

GROUND LEASE  
MARCH 3, 1994

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## LEASE

THIS LEASE is made this 3<sup>rd</sup> day of March 19 94 by and between the REGENTS OF THE UNIVERSITY OF MINNESOTA, a corporation organized and existing under the laws of Minnesota (Lessor), and the 1666 COFFMAN CONDOMINIUM ASSOCIATION, INCORPORATED, a non-profit corporation organized and existing under the laws of Minnesota (Lessee).

## RECITALS

WHEREAS, the University of Minnesota is a constitutional educational corporation employing faculty and staff to fulfill its mission;

WHEREAS, the 1666 Coffman Condominium Association is an association of homeowners residing in the 1666 Coffman Condominium (Condominium), and it operates and cares for the condominium building and grounds for the benefit of the homeowners;

WHEREAS, the Lessor leased to the University of Minnesota Retirees Housing Corporation, Inc. (Retirees) on August 7, 1984, said Lease amended August 30, 1985, 6.5 acres of land near the Lessor's Twin Cities/St. Paul Campus for development of a condominium project for retired faculty and staff. Lessee's interest therein which was quitclaimed to Coffman Housing Partnership, a Minnesota partnership, and on December 29, 1993 the Partnership's interest therein was assigned to 1666 Coffman Condominium Association, a non-profit Minnesota corporation.

WHEREAS, the proximity of well maintained housing does provide a mutual benefit to the University and its age 55 and over faculty and staff, including, but not limited to an inducement to accept and remain in the employment of the University;

WHEREAS, the University did review and approve the final design of the condominium building and its grounds (Project) to ensure compatibility with the adjacent development, did review the eligibility of the occupants to assure they are appropriately related to the University, and has seen the results of this total effort; and

WHEREAS, it is the goal of the University that the 1666 Coffman Condominium Association continue to maintain a residence which will be complementary to the nearby University of Minnesota Grove.

NOW, THEREFORE, This Lease replaces the Lease between the Lessor and the Retirees dated August 7, 1984, and amended August 30, 1985. Effective January 1, 1994, the Lessor and Lessee covenant and agree as follows:

#### ARTICLE 1.

#### LEASED PREMISES

Lessor does hereby lease, demise and let unto Lessee, and Lessee does hereby hire and take from Lessor, upon the terms and conditions set forth herein (the Lease), that certain parcel of real property situated in Ramsey County, Minnesota, legally described:

Tract B, Registered Land Survey No. 484, files of the Registrar of Titles, County of Ramsey.

And:

That part of the West 330 feet of the Northeast Quarter of the Northeast Quarter lying North of a line extending East, at right angles to the West line of said Northeast Quarter of the Northeast Quarter, from a point on said West line distant 916 feet North from the Southwest corner of said Northeast Quarter of the Northeast Quarter;

And:

That part of the Northeast Quarter of the Northeast Quarter described as beginning at a point on the North line thereof distant 671.64 feet West from the Northeast corner of said Northeast Quarter; thence South, parallel to the East line of said Northeast Quarter, 619.04 feet; thence West, parallel to said North line, 318.37 feet, more or less, to an intersection with a line parallel to and 330 feet East from the West line of said Northeast Quarter of the Northeast Quarter; thence North along said parallel line to said North line; thence East to the point of beginning;

all in Section 20, Township 29, Range 23.

subject to all easements and rights-of-way of record, all of which Land is hereinafter referred to as the Leased Premises and is shown on Exhibit A.

## ARTICLE 2.

### TERM

2.1) The initial term (the "Term") of the Lease shall be ninety (90) years and shall be considered to have commenced on January 1, 1994, and shall terminate ninety (90) years thereafter, unless sooner terminated as provided herein.

2.2) The Lessor and Lessee agree to consider jointly the need to extend the term in the seventy-fifth year of the lease. If, at that time, the project has a remaining useful life in excess of the Term of the Lease, the Lease shall be extended for a further term reasonably consistent with the Condominium's useful life upon the same terms and conditions as provided herein, and with a provision that fifteen years prior to the extended lease termination the parties will again consider the need for a further extension of the Lease term.

## ARTICLE 3.

### RENT

Lessee shall pay to Lessor as rent during the entire term hereof the sum of \$3,250.91 per month, payable on or before the first day of the month without demand therefor.

## ARTICLE 4.

### USE OF LEASED PREMISES, ELIGIBLE RESIDENTS

4.1) The Condominium on the Leased Premises (Improvements) contains 94 units, one of which is for the use of custodians and 93 of which are to be owned by eligible owners as follows:

- (a) current or retired University of Minnesota employees who are 55 years of age or older, and their spouses, regardless of age;
- (b) the widows and widowers of University of Minnesota employees who are 55 years of age or older, or who are in residence at the time of the eligible spouse's death;
- (c) divorced spouses of employees who are in residence in the Condominium at the time of the divorce;
- (d) any person who is a lawful owner of a unit in this Condominium as of the date of recording of this Lease;

- (e) current spouse of an eligible owner for estate planning purposes;
- (f) any other person who is 55 years of age or older with a suitable University affiliation upon the written consent of the University of Minnesota;
- (g) an existing family or other household member to continue in residence;
- (h) a child or children of an otherwise eligible owner (one generation).

Such eligible owners shall further be defined in the Declaration of Condominium Ownership (the Declaration). No other persons shall be eligible to purchase units in the Condominium. Auxiliary uses shall include social and recreational facilities for residents, congregate dining areas, parking, garden areas, incidental commercial facilities (such as barber and beauty salons), and other similar uses, all as are typical in a condominium of this size and type.

Upon termination of ownership by an eligible owner, the Unit shall be placed on the market for sale as soon as practicable for resale to an eligible buyer.

The intent of this provision is that, as a whole, this Condominium shall provide housing for persons 55 years of age or older, and that this Condominium shall comply in all respects with the letter and spirit of the definition of "housing for older persons" under the federal Fair Housing Amendment Act of 1988. For that purpose, it is further the intent of this provision that at least 80 percent of the Units in the Condominium shall at all times be occupied by at least one person 55 years of age or older. Employees who perform substantial duties directly related to the management or maintenance of the Condominium (and their families) are not counted for or against the 80 percent rule. To be just, equitable or appropriate and to avoid a hardship, the Condominium Board may approve a sale to an individual(s) under age 55, but otherwise eligible, provided such sale does not cause the Condominium to be inconsistent with the definition of "housing for older persons" under the federal Fair Housing Amendment Act of 1988. The status of eligible owner is not assignable or transferable, except as noted in paragraph 4.1, and does not run with the title to a Unit. The Condominium Board shall adopt, and the management shall implement and enforce policies and procedures effectuating this restriction and intent.

4.2) Lessee shall submit proposed changes to the Declaration to Lessor for its approval prior to recording or filing, so as to allow Lessor to ensure that the Declaration limits unit ownership to the class of persons approved by Lessor and is otherwise in conformity with this Lease. Lessor shall provide written notice of its approval or rejection within thirty (30) calendar days after receipt of the Declaration, and shall indicate in detail the grounds for any rejection. Thereupon Lessee shall correct the

Declaration and submit the modified Declaration to Lessor. Lessor's consent hereunder shall not be unreasonably withheld.

4.3) In the event that condominium unit owners are unable, following reasonable and diligent effort, within a reasonable time, to sell the condominium units at a reasonable price to the group of eligible buyers provided in subsection 4.1, Lessor agrees that Lessee may enlarge the group of eligible buyers to include other University of Minnesota faculty and staff as necessary to sell the condominium units. Lessee shall request in writing the enlargement of the group of eligible buyers to include other University of Minnesota affiliated and suitable persons to allow unit sales within a reasonable time and at a reasonable price. Lessor shall review the request and indicate to Lessee its decision in writing within thirty (30) days, either indicating its approval or any limitation on the enlarged group.

4.4) In the event that a Condominium Unit Owner is unable to rent a unit to an eligible person with reasonable effort within a reasonable time for such rental period as the Owner desires, the Owner may rent to a person not within the group of eligible persons with the prior written consent of the Lessor, which consent shall not be unreasonably withheld.

4.5) For each Operating Year, Lessee shall provide to Lessor for its review a copy of the annual financial accounting statement of the condominium as prepared by Lessee.

## ARTICLE 5.

### TAXES AND ASSESSMENTS

5.1) Lessee shall pay, as Additional Rent hereunder, before any fine, penalty, interest or costs may be added thereto for the nonpayment thereof, all real estate taxes and special assessments which shall during the Term be payable and a lien upon the Leased Premises, any part thereof or any Improvements thereon (Impositions).

5.2) Lessee shall have the right to contest or appeal any Imposition in Lessee's or Lessor's name, at Lessee's sole cost and expense. Lessee shall give Lessor written notice of Lessee's intention to contest or appeal any Imposition. Lessee shall hold Lessor harmless against all loss, cost, expense, damages or reasonable attorneys' fees resulting from such contest or appeal.

5.3) Lessee shall pay directly to the appropriate governmental authorities, as Additional Rent hereunder, before any fine, penalty, interest or costs may be added thereto for the nonpayment thereof, any tax or excise imposed or assessed on rent, on any leasehold interest, any right of occupancy, any investment of Lessee in the Leased Premises, any personal property of any kind owned, installed or used by Lessee, including Lessee's leasehold improvements, any privilege tax, sales tax, gross proceeds tax, etc., however described, by any federal, state, county or municipal governmental

authority or any subdivision thereof or other governmental authority. Lessee shall not be required to pay any federal or state or local income tax for which Lessor may become liable during the Term.

## ARTICLE 6.

### UTILITIES

6.1) Lessee shall directly pay or cause to be paid, as Additional Rent hereunder, all charges for sewer and water services, gas, electricity, light, heat, air conditioning, power, telephone or other services or utility used, rendered or supplied upon or in connection with the Leased Premises (the Utilities) during the Term hereof. Lessee shall contract for the Utilities in Lessee's own name and shall hold Lessor harmless from any liability or expense for any such charge.

## ARTICLE 7.

### REPAIR, MAINTENANCE AND ALTERATIONS

7.1) Lessee shall, during the term and at Lessee's expense, keep the Leased Premises and appurtenances and every part thereof in good order, condition, and repair, including, without limitation, the sidewalks, entrances, passages, courts, vestibules, stairways, corridors, halls, elevators, air conditioning equipment, heating equipment, water system, toilet facilities and all other machinery and equipment in the Improvements. Lessee shall make all repairs to the exterior of the Improvements, shall make all structural repairs, and shall keep and maintain all landscaped areas in a neat, orderly and trim condition at its expense. Provided, however, Lessee shall not be responsible hereunder for maintenance or repair of any part of the condominium property which is the responsibility of a Unit Owner to repair or maintain as stipulated in the Declaration.

7.2) Lessee shall not permit any statements of mechanic's liens to be filed against the Leased Premises, any part thereof or any Improvements by reason of work, labor, services or materials supplied or claimed to have been supplied to Lessee or anyone holding the Leased Premises or any part thereof through or under Lessee. If any such statement of mechanic's lien shall at any time be filed, Lessee shall cause the same to be discharged of record within ninety (90) days after the date of actual notice to Lessee of filing the same. Lessee shall have the right to contest or appeal any claimed lien at Lessee's sole cost and expense. Lessee shall give Lessor written notice of Lessee's intention to contest or appeal any such lien within ninety (90) days after the date of actual notice to Lessee of the filing of same. Lessee shall hold Lessor harmless against all loss, cost, expense, damages and reasonable attorneys' fees resulting from such contest or appeal. Provided, however, this subsection shall not apply following the sale



of a Unit in the Condominium to a Unit Owner , except as to liens on the Common Elements.

## ARTICLE 8.

### INSURANCE

8.1) Lessee shall, as Additional Rent hereunder and at Lessee's sole cost and expense, but for the mutual benefit of Lessor and Lessee, Lessor to be named as an additional insured, maintain during the Term, comprehensive general liability insurance against claims for bodily injury (including personal injury), death, or property damage occurring upon, in or about the Leased Premises, and on, in, or about the adjoining lands, streets and passageways, such insurance to afford protection to the limit of liability not less than Five Million Dollars (\$5,000,000) Combined Single Limit Bodily Injury (including Personal Injury) and Property Damage Liability. Insured contractual liability to the full limit of liability of the policy specifically covering the hold harmless and indemnification agreement in Article 22, INDEMNITY, of this lease must be included in the comprehensive general liability policy provided to Lessor by Lessee.

8.2) Lessee shall keep the Improvements on the Premises, including all alterations, rebuilding, replacements, changes, additions and improvements, fully insured for the benefit of Lessee and Lessor, against all risk of physical loss or damage, including but not limited to, windstorm, hail, explosion, vandalism and malicious mischief, riot and civil commotion and such other coverage as may be deemed desirable by Lessee. Lessor's interest shall be limited to compliance with the good condition at termination covenant in Article 17 if the property is not restored following loss and the Lease is terminated.

8.3) Certificates of all policies of insurance required under this section shall be delivered to Lessor, endorsed "premium paid" by the company or agency issuing the same, or accompanied by other evidence satisfactory to Lessor that the premiums thereon have been paid, not less than ten (10) days prior to the expiration of any then current policy.

8.4) Lessor and Lessee agree that this all risk property insurance policy shall contain a waiver of subrogation clause in favor of Lessor.

ARTICLE 9.

QUIET ENJOYMENT AND LESSOR'S TITLE

9.1) Lessor represents and warrants that it is the lawful owner of the land described herein as the Leased Premises; that it has the full right and power to make the Lease; that if, and so long as, Lessee shall not be in default hereunder, Lessee shall quietly hold, occupy, and enjoy the Leased Premises during all of the Term of the Lease.

9.2) Lessor shall not mortgage, sell or otherwise convey or encumber the Leased Premises during the term of the Lease, except as subordinated to the Lease.

9.3) Lessor agrees to cooperate and when necessary join in any applications for permits, rezoning, plat approvals, condominium filings, variance applications or other similar filings or applications as may be necessary to change or improve the condominium so as to bring it into conformity with applicable laws.

ARTICLE 10.

DESTRUCTION BY FIRE

If the Improvements, or any portion thereof, are damaged or destroyed by fire or other casualty, however or by whomever caused, Lessee shall promptly give written notice thereof to Lessor, and Lessee shall, at Lessee's sole option, either (a) restore, repair, replace, rebuild and alter the same as nearly as possible to its value immediately prior to such damage or destruction, with such changes or alterations as may be made at Lessee's election, (b) demolish the remaining Improvements and leave the Land vacant or (c) partially restore the Premises, but in no event to a Project with less than 50 condominium units. Any insurance proceeds payable under the policies required to be maintained by Lessee pursuant to Article 8 hereof shall be paid to Lessee subject to the terms and provisions of any mortgage placed by Lessee on its interest in the Leased Premises and Improvements.

ARTICLE 11.

CONDEMNATION

11.1) If during the Term of the Lease the entire Leased Premises shall be taken as a result of the power of eminent domain, condemnation proceedings, or other like proceedings (the Proceedings), the Lease and all right, title, and interest of Lessee

hereunder shall cease and come to an end on the date of taking of possession pursuant to the Proceedings, and Rent shall be apportioned and paid to the date of taking of possession. Lessor, Lessee, and any other person or entity having an interest in the award or awards shall have the right to participate in the Proceedings for the purpose of protecting their interests hereunder. Specifically, without limiting the generality of the foregoing, Lessee shall be entitled to receive that portion of the award or awards attributable to the Improvements, including consequential damages, but not to the value of the unexpired Term of this Lease.

11.2) If during the Term less than the entire Leased Premises shall be taken by the Proceedings, Lessee may, at its option (a) restore or partially restore the Improvements to a complete architectural unit serving the same purpose as those existing at its sole cost and expense or (b) demolish the remainder of the Improvements and leave the land vacant. Lessee shall in either case be entitled to any award attributable to the Improvements, and consequential damages.

## ARTICLE 12.

### ASSIGNMENTS, MORTGAGES AND SUBLEASES

#### OF LESSEE'S AND LESSOR'S INTEREST

12.1) Lessee, and its successors and assigns, shall have the unrestricted right to assign this Lease, subject, however, to the limitations of this Section. No such assignment shall be effective unless and until Lessor shall have received an executed counterpart of such assignment, in recordable form, under which the assignee shall have assumed this Lease and agreed to perform and observe the covenants and conditions in this Lease contained on Lessee's part to be performed and observed. Upon compliance with this Section each assignor shall be released from all liability hereunder thereafter accruing.

12.2) Lessee, and its successors and assigns, shall have the unrestricted right to mortgage and pledge this Lease, subject, however, to the limitations of this Section. Any such mortgage or pledge shall be subject and subordinate to the rights of Lessor hereunder. No holder of a mortgage on this Lease shall have the rights or benefits mentioned in Article 13 hereof, nor shall the provisions of said Article be binding upon Lessor, unless and until an executed counterpart of such leasehold mortgage, and of each assignment thereof, or a copy certified by the holder of the mortgage or by the recording officer to be true, shall have been delivered to Lessor.

12.3) Lessee, its successors and assigns, shall have the right to lease those parts of the Condominium designed for delivery of incidental commercial services and social or communal dining services and for a resident manager's apartment, provided, in no event shall the area so leased comprise more than ten percent (10%) of the total area of

the Improvements. Further, all leases shall be subject to and subordinate to the rights of Lessor under this Lease, and for a term no longer than the term of this Lease.

### ARTICLE 13.

#### RIGHTS OF MORTGAGEES

13.1) If Lessee, or Lessee's successors or assigns, shall mortgage this Lease in compliance with the provisions of Article 12 hereof, then so long as any such mortgage shall remain unsatisfied of record, the following provisions shall apply:

- (01) Lessor, upon serving upon Lessee any notice of default pursuant to the provisions of Article 15 hereof, or any other notice under the provisions of or with respect to this Lease, shall also serve a copy of such notice upon the holder of such mortgage (the Mortgagee), at the address provided for in paragraph (06) of this section, and no notice by Lessor to Lessee hereunder shall be deemed to have been duly given unless and until a copy thereof has been so served.
- (02) Any Mortgagee, in case Lessee shall be in default hereunder, shall, within the period and otherwise as herein provided, have the right to remedy such default, or cause the same to be remedied, and Lessor shall accept such performance by or at the instance of such holder as if the same had been made by Lessee.
- (03) For the purposes of this Article, no event of default shall be deemed to exist under Article 15 hereof in respect of the performance of work required to be performed, or of acts to be done, or of conditions to be remedied, if steps shall, in good faith, have been commenced within the time permitted therefor to rectify the same and shall be prosecuted to completion with diligence and continuity as provided in Article 15.
- (04) Anything herein contained to the contrary notwithstanding, upon the occurrence of an event of default other than an event of default due to a default in the payment of money, Lessor shall take no action to effect a termination of this Lease without first giving to Mortgagee written notice thereof and a reasonable time thereafter within which either (i) to obtain possession of the mortgaged property (including possession by a receiver or (ii) to institute, prosecute and complete foreclosure proceedings or otherwise acquire Lessee's interest under this Lease with diligence. Such Mortgagee upon obtaining possession or acquiring Lessee's interest under this Lease shall be required promptly to cure all defaults then reasonably susceptible of being cured by such holder. Provided, however, that: (i)

Mortgagee shall not be obligated to continue such possession or to continue such foreclosure proceedings after such defaults shall have been cured; (ii) nothing herein contained shall preclude Lessor, subject to the provisions of this Article, from exercising any rights or remedies under this Lease with respect to such foreclosure proceedings; and (iii) Mortgagee shall agree with Lessor in writing to comply during the period of such forbearance with such of the terms, conditions, and covenants of this Lease as are reasonably susceptible of being complied with by Mortgagee. Any default by Lessee, not reasonably susceptible of being cured by Mortgagee shall be deemed to have been waived by Lessor upon completion of such foreclosure proceedings, or upon such acquisition of Lessee's interest in this Lease, except that any such events of default which are reasonably susceptible of being cured after such completion and acquisition shall then be cured with reasonable diligence. It is understood and agreed that Mortgagee, or its designee, or any purchaser in foreclosure proceedings (including, without limitation, a corporation formed by Mortgagee or by the holder or holders of the bonds or obligations secured by the leasehold mortgage), may become the legal owner of this Lease through such foreclosure proceedings or by assignment of this Lease in lieu of foreclosure.

- (05) In the event of the termination of this Lease, prior to the expiration of the Term, whether by summary proceedings to dispossess, service of notice to terminate, or otherwise, due to default of Lessee as referred to in Article 15 hereof, or any other default of Lessee, Lessor shall serve upon Mortgagee written notice that the Lease has been terminated, together with a statement of any and all sums which would at that time be due under this Lease but for such termination, and of all other defaults, if any, under this Lease then known to Lessor.

Mortgagee shall thereupon have the option to obtain a new lease in accordance with and upon the following terms and conditions:

- (a) Upon the written request of the holder of the Mortgage, within thirty (30) days after service of such notice that the Lease has been terminated, Lessor shall enter into a new lease of the Leased Premises with Mortgagee, or its designee;
- (b) Such new Lease shall be for the remainder of the Term of this Lease and at the Rent and upon all the agreements, terms, covenants, and conditions hereof,
- (c) Such new Lease shall require the Lessee to perform any unfulfilled obligations of Lessee under this Lease which are reasonably susceptible of being performed by such Lessee;

- (d) Upon the execution of such new Lease, the Lessee named therein shall pay any and all sums which would at the time of the execution thereof be due under this Lease but for such termination, and shall pay all expenses, including reasonable counsel fees, court costs, and disbursements incurred by Lessor in connection with such defaults and termination, the recovery of possession of said Leased Premises, and the preparation, execution, and delivery of such new Lease;
- (e) Upon the execution of such new Lease, Lessor shall allow the Lessee named therein and such Lessee shall be entitled to, an adjustment in an amount equal to the net income derived by Lessor from the Leased Premises during the period from the date of termination of this Lease to the date of execution of such new Lease.
- (06) Any notice or other communication which Lessor shall desire, or is required to give to or serve upon any Mortgagee, shall be in writing and shall be served by registered mail, addressed to Mortgagee at its address as set forth in such mortgage, or in the last assignment thereof delivered to Lessor pursuant to Section 13.2 hereof, or at such other address as shall be designated by Mortgagee by notice in writing given to Lessor by registered mail. Any notice or other communication which the Mortgagee shall desire or is required to give to or serve upon Lessor shall be deemed to have been duly given or served if sent in duplicate by registered mail addressed to Lessor at Lessor's address as set forth in Article 27 of this Lease or at such other address as shall be designated by Lessor by notice in writing given to Mortgagee by registered mail. Each such notice and communication shall be governed by Article 27 hereof.
- (07) Lessor and Lessee shall not enter into any agreement modifying, canceling, or surrendering this Lease without the prior written consent of the Mortgagee.

13.2) If any Mortgagee shall acquire title to Lessee's interest in this Lease, by foreclosure of a mortgage thereon or by assignment in lieu of foreclosure or by an assignment from a nominee or wholly owned subsidiary corporation of such Mortgagee, or under a new lease pursuant to this Article, Mortgagee may assign such lease and shall thereupon be released from all liability for the performance or observance of the covenants and conditions contained in such lease on Lessee's part to be performed and observed from and after the date of such assignment, provided that the assignee from Mortgagee shall have assumed such lease in accordance with Section 12 hereof and shall have complied otherwise with said Section.

13.3) In addition to the other provisions hereof, Lessor further agrees to subordinate its rights and remedies under the Lease to any mortgage rights under any

mortgage on the Leased Premises or part thereof, including any Condominium Unit, created for the purposes of securing construction and/or long-term financing for the construction and/or the financing of subsequent sale of units in the condominium that may be reasonably required by the lender in order to obtain such financing. Lessor shall assume no additional responsibility and no additional liability due to this further subordination, except as otherwise provided herein. Such subordination shall not include in any event the subordination of the Lessor's fee ownership of the Land.

#### ARTICLE 14.

#### CONDOMINIUM UNIT OWNER PROTECTION

(01) Following recordation of the Condominium Declaration, neither the Lessor nor its successor in interest may terminate the leasehold interest of a unit owner who makes timely payments of his/her share of the rent which shall be the same portion thereof as that of his common area expense and who otherwise complies so far as practicable with his share of all other covenants which, if violated, would entitle the Lessor to terminate the Lease.

(02) Acquisition of the leasehold interest of any unit owner by the Lessor does not merge the leasehold and fee simple interests and the Lessor shall hold the title to the unit subject to the Declaration unless the leasehold interests of all unit owners subject to the Lease are so acquired.

(03) In addition to paragraphs (01) and (02), Lessor agrees to be bound by any and all provisions of the Minnesota Uniform Condominium Act, Minn. Stat. Ch. 515A, and any laws amendatory or supplementary thereto, applicable to, and for the protection of, unit owners in a leasehold condominium.

#### ARTICLE 15.

#### DEFAULT

If Lessee shall fail or neglect to observe, keep or perform any of the covenants, terms or conditions herein contained on its part to be observed, kept or performed and such default shall continue for a period of ninety (90) days after written notice from Lessor setting forth the nature of Lessee's default, then, and in any such event, Lessor shall have the right, at its option, on written notice to Lessee forthwith to terminate this Lease, and all rights of Lessee hereunder shall thereupon cease, and Lessor, without further notice to Lessee, shall have the right immediately to enter the Leased Premises and take possession thereof with process of law and to remove all Improvements and all persons occupying the Leased Premises and in all respects to take the actual, full, and exclusive possession of the Leased Premises and every part thereof without incurring any liability to Lessee, or to any persons occupying or using the Leased

Premises, for any damage caused or sustained by reason of such entry or such removal of such persons or property therefrom, except as otherwise provided herein. Provided if the default be one requiring more than ninety (90 ) days to cure and Lessee is diligently taking steps to cure the default, this time period shall be extended as is reasonably necessary to effect the cure.

#### ARTICLE 16.

##### REMOVAL OF IMPROVEMENTS AND FIXTURES

Any Improvements shall remain the property of Lessee upon the termination of the Lease and may be removed by Lessee provided Lessee repairs any damage caused by such removal. Such removal shall be completed within one hundred eighty (180) days after termination of the Lease. Any Improvements may, with the prior written consent of Lessor, be left on the Leased Premises, and any Improvements so left on the Leased Premises shall become the property of Lessor.

#### ARTICLE 17.

##### CONDITION OF LEASED PREMISES AT TERMINATION

At the termination of the Lease by lapse of time or otherwise, Lessee shall return the Leased Premises in as good a condition as when Lessee took possession, excepting only ordinary wear and tear and condemnation, damage, or destruction as described in Articles 10 and 11 herein.

#### ARTICLE 18.

##### HOLDING OVER

In the absence of any written agreement to the contrary, if Lessee should continue to occupy the Leased Premises following the expiration of the Term, Lessee shall so remain as a tenant from month to month and all provisions of the Lease applicable to such tenancy shall remain in full force and effect. During such tenancy, the same Rent and the same terms and conditions as prevailed during the last year of the Term demised shall prevail. If Lessee is a hold-over tenant and if Lessee continues to occupy the Leased Premises following the termination of such holdover (by a proper notice as to such month-to-month tenancy), then the foregoing provisions of this Article shall apply in the same manner as when Lessee continued in occupancy following the expiration of the Term.



ARTICLE 19.

RELATIONSHIP TO UNIVERSITY GROVE AND LESSOR

It is understood between the parties that the Condominium and the Leased Premises are not part of the University Grove and that Unit Owners in the Condominium shall not be members of the University Grove Homeowners Association. The Board of the Condominium Association shall meet with the University Grove Homeowners Association to discuss matters of mutual concern and to insure regular communication and resolution of any problems.

ARTICLE 20.

PERMITS

Lessee shall maintain in force and effect all permits, licenses and similar authorizations to use the Leased Premises for the Condominium required by any governmental authority having jurisdiction over the use thereof. Lessee's failure to maintain such permits, licenses and similar authorizations shall not relieve Lessee from the performance of its obligations and covenants hereunder (except obligations and covenants as may be prohibited by law), nor from the obligations to pay Rent as set forth herein.

ARTICLE 21.

COMPLIANCE WITH LAW

Lessee, at its sole expense, shall promptly comply with all laws and ordinances of federal, state, county and municipal authorities relating to Lessee's use and occupation of the Leased Premises, and with any lawful order or direction of any public officer relating to Lessee's use and occupation of the Leased Premises during the Term of the Lease. Nothing herein contained, however shall prohibit Lessee from appealing or contesting the validity or legality of such laws, ordinances, orders, or directions and, notwithstanding the foregoing provisions of this Article, Lessee shall not be deemed to be in default hereunder so long as Lessee diligently prosecutes such appeal or contest.

## ARTICLE 22.

## INDEMNITY

Contractual Liability assumed by Lessee under this section shall be specifically insured in accordance with the provisions of Section 8.1) of Article 8. Lessee shall indemnify and hold harmless Lessor against and from any and all claims by or on behalf of any person or persons, firm or firms, corporation or corporations, arising from the conduct or management of or from any work or thing whatsoever done in, on, or about the Leased Premises, and will further indemnify and hold harmless Lessor from and against all claims arising during the Term of the Lease from any condition of the Leased Premises or arising from any breach or default on the part of Lessee in the performance of any covenant or agreement on the part of Lessee to be performed, pursuant to the terms of the Lease, or arising from any act of negligence of Lessee, or any of its agents, contractors, servants, employees, or licensees, or any unit owners in the condominium, or arising from any accident, injury, or damage whatsoever caused to any person, firm, or corporation occurring during the Term of the Lease, in or about the Leased Premises, and from and against all costs, reasonable attorneys' fees, expenses, and liabilities incurred in or about any such claim or action or proceeding brought thereon; and in case any action or proceeding is brought against Lessor by reason of any such claim, Lessee, upon notice from Lessor, shall resist or defend such action or proceeding by counsel reasonably satisfactory to Lessor.

## ARTICLE 23.

## ESTOPPEL CERTIFICATE

Lessor shall, at any time and from time to time, upon not less than ten (10) days' prior notice by Lessee, execute, acknowledge, and deliver to Lessee a statement in writing certifying that the Lease is unmodified and in full force and effect (or if there shall have been modifications that the Lease is in full force and effect as modified and stating the modifications) and the dates to which the Rent has been paid in advance, if any, and stating whether or not (to the best knowledge of Lessor) Lessee is in default in the performance of any covenant, agreement, or condition contained in the Lease, and if so, specifying each such default of which Lessor may have knowledge, it being intended that any such form delivered pursuant to this Article shall be in a form approved by the Lessor, and may be relied upon by any prospective assignee of Lessee's interest in the Lease, or any Mortgagee of the Leased Premises, or any assignee of any mortgage upon the Leased Premises. If not given within thirty (30) days, Lessee shall be appointed Lessor's attorney in fact to give this Estoppel.

ARTICLE 24.

ENTIRE AGREEMENT

This Lease contains the entire agreement between the parties; and there are no other terms, obligations, covenants, representations, statements, or conditions, oral or otherwise, of any kind whatsoever. Any agreement hereafter made shall be ineffective to change, modify, discharge, or effect an abandonment of the Lease, in whole or in part, unless such agreement is in writing and signed by the party against whom enforcement of the change, modification, discharge, or abandonment is sought.

ARTICLE 25.

SEVERABILITY

If any term, condition, or provision of the Lease, or the application thereof, to any person or circumstances shall, to any extent, be held to be invalid or unenforceable, the remainder thereof and the application of such terms, provisions, and conditions to persons or circumstances other than those as to whom it shall be held invalid or unenforceable shall not be affected thereby, and the Lease and all the terms, provisions and conditions hereof shall, in all other respects, continue to be effective and to be complied with to the full extent permitted by law.

ARTICLE 26.

SHORT FORM LEASE

At the request of either party hereto, a short form lease shall be prepared in form and substance reasonably satisfactory to each of the parties and shall be executed by each of the parties in duplicate, such lease to be filed for record in Ramsey County, Minnesota.

ARTICLE 27.

NOTICES

Any notice or election herein requested or permitted to be given or served by either party hereto upon the other, shall be deemed given or served in accordance with the provisions of the Lease if delivered to either party hereto and receipt is obtained therefor, or if mailed in a sealed wrapper by United States registered or certified mail, postage prepaid, properly addressed to such other party at the address hereinafter specified. Unless and until changed by notice as herein provided, notices and communications shall be addressed as follows:



ARTICLE 29.

BINDING EFFECT

All of the covenants, conditions, and agreements herein contained shall extend to, be binding upon, and inure to the benefit of the parties hereto and their respective heirs, successors, and assigns.

IN WITNESS WHEREOF, the parties have executed this Lease the day and year first above written.

LESSOR:

REGENTS OF THE UNIVERSITY OF  
MINNESOTA

Approved as to form and execution:

By [Signature]  
Its Attorney

By Nils Persson  
Its President

By Jacob M. Messing  
Its Secretary

LESSEE:

1666 COFFMAN CONDOMINIUM  
ASSOCIATION, INCORPORATED

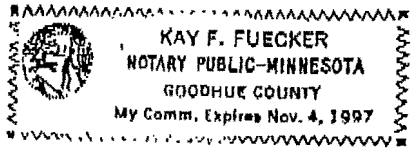
By Joe B. White  
Its President

By Edward M. Lindberg  
Its Treasurer

STATE OF MINNESOTA )  
 ) ss.  
COUNTY OF HENNEPIN )

The foregoing instrument was acknowledged before me this 3<sup>rd</sup> day of March, 1994, by MILS HASSEZMO and BARBARA MUESING, SECRETARY respectively of the REGENTS OF THE UNIVERSITY OF MINNESOTA, a Minnesota corporation, on behalf of said corporation.

Kay F. Fuecker  
Notary Public



STATE OF MINNESOTA )  
 ) ss.  
COUNTY OF HENNEPIN )

The foregoing instrument was acknowledged before me this 15<sup>th</sup> day of February, 1994, by Joe Benson White and Edward M. Lindberg the President and Treasurer of 1666 CONDOMINIUM ASSOCIATION, INCORPORATED a Minnesota non-profit corporation, on behalf of said corporation.

Pamela M. Johnson  
Notary Public

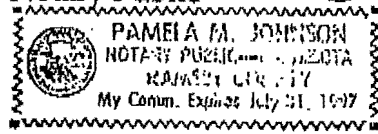


EXHIBIT A

DESCRIPTION

All that part of the Northeast Quarter of the Northeast Quarter of Section 20, Township 29, Range 23, Ramsey County, Minnesota, described as follows:

Commencing at the northeast corner of said Section 20; thence South 89 degrees 31 minutes 54 seconds West along the northerly line of said Northeast Quarter of Section 20, assuming the westerly line of said Northeast Quarter of the Northeast Quarter bears North, a distance of 671.64 feet; thence South 0 degrees 01 minutes 56 seconds West on a line parallel with the easterly line of said Northeast Quarter a distance of 54.49 feet to a point on the southerly right-of-way line of Larpenteur Avenue, according to Document Numbers 1507181 and 2016519, for the point of beginning; thence South 89 degrees 00 minutes 58 seconds West along said right-of-way line a distance of 509.47 feet; thence South 89 degrees 31 minutes 54 seconds West along said right-of-way line a distance 96.29 feet to the easterly line of Coffman Street as described in Document 1950076 on file and of record in the office of the Ramsey County Recorder; thence South along the easterly line of said Coffman Street a distance of 303.42 feet to a point 91.00 feet southerly of the northerly line of the Playground described in that agreement between the University of Minnesota and the City of Falcon Heights dated -October 29, 1975; thence East and parallel with the northerly line of said Playground a distance of 265.00 feet to a point 27.00 feet westerly of the easterly line of said Playground; thence South and parallel with the easterly line of said Playground a distance of 285.52 feet; thence North 89 degrees 31 minutes 54 seconds East and parallel with the northerly line of said Northeast Quarter a distance of 340.35 feet; thence North 0 degrees 01 minutes 56 seconds East along a line parallel with the easterly line of said Northeast Quarter a distance of 595.70 feet to the point of beginning. Containing 283,140.0 square feet, 6.50 acres.

A