

**CITY OF SAINT PETER, MINNESOTA
AGENDA AND NOTICE OF MEETING**

Regular Workshop Session of Monday, October 7, 2013
Library Meeting Room– 5:30 p.m.
601 South Washington Avenue

I. CALL TO ORDER

II. DISCUSSION

- A. Welco West RFP Presentations
 - 1. John Volmary - 5:30 p.m.
 - 2. Drummer Corporation – 6:00 p.m.
- B. Air Pollution Control Equipment Project Update
- C. Ritt Street Building Lease Update
- D. Others

III. ADJOURNMENT

Office of the City Administrator
Todd Prafke

TP/bal

- There will be a demand for 100 – 130 new rental units between 2010 and 2015. 50 – 60 of these units should be market rate rentals.
- The senior housing market is saturated.
- Park Row Crossing addresses the identified demand for tax credit housing.
- Many owner occupied units were converted to rentals during the recession. Some were due to foreclosures and others were renting until residential sale prices rebounded. Others such as Apple Tree Village converted to rentals when the property was converted to condominiums.
- Most new household growth will be by those between 55 – 74 years of age.
- Home ownership rates will rebound as the national economy improves.
- There will be a need for 18 – 22 new owner occupied housing units/year as the economy improves.
- 165 – 301 new households were created in Saint Peter between 2000 and 2010.

The Saint Peter Comprehensive Plan establishes the following goal and policies:

- *“Continue to manage growth in neighborhood increments”*
Minnesota Design Team (1999) – Long Term Goal
- *To assist in creating community stability and citizen commitment, the City should promote home ownership opportunities for area residents.”*
2005 Comprehensive Plan – Residential Goals and Policies
- *“The City should seek to ensure that appropriate options are available for all ages, economic and household types.”*
2005 Comprehensive Plan – Residential Goals and Policies

The first blush analyses of the two proposals are as follows:

Volmary Proposal:

EXPERIENCE:

Aspen Court/Alpine Meadows	St. Peter
Cedar Point	Eagle Lake
Experienced landlord and property manager.	

PLAN:

39 Single Family Rentals

- Process:
- Remove PUD
 - Maintain R-3
 - Replat into 2 blocks

- Pros:
- Common ownership by a proven landlord and manager.
 - utilizes existing sewer / water services.
 - Could result in an attractive site design. Clustering?
 - Includes common green space.
 - Interior pedestrian circulation.

14-16 Single Family Lots

- Process:
- Remove PUD
 - Maintain R-3
 - Replat as 100 foot wide single family lots.
 - Remove a number of sewer / water services at main.
 - Install a number of sewer / water services north of Meridian.
 - Plat outlots north of Meridian.
 - Construct circular roadway north of Meridian.

TIMELINE:

- 2014 Replat/Remove s/w services.
Single family lot sales begin.
- 2014-15 27 single family rentals constructed
- 2016 12 single family rentals constructed

PRICE: \$350,000 At closing (or)
\$380,500 Over three years w/ \$100,000 at closing.

We do not know whether Volmary intends to allow for additional assessment as a part of the proposal. This is an issue that will need clarification prior to completing a full review.

Drummer Construction Proposal:

EXPERIENCE:

- Numerous residential construction projects.
- Experienced landlord and property manager.

PLAN:

40 Single Family Spec Homes

- Process:
- Remove PUD
 - Maintain R-3
 - Replat 40 single family lots.

- Pros:
- Nicollet Meadows/Washington Terrace "like".
 - Attracts young, childbearing families.
 - Future multi-family north of Meridian.
 - Mixed Use/Mixed Income
 - Entry level homes for new entry level jobs being created.

TIMELINE:

- 2014 Replat single family lots.
Construction & sales of spec homes.

PRICE: \$600,000 at closing (01/31/14)

Less: Waive SAC/WAC through 2016.
Waive ½ building permit fees through 2016.
City removes 16 s/w services.

Drummer proposed a waiver of SAC/WAC and building permit fees is estimated as follows:

EXAMPLE: \$160,000 SINGLE FAMILY/NEW CONSTRUCTION

	<u>FEES</u>	<u>x 40 Homes</u>	<u>WAIVED</u>
Building Permit Fee: \$	1,137.90	\$ 45,516.00	\$ 22,758.00
SAC	1,500.00	60,000.00	60,000.00
WAC	1,800.00	72,000.00	72,000.00
EAC w/ tax	534.38	21,375.20	0.00
State Surcharge	80.00	3,200.00	0.00
Plan Review	398.27	15,930.80	0.00
R-O-W Permit	150.00	6,000.00	0.00
TOTAL:	\$ 5,600.55	\$ 224,022.00	\$ 154,758.00

- Assumptions:
- All 40 permits are for the construction of \$160,000 homes.
 - All 40 homes are completed by December 31, 2016.
 - Calculations reflect adopted 2013 building permit fees.

Drummer clearly articulates that his proposal excludes future assessments relative to existing infrastructure.

Other Considerations - Either proposal would support the residential development goals and policies found in the 2005 Comprehensive Plan. It could also be determined that both proposals are consistent with the recommendation of the 2012 Housing Study.

To help differentiate between the two proposals, it may be helpful to have answers to the following suggested questions. (Please feel free to use these as a part of the meeting on Monday. Note that some questions may be more appropriate for one or the other proposal based on the information provided.)

- Will the you commit to multiple single family house designs?
- Will the units have basements or other form of storm shelter?
- What are the rental rates or anticipated sale prices for the single family homes?
- Will there be covenants adopted for the single family lots that will be sold?
- What factors drove the size of the lots? Would you be willing to reduce the width to 65 feet?
- What is your plan for the property north of Meridian? What time line would you expect to see for development there?
- Will this project have priority over other construction projects that you may have underway or pending?
- How would you propose to re-use the temporary storm basin north of Meridian St.?
- Who will be the construction contractor?
- Has your lender committed to your project or is financing preliminary?

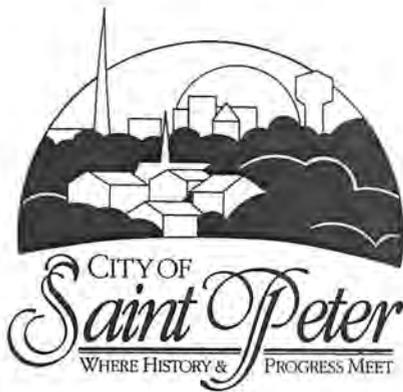
An answer to these questions will help in determining a final recommendation as to which proposal best meets the goals that were set out at the start of this effort. It appears that there may be no wrong decision as both developers are experienced and have demonstrated that they are committed to the Saint Peter housing market. Staff plans to make recommendation to the Council at your next Council meeting. That recommendation will include additional analysis and may be based on follow-up discussions with each developer.

From a process standpoint we intend two separate actions (one in October and the next in November). The first action requested by staff will likely be to direct staff to negotiate with one of the developers. Once that negotiation is completed the Council will then be asked to enter into a development agreement and a purchase agreement for the property. That purchase agreement will be the final decision point in the process for the Council.

Please also remember that we have an obligation to keep the County informed about progress on this experiment. The City does not control the property, but rather has an understanding with the County Commissioners that this is an experimental process. If the process shows that the experiment is meeting the goals of the Commissioner's, the intent is to make a transfer of the property to the City. We have forwarded a copy of the proposals to the Nicollet County Administrator and Auditor/Treasurer as directed by the Commissioners. They have also been invited to attend your workshop to listen to the presentations.

Please feel free to contact us if you have any questions or concerns on this agenda item.

TP/RW/bal



CITY OF SAINT PETER, MINNESOTA

REQUEST FOR PROPOSALS FOR LAND DEVELOPMENT

October 4, 2013

The City of Saint Peter is soliciting proposals from qualified developers to purchase, own and develop a parcel of land approximately 12.78 acres in size and commonly known as "Welco West". This parcel is currently in tax forfeiture and will be transferred to the developer under the conditions proposed and negotiated for development.

The successful proposal must include the following information:

- Name, address, phone and email of the Respondent provided on the attached form.
- A list of the Respondent's principles or owners.
- A list of at least two other developments of greater than 5 acres or 50 housing units that have been previously completed by the Respondent including name of development, number of housing units and location.
- Respondent should articulate via narrative and/or illustration (map or concept drawing) a plan for the development or redevelopment of the site. This may include re-plating, moving of utilities, placement of sidewalks or trails, green space placement, demonstrated connections to current roads, sidewalks and utilities, and/or any other changes the Respondent believes meets the needs of the City and the Respondent's needs for profitability. These may be submitted in "concept" and full engineering is not required at this time.
- Respondent should identify the intended specific use of the property either through narrative or illustration (map, pictures, concept drawings) showing the type of housing that is proposed. Illustration of housing and type is suggested.
- A timeline for development should be proposed, including but not limited to, phasing, any utility work required, building of housing and the type of housing proposed. (Example....."We plan to build 7 duplexes on parcel numbers xxx-xxx the first of which will be ready for occupancy by June of 2014 and the last of which will be ready for occupancy by the end of December of 2015".)
- Respondent should include information that it believes helps the City Council understand the vision for development and how the developer will make that vision become a reality.
- Respondent should articulate financial terms of the transaction or sale of the land. This may include cash price, overall price to be paid, other sale terms including but not limited to the payment of assessments, back taxes and other fees. This may be done by providing a payment at time of closing with assessment to be paid as lots sell or over a specified period of time or other alternatives needed by the respondent to ensure the development's financial success and Respondents ability to complete the full development. As this is a Request for Proposals, the City asks that Respondent specifies what Respondent believes to be reasonable as to the price, terms and conditions of sale. The minimum cash needed at time of closing is \$100,000.
- Respondent must provide a letter from a Federal or State Chartered Bank that confirms the financial ability of the Respondent to meet the proposed terms of transaction. The bank correspondence must state whether the Respondent has sufficient assets (i.e. money) to complete the purchase based on the terms proposed.
- A Bid Bond or certified check payable to the City of Saint Peter is required at time of

proposal in the amount of \$10,000. If the proposal is withdrawn before within sixty (60) days of submission the bid bond/certified check shall be forfeited to the City. Bid security submitted by Respondents not selected by the City of Saint Peter will be returned within 30 days of the selection or December 2, 2013 whichever comes first.

- Respondents may be asked to provide a City Council presentation of 30 to 60 minutes in length illustrating the qualifications and experience of the firm and the plan for development. In addition the respondent must provide personal access to the firms Principle or Project Manager on or around October 7, 2013 at 5 p.m.
- The Council prefers to sell all parcels to one respondent.

The City Council has a number of articulated goals for use of this RFP process. Those goals are:

- Promote development that meets housing needs as identified as part of the City's 2012 Housing Study which was completed by Community Partners and which is available for review on the City of Saint Peter website at <http://www.saintpetermn.gov/sites/default/files/documents/2012SaintPeterHousingStudy.pdf>
- Promote development that meets the needs and goals as set out in the City of Saint Peter's Comprehensive plan which is available for review on the City's website at <http://www.saintpetermn.gov/sites/default/files/documents/2012SaintPeterHousingStudy.pdf>
- Return the parcels to the tax rolls as quickly as possible.
- Enhance speed and opportunity to receive past due and future taxes, assessments and fees for the City, County and the School District.
- Provide for a process that is open.

All proposals submitted shall be valid for a period of sixty (60) days. The City process for transaction will be to enter into a Development Agreement that will be used as the legal document to articulate the agreed to plan for development. Transfer of property will be made via a process that includes the Development Agreement, a Purchase Agreement and then a deed provided at time of closing. Other documentation may be requested and required depending on the nature of the Respondent's proposal. Respondent is responsible for its cost related to closing.

