



CITY COUNCIL AGENDA

COUNCIL CHAMBERS

TUESDAY, NOVEMBER 18,
2025

6:00 PM

1. Call to Order/Roll Call/Pledge of Allegiance

- A. Call to Order FARIBAULT CITY COUNCIL / Designation of Presiding Officer (Mayor) / Roll Call
- B. Call to Order RICE COUNTY COMMISSIONERS / Roll Call
- C. Pledge of Allegiance

2. Approve Agenda

- A. Approve Agenda FARIBAULT CITY COUNCIL
- B. Approve Agenda RICE COUNTY COMMISSIONERS

3. Public Hearings

- A. Proposed Tax Abatement and Business Subsidy for KGP Telecommunications, LLC Project
 - 1. CITY STAFF Presentation of KGP Telecommunications, LLC Project
 - 2. FARIBAULT CITY COUNCIL - Open the Tax Abatement and Business Subsidy Public Hearing
 - 3. RICE COUNTY COMMISSIONERS - Open the Tax Abatement and Business Subsidy Public Hearing
 - 4. RICE COUNTY COMMISSIONERS - Close the Public Hearing
 - 5. FARIBAULT CITY COUNCIL - Close the Public Hearing
 - 6. FARIBAULT CITY COUNCIL Actions
 - A. Resolution 2025-304 Approve Tax Abatement for Certain Property in the City of Faribault
 - B. Resolution 2025-305 Approve Contract for Private Development with KGP Telecommunications, LLC for Certain Property in the City of Faribault
- B. RICE COUNTY COMMISSIONER ACTIONS

4. Adjournment

- A. RICE COUNTY COMMISSIONERS Adjournment
- B. FARIBAULT CITY COUNCIL Adjournment

(The Council may meet as a group for dinner)

NOTE:

CC Closed Captioning of Council meetings available on FCTV.

Please contact the City Administrator's Office if you need special accommodations related to a disability while attending the City Council meeting.

Para pedir este documento en otro idioma, envíe un correo electrónico y adjunte el documento a accessibility@faribault.org.

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Request for Council Action

TO: Mayor and City Council
THROUGH: Jessica Kinser, City Administrator
FROM: David Wanberg, CED Director
MEETING DATE: November 18, 2025
SUBJECT: Proposed Tax Abatement and Business Subsidy for KGP Telecommunications, LLC Project

Background:

Overview of the Project and Tax Abatement Request. Faribault Real Estate, LLC (the "Applicant" and the "Property Owner") on behalf of KGP Telecommunications, LLC ("KGP" and the "Tenant"), requests approval of a tax abatement package to help relocate KGP's current headquarters at 3305 Highway 60 West to the southeast corner of the intersection of 4th Street NW and 2nd Avenue NW in the downtown area (the "Project"). The Project includes the construction of a new 15,000-square-foot office building, owned by Faribault Real Estate, LLC, for which KGP would commit to a long-term lease with the Property Owner.

KGP is a global telecommunications company that partners with manufacturers to furnish innovative communications products and value-added distribution services to its customers. Kathleen and Dale Putrah started KGP's parent company in Faribault in 1973. Then, in 1982, Kathleen Putrah created the KGP Telecommunications branch of the company. Although KGP has had its headquarters in Faribault since its inception, its current location at 3305 Highway 60 West no longer serves its needs. Given KGP's ties to Faribault, the company expressed a strong desire to stay and grow in downtown Faribault, rather than relocate its headquarters to another city or state.

KGP has 65 full-time employees in Faribault. As part of its plans to relocate to the downtown area, KGP has committed to adding eight new full-time employees in the coming years, bringing the total number of employees to at least 73, which is a significant number of retained and new jobs in Faribault. However, KGP expects to have at least 86 employees working at the Property in the coming years. Furthermore, the City's expressed vision for the downtown area is to have a strong anchor business, such as KGP, bring more people to the downtown area, which in turn will help support other downtown businesses. In short, providing the requested tax

abatement to help relocate KGP's headquarters to the downtown area will yield significant benefits for the community and the downtown area.

Overview of Tax Abatement in General. Minnesota law allows cities, counties, towns, and school districts to incentivize economic development through property tax abatement. As an economic development tool, tax abatement must benefit the community by increasing or preserving the tax base, creating jobs, redeveloping blighted areas, or providing residents with facilities and services. The benefits of tax abatement must equal or exceed its costs.

State statutes provide taxing authorities with leeway in their application of tax abatement. Historically, the City of Faribault and Rice County have used tax abatement to promote projects resulting in significant industrial expansion and investments. They have generally limited tax abatement to a maximum of ten years. The benefiting property pays its full property tax bill, and the City and County provide abatement payments on the tax increase twice a year if the benefiting property meets the conditions of the abatement agreement.

Overview of the Project's Proposed Tax Abatement. Based on the Project's estimated valuation, the total estimated cumulative tax abatement from February 2028 through August 2037 is \$431,323.00. The City's share of the proposed abatement over the term is estimated at \$262,216.00 (not-to-exceed \$400,000), and the County's share of the proposed abatement over the term is estimated at \$169,106.00 (not-to-exceed \$180,000.00). The City and County will pay the abatement semi-annually over ten years, with the first payment starting on February 1, 2028.

Consistency with the City and County's Business Subsidy Goals and Policies. Consistent with state statutes and the City and County's business subsidy goals and policies, the proposed tax abatement package increases the tax base, creates jobs, and equals or exceeds its costs. It also supports private investment in the downtown area. The City and County acknowledge that the proposed tax abatement is necessary to ensure this project is economically feasible.

Process to Approve the Property Tax Abatement Package. The following outlines the steps the City and County will take to approve the proposed tax abatement package for KGP:

1. The City Council and Rice County Commissioners will each call the meeting to order.
2. City Staff will provide a brief overview of the project and the proposed tax abatement package. A representative from KGP will be available to contribute to the overview and answer questions.
3. The City Council will open its public hearing.

4. The Rice County Commissioners will open their public hearing.
5. The Rice County Commissioners will close their public hearing.
6. The City Council will close its public hearing.
7. The City Council will act on Resolution 2025-304 and Resolution 2025-305.
8. The Rice County Commissioners will act on their resolutions.
9. The Rice County Commissioners will adjourn.
10. The City Council will adjourn.

Recommendation:

1. City Staff recommends that the City Council approve Resolution 2025-305 and Resolution 2025-305.
2. County Staff recommends that the Rice County Commissioners approve Resolution 25-047 and Resolution 25-048.

Attachments:

1. Resolution 2025-304
2. Resolution 2025-305
3. Contract for Private Development

CITY OF FARIBAULT

RESOLUTION #2025-304

APPROVE PROPERTY TAX ABATEMENT FOR CERTAIN PROPERTY IN THE CITY OF FARIBAULT

BE IT RESOLVED by the City Council (the "City Council") of the City of Faribault, Minnesota (the "City") as follows:

Section 1. Recitals

1.01. FARIBAULT REAL ESTATE, LLC (the "Applicant" and the "Property Owner"), on behalf of KGP TELECOMMUNICATIONS, LLC ("KGP" and the "Tenant"), is considering constructing a 15,000-square-foot office building (the "Project") to accommodate KGP's headquarters on property (the "Property") legally described in EXHIBIT A. KGP intends to be the sole tenant of the building, enter into a long-term lease with the Property Owner, and pay the property taxes. The Applicant, on behalf of KGP, has requested financial assistance to offset a portion of the Project's costs, with KGP being the intended recipient of the financial assistance.

