



ECONOMIC DEVELOPMENT AUTHORITY MEETING AGENDA

City of New Prague

Wednesday, October 08, 2025 at 7:30 AM

City Hall Council Chambers - 118 Central Ave N

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1. **CALL TO ORDER**
 2. **CONSENT AGENDA**
 - a. September 10, 2025 EDA Meeting Minutes
 - b. Claims for Payment: **\$1,755.05**
 3. **LEASE REVENUE BONDS, SERIES 2025C, POLICE STATION**
 - a. Resolution #25-10-08-01 - Awarding the Sale of Lease Revenue Bonds, Series 2025C and Approving the Execution and Delivery of Lease Documents
 - b. EDA 2025C Ground Lease
 - c. EDA 2025C Lease-Purchase Agreement
 4. **BUSINESS RETENTION AND EXPANSION (BR&E) PROGRAM**
 5. **BUSINESS UPDATES**
 - a. October 2025
 6. **CDA UPDATE**
 7. **SCHOOL DISTRICT UPDATE**
 8. **EXECUTIVE DIRECTORS REPORT**
 9. **MISCELLANEOUS**
 10. **ADJOURNMENT**

Next Meeting: Wednesday, November 12, 2025

OUR MISSION IS TO PROMOTE AND FACILITATE ECONOMIC DEVELOPMENT IN THE NEW PRAGUE AREA:

- * Strengthen existing businesses and non-profits *
- * Create an environment conducive to new economic development *
- * Create long term funding strategy *

Brent Quast, President
Troy Pint, Vice President
Eric Krogman, Secretary
Nick Slavik
Austin Reville

Term Ending 5/31/26
Term Ending 5/31/27
Term Ending 5/31/31
Term Ending 5/31/30
Term Ending 5/31/29

Charles Nickolay, Mayor
Bruce Wolf, Councilmember
Joshua Tetzlaff, City Administrator & Executive Director



ECONOMIC DEVELOPMENT AUTHORITY MEETING MINUTES

City of New Prague

Wednesday, September 10, 2025 at 7:30 AM

City Hall Council Chambers - 118 Central Ave N

1. CALL TO ORDER

The meeting was called to order by EDA President Brent Quast at 7:30 a.m. with the following members present: Brent Quast, Eric Krogman, Troy Pint, Austin Reville, Nick Slavik, Charles Nickolay and Bruce Wolf. Staff Present: City Administrator Joshua Tetzlaff, Planning/Community Development Director Ken Ondich and Finance Director Robin Pikal.

Others Present: Keith Dahl (Ehlers) and Jo Foust (Scott County CDA). Tony Buthe (School District) arrived at approximately 7:44 a.m.

2. CONSENT AGENDA

Motion to approve the consent agenda was made by Reville, seconded by Slavik.

Motion carried (7-0)

- a. August 13, 2025 Meeting Minutes
August 13, 2025 Closed Meeting Minutes
- b. Claims for Payment: **\$237.50**

3. EDA LEASE REVENUE BOND PRE-SALE

Keith Dahl with Ehlers presented the Lease Revenue Bond Pre-Sale Report and indicated there is a year 9 call/refinance option. The sale will occur on October 8th. Anticipated true interest cost to be just over 5% but hoping for a lower rate.

Motion to approve Resolution 25-09-10-01 was made by Slavik, seconded by Quast.

Motion carried (7-0)

- a. Pre-Sale Report
- b. Resolution #25-09-10-01

4. 2026 BUDGET

Tetzlaff presented the budget request. Bruce Wolf noted that he brought up with the City Council looking at changing the levy amount lower for the EDA. Slavik asked for time to get the strategic plan completed before making changes.

- a. EDA 2026 Budget

5. BUSINESS RETENTION AND EXPANSION (BR&E) PROGRAM

Jo Foust indicated that there is a BRE visit scheduled next week with Giesenbrau and that other visits are being scheduled.

6. BUSINESS UPDATES

Ondich presented the monthly business update.

- a. September 2025

7. CDA UPDATE

Jo Foust indicated that the Broker Event at Canterbury is occurring on September 18th to promote all Scott County Cities. She also indicated the Fast Track Challenge occurs in October with one finalist from New Prague and thanked Minnwest Bank and the NP Chamber for being sponsors.

8. SCHOOL DISTRICT UPDATE

Tony Buthe stated that the school year is off to a great start and that with 17 new teachers it's great to have some new housing options such as apartments available. He stated that the school district has kicked off the levy referendum process. He stated that in October the 2nd Career and Tech Fair is taking place and is being followed up by a college/tech fair in the afternoon of the same day.

9. EXECUTIVE DIRECTORS REPORT

Tetzlaff noted that the Lease Agreement between the EDA/City is being put together for the Police Station and relating to the lease revenue bond. He stated that the EDA has a workshop with the City Council on September 15th to discuss strategic planning.

10. MISCELLANEOUS

None

11. ADJOURNMENT

Motion to adjourn the meeting at 8:02 a.m. was made by Slavik, seconded by Quast.
Motion carried (7-0)

Respectfully Submitted,

Joshua M. Tetzlaff
City Administrator / EDA Executive Director

Vendor Name	Description	Net Invoice Amount
KENNEDY & GRAVEN CHARTERED	EDA MATTERS - POLICE STATION LEASE	553.75
KENNEDY & GRAVEN CHARTERED	EDA - BEVCOMM	36.00
KENNEDY & GRAVEN CHARTERED	EDA	602.70
ROSS NESBIT AGENCIES INC.	AGENCY FEE	9.30
ROSS NESBIT AGENCIES INC.	AGENCY FEE	9.30
SUEL PRINTING	EDA HEARING	544.00
Total EDA:		1,755.05
Grand Totals:		1,755.05

EDA

Account	Account Code Description	2025 CURRENT Budget	Current Period	Year to Date Thru 8/31/2025	Budget Balance
680-3-0000-31010	CURRENT PROPERTY TAXES	\$ 75,000.00	\$ -	\$ 38,779.80	\$ 36,220.20
680-3-0000-31020	DELINQUENT PROPERTY TAXES	\$ -	\$ -	\$ 94.05	\$ (94.05)
680-3-0000-36210	INTEREST INCOME	\$ 250.00	\$ 1,605.17	\$ 7,503.76	\$ (7,253.76)
	TOTAL OPERATING REVENUE	\$ 75,250.00	\$ 1,605.17	\$ 46,408.52	\$ 28,841.48
680-4-4650-101	WAGES FULL-TIME	\$ 47,111.00	\$ 4,671.92	\$ 24,483.35	\$ 22,627.65
680-4-4650-103	WAGES PART-TIME	\$ -	\$ -	\$ -	\$ -
680-4-4650-113	EMPLOYEE BENEFITS	\$ 24.00	\$ -	\$ -	\$ 24.00
680-4-4650-121	EMPLOYER CONT. PERA	\$ 3,532.00	\$ 350.37	\$ 1,872.47	\$ 1,659.53
680-4-4650-122	EMPLOYER CONT. F I C A	\$ 3,604.00	\$ 345.72	\$ 1,897.11	\$ 1,706.89
680-4-4650-129	GERF CHANGE	\$ -	\$ -	\$ -	\$ -
680-4-4650-131	HEALTH INSURANCE	\$ 6,728.00	\$ 712.85	\$ 2,821.31	\$ 3,906.69
680-4-4650-132	DENTAL INSURANCE	\$ 670.00	\$ 48.12	\$ 172.74	\$ 497.26
680-4-4650-133	LIFE & S-T DISABILITY INS.	\$ 128.00	\$ 16.52	\$ 68.44	\$ 59.56
680-4-4650-151	WORKER'S COMPENSATION INS.	\$ 365.00	\$ -	\$ 181.07	\$ 183.93
680-4-4650-200	SUPPLIES	\$ 500.00	\$ -	\$ 0.55	\$ 499.45
680-4-4650-220	REPAIRS & MAINT. SUPPLIES	\$ 500.00	\$ -	\$ -	\$ 500.00
680-4-4650-301	AUDIT	\$ 725.00	\$ -	\$ 356.65	\$ 368.35
680-4-4650-305	CIVIL LEGAL FEES	\$ 3,000.00	\$ 589.75	\$ 2,172.35	\$ 827.65
680-4-4650-310	PROFESSIONAL SERVICES	\$ 327.00	\$ -	\$ 91.91	\$ 235.09
680-4-4650-320	POSTAGE	\$ 200.00	\$ -	\$ -	\$ 200.00
680-4-4650-322	COMPUTER COMM/MAINT	\$ -	\$ -	\$ 21.10	\$ (21.10)
680-4-4650-330	TRAVEL, CONF, MILEAGE ALLOW.	\$ 300.00	\$ -	\$ -	\$ 300.00
680-4-4650-340	ADVERTISING & PUBLICATIONS	\$ 1,200.00	\$ 544.00	\$ 781.50	\$ 418.50
680-4-4650-369	INSURANCES	\$ 2,954.00	\$ 9.30	\$ 391.10	\$ 2,562.90
680-4-4650-433	DUES & SUBSCRIPTIONS	\$ 545.00	\$ -	\$ -	\$ 545.00
680-4-4650-441	SPECIAL PROJECTS	\$ 2,837.00	\$ -	\$ -	\$ 2,837.00
680-4-4650-490	DONATION OTHER CIVIC ORG.	\$ -	\$ -	\$ -	\$ -
680-4-4650-720	TRANSFER-OUT	\$ -	\$ -	\$ -	\$ -
680-4-4650-905	DEBT PAYMENT	\$ -	\$ -	\$ -	\$ -
	TOTAL OPERATING EXPENSES	\$ 75,250.00	\$ 7,288.55	\$ 35,311.65	\$ 39,938.35

EDA Industrial Park

Account	Account Code Description	2025 CURRENT Budget	Current Period	Year to Date	Budget Balance
681-3-0000-36210	INTEREST INCOME	\$ -	\$ 713.82	\$ 3,322.59	\$ (3,322.59)
	TOTAL OPERATING REVENUE	\$ -	\$ 713.82	\$ 3,322.59	\$ (3,322.59)
681-4-4650-305	CIVIL LEGAL FEES	\$ -	\$ -	\$ -	\$ -
681-4-4650-420	DEPRECIATION EXPENSE	\$ 1,773.00	\$ -	\$ -	\$ 1,773.00
681-4-4650-500	CAPITAL PROJECTS	\$ -	\$ -	\$ -	\$ -
	TOTAL OPERATING EXPENSES	\$ 1,773.00	\$ -	\$ -	\$ 1,773.00

EDA

		2024	2025
		YTD BALANCE	CURRENT YTD BALANCE
		8/31/2024	
ASSETS			
680-10101	CLAIM ON CASH	\$ 174,382.04	\$ 199,134.33
680-10120	MONEY MARKET-FIRST BK & TRUST	\$ 25,699.16	\$ 25,782.62
680-10125	MONEY MARKET-4M	\$ 250,203.39	\$ 262,865.11
680-11500	ACCOUNTS RECEIVABLE	\$ -	\$ -
680-15501	PREPAID OTHER	\$ -	\$ -
680-15696	DEFERRED OUTFLOW - OPEB	\$ -	\$ -
680-15699	GERF DEFERRED OUTFLOW	\$ -	\$ -
TOTAL ASSETS		\$ 450,284.59	\$ 487,782.06
LIABILITIES			
680-20210	ACCOUNTS PAYABLE	\$ 91.85	\$ 1,123.49
680-21717	OPEB LIABILITY	\$ -	\$ -
680-22296	OPEB DEFERRED INFLOW	\$ -	\$ -
680-22299	GERF DEFERRED INFLOW	\$ -	\$ -
680-23999	GERF PENSION LIABILITY	\$ -	\$ -
TOTAL LIABILITIES		\$ 91.85	\$ 1,123.49
RETAINED EARNINGS		\$ 450,192.74	\$ 486,658.57
TOTAL LIABILITIES & FUND EQUITY		\$ 450,284.59	\$ 487,782.06

EDA Industrial Park

		2024	2025
		YTD BALANCE	CURRENT YTD BALANCE
CURRENT ASSETS			
681-10101	CLAIM ON CASH	\$ 76,624.03	\$ 72,544.75
681-10120	MONEY MARKET-FIRST BK & TRUST	\$ 12,850.38	\$ 12,892.45
681-10125	MONEY MARKET-4M	\$ 110,412.35	\$ 116,005.72
TOTAL CURRENT ASSETS		\$ 199,886.76	\$ 201,442.92
NON CURRENT ASSETS			
681-16100	LAND	\$ 453,940.38	\$ 453,940.38
681-16300	INFRASTRUCTURE	\$ (0.32)	\$ -
681-16310	ACCUM. DEPRECIATION-INFRASTR	\$ (591.17)	\$ -
TOTAL NON CURRENT ASSETS		\$ 453,348.89	\$ 453,940.38
TOTAL ASSETS		\$ 653,235.65	\$ 655,383.30
LIABILITIES			
681-20210	ACCOUNTS PAYABLE	\$ -	\$ -
681-20610	CIP RETAINAGE PERCENTAGE	\$ 6,286.00	\$ -
TOTAL LIABILITIES		\$ 6,286.00	\$ -
RETAINED EARNINGS		\$ 646,949.65	\$ 655,383.30
TOTAL LIABILITIES & FUND EQUITY		\$ 653,235.65	\$ 655,383.30

EXTRACT OF MINUTES OF MEETING
OF THE BOARD OF COMMISSIONERS OF THE
NEW PRAGUE ECONOMIC DEVELOPMENT AUTHORITY
SCOTT AND LE SUEUR COUNTIES, MINNESOTA

Pursuant to due call and notice thereof, a regular meeting of the Board of Commissioners of the New Prague Economic Development Authority was duly held on October 8, 2025, commencing at 7:30 o'clock a.m.

The following members were present:

and the following were absent:

Member _____ introduced the following resolution and moved its adoption:

RESOLUTION NO. 25-10-08-01

RESOLUTION AWARDING THE SALE OF LEASE REVENUE BONDS (CITY OF NEW PRAGUE, MINNESOTA POLICE FACILITY LEASE), SERIES 2025C, IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF \$10,040,000; FIXING THEIR FORM AND SPECIFICATIONS; DIRECTING THEIR EXECUTION AND DELIVERY; PROVIDING FOR THEIR PAYMENT; AND APPROVING THE EXECUTION AND DELIVERY OF LEASE DOCUMENTS

BE IT RESOLVED by the Board of Commissioners (the “Board”) of the New Prague Economic Development Authority (the “Authority”) as follows:

Section 1. Findings, Determinations; Sale of Bonds.

1.01. Background. It is hereby determined that:

- (a) The Authority is authorized under Minnesota Statutes, Sections 469.090 through 469.1082, as amended (the “Act”), including Minnesota Statutes, Section 469.103, as amended (“Section 469.103”) to issue, by resolution, revenue bonds to provide funds to acquire land needed to operate the Authority, to purchase or construct facilities, to purchase, construct, install, or furnish capital equipment to operate a facility for economic development of any kind within the city, or to pay to extend, enlarge, or improve a project under its control.
- (b) Pursuant to a resolution adopted by the Board on September 10, 2025, the Board authorized the issuance and sale of its Lease Revenue Bonds (City of New Prague, Minnesota Police Facility Lease) Series 2025C (the “Bonds”), to provide financing for the construction and equipping of a new police facility (the “Facility”) to be located in the City of New Prague, Minnesota (the “City”).
- (c) In connection with the issuance and sale of the Bonds, the City intends to enter into a Ground Lease between the City, as lessor, and the Authority, as lessee, regarding the real property on which the Facility is located (the “Ground Lease”), and a lease-purchase agreement between the Authority, as lessor, and the City, as lessee (the “Lease”), all pursuant to Minnesota Statutes, Section 465.71, as amended (“Section 465.71”). Capitalized terms used in this resolution but otherwise not defined shall have the meanings provided in the Lease.
- (d) Pursuant to the Lease, the City intends to lease the Facility from the Authority and make lease payments to the Authority in the amount necessary to pay debt service on the Bonds, subject to the City’s right of non-appropriation in each fiscal year.
- (e) Pursuant to Section 469.103, subd. 3, the Authority may sell the Bonds in the manner and for the price that the Authority determines to be in the best interests of the Authority. The Authority has retained Ehlers and Associates, Inc. (the “Municipal Advisor”), to serve as the Authority’s independent municipal advisor with respect to the offer and sale of the Bonds and, therefore, is authorized by Section 475.60, subdivision 2(9), of the Act to sell the Bonds other than pursuant to a competitive sale. The actions of the Authority staff and the Municipal Advisor in negotiating the sale of the Bonds are ratified and confirmed in all aspects.

1.02. Award to the Purchaser and Interest Rates. The proposal of Robert W. Baird & Co., Inc., as syndicate manager (the “Purchase”) to purchase the Bonds is hereby found and determined to be a reasonable offer and is hereby accepted, the proposal being to purchase the Bonds at a price of \$10,018,728.36 (par amount of \$10,040,000, plus original issue premium of \$252,556.75, less original issue discount of \$85,443.60, less an underwriter’s discount of \$188,384.79), plus accrued interest, if any, to date of delivery for Bonds bearing interest as follows:

Year	Interest Rate	Year	Interest Rate
2027	5.000%	2042	4.250%
2028	5.000%	2043	4.250%
2029	5.000%	2044	4.250%
2030	5.000%	2045	4.375%
2031	5.000%	2046	4.375%
2032	5.000%	2047	4.500%
2033	5.000%	2048	4.500%
2034	5.000%	2049	4.500%
2035	5.000%	2050	4.500%
2036	5.000%	2051	4.500%
2037	5.000%	2052	4.500%
2039*	4.000%	2053	4.500%
2040	4.000%	2054	4.500%
2041	4.125%	2055	4.500%

**Term Bonds*

True interest cost: 4.4856524%

1.03. Purchase Agreement. The execution and delivery of a proposal form, dated as of October 8, 2025 (the “Purchase Agreement”), between the Authority and the Purchaser, is hereby ratified and confirmed in the form set forth in EXHIBIT A to this resolution (the “Resolution”). The Bonds shall be issued and delivered in accordance with the terms and conditions of the Purchase Agreement and this Resolution. The amount proposed by the Purchaser in excess of the minimum bid, if any, shall be credited to the Debt Service Fund hereinafter created or deposited in the Project Fund hereinafter created, as determined by the President and the Executive Director of the Authority in consultation with the Municipal Advisor. The Municipal Advisor is directed to receive and retain the good faith payment of the Purchaser in accordance with the terms of the Purchase Agreement, pending completion of the sale of the Bonds. The President and the Executive Director of the Authority are authorized and directed to execute a contract with the Purchaser on behalf of the Authority.