The City reserves the right to reject any and all proposals, to waive irregularities and informalities therein and to accept the proposal to any respondent if, in the City's discretion, the interest of the City would be best served thereby.

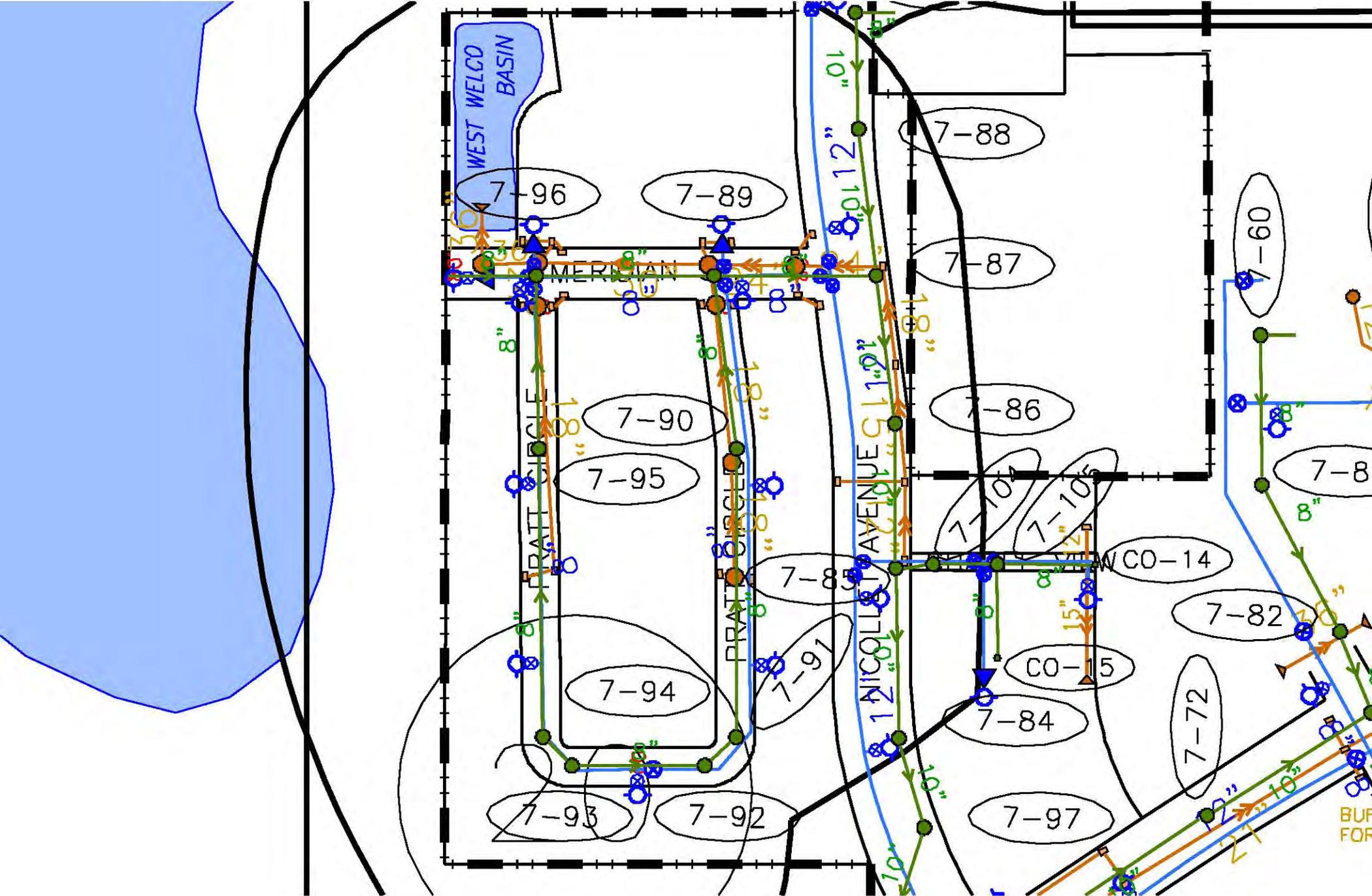
Deadline for receipt of proposals by the City Administrator's Office is 5:00 p.m. on Tuesday, October 1, 2013.

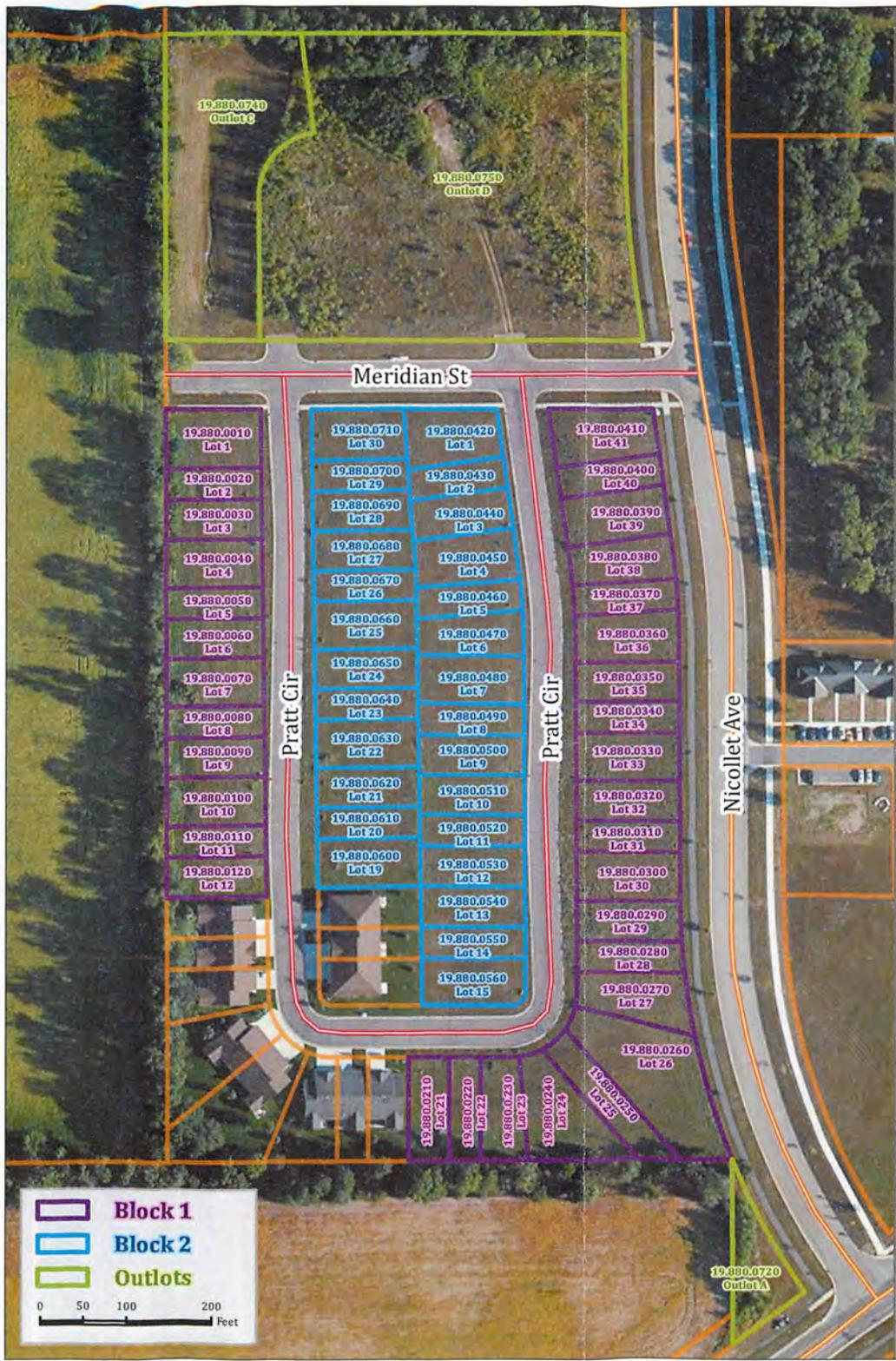
Five copies of the proposals shall be submitted in an opaque envelope addressed as follows:

WELCO WEST DEVELOPMENT PROPOSAL
ATTN: CITY ADMINISTRATOR
227 SOUTH FRONT STREET
SAINT PETER, MN 56082

For questions relating to this proposal, please contact Todd Prafke, City Administrator at City of Saint Peter, 227 South Front Street, Saint Peter, Minnesota 56082 (507)934-0663.

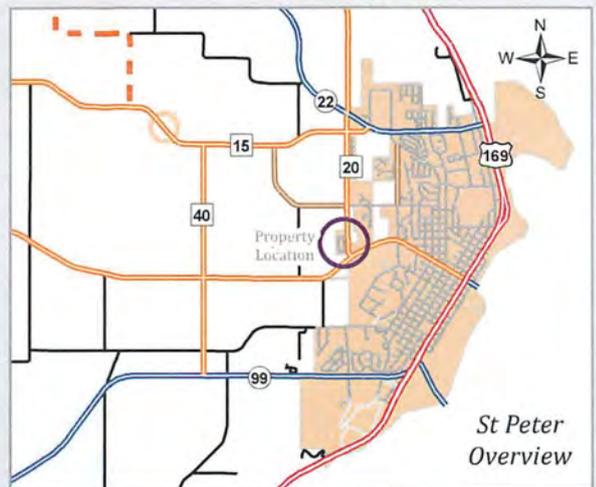
WELCO WEST WATER, SANITARY SEWER, STORMSWER





Block 1	Lot 1	19.880.0010	2081 PRATT CIR
	Lot 2	19.880.0020	2079 PRATT CIR
	Lot 3	19.880.0030	2077 PRATT CIR
	Lot 4	19.880.0040	2075 PRATT CIR
	Lot 5	19.880.0050	2073 PRATT CIR
	Lot 6	19.880.0060	2071 PRATT CIR
	Lot 7	19.880.0070	2069 PRATT CIR
	Lot 8	19.880.0080	2067 PRATT CIR
	Lot 9	19.880.0090	2065 PRATT CIR
	Lot 10	19.880.0100	2063 PRATT CIR
	Lot 11	19.880.0110	2061 PRATT CIR
	Lot 12	19.880.0120	2059 PRATT CIR
	Lot 21	19.880.0210	2041 PRATT CIR
	Lot 22	19.880.0220	2039 PRATT CIR
	Lot 23	19.880.0230	2037 PRATT CIR
	Lot 24	19.880.0240	2035 PRATT CIR
	Lot 25	19.880.0250	2033 PRATT CIR
	Lot 26	19.880.0260	2031 PRATT CIR
	Lot 27	19.880.0270	2029 PRATT CIR
	Lot 28	19.880.0280	2027 PRATT CIR
	Lot 29	19.880.0290	2025 PRATT CIR
	Lot 30	19.880.0300	2023 PRATT CIR
	Lot 31	19.880.0310	2021 PRATT CIR
	Lot 32	19.880.0320	2019 PRATT CIR
	Lot 33	19.880.0330	2017 PRATT CIR
	Lot 34	19.880.0340	2015 PRATT CIR
	Lot 35	19.880.0350	2013 PRATT CIR
	Lot 36	19.880.0360	2011 PRATT CIR
	Lot 37	19.880.0370	2009 PRATT CIR
	Lot 38	19.880.0380	2007 PRATT CIR
	Lot 39	19.880.0390	2005 PRATT CIR
	Lot 40	19.880.0400	2003 PRATT CIR
	Lot 41	19.880.0410	2001 PRATT CIR
Block 2	Lot 1	19.880.0420	2000 PRATT CIR
	Lot 2	19.880.0430	2002 PRATT CIR
	Lot 3	19.880.0440	2004 PRATT CIR
	Lot 4	19.880.0450	2006 PRATT CIR
	Lot 5	19.880.0460	2008 PRATT CIR
	Lot 6	19.880.0470	2010 PRATT CIR
	Lot 7	19.880.0480	2012 PRATT CIR
	Lot 8	19.880.0490	2014 PRATT CIR
	Lot 9	19.880.0500	2016 PRATT CIR
	Lot 10	19.880.0510	2018 PRATT CIR
	Lot 11	19.880.0520	2020 PRATT CIR
	Lot 12	19.880.0530	2022 PRATT CIR
	Lot 13	19.880.0540	2024 PRATT CIR
	Lot 14	19.880.0550	2026 PRATT CIR
	Lot 15	19.880.0560	2028 PRATT CIR
	Lot 19	19.880.0600	2060 PRATT CIR
	Lot 20	19.880.0610	2062 PRATT CIR
	Lot 21	19.880.0620	2064 PRATT CIR
	Lot 22	19.880.0630	2066 PRATT CIR
	Lot 23	19.880.0640	2068 PRATT CIR
	Lot 24	19.880.0650	2070 PRATT CIR
	Lot 25	19.880.0660	2072 PRATT CIR
	Lot 26	19.880.0670	2074 PRATT CIR
	Lot 27	19.880.0680	2076 PRATT CIR
	Lot 28	19.880.0690	2078 PRATT CIR
	Lot 29	19.880.0700	2080 PRATT CIR
	Lot 30	19.880.0710	2082 PRATT CIR

