

AGENDA

Forest Lake Airport Commission Meeting

Wednesday, April 1, 2026 - 6:00 PM

**Forest Lake City Center
Forest Lake, Minnesota**

[City of Forest Lake – Link to Livestream](#)

1. Call to Order
 - a. Roll Call
2. Approval of the Agenda
3. Open Forum - Citizen Petitions, Requests and Concerns: Please sign in at the front table. The Open Forum is available for residents to express personal opinions for any item of business. Please limit your comments to three (3) minutes.
4. Regular Agenda (Action Items)
 - a. Approve 02/04/2026 Airport Commission Meeting Minutes
 - b. Financials and Claims List (02/08/26 - 03/23/26)
 - c. Agricultural Lease – Jolleen Chaika
 - d. Follow-up: Airport Commission Officers – Jolleen Chaika
5. Discussion
 - a. Lease Default Updates – Jolleen Chaika
6. Staff Updates
7. Adjourn

Airport Commission





Airport Commission

Regular Meeting

~ Minutes ~

1408 Lake Street South
Forest Lake, MN 55025
www.ci.forest-lake.mn.us

Wednesday, February 4, 2026

6:00 PM

City Center - Council Chambers

[City of Forest Lake - Livestream and Recorded Meetings](#)

1. Call to Order/Roll Call

Attendee Name	Title	Status	Arrived
Don Stehler	Chair	Present	
Mark Lynch	Secretary	Absent	
Curtis Monson	Vice Chair	Present	
Joe Gallmeier	Commissioner	Absent	
Mara Bain	Commissioner	Present	

2. Approve the Agenda (Action)

Motion: Commissioner Bain made a Motion to Approve the Agenda as presented. Motion seconded by Commissioner Monson. Motion carried 3-0.

3. Open Forum

The Open Forum is available for residents to express personal opinions on any item of business. Please limit your comments to three (3) minutes.

Comments:

Corey Capra, Aerotech Companies, stated that Aerotech provides services for the airport and he was present to get an update on future plans and offered additional help in the future.

4. Approve Minutes – December 3, 2025

Motion: Chair Stehler made a Motion to Approve the December 3, 2025, Meeting Minutes as presented.

Motion seconded by Commissioner Bain. Motion carried 3-0.

5. Regular Agenda (Action Items)

a. Financials and Claims List (11/24/25-1/26/26)

City Administrator Statz reviewed the quarterly financials. He reviewed the claims list approved at various City Council meetings since the last Airport Commission meeting. He provided an update on the Airport Fund balance at the end of 2025.

Commissioner Bain asked about the long-term allocation for the salary and benefits for the airport manager role. City Administrator Statz responded that they had good data for Public Works employees at the airport. He said that he would continue to serve as the Airport Manager, and it was logical to keep the budget at ten percent of his salary.



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Chair Stehler asked about the City's six-stall t-hangar. City Administrator Statz answered that they were renting out one stall of the t-hangar.

Chair Stehler said there should be dollars to rent the space if it were being used by another City department. City Administrator Statz answered that the current lease rate from the one tenant showed up in the lease-line item. He understood that they were planning to divest the building at some point.

Chair Stehler commented that there should be a footnote about property taxes on hangars not being included in the budget, so other individuals reading the document understand that hangar owners pay property taxes.

Motion: Chair Stehler made a Motion to Recommend the City Council approve the financials of the airport and the claims as stated in the agenda.

Motion seconded by Commissioner Monson. Motion carried 3-0.

b. Engineer's Report

City Administrator Statz summarized the grant funding received for the runway and taxiway 300-foot extension and apron expansion. He said that the City Council approved funds for the runway and taxiway project. He said that they were getting close to finalizing the Airport Rules and Regulations with the City Attorney.

Chair Stehler asked about the total MnDOT funding. City Administrator Statz answered that the total cost that MnDOT was funding was 90 percent of \$1.77 million.

c. Internet Service at A/D Building

City Administrator Statz reviewed the internet service provided at the arrival and departure building. He contacted Midco about other options and suggested moving to 100 megabytes and locking into a 36-month contract to save funds.

Motion: Commissioner Bain made a Motion to Recommend that the City downgrade the internet service at the A/D building to 100 MB, engage in a 3-year contract, purchase their own modem, and move to 1 static IP address, if feasible, for a savings of roughly \$75/month.

Motion seconded by Chair Stehler. Motion carried 3-0.

d. Set Officers for 2026

- i. **Chair**
- ii. **Vice Chair**
- iii. **Treasurer**

Wednesday, February 4, 2026

6:00 PM

City Center - Council Chambers

iv. Secretary

City Administrator Statz said that the City Code required a chairperson, vice chair, and secretary.

Motion: Chair Stehler made a Motion to Recommend that the City Council review the City Code to determine if a secretary was still needed for the Airport Commission.

Motion seconded by Commissioner Bain. Motion carried 3-0.

Chair Stehler asked if they should move forward with voting on the positions, since only three members were present. Mayor Roberts suggested that the Airport Commission determine the roles.

Commissioner Bain suggested postponing the item until there were more commissioners in attendance.

e. Declaring default of Land Leases on Vacant Lots

City Administrator Statz summarized the three vacant commercial lots that were under a lease agreement. The lease agreement requires a hangar to be built within a two-year time frame. He stated that they had a waiting list for vacant lots. He said he reached out to the leaseholders. The City Attorney drafted a memo with a suggestion that all three leases must contact the Airport Manager within thirty days to establish an agreement on a date that they would build a hangar on the lot. He requested feedback on the letter and parameters to negotiate the agreements. He stated he would like to see a completion date in an agreement with the leaseholders.

Motion: Chair Stehler made a Motion to Approve the proposed letter from the City Attorney with a timeframe to pull a building permit by February 1, 2027, and a completion date from the pulling of the building permit.

Motion seconded by Commissioner Monson. Motion carried 3-0.

f. Land Lease Rates for 2026 & 2027

City Administrator Statz reviewed the lease rates, since they could be reviewed every two years. He summarized the consumer price index chart for the rates and noted that they did not increase rates for five years. He suggested a 2.5 percent increase over 2026 rates.

Chair Stehler, Commissioner Monson, and Commissioner Bain discussed previous rate increases, potential increases, and operational costs of the Airport. Chair Stehler stated that the city acquired a large amount of land associated with the airport and was able to sell off portions of the land for large proceeds. He stated the city should have set aside a portion of those dollars for operational costs at the airport. He said he would support moving forward with the 4.8 percent increase for two years.

Wednesday, February 4, 2026

6:00 PM

City Center - Council Chambers

Motion: Chair Stehler made a Motion to Recommend to the City Council to increase the ground lease rent by 4.8 percent, effective for 2026 and 2027. Thus, for the non-commercial hangar lots, the ground lease rate would increase from 0.1170 dollars per square foot to 0.1226 dollars per square foot. A similar rate increase would apply to commercial lots.

Commissioner Bain requested additional discussion to understand the math.

Chair Stehler withdrew the motion.

Commissioner Bain said she was uncomfortable with the staff's proposed number because it was based on a catch-up. She stated that if they were deviating from CPI, she would prefer them to call it a deviation. She encouraged additional discussion if they were deviating from CPI, and there would need to be guardrails. There needed to be a provision given to leaseholders. City Administrator Statz said that the amount was a difference of \$2000 between all leaseholders. Commissioner Bain responded that the difference might not be worth the ill will.

Motion: Chair Stehler made a Motion to Recommend to the City Council to increase the ground lease rent by 4.8 percent, effective for 2026 and 2027. Thus, for the non-commercial hangar lots, the ground lease rate would increase from 0.1170 dollars per square foot to 0.1226 dollars per square foot. A similar rate increase would apply to commercial lots.

Motion seconded by Commissioner Monson. Motion carried 3-0.

6. Discussion

- a. None

7. Staff Updates

a. Airport Manager's Report

City Administrator Statz provided an update on the credit card charges for the fuel dispensing system. He stated that there was a hold put on credit cards when utilizing the fuel dispensing system, and it would be removed after a few days. They installed a placard that explained the process. They completed updated information on the airport on the website. He called all of those on the waiting list without an email address to get updated contact information. He discussed interest in the commercial lots and potential new tenants.

8. Adjourn

Motion: Commissioner Monson made a Motion to Adjourn the Regularly Scheduled Airport Commission Meeting at 7:04 p.m.

Motion seconded by Commissioner Bain. Motion carried 3-0.

STAFF REPORT



MEETING DATE: April 1, 2026
TO: Airport Commission
STAFF ORIGINATOR: Jolleen Chaika, Interim City Administrator
AGENDA ITEM: Airport Claims

INTRODUCTION:

Under the previous City Administrator/Airport Manager, the Airport Commission began receiving Airport claims (invoices) for review. No action is required by the Commission; however, staff has provided the claims approved by the Council since the last Commission meeting. Staff is seeking direction from the Commission on whether it wishes to continue reviewing claims in this manner or discontinue the process.

RECOMMENDATION:

For review only.

Staff requests that the Airport Commission provide guidance regarding future presentations of claims. Staff will continue to provide a year-end financial review and will also present the Commission with an update on the 2025 financials after completion of the annual audit.

ATTACHMENTS:

Airport Invoices (Feb 09, 2026 – March 23, 2026)

02/04/2026

INVOICE GL DISTRIBUTION REPORT FOR FOREST LAKE
EXP CHECK RUN DATES 02/09/2026 - 02/09/2026
BOTH JOURNALIZED AND UNJOURNALIZED
PAID

GL Number	Invoice Line Desc	Vendor	Invoice Description	Amount	Check #
Check 118939					
250-43-9810-54370	MISCELLANEOUS	CITY OF FOREST LAKE	4TH QTR 2025 PAYMENT 20500 FOREST RD N HANGAR	<u>187.54</u>	118939
		Total For Check 118939		<u>187.54</u>	
		Fund Totals:			
			Fund 250 AIRPORT FUND	187.54	
				<u>187.54</u>	

02/19/2026

INVOICE GL DISTRIBUTION REPORT FOR FOREST LAKE
 EXP CHECK RUN DATES 02/23/2026 - 02/23/2026
 BOTH JOURNALIZED AND UNJOURNALIZED
 PAID

GL Number	Invoice Line Desc	Vendor	Invoice Description	Amount	Check #
Check 119022 250-43-9810-53040	LEGAL SERVICES	ECKBERG LAMMERS P.C.	AIRPORT	507.00	119022
		Total For Check 119022		<u>507.00</u>	
Check 2580 250-43-9810-53810	405528-301847 AIRPORT - ELECTRIC	CONNEXUS ENERGY	OCTOBER 2025 ENERGY BILLING	191.28	2580
		Total For Check 2580		<u>191.28</u>	
Check 2581 250-43-9810-53810	405528-301847 AIRPORT - ELECTRIC	CONNEXUS ENERGY	NOVEMBER 2025 ENERGY BILLING	142.96	2581
		Total For Check 2581		<u>142.96</u>	
Check 2585 250-43-9810-53810	405528-301847 AIRPORT - ELECTRIC	CONNEXUS ENERGY	DECEMBER 2025 ENERGY BILLING	184.06	2585
		Total For Check 2585		<u>184.06</u>	
Check 2589 250-43-9810-53210-047457-023	TELEPHONE	MIDCONTINENT COMMUNICATIONS	AIRPORT PHONE JANUARY 2026	175.39	2589
		Total For Check 2589		<u>175.39</u>	
Check 2595 250-43-9810-53810	ELECTRIC UTILITIES	XCEL ENERGY	51-5193679-1 ~ AIRPORT	25.90	2595
		Total For Check 2595		<u>25.90</u>	
Check 2599 250-43-9810-53210-047457-023	September 2025 AllStream Invoice	BANK OF MONTREAL - BMO	September 2025 AllStream Invoice	239.81	2599
		Total For Check 2599		<u>239.81</u>	

Fund Totals:

Fund 250 AIRPORT FUND

1,466.40

1,466.40

03/04/2026

INVOICE GL DISTRIBUTION REPORT FOR FOREST LAKE
 EXP CHECK RUN DATES 03/09/2026 - 03/09/2026
 BOTH JOURNALIZED AND UNJOURNALIZED
 PAID

GL Number	Invoice Line Desc	Vendor	Invoice Description	Amount	Check #
Check 119142 250-43-9810-53070	PROFESSIONAL SERVICES	TIMESAVER OFF SITE SECRETARIAL INC	02/04/2026 - AIRPORT COMMISSION MEETING 1 HOURS	<u>178.00</u>	119142
		Total For Check 119142		<u>178.00</u>	
Check 2611 250-43-9810-53810	ELECTRIC UTILITIES	XCEL ENERGY	51-9849041-6 ~ 20500 FOREST RD N U#1-AIRPORT	<u>101.12</u>	2611
		Total For Check 2611		<u>101.12</u>	
Check 2623 250-43-9810-53810	ELECTRIC UTILITIES	XCEL ENERGY	51-5193679-1 ~ AIRPORT	<u>25.90</u>	2623
		Total For Check 2623		<u>25.90</u>	
Check 2625 250-43-9810-53810	405528-301847 AIRPORT - ELECTRIC	CONNEXUS ENERGY	JANUARY 2026 ENERGY BILLING	<u>220.63</u>	2625
		Total For Check 2625		<u>220.63</u>	
Check 2626 250-43-9810-53210-047457-023	TELEPHONE	MIDCONTINENT COMMUNICATIONS	AIRPORT PHONE FEBRUARY 2026	<u>175.65</u>	2626
		Total For Check 2626		<u>175.65</u>	
		Fund Totals:	Fund 250 AIRPORT FUND	<u>701.30</u>	
				<u>701.30</u>	

03/18/2026

INVOICE GL DISTRIBUTION REPORT FOR FOREST LAKE
 EXP CHECK RUN DATES 03/23/2026 - 03/23/2026
 BOTH JOURNALIZED AND UNJOURNALIZED
 PAID

GL Number	Invoice Line Desc	Vendor	Invoice Description	Amount	Check #
Check 119163					
250-43-9810-53050	ENGINEERING CHARGES	BOLTON & MENK INC	AIRPORT MINIMUM STANDARDS	725.00	119163
250-43-9810-53050	ENGINEERING CHARGES	BOLTON & MENK INC	AIRPORT GENERAL/ROUTING ENG	1,500.00	119163
250-43-9810-53050-047457-023	ENGINEERING CHARGES	BOLTON & MENK INC	RUNWAY 13/31 AND TAXIWAY A	2,500.00	119163
		Total For Check 119163		4,725.00	
Check 119169					
250-43-9810-53040	LEGAL SERVICES	ECKBERG LAMMERS P.C.	AIRPORT RULES & REGULATIONS	78.00	119169
250-43-9810-53040	LEGAL SERVICES	ECKBERG LAMMERS P.C.	AIRPORT	58.50	119169
		Total For Check 119169		136.50	
Check 2628					
250-43-9810-52120	MOTOR FUEL	DOOLEY'S PETROLEUM INC	1500.000 GAL AV GAS	5,670.00	2628
		Total For Check 2628		5,670.00	
Check 2629					
250-43-9810-52120	MOTOR FUEL	DOOLEY'S PETROLEUM INC	2000.000 GAL AV GAS	7,300.00	2629
		Total For Check 2629		7,300.00	
Check 2630					
250-43-9810-53210-047457-023	November 2025 AllStream Invoice	BANK OF MONTREAL - BMO	November 2025 AllStream Invoice	479.62	2630
250-43-9810-54270	service fee for using credit card	BANK OF MONTREAL - BMO	service fee for using credit card	0.54	2630
250-43-9810-54270	Annual HSEMI Reporting	BANK OF MONTREAL - BMO	service fee for using credit card	25.00	2630
		Total For Check 2630		505.16	
Check 2639					
250-43-9810-52120	MOTOR FUEL	DOOLEY'S PETROLEUM INC	2500.000 GAL AV GAS	9,550.00	2639
		Total For Check 2639		9,550.00	
Fund Totals:					
			Fund 250 AIRPORT FUND	27,886.66	
				27,886.66	

STAFF REPORT



MEETING DATE: April 1, 2026
TO: Airport Commission
STAFF ORIGINATOR: Jolleen Chaika, Interim City Administrator
AGENDA ITEM: Agricultural Lease

INTRODUCTION:

Taylor Farms has leased agricultural land at the Forest Lake Airport for a number of years. In 2023, the leased acreage was reduced; however, Taylor Farms continues to farm the parcels included in the proposed lease agreement. The revenues from the lease agreement are deposited into the Airport Fund and used to support airport activities.

The City is proposing to enter into a new five-year lease agreement with Taylor Farms for continued agricultural use of approximately 109.9 acres of airport property. This lease agreement contemplates a reduction in acreage due to the 2023 sale of a previously farmed parcel and review of the existing parcels with consideration given toward ponding and wetlands.

The Taylors have also requested installation of signage on adjacent property as explained below.

ANALYSIS:

The City leases farmland at Taylor Farm (Property A and Property B) to generate airport revenue while supporting local agricultural use. The proposed lease rate is \$118.80 per acre, with a total base acreage of 109.9 acres, resulting in an initial annual rent of \$13,056.12.

The lease includes provisions for annual rent adjustments. Historically, the lease has included annual increases of approximately 2.5% per year.

To evaluate the appropriateness of this rate, staff reviewed data published by the University of Minnesota Extension regarding farmland rental rates. The Extension materials emphasize that rental rates vary significantly based on soil productivity, drainage, access, and other site-specific factors, and that published figures represent weighted averages rather than prescribed rates.

Based on the most recent available county-level data (as referenced by Extension):

- Washington County (2024 avg.): approximately \$135–\$150 per acre
- Chisago County (2024 avg.): approximately \$110–\$125 per acre

The proposed rate of \$118.80 per acre:

- Falls within the lower-to-mid range of regional averages

- Aligns closely with the Chisago County average – which may be significant given the City’s close proximity to substantial farm land just to our north in Chisago County
- Is slightly below Washington County averages, which is reasonable given the operational constraints of airport property, and, again, the close proximity of the City to Chisago County.

These figures represent average cropland rental rates, with actual agreements commonly ranging above or below these values depending on land quality and constraints.

The lease includes a 2.5% annual rent increase, which is consistent with historical trends:

- Minnesota farmland rental rates increased roughly 4–5% annually between 2020–2024, though recent data shows flattening or slight declines (0–1%)
- The 2.5% escalator is moderate and conservative, balancing long-term growth with current market stabilization
- It provides predictable, inflation-resistant revenue for the City while remaining defensible relative to regional market data

In addition, the Taylors have expressed interest in exploring the installation of informational signage near the leased lots. The proposed signs would notify users of adjacent areas that dog waste must be properly removed, helping to maintain the cleanliness and usability of the property. It is also noted that the leaseholder maintains the leased lots at no cost to the City, providing ongoing care and aesthetic management that benefits the community while reducing maintenance responsibilities for City staff. Standard signage would be \$77/sign (including posts) plus labor costs at 2.5 hours at \$60/hour.

If the Commission is favorable to installation of signage, staff would propose installation in the two locations noted on the photo.



RECOMMENDATION:

Staff recommends that the Airport Commission:

1. Discuss the rental rate of \$118.80 per acre and the 2.5% annual rent increase and advise if the Commission believes it is reasonable, as it:
 - Reflects local market conditions
 - Recognizes the constraints associated with farming airport property
 - Provides stable, predictable revenue to the City

2. **Recommend City Council approval** of the agricultural lease agreement with Taylor Farms, as the proposed rental rate is consistent with regional market data and appropriately accounts for site limitations.
3. **Provide feedback on site management considerations**, including signage on the parcel historically mowed by Taylor Farms to reinforce removal of pet waste.

ATTACHMENTS:

Draft Lease Agreement

LEASE AGREEMENT

THIS LEASE AGREEMENT ("Lease") is made and entered into as of this ____ day of _____, 2026 (the "Effective Date"), by and between the City of Forest Lake, a Minnesota municipal corporation with its principal office at 1408 Lake Street South, Forest Lake, Minnesota 55025 ("Landlord") and Taylor Farms, LLC a Minnesota limited liability company with its principal office at 19650 Fenway Avenue North, Forest Lake, MN 55025 ("Tenant"). Landlord and Tenant may be referred to collectively herein as the parties" or each a "party".

ARTICLE 1: PROPERTY

Landlord, for and in consideration of the rents, covenants and conditions hereinafter contained to be performed and observed by Tenant, does hereby demise and lease to Tenant, to occupy and use for agricultural purposes only, the certain real property legally described on Exhibit A attached hereto (the "Property"). The Property includes Property A and Property B as follows:

- A. Property A. Property A shall consist of the following property identification numbers:
 - Parcel ID: 2003221430005
 - Parcel ID: 2903221230002
- B. Property B. Property B shall consist of the following property identification number:
 - Parcel ID: 2003221240002

ARTICLE 2: TERM

- A. Initial Term.
 - 1. Property A. Tenant shall have and hold Property A for and during a one-year term commencing on the Effective Date.
 - 2. Property B. Tenant shall have and hold Property B for and during a five-year term commencing on the Effective Date.
- B. Renewal.
 - 1. Property A. Lease shall automatically renew for a one-year term, up to four additional renewals unless either party provides notice in writing of intention not to renew this Lease at least sixty days prior to the expiration of the Initial Term or any subsequent Renewal Term.

ARTICLE 3: RENT

- A. Initial Annual Rent. Tenant shall pay to Landlord the sum of \$118.80 per acre. Base acreage for the initial year of this Lease is 109.9 acres for both Property A and Property B, for a total rent of \$13,056.12 to be paid on or before December 31, 2026.
- B. Subsequent Rent. Rent per acre shall increase annually by 2.5% as reflected in the amounts below and shall be paid by December 31 of each year:
 - Year 2: \$121.76 per acre (total annual rent: \$13,382.52)
 - Year 3: \$124.81 per acre (total annual rent: \$13,717.08)
 - Year 4: \$128.88 per acre (total annual rent: \$14,060.01)
 - Year 5: \$131.13 per acre (total annual rent: \$14,411.51)

ARTICLE 4: USE OF PROPERTY

The Property shall be used by Tenant for agricultural purposes only. Agricultural purposes shall be defined as the raising, cultivating, drying, or storing of agricultural crops for sale, or the storage of machinery or equipment used in support of crop production by the Tenant.

ARTICLE 5: TENANT RESPONSIBILITIES

Tenant agrees to the following:

- A. Engage in farming practices that are generally recommended and best adapted to this type of land and for this locality unless other practices are agreed upon.
- B. Apply recommended quantities of fertilizer at Tenant's expense to maintain soil fertility.
- C. Preserve established water courses, ditches, tile drains, tile outlets, grass waterways and terraces and refrain from any operation that will injure them and in the event of injury or damage to tile drains or outlets caused by Tenant to promptly repair same.
- D. Maintain the Property including the removal of debris, brush, dead trees, old fencing and the like as needed to effectively use the Property for agricultural use.
- E. Follow Landlord's rules and requests for farming practices that may affect the operation of the Forest Lake Municipal Airport.
- F. Apply for any and all USDA payments available or payable as a result of farming the Property.

- G. Shall not commit waste on, or damage to, the Property and will use due care to prevent others from doing so. Tenant shall also not commit a nuisance on the Property or permit others to do so; nor shall Tenant use the Property for any unlawful purpose or allow any other person to do so.

ARTICLE 6: TENANT'S ACCEPTANCE OF THE PROPERTY

Landlord shall not be obligated to construct or install any improvements in or to the Property. Landlord makes no representation, covenant or warranty of any kind, character or nature concerning the Property or otherwise. Tenant accepts the Property in "as-is", "where-is", and "with all faults" condition.

ARTICLE 7: ALTERATIONS, TITLE TO AND REMOVAL OF IMPROVEMENTS

Tenant may not make any alterations to the Property without Landlord's prior written consent.

Tenant shall have no authority to create or place any lien or encumbrance of any kind whatsoever upon or in any manner to bind the interest of the Landlord in the Property, and Tenant covenants and agrees promptly to pay all sums legally due and payable by it on account of any labor performed on the Property upon which any lien is or could be asserted.

ARTICLE 8: REPAIRS AND MAINTENANCE

Tenant shall, at all time during the Term and any extension thereof, at its own cost and expense, keep and maintain the Property.

ARTICLE 9: INSURANCE

Tenant hereby covenants and agrees that it shall at all times during the Term and any extension thereof, obtain and maintain and keep in force and effect the following insurance, a copy of which shall be provided to Landlord upon execution of this Lease by Tenant:

- A. General Liability Insurance. A comprehensive general liability insurance policy including includes products liability insurance and completed operations, contractual liability coverage, and personal injury and advertising coverage in the amount of \$1,500,000 per occurrence, \$2,000,000 aggregate on account of bodily or personal injuries, including death, or on account of property damage arising from or related to the use of the Property; and
- B. Business Automobile Liability Insurance: Business automobile liability insurance in the amount of at least \$1,500,000 per person, \$2,000,000 per accident on account of bodily and personal injury, including death, or on account of property damage arising from or caused, directly or indirectly, by Tenants acts or omissions in the performance of this agreement and covering the use of all automobiles, trucks, and other motor vehicles utilized by Tenant and Tenant's agents, employees or

volunteers in connection with this Lease. The insurance shall be a per occurrence policy.

Tenant shall provide evidence of such insurance prior to execution of this Agreement and at any subsequent time upon request of the Landlord.

ARTICLE 10: ASSIGNMENT AND SUBLETTING

Tenant shall not sublet, sell, assign, mortgage, pledge, or in any manner transfer this Lease or any estate or interest thereunder, without the prior written consent of Landlord. Any assignment or subletting permitted by Landlord hereunder shall not release Tenant from any of its Lease obligations.

ARTICLE 11: DEFAULT AND REMEDIES OF LANDLORD

If Tenant shall fail to: Promptly keep and perform any other obligations of this Lease, strictly in accordance with the terms of this Lease, and shall continue in default for a period of thirty (30) days after written notice thereof by Landlord of default and demand of performance, then and in any such event and as often as any such event shall occur; and upon such default: (1) Landlord may declare the Term or any extension thereof ended, and enter into said Property with process of law and expel Tenant or any person occupying the same in or upon said Property; such reentry shall not work a forfeiture of the rents to be paid nor affect the covenants to be performed by Tenant and (2) Landlord may recover damages including reasonable attorneys fees caused by the default.

ARTICLE 12: AMENDMENTS

No waivers, alterations or modifications of this Lease or any agreements in connection therewith shall be valid unless in writing duly executed by both Landlord and Tenant herein.

ARTICLE 13: RECORDING

This Lease shall not be recorded.

ARTICLE 14: SURRENDER OF PROPERTY

Tenant shall, after the last day of the Term or Extension Term, if applicable, or upon any earlier termination, surrender and yield the Property to Landlord and all personal property shall be removed.

Tenant agrees that Tenant shall be financially responsible for any and all personal property not removed upon termination of this Lease and Landlord shall have all rights and remedies at law and in equity to recover any damages, including reasonable attorney fees and costs, arising from Tenant's failure to remove personal property.

ARTICLE 15: SERVICE OF NOTICE

Every notice, approval, consent or other communication authorized or required by this Lease shall not be effective unless the same shall be in writing and sent postage prepaid by United States registered or certified mail, return receipt requested, as follows:

If to Landlord at:

City of Forest Lake
Attn: City Administrator
1408 Lake Street South
Forest Lake, MN 55025

With a copy to:

Amanda Johnson, City Attorney
Eckberg Lammers, P.C.
1809 Northwestern Avenue
Stillwater, MN 55082

If to Tenant at:

Taylor Farms, LLC
Attn: Daniel Taylor
19480 Fenway Ave N
Forest Lake, MN 55025

or to such other address as either party may designate by notice given from time to time in accordance with this Article 18. Any notice given in accordance with the provisions of this Article 15 shall be deemed to have been given as of the date occurring two (2) days after such notice shall have been placed for mailing with the United States Postal Service. The amounts payable by Tenant to Landlord hereunder shall be paid to the address designated by Landlord from time to time.

ARTICLE 16: HOLDING OVER

In the event Tenant continues to occupy the Property after the last day of the Term hereby created, or after the last day of the Extension Term, if applicable, Tenant shall pay all incidental and consequential damages, including reasonable attorney fees and costs, sustained by Landlord as a result of any such holdover, including but not limited to damages for the delay in Landlord's construction or demolition plans for the Property.

ARTICLE 17: CAPTIONS

The captions appearing in this Lease are inserted only as a matter of convenience and in no way define, limit, construe or describe the scope or intent of such Articles of this Lease or in any way affect this Lease.

ARTICLE 18: INVALIDITY OF PROVISIONS

If any term, covenant, condition or provision of this Lease or the application thereof, to any person or circumstance shall, at any time, or to any extent, be invalid or unenforceable, the remainder of

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

ARTICLE 19: LANDLORD'S ACCESS TO PROPERTY

Landlord shall have reasonable rights of access to the Property throughout the Term of this Lease and any extensions thereof, after reasonable notice and during normal business hours for the purpose of showing the Property to prospective purchasers, inspecting the condition thereof and/or the farming methods being used, to conduct surveys and/or wetland delineations and to conduct soil tests, including soil borings and other activities normally associated with land development practices all without doing undue damage to Tenant's growing crops. In the event of an emergency, Landlord shall have the immediate right to access the Property, without prior notice to Tenant.

ARTICLE 20: ENTIRE AGREEMENT

This Lease entered into between Landlord and Tenant as to the Property supersedes any and all other agreements, either oral or in writing, between the parties hereto with respect to the Property and it contains all of the covenants, agreements and other obligations between the parties in respect to said Property.

ARTICLE 21: LIABILITY OF LANDLORD

Landlord and its members, partners, officers, directors, shareholders, attorneys, parents and subsidiaries, related or affiliated corporations or other entities of Landlord will have absolutely no personal liability with respect to any provision of this Lease or any obligation or liability arising from this Lease.

ARTICLE 22: GOVERNING LAW; VENUE

This Lease will be governed by and construed according to the laws of the State of Minnesota. Any actions or proceedings arising under this Lease, in connection with the Property will be venued in state or federal courts located in Washington County, Minnesota, to the exclusion of all other venues. Tenant hereby expressly consents to the exercise of personal jurisdiction over Tenant by such courts.

ARTICLE 23: AUTHORITY

Landlord and Tenant hereby represent and warrant that each individual executing this Lease on behalf of said entity is duly authorized to execute and deliver this Lease on behalf of said entity and that this Lease is binding upon said entity in accordance with its terms.

ARTICLE 24: COUNTERPARTS

This Lease may be executed in counterparts, each of which shall be deemed an original, but which taken together shall constitute one and the same instrument. Electronic or facsimile signatures shall be deemed sufficient to create a binding obligation hereunder and shall have the same force and effect as an original signature of such party.

ARTICLE 30: HAZARDOUS MATERIALS

Tenant shall not keep or have in or on the Property any article or thing which is deemed "hazardous" or "extra hazardous" by any responsible insurance company or under federal, state or local law, rule, regulation, code or ordinance except in compliance with all requirements of applicable law. To the extent caused by Tenant or its employees, agents, or invitees, Tenant shall indemnify and save harmless Landlord against all liabilities, damages, claims, fines, penalties, costs and other expenses, including, reasonable attorneys' fees, which may be imposed upon, incurred by, or asserted against Landlord by reason of any use or condition of the Property or any part thereof, including, without limitation, liability resulting from the use, storage, generation, or release of any "hazardous substance," "hazardous waste," "pollutant" or "contaminant" (as such terms may be now or hereafter defined under any applicable federal, state, or local statute, ordinance, or regulation, collectively referred to as "Hazardous Material").

[Remainder of page intentionally left blank.]

IN WITNESS WHEREOF, the parties hereto have set their hands as of the day and year first above written.

LANDLORD:

CITY OF FOREST LAKE

By: _____

Blake Roberts

Its: Mayor

By: _____

Jolleen Chaika

Its: Interim City Administrator

TENANT:

TAYLOR FARMS, LLC

By: _____

Dan Taylor

Its: Owner

EXHIBIT A

Description of the Property

This Lease includes real property from the following property identification numbers:

Property A:

Parcel ID: 2003221430005

Parcel ID: 2903221230002

Washington County, Minnesota.

AND

Property B:

Parcel ID: 2003221240002

Washington County, Minnesota.

The portions of the aforementioned parcel identification numbers defined as the Property in this Lease are depicted in the map on the following page.