1.04. Terms and Principal Amounts of the Bonds. The Authority will forthwith issue and sell the Bonds pursuant to the Act, including Section 469.103, and Section 465.71, in the original aggregate principal amount of \$10,040,000, originally dated October 30, 2025, in the denomination of \$5,000 each or any integral multiple thereof, numbered No. R-1, upward, bearing interest as above set forth, and maturing serially on February 1 in the years and amounts as follows:

Year	Amount	Year	Amount
2027	\$60,000	2042	\$345,000
2028	\$180,000	2043	\$360,000
2029	\$190,000	2044	\$375,000
2030	\$200,000	2045	\$390,000
2031	\$210,000	2046	\$405,000
2032	\$220,000	2047	\$425,000
2033	\$230,000	2048	\$445,000
2034	\$240,000	2049	\$465,000
2035	\$255,000	2050	\$485,000
2036	\$265,000	2051	\$505,000
2037	\$280,000	2052	\$530,000
2039*	\$600,000	2053	\$555,000
2040	\$315,000	2054	\$575,000
2041	\$330,000	2055	\$605,000

**Term Bonds*

1.05. Schedule of Maturities. The schedule of maturities satisfies the requirements of Section 475.54, subdivision 1 of the Act.

1.06. Optional Redemption. The City may elect on February 1, 2035, and on any day thereafter to prepay Bonds due on or after February 1, 2036. Redemption may be in whole or in part and if in part, at the option of the City and in such manner as the City shall determine. If less than all Bonds of a maturity are called for optional redemption, the City shall notify DTC (as defined in Section 8 hereof) of the particular amount of such maturity to be prepaid. DTC shall determine by lot the amount of each participant’s interest in such maturity to be redeemed and each participant will then select by lot the beneficial ownership interests in such maturity to be redeemed. Prepayments shall be at a price of par plus accrued interest to the date of optional redemption.

1.07 Mandatory Sinking Fund Redemptions; Term Bonds. The Bonds maturing on February 1, 2039, shall hereinafter be referred to collectively as the “Term Bonds.” The Term Bonds are subject to mandatory sinking fund redemption and shall be redeemed in part at par plus accrued interest on February 1 of the following years and in the principal amounts as follows:

Mandatory Sinking Fund Redemptions

February 1, 2039 Term Bond	
Year	Principal Amount
2038	\$295,000
2039*	\$305,000

* Maturity

The principal amount of Term Bonds subject to mandatory sinking fund redemption on any date may be reduced through earlier optional redemptions, with any partial redemptions of the Term Bond credited against future mandatory sinking fund redemptions of such Term Bonds in such order as the City shall determine.

Section 2. Registration and Payment.

2.01. Registered Form. The Bonds shall be issued only in fully registered form. The interest thereon and, upon surrender of each Bond, the principal amount thereof, is payable by check, draft or wire issued by the Registrar described herein.

2.02. Dates; Interest Payment Dates. Each Bond shall be dated as of the last interest payment date preceding the date of authentication to which interest on the Bond has been paid or made available for payment, unless (i) the date of authentication is an interest payment date to which interest has been paid or made available for payment, in which case the Bond shall be dated as of the date of authentication, or (ii) the date of authentication is prior to the first interest payment date, in which case the Bond shall be dated as of the date of original issue. The interest on the Bonds is payable on February 1 and August 1 of each year, commencing August 1, 2026, to the registered owners of record thereof as of the close of business on the fifteenth day immediately preceding each interest payment date, whether or not such day is a business day.

2.03. Registration. The Authority shall appoint a bond registrar (the “Registrar”), authenticating agent (the “Authenticating Agent”), and paying agent (the “Paying Agent”). Except as specifically provided otherwise in Section 7 hereof, the effect of registration and the rights and duties of the Authority and the Registrar with respect thereto are as follows:

(a) Register. The Registrar must keep at its principal corporate trust office a bond register (the “Bond Register”) in which the Registrar provides for the registration of ownership of Bonds and the registration of transfers and exchanges of Bonds entitled to be registered, transferred, or exchanged.

(b) Transfer of Bonds. Upon surrender for transfer of a Bond duly endorsed by the registered owner thereof or accompanied by a written instrument of transfer, in form satisfactory to the Registrar, duly executed by the registered owner thereof or by an attorney duly authorized by the registered owner in writing, the Registrar shall authenticate and deliver, in the name of the designated transferee or transferees, one or more new Bonds of a like aggregate principal amount and maturity, as requested by the transferor. The Registrar may, however, close the books for registration of any transfer after the fifteenth day of the month preceding each interest payment date and until that interest payment date.

(c) Exchange of Bonds. When Bonds are surrendered by the registered owner for exchange the Registrar shall authenticate and deliver one or more new Bonds of a like aggregate principal amount and maturity as requested by the registered owner or the owner's attorney in writing.

(d) Cancellation. Bonds surrendered upon transfer or exchange shall be promptly cancelled by the Registrar and thereafter disposed of as directed by the Authority.

(e) Improper or Unauthorized Transfer. When a Bond is presented to the Registrar for transfer, the Registrar may refuse to transfer the Bond until the Registrar is satisfied that the endorsement on the Bond or separate instrument of transfer is valid and genuine and that the requested transfer is legally authorized. The Registrar shall incur no liability for the refusal, in good faith, to make transfers which it, in its judgment, deems improper or unauthorized.

(f) Persons Deemed Owners. The Authority and the Registrar may treat the person in whose name a Bond is registered in the Bond Register as the absolute owner of the Bond, whether the Bond is overdue or not, for the purpose of receiving payment of, or on account of, the principal of and interest on the Bond and for all other purposes, and payments so made to a registered owner or upon the owner's order shall be valid and effectual to satisfy and discharge the liability upon the Bond to the extent of the sum or sums so paid.

(g) Taxes, Fees, and Charges. The Registrar may impose a charge upon the owner thereof for a transfer or exchange of Bonds sufficient to reimburse the Registrar for any tax, fee, or other governmental charge required to be paid with respect to the transfer or exchange.

(h) Mutilated, Lost, Stolen, or Destroyed Bonds. If a Bond becomes mutilated or is destroyed, stolen, or lost the Registrar shall deliver a new Bond of like amount, number, maturity date, and tenor in exchange and substitution for and upon cancellation of the mutilated Bond or in lieu of and in substitution for any Bond destroyed, stolen, or lost upon the payment of the reasonable expenses and charges of the Registrar in connection therewith; and, in the case of a Bond destroyed, stolen, or lost, upon filing with the Registrar evidence satisfactory to it that the Bond was destroyed, stolen, or lost, and of the ownership thereof, and upon furnishing to the Registrar an appropriate bond or indemnity in form, substance, and amount satisfactory to it and as provided by law, in which both the Authority and the Registrar must be named as obligees. Bonds so surrendered to the Registrar shall be cancelled by the Registrar and evidence of such cancellation must be given to the Authority. If the mutilated, destroyed, stolen, or lost Bond has already matured or been called for redemption in whole in accordance with its terms it is not necessary to issue a new Bond prior to payment.

(i) Redemption. In the event any of the Bonds are called for redemption, notice thereof identifying the Bonds to be redeemed shall be given by the Registrar by mailing a copy of the redemption notice by first class mail (postage prepaid) to the registered owner of each Bond to be redeemed at the address shown on the Bond Register and, if publication of the notice of redemption is required by law, by publishing the notice of redemption as required by law. Failure to give notice by publication or by mail to any registered owner, or any defect therein, shall not affect the validity of the proceedings for the redemption of Bonds. Bonds so called for redemption shall cease to bear interest after the specified redemption date, provided that the funds for the redemption are on deposit with the place of payment at that time.

2.04. Appointment of Initial Registrar, Paying Agent, and Authenticating Agent. The Authority appoints Bond Trust Services Corporation, Minneapolis, Minnesota, as the initial Registrar, Paying Agent, and Authenticating Agent with respect to the Bonds. The President and Executive Director are authorized to execute and deliver, on behalf of the Authority, a contract with Bond Trust Services Corporation, as the initial

Registrar, Paying Agent, and Authenticating Agent with respect to the Bonds. Upon merger or consolidation of the Registrar, Paying Agent, and Authenticating Agent with another corporation, if the resulting corporation is a bank or trust company authorized by law to conduct such business, the resulting corporation is authorized to act as successor Registrar, Paying Agent, and Authenticating Agent. The Authority agrees to pay the reasonable and customary charges of the Registrar, Paying Agent, and Authenticating Agent for the services performed. The Authority reserves the right to remove the Registrar, Paying Agent, or Authenticating Agent upon thirty (30) days' notice and upon the appointment of a successor Registrar, Paying Agent, or Authenticating Agent, in which event the predecessor Registrar, Paying Agent, or Authenticating Agent must deliver all cash and Bonds in its possession to the successor Registrar, Paying Agent, or Authenticating Agent and the Registrar must deliver the Bond Register to the successor Registrar. On or before three (3) business days prior to each principal or interest due date, without further order of the Authority, the Executive Director must transmit to the Paying Agent money sufficient for the payment of all principal and interest then due.

2.05. Execution, Authentication, and Delivery. The Bonds shall be prepared under the direction of the Executive Director and executed on behalf of the Authority by the signatures of the President and the Executive Director, provided that those signatures may be printed, engraved, or lithographed facsimiles of the originals. If an officer whose signature or a facsimile of whose signature appears on the Bonds ceases to be such officer before the delivery of a Bond, that signature or facsimile shall nevertheless be valid and sufficient for all purposes, the same as if the officer had remained in office until delivery. Notwithstanding such execution, a Bond shall not be valid or obligatory for any purpose or entitled to any security or benefit under this Resolution unless and until a certificate of authentication on the Bond has been duly executed by the manual signature of an authorized representative of the Authenticating Agent. Certificates of authentication on different Bonds need not be signed by the same representative of the Authenticating Agent. The executed certificate of authentication on a Bond is conclusive evidence that it has been authenticated and delivered under this Resolution. When the Bonds have been so prepared, executed, and authenticated the Authority shall deliver the same to the Purchaser upon payment of the purchase price in accordance with the contract of sale heretofore made and executed, and the Purchaser is not obligated to see to the application of the purchase price.

Section 3. Form of Bond.

3.01. Execution of the Bonds. The Bonds will be printed or typewritten in substantially the form set forth in EXHIBIT B.

3.02. Approving Legal Opinion. The Executive Director is authorized and directed to obtain a copy of the proposed approving legal opinion of Kennedy & Graven, Chartered, Minneapolis, Minnesota, and cause the opinion to be printed on or accompany each Bond.

Section 4. Payment; Security; Funds; Pledges and Covenants.

4.01. Debt Service Fund. The Bonds are payable from the debt service fund hereby created (the "Debt Service Fund"), and the Lease Payments payable by the City under the Lease are hereby pledged to the Debt Service Fund. So long as there is no Event of Default under the Lease and the City has not terminated the Lease due to non-appropriation, the Debt Service Fund shall be held and administered by the City. There is appropriated to the Debt Service Fund (i) amounts over the minimum purchase price of the Bonds paid by the Purchaser, to the extent designated for deposit in the Debt Service Fund in accordance with Section 1.03 hereof; and (ii) capitalized interest financed with proceeds of the Bonds, if any.

4.02. Project Fund. The proceeds of the Bonds, less any appropriations made in Section 4.01 hereof, will be deposited with the City in a separate account (the "Project Fund") to be used solely to defray expenses of the construction of the Improvements, including all Project Costs. When the Improvements are completed

in accordance with the Lease and the cost thereof paid, the Project Fund is to be closed, and any balance thereon credited to the Debt Service Fund.

4.03. Lease Payments; Right of Non-Appropriation. The Authority covenants to apply all Lease Payments received by the Authority from the City pursuant to the Lease to the payment of the principal of and interest on the Bonds. The Bonds shall not constitute or give rise to a charge against the general credit or properties or taxing powers of the Authority or the City and shall not grant to the owners of the Bonds any right to have the Authority or the City levy any taxes or appropriate any funds for the payment of the principal thereof or interest thereon, nor are the Bonds a general or moral obligation or a pecuniary liability of the Authority or the City or the individual officers or agents thereof. The Bonds shall not constitute an indebtedness of the Authority or the City, within the meaning of any state constitutional provision or statutory limitation. The Bonds and interest thereon are payable solely from Lease Payments to be paid by the City pursuant to the Lease, or other moneys held by the Registrar in a fund or account appropriated to the payment of the Bonds. The obligation of the City to make Lease Payments pursuant to the Lease is subject to annual appropriation by the City Council of the City. In the event the City Council determines not to appropriate moneys for the payment of Lease Payments due in a fiscal year, the Lease will terminate at the end of the then current fiscal year, and the City will have no further obligation to make Lease Payments pursuant to the Lease. In case an Event of Default occurs, or in the event of non-appropriation by the City Council of the City, the Authority may declare the principal of all Bonds Outstanding to be due and payable prior to the stated maturity thereof, and upon such declaration, the principal of all Bonds Outstanding shall become due and payable. After such declaration, all moneys received by the Authority and applicable to the Bonds pursuant to the Ground Lease shall be applied to the equal and proportional payment of all Bonds Outstanding and claims for interest thereon, without priority of any Bond over another Bond, or of principal over interest or interest over principal.

Section 5. Approval of Ground Lease and Lease. The Ground Lease and the Lease are hereby approved. The President and Executive Director are authorized and directed to execute and deliver the Ground Lease and the Lease on behalf of the Authority, substantially in the forms on file with the Authority, but with all such changes therein as shall be approved by the officers executing the same, which approval shall be conclusively evidenced by the execution thereof. Copies of all of the transaction documents shall be delivered, filed and recorded as provided therein. The President, the Executive Director and other officers of the Authority are also authorized and directed to execute such other documents, certificates and instruments as may be required to give effect to the transactions herein contemplated.

Section 6. Authentication of Transcript.

6.01. Authority Proceedings and Records. The officers of the Authority are authorized and directed to prepare and furnish to the Purchaser and to the attorneys approving the Bonds certified copies of proceedings and records of the Authority relating to the Bonds and to the financial condition and affairs of the Authority, and such other certificates, affidavits, and transcripts as may be required to show the facts within their knowledge or as shown by the books and records in their custody and under their control, relating to the validity and marketability of the Bonds, and such instruments, including any heretofore furnished, shall be deemed representations of the Authority as to the facts stated therein.

6.02. Certification as to Official Statement. The President and the Executive Director, or any of their authorized designees, are authorized and directed to certify that they have examined the final Official Statement prepared and circulated in connection with the issuance and sale of the Bonds and that to the best of their knowledge and belief the final Official Statement is a complete and accurate representation of the facts and representations made therein as of the date of the final Official Statement and further that said final Official Statement did not (as of the date of the final Official Statement) and does not contain any untrue statement of a material fact or omit to state a material fact which should be included therein for the purpose for which the

final Official Statement is to be used, or which is necessary in order to make the statements made therein, in light of the circumstances under which they are made, not misleading.

6.03. Other Certificates. The President and the Executive Director, or any of their authorized designees, are hereby authorized and directed to furnish to the Purchaser at the closing such certificates as are required as a condition of sale. Unless litigation shall have been commenced and be pending questioning the Bonds or the organization of the Authority or incumbency of its officers, at the closing the President and the Executive Director shall also execute and deliver to the Purchaser a suitable certificate as to absence of material litigation, and the Executive Director shall also execute and deliver a certificate as to payment for and delivery of the Bonds.

6.04. Payment of Costs of Issuance. The Authority authorizes the Purchaser to forward the amount of Bond proceeds allocable to the payment of issuance expenses to Wells Fargo Bank, National Association on the closing date for further distribution as directed by the Municipal Advisor.

6.05. Electronic Signatures. The electronic signatures of the President and the Executive Director, or any of their authorized designees, to this Resolution and any document or certificate authorized to be executed hereunder shall be as valid as an original signature of such party and shall be effective to bind the Authority thereto; provided, however, that the Ground Lease and the Lease shall be executed with the original signatures of the President and the Executive Director. For purposes hereof, (i) “electronic signature” means: (a) a manually signed original signature that is then transmitted by electronic means or (b) a signature obtained through DocuSign or Adobe or a similarly digitally auditable signature gathering process; and (ii) “transmitted by electronic means” means sent in the form of a facsimile or sent via the internet as a portable document format (“pdf”) or other replicating image attached to an electronic mail or internet message.

Section 7. Tax Covenants.

7.01. Tax-Exempt Bonds. The Authority shall comply with all the necessary requirements and take all necessary actions (or decline to take prohibited actions) to ensure that interest on the Bonds shall not be includable in gross income for federal income tax purposes under Section 103 and Sections 141 through 150 of the Internal Revenue Code of 1986, as amended (the “Code”), and applicable Treasury Regulations promulgated thereunder (the “Regulations”). The Authority covenants and agrees with the Owners from time to time of the Bonds that it shall not take or permit to be taken by any of its officers, employees, or agents any action which would cause the interest on the Bonds to become subject to federal income taxation under the Code and the Regulations, in effect at the time of such actions, and that it shall take or cause its officers, employees, or agents to take all affirmative action within their powers that may be necessary to ensure that such interest shall not become includable in gross income for federal income tax purposes under the Code and applicable Regulations, as presently existing or as hereafter amended and made applicable to the Bonds.

