

PROPERTY TAX INCENTIVE APPLICATION FOR
VANNA CON
(Ben Gleason)

SUGGESTED MOTION:

Move to approve the request for a property tax exemption submitted by Vanna Con to construct a new manufacturing facility located at 9700 39th Street South in Fargo for an exemption of 100% for five years.

OR

SUGGESTED MOTION:

Move to deny the request for a property tax exemption submitted by Vanna Con to construct a new manufacturing facility located at 9700 39th Street South in Fargo for an exemption of 100% for five years.

**Application For Property Tax Incentives For
New or Expanding Businesses**

N.D.C.C. Chapter 40-57.1

Project Operator's Application To Cass County
City or County

POSTMARK
SEP 20 2022

File with the City Auditor for a project located within a city; County Auditor for locations outside of city limits.

A representative of each affected school district and township is included as a non-voting member in the negotiations and deliberation of this application.

This application is a public record

Identification Of Project Operator

1. Name of project operator of new or expanding business Vanna Con

2. Address of project 9700 39th Street S, Fargo, ND 58104
City Fargo, County Cass

3. Mailing address of project operator 1710 26th street S
City Moorhead State MN Zip 56560

4. Type of ownership of project
 Partnership Subchapter S corporation Individual proprietorship
 Corporation Cooperative Limited liability company

5. Federal Identification No. or Social Security No. 85-3882794

6. North Dakota Sales and Use Tax Permit No. 85-388279401 *NA 09/19/2022*

7. If a corporation, specify the state and date of incorporation _____

8. Name and title of individual to contact Nick Lehr, Engagement Director
Mailing address 1710 26th street S
City, State, Zip Moorhead, MN, 56560 Phone No. 218-329-5392

Project Operator's Application For Tax Incentives

9. Indicate the tax incentives applied for and terms. Be specific.

<input checked="" type="checkbox"/> Property Tax Exemption	<input type="checkbox"/> Payments In Lieu of Taxes
<u>5</u> Number of years	Beginning year _____ Ending year _____
<u>100%</u> Percent of exemption	Amount of annual payments (attach schedule if payments will vary)

10. Which of the following would better describe the project for which this application is being made:
 New business project Expansion of a existing business project

Description of Project Property

11. Legal description of project real property

T 3 BLK 1 Commerce ON I29 Addition. Parcle ID 64047500030000

12. Will the project property be owned or leased by the project operator? Owned Leased

If the answer to 12 is leased, will the benefit of any incentive granted accrue to the project operator?

Yes No

If the property will be leased, attach a copy of the lease or other agreement establishing the project operator's benefits.

13. Will the project be located in a new structure or an existing facility? New construction Existing facility

If existing facility, when was it constructed? _____

If new construction, complete the following:

a. Estimated date of commencement of construction of the project covered by this application November 2022

b. Description of project to be constructed including size, type and quality of construction
64,960 sq ft, Pre engineered, Insulated, Liner pannel building.

c. Projected number of construction employees during the project construction 100

14. Approximate date of commencement of this project's operations November 2023

15. Estimated market value of the property used for this project:

a. Land..... \$ 750,000

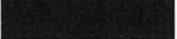
b. Existing buildings and structures for which an exemption is claimed..... \$ 0

c. Newly constructed buildings and structures when completed \$ 6300000

d. Total..... \$ 7050000

e. Machinery and equipment \$ 0

16. Estimate taxable valuation of the property eligible for exemption by multiplying the market values by 5 percent:

a. Land (not eligible) 

b. Eligible existing buildings and structures..... \$ 0

c. Newly constructed buildings and structures when completed..... \$ 6300000

d. Total taxable valuation of property eligible for exemption (Add lines b and c)..... \$ 365000

e. Enter the consolidated mill rate for the appropriate taxing district 0.30

f. Annual amount of the tax exemption (Line d multiplied by line e) \$ 108,043.65

Description of Project Business

Note: "project" means a newly established business or the expansion portion of an existing business. Do not include any established part of an existing business.

17. Type of business to be engaged in: Ag processing Manufacturing Retailing
 Wholesaling Warehousing Services

18. Describe in detail the activities to be engaged in by the project operator, including a description of any products to be manufactured, produced, assembled or stored (attach additional sheets if necessary).

Manufacturing of off grid 4-season camper vans, mobile offices and mobile medical units.

19. Indicate the type of machinery and equipment that will be installed

Lifts, Paint booths, CNC, Design tools, Wire cutting and upholstery stations.

20. For the project only, indicate the projected annual revenue, expense, and net income (before tax) from either the new business or the expansion itself for each year of the requested exemption.

Year (12 mo. periods)	New/Expansion Project only	New/Expansion Project only	New/Expansion Project only	New/Expansion Project only	New/Expansion Project only
	<u>Year 1</u>	<u>Year 2</u>	<u>Year 3</u>	<u>Year 4</u>	<u>Year 5</u>
Annual revenue	<u>3715000</u>	<u>13000000</u>	<u>30000000</u>	<u>40000000</u>	<u>60000000</u>
Annual expense	<u>2861710</u>	<u>9238000</u>	<u>20332000</u>	<u>26685000</u>	<u>39285000</u>
Net income	<u>853560</u>	<u>3762000</u>	<u>9668000</u>	<u>13315000</u>	<u>20715000</u>

21. Projected annual average number of persons to be employed by the project itself at the project location for each year for the first five years and the estimated annual payroll.

Year	Company-wide (before project)	New/ Expansion Project only	New/ Expansion Project only	New/ Expansion Project only	New/ Expansion Project only	New/ Expansion Project only
		<u>Year 1</u>	<u>Year 2</u>	<u>Year 3</u>	<u>Year 4</u>	<u>Year 5</u>
No. of Employees	(1) <u>30</u>	<u>60</u>	<u>60</u>	<u>60</u>	<u>60</u>	<u>60</u>
	(2) _____	_____	_____	_____	_____	_____
Estimated payroll	(1) <u>1151650</u>	<u>2410000</u>	<u>2410000</u>	<u>2410000</u>	<u>2410000</u>	<u>2410000</u>
	(2) _____	_____	_____	_____	_____	_____

(1) - full time
(2) - part time

Previous Business Activity

22. Is the project operator succeeding someone else in this or a similar business? Yes No
23. Has the project operator conducted this business at this or any other location either in or outside of the state?
 Yes No
24. Has the project operator or any officers of the project received any prior property tax incentives? Yes No
- If the answer to 22, 23, or 24 is yes, give details including locations, dates, and name of former business (attach additional sheets if necessary).
-
-

Business Competition

25. Is any similar business being conducted by other operators in the municipality? Yes No
- If YES, give name and location of competing business or businesses
-
-
-

Property Tax Liability Disclosure Statement

26. Does the project operator own real property in North Dakota which has delinquent property tax levied against it? Yes No
27. Does the project operator own a greater than 50% interest in a business that has delinquent property tax levied against any of its North Dakota real property? Yes No
- If the answer to 26 or 27 is Yes, list and explain
-
-

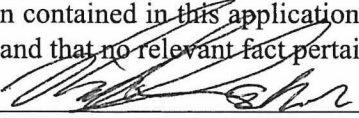
Use Only When Reapplying

28. The project operator is reapplying for property tax incentives for the following reason(s):
- To present additional facts or circumstances which were not presented at the time of the original application
 - To request continuation of the present property tax incentives because the project has:
 - moved to a new location
 - had a change in project operation or additional capital investment of more than twenty percent
 - had a change in project operators
 - To request an additional annual exemption for the year of _____ on structures owned by a governmental entity and leased to the project operator. (See N.D.C.C. § 40-57.1-04.1)

Notice to Competitors of Hearing

Prior to the hearing, the applicant must present to the governing body of the county or city a copy of the affidavit of publication giving notice to competitors unless the municipality has otherwise determined there are no competitors.

I, Nick Lehr, do hereby certify that the answers to the above questions and all of the information contained in this application, including attachments hereto, are true and correct to the best of my knowledge and belief and that no relevant fact pertaining to the ownership or operation of the project has been omitted.



Signature

Engagement Director

Title

9/19/2022

Date

PRIVACY ACT NOTIFICATION

In compliance with the Privacy Act of 1974, disclosure of a social security number or Federal Employer Identification Number (FEIN) on this form is required under N.D.C.C. §§ 40-57.1-03, 40-57.1-07, and 57-01-15, and will be used for tax reporting, identification, and administration of North Dakota tax laws. Disclosure is mandatory. Failure to provide the social security number or FEIN may delay or prevent the processing of this form.

Certification of Governing Body (To be completed by the Auditor of the City or County)

The municipality shall, after granting any property tax incentives, certify the findings to the State Tax Commissioner and Director of Tax Equalization by submitting a copy of the project operator's application with the attachments. The governing body, on the _____ day of _____, 20____, granted the following:

Property Tax Exemption

Payments in lieu of taxes

_____ Number of years

_____ Beginning year

_____ Ending year

_____ Percent of exemption

_____ Amount of annual payments (Attach schedule if payments will vary)

Auditor

Kaushagen, Taylor

From: Ryan Aasheim <raasheim@fmedc.com>
Sent: Wednesday, November 16, 2022 8:47 AM
To: Wilson, Robert
Cc: Kaushagen, Taylor
Subject: RE: Vanna Vans follow up
Attachments: Vanna Real Estate to Vanna Conversions (1).pdf; Letter of Intent-Vanna RE to Vanna Conversions (1).pdf

CAUTION: EXTERNAL EMAIL

Robert, please find attached a draft copy of the lease agreement between the landlord and Vanna Conversion (operator). I have only read through this really quickly this morning so have not had a chance to thoroughly review everything contained within. The specifics around how taxes will be paid can be found on page 6. It looks like the tenant (Vanna Conversions) is responsible for paying all taxes on the property so it would seem that all the benefit of a PILOT would inherently accrue to Vanna Conversions.

Regarding infrastructure, I spoke with Jim Gilmour at the City of Fargo yesterday. He updated me that the city did approve the authorization to build sewer infrastructure and pipe to the 100th Ave development. My understanding is that the developer will be responsible for most if not all of the costs of the buildout and that the developer is fine with this as it will be cheaper over time than the current costs to truck sewage away regularly.

Let me know if you have any questions or concerns on this, Robert or if anything here does not satisfy the requirements for this matter on next week's Commission meeting.

Ryan Aasheim

Chief Business Development Officer

Greater Fargo Moorhead EDC

51 Broadway, Suite 500 | Fargo, ND 58102
Direct: (701) 364-1919 | Cell: (701) 371-8354



From: Wilson, Robert <WilsonRo@casscountynd.gov>
Sent: Tuesday, November 15, 2022 2:41 PM
To: Ryan Aasheim <raasheim@fmedc.com>
Cc: Kaushagen, Taylor <KaushagenT@casscountynd.gov>
Subject: RE: Vanna Vans follow up

Ryan,

Just following up on our conversation yesterday. The Commission voted not to participate until more information is provided. Please forward a copy of the lease agreement once you have it and we will schedule this item for additional

consideration. We would anticipate having this on the agenda for our upcoming meeting on 11/21 if we can get a copy of the lease agreement by tomorrow.

I think it would be helpful if both you and the owners are in attendance. Also, if there is any additional information about bring engineering infrastructure to the site, that would be helpful. I believe the city made an announcement regarding that the day after our last meeting.

Thanks,
Robert

From: Ryan Aasheim <raasheim@fmedc.com>
Sent: Wednesday, November 9, 2022 2:17 PM
To: Wilson, Robert <WilsonRo@casscountynd.gov>
Subject: Vanna Vans follow up

CAUTION: EXTERNAL EMAIL

Robert, wondering if you might have a moment in the next day or two to recap the situation with Vanna Vans and understand if there is anything we can do to help support the process. Feel free to give me a call if you have a moment.

Ryan Aasheim

Chief Business Development Officer
Greater Fargo Moorhead EDC
51 Broadway, Suite 500 | Fargo, ND 58102
Direct: (701) 364-1919 | Cell: (701) 371-8354



Date: September 9th, 2022

Vanna Conversions, LLC

RE: New Vanna Headquarters in Fargo, ND

We are pleased to provide you with the following Letter of Intent to lease space in the above referenced property. Please confirm that you are willing to negotiate a mutually acceptable lease agreement by executing a copy of this LOI where indicated below and returning it to the undersigned. Execution of this LOI shall not obligate either party to accept any particular terms, but Landlord's initial lease draft will generally be consistent with those terms described in this LOI. It is expressly agreed the form and content of the lease agreement must be mutually acceptable to both parties and their respective counsel and that neither party shall have any binding obligations towards or with the other until and unless they execute a mutually acceptable definitive Lease form.

Vanna Conversions, LLC, or assigns, ("Tenant"), with a mailing address of 1710 26th Street S, Unit E, Moorhead, MN 56560, hereby agrees to lease from Vanna Real Estate, LLC, ("Landlord") the space described below under the terms set forth.

The proposed terms are as follows:

PREMISES: 9700 39 Street South, Fargo, ND

PERMITTED USE: Conversion van business

APPROXIMATE SIZE: 64,960 sf

TERM: 20 years

POSSESSION DATE: Upon completion of construction

RENT COMMENCEMENT: Upon completion of construction

BASE RENTAL RATE: The Base Annual Rent for years 1 through 5 will be determined by multiplying the Total Development Costs (as hereinafter defined), less Tenant Improvement Contribution, by nine percent (9%) representing a constant annual return to the Landlord.

For the purpose of this lease, Total Development Costs shall be defined to mean out of pocket costs of the Landlord in the development of the Leased Premises, including the following:

- Land a) \$1,000,000
- Project Costs b) Architectural and Engineering fees equal to 3% of the Project Hard Costs;
c) Permit fees; including any and all fees charged by governmental agencies for review of plans and/or issuance of building permits or approvals;
d) Construction interest, paid by Landlord from the date the lease is signed by both parties to the Rental Commencement Date of the Lease. Loan fees and origination costs shall also be allowed;
- Project Hard Costs e) All construction costs for the erection of the contemplated building and for all on-site and off-site work. General contractor fees shall not exceed ten (10%) percent of the sum of the Project Soft Costs and Project Hard Costs as defined herein; and,

Monthly Base Rent for years 6-10 shall be equal to one hundred ten (110%) percent of the Base Rent for month 60 of the Lease; years 11-15 shall be equal to 110% of the Base Rent for month 120 of the Lease; years 16-20 shall be equal to 110% of the Base Rent for month 180 of the Lease.

OPTIONS: Two (2) five (5) year renewal options with a 110% increase in Base Rent

SECURITY DEPOSIT:

UTILITIES: Paid by Tenant

TAXES AND INSURANCE: Paid by Tenant

MAINTENANCE: By Tenant

GUARANTOR: Jason Gilbraith and Ben Gleason

PURCHASE OPTION: Provided Tenant is not in default under the terms of the Lease, Tenant, or its assigns, shall have the option to purchase the Building at any time following execution of a Lease and commencing on the Commencement Date through

the first 5-years of this lease, when this Purchase Option shall expire. This option shall be deemed fully exercised if written notice of election of purchase ("Notice of Election") is given by Tenant to Landlord on or before 5 years from the Commencement Date. Tenant must provide Notice of Election 120 days prior to the Date of Closing. The Purchase Price definition shall be equal to Total Development Costs plus a 12% annualized return on Landlord equity measured from start of construction. The Date of Closing shall govern the full acquisition price as agreed to as follows:

<u>Date of Closing:</u>	<u>Full Acquisition Price</u>
Lease year 1 or earlier	Purchase Price
Lease year 2	Purchase Price plus 3%
Lease year 3	Purchase Price plus 6%
Lease year 4	Purchase Price plus 9%
Lease year 5	Purchase Price plus 12%

By signing this Letter of Intent, I certify that I have the authority to enter into this agreement on behalf of the Landlord and Tenant.

The terms of this proposal are approved this _____ day of _____, 2022.

TENANT:
Vanna Conversions, LLC

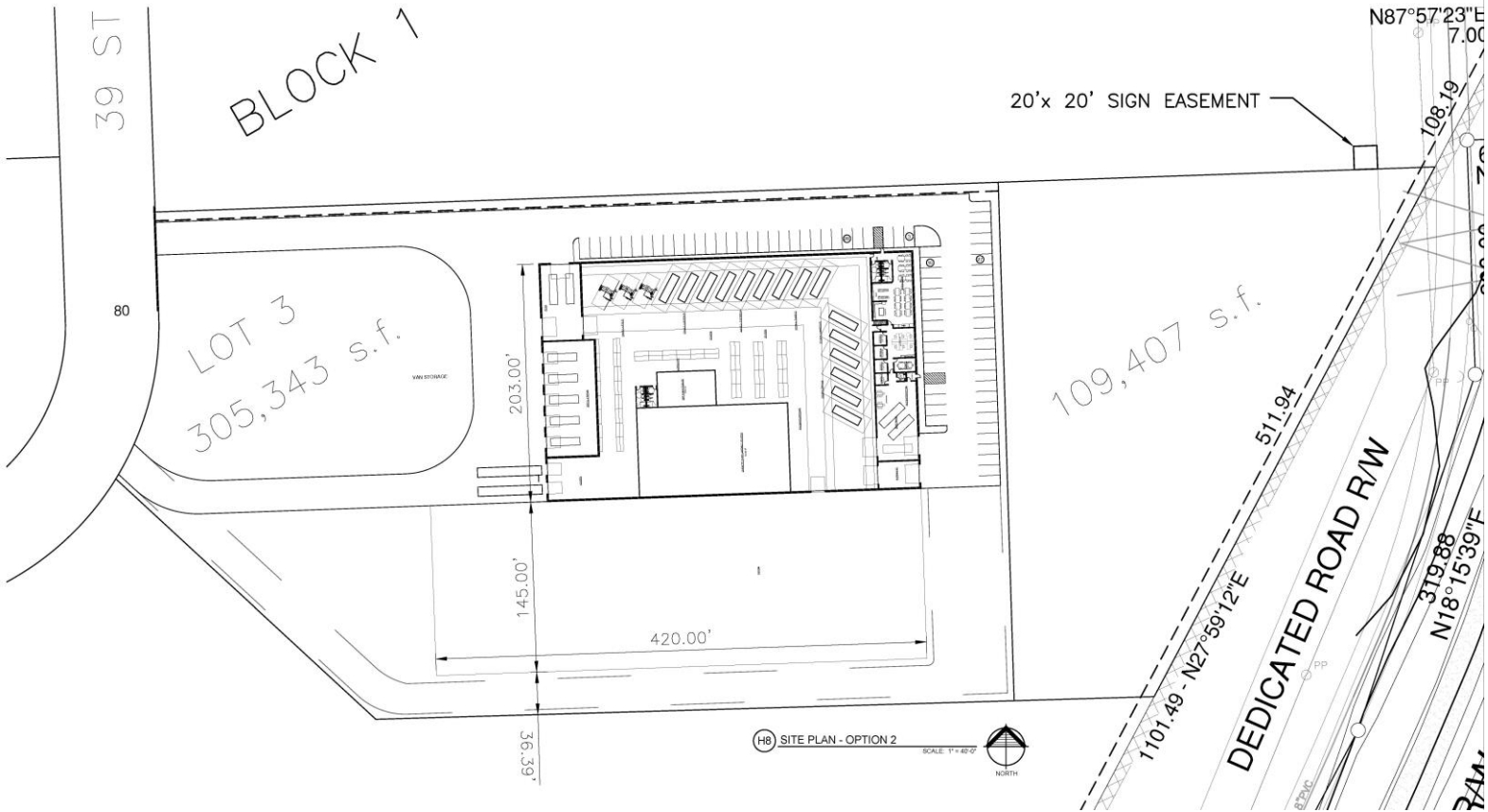
LANDLORD:
Vanna Real Estate, LLC

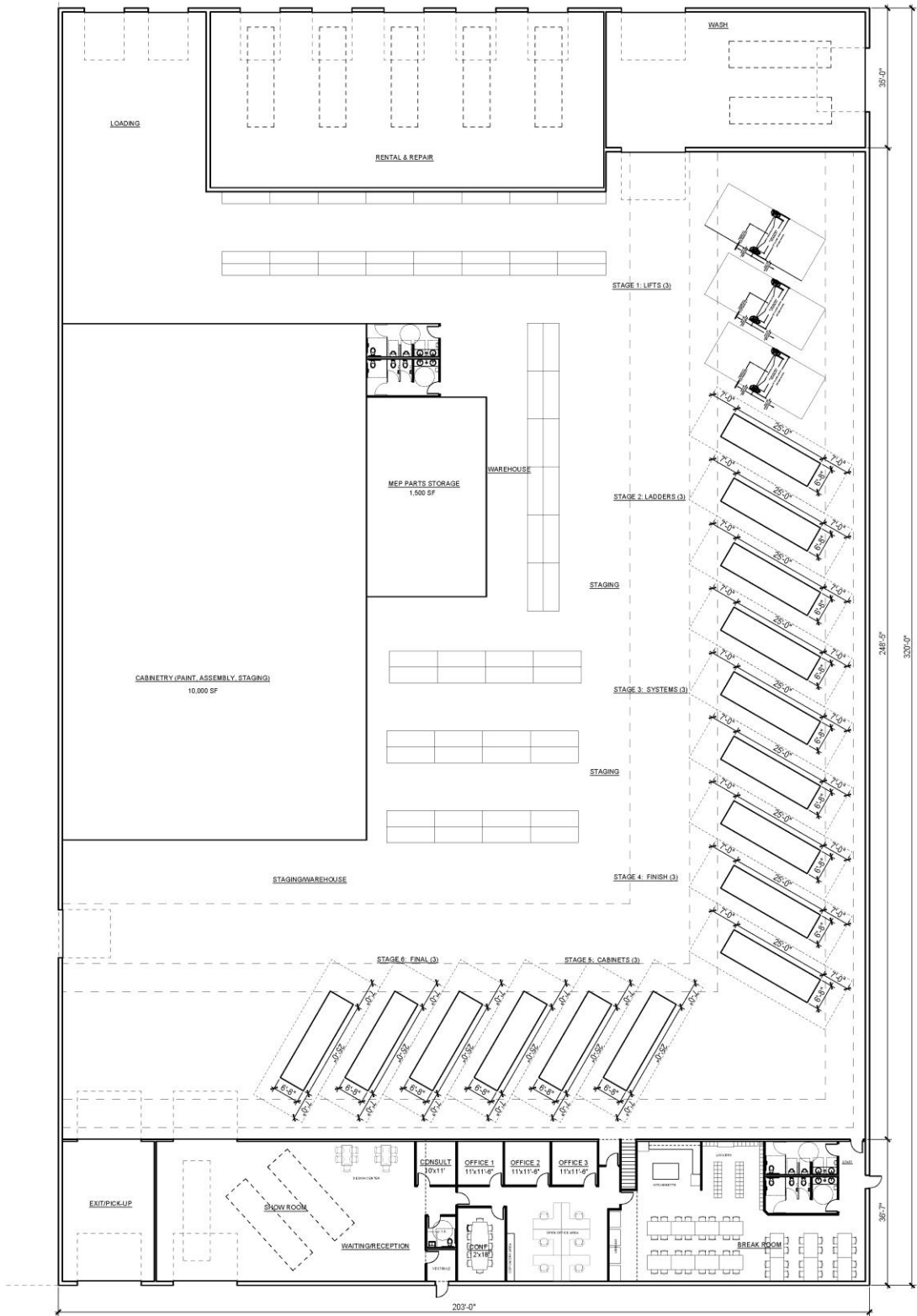
By: Jason Galbraith
Its: Owner

By: Kevin Christianson
Its: President

By: Ben Gleason
Its: Owner

Exhibit A





K6 FLOOR PLAN - OPTION 5
 SCALE: 1/16" = 1'-0"
 NORTH

Vanna Real Estate,
LLC

Lease

Vanna Conversions,
LLC

9700 39th Street S
Fargo, ND

LEASE AGREEMENT

THIS AGREEMENT ("Lease") by and between Vanna Real Estate, LLC, a North Dakota limited liability company, having its principal offices at 4609 33rd Ave S, Suite 400, Fargo, North Dakota 58104 ("Landlord") and Vanna Conversions, LLC, having its principal offices at 1710 26th Street S, Unit E, Moorhead, MN 56560 ("Tenant"), is hereby made as of the Effective Date (defined herein).

1. Recitals. The parties make the following declarations:

- A. Tenant desires to lease a building consisting of approximately 64,960 square feet (the "Leased Premises") to be located on a portion of Lot 3, Block 1, Commerce on I29 Addition to the City of Fargo, County of Cass, State of North Dakota. The Building is identified on the site plans ("Site Plan") attached hereto as Exhibit A. The Building is also referred to as the "Center" in this Lease, and shall mean the same structure;
- B. Landlord and Tenant desire to set forth their understanding of the terms and conditions upon which Landlord will lease to Tenant and Tenant will lease from Landlord the Leased Premises.

2. Definitions. For purposes of this Agreement the following terms are agreed to and have the meaning set forth herein:

- A. Commencement Date: The Commencement Date shall be the earlier of (i) substantial completion, or (ii) the date Tenant opens for business.
- B. Term: Two Hundred Forty (240) calendar months, commencing with the first day of the first Lease Year and terminating on the last day of the Two Hundred Fortieth (240th) month, thereafter.
- C. Landlord's Work: The Landlord's Work is defined in Paragraph 10 and Exhibit B attached hereto.
- D. Lease Year: Each twelve-month period of the Term, which commences on THE COMMENCEMENT DATE AND EACH SUCCESSIVE ANNIVERSARY THEREOF.
- E. Base Rent: The Base Annual Rent for years 1 through 5 will be determined by multiplying the Total Development Costs (as hereinafter defined) by nine percent (9%) representing a constant annual return to the Landlord.

For the purpose of this lease, Total Development Costs shall be defined to mean actual out of pocket costs of the Landlord in the development of the Leased Premises, including the following:

- Land a) \$1,000,000.00;
- Project Soft Costs b) Architectural and Engineering fees equal to 3% of the Project Hard Costs;
- c) Permit fees; including any and all fees charged by governmental agencies for review of plans and/or issuance of building permits or approvals;
- d) Construction interest, paid by Landlord from the date the lease is signed by both parties to the Rental Commencement Date of the Lease. Loan fees and origination costs shall also be allowed;
- Project Hard Costs e) All construction costs for the completion of the contemplated building and for all on-site and off-site work. General contractor fees shall not exceed ten (10%) percent of the sum of the Project Soft Costs and Project Hard Costs as defined herein; and

Monthly Base Rent for years 6-10 shall be equal to one hundred ten (110%) percent of the Base Rent for month 60 of the Lease; years 11-15 shall be equal to 110% of the Base Rent for month 120 of the Lease; years 16-20 shall be equal to 110% of the Base Rent for month 180 of the Lease.

- F. Tenant's Share of Operating Costs and Share of Real Estate Taxes: See Paragraphs 6 and 7 herein.
- G. Leased Premises Rentable Square Footage: 64,960 rentable square feet, as depicted on Exhibit A-1; provided, however, the final rentable square footage of the Leased Premises shall be certified on the Lease Confirmation attached hereto as Exhibit I.
- H. Rentable Square Footage: Initially is 64,960 square feet.
- I. Guaranties: Executed Guaranties signed by Jason Gilbraith and Ben Gleason (individually as "Guarantor" collectively, "Guarantors") to be delivered to Landlord securing Tenant's obligations under the terms of this Lease.
- J. Insurance Limits:

	<u>Liability insurance:</u>
	Minimum of the following:
(i) Landlord furnished	\$2,000,000.00 combined single limit;
(ii) Tenant furnished	\$2,000,000.00 combined single limit.
- K. Authorized Business: Tenant may use the Leased Premises for a conversion van business (The "Authorized Business").
- L. Exhibits: The following are attached and incorporated by reference in the Lease:
 - 1. Exhibit A - Site Plan of the Center and Leased Premises

2. Exhibit A-1 - Floor Plan
3. Exhibit B - Landlord's Work
4. Exhibit C - Acceptance of Leased Premises
5. Exhibit D – Guaranties
6. Exhibit E - Tenant's Plans and Specifications – Intentionally Deleted
7. Exhibit F – Rules & Regulations
8. Exhibit G - Memorandum of Lease
9. Exhibit H - Subordination Non-Disturbance and Attornment Agreement ("SNDA")
10. Exhibit I - Lease Confirmation Certificate
11. Exhibit J – Sign Criteria

M. Renewal or Extension Option: Tenant shall have two (2) options to renew this Lease for a term of five (5) years each. Tenant must provide Landlord a one hundred eighty (180) days advance notice indicating its intention to exercise an option to renew this Lease, or any extension thereof. All terms and conditions of a renewed Lease shall remain the same, except that a negotiation of rents shall take place between the Landlord and the Tenant. The base rent of a Lease renewed under this paragraph shall be as follows:

- Option One: 110% of the year 20 rents
- Option Two: 110% of Option One amount

N. Security Deposit: Not required.

3. Lease; Lease Term. Landlord leases the Leased Premises to Tenant and Tenant takes the Leased Premises from Landlord, subject to and together with, the terms and conditions hereinafter set forth. The Lease Term shall commence on the Commencement Date, and as certified on the Commencement and Expiration Date Certification to be executed by Landlord and Tenant in the form attached hereto as Exhibit I, and continue until the end of the Lease Term, unless earlier terminated as hereinafter provided, subject to any Renewal Option, hereafter provided to Tenant to extend the Lease Term for the rental and upon terms and conditions herein provided as to said option.

4. Use. The Leased Premises will be used during the Lease Term only for the purpose of the Authorized Business set forth in paragraph 2, and for no other purpose whatsoever without the prior written consent of Landlord, which Landlord can deny in its sole

discretion. The Tenant shall operate the Leased Premises pursuant to the Rules and Regulations attached hereto as Exhibit F. The Rules and Regulations shall neither nullify nor modify the terms of the Lease. In the event of a conflict between Exhibit F and the terms of the Lease, the Lease shall control.

5. Rent.

- A. Tenant's Obligations to Pay Rent. Tenant will, without the requirement of any notice by Landlord, pay to Landlord, or to such other party or parties to whom Tenant is directed by written notice given to Tenant by Landlord, the rents (as defined herein) in the amounts and at the times hereinafter set forth, without any right of offset, setoff or counterclaim whatsoever against those rents. All rents and other sums due to be paid to Landlord hereunder shall be paid in lawful currency of the United States of America, to Landlord at the address set forth below, unless otherwise directed by Landlord. The term "rents" as used herein shall include Base Rent, Additional Rent, Taxes and Landlord's Insurance; as such terms are defined herein.

Landlord's address for the payment of rents is as follows:

Vanna Real Estate, LLC
c/o Property Resources Group
4609 33rd Ave S, Suite 400
Fargo, ND 58104

- B. Base Rent. Tenant shall pay Landlord the Base Rent set forth in Paragraph 2E, commencing with the Commencement Date and continuing thereafter through, for and during each Lease Year of the Lease Term in twelve monthly installments, on the first day of each month.

If the Lease Term commences on a day other than the first day of a calendar month and/or expires or otherwise terminates on a day other than the last day of a calendar month, the Base Rent for such month shall be prorated accordingly.

- C. Additional Rent. Tenant shall pay 100% of all operating costs associated with the care, repair and maintenance of the Building (as set forth herein).
- D. Holding Over. In the event that Tenant does not vacate the Leased Premises upon the expiration or earlier termination of this Lease, Tenant shall be a month to month tenant at will for the holdover period. All of the terms and provisions of this Lease shall be applicable during that period, except Tenant shall pay Landlord as Base Rent for the period of such holdover an amount equal to 120% of the Base Rent which would have been payable by Tenant immediately prior to such holdover. The rent payable during the holdover period shall be payable to Landlord on demand, and Tenant shall pay all other amounts due from Tenant under the terms of this Lease as if no holdover existed, plus all damages by Landlord by reason of Tenant's retention of possession of the Leased Premises. Additionally, Tenant shall remain liable to Landlord and

hereby agrees to indemnify, defend, protect, save and hold harmless Landlord from and against any and all loss, cost, damage, expense, demand, penalty, claim, action, suit, judgment, fine or liability whatsoever including, without limitation, court costs and reasonable attorneys' and other professional fees, imposed upon, incurred by, or asserted against Landlord in any way related to or arising out of any holdover by Tenant, its assignees, sub-tenants, successors or other transferees. Landlord shall retain all of its rights and remedies against Tenant during any holdover period. In no event shall there be any renewal of this Lease by operation of law if Tenant remains in possession of the Leased Premises after the expiration of the term of this Lease.

Tenant shall continue to pay Additional Rent during the holdover period. Upon expiration or earlier termination of this Lease, Tenant agrees to vacate and deliver the Leased Premises to Landlord upon Tenant's receipt of notice from Landlord to vacate, leaving the Leased Premises in the condition required herein. No holding over by Tenant, whether with or without the consent of Landlord, shall operate to extend the term of this Lease.

E. Late Fee. Other remedies for nonpayment of rent notwithstanding, if the monthly Base Rent or any Additional Rent is not received by Landlord on or before the fifth (5) day of the month for which the Base Rent or Additional Rent is due, or any other payment due Landlord by Tenant is not received by Landlord on or before the fifth (5th) day of the month next following the month in which Tenant was invoiced, a late payment charge of five percent (5%) of such past due amount shall become due and payable in addition to such amounts owed under this Lease.

6. Tenant shall be responsible for all costs of every nature whatsoever for the upkeep, repair, replacement, servicing and securing the Leased Premises, including but not limited to HVAC, snow removal, landscaping and all maintenance and operating costs associated with the Leased Premises and association costs for the development.

7. Taxes and Special Assessments. Tenant shall pay Taxes upon the Premises (i.e., land and building) during the Lease Term, whether levied and/or pending prior to or after the Commencement Date. As used in this Paragraph, the term "Taxes" shall mean and include all real estate taxes, other taxes, (including income tax or tax of a similar nature which may be imposed against Landlord in lieu of real estate taxes or assessments as currently charged), general or special assessments, and all reasonable costs and fees incurred in contesting or negotiating with public authorities as to any of the same, to the extent of any savings achieved thereby.

Tenant shall pay, prior to the due date thereof, all real and personal property taxes and sales and use taxes due upon Tenant's machinery, equipment, inventory, or other personal property or assets of Tenant, and upon all trade fixtures and leasehold improvements installed by Tenant directly to the appropriate government authority. Any tax increment financing proceeds shall be the sole property of the Landlord with Tenant having no claim thereto.

If Tenant fails to pay taxes prior to the due date(s), Landlord may elect to pay taxes. Tenant shall reimburse Landlord for Taxes plus a 5% penalty, within 30 days following Landlord's written request for same, which request shall be accompanied by reasonable evidence the same have been paid and a detailed accounting for the components of the requested amount.

8. Insurance. All policies of insurance required hereunder shall be issued by insurer(s) licensed to do business in the state of North Dakota, with a current A.M. Best Company rating of at least A-VII.

8.1 During the Term and for any additional time that Tenant possesses or is otherwise responsible for all or any portion of the Leased Premises, Tenant shall obtain and maintain at its expense the following types and amounts of insurance:

A. Commercial Liability Insurance. Tenant shall obtain and maintain insurance for bodily injury, property damage, personal and advertising injury arising from the occupancy, operation, use, and maintenance of the Leased Premises. This insurance shall be maintained for not less than \$2,000,000 per occurrence bodily injury and property damage, \$2,000,000 for personal and advertising injury, and \$5,000,000 annual aggregate. The Landlord shall be named as an additional insured on such insurance policies.

Tenant shall also obtain and maintain Fire Legal and Water Damage Legal Liability insurance with limits of not less than \$100,000.

The insurance required in this Section 8.1(c) is to be provided on a policy or policies utilizing, at a minimum, the same wording as contained in a standard ISO commercial general liability forms with an edition date of 2000 or earlier, with ISO forms with an edition later than 2000 being deemed to comply with this requirement. Landlord shall be given written notice of all exclusionary endorsements attached to any of the policies referenced in this Section 8.1(c).

B. Other Insurance. Tenant agrees to obtain, at its sole cost and expense, a so-called "all-risk" "extended coverage" casualty insurance policy upon Tenant's trade fixtures, personal property and all other contents in the Building in amounts equal to the full replacement cost thereof (collectively, "Landlord's Insurance"). Upon request, Tenant shall furnish Landlord with a certificate of insurance for same.

In the event that Tenant would perform any alterations to the Leased Premises requiring Landlord's consent hereunder or engage in any other activity at the Leased Premises or the Building that is outside of the operation of the Authorized Business in compliance with the provisions of this Lease, Tenant shall provide Landlord with advance written notice of such activity. Tenant shall, as a condition to engaging in such activity, provide and keep in force such other insurance in such amounts that may thereby be required by Landlord against other insurance risks as are commonly insured against for the type of

such activity by Tenant.

In the event Tenant makes any alterations pursuant to Paragraph 10 or otherwise, Tenant shall require each contractor and subcontractor performing operations on the Building to maintain the same Commercial Liability insurance and limits described in subpart A above, with the sole exception being that the annual aggregate is to be no less than \$2,000,000. Each contractor and subcontractor shall be required by Tenant to include as additional insureds, Landlord, its agents, and others designated by Landlord as additional insureds. The endorsement to be required for this purpose shall be the standard endorsement of the Insurance Services Office, Inc (ISO) CG 2010, including completed operations coverage, or CG 2026, without modification, or one providing the same coverage, on a primary basis.

- C. Miscellaneous. All liability insurance provided by Tenant as required under subpart (A) of this Section shall include by endorsement Landlord, its agents, the manager of the Building, if any, and any persons, firms, corporations or other legal entities having an insurance interest designated by Landlord, from time to time, as additional insureds. The endorsement for these interests shall be the standard endorsement of the Insurance Services Office, Inc., entitled: "Additional Insured - Managers or Lessors of Leased Premises, CG 20 11 11 85," or some other endorsement providing the same coverage on a primary basis. All liability insurance coverage required under subpart C of this Section shall apply to Landlord and other insureds on a primary basis.

Tenant shall only maintain such deductibles or self-insured retentions applicable to property and liability insurance coverages as are applicable as of the date hereof, or as may thereafter be increased if approved by Landlord in Landlord's sole discretion. Tenant shall have sole responsibility for the payment of all deductibles or self-insured retentions, and all policies of insurance that include deductibles or self-insured retentions shall clearly state that such deductibles and self-insured retentions apply only to Tenant and not to Landlord.

If Tenant refuses or neglects to obtain and maintain the insurance coverages complying with the provision of this Section 8.1, Landlord may, but shall not be required to, obtain and maintain such insurance coverages, and Tenant shall pay the cost thereof to Landlord, as Additional Rent, upon demand. Notwithstanding the foregoing, Tenant shall have the right to forgo the purchase of insurance not otherwise required.

Failure of Landlord to take any action pursuant to any requirement for the maintenance or procurement of insurance, including but not limited to a failure to establish the existence of such insurance coverage at any time, or to inform Tenant of non-compliance with this Section 8.1, shall not be considered as a waiver of any rights and imposes no obligation or liability on Landlord.

- D. Change in Coverage. Landlord and Tenant acknowledge that the standard forms of insurance policies and their endorsements may change following the execution and delivery of this Lease. In the event of any such change, Tenant shall maintain such insurance policies and endorsements and shall provide to Landlord and other loss payees or additional insureds referenced herein insurance coverage for the same risks, and to the same degree, as required herein.
- E. Certificates of Insurance. Copies of certificates of insurance shall be delivered to Landlord within ten (10) days following the written request for same by Landlord.

8.2 The insurance requirements under Paragraph 8.1 of the Lease and the indemnity requirements contained in the Lease shall apply during the Tenant's possession and construction contemplated by this Lease, and Tenant shall provide evidence of appropriate insurance coverage prior to beginning any of Tenant's Work (as such term is defined in Paragraph 10 herein). In addition, and without limiting the generality of the immediately preceding sentence, at Landlord's option, Landlord may require that prior to beginning any of Tenant's Work, Tenant shall provide or cause its contractors to provide Landlord with evidence of insurance coverage against damage to the insuring party's personal property, as well as against third party liability and worker's compensation claims arising out of all construction and associated activities. All policies of insurance shall be subject to Landlord's prior commercially reasonable approval and shall be endorsed showing Landlord and such agent or agents as Landlord may designate as additional insured (or, if permitted by Landlord, may provide a waiver of subrogation against Landlord).

8.3 Landlord's Insurance. Landlord agrees to obtain so a so-called "all-risk" "extended coverage" casualty insurance policy upon the Building in amounts equal to the full replacement cost (collectively, "Landlord's Insurance"). Tenant shall reimburse Landlord for the premium cost of Landlord's Insurance. Tenant shall reimburse Landlord for Landlord's Insurance, within 30 days following Landlord's written request for same, which request shall be accompanied by reasonable evidence the same have been paid and a detailed accounting for the components of the requested amount. Upon request, Landlord shall furnish Tenant with a certificate of insurance for Landlord's Insurance.

9. Utilities. Tenant shall be responsible for all water, gas, sewer, electricity, and other utilities used by it at the Leased Premises, including hookup or start-up fees and water and sewer connection fees or charges. Tenant shall replace all electric lamps used on the Leased Premises, exclusive of the initial set of such bulbs, which shall be furnished by Landlord upon its delivery of the Leased Premises. Tenant shall be responsible for all normal repair and maintenance of utility lines located within and exclusively serving the Leased Premises from the point of connection to the Leased Premises. Tenant shall, at its sole cost and expense, enter into a contract for garbage collection from the Leased Premises.

10. Landlord's Work and Tenant's Work.

- A. Landlord's Work. Landlord shall construct the improvements on the Leased

Premises in accordance with specifications attached hereto and made a part hereof as Exhibit B with minor variations as Landlord may deem advisable (such construction and installation is sometimes hereinafter referred to as "Landlord's Work"). The Landlord's Work will be completed on or before the "Delivery Date", which shall be mutually agreed upon. If Landlord's Work is not completed by the Delivery Date, Landlord shall not be deemed to be in default hereunder or otherwise liable and damages to Tenant, nor shall the terms of this Lease be affected, except that the Commencement Date shall be delayed until Landlord has given possession of the Leased Premises to Tenant.

If on the date the Landlord delivers the Leased Premises to Tenant with Landlord's Work substantially completed, there remain items of construction of finishing work to be completed which do not materially interfere with Tenant's occupancy, Landlord and Tenant shall, within thirty (30) business days from the date Landlord delivers the Leased Premises to Tenant with Landlord's Work substantially completed, jointly prepare a written list (the "Punchlist") of such uncompleted items. Landlord agrees to complete the Punchlist items with all due diligence within sixty (60) days of the preparation of the Punchlist, subject to any delay caused by the occurrence of any Event of Force Majeure (as herein defined). Landlord's Work shall be considered substantially completed at such time as Landlord's architect has certified that Landlord's Work has been substantially completed in accordance with the general specifications attached hereto and made a part hereof as Exhibit B.

Landlord shall, upon written request of Tenant, provide Tenant with a non-exclusive assignment of any warranties for the components of the HVAC system, only to the extent that such warranties may be assigned (either as set forth in said warranties or as consented to by the manufacturer or installer, to the extent consent is required).

Landlord represents and warrants that, as of the Delivery Date, all structural parts of the Leased Premises and the Building, including but not limited to the foundation, roof, exterior walls, plumbing and electrical systems and any work constructed or caused to be constructed by Landlord pursuant to Exhibit B of this Lease (except any additions, alterations or improvements made by Tenant in such structural parts of the Premises), will meet and comply with all federal, state, and local laws, ordinances and regulations, all handicapped accessibility standards, including but not limited to the Americans With Disabilities Act ("ADA") accessibility requirements, and are in good, sanitary order, condition, and repair at delivery of the Premises to Tenant. Landlord's Work will be performed in compliance with all applicable code requirements.

B. Tenant's Work. Tenant shall accept the Leased Premises with the completion of Landlord's Work, as described in Exhibit B. Tenant shall provide and install all furniture and equipment required for Tenant's use.

11. Maintenance and Repairs.

- A. By Landlord. Through the Lease Term and any extensions or renewal thereof, Landlord shall, at its sole cost and expense (except to the extent otherwise explicitly stated in this Lease), keep, maintain, and repair (including replacements, if necessary) the floor slab, all structural portions of the Leased Premises and the Building, all exterior utility lines serving the Leased Premises, from trunk line up to the point of connection to the Leased Premises, the footings and foundations of the Building, in good repair and in a safe condition and in compliance with all applicable laws, ordinances, rules, and regulations, except any such repairs or maintenance necessitated by the negligence of Tenant, its employees, agents or contractors, or arising out of Tenant's failure to maintain and/or repair the Leased Premises in accordance with its obligations under this Lease. Landlord's obligations hereunder shall be subject to the provisions of Paragraphs 20, 21, 23 and 24. All requests for repairs or maintenance that are the responsibility of Landlord pursuant to any provisions of this Lease must be made in writing to Landlord at the address set forth in the Lease.
- B. By Tenant. Subject to Landlord's obligations under 11(A) above, Tenant shall at all times during the term of this Lease, any extensions thereof, and during any period of holding over, at its sole expense, keep, maintain, and repair (including replacements if necessary) the roof, exterior walls, exterior painting, non-structural interior portions of the Leased Premises, including all plate glass, glass doors and windows, among other things, in good order, condition, and repair, in a safe, clean., and free of trash and waste condition, and in compliance with all applicable laws, ordinances, rules, and regulations of governmental authority, or of any company or companies insuring against losses resulting from damage or destruction to the Building or personal injuries, deaths, or property damage occurring in, on, or about the Building. The cost of all repairs made necessary to the Building by the fault or negligence of Tenant, its employees, agents, customers or invitees, will be paid promptly by Tenant, except to the extent covered by Landlord's Insurance.
- C. Liens. Except as set forth in Paragraph 10, Tenant shall not make any structural repairs, alterations or additions, or any non-structural repairs, alterations or additions to the Leased Premises costing in excess of Twenty Five Thousand and No/100 Dollars (\$25,000.00), including alterations prior to the commencement of this Lease, or make any contracts therefore, without first procuring Landlord's written consent, which the Landlord agrees not to unreasonably withhold. Prior to Tenant's commencement of any repairs, alterations or additions to the Leased Premises, either under this Paragraph or Paragraph 10, Tenant shall deliver to Landlord any plans and specifications as well as copies of proposed contracts and necessary permits, and furnish such indemnification against liens, costs, damages and expenses as may be reasonably required by the Landlord including, without limitation, a payment or performance bond.

All alterations, additions, improvements and fixtures, other than trade fixtures, which may be made or installed by either of the parties hereto upon the Leased Premises, and which are in any manner attached to the floors, walls or ceilings at the termination of this Lease shall at the expiration or earlier termination of the Term become the property of Landlord and shall remain upon and be surrendered with the Leased Premises as a part thereof, without damage or injury, unless Landlord requests that such alterations or improvements be removed, in which event the same shall be removed by the Tenant at the expiration of the term of this Lease at its own expense, and it shall be obligated to repair any damages occasioned thereby. Tenant shall leave the Leased Premises in the condition as set forth in this subsection and Paragraph 37.

D. Indemnification. Tenant shall pay when due, and indemnify, defend and hold Landlord harmless-from, all claims for labor or materials furnished or alleged to have been furnished to Tenant for use in the Leased Premises, which claims are or may be secured by any lien against the Leased Premises, the Building, or any interest therein. Tenant shall not permit the Leased Premises or the Center to become subject to any mechanic's, laborers, or material man's lien in account of labor or material furnished to Tenant or claimed to have been furnished to Tenant in connection with work of any character performed or claimed to have been performed on the Leased Premises by, or at the direction or sufferance of Tenant; and the Tenant shall remove the lien of record by the payment or by bonding with a Surety Company authorized to do business in the state in which the Leased Premises is located, within twenty (20) days from the date of the filing of said mechanic's or other lien. Should the Tenant fail to take the foregoing steps within said twenty (20) day period, then the Landlord shall have the right, among other things, to pay said lien without inquiry into the validity thereof, and the Tenant shall forthwith reimburse the Landlord for the total expense incurred by it in discharging said lien as Additional Rent hereunder; provided, however, that Tenant shall have the right to contest, in good faith and with reasonable diligence, the validity of any such lien or claimed lien if Tenant shall give to Landlord such security as may be deemed satisfactory to Landlord to assure payment thereof and to prevent any sale, foreclosure, or forfeiture of the Leased Premises by reason of non-payment thereof; provided further, that on final determination of the lien or claim for lien, Tenant shall immediately pay any judgment rendered, with all proper costs and charges, and shall have the lien released and any judgments satisfied.

E. HVAC Maintenance. Tenant shall, at its sole cost and expense, during the term of this Lease maintain a commercially reasonable regularly scheduled preventative maintenance/service contract with a maintenance contractor for the servicing of all heating and air conditioning systems and equipment exclusively serving the Leased Premises (at least two (2) times per year), and repair the HVAC system as required from time to time. The maintenance contractor and contract must be approved by Landlord, and must include all services suggested by the equipment manufacturer. Landlord reserves the right to provide the maintenance contract services and any necessary repairs, if not provided by

Tenant, and to charge Tenant for the cost as Additional Rent. Landlord shall contract for extended warranties on the HVAC system and will use reasonable efforts to enforce said warranties for the benefit of Tenant.

Tenant shall reimburse Landlord within thirty (30) days of receiving an invoice for Landlord's HVAC repair or for the cost of the maintenance contract, as Additional Rent, if the Tenant fails to satisfy its repair and/or maintenance obligations as set forth in the preceding paragraph. Tenant shall also reimburse Landlord, as Additional Rent the cost of replacement of the HVAC system servicing the Leased Premises if the Landlord replaces the HVAC system. The cost of replacement of the HVAC system shall be amortized (using the estimate of the useful life of the HVAC system) on a straight-line basis at a rate equal to two percent (2%) per annum in excess of the prime rate of interest published by Wall Street Journal.

- F. Americans with Disabilities Act. In the event that any alteration or repair to the Leased Premises is undertaken by Tenant with or without Landlord's consent, or is undertaken by Landlord at Tenant's request during the Term or any Renewal or Extension Term, such alteration or repair shall (i) be designed and constructed in full compliance with the Americans With Disabilities Act, as amended from time to time (the "Act") if such alteration is undertaken by Tenant, and (ii) shall be designed by Tenant in full compliance with the Act if such alteration or repair is undertaken by Landlord at Tenant's request, and the cost of any such design, alteration or repair to the Leased Premises or the Center shall be borne by Tenant, including without limitation (a) the cost of any such design, alteration or repair required as a result of (i) Tenant or an assignee or subtenant being deemed a "Public Accommodation" or the Leased Premises being deemed a "Place of Public Accommodation" or (ii) such alteration or repair being deemed to affect an "Area of Primary Function" (as such terms are defined in the Act); and (b) the cost of the installation or implementation of any "Auxiliary Aid" required under the Act as a result of the operation of any business within the Leased Premises. In addition, after Tenant takes possession of the Leased Premises following the substantial completion of Landlord's Work, Tenant shall be responsible for all costs and expenses incurred in order to cause the Leased Premises and the operation of any business within the Leased Premises to comply with the Act, and, if Tenant fails to maintain the Leased Premises in compliance with the Act, Landlord shall have the right but not the obligation, at Tenant's sole cost and expense, to enter the Leased Premises and cause the Leased Premises to comply with the Act; and Tenant shall indemnify, defend and hold Landlord harmless from and against any and all costs, claims and liabilities, including, without limitation, attorneys' fees and court costs, arising from or related to Tenant's failure to maintain the Leased Premises in compliance with the Act.

12. Intentionally Deleted.

13. Events of Default. Any of the following shall be deemed an Event of Default

under this Lease:

- A. Tenant fails to pay Base Rent, Operating Costs, Additional Rent or any other payment within ten (10) days from the date said payment is due and after written notice by Landlord.
- B. Tenant defaults in or breaches any term or condition to be kept or performed by it under this Lease; and such default continues for a period of thirty (30) days after written notice by Landlord for any other breach or default, or such longer period as may be required if the cure cannot be completed within said thirty (30) days so long as Tenant commences cure within said thirty (30) days and diligently is pursuing the cure to completion, but no longer than sixty (60) days.
- C. Unless prohibited by law, it shall be an event of default if (i) Tenant is declared bankrupt or insolvent; or (ii) Tenant petitions, or consents to a petition, that it be declared bankrupt under Chapter 7 of the Bankruptcy Code or subsequent legislation intended to replace such chapter; or (iii) if without the assumption, ratification and confirmation of this Lease, and the payment of all rentals and other charges due hereunder then due, past due or coming due, without regard to initiation of the proceedings or actions, Tenant petitions or consents to a petition that there be a reorganization or arrangement of its affairs under the Bankruptcy Act or any insolvency law, or Tenant makes an assignment for the benefit of its creditors, or Tenant petitions, or consents to a petition, that a receiver, trustee or custodian be appointed for all or substantially all of its assets; or a petition that Tenant be declared bankrupt or that a receiver, trustee or custodian be appointed for all or substantially all of Tenant's assets is filed without the consent of Tenant and is not discharged within sixty (60) days following the filing thereof. For purposes of this Paragraph, the term Tenant shall include any assignee or sublessee of Tenant.

14. Landlord's Lien. As security for payment of rent, damages and all other payments required to be made by this Lease, Tenant hereby grants to Landlord a lien upon all property of Tenant now or subsequently located upon the Leased Premises. If Tenant abandons or vacates any substantial portion of the Leased Premises or is in default in the payment of any rent, damages or other payments required to be made by this Lease or is in default of any other provision of this Lease, Landlord may enter upon the Leased Premises, and take possession of all or any part of the personal property, and may sell all or any part of the personal property at a public or private sale, in one or successive sales, with or without notice, to the highest bidder for cash, and, on behalf of Tenant, sell and convey all or part of the personal property to the highest bidder, delivering to the highest bidder all of Tenant's title and interest in the personal property sold. The proceeds of the sale of the personal property shall be applied by Landlord toward the reasonable costs and expense of the sale, including attorney's fees, and then toward the payment of all sums then due by Tenant to Landlord under the terms of this Lease. Any excess remaining shall be paid to Tenant and any other person entitled thereto by law. Tenant shall execute any and all documents, including without limitation, UCC-1 financing statements (to be recorded with the Secretary of State and County Recorder) to perfect Landlord's security interest.

Initials _____

Initials _____

15. Purchase Option. Provided Tenant is not in default under the terms of the Lease, Tenant, or its assigns, shall have the option to purchase the Building at any time following execution of a Lease and commencing on the Commencement Date through the first 5-years of this lease, when this Purchase Option shall expire. This option shall be deemed fully exercised if written notice of election of purchase ("Notice of Election") is given by Tenant to Landlord on or before 5 years from the Commencement Date. Tenant must provide Notice of Election 120 days prior to the Date of Closing. The Purchase Price definition shall be equal to Total Development Costs plus a 12% annualized return on Landlord equity measured from start of construction. The Date of Closing shall govern the full acquisition price as agreed to as follows:

<u>Date of Closing:</u>	<u>Full Acquisition Price</u>
Lease year 1 or earlier	Purchase Price
Lease year 2	Purchase Price plus 3%
Lease year 3	Purchase Price plus 6%
Lease year 4	Purchase Price plus 9%
Lease year 5	Purchase Price plus 12%

A. The Notice of Election shall set a date for the closing of the sale herein contemplated (the "Closing"), which date shall be on a business day, and which date shall be within sixty (60) days after the service of the Notice of Election, at The Title Company in Fargo, North Dakota, or as may otherwise be agreed to by Landlord and Tenant. The date on which Closing shall occur shall be referred to as the "Date of Closing." The Date of Closing is declared to be of the essence of this Purchase Option. The parties shall make all reasonable efforts to close the sale and purchase of the Building as quickly as possible.

B. The Landlord shall within a reasonable time after the Notice of Election is given, furnish to the Tenant at Landlord's expense an Abstract of Title certified to date of the Notice of Election or a title commitment. If any title objections are made, and if the Landlord is unable to cure the title objections prior to the Closing Date, the Tenant at the Tenant's election, shall have the option by notice given to the Landlord of:

1. Declaring this Purchase Option null and void, in which event neither party shall have any further right or obligation under the Purchase Option; or

2. Withholding from the purchase price a sum which, Tenant and Landlord mutually agree is sufficient to ensure correction of title or satisfaction of liens or encumbrances and then proceeding to close the transaction contemplated by this Purchase Option. In the event that the title defects are not corrected by Landlord within one hundred twenty (120) days after the closing and provided Landlord is not diligently working to correct said objection, the Tenant may thereafter on five days' written notice to Landlord proceed to correct any of said defects in title and charge all costs in connection therewith, including reasonable attorneys' fees, against the amount so withheld with Landlord responsible for any amounts due in excess of the withheld amount; or

3. Waiving any defect in title, and, in such event, proceeding to close the transaction

contemplated by this Option.

C. Landlord represents and warrants to Tenant that on the Date of Closing, Landlord will be the owner of good and marketable fee simple title to the Property, free and clear of any and all liens, mortgages, pledges, security interests, leases, charges, encumbrances, easements, joint ownerships, or restrictions of any kind, except the Tenant's lease, those easements shown on the plat and any future easements necessary for the benefit of the development.

D. Subject to performance by the Tenant and the Landlord of their respective obligations hereunder, at the Closing the parties shall execute and deliver the following:

1. The Landlord shall execute and deliver a warranty deed conveying marketable title to the Property to the Tenant free and clear of all liens and encumbrances except the rights of the Tenant and those easements shown on the plat and any easements necessary for the benefit of the development and mutually executed by Landlord and Tenant;

2. The Landlord shall execute and deliver a warranty bill of sale conveying to the Tenant any personal property which is included in the Premises;

3. Tenant shall deliver funds, in cash or some other form acceptable to the Landlord, sufficient to satisfy the Tenant's obligations to pay the purchase price.

Upon the closing on the Purchase Option, this Lease agreement, related agreements, and the obligations of the parties as landlord and tenant shall cease and be without further effect, except for those obligations that shall survive the Closing. All amounts, if any, due by Tenant to Landlord under this Lease prior to its termination shall be paid at or prior to Closing.

16. Landlord's Right to Cure Tenant's Defaults. Landlord may cure any default of Tenant under any term or condition of this Lease to be kept or performed by Tenant, provided thirty (30) days' prior written notice thereof is given to Tenant except in the case of emergency when no notice shall be required, and charge the cost incurred hereby to Tenant who shall repay, as Additional Rent, Landlord for such costs within fifteen (15) days after Landlord gives written notice to Tenant of the amount thereof.

17. Landlord's and Tenant's Remedies.

A. Upon the occurrence of any Event of Default by Tenant, Landlord, in addition to any of the remedies available at law or equity, shall have the option to pursue any one or more of the following remedies without any notice or demand:

(1) Terminate this Lease and recover possession of the Leased Premises in accordance with North Dakota law, in which event Tenant shall immediately surrender the Leased Premises. Landlord may, without prejudice to any other remedy which it may have for possession or recovery of rent, enter upon and take possession of the Leased Premises, and lock out, expel or remove Tenant and any other person who may be occupying all or any part of the Leased Premises without being liable for

prosecution for any claim for damages. Tenant agrees to pay on demand the amount of all loss and damage which Landlord may suffer by reason of the termination of the Lease under this subsection, whether through the inability to relet the Leased Premises on satisfactory terms or otherwise. The Landlord shall be entitled to recover from Tenant forthwith as its damages, the sum of money equal to a total of (i) all reasonable costs of recovering the Leased Premises, (ii) the unpaid rent owed at the time of termination, plus interest thereon from the due date at the Contract Rate, (iii) an amount equal to the balance of the rent for the remainder of the term discounted to present value, utilizing an eight percent (8%) discount factor, and (iv) any other sum of money and damages owed by Tenant to Landlord pursuant to this Lease.

- (2) Recover possession of the Leased Premises in accordance with North Dakota law without termination of the Lease and, if necessary, expel or remove the Tenant, and lock out, expel or remove Tenant and any other person that may be occupying all or any part of the Leased Premises without being liable for prosecution for any claim for damages, and relet the Leased Premises on behalf of Tenant, and receive directly the rent by reason of subletting. Tenant agrees to pay Landlord on demand any deficiency that may arise, by reason of any reletting of the Leased Premises to the extent attributable to the remainder of the Term and any expenditures made by Landlord for remodeling or repairing in order to relet the Leased Premises to the extent attributable to the remainder of the Term. No such re-entry or taking of possession of the Leased Premises by Landlord shall be construed as an election on its part to terminate this Lease unless a written notice of such intention be given to Tenant, or unless the termination thereof be decreed by a court of competent jurisdiction;
- (3) If the default can be cured by the expenditure of money, Landlord may, at its option, cure such default, and Tenant shall be obligated to reimburse Landlord upon demand, as Additional Rent hereunder, for all such expenditures, together with interest, at the Contract Rate. Tenant shall also pay all and costs and reasonable attorneys' fees incurred in connection with such cure and collecting such amounts from Tenant.
- (4) In the event that Tenant defaults in the performance of any of the terms, current agreements or conditions contained in this Lease, and Landlord successfully enforces all or any part of this Lease or recovers possession of the Leased Premises, Tenant agrees to pay or reimburse Landlord for all costs and expenses incurred in connection therewith, including reasonable attorneys' fees and consulting fees.

B. Default by Landlord. Tenant shall give Landlord written notice of any default by Landlord under this Lease. With respect to any monetary default, Landlord shall have thirty (30) days following receipt of such notice to cure such default.

With respect to any non-monetary default, Landlord shall have thirty (30) days after Landlord's receipt of Tenant's default notice to cure such default; provided, however, that if such default cannot reasonably be cured within 30 days, Landlord shall have such longer period to cure such default as is necessary provided Landlord promptly commences (i.e., within such 30 day period) and diligently pursues such cure, and provided further, that if the default relates to a matter which in Tenant's reasonable judgment, is of an emergency nature (which shall mean a substantial risk of imminent danger to person or property), the Landlord shall have only 48 hours (or such lesser period as is reasonable under the circumstances) to cure such default. If Landlord fails to cure any such default within the applicable cure period, then Tenant, at its option, may (a) cure the default, in which event Landlord shall reimburse Tenant for all reasonable amounts spent on such cure, or (b) bring suit for the collection of any amounts for which Landlord is in default.

Landlord shall not have any implied obligations under this Lease. Landlord shall not be considered in default under this Lease unless Landlord breaches, violates or defaults an express provision of this Lease, and does not cure such breach, violation or default within the time period permitted hereunder. Any amount payable by Landlord to Tenant pursuant to the terms of this Lease shall bear interest at the Contract Rate (defined in Paragraph 21 herein) from the date due until same is paid.

Tenant shall have no right to offset against the payment of Base Rent or any other payment due hereunder, as a result of Landlord's default.

18. Services to be Provided by Landlord; Failure. No interruption of services to be provided by Landlord will ever be considered to be an eviction or disturbance of Tenant's interest, or to render Landlord, his agents, independent contractors, or employees liable to Tenant for damages unless caused by the negligence of Landlord, or to relieve Tenant from performance of its obligations under this Lease. Landlord will promptly act to remedy any interruption of services which it is obligated to provide hereunder.

19. Enforcement Costs. If either Landlord or Tenant is required to employ counsel to enforce performance or seek compensation due to breach of the other party's obligations or agreements under this Lease, the prevailing party shall be entitled to collect from the other party reasonable attorney's fees, costs, and expenses hereby incurred, including consulting fees, whether suit be brought or not.

20. No Waiver of Terms or Conditions. Failure of either Landlord or Tenant to insist, in any one or more instances, upon strict performance of any term or condition of this Lease or to exercise any option herein contained shall not be construed as a waiver or relinquishment of such term, condition, or option in the future; and receipt by Landlord of Rent under this Lease with knowledge of an existing default by Tenant under this Lease shall not be construed as a waiver of that default.

21. Interest. Unless otherwise set forth in the Lease, any monies owed by Landlord

or Tenant to the other party, following the failure of payment and the applicable cure period, shall bear interest during the period such monies are owed at an annual rate equal to the lesser of (i) the highest contract rate permitted by law or (ii) two (2%) percent over the rate then announced by Wall Street Journal as its "prime", "base" or "reference" rate ("Contract Rate").

22. Damage or Destruction. If the Leased Premises are partially destroyed during the Lease Term from any cause insured under the property insurance policy for the Building, Landlord shall forthwith repair the same, provided such repairs can reasonably be made within one hundred and twenty (120) days from date of such destruction; under the then applicable laws and regulations of Federal, State, County and Municipal authorities and in light of the extent of such damage and the then condition of the labor market and availability of materials and supplies, but such partial destruction shall in no manner annul or void this Lease. If such repairs cannot be made within one hundred and twenty (120) days, Landlord may, at its option, complete the same within a reasonable time, this Lease continuing in full force and effect and the rent to be proportionately abated as described above.

Tenant shall not be entitled to any abatement in Base Rent or Additional Rent while the Leased Premises and Center are being reconstructed, assuming the Lease is not terminated pursuant to this Paragraph.

If the Building in which the Leased Premises is situated is destroyed to the extent of not less than thirty three and one third (33-1/3%) of the replacement costs thereof, Landlord may elect to terminate this Lease, whether the Leased Premises be injured or not.

If the Leased Premises are totally destroyed or Landlord cannot repair the Leased Premises within one hundred twenty (120) days from the destruction, and Landlord has not elected (by notice in writing to the Tenant given within sixty (60) days of the destruction) to rebuild the Leased Premises, either party hereto may elect to terminate this Lease by written notice to the other given after the end of the said sixty (60) day period.

If the repair of damage is delayed by an Act of God or for causes beyond the control of Landlord, or any unusually long period to adjust insurance proceeds, then the time period within which Landlord shall be required to repair the Leased Premises or the building in which the Leased Premises are situated shall be extended by a period equal to the delay. The provisions described above shall constitute the express agreement of Landlord and Tenant regarding any damage to or destruction of the Leased Premises and Tenant waives any right to terminate this Lease pursuant to North Dakota Statutes as now in effect or as the same may be hereafter amended, supplemented or replaced.

Notwithstanding anything to the contrary, Landlord will not be obligated to repair or rebuild if (i) Landlord's mortgagee requires that the proceeds of Landlord's insurance be applied against such mortgagee's indebtedness, or (ii) Landlord complied with Landlord's insurance obligation under this Lease or the Casualty resulted from a peril not covered by such insurance, and in either case, Landlord notifies Tenant of such event within thirty (30) days after the date of the Casualty. If the Landlord so notifies Tenant, the Lease Term shall terminate as of the date Tenant receives Landlord's notice.

23. Condemnation. If all or a substantial part of the Leased Premises or such part of the Building will, in the opinion of Landlord render the balance thereof uneconomical, shall be condemned for any public or quasi-public use or purpose, then the Lease Term shall, at the option of Landlord, cease and terminate as of the date possession is to be taken by the authority, and all rentals shall be paid up to that date, and Tenant shall have no claim against Landlord for the value of any unexpired portion of the Lease Term or for damages or for any other reason whatsoever. Any condemnation award adjudicated or reached by way of settlement shall belong in its entirety to Landlord, except that Tenant shall have a separate right to relocation costs, loss of business and a separate award for its trade fixtures. If any part of the Building other than Tenant's Leased Premises shall be so expropriated, Tenant shall have no right to cancel this Lease or to vary any covenant or agreement herein.

Notwithstanding anything to the contrary stated elsewhere in this Lease, Landlord will not be obligated to repair and/or rebuild the Leased Premises and/or the Building and will have the right to terminate this Lease if (i) Landlord's mortgagee requires that the entire condemnation award be applied against such mortgagee's indebtedness, or (ii) if Landlord's portion of the condemnation award is inadequate for purposes of repairing and/or rebuilding.

24. Assignment, Subletting or Other Disposition of Tenant's Interest. The interests of the Tenant under this Lease may not be assigned, transferred, or otherwise encumbered, voluntarily or involuntarily, and the Leased Premises may not be sublet, in whole or in part, without the prior written consent of Landlord, which shall not be unreasonably withheld.

25. Indemnity. Landlord and Landlord's agents and employees, shall not be liable to Tenant for injury, death, property damage, burglary, theft or disappearance occurring in, on or about the Leased Premises and appurtenances thereto unless caused by the negligence of Landlord; and Tenant shall defend, indemnify and hold them harmless from any claim, damage or expense arising out of any injury, death, property damage, burglary, theft, or disappearance occurring in, on or about the Leased Premises to Tenant or to any employee, customer or invitee of Tenant, or any other third party, unless due to Landlord's failure to have performed any repairs which Landlord was required to do, or the negligence of Landlord or breach of this Lease by Landlord. If Landlord, without fault on its part, is made a party to any litigation commenced by or against Tenant, then Tenant shall indemnify, defend and hold Landlord harmless from all loss, damage and expenses arising out of such litigation, and shall pay all costs, expenses, and reasonable attorneys' fees incurred or paid by Landlord in connection with such litigation.

Tenant agrees to indemnify and save Landlord and its managing agent harmless against and from any and all claims by or on behalf of third parties arising from any breach or default on the part of Tenant in the performance of any covenant or agreement on the part of Tenant to be performed pursuant to the terms of this Lease, or arising from any act of negligence on the part of Tenant or its agents, contractors, servants or employees, or arising from any accident, injury, burglary, theft, disappearance or damage to the extent caused by Tenant or its agents, contractors, servants or employees, to any person, firm or corporation occurring during the Term of this Lease or any renewal thereof, in or about the Leased Premises and from and against all costs, reasonable counsel fees, expenses and liabilities incurred in or about any such claim or action or proceeding brought thereon; and in case any action or proceeding be brought

against Landlord or its managing agent by reason of any such claim, Tenant, upon notice from Landlord, covenants to resist or defend such action or proceeding by counsel reasonably satisfactory to Landlord.

If any action or claim shall be brought or asserted against the Landlord, the Landlord shall promptly notify the Tenant in writing and the Tenant shall assume the defense thereof, including the employment of counsel and the payment of all expenses. The Landlord shall, in its sole discretion, have the right to employ separate counsel in any such action and to participate in the defense thereof, and the fees and expenses of such counsel shall be paid by the Landlord unless (i) the Tenant agrees in writing to pay such fees and expenses, (ii) the Tenant fails to assume the defense of such action or proceeding or (iii) the Tenant fails, in the reasonable discretion of the Landlord, to employ counsel reasonably satisfactory to the Landlord in any such action or proceeding. All such fees and expenses payable by the Tenant pursuant to the foregoing sentence shall be paid from time to time as incurred, both in advance of and after the final disposition of such action or claim. All of the foregoing losses, damages, costs and expenses of the Landlord shall be payable by the Tenant, upon demand by the Landlord. The obligations of the Tenant under this Paragraph shall survive any termination of the Lease.

26. Waiver of Liability by Tenant.

- A. Landlord and Landlord's agents and employees shall not be liable for, and Tenant waives all claims for damage to person or property sustained by Tenant or any person claiming through Tenant resulting from any accident or occurrence in, upon or about the Leased Premises unless (subject to Paragraph 27) caused by Landlord's failure to perform any of its obligations under this Lease or Landlord's negligence, willful acts or omissions.
- B. All property of Tenant kept in the Leased Premises shall be so kept at Tenant's risk only, and Tenant shall indemnify and hold Landlord harmless from claims arising out of damage to the same, including subrogation claims by Tenant's insurance carrier, unless (subject to Paragraph 27) caused by Landlord's failure to perform any of its repair obligations under this Lease after reasonable written notice of the need therefore to Landlord by Tenant or other negligence or willful misconduct by Landlord.

27. Waiver of Subrogation. Notwithstanding anything set forth in this Lease to the contrary, Landlord and Tenants to the extent that such waiver (i) does not violate the terms of the parties' respective insurance policies, or (ii) is not otherwise acceptable to the parties' respective insurance carriers, do hereby waive any and all right of recovery, claim, action or cause of action against the other, their respective agents, officers and employees for any loss or damage that may occur to the Leased Premises or the Building or any addition or improvements thereto, or any contents therein, by reason of fire, the elements or any other cause to the extent such loss or damage could be insured against under the terms of a standard fire and extended coverage insurance policy or policies, with vandalism, malicious mischief, all-risk coverage, contents and business interruption endorsements, or to the extent which Landlord or Tenant may be reimbursed as a result of insurance coverage affecting any loss

suffered by either party hereto, regardless of cause or origin, including the negligence of Landlord, or Tenant, or their respective agents, officers and employees. In addition, to the extent permitted by the parties' respective insurance carriers, all fire, contents and casualty insurance policies carried by either party covering the Leased Premises and contents therein shall expressly waive any right on the part of the insurer against the other party for damage to or destruction of the Leased Premises and/or the Building of which it is a part, and the contents herein, resulting from the acts, omissions, or negligence of the other party.

28. Acceptance of Leased Premises. Taking of possession of the Leased Premises by Tenant shall be conclusive evidence that the Leased Premises are, on that date, in good, clean and tenantable condition and that all of Landlord's Work, subject to completion of the Punchlist, is complete, provided, however, that Landlord shall cause to be repaired or corrected any hidden defect existing in the Leased Premises on the Commencement Date of which defect Tenant notifies Landlord in writing within thirty (30) days after the Commencement Date, except as to hidden defects in a "seasonal" item of work or equipment, such as the heating and air conditioning equipment, for which the period within which Tenant shall be required to make such notice shall be One Hundred Eighty (180) days after the Commencement Date. Landlord also shall cause such repairs or corrections to be made as are agreed to be made by Landlord's general contractors and their subcontractors under their warranties of the construction and improvement of the Building. On or before the Commencement Date, Tenant shall execute the Acceptance of Leased Premises in form attached hereto as Exhibit C, which shall be conclusive evidence of Tenant's acceptance of the Leased Premises, and shall send a copy of the completed Acceptance of Leased Premises form to Landlord.

29. Tenant's Operations on Leased Premises.

- A. Tenant shall operate at all times during the Lease Term, any extensions thereof, and any period of holding over, the Authorized Business in the Leased Premises, and shall do so in a good and business-like manner.
- B. Tenant shall operate the Authorized Business as a high quality establishment in a manner that will reflect favorably upon the Building and the Center and occupants thereof and in a manner that will in no way be a nuisance to Landlord, other tenants, or anyone claiming under Landlord.

30. Landlord's Right to Enter Leased Premises. Landlord, and its authorized agents or attorneys, may, at any reasonable time upon reasonable written notice, and during normal business hours, except in the case of emergency when no notice shall be required, enter the Leased Premises to inspect and make repairs, improvements and changes to the Leased Premises or other areas of the Building, as Landlord may deem proper. Landlord's rights under this Paragraph shall include, without limitation, free, unhampered, and unobstructed access to walls, building airways, equipment ducts, under floor ducts, stairways, access panels and all utility and service lines. There shall be no diminution of rent, or liability on the part of Landlord, by reason of Landlord's exercise of its rights under this Paragraph. Landlord shall not unreasonably interfere with the conduct of Tenant's Authorized Business.

31. Estoppel Certificates. Each party agrees, from time to time, within ten (10) days

after written request by the other, to execute, acknowledge and deliver to and in favor of any proposed lender, purchaser of the Leased Premises, or permitted assignee or sublessee, an estoppel certificate, in a form reasonably satisfactory to such proposed lender, or other party requesting the certificate and Tenant stating, without limitation; (i) whether this Lease is in full force and effect; (ii) whether this Lease has been modified or amended, and if so, identifying and describing any such modification or amendment; (iii) the date of which rent and any other charge has been paid; and (iv) whether the party giving such certificate knows of any default on the part of the other party or has any claim against the other party, and, if so, specifying the nature of such default or claim. Tenant agrees that a failure to deliver such a statement within ten (10) days after written request from Landlord shall be conclusive upon Tenant that (a) this Lease is in full force and effect without modification except as may be represented by Landlord; (b) that there are no uncured defaults by Landlord under this Lease; and (c) that any representation by Landlord with respect to the Monthly Rent and Additional Rent is true.

32. Landlord's Mortgages. At the option of Landlord's Mortgagee, this Lease shall be either subordinate or superior to the lien of any mortgage now or hereafter existing as to any portion of the Building. Tenant will, at the option of Landlord's Mortgagee, (i) subordinate the Tenant's interest in this Lease and the Leased Premises to the lien of any mortgage and/or other security interest heretofore, now, or hereafter encumbering the Leased Premises and (ii) attorn to and agree to be bound by the terms of this Lease to the holder of such mortgage and/or other security interest and/or to any purchaser of the Leased Premises pursuant to a foreclosure of such mortgage and/or other security interest, provided in the case of (i) and (ii) that the validity of this Lease shall be recognized and the Tenant's quiet and peaceful enjoyment and possession not disturbed so long as Tenant is not in default hereunder. At the option of Landlord's Mortgagee, Tenant shall execute the Subordination, Non-Disturbance and Attornment Agreement attached hereto as Exhibit H. Tenant will cooperate with Landlord in meeting any reasonable additional requirements as may exist or be imposed for the obtaining of financing for the Building, including but not limited to, furnishing upon execution of this Lease and - during the Lease Term from time to time as reasonably requested, reasonably detailed financial statements of Tenant certified by the Tenant's chief financial officer, but no more frequently than once per year. Upon request, Tenant agrees to execute and deliver to Landlord such documents as may be required of Tenant in connection with any financing, but which are not inconsistent with Tenant's rights under this Lease, including, but not limited to, acknowledgment of Landlord's assignment of this Lease and the rents thereunder.

33. General Center Rules and Regulations. See Exhibit F.

34. Government Regulations Compliance. Whenever in this Lease any terms or conditions are required to be kept or performed by Landlord, Landlord will not be deemed to be in default of the Lease as a result of Landlord taking action to satisfy or comply with enforceable governmental regulations, including reasonable restraints on the quality or quantity of services deemed necessary to conserve energy.

Tenant shall, at Tenant's sole cost, comply with all of the requirements of all governmental authorities now in force, or which may hereafter be in force, pertaining to (i) those portions of the Leased Premises which Tenant is required to maintain pursuant to the provisions of this Lease; (ii) the Authorized Business or manner of operations conducted by

Tenant in the Leased Premises including structural requirements resulting therefrom; and (iii) changes, alterations, and/or additions to the Leased Premises made by Tenant.

35. Perimeters. Landlord reserves the right to change the Building, Center or Project perimeters (other than of the Leased Premises) and the further right to add buildings, driveways, malls or other structures, including, but not limited to buildings, pylon signs, retaining walls, berms and landscaping. In exercising any of the foregoing rights, Landlord shall not materially adversely affect the visibility of (from any public right of way), access to and egress from the Leased Premises.

36. Litigation; Financial Condition. Tenant represents and warrants to Landlord that Tenant is not involved in any pending or threatened litigation, proceedings, lawsuits, administrative hearings or other actions of any nature whatsoever, an adverse determination of which could materially and adversely affect Tenant's financial condition or its ability to perform under this Lease. Landlord may request Tenant to provide Landlord with a copy of its most recent financial statements in the event Landlord is negotiating to sell or refinance the Leased Premises. Within 30 days after such a request from Landlord, Tenant agrees to provide Landlord with a copy of their most recent financial statements, certified by an officer of the Tenant, but only on the condition that Landlord agrees to keep such information confidential, and Landlord agrees to only provide such information to its attorneys, potential buyers and lenders and potential lenders, and then only if such parties receiving such information agree to keep such information confidential.

37. Tenant to Surrender Leased Premises in Good Condition. Upon the expiration or earlier termination of the Lease Term, Tenant shall, at its expense, (i) remove Tenant's goods and effects and those of all persons claiming under Tenant, and (ii) quit and deliver up the Leased Premises to Landlord, peaceably and quietly, in good order and condition, subject to normal wear and tear and damage by fire or other casualty, with repair or replacement of any damage or injury occurring as a result of removal of Tenant's goods and effects and alterations or additions made by Tenant. Marks or small holes caused by the removal of Tenant's fixtures or signs attached with normal or approved fastening devices are not damage which must be repaired by Tenant, however, Tenant's obligations under this Paragraph includes an obligation to patch and fill the fascia on the Leased Premises resulting from the removal of Tenant's sign. Any property, alterations, additions or improvements left in the Leased Premises after the expiration or termination of the Lease Term shall be deemed to have been abandoned and the property of Landlord to dispose of as Landlord deems expedient at the expense of the Tenant. Tenant shall deliver to Landlord all keys, programs, or other items necessary or desirable for the operation of installed equipment on the Leased Premises.

38. Memorandum of Lease. At the request of Landlord, the parties shall execute, in duplicate, a short form Memorandum of Lease in the form of Exhibit G, for recording and/or filing in the office of the Cass County Recorder. Tenant agrees that neither this Lease, nor the Memorandum of Lease shall be filed of record unless the Landlord makes such a request.

39. Signs. Tenant shall, at its expense, install and maintain exterior signage prior to the Commencement Date and at all times during the Lease Term pursuant to the terms and conditions outlined on the Sign Criteria attached hereto as Exhibit J. All Tenant signs shall

comply with all requirements of the appropriate governmental authorities, and any City approvals specific to the Development. All necessary permits or licenses relating to Tenant's signs shall be obtained by Tenant. Upon the expiration or earlier termination of the Lease, Tenant shall, at its sole cost and expense, remove Tenant's signage and repair and restore the Building and Development to the condition that existed prior to the installation of Tenant's signage, including, without limitation, the removal of any discoloration. Landlord may adopt or revise any sign criteria governing the design and placement of signage upon the Building and Development which Tenant shall abide by.

40. Light and Air; General Use of the Building. Except for any windows in the storefront or on the side of the Leased Premises, the Tenant has no rights to light and air over premises adjoining the Leased Premises or the right to interfere with the use, by Landlord or others claiming under Landlord, of any part of the Building other than the Leased Premises.

41. Notices. Any notice required or permitted to be given under this Lease shall be deemed given on the date the same is deposited in the United States Mail, Registered or Certified, postage prepaid or deposited with a nationally recognized courier service, addressed, if to Tenant, at the address set forth below or if to Landlord, at the addresses or at such other address as Landlord or Tenant elects by giving written notice thereof to the other party.

The Landlord's address for notices is as follows:

Vanna Real Estate, LLC
c/o Property Resource Group
4609 33rd Ave S, Suite 400
Fargo, ND 58104

The Tenant's addresses for notice are as follows:

Vanna Conversions, LLC
1710 26th Street S, Unit E
Moorhead, MN 56560

with a copy to:

42. Quiet Enjoyment. Upon payment by Tenant of the Rents herein provided and the observance and performance of all other covenants, terms and conditions on Tenant's part to be observed and performed, Tenant shall quietly enjoy the Leased Premises without hindrance or interruption by Landlord or anyone acting through or on behalf of Landlord. Landlord represents and warrants that Landlord has good and marketable title to Lot 1 and the unencumbered right to lease the Leased Premises to Tenant (subject to the Declaration), and that no easement, restriction, or encumbrance to which the Lease is subject shall interfere in any material way with Tenant's use and enjoyment of the Leased Premises.

43. Force Majeure. If the performance of the obligations of Landlord or Tenant hereunder (with the exception of the obligation to pay rent and other obligations to pay money, or Tenant's obligation to respect the Exclusives) are prevented or delayed by strike, lockout,

Initials _____

Initials _____

war, inclement weather, unavailability of materials or other causes beyond the reasonable control, substitution or cure of such party hereto ("Event of Force Majeure"), the time for performance of such obligation shall be extended and no event of default shall exist by reason thereof, until such time as the event or circumstance preventing or delaying performance is removed or reasonably can be avoided, and for a reasonable time thereafter, so long as the party affected diligently pursues performance as soon as reasonably possible.

44. Agent. Landlord and Tenant warrant that they have had no dealings with any broker and covenant to hold harmless and indemnify the other from and against, any and all cost, expenses or liability for any compensation, commissions and charges claimed by any broker or agent with respect to this Lease or the negotiation thereof.

45. Environmental Matters.

- A. Tenant shall not engage or permit its employees, agents or contractors to engage in any activity on the Leased Premises which involves the generation, transportation, treating, handling, storage, manufacture, emission or disposal of any dangerous, toxic or hazardous pollutants, wastes or substances as defined in the Federal Comprehensive and Environmental Response Compensation and Liability Act of 1980 ("CERCLA"), or the Federal Resources Conservation and Recovery Act of 1976 ("RCRA") or any other federal, state or local environmental laws, statutes, regulations, requirements and ordinances as now in effect or as the same may hereafter be amended or enacted ("Hazardous Materials"). Tenant further agrees to indemnify, defend and hold Landlord harmless from and against any and all claims, actions, damages, losses, liabilities and expenses including attorneys' fees incurred by Landlord either as a result of Tenant's breach of the foregoing covenant or in enforcing the foregoing right to indemnification. This indemnification includes, without limitation, any and all costs incurred because of any investigation of the Leased Premises or Center, any clean-up, removal or restoration mandated by a federal, state, local agency, or political subdivision. Tenant covenants and agrees that to the extent it is required to clean-up, remove and/or remediate any contamination, it will use its best efforts to minimize any resulting interference with Landlord's operations in the Center.
- B. Promptly after learning of the occurrence of any of the following, Tenant shall give Landlord oral and written notice thereof, describing the same and the steps being taken by Tenant with respect thereto:
- (1) Any event involving the use, spill, release, leak, discharge and cleanup of any Hazardous Material;
 - (2) Any litigation, arbitration proceeding or governmental proceeding against Tenant that affects the Leased Premises;
 - (3) That delivery of any notice from a governmental agency that Tenant's operations of the Leased Premises are not in compliance with the

requirements of applicable federal, state or local environmental health and safety statutes and regulations;

- (4) That delivery of any notice that Tenant is subject to federal or state investigation evaluating whether any remedial action is needed to respond to the release of any Hazardous Material or other substance from the Leased Premises and to the environment; or
- (5) The delivery of any notice that the Leased Premises are subject to a lien in favor of any governmental entity for any liability under federal or state environmental laws or regulations or damages arising from or costs incurred by such governmental agency with respect thereto.

- C. Tenant shall, at Tenant's sole cost and expense, comply with any and all laws governing Hazardous Materials and provide any and all information which may be required by any governmental agency with respect thereto.
- D. Tenant's obligations under this Paragraph shall survive the expiration or sooner termination of this Lease.

46. Bankruptcy or Insolvency. Tenant or Tenant's guarantor, if any, shall not cause or give cause for the appointment of a trustee or a receiver of the assets of Tenant or Tenant's guarantor, and shall not make any assignment for the benefit of creditors, or be adjudicated insolvent. The allowance of any petition under any insolvency law except under the Bankruptcy Code or the appointment of a trustee or receiver of Tenant or Tenant's guarantor, or of the assets of either of them, shall be conclusive evidence of the petition, unless the appointment of a trustee or receiver is vacated within thirty days after such an allowance or appointment. Any act described in this Paragraph shall be deemed in material breach of Tenant's obligations hereunder and this Lease shall thereupon automatically terminate. Landlord does, in addition, reserve any and all other remedies provided in this Lease or in the law.

47. Cumulative Remedies. The rights, options, powers, and remedies set forth in this Lease shall be cumulative and in addition to any other rights and remedies available at law, in equity (including, but not limited to, injunctive relief), or pursuant to the terms of this Lease. Said rights and remedies may be exercised and enforced concurrently and whenever and as often as the occasion arises. The exercise by a non-defaulting party of any right, option, power, or remedy shall not impair such party's right to any other rights, options, powers or remedies. The passage of time after the occurrence of an Event of Default shall not limit the non-defaulting party's rights, options, powers or remedies.

48. Guaranty. The Tenant shall deliver to the Landlord along with an executed copy of the Lease, a fully executed copy of the Lease Guaranty Agreements from Tenant in form attached hereto as Exhibit D ("Guaranties"). It shall be an Event of Default if the Tenant does not deliver the fully executed Guaranties along with the executed copy of the Lease.

49. Successors and Assigns. The provisions of this Lease shall run with the property upon which the Leased Premises is built and shall be binding upon, and shall inure to the benefit of the parties, their respective successors, personal representatives and assigns.

50. No Liability of Partners of Landlord. Notwithstanding anything herein to the contrary, the Landlord and partners of the Landlord, if any, are not and shall not be personally liable for performance of the covenants and agreements of Landlord herein contained, and the enforcement of the remedies of Tenant in the event of default by Landlord shall be strictly limited to the equity interests of Landlord in the Center. If Landlord sells or assigns its interest in the Center, Landlord shall without further written agreement be freed and relieved of liability under such covenants and obligations.

51. Joint and Several Liability. If there is more than one person who is a Tenant under this Lease, the liability for keeping and performing Tenant's obligations under this Lease shall be joint and several with respect to each such person.

52. No Partnership. Landlord does not, in any way or for any purpose, become a partner of the Tenant in the conduct of Tenant's business, or otherwise, or become a joint venture, or a member of a joint enterprise with Tenant, by virtue of this Lease.

53. Time of the Essence; Computation of Time. Time is of the essence for each and every provision of this Lease. Whenever the last day for the exercise of any right or discharge of any duty under this Lease shall fall upon a Saturday, Sunday or any date on which banks in North Dakota are closed, the party having such right or duty may exercise such right or discharge such duty on the next succeeding day which is a regular business day.

54. North Dakota Law; Choice of Forum; Severability; Captions. This Lease will be governed by and construed in accordance with the domestic laws of the State of North Dakota, without giving effect to any choice of law or conflicting provision or rule (whether of the State of North Dakota or any other jurisdiction) that would cause the laws of any jurisdiction other than the State of North Dakota to be applied. In furtherance of the foregoing, the internal laws of the State of North Dakota control the interpretation and construction of this Lease, even if under such jurisdiction's choice of law or other conflict of law analysis, the substantive law of some other jurisdiction would ordinarily apply. Whenever possible, each provision of this Lease shall be interpreted in such manner as to be effective and valid under such applicable laws, but, if any provision of this Lease shall be held prohibited or invalid under such applicable law, such provisions shall be effective only to the extent of such prohibition or invalidity, without invalidating the remainder of such provision or the remaining portions of this Lease. The underscored captions of this Lease are for convenience only and shall not be used in the interpretation of any of the provisions of this Lease.

55. Exhibits. Included and incorporated herein by reference are Exhibits A-J, set forth in the Schedule of Basic Terms or otherwise stated in the Lease.

56. Counterparts. This lease may be executed in several counterparts, each of which shall be deemed an original, and all of which together shall constitute one and the same instrument.

57. Effective Date. The Effective Date of this Lease shall be the date upon which this Lease is executed by the last signatory.

IN WITNESS HEREOF, this lease is executed by the parties on the dates set forth below.

LANDLORD
Vanna Real Estate, LLC

TENANT
Vanna Conversions, LLC

By: Kevin Christianson
Its: President
Date: _____

By: Jason Galbraith
Its: Owner
Date: _____

By: Ben Gleason
Its: Owner
Dated: _____

**EXHIBIT A
SITE PLAN**

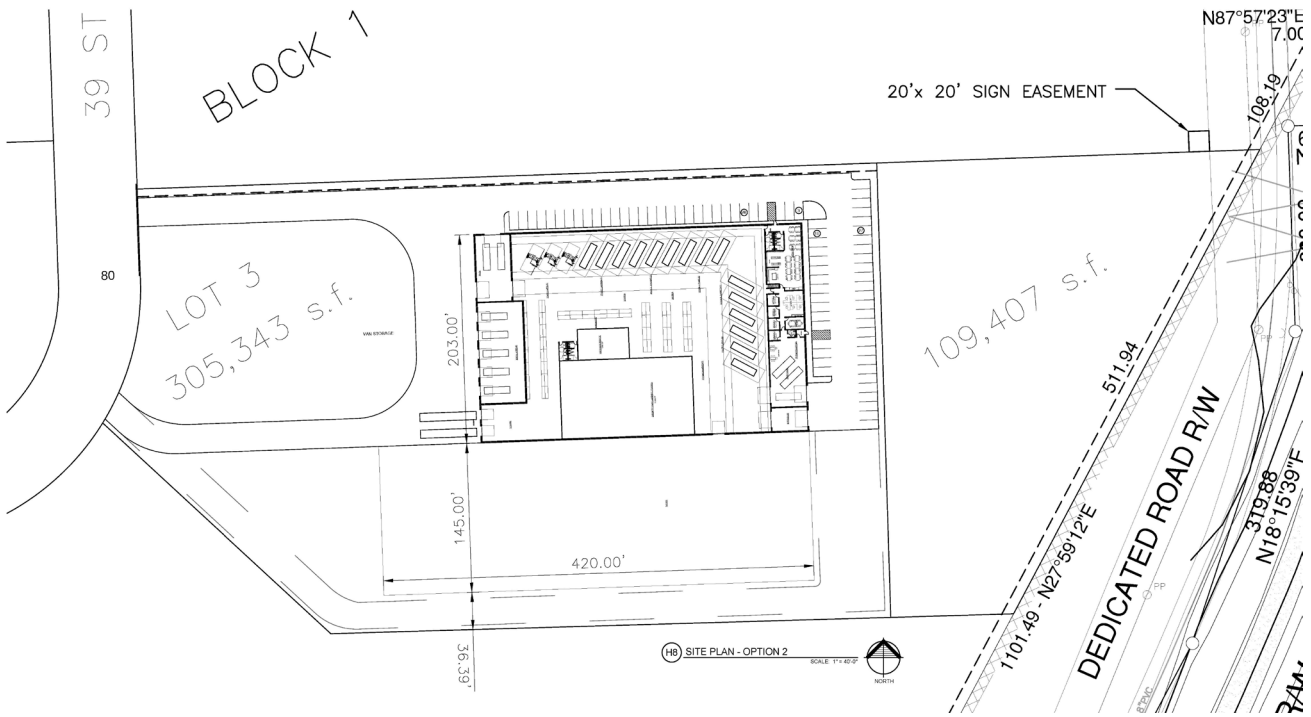


EXHIBIT A-1

FLOOR PLAN

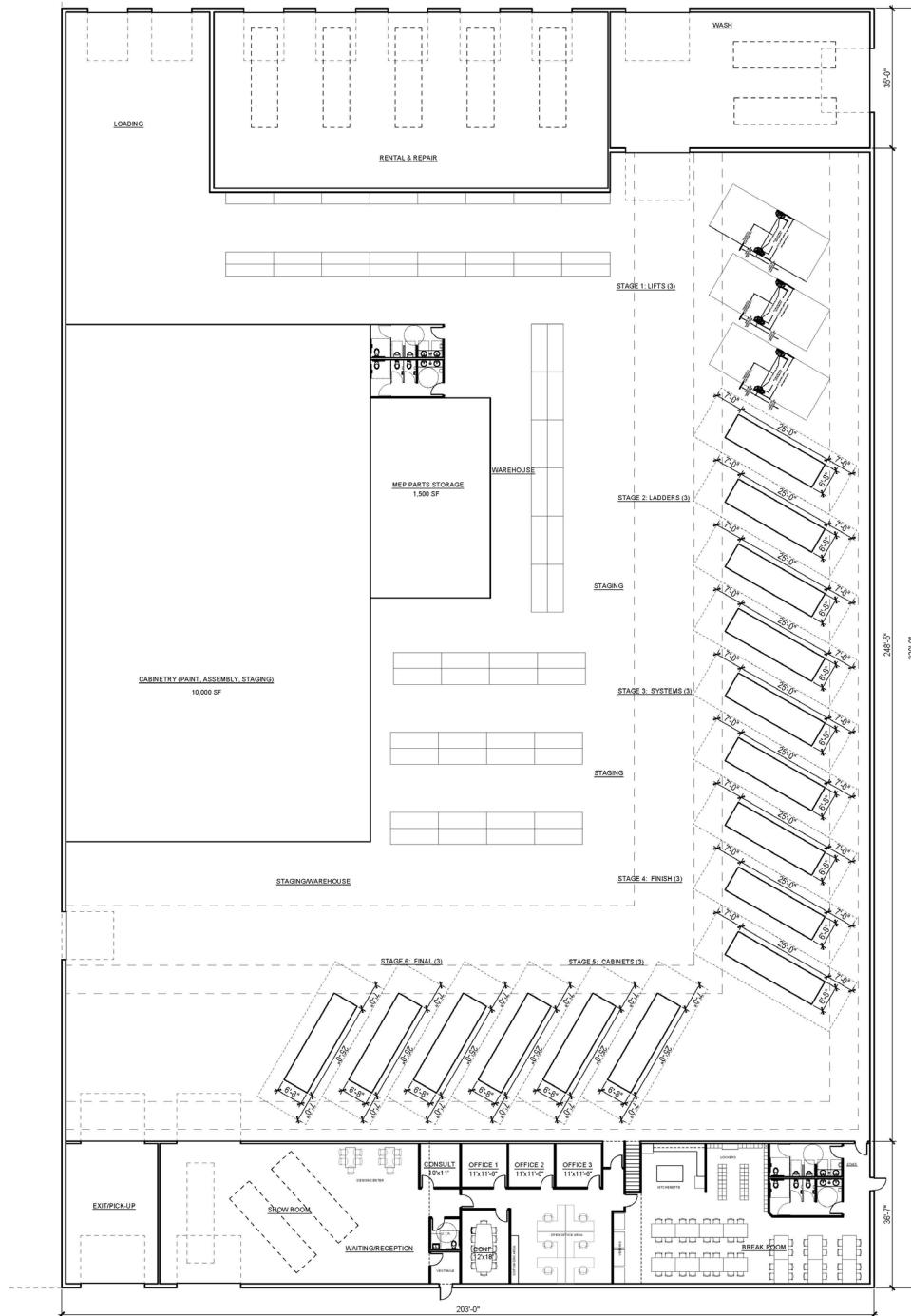


EXHIBIT B

LANDLORD'S WORK

Landlord to provide a turn-key building pursuant to mutually agreed upon plans.

EXHIBIT C

ACCEPTANCE OF LEASED PREMISES

TENANT: Vanna Conversions, LLC

LANDLORD: Vanna Real Estate, LLC

DATE LEASE SIGNED: _____

TERM OF LEASE: Two Hundred Forty (240) months

ADDRESS OF LEASED PREMISES: A building containing approximately 64,960 square feet to be located on a portion of Lot 3, Block 1, Commerce on I29 Addition, Cass County, North Dakota.

ACCEPTANCE DATE: _____

The above-described Leased Premises are accepted by Tenant as suitable for the purpose for which they were let subject to any latent defects and punch-list items. The above described lease term commences and expires on the dates set forth above. Tenant acknowledges that it has received from Landlord ____ number of keys to the Leased Premises.

TENANT:
Vanna Conversions, LLC

By: Jason Gilbraith
Its: Owner

By: Ben Gleason
Its: Owner

EXHIBIT D

LEASE GUARANTY AGREEMENT

THIS AGREEMENT dated this _____ day of _____, 2022, is entered into by Jason Gilbraith and Ben Gleason (individually as "Guarantor" collectively, "Guarantors"), and Vanna Real Estate, LLC, a North Dakota limited liability company ("Landlord"), who together agree as follows:

RECITALS. The parties make the following declarations:

A. Landlord has by Lease (the "Lease") dated _____, leased to Vanna Conversions, LLC ("Tenant") certain premises (the "Premises") which will be located on a portion of Lot 3, Block 1, Commerce on I29 Addition, Cass County, North Dakota, as more particularly described in the Lease.

B. Landlord has required that the Guarantor guarantee the performance by Tenant of certain of Tenant's obligations under the Lease, as hereinafter provided, and Guarantor has agreed to so guarantee the Lease.

AGREEMENT

1. Guarantor hereby guarantees to Landlord, its successors and assigns, the full and prompt payment of any and all sums and charges payable by Tenant, its successors and assigns, and hereby further guarantees the full and timely performance and observance of all the covenants, terms, provisions, conditions and agreements of the Lease to be performed and observed by Tenant, its successors and assigns; and Guarantor hereby covenants and agrees to and with Landlord, its successors and assigns, that if default shall at any time be made by Tenant, its successors or assigns, in the payment of rent under the Lease, or if Tenant should default in the performance and observance of any of the covenants, terms, provisions, conditions or agreements contained in the Lease, Guarantor shall and will forthwith pay such rent to Landlord, its successors and assigns, and any arrears thereof, and shall and will forthwith faithfully perform and fulfill all of such covenants, terms, conditions, provisions and agreements, and will forthwith pay to Landlord all damages that may arise in consequence of any default by Tenant, its successors or assigns, under the Lease, including without limitation all reasonable attorneys' fees and disbursements incurred by Landlord or caused by any such default and/or by the enforcement of this Guaranty. If at any time the term Guarantor shall include more than one (1) person or entity, the obligations of all such persons and/or entities under this Guaranty shall be joint and several.

THIS GUARANTY IS AN ABSOLUTE AND UNCONDITIONAL GUARANTY OF PAYMENT AND OF PERFORMANCE. It shall be enforceable against Guarantor, its successors and assigns, without the necessity for any suit or proceedings on Landlord's part of any kind or nature whatsoever against Tenant, its successors and assigns, and without the necessity of any notice of nonpayment, non-performance or non-observance or of any notice of acceptance of this Guaranty or of any other notice or demand, which Guarantor hereby

expressly waives; and Guarantor hereby expressly agrees that the validity of this Guaranty and the obligations of Guarantor hereunder shall in no wise be terminated, affected, diminished or impaired by reason of the assertion or the failure to assert by Landlord against Tenant, or against Tenant's successors or assigns, of any of the rights or remedies reserved to Landlord pursuant to the provisions of the Lease.

This Guaranty shall be a continuing Guaranty, and the liability of Guarantor hereunder shall in no way be affected, modified or diminished by reason of any assignment, renewal, modification or extension of the Lease or by reason of any modification or waiver of or change in any of the covenants, terms, provisions, conditions or agreements of the Lease by Landlord and Tenant, or by reason of any extension of time that may be granted by Landlord to Tenant, its successors or assigns, or by reason of any dealings or transactions or matter or thing occurring between Landlord and Tenant, its successors or assign, or by reason of any bankruptcy, insolvency, reorganization, arrangement, assignment for the benefit of creditors, receivership or trusteeship affecting Tenant, whether or not notice thereof is given to Guarantor.

2. Guarantor warrants and represents to Landlord that it has the legal right and capacity to execute this Guaranty.

3. Landlord covenants that Landlord shall not, without the prior written consent of Guarantor, in Guarantor's reasonable discretion, as long as this Agreement is in full force and effect, amend any of the terms, covenants and conditions contained in the Lease.

4. This Agreement shall in all respects be a continuing, absolute, irrevocable and unconditional guaranty, and shall remain in full force and effect notwithstanding the death, incompetency or bankruptcy, dissolution or termination of the existence of the Tenant or of any other guarantor.

5. Except as specifically provided herein to the contrary, the Guarantor hereby waives all notice of the acceptance of this Agreement, all requirements of notice of breach or nonperformance by Tenant, and all requirements of notice of any other matter or thing whatsoever.

6. The obligations of the Guarantor hereunder shall remain fully binding and shall not be released or diminished or impaired by any act or omission of Landlord or the successors or assigns of Landlord consisting of any waiver of any default by Tenant or of any of the terms and conditions of the Lease, or by the granting of any extension of time for performance by Tenant, or by the granting of any other indulgences whatsoever.

7. No delay on the part of the Landlord in the exercise of any right or remedy shall operate as a waiver thereof, and no single or partial exercise by the Landlord of any right or remedy shall preclude other or further exercise thereof or the exercise of any other right or remedy; nor shall any modification or waiver of any of the provisions of this Agreement be binding upon the Landlord or Guarantor, except as expressly set forth in a writing duly signed and delivered on behalf of the party sought to be bound thereby.

8. Guarantor hereby waives any and all legal requirements that Landlord shall institute any action or proceeding at law or in equity against Tenant or anyone else with respect to the Lease as a condition precedent to bringing an action against Guarantor upon this Agreement.

9. Any notices permitted or required hereunder shall be in writing and shall be personally served or deposited in the United States Mails, certified or registered mail, postage prepaid and addressed as follows:

If to Landlord: Vanna Real Estate, LLC
4609 33rd Ave S, Suite 400
Fargo, ND 58104
Attn: Kevin Christianson

If to Guarantor: Jason Gilbraith

Ben Gleason

which addresses may be changed by 30 days advance written notice as herein provided. Unless the terms of this Agreement refer to or require the actual receipt of a written notice, notices given under this Agreement shall be deemed complete when personally served or when deposited in the mails as provided above.

10. Landlord and Guarantor agree that, to the extent permitted by law, each shall and hereby does waive trial by jury in any action, proceeding or counterclaim brought by either against the other on any matter whatsoever arising out of or in any way connected with this Agreement.

11. This Agreement shall be binding upon and shall inure to the benefit of the parties hereto and their respective heirs, representatives, successors and assigns.

12. This Agreement shall for all purposes be interpreted and construed in accordance with the laws of the State of North Dakota.

13. This Agreement shall not be binding until executed by all parties hereto.

14. This instrument may not be changed, modified, discharged or terminated orally on in any manner other than by an agreement in writing signed by the Landlord and the Guarantor.

15. This Agreement shall inure to the benefit of and be enforceable by and be binding upon the Landlord, its successors and assigns, and the Guarantor and its successors and assigns.

16. This Agreement contains the entire agreement between the parties concerning the matters addressed herein and no representations, inducements, promises, understandings or agreements, (whether express or implied and whether oral or written) made before the execution of this Agreement will change or add to the terms of this Agreement. No covenants shall be implied into any of the terms or provisions of this Agreement. This Agreement may be changed or modified only by a writing that all parties have signed.

17. Landlord may request Guarantor to provide Landlord with a copy of its most recent financial statements in the event Landlord is negotiating to sell or refinance the Leased Premises, but not in any other event. Within 30 days after such a request from Landlord, which request states that Landlord is negotiating to sell or refinance the Leased Premises, Guarantor agrees to provide Landlord with a copy of their most recent financial statements, certified by an officer of the Guarantor, but only on the condition that Landlord agrees to keep such information confidential, and Landlord agrees to only provide such information to its attorneys, potential buyers and lenders and potential lenders, and then only if such parties receiving such information agree to keep such information confidential.

18. If any payment received by Landlord and applied to the obligations described herein is subsequently set aside, recovered, rescinded or required to be returned for any reason (including, without limitation, the bankruptcy, insolvency or reorganization of Tenant or any other obligor), the obligations to which such payment was applied shall for the purposes of this Agreement be deemed to have continued in existence, notwithstanding such application, and this Agreement shall be enforceable as to such obligations as fully as if such application had never been made.

19. The liabilities and obligations of Guarantor under this Agreement shall not be impaired or affected by the institution by or against Tenant or any other person of any bankruptcy, reorganization, arrangement, insolvency or liquidation proceedings, or any other similar proceedings for relief under any bankruptcy law or similar law for the relief of debtors. Any discharge of any of the obligations of Tenant pursuant to any such bankruptcy or similar law shall not diminish, discharge or otherwise affect in any way the obligations of Guarantor under this Agreement.

20. The validity, construction and enforceability of this Agreement shall be governed by the laws of the State of North Dakota, without giving effect to conflict of laws or principles thereof. Whenever possible, each provision of this Agreement shall be interpreted in such manner as to be effective and valid under such applicable law, but, if any provision of this Agreement shall be held to be prohibited or invalid under such applicable law, such provision shall be ineffective only the extent of such prohibition or invalidity, without invalidating the remainder of such provision or the remaining provisions of this Agreement.

21. Unless prohibited by law, it shall be an event of default if (i) Guarantor is declared bankrupt or insolvent; or (ii) Guarantor petitions, or consents to a petition, that it be declared bankrupt under Chapter 7 of the Bankruptcy Code or subsequent legislation intended to replace such chapter; or (iii) if without the assumption, ratification and confirmation of this Lease, and the payment of all rentals and other charges due hereunder then due, past due or

coming due, without regard to initiation of the proceedings or actions, Guarantor petitions or consents to a petition that there be a reorganization or arrangement of its affairs under the Bankruptcy Act or any insolvency law, or Guarantor makes an assignment for the benefit of its creditors, or Guarantor petitions, or consents to a petition, that a receiver, trustee or custodian be appointed for all or substantially all of its assets; or a petition that Guarantor be declared bankrupt or that a receiver, trustee or custodian be appointed for all or substantially all of Guarantor's assets is filed without the consent of Guarantor and is not discharged within thirty (30) days following the filing thereof.

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be duly executed on the date first above written.

LANDLORD:

Vanna Real Estate, LLC

By: Kevin Christianson
Its: President

GUARANTOR:

Jason Gilbraith

Ben Gleason

EXHIBIT E
INTENTIONALLY DELETED

EXHIBIT F

RULES AND REGULATIONS

1. Tractor-trailers which must be unhooked or parked must use steel plates under dolly wheels to prevent damage to the asphalt paving surface. In addition, wheel blocking must be available for use.
2. Tenant shall not dispose of the following items in sinks or commodes: plastic products (plastic bags, straws, boxes); sanitary napkins; tea bags, cooking fats, cooking oils; any meat scraps or cutting residue; petroleum products (gasoline, naphtha, kerosene, lubricating oils); paint products (thinner, brushes); or any other items which the same are not designed to receive.
3. No radio, television, or other communication antenna equipment or device is to be mounted, attached, or secured to any part of the roof, exterior surface, or anywhere outside the Leased Premises, unless Landlord has previously given its written consent, which consent will not be unreasonably withheld.
4. Tenant shall not:
 - a. Create a nuisance.
 - b. Throw, discard or deposit any paper, glass or extraneous matter of any kind except in designated receptacles, or create litter or hazards of any kind.
5. Tenant shall not locate furnishings or cabinets adjacent to mechanical or electrical access Panels or over air-conditioning outlets so as to prevent operating personnel from servicing such units as routine or emergency access may require. Cost of moving such furnishings for Landlord's access will be at Tenant's cost.
6. Tenant shall keep the Leased Premises at a temperature sufficiently high to prevent freezing of water in pipes and fixtures.
7. In the event of any discrepancy or inconsistency between these rules and regulations and any provision of the Lease, the provision in the Lease shall govern and control.

EXHIBIT G

MEMORANDUM OF LEASE

This Memorandum of Lease is entered into by Vanna Conversions, LLC ("Tenant"), and Vanna Real Estate, LLC, a North Dakota limited liability company ("Landlord") as of _____, (the "Execution Date"), who together agree as follows:

RECITALS. The parties make the following declarations:

A. Landlord and Tenant have entered into a certain lease dated _____, (the "Lease"), whereby Landlord has leased to Tenant that part of the Center (as such term is defined in the Lease), together with all improvements thereon, as crosshatched on the site plan attached hereto as Exhibit B and made a part hereof (the "Leased Premises").

B. The Leased Premises are part of the Building which is to be constructed on the property legally described on Exhibit A attached hereto and made a part hereof (the "Building").

C. The parties wish to give notice of the existence of the Lease.

1. Lease. Pursuant to the Lease, Landlord has demised and leased, to Tenant, and Tenant has hired and taken from Landlord, the Leased Premises.
2. Term. The term of the Lease will commence on the earlier of (i) substantial completion, or (ii) the date Tenant opens for business ("Commencement Date").
3. Conflicting Terms. The terms and conditions of the Lease are incorporated by reference into this Memorandum of Lease as if such terms were written out at length. In the event of a conflict between this Memorandum of Lease and the Lease, the terms and conditions of the Lease shall govern. For a complete statement of the rights, privileges and obligations created under and by the Lease, reference is hereby made to the Lease.

Tenant and Landlord have executed this Memorandum of Lease as of the Execution Date.

LANDLORD:
Vanna Real Estate, LLC

TENANT:
Vanna Conversions, LLC

By: Kevin Christianson
Its: President

By: Jason Gilbraith
Its: Owner

By: Ben Gleason
Its: Owner

STATE OF NORTH DAKOTA)
)ss.
COUNTY OF CASS)

This instrument was acknowledged before me on this ____ day of _____, 2022, by Kevin Christianson, as President of Vanna Real Estate, LLC, a North Dakota limited liability company, on behalf of the limited liability company.

Notary Public

STATE OF NORTH DAKOTA)
)ss.
COUNTY OF CASS)

This instrument was acknowledged before me on this ____ day of _____, 2022, by Jason Gilbraith and Ben Gleason, Owners of Vanna Conversions, LLC, a North Dakota limited liability company, on behalf of the limited liability company.

Notary Public

EXHIBIT A TO MEMORANDUM OF LEASE

LEGAL DESCRIPTION

A portion of Lot 3, Block 1, Commerce on I29 Addition, County of Cass, State of North Dakota

EXHIBIT B TO MEMORANDUM OF LEASE

SITE PLAN OF CENTER

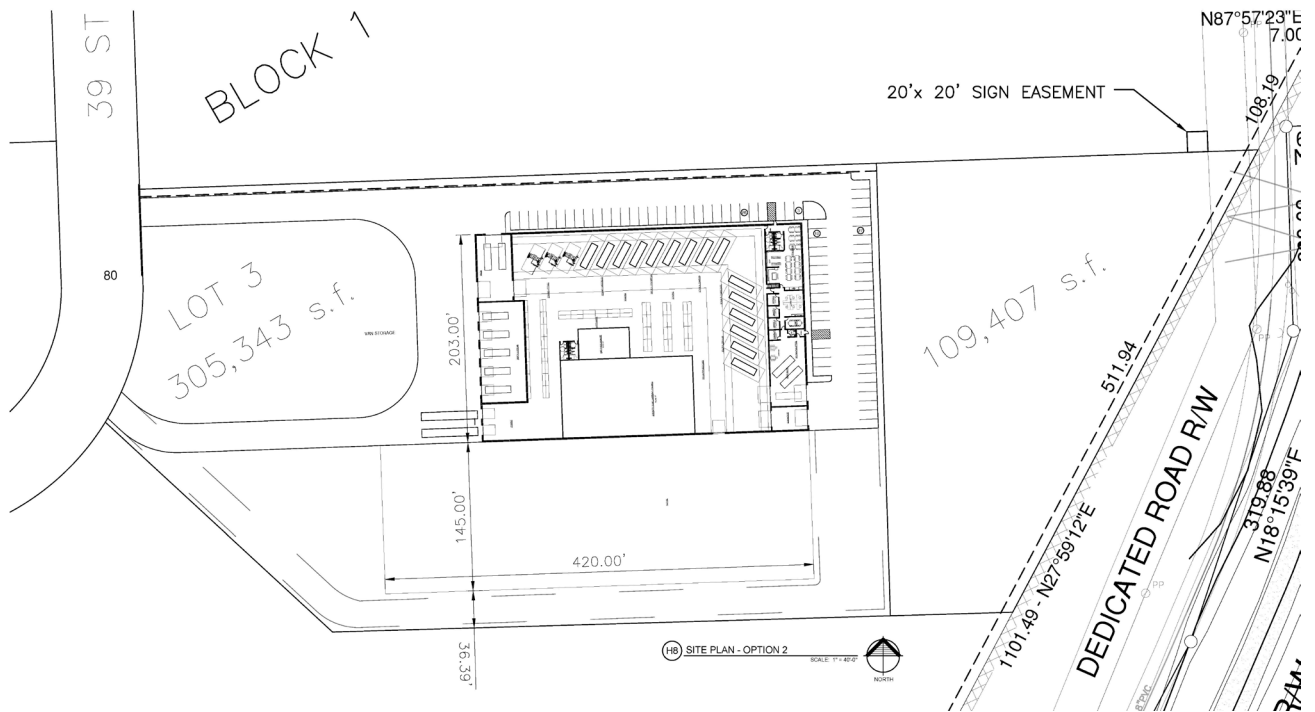


EXHIBIT H

SUBORDINATION, NON-DISTURBANCE AND ATTORNMENT AGREEMENT

THIS AGREEMENT made this ____ day of _____, 20__, among, _____ (hereinafter called "Lender"), Vanna Conversions, LLC, a North Dakota limited liability company, (hereinafter called "Tenant"), and Vanna Real Estate, LLC, a North Dakota limited liability company (hereinafter called "Landlord"), who together agree as follows:

RECITALS. The parties make the following declarations:

A. Lender is now or will be the owner and holder of a Mortgage and Security Agreement (hereinafter called the "Security Instrument"), dated _____, recorded as Document Number _____ of the Real Property Records of Cass County, North Dakota, covering the real property described in Exhibit A attached hereto and made a part hereof, and the buildings and improvements thereon (hereinafter collectively called the "Mortgaged Premises") securing the payment of a promissory note in the stated principal amount of \$ _____, payable to the order of Lender;

B. Tenant is the tenant under that certain Lease Agreement (hereinafter called the "Lease") dated _____ by and between Landlord and Tenant, covering certain property (hereinafter called the "Demised Premises") consisting of all of the Mortgaged Premises; and,

C. Tenant, Landlord and Lender desire to confirm their understanding with respect to the Lease and the Security Instrument;

1. Subordination. Subject to the terms of this Agreement, the Lease now is, and shall at all times and for all purposes continue to be, subject and subordinate, in each and every respect, to the Security Instrument, with the provisions of the Security Instrument controlling in all respects over the provisions of the Lease, it being understood and agreed that the foregoing subordination shall apply to any and all increases, renewals, modifications, extensions, substitutions, replacements and/or consolidations of the Security Instrument, provided that any and all such increases, renewals, modifications, extensions, substitutions, replacements and/or consolidations shall nevertheless be subject to the terms of this Agreement.

2. Non-Disturbance. So long as (i) Tenant is not in default (beyond any period given Tenant to cure such default) in the payment of rent or additional rent or in the performance of any of the other terms, covenants or conditions of the Lease on Tenant's part to be performed (ii) the Lease is in full force and effect, then (a) the Lease shall not be terminated or extinguished, (b) Tenant's possession, occupancy, use and quiet enjoyment of the Demised Premises under the Lease, or any extensions or renewals thereof or acquisition of additional space which may be effected in accordance with any option therefore in the Lease, shall not be terminated, disturbed, diminished or interfered with by Lender in the exercise of any of its rights under the Security Instrument, and (c) Lender will not join Tenant as a party defendant in any action or proceeding

for the purpose of terminating Tenant's interest and estate under the Lease because of any default under the Security Instrument.

3. Attornment. If Lender shall become the owner of the Mortgaged Premises or the Mortgaged Premises shall be sold by reason of non-judicial or judicial foreclosure or other proceedings brought to enforce the Security Instrument or the Mortgaged Premises shall be conveyed by deed in lieu of foreclosure, then upon written notice to Tenant that Lender has succeeded to the interest of Landlord in the Demised Premises, the Lease shall continue in full force and effect as a direct Lease between Lender or other purchaser of the Mortgaged Premises, who shall succeed to the rights and duties of Landlord, and Tenant. In such event, Tenant shall attorn to Lender or such purchaser, as the case may be, upon any such occurrence and shall recognize Lender or such purchaser, as the case may be, as the Landlord under the Lease. Such attornment shall be effective and self-operative without the execution of any further instrument on the part of any of the parties hereto. Tenant agrees, however, to execute and deliver at any time and from time to time, upon the request of Landlord or of any holder(s) of any of the indebtedness or other obligations secured by the Security Instrument or any such purchaser, any instrument or certificate which, in the reasonable judgment of the requesting party, is necessary or appropriate, in connection with any such foreclosure or deed in lieu of foreclosure or otherwise, to evidence such attornment, which instrument or certificate shall be in form and content reasonably acceptable to Tenant. Tenant hereby waives the provisions of any statute or rule of law (but not any express provision of the Lease), now or hereafter in effect, which may give or purport to give Tenant any right or election to terminate or otherwise adversely affect the Lease and the obligations of Tenant thereunder as a result of any such foreclosure or deed in lieu of foreclosure.

4. Obligations and Remedies. If Lender shall become the owner of the Mortgaged Premises or the Mortgaged Premises shall be sold by reason of nonjudicial or judicial foreclosure or other proceedings brought to enforce the Security Instrument or the Mortgaged Premises shall be conveyed by deed in lieu of foreclosure, Lender or other purchaser of the Mortgaged Premises, as the case may be, shall have the same remedies by entry, action or otherwise in the event of any default by Tenant (beyond any period given Tenant to cure such default) in the payment of rent or additional rent or in the performance of any of the other terms, covenants and conditions of the Lease on Tenant's part to be performed that Landlord had or would have had if Lender or such purchaser had not succeeded to the interest of Landlord. Upon attornment by Tenant as provided herein, Lender or such purchaser shall be bound to Tenant under all the terms, covenants and conditions of the Lease and Tenant shall have the same remedies against Lender or such purchaser for the breach of an agreement contained in the Lease that Tenant might have had under the Lease against Landlord if Lender or such purchaser had not succeeded to the interest of Landlord; provided, however, that Lender or such purchaser shall not be liable or bound to Tenant:

(a) for any act or omission of any prior landlord (including Landlord) which constitutes a default or breach of the Lease; provided, however, nothing herein shall be deemed to be a waiver of Tenant's rights or remedies in the event such act or omission is of a continuing nature, such as, for example, Landlord's failure to fulfill a repair obligation, and such default is not cured by Lender or such purchaser after Lender or such purchaser acquires the Mortgaged Premises (however, Lender or such purchaser shall in no event be liable for any tort claims which Tenant may have against Landlord); or

(b) for any offsets or defenses which the Tenant might be entitled to assert against Landlord arising prior to the date Lender takes possession of Landlord's interest in the Lease or becomes a mortgagee in possession, subject to Tenant's continued right of offset for any default by Landlord which remains uncured provided notice of such default was required to be provided to Lender and was actually provided to Lender in accordance with the provisions of this Agreement; or

(c) for or by any rent or additional rent which Tenant might have paid for more than the current month to any prior landlord (including Landlord) unless expressly required by the terms of the Lease or unless such rent or additional rent is actually received by Lender; or

(d) by any amendment or modification of the Lease made without Lender's consent (which consent shall not be unreasonably withheld, conditioned or delayed) that (i) results in a reduction of rent or other sums due and payable pursuant to the Lease, (ii) reduces the term of the Lease, (iii) provides for payment of rent more than one month in advance, or (iv) materially increases Landlord's obligations under the Lease; or

(e) for any security deposit, rental deposit or similar deposit given by Tenant to a prior landlord (including Landlord) unless such deposit is actually paid over to Lender or such purchaser by the prior landlord; or

(f) for any portion of the Tenant Allowance (as such term is defined in the Lease) previously disbursed to Landlord by Lender pursuant to the Construction Loan Agreement executed by and between Landlord and Lender, provided that if Lender or such purchaser refuses to pay Tenant such Tenant Allowance, as set forth in the Lease, then Tenant may either terminate this Lease upon notice to Lender or such purchaser or offset the amount of the unpaid Tenant Allowance against Tenant's next due rental obligations under the Lease; or

(g) for the construction of any improvements required of Landlord under the Lease in the event Lender or such purchaser acquires title to the Mortgaged Premises prior to full completion and acceptance by Tenant of improvements required under the Lease; provided, however, if Lender or such purchaser fails or refuses to perform such construction of improvements, then Tenant may either terminate this Lease upon written notice to Lender or such purchaser or perform such work and offset the cost thereof together with any unpaid Tenant Allowance against Tenant's next due rental obligations; or

(h) for the payment of any leasing commissions or other expenses for which any prior landlord (including Landlord) incurred the obligation to pay, except for those leasing commissions expressly provided for in the Lease; or

(i) by any provision of the Lease restricting use of properties other than the Center owned by Lender, as landlord, except for any properties immediately adjacent to the Center .

Except as expressly set forth herein, the person or entity to whom Tenant attorns shall be liable to Tenant under the Lease only for matters arising during such person's or entity's period of ownership.

5. No Abridgment. Nothing herein contained is intended, nor shall it be construed, to abridge or adversely affect any right or remedy of Landlord under the Lease in the event of any default by Tenant (beyond any period given Tenant to cure such default) in the payment of rent or additional rent or in the performance of any of the other terms, covenants or conditions of the Lease on Tenant's part to be performed.

6. Notices of Default to Lender. Tenant agrees to give Lender a copy of any default notice sent by Tenant under the Lease to Landlord which would entitle Tenant to terminate the Lease.

7. Representations by Tenant. Tenant represents and warrants to Lender that to Tenant's current actual knowledge, without investigation or inquiry, as of the date hereof, Tenant has validly executed the Lease; the Lease is valid, binding and enforceable and is in full force and effect in accordance with its terms; the Lease has not been amended except as stated herein; no rent under the Lease has been paid more than thirty (30) days in advance of its due date; there are no defaults existing under the Lease; and Tenant, as of this date, has no charge, lien, counterclaim or claim of offset under the Lease, or otherwise, against the rents or other charges due or to become due under the Lease.

8. Rent Payment. If Lender shall become the owner of the Mortgaged Premises or the Mortgaged Premises shall be sold by reason of non-judicial or judicial foreclosure or other proceedings brought to enforce the Security Instrument or the Mortgaged Premises shall be conveyed by deed in lieu of foreclosure, Tenant agrees to pay all rents directly to Lender or other purchaser of the Mortgaged Premises, as the case may be, in accordance with the Lease immediately upon receipt of written notice of Lender or such purchaser, as the case may be, succeeding to Landlord's interest under the Lease. Tenant further agrees to pay all rents directly to Lender immediately upon its receipt of written notice that Lender is exercising its rights to such rents under the Security Instrument or any other loan documents (including but not limited to any Assignment of Leases and Rents) following a default by Landlord or other applicable party. Tenant shall be under no obligation to ascertain whether a default by Landlord has occurred under the Security Instrument or any other loan documents. Landlord waives any right, claim or demand it may now or hereafter have against Tenant by reason of such direct payment to Lender and agrees that such direct payment to Lender shall discharge all obligations of Tenant to make such payment to Landlord. Lender agrees that such rent paid directly to Lender shall be credited against Tenant's rental obligations under the Lease.

9. Notice of Security Instrument. To the extent that the Lease shall entitle Tenant to notice of any deed of trust or security agreement, this Agreement shall constitute such notice to the Tenant with respect to the Security Instrument and to any and all other deeds of trust and security agreements which may hereafter be subject to the terms of this Agreement.

10. Landlord Defaults. Tenant agrees with Lender that effective as of the date of this Agreement: (i) Tenant shall not take any steps to terminate the Lease for any default by Landlord or any succeeding owner of the Mortgaged Premises until after giving Lender written notice of

such default, stating the nature of the default and giving Lender thirty (30) days from receipt of such notice to effect cure of the same, or if cure cannot be effected within said thirty (30) days due to the nature of the default, Lender shall have a reasonable time to cure provided that it commences cure within said thirty (30) day period of time and diligently carries such cure to completion within 90 days of Tenant's notice; and (ii) notice to Landlord under the Lease (oral or written) shall not constitute notice to Lender. For purposes of this paragraph, actions taken by Lender to foreclose the Security Instrument or otherwise gain possession of the Mortgaged Premises shall be considered actions undertaken to cure any default. Notwithstanding the foregoing, if Landlord defaults in the performance of any of its material obligations, covenants and warranties under the Lease which interferes with the ability of Tenant to reasonably implement its permitted use under the Lease or results in a real and imminent danger to the health or safety of the person or property tenant or any agent, employee, or invitee of Tenant, then, in such event, Tenant shall be entitled to exercise its rights of self-help and offset within the time periods set forth in the Lease provided all required notices have been given as set forth in the Lease.

11. Notice. Any notice or communication required or permitted hereunder shall be given in writing, sent by (a) personal delivery, or (b) expedited delivery service with proof of delivery, or (c) United States mail, postage prepaid, registered or certified mail, addressed as follows:

To Lender: _____

Attention: _____

To Tenant: Vanna Conversions, LLC
1710 26th Street S, Unit E
Moorhead, MN 56560

With a copy to: _____

Attention: _____

or to such other address or to the attention of such other person as hereafter shall be designated in writing by the applicable party sent in accordance herewith. Any such notice or communication shall be deemed to have been given and received either at the time of personal delivery or, in the case of delivery service or mail, as of the third business day after depositing such notice with any post office, mail depository or nationally recognized overnight delivery carrier for delivery at the address and in the manner provided herein.

12. Modification. This Agreement may not be modified orally or in any manner other than by an agreement in writing signed by the parties hereto or their respective successors in interest.

13. Successor Lender. The term "Lender" as used throughout this Agreement includes any successor or assign of Lender, any affiliate of Lender acquiring the Mortgaged Property at foreclosure or by deed-in-lieu of foreclosure, and any holder(s) of any interest in the

indebtedness secured by the Security Instrument.

14. Successors and Assigns. This Agreement shall inure to the benefit of and be binding upon the parties hereto, their successors and assigns, and any purchaser or purchasers at foreclosure of the Mortgaged Premises, and their respective successors and assigns.

15. Paragraph Headings. The paragraph headings contained in this Agreement are for convenience only and shall in no way enlarge or limit the scope or meaning of the various and several paragraphs hereof.

16. Gender and Number. Within this Agreement, words of any gender shall be held and construed to include any other gender, and words in the singular number shall be held and construed to include the plural and words in the plural number shall be held and construed to include the singular, unless the context otherwise requires.

17. Applicable Law. This Agreement and the rights and duties of the parties hereunder shall be governed by all purposes by the law of the state where the Mortgaged Premises is located and the law of the United States applicable to transactions within such state.

18. Counterparts. This Agreement may be executed in multiple counterparts and by the different parties hereto in separate counterparts, each of which shall for all purposes be deemed to be an original and all of which together shall constitute but one and the same instrument, with the same effect as if all parties to this Agreement had signed the same signature page.

19. Insurance Proceeds and Condemnation Awards. Notwithstanding anything to the contrary contained herein, property insurance proceeds and condemnation awards with respect to the Demised Premises and Tenant's leasehold improvements, personal property and its interest in the Lease and Demised Premises shall be disbursed in accordance with the Lease (as if no Security Instrument existed) and not in accordance with the Security Instrument.

IN WITNESS WHEREOF, the parties hereto have hereunto caused this Agreement to be duly executed as of the day and year first above written.

SIGNATURE PAGES FOLLOW

SIGNATURE PAGE OF LENDER TO
SUBORDINATION, NONDISTURBANCE AND ATTORNMENT AGREEMENT
DATED _____

LENDER

By: _____
Name: _____
Title: _____

STATE OF NORTH DAKOTA)
)ss.
COUNTY OF CASS)

This instrument was acknowledged before me on _____, by
_____, _____, of
_____, a _____ bank, on behalf of said federal savings
bank.

Notary Public

SIGNATURE PAGE OF TENANT TO
SUBORDINATION, NONDISTURBANCE AND ATTORNMENT AGREEMENT
DATED _____

TENANT
Vanna Conversions, LLC

By: Jason Gilbraith
Its: Owner

By: Ben Gleason
Its: Owner

STATE OF NORTH DAKOTA)
)ss.
COUNTY OF CASS)

This instrument was acknowledged before me on _____, by Jason Gilbraith and Ben Gleason, Owners, of Vanna Conversions, LLC, on behalf of said limited liability company.

Notary Public

SIGNATURE PAGE OF LANDLORD TO
SUBORDINATION, NONDISTURBANCE AND ATTORNMENT AGREEMENT
DATED _____

Vanna Real Estate, LLC

By: Kevin Christianson
Its: President

STATE OF NORTH DAKOTA)
)ss.
COUNTY OF CASS)

This instrument was acknowledged before me on _____, by Kevin Christianson the President of Vanna Real Estate, LLC, a North Dakota limited liability company, on behalf of said limited liability company.

Notary Public

EXHIBIT I

LEASE CONFIRMATION CERTIFICATE

This Lease Confirmation Certificate is dated _____, 20____, by and between Vanna Real Estate, LLC ("Landlord") and Vanna Conversions, LLC ("Tenant"), who together agree as follows:

RECITALS. The parties make the following declarations:

A. Landlord and Tenant have previously executed that certain Lease dated _____ (the "Lease"), pursuant to which Tenant leases from Landlord 6,000 square feet (the "Leased Premises") as more particularly described in the Lease.

B. Landlord and Tenant now desire to execute this Lease Confirmation Certificate to confirm, among other things, the Commencement Date, the expiration date, the square footage of the Premises, the Base Rent, and the Tenant Improvement Allowance. All capitalized terms used herein and not defined herein shall have the meanings assigned thereto in the Lease.

1. Delivery Date. Landlord delivered the Premises to Tenant on _____, 20____, and the Possession Date occurred on _____, 20____.

2. Commencement Date. The Commencement Date of the Lease occurred, or will occur, on _____, 20____, and shall expire on _____, 20____.

3. Square Footage. For purposes of determining any per square foot charges in the Lease, the Premises shall be deemed to contain _____ square feet.

4. Base Rent. Pursuant to Section 2A of the Lease, Tenant's obligation to pay Base Rent commenced, or will commence, on _____, 20____, in the following amounts, subject to adjustment as may be provided in the Lease:

Years	Monthly Base Rent	Annual Base Rent
1-5	\$	\$
6-10	\$	\$
11-15	\$	\$
16-20	\$	\$

5. Renewal Options. Pursuant to Section 2 of the Lease, Tenant has renewal options of 5 years each, which must be exercised by Tenant by the following dates:

<u>Option Period</u>	<u>Notice Deadline</u>	<u>Annual Base Rent</u>
Years 21-25	_____, 20 ____	\$ _____
Years 26-30	_____, 20 ____	\$ _____

6. No Modification of Lease. This Lease Confirmation Certificate is intended to determine the various dates and time periods referenced above based on the formulae and other substantive provisions contained in the Lease in light of the actual attendant facts and circumstances that have occurred. In no event is this Lease Confirmation Certificate intended to modify any substantive provision of the Lease, and in the event of a conflict between the terms of the Lease and this Lease Confirmation Certificate, the terms of the Lease shall control.

7. Counterparts. This Lease Confirmation Certificate may be executed in several counterparts, each of which may be deemed an original, and all such counterparts together shall constitute one and the same Lease Confirmation Certificate.

IN WITNESS WHEREOF, the parties have executed this Lease Confirmation Certificate as of the date first above written.

LANDLORD:

Vanna Real Estate, LLC

By: Kevin Christianson
Its: President

TENANT:

Vanna Conversions, LLC

By: Jason Gilbraith
Its: Owner

By: Ben Gleason
Its: Owner

EXHIBIT J

SIGN CRITERIA

SECTION 1. INTENT AND PURPOSE

Development sign criteria is intended to provide guidelines for tenant identification which will present an attractive image and compliment architectural integrity and continuity of all properties. This sign criteria is intended to reduce clutter and provide strong, clear identification of businesses. The development shall have consistent sign criteria governing the framework of sign plans used by each tenant to clearly and consistently identify them as part of the overall development. Of course, all signage must meet City and the regulations covering the Leased Premises.

SECTION 2. SIGN APPROVAL

LANDLORD: Design, content and details of signs must be approved by the Landlord prior to fabrication and erection of signs. Although previous signage used by Tenant will be considered, it will not necessarily govern the signage to be installed on the Leased Premises.

1. Tenant shall submit drawings and specifications to the Landlord for all proposed sign work. The drawings shall clearly show the location of each sign on the fascia of the elevation; including graphics, color, construction, and attachment details. Full information regarding electrical load requirements is also to be included.
2. All costs incurred in furnishing and installation of a sign and furnishing power to the sign shall be the full responsibility of the Tenant. Sign construction must be completed in compliance with the instructions specified within these criteria.
3. Upon vacating the premises, Tenant assumes full responsibility for all costs to completely remove its signage and repair signage the area of the Premises to its original condition, per city code.
4. Each Tenant is required to identify their Premises with a sign.
5. All Tenant signage must be approved by Landlord prior to submittal for City for approval.

CITY APPROVAL: Tenant shall be responsible for obtaining all City approvals and sign permits. City approval does not imply or supersede the Landlord's approval.

SECTION 3. ALLOCATED SIGN AREAS

EXTERIOR TENANT SIGN AREAS:

1. Tenant's major identification shall be installed only onto Tenant's Sign Area above each primary entrance, where applicable.
2. The Tenant Sign Area constitutes the "Sign Band" area above the front door and in front of the Premises with a width not to exceed the total width of the front of the Premises minus two feet (2') on either side and not to exceed 15% of the fascia (excluding glass surfaces) or 100 square feet per sign
3. Each Tenant is responsible for verifying maximum allowable signage for its Premises per City code.

WINDOWS AND DOORS

1. Primary Entrance: Landlord shall provide four inch (4") vinyl graphic address numerals for each Tenant's primary entry (suite number).
2. Secondary Entrance: Landlord will provide suite numbers on secondary entrance /door only. No other signage is permitted on the secondary entrances.
3. Any glass mounted vinyl graphics must be approved in writing by landlord and must not exceed 5% of the window glass surface area.

TEMPORARY SIGN AREA

1. Temporary signs, as detailed in this criteria, may be interior mounted onto glass opening, or attached to Tenant's Sign Area or as otherwise allowed with prior written approval from Landlord and subject to City sign codes.

SECTION 4. SIGN CRITERIA

EXTERIOR MAJOR IDENTIFICATION

1. Signs placed onto the Tenant Sign Area shall be limited to Tenant's proper name or service offered.
2. Letter style may be any type or style, upper and/or lower case letters, subject to prior written approval of Landlord.
3. Special logos, designs or symbols necessary for identification of the Premises, may be permitted as part of copy, subject to prior written approval of Landlord.
4. All Signage to be built to U.L. codes and City codes and must carry Underwriter Laboratories labels.
5. Tenant signs will consist of individually illuminated aluminum / acrylic or Lexan faced letters as specified within this criteria. Sign letters or components shall not have exposed neo or other lamps. All channel letters will be mounted to the raceway system to minimize electrical penetration and anchoring points.

SIGNS PROHIBITED

1. Moving, rotating or flashing signs.
2. Signs fabricated as a box or cabinet with translucent faces.
3. Signs employing luminous-vacuum formed type plastic letters.
4. Signs, letters, symbols or identification of any nature painted directly on exterior surface of the Premises.
5. Cloth, wood, paper, or cardboard signs, stickers, or painted signs around or on exterior surfaces (door and/or windows) or the Premises.

6. Free standing signs, except as approved by Landlord and City.
7. Banners – unless approved by Landlord and mounted by approved method.
8. Roof – Top signs
9. Signs employing noise-making or air inflated devices and components (unless authorized by Landlord and/or City).
10. Window display unedged or uncapped plastic letter or letters with no returns and exposed fastenings.
11. Signs placed at right angles to any front.

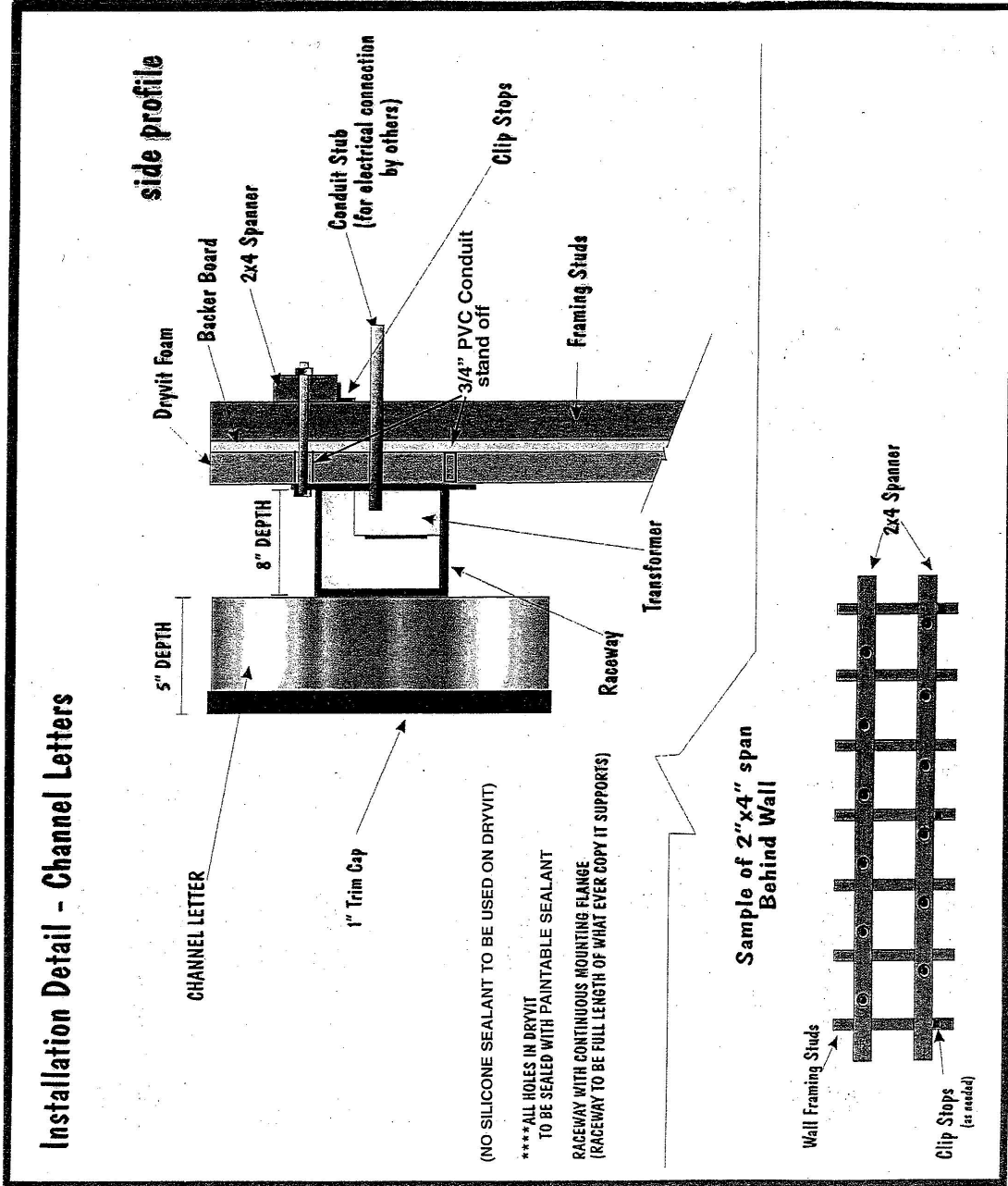
SECTION 5. SIGN CONSTRUCTION SPECIFICATIONS

ILLUMINATED SIGNAGE: All signage must be to specifications as approved by Landlord.

1. Dimensions: All individually illuminated letters shall be a maximum height of forty-eight inches (48”), with a minimum of eighteen inches (18”). This will depend on size of leased space. All letters on raceway system are to be approved installation method (detail attached).
2. Material:
 - a. Channel Letters: All letters to be aluminum, minimum .040 returns and minimum .063 backs (.080 for larger letters). All aluminum to be heli-arc welded, or mechanical fastened – no press type letters allowed.
 - b. Faces to be of minimum 3/16” acrylic or polycarbonate properly fitted with a plastic trimcap or retainer system.
3. Illumination:
 - a. All letters are to be illuminated with either neon tubing or LED technology. In cases where Mercury / Argon neon is used, they must be illuminated by 60 m.a. transformers for optimal cold weather operation.
 - b. Signs shall be illuminated only by steady, stationary, shielded light sources directed solely at the sign or internal to it, without causing glare for motorists, pedestrians or neighboring Premises.
 - c. Illuminating signs, including neon signs, shall not produce more than one foot candle of illumination four feet (4’) from the sign.
4. Electrical: Tenant shall install a time clock in Tenants electrical room for exterior signage. The Tenant must provide power from its panel to the relay / time clock and then connected to signage.
5. Finish: All faces and returns of aluminum to receive either an anodized or painted finish. Painted letters must utilize acrylic enamel paint over a zinc chromate primer. The inside channel or each letter must be painted flat white for even illumination. All raceways must be paint blended to match area behind signage. It is required that all raceways are to be painted using a flattened paint to aid in blending to the background color.

6. Installation: Letters will be centered vertically onto signage area and follow a specific installation method approved by the Landlord (see attached detail).

Sign Construction Detail



**NOTICE TO COMPETITORS OF
HEARING ON APPLICATION FOR
PROPERTY TAX INCENTIVES**

Notice is hereby given that the County Commission of Cass County, North Dakota will meet at 3:30 p.m. on Monday, November 7, 2022, in the Commission Room, Cass County Courthouse, 211 9th Street South, Fargo, North Dakota, to consider the application of Vanna Con, 1710 26th Street South, Moorhead, MN, for a property tax relief on the project which the applicant will use in the operation of manufacturing off grid four season camper vans, mobile offices, and mobile medical units at 9700 39th Street South in Fargo, ND 58104 Lot 3 Block 1 Commerce on I29 Addition.

Any competitor of that applicant may appear and be heard by the Cass County Commission at the time and place designated herein. A competitor may provide written comments to the governing body before the scheduled hearing.

This notice is given by the above-named applicant pursuant to the provisions of North Dakota Century Code Section 40-57.1-03.

(Oct. 12 & 19, 2022) 110128



August 1, 2022

Nick Lehr
Vanna Conversions, LLC
1710 26th St S
Morhead, MN 58103

Dear Nick:

Thank you for your application for primary-sector certification by the North Dakota Department of Commerce, Economic Development & Finance Division. We have reviewed your application and determined that ED&F can certify your company, **Vanna Conversions, LLC**, as primary sector and a new wealth creator in the economy of North Dakota. This certification is valid for **four years** (7/29/2022 to 7/29/2026).

Most of North Dakota's economic development programs, tools and incentives are targeted toward primary-sector clients. You may be requested to provide a copy of this primary-sector certification letter when you apply for certain economic development incentive and funding programs.

This certification does not guarantee the receipt of any North Dakota business incentive. For example, there are additional qualification criteria for the Seed Capital Investment and Agricultural Business Investment personal income tax credits, and it is critical that investments **NOT** be made prior to the business receiving certification for these two credits. If you are pursuing certification for investment tax credits and need to know the criteria required for qualification, contact Joseph Mwangura at 701-328-5367.

This certification is not the application process for the North Dakota New Jobs Training Program administered by Job Service North Dakota. To apply for the North Dakota New Jobs Training Program, you must contact Job Service North Dakota for the required application forms. Application forms for other programs that require primary sector certification are available from the agency administering the program.

Also, companies and individuals pursuing the investment tax credit incentive are reminded there is a cap on available dollars. Please visit with the ND Office of the Tax Commissioner regarding the remaining balance for investment tax credits. The credits are available on a first-come-first-serve basis until the law-defined cap is met.

North Dakota appreciates your contribution to the citizens and economy of our state. If there is anything further we can do to assist your company, please contact us at 701-328-5300.

Sincerely,



Joshua Teigen, Director
Economic Development & Finance Division

1600 E Century Avenue, Suite 6 | P.O. Box 2057 | Bismarck, ND 58502

PHONE: 701-328-5300 | TOLL FREE: 1-866-4DAKOTA | ND RELAY TTY: 1-800-366-6888 | VOICE: 1-800-366-6889 |
NDCommerce.com



NORTH DAKOTA OFFICE OF STATE TAX COMMISSIONER GUIDELINE - PROPERTY TAX: INCENTIVES FOR NEW OR EXPANDING BUSINESSES

DECEMBER 2017

North Dakota Century Code ch. 40-57.1 provides incentives in the form of property tax exemptions, payments in lieu of taxes, or a combination of both to a qualifying business. The incentives are granted at the discretion of the city or county in which the property is located.

Before a municipality may grant a property tax exemption under N.D.C.C. § 40-57.1-03, the project must be certified as a primary sector business by the Commerce Department.

A city or county with fewer than 40,000 population may grant an exemption to a project operating in the retail sector if the governing body has obtained approval from a majority of the qualified electors voting on the question at a city or county election held in conjunction with a statewide general election and if that governing body has established by resolution or ordinance the criteria that will be applied by the governing body to determine whether it is appropriate to grant an exemption for a project operating in the retail sector. Minimum criteria are specified in N.D.C.C. § 40-57.1-03(1). A city or county may not supersede or expand the provisions of this section under home rule authority.

- * Before a city grants a property tax incentive on a parcel that is anticipated to receive a property tax incentive for more than five years, the governing body of the city is required to send a letter, by certified mail, to the chairman of each county commission and the president of each school district affected by the tax incentive. The letter must provide terms of the proposed property tax incentive.
- * Within 30 days of receipt of the notice, each affected county and school district must notify the city, in writing, whether it elects to participate in granting the tax incentive on the county or school district portion of the property tax. If no letter is received, the city must treat each county or school district as participating in the property tax incentive.

DEFINITIONS

1. Commencement of construction means the building or erecting of any improvements other than site preparation or excavation.
2. Commencement of project operation means “the date the plant actually goes into its planned operations. To use the example..., if a manufacturing plant actually begins manufacturing of its products in December, 1970, that would be the date of commencement of project operations. The Act does not purport to authorize granting of tax exemptions for the time of construction of plants.” 1969 N.D. Op. Att’y Gen. 415.
3. Local Development Corporation means a profit or nonprofit corporation incorporated in this state for the purpose of furthering the economic development of a specified community or area.

4. Municipality means a city or a county.
5. Primary sector means a business that adds value to a product, process, or service that results in the creation of new wealth. New wealth means revenues to a North Dakota business generated by sales of products or services to customers outside North Dakota, or revenues to a North Dakota business from sales in North Dakota, if the product or service was previously unavailable or of limited availability.
6. Project means any new revenue-producing business or an expansion to an existing business.
7. Project operator means the individual, partnership, limited liability company (LLC), corporation, or association that owns or operates the project.
8. Statewide general election, as provided in N.D.C.C. § 16.1-13-01, means the general election held on the first Tuesday after the first Monday in November of each even-numbered year.
9. Structure means any property where a business is conducted. The structure might be an entire building, if occupied by one business, or individual quarters within a larger building.

WHAT QUALIFIES

10. New and existing buildings, structures, and improvements owned or leased by a qualifying project may receive property tax incentives.
11. New buildings, structures, and improvements constructed and owned by a local development corporation may receive a partial or complete exemption from ad valorem taxation while unoccupied. Once occupied, the exemption continues until the next assessment date following the first occupancy. A qualifying project that locates in a building owned by a local development corporation qualifies for the property tax incentives, provided application is made and granted prior to occupancy.

ALLOWABLE INCENTIVES

12. A qualifying project may receive a complete or partial exemption from ad valorem taxation on structures used in or necessary to the operation of a project for up to five years following the commencement of project operations.
13. The exemption period begins with the assessment date immediately following the date of commencement of project operations.
14. Projects that produce or manufacture a product from agricultural commodities may receive a complete or partial property tax exemption on structures for up to ten years.
15. A project located in a structure leased from a governmental entity and which received a five-year property tax exemption qualifies for additional exemptions for up to five years. For the additional exemptions, the municipality grants the exemption one year at a time upon annual application.
16. Payments in lieu of taxes may be used in place of, or in combination with, property tax exemptions for qualifying projects. The municipality and project operator negotiate the amount of annual payments, when the payments begin, and the ending date, which may be no later than twenty years from the date project operations began.

17. Payments in lieu of taxes are apportioned in the same manner as the general real estate taxes unless a taxing district enters into a written agreement for an alternate method. Any agreement entered into between the municipality and other taxing districts for an alternate method of apportioning the payments in lieu of taxes may not affect the apportionment to any taxing district that is not a party to the agreement.
18. The tax incentives are valid as long as the property is used for the purposes stated in the application. If there is a change in use or project operator, a new application for the incentives must be filed with and approved by the municipality to receive the remainder of the incentives.

LIMITATIONS

19. A project is not eligible for the property tax incentives if the project received a tax exemption under tax increment financing.
20. The tax exemption and the payments in lieu of taxes are limited to the new or existing buildings or structures used in the qualifying project.
21. Tax incentives may not be granted for land.
22. Payments in lieu of taxes are not eligible for the 5% discount for early payment.

PROCEDURES

23. The project operator applies to the governing body of the municipality where the potential project is to be located. If the project will be within city limits, the project operator applies to the city governing body. **If the project is outside city limits, application is made to the county commission.**
24. **The municipality forwards the application to the Department of Commerce, Division of Economic Development and Finance, P.O. Box 2057, Bismarck, ND 58502-2057, for its review and recommendation as to the eligibility of the project as a primary sector business. Completed, attached**
25. Application for the property tax exemption must be made *and* granted prior to the commencement of construction if the project locates in a new structure. If the project locates in an existing structure, application must be made *and* granted before the structure is occupied.

For qualifying projects, applications for payments in lieu of property taxes may be made after construction or occupancy of the structure.

A representative appointed by the board of each affected school district and of each affected township is included as a non-voting member during the negotiation and deliberation of granting tax incentives.

26. **The project operator publishes two notices to competitors of hearing on the application. The notices are published in the official newspaper of the city or county at least one week apart. The last notice must be published at least 15 days, but not more than 30 days, before the city or county considers the application. For example, notices published one week apart on May 1 and May 8 would be appropriate for a hearing scheduled any time between May 23 and June 7. An affidavit of publication is presented to the governing body prior to the hearing as proof of publication. Publication of notices is not required if the municipality determines that project competitors do not exist in the municipality. Completed, attached**
27. **The city or county holds a public hearing on the application and takes testimony both in favor of and in opposition to the granting of the tax incentives. Required during meeting**

28. After the public hearing, the governing body determines the best interests of the municipality and approves or denies, in whole or in part, the application for tax incentives.
29. The municipality certifies the tax incentives granted by submitting a copy of the project operator's application with the attachments to the State Tax Commissioner and county director of tax equalization. The county director of tax equalization advises the local assessor when the property is taxable or exempt.
30. Political subdivision grantors shall maintain records of business incentives provided to recipients. They shall prepare an annual political subdivision grantor report to the Department of Commerce before April 1 each year that includes:
 - The name of the business receiving business incentives during that year;
 - The number of jobs expected to be created or retained by each business as a result of the business incentives;
 - The average compensation expected to be provided by the employer for the jobs expected to be created or retained as a result of the business incentives, including identification of the average benefits and average earnings to be provided by the employer for these jobs; and
 - The total dollar value of all business incentives provided by the political subdivision during that year.

ADDITIONAL CONDITIONS

North Dakota Century Code § 40-57.1-03 provides that the governing body of a municipality, before the beginning of a taxable year for which a property tax exemption or the option to make payments in lieu of taxes has previously been approved by the governing body, may revoke or reduce an exemption, or revoke or increase payments in lieu of taxes for that taxable year for reasons specified in a negotiated agreement or if the governing body finds that:

- a. Information provided by the project operator has proven to be inaccurate or untrue;
- b. Use of the property by the project operator does not comply with the reasonable expectations of the governing body at the time the property tax exemption or the option to make payments in lieu of taxes was approved;
- c. The property has been improved to a substantially greater extent than the governing body reasonably anticipated at the time the property tax exemption or the option to make payments in lieu of taxes was approved; or
- d. There has been a change of ownership of the property since the property tax exemption or the option to make payments in lieu of taxes was approved.

* Indicates significant change since last revised.

SUBJECT: TAX INCENTIVE POLICY

ADOPTED DATE: JANUARY 2, 2018

PAGE 1 OF 5

This policy sets forth the criteria under which the Cass County Board of Commissioners may grant tax exemptions for new or expanding businesses, whether commercial, industrial or service. The Cass County Board of Commissioners states that its purpose in adopting this policy is to sanction, authorize, and encourage activities in the public interest and for the welfare of the State of North Dakota, its political subdivisions, and the people by assisting in the establishment of additional industrial plants, the expansion and retention of existing business, and promotion of economic activities within the State, and thereby increasing production of wealth, and adding to the volume of employment. This policy is a business expansion and jobs creation policy and applies to new and existing businesses as well as new or existing buildings. This tax incentive policy shall apply only to businesses that locate in Cass County, outside of any incorporated city.

New or Expanding Business Exemption/PILOT (N.D.C.C. 40-57.1) [Page 10]

This allows for a 5-year exemption for buildings of certain new or expanding business projects. A 10-year exemption may be granted to projects producing or manufacturing a product from agricultural commodities, at the commission's discretion, evaluated on a case by case basis. In addition to, or instead of a property tax exemption, projects may be granted an option to set up to 20 years of payments in lieu of taxes (PILOT) again at the commission's discretion. The amount of those payments would be determined through negotiations with the County and the project operator.

The following guidelines are recommended:

Cass County will use as a guide the general review criteria below in evaluating the applications for assistance. Each incentive option will be administered according to the appropriate state law in conjunction with the specific policy or guideline adopted by the Cass County Commission.

- 1) A \$100.00 non-refundable fee is required to begin the application process. In addition, the project operator shall publish two notices, the form of which shall be prescribed by the State Board of Equalization. This notice to competitors of such an application for tax exemption shall be published in the official newspaper at least one week apart and not less than 15, nor more than 30 days, before the Board of Commissioners is scheduled to consider such application.
- 2) A new business to the community must not gain unfair advantage with existing competitors using the exemption. The "unfair advantage" argument must be made by a competitive business, in writing, to the Board of Commissioners within 15 days after publication of the official notice.
- 3) An existing business is eligible for tax exemption if expansion of the business includes new jobs and a minimum 20% increase in taxable property value, limited to the assessed valuation of the expansion. Property tax liability on existing buildings are not eligible for the exemption.
- 4) Warehousing and retail projects would not receive exemptions unless the owner could prove need or provide other information to justify granting the exemption.
- 5) Growth projections in the community must be verifiable through either the County Assessor or County Auditor's Office.

SUBJECT: TAX INCENTIVE POLICY

ADOPTED DATE: JANUARY 2, 2018

PAGE 2 OF 5

Economic Impact to the County

The economic impact to the County to be considered will be determined by increased construction activity and the purchase of local equipment, goods and services. Also, consideration will be given in terms of the size of the payroll and the value of the real property which ultimately serves to increase the tax base of the county.

Diversification and Growth of the Economic Base

The County is concerned about attracting and retaining companies that provide diversification from the existing industrial base to bring about a more stable economic environment in the county.

Number and Type of Jobs to be Created

The County is interested in knowing the projection for job creation over the term of the assistance. Consideration will be given to the salary, benefits, and type of jobs to be created or anticipated jobs to be added in the future.

Quality and Growth Potential of the Client

Consideration will be given to the company's reputation in other areas of the country in terms of the client's track record, credit history, stability, and overall industry standing. The County will also be interested in the company's history of growth, potential for future growth, and the general outlook for growth of the industry.

If requested by the County, the developer shall provide adequate financial guarantees to ensure completion of the project, including, but not limited to: assessment agreements, letters of credit, cash escrows, and personal guaranties. If requested by the County, or its consultants, the developer shall provide sufficient financial, environmental, or other data relative to the successful operation of the project.

Kinds of Businesses Targeted for Possible Incentives

The County will typically assist primary sector businesses. Primary sector businesses are those in which at least 70% of the revenues generated by the product or service, they provide come from outside the Fargo trade area (150-mile radius). The product may be completed by another firm (i.e. Cardinal Glass provides glass to Integrity Windows). This information will be provided by the business as part of the application process.

The business must receive "Primary Sector" designation from the North Dakota Department of Commerce and submit that information along with the incentive application. Targeted primary sector businesses are:

1. Those engaged in manufacturing, remanufacturing or processing of a raw material or base product.
2. Those providing packaging and distribution of end products.
3. Service industries that are involved in data processing, data communications, telecommunications services, computer software development, technology support, research facilities, research and development of new technologies, or any form of information processing.

The County is sensitive to concerns of providing assistance if jobs are simply being relocated within the Fargo Trade Area.

SUBJECT: TAX INCENTIVE POLICY

ADOPTED DATE: JANUARY 2, 2018

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Kinds of Businesses Typically Not Eligible for Incentives:

- Retail or any business selling directly to the consumer
- Health Care industry
- Education industry
- Property that is occupied by a public, as opposed to private, school, academy, college or other institution of learning for the use of students in attendance upon such public educational institution would be eligible for incentives.
- Hospitality services (hotels, restaurants, taverns, etc.).
- Professionals (architects, attorneys, physicians, dentists, CPA's, real estate developers, investment advisors, advertising/public relations advisors)
- General office facilities
- General warehousing facilities

Evaluation Point System to Be Used as A Guide

A point system will be utilized as a guide in evaluating primary sector projects for possible incentive programs. Although the point system will not be the final determining factor regarding eligibility for incentives, it will be used as a tool to quantify certain criteria.

A total of 100 points is required for recommended approval under the point system. The following is a breakdown of the criteria evaluated by the point system:

Project Type:

Points Project Description
+38 Manufacturing
+25 Support Services
+13 Distribution
+25 Primary Sector Distribution
+38 Primary Sector Service Industry
+38 Technology Research
-63 Common Service Industry
-63 Warehousing
-63 Retail
-63 Lodging Industry

Jobs Created (Initial Year):

Points Number of Jobs
+ 0 1-10
+15 11-50
+20 51-100
+25 101-250
+30 251+

SUBJECT: TAX INCENTIVE POLICY

ADOPTED DATE: JANUARY 2, 2018

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Points Hourly Salary w/o Benefits

- 25 Under \$13.00

+ 0 \$13.01 - \$15.00

+25 \$15.01 - \$20.00

+30 \$20.01 - \$28.00

+35 \$28.01 - \$35.00

+50 Over \$35.00

A weighted average
of points will be
used according to
the number of jobs
created in each range.

Local Competition:

Points % of Gross Income with Any Local Competition

+25 0% - 10%

+15 11% - 30%

+0 31% - 50%

-25 Over 50%

Value of Proposed Buildings:

Points Proposed Building Value

+ 0 Up to \$80,000

+ 5 \$80,001 - \$100,000

+ 7.5 \$100,001 - \$500,000

+ 10 \$500,001 - \$1,000,000

+12.5 \$1,000,001 - \$5,000,000

+ 15 \$5,000,001 - \$10,000,000

+ 20 \$10,000,000 - \$15,000,000

+ 30 Over \$15,000,000

Startup Firms:

Points Startup

+15 New "startup" projects

Timing of Filing Application:

Points Application Filing

-100 If filed after start of construction on a new building

-100 If filed after occupancy on an existing building

Incentive Agreement and Reporting Requirements

Each company receiving a business incentive shall be subject to a business incentive agreement with the County as well as the State of ND and reporting provisions and requirements set forth by the ND Century Code and summarized below:

1) Progress Reports

The recipient shall file a report annually for two years after receiving the incentive or until all goals set forth in the incentive agreement have been met, whichever is later. Reports shall be completed using the format drafted by the State of ND and shall be filed with the County no later than March 1 of each year for the progress made the previous year.

SUBJECT: TAX INCENTIVE POLICY

ADOPTED DATE: JANUARY 2, 2018

PAGE 5 OF 5

- 2) Maintain Facility
The recipient agrees to maintain and operate its facility at the site where the incentive is used for a period of five years after the date the incentive is provided.
- 3) Failure to Comply
Business failing to comply with the incentive program will be subject to fines and repayment requirements and will be deemed ineligible to receive any future incentives for a period of five years.

Incentive Application Process and Procedure

Application for business incentives must be made on forms provided by the County and include the \$100.00 non-refundable fee. Following a review and evaluation by appropriate County Staff and/or County's consultant, (GFMEDC), the application shall be referred to the Cass County Commission for further action.

The application packet shall include: a detailed description of the project, preliminary site plan, the incentive amount requested, public purpose of the project, number and type of jobs to be created, wages and benefits, verifiable funding sources and uses, projected project financial statements.

Applicants must complete and submit a property tax clearance record which can be obtained from the state tax office. The purpose of this document is to show the applicant is current on existing property tax liabilities.

In those cases, where an application for tax exemption involves new construction, an exemption which has been granted will be considered lapsed and invalid if construction has not begun in 1 year and/or completed in 2 years. Notice will be sent to the project operator 90 days prior to the exemption lapsing. If, however, the business submits information prior to the exemption lapsing outlining circumstances which necessitate a longer construction schedule, the County Commission can vote to extend the construction period.

If an exemption has been granted and the project operator wishes to locate the operation in another facility, the exemption may be transferred to the new building if the value of the new building is no more than 15% higher than that of the building for which the exemption was originally granted or if the capital investment in the project does not increase by more than 20%. If the new building is more than 15% greater in estimated value or the capital investment in the project increases by more than 20%, the County Commission will reconsider the exemption.

HISTORICAL REFERENCE DATE: JUNE 5, 1995
AUGUST 3, 1998
FEBRUARY 21, 2006
JANUARY 2, 2018

Exemption Evaluation Calculator 2022			136.6
Vanna Adventure Vans			<u>Points</u>
Project Type Code (Ctrl-C to view)		5	38.0
Current Number Of Employees		25	
Hourly Salary Without Benefits	# Jobs		
Under \$13.00	0		
\$13.01-\$15.00	0		
\$15.01-\$20.00	60		
\$20.01-\$28.00	15	Pts. For # Jobs->	30.0
\$28.01-\$35.00	0	Pts. For \$ Jobs->	15.6
Over \$35.00	0		
TOTAL # OF JOBS CREATED	75		
% GI w/ Local Competition (not downtown)		0%	25.0
Value of Proposed Buildings		\$ 7,050,000	15.0
Downtown Location (Y/N)		N	0.0
Exemption Needed (Y/N)		N	
Startup Firm (Y/N)		Y	13.0
Has Const Started or Has Bldg Been Occupied If Existing (Y/N)		N	0.0
Number of Years (Exemption)		5	
Building Age (if substantial renovation)		0	0.0
RECOMMENDATION IS TO APPROVE			