CITY OF SOUTH ST. PAUL
MEETING AGENDA

ECONOMIC DEVELOPMENT AUTHORITY

Council Chambers
125 3rd Avenue North
South St. Paul, MN 55075

Monday, May 4, 2026
IMMEDIATELY FOLLOWING THE CONCLUSION OF THE 7:00 P.M. MEETING OF THE CITY COUNCIL

1. CALL TO ORDER

2. ROLL CALL

3. APPROVAL OF AGENDA

4. CONSENT AGENDA

All items listed on the Consent Agenda are items, which are considered routine and will be approved by one motion. There will be no separate discussion of these items unless requested by a member of the governing body or citizen, in which case the item will be removed from the consent agenda and considered at the end of the Consent Agenda.

A. Minutes of the April 6, 2026 EDA Meeting

B. Approve Proposal for Asbestos Abatement at 316 Malden Street

C. Approve Proposal for Demolition of Building at 316 Malden Street

5. PUBLIC HEARINGS

A. Business Subsidy Public Hearing and Approval of a Development Agreement and Loan Agreement (106 Third Avenue North - Kingdom Consulting, LLC)

6. GENERAL BUSINESS

7. ITEMS FOR FUTURE FOLLOW-UP

General communications of the President and Commissioners are provided and may be considered for inclusion on a future agenda. There will be no discussion or decisions made related to these items at this meeting.

8. ADJOURNMENT

ECONOMIC DEVELOPMENT AUTHORITY AGENDA REPORT

DATE:	May 4, 2026
DEPARTMENT:	City Clerk
PREPARED BY:	Deanna Werner
AGENDA ITEM NUMBER:	4.A.

MEETING TYPE
Regular Meeting

AGENDA ITEM
Minutes of the April 6, 2026 EDA Meeting

ACTION TO BE CONSIDERED OR DESIRED OUTCOME
Approve as presented by consent.

OVERVIEW
Approval of meeting minutes for the Economic Development Authority Meeting held on Monday, April 6, 2026.

SOURCE OF FUNDS
N/A

ATTACHMENTS
1. 04-06-2026 EDA Minutes

SOUTH ST. PAUL ECONOMIC DEVELOPMENT AUTHORITY MINUTES OF APRIL 6, 2026

1. CALL TO ORDER

President Jimmy Francis called the regular meeting of the Economic Development Authority to order at 8:03 PM on Monday, April 6th, 2026.

2. ROLL CALL

Present: Jimmy Francis, Lori Hansen, Pam Bakken, Todd Podgorski, Matt Thompson, Joe Kaliszewski
Absent: Tom Seaberg
Staff Present:
Ryan Garcia, Executive Director
Kori Land, City Attorney
Deanna Werner, Secretary
Brian Wicke, Police Chief

3. APPROVAL OF AGENDA

Moved by: Joe Kaliszewski / Pam Bakken
Moved: To approve the Agenda as presented.
Vote: 6 ayes / 0 nays, motion Passed

4. CONSENT AGENDA

All items listed on the Consent Agenda are items, which are considered routine and will be approved by one motion. There will be no separate discussion of these items unless requested by a member of the governing body or citizen, in which case the item will be removed from the consent agenda and considered at the end of the Consent Agenda.

A. Minutes of the March 2nd, 2026 EDA Meeting

Moved by: Lori Hansen / Matt Thompson
Moved: To approve the Consent Agenda as presented.
Vote: 6 ayes / 0 nays, motion Passed

5. PUBLIC HEARINGS

A. Convey Lot 2, Block 1 and Outlot A of Wakota Crossing to the City of South St. Paul

Moved by: Matt Thompson / Todd Podgorski
Moved: To approve the Conveyance of Lot 2, Block 1 and Outlot A of Wakota Crossing to the City of South St. Paul
Vote: 6 ayes / 0 nays, motion Passed

B. Approving the Sale of 316 Malden Street

Moved by: Lori Hansen / Joe Kaliszewski
Moved: To approve the Sale of 316 Malden Street
Vote: 6 ayes / 0 nays, motion Passed

C. Approving the Sale of 106 Third Avenue North

Moved by: Joe Kaliszewski / Matt Thompson
Moved: To approve the Sale of 106 Third Avenue North
Vote: 6 ayes / 0 nays, motion Passed

6. GENERAL BUSINESS

A. Approving a Gap Loan - Bester Brothers Moving & Storage

Moved by: Pam Bakken / Matt Thompson
Moved: To approve a Gap Loan - Bester Brothers Moving & Storage
Vote: 6 ayes / 0 nays, motion Passed

B. Livable Communitities Demonstration Account Application

Moved by: Matt Thompson / Lori Hansen
Moved: To approve the Livable Communities Demonstration Account Application
Vote: 6 ayes / 0 nays, motion Passed

7. ITEMS FOR FUTURE FOLLOW-UP

General communications of the President and Commissioners are provided and may be considered for inclusion on a future agenda. There will be no discussion or decisions made related to these items at this meeting.

8. ADJOURNMENT

Moved by: Joe Kaliszewski / Pam Bakken
Moved: To Adjourn
Vote: 6 ayes / 0 nays, motion Passed
The meeting was adjourned at 8:41 PM.

Deanna Werner

/s/: Deanna Werner
City Clerk

ECONOMIC DEVELOPMENT AUTHORITY AGENDA REPORT

DATE:	May 4, 2026
DEPARTMENT:	Economic Development
PREPARED BY:	Ryan Garcia
AGENDA ITEM NUMBER:	5.A.

MEETING TYPE
Regular Meeting

AGENDA ITEM
Business Subsidy Public Hearing (106 Third Avenue North - Kingdom Consulting, LLC)

ACTION TO BE CONSIDERED OR DESIRED OUTCOME

- Hold Public Hearing as required by Minnesota Statutes to extend a business subsidy, in the form of a forgivable loan, to Kingdom Consulting, LLC for the redevelopment of property located at 106 Third Avenue North.
- Motion to authorize and approve the granting of a business subsidy, and direct staff to finalize a development agreement and loan agreement for the project.

OVERVIEW
The building at 106 3rd Avenue North served the City of South St. Paul as its public library building from the time of its construction in 1927 until its closure as a public library in December 2023. Between 2016 – 2018, the City conducted various assessments and studies for the modernization, upgrade, and expansion of the building to continue use as a public library. Ultimately, the site's and building's limitations, coupled with the financial commitment required to successfully operate a public library in an era where regional/county libraries are the "norm", led the Council to conclude that a partnership with Dakota County for a transition of library services to a County model was in the best interests of the community. In partnership with Dakota County, further analysis of building, program, and site requirements resulted in the conclusion that the property and building at 106 3rd Avenue North would not meet the needs of a new County library, and the Kaposia Library concept emerged for the corner of 7th and Marie Avenues. With that, in 2023 the City began to shift its attention to the future of the building after it was vacated, ultimately resolving through an intensive assessment of the building and the local market including a robust public engagement effort that the property should be positioned for sale and re-use by a private sector partner. At the May 4 meeting, a proposed Development Agreement and Loan Agreement to serve as the structure for a public-private partnership with Kingdom Consulting, LLC will be presented for consideration at a public hearing, as the loan represents a business subsidy.

2024 Facilities Master Plan

In 2023 and 2024, the City enlisted BKV Architects, Oertel, and Kraus-Anderson to undertake a comprehensive assessment of City Facilities. In addition to a detailed physical conditions analysis of the City's buildings, this study included an assessment of relocating some existing City departments/functions from City Hall to the vacant Library, but the team came to the conclusion that such a relocation would not "solve" current issues with City Hall or Police Department space needs without significant additional investment in City Hall. Further, the study acknowledged that relocating departments/functions to the Library would introduce additional separation which may negatively impact the effectiveness of service delivery and organizational culture. Ultimately, the Facilities Master Plan recommended divestment (sale) of the property for adaptive reuse or redevelopment. Given the significant investment required to address deferred maintenance at the facility and the lack of "low hanging fruit" or justification to repurpose the Library for a City function, the City decided to take a closer look at alternatives for adaptive reuse and sale of the building.

2025 Library Repurposing Study
In 2024, the City received funding through a grant from the Minnesota Department of Employment and Economic Development (DEED) to help study options for repurposing the former South St. Paul Library. At the August 5, 2024 City Council meeting, the City Council awarded the project to New History, and New History delivered the Final Report in late-May 2025. The purpose of the reuse study was to explore practical reuse strategies based on the physical condition of the building, community input, and market information. New History conducted a "deep dive" into the physical condition of the building, the building's neighborhood context, and historical significance to better define the building within the context of potential reuse or redevelopment. This step revealed that overall, the building's physical condition is generally good but that deferred maintenance and replacement of core building systems and remedial work would be necessary for *any* reuse. The work identified through the study includes updates to the mechanical systems (including a new boiler), a new roof, hazardous material abatement, and waterproofing of the building.

In addition to their examination of the building's condition and context, New History looked at how the building could be repurposed, exploring both the most practical uses for the physical space as well as developing some basic, theoretical operating model assumptions for various uses. This step involved extensive community engagement that started at On the Road Again in 2024 and spanned through an Open House in February 2025. Community engagement ranged from surveys to in-person discussions to open houses. Targeted engagement of key stakeholders such as community leaders and representatives was also leveraged to understand their level of support and opportunities for reuse. Finally, the project team engaged with a handful of private developers to get a read on the level of interest in taking on this type of reuse project and how market forces impact the potential for the project. The community and stakeholder engagement revealed a strong interest in reusing the building and a general interest in using the space for public/community/recreational use or a commercial use such as a restaurant, coffee shop or other commercial use. While many private developers thought the building was charming, a common refrain was that market conditions were a barrier to matching a tenant mix with the financials (renovation costs and rents necessary to support that level of investment) and generally speaking developers were not interested in taking on the property (and certainly not speculatively and without significant public subsidy). Although discouraged by the lack of immediate private developer interest, Council's preference was to continue to keep the door open for eventual sale to a private owner under a development agreement.