1.02. In order to provide the financial assistance related to the Project, the Applicant, on behalf of KGP, has requested the following assistance: (i) a full tax abatement from the City for up to ten years in the estimated amount of \$262,216.00 (the "City Abatement") pursuant to the Tax Abatement Act; and (ii) a tax abatement from Rice County (the "County") for up to ten years in the estimated amount of \$169,106.00 (the "County Abatement") pursuant to the Tax Abatement Act (with an estimated cumulative amount of both the City Abatement and the County Abatement of \$431,323.00).

1.03. The City has determined a need to grant the City Abatement pursuant to Minnesota Statutes, Sections 469.1812 to 469.1815 (the "Abatement Act") to reimburse KGP for pertinent costs associated with the Project on the Property.

1.04. Both the City Abatement and the County Abatement shall be based upon the full abatement of property taxes resulting from the proposed Project on the Property.

1.05. The proposed 10-year City Abatement and County Abatement would be paid based upon the formula, as set forth in Section 1.1 Abatement Formula of the Contract for Private Development, as hereinafter more fully defined, to be paid out in semi-annual installments over 10 years, with the first tax abatement payment starting in February 2028 and ending in August 2037.

1.06. This City Council has reviewed information concerning the Applicant's request, on behalf of KGP, for financial assistance.

1.07. On the date hereof, the City Council conducted a duly noticed public hearing on the City Abatement proposed to be provided by the City to the KGP at which the views of all interested persons were heard.

1.08. On the date hereof, the Board of Commissioners of the County conducted a duly noticed public hearing on the County Abatement proposed to be provided by the County to KGP at which the views of all interested persons were heard.

1.09. The City and County intend to enter into a Contract for Private Development, including a Tax Abatement Agreement (collectively the "Abatement Agreement") with the KGP, which shall set forth the terms of the City Abatement and County Abatement.

Section 2. Findings

2.01. The recitals set forth above are incorporated into this Resolution.

2.02. It is hereby found and determined that the benefits to the City from the City Abatement will be at least equal to the costs to the City of the City Abatement, because (a) the City believes that the development to be facilitated is not reasonably likely to occur absent the City Abatement and other business subsidies provided by the City, and (b) the long-term taxes

collected from the Property after termination of the City Abatement will exceed the amount of the City Abatement returned to KGP.

2.03. It is hereby found and determined that the City Abatement is in the public interest because such action will increase the tax base and retain employment in the City.

2.04. The City Abatement complies with the City's written Business Subsidy Policy.

Section 3. Actions Ratified; Abatement Approved

3.01. The City Council hereby ratifies all actions of the City's staff and consultants in arranging for approval of this Resolution in accordance with the Act.

3.02. Subject to the provisions of the Act, the City Abatement is hereby approved and adopted subject to the following terms and conditions:

(a) The term "City Abatement" means the real property taxes generated in any tax-payable year by extending the City's total tax rate for that year against the tax capacity of the Property in accordance with the Abatement Agreement, excluding the portion of the tax capacity attributable to the areawide tax under Minnesota Statutes, Chapter 473F, all as of January 2 in the prior year.

(b) The City Abatement will be paid by the City to KGP on the dates and in accordance with all the terms and conditions of the Abatement Agreement.

(c) In accordance with Section 469.1813, subdivision 8 of the Act, in no year shall the City Abatement, together with all other abatements approved by the City under the Act and paid in that year exceed the greater of 10% of the City's levy for that year or \$400,000 (the "Abatement Cap"). The City may grant any other abatements permitted under the Act after the date of this Resolution, provided that to the extent the total abatements in any year exceed the Abatement Cap, the allocation of Abatement Cap to such other abatements is subordinate to the City Abatement granted pursuant to this Resolution.

(d) The proposed 10-year City Abatement would be paid based upon the formula as set forth in Section 1.1 Abatement Formula, set forth in the Contract for Private Development, as hereinafter more fully defined,

to be paid out in semi-annual installments over 10 years, with the first tax abatement payment starting in February 2028 and ending in August 2037.

(e) The City Abatement shall be based upon the increase in property taxes resulting from the Project on the Property.

(f) The City Abatement is subject to modification in accordance with the Act, subject to the terms of the Abatement Agreement.

(g) In accordance with Section 469.1815 of the Act, the City will add to its levy in each year during the term of the City Abatement the total estimated amount of current year City Abatement granted under this Resolution.

(h) The City makes no warranties or representations regarding the amount or availability of the City Abatement.

(i) The City Abatement shall be provided to the KGP pursuant to the terms and conditions of the Abatement Agreement as approved by the City Council.

3.03. Restrictions on City Abatement. The City Abatement granted pursuant to this Resolution shall not commence until the City and KGP mutually agree on the terms and conditions of the Abatement Agreement.

Section 4. Implementation

4.01. The Mayor and the City Administrator are authorized and directed to execute and deliver any additional agreements, certificates or other documents that the City determines are necessary to implement this Resolution.

4.02. The City Council directs City staff to take any appropriate action and to prepare any appropriate documents to facilitate the directives of the City Council as set forth in this Resolution.

4.03. The Mayor, City staff, City attorney and City consultants are hereby authorized and directed to take any and all additional steps and actions necessary or convenient in order to accomplish the intent of this Resolution.

Section 5. County Participation. The Mayor and City Administrator are authorized to work with the County if the County chooses to grant the County

Abatement for the benefit of KGP, including but not limited to drafting the Abatement Agreement with the County as a party and administering the payment of the County's abatement dollars.

Section 6. Effective Date. This Resolution is effective upon execution in full of the Abatement Agreement.

Date Adopted: November 18, 2025

Faribault City Council

Thomas J. Spooner, Mayor

ATTEST:

Jessica L. Kinser, City Administrator

EXHIBIT A TO ABATEMENT RESOLUTION

THE PROPERTY

That real property in the City of Faribault, County of Rice, State of Minnesota, legally described as follows:

Lot 1, Block 1, HENRY M RICE SQUARE, City of
Faribault, Rice County, Minnesota

CITY OF FARIBAULT

RESOLUTION #2025-305

APPROVE CONTRACT FOR PRIVATE DEVELOPMENT WITH KGP TELECOMMUNICATIONS, LLC FOR CERTAIN PROPERTY IN THE CITY OF FARIBAULT

BE IT RESOLVED by the City Council (the "City Council") of the City of Faribault, Minnesota (the "City") as follows:

Section 1. Recitals.

1.01. FARIBAULT REAL ESTATE, LLC (the "Applicant" and the "Property Owner"), on behalf of KGP TELECOMMUNICATIONS, LLC ("KGP" and the "Tenant"), is considering constructing a 15,000-square-foot office building (the "Project") to accommodate KGP's headquarters on property (the "Property") legally described in EXHIBIT A. KGP intends to be the sole tenant of the building, enter into a long-term lease with the Property Owner, and pay the property taxes. The Applicant, on behalf of KGP, has requested financial assistance to offset a portion of the Project's costs, with KGP being the intended recipient of the financial assistance.

1.02. In order to provide the financial assistance related to the Project, the Applicant, on behalf of KGP, has requested the following assistance: (i) a full tax abatement from the City for up to ten years in the estimated amount of \$262,216.00 (the "City Abatement") pursuant to the Tax Abatement Act; and (ii) a tax abatement from Rice County (the "County") for up to ten years in the estimated amount of \$169,106.00 (the "County Abatement") pursuant to the Tax Abatement Act (with an estimated cumulative amount of both the City Abatement and the County Abatement of \$431,323.00).

1.03. The City has determined a need to grant the City Abatement pursuant to Minnesota Statutes, Sections 469.1812 to 469.1815 (the

"Abatement Act") to reimburse KGP for pertinent costs associated with the Project on the Property.

