



COTTAGE GROVE ECONOMIC
DEVELOPMENT AUTHORITY
12800 RAVINE PARKWAY SOUTH
COTTAGE GROVE, MN 55016
COUNCIL CHAMBER

December 2, 2025

- 6:00 PM

- 1 Call to Order
- 2 Pledge of Allegiance
- 3 Roll Call
- 4 Approval of Minutes
 - A 11-19-2025 EDA Meeting Minutes
- 5 Business Items
 - A Fourth Amendment to the Contract for Private Development and TIF 1-20 Decertification
- 6 Public Hearings
 - A 2026 HRA Levy Public Hearing
 - B Cedarhurst Event Center - Financial Assistance Request
- 7 Other Business
- 8 Workshop
- 9 Presentations
- 10 Adjournment



COTTAGE GROVE ECONOMIC DEVELOPMENT AUTHORITY
12800 Ravine Parkway South
Cottage Grove, MN 55016
COUNCIL CHAMBER - 7:30 A.M.

November 19, 2025

1. CALL TO ORDER

The Cottage Grove Economic Development Authority (EDA) meeting was called to order at 7:30 a.m. by EDA President Myron Bailey.

2. PLEDGE OF ALLEGIANCE

EDA President Bailey asked everyone to please stand and join in reciting the Pledge of Allegiance.

3. ROLL CALL

Jaime Mann, Assistant to the City Administrator, called the roll:

EDA President Bailey-Here; EDA Vice President Olsen-Here; EDA Member Jean-Baptiste-Absent; EDA Member Khambata-Here; EDA Member Latack-Here; EDA Member Scott-Absent; EDA Member Tschida-Here.

EDA President Bailey thanked everybody who made it here this morning, as it's not our normal day to meet.

Staff Present: Jennifer Levitt, City Administrator
Jaime Mann, Assistant to the City Administrator

Others Present: None.

4. APPROVAL OF MINUTES

A. *Staff Recommendation: Approve the August 12, 2025 Economic Development Authority Meeting Minutes.*

EDA Vice President Olsen made a motion to approve the August 12, 2025 Economic Development Authority Meeting Minutes; second by EDA Member Khambata. Motion carried: 5-to-0.

5. BUSINESS ITEMS

A. Economic Development Update
Staff Recommendation: Receive Federal Beige Book Report & Development Update.

City Administrator Jennifer Levitt said today I have a few things to highlight on the Economic Development side of things. As always, we start with the Federal Beige Book Report: Economic Activity: Was flat to slightly down since the previous report. Wage Growth: Was modest overall, with some signs of slowing. Prices: Increased modestly. Manufacturing and Commercial Real Estate: Were flat, and I know Mayor Bailey and EDA Vice President Olsen, as we were at MNCAR last week, we were aware that there is a little bit of that slowing hesitation in that commercial market sector right now. It's kind of like everybody's waiting to see what's going to happen before they launch into their next investment. Consumer Spending, Tourism Activity, Construction Activity, and Residential Real Estate: Have decreased. I heard it in the report this morning that October definitely had a slowing of the residential real estate market, so we're kind of keeping close tabs on that here in Cottage Grove, but still probably going to hit our residential targets for new housing starts in Cottage Grove. Agricultural Conditions: Have weakened. Women and Minority-Owned Businesses: Activity continued to decline.

Community Development Updates: Intermediate Zone Water Treatment Plant: This is the one that's located behind the Central Fire Station, on 80th Street. This one is what I'll say is concrete heavy, so I think we have about five-or-six more months of constant concrete pouring because in this we have a Clearwell and these Backwash Tanks that are all underground; the contractor's goal has been to try to get all of that infrastructure that's under the ground completed before snow flies. So, you can see that they're making great progress in that. Water Tower: Staying with that water theme, the Water Tower, which you have probably seen if you've driven down Highway 61. Right behind the Park and Ride, you can see the crane that's lit up at night; that crane is helping to do the different lifts of concrete on the base of the tank. So, they've completed the fifth, sixth, and seventh lift and are preparing for the eighth. The concrete bowl will probably be set, probably in about Q2 of 2026, and so then it will really start to look more like a Water Tower at that point. This is actually the first Water Tower with a concrete base here in Cottage Grove. So, we're excited for a little different look for our Water Towers, and since you guys are the Economic Development Authority, I'll tell you that this Water Tower is actually critical for growth in our Industrial Park as we continue to attract users; so, that is the tie between the EDA and this Water

Tower. SoWashCo Schools Transition Program Building: When it comes to school projects, there is a lot happening around the community. You've probably seen the Transition Building, that is owned by the School District, at 70th Jamaica. They did a lot of site work and demo, and you may have asked, well, why did they take the roof structure off so much of the existing building? Because there have been so many different additions to it, the interior truss layout didn't actually provide for the ductwork to go through it very efficiently, and so they actually had to remove a good section of the roof of the existing building to make that tie in. So, they're making great progress, and it's really going to change the look of that corner in our community. Park High School: You've probably seen a lot of the exterior work related to the drive lanes has been completed, the grass is growing. All the construction activity is now taken down around 80th Street. If we look at the actual office area, they're making great progress in that, completing the electrical, mechanical, and fire suppression; then the underground plumbing and electrical work are underway on that new addition out the back. So, I think they're actually probably a little bit ahead of schedule, I may have just now jinxed them in that. So, we're excited for Park High School and to see how well that project is going. Oltman Middle School: Obviously getting some additional work done. This was where they had the additional wing that was originally planned when they built the school. At the time, they didn't have enough funding to complete the wing, plus their student count was a little bit lower. So, now they've gone to add that additional classroom wing onto the building, and you can start to see that blockwork and steel is starting to take shape there, and they're pouring the concrete floors for that storm shelter, which is a new Code requirement for schools. Cottage Grove Middle School: You can see the small addition here with the steel going up, and they're just trying to get that enclosed for winter. So, I will have to say the School District is doing a great job in keeping our economy going and providing jobs for construction here in the community. Speedway (7162 East Point Douglas Road): One update that I wanted to provide was for Speedway, as probably a lot of people have seen the different activity taking place here. There is a demo permit to remove that gas canopy and then to actually remove the underground fuel tanks at that site. So, you've probably seen a lot of activity located there. We're anticipating that there's going to be a land sale related to this site in December, and so hopefully, we'll maybe have a Planning application in Q1 of 2026.

Administrator Levitt said that is all the updates I have for this morning. EDA President Bailey thanked Administrator Levitt and asked if there were any questions. None were asked.

B. TIF Agreement Amendment for Roers Cottage Grove Apartments, LLC

Staff Recommendation: 1) Approve the Amended and Restated Contract for Private Development by and between the Cottage Grove Economic Development Authority and Roers Cottage Grove Apartments, LLC. 2) Approve the Assignment of Tax Increment Financing Agreement.

Administrator Levitt said EDA Members, the reason you are all here today is so that we can approve these modifications because as I always joke, there's only two seasons in Minnesota, winter and construction, and Roers would like to get under construction in the next two weeks. So, we appreciate the fact that you were willing to come in this morning to be able to address this issue.

The Roers site, as you know, is located at 6850 East Point Douglas Road; its that last parcel that was left in the plat at the end of East Point Douglas Road. Now, many of you probably know that this is a very complex site because of the gas main that ran through there, it took a lot of additional negotiation, a lot of revisions to the Site Plan, and then on the back side of it is a very large retaining wall. So, this was a very small site with a lot of challenges to overcome, which is one of the reasons we're looking at TIF related to the project.

We looked back at the project details: It is 144 units, and when we look at the affordability component, we have 29 units at 50% AMI, 8 units at 60% AMI, and then we have 37 units that are those more naturally affordable units, between 70% and 80% AMI, and the rest of the units are all market rate. You can also then see the mix of studios, one bedroom, two bedroom, and three bedrooms. Then, just for a frame of reference, at the bottom of the screen, I did show what a 60% AMI income for one person and what the theoretical rent is, just to give you a flavor for how the AMIs play out in this.

I will note that none of the financial details and none of the affordability components have changed. So, in your document for the TIF, you see it's all dates that have changed because when this originally took place in January of 2024, there was an understanding that they were going to move more quickly, but unfortunately, there were some challenges with the site they had to overcome. So, in regards to the TIF, that assistance is for 15 years, at a value of \$1.96 million; none of that has changed. And as I said, none of the actual affordability of those unit counts have changed since you approved it in January, 2024.

So, today, we are looking for recommendations: One is to approve the Amended and Restated Contract for Private Development between the Cottage Grove Economic Development Authority and Roers Cottage Grove Apartments, LLC, and the second is to Approve the Assignment of the Tax Increment Financing Agreement.

EDA President Bailey said all right, thank you, Jennifer. Are there any questions for Jennifer on this one? I know we've seen this before, it's just changing a few dates. Thank you to Roers for hanging in there for all of this; we've had so many different people kick

the tires on that site, and it just became such a hassle, like you guys have dealt with; so, I just want to thank you for hanging in there through all these changes to get a good quality project out of that corner there.

EDA President Bailey said seeing no comments or questions from the EDA, we've got two separate motions on our screen if somebody would like to take the top one.

EDA Khambata made a motion to Approve the Amended and Restated Contract for Private Development by and between the Cottage Grove Economic Development Authority and Roers Cottage Grove Apartments, LLC; second by EDA Member Latack. Motion carried: 5-0.

EDA Member Tschida made a motion to Approve the Assignment of Tax Increment Financing Agreement; second by EDA Member Khambata. Motion carried: 5-0.

6. PUBLIC HEARINGS - None.

7. OTHER BUSINESS

EDA President Bailey said just real quick, if you hadn't seen this, the City of Cottage Grove at the most recent Chamber event was given the award of Large Business of the Year for all of the support that we do with all of our local businesses. So, that was quite an honor. At the same time, which is pretty cool, the Small Business of the Year actually went to River Oaks Golf Course for all the things that they've been doing down there, too. So, it was kind of neat to see that we both got those awards; on the small business side, I guess they considered River Oaks to be kind of that small business, then they honored us as the Large Business of the Year.

Then, I should also throw in there the Mississippi River Valley Beyond the Yellow Ribbon, which is a fairly somewhat new group, because they've been encompassing other groups, got the Volunteer Group of the Year, of the charitable organizations, so that was pretty cool to see all of them being recognized.

EDA Vice President Olsen said I'll try to be brief because I know the team's counting on a short meeting. I just wanted to mention a couple of holiday events that are coming up for the EDA Members to share with their friends and families and their social networks:

First of all, on December 4, here at City Hall, we will have our Hometown Holiday Celebration again this year. I believe this is the third or fourth annual, it seems to get bigger every year, which will be a lot of fun. And is the start time 5:00 p.m. or 4:30 p.m.? Jaime replied it begins at 5:00 p.m., but the wagons will start rolling at 4:30 p.m. Council Member Olsen said okay, perfect, so bring your friends and family down. It's always a ton of fun, there will be food trucks, and Santa will be here along with Sparkles, the Elf, and they'll be sitting in the big chair and doing all the fun things, so bring your kids.

The other thing is December 7, we have the Cottage Grove Lions Santa Breakfast at the VFW from 8:00 a.m. to Noon; again, a great opportunity to come and sit on Santa's lap for children of all ages. The price to attend that event is \$12 for adults, \$8 for kids, it's always a really good time, and you'll get to see me slinging hash and doing all kinds of fun things. So, come down and visit us at the VFW that day, it'll be a lot of fun.

We have the Holiday Train coming to town again this year, as you can see from the photographs on your screen, and this year it's on a Saturday, December 13, which is really, really good. The train always stops by the Youth Service Bureau building on West Point Douglas, and I believe the train is intended to arrive at around 5:00 p.m., but we're going to allow people to start gathering around 4:00 p.m. Get down there, get your hot chocolate, come and check out the train, it's always a lot of fun, and it's a huge fundraiser for our Friends in Need Food Shelf. Need is up this year by a lot, last I heard it was somewhere around 60% vs. last year. So, this is their largest fundraiser of the year, they get about 30% of their annual funding from the Holiday Train event, and I know they have a target this year of somewhere in the neighborhood of about \$125,000, is that correct, mayor? EDA President Bailey confirmed that. EDA Vice President Olsen said so, it would be great if you could come down and have some fun with your family and maybe dig into your pocket for a couple of bucks and help support the Friends in Need Food Shelf at the Holiday Train.

8. WORKSHOP - None.

9. PRESENTATIONS - None.

10. ADJOURNMENT

EDA Member Khambata made a motion to adjourn; second by EDA Member Latack. Motion carried: 5-to-0.

The meeting was adjourned at 7:45 a.m.

EDA President Bailey thanked everyone for coming in this morning, and notice that we do have an EDA Meeting on December 2, at 6:00 p.m., a little different this time.

Respectfully submitted,

Jaime Mann
Assistant to the City Administrator

JM/jag



TO: Economic Development Authority

FROM: Jennifer Levitt, City Administrator

DATE: November 26, 2025

RE: Fourth Amendment to the Contract for Private Development and TIF 1-20 Decertification

Discussion

TIF District 1-20 was created in December 2021. Due to the developer being unable to meet the timeframes and future job goals for the site that were established, it is recommended that the EDA approve the Fourth Amendment to the Contract for Private Development and decertify the TIF District. Background and additional information are included in the memo from Ehlers.

Recommendation

1. Approve the Fourth Amendment to the Amended and Restated Contract for Private Development By and Between Cottage Grove Economic Development Authority and NP BGO Cottage Grove Logistics Park, LLC subject to minor modifications by the City Attorney.
2. Approve Resolution 2025-003 Terminating Amended and Restated Contract for Private Development and Tax Increment Financing Note for NorthPoint Project in TIF District No. 1-20.
3. Approve Resolution 2025-004 Requesting Decertification of Tax Increment Financing District No. 1-20 (NorthPoint Industrial).

Attachment

- Ehlers Memo Regarding Decertification and Termination of Agreement
- Fourth Amendment to the Amended and Restated Contract for Private Development By and Between Cottage Grove Economic Development Authority and NP BGO Cottage Grove Logistics Park, LLC
- Resolution 2025-003 Terminating Amended and Restated Contract for Private Development and Tax Increment Financing Note for NorthPoint Project in TIF District No. 1-20
- Resolution 2025-004 Requesting Decertification of Tax Increment Financing District No. 1-20 (NorthPoint Industrial)

MEMORANDUM

TO: Jennifer Levitt – EDA Executive Director

FROM: Stacie Kvilvang, Ehlers

DATE: December 2, 2025

SUBJECT: Decertification of TIF District 1-20 (Northpoint Industrial) and Termination of TIF Agreement and TIF Note

On December 15, 2021 the City created the above referenced TIF District (the “District”) that has a 9-year term, for the development of approximately 3.44 million square feet of manufacturing/distribution facilities in four (4) phases on approximately 236-acres. On December 15, 2021 the EDA entered into a TIF Agreement (the “Agreement”) with NP BGO Cottage Grove Logistics Park, LLC. (the “Developer”) to provide assistance in the form of a \$12M pay-as-you-go TIF Note (the “Note”) for the construction of roads, utilities and storm water ponding to service the District and surrounding area. The Note was to be paid over 8 years, which would mean the District would be terminated one (1) year prior to its legal term. The first TIF was received for the District in 2024, therefore it was anticipated it would terminate on December 31, 2031.

The Agreement was amended three (3) times including the reduction in the TIF Note amount to \$7.166 million due to timing of future development, extension of the timing of commencement and completion of the various future phases and reduction in corresponding job creation requirements. To date, the Developer has constructed 775,000 square feet of space in two buildings (2022) and has created 77 jobs that meet the wage requirements of the EDA (200% of State Minimum Wage). The total jobs that were required in Phase I were 280 (50 at 200% of State minimum wage and 230 at 160% of federal minimum wage).

In early 2025 it became clear that the Developer was unable to meet the timeframes and future job goals for the site that were established in the third amendment to the Agreement (April 9, 2024) and that they were actively marketing the site for sale to another entity or developer. Based upon this knowledge staff and consultants agreed that the jobs created to date met the intent of the EDA of at least 50 jobs at 200% of the State’s minimum wage and that foregoing the remainder of the jobs is justified because the true intent of the TIF assistance (qualified costs) was to complete the required road and utility projects, which the Developer did (total cost to Developer of \$11,829,491).

To date the Developer has received \$1.012 million towards payment on the Note (2024 TIF and 1st Half 2025 TIF). Staff and consultants are recommending that the Note and the Agreement be terminated by the EDA. In order to accomplish this, the EDA will need to enter into a Fourth Amended and Restated Agreement with the Developer which is attached for review by the EDA. In addition, staff and consultants are recommending that the EDA decertify the District by the end of the year, in accordance with State Statute, since there is no outstanding obligation of the District. The Developer concurs that the Note and the Agreement should be terminated and that no further payments are due under the Note.

**FOURTH AMENDMENT TO
AMENDED AND RESTATED CONTRACT FOR PRIVATE DEVELOPMENT
BY AND BETWEEN
COTTAGE GROVE ECONOMIC DEVELOPMENT AUTHORITY
AND
NP BGO COTTAGE GROVE LOGISTICS PARK, LLC**

This Document Was Drafted By:

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

FOURTH AMENDMENT TO AMENDED AND RESTATED CONTRACT FOR PRIVATE DEVELOPMENT

This Fourth Amendment to Amended and Restated Contract for Private Development (the “Fourth Amendment”), is made as of the 2nd day of December, 2025, between the Cottage Grove Economic Development Authority, a public body corporate and politic under the laws of Minnesota, having its principal office at 12800 Ravine Parkway South, Cottage Grove, Minnesota 55016 (the “EDA”), and NP BGO Cottage Grove Logistics Park, LLC (fka NP CG Logistics, LLC), a limited liability company under the laws of Delaware, having its principal offices at 3315 North Oak Trafficway, Kansas City, Missouri 64116 (the “Developer”) and together with the EDA, the “Parties”.

This Fourth Amendment further amends that certain Amended and Restated Contract for Private Development, approved by the EDA on May 10, 2022 (the “Amended and Restated CPD”), which was amended by that First Amendment to Amended and Restated Contract for Private Development, dated February 14, 2023 (the “First Amendment”); that Second Amendment to Amended and Restated Contract for Private Development, dated August 29, 2023 (the “Second Amendment”); and that Third Amendment to Amended and Restated Contract for Private Development, dated April 9, 2024 (the “Third Amendment”). The Amended and Restated CPD, the First Amendment, the Second Amendment, the Third Amendment and this Fourth Amendment are, collectively, referred to herein as the “CPD”.

RECITALS

WHEREAS, on November 9, 2021, the EDA held a public hearing and approved a business subsidy for the Developer in accordance with Minnesota Statutes, sections 116J.993 to 116J.995; and

WHEREAS, on December 14, 2021, the EDA modified the development district program (the “Program”) for Development District No. 1 (the “Development District”), pursuant to Minnesota Statutes, sections 469.090 to 469.1081 and approved a tax increment financing plan (the “TIF Plan”) for Tax Increment Financing District No. 1-20, an economic development tax increment financing district (the “TIF District”), pursuant to Minnesota Statutes, sections 469.174 to 469.179; and

WHEREAS, on December 14, 2021, the city of Cottage Grove (the “City”) held a public hearing and approved the modified Program and adopted the TIF Plan and approved the business subsidy to the Developer; and

WHEREAS, on December 14, 2021, the EDA approved a Contract for Private Development with the Developer for the development of a large qualified manufacturing and distribution facility; and

WHEREAS, on May 10, 2022, the EDA approved the Amended and Restated CPD with the Developer regarding the qualified manufacturing and distribution facility; and

WHEREAS, pursuant to the Amended and Restated CPD, the Developer agreed to commence and complete construction of Phase II of the Minimum Improvements by April 30, 2023, and July 30, 2025, respectively; and

WHEREAS, pursuant to the First Amendment, the Developer agreed commence construction of the Phase II Minimum Improvements by October 31, 2023; and

WHEREAS, pursuant to the Second Amendment, the Developer agreed to complete Phase Ia of the Minimum Improvements by July 30, 2025 and commence construction of Phase II of the Minimum Improvements by April 30, 2024; and

WHEREAS, pursuant to the Third Amendment, the Parties agreed to again modify the commencement and completion dates for Phase II, Phase III, and Phase IV of the Minimum Improvements, the number of jobs to be created in each phase and decrease the principal amount of the Note and the Business Subsidy; and

WHEREAS, the Parties desire to further amend the CPD to acknowledge that (i) the Developer has paid for and completed the required Public Improvements in the amount of \$11,829,491; (ii) that the job requirements for the entire project have been satisfied with the 77 jobs actually created in Phase I and that no further job and wage goals are required; (iii) that no future phases of the project are required since all the Qualifying Costs were incurred by the Developer in Phase I; and (iv) the Note that was issued to the Developer as a Business Subsidy in the reduced principal amount of \$7,166,000 pursuant to the Second Amendment will be terminated.

NOW, THEREFORE, in consideration of the foregoing premises and the mutual obligations set forth in this Fourth Amendment, the Parties hereby agree as follows:

ARTICLE 1 Interpretation

1.01. Interpretation.

In this Fourth Amendment, unless otherwise noted, underline and strike-through text shall be used to indicate amendments to the CPD. Underline text shall indicate new language, and ~~strike-through text~~ shall indicate removed language.

ARTICLE 2 AMENDMENTS

2.01. Amendment to Phased Construction, Commencement and Completion.

The chart in Section 3.3 of the CPD showing the size, commencement and completion dates of the phases of the project deleted in its entirety. No future phases of the project will be constructed.

2.02. Further Reduction in Principal Amount of Note and Business Subsidy.

a) The first sentence of section 4.2(a) is amended to read as follows:

Section 4.2. Issuance and Termination of Pay-As-You-Go Note. (a) In consideration of the Developer constructing the Minimum Improvements and the Public Improvements and to finance partial reimbursement of the Qualifying Costs, the EDA ~~will issue~~ issued and the Developer ~~will receive~~ received the Note in the principal amount of \$7,166,000, ~~subject to reduction in accordance with section 4.5 of this Agreement, in substantially the form set forth in the Authorizing Resolution attached hereto as Exhibit D.~~ The Developer has received payments totaling \$1,012,702.69 on the Note. As of August 1, 2025, the Developer and the EDA agree that the Note will be terminated and no additional payments will be made following decertification of the TIF District by December 31, 2025.

Section 5.2. Job and Wage Goals.

2.03. Amended Jobs.

Section 5.2 is amended to read as follows:

Section 5.2. Job and Wage Goals. ~~The Developer agrees to create a minimum of 1,200 created 77 new jobs in Phase I on the Property over the four five Phases of the Minimum Improvements. At least 300 215 All 77 of those jobs shall pay at least 200 percent of the State minimum wage in effect at the time of issuance of the Certificate of Occupancy, exclusive of benefits. At least 985 jobs shall pay and at least 160 percent of the federal minimum wage for persons 20 years of age or older at the time of issuance of the Certificate of Occupancy, exclusive of benefits. (300 plus 1,383 equals 90 percent of the jobs paying at least 160 percent of federal minimum wage). The jobs associated with each Phase I shall be as and must be created within two years of the Benefit Date of each Phase. Notwithstanding anything to the contrary herein, if Because the wage and job goals described in this section 5.2 are were met within two years of the respective Benefit Date of Phase I, those goals are deemed satisfied and no additional jobs are required for the project.~~

ARTICLE 3 MISCELLANEOUS

3.01. Governing Law. This Fourth Amendment will be governed by and construed in accordance with the internal laws of the State, without giving effect to otherwise applicable principles of conflicts of law.

3.02. Severability. If any term or provision of this Fourth Amendment or the application thereof to any person or circumstance shall, to any extent, be inconsistent with, invalid or unenforceable under the TIF Act, Business Subsidy Act, or any applicable laws or legal requirements, the remainder of this Fourth Amendment, or the application of such term or provision to persons or circumstances other than those as to which it was held invalid or unenforceable, shall not be affected thereby, and each term or provision of this Fourth Amendment

shall be valid and enforceable to the fullest extent permitted by the TIF Act, Business Subsidy Act, and any applicable laws or legal requirements.

3.03. Execution in Counterparts and Delivery of Electronic Signatures. This Fourth Amendment may be executed in any number of counterparts. All such counterparts will be deemed to be originals and will together constitute but one and the same instrument. The executed counterparts of this Fourth Amendment may be delivered by electronic means, such as email or facsimile, and the receiving party may rely on the receipt of such executed counterpart as if the original had been received.

3.04. Ratification and Acknowledgment. ~~Except as otherwise amended hereby, Upon execution of this Fourth Amendment, all of the provisions, covenants, terms and conditions of the Amended and Restated CPD, as amended by the First Amendment, the Second Amendment, the Third Amendment and this Fourth Amendment, shall remain unaltered and in full force and effect, and the CPD is in all respects agreed to, ratified and confirmed by the parties.~~ are terminated, except sections 10.1 and 10.3 shall survive termination.

* * * * *

IN WITNESS WHEREOF, the parties hereto have caused this Fourth Amendment to be executed as of the date first above written.

COTTAGE GROVE ECONOMIC
DEVELOPMENT AUTHORITY

By _____
Myron Bailey, President

By _____
Its Jennifer Levitt, Executive Director

STATE OF MINNESOTA)
) SS.
COUNTY OF WASHINGTON)

The foregoing instrument was acknowledged before me on this ____ day of _____, 2025, by Myron Bailey, the President of the Cottage Grove Economic Development Authority, a public body corporate and politic under the laws of Minnesota, on behalf of the Authority.

IN WITNESS WHEREOF, I have set my hand and my official seal this ____ day of _____, 2025.

Notary Public

STATE OF MINNESOTA)
) SS.
COUNTY OF WASHINGTON)

The foregoing instrument was acknowledged before me on this ____ day of _____, 2025, by Jennifer Levitt, the Executive Director of the Cottage Grove Economic Development Authority, a public body corporate and politic under the laws of Minnesota, on behalf of the Authority.

IN WITNESS WHEREOF, I have set my hand and my official seal this ____ day of _____, 2025.

Notary Public

NP BGO COTTAGE GROVE LOGISTICS PARK,
LLC

By: NPD BGO Cottage Grove Logistics Park JV,
LLC, its Sole Member

By: NPD Management, LLC, a Missouri limited
liability Company, its Manager

By _____
Nathaniel Hagedorn, Manager

STATE OF MISSOURI)
) ss.
COUNTY OF CLAY)

The foregoing instrument was acknowledged before me on this ___ day of _____,
2025, by Nathaniel Hagedorn, Manager of NPD Management, LLC, the Manager of NPD BGO
Cottage Grove Logistics Park JV, LLC, the Sole Member of NP BGO Cottage Grove Logistics
Park, LLC, a Delaware limited liability company, on behalf of the company.

IN WITNESS WHEREOF, I have set my hand and my official seal this ___ day of
_____, 2025.

Notary Public

EXHIBIT A

The property subject to the foregoing Fourth Amendment to Amended and Restated Contract for Private Development is as follows:

Lot 1 and Lot 2, Block 1, Cottage Grove Logistics Park
Outlots A, B, C, and D, Cottage Grove Logistics Park,
all in Washington County, Minnesota

COTTAGE GROVE ECONOMIC DEVELOPMENT AUTHORITY

RESOLUTION NO. 2025-003

**RESOLUTION TERMINATING AMENDED AND RESTATED
CONTRACT FOR PRIVATE DEVELOPMENT AND TAX
INCREMENT FINANCING NOTE FOR NORTHPOINT PROJECT IN
TIF DISTRICT NO. 1-20**

Be It Resolved by the Cottage Grove Economic Development Authority (the “EDA”) as follows:

Section 1. Recitals.

1.01. The EDA previously entered into that certain Contract for Private Development, dated December 15, 2021, an Amended and Restated Contract for Private Development, dated May 10, 2022 a First Amendment to the Amended and Restated Contract for Private Development, dated February 14, 2023, a Second Amendment to the Amended and Restated Contract for Private Development, dated August 29, 2023, a Third Amendment to the Amended and Restated Contract for Private Development, dated April 9, 2024, and a Fourth Amendment to Amended and Restated Contract for Private Development dated December 2, 2025 (collectively, the “Agreement”) with NP BGO Cottage Grove Logistics Park, LLC (the “Developer”), related to the Northpoint Industrial Park Project in Cottage Grove (the “Project”).

1.02. The Project is located in the EDA’s Tax Increment Financing district No. 1-20 (the “TIF District”).

1.03. The TIF District is an economic development district under Minnesota Statutes, sections 469.174 through 469.179 (the “TIF Act”).

1.04. The Developer completed Phase I of the Project by 2023 which consisted of 775,000 square feet of buildings in accordance with the Agreements and provided 77 jobs.

1.05 The EDA verified the Developer completed the Public Improvements and Qualified Cost on July 10, 2024 and issued its Taxable Tax Increment Revenue Note, Series 2024 (the “TIF Note”) related to the Project for \$7,166,000.

1.06. The EDA became aware in early 2025 that the Developer was unable to construct the remaining buildings within the TIF District, and therefore could also not meet the job and wage requirements in accordance with the Agreement.

1.07. The Developer and the EDA entered into the Fourth Amendment to Amended and Restated Contract for Private Development (the “Fourth Amendment”) to acknowledge the jobs requirements for Phase I have been met, that no further job and wage goals are required since all Qualifying Costs for the TIF Note were incurred in Phase I and that no additional phases of the project will be constructed.

1.08. The EDA and Developer agree the final payment due on the Note was made on August 1, 2025, that the Note will be terminated and that no future payments are due.

Section 2. Termination of Agreement and Note.

2.01. Upon execution of the Fourth Amendment, the Agreement will be terminated and the EDA and the Developer shall have no further obligations under the Agreement, except that sections 10.1 and 10.3 of the Agreement shall survive termination.

2.02. The Note is hereby terminated and no additional payments shall be made to the Developer under the Note, including the payment due on February 1, 2026 or thereafter.

Section 3. Additional Actions.

3.01. EDA staff and consultants are hereby authorized and directed to take any and all additional actions necessary or convenient to carry out the intent of this resolution.

Section 4. Effective Date.

4.01. This resolution is effective upon its adoption.

Adopted by the Board of Commissioners of the EDA this 2nd day of December, 2025.

Myron Bailey, President

Attest:

Jennifer Levitt, Executive Director

COTTAGE GROVE ECONOMIC DEVELOPMENT AUTHORITY

RESOLUTION NO. 2025-004

RESOLUTION REQUESTING DECERTIFICATION OF TAX INCREMENT FINANCING DISTRICT NO. 1-20 (NORTHPOINT INDUSTRIAL)

Be It Resolved by the Cottage Grove Economic Development Authority (the “EDA”) as follows:

Section 1. Recitals.

1.01. The EDA previously established Tax Increment Financing District No. 1-20 (Northpoint Industrial) (the “TIF District”) and is the Authority for the TIF District.

1.02. The EDA also entered into an Amended and Restated Contract for Private Development (the “Agreement”), which was subsequently amended four times, and issued a taxable tax increment revenue note (the “Note”) in connection with a project in the TIF District but has terminated the Agreement and the Note.

1.03. As of August 1, 2025, all obligations to which Tax Increment from the TIF District has been pledged have been paid in full or otherwise satisfied.

1.04. There are no other projects within or costs or financial obligations of the TIF District and the EDA has determined it is in the public interest to decertify the TIF District.

Section 2. Decertification TIF District.

2.01. Pursuant to Minnesota Statutes, section 469.177, subd. 12, the EDA hereby requests that the Washington County Auditor (the “Auditor”) decertify the TIF District upon receipt of this resolution, after which all property taxes generated by properties within the TIF District be distributed in the same manner as all other property taxes beginning in 2026.

2.02. EDA staff and consultants are hereby authorized and directed to transmit a copy of this resolution to the Auditor with a request to decertify the TIF District as of December 31, 2025, it being the intent of the EDA that any tax increment derived from the TIF District and collected after December 31, 2025 should be redistributed by the Auditor to the taxing jurisdictions within the TIF District pursuant to the TIF Act and to take any and all additional actions necessary or convenient to carry out the intention of this resolution.

2.03. EDA staff are further directed to return any remaining tax increment in the account established for the TIF District after December 31, 2025, which is not eligible for spending, as determined by EDA staff and consultants, to the Auditor for redistribution to the taxing jurisdictions within the TIF District.

Adopted by the Board of Commissioners of the EDA this 2nd day of December, 2025.

Myron Bailey, President

Attest:

Jennifer Levitt, Executive Director



To: President Bailey and Members of the Economic Development Authority
Jennifer Levitt, EDA Executive Director

From: Brenda Malinowski, Finance Director

Date: November 26, 2025

Subject: Adopting Final HRA Tax Levy

Background

The Economic Development Authority (EDA) is a legal entity that was created by the City of Cottage Grove to facilitate a well-rounded program for business assistance and development projects. In addition, the City granted the EDA with Housing and Redevelopment Authority (HRA) powers in the by-laws when the EDA was established. Due to the structure of the EDA, property tax levies can be approved for both EDA and HRA activities.

EDA property tax levies can be used for economic or redevelopment activity. Currently, City Council approves an EDA property tax levy as part of the approval for the city's property tax levy. An EDA levy is subject to an .01813% estimated market value limit or approximately \$1.23 million based upon taxes payable in 2026.

In addition to the EDA property tax levy, a separate tax levy may be established to be used for housing and redevelopment activities. These levies are known as HRA levies. HRA levies can be used for the following:

- To provide a sufficient supply of adequate, safe, and sanitary dwellings to protect the health, safety, morals, and welfare of the citizens,
- To clear and redevelop blighted areas,
- To perform those duties according to the comprehensive plans,
- To remedy the shortage of housing for low and moderate residents, and to redevelop blighted areas, in situation in which private enterprise would not act without government participation or subsidies,
- In cities of the first class, to provide housing for persons for all income.

The attached Resolution 2025-002 authorizes a final HRA levy to be set on taxable property of the City of Cottage Grove, Washington County, Minnesota for fiscal year 2026, a special benefit tax levy, not to exceed \$142,500 per proposed 2026 budget on file with the City.

Recommendation

1. Hold a Public Hearing to consider setting an HRA levy for fiscal year 2026.
2. Approve Resolution 2025-002, setting an HRA levy on taxable property of the City of Cottage Grove, Washington County, Minnesota for fiscal year 2026, a special benefit tax levy, not to exceed \$142,500 per the proposed 2026 budget on file with the City.

Attachments

Resolution 2025-002

Property Tax Impacts on Sample Properties

2026 HRA Levy Budget

Levies of Area Cities

CITY OF COTTAGE GROVE, MINNESOTA
COTTAGE GROVE ECONOMIC DEVELOPMENT AUTHORITY
RESOLUTION 2025-002

**RESOLUTION ADOPTING FINAL PROPERTY TAX LEVY PURSUANT TO
MINNESOTA STATUTES, SECTION 469.033, SUBDIVISION 6**

WHEREAS, pursuant to Minnesota Statutes, Chapter 469, as amended, the City Council of the City of Cottage Grove, Minnesota (“City”) created the City of Cottage Grove Economic Development Authority (“EDA”); and

WHEREAS, the EDA is authorized to exercise all powers and duties of a Housing and Redevelopment Authority under the provisions of Minnesota Statutes, Sections 469.001 to 469.047; and

WHEREAS, pursuant to Minnesota Statutes, Section 469.033, subdivision 6, the EDA may levy a tax upon the estimated market value of all taxable real property within the City, to finance the EDA’s housing and redevelopment activities, subject to a consent resolution of the governing body of the City for which the EDA was created; and

WHEREAS, the EDA shall adopt the final special benefit tax levy for fiscal year 2026 in an amount not to exceed \$142,500, less than 0.0185 percent of the taxable market value of all taxable property within the City; and

WHEREAS, upon adoption of the final levy, the EDA shall take all necessary actions to certify the levy in 2025 in order to receive the levy proceeds for fiscal year 2026.

NOW, THEREFORE, be it resolved by the City of Cottage Grove Economic Development Authority as follows:

1. The EDA hereby adopts the final special benefit tax levy for fiscal year 2026 in the amount of \$142,500, as approved by the Cottage Grove City Council.
2. The EDA staff is hereby authorized and directed to take such other actions as are necessary to certify such levy proceeds for fiscal year 2026.

Adopted this 2nd day of December 2025.

Myron Bailey, President

Attest:

Jennifer Levitt, Executive Director

Sample Properties -HRA Levy

	2025 Taxable Market Value	2026 Taxable Market Value	% Increase Market Value	2025 HRA Property Taxes	2026 Proposed HRA Property Taxes	\$ Change	% Change
Median Home	\$357,100	\$369,200	-4.20%	7.57	6.58	(0.99)	-13.07%
Residential Property 1	362,900	359,700	-0.88%	7.70	6.66	(1.04)	-13.51%
Residential Property 2	414,900	431,000	3.88%	8.95	7.84	(1.11)	-12.40%
Residential Property 3	417,000	440,500	5.64%	9.00	8.03	(0.97)	-10.78%
Residential Property 4	505,900	510,700	0.95%	11.17	9.49	(1.68)	-15.04%
Commercial Property 1	\$512,200	\$548,900	7.17%	13.63	12.19	(1.44)	-10.56%
Commercial Property 2	1,008,500	1,008,500	0.00%	27.88	23.15	(4.73)	-16.97%
Commercial Property 3	5,498,800	5,498,800	0.00%	156.82	130.22	(26.60)	-16.96%
Commercial Property 4	10,822,900	12,325,100	13.88%	309.71	292.98	(16.73)	-5.40%

Tax Rate 2025 0.222%

Tax Rate 2026 0.185%

Preliminary HRA Levies-Metro Cities

13-Nov-25

SPECIAL TAXING DISTRICT NAME	Pay 2025 Final Levy	Pay 2026 Preliminary Levy	\$ Change Levy	% Change Levy
ANOKA HRA	446,536	440,854	-5,682	-1.30%
BLAINE HRA	1,150,000	1,225,000	75,000	6.50%
BLOOMINGTON HRA	1,965,356	3,298,465	1,333,109	67.80%
BROOKLYN CENTER HRA	606,595	621,849	15,254	2.50%
BROOKLYN PARK EDA	1,200,000	1,320,000	120,000	10.00%
CHASKA HRA	231,440	249,217	17,777	7.70%
COLUMBIA HEIGHTS HRA	425,000	420,000	-5,000	-1.20%
COON RAPIDS HRA	725,000	1,000,000	275,000	37.90%
COTTAGE GROVE HRA	137,500	142,500	5,000	3.60%
CRYSTAL HRA	355,282	517,987	162,705	45.80%
EDEN PRAIRIE HRA	220,000	230,000	10,000	4.50%
EDINA HRA	259,300	267,100	7,800	3.00%
ELK RIVER HRA	439,950	469,450	29,500	6.70%
FRIDLEY HRA	810,030	823,983	13,953	1.70%
GOLDEN VALLEY HRA	319,181	461,652	142,471	44.60%
HASTINGS HRA	537,640	548,904	11,264	2.10%
HOPKINS HRA	511,646	551,750	40,104	7.80%
MAPLE GROVE HRA	150,000	150,000	0	0.00%
MINNEAPOLIS HRA	5,000,000	5,000,000	0	0.00%
MINNETONKA HRA	300,000	300,000	0	0.00%
MOUND HRA	250,000	250,000	0	0.00%
NORTH BRANCH HRA-EDA	561,045	625,337	64,292	11.50%
NORTH ST PAUL HRA	11,000	11,000	0	0.00%
NORTHFIELD HRA	403,926	403,926	0	0.00%
PLYMOUTH HRA	678,588	698,945	20,357	3.00%
RICHFIELD HRA	720,610	742,230	21,620	3.00%
ROBBINSDALE HRA	334,832	339,881	5,049	1.50%
SHAKOPEE HRA	500,000	550,000	50,000	10.00%
SHOREVIEW HRA	325,000	325,000	0	0.00%
SOUTH ST PAUL HRA	442,631	451,600	8,969	2.00%
ST ANTHONY HRA	209,414	209,414	0	0.00%
ST LOUIS PARK HRA	1,194,133	1,194,133	0	0.00%
ST PAUL HRA	6,636,903	6,636,875	-28	0.00%
WOODBURY HRA	250,000	250,000	0	0.00%



TO: Economic Development Authority
FROM: Jennifer Levitt, City Administrator
DATE: November 26, 2025
RE: Bellagala Business Subsidy Agreement

Background

Cedarhurst Mansion (Mansion), historically known as the Cordenio Severance House, is situated on an approximate 10-acre parcel at the intersection of County Road 22 (70th Street) and County Road 19 (Keats Avenue), which also houses several outbuildings. The site and Mansion are listed on the National Register of Historic Places and the City's Register of Historic Sites and Landmarks. The original part of the house being built in the 1860's and later expanded, presumably in the later 1800s/early 1900s, most notably including the addition of a ballroom and bedroom to the north side of the building in 1917 by Architect Cass Gilbert. Notable features of the Mansion include original wood shutters, two Neo-Classic doric hexastyle porticoes with gabled roofs, a semicircular bay on the north ballroom façade, eastern porch serving as the primary ceremonial entry, southern porch belonging to the original farmhouse, historic front lawn and approach, and historic rose garden.

Situated on a separate, adjoining 3-acre parcel is the Gardener's Cottage at 9912 70th Street, currently classified as a single-family residence. It is estimated that the cottage was originally constructed in the late 1800s or early 1900s. Although not currently listed on the City's Register of Historic Sites and Landmarks, the Cottage is recognized as one of the Top Ten Historic Properties the Advisory Committee on Historic Preservation (ACHP) identified as a priority to be considered for registration, considering its connection to the Cedarhurst Estate.

In 2021, Three Sixty Real Estate Solutions, LLC purchased the property and later proposed, in 2022, a mixed-use redevelopment project for the parcels that included commercial space, multi-family housing, and preservation of the Mansion itself. There were concerns at the time with the high density of the proposal and the lack of preservation of the green space throughout the site, which is a large part of the historic significance of the site and Mansion. At the time, the economics of the proposal also posed a challenge. The plan did not receive final approval, and the Mansion has sat vacant since it was last purchased in 2021.

Bellagala Wedding and Events is the prospective buyer/developer of the property. The Bellagala company was founded in Minnesota in 2004 and has several boutique event locations around the Minneapolis area. Bellagala's proposal for the Cedarhurst property

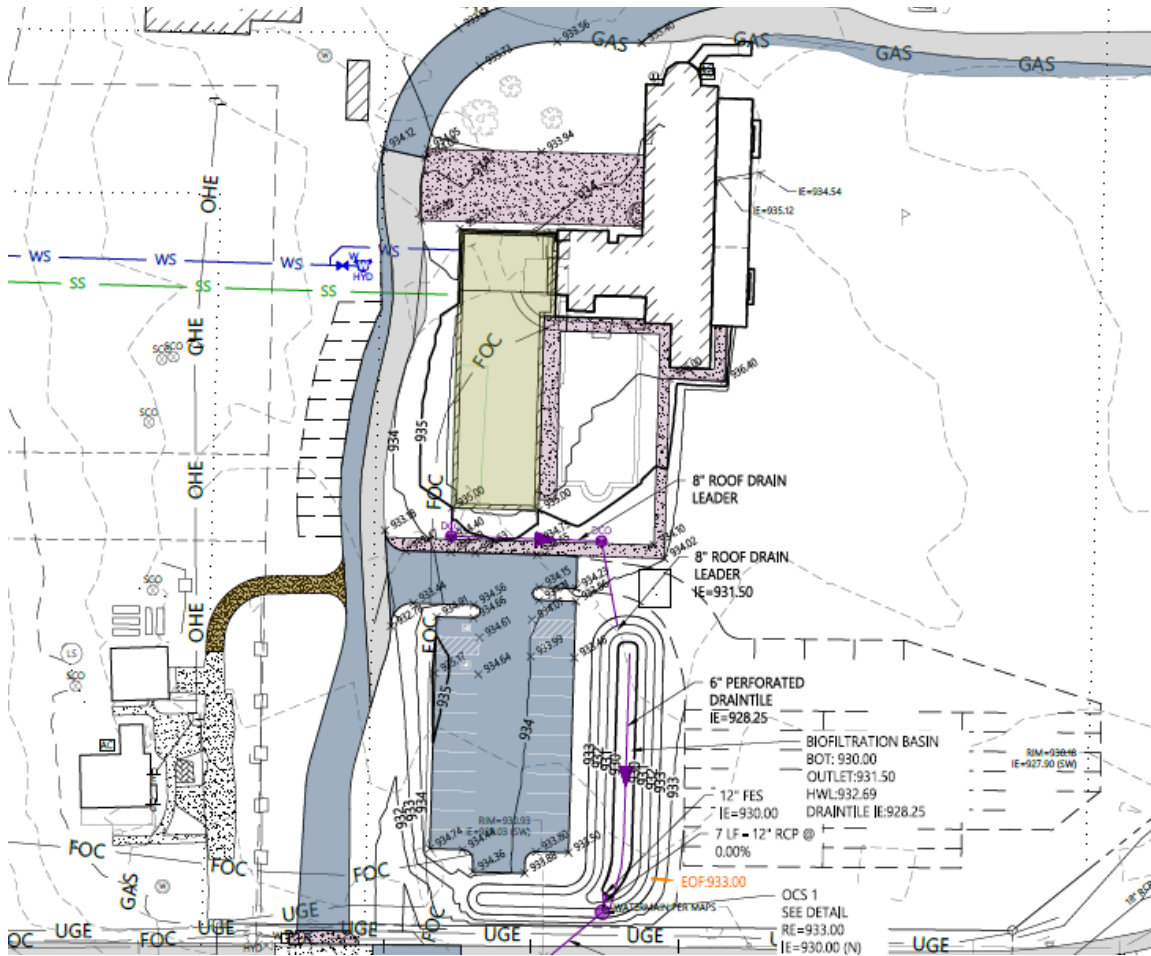
includes utilization of the Mansion as a year-round wedding and event center, including use of outdoor ceremony space and indoor reception space, with a maximum seating capacity of 190.



Discussion

The proposed project involves the rehabilitation and adaptive reuse of the historic Cedarhurst Mansion as a wedding and event venue. This property represents a significant architectural and cultural asset within our community.





At the August EDA meeting, the EDA approved a business subsidy for Bellagala in the amount of \$100,000 as a forgivable loan to help offset project costs. In October, some of Bellagala's investor portfolio changed causing a financial gap to make the project work. Discussion continued with Bellagala regarding the purchase of the property as the City did not want the mansion to fall into disrepair.

The City of Cottage Grove and the City's Economic Development Authority received a request for public assistance from Bellagala looking to upgrade and redevelop the Cedarhurst Mansion and requested a \$2,000,000 loan, with \$600,000 forgivable. Based on the terms of the agreement, the EDA would provide a \$2,000,000 loan and receive \$1,400,000 in principal plus \$572,148 in interest, for a total of \$1,972,148 - nearly equal to the original loan amount. This new agreement would also rescind the original business subsidy the EDA approved at the August meeting in the amount of \$100,000.

Ehlers has reviewed the request and recommends approval of the request based on the City's commitment to restoring a significant local amenity, the anticipated financial viability of the project, the creation of jobs that exceed the City's established criteria, and the repayment terms which result in near full repayment of the Loan amount.

The EDA has adopted criteria for awarding business subsidies in order to improve the function and appearance of the community through economic development. The proposed subsidy will yield substantial public benefits including:

- Preservation of historic architecture
- Economic revitalization
- Job creation
- Community engagement

The project aligns with the city's goals of historic preservation and economic growth and represents a rare opportunity to preserve a historic asset while catalyzing economic activity and enhancing community vitality.

Recommendation

1. Hold a public hearing to consider a business subsidy for 6940 Keats Avenue South and 9912 70th Street South for redevelopment purposes.
2. Approve the business subsidy agreement with Bellagala to provide a loan in the amount of \$2,000,000 subject to minor modifications by the City Attorney.
3. Approve the loan agreement with Bellagala in the amount of \$2,000,000 subject to minor modifications by the City Attorney.

Attachments

Ehlers Financial Request Memo
Business Subsidy Agreement with Bellagala
Loan Agreement with Bellagala
Developer Cost Exhibit
CG Loan Schedule

MEMORANDUM

TO: Emily Schmitz - Community Development Director
 FROM: Schane Rudlang and Stacie Kvilvang - Ehlers
 DATE: November 25, 2025
 SUBJECT: Cedarhurst Event Center - Financial Assistance Request

The City of Cottage Grove and the City’s Economic Development Authority (“City”) received a request for public assistance from Bellagala (“Developer”) looking to upgrade and redevelop the Cedarhurst Mansion (“Mansion”) into a wedding and event center at 6940 Keats Avenue (“Project”). The Developer requested a \$2,000,000 loan, with \$600,000 forgivable (“Loan”).

The memorandum summarizes Ehlers’ review of the Loan request and suggests how the Loan could be structured.

Analysis

The sources and uses for the Project are as shown below.

SOURCES			
	Amount	Pct.	Per Sf
First Mortgage	6,400,000	73.0%	267
Cottage Grove Loan - Payable	1,400,000	16.0%	58
Cottage Grove Loan - Forgivable	600,000	7%	25
Developer Equity	372,000	4.2%	16
TOTAL SOURCES	8,772,000	100%	366

USES			
	Amount	Pct.	Per Sf
Acquisition Costs	3,100,000	35.3%	129
Construction Costs	4,950,000	56.4%	206
Furniture, Fixtures, & Equipment	300,000	3.4%	13
Professional Services	250,000	2.8%	10
Financing Costs	172,000	2.0%	7
TOTAL USES	8,772,000	100%	366

- Sources of Funding:** The Developer is proposing permanent financing for 73% of the Project costs which leaves 27% to be funded by private equity and the Loan. The Developer will pledge other assets to the Project in addition to their equity contributed. Running an event center is not a commodity, and as such their expertise and experience in the industry is valuable to the lenders and provides non-tangible equity for the project.
- Project Costs (Uses):** The costs for the Project are reasonable given the scope of the work. Any cost overruns will be the responsibility of the Developer.

- **Jobs:** The Project would employ 6 full time employees at an average wage of \$35/hour which exceeds the City’s business subsidy policy of 200% of the State’s minimum wage, and 40 part time employees, for approximately 20 full time equivalents (“FTEs”).

Other Considerations

- **Area Amenity:** The Project would restore, preserve, and enhance a property in the City with a long history as detailed in the application and City staff report dated June 18, 2025.
- **Experience in the Event Industry:** The Developer operates similar facilities in the Minneapolis-St Paul metro area. It is a good indicator for success that they have highly relevant experience in the industry.

Loan Structure

Several Loan structures were evaluated with the Developer. The proposed structure enables the Developer to proceed with the Project promptly while providing the City with repayment under reasonable terms. At land closing, anticipated in December 2025 or January 2026, the City would fund a \$2,000,000 Loan to the Developer for acquisition of the property. The Loan would be secured by a Loan agreement, promissory note, and mortgage on the property.

During the first year, interest at 5% would accrue to allow for construction and stabilization of the Project. Beginning in year two, principal and interest payments would be made on the non-forgivable portion of the Loan (\$1,400,000) amortized over seven years, while interest-only payments would be made on the forgivable portion (\$600,000) during the same period. The Loan could be prepaid at any time. At the end of year eight, provided there are no defaults, the \$600,000 balance would be forgiven. Total interest paid to the City is projected at \$572,148.

In summary, the City would provide a \$2,000,000 Loan and receive \$1,400,000 in principal plus \$572,148 in interest, for a total of \$1,972,148 - nearly equal to the original Loan amount.

