



CITY OF BLAIR

Date: April 28, 2026

To: Aaron Hill
Prairie Star Botanicals
321 N 16th Street
Blair, NE 68008

From: Sara Bach, City of Blair Nebraska Finance Director - Treasurer
City of Blair, Nebraska

Re: Loan Agreement Default Notice and Proposed Repayment Plan - Loan Amount \$15,000

Dear Mr. Hill:

This letter serves as formal notice regarding your default under the Loan Agreement dated January 28, 2025, attached as Exhibit "A", between the City of Blair, Nebraska, as Lender, and Prairie Star Botanicals, as Borrower.

Default Notification

We hereby notify you that an Event of Default has occurred under the Loan Agreement, specifically: failure to invest ten thousand dollars into purchasing equipment outside of the loan that was awarded to the Borrower twelve months from the date of the loan agreement and failure to create one new full-time equivalent position at the applicable pay range within 36 months and maintain for a period of 36 months. This default falls under the provisions outlined in Part VI of the Loan Agreement, particularly Section 6.04 for Default in Covenants and Section 6.07 Default in Job Creation and Maintenance.

As provided in the Agreement, the entire unpaid principal and accrued interest may become immediately due and payable upon written demand.

Proposed Repayment Plan

In an effort to resolve this matter cooperatively, we propose the following repayment plan at 0% interest:

- **Outstanding Balance:** \$15,000
- **Interest Rate:** 0% (zero percent) during the repayment period
- **Payment Schedule:** Monthly Payments of \$125.00 for 120 months are due starting June 1, 2026, and will continue until the loan term has expired or is paid off in advance of the term expiration. (No invoice will be sent by the city. It is the responsibility of the lender to make prompt payments.)
- **Final Payment Date:** June 1, 2036

This repayment plan is contingent upon your strict compliance with all terms outlined herein and your continued adherence to all other provisions of the Loan Agreement. See below possible consequences of non-compliance.

Please be advised that failure to comply with this repayment plan or any other terms of the Loan Agreement may result in:

1. Acceleration of the entire remaining balance with interest at up to eight percent (8%) as provided in the Agreement.
2. Exercise of all rights and remedies available to the Lender under the Agreement and applicable law
3. Collection costs and expenses as outlined in Section 4.12 of the Agreement.

Required Actions and Acknowledgment

To accept this repayment plan, you must:

1. Sign and return the enclosed acknowledgment form within 14 days of receipt of this letter
2. Make the first payment under the proposed schedule by June 1, 2026
3. Maintain all other covenants and obligations under the Loan Agreement.

Legal Compliance and Governing Law

This notice is provided in accordance with Section 7.03 of the Loan Agreement regarding notice requirements. This matter is governed by the laws of the State of Nebraska as specified in Section 7.07 of the Agreement. Any legal disputes arising from this matter shall be heard in the court system of Washington County, Nebraska.

Confidentiality

As provided in Section 4.06 of the Loan Agreement, all information and communications regarding this matter shall remain confidential.

Next Steps

We encourage you to contact us immediately to discuss this repayment plan or address any questions or concerns. Our goal is to work cooperatively toward a resolution that allows you to fulfill your obligations under the Loan Agreement while continuing your business operations in Blair.

Please respond within 14 days of receipt of this letter to confirm your acceptance of the proposed repayment plan. Time is of the essence in this matter.

Thank you for your prompt attention to this matter. We look forward to your response and to working together toward a mutually acceptable resolution.

Sincerely,

Sara Bach, Finance Director - Treasurer
City of Blair, Nebraska
sbach@blairne.gov

cc: Mike Rooks, Gateway Development

Acknowledgment and Acceptance of Repayment Plan

Loan Agreement Default Notice and Proposed Repayment Plan

Loan Amount: \$15,000

This Acknowledgment is made in response to the letter dated **April 28, 2026**, from the City of Blair, Nebraska, regarding the Loan Agreement dated **January 28, 2025**, between the City of Blair, Nebraska (“Lender”) and Prairie Star Botanicals (“Borrower”).