1.04. Pursuant to Minnesota Statutes, Sections 116J.993 through 116J.995, as amended (the "Business Subsidy Act"), the City and the County are authorized to grant a business subsidy to facilitate development in the City, the County, and the State of Minnesota (the "State"); and

1.05. A form of Contract for Private Development, including an Abatement Agreement and Business Subsidy Agreement, between the City, the County, and the KGP (the "Contract") has been presented to the City Council, which sets forth the terms of the Abatements and Business Subsidies provided by the City and the County.

1.06. The business assistance to be provided by the Contract constitutes a Business Subsidy as defined in the Business Subsidy Act.

1.07. The proposed 10-year City Abatement and County Abatement would be paid based upon the formula, as set forth in Section 1.1 Abatement Formula of the Contract for Private Development, as hereinafter more fully defined, to be paid out in semi-annual installments over 10 years, with the first tax abatement payment starting in February 2028 and ending in August 2037.

1.08. On November 18, 2025, the City Council conducted a duly noticed public hearing on the Abatement and proposed business subsidies to be provided to the KGP at which the views of all interested persons were heard.

1.09. On the date hereof, the Board of Commissioners of the County will meet to consider abating a portion of the County's taxes for the benefit of KGP.

1.10. By resolution adopted by the City Council on November 18, 2025, the City approved the City Abatement pursuant to Minnesota Statutes, Sections 469.1812 to 469.1815 (the "Abatement Act") in the estimated amount of \$262,216.00 to be granted to the KGP to reimburse for pertinent Project costs.

1.11. In order to assist the KGP with certain parking costs related to the Project, KGP has requested assistance from the City during the time of its lease of the Development Property for parking costs associated with use and maintenance of a parking lot on a parcel adjacent to the Development Property, all as hereinafter defined in the Contract; and

1.12. The City believes that assisting KGP with certain parking costs related to the Project as contemplated herein and fulfillment of the Contract is in the best interests of the City and the health, safety, morals and welfare of their residents, and is in accord with the public purposes and provisions of the City and applicable State and local laws and requirements under which this Contract is made.

1.13. The City Council has reviewed the Contract for Private Development and finds that the execution thereof by the Authority and performance of the Authority's obligations thereunder are in the best interest of the City and its residents.

Section 2. Findings.

2.01. The recitals set forth above are incorporated into this Resolution.

2.02. The Contract is hereby in all respects authorized, approved and confirmed and the Mayor and City Administrator are hereby authorized and directed to execute and deliver the Contract for and on behalf of the City in substantially the form now on file with the City but with such modifications as shall be deemed necessary, desirable or appropriate, their execution thereof to constitute conclusive evidence of their approval of any and all modifications therein.

Section 3. Implementation.

3.01. The Mayor and the City Administrator are authorized and directed to execute and deliver any additional agreements, certificates or other documents that the City determines are necessary to implement this Resolution.

3.02. The City Council directs City staff to take any appropriate action and to prepare any appropriate documents to facilitate the directives of the City Council as set forth in this Resolution and in performing its obligations under the business subsidy agreement and the Contract as a whole.

3.03. The Mayor, City staff, City attorney and City consultants are hereby authorized and directed to take any and all additional steps and actions necessary or convenient in order to accomplish the intent of this Resolution.

Section 4. Effective Date. This Resolution is effective upon the date of its adoption.

Date Adopted: November 18, 2025

Faribault City Council

Thomas J. Spooner, Mayor

ATTEST:

Jessica L. Kinser, City Administrator

EXHIBIT A TO CONTRACT FOR PRIVATE DEVELOPMENT RESOLUTION
THE PROPERTY

Lot 1, Block 1, HENRY M RICE SQUARE, City of
Faribault, Rice County, Minnesota.

CONTRACT FOR PRIVATE DEVELOPMENT

Between

CITY OF FARIBAULT, MINNESOTA,

RICE COUNTY, MINNESOTA,

and

KGP TELECOMMUNICATIONS LLC

Dated: November ____, 2025

This document was drafted by:

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

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EXHIBIT B	City Property	B-1

CONTRACT FOR PRIVATE DEVELOPMENT

THIS CONTRACT FOR PRIVATE DEVELOPMENT (the “Agreement”), is made and entered into as of this _____ day of November, 2025, by and between the CITY OF FARIBAULT, MINNESOTA, a municipal corporation under the laws of the State Minnesota (the “City”), RICE COUNTY, MINNESOTA, a political subdivision under the laws of the State of Minnesota (the “County”), and KGP Telecommunications LLC, a limited liability company organized under the laws of the State of Minnesota (the “Developer”).

RECITALS

WHEREAS, pursuant to Minnesota Statutes, Sections 469.1812 to 469.1815 (the “Tax Abatement Act”), the City and the County are authorized to abate property taxes in order to increase or preserve tax base and provide employment opportunities; and

WHEREAS, pursuant to Minnesota Statutes, Sections 116J.993 through 116J.995, as amended (the “Business Subsidy Act”), the City and the County are authorized to grant a business subsidy to facilitate development in the City, the County, and the State of Minnesota (the “State”); and

WHEREAS, the Developer is expanding and moving its operations (the “Project”) on property legally described in Exhibit A attached hereto (the “Development Property”). The Developer has requested financial assistance as set forth herein to help with the Project; and

WHEREAS, in order to reimburse the Developer for certain costs related to the Project, the Developer has requested the following assistance: (i) a tax abatement from the City for up to ten years in the maximum estimated amount of \$400,000.00 pursuant to the Tax Abatement Act; and (ii) a tax abatement from the County for up to ten years in the maximum estimated amount of \$180,000.00 pursuant to the Tax Abatement Act (with a maximum estimated cumulative amount of both the City Abatement and the County Abatement of \$580,000.00); and

WHEREAS, both the City Abatement and the County Abatement shall be based upon the increase in property taxes resulting from the Minimum Improvements to the Development Property; and

WHEREAS, the proposed 10-year City Abatement and County Abatement would be paid based upon the formula as set forth in Section 1.1 Abatement Formula, to be paid out in semi-annual installments over 10 years, with the first tax abatement payment starting in August 2028 and ending in February 2037; and

WHEREAS, the City and the County believe that the property tax abatement contemplated herein and fulfillment of this Agreement is in the best interests of the City and the County and the health, safety, morals and welfare of their residents, and is in accord with the public purposes and provisions of the Tax Abatement Act and other applicable State and local laws and requirements under which this Agreement is made; and

WHEREAS, in order to assist the Developer with certain parking costs related to the Project, the Developer has requested assistance from the City during the time of its lease of the Development Property for parking costs associated with use and maintenance of a parking lot on a parcel adjacent to the Development Property, all as hereinafter defined in this Agreement; and

WHEREAS, the City believes that assisting the Developer with certain parking costs related to the Project as contemplated herein and fulfillment of this Agreement is in the best interests of the City and the

health, safety, morals and welfare of their residents, and is in accord with the public purposes and provisions of the City and applicable State and local laws and requirements under which this Agreement is made.

