
TAX ABATEMENT AND BUSINESS SUBSIDY AGREEMENT

BY AND BETWEEN

CITY OF MANKATO, MINNESOTA

AND

ORGANIC GROWTH PROPERTIES, LLC

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TAX ABATEMENT AND BUSINESS SUBSIDY AGREEMENT

THIS TAX ABATEMENT AND BUSINESS SUBSIDY AGREEMENT (this “Agreement”), made as of the ____ day of _____, 2026, by and between the city of Mankato, a municipal corporation under the laws of Minnesota (the “City”) of Organic Growth Properties, LLC, a Minnesota limited liability company, (the “Developer”).

WITNESSETH:

WHEREAS, pursuant to the Tax Abatement Act, Minnesota Statutes, Sections 469.1812 through 469.1815, as amended, the City has established a Tax Abatement Program (as defined herein) to offer assistance to certain projects; and

WHEREAS, the City has received a request to assist the development of an office/organic manufacturing facility (the “Project”); and

WHEREAS, the City believes that the development of certain property and fulfillment of this Agreement are vital and are in the best interests of the City, will result in preservation and enhancement of the tax base, provide employment opportunities and are in accordance with the public purpose and provisions of the applicable state and local laws and requirements under which the Project will be undertaken and is being assisted; and

WHEREAS, the City has adopted criteria for awarding business subsidies that comply with the Business Subsidy Act, Minnesota Statutes, sections 116J.993 through 116J.995; and

WHEREAS, the assistance provided under this Agreement constitutes a business subsidy under the Business Subsidy Act.

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

Abatement Period means the term over which the Tax Abatements will be paid by the City to the Developer.

Administrative Costs means all costs incurred by the City in reviewing and processing the application for assistance for the Project, including drafting and negotiating this Agreement and related documents;

Affiliate means a corporation, partnership, association, limited liability company or similar entity organized under the laws of the United States or a state thereof which is directly controlled

by or under common control with the Developer. For purposes of this definition, control means the power to direct management and policies through the ownership of at least a majority of its voting securities, or the right to designate or elect at least a majority of the members of its governing body by contract or otherwise;

Agreement means this Tax Abatement and Business Subsidy Agreement, as the same may be from time to time modified, amended or supplemented;

Applicable Regulations means any building code, health or safety regulation, zoning regulation, environmental law or other law or regulation applicable to the Development Property, the Minimum Improvements, the Project or the Developer;

Available Tax means all of the City's share of real estate taxes generated by the Development Parcel during the Abatement Period and paid by the County to the City.

Baseline Tax means all of the City's share of real estate taxes generated by the Development Property for the Baseline Year and paid by the County to the City.

Baseline Year means the tax assessment year preceding the year in which construction of the Minimum Improvements commences on the Development Property.

Benefit Date means the date on which a certificate of occupancy for the Minimum Improvements is issued by the City;

Business Day means any day except a Saturday, Sunday, legal holiday, a day on which the City is closed for business, or a day on which banking institutions in the City are authorized by law or executive order to close;

Business Subsidy Act means Minnesota Statutes, sections 116J.993 through 116J.995, as amended.

Certificate of Completion means the certification provided to the Developer for the Minimum Improvements in accordance with Section 3.5 of this Agreement;

City means the city of Mankato, Minnesota;

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

Construction Plans mean the plans, specifications, drawings and related documents for the construction of the Minimum Improvements, which shall be as detailed as the plans, specifications,

drawings and related documents which are submitted to the Building Official of the City and which are provided to and approved by the City pursuant to this Agreement;

County means Blue Earth County, Minnesota;

Developer means Organic Growth Properties, LLC, a Minnesota limited liability company, its successors and assigns;

Development Property means the real property located in the City legally described in Exhibit A attached hereto. After completion of the Minimum Improvements, the term shall include the real property and the Minimum Improvements.

Eligible Costs mean Construction Costs incurred in connection with the Minimum Improvements;

Event of Default means any of the events described in Section 4.1;

Minimum Improvements means an approximately 63,000 square foot office and organic manufacturing facility to be constructed by the Developer consistent with the Construction Plans and located on the Development Property;

Net Additional Tax means the Available Tax less the Baseline Tax for the Development Property paid by the County to the City during the Abatement Period.

Net Tax Capacity has the meaning provided in Minnesota Statutes, Section 273.13, subdivision 21b, as it may be amended from time to time;

Pledged Tax Abatements mean the Tax Abatements pledged to payment of the Tax Abatement Note;

Project means the acquisition, construction and equipping of the Minimum Improvements on the Development Property;

State means the State of Minnesota;

Tax Abatement Act means Minnesota Statutes, Sections 469.1812 through 469.1815, as amended;

Tax Abatement Note or Note means the Taxable Tax Abatement Revenue Note, substantially in the form set forth in Exhibit C attached hereto, to be issued by the City to the Developer;

Tax Abatement Program means the actions by the City pursuant to the Tax Abatement Act, and undertaken in support of the Project, including without limitation this Agreement and the resolution of the City authorizing the Tax Abatements and the findings of fact set forth therein;

Tax Abatements mean 90 percent of the Net Available Tax received by the City from the County with respect to the Development Property during the Abatement Period;

Termination Date means the earliest of (i) February 1, 2036; (ii) the date this Agreement is cancelled or terminated in accordance with the terms hereof; or (iii) the date the principal of the Tax Abatement Note is paid or deemed paid in full in accordance with the terms hereof;

Unavoidable Delays mean delays, outside the control of the Developer, which are the direct result of strikes, other labor troubles, unusually severe or prolonged bad weather, acts of God, acts of war or terrorism, fire or other casualty to the Project, litigation commenced by third parties which, by injunction or other similar judicial action or by the exercise of reasonable discretion, directly results in delays, or acts of any federal, state or local governmental unit (other than the City) which directly result in delays, acts of the public enemy or acts of terrorism, events or acts of governmental authorities or third parties in connection with a declared state of Minnesota or national emergency or pandemic (such as an Executive Order from the Governor) which directly result in delays, including, without limitation a mandatory quarantine or shelter in place of equivalent order, and discovery of unknown hazardous materials or other concealed site conditions or delays of contractors due to such discovery.

ARTICLE II

REPRESENTATIONS AND WARRANTIES

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

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

(2) The Tax Abatement Program was created, adopted and approved in accordance with the Tax Abatement Act.

(3) The City proposes, subject to the further provisions of this Agreement, to provide certain financial assistance to the Developer for certain Eligible Costs incurred in connection with the Project as further provided in this Agreement.

(4) The City has made the findings required by the Tax Abatement Act for the Tax Abatement Program.

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

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

(1) The Developer is a limited liability company validly existing under the laws of the State.

(2) The Developer has the power to enter into this Agreement and to perform its obligations hereunder and is not in violation of its articles, operating agreement or member control agreement or any local, state or federal laws.

(3) The Developer has, or will acquire, fee title to the Development Property.

(4) The Developer would not construct the Minimum Improvements without the assistance and benefit to the Developer provided for in this Agreement and therefore, the payment of the Tax Abatements as provided herein is in the public interest because it will increase or preserve tax base in the City and provide employment opportunities in the City.

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

(6) The Developer will cooperate fully with the City with respect to any litigation commenced with respect to the Project but only to the extent that (i) the City and the Developer are not adverse parties to the litigation and (ii) the litigation does not seek an outcome that would have an adverse impact on the Developer or the Project.

(7) To the Developer's knowledge, no council member or officer of the City, will benefit financially from this Agreement within the meaning of Minnesota Statutes, Sections 412.311 and 471.87.

(8) The Developer understands that the City may subsidize or encourage the development of other developments in the City, including properties that compete with the Project, that such subsidies may be more favorable than the terms of this Agreement, and that the City has not represented that development of the Project will be favored over the development of other properties.

ARTICLE III

UNDERTAKINGS BY DEVELOPER AND CITY

Section 3.1 Abatement Assistance.

(1) *Generally.* The City agrees to reimburse the Developer for Eligible Costs actually incurred and paid in connection with the Project in an amount not to exceed \$192,000 (the "Reimbursement Amount") by issuing the Tax Abatement Note to the Developer in a principal amount equal to the Reimbursement Amount in substantially the form set forth in Exhibit C

attached hereto. The Note will be issued only after satisfaction of the following conditions precedent:

- 1) the City has issued a certificate of occupancy for the Minimum Improvements;
- 2) the City has issued the Certificate of Completion for the Minimum Improvements in accordance with Section 3.5 hereof;
- 3) the Developer has submitted to the City paid invoices for Eligible Costs of the Minimum Improvements in an amount at least equal to the Reimbursement Amount;
- 4) the Developer has paid all of the City's Administrative Costs required to have been paid as of such date in accordance with Section 3.13 hereof; and
- 5) there is no uncured Event of Default.

The Tax Abatement Note shall be secured solely by Pledged Tax Abatements. No interest will accrue on or be payable with respect to the Tax Abatement Note.

(2) *Payment Dates.* The City will pay the Pledged Tax Abatements to the Developer on each August 1 and February 1 (each a "Payment Date"), provided that if any such Payment Date is not a Business Day, the Payment Date shall be the next succeeding Business Day, commencing on August 1, 2029, through and including the Termination Date. Notwithstanding anything to the contrary herein or in the Tax Abatement Note, the final payment of Pledged Tax Abatements shall be no later than February 1, 2036.

(3) *Pledged Tax Abatements, Semi-Annual Amount.* Pledged Tax Abatements will be paid in semi-annual installments equal to the Tax Abatements actually received by the City in the 6-month period before each Payment Date. Notwithstanding anything to the contrary herein, the payments of Pledged Tax Abatements under this paragraph in each year may not exceed the Statutory Cap described in paragraph (5) of this Section and the payment on each Payment Date shall be subject to the qualification described in Section 3.11 in the case of a pending Tax Appeal (as defined in Section 3.11).

(4) *Qualifications.* The Developer acknowledges that:

(a) it has not relied on any representations of the City, or any of its officers, agents, or employees, and has not relied on any opinion of any attorney of the City, as to the Federal or State income tax consequences relating to the payment of Tax Abatements under this Agreement or the Note.

(b) the City shall in no event be obligated to make any Tax Abatement payment under this Agreement to the Developer unless and until (i) all ad valorem property taxes due and payable with respect to the Development Property as of the applicable Payment Date have been paid in full and (ii) the City has received from the County or any other source as provided by law an ad valorem property tax distribution that includes all or any portion of the Pledged Tax Abatements.

(c) all estimates of Tax Abatements that have been prepared by or on behalf of the City have been done for the City's use only and neither the City nor its consultants shall have liability to the Developer if the actual Tax Abatements are less than the amounts estimated.

(5) *Statutory Cap.* The Developer further acknowledges that the City's total tax abatements attributable to any calendar year (i.e., the combined payments on Payment Dates of August 1 and the following February 1) may not exceed the greater of \$200,000 or 10% of the City's Net Tax Capacity for that tax-payable year (the "Statutory Cap"), all pursuant to Section 469.1813, Subdivision 8 of the Tax Abatement Act. The Developer acknowledges that during the Abatement Period, if the total abatements payable by the City under the Tax Abatement Act in any year would exceed the Statutory Cap, the Statutory Cap is allocated first to the City's existing tax abatement obligations, second to the Pledged Tax Abatements payable under this Agreement, and third to any other tax abatements granted after the date of this Agreement.

Section 3.2 Development of the Project.

(1) The costs of the Development Property and the Project shall be paid by the Developer and none of such costs shall be paid by the City except as reimbursed as specifically provided in this Agreement.

(2) The Developer will construct the Project or cause the Project to be constructed in accordance with the Construction Plans approved by the City Manager, in accordance with Section 3.4 and 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).

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

(4) Nothing in this Agreement shall be deemed to impair or limit any of the City's rights or procedures under its zoning or other ordinances or construction permit processes and policies.

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

(6) The Developer will cooperate fully with the City in resolving, in accordance with any Applicable Regulations, any traffic, parking, trash removal or public safety problems which may arise in connection with the construction and operation of the Project.

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

(8) The Developer at all times prior to the termination of this Agreement will operate and maintain, preserve and keep the Project or cause the Project to be maintained, preserved and kept with the appurtenances and every part and parcel thereof, in commercially reasonable good repair and condition.

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

Section 3.3 Commencement and Completion of Construction. Subject to the terms and conditions of this Agreement and to Unavoidable Delays, the Developer will cause construction of the Minimum Improvements to be substantially completed by December 31, 2027. The Minimum Improvements will be constructed by the Developer on the Development Property in conformity with this Agreement and the Construction Plans approved by the City Manager, in accordance with Section 3.4. No changes to the Construction Plans which materially alter (a) the Minimum Improvements site plan, (b) exterior appearance, (c) quality, (d) exterior materials or (e) the purpose of the Minimum Improvements an office and organic manufacturing facility shall be made without the prior written approval of the City Manager, which approval will not be unreasonably withheld, conditioned or delayed. Prior to completion, upon the request of the City Manager, and subject to applicable safety rules, the Developer will provide the City Manager and the City's Building Official reasonable access to the Development Property. "Reasonable access" means at least one site inspection per week during regular business hours. During construction of the Minimum Improvements, the Developer will deliver progress reports to the City Manager from time to time as mutually agreed upon by the City Manager and the Developer.

Section 3.4 Construction Plans.

(1) Prior to the commencement of construction of the Minimum Improvements, the Developer will deliver the applicable Construction Plans to the City's Building Official and the City Manager. The City Manager shall promptly review any Construction Plans upon submission and deliver to the Developer a written statement approving the Construction Plans or a written statement rejecting the Construction Plans and specifying the deficiencies in the Construction Plans. The City Manager will approve the Construction Plans only if the Construction Plans (i) substantially conform to the terms and conditions of this Agreement; (ii) are consistent with the goals and objectives of the Tax Abatement Program; (iii) comply with the site plan, including without limitation using consistent construction materials and architectural style; (iv) do not violate any applicable federal, State or local laws, ordinances, rules or regulations; and (v) are consistent with the quality, materials, appearance, and architectural design as have been presented by the Developer to the City Council of the City. If the Construction Plans are not approved by the City Manager, then the City Manager will notify the Developer of the deficiencies in the Construction Plans and the Developer shall make such changes as the City may reasonably require and resubmit the Construction Plans to the City's Building Official with a carbon copy to the City Manager for approval.

(2) The approval of the Construction Plans or any proposed amendment to the Construction Plans by the City Manager does not constitute a representation or warranty by the

City that the Construction Plans or the Minimum Improvements comply with any Applicable Regulations, that the Minimum Improvements will meet the qualifications for issuance of a certificate of occupancy, or that the Minimum Improvements will meet the requirements of the Developer. Approval of the Construction Plans or any proposed amendment to the Construction Plans by the City Manager will not constitute a waiver of an Event of Default. Nothing in this Agreement shall be construed to relieve the Developer of its obligations to receive any required approval of the Construction Plans for the Minimum Improvements from any City department.

Section 3.5 Certificate of Completion. The Developer shall notify the City Manager when construction of the Minimum Improvements has been substantially completed. The City Manager shall within 15 Business Days thereafter inspect the Minimum Improvements to determine whether the Minimum Improvements has been constructed in substantial conformity with this Agreement and the applicable approved Construction Plans. If the City Manager determines that the Minimum Improvements have not been constructed in substantial conformity with this Agreement, the City Manager shall deliver a written statement to the Developer indicating in adequate detail the specific respects in which the Minimum Improvements have not been constructed in substantial conformity with the applicable approved Construction Plans and Developer shall promptly remedy such deficiencies. Promptly upon determining that the Minimum Improvements have been constructed in substantial conformity with this Agreement and the applicable approved Construction Plans, the City Manager will furnish to the Developer a Certificate of Completion in the form set forth in Exhibit B attached hereto certifying the completion of the Minimum Improvements. The Certificate of Completion issued for the Minimum Improvements shall conclusively satisfy and terminate the agreements and covenants of the Developer in this Agreement to construct the Minimum Improvements and any provisions under this Agreement which state that they terminate upon the delivery of such Certificate of Completion. The Developer may cause the Certificate of Completion to be recorded in the proper County office for recordation of deeds and other instruments pertaining to the Development Property.

Section 3.6 Compliance with Environmental Requirements.

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

(2) The City makes no warranties or representations regarding, nor does it indemnify the Developer with respect to, the existence or nonexistence on, anywhere within 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. §§ 961-9657, as amended) (collectively, the “Hazardous Substances”).

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

(4) The Developer waives any claims against the City, for indemnification, contribution, reimbursement or other payments arising under federal and state law and the common law or relating to the environmental condition of the land comprising the Development Property.

Section 3.7 Limitations on Undertaking of the City. Notwithstanding the provisions of Section 3.1, the City shall have no obligation to reimburse the Developer for the Eligible Costs, if the City, at the time or times such payment is to be made, is entitled under Section 4.2 to exercise any of the remedies set forth therein as a result of Event of Default which has not been cured; provided, that if the City has not exercised its remedy to terminate this Agreement and the Tax Abatement Note, the withheld Pledged Tax Abatements, without interest accruing thereon, will be released upon the cure of such defaults.

Section 3.8 Change in Use of Project. The City's obligations pursuant to this Agreement shall be conditioned on the continued operation of the Minimum Improvements by the Developer or permitted assigns for the uses described in in this Agreement and in accordance with City zoning and the Tax Abatement Act; provided, the sole remedy exercised by the City upon failure to continue operation of the Minimum Improvements is that the City may terminate this Agreement and the Tax Abatement Note and seek reimbursement under the Business Subsidy Act. Continued operation is subject to closure for commercially reasonable periods of time to repair the Project following a casualty loss or remodel.

Section 3.9 Damage and Destruction. In the event of damage or destruction of the Minimum Improvements, the Developer shall repair or rebuild the Minimum Improvements or cause the Minimum Improvements to be repaired or rebuilt; provided that failure to repair or rebuild the Minimum Improvements shall be an Event of Default hereunder only if (a) such failure is in default of City code or (b) the damage is substantial (i.e. the cost to repair or rebuild is greater than 15% of the assessor's market value for the Minimum Improvements prior to the event of damage or destruction); and the sole remedy exercised by the City upon such an Event of Default is that the City may terminate this Agreement and the Tax Abatement Note and seek reimbursement under the Business Subsidy Act. In the event of damage or destruction of the Minimum Improvements, the Developer may repair or rebuild the Minimum Improvements to then-current market standards as determined by the Developer rather than rebuilding exactly the same facility as existed prior to the casualty event.

Section 3.10 Prohibition Against Transfer of Project and Assignment of Agreement. The Developer represents and agrees that prior to the Termination Date, the Developer shall not transfer this Agreement, the Tax Abatement Note, the Development Property, the Minimum Improvements or the Project or any part thereof or any interest therein, except to an Affiliate, without the prior written approval of the City Manager, which approval shall not be unreasonably withheld, conditioned or delayed. The City Manager shall be entitled to require as conditions to any such approval that:

(1) Any proposed transferee, by instrument in writing satisfactory to the City Manager shall, for itself and its successors and assigns, and expressly for the benefit of the City, 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.

(2) There shall be submitted to the City Manager for review and prior written approval the legal document(s) evidencing the transfer of any interest in this Agreement or the Project.

(3) Any proposed transferee of the Tax Abatement Note shall execute and deliver to the City in a form satisfactory to the City Manager, an acknowledgment demonstrating that such transfer is exempt from registration and prospectus delivery requirements of federal and applicable state securities laws and the transferee understands the limited source of payment of the Tax Abatement Note.

(4) The Developer shall have paid all reasonable legal fees and expenses of the City, including fees of legal counsel retained by the City to review the documents submitted to the City in connection with any transfer.

If the City Manager rejects the request for approval of an assignment as inadequate, the City Manager shall do so in writing specifying the basis for the rejection. Notwithstanding the foregoing, the Developer may elect to transfer the Development Property without the consent of the City and the sole remedy exercised by the City upon such an Event of Default is that the City may terminate this Agreement and the Tax Abatement Note and, if appropriate, enforce the Business Subsidy Act.

In the event the foregoing conditions are satisfied, the Developer will be released from its obligations under this Agreement.

Section 3.11 Real Property Taxes; Tax Appeal. The Developer agrees that prior to the Termination Date it will not cause a reduction in the real property taxes paid in respect of the Development Property through: (i) willful destruction of the Development Property or any part thereof; or (ii) willful refusal to reconstruct damaged or destroyed property. The Developer also agrees that it will not, prior to the Termination Date, apply for an exemption from or a deferral of property tax on the Development Property pursuant to any law, or transfer or permit transfer of the Development Property to any entity whose ownership or operation of the property would result in the Development Property being exempt from real property taxes under State law. The Developer shall, so long as this Agreement remains in effect, pay or cause to be paid all real property taxes with respect to all parts of the Development Property acquired, owned or leased by it. The Developer further acknowledges that failure of the Developer to commence and complete the Project as set forth in Section 3.3 hereof could reduce the Pledged Tax Abatements below the Reimbursement Amount. The Developer agrees that for tax assessments so long as this Agreement remains in effect:

(1) It will not seek administrative review or judicial review of the applicability of any tax statute relating to the ad valorem property taxation of the Development Property determined by any tax official to be applicable to the Project or the Developer or raise the inapplicability of any such tax statute as a defense in any proceedings with respect to the Development Property, including delinquent tax proceedings;

(2) It will not seek administrative review or judicial review of the constitutionality of any tax statute relating to the taxation of the Development Property determined by any tax official

to be applicable to the Project or the Developer or raise the unconstitutionality of any such tax statute as a defense in any proceedings, including delinquent tax proceedings with respect to the Development Property;

(3) The Developer shall notify the City within 10 days of filing any petition to seek reduction in market value or property taxes on any portion of the Development Property under any State law (referred to as a “Tax Appeal”). If as of any Payment Date, any Tax Appeal is then pending, the City will withhold the Pledged Tax Abatements. The City will apply any withheld amount to the extent not reduced as a result of the Tax Appeal promptly after the Tax Appeal is fully resolved and the amount of Pledged Tax Abatements, as applicable, attributable to the disputed tax payments is finalized.

Section 3.12 Encumbrance of the Development Property. Until the issuance of a Certificate of Completion, without the prior written consent of the City, which will not be unreasonably withheld or delayed, neither the Developer nor any successor in interest to the Developer will engage in any 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 suffer any encumbrance or lien to be made on or attach to the Development Property except for the purpose of obtaining funds only to the extent necessary for financing or refinancing the acquisition, construction and operation of the Project (including, but not limited to, land and building acquisition, labor and materials, professional fees, development fees, real estate taxes, reasonably required reserves, construction interest, organization and other direct and indirect costs of development and financing, costs of constructing the Project, and an allowance for contingencies) including without limitation land use restriction agreements in connection with such financings.

Section 3.13 Developer to Pay City Fees and Expenses. The Developer agrees to pay all the City’s out of pocket costs incurred by the City, including staff and consultant (including legal, financial adviser, etc.) costs of the City, attributable to or incurred in connection with establishing the Tax Abatement Program and review, negotiation and preparation of this Agreement.

Section 3.14 Business Subsidy Act.

(1) *Goals.* To satisfy the provisions of the Business Subsidy Act with respect to the Minimum Improvements, the Developer acknowledges and agrees that the amount of the “Business Subsidy” granted to the Developer under this Agreement for the Minimum Improvements is approximately \$192,000, and that the Business Subsidy is needed to induce the Developer construct the Minimum Improvements on the Development Property. The public purposes of the Business Subsidy are to increase the tax base in the City, create jobs in the City, encourage economic development and stimulate construction of an office/organic manufacturing facility. The Developer will cause the following cumulative job creation goals to be met (the “Job Goals”): a) within one year of the Benefit Date, as defined by the Business Subsidy Act, create 8 new full-time equivalent jobs whose wages and benefits are at least equal to 80% of median household income for Blue Earth County, as determined by the United States Census Bureau and 110% of the federal poverty level for a family of four, as determined annually by the United States Department of Health and Human Services; and b) within two years of the Benefit Date, 50 new

full-time equivalent jobs at the above wage and benefit level (the “Goal Period”). The City may, after a public hearing, extend the Goal Period for up to one year if the Developer provides a good faith justification for its failure to meet the Job Goals during the original Goal Period.

(2) *Remedies.* If none of the Job Goals is met prior to the expiration of the Goal Period, the Developer agrees to repay all of the Business Subsidy to the City, plus interest (“Interest”) set at the implicit price deflator defined in Minnesota Statutes, Section 275.70, Subdivision 2, accruing from and after the Benefit Date, compounded semiannually. If the Job Goals are met in part prior to the expiration of the Goal Period, the Developer will repay a portion of the Business Subsidy (plus Interest) determined by multiplying the Business Subsidy by a fraction, the numerator of which is the number of jobs in the Job Goals which were not created at the wage level set forth above and the denominator of which is 50 (i.e., the total number of Jobs required).

In addition to the remedy described in this Section and any other remedy available to the City for failure to meet the Job Goals stated in this Section, the Developer agrees and understands that it may not receive a business subsidy from the City or any other grantor (as defined in the Business Subsidy Act) for a period of 5 years from the date of the failure unless the Developer satisfies its repayment obligation under this Section, whichever occurs first.

(3) *Reports.* The Developer will report on its progress towards achieving the Job Goals to the City until the later of the date the Job Goals are met or the expiration of the Goal Period, or, if the Job Goals are not met, until the date the Business Subsidy is repaid. The Developer will (ii) include in the report the information required in Section 116J.994, Subdivision 7 of the Business Subsidy Act on forms developed by the Minnesota Department of Employment and Economic Development, and (iii) send completed reports to the City. In addition, the Developer will file these reports no later than March 1 of each year commencing March 1, 2029, and within 30 days after the deadline for meeting the Job Goals. The City agrees that if it does not receive the reports, it will mail the Developer a warning letter within one week of the required filing date. If within 14 days of the post marked date of the warning the reports are not made, the Developer agrees to pay to the City a penalty of \$100 for each subsequent day until the report is filed up to a maximum of \$1,000.

(4) *Continued Operation.* The Developer will continue operations of the Minimum Improvements for at least 5 years after the Benefit Date.

(5) *Other assistance.* Other than the Pledged Tax Abatements provided by the City under this Agreement, the Developer warrants there are no other state or local government agencies providing financial assistance for the Project.

(6) *Parent Corporation.* The Developer does not have a parent corporation.

ARTICLE IV

EVENTS OF DEFAULT

Section 4.1 Events of Default. The following shall be “Events of Default” under this Agreement and the term “Event of Default” shall mean whenever it is used in this Agreement any one or more of the following events:

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

(2) Failure by the Developer to timely pay or cause to be paid any ad valorem real property taxes, special assessments, utility charges or other governmental impositions with respect to the Project or the Development Property.

(3) Failure by the Developer to observe or perform any other covenant, condition, obligation or agreement on its part to be observed or performed under this Agreement, specifically including but not limited to the Job Goals.

Section 4.2 Remedies on Default. Whenever any Event of Default referred to in Section 4.1 occurs and is continuing, the City may take any one or more of the following actions after the giving of 30 days’ written notice to the Developer citing with specificity the item or items of default and notifying the Developer that it has 30 days within which to cure said Event of Default. If the Event of Default has not been cured within said 30 days or a reasonably period of time, not exceeding 90 days, if the Event of Default cannot be reasonably cured within such 30-day period and Developer has commenced and is diligently pursuing a cure of the default:

(a) The City may suspend its performance under this Agreement and the Tax Abatement Note, without interest, until the default is cured or, in the discretion of the City, if it receives assurances from the Developer, deemed adequate by the City, that the Developer will cure its default and continue its performance under this Agreement.

(b) The City may terminate the Tax Abatement Program and cancel and rescind this Agreement and the Tax Abatement Note.

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

Section 4.3 No Remedy Exclusive. Except as specifically provided in this Agreement, no remedy herein conferred upon or reserved to the City is intended to be exclusive of any other available remedy or remedies, but each and every such remedy shall be cumulative and shall be in addition to every other remedy given under this Agreement or now or hereafter existing at law or in equity or by statute. No delay or omission to exercise any right or power accruing upon any default shall impair any such right or power or shall be construed to be a waiver thereof but any such right and power may be exercised from time to time and as often as may be deemed expedient.

Section 4.4 No Implied 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 4.5 Agreement to Pay Attorneys' Fees and Expenses. If the Developer shall default under any of the provisions of this Agreement, and the City shall 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 therefor reimburse the City for the reasonable fees of such attorneys and such other reasonable expenses so incurred.

Section 4.6 Release and Indemnification Covenants.

(1) The Developer releases from and covenants and agrees that the City, and its governing bodies' members, officers, agents, including the independent contractors, consultants and legal counsel, servants and employees thereof (hereinafter, for purposes of this Section, collectively the "Indemnified Parties") shall not be liable for and agrees to indemnify and hold harmless the Indemnified Parties against any loss or damage to property or any injury to or death of any person occurring at or about or resulting from any defect in the Project, Development Property or Minimum Improvements, except to the extent caused by any willful or wanton misconduct of the Indemnified Parties.

(2) Except for any willful misrepresentation or any willful or wanton misconduct of the Indemnified Parties, the Developer agrees to protect and defend the Indemnified Parties, now and forever, and further agrees to hold the aforesaid harmless from any claim, demand, suit, action or other proceeding whatsoever by any person or entity whatsoever arising or purportedly arising from the actions or inactions of 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 Project, the Development Property or the Minimum Improvements; provided, that this indemnification shall not apply to the warranties made or obligations undertaken by the City in this Agreement.

(3) All covenants, stipulations, promises, agreements and obligations of the City contained herein shall be deemed to be the covenants, stipulations, promises, agreements and obligations of the City and not of any governing body member, officer, agent, servant or employee of the City. The City and its governing body members, officers, agents, servants and employees shall not be liable for any damages or injury to the persons or property of the Developer or its officers, agents, servants or employees or any other person who may be about the Project, the Development Property or the Minimum Improvements due to any act of negligence of any person.

ARTICLE V

ADDITIONAL PROVISIONS

Section 5.1 Conflicts of Interest. No member of the governing body or other official of the City shall have any financial interest, direct or indirect, in this Agreement, the Development Property, Minimum Improvements or the Project, or any contract, agreement or other transaction contemplated to occur or be undertaken thereunder or with respect thereto, nor shall any such member of the governing body or other official participate in any decision relating to this Agreement which affects his or her personal interests or the interests of any corporation, partnership or association in which he or she is directly or indirectly interested. No member, official or employee of the City shall be personally liable to the City in the event of any default or breach by the Developer or successor or on any obligations under the terms of this Agreement.

Section 5.2 Titles of Articles and Sections. Any titles of the several parts, articles and sections of this Agreement are inserted for convenience of reference only and shall be disregarded in construing or interpreting any of its provisions.

Section 5.3 Notices and Demands. Except as otherwise expressly provided in this Agreement, a notice, demand or other communication under this Agreement by any party to any other shall be sufficiently given or delivered if it is dispatched by registered or certified mail, postage prepaid, return receipt requested, or delivered personally, and

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

Organic Growth Properties, LLC
1531 Madison Avenue, Suite 200
Mankato, MN 56001
Attn: _____

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

City of Mankato
10 Civic Center Plaza
Mankato, MN 56001
Attn: City Manager

with a copy to:

Kennedy & Graven, Chartered
150 South Fifth Street, Suite 700
Minneapolis, MN 55402
Attn: Pamela J. F. Whitmore

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

Section 5.4 Counterparts. This Agreement may be executed in any number of counterparts, each of which shall constitute one and the same instrument.

Section 5.5 Law Governing. This Agreement will be governed and construed in accordance with the laws of the State.

Section 5.6 Duration. Except as provided in section 5.7 hereof, this Agreement shall terminate on the Termination Date.

Section 5.7 Provisions Surviving Rescission or Expiration. Sections 4.5 and 4.6 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

Section 5.8 Superseding Effect. This Agreement reflects the entire agreement of the parties with respect to the development of the Development Property and the Project, and supersede in all respects all prior agreements of the parties, whether written or otherwise, with respect to the development of the Development Property and the Project.

Section 5.9 Relationship of Parties. Nothing in this Agreement is intended, or shall be construed, to create a partnership or joint venture between the parties hereto, and the rights and remedies of the parties hereto shall be strictly as set forth in this Agreement. All covenants, stipulations, promises, agreements and obligations of the City contained herein shall be deemed to be the covenants, stipulations, promises, agreements and obligations of the City and not of any governing body member, officer, agent, servant or employee of the City.

* * * * *

MA130-156-1117760.v4

CITY OF MANKATO, MINNESOTA

By _____
Its Mayor

By _____
Its City Manager

STATE OF MINNESOTA)
) ss
COUNTY OF BLUE EARTH)

The foregoing instrument was acknowledged before me this ____ day of _____, 2026, by Najwa Massad, the Mayor of the city of Mankato, a Minnesota municipal corporation, on behalf of the municipal corporation.

Notary Public

STATE OF MINNESOTA)
) ss
COUNTY OF BLUE EARTH)

The foregoing instrument was acknowledged before me this ____ day of _____, 2026, by Susan MH Arntz, the City Manager of the city of Mankato, a Minnesota municipal corporation, on behalf of the municipal corporation.

Notary Public

This is a signature page to the Tax Abatement Agreement

EXHIBIT A
LEGAL DESCRIPTION

A portion the real property situated in the City of Mankato, County of Blue Earth, State of Minnesota, currently legally described as follows:

[to be completed]

EXHIBIT B

FORM OF CERTIFICATE OF COMPLETION OF MINIMUM IMPROVEMENTS

THIS CERTIFICATE, made this ____ day of _____, 20__ from the City of Mankato, Minnesota, a municipal corporation existing under the laws of the State of Minnesota (the “City”), for the benefit Organic Growth Properties, LLC, a Minnesota limited liability company (the “Developer”).

WHEREAS, the City and the Developer entered into a Tax Abatement and Business Subsidy Agreement (the “Agreement”), dated _____, 2026, which requires the Developer to construct and equip an approximately 63,000 sq. ft. office/organic manufacturing facility thereon to be owned by the Developer (the “Minimum Improvements”); and

WHEREAS, the Developer has constructed the Minimum Improvements in a manner deemed sufficient by the City to permit the execution of this certification.

NOW THEREFORE, the City does hereby certify that the Developer has satisfactorily completed the Minimum Improvements in accordance with Sections 3.3 and 3.5 of the Agreement. The Developer is released and forever discharged from its obligations with respect to construction of the Minimum Improvements under Sections 3.3 through 3.5 of the Agreement.

* * * * *

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

CITY OF MANKATO, MINNESOTA

By: _____

Its: City Manager

STATE OF MINNESOTA)
) ss
COUNTY OF BLUE EARTH)

On this ____ day of _____, 20____, before me, a Notary Public within and for said County, personally appeared _____, who, being by me duly sworn, did say that she/he is the City Manager of the City of Mankato, Minnesota, the municipal corporation named in the foregoing instrument, and said instrument was signed on behalf of said municipal corporation by authority of its City Council, and said City Manager acknowledged said instrument to be the free act and deed of said municipal corporation.

Notary Public

THIS INSTRUMENT WAS DRAFTED BY:
KENNEDY & GRAVEN, CHARTERED (RHB)

150 S 5th Street, Suite 700
Minneapolis, MN 55402

EXHIBIT C

FORM OF TAX ABATEMENT NOTE

**UNITED STATES OF AMERICA
STATE OF MINNESOTA
COUNTY OF BLUE EARTH
CITY OF MANKATO**

No. R-1

\$192,000

TAXABLE TAX ABATEMENT REVENUE NOTE (ORGANIC GROWTH PROPERTIES PROJECT)

Date of
Original Issue

The City of Mankato, Minnesota (the “Issuer”), hereby acknowledges itself to be indebted and, for value received, promises to pay to the order of Organic Growth Properties, LLC, or registered assigns (the “Owner”), solely from the source, to the extent and in the manner hereinafter provided, the principal sum in an amount not to exceed \$192,000, without interest. This Note is given in accordance with that certain Tax Abatement and Business Subsidy Agreement between the Issuer and the Owner, dated as of _____, 2026 (the “Agreement”). Capitalized terms used and not otherwise defined herein shall have the meaning provided for such terms in the Agreement unless the context clearly requires otherwise.

Payments of principal on this Note (each a “Payment”) shall be payable in semi-annual installments payable on each February 1 and August 1, (the “Payment Dates”) provided that if any such Payment Date is not a Business Day the Payment Date shall be the next succeeding Business Day, commencing on August 1, 2029 and ceasing the earliest of (i) February 1, 2036; (ii) the date the Agreement is cancelled or terminated in accordance with the terms hereof; or (iii) the date the principal of this Note is paid or deemed paid in full in accordance with the terms hereof (the “Final Maturity Date”). No interest will accrue on or be payable with respect to the Tax Abatement Note.

Each Payment shall be in an amount equal to the amount of Pledged Tax Abatements (as defined in the Agreement) actually received by the Issuer in the 6-month period before each Payment Date. Notwithstanding anything to the contrary herein, the payments of Pledged Tax Abatements under this paragraph in each year may not exceed the Statutory Cap (as defined in the Agreement) and the payment on each Payment Date shall be subject to the qualification described in Section 3.11 of the Agreement in the case of a pending Tax Appeal. Payments are subject to

prepayment at the option of the Issuer in whole or in part on any date after the Date of Original Issue stated above. All payments shall be applied to principal.

Each payment on this Note is payable in any coin or currency of the United States of America which on the date of such payment is legal tender for public and private debts and shall be made by check or draft made payable to the Owner and mailed to the Owner at its postal address within the United States which shall be designated from time to time by the Owner.

Payments on this Note are payable solely from Pledged Tax Abatements (as defined in the Agreement). The pledge of Pledged Tax Abatements is subject to all the terms and conditions of the Agreement.

The Issuer shall have no obligation to make any Payment on any Payment Date if, as of such date there has occurred and is continuing any Event of Default on the part of the Owner as defined in the Agreement. If the Event of Default is thereafter cured in accordance with the Agreement, the Pledged Tax Abatements as of such Payment Date shall be deferred, without interest, and paid on the next Payment Date after the Event of Default is cured. If an Event of Default is not timely cured and the Issuer elects to terminate its obligation under the Agreement, the Issuer shall have no further obligations to make Payments hereunder. If an Event of Default is not timely cured and the Issuer terminates its obligation under the Agreement, the Agreement and the Note shall be deemed terminated and the Issuer shall have no further obligations hereunder. Payments under this Note may also be suspended or reduced as otherwise provided in the Agreement.

This Note shall terminate and be of no further force and effect as of, and the Issuer shall have no obligation to pay any portion of the Payments that remains unpaid after, the Final Maturity Date. Any estimates of Tax Abatements prepared by the Issuer or its municipal advisor in connection with the Pledged Tax Abatements and the Agreement are for the benefit of the Issuer only, and are not intended as representations on which the Developer may rely. THE ISSUER MAKES NO REPRESENTATION OR COVENANT, EXPRESS OR IMPLIED, THAT THE PLEDGED TAX ABATEMENTS WILL BE SUFFICIENT TO PAY, IN WHOLE OR IN PART, THE AMOUNTS WHICH ARE OR MAY BECOME DUE AND PAYABLE HEREUNDER.

This Note is issued pursuant to Minnesota Statutes, Sections 469.1812 through 469.1815, as amended, and pursuant to the resolution of the Issuer adopted on _____, 2026 (the "Resolution") duly adopted by the City Council of the Issuer pursuant to and in full conformity with the Constitution and laws of the State of Minnesota. This Note is a limited obligation of the Issuer, payable solely from moneys pledged to the payment of this Note under the Resolution. The Note shall not be deemed to constitute a general obligation of the State of Minnesota, or any political subdivision thereof, including, without limitation, the Issuer. Neither the State of Minnesota, nor any political subdivision thereof, including, without limitation, the Issuer, shall be obligated to pay the principal of this Note or other costs incident hereto except from the revenues and receipts pledged therefor, and neither the full faith and credit nor the taxing power of the State of Minnesota or any political subdivision thereof, including, without limitation, the Issuer, is pledged to the payment of the principal of this Note or other costs incident hereto.

This Note is issuable only as a fully registered note without coupons. This Note is transferable upon the books of the Issuer kept for that purpose at the principal office of the Registrar, by the Owner hereof in person or by such owner's attorney duly authorized in writing, upon surrender of this Note together with a written instrument of transfer satisfactory to the Issuer, duly executed by the Owner. Upon such transfer or exchange and the payment by the Owner of any tax, fee, or governmental charge required to be paid by the Issuer with respect to such transfer or exchange, there will be issued in the name of the transferee a new Note of the same aggregate principal amount, without interest, and maturing on the same dates.

This Note shall not be transferred to any person or entity except in accordance with Section 3.10 of the Agreement and unless the Issuer has been provided with an acknowledgement from the transferee, in a form satisfactory to the Issuer, that such transfer is exempt from registration and prospectus delivery requirements of federal and applicable state securities laws and the transferee understands the limited source of payment of this Note. Transfer of the ownership of this Note to a person other than one permitted by this paragraph without the written consent of the Issuer shall relieve the Issuer of all of its obligations under this Note.

IT IS HEREBY CERTIFIED AND RECITED that all acts, conditions, and things required by the Constitution and laws of the State of Minnesota to be done, to have happened, and to be performed precedent to and in the issuance of this Note have been done, have happened, and have been performed in regular and due form, time, and manner as required by law; and that this Note, together with all other indebtedness of the Issuer outstanding on the date hereof and on the date of its actual issuance and delivery, does not cause the indebtedness of the Issuer to exceed any constitutional or statutory limitation thereon.

* * * * *

IN WITNESS WHEREOF, the City Council of the City of Mankato, Minnesota has caused this Note to be executed by the manual signatures of the Mayor and City Manager of the Issuer and has caused this Note to be dated as of the Date of Original Issue specified above.

CITY OF MANKATO, MINNESOTA

By: _____
Its: Mayor

By: _____
Its: City Manager

REGISTRATION PROVISIONS

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

Date of Registration

Registered Owner

Signature of
City Finance Director

Organic Growth Properties, LLC
Federal ID # _____