7.02. Continuing Requirements. The Authority shall comply with all requirements necessary under the Code and Regulations to establish and maintain the exclusion from gross income of the interest on the Bonds under Sections 103 and 141-150 of the Code and applicable Regulations including, without limitation, requirements relating to temporary periods for investments, limitations on amounts invested at a yield greater than the yield on the Bonds, and the rebate of excess investment earnings to the United States. The President and Executive Director, being officers of the Authority charged with the responsibility for issuing the Bonds pursuant to this Resolution, are authorized and directed to execute and deliver to the Purchaser a certificate in accordance with the provisions of Section 148 of the Code and applicable Regulations stating the facts, estimates, and circumstances in existence on the date of issue and delivery of the Bonds which make it reasonable to expect that the “gross proceeds” of the Bonds will not be used in a manner that would cause the Bonds to be “arbitrage bonds” within the meaning of the Code and the Regulations. The Authority covenants and agrees to retain such records, make such determinations, file

such reports and documents, and pay such amounts at such times as are required under Section 148(f) and applicable Regulations to preserve the exclusion of interest on the Bonds from gross income for federal income tax purposes, unless the Bonds qualify for an exception from the rebate requirement in accordance with one of the spending exceptions set forth in Section 1.148-7 or Section 1.148-8 of the Regulations. The Authority shall use its best efforts to comply with any federal procedural requirements which may apply in order to effectuate the designations and covenants made by this section.

7.03. Rebate. The Authority will comply with requirements necessary under the Code to establish and maintain the exclusion from gross income of the interest on the Bonds under Section 103 of the Code, including without limitation requirements relating to temporary periods for investments, limitations on amounts invested at a yield greater than the yield on the Bonds, and the rebate of excess investment earnings to the United States.

7.04. Not Private Activity Bonds. The Authority further covenants not to use the proceeds of the Bonds or to cause or permit them or any of them to be used, in such a manner as to cause the Bonds to be determined to constitute “private activity bonds,” within the meaning of Sections 103 and 141 through 150 of the Code and the applicable Regulations promulgated thereunder.

7.05. Not Qualified Tax-Exempt Obligations. The Authority shall not designate the Bonds as “qualified tax-exempt obligations” within the meaning of Section 265(b)(3) of the Code.

Section 8. Book-Entry System; Limited Obligation of the Authority.

8.01. DTC. The Bonds shall be initially issued in the form of a separate single typewritten or printed fully registered Bond for each of the maturities set forth in Section 1.04 hereof. Upon initial issuance, the ownership of each Bond shall be registered in the registration books kept by the Registrar in the name of Cede & Co., as nominee for The Depository Trust Company, New York, New York, and its successors and assigns (“DTC”). Except as provided in this section, all of the outstanding Bonds shall be registered in the Bond Register in the name of Cede & Co., as nominee of DTC.

8.02. Participants. With respect to Bonds registered in the Bond Register in the name of Cede & Co., as nominee of DTC, the Authority, the Registrar, and the Paying Agent shall have no responsibility or obligation to any broker-dealers, banks, and other financial institutions from time to time for which DTC holds Bonds as securities depository (the “Participants”) or to any other person on behalf of which a Participant holds an interest in the Bonds, including but not limited to any responsibility or obligation with respect to (i) the accuracy of the records of DTC, Cede & Co. or any Participant with respect to any ownership interest in the Bonds; (ii) the delivery to any Participant or any other person (other than a registered owner of Bonds, as shown by the registration books kept by the Registrar), of any notice with respect to the Bonds, including any notice of redemption; or (iii) the payment to any Participant or any other person, other than a registered owner of Bonds, of any amount with respect to principal of, premium, if any, or interest on the Bonds. The Authority, the Registrar, and the Paying Agent may treat and consider the person in whose name each Bond is registered in the Bond Register as the holder and absolute owner of such Bond for the purpose of payment of principal, premium and interest with respect to such Bond, for the purpose of registering transfers with respect to such Bonds, and for all other purposes. The Paying Agent shall pay all principal of, premium, if any, and interest on the Bonds only to or on the order of the respective registered owners, as shown in the registration books kept by the Registrar, and all such payments shall be valid and effectual to fully satisfy and discharge the Authority’s obligations with respect to payment of principal of, premium, if any, or interest on the Bonds to the extent of the sum or sums so paid. No person other than a registered owner of Bonds, as shown in the Bond Register, shall receive a certificated Bond evidencing the obligation of this Resolution. Upon delivery by DTC to the Authority of a written notice to the effect that DTC has determined to substitute a new nominee in place of

Cede & Co., the words “Cede & Co.” shall refer to such new nominee of DTC; and upon receipt of such a notice, the Authority shall promptly deliver a copy of the same to the Registrar and Paying Agent.

8.03. Representation Letter. The Authority has heretofore executed and delivered to DTC a Blanket Issuer Letter of Representations (the “Representation Letter”) which shall govern payment of principal of, premium, if any, and interest on the Bonds and notices with respect to the Bonds. Any Paying Agent or Registrar subsequently appointed by the Authority with respect to the Bonds shall agree to take all action necessary for all representations of the Authority in the Representation Letter with respect to the Registrar and Paying Agent, respectively, to be complied with at all times.

8.04. Transfers Outside Book-Entry System. In the event the Authority, by resolution of the Board, determines that it is in the best interests of the persons having beneficial interests in the Bonds that they be able to obtain Bond certificates, the Authority shall notify DTC, whereupon DTC shall notify the Participants, of the availability through DTC of Bond certificates. In such event the Authority shall issue, transfer, and exchange Bond certificates as requested by DTC and any other registered owners in accordance with the provisions of this Resolution. DTC may determine to discontinue providing its services with respect to the Bonds at any time by giving notice to the Authority and discharging its responsibilities with respect thereto under applicable law. In such event, if no successor securities depository is appointed, the Authority shall issue and the Registrar shall authenticate Bond certificates in accordance with this resolution and the provisions hereof shall apply to the transfer, exchange, and method of payment thereof.

8.05. Payments to Cede & Co. Notwithstanding any other provision of this Resolution to the contrary, so long as a Bond is registered in the name of Cede & Co., as nominee of DTC, payments with respect to principal of, premium, if any, and interest on the Bond and all notices with respect to the Bond shall be made and given, respectively in the manner provided in DTC’s Operational Arrangements, as set forth in the Representation Letter.

Section 9. Continuing Disclosure.

9.01. Execution of Continuing Disclosure Certificate. For purposes of this Section, “Continuing Disclosure Certificate” means that certain Continuing Disclosure Certificate executed by the President and Executive Director and dated the date of issuance and delivery of the Bonds, as originally executed and as it may be amended from time to time in accordance with the terms thereof.

9.02. Authority and City Compliance with Provisions of Continuing Disclosure Certificate. The Authority hereby covenants and agrees to comply with and carry out all of the Authority’s provisions of the Continuing Disclosure Certificate. Notwithstanding any other provision of this Resolution, failure of the Authority to comply with the Continuing Disclosure Certificate is not to be considered an event of default with respect to the Bonds; however, any Owner may take such actions as may be necessary and appropriate, including seeking mandate or specific performance by court order, to cause the Authority to comply with its obligations under this section. In addition, pursuant to a resolution adopted by the City Council on October 6, 2025 (the “City Approval Resolution”), the City covenants and agrees that it will comply with and carry out all of the City’s provisions of the Continuing Disclosure Certificate. Notwithstanding any other provision of the City Approval Resolution, failure of the City to comply with the Continuing Disclosure Certificate is not to be considered an event of default with respect to the Bonds; however, any Owner may take such actions as may be necessary and appropriate, including seeking mandate or specific performance by court order, to cause the City to comply with its obligations under the City Approval Resolution.

Section 10. Defeasance. When all of the Bonds and all interest thereon have been discharged as provided in this section, all pledges, covenants, and other rights granted by this resolution to the holders of the Bonds shall cease. The Authority and the City may discharge all Bonds which are due on any date by depositing with the Registrar on or before that date a sum sufficient for the payment thereof in full. If any Bond should not be paid when due, it may nevertheless be discharged by depositing with the Registrar a sum sufficient for the payment thereof in full with interest accrued to the date of such deposit.

(The remainder of this page is intentionally left blank).

The motion for the adoption of the foregoing resolution was duly seconded by Member _____, and upon vote being taken thereon, the following voted in favor thereof:

and the following voted against the same:

whereupon said resolution was declared duly passed and adopted.

EXHIBIT A

PURCHASE AGREEMENT

PROPOSAL FORM

The Board of Commissioners
New Prague Economic Development Authority (the "Authority")

October 8, 2025

RE: \$10,130,000* Lease Revenue Bonds (City of New Prague, Minnesota Police Facility Lease), Series 2025C (the "Bonds")
DATED: October 30, 2025

For all or none of the above Bonds, in accordance with the Terms of Proposal and terms of the Global Book-Entry System (unless otherwise specified by the Purchaser) as stated in this Official Statement, we will pay you \$ 10,104,928.35 (not less than \$10,008,440) plus accrued interest to date of delivery for fully registered Bonds bearing interest rates and maturing in the stated years as follows:

5.00	% due	2027	5.00	% due	2037	4.50	% due	2047
5.00	% due	2028	4.00	T1 % due	2038	4.50	% due	2048
5.00	% due	2029	4.00	T1 % due	2039	4.50	% due	2049
5.00	% due	2030	4.00	% due	2040	4.50	% due	2050
5.00	% due	2031	4.125	% due	2041	4.50	% due	2051
5.00	% due	2032	4.25	% due	2042	4.50	% due	2052
5.00	% due	2033	4.25	% due	2043	4.50	% due	2053
5.00	% due	2034	4.25	% due	2044	4.50	% due	2054
5.00	% due	2035	4.375	% due	2045	4.50	% due	2055
5.00	% due	2036	4.375	% due	2046			

The Authority reserves the right to increase or decrease the principal amount of the Bonds on the day of sale, in increments of \$5,000 each. Increases or decreases may be made in any maturity. If any principal amounts are adjusted, the purchase price proposed will be adjusted to maintain the same gross spread per \$1,000.

The rate for any maturity may not be more than 2.00% less than the rate for any preceding maturity. (For example, if a rate of 4.50% is proposed for the 2027 maturity, then the lowest rate that may be proposed for any later maturity is 2.50%.) All Bonds of the same maturity must bear interest from date of issue until paid at a single, uniform rate. Each rate must be expressed in an integral multiple of 5/100 or 1/8 of 1%.

A good faith deposit ("Deposit") in the amount of \$202,600 shall be made by the winning bidder by wire transfer of funds. Such Deposit shall be received by Ehlers no later than two hours after the proposal opening time. Wire transfer instructions will be provided to the winning bidder by Ehlers after the tabulation of proposals. The Authority reserves the right to award the Bonds to a winning bidder whose wire transfer is initiated but not received by such time provided that such winning bidder's federal wire reference number has been received by such time. In the event the Deposit is not received as provided above, the Authority may award the Bonds to the bidder submitting the next best proposal provided such bidder agrees to such award. The Deposit will be retained by the Authority as liquidated damages if the proposal is accepted and the Purchaser fails to comply therewith. We agree to the conditions and duties of Ehlers and Associates, Inc., as escrow holder of the Deposit, pursuant to the Terms of Proposal. This proposal is for prompt acceptance and is conditional upon delivery of said Bonds to The Depository Trust Company, New York, New York, in accordance with the Terms of Proposal. Delivery is anticipated to be on or about October 30, 2025.

This proposal is subject to the Authority's agreement to enter into a written undertaking to provide continuing disclosure under Rule 15c2-12 promulgated by the Securities and Exchange Commission under the Securities Exchange Act of 1934 as described in the Preliminary Official Statement for the Bonds.

We have received and reviewed the Official Statement, and any addenda thereto, and have submitted our requests for additional information or corrections to the Final Official Statement. As Underwriter (Syndicate Manager), we agree to provide the Authority with the reoffering price of the Bonds within 24 hours of the proposal acceptance.

This proposal is a firm offer for the purchase of the Bonds identified in the Terms of Proposal, on the terms set forth in this proposal form and the Terms of Proposal, and is not subject to any conditions, except as permitted by the Terms of Proposal.

By submitting this proposal, we confirm that we are an underwriter and have an established industry reputation for underwriting new issuances of municipal bonds. YES: X NO:

If the competitive sale requirements are not met, we elect to use either the: 10% test, or the X hold-the-offering-price rule to determine the issue price of the Bonds.

Account Manager: Robert W. Baird & Co., Inc.

By: Peter Anderson

Account Members: Syndicate Members

Award will be on a true interest cost basis. According to our computations (the correct computation being controlling in the award), the total dollar interest cost (including any discount or less any premium) computed from October 30, 2025 of the above proposal is \$ 8,440,644.64 and the true interest cost (TIC) is 4.491313 %.

The foregoing offer is hereby accepted by and on behalf of the Board of Commissioners of the New Prague Economic Development Authority, on October 8, 2025.

By: _____

By: _____

Title: _____

Title: _____

* Subsequent to bid opening the issue size was decreased to \$10,040,000.
Adjusted Price: \$10,018,728.36 Adjusted Net Interest Cost: \$8,286,518.73 Adjusted TIC: 4.4856%

EXHIBIT B
FORM OF BOND

UNITED STATES OF AMERICA
STATE OF MINNESOTA
COUNTIES OF SCOTT AND LE SUEUR
NEW PRAGUE ECONOMIC DEVELOPMENT AUTHORITY

LEASE REVENUE BONDS
(CITY OF NEW PRAGUE, MINNESOTA POLICE FACILITY LEASE)
SERIES 2025C

No. R-_____ \$_____

<u>Interest Rate</u>	<u>Maturity Date</u>	<u>Date of Original Issue</u>	<u>CUSIP</u>
0.000%	February 1, 20__	October 30, 2025	

REGISTERED OWNER: CEDE & CO.

PRINCIPAL AMOUNT: _____ THOUSAND DOLLARS

The New Prague Economic Development Authority, a public body corporate and politic and political subdivision of the State of Minnesota (the “Authority”), for value received, hereby promises to pay, but solely from the sources hereinafter described, to the Registered Owner specified above or registered assigns, the Principal Amount specified above, on the Maturity Date specified above, with interest thereon from the date hereof at the annual rate specified above (calculated on the basis of a 360 day year of twelve 30 day months), payable February 1 and August 1 in each year, commencing August 1, 2026, until said principal amount is paid. Principal and the redemption price are payable in lawful money of the United States of America at the office of Bond Trust Services Corporation, Minneapolis, Minnesota, or of its successor, as Bond Registrar, Paying Agent, and Authenticating Agent, or its designated successor under the Resolution described herein. Interest shall be paid on each interest payment date by check or draft mailed to the person in whose name this Bond is registered at the close of business on the fifteenth day of the month immediately preceding such interest payment date (whether or not a business day) at the Registered Owner’s address set forth on the registration records maintained by the Bond Registrar. Upon written request to the Bond Registrar, delivered at least fifteen (15) days prior to an interest payment date by a registered Owner of \$500,000 or more in aggregate original principal amount of the Bonds, payment of interest may be made by wire transfer to such Registered Owner. Any such interest not punctually paid or provided for will cease to be payable on such regular record dates and such defaulted interest may be paid to the person in whose name this Bond is registered at the close of business on a special record date for the payment of such defaulted interest established by the Bond Registrar.

The Authority may elect on February 1, 2035, and on any day thereafter to prepay Bonds due on or after February 1, 2036. Redemption may be in whole or in part and if in part, at the option of the City and in such manner as the City shall determine. If less than all Bonds of a maturity are called for redemption, the Authority shall notify The Depository Trust Company (“DTC”) of the particular amount of such maturity to be prepaid. DTC will determine by lot the amount of each participant’s interest in such

maturity to be redeemed and each participant shall then select by lot the beneficial ownership interests in such maturity to be redeemed. Prepayments shall be at a price of par plus accrued interest to the date of optional redemption.

The Bonds maturing on February 1, 2039, shall hereinafter be referred to collectively as the “Term Bonds.” The Term Bonds are subject to mandatory sinking fund redemption and shall be redeemed in part at par plus accrued interest on February 1 of the following years and in the principal amounts as follows:

Mandatory Sinking Fund Redemptions

February 1, 2039 Term Bond	
Year	Principal Amount
2038	\$295,000
2039*	\$305,000

* *Maturity*

The principal amount of Term Bonds subject to mandatory sinking fund redemption on any date may be reduced through earlier optional redemptions, with any partial redemptions of the Term Bond credited against future mandatory sinking fund redemptions of such Term Bonds in such order as the City shall determine.

This Bond is issued pursuant to Minnesota Statutes, 469.090 through 469.1082, as amended, including Minnesota Statutes, Section 469.103, as amended, Minnesota Statutes, Section 465.71, as amended, and in conformity with the provisions, restrictions and limitations thereof. This Bond does not constitute or give rise to a charge against the general credit or properties or taxing powers of the Authority or the City of New Prague, Minnesota (the “City”) and does not grant to the Registered Owner of this Bond any right to have the Authority or the City levy any taxes or appropriate any funds for the payment of the principal hereof or interest hereon, nor is this Bond a general or moral obligation or a pecuniary liability of the Authority or the City or the individual officers or agents thereof. This Bond does not constitute an indebtedness of the Authority or the City, within the meaning of any state constitutional provision or statutory limitation. This Bond and interest hereon are payable solely from Lease Payments to be paid by the City pursuant to a Lease with Option to Purchase Agreement, dated as of October 1, 2025 (the “Lease”), between the Authority, as lessor, and the City, as lessee, or other moneys held by the Bond Registrar in a fund or account appropriated to the payment of the Bonds of this series under the resolution adopted by the Board of Commissioners of the Authority (the “Board”) on October 8, 2025 (the “Resolution”).

This Bond is one of a duly authorized series of special, limited obligations in the aggregate principal amount of \$10,040,000 all of like original issue date and tenor, except as to number, maturity date, redemption privilege, and interest rate, all issued pursuant to Resolution, for the purpose of providing money to aid in financing the construction of Improvements to the Facilities on the Site, all as described in the Lease. The Bonds are equally and ratably secured by the Resolution and the Lease. Pursuant to a Ground Lease, dated as of October 1, 2025 (the “Ground Lease”), between the City, as lessor, and the Authority, as lessee, the City has leased the Site described in the Lease to the Authority. Reference is hereby made to the Ground Lease, the Lease, the Resolution, and any amendments or supplements thereto for a description and limitation of the property, revenues and funds pledged and appropriated to the payment of the Bonds, the nature and extent of the security thereby created, the rights of the Owners of the Bonds,

the rights, duties and immunities of the Bond Registrar, and the rights, immunities and obligations of the Authority and the City thereunder.

The Authority has not designated the issue of Bonds of which this Bond forms a part as “qualified tax-exempt obligations” within the meaning of Section 265(b)(3) of the Internal Revenue Code of 1986, as amended (the “Code”), relating to the disallowance of interest expense for financial institutions and within the \$10 million limit allowed by the Code for the calendar year of issue.

As provided in the Resolution and subject to certain limitations set forth therein, this Bond is transferable upon the books of the Authority at the principal office of the Bond Registrar, by the registered owner hereof in person or by the owner’s attorney duly authorized in writing upon surrender hereof together with a written instrument of transfer satisfactory to the Bond Registrar, duly executed by the registered owner or the owner’s attorney; and may also be surrendered in exchange for Bonds of other authorized denominations. Upon such transfer or exchange the Authority will cause a new Bond or Bonds to be issued in the name of the transferee or registered owner, of the same aggregate principal amount, bearing interest at the same rate and maturing on the same date, subject to reimbursement for any tax, fee or governmental charge required to be paid with respect to such transfer or exchange.

The Authority and the Bond Registrar may deem and treat the person in whose name this Bond is registered as the absolute owner hereof, whether this Bond is overdue or not, for the purpose of receiving payment and for all other purposes, and neither the Authority nor the Bond Registrar will be affected by any notice to the contrary.

In case an Event of Default occurs, or in the event of non-appropriation by the City Council of the City, the principal of this Bond and all other Bonds outstanding may be declared or may become due and payable prior to the stated maturity hereof in the manner and with the effect and subject to the conditions provided in the Resolution, but no Registered Owner of any Bond shall have any right to enforce the provisions of the Resolution, the Lease or the Ground Lease except as provided in the Resolution.

With the consent of the Authority and the Bond Registrar, and to the extent permitted by and as provided in the Resolution, the terms and provisions of the Resolution, the Lease and the Ground Lease, or of any instrument supplemental thereto, may be modified or altered by the assent or authority of the Registered Owners of a majority in aggregate principal amount of the Bonds then outstanding thereunder.

IT IS HEREBY CERTIFIED, RECITED, COVENANTED AND AGREED that all acts, conditions and things required to be done precedent to and in the issuance of this Bond and the series of which it is a part have been properly done, have happened and have been performed in regular and due time, form and manner as required by law; and that this Bond and the series of which it is a part does not constitute a debt of the Authority within the meaning of any constitutional or statutory limitation.

This Bond is not valid or obligatory for any purpose or entitled to any security or benefit under the Resolution until the Certificate of Authentication hereon has been executed by the Bond Registrar by manual signature of one of its authorized representatives.

IN WITNESS WHEREOF, the New Prague Economic Development Authority has caused this Bond to be executed on its behalf by the facsimile or manual signatures of the President and Executive Director and has caused this Bond to be dated as of the date set forth below.

Dated: October 30, 2025

**NEW PRAGUE ECONOMIC DEVELOPMENT
AUTHORITY**

(Facsimile)
President

(Facsimile)
Executive Director

CERTIFICATE OF AUTHENTICATION

This is one of the Bonds delivered pursuant to the Resolution mentioned within.

BOND TRUST SERVICES CORPORATION

By _____
Authorized Representative

ASSIGNMENT

For value received, the undersigned hereby sells, assigns and transfers unto _____ the within Bond and all rights thereunder, and does hereby irrevocably constitute and appoint _____ attorney to transfer the said Bond on the books kept for registration of the within Bond, with full power of substitution in the premises.

Dated: _____

Notice: The assignor’s signature to this assignment must correspond with the name as it appears upon the face of the within Bond in every particular, without alteration or any change whatever.

Signature Guaranteed:

NOTICE: Signature(s) must be guaranteed by a financial institution that is a member of the Securities Transfer Agent Medallion Program (“STAMP”), the Stock Exchange Medallion Program (“SEMP”), the New York Stock Exchange, Inc. Medallion Signatures Program (“MSP”) or other such “signature guarantee program” as may be determined by the Registrar in addition to, or in substitution for, STAMP, SEMP or MSP, all in accordance with the Securities Exchange Act of 1934, as amended.

The Registrar will not transfer this Bond unless the information concerning the assignee requested below is provided.

Name and Address: _____

(Include information for all joint owners if this Bond is held by joint account.)

Please insert federal identification or other identifying number of assignee

PROVISIONS AS TO REGISTRATION

The ownership of the principal of and interest on the within Bond has been registered on the books of the Registrar in the name of the person last noted below.

<u>Date of Registration</u>	<u>Registered Owner</u>	<u>Signature of Officer of Registrar</u>
October 30, 2025	Cede & Co. Federal ID #13-2555119	

STATE OF MINNESOTA)
)
COUNTIES OF SCOTT &) ss.
LE SUER)
)
CITY OF NEW PRAGUE)

I, the undersigned, being the duly qualified and acting Executive Director of the New Prague Economic Development Authority (the “Authority”), do hereby certify that I have carefully compared the attached and foregoing extract of minutes of a regular meeting of the Authority held on October 8, 2025 with the original minutes on file in my office and the extract is a full, true and correct copy of the minutes insofar as they relate to the issuance and sale of the Authority’s Lease Revenue Bonds (City of New Prague, Minnesota Police Facility Lease), Series 2025C, in the original aggregate principal amount of \$10,040,000.

WITNESS My hand officially as such Executive Director this _____ day of October, 2025.

Executive Director
New Prague Economic Development Authority

GROUND LEASE

between

**CITY OF NEW PRAGUE, MINNESOTA,
as Lessor**

and

**NEW PRAGUE ECONOMIC DEVELOPMENT AUTHORITY,
as Lessee**

Dated as of October 1, 2025

Related to:

**\$10,130,000
New Prague Economic Development Authority, Minnesota
Lease Revenue Bonds
(City of New Prague, Minnesota Police Facility Lease)
Series 2025C**

This instrument drafted by:

KENNEDY & GRAVEN, CHARTERED (PAM)
150 South Fifth Street, Suite 700
Minneapolis, Minnesota 55402
(612) 337-9300

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GROUND LEASE

THIS GROUND LEASE, dated as of October 1, 2025 (the “Ground Lease”), is between the CITY OF NEW PRAGUE, MINNESOTA, a statutory city and political subdivision of the State of Minnesota, as lessor (the “City”), and the NEW PRAGUE ECONOMIC DEVELOPMENT AUTHORITY, a public body corporate and politic and political subdivision of the State of Minnesota, as lessee (together with its successors and assigns as lessee hereunder, the “Authority”).

WITNESSETH:

In consideration of the mutual covenants hereinafter set forth, the parties hereto agree as follows:

ARTICLE I

DEMISE OF SITE AND WARRANTIES

Section 1.01. Demise. Subject to and upon the terms, conditions, covenants and undertakings hereinafter set forth, the City hereby leases and permits the use to, and the Authority hereby leases from the City, the property described in EXHIBIT A attached hereto, located in Scott County, Minnesota (the “Site”).

Section 1.02. Warranties. The City covenants and warrants to the Authority:

- (1) That the City has good and merchantable title to the Site, has authority to enter into, execute and deliver this Ground Lease, has duly authorized the execution and delivery of this Ground Lease and has duly executed and delivered this Ground Lease;
- (2) That the Site is not subject to any dedication, easement, right-of-way, reservation in patent, covenant, condition, restriction, lien or encumbrance which would prohibit or materially interfere with the alteration, improvement or operation of certain facilities (the “Facilities”) on the Site, as contemplated by that certain Lease with Option to Purchase Agreement by and between the City and the Authority of even date herewith (hereinafter called the “Lease”);
- (3) That all taxes, assessments or impositions of any kind with respect to the Site, except current taxes, have been paid in full;
- (4) That the Site is properly zoned for the purpose of the Facilities; and
- (5) That the City has authority to enter into, execute and deliver the Lease, has duly authorized its execution and delivery, and has duly executed and delivered the Lease.

Section 1.03. Environmental Covenant. To the knowledge of the City, without conducting an investigation, (i) no dangerous, toxic or hazardous pollutants, contaminants, chemicals, waste, materials or substances, as defined in or governed by the provisions of any federal, state or local law, statute, code, ordinance, regulation, requirement or rule relating thereto (collectively, the “Environmental Regulations”), and also including urea-formaldehyde, polychlorinated biphenyls, asbestos, asbestos-containing materials, nuclear fuel or waste, radioactive materials, explosives, carcinogens and petroleum products, or any other waste, material, substance, pollutant or contaminant which would subject the owner of the Site and the Facilities to any damages, penalties or liabilities under any applicable Environmental Regulation (collectively, the “Hazardous Substances”) are now or have been stored, located, generated, produced, processed, treated, transported, incorporated, discharged, emitted, released, deposited or disposed of in, upon,

under, over or from the Site or the Facilities in violation of any Environmental Regulation; (ii) no threat exists of a discharge, release or emission of a Hazardous Substance upon or from the Site into the environment; (iii) the Site has not been used as or for a mine, a landfill, a dump or other disposal facility, an industrial or manufacturing facility, or a gasoline service station; (iv) no underground storage tank is located at the Site or has previously been located therein but has been removed therefrom; (v) no violation of any Environmental Regulation now exists relating to the Site or the Facilities, no notice of any such violation or any alleged violation thereof has been issued or given by any governmental entity or agency, and there is not now any investigation or report involving the Site or the Facilities by any governmental entity or agency which in any way relates to Hazardous Substances; (vi) no person, party or private or governmental agency or entity has given any notice of or asserted any claim, cause of action, penalty, cost or demand for payment or compensation, whether or not involving any injury or threatened injury to human health, the environment or natural resources, resulting or allegedly resulting from any activity or event described in clause (i) above; (vii) there are not now any actions, suits, proceedings or damage settlements relating in any way to Hazardous Substances, in, upon, under, over or from the Site; (viii) the Site is not listed in the United States Environmental Protection Agency's National Priorities List of Hazardous Waste Sites or any other list of Hazardous Substance sites maintained by any federal, state or local governmental agency; and (ix) the Site is not subject to any lien or claim for lien or threat of a lien in favor of any governmental entity or agency as a result of any release or threatened release of any Hazardous Substance.

The City shall not store, locate, generate, produce, process, treat, transport, incorporate, discharge, emit, release, deposit or dispose of any Hazardous Substance in, upon, under, over or from the Site or the Facilities in violation of any Environmental Regulation; shall not permit any Hazardous Substance to be stored, located, generated, produced, processed, treated, transported, incorporated, discharged, emitted, released, deposited, disposed of or to escape therein, thereupon, thereunder, thereover or therefrom in violation of any Environmental Regulation; shall cause all Hazardous Substances to be properly removed therefrom and properly disposed of in accordance with all applicable Environmental Regulations; and shall not install or permit to be installed any underground storage tank therein or thereunder in violation of any Environmental Regulations which are applicable to the Site and the Facilities.

In the event any Hazardous Substance is found upon, under, over or from the Site or the Facilities in violation of any Environmental Regulation or if any lien or claim for lien in favor of any governmental entity or agency as a result of any release of any Hazardous Substance is threatened, the City, at its sole cost and expense, shall, within ten days of such finding, deliver written notice thereof to the Authority and shall promptly remove such Hazardous Substances upon, under, over or from the Site or the Facilities and prevent the imposition of any liens against the Site or the Facilities for the cleanup of any Hazardous Materials. Such removal shall be conducted and completed in compliance with all applicable federal, state and local laws, regulations, rules, ordinances and policies, in accordance with the orders and directives of all federal, state and local governmental authorities. In the event the City has not removed such Hazardous Substances within a time period deemed reasonable by the Authority, the City shall, at the written direction of the Authority, take such remedial action as the Authority shall direct. In the event the City shall not comply with the written directions of the Authority within the time frame established within its written directions, the City hereby grants to the Authority an irrevocable license to remove Hazardous Substances from, repair, clean up, and detoxify the Site and the Facilities and agrees to reimburse the Authority for all of its costs therefor.

The City further agrees, to the extent permitted by Minnesota law, to reimburse the Authority for any and all judgments, penalties, liabilities, costs, damages and expenses, including court costs and attorneys' fees directly or indirectly incurred by the Authority (prior to trial, at trial and on appeal) in any action against or involving the Authority, resulting from any breach of the foregoing covenants, or from the discovery of any Hazardous Substance, in, upon, under or over, or emanating from the Site or the Facilities, whether or not the City is responsible therefor, it being the intent of the City and the Authority that the Authority shall have no liability or responsibility for damage or injury to human health, the environment or natural resources caused

by, for abatement and/or clean up of, or otherwise with respect to, Hazardous Substances by virtue of the interest of the Authority in the Site and the Facilities pursuant to this Ground Lease, or hereafter created, or as the result of the Authority exercising any of its rights or remedies with respect thereto hereunder or under any other instrument, including but not limited to becoming the owner thereof by foreclosure or conveyance in lieu of foreclosure. The foregoing representations, warranties and covenants of this Section shall be deemed continuing covenants, representations and warranties for the benefit of the Authority, including but not limited to any purchaser at a foreclosure sale, any transferee of the title of the Authority or any other purchaser at a foreclosure sale, and any subsequent owner of the Site or the Facilities, and shall survive the satisfaction or release of this Ground Lease, any foreclosure of a mortgage lien under any instrument, and/or any acquisition of title to the Site or the Facilities or any part thereof by the Authority, by deed in lieu of foreclosure or otherwise. Any amounts covered by the foregoing shall bear interest from the date incurred at the maximum rate permitted by law and shall be payable on demand.

ARTICLE II

TERM AND RENT

Section 2.01. Term. The term of this Ground Lease shall commence as of the day and year first above written, and shall end on the date the term of this Ground Lease is terminated in accordance with Section 3.01 hereof.

Section 2.02. Rent. The rent for the entire term of this Ground Lease shall be One Dollar (\$1.00), payable in one installment in advance of the Closing.

ARTICLE III

TERMINATION

Section 3.01. Termination. Subject to the other provisions of this Ground Lease, this Ground Lease shall terminate upon the occurrence of any one of the following events:

- (1) The payment by the City of all Lease Payments owing by the City as lessee under the Lease.
- (2) The exercise by the City of its option to prepay the Lease Payments and all other sums due in accordance with the terms and conditions of the Lease.
- (3) The termination of the Lease Term by the City for non-appropriation pursuant to Section 5.6 of the Lease and the receipt by the Authority of amounts from the sublease or other disposition of the Authority's interest in the Site and the Facilities sufficient to:
 - (a) reimburse the Authority for all administrative costs and expenses, including reasonable attorneys' fees, incurred by the Authority as a result of the termination of the Lease Term and the sublease or sale of the Authority's interest in the Site and the Facilities;
 - (b) reimburse the Authority for all capital costs and expenses in any manner incurred by the Authority with respect to preparing the Site and the Facilities for sublease for commercial or other lawful purposes (as used in this Ground Lease, the right to sublease the Site includes the right to sell all leasehold interests in the Site); and

(c) pay the unpaid principal of and interest on the Bonds described in the Lease.

(4) The termination of the Lease Term upon the occurrence of an Event of Default by the City under Article X of the Lease and the receipt by the Authority of amounts from the sublease or sale of the Authority’s interest in the Site and the Facilities sufficient to:

(a) reimburse the Authority for all administrative costs and expenses, including reasonable attorneys’ fees, incurred by the Authority as a result of the Event of Default and the termination of the Lease and the sublease or sale of the Authority’s interest in the Site and the Facilities;

(b) reimburse the Authority for all capital costs and expenses in any manner incurred by the Authority with respect to preparing the Site and the Facilities for sublease for commercial or other lawful purposes; and

(c) pay the unpaid principal of and interest on the Bonds described in the Lease.

The amounts referred to in clauses (a), (b) and (c) of subsection (3) or (4) above, as applicable, are hereinafter referred to as the “Reimbursement Amount.”

Section 3.02. Use of Revenues. After termination of the Term of the Lease by the City because of non-appropriation pursuant to Section 5.6 of the Lease or termination of the Term of the Lease upon the occurrence of an Event of Default under Article X of the Lease, revenues received by the Authority from the Site and the Facilities as contemplated in Section 3.01(3) or (4) shall be applied as follows:

- | | | |
|--------|----|--|
| FIRST | -- | an amount thereof equal to ongoing administrative costs and costs of operation of the Site and the Facilities may be retained by the Authority; |
| SECOND | -- | an amount thereof equal to interest on the outstanding Reimbursement Amount at the rates per annum specified in Exhibit B to the Lease may be retained by the Authority; and |
| THIRD | -- | any remaining amount thereof shall be retained by the Authority and credited to the payment of the Reimbursement Amount. |

Use of the Site and the Facilities by the Authority or any affiliate of the Authority, other than for the purpose of assuming control, making any necessary changes in the Site or the Facilities, and the initial subleasing thereof, shall be treated as the sublease thereof on a monthly basis at the then current monthly value.

Section 3.03. Reports. In the event that the Term of the Lease is terminated by the City because of non-appropriation pursuant to Section 5.6 of the Lease or terminated by the Authority as a result of the occurrence of an Event of Default by the City thereunder, the Authority shall keep complete and accurate records regarding any sublease of the Site and the Facilities and shall, within sixty days after the end of each Fiscal Year of the City, deliver a written report to the City showing: (a) all amounts received by the Authority from any sublease of the Site and the Facilities; (b) an analysis as to whether the Authority has received the Reimbursement Amount, with all supporting calculations; and (c) the date, if any, during the next Fiscal Year of the City on which the Authority expects to receive the Reimbursement Amount. Such

written report shall be verified by a certified public accountant or firm of certified public accountants not in the regular employ of the Authority. The City shall have the right, at its own expense, to examine all of the Authority's records insofar as they relate to the Site and the Facilities. Such examination shall be made at the Authority's offices during normal business hours.

