

PROCEEDINGS OF THE BOARD OF COUNTY COMMISSIONERS

Date: August 10, 2021

9:00 a.m.

Place: Commissioners Room, Courthouse, Caledonia, MN

Members Present:

Dewey Severson, Eric Johnson, Robert Burns, and Greg Myhre

Others Present:

Auditor/Treasurer Donna Trehus, Reporter Craig Moorhead, Reporter Charlene Selbee, Finance Director Carol Lapham, Human Resources Director Theresa Arrick-Kruger, Board Clerk/EDA Director Allison Wagner, Interim Recorder Mary Betz, IT Director Andrew Milde, Maintenance Foreman Chris Hartley

Presiding: Chairperson Burns

Call to order.

Pledge of Allegiance.

Motion was made by Commissioner Severson, seconded by Commissioner Myhre, motion unanimously carried to approve the agenda.

Motion was made by Commissioner Johnson, seconded by Commissioner Myhre, motion unanimously carried to approve the board meeting minutes from August 3, 2021.

Motion was made by Commissioner Severson, seconded by Commissioner Johnson, motion unanimously carried to approve the emergency meeting minutes from August 6, 2021.

Public Comment: No public comments were made.

CONSENT AGENDA

Commissioner Johnson moved, Commissioner Severson seconded, motion unanimously carried to approve the consent agenda. Items approved are listed below.

- 1) Review Annual Disclosure of Tax Increment Districts for the Year Ended December 31, 2020 for the Spring Grove EDA presented by Spring Grove City/Erin Konkel.
- 2) Hire Linda Ulmen as probationary Assistant Custodian II, A-12, Step 3, effective August 23, 2021 conditioned upon successful background check.
- 3) Consider approval of Resolution 21-36 for Semcac FHPAP (Family Homeless Prevention Assistance Program).

RESOLUTION 21-36
RESOLUTION AUTHORIZING ACCEPTANCE AND EXECUTION OF
MINNESOTA HOUSING FINANCE AGENCY
FAMILY HOMELESS PREVENTION & ASSISTANCE PROGRAM

WHEREAS, the Minnesota Housing Finance Agency, State of Minnesota, has been authorized to undertake a program to provide funds for Family Homeless Prevention & Assistance Projects; and,

WHEREAS, the Southeastern Minnesota Housing Network, working through Three Rivers Community Action, Inc. (Grantee), Semcac (Sub-Grantee) and Lutheran Social Service of MN (Sub-Grantee), have submitted a renewal application for the Minnesota Housing Finance Agency Family Homeless Prevention and Assistance Program; and

WHEREAS, the Southeastern Minnesota Housing Network working through Three Rivers Community Action, Inc., and Sub-Grantees have demonstrated the ability to perform the required activities of the Minnesota Housing Finance Agency Family Homeless Prevention & Assistance Program;

WHEREAS, the Family Homeless Prevention & Assistance Grant was awarded to Three Rivers Community Action, Inc. by the Minnesota Housing Finance Agency;

NOW, THEREFORE, BE IT RESOLVED that the Southern Minnesota Housing Network is hereby authorized as an entity to be charged with the administration of funds made available through the Minnesota Housing Finance Agency Family Homeless Prevention and Assistance Program in the county of Houston, in Minnesota.

ACTION ITEMS

File No. 1 – Commissioner Myhre moved, Commissioner Johnson seconded, motion unanimously carried to approve Change Order No. 13 for adding the pressure washer into Wieser Construction’s contract so they could manage installation for the Highway Facility shop.

Commissioner Severson moved, Commissioner Johnson seconded, motion unanimously carried to approve Change Order No. 14 for adding lights to the hoop sheds.

File No. 2 – Commissioner Myhre moved, Commissioner Johnson seconded, motion unanimously carried to appoint Matt Vetsch to the Houston County Economic Development Board effective August 10, 2021 (three year term).

File No. 3 – Commissioner Myhre moved, Commissioner Burns seconded, motion unanimously carried to award the Historic Courthouse steps contract to Fowler & Hammer for a total of \$50,600.

DISCUSSION ITEMS

Chairperson Burns said he had attended the groundbreaking ceremony for the Minnesota Veterans Home Project in Preston, Minnesota. Chairperson Burns commented that the veterans home would be a great asset to Southeast Minnesota. The Commissioners agreed.

Commissioners reported on recent meetings they had attended.

Public Comment: No public comments were made.

There being no further business at 9:42 a.m., a motion was made by Commissioner Severson, seconded by Commissioner Johnson, motion unanimously carried to adjourn the meeting. The next meeting would be a workgroup session on August 17, 2021.

BOARD OF COUNTY COMMISSIONERS

HOUSTON COUNTY, MINNESOTA

By: _____
Robert Burns, Chairperson

Attest: _____
Donna Trehus, Auditor/Treasurer

PROCEEDINGS OF THE BOARD OF COUNTY COMMISSIONERS

Date: August 17, 2021

9:00a.m.

Place: Commissioners Room, Courthouse, Caledonia, MN

Members Present:

Dewey Severson, Eric Johnson (attended remotely), Robert Burns, Teresa Walter and Greg Myhre

Others Present:

Auditor/Treasurer Donna Trehus, Finance Director Carol Lapham, EDA Director/Board Clerk Allison Wagner, Human Resources Director Theresa Arrick-Kruger, Engineer Brian Pogodzinski, Interim Recorder Mary Betz

Board Workgroup Session

Call to order.

Commissioners discussed the possibility of declaring a natural disaster due to recent flooding in the County. It was the general consensus of the Commissioners to have Chairperson Burns sign a letter to start the process with the State. Possible funding would be available to townships in the County depending on dollar amounts of the damage. There would be an update at the next regular board meeting.

Commissioners discussed the ARP dollars the County was receiving, and possible uses for the funds. The Commissioners would need to have a tentative plan for the dollars by the end of October, 2021.

Commissioners briefly discussed additional items including how to proceed with the Comprehensive Land Use Plan, potentially contracting with an outside company to come up with a plan to improve the efficiency of daily County operations, County Appreciation Day, and meetings they had recently attended.

The meeting was adjured at 10:24 a.m.

BOARD OF COUNTY COMMISSIONERS

HOUSTON COUNTY, MINNESOTA

By: _____
Robert Burns, Chairperson

Attest: _____

Donna Trehus, Auditor/Treasurer



SOUTHERN MINNESOTA
INITIATIVE FOUNDATION

525 Florence Avenue • PO Box 695 • Owatonna, MN 55060-0695
PH 507.455.3215 • FAX 507.455.2098 • smifoundation.org

July 14, 2021

Donna Trehus
Houston County
304 Marshall St S
Caledonia, MN 55921

Hello Ms. Trehus and County Board,

35 years ago, a devastating farming crisis swept across greater Minnesota. In response, Southern Minnesota Initiative Foundation (SMIF) along with five other regional foundations, were created to provide economic and philanthropic support to the 80 rural counties of Minnesota. 35 years later, we are faced with another crisis threatening the vitality of our region.

Southern Minnesotans have inspired us with their strength and unity in the face of the COVID-19 pandemic. At SMIF, we are proud to have facilitated more than \$12 million in relief to our region through emergency grants, loans and additional support such as professional trainings and one-on-one assistance. We have also continued our \$5 million in annual programming and grantmaking. Below is the impact we made last year in your county:

In Houston County...



\$191K

in COVID-19 response funding was distributed to entrepreneurs, child care providers and communities.



25

early childhood professionals were impacted through grants, trainings and technical assistance.



26

businesses were impacted through our entrepreneur programming, grantmaking and lending.



For 35 years, SMIF has served the region in times of need. The enclosed fact sheets highlight this work and feature stories from those impacted by your financial gift. Thank you for your gift of \$3,750 on 1/15/2020. ***Will you consider making a donation to SMIF again in 2022?*** With your support, we can continue to invest in our region's early childhood professionals, entrepreneurs and communities.

Sincerely,

Tim Penny
President & CEO

Collaborating for Regional Vitality



Your Gift ENABLED US TO RESPOND QUICKLY TO THE COVID-19 CRISIS

TOTAL IMPACT: MORE THAN \$12 MILLION



Community Foundation Relief Grants

SMIF provided \$101,218 in matching grants to 21 of our community foundations to support their localized relief efforts. By leveraging this opportunity, they were able to provide a total of \$121,050 to their communities, impacting more than 56,000 people.

Emergency Child Care Grants

SMIF provided \$254,950 in immediate financial support to licensed child care providers. 491 family providers and 34 centers were awarded with immediate funds, serving approximately 1,800 children in southern Minnesota.



Grow a Farmer Assistance Grants

SMIF awarded three organizations \$10,000 each through the Grow a Farmer Assistance Fund. They are working collaboratively to support at least 120 farmers in southern Minnesota through grants that help their businesses respond to new challenges.

Small Town Grants

SMIF awarded 22 organizations a total of \$192,500 to respond and recover from the hardships created by the crisis and the impact on their communities, all of which have populations of less than 10,000.



Small Business Relief Grants and Loans

SMIF distributed 1,024 MN DEED Small Business Relief Grants to southern Minnesota businesses for a total of \$10,240,000. The grants support businesses that have experienced financial hardship as a result of the crisis. Additionally, SMIF dispersed 50 MN DEED Small Business Emergency Loans for a total of \$1.2 million.

Early Care and Education Wrap Around Grants

SMIF approved 18 Early Care and Education Wrap Around Grants totaling \$180,000 in partnership with Minnesota Department of Education. This grant helped fund early care and education wrap around services for children birth to age eight from underserved populations impacted by the pandemic.



Learn how you can help!

To learn more about our **COVID-19 RESPONSE**, and the many partners and donors who have supported these efforts, visit smifoundation.org/covid-19. Making a gift to SMIF's general endowment supports these response efforts, including expenses related to the administration of these emergency funds and other essential response resources. Visit smifoundation.org/donate to make a gift.

Your Gift MADE AN IMPACT ON THEIR STORIES

“ In February 2020 when we were jumping-up-and-down-ecstatic to receive a Child Care Expansion Grant through SMIF, we didn't fully understand the true impact it would have on our ability to provide a safe, caring environment for children and families during one of the darkest times of our lives. Not only did the grant allow us to open an additional classroom during the pandemic so the children could learn safely in smaller group sizes, we also received critical support from the dedicated professionals at SMIF. Jeff Andrews helped us work through financial management and planning while John Katz went above and beyond to help us solve issues we were having with our online QuickBooks program. In this time of social distancing, it's this encouragement and generosity that helped our staff remain positive and know that their work was making a true difference in the lives of others. We cannot thank the donors and professionals of Southern Minnesota Initiative Foundation enough for your foresight, dedication and support throughout this pandemic.”

-CHRISTINA VALDEZ, DIRECTOR OF LISTOS PRESCHOOL AND CHILDCARE



“ I'm so grateful to Southern Minnesota Initiative Foundation for their Grow A Farmer Assistance Grant. We've so far distributed funds to our members for things as diverse as installing internet on their farm, getting drone photography, starting up a tea business, buying COVID safety and health equipment and supplies, setting up an online fiber sale site, and more than that. It's been really interesting to see what the farmers are doing with these funds. We're all really dependent on each other when we're small entrepreneurs like this and the more healthy our local economy is we all do better. We've kind of adopted that model for ourselves, 'We all do better when we all do better.' From everyone in the Cannon River Sustainable Farming Association to Southern Minnesota Initiative Foundation, a big thank you for supporting us in our Cannon Valley Grown Project.”

-GWEN ANDERSON, BOARD SECRETARY OF CANNON RIVER SUSTAINABLE FARMING ASSOCIATION



“ In April of 2020, Preston Area Community Foundation (PACF) discussed ways to help the local business community at the onset of the pandemic challenges. PACF reached out to the local EDA to develop a grant and loan program for local businesses to use for normal operating expenses. At this same time, SMIF made available a Community Foundation Relief Fund to be used by community foundations to address pandemic issues in their community. PACF reached out to the F & M Community Bank for support to take advantage of the \$5,000 SMIF matching grant and generously, the bank agreed to underwrite the entire \$5,000 PACF contribution. Thanks to SMIF and F & M Community Bank, the EDA loan and grant program funds increased to \$30,000. To date, over \$21,000 has been provided to local businesses with applications still being accepted. Preston area businesses have been so grateful to receive this support during these challenging times. Our community stepped up this year and we are proud of the work PACF accomplished with the help of local organizations and SMIF.”

- CHUCK AUG, BOARD MEMBER OF PRESTON AREA COMMUNITY FOUNDATION





SOUTHERN MINNESOTA
INITIATIVE FOUNDATION

Collaborating for Regional Vitality

Houston County Investments

We envision southern Minnesota as a prosperous and growing region with vibrant communities, innovative and successful economies, and engaged and valued citizens. To achieve this vision, Southern Minnesota Initiative Foundation, a regional development and philanthropic organization, fosters economic and community vitality in 20 counties of southern Minnesota through a culture of collaboration and partnership.

For every donation of
from Houston County

\$1

=

\$11

is invested back into
Houston County
communities.*

*Includes grants, loans & programming

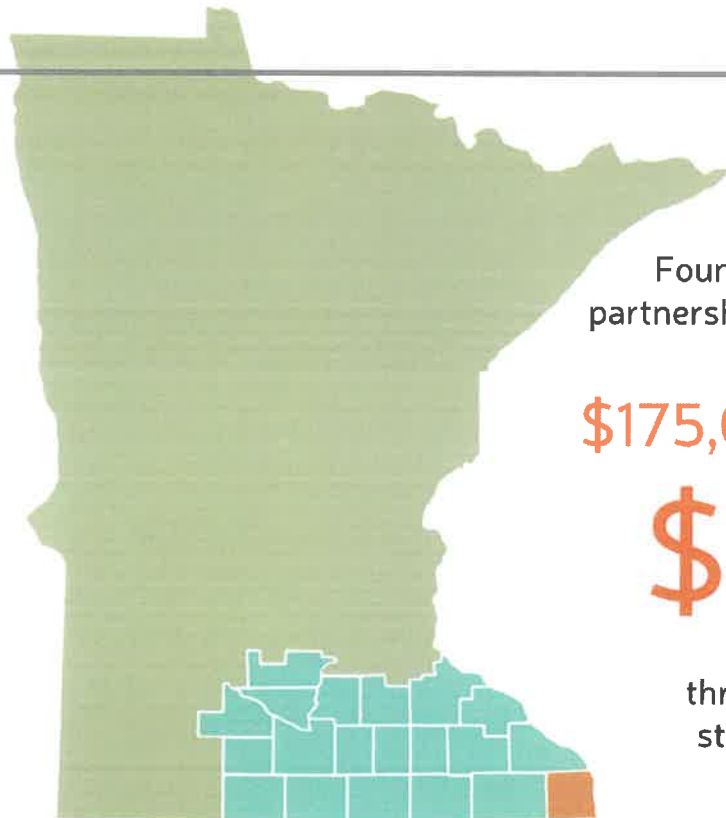
10 LOANS

\$593,000 to Houston entrepreneurs

107 GRANTS

\$544,000 to support community initiatives

***\$5 million invested annually to the 20 counties of
south central and southeastern Minnesota***



Since 1986, Southern Minnesota Initiative Foundation has leveraged local investments & partnerships to create a stronger **Houston County**:

\$175,000 in local donations to SMIF

\$1.9 million

invested by SMIF in Houston County
through grants, loans, and programming for
stronger kids, businesses and communities

Loans & Equity Investments* Supporting local entrepreneurs & creating jobs

Amanda's Daycare, Hokah	Family child care provider
Caledonia Oil Company	Service station
Eitzen Manufacturing Incorporated	Manufacturer of feed and hay handling equipment
Sno Pac Foods, Caledonia	Organic food processor
Old Hickory Orchards Incorporated, La Crescent	Apple Orchard

*Southern Minnesota Initiative Foundation in partnership with CEDA and DEED hold the Comprehensive Economic Development Strategy for Region 10, allowing these counties to apply for Economic Development Administration funding at the Federal level.

Grants Investments in economic development, early childhood and community vitality

AmeriCorps LEAP, Ridgeway Community School, Houston	Members helping with social emotional skill development
SE MN Together	Collaborative regional project to address workforce issues
Spring Grove Area - Past Present and Future	New model to support entrepreneurs and businesses
City of La Crescent	Community branding for future development
La Crescent Public Library	Promoting summer literacy with Lunch Wagon event
Houston County Public Health	Provide social and emotional screenings and early literacy activities
City of Spring Grove	Entrepreneurial Toolkit project
Spring Grove Public Schools	Hundreds of books awarded through multiple literacy grants
Driftless Grown	Grant to assist local foods farmers affected by COVID-19
Community Foundation Relief Fund Grant, Houston	Grant to support COVID-19 relief efforts in the community
Emergency Child Care Grants	Ten child care providers/centers received COVID-19 relief dollars
Small Business Relief Grants	22 businesses received COVID-19 relief grants

Affiliate Funds Increasing rural philanthropy

Houston Area Community Foundation

Community Collaborations Bringing communities together for change

Spring Grove "Entrepreneur Community Growth Initiative"
La Crescent Community Growth Initiative
Houston County Early Childhood Initiative (started in 2006)
Rural Entrepreneurial Venture (REV) Community, Spring Grove

Making a Difference

Responding quickly to help our smallest communities through the pandemic



At the onset of the pandemic, SMIF offered a matching grant to the 30 Community Foundations under its umbrella so that they could directly assist those in need. For every dollar they raised for their localized relief efforts, SMIF offered a match of four dollars. The Houston Area Community Foundation was able to provide \$4,250 in local "Houston Bucks" to be passed out as needed to local residents for groceries and supplies. They provided an additional \$1,000 to Houston Public Schools to provide meals and snacks for children living with food insecurity and \$1,000 to the Houston Public Library to provide STEAM activities to families to replace the in-person summer reading program.

HOUSTON COUNTY AGENDA REQUEST FORM

Date Submitted: 08.24.2021

By: Donna Trehus, Auditor/Treasurer

CONSENT AGENDA REQUEST:

Approve Final Airport Ground Lease Agreements effective 7-1-21 for the period of five years ending 7-1-26.

**Attached: Lot 9 - Cecil Nelson & Lot 13 - John Deters
Agreements executed by Lessee and County Auditor. Both Agreements have
been paid and all criteria has been met as required.**

ACTION ITEM:

<u>Reviewed by:</u>	<input type="checkbox"/> HR Director	<input type="checkbox"/> County Sheriff	<input type="text"/>
	<input type="checkbox"/> Finance Director	<input checked="" type="checkbox"/> County Engineer	<input type="text"/>
	<input type="checkbox"/> IS Director	<input type="checkbox"/> PHHS	<input type="text"/>
	<input type="checkbox"/> County Attorney	<input checked="" type="checkbox"/> Other (indicate dept)	<input type="text"/>
	<input type="checkbox"/> Environmental Svcs		<input type="text"/>

Recommendation:

Decision:

Lot 9
Cecil Nelson

GROUND LEASE AGREEMENT

THIS GROUND LEASE AGREEMENT (the "Agreement") effective July 1, 2021, by and between Houston County, Minnesota, a municipal corporation, (hereinafter "Lessor"), and Cecil Nelson (hereinafter "Lessee").

RECITALS

- A. Lessor now owns, controls and operates the Houston County Airport in Houston County, State of Minnesota (the "Airport"). Lessor owns that certain real property located within the Airport described as Lot 9 and shown pictorially on Exhibit "A" attached hereto (such real property, together with all rights, privileges, easements and appurtenances benefiting such real property, are collectively referred to herein as the "Premises").
- B. Lessor desires to lease the Premises for use beneficial to Houston County and the general public.
- C. Lessee is qualified, ready, willing and able to lease the Premises.

