The City Council of the City of St. Charles welcomes you to its
Special Meeting of Tuesday, November 1, 2016 at 6:00 a.m.
at 830 Whitewater Avenue, City Council Chambers, St. Charles, Minnesota.

ITEM	ACTION REQUESTED
1. Call to Order	
2. Pledge of Allegiance	
3. Approval of the Agenda	
4. Envirolastech Development Agreement	APPROVE
5. Ordinance #589 Emergency Sale of Land to Envirolastech, Inc.	APPROVE
6. Resolution #13-2016 Sale of Land to Envirolastech, Inc.	APPROVE
7. Land Purchase Agreement to Envirolastech, Inc.	APPROVE

ADJOURNMENT

***Attachment. Questions? Contact Nick Koverman at St. Charles City Hall at 932-3020 or by email at nkoverman@stcharlesmn.org.**

DEVELOPMENT AGREEMENT

BY AND BETWEEN

CITY OF ST. CHARLES, MINNESOTA

AND

ENVIROLASTECH, INC.

This document drafted by:

BRIGGS AND MORGAN (MLI)
Professional Association
2200 IDS Center
80 South 8th Street
Minneapolis, Minnesota 55402

Table of Contents

Page

ARTICLE I DEFINITIONS 2
Section 1.1. Definitions 2

ARTICLE II REPRESENTATIONS AND WARRANTIES 4
Section 2.1. Representations and Warranties of the City 4
Section 2.2. Representations and Warranties of the Developer 4

ARTICLE III UNDERTAKINGS BY DEVELOPER AND CITY 6
Section 3.1. Development Property 6
Section 3.2. Business Subsidies Act 6

ARTICLE IV EVENTS OF DEFAULT 8
Section 4.1. Events of Default Defined 8
Section 4.2. Remedies on Default 8
Section 4.3. No Remedy Exclusive 9
Section 4.4. No Implied Waiver 9
Section 4.5. Agreement to Pay Attorney's Fees and Expenses 9
Section 4.6. Indemnification of City 9

ARTICLE V ADDITIONAL PROVISIONS 11
Section 5.1. Restrictions on Use 11
Section 5.2. Conflicts of Interest 11
Section 5.3. Titles of Articles and Sections 11
Section 5.4. Notices and Demands 11
Section 5.5. Counterparts 12
Section 5.6. Law Governing 12
Section 5.7. Expiration 12
Section 5.8. Provisions Surviving Rescission or Expiration 12
Section 5.9. Assignability of Agreement 12

EXHIBIT A Description of Development Property A-1

DEVELOPMENT AGREEMENT

THIS AGREEMENT, made as of the _____ day of _____, 2016, by and between the City of St. Charles, Minnesota (the "City"), a municipal corporation existing under the laws of the State of Minnesota and Envirolastech, Inc., a Minnesota corporation (the "Developer"). This Agreement is entered into in connection with the Vacant Land Purchase Agreement of even date herewith between the parties (the "Purchase Agreement").

WITNESSETH:

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

WHEREAS, pursuant to the provisions of Minnesota Statutes, Section 469.174 through 469.1794, as amended (hereinafter, the "Tax Increment Act"), the City has heretofore established, within the Development District, Tax Increment Financing District No. 1-8 (the "Tax Increment District") and has adopted a tax increment financing plan therefor (the "Tax Increment Plan") which provides for the use of tax increment financing in connection with certain development within the Development District; and

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

WHEREAS, the City has adopted an Interfund Loan resolution in connection with the sale of the Development Property to the Developer; and

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

WHEREAS, the requirements of the Business Subsidy Law, Minnesota Statutes, Section 116J.993 through 116J.995, apply to this Agreement; and

WHEREAS, the City has adopted criteria for awarding business subsidies that comply with the Business Subsidy Law, after a public hearing for which notice was published; and

WHEREAS, the Council has approved this Agreement as a subsidy agreement under the Business Subsidy Law;

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

ARTICLE I

DEFINITIONS

Section 1.1. Definitions. All capitalized terms used and not otherwise defined herein shall have the following meanings unless a different meaning clearly appears from the context:

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

Benefit Date means the earlier of the date Developer completes the Project or the date Developer occupies the Project;

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

Certificate of Completion means the certificate issued by the City upon Developer's completion of the Project.

City means the City of St. Charles, Minnesota, its successors and assigns;

County means Winona County, Minnesota;

Developer means Envirolastech, Inc., its successors and assigns;

Development District means the real property included in the Development District No. 1 heretofore established;

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

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

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

Interfund Loan means the interfund loan in the amount of $380,857 with interest at a rate of 4.00% per annum authorized by the City's Interfund Loan Resolution adopted on June 10, 2014;

Legal and Administrative Expenses means the fees or expenses incurred by the City in connection with the preparation of this Agreement, the establishment of the Tax Increment District and the administration of the Tax Increment Financing Plan;

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

Project means the construction of an approximately 18,000 square foot manufacturing facility on the Development Property in the City;

State means the State of Minnesota;

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

Tax Increment District means Tax Increment Financing District No. 1-8 located within the Development District, a description of which is set forth in the Tax Increment Financing Plan, which was qualified as an economic development district under the Tax Increment Act;

Tax Increment Financing Plan means the tax increment financing plan approved for the Tax Increment District by the City Council on June 10, 2014, and any future amendments thereto;

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

Termination Date means the date on which the Tax Increment District No. 1-8 expires or is otherwise terminated.

Unavoidable Delays means delays, outside the control of the party claiming its occurrence, which are the direct result of strikes, other labor troubles, unusually severe or prolonged bad weather, acts of God, fire or other casualty to the Project, litigation commenced by third parties which, by injunction or other similar judicial action or by the exercise of reasonable discretion, directly results in delays, or acts of any federal, state or local governmental unit (other than the City) which directly result in delays.

ARTICLE II

REPRESENTATIONS AND WARRANTIES

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

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

(2) The Tax Increment District is an "economic development district" within the meaning of Minnesota Statutes, Section 469.174, Subdivision 12, and was created, adopted and approved in accordance with the terms of the Tax Increment Act.

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

(4) Except as stated in the Purchase Agreement, the City makes no representation or warranty, either express or implied, as to the Development Property or its condition or the soil conditions thereon, or that the Development Property shall be suitable for the Developer's purposes or needs.

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

(1) The Developer is a Minnesota corporation and has the power and authority to enter into this Agreement and to perform its obligations hereunder and doing so will not violate its articles of incorporation or bylaws, or the laws of the State and by proper action has authorized the execution and delivery of this Agreement.

(2) The Developer shall cause the Project to be constructed in accordance with the terms of this Agreement, the Development Program, and all local, state and federal laws and regulations (including, but not limited to, environmental, zoning, energy conservation, building code and public health laws and regulations).

(3) The construction of the Project would not be undertaken by the Developer and in the opinion of the Developer would not be economically feasible without the assistance and benefit to the Developer provided for in this Agreement.

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

(5) Neither the execution and delivery of this Agreement, the consummation of the transactions contemplated hereby, nor the fulfillment of or compliance with the terms and conditions of this Agreement is prevented, limited by or conflicts with or results in a breach of, the terms, conditions or provision of any contractual restriction, evidence of indebtedness,

agreement or instrument of whatever nature to which the Developer is now a party or by which it is bound, or constitutes a default under any of the foregoing.

(6) The Developer will cooperate fully with the City with respect to any litigation commenced with respect to the Project.

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

(8) Construction shall begin on the commencement date specified in Exhibit B, and the construction of the Project will be substantially completed by the completion date specified in Exhibit B, in each case subject to Unavoidable Delays.

(9) Until the Termination Date of this Agreement, the Developer will not seek a reduction in the market value as determined by the Winona County Assessor of the Project or other facilities that it constructs on the Development Property, pursuant to the provisions of this Agreement.

ARTICLE III

UNDERTAKINGS BY DEVELOPER AND CITY

Section 3.1. Development Property. The City agrees to sell the Developer the Development Property for $1.00 in accordance with the provisions of the Purchase Agreement. The City shall use the Tax Increments to pay the Interfund Loan and the Legal and Administrative Expenses. It is expected that the Tax Increments to be received by the City will be in the principal amount of $65,000 plus interest at 4.00%.

Section 3.2. Business Subsidies Act.

(1) In order to satisfy the provisions of Minnesota Statutes, Sections 116J.993 to 116J.995 (the "Business Subsidies Act"), the Developer acknowledges and agrees that the amount of the "Business Subsidy" granted to the Developer under this Agreement is the appraised value of the Development Property set forth in Exhibit C, and that the Business Subsidy is needed because the Project is not sufficiently feasible for the Developer to undertake without the Business Subsidy. The Tax Increment District is an economic development district and the public purpose of the Business Subsidy is to encourage the construction of manufacturing facilities in the City. The Developer agrees that it will meet the following goals (the "Goals") in connection with the development of the Development Property. It will create at least ten (10) full time jobs at an hourly wage and benefits of not less than $12.00 per hour within two years from the "Benefit Date", which is the earlier of the date the Developer completes or occupies the Project.

(2) If the Goals are not met, the Developer agrees to repay all or a part of the Business Subsidy to the City, plus interest ("Interest") set at the implicit price deflator defined in Minnesota Statutes, Section 275.70, Subdivision 2, accruing from and after the Benefit Date, compounded semiannually. If the Goals are met in part, the Developer will repay a portion of the Business Subsidy (plus Interest) determined by multiplying the Business Subsidy by a fraction, the numerator of which is the number of jobs in the Goals which were not created at the wage level set forth above and the denominator of which is ten (10) (i.e. number of jobs set forth in the Goals).

(3) The Developer agrees to (i) report its progress on achieving the Goals to the City until the later of the date the Goals are met or two years from the Benefit Date, or, if the Goals are not met, until the date the Business Subsidy is repaid, (ii) include in the report the information required in Minnesota Statutes, Section 116J.994, Subdivision 7 on forms developed by the Minnesota Department of Employment and Economic Development, and (iii) send completed reports to the City. The Developer agrees to file these reports no later than March 1 of each year commencing March 1, 2017, and within 30 days after the deadline for meeting the Goals. The City agrees that if it does not receive the reports, it will mail the Developer a warning within one week of the required filing date. If within 14 days of the post marked date of the warning the reports are not made, the Developer agrees to pay to the City a penalty of $100 for each subsequent day until the report is filed up to a maximum of $1,000.

(4) The Developer agrees to continue operations within the City for at least five (5) years after the Benefit Date.

(5) There is no parent corporation of the Developer.

(6) The Developer certifies that it does not appear on the Minnesota Department of Employment and Economic Development's list of recipients that have failed to meet the terms of a business subsidy agreement.

(7) The Developer shall provide written notice to the City upon Developer's verification that the Project has been completed to Developer's reasonable satisfaction in accordance with the applicable construction contracts.

(8) The City shall issue to Developer a Certificate of Completion within five (5) days after the City's receipt of Developer's written notice that the Project has been completed.

Section 3.3 City Utilities. The City agrees that during the term of this Agreement, it shall provide to the Development Property all electricity, water, sewers and other utilities and services provided by the City as of the date of this Agreement, and at the same or greater service levels provided as of the date of this Agreement. The City agrees that it shall maintain the ability to redirect electricity to the Development Property in the event of an electricity outage.

Section 3.4 Real estate taxes and special assessments. The City agrees that during the term of this Agreement, it shall not increase real estate taxes, special assessments or other charges relating to the Development Property by an amount greater than 2% per year.

ARTICLE IV

EVENTS OF DEFAULT

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

(1) Failure by the Developer to timely pay any ad valorem real property taxes assessed and special assessments or other City charges with respect to the Development Property, subject to the limitations on such taxes, assessments or charges stated in Article III of this Agreement.

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

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

(4) If the Developer shall:

(a) file any petition in bankruptcy or for any reorganization, arrangement, composition, readjustment, liquidation, dissolution, or similar relief under the United States Bankruptcy Act of 1978, as amended or under any similar federal or state law; or

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

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

(d) be adjudicated a bankrupt or insolvent; or if a petition or answer proposing the adjudication of the Developer as bankrupt or its reorganization under any present or future federal bankruptcy act or any similar federal or state law shall be filed in any court and such petition or answer shall not be discharged or denied within sixty (60) days after the filing thereof; or a receiver, liquidator or trustee of the Developer, or of the Project, or part thereof, shall be appointed in any proceeding brought against the Developer, and shall not be discharged within sixty (60) days after such appointment, or if the Developer, shall consent to or acquiesce in such appointment.

Section 4.2 Remedies on Default. Whenever any Event of Default referred to in Section 4.1 occurs and is continuing, the City, as specified below, may take any one or more of the following actions after the giving of thirty (30) days' written notice to the Developer specifying the nature of the default, but only if the Event of Default has not been cured within said thirty (30) days, or in the event such default cannot be cured within said thirty (30) days, Developer is in process of curing such default:

(5) The City may suspend its performance under this Agreement until it receives assurances from the Developer, deemed adequate by the City, that the Developer will cure its default and continue its performance under this Agreement.

(6) The City may cancel and rescind the Agreement.

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

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

Section 4.4 No Implied Waiver. In the event any agreement contained in this Agreement should be breached by any party and thereafter waived by any other party, such waiver shall be limited to the particular breach so waived and shall not be deemed to waive any other concurrent, previous or subsequent breach hereunder.

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

Section 4.6 Indemnification of City.

(8) The Developer (a) releases the City and its governing body members, officers, agents, including the independent contractors, consultants and legal counsel, servants and employees (collectively, the "Indemnified Parties") from, (b) covenants and agrees that the Indemnified Parties shall not be liable for, and (c) agrees to indemnify and hold harmless the Indemnified Parties against, any claim, cause of action, suit or liability for loss or damage to property or any injury to or death of any person occurring after the date of Closing (as defined in the Purchase Agreement) at or about or resulting from any defect in the Project or on the Development Property.

(9) Except for any willful misrepresentation or any willful or wanton misconduct of the Indemnified Parties, the Developer agrees to protect and defend the Indemnified Parties, now and forever, and further agrees to hold the aforesaid harmless from any claim, demand, suit, action or other proceeding whatsoever by any person or entity whatsoever arising or purportedly arising from the actions or inactions of the Developer (or if other persons acting on its behalf or under its direction or control) under this Agreement, or the transactions contemplated hereby or the acquisition, construction, installation, ownership, and operation of

the Project; provided, that this indemnification shall not apply to the warranties made or obligations undertaken by the City in this Agreement or to any actions undertaken by the City which are not contemplated by this Agreement but shall, in any event and without regard to any fault on the part of the City, apply to any pecuniary loss or penalty (including interest thereon from the date the loss is incurred or penalty is paid by the City at a rate equal to the Prime Rate) as a result of the Project causing the Tax Increment District to not qualify or cease to qualify as an "economic development district" under Section 469.174, Subdivision 12, of the Act or to violate limitations as to the use of Tax Increments as set forth in Section 469.176, Subdivision 4c.

(10) All covenants, stipulations, promises, agreements and obligations of the City contained herein shall be deemed to be the covenants, stipulations, promises, agreements and obligations of the City and not of any governing body member, officer, agent, servant or employee of the City.

ARTICLE V

ADDITIONAL PROVISIONS

Section 5.1 Restrictions on Use. Until termination of this Agreement, the Developer agrees for itself, its successors and assigns and every successor in interest to the Development Property, or any part thereof, that the Developer and such successors and assigns shall operate, or cause to be operated, the Project as a manufacturing facility and shall devote the Development Property to, and in accordance with, the uses specified in this Agreement.

Section 5.2 Conflicts of Interest. No member of the governing body or other official of the City shall have any financial interest, direct or indirect, in this Agreement, the Development Property or the Project, or any contract, agreement or other transaction contemplated to occur or be undertaken thereunder or with respect thereto, nor shall any such member of the governing body or other official participate in any decision relating to the Agreement which affects his or her personal interests or the interests of any corporation, partnership or association in which he or she is directly or indirectly interested. No member, official or employee of the City shall be personally liable to the City in the event of any default or breach by the Developer or successor or on any obligations under the terms of this Agreement.

Section 5.3 Titles of Articles and Sections. Any titles of the several parts, articles and sections of the Agreement are inserted for convenience of reference only and shall be disregarded in construing or interpreting any of its provisions.

Section 5.4 Notices and Demands. Except as otherwise expressly provided in this Agreement, a notice, demand or other communication under this Agreement by any party to any other shall be sufficiently given or delivered if it is dispatched by registered or certified mail, postage prepaid, return receipt requested, or delivered personally, and

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

Envirolastech, Inc.
Attention: Jeffery A. Mintz
3257 19th Street NW
Rochester, MN 55901

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

City of St. Charles, Minnesota
Attention: City Administrator
St. Charles City Hall
830 Whitewater Avenue
St. Charles, MN 55972-1129

with a copy to:

Briggs and Morgan, P.A.
Attention: Mary Ippel
2200 IDS Center
80 South 8th Street
Minneapolis, MN 55402

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

Section 5.5 Counterparts. This Agreement may be executed in any number of counterparts, each of which shall constitute one and the same instrument.

Section 5.6 Law Governing. This Agreement will be governed and construed in accordance with the laws of the State.

Section 5.7 Expiration. This Agreement shall terminate on the Termination Date (as defined herein), unless earlier terminated or rescinded in accordance with its terms.

Section 5.8 Provisions Surviving Rescission or Expiration. Sections 4.5 and 4.6 shall survive any rescission, termination or expiration of this Agreement with respect to or arising out of any event, occurrence or circumstance existing prior to the date thereof.

Section 5.9 Assignability of Agreement. This Agreement may be assigned only with the consent of the City.

Section 5.10 Restrictions on Use. Until termination of this Agreement, the Developer agrees for itself, its successors and assigns and every successor in interest to the Development Property, or any part thereof, that the Developer and such successors and assigns shall operate, or cause to be operated, the Project as a manufacturing facility and shall devote the Development Property to, and in accordance with, the uses specified in this Agreement.

Section 5.11 Conflicts of Interest. No member of the governing body or other official of the City shall have any financial interest, direct or indirect, in this Agreement, the Development Property or the Project, or any contract, agreement or other transaction contemplated to occur or be undertaken thereunder or with respect thereto, nor shall any such member of the governing body or other official participate in any decision relating to the Agreement which affects his or her personal interests or the interests of any corporation, partnership or association in which he or she is directly or indirectly interested. No member, official or employee of the City shall be personally liable to the City in the event of any default or breach by the Developer or successor or on any obligations under the terms of this Agreement.

Section 5.12 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 5.13 Notices and Demands. Except as otherwise expressly provided in this Agreement, a notice, demand or other communication under this Agreement by any party to any other shall be sufficiently given or delivered if it is dispatched by registered or certified mail, postage prepaid, return receipt requested, or delivered personally, and

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

Envirolastech, Inc.
Attention: Jeffery A. Mintz
3257 19th Street NW
Rochester, MN 55901

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

City of St. Charles, Minnesota
Attention: City Administrator
St. Charles City Hall
830 Whitewater Avenue
St. Charles, MN 55972-1129

with a copy to:

Briggs and Morgan, P.A.
Attention: Mary Ippel
2200 IDS Center
80 South 8th Street
Minneapolis, MN 55402

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

Section 5.14 Counterparts. This Agreement may be executed in any number of counterparts, each of which shall constitute one and the same instrument.

Section 5.15 Law Governing. This Agreement will be governed and construed in accordance with the laws of the State.

Section 5.16 Expiration. This Agreement shall terminate on the Termination Date (as defined herein), unless earlier terminated or rescinded in accordance with its terms.

Section 5.17 Provisions Surviving Rescission or Expiration. Sections 4.5 and 4.6 shall survive any rescission, termination or expiration of this Agreement with respect to or arising out of any event, occurrence or circumstance existing prior to the date thereof.

Section 5.18 Assignability of Agreement. This Agreement may be assigned only with the consent of the City, which consent shall not be unreasonably withheld, conditioned or delayed.

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

CITY OF ST. CHARLES, MINNESOTA

By_____
Its Mayor

By_____
Its City Administrator

This is a signature page to the Development Agreement by and between the City of St. Charles, Minnesota and Envirolastech, Inc.

ENVIROLASTECH, INC.

By _____
Its Chief Executive Officer

This is a signature page to the Development Agreement by and between the City of St. Charles, Minnesota and Envirolastech, Inc.

EXHIBIT A

Lot 3, Block 1, Chattanooga Innovation Park, City of St. Charles, Winona County, Minnesota.

Parcel Identification Number:

29.026.0030

EXHIBIT B

CONSTRUCTION COMMENCEMENT AND COMPLETION DATES

Construction Commencement Date: _____

Construction Completion Date: _____

EXHIBIT C

APPRAISED VALUE OF DEVELOPMENT PROPERTY

CITY OF ST. CHARLES

ORDINANCE NO. 589

AN EMERGENCY ORDINANCE OF THE CITY OF ST. CHARLES, MINNESOTA, AUTHORIZING THE SALE OR REAL PROPERTY TO ENVIROLASTECH, INC.

Preamble: City Charter Section 3.09 requires two readings of ordinances plus 30 days following publication before an ordinance becomes effective, except for emergency ordinances.

Charter Section 3.06, Emergency Ordinances, provides in part as follows:

> "An emergency ordinance is an ordinance necessary for the immediate preservation of the public peace, health, morals, safety or welfare in which the emergency is defined and declared in a preamble thereto and is adopted by a vote of at least three of the voting members of the council."

The buyer of the below described Property ("Property"), Envirolastech, Inc., ("Company"), has indicated that they need to close on the Property as soon as possible to meet their construction schedule set to start November 7, 2016, and that failure to meet said date could be detrimental to the sale of the Property and their ability to proceed with their project to construct a new building and expand their business in the City's business park.

The City and Company are parties to a Development Agreement, dated November 1, 2016, providing financing for the proposed sale of the Property and facilitating the new building by the Company in the City's business park.

Based on the above typical City ordinance adoption process in Charter and the additional unique requirement in the Charter that sale of City-owned property requires passage of such an ordinance, as opposed to the far more common passage of a resolution for the sale of property, the closing on the Property would be delayed as much as 60 days if the City follows the typical Charter procedures.

The City Council finds that it is in the public interest to sell the Property to Company and to facilitate the construction schedule of Company in order to allow the Project to move forward in the City's business park and to forestall any negative consequences to the City and Company resulting from the delay caused by the general ordinance adoption procedure. The City has made considerable investment in the business park and with respect to Company's project to date. The City finds that the ordinance delay resulting from following the typical ordinance adoption procedure could potentially jeopardize the Project and the City's investments. As a result and to facilitate Company's construction schedule, immediate consideration and action by the City Council is necessary pursuant to City Charter, Section 3.06, Emergency Ordinances, to preserve and protect the public welfare.

THE CITY OF ST. CHARLES DOES ORDAIN:

Section 1. The St. Charles City Council hereby authorizes the sale and conveyance of real property legally described as:

Lot 3, Block 1, Chattanooga Innovation Park, City of St. Charles, Winona County, Minnesota

to Envirolastech, Inc.by quitclaim deed pursuant to the terms and conditions of sale set forth in a certain Vacant Land Purchase Agreement between the City and Envirolastech, Inc. and that certain Development Agreement between the same parties dated November 1, 2016.

Section 2. This ordinance shall take effect immediately upon its adoption and shall be subsequently published.

Adopted this 1st day of November, 2016 by the City Council of the City of St. Charles, Minnesota.

_____

John Schaber, Mayor

Attest:

_____

Nick Koverman, City Administrator

Published:

Date: _____

CITY OF ST. CHARLES, MINNESOTA
CITY COUNCIL RESOLUTION #13-2016

A RESOLUTION BY THE MAYOR AND CITY COUNCIL OF THE CITY OF ST. CHARLES, MINNESOTA, APPROVING THE SALE OF REAL PROPERTY IN ST. CHARLES, MINNESOTA, AND DISPENSING WITH REVIEW OF THE SALE BY THE ST. CHARLES PLANNING COMMISSION

WHEREAS, The City of St. Charles ("City") desires to sell certain real property located in St. Charles, Minnesota, legally described as:

Lot 3, Block 1, Chattanooga Innovation Park, City of St. Charles, Winona County, Minnesota

, referred to herein as the "Property"; and

WHEREAS, the buyer of the Property, Envirolastech, Inc. ("Company") is willing to purchase the Property from the City in accordance with that certain Development Agreement, dated November 1, 2016, providing for the financing for the proposed sale of the Property, which Development Agreement is incorporated herein by reference; and

WHEREAS, a draft purchase agreement has been prepared in accordance with the Development Agreement and is attached hereto as Exhibit A; and

WHEREAS, in accordance with the attached draft purchase agreement, the City and Company expressly understand and agree that the sale of the Property is contingent upon approval by the City Council of the City of St. Charles; and

WHEREAS, if any transaction approval as provided in the purchase agreement is not obtained by the closing date stated in the purchase agreement, the purchase agreement shall then be null and void, without further obligation by either party; and

WHEREAS, Section 12.05 of the City Charter of the City of St. Charles also provides that no real property of the City may be disposed of except by ordinance; and

WHEREAS, the City adopted such an emergency ordinance, Number #589, dated November 1, 2016, approving the sale of the Property by the City; and

WHEREAS, Minnesota Statutes, Section 462.356, subdivision 2 states that no publicly owned interest in real property within a city shall be acquired or disposed of until after the planning commission has reviewed the proposed acquisition or disposal and reported in writing to the city council its findings as to compliance of the proposed acquisition or disposal with the comprehensive plan; and

WHEREAS, the same statute further states, however, that the city council may, by resolution adopted by two-thirds vote, dispense with the requirements of this subdivision when in its judgment it finds that the acquisition or disposal of real property has no relationship to the comprehensive plan.

NOW, THEREFORE, BE IT RESOLVED BY THE MAYOR AND CITY COUNCIL THAT: The City Council hereby finds that the proposed sale of the Property by the City of St. Charles has no relationship to the City's Comprehensive Plan, and therefore review of the proposed sale by the St. Charles Planning Commission is not required under Minn. Stat. § 462.356, Subd. 2, and is hereby dispensed with as allowed by that statute.

BE IT FURTHER RESOLVED THAT: The City Council hereby approves the attached purchase agreement and authorizes and directs the Mayor and City Administrator to execute the purchase agreement substantially in the form hereby approved and such other documents as are necessary to close on the sale of the Property by the City of St. Charles to Company and that Company record the same in the Office of the Winona County Recorder.

PASSED by the City Council of the City of St. Charles on this 1st day of November, 2016.

ATTEST

_____ _____

City Administrator Mayor

VOTE: ___ SCHABER ___ BRAUN ___ GETZ ___ DAHL ___ KRAMER

VACANT LAND PURCHASE AGREEMENT

THIS AGREEMENT is made as of November ___, 2016, between the City of St. Charles, a Minnesota municipal corporation, 830 Whitewater Avenue, St. Charles, Minnesota 55972 (herein the "Seller"), and Envirolastech, Inc., a Minnesota corporation, 3257 19th St. NW, Rochester, Minnesota 55901 (herein the "Buyer").

In consideration of the covenants and agreements of the parties hereto, Seller and Buyer agree as follows:

1. SALE OF PROPERTY. Upon and subject to the terms and conditions of this Agreement, Seller agrees to sell to Buyer, and Buyer agrees to purchase from Seller, the following property:

A. Real Property. The real property located in Winona County, Minnesota, depicted on **Exhibit A** attached hereto and incorporated herein by reference, and legally described as follows:

Lot 3, Block 1, Chattanooga Innovation Park, City of St. Charles, Winona County, Minnesota

excepting any easements and rights benefiting or appurtenant to the Real Property and improvements including any right, title or interest in the bed of any street, road, highway or alley adjoining the Real Property (herein "Real Property").

B. **Personal Property.** None.

2. PURCHASE PRICE AND MANNER OF PAYMENT. The total purchase price ("Purchase Price") to be paid by Buyer to Seller for the Real Property is One and 00/100 Dollars ($1.00), which amount shall be paid on the Closing date. The Real Property is subject to the Development Agreement entered into by the parties hereto dated November 1, 2016, which Development Agreement is attached hereto and incorporated herein by reference as **Exhibit B** (the "Development Agreement").

3. CLOSING. The closing of the purchase and sale contemplated by this Agreement (the "Closing") shall occur on or before December 31, 2016, at St. Charles City Hall, 830 Whitewater Avenue, St. Charles, Minnesota 55972, or at such other time and place as may be agreed to mutually by the parties subject to the contingencies and other terms and conditions contained herein being satisfied. Seller agrees to deliver possession of the Real Property to Buyer on the closing date.

A. Seller's Closing Documents. On the Closing Date, Seller shall execute and/or deliver to Buyer the following (collectively, "Seller's Closing Documents"):

(1) Form of Quit Claim Deed. Attached hereto and made a part hereof as **Exhibit C** is the form of the Quit Claim Deed containing the terms,

covenants, and conditions upon which the sale is based. The Deed shall contain the following restrictions, covenants, and conditions:

a. The real property herein conveyed shall be devoted to the following use: Industrial.

b. The real property shall be devoted to such intended use by the Buyer in accordance with the provisions of the Deed and the Development Agreement.

c. The Buyer shall commence work on the development project and shall devote the real property to its intended use as provided in the Development Agreement. If the Buyer fails to commence work on time or fails to devote the real property to its intended use on time, or fails to comply with the Development Agreement, title to the real property shall revert to Seller, at Seller's election, and, in that event, Buyer shall promptly offer a deed to the real property to Seller, who will then refund to Buyer the amount of the Purchase Price paid by Buyer to Seller, without interest, less any taxes and other encumbrances affecting marketability of title. Notwithstanding the foregoing, Seller may, at its option, consider an extension of time for good cause shown by Buyer. In the event an extension is granted, such extension (a) shall be to a date certain, (b) may be conditioned by Seller to protect the public interest, and (c) during the period Buyer shall not transfer title to the real property without the express written consent of Seller.

   After the Buyer has devoted the real property to its intended use in accordance with the Development Agreement for development of the real property, the Seller shall provide to Buyer a certificate of compliance/completion in recordable form within 30 days from the determination thereof by Seller.

d. The Buyer shall not transfer title to the real property within five (5) years after the date of the Deed without the express written consent of the Seller; such consent shall not be unreasonably withheld, conditioned or delayed.

e. Any transfer of title to the real property made pursuant to the provisions of paragraphs c and d hereof shall be made only to a party who demonstrates to the satisfaction of Seller that such party has the ability to perform in place of Buyer.

(2) Well Certificate. If there are wells on the Real Property, a Well Certificate in the form required by Minn. Stat. § 1031.

(3) Other Affidavits. Any other affidavits or certificates that may be required under Minn. Stat. § 116.48, Subd. 6, or Sect. 115B.16 or other provisions of law.

(4) Other. Such other documents as may reasonably be required to transfer fee title to the Property to Buyer.

B. Buyer's Closing Documents. On the Closing Date, Buyer will execute and/or deliver to Seller the following (collectively, "Buyer's Closing Documents):

(1) Purchase Price. The Purchase Price, by check.

(2) Certificate of Real Estate Value. A Certificate of Real Estate Value.

(3) Development Agreement. The Development Agreement, **Exhibit B**.

4. CONTINGENCIES. The obligations of the parties to perform under this Purchase Agreement are contingent upon the timely occurrence or satisfaction of each of the following conditions prior to or on the Closing Date:

A. On the Closing Date, title to the Real Property shall be acceptable to Buyer subject to and in accordance with the provisions of Section 6 regarding title examination and Section 10 regarding the Inspection Period.

B. The representations and warranties of Seller shall be true and correct in all material respects up through and including the Date of Closing.

C. The parties understand and agree that the purchase of the Property is contingent upon approval by the City Council of the City of St. Charles.

D. The parties have executed the Development Agreement, **Exhibit B**, and understand and restate the representations and warranties made to each other contained therein.

E. The parties have executed such other documents and agreements as required by Seller to accomplish the sale transaction and financing thereof as provided in the Development Agreement, **Exhibit B**.

F. Buyer has closed on Buyer's financing and provided to Seller a document signed by the Buyer's bank or other financial institution demonstrating that Buyer has closed and obtained financing to construct and complete the development project on the development property as provided in **Exhibit B**.

The contingencies in this section are solely for the benefit of, and may at any time be waived by, the party so benefitted. If any approval as provided herein is not obtained by the Closing Date, this Agreement shall be null and void.

5. PRORATIONS. Seller and Buyer agree to the following prorations and allocation of costs regarding the Real Property and this Agreement.

A. Deed Tax. Buyer shall pay all state deed tax regarding the deed to be delivered by Seller under this Agreement.

B. Real Estate Taxes and Special Assessments. Real estate taxes and any special assessments accruing on the Real Property in the year 2016 shall be prorated to the Closing Date. The Seller shall pay when due all real estate taxes and special assessments on the Real Property accruing prior to the Closing Date. The Buyer shall pay when due its portion of the real estate taxes and any special assessments accruing in the year 2016 and thereafter.

C. Recording Costs. Buyer will pay the cost of recording the Deed. Seller shall pay the cost of recording any documents necessary to perfect its own title.

D. Other Costs. All other operating costs of the Real Property will be allocated between Seller and Buyer as of the Closing Date, so that Seller pays that part of such other operating costs accruing on or before the Closing Date, and Buyer pays that part of such operating costs accruing after the Closing Date.

E. Attorneys' Fees. Each of the parties will pay its own attorneys', accountants' and consultants' fees.

6. TITLE EXAMINATION.

A. The Delivery of the Title Commitment. Buyer may obtain, at its option and expense, a commitment for an owner's policy of title insurance. Buyer shall pay all costs associated with obtaining title insurance including, but not limited to, updating of the abstract or obtaining a new abstract of title for the Real Property, title insurance premiums and title examination fees (hereinafter the "Title Commitment"), issued by a Title Insurance Company authorized to do business in the State of Minnesota and approved by Buyer (hereinafter the "Title Company"). The Title Commitment shall be based upon the description of the Real Property provided herein and shall show fee title in the Seller, subject only to the permitted encumbrances waived in writing by Buyer, and shall provide for extended coverage risks and include special endorsements for zoning, contiguity and such other matters as Buyer may request.

B. The Making and Curing of Title Objections. Buyer shall be allowed fifteen (15) days after receipt of the Title Commitment in which to make objections to the content of the commitment, said objections to be made in writing. If there are any objections to the title which are not remedied by the Closing Date, the Seller shall have sixty (60) days from the date of receipt of said written objections in which to remedy said objections.

C. The Consequences of Failing to Cure Title Objections. If said objections are not remedied within sixty (60) days from the date of Seller's receipt of said objections, then Buyer shall have the following two alternatives:

(1) Buyer may accept title to said Real Property subject to said objections; or

(2) Buyer may declare this entire transaction to be null and void.

If Buyer declares this transaction to be null and void pursuant to this Section, all Earnest Money paid by Buyer to Seller shall be immediately refunded by Seller to Buyer.

7. SELLER'S WARRANTIES. Seller represents, warrants, and agrees with Buyer, as of the date hereof and as of the Closing Date, as follows:

A. Pending or Threatened Litigation. There are no lawsuits or Claims (as defined in Section 10 below) of any nature whatsoever (including without limitation all Claims under any Environmental Law and all Claims arising at common law, in equity or under a federal, state or local statute, rule or regulation) pending or threatened against the Real Property or Seller with respect to the Real Property, and Seller does not know of or have reasonable grounds to anticipate any such lawsuits or Claims that may be brought or made against Seller or the Real Property in the future.

B. Actions or Violations. Seller has no knowledge of, and has received no notice of any actions, proceedings or investigations pending or threatened against Seller or the Real Property, before or by any court, arbitrator, administrative agency or other governmental authority, which would affect the ability of Seller to convey the Real Property to Buyer or would otherwise affect the Real Property after the Closing. Seller has received no notices from governmental authorities pertaining to violations of law or governmental regulations with respect to the Real Property with which Seller has not fully complied or which Seller has not corrected.

C. Condemnation Proceedings. Seller has no knowledge of, and has received no notice of any pending or threatened eminent domain proceedings or other actions or regulatory proceedings filed by any federal, state or local governmental agency or authority, which will affect any portion of the Real Property after the Closing.

D. Hazardous Substances. Seller represents and warrants that to Seller's knowledge: (i) no Hazardous Substances have at any time in the past been used, generated, stored, transported, released, discharged or disposed of above, on beneath or in the vicinity of the Real Property; (ii) no environmental condition on the Real Property is in violation of any applicable federal, state or local law, ordinance or regulation relating to Hazardous Substances; and (iii) there have been in the past no suits, claims or causes of action or other governmental or administrative proceedings against the Real Property, Seller, any affiliate or predecessor of Seller or any tenant, nor any settlement reached with any such party or parties alleging the presence, release or threatened release of any

Hazardous Substances from or under the Real Property in violation of any laws regarding Hazardous Substances.

E. Agreements Affecting the Real Property. Seller has no knowledge of any commitments to or agreements with any federal, state or local governmental agencies, public utilities, adjacent landowners or other parties affecting the Real Property other than those copies of any such commitments and agreements Seller has delivered to Buyer.

F. No Defaults. Seller is not in default with respect to any of its obligations or liabilities pertaining to the Real Property, specifically including without limitation real estate taxes and special assessments, nor to Seller's knowledge are there any facts, circumstances, conditions or events which would constitute or result in any such default.

G. No Environmental Restrictions. Seller has no knowledge of any environmental conditions, including but not limited to presence of any endangered species, vegetation or wetlands areas, that would make any portion of the Real Property subject to development restrictions.

H. The Accuracy of the Seller's Representations and Warranties. No representation or warranty made by Seller and no documents or other information furnished or to be furnished to Buyer by or on behalf of Seller pursuant to this Agreement contains or shall contain any untrue statement of material fact, or omits or shall omit any material fact necessary to make the statement contained therein not misleading. Further, the Seller's representations and warranties are true and accurate as of the effective date of this Agreement, and will be true and accurate continuously through the Closing Date.

All such representations and warranties shall be true on the Closing Date as if made on and as of such date. In the event that any aforesaid warranty is determined not to be true on and as of the Closing Date Buyer may, in Buyer's sole discretion, at its option and by notice to Seller, either: (i) terminate this Agreement and upon said termination, Seller shall promptly refund to Buyer all monies paid to Seller hereunder, or (ii) waive the warranty or representation and close the sale and purchase hereof.

8. BUYER'S WARRANTIES. Buyer represents, warrants, and agrees with Seller, as of the date hereof and as of the Closing Date, that Buyer shall satisfy the terms and conditions placed upon Buyer in the Development Agreement.

9. BROKER'S COMMISSION. Seller and Buyer represent and warrant to each other that they have dealt with no brokers, finders or the like in connection with this transaction.

10. INSPECTION PERIOD AND PURCHASE AS-IS. Within sixty (60) days of the date the Purchase Agreement is fully signed (such period being referred to in this Agreement as the "**Inspection Period**") Buyer shall have the right, at Buyer's sole cost, expense and risk, and shall indemnify the Seller for the same, upon 24 hours advance or verbal written notice from Buyer to Seller, to enter upon and examine and inspect the Real Property to conduct

environmental reviews, soil condition testing, surveys and to conduct feasibility studies. If on or before the expiration of the Inspection Period Buyer determines that the Real Property is not acceptable to Buyer, in its sole discretion, then Buyer shall be entitled to terminate this Agreement by giving written notice to Seller on or before the expiration of the Inspection Period, in which case, Buyer shall promptly restore the Real Property to substantially the same condition in which it existed immediately prior to any physical tests conducted by or on behalf of Buyer, and neither party shall thereafter have any further liability, right or obligation under this Agreement.

Subject to the express representations and warranties of Seller as set forth in this Purchase Agreement and Buyer's rights during the Inspection Period, Buyer agrees to accept the condition of the Real Property, including specifically without limitation, the environmental and geological condition of the Real Property, in an "AS-IS" and with "ALL FAULTS" condition. Buyer's acceptance of title to the Real Property shall represent Buyer's acknowledgment and agreement that, except as expressly set forth in this Agreement: (i) Seller has not made any written or oral representation or warranty of any kind with respect to the Real Property (including without limitation express or implied warranties of title, merchantability, or fitness for a particular purpose), (ii) Buyer has not relied on any written or oral representation or warranty made by Seller, its agents or employees with respect to the condition or value of the Real Property, (iii) Buyer has had an adequate opportunity to inspect the condition of the Real Property, including without limitation, any environmental testing, and to inspect documents applicable thereto, and Buyer is relying solely on such inspection and testing, and (iv) the condition of the Real Property is fit for Buyer's intended use. Buyer agrees to accept all risk of Claims (including without limitation all Claims under any Environmental Law and all Claims arising at common law, in equity or under a federal, state or local statute, rule or regulation) whether past, present or future, existing or contingent, known or unknown, arising out of, resulting from or relating to the condition of the Real Property, known or unknown, contemplated or uncontemplated, suspected or unsuspected, including without limitation, the presence of any Hazardous Substance on the Real Property, whether such Hazardous Substance is located on or under the Real Property, or has migrated or will migrate from or to the Real Property.

For purposes of this Agreement , the following terms have the following meanings:

"Environmental Law" means the Comprehensive Environmental Response, Compensation and Liability Act ("CERCLA"), 42 U.S.C. §9601 et seq., the Resource Conservation and Recovery Act, 42 U.S.C. §9601 et seq. the Federal Water Pollution Control Act, 33 U.S.C. §1201 et seq., the Clean Water Act, 33 U.S.C. §1321 et seq., the Clean Air Act, 42 U.S.C. §7401 et seq., the Toxic Substances Control Act, 33 U.S.C. §1251 et seq., all as amended from time to time, and any other federal, state, local or other governmental statute, regulation, rule, law or ordinance dealing with the protection of human health, safety, natural resources or the environment now existing and hereafter enacted; and

"Hazardous Substance" means any pollutant, contaminant, hazardous substance or waste, solid waste, petroleum product, distillate, or fraction, radioactive material, chemical known to cause cancer or reproductive toxicity, polychlorinated biphenyl or any other chemical, substance or material listed or identified in or regulated by any Environmental Law.

"Claim" or "Claims" means any and all liabilities, suits, claims, counterclaims, causes of action, demands, penalties, debts, obligations, promises, acts, fines, judgment, damages, consequential damages, losses, costs, and expenses of every kind (including without limitation any attorney's fees, consultant's fees, costs, remedial action costs, cleanup costs and expenses which may be related to any claims).

11. SURVIVAL. The respective covenants, agreements, indemnifications, warranties and other terms of this Agreement will survive and be in full force and effect after the Closing, and shall not be deemed to have merged into any of the Closing Documents.

12. DATES AND TIME PERIODS. Should the date for the giving of any notice, the performance of any act, or the beginning or end of any period provided for herein fall on a Saturday, Sunday or legal holiday, such date shall be extended to the next succeeding business day which is not a Saturday, Sunday or legal holiday.

13. NOTICES. Any notice required or permitted to be given by any party upon the other is given in accordance with this Agreement if it is directed to Seller by delivering it personally to an officer of Seller; or if it is directed to Buyer, by delivering to a partner of Buyer; or if mailed by United States registered or certified mail; return receipt requested, postage prepaid; or if deposited cost paid with a nationally recognized, reputable overnight courier, properly addressed as follows:

If to Buyer: Jeffery A. Mintz, CEO
Envirolastech, Inc.
3257 19th Street NW
Rochester, MN 55901

If to Seller: Nick Koverman, City Administrator
City of St. Charles
830 Whitewater Avenue
St. Charles, MN 55972

Notices shall be deemed effective on the earlier of the date of receipt or the date of deposit as aforesaid; provided, however, that if notice is given by deposit, that the time for response to any notice by the other party shall commence to run two (2) business days after any such deposit. Any party may change its address for the service of notice by giving written notice of such change to the other party, in any manner above specified.

14. CAPTIONS. The paragraph headings or captions appearing in this Agreement are for convenience only, are not a part of this Agreement and are not to be considered in interpreting this Agreement.

15. ENTIRE AGREEMENT; MODIFICATION. This written Agreement constitutes the complete agreement between the parties and supersedes any prior oral or written agreements between the parties regarding the Real Property. There are no verbal agreements that

change this Agreement and no waiver of any of its terms will be effective unless in a writing executed by the parties.

16. BINDING EFFECT. This Agreement binds and benefits the parties and their successors and assigns.

17. CONTROLLING LAW. The Parties acknowledge and agree that each has been given the opportunity to independently review this Agreement with legal counsel, and/or has the requisite experience and sophistication to understand, interpret, and agree to the particular language of this Agreement. The Parties have equal bargaining power, and intend the plain meaning of the provisions of this Agreement. In the event of an ambiguity in or dispute regarding the interpretation of this Agreement, the ambiguity or dispute shall not be resolved by application of any rule that provides for interpretation against the drafter of the Agreement. This Agreement has been made under the laws of the State of Minnesota, and such laws will control its interpretation.

18. REMEDIES. If Buyer defaults under this Agreement, Seller shall have the right to terminate this Agreement by giving written notice to Buyer. If Buyer fails to cure such default within thirty (30) days after receipt of such written notice, this Agreement will terminate, and upon such termination Seller will retain the Earnest Money as liquidated damages, time being of the essence of this Agreement. The termination of this Agreement and retention of the Earnest Money will be the sole remedy available to Seller for such default by Buyer, and Buyer will not be liable for damages. If Seller defaults under this Agreement, Buyer may terminate the Agreement upon thirty (30) days' written notice to Seller (Seller having cure rights during the 30-day period).

19. COUNTERPARTS. This Purchase Agreement may be executed in counterparts, each of which shall be deemed an original, and which together shall constitute a single, integrated contract.

20. AUTHORIZED SIGNATORIES. The parties each represent and warrant to the other that the persons signing this Agreement are authorized signatories for the entities represented; each party indemnifies and holds the other harmless against any breach of the foregoing representation and warranty.

21. SELLER'S TRANSACTION APPROVAL. Seller's obligation to perform hereunder is contingent upon Seller obtaining, before the Closing Date, approval of the transaction contemplated by this Agreement by the City Council of the City of St. Charles, Minnesota. Notwithstanding anything in this Agreement to the contrary, if such approval has not been obtained by the Closing Date, this Agreement shall be null and void, and in this event Seller will return the earnest money paid by Buyer. Execution of this Agreement by any person on behalf of the Seller prior to obtaining the necessary approvals provided herein shall not confer any personal authority nor create any personal liability on the signer for the obligations of Seller under this Agreement.

IN WITNESS WHEREOF, Seller and Buyer have each executed this Agreement in their corporate names as of the date first written above.

Buyer: ENVIROLASTECH, INC.

Date: _____

By: _____
Jeffrey A. Mintz, Its CEO

STATE OF MINNESOTA)
) ss.
COUNTY OF WINONA)

This instrument was acknowledged before me on _____, 2016, by Jeffrey A. Mintz, the Chief Executive Officer of Envirolastech, Inc.

(Notary Seal)

_____
Notary Public

Seller: CITY OF ST. CHARLES, MINNESOTA

Date: _____ By:_____
John Schaber, Its Mayor

Date: _____ By:_____
Nick Koverman, Its City Administrator

STATE OF MINNESOTA)
) ss.
COUNTY OF WINONA)

This instrument was acknowledged before me on _____, 2016, by John Schaber, the Mayor, and by Nick Koverman, the City Administrator of the City of St. Charles, Minnesota.

(Notary Seal)

_____
Notary Public

THIS DOCUMENT WAS DRAFTED BY:

Flaherty & Hood, P.A.
525 Park Street, Suite 470
St. Paul, MN 55103
Phone: 651-225-8840
Fax: 651-225-9088

EXHIBIT A
DEPICTION AND MAP OF THE REAL PROPERTY

EXHIBIT B
DEVELOPMENT AGREEMENT BETWEEN THE PARTIES

EXHIBIT C

(Top 3 inches reserved for recording data)

QUIT CLAIM DEED

eCRV number: _____

DEED TAX DUE: $_____ **Date:** _____

FOR VALUABLE CONSIDERATION, the **City of St. Charles**, a municipal corporation under the laws of the State of Minnesota ("**Grantor**"), hereby conveys and quitclaims to **Envirolastech, Inc.**, a corporation under the laws of the State of Minnesota ("**Grantee**"), real property in Winona County, Minnesota, legally described as:

Lot 3, Block 1, Chattanooga Innovation Park, City of St. Charles, Winona County, Minnesota

together with all hereditaments and appurtenances belonging thereto.

Subject to the following restrictions, covenants, and conditions:

1. The real property herein conveyed shall be devoted to the following use: Industrial.

2. The real property shall be devoted to such intended use by the Grantee in accordance with the provisions of this Deed and the Development Agreement between the City of St. Charles and Envirolastech, Inc., dated November 1, 2016.

3. The Grantee shall (a) commence work on the development project as provided in the Development Agreement, on or before _____, 2016, and (b) shall devote the real property to its intended use by _____, 2017. If the Grantee fails to commence work on time or fails to devote the real property to its intended use on time, or fails to comply with the Development Agreement, title to the real property shall revert to Grantor, at Grantor's election, and, in that event, Grantee shall promptly offer a deed to the real property to Grantor, who will then refund to Grantee the amount of the Purchase Price paid by Grantee to Grantor, without interest, less any taxes and other encumbrances affecting marketability of title. Notwithstanding the foregoing, Grantor may, at its option, consider an extension of time for good cause shown by Grantee. In the event an extension is granted, such extension (a) shall be to a date certain, (b) may be conditioned by Grantor to protect the public interest, and (c) during the period Grantee shall not transfer title to the real property without the express written consent of Grantor.

   After the Grantee has devoted the real property to its intended use in accordance with the Development Agreement for development of the real property, the Grantor shall provide to Grantee a certificate of compliance/completion in recordable form within 30 days from the determination thereof by Grantor.

4. The Grantee shall not transfer title to the real property within five (5) years after the date of this Deed without the express written consent of the Grantor; such consent shall not be unreasonably withheld, conditioned or delayed.

5. Any transfer of title to the real property made pursuant to the provisions of paragraphs 3 and 4 hereof shall be made only to a party who demonstrates to the satisfaction of Grantor that such party has the ability to perform in place of Grantee.

The total consideration for this transfer is $500.00 or less.

☒ The Seller certifies that the Seller does not know of any wells on the described real property.

Grantor

CITY OF ST. CHARLES

By: _____
John Schaber
Its: **Mayor**

By: _____
Nick Koverman
Its: **City Administrator**

STATE OF MINNESOTA)
) ss.
COUNTY OF WINONA)

This instrument was acknowledged before me on _____, **2016**, by **John Schaber** as **Mayor** and by **Nick Koverman** as **City Administrator** of the **City of St. Charles**, a municipal corporation under the laws of the State of Minnesota, **Grantor.**

(Stamp)

_____
(signature of notarial officer)

Title (and Rank): _____

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

THIS INSTRUMENT WAS DRAFTED BY:

FLAHERTY & HOOD, P.A.
525 Park Street, Suite 470
St. Paul, MN 55103
(651) 225-8840

TAX STATEMENTS FOR THE REAL PROPERTY DESCRIBED IN THIS INSTRUMENT SHOULD BE SENT TO:

Jeffrey A. Mintz, Its CEO
Envirolastech, Inc.
3257 19th St. NW,
Rochester, Minnesota 55901