Section 3.04. City's Option to Pay Reimbursement Amount. In the event that the Lease Term is terminated by the City because of non-appropriation pursuant to Section 5.6 of the Lease or terminated by the Authority as a result of the occurrence of an Event of Default by the City thereunder, the unpaid balance of the Reimbursement Amount and any other payment required under Section 3.02 hereof may be paid by the City at any time. Upon such payment, this Ground Lease and the Authority's interest in the Site and the Facilities shall terminate; provided that if the Authority's interest in the Site or the Facilities has been subleased to any sublessee pursuant to any sublease that is still in effect, this Ground Lease shall not terminate, but the Authority shall assign and set over to the City all of the Authority's interest in the Site and the Facilities granted under this Ground Lease, subject to all existing rights created in the Site and the Facilities by all such subleases, and the City shall be entitled to all rent payments with respect to any subleases of the Site and the Facilities.

Section 3.05. Effect of Termination of Lease. In the event that the Lease Term is terminated by the City because of non-appropriation pursuant to Section 5.6 of the Lease or terminated by the Authority as a result of the occurrence of an Event of Default by the City thereunder, the City shall have no continuing obligation under this Ground Lease after such termination, other than to continue to allow the Authority to continue to use and enjoy the Site and the Facilities as provided herein.

ARTICLE IV

USE OF SITE; ADDITIONAL COVENANTS

Section 4.01. Use. The Authority shall not use or permit the use of the Site for any unlawful purpose.

Section 4.02. Quiet Enjoyment. The City covenants that upon the Authority's paying the rent reserved herein, and performing all conditions and covenants set forth in this Ground Lease and the Lease, the Authority shall and may peaceably have, hold and enjoy the Site for the term of this Ground Lease. The Authority covenants that upon expiration of this Ground Lease, it shall give the City peaceable possession of the Site, together with the Facilities and any other improvements constructed thereon pursuant to the Lease.

Section 4.03. Assignment and Subletting. The Authority shall have the right to assign its interest in this Ground Lease, and to sublet the Site in accordance with the Lease.

Section 4.04. Additional Covenants. In the event that any person or entity, however organized (other than the Authority or any assignee of the Authority), shall be determined to hold any interest that in any manner affects the City's good and merchantable title to the Site, the City shall use its best efforts to acquire the interest so held, such acquisition to be made at the City's sole cost and expense. The City hereby agrees to save and keep harmless the Authority, or any assignee of the Authority, from and against any and all liabilities, obligations, losses, damages, penalties, claims, actions, costs and expenses (including reasonable attorneys' fees, but only in the event that litigation is actually commenced by the Authority) of whatever kind and nature, imposed on, incurred by or asserted against the Authority, or any assignee of the Authority, that in any way relate to or arise out of the assertion of any interest affecting the City's good and merchantable title to the Site by any person or entity, however organized (other than the Authority or any assignee of the Authority).

ARTICLE V

MISCELLANEOUS

Section 5.01. Binding Effect. This Ground Lease shall be binding upon, and inure to the benefit of, the parties hereto, and their successors and assigns.

Section 5.02. Definitions. Unless the context hereof clearly requires otherwise, capitalized terms used in this Ground Lease and defined in the Lease are used herein with the same meanings as set forth in the Lease.

(The remainder of this page is intentionally left blank.)

IN WITNESS WHEREOF, the City has caused this Ground Lease to be executed in its corporate name by its duly authorized officers and sealed with its corporate seal; and the Authority has caused this Ground Lease to be executed in its name by its duly authorized officers, as of the date and year first written above.

CITY OF NEW PRAGUE, MINNESOTA

By _____
Its Mayor

(SEAL)

By _____
Its City Administrator

STATE OF MINNESOTA)
) ss.
COUNTY OF SCOTT)

The foregoing instrument was acknowledged before me this ____ day of _____, 2025, by _____, the Mayor of the City of New Prague, Minnesota, a statutory city and political subdivision of the State of Minnesota, on behalf of the City.

Notary Public

STATE OF MINNESOTA)
) ss.
COUNTY OF SCOTT)

The foregoing instrument was acknowledged before me this ____ day of _____, 2025, by _____, the City Administrator of the City of New Prague, Minnesota, a statutory city and political subdivision of the State of Minnesota, on behalf of the City.

Notary Public

Execution page of the Authority to the Ground Lease, dated as of the date and year first written above.

**NEW PRAGUE ECONOMIC DEVELOPMENT
AUTHORITY**

By _____
Its President

By _____
Its Executive Director

STATE OF MINNESOTA)
) ss.
COUNTY OF SCOTT)

The foregoing instrument was acknowledged before me this ____ day of _____, 2025,
by _____, the President of the New Prague Economic Development Authority, a public body
corporate and politic and political subdivision of the State of Minnesota, on behalf of the Authority.

Notary Public

STATE OF MINNESOTA)
) ss.
COUNTY OF SCOTT)

The foregoing instrument was acknowledged before me this ____ day of _____, 2025,
by _____, the Executive Director of the New Prague Economic Development Authority, a public
body corporate and politic and political subdivision of the State of Minnesota, on behalf of the Authority.

Notary Public

EXHIBIT A
LEGAL DESCRIPTION OF SITE

LEASE WITH OPTION TO PURCHASE AGREEMENT

between

**NEW PRAGUE ECONOMIC DEVELOPMENT AUTHORITY,
as Lessor**

and

**CITY OF NEW PRAGUE, MINNESOTA,
as Lessee**

Dated as of October 1, 2025

Related to:

\$10,130,000

**New Prague Economic Development Authority
Lease Revenue Bonds
(City of New Prague, Minnesota Police Facility Lease)
Series 2025C**

This instrument drafted by:

KENNEDY & GRAVEN, CHARTERED (PAM)
150 South Fifth Street, Suite 700
Minneapolis, Minnesota 55402
(612) 337-9300

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LEASE WITH OPTION TO PURCHASE AGREEMENT

THIS LEASE WITH OPTION TO PURCHASE AGREEMENT, dated as of October 1, 2025 (the “Lease”), is between the NEW PRAGUE ECONOMIC DEVELOPMENT AUTHORITY, a public body corporate and politic and political subdivision of the State of Minnesota, as lessor (the “Authority”), and the CITY OF NEW PRAGUE, MINNESOTA, a statutory city and political subdivision of the State of Minnesota, as lessee (the “City”).

WITNESSETH:

WHEREAS, the City is authorized by law to acquire such items of real and personal property as are needed to carry out its governmental and proprietary functions, and to acquire such real and personal property by entering into lease-purchase contracts; and

WHEREAS, the City has determined that it is necessary for it to acquire, pursuant to this Lease, the Authority’s interest in certain real property described on EXHIBIT A hereto (the “Site”), together with the construction of a new Police Facility in the City (the “Improvements”) and all buildings, structures and improvements constructed and to be constructed thereon, and certain equipment to be contained therein (the “Facilities”); and

WHEREAS, the development of the Site and the Facilities is consistent with and furthers the economic development functions of the Authority; and

WHEREAS, the Authority is willing to acquire a leasehold interest in the Site from the City pursuant to a Ground Lease, dated as of October 1, 2025 (the “Ground Lease”), between the City, as lessor, and the Authority, as lessee, and to acquire title to the Facilities and to lease and sell the Site and the Facilities to the City, pursuant to this Lease; and

WHEREAS, to provide funds for the construction and equipping of the Facilities, the Authority will issue its Lease Revenue Bonds (City of New Prague, Minnesota Police Facility Lease), Series 2025C (the “Bonds”), in the original aggregate principal amount of \$10,130,000, pursuant to a resolution adopted by the Board of Commissioners of the Authority on _____, 2025 (the “Bond Resolution”); and

NOW, THEREFORE, in the joint and mutual exercise of their powers, and in consideration of the mutual covenants herein contained, the parties hereto recite and agree as follows:

(The remainder of this page is intentionally left blank.)

ARTICLE I

DEFINITIONS AND EXHIBITS

Section 1.1. Definitions. Unless the context otherwise requires, the terms defined in this Section shall, for all purposes of this Lease and exhibits attached hereto, have the meanings herein specified:

“Act” means Minnesota Statutes, Sections 465.71 and 469.090 through 469.1082, as amended, including Section 469.103.

“Additional Lease Payments” means payments due from the City pursuant to Section 4.3 hereof.

“Authority” means the New Prague Economic Development Authority, a public body corporate and politic and political subdivision of the State, and its successors and assigns as lessor hereunder.

“Authorized Officer” means (a) when used with respect to the City, its Mayor, City Administrator, or Finance Director, or any other person who is designated in writing by the City as an Authorized Officer for purposes of this Lease; and (b) when used with respect to the Authority, its President, Executive Director, or any other person who is designated in writing by the Authority as an Authorized Officer for purposes of this Lease.

“Bond Counsel” means Kennedy & Graven, Chartered, and any attorney or law firm having a national reputation as bond counsel in connection with the issuance of state and local governmental obligations and appointed by the Authority as bond counsel.

“Bond Registrar” means Bond Trust Services Corporation in Minneapolis, Minnesota, or any successor Bond Registrar appointed by the Authority pursuant to the Bond Resolution.

“Bond Resolution” means the resolution authorizing the issuance and sale of the Bonds adopted by the Board of Commissioners of the Authority on _____, 2025.

“Bonds” means the Lease Revenue Bonds (City of New Prague, Minnesota Police Facility Lease), Series 2025C, issued by the Authority on the Closing Date in the original aggregate principal amount of \$10,130,000, pursuant to the Bond Resolution.

“City” means the City of New Prague, Minnesota, a statutory city and political subdivision of the State, and any successor to its functions.

“City Council” means the City Council of the City and any successor as governing body of the City.

“Closing Date” means _____, 2025, which is the date upon which the Bonds are delivered to the Original Purchaser thereof against payment therefor.

“Code” means the Internal Revenue Code of 1986, as amended.

“Completion Date” means the date of completion of construction of the Improvements, as evidenced by the certificate of the City described in Section 3.2(f) hereof.

“Costs of Issuance” means all fees and expenses incurred by the City and the Authority in connection with the execution and delivery of the Lease and the issuance of the Bonds, including but not limited to costs of preparing and printing the Bonds, this Lease, the Ground Lease, the Official Statement relating to the Bonds, and related documents; legal fees (including without limitation those of Bond Counsel); recording fees and title insurance premiums; Rating Agency fees; municipal advisor’s fees; and the Bond Registrar’s initial fees.

“Facilities” means any buildings, structures and improvements to be constructed or renovated on the Site, and all furniture, fixtures and equipment to be acquired with proceeds of sale of the Bonds and located thereon. For the avoidance of doubt, “Facilities” refers to the construction and equipping of a new Police Facility to be financed with the proceeds of the Bonds.

“Fiscal Year” means the twelve (12) month fiscal period of the City, which commences on January 1 and ends on December 31 of each year.

“Ground Lease” means the Ground Lease, dated as of October 1, 2025, between the City, as lessor, and the Authority, as lessee, by which the City leases the Site to the Authority, as amended or supplemented from time to time.

“Improvements” means the expansion, addition, enlargement, improvement, extension or alteration of or to the Facilities and any fixtures, furnishing or equipment within the Facilities, all to the extent financed from proceeds of the Bonds. For the avoidance of doubt, “Improvements” refers to the construction and equipping of a new Police Facility to be financed with the proceeds of the Bonds.

“Independent,” when used with reference to an attorney, engineer, architect, certified public accountant, consultant or other professional person, means a person who (i) is in fact independent; (ii) does not have any material financial interest in the City or the transaction to which such person’s certificate or opinion relates (other than payment to be received for professional services rendered); and (iii) is not connected with the Authority or the City as an officer, director or employee.

“Independent Counsel” means an Independent attorney duly admitted to practice law before the highest court of any state.

“Interest Payment Date” means August 1, 2026, and each February 1 and August 1 thereafter until the Bonds are paid in full.

“Lease” means this Lease with Option to Purchase Agreement, dated as of October 1, 2025, between the Authority, as lessor, and the City, as lessee, as amended or supplemented from time to time.

“Lease Payment” means each of the payments due from the City to the Authority on each Lease Payment Date during the Term of this Lease, as shown on EXHIBIT B.

“Lease Payment Date” means the date upon which any Lease Payment is due and payable as provided in EXHIBIT B.

“Net Proceeds,” when used with respect to proceeds of insurance or a condemnation award, means moneys received or receivable by the City, as owner or as lessee hereunder, or the Authority, as lessee under the Ground Lease or as secured party, of the Site or the Facilities, less the cost of recovery (including attorneys’ fees) of such moneys from the insuring company or the condemning authority.

“Original Purchaser” means_____.

“Outstanding,” when used as of any particular time with reference to Bonds, means all Bonds theretofore authenticated and delivered by the City under the Bond Resolution except: (i) Bonds theretofore canceled by the Bond Registrar or surrendered to the Bond Registrar for cancellation; (ii) Bonds for the payment or redemption of which funds or direct obligations of or obligations fully guaranteed by the United States of America in the necessary amount shall have theretofore been deposited with the Bond Registrar (whether upon or prior to the maturity or the redemption date of such Bonds), provided that if such Bonds are to be redeemed prior to the maturity thereof, notice of such redemption shall have been given pursuant to the Bond Resolution, or provision satisfactory to the Bond Registrar shall have been made for the giving of such notice; and (iii) Bonds in lieu of or in substitution for which other Bonds shall have been authenticated and delivered by the Bond Registrar pursuant to the terms of the Bond Resolution pertaining to replacement of Bonds.

“Owner” means the registered owner of any Outstanding Bond.

“Permitted Encumbrances” means, as of any particular time: (i) liens for taxes and assessments not then delinquent, or which the City may, pursuant to provisions of Section 6.3 hereof, permit to remain unpaid; (ii) the Ground Lease, this Lease and amendments hereto or thereto; (iii) the Authority’s interest in the Facilities; (iv) any mechanic’s, laborer’s, materialmen’s, supplier’s or vendor’s lien or right not filed or perfected in the manner prescribed by law; (v) such minor defects, irregularities, encumbrances, easements, rights-of-way and clouds on title as normally exist with respect to properties similar in character to the Site and which do not, in the opinion of Independent Counsel, materially impair the property affected thereby for the purpose for which it was intended; and (vi) easements, restrictions or encumbrances, if any, shown on EXHIBIT A hereto.

“Project” means the Site and the Facilities, as they exist at any time. For the avoidance of doubt, the “Project” refers to the construction and equipping of a new Police Facility to be financed with the proceeds of the Bonds.

“Project Costs” has the meaning provided in Section 3.2(b) hereof.

“Project Fund” means the Project Fund established under the Bond Resolution.

“Purchase Price” means, with respect to any date, cash or obligations of or guaranteed by the United States of America maturing at such times and in such amounts as to provide for the full and timely payment of all interest and premium, if any, on and principal of the Outstanding Bonds to maturity or an earlier redemption date, if applicable. The City shall be entitled to credit against the Purchase Price the amount of any moneys theretofore paid to and held by the Authority or the Bond Registrar and available for the payment of the Outstanding Bonds.

“Site” means the real property described in EXHIBIT A hereto, including any property added to or substituted for any portion of the Site, and less any real property released from this Lease pursuant to Article VI hereof.

“State” means the State of Minnesota.

“State and Federal Laws” means the Constitution and any law of the State and any ordinance, rule or regulation of any agency or political subdivision of the State; and any law of the United States, and any rule or regulation of any executive department or federal agency.

“Term” means the period during which this Lease may remain in effect as specified in Section 5.1 hereof.

Section 1.2. Exhibits. The following exhibits are attached to and by reference made a part of this Lease:

EXHIBIT A: Legal description of the Site and a listing of Permitted Encumbrances.

EXHIBIT B: The date and amount of each Lease Payment coming due during the Term of this Lease.

EXHIBIT C: The form of Completion Certificate to be delivered by the City to the Authority pursuant to Section 3.2(f) hereof.

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ARTICLE II

REPRESENTATIONS, COVENANTS AND WARRANTIES

Section 2.1. Representations, Covenants and Warranties of the City. The City represents, covenants and warrants as follows:

(a) The City is authorized under the Constitution and laws of the State to enter into this Lease and the transactions contemplated hereby, and to perform all of its obligations hereunder.

(b) None of the execution and delivery of this Lease, the fulfillment of or compliance with the terms and conditions thereof, or the consummation of the transactions contemplated thereby conflicts with or results in a breach of the terms, conditions or provisions of any restriction or any agreement or instrument to which the City is now a party or by which the City is bound, constitutes a default under any of the foregoing, or results in the creation or imposition of any lien, charge or encumbrance whatsoever upon any of the property or assets of the City, or upon the Site and the Facilities except Permitted Encumbrances.

(c) This Lease is entered into under authority of and pursuant to the Act.

(d) The officers of the City executing this Lease have been duly authorized to do so.

(e) The City will not pledge, mortgage or assign this Lease, or its rights, duties and obligations hereunder to any other person, firm or corporation except as provided under the terms of this Lease.

(f) Subject to the City's rights under Section 5.6 hereof, the Facilities will be used until the Bonds have all been paid primarily to carry out the essential governmental or proprietary purposes of the City.

(g) Subject to the provisions of Section 5.6 hereof, the City administration will include in the annual budget of the City submitted to the City Council, for each Fiscal Year during the Lease Term, moneys sufficient to pay and for the purpose of paying all Lease Payments and Additional Lease Payments and other obligations of the City under this Lease, and for this purpose the City will make a reasonable estimate of Additional Lease Payments to become due in the next Fiscal Year, and will take all other actions necessary to provide moneys for the payment of the obligations of the City under this Lease from sources of the City lawfully available for this purpose.

(h) Except to the extent specifically provided herein, the City is not obligated to appropriate or otherwise provide moneys for the payment of the Lease Payments or any other amounts coming due hereunder; and in the event of non-appropriation or non-renewal by the City, the City shall not be liable for general, special, incidental, consequential or other damages resulting therefrom. This Lease does not constitute a general or moral obligation of the City, and the full faith and credit and taxing powers of the City are not pledged for the payment of the Lease Payments or other amounts coming due, or other actions required to be performed, hereunder.