An example of the Loan payments and interest are attached.

Risks

Providing the Loan upfront introduces certain risks for the City. Although the City will hold a mortgage on the property to secure its interest, this position will likely be subordinate to the first mortgage, which is typical and customary. The risks can be categorized into three phases, along with strategies to mitigate them:

- **Pre-Construction:** The Loan structure should ensure that the Project is completed, including the renovation of the Mansion. To reduce risk, the City should minimize the time between Loan funding (land closing) and the start of construction.
- **Construction Phase:** The first mortgage will finance the majority of construction costs. Any cost overruns or change orders will remain the Developer’s responsibility.
- **Operational Phase:** Loan repayment depends on the availability of sufficient cash flow. The Developer’s operating proforma indicates adequate cash flow; however, actual performance will ultimately depend on market conditions, economic factors, and the Developer’s management.

Recommendation

Based on the analysis summarized in this memorandum, we recommend approval of a \$2,000,000 Loan, of which \$600,000 would be forgivable. This recommendation reflects the City’s commitment to restoring a significant local amenity, the anticipated financial viability of the project, the creation of jobs that exceed the City’s established criteria, and the repayment terms which result in near full repayment of the Loan amount.

Payment Schedule Example (Assumes January 1, 2026 loan funding date)

	2025	Year 0 2026	Year 1 2027	Year 2 2028	Year 3 2029	Year 4 2030	Year 5 2031	Year 6 2032	Year 7 2033						
\$2M First IO Year - Debt Service @ 5.00% 1 Yr Amort															
Payment:		100,000	-	-	-	-	-	-	-						
Remaining Principal EOY		(2,000,000)	-	-	-	-	-	-	-						
\$1.4M Payable Portion - Debt Service @ 5.00% 7 Yr Amort															
Payment:		-	237,450	237,450	237,450	237,450	237,450	237,450	237,450						
Remaining Principal EOY		-	(1,228,659)	(1,048,552)	(859,231)	(660,223)	(451,034)	(231,142)	0						
\$0.6M Forgivable Portion - Debt Service @ 5.00% 7 Yr Amort															
Payment:		-	30,000	30,000	30,000	30,000	30,000	30,000	30,000						
Remaining Principal EOY		-	(600,000)	(600,000)	(600,000)	(600,000)	(600,000)	(600,000)	(600,000)						
Total Debt Service:		100,000	267,450	267,450	267,450	267,450	267,450	267,450	267,450						
<table border="1" style="width: 100%; border-collapse: collapse;"> <tr> <td style="width: 60%;">Total P & I</td> <td style="text-align: right;">1,972,148</td> </tr> <tr> <td style="width: 60%;">Less</td> <td style="text-align: right;">1,400,000</td> </tr> <tr> <td>Net Interest to City</td> <td style="text-align: right;">572,148</td> </tr> </table>										Total P & I	1,972,148	Less	1,400,000	Net Interest to City	572,148
Total P & I	1,972,148														
Less	1,400,000														
Net Interest to City	572,148														

BUSINESS SUBSIDY AGREEMENT

THIS AGREEMENT (“Agreement”) made this ____ day of _____, 2025, by and between the Cottage Grove Economic Development Authority, a Minnesota public body corporate and politic, 12800 Ravine Parkway S., Cottage Grove, Minnesota 55016 (“EDA”) and Bellagala LLC, a Minnesota limited liability company (“Bellagala”).

RECITALS

WHEREAS, the City of Cottage Grove (“City”) has long desired to improve the function and appearance of its community through economic development, and has invested substantial resources toward that goal; and

WHEREAS, the Cottage Grove City Council established the EDA in order to advance these objectives; and

WHEREAS, the EDA adopted criteria for awarding business subsidies, pursuant to the Business Subsidies Act, Minn. Stat., Sections 116J.993 to 116J.995 (“Business Subsidy Act”); and

WHEREAS, Bellagala is in the process of acquiring the property located at 6940 Keats Avenue South in Cottage Grove with Washington County PID Number 0302721440001 and 0302721440002 (“the Property”); and

WHEREAS, Bellagala has proposed redevelopment of the Property for a use that is consistent with the terms and conditions of this Agreement and described on Exhibit A (“Project”) and on August 20, 2025, received a business subsidy from the EDA in the amount of \$100,000 (“Original Business Subsidy”); and

WHEREAS, there is still a significant gap in financing for the redevelopment and Bellagala is seeking additional funding from the EDA; and

WHEREAS, the EDA believes the proposed Project is desirable for the City; and

WHEREAS, the Project meets all criteria for awarding a business subsidy established by the EDA Policy on business subsidies and due to the estimated cost of the Project, it is not financially feasible without additional public assistance; and

WHEREAS, in order to ensure uniformity of the business subsidy terms and conditions, the EDA will rescind and terminate the approval of the Original Business Subsidy that was authorized on August 20, 2025 and authorize and approve a new business subsidy in the amount of \$2,000,000 (“Business Subsidy”).

NOW THEREFORE, for good and valuable consideration, the receipt of which is acknowledged, and in consideration of the covenants and agreements made herein, Bellagala and the EDA hereby agree as follows:

AGREEMENT

1. The Original Business Subsidy and Business Subsidy Agreement authorized and entered into by and between the EDA and Bellagala on August 20, 2025 for \$100,000 is hereby terminated and rescinded.
2. The Business Subsidy in the amount of \$2,000,000 is authorized and approved and comprises of a loan in the amount of Two Million Dollars and 00/100s (\$2,000,000.00) (“Loan”) to be used for the Project. The Business Subsidy shall be paid to Bellagala pursuant to the terms and conditions of a Loan Agreement by and between the EDA and Bellagala.
3. The public purposes of the Business Subsidy are as follows:
 - a. Promote the economic and commercial redevelopment of the City;
 - b. Preserve the local tax base and improve the general economy and vitality of the City;
 - c. Promote the health, safety and welfare of the residents of the City;
 - d. Remove, prevent or reduce blight, blighting factors or the cause of blight in the City;
 - e. Attract, retain, rehabilitate and preserve commercial facilities;
 - f. Eliminate or improve structurally substandard buildings;
 - g. Promote private investment in a blighted or economically depressed area, which can be expected to stimulate additional investment;
 - h. Afford maximum opportunities, consistent with the needs of the City as a whole, for the redevelopment of the area by private enterprise.
4. The goals for the Business Subsidy are to secure timely development and maintain the Property as a commercial building for at least eight (8) years.
5. Bellagala has also determined the Project will create at least three new jobs at an annual salary of at least \$50,000.
6. Bellagala will construct the Project pursuant to plans and any other approvals or licenses required by the City.
7. Upon completion of the Project, Bellagala, its tenants, permitted successors or assigns, will continuously own or occupy the Property for at least eight (8) years, except in the event of unforeseeable casualty.

8. Other Consideration: Bellagala shall provide rental for two (2) events annually at no cost to the City during the term of this Agreement as follows:
- One Thursday in April and one day in December (Specific dates to be agreed upon by the parties)
 - City shall pay for other traditional, non-rental expenses (e.g., food, beverages, staffing, decorations, etc.)
9. If Bellagala complies with the terms and conditions of this Agreement, a portion of the Loan will be forgiven in eight (8) years pursuant to the terms of the Loan Agreement. If Bellagala does not comply with the terms and conditions of this Agreement, the full amount of the Loan shall be due pursuant to the terms of the Loan Agreement.
10. The parties agree that this Agreement shall be construed pursuant to Minnesota law and any disputes shall be venued in Washington County, Minnesota.
11. Notices to the parties shall be sent as follows:
- | | |
|------------------|---|
| If to EDA: | Cottage Grove EDA
Attn: Executive Director
12800 Ravine Parkway S.
Cottage Grove, MN 55016 |
| If to Bellagala: | Bellagala LLC
Attn: Chief Operating Officer
15102 Minnetonka Industrial Rd.
Minnetonka, MN 55345 |
12. This Agreement shall not be assigned without the prior written consent of the other party, which shall not be unreasonably withheld.
13. This Agreement shall only be amended by written agreement approved by both parties.

IN WITNESS WHEREOF, the parties have caused this Agreement to be duly executed by their authorized representatives as of the date first written above.

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EXHIBIT A

PROJECT

DESCRIPTION OF REHABILITATION
CEDARHURST MANSION

6-3-2025

Architectural Character (Historic Overview)

Existing Conditions:

Cedarhurst Mansion, historically known as the Cordenio Severance House, is a nationally significant Neo-Classical estate located in Cottage Grove, Minnesota. The building was expanded in 1917 by architect Cass Gilbert to serve as a dignified country residence for Severance, a prominent attorney with national political ties. The house's east-facing primary elevation features a two-story Doric hexastyle portico with fanlight pediment and symmetrical fenestration. Narrow wood clapboard siding, original to the 1917 addition, remains intact on the north, east, and south façades, while portions of the earlier 19th-century structure are clad in later aluminum siding.

Notable exterior features include:

- Original wood windows with non-historic fixed shutters
- Semicircular bay on the north ballroom façade
- East and south porches, with the eastern porch serving as the primary ceremonial entry and the south porch belonging to the original farmhouse.
- Low-sloped rooflines with original ridge configurations and decorative eaves

The structure is in good overall condition, though deferred maintenance is evident in select areas, including minor wood deterioration and non-historic porch modifications that have introduced drainage issues.

Proposed Work:

The proposed rehabilitation will convert Cedarhurst Mansion into a year-round luxury wedding and event venue, modeled after successful ABPEC LLC properties. The project will preserve the mansion's architectural integrity while upgrading building systems to support modern hospitality operations. The ballroom will remain the primary gathering space, and all rehabilitation work will follow the Secretary of the Interior's Standards for Rehabilitation.

Key interventions include:

- **Preservation of exterior materials:** No alterations are proposed to the existing siding. Any areas of the roof that have cedar shake shingles will be replaced with asphalt

shingles to match the rest of the building.

- **East Porch upgrades:** The existing masonry floor finish on the east porch will be replaced with historically appropriate brick masonry materials and detailed to improve drainage away from the foundation, correcting water issues without altering the historic portico's structure or appearance.
- **South Porch Upgrades:** Non-historic outdoor carpet floor finish will be removed. Intent to refinish existing hardwood floor beneath. A new storefront window system will be added on the interior side of the historic columns to create a climate controlled entry vestibule without compromising the character of the original farmhouse porch.
- **Attic ventilation and insulation:** Loose fill insulation will be added to the attic to improve energy performance. The existing ridge vent, which is currently blocked, will be reopened to ensure proper ventilation. No other modifications to the roof system are proposed.
- **Mechanical upgrades:** New HVAC systems will be integrated into the existing wall cavities to conceal ductwork. Existing radiators will be reused and connected to a high-efficiency boiler system. Interior wall registers will be added only where necessary, with minimal impact to finishes.
- **Accessibility upgrades:** A walking surface and landing will be added to the south side of the building to provide ADA access to both porches and the historic interior spaces. The current elevator does not meet ADA standards and is nonfunctional. A new Limited Use/Limited Application (LULA) elevator will be installed to provide ADA-compliant access to both floors. The depth of the existing elevator shaft will be slightly altered to meet the requirements for a modern elevator while minimizing disturbance to historic fabric and finishes.

Exterior – Roof

Existing Conditions:

The roof features low-pitched forms consistent with Cass Gilbert's 1917 design, including original ridge lines, deep eaves with decorative detailing, and a mix of roofing materials. Roofing consists of asphalt shingles (primarily), cedar shake shingles (original farmhouse), and intermittent repair patches.

- Several areas above the original farmhouse show deterioration, particularly at the original farmhouse eaves.
- Non-historic gutters remain intact and functional.
- Historic brick chimneys remain but show signs of weathering and masonry damage.
- The attic's ridge vent is currently blocked, limiting ventilation.

Proposed Work:

- Preserve overall roof configuration, including original ridge lines, eaves, and decorative detailing.
- Replace all cedar shake shingles with new asphalt shingles to improve durability and fire resistance.
- Repair deteriorated eaves on the original farmhouse using in-kind wood components.
- Repoint and repair historic brick chimneys as needed, preserving their form and materials.
- Remove a portion of roof above the nonhistoric second-floor porch on west side of the building.
- Restore blocked ridge vent to improve attic ventilation.
- Limit roof repairs to localized in-kind replacement of damaged asphalt shingles.
- No new penetrations or alterations to historic rooflines are proposed.

Exterior - Walls

Existing Conditions:

Cedarhurst Mansion features a mix of historic and non-historic exterior wall materials that reflect its layered construction history. The 1917 Neoclassical expansion by Cass Gilbert is clad in original narrow wood clapboard siding, which remains intact on the north, east, and south façades. This siding is a character-defining element of the estate's historic appearance.

- The clapboard is generally sound but exhibits paint loss, surface weathering, and minor wood deterioration in some areas.
- Decorative trim, including corner boards, eaves, and architectural moldings, remain in place but show signs of wear and deferred maintenance.
- The west elevation, part of the earlier farmhouse, includes non-historic metal siding likely added in the mid-20th century.
- A non-historic enclosed balcony on the west elevation interrupts the original massing and materials.

Proposed Work:

- All historic wood siding will be retained, repaired, and repainted as needed. Where needed, surfaces will be sanded and prepped using non-abrasive methods to protect the underlying material.
- Where needed, minor repairs will be made to architectural trim, eaves, and corner boards, using in-kind materials and profiles.
- The non-historic metal siding on the west façade will be retained and repainted, where appropriate, to maintain weather protection and visual consistency in non-contributing areas.

- The non-historic enclosed balcony on the west elevation will be removed, and the area will become the connection point for a new addition designed to support venue operations.
- No new penetrations or alterations are proposed to the primary historic façade (east elevation) or original cladding.

All exterior work will comply with the Secretary of the Interior's Standards for Rehabilitation, emphasizing material conservation, minimal intervention, and compatibility with historic fabric.

Windows

Existing Conditions:

Cedarhurst Mansion retains a significant number of its original wood windows, primarily double-hung sash units dating to the 1917 Cass Gilbert Neoclassical expansion. These windows are a defining feature of the building's design, particularly on the north, east, and south façades. Many remain protected by original wood storm windows, which have helped preserve glazing, joinery, and profiles.

Window conditions range from fair to deteriorated, with issues such as:

- Peeling or failed paint
- Cracked glazing and missing putty
- Minor wood rot at sills or rails
- Inoperable sashes due to paint buildup or hardware failure

In a limited number of locations, original windows have been replaced with non-historic aluminum-framed units. These are easily distinguishable but located on less prominent façades. While not historically appropriate, they do not compromise the primary character-defining elevations.

Proposed Work:

All remaining historic wood windows will be retained and restored. No full replacements are proposed. Work will be completed by a qualified restoration contractor and will include:

- Paint removal and evaluation of existing sash and frame condition

- In-kind repair or replacement of deteriorated components, matched for profile
- Re-glazing and re-puttying where needed
- Weatherstripping and operability upgrades, including repairs to cords, pulleys, and hardware where needed
- Repainting using historically appropriate colors (white)

Original wood storm windows will be retained where present. Where missing, compatible wood storm windows will be fabricated to match the original profile and detail. No new aluminum or vinyl storm windows are proposed.

Non-historic aluminum windows will be repaired and repainted to match the color and appearance of the historic wood windows. While these windows are not being replaced, the visual consistency will be improved to reduce their contrast with the surrounding historic fabric.

Doors

Existing Conditions:

Cedarhurst Mansion retains several historic exterior doors, including formal paneled wood entry doors and multi-pane French doors, many of which date to the early 20th-century Neoclassical expansion by Cass Gilbert. These doors contribute significantly to the building's architectural rhythm and symmetry, particularly on the south and east façades.

The primary east-facing entrance is framed by a two-story Doric portico and features a prominent paneled wood door with sidelights and a fanlight above. Historic french doors are present on each facade of the building. These glazed wood doors reflect early 20th-century detailing and are consistent with the surrounding window profiles. Historic hardware, including hinges and surface-mounted latch systems, remain in place in many locations. Some doors exhibit weathering, failing paint, and minor deterioration at the sill or lower rails. Several existing door thresholds are too tall or uneven to meet modern ADA accessibility requirements. The current elevator is non-operational and not ADA-compliant.

Proposed Work:

All historic exterior doors will be retained and restored. Restoration will be conducted by qualified craftspeople using in-kind materials and reversible methods.

Scope of work includes:

- Paint removal and repair of deteriorated wood components
- In-kind replacement of rails, stiles, or panels where needed
- Hardware refurbishment or in-kind replacement using compatible historic hardware
- Re-glazing of glass lights in French doors where cracked or missing, using matching restoration glass
- Repainting with historically appropriate colors

French Door Reconfiguration for ADA Access:

To accommodate universal access while preserving the historic design intent:

- Two pairs of historic French doors on the south porch will be repositioned within the same wall plane to make room for the installation of a new ADA-compliant pair of glass-paneled doors.
- The repositioned historic French doors will remain on the same façade to avoid loss of historic fabric.

Threshold Modifications:

To meet ADA standards:

- Low-profile metal thresholds will be added to select exterior doors.
- These thresholds will be custom-fit, minimally visible, and fully reversible to avoid permanent alteration to historic sills or framing.

Site and Landscape

Existing Conditions:

The grounds of Cedarhurst Mansion include expansive lawns, mature trees, a deteriorated rose garden, informal gravel drives, and landscaped areas surrounding the historic east porch. The east lawn historically served as the estate's formal arrival and gathering space, consistent with its role as a prominent country residence.

- Vehicular access and ADA accessibility are currently limited, with no designated accessible paths to primary entrances.
- Circulation relies on informal pathways and compacted turf, which do not meet contemporary accessibility or event use standards.
- The rose garden has lost its original landscape integrity, and its masonry walls show signs of deterioration. The historic trellis above the walls is no longer present.
- Several non-contributing outbuildings—namely a barn, chicken coop, and upholstery shop—remain on site but do not retain historic integrity. Due to years of deferred maintenance, they have all deteriorated to a state where repair is not feasible.

Proposed Work:

To accommodate the building's adaptive reuse as a year-round event venue, the site will be rehabilitated to support accessibility, circulation, and functionality while preserving historic character and key landscape features.

- Construct a new parking lot (75-100 parking stalls) in a discreet area of the property, screened with plantings and topography to minimize visibility from primary historic viewsheds.
- Install a west-side service drive and drop-off loop near the new kitchen addition to support back-of-house logistics and maintain the formal approach from the east.
- Install ADA-compliant walkways to connect the east and south porches to key site areas. Pathways will be sensitively integrated into the landscape to avoid disruption of mature trees or topography.
- Rehabilitate the rose garden to reflect its historic layout and ceremonial use. Work includes:
 - Repairing and repointing the historic masonry walls and balustrade.
 - Remove portion of masonry boundary along east edge to accommodate ADA access.
 - Intent to preserve overall masonry boundary, which remains deteriorated yet intact despite the loss of the upper lattice.

- Improving subsurface drainage and replanting with hardy, low-maintenance species.
 - Designing for long-term use, including event photography and small gatherings.
 - The historic lattice/trellis structure will not be reconstructed at this time but may be considered in the future.
-
- Remove non-contributing structures located on the west portion of property (barn, chicken coop, upholstery shop) to improve site flow and open views to the main house. The Gilbert-era shed and horse barn will be retained.

East Porch Rehabilitation

Existing Conditions:

The east porch is the primary ceremonial entrance to Cedarhurst Mansion and a defining element of the 1917 Neoclassical expansion by Cass Gilbert. It features a two-story Doric portico, originally paired with a brick and concrete masonry floor and a classically detailed balustrade composed of turned masonry balusters and a continuous rail.

- The floor surface was altered in the mid-20th century using non-historic materials in an unsuccessful attempt to address drainage. The current surface directs water toward the building, causing moisture-related deterioration near the foundation.
- The original masonry balustrade remains largely intact, though some joints and surfaces show signs of weathering and deferred maintenance.
- The porch currently lacks accessible access, and the adjacent landscape does not provide an ADA-compliant path to the main entry.

Proposed Work:

The east porch will be rehabilitated to restore historic features, address drainage concerns, and introduce discreet accessibility improvements.

- The non-historic porch surface will be removed and replaced with masonry flooring, sloped to drain water away from the building. The new surface will match the original

pattern as seen in historic photographs.

- The original masonry balustrade will be retained, cleaned, and repaired, including repointing mortar joints and stabilizing balusters as needed.
- To allow for ADA access to the primary entrance, a small section of the balustrade will be removed at the southwest corner of the porch, adjacent to the exterior wall. This location was selected to be minimally visible from the primary (east) lawn and will allow for connection to a new ADA-compliant ramp.
- The removed balustrade section will be carefully documented and stored, and the intervention will be fully reversible.
- No changes will be made to the overall footprint, column configuration, or height of the porch.

All proposed work will be conducted in accordance with the Secretary of the Interior's Standards for Rehabilitation, with an emphasis on preserving significant features, ensuring long-term performance, and introducing accessibility in a historically sensitive manner.

New Addition (Atrium + Kitchen Staging Area)

Existing Conditions:

No addition currently exists in this area. The west side of the original farmhouse (not part of the 1917 Neoclassical expansion) provides a suitable location for a new addition. This area is visually secondary and offers space for back-of-house operations and guest support functions without impacting key historic façades or viewsheds, including the prominent east approach.

Proposed Work:

A new one-story addition will be constructed on the west elevation of the mansion to house two programmatic elements: an atrium lounge and a kitchen staging area. The atrium will serve as a garden-style indoor/outdoor gathering space, designed with a shed roof and exposed wood trusses to create a transparent, light-filled environment that blends modern hospitality with the mansion's formal garden setting. The kitchen wing will support catering and event logistics, discreetly located and fully concealed from guest views.

The addition will be clearly differentiated from the historic structure in both massing and materiality while remaining compatible in scale, proportion, and detail. Materials will be high quality and intentionally contemporary, with thoughtful transitions to the existing building. The addition will connect at the west facade, adjacent to the location of the existing nonhistoric kitchen and enclosed balcony, which will be removed as part of the rehabilitation.

This work complies with the Secretary of the Interior's Standards for Rehabilitation, particularly those addressing new additions, and has been designed to ensure the new construction is reversible and respectful of the mansion's historic character.

7. Interior Plan – Main Floor Renovation

Existing Conditions:

The main floor retains its original ballroom and some room divisions, but alterations over time (e.g., non-historic partitions) have disrupted flow and service efficiency.

Proposed Work:

- Convert storage room, previously used as pantry, into ADA compliant bathrooms.
- Restore historic room connections, including original pass-through in the reception hall.
- Preserve ballroom layout and historic finishes throughout the building where intact.
- Improve entry sequence and circulation for modern event use.

8. Second Floor Plan – Bridal and Groom's Suites

Existing Conditions:

The second floor is a double loaded corridor with residential-style bedrooms and common areas. Some historic finishes are intact - hardwood floors, tile floors in bathrooms, plaster walls, and plaster ceilings. Non-historic finishes are present throughout the second floor. Non-historic finishes include carpet, wall paper, lighting fixtures, and window treatments. The existing interior corridor is not linear, due to the Cass Gilbert expansions, creating portions that fail to meet ADA or code requirements for width.

Proposed Work:

- Portion of interior corridor that is too narrow to allow for access will be altered. New circulation path will be created to accommodate an ADA compliant path throughout the building.
 - Convert the second floor into two hospitality suites for bridal and groom preparation, each with private restrooms and lounge areas.
 - **Bride's Suite:** French and Art Nouveau-inspired design, referencing 1917 dignitary furnishings.
 - **Groom's Suite:** Clubhouse aesthetic with aged leather, rich finishes, and a connected bar lounge.
-

Accessibility Improvements

Existing Conditions:

Cedarhurst Mansion is not currently compliant with ADA accessibility standards. The building lacks accessible entrances and internal vertical circulation, and the existing restrooms and site pathways do not accommodate guests with mobility needs. The historic elevator is non-functional and does not meet code requirements. Entrances are elevated above grade and feature original thresholds that present accessibility barriers.

Proposed Work:

The rehabilitation will introduce accessibility upgrades designed to minimize impact on historic features while providing equitable access for all guests. Interventions will include:

- Installation of a LULA (Limited Use/Limited Application) elevator within the existing elevator shaft to provide vertical access between the main public floors.
- Exterior access improvements, including a new ADA-compliant ramp and landing at the south side of the building. A small section of the original porch balustrade will be carefully removed to accommodate ADA access to the front porch (primary elevation); however, it is located away from the primary approach and will not be visible from the front lawn. The intervention will be reversible and will preserve the porch's architectural integrity.
- Threshold modifications at select exterior doors using low-profile metal transitions, designed to meet ADA standards while maintaining the historic appearance of

entryways. All thresholds will be custom-fit and reversible.

- The existing pantry on the first level, adjacent to the porch on the south elevation, will be converted into ADA accessible bathrooms.
- Accessible site circulation, including new walkways and entry routes, will ensure barrier-free access from parking areas and drop-off zones to key program spaces throughout both floors of the historic building and new atrium.

All accessibility improvements have been designed to comply with ADA Standards for Accessible Design and are consistent with the Secretary of the Interior's Standards for Rehabilitation, ensuring that modifications are sensitive, reversible, and do not compromise the historic character of the property.

Interior – Basement

Existing Conditions:

The basement of Cedarhurst Mansion is primarily unfinished and currently used for mechanical systems and limited storage. The existing boiler is outdated, and while the foundation is generally stable, some localized repairs may be required. There are minimal signs of water intrusion at this time. Access to the basement is provided via a non-historic exterior entrance on the west side of the building.

Proposed Work:

- Replace the existing boiler with a high-efficiency unit as part of the HVAC system upgrade.
- Connect new sanitary sewer and water service lines to support building-wide infrastructure improvements.
- Clean and clear basement spaces of existing debris and non-essential materials.
- Perform localized foundation repairs as needed to address any structural deficiencies.

- Retain basement use primarily for mechanical distribution, utility access, and general storage.
 - Replace the non-historic exterior basement doors with secure and safe new doors, designed to be visually discreet and compatible with the overall architectural character.
-

Interior – Level 1

Existing Conditions:

The main floor of Cedarhurst Mansion retains key historic features, including the central ballroom and several original room divisions. However, a number of non-historic alterations—such as partitions, carpeting, wallpaper, light fixtures, and service modifications—have diminished the clarity and usability of the original layout. The existing elevator is nonfunctional and does not meet current ADA requirements, though it contains historic elements of note.

Proposed Work:

The main floor will be reconfigured and restored to support hospitality use while honoring the mansion’s architectural character. Proposed interventions include:

- **Selective Demolition & Circulation Improvements:**
 - Remove non-historic partitions per Demo Plan D1.1 to restore original room dimensions and improve spatial flow.
 - Reopen the original pass-through between the future bar and dining room (pending final field confirmation).
 - Improve interior circulation and guest experience for formal entry and event transitions.
- **Historic Room Restoration & Feature Preservation:**
 - Preserve ballroom layout and original finishes, including plasterwork, trim, and ceiling details.

- Remove non-historic carpeting and refinish underlying wood flooring where present and salvageable.
 - Strip non-historic wallpaper and repaint walls using historically sympathetic finishes.
 - Remove and replace non-original light fixtures with more appropriate or concealed options that support hospitality use.
 - **Service Area Upgrades:**
 - Remodel the non-historic kitchen for catering functions while minimizing impact to adjacent historic finishes.
 - Convert the existing pantry into ADA-compliant restrooms using a minimally invasive approach.
 - **Elevator Transition:**
 - Carefully remove historic interior components of the existing elevator cab.
 - Reuse and reinstall these elements within the new LULA elevator cab to preserve character and maintain continuity.
 - New elevator shaft will be slightly expanded to accommodate modern elevator while limiting impacts to historic fabric and finishes.
-

Interior – Level 2

Existing Conditions:

The second floor contains a mix of historic and non-historic elements. Original hardwood flooring remains in many rooms, with some areas covered in non-historic carpet or painted. Walls and ceilings are primarily plaster—some painted, others covered in non-historic wallpaper. Bathrooms feature a combination of tile finishes, historic and nonhistoric bathroom

fixtures. The main stair includes what appear to be original wood handrails and balusters. Circulation has been altered over time by non-historic partitions, closets, and a small enclosed porch at the north façade.

Proposed Work:

- Selectively remove portions of interior partitions, closets, and bathrooms to enhance functionality and circulation.
- Remove non-historic carpet and wallpaper throughout.
- Refinish and repaint existing plaster walls and ceilings.
- Refinish original hardwood floors.
- Remove and upgrade all non-historic lighting fixtures and replace them with fixtures compatible with the mansion's historic era.
- Preserve and refinish original stair handrails and balusters as needed.
- Remove the enclosed second-floor porch at the north façade.
- Reconfigure circulation and door openings to meet accessibility standards while preserving historic casing and trim wherever possible.
- Slightly expand the existing elevator shaft to accommodate a new ADA-compliant LULA elevator. Salvaged decorative elements from the historic elevator cab will be reinstalled in the new lift to preserve continuity of character.

Interior – Attic

Existing Conditions:

The attic is unfinished and primarily used for storage. The space is currently under-ventilated due to a blocked ridge vent. There are no known historic finishes or features within this level, and access is limited to staff and maintenance personnel.

Proposed Work:

- Retain the attic as a service and mechanical area; no public access is proposed.
 - Add loose-fill insulation to improve building energy performance.
 - Reopen the existing ridge vent to restore proper ventilation and reduce heat buildup.
 - No framing alterations or new floor construction is proposed.
 - Minor repairs will be performed as needed to maintain structural and thermal performance.
-

MEP Scope**Existing Conditions:**

The building's existing MEP systems are outdated and insufficient for contemporary use as a public event venue.

- The original steam heating system remains in place but is no longer fully functional.
- Electrical systems are outdated, with limited service capacity.
- Plumbing is aging, with fixtures in varying states of condition.
- There is no central cooling system or mechanical ventilation.

Proposed Work:

To support year-round operations and meet modern code requirements, new high-efficiency MEP systems will be installed while minimizing impact to historic fabric:

- **Mechanical (HVAC):**

- Install new high-efficiency boiler system; retain and reuse select historic radiators where feasible.
- Introduce new ducted air handling units and ventilation systems, carefully routed to avoid visible impact in historic spaces.
- Add air conditioning to support guest comfort, with air distribution concealed within existing chases, basement, and attic spaces.

- **Electrical:**

- Replace outdated electrical panels and wiring to meet current capacity and safety codes.
- Upgrade lighting systems; non-historic fixtures will be removed and replaced with historically appropriate or discreet modern alternatives.
- Install new power, data, and AV infrastructure to support event functions.

- **Plumbing:**

- Install new water and sewer service connections.
- Replace aging supply and drain lines as needed.
- The majority of the existing restroom facilities will be restored. New bathrooms will accommodate ADA-compliant fixtures.
- Add plumbing infrastructure to support catering kitchen in the existing kitchen and new addition.

- **Fire Suppression (Sprinklers):**

- A new building-wide sprinkler system will be installed to meet current fire and life safety code requirements.

- The system will be designed to minimize visual impact in historic spaces and will be concealed within ceilings, wall cavities, or secondary spaces wherever possible.

All MEP work will be designed and installed to preserve historic finishes and character-defining features. Systems will be accessible for future maintenance and upgrades without requiring significant demolition or alteration to historic spaces.

LOAN AGREEMENT

THIS AGREEMENT, (“Agreement”) made this _____ day of _____, 2025, (“Effective Date”) by and between the Cottage Grove Economic Development Authority, a Minnesota public body corporate and politic, 12800 Ravine Parkway South, Cottage Grove, Minnesota 55016 (“EDA”), and Bellagala LLC, a Minnesota limited liability company, 15102 Minnetonka Industrial Rd., Minnetonka, Minnesota 55345 (“Developer”).

WITNESSETH:

WHEREAS, the City of Cottage Grove (“City”) has long desired to improve the function and appearance of its community through economic development, and has invested substantial resources toward that goal; and

WHEREAS, the Cottage Grove City Council established the EDA pursuant to Minnesota Statutes Sections 469.001-468.047 and 469.090-469.108 in order to advance these objectives; and

WHEREAS, a major objective of the EDA is to stimulate and revitalize the City through the rehabilitation and redevelopment of property; and

WHEREAS, the EDA adopted criteria for awarding business subsidies, pursuant to the Business Subsidies Act, Minn. Stat., Sections 116J.993 to 116J.995 (“Business Subsidy Act”); and

WHEREAS, Bellagala is in the process of acquiring the property located at 6940 Keats Avenue South in Cottage Grove with Washington County PID Number 0302721440001 and 0302721440002, legally described on Exhibit A (“the Property”); and

WHEREAS, Bellagala has proposed redevelopment of the Property described on Exhibit B (“Project”) for a use that is consistent with the goals and objectives of the EDA; and

WHEREAS, the EDA and the Developer desire that the Developer renovate and rehabilitate the building located on the Property and the EDA believes that by assisting the Developer in its renovation and rehabilitation of the Property it will be furthering the goals and objectives of the EDA; and

WHEREAS, in consideration for the Developer’s commitment to undertake the renovation and rehabilitation of the building on the Property, the EDA is willing to make a loan to the Developer to finance a portion of the cost thereof (the “Loan”); and

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

ARTICLE I
Definitions

Section 1.1. Definitions. In this Agreement, unless a different meaning clearly appears from the context:

“Act” means Minnesota Statutes, Sections 469.001-469.047 and 469.090-469.108, as amended.

“County” means the County of Washington.

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

“Note” means the promissory note to be provided by the Developer to the Authority to evidence the Loan, the form of which is attached as Exhibit C.

“Security Documents” means the documents to be provided to the Authority pursuant to Section 3.3(b) of this Agreement to evidence and secure the Loan.

“State” means the State of Minnesota.

ARTICLE II
Representations

Section 2.1. Representations by the EDA. The Authority makes the following representations as the basis for the undertaking on its part herein contained:

- (a) The EDA is a municipal economic development authority duly organized and existing under the laws of the State. Under the provisions of the Act, the Authority has the power to enter into this Agreement and to perform its obligations hereunder.
- (b) The Project is a “redevelopment project” within the meaning of the Act and was created, adopted and approved in accordance with the terms of the Act.

Section 2.2. Representations by the Developer. The Developer represents that:

- (c) The Developer is a Minnesota limited liability company who has the legal capacity to enter into this Agreement and carry out the obligations of the Developer hereunder.
- (d) Developer has secured private financing for remainder of project cost, including amounts to cover any change orders or cost overruns.
- (e) The Developer will undertake the renovation and rehabilitation activities on the Property in accordance with the terms of this Agreement and all local, state and federal laws and regulations (including, but not limited to, environmental, zoning, building

code and public health laws and regulations).

- (f) The Developer has received no notice or communication from any local, state or federal official that the activities of the Developer or the EDA in the Project Area may be or will be in violation of any environmental law or regulation. The Developer is aware of no facts the existence of which would cause the Developer to be in violation of any local, state or federal environmental law, regulation or review procedure. In the event that the EDA is required to take any action to obtain any necessary permits or approvals with respect to the Property under any local, state or federal environmental law or regulation, the Developer will cooperate with the EDA in connection with such action.

ARTICLE III

Loan

Section 3.1. Making of Loan. In consideration for the Developer's agreement to undertake and complete the renovation and rehabilitation of the improvements on the Property, which improvements are described on Exhibit B to this Agreement, the EDA is willing to make the Loan to the Developer in an amount of \$2,000,000. The Loan shall be used to pay the costs of acquisition and the Developer's planned construction work on the Property, together with related costs.

Section 3.2. Conditions Precedent to Disbursing of the Loan.

- (a) Notwithstanding anything to the contrary contained herein, the EDA's obligation to disburse the Loan shall be subject to satisfaction, or waiver in writing by the EDA, of all of the following conditions precedent:
 - (i) the Developer shall not be in default under the terms of this Agreement;
 - (ii) the Developer shall have delivered to the EDA the fully executed Security Documents; and
 - (iii) the Developer shall have provided the EDA with evidence acceptable to the EDA demonstrating that the Developer has secured financing, in addition to the Loan, sufficient when added to the amount of the Loan to pay the Total Development Cost of the Project, attached on Exhibit D, which includes provisions for any change orders or cost overruns.
- (b) The proceeds of the Loan shall be disbursed on _____, 2025 and shall coincide with the date of closing on the Property.

Section 3.3. Terms of Loan.

- (a) The principal amount of the Loan shall equal Two Million and 00/100s Dollars (\$2,000,000.00) In addition, there shall be added to the principal amount of the Loan the amount of the EDA's costs incurred in connection with the making of the Loan, including mortgage registration tax, recording fees, and attorneys' fees incurred in

connection with the preparation of this Agreement and the Security Documents. The Loan shall be repayable in accordance with the terms of the Note.

- (b) The Loan shall be evidenced and secured by the Security Documents which shall consist of the following:
 - (i) A Promissory Note in the form attached to this Agreement as Exhibit C; and
 - (ii) A mortgage granting to the EDA a mortgage on the Property, the form of which is attached as Exhibit E, which may be subordinated to a first mortgage held by a bank but to no other liens or encumbrances except to those which the EDA has expressly consented in writing.

The form of the Security Documents shall be as prescribed by the EDA.

ARTICLE IV **Construction Activities**

Section 4.1. Construction. The renovation and rehabilitation of the improvements on the Property shall consist of the work described on Exhibit B.

Section 4.2. Completion of Construction. The Developer agrees to complete the construction activities on the Property no later than June 30, 2027 (“Completion Date”).

ARTICLE V **Indemnification**

Section 5.1. Release and Indemnification Covenants. The Developer shall indemnify, defend and hold the EDA, its officers, employees and agents, harmless from and against all claims, actions, damages, liability and expense arising or purportedly arising from the actions of Developer, its employees, contractors and agents in carrying out the transactions contemplated by this Agreement.

ARTICLE VI **Events of Default**

Section 6.1. Events of Default Defined. The following shall be “Events of Default” under this Agreement and the term “Event of Default” shall mean, whenever it is used in this Agreement (unless the context otherwise provides), any one or more of the following events:

- (a) Failure by the Developer to pay when due any payments required to be paid under this Agreement or the Security Documents.
- (b) Failure by the Developer to complete its construction activities in accordance with the terms of this Agreement.

- (c) Failure by Developer to observe or perform any other material covenant, condition, obligation or agreement on her part to be observed or performed hereunder or under the Security Documents.
- (d) There occurs a default by the Developer under the terms of any mortgage on the Property, and the mortgage holder exercises any remedy provided by the mortgage or exercises any remedy provided by law or equity in the event of such a default.
- (e) The Developer does any of the following : (i) file any petition in bankruptcy or for any reorganization, arrangement, composition, readjustment, liquidation, dissolution, or similar relief under United States Bankruptcy Laws or any similar Federal or State Laws; or (ii) make an assignment for the benefit of her creditors; or (iii) admit, in writing, the Developer's inability to pay the Developer's debts generally as they become due; or (iv) be adjudicated, bankrupt or insolvent.

Section 6.2. Authority's Remedies on Default. Whenever any Event of Default by Developer referred to in Section 6.1 of this Agreement occurs, the EDA may immediately suspend its performance under this Agreement until it receives assurances from the Developer, deemed adequate by the EDA, that the Developer will cure the default and continue the Developer's performance under this Agreement and may take any one or more of the following actions after providing thirty (30) days written notice to the Developer of the Event of Default, but only if the Event of Default has not been cured within said thirty (30) days:

- (a) Declare the entire outstanding balance of the Loan immediately due and payable.
- (b) Terminate this Agreement.
- (c) Exercise its remedies under the Security Documents.
- (d) Take whatever action, including legal, equitable or administrative action, which may appear necessary or desirable to the EDA to collect any payments due under this Agreement, or to enforce performance and observance of any obligation, agreement, or covenant of the Developer under this Agreement or the Security Documents.

Section 6.3. No Remedy Exclusive. No remedy herein conferred upon or reserved to the EDA or Developer is intended to be exclusive of any other available remedy or remedies, but each and every such remedy shall be cumulative and shall be in addition to every other remedy given under this Agreement or now or hereafter existing at law or in equity or by statute. No delay or omission to exercise any right or power accruing upon any default shall impair any such right or power or shall be construed to be a waiver thereof, but any such right and power may be exercised from time to time and as often as may be deemed expedient. In order to entitle the Authority or the Developer to exercise any remedy reserved to them, it shall not be necessary to give notice, other than such notice as may be required in this Article VI.

Section 6.4. No Additional Waiver Implied by One Waiver. In the event any agreement contained in this Agreement should be breached by either party and thereafter waived by the other

party, such waiver shall be limited to the particular breach so waived and shall not be deemed to waive any other concurrent, previous or subsequent breach hereunder.

Section 6.5. Attorney's Fees. If there occurs an Event of Default and the EDA incurs costs, including reasonable attorneys' fees to enforce this Agreement, the Developer shall be liable to the EDA for such costs, including reasonable attorney's fees, incurred in connection with the enforcement of the provisions of this Agreement or the Note.

ARTICLE VII **Additional Provisions**

Section 7.1. Representatives Not Individually Liable. No member, official, or employee of the EDA shall be personally liable to the Developer, or any successor in interest, in the event of any default or breach or for any amount which may become due to Developer or successor in interest or on any obligations under the terms of this Agreement.

Section 7.2. Titles of Articles and Sections. Any titles of the several parts, Articles, and Sections of the Agreement are inserted for convenience of reference only and shall be disregarded in construing or interpreting any of its provisions.

Section 7.3. Notices and Demands. Except as otherwise expressly provided in this Agreement, a notice, demand, or other communication under the Agreement by either party to the other shall be sufficiently given or delivered if it is dispatched by registered or certified mail, postage prepaid, return receipt requested, or delivered personally; and

If to EDA:	Cottage Grove EDA Attn: Executive Director 12800 Ravine Parkway S. Cottage Grove, MN 55016
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If to Bellagala:	Bellagala LLC Attn: Chief Operating Officer 15102 Minnetonka Industrial Rd. Minnetonka, MN 55345
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or at such other address with respect to either such party as that party may, from time to time, designate in writing and forward to the other as provided in this Section.

Section 7.4. Disclaimer of Relationships. The Developer acknowledges that nothing contained in this Agreement nor any act by the EDA or the Developer shall be deemed or construed by the Developer or by any third person to create any relationship of third-party beneficiary, principal and agent, limited or general partner, or joint venture between the EDA and the Developer and/or any third party.

Section 7.5. Modifications. This Agreement may be modified solely through written amendments hereto executed by the Developer and the EDA.

Section 7.6. Counterparts. This Agreement may be executed in any number of counterparts, each of which shall constitute one and the same instrument.

Section 7.7. Judicial Interpretation. Should any provision of this Agreement require judicial interpretation, the court interpreting or construing the same shall not apply a presumption that the terms hereof shall be more strictly construed against one party by reason of the rule of construction that a document is to be construed more strictly against the party who itself or through its agent or attorney prepared the same, it being agreed that the agents and attorneys of both parties have participated in the preparation hereof.

Section 7.8. Venue. The parties agree that this Agreement shall be construed pursuant to Minnesota law and any disputes shall be venued in Washington County, Minnesota.

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EXHIBIT A
LEGAL DESCRIPTION OF PROPERTY

Parcel 1:

Real property situated in the City of Cottage Grove, County of Washington, State of Minnesota, legally described as follows:

Tract "A", of REGISTERED LAND SURVEY NO. 63, EXCEPT, the South 436.6 feet of the West 300 feet of said Tract "A", according to the plat thereof on file and of record in the office of the Registrar of Titles of Washington County, Minnesota, subject to easements, restrictions and reservations of record.

TOGETHER WITH an easement for the underground drainage of sewage through underground pipes, lines and disposal facilities lying under the East One Hundred Forty-five (E 145) feet of the South Forty (S 40) feet of the North Two Hundred Ten (N 210) feet of said South 436.6 feet of the West 300.00 feet of said Tract "A" of REGISTERED LAND SURVEY NO. 63, said easement to continue until existing underground pipes, lines and disposal facilities require repair, and then terminating.

Torrens Property

Certificate of Title: 80276

PID: 0302721440001

Parcel 2:

Real property situated in the City of Cottage Grove, County of Washington, State of Minnesota, legally described as follows:

The South 436.6 feet of the West 300.0 feet of Tract "A" of Registered Land Survey No. 63, as surveyed and filed in the office of the Registrar Titles in and for Washington County, Minnesota. Subject to of way of County Road No. 22.

Subject to an easement for underground drainage of sewage through underground pipes, lines and disposal facilities lying under the East 145 feet of the South 40 feet of the North 0 feet of said South 436.6 feet of the West 300.0 feet said Tract "A" of Registered Land Survey No. 63, said easement to continue until existing underground pipes, and disposal facilities require repair, and then terminating.

Abstract Property

PID: 0302721440002

EXHIBIT B THE PROJECT

DESCRIPTION OF REHABILITATION
CEDARHURST MANSION

6-3-2025

Architectural Character (Historic Overview)

Existing Conditions:

Cedarhurst Mansion, historically known as the Cordenio Severance House, is a nationally significant Neo-Classical estate located in Cottage Grove, Minnesota. The building was expanded in 1917 by architect Cass Gilbert to serve as a dignified country residence for Severance, a prominent attorney with national political ties. The house's east-facing primary elevation features a two-story Doric hexastyle portico with fanlight pediment and symmetrical fenestration. Narrow wood clapboard siding, original to the 1917 addition, remains intact on the north, east, and south façades, while portions of the earlier 19th-century structure are clad in later aluminum siding.

Notable exterior features include:

- Original wood windows with non-historic fixed shutters
- Semicircular bay on the north ballroom façade
- East and south porches, with the eastern porch serving as the primary ceremonial entry and the south porch belonging to the original farmhouse.
- Low-sloped rooflines with original ridge configurations and decorative eaves

The structure is in good overall condition, though deferred maintenance is evident in select areas, including minor wood deterioration and non-historic porch modifications that have introduced drainage issues.

Proposed Work:

The proposed rehabilitation will convert Cedarhurst Mansion into a year-round luxury wedding and event venue, modeled after successful ABPEC LLC properties. The project will preserve the mansion's architectural integrity while upgrading building systems to support modern hospitality operations. The ballroom will remain the primary gathering space, and all rehabilitation work will follow the Secretary of the Interior's Standards for Rehabilitation.

Key interventions include:

- **Preservation of exterior materials:** No alterations are proposed to the existing siding. Any areas of the roof that have cedar shake shingles will be replaced with asphalt

shingles to match the rest of the building.

- **East Porch upgrades:** The existing masonry floor finish on the east porch will be replaced with historically appropriate brick masonry materials and detailed to improve drainage away from the foundation, correcting water issues without altering the historic portico's structure or appearance.
- **South Porch Upgrades:** Non-historic outdoor carpet floor finish will be removed. Intent to refinish existing hardwood floor beneath. A new storefront window system will be added on the interior side of the historic columns to create a climate controlled entry vestibule without compromising the character of the original farmhouse porch.
- **Attic ventilation and insulation:** Loose fill insulation will be added to the attic to improve energy performance. The existing ridge vent, which is currently blocked, will be reopened to ensure proper ventilation. No other modifications to the roof system are proposed.
- **Mechanical upgrades:** New HVAC systems will be integrated into the existing wall cavities to conceal ductwork. Existing radiators will be reused and connected to a high-efficiency boiler system. Interior wall registers will be added only where necessary, with minimal impact to finishes.
- **Accessibility upgrades:** A walking surface and landing will be added to the south side of the building to provide ADA access to both porches and the historic interior spaces. The current elevator does not meet ADA standards and is nonfunctional. A new Limited Use/Limited Application (LULA) elevator will be installed to provide ADA-compliant access to both floors. The depth of the existing elevator shaft will be slightly altered to meet the requirements for a modern elevator while minimizing disturbance to historic fabric and finishes.

Exterior – Roof

Existing Conditions:

The roof features low-pitched forms consistent with Cass Gilbert's 1917 design, including original ridge lines, deep eaves with decorative detailing, and a mix of roofing materials. Roofing consists of asphalt shingles (primarily), cedar shake shingles (original farmhouse), and intermittent repair patches.

- Several areas above the original farmhouse show deterioration, particularly at the original farmhouse eaves.
- Non-historic gutters remain intact and functional.
- Historic brick chimneys remain but show signs of weathering and masonry damage.
- The attic's ridge vent is currently blocked, limiting ventilation.

Proposed Work:

- Preserve overall roof configuration, including original ridge lines, eaves, and decorative detailing.
- Replace all cedar shake shingles with new asphalt shingles to improve durability and fire resistance.
- Repair deteriorated eaves on the original farmhouse using in-kind wood components.
- Repoint and repair historic brick chimneys as needed, preserving their form and materials.
- Remove a portion of roof above the nonhistoric second-floor porch on west side of the building.
- Restore blocked ridge vent to improve attic ventilation.
- Limit roof repairs to localized in-kind replacement of damaged asphalt shingles.
- No new penetrations or alterations to historic rooflines are proposed.

Exterior - Walls

Existing Conditions:

Cedarhurst Mansion features a mix of historic and non-historic exterior wall materials that reflect its layered construction history. The 1917 Neoclassical expansion by Cass Gilbert is clad in original narrow wood clapboard siding, which remains intact on the north, east, and south façades. This siding is a character-defining element of the estate's historic appearance.

- The clapboard is generally sound but exhibits paint loss, surface weathering, and minor wood deterioration in some areas.
- Decorative trim, including corner boards, eaves, and architectural moldings, remain in place but show signs of wear and deferred maintenance.
- The west elevation, part of the earlier farmhouse, includes non-historic metal siding likely added in the mid-20th century.
- A non-historic enclosed balcony on the west elevation interrupts the original massing and materials.

Proposed Work:

- All historic wood siding will be retained, repaired, and repainted as needed. Where needed, surfaces will be sanded and prepped using non-abrasive methods to protect the underlying material.
- Where needed, minor repairs will be made to architectural trim, eaves, and corner boards, using in-kind materials and profiles.
- The non-historic metal siding on the west façade will be retained and repainted, where appropriate, to maintain weather protection and visual consistency in non-contributing areas.

- The non-historic enclosed balcony on the west elevation will be removed, and the area will become the connection point for a new addition designed to support venue operations.
- No new penetrations or alterations are proposed to the primary historic façade (east elevation) or original cladding.

All exterior work will comply with the Secretary of the Interior's Standards for Rehabilitation, emphasizing material conservation, minimal intervention, and compatibility with historic fabric.

Windows

Existing Conditions:

Cedarhurst Mansion retains a significant number of its original wood windows, primarily double-hung sash units dating to the 1917 Cass Gilbert Neoclassical expansion. These windows are a defining feature of the building's design, particularly on the north, east, and south façades. Many remain protected by original wood storm windows, which have helped preserve glazing, joinery, and profiles.

Window conditions range from fair to deteriorated, with issues such as:

- Peeling or failed paint
- Cracked glazing and missing putty
- Minor wood rot at sills or rails
- Inoperable sashes due to paint buildup or hardware failure

In a limited number of locations, original windows have been replaced with non-historic aluminum-framed units. These are easily distinguishable but located on less prominent façades. While not historically appropriate, they do not compromise the primary character-defining elevations.

Proposed Work:

All remaining historic wood windows will be retained and restored. No full replacements are proposed. Work will be completed by a qualified restoration contractor and will include:

- Paint removal and evaluation of existing sash and frame condition

- In-kind repair or replacement of deteriorated components, matched for profile
- Re-glazing and re-puttying where needed
- Weatherstripping and operability upgrades, including repairs to cords, pulleys, and hardware where needed
- Repainting using historically appropriate colors (white)

Original wood storm windows will be retained where present. Where missing, compatible wood storm windows will be fabricated to match the original profile and detail. No new aluminum or vinyl storm windows are proposed.

Non-historic aluminum windows will be repaired and repainted to match the color and appearance of the historic wood windows. While these windows are not being replaced, the visual consistency will be improved to reduce their contrast with the surrounding historic fabric.

Doors

Existing Conditions:

Cedarhurst Mansion retains several historic exterior doors, including formal paneled wood entry doors and multi-pane French doors, many of which date to the early 20th-century Neoclassical expansion by Cass Gilbert. These doors contribute significantly to the building's architectural rhythm and symmetry, particularly on the south and east façades.

The primary east-facing entrance is framed by a two-story Doric portico and features a prominent paneled wood door with sidelights and a fanlight above. Historic french doors are present on each facade of the building. These glazed wood doors reflect early 20th-century detailing and are consistent with the surrounding window profiles. Historic hardware, including hinges and surface-mounted latch systems, remain in place in many locations. Some doors exhibit weathering, failing paint, and minor deterioration at the sill or lower rails. Several existing door thresholds are too tall or uneven to meet modern ADA accessibility requirements. The current elevator is non-operational and not ADA-compliant.

Proposed Work:

All historic exterior doors will be retained and restored. Restoration will be conducted by qualified craftspeople using in-kind materials and reversible methods.

Scope of work includes:

- Paint removal and repair of deteriorated wood components
- In-kind replacement of rails, stiles, or panels where needed
- Hardware refurbishment or in-kind replacement using compatible historic hardware
- Re-glazing of glass lights in French doors where cracked or missing, using matching restoration glass
- Repainting with historically appropriate colors

French Door Reconfiguration for ADA Access:

To accommodate universal access while preserving the historic design intent:

- Two pairs of historic French doors on the south porch will be repositioned within the same wall plane to make room for the installation of a new ADA-compliant pair of glass-paneled doors.
- The repositioned historic French doors will remain on the same façade to avoid loss of historic fabric.

Threshold Modifications:

To meet ADA standards:

- Low-profile metal thresholds will be added to select exterior doors.
- These thresholds will be custom-fit, minimally visible, and fully reversible to avoid permanent alteration to historic sills or framing.

Site and Landscape

Existing Conditions:

The grounds of Cedarhurst Mansion include expansive lawns, mature trees, a deteriorated rose garden, informal gravel drives, and landscaped areas surrounding the historic east porch. The east lawn historically served as the estate's formal arrival and gathering space, consistent with its role as a prominent country residence.

- Vehicular access and ADA accessibility are currently limited, with no designated accessible paths to primary entrances.
- Circulation relies on informal pathways and compacted turf, which do not meet contemporary accessibility or event use standards.
- The rose garden has lost its original landscape integrity, and its masonry walls show signs of deterioration. The historic trellis above the walls is no longer present.
- Several non-contributing outbuildings—namely a barn, chicken coop, and upholstery shop—remain on site but do not retain historic integrity. Due to years of deferred maintenance, they have all deteriorated to a state where repair is not feasible.

Proposed Work:

To accommodate the building's adaptive reuse as a year-round event venue, the site will be rehabilitated to support accessibility, circulation, and functionality while preserving historic character and key landscape features.

- Construct a new parking lot (75-100 parking stalls) in a discreet area of the property, screened with plantings and topography to minimize visibility from primary historic viewsheds.
- Install a west-side service drive and drop-off loop near the new kitchen addition to support back-of-house logistics and maintain the formal approach from the east.
- Install ADA-compliant walkways to connect the east and south porches to key site areas. Pathways will be sensitively integrated into the landscape to avoid disruption of mature trees or topography.
- Rehabilitate the rose garden to reflect its historic layout and ceremonial use. Work includes:
 - Repairing and repointing the historic masonry walls and balustrade.
 - Remove portion of masonry boundary along east edge to accommodate ADA access.
 - Intent to preserve overall masonry boundary, which remains deteriorated yet intact despite the loss of the upper lattice.

- Improving subsurface drainage and replanting with hardy, low-maintenance species.
 - Designing for long-term use, including event photography and small gatherings.
 - The historic lattice/trellis structure will not be reconstructed at this time but may be considered in the future.
-
- Remove non-contributing structures located on the west portion of property (barn, chicken coop, upholstery shop) to improve site flow and open views to the main house. The Gilbert-era shed and horse barn will be retained.

East Porch Rehabilitation

Existing Conditions:

The east porch is the primary ceremonial entrance to Cedarhurst Mansion and a defining element of the 1917 Neoclassical expansion by Cass Gilbert. It features a two-story Doric portico, originally paired with a brick and concrete masonry floor and a classically detailed balustrade composed of turned masonry balusters and a continuous rail.

- The floor surface was altered in the mid-20th century using non-historic materials in an unsuccessful attempt to address drainage. The current surface directs water toward the building, causing moisture-related deterioration near the foundation.
- The original masonry balustrade remains largely intact, though some joints and surfaces show signs of weathering and deferred maintenance.
- The porch currently lacks accessible access, and the adjacent landscape does not provide an ADA-compliant path to the main entry.

Proposed Work:

The east porch will be rehabilitated to restore historic features, address drainage concerns, and introduce discreet accessibility improvements.

- The non-historic porch surface will be removed and replaced with masonry flooring, sloped to drain water away from the building. The new surface will match the original

pattern as seen in historic photographs.

- The original masonry balustrade will be retained, cleaned, and repaired, including repointing mortar joints and stabilizing balusters as needed.
- To allow for ADA access to the primary entrance, a small section of the balustrade will be removed at the southwest corner of the porch, adjacent to the exterior wall. This location was selected to be minimally visible from the primary (east) lawn and will allow for connection to a new ADA-compliant ramp.
- The removed balustrade section will be carefully documented and stored, and the intervention will be fully reversible.
- No changes will be made to the overall footprint, column configuration, or height of the porch.

All proposed work will be conducted in accordance with the Secretary of the Interior's Standards for Rehabilitation, with an emphasis on preserving significant features, ensuring long-term performance, and introducing accessibility in a historically sensitive manner.

New Addition (Atrium + Kitchen Staging Area)

Existing Conditions:

No addition currently exists in this area. The west side of the original farmhouse (not part of the 1917 Neoclassical expansion) provides a suitable location for a new addition. This area is visually secondary and offers space for back-of-house operations and guest support functions without impacting key historic façades or viewsheds, including the prominent east approach.

Proposed Work:

A new one-story addition will be constructed on the west elevation of the mansion to house two programmatic elements: an atrium lounge and a kitchen staging area. The atrium will serve as a garden-style indoor/outdoor gathering space, designed with a shed roof and exposed wood trusses to create a transparent, light-filled environment that blends modern hospitality with the mansion's formal garden setting. The kitchen wing will support catering and event logistics, discreetly located and fully concealed from guest views.

The addition will be clearly differentiated from the historic structure in both massing and materiality while remaining compatible in scale, proportion, and detail. Materials will be high quality and intentionally contemporary, with thoughtful transitions to the existing building. The addition will connect at the west facade, adjacent to the location of the existing nonhistoric kitchen and enclosed balcony, which will be removed as part of the rehabilitation.

This work complies with the Secretary of the Interior's Standards for Rehabilitation, particularly those addressing new additions, and has been designed to ensure the new construction is reversible and respectful of the mansion's historic character.

7. Interior Plan – Main Floor Renovation

Existing Conditions:

The main floor retains its original ballroom and some room divisions, but alterations over time (e.g., non-historic partitions) have disrupted flow and service efficiency.

Proposed Work:

- Convert storage room, previously used as pantry, into ADA compliant bathrooms.
- Restore historic room connections, including original pass-through in the reception hall.
- Preserve ballroom layout and historic finishes throughout the building where intact.
- Improve entry sequence and circulation for modern event use.

8. Second Floor Plan – Bridal and Groom's Suites

Existing Conditions:

The second floor is a double loaded corridor with residential-style bedrooms and common areas. Some historic finishes are intact - hardwood floors, tile floors in bathrooms, plaster walls, and plaster ceilings. Non-historic finishes are present throughout the second floor. Non-historic finishes include carpet, wall paper, lighting fixtures, and window treatments. The existing interior corridor is not linear, due to the Cass Gilbert expansions, creating portions that fail to meet ADA or code requirements for width.

Proposed Work:

- Portion of interior corridor that is too narrow to allow for access will be altered. New circulation path will be created to accommodate an ADA compliant path throughout the building.
 - Convert the second floor into two hospitality suites for bridal and groom preparation, each with private restrooms and lounge areas.
 - **Bride's Suite:** French and Art Nouveau-inspired design, referencing 1917 dignitary furnishings.
 - **Groom's Suite:** Clubhouse aesthetic with aged leather, rich finishes, and a connected bar lounge.
-

Accessibility Improvements

Existing Conditions:

Cedarhurst Mansion is not currently compliant with ADA accessibility standards. The building lacks accessible entrances and internal vertical circulation, and the existing restrooms and site pathways do not accommodate guests with mobility needs. The historic elevator is non-functional and does not meet code requirements. Entrances are elevated above grade and feature original thresholds that present accessibility barriers.

Proposed Work:

The rehabilitation will introduce accessibility upgrades designed to minimize impact on historic features while providing equitable access for all guests. Interventions will include:

- Installation of a LULA (Limited Use/Limited Application) elevator within the existing elevator shaft to provide vertical access between the main public floors.
- Exterior access improvements, including a new ADA-compliant ramp and landing at the south side of the building. A small section of the original porch balustrade will be carefully removed to accommodate ADA access to the front porch (primary elevation); however, it is located away from the primary approach and will not be visible from the front lawn. The intervention will be reversible and will preserve the porch's architectural integrity.
- Threshold modifications at select exterior doors using low-profile metal transitions, designed to meet ADA standards while maintaining the historic appearance of

entryways. All thresholds will be custom-fit and reversible.

- The existing pantry on the first level, adjacent to the porch on the south elevation, will be converted into ADA accessible bathrooms.
- Accessible site circulation, including new walkways and entry routes, will ensure barrier-free access from parking areas and drop-off zones to key program spaces throughout both floors of the historic building and new atrium.

All accessibility improvements have been designed to comply with ADA Standards for Accessible Design and are consistent with the Secretary of the Interior's Standards for Rehabilitation, ensuring that modifications are sensitive, reversible, and do not compromise the historic character of the property.

Interior – Basement

Existing Conditions:

The basement of Cedarhurst Mansion is primarily unfinished and currently used for mechanical systems and limited storage. The existing boiler is outdated, and while the foundation is generally stable, some localized repairs may be required. There are minimal signs of water intrusion at this time. Access to the basement is provided via a non-historic exterior entrance on the west side of the building.

Proposed Work:

- Replace the existing boiler with a high-efficiency unit as part of the HVAC system upgrade.
- Connect new sanitary sewer and water service lines to support building-wide infrastructure improvements.
- Clean and clear basement spaces of existing debris and non-essential materials.
- Perform localized foundation repairs as needed to address any structural deficiencies.

- Retain basement use primarily for mechanical distribution, utility access, and general storage.
 - Replace the non-historic exterior basement doors with secure and safe new doors, designed to be visually discreet and compatible with the overall architectural character.
-

Interior – Level 1

Existing Conditions:

The main floor of Cedarhurst Mansion retains key historic features, including the central ballroom and several original room divisions. However, a number of non-historic alterations—such as partitions, carpeting, wallpaper, light fixtures, and service modifications—have diminished the clarity and usability of the original layout. The existing elevator is nonfunctional and does not meet current ADA requirements, though it contains historic elements of note.

Proposed Work:

The main floor will be reconfigured and restored to support hospitality use while honoring the mansion’s architectural character. Proposed interventions include:

- **Selective Demolition & Circulation Improvements:**
 - Remove non-historic partitions per Demo Plan D1.1 to restore original room dimensions and improve spatial flow.
 - Reopen the original pass-through between the future bar and dining room (pending final field confirmation).
 - Improve interior circulation and guest experience for formal entry and event transitions.
- **Historic Room Restoration & Feature Preservation:**
 - Preserve ballroom layout and original finishes, including plasterwork, trim, and ceiling details.

- Remove non-historic carpeting and refinish underlying wood flooring where present and salvageable.
 - Strip non-historic wallpaper and repaint walls using historically sympathetic finishes.
 - Remove and replace non-original light fixtures with more appropriate or concealed options that support hospitality use.
 - **Service Area Upgrades:**
 - Remodel the non-historic kitchen for catering functions while minimizing impact to adjacent historic finishes.
 - Convert the existing pantry into ADA-compliant restrooms using a minimally invasive approach.
 - **Elevator Transition:**
 - Carefully remove historic interior components of the existing elevator cab.
 - Reuse and reinstall these elements within the new LULA elevator cab to preserve character and maintain continuity.
 - New elevator shaft will be slightly expanded to accommodate modern elevator while limiting impacts to historic fabric and finishes.
-

Interior – Level 2

Existing Conditions:

The second floor contains a mix of historic and non-historic elements. Original hardwood flooring remains in many rooms, with some areas covered in non-historic carpet or painted. Walls and ceilings are primarily plaster—some painted, others covered in non-historic wallpaper. Bathrooms feature a combination of tile finishes, historic and nonhistoric bathroom

fixtures. The main stair includes what appear to be original wood handrails and balusters. Circulation has been altered over time by non-historic partitions, closets, and a small enclosed porch at the north façade.

Proposed Work:

- Selectively remove portions of interior partitions, closets, and bathrooms to enhance functionality and circulation.
- Remove non-historic carpet and wallpaper throughout.
- Refinish and repaint existing plaster walls and ceilings.
- Refinish original hardwood floors.
- Remove and upgrade all non-historic lighting fixtures and replace them with fixtures compatible with the mansion's historic era.
- Preserve and refinish original stair handrails and balusters as needed.
- Remove the enclosed second-floor porch at the north façade.
- Reconfigure circulation and door openings to meet accessibility standards while preserving historic casing and trim wherever possible.
- Slightly expand the existing elevator shaft to accommodate a new ADA-compliant LULA elevator. Salvaged decorative elements from the historic elevator cab will be reinstalled in the new lift to preserve continuity of character.

Interior – Attic

Existing Conditions:

The attic is unfinished and primarily used for storage. The space is currently under-ventilated due to a blocked ridge vent. There are no known historic finishes or features within this level, and access is limited to staff and maintenance personnel.

Proposed Work:

- Retain the attic as a service and mechanical area; no public access is proposed.
 - Add loose-fill insulation to improve building energy performance.
 - Reopen the existing ridge vent to restore proper ventilation and reduce heat buildup.
 - No framing alterations or new floor construction is proposed.
 - Minor repairs will be performed as needed to maintain structural and thermal performance.
-

MEP Scope**Existing Conditions:**

The building's existing MEP systems are outdated and insufficient for contemporary use as a public event venue.

- The original steam heating system remains in place but is no longer fully functional.
- Electrical systems are outdated, with limited service capacity.
- Plumbing is aging, with fixtures in varying states of condition.
- There is no central cooling system or mechanical ventilation.

Proposed Work:

To support year-round operations and meet modern code requirements, new high-efficiency MEP systems will be installed while minimizing impact to historic fabric:

- **Mechanical (HVAC):**

- Install new high-efficiency boiler system; retain and reuse select historic radiators where feasible.
- Introduce new ducted air handling units and ventilation systems, carefully routed to avoid visible impact in historic spaces.
- Add air conditioning to support guest comfort, with air distribution concealed within existing chases, basement, and attic spaces.

- **Electrical:**

- Replace outdated electrical panels and wiring to meet current capacity and safety codes.
- Upgrade lighting systems; non-historic fixtures will be removed and replaced with historically appropriate or discreet modern alternatives.
- Install new power, data, and AV infrastructure to support event functions.

- **Plumbing:**

- Install new water and sewer service connections.
- Replace aging supply and drain lines as needed.
- The majority of the existing restroom facilities will be restored. New bathrooms will accommodate ADA-compliant fixtures.
- Add plumbing infrastructure to support catering kitchen in the existing kitchen and new addition.

- **Fire Suppression (Sprinklers):**

- A new building-wide sprinkler system will be installed to meet current fire and life safety code requirements.

- The system will be designed to minimize visual impact in historic spaces and will be concealed within ceilings, wall cavities, or secondary spaces wherever possible.

All MEP work will be designed and installed to preserve historic finishes and character-defining features. Systems will be accessible for future maintenance and upgrades without requiring significant demolition or alteration to historic spaces.

EXHIBIT C

FORM OF PROMISSORY NOTE

\$2,000,000

Cottage Grove, Minnesota
[Date]

FOR VALUE RECEIVED The undersigned, Bellagala LLC, a Minnesota limited liability company (the “Undersigned”), agree and promise to pay to the order of the Cottage Grove Economic Development Authority, a public body politic and corporate, its endorsees, successors and assigns (the “Holder), in lawful money of the United States at its principal office at 12800 Ravine Parkway South, Cottage Grove, Minnesota 55016, or such other place as the Holder may from time to time designate, the principal sum of Two Million Dollars (\$2,000,000) (“Loan”) or so much thereof as has been advanced by the Holder to the Undersigned pursuant to the terms of that certain Loan Agreement of even date herewith between the Undersigned and the Holder (the “Loan Agreement”), together with interest at the rates stated herein. Commencing on _____, 20____, and continuing until _____, 20____, interest shall accrue on the outstanding principal amount of this Note at an annual rate of five percent (5.00%). Payments shall be made monthly. Interest only payments shall be made during the first year on the full balance of \$2,000,000. Commencing on _____, 20____, (date of closing on the Loan) Principal and interest payments shall be made on \$1,400,000 of the Loan for eight (8) years amortized over that same period (8 years), along with interest only payments on \$600,000.

If there has been no Event of Default under the Loan Agreement, then, as of eight (8) years from the date of issuance of the Loan and this Note Six Hundred Thousand Dollars (\$600,000) of the Loan shall be forgiven. Payments under this Note shall be made in accordance with the estimated payment schedule attached hereto, which payment schedule is subject to adjustment on the dates of closing of this Note and funding of the Loan.

The principal amount of this Note, together with accrued interest, shall also be immediately due and payable upon a sale, transfer, or other disposition of whatsoever nature, of that certain real property, or any portion thereof, described in the Loan Agreement. The principal amount hereof shall also be due and payable upon the occurrence of an Event of Default under the Loan Agreement that is not cured within the time period for cure set forth in the Loan Agreement.

The principal amount of this Note may be prepaid in whole or in part at any time.

All payments made with respect to this Note shall be applied first to accrued interest and then to the principal amount of this Note. The obligations evidenced by this Note are secured by a Mortgage of even date herewith.

Electronic Payment. The Undersigned will complete an ACH-Pay Plan for recurring payments of this loan. ACH-Pay Plan will directly charge the bank account specified by the Undersigned and automatically deduct the payment from that bank account and the EDA will credit the payment to the Loan balance. If the due date falls on a weekend or a bank holiday, the payment will be processed the next business day. A \$30 charge will be assessed to any payment returned by the bank because of insufficient funds or account closure.

EXHIBIT A TO PROMISSORY NOTE Payment Schedule

	Year 0 2025	Year 1 2026	Year 2 2027	Year 3 2028	Year 4 2029	Year 5 2030	Year 6 2031	Year 7 2032	Year 7 2033
\$2M First IO Year - Debt Service @ 5.00%, 1 Yr Amort									
Payment:	-	100,000	-	-	-	-	-	-	-
Remaining Principal EOY	-	(2,000,000)	-	-	-	-	-	-	-
\$1.4M Payable Portion - Debt Service @ 5.00%, 7 Yr Amort									
Payment:	-	237,450	237,450	237,450	237,450	237,450	237,450	237,450	237,450
Remaining Principal EOY	-	(1,228,559)	(1,048,552)	(868,231)	(680,223)	(461,034)	(231,142)	0	0
\$0.6M Forgivable Portion - Debt Service @ 5.00%, 7 Yr Amort									
Payment:	-	30,000	30,000	30,000	30,000	30,000	30,000	30,000	30,000
Remaining Principal EOY	-	(600,000)	(600,000)	(600,000)	(600,000)	(600,000)	(600,000)	(600,000)	(600,000)
Total Debt Service:	-	100,000	267,450	267,450	267,450	267,450	267,450	267,450	267,450
Total P & I									1,972,148
Less									1,400,000
Net Interest to City									572,148

EXHIBIT D
TOTAL DEVELOPMENT COSTS



Cedarhurst Event Center
City of Cottage Grove
Summary Sources and Uses
24,000 SF

SOURCES			
	Amount	Pct.	Per Sf
First Mortgage	6,400,000	73.0%	267
Cottage Grove Loan - Payable	1,400,000	16.0%	58
Developer Equity	372,000	4.2%	16
Cottage Grove Loan - Forgiveable	600,000	7%	25
TOTAL SOURCES	8,772,000	100%	366

USES			
	Amount	Pct.	Per Sf
Acquisition Costs	3,100,000	35.3%	129
Construction Costs	4,950,000	56.4%	206
Furniture, Fixtures, & Equipment	300,000	3.4%	13
Professional Services	250,000	2.8%	10
Financing Costs	172,000	2.0%	7
TOTAL USES	8,772,000	100%	366

EXHIBIT E
FORM OF MORTGAGE

(Top 3 inches reserved for recording data)

MORTGAGE
by Business Entity

MORTGAGE REGISTRY TAX DUE: \$ _____

DATE: _____

THIS MORTGAGE ("**Mortgage**") is given by Bellagala LLC, a Minnesota limited liability company, as mortgagor ("**Borrower**"), to the Cottage Grove Economic Development Authority, a Minnesota public body corporate and politic, as mortgagee ("**Lender**"). In consideration of the receipt of Two Million 00/100 Dollars (\$2,000,000.00) (the "**Indebtedness**") from Lender, Borrower hereby mortgages, with power of sale, the real property in Washington County, Minnesota, legally described as follows:

Parcel 1:

Real property situated in the City of Cottage Grove, County of Washington, State of Minnesota, legally described as follows:

Tract "A", of REGISTERED LAND SURVEY NO. 63, EXCEPT, the South 436.6 feet of the West 300 feet of said Tract "A", according to the plat thereof on file and of record in the office of the Registrar of Titles of Washington County, Minnesota, subject to easements, restrictions and reservations of record.

TOGETHER WITH an easement for the underground drainage of sewage through underground pipes, lines and disposal facilities lying under the East One Hundred Forty-five (E 145) feet of the South Forty (S 40) feet of the North Two Hundred Ten (N 210) feet of said South 436.6 feet of the West 300.00 feet of said Tract "A" of REGISTERED LAND SURVEY NO. 63, said easement to continue until existing underground pipes, lines and disposal facilities require repair, and then terminating.

Torrens Property
Certificate of Title: 80276
PID: 0302721440001

Parcel 2:

Real property situated in the City of Cottage Grove, County of Washington, State of Minnesota, legally described as follows:

The South 436.6 feet of the West 300.0 feet of Tract "A" of Registered Land Survey No. 63, as surveyed and filed in the office of the Registrar Titles in and for Washington County, Minnesota. Subject to of way of County Road No. 22.

Subject to an easement for underground drainage of sewage through underground pipes, lines and disposal facilities lying under the East 145 feet of the South 40 feet of the North 0 feet of said South 436.6 feet of the West 300.0 feet said Tract "A" of Registered Land Survey No. 63, said easement to continue until existing underground pipes, and disposal facilities require repair, and then terminating.

Abstract Property
PID: 0302721440002

Check here if all or part of the described real property is Registered (Torrens) x

together with all hereditaments and appurtenances belonging thereto (the "**Property**"), subject to the following exceptions:

- (a) Covenants, conditions, restrictions (without effective forfeiture provisions) and declarations of record, if any;
- (b) Reservations of minerals or mineral rights by the State of Minnesota, if any;
- (c) Utility and drainage easements which do not interfere with present improvements;
- (d) Applicable laws, ordinances, and regulations;
- (e) The lien of real estate taxes and installments of special assessments not yet due and payable; and
- (f) The following liens or encumbrances, if any: None.

Borrower covenants with Lender as follows:

1. **Repayment of Indebtedness.** If Borrower (a) pays the Indebtedness to Lender according to the terms of the promissory note or other instrument of even date herewith that evidences the Indebtedness and all renewals, extensions, and modifications thereto (the "Note"), final payment of which is due on July 1, 2028; (b) pays interest on the Indebtedness as provided in the Note; (c) repays to Lender, at the times and with interest as specified, all sums advanced in protecting the lien of this Mortgage, if any; and (d) keeps and performs all the covenants and agreements contained herein, then Borrower's obligations under this Mortgage will be satisfied, and Lender will deliver an executed satisfaction of this Mortgage to Borrower. It is Borrower's responsibility to record any satisfaction of this Mortgage at Borrower's expense.

2. **Statutory Covenants.** Borrower makes and includes in this Mortgage the following covenants and provisions set forth in Minn. Stat. 507.15, and the relevant statutory covenant equivalents contained therein are hereby incorporated by reference:

- (a) To warrant the title to the Property;
- (b) To pay the Indebtedness as herein provided;
- (c) To pay all taxes;
- (d) That the Property shall be kept in repair and no waste shall be committed;
- (e) To pay principal and interest on prior mortgages (if any).

3. **Additional Covenants and Agreements of Borrower.** Borrower makes the following additional covenants and agreements with Lender:

(a) Borrower shall keep all buildings, improvements, and fixtures now or later located on all or any part of the Property (collectively, the "Improvements") insured against loss by fire, lightning, and such other perils as are included in a standard all-risk endorsement, and against loss or damage by all other risks and hazards covered by a standard extended coverage insurance policy, including, without limitation, vandalism, malicious mischief, burglary, theft, and if applicable, steam boiler explosion. Such insurance shall be in an amount no less than the full replacement cost of the Improvements, without deduction for physical depreciation. If any of the Improvements are located in a federally designated flood prone area, and if flood insurance is available for that area, Borrower shall procure and maintain flood insurance in amounts reasonably satisfactory to Lender. Borrower shall procure and maintain liability insurance against claims for bodily injury, death, and property damage occurring on or about the Property in amounts reasonably satisfactory to Lender and naming Lender as an additional insured, all for the protection of the Lender.

(b) Each insurance policy required pursuant to Paragraph 3(a) must contain provisions in favor of Lender affording all right and privileges customarily provided under the so-called standard mortgagee clause. Each policy must be issued by an insurance company or companies licensed to do business in Minnesota and acceptable to Lender. Each policy must provide for not less than ten (10) days written notice to Lender before cancellation, non-renewal, termination, or

change in coverage. Borrower will deliver to Lender a duplicate original or certificate of such insurance policies and of all renewals and modifications of such policies.

(c) If the Property is damaged by fire or other casualty, Borrower must promptly give notice of such damage to Lender and the insurance company. In such event, the insurance proceeds paid on account of such damage will be applied to payment of the amounts owed by Borrower pursuant to the Note, even if such amounts are not otherwise then due, unless Borrower is permitted to make an election as described in the next paragraph. Such amounts first will be applied to unpaid accrued interest and next to the principal to be paid as provided in the Note in the inverse order of their maturity. Such payment(s) will not postpone the due date of the installments to be paid pursuant to the Note or change the amount of such installments. The balance of insurance proceeds, if any, will be the property of Borrower.

(d) Notwithstanding the provisions of Paragraph 3(c), and unless otherwise agreed by Borrower and Lender in writing, if (i) Borrower is not in default under this Mortgage (or after Borrower has cured any such default); (ii) the mortgagees under any prior mortgages do not require otherwise; and (iii) such damage does not exceed ten percent (10%) of the then assessed market value of the Improvements, then Borrower may elect to have that portion of such insurance proceeds necessary to repair, replace, or restore the damaged Property (the "Repairs") deposited in escrow with a bank or title insurance company qualified to do business in Minnesota, or such other party as may be mutually agreeable to Lender and Borrower. The election may only be made by written notice to Lender within sixty (60) days after the damage occurs; and the election will only be permitted if the plans, specifications, and contracts for the Repairs are approved by Lender, which approval shall not be unreasonably withheld, conditioned, or delayed. If such a permitted election is made by Borrower, Lender and Borrower shall jointly deposit the insurance proceeds into escrow when paid. If such insurance proceeds are insufficient for the Repairs, Borrower shall, before the commencement of the Repairs, deposit into such escrow sufficient additional money to insure the full payment for the Repairs. Even if the insurance proceeds are unavailable or are insufficient to pay the cost of the Repairs, Borrower shall at all times be responsible to pay the full cost of the Repairs. All escrowed funds shall be disbursed in accordance with sound, generally accepted, construction disbursement procedures. The costs incurred or to be incurred on account of such escrow shall be deposited by Borrower into such escrow before the commencement of the Repairs. Borrower shall complete the Repairs as soon as reasonably possible and in a good and workmanlike manner, and in any event the Repairs shall be completed by Borrower within one (1) year after the damage occurs. If, following the completion of and payment for the Repairs, there remains any undisbursed escrow funds, such funds shall be applied to payment of the amounts owed by Borrower under the Note in accordance with Paragraph 3(c).

(e) If all or any part of the Property is taken in condemnation proceedings instituted under power of eminent domain or is conveyed in lieu thereof under threat of condemnation, the money paid pursuant to such condemnation or conveyance in lieu thereof must be applied to payment of the amounts due by Borrower to Lender under the Note as set forth in Paragraph 3(c), even if such amounts are not then due to be paid.

(f) Borrower will diligently complete all Improvements, if any, that may now or hereafter be under construction on the Property.

(g) Borrower will pay all dues, fees, or assessments, if any, which are due and payable by Borrower to any homeowners or similar association as a result of the Property's inclusion therein.

(h) Borrower will pay any other expenses and attorneys' fees incurred by Lender pursuant to the Note or as reasonably required for the protection of the lien of this Mortgage.

4. Payment by Lender. If Borrower fails to pay any amounts to be paid hereunder to Lender or any third parties, or to insure the Improvements, and deliver the policies as required herein, Lender may make such payments or secure such insurance. The sums so paid shall be additional Indebtedness, bear interest from the date of such payment at the same rate set forth in the Note, be an additional lien upon the Property, and be immediately due and payable upon written demand. This Mortgage secures the repayment of such advances.

5. **Default.** In case of default (i) in the payment of sums to be paid under the Note or this Mortgage, when the same becomes due, (ii) in any of the covenants set forth in this Mortgage, (iii) under the terms of the Note, or (iv) under any addendum attached to this Mortgage, Lender may declare the unpaid balance of the Note and the interest accrued thereon, together with all sums advanced hereunder, immediately due and payable without notice, and Borrower hereby authorizes and empowers Lender to foreclose this Mortgage by judicial proceedings or to sell the Property at public auction and convey the same in fee simple in accordance with Minn. Stat. Ch. 580, and out of the monies arising from such sale, to retain all sums secured hereby, with interest and all legal costs and charges of such foreclosure and the maximum attorneys' fees permitted by law, which costs, charges, and fees Borrower agrees to pay.

6. **Governing Law; Severability.** This Mortgage shall be governed by the laws of Minnesota. In the event that any provision or clause of this Mortgage or the Note conflicts with applicable law, such conflict shall not affect other provisions of this Mortgage or the Note which can be given effect without the conflicting provision.

7. **Additional Terms.** Check this box if Minnesota Uniform Conveyancing Blank 20.2.1 or any other addendum (either one or more) containing additional terms and conditions is attached to this Mortgage. If the foregoing box is not checked, then this Mortgage shall not contain any such additional terms and conditions. The number of additional attached pages is [insert number of pages in addendum]. Terms of this Mortgage will run with the Property and bind the parties hereto and their successors in interest.

Note: Remainder of page left blank, signature page follows.

Borrower
Bellagala LLC

By: _____
Tim George
Its: Chief Manager

State of Minnesota, County of _____

This instrument was acknowledged before me on _____, by Tim George as Chief Manager of Bellagala LLC, a Minnesota limited liability company.

(Stamp)

(signature of notarial officer)

Title (and Rank): Notary Public _____

My commission expires: _____
(month/day/year)

THIS INSTRUMENT WAS DRAFTED BY:

Korine L. Land (#0262432)
LeVander, Gillen & Miller, P.A.
1305 Corporate Center Drive, Suite 300
Eagan, MN 55121
TITLE NOT EXAMINED

Total Development Cost Exhibit



Cedarhurst Event Center City of Cottage Grove Summary Sources and Uses 24,000 SF

SOURCES			
	Amount	Pct.	Per Sf
First Mortgage	6,400,000	73.0%	267
Cottage Grove Loan - Payable	1,400,000	16.0%	58
Developer Equity	372,000	4.2%	16
Cottage Grove Loan - Forgivable	600,000	7%	25
TOTAL SOURCES	8,772,000	100%	366

USES			
	Amount	Pct.	Per Sf
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Construction Costs	4,950,000	56.4%	206
Furniture, Fixtures, & Equipment	300,000	3.4%	13
Professional Services	250,000	2.8%	10
Financing Costs	172,000	2.0%	7
TOTAL USES	8,772,000	100%	366

		Year 0	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7
	2025	2026	2027	2028	2029	2030	2031	2032	2033
\$2M First IO Year - Debt Service @ 5.00%, 1 Yr Amort	Payment:	- 100,000	-	-	-	-	-	-	-
	Remaining Principal EOY	- (2,000,000)	-	-	-	-	-	-	-
\$1.4M Payable Portion - Debt Service @ 5.00%, 7 Yr Amort	Payment:	-	- 237,450	237,450	237,450	237,450	237,450	237,450	237,450
	Remaining Principal EOY	-	- (1,228,659)	(1,048,552)	(859,231)	(660,223)	(451,034)	(231,142)	0
\$0.6M Forgiveable Portion - Debt Service @ 5.00%, 7 Yr Amort	Payment:	-	30,000	30,000	30,000	30,000	30,000	30,000	30,000
	Remaining Principal EOY	-	(600,000)	(600,000)	(600,000)	(600,000)	(600,000)	(600,000)	(600,000)
Total Debt Service:		-	100,000	267,450	267,450	267,450	267,450	267,450	267,450

Total P & I	1,972,148
Less	1,400,000
Net Interest to City	572,148