JOINT POWERS BOARD MEETING
MONDAY, AUGUST 3, 2026

5:00 p.m.

BIG LAKE CITY COUNCIL AND BIG LAKE TOWNSHIP BOARD

BIG LAKE CITY COUNCIL CHAMBER
160 LAKE STREET NORTH, BIG LAKE, MN

1) **CALL TO ORDER**
2) **PLEDGE OF ALLEGIANCE**
3) **ROLL CALL**
4) **ADOPT PROPOSED AGENDA**
5) **BUSINESS**

   5A. Consider Letter of Intent to Acquire Real Estate – PSBX Real Estate LLC for Parcel No. 65-00590-0110

6) **ADJOURN**

AGENDA ITEM
Big Lake Joint Powers Board

<table>
<tr><td>Prepared By:
Marie Popp, Community Development Director</td><td>Meeting Date:
8/3/2026</td><td>☒ Regular Agenda Item
☐ Consent Agenda Item</td><td>Item No.
5A</td></tr>
<tr><td colspan="2" rowspan="2">Item Description:
Letter of Intent from PSBX Real Estate LLC to Acquire Lot 2, Block 1 Big Lake Industrial Park East Plat Six</td><td colspan="2">Reviewed By: Hanna Klimmek, City Administrator and Gina Wolbeck, City Clerk</td></tr>
<tr><td colspan="2">Reviewed By: Deb Wegeleben, Finance Director</td></tr>
</table>

ACTION REQUESTED

1. **Motion to approve Letter of Intent from PSBX Real Estate LLC to acquire Lot 2, Block 1 Big Lake Industrial Park East Plat Six.**

   (If #1 is approved, then staff requests item #2)
2. **Motion to approve a Right of Entry Permit with PSBX Real Estate, LLC.**

BACKGROUND/DISCUSSION

PSBX Real Estate, LLC is seeking approval of a Letter of Intent (LOI) to purchase property in Phase II of Big Lake Industrial Park East to construct a new cannabis grow and processing facility. The first phase is estimated at 4,200 square feet with four full-time positions. The site will have room for expansion, estimated to be around 33,000 square feet at full build out. If the Joint Powers Board approves the LOI, the Contract for Private Development will be finalized and brought back to a future joint meeting for review and approval. The final site and building plans will need to be submitted and approved by the Architectural Review Board and City prior to the land sale.

Overall Site Information:

Property Owner:	City of Big Lake and Big Lake Township
Legal Description:	Lot 2, Block 1, Big Lake Industrial Park East Plat Six
Future Land Use Plan:	Industry or Office
Zoning District:	Industrial Park (I-1)
Size	2.25 acres
Use	Cannabis Grow and Processing Facility

FINANCIAL IMPACT

If the Letter of Intent (LOI) is approved, the sale of the designated parcel within the Big Lake Industrial Park will result in a purchase price of $0.00. The estimated market value of the property is $78,400, based on Sherburne County valuation data.

The public purpose of the financial assistance, in the form of a forgivable loan, is to support business growth within the City, strengthen the local tax base, and ensure long-term employment stability. As part of the proposed agreement, the developer will commit to maintaining at least four (4) full-time equivalent positions. These positions must be sustained for a minimum period of one (1) year once the employment requirement has been met.

STAFF RECOMMENDATION

Approve LOI from PSBX Real Estate, LLC
Approve Right of Entry Permit

ATTACHMENTS

- Attachment A – Location Map
- Attachment B – Letter of Intent (w/Exhibits)
  - Exhibit A – Draft Contract for Private Development
  - Exhibit B – Zoning Letter
- Attachment C – Right of Entry Permit
- Attachment D – Draft Elevations
- Attachment E – Draft Site Plan

Attachment A
Location Map

Attachment B

Letter of Intent (w/Exhibits)

PSBX Real Estate LLC
1041 Grand Avenue, #219
St. Paul, MN 55105

August ___, 2026

City Administrator
City of Big Lake
160 Lake Street North
Big Lake, Minnesota 55309

Town of Big Lake
21960 County Road 5 NW
PO Box 75
Big Lake, MN 55309
Attn: Township Clerk

Re: Letter of Intent for Potential Real Estate Acquisition

Greetings:

PSBX Real Estate LLC, a Minnesota limited liability company ("**Buyer**"), presents the following Letter of Intent ("**LOI**") to purchase the real property described below, containing approximately 2.25 acres of vacant land with no buildings or other improvements located thereon (the "**Property**"), which Property is presently owned by the City of Big Lake and Big Lake Township (individually and collectively, "**Seller**"). Buyer is interested in entering into a final and definitive written Contract for Private Development ("**CPD**") substantially in the form attached hereto as **Exhibit A**, based upon the understanding reached in this LOI. Other than the Binding Provisions (defined below), neither Buyer nor Seller shall be contractually bound until a final and definitive CPD has been fully negotiated and signed. Buyer and Seller may be individually referred to herein as a "**Party**" or collectively as the "**Parties**."

Based on the information currently known to the Parties, it is proposed that the CPD contain the following terms and conditions, in addition to other terms and conditions to be negotiated and agreed by the Parties.

PART ONE

Property:	Lot 2, Block 1 of Big Lake Industrial Park East Plat Six ADDRESS UNASSIGNED Big Lake, Minnesota 55309 PID: 65-00590-0110
Seller:	City of Big Lake and Big Lake Township
Buyer:	PSBX Real Estate LLC
Closing Date:	The final CPD is subject to review and approval by Seller at a Joint Powers Board Meeting (the "**Meeting**") held by the Big

Lake City Council and the Big Lake Township Board. In the event that the final CPD is approved at a Meeting, the "**Closing**" shall be on or before seven (7) days thereafter. The date on which Closing occurs shall be the "**Closing Date**." The Closing may take place by escrow.

Purchase Price: $78,400.00 reduced to $0.00 (such reduction being referred to as the "**Financial Assistance**") pursuant to the terms outlined in the final CPD. The Financial Assistance shall be subject to conditions outlined in the final CPD, including, but not necessarily limited to the retention of four (4) full time jobs within two (2) years after the Benefit Date (as such term is defined in the CPD) and retains such employee positions for a term of at least one (1) year (all as subject to and confirmed by the final CPD) and a wage rate at or above the Seller's business policy goals.

Earnest Money: The CPD shall not require Buyer to pay an earnest money deposit.

Title: On the Closing Date, Seller shall transfer title to Buyer by Quit Claim Deed, subject only to the Permitted Encumbrances (to be defined by the CPD).

Zoning: The Property is zoned Industrial Park (I-1) and all matters addressed in the zoning letter dated July 6, 2026, and attached hereto as **<u>Exhibit B</u>**, shall be true and correct as of the Closing Date.

Environmental: Within five (5) days of full execution of this LOI, Seller shall provide Buyer all existing data related to the environmental condition of the Property. Buyer may obtain a Phase I at Buyer's sole cost.

Documentation: Within five (5) days of the full execution of this LOI, Seller shall provide Buyer all documentation in its possession, if any, related to the Property including, but not limited to: agreements with third parties, site plans, surveys, environmental reports, governmental notices, and all other documentation related to the Property.

Closing Costs & Prorations: Among other costs to be detailed in the final CPD.

Investigations: Subject to issuance of a Right of Entry, Seller will provide Buyer, its employees, auditors, attorneys, accountants,

	consultants and representatives with such documentation and information with respect to the Property as Buyer may reasonably request from time to time and with reasonable access to the Property, allowing Buyer to inspect, investigate, survey, test and audit the same (including without limitation performing such non-invasive environmental assessments as Buyer deems appropriate)
Broker:	Neither Buyer nor Seller are represented by a broker.

PART TWO

The following paragraphs of this LOI (the "**Binding Provisions**") are the legally binding and enforceable agreements of Buyer and Seller.

Access:	During the period from the date of this LOI until the Termination Date Seller will provide Buyer, its employees, auditors, attorneys, accountants, consultants and representatives with such documentation and information with respect to the Property as Buyer may reasonably request from time to time. .
Negotiation; Consents:	Prior to the Termination Date, Buyer and Seller will (a) negotiate in good faith to arrive at a mutually acceptable CPD, but nothing in this LOI shall be construed as requiring Buyer or Seller to achieve a mutually acceptable CPD or to otherwise consummate the transaction contemplated herein; and (b) cooperate with one another to obtain consents and approvals from other third parties (including, but not necessarily limited to, the Big Lake Industrial Park Joint Powers Board) to the extent such consents or approvals are required to consummate the transaction contemplated herein.
Exclusive Dealing:	Prior to the Termination Date, Seller shall not, and shall not permit anyone affiliated with or acting on behalf of Seller, directly or indirectly, make, solicit, consider or accept offers or proposals from, or negotiate or discuss with, any person other than Buyer for the sale or other transfer of all or part of the Property.
Termination Date:	This LOI shall terminate upon the earlier of: (a) 120 days from the date of execution or (b)) the date on which Buyer or Seller provides the other with written notice (which may include email) that negotiations toward the CPD are terminated for any reason or no reason at all. The termination date provided under (a) may be extended for an additional 30 days by the City in writing, in the City's sole discretion, upon request of the Buyer.

Entire Agreement:	The Binding Provisions set forth in Part Two of this LOI among the Parties supersede all prior oral or written agreements, understandings, representations and warranties, and courses of conduct and dealing among the Parties, with respect to the subject matter thereof. No prior or subsequent correspondence or course of dealing between Buyer and Seller will be construed to create any contract or vest any rights in the other with respect to the Property. Except as otherwise provided herein, the Binding Provisions may be amended or modified only by a writing executed by all of the Parties. There are no third-party beneficiaries to this LOI, intended or otherwise.
Governing Law:	The Binding Provisions shall be governed, interpreted, and construed and enforced in accordance with the laws of the State of Minnesota.
Counterparts:	This LOI may be signed in one or more counterparts, each of which will be deemed to be an original copy of this LOI and all of which together will constitute one LOI. Electronic or digital signatures (PDF, facsimile, or other electronic signatures) shall be deemed originals.
No Liability:	The paragraphs and provisions of Part One of this LOI do not constitute and will not give rise to any legally binding obligation or liability on the part of any of the Parties. Moreover, except as expressly provided in the Binding Provisions (or as expressly provided in any binding written agreement the Parties may enter into in the future), no past or future action, course of conduct, or failure to act relating to the contemplated transactions, or relating to the negotiation of the terms of the contemplated transaction, will give rise to or serve as a basis for any obligation or other liability on the part of the Parties.
Expenses:	Each Party hereto shall bear its own expenses in connection with the transaction contemplated hereby, including architectural, legal and accounting fees, regardless of whether such transaction is consummated.

(*Signature pages follow*.)

If the above terms and conditions are acceptable, please sign and date this LOI in the spaces provided on the following pages to confirm Buyer's and Seller's mutual understandings as set forth in this LOI. We thank you for your consideration and look forward to your response.

Please contact the undersigned if you have any questions.

Sincerely,

"**Buyer**"

PSBX Real Estate LLC

By: ____________________________
Name: Anthony Wilson
Its: Manager

City of Big Lake’s Signature Page to Letter of Intent

“**Seller**”

CITY OF BIG LAKE

By: ____________________________
Paul Knier, Mayor

By: ____________________________
Gina Wolbeck, City Clerk

Town of Big Lake's Signature Page to Letter of Intent

"**Seller**"

TOWN OF BIG LAKE

By: ____________________________
Bruce Aubol, Town Chair

And

By: ____________________________
Brenda Kimberly-Maas, Town Clerk

<u>Exhibit A</u>

Draft Contract for Private Development

(reserved for recording information)

CONTRACT FOR PRIVATE DEVELOPMENT

PSBX REAL ESTATE LLC

THIS CONTRACT FOR PRIVATE DEVELOPMENT ("Agreement") dated this____ day of _________, 2026 **("Effective Date"),** is made by and among the **CITY OF BIG LAKE**, a Minnesota municipal corporation ("City"), whose principal place of business is at 160 Lake Street North, Big Lake, Minnesota 55309; **TOWN OF BIG LAKE**, a Minnesota political subdivision in Sherburne County ("Township"), whose principal place of business is at 21960 County Road 5, Big Lake, Minnesota 55309; **PSBX REAL ESTATE LLC**, a Minnesota limited liability company ("Developer"), whose principal place of business is at 1041 Grand Avenue, #219, St. Paul, Minnesota, 55105; and **BUGS BUDS, INC.**, a Minnesota corporation, whose registered office address is 7818 Xavier Drive NW, Bemidji, Minnesota 56601 ("Tenant"). The City and Township are referred to in this Agreement as the "Owners."

RECITALS

WHEREAS, the Owners are the fee owners of the real property legally described in **Exhibit A**, which is located in the City of Big Lake, County of Sherburne, State of Minnesota (the "Property"); and

WHEREAS, as of the date of this Agreement there has been a proposal that the Owners grant financial assistance to Developer and approve a sale of the Property for less than its fair market value; and

WHEREAS, Developer proposes to construct on the Property an approximately 4,272 square foot building, pursuant to the Site Plan as hereinafter defined, to serve as the cannabis cultivation and manufacturing facility operated by Tenant; and

WHEREAS, as proposed, the Project will retain existing or create jobs within the City of Big Lake; and

WHEREAS, in order to assist the Developer with the development of the Property, the Owners have determined to provide financial assistance to the Developer by conveying the Property at a reduced price subject to a forgivable loan; and

WHEREAS, the Owners have determined that the financial assistance serves a public purpose other than increasing the tax base; and

WHEREAS, the City has adopted a set of criteria after a public hearing for awarding business subsidies that comply with Minnesota Statutes § 116J.994, including but not limited to a policy regarding the wages to be paid for jobs created by Tenant in connection with the Project; and

WHEREAS, the Owners believe that the Project and fulfillment generally of this Agreement will satisfy the criteria and policy related to jobs and wages; and

WHEREAS, Owners further believe that the Project and fulfillment generally of this Agreement are in the best interest of the City and Township and the health, safety, morals, and welfare of the residents of the City of Big Lake and Town of Big Lake, and are in accordance with the public purposes and provisions of the applicable state and local laws and requirements; and

NOW, THEREFORE, in consideration of the promises and the mutual obligations of the Parties to this Agreement, each of them does hereby covenant and agree with the other as follows:

ARTICLE 1
DEFINITIONS

In this Agreement, unless a different meaning clearly appears from the context:

"Architectural Review Board" means the Architectural Review Board described in the "Declaration of Covenants, Conditions and Restrictions for Industrial Park of Big Lake East".

"Articles and Sections" mentioned by number only are the respective Articles and Sections of this Agreement so numbered.

"Benefit Date" means the date of Closing Date.

"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.

"Business Subsidy Act" means the Minnesota Statutes §§ 116J.993-116J.995, as may be amended from time to time.

“City” means the City of Big Lake, a Minnesota municipal corporation.

“County” means the County of Sherburne, a political subdivision of the State of Minnesota.

“Deed” means the Quit Claim Deed described in Section 4.1 to be executed by the Owners conveying the Property to the Developer.

“Developer” means PSBX Real Estate LLC, a Minnesota limited liability company, or any assigns that have received prior written approval from the Owners.

“Event of Default” means an action by the Developer listed in Section 9.1 of this Agreement.

“Federal Cannabis Laws” means individually and collectively, as the case may be, any and all United States federal statutes (civil, criminal or otherwise) that now or hereafter regulate, impose liability or standards of conduct concerning, or otherwise relate to, the distribution, sales, cultivation, harvesting, production, transport, infusion, extraction, sale and possession of cannabis, marijuana or related substances or products containing or relating to the same including the Controlled Substances Act (21 U.S.C. § 801, et seq., as amended, and including the prohibition on drug trafficking under 21 U.S.C. § 841(a), et seq.), the conspiracy statute under 18 U.S.C. § 846, the bar against aiding and abetting the conduct of an offense under 18 U.S.C. § 2, the bar against misprision of a felony (concealing another’s felonious conduct) under 18 U.S.C. § 4, the bar against being an accessory after the fact to criminal conduct under 18 U.S.C. § 3, federal money laundering statutes under 18 U.S.C. §§ 1956, 1957, and 1960, the Federal Food, Drug, and Cosmetic Act (FDCA) (21 U.S.C. §§ 301-392), in each case as amended and in effect from time to time, and together with and all rules, regulations, guidance and the like from time to time promulgated thereunder, or otherwise with respect thereto.

“Final Plans” means the full set of Developer’s development plans, including but not limited to civil, landscaping, lighting, and construction plans for the Project, as approved by the City or the Joint Powers Board, as applicable.

“Financial Assistance Agreement” means the terms of Article 7 of this Agreement.

“Joint Powers Board” means the Big Lake Industrial Park Joint Powers Board established by Joint Resolution 2007-07, Article 3. The powers and duties of the Joint Powers Board include review and approval of all decisions related to the platting, sale and development of the real property located within the Big Lake Industrial Park, including, but not limited to, development of all infrastructure, sewer, water, and roadways.

“Minimum Improvements” means an approximately 4,272 square foot cultivation and manufacturing facility, together with landscaping, parking area, and appurtenant improvements to be constructed on the Property by the Developer, in accordance with all applicable local, state, and federal regulations governing such facilities, and in conformance with the Site Plan for the Project.

"Mortgage" means any mortgage made by Developer which is secured, in whole or in part, with the Property and which is a permitted encumbrance pursuant to the provisions of Article 8 of this Agreement.

"Parties" means the Owners, Developer, and Tenant.

"Party" means any of the City, Township, Tenant, or Developer.

"Project" means the Property and the Minimum Improvements to be completed on the Property.

"Property" means the real property as legally described in **Exhibit "A"** attached hereto.

"Purchase Price" means the amount of Seventy-Eight Thousand Four Hundred and No/100 Dollars ($78,400.00) for the Property, which the Developer shall pay the Owners for the purchase of the Property by execution of the Promissory Note and Owners Mortgage pursuant to Section 2.2 of this Agreement.

"Site Plan" means the site plan and building plans approved by the Architectural Review Board and the Owners, which is substantially consistent with the concept plan attached to this Agreement as **Exhibit B** ("Concept Plan").