Borrower Acknowledgment

I, **Aaron Hill**, on behalf of Prairie Star Botanicals, hereby acknowledge that:

1. I have received and reviewed the **Loan Agreement Default Notice and Proposed Repayment Plan** dated April 28, 2026.
2. I understand that an Event of Default has occurred under the terms of the Loan Agreement.
3. I agree to the proposed repayment terms outlined in the letter, including:
 - o Repayment of the outstanding balance of **\$15,000**
 - o **0% interest** during the repayment period
 - o Monthly payments of **\$125.00** beginning **June 1, 2026**
 - o Final payment due **June 1, 2036**
4. I understand that failure to comply with the repayment plan or Loan Agreement terms may result in acceleration of the debt and other remedies as described in the Agreement.
5. I agree to remain in compliance with all other covenants and obligations under the Loan Agreement.

Certification

I certify that I am authorized to sign on behalf of Prairie Star Botanicals and agree to the terms stated above.

Borrower (Authorized Representative):

Signature: _____

Name (Printed): _____

Title: _____

Date: _____

Accepted by Lender:

City of Blair, Nebraska

By: _____

Name: Sara Bach

Title: Finance Director - Treasurer

Date: _____

EXHIBIT "A"

Blair Nebraska Local Option Municipal Economic Development Program

Loan Agreement

BLAIR, NEBRASKA LOCAL OPTION MUNICIPAL ECONOMIC DEVELOPMENT
PROGRAM

LOAN AGREEMENT

This Agreement dated this 28th day of January 2025 by and between Prairie Star Botanicals, (the "Borrower"), and the City of Blair, Nebraska, (the "Lender").

WHEREAS, pursuant to Nebraska statute, the City of Blair is authorized to disburse certain funds received from the Local Option Municipal Economic Development Program for the purpose, and in accordance with requirements, as set forth in the state statutes and regulations.

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

PART I: THE LOAN.

1.01 The Loan and Rate.

Subject to the terms and conditions of this Agreement the Lender agrees to lend to the Borrower, and the Borrower agrees to borrow from the Lender an amount not to exceed fifteen thousand dollars (\$15,00.00) (the "Loan") at an interest rate not to exceed zero percent (0%) so long as Borrower is in compliance with the Performance Based Conditions as set forth in this Document.

1.02 The Term and Repayment.

The term of the Promissory Note will be ten (10) years. The Borrower does not have to make any payments for three (3) years from the date of this agreement if:

1. The Borrower creates at least one (1) new full time equivalent (FTE) position(s) from January 28th 2025 to the time of this Agreement. Further, the borrower must continue and keep in place the newly created full-time equivalent position(s) (FTE) for a period of at least thirty-six (36) months from the date of creation of the full- time equivalent position or positions. The newly created full-time equivalent position(s) must be compensated at a rate of at least ten dollars (\$10.00) per hour, which may include appropriate employee benefits as part of the wage.
2. The Borrower must provide proof to the Lender that they have invested ten thousand dollars into purchasing equipment outside of the loan that was awarded to the Borrower twelve months from the date of this agreement.

If the Borrower complies with and meet these requirements, seven thousand five hundred dollars (\$7,500.00) of the funds borrowed shall be forgiven by Lender.

If the Borrower does not comply with and meet these requirements the entire remaining balance together with interest at the rate of up to eight percent (8%) shall be due to Lender and payable on demand.

In the event of the sale or transfer of any ownership interest in the business of Borrower in excess of twenty percent (20%) of the entire value thereof, then the entire remaining balance together with interest at the rate of up to eight percent (8%) shall be due to Lender and payable on demand.

1.03 Purpose of Loan.

The purpose of the Loan is to assist Borrower in the creation of new jobs, to generate employment opportunities, attract new capital investments to the City of Blair, expand the labor market in the City of Blair, to broaden the tax base in the City of Blair, or to meet any other valid business purposes as allowed by the City of Blair Nebraska Local Option Municipal Economic Development Program.

PART II: REPRESENTATIONS AND WARRANTIES.

The Borrower represents and covenants the following:

2.01 Duly Organized.

The Borrower is a Limited Liability Company duly organized, validly existing, and in good standing under the laws of the State of Nebraska, with authority to do business in the State of Nebraska and has all legal authority to enter into this Loan Agreement and to borrow funds as described herein.

2.02 Duly Authorized.

The making and performance by the Borrower of this Loan Agreement, and the execution and delivery of the Promissory Note and Security Agreement have been duly authorized by all necessary company action and will not violate any law, rule, regulation, order, writ, judgment, decree, determination, or award presently in effect having applicability to the Borrower or result in a breach of or constitute a default under any indenture or bank loan or credit agreement or any other agreement or instrument to which the Borrower is a party or by which it or its property may be bound or affected.

2.03 Legally Binding Instruments.

When this Loan Agreement is executed by the Borrower and the Lender, and when the Promissory Note is executed and delivered by the Borrower, this Loan Agreement, the Promissory Note and Security Agreement, and all attachments thereto, will constitute the legal, valid, and binding obligation of the Borrower in accordance with their terms. Any security agreements and instruments, financing statements, and other liens held by the Lender on chattel

or real estate will constitute legal, valid, and binding liens free and clear of all prior liens and encumbrances.

2.04 Legal Suits.

There are no legal actions, suits, or proceedings pending or, to the knowledge of the Borrower, threatened against the Borrower before any court or administrative agency which, if determined adversely to the Borrower, would have a material adverse effect on the financial condition or business of the Borrower.

2.05 No Legal Authorization Needed.

No authorization, consent, or approval or any formal exemption of any Governmental body, regulatory authorities, (federal, state, or local) or mortgagee, creditor or third party, is or was necessary for the valid execution and delivery by the Borrower of this Agreement.

2.06 Not in Default.

The Borrower is not in default of any obligation, covenant, or condition contained in any bond, debenture, note, or other evidence of indebtedness or any mortgage or collateral instrument securing the same.

2.07 Taxes Are Paid.

The Borrower has filed all tax returns applicable to its business, which are required and has paid or made provision for the payment of all taxes which have or may become due pursuant to said returns or pursuant to any assessments levied against the Borrower or its personal or real property by any taxing agency, federal, state, or local. No tax liability has been asserted by the Internal Revenue Service or other taxing agency, federal state, or local for taxes materially in excess of those already provided for and the Borrower knows of no basis for any such deficiency assessment.

2.08 No Adverse Change.

The Borrower certifies that there have been no material adverse changes since the date of its application in the financial condition, organization, operation, business prospects, or fixed properties of the Borrower.

PART III: CONDITIONS OF LENDING.

The obligation of the Lender to make the Loan will be subject to the fulfillment at the time of closing of each of the following conditions.

3.01 Execution and Delivery of Note and Loan Agreement.

The Borrower will have executed and delivered to the Lender this Loan Agreement and the Promissory Note in a form satisfactory to the Lender. Attached hereto, marked Exhibit "A" is a copy of said Promissory Note.

3.02 Execution and Delivery of Security Agreement.

The Borrower will have executed and delivered to the Lender the Security Agreement simultaneously with the execution of the Promissory Note. Attached hereto, marked Exhibit "B" is a copy of said Security Agreement.

3.03 Execution and Certification of Resolution of Business Entity.

The Borrower will have executed and delivered to the Lender a duly certified copy of a resolution from the company reflecting authorization for the execution and delivery by the Borrower of this Agreement.

3.04 Good Standing.

The Borrower will have delivered to the Lender copies of the Borrower's Certificate of Good Standing.

3.05 Governmental Approval.

The Borrower will have secured all necessary approvals or consents, if required, of governmental bodies or agencies having jurisdiction with respect to any construction contemplated in accordance with the use of proceeds of the Loan.

3.06 Approval of Others.

The Borrower will have secured all necessary approvals or consent required with respect to this transaction by any mortgagor, creditor, or other party having any financial interest in the Borrower.

PART IV. AFFIRMATIVE COVENANTS OF THE BORROWER.

The Borrower agrees to comply with the following covenants from this date until the Lender has been fully repaid with interest or is forgiven, unless the Lender or its assigns otherwise consent in writing.

4.01 Payment of the Loan.

The Borrower agrees to pay punctually the principal and interest, if any, on the Promissory Note according to the terms and conditions thereof and to pay punctually any other amounts that may

become due and payable to the Lender pursuant to the terms of this Agreement and the Security Agreement.

4.02 Maintain and Insure Property.

The Borrower always agrees to maintain the property provided as security for this Loan in such condition and repair that the Lender's security will be adequately protected.

The Borrower further agrees, if at any time during the life of the Loan the Borrower's property is declared to be within a flood hazard area, to purchase Federal Flood Insurance, if available. Such insurance will be in an amount equal to the amount of the Loan. If the property is not located in a flood hazard area at the time of the loan closing, the Borrower will provide satisfactory evidence thereof.

4.03 Pay All Taxes.

The Borrower agrees to duly pay and discharge all taxes, assessments, and governmental charges upon it or against its properties applicable to its business located in Blair, Nebraska, prior to the date on which penalties are attached, except that the Borrower will not be required to pay any such tax, assessment, or governmental charge which is being contested by it in good faith and by appropriate proceedings.

4.04 Provide Additional Funds.

The Borrower agrees to provide additional funds to cover additional project costs incurred as a result of overruns or unanticipated expenses or changes in work orders.

4.05 Maintain Existence.

The Borrower agrees to maintain its existence, rights, and privileges, within the State of Nebraska.

4.06 Provide Financial Information.

The Borrower agrees to maintain adequate records and books of account in which complete entries will be made reflecting all its business and financial transactions, such entries to be made in accordance with generally accepted accounting practices.

In addition, the Borrower agrees to deliver to the Lender an updated and current balance sheet report within sixty (60) days of each fiscal year end.

The Borrower further agrees to provide written notice to the Lender of any public hearing or meeting before any administrative or other public agency which may, in any manner, affect the collateral securing the Loan.

Any information provided by Borrower shall be confidential and shall not be disclosed by the Lender.

4.07 Right to Inspection.

The Borrower agrees to grant to the Lender, until the Promissory Note has been fully repaid with interest, the right at all reasonable hours, after reasonable notice to the Borrower, to inspect the collateral used to secure the Loan; and the Borrower further agrees to provide the Lender free access to the Borrower's premises for the purpose of such inspection to determine the condition of the Equipment.

4.08 Null and Void Covenants.

The Borrower agrees that in the event that any provision of this Agreement or any other instrument executed at closing or the application to any person or circumstances is declared null and void, invalid, or held for any reason to be unenforceable by a court of competent jurisdiction, the remainder of this Agreement will nevertheless remain in full force and effect, and, to this end, the provisions of all covenants, conditions, and agreements described herein are deemed separate.

4.09 Expenses and Closing Costs.

The Borrower agrees to pay all fees, reasonable expenses, and charges with respect to the Loan, or its making or transfer to the Lender in any way connected including, but not limited to, the reasonable and properly documented fees and out-of-pocket expenses of local counsel employed by the Lender, title insurance and survey costs, recording and filing fees, mortgage taxes, documentary stamp, and any other taxes, fees, and expenses payable in connection with this transaction and with the enforcement of this Agreement and the Promissory Note.

4.10 Notice of Default.

The Borrower agrees to give written notice to the Lender of any event, within fifteen (15) days, an officer of the Borrower obtaining actual knowledge of the event, which constitutes an Event of Default under this Agreement as described in Article VI or that would, without notice or lapse of time or both, constitute an Event of Default under this Agreement.

4.11 Indemnification.

The Borrower agrees to indemnify and hold harmless the Lender or its assigns against all liability with respect to or resulting from Borrowers delay in discharging its obligations under this Agreement.

4.12 Expenses of Collection or Enforcement.

The Borrower agrees, if at any time the Borrower defaults on any provision of this Loan Agreement, to pay Lender, in addition to any other amounts that may be due from the Borrower, an amount equal to the costs and expenses of collection, enforcement, or correction or waiver of

the default incurred by the Lender or its Assigns in such collection, enforcement, correction or waiver of default.

4.13 Job Creation, Capital Expenditures and Maintenance.

Borrower commits and agrees to create at least one (1) new permanent full-time equivalent (FTE) position(s) at the Borrowers business location in Blair, within thirty-six (36) months after the date of the signing of this Loan Agreement.

Further, the Borrower commits and agrees to pay the newly hired (FTE) employee(s) at the Blair business location a compensation rate of no less than ten dollars (\$10.00) per hour for a period of thirty-six (36) months from the respective date of hire for each of the created position(s). The compensation rate may include wages and appropriate employee benefits as part of the agreed upon wage rate.

4.14 Compliance with Law.

Evidence satisfactory to the Lender will be furnished certifying that all improvements related to the Borrowers business comply fully with all applicable zoning and building laws, ordinances and regulations, and all other applicable federal, state, and municipal law requirements. The Loan will be in all respects legal and will not violate any applicable law or other requirements of any governmental authority.

4.15 Environmental Protection Laws.

Receipt of evidence satisfactory to the Lender of compliance with all applicable environmental protection and land use and development laws, ordinances, and regulations of all federal, state, and local governmental authorities and agencies having jurisdiction.

PART V. NEGATIVE COVENANTS OF THE BORROWER.

The Borrower covenants and agrees that, from this date until payment in full of the Promissory Note, unless the Lender or its assigns otherwise consent in writing, it will not enter into any agreement or other commitment the performance of which would constitute a breach of any of the covenants contained in this Agreement including, but not limited to, the following covenants:

5.01 Encumber the Equipment.

The Borrower will neither create nor suffer to exist any mortgage, pledge, lien, charge, or encumbrance, including liens arising from judgments on the Equipment which serves as Collateral for the loan.

5.02 Sale of the Equipment.

The Borrower will not sell, convey, or suffer to be conveyed, lease, assign, transfer, or otherwise dispose of the collateral, except in the ordinary and usual course of business, or unless approved in writing by the Lender.

PART VI. EVENTS OF DEFAULT.

The entire unpaid principal of the Promissory Note and the accrued interest will become and be immediately due and payable upon the written demand of the City of Blair, if any one of the following events (an "Event of Default") occur and are continuing at the time of such demand. However, that sum will not be then payable if Borrower's payments have been waived or the time for making the Borrower's payments has been extended by the Lender.

6.01 Non-Payment of Loan.

If the Borrower fails to make payment when due of the principal on the Promissory Note or accrued interest and said default remains unremedied for fifteen (15) days after Lender has given Borrower written notice of such Event of Default.

6.02 Non-Payment or Other Indebtedness.

If default is made in the payment when due of any installment of principal or of interest on any of the Borrower's other secured indebtedness and if such default will remain unremedied for fifteen (15) days.

6.03 Incorrect Representation of Warranty.

Any material representation or warranty contained in or made in connection with the execution and delivery of this Agreement proves to be incorrect in any material respect.

6.04 Default in Covenants.

The Borrower will default in the performance of any other term, covenant, or agreement contained in this Agreement, and such default continues unremedied for fifteen (15) days after written notice has been given to the Borrower by the Lender.

6.05 Voluntary Insolvency.

If the Borrower becomes insolvent or ceases to pay its debts as they mature or voluntarily files a petition seeking reorganization of its business, or the appointment of a receiver, trustee, or liquidation of a substantial portion of its assets affects a plan or other arrangement with creditors, or be adjudicated bankrupt, or make a voluntary assignment for the benefit of creditors.

6.06 Insolvency.

If an involuntary petition is filed against the Borrower under any bankruptcy or similar law or seeking the reorganization of or the appointment of any receiver, trustee or liquidator for the Borrower, or of a substantial part of the property of the Borrower, or a writ or warrant of attachment or similar process will be issued against a substantial part of the property of the Borrower, and such petition is not dismissed or such writ or warrant of attachment or similar process is not released or bonded within thirty (30) days after filing or levy.

6.07 Default in Job Creation and Maintenance.

If the borrower fails to create one (1) new full-time equivalent (FTE) position(s) at the applicable wage rate within thirty-six (36) months of the date of the execution of this Loan Agreement and/or fails to maintain the (FTE) position(s) for a period of at least thirty-six (36) months after the date of creation of the (FTE) position(s).

PART VII: MISCELLANEOUS.

7.01 Waiver of Notice.

No failure or delay on the part of the Lender in exercising any right, power, or remedy hereunder will operate as a waiver thereof, nor will any single or partial exercise of any such right, power, or remedy preclude any other or further exercise thereof or the exercise of any other right, power or remedy hereunder. No modification or waiver of any provision of this Agreement or of the Promissory Note, nor any consent to same will be effective unless it is in writing and then such waiver or consent will be effective only in the specified instance and for the specific purpose for which given. No notice or demand on the Borrower in any case will entitle the Borrower or any other or further notice or demand in similar or other circumstances.

7.02 Amendments.

The Borrower and the Lender or its assigns reserves all rights to amend, in writing, any provisions of this Agreement, to consent to or waive any departure from the provisions of the Promissory Note, and to release or otherwise deal with any collateral security for payment of the Promissory Note.

7.03 Notices.

All notices, consents, requests, demands and other communication will be in writing and will be deemed to have been duly given to a party if mailed to the Lender at its address set forth in the grant application, and to the Borrower at the address set forth in the grant application.

7.04 Survival of Representations and Warranties.

All agreements, representations, and warranties made by the Borrowers or any other document or certificate delivered to the Lender in connection with the transactions contemplated by this Agreement will survive the delivery of this Agreement, the Promissory Note and the Security Agreement, and will continue in full force and effect so long as the Promissory Note is outstanding.

7.05 Successors and Assigns.

This Agreement will be binding upon the Borrower, its Successors, and Assigns. The Borrower may not assign or transfer its rights without prior written consent of the Lender.

7.06 Counterparts.

This Agreement may be executed in any number of counterparts, each of which will be deemed an original but all of which together will constitute one and the same instrument.

7.07 Governing Law.

This Loan Agreement and the Promissory Note and Security Agreement are deemed contracts under the laws of the State of Nebraska and for all purposes will be construed in accordance with the laws of the State of Nebraska.

7.08 Article and Section Headings.

Article and Section headings used in this Agreement are for convenience only and will not affect the construction of this Agreement.

7.09 Legal Forum of Choice

Any legal dispute arising out of the Promissory Note, Security Agreement and this Agreement shall be heard only in the court system of Washington County, Nebraska.

[THIS SPACE IS INTENTIONALLY LEFT BLANK]

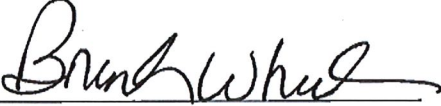
IN WITNESS WHEREOF, the parties have caused this instrument to be executed by their duly authorized officers and their corporate seals affixed.

Executed and Dated this 28 day of January, 2025.

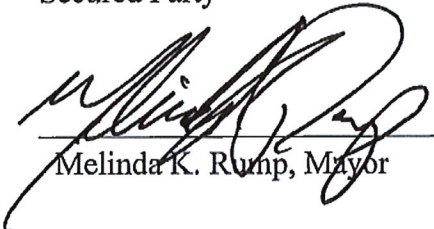
ATTEST:

CITY OF BLAIR, Nebraska

Secured Party




Brenda Wheeler, City Clerk



Melinda K. Rump, Mayor

Prairie Star Botanicals

Dated: 1-28-25



Aaron Hill
Prairie Star Botanicals
321 N 16th Street, Blair, NE 68008

STATE OF NEBRASKA)
)
COUNTY OF WASHINGTON) ss.

SUBSCRIBED AND SWORN to me on this 28 day of January
2025.

Katelyn Ferrari
Notary Public