NOW THEREFORE, in consideration of the mutual covenants and agreements herein, the parties agree as follows:

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

ARTICLE I

Definitions

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

“Abatement Formula” means the formula upon which the City Abatement and County Abatement are based and would be paid out in semi-annual installments over 10 years, with the first payment starting in August 2028 and ending in February 2037, as follows:

For the City Abatement:

Years 1-10: 100% abatement of the increase in the City property taxes resulting from the Minimum Improvements to the Development Property established pursuant to the property tax assessment as of January 2, 2027;

For the County Abatement:

Years 1-5: 100% abatement of the increase in the City and County property taxes resulting from the Minimum Improvements to the Development Property established pursuant to the property tax assessment as of January 2, 2027; and

Years 6-10: a decreasing percentage abatement of the increase in the City and County property taxes resulting from the Minimum Improvements to the Development Property established pursuant to the property tax assessment as of January 2, 2027, as follows:

Year 6: 95% abatement of the City and County property taxes resulting from the Minimum Improvements to the Development Property;

Year 7: 85% abatement of the City and County property taxes resulting from the Minimum Improvements to the Development Property;

Year 8: 75% abatement of the City and County property taxes resulting from the Minimum Improvements to the Development Property;

Year 9: 65% abatement of the City and County property taxes resulting from the Minimum Improvements to the Development Property; and

Year 10: 55% abatement of the City and County property taxes resulting from the Minimum Improvements to the Development Property.

The actual City Abatement and County Abatement amounts would be established based on the valuation assigned to the Project by the Rice County Assessor on January 2, 2027.

“Agreement” means this Contract for Private Development, as the same may be from time to time modified, amended, or supplemented.

“Available Abatement” means the sum of the City Available Abatement and the County Available Abatement.

“Business Day” means any day except a Saturday, Sunday, legal holiday, a day on which the City or County is closed for business, or a day on which banking institutions in the City are authorized by law or executive order to close.

“Business Subsidy Act” means Minnesota Statutes, Sections 116J.993 through 116J.995, as amended.

“Business Subsidy” means assistance as defined in the Business Subsidy Act.

“City” means the City of Faribault, Minnesota.

“City Abatement” means the property taxes (i) generated in any tax-payable year by extending the City’s total tax rate for that year against the tax capacity of the Development Property in accordance with this Agreement, excluding the portion of the tax capacity attributable to the areawide tax under Minnesota Statutes, Chapter 473F, all as of January 2 in the prior year, and (ii) paid to the City by the County.

“City Abatement Resolution” means Resolution No. 2025-304, adopted by the City Council of the City on November 18, 2025, regarding abatement of property taxes on the Development Property.

“City Available Abatement” means, on each Payment Date, the City Abatement generated in the preceding six (6) months with respect to the Development Property and remitted to the City by the County, as shall cause (i) an estimated maximum cumulative total of \$400,000.00 over the term of the City Abatement; or (ii) the total maximum City Available Abatement and the County Available Abatement paid to the Developer during the term of this Agreement is estimated to be \$580,000.00. Notwithstanding the above, such City Available Abatement amount would be established pursuant to the Abatement Formula.

“City Property” means the real property described as such in Exhibit B of this Agreement.

“County” means Rice County, Minnesota.

“County Abatement” means the property taxes generated in any tax-payable year by extending the County’s total tax rate for that year against the tax capacity of the Development Property in accordance with this Agreement, excluding the portion of the tax capacity attributable to the areawide tax under Minnesota Statutes, Chapter 473F, all as of January 2 in the prior year.

“County Abatement Resolution” means County Resolution No. 25-047, adopted by the Board of Commissioners of the County on November 18, 2025, regarding abatement of property taxes on the Development Property.

“County Available Abatement” means, on each Payment Date, the County Abatement generated in the preceding six (6) months with respect to the Development Property and transferred to the City by the County, as shall cause (i) the maximum estimated cumulative County Available Abatement paid to the Developer during the term of this Agreement to be \$180,000; or (ii) the maximum cumulative County Available Abatement and City Available Abatement paid to the Developer during the term of this Agreement is estimated to be \$580,000.00. Notwithstanding the above, such County Available Abatement amount would be established pursuant to the Abatement Formula.

“Developer” means KGP Telecommunications LLC, a limited liability company organized under the laws of the State of Minnesota, or its permitted successors and assigns.

“Development Property” means the real property described as such in Exhibit A of this Agreement.

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

“Facility” means the building leased by Developer and being constructed by a third party and located on the Development Property, as the same is to be improved by the building improvements to be constructed on behalf of the Developer and the equipment and fixtures to be purchased by the Developer for this location.

“Parking Agreement” means that agreement entered into by and between the City, the Developer, and Faribault Real Estate LLC, a Minnesota limited liability company, or their assigns, all as defined in the Parking Agreement.

“Payment Date” means each February 1 and August 1, commencing August 1, 2028; provided that if any such Payment Date is not a Business Day, the Payment Date shall be the next succeeding Business Day.

“Project” means the Facility located on the Development Property as hereinbefore described, the acquisition of equipment and the construction of improvements to the Facility.

“State” means the State of Minnesota.

“Tax Abatement Act” means Minnesota Statutes, Sections 469.1812 to 469.1815, as amended.

“Tax Official” means any County assessor, County auditor, County or State board of equalization, the commissioner of revenue of the State, or any State or federal district court, the tax court of the State, or the State Supreme Court.

“Transfer” has the meaning given such term in Section 8.1.

“Unavoidable Delays” means delays beyond the reasonable control of the party seeking to be excused as a result thereof which are the direct result of strikes, other labor troubles, prolonged adverse weather or acts of God, fire or other casualty to the Project, litigation commenced by third parties which, by injunction or other similar judicial action, directly results in delays, or acts of any federal, state or local governmental unit (other than the City or the County in exercising their rights under this Agreement) which directly result in delays, terrorism, war, civil disturbances, pandemics, epidemics, quarantines or other health crises, and shortages of labor or materials. Unavoidable Delays shall not include delays in the Developer’s obtaining of permits or governmental approvals necessary to enable construction of the Project by the dates such construction is required under Section 4.2 of this Agreement. Unavoidable Delays do not include financial distress of either party and this provision shall not excuse non-payment or late payment by either party.

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ARTICLE II

Representations and Warranties

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

(a) The City is a home rule charter city duly organized and existing under the laws of the State. Under the provisions of the Tax Abatement Act and the Business Subsidy Act, the City has the power to enter into this Agreement and carry out its obligations hereunder, and has duly authorized the execution, delivery and performance of this Agreement by action of its City Council.

(b) The City proposes to grant abatement of taxes on the Development Property and provide the Business Subsidy based on the Parking Agreement on the City Property for the purposes of promoting economic development, preserving tax base, and retain employment opportunities in the City.

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

(d) The City has held all public hearings, and obtained all approvals, necessary to perform its obligations under this Agreement.

Section 2.2. Representations by the County. The County makes the following representations and warranties as the basis for its covenants herein:

(a) The County is a political subdivision of the State, duly organized and existing under the laws of the State. Under the provisions of the Abatement Act and the Business Subsidy Act, the County has the power to enter into this Agreement and carry out its obligations hereunder, and has duly authorized the execution, delivery and performance of this Agreement by action of its Board of Commissioners.

(b) The County proposes to grant abatement of taxes for the Project, for the purposes of promoting economic development, preserving tax base, and retain employment opportunities in the County.

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

(d) The County has held all public hearings, and obtained all approvals, necessary to perform its obligations under this Agreement.

Section 2.3. Representations and Warranties by the Developer. The Developer makes the following representations and warranties as the basis for its covenants herein:

(a) The Developer is an limited liability company in good standing under the laws of the State of Minnesota, is not in violation of any provisions of its Articles of Organization or operating agreement, is

duly authorized to transact business in the State, has the power to enter into this Agreement, and has the authority to execute, deliver and perform this Agreement.

(b) The Developer will lease the Development Property following the construction of the Facility by a third party, and will purchase and install the necessary equipment to operate at the Facility 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).