AGREEMENTS

NOW, THEREFORE, in consideration of the foregoing Recitals, which by this reference thereto, are hereby incorporated into the body of this Agreement, and the mutual covenants contained in this Agreement, the parties hereto hereby agree as follows:

1. Leased Premises.

(a) Lessor hereby leases to Lessee, and Lessee hereby leases from Lessor, the Premises for the rent hereinafter provided and on the terms and conditions of this Agreement.

- 2. Term.** The initial term of this Agreement (the "Initial Lease Term") shall commence on July 1, 2021, and shall continue through a date five (5) years from July 1, 2021. Lessor grants to Lessee, subject to the conditions set forth below, the right and option to renew this Lease for an additional five (5) year period beginning at the end of the original term hereof or the end of any extended term, and otherwise subject to and on all the terms and conditions herein contained. Notice to Lessor of Lessee's intention to exercise an option shall be given at least six (6) months prior to expiration of the original term of the Lease herein or the extended term of any exercised option period ("Extended Term"). This lease shall renew for an additional five (5) years unless either party provides written notice of their intention not to renew at least six (6) months prior to the expiration of the original term or any extended term.

3. Payments.

(a) In consideration of the rights and privileges granted by this Agreement, Lessee shall pay rent to Lessor, the amount of \$224.44 for the first year (commencing July 1, 2021) and such payment must be made upon execution of this individual Lease Agreement.

(b) A delinquency charge of \$30.00 per month, with a maximum of \$150, shall be added to payments required by Section 3(a) hereof, which are made more than 10 days delinquent.

(c) For the first twelve (12) months following the commencement date of July 1, 2021, the rent to be paid will remain as indicated in Section 3(a) hereof. Thereafter, the rent to be paid under Section 3(a) hereof shall be adjusted based upon increases of 50 percent (50%) of the Urban-Consumer Price Index, as established by the U.S. Bureau of Labor and Statistics ("Urban-CPI"). It is agreed by the parties that the annual rent shall be adjusted every year during the Lease Term commencing on the date on one (1) year from July 1, 2021, and on the same date each year thereafter (each such date referred to herein as a ("Rent Adjustment Date"), on the basis of increases in the CPI. Similar adjustments shall be made on each succeeding Rent Adjustment Dates based on the percentage increase, if any, in the CPI from the prior Rent Adjustment Date. All adjustments shall be effective on the applicable Rent Adjustment Date. All adjustments shall be based on the most recent CPI data available for January prior to the Rent Adjustment Date and calculated as a percentage change from the previous year's January data and rounded to nearest 1/10th percent. Notwithstanding any provisions to the contrary contained in this Agreement, it is agreed by the parties that the rent payable under this Agreement shall never be less than that as originally designated in Section 3(a) hereof.

Non-compliance with the term of this Agreement may result in the rental rates being adjusted to Fair Market Value (FMV) for any non-incidental non-aeronautical use of the lease facilities.

(d) In addition to the foregoing and in the event that payment is not received by Houston County prior to October 10 of each succeeding year, the Lessee acknowledges that Houston County is empowered to place the amount of the delinquent lease payment plus all accrued interest on the real estate tax rolls for collection the following year or years, and in addition, to terminate this Lease Agreement and retake the property.

4. Improvements.

(a) Lessee shall not erect additional structures, make any material improvements or modifications or undertake any other material construction on the Premises, nor materially alter, modify or make additions or improvements to the exterior of any structure existing or built on the Premises without prior written approval of the Lessor. Prior to commencement of any material improvements or modifications to the Premises, Lessee shall submit a written request to the Houston County Board of Commissioners. Said request must clearly specify and detail the improvements or modifications which are proposed, including the estimated time period expected to make said improvements or modifications, and the Lessee shall not commence work until written approval is granted. If any material improvements or modifications are made without the prior written consent of Lessor, Lessor may correct or remove the same and the Lessee shall be liable for any and all expenses incurred by

Lessor. Consent to modifications shall not be unreasonably withheld nor shall approval be arbitrary or capriciously withheld by the Lessor, and Lessor shall make a timely disposition of each request.

(b) Upon receipt of written approval, Lessee shall proceed with the construction, with reasonable diligence and at its sole cost and expense, including any permits, applications or inspections. Subject to force majeure, the construction shall be completed according to the project schedule.

5. **Utilities.** Lessee shall have the right to use the utility service facilities located on or available to the Premises that exist on the date of this Agreement. Lessor's obligation under this provision shall be limited to utilities extended by a utility company to the property line of the Premises, and nothing herein shall obligate Lessor to provide any utility to Lessee that is not otherwise available to Lessor at the property line of the Airport. In addition, should Lessee's operations on the Premises require new or additional utility service facilities which facilities are not available to the property line of the Airport, Lessee shall, at its expense, extend such facilities to the Premises. If Lessor is unable to provide utility service facilities due to the imposition of any limit on consumption or on the construction of additional utility facilities, or the allocation or curtailment of utility facilities or service by law or regulation, it shall have no obligation hereunder. Lessee agrees to pay the cost of all utility services utilized on the Premises, which are provided by public utility companies. In the event Lessee fails to pay any utility bill when due, the non-payment of which results in a lien against Lessor's interest in the Premises, Lessor may, at its option, pay the same and collect from Lessee the amounts so disbursed, plus a late charge at the rate of 10% per annum. However, Lessee shall not have the right to extend sewer and water services to their hangars from the County owned systems as they are not designed to handle the service load to serve hangars in addition to the restroom building. In addition, Lessee shall pay for all cost incurred to extend services from their present location to their hangars.

6. **Compliance with Environmental Laws.**

(a) Lessee shall comply with all of the following to the extent applicable to the Premises and within Lessee's control: all federal, state and local environmental, safety or health laws and ordinances and rules of common law, including but not limited to, the Occupational Safety and Health Act of 1970, as amended (29 U.S.C. 651 et seq.), the Comprehensive Environmental Response, Compensation and Liability Act of 1980, as amended (42 U.S.C. 9601 et seq.), the Hazardous Materials Transportation Act (49 U.S.C. 1801 et seq.), the Resource Conservation and Recovery Act (42 U.S.C. 6091 et seq.), the Toxic Substances Control Act of 1976, as amended (15 U.S.C. 2601 et seq.), the Clean Air Act (42 U.S.C. 7401 et seq.), the Safe Drinking Water Act (42 U.S.C. 300f-300j), and the Federal Water Pollution Control Act (33 U.S.C. 1251-1387), as any of the foregoing may hereafter be amended, any rule or regulation pursuant thereto, and any other present or future law, ordinance, rule, regulation, permit or permit condition, order or directive addressing environmental, health or safety issues of or by the federal government, or any state or other political subdivision thereof, or any agency, court or body of the federal government, or any state or other political subdivision thereof, exercising executive, legislative, judicial, regulatory or administrative functions.

(b) Lessee agrees to defend, indemnify and hold harmless Lessor, its agents, officers and employees from and against any and all claim, liability, damages (including fines and penalties), injunctive relief, injuries to person, property or natural resources, cost, expense, action or cause of action, arising as a

result of action or inaction by Lessee, its employees, agents, or contractors in connection with Lessee's failure to comply with the provisions of Section 6(a) hereof, unless (i) the hazardous substances are present on the Premises as a result of the actions of Lessor or its officers, employees, agents or contractors ("Lessor's Action"); or (ii) such hazardous substances were for any reason present on the Premises prior to the date of this Agreement. If hazardous substances (x) are present on the Premises as a result of Lessor's Action or (y) were for any reason present on the Premises prior to the date of this Agreement, Lessor agrees to indemnify, hold harmless and defend Lessee its subLessees and their respective directors, officers, employees, agents and contractors from and against any claims, judgments, liens, damages, penalties, fines, expenses, liabilities, or losses arising during or after the Lease Term which are in any way related to any leak, spill, release, discharge, emission, or disposal of any hazardous substances.

7. Default and Termination.

(a) This Agreement shall be subject to termination by Lessee in the event of any one or more of the following events:

- (i) The abandonment of the Airport as an airport or airfield for any type, class or category of aircraft.
- (ii) The default by Lessor in the performance of any of the terms, covenants or conditions of this Agreement, and the failure of Lessor to remedy, or undertake to remedy, to Lessee's satisfaction, such default for a period of thirty (30) days after receipt of notice from Lessee to remedy same.
- (iii) Damage to or destruction of all or a material part of the Premises or Airport facilities necessary to the operation of any business being conducted on the Premises.
- (iv) The lawful assumption by the United States, or any authorized agency thereof, of the operation, control or use of the Airport, or any substantial part or parts thereof, in such a manner as to restrict any occupant of the Premises from substantially conducting business operations on the Premises for a period in excess of ninety (90) days.

(b) This Agreement shall be subject to termination by Lessor in the event of anyone or more of the following events:

- (i) The default by Lessee in the performance of any of the items, covenants or conditions of this Agreement, and the failure of Lessee to remedy, or undertake to remedy, to Lessor's satisfaction, such default for a period of thirty (30) days after receipt of notice from Lessor to remedy same.
- (ii) Lessee files a voluntary petition in bankruptcy, including a reorganization plan, makes a general or other assignment for the benefit of creditors, is adjudicated as bankrupt or if a receiver is appointed for the property or affairs of Lessee and such receivership is not vacated within thirty (30) days after the appointment of such receiver

(iii) Lessee's abandonment of the Premises for a period of more than 365 days after the date of this Agreement. Abandonment includes failure to use the hanger, for the purpose of storing aircraft or aircraft related items, as allowed under Section 19.

(c) Neither party shall be held in breach of this Agreement because of their failure to perform any of its obligations hereunder if said failure is due to act of God, fire, flood, accident, strike, riot, insurrection, war, or any other cause over which that party has no control; provided however, that the foregoing provision shall not apply to failures by Lessee to pay fees, rents or other charges to Lessor.

(d) The waiver of any breach, violation or default in or with respect to the performance or observance of the covenants and conditions contained herein shall not be taken to constitute a waiver of any subsequent breach, violation or default in or with respect to the same or any other covenant or condition hereof.

8. Condemnation.

(a) If, by an exercise of the right of eminent domain or by conveyance made in response to the threat thereof (in either case, a "Taking") all or any material portion of the Premises is taken, this Agreement will, at the election of Lessee, end on the earlier of the vesting of title to the Premises in the condemning authority, or the taking of possession of the Premises by the condemning authority. Lessor and Lessee shall then divide the total award less costs of obtaining the award, including attorneys' and appraisers' fees based on by their respective interests in the Premises and the improvements thereon, as determined by agreement or by any court of competent jurisdiction, but subject to the rights of any party who holds a valid lien. Lessee's rights shall be determined as if Lessee was permitted to continue to operate the Premises for the permitted uses under this Agreement for the Lease Term (and assuming Lessee exercised all of its rights to extend the Lease Term).

(b) In connection with any Taking, Lessee may prosecute its own claim by separate proceedings against the condemning authority for additional damages legally due to it, including but not limited to (i) the loss of fixtures which Lessee was entitled to remove, and (ii) relocation expenses.

9. Insurance.

(a) Lessee shall, at all times during the Lease Term, and at Lessee's sole expense, keep all improvements that are now or hereafter a part of the Premises insured against loss or damage by fire and the extended coverage hazards for one hundred percent (100%) of the full replacement value of the improvements.

(b) Lessee shall maintain in effect throughout the Lease Term personal injury liability insurance covering the Premises in the amount of One Million and No/100 (\$1,000,000.00) Dollars for injury to or death of anyone person, and One Million and No/100 (\$1,000,000.00) Dollars for injury to or death of any number of persons in one occurrence, and property damage liability insurance in the amount of One Million and No/100 (\$1,000,000.00) Dollars.

(c) All of the policies of insurance referred to in this Section shall be effective July 1 through June 30 of the subsequent year and shall be written in a form reasonably satisfactory to Lessor and by

insurance companies or through self insurance programs reasonably satisfactory to Lessor. Lessee shall pay all of the premiums for insurance and deliver policies, or certificates of policies, to Lessor and Lessor shall be named as an additional insured on the policy. The certificates of insurance and certificate of insurance endorsement must be provided to the County Auditor-Treasurer's Office immediately upon execution of this Lease Agreement. The Lessee must also provide updated copies of Proof of Insurance each year along with payment of their lot lease and upon request by Lessor.

(d) In spite of anything to the contrary contained in this Section, Lessee's obligations to carry the insurance provided for in this Section may be brought within the coverage of a so-called blanket policy or policies of insurance carried and maintained by Lessee.

(e) The cost of insurance required to be carried by Lessee in this Section shall be deemed to be in addition to rent under this Agreement.

10. **Indemnification.** Lessee shall keep and hold harmless Lessor from and against any and all claims, demands, suits, judgments, costs and expenses asserted by any person or persons, including agents or employees of Lessor, Lessee or sub lessee, by reason of death or injury to persons or loss of or damage to property, resulting from Lessee's or sub lessee's operations, or anything done or omitted by Lessee or sub lessee under this Agreement except to the extent that such claims, demands, suits, judgments, costs and expenses may be attributed to the acts or omissions of Lessor, its agents or employees.
11. **Casualty.** In the event that any of the improvements erected on the Premises by Lessee, pursuant to Section 4(a) of this Agreement or otherwise, are damaged or destroyed by fire or other casualty and Lessee does not elect to terminate this Agreement, Lessee shall promptly repair the improvements and restore them to a condition at least as good as existed immediately before the casualty. While the improvements are being so repaired and restored, the rent hereunder shall abate to the extent the Premises are rendered untenable by such damage or destruction.
12. **Lessee as Independent Contractor.** In conducting its business hereunder, Lessee acts as an independent contractor and not as an agent of Lessor. The selection, retention, direction and payment of Lessee's employees and vendors shall be at the sole responsibility of Lessee, and Lessor shall not attempt to exercise any control over the daily performance of duties by Lessee's employees.
13. **Assignment/Sublease.** Lessee may sublease the Premises with the consent of Lessor, which consent shall not be unreasonably withhold or delayed. Upon receiving consent from Lessor to sublease, or a change in sublease Lessee, Lessee shall provide the Lessor with sublease contact information. Lessee may, without the prior written consent of Lessor, assign this Agreement; but in such event, Lessee shall remain liable to Lessor for the remainder of the term of the Agreement and to pay to Lessor any portion of the rent and fees not paid by the assignee when due.
14. **Signage.** No sign shall be erected or maintained by Lessee on the Premises except in compliance with local policies and regulations and with the consent of Lessor. Prior to erection of such sign, Lessee must obtain written approval from Lessor, such consent not to be unreasonably withheld. Notwithstanding any other provisions of this Agreement, said sign(s) shall

remain the property of Lessee. Lessee shall remove, at its expense, all lettering, signs and placards so erected on the Premises upon termination of this Agreement.

- 15. Non-Interference with Operation of the Airport.** Lessee, by accepting this Agreement, expressly agrees for itself, its successors and assigns that it will not make use of the Premises in any manner which might interfere with the landing and taking off of aircraft at the Airport or otherwise constitute a hazard or breach Federal Aviation Administration established security requirements. In the event of a breach in airport security caused by Lessee, resulting in fine or penalty to the Airport of which Lessee has received prior written notice, such fine or penalty will be charged to Lessee. Lessor shall maintain and keep in repair the landing area of the Airport and shall have the right to direct and control all activities of the Lessee in this regard.

16. Lessor's Reserved Rights.

(a) Lessor, at its sole discretion, reserves the right to further develop or improve the aircraft operating area of the Airport (other than on the Premises) and to take any action it considers reasonably necessary to protect the aerial approaches of the Airport against obstruction, together with the right to prevent Lessee from erecting or permitting to be erected, any building or other structure on the Airport (other than the Premises) which, in the reasonable opinion of Lessor, would limit the usefulness of the Airport or constitute a hazard to aircraft.

(b) For so long as this Agreement remains in effect, Lessee and its SubLessees shall have the (i) non-exclusive right to use all portions of the Airport that are not leased or occupied by others (the "Common Areas"), for such purposes and subject to rules as Lessor may reasonably permit and establish from time to time, and (ii) the non-exclusive right to use for access purposes any public or private road or utility system now or hereafter serving the premises (collectively the "roads and utilities") but according to any limitations as mentioned in Section 5. Lessor agrees to repair, replace, maintain and restore the common areas and roads and utilities in accordance with the Airport's long-term maintenance program.

(c) Lessor agrees to repair, operate and maintain the airport as required by the FAA. Lessee shall not interfere with the rights and privileges of other persons or firms using said facilities and shall be subject to such weight and use restrictions as Lessor deems necessary.

(d) Lessor reserves the right to enter upon the premises at any reasonable time for the purpose of making any inspection it may deem expedient to the proper enforcement of any of the covenants or conditions of this agreement, or to the operation of the airport. Any items found during said examinations not in compliance with local, state, or federal regulations or the conditions of this Lease Agreement will be considered a breach of the same.

17. Rights of Leasehold Mortgages.

(a) For purposes of this Agreement, "Leasehold Mortgage" means any deed of trust, mortgage or lien on this Agreement and Lessee's leasehold interest in the Premises or any portion thereof; and "Leasehold Mortgagee" shall mean the beneficiary under any such deed of trust or the holder of any

such mortgage or lien.

(b) Notwithstanding anything in this Agreement to the contrary, Lessee shall have the absolute right, without Lessor's consent, to mortgage this Agreement and Lessee's leasehold interest or any portion thereof by one or more Leasehold Mortgages. Lessor, without waiving any provision of this Agreement, consents to any exercise of remedies by any Leasehold Mortgagee, including acceptance of an assignment, deed or other conveyance in lieu of foreclosure. Any Leasehold Mortgagee which succeeds to Lessee's estate under this Agreement shall have the right, without Lessor's consent, to sell, assign or sublet the leasehold interest hereunder to any party subject to the terms and conditions of this Agreement.

(c) If Lessee shall mortgage this Agreement and Lessee's leasehold estate hereunder or any portion thereof, and if any Leasehold Mortgagee shall forward to Lessor a copy of the Leasehold Mortgage together with a written notice setting forth its name and address, then any such copy of the Leasehold Mortgage and any such notice shall be deemed also to have been forwarded to any successor to Lessor's interest in the Premises and until the time, if any, that such Leasehold Mortgage shall be satisfied of record or such Leasehold Mortgagee shall give Lessor written notice that said Leasehold Mortgage has been satisfied, and further, as to each Leasehold Mortgagee who has given Lessor the above-described notice, Lessor agrees and acknowledges as follows for the benefit of each such Leasehold Mortgagee (all of which agreements and covenants shall be cumulative, so that if a Leasehold Mortgagee exercises rights or remedies under anyone of the following paragraphs, the same shall not be deemed an election of remedies, and such Leasehold Mortgagee shall continue to have all other rights and remedies provided for herein below):

(i) No cancellation, surrender, abandonment, acceptance of surrender or modification or amendment of this Agreement shall be binding upon any Leasehold Mortgagee or affect the lien of any Leasehold Mortgage if done without the prior written consent of said Leasehold Mortgagee (provided that no consent shall be required to a cancellation in accordance with the terms of Section 7 (b) of this Agreement or a surrender on the expiration of the Lease Term or earlier termination hereof, and consents to any modification or amendment to this Agreement shall not be unreasonably withheld or delayed by such Leasehold Mortgagee);

(ii) If Lessor shall give any notice, demand or election (collectively, "Notice") to Lessee hereunder, Lessor shall at the same time give a copy of such Notice to each Leasehold Mortgagee at the address theretofore designated by each of them in accordance with the terms of this Section. All Notices to any Leasehold Mortgagee shall not be in addition to and run successively with any notice given to Lessee but instead shall run concurrently with the applicable notice and grace periods given to Lessee. No Notice given by Lessor to Lessee shall be binding upon or affect any Leasehold Mortgagee unless a copy of said Notice shall be given to said Leasehold Mortgagee pursuant to this Section. In the case of any assignment of the Leasehold Mortgage or Mortgages held by it, or of any change of address of any Leasehold Mortgagee, said assignee or Leasehold Mortgagee, by written notice received by Lessor, may change the name of said Leasehold Mortgagee and the address to which such copies of Notices are to be sent to Leasehold Mortgagee;

(iii) Notwithstanding anything to the contrary herein, each Leasehold Mortgagee shall have the right to perform any term, covenant, condition or agreement of this Agreement to be performed by Lessee and to remedy any default by Lessee hereunder, and Lessor shall accept such performance by a Leasehold Mortgagee with the same force and effect as if performed by Lessee so long as such performance and/or remedy is made within any applicable grace or cure period provided herein;

(iv) If Lessor shall give a Notice of a default by Lessee under this Agreement and if such default shall not be remedied within any applicable grace or cure period and Lessor shall become entitled to re-enter the Premises or terminate this Agreement, then, before re-entering the Premises or terminating this Agreement, Lessor shall give to each Leasehold Mortgagee not less than, sixty (60) days written notice of the default and shall allow each Leasehold Mortgagee such sixty (60) days within which to cure the default, or, in the case of a default which cannot in the exercise of diligence reasonably be cured within said sixty (60) day period, shall allow each Leasehold Mortgagee such sixty (60) days to commence the curing of the default, in which event Lessor shall not re-enter the Premises or terminate this Agreement, so long as any Leasehold Mortgagee or Lessee is diligently engaged and is using all reasonable efforts in curing the default;

(v) In case of a default by Lessee under this Agreement, if Lessor shall not elect to re-enter the Premises or give notice of default, but shall instead bring a proceeding to dispossess Lessee or other occupants of the Premises, to re-enter the Premises, to terminate this Agreement by reason of such default, or terminate the leasehold estate of Lessee hereunder, then Lessor shall, before commencing such proceedings, or otherwise terminating the leasehold estate of Lessee hereunder, give to each Leasehold Mortgagee sixty (60) days written notice of such default and shall allow each Leasehold Mortgagee such sixty (60) day period within which to cure such default, or, in the case of a default which cannot in the exercise of diligence reasonably be cured within said sixty (60) day period, shall allow each Leasehold Mortgagee such sixty (60) days to commence the curing of the default, in which event Lessor shall not commence any such proceeding, or otherwise terminate the leasehold estate of Lessee hereunder, so long as a Leasehold Mortgagee or Lessee is diligently engaged in and is using all reasonable efforts curing the default;

(vi) Lessee may delegate irrevocably to any Leasehold Mortgagee the authority to exercise any or all of Lessee's rights hereunder, including without limitation the authority to exercise any option to extend or renew the term hereof (subject to the terms of this Agreement, but no such delegation shall be binding upon Lessor unless and until either Lessee or the Leasehold Mortgagee shall give to Lessor a true copy of a written instrument effecting such delegation;

(vii) Notwithstanding anything to the contrary herein, if any default by Lessee under this Agreement cannot practicably be cured by a Leasehold Mortgagee without taking possession of the Premises, or if any such default is not reasonably susceptible of being cured by a Leasehold Mortgagee, including without limitation the bankruptcy or insolvency of Lessee, then Lessor shall not re-enter the Premises or serve a notice of election to terminate this Agreement, or bring a proceeding, to dispossess Lessee or other occupants of the Premises or to re-enter the Premises or to terminate this Agreement by reason of such default, unless Lessor shall first give each

Leasehold Mortgagee sixty (60) days written notice of such election to re-enter, terminate or bring such proceeding and allow each such Leasehold Mortgagee reasonable time to obtain possession of the Premises (by appointment of a receiver, or otherwise) and to cure such default.

(viii) A Leasehold Mortgagee shall not be required to continue to proceed to obtain possession, or to continue in possession as mortgagee, of the Premises or to continue to prosecute foreclosure proceedings, if and when a default shall be cured.

(d) If Lessor terminates this Agreement, Lessor shall notify each Leasehold Mortgagee entitled to Notice under this Section of such termination (the "Termination Notice"), which notice shall set forth all sums due to Lessor under the Agreement and upon the written request of any Leasehold Mortgagee. Lessor shall enter into a new lease of the Premises with such Leasehold Mortgagee for the remainder of the Lease Term effective as of the date of such termination at the rent and upon the terms, provisions, covenants, and agreements herein contained (including, without limitation, all rights, options, or privileges to extend or renew the Lease Term if any). The following terms and conditions shall be applicable to any such new lease:

(i) Leasehold Mortgagee shall make written request upon Lessor for the execution of such new lease within sixty (60) days after the date Leasehold Mortgagee receives the Termination Notice which request shall be accompanied by a payment to Lessor of all amounts then due Lessor by Lessee under this Agreement but for the termination.

(ii) Leasehold Mortgagee shall perform and observe all covenants contained in any such new lease on Lessee's part to be performed and observed during the period Leasehold Mortgagee is in possession of the Premises under such new lease and shall further remedy any default existing as of the date of any such new lease.

(iii) Any such new lease shall be expressly subject to the rights, if any of Lessee under this Agreement and to the rights, if any of any then in possession of all or any part of the Premises under leases permitted by the Leasehold Mortgage and then subject to the provisions of any subordination agreements between such party and the Leasehold Mortgagee.

(iv) Any such new lease shall be identical to this Agreement.

(e) Except as set forth above, any new lease entered into pursuant to this Section shall be superior to all rights, liens and interest intervening between the date of this Agreement and the date of such new lease. Upon the request of the new Lessee, Lessor shall execute and deliver a memorandum of the new lease in recordable form so that notice of the new lease may be placed of record by the new Lessee.

(f) The rights hereunder of Leasehold Mortgagees shall be exercisable by such Leasehold Mortgagees in the order of the priority of lien or other security interest of their respective Leasehold Mortgages. No holder of a Leasehold Mortgage shall be liable under the provisions of this Agreement unless and until such time as it takes possession of the Premises or it becomes the owner of the leasehold estate in the Premises, but, in such case, only for as long as it remains in possession of the Premises or owns the leasehold estate in the Premises.

(g) At Lessee's expense, upon written request of Lessee, any Leasehold Mortgagee, or any prospective holder of any mortgage on this Agreement or the Lessee's leasehold interest, Lessor shall deliver to them or any of them a separate written instrument signed and acknowledged by Lessor setting forth and confirming the provisions of this Section, and acknowledge to them or any of them in writing the receipt by Lessor of any notice or instrument given, sent or delivered to Lessor pursuant to the provisions of this Section.

(h) Subject to the provisions of this Section, when a new lease is entered into with a Leasehold Mortgagee or its designee (such holder or designee the "Acquiring Holder" and the Leasehold Mortgage of such Acquiring Holder the "Acquiring Holder's Leasehold Mortgage"). The liens on and estates and other interests in the Premises or this Agreement of all persons holding directly or indirectly under or through Lessee (including the Acquiring Holder's Leasehold Mortgage), other liens, estates and interests which are subordinate to the Acquiring Holder's Leasehold Mortgage, shall immediately and without documentation continue in effect attach to the new lease and be reinstated as to each other to the same extent, and in the same manner, order and priority as if (i) the new lease were this Agreement (ii) this Agreement had not been terminated, Agreement by assignment on the date the term of the new lease commences. Each lien, estate or interest which could have been extinguished by the foreclosure of the Acquiring Holder's Leasehold Mortgage shall be deemed to be subordinate to the Acquiring Holder's Leasehold.

(i) Notwithstanding anything in this Agreement to the contrary, the senior Leasehold Mortgagee shall be entitled to participate in any proceedings relating to any condemnation of all or any part of the Premises to the same extent as the Lessee may so participate hereunder.

(j) Notwithstanding any provision of this Section to the contrary, Lessor shall not be required to provide any notice to any Leasehold Mortgagee under this Section unless such Leasehold Mortgagee has provided Lessor written notice of its existence.

(k) Upon request of a Leasehold Mortgagee Lessor will enter into an agreement with such Leasehold Mortgagee confirming the provisions of this Section for the benefit of such Leasehold Mortgagee and acknowledging the Leasehold Mortgage and the assignments made therein.

18. Maintenance. Lessee shall maintain and repair the buildings built and existing on the Premises in a reasonable manner at all times. Lessee further agrees to keep the Premises continually in a neat, clean, and respectable condition, free of ice and snow and other obstructions. Lessee shall not allow the accumulation of any garbage, refuse or rubbish on the Premises nor allow any liquors or beverages of an intoxicating nature or tendency to be sold or kept on said Premises nor any gambling or illegal practices to be tolerated on said Premises.

19. Allowable Storage within Hangar. Airport Sponsors who accept grants under the FAA Airport Improvement Program (AIP) have agreed to comply with certain Federal policies. One of these policies requires aeronautical use of hangars on airport property. Aeronautical use is defined as follows:

- a) Storage of active aircraft.
- b) Final assembly of aircraft under construction.

- c) Non-commercial construction of amateur-built or kit-built aircraft.
- d) Maintenance, repair, or refurbishment of aircraft, but not the indefinite storage of nonoperational aircraft.
- e) Storage of aircraft handling equipment, e.g. towbars, glider tow equipment, workbenches, and tools and materials used in the servicing, maintenance, repair or outfitting of aircraft.
- f) Provided the hangar is used primarily for aeronautical purposes, Lessee may store non-aeronautical items in the hangar provided items do not interfere with the aeronautical use of the hangar.

Lessee shall actively seek to sublease, make the hangar available for aeronautical activities, or acquire aeronautical property should the hangar be vacant or not actively used for aeronautical activities. If Lessee is found non-compliant with aeronautical use of the hangar and there is no immediate demand for aeronautical use of the hangar space, Houston County reserves the right to charge non-aeronautical fair market rental fees.

Lessee shall provide the Lessor with the make, model, year, and N-number of all planes housed at the Houston County Airport to comply with the National Based Aircraft Inventory Program. A based aircraft is an aircraft that is operational and airworthy, which is typically based at the facility for a majority of the year. It is the responsibility of the Lessee to notify the Lessor and Airport Manager in writing of any changes in aircraft within 30 days of the change and annually with lease payment.

Make: _____

Model: _____

Type: _____

Year: _____

N-Number: _____

currently vacant @

Lessee agrees that he/she will not have a fuel tank on the property other than that which is normally stored onboard the aircraft itself for aircraft operations. In addition to the aforementioned, Lessee is allowed to store fuel only in Class A fuel containers, with a maximum of three (3) containers allowed in a hangar, holding no more than five (5) gallons per container. No other fuel storage containers, explosives or other dangerous or hazardous materials, other than described above, will be permitted.

20. **Lessee's Property.** All property and improvements of Lessee in or about the leased premises shall be kept, stored and/or maintained at the sole risk of Lessee without any liability of Lessor for loss or

damage thereto, including but not limited to, loss from fire, explosion, wind, rain, hail, water leakage, bursting of pipes or conduits, sprinklers, gas, electricity, or structural failure, regardless of negligence, nor shall Lessor be liable to Lessee for any interruption of business conducted by Lessee, regardless of cause.

21. **Snow Removal.** Lessor will remove snow to the greatest extent practical using County owned equipment. The manner, speed and timeliness of snow removal shall be in the sole discretion of the Lessor, and may vary from year-to-year and from snowfall-to-snowfall. Lessee is responsible for the remainder of the snow and ice build-up directly in front of the hangars which is not accessible and/or removable by the aforementioned County equipment.

22. **Miscellaneous Provisions.**

(a) This Agreement constitutes the entire understanding between the parties with respect to the subject matter hereof and supersedes all prior or independent agreements between the parties covering the subject matter hereof. Any change or modification hereof must be in writing and signed by all parties.

(b) If a provision hereof shall be finally decreed void or illegal by any court or administrative agency having jurisdiction, the entire Agreement shall not be void, but the remaining provisions shall continue in effect as nearly as possible in accordance with the original intent of the parties.

(c) All notices and demands hereunder shall be in writing, and shall be deemed to have been properly given or served as of (i) the date of personal delivery with acknowledgment of receipt; (ii) five (5) days after the same is deposited in the United States mail, prepaid, for delivery by registered or certified mail, return receipt requested; or (iii) the first business day after the date delivered to a reputable overnight courier service providing proof of delivery. The initial addresses of Lessee and Lessor are set forth below:

If to Lessee

Cecil Nelson
Owner
301 S Plum Street
Address, City, State, Zip Houston, mn 55943

Home Phone Number: [REDACTED]

Cell Phone Number: [REDACTED]

E-Mail: mcfermer1957@yahoo.com

With a copy to:

Cecil Nelson
Name
301 S Plum Street
Address, City, State, Zip Houston, mn

Home Phone Number: [REDACTED]

Cell Phone Number: [REDACTED]

E-Mail: [REDACTED]

If to Lessor: Houston County Engineer, Airport Manager
1124 East Washington Street, Room 105
Caledonia, MN 55921

And

Houston County Auditor-Treasurer
304 South Marshall Street, Room 111
Caledonia, MN 55921

With a copy to: Houston County Attorney's Office
Houston County Justice Center
306 Marshall Street, Suite 2300
Caledonia, MN 55921

- (d) The headings used in this Agreement are intended for convenience of reference only and do not define or limit the scope or meaning of any provisions of this Agreement.
- (e) This Agreement is construed in accordance with the laws of the State of Minnesota.
- (f) In the event Lessee shall continue to occupy the Premises beyond the Lease Term, such holding over shall not constitute a renewal of this Agreement but shall be a month-to-month tenancy only.
- (g) All of the terms, covenants and agreements herein contained shall be binding upon and shall inure to the benefit of the successors and assigns of the parties.
- (h) The interests of Lessor hereunder are not to be subordinated to any Leasehold Mortgage. Lessor shall, without charge, from time to time, within ten (10) days after request by Lessee or any Leasehold Mortgagee, certify in writing to the effect that (i) this Agreement is unmodified and in full force and effect (or, if there shall have been modifications, stating the modifications), (ii) the date to which all rent and other charges have been paid, (iii) the expiration date of the Lease Term, (iv) whether, to the best knowledge of the person executing such certificate on behalf of Lessor, any default by Lessee has occurred and, if so, the notice shall specify such default to the extent of the knowledge of the person executing the certificate, and (v) such other matters as may be reasonably requested by Lessee or any Leasehold Mortgagee.
- (i) At expiration of the Lease Term or the earlier termination of this Agreement, after payment of all rents and charges which are due as of such date, Lessee shall have the right, within thirty (30) days thereafter to remove any furniture, fixtures, machinery, equipment and signs installed on the Premises, but not considered a permanent component of the structure, and shall repair at its own expense all damage caused by such removal. At expiration of the Lease Term or the earlier of this Agreement, Lessor shall have the right upon thirty (30) days' notice, to require Lessee, at Lessee's own expense, to remove any furniture, fixtures, machinery, equipment and signs installed on the Premises by Lessee, but not considered a permanent component of the structure, and Lessee to repair at the Lessee's own

expense all damage to the Premises caused by such removal. Any such personal property not removed by Lessee within such time shall become the property of Lessor.

(j) Lessor agrees that, on payment of the rent and performance of the covenants and agreements on the part of Lessee to be performed hereunder, Lessee shall peaceably hold and enjoy the Premises and all rights and privileges of the Airport, its appurtenances and facilities, granted herein.

(k) Neither Lessor nor Lessee shall unreasonably withhold or delay approvals and consents required or otherwise sought by the other under the terms of this Agreement.

(l) Except as otherwise provided herein, all improvements on the Premises shall be owned by Lessee. Upon the expiration of the Lease Term or earlier termination of this Agreement, title to such improvements shall remain the property of the Lessee. However, upon the expiration of this Agreement, Lessee shall either rent or sell the improvements to a party who is ready, willing and able to enter into a ground lease agreement with Lessor. Further Lessee grants a right of first refusal to Lessor to purchase the improvements existing on the Premises from Lessee.

(m) If any mortgage, trustee or other purchaser at a foreclosure sale of a mortgage, indenture or deed of trust acquires title to Lessor's interest in the Premises, such party shall recognize Lessee's rights hereunder and execute a non-disturbance agreement to that effect, and Lessee shall then recognize such mortgagee, trustee or other purchaser, as its new Lessor, and this Lease shall continue in full force and effect as a direct lease between such mortgagee, trustee or other purchaser, upon the terms, covenants, conditions and agreements set forth herein.

(n) Each individual executing this Agreement represents and warrants that he or she is duly authorized to execute and deliver this Agreement on behalf of Lessee and Lessor, as the case may be, in accordance with a duly adopted resolution, and that this Agreement is binding upon Lessee and Lessor, as the case may be, in accordance with its terms. Each party shall, contemporaneous with the execution of this Agreement, deliver to the other a certified copy of a resolution of its governing board authorizing or ratifying the execution and delivery of this Agreement.

(o) This Agreement may be executed in any number of counterparts and each such counterpart hereof shall be deemed to be an original instrument, but all such counterparts together shall constitute but one agreement.

(p) Upon the request of either party hereto, the other party shall join in the execution of a Memorandum of this Agreement in form acceptable to Lessee for the purposes of recordation.

(q) Time shall be of the essence hereof.

(r) As a material inducement to enter into this Agreement, Lessor represents and warrants to Lessee that Lessor owns fee simple absolute title to the Premises, free and clear of any and all liens, claims, charges, encumbrances, easements, restrictions, reservations, covenants and conditions, except those previously disclosed to Lessee in writing or otherwise appearing of record.

(s) No merger of the leasehold estate created by this Agreement with the fee estate in the Premises shall occur unless and until all persons, including any Leasehold Mortgagee, having any interest in the

leasehold estate created by this Agreement and the fee estate in the Premises shall join in a written instrument effecting such merger.

23. Easement.

(a) Houston County owns fee simple title to certain real property located within the Airport pictorially described on Exhibit A attached hereto (the "County Parcel").

(b) The County hereby irrevocably, absolutely and unconditionally grants, conveys, sells and transfers unto Lessee (i) a non-exclusive, perpetual easement for purposes of vehicular and pedestrian ingress and egress to, through and from the County Parcel, for Lessee's customers, employees, guests, invitees, agents and licensees and for the benefit of the premises, upon, over, across and under the County Parcel; (ii) the non-exclusive right to use all portions of, including but not limited to private roadways servicing the airport not leased or occupied by other parties (the "Common Areas"). For purposes of vehicular and pedestrian ingress and egress to, through and from the Airport, for Lessee's customers, employees, guests, invitees, agents and licensees and for the benefit of the premises, upon, over, across and under the Airport, and for such other purposes and subject to such rules as the Lessor may reasonably permit and establish from time to time; (iii) a non-exclusive, perpetual easement to any utility system now or hereafter located on the County Parcel (the "Utilities") for connection purposes to service the premises; and (iv) the right to construct and maintain driveways together with related landscaping, lighting, curbs, gutters, utilities, signage, drainage system and any other necessary improvements over, across, under and upon the County Parcel connecting the premises to any private roadway and located upon the County Parcel (collectively the "Easement"). The Easement shall be appurtenant to the premises and run with the land including but not limited to the County Parcel. Lessee shall not interfere with the rights and privileges of other persons or firms using the common areas in the County Parcel and shall be subject to such weight and use restrictions as the Lessor deems reasonably necessary, except that such use restrictions may not interfere with Lessee's ability to connect to a utility system on the County Parcel and to have utilities service the premises and the ingress and egress rights provided to Lessee hereunder. That being stated, however, utility use shall exclude the use of sewer and water from serving hangars as previously mentioned in Section 5.

(c) Repairs and Maintenance of the Easement.

(i) The Lessor agrees to repair, operate and maintain the common areas and utilities as required by the FAA. The County further agrees to repair, replace, maintain and restore the County parcel per the requirements of the FAA, at all times.

(d) Indemnification.

(i) The Lessor agrees to indemnify, defend and hold Lessee harmless against and from all expenses, losses or liabilities (including reasonable attorneys' fees and other costs and expenses of defensive claims) claimed, paid, suffered or incurred as a direct result of its breach of this Agreement. Lessee agrees to indemnify, defend and hold the County harmless against and from all expenses, losses or liabilities including reasonable attorneys' fees and other costs and expenses of defensive claims) claimed, paid, suffered or incurred as a direct result of its use of the Easement in accordance with this Agreement

IN WITNESS WHEREOF, the parties have executed this Agreement as of the date first above written and retroactive, where applicable, to July 1, 2021.

In the presence of:

HOUSTON COUNTY, MN

Houston County Board Chairman

Houston County Auditor-Treasurer

In the presence of:

LESSEE

Carol Nelson

FOR THE COUNTY:

State of Minnesota)

) ss.:

County of Houston)

On this ____ day of _____, 20____, before me, a Notary Public within and for said county, personally appeared _____ and Donna Trehus, to me personally known, who being each by me duly sworn, did say that they are respectively the County Board Chairperson and the County Auditor-Treas of the corporation named in the foregoing instrument, and that seal affixed to said instrument is the corporate seal of said corporation, and that said instrument was signed and sealed on behalf of said corporation by authority of its Board of Commissioners, and the said County Board Chairperson and County Auditor acknowledged said instrument to be the free act and deed of said corporation.

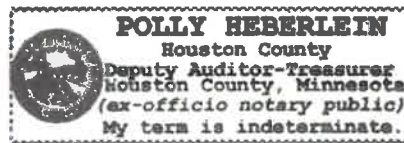
Notary Public

FOR THE LESSEE:

State of Minnesota)
) ss:
County of Houston)

On this 11 day of August, 2021, before me a Notary Public within and for said county, personally appeared Cecil Nelson and _____, to me personally known, who being each by me duly sworn, did say that they are respectively the _____ and the _____ of the corporation named in the foregoing instrument, and that the seal affixed to said instrument is the corporate seal of said corporation, and that said instrument was signed and sealed on behalf of said corporation by authority of its Board of Commissioners, and that the said _____ and _____ acknowledged said instrument to be the free act and deed of said corporation.

Polly Heberlein
Notary Public



FOR INDIVIDUALS:

State of Minnesota)
) ss:
County of Houston)

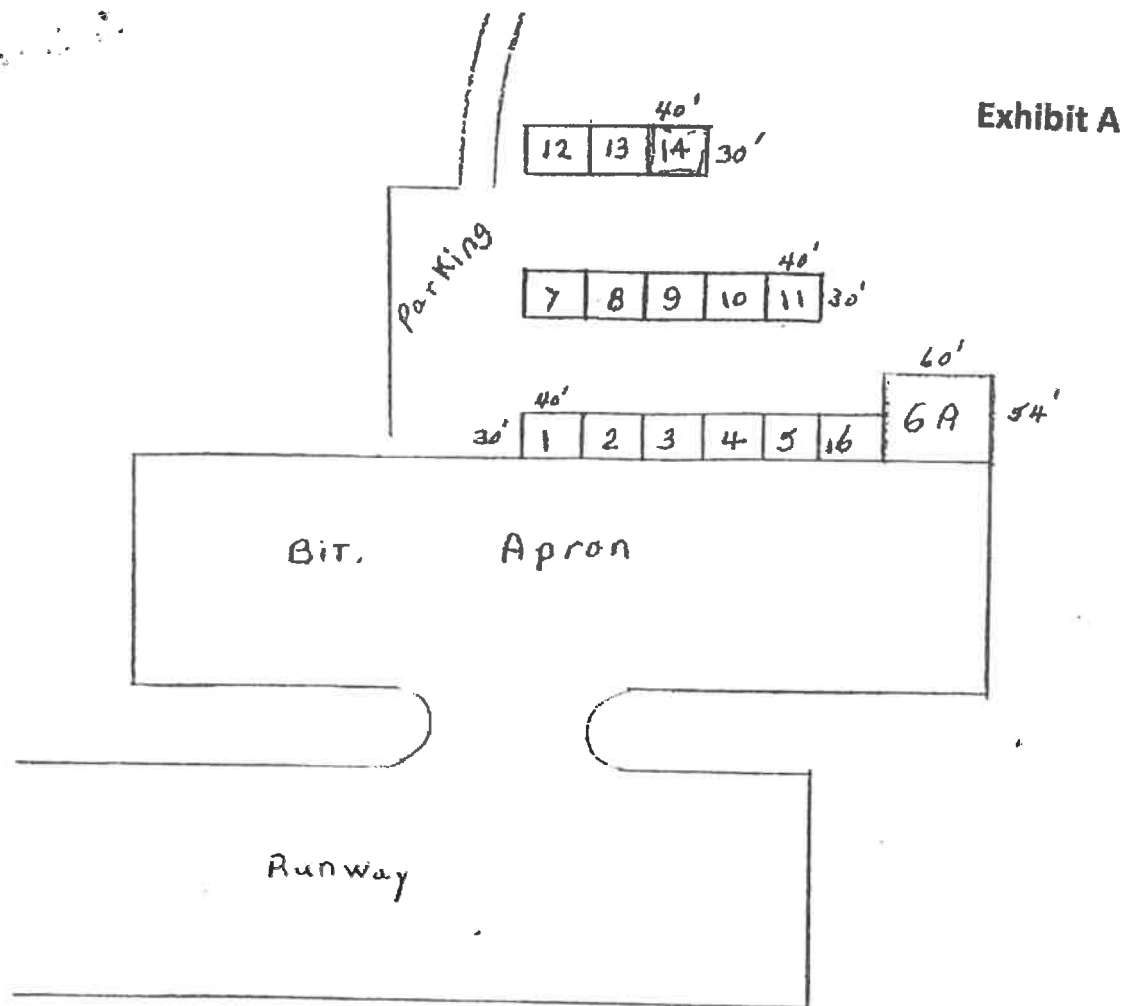
On this _____ day of _____, 20____, before me a Notary Public within and for said county, personally appeared _____ to be known to be the person(s) described in and who executed the foregoing instrument and acknowledged that he/she executed the same as their free act and deed.

Notary Public

Approved as to Form and Execution

Dated _____

Houston County Attorney



Houston County Airport Hangers

lots 40 ft. wide, 30 ft. deep

except lot 6A 60 ft x 54 ft.



NOT TO SCALE

GROUND LEASE AGREEMENT

Lot 13
Deters

THIS GROUND LEASE AGREEMENT (the "Agreement") effective July 1, 2021, by and between Houston County, Minnesota, a municipal corporation, (hereinafter "Lessor"), and John Deters (hereinafter "Lessee").

RECITALS

- A. Lessor now owns, controls and operates the Houston County Airport in Houston County, State of Minnesota (the "Airport"). Lessor owns that certain real property located within the Airport described as Lot 13 and shown pictorially on Exhibit "A" attached hereto (such real property, together with all rights, privileges, easements and appurtenances benefiting such real property, are collectively referred to herein as the "Premises").
- B. Lessor desires to lease the Premises for use beneficial to Houston County and the general public.
- C. Lessee is qualified, ready, willing and able to lease the Premises.

AGREEMENTS

NOW, THEREFORE, in consideration of the foregoing Recitals, which by this reference thereto, are hereby incorporated into the body of this Agreement, and the mutual covenants contained in this Agreement, the parties hereto hereby agree as follows:

1. Leased Premises.

(a) Lessor hereby leases to Lessee, and Lessee hereby leases from Lessor, the Premises for the rent hereinafter provided and on the terms and conditions of this Agreement.

- 2. Term.** The initial term of this Agreement (the "**Initial Lease Term**") shall commence on July 1, 2021, and shall continue through a date five (5) years from July 1, 2021. Lessor grants to Lessee, subject to the conditions set forth below, the right and option to renew this Lease for an additional five (5) year period beginning at the end of the original term hereof or the end of any extended term, and otherwise subject to and on all the terms and conditions herein contained. Notice to Lessor of Lessee's intention to exercise an option shall be given at least six (6) months prior to expiration of the original term of the Lease herein or the extended term of any exercised option period ("**Extended Term**"). This lease shall renew for an additional five (5) years unless either party provides written notice of their intention not to renew at least six (6) months prior to the expiration of the original term or any extended term.

3. Payments.

(a) In consideration of the rights and privileges granted by this Agreement, Lessee shall pay rent to Lessor, the amount of \$224.44 for the first year (commencing July 1, 2021) and such payment must be made upon execution of this individual Lease Agreement.

(b) A delinquency charge of \$30.00 per month, with a maximum of \$150, shall be added to payments required by Section 3(a) hereof, which are made more than 10 days delinquent.

(c) For the first twelve (12) months following the commencement date of July 1, 2021, the rent to be paid will remain as indicated in Section 3(a) hereof. Thereafter, the rent to be paid under Section 3(a) hereof shall be adjusted based upon increases of 50 percent (50%) of the Urban-Consumer Price Index, as established by the U.S. Bureau of Labor and Statistics ("Urban-CPI"). It is agreed by the parties that the annual rent shall be adjusted every year during the Lease Term commencing on the date on one (1) year from July 1, 2021, and on the same date each year thereafter (each such date referred to herein as a ("**Rent Adjustment Date**"), on the basis of increases in the CPI. Similar adjustments shall be made on each succeeding Rent Adjustment Dates based on the percentage increase, if any, in the CPI from the prior Rent Adjustment Date. All adjustments shall be effective on the applicable Rent Adjustment Date. All adjustments shall be based on the most recent CPI data available for January prior to the Rent Adjustment Date and calculated as a percentage change from the previous year's January data and rounded to nearest 1/10th percent. Notwithstanding any provisions to the contrary contained in this Agreement, it is agreed by the parties that the rent payable under this Agreement shall never be less than that as originally designated in Section 3(a) hereof.

Non-compliance with the term of this Agreement may result in the rental rates being adjusted to Fair Market Value (FMV) for any non-incidental non-aeronautical use of the lease facilities.

(d) In addition to the foregoing and in the event that payment is not received by Houston County prior to October 10 of each succeeding year, the Lessee acknowledges that Houston County is empowered to place the amount of the delinquent lease payment plus all accrued interest on the real estate tax rolls for collection the following year or years, and in addition, to terminate this Lease Agreement and retake the property.

4. Improvements.

(a) Lessee shall not erect additional structures, make any material improvements or modifications or undertake any other material construction on the Premises, nor materially alter, modify or make additions or improvements to the exterior of any structure existing or built on the Premises without prior written approval of the Lessor. Prior to commencement of any material improvements or modifications to the Premises, Lessee shall submit a written request to the Houston County Board of Commissioners. Said request must clearly specify and detail the improvements or modifications which are proposed, including the estimated time period expected to make said improvements or modifications, and the Lessee shall not commence work until written approval is granted. If any material improvements or modifications are made without the prior written consent of Lessor, Lessor may correct or remove the same and the Lessee shall be liable for any and all expenses incurred by

Lessor. Consent to modifications shall not be unreasonably withheld nor shall approval be arbitrary or capriciously withheld by the Lessor, and Lessor shall make a timely disposition of each request.

(b) Upon receipt of written approval, Lessee shall proceed with the construction, with reasonable diligence and at its sole cost and expense, including any permits, applications or inspections. Subject to force majeure, the construction shall be completed according to the project schedule.

5. **Utilities.** Lessee shall have the right to use the utility service facilities located on or available to the Premises that exist on the date of this Agreement. Lessor's obligation under this provision shall be limited to utilities extended by a utility company to the property line of the Premises, and nothing herein shall obligate Lessor to provide any utility to Lessee that is not otherwise available to Lessor at the property line of the Airport. In addition, should Lessee's operations on the Premises require new or additional utility service facilities which facilities are not available to the property line of the Airport, Lessee shall, at its expense, extend such facilities to the Premises. If Lessor is unable to provide utility service facilities due to the imposition of any limit on consumption or on the construction of additional utility facilities, or the allocation or curtailment of utility facilities or service by law or regulation, it shall have no obligation hereunder. Lessee agrees to pay the cost of all utility services utilized on the Premises, which are provided by public utility companies. In the event Lessee fails to pay any utility bill when due, the non-payment of which results in a lien against Lessor's interest in the Premises, Lessor may, at its option, pay the same and collect from Lessee the amounts so disbursed, plus a late charge at the rate of 10% per annum. However, Lessee shall not have the right to extend sewer and water services to their hangars from the County owned systems as they are not designed to handle the service load to serve hangars in addition to the restroom building. In addition, Lessee shall pay for all cost incurred to extend services from their present location to their hangars.

6. **Compliance with Environmental Laws.**

(a) Lessee shall comply with all of the following to the extent applicable to the Premises and within Lessee's control: all federal, state and local environmental, safety or health laws and ordinances and rules of common law, including but not limited to, the Occupational Safety and Health Act of 1970, as amended (29 U.S.C. 651 et seq.), the Comprehensive Environmental Response, Compensation and Liability Act of 1980, as amended (42 U.S.C. 9601 et seq.), the Hazardous Materials Transportation Act (49 U.S.C. 1801 et seq.), the Resource Conservation and Recovery Act (42 U.S.C. 6091 et seq.), the Toxic Substances Control Act of 1976, as amended (15 U.S.C. 2601 et seq.), the Clean Air Act (42 U.S.C. 7401 et seq.), the Safe Drinking Water Act (42 U.S.C. 300f-300j), and the Federal Water Pollution Control Act (33 U.S.C. 1251-1387), as any of the foregoing may hereafter be amended, any rule or regulation pursuant thereto, and any other present or future law, ordinance, rule, regulation, permit or permit condition, order or directive addressing environmental, health or safety issues of or by the federal government, or any state or other political subdivision thereof, or any agency, court or body of the federal government, or any state or other political subdivision thereof, exercising executive, legislative, judicial, regulatory or administrative functions.

(b) Lessee agrees to defend, indemnify and hold harmless Lessor, its agents, officers and employees from and against any and all claim, liability, damages (including fines and penalties), injunctive relief, injuries to person, property or natural resources, cost, expense, action or cause of action, arising as a

result of action or inaction by Lessee, its employees, agents, or contractors in connection with Lessee's failure to comply with the provisions of Section 6(a) hereof, unless (i) the hazardous substances are present on the Premises as a result of the actions of Lessor or its officers, employees, agents or contractors ("Lessor's Action"); or (ii) such hazardous substances were for any reason present on the Premises prior to the date of this Agreement. If hazardous substances (x) are present on the Premises as a result of Lessor's Action or (y) were for any reason present on the Premises prior to the date of this Agreement, Lessor agrees to indemnify, hold harmless and defend Lessee its subLessees and their respective directors, officers, employees, agents and contractors from and against any claims, judgments, liens, damages, penalties, fines, expenses, liabilities, or losses arising during or after the Lease Term which are in any way related to any leak, spill, release, discharge, emission, or disposal of any hazardous substances.

7. Default and Termination.

(a) This Agreement shall be subject to termination by Lessee in the event of any one or more of the following events:

- (i) The abandonment of the Airport as an airport or airfield for any type, class or category of aircraft.
- (ii) The default by Lessor in the performance of any of the terms, covenants or conditions of this Agreement, and the failure of Lessor to remedy, or undertake to remedy, to Lessee's satisfaction, such default for a period of thirty (30) days after receipt of notice from Lessee to remedy same.
- (iii) Damage to or destruction of all or a material part of the Premises or Airport facilities necessary to the operation of any business being conducted on the Premises.
- (iv) The lawful assumption by the United States, or any authorized agency thereof, of the operation, control or use of the Airport, or any substantial part or parts thereof, in such a manner as to restrict any occupant of the Premises from substantially conducting business operations on the Premises for a period in excess of ninety (90) days.

(b) This Agreement shall be subject to termination by Lessor in the event of anyone or more of the following events:

- (i) The default by Lessee in the performance of any of the items, covenants or conditions of this Agreement, and the failure of Lessee to remedy, or undertake to remedy, to Lessor's satisfaction, such default for a period of thirty (30) days after receipt of notice from Lessor to remedy same.
- (ii) Lessee files a voluntary petition in bankruptcy, including a reorganization plan, makes a general or other assignment for the benefit of creditors, is adjudicated as bankrupt or if a receiver is appointed for the property or affairs of Lessee and such receivership is not vacated within thirty (30) days after the appointment of such receiver

(iii) Lessee's abandonment of the Premises for a period of more than 365 days after the date of this Agreement. Abandonment includes failure to use the hanger, for the purpose of storing aircraft or aircraft related items, as allowed under Section 19.

(c) Neither party shall be held in breach of this Agreement because of their failure to perform any of its obligations hereunder if said failure is due to act of God, fire, flood, accident, strike, riot, insurrection, war, or any other cause over which that party has no control; provided however, that the foregoing provision shall not apply to failures by Lessee to pay fees, rents or other charges to Lessor.

(d) The waiver of any breach, violation or default in or with respect to the performance or observance of the covenants and conditions contained herein shall not be taken to constitute a waiver of any subsequent breach, violation or default in or with respect to the same or any other covenant or condition hereof.

8. Condemnation.

(a) If, by an exercise of the right of eminent domain or by conveyance made in response to the threat thereof (in either case, a "Taking") all or any material portion of the Premises is taken, this Agreement will, at the election of Lessee, end on the earlier of the vesting of title to the Premises in the condemning authority, or the taking of possession of the Premises by the condemning authority. Lessor and Lessee shall then divide the total award less costs of obtaining the award, including attorneys' and appraisers' fees based on by their respective interests in the Premises and the improvements thereon, as determined by agreement or by any court of competent jurisdiction, but subject to the rights of any party who holds a valid lien. Lessee's rights shall be determined as if Lessee was permitted to continue to operate the Premises for the permitted uses under this Agreement for the Lease Term (and assuming Lessee exercised all of its rights to extend the Lease Term).

(b) In connection with any Taking, Lessee may prosecute its own claim by separate proceedings against the condemning authority for additional damages legally due to it, including but not limited to (i) the loss of fixtures which Lessee was entitled to remove, and (ii) relocation expenses.

9. Insurance.

(a) Lessee shall, at all times during the Lease Term, and at Lessee's sole expense, keep all improvements that are now or hereafter a part of the Premises insured against loss or damage by fire and the extended coverage hazards for one hundred percent (100%) of the full replacement value of the improvements.

(b) Lessee shall maintain in effect throughout the Lease Term personal injury liability insurance covering the Premises in the amount of One Million and No/100 (\$1,000,000.00) Dollars for injury to or death of anyone person, and One Million and No/100 (\$1,000,000.00) Dollars for injury to or death of any number of persons in one occurrence, and property damage liability insurance in the amount of One Million and No/100 (\$1,000,000.00) Dollars.

(c) All of the policies of insurance referred to in this Section shall be effective July 1 through June 30 of the subsequent year and shall be written in a form reasonably satisfactory to Lessor and by

insurance companies or through self insurance programs reasonably satisfactory to Lessor. Lessee shall pay all of the premiums for insurance and deliver policies, or certificates of policies, to Lessor and Lessor shall be named as an additional insured on the policy. The certificates of insurance and certificate of insurance endorsement must be provided to the County Auditor-Treasurer's Office immediately upon execution of this Lease Agreement. The Lessee must also provide updated copies of Proof of Insurance each year along with payment of their lot lease and upon request by Lessor.

(d) In spite of anything to the contrary contained in this Section, Lessee's obligations to carry the insurance provided for in this Section may be brought within the coverage of a so-called blanket policy or policies of insurance carried and maintained by Lessee.

(e) The cost of insurance required to be carried by Lessee in this Section shall be deemed to be in addition to rent under this Agreement.

10. **Indemnification.** Lessee shall keep and hold harmless Lessor from and against any and all claims, demands, suits, judgments, costs and expenses asserted by any person or persons, including agents or employees of Lessor, Lessee or sub lessee, by reason of death or injury to persons or loss of or damage to property, resulting from Lessee's or sub lessees operations, or anything done or omitted by Lessee or sub lessee under this Agreement except to the extent that such claims, demands, suits, judgments, costs and expenses may be attributed to the acts or omissions of Lessor, its agents or employees.
11. **Casualty.** In the event that any of the improvements erected on the Premises by Lessee, pursuant to Section 4(a) of this Agreement or otherwise, are damaged or destroyed by fire or other casualty and Lessee does not elect to terminate this Agreement, Lessee shall promptly repair the improvements and restore them to a condition at least as good as existed immediately before the casualty. While the improvements are being so repaired and restored, the rent hereunder shall abate to the extent the Premises are rendered untenable by such damage or destruction.
12. **Lessee as Independent Contractor.** In conducting its business hereunder, Lessee acts as an independent contractor and not as an agent of Lessor. The selection, retention, direction and payment of Lessee's employees and vendors shall be at the sole responsibility of Lessee, and Lessor shall not attempt to exercise any control over the daily performance of duties by Lessee's employees.
13. **Assignment/Sublease.** Lessee may sublease the Premises with the consent of Lessor, which consent shall not be unreasonably withhold or delayed. Upon receiving consent from Lessor to sublease, or a change in sublease Lessee, Lessee shall provide the Lessor with sublease contact information. Lessee may, without the prior written consent of Lessor, assign this Agreement; but in such event, Lessee shall remain liable to Lessor for the remainder of the term of the Agreement and to pay to Lessor any portion of the rent and fees not paid by the assignee when due.
14. **Signage.** No sign shall be erected or maintained by Lessee on the Premises except in compliance with local policies and regulations and with the consent of Lessor. Prior to erection of such sign, Lessee must obtain written approval from Lessor, such consent not to be unreasonably withheld. Notwithstanding any other provisions of this Agreement, said sign(s) shall

remain the property of Lessee. Lessee shall remove, at its expense, all lettering, signs and placards so erected on the Premises upon termination of this Agreement.

- 15. Non-Interference with Operation of the Airport.** Lessee, by accepting this Agreement, expressly agrees for itself, its successors and assigns that it will not make use of the Premises in any manner which might interfere with the landing and taking off of aircraft at the Airport or otherwise constitute a hazard or breach Federal Aviation Administration established security requirements. In the event of a breach in airport security caused by Lessee, resulting in fine or penalty to the Airport of which Lessee has received prior written notice, such fine or penalty will be charged to Lessee. Lessor shall maintain and keep in repair the landing area of the Airport and shall have the right to direct and control all activities of the Lessee in this regard.

16. Lessor's Reserved Rights.

(a) Lessor, at its sole discretion, reserves the right to further develop or improve the aircraft operating area of the Airport (other than on the Premises) and to take any action it considers reasonably necessary to protect the aerial approaches of the Airport against obstruction, together with the right to prevent Lessee from erecting or permitting to be erected, any building or other structure on the Airport (other than the Premises) which, in the reasonable opinion of Lessor, would limit the usefulness of the Airport or constitute a hazard to aircraft.

(b) For so long as this Agreement remains in effect, Lessee and its SubLessees shall have the (i) non-exclusive right to use all portions of the Airport that are not leased or occupied by others (the "Common Areas"), for such purposes and subject to rules as Lessor may reasonably permit and establish from time to time, and (ii) the non-exclusive right to use for access purposes any public or private road or utility system now or hereafter serving the premises (collectively the "roads and utilities") but according to any limitations as mentioned in Section 5. Lessor agrees to repair, replace, maintain and restore the common areas and roads and utilities in accordance with the Airport's long-term maintenance program.

(c) Lessor agrees to repair, operate and maintain the airport as required by the FAA. Lessee shall not interfere with the rights and privileges of other persons or firms using said facilities and shall be subject to such weight and use restrictions as Lessor deems necessary.

(d) Lessor reserves the right to enter upon the premises at any reasonable time for the purpose of making any inspection it may deem expedient to the proper enforcement of any of the covenants or conditions of this agreement, or to the operation of the airport. Any items found during said examinations not in compliance with local, state, or federal regulations or the conditions of this Lease Agreement will be considered a breach of the same.

17. Rights of Leasehold Mortgages.

(a) For purposes of this Agreement, "Leasehold Mortgage" means any deed of trust, mortgage or lien on this Agreement and Lessee's leasehold interest in the Premises or any portion thereof; and "Leasehold Mortgagee" shall mean the beneficiary under any such deed of trust or the holder of any

such mortgage or lien.

(b) Notwithstanding anything in this Agreement to the contrary, Lessee shall have the absolute right, without Lessor's consent, to mortgage this Agreement and Lessee's leasehold interest or any portion thereof by one or more Leasehold Mortgages. Lessor, without waiving any provision of this Agreement, consents to any exercise of remedies by any Leasehold Mortgagee, including acceptance of an assignment, deed or other conveyance in lieu of foreclosure. Any Leasehold Mortgagee which succeeds to Lessee's estate under this Agreement shall have the right, without Lessor's consent, to sell, assign or sublet the leasehold interest hereunder to any party subject to the terms and conditions of this Agreement.

(c) If Lessee shall mortgage this Agreement and Lessee's leasehold estate hereunder or any portion thereof, and if any Leasehold Mortgagee shall forward to Lessor a copy of the Leasehold Mortgage together with a written notice setting forth its name and address, then any such copy of the Leasehold Mortgage and any such notice shall be deemed also to have been forwarded to any successor to Lessor's interest in the Premises and until the time, if any, that such Leasehold Mortgage shall be satisfied of record or such Leasehold Mortgagee shall give Lessor written notice that said Leasehold Mortgage has been satisfied, and further, as to each Leasehold Mortgagee who has given Lessor the above-described notice, Lessor agrees and acknowledges as follows for the benefit of each such Leasehold Mortgagee (all of which agreements and covenants shall be cumulative, so that if a Leasehold Mortgagee exercises rights or remedies under anyone of the following paragraphs, the same shall not be deemed an election of remedies, and such Leasehold Mortgagee shall continue to have all other rights and remedies provided for herein below):

(i) No cancellation, surrender, abandonment, acceptance of surrender or modification or amendment of this Agreement shall be binding upon any Leasehold Mortgagee or affect the lien of any Leasehold Mortgage if done without the prior written consent of said Leasehold Mortgagee (provided that no consent shall be required to a cancellation in accordance with the terms of Section 7 (b) of this Agreement or a surrender on the expiration of the Lease Term or earlier termination hereof, and consents to any modification or amendment to this Agreement shall not be unreasonably withheld or delayed by such Leasehold Mortgagee);

(ii) If Lessor shall give any notice, demand or election (collectively, "Notice") to Lessee hereunder, Lessor shall at the same time give a copy of such Notice to each Leasehold Mortgagee at the address theretofore designated by each of them in accordance with the terms of this Section. All Notices to any Leasehold Mortgagee shall not be in addition to and run successively with any notice given to Lessee but instead shall run concurrently with the applicable notice and grace periods given to Lessee. No Notice given by Lessor to Lessee shall be binding upon or affect any Leasehold Mortgagee unless a copy of said Notice shall be given to said Leasehold Mortgagee pursuant to this Section. In the case of any assignment of the Leasehold Mortgage or Mortgages held by it, or of any change of address of any Leasehold Mortgagee, said assignee or Leasehold Mortgagee, by written notice received by Lessor, may change the name of said Leasehold Mortgagee and the address to which such copies of Notices are to be sent to Leasehold Mortgagee;

(iii) Notwithstanding anything to the contrary herein, each Leasehold Mortgagee shall have the right to perform any term, covenant, condition or agreement of this Agreement to be performed by Lessee and to remedy any default by Lessee hereunder, and Lessor shall accept such performance by a Leasehold Mortgagee with the same force and effect as if performed by Lessee so long as such performance and/or remedy is made within any applicable grace or cure period provided herein;

(iv) If Lessor shall give a Notice of a default by Lessee under this Agreement and if such default shall not be remedied within any applicable grace or cure period and Lessor shall become entitled to re-enter the Premises or terminate this Agreement, then, before re-entering the Premises or terminating this Agreement, Lessor shall give to each Leasehold Mortgagee not less than, sixty (60) days written notice of the default and shall allow each Leasehold Mortgagee such sixty (60) days within which to cure the default, or, in the case of a default which cannot in the exercise of diligence reasonably be cured within said sixty (60) day period, shall allow each Leasehold Mortgagee such sixty (60) days to commence the curing of the default, in which event Lessor shall not re-enter the Premises or terminate this Agreement, so long as any Leasehold Mortgagee or Lessee is diligently engaged and is using all reasonable efforts in curing the default;

(v) In case of a default by Lessee under this Agreement, if Lessor shall not elect to re-enter the Premises or give notice of default, but shall instead bring a proceeding to dispossess Lessee or other occupants of the Premises, to re-enter the Premises, to terminate this Agreement by reason of such default, or terminate the leasehold estate of Lessee hereunder, then Lessor shall, before commencing such proceedings, or otherwise terminating the leasehold estate of Lessee hereunder, give to each Leasehold Mortgagee sixty (60) days written notice of such default and shall allow each Leasehold Mortgagee such sixty (60) day period within which to cure such default, or, in the case of a default which cannot in the exercise of diligence reasonably be cured within said sixty (60) day period, shall allow each Leasehold Mortgagee such sixty (60) days to commence the curing of the default, in which event Lessor shall not commence any such proceeding, or otherwise terminate the leasehold estate of Lessee hereunder, so long as a Leasehold Mortgagee or Lessee is diligently engaged in and is using all reasonable efforts curing the default;

(vi) Lessee may delegate irrevocably to any Leasehold Mortgagee the authority to exercise any or all of Lessee's rights hereunder, including without limitation the authority to exercise any option to extend or renew the term hereof (subject to the terms of this Agreement, but no such delegation shall be binding upon Lessor unless and until either Lessee or the Leasehold Mortgagee shall give to Lessor a true copy of a written instrument effecting such delegation;

(vii) Notwithstanding anything to the contrary herein, if any default by Lessee under this Agreement cannot practicably be cured by a Leasehold Mortgagee without taking possession of the Premises, or if any such default is not reasonably susceptible of being cured by a Leasehold Mortgagee, including without limitation the bankruptcy or insolvency of Lessee, then Lessor shall not re-enter the Premises or serve a notice of election to terminate this Agreement, or bring a proceeding, to dispossess Lessee or other occupants of the Premises or to re-enter the Premises or to terminate this Agreement by reason of such default, unless Lessor shall first give each

Leasehold Mortgagee sixty (60) days written notice of such election to re-enter, terminate or bring such proceeding and allow each such Leasehold Mortgagee reasonable time to obtain possession of the Premises (by appointment of a receiver, or otherwise) and to cure such default.

(viii) A Leasehold Mortgagee shall not be required to continue to proceed to obtain possession, or to continue in possession as mortgagee, of the Premises or to continue to prosecute foreclosure proceedings, if and when a default shall be cured.

(d) If Lessor terminates this Agreement, Lessor shall notify each Leasehold Mortgagee entitled to Notice under this Section of such termination (the "Termination Notice"), which notice shall set forth all sums due to Lessor under the Agreement and upon the written request of any Leasehold Mortgagee. Lessor shall enter into a new lease of the Premises with such Leasehold Mortgagee for the remainder of the Lease Term effective as of the date of such termination at the rent and upon the terms, provisions, covenants, and agreements herein contained (including, without limitation, all rights, options, or privileges to extend or renew the Lease Term if any). The following terms and conditions shall be applicable to any such new lease:

(i) Leasehold Mortgagee shall make written request upon Lessor for the execution of such new lease within sixty (60) days after the date Leasehold Mortgagee receives the Termination Notice which request shall be accompanied by a payment to Lessor of all amounts then due Lessor by Lessee under this Agreement but for the termination.

(ii) Leasehold Mortgagee shall perform and observe all covenants contained in any such new lease on Lessee's part to be performed and observed during the period Leasehold Mortgagee is in possession of the Premises under such new lease and shall further remedy any default existing as of the date of any such new lease.

(iii) Any such new lease shall be expressly subject to the rights, if any of Lessee under this Agreement and to the rights, if any of any then in possession of all or any part of the Premises under leases permitted by the Leasehold Mortgage and then subject to the provisions of any subordination agreements between such party and the Leasehold Mortgagee.

(iv) Any such new lease shall be identical to this Agreement.

(e) Except as set forth above, any new lease entered into pursuant to this Section shall be superior to all rights, liens and interest intervening between the date of this Agreement and the date of such new lease. Upon the request of the new Lessee, Lessor shall execute and deliver a memorandum of the new lease in recordable form so that notice of the new lease may be placed of record by the new Lessee.

(f) The rights hereunder of Leasehold Mortgagees shall be exercisable by such Leasehold Mortgagees in the order of the priority of lien or other security interest of their respective Leasehold Mortgages. No holder of a Leasehold Mortgage shall be liable under the provisions of this Agreement unless and until such time as it takes possession of the Premises or it becomes the owner of the leasehold estate in the Premises, but, in such case, only for as long as it remains in possession of the Premises or owns the leasehold estate in the Premises.

(g) At Lessee's expense, upon written request of Lessee, any Leasehold Mortgagee, or any prospective holder of any mortgage on this Agreement or the Lessee's leasehold interest, Lessor shall deliver to them or any of them a separate written instrument signed and acknowledged by Lessor setting forth and confirming the provisions of this Section, and acknowledge to them or any of them in writing the receipt by Lessor of any notice or instrument given, sent or delivered to Lessor pursuant to the provisions of this Section.

(h) Subject to the provisions of this Section, when a new lease is entered into with a Leasehold Mortgagee or its designee (such holder or designee the "Acquiring Holder" and the Leasehold Mortgage of such Acquiring Holder the "Acquiring Holder's Leasehold Mortgage"). The liens on and estates and other interests in the Premises or this Agreement of all persons holding directly or indirectly under or through Lessee (including the Acquiring Holder's Leasehold Mortgage), other liens, estates and interests which are subordinate to the Acquiring Holder's Leasehold Mortgage, shall immediately and without documentation continue in effect attach to the new lease and be reinstated as to each other to the same extent, and in the same manner, order and priority as if (i) the new lease were this Agreement (ii) this Agreement had not been terminated, Agreement by assignment on the date the term of the new lease commences. Each lien, estate or interest which could have been extinguished by the foreclosure of the Acquiring Holder's Leasehold Mortgage shall be deemed to be subordinate to the Acquiring Holder's Leasehold.

(i) Notwithstanding anything in this Agreement to the contrary, the senior Leasehold Mortgagee shall be entitled to participate in any proceedings relating to any condemnation of all or any part of the Premises to the same extent as the Lessee may so participate hereunder.

(j) Notwithstanding any provision of this Section to the contrary, Lessor shall not be required to provide any notice to any Leasehold Mortgagee under this Section unless such Leasehold Mortgagee has provided Lessor written notice of its existence.

(k) Upon request of a Leasehold Mortgagee Lessor will enter into an agreement with such Leasehold Mortgagee confirming the provisions of this Section for the benefit of such Leasehold Mortgagee and acknowledging the Leasehold Mortgage and the assignments made therein.

18. **Maintenance.** Lessee shall maintain and repair the buildings built and existing on the Premises in a reasonable manner at all times. Lessee further agrees to keep the Premises continually in a neat, clean, and respectable condition, free of ice and snow and other obstructions. Lessee shall not allow the accumulation of any garbage, refuse or rubbish on the Premises nor allow any liquors or beverages of an intoxicating nature or tendency to be sold or kept on said Premises nor any gambling or illegal practices to be tolerated on said Premises.

19. **Allowable Storage within Hangar.** Airport Sponsors who accept grants under the FAA Airport Improvement Program (AIP) have agreed to comply with certain Federal policies. One of these policies requires aeronautical use of hangars on airport property. Aeronautical use is defined as follows:

- a) Storage of active aircraft.
- b) Final assembly of aircraft under construction.

damage thereto, including but not limited to, loss from fire, explosion, wind, rain, hail, water leakage, bursting of pipes or conduits, sprinklers, gas, electricity, or structural failure, regardless of negligence, nor shall Lessor be liable to Lessee for any interruption of business conducted by Lessee, regardless of cause.

21. **Snow Removal.** Lessor will remove snow to the greatest extent practical using County owned equipment. The manner, speed and timeliness of snow removal shall be in the sole discretion of the Lessor, and may vary from year-to-year and from snowfall-to-snowfall. Lessee is responsible for the remainder of the snow and ice build-up directly in front of the hangars which is not accessible and/or removable by the aforementioned County equipment.

22. **Miscellaneous Provisions.**

(a) This Agreement constitutes the entire understanding between the parties with respect to the subject matter hereof and supersedes all prior or independent agreements between the parties covering the subject matter hereof. Any change or modification hereof must be in writing and signed by all parties.

(b) If a provision hereof shall be finally decreed void or illegal by any court or administrative agency having jurisdiction, the entire Agreement shall not be void, but the remaining provisions shall continue in effect as nearly as possible in accordance with the original intent of the parties.

(c) All notices and demands hereunder shall be in writing, and shall be deemed to have been properly given or served as of (i) the date of personal delivery with acknowledgment of receipt; (ii) five (5) days after the same is deposited in the United States mail, prepaid, for delivery by registered or certified mail, return receipt requested; or (iii) the first business day after the date delivered to a reputable overnight courier service providing proof of delivery. The initial addresses of Lessee and Lessor are set forth below:

If to Lessee

John Deters
Owner
21316 Co 33, Spring Grove, MN
Address, City, State, Zip 55974

Home Phone Number: _____

Cell Phone Number: _____

E-Mail: _____

With a copy to:

Name

Address, City, State, Zip

Home Phone Number: _____

Cell Phone Number: _____

E-Mail: _____

If to Lessor: Houston County Engineer, Airport Manager
1124 East Washington Street, Room 105
Caledonia, MN 55921

And

Houston County Auditor-Treasurer
304 South Marshall Street, Room 111
Caledonia, MN 55921

With a copy to: Houston County Attorney's Office
Houston County Justice Center
306 Marshall Street, Suite 2300
Caledonia, MN 55921

(d) The headings used in this Agreement are intended for convenience of reference only and do not define or limit the scope or meaning of any provisions of this Agreement.

(e) This Agreement is construed in accordance with the laws of the State of Minnesota.

(f) In the event Lessee shall continue to occupy the Premises beyond the Lease Term, such holding over shall not constitute a renewal of this Agreement but shall be a month-to-month tenancy only.

(g) All of the terms, covenants and agreements herein contained shall be binding upon and shall inure to the benefit of the successors and assigns of the parties.

(h) The interests of Lessor hereunder are not to be subordinated to any Leasehold Mortgage. Lessor shall, without charge, from time to time, within ten (10) days after request by Lessee or any Leasehold Mortgagee, certify in writing to the effect that (i) this Agreement is unmodified and in full force and effect (or, if there shall have been modifications, stating the modifications), (ii) the date to which all rent and other charges have been paid, (iii) the expiration date of the Lease Term, (iv) whether, to the best knowledge of the person executing such certificate on behalf of Lessor, any default by Lessee has occurred and, if so, the notice shall specify such default to the extent of the knowledge of the person executing the certificate, and (v) such other matters as may be reasonably requested by Lessee or any Leasehold Mortgagee.

(i) At expiration of the Lease Term or the earlier termination of this Agreement, after payment of all rents and charges which are due as of such date, Lessee shall have the right, within thirty (30) days thereafter to remove any furniture, fixtures, machinery, equipment and signs installed on the Premises, but not considered a permanent component of the structure, and shall repair at its own expense all damage caused by such removal. At expiration of the Lease Term or the earlier of this Agreement, Lessor shall have the right upon thirty (30) days' notice, to require Lessee, at Lessee's own expense, to remove any furniture, fixtures, machinery, equipment and signs installed on the Premises by Lessee, but not considered a permanent component of the structure, and Lessee to repair at the Lessee's own

expense all damage to the Premises caused by such removal. Any such personal property not removed by Lessee within such time shall become the property of Lessor.

(j) Lessor agrees that, on payment of the rent and performance of the covenants and agreements on the part of Lessee to be performed hereunder, Lessee shall peaceably hold and enjoy the Premises and all rights and privileges of the Airport, its appurtenances and facilities, granted herein.

(k) Neither Lessor nor Lessee shall unreasonably withhold or delay approvals and consents required or otherwise sought by the other under the terms of this Agreement.

(l) Except as otherwise provided herein, all improvements on the Premises shall be owned by Lessee. Upon the expiration of the Lease Term or earlier termination of this Agreement, title to such improvements shall remain the property of the Lessee. However, upon the expiration of this Agreement, Lessee shall either rent or sell the improvements to a party who is ready, willing and able to enter into a ground lease agreement with Lessor. Further Lessee grants a right of first refusal to Lessor to purchase the improvements existing on the Premises from Lessee.

(m) If any mortgage, trustee or other purchaser at a foreclosure sale of a mortgage, indenture or deed of trust acquires title to Lessor's interest in the Premises, such party shall recognize Lessee's rights hereunder and execute a non-disturbance agreement to that effect, and Lessee shall then recognize such mortgagee, trustee or other purchaser, as its new Lessor, and this Lease shall continue in full force and effect as a direct lease between such mortgagee, trustee or other purchaser, upon the terms, covenants, conditions and agreements set forth herein.

(n) Each individual executing this Agreement represents and warrants that he or she is duly authorized to execute and deliver this Agreement on behalf of Lessee and Lessor, as the case may be, in accordance with a duly adopted resolution, and that this Agreement is binding upon Lessee and Lessor, as the case may be, in accordance with its terms. Each party shall, contemporaneous with the execution of this Agreement, deliver to the other a certified copy of a resolution of its governing board authorizing or ratifying the execution and delivery of this Agreement.

(o) This Agreement may be executed in any number of counterparts and each such counterpart hereof shall be deemed to be an original instrument, but all such counterparts together shall constitute but one agreement.

(p) Upon the request of either party hereto, the other party shall join in the execution of a Memorandum of this Agreement in form acceptable to Lessee for the purposes of recordation.

(q) Time shall be of the essence hereof.

(r) As a material inducement to enter into this Agreement, Lessor represents and warrants to Lessee that Lessor owns fee simple absolute title to the Premises, free and clear of any and all liens, claims, charges, encumbrances, easements, restrictions, reservations, covenants and conditions, except those previously disclosed to Lessee in writing or otherwise appearing of record.

(s) No merger of the leasehold estate created by this Agreement with the fee estate in the Premises shall occur unless and until all persons, including any Leasehold Mortgagee, having any interest in the

leasehold estate created by this Agreement and the fee estate in the Premises shall join in a written instrument effecting such merger.

23. Easement.

(a) Houston County owns fee simple title to certain real property located within the Airport pictorially described on Exhibit A attached hereto (the "County Parcel").

(b) The County hereby irrevocably, absolutely and unconditionally grants, conveys, sells and transfers unto Lessee (i) a non-exclusive, perpetual easement for purposes of vehicular and pedestrian ingress and egress to, through and from the County Parcel, for Lessee's customers, employees, guests, invitees, agents and licensees and for the benefit of the premises, upon, over, across and under the County Parcel; (ii) the non-exclusive right to use all portions of, including but not limited to private roadways servicing the airport not leased or occupied by other parties (the "Common Areas"). For purposes of vehicular and pedestrian ingress and egress to, through and from the Airport, for Lessee's customers, employees, guests, invitees, agents and licensees and for the benefit of the premises, upon, over, across and under the Airport, and for such other purposes and subject to such rules as the Lessor may reasonably permit and establish from time to time; (iii) a non-exclusive, perpetual easement to any utility system now or hereafter located on the County Parcel (the "Utilities") for connection purposes to service the premises; and (iv) the right to construct and maintain driveways together with related landscaping, lighting, curbs, gutters, utilities, signage, drainage system and any other necessary improvements over, across, under and upon the County Parcel connecting the premises to any private roadway and located upon the County Parcel (collectively the "Easement"). The Easement shall be appurtenant to the premises and run with the land including but not limited to the County Parcel. Lessee shall not interfere with the rights and privileges of other persons or firms using the common areas in the County Parcel and shall be subject to such weight and use restrictions as the Lessor deems reasonably necessary, except that such use restrictions may not interfere with Lessee's ability to connect to a utility system on the County Parcel and to have utilities service the premises and the ingress and egress rights provided to Lessee hereunder. That being stated, however, utility use shall exclude the use of sewer and water from serving hangars as previously mentioned in Section 5.

(c) Repairs and Maintenance of the Easement.

(i) The Lessor agrees to repair, operate and maintain the common areas and utilities as required by the FAA. The County further agrees to repair, replace, maintain and restore the County parcel per the requirements of the FAA, at all times.

(d) Indemnification.

(i) The Lessor agrees to indemnify, defend and hold Lessee harmless against and from all expenses, losses or liabilities (including reasonable attorneys' fees and other costs and expenses of defensive claims) claimed, paid, suffered or incurred as a direct result of its breach of this Agreement. Lessee agrees to indemnify, defend and hold the County harmless against and from all expenses, losses or liabilities including reasonable attorneys' fees and other costs and expenses of defensive claims) claimed, paid, suffered or incurred as a direct result of its use of the Easement in accordance with this Agreement

- c) Non-commercial construction of amateur-built or kit-built aircraft.
- d) Maintenance, repair, or refurbishment of aircraft, but not the indefinite storage of nonoperational aircraft.
- e) Storage of aircraft handling equipment, e.g. towbars, glider tow equipment, workbenches, and tools and materials used in the servicing, maintenance, repair or outfitting of aircraft.
- f) Provided the hangar is used primarily for aeronautical purposes, Lessee may store non-aeronautical items in the hangar provided items do not interfere with the aeronautical use of the hangar.

Lessee shall actively seek to sublease, make the hangar available for aeronautical activities, or acquire aeronautical property should the hangar be vacant or not actively used for aeronautical activities. If Lessee is found non-compliant with aeronautical use of the hangar and there is no immediate demand for aeronautical use of the hangar space, Houston County reserves the right to charge non-aeronautical fair market rental fees.

Lessee shall provide the Lessor with the make, model, year, and N-number of all planes housed at the Houston County Airport to comply with the National Based Aircraft Inventory Program. A based aircraft is an aircraft that is operational and airworthy, which is typically based at the facility for a majority of the year. It is the responsibility of the Lessee to notify the Lessor and Airport Manager in writing of any changes in aircraft within 30 days of the change and annually with lease payment.

Make: _____
 Model: _____
 Type: _____
 Year: _____
 N-Number: _____

*Aircraft
 Based at
 Debers Farms
 FAA# M910*

Lessee agrees that he/she will not have a fuel tank on the property other than that which is normally stored onboard the aircraft itself for aircraft operations. In addition to the aforementioned, Lessee is allowed to store fuel only in Class A fuel containers, with a maximum of three (3) containers allowed in a hangar, holding no more than five (5) gallons per container. No other fuel storage containers, explosives or other dangerous or hazardous materials, other than described above, will be permitted.

20. **Lessee's Property.** All property and improvements of Lessee in or about the leased premises shall be kept, stored and/or maintained at the sole risk of Lessee without any liability of Lessor for loss or

IN WITNESS WHEREOF, the parties have executed this Agreement as of the date first above written and retroactive, where applicable, to July 1, 2021.

In the presence of:

HOUSTON COUNTY, MN

Houston County Board Chairman

Houston County Auditor-Treasurer

In the presence of:

LESSEE



FOR THE COUNTY:

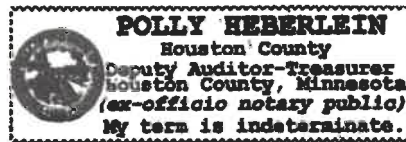
State of Minnesota)

) ss.:

County of Houston)

On this 17 day of August, 20 , before me, a Notary Public within and for said county, personally appeared John Deters and Donna Trehus, to me personally known, who being each by me duly sworn, did say that they are respectively the County Board Chairperson and the County Auditor-Treas of the corporation named in the foregoing instrument, and that seal affixed to said instrument is the corporate seal of said corporation, and that said instrument was signed and sealed on behalf of said corporation by authority of its Board of Commissioners, and the said County Board Chairperson and County Auditor acknowledged said instrument to be the free act and deed of said corporation.

Polly Heberlein
Notary Public



FOR THE LESSEE:

State of Minnesota)
) ss:
County of Houston)

On this ____ day of _____, 20 __, before me a Notary Public within and for said county, personally appeared _____ and _____, to me personally known, who being each by me duly sworn, did say that they are respectively the _____ and the _____ of the corporation named in the foregoing instrument, and that the seal affixed to said instrument is the corporate seal of said corporation, and that said instrument was signed and sealed on behalf of said corporation by authority of its Board of Commissioners, and that the said _____ and _____ acknowledged said instrument to be the free act and deed of said corporation.

Notary Public

FOR INDIVIDUALS:

State of Minnesota)
) ss:
County of Houston)

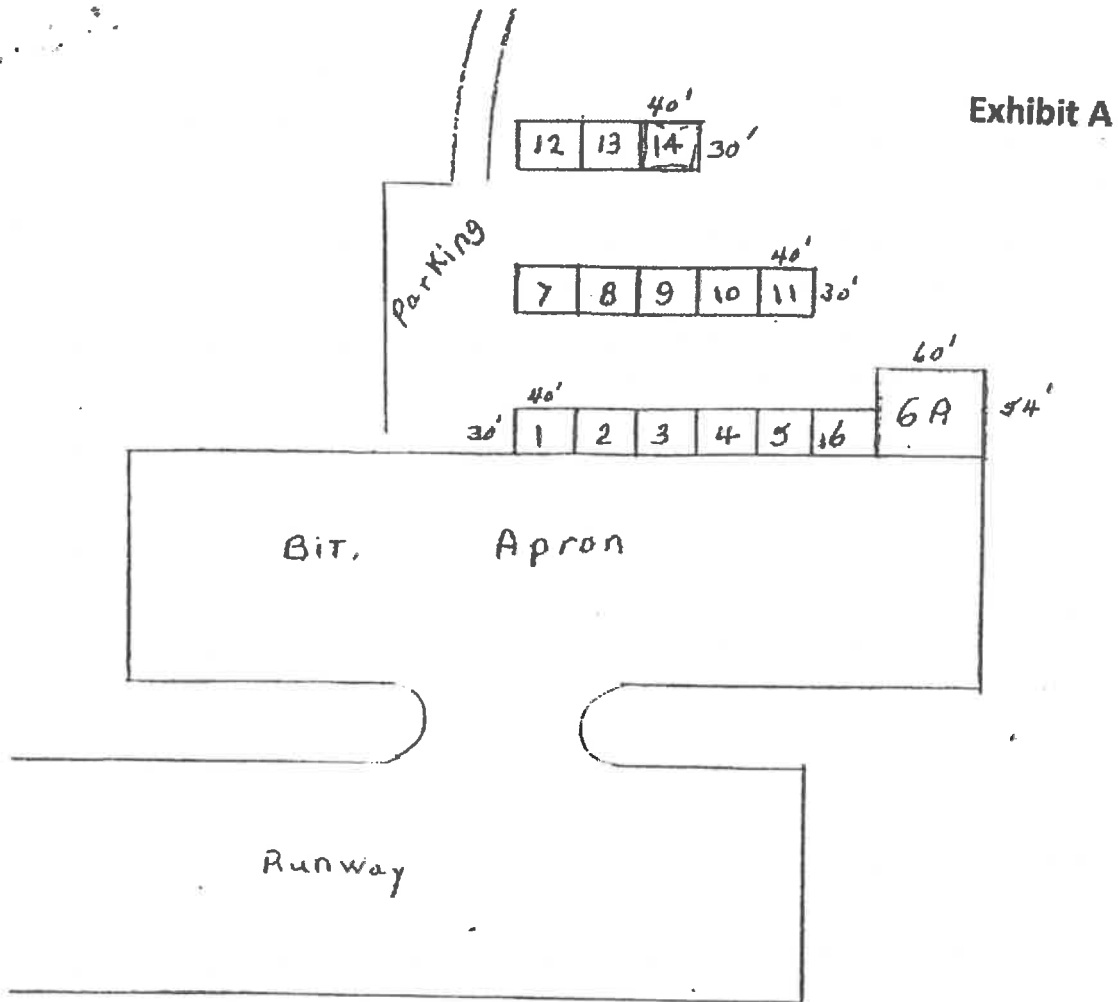
On this ____ day of _____, 20 __, before me a Notary Public within and for said county, personally appeared _____ to be known to be the person(s) described in and who executed the foregoing instrument and acknowledged that he/she executed the same as their free act and deed.

Notary Public

Approved as to Form and Execution

Dated _____

Houston County Attorney



Houston County Airport Hangers

lots 40 ft. wide, 30 ft. deep

except lot 6A 60 ft x 54 ft.



NOT TO SCALE

**HOUSTON COUNTY
AGENDA REQUEST FORM
August 24, 2021**

Date Submitted: 08.19.2021

By: Tess Kruger, HRD/Facilities Mgr.

ACTION REQUEST

- None

APPOINTMENT REQUEST (10:00 AM)

- **CLOSED SESSION-** Pursuant to Minn. Stat. 13D.05 Subd. 1 (d) attorney client privilege regarding pending Arbitration
- **2022 Health Benefits Update-** Bill Colopoulos, health care economist and benefits consultant and Steve Sallee, Southeast Service Cooperative, Executive Director

HR CONSENT AGENDA REQUEST

Assessor's Office

- Change the employment status of Kelly Petersen, Appraiser Trainee, from probationary to regular, effective September 3, 2021

Highway Dept

- Change the employment status of Michael Buxengard, Highway Maintenance Specialist, from probationary to regular, effective September 9, 2021

Sheriff's Office

- Accept the resignation of Tyler Fabian, Jailer/Dispatcher, effective August 20, 2021
- Initiate a competitive search for a full-time Jailer/Dispatcher

Reviewed by:

<u>X</u>	HR Director	<u>X</u>	Sheriff	_____
<u>X</u>	Finance Director	<u>X</u>	Engineer	_____
_____	IS Director	_____	PHHS	_____
<u>X</u>	County Attorney	_____	(indicate	_____
_____	Environmental Svcs	_____	other dept)	Assessor _____

Recommendation:

RESOLUTION NO. 21-37

AQUATIC INVASIVE SPECIES PREVENTION AID

August 24, 2021

WHEREAS, 2014 Session Law Chapter 308 enacted by the Legislature provides Minnesota counties a County Program Aid grant for Aquatic Invasive Species (AIS) prevention. The amount designated for each county is based on the number of watercraft trailer launches as well as the number of watercraft trailer parking spaces within each county. Houston County was allocated \$22,653 for 2022 and years following (5 watercraft trailer launches and 50 watercraft trailer parking spaces), and

WHEREAS, the legislation requires that Houston County must establish, by resolution or through adoption of a plan, guidelines for the use of the proceeds which are to prevent the introduction or limit the spread of aquatic invasive species at all access sites within the county, and

WHEREAS, the county may appropriate the proceeds directly or may use any portion of the proceeds to provide funding to a soil and water conservation district in the county, for a joint powers board or cooperative agreement with another political subdivision, a watershed district in the county, or a lake association located in the county. Any money appropriated by the county to a different entity or political subdivision must be used as required under this section, and

WHEREAS, the county must submit a copy of its guidelines for use of the proceeds to the Department of Natural Resources by December 31 of the year the payments are received, and

WHEREAS, maintaining an ongoing effort to inform the public of resource needs, resource impairments and resource protection matters has been identified as the most important tool in addressing water resource concerns in the Houston County Water Plan, the fight against Aquatic Invasive Species is included in this educational effort and will continue to be a cornerstone of Houston County's Water Plan.

NOW THEREFORE, BE IT RESOLVED the Board of Commissioners of Houston County, Minnesota designate oversight of Houston County's AIS prevention efforts to the Root River Soil and Water Conservation District and delegates to them the responsibility to prepare, implement and report annually a plan to allocate the funding in accordance with the above legislation.

*****CERTIFICATION*****

STATE OF MINNESOTA, COUNTY OF HOUSTON

I, Donna Trehus, do hereby certify that the above is true and correct copy of a resolution adopted by the Houston County Board of Commissioners at the session dated August 24, 2021.

WITNESS my hand and the seal of my office this 24th day of August 2021.

Donna Trehus, County Auditor/Treasurer

County Name	Watercraft Trailer Launches	x \$2,229 per Launch	Watercraft Trailer Parking Spaces	x \$230 per Space	=	Total Aid
Aitkin	65	\$144,895	544	\$125,201		\$270,096
Anoka	25	\$55,729	342	\$78,711		\$134,440
Becker	88	\$196,166	633	\$145,685		\$341,851
Beltrami	47	\$104,770	438	\$100,806		\$205,576
Benton	6	\$13,375	92	\$21,174		\$34,549
Big Stone	16	\$35,667	237	\$54,545		\$90,212
Blue Earth	23	\$51,271	288	\$66,283		\$117,554
Brown	10	\$22,292	127	\$29,229		\$51,521
Carlton	19	\$42,354	124	\$28,539		\$70,893
Carver	29	\$64,646	335	\$77,100		\$141,746
Cass	116	\$258,582	1056	\$243,038		\$501,620
Chippewa	7	\$15,604	79	\$18,182		\$33,786
Chisago	22	\$49,041	372	\$85,616		\$134,657
Clay	4	\$8,917	35	\$8,055		\$16,972
Clearwater	30	\$66,875	183	\$42,117		\$108,992
Cook	46	\$102,541	421	\$96,893		\$199,434
Cottonwood	14	\$31,208	110	\$25,316		\$56,524
Crow Wing	104	\$231,832	1004	\$231,070		\$462,902
Dakota	15	\$33,437	372	\$85,616		\$119,053
Dodge	0	\$0	0	\$0		\$0
Douglas	60	\$133,749	535	\$123,130		\$256,879
Faribault	7	\$15,604	62	\$14,269		\$29,873
Fillmore	0	\$0	0	\$0		\$0
Freeborn	12	\$26,750	127	\$29,229		\$55,979
Goodhue	8	\$17,833	197	\$45,339		\$63,172
Grant	13	\$28,979	103	\$23,705		\$52,684
Hennepin	49	\$109,229	892	\$205,293		\$314,522
Houston	5	\$11,146	50	\$11,507		\$22,653
Hubbard	69	\$153,812	475	\$109,321		\$263,133
Isanti	18	\$40,125	133	\$30,610		\$70,735
Itasca	192	\$427,998	913	\$210,127		\$638,125
Jackson	20	\$44,583	156	\$35,903		\$80,486
Kanabec	11	\$24,521	103	\$23,705		\$48,226
Kandiyohi	50	\$111,458	587	\$135,098		\$246,556
Kittson	6	\$13,375	56	\$12,888		\$26,263
Koochiching	26	\$57,958	249	\$57,307		\$115,265
Lac Qui Parle	9	\$20,062	92	\$21,174		\$41,236
Lake	35	\$78,020	424	\$97,583		\$175,603
Lake of the Woods	11	\$24,521	141	\$32,451		\$56,972
Le Sueur	27	\$60,187	381	\$87,687		\$147,874
Lincoln	13	\$28,979	151	\$34,753		\$63,732
Lyon	12	\$26,750	121	\$27,848		\$54,598
McLeod	15	\$33,437	181	\$41,657		\$75,094
Mahnomen	7	\$15,604	46	\$10,587		\$26,191
Marshall	4	\$8,917	24	\$5,524		\$14,441
Martin	20	\$44,583	213	\$49,022		\$93,605
Meeker	40	\$89,166	602	\$138,550		\$227,716
Mille Lacs	12	\$26,750	293	\$67,434		\$94,184
Morrison	28	\$62,416	261	\$60,069		\$122,485
Mower	4	\$8,917	14	\$3,222		\$12,139
Murray	23	\$51,271	206	\$47,411		\$98,682



Nicollet	13	\$28,979	176	\$40,506	\$69,485
Nobles	12	\$26,750	105	\$24,166	\$50,916
Norman	3	\$6,687	28	\$6,444	\$13,131
Olmsted	1	\$2,229	13	\$2,992	\$5,221
Otter Tail	115	\$256,353	905	\$208,285	\$464,638
Pennington	6	\$13,375	31	\$7,135	\$20,510
Pine	30	\$66,875	244	\$56,157	\$123,032
Pipestone	0	\$0	0	\$0	\$0
Polk	17	\$37,896	120	\$27,618	\$65,514
Pope	19	\$42,354	188	\$43,268	\$85,622
Ramsey	17	\$37,896	256	\$58,918	\$96,814
Red Lake	2	\$4,458	10	\$2,301	\$6,759
Redwood	5	\$11,146	37	\$8,516	\$19,662
Renville	5	\$11,146	32	\$7,365	\$18,511
Rice	18	\$40,125	220	\$50,633	\$90,758
Rock	0	\$0	0	\$0	\$0
Roseau	7	\$15,604	164	\$37,745	\$53,349
St. Louis	171	\$381,186	1444	\$332,336	\$713,522
Scott	12	\$26,750	186	\$42,808	\$69,558
Sherburne	17	\$37,896	147	\$33,832	\$71,728
Sibley	11	\$24,521	161	\$37,054	\$61,575
Stearns	53	\$118,145	572	\$131,646	\$249,791
Steele	5	\$11,146	26	\$5,984	\$17,130
Stevens	6	\$13,375	26	\$5,984	\$19,359
Swift	8	\$17,833	67	\$15,420	\$33,253
Todd	38	\$84,708	294	\$67,664	\$152,372
Traverse	6	\$13,375	59	\$13,579	\$26,954
Wabasha	15	\$33,437	307	\$70,656	\$104,093
Wadena	8	\$17,833	65	\$14,960	\$32,793
Waseca	10	\$22,292	107	\$24,626	\$46,918
Washington	24	\$53,500	354	\$81,473	\$134,973
Watonwan	7	\$15,604	71	\$16,341	\$31,945
Wilkin	1	\$2,229	6	\$1,381	\$3,610
Winona	18	\$40,125	215	\$49,482	\$89,607
Wright	60	\$133,749	424	\$97,583	\$231,332
Yellow Medicine	11	\$24,521	85	\$19,563	\$44,084
		\$5,000,000		\$5,000,000	\$10,000,000
	2,243		21,725		
Total Number of Launches		Total Number of Trailer Spaces			

Value of Each
Launch
\$2,229

Value of Each
Space
\$230

Sample

Resolution Declaring a State of Emergency

Resolution # 21-38

WHEREAS the heavy rains/flooding impacted the population of Houston County and its cities; and

WHEREAS the heavy rains/flooding event has caused a significant amount of public property damage; and

WHEREAS the Houston County Department of Emergency Management requests the Houston County Board of Commissioners to declare Houston County in a STATE OF EMERGENCY for the August 7 event of 2021;

NOW, THEREFORE, BE IT RESOLVED, that the Houston County Board of Commissioners declares Houston County in a State of Emergency for conditions resulting from the heavy rains/flooding event of August 7, 2021 *(date)*.

Adopted by the Houston County Board of Commissioners this 24 day of August, 2021.

ATTEST:

I, Bob Burns, County Chair, hereby attest that the foregoing resolution was duly adopted by the Houston County Board of Commissioners on the 24 day of August, 2021.

County Chair

Houston County, Minnesota

RESOLUTION 21-39

A RESOLUTION URGING RAWLINGS SPORTING GOODS TO REVERSE ITS DECISION TO CLOSE MIKEN SPORTS AND SUPPORTING MIKEN SPORTS' EMPLOYEES AND OPERATIONS IN HOUSTON COUNTY

Whereas, Miken Sports has had a business in Caledonia, Minnesota, in Houston County, since 1999; and

Whereas, Miken Sports has been one of the County's largest employers for many years; and

Whereas, Miken has employed up to 127 people in Houston County, and as of July 22, 2021, Miken Sports employed approximately 78 personnel in Houston County; and

Whereas, Miken Sports employees are talented, hardworking individuals who are valued members of Houston County communities and have contributed significant amounts of time, money, and resources into improving our County; and

Whereas, Miken Sports has been an excellent community partner for many year, providing donations and other support to youth sports teams and participating in various community events; and

Whereas, the City of Caledonia and Houston County are proud to be the home of Miken Sports and proud to manufacture the helmets used by Major League Baseball; and

Whereas, despite the dedicated service of employees to Miken Sports, the owner of Miken Sports, Rawlings Sporting Goods Co, Inc. ("Rawlings Sporting Goods"), has announced that it will be closing the Miken Sports office and manufacturing facility in Caledonia in 18-24 months; and

Whereas, Rawlings Sporting Goods will be sending most of these jobs to a factory overseas in China; and

Whereas, Major League Baseball and the Seidler Equity Partners jointly own Rawlings Sporting Goods; and

Whereas, Major League Baseball has received billions of dollars in public assistance in the United States.

NOW, THEREFORE, THE FOLLOWING IS HEREBY RESOLVED BY THE HOUSTON COUNTY COMMISSIONERS:

Houston County supports the talented, hardworking employees of Miken Sports and appreciates the contributions Miken Sports has made to the County over the years. Houston County opposes any effort to outsource Houston County jobs to China especially when Major League Baseball has benefited significantly from public assistance from American taxpayers. Houston County urges Major League Baseball and the Seidler Equity partners to reverse their decision to close Miken Sports.

Adopted this 24th day of August, 2021.

Dewey Severson, Commissioner District 1

Eric Johnson, Commissioner District 2

Robert Burns, Chairperson District 3

Teresa Walter, Commissioner District 4

Greg Myhre, Commissioner District 5

*****CERTIFICATION*****

STATE OF MINNESOTA

COUNTY OF HOUSTON

I, Donna Trehus, Houston County Auditor-Treasurer, do hereby certify that the above is a true and correct copy of a resolution adopted by the Houston County Board of Commissioners at a session dated August 24th, 2021.

WITNESS my hand and the seal of my office this 24th day of August, 2021.

Donna Trehus, County Auditor-Treasurer

Houston County Agenda Request Form

Date Submitted: August 10, 2021 Board Date: August 24, 2021

Person requesting appointment with County Board: Brian Pogodzinski

Issue:

Project '2021 Watermain Improvements' with Zenke Inc. is complete and ready for final payment.

Attachments/Documentation for the Board's Review:

Final Contract Voucher (4 need to be signed)

(1-County Claim, 1 Contractor, 1-Auditor's office, and 1-Highway Dept)

Justification:

Action Requested:

Resolution for Final Acceptance needed for contract.

Language for Minutes:

Commissioner _____ moved, Commissioner _____ seconded, unanimously carried to approve Resolution 21- 40 Final Acceptance of the '2021 Watermain Improvements', Zenke Inc, completes the project at a total cost of \$52,818..00.

WHEREAS, the '2021 Watermain Improvements' has in all things been completed, and the County Board being fully advised in the premises; and

THEREFORE, BE IT RESOLVED, the Houston County Board of Commissioners accepts said completed project for and on behalf of the Houston County and authorize final payment as specified herein.

For County Use Only			
Reviewed by:	_____ County Auditor	_____ County Attorney	_____ Zoning Administrator
	_____ Finance Director	_____ County Engineer	_____ Environmental Services
	_____ IS Director	_____ Other (Indicate dept)	_____
Recommendation:			
Decision:			

All agenda request forms must be submitted to the County Auditor by 4:00 p.m. on Monday in order to be considered for inclusion on the following week's agenda. The Board will review all requests and determine if the request will be heard at a County Board meeting.



Real People. Real Solutions.

2900 43rd Street NW
Suite 100
Rochester, MN 55901

Ph: (507) 208-4332
Bolton-Menk.com

June 10, 2021

Travis Zenke
Zenke, Inc.
87 Main Street
La Crescent, MN 55947

RE: 2021 Watermain Improvements
Houston County – City of Caledonia
Project No.: 0H1.123633

Dear Zenke:

Enclosed is Contractor's Estimate No. 3 and Final in the amount of \$2,640.90.

Please review the quantities and amounts shown to be assured of complete satisfaction. If everything is in order, please process through DocuSign.

Please send to us via email:

- Copies of Form *IC-134, certifying withholding of income tax*, for you and all of your subcontractors. These forms may be obtained from the Minnesota Department of Revenue.
- and, Warranty Bond.

Payment will be recommended to the Houston County Board upon receipt of all the described paperwork.

If you have any questions, please feel free to call.

Sincerely,

Bolton & Menk, Inc.

DocuSigned by:

Matthew Mohs

B4D03817EECD41B...

Matthew Mohs, P.E.
Project Engineer

Enclosures

cc: Brian Pogodzinski, Houston County Engineer

Contractor's Application for Payment

Owner:	HOUSTON COUNTY		Owner's Project No.:	
Engineer:	BOLTON & MENK		Engineer's Project No.:	OH1.123633
Contractor:	ZENKE, INC.		Other Project No.:	
Project:	2021 WATERMAIN IMPROVEMENTS			
Contract:				
Application No.:	3 - FINAL	Application Date:	6/10/2021	
Application Period:	From	5/25/2021	to	6/9/2021

1. Original Contract Price	\$	75,434.50
2. Net change by Change Orders	\$	(22,616.50)
3. Current Contract Price (Line 1 + Line 2)	\$	52,818.00
4. Total Work completed and materials stored to date (Sum of Column G Lump Sum Total and Column J Unit Price Total)	\$	52,818.00
5. Retainage		
a. _____ X \$ 52,818.00 Work Completed	\$	-
b. _____ X _____ Stored Materials	\$	-
c. Total Retainage (Line 5.a + Line 5.b)	\$	-
6. Amount eligible to date (Line 4 - Line 5.c)	\$	52,818.00
7. Less previous payments (Line 6 from prior application)	\$	50,177.10
8. Amount due this application	\$	2,640.90
9. Balance to finish, including retainage (Line 3 - Line 4)	\$	-

Contractor's Certification

The undersigned Contractor certifies, to the best of its knowledge, the following:

- (1) All previous progress payments received from Owner on account of Work done under the Contract have been applied on account to discharge Contractor's legitimate obligations incurred in connection with the Work covered by prior Applications for Payment;
- (2) Title to all Work, materials and equipment incorporated in said Work, or otherwise listed in or covered by this Application for Payment, will pass to Owner at time of payment free and clear of all liens, security interests, and encumbrances (except such as are covered by a bond acceptable to Owner indemnifying Owner against any such liens, security interest, or encumbrances); and
- (3) All the Work covered by this Application for Payment is in accordance with the Contract Documents and is not defective; and
- (4) The provisions of M. S. 290.92 have been complied with and that all claims against me by reason of the Contract have been paid or satisfactorily secured.

Contractor: Zenke, Inc.

DocuSigned by:
Signature: 
Name: Travis Zenke

Date: June 24, 2021

Title: President

Recommended by Engineer

DocuSigned by:
By: Matthew Mohs
Name: Matthew E. Mohs, P.E.
Title: Project Engineer
Date: June 11, 2021

Approved by Owner

By: _____
Name: Brian Pododzinski
Title: County Engineer
Date: _____

HOUSTON COUNTY
Certificate of Final Acceptance
Board Acknowledgment

Contract Number: 2021 Watermain Improvements
Contractor: Zenke, Inc.
Date Certified: June 11, 2021
Payment Number: 3 Final

Whereas; the 2021 Watermain Improvement Contract has in all things been completed, and the County Board being fully advised in the premises, now then be it resolved; that we do hereby accept said completed project for and in behalf of Houston County and authorize final payment as specified herein.

State of

I, Donna Trehus, Houston County Auditor-Treasurer, within and for said county do hereby certify that the foregoing resolution is a true and correct copy of the resolution on file in my office.

Dated this 24th day of August, 2021

At Caledonia, Minnesota

Signed By _____

(SEAL)

Progress Estimate - Unit Price Work

Contractor's Application for Payment

Owner:	HOLSTON COUNTY	Owner's Project No.:	
Engineer:	BOLTON & MENK	Engineer's Project No.:	OH1.123633
Contractor:	ZENKE, INC.	Contractor's Project No.:	
Project:	2021 WATERMAIN IMPROVEMENTS		
Contract:			

Application No.: 3 - FINAL		Application Period:		From	05/25/21		to	06/09/21		Application Date:		06/10/21	
Bid Item No.	Description	Contract Information											
		Item Quantity	Units	Unit Price (\$)	Value of Bid Item (C X E) (\$)	Work Completed			Materials Currently Stored (not in G) (\$)	Work Completed and Materials Stored to Date (H + I) (\$)	% of Value of Item (I / J) (%)	Balance to Finish (J - I) (\$)	
						Estimated Quantity Incorporated in this Work	Value of Work Completed to Date (E X G) (\$)	J					
Original Contract													
1	MOBILIZATION	1.00	LS	1,500.00	1,500.00	1.00	1,500.00		1,500.00		1,500.00	100%	
2	CLEARING & GRUBBING	1.00	LS	800.00	800.00	1.00	800.00		800.00		800.00	100%	
3	SAWING BITUMINOUS PAVEMENT (FULL DEPTH)	74.00	LF	5.00	370.00	74.00	370.00		370.00		370.00	100%	
4	REMOVE WATER MAIN	4.00	LF	10.00	40.00	4.00	40.00		40.00		40.00	100%	
5	REMOVE CURB AND GUTTER	-	LF	10.00	-	-	-		-		-	100%	
6	REMOVE BITUMINOUS PAVEMENT	117.00	SY	3.50	409.50	117.00	409.50		409.50		409.50	100%	
7	COMMON EXCAVATION (P)	45.00	CY	10.00	450.00	45.00	450.00		450.00		450.00	100%	
8	SUBGRADE EXCAVATION (EV)	-	CY	10.00	-	-	-		-		-	100%	
9	STABILIZING AGGREGATE (CV)	-	CY	35.25	-	-	-		-		-	100%	
10	AGGREGATE BASE (CV) CLASS 5	-	CY	35.25	-	-	-		-		-	100%	
11	TYPE SP 12.5 WEARING COURSE MIXTURE (2:1B) 1.5" THICK	-	SY	32.00	-	-	-		-		-	100%	
12	TYPE SP 12.5 WEARING COURSE MIXTURE (2:1B) 2.5" THICK	-	SY	32.00	-	-	-		-		-	100%	
13	CONNECT TO EXISTING WATER MAIN	3.00	EACH	1,200.00	3,600.00	3.00	3,600.00		3,600.00		3,600.00	100%	
14	HYDRANT	1.00	EACH	4,516.00	4,516.00	1.00	4,516.00		4,516.00		4,516.00	100%	
15	ADJUST VALVE BOX	1.00	EACH	350.00	350.00	1.00	350.00		350.00		350.00	100%	
16	6" GATE VALVE AND BOX	4.00	EACH	1,612.00	6,448.00	4.00	6,448.00		6,448.00		6,448.00	100%	
17	6" PVC WATERMAIN	974.00	LF	28.25	27,515.50	974.00	27,515.50		27,515.50		27,515.50	100%	
18	WATERMAIN FITTINGS	311.00	LB	10.00	3,110.00	311.00	3,110.00		3,110.00		3,110.00	100%	
19	CONCRETE CURB AND GUTTER DESIGN B618	-	LF	50.00	-	-	-		-		-	100%	
20	STORM DRAIN INLET PROTECTION	2.00	EACH	100.00	200.00	2.00	200.00		200.00		200.00	100%	
21	SEED, FERTILIZE, & EROSION CONTROL BLANKET	90.00	SY	5.00	450.00	90.00	450.00		450.00		450.00	100%	
22	AGGREGATE FOUNDATION	-	CY	10.00	-	-	-		-		-	100%	
23	WATERMAIN TRACER WIRE	1.00	LS	1,325.00	1,325.00	1.00	1,325.00		1,325.00		1,325.00	100%	
24	CONSTRUCTION ALLOWANCE	1,734.00	UNIT	1.00	1,734.00	1,734.00	1,734.00		1,734.00		1,734.00	100%	
Original Contract Totals				\$	52,818.00		\$	52,818.00	\$	-	\$	52,818.00	\$

Certificate Of Completion

Envelope Id: 0DB91D430FE3444A993610C61AB59FFD

Subject: Please DocuSign: 123633 Pay App No. 3-FINAL 06-10-2021.pdf

Source Envelope:

Document Pages: 3

Certificate Pages: 5

AutoNav: Enabled

Envelope Stamping: Enabled

Time Zone: (UTC-06:00) Central Time (US & Canada)

Signatures: 3

Initials: 0

Status: Completed

Envelope Originator:

Heather Hanson

1960 Premier Drive

MANKATO, MN 56001

Heather.hanson@bolton-menk.com

IP Address: 47.44.85.122

Record Tracking

Status: Original

6/11/2021 8:24:37 AM

Holder: Heather Hanson

Heather.hanson@bolton-menk.com

Location: DocuSign

Signer Events

Matthew Mohs

matthew.mohs@bolton-menk.com

Security Level: Email, Account Authentication
(None)**Signature**

DocuSigned by:



B4D03817EECD41B...

Signature Adoption: Pre-selected Style

Using IP Address: 47.44.85.122

Timestamp

Sent: 6/11/2021 8:25:25 AM

Viewed: 6/11/2021 3:04:51 PM

Signed: 6/11/2021 3:06:23 PM

Electronic Record and Signature Disclosure:

Accepted: 6/11/2021 3:04:51 PM

ID: 50c9dcc1-d423-4c8b-8a49-7a4c3eaa00f5

Travis Zenke

travis.zenke@zenkeinc.com

President

Security Level: Email, Account Authentication
(None)

DocuSigned by:



09CEB0E047394BD...

Signature Adoption: Drawn on Device

Using IP Address: 205.185.131.223

Sent: 6/11/2021 3:06:26 PM

Viewed: 6/24/2021 9:26:31 AM

Signed: 6/24/2021 9:26:42 AM

Electronic Record and Signature Disclosure:

Accepted: 6/2/2020 7:26:55 AM

ID: 3f78407d-d4ea-42c7-9254-a8abd57c3962

In Person Signer Events**Signature****Timestamp****Editor Delivery Events****Status****Timestamp****Agent Delivery Events****Status****Timestamp****Intermediary Delivery Events****Status****Timestamp****Certified Delivery Events****Status****Timestamp****Carbon Copy Events****Status****Timestamp**

Lane Welch

lane.welch@bolton-menk.com

Security Level: Email, Account Authentication
(None)**Electronic Record and Signature Disclosure:**

Not Offered via DocuSign

COPIED

Sent: 6/11/2021 3:06:25 PM

Carbon Copy Events

Terrie Haefs

Terrie.Haefs@zenkeinc.com

Security Level: Email, Account Authentication
(None)

Electronic Record and Signature Disclosure:
Not Offered via DocuSign

Status**COPIED****Timestamp**

Sent: 6/11/2021 3:06:26 PM

Viewed: 6/24/2021 9:35:19 AM

Witness Events**Signature****Timestamp****Notary Events****Signature****Timestamp****Envelope Summary Events****Status****Timestamps**

Envelope Sent

Hashed/Encrypted

6/11/2021 8:25:25 AM

Certified Delivered

Security Checked

6/24/2021 9:26:31 AM

Signing Complete

Security Checked

6/24/2021 9:26:42 AM

Completed

Security Checked

6/24/2021 9:26:42 AM

Payment Events**Status****Timestamps****Electronic Record and Signature Disclosure**



Your Contractor Affidavit request is Approved. A copy of this page **MUST** be provided to the contractor or government agency that hired you.

Submitted Date and Time: 12-Jul-2021 2:57:19 PM

Confirmation Number: 0-961-321-120

Name: ZENKE INC

ID: 2567145

Affidavit Number: 1282805760

Project Owner: HOUSTON COUNTY

Project Number: 0H1.123633

Project Begin Date: 3/15/2021

Project End Date: 6/30/2021

Project Location: HOUSTON COUNTY


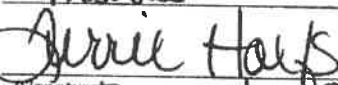

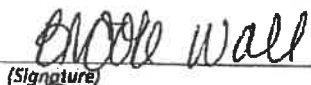
Project Amount: \$75,343.50

Subcontractors: No Subcontractors

Please [print this page](#) for your records using the print or save functionality built into your browser.

WARRANTY BOND

Bond #MNO66310

Contractor Name: Zenke, Inc. Address (principal place of business): 87 Main Street LaCrescent, MN 55947	Surety Name: Merchants Bonding Company (Mutual) Address (principal place of business): PO Box 14498 Des Moines, IA 50306-3498
Owner Name: Houston County Address (principal place of business): 1124 East Washington Street Caledonia, MN 55921	Construction Contract Description (name and location): Complete a watermain loop between East South Street and East Washington Street Contract Price: \$75,434.50 Effective Date of Contract: April 16, 2021 Contract's Date of Substantial Completion: May 19, 2021
Bond Bond Amount: Fifty-two thousand, eight hundred eighteen & 00/100 \$52,818.00 Date of Bond: 4/16/2021 Bond Period: Commencing 364 days after Substantial Completion of the Work under the Construction Contract, and continuing until two (2) years after such Substantial Completion. Modifications to this Bond form: <input checked="" type="checkbox"/> None <input type="checkbox"/> See Paragraph 9	
Surety and Contractor, intending to be legally bound hereby, subject to the terms set forth herein, do each cause this Warranty Bond to be duly executed by an authorized officer, agent, or representative.	
Contractor as Principal (Full formal name of Contractor) By:  (Signature) Name: Travis Zenke (Printed or typed) Title: President Attest:  (Signature) Name: Julie Haefl (Printed or typed) Title: Office Mgr.	Surety Merchants Bonding Company (Mutual) (Full formal name of Surety) (corporate seal) By:  (Signature) (Attach Power of Attorney) Name: Scott W Skaleski (Printed or typed) Title: Power of Attorney Attest:  (Signature) Name: Brook Wall (Printed or typed) Title: CSA
Notes: (1) Provide supplemental execution by any additional parties, such as joint venturers. (2) Any singular reference to Contractor, Surety, Owner, or other party is considered plural where applicable.	

1. The Contractor and Surety, jointly and severally, bind themselves, their heirs, executors, administrators, successors, and assigns to the Owner for the performance of the Construction Contract's Correction Period Obligations. The Construction Contract is incorporated herein by reference.
2. If the Contractor performs the Correction Period Obligations, the Surety and the Contractor shall have no obligation under this Warranty Bond.
3. If Owner gives written notice to Contractor and Surety during the Bond Period of Contractor's obligation under the Correction Period Obligations, and Contractor does not fulfill such obligation, then Surety shall be responsible for fulfillment of such Correction Period Obligations. Surety shall either fulfill the Correction Period Obligations itself, through its agents or contractors, or, in the alternative, Surety may waive the right to fulfill the Correction Period Obligations itself, and reimburse the Owner for all resulting costs incurred by Owner in performing Contractor's Correction Period Obligations, including but not limited to correction, removal, replacement, and repair costs.
4. The Surety's liability is limited to the amount of this Warranty Bond. Renewal or continuation of the Warranty Bond will not modify such amount, unless expressly agreed to by Surety in writing.
5. The Surety shall have no liability under this Warranty Bond for obligations of the Contractor that are unrelated to the Construction Contract. No right of action will accrue on this Warranty Bond to any person or entity other than the Owner or its heirs, executors, administrators, successors, and assigns.
6. Any proceeding, legal or equitable, under this Warranty Bond may be instituted in any court of competent jurisdiction in the location in which the Work or part of the Work is located and must be instituted within two years after the Surety refuses or fails to perform its obligations under this Warranty Bond.
7. Written notice to the Surety, the Owner, or the Contractor must be mailed or delivered to the address shown in this Warranty Bond.
8. Definitions
 - 8.1. Construction Contract—The agreement between the Owner and Contractor identified on the cover page of this Warranty Bond, including all Contract Documents and changes made to the agreement and the Contract Documents.
 - 8.2. Contract Documents—All the documents that comprise the agreement between the Owner and Contractor.
 - 8.3. Correction Period Obligations—The duties, responsibilities, commitments, and obligations of the Contractor with respect to correction or replacement of defective Work, as set forth in the Construction Contract's Correction Period clause, EJCDC® C 700, Standard General Conditions of the Construction Contract (2018), Paragraph 15.08, as duly modified.
 - 8.4. Substantial Completion—As defined in the Construction Contract.
 - 8.5. Work—As defined in the Construction Contract.
9. Modifications to this Bond are as follows: None

MERCHANTS
BONDING COMPANY™
POWER OF ATTORNEY

Know All Persons By These Presents, that MERCHANTS BONDING COMPANY (MUTUAL) and MERCHANTS NATIONAL BONDING, INC., both being corporations of the State of Iowa (herein collectively called the "Companies") do hereby make, constitute and appoint, individually,

Derek L Peterson; Rhonda L Hillis; Scott W Skaleski

their true and lawful Attorney(s)-in-Fact, to sign its name as surety(ies) and to execute, seal and acknowledge any and all bonds, undertakings, contracts and other written instruments in the nature thereof, on behalf of the Companies in their business of guaranteeing the fidelity of persons, guaranteeing the performance of contracts and executing or guaranteeing bonds and undertakings required or permitted in any actions or proceedings allowed by law.

This Power-of-Attorney is granted and is signed and sealed by facsimile under and by authority of the following By-Laws adopted by the Board of Directors of Merchants Bonding Company (Mutual) on April 23, 2011 and amended August 14, 2015 and adopted by the Board of Directors of Merchants National Bonding, Inc., on October 16, 2015.

"The President, Secretary, Treasurer, or any Assistant Treasurer or any Assistant Secretary or any Vice President shall have power and authority to appoint Attorneys-in-Fact, and to authorize them to execute on behalf of the Company, and attach the seal of the Company thereto, bonds and undertakings, recognizances, contracts of indemnity and other writings obligatory in the nature thereof."

"The signature of any authorized officer and the seal of the Company may be affixed by facsimile or electronic transmission to any Power of Attorney or Certification thereof authorizing the execution and delivery of any bond, undertaking, recognizance, or other suretyship obligations of the Company, and such signature and seal when so used shall have the same force and effect as though manually fixed."

In connection with obligations in favor of the Florida Department of Transportation only, it is agreed that the power and authority hereby given to the Attorney-in-Fact includes any and all consents for the release of retained percentages and/or final estimates on engineering and construction contracts required by the State of Florida Department of Transportation. It is fully understood that consenting to the State of Florida Department of Transportation making payment of the final estimate to the Contractor and/or its assignee, shall not relieve this surety company of any of its obligations under its bond.

In connection with obligations in favor of the Kentucky Department of Highways only, it is agreed that the power and authority hereby given to the Attorney-in-Fact cannot be modified or revoked unless prior written personal notice of such intent has been given to the Commissioner-Department of Highways of the Commonwealth of Kentucky at least thirty (30) days prior to the modification or revocation.

In Witness Whereof, the Companies have caused this instrument to be signed and sealed this 11th day of February, 2020.



MERCHANTS BONDING COMPANY (MUTUAL)
MERCHANTS NATIONAL BONDING, INC.

By

Larry Taylor
President

STATE OF IOWA
COUNTY OF DALLAS ss.

On this 11th day of February, 2020, before me appeared Larry Taylor, to me personally known, who being by me duly sworn did say that he is President of MERCHANTS BONDING COMPANY (MUTUAL) and MERCHANTS NATIONAL BONDING, INC.; and that the seals affixed to the foregoing instrument are the Corporate Seals of the Companies; and that the said instrument was signed and sealed in behalf of the Companies by authority of their respective Boards of Directors.



POLLY MASON
Commission Number 750576
My Commission Expires
January 07, 2023

Polly Mason

Notary Public

(Expiration of notary's commission
does not invalidate this instrument)

I, William Warner, Jr., Secretary of MERCHANTS BONDING COMPANY (MUTUAL) and MERCHANTS NATIONAL BONDING, INC., do hereby certify that the above and foregoing is a true and correct copy of the POWER-OF-ATTORNEY executed by said Companies, which is still in full force and effect and has not been amended or revoked.

In Witness Whereof, I have hereunto set my hand and affixed the seal of the Companies on this _____ day of _____, 2020.



William Warner Jr.
Secretary

Certificate Of Completion

Envelope Id: 0C52BE2B92F042818BC0A9115A7F435B

Status: Sent

Subject: Please DocuSign: Please_DocuSign_123633_Pay_App_No_3-FINAL_08-09-2021.pdf

Source Envelope:

Document Pages: 9

Signatures: 0

Envelope Originator:

Certificate Pages: 5

Initials: 0

Heather Hanson

AutoNav: Enabled

1960 Premier Drive

Envelope Stamping: Enabled

MANKATO, MN 56001

Time Zone: (UTC-06:00) Central Time (US & Canada)

Heather.hanson@bolton-menk.com

IP Address: 47.44.85.122

Record Tracking

Status: Original

Holder: Heather Hanson

Location: DocuSign

8/9/2021 11:21:28 AM

Heather.hanson@bolton-menk.com

Signer Events

Signature

Timestamp

Brian Pogodzinski

brian.pogodzinski@co.houston.mn.us

Security Level: Email, Account Authentication
(None)

Sent: 8/9/2021 11:31:37 AM

Viewed: 8/9/2021 2:48:59 PM

Electronic Record and Signature Disclosure:

Accepted: 8/9/2021 2:48:59 PM

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In Person Signer Events

Signature

Timestamp

Editor Delivery Events

Status

Timestamp

Agent Delivery Events

Status

Timestamp

Intermediary Delivery Events

Status

Timestamp

Certified Delivery Events

Status

Timestamp

Carbon Copy Events

Status

Timestamp

Matthew Mohs

matthew.mohs@bolton-menk.com

Security Level: Email, Account Authentication
(None)

Electronic Record and Signature Disclosure:

Accepted: 8/3/2021 9:53:55 AM

ID: 3776e076-a4c8-42f6-b4c2-2080c663f923

COPIED

Sent: 8/9/2021 11:31:36 AM

Terrie Haefs

Terrie.Haefs@zenkeinc.com

Security Level: Email, Account Authentication
(None)

Electronic Record and Signature Disclosure:

Not Offered via DocuSign

Travis Zenke

travis.zenke@zenkeinc.com

Security Level: Email, Account Authentication
(None)

Electronic Record and Signature Disclosure:

Accepted: 6/2/2020 7:26:55 AM

ID: 3f78407d-d4ea-42c7-9254-a8abd57c3962

Witness Events	Signature	Timestamp
Notary Events	Signature	Timestamp
Envelope Summary Events	Status	Timestamps
Envelope Sent	Hashed/Encrypted	8/9/2021 11:31:36 AM
Certified Delivered	Security Checked	8/9/2021 2:48:59 PM
Payment Events	Status	Timestamps
Electronic Record and Signature Disclosure		

ELECTRONIC RECORD AND SIGNATURE DISCLOSURE

From time to time, Bolton & Menk (we, us or Company) may be required by law to provide to you certain written notices or disclosures. Described below are the terms and conditions for providing to you such notices and disclosures electronically through the DocuSign system. Please read the information below carefully and thoroughly, and if you can access this information electronically to your satisfaction and agree to this Electronic Record and Signature Disclosure (ERSD), please confirm your agreement by selecting the check-box next to 'I agree to use electronic records and signatures' before clicking 'CONTINUE' within the DocuSign system.

Getting paper copies

At any time, you may request from us a paper copy of any record provided or made available electronically to you by us. You will have the ability to download and print documents we send to you through the DocuSign system during and immediately after the signing session and, if you elect to create a DocuSign account, you may access the documents for a limited period of time (usually 30 days) after such documents are first sent to you. After such time, if you wish for us to send you paper copies of any such documents from our office to you, you will be charged a \$0.00 per-page fee. You may request delivery of such paper copies from us by following the procedure described below.

Withdrawing your consent

If you decide to receive notices and disclosures from us electronically, you may at any time change your mind and tell us that thereafter you want to receive required notices and disclosures only in paper format. How you must inform us of your decision to receive future notices and disclosure in paper format and withdraw your consent to receive notices and disclosures electronically is described below.

Consequences of changing your mind

If you elect to receive required notices and disclosures only in paper format, it will slow the speed at which we can complete certain steps in transactions with you and delivering services to you because we will need first to send the required notices or disclosures to you in paper format, and then wait until we receive back from you your acknowledgment of your receipt of such paper notices or disclosures. Further, you will no longer be able to use the DocuSign system to receive required notices and consents electronically from us or to sign electronically documents from us.

All notices and disclosures will be sent to you electronically

Unless you tell us otherwise in accordance with the procedures described herein, we will provide electronically to you through the DocuSign system all required notices, disclosures, authorizations, acknowledgements, and other documents that are required to be provided or made available to you during the course of our relationship with you. To reduce the chance of you inadvertently not receiving any notice or disclosure, we prefer to provide all of the required notices and disclosures to you by the same method and to the same address that you have given us. Thus, you can receive all the disclosures and notices electronically or in paper format through the paper mail delivery system. If you do not agree with this process, please let us know as described below. Please also see the paragraph immediately above that describes the consequences of your electing not to receive delivery of the notices and disclosures electronically from us.

How to contact Bolton & Menk:

You may contact us to let us know of your changes as to how we may contact you electronically, to request paper copies of certain information from us, and to withdraw your prior consent to receive notices and disclosures electronically as follows:

To contact us by email send messages to: docusign@bolton-menk.com

To advise Bolton & Menk of your new email address

To let us know of a change in your email address where we should send notices and disclosures electronically to you, you must send an email message to us at docusign@bolton-menk.com and in the body of such request you must state: your previous email address, your new email address. We do not require any other information from you to change your email address.

If you created a DocuSign account, you may update it with your new email address through your account preferences.

To request paper copies from Bolton & Menk

To request delivery from us of paper copies of the notices and disclosures previously provided by us to you electronically, you must send us an email to docusign@bolton-menk.com and in the body of such request you must state your email address, full name, mailing address, and telephone number. If any fees are incurred you will be billed for them at that time.

To withdraw your consent with Bolton & Menk

To inform us that you no longer wish to receive future notices and disclosures in electronic format you may:

- i. decline to sign a document from within your signing session, and on the subsequent page, select the check-box indicating you wish to withdraw your consent, or you may;
- ii. send us an email to docusign@bolton-menk.com and in the body of such request you must state your email, full name, mailing address, and telephone number. We do not need any other information from you to withdraw consent.. The consequences of your withdrawing consent for online documents will be that transactions will take a longer time to process..

Required hardware and software

The minimum system requirements for using the DocuSign system may change over time. The current system requirements are found here: <https://support.docusign.com/guides/signer-guide-signing-system-requirements>.

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To confirm to us that you can access this information electronically, which will be similar to other electronic notices and disclosures that we will provide to you, please confirm that you have read this ERSD, and (i) that you are able to print on paper or electronically save this ERSD for your future reference and access; or (ii) that you are able to email this ERSD to an email address where you will be able to print on paper or save it for your future reference and access. Further, if you consent to receiving notices and disclosures exclusively in electronic format as described herein, then select the check-box next to 'I agree to use electronic records and signatures' before clicking 'CONTINUE' within the DocuSign system.

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- You can access and read this Electronic Record and Signature Disclosure; and
- You can print on paper this Electronic Record and Signature Disclosure, or save or send this Electronic Record and Disclosure to a location where you can print it, for future reference and access; and
- Until or unless you notify Bolton & Menk as described above, you consent to receive exclusively through electronic means all notices, disclosures, authorizations, acknowledgements, and other documents that are required to be provided or made available to you by Bolton & Menk during the course of your relationship with Bolton & Menk.

Houston County Agenda Request Form

Date Submitted: August 13, 2021 **Board Date:** August 24, 2021

Person requesting appointment with County Board: Brian Pogodzinski

Issue:

This request is to approve Design Studio for the purchase of Window Coverings for the Highway Shop.

Attachments/Documentation for the Board's Review:

Abstract for review.

Justification:

Action Requested:

Accept and approve Design Studios bid.

For County Use Only			
<u>Reviewed by:</u>	<div style="margin-bottom: 5px;">_____ County Auditor</div> <div style="margin-bottom: 5px;">_____ Finance Director</div> <div style="margin-bottom: 5px;">_____ IS Director</div>	<div style="margin-bottom: 5px;">_____ County Attorney</div> <div style="margin-bottom: 5px;">_____ County Engineer</div> <div style="margin-bottom: 5px;">_____ Other (indicate dept) _____</div>	<div style="margin-bottom: 5px;">_____ Zoning Administrator</div> <div style="margin-bottom: 5px;">_____ Environmental Services</div>
<u>Recommendation:</u>			
<u>Decision:</u>			

All agenda request forms must be submitted to the County Auditor by 4:00 p.m. on Monday in order to be considered for inclusion on the following week's agenda. The Board will review all requests and determine if the request will be heard at a County Board meeting.

BID RESULTS

Project Name: Houston County Highway Department Facility BP #4
Date: August 13, 2021

Work Category	Bidders	Bidder Location	Base Bid	Notes
12: Window Coverings	Design Studio	Onalaska, WI	\$ 3,016.67	
	Commercial Shade & Blind	Menomonie, WI	\$ 3,872.00	
	Val-U-Blind	Oronoco, MN	\$ 7,987.00	
	Schneider Window	West Salem, WI	\$ 32,100.00	

**HOUSTON COUNTY
AGENDA REQUEST FORM
August 20, 2021**

Date Submitted: August 20, 2021

By: Carol Lapham

The Brownsville VFW has donated \$150.00 to the Veteran Services Office to use for any veteran's needs. The County Board must accept this by motion.

Reviewed by:

☐ HR Director

☒ Finance Director

☐ IS Director

☐ County Attorney

☐ Environmental Svcs

☐ County
Sheriff

☐ County
Engineer

☐ PHHS
Other
(indicate
dept)

☒

VSO

Recommendation:

Decision: