



WHITE BEAR TOWNSHIP

1858
RAMSEY COUNTY
MINNESOTA

Board of Supervisors
ROBERT J. KERMES, Chair
ED M. PRUDHON
STEVEN A. RUZEK

1281 HAMMOND ROAD
WHITE BEAR TOWNSHIP, MN 55110

651-747-2750
FAX 651-426-2258
Email: wbt@whitebeartownship.org

AGENDA ECONOMIC DEVELOPMENT AUTHORITY DECEMBER 17, 2018

1. **6:40 p.m.** Call to Order at Heritage Hall, 4200 Otter Lake Road.
2. Approval of Agenda (Additions/Deletions).
3. Approval of Minutes of November 19, 2018.
4. Town Hall Lease Agreement Renewal with the WBLHS - Approve.
5. TIF District #9 – Cottages – Approve Resolution Dissolving Tax District.
6. Added Agenda Items.
7. Receipt of Agenda Materials/Supplements.
8. Adjournment.

White Bear Township's Mission:

To provide White Bear Township residents, businesses and visitors with reliable, high quality municipal services while serving as open and responsible stewards of the public trust.



recycled paper



**EDA
Meeting
December 17, 2018**

Agenda Number: 1 - 2 - 3

Subject: Call to Order – 6:40 p.m.
Heritage Hall, 4200 Otter Lake Road

Approval of December 17, 2018 Agenda &
November 19, 2018 Minutes

Documentation: December 17, 2018 Agenda
November 19, 2018 Minutes

Action / Motion for Consideration:

Call meeting to order: 6:40 p.m.
Approval of Agenda: December 17, 2018 (additions/deletions)
Approval of Minutes: November 19, 2018

**MINUTES
ECONOMIC DEVELOPMENT AUTHORITY
NOVEMBER 19, 2018**

The meeting was called to order at 6:40 p.m.

Present: Commissioners: Kermes, Prudhon, Ruzek; Assistant Treasurer / Secretary: Short; Attorney: Lemmons.

APPROVAL OF AGENDA (Additions/Deletions): Ruzek moved approval of the agenda with the following amendment: Add 7) On-Call Consultant Services by Bill Short to Assist Transition. Prudhon seconded. Ayes all.

APPROVAL OF MINUTES OF OCTOBER 15, 2018 (Additions/Deletions): Prudhon moved approval of the Minutes of October 15, 2018. Ruzek seconded. Ayes all.

TOWN HALL: 1) FUNDRAISING UPDATE; 2) LEASE AGREEMENT RENEWAL WITH WBLAHS: The Capital Campaign Fund update was reviewed as follows: Total Income Received: \$ 79,829.00; total outstanding pledges of \$9,600.00 for a total raised of \$89,429.00. A breakdown of the total raised included: 1) 2 - \$15,000 donations; 2) 1 - \$10,000.00 donation; 3) 6 - \$5,000 donations; 4) 4 - \$1,000 donations; 5) 2 - \$500 donations; 6) 1 - \$250 donation; 7) 3 - \$100 donations.

Northern Bedrock Historic Preservation has completed the historically accurate shutters being installed for weather and security protection. The electrical wiring rough-in inspection has been completed; HVAC unit installed; drywall ceiling and walls scheduled for December/January; and the security system will be installed once walls and electrical are complete. Historical markers research and writing are completed; design phase is underway; and the WBLAHS is pursuing \$10,000 MN Legacy Grant request for implementation phase in 2019.

A Site Management Agreement for 2019-2021 was reviewed. The WBLAHS would restore, manage, preserve, use and interpret the site for historical, educational, and other compatible purposes for the fiscal years 2019-2021. The WBLAHS shall be responsible for the operation, maintenance, interpretation, utilities, and other expenses of operating the site, including hiring, training, and supervision of any paid or volunteer staff to fulfill the terms of the Agreement. In general, the WBLAHS shall administer, develop and maintain the premises with reference to this agreement. The Society may conduct a museum store resale program at the site. All costs associated with conducting a program will be the responsibility of the Society. As consideration for its duties and responsibilities under this Agreement, The Township would pay \$15,000.00 per year to be spent for the operation, maintenance, interpretation, and other expenses for the site. The Society shall maintain full and complete records of the use of these funds. These records, as well as other books, documents, and accounting procedures and practices of the Society relative to the funds, shall be subject to examination by the Town for a period of five years following the expiration or termination of the Agreement. The Society agrees to hold the Town harmless from any claims or charges arising in any way out of the operation of the premises and to reimburse the Town for any and all losses it incurs.

The annual operating budget is as follows:

WBT

WBLAHS

Total

MINUTES
 EDA MEETING
 NOVEMBER 19, 2018

Personnel	\$ 12,000.00	\$ 15,000.00	\$ 27,000.00
Operating Expense	\$ 2,000.00	\$ 4,000.00	\$ 6,000.00
Donor Events	\$ 1,000.00	\$ 1,500.00	\$ 2,500.00
Marketing	\$ <u> </u>	\$ <u>3,000.00</u>	\$ <u>3,000.00</u>
Totals	\$ 15,000.00	\$ 23,500.00	\$ 38,500.00

It was noted that the EDAB has reviewed and recommended approval of the agreement and recommended that it be referred to the Town Attorney for review.

Ruzek asked if the Town Hall is a historic building and if it is covered under the Town’s insurance policy. WBLAHS maintains coverage on contents within the building and liability coverage for the site with the Town listed as additional insured, but they cannot take out coverage on the building itself as they do not own the structure or site.

Prudhon moved to receive the information provided by the White Bear Lake Area Historical Society and to refer to the Town Attorney for review. Ruzek seconded. Ayes all.

5685 PORTLAND AVENUE – UPDATE: The EDAB reviewed the three past development options for the property at 5685 Portland Avenue. Horak moved to inform the EDA that the EDAB supports TIF for the development of the property because it meets the criteria in the Township TIF Policy (existing blighted buildings, preservation of the Land Use Safety Zone, difficulty providing sanitary sewer, and to provide a safe community to eliminate a dead end street to provide alternate EMS service). Brunner seconded the motion. Ayes were unanimous.

It was the EDAB’s consensus that Option #3 (Township plan) for 8 single family units was the most feasible. They felt that this option would address the issues raised by the neighbors regarding development of the property. The EDAB also noted that the Town needs to optimize the return without amending the Zoning District Map/Land Use Safety Zones.

TIF DISTRICT #9 – COTTAGES: Tax Increment District 1-9, the Cottages of White Bear Township is a Housing District created in 1994 and is required to be decertified by December 31, 2020. The District had a budget of \$785,000.00 and has spent \$601,046.00 through 2017 with no additional obligations remaining. Through 2017, the district collected revenues totaling \$838,276.00, which was \$53,276.00 more than the Financing Plan. The \$53,276.00 had to be returned to Ramsey County for redistribution to all taxing jurisdictions as it is deemed excess increment, as will all future increment the EDA collects in this district. Based on this information, the EDA has the following options related to TIF District 9: 1) Do nothing and continue to collect approximately \$50,655.00 in tax increments in 2019 and 2020. This increment will then be returned to Ramsey County for redistribution to each taxing jurisdiction each year; 2) Amend the budget so the Town can continue to collect increment through 2020. By amending this district, the Town can retain the increment collected in 2019 and 2020. Increment can only be used for qualifying housing districts in the future. This option requires public hearings. Jenny Boulton, TIF Attorney will help with the amendment if the EDA wants. Attorney fees are estimated between \$10,000 and \$20,000 to amend the budget; 3) Decertify the District. This

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EDA MEETING
NOVEMBER 19, 2018

places approximately \$50,000.00 in tax capacity back on the tax rolls, which will generate about \$10,000 in taxes for the Township. Due to Conduit debt requirements, the Cottages would remain below market rental housing units. Since this district is a housing district, the Town can retain the TIF District balance of \$237,229.86 for future qualifying housing districts. Based on the pros and cons of the three options, finance department staff would favor decertifying TIF District 9. It was the consensus to refer the matter to the Planning Commission and wait for their review.