Re-imagining the Building: Kingdom Consulting/Minneapolis Gymnastics
In November 2025 a Letter of Intent to purchase the property was received from a joint venture represented by Peter Corniea / Kingdom Consulting, LLC (an Edina-based commercial investor/developer) and the founders of Minneapolis Gymnastics, whose proposal to renovate the space for an indoor community-centered family recreational facility aligned well to the community's interests as stated during the 2025 Library Study. Following Council discussion and direction on the proposed LOI at a January 2026 Worksession, Staff worked with the City Attorney to draft a Purchase Agreement (Executed in April 2026), and have delivered a proposed Development Agreement and Loan Agreement to the Developer to guide the public-private partnership. Following a public hearing as required by State Statutes, the EDA is asked to authorize the granting of a business subsidy, which would consist of providing project financing in an amount not to exceed $2,300,000. If the business subsidy is authorized by the EDA, the City Attorney and Staff will finalize the development agreement and loan agreement for approval by the developer, and return to a future EDA meeting for formal approval and execution of those agreements. As drafted, the Development Agreement and Loan Agreement include the following:

Core Concepts

- **Phase I Minimum Improvements (Development Agreement Section 1.1, Page 3 and throughout)** - the EDA will recall that the City's 2025 Library Study identified a number of deficiencies with the building's core infrastructure that needed to be corrected for any reuse concept to be viable at the property. The agreement will obligate the developer to complete improvements consistent with the City's expectations as laid out in the Library Study; these are the "Phase I Minimum Improvements" and are clearly defined as part of the development agreement.
- **Phase II Improvements (Development Agreement Section 1.1, Page 3 and throughout)** - Phase II Improvements are those improvements that the developer will complete specifically to tailor the interior space to the proposed reuse, generally what might be considered "Tenant Improvements".
- **Business Subsidy (Article VI, Pages 9 - 10 of Development Agreement)** - The business subsidy in this case is a forgivable loan in an amount not to exceed $2,300,000, to be used exclusively for building improvements that are defined in Exhibit B of the Development Agreement. The loan amount of $2,300,000 is derived directly from *the City's completed assessment and budget estimate for the necessary renovations to the building to change the use and occupancy and put it to (any legal) new use* as a*pproved by the City Council in May 2025*. Staff reminds the Board and public that the *City's 2026 - 2030 CIP (see Page 33)*, approved via Council Resolution 2026 - 10 on January 20, 2026, allocated $2,300,000 from the Capital Programs Fund for the purpose of renovating the library
- **Stages of the Loan (Exhibit C of Loan Agreement)**- the proposed structure of the loan is more complex than most loans that the EDA has extended for redevelopment in the past. In essence, the loan consists of three "stages":

- The first stage is the financing that is extended for the Phase I Minimum Improvements. These improvements are defined and agreed upon prior to commencement of work, and the first stage is only considered "satisfied" upon completion as determined by the Building Official. This amount does not accrue interest during Stage 1 of the loan, and if the "completion" of Phase I Minimum Improvements is satisfied, then the amount of financing extended for those improvements is forgiven in full.
- The second stage of the loan does not "kick in" until the Phase I Minimum Improvements are completed. This second stage of financing is an amount equivalent to the $2,300,000 in total EDA subsidy MINUS the total amount expended to complete the Phase I Minimum Improvements. Interest accrues on this amount beginning on the Phase I completion date and continuing for a period of five years, and the developer must repay all interest-only payments throughout that five year period.
- The third and final stage commences after the five year period of interest-only payments as described above, as long has there has been no event of default. At the completion of the second stage, $100,000 of the outstanding loan amount is forgiven. If there continues to be no event of default thereafter, then each anniversary date for five years an additional 20% of the loan balance is forgiven until the loan is forgiven in full.

Key Dates

- **August 1, 2026 (Section 7.1, Page 10 of Development Agreement)** – This is the date on or before which the developer is required to commence with the "Phase I" Improvements (core building systems replacement/repair).
- **December 31, 2026 – (Section 7.1, Page 10 of Development Agreement)** – The agreement requires that the "Phase I" improvements be completed no later than this date.
- **January 1, 2027 (Section 7.1, Page 10 of Development Agreement) –** This is the date on or before which the developer is required to commence with the "Phase II" Improvements (tenant build-out).
- **December 1, 2027 – (Section 7.1, Page 10 of Development Agreement) –** The agreement requires that the "Phase II" improvements be completed no later than this date.

Other Notable Provisions- the following are foundational terms of the development and loan agreements and guide the structure of the proposed public-private partnership:

- **Final Plans** - the developer will be required to receive approval by the City/EDA of final plans for the project, including a project budget, that must address the Phase I Minimum Improvements and the Phase II Minimum Improvements.
- **Continuous Occupancy/Ownership** - The Agreements embed within them requirements that the proposed use will maintain occupancy for a minimum of five years at the Property. Further, the agreements establish that if the property is sold to any unrelated

anytime within 5 years of closing, all unpaid principal balance on the loan becomes due and payable to the EDA at their closing.

- **Commitment to Allow Space for City Use** - The agreement also establishes that the Developer agrees to dedicate space within the building (most likely the lower level) for City-programmed use free of charge. A separate lease/use agreement will be drafted as this concept matures.
- **Right of First Refusal** - the Development Agreement will include a right of first refusal clause that provides the City/EDA an exclusive right of first refusal for any sale contemplated by the buyer for a period of ten years following Closing.

SOURCE OF FUNDS

The City included $2,300,000 in its 2026 Capital Improvement Plan, tentatively proposed to be sourced from the Capital Programs Fund, for the renovation of the property. In April, the EDA applied for a grant through the Metropolitan Council's Livable Communities Program that could supplant up to $1,900,000 in EDA funding if the application is awarded.

ATTACHMENTS

1. DRAFT Development Agreement
2. DRAFT Loan Agreement

DEVELOPMENT AGREEMENT

BY AND BETWEEN

SOUTH ST. PAUL ECONOMIC DEVELOPMENT AUTHORITY

AND

KINGDOM CONSULTING, L.L.C.

THIS DEVELOPMENT AGREEMENT (this "Agreement") is made and entered into this ____________ day of ______________, 2026, by and between the South St. Paul Economic Development Authority, a Minnesota public body corporate and politic (the "EDA"), and Kingdom Consulting, L.L.C., a Minnesota limited liability company (the "Developer") or its permitted successors or assigns.

RECITALS

WHEREAS, the Developer is proposing to acquire from the EDA approximately 0.47 acres in the City of South St. Paul, Minnesota to renovate an approximately 12,000 square foot building and related amenities and facilities located on the Development Property; and

WHEREAS, the EDA adopted criteria for awarding business subsidies, pursuant to the Business Subsidies Act, Minn. Stat., Sections 116J.993 to 116J.995; and

WHEREAS, the development and construction of the Improvements meets all criteria for awarding a Business Subsidy established by the EDA Policy on Business Subsidies and due to the estimated cost, it is not financially feasible to construct the Improvements without public assistance.

WHEREAS, the EDA believes that the development and construction of the Minimum Improvements, and fulfillment of this Agreement are vital and are in the best interests of the EDA and benefit the health, safety, morals and welfare of the City's residents, and comply with the applicable state and local laws and requirements under which the Improvements have been undertaken and are 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 others as follows:

ARTICLE I
DEFINITIONS

Section 1.1 Definitions. All capitalized terms used and not otherwise defined herein shall have the following meanings unless a different meaning clearly appears from the context:

"Business Subsidy Act" or "Act" means, Minnesota Statutes, Sections 469.090–469.1082 et seq., as amended.

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

"EDA" means the South St. Paul Economic Development Authority, a public body corporate and politic organized and existing under the laws of the State of Minnesota.

"EDA Representative" means the President or the Executive Director of the EDA or his or her designee.

"Board" means the Board of the EDA.

"Certificate of Completion" means the certificate, in the form contained in Exhibit C attached hereto and incorporated herein, which will be provided to Developer pursuant to Section 5.3 of this Agreement.

"City" means the City of South St. Paul, Minnesota.

"Commence Construction" and "Commencement of Construction" means that (a) the building permit has been issued by the City for construction of the Improvements, and (b) the Developer has demonstrated sufficient financing to Complete Construction of the Improvements. To date, the City has not issued a building permit for the Improvements.

"Commencement Date" means the date on which the Developer Commences Construction of the Improvements.

"Complete Construction," "Completion of Construction" and "Final Completion Date" means the Developer has completed the Minimum Improvements.

"County" means the County of Dakota, Minnesota.

"Developer" means Kingdom Consulting, L.L.C., a Minnesota limited liability company.

"Developer Event of Default" means the occurrence of an Event of Default set forth in Section 11.2.

"Development" means the Development Property and the Improvements.

"Development Property" means the real property legally described in the attached Exhibit A, attached hereto and incorporated herein.

"Event of Default" means any of the events described in Sections 11.2 and 11.3.

"Final Plans" means all building plans and specifications approved by the City that are consistent with the terms and conditions of this Agreement, as the same may be amended from time to time. Final Plans must address the Phase I Minimum Improvements and Phase II Improvements.

"Improvements" when used, means collectively Phase I Minimum Improvements and Phase II Improvements.

"Mortgage" means any mortgage loan obtained by Developer that is secured, in whole or in part, with the Development Property, and which is an approved encumbrance under Article X.

"Phase I Minimum Improvements" means the improvements to be constructed by the Developer identified as Phase I Minimum Improvements on Exhibit B, attached hereto and incorporated herein.

"Phase II Improvements" means the improvements to be constructed by the Developer identified as Phase II Improvements on Exhibit B.

"State" means the State of Minnesota.

"Unavoidable Delays" means delays, outside the control of the party claiming its occurrence, which are the direct result of (a) unusually severe or prolonged bad weather, (b) acts of God, fire or other casualty to the Improvements, (c) litigation commenced by third parties which, by injunction or other similar judicial action, directly results in delays, (d) acts of any federal, State or local governmental unit which directly result in delays, (e) strikes, other labor trouble, (f) delays in the ability to procure or in the delivery of materials for the Improvements, (g) soil or physical conditions of the Development Property existing as of the Effective Date or (h) delays caused by a Party to this Agreement including the failure of a Party to timely provide consents, approvals within the time periods specified herein or otherwise within a reasonable period time.

ARTICLE II
REPRESENTATIONS AND WARRANTIES

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

(a) The EDA is a public body corporate and politic and a governmental subdivision of the State, duly organized and existing under state law, and the EDA has the authority to enter into this Agreement and carry out its obligations hereunder.

(b) The EDA is authorized by law to enter into the various additional agreements contemplated herein.

(c) The EDA has taken all action necessary to approve this Agreement and to authorize the execution and delivery of this Agreement, and any other documents or instruments required to be executed and delivered by the EDA pursuant to this Agreement.

(d) The execution, delivery and performance of this Agreement, and any other documents or instruments required pursuant to this Agreement, by the EDA does not, and consummation of the transactions contemplated therein and the fulfillment of the terms thereof will not, conflict with or constitute on the part of the EDA a breach of or default under any existing (i) indenture, mortgage, deed of trust or other agreement or instrument to which the EDA is a party or by which the EDA or any of its property is or may be bound, or (ii) legislative act, constitution or other proceeding establishing or relating to the establishment of the EDA or its officers or its resolutions.

(e) There is no pending, nor to the best of the EDA's knowledge is there threatened, any suit, action or proceeding against the EDA before any court, arbitrator, administrative agency or other governmental authority that materially and adversely affects the validity of any of the transactions contemplated hereby, the ability of the EDA to perform its obligations hereunder, or as contemplated hereby or thereby, or the validity or enforceability of this Agreement.

(f) No member of the Board of the EDA or officer of the EDA has either a direct or indirect financial interest in this Agreement, nor will any Commissioner of the EDA or officer of the EDA, benefit financially from this Agreement within the meaning of the Act.

Section 2.2 Representations and Warranties by the Developer. The Developer represents and warrants that:

(a) The Developer is a Minnesota limited liability company organized and in good standing under the laws of the State of Minnesota, is authorized to conduct business in the State, is not in violation of any provisions of its organizational documents or the laws of the State, has power to enter into this Agreement and has duly authorized the execution, delivery and performance of this Agreement by proper action of its Members.

(b) The Developer will construct, operate and maintain the Improvements in accordance with the terms of this Agreement 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), except for conditional use permits or variances necessary to construct the Improvements contemplated in the Final Plans approved by the City.

(c) The 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 Improvements may be lawfully constructed.

(d) The execution and delivery of this Agreement, the consummation of the transactions contemplated thereby, and the fulfillment of the terms and conditions thereof do not and will not conflict with or result in a breach of any of the terms or conditions of the Developer's organizational documents, any restriction or any agreement or instrument to which the Developer is now a party or by which it is bound or to which any property of the Developer is subject, and do not and will not constitute a default under any of the foregoing or a violation of any order, decree, statute, rule or regulation of any court or of any state or federal regulatory body having jurisdiction over Developer or its properties, including its interest in the Development, and do not and will not result in the creation or imposition of any lien, charge or encumbrance of any nature upon any of the property or assets of Developer contrary to the terms of any instrument or agreement to which Developer is a party or by which it is bound.

(e) The execution and delivery of this Agreement will not create a conflict of interest on the part of the Developer prohibited by Minnesota Statutes, Sections 469.090-469.1082, as amended.

(f) Developer will cooperate with the City and EDA with respect to any litigation commenced by third parties with respect to the Development and the transactions contemplated by this Agreement.

(g) There are no pending or threatened legal proceedings, of which the Developer has notice, contemplating the liquidation or dissolution of the Developer or threatening its existence, or seeking to restrain or enjoin the transactions contemplated by the Agreement, or questioning the authority of the Developer to execute and deliver this Agreement or the validity of this Agreement.

(h) The financing commitments which the Developer has obtained or will obtain to acquire the Development Property and to finance construction of the Improvements will be sufficient to enable the Developer to successfully complete the Development in conformance with this Agreement.

(i) The Developer will cooperate fully with the EDA and the City in resolution of any traffic, parking, trash removal or public safety problems which may arise in connection with the construction and operation of the Improvements.

ARTICLE III
LAND USE AND DEVELOPMENT CONTROLS

Section 3.1 Conditions of EDA Approval. Notwithstanding any other provision of this Agreement, the Developer may not construct or permit any construction of the Improvements on any part of the Development Property until the Developer satisfies each of following conditions:

(a) The Developer acquires or has acquired fee title to all of the Development Property;

(b) The Developer obtains approval of the Final Plans for the Improvements;

(c) The Developer executes and records the Development Agreement and causes any lien holder affecting any of the Development Property to subject its interest as provided herein to this Agreement;

Section 3.2 Approval of Final Plans. No construction may occur until the City approves the Final Plans for the Improvements. The EDA and the Developer agree to communicate and cooperate to complete the reviews required under Article V in time to Commence Construction of the Improvements in accordance with the Development Timeline in Article VII.

Section 3.3 Zoning and Land Use Approvals. Nothing in this Agreement shall limit the authority of the City with respect to zoning and land use approvals. Notwithstanding the foregoing, the staff of the City and EDA shall cooperate with the Developer and assist the Developer in the processing and obtaining of zoning and land use approvals. The Developer shall be responsible for applying for and obtaining all land use and zoning approvals necessary for the Development. All zoning and land use approvals shall be by the City Planning Commission or City Council in accordance with the ordinances of the City.

Section 3.4 Building and Construction Permits. Nothing in this Agreement shall limit the governmental authority of the City with respect to its building and construction permitting process for the Development. The Developer shall comply with all applicable city building codes and construction requirements and shall be responsible for obtaining all building permits prior to construction.

Section 3.5 EDA Approval. Whenever this Agreement provides for approval by the EDA, such approval may be given by the Executive Director of the EDA (or his/her designee), unless (a) this Agreement explicitly provides for approval by the Board, (b) approval by the Board is required by law or the bylaws of the EDA or (c) the approval, in the opinion of the Executive Director, would result in a material change in the terms of this Agreement.

ARTICLE IV
ACQUISITION OF DEVELOPMENT PROPERTY

Section 4.1 Acquisition of Development Property by the Developer. Developer will acquire or has acquired the Development Property.

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ARTICLE V
CONSTRUCTION OF PHASE I AND PHASE II IMPROVEMENTS

Section 5.1 Developer agrees to construct the Improvements.

Section 5.2 Final Plan Approval

(a) The Developer shall submit the Final Plans for the Improvements to the City for approval. Final Plans for Phase I Minimum Improvements and Phase II Improvements may be submitted separately.

(b) The EDA and Developer agree to communicate and cooperate in good faith to complete the reviews required under this Article V so that the Developer can Commence Construction of the Improvements in accordance with the Development Timeline in Article VII. If the City has not approved the Final Plans and issued building permits by the Commencement Date through no fault of Developer, then Developer may request the EDA adjust the timeline in Article VII, which approval shall not be unreasonably withheld, delayed or denied.

(c) Upon written approval of the Final Plans, Developer may modify the Final Plans from time to time as Developer deems reasonably necessary or desirable and so long as the scope of the respective Improvements is not materially changed. Notwithstanding the foregoing, any change in the Final Plans that will cost in any one instance more than $150,000 or that would materially change the scope of the Phase I Minimum Improvements shall require the EDA's written consent, which consent shall not be unreasonably withheld, delayed or denied. All changes to the Final Plans must be approved by the City Building Official.

Section 5.3 **<u>Certificate of Completion.</u>**

(a) After substantial completion of the Improvements in accordance with the Final Plans and all terms of this Agreement, Developer may request, and if all terms and conditions of this Agreement are met, EDA will provide a Certificate of Completion in the form of Exhibit C. Such certification by the EDA shall be a conclusive determination of satisfaction and termination of the agreements and covenants in this Agreement with respect to the obligations of Developer to construct the Improvements and the dates for the beginning and completion thereof in Article VII or as may be amended. The Developer shall not request a Certificate of Completion until after the City has issued a certificate of occupancy.

(b) If Developer has not complied with all terms and conditions of this Development such that the EDA can issue a Certificate of Completion, the EDA shall, within thirty (30) days after written request by Developer, provide Developer written notice of the deficiencies.

(c) If the Improvements are damaged or destroyed before completion thereof and issuance of a Certificate of Completion, to the extent payment is actually made to Developer under a valid and collectible insurance policy in connection with such specific claim, issue or matter, Developer agrees, for itself and its successors and assigns, to reconstruct the Improvements within one (1) year of the date of the damage or destruction. Improvements shall be reconstructed in accordance with the approved Final Plans, or such modifications thereto as may be requested by

Developer and approved by the EDA in accordance with Section 10 of this Agreement, which approval will not be unreasonably withheld. Developer's obligation to reconstruct the Improvements pursuant to this Section 5.3 shall end when the Certificate of Completion is issued.

ARTICLE VI
BUSINESS SUBSIDY

Section 6.1 Manner of Business Subsidy. The Business Subsidy generally consists of a forgivable loan (the "Loan") in an amount not to exceed Two Million Three Hundred Thousand and No/100ths Dollars ($2,300,000.00) (the "Loan Amount") which Loan , except as provided for herein, is to be used exclusively for those building improvements described on Exhibit B .

Section 6.2 Public Purpose. The public purposes of the Business Subsidy are as follows:

(a) Promote the economic and commercial redevelopment of the City;

(b) Preserve the local tax base and improve the general economy and vitality of the City;

(c) Promote the health, safety and welfare of the residents of the City;

(d) Remove, prevent or reduce blight, blighting factors or the cause of blight in the City;

(e) Attract, retain, rehabilitate and preserve commercial facilities;

(f) Eliminate or improve structurally substandard buildings;

(g) Promote private investment in a blighted or economically depressed area, which can be expected to stimulate additional investment;

(h) Afford maximum opportunities, consistent with the needs of the City as a whole, for the redevelopment of the area by private enterprise.

Section 6.3 Goals. The goals for the Business Subsidy are to secure timely development and maintain the Development Property as a commercial building for at least five (5) years. In accordance with Minn. Stat. § 116J.994, subd. 4, the EDA has determined after a public hearing that the creation or retention of jobs is not a goal of this redevelopment effort. Accordingly, the wage and job goals are set at zero.

Section 6.4 Timely Performance. The Developer will construct the Improvements pursuant to all approvals or licenses required by the City, and in accordance with the Development Timeline established in Article VII herein.

Section 6.5 Continuous Occupancy. Upon completion of the Improvements the Developer, its tenants, permitted successors or assigns, will continuously occupy the Development Property for at least five (5) years, except in the event of unforeseeable casualty, in which event the Developer shall rebuild and reopen as soon as commercially reasonable subject to and limited by the availability of insurance proceeds for the casualty.

Section 6.6 Loan Agreement. Developer and EDA will execute a Loan Agreement to govern the terms and conditions of the Loan contemplated hereunder.

Section 6.7 Required Reporting. Developer must submit to the EDA written report regarding business Subsidy goals and results by no later than March 1st of each year, commencing March 1, 2027 and continuing until the later of the date that the totals are met or thirty (30) days after expiration of the five-year operational period, or if the goals are not met, then the date the Business Subsidy is repaid. The report must comply with Minn. Stat. § 116J.994, subd. 7 of the Business Subsidy Act. The EDA will provide information to Developer regarding the required forms. If Developer fails to timely file any report required under this section, the EDA will send Developer a written warning within one (1) week after the required filing date. If, within fourteen (14) days of the postmarked date of the written warning, Developer fails to provide the required report, Developer must pay the EDA a penalty of one hundred dollars ($100) per day for each day until the report is filed, up to a maximum penalty of one thousand dollars ($1,000.00).

Section 6.8 Failure to Comply. Developer acknowledges that if it fails to comply with the terms of this Agreement, it may not receive a business subsidy from any grantor for a period of five (5) years from the date of failure or until a recipient satisfies its repayment obligations under this subdivision, whichever occurs first.

ARTICLE VII
DEVELOPMENT TIMELINE

Section 7.1 Developer shall comply with Commencement and Final Completion dates for the Improvements, subject to Unavoidable Delay. Following Commencement of Construction, Developer must diligently continue construction of the Phase I and Phase II Improvements in a sequence consistent with normal construction practices.

	Commencement Date	Final Completion Date
Phase I Improvements	August 1, 2026	December 31, 2026
Phase II Improvements	January 1, 2027	December 1, 2027

ARTICLE VIII
DEVELOPER COVENANTS

Section 8.1. Developer will at all times during the term of this Agreement maintain and operate the Development in a safe and secure way and in compliance with this Agreement and all federal, State and local laws, regulations, rulings and ordinances applicable thereto. Developer shall pay all of the reasonable and necessary expenses of the operation and maintenance of the Development, including all premiums for insurance insuring against loss or damage thereto and adequate insurance against liability for injury to persons or property arising from the Development as required pursuant to this Agreement. Developer shall use commercially reasonable efforts to ensure that all contractors comply with the safety laws applicable to the construction of the Improvements. The expenses of operation and maintenance of the Development shall be borne solely by Developer.

Section 8.2. The Developer shall, in all material respects, 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. The Developer has received notice that the Development Property may or will be in violation of an environmental law or regulation.

Section 8.3. The Developer agrees to pay all property taxes on the Development Property as they become due and payable. Failure to pay property taxes shall be an Event of Default.

Section 8.4. Developer agrees to pay all special assessments levied against the Development Property as they become due and payable.

Section 8.5. On or before December 1, 2027, Developer enters a use agreement for a term of no less than five (5) years to allow the City, its approved affiliates or entities to use the lower level of the building on the Property at no cost to the City.

ARTICLE IX
ENCUMBRANCE OF THE DEVELOPMENT PROPERTY

Section 9.1 Encumbrance of the Development Property. Prior to the Final Completion Date of Phase I Minimum Improvements in Article VII, Developer may only encumber the Development Property for the purpose of obtaining funds for land and building acquisition, labor and materials, professional fees, real estate taxes, construction interest, organization and other indirect costs of development, costs of constructing the Improvements, and an allowance for contingencies. Developer shall engage no other financing or any other transaction creating any mortgage or other encumbrance or lien upon the Development Property, or portion thereof, whether by express agreement or operation of law, or any encumbrance or lien to be made on or attach to the Development Property until after Final Completion of Phase I Minimum Improvements, unless such mortgage, lien or encumbrance is subordinate to the EDA's mortgage.

