond the point of site preparation, the Grantor shall furnish to the Grantee a Certificate of Release in the form attached hereto as **Exhibit B**. The Certificate of Release issued for the Minimum Improvements shall conclusively satisfy and terminate the right of reentry of the Grantor in this Quit Claim Deed or the Development Agreement.

EXHIBIT B

TO QUIT CLAIM DEED EXECUTED BY
THE CHASKA ECONOMIC DEVELOPMENT AUTHORITY, GRANTOR,
TO LARIAT COMPANIES, INC., GRANTEE.

CERTIFICATE OF RELEASE

1. Recitals.

Recital One. LARIAT COMPANIES, INC. (the “Grantee”) is the owner of the real property legally described in **Exhibit A** hereto (the “EDA Parcel”).

Recital Two. Grantee acquired title to the EDA Parcel from the Economic Development Authority of the City of Chaska, Minnesota (the “EDA”) pursuant to a deed dated _____, 2023 and recorded in the office of the Carver County Recorder on _____ 2023 as Document No. _____ (the “Deed”).

Recital Three. The Deed includes a right of re-entry for breach of conditions subsequent in favor of the EDA (the “Right of Re-entry”).

Recital Four. The EDA and the Grantee are parties to a Purchase Agreement dated _____, 2023 (the “Agreement”).

Recital Five. Pursuant to Section 15 of the Agreement, the Grantee is obligated to commence, or cause to be commenced, construction in accordance with approved construction plans (the “Minimum Improvements”) beyond the point of site preparation by **June 30, 2023**.

Recital Six. The EDA’s Right of Re-entry would be triggered by the Grantee’s failure to commence, or cause to be commenced, construction of the Minimum Improvements beyond the point of site preparation by **June 30, 2023**.

Recital Seven. The Grantee has represented to the EDA that the Grantee has commenced construction of the Minimum Improvements beyond the point of site preparation and has requested this Certificate of Release from the EDA.

2. Certificate of Release. The EDA hereby certifies that the Grantee has satisfied its obligations with respect to commencing construction of the Minimum Improvements beyond the point of site preparation on the EDA Parcel. The EDA further acknowledges and agrees that the EDA Parcel is released from the Right of Re-Entry.

IN WITNESS WHEREOF, the EDA has caused this certificate to be duly executed on its behalf
this ____ day of _____, 20__.

ECONOMIC DEVELOPMENT AUTHORITY
OF THE CITY OF CHASKA, MINNESOTA

By _____
Its President

And

By _____
Its Executive Director

STATE OF MINNESOTA)
) ss.
COUNTY OF CARVER)

The foregoing instrument was acknowledged before me on this ____ day of _____, 202__ by
_____ and _____, the President and Executive Director of the Economic Development
Authority of the City of Chaska, Minnesota, a body corporate and politic established pursuant to Minnesota
Statutes, Chapter 469, on behalf of the EDA.

Notary Public

DRAFTED BY:

Dorsey & Whitney LLP (ACS)
50 South Sixth Street, Suite 1500
Minneapolis, MN 55402