Ruzek moved to refer the matter of TIF District #9 to the Planning Commission for their recommendation. Prudhon seconded. Ayes all.

ON-CALL CONSULTANT FOR BILL SHORT TO ASSIST TRANSITION: Bill Short, Clerk-Treasurer, who is retiring November 30th has agreed to be available on a consulting basis as needed.

RECEIPT OF AGENDA MATERIALS / SUPPLEMENTS: Ruzek moved to receive all of the agenda materials and supplements for tonight's meeting. Prudhon seconded. Ayes all.

Ruzek moved to adjourn the meeting at 7:04 p.m. Prudhon seconded. Ayes all.

Respectfully Submitted,

William F. Short
Assistant Treasurer / Secretary



**EDA
Meeting
December 17, 2018**

Agenda Number: 4

Subject: Town Hall Lease Agreement Renewal with the WBLHS -
Approve

Documentation: Staff Memo w/ Attachments /
Lease Agreement

Action / Motion for Consideration:

Town Clerk Report at Meeting / Discuss

Based on Town Attorney & EDAB Review & Recommendation Approve the
Lease Agreement Between the Town of White Bear & the White Bear Lake
Historical Society for the Period of January 1, 2019 through December 31,
2021

Minutes
EDA Meeting
November 19, 2018

TOWN HALL: 1) FUNDRAISING UPDATE; 2) LEASE AGREEMENT RENEWAL WITH WBLAHS:

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Prudhon moved to receive the information provided by the White Bear Lake Area Historical Society and to refer to the Town Attorney for review. Ruzek seconded. Ayes all.

MEMORANDUM

TO: EDA & TOWN BOARD
FROM: PATTI WALSTAD
DATE: DECEMBER 14, 2018

SUBJECT: TOWN HALL LEASE

The White Bear Lake Historical Society is requesting the extension of the Town Hall Lease through 2021.

Pursuant to direction at the November EDA Meeting, the Lease was forwarded to the Town Attorney for review. Chad's review included the addition of the following wording:

The Lessee shall reimburse the Lessor for that portion of the insurance premiums paid by the Lessor which represent insurance on the structure known as the Old Town Hall.

This was added under Section 14, subdivision (d).

Section 7 of the Lease was amended to state that the WBLHS would pay all utility bills during the course of the Lease (they currently do).

PSW/s

Patti Walstad

From: Chad Lemmons <chadlemmons@kellyandlemmons.com>
Sent: Thursday, December 13, 2018 11:42 AM
To: Patti Walstad
Cc: Rachel Nosbush
Subject: RE: Town Hall Lease

Patti,

I have reviewed Sara's email as well as the memorandum attached to the lease.

In terms of maintenance and landscaping to the grounds that is a term that the town board and the Society have to negotiate between them.

Concerning insurance the first paragraph of section 16 requires the town to maintain general public liability insurance for the benefit of itself and the Society.

The second paragraph call for the Society to hold the town harmless. The Society would only be holding the town harmless for those claims not covered by the general public liability insurance policy mentioned in the first paragraph.

As to insuring the structure I understand the Society's point that they cannot insure a structure they do not own. My recommendation would be language under which the Society reimburses the town for that portion of the insurance premiums which represents insuring the old town hall structure.

If you have any questions please feel free to contact me.

****Please note our office has moved****

Chad D. Lemmons
Attorney at Law

Kelly & Lemmons, P.A.
2350 Wycliff Street; Suite 200
St. Paul, MN 55114
651-224-3781
651-223-8019 (FAX)

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Patti Walstad

From: Sara Hanson <sara@whitebearhistory.org>
Sent: Friday, December 14, 2018 8:58 AM
To: Patti Walstad
Cc: Bill Short
Subject: Re: Town Hall Lease

Sure

The electric and alarm. I don't think there are any others?

Sent from my iPhone

On Dec 14, 2018, at 8:29 AM, Patti Walstad <Patti.Walstad@whitebeartownship.org> wrote:

Sorry to keep bothering you Sara, but is the Historical Society going to continue to pay all of the utility bills for the Town Hall?

Patti

From: Sara Markoe Hanson <sara@whitebearhistory.org>
Sent: Friday, December 14, 2018 7:13 AM
To: Patti Walstad <Patti.Walstad@whitebeartownship.org>
Cc: Bill Short <Bill.Short@whitebeartownship.org>
Subject: RE: Town Hall Lease

And just as clarification - we already pay insurance on the inside of the building/contents as well as include it in our liability coverage. As a non-owner we are not able to specifically carry coverage in our name for the structure itself.

From: Patti Walstad [mailto:Patti.Walstad@whitebeartownship.org]
Sent: Friday, December 14, 2018 6:56 AM
To: Sara Hanson
Cc: Bill Short
Subject: RE: Town Hall Lease

Sara, is the one you have the one that is expiring, if so please send it to me ASAP.

Thanks a bunch.

Patti

From: Sara Hanson <sara@whitebearhistory.org>
Sent: Thursday, December 13, 2018 3:46 PM
To: Patti Walstad <Patti.Walstad@whitebeartownship.org>
Cc: Bill Short <Bill.Short@whitebeartownship.org>
Subject: Re: Town Hall Lease

Hi Patti,

Patti Walstad

From: Rachel Nosbush <rnosbush@kellyandlemmons.com>
Sent: Thursday, December 13, 2018 2:06 PM
To: Patti Walstad
Subject: RE: Town Hall Lease

Patti,

Insurance wording.

The Society shall reimburse the Town for that portion of the insurance premiums paid by the Town which represent insurance on the structure known as the "Old Town Hall".

****Please note our office has moved****

Rachel Nosbush
Legal Assistant to
Attorney Chad D. Lemmons

Kelly & Lemmons, P.A.
2350 Wycliff Street; Suite 200
St. Paul, MN 55114
651-361-8309 (Direct)
651-224-3781 (Main)
651-223-8019 (Fax)

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From: Patti Walstad [mailto:Patti.Walstad@whitebeartownship.org]
Sent: Thursday, December 13, 2018 2:00 PM
To: Rachel Nosbush
Subject: RE: Town Hall Lease

OK, thanks I thought you guys prepared it that's why I asked. Can you give me the wording that Chad said we should add about the insurance stuff in paragraph 14. I can insert it into the Agreement then.

Patti

From: Rachel Nosbush <rnosbush@kellyandlemmons.com>
Sent: Thursday, December 13, 2018 1:56 PM
To: Patti Walstad <Patti.Walstad@whitebeartownship.org>; Chad Lemmons <chadlemons@kellyandlemmons.com>
Subject: RE: Town Hall Lease

LEASE

THIS LEASE is made as of January 1, 2019 (Commencement Date) between Town of White Bear, a Minnesota political subdivision ("Lessor") whose address is 1281 Hammond Road, White Bear Lake, MN 55110, and White Bear Lake Area Historical Society ("Lessee").

1. Lease of Premises:

Lessor, for and in consideration of the rents herein reserved and of the covenants and agreement herein contained on the part of Lessee to be kept, observed and performed by this Lease, does lease to Lessee Old Town Hall which is located on the property presently owned by the Lessor and adjacent to existing Town Offices located at 1281 Hammond Road, White Bear Lake, MN 55110, the exact location of said Old Town Hall is more particularly described on Exhibit A attached hereto and made a part hereof, and the improvements situated thereon (the "Leased Premises"); and Lessee does hereby take and hire the Leased Premises from Lessor, subject to all title matters of public record, and upon and subject to the conditions herein set forth for the term of years hereinafter specified.