Section 9.2 Copy of Notice of Default to Mortgagee. If the EDA delivers any notice or demand to the Developer with respect to any Event of Default under this Agreement, the EDA will use its best efforts to deliver a copy of such notice or demand to the mortgagee of any Mortgage at the address of such mortgagee provided to the EDA in a written notice from the Developer or the mortgagee, provided that failure of the EDA to give any such notice shall not limit the EDA's ability to exercise any of its remedies under this Agreement.

Section 9.3 Mortgagee's Option to Cure Events of Default. Upon the occurrence of an Event of Default, the mortgagee under any Mortgage will have the right, at its option, to cure or remedy such Event of Default. An individual or entity who acquires title to all or a portion of the Development Property through the foreclosure of a mortgage or deed in lieu of foreclosure on such portion of the Development Property remains subject to each of the restrictions set forth in this Agreement and remains subject to all of the obligations of the Developer, or any successor in interest to the Developer, under the terms of this Agreement, but the purchaser at a foreclosure sale or grantee under a deed in lieu of foreclosure shall have no personal liability for a breach of such obligations under this Agreement so long as:

(a) The party acquiring title through foreclosure or deed in lieu of foreclosure observes all of the restrictions set forth in the Agreement;

(b) The party who acquired title through foreclosure or deed in lieu of foreclosure does not undertake or permit any other party to undertake any Development on the portion of the Development it owns;

(c) The City has no obligation to approve any plans for development of a portion of the Development Property the foreclosing mortgagee (or mortgagee obtaining a deed in lieu of foreclosure) owns or to issue any related building permits.

The purpose of this Section is to permit a foreclosing lender (or mortgagee obtaining a deed in lieu of foreclosure) to hold title to the portion of the Development Property it acquires through foreclosure or deed in lieu of foreclosure, without liability, until it can sell the property it holds to a third party who will assume the obligations of the Developer under the terms of this Agreement and proceed with the Development of the Development Property pursuant to the terms of this Agreement. If, rather than passively holding title to the portion of the Development Property it acquires through foreclosure or deed in lieu of foreclosure, the foreclosing lender (or mortgagee obtaining a deed in lieu of foreclosure) or other purchaser at a foreclosure sale desires to sell portions of the Development Property for continuation of the Development, the purchaser at the foreclosure sale (or mortgagee obtaining a deed in lieu of foreclosure) must assume and perform each of the obligations of the Developer, or the applicable successor to the interest of the Developer, under this Agreement. This Section does not restrict the authority of the EDA to pursue its rights under any outstanding security, exercise remedies otherwise available under this Agreement or suspend the performance of its obligations under this Agreement as otherwise allowed. The EDA agrees to reasonably cooperate with any foreclosing lender (or mortgagee obtaining a deed in lieu of foreclosure) or other purchaser at a foreclosure sale in pursuing the Development in accordance with this Agreement, including approval of such person as a successor to the rights of the Developer hereunder and taking appropriate actions to allow the benefits and rights hereunder to be realized by such person.

Section 9.4 The Developer will use commercially reasonable efforts to obtain an agreement from any mortgagee under a Mortgage that, in the event the Developer is in default under any Mortgage, the mortgagee, within ten (10) days after it becomes aware of any default and prior to exercising any remedy available to it due to such default, will notify the EDA in writing of (i) the fact of default; (ii) the elements of default; and (iii) the actions required to cure the default. If, within the time period required by the Mortgage, the EDA cures any default under the Mortgage, the mortgagee will pursue none of its remedies under the Mortgage based on such default.

ARTICLE X
INSURANCE

Section 10.1 Insurance.

(a) The Developer shall obtain and continuously maintain insurance on the Development and, from time to time at the request of the EDA, furnish proof to 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 the Developer must obtain and continuously maintain, provided that the Developer shall obtain the insurance described in clause (i) below prior to the commencement of construction of the Development (excluding excavation and footings):

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

2. 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 with limits against bodily injury and property damage of not less than \$2,500,000 for each occurrence (to accomplish the above-required limits, an umbrella excess liability policy may be used), written on an occurrence basis.

3. Workers compensation insurance, with statutory coverage.

(b) All insurance required in this Article shall be obtained and continuously maintained in responsible insurance companies selected by the Developer or its successors that are authorized under the laws of the State to assume the risks covered by such policies. Unless otherwise provided in this Article, each policy must contain a provision that the insurer will not cancel nor modify the policy without giving written notice to the insured at least thirty (30) days before the cancellation or modification becomes effective. Not less than fifteen (15) days prior to the expiration of any policy, the Developer, or its successor or assign, must renew the existing policy or replace the policy with another policy conforming to the provisions of this Article. In lieu of separate policies, the Developer or its successor or assign may maintain a single policy, blanket or umbrella policies, or a combination thereof, having the coverage required herein.

(c) The Developer, its successor or assign, agrees to notify the EDA promptly in the case of damage exceeding \$250,000 in amount to, or destruction of the Development or any portion or Element thereof resulting from fire or other casualty.

If rebuilding of the Development occurs through the use of insurance or other proceeds, the Developer, its successors or assigns, agrees to repair, reconstruct and restore the Development to substantially the same or an improved condition or value as it existed prior to the event causing such damage and in a manner consistent with the Final Plans, unless the EDA consents to revisions, which consent will not be unreasonably withheld.

ARTICLE XI
TRANSFER LIMITATIONS AND INDEMNIFICATION

Section 11.1 Representation as to Development. The Developer represents to the EDA that its purchase of the Development Property, and its other undertakings under this Agreement, are for the purpose of constructing the Improvements upon the Development Property, and not for the purpose of speculation in land holding. The Developer acknowledges that, in view of the importance of the development of the Development Property to the general welfare of the EDA and the City, the qualifications and identity of the Developer are of particular concern to the EDA. The Developer further acknowledges that the EDA is willing to enter into this Agreement with the Developer because of the qualifications and identity of the Developer.

Section 11.2 Limitations on Transfer. Except in the regular course of business, or easements or other encumbrances necessary for the Improvements, prior to the Final Completion Date, the Developer will not sell, assign, convey, lease or transfer in any other mode or manner this Agreement, the Development Property or the Improvements, or any interest therein, without providing written notice to the EDA. The Developer agrees that any sale, assignment, conveyance, use or transfer of this Development Agreement, the Development Property or the Improvements will include conditions that:

(a) Any proposed transferee shall not be exempt from the payment of real estate taxes and shall have the qualifications and financial responsibility necessary and adequate to fulfill the obligations undertaken in this Agreement by the Developer; and

(b) Any proposed transferee, in form recordable among the land records shall, for itself and its successors and assigns, and expressly for the benefit of the EDA have expressly assumed all of the obligations of the Developer under this Agreement and agreed to be subject to all the conditions and restrictions to which the Developer is subject.

(c) Developer will be restricted from selling the Property to an unrelated entity for a period of five (5) years from the date of Closing without the EDA's prior written consent, which will be memorialized in a Deed restriction.

(d) At Closing, the Parties will execute and record a Right of First Refusal Agreement granting the City (or its Economic Development EDA, at City's discretion) an exclusive first right of refusal for any sale contemplated by Buyer for a period of ten (10) years following Closing.

Any such sale, conveyance, lease, assignment, or transfer shall only occur if such sale, conveyance, lease, assignment or transfer does not violate the terms of the Loan Agreement between the Developer and EDA related to the purchase and renovation of the Development Property.

Section 11.3 Indemnification.

(a) The Developer releases from and covenants and agrees that the Authority and the City, their governing body members, officers, agents, including the independent contractors, consultants and legal counsel, servants and employees thereof (hereinafter, for purposes of this Section, collectively the "Indemnified Parties") 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 Development to the extent not attributable to the gross negligence or willful misconduct of the Indemnified Parties.

(b) Except for gross negligence or willful misconduct of the Indemnified Parties, the Developer agrees to indemnify the Indemnified Parties, now and forever, and further agrees to hold the aforesaid harmless from any claims, demands, suits, costs, expenses (including reasonable attorneys' fees) actions or other proceedings whatsoever by any person or entity whatsoever arising or purportedly arising from the actions or inactions of the 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 Development; provided, that this indemnification shall not apply to the warranties made or obligations undertaken by the Authority in this Agreement.

(c) The EDA makes no warranties or representations regarding, nor does it indemnify the Developer with respect to, the existence or nonexistence on or in the vicinity of the Development Property 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. §§ 9601-9657, as amended) (collectively, the "Hazardous Substances"). The foregoing disclaimer relates to any Hazardous Substance allegedly generated, treated, stored, released or disposed of, or otherwise placed, deposited in or located on or in the vicinity of the Development Property, as well as any activity claimed to have been undertaken on or in the vicinity of the Development Property that would cause or contribute to causing (1) the Development Agreement to become a treatment, storage or disposal facility within the meaning of, or otherwise bring the Development Agreement within the ambit of, the Resource Conservation and Recovery Act of 1976 ("RCRA"), 42 U.S.C. § 6901 et seq., or any similar state law or local ordinance, (2) a release or threatened release of toxic or hazardous wastes or substances, pollutants or contaminants, from the Development Property within the meaning of, or otherwise bring any Development Property within the ambit of, CERCLA, or any similar state law or local ordinance, or (3) the discharge of pollutants or effluents into any water source or system, the dredging or filling of any waters or the discharge into the air of any emissions, that would require a permit under the Federal Water Pollution Control Act, 33 U.S.C. § 1251 et seq., or any similar state law or local ordinance. Further, the EDA makes no warranties or representations regarding, nor does the EDA indemnify the Developer with respect to, the existence or nonexistence on or in the vicinity of the Development Property of any substances or conditions in or on the Development Property that may support a claim or cause of action under RCRA, CERCLA or any other federal, state or local environmental statutes, regulations, ordinances or other environmental regulatory requirements, including without limitation, the Minnesota Environmental Response and Liability Act, Minnesota Statutes, Chapter 115B. The EDA makes no representations or warranties regarding the existence of any above ground or underground tanks in or about the Development Property, or whether any above or underground tanks have been located under, in or about the Development Property and have subsequently been removed or filled.

(d) The Developer waives any claims against the EDA and their respective members and boards, 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 and the Improvements comprising the Development Property.

(e) All covenants, stipulations, promises, agreements and obligations of the EDA or the Developer contained in this Agreement shall be deemed to be the covenants, stipulations, promises, agreements and obligations of the EDA or the Developer, respectively, and not of any governing body member, officer, agent, servant or employee of the EDA or the Developer in the individual capacity thereof.

ARTICLE XII
EVENTS OF DEFAULT AND REMEDIES

Section 12.1 Events of Default Defined. Subject to applicable cure periods, the following shall be "Events of Default" under this Agreement and, whenever it is used in this Agreement, the term "Event of Default" shall mean any one or more of the events defined in Sections 12.2 and 12.3.

Section 12.2 Developer Events of Default. The following shall be Developer Events of Default:

(a) Subject to Unavoidable Delays, the Developer shall fail to Commence Construction of the Improvements, or shall fail to proceed with completion of the due diligence required to Complete Construction of the Improvements by the Final Completion Date. After receiving written notice from EDA alerting Developer to its noncompliance with this section, Developer shall have thirty (30) calendar days to remedy its failure to Commence Construction or to proceed with due diligence to Complete Construction of the Improvements in accordance with the Development Timeline. If Developer remedies its noncompliance during such thirty (30) calendar day cure period, then it shall not be a Developer Event of Default. Notwithstanding the foregoing, if the default reasonably requires more than thirty (30) calendar days to cure, such default shall not constitute a Developer Event of Default, provided that curing of the default is promptly commenced upon receipt by the Developer of the notice of the default, and with due diligence is thereafter continuously prosecuted to completion and is completed within a reasonable period of time, and provided that Developer keeps the EDA well informed at all times of its progress in curing the default; provided in no event shall such additional cure period extend beyond 180 days unless approved by the EDA;

(b) Subject to Unavoidable Delays, the Developer shall default in or violate its obligations with respect to the construction of the Improvements (including the nature and the date for the completion thereof), or shall abandon or substantially suspend construction work, and any such default, violation, abandonment or suspension is not cured, ended or remedied within thirty (30) calendar days after Developer's receipt of written demand by the EDA so to do. Notwithstanding the foregoing, if the default reasonably requires more than thirty (30) calendar days to cure, such default shall not constitute an Event of Default, provided that the curing of the default is promptly commenced upon receipt by the Developer of the notice of the default, and with due diligence is thereafter continuously prosecuted to completion and is completed within a reasonable period of time, and provided that Developer keeps the EDA well informed at all times of its progress in curing the default; provided in no event shall such additional cure period extend beyond one hundred eighty (180) days unless approved by the EDA;

(c) There is, in violation of this Agreement, any conveyance or other transfer of the Development Property or any part thereof, and such violation is not cured within thirty (30) calendar days after Developer's receipt of written demand by the EDA;

(d) Subject to Unavoidable Delays, failure by Developer to observe or perform any other covenant, condition, obligation or agreement on its part to be observed or performed under this Agreement, and the continuation of such failure for a period of thirty (30) calendar days after Developer's receipt of written notice of such failure from any party hereto. Notwithstanding the foregoing, if the default reasonably requires more than thirty (30) calendar days to cure, such default shall not constitute an Event of Default, provided that the curing of the default is promptly commenced upon receipt by the Developer of the notice of the default, and with due diligence is thereafter continuously prosecuted to completion and is completed within a reasonable period of time, and provided that Developer keeps the EDA well informed at all times of its progress in curing the default; provided in no event shall such additional cure period extend beyond one hundred eighty (180) days unless approved by the EDA; or

(e) The 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) make an assignment for the benefit of its creditors; or (ii) become insolvent or adjudicated a bankrupt; 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 ninety (90) days after the filing thereof; or a receiver, trustee or liquidator of Developer, or of the Development, or part thereof, shall be appointed in any proceeding brought against Developer, and shall not be discharged within ninety (90) days after such appointed, or if Developer shall consent to or acquiesce in such appointment.

(f) The Developer shall fail to comply with the terms of the Loan Agreement between Developer and EDA related to the purchase of the Development Property.

Section 12.3 EDA Events of Default. Subject to Unavoidable Delays, the failure of the EDA to observe or perform any covenant, condition, obligation or agreement on its part to be observed or performed under this Agreement, and the continuation of such failure for a period of thirty (30) calendar days after Developer's receipt of written notice of such failure from any party hereto shall be an Event of Default for the EDA.

Section 12.4 EDA Remedies on Default. Whenever a Developer Event of Default under occurs, the EDA may take whatever action at law or in equity may appear necessary or desirable to the EDA to enforce performance and observance of any obligation, agreement, or covenant of the Developer under this Agreement, including declaration of a violation of the covenant running with the land pursuant to the Deed transferring the Property from EDA to Developer. In the event of such violation, EDA may seek a judicial decree from the district court declaring a forfeiture and a cancellation of the Deed. Pursuant to Minn. Stat. § 469.105, subd. 5, if Developer fails to commence construction pursuant to this Agreement within one year form the date of purchase, the EDA shall have the right to re-enter and take possession of the Property and to terminate the estate conveyed in the deed to the Developer, it being the intent of this provisions that the conveyance of the Property shall be made upon a deed containing a condition subsequent to the effect that in the event Developer fails to commence construction pursuant to this Agreement and fails to request and receive additional time for commencement, the EDA at its option may declare a termination in favor of the EDA of the title and of all the rights and interests in and to the Property conveyed to the Developer. In such circumstances, all title, rights, and interests of the Developer and any assigns or successors in interest to and in the Property shall revert to the EDA. In no event shall the Developer be liable for consequential, punitive or special damages.

Section 12.5 Developer Remedies on Default. Whenever any Event of Default occurs by the EDA, the Developer may take whatever action at law or in equity may appear necessary or desirable to the Developer to enforce performance and observance of any obligation, agreement, or covenant of the EDA under this Agreement. Nothing in this Agreement shall entitle the Developer to make any claim against the City or the EDA for any damages whatsoever and the Developer's remedies are strictly limited to the foregoing.

Section 12.6 No Remedy Exclusive. No remedy herein conferred upon or reserved to the EDA is intended to be exclusive of any other available remedy or remedies unless otherwise expressly stated, but each and every such remedy shall be cumulative and shall be in addition to every other remedy given under this Agreement or now or hereafter existing at law or in equity or by statute. No delay or omission to exercise any right or power accruing upon any default shall impair any such right or power or shall be construed to be a waiver thereof, but any such right and power may be exercised from time to time and as often as may be deemed expedient. In order to entitle the EDA to exercise any remedy reserved to it, it shall not be necessary to give notice, other than such notice as may be required in this Article XI.

Section 12.7 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 12.8 Reimbursement of Attorneys' Fees. If the Developer shall default under any of the provisions of this Agreement, and any applicable cure period has expired, the EDA may employ attorneys or incur other reasonable expenses for the collection of payments due hereunder, or for the enforcement of performance or observance of any obligation or agreement on the part of the Developer contained in this Agreement, the Developer will on demand therefore reimburse the EDA for the reasonable fees of such attorneys and such other reasonable expenses so incurred.

ARTICLE XIII
ADDITIONAL PROVISIONS

Section 13.4 Conflicts of Interest. No member of the Board or other official of the EDA shall have any financial interest, direct or indirect, in this Agreement, the Development Property or the Improvements, 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 the 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 shall be personally liable to the EDA in the event of any default or breach by Developer or successor or on any obligations under the terms of this Agreement.

Section 13.5 Titles of Articles and Sections. Any titles of the several parts, articles and Sections of the Agreement are inserted for convenience of reference only and shall be disregarded in construing or interpreting any of its provisions.

Section 13.6 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 to the following addresses, 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.

In the case of Developer:

Kingdom Consulting, L.L.C.
4616 Drexel Avenue
Edina, MN 55424
Attn: Peter Corniea

In the case of the EDA:

South St. Paul Economic Development EDA
125 Third Avenue North
South St. Paul, Minnesota 55075
Attn: Executive Director

Section 13.7 Counterparts. This Agreement may be executed in any number of counterparts, each of which shall constitute one and the same instrument.

Section 13.8 Law Governing. This Agreement will be governed and construed in accordance with the laws of the State of Minnesota.

Section 13.9 Consents and Approvals. In all cases where consents or approvals are required hereunder, such consents or approvals shall not be unreasonably conditioned, delayed or withheld. All consents or approvals shall be in writing in order to be effective.

Section 13.10 Representatives. Except as otherwise provided herein, all approvals and other actions required of or taken by the EDA shall be effective upon action by the EDA Representative. All actions required of or taken by Developer shall be effective upon action by a duly authorized officer of the respective party.

Section 13.11 Superseding Effect. This Agreement reflects the entire agreement of the parties with respect to the development of the Development, and supersedes in all respects all prior agreements of the parties, whether written or otherwise, with respect to the development of the Development.

Section 13.12 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.

Section 13.13 Term. The term of this Agreement shall be effective from date of this Agreement until the date this Agreement is terminated by either party in accordance with the terms of this Agreement.

Section 13.14 Mediation. All claims, disputes or other matters in question between the parties to this Agreement arising out of or relating to this Agreement or breach thereof, shall be referred to non-binding mediation before, and as a condition precedent to, the initiation of any legal action hereof, provided for herein. Each party agrees to participate in up to four hours of mediation. The mediator shall be selected by the parties, or if the parties are unable to agree on a mediator then any party can request the administrator of the Dakota County District Court Civil ADR Program and/or similar person, to select a person from its list of qualified neutrals. The mediation shall be attended by employees or agents or each party having authority to settle the dispute. All expenses related to the mediation shall be borne by each party, including without limitation, the costs of any experts or legal counsel. All applicable statutes of limitations and all defense based on the passage of time are tolled while the mediation procedures are pending, and for a period of 30 days thereafter.

Section 13.15 Venue. All matters, whether sounding in tort or in contract, relating to the validity, construction, performance, or enforcement of this Agreement shall be controlled by and determined in accordance with the laws of the State of Minnesota, and the Developer agrees that all legal actions initiated by the Developer or EDA with respect to or arising from any provision contained in this Agreement shall be initiated, filed and venued exclusively in the State of Minnesota, Dakota County, District Court and shall not be removed therefrom to any other federal or state court.

Section 13.16 Provisions Surviving Rescission or Expiration. Sections 7.2 and 10.3 shall survive any rescission, termination or expiration of this Agreement with respect to or arising out of any event, occurrence or circumstance existing prior to the date thereof.

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SOUTH ST. PAUL ECONOMIC DEVELOPMENT AUTHORITY

By ______________________________
James P. Francis
Its: President

By______________________________
Ryan Garcia
Its: Executive Director

STATE OF MINNESOTA)
) ss
COUNTY OF DAKOTA)

The foregoing instrument was acknowledged before me this _____ day of __________, 2026, by James P. Francis and Ryan Garcia, the President and Executive Director, respectively, of the South St. Paul Economic Development Authority, a public body corporate and politic organized and existing under the laws of the State of Minnesota, on behalf of said Authority.

____
Notary Public

KINGDOM CONSULTING, L.L.C.

By: ________________________
Peter Corniea
Its: President

STATE OF MINNESOTA)
) ss
COUNTY OF HENNEPIN)

The foregoing instrument was acknowledged before me this _________________day of ______________, 2026, by Peter Corniea, the President of Kingdom Consulting, L.L.C., a Minnesota limited liability company.

____
Notary Public

Drafted By:

LeVander, Gillen & Miller, P.A.
1305 Corporate Center Drive, Suite 300
Eagan, MN 55121
651-451-1831

EXHIBIT A
DEVELOPMENT PROPERTY

Real property located in the City of South St. Paul, Dakota County, Minnesota legally described as follows:

> Lots Twelve (12), Thirteen (13), Fourteen (14) and Fifteen (15), Block Seven (7), Stockyards RE-arrangement of Blocks one (1) to twelve (12) inclusive, South St. Paul.
>
> PID: 36-72850-07-150

EXHIBIT B

PHASE I MINIMUM IMPROVEMENTS

PHASE II IMPROVEMENTS

EXHIBIT C
FORM OF CERTIFICATE OF COMPLETION

WHEREAS, the South St. Paul Economic Development Authority, a public body corporate and politic organized under the laws of Minnesota (the “Grantor”), by a deed dated _____________, _________, and recorded in the office of the County Recorder in and for Dakota County, Minnesota, as Document No. ________________ , has conveyed to Kingdom Consulting LLC, a Minnesota limited liability company (the “Grantee”), the following described land in County of Dakota and State of Minnesota, to-wit:

> Lots Twelve (12), Thirteen (13), Fourteen (14) and Fifteen (15), Block Seven (7), Stockyards RE-arrangement of Blocks one (1) to twelve (12) inclusive, South St. Paul.
>
> PID: 36-72850-07-150

(the “Deed”); and

WHEREAS, said Deed was executed pursuant to that certain Development Agreement by and between the Grantor and Grantee, dated _________________, ___________and recorded in the office of the County Recorder in and for Dakota County, Minnesota, as Document No. ________________, which Development Agreement contained certain covenants and restrictions regarding completion of the Improvements; and

WHEREAS, said Grantee has performed said covenants and conditions in a manner deemed sufficient by the Grantor to permit the execution and recording of this certification.

NOW, THEREFORE, this is to certify that all construction of the Improvements specified to be done and made by the Grantee has been completed and the covenants and conditions in the Development Agreement have been performed by the Grantee therein, and the County Recorder in Dakota County, Minnesota, is hereby authorized to accept for recording and to record the filing of this instrument, to be a conclusive determination of the satisfactory termination of the covenants and conditions relating to completion of the Improvements and the removal of the conditions, restrictions and limitations found in Sections 1 and 2 of the Deed.

[remainder of page intentionally blank]

SOUTH ST. PAUL ECONOMIC DEVELOPMENT AUTHORITY

Dated: ______________, ____.

By ______________________________
James P. Francis
Its President

By ______________________________
Ryan Garcia
Its Executive Director

STATE OF MINNESOTA)
) ss.
COUNTY OF DAKOTA)

The foregoing instrument was acknowledged before me this ____ day of ____________, 202___ by James P. Francis and Ryan Garcia, the President and Executive Director respectively, of the South St. Paul Economic Development Authority, a public body corporate and politic organized and existing under the Constitution and laws of Minnesota, on behalf of the EDA.

____
Notary Public

This document was drafted by:

LeVander, Gillen & Miller, P.A.
1305 Corporate Center Drive, Suite 300
Eagan, MN 55121
651-451-1831

LOAN AGREEMENT

THIS AGREEMENT, ("Agreement") made this _____day of _, 2026, ("Effective Date") by and between the South St. Paul Economic Development Authority, a Minnesota public body corporate and politic, 125 Third Ave. N., South St. Paul, Minnesota 55075 ("EDA"), and Kingdom Consulting, L.L.C., a Minnesota limited liability company ("Developer").

WITNESSETH:

WHEREAS, pursuant to Minn. Stat. 469.091, the South St. Paul Economic Development Authority ("EDA") was created and exists in substantial part to foster the reinvestment into and redevelopment of real property within the City of South St. Paul ("City") for purposes of increasing economic opportunity in the City; and

WHEREAS, in accordance with Minn. Stat. 469.012 the EDA has established its Business and Development Loan Program ("Program") in order to make available public funds for the support of economic development and redevelopment initiatives and business development in the community; and

WHEREAS, the Program includes the funding of forgivable economic development loans to private entities for the funding of improvements to the lands and facilities used by local businesses; and

WHEREAS, the EDA adopted criteria for awarding business subsidies, pursuant to the Business Subsidies Act, Minn. Stat., Sections 116J.993 to 116J.995; and

WHEREAS, Developer is in the process of acquiring the property located at 106 Third Ave. N. in South St. Paul for purposes of redeveloping the Property as an indoor commercial play facility and related amenities; and

WHEREAS, Developer has proposed redevelopment of the Property for a use that is consistent with the goals and objectives of the EDA; and

WHEREAS, the EDA and the Developer desire that the Developer renovate and rehabilitate the building located on the Property and the EDA believes that by assisting the Developer in its renovation and rehabilitation of the Property it will be furthering the goals and objectives of the EDA; and

WHEREAS, in consideration for the Developer's commitment to undertake the renovation and rehabilitation of the building on the Property, the EDA is willing to make a loan to the Developer to finance a portion of the cost thereof; and

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
Definitions

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

"Act" means Minnesota Statutes, Sections 469.001-469.047 and 469.090-469.108, as amended.

"Anniversary Date" means the anniversary date of this Loan Agreement, which is the date that the Loan is submitted into escrow by the EDA.

"County" means the County of Dakota.

"Developer" means Kingdom Consulting, L.L.C., a Minnesota limited liability company.

"EDA" means the South St. Paul Economic Development Authority, a public body corporate and politic organized and existing under the laws of the State of Minnesota.

"Event of Default" means an action by the Developer listed in Article VI of this Agreement.

"Forgiveness Conditions" means the conditions identified in Section 3.3 which must be met in order for the Loan to be forgiven.

"Loan" means the Principal Amount paid into escrow by the EDA in consideration for Developer to undertake the improvements on the Property.

"Loan Balance" means the balance of the Loan remaining after deducting all the disbursements that have been made to the Developer for the Phase I Minimum Improvements.

"Note" means the promissory note to be provided by the Developer to the Authority to evidence the Loan, the form of which is attached as Exhibit C and incorporated herein.

"Principal Amount" means the principal amount of the Loan from the EDA in the total maximum amount of Two Million Three Hundred Thousand and 00/100s Dollars ($2,300,000.00).

"Project" means the Phase I Minimum Improvements and Phase II Improvements described on Exhibit B, attached hereto and incorporated herein.

"Property" means the real property located at 106 Third Avenue North, South St. Paul, Minnesota and is legally described on Exhibit A, attached hereto and incorporated herein.

"Security Documents" means the documents to be provided to the Authority pursuant to Section 3.3(b) of this Agreement to evidence and secure the Loan.

"State" means the State of Minnesota.

"Total Development Cost" means the total costs for Developer to construct Phase I Minimum Improvements and Phase II Improvements for the Project, which are identified on Exhibit D, attached hereto and incorporated herein.

ARTICLE II
Representations

Section 2.1. Representations by the EDA. The Authority makes the following representations as the basis for the undertaking on its part herein contained:

(a) The EDA is a municipal economic development authority duly organized and existing under the laws of the State. Under the provisions of the Act, the Authority has the power to enter into this Agreement and to perform its obligations hereunder.

(b) The Project is a "redevelopment project" within the meaning of the Act and was created, adopted and approved in accordance with the terms of the Act.

Section 2.2. Representations by the Developer. The Developer represents that:

(a) The Developer is a Minnesota limited liability company who has the legal capacity to enter into this Agreement and carry out the obligations of the Developer hereunder.

(b) Developer has secured private financing for remainder of projected project costs.

(c) The Developer will undertake the renovation and rehabilitation activities on the Property in accordance with the terms of this Agreement and all local, state and federal laws and regulations (including, but not limited to, environmental, zoning, building code and public health laws and regulations).

(d) The Developer has received no notice or communication from any local, state or federal official that the activities of the Developer or the EDA may be or will be in violation of any environmental law or regulation. The Developer is aware of no facts the existence of which would cause the Developer to be in violation of any local, state or federal environmental law, regulation or review procedure. In the event that the EDA is required to take any action to obtain any necessary permits or approvals with respect to the Property under any local, state or federal environmental law or regulation, the Developer will cooperate with the EDA in connection with such action.

ARTICLE III
Forgivable Loan

Section 3.1. Making of Loan. In consideration for the Developer's agreement to undertake and complete the Project on the Property, as described on Exhibit B, the EDA is willing to make the Loan to the Developer which shall be used to pay the costs of the Developer's Total Development Cost, together with related costs, as further articulated in Section 3.3 below.

Section 3.2. Conditions Precedent to Disbursing of the Loan.

(a) Notwithstanding anything to the contrary contained herein, the EDA's obligation to disburse the Loan shall be subject to satisfaction, or waiver in writing by the EDA, of all of the following conditions precedent:

(i) the Developer shall not be in default under the terms of this Agreement;

(ii) the Developer shall have delivered to the EDA the fully executed Security Documents; and

(iii) the Developer shall have provided the EDA with evidence acceptable to the EDA demonstrating that the Developer has secured financing, in addition to the amounts due under Loan, that is sufficient when added to the amount of the Loan to pay the Total Development Cost of the Project, identified on Exhibit D, which includes provisions for any change orders or cost overruns.

(b) On or about July 1, 2026, which date may be adjusted by mutual written agreement of the Parties but which shall coincide with the date of closing on the Property, the EDA shall deposit the Loan in the amount of $2,300,000.00 into escrow with Commercial Partners Title. The Loan shall be disbursed to Developer pursuant to an Escrow Agreement between Commercial Partners Title, the EDA and Developer.

Section 3.3. Terms of Loan.

(a) The Loan shall be repayable and forgiven in accordance with the terms hereinafter stated and the terms of the Note.

(b) The Loan shall be evidenced and secured by the Security Documents which shall consist of the following:

(i) A Promissory Note; and

(ii) A mortgage granting to the EDA a mortgage on the Property, the form of which is attached as Exhibit E, attached hereto and incorporated herein, which may not be subordinated to any other liens or encumbrances except as provided herein.

(c) Developer agrees to undertake and complete any and all actions necessary to meet all of the below-stated Forgiveness Conditions on or before the dates specified herein and if all Forgiveness Conditions are met, the Loan shall be forgiven in increments as follows:

(i) First Forgiveness Event. Developer completes, at a minimum, the Phase I Minimum Improvements identified on Exhibit B on or before December 31, 2026 ("Phase I

Completion Date"), as determined by the Chief Building Official or the EDA Executive Director, at which point the amount of the Loan that has been disbursed to Developer for the Phase I Minimum Improvements shall be forgiven and the remaining amount of the Loan shall become the Loan Balance ("Loan Balance");

(ii) Second Forgiveness Event.

A. On or before December 1, 2027, Developer has a certificate of occupancy and begins operations of an Indoor Family Play Center at the Property.

B. Following receipt of a certificate of occupancy, Developer does not permit the building to become vacant for a period exceeding 90 days at any time during the term of this Agreement, except in cases of casualty or emergencies.

C. Developer does not sell or lease the Property for a use or entity that would cause the property to become tax exempt at any time during the term of this Agreement.

D. Developer does not take any action to contest the Taxable Market Value of the Property as determined by Dakota County Property Taxation & Records, or any successor agency responsible for determining Taxable Market Value.

E. Developer pays all property taxes and special assessments levied against the Property when due during the term of this Agreement.

F. Developer timely pays all charges for City-operated public utilities (Water, Sanitary Sewer, Stormwater, Street Lights) incurred at the Property during the term of this Agreement.

G. Developer makes all interest-only payments due under the Promissory Note when due.

H. Developer owns the Property for five (5) years from the anniversary date of the Loan. If Developer sells the Property during the Term of this Agreement to an unrelated entity, the Loan shall be repaid to the EDA upon sale of the Property.

I. Pursuant to the Note, then five (5) years after the completion of Phase II Improvements, if there has been no Event of Default, $100,000 of the Loan Balance shall be forgiven.

(iii) Third Forgiveness Event. Continuing for five (5) years after the conclusion of 3.3(c)(ii).I., if there continues to be no Event of Default, then 20% of the Loan Balance shall be forgiven on each Anniversary Date of the Loan. At the conclusion of this second five (5) year period, the entire Loan is forgiven.

(d) The Developer agrees to submit supporting documentation of all costs with each request for Loan disbursements pursuant to an Escrow Agreement. All requests for disbursements must be made within twelve (12) months from the Initial Disbursement Date. No requests shall be honored after the Final Completion Date and a Certificate of Occupancy has been issued. The date of the first disbursement shall be referred to as the "Initial Disbursement Date" and shall be the date used for calculating interest charges on the Loan. It shall be the Developer's responsibility to insure that all payments for services and material are promptly paid and no liens are filed against the Property.

(e) The Developer acknowledges and agrees to the Forgiveness Conditions set forth in Section 3.3(c) of this Agreement.

(f) The Developer agrees to submit an annual report to the EDA not more than 45 days and not less than 30 days before each annual Anniversary Date demonstrating to the satisfaction of the EDA that the Developer continues to maintain ownership of the Property and is operating the business in accordance with its regular operations as a commercial indoor family play center. The Annual Report shall include such information, documentation and/or records as the EDA may reasonably require.

Section 3.4 Financial Documents. Beginning on April 1, 2027, and every year thereafter by April 1 while the Loan is outstanding, Developer shall provide the EDA with their financial operating statements including all annual revenues, expenses, and debt service.

Section 3.5 EDA's Obligations.

(a) The EDA agrees to deliver to the Developer proceeds of the Loan in its entirety in the amount of Two Million Three Hundred Thousand and 00/100s Dollars ($2,300,000.00) on the date stated in Section 3.2(b) above.

(b) Subject to the adequate demonstration (as set forth in Section 3.3 above) by the Developer, the EDA agrees to comply with the Loan Agreement.

(c) Promptly following discharge of the Developer's obligations under the Loan the EDA agrees to cooperate with Developer to file a release and satisfaction of the Mortgage or the Financing Statement, at Developer's expense.

ARTICLE IV
Construction Activities

Section 4.1. Construction. The Developer's renovation and rehabilitation of the improvements on the Property shall conform in all respects to the work and timeline described in the Development Agreement.

ARTICLE V
<u>Indemnification</u>

Section 5.1. Release and Indemnification Covenants. The Developer shall indemnify, defend and hold the EDA, its officers, employees and agents, harmless from and against all claims, actions, damages, liability and expense arising or purportedly arising from the actions of Developer, its employees, contractors and agents in carrying out the transactions contemplated by this Agreement.

ARTICLE VI
<u>Events of Default</u>

Section 6.1. Events of Default Defined. Developer shall be in default under this Agreement in the event of one or more of the following events. An "Events of Default" shall mean, whenever it is used in this Agreement (unless the context otherwise provides), for a default by the Developer as defined herein which is not cured within thirty (30) days after Developer's receipt of notice from the City hereunder.

(a) Failure by the Developer to pay when due any payments required to be paid under this Agreement or the Security Documents after the expiration of any grace or cure period provided therein.

(b) An Event of Default occurs under the terms and conditions of the Loan Agreement or the Development Agreement.

(c) Failure by Developer to observe or perform any other material covenant, condition, obligation or agreement on its part to be observed or performed hereunder or under the Security Documents.

Section 6.2. Authority's Remedies on Default. Whenever a default by Developer occurs by Developer referred to in Section 6.1 of this Agreement occurs, the EDA may immediately suspend its performance under this Agreement until it receives assurances from the Developer, deemed adequate by the EDA, that the Developer will cure the default and continue the Developer's performance under this Agreement and may take any one or more of the following actions after providing thirty (30) days written notice to the Developer of the default, but only if the default becomes an Event of Default because it is not cured within said thirty (30) day period:

(a) If an Event of Default occurs during Stage I of the Loan, as defined in the Note, the EDA may demand all Loan disbursements paid to Developer as of the date of the Default with interest on the Loan accruing as of the Initial Disbursement Date, be reimbursed to the EDA. If an Event of Default occurs during Stage II of the Loan, as defined in the Note, the EDA shall keep all interest-only payments made and the EDA may declare that the Loan Balance is immediately due and payable. If an Event of Default occurs during Stage III of the Loan, as defined in the Note, the EDA shall keep all interest-only payments made and the EDA may demand that the remaining Loan Balance that has not yet been forgiven is immediately due and payable.

(b) Terminate this Agreement.

(c) Exercise its remedies under the Security Documents.

(d) Take whatever action, including legal, equitable or administrative action, which may appear necessary or desirable to the EDA to collect any payments due under this Agreement, or to enforce performance and observance of any obligation, agreement, or covenant of the Developer under this Agreement or the Security Documents.

Section 6.3. No Remedy Exclusive. No remedy herein conferred upon or reserved to the EDA or Developer is intended to be exclusive of any other available remedy or remedies, but each and every such remedy shall be cumulative and shall be in addition to every other remedy given under this Agreement or now or hereafter existing at law or in equity or by statute. However, in no event shall Developer be liable for consequential, punitive or special damages. No delay or omission to exercise any right or power accruing upon any default shall impair any such right or power or shall be construed to be a waiver thereof, but any such right and power may be exercised from time to time and as often as may be deemed expedient. In order to entitle the EDA or the Developer to exercise any remedy reserved to them, it shall not be necessary to give notice, other than such notice as may be required in this Article VI.

Section 6.4. No Additional Waiver Implied by One Waiver. In the event 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 6.5. Attorneys' Fees. If there occurs an Event of Default and the EDA incurs costs, including reasonable attorneys' fees to enforce this Agreement, the Developer shall be liable to the EDA for such costs, including reasonable attorney's fees, incurred in connection with the enforcement of the provisions of this Agreement or the Note.

ARTICLE VII
Additional Provisions

Section 7.1. Representatives Not Individually Liable. No member, official, or employee of the EDA shall be personally liable to the Developer, or any successor in interest, in the event of any default or breach or for any amount which may become due to Developer or successor in interest or on any obligations under the terms of this Agreement.

Section 7.2. Titles of Articles and Sections. Any titles of the several parts, Articles, and Sections of the Agreement are inserted for convenience of reference only and shall be disregarded in construing or interpreting any of its provisions.

Section 7.3. Notices and Demands. Except as otherwise expressly provided in this Agreement, a notice, demand, or other communication under the Agreement by either party to the other shall be sufficiently given or delivered if it is dispatched by registered or certified mail, postage prepaid, return receipt requested, or delivered personally; and

If to EDA:	South St. Paul EDA Attn: Executive Director 125 Third Ave. North South St. Paul, MN 55075
If to Developer:	Kingdom Consulting, LLC Attn: Peter Corniea 4616 Drexel Avenue Edina, MN 55424

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

Section 7.4. Disclaimer of Relationships. The Developer acknowledges that nothing contained in this Agreement nor any act by the EDA or the Developer shall be deemed or construed by the Developer or by any third person to create any relationship of third-party beneficiary, principal and agent, limited or general partner, or joint venture between the EDA and the Developer and/or any third party.

Section 7.5. Modifications. This Agreement may be modified solely through written amendments hereto executed by the Developer and the EDA.

Section 7.6. Counterparts and Electronic Signatures. This Agreement may be executed in any number of counterparts, all of which together shall constitute one and the same instrument. A signature supplied electronically or by .pdf shall be considered an original for all purposes hereunder.

Section 7.7. Judicial Interpretation. Should any provision of this Agreement require judicial interpretation, the court interpreting or construing the same shall not apply a presumption that the terms hereof shall be more strictly construed against one party by reason of the rule of construction that a document is to be construed more strictly against the party who itself or through its agent or attorney prepared the same, it being agreed that the agents and attorneys of both parties have participated in the preparation hereof.

Section 7.8. Venue. The parties agree that this Agreement shall be construed pursuant to Minnesota law and any disputes shall be venued in Dakota County, Minnesota.

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SOUTH ST. PAUL
ECONOMIC DEVELOPMENT AUTHORITY

____
James P. Francis
Its: President

____
Ryan Garcia
Its: Executive Director

STATE OF MINNESOTA)
)ss
COUNTY OF DAKOTA)

The foregoing instrument was acknowledged before me this _____________ day of ___________, 2026, by James P. Francis and Ryan Garcia, the President and Executive Director, respectively, of the City of South St. Paul Economic Development Authority, a Minnesota public body corporate and politic existing under the Constitution and laws of Minnesota, on behalf of the EDA.

____
Notary Public

KINGDOM CONSULTING, L.L.C.

____
By: Peter Corniea
Its: President

STATE OF MINNESOTA)
)ss
COUNTY OF HENNEPIN)

The foregoing instrument was acknowledged before me this _____ day of ______, 2026, by Peter Corniea, the President of Kingdom Consulting, L.L.C., a Minnesota limited liability company on behalf of the company.

____
Notary Public

EXHIBIT A
LEGAL DESCRIPTION OF PROPERTY

That certain real property situated in the City of South St. Paul, County of Dakota, State of Minnesota, legally described as follows:

> Lots Twelve (12), Thirteen (13), Fourteen (14) and Fifteen (15), Block Seven (7), Stockyards RE-arrangement of Blocks one (1) to twelve (12) inclusive, South St. Paul.

Abstract Property
PID: 36-72850-07-150

EXHIBIT B
THE PROJECT

PHASE I MINIMUM IMPROVEMENTS

PHASE II IMPROVEMENTS

EXHIBIT C
FORM OF PROMISSORY NOTE

$2,300,000.00 (“Principal Amount”) South St. Paul, Minnesota
[Date]

FOR VALUE RECEIVED The undersigned, Kingdom Consulting, LLC, a Minnesota limited liability company (the “Undersigned”), agree and promise to pay to the order of the South St. Paul Economic Development Authority, a public body politic and corporate, its endorsees, successors and assigns (the “Holder), in lawful money of the United States at its principal office at 125 Third Ave. North, South St. Paul, Minnesota 55075, or such other place as the Holder may from time to time designate, the principal sum of Two Million Three Hundred Thousand and 00/100s Dollars ($2,300,000.00 (“Loan”) or so much thereof as has been advanced by the Holder to the Undersigned pursuant to the terms of that certain Loan Agreement of even date herewith between the Undersigned and the Holder (the “Loan Agreement”), together with interest at the rates stated herein.

Stage I of the Loan: Commencing on July 1, 2026, and continuing until the Phase I Minimum Improvements are completed, as determined by the Chief Building Official (Phase I Completion Date), no payments shall be due and no interest shall accrue. If there has been no Event of Default under the Loan Agreement, Development Agreement or Security Agreements, then on confirmation of the Phase I Completion Date, an amount equal to the total disbursements for the Phase I Minimum Improvements shall be deducted from the principal amount of the Loan and shall be forgiven. Remaining funds, if any, shall be converted as principal to a 10-year amortizing note for the fixturing of the Property and this shall become the Loan Balance (“Loan Balance”).

Stage II of the Loan: Beginning on the Phase I Completion Date and continuing for five (5) years thereafter, interest shall accrue on the Loan Balance at an annual rate of four percent (4.00%). Interest-only Payments shall be made monthly on the Loan Balance denoted above.

Stage III of the Loan: If there has been no Event of Default under the Loan Agreement, Development Agreement or Security Agreements, then as of completion of Stage II of the Loan, $100,000 of the Loan Balance shall be forgiven and no additional payments shall be due. Continuing for five (5) years after the conclusion Stage II of the Loan, if there continues to be no Event of Default, then 20% of the Loan Balance shall be forgiven on each Anniversary Date of the Loan. At the conclusion of Stage III of the Loan, the entire Loan Balance is forgiven.

The Loan Balance shall be due and payable upon the occurrence of an Event of Default under the Loan Agreement that is not cured within the time period for cure set forth in the Loan Agreement.

Any payments due under this Note may be prepaid in whole or in part at any time.

The obligations evidenced by this Note are secured by a Mortgage of even date herewith.

Electronic Payment. The Undersigned will complete an ACH-Pay Plan for recurring payments of this loan. ACH-Pay Plan will directly charge the bank account specified by the Undersigned and automatically deduct the payment from that bank account and the EDA will credit the payment to the Loan balance. If the due date falls on a weekend or a bank holiday, the payment will be processed the next business day. A $30 charge will be assessed to any payment returned by the bank because of insufficient funds or account closure.

Time is of the essence. No delay or omission on the part of the Holder in exercising any right hereunder shall operate as a waiver of such right or of any other remedy under this Note. A waiver of any one occasion shall not be construed as a bar to or waiver of any such right or remedy on a future occasion.

KINGDOM CONSULTING, L.L.C.

____

By: Peter Corniea
Its: President

STATE OF MINNESOTA)
) ss
COUNTY OF HENNEPIN)

The foregoing instrument was acknowledged before me this _____ day of _____, 2026, by Peter Corniea, the President of Kingdom Consulting, L.L.C., a Minnesota limited liability company, on behalf of the company.

____
Notary Public

EXHIBIT D
TOTAL DEVELOPMENT COSTS

EXHIBIT E
FORM OF MORTGAGE

(Top 3 inches reserved for recording data)

MORTGAGE
by Business Entity

MORTGAGE REGISTRY TAX DUE: $____________ DATE: ____________________

THIS MORTGAGE ("**Mortgage**") is given by Kingdom Consulting, LLC, a Minnesota limited liability company, as mortgagor ("**Developer**"), to the South St. Paul Economic Development Authority, a Minnesota public body corporate and politic, as mortgagee ("**Lender**"). In consideration of the receipt of _______________Dollars ($_______________.00) (the "**Indebtedness**") from Lender, Developer hereby mortgages, with power of sale, the real property in Dakota County, Minnesota, legally described as follows:

> Lots Twelve (12), Thirteen (13), Fourteen (14) and Fifteen (15), Block Seven (7), Stockyards RE-arrangement of Blocks one (1) to twelve (12) inclusive, South St. Paul.
>
> PID: 36-72850-07-150

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

together with all hereditaments and appurtenances belonging thereto (the "**Property**"), subject to the following exceptions:
(a) Covenants, conditions, restrictions (without effective forfeiture provisions) and declarations of record, if any;
(b) Reservations of minerals or mineral rights by the State of Minnesota, if any;
(c) Utility and drainage easements which do not interfere with present improvements;
(d) Applicable laws, ordinances, and regulations;
(e) The lien of real estate taxes and installments of special assessments not yet due and payable; and
(f) The following liens or encumbrances, if any:

Developer covenants with Lender as follows:

1. **Repayment of Indebtedness.** If Developer (a) pays the Indebtedness to Lender according to the terms of the promissory note or other instrument of even date herewith that evidences the Indebtedness and all renewals, extensions, and modifications thereto (the "Note"), final payment of which is due on __________,; (b) pays interest on the Indebtedness as provided in the Note; (c) repays to Lender, at the times and with interest as specified, all sums advanced in protecting the lien of this Mortgage, if any; and (d) keeps and performs all the covenants and agreements contained herein, then Developer's obligations under this Mortgage will be satisfied, and Lender will deliver an executed satisfaction of this Mortgage to Developer. It is Developer's responsibility to record any satisfaction of this Mortgage at Developer's expense.

2. **Statutory Covenants.** Developer makes and includes in this Mortgage the following covenants and provisions set forth in Minn. Stat. 507.15, and the relevant statutory covenant equivalents contained therein are hereby incorporated by reference:
    (a) To warrant the title to the Property;
    (b) To pay the Indebtedness as herein provided;
    (c) To pay all taxes;
    (d) That the Property shall be kept in repair and no waste shall be committed;
    (e) To pay principal and interest on prior mortgages (if any).

3. **Additional Covenants and Agreements of Developer.** Developer makes the following additional covenants and agreements with Lender:

(a) Developer shall keep all buildings, improvements, and fixtures now or later located on all or any part of the Property (collectively, the "Improvements") insured against loss by fire, lightning, and such other perils as are included in a standard all-risk endorsement, and against loss or damage by all other risks and hazards covered by a standard extended coverage insurance policy, including, without limitation, vandalism, malicious mischief, burglary, theft, and if applicable, steam boiler explosion. Such insurance shall be in an amount no less than the full replacement cost of the Improvements, without deduction for physical depreciation. If any of the Improvements are located in a federally designated flood prone area, and if flood insurance is available for that area, Developer shall procure and maintain flood insurance in amounts reasonably satisfactory to Lender. Developer shall procure and maintain liability insurance against claims for bodily injury, death, and property damage occurring on or about the Property in amounts reasonably satisfactory to Lender and naming Lender as an additional insured, all for the protection of the Lender.

(b) Each insurance policy required pursuant to Paragraph 3(a) must contain provisions in favor of Lender affording all right and privileges customarily provided under the so-called standard mortgagee clause. Each policy must be issued by an insurance company or companies licensed to do business in Minnesota and acceptable to Lender. Each policy must provide for not less than ten (10) days written notice to Lender before cancellation, non-renewal, termination, or change in coverage. Developer will deliver to Lender a duplicate original or certificate of such insurance policies and of all renewals and modifications of such policies.

(c) If the Property is damaged by fire or other casualty, Developer must promptly give notice of such damage to Lender and the insurance company. In such event, the insurance proceeds paid on account of such damage will be applied to payment of the amounts owed by Developer pursuant to the Note, even if such amounts are not otherwise then due, unless Developer is permitted to make an election as described in the next paragraph. Such amounts first will be applied to unpaid accrued interest and next to the principal to be paid as provided in the Note in the inverse order of their maturity. Such payment(s) will not postpone the due date of the installments to be paid pursuant to the Note or change the amount of such installments. The balance of insurance proceeds, if any, will be the property of Developer.

(d) Notwithstanding the provisions of Paragraph 3(c), and unless otherwise agreed by Developer and Lender in writing, if (i) Developer is not in default under this Mortgage (or after Developer has cured any such default); (ii) the mortgagees under any prior mortgages do not require otherwise; and (iii) such damage does not exceed ten percent (10%) of the then assessed market value of the Improvements, then Developer may elect to have that portion of such insurance proceeds necessary to repair, replace, or restore the damaged Property (the "Repairs") deposited in escrow with a bank or title insurance company qualified to do business in Minnesota, or such other party as may be mutually agreeable to Lender and Developer. The election may only be made by written notice to Lender within sixty (60) days after the damage occurs; and the election will only be permitted if the plans, specifications, and contracts for the Repairs are approved by Lender, which approval shall not be unreasonably withheld, conditioned, or delayed. If such a permitted election is made by Developer, Lender and Developer shall jointly deposit the insurance proceeds into escrow when paid. If such insurance proceeds are insufficient for the Repairs, Developer shall, before the commencement of the Repairs, deposit into such escrow sufficient additional money to insure the full payment for the Repairs. Even if the insurance proceeds are unavailable or are insufficient to pay the cost of the Repairs, Developer shall at all times be responsible to pay the full cost of the Repairs. All escrowed funds shall be disbursed in accordance with sound, generally accepted, construction disbursement procedures. The costs incurred or to be incurred on account of such escrow shall be deposited by Developer into such escrow before the commencement of the Repairs. Developer shall complete the Repairs as soon as reasonably possible and in a good and workmanlike manner, and in any event the Repairs shall be completed by Developer within one (1) year after the damage occurs. If, following the completion of and payment for the Repairs, there remains any undisbursed escrow funds, such funds shall be applied to payment of the amounts owed by Developer under the Note in accordance with Paragraph 3(c).

(e) If all or any part of the Property is taken in condemnation proceedings instituted under power of eminent domain or is conveyed in lieu thereof under threat of condemnation, the money paid pursuant to such condemnation or conveyance in lieu thereof must be applied to payment of the amounts due by Developer to Lender under the Note as set forth in Paragraph 3(c), even if such amounts are not then due to be paid.

(f) Developer will diligently complete all Improvements, if any, that may now or hereafter be under construction on the Property.

(g) Developer will pay all dues, fees, or assessments, if any, which are due and payable by Developer to any homeowners or similar association as a result of the Property's inclusion therein.

(h) Developer will pay any other expenses and attorneys' fees incurred by Lender pursuant to the Note or as reasonably required for the protection of the lien of this Mortgage.

4. **Payment by Lender.** If Developer fails to pay any amounts to be paid hereunder to Lender or any third parties, or to insure the Improvements, and deliver the policies as required herein, Lender may make such payments or secure such insurance. The sums so paid shall be additional Indebtedness, bear interest from the date of such payment at the same rate set forth in the Note, be an additional lien upon the Property, and be immediately due and payable upon written demand. This Mortgage secures the repayment of such advances.

5. **Default.** In case of default (i) in the payment of sums to be paid under the Note or this Mortgage, when the same becomes due, (ii) in any of the covenants set forth in this Mortgage, (iii) under the terms of the Note, or (iv) under any addendum attached to this Mortgage, Lender may declare the unpaid balance of the Note and the interest accrued thereon, together with all sums advanced hereunder, immediately due and payable without notice, and Developer hereby authorizes and empowers Lender to foreclose this Mortgage by judicial proceedings or to sell the Property at public auction and convey the same in fee simple in accordance with Minn. Stat. Ch. 580, and out of the monies arising from such sale, to retain all sums secured hereby, with interest and all legal costs and charges of such foreclosure and the maximum attorneys' fees permitted by law, which costs, charges, and fees Developer agrees to pay.

6. **Governing Law; Severability.** This Mortgage shall be governed by the laws of Minnesota. In the event that any provision or clause of this Mortgage or the Note conflicts with applicable law, such conflict shall not affect other provisions of this Mortgage or the Note which can be given effect without the conflicting provision.

7. **Additional Terms.** *Check this box* ☐ if Minnesota Uniform Conveyancing Blank 20.2.1 or any other addendum (either one or more) containing additional terms and conditions is attached to this Mortgage. If the foregoing box is not checked, then this Mortgage shall not contain any such additional terms and conditions. The number of additional attached pages is [insert number of pages in addendum]. Terms of this Mortgage will run with the Property and bind the parties hereto and their successors in interest.

Note: Remainder of page left blank, signature page follows.

Developer
Kingdom Consulting, L.L.C.

By: ______________________________
Peter Corniea
Its: President

State of Minnesota, County of Hennepin

This instrument was acknowledged before me on __________________________, by Peter Corniea , the President of Kingdom Consulting, L;L.C., a Minnesota limited liability company.

(Stamp)

____
(signature of notarial officer)

Title (and Rank): Notary Public

My commission expires:

____
(month/day/year)

THIS INSTRUMENT WAS DRAFTED BY:

Korine L. Land (#0262432)
LeVander, Gillen & Miller, P.A.
1305 Corporate Center Drive, Suite 300
Eagan, MN 55121
TITLE NOT EXAMINED