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**FIRST AMENDMENT OF GROUND LEASE
DECLARATION OF RESTRICTIONS AND RELEASE OF PARCELS**

The FIRST AMENDMENT OF GROUND LEASE dated as of _____. 20____ (this "First Amendment"), is made by and between ST. OLAF COLLEGE, a Minnesota nonprofit corporation ("Lessor"), and CITY OF NORTHFIELD, a Minnesota municipal corporation ("Lessee"), amends that certain GROUND LEASE dated as of November 17, 1999 but effective as of August 30, 2001, recorded in the Office of the Recorder, Dakota County, Minnesota, as Document No. 1834253 on November 28, 2001, by and between Lessor and Lessee (the "Original Ground Lease"), for the purposes of (1) releasing a portion of the Demised Premises (terms not otherwise defined in this First Amendment shall have the meanings ascribed them in the Original Ground Lease; the term "Lease" shall mean the Original Lease as modified by this First Amendment) and (2) imposing certain restrictions on the use of the Demised Premises and the parcels released by this First Amendment.

Lessor and Lessee, for and in consideration of the keeping by the parties of their respective obligations under Lease, agree as follows:

1. Agreement to Release Parcel 1 and Parcel 2. As of the Effective Date, as defined in Section 2 of this First Amendment, and subject to satisfaction or waiver of the Conditions Precedent, as defined in that Section 2, Lessor and Lessee shall release from the Ground Lease the land referred to in this First Amendment as "Parcel 1" and "Parcel 2" legally described on Exhibit 1 and shown on Exhibit 2, which Exhibits are attached to and incorporated in this First Amendment, and upon such release the Original Ground Lease shall be amended to replace the legal description of the Demised Premises attached to the Original Ground Lease as Exhibit A and the site plan attached to the Original Ground Lease as Exhibit A-1 with new exhibits that reflect the release of Parcel 1 and Parcel 2.

2. Conditions Precedent to Release of Parcel 1 and Parcel 2. Lessee's obligation to release Parcel 1 and Parcel 2 shall be effective, if ever, on the date Lessee reasonably determines the last of the following conditions is satisfied (the "Effective Date"), each of which conditions shall be a condition precedent to Lessee's obligation to release Parcel 1 and Parcel 2, for the benefit of Lessee and subject to written and duly authorized acceptance or waiver only by Lessee (each, a "Condition Precedent"):

a. Lessor and Chester J. Yanik & Associates Inc., a Minnesota corporation doing business as Yanik, located at 4400 Shoreline Drive, Spring Park, MN 55384 or an affiliate ("Developer"), shall have entered into an agreement or agreements with Lessor that will provide Developer with the right and the obligation to develop and operate a senior housing project on Parcel 1 (collectively, the "Development Agreements"), on terms reasonably acceptable to Lessee, including compliance with Lessee's applicable development review, subdivision, site plan, approval and permitting processes all in accordance with Northfield City Code.

b. Lessor and Developer shall have completed, with the cooperation and approval of but without expense to Lessee, any subdivision or other governmental process as required by Northfield City Code and other applicable law, required to separate the Demised Premises into four or five separate platted lots (or lots and outlots) as shown in Exhibit 2, each of which can be conveyed and developed in accordance with the Northfield City Code and other applicable law. (The parcels labelled "Future Development" and "Northfield Hospital & Clinics" will be platted as one or two separate lots, in Lessee's discretion).

c. Lessor and Developer shall have completed such due diligence each in its discretion wants to complete and shall accept the release of Parcel 1 and Parcel 2 from Lessee as-is, where-is, without representation or warranty by Lessee of physical condition, suitability of use or purpose, or title.

3. **Covenants and Restrictions.** The following covenants and restrictions are hereby imposed on Parcel 1 and Parcel 2, and shall run with the land for as long as the Ground Lease remains in effect and shall be incorporated into the Development Agreement between Lessor and Developer as referenced in Section 2.a. above:

a. Any development on Parcel 1 or Parcel 2 shall be developed, maintained and used in a manner that is consistent in design and quality with the Northfield Hospital development on the Demised Premises as of the date of this First Amendment and shall comply with such performance standards and requirements as are applicable under Northfield City Code as the same may be amended from time to time.

b. Parcel 1 and Parcel 2 shall not be developed with hospitals, medical and dental offices and clinics, medical office buildings, urgent care centers, pharmacies, medical imaging centers, outpatient ambulatory surgery, laboratories, and other healthcare and healthcare related uses, without the written consent of Lessee, which may be granted, denied or conditioned by Lessee in its sole discretion.

c. Development and construction work on Parcel 1 and Parcel 2, including initial construction and any subsequent repairs, renovations or additions, shall be performed in a manner that will not interfere with access to or use of the Demised Premises, including the public roads to provide access to the Demised Premises. Subject to Northfield City Code and any agreements

required by Lessee with Developer regarding the same, such public access roads shall be maintained in good condition and repair during construction by Developer and shall be restored to pre-construction condition or better by Developer at Developer's cost to the satisfaction of the City Engineer, when construction is complete. Developer shall not have the right to use the existing private access drive within the Northfield Hospital & Clinics parcel for construction or permanent access without the written consent of Lessee, which Lessee may grant, condition, or deny in its sole discretion.

d. Lessee shall provide Lessor and Developer with such licenses, permits or easements, in Lessee's sole judgment and discretion, as applicable and subject to Northfield City Code, for construction, access, utilities, signage and other reasonable purposes for the benefit of Parcel 1 and Parcel 2 during and after construction across Parcel 3 or the existing Northfield Hospital campus, in locations selected by Lessee in its sole discretion, subject to commercially reasonable license, permit or easement agreements. Lessor or Developer shall be responsible for excavation, installation, construction, maintenance, repair and replacement of roadways, utilities and other improvements that exclusively serve Parcel 1 or Parcel 2 as provided in the subject agreements or as provided in Northfield City Code as the same may be amended from time to time. If Lessee allows shared use of Lessee's existing access drive or utilities, in Lessee's sole discretion, Lessor or Developer shall contribute to the ordinary maintenance, repair and replacement of the shared improvements and shall be solely responsible for repair and replacement of any damages caused by Lessor or Developer and shall save, indemnify and hold harmless Lessee for the same.

e. Developer shall be responsible for all development costs of every kind and nature whatsoever, including without limitation, building permit and inspection fees, utility connection fees, sewer and water access fees, assessments related to Developer's improvements, and all of Developer's design and construction costs.

f. Lessee hereby consents to the development by Developer of a two-phase senior housing project on Parcel 1 and Parcel 2, subject to the covenants and restrictions of this First Amendment and to the Lessee's development processes, approvals, permitting and such other agreements, including but not limited to a City of Northfield development agreement, or requirements as are applicable under Northfield City Code or otherwise determined as necessary or appropriate by the City of Northfield in its discretion, provided Developer shall commence development of the first phase of the senior housing project on Parcel 1 by no later than June 1, 2018 and shall complete the first phase by no later than December 31, 2020. Lessee may, at its option, consider an extension of time for good cause shown by the Developer, and in the event an extension is granted by Lessee, such extension (i) shall be to a date certain, and (ii) may be conditioned by Lessee to protect the public interest.

g. If Developer fails to complete the first phase of development as of December 31, 2020, or if Lessor otherwise terminates Developer's development rights for any reason, Lessee may in its discretion, recapture Parcel 1 and Parcel 2 as part of the Demised Premises by further amendment

of this Ground Lease, in which event Lessor shall terminate Developer's right to develop Parcel 1 and Parcel 2 and Lessee shall have the right to develop and use the recaptured Parcel 1 and Parcel 2 in accordance with the Original Lease, provided Lessee may require Developer to remove any improvements Developer made to Parcel 1 and restore Parcel 1 to its condition as of the date of this First Amendment, provided further at Lessor's request, Lessee may extend the time for Developer to complete its development to a date certain, subject to such additional conditions as Lessee may determine desirable to protect the public interest.

h. If Developer completes the first phase of development on Parcel 1 but fails to commence the second phase on Parcel 2 as of December 31, 2026, or if Lessor otherwise terminates Developer's development rights with respect to Parcel 2 for any reason, Lessee may in its discretion, recapture Parcel 2 as part of the Demised Premises by further amendment of this Ground Lease, in which event Lessor shall terminate Developer's right to develop Parcel 2 and Lessee shall have the right to develop and use the recaptured Parcel 2 in accordance with the Original Lease, provided Lessee may require Developer to remove any improvements Developer made to Parcel 2 and restore Parcel 2 to its condition as of the date of this First Amendment.

4. **Release of Parcel 1 and Parcel 2.** Upon satisfaction of the Conditions Precedent, including execution of the Development Agreements, Lessor and Lessee shall record a Second Amendment of Ground Lease, evidencing the satisfaction or waiver of the Conditions Precedent and release of Parcel 1 and Parcel 2 from the Ground Lease, which Second Amendment shall include an amended Exhibit A and Exhibit A-1 describing and depicting the Demised Premises to exclude Parcel 1 and Parcel 2.

5. **Parcel 3 Restriction.** As long as Lessor and Lessee have not terminated the right of Developer to develop and operate a senior housing project on Parcel 2, Lessor and Lessee agree that neither Lessor nor Lessee shall develop or allow others to develop senior housing on Parcel 3 (as legally described in Exhibit 1 and shown on Exhibit 2) for any purpose other than a St. Olaf housing project, subject to applicable zoning of Parcel 3 and the requirements of Northfield City Code as the same may be amended from time to time, without first providing Developer 90 days' notice and an opportunity to submit a proposal for such development within such 90 days.

6. **Purpose.** This First Amendment is executed for the purpose of releasing Parcel 1 and Parcel 2 from the Original Ground Lease and the specific development rights reserved to the City of Northfield under the Original Ground Lease. This First Amendment shall not be construed to release Parcel 1, or Parcel 2, Lessor or any subsequent Lessee or owner of Parcel 1, or Parcel 2 from the regulatory authority of the City of Northfield or the Northfield Code of Ordinances as the same may be amended from time to time.

7. **Exhibits.** Lessor and Lessee agree to correct any legal descriptions and/or depictions contained herein if there is a mistake discovered, including any mistakes or discrepancies revealed by an accurate survey of the property identified herein.

8. **Incorporation of First Amendment into Ground Lease.** This First Amendment is incorporated in and made a part of the Ground Lease. All words and phrases defined in the Ground Lease shall, when used in this First Amendment, have the same meanings ascribed to them in the Ground Lease unless the context clearly requires a different meaning. Lessor and Lessee affirm that the Ground Lease remains in full force and effect in all its terms and conditions, as amended by this First Amendment.

[Signature pages follow.]

**First Amendment of Ground Lease
Signature Page**

IN WITNESS WHEREOF, this First Amendment to Ground Lease has been executed the day and year first above written.

**LESSEE:
CITY OF NORTHFIELD**

BY: _____
Rhonda Pownell, Its Mayor

BY: _____
Deb Little, Its City Clerk

STATE OF MINNESOTA)
) ss.
COUNTY OF RICE)

The foregoing instrument was acknowledged before me this ____ day of _____, 20____, by Rhonda Pownell and by Deb Little, respectively the Mayor and City Clerk of the City of Northfield, a Minnesota municipal corporation, on behalf of the municipal corporation and pursuant to the authority granted by its City Council.

Notary Public

IN WITNESS WHEREOF, this First Amendment to Ground Lease has been executed the day and year first above written.

BY: _____,
_____, Its Treasurer

The foregoing instrument was acknowledged before me this _____ day of _____, 20____, by _____, and by _____, respectively the President and Treasurer of St. Olaf College, a _____, on behalf of its Board of Directors.

THIS INSTRUMENT WAS DRAFTED BY:
Stinson Leonard Street PLLP (EHG)
50 South 6th Street Suite 2600
Minneapolis, MN 55402

EXHIBIT 1

Legal Descriptions

Parcel 1 and Parcel 2

(To be released from the Ground Lease subject to the conditions of this First Amendment)

Parcel 3

(To remain subject to the Ground Lease including the conditions of this First Amendment)

EXHIBIT 2

Depiction of Parcel 1 and Parcel 2 (to be released from the Ground Lease subject to this First Amendment) and remainder to continue to be subject to the Ground Lease (labelled Parcel 3, Future Development and Northfield Hospital & Clinics)