Welco Development



Notes

This drawing is neither a legally recorded map nor a survey and is not intended to be used as one. This drawing is a compilation of information from various sources and is to be used for reference purposes only. Nicollet County is not responsible for any inaccuracies herein contained. If discrepancies are found, please contact the Nicollet County Office of Technologies.



CITY OF SAINT PETER, MINNESOTA

REQUEST FOR PROPOSALS FOR LAND DEVELOPMENT

Name of Respondent: _____

Address: _____

Phone #: _____

Email address: _____

Name of Principle or owner submitting proposal:

Title: _____

Signature: _____

Date _____

Deadline for receipt of proposal by the City Administrator's Office is 5:00 p.m. on Tuesday, October 1, 2013

Five copies of the proposals shall be submitted in an opaque envelope addressed as follows:

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ATTN: CITY ADMINISTRATOR
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For questions relating to this proposal, please contact Todd Prafke, City Administrator at City of Saint Peter, 227 South Front Street, Saint Peter, Minnesota 56082 (507)934-0663.



CITY OF SAINT PETER, MINNESOTA

REQUEST FOR PROPOSALS FOR LAND DEVELOPMENT

Name of Respondent: John Volmar
Address: 62310 Lakeview Rd
Madison Lake MN 56063

Phone #: 507-317-8449
Email address: theVolmars@aol.com

Name of Principle or owner submitting proposal:
John + Lisa Volmar
Title: Owner

Signature: *John Volmar*
Date: October 1 2013

Deadline for receipt of proposal by the City Administrator's Office is 5:00 p.m. on Tuesday, October 1, 2013

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Request For Proposal Welco West



- John and Lisa Volmary , owner/Principals
- We have developed Aspen Court and Alpine Meadows town homes located in St Peter MN, 84 rentable town home units. We also developed Cedar Point town homes in Eagle Lake MN , 56 rentable town home units.
- Our goal is to redesign Welco West into a financially viable and desirable addition to the St. Peter community. The original plan was to heavily populate the site with single level town homes, with very little curb appeal or green space, resulting in bankruptcy.
- We propose taking the 27 middle and 12 side lots, populating this area with 1400-1600 square foot two level homes. All 39 homes will be in our rental portfolio and be managed by our in-house rental company. All homes and grounds will be maintained to a high and uniform standard, matching, roof lines, siding, windows, sidewalks and grounds. The center area will have a biking/walking trail through it, connecting to a green space park area on the North end. All grounds will be landscaped and irrigated.
- The East and South end of Welco will be converted into residential lots, currently the lots are 50 feet wide, they will be combined into 100 foot lots and be sold.
- Attached is a small concept map. Green indicates all Volmary property, 39 lots with 1400-1600 SF individual homes in a uniform green space setting.
- Blue indicates 100 foot combined lot for future homes.
- Time line, year one and two to populate the center area with 27 homes, year 3 to populate the 12 lots West of the center. Blue lots development will be on going as lots sell and homes are built. Slow sensible and responsible growth should take an estimated 4 to5 years.
- With Volmary owning and managing 39 lots this will give the site the stability and control that is needed for success.
- Payment, we will pay the City of St. Peter \$350,000 at closing or we will pay 100,000 year one, 93,500 year two, three and four for a total of 380,500. This amount will cover all assessments, back taxes and other fees, land will be free and clear.

Nicollet Ave

Building lots

1500 SF Homes (Volmar)

Walking path

Green space

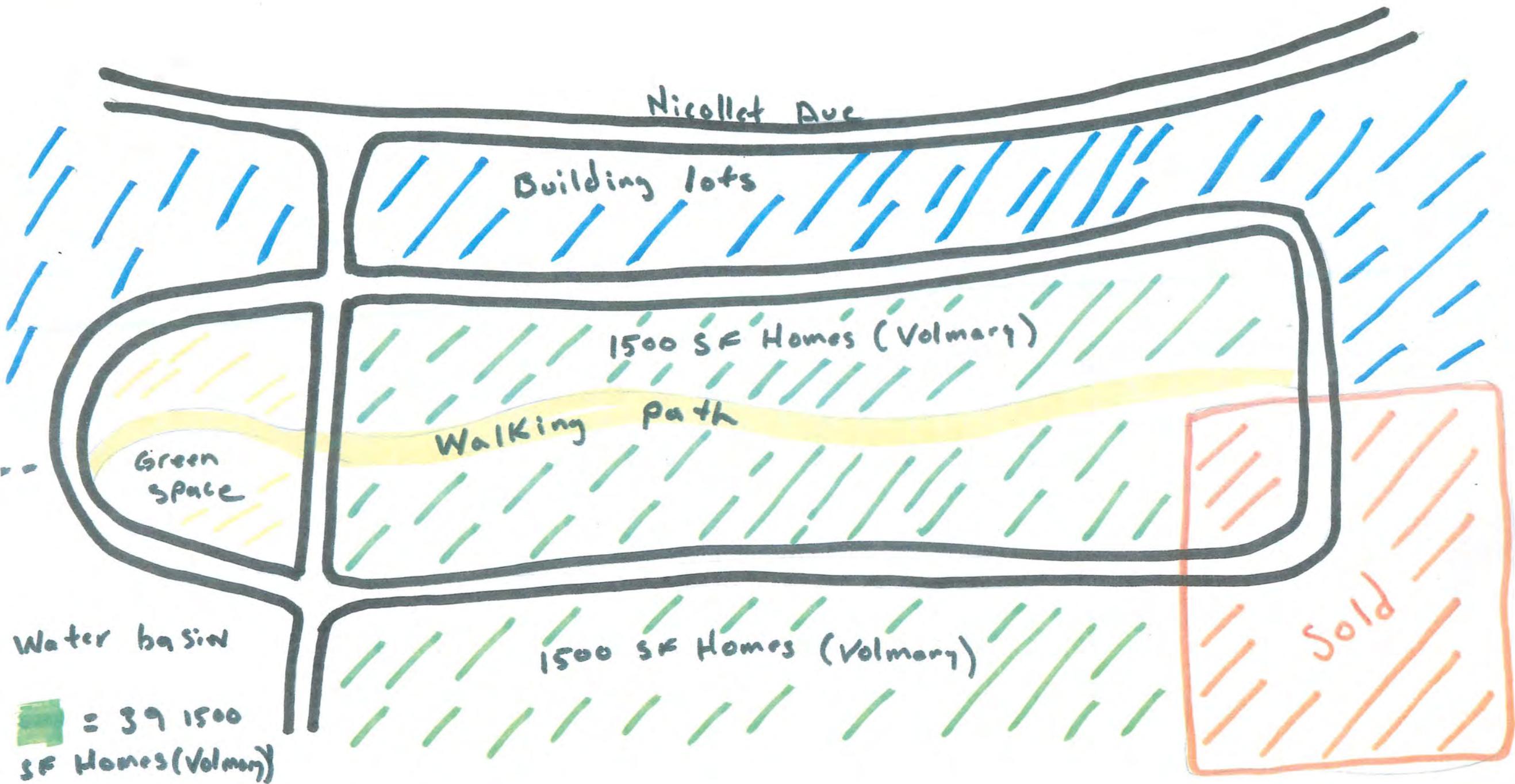
1500 SF Homes (Volmar)

Sold

Water basin

[Green square] = 39 1500 SF Homes (Volmar)

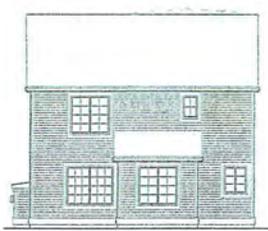
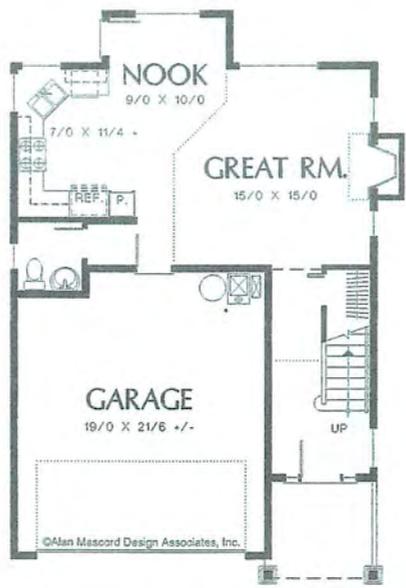
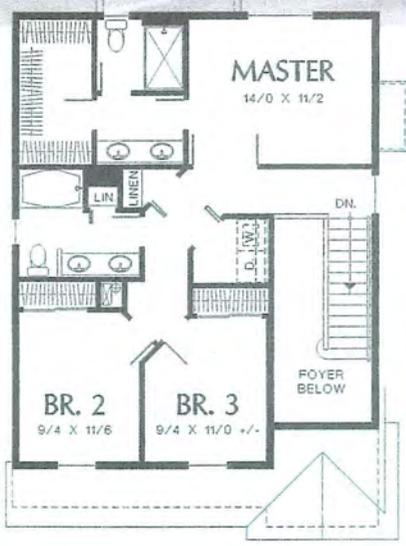
[Blue square] = spec





Price Category
Plan 2174B
 Monroe

Upper Floor	830 Sq. Ft.
Main Floor	636 Sq. Ft.
Total Area	1466 Sq. Ft.
Width 28'	Depth 43'6"
Height 27'	Crawlspace



SPACIOUS CRAFTSMAN

A craftsman style house harmonizes with the environment; it's simple and unpretentious; and it's always practical. Accented with cedar shingles, this house meets all those criteria.

As befits a craftsman style house, this home plan is graced with a fireplace, lots of windows, and a very efficient kitchen. The dramatic foyer soars to the roof rafters. The floor plan makes the home adaptable to any life stage or life-style. The kitchen, great room, and dining nook are open to each other, providing a huge area to accommodate family life and entertaining. Windows on all sides capture sunlight and make the rooms feel even more spacious. A French door in the bumped-out dining nook opens the space to the back yard.

Two bedrooms, a bath, and a master suite are quartered on the upper floor. A laundry room also is housed here: Clothes and linens can be laundered and put away with no shuttling up and down stairs.

ALAN MASCORD DESIGN ASSOCIATES, INC.
 1305 NW 18th Ave., Portland, OR 97209 • 503.225.9161 • fax 503.961.1961
 www.mascord.com

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Volmary Plan



October 1, 2013

City of St. Peter
227 South Front St.
St. Peter, MN 56082

Thank you for the opportunity to present this offer on the land in St. Peter, known as Welco West. We have been very pleased with our other projects in the St. Peter housing market. Since purchasing the Orchard Ridge land on Dodd and Gault, we have been actively seeking other parcels of land. We feel this property fits many of the criteria that we are looking for.

One aspect that is most appealing to us about this land is that it is shovel ready. We could begin construction immediately, which would be our plan.

We also find the size of this land to be an additional bonus. As you can see in the attached resume, we have developed many pieces of land in the surrounding communities. The market that we would like to pursue here are those looking for starter homes. Currently, we have 10 to 12 starter homes under construction as spec houses. One trend that has developed in this market is the need for buyers to see the finished product. Rarely do you sell a starter home from a blue print. They need to see it. Our companies have the financial ability to erect several starter homes at once, there by accelerating the time it takes to fill a subdivision.

Another attractive quality of this land is the larger piece to the north of Meridan St. It would be our desire to use this piece for a higher density project. St. Peter's housing study showed a need for rental properties in the city. Since this 2012 study, we have placed 18 rental units on the market with the intent to add 16 more by July 2014. Our units are filling up as soon as they are on the market. Phase II of Orchard Ridge will have approximately 50 more units. Our projects are meeting a pent up demand for new rentals in your market. I feel this is the same case for your starter home market.

The study also talked of starter homes and though it did not recommend new developments in this market, it did suggest monitoring it. Here is what I have seen to make us want to pursue this, in this location. Like previously mentioned, nobody else is building spec houses. I believe getting the product up for buyers to see is the key to selling them.

Another reason for this enthusiasm is the uptick in the housing market in general and particularly in Minnesota. Mankato is seeing a mini boom in new construction. The effect of this

on St. Peter is in its proximity to where the most active home building is taking place, the north end of Mankato. It has 500 – 800 jobs coming to the area with Walmart, the new clinic, the new MRCI, the plastics plant, and many more to come. To the north of St. Peter, Cambria is rapidly expanding. St. Peter's location to both areas, coupled with its great school systems will make it a popular choice for many of these new employees in deciding where they will want to raise their families.

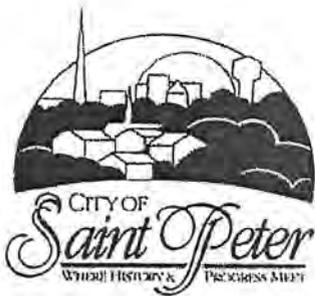
The recent developments in St. Peter will also create demand for starter homes. The thriving medical center, the opening of the Shopko and any spinoff retail from that, and the expansion of the school district will be forces that the study may not have included.

I think it is important to get ahead of this potential need. With that in mind, please accept our proposal for Welco West. Included is a rendering of a re-platted subdivision. We removed the center unit of each triplex and lots that would support starter homes.

Sincerely,



Michael A. Drummer
President, Drummer Development, Inc.



CITY OF SAINT PETER, MINNESOTA

REQUEST FOR PROPOSALS FOR LAND DEVELOPMENT

Name of Respondent: Drummer Development, Inc

Address: 30 Map Dr.

Mankato, MN 56001

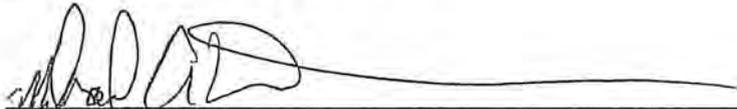
Michael Drummer

Phone #: 507-384-1060 - cell: 507-420-7374

Email address: miked@drummercorp.com

Name of Principle or owner submitting proposal:
Michael Drummer

Title: President / owner

Signature: 

Date: 10-1-2013

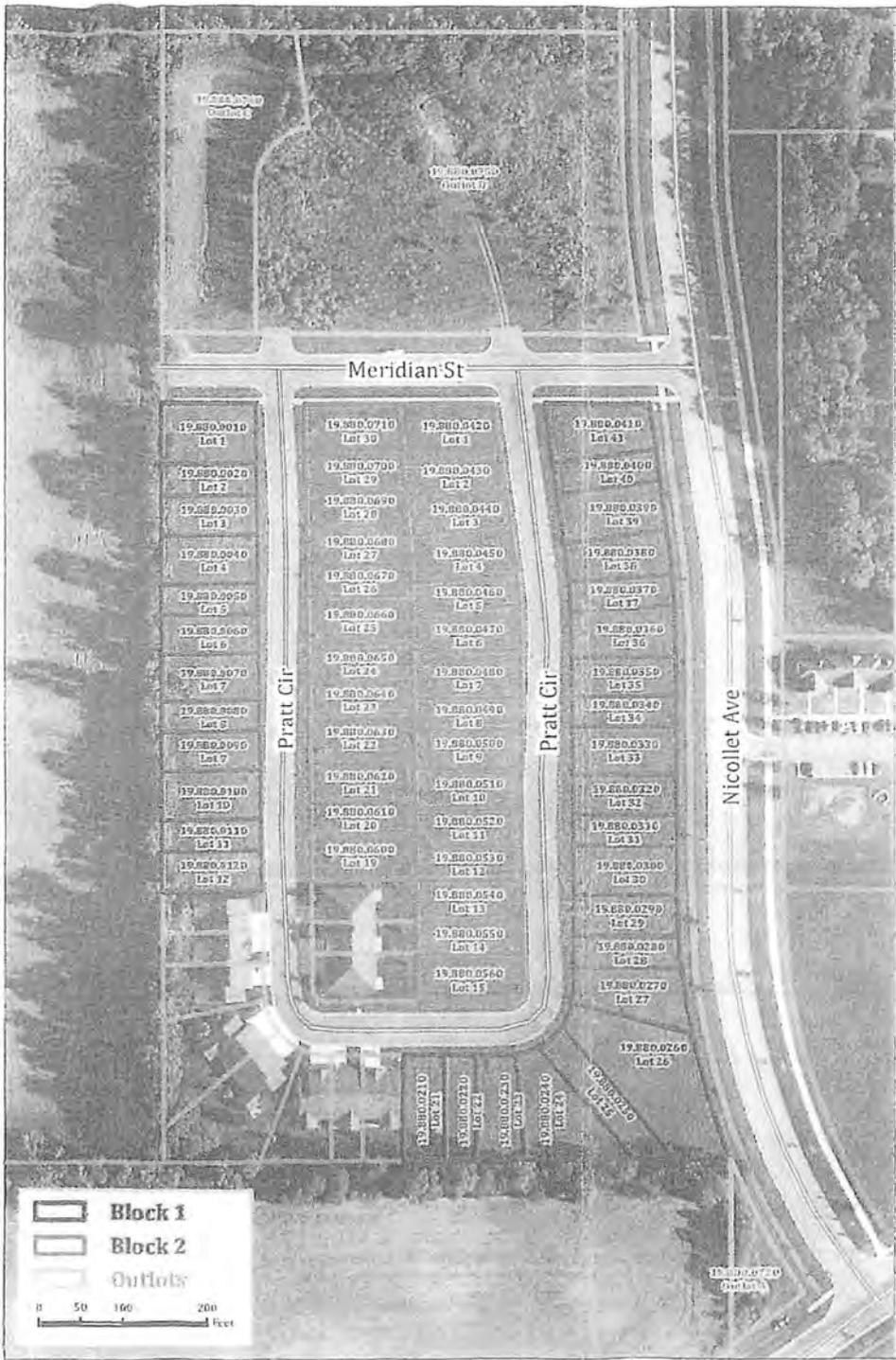
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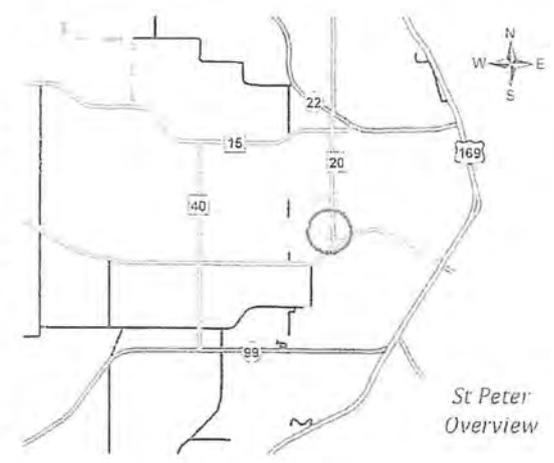


Block 1	Lot 1	19.880.0010	2081 PRATT CIR
	Lot 2	19.880.0020	2079 PRATT CIR
	Lot 3	19.880.0030	2077 PRATT CIR
	Lot 4	19.880.0040	2075 PRATT CIR
	Lot 5	19.880.0050	2073 PRATT CIR
	Lot 6	19.880.0060	2071 PRATT CIR
	Lot 7	19.880.0070	2069 PRATT CIR
	Lot 8	19.880.0080	2067 PRATT CIR
	Lot 9	19.880.0090	2065 PRATT CIR
	Lot 10	19.880.0100	2063 PRATT CIR
	Lot 11	19.880.0110	2061 PRATT CIR
	Lot 12	19.880.0120	2059 PRATT CIR
	Lot 21	19.880.0210	2041 PRATT CIR
	Lot 22	19.880.0220	2039 PRATT CIR
	Lot 23	19.880.0230	2037 PRATT CIR
	Lot 24	19.880.0240	2035 PRATT CIR
	Lot 25	19.880.0250	2033 PRATT CIR
	Lot 26	19.880.0260	2031 PRATT CIR
	Lot 27	19.880.0270	2029 PRATT CIR
	Lot 28	19.880.0280	2027 PRATT CIR
	Lot 29	19.880.0290	2025 PRATT CIR
	Lot 30	19.880.0300	2023 PRATT CIR
	Lot 31	19.880.0310	2021 PRATT CIR
	Lot 32	19.880.0320	2019 PRATT CIR
	Lot 33	19.880.0330	2017 PRATT CIR
	Lot 34	19.880.0340	2015 PRATT CIR
	Lot 35	19.880.0350	2013 PRATT CIR
	Lot 36	19.880.0360	2011 PRATT CIR
	Lot 37	19.880.0370	2009 PRATT CIR
	Lot 38	19.880.0380	2007 PRATT CIR
	Lot 39	19.880.0390	2005 PRATT CIR
	Lot 40	19.880.0400	2003 PRATT CIR
	Lot 41	19.880.0410	2001 PRATT CIR
Block 2	Lot 1	19.880.0420	2000 PRATT CIR
	Lot 2	19.880.0430	2002 PRATT CIR
	Lot 3	19.880.0440	2004 PRATT CIR
	Lot 4	19.880.0450	2006 PRATT CIR
	Lot 5	19.880.0460	2008 PRATT CIR
	Lot 6	19.880.0470	2010 PRATT CIR
	Lot 7	19.880.0480	2012 PRATT CIR
	Lot 8	19.880.0490	2014 PRATT CIR
	Lot 9	19.880.0500	2016 PRATT CIR
	Lot 10	19.880.0510	2018 PRATT CIR
	Lot 11	19.880.0520	2020 PRATT CIR
	Lot 12	19.880.0530	2022 PRATT CIR
	Lot 13	19.880.0540	2024 PRATT CIR
	Lot 14	19.880.0550	2026 PRATT CIR
	Lot 15	19.880.0560	2028 PRATT CIR
	Lot 19	19.880.0600	2060 PRATT CIR
	Lot 20	19.880.0610	2062 PRATT CIR
	Lot 21	19.880.0620	2064 PRATT CIR
	Lot 22	19.880.0630	2066 PRATT CIR
	Lot 23	19.880.0640	2068 PRATT CIR
	Lot 24	19.880.0650	2070 PRATT CIR
	Lot 25	19.880.0660	2072 PRATT CIR
	Lot 26	19.880.0670	2074 PRATT CIR
	Lot 27	19.880.0680	2076 PRATT CIR
	Lot 28	19.880.0690	2078 PRATT CIR
	Lot 29	19.880.0700	2080 PRATT CIR
	Lot 30	19.880.0710	2082 PRATT CIR

Welco Development

December 12, 2012

County Overview



St Peter Overview

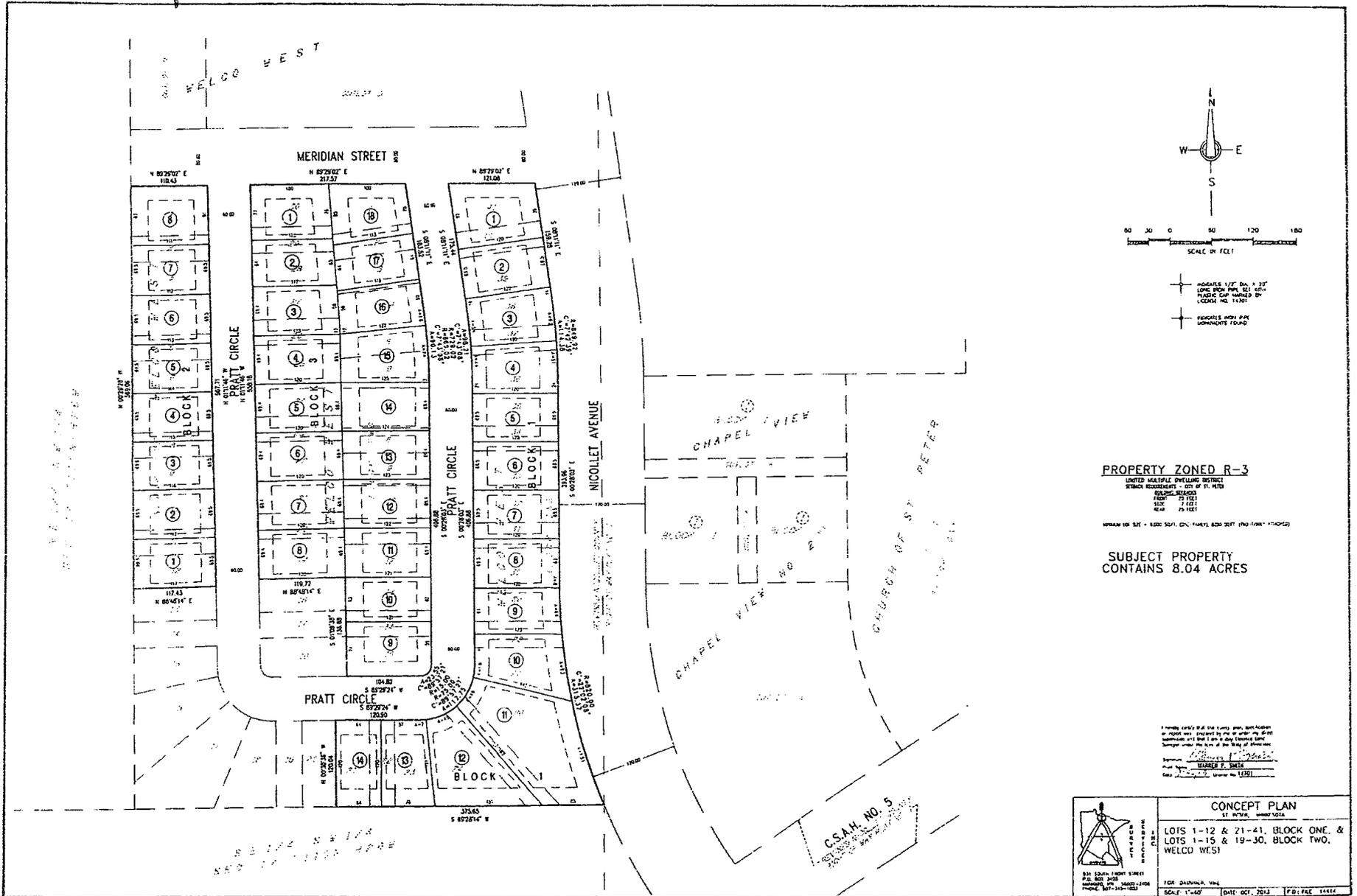
Notes

* Our proposal is for the inclusion of lots C and D.

This drawing is neither a legally recorded map nor a survey and is not intended to be used as one. This drawing is a compilation of information from various sources and is to be used for reference purposes only. Nicollet County is not responsible for any inaccuracies herein contained. If discrepancies are found please contact the Nicollet County Office of Technical Services.

* New concept

28

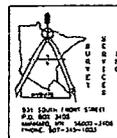


PROPERTY ZONED R-3

LIMITED MULTIPLE DWELLING DISTRICT
 STREET REQUIREMENTS - CITY OF ST. PETERS
 RESIDENTIAL
 FEET: 25 FEET
 SIZE: 7,000 SQ. FT.
 MAX. 20 FEET
 MINIMUM LOT SIZE - 8,000 SQ. FT. (MIN. 10,000 SQ. FT. FOR MULTI-FAMILY HOUSING)

**SUBJECT PROPERTY
 CONTAINS 8.04 ACRES**

I hereby certify that the survey shown hereon was made and prepared by me or under my direct supervision and that I am a duly Licensed Land Surveyor under the laws of the State of Missouri.
 Surveyor: *Blaine J. Smith*
 State No. 1000
 Blaine J. Smith
 City of St. Peters, Missouri MO 65051



CONCEPT PLAN ST. PETERS, MISSOURI	
LOTS 1-12 & 21-41, BLOCK ONE, & LOTS 1-15 & 19-30, BLOCK TWO, WELCO WEST	
FOR DRAWING, VHS SCALE 1"=60'	DATE: OCT. 2012 P.D. FILE: 14414



October 1, 2013

City of St. Peter
227 South Front St.
St. Peter, MN 56082

Re: Financial proposal

Here is our offer for the land known as Welco West.

1. We will provide the city with a cash sum of \$600,000. We would request a closing date of January 31, 2014.
2. We would request that the city waive all the sewer and water hookup fees known as WAC and SAC for any home built in 2014, 2015, and 2016. Any home permitted after December 31, 2016 would return to normal pricing.
3. We would request a 50% reduction in all building permit fees for 2014, 2015 and 2016 on all homes built in that time period. Any home built after December 31, 2016 would return to normal pricing.
4. We would ask that the existing water and sewer lines not used be left as is behind the curb and the stand up be removed. Any utilities unhooked in the street would be the cities responsibility and would not be charged to the lots or development.
5. We are proposing that all back taxes and assessments are paid in full with the proceeds of this sale as well as the remaining assessments for 2014.
6. We would also want a guarantee that the city will not reassess this property as allowed by Minnesota law.

Sincerely,


Michael A. Drummer
President, Drummer Development, Inc.



Delavan
103 Main St.
P.O. Box 95
Delavan, MN 56023-0095
Phone (507) 854-3238
Fax (507) 854-3050

Elmore
109 East Willis St.
P.O. Box 8
Elmore, MN 56027-0008
Phone (507) 943-3131
Fax (507) 943-3133

Mankato
320 Stadium Road
Suite 100
Mankato, MN 56001
Phone (507) 345-7069
Fax (507) 345-8068

Mapleton
301 Main St. NE
P.O. Box 306
Mapleton, MN 56065-0306
Phone (507) 524-3630
Fax (507) 524-3648

North Mankato
1735 Commerce Dr.
North Mankato, MN 56003
Phone (507) 625-3268
Fax (507) 625-3275

St. James
123 Armstrong Blvd. So.
P.O. Box 107
St. James, MN 56081-0107
Phone (507) 375-3201
Fax (507) 375-3204

October 1, 2013

To: City of Saint Peter, Minnesota

From: Denise G. Nienow, VP
Pioneer Bank

Re: Michael Drummer

To Whom It May Concern,

Michael Drummer has sufficient assets available to complete the purchase of property known as "Welco West" based on terms proposed by the City of Saint Peter, Minnesota.

Sincerely,

Denise G. Nienow, VP
Pioneer Bank



Work Experience Present-1998 Drummer Development Mankato, MN

Land Development

- Partnership with Rolling Acres, dissolved after the project was completed.
- Many areas located in Mankato with land development such as:
 1. Isaiah, currently has 63 lots for single/twin homes
 2. Cougar Estates, land developed to for 150 single family homes.
 3. St. Anthony Residences, land to build 37 twin homes.
 4. Park side, 2 lots left in an 86 lot subdivision.
 5. Maple view Estates, land to build 16 twin homes and 3 single family homes.
 6. Jacob Condos, land close to MSU to build 66 condos for college students, professors, etc.
 7. Jacob Estates, land to build 37 single family homes and 11 townhouses.
 8. Stadium Centre, land close to MSU developed into strip malls.
 9. Westwood, commercial land close to Highway 14 which would be best utilized for commercial businesses. Over 100,00 sq. ft of new office space.
 10. Stadium Heights, land developed for 7 apartment buildings, housing 12, 3 bedroom apartments in each building.
 11. Drummer Tree Farm Inc, which is 10-12 acres of land being used to grow trees for the Drummer Garden Center. Another 40 acres at home site.
 12. Benson Park Cottages, residential subdivision developed into 40 lots for single family homes.
 13. Park's Edge, residential subdivision developed into 28 lots for single family homes.
 14. Trail Creek subdivision, developed into 20 lots for single family homes.
 15. Noah Estates, residential subdivision developed into 89 lots on 30 acres
 16. Augusta Trail, residential subdivision developed into 68 lots for single family homes.
 17. Roosevelt Circle, 35 acres of land for commercial mixed use. Currently houses a 49 unit apartment building. Phase II to begin in fall of 2013.

Over 1000 acres in the Mankato/North Mankato area developed or in the progress of developing, making

Drummer Development the largest land Developer in Mankato.

Present-1992 Drummer Construction Mankato, MN
Construction Company

- Dig basements for residential homes and commercial business
- Residential new home and commercial buildings excavation and filling
- Repair to roads
- City water and sewers
- Excavation for hog pits/septic systems
- Snow plowing in wintertime for Residential and Commercial properties

Present-1990 Drummer Garden Center Mankato, MN
Nursery and retail store

- Floral department
- Craft department
- 5 greenhouses located there to do all the growing needed to sell the products on site.
- Garden accessories (rocks/gazeboes/bird baths)

Present-1988 Drummer Landscaping Mankato, MN
Landscaping residential and commercial

- Plant shrubs and sod
- Residential and commercial retaining walls
- Tree planting and spading

Present-2002 D & G Construction Mankato, MN
Construction Company

- Water and sewer setup
- Underground water and sewer for new development and other developments as bid upon

Education

1980-1987 Minnesota State University Mankato, MN

- Bachelor of Science and Social Studies
- Minor in Math
- BA in 1984 for Political Science with a core in Pre-law
- Teaching degree and Coaching degree

1980-1975 St. Clair High School St. Clair, MN

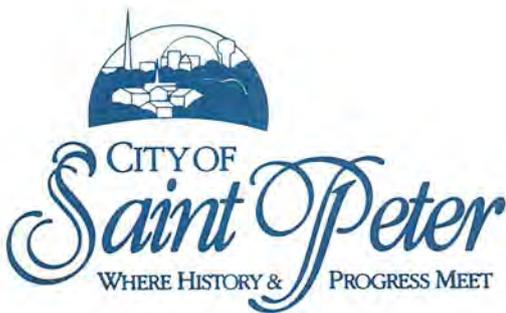
- Studied Computer Science, programming and mathematics
- Achieved an academic letter for my grade point average.
- Salutatorian senior class of 1980

Interests and activities

- Enjoys time at his cabin with his family and friends
- Boating, water-skiing, fishing, swimming

Extracurricular
Activities

- Golfing, biking, basketball
- Part of the Mankato Chamber of Commerce
- Part of Minnesota Nursery Growing Association



Memorandum

TO: Todd Prafke
City Administrator

DATE: 10/4/13

FROM: Lewis G. Giesking
Director of Public Works

RE: Air Pollution Control Equipment Project Update

ACTION/RECOMMENDATION

None needed. For your discussion and review.

BACKGROUND

The United States Environmental Protection Agency (EPA) has mandated that reciprocal engines must be fitted with catalysts to reduce carbon dioxide emissions - called the Mac ZZZZ rule. In 2012 the EPA set the deadline for installation of catalysts as May 3, 2013; however, the EPA did not issue the final requirements until January, 2013 and the City requested an extension of time to comply with the requirements. The EPA set the new deadline as May 3, 2014. The City is on schedule to comply with the new deadline.

The project involves the installation of catalysts above all of the existing six engines at the Broadway Generation Plant. There are a variety of catalysts that can meet the requirements available from vendors; therefore, the decision was made to purchase the catalyst materials then determine what was necessary to install the catalyst. On May 13, 2013, the City Council authorized purchase of six catalysts from Ziegler Inc. These materials were delivered to the Broadway Generation Plant on August 16th of this year.

The City's electrical engineers, DeWild, Grant and Reckert (DGR), have been working with the supplier of the catalysts to develop a structural support system for the catalysts. It was determined the best course of action is to hang the catalysts from the ceiling joists rather than provide a floor stand surrounding the engines. A floor stand would require columns on both sides of each engine and would increase the difficulty of providing routine maintenance for the engines. A floor stand would also make it much more difficult, complicated, and costly in the event an engine or generator would need to be replaced in the future. The original ceiling joists were not designed to carry additional weight and will need to be reinforced. The structural engineers have determined the existing joists can be reinforced in place by adding rods and angle iron to various portions of each joist. Three I-beams will be installed below the joists with a series of hangers to support the new equipment. City staff has reviewed the proposed plans and specifications and is recommending approval. The plans and specifications will be available for City Council review at the workshop on October 7th. We have committed \$185,492 to equipment purchase and \$14,500 to professional services.

The weight of the proposed catalysts is greater than originally anticipated; therefore, the support system is an added cost to the original cost estimate for the project. The project was originally estimated to cost \$500,000. DGR Engineers are updating the cost estimate and the new cost estimate is anticipated to be available the week of October 7th.

The proposed schedule for completing the installation of catalyst is as follows:

- The City Council approves plans and authorizes the receipt of bids - October 14, 2013
- Release formal stack testing RFP - November 8, 2013
- Bid opening – construction contract - November 13, 2013
- The City Council awards the work – construction contract - November 25, 2013
- Construction begins - December 19, 2013
- Release 60 day performance testing notice to EPA - December 30, 2013
- Construction complete – installation ready for testing - February 28, 2014
- EPA formal stack testing complete – units operational - March 7, 2014
- Final project cleanup complete - March 31, 2014
- Mandated compliance date from EPA - May 3, 2014

The specifications require the catalyst installer to only have two generators out of service at any given time during the installation process. City staff will coordinate the generator operation issues with SMMPA. Installers may come from out-of-state and typically will desire to work twelve hour days to complete the installation as quickly as possible. It is anticipated that there will be staff overtime involved in monitoring the work.

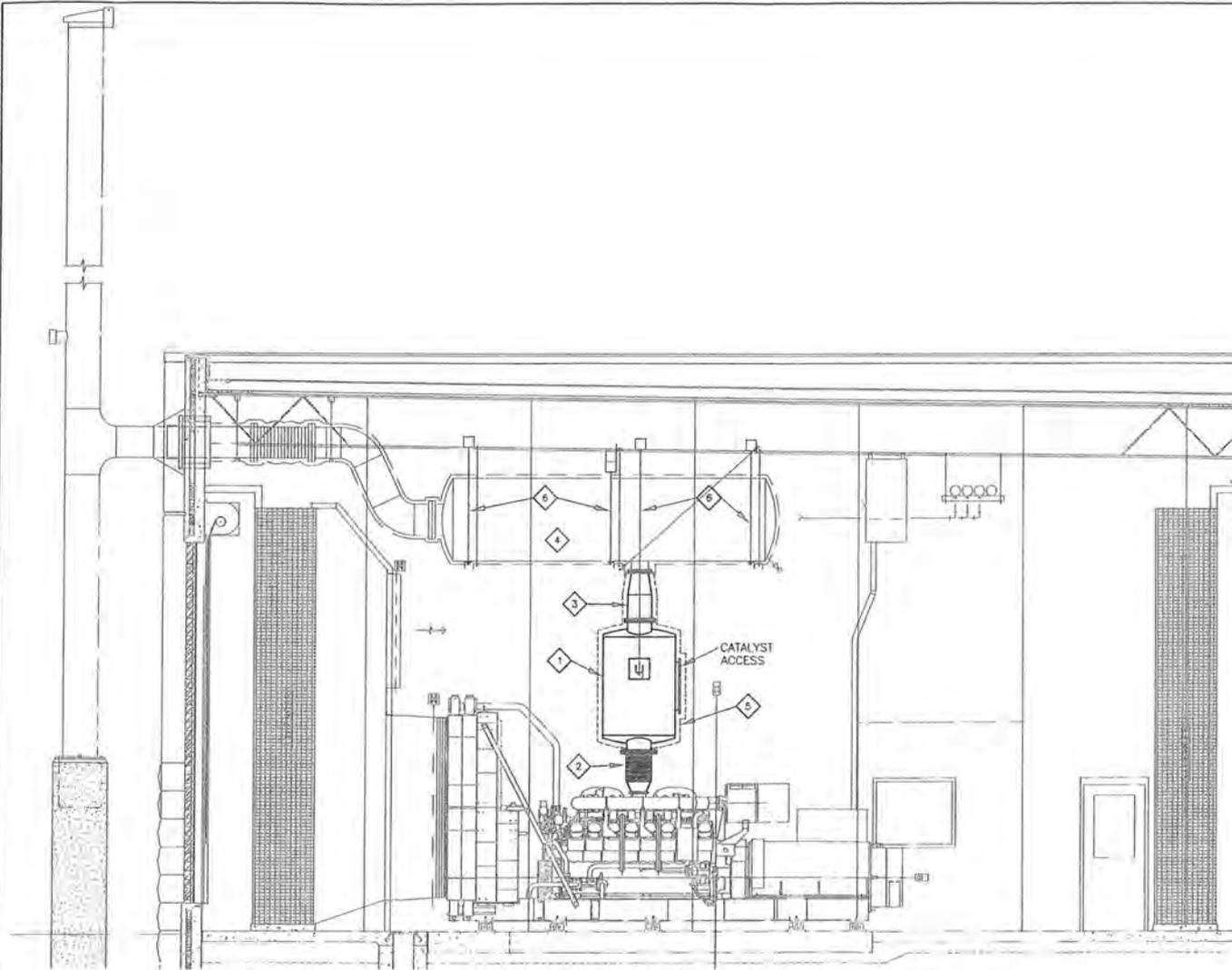
The project will be funded from the Electric Utility fund.

The type of contractor most likely would be general construction, pipefitting, or HVAC. This is not work that requires specialized generator exhaust expertise.

Please feel free to contact me should you have any questions or concerns on this agenda item.

LGG:bl

88



1 MECHANICAL SECTION LOOKING SOUTH

0 4' 8' 12'

3/16" = 1'-0"

GENERAL NOTES

1. CONTRACTOR TO USE EXTREME CARE DURING INSTALLATION OF ALL EQUIPMENT. ANY DAMAGE TO ENGINE, GENERATOR, ENCLOSURE OR OTHER PROPERTY IS THE RESPONSIBILITY OF THE CONTRACTOR.
2. EXHAUST PIPING SHALL BE ADEQUATELY SUPPORTED AS INDICATED ON THE DRAWINGS. UNDER NO CIRCUMSTANCES SHALL THE EXHAUST PIPING BE ALLOWED TO BEAR ON THE TURBOCHARGER OUTLET OR EXHAUST SILENCER.
3. CONTRACTOR TO PROVIDE FULL-FACE, NON-ASBESTOS GASKETS AND BOLT/NUT KITS AT ALL EXHAUST CONNECTIONS.

KEYNOTES

- 1 NEW INLINE-STYLE OXIDATION CATALYST. FURNISHED BY OWNER, INSTALLED BY CONTRACTOR.
- 2 NEW 12" ENGINE EXPANSION JOINT (BELLOWS), 24" LONG. 2 REQUIRED PER ENGINE. PROVIDED BY CONTRACTOR. SEE SHEET M5 FOR MORE INFORMATION. EXPANSION JOINT SHALL NOT BE INSULATED.
- 3 NEW PIPE SPOOL AND REDUCER. 2 REQUIRED PER ENGINE. PROVIDED BY CONTRACTOR. SEE SHEET M2 FOR MORE INFORMATION.
- 4 EXISTING ENGINE EXHAUST SILENCER TO BE RETAINED AND REUSED.
- 5 PROVIDE INSULATION AND CLADDING (FIELD APPLIED JACKET). REFER TO SPECIFICATION 23 35 16 FOR MORE INFORMATION.
- 6 SEE STRUCTURAL DRAWINGS FOR MOUNTING INSTRUCTIONS.

I HEREBY CERTIFY THAT THIS PLAN, SPECIFICATION OR REPORT WAS PREPARED BY ME, OR UNDER MY DIRECT SUPERVISION, AND THAT I AM A DULY LICENSED PROFESSIONAL ENGINEER UNDER THE LAWS OF THE STATE OF MINNESOTA.

BY Travis L. Zipl, P.E.
 LICENSE NO. 43069 DATE _____



REV	DATE	DESCRIPTION



Project Manager: TLZ
 Designer: TLZ
 Project Number: 415526
 Phone: (712) 472-2531

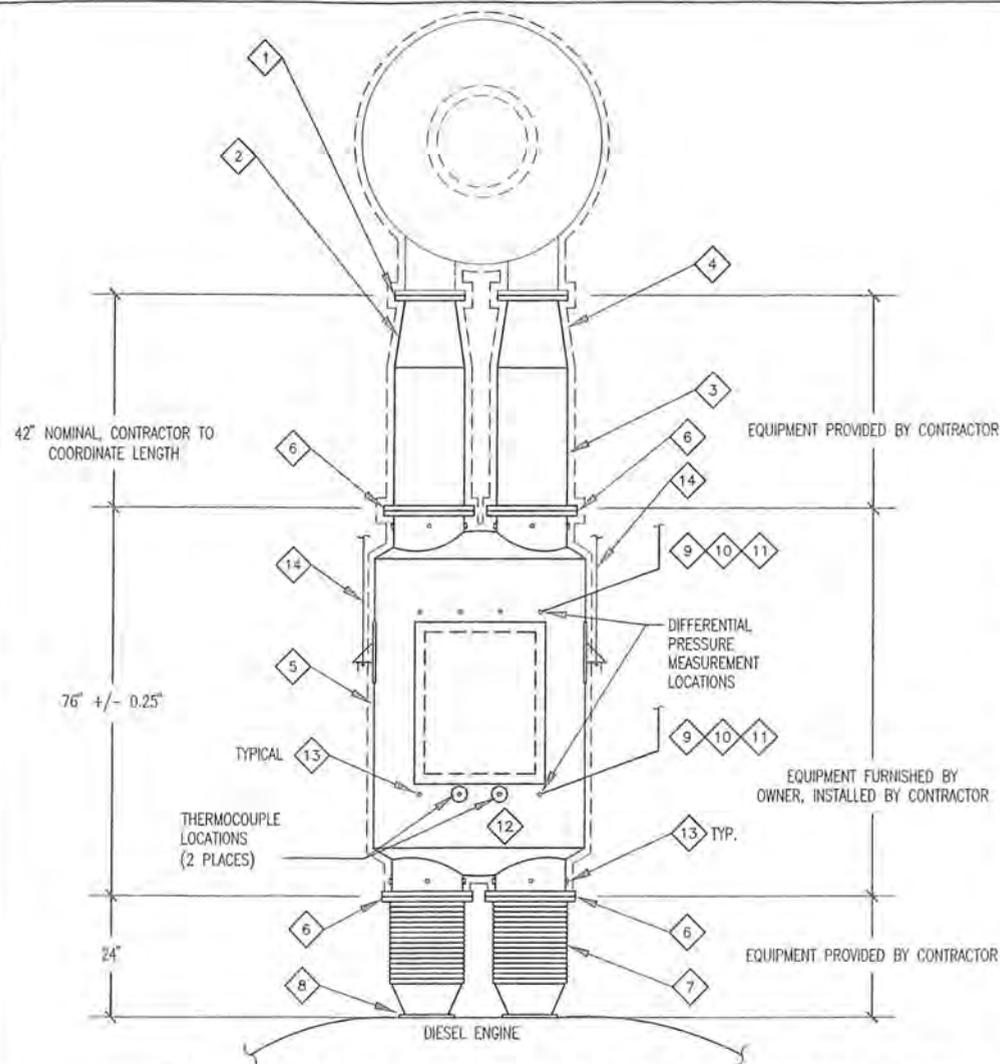
CITY OF SAINT PETER
 SAINT PETER, MINNESOTA

MECHANICAL INSTALLATION I
 BROADWAY PLANT EQUIPMENT UPGRADES

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P&ID No. 1020033 1-13-10 PM

29



1 MECHANICAL SECTION LOOKING EAST

0 1' 2' 4'
1/2" = 1'-0"

GENERAL NOTES

1. CONTRACTOR TO USE EXTREME CARE DURING INSTALLATION OF ALL EQUIPMENT. ANY DAMAGE TO ENGINE, GENERATOR, ENCLOSURE OR OTHER PROPERTY IS THE RESPONSIBILITY OF THE CONTRACTOR.
2. EXHAUST PIPING SHALL BE ADEQUATELY SUPPORTED AS INDICATED ON THE DRAWINGS. UNDER NO CIRCUMSTANCES SHALL THE EXHAUST PIPING BE ALLOWED TO BEAR ON THE TURBOCHARGER OUTLET OR EXHAUST SILENCER.
3. CONTRACTOR TO PROVIDE FULL-FACE, NON-ASBESTOS GASKETS AND BOLT/NUT KITS AT ALL EXHAUST CONNECTIONS.
4. PRESSURE TRANSMITTER SENSOR LINES MUST NOT BLOCK OR INTERFERE WITH ACCESS TO THE CATALYST MAINTENANCE.

KEYNOTES

- 1 10"-125#/150# ANSI FLANGE PATTERN, 1.00 DIA, 12 HOLES ON 14.25" DIA B.C. (BOLT HOLES STRADDLE CENTERLINE) (2 PLACES)
- 2 10"x14" REDUCER (2 PLACES)
- 3 14" SCH 10 C.S. PIPE CUT TO FIT. (2 PLACES)
- 4 INSULATION AND FIELD-APPLIED JACKET. REPAIR AND PROVIDE NEW AS NECESSARY TO COMPLETE INSTALLATION. SEE SPECIFICATIONS.
- 5 INLINE-STYLE OXIDATION CATALYST
- 6 14" CATERPILLAR FLANGE PATTERN .63" DIA, 12 HOLES ON 16.93" DIA B.C. (BOLT HOLES STRADDLE CENTERLINE) (4 PLACES)
- 7 12" FLEX CONNECTOR (2 PLACES). NOT INSULATED.
- 8 8" - CATERPILLAR FLANGE PATTERN .50" DIA, 8 HOLES ON 9.88" DIA B.C. (FLANGE IS FLOATING) (2 PLACES)
- 9 PROVIDE PAINTED STEEL ANGLE, BRACKET, OR PLATE. ATTACH TO STRUCTURE FOR MOUNTING DIFFERENTIAL PRESSURE TRANSMITTERS.
- 10 PROVIDE DIFFERENTIAL PRESSURE TRANSMITTER SENSOR LINES, 1/2" DIAMETER SS. SLOPE TUBING TOWARD OXIDATION CATALYST. MINIMUM SLOPE 3/8" PER FOOT.
- 11 DIFFERENTIAL PRESSURE TRANSMITTERS. LOCATE ABOVE AND AWAY FROM OXIDATION CATALYST CONNECTIONS. FURNISHED BY OWNER, MOUNTED BY MECHANICAL CONTRACTOR WIRED BY ELECTRICAL CONTRACTOR. TWO (2) REQUIRED PER ENGINE. SEE SHEET M6.
- 12 THERMOCOUPLE. FURNISHED BY OWNER, MOUNTED BY MECHANICAL CONTRACTOR, WIRED BY ELECTRICAL CONTRACTOR. TWO (2) REQUIRED PER ENGINE.
- 13 CONTRACTOR TO PROVIDE EXTENSIONS TO ALLOW ACCESS TO ALL TEST PORTS ON SILENCER/CATALYST HOUSING. INCLUDE PIPE PLUG. TYPICAL FOR ALL UNUSED PORTS.
- 14 SEE STRUCTURAL DRAWINGS FOR MOUNTING INSTRUCTIONS

I HEREBY CERTIFY THAT THIS PLAN, SPECIFICATION OR REPORT WAS PREPARED BY ME, OR UNDER MY DIRECT SUPERVISION, AND THAT I AM A DULY LICENSED PROFESSIONAL ENGINEER UNDER THE LAWS OF THE STATE OF MINNESOTA.

BY: Travis L. Zopf, P.E.
 LICENSE NO: 43069 DATE: _____



REV	DATE	DESCRIPTION

DGR ENGINEERING

Project Manager: TLZ
 Design: TLZ
 Project Number: 415526
 Phone: (712) 472-2531

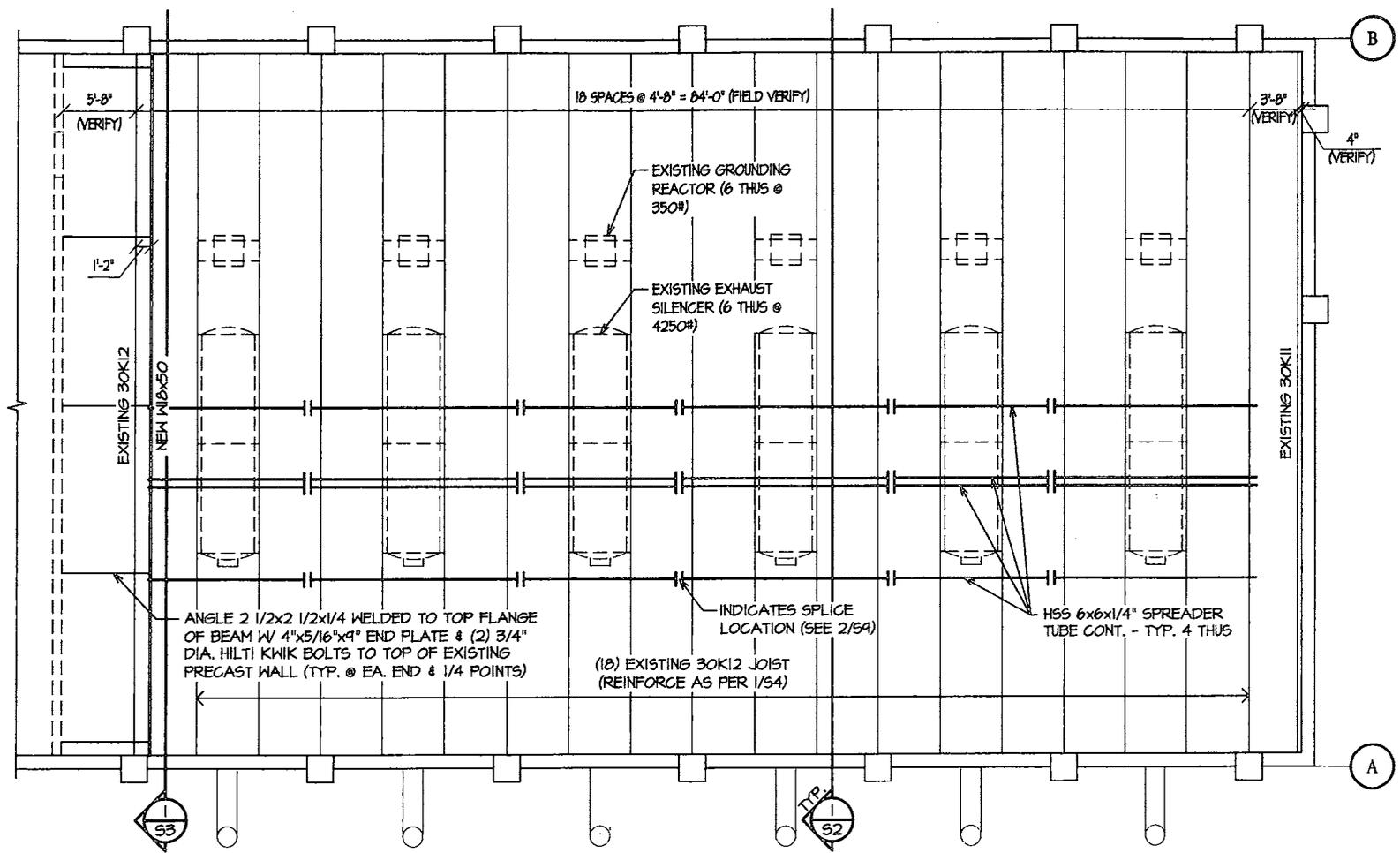
CITY OF SAINT PETER
 SAINT PETER, MINNESOTA

MECHANICAL INSTALLATION II
 BROADWAY PLANT EQUIPMENT UPGRADES

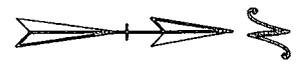
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Per Draw. # 07/27/13 10:15:21 AM

39



1 ROOF FRAMING PLAN
 S1
 0 2 4 6 8 12 16 24



REVIEW SET NOT FOR CONSTRUCTION
 ISSUED ON: 09/27/13

LSE LSEEngineers
 234 N. Main St.
 Littleton, MN 56008
 email: info@lseengineers.com
 phone: (907) 685-8250
 fax: (907) 685-8818

REV	DATE	DESCRIPTION

DGR ENGINEERING
 Project Manager: DMB
 Designer: DWR/MNR
 Project Number: 415526
 Phone: (712) 472-2531

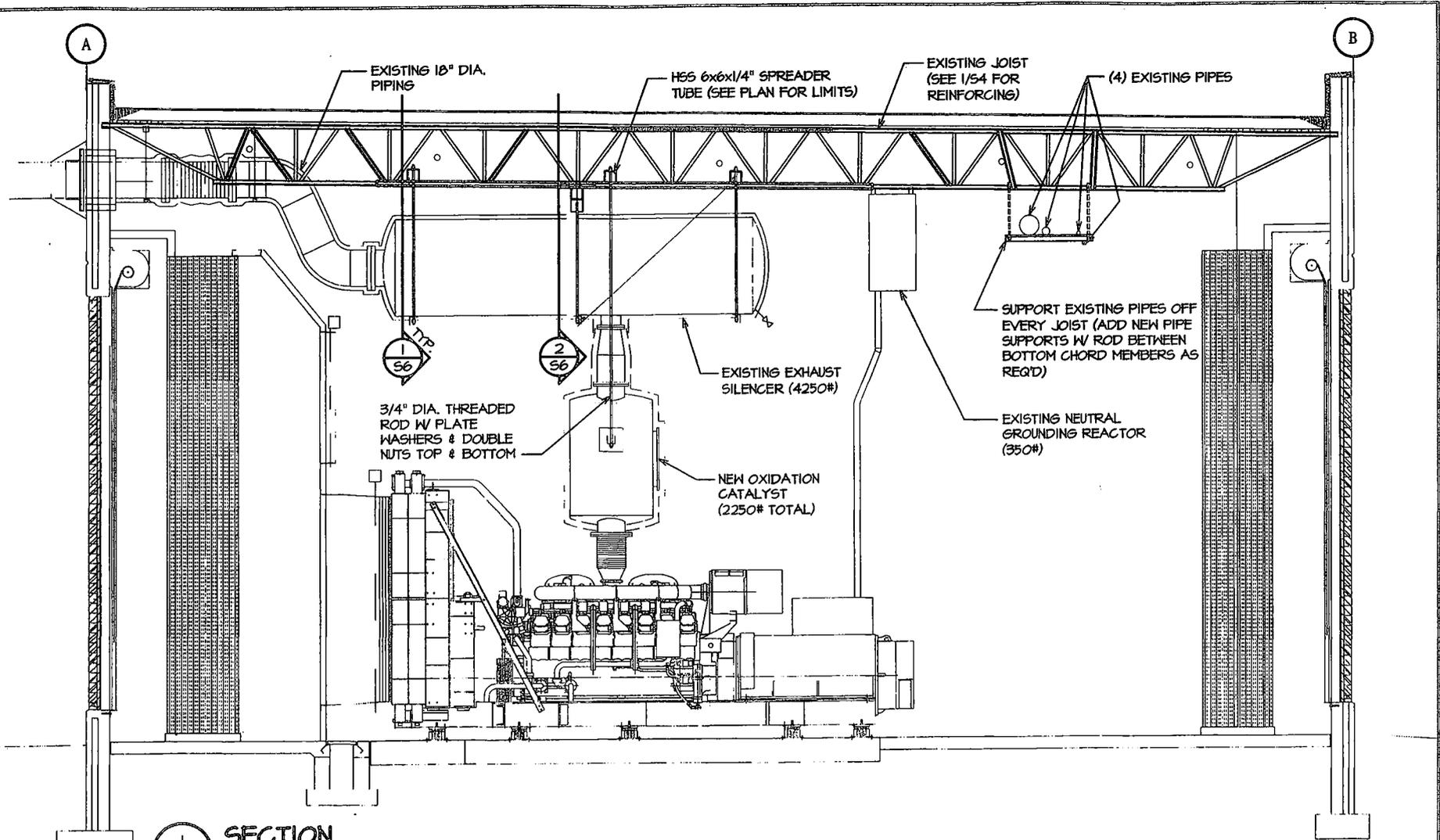
CITY OF SAINT PETER
 SAINT PETER, MINNESOTA

ROOF FRAMING PLAN
 BROADWAY PLANT EQUIPMENT UPGRADES

S
H
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S1

File Name: 41774031 100220 AX

31



SECTION
S2



REVIEW SET NOT FOR CONSTRUCTION
ISSUED ON: 09/27/13

LSE LSEngineers
234 N. Moh St.
Lakewood, MN 56050
web: www.lseengineers.com
phone: (507) 655-5225
fax: (507) 655-6812

REV	DATE	DESCRIPTION

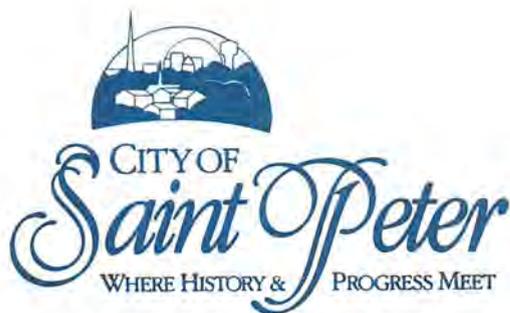


Project Manager: DMB
Designer: DWR/MNR
Project Number: 415526
Phone: (712) 472-2531

CITY OF SAINT PETER
SAINT PETER, MINNESOTA

BUILDING SECTION
BROADWAY PLANT EQUIPMENT UPGRADES

S
H
B
T
S2



Memorandum

TO: Todd Prafke
City Administrator

DATE: 10/4/13

FROM: Russ Wille
Community Development Director

RE: 430 Ritt Street - Lease

ACTION/RECOMMENDATION

None needed. For your information and discussion.

BACKGROUND

In February, 2011, the City entered into a lease of the 430 Ritt Street building to Al Hertaus (dba Jari, USA). The lease has subsequently been assigned to Peter Jones. A copy of the lease is attached for your review.

In addition to the Jari, USA operations, the facility is partially sublet to MRCI by Jari, USA.

The lease is for three years with an option for the tenant to renew the lease for an additional three year period. The lease rate would increase 16.6% for the three year renewal period as per the terms of the 2011 lease. The tenant is obligated to give 180 days notice of his intent to extend the lease. No notice of renewal has been received by the September 30th due date.

Peter Jones has indicated that Jari, USA would like to extend the lease but that MRCI has not been able to commit to the sublease. Jari, USA is unable to cash flow the entire lease without the subtenant's commitment.

Mr. Jones has asked that he be provided an additional 90 days to commit to the lease renewal.

The goal for this agenda discussion is to inform the Council of this request and solicit ideas Councilmembers may have relative to this situation.

Pending Council direction, I intend to prepare a resolution regarding the requested extension for City Council consideration at their next regular meeting.

Please feel free to contact me should you have any questions or concerns on this agenda item.

RW/

LEASE

THIS LEASE, made and entered into as of the 2nd day of February, 2011, by and between Jari. USA, or an entity to be determined as his assignee, as "Tenant" and St. Peter EDA, as "Landlord".

WITNESSETH

1. PREMISES.

a) Landlord does hereby lease to Tenant and Tenant does hereby hire from landlord the following: an area of approximately 36,664 square feet in the "Building" located at 430 Ritt and the land known as lot 5, in St. Peter, Minnesota, 56082, hereinafter described as the "Premises" and as shown on the attached Exhibit A.

2. TERM. The term of this Lease shall be three (3) year(s) possession on February 15, 2011, commencing on March 1st, 2011 or the date Tenant opens its doors for business, whichever is sooner, and expiring on March 31, 2014. All operating expenses shall be paid and Insurances shall be in place by tenant starting on possession date.

3. RENT.

a) Tenant covenants to pay to Landlord rent -- payable on the first day of each and every calendar month -- for the Premises as follows: a fixed monthly rent of \$9166.00 (approximately 36664 sq.ft. x \$3.00 sq.ft. = \$109,992.00 annually). However, if the term of this Lease shall commence on a day other than the first day of the month, or shall terminate on a day other than the last day of the month, or both, the rent payable during such first or last month, or both, shall be adjusted on a pro rata basis.

b) Rent shall be payable without any offset or deduction of any kind, with the exception of the terms and conditions of an option to purchase as set forth in the attached **EXHIBIT B., OTHER TERMS AND CONDITIONS.**

c) There will be an additional charge of five percent (5%) of the base rent for any rent not received by the fifth (5th) of the month. An additional charge of \$25.00 will also be due if the rent check is written on insufficient funds or otherwise returned by the bank.

4. USE. It is understood and agreed that the Premises shall be used and occupied by Tenant for light industrial manufacturing and assembly, shipping, receiving and storage and for no other purpose and all in compliance with all applicable laws, ordinances and governmental regulations.

5. OPTION TO RENEW.

a) Tenant, provided it is not in default under the terms of this Lease, shall have the option of renewing this Lease for one (1) additional 3 (3) year term, provided Tenant notifies Landlord of its intention to exercise its renewal option one hundred eighty (180) days prior to the termination of the initial term or extended term of this Lease.

b) Tenant covenants to pay to Landlord rent for the Premises during the renewal term as follows: a fixed monthly rent of \$10693.66 (approximately 36,664sq.ft. x \$3.50 /sq.ft. = \$128,324.00 Annually). Payable on the first day of each and every calendar month.

6. IMPROVEMENTS AND ALTERATIONS.

a) Tenant shall accept possession of the Premises in "as is" condition as of the date of this Lease.

b) Tenant may, with Landlord's permission, at its sole expense, make changes, additions, deletions, improvements and alterations to the Premises, provided Tenant furnishes such security against mechanic's liens as Landlord reasonably requests, and all such alterations are performed in a good and workmanlike manner and in accordance with all applicable laws and regulations. Tenant shall make no such alterations in or about the Premises having a material effect upon the structure or the electrical, plumbing, heating, ventilating or air conditioning systems of any part of the Premises without the prior written consent of Landlord, which consent shall not be unreasonably withheld. Any such alterations shall be made at the expense of Tenant and shall be deemed the property of Landlord at the expiration or earlier termination of this Lease. Notwithstanding anything herein to the contrary, any damage to the structural portions or any electrical or mechanical system of the Premises, including the roof and exterior walls, caused by the performance of such alterations shall be repaired by Tenant at its expense.

7. MAINTENANCE AND REPAIR.

a) Landlord shall maintain and repair the foundations, structure and roof of the Building, except that Landlord shall not be required to make repairs, modifications or replacements which become necessary or desirable by the negligence or intentional action of Tenant, its agents or employees.

b) Tenant shall operate and maintain, the facilities and equipment necessary for the operation of tenant's usable space in the Premises.

8. TAXES. Landlord shall pay all taxes and assessments levied upon the real estate and improvements belonging to it concerning the Premises as they become due and payable during the Term of this Lease.

9. UTILITIES.

a) Tenant shall pay the cost of sewer, water, rubbish and electricity and gas used for the entire building unless another tenant is found, then on pro rata basis. If tenant elects to employ the following services, Tenant shall pay directly to the appropriate company the cost of telephone service, lawn care, and janitorial services for the Premises.

b) Landlord shall pay Insurance for the Building.

10. INSURANCE.

a) Tenant shall, at its expense, maintain standard fire and extended coverage insurance insuring Tenant's chattel and improvements to the Premises and its fixtures and contents for the full replacement cost thereof. Tenant agrees that in the case of damage or destruction of such improvements, fixtures or contents, it will use any proceeds of such insurance for their repair or restoration.

b) Tenant shall, at its expense, maintain comprehensive general liability insurance protecting and indemnifying Landlord and Tenant against any and all claims and liabilities for injury or damage to persons or property occurring upon the Premises with limits of liability not less than \$1,500,000 for any one accident and \$500,000 for property damage, or such higher amounts as from time to time are commonly maintained with respect to similar property in the geographic area of the Premises.

c) All of Tenant's insurance policies as described herein shall provide that such insurance is primary with respect to any other insurance maintained by the Landlord. The comprehensive general liability insurance shall name