(c) The Developer has received no notice or communication from any local, state, or federal official that the activities of the Developer may be or will be in violation of any environmental law or regulation (other than those notices or communications of which the City is aware). The Developer is aware of no facts the existence of which would cause it to be in violation of or give any person a valid claim under any local, state, or federal environmental law, regulation or review procedure.

(d) The Developer will assist as necessary to obtain, 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 proposed improvements to the Facility may be lawfully constructed.

(e) Neither the execution and delivery of this Agreement, the consummation of the transactions contemplated hereby, nor the fulfillment of or compliance with the terms and conditions of this Agreement is prevented, limited by or conflicts with or results in a breach of, the terms, conditions or provisions of any corporate restriction or any evidences of indebtedness, agreement or instrument of whatever nature to which the Developer is now a party or by which it is bound, or constitutes a default under any of the foregoing, which default or breach might prevent the Developer from performing its obligations under this Agreement.

(f) The Developer shall promptly advise the City and the County in writing of all litigation or claims affecting any part of the Facility and all written complaints and charges made by any governmental authority materially affecting the Facility or materially affecting Developer or its business which may delay or require changes to the Project.

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ARTICLE III

Status of Development Property; Property Tax Abatement

Section 3.1. Status of the Development Property. The Developer will lease the Development Property. Neither the City nor the County shall have any obligation to acquire nor lease any property on behalf of the Developer.

Section 3.2. City Property Tax Abatement.

(a) Generally. In order to make the Project economically feasible, the City will grant the City Abatement for a period of up to ten (10) years to the Developer commencing August 1, 2028 and continuing through February 1, 2037. The City Abatement has a maximum estimated cumulative total of \$400,000.00 over the term of the City Abatement. Further, the maximum estimated City Abatement and the maximum estimated amount of the County Abatement provided to Developer from August 1, 2028 through February 1, 2037, is \$580,000.00. The City Abatement will reimburse the Developer for a portion of the costs of completing the Project, based upon the increase in the City property taxes resulting from the Minimum Improvements to the Development Property established pursuant to the property tax assessment as of January 2, 2027. Subject to the City Abatement Volume Cap described in (b), the City shall pay the Developer the City Available Abatement each February 1 and August 1 (each, a “Payment Date”), commencing August 1, 2028, and terminating on February 1, 2037. Notwithstanding the above, such City Available Abatement amount would be established pursuant to the Abatement Formula.

(b) Limitations. The pledge of City Available Abatements is subject to all the terms and conditions of the City Abatement Resolution. The City Available Abatements are payable solely from and to the extent of the City Abatements, and nothing herein shall be construed to obligate the City to make payments from any other funds. The City makes no warranties or representations as to the amount of the City Available Abatements. Any estimates of City Available Abatement amounts prepared by the City’s financial consultants are for the benefit of the City only, and the Developer is not entitled to rely on such estimates.

The Developer further acknowledges that the total property tax abatements payable by the City in any year may not exceed the greater of \$200,000.00 or ten percent (10%) of the net tax capacity of the City for the taxes payable year to which the abatement applies (the “City Abatement Volume Cap”), all pursuant to Section 469.1813, subd. 8 of the Tax Abatement Act. The City does not warrant or represent that the City Abatement in the amounts pledged under this Agreement will be within the City’s Abatement Volume Cap. The City represents that it has previously granted an abatement in the maximum amount of \$260,040.00 commencing August 1, 2021 and continuing through February 1, 2031, and an abatement in the maximum amount of \$777,258.00 commencing August 1, 2021 and continuing through February 1, 2031, an abatement in the maximum amount of \$971,950.00 commencing August 1, 2020 and continuing through February 1, 2030, and an abatement in the estimated maximum cumulative total of \$390,000.00 commencing August 1, 2025 and continuing through February 1, 2035. The City has not granted any other abatement under the Tax Abatement Act as of the date of this Agreement, and agrees that if the City grants any additional abatements under the Tax Abatement Act during the term of this Agreement, the City’s Abatement Volume Cap will be allocated first to the abatements granted prior to the date of this Agreement and to the City Abatement pledged pursuant to this Agreement.

Section 3.3. County Property Tax Abatement.

(a) Generally. In order to make the Project economically feasible, the County will grant the County Abatement for a period of up to ten (10) years to the Developer commencing August 1, 2028 and

continuing through February 1, 2037. The estimated County Abatement has a maximum cumulative total of \$180,000.00 over the term of the County Abatement. Further, the estimated maximum cumulative City Abatement and County Abatement paid to the Developer during the term of this Agreement is \$580,000.00. The County Abatement will reimburse the Developer for a portion of the costs of the Project, based upon the increase in the County property taxes resulting from the Minimum Improvements to the Development Property established pursuant to the property tax assessment as of January 2, 2027. Subject to the County Abatement Volume Cap described in (b), the County shall pay the City the County Available Abatement on or before the business day prior to each Payment Date, commencing the business day prior to August 1, 2028, and continuing through the business day prior to February 1, 2037. The transfer by the County of the County Available Abatement to the City will be accompanied by electronic communication to the City's Finance Officer providing the amount of the County Available Abatement transferred. The City shall disburse the County Available Abatement received pursuant to this Section to the Developer on each Payment Date. Notwithstanding the above, such County Available Abatement amount would be established pursuant to the Abatement Formula.

(b) Limitations. The pledge of County Available Abatements is subject to all the terms and conditions of the County Abatement Resolution. The County Available Abatements are payable solely from and to the extent of the County Abatements, and nothing herein shall be construed to obligate the County to make payments from any other funds. The County makes no warranties or representations as to the amount of the County Available Abatements. Any estimates of County Available Abatement amounts prepared by the County's financial consultants are for the benefit of the County only, and the Developer is not entitled to rely on such estimates.

The Developer further acknowledges that the total property tax abatements payable by the County in any year may not exceed the greater of \$200,000 or ten percent (10%) of the net tax capacity of the County for the taxes payable year to which the abatement applies (the "County Abatement Volume Cap"), all pursuant to Section 469.1813, subd. 8 of the Tax Abatement Act. The County does not warrant or represent that the County Abatement in the amounts pledged under this Agreement will be within the County's Abatement Volume Cap. The County represents that it has previously granted an abatement in the maximum amount of \$189,960.00 commencing August 1, 2021 and continuing through February 1, 2031 and an abatement in the estimated maximum cumulative total of \$296,000.00 commencing August 1, 2025 and continuing through February 1, 2035. The County has not granted any other abatement under the Tax Abatement Act as of the date of this Agreement, and agrees that if the County grants any additional abatements under the Tax Abatement Act during the term of this Agreement, the County's Abatement Volume Cap will be allocated first to the abatements granted prior to the date of this Agreement and to the City Abatement pledged pursuant to this Agreement.

Section 3.4. Business Subsidy Agreement. The provisions of this Section constitute the "business subsidy agreement" for the purposes of the Business Subsidy Act.

(a) General Terms. The parties agree and represent to each other as follows:

(1) The subsidies provided to the Developer pursuant to this Agreement consist of the principal amount of the City Abatement described in Section 3.2 of this Agreement, the principal amount of the County Abatement described in Section 3.3 of this Agreement, and the Parking Agreement Business Subsidy described in Section 3.6 of this Agreement. This business subsidy agreement shall apply to all the subsidies set forth in this Section.

(2) The public purposes of the subsidy are to facilitate the Project, to facilitate the leasing and construction of a building, to preserve tax base, and to retain employment in the City and the County.

(3) The goals for the subsidy are (i) to secure development of the Project on the Development Property; (ii) to maintain such improvements for at least five years as described in clause (6) below; and

(4) If the goals described in clause (3) are not met, the Developer must make the payments to the City and the County described in Section 3.4(c) of this Agreement.