(i) The City hereby declares its current need for the Facilities and the Improvements. The City has determined that the purchase price to be paid for the Site and the Facilities (as improved by the Improvements) under this Lease represents the fair market value of the improved Facilities; that Lease Payments and Additional Lease Payments hereunder during the Lease Term represent the

fair value of the use of the improved Facilities; and that the Purchase Price represents the fair purchase price of the improved Facilities. The City hereby determines that the Lease Payments and Additional Lease Payments do not exceed a reasonable amount so as to place the City under an economic compulsion to renew this Lease or to exercise its option to purchase the Facilities hereunder. In making such determinations, the City has given consideration to the costs of the Facilities and Improvements, the uses and purposes for which the Facilities will be employed by the City, the benefit to the City by reason of the acquisition of the Facilities pursuant to the terms and provisions of this Lease and the City's option to purchase the Facilities. The City hereby determines and declares that the improvement of the Facilities and the leasing of the Facilities pursuant to this Lease will result in facilities of comparable quality and meeting the same requirements and standards as would be necessary if the construction of the Facilities was performed by the City other than pursuant to this Lease. The City hereby determines and declares that the period during which the City has an option to purchase the Facilities (i.e., the Term of this Lease) does not exceed the useful life of the Facilities as improved by the Improvements.

Section 2.2. Representations, Covenants and Warranties of the Authority. The Authority represents, covenants and warrants as follows:

- (a) The Authority is a public body corporate and politic and political subdivision of the State; has power to enter into this Lease; is possessed of full power to own and hold real and personal property, and to sell the same; and has duly authorized the execution and delivery of this Lease.
- (b) Neither the execution and delivery of this Lease, nor the fulfillment of or compliance with the terms and conditions thereof, nor the consummation of the transactions contemplated thereby, conflicts with or results in a breach of the terms, conditions or provisions of any restriction or any agreement or instrument to which the Authority is now a party or by which the Authority is bound, constitutes a default under any of the foregoing, or results in the creation or imposition of any lien, charge or encumbrance whatsoever upon any of the property or assets of the Authority, or upon the Site and the Facilities except Permitted Encumbrances.
- (c) This Lease is entered into under authority of and pursuant to the Act.
- (d) The Authority declares and finds that the Facilities are necessary to operate the Authority, and also promote economic development generally by ensuring a modern and efficient City public works facility.
- (e) The officers of the Authority executing this Lease have been duly authorized to do so.

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ARTICLE III

ACQUISITION AND CONSTRUCTION OF IMPROVEMENTS; PAYMENT OF COSTS

Section 3.1. Costs. The City has caused estimates of the costs of construction of the Improvements on the Site to be prepared, which estimates have been reviewed and approved by the Authority. Based on such estimates, the total costs of construction of the Improvements on the Site, when added to the Costs of Issuance of the Bonds, are estimated to be not less than \$10,130,000. In order to provide the moneys needed to pay such costs when due, and in consideration of the actions agreed to be performed by the City under this Lease, the Board of Commissioners of the Authority has adopted the Bond Resolution, pursuant to which the proceeds of sale of the Bonds in the amount of \$_____ (par amount of \$10,130,000.00, plus original issue premium of \$_____, less underwriter's discount of \$_____) will be deposited with the City.

Section 3.2. Acquisition of Site; Construction of Improvements; Payment of Cost.

(a) The Authority shall cause the Improvements to be constructed with all reasonable dispatch. The Authority hereby appoints the City as its agent for the purpose of construction of the Improvements on the Site, and the City may perform the same itself or through its agents, and may make or issue such contracts, orders, receipts and instructions, and in general do or cease to be done all such other things as it may consider requisite or advisable for the completion of the Improvements and for fulfilling its obligations under this Article. The City shall have full authority and the sole right under this Lease to supervise and control, directly or indirectly, all aspects of the construction of the Improvements on the Site.

(b) The Authority shall deposit the proceeds of the issuance and sale of the Bonds in the amount of \$_____ with the City for credit to the Project Fund, as provided in the Bond Resolution. Amounts in the Project Fund shall be disbursed to pay the following costs (referred to as "Project Costs"):

(i) Obligations incurred for labor (including payroll cost of City employees according to time spent by such employees on the Improvements) and to contractors, builders and material suppliers in connection with the construction, reconstruction, renovation and installation of the Improvements, including obligations for machinery, materials and equipment therefor;

(ii) Costs of acquisition of land and all interests in land required specifically for the Site, site improvements required for the construction or operation of the Improvements, demolition of any portion of the existing building on the Site and removal of any equipment therefrom (net of any salvage).

(iii) Costs of acquisition and installation of equipment, furnishings and other tangible personal property required for the Improvements or the Facilities;

(iv) Fees and expenses of engineers and architects for surveys, estimates and other preliminary investigations, preparation of plans, drawings and specifications, and supervising construction, as well as for the performance of all other duties of engineers and architects in relation to the Improvements or the issuance of the Bonds therefor, including the costs of such services as may have been performed by employees of the City;

(v) Expenses of administration, supervision and inspection properly chargeable to the Improvements or acquisition of the Site, administrative fees and other expenses relating to the acquisition of the Site and Improvements, title insurance premiums, abstracting and filing fees, and legal expenses and fees;

(vi) Costs of Issuance of the Bonds; and

(vii) Any other obligation or expense heretofore or hereafter incurred by the City in connection with the Improvements defined as and constituting a proper Improvements cost and approved by an Authorized Officer of the City.

(c) Before any of the payments referred to in this Section may be made from the Project Fund, an Authorized Officer of the City shall certify with respect to each such payment: (i) that none of the items for which the payment is proposed to be made has formed the basis for any payment theretofore made from the Project Fund; and (ii) that each item for which payment is proposed to be made is or was necessary in connection with construction of the Improvements. In the case of any construction contract providing for the retention of a portion of the contract price, there shall be paid only the net amount remaining after deduction of any such portion. Notwithstanding anything to the contrary herein, proceeds of the Bonds may be applied directly to pay Costs of Issuance in accordance with the Bond Resolution.

(d) Money in the Project Fund shall be subject to withdrawal from time to time only for the purposes of paying Project Costs or for the reimbursement to the City, subject to any applicable provision of law, for payments theretofore made by the City for Project Costs. The Authority agrees that none of the funds in the Project Fund shall be used for any purposes other than payment or reimbursement of Project Costs and the payment of principal of, premium (if any) on and interest on the Bonds.

(e) If the proceeds of the Bonds, together with any other moneys available to pay the costs of construction of the Improvements, shall not be sufficient to pay such costs in full, then the City shall pay all that portion of the costs in excess of the moneys available therefor. If the City shall make any payments pursuant to this subsection, it shall not be entitled to any reimbursement therefor from the Authority or the Owners of the Bonds, nor shall it be entitled to any diminution in or postponement of the payment of the Lease Payments, the Additional Lease Payments or the payment of any other amounts payable under this Lease.

(f) The Completion Date shall be the date on which the Improvements are completed in their entirety and the Facilities, as improved by the Improvements, are ready to be placed in service and all other property which constitutes the Facilities has been acquired and installed, all as determined by the City. Promptly after the Completion Date, the City shall submit to the Authority a certificate signed by an officer of the City, substantially in the form of EXHIBIT C hereto, which shall specify the Completion Date and shall state that construction of the Improvements has been completed and the costs thereof have been paid, except for any portion thereof which has been incurred but is not then due and payable, or the liability for the payment of which is being contested or disputed by the City. Notwithstanding the foregoing, such certificate may state that it is given without prejudice to any rights against third parties which exist at the date thereof or which may subsequently come into being. The certificate as to the Completion Date shall include a list of the equipment financed with proceeds of the Bonds and included as part of the Facilities.

(g) Upon the Completion Date, the City shall transfer any remaining balance in the Project Fund to the Debt Service Fund for the Bonds in accordance with the Bond Resolution.

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ARTICLE IV

LEASE AND SALE OF FACILITIES

Section 4.1. Lease and Sale of Facilities. The Authority hereby leases and sells its leasehold interest in the Site and the Facilities to the City, and the City hereby leases and purchases the Authority's interest in the Site and the Facilities from the Authority, upon the terms and conditions set forth in this Lease. The sale shall be completed in accordance with the terms of Section 5.5 hereof.

The Site and the Facilities are leased and sold in their present condition without representation or warranty of any kind by the Authority, and subject to the rights of parties in possession, to the existing state of title, to all applicable legal requirements now or hereafter in effect, and to Permitted Encumbrances. The City has examined the Site and title thereto and has found all of the same to be satisfactory for the purposes of this Lease.

Section 4.2. Lease Payments. Subject to the provisions of Section 4.4 hereof, the City shall pay to the Authority the Lease Payments at the times and in the manner specified in the attached EXHIBIT B. The Lease Payments shall be paid in lawful money of the United States of America, in same-day funds, directly to the Bond Registrar. It is acknowledged that the Lease Payment to be made on each February 1 or August 1 shall be applied by the Bond Registrar to payment of the principal of and interest on the Bonds to be paid on the same date.

Section 4.3. Additional Lease Payments. During the Term of this Lease, the City shall pay or cause to be paid as Additional Lease Payments the following amounts:

- (a) All fees, charges and expenses, including agent and counsel fees, of the Bond Registrar and any Paying Agent, as and when the same become due.
- (b) All costs incident to the payment of the principal of, premium, if any, and interest on the Bonds as the same become due and payable, including redemption premiums, if any, and all other costs and expenses in connection with the call, redemption and payment of Bonds.
- (c) An amount sufficient to reimburse the Authority for all expenses reasonably incurred by the Authority hereunder and in connection with the performance of the Authority's obligations under this Lease or the Bond Resolution.
- (d) All expenses incurred in connection with the enforcement of any rights under this Lease by the Authority or the Owners of the Bonds.
- (e) All other payments of whatever nature which the City has agreed to pay or assume under the provisions of this Lease (including without limitation any amounts advanced under Section 6.2(b) hereof and interest thereon).
- (f) All costs, charges, expenses and other amounts and obligations due and owing by the Authority under the Ground Lease, as and when the same become due.

Section 4.4. Source of Lease Payments. Notwithstanding any other provision of this Lease apparently to the contrary, this Lease shall not constitute a general or moral obligation of the City, and the full faith and credit of the City are not pledged for the payment of the Lease Payments or the performance by the City of its obligations hereunder. The Lease Payments and Additional Lease Payments shall be paid, and

other obligations of the City hereunder shall be met, solely from the amount appropriated by the City Council for such purpose in the City's annual budget and shall constitute a current expense of the City for the Fiscal Year then in effect. It shall not constitute an indebtedness of the City within the meaning of the Constitution and laws of the State.

The other obligations of the City hereunder shall be met solely from one or more of the following: (a) Net Proceeds of insurance or self-insurance required to be maintained by the City under Article VII hereof; (b) Net Proceeds of any condemnation award with respect to the Site and Facilities; and (c) moneys from time to time appropriated by the City Council for this purpose, provided that the City Council shall have no legal obligation to appropriate moneys for this purpose.

Section 4.5. City's Obligations and Remedies.

(a) Except as provided in Section 5.6 hereof, the City's obligation to pay Lease Payments due with respect to the Site and the Facilities, and to perform and observe all other covenants and agreements of the City contained herein, shall be absolute and unconditional; and the Lease Payments and Additional Lease Payments due and payable hereunder shall be made without notice or demand and without set-off, counterclaim, abatement, deduction or defense, including without limitation any failure or delay by the Authority in the performance of any of its obligations hereunder, and irrespective of whether the Improvements shall have been started or completed, or whether the City's or the Authority's title thereto or to any part thereof is defective or nonexistent, and notwithstanding any damage to, loss, theft or destruction of the Facilities or any part thereof, any failure of consideration, the taking by eminent domain of title to or of the right of temporary use of all or any part of the Facilities, legal curtailment of the City's use thereof, the eviction or constructive eviction of the City, any change in the tax or other laws of the United States of America, the State or any political subdivision thereof, any change in the Authority's legal organization or status, or any default of the Authority hereunder, and regardless of the invalidity of any action of the Authority, and regardless of the invalidity of any portion of this Lease.

(b) Notwithstanding any provision or covenant contained in this Lease or the Bonds, the City is not obligated to renew the Lease beyond any Fiscal Year from time to time in effect, nor is it obligated to budget or appropriate moneys or to pay Lease Payments or Additional Lease Payments beyond the end of the Fiscal Year in effect at a given time.

(c) Nothing in this Lease shall be construed to release the Authority from the performance of any agreement on its part herein contained or as a waiver by the City of any rights or claims which the City may have against the Authority under this Lease or otherwise, but any recovery upon such rights and claims shall be had from the Authority separately, it being the intent of this Lease that the City shall be unconditionally and absolutely obligated to perform fully all of its obligations, agreements and covenants under this Lease during the Term of this Lease unless sooner terminated in accordance with Section 5.2 hereof (including the obligation to make Lease Payments and Additional Lease Payments) for the benefit of the Owners of the Bonds. The City may, however, at its own cost and expense and in its own name or in the name of the Authority, prosecute or defend any action or proceeding or take any other action involving third persons which the City deems reasonably necessary in order to secure or protect its right of possession, occupancy and use hereunder, and in such event the Authority hereby agrees to cooperate fully with the City and to take all action necessary to effect the substitution of the City for the Authority in any such action or proceeding if the City shall so request.

Section 4.6. Possession and Enjoyment. The Authority hereby covenants to provide the City during the Term of this Lease with quiet use and enjoyment of the Site and Facilities, and the City shall during such Term peaceably and quietly have and hold and enjoy the Site and Facilities, without suit, trouble or hindrance from the Authority, except as expressly set forth in this Lease. At the request of the City and at the City's cost, the Authority will join in any legal action in which the City asserts its right to such possession and enjoyment to the extent the Authority may lawfully do so.

Section 4.7. Authority Access to Site and Facilities. The Authority shall have the right at all reasonable times to examine and inspect the Site and Facilities, and shall have such rights of access to the Site and Facilities as may be reasonably necessary to cause the proper maintenance thereof in the event of failure by the City to perform its obligations hereunder.

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ARTICLE V

TERM OF LEASE; TRANSFER OR SURRENDER OF SITE AND FACILITIES

Section 5.1. Lease Term. Subject to the provisions of Section 5.6 hereof, this Lease shall be in effect for a Term commencing upon the execution hereof and ending on February 1, 2055.

Section 5.2. Termination of Lease Term. The Term of this Lease will terminate upon the occurrence of the first of the following events:

- (a) non-appropriation by the City pursuant to Section 5.6 hereof;
- (b) the payment by the City of the Purchase Price, pursuant to Section 8.1 hereof;
- (c) the discharge by the City of its obligation to pay the Lease Payments and Additional Lease Payments required to be paid by it hereunder pursuant to Section 8.3 hereof; or
- (d) a default by the City and the Authority's election to terminate this Lease pursuant to Article X hereof.

Section 5.3. Authority's Interest in the Site and Facilities. Upon payment of all Lease Payments and Additional Lease Payments due hereunder, or upon prepayment of the Lease Payments and Additional Lease Payments or discharge of the City's obligation to make the Lease Payments and Additional Lease Payments in accordance with Article VIII hereof, and in either event, upon defeasance of the Bonds, full and unencumbered legal title to the Facilities shall pass to the City, and the Authority shall have no further interest therein. In such event the Authority and its officers shall take all actions necessary to authorize, execute and deliver to the City any and all documents necessary to vest in the City, all of the Authority's right, title and interest in and to the Site and Facilities, free and clear of all liens, leasehold interests, encumbrances (other than Permitted Encumbrances), including, if necessary, a release of any and all interests or liens created under the provisions of this Lease.

Section 5.4. Surrender of Site and Facilities. Upon termination of the Term of this Lease pursuant to Section 5.2(a) or (d) hereof, or upon exercise by the Authority of its right to take possession of the Site and Facilities under Section 10.2 hereof, the City shall surrender the Site and Facilities to the Authority in the condition in which they were originally received from the Authority, except as repaired, rebuilt, restored, altered or added to as permitted or required hereby, ordinary wear and tear excepted. The City shall have the right to remove from the Site and Facilities at or prior to such termination or possession all personal property located therein which was not financed with proceeds of the Bonds, or which has not replaced personal property so financed, and which is not otherwise owned by the Authority, but the City shall repair any damages caused by such removal.

Section 5.5. Purchase; Conveyance of Title. At any time when the Purchase Price, together with any unpaid or delinquent interest, has been fully paid or provided for, whether by (i) payment of all Lease Payments and Additional Lease Payments as provided in Section 8.1 hereof, or (ii) payment or provision for payment of the Purchase Price as provided in Article VIII hereof, then the purchase of the Site and the Facilities by the City shall be deemed to have been completed. The Authority shall thereupon deliver to the City such instruments of conveyance or release as, in the opinion of the City, may be necessary to release the interest of the Authority in the Site and Facilities.

Section 5.6. Non-Appropriation. If the City Council does not appropriate or budget moneys sufficient to pay the Lease Payments and reasonably estimated Additional Lease Payments coming due in the next Fiscal Year, as determined by the City’s budget for the Fiscal Year in question, then the Term of this Lease shall terminate at the end of the preceding Fiscal Year. The City Council shall effect such non-appropriation by adoption of a resolution specifically referring to this Lease and determining (i) not to provide moneys for payments due hereunder in the next Fiscal Year and (ii) that the Lease shall terminate at the end of the then-current Fiscal Year, and the City shall give the Authority a written notice of such non-appropriation and shall pay to the Authority any Lease Payments and Additional Lease Payments which are due and have not been paid at or before the end of its then current Fiscal Year. The City shall endeavor to give as much notice of non-renewal as possible prior to the end of such Fiscal Year, but in any event the City shall not be required to give more than twelve (12) months’ notice, and the City shall notify the Authority of any anticipated termination. In the event of termination of this Lease as provided in this Section, the City shall surrender possession of the Site and Facilities to the Authority in accordance with Section 5.4 hereof and convey to the Authority or release its interest in the Site and Facilities within ten (10) days after the expiration of the then-current term.

Section 5.7. Intent to Continue Term; Appropriations. The City presently intends to continue this Lease for its entire Term and to pay all Lease Payments specified in EXHIBIT B attached hereto and Additional Lease Payments. The City reasonably believes that moneys in an amount sufficient to make all such Lease Payments and Additional Lease Payments can and will lawfully be appropriated or budgeted and made available.

Section 5.8. Effect of Termination. Upon termination of this Lease as provided in Section 5.6 hereof, the City shall not be responsible for the payment of any Lease Payments or Additional Lease Payments coming due with respect to succeeding Fiscal Years, but if the City has not delivered possession of the Site and Facilities to the Authority in accordance with Section 5.4 hereof and conveyed to the Authority or released its interest in the Site and Facilities within ten (10) days after the termination date, the termination shall nevertheless be effective, but the City shall be responsible for the payment of damages in an amount equal to the amount of the Lease Payments thereafter coming due under EXHIBIT B attached hereto and Additional Lease Payments which are attributable to the number of days during which the City fails to take such actions and for any other loss suffered by the Authority as a result of the City’s failure to take such actions as required. The City shall be required to pay over to the Authority any moneys which it has appropriated or budgeted for the purpose of paying obligations under this Lease for any Fiscal Years preceding the Fiscal Year for which non-renewal under Section 5.6 hereof is effective.

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ARTICLE VI

GENERAL MATTERS

Section 6.1. Use; Permits. The City shall exercise due care in the use, operation and maintenance of the Site and Facilities, and shall not use, operate or maintain the Site and Facilities improperly, carelessly, in violation of any State and Federal Law or for a purpose or in a manner contrary to that contemplated by this Lease. The City shall obtain or cause to be obtained all permits and licenses necessary for the operation, possession and use of the Site and Facilities. The City shall comply with all State and Federal Laws applicable to the operation, possession and use of the Site and Facilities, and if compliance with any such State and Federal Law requires changes or additions to be made to the Site and Facilities, such changes or additions shall be made by the City at its expense.

Section 6.2. Maintenance and Modification of Facilities by the City.

(a) During the Term of this Lease the City shall, at its own expense, maintain, preserve and keep the Site and the Facilities in good repair, working order and condition, and shall from time to time make all repairs, replacements and improvements necessary to keep the Site and the Facilities in such condition. The Authority shall have no responsibility for any of these repairs, replacements or improvements. In addition, the City shall, at its own expense, have the right to remodel the Facilities or to make additions, modifications and improvements thereto. All such additions, modifications and improvements shall thereafter comprise part of the Facilities and be subject to the provisions of this Lease. Such additions, modifications and improvements shall not in any way damage the Facilities; and the Facilities, upon completion of any additions, modifications and improvements made pursuant to this Section, shall be of a value not less than the value of the Facilities immediately prior to the making of such additions, modifications and improvements. Any property for which a substitution or replacement is made pursuant to this Section may be disposed of by the City in such manner and on such terms as are determined by the City. The City will not permit any mechanic's or other lien to be established or remain against the Site and Facilities for labor or materials furnished in connection with any remodeling, additions, modifications, improvements, repairs, renewals or replacements made by the City pursuant to this Section; provided that if any such lien is established and the City shall first notify the Authority of the City's intention to do so, the City may in good faith contest any lien filed or established against the Site or the Facilities, and in such event may permit the items so contested to remain undischarged and unsatisfied during the period of such contest and any appeal therefrom unless the Authority shall notify the City that, in the opinion of Independent Counsel, by nonpayment of any such item the interest of the Authority in the Site or the Facilities will be materially endangered or the Site or the Facilities or any part thereof will be subject to loss or forfeiture, in which event the City shall promptly pay and cause to be satisfied and discharged all such unpaid items or provide the Authority with full security against any such loss or forfeiture, in form satisfactory to the Authority. The Authority will cooperate fully with the City in any such contest, upon the request and at the expense of the City.

(b) In the event the Authority becomes aware of any condition on the Site or in the Facilities which, in the reasonable opinion of the Authority, creates a risk to the health and safety of any users of the Facilities or creates a risk of significant deterioration of the Facilities (as improved by the Improvements) if not corrected, the Authority may, but shall be under no obligation to, notify the City of such condition and request that it be cured as promptly as is reasonably possible. In the event the City does not promptly cure such condition, the Authority may, but shall be under no obligation to, take reasonable steps to correct such condition. In such event, the cost to the Authority

and interest thereon at the highest rate specified in any Bond until paid will be charged to the City as an Additional Lease Payment.

Section 6.3. Taxes, Other Governmental Charges and Utility Charges. During the Term of this Lease the City shall also pay or cause to be paid when due all gas, water, steam, electricity, heat, power and other charges incurred in the operation, maintenance, use, occupancy and upkeep of the Site and the Facilities. The City shall also pay all property and excise taxes and governmental charges of any kind whatsoever which may at any time be lawfully assessed or levied against or with respect to the Site or the Facilities or any part thereof or the Lease Payments, and which become due during the Term of this Lease with respect thereto; and all special assessments and charges lawfully made by any governmental body for public improvements that may be secured by a lien on the Site or the Facilities; provided that with respect to special assessments or other governmental charges that may lawfully be paid in installments over a period of years, the City shall be obligated to pay only such installments as are required to be paid during the Term of this Lease as and when the same become due. The City shall not be required to pay any federal, state or local income, inheritance, estate, succession, transfer, gift, franchise, gross receipts, profit, excess profit, capital stock, corporate, or other similar tax payable by the Authority, its successors or assigns, unless such tax is made in lieu of or as a substitute for any real estate or other tax upon property.

The City may, at the City's expense and in the City's name, in good faith contest any such taxes, assessments, utility and other charges and, in the event of any such contest, may permit the taxes, assessments or other charges so contested to remain unpaid during the period of such contest and any appeal therefrom unless the Authority shall notify the City that, in the opinion of Independent Counsel, by nonpayment of any such items the interest of the Authority in the Site or the Facilities will be materially endangered or the Site, the Facilities or any part thereof will be subject to loss or forfeiture, in which event the City shall promptly pay such taxes, assessments or charges or provide the Authority with full security against any loss which may result from nonpayment, in form satisfactory to the Authority.

Section 6.4. Liens. The City shall not, directly or indirectly, create, incur, assume or suffer to exist any mortgage, pledge, lien, charge, encumbrance or claim on or with respect to the Site or the Facilities, except the respective rights of the Authority and the City as herein provided and Permitted Encumbrances. Except as expressly provided in this Article, the City shall promptly, at its own expense, take such action as may be necessary to duly discharge or remove any such mortgage, pledge, lien, charge, encumbrance or claim if the same shall arise at any time. The City shall reimburse the Authority for any expense incurred by it in order to discharge or remove any such mortgage, pledge, lien, charge, encumbrance or claim.

Section 6.5. Easements. The Authority will from time to time, at the request of the City and at the City's cost and expense, cooperate and join with the City: (a) in granting easements and other rights in the nature of easements, releasing existing easements or other rights in nature of easements which are for the benefit of the Site or the Facilities; (b) in executing amendments to any covenants and restrictions affecting the Site or the Facilities; (c) in executing and delivering to any person any instrument appropriate (i) to confirm or to the effect that such grant, release or execution is not detrimental to the proper conduct of the operations of the City on or in the Site or the Facilities; (ii) to show the consideration, if any, being paid for such grant, release or amendment; (iii) to show that such grant, release, dedication, transfer, petition or amendment does not materially impair the use of the Site or the Facilities or reduce the value of the Site or the Facilities; or (iv) to confirm that the City will remain obligated hereunder to the same extent as if such grant, release, or amendment had not been made, and the City will perform all obligations under such instrument. The consideration, if any, received by the Authority or the City for such grant, release, or amendment shall be applied to the payment of the Bonds.

Section 6.6. Addition and Substitution of Land. The Authority and the City agree to add to the Ground Lease and this Lease certain additional interests in land, and to release from the Ground Lease and this Lease certain portions of the Site, and to substitute other interests in real property for some or all of the portions of the Site so released, but only upon the conditions hereinafter set forth:

(a) The City may, from time to time, add additional real property to the Site subject to the Ground Lease and this Lease if (i) the additional real property is to be the site of a portion of the Facilities; and (ii) the City provides the Authority with an adequate legal description and survey of the Site, satisfactory to the Authority.

(b) The City may, from time to time and with the prior written consent of the Authority, obtain the release of a portion of the Site as now described, if (i) the City certifies that such portion of the Site is not reasonably necessary for the construction of Improvements or operation of the Facilities; and (ii) the unreleased portion of the Site is not impaired by such release with respect to ingress and egress, access to dedicated roads and use of the unreleased portion of the Site for its then current or intended purposes.

(c) To accomplish the addition, release or substitution of real property as described in subsection (a) or (b) above, the City shall prepare and furnish to the Authority amendments or supplements to this Lease, the Ground Lease and any UCC financing statements filed in connection with this Lease. The City shall pay all expenses, including attorney's fees, incurred in accomplishing any such addition, release or substitution.

Section 6.7. [Reserved].

Section 6.8. Compliance with Bond Resolution. During the Term of this Lease, the City agrees to perform all obligations imposed upon the Authority or the City by the Bond Resolution.

Section 6.9. Tax Covenants.

(a) The City covenants and agrees with the Authority for the benefit of the Owners from time to time of the Bonds that it will take, and will cause its officers, employees or agents to take, all actions necessary to comply with the applicable provisions of the Code, and that it will not take or permit to be taken by any of its officers, employees or agents any actions that would cause the interest on the Bonds to become subject to federal income taxation under the applicable provisions of the Code.

(b) None of the proceeds of the Bonds will be used, directly or indirectly, to replace funds which were used in any business carried on by any person other than a state or local governmental unit.

(c) The payment of the Lease Payments will not be (i) directly or indirectly secured by any interest in (A) property used or to be used for a private business use by any person other than a state or local governmental unit or (B) payments in respect of such property; or (ii) directly or indirectly derived from payments (whether or not by or to the Authority or the City), in respect of property or borrowed money, used or to be used for a private business use by any person other than a state or local governmental unit.

(d) None of the proceeds of the Bonds will be used, directly or indirectly, to make or finance loans to persons other than a state or local governmental unit.

(e) Except as provided below, no user of the Facilities or other property financed with proceeds of the Bonds will use the Facilities or such other property in a trade or business on any basis other than the same basis as the general public; and no person other than a state or local governmental unit will be a user of the Facilities or such other property in a trade or business as a result of (i) ownership; or (ii) actual or beneficial use pursuant to a lease or a management or incentive payment contract; or (iii) joint venture or any other similar arrangement. Notwithstanding the foregoing, the City may permit a portion of the usable square footage of the Facilities to be used in the trade or business of a person other than a governmental unit, subject to the same conditions that apply to any sublease by the City under Section 9.2 hereof (e.g., consent the Authority and receipt of an opinion of Bond Counsel).

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ARTICLE VII

INSURANCE AND INDEMNIFICATION; DAMAGE, DESTRUCTION AND CONDEMNATION

Section 7.1. Liability Insurance. During the Term of this Lease the City shall procure and maintain continuously in effect with respect to the Site and the Facilities, insurance against liability for injuries to or death of any person or damage to or loss of property arising out of or in any way relating to the maintenance, use or operation of the Site, the Facilities or any part thereof, in amounts not less than the City's tort liability limits under Minnesota Statutes, Chapter 466, as amended ("Chapter 466"), for death of or personal injury to any one person, in amounts not less than the City's tort liability limits under Chapter 466 for all personal injuries and deaths arising out of any one occurrence, and in amounts not less than the City's tort liability limits under Chapter 466 for property damage arising out of any one occurrence. The Net Proceeds of all such insurance shall be applied toward extinguishment or satisfaction of the liability with respect to which the insurance proceeds may be paid. It is understood that with respect to persons or entities other than the Authority, this insurance covers any and all liability of the City and its officers, employees and agents. As an alternative to the purchase of liability insurance, the City may self-insure against such liabilities in accordance with the provisions of applicable law. Policies of commercial insurance may include deductibles of no more than ten percent (10%) of policy amounts.

Section 7.2. Property Insurance. During the Term of this Lease, the City shall procure and maintain continuously in effect, to the extent of the full insurable value of the Facilities, other than building foundations, but in an amount at least equal to the principal amount of the outstanding Bonds from time to time, insurance against loss from or damage by vandalism and fire, with a uniform standard extended coverage endorsement limited only as may be provided in the standard form of extended coverage endorsement at the time in use in the State, in such amount as will be at least sufficient so that a claim may be made for the full replacement cost of any part thereof damaged or destroyed. All policies (or endorsements or riders) evidencing insurance required in this Section shall be carried in the names of the City and the Authority, as their respective interests may appear. The Net Proceeds of insurance required by this Section shall be applied as provided in Article VII hereof.

Section 7.3. Administration of Claims, Etc. Neither the City nor the Authority shall be required to prosecute any claim against or contest any settlement proposed by any insurer, but any of them may prosecute any such claim or contest any such settlement. In the event of a contest by the City, it shall be at the City's expense, and the City may bring such claim or contest in the name of the Authority, the City or both, and the Authority will join therein at the City's written request upon the receipt by the Authority of an indemnity from the City against all costs, liabilities and expenses in connection with such claim or contest.

Section 7.4. Other Insurance and Requirements for All Insurance. All insurance required by this Article may be carried under a separate policy or a rider or endorsement; shall be taken out and maintained with responsible insurance companies organized under the laws of one of the states of the United States and qualified to do business in the State; shall contain a provision that the insurer shall not cancel or revise coverage thereunder without giving written notice to the City and the Authority at least thirty (30) days before the cancellation or revision becomes effective; and shall name the City and the Authority as insured parties. The insurance required by Sections 7.1 and 7.2 hereof may be provided by the City pursuant to an umbrella policy which provides coverage for the amounts and the insurable incidents provided in such Sections. Annually, the City shall deposit with the Authority policies evidencing any such insurance procured by it, or a certificate or certificates of the respective insurers stating that such insurance is in force and effect. Before the expiration of any such policy, the City shall furnish to the Authority evidence that the policy has been renewed or replaced by another policy conforming to the provisions of this Article, unless such insurance is no longer obtainable.

Section 7.5. Indemnification. As between the Authority and the City, to the extent permitted by the laws of the State, the City assumes all risks and liabilities, whether or not covered by insurance, for loss or damage to the Facilities and for injury to or death of any person or damage to any property, whether such injury or death be with respect to agents or employees of the City, the Authority or of third parties, and whether such property damage be to the City or the Authority's property or the property of others, which is proximately caused by the negligent conduct of the City, its officers, employees, agents and lessees, or arising out of the operation, maintenance or use of the Site and the Facilities by the City, its officers, employees, agents and lessees. The City hereby assumes responsibility for and agrees to reimburse the Authority for all liabilities, obligations, losses, damages, penalties, claims, actions, costs and expenses (including reasonable attorney's fees) of whatsoever kind and nature, imposed on, incurred by or asserted against the Authority or its officers or employees that in any way relate to or arise out of a claim, suit or proceeding based in whole or in part on the foregoing, to the maximum extent permitted by law.

Section 7.6. Hazardous Substance Indemnification. The City agrees, to the extent permitted by the laws of the State, to defend, indemnify and hold harmless the Authority, its officers, employees, agents, successors and assigns (the "Indemnitees") from and against, and shall reimburse the Indemnitees for, any and all loss, claim, liability, damage, judgment, penalty, injunctive relief, injury to personal property or natural resources, cost, expense, action or cause of action arising in connection with or as the result of any past, present or future existence, use, handling, storage, transportation, manufacture, release or disposal of any Hazardous Substance in, on or under the land upon which the Project is located, whether foreseeable or unforeseeable, regardless of the source, the time of occurrence or the time of discovery (collectively referred to as "Loss"). This indemnification against Loss includes, without limitation, indemnification against all costs in law or in equity or removal, response, investigation, or remediation of any kind, and disposal of such Hazardous Substances, all costs of determining whether the land upon which the Project is located, is in compliance with, and of causing the land upon which the Project is located, to be in compliance with, all applicable Environmental Laws, all costs associated with claims for damages to persons, property, or natural resources, and the Indemnitees' reasonable attorneys' and consultants' fees, court costs and expenses incurred in connection with any of the above. For this purpose "Hazardous Substance" shall be defined as any substance, the presence of which requires investigation, permitting, control or remediation under any federal, state or local statute, regulation, ordinance or order, including without limitation: (a) any substance defined as "hazardous waste" under the Resource Conservation and Recovery Act, as amended (42 U.S.C. §6901, et seq.); (b) any substance defined as a "hazardous substance" under the Comprehensive Environmental Response, Compensation and Liability Act, as amended (42 U.S.C. §9601, et seq.); (c) any substance defined as a "hazardous material" under the Hazardous Materials Transportation Act (49 U.S.C. §5101, et seq.); (d) any substance defined under any Minnesota statute analogous to (a), (b) or (c), to the extent that said statute defines any term more expansively; (e) asbestos; (f) urea formaldehyde; (g) polychlorinated biphenyls; (h) petroleum, or any distillate or fraction thereof; (i) any hazardous or toxic substance designated pursuant to the laws of the State; and (j) any other chemical, material or substance, exposure to which is prohibited, limited or regulated by any governmental authority.

Section 7.7. Damage, Destruction and Condemnation. If the Facilities or any portion thereof is destroyed (in whole or in part) or is damaged by fire or other casualty or title to or the temporary use of the Facilities or any part thereof, or the interest of the City or the Authority in the Site or the Facilities or any part thereof is taken under the exercise of the power of eminent domain by any governmental body or by any person, firm or corporation acting under governmental authority, the City shall have the rights with respect to the Net Proceeds of any insurance or condemnation award specified in this Section, but the City shall be obligated to continue to pay the Lease Payments and Additional Lease Payments due with respect to the Facilities. All Net Proceeds shall be applied to the prompt repair, restoration, modification, improvement or replacement of the Site and the Facilities by the City, or, if the City elects not to repair or rebuild, all Net

Proceeds shall be applied to prepay the Lease Payments and Additional Lease Payments; in either event all Net Proceeds not needed for the purpose shall belong to the City.

Section 7.8. Insufficiency of Net Proceeds. If the Net Proceeds are insufficient to pay in full the cost of any repair, restoration, modification, improvement or replacement of the Site and the Facilities, the City shall either: (a) complete the work and pay any cost in excess of the amount of the Net Proceeds, and the City agrees that if by reason of any such insufficiency of the Net Proceeds, the City shall make any payments pursuant to the provisions of this Section 7.8, the City shall not be entitled to any reimbursement therefor from the Authority nor shall the City be entitled to any diminution of the Lease Payments or Additional Lease Payments due with respect to the Facilities; or (b) prepay the Lease Payments and Additional Lease Payments, in which event the Net Proceeds shall be used for this purpose. If the City elects not to repair, rebuild or restore, the City shall prepay or discharge the Lease Payments and Additional Lease Payments to the full extent of the Net Proceeds.

Section 7.9. Cooperation of Authority. The Authority shall cooperate fully with the City at the expense of the City in filing any proof of loss with respect to any insurance policy covering the casualties described in Section 7.7 hereof and in the prosecution or defense of any prospective or pending condemnation proceeding with respect to the Site or the Facilities or any part thereof and will, to the extent it may lawfully do so, permit the City to litigate in any proceeding resulting therefrom in the name of and on behalf of the Authority. In no event will the Authority voluntarily settle, or consent to the settlement of, any proceeding arising out of any insurance claim or any prospective or pending condemnation proceeding with respect to the Site or the Facilities or any part thereof without the written consent of the City.

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ARTICLE VIII

OPTION TO PURCHASE; OPTION TO PREPAY

Section 8.1. Option to Purchase or Prepay. The City shall have the option at any time to purchase the Site and Facilities by payment to the Authority of the Purchase Price then applicable, or to prepay unpaid Lease Payments and Additional Lease Payments, in whole or in part.

Section 8.2. Exercise of Option. The City shall give notice to the Authority of its intention to exercise its purchase or prepayment option not less than forty-five (45) days in advance of the date of prepayment or purchase, and shall pay to the Authority on the date of prepayment or purchase the prepayment amount or (in the event of a purchase) an amount equal to the then current Purchase Price, less any Net Proceeds to be applied to the amount to be so paid in accordance with Section 7.8 hereof.

Section 8.3. Provision for Payment of Purchase Price; Discharge of City's Obligation. The City may at any time provide for the payment of the Purchase Price or discharge its obligation to pay Lease Payments due under this Lease by depositing irrevocably in escrow with a bank or trust company, cash or direct obligations of the United States, bearing interest payable at such times and at such rates and maturing on such dates, but not callable prior thereto, as shall be required to provide moneys sufficient to pay or prepay all unpaid Lease Payments and the applicable redemption premium, if any, on the Outstanding Bonds, on the dates when they are due or subject to prepayment as provided in Section 8.1 hereof, as determined by the City, together with (i) computations and an opinion letter of a certified public accounting firm showing and attesting to the sufficiency of such moneys and securities for this purpose, and (ii) an opinion letter of Bond Counsel stating that the deposit of such cash or securities will not cause the Bonds to become "arbitrage bonds" under Section 148 of the Internal Revenue Code.

Section 8.4. Prerequisite; No Default. The City may exercise the rights specified in Sections 8.1, 8.2, and 8.3 hereof only if it is not in default under this Lease or if such exercise cures any default then existing.

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ARTICLE IX

ASSIGNMENT, SUBLEASING, INDEMNIFICATION, MORTGAGING AND SELLING

Section 9.1. Assignment by Authority. Except as expressly provided in this Section, the Authority’s rights and obligations under this Lease, including the right to receive and enforce payment of the Lease Payments and Additional Lease Payments to be made by the City under this Lease and its interest in the Site and the Facilities, shall not be assigned, pledged, mortgaged or transferred, in whole or in part. The rights and obligations of the Authority may be transferred and assigned to any legal successor to the functions of the Authority.

Section 9.2. Assignment and Subleasing by the City. The rights and obligations of the City under this Lease may not be assigned by the City without the written consent of the Authority. The City may sublease the Project, or any portion thereof, to any other entity, provided that the City furnishes to the Authority an opinion of Bond Counsel that such sublease will not adversely affect the validity of the Outstanding Bonds or the exemption of the interest thereon from federal income taxation.

Section 9.3. Restriction on Mortgage or Sale by the City. Without the prior written consent of the Authority, the City will not mortgage, sell, assign, transfer or convey the Site or the Facilities or any portion thereof during the Term of this Lease.

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ARTICLE X

EVENTS OF DEFAULT AND REMEDIES

Section 10.1. Events of Default Defined. Any one (1) or more of the following events shall be an “Event of Default” under this Lease:

(a) the failure by the City to pay any Lease Payment, Additional Lease Payment, or other payment required to be paid hereunder at the time and from the sources specified herein;

(b) the failure by the City to observe and perform any covenant, condition or agreement on its part to be observed or performed, other than as referred to in subsection (a) above, for a period of sixty (60) days after written notice specifying such failure and requesting that it be remedied has been given to the City by the Authority, unless the Authority shall agree in writing to an extension of such time prior to its expiration; provided, however, if the failure stated in the notice cannot be corrected within the applicable period, the Authority shall not unreasonably withhold their consent to an extension of such time if corrective action is instituted by the City within the applicable period and diligently pursued until the default is corrected;

(c) the occurrence of any of the following events:

(i) the City shall (A) apply for or consent to the appointment of, or the taking of possession by, a receiver, custodian, trustee, liquidator or the like of the City or of all or a substantial part of its property; (B) commence a voluntary case under the Federal Bankruptcy Code (as now or hereafter in effect); or (C) file a petition seeking to take advantage of any other law relating to bankruptcy, insolvency, reorganization, winding-up or composition or adjustment of debts; or

(ii) a proceeding or case shall be commenced, without the application or consent of the City, as the case may be, in any court of competent jurisdiction, seeking (A) the liquidation, reorganization, dissolution, winding-up, or the composition or adjustment of debts, of the City; (B) the appointment of a trustee, receiver, custodian, liquidator or the like of the City; or (C) similar relief in respect of the City under any law relating to bankruptcy, insolvency, reorganization, winding-up or composition or adjustment of debts, and such proceeding or case has not been dismissed within sixty (60) days of the filing thereof.

The provisions of subsection (b) above are subject to the following limitation: if by reason of force majeure either party is unable in whole or in part to carry out its obligations under this Lease, it shall not be deemed in default during the continuance of such inability or during any other delays which are a direct consequence of the force majeure inability, and the time for such performance shall be extended to cover such delays. The term “force majeure” as used herein shall mean, without limitation, the following: acts of God; strikes, lockouts or other industrial disturbances; acts of public enemies; orders or restraints of any kind of the government of the United States of America or any of its departments, agencies or officials, or any civil or military authority, or the State or any of its departments, agencies or officials; insurrections; riots; landslides; earthquakes; fires; storms; droughts; floods; pandemics; explosions; breakage or accident to machinery, transmission pipes or canals; or any other cause or event not reasonably within the control of a party and not resulting from its negligence. Each party agrees, however, to remedy with all reasonable dispatch the cause or causes preventing it from carrying out its agreements.

Section 10.2. Remedies on Default. Whenever any Event of Default shall have happened and be continuing, the Authority may take, but only upon not less than five (5) days' written notice to the City, one or any combination of the following remedial steps:

- (a) without terminating this Lease, re-enter and take possession of the Site and the Facilities and exclude the City from using the Site and the Facilities until the Event of Default is cured;
- (b) subject to the provisions of Section 5.6 hereof, take any action at law or in equity which may appear necessary or desirable to: (i) collect the Lease Payments and Additional Lease Payments then due for the Fiscal Year then in effect; (ii) collect any Lease Payments and Additional Lease Payments to become due and payable during the current Fiscal Year; or (iii) enforce performance and observance of any obligation, agreement or covenant of the City under this Lease; or
- (c) terminate the Term of this Lease, exclude the City from possession of the Site and the Facilities, and use its best efforts to lease the Site and the Facilities to another for the account of the City, holding the City liable for the difference between the rentals received and the Lease Payments and Additional Lease Payments which would have been receivable hereunder for the Fiscal Year then in effect.

This provision does not limit any other remedies which the Authority may have under any other document or provision of law.

Section 10.3. Delay; Notice. No delay or omission to exercise any right or power accruing upon any default shall impair any such right or power or shall be construed to be a waiver thereof, but any such right and power may be exercised from time to time and as often as may be deemed expedient. In order to entitle any part to exercise any remedy reserved to it in this Lease it shall not be necessary to give any notice, other than such notice as may be required in this Lease.

Section 10.4. No Remedy Exclusive. No remedy herein conferred upon or reserved to the Authority is intended to be exclusive and every such remedy shall be cumulative and shall be in addition to every other remedy given under this Lease or now or hereafter existing at law or in equity. 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 10.5. No Additional Waiver Implied by One Waiver. In the event any agreement contained in this Lease is breached by either party and thereafter waived by the other party, such waiver shall be limited to the particular breach so waived and shall not be deemed to waive any other breach hereunder.

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ARTICLE XI

ADMINISTRATIVE PROVISIONS

Section 11.1. Notices. All notices, certificates or other communications hereunder shall be sufficiently given and shall be deemed given when hand-delivered or deposited in the United States mail in certified or registered form with postage fully prepaid:

- If to the City: City of New Prague, Minnesota
118 Central Avenue N.
New Prague, MN 56071
Attention: City Administrator
- If to the Authority: New Prague Economic Development Authority
118 Central Avenue N.
New Prague, MN 56071
Attention: Executive Director

The above-named persons, by notice given hereunder, may designate different addresses to which subsequent notices, certificates or other communications will be sent.

Section 11.2. Binding Effect. This Lease shall inure to the benefit of and shall be binding upon the Authority and the City and their respective successors and assigns.

Section 11.3. Severability. In the event any provision of this Lease shall be held invalid or unenforceable by any court or competent jurisdiction, such holding shall not invalidate or render unenforceable any other provision hereof.

Section 11.4. Amendments, Changes and Modifications. This Lease may be amended or any of its terms modified only by written amendment authorized and executed by the City and the Authority.

Section 11.5. Further Assurances and Corrective Instruments. The Authority and the City agree that they will, if necessary, execute, acknowledge and deliver, or cause to be executed, acknowledged and delivered, such supplements hereto and such further instruments as may reasonably be required for correcting any inadequate or incorrect description of the Site and the Facilities or for carrying out the expressed intention of this Lease.

Section 11.6. Execution in Counterparts. This Lease may be simultaneously executed in several counterparts, each of which shall be an original and all of which shall constitute but one and the same instrument.

Section 11.7. Applicable Law. This Lease shall be governed by and construed in accordance with the laws of the State.

Section 11.8. Authorized Officers. Whenever under the provisions of this Lease the approval of the Authority or the City is required, or the Authority or the City is required to take some action at the request of the other, such approval of such request shall be given for the Authority or for the City by an Authorized Officer, and any party hereto shall be authorized to rely upon any such approval or request.

Section 11.9. Captions. The captions or headings in this Lease are for convenience only and in no way define, limit or describe the scope or intent of any provisions or Sections of this Lease.

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IN WITNESS WHEREOF, the Authority has caused this Lease with Option to Purchase Agreement to be executed in its corporate name by its duly authorized officers; and the City has caused this Lease with Option to Purchase Agreement to be executed in its name by its duly authorized officers and sealed with its corporate seal, as of the date and year first written above.

**NEW PRAGUE ECONOMIC DEVELOPMENT
AUTHORITY**

By _____
Its President

By _____
Its Executive Director

STATE OF MINNESOTA)
) ss.
COUNTY OF SCOTT)

The foregoing instrument was acknowledged before me this ____ day of _____, 2025, by _____, the President of the New Prague Economic Development Authority, a public body corporate and politic and political subdivision of the State of Minnesota, on behalf of the Authority.

Notary Public

STATE OF MINNESOTA)
) ss.
COUNTY OF SCOTT)

The foregoing instrument was acknowledged before me this ____ day of _____, 2025, by _____, the Executive Director of the New Prague Economic Development Authority, a public body corporate and politic and political subdivision of the State of Minnesota, on behalf of the Authority.

Notary Public

Execution page of the City to the Lease with Option to Purchase Agreement, dated as of the date and year first written above.

CITY OF NEW PRAGUE, MINNESOTA

By _____
Its Mayor

(SEAL)

By _____
Its City Administrator

STATE OF MINNESOTA)
) ss.
COUNTY OF SCOTT)

The foregoing instrument was acknowledged before me this ____ day of _____, 2025, by _____, the Mayor of the City of New Prague, Minnesota, a statutory city and political subdivision of the State of Minnesota, on behalf of the City.

Notary Public

STATE OF MINNESOTA)
) ss.
COUNTY OF SCOTT)

The foregoing instrument was acknowledged before me this ____ day of _____, 2025, by _____, the City Administrator of the City of New Prague, Minnesota, a statutory city and political subdivision of the State of Minnesota, on behalf of the City.

Notary Public

EXHIBIT A

DESCRIPTION OF SITE AND PERMITTED ENCUMBRANCES

Legal Description of the Site

Permitted Encumbrances

None

EXHIBIT B
SCHEDULE OF LEASE PAYMENTS

Payment Date	Principal	Interest	Total Payment
08/01/2026	\$0.00	\$0.00	\$0.00
02/01/2027	\$0.00	\$0.00	\$0.00
08/01/2027	\$0.00	\$0.00	\$0.00
02/01/2028	\$0.00	\$0.00	\$0.00
08/01/2028	\$0.00	\$0.00	\$0.00
02/01/2029	\$0.00	\$0.00	\$0.00
08/01/2029	\$0.00	\$0.00	\$0.00
02/01/2030	\$0.00	\$0.00	\$0.00
08/01/2030	\$0.00	\$0.00	\$0.00
02/01/2031	\$0.00	\$0.00	\$0.00
08/01/2031	\$0.00	\$0.00	\$0.00
02/01/2032	\$0.00	\$0.00	\$0.00
08/01/2032	\$0.00	\$0.00	\$0.00
02/01/2033	\$0.00	\$0.00	\$0.00
08/01/2033	\$0.00	\$0.00	\$0.00
02/01/2034	\$0.00	\$0.00	\$0.00
08/01/2034	\$0.00	\$0.00	\$0.00
02/01/2035	\$0.00	\$0.00	\$0.00
08/01/2035	\$0.00	\$0.00	\$0.00
02/01/2036	\$0.00	\$0.00	\$0.00
08/01/2036	\$0.00	\$0.00	\$0.00
02/01/2037	\$0.00	\$0.00	\$0.00
08/01/2037	\$0.00	\$0.00	\$0.00
02/01/2038	\$0.00	\$0.00	\$0.00
08/01/2038	\$0.00	\$0.00	\$0.00
02/01/2039	\$0.00	\$0.00	\$0.00
08/01/2039	\$0.00	\$0.00	\$0.00
02/01/2040	\$0.00	\$0.00	\$0.00
08/01/2040	\$0.00	\$0.00	\$0.00
02/01/2041	\$0.00	\$0.00	\$0.00
08/01/2041	\$0.00	\$0.00	\$0.00
02/01/2042	\$0.00	\$0.00	\$0.00
08/01/2042	\$0.00	\$0.00	\$0.00
02/01/2043	\$0.00	\$0.00	\$0.00
08/01/2043	\$0.00	\$0.00	\$0.00
02/01/2044	\$0.00	\$0.00	\$0.00
08/01/2044	\$0.00	\$0.00	\$0.00
02/01/2045	\$0.00	\$0.00	\$0.00
08/01/2045	\$0.00	\$0.00	\$0.00

02/01/2046	\$0.00	\$0.00	\$0.00
08/01/2046	\$0.00	\$0.00	\$0.00
02/01/2047	\$0.00	\$0.00	\$0.00
08/01/2047	\$0.00	\$0.00	\$0.00
02/01/2048	\$0.00	\$0.00	\$0.00
08/01/2048	\$0.00	\$0.00	\$0.00
02/01/2049	\$0.00	\$0.00	\$0.00
08/01/2049	\$0.00	\$0.00	\$0.00
02/01/2050	\$0.00	\$0.00	\$0.00
08/01/2050	\$0.00	\$0.00	\$0.00
02/01/2051	\$0.00	\$0.00	\$0.00
08/01/2051	\$0.00	\$0.00	\$0.00
02/01/2052	\$0.00	\$0.00	\$0.00
08/01/2052	\$0.00	\$0.00	\$0.00
02/01/2053	\$0.00	\$0.00	\$0.00
08/01/2053	\$0.00	\$0.00	\$0.00
02/01/2054	\$0.00	\$0.00	\$0.00
08/01/2054	\$0.00	\$0.00	\$0.00
02/01/2055	\$0.00	\$0.00	\$0.00

EXHIBIT C

FORM OF COMPLETION CERTIFICATE

I, the undersigned, hereby certify that I am the duly qualified and acting City Administrator of the City of New Prague, Minnesota (the “City”), and, with respect to the Lease with Option to Purchase Agreement dated as of October 1, 2025 (the “Lease”), between the City, as lessee, and the New Prague Economic Development Authority, as lessor (the “Authority”), that:

1. The Improvements to the Facilities described in the Lease have been completed , delivered and installed in accordance with the City’s specifications.
2. The City has appropriated and/or taken other lawful actions necessary to provide moneys sufficient to pay all Lease Payments required to be paid under the Lease during the current fiscal year of the City, and such moneys will be applied in payment of all Lease Payments due and payable during such current fiscal year.
3. Attached as EXHIBIT A to this Certificate is a list of the equipment financed with proceeds of the Bonds and included as part of the Improvements.

Capitalized terms used in this Certificate have the meaning provided in the Lease.

Dated: _____, 20__.

CITY OF NEW PRAGUE, MINNESOTA

By _____
Its City Administrator

EXHIBIT A

LIST OF EQUIPMENT

October 2025 EDA Business Updates:

- **0 new home permits** were issued in August (0 single family homes, 0 townhome units and 0 apartment units). 57 residential units have been issued so far in 2025 (3 single family, 0 townhomes and 54 apartment units).
- The final certificate of occupancy was issued for **Bohemia Flats** which is the 54-unit apartment building located at 102 Chalupsky Ave. SE. The grand opening event is scheduled for October 16th from 9am to 11am.
- A grading permit was issued for the new **Generation Facility** that will be constructed by the New Prague Utilities Commission at 507 6th Ave. NW.
- Building permits were issued for **new dugouts at the Memorial Park ballfields** and for the **“German Deck” at Memorial Stadium**.
- A building permit was issued for an internal remodel of a portion of the **Electromed** building located at 500 6th Ave. NW.
- A building permit was issued for both new signs and internal remodeling of **Wells Fargo Bank** located at 217 Main St. W.