"State" means the State of Minnesota.

"State Cannabis Laws" means individually and collectively, as the case may be, any and all laws of the State of Minnesota (civil, criminal or otherwise) that now or hereafter regulate, impose liability or standards of conduct concerning, or otherwise relate to, the distribution, sales, cultivation, harvesting, production, transport, infusion, extraction, sale and possession of cannabis, marijuana or related substances or products containing or relating to the same (including Chapter 342 of the Minnesota Statutes, et seq., and Chapter 9810 of the Minnesota Administrative Rules et seq.), in each case as amended and in effect from time to time, and together with all rules, regulations, guidance and the like from time to time promulgated thereunder, or otherwise with respect thereto.

"Tenant" means Bugs Buds, Inc., a Minnesota corporation, or any assigns that have received prior written approval from the Owners.

"Township" means the Town of Big Lake, a Minnesota political subdivision in Sherburne County.

"Unavoidable Delays" means delays outside the control of the Party claiming its occurrence that are the direct result of strikes or other labor troubles; unusually severe or prolonged bad weather; acts of God; fire or other casualty to the Minimum Improvements; litigation commenced by third parties which, by injunction or other similar judicial action, directly results in delays; or acts of any federal, state, or local governmental unit (other than the Owners) which directly result in delays. Unavoidable delays shall not include delays in the Developer's obtaining permits or governmental approvals necessary directly to enable construction of the Minimum Improvements. Unavoidable Delays shall not include delays caused by the Developer's failure to exercise reasonable efforts to obtain permits or governmental approvals necessary to enable construction of the Minimum Improvements by the dates such approval and construction is required under Section 5.3 of this Agreement.

ARTICLE 2
ACQUISITION AND CONVEYANCE OF PROPERTY

Section 2.1 Acquisition and Conveyance of the Property. As of the date of this Agreement, the Owners own the Property. In order to assist the Developer in making construction of the Project economically feasible, the Owners will convey title to and possession of the Property to the Developer at a reduced cost, subject to all the terms and conditions of this Agreement and the Site Plan approval for the Project.

Section 2.2 Purchase Price. The Purchase Price for the Property shall be payable by Developer in accordance with the terms of that certain promissory note attached hereto as **Exhibit C** ("Promissory Note"), which shall be executed at Closing and secured by a mortgage in substantially the form of **Exhibit D** attached hereto ("Owners Mortgage") as security for the Promissory Note.

ARTICLE 3
REPRESENTATIONS AND WARRANTIES

Section 3.1 Representations and Warranties by the Owners. The Owners represent and warrant that:

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

(b) The Township is a Minnesota political subdivision duly organized and existing under the laws of the State of Minnesota. Under the laws of the State, the Township has the power to enter into this Agreement and carry out its obligations hereunder.

(c) The Owners are duly organized pursuant to Minnesota Statutes § 471.59, and exercise such powers as set forth in Joint Resolution 2007-07 and the Declaration of Covenants, Conditions and Restrictions for the Industrial Park of Big Lake effective as of December 17, 2007, as each may be amended from time to time. Accordingly, under the laws of the State, the Owners have the power to enter into this Agreement and carry out their obligations hereunder.

(d) Pursuant to Recital 6 of Joint Resolution 2007-07, the Owners agreed that the development of the real property located within the Big Lake Industrial Park will be completed subject to the City's ordinances, rules, and regulations, with the City's Building Inspector authorized to issue building permits as provided in Article 4, Paragraph G of Joint Resolution 2007-07.

(e) Under this framework, for efficiency and timeliness, the Joint Powers Board may designate the City as the final reviewer and approver of the Final Plans, or any component part of the Final Plans, subject to timely sharing of information and notice of approvals by the City to the Joint Powers Board.

(f) The Owners make no representation or warranty, either express or implied, as to the Property or its condition or soil conditions thereon, or that the Property is suitable for the Developer's needs, except as specifically set forth in this Agreement.

(g) Subject to satisfaction of the terms and conditions of this Agreement, the Owners will convey the Property to the Developer for development in accordance with the terms of this Agreement.

(h) The Owners have received no notice of and have no knowledge of any pending or proposed special assessments affecting the Property or any proposed or pending public improvements which may give rise to any special or area assessments affecting the Property, except as provided in Article 6.

(i) The Owners have received no notice of and have no knowledge that the Property or its use or uses are in violation of applicable law or any applicable private restriction.

(j) The Owners have received no notice of and have no knowledge of any action, litigation, investigation, or proceeding of any kind pending or threatened against the Property, and the Owners know of no facts that could give rise to any such action, litigation, investigation, or proceeding.

(k) There is not a "well" (as defined in Minnesota Statutes § 103I.005, subd. 21) located on the Property.

(l) There is no "individual sewage treatment system" (as defined in Minnesota Statutes § 115.55, subd. 1(g)) located on the Property.

(m) There are no leases, whether oral or written, affecting the Property, nor are Owners aware of any other right, title, or interest in or to the Property being granted to any third party.

(n) The Owners certify that, as of the date hereof, no methamphetamine production has occurred on the Property, pursuant to Minnesota Statutes § 152.0275.

(o) To the best of the Owners' knowledge, there has been no dumping or placement or burying of trash or construction debris in or on the Property.

All representations and warranties shall survive Closing until the Goals are met, or the Financial Assistance is repaid pursuant to the terms of Article 7.

Section 3.2 Representations and Warranties by the Developer. The Developer represents and warrants that:

(a) The Developer is a limited liability company, duly organized and in good standing under the laws of the State, is not in violation of any provisions of its articles of incorporation and bylaws, is duly authorized to transact business within the State, has power to enter into this Agreement and has duly authorized the execution, delivery and performance of this Agreement by proper action of its officers.

(b) Developer has the capacity to enter into this Agreement and to perform its obligations hereunder.

(c) When the Property is conveyed to the Developer, the Developer will construct the Minimum Improvements upon the Property in accordance with the terms of this Agreement, and all local, state and federal laws and regulations (including, but not limited to, environmental, zoning, and building code; and public health laws and regulations).

(d) The Minimum Improvements will be constructed by the Developer, at its sole expense, in such manner, and at such expense as are necessary to make the Property usable by Developer, including all such improvements as are necessary to make the Minimum Improvements comply with all applicable federal, state and local rules, regulations, ordinances and laws.

(e) The Developer will construct the Minimum Improvements in accordance with all required local, state, or federal energy conservation laws or regulations.

(f) The Developer will seek to obtain, in a timely manner, all required permits, licenses and approvals and shall pay all required fees, associated therewith, to meet all requirements of applicable local, state, and federal laws and regulations, all of which must be obtained or met before the Minimum Improvements may be lawfully constructed. The Developer acknowledges that the Owners do not warrant or represent that the Owners will approve an application filed by Developer, except as expressly provided in this Agreement.

(g) The Developer will cooperate with the Owners, and the Owners will cooperate with the Developer with respect to any litigation commenced with respect to the Property or the Minimum Improvements.

(h) The Developer will construct the Minimum Improvements on the Property in accordance with the Site Plan as approved by the City, Joint Powers Board, and Architectural Review Board, subject to allowed minor modifications as provided in this Agreement.

(i) The Developer will commence construction of the Minimum Improvements within one hundred twenty (120) days of Closing, and will complete the construction of the Minimum Improvements on or before ____________, unless such delays are due to Unavoidable Delays.

(j) The Developer will operate and maintain the Minimum Improvements in accordance with the terms of this Agreement and all applicable local, state and federal laws, ordinances, and regulations (including, but not limited to, environmental, zoning, building code, and public health laws and regulations) but excluding Federal Cannabis Laws.

(k) Neither the execution and delivery of this Agreement, the consummation of the transactions contemplated by this Agreement, 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 corporate restriction or any evidences 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.

(l) Whenever any Event of Default occurs and if the Owners shall employ attorneys or incur other expenses for the collection of payments due or to become due or for the enforcement of performance or observance of any obligation or agreement on the part of the Developer under this Agreement, the Developer agrees that it shall, within ten (10) days of written demand by the Owners, pay to the Owners the reasonable fees of such attorneys and such other expenses so incurred by the Owners.

All representations and warranties shall survive Closing for a period of two (2) years.

Section 3.3 Representations and Warranties by the Tenant. The Tenant represents and warrants that:

(a) The Tenant is a corporation, duly organized and in good standing under the laws of the State, is not in violation of any provisions of its articles of incorporation and bylaws, is duly authorized to transact business within the State, has power to enter into this Agreement and has duly authorized the execution, delivery and performance of this Agreement by proper action of its officers.

(b) The Tenant will operate and maintain the Minimum Improvements in accordance with the terms of this Agreement and all applicable local, state and federal laws, ordinances, and regulations (including, but not limited to, environmental, zoning, building code, and public health laws and regulations), but excluding Federal Cannabis Laws.

(c) 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 corporate restriction or any evidences of indebtedness, agreement or instrument of whatever nature to which the Tenant is now a party or by which it is bound, or constitutes a default under any of the foregoing, which default or breach might prevent the Tenant from performing its obligations under this Agreement.

All representations and warranties shall survive Closing for a period of two (2) years.

ARTICLE 4
CONVEYANCE OF PROPERTY

Section 4.1 Status of Property. Except as specifically provided in this Agreement, and subject to the satisfaction of the terms and conditions of this Agreement, the Owners agree to sell the Property to the Developer and the Developer agrees to purchase the Property from the Owners in "as-is" condition through the execution and delivery of the Deed containing a right of reversion as provided under Section 8.3 of this Agreement, and conveying marketable title to the Property, subject to (collectively, the "Permitted Encumbrances"):

(a) building and zoning laws, ordinances, state and federal regulations;

(b) covenants, conditions, restrictions, and easements of record;

(c) reservations of minerals or mineral rights to the State of Minnesota (if any);

(d) the plat of Big Lake Industrial Park Estate Plat Five;

(e) this Contract for Private Development;

(f) the real property taxes payable by Developer as set forth in this Agreement;

(g) the Declaration of Covenants, Conditions and Restrictions for "The Industrial Park of Big Lake" dated December 17, 2007, filed for record as Document No. 664390; and

(h) the Declaration of Covenants, Conditions and Restrictions for "The Industrial Park of Big Lake" dated February 11, 2013, filed for record as Document No. 766664.

Section 4.2 Conditions Precedent to Conveyance of Property.

(a) The Owners' obligation to convey the Property shall be subject to the satisfaction of, or waiver in writing signed by the Owners of, all of the following conditions precedent:

(i) The Developer not being in default under the terms of this Agreement or improving the Property in a manner inconsistent with the Site Plan;

(ii) The Developer having secured all governmental permits and approvals, including preliminary approval of building permits necessary in order to permit construction of the Minimum Improvements within one hundred twenty (120) days of the Closing Date;

(iii) The Developer shall have submitted to the City the Site Plan, and the Architectural Review Board and Joint Powers Board shall have approved the Site Plan prior to Closing;

(iv) The Developer shall have submitted the Final Plans to the City for review and approval by the City or Joint Powers Board, as applicable, prior to the Closing; and

(v) The Developer having submitted and the City having approved evidence of financing for the construction of the Project at least ten (10) days prior to the Closing Date.

(b) The Developer shall be obligated to accept title to the Property subject to satisfaction, or waiver in writing by the Developer, of the following conditions precedent:

(i) The Owners not being in default under the terms of this Agreement at Closing;

(ii) The Developer having obtained Site Plan approval for the Project from the City, Joint Powers Board, and the Architectural Review Board, satisfactory to Developer prior to Closing;

(iii) Within one hundred twenty (120) days of the Effective Date, Developer having determined that it is satisfied, in its sole discretion, with the results and matters related to the Property or construction of the Minimum Improvements related to surveys, environmental reports, additional environmental investigations, building elements, parking lot, zoning, all city and regulatory approvals, site conditions, space planning building improvements, proposed development plans and other due diligence related to the Minimum Improvements and Property. Developer shall be responsible for any and all costs incurred in connection with the

Developer's inspections and due diligence review; and

(iv) Developer having obtained financing for the construction of the Minimum Improvements at least ten (10) days prior to the Closing Date.

If the contingencies have not been satisfied or waived by the Parties on or before the respective dates set forth above, or if any of the respective reports or tests permitted by Section 4.2(b) of this Agreement disclose a condition or conditions of the Property unsatisfactory to the Developer or the Owners, then the respective Party may elect to terminate this Agreement by written notice delivered to the other Party not later than expiration of such applicable dates. Upon such termination, neither Party will have any further rights or obligations regarding this Agreement or the Property. If either Party fails to terminate prior to expiration of such applicable contingency dates, then the contingencies pertaining to each such respective contingency shall be deemed waived by the Party entitled to assert the contingency and the Parties shall perform under this Agreement. If this Agreement is terminated as permitted under the terms of this Section, then upon request by the Owners, the Owners and the Developer agree to sign a cancellation of this Agreement. The Developer shall diligently proceed to satisfy the conditions of this Section.

Section 4.3 Closing.

(a) The closing (the "Closing") of the purchase and sale contemplated by this Agreement shall occur at the offices of the Title Company or such other location mutually agreed upon by the Parties, and shall occur on or before ______________, except as otherwise extended or terminated pursuant to the terms of this Agreement ("Closing Date"). The Parties may complete the Closing through escrow of Closing documents and funds with the Title Company.

(b) The Developer shall take possession of the Property upon execution and delivery of the Deed by the Owners to Developer at Closing.

(c) The Deed shall be in recordable form and shall be promptly recorded along with this Agreement.

(d) At the Closing of this transaction, the Developer shall execute the Promissory Note in the amount of the financial assistance provided by the Owners, and shall grant the Owners the Owners Mortgage as security for the Promissory Note.

(e) At Closing, the Developer shall pay:

(i) all title insurance company fees for title insurance premiums, if any;
(ii) state deed tax;
(iii) the cost of obtaining a current updated title insurance policy;
(iv) recording fees for the Deed and any Mortgage;
(v) one half of the Closing costs charged by the Title Company; and
(vi) all taxes payable in accordance with Article 6 of this Agreement.

(f) At Closing, the Owners shall pay:

(i) all taxes and assessments payable in accordance with Article 6 of this Agreement;
(ii) all recording fees for corrective instruments required to remove encumbrances and place marketable title in Developer's name and easements required under this Agreement;
(iii) one half of the Closing costs charged by the Title Company; and
(iv) the cost of the Commitment.

(g) At the time of the conveyance of the Property by Owners to Developer, Owners shall deliver to Developer (if Owners have not already done so):

(i) all plans, reports, drawings, appraisals, environmental tests, soil borings, real estate tax notices and other records in Owners' possession or control related to the Property; and
(ii) all other documents reasonably required by Developer's title agent in order to complete the transaction described in this Agreement.

(h) Developer and the Owners shall execute and deliver all documents necessary for Closing of this Agreement.

Section 4.4 Title. The Owners shall, within fifteen (15) days after the date of this Agreement, if not already provided, at Owners' sole cost and expense, obtain a current commitment for the issuance of a ALTA Form B owner's policy of title insurance (the "Commitment") issued by a title company acceptable to Developer ("Title Company") to insure that Developer will have good and marketable title to the Property free and clear of all liens, restrictions, covenants and encumbrances except those liens, restrictions, covenants and encumbrances identified in Section 4.1 (the "Permitted Encumbrances"). The Commitment shall include copies of all documents referenced on Schedule B (as such term is defined in the Commitment) and a deferred, pending, and levied special assessment search. Developer shall have fifteen (15) days after receipt of the Commitment to provide objections to title. A mortgage, monetary lien, or any other lien or encumbrance against the Property shall be deemed to be a title objection. In the event any exceptions are listed in the Commitment and objected to by Developer (except for Permitted Encumbrances), if the Owners do not remove the exceptions on or prior to Closing, the Developer shall have the right to waive such exceptions, in which event the Deed to be delivered at Closing shall except such objections, or terminate this Agreement as the Developer's sole and exclusive remedy and in such event neither the Owners nor the Developer shall have any obligations or liability to the other under this Agreement.

Section 4.5 Physical Inspection. Developer and its agents will have the right, from time to time prior to the Closing, to enter upon the Property to examine the same and its condition, and to conduct such surveys and to make such engineering and other inspections, tests, and studies as Developer determines to be reasonably necessary, all at Developer's sole cost and expense. Developer will conduct such examinations or surveys during normal business hours to the extent practicable. Developer will conduct all examinations and surveys of the Property in a manner that will not harm or damage the Property so that it cannot be restored to its prior condition or cause any claim adverse to the Owners, and will restore the Property to its condition prior to any such examinations or surveys immediately after conducting the same. Developer will indemnify, defend, and hold the Owners, their respective officials, employees, contractors, consultants, and agents, harmless from and against any claims for injury or death to persons, damage to property or other losses, damages or claims, including, in each instance, reasonable attorneys 'fees and litigation costs, arising out of any action of any person or firm entering the Property on Developer's behalf as aforesaid, which indemnity will survive the Closing and any termination of this Agreement without the Closing having occurred. Notwithstanding the foregoing, Developer will not be liable merely for the discovery of a pre-existing condition at the Property.

Section 4.6 Charges to be Paid by Developer. Developer shall be responsible for all appropriate fees in connection with issuance of a building permit. Developer shall be responsible for fees associated with land development, such as, but not limited to: park dedication, sanitary and water trunk fees, GIS fees. Developer shall be responsible for City engineering fees for review and inspection of constructions plans and improvements not covered by the building permit fees for private improvements directly related to the Property such as, but not limited to, in-house and/or consulting engineering fees for public utility connections, parking improvements located on the Property and landscaping located in or associated with work in the Owners' rights of way, alley, curb, and sidewalk areas. Developer shall be responsible for any costs for repair or maintenance to Owners' property caused by Developer's construction of the Minimum Improvements. Nothing contained in this Section 4.6 shall prohibit, restrict, limit or otherwise interfere with Developer's ability to apply for or obtain any incentives in connection with the development of the Property (i.e. incentives related to SAC/WAC fees).

Section 4.7 No Representation by the Owners. EXCEPT AS EXPRESSLY SET FORTH IN THIS AGREEMENT, IT IS UNDERSTOOD AND AGREED THAT THE OWNERS ARE NOT MAKING AND HAVE NOT MADE, AT ANY TIME, ANY WARRANTIES OR REPRESENTATIONS OF ANY KIND OR CHARACTER, EXPRESSED OR IMPLIED, WITH RESPECT TO THE PROPERTY, INCLUDING, BUT NOT LIMITED TO, ANY WARRANTIES OR REPRESENTATIONS AS TO HABITABILITY, MERCHANTABILITY, FITNESS FOR A PARTICULAR PURPOSE, TITLE, ZONING, TAX CONSEQUENCES, LATENT OR PATENT PHYSICAL OR ENVIRONMENTAL CONDITIONS, UTILITIES, ACCESS, OPERATING HISTORY OR PROJECTIONS, VALUATION, GOVERNMENTAL APPROVALS, THE COMPLIANCE OF THE PROPERTY WITH GOVERNMENTAL LAWS, THE TRUTH, ACCURACY OR COMPLETENESS OF ANY PROPERTY DATA OR OTHER INFORMATION PERTAINING TO THE PROPERTY DELIVERED TO DEVELOPER BY THE OWNERS OR ANY OTHER MATTER OR THING REGARDING THE PROPERTY. DEVELOPER ACKNOWLEDGES AND AGREES THAT UPON THE CLOSING OF THE TRANSACTION CONTEMPLATED BY THIS AGREEMENT, THE OWNERS SHALL SELL AND DEVELOPER SHALL ACCEPT THE PROPERTY "AS IS, WHERE IS, WITH ALL FAULTS". DEVELOPER HAS NOT RELIED AND WILL NOT RELY ON, AND THE OWNERS ARE NOT LIABLE FOR OR BOUND BY, ANY EXPRESSED OR IMPLIED WARRANTIES, GUARANTIES, STATEMENTS, REPRESENTATIONS, OR INFORMATION PERTAINING TO THE PROPERTY OR RELATING THERETO MADE OR FURNISHED BY THE OWNERS OR AGENT REPRESENTING OR PURPORTING TO

REPRESENT THE OWNERS, TO WHOMEVER MADE OR GIVEN, DIRECTLY OR INDIRECTLY, ORALLY OR IN WRITING, UNLESS SPECIFICALLY SET FORTH IN THIS AGREEMENT.

DEVELOPER REPRESENTS TO THE OWNERS THAT DEVELOPER HAS CONDUCTED, OR WILL HAVE THE OPPORTUNITY TO CONDUCT PRIOR TO CLOSING, SUCH INVESTIGATIONS OF THE PROPERTY, INCLUDING BUT NOT LIMITED TO, THE PHYSICAL, ENVIRONMENTAL AND GEOTECHNICAL CONDITIONS THEREOF, AS DEVELOPER DEEMS NECESSARY TO SATISFY ITSELF OF THE CONDITION OF THE PROPERTY AND THE EXISTENCE OR NONEXISTENCE OR CURATIVE ACTION TO BE TAKEN WITH RESPECT TO ANY HAZARDOUS OR TOXIC SUBSTANCES OR MATERIALS ON, WITHIN, UNDER, OR DISCHARGED FROM THE PROPERTY, AND EXCEPT AS OTHERWISE SPECIFICALLY PROVIDED IN THIS AGREEMENT, WILL RELY SOLELY UPON SAME AND NOT UPON ANY INFORMATION PROVIDED BY OR ON BEHALF OF THE OWNERS.

UPON CLOSING, DEVELOPER SHALL ASSUME ADVERSE MATTERS, INCLUDING BUT NOT LIMITED TO, ADVERSE PHYSICAL, ENVIRONMENTAL, AND GEOTECHNICAL CONDITIONS OF THE PROPERTY AND UPON CLOSING, DEVELOPER SHALL BE DEEMED TO HAVE WAIVED, RELINQUISHED AND RELEASED THE OWNERS (AND THE OWNERS ’OFFICERS, EMPLOYEES, CONTRACTORS, CONSULTANTS, AND AGENTS) FROM AND AGAINST ANY AND ALL CLAIMS, DEMANDS, CAUSES OF ACTION (INCLUDING CAUSES OF ACTION IN TORT) LOSSES, DAMAGES, LIABILITIES, COSTS AND EXPENSES (INCLUDING ATTORNEYS ’FEES AND COURT COSTS) OF ANY AND EVERY KIND OR CHARACTER, KNOWN OR UNKNOWN, WHICH DEVELOPER MIGHT HAVE ASSERTED OR ALLEGED AGAINST THE OWNERS (AND THE OWNERS ’OFFICERS, EMPLOYEES AND AGENTS) AT ANY TIME BY REASON OF OR ARISING OUT OF ANY LATENT OR PATENT PHYSICAL CONDITIONS, VIOLATIONS OF ANY APPLICABLE LAWS) AND ANY AND ALL OTHER ACTS, OMISSIONS, EVENTS, CIRCUMSTANCES, OR MATTERS REGARDING THE PROPERTY.

Section 4.8 Commissions. The Owners warrant and represent to Developer that no real estate broker was involved in this transaction on the Owners' behalf. The Owners shall indemnify Developer against any claim of any broker claiming by, through, or under the Owners. Developer warrants and represents that no real estate broker was involved in this transaction on the Developer's behalf. Developer shall indemnify the Owners against any claim of any broker claiming by, through, or under Developer. This warranty and representation shall survive the Closing of the transaction contemplated by this Agreement.

ARTICLE 5
CONSTRUCTION OF MINIMUM IMPROVEMENTS

Section 5.1 Construction of Minimum Improvements. The Developer agrees that it will construct the Minimum Improvements on the Property in accordance with the Site Plan and the Final Plans and Developer and Tenant agree that they will operate and maintain, preserve and keep the Minimum Improvements or cause the Minimum Improvements to be operated and maintained, preserved, and kept with the appurtenances and every part and parcel of the same in good repair and condition.

Section 5.2 Construction Plans.

(a) Developer shall submit the Final Plans to the City, in a hard copy and CAD.DWG format within sixty (60) days of Closing. The Final Plans shall provide for the construction of the Minimum Improvements and shall be in conformity with this Agreement, the Site Plan, and all applicable state and local laws and regulations. The City shall approve the Final Plans in writing if, in the reasonable discretion of the City (i) the Final Plans conform to the terms and conditions of this Agreement; (ii) the Final Plans conform to all applicable federal, state and local law, ordinances, rules and regulations; (iii) the Final Plans are adequate to provide for the construction of the subject Minimum Improvements; (iv) the Final Plans do not provide for expenditures in excess of the funds which will be available to the Developer for the construction of the Minimum Improvements; and (v) no Event of Default has occurred and is continuing. No approval by the City under this Section 5.2 shall relieve the Developer of the obligation to comply with the terms of this Agreement, applicable federal, state and local laws, ordinances, rules, and regulations, or to construct the Minimum Improvements. No approval by the City shall constitute a waiver of an Event of Default. The City shall review the Final Plans within sixty (60) days of submission of a complete set of Final Plans and either approve the same or provide Developer with a list of specific required changes to be made to the Final Plans. Upon making the specific changes to the Final Plans as required by the City, the Developer shall submit the Final Plans with the required changes to the City for approval and if Developer made the required changes, the Final Plans shall be approved. No building permit shall issue until the City has approved the Final Plans.

(b) If the Developer desires to make any material change in any Final Plans after their approval by the City, the Developer shall submit the proposed change to the City. If the Final Plans, as modified by the proposed change, conform to the requirements of this Section 5.2 with respect to such previously-approved Final Plans, the City shall approve the proposed change and notify the Developer in writing of their approval.

Section 5.3 Construction of Minimum Improvements. The Developer shall commence construction of the Minimum Improvements within one hundred twenty (120) days of Closing. Subject to Unavoidable Delays, the Developer shall substantially complete construction of the Minimum Improvements, except for minor "punch list" items, on or before _____________.

Section 5.4 Construction Requirements. In constructing the Minimum Improvements, the Developer shall comply with all federal, state, and local laws and regulations.

Section 5.5 Failure to Accept Title to Property or to Construct. In the event all conditions precedent set forth in this Agreement are met or waived and the Developer fails to accept title to the Property pursuant to Article 4 of this Agreement, or construction of the Minimum Improvements is not commenced or completed as provided in Section 5.3 of this Agreement, the Developer shall be liable to the City for the amount of the City's actual expenses incurred for review of the Final Plans under this Article 5 related to this Agreement as liquidated damages.

ARTICLE 6
REAL PROPERTY TAXES AND SPECIAL ASSESSMENTS

On or prior to the Closing Date, (a) the Owners shall pay all levied special assessments against the Property which are due and payable for all years prior to the year of the Closing Date and the portion of the current year prior to the Closing Date, if any, and (b) the Developer shall assume all pending and levied special assessments as of the Closing Date and thereafter. Real estate taxes due and payable in the year of Closing shall be prorated between Owners and Developer on the basis of the number of days in the calendar year of Closing before the Closing Date (as to Owners) and on and after the Closing Date (as to Developer). Developer shall pay all real estate taxes and pending and levied special assessments due and payable in the year following Closing and thereafter. The Owners warrant that other than the pending or levied assessments of record, the Owners have no knowledge of any pending special assessments or actions by the Owners which would result in any special assessments (e.g. preparation of plans and specifications for street or utility improvements serving the Property within the meaning of Minnesota Statutes § 429.031). The Developer shall be responsible for all other assessments levied after Closing.

ARTICLE 7
FINANCIAL ASSISTANCE AGREEMENT

Section 7.1 Assistance. It is the intention of the Parties that, as a necessary inducement to Developer to commence and complete the construction of the Minimum Improvements, the Owners shall contribute not more than the Purchase Price as the financial assistance, plus the costs and expenses for which Owners are responsible as set forth in this Agreement. The form of the financial assistance, which shall be provided for Developer by the Owners, is the conveyance of the Property to Developer through a forgivable loan for the Purchase Price for the Property. The requirements of this Article 7 shall be managed and enforced by the City.

Section 7.2 Financial Assistance. In order to satisfy the provisions of the Business Subsidies Act, the Developer acknowledges and agrees that the amount of the financial assistance granted to the Developer under this Agreement is Seventy-Eight Thousand Four Hundred and No/100 Dollars ($78,400.00), half of which shall be deemed to come from each of the Owners (the "Financial Assistance"), and that this Financial Assistance is needed because the Project is not sufficiently feasible for the Developer to undertake without the Financial Assistance. The public purpose of the Financial Assistance is to create four (4) full-time jobs in the City and to enhance the tax base. Within two (2) years after the Benefit Date (the "Compliance Date"), the Developer shall meet the following goals (the "Goals"): it will have created four (4) full-time equivalent jobs at an hourly wage of at least $15.00 per hour, exclusive of benefits. Once Developer has achieved the Goals, the Goals must be maintained for a period of at least one (1) year.

Section 7.3 Repayment. If the Goals are not met, Developer shall pay the Owners the sums required pursuant to the terms of the Promissory Note ("Financial Obligation"), accruing from and after the Benefit Date. If the Goals are met in part, the Developer will repay a portion of the Financial Assistance plus interest in accordance with the terms of the Promissory Note.

Section 7.4 Reports. Tenant agrees to (i) report or cause to be reported the progress on achieving the Goals to the City until the Goals are met, or the Financial Assistance is repaid, whichever occurs earlier; (ii) include or cause to be included in the report the information required on forms developed by the Minnesota Department of Employment and Economic Development; and (iii) send the completed reports to the City. The Tenant agrees to file (or cause to be filed) these reports no later than March 1 of each year beginning the year after the Benefit Date, and within thirty (30) days after the deadline for meeting the Goals. The City agrees that if it does not receive the reports, it will mail the Tenant a warning within one (1) week of the required filing date. If, within fourteen (14) days of the post-marked date of the warning letter, the reports are not made, the Tenant agrees to pay to the City a penalty of $100.00 for each subsequent day until the report is filed up to a maximum of $1,000.

Section 7.5 Operation and Other Assistance. Developer and Tenant agree that they will continuously operate as a cannabis cultivation and manufacturing facility on the Property for at least five (5) years after the Benefit Date. Notwithstanding the foregoing, (a) in the event that any revision, amendment, or enactment of State Cannabis Laws or Federal Cannabis Laws prevents or prohibits the Developer or Tenant from using the Property for cannabis cultivation and/or manufacturing, the Developer shall have the right, without the consent of the Owners, to change the use of the Property to any other lawful use permitted under applicable zoning; and (b) for any other proposed change in use of the Property during the five (5) year period following the Benefit Date, the Developer shall obtain the prior written approval of the Owners, which approval shall not be unreasonably withheld, conditioned or delayed. Any change in use permitted under this Section 7.5 shall not constitute a failure to continuously operate for purposes of Section 7.8 of this Agreement, provided that the Developer and Tenant continue to satisfy the Goals set forth in Section 7.2 or such modified goals as may be agreed upon by the Parties in connection with such change in use.

Section 7.6 Requirements. The following requirements are required by the Business Subsidy Act:

(a) The Financial Assistance is being provided for the public purposes of retaining or increasing employment within the City and developing property that is currently vacant and underutilized. The Financial Assistance is necessary to offset the high costs associated with preparing the Property for development. Also, absent the Financial Assistance, the proposed development would not occur, and jobs would not be retained or created.

(b) There are no other state or local government agencies providing financial assistance for the Project other than the Owners.

(c) The Developer and Tenant certify that, from time to time, one or both of PSBX Operations LLC, a Minnesota limited liability company, and Pandora's Stashbox, Inc., a Minnesota corporation (each, a "Parent Company"), may be the parent company of the Developer and/or the Tenant. To the extent required by the Business Subsidy Act, the Developer and Tenant shall provide notice to the Owners of any change in parent company status (other than a Parent Company) within thirty (30) days of such change. As of the date of this Agreement, the Developer and Tenant represent that neither has received financial assistance under the Business Subsidy Act from any grantor that would be attributed to them through a Parent Company.

Section 7.7. Subsidy Default Defined. It shall be a default under this Agreement related to the business subsidy if either the Developer or Tenant fail to comply with the term or provision of this Article, and fails to cure such failure within thirty (30) days after written notice to the Developer and Tenant of the default, but only if the default has not been cured within thirty (30) days.

Section 7.8. Remedies on Subsidy Default. The parties agree that the Financial Assistance is a forgivable loan, repayable only if the Developer and Tenant fail to fulfill the obligations under Section 7.2 or 7.5 of this Agreement. If the Tenant fails to meet the Goals, or the requirement of 7.5, the Tenant and Developer, jointly and severally, shall repay to the Owners, upon written demand from the City a "pro rata share" of the Financial Assistance and interest on the Financial Assistance at the rate set forth in the Promissory Note. The term "pro rata share" means percentages calculated as follows:

(a) if the failure relates to the number of jobs, the jobs required less the jobs retained, divided by the jobs required;

(b) if the failure relates to wages, the number of jobs required less the number of jobs that meet the required wages, divided by the number of jobs required;

(c) if the failure relates to a failure to continue operations of the Minimum Improvements for the purposes described in this Agreement in accordance with Section 7.5, sixty (60) less the number of months of operation (where any month in which the Minimum Improvements are in operation for at least fifteen (15) days constitutes a month of operation), commencing on the Benefit Date and ending with the date operation is ceased, as reasonably determined by the City, divided by sixty (60); and

(d) if more than one of clauses (a) through (c) apply, the sum of the applicable percentages, not to exceed one hundred percent (100%).

Nothing in this Section shall be construed to limit the Owners' remedies under Article 8 hereof. In addition to the remedy described in this Section and any other remedy available to the Owners for failure to meet the Goals stated in Section 7.2, the Tenant and the Developer agree and understand that it may not receive a business subsidy from the Owners or any grantor (as defined in the Business Subsidy Act) for a period of five years from the date of the failure or until the Developer and/or Tenant satisfy their repayment obligations under this Section.

Section 7.9. Costs of Enforcement. Whenever any default occurs under this Agreement and the Owners shall employ attorneys or incur other expenses for the collection of payments due or for the enforcement of performance or observance of any obligation or agreement on the part of the Developer and Tenant under this Agreement, the Developer and Tenant shall be liable to the Owners for the reasonable fees of such attorneys and such other expenses so incurred by the Owners; provided, that the Developer and Tenant shall only be obligated to make such reimbursement if the Owners prevail in such collection or enforcement action.

ARTICLE 8
OTHER FINANCING; PROHIBITIONS AGAINST ASSIGNMENT AND TRANSFER

Section 8.1. Generally. As required under Article 4, the Developer shall submit to the Owners or provide access thereto for review by City staff, consultants and agents, evidence reasonably satisfactory to the Owners that Developer has available funds, or commitments to obtain funds, whether in the nature of mortgage financing, equity, grants, loans, or other sources sufficient for paying the cost of developing the Minimum Improvements, provided that any lender or grantor commitments shall be subject only to such conditions as are normal and customary in the commercial lending industry.

Section 8.2. Owners' Option to Cure Default on Mortgage. In the event that any portion of the Developer's funds is provided through mortgage financing, and there occurs a default under any Mortgage reviewed by the Owners pursuant to Article 8 of this Agreement, the Developer shall cause the Owners to receive copies of any notice of default received by the Developer from the holder of such Mortgage. Thereafter, the Owners shall have the right, but not the obligation, to cure any such default on behalf of the Developer within such cure periods as are available to the Developer under the Mortgage documents, to the extent the Mortgage documents permit the Owners to cure such default.

Section 8.3. Modification; Subordination. If required by the Developer's construction or permanent lender, the Owners agree to subordinate this Agreement and Owners Mortgage to the construction or permanent Mortgage to provide that Mortgage with a first lien priority, in a form reasonably acceptable to the Owners and approved by the Owners by formal action.

Section 8.4. Representation as to Development. Developer represents and agrees that its purchase of the Property and its other undertakings pursuant to this Agreement are, and will be used, for the purpose of development of the Property and not for speculation in land holding.

Section 8.5. Prohibition Against Developer's Transfer of Property and Assignment of Agreement. Developer represents and agrees that prior to issuance of a Certificate of Completion for the Minimum Improvements:

(a) Developer has not made or created and will not make or create or suffer to be made or created any total or partial sale, assignment, conveyance, or lease, or any trust or power, or transfer in any other mode or form of or with respect to this Agreement or the Property, or any contract or agreement to do any of the same, to any person or entity (collectively, a "Transfer"), without the prior written approval of the Owners. The parties agree that the term "Transfer" does not include (i) encumbrances made or granted by way of security for, and only for, the purpose of obtaining construction, interim or permanent financing necessary to enable the Developer to construct the Minimum Improvements, (ii) any lease, license, easement or similar arrangement entered into in the ordinary course of business related to operation of the Minimum Improvements, including, but not limited to, leasing of the Minimum Improvements to Tenant or (iii) any conveyance of membership interests or change in the equity owners of Developer. Any such Transfer is subject to the provisions of this Section. It is expressly understood that any lease between the Developer and the Tenant does not constitute a transfer for purposes of this Agreement.

(b) In the event Developer, upon Transfer of the Property or any portion thereof before issuance of the final Certificate of Completion, seeks to be released from its obligations under this Agreement as to the Property or portion thereof that is transferred, the Owners shall be entitled to require, except as otherwise provided in this Agreement, as conditions to any such release, that:

(i) Any proposed transferee shall have the qualifications and financial responsibility, in the reasonable judgment of the Owners, necessary and adequate to fulfill the obligations undertaken in this Agreement by the Developer as to the portion of the Property to be transferred.

(ii) Any proposed transferee, by instrument in writing satisfactory to the Owners and in form recordable in the public land records of Sherburne County, Minnesota shall, for itself and its successors and assigns, and expressly for the benefit of the Owners, have expressly assumed all of the obligations of the Developer under this Agreement as to the portion of the Property to be transferred and agreed to be subject to all the conditions and restrictions to which the Developer is subject as to such portion; provided, however, that the fact that any transferee of, or any other successor in interest whatsoever to, the Property, or any part thereof, shall not, for whatever reason, have assumed such obligations or so agreed and shall not (unless and only to the extent otherwise specifically provided in this Agreement or agreed to in writing by the Owners) deprive the Owners of any rights or remedies or controls with respect to the Property, the Minimum Improvements or any part thereof or the construction of the Minimum Improvements, it being the intent of the parties as expressed in this Agreement that (to the fullest extent permitted at law and in equity and excepting only in the manner and to the extent specifically provided otherwise in this Agreement) no transfer of, or change with respect to, ownership in the Property or any part thereof, or any interest therein, however consummated or occurring, and whether voluntary or involuntary, shall operate, legally, or practically, to deprive or limit the Owners of or with respect to any rights or remedies on controls provided in or resulting from this Agreement with respect to the Property that the Owners would have had, had there been no such transfer or change. In the absence of specific written agreement by the Owners to the contrary, no such transfer or approval by the Owners thereof shall be deemed to relieve the Developer or any other party bound in any way by this Agreement or otherwise with respect to the Property, from any of its obligations with respect thereto.

(iii) Any and all instruments and other legal documents involved in effecting the Transfer of any interest in this Agreement or the Property governed by this Article 8, shall be in a form reasonably satisfactory to the Owners.

In the event the foregoing conditions are satisfied, then the Developer shall be released from its obligations under this Agreement, as to the portion of the Property that is transferred, assigned or otherwise conveyed.

ARTICLE 9
EVENTS OF DEFAULT

Section 9.1 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 (unless the context provides otherwise), any one or more of the following events:

(a) Failure by the Developer or Tenant to pay or caused to be paid when due any payments required to be paid under this Agreement or to pay when due ad valorem taxes on the Property which are Developer's obligations under this Agreement.

(b) Failure by the Developer to commence, diligently pursue, and complete construction of the Minimum Improvements, or portions thereof, pursuant to the terms, conditions, and limitations of this Agreement.

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

(d) The Developer does any of the following prior to completion of construction of the Minimum Improvements: (i) files any petition in bankruptcy or for any reorganization, arrangement, composition, readjustment, liquidation, dissolution, or similar relief under United States Bankruptcy Laws or any similar federal or state laws; or (ii) make an assignment for the benefit of its creditors; or (iii) admit, in writing, its inability to pay its debts generally as they become due; or (iv) be adjudicated, bankrupt or insolvent.

(e) If any warranty or representation by the Developer or Tenant in this Agreement is untrue in any material respect.

(f) Failure by Owners to observe or perform any covenant, condition, obligation or agreement on its part to be observed or performed hereunder.

(g) If any warranty or representation by the Owners in this Agreement is untrue in any material respect to the extent provided under Section 3.1.

Section 9.2 Owners' Remedies on Default. The enforcement of an Event of Default shall be the responsibility of the City on behalf of the Owners. Whenever any Event of Default by the Developer referred to in Section 9.1 of this Agreement occurs, the Owners may take any one or more of the following actions, and unless otherwise provided such actions may be taken only after providing thirty (30) days written notice to the Developer of the Event of Default and the Event of Default has not been cured within said thirty (30) days or, if the Event of Default is by its nature incurable within thirty (30) days, the Developer does not provide assurances to the Owners reasonably satisfactory to the Owners that the Event of Default will be cured and will be cured as soon as reasonably possible:

(a) Suspend their performance under the Agreement until it receives assurances from the Developer, deemed adequate by the City, that the Developer will cure its default and continue its performance under the Agreement; or

(b) Terminate this Agreement; or

(c) Take whatever action, including legal, equitable or administrative action, which may appear necessary or desirable to the City to collect any payments due or damages arising under this Agreement or to enforce performance and observance of any obligation, agreement, or covenant of the Developer under this Agreement; or

(d) Notwithstanding anything to the contrary herein, in the case of defaults by Developer or the Tenant described in Sections 7.2 and 7.5, the City has the additional remedies specified under Article 7.

Section 9.3 Revesting Title in Owners upon Happening of Event Subsequent to Conveyance to Developer. In the event that subsequent to the execution and delivery of the Deed the Developer shall fail to complete construction of the Minimum Improvements in conformity with this Agreement and such failure shall not be cured within ninety (90) days after written notice to do so, or within a reasonable amount of time thereafter if Developer is diligently proceeding with the construction of the Minimum Improvements or such delay is caused by Unavoidable Delays, then the Owners shall have the right to immediately reenter and take possession of the Property and to terminate (and revest in the Owners) the estate conveyed by the Deed to the Developer, it being the intent of this provision, together with other provisions of the Agreement, that the conveyance of the Property to the Developer shall be made upon, and that the Deed shall contain a condition subsequent to the effect that in the event of a default under this Section 9.3, the Owners at their option may declare a termination in favor of the Owners of the title, and all of the rights and interests in and to the property conveyed to the Developer, and that such title and all rights and interests of the Developer, and any assigns or successors in interest to and in the Property, shall revert to the Owners. Owners understand and agree that any such reentry of the Property shall be subject to any superior lender and the rights of any tenant pursuant to a written lease agreement with Developer to occupy the Property.

Section 9.4 No Remedy Exclusive to Owners. No remedy conferred upon or reserved to the Owners as provided in this Agreement 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 of such right or power, but any such right and power may be exercised from time to time and as often as may be deemed expedient.

Section 9.5 Costs of Enforcement; Attorneys' Fees. Whenever any Event of Default occurs and the Owners shall employ attorneys or incur expenses for the collection of payments due or to become due or for the enforcement of performance or observance of any obligation or agreement on the part of the Developer under this Agreement, the Developer shall be liable to the Owners for the reasonable fees of such attorneys and such other expenses so incurred by the Owners. The Developer agrees that it shall, within ten (10) days of written demand by the Owners pay to the Owners the reasonable fees of such attorneys and such other expenses so incurred by the Owners; provided, that the Developer shall only be obligated to make such reimbursement if the Owners' prevail in such collection or enforcement action.

Section 9.6 Developer's Remedies on Default. Whenever any Event of Default by Owners referred to in Section 9.1(f) or (g) of this Agreement occurs, the Developer may take any one or more of the following actions and unless otherwise provided such actions may be taken only after providing thirty (30) days written notice to the Owners of the Event of Default and the Event of Default has not been cured within said thirty (30) days or, if the Event of Default is by its nature incurable within thirty (30) days, the Owners do not provide assurances to the Developer reasonably satisfactory to the Developer that the Event of Default will be cured and will be cured as soon as reasonably possible:

(a) Up to the Closing:

(i) suspend its performance under the Agreement until it receives assurances from the Owners, deemed adequate by the Developer, that the Owners will cure their default and continue its performance under the Agreement; or

(ii) terminate this Agreement; or

(b) Take whatever action, including legal, equitable or administrative action, which may appear necessary or desirable to the Developer to collect any damages arising under this Agreement or to enforce performance and observance of any obligation, agreement, or covenant of the Owners under this Agreement.

Section 9.7 No Remedy Exclusive to Developer. No remedy herein conferred upon or reserved to the Developer is intended to be exclusive of any other available remedy or remedies, but each and every such remedy shall be cumulative and shall be in addition to every other remedy given under this Agreement or now or hereafter existing at law or in equity or by statute. 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 9.8 Compliance with State Cannabis Laws. Notwithstanding anything herein to the contrary, in no event shall the violation of Federal Cannabis Laws constitute an Event of

Default under this Agreement, so long as such violating Party is in compliance with all State Cannabis Laws.

ARTICLE 10
ADDITIONAL PROVISIONS

Section 10.1 Certificate of Completion. Promptly after substantial completion of the Minimum Improvements in accordance with the provisions of this Agreement, based on the Owners' reasonable discretion in determining substantial completion, the Owners will furnish Developer with a certificate of completion in substantially the form of **Exhibit E** (the "Certificate of Completion"). Such certification by the Owners shall be a conclusive determination of satisfaction and termination of the agreements and covenants in this Agreement with respect to the obligations of Developer and Tenant, and their successors and assigns, to construct the Minimum Improvements, and shall operate to forever waive the Owners' interest in the Property, including the right of reverter.

If the Owners shall refuse or fail to provide any certification in accordance with the provisions of this Section 10.1, the Owners shall, upon demand, provide Developer and Tenant with a written statement, indicating in adequate detail in what respect Developer and/or Tenant has failed to complete the Minimum Improvements in accordance with the provision of this Agreement, or is otherwise in default, and what measures or acts will be necessary, in the opinion of the Owners, for Developer to take or perform in order to obtain such certification. Upon Developer's completion of the items so described by the Owners, the Owners shall deliver a fully executed Certificate of Completion to Developer.

Section 10.2 Restrictions on Use. The Developer agrees for itself and its successors and assigns and every successor in interest to the Property, or any part thereof, that the Developer and such successors and assigns shall not operate the Project, or cause the Project to be operated, for any purpose other than as a cultivation and manufacturing facility for Tenant, and only to, and in accordance with, the uses specified in the City Code, for five (5) years after the Benefit Date.

Section 10.3 Equal Employment Opportunity. The Developer agrees, for itself and its successors and assigns, that during the construction of the Minimum Improvements provided for in this Agreement it will comply with all applicable federal, state, and local equal employment and nondiscrimination laws and regulations.

Section 10.4 Conflicts of Interest. No member of the governing body or other official of the Owners shall have any financial interest, direct or indirect, in this Agreement, 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 interest or the interest of any corporation, partnership or association in which he or she is, directly or indirectly, interested. No member, official or employee of the Owners shall be personally liable to the Developer or any successors in interest, in the event of any default or breach by the Owners or for any amount which may become due to the Developer or successor or on any obligations under the terms of the Agreement.

Section 10.5 Waiver and Release by Developer. The Developer hereby waives, releases and forever discharges the Owners as parties under this Agreement from any claim for costs incurred in preliminary plans, specifications, site testing improvements, Developer's professional fees or Developer's legal fees in connection with the Project.

Section 10.6 Titles of Articles and Sections. Any titles of the several parts, Articles and Sections of this Agreement are inserted for convenience and reference purposes only and shall be disregarded in construing or interpreting any of its provisions.

Section 10.7 Notices and Demands. Except as otherwise expressly provided in this Agreement, a notice, demand, or other communication under this Agreement by either party to the other shall be sufficiently given or delivered if it is dispatched by registered or certified mail, postage prepaid, return receipt requested, or delivered personally; and

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

PSBX Real Estate LLC
1041 Grand Avenue, #219
St. Paul, MN 55105
Attn: Anthony Wilson

with a copy to:

Anthony Wilson
14025 53rd Ave. N.
Plymouth, MN 55446

And

Hinshaw & Culbertson LLP
250 Nicollet Mall, Suite 1150
Minneapolis, MN 55401
Attention: Andrew C. Thompson

(b) In the case of the Tenant, is addressed or delivered personally to:

Bugs Buds, Inc.
7818 Xavier Drive NW
Bemidji, Minnesota 56601
Attn: Crystal Denton

(c) In the case of the Owners, is addressed or delivered personally to:

City Administrator
City of Big Lake
160 Lake Street North
Big Lake, Minnesota 55309

And

Town of Big Lake
21960 County Road 5 NW
PO Box 75
Big Lake, MN 55309
Attn: Township Clerk

with a copy to:

Soren Mattick
CAMPBELL KNUTSON, P.A.
860 Blue Gentian Road, Suite 290
Eagan, Minnesota 55121
Telephone: (651) 452-5000

And

Peter Tiede
Duea, Olson, and Tiede
4770 White Bear Parkway
White Bear Lake MN 55110
Telephone: (651) 964-2518

(d) Either Party may, upon written notice to the other Party, change the address to which such notices and demands are made.

Section 10.8 Disclaimer of Relationship. The Developer acknowledges that nothing contained in this Agreement nor any act by the Owners or the Developer shall be deemed or construed by the Developer or any third person to create any relationship of third-party beneficiary, principal and agent, limited or general partner or joint venture between the Owners and the Developer.

Section 10.9 Covenants Running with the Land. The terms and provisions of this Agreement shall be deemed to be covenants running with the Property and shall be binding upon any successors or assigns of the Developer and any future owners or encumbrancers of the Property.

Section 10.10 Counterparts. This Agreement is executed in any number of counterparts, each of which shall constitute one and the same instrument.

Section 10.11 Governing Law; Venue. This Agreement will be governed and construed in accordance with the laws of the State of Minnesota. Any legal actions arising out of or related to this Agreement shall be subject to the jurisdiction of and venued in the Minnesota State District Courts located in Sherburne County, Minnesota.

Section 10.12 Incorporation of Recitals and Exhibits. The Recitals at the beginning of this Agreement, and the Exhibits attached to the end of this Agreement, are each and every one true and correct, and are each and every one incorporated into and made part of this Agreement.

Section 10.13 Termination of Development Agreement. Promptly after Developer's and Tenant's compliance with Section 7.2 and Section 7.5 of this Agreement, based on the Owners' reasonable discretion in determining compliance, the Owners will furnish Developer with a recordable termination of this Agreement and satisfaction of the Owners Mortgage in form reasonably satisfactory to Developer. Such termination and satisfaction by the City shall be a conclusive determination of satisfaction and termination of the agreements and covenants in this Agreement and a release of the Owner's Mortgage.

If the Owners shall refuse or fail to provide the termination in accordance with the provisions of this Section 10.13, the Owners shall, upon demand, provide Developer with a written statement, indicating in adequate detail in what respect Developer and/or Tenant has failed to complete the obligations of Section 7.2 and/or Section 7.5 of this Agreement, as the case may be, or is otherwise in default, and what measures or acts will be necessary, in the opinion of the Owners, for Developer and/or Tenant to take or perform in order to obtain such termination. Upon Developer's and/or Tenant's completion of the items so described by the Owners, the Owners shall deliver a fully executed termination and satisfaction in accordance with the provisions of this Section 10.13.

IN WITNESS WHEREOF, the Owners have caused this Agreement to be duly executed in their name and on their behalf, and the Developer and Tenant have caused this Agreement to be duly executed in its name and behalf, on or as of the date first written above.

[Remainder of page left blank intentionally. Signature pages follow.]

OWNERS:

CITY OF BIG LAKE

By:____________________________
Paul Knier, Mayor

By: ____________________________
Gina Wolbeck, City Clerk

STATE OF MINNESOTA)
) ss.
COUNTY OF SHERBURNE)

The foregoing instrument was acknowledged before me this _____ day of ____________, 2026, by Paul Knier and Gina Wolbeck, the Mayor and City Clerk, respectively, of the City of Big Lake, a Minnesota municipal corporation, on behalf of the corporation and pursuant to the authority granted by its City Council.

____
Notary Public

TOWN OF BIG LAKE

By: ________________________________
Bruce Aubol, Town Chair

And

By: ________________________________
Brenda Kimberly-Maas, Town Clerk

STATE OF MINNESOTA)
) ss.
COUNTY OF SHERBURNE)

The foregoing instrument was acknowledged before me this _____ day of ____________, 2026, by Bruce Aubol and Brenda Kimberly-Maas, the Town Chair and Clerk, respectively, of Town of Big Lake, a Minnesota political subdivision in Sherburne County, on its behalf.

____
Notary Public

DEVELOPER:

PSBX REAL ESTATE LLC

By:____________________________
Anthony Wilson, Manager

STATE OF MINNESOTA)
) ss.
COUNTY OF ____________)

The foregoing instrument was acknowledged before me this _____ day of ___________, 2026, by Anthony Wilson, the Manager of PSBX Real Estate LLC, a Minnesota limited liability company, on its behalf.

____
Notary Public

TENANT:

BUGS BUDS, INC.

By:______________________________
Crystal Denton, ______________

STATE OF MINNESOTA)
) ss.
COUNTY OF ____________)

The foregoing instrument was acknowledged before me this _____ day of ___________, 2026, by Crystal Denton, the _______________ of Bugs Buds, Inc., a Minnesota corporation, on its behalf.

____
Notary Public

THIS INSTRUMENT DRAFTED BY:
CAMPBELL KNUTSON
Professional Association
Grand Oak Office Center I
860 Blue Gentian Road, Suite 290
Eagan, Minnesota 55121
Telephone: (651) 452-5000

EXHIBIT A
TO
CONTRACT FOR PRIVATE DEVELOPMENT

Legal Description of the Property

Lot 2, Block 1, Big Lake Industrial Park East Plat Six, Sherburne County, Minnesota, according to the recorded plat thereof.

EXHIBIT B
TO
CONTRACT FOR PRIVATE DEVELOPMENT

Concept Plan (page 1)

Will be provided at a later date.

EXHIBIT C
TO
CONTRACT FOR PRIVATE DEVELOPMENT

PROMISSORY NOTE

$78,400.00 Big Lake, Minnesota
Dated: ____________, 2026

FOR VALUE RECEIVED, the undersigned, **PSBX REAL ESTATE LLC.**, a Minnesota limited liability company (**"Borrower"**), promises to pay to the order of the **CITY OF BIG LAKE**, a Minnesota municipal corporation, and **TOWN OF BIG LAKE**, a Minnesota political subdivision in Sherburne County, or their successors and assigns (collectively, the "**Lenders**"), at Big Lake City Hall, 160 Lake Street, Big Lake, MN 55309, or at such other place as the holders of this Note ("**Note**") may require, the principal sum of Seventy-Eight Thousand Four Hundred and No/100 Dollars ($78,400.00), as required under the terms of the Contract for Private Development between the Borrower and the Lenders, dated ______________, 2026 ("Contract for Private Development"). Principal payable under this Note shall be paid as follows:

The outstanding principal, together with interest on the unpaid principal balance from the date hereof, shall be due in cash or certified funds on such date that is sixty (60) months following the Benefit Date, as defined in the Contract for Private Development; provided, however, that notwithstanding the foregoing, the principal balance and interest accrued thereon pursuant to this Note shall be adjusted and reduced to zero and 00/100 Dollars ($0.00) if Borrower, directly or indirectly: (a) substantially completes the Minimum Improvements in accordance with Article 5 of the Contract for Private Development; (b) meets the Goals identified in the Section 7.2 of the Contract for Private Development; and (c) maintains a use of the Property as a manufacturing facility for the duration required under Section 7.5 of the Contract for Private Development. Upon compliance with the foregoing by Borrower, Lenders shall promptly execute and record a satisfaction of the Mortgage (as defined below).

The principal balance and interest thereon shall be payable in coin or currency which at the time of payment is legal tender for the payment of public or private debts in the United States of America. This Promissory Note may be prepaid in full or in part at any time, but Lenders acknowledge and agree that Borrower is under no obligation to make any payments pursuant to this Note during the term hereof.

The interest rate (termed "**Note Rate**") shall be set at the minimum rate authorized under Minnesota Statutes § 116J.994, subd. 6, which shall be applied to any and all amounts of principal advanced pursuant to the terms of this Note remaining unpaid from time to time. Per diem interest during the Loan term shall be computed on the basis of a three hundred sixty (360) day year but shall be payable on the actual days elapsed during the term of this Note.

All payments made under this Note shall be applied first to costs, second to any late charges due hereunder, then interest, and finally to principal, except that if any advances made by the Lenders due to the occurrence of an Event of Default are not repaid on demand, any moneys received, at the option of the Lenders, may first be applied to repay such advances, plus interest thereon at the Note Rate, and the balance, if any, shall be applied on account of any principal and/or interest then due.

This Note is secured by a Mortgage of even date herewith (the "**Mortgage**") by which the fee owner of the Property to be developed, as defined and set forth in the Contract for Private Development, have granted to the Lenders a mortgage lien on certain real property located in Sherburne County, Minnesota (the "**Property**"). The terms of the Mortgage are incorporated herein by reference and made a part hereof.

Borrower shall be in default upon the occurrence of any of the following events, circumstances or conditions (**"Events of Default"**):

A. Failure by any party obligated on this Note or any other obligations Borrower has with the Lenders to make payment when due and beyond any applicable cure period; or

B. Failure to comply with all provisions related to construction of the Minimum Improvements under Article 5 of the Contract for Private Development or the financial assistance requirements contained in Article 7 of the Contract for Private Development; or

C. Borrower is in default of the Contract for Private Development as provided under Section 9.1 of the Contract for Private Development.

D. The dissolution or insolvency of, the appointment of a receiver by or on behalf of, the assignment for the benefit of creditors by or on behalf of, the voluntary or involuntary termination of existence by, or the commencement of any proceeding under any present or future federal or state insolvency, bankruptcy, reorganization, composition or debtor relief law by or against Borrower, or any co-signer, endorser or surety of this Note.

It is agreed that time is of the essence in performance of this Note. Notwithstanding any provision contained in the Note, the Lenders agree to provide written notice to the Borrower of any default by Borrower under the Note. The Borrower shall have an opportunity to cure such default for a period of thirty (30) days following receipt of such notice. The Lenders agree not to take any action until the expiration of the thirty (30) day period. In the event Borrower fails to cure any defaults under the Note within thirty (30) days of the notice of a default, then, at the Lender's option, all or any part of this Note shall be immediately due and payable without notice or demand. The Lenders may exercise all rights and remedies provided by law, equity, this Note, any mortgage, deed of trust or similar instrument and any other security, loan or surety agreements pertaining to this Note. The Lenders are entitled to all rights and remedies provided at law or equity whether or not expressly stated in this Note. By choosing any remedy, the Lenders do not waive their right to an immediate use of any other remedy if the Event of Default continues or occurs again.

The remedies of the Lenders, as provided herein and in the Mortgage shall be cumulative and concurrent and may be pursued singularly, successively, or together at the sole discretion of the Lenders and may be exercised as often as the occasion therefore shall arise.

Upon the occurrence of an Event of Default, the Lenders may recover from Borrower all reasonable expenses of collection in realizing on any security interest, and if the same is referred to an attorney for collection or any action at law or in equity is brought with respect hereto, Borrower shall pay the Lenders all reasonable expenses and costs of collection, including but not limited to reasonable attorneys 'fees and court costs. Any such fees and costs shall be added to the principal, and interest shall accrue thereon at the Note Rate and shall be secured by the Collateral (as hereinafter defined).

Regarding this Note, to the extent not prohibited by law, Borrower and any other signers:

A. Waive protest, presentment for payment, notice of intent to accelerate and notice of dishonor.

B. Consent to any renewals and extensions for payment on this Note, regardless of the number of such renewals or extensions.

C. Consent to the release, substitution or impairment of any Collateral (as hereinafter defined).

D. Consent that Borrower is authorized to modify the terms of this Note or any instrument securing or relating to this Note.

E. Consent to any and all sales, repurchases and participations of this Note to any person in any amounts and waive notice of such sales, repurchases or participations of this Note.

All agreements between the Lenders and Borrower are hereby expressly limited so that in no contingency or event whatsoever, by reason of acceleration of maturity of the indebtedness evidenced hereby or otherwise, shall the amount paid or agreed to be paid to the Lenders for the use, forbearance, loaning or detention of the indebtedness evidenced hereby exceed the maximum permissible under applicable law. If from any circumstances whatsoever, fulfillment of any provisions hereof or of the Mortgage shall involve transcending the limit of validity prescribed by law, then the obligation to be fulfilled shall automatically be reduced to the limit of such validity and if from any circumstances the Lenders should ever receive as interest an amount which would exceed the highest lawful rate, such amount which would be in excess of such highest lawful rate shall be applied to the reduction of the principal balance evidenced hereby and not to the payment of interest or returned to Borrower, at the option of the Lenders. This provision shall control every other provision of all agreements between Borrower and the Lenders and shall also be binding upon and available to any subsequent holder or endorsee of this Note.

The Lenders are under no duty to preserve or protect any Collateral, as hereinafter defined, until the Lenders are in actual or constructive possession of the Collateral. For purposes of this paragraph, the City shall only be considered to be in "actual" possession of the Collateral when the Lenders have physical, immediate and exclusive control over the Collateral and have affirmatively accepted such control. The Lenders shall only be considered to be in "constructive" possession of the Collateral when the Lenders have both the power and the intent to exercise control over the Collateral.

This Note is secured by the following type(s) (or items) of real property and/or personal property ("**Collateral**"): the real property and improvements described in the Mortgage.

Borrower represents and warrants to the Lenders that the Loan is for business purposes.

Borrower shall maintain property insurance covering the Collateral that secures this Loan until such time as the Loan is paid in full. Borrower may obtain the property insurance from any reputable insurance company of Borrower's choice that is reasonably acceptable to the Lenders.

GENERAL PROVISIONS.

A. TIME IS OF THE ESSENCE. Time is of the essence in Borrower's performance of all duties and obligations imposed by this Note.

B. NO WAIVER BY LENDERS. No delay or omission on the part of the Lenders in exercising any right hereunder shall operate as a waiver of such right or of any other remedy under this Note. A waiver on any one occasion shall not be construed as a bar to or waiver of any such right or remedy on a future occasion, unless any such waiver is in writing and is signed by the Lenders.

C. AMENDMENT. The provisions contained in this Note may not be amended, except through a written amendment that is signed by Borrower and the Lenders.

D. INTEGRATION CLAUSE. This written Note, the Mortgage and the Agreement and all documents executed concurrently herewith, represent the entire understanding between the Parties as to the obligations and may not be contradicted by evidence of prior, contemporaneous, or subsequent oral agreements of the Parties.

E. FURTHER ASSURANCES. Borrower agrees, upon the Lenders 'request and within a reasonable time period, to provide any information, and to execute, acknowledge, deliver and record or file such further instruments or documents as the Lenders may reasonably require to secure this Note or confirm any lien.

F. GOVERNING LAW. This Note shall be governed by the laws of the State of Minnesota, provided that such laws are not otherwise preempted by federal laws and regulations.

G. FORUM AND VENUE. In the event of litigation pertaining to this Note, the exclusive forum, venue and place of jurisdiction shall be in the County of Sherburne, State of Minnesota, unless otherwise designated in writing by the Lenders or otherwise required by law.

H. SUCCESSORS. This Note shall inure to the benefit of and bind the heirs, personal representatives, successors and assigns of the Parties; provided however, that Borrower may not assign, transfer or delegate any of the rights or obligations under this Note.

I. NUMBER AND GENDER. Whenever used, the singular shall include the plural, the plural the singular, and the use of any gender shall be applicable to all genders.

J. DEFINITIONS. The terms used in this Note, if not defined herein, shall have their meanings as defined in the other documents executed contemporaneously or in conjunction with this Note.

K. PARAGRAPH HEADINGS. The headings at the beginning of any paragraph, or any subparagraph, in this Note are for convenience only and shall not be dispositive in interpreting or construing this Note.

L. IF HELD UNENFORCEABLE. If any provision of this Note shall be held unenforceable or void, then such provision to the extent not otherwise limited by law shall be severable from the remaining provisions and shall in no way affect the enforceability of the remaining provisions nor the validity of this Note.

M. CHANGE IN APPLICATION. Borrower will notify the Lenders in writing before any changes in its name or address.

N. NOTICES. All notices under this Note must be in writing. Any notice given by the Lenders to Borrower will be effective upon personal delivery or 3 days after mailing by first class United States mail, postage prepaid, addressed to Borrower at the following address: 1041 Grand Avenue, #219, St. Paul, MN 55105, and Lenders at the following addresses: City of Big Lake, 160 Lake Street North, Big Lake, Minnesota 55309, Attn: City Administrator and Town of Big Lake, 21960 County Road 5, Big Lake, Minnesota 55309, Attn: Clerk. Such addresses may be changed by written notice to the other party.

RECEIPT OF COPY. Borrower acknowledges that Borrower has read and received a copy of this Note by its signature below.

BORROWER ACKNOWLEDGES THAT THE RIGHT TO TRIAL BY JURY IS A CONSTITUTIONAL ONE, BUT THAT IT MAY BE WAIVED. EACH PARTY, AFTER CONSULTING (OR HAVING HAD THE OPPORTUNITY TO CONSULT) WITH COUNSEL OF THEIR CHOICE, KNOWINGLY AND VOLUNTARILY, AND FOR THEIR MUTUAL BENEFIT, WAIVES ANY RIGHT TO TRIAL BY JURY IN THE EVENT OF LITIGATION REGARDING THE PERFORMANCE OR ENFORCEMENT OF, OR IN ANY WAY RELATED TO, THIS NOTE OR THE INDEBTEDNESS SECURED HEREBY.

[Remainder of page left blank intentionally. Signature page follows.]

IN WITNESS WHEREOF, the undersigned has executed this Note as of the day and year first written above.

BORROWER:
PSBX REAL ESTATE LLC

______[exhibit copy]____________________
________________, TITLE

EXHIBIT D
TO
CONTRACT FOR PRIVATE DEVELOPMENT

MORTGAGE

THIS INDENTURE (hereinafter referred to as the **"Mortgage"**), dated as of the ____ day of ____________, 2026, between **PSBX REAL ESTATE LLC**, a Minnesota limited liability company (**"Mortgagor"**), and **CITY OF BIG LAKE**, a Minnesota municipal corporation and **TOWN OF BIG LAKE**, a Minnesota political subdivision in Sherburne County (Collectively, the **"Mortgagees"** and each individually a "**Mortgagee**").

WITNESSETH, that the said Mortgagor, in consideration of the debt hereinafter described, the receipt and sufficiency of which is hereby acknowledged, does hereby CONVEY unto the said Mortgagees, its successors and assigns, forever, the following real property (all of the following being hereafter collectively referred to as the **"Property"**):

A. **Real Property**. All the tracts or parcels of real property lying and being in the County of Sherburne, State of Minnesota, all as more fully described in **Exhibit A** attached hereto and made a part hereof, together with all the estates and rights in and to the real property and in and to lands lying in streets, alleys and roads adjoining the real property and all buildings, structures, improvements, fixtures and annexations, access rights, easements, rights of way or use, servitudes, licenses, tenements, hereditaments and appurtenances now or hereafter belonging or pertaining to the real property ("**Real Property**") subject to encumbrances of record as of the date hereof or hereafter consented to in writing by Mortgagees (the **"Permitted Encumbrances"**).

AND THE SAID MORTGAGOR, for itself, its administrators, successors and assigns, does covenant with the Mortgagees, their successors and assigns, that Mortgagor is lawfully seized of the Property and has good right to sell and convey the same; that the Property is free from all encumbrances except the Permitted Encumbrances; that the Mortgagees, their successors and assigns, shall quietly enjoy and possess the Property; and that the Mortgagor will WARRANT AND DEFEND the title to the same against all lawful claims not specifically excepted in this Mortgage.

TO HAVE AND TO HOLD THE SAME, together with the possession and right of possession of the Property, unto the Mortgagees, their successors and assigns, forever.

PROVIDED, NEVERTHELESS, that if the Mortgagor, its administrators, personal representatives, successors and assigns (A) shall pay to Mortgagees, their successors or assigns, the sum of Seventy-Eight Thousand Four Hundred and No/100 Dollars ($78,400.00)or such lesser amount as may be adjusted according to the terms of that certain Promissory Note ("**Note**") of even date herewith, the terms and conditions of which are incorporated herein by reference and made a part hereof, together with any extensions or renewals thereof, the balance of said principal sum being due and payable in full on _________________________, unless due earlier according to the terms of the Note, and (B) shall repay to the Mortgagees, their successors or assigns, at the times demanded and with interest thereon at the same rate specified in the Note, all sums advanced in protecting the lien of this Mortgage, in payment of taxes and special assessments on the Property, in payment of insurance premiums covering improvements thereon, in payment of principal and interest on prior liens, in payment of expenses and attorneys 'fees herein provided for and all sums advanced for any other purpose authorized herein (the Note and all such sums, together with interest thereon, being collectively referred to as the "**Indebtedness Secured Hereby**"), and shall keep and perform all of the covenants and agreements in the Note, the Contract for Private Development, between Mortgagor and Mortgagees dated ____________, 2026, to which this Mortgage is attached as an Exhibit ("**Contract for Private Development**"), as amended, and herein contained, then this Mortgage shall become null and void and shall be released at Mortgagor's expense.

AND IT IS FURTHER COVENANTED AND AGREED AS FOLLOWS:

ARTICLE ONE
GENERAL COVENANTS, AGREEMENTS, WARRANTIES

SECTION 1.1: Payment of Indebtedness / Observance of Covenants. Mortgagor will duly and punctually pay or cause to be paid each and every installment of principal on the Note and all other Indebtedness Secured Hereby, as and when the same shall become due, and shall duly and punctually perform and observe all of the covenants, agreements and provisions contained herein, in the Note, and any other instrument given as security for the payment of the Note.

SECTION 1.2: Maintenance; Repairs. Mortgagor agrees that it will keep and maintain the Property in good repair and operating condition, free from any waste or misuse, and will comply with all requirements of law, municipal ordinances and regulations, restrictions and covenants affecting the Property and its use, but excluding Federal Cannabis Laws, as such term is defined in the Contract for Private Development. Mortgagor agrees that it will not make any material alterations in any improvements which will reduce the market value of the Property, and will complete within a reasonable time any buildings now or at any time in the process of erection on the Property. Mortgagor agrees not to acquiesce in any rezoning classification, modification or restriction affecting the Property. Mortgagor will not use or occupy the Property in any manner that violates any applicable laws, rules, regulations or orders, but excluding Federal Cannabis Laws, with respect to the Property including but not limited to the Americans with Disabilities Act.

SECTION 1.3: Payment of Operating Costs, Liens and Levies. Subject to the obligations of any tenants under leases for the Property, Mortgagor agrees that it will pay all operating costs and expenses of the Property, keep the Property free from mechanic's, materialmen's and other liens, keep the Property free from levy, execution or attachment, and upon request will exhibit to Mortgagees satisfactory evidence of such payment and discharge.

SECTION 1.4: Payment of Impositions. Mortgagor will pay when due and before any penalty all taxes, assessments, water charges, sewer charges and other fees, taxes, charges and assessments of every kind and nature whatsoever assessed or charged against or constituting a lien on the Property or any interest therein, or the Indebtedness Secured Hereby ("**Impositions**"), and will upon demand furnish to the Mortgagees proof of the payment of any such Impositions. However, nothing contained herein shall prevent or limit Mortgagor's right to contest the taxes, assessments, water charges, sewer charges or other fees, taxes, charges and assessments against the Property or to seek incentives related to the same. In the event of a court decree or an enactment after the date hereof by any legislative authority of any law imposing upon a mortgagee the payment of the whole or any part of the Impositions herein required to be paid by the Mortgagor, or changing in any way the laws relating to the taxation of mortgages or debts secured by mortgages or a mortgagee's interest in mortgaged property, so as to impose such

Imposition on the Mortgagees or on the interest of the Mortgagees in the Property, then, in any such event, Mortgagor shall bear and pay the full amount of such Imposition, provided that if for any reason payment by Mortgagor of any such Imposition would be unlawful, or if the payment thereof would constitute usury or render the Indebtedness Secured Hereby wholly or partially usurious, Mortgagees, at their option, may declare the whole sum secured by this Mortgage with interest thereon to be immediately due and payable, without prepayment premium, or Mortgagees, at their option, may pay that amount or portion of such Imposition as renders the Indebtedness Secured Hereby unlawful or usurious, in which event Mortgagor shall concurrently therewith pay the remaining lawful and nonusurious portion or balance of said Imposition.

SECTION 1.5: Contest of Impositions, Liens and Levies. Mortgagor shall not be required to pay, discharge or remove any Imposition, or any lien or levy ("**Lien or Levy**") so long as the Mortgagor shall in good faith contest the same or the validity thereof by appropriate legal proceedings which shall operate to prevent the collection of the Levy, Lien or Imposition so contested and the sale of the Property, or any part thereof to satisfy the same, provided that the Mortgagor shall, prior to the date such Levy, Lien or Imposition is due and payable, have given such reasonable security as may be demanded by the Mortgagees to insure such payments and prevent any sale or forfeiture of the Property by reason of such nonpayment. Any such contest shall be prosecuted with due diligence and the Mortgagor shall promptly after final determination thereof pay the amount of any such Levy, Lien or Imposition so determined, together with all interest and penalties, which may be payable in connection therewith. Notwithstanding the provisions of this Section, Mortgagor shall (and if Mortgagor shall fail so to do, Mortgagees may but shall not be required to) pay any such Levy, Lien or Imposition notwithstanding such contest if in the reasonable opinion of the Mortgagees the Property shall be in jeopardy or in danger of being forfeited or foreclosed.

SECTION 1.6: Protection of Security. Mortgagor agrees to promptly notify Mortgagees of and appear in and defend any suit, action or proceeding that materially affects the value of the Property, the Indebtedness Secured Hereby or the rights or interest of Mortgagees hereunder, unless such action was commenced by Mortgagees in which case no notice to Mortgagees is necessary. The Mortgagees may elect to appear in or defend any such action or proceeding and, except in the case of an action commenced by Mortgagees or due to Mortgagees' negligence or willful misconduct, Mortgagor agrees to indemnify and reimburse Mortgagees from any and all loss, damage, expense or cost arising out of or incurred in connection with any such suit, action or proceeding, including costs of evidence of title and reasonable attorneys' fees.

SECTION 1.7: Additional Assurances. Mortgagor agrees upon reasonable request by the Mortgagees to execute and deliver such further instruments and will do such further acts as may be necessary or proper to carry out more effectively the purposes of this Mortgage and, without limiting the foregoing, to make subject to the lien hereof any property agreed to be subjected hereto or covered by the granting clause hereof, or intended so to be. Mortgagor agrees to pay any recording fees, filing fees, stamp taxes or other charges arising out of or incident to the filing or recording of the Mortgage, such further assurances and instruments and the issuance and delivery of the Note.

SECTION 1.8: Subordination of this Mortgage. Notwithstanding anything contained herein to the contrary, upon written request by Mortgagor, the Mortgagees shall subordinate their rights and interest in the Property, the Minimum Improvements, the Note, and this Mortgage to the lien or mortgage of a first mortgagee, construction lender, the Small Business Administration, and their respective affiliated lenders, agencies and participants (individually and collectively, as the case may be, a "Senior Lender"), on a form approved by the Mortgagees and the Big Lake City Attorney, which approval shall not be unreasonably withheld, conditioned or delayed.

SECTION 1.9: Maximum Amount. The maximum amount this Mortgage shall secure shall not be more than Seventy-Eight Thousand Four Hundred and No/100 Dollars ($78,400.00) at any time, together with interest and all amounts expended by the Mortgagees to protect the Mortgagees 'interest in the Property secured by this Mortgage and to enforce the terms hereof.

ARTICLE TWO
INSURANCE AND ESCROWS

SECTION 2.1: Insurance. Mortgagor shall obtain and keep, or cause to be obtained and kept by any tenants of the Property, in full force and effect during the term of this Mortgage standard "Builder's Risk" insurance with respect to all construction in progress on the Property and "All-Risk" or "Fire-extended coverage - difference in conditions" property insurance against loss by fire, lightning and risk customarily covered by standard extended coverage endorsement, including the cost of debris removal, all in the amounts of not less than the full insurable value, with agreed amount and full replacement cost endorsements, whichever is greater, and Flood Insurance in the maximum obtainable amount unless evidence is provided that the Property is not within a flood plain as defined by the Federal Insurance Administration.

Such insurance policies shall be written on forms and with insurance companies reasonably satisfactory to Mortgagees, shall name as the insured parties the Mortgagor and the Mortgagees as their interests may appear, shall be in amounts sufficient to prevent the Mortgagor from becoming a coinsurer of any loss thereunder, shall contain endorsements that no act or negligence of Mortgagor or any occupant of the Property and no occupancy or use of the Property for purposes more hazardous than permitted by the terms of the policy shall affect the validity and enforceability of such insurance as against Mortgagees, and shall bear a satisfactory mortgagee clause in favor of the Mortgagees with loss proceeds under any such policies to be made payable to the Mortgagees, subject, however, to any claims by any Senior Lender for the Property. Mortgagees agree to make any such loss proceeds available to Mortgagor for the restoration and/or repair of the Property, provided that the Mortgagees' interest in such proceeds shall in no event exceed the then-outstanding Indebtedness Secured Hereby. Mortgagor shall also obtain and keep in full force and effect during the term of this Mortgage commercial general public liability insurance covering the legal liability of the Mortgagor against claims for bodily injury, death or property damage occurring on, in or about the Property in the amount of at least One Million Five Hundred Thousand and No/100 Dollars ($1,500,000.00), which policies shall name the Mortgagees as additional insureds. All required policies of insurance or acceptable certificates thereof, together with evidence of the payment of current premiums therefor, shall be delivered to the Mortgagees. The Mortgagor shall, within thirty (30) days prior to the expiration of any such policy, deliver other original policies or certificates of the insurer evidencing the renewal of such insurance together with evidence of the payment of current premiums therefor. All policies shall specifically provide that the Mortgagees shall receive thirty (30) days prior written notice before cancellation of any such policies. In the event of a foreclosure of this Mortgage or any acquisition of the Property by the Mortgagees, proceeds payable under any such policy shall be applied first to the claims of any Senior Lender for the Property, and thereafter to Mortgagee in the amount of the then-outstanding Indebtedness Secured Hereby, with any excess returned to Mortgagor. In the event of foreclosure or the failure to obtain and keep any required insurance, the Mortgagor empowers the Mortgagees to effect insurance upon the Property at Mortgagor's expense and for the benefit of the Mortgagees in the amounts and types aforesaid for a period of time covering the time of redemption from foreclosure sale, and if necessary, to cancel any or all existing insurance policies. Mortgagor agrees to furnish Mortgagees copies of all inspection reports and insurance recommendations received by Mortgagor from any insurer.

ARTICLE THREE
APPLICATION OF INSURANCE AND AWARDS

SECTION 3.1: Damage or Destruction of the Property. Mortgagor will give the Mortgagees prompt notice of any damage to or destruction of the Property. Subject to the rights of any Senior Lender for the Property, if insurance proceeds are received on account of damage to or destruction of the Property, and provide no Event of Default has occurred and is continuing, Mortgagor shall have the right to apply such proceeds to the restoration or repair of the Property. If Mortgagor elects not to restore, or if an Event of Default has occurred and is continuing, the Mortgagees shall be entitled to apply such proceeds to the Indebtedness Secured Hereby, but in no event shall the Mortgagees be entitled to receive or retain proceeds in excess of the then-outstanding Indebtedness Secured Hereby, and any excess shall be paid to Mortgagor or as its interest may appear.

SECTION 3.2: Condemnation. Subject to the rights of any Senior Lender of the Property or to any other lien or lender to which this Mortgage may be subordinated, Mortgagor will give the Mortgagees prompt notice of any action, actual or threatened, in condemnation or eminent domain. Mortgagor hereby assigns, transfers and sets over to the Mortgagees, solely to the extent of the then-outstanding Indebtedness Secured Hereby, a portion of any award or claim for damages for all or any part of the Property taken or damaged under the power of eminent domain or condemnation, the Mortgagees being hereby authorized to intervene in any such action in the name of the Mortgagor and to collect and receive from the condemning authorities such proceeds, but only to the extent such proceeds and claims for damage are not assigned to any Senior Lender for the Property and only up to the amount of the then-outstanding Indebtedness Secured Hereby. Any reasonable expenses incurred by the Mortgagees in intervening in such action or collecting such proceeds shall be reimbursed to the Mortgagees first out of the proceeds. Provided no Event of Default has occurred and is continuing, the proceeds shall fist be made available for the restoration or repair of the Property, at Mortgagor's election. If Mortgagor elects not to restore, or if an Event of Default has occurred and is continuing, the Mortgagees may apply such proceeds in reduction of the Indebtedness Secured Hereby then most remotely to be paid, whether due or not, without the application of any prepayment premium, but in no event in an amount exceeding the then-outstanding Indebtedness Secured Hereby. Any proceeds in excess of the Indebtedness Secured Hereby shall be paid to Mortgagor or as its interest may appear.

SECTION 3.3: Disbursement of Insurance and Condemnation Proceeds. Should any insurance or condemnation proceeds be applied to the restoration or repair of the Property, the restoration or repair shall be done under the supervision of an architect acceptable to Mortgagees and pursuant to plans and specifications approved by the Mortgagees, such approval not to be unreasonably withheld, conditioned, or delayed. In such case the insurance or condemnation proceeds shall be held by Mortgagees, subject to the rights of any Senior Lender for the Property, for such purposes and will from time to time be disbursed by Mortgagees to defray the costs of such restoration or repair under such safeguards and controls as the Mortgagees may reasonably require to assure completion in accordance with the approved plans and specifications and free of liens or claims. Any surplus which may remain after payment of all costs of restoration or repair shall first be applied on account of the Indebtedness Secured Hereby then most remotely to be paid, whether due or not, without application of any prepayment premium, and any remaining balance shall be returned to Mortgagor. In no event shall the Mortgagees retain proceeds in excess of the then-outstanding Indebtedness Secured Hereby.

ARTICLE FOUR
RIGHTS OF MORTGAGEES

SECTION 4.1: Right to Cure Default. If the Mortgagor shall fail to comply with any of the covenants or obligations of this Mortgage, the Mortgagees may, but shall not be obligated to, without further demand upon Mortgagor, and without waiving or releasing Mortgagor from any obligation in this Mortgage contained, remedy such failure, and the Mortgagor agrees to repay upon demand all sums incurred by the Mortgagees in remedying any such failure, together with interest on all such sums advanced at a rate equal to that then in effect under the terms of the Note. Mortgagees shall give Mortgagor at least thirty (30) days 'notice of the failure to comply prior to the Mortgagees taking remedial action, but Mortgagees 'failure to give any such notice shall have no effect on Mortgagor's obligation to repay Mortgagees for any sums advanced together with interest thereon. All such sums, together with interest as aforesaid, shall become so much additional Indebtedness Secured Hereby, but no such advance shall be deemed to relieve the Mortgagor from any failure hereunder.

SECTION 4.2: No Claim Against the Mortgagees. Nothing contained in this Mortgage shall constitute any consent or request by the Mortgagees, express or implied, for the performance of any labor or services or for the furnishing of any materials or other property in respect of the Property or any part thereof, nor as giving the Mortgagor or any party in interest with Mortgagor any right, power or authority to contract for or permit the performance of any labor or services or the furnishing of any materials or other property in such fashion as would create any personal liability against the Mortgagees in respect thereof or would permit the making of any claim that any lien based on the performance of such labor or services or the furnishing of any such materials or other property is prior to the lien of this Mortgage.

SECTION 4.3: Inspection. Upon reasonable prior notice to Mortgagor, Mortgagor will permit the Mortgagees 'authorized representatives to enter the Property for the purpose of inspecting the same; provided the Mortgagees shall have no duty to make such inspections and shall not incur any liability or obligation for making or not making any such inspections.

SECTION 4.4: Waivers; Releases; Resort to Other Security; etc. Without affecting the liability of any party liable for payment of any Indebtedness Secured Hereby or performance of any obligation contained herein and without affecting the rights of the Mortgagees with respect to any security not expressly released in writing, the Mortgagees may, at any time, and without notice to or the consent of the Mortgagor or any party in interest with the Property or the Note (a) release any person liable for payment of all or any part of the Indebtedness Secured Hereby or for performance of any obligation herein, (b) make any agreement extending the time or otherwise altering the terms of payment of all or any part of the Indebtedness Secured Hereby or modifying or waiving any obligation, or subordinating, modifying or otherwise dealing with the lien or charge hereof, (c) accept any additional security, (d) release or otherwise deal with any property, real or personal, including any or all of the Property, including making partial releases of the Property; or (e) resort to any security agreements, pledges, contracts of guarantee, assignments of rents and leases or other securities, and exhaust any one or more of said securities and the security hereunder, either concurrently or independently and in such order as it may determine.

SECTION 4.5: Rights Cumulative. Each right, power or remedy herein conferred upon the Mortgagees is cumulative and in addition to every other right, power or remedy, express or implied, now or hereafter arising, available to Mortgagees, at law or in equity, or under any other agreement, and each and every right, power and remedy herein set forth or otherwise so existing may be exercised from time to time as often and in such order as may be deemed expedient by the Mortgagees and shall not be a waiver of the right to exercise at any time thereafter any other right, power or remedy. No delay or omission by the Mortgagees in the exercise of any right, power or remedy arising hereunder or arising otherwise shall impair any such right, power or remedy or the right of the Mortgagees to resort thereto at a later date or be construed to be a waiver of any default or event of default under this Mortgage or the Note.

SECTION 4.6: Subsequent Agreements. Any agreement hereafter made by the Mortgagor and Mortgagees pursuant to this Mortgage shall be superior to the rights of the holder of any intervening lien or encumbrance, unless such lien or encumbrance was consented to by Mortgagees.

SECTION 4.7: Waiver of Marshaling. Mortgagor hereby waives any rights available with respect to marshaling of assets so as to require the separate sales of any portion of the Property, or as to require the Mortgagees to exhaust their remedies against a specific portion of the Property before proceeding against the other and do hereby expressly consent to and authorize the sale of the Property or any part thereof as a single unit or parcel.

ARTICLE FIVE
EVENTS OF DEFAULT AND REMEDIES

SECTION 5.1: Events of Default. It shall be an **"Event of Default"** under this Mortgage if (a) the Mortgagor shall fail to pay any principal or interest due on the Note when and as the same become due (whether at the stated maturity or at a date fixed for any installment payment or any accelerated payment date or otherwise) and such default continues beyond any applicable cure period; or (b) the Mortgagor shall fail to pay when due any other Indebtedness Secured Hereby; or (c) the Mortgagor shall, except as to defaults under (a), (b) above, after thirty (30) days prior notice from Mortgagees, fail to comply with or perform any other term, condition or covenant of the Note, this Mortgage, the Contract for Private Development or any other instrument securing the Note; or (d) the Mortgagor shall sell, convey, transfer, further mortgage or encumber or dispose of the Property, or any part thereof, or any interest therein, or agrees so to do, except in accordance with the terms of this Mortgage; or (e) the Mortgagor shall make an assignment for the benefit of its creditors, or shall admit in writing its inability to pay its debts as they become due, or shall file a petition in bankruptcy, or shall be adjudicated a bankrupt or insolvent, or shall file a petition seeking any reorganization, dissolution, liquidation, arrangement, composition, readjustment or similar relief under any present or future bankruptcy or insolvency statute, law or regulation or shall file an answer admitting to or not contesting the material allegations of a petition filed against it in such proceedings, or shall not within sixty (60) days after the filing of such a petition have the same dismissed or vacated, or shall seek or consent to or acquiesce in the appointment of any trustee, receiver or liquidator of a material part of its properties, or shall not within sixty (60) days after the appointment without its consent or acquiescence of a trustee, receiver or liquidator of any material part of its properties have such appointment vacated; or (f) any representation or warranty made by Mortgagor herein, in the Note, or in any other instrument given as security for the Note shall be materially false, breached or dishonored. For the avoidance of doubt, the Mortgagees hereby acknowledge and agree that any transfer of membership interest or change in the equity owners of Developer shall not constitute an Event of Default. Notwithstanding anything herein to the contrary, in no event shall the violation of Federal Cannabis Laws constitute an Event of Default under this Mortgage, so long as Mortgagor is in compliance with all State Cannabis Laws (as such term is defined in the Contract for Private Development).

SECTION 5.2: Mortgagees' Remedies / Right to Foreclose. Upon the occurrence of an Event of Default, Mortgagees shall provide written notice to Mortgagor of any default. Mortgagor shall have an opportunity to cure such default for a period of thirty (30) days following receipt of such notice. Mortgagees agree not to take any action until the expiration of the thirty (30) day period. In the event Mortgagor fails to cure any defaults within thirty (30) days of the notice of a default, then Mortgagees may, at their option, exercise any or all of the following rights and remedies (and any other rights and remedies available to it):

(a) Declare the entire principal of the Note, together with all sums advanced thereunder and interest thereon, to be immediately due and payable, and thereupon the Note, including both principal and interest accrued thereon, and all sums advanced hereunder and interest thereon, shall be immediately due and payable without presentment, demand or notice of any kind; or

(b) Proceed to protect and enforce its rights by a suit or suits in equity or at law (1) for the specific performance of any covenant or agreement contained herein or in the Contract for Private Development, or (2) in aid of the execution of any power herein or therein granted, or (3) for the foreclosure of this Mortgage, or (4) for the enforcement of any other appropriate legal equitable remedy; or

(c) Foreclose this Mortgage by action or advertisement, and Mortgagor hereby authorizes Mortgagees to do so, power being herein expressly granted to sell the Property at public auction without any prior hearing or notice thereof and to convey the same to the purchaser, in fee simple, pursuant to the statutes of Minnesota in such case made and provided, and out of the proceeds arising from such sale, to pay all Indebtedness Secured Hereby with interest, and all legal costs and charges of such foreclosure and reasonable attorney's fees permitted by law, which costs, charges and fees Mortgagor agrees to pay. In the event of a sale under this Mortgage, whether by virtue of judicial proceedings or advertisement or otherwise, the Property may, at the option of Mortgagees, be sold as an entirety or in such other manner and order as Mortgagees in their sole discretion may elect; or

(d) Without releasing Mortgagor from any obligation hereunder or under the Note and this Mortgage, cure any Event of Default. In connection therewith, Mortgagees may enter upon the Property and do such acts and things as Mortgagees reasonably deem necessary or desirable to protect the Property, including without limitation: (1) paying, purchasing, contesting or compromising any encumbrance, charge, lien or claim, property taxes and charges; (2) paying any insurance premiums; and (3) employing counsel, accountants, contractors and other appropriate persons to assist Mortgagees in the foregoing. Should Mortgagees make any such payments, the amount thereof shall be secured hereby, and Mortgagor shall reimburse Mortgagees immediately upon demand, and said amount shall bear interest at the rate specified in the Note until repaid; or

(e) It is expressly understood and agreed by Mortgagor that in the event of any foreclosure or other sale under this Mortgage by virtue of judicial proceeding, advertisement or otherwise, the Property may be sold as one parcel without exhausting Mortgagees 'right, except as the same may be limited by applicable law, to such remedy for any unsatisfied part of the Borrower's indebtedness under the Note and this Mortgage or the Contract for Private Development, and without exhausting the power to exercise such remedy for any other part of said indebtedness, whether matured at the time or subsequently maturing. If a part of the Property is sold pursuant to this Section 5.2 and the proceeds thereof do not fully pay and satisfy the Borrower's indebtedness under the Note, and the Contract for Private Development, such sale, if so made, shall not in any manner affect the unpaid and unsatisfied part of said indebtedness; or

(f) Exercise any and all remedies available to Mortgagees under the Contract for Private Development and any and all rights under the laws of the State of Minnesota, whether or not herein specified.

The exercise of any right or remedy with respect to any part of the Property shall not affect the availability of any other of Mortgagees 'rights and remedies under other applicable law or this Mortgage. All expenses (including any receivers 'fees, attorneys 'fees, costs and agents 'compensation) incurred by Mortgagees pursuant to the powers herein contained shall be secured hereby and shall bear interest from the date incurred at the rate provided in the Note until paid by Mortgagor.

SECTION 5.3: Receiver. Upon the occurrence and continuance of an Event of Default hereunder and after the expiration of any applicable cure periods, the Mortgagees shall be entitled as a matter of right without notice and without giving bond and without regard to the solvency or insolvency of the Mortgagor, or waste of the Property or adequacy of the security of the Property, to apply for the appointment of a receiver in accordance with the statutes and law made and provided for who shall collect the rents, and all other income of any kind; manage the Property so to prevent waste; complete construction of the Minimum Improvements (as defined in the Contract for Private Development) already under construction and pay for the same; pay all expenses for normal maintenance of the Property and perform the terms of this Mortgage and apply the rents, issues and profits in the following order: (a) to the payment of the reasonable fees of said receiver; (b) to the payment when due of prior or current real estate taxes or special assessments with respect to the Property or, if required by this Mortgage, payment of the periodic escrow for payment of the taxes or special assessments; (c) to the payment when due of premiums for insurance of the type required by this Mortgage or, if required by this Mortgage, payment of the periodic escrow for the payment of the premiums; and (d) to the repayment of the Indebtedness Secured Hereby and to or for the construction of the Minimum Improvements, operation, maintenance, upkeep and repair of the Property, including payment of taxes on the Property and payments of premiums of insurance on the Property. The Mortgagor does hereby irrevocably consent to such appointment.

SECTION 5.4: Remedies are Cumulative. All remedies herein expressly provided for are cumulative of any and all other remedies existing at law or in equity and are cumulative of any and all other remedies provided for in any other instrument securing the payment of the Note or relating to same, or any part thereof, or otherwise benefiting Mortgagees and Mortgagees shall, in addition to the remedies herein provided, be entitled to avail itself of all such other remedies as may now or hereafter exist at law or in equity for the collection of the Note, and the enforcement of the covenants herein and the foreclosure of the liens and security interest evidenced hereby, and the resort to any remedy provided for hereunder or under any such other instrument or provided for by law shall not prevent the concurrent or subsequent employment of any other appropriate remedy or remedies.

SECTION 5.5: Right to Discontinue Proceedings. In the event Mortgagees shall have proceeded to invoke any right, remedy or recourse permitted under this Mortgage and shall thereafter elect to discontinue or abandon the same for any reason, Mortgagees shall have the unqualified right to do so and in such event Mortgagor and Mortgagees shall be restored to their former positions with respect to the Indebtedness Secured Hereby. This Mortgage, the Property and all rights, remedies and recourse of the Mortgagees shall continue as if the same had not been invoked.

SECTION 5.6: Acknowledgement of Waiver of Hearing Before Sale. Mortgagor understands and agrees that if any default is made under the terms of this Mortgage, Mortgagees have the right inter alia, to foreclose this Mortgage by advertisement pursuant to Minnesota Statutes, Chapter 580, as hereafter amended, or pursuant to any similar or replacement statute hereafter enacted; that if the Mortgagees elects to foreclose by advertisement, it may cause the Property, or any part thereof, to be sold at public auction; that notice of such sale must be published for six (6) successive weeks at least once a week in a newspaper of general circulation and that no personal notice is required to be served upon Mortgagor. Mortgagor further understands that under the Constitution of the United States and the Constitution of the State of Minnesota, it may have the right to notice and hearing before the Property may be sold and that the procedure for foreclosure by advertisement described above does not insure that notice will be given to the Mortgagor and said procedure for foreclosure by advertisement does not require any hearing or other judicial proceeding. MORTGAGOR HEREBY RELINQUISHES, WAIVES AND GIVES UP ANY CONSTITUTIONAL RIGHTS IT MAY HAVE TO NOTICE AND HEARING BEFORE SALE OF THE PROPERTY AND EXPRESSLY CONSENTS AND AGREES THAT THE PROPERTY MAY BE FORECLOSED BY ADVERTISEMENT AS DESCRIBED ABOVE. MORTGAGOR ACKNOWLEDGES THAT IT IS REPRESENTED BY LEGAL COUNSEL OR THAT IT HAD THE OPPORTUNITY TO CONSULT WITH LEGAL COUNSEL; THAT BEFORE SIGNING THIS DOCUMENT THIS PARAGRAPH AND MORTGAGOR'S CONSTITUTIONAL RIGHTS WERE FULLY EXPLAINED BY SUCH COUNSEL AND THAT MORTGAGOR UNDERSTANDS THE NATURE AND EXTENT OF THE RIGHTS WAIVED HEREBY AND THE EFFECT OF SUCH WAIVER.

ARTICLE SIX
MISCELLANEOUS

SECTION 6.1: Release of Mortgage. When all Indebtedness Secured Hereby has been paid or forgiven, as set forth in the Note, this Mortgage and all assignments herein contained shall be void and this Mortgage shall be released by the Mortgagees at the cost and expense of the Mortgagor, otherwise to remain in full force and effect.

SECTION 6.2: Choice of Law. This Mortgage is made and executed under the laws of the State of Minnesota and is intended to be governed by the laws of said State.

SECTION 6.3: Changes of Ownership. In the event that the ownership of the Property becomes vested in a person or persons other than the Mortgagor, the Mortgagees may continue to deal with the Mortgagor without any obligation to deal with such successor or successors in interest with reference to this Mortgage and the Indebtedness Secured Hereby until notified of such vesting and approval of such successor or successors in accordance with the terms of this Mortgage. Upon such notification, the Mortgagees may thereafter deal with such successor in place of Mortgagor without any obligation to thereafter deal with Mortgagor and without waiving any liability of Mortgagor hereunder or under the Note.

SECTION 6.4: Successors and Assigns. This Mortgage and each and every covenant, agreement and other provision hereof shall be binding upon the Mortgagor and its successors and assigns, including without limitation each and every from time to time record owner of the Property or any other person having an interest therein, shall run with the land and shall inure to the benefit of the Mortgagees and its successors and assigns.

SECTION 6.5: Unenforceability of Certain Clauses. The unenforceability or invalidity of any provision hereof shall not render any other provision or provisions herein contained unenforceable or invalid.

SECTION 6.6: Corrections of Errors. Mortgagor will, upon reasonable request of Mortgagees (a) promptly correct any defect, error or omission which may be discovered in the contents of this Mortgage or in any other instrument executed in connection herewith or in the execution of acknowledgment thereof, (b) execute, acknowledge, deliver, procure, and file or record any documents or instruments (including specifically any financing statement) reasonably necessary by Mortgagees to protect the lien or the security interest hereunder against the rights or interest of third persons, and Mortgagor will pay all costs of recording the same.

SECTION 6.7: Captions and Headings. The captions and headings of the various sections of this Mortgage are for convenience only and are not to be construed as confining or limiting in any way the scope or intent of the provisions hereof. Whenever the context requires or permits, the singular shall include the plural, the plural shall include the singular and the masculine, feminine and neuter shall be freely interchanged.

SECTION 6.8: Notices. Any notice which any party hereto may desire or may be required to give to any other party shall be in writing and the mailing thereof by certified mail to their respective addresses as set forth below, or to such other places any party hereto may hereafter by notice in writing designate, shall constitute service of notice hereunder.

In the case of the Mortgagor:

PSBX Real Estate LLC
1041 Grand Avenue, #219
St. Paul, MN 55105
Attn: Anthony Wilson

with a copy to:

Anthony Wilson
14025 53rd Ave. N.
Plymouth, MN 55446

And

Hinshaw & Culbertson LLP
250 Nicollet Mall, Suite 1150
Minneapolis, MN 55401
Attention: Andrew C. Thompson

In the case of the Mortgagees:

City Administrator
City of Big Lake
160 Lake Street North
Big Lake, Minnesota 55309

And

Town of Big Lake
21960 County Road 5 NW
PO Box 75
Big Lake, MN 55309
Attn: Township Clerk

with a copy to:

Soren Mattick
CAMPBELL KNUTSON, P.A.
Blue Gentian Road, Suite 290
Eagan, Minnesota 55121
Telephone: (651) 452-5000

And

Peter Tiede
Duea, Olson, and Tiede
4770 White Bear Parkway
White Bear Lake MN 55110
Telephone: (651) 964-2518

Either party may, upon written notice to the other party, change the address to which such notices and demands are made.

MORTGAGOR AND MORTGAGEES ACKNOWLEDGE THAT THE RIGHT TO TRIAL BY JURY IS A CONSTITUTIONAL ONE, BUT THAT IT MAY BE WAIVED. EACH PARTY, AFTER CONSULTING (OR HAVING HAD THE OPPORTUNITY TO CONSULT) WITH COUNSEL OF THEIR CHOICE, KNOWINGLY AND VOLUNTARILY, AND FOR THEIR MUTUAL BENEFIT, WAIVES ANY RIGHT TO TRIAL BY JURY IN THE EVENT OF LITIGATION REGARDING THE PERFORMANCE OR ENFORCEMENT OF, OR IN ANY WAY RELATED TO, THIS MORTGAGE OR THE INDEBTEDNESS SECURED HEREBY.

[Remainder of page left blank intentionally. Signature page follows.]

IN WITNESS WHEREOF, the Mortgagor has caused these presents to be executed this __ day of _______________, 2026.

MORTGAGOR:
PSBX REAL ESTATE LLC

[exhibit copy]___________________
Anthony Wilson, Manager

STATE OF MINNESOTA)
) ss.
COUNTY OF _____________)

The foregoing instrument was acknowledged before me this _____ day of _________________, 2026, by Anthony Wilson, the Manager of PSBX Real Estate LLC, a Minnesota limited liability company, on behalf of the limited liability company.

____
Notary Public

THIS INSTRUMENT DRAFTED BY:
CAMPBELL KNUTSON
Professional Association
Grand Oak Office Center I
860 Blue Gentian Road, Suite 290
Eagan, Minnesota 55121
Telephone: (651) 452-5000

EXHIBIT A
TO
MORTGAGE

Legal Description

Lot 2, Block 1, Big Lake Industrial Park East Plat Six, Sherburne County, Minnesota, according to the recorded plat thereof.

EXHIBIT E
TO
CONTRACT FOR PRIVATE DEVELOPMENT

CERTIFICATE OF COMPLETION

The undersigned hereby certifies that as of __________________________, 202__, PSBX Real Estate LLC, a Minnesota limited liability company ("Developer"), has fully complied with its obligations to construct the Minimum Improvements under that document titled Contract for Private Development dated ______________________, 202__, by and between the City of Big Lake ("City"), the Town of Big Lake ("Township") and Developer, and that Developer is released and forever discharged from its obligations under the Agreement with respect to the obligations of Developer, and its successors and assigns, to construct the Minimum Improvements, and the City and the Township waive any right, title or interest it may have in the Property, including a right of reverter. The Sherburne County Recorder's Office and/or Sherburne County Office of the Registrar or Titles, as applicable, is hereby authorized to accept for recording the filing of this instrument, to be a conclusive determination of the satisfaction and termination of the covenants and conditions of the Contract for Private Development described above.

IN WITNESS WHEREOF, the City and Township have caused this Certificate to be duly executed in its name and behalf on or as of the date first written above.

CITY OF BIG LAKE

By: ____________________________
Paul Knier, Mayor

And

By: ____________________________
Gina Wolbeck, City Clerk

STATE OF MINNESOTA)
) ss.
COUNTY OF SHERBURNE)

The foregoing instrument was acknowledged before me this _____ day of ____________, 202___, by Paul Knier and Gina Wolbeck, the Mayor and City Clerk, respectively, of the City of Big Lake, a Minnesota municipal corporation, on behalf of the corporation and pursuant to the authority granted by its City Council.

____
Notary Public

TOWN OF BIG LAKE

By: ______________________________
Bruce Aubol, Town Chair

And

By: ______________________________
Brenda Kimberly-Maas, Town Clerk

STATE OF MINNESOTA)
) ss.
COUNTY OF SHERBURNE)

The foregoing instrument was acknowledged before me this _____ day of ____________, 202___, by Bruce Aubol and Brenda Kimberly-Maas, the Town Chair and Clerk, respectively, of Town of Big Lake, a Minnesota political subdivision in Sherburne County, on its behalf.

____
Notary Public

THIS INSTRUMENT DRAFTED BY:
CAMPBELL KNUTSON
Professional Association
Grand Oak Office Center I
860 Blue Gentian Road, Suite 290
Eagan, Minnesota 55121
Telephone: (651) 452-5000

<u>Exhibit B</u>

Zoning Letter

biglakemn.org

160 Lake Street N
Big Lake City Hall
Big Lake, MN 55309
763-263-2107

July 6, 2026

Hinshaw & Culbertson LLP
250 Nicollet Mall, Suite 1150
Minneapolis MN 55401

Sent via email to: *athompson@hinshawlaw.com*

RE: ZONING LETTER FOR PID # 65-00590-0110

Dear Andrew,

1. This Property is located in the Industrial Park (I-1) zoning district.
2. The property is not subject to a Planned Unit Development (PUD) but is part of a Joint Planning Agreement (see number 10).
3. Cannabis cultivation (indoor); Cannabis manufacturing, processing, extraction; Cannabis retail; and Cannabis wholesale are permitted uses in the Industrial Park (I-1) district.
4. Cannabis retail requires registration with Sherburne County pursuant to Section 310 of the Big Lake City Code.
5. The zoning ordinance does not contain setbacks specific to cannabis related uses. Retail uses would need to inquire with Sherburne County.
6. There are no variances, rezoning applications, conditional use permits, or special use permits on the property.
7. Cannabis related uses do not require any permits, including conditional or special use permits. Development of the site will be subject to site plan review, building permits, and other required development applications.
8. The current setback requirements and restrictions for the Property are:

   40 feet - Front Yard

   20 feet - Side Yard

   20 feet - Rear Yard
9. There are no contemplated or pending special assessments affecting the property as of the date of the letter.
10. The Property is within a Joint Planning Area with Big Lake Township and subject to the related Joint Planning Board and Architectural Review Board.

11. The Property is not located within a federally designated flood zone.

This information was researched by the undersigned, on request, as a public service. The undersigned certifies that the above information is believed to be accurate based on or relating to the information supplied, however, neither the undersigned nor the City assumes liability for errors and omissions. All information was obtained from public records which may be inspected during regular business hours.

Please contact me at 763-251-2971 or tkohl@biglakemn.org should you have any questions.

Sincerely,

Tara Kohl
Community Development Coordinator
City of Big Lake

Attachment C

Right of Entry Permit

RIGHT OF ENTRY PERMIT

THIS RIGHT OF ENTRY PERMIT ("Permit"), is made this ____ day of ______________, 2026 (the "Effective Date"), made by and among the **CITY OF BIG LAKE**, a Minnesota municipal corporation ("City"), whose principal place of business is at 160 Lake Street North, Big Lake, Minnesota 55309; **TOWN OF BIG LAKE**, a Minnesota political subdivision in Sherburne County ("Township"), whose principal place of business is at 21960 County Road 5, Big Lake, Minnesota 55309; and **PSBX REAL ESTATE, LLC,** a Minnesota limited liability company, ("Grantee"), whose principal place of business is at 1041 Grand Avenue, #219, St. Paul, Minnesota 55105. The City and Township are referred to in this Agreement as the "Grantors."

RECITALS

A. Grantors are the fee owner of certain real property in the City of Big Lake, County of Sherburne, State of Minnesota, which legally described in **Exhibit A** (the "Property"); and

B. The Grantee and Grantors are negotiating the terms of a Contract for Private Development related to the purchase of the Property by the City and have entered into a Letter of Intent dated __________, 2026 ("Letter of Intent"); and

C. The Grantee wishes to enter onto the Property for the purpose of inspecting the Property (the "Permitted Use" as is more fully defined below) prior to purchase of the Property by the Grantors; and

D. Grantors are willing to allow the Grantee to engage in the Permitted Use according and subject to the terms and conditions provided in this Permit.

NOW, THEREFORE, in consideration of the mutual promises of the parties contained in this Permit, the parties agree as follows:

1. **Right of Entry**. Subject to and in accordance with the terms and conditions of the Permit, upon at least twenty-four (24) hours' notice from the Grantee to the Grantors, Grantors authorize Grantee, its employees, agents, or contractors, to enter upon the Property, without charge, beginning on the Effective Date, during the hours of 7:00 a.m. and 5:00 p.m., Monday through Friday. The Grantee's right of entry shall automatically expire at 5:00 p.m. on the date of termination of the Letter of Intent (the "Termination Date"). There shall be no renewal of this Permit. If the Permitted Use is not completed by the Termination Date, a new right of entry permit shall be required.

2. **Permitted Use**. The Permitted Use by the Grantee is the right to enter onto the Property for the sole purpose of conducting such inspections and investigations of the Property as are reasonably necessary for the Grantee to satisfy itself about the condition of the Property, including surveys, tests and audits. The Grantee shall have the right to bring such equipment onto the Property as is commercially reasonable for this purpose. The Permitted Use includes collecting soil samples in dirt, grass, or pavement, as applicable. Other than the foregoing the Grantee shall

not conduct any invasive testing, inspections or investigations of the Property without the prior consent of Grantors which consent shall not be unreasonably withheld, conditioned or delayed.

3. **Responsibilities of the Grantee**. The Grantee shall pay for the costs of all tests, appraisals, and inspections of the Property conducted by the Grantee, its employees, agents, or contractors. The Grantee will provide Grantors with copies of reports related to the results of such inspections or tests performed on any samples or materials taken from the Property, which the Grantee may make known to other persons or entities. The Grantee shall be responsible for the off-site disposal of any samples or materials taken or associated waste in compliance with all applicable laws and regulations. Prior to the Termination Date, the Grantee shall remove all equipment, and, at the Grantee's sole expense, shall restore the Property to the condition that existed prior to the Grantee's first entry onto the Property.

4. **Hold Harmless and Indemnification**. The Grantee shall indemnify and hold Grantors harmless from claims, actions, damages, and costs, including reasonable attorneys' fees, pertaining to personal injury and property damage caused by the Grantee or its employees, agents, or contractors in conducting the Permitted Use, or arising from payment or nonpayment of third parties performing work or inspections on the Property, mechanics liens, or other similar claims.

5. **Scope of Right of Entry**. The grant of right of entry to the Grantee by Grantors pursuant to this Permit shall not confer any estate, title or exclusive possessory rights in the Property to the Grantee or its successors, assigns, employees, agents, or contractors.

6. **Notices**. All notices and demands required under this Permit shall be in writing and shall be deemed given when personally delivered or sent by first class mail, addressed to the parties:

Grantors: City Administrator
City of Big Lake
160 Lake Street North
Big Lake, Minnesota 55309

And

Town of Big Lake
21960 County Road 5 NW
PO Box 75
Big Lake, MN 55309
Attn: Township Clerk

Grantee: PSBX Real Estate, LLC
Attn: Anthony Wilson
1041 Grand Avenue, #219
St. Paul, MN 55105

7. **Condition of Property**. The Grantee, at its sole expense, agrees to keep the Property in neat, clean, and safe conditions, agrees not to make any improvements without the prior written approval of Grantors.

8. **No Assignment**. The Grantee may not assign its rights to use the Property or any portion of the Property without the prior written consent of Grantors.

9. **Incorporation of Recitals and Exhibit**. The Recitals at the beginning of this Permit, and the Exhibit at the end of this Permit, are each one true and correct, and are incorporated into and made part of this Permit.

[Signature page follows.]

IN WITNESS WHEREOF, the Grantee and Grantors have each caused this Permit to be duly executed in their name and on their behalf, on or as of the Effective Date.

GRANTORS:
CITY OF BIG LAKE

By:____________________________
Paul Knier, Mayor

And ___________________________
Gina Wolbeck, City Clerk

TOWN OF BIG LAKE

By: ___________________________
Bruce Aubol, Town Chair

And

By: ___________________________
Brenda Kimberly-Maas, Town Clerk

GRANTEE:
PSBX REAL ESTATE, LLC

By: __________________________________
Anthony Wilson, Its __________________

DRAFTED BY:
CAMPBELL KNUTSON, P.A.
Grand Oak Office Center I
860 Blue Gentian Road, Suite 290
Eagan, Minnesota 55121
Telephone: (651) 452-5000

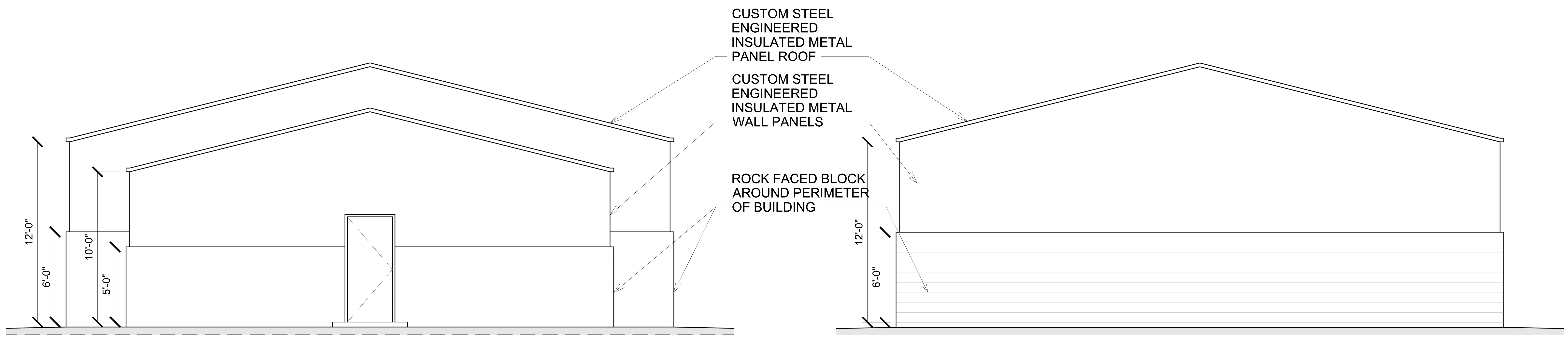
EXHIBIT A
TO
RIGHT OF ENTRY AGREEMENT

Legal Description of the Property

Lot 2, Block 1, Big Lake Industrial Park East Plat 6, County of Sherburne, State of Minnesota, according to the recorded plat thereof.

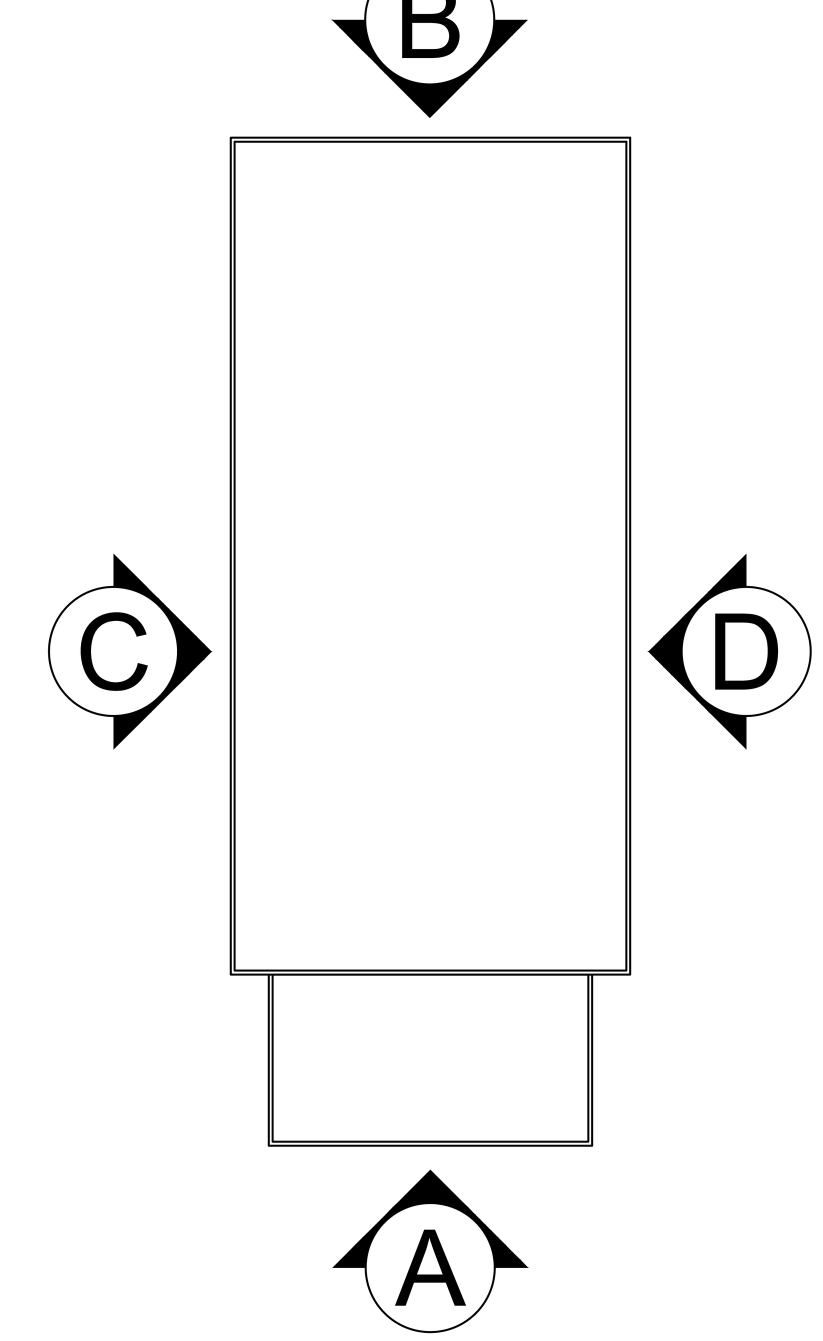
Attachment D
Draft Elevations

PSBX
REAL ESTATE LLC

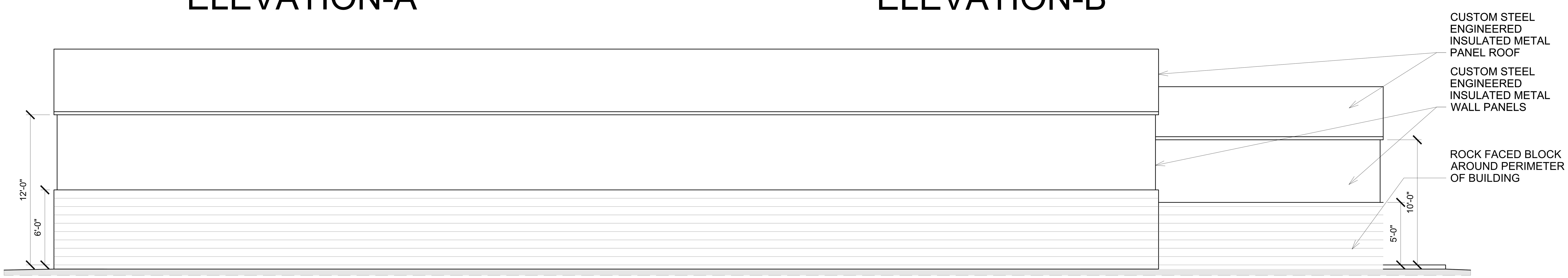


ELEVATION-A

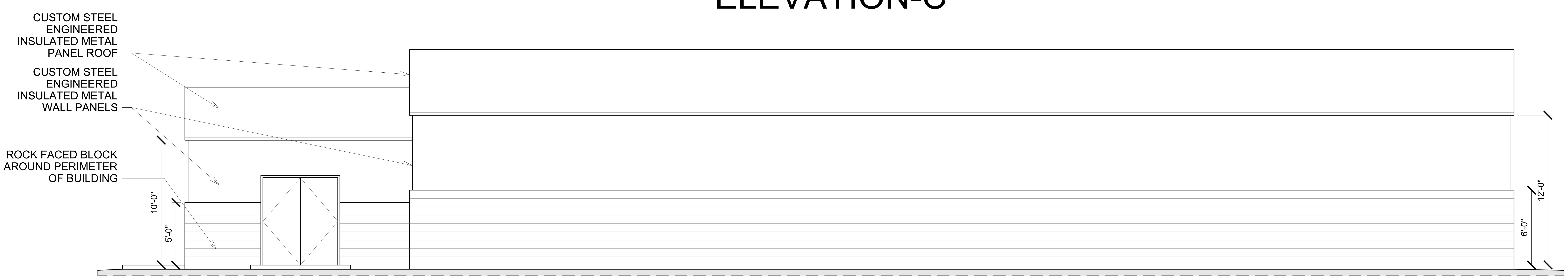
ELEVATION-B



KEY PLAN

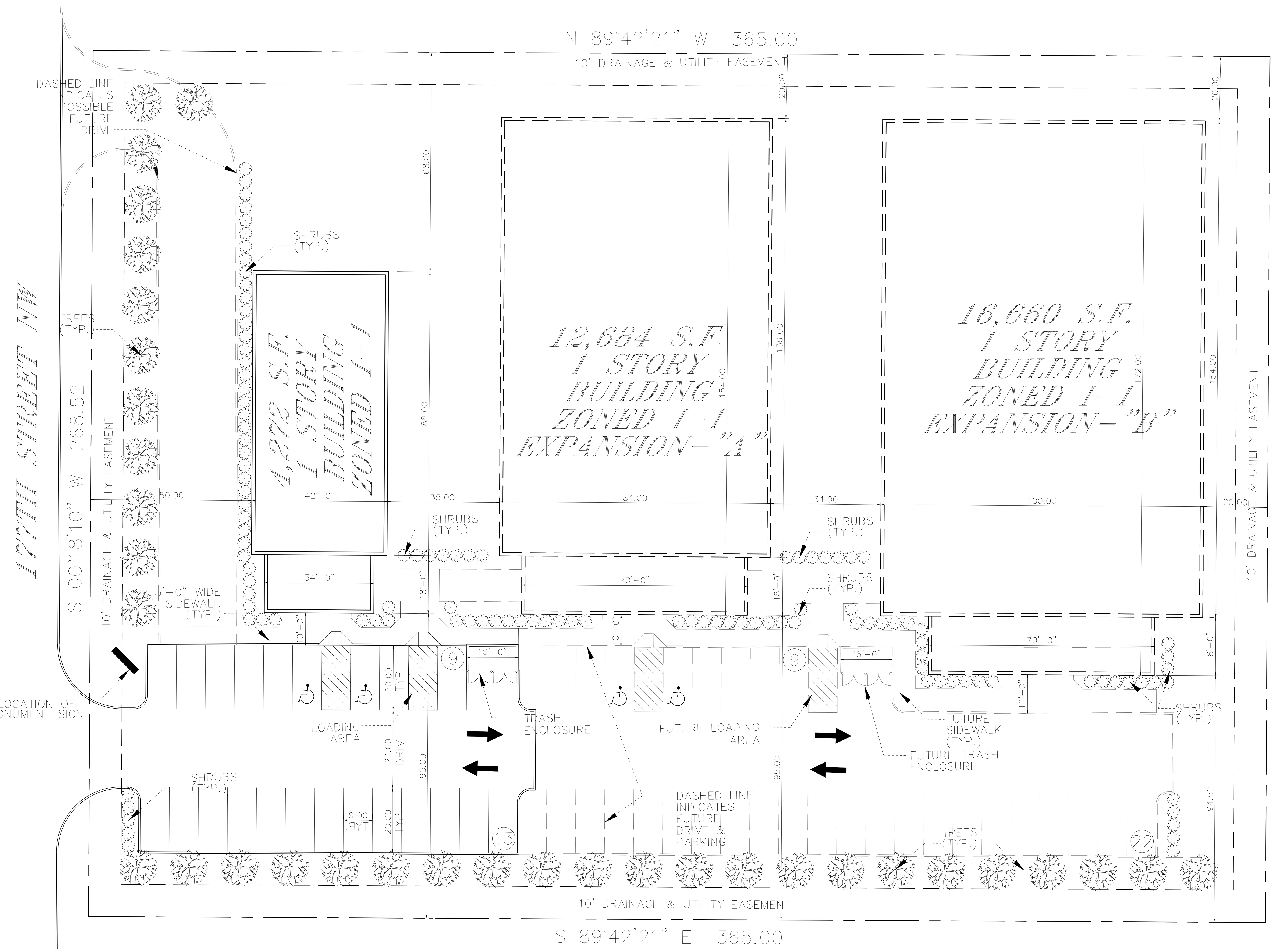


ELEVATION-C



ELEVATION-D

Attachment E
Draft Site Plan



PSBX
REAL ESTATE LLC

BIG LAKE INDUSTRIAL PARK EAST PLAT SIX

BLOCK 1 - LOT 2

BUILDING AREAS:

FIRST BUILDING	4,272 S.F.
EXPANSION "A" BUILDING	12,684 S.F.
EXPANSION "B" BUILDING	16,600 S.F.
TOTAL BUILDING AREAS	33,556 S.F.

LANDSCAPING:

TREES (1 PER 1000 S.F.)	34 TREES
SHRUBS (1 PER 300 S.F.)	114 SHRUBS

PARKING REQUIREMENTS:

MANUFACTURING, FABRICATION OR PROCESS OF PRODUCT OR MATERIAL - 1.5 PER 1,000 S.F. GROSS FLOOR AREA

REQUIRED PARKING STALLS	51 STALLS
PROVIDED PARKING STALLS	54 STALLS