2. Title and Condition:

Lessee accepts the Leased Premises in their present state and condition.

3. Quiet Enjoyment:

If and so long as Lessee shall pay the Rent whenever the same shall become due, and keep all of the covenants and agreements required by it to be kept during this Lease, and shall perform all of its other obligations hereunder, Lessee shall have, hold and enjoy peaceful and quiet occupation and enjoyment of the Leased Premises, except as in this Lease otherwise provided. Any failure by Lessor to comply with the foregoing covenant during the term of this Lease shall not give Lessee any right to abate, reduce or make deduction from or offset against, the Rent payable under this Lease, or to fail to perform any other obligation of Lessee hereunder, but nothing herein shall prevent Lessee from obtaining injunctive relief or any other judicial remedy against Lessor or from cancelling or terminating this Lease, in which event Lessee shall have no further liability hereunder.

4. Use of Leased Premises:

(a) Subject to the terms of this Lease, Lessee shall use and occupy the Leased Premises for the purpose of maintaining and properly caring for the Leased Premises' historical interiors, collections, furnishings, artifacts and objects, whether on display or in storage at the Leased Premises; maintain the Leased Premises; maintaining an interpretive program according to guidelines established and agreed to by Lessor and Lessee in writing; and promoting the Leased Premises according to guidelines established and agreed to by Lessor and Lessee in writing. Lessee shall not use or permit upon the Leased Premises anything that would invalidate any policy of insurance now or hereafter insuring the Leased Premises or

that would increase the rate of insurance on the Leased Premises. Lessee shall not use or permit upon the Leased Premises anything that might be dangerous to life or limb. Lessee shall not, in any manner, deface or injure the Leased Premises or any part thereof, or overload the floors of the Leased Premises. Lessee shall not do anything or permit anything to be done upon the Leased Premises which in any way would tend to create a nuisance or would tend to disturb occupants of neighboring property or would tend to damage the Leased Premises.

(b) Lessee shall not use or occupy the Leased Premises or permit the Leased Premises to be used or occupied contrary to any statute, rule, order, ordinance, requirement or regulation applicable thereto or in a manner which would violate any certificate of occupancy affecting the same, or which would cause structural injury to the improvements or cause the value or usefulness of the Leased Premises or any part thereof to diminish in any material respect, or which would constitute a public or private nuisance or waste.

(c) Lessee shall observe and comply with all conditions and requirements necessary to preserve and extend any and all rights, licenses, permits (including but not limited to zoning variances, special exemptions and nonconforming uses), privileges, franchises and concessions which are now applicable to the Leased Premises, if any, or which have been granted to or contracted for by Lessee or Lessor in connection with any existing or presently contemplated use of the Leased Premises, if any.

(d) Lessee shall at its sole cost and expense, procure any and all necessary permits, certificates, licenses or other authorizations required for its use of the Leased Premises. If the owner of the Leased Premises is required by law to join in any such application, Lessor shall allow any applications for such permits, certificates or other authorizations to be made in Lessor's name and shall execute any documents required in connection with such applications promptly on request and shall otherwise cooperate fully with Lessee in connection with such applications.

(e) Lessor reserves the right to conduct one regular Town Board Meeting at the Leased Premises. Lessor shall provide Lessee with written notice of the date of said Town Board Meeting as soon as the date is determined.

5. Rent:

(a) Lessee covenants to pay to Lessor, at Lessor's address set forth above or at such place or to such person as Lessor from time to time may designate in writing, in such coin or currency of the United States as shall at the time of payment be legal tender for the payment of public or private debts, as annual rent (the "Rent") for the Leased Premises during the initial term of this Lease, the sum of One and 00/100 Dollars (\$1.00) annually, payable on the Anniversary Date of this Lease.

(b) Lease shall commence on January 1, 2019 and shall terminate on December 31, 2021.

6. Non-Terminability:

(a) The Rent shall be paid without notice or demand, and without setoff, counterclaim, abatement, suspension, deduction or defense.

(b) Except as otherwise expressly provided in Paragraphs 3, 13 and 15 herein, this Lease shall not terminate, nor shall Lessee have any right to terminate this Lease or be entitled to the abatement of any rent or any reduction thereof, nor shall the obligations hereunder of Lessee be otherwise affected, by reason of any damage to or the destruction of all or any part of the Leased Premises from whatever cause, the taking of the Leased Premises or any portion thereof by condemnation or otherwise, or the prohibition, limitation or restriction of Lessee's use of the Leased Premises, or for any other cause whether similar or dissimilar to the foregoing, any present or future law to the contrary notwithstanding, it being the intention of the parties hereto that the Rent shall continue to be payable in all events and the obligations of Lessee hereunder shall continue unaffected, unless the requirement to pay or perform the same shall be terminated pursuant to an express provision of this Lease.

(c) Lessee covenants and agrees that it will remain obligated under this Lease in accordance with its terms, and that Lessee will not take any action to terminate or rescind this Lease, notwithstanding the bankruptcy, insolvency, reorganization, composition, readjustment, liquidation, dissolution, winding-up or other proceeding affecting Lessor or any assignee of Lessor in any such proceeding.

7. Taxes and Other Charges:

(a) Lessee agrees to pay and discharge, as additional rent, punctually as and when the same shall become due and payable, each and every cost, expense and obligation of every kind and nature, foreseen or unforeseen, for the payment of which Lessee is or shall become liable by reason of its estate or interest in the Leased Premises or any portion thereof, by reason of any right or interest of Lessee in or under this Lease, or by reason of or in any manner connected with or arising out of the possession, operation, maintenance, repair, use or occupancy of the Leased Premises.

(b) To the extent utilities are separately metered to the Lease Premises, the Lessee will pay or cause to be paid when due all charges for gas, water, sewer, electricity, maintenance service charge, light, heat, power, telephone, trash removal, and other utilities and services used, rendered or supplied to, upon or in connection with the Leased Premises, and will pay, and protect, defend and indemnify Lessor from and against, any liability or damages on such account. Notwithstanding the above language it is hereby agreed that ~~Lessor~~ Lessee shall pay for all utility bills due in the year 2019 and the Lessee shall be responsible for all utility bills due in the year 2018. If this Lease is extended Lessor and Lessee shall negotiate the responsibility for payment of utility charges incurred in the year 2019. Lessee agrees that Lessor is not, nor shall it be, required to furnish to Lessee or any other occupant of the Leased Premises any gas, water, sewer, electricity, light, heat, power or any other facilities, equipment, labor, materials or services of any kind. To the extent utilities are not separately metered the Lessor shall ~~in the year 2018~~ provide Lessee with monthly invoices setting forth Lessee's share of utility expenses.

(c) It is expressly understood and agreed that Lessee shall be responsible for any state or federal income tax, profits tax, or sales tax generated by sales conducted by the Lessee upon the Leased Premises.

(d) Lessee covenants to furnish to Lessor, promptly after payment thereof, proof of the payment of any utility or communication charge, which is payable by Lessee as provided in this Paragraph (7).

(e) Upon expiration or earlier termination of this Lease (except for the termination hereof pursuant to the provisions of Paragraph (17) real estate taxes, assessments and other charges which shall be levied, assessed or become due upon the Leased Premises and are payable in the year of such expiration or termination or any portion thereof shall be prorated to the date of such expiration or earlier termination.

(f) In default of the payment by Lessee of any of the governmental, utility or other charges described in this Paragraph (7) for twenty-one (21) calendar days after such charges shall have become payable as provided in this Lease, Lessor may pay the same, and the amount so paid with interest thereon at the Default Rate, shall be deemed additional rent payable by Lessee to Lessor under the provisions of this Lease, and shall on demand be forthwith paid by Lessee to Lessor, but it is expressly understood that payment by Lessor of any such charges shall not be deemed to waive or release the default in the payment thereof by Lessee, or the right of Lessor, at Lessor's election, to recover possession of the Leased Premises by reason of such default as herein provided.

8. Compliance with Law:

Lessee shall at its sole cost and expense comply with all federal, state, county, municipal and other statutes, charters, laws, rules, orders, regulations and ordinances affecting the Leased Premises and the occupancy, operation or use thereof, (other than those which require the making of any structural changes) whether or not any such statutes, charters, laws, rules, orders, regulations and ordinances which may be hereafter enacted involve a change of policy on the part of the governmental body enacting the same, unless exempted therefrom by a "grandfather" clause or similar law, and with all results, orders and regulations of the state fire marshal or fire insurance rating bureau or other similar organization for the prevention of fire or the correction of hazardous conditions caused or created by Lessee. Lessee shall comply with the requirements of all policies of public liability, fire and other insurance at anytime in force with respect to the Leased Premises.

9. Liens

Subject to Paragraph (12) herein, Lessee will not create or permit to be created or to remain, and will discharge any lien, encumbrance or charge (other than a lien, encumbrance or charge created by lessor) upon the Leased Premises or any part thereof or upon Lessee's leasehold interest therein; provided that the existence of any mechanic's, laborer's, materialman's, supplier's or vendor's lien or right in respect thereof shall not constitute a violation of this Paragraph (9) if payments not yet due and payable under the contract in question. Nothing contained in this Lease shall be construed as constituting the Consent or request of

Lessor, expressed or implied, by inference or otherwise, to any contractor, subcontractor, laborer or materialman for performance of any labor or services or the furnishing of any materials for any improvement, alteration, addition or repair of or to the Leased Premises or any part thereof.

10. Indemnification:

To the fullest extent permitted by law, Lessee agrees to pay, and to protect, indemnify and save harmless Lessor from and against, any and all liabilities, damages, costs, expenses (including any and all attorneys' fees and expenses of Lessee and any and all attorneys' fees and expenses of Lessor), causes of action, suits, claims, demands or judgments of any nature whatsoever arising from (i) any work or thing done during the term of this Lease in, on or about the Leased Premises or any part thereof, (ii) injury to, or the death of, persons or damage to property during the term of this Lease on the Leased Premises or upon adjoining sidewalks, streets, alleys, curbs, vaults, spaces or ways, or in any manner growing out of or connected with the use, non-use, conditions (other than structural conditions and other conditions pre-existing the date of this Lease), possession, operation, maintenance, management or occupation of the Leased Premises or resulting from the condition thereof or of adjoining sidewalks, streets, alleys, curbs, vaults, spaces or ways, (iii) any negligence on the part of Lessee or any of its agents, contractors, servants, employees, licensees or invitees and (iv) violation of any agreement or condition of this Lease and of conditions, agreements, restrictions, statutes, charters, laws, rules, ordinances or regulations affecting the Leased Premises or the ownership, occupancy or use thereof.

11. Maintenance and Repair:

(a) To assist the Lessee in its duties and responsibilities under this Lease the Lessor shall pay to the Lessee the sum of Twenty Thousand and 00/100 Dollars (\$20,000.00) to spend for the maintenance, interpretation, promotion and repair expenses for the Leased Premises. Lessee accepts the Leased Premises in "AS IS" condition. Lessee's taking possession of the Leased Premises constitutes its acknowledgment that Lessee has received the Leased Premises and the improvements thereon in good order and condition and, with no warranties expressed or implied, concerning the fitness of the Leased Premises for the Lessee's proposed use. At Lessee's sole cost and expense, Lessee will keep and maintain the Leased Premises, including any altered, rebuilt, additional or substituted improvements, in good repair and appearance during the term of this Lease, ordinary wear and tear excepted, and unless this Lease shall be terminated pursuant to Paragraphs (13) and (15) of this Lease, Lessee will with reasonable promptness make all non-structural changes and repairs of every kind and nature, which may be required to be made for any reason upon or in connection with the Leased Premises. All repairs made by Lessee shall be at least equal to the original work in class and quality. Lessor shall not be required to repair or rebuild, or make any repairs, replacements or renewals of any nature or description to the Leased Premises, whether ordinary or extraordinary, or to maintain the Leased Premises in any way, and Lessee hereby expressly waives the right to make repairs at the expense of Lessor as provided for in any statute or law in effect at the time of the execution of this Lease or any other statute or law which may be hereafter enacted.

(b) Lessee shall put, keep and maintain all portions of the Leased Premises and the sidewalks,

curbs and passageways adjoining the same in a clean and orderly condition, free of dirt, rubbish, snow, ice and unlawful obstructions.

(c) If Lessee fails to comply with the provisions of this Paragraph (11), Lessor may give Lessee written notice of such failure to comply, specifying the maintenance or repairs to be made by Lessee. If the maintenance or repairs are not completed by Lessee within thirty (30) days after said notice, Lessor may have the work done at Lessee's expense, and the cost thereof shall become additional rent due hereunder payable by Lessee to Lessor upon written demand from Lessor; provided, however, that if any strike, war, governmental regulation, act of God, or other cause beyond Lessee's reasonable control (except for payments to be made by Lessee) delays Lessee's completion of the maintenance or repairs, said thirty (30) day period shall be extended by the length of the delay if Lessee gives Lessor written notice within said thirty (30) day period of the cause of the delay and the cause of the delay in part exists.

12. Alterations and Additions:

(a) Lessee may, at any time and from time to time during the term of this Lease and at its sole cost and expense, make alterations of, substitutions and replacements of non-structural interior improvements, provided, however, that (i) the total market value of the Leased Premises shall not be lessened by reason of any such alteration, addition, substitution or replacement (ii) any of the foregoing actions shall be done in good and workmanlike manner, (iii) all such additions, alterations, substitutions and replacements shall be expeditiously completed in compliance with all laws, ordinances, orders, rules, regulations and requirements applicable thereto, and (iv) if Lessee estimates that any such addition, alteration, substitution or replacement will cost more than \$1,000.00 Lessee shall give to Lessor notice of its intention to undertake the same and shall obtain Lessor's prior written approval of the plans and specifications. In the event Lessor has not responded to Lessee's request for approval hereunder within twenty (20) days after the date of Lessee's request, Lessor shall be presumed to have given approval. Any denial of approval by Lessor shall be in writing and shall state the reason(s) for denial. Approval shall not be unreasonably withheld. All work done in connection with said additions, alterations, substitutions or replacements shall be done in accordance with applicable statutes, ordinances, orders, rules and regulations. Title to all alterations, additions, installments, changes and improvements made by Lessee, except trade fixtures, shall become the property of Lessor at the termination of this Lease. General public liability insurance for the benefit of Lessor and of Lessee, as their interest may appear, with the coverage described in the Insurance Requirements set forth in Exhibit B hereto, shall be maintained by Lessee at all times when any work is in process in connection with any such additions, alterations, substitutions, replacements or removals. Lessee shall discharge any and all liens filed against the Leased Premises, and any improvements thereon arising out of such additions, alterations, substitutions, replacements or removals, and upon the request of Lessor shall deposit with Lessor a surety bond or other security satisfactory to Lessor to assure the completion of any such additions, alterations, substitutions, replacements or removals. Lessee shall procure and pay for all required permits, certificates and licenses in connection with such additions, alterations, substitutions, replacements or removals.

(b) Lessee shall not make changes to the Leased Premises which may be seen from outside the Leased Premises, or make any other changes or improvements to the Leased Premises, without Lessor's

prior written consent. Lessee may, however, erect signs or advertising media which conform to applicable ordinances and regulations.

13. Condemnation:

If the whole of the Leased Premises is taken under power of eminent domain or is sold to any entity having the power of eminent domain under threat of condemnation, this Lease shall terminate on the day on which the condemnor or buyer takes possession thereof. In the event of such a taking or sale of only a part of the Leased Premises which in the judgment of Lessor shall substantially interfere with Lessee's use or occupancy thereof Lessor may terminate this Lease by giving Lessee written notice thereof not more than ten (10) days after the condemnor or buyer takes possession of the part taken or sold. If the condemnor takes more than 33% of the building improvements, which taking in the judgment of the Lessee substantially interferes with Lessee's use or occupancy thereof, Lessee may terminate this Lease by giving Lessor written notice thereof not more than ten (10) days after the condemnor or buyer takes possession of the part taken or sold. If in case of such a partial taking or sale of 33% or less of the building improvements, and Lessor does not cause the Lease to be terminated, then on the day on which the condemnor or buyer takes possession of the part taken or sold, the Rent thereafter accruing shall be reduced by the same percentage as the percentage of the improvements on the Leased Premises so taken or sold, and Lessor shall, to the extent practicable, restore the remaining Leased Premises to their condition prior to such partial taking or sale, anything elsewhere in this Lease regarding repair or replacement to the contrary notwithstanding. Lessee shall not be entitled to any part of the award made or sales price received for such taking or sale of all or any part of the Leased Premises and will assign, and does hereby assign, any and all award or sale price received for such taking or sale and will execute any assignments or other documents necessary to affect the transfer of such award or sales price to Lessor; provided, however, Lessee shall be entitled to receive such relocation expenses as Lessee may be entitled to receive under applicable Minnesota Statutes.

14. Insurance:

(a) Unless Lessor maintains an insurance policy on the Leased Premises, Lessee shall keep the Leased Premises insured continuously during the term of this Lease by the kinds of insurance described in, and with coverage in amounts not less than those specified in, the Insurance Requirements set forth in Exhibit B hereto, which insurance shall be written by companies of recognized standing which are authorized to do business in the State of Minnesota, and naming as the insured parties thereunder. Lessor and Lessee, and if required by Lessor any owner and holder of a mortgage on the Leased Premises, as their respective interests may appear. Every such policy shall contain to the extent obtainable, an agreement by the insurer that it will not cancel such policy except upon thirty (30) days' prior written notice to Lessor and to any mortgagee and that any loss otherwise payable thereunder shall be payable notwithstanding any act of negligence of Lessor Lessee which might, absent such agreement, result in a forfeiture of all or part of such insurance payment. Lessee shall deliver to Lessor promptly after the execution and delivery of this Lease original policies or duplicates thereof, or delivery of this Lease original policies or duplicates thereof, or certificates or binder evidencing such insurance, and Lessee shall deliver to Lessor, at least twenty (20) days prior to the expiration of any such insurance, additional policies or duplicates thereof, or

certificates or binders evidencing the renewal of such insurance and the payment of the premiums thereof.

(b) On each anniversary of the Commencement Date of this Lease, Lessee shall deliver to Lessor a certificate of Lessee, dated such date, to the effect that there is then in force all such insurance which is then required to be maintained by Lessee. Should Lessee fail to effect, maintain, or renew any kind of insurance herein before provided for in the required amount, or to pay the premium therefore, or to deliver to Lessor any of such policies or certificates then and in any of said events Lessor, at its option, but without obligation to do so, may procure such insurance, and any sums expended by it to procure any such insurance shall be deemed additional rent payable by Lessee and shall on demand be forthwith paid by Lessee to Lessor, but it is expressly understood that procurement by Lessor of any such insurance shall not be deemed to waive or release the default of Lessee, or the right of Lessor, at Lessor's option, to recover possession of the Leased Premises by reason of such default as herein provided. Lessee covenants and agrees to pay to Lessor any and all damages which Lessor may have sustained by reason of the failure of Lessee to obtain and maintain such insurance, it being expressly declared that the damages of Lessor shall not be limited to the amount of premiums thereon.

(c) If Lessor does maintain an insurance policy on the Leased Premises all premiums shall be an additional charge. Lessee shall reimburse Lessor the total premium due upon receipt of premium invoice from Lessor.

(d) Lessee shall reimburse the Lessor for that portion of the insurance premiums paid by the Lessor which represent insurance on the structure known as the Old Town Hall.

15. Fire and Casualty Loss:

(a) If the Leased Premises, or any part thereof, are damaged or destroyed by fire or any casualty covered by the insurance required under the provisions of Paragraph 14 herein, all insurance proceeds from said insurance shall be the property of Lessor (except insurance proceeds for Lessee's fixtures and personal property which proceeds shall belong to Lessee), and, subject to Subparagraphs (b) and (c) of this Paragraph (15) and the terms of any mortgage on the Leased Premises, Lessor shall repair the Leased Premises as soon as reasonably possible and this Lease shall continue in full force and effect. Lessor shall have no obligation to repair or replace any of the Lessee's fixtures, personal property or leasehold improvements. Lessor shall in good faith proceed with and consummate the settlement of the insurance claim. Pending repair or restoration, rent shall be abated following such damage or destruction in proportion of the interference with Lessee's use of the Leased Premises. If the Leased Premises shall be so slightly injured that no part thereof is rendered unfit for occupancy, then Lessor shall repair the same with reasonable promptness, and in that case, the rent shall not be abated during such repair period.

(b) Notwithstanding anything to the contrary herein, if the damage or destruction described in this Paragraph 15 occurs within six (6) months of the end of the term of this Lease and more than thirty-three percent (33%) of the building improvements on the Leased Premises are damaged or destroyed, this Lease shall automatically terminate. If more than thirty-three percent (33%) of the building improvements on the Leased Premises are damaged or destroyed prior to the period six (6) months before the end of the term of this Lease, which damage in the judgment of Lessee shall substantially interfere with Lessee's use or occupancy thereof, Lessee may terminate this Lease by giving Lessor written notice thereof not more than ten (10) days after the damage has occurred. If Lessee does not cause this Lease to be terminated as

above contemplated, Lessor shall have the option to terminate this Lease or repair the building in accordance with Subparagraph (a) of this Paragraph (15), which option shall be exercised by written notice to Lessee within forty-five (45) days after the damage if Lessor elects to terminate this Lease. In the event of termination under this Paragraph (15), all advance rent paid to Lessor, which has not accrued prior to termination, shall be refunded to Lessee.

(c) Subject to the foregoing provisions of this Paragraph (15), including those relating to rent abatement, if at any time during the term hereof the Leased Premises are damaged, and such damage was caused by a casualty not covered under an insurance policy required to be maintained pursuant to Paragraph 14, and if the damage in the judgment of Lessee shall substantially interfere with Lessee's use or occupancy of the Leased Premises, Lessee may terminate this Lease by giving Lessor written notice thereof not more than ten (10) days after the damage has occurred. If Lessee does not cause this Lease to be terminated as above contemplated, Lessor may, at Lessor's option, either (i) repair such damage as soon as reasonably possible at Lessor's expense, in which event, this Lease shall continue in full force and effect, or (ii) give written notice to Lessee within thirty (30) days after the date of the occurrence of such damage of Lessor's intention to cancel and terminate this Lease as of the date of the occurrence of such damage. In the event Lessor elects to give such notice of Lessor's intention to cancel and terminate this Lease, Lessee shall have the right within ten (10) days after the receipt of such notice to give written notice to Lessor of Lessee's intention to repair such damage at Lessee's sole expense, without reimbursement from Lessor, in which event this Lease shall continue in full force and effect, and Lessee shall proceed to make such repairs as soon as reasonably possible. If Lessee does not give such notice within such ten (10) day period, this Lease shall be cancelled and terminated as of the date of the occurrence of such damage.

16. Assignment and Subletting:

Lessee shall not assign or in any manner transfer or encumber this Lease or the Leased Premises or any interest therein, nor sublet the Leased Premises or any part or parts thereof, nor permit occupancy by anyone with, through or under it, nor assign its renewal options, without the previous written consent of Lessor. Consent by Lessor to one or more assignments of this Lease or to one or more sublettings of the Leased Premises shall not operate as a waiver of Lessor's rights under this Paragraph (16) to any subsequent assignment or subletting. No assignment or subletting shall release Lessee or any guarantor of this Lease of any of its obligations under this Lease or be construed or taken as a waiver of any of Lessor's rights or remedies hereunder.

17. Events of Default:

(a) Any of the following occurrences or acts shall constitute an event of default under this Lease: (i) if Lessee, at any time during the term of this Lease (and regardless of the pendency of any bankruptcy, receivership, insolvency or other proceedings at law, in equity, or before any administrative tribunal, which have or might have the effect of preventing Lessee from complying with the terms of this Lease), shall (A) fail to make payment of any installment of Rent or additional rent when due or (B) fail to observe or perform any of Lessee's other covenants, agreements or obligations hereunder, and if any such

non-monetary default shall not be cured within forty-five (45) calendar days after Lessor shall have given to Lessee notice specifying such default or defaults, or (ii) if Lessee shall file a petition in bankruptcy or shall be adjudicated a bankrupt or insolvent or shall make an assignment for the benefit of its creditors or shall admit in writing its inability to pay its debts generally as they become due, or if a petition or answer proposing the adjudication of Lessee as a bankrupt shall not be discharged or denied within sixty (60) calendar days after the date of filing thereof or (iii) if a petition or answer proposing the adjudication of Lessee as a bankrupt shall not be discharged or denied within sixty (60) calendar days after the date of filing thereof or (iv) if a receiver, trustee or liquidator of Lessee or of all or substantially all of the property of Lessee or of the Leased Premises shall be appointed in any proceeding brought by Lessee, or if any such receiver, trustee or liquidator shall be appointed in any proceeding brought against Lessee and if such receiver, trustee or liquidator shall not be discharged within sixty (60) calendar days after such appointment, or (v) if the Leased Premises shall have been abandoned, or left unoccupied for one hundred eighty (180) calendar days. Notwithstanding the foregoing provisions of this Paragraph (17), if any strike, war, governmental regulation, act of God, or other cause beyond Lessee's reasonable control (except for payments to be made by Lessee) delays the curing of any event of default referred to in clause (B) of this Paragraph (17)(a), the fifteen (15) day period after notice of such default shall be extended by the length of such delay, if such cause exists and if Lessee gives Lessor written notice within said fifteen (15) day period of the cause of the delay.

(b) If any event of default shall have happened and be continuing, Lessor shall have the right at its election then or at any time thereafter while any such event of default shall continue, to give Lessee notice of Lessor's intention to terminate the term of this Lease on a date specified in such notice, and on the date specified in any such notice all right, title and interest of Lessee thereunder shall thereupon expire as fully and completely as if the date specified in such notice were the date specifically fixed herein for the expiration of the term of this Lease, and Lessee shall then peaceably and quietly quit the Leased Premises and surrender the same to Lessor, but Lessee shall remain liable as hereafter provided. In the event any such notice is given, Lessor shall have the immediate right of reentry and possession of the Leased Premises and the right to remove all persons and property therefrom. Should Lessor be entitled to reenter as herein provided or should Lessor take possession pursuant to legal proceedings or pursuant to any notice provided by law, Lessor may from time to time re-let the Leased Premises or any part thereof for such term or terms and such rental or rentals and upon such terms and conditions as Lessor may deem advisable, with the right to make alterations in and repairs to the Leased Premises.

(c) If Lessor shall reenter and obtain possession of the Leased Premises by reason of or following an event of default, whether or not this Lease shall have terminated, Lessor shall have the right, without notice, to repair or alter the Leased Premises in such manner as Lessor may deem necessary or advisable so as to put the Leased Premises in good order and to make the same rentable, and shall have the right, at Lessor's option, to re-let the Leased Premises or any part thereof, and Lessee agrees to pay to Lessor on demand all expenses incurred by Lessor in obtaining possession, and in altering, repairing and putting the Leased Premises in good order and condition and in re-letting the same, including fees of attorneys, architects and other experts, and also any other legitimate expenses or commissions and Lessee further agrees to pay to Lessor upon the first day of each month in each year following such reentry until the end of the term of this Lease the sums of money which would have been payable to Lessee as Rent and

additional rent hereunder if Lessor had not reentered and resumed possession of the Leased Premises, deduction only the net amount of rent if any, which Lessor shall actually receive in the meantime from and by re-letting of the Leased Premises or the reasonable rental value thereof if occupied by lessor, and Lessee hereby agrees to be and remain liable for all sums aforesaid, as well as for any deficiency aforesaid, and Lessor shall have, from time to time, the right to begin and maintain successive actions or other legal proceedings against Lessee for the recovery of such deficiency or damages or for a sum equal to any installment or installments of Rent, additional rent and any other sums payable hereunder, and to recover the same upon the liability of Lessee herein provided, which liability it is expressly covenanted shall survive the issuance of any action to secure possession of the Leased Premises. Nothing herein contained shall be deemed to require Lessor to wait to begin such action or other legal proceedings until the date when this Lease would have experienced by limitation and there been no such default by Lessee.

(d) If under any of the preceding provisions of this Paragraph (17) Lessor shall be entitled to give Lessee a notice of termination of the term of this Lease, Lessor without giving such notice of termination and notwithstanding the continuance of the term of this Lease shall have, to the extent permitted by law, all the rights, powers and remedies given Lessor by the preceding provisions of this Paragraph (17), and Lessee shall have the obligations imposed upon it by such provisions.

(e) No such reentry or taking of possession of the Leased Premises by Lessor shall be construed as an election on Lessor's part to terminate the term of this Lease unless a notice of such intention be given to Lessee or unless the termination hereof be decreed by a court of competent jurisdiction.

18. Additional Rights of Lessor:

(a) No right or remedy herein conferred upon or reserved to Lessor is intended to be exclusive of any right or remedy, and each and every right and remedy of Lessor shall be cumulative and in addition to any other right or remedy given Lessor hereunder, or now or hereafter existing at law or in equity or by statute. The failure of Lessor to insist at any time upon Lessee's strict performance of any of the covenants or agreements contained in this Lease shall not be construed as a waiver or a relinquishment thereof for the future. A receipt by Lessor of any Rent with knowledge of the breach of any covenant or agreement contained in this Lease shall not be deemed a waiver of such breach, and no waiver by Lessor of any provision of this Lease shall be deemed to have been made unless expressed in writing and signed by Lessor. In addition to the other remedies provided by this Lease, Lessor shall be entitled to injunctive relief in case of the violation, or attempted or threatened violation, of any of the covenants, agreements, conditions or provisions of this Lease or to a decree compelling performance of any of the covenants, agreements, conditions or provisions of this Lease and to any other remedy allowed to Lessor at law or in equity.

(b) Lessee hereby waives for itself and all those claiming under it, any rights which it may have under any present or future constitution, statute or rule of law (i) to redeem the Leased Premises after termination of Lessee's right of occupancy by order or judgment of any court or by any legal process or writ, or (ii) which exempts property from liability for debt or for distress for rent.

(c) If Lessee shall be in default in the performance of any of its obligations under this Lease, and regardless of whether an action shall be brought for the enforcement thereof Lessee shall pay to Lessor all expenses incurred by Lessor in connection therewith, including Lessor's attorneys' fees.

19. Notices, Demands and Other Instruments:

All notices, demands, requests, consents, approvals, undertakings and other instruments required or permitted to be given pursuant to the terms herein shall be in writing and shall be deemed to have been properly given (a) when served personally upon the party to whom the notice is addressed or (b) when sent by certified United States mail, postage prepaid, return receipt requested, addressed to such party at its address first above set forth. Lessor and Lessee shall, from time to time, have the right to specify as the proper address for the purpose of this Lease any other address in the United States upon giving ten (10) days notice thereof to the other party.

20. Estoppel Certificates:

Either party, at any time and from time to time upon not less than ten (10) days prior written request by the other, will execute, acknowledge and deliver a statement certifying that this Lease is unmodified and in full force and effect and the dates to which the Rent and additional rent and other charges have been paid, stating whether or not the other party is in default in the performance of any covenant, condition or provision of this Lease, and if so, specifying each such default of which the party so certifying may have knowledge, and certifying to such other matters concerning this Lease and the Leased Premises as the other party may request.

21. Surrender:

Upon the expiration or sooner termination of this Lease, Lessee shall peaceably and quietly leave, yield up and surrender the Leased Premises to Lessor in the same condition in which the Leased Premises were received from Lessor at the commencement of the term of this Lease, ordinary wear and tear excepted, but clean, orderly and free of occupants. Lessee shall remove from the Leased Premises prior to such expiration or sooner termination of all property situated thereon which is not owned by Lessor, and Lessee shall, at its sole cost and expense, repair any damage caused by such removal. Property not so removed shall become the property of Lessor, which may thereafter cause such property to be removed from the Leased Premises and disposed of, but the cost of any such removal shall be borne by Lessee.

22. Severability:

Each and every covenant and agreement contained in this Lease shall be for all purposes construed to be a separate and independent covenant and agreement and the breach of any covenant or agreement contained herein by Lessor shall in no way or manner discharge or relieve Lessee from Lessee's obligation to perform each and every covenant and agreement contained herein. If any person or circumstance shall, to any extent, be invalid or unenforceable, the remainder of this Lease, or the application of such term or

provision to persons or circumstances other than those as to which it is invalid or unenforceable, shall not be affected thereby, and each term and provision of this Lease shall be valid and shall be enforced to the fullest extent permitted by law.

23. Binding Effect:

All of the covenants, conditions and obligations herein contained shall be binding upon and inure to the benefit of the respective heirs, legal representatives, successors and assigns of the parties hereto to the same extent as if each such successor and assign are in each case named as party to this Lease. This Lease may not be changed, modified, or discharged except by a writing signed by Lessor or Lessee.

24. Heading and Terms:

The headings to the various Paragraphs of this Lease have been inserted for reference only and shall not in any manner be construed as modifying, amending or affecting in any way the express terms and provisions herein. The term "person" when used in this Lease shall mean any individual, corporation, partnership, firm, trust, joint venture, business association, syndicate, combination, organization or any other person or entity.

25. Right to Inspection:

Lessor and Lessor's agents shall have the right to enter the Leased Premises at any and all reasonable time during the term of this Lease for the purpose of inspecting and repairing the Leased Premises or for the purpose of showing them to prospective purchasers or tenants, and to display rental (during the last six (6) months of the term hereof) and "For Sale" signs on the Leased Premises. The foregoing provision does not, and shall not be construed so as to, impose liability on Lessor to inspect or repair the Leased Premises.

26. Subordination:

Lessee agrees, upon written demand by Lessor and by the mortgagee under any then existing mortgage on the fee in the Leased Premises to execute such instruments as may be required at any time and from time to time to subordinate the rights and interest of Lessee under this Lease to the lien of any such mortgage; provided that any such mortgagee agrees in writing that such mortgagee will not, in enforcing its rights thereunder, disturb Lessee's possession and right of use under this Lease in and to the Leased Premises unless and until an event of default occurs pursuant to the terms of this Lease. Lessee further agrees that if requested by any such mortgagee it will agree, in writing, that no action taken by such mortgagee to enforce its mortgage by reason of default hereunder shall terminate the Lease or invalidate any of the terms herein.

IN WITNESS WHEREOF, the parties hereto have caused this Lease to be executed as of the date and year first hereinabove written.

EXHIBIT B

(a) Insurance against fire and such other hazards and risks customarily covered by the standard form of extended coverage endorsement and the risks of vandalism, malicious mischief in an amount of not less than full replacement cost, and in no event less than \$300,000.00, of all buildings and improvements constituting a part of the Leased Premises, and all Lessee's leasehold improvements, fixtures and personal property.

(b) General public liability insurance in a single limit of not less than \$1,000,000.00 for injury or death to any one person, for injury or death for any number of persons in any one occurrence, and for damage to property, such insurance to cover the Leased Premises and all public areas therein, and all streets, alleys and sidewalks adjacent thereto.

(c) Boiler and machinery insurance on all steam boilers and pressure boilers, if any, and on such other apparatus as Lessor may deem necessary to be covered by such insurance in such amounts as in such forms of policies as may, from time to time, be reasonably required by Lessor.

(d) General liability insurance provided by all contractors and sub-contractors involved in performing work on the property. Worker's compensation insurance covering all persons employed in connection with any work done on or about the Leased Premises and with respect to which death or bodily injury claims could be asserted against the Lessor or the Leased Premises.

(e) Such other insurance and in such amounts as may, from time to time, be reasonably required by Lessor or by any first mortgagee of the Leased Premises against other insurable hazards which, at the time, are normally insured against in the case of premises similarly situated.

(f) Rental insurance in an amount sufficient to cover all Rent and additional rent due hereunder for a one-year period, if the same is required by a present or future mortgagee holding a mortgage on the Leased Premises or any part thereof.

The burden of proving any insurance requirement of Lessor or a mortgagee unreasonable shall be upon the Lessee, and until any such requirement has been determined to be unreasonable in proceedings before the Ramsey County District Court, such requirement shall be complied with by Lessee.

EXHIBIT C



**EDA
Meeting
December 17, 2018**

Agenda Number: 5

Subject: TIF District #9 – Cottages – Approve Resolution
Dissolving Tax District

Documentation: Finance Officer Memo / Resolution

Action / Motion for Consideration:

Town Clerk Report at Meeting / Discuss

Based on Planning Commission & Staff Review & Recommendation Adopt
the

**Resolution Dissolving Tax Increment Financing District No. 9 &
Returning Excess Tax Increments to Other Taxing Jurisdictions**

Prudhon – Moves

Ruzek – Seconds

Minutes
Planning Commission Meeting
November 29, 2018

COTTAGES OF WHITE BEAR TOWNSHIP – DECERTIFICATION OF TIF DISTRICT #9: The Finance Officer reported that the EDA has referred the Cottages of White Bear Township decertification to the Planning Commission for review and comment. He reviewed Tax Increment District 1-9. This is a Housing District created in 1994 and is required to be decertified by December 31, 2020. The District had a budget of \$785,000.00 and has spent \$601,046.00 through 2017 with no additional obligations remaining. Through 2017, the district collected revenues totaling \$838,276.00 which was \$53,276.00 more than the budget. The \$53,276.00 had to be returned to Ramsey County for redistribution to all taxing jurisdictions as it is deemed excess increment, as will all future increment the EDA collects on this district.

Based on this information, the EDA has the following options related to TIF District 9. 1) Do nothing and continue to collect approximately \$50,655.00 in tax increments in 2019 and 2020. This increment will

then be returned to Ramsey County for redistribution to each taxing jurisdiction each year; 2) Amend the budget so the Town can continue to collect increment through 2020. By amending the district, the Town can retrain the increment collected in 2019 and 2020. Increment can only be used for qualifying housing districts in the future. It requires a public hearing and attorney fees are estimated to be between \$10,000 and \$20,000 to amend the budget; 3) Decertify the District. This places approximately \$50,000 in tax capacity back on the tax rolls, which will generate about \$10,000 in taxes for the Township. Due to Conduit Debt requirements, the Cottages would remain below market rental housing units. Since this district is a housing district, the Town can retain the TIF District balance of \$237,229.86 for future qualifying housing districts.

Based on the pros and cons of the three options, staff would favor decertifying TIF District 9. After discussion it was the consensus that decertifying TIF District 9 is the most favorable of the three options.

Artner moved to recommend to the Town Board that TIF District 9, Cottages of White Bear Township be decertified. Patrick seconded. Ayes all.

Minutes
EDA Meeting
November 19, 2018

TIF DISTRICT #9 – COTTAGES: Tax Increment District 1-9, the Cottages of White Bear Township is a Housing District created in 1994 and is required to be decertified by December 31, 2020. The District had a budget of \$785,000.00 and has spent \$601,046.00 through 2017 with no additional obligations remaining. Through 2017, the district collected revenues totaling \$838,276.00, which was \$53,276.00 more than the Financing Plan. The \$53,276.00 had to be returned to Ramsey County for redistribution to all taxing jurisdictions as it is deemed excess increment, as will all future increment the EDA collects in this district. Based on this information, the EDA has the following options related to TIF District 9: 1) Do nothing and continue to collect approximately \$50,655.00 in tax increments in 2019 and 2020. This increment will then be returned to Ramsey County for redistribution to each taxing jurisdiction each year; 2) Amend the budget so the Town can continue to collect increment through 2020. By amending this district, the Town can retain the increment collected in 2019 and 2020. Increment can only be used for qualifying housing districts in the future. This option requires public hearings. Jenny Boulton, TIF Attorney will help with the amendment if the EDA wants. Attorney fees are estimated between \$10,000 and \$20,000 to amend the budget; 3) Decertify the District. This places approximately \$50,000.00 in tax capacity back on the tax rolls, which will generate about \$10,000 in taxes for the Township. Due to Conduit debt requirements, the Cottages would remain below market rental housing units. Since this district is a housing district, the Town can retain the TIF District balance of \$237,229.86 for future qualifying housing districts. Based on the pros and cons of the three options, finance department staff would favor decertifying TIF District 9. It was the consensus to refer the matter to the Planning Commission and wait for their review.

Ruzek moved to refer the matter of TIF District #9 to the Planning Commission for their recommendation. Prudhon seconded. Ayes all.

Consideration of Decertification of Tax Increment District 9. (TK)

A. REFERENCE AND BACKGROUND:

Tax Increment District 1 – 9, the Cottages of White Bear Township is a Housing District created in 1994 and is required to be decertified by December 31, 2020. The District had a budget of \$785,000.00 and has spent \$601,046.00 through 2017 with no additional obligations remaining.

Through 2017, the district collected revenues totaling \$838,276.00, which was \$53,276.00 more than the budget. The \$53,276.00 had to be returned to Ramsey County for redistribution to all taxing jurisdictions as it is deemed excess increment, as will all future increment the EDA collects on this district.

Based on the information above, the EDA has the following options related to TIF District 9;

1. Do nothing and continue to collect approximately \$50,655.00 in tax increments in 2019 and 2020.
 - This increment will then be returned to Ramsey County for redistribution to each taxing jurisdiction each year.
2. Amend the budget so the Town can continue to collect increment through 2020.
 - By amending the district, the Town can retain the increment collected in 2019 and 2020.
 - Increment can only be used for qualifying housing districts in the future.
 - Requires public hearings.
 - Attorney fees are estimated be between \$10,000 and \$20,000 to amend the budget.
3. Decertify the District.
 - Places approximately \$50,000 in tax capacity back on the tax rolls, which will generate about \$10,000 in taxes for the Township.
 - Due to Conduit debt requirements, the Cottage would remain below market rental housing units.
 - Since this district is a housing district, the Town can retain the TIF District balance of \$237,229.86 for future qualifying housing districts.

Based on the pros and cons of the three options above, staff would favor decertifying TIF District 9.

A1. Budget Impact: Under option 1, the Town would refund any increment back to the County and the County would redistribute the funds to all taxing jurisdictions. The Town would receive about 20% of \$10,000, which the Town could use the funds however, they see fit. Under option 2, the Town would receive about \$80,000 in tax increment, which could only be used for qualifying housing districts in the future. Under option 3, the property would go back onto the tax rolls and lower the Town's tax rate.

A2. Staff Workload Impact: No staff affect under options 1 and 2. Under option 3, staff would no longer need to complete the State Auditor TIF reports for this district, which would save about 1 hour of staff time each year.

B. ALTERNATIVE ACTIONS:

1. Take no action and thus option 1 would be in effect.
2. Authorize staff to proceed with the process to amend the budget for TIF District 9.
3. Adopt a resolution to decertify TIF District 9.

C. STAFF RECOMMENDATION:

Staff recommends alternative #3 for the adoption of the resolution to decertify TIF District 9.

D. SUPPORTING DATA:

State Auditor TIF Reports pages 15 and 17.
TIF District 9 budget (page I-22).
TIF District 9 spreadsheet.
Resolution Decertifying TIF District 9.

EXTRACT OF MINUTES OF A MEETING
OF THE ECONOMIC DEVELOPMENT AUTHORITY OF THE
TOWN OF WHITE BEAR, MINNESOTA

HELD: December 17, 2018

Pursuant to due call and notice thereof, a meeting of the Board of Commissioners of the Economic Development Authority of the Town of White Bear, Ramsey County, Minnesota, was duly called and held at the Town Hall in said Town on the 17th day of December, 2018, at 6:40 p.m. for the purpose of, among other things, decertifying Tax Increment District No. 9.

The following Commissioners were present: Kermes, Prudhon, Ruzek;

and the following were absent: None.

Commissioner Prudhon introduced the following resolution and moved its adoption:

RESOLUTION DISSOLVING TAX INCREMENT
FINANCING DISTRICT NO. 9 AND RETURNING
EXCESS TAX INCREMENTS TO OTHER TAXING JURISDICTIONS

WHEREAS, the Economic Development Authority of the Town of White Bear (the "EDA") established Tax Increment Financing District No. 9 (the "TIF District") and adopted a tax increment financing plan;

WHEREAS, all of the capital and administrative costs of the TIF District as set forth in the tax increment financing plan have been paid or provided for;

NOW, THEREFORE, BE IT RESOLVED by the Board of Commissioners of the Economic Development Authority of the Town of White Bear as follows:

1. The Board of Commissioners hereby finds, determines and declares to dissolve Tax Increment Financing District No. 9 as of December 31, 2018.

2. The Town Clerk is hereby directed to send a copy of this resolution to the County Auditor of Ramsey County and to take all other steps which are necessary to dissolve the TIF District.

The motion for the adoption of the foregoing resolution was duly seconded by Commissioner Ruzek and upon vote being taken thereon, the following voted in favor thereof: Kermes, Prudhon, Ruzek;

and the following voted against the same: None.

Whereupon said resolution was declared duly passed and adopted.



**EDA
Meeting
December 17, 2018**

Agenda Number: 6 – 7 - 8

Subject: Added Agenda Items
Receipt of Agenda Materials / Supplements
Adjournment

Action / Motion for Consideration:

Receive Added Agenda Items

Receive All Agenda Materials & Supplements for Today's Meeting

Adjourn Meeting