(5) The subsidy is needed to induce Developer to lease the Facility and cause construction of the Facility by a third party on the Development Property, and to make the cost of the Project financially feasible.

(6) The Developer must continue operation of the Project as a “Qualified Facility” for at least five years after the Benefit Date (defined hereinafter), subject to the continuing obligation described in Section 10.3 of this Agreement. For the purposes of this Section, the term Qualified Facility means an office facility. The improvements will be a Qualified Facility as long as the Facility is operated by Developer as a tenant for the aforementioned qualified uses. During any period when the Facility is vacant and not operated for the aforementioned qualified uses, the Facility will not constitute a Qualified Facility.

(7) The Developer is a limited liability company under the laws of the State of Minnesota and is in good standing.

(8) The Developer expects to receive financial assistance from the following “grantors” as defined in the Business Subsidy Act, in connection with the Development Property or the Project:

(a) a forgivable loan from the Economic Development Authority of the City of Faribault, Minnesota of up to \$250,000.00.

(b) A Minnesota Fund Loan in the amount of \$100,000.00 from the City and the State.

(b) *Job and Wage Goals.* In accordance with Section 116J.994, subdivision 4, of the Business Subsidy Act, the City has determined after a public hearing held on November 18, 2025, that the creation or retention of jobs is the goal of this development effort. Accordingly, the wage and job goals are set as the Developer’s retention of 65 jobs, with the creation of 8 new jobs, for a total of 73 jobs for the Developer.

(c) *Remedies.* If the Developer fails to meet the goals described in Section 3.4(a)(3), the Developer shall repay to the City and the County, respectively, upon written demand from the City or the County, a “pro rata share” of the principal amount of the respective subsidies previously received, together with interest based on the rate set forth in Section 116J.994, subd. 6 of the Business Subsidy Act, accrued from the date of the default to the date of payment and the outstanding principal amount of their respective subsidies (i.e. the remaining amount to be paid to Developer pursuant to this Agreement) shall be reduced by the “pro rata share.” The term “pro rata share” means a percentage calculated as follows:

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

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

(iii) if the failure relates to maintenance of the Project in accordance with Section 3.4(a)(6), 60 less the number of months of operation as an office, commencing on the Benefit Date and ending with the date the facility ceases operation as reasonably determined by City or County staff, divided by 60; and

(iv) if more than one of clauses (i) through (iii) apply, the sum of the applicable percentages of clauses (ii) and (iii), not to exceed 100%.

Notwithstanding Section 9.2, the remedies in this Section 3.4 are the City's and County's sole remedies for failure to meet the goals set forth in this Section. In addition to the remedy described in this Section for failure to meet the goals stated in Section 3.4(a)(3), the Developer agrees and understands that it may not receive a business subsidy from the City or the County or any grantor (as defined in the Business Subsidy Act) for a period of five years from the date of the failure or until the Developer satisfies its repayment obligation under this Section, whichever occurs first.

(d) *Reports.* The Developer must submit to the City and the County, a written report regarding business subsidy goals and results by no later than March 1 of each year, commencing March 1, 2025, and continuing until the later of (i) the date the goals stated Section 3.4(a)(3) are met; (ii) 30 days after expiration of the period described in Section 3.4(a)(6); or (iii) if the goals are not met, the date the subsidy is repaid in accordance with Section 3.4(c). The report must comply with Section 116J.994, subdivision 7 of the Business Subsidy Act. The City and the County will provide information to the Developer regarding the required forms. If the Developer fails to timely file any report required under this Section, the City will mail the Developer a warning within one week after the required filing date. If, after 14 days of the postmarked date of the warning, the Developer fails to provide a report, the Developer must pay to the City and the County a penalty of \$100.00 for each subsequent day until the report is filed. The maximum aggregate penalty payable under this Section is \$1,000.00 payable to the City, and \$1,000.00 payable to the County.

(e) *Audits.* Upon written request of the City or County in any year, Developer shall retain at its expense an independent, third party accountant to audit any job and wage report submitted by Developer under Section 3.4(d). The Developer must deliver to the City and the County a written report from the accountant promptly upon completion of such audit.

Section 3.5. Records. The City and the County and their representatives shall have the right at all reasonable times after reasonable notice to inspect, and examine, all books and records of Developer relating solely to the construction of the Project. Developer shall also use commercially reasonable efforts to cause the contractor or contractors, all sub-contractors and their agents and lenders to make their books and records relating to the construction of the Project available to the City and the County, upon reasonable notice, for inspection, examination and audit. Such records shall be kept and maintained by Developer until the termination of this Agreement.

Section 3.6. Parking Agreement Business Subsidy. The City agrees to provide Business Subsidy assistance to the Developer pursuant to the Parking Agreement, in the estimated cumulative total amount of \$350,000.00. Such Business Subsidy assistance includes, but is not limited to construction of a parking lot on the City Property, Developer's use of parking lot consistent with the terms and conditions of the Parking Agreement, the City's maintenance of the parking lot, and other similar assistance.

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ARTICLE IV

Completion of Project

Section 4.1. Completion of Project. The Developer agrees that it will lease the Project the Facility on the Development Property in accordance with the provisions of this Agreement and will at all times during the term of this Agreement operate and maintain, preserve and keep the Facility, the Project or such improvements to be maintained, preserved and kept with the appurtenances and every part and parcel thereof, in good repair and condition. The City shall have no obligation to operate or maintain the Facility.

Section 4.2. Commencement and Completion of Facility Improvements. Subject to Unavoidable Delays, the Developer shall commence leasing the Facility by October 1, 2026. Subject to Unavoidable Delays, the Developer shall complete the Project by October 1, 2026. All work with respect to leasing and the construction of the improvements to the Facility shall be in conformity with the City's zoning ordinances and the Developer shall obtain all required permits.

Section 4.3. Occupancy of Facility. Subject to Unavoidable Delays, the Developer shall occupy the Facility no later than October 1, 2026.

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ARTICLE V

Insurance

Section 5.1. Insurance.

(a) During the term of this Agreement, the Developer shall maintain, or cause to be maintained, at its cost and expense, and from time to time at the request of the City or County shall furnish proof of the payment of premiums on, insurance as follows:

(i) Insurance against loss and/or damage to the Facility under a policy or policies covering such risks as are ordinarily insured against by similar businesses.

(ii) Commercial general liability insurance, including personal injury liability (with employee exclusion deleted), against liability for injuries to persons and/or property, in the minimum amount for each occurrence and for each year of \$1,500,000, and shall be endorsed to show the City and County as additional insureds.

(iii) Such other insurance, including workers' compensation insurance respecting all employees of the Developer, in such amount as is customarily carried by like organizations engaged in like activities of comparable size and liability exposure; provided that the Developer may be self-insured with respect to all or any part of its liability for workers' compensation.

(b) All insurance required in Article V of this Agreement shall be taken out and maintained in responsible insurance companies selected by the Developer which are authorized under the laws of the State to assume the risks covered thereby. Upon request, the Developer will deposit annually with the City and County policies evidencing all such insurance, or a certificate or certificates or binders of the respective insurers stating that such insurance is in force and effect. Unless otherwise provided in this Article V of this Agreement each policy shall contain an endorsement that the insurer shall not cancel nor modify it in such a way as to reduce the coverage provided below the amounts required herein without giving written notice to the Developer and the City and County at least sixty (60) days before the cancellation or modification becomes effective. In lieu of separate policies, the Developer may maintain a single policy, blanket or umbrella policies, or a combination thereof, having the coverage required herein, in which event the Developer shall deposit with the City and County a certificate or certificates of the respective insurers as to the amount of coverage in force upon the Facility.

(c) The Developer will notify the City promptly in the case of damage exceeding \$100,000 in amount to, or destruction of, the Facility or any portion thereof resulting from fire or other casualty. In such event if the Developer does not cause the Facility to be repaired, reconstructed and restored to substantially the same or an improved condition as existed before the event causing such damage within a reasonable time (given the nature of the damage and considering the time to effect a satisfactory settlement with any insurance company), then the City or County or both may suspend future payments of Available Abatement to the Developer until such damage is so repaired. The City and/or County, as applicable, shall provide written notice to Developer of any such determination to suspend payments pursuant to this paragraph.

(d) All of the insurance provisions set forth in this Article V shall terminate upon the termination of this Agreement.

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ARTICLE VI

Taxes

Section 6.1. Right to Collect Delinquent Taxes. The Developer acknowledges that the City and the County are providing substantial aid and assistance in furtherance of the Project pursuant to this Agreement. The Developer understands that the City Abatement and County Abatement pledged pursuant to this Agreement are derived from real property taxes on the Development Property, which taxes must be promptly and timely paid. To that end, the Developer agrees for itself, its successors and assigns, in addition to the obligation pursuant to statute to pay real property taxes, that it is also obligated by reason of this Agreement to pay before delinquency all real estate and personal property taxes assessed against the Development Property and the Project. The Developer acknowledges that this obligation creates a contractual right on behalf of the City to sue the Developer or its successors and assigns to collect delinquent real estate and personal property taxes and any penalty or interest thereon and to pay over the same as a tax payment to the County auditor. In any such suit, the City shall also be entitled to recover its costs, expenses, and reasonable attorneys' fees.

Section 6.2. Reduction of Taxes. Prior to the termination of this Agreement, the Developer will not cause a reduction in the real property taxes paid in respect of the Development Property through willful destruction of the Facility or any part thereof.

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ARTICLE VII

Project Financing

Section 7.1. Generally. The Developer warrants and represents to the City and the County that it has or will have available funds sufficient to complete the Project.

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ARTICLE VIII

Prohibitions Against Assignment and Transfer; Indemnification

Section 8.1. Prohibition Against Assignment and Transfer.

(a) Except only by way of security for, and only for, the purpose of obtaining financing necessary to enable the Developer or any successor in interest to the Development Property, or any part thereof, to perform its obligations with respect to completing the Project under this Agreement, and any other purpose authorized by this Agreement, the Developer has not made or created and will not make or create, or suffer to be made or created any total or assignment, conveyance, or lease, or transfer in any other mode or form of or with respect to this Agreement, the Developer's equipment located on the Development Property or its interest in the Project or the Development Property or any part thereof or any interest therein, or any contract or agreement to do any of the same, to any person or entity whether or not related in any way to the Developer (collectively, a "Transfer"), without the prior written approval of the City and County unless the Developer remains liable and bound by this Agreement in which event the City's and County's approval is not required. Any such Transfer shall be subject to the provisions of this Agreement.

(b) In the event the Developer, upon Transfer, seeks to be released from its obligations under this Agreement, the City and County shall be entitled to require, except as otherwise provided in this Agreement, as conditions to any such release that:

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

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

(iii) Any and all instruments and other legal documents involved in effecting the transfer of any interest in this Agreement or the Development Property governed by this Article VIII shall be in a form reasonably satisfactory to the City and County.

Section 8.2. Release and Indemnification Covenants.

(a) The City and the County and the governing body members, officers, agents, servants and employees thereof (the “Indemnified Parties”) shall not be liable for and the Developer shall indemnify and hold harmless the Indemnified Parties against any loss or damage to property or any injury to or death of any person occurring at or about or resulting from any defect in the Development Property or the Project.

(b) Except for any willful misrepresentation or any willful or wanton misconduct or negligence of the Indemnified Parties, and except for any breach by any of the Indemnified Parties of their obligations under this Agreement, 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 this Agreement, or the transactions contemplated hereby or the acquisition, construction, installation, ownership, maintenance and operation of the Development Property or the Project.

(c) The Indemnified Parties shall not be liable for any damage or injury to the persons or property of the Developer or its officers, agents, servants or employees or any other person who may be about the Development Property or Project.

(d) All covenants, stipulations, promises, agreements and obligations of the City or the County contained herein shall be deemed to be the covenants, stipulations, promises, agreements and obligations of such entities and not of any governing body member, officer, agent, servant or employee of the City or the County in the individual capacity thereof.

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ARTICLE IX

Events of Default

Section 9.1. Events of Default Defined. The following shall be “Events of Default” under this Agreement and the term “Event of Default” shall mean, whenever it is used in this Agreement, any one or more of the following events, after the non-defaulting party provides 30 days written notice to the defaulting party of the event, but only if the event has not been cured within said 30 days or, if the event is by its nature incurable within 30 days, the defaulting party does not, within such 30-day period, provide assurances reasonably satisfactory to the party providing notice of default that the event will be cured and will be cured as soon as reasonably possible:

(a) failure by the Developer to observe or perform any covenant, condition, obligation or agreement on its part to be observed or performed hereunder.

(b) if the Developer sells or otherwise disposes of its interest in the Facility or the Development Property without the written approval of the City and County to the extent required by Section 8.1.

(c) if the Developer shall

(i) file any petition in bankruptcy or for any reorganization, arrangement, composition, readjustment, liquidation, dissolution, or similar relief under the United States Bankruptcy Act or under any similar federal or State law; or

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

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

(iv) be adjudicated a bankrupt or insolvent.

Section 9.2. Remedies on Default. Whenever any Event of Default referred to in Section 9.1 of this Agreement occurs, the City or the County may each exercise any of the following rights under this Section after providing thirty 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 days or, if the Event of Default is by its nature incurable within thirty days, the Developer does not, within such 30-day period, provide assurances reasonably satisfactory to the party providing notice of default that the Event of Default will be cured and will be cured as soon as reasonably possible:

(a) Suspend its performance under this Agreement until it receives reasonably satisfactory assurances that the Developer will cure its default and continue its performance under this Agreement.

(b) Cancel and rescind or terminate its obligations under this Agreement, provided that:

(i) if the City terminates its obligations under this Agreement, it shall have no obligation to make payments of the City Abatements;

(ii) if the County terminates its obligations under this Agreement, it shall have no obligations to make payments of County Abatements to the City hereunder, and the City shall have no further obligation to make payments of the County Abatements to the Developer;

(iii) if the City and the County terminate their obligations hereunder, respectively, this Agreement shall be deemed terminated and the City and the County shall have no further obligations hereunder. The City may not terminate its obligations to make payments of the County Abatement under this Agreement unless the County has terminated its obligations hereunder.

(c) Take whatever action, including legal, equitable or administrative action, which may appear necessary or desirable 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.

Section 9.3. No Remedy Exclusive. No remedy herein conferred upon or reserved to any party 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 City or the County to exercise any remedy reserved to either the City or the County, it shall not be necessary to give notice, other than such notice as may be required in this Article IX.

Section 9.4. No Additional Waiver Implied by One Waiver. In the event any of the terms contained in this Agreement should be breached by any party and thereafter waived by another 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 9.5. Attorney Fees. Whenever any Event of Default occurs and if the City or the County shall employ attorneys or incur other expenses for the collection of payments due or to become due or for the enforcement of performance or observance of any obligation or agreement on the part of the Developer under this Agreement, the Developer shall, within ten days of written demand by the City or the County, pay to the City or the County the reasonable fees of such attorneys and such other expenses so incurred by the City or the County.

Section 9.6. Default by City or the County. Notwithstanding anything to the contrary herein, in the event the City or the County fails to perform any covenant, condition, obligation or agreement on its part, and such failure has not been cured within 30 days after receipt of written notice to the City or the County, as applicable, from the Developer, or if such failure is by its nature incurable within 30 days, the City or the County, as applicable, does not, within such 30-day limit, provide assurances reasonably satisfactory to the Developer that the failure will be cured as soon as reasonably possible, then the Developer may exercise such remedies as may be available at law or in equity with respect to the defaulting party. The terms of Section 9.3 and Section 9.4 (but not Section 9.5) apply in favor of the Developer as well as the City and the County.

ARTICLE X

Additional Provisions

Section 10.1. Conflict of Interests; Representatives Not Individually Liable. The City, the County, and the Developer, to the best of their respective knowledge, represent and agree that no member, official, or employee of the City or the County who has any personal interest, direct or indirect, in this Agreement, shall participate in any decision relating to this 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 or the County shall be personally liable to the Developer, or any successor in interest, in the event of any default or breach by the City or the County or for any amount which may become due to the Developer or successor or on any obligations under the terms of this Agreement.

Section 10.2. Equal Employment Opportunity. The Developer, for itself and its successors and assigns, agrees that during the construction of the Project provided for in this Agreement it will comply with all applicable federal, state and local equal employment and non-discrimination laws and regulations.

Section 10.3. Restrictions on Use. The Developer agrees that until the termination of this Agreement, the Developer, and such successors and assigns, shall use the Development Property and the Project thereon only as an office facility and related office uses. Further, until the termination of this Agreement, the Developer shall not discriminate upon the basis of race, color, creed, sex or national origin in the sale, lease, or rental or in the use or occupancy of the Development Property or any improvements erected or to be erected thereon, or any part thereof.

Section 10.4. Titles of Articles and Sections. Any titles of the several parts, Articles, and Sections of this Agreement are inserted for convenience of reference only and shall be disregarded in construing or interpreting any of its provisions.

Section 10.5. Notices and Demands. Except as otherwise expressly provided in this Agreement, a notice, demand, or other communication under this Agreement by either party to the other shall be sufficiently given or delivered if it is: (i) dispatched by registered or certified mail, postage prepaid, return receipt requested, or delivered personally and (ii) sent via e-mail on the same day; and

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

KGP Telecommunications LLC
4405 Highway 60 West
Faribault, MN 55021
ATTN: Matthew R. Drevlow, Vice President and General Counsel

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

City of Faribault
City Hall
208 First Avenue NW
Faribault, MN 55021
Attn: City Administrator
e-mail: jkinser@faribaultmn.gov

- (c) in the case of the County, is addressed to or delivered personally to the County:

Rice County
Government Services Building
320 Third Street NW
Faribault, MN 55021
Attn: County Administrator
e-mail: sfolsted@co.rice.mn.us

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 others as provided in this Section.

Section 10.6. Counterparts. This Agreement may be executed in any number of counterparts, each of which shall constitute one and the same instrument.

Section 10.7. Recording. The City may record this Agreement and any amendments thereto with the County Recorder of Rice County. The Developer shall pay all costs for recording.

Section 10.8. Entire Agreement. This Agreement, together with its Exhibits, which are incorporated by reference, constitutes the complete and exclusive statement of all mutual understandings between the parties with respect to this Agreement, superseding all prior or contemporaneous proposals, communications, and understandings, whether oral or written, concerning this Agreement, provided that nothing contained herein shall impair the rights of the City or the County or the obligations of the Developer under any other agreement between the City, the County, and the Developer. This Agreement may not be amended nor any of its terms modified except by a writing authorized and executed by both parties hereto. Without limitation of the foregoing, any modification is subject to the restrictions on modifications set forth in the City Abatement Resolution and the County Abatement Resolution.

Section 10.9. Amendment. This Agreement may be amended only by a written agreement approved by all parties hereto.

Section 10.10. Governing Law. This Agreement is made and shall be governed in all respects by the laws of Minnesota. Any disputes, controversies, or claims arising out of this Agreement shall be heard in the state or federal courts of Minnesota, and all parties to this Agreement waive any objection to the jurisdiction of these courts, whether based on convenience or otherwise.

Section 10.11. Severability. If any provision or application of this Agreement is held unlawful or unenforceable in any respect, such illegality or unenforceability shall not affect other provisions or applications that can be given effect, and this Agreement shall be construed as if the unlawful or unenforceable provision or application had never been contained herein or prescribed hereby.

Section 10.12. Term. The term of this Agreement expires upon the earlier of February 1, 2037 or the date upon which the Developer has received \$580,000 of payments in the aggregate from the City and the County, or as otherwise terminated or modified pursuant to this Agreement.

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

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

Execution page of the City to the Contract for Private Development, dated as of the date and year first written above.

CITY OF FARIBAULT, MINNESOTA

By: _____
Thomas J. Spooner, Mayor

By: _____
Jessica L. Kinser, City Administrator

STATE OF MINNESOTA)
) SS.
COUNTY OF RICE)

The foregoing instrument was acknowledged before me this ____ day of November, 2025, by Thomas J. Spooner, the Mayor of the City of Faribault, Minnesota, on behalf of the City.

Notary Public

STATE OF MINNESOTA)
) SS.
COUNTY OF RICE)

The foregoing instrument was acknowledged before me this ____ day of November, 2025, by Jessica L. Kinser, the City Administrator of the City of Faribault, Minnesota, on behalf of the City.

Notary Public

Execution page of the County to the Contract for Private Development, dated as of the date and year first written above.

RICE COUNTY, MINNESOTA

By: _____
Its: Chairperson

By: _____
Its: County Administrator

STATE OF MINNESOTA)
) SS.
COUNTY OF RICE)

The foregoing instrument was acknowledged before me this ____ day of November, 2025, by Gerry Hoisington, the Chairperson of Rice County, on behalf of the County.

Notary Public

STATE OF MINNESOTA)
) SS.
COUNTY OF RICE)

The foregoing instrument was acknowledged before me this ____ day of November, 2025, by Sara Folsted, the County Administrator of Rice County, on behalf of the County.

Notary Public

Execution page of the Developer to the Contract for Private Development, dated as of the date and year first written above.

KGP TELECOMMUNICATIONS LLC

By: _____
Matthew R. Drevlow
Its: Vice President and General Counsel

STATE OF MINNESOTA)
) SS.
COUNTY OF RICE)

The foregoing instrument was acknowledged before me this ____ day of November, 2025, by Matthew R. Drevlow, Vice President and General Counsel of KGP Telecommunications LLC, a Minnesota limited liability company, on behalf of the company.

Notary Public

DRAFTED BY:
KENNEDY & GRAVEN, CHARTERED (SJR)
150 South Fifth Street, Suite 700
Minneapolis, MN 55402
Telephone: (612) 337-9300

EXHIBIT A
DEVELOPMENT PROPERTY

That real property in the City of Faribault, County of Rice, State of Minnesota, legally described as follows:

Lot 1, Block 1, HENRY M RICE SQUARE, County of Rice, Minnesota.

EXHIBIT B
CITY PROPERTY

That real property in the City of Faribault, County of Rice, State of Minnesota, legally described as follows:

Lot 2, Block 1, HENRY M RICE SQUARE, County of Rice, Minnesota.



Request for Council Action

TO: Mayor and City Council
THROUGH: Jessica Kinser, City Administrator
FROM:
MEETING DATE: November 18, 2025
SUBJECT: RICE COUNTY COMMISSIONERS - Close the Public Hearing

Background:

Recommendation:

Attachments: