Agenda
Zumbrota City Council Regular Meeting,
Thursday November 6, 2025, at 6:00 p.m., City Hall

1. Call to Order/Pledge of Allegiance

2. Amendments/Adoption of Agenda

3. Public Comments: *(Individuals may address the City Council about any item of concern. Speakers must state their name and limit their remarks to Three minutes. Generally, the City Council will not take official action on these items but may refer the matter to staff for a future report or direct that the matter be scheduled for a future meeting agenda.)*

4. Consent Agenda

   All items listed on the consent agenda are considered routine by the council and will be approved by one motion. There will be no separate discussion on these items unless a council member requests, in which case the item will be removed from the consent agenda and be considered in its normal sequence on the agenda.

   a. Minutes 10/15/25 Work Session
   b. Minutes 10/16/25 Regular Meeting
   c. Resolution 2025-34 A Resolution Authorizing the Release of Funds on Behalf of the City of Zumbrota
   d. Special Assessment Certification for 2026

5. Accounts Payable 11/6/2025 (Raasch)

6. Public Hearings/Meetings
   a.

7. Unfinished Business
   a.

8. New Business
   a. Approve Hiring Jeff Meyers to fill the Public Works Director Position
   b. Set a Public Hearing for the revised proposed RV Ordinance
   c. Claus's for Causes
   c. Res 2025-35 Resolution Approving Modification to Development Agreement-TIF 1-20

9. Reports
   a. City Assistant Finance Director / Community Development Director / Public Works Director / City Engineer / Library Director/Police Chief / City Attorney / Deputy City Administrator / City Administrator
   b. Mayor Hammel
   c. Council members, Raasch, Prigge, Bucher, Amundson

10. Adjournment

MEMORANDUM

DATE: **October 16, 2025**
TO: Mayor Hammel and Members of the City Council
FROM: Brian Grudem, City Administrator
RE: **City Council Meeting October 16, 2025**

Consent Agenda

Minutes – October 15, 2025, Work Session
Please review and approve the minutes of the October 15, 2025, Work Session.

Minutes – October 16, 2025, Regular Meeting
Please review and approve the minutes of the October 16, 2025, Regular Meeting.

Resolution 2025-34: Authorizing the Release of Funds on Behalf of the City of Zumbrota
At the February 20, 2025, Council meeting, Resolution 2025-11 was adopted. SEMMCHRA has since hired a Comptroller and requests that the authorized signers be updated to remove the Accountant and add the Comptroller.
Staff recommends approval of Resolution 2025-34.

New Business

Public Works Director Appointment – Jeff Meyers
As directed by Council, an internal posting was made for the open Public Works Director position. One application was received. The Personnel Committee and interview panel met with Jeffery Meyers last week and are pleased to recommend him for the position.

Jeff has served as Interim Public Works Director for the past six months and has done an outstanding job leading the department. An offer was extended and accepted at Step 4 of the Public Works Director pay scale, $43.17 per hour. Jeff will officially assume the role of Public Works Director on Friday, November 7, 2025.
Staff recommends approval of hiring Jeff Meyers as Public Works Director.

Set Public Hearing – Revised RV and Specialty Motor Vehicle Ordinance
The Code Committee has made revisions to the proposed RV and Specialty Motor Vehicle Ordinance based on public feedback and legal review. Per Council's request, staff recommends setting a public hearing for the revised ordinance on Thursday, November 20, 2025, at 6:05 p.m.
Staff recommends approval of setting the public hearing.

Claus's for Causes
Attached is a request from Santa & GiGi Claus to host the "Claus for Causes" event in front of the Covered Bridge on Black Friday, November 28, 2025. The event will feature photos with Santa and Mrs. Claus for a free-will donation of cash or food, benefiting the local food shelf.

In the event of inclement weather, the sleigh may be placed just inside the bridge for protection. The organizers have also requested access to City Hall restrooms. Although City Hall will be closed that day, a police officer will be available to open and secure the building.
Staff recommends approval of the Claus for Causes event.

Resolution 2025-35: Bridgeview Apartment Revised TIF Dates

The City Council previously approved the Bridgeview Apartment TIF Agreement in March 2025. Due to a change in the project commencement date to December 1 and updates to eligible TIF expenditures, the City's TIF attorney (Taft Law) and financial advisor (Ehlers) recommend Council approval of the revised TIF Agreement.

Staff recommends approval of Resolution 2025-35.

Special Assessment Certification – Payable 2026

Each November, City staff compile a list of delinquent utility and legal bills for certification to property taxes. Homeowners and landlords have been notified, and unpaid balances as of **November 30, 2025** will be included in the **2026 tax roll**.

Staff recommends approval of the 2026 Special Assessment Certification list.

CITY OF ZUMBROTA
COUNCIL WORK SESSION MEETING MINUTES
OCTOBER 15, 2015
5:30 P.M.
TOWN HALL

2026 BUDGET DISCUSSION

- Chief Callahan and Sergeant Pasquale discussed the staffing at the Police Department and the need for an additional officer.
- Simonson discussed the possible shifting of a public works employee to the Water fund and ways to take some pressure off the levy.
- Council discussed pool bonding and how it will affect the levy in 2026 and 2027.

POOL

The status of the pool was discussed. Council discussed options for funding a lack in donations. Bid opening will be October 21st.

POTENTIAL MANGAN DEVELOPMENT

Council discussed timeline and costs for finishing St. Paul Road if the Mangan Development would proceed.

The meeting adjourned at 7:58 pm.

CITY OF ZUMBROTA
COUNCIL MEETING MINUTES
OCTOBER 16, 2025
6:00 P.M.
TOWN HALL

Pursuant to due call and notice thereof, Mayor Todd Hammel called the Zumbrota City Council to order at 6:00 PM. PRESENT: Mayor Todd Hammel, Council members Bob Prigge, Kevin Amundson, Joan Bucher, and Fred Raasch. Others present: City Administrator Brian Grudem(remote), Finance/HR Director Kim Simonson, Deputy City Administrator Myles Robb, Police Chief Pat Callahan, Acting Public Works Director Jeff Meyers, Holly Galbus(remote), and Doug Matthees.

AMENDMENTS/ADOPTION OF AGENDA
MOTION Amundson, second Prigge to adopt the agenda. Approved 5-0-0.

PUBLIC COMMENT

CONSENT AGENDA:
MOTION Bucher, second Amundson to approve the consent agenda as follows:
4-A. MINUTES – 10/2/2025 REGULAR MEETING MINUTES
4-B. PAY REQUEST 13 – FINAL MILL AND 6TH STREET RECONSTRUCTION
Approved 5-0-0.

ACCOUNTS PAYABLE OCTOBER 16, 2025
MOTION Raasch, second Amundson to approve the accounts payable of $394,578.38. Approved 5-0-0.

PUBLIC HEARING

UNFINISHED BUSINESS
7-A.

NEW BUSINESS
8-A. RESOLUTION 2025-31 REZONE 211 WALNUT STREET
Robb reported the Planning and Zoning Commission had held a public hearing to rezone property on Walnut Street and Highway 58 (newly addressed 211 Walnut Street). If approved, the new site will house a veterinary clinic. Currently the property is zoned Agricultural but is requested to be rezoned to Commercial 2. Planning and Zoning recommended approval of the rezone. **MOTION** Bucher, second Amundson to approve Resolution 2025-31 Rezone 211 Walnut Street. Approved 5-0-0 by roll call: Hammel, aye; Prigge, aye; Bucher, aye; Amundson, aye; Raasch, aye.

8-B. RESOLUTION 2025-32 STREET VACATION 211 WALNUT STREET
Robb stated 211 Walnut Street was originally platted as housing lots. To proceed with the veterinary clinic, the platted streets need to be vacated. Planning and Zoning had a public hearing and recommend approval. **MOTION** Amundson, second to approve Resolution 2025-32 Street Vacation 211 Walnut Street. Approved 5-0-0 by roll call: Hammel, aye; Prigge, aye; Bucher, aye; Amundson, aye; Raasch, aye.

8-C. RESOLUTION 2025-33 KELLER-BAARTMAN BRIDGEVIEW APARTMENTS PARKING
Keller-Baartman had applied for a variance to allow them to have less than two parking spots per unit for their new apartment building. Planning and Zoning held a public hearing and there was concern expressed about having enough parking spaces for the area. Staff reached out to the Police Department and there are currently no issues with the other Keller-Baartman apartment building and that has had no problem and that parking ratio is lower. The Planning and Zoning Commission recommended denying the variance stating the building could be shrunk to fall into compliance. Prigge suggested the Council concur with PZ and deny the variance. Amundson said no property ever fits the zoning perfectly and this project is one needed by the City. The project did receive a grant based on the design so dramatic changes could affect that. Raasch said he is concerned with the lack of parking so close to the downtown area. **MOTION** Amundson, second to approve Resolution 2025-33 Keller-Baartman Bridgeview Apartments Parking. Approved 3-2-0 by roll call: Hammel, aye; Prigge, nay; Bucher, aye; Amundson, aye; Raasch, nay.

COMMENTS
CITY ADMINISTRATOR BRIAN GRUDEM
Reported one union negotiation is finished, and the other is close to completion.

DEPUTY CITY ADMINISTRATOR MYLES ROBB
Updated the Council on the ordinance recodification process. Myles – recodification is proceeding, and an attorney is examining.

FINANCE/HR DIRECTOR KIM SIMONSON
Said staff is researching an appropriate fee to charge residents who refuse to convert their water meters to the new system.

MAYOR TODD HAMMEL
Thanked the Public Works Staff for their stellar care of the parks. He also thanked the Planning and Zoning Commission and all the other board members for their work.

COUNCIL MEMBER FRED RAASCH
Spoke about the need for more board members and encouraged Council members and others to get the word out. Robb said the openings are listed on the website so interested parties could be directed to fill out an inquiry on the website. Raasch also complemented the Park Board on the new Covered Bridge Park sign at the entrance of the park.

The meeting was adjourned at 625 pm.

City Administrator Brian Grudem

RESOLUTION 2025-34
A RESOLUTION AUTHORIZING THE RELEASE OF FUNDS ON BEHALF OF THE CITY OF ZUMBROTA

WHEREAS, the City of Zumbrota has entered into a grant agreement with the State of Minnesota, acting through the Department of Employment and Economic Development, Business and Community Development Division (DEED); and

WHEREAS, the City of Zumbrota has entered into an Administrative Contract with Southeastern Minnesota Multi-County Housing and Redevelopment Authority (SEMMCHRA) for the administration of the DEED grant; and

THEREFORE, BE IT RESOLVED BY the City Council of the City of Zumbrota that the SEMMCHRA Comptroller or Executive Director is authorized to sign the reimbursement payment request forms on behalf of the City.

Adopted by the City Council this 6th day of November, 2025.

Motion introduced by _____, seconded by _____ and adopted this 6th day of November 2025 upon the following roll call vote:

AYES:
NAYS:
ABSENT:

SIGNED:

_____
Todd Hammel, Mayor

ATTEST:

_____
Brian Grudem, City Administrator

	Aye	Nay
Todd Hammel	___	____
Bob Prigge	___	____
Kevin Amundson	___	____
Fred Raasch	___	____
Joan Bucher	____	____

MEMORANDUM

DATE: November 6, 2025
TO: Mayor Hammel and Members of the City Council
FROM: Kim Simonson, Finance Director
RE: Delinquent Bills to Be Certified To 2026 Taxes

Below please find a list of delinquent utility bills. The properties listed below have received a letter informing them of certification. Also, since bills follow property, landlords have been notified of possible assessment to taxes. If unpaid by November 26, 2025, the following bills should be certified to Goodhue County to be included in the 2026 tax rolls. Any bills paid before this time will be removed from the list. I am requesting a motion be made to certify the following utility bills if they remain unpaid as of November 26, 2025. Thank you.

Account	Parcel	Street Address	Amount
1820-03	724400130	841 Pleasant Ave	$233.85
8880-00	721000130	508 West Avenue	$306.75
7290-00	721600110	286 West 3rd Street	$334.62
3201-01	727000250	13 Jefferson	$342.48
10050-00	722400240	1200 Jefferson	$336.72
2080-00	723400060	600 Pearl St Apt A	$449.57
3370-01	721000990	79 W 5th Street	$389.20
9520-00	723600260	910 Marie Lane	$200.80
370-01	721001280	278 Main St S. Apt 6	$141.00
3910-00	721000860	721 West Avenue	$387.78
8360-00	772220060	488 West 5th Street	$217.36
2760-01	723000030	333 Parkview Curve	$215.17
9590-00	723600010	901 Marie Lane	$220.40
6110-00	721400310	745 First Avenue	$289.10
3890-00	721000880	787 West Avenue	$316.80
3440-00	721000210	886 West Avenue	$742.72
10830-00	723620021	650 Jefferson	$371.55
10020-01	727401180	1205 Mill Street	$183.90
870-00	725000240	320 East 3rd Street	$420.91
2190-02	721200181	310 Main Street Apt B	$546.79
30730-00	723880510	276 Eagle Lane	$183.90
2880-01	723200080	309 Parkview Circle	$165.85
7260-00	721600070	232 West 3rd Street	$322.29
50041-00	721001540	24 East 3rd Street	$1,224.94
8780-00	722200160	519 West 5th Street	$138.86
9915-00	723600340	897 Larson Drive	$184.18
16080-01	728000090	703 East 19th Street	$309.85
8720-00	721800180	721 West 5th Street	$174.90
4250-01	723700020	215 East 18th Street	$390.39
830-02	725000170	450 East 3rd Street	$210.80

Account	Parcel	Street Address	Amount
6170-00	721002800	751 East Avenue	$171.00
9560-01	723600220	902 Marie Lane	$129.90
1170-02	727800020	704 East 4th Street	$370.71
8630-00	724800190	1013 West 6th Street	$325.85
9800-02	723850120	920 Larson Drive	$227.75
5260-00	722600150	520 Lally Lane	$307.95
4720-00	721001910	878 East Avenue	$264.25
8870-00	722000110	193 West 5th Street	$156.90
2170-00	721200140	316 Main St N	$174.90
3380-01	721000140	554 West Avenue	$399.80
100130-01	723940050	110 Fairway St	$304.75
16010-01	728000020	863 East 19th St	$147.90
1440-00	725400480	565 East 2nd Ave	$557.31
TOTAL			**$13,492.40**

CITY OF ZUMBROTA

ACCOUNTS PAYABLE
NOVEMBER 6, 2025

CHECK	PAYEE	DESCRIPTION	AMOUNT	DEPARTMENT
82102	SCHUMACHER EXCAVATING INC	9TH ST PAY REQUEST 13	30,672.10	CAP PROJ - 9TH ST
82104	ACE HARDWARE ZUMBROTA	SUPPLIES	48.92	STREET/WATER
82105	ASLIS	INTERPRETING SERVICES	46.90	POLICE
82106	BECKLEY'S OFFICE PRODUCT	OFFICE CHAIR	598.00	GENERAL
82107	BRUENING ROCK	AGGREGATE	845.20	STREETS
82108	BUREAU OF CRIM APPREHENSION	CJDN ACCESS FEE	600.00	POLICE
82109	BUSBY HARDWARE	SUPPLIES	85.21	ST/WAT/SEWER
82110	CINTAS CORPORATION	RUGS	122.98	GENERAL
82111	CORE & MAIN	WATER METER PROJECT	58,735.69	WATER RESTRICTED
82114	D'S AUTO CARE	OIL CHANGES, TIRE INSTALLS	140.80	POLICE
82116	FLAHERTY & HOOD PA	LEGAL FEES	2,520.00	GENERAL
82118	GOODHUE CO CO-OP ELECTRIC	ELECTRICITY	19.00	ST LIGHTING
82119	GREAT AMERICA FINANCIAL SVCS	COPIER COSTS	111.22	GENERAL
82121	HAWKINS WATER TREATMENT GROUP	CHEMICALS	170.00	SEWER
82122	KURT BRINKMAN SLINGING, LLC	SLUDGE PUMPING	800.00	SEWER
82123	LOFFLER	COPIER COSTS	10.13	GENERAL
82124	MACQUEEN EQUIPMENT INC	REPAIRS	610.72	STREETS
82125	MACQUEEN EQUIPMENT INC	PARTS	79.41	STREETS
82126	MIDWEST MACHINERY CO.	SUPPLIES	173.76	STREETS
82127	MN RURAL WATER ASSOC	TRAINING	75.00	WATER
82128	NAPA AUTO PARTS STORE	PARTS	82.74	STREETS/PARK (71.82)
82129	NELSON SCREEN PRINTING	PW CLOTHING	763.00	STREET/WATER/SEWER
82130	ON-SITE COMPUTERS INC	IT SUPPORT	318.00	GENERAL
82132	RELIABLE HEATING & COOLING	FURNACE WORK	5,097.00	GENERAL
82134	STREICHER'S	UNIFORM	57.00	POLICE
82135	TASC-FLEXSYSTEM	ADMIN FEE	87.45	ALL FUNDS
82136	TEIGEN PAPER SUPPLY	CAN LINERS	34.97	STREETS
82138	WHKS & CO	ENGINEERING	8,528.35	GEN/PLEASANT AVE
82139	WINTHROP & WEINSTINE, PA	SANITARY DISTRICT LOBBYING	2,041.68	SEWER
82140	BUSBY HARDWARE	SUPPLIES	186.29	WATER/SEWER/STREETS/PARK (8.78)
82141	CINTAS CORPORATION	RUGS/SHOP TOWELS	122.98	GEN/STREETS
82142	DG MINNESOTA CS 2021,LLC	ELECTRICITY	1,069.56	WATER
82143	GOODHUE COUNTY	REZONE 211 WALNUT FILING	46.00	PZ
82144	NAPA AUTO PARTS STORE	SUPPLIES	222.72	STREETS
82145	NICOLLET PROJECTS 1 LLC	ELECTRICITY	7,486.86	ALL FUNDS
82146	STAPLES	KEYBOARD	47.39	WATER
82147	GOODHUE COUNTY	STREET VACATION FILING	46.00	PZ
82148	GOODHUE COUNTY	WARIANCE 70 W 3RD FILING	46.00	GENERAL
1069050	AMPION PBC	ELECTRICITY	6,959.21	SEWER
1069051	ELAN FINANCIAL SERVICES	SUPPLIES, TRAINING	4,426.86	GEN/SEWER/WATER/STREETS
1069052	KWIK TRIP	FUEL	2,145.97	WATER/POLICE/STREETS
1069053	MINNESOTA ENERGY	NATURAL GAS	144.10	GENERAL
1069054	MN DEPT OF REVENUE	SALES TAX	483.00	GENERAL
1069055	XCEL ENERGY	ELECTRICITY	1,845.12	WATER/GENERAL
1069057	XCEL ENERGY	ELECTRICITY	5,657.57	ST LIGHTING
1069058	MINNESOTA ENERGY	NATURAL GAS	93.98	GENERAL
1069060	MINNESOTA ENERGY	NATURAL GAS	1,473.97	SEWER
1069061	XCEL ENERGY	ELECTRICITY	5,775.30	ST LIGHTING.
		TOTAL	**151,754.11**	

:

DATE: **November 6, 2025**

MAYOR: _____

COUNCIL MEMBER: _____

CITY ADMINISTRATOR: _____

MEMORANDUM

DATE: **November 6th, 2025**
TO: Mayor Hammel and City Council
FROM: Myles Robb, Deputy City Administrator
RE: **RV and Specialty Motor Vehicle Ordinance**

RV and Specialty Motor Vehicle Ordinance

City Council directed the CODE Committee to return to our Recreational and Specialty Motor Vehicles Ordinance to update language. Our CODE Committee has made the revisions based on suggestions we received from the community and our Attorney's. A revised draft has been approved as amended by the CODE Committee. At our November 6th meeting, Council will set a public hearing on the revised RV and Specialty Motor Vehicles Ordinance for November 20th at 6:05pm.

Claus's for the Causes

Mission: Food and Funds drive for the Zumbrota Area Food Shelves

Date and Time: November 28, 2025 from Noon to 4 PM (flexibility upon recommendations)

Event Description: Photo Opportunity and visit with Santa & Mrs. Claus at the Zumbrota Covered Bridge, free for all, with availability for those able to donate non-perishable foods or money to assist the Zumbrota Food Shelf program. 100% of gathered food and funds going to Zumbrota Food Pantry.

Location: Zumbrota Covered Bridge Park, City Hall side of the bridge. In case of inclement weather, requesting permission to place the sleigh just to the inside of the protection of the roof.

Provided: Christmas performers, Sleigh, Props, Lights with battery generator, give aways for those attending (rubber holiday bracelets provided by Santa C and Gigi Claus),Crew of 2 to 3 community members to assist.

Needed: Access to restrooms at the City Park (if not closed for winterization.), Promotional assistance from Zumbrota Police Department via social media. Short visit from officer of ZPD, if and when available by a ZPD Member.

NOTES:
Santa C and Gigi Claus both have current background checks, and are able to provide updated background checks if desired.

Background:

Santa C. is a retired business professional, with a diverse background in the Military, Corrections, Manufacturing and Human Resources. Santa C has been performing as Santa for 10 years. Nothing is more fulfilling than bringing people together, building memories, and sharing the spirit of giving with each and every person that we come into contact with.

Mrs. Claus is still currently working in the fast paced world of the medical field as a Registered Nurse in a Intensive Care Unit. Her passion for spreading love and joy is evident in everything she does in both her career and her portrayal of Mrs. Claus.

Santa C and Gigi Claus have performed internationally in Canada, Hong Kong, along with travels to Germany. The world is smaller than we realize and Santa

transcends cultural barriers and international borders. Bringing the love, compassion and giving of Santa to the world is the best part of what we do!

EXTRACT OF MINUTES OF A MEETING OF THE CITY COUNCIL OF THE CITY OF ZUMBROTA, MINNESOTA

HELD: November 6, 2025

Pursuant to due call and notice thereof, a regular or special meeting of the City Council of the City of Zumbrota, Goodhue County, Minnesota, was duly called and held at the City Hall on November 6, 2025, at 6:00 P.M.

The following members of the Council were present:

and the following were absent:

Member _____ introduced the following resolution and moved its adoption:

RESOLUTION NO. 2025-35

RESOLUTION AUTHORIZING EXECUTION OF A DEVELOPMENT AGREEMENT

A. WHEREAS, the City of Zumbrota, Minnesota (the "City") established Tax Increment Financing District No. 1-20 (the "TIF District") within the City's Municipal Development District No. 1; and

B. WHEREAS, on March 20, 2025, the City approved the execution of a Development Agreement (the "Agreement") with Keller-Baartman Properties XIII, LLC, a Minnesota limited liability company (the "Developer") whereby the City will provide tax increment financing assistance for certain costs incurred by the Developer in connection with the construction and equipping of an approximately 38-unit apartment complex to be located in the TIF District; and

C. WHEREAS, due to financing and construction delays, the Agreement has not been executed by the City or the Developer; and

D. WHEREAS, due to construction delays, the Developer has requested certain updates to the Development Agreement; and

NOW, THEREFORE, BE IT RESOLVED, by the City Council of the City of Zumbrota as follows:

1. The Council hereby approves the Development Agreement in substantially the form submitted and the Mayor and the City Administrator are hereby authorized and directed to execute the Development Agreement on behalf of the Council.

2. The approval hereby given to the Development Agreement includes approval of such additional details therein as may be necessary and appropriate and such modifications thereof, deletions therefrom and additions thereto as may be necessary and appropriate and approved by the City officials authorized by this resolution to execute the Development Agreement. The execution of the Development Agreement by the appropriate officer or officers of the City shall be conclusive evidence of the approval of the Development Agreement in accordance with the terms hereof.

The motion for adoption of the foregoing resolution was duly seconded by member _____ and, after full discussion thereof, and upon a vote being taken thereof, the following voted in favor thereof:

and the following voted against same:

Adopted this 6th day of November, 2025.

AYES:
NAYS:
ABSENT:

SIGNED: ATTEST:

_____ _____
Todd Hammel, Mayor Brian Grudem, City Administrator

	Aye	Nay
Todd Hammel	___	____
Bob Prigge	___	____
Kevin Amundson	___	____
Fred Raasch	___	____
Joan Bucher	____	____

DEVELOPMENT AGREEMENT

BY AND BETWEEN

THE CITY OF ZUMBROTA, MINNESOTA

AND

KELLER-BAARTMAN PROPERTIES XIII, LLC

This document drafted by:

TAFT STETTINIUS & HOLLISTER LLP
2200 IDS Center, 80 South 8th Street

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DEVELOPMENT AGREEMENT

THIS AGREEMENT, made as of the 6th day of November, 2025, by and between the City of Zumbrota, Minnesota (the "City"), a municipal corporation organized and existing under the laws of the State of Minnesota and Keller-Baartman Properties XIII, LLC, a Minnesota limited liability company (the "Developer").

WITNESSETH:

WHEREAS, pursuant to Minnesota Statutes, Section 469.124 through 469.133, the City has heretofore established Municipal Development District No. 1 (the "Development District") and has adopted a development program therefor (the "Development Program"); and

WHEREAS, pursuant to the provisions of Minnesota Statutes, Section 469.174 through 469.1794, as amended (hereinafter, the "Tax Increment Act"), the City has created within the Development District, Tax Increment Financing District No. 1-20 (the "Tax Increment District"), and has adopted a tax increment financing plan therefor (the "Tax Increment Plan") which provides for the use of tax increment financing in connection with certain development within the Development District; and

WHEREAS, in order to achieve the objectives of the Development Program and particularly to make the land in the Development District available for development by private enterprise in conformance with the Development Program, the City has determined to assist the Developer with the financing of certain costs of a Project (as hereinafter defined) to be constructed within the Tax Increment District as more particularly set forth in this Agreement; and

WHEREAS, the City believes that the development and construction of the Project, and fulfillment of this Agreement are vital and are in the best interests of the City, the health, safety, morals and welfare of residents of the City, and in accordance with the public purpose and provisions of the applicable state and local laws and requirements under which the Project has been undertaken and is being assisted; and

WHEREAS, the requirements of the Business Subsidy Law, Minnesota Statutes, Section 116J.993 through 116J.995, do not apply to this Agreement pursuant to an exemption for housing.

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:

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

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

City means the City of Zumbrota, Minnesota;

County means Goodhue County, Minnesota;

Deferred Loan Agreement means the Deferred Loan Agreement between Minnesota Housing Finance Agency and the City dated December 12, 2024, incorporated by reference and attached as Exhibit D;

Developer means the Keller-Baartman Properties XIII, LLC, a Minnesota limited liability company, and its successors and assigns;

Development District means Municipal Development District No. 1 heretofore established, including the real property described in the Development Program;

Development Program means the development program approved in connection with the Development District;

Development Property means the real property described in Exhibit A attached to this Agreement;

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

Legal and Administrative Expenses means the fees and expenses incurred by the City in connection review and analysis of the development proposed under this Agreement with the adoption and administration of the Tax Increment Financing Plan and establishment of the Tax Increment District, the preparation of this Agreement and the issuance of the TIF Note including, but not limited to, attorney and municipal advisor fees and expenses;

Note Payment Date means August 1, 2027, and each February 1 and August 1 of each year thereafter to and including February 1, 2053; provided, that if any such Note Payment Date should not be a Business Day, the Note Payment Date shall be the next succeeding Business Day;

Prime Rate means the rate of interest from time to time publicly announced by U.S. Bank National Association in Minneapolis, Minnesota, as its "reference rate" or any successor rate, which rate shall change as and when that prime rate or successor rate changes;

Project means the demolition of the existing structure and construction and equipping of a 38-unit apartment complex on the Development Property in the City;

Site Improvements means the site improvements to be undertaken on the Development Property as identified on Exhibit C attached hereto;

State means the State of Minnesota;

Tax Increment Act means Minnesota Statutes, Sections 469.174 through 469.1794, as amended;

Tax Increment District means Tax Increment Financing District No. 1-20, located within the Development District, a description of which is set forth in the Tax Increment Financing Plan, which was qualified as a redevelopment district under the Tax Increment Act;

Tax Increment Financing Plan means the tax increment financing plan approved for the Tax Increment District by the City Council on March 20, 2025, and any amendments thereto;

Tax Increments means 95% of the tax increments derived from the Development Property which have been received and retained by the City in accordance with the provisions of Minnesota Statutes, Section 469.177;

Termination Date means the earlier of (i) February 1, 2053, (ii) the date the TIF Note, including applicable interest, is paid in full, (iii) the date on which the Tax Increment District expires or is otherwise terminated, or (iv) the date this Agreement is terminated or rescinded in accordance with its terms;

TIF Note means the Tax Increment Revenue Note (Keller-Baartman Properties XIII, LLC Project) to be executed by the City and delivered to the Developer pursuant to Article III hereof, the form of which is attached hereto as Exhibit B; and

Unavoidable Delays means delays, outside the control of the party claiming its occurrence, which are the direct result of strikes, other labor troubles, unusually severe or prolonged bad weather, acts of God, fire or other casualty to the Project, material shortages, pandemic affecting the State as determined by the Governor, acts of war or terrorism, discovery of unknown hazardous materials or other concealed site conditions or delays of contractors due to such discovery, 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.

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 has the power to enter into this Agreement and carry out its obligations hereunder and the execution of this Agreement has been duly and properly authorized by the City. This Agreement contains the valid and binding obligations of the City and is enforceable in accordance with its terms.

(2) The Tax Increment District is a "redevelopment district" within the meaning of Minnesota Statutes, Section 469.174, Subdivision 10 and was created, adopted and approved in accordance with the terms of the Tax Increment Act.

(3) The development contemplated by this Agreement is in conformance with the development objectives set forth in the Development Program.

(4) To finance certain costs within the Tax Increment District, the City proposes, subject to the further provisions of this Agreement, to apply Tax Increments to reimburse the Developer for a portion of the costs of the Site Improvements, incurred in connection with the Project as further provided in this Agreement.

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

(6) The City will, in a timely manner, subject to all notification requirements, review and act upon all submittals and applications of the Developer.

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

(1) The Developer is a Minnesota limited liability company and has the power and authority to enter into this Agreement and to perform its obligations hereunder, and doing so will not violate its articles of organization, member control agreement or operating agreement, or the laws of the State and by proper action has authorized the execution and delivery of this Agreement.

(2) The Developer shall cause the Project to be constructed in accordance with the terms of this Agreement, the Development Program, and all applicable 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 construction of the Project would not be undertaken by the Developer, and in the opinion of the Developer would not be economically feasible within the reasonably

foreseeable future, without the assistance and benefit to the Developer provided for in this Agreement.

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

(5) The Developer will cooperate fully with the City with respect to any litigation commenced by third parties with respect to the Project.

(6) The Developer will fully comply with any City decisions in relation to the resolution of any traffic, parking, trash removal or public safety or nuisance problems which may arise in connection with the construction and operation of the Project.

(7) Construction shall begin by December 1, 2025 and the construction of the Project will be substantially completed on or before June 1, 2027, subject to Unavoidable Delays.

(8) 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.

(9) The Developer acknowledges that Tax Increment projections contained in the Tax Increment Financing Plan are estimates only and the Developer acknowledges that it shall place no reliance on the amount of projected Tax Increments and the sufficiency of such Tax Increments to reimburse the Developer for a portion of the construction costs of the Site Improvements as provided in Article III.

ARTICLE III.

UNDERTAKINGS BY DEVELOPER AND CITY

Section 3.1 Site Improvements. The Site Improvements to be constructed by the Developer are essential to the successful completion of the Project. The construction costs of Site Improvements shall be paid by the Developer. The City shall reimburse the Developer for the lesser of (a) $1,751,591, or (b) the actual costs of construction of the Site Improvements actually incurred and paid by the Developer (the "Reimbursement Amount"), as further provided in Section 3.3 hereof.

Section 3.2 Limitations on Undertaking of the City. Notwithstanding the provisions of Section 3.1, the City shall have no obligation to the Developer under this Agreement to reimburse the Developer for the costs identified in Section 3.1, 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 an Event of Default which has not been cured following all applicable cure periods.

Section 3.3 Reimbursement: TIF Note. The City shall reimburse the payments made by the Developer under Section 3.1 for the construction costs of the Site Improvements through the issuance of the City's TIF Note in substantially the form attached to this Agreement as Exhibit B, subject to the following conditions:

(1) The TIF Note shall be dated, issued and delivered when the Developer shall have (a) demonstrated in writing to the reasonable satisfaction of the City that the construction of the Project has been completed and that the Developer has incurred and paid all costs of the Site Improvements, as described in and limited by Section 3.1, and (b) and shall have submitted paid invoices for the costs of the Site Improvements and in an amount not less than the Reimbursement Amount.

(2) The unpaid principal of the TIF Note shall bear simple non-compounding interest from the date of issuance of the TIF Note, at the lesser of 8.00% per annum or the Developer’s interest rate on the permanent Project financing. Interest shall be computed on the basis of a 360 day year consisting of twelve (12) 30-day months.

(3) The principal amount of the TIF Note and the interest thereon shall be payable solely from the Tax Increments.

(4) On each Note Payment Date and subject to the provisions of the TIF Note, the City shall pay, against the principal and interest outstanding on the TIF Note, any Tax Increments received by the City during the preceding six (6) months. All such payments shall be applied first to accrued interest and then to reduce the principal of the TIF Note.

(5) If, on any TIF Note Payment Date, the Tax Increments for the payment of the accrued and unpaid interest on the TIF Note are insufficient for such purposes, the difference shall be carried forward, without interest accruing thereon, and shall be paid if and to the extent that on a future TIF Note Payment Date there are Tax Increments in excess of the amounts needed to pay the accrued interest then due on the TIF Note.

(6) The TIF Note shall be a special and limited obligation of the City and not a general obligation of the City, and only Tax Increments shall be used to pay the principal and interest on the TIF Note.

(7) The City's obligation to make payments on the TIF Note on any Note Payment Date or any date thereafter shall be conditioned upon the requirements that: (a) there shall not at that time be an Event of Default that has occurred and is continuing under this Agreement beyond all applicable cure periods and (b) this Agreement shall not have been rescinded pursuant to Section 4.2(b) hereof.

(8) The TIF Note shall be governed by and payable pursuant to the additional terms thereof, as set forth in Exhibit B. In the event of any conflict between the terms of the TIF Note and the terms of this Section 3.3, the terms of the TIF Note shall govern. The issuance of the TIF Note pursuant and subject to the terms of this Agreement, and the taking by the City of such additional actions as bond counsel for the TIF Note may require in connection therewith, are hereby authorized and approved by the City.

Section 3.4 Short-Term Rentals Prohibited. The Developer is prohibited from offering all or part of the Project for short-term rental, such as through AirBNB, VRBO, or any other such sites or programs. Any advertising or on-line postings as well as actual rentals of the Project to vacation or short-term guests shall constitute a material breach of this Agreement. This section shall not prohibit the Developer from entering into short-term leases.

Section 3.5 Real Property Taxes. The Developer acknowledges that it is obligated under law to pay all real property taxes payable with respect to the Development Property and pursuant to the provisions of the Agreement until the Developer's obligations have been assumed by any other person with the written consent of the City pursuant to the provisions of this Agreement.

The Developer agrees that prior to the Termination Date:

(1) It will not seek administrative review or judicial review of the applicability of any tax statute relating to the taxation of real property contained on 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; provided, however, "tax statute" does not include any local ordinance or resolution levying a tax;

(2) It will not seek administrative review or judicial review of the constitutionality of any tax statute relating to the taxation of real property contained on 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 with respect to the Development Property, including delinquent tax proceedings; provided, however, "tax statute" does not include any local ordinance or resolution levying a tax;

(3) It will not seek any tax deferral or abatement, either presently or prospectively authorized under Minnesota Statutes, Section 469.1813, or any other State or federal law, of the ad valorem property taxation of the Development Property between the date of execution of this Agreement and the Termination Date; and

(4) It will not seek a reduction in the market value as determined by the Goodhue County Assessor of the Project or other facilities, if any, that it constructs on the Development Property, pursuant to the provisions of this Agreement, for so long as the TIF Note remains outstanding.

Section 3.6 Legal and Administrative Expenses. The Developer has deposited $37,000 with the City to pay Legal and Administrative Expenses. If the City determines the deposit to be inadequate, the Developer shall provide additional funds in the amount determined by the City to be escrowed.

Section 3.7 City Fees. The City agrees to waive a total sanitary sewer and water connection fees for the Project in an amount not to exceed $62,700.

Section 3.8 Workforce Housing Deferred Loan Agreement Requirements.

(1) In connection with the Project, the City has applied to the State's Workforce Housing Development Program (the "Housing Program") and has executed a Deferred Loan Agreement related thereto for a forgivable loan in an amount not to exceed $2,816,000, the proceeds of which will be granted to the Developer (the "Award") in accordance with the terms of the Deferred Loan Agreement. The Developer is obligated to fulfill the requirements, and adhere to the terms of this Agreement, the Housing Program, the Program Guide (as defined in the Deferred Loan Agreement), and contained within the Deferred Loan Agreement. The Housing Program, the Program Guide, and the terms of the Deferred Loan Agreement are incorporated herein by reference, insofar as they relate to the making of the award, and the administration, construction, and operation of the Project as a Workforce Housing Development Project (as defined in the Deferred Loan Agreement).

(2) The Award. The Award is subject to the rules and regulations of the Program, and the terms and conditions of the Deferred Loan Agreement. The Award to the Developer is an unsecured loan, at zero percent (0%) interest. The Award shall mature and be repaid in full on the Maturity Date (as defined in the Deferred Loan Agreement), unless the Award is forgiven. If on the Termination Date, the Developer has complied with all of the terms and conditions of this Agreement, and no Event of Default has occurred, the Award shall be forgiven. The City shall provide the Award to the Developer as follows:

(a) The City will promptly request one third of the Award ("One-Third Amount") from the appropriate State of Minnesota agent on or before each of the following: (i) execution of this Agreement, if not already requested; (ii) when the Developer commences construction of the Project, and (iii) upon completion of the Project.

(b) Upon receipt of each One-Third Amount, the City will, as soon as reasonably feasible, but in no event later than 30 days from the City's receipt of a One Third Amount and submission by the Developer of paid invoices and other documentation other than the invoices already submitted and described under Sections 3.3, evidencing the payment of Qualified Expenditures (as defined in the Program Guide) to the reasonable satisfaction of the City, and totaling in amount not less than a One-Third Amount, pay such

One-Third Amount to Developer or Developer's lending institution agent for the Project, as designated in writing by Developer.

(3) Limitations on Undertaking of the City Regarding the Award. Notwithstanding the provisions of Section 3.8 (1) and (2), the City shall have no obligation to the Developer, under this Agreement, to make the Award to the Developer, if the City, at the time the Award is to be made, is entitled under Section 4.2 to exercise any of the remedies set forth therein as a result of an Event of Default which has not been cured. Notwithstanding any other provisions of the Agreement, the City shall have no obligation to the Developer under this Agreement to make the Award to the Developer in an amount greater than $2,816,000.

(4) Prevailing Wages. Pursuant to the Deferred Loan Agreement, in conjunction with the Project, Developer and any of its subcontractors shall comply with the provisions of Minn. Stat. §471.345.

Section 3.9 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 the Project or any part thereof or any interest therein to an unrelated third-party without the prior written approval of the City, which approval shall be granted, as long as the following conditions are met to the City's reasonable satisfaction:

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

(b) The proposed transferee, by instrument in writing satisfactory to the City and in form recordable among the land records, 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.

(c) There shall be submitted to the City for review and prior written approval al instruments and other legal documents involved in effecting the transfer of any interest in this Agreement or the Project.

ARTICLE IV.

EVENTS OF DEFAULT

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

(a) Failure by the Developer to timely pay any ad valorem real property taxes and special assessments levied against the Development Property and all public utility or other City payments due and owing with respect to the Development Property when due and payable.

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

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

(d) The holder of any mortgage on the Development Property or any improvements thereon, or any portion thereof, commences foreclosure proceedings as a result of any default under the applicable mortgage documents.

(e) If the Developer shall

(A) 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

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

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

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

Section 4.2 Remedies on Default. Whenever any Event of Default referred to in Section 4.1 occurs and is continuing, the City, as specified below, may take any one or more of the

following actions after the giving of thirty (30) days' written notice to the Developer citing with specificity the item or items of default and notifying the Developer that it has thirty (30) days or, if said Event of Default cannot reasonably be cured within the time, the Developer fails to give assurances reasonably satisfactory to the City that the Event of Default will be cured within a period of time reasonably acceptable to the City, but in any event not to exceed ninety (90) days, but only if the Event of Default has not been cured within said ninety (90) days:

(a) The City may suspend its performance under this Agreement and the TIF Note until 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 cancel and terminate the Agreement and the TIF 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. 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 any party and thereafter waived by any other party, such waiver shall be limited to the particular breach so waived and shall not be deemed to waive any other concurrent, previous or subsequent breach hereunder.

Section 4.5 Agreement to Pay Attorney's Fees and Expenses. Whenever any Event of Default occurs and the City shall employ attorneys or incur other expenses for the collection of payments due or to become due or for the enforcement or performance or observance of any obligation or agreement on the part of the Developer herein contained, the Developer agrees that it shall, within 10 days after written demand therefor, pay to the City the reasonable fees of such attorneys and such other expenses so incurred by the City.

Section 4.6 Indemnification of City.

(1) The Developer (a) releases the City and its governing body members, officers, agents, including the independent contractors, consultants and legal counsel, servants and employees (collectively, the "Indemnified Parties") from, (b) covenants and agrees that the Indemnified Parties shall not be liable for, and (c) agrees to indemnify and hold harmless the Indemnified Parties against, any claim, cause of action, suit or liability for 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 or on the Development Property.

(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 other persons acting on its behalf or under its direction or control) under this Agreement, or the transactions contemplated hereby or the acquisition, construction, installation, ownership, and operation of the Project; provided, that this indemnification shall not apply to the warranties made or obligations undertaken by the City in this Agreement or to any actions undertaken by the City which are not contemplated by this Agreement but shall, in any event and without regard to any fault on the part of the City, apply to any pecuniary loss or penalty (including interest thereon from the date the loss is incurred or penalty is paid by the City at a rate equal to the Prime Rate) as a result of the Developer operating the Project so that the Tax Increment District does not qualify or ceases to qualify as a "redevelopment district" under Section 469.174, Subdivision 10, of the Act or to violate limitations as to the use of Tax Increments as set forth in Section 469.176, Subdivision 4j.

(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.

ARTICLE V.

DEVELOPER'S OPTION TO TERMINATE AGREEMENT

Section 5.1 The Developer's Option to Terminate. This Agreement may be terminated by the Developer, if (i) the Developer is in compliance with all material terms of this Agreement and no Event of Default has occurred; and (ii) the City fails to comply with any material term of this Agreement, and, after written notice by the Developer of such failure, the City has failed to cure such noncompliance within ninety (90) days of receipt of such notice, or, if such noncompliance cannot reasonably be cured by the City within ninety (90) days, of receipt of such notice, the City has not provided assurances, reasonably satisfactory to the Developer, that such noncompliance will be cured as soon as reasonably possible.

Section 5.2 Action to Terminate. Termination of this Agreement pursuant to Section 5.1 must be accomplished by written notification by the Developer in the City within sixty (60) days after the date when such option to terminate my first be exercised. A failure by the Developer to terminate this Agreement within such period constitutes a waiver by the Developer of its right to terminate this Agreement due to such occurrence or event.

Section 5.3 Effect of Termination. If this Agreement is terminated pursuant to this Article V, this Agreement shall be from such date forward null and void and of no further effect; provided, however, the termination of this Agreement shall not affect the rights of either party to institute any action, claim or demand for damages suffered as a result of breach or default of the terms of this Agreement by the other party, or to recover amounts which had accrued and become due and payable as of the date of such termination. Upon termination of this Agreement pursuant to this Article V, the Developer shall be free to proceed with the Project at its own expense and without regard to the provisions of this Agreement; provided, however, that the City shall have no further obligations to the Developer with respect to reimbursement of the expenses set forth in Section 3.3, or to make any further payments on the TIF Note

ARTICLE VI.

ADDITIONAL PROVISIONS

Section 6.1 Restrictions on Use. The Developer agrees for itself, its successors and assigns and every successor in interest to the Development Property, or any part thereof, that during the term of this Agreement the Developer and such successors and assigns shall operate, or cause to be operated, the Project as a multi-family rental housing project and shall devote the Development Property to, and in accordance with, the uses specified in this Agreement.

Section 6.2 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 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 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 City shall be personally liable to the City in the event of any default or breach by the Developer or successors or on any obligations under the terms of this Agreement.

Section 6.3 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 6.4 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

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

Keller-Baartman Properties XIII, LLC
Attn: Andrew Baartman
1489 Hay Creek Valley Road
Red Wing, Minnesota 55066-5506

with a copy to:

Gorman & Lodermeier, PLC
Attn: Margaret M. Cook
454 West 4th Street
Red Wing, MN 55066

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

City of Zumbrota, Minnesota
Zumbrota City Hall
Attn: City Administrator

175 W. Avenue
Zumbrota, Minnesota 55992

with a copy to:

Taft Stettinius & Hollister LLP
Attention: Mary Ippel
2200 IDS Center
80 South 8th Street
Minneapolis, MN 55402

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

Section 6.5 Counterparts. This Agreement may be executed in any number of counterparts, each of which shall constitute one and the same instrument.

Section 6.6 Law Governing. This Agreement will be governed and construed in accordance with the laws of the State.

Section 6.7 Expiration. This Agreement shall expire on the Termination Date.

Section 6.8 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 6.9 Assignability of TIF Note. The TIF Note may only be assigned pursuant to the terms of the TIF Note.

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

CITY OF ZUMBROTA, MINNESOTA

By _____
Its Mayor

By _____
Its Administrator

This is a signature page to the Development Agreement by and between the City of Zumbrota and Keller-Baartman Properties XIII, LLC.

KELLER-BAARTMAN PROPERTIES XIII, LLC

By _____
Andrew Baartman
Its Chief Manager

This is a signature page to the Development Agreement by and between the City of Zumbrota and Keller-Baartman Properties XIII, LLC.

EXHIBIT A

Description of Development Property

The parcel identification numbers of the development property, located in the City of Zumbrota, Goodhue County, Minnesota is as follows:

72.100.1260

72.100.1270

72.100.1250

EXHIBIT B

Form of TIF Note

No. R-1 $_____

UNITED STATES OF AMERICA
STATE OF MINNESOTA
COUNTY OF GOODHUE
CITY OF ZUMBROTA

TAX INCREMENT REVENUE NOTE
(KELLER-BAARTMAN PROPERTIES XIII, LLC PROJECT)

The City of Zumbrota, Minnesota (the "City"), hereby acknowledges itself to be indebted and, for value received, hereby promises to pay the amounts hereinafter described (the "Payment Amounts") to Keller-Baartman Properties XIII, LLC, a Minnesota limited liability company, individually (the "Developer" or the "Registered Owner"), but only in the manner, at the times, from the sources of revenue, and to the extent hereinafter provided.

The principal amount of this Note shall equal from time to time the principal amount stated above, as reduced to the extent that such principal installments shall have been paid in whole or in part pursuant to the terms hereof; provided that the sum of the principal amount listed above shall in no event exceed $1,751,591 as provided in that certain Development Agreement, dated as of November 6, 2025, as the same may be amended from time to time (the "Development Agreement"), by and between the City and the Developer. The unpaid principal amount hereof shall bear interest from the date of this Note at the simple non-compounded rate at the lesser of 8.00% per annum or the Developer's interest rate on the permanent Project financing. Interest shall be computed on the basis of a 360 day year consisting of twelve (12) 30-day months.

The amounts due under this Note shall be payable on August 1, 2027, and on each February 1 and August 1 thereafter to and including February 1, 2053, or, if the first should not be a Business Day (as defined in the Development Agreement), the next succeeding Business Day (the "Payment Dates"). On each Payment Date the City shall pay by check or draft mailed to the person that was the Registered Owner of this Note at the close of the last business day of the City preceding such Payment Date an amount equal to the Tax Increments (hereinafter defined) received by the City during the six month period preceding such Payment Date. All payments made by the City under this Note shall first be applied to accrued interest and then to principal. This Note is prepayable by the City, in whole or in part, on any date.

The Payment Amounts due hereon shall be payable solely from 95% of tax increments (the "Tax Increments") derived from the Development Property (as defined in the Development Agreement) within the City's Tax Increment Financing District No. 1-20 (the "Tax Increment District") within its Development District No. 1 which are paid to the City and which the City is entitled to retain pursuant to the provisions of Minnesota Statutes, Sections 469.174 through 469.1794, as the same may be amended or supplemented from time to time (the "Tax Increment

Act"). This Note shall terminate and be of no further force and effect following the last Payment Date defined above, on any date upon which the City shall have terminated the Development Agreement under Section 4.2(2) thereof or the Developer shall have terminated the Development Agreement under Article V thereof, on the date the Tax Increment District is terminated, or on the date that all principal payable hereunder shall have been paid in full, whichever occurs earliest.

The City makes no representation or covenant, expressed or implied, that the Tax Increments will be sufficient to pay, in whole or in part, the amounts which are or may become due and payable hereunder.

The City's payment obligations hereunder shall be further conditioned on the fact that no Event of Default under the Development Agreement shall have occurred and be continuing at the time payment is otherwise due hereunder, but such unpaid amounts shall become payable if said Event of Default shall thereafter have been cured; and, further, if pursuant to the occurrence of an Event of Default under the Development Agreement the City elects to cancel and rescind the Development Agreement, the City shall have no further debt or obligation under this Note whatsoever. Reference is hereby made to all of the provisions of the Development Agreement, including without limitation Section 3.3 thereof, for a fuller statement of the rights and obligations of the City to pay the principal of this Note, and said provisions are hereby incorporated into this Note as though set out in full herein.

This Note is a special, limited revenue obligation and not a general obligation of the City and is payable by the City only from the sources and subject to the qualifications stated or referenced herein. This Note is not a general obligation of the City of Zumbrota, Minnesota and neither the full faith and credit nor the taxing powers of the City are pledged to the payment of the principal of this Note and no property or other asset of the City, save and except the above-referenced Tax Increments, is or shall be a source of payment of the City's obligations hereunder.

This Note is issued by the City in aid of financing a project pursuant to and in full conformity with the Constitution and laws of the State of Minnesota, including the Tax Increment Act.

This Note is subject to prepayment in immediately available funds on any date at the option of the City, in whole or in part and without penalty.

This Note may be assigned only with the consent of the City which consent shall not be unreasonably withheld. In order to assign the Note, the assignee shall surrender the same to the City either in exchange for a new fully registered note or for transfer of this Note on the registration records for the Note maintained by the City. Each permitted assignee shall take this Note subject to the foregoing conditions and subject to all provisions stated or referenced herein.

IT IS HEREBY CERTIFIED AND RECITED that all acts, conditions, and things required by the Constitution and laws of the State of Minnesota to be done, to 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 City outstanding on the date hereof and on the date of its actual issuance and delivery, does not cause the indebtedness of the City to exceed any constitutional or statutory limitation thereon.

IN WITNESS WHEREOF, City of Zumbrota, Minnesota, by its City Council, has caused this Note to be executed by the manual signatures of its Mayor and Administrator and has caused this Note to be dated as of _____, 202___.

_____ _____

Administrator Mayor

DO NOT EXECUTE UNTIL PAID INVOICES, A SETTLEMENT STATEMENT OR OTHER EVIDENCE OF PAYMENT FOR THE COSTS OF THE SITE IMPROVEMENTS AND PROJECT ARE GIVEN TO THE CITY - REFER TO SECTION 3.3(1).

CERTIFICATION OF REGISTRATION

It is hereby certified that the foregoing Note was registered in the name of Keller-Baartman Properties XIII, LLC, and that, at the request of the Registered Owner of this Note, the undersigned has this day registered the Note in the name of such Registered Owner, as indicated in the registration blank below, on the books kept by the undersigned for such purposes.

NAME AND ADDRESS OF REGISTERED OWNER	DATE OF REGISTRATION	SIGNATURE OF CITY ADMINISTRATOR
Keller-Baartman Properties XIII, LLC Attn: Andrew Baartman 1489 Hay Creek Valley Road Red Wing, Minnesota 55066-5506	_____	_____
_____ _____ _____	_____	_____
_____ _____ _____	_____	_____
_____ _____ _____	_____	_____

EXHIBIT C

Site Improvements

Demolition
Dewatering
Landscaping, including irrigation
Foundations and Footings
Grading/earthwork
Engineering
Survey
Environmental Testing
Hauling demo and fill in and out of site
Soil Borings
Soil Corrections
Site Preparation
Onsite Utilities
Storm Water/Ponding
Outdoor Lighting
Onsite Road, Curb, Gutter, Driveway, Sidewalk and Streetscape Improvements
Parking

EXHIBIT D

DEFERRED LOAN AGREEMENT

MINNESOTA HOUSING FINANCE AGENCY
DEFERRED LOAN AGREEMENT

This Deferred Loan Agreement is between the Minnesota Housing Finance Agency ("MHFA') and City of Zumbrota, 175 West Avenue, Zumbrota, MN 55992 (the "Borrower").

Recitals

1. Under Minn. Stat. §462A.39, MHFA is empowered to enter into this Deferred Loan Agreement.

2. MHFA is in need of the development of rental housing to serve the employees of local businesses ("Workforce Housing") in Goodhue County, City of Zumbrota pursuant to MHFA's Workforce Housing Development Program (the "Program").

3. The Borrower represents that it is duly qualified and agrees to perform all activities described in this Deferred Loan Agreement to the satisfaction of MHFA. The Borrower agrees to minimize administrative costs as a condition of this Deferred Loan Agreement.

Deferred Loan Agreement

1 Term of Deferred Loan Agreement

1.1 ***Effective date:***

The effective date of this Deferred Loan Agreement is the date that this Deferred Loan Agreement has been fully executed. Notwithstanding the foregoing, if this Deferred Loan Agreement is not fully executed on or before February 1, 2025, then this Deferred Loan Agreement shall be null and void and MHFA shall have no obligation to disburse any of the Program Funds and neither party shall have any continuing obligations or responsibilities pursuant to this Deferred Loan Agreement.

1.2 ***Construction period:***

The construction period for the Program begins with the Effective Date of this Deferred Loan Agreement and continues through the later of January 1, 2028, or any extension of this period agreed to in writing by MHFA (the "Construction Period"). All funds provided through this Deferred Loan Agreement must be fully expended in compliance with this Deferred Loan Agreement by the end of the Construction Period.

1.3 ***Survival of Terms.***

The following clauses survive the expiration or cancellation of this Deferred Loan Agreement: 8. Liability; 9. State Audits; 11. Publicity and Endorsement; 12. Governing Law, Jurisdiction, and Venue; and 14. Data Disclosure.

2 Duties and Contracts

2.1 **Borrower's Duties**

The Borrower has made application to MHFA for the purpose of administering a Program project in the manner described in the Borrower's application (the "Project") which is incorporated into this Deferred Loan Agreement by reference.

The Borrower, who is not a state employee, is awarded funds to provide financial assistance to address the need for Workforce Housing. The Project includes: The new construction of a 38-unit apartment building.

The Borrower will be in compliance with the Workforce Housing Development Program Guide, as amended (the "Program Guide"), which is incorporated into this Deferred Loan Agreement.

2.2 **Provisions for Contracts and Sub-grants.**

(a) Contract Provisions. The Borrower must include in any contract and subcontract, in addition to provisions that define a sound and complete agreement, such provisions that require recipients and subrecipients to comply with applicable local, state and federal laws, rules, regulations and ordinances, as well as any applicable MHFA policies.

(b) Use of Program Funds. The Program Funds (as defined below) awarded under this Deferred Loan Agreement may only be used by the Borrower or awarded by the Borrower to third parties as grant funds or loans in accordance with the terms of the Program Guide. All Program Funds must be used by an Eligible Project Area for the Qualified Expenditures of a Market Rate Residential Rental Property (as such terms are defined in the Program Guide). If awarded as a loan, any fees or interest charged cannot unduly enrich any parties involved beyond the approximate cost of the administrative costs associated with the Project.

3 Time

The Borrower must comply with all time requirements described in this Deferred Loan Agreement and the Program Guide. In the performance of this Deferred Loan Agreement, time is of the essence. Project construction must commence and be completed within the Construction Period

4 Loan

4.1 ***Loan Amount.***

The total principal loan amount by MHFA to the Borrower under this Deferred Loan Agreement will not exceed $2,816,000 (the "Program Funds").

4.2 ***Repayment***

The Borrower promises to pay to MHFA the Program Funds with simple interest, if any, of 0% per annum accruing on such amounts of principal as may be advanced from time to time.

Further, the Program Funds and all accrued interest, if any, less any amounts previously paid or forgiven, are due and payable in one lump sum on the earlier to occur of: (i) a Default (as described below); or (ii) the 31st day of January 2028 (the "Maturity Date").

A Default occurs upon written notice by MHFA to the Borrower of noncompliance with this Deferred Loan Agreement or the Program Guide and failure of the Borrower to cure the noncompliance to the satisfaction of MHFA within 30 days of such notice.

Repayment of the Program Funds will be forgiven upon the Maturity Date provided: (i) MHFA has not given the Borrower notice of a Default; and (ii) the Borrower is in full compliance with this Deferred Loan Agreement and the Program Guide.

All amounts due are payable at the offices of MHFA, 400 Wabasha Street North, Suite 400, St. Paul, MN 55102-1109, or such other place as MHFA may designate in writing.

If a failure to pay the amounts due under this Deferred Loan Agreement occurs, and if the same is submitted for collection by MHFA, its successor and assigns, the Borrower must pay all costs of collection, including reasonable attorney's fees.

All parties to this Deferred Loan Agreement, whether principal, surety, guarantor or endorser, hereby waive presentment for payment, demand, protest and notice of dishonor.

4.3 ***Disbursement***

For all disbursements of Program Funds, the Borrower must be in compliance with this Deferred Loan

Agreement and the Program Guide and complete and submit a Workforce Housing Development Program Disbursement Request Form, attached to this Deferred Loan Agreement as **Exhibit A,** to MHFA for review and approval. MHFA will promptly pay the Borrower up to one third of the Program Funds on or after closing. The Borrower may request an additional one third of the Program Funds as needed upon commencement of Project construction. The remaining one third of the Program Funds will be withheld for final disbursement and will not be released until construction completion of the Project and upon completion of all reporting and monitoring requirements pursuant to this Deferred Loan Agreement.

4.4 ***Return of Funds***

The Borrower must promptly return to MHFA any Program Funds that have: (i) not been accounted for in a financial report to MHFA due annually or at Deferred Loan Agreement closeout; or (ii) not been used in compliance with the Program Guide.

4.5 ***Contracting and Bidding Requirements***

The Borrower must comply with all applicable prevailing wage requirements as further described in the Legal Addendum attached to the Program Guide.

The Borrower must not contract with vendors who are suspended or debarred in MN: http://www.mmd.admin.state.mn.us/debarredreport.asp

4.6 ***Prepayment***

The Program Funds may be prepaid in whole or in part at any time without premium or penalty; provided, however, that payment by Borrower to MHFA of the amount of the Program Funds or any portion thereof shall not be deemed to be or constitute a release of Borrower from the terms or requirements of this Deferred Loan Agreement.

5 Conditions of Payment

All activities performed by the Borrower under this Deferred Loan Agreement must be performed to MHFA's satisfaction, as determined at the sole discretion of MHFA's Authorized Representative and in accordance with all applicable federal, state, and local laws, ordinances, rules, and regulations. The Borrower will be responsible for repaying any Program Funds found by MHFA to be noncompliant with this Deferred Loan Agreement or used in violation of federal, state, or local law.

6 Authorized Representative

MHFA's Authorized Representative is **Sara Bunn, Program Manager, 651.296.9827, sara.bunn@state.mn.us, 400 Wabasha St N, Suite 400, St. Paul, MN 55102** or her successor, and has the responsibility to monitor the Borrower's performance under this Deferred Loan Agreement.

The Borrower's Authorized Representative is Brian Grudem, City Administrator, 507.732.7318, bgrudem@ci.zumbrota.mn.us, 175 West Avenue, Zumbrota, MN 55992. If the Borrower's Authorized Representative changes at any time during this Deferred Loan Agreement, the Borrower must immediately notify MHFA.

7 Assignment Amendments, Waiver, and Deferred Loan Agreement Complete

7.1 ***Assignment***

The Borrower shall neither assign nor transfer any rights or obligations under this Deferred Loan Agreement without the prior written consent of MHFA, approved by the same parties who executed and approved this Deferred Loan Agreement, or their successors in office.

7.2 ***Amendments***

Any amendments to this Deferred Loan Agreement must be in writing and will not be effective until it has been executed and approved by the same parties who executed and approved the original Deferred

Loan Agreement, or their successors in office.

7.3 ***Waiver***

If MHFA fails to enforce any provision of this Deferred Loan Agreement, that failure does not waive the provision or MHFA's right to enforce it.

7.4 ***Deferred Loan Agreement Complete***

This Deferred Loan Agreement contains all negotiations and agreements between MHFA and the Borrower. No other understanding regarding this Deferred Loan Agreement, whether written or oral, may be used to bind either party.

8 Liability

The Borrower must indemnify, save, and hold MHFA, its agents, and employees harmless from any claims or causes of action, including attorney's fees incurred by MHFA, arising from the performance of this Deferred Loan Agreement by the Borrower or the Borrower's agents or employees. This clause will not be construed to bar any legal remedies the Borrower may have for MHFA's failure to fulfill its obligations under this Deferred Loan Agreement.

9 State Audits

Under Minn. Stat. § 16B.98, Subd.8, the Borrower's books, records, documents, and accounting procedures and practices of the Borrower or any other party relevant to this Deferred Loan Agreement or transaction are subject to examination by MHFA and/or the State Auditor or Legislative Auditor, as appropriate, for a minimum of six years from the end of this Deferred Loan Agreement, receipt and approval of all final reports, or the required period of time to satisfy all MHFA program retention requirements, whichever is later.

10 Workers Compensation

The Borrower certifies that it is in compliance with Minn. Stat. § 176.181, Subd. 2, pertaining to workers' compensation insurance coverage. The Borrower's employees and agents will not be considered MHFA employees. Any claims that may arise under the Minnesota Workers' Compensation Act on behalf of these employees and any claims made by any third party as a consequence of any act or omission on the part of these employees are in no way MHFA's obligation or responsibility.

11 Publicity and Endorsement

11.1 ***Publicity***

Any publicity regarding the subject matter of this Deferred Loan Agreement must identify MHFA as the sponsoring agency and must not be released without prior written approval from MHFA's Authorized Representative. For purposes of this provision, publicity includes notices, informational pamphlets, press releases, research, reports, signs, and similar public notices prepared by or for the Borrower individually or jointly with others, or any subcontractors, with respect to the program, publications, or services provided resulting from this Deferred Loan Agreement.

11.2 ***Endorsement***

The Borrower must not claim that MHFA endorses its products or services.

12 Governing Law, Jurisdiction, and Venue

Minnesota law, without regard to its choice-of-law provisions, governs this Deferred Loan Agreement. Venue for all legal proceedings out of this Deferred Loan Agreement, or its breach, must be in the appropriate state or federal court with competent jurisdiction in Ramsey County, Minnesota.

13 Termination

MHFA may immediately terminate this Deferred Loan Agreement if MHFA finds that there has been a failure to comply with the provisions of this Deferred Loan Agreement or the Program Guide, that reasonable progress has not been made or that the purposes for which the funds were loaned have not been

or will not be fulfilled. MHFA may take action to protect the interests of the State of Minnesota, including the refusal to disburse additional funds and requiring the return of all or part of the funds already disbur

14 Data Disclosure

Under Minn. Stat. § 270C.65, Subd. 3, and other applicable law, the Borrower consents to disclosure of its social security number, federal employer tax identification number, and/or Minnesota tax identification number, already provided to MHFA, to federal and state tax agencies and state personnel involved in the payment of state obligations. These identification numbers may be used in the enforcement of federal and state tax laws which could result in action requiring the Borrower to file state tax returns and pay delinquent state tax liabilities, if any.

15 Responsible Contractor Requirement

The Borrower agrees that it and its contractors will fully comply with all applicable provisions contained in Minn. Stat. §16C.285, as amended.

2. BORROWER

The Borrower certifies that the appropriate person(s) has/have executed the Deferred Loan Agreement on behalf of the Borrower as required by applicable articles, bylaws, resolutions, or ordinances.

By: _____

Title: Mayor

Date: 11-25-25

By: _____

Title: City Administrator

Date: 11-25-24

3. MINNESOTA HOUSING FINANCEAGENCY

By: _____
(with delegated authority)

Title: Assistant Commissioner, Multifamily

Date: 12/12/2024

Distribution:
Agency
Borrower
MHFA's Authorized Representative

EXHIBIT A

Workforce Housing Development Program Disbursement Request Form

Summary

This form must be completed, signed, and submitted to MHFA prior to receiving a disbursement of funds. To complete the form, enter the amount of funds you are requesting and a summary of what the funds will be used for. Have the form signed by an Authorized Representative. Submit the completed form to Sara Bunn at WorkforceHousingDevProg.MHFA@state.mn.us.

Disbursement Request and Justification

Amount Requested (not to exceed one-third of the total award): _____

Use the space below to document what the funds will be used for:

_____

Authorized Representative Signature

Authorized Representative Name: _____

Authorized Representative Title: _____

Date Signed: _____

Authorized Representative Signature: _____