

AMENDED AND RESTATED
SEVERANCE AND SURRENDER AGREEMENT

This Agreement is made this _____ day of September, 2025, between and among the City of Mankato, a Minnesota municipal corporation (“Landlord”); KMKT, LLC, a Minnesota limited liability company (the “Tenant”); and Frandsen Bank & Trust, a National Banking Association, (“Frandsen”) with an address of 240 Belgrade Ave., North Mankato, MN 56003 and Midwest Business Finance Corporation (“Midwest”) and the U.S. Small Business Administration (“SBA”) and/or its successors and assigns as their interest may appear; collectively Frandsen, Midwest, and SBA shall be referred to as “Lenders”. This Agreement hereby amends and supersedes that certain Severance Agreement by and between the City of Mankato, a Minnesota municipal corporation (“Landlord”); KMKT, LLC, a Minnesota limited liability company (the “Tenant”); and Frandsen Bank & Trust, a National Banking Association (the “Lender”) dated July 3, 2024 and recorded in the office of Blue Earth County Recorder on August 20, 2024 as Document No. 613CR516.

RECITALS

WHEREAS, Tenant has acquired all of the rights of the tenant under a certain Ground Lease dated as of September 1, 2021, which was amended by that certain First Amendment to Ground Lease Agreement dated September 1, 2022; and an Associated Memorandum of Ground Lease dated September 2, 2021 and was recorded on September 28, 2022, in the office of the County Recorder, Blue Earth County Minnesota as Document No. 602CR314; and

WHEREAS, the Ground Lease covers the premises located at 3100 and 3120 N. Airport Road, Mankato, Minnesota, more particularly described as follows:

See attached Exhibit A for full legal description

WHEREAS, pursuant to the terms of the Ground Lease the Tenant has the right to construct its separate improvements on the Land, which the Landlord, Tenant and Lender agree shall be the separate property of the Tenant until the termination of the Ground Lease; and

WHEREAS, the Ground Lease provides that upon termination of the Ground Lease, all improvements constructed on the Land shall attach to the real estate and become the property of the Landlord; and

WHEREAS, pursuant to Frandsen's certain Loan No. 1440856537, Frandsen made a loan to Tenant in the original principal amount of \$2,785,000.00 which is secured by, among other things, a mortgage on the leasehold interest in the Land from Tenant to Frandsen ("the Mortgage") and an Assignment of Rents & Leases (the "Assignment") from Tenant to Frandsen. The Mortgage was dated on August 12 and recorded on August 18, 2022, in the office of the Blue Earth County Recorder as Document No. 602CR315 and then was modified on October 31, 2022 and recorded on March 27, 2023 as Document No. 605CR005 to remove North Star Aviation and North Star Companies as co-borrower; and said mortgage was further modified on January 3, 2025 and recorded in the office of the Blue Earth County Recorder on January 7, 2025 as Document No. 615CR925 to update the address of the property and modification to the paragraph entitled "Cross Collateralization".

WHEREAS, pursuant to Frandsen's certain Loan No. 1440915725, Frandsen made a loan to Tenant in the original principal amount of \$1,900,000.00 which is secured by, among other things, a mortgage on the leasehold interest in the Land from Tenant to Frandsen ("the Mortgage") and an Assignment of Rents and Leases ("the Assignment") from Tenant to Frandsen. The Mortgage was dated July 3, 2024 and recorded on July 12, 2024 in the office of the Blue Earth County Recorder as Document No. 612CR821. Said Mortgage was modified on January 3, 2025, and recorded in the office of the Blue Earth County Recorder on January 7, 2025, as Document No. 615CR924;

WHEREAS, pursuant to Midwest and SBA certain Loan No. _____, Midwest and SBA made a loan to Tenant in the amount of \$2,973,000.00, which is secured by, among other things, a mortgage on the leasehold interest in the Land from Tenant to Midwest and SBA. The mortgage was dated _____, 2025 and recorded in the office of the Blue Earth County Recorder on _____, 2025 as Document No. _____.

WHEREAS, Landlord, Tenant and Lenders have made this Agreement to insure that upon termination of Ground Lease, all improvements made by the Tenant upon the Land, shall become the property of the Landlord upon the termination of the Ground Lease, but shall remain free and clear of all liens and encumbrances, except liens and encumbrances in favor of Lenders.

NOW, THEREFORE, in consideration of the premises and the sum of \$1.00 by each party in hand paid to the other, the receipt and sufficiency of which is hereby acknowledged, it is agreed as follows:

1. All structures and all parts and components thereof located on the Land at the date of the Ground Lease or thereafter established shall become and be the property of the Tenant.
2. All improvements and structures and all parts and components thereof, including supporting columns therefor and all additions, alterations, restorations, repairs, and replacements thereof and all other improvements located on the land (the "Building") shall

be and remain the absolute property of Tenant during the term of the Ground Lease and shall, upon the termination of the Ground Lease, whether by expiration of the term or otherwise, become the sole and absolute property of Landlord. In the event of default by Tenant, Landlord shall give notice to Lenders of such default and Lenders shall have the option to cure the default. The Building is now and shall be at all times hereafter be deemed real property for all purposes.

3. Tenant, Landlord and Lenders agree that all claims of any other creditor or encumbrancer of Tenant shall automatically extinguish at the termination of the Ground Lease, and neither Tenant nor its creditors or successors in interest shall thereafter have or possess any claim thereto, except the Lenders named herein.
4. This Severance Agreement shall, at the collective option of Landlord and Lenders, extinguish upon the termination of Ground Lease, however such termination is caused, and the building and all of Tenant's improvements shall reattach to the Land and become a part thereof.
5. This Severance Agreement may be executed in any number of counterparts with the same force and effect as if all signatures were appended to one document, each of which shall be deemed original.
6. The attached Exhibit B, Resolution, authorizes the City Manager to enter into this Agreement.

IN WITNESS WHEREOF, the parties have executed this Agreement as of the date near first above written.

"FRANDSEN"

FRANDSEN BANK & TRUST

By: _____

Its: _____

STATE OF MINNESOTA)
) ss.
COUNTY OF BLUE EARTH)

The foregoing instrument was acknowledged before me this ____ day of _____, 2025, by _____, the _____ of Frandsen Bank & Trust, a national banking association, on behalf of the association.

Notary Public

“MIDWEST”

Midwest Business Finance Corporation

By: _____

Its: _____

STATE OF MINNESOTA)
) ss.
COUNTY OF BLUE EARTH)

The foregoing instrument was acknowledged before me this ____ day of _____, 2025, by _____, the _____ of Midwest Business Finance Corporation.

Notary Public

“SBA”

Midwest Business Finance Corporation on
behalf of U.S. Small Business
Administration

By: _____

Its: _____

STATE OF MINNESOTA)
) ss.
COUNTY OF BLUE EARTH)

The foregoing instrument was acknowledged before me this ____ day of _____, 2025, by _____, the _____ of Midwest Business Finance Corporation on behalf of Small Business Administration.

Notary Public

“TENANT”

KMKT, LLC

By: _____

Its: _____

STATE OF MINNESOTA)
) ss.
COUNTY OF BLUE EARTH)

The foregoing instrument was acknowledged before me this ____ day of September, 2025, by Kyle Smith, the Chief Manager of KMKT, LLC, a Minnesota limited liability company, on behalf of the company.

Notary Public

“LANDLORD”

CITY OF MANKATO

By: Susan MH Arntz_____

Its: City Manager_____

STATE OF MINNESOTA)
) ss.
COUNTY OF BLUE EARTH)

The foregoing instrument was acknowledged before me this ____ day of September, 2025 by Susan MH Arntz, the City Manager for the city of Mankato, a Minnesota municipal corporation, on behalf of the corporation.

Notary Public

This document was drafted by:

Jones Law Office
212 Madison Avenue
Mankato, MN 56001
(507) 385-4488

Exhibit A
Legal Description

LEGAL DESCRIPTION:

That part of Lot 1, Block 1, MANKATO MUNICIPAL AIRPORT PLAT, according to the recorded plat thereof, Blue Earth County, Minnesota, described as follows:
Commencing at the west quarter corner of Section 26, Township 109 North, Range 26 West; thence North 00 degrees 20 minutes 22 seconds West (assumed bearing) on the west line of the Northwest Quarter of said Section 26, also being the west line of said Lot 1 Block 1, a distance of 1787.71 feet; thence North 89 degrees 39 minutes 38 seconds East, 1923.14 feet to the point of beginning; thence North 64 degrees 16 minutes 07 seconds East, 20.00 feet; thence North 25 degrees 43 minutes 53 seconds West, 105.86 feet; thence South 64 degrees 16 minutes 07 seconds West, 23.04 feet; thence North 25 degrees 43 minutes 53 seconds West, 88.83 feet; thence North 64 degrees 16 minutes 07 seconds East, 23.65 feet; thence North 25 degrees 43 minutes 53 seconds West, 168.66 feet; thence North 64 degrees 16 minutes 07 seconds East, 160.39 feet; thence South 25 degrees 43 minutes 53 seconds East, 482.82 feet; thence South 64 degrees 16 minutes 07 seconds West, 160.85 feet; thence North 25 degrees 43 minutes 53 seconds West, 15.07 feet; thence South 64 degrees 16 minutes 07 seconds West, 20.15 feet; thence North 25 degrees 43 minutes 53 seconds West, 104.40 feet to the point of beginning.

Exhibit B
Resolution of the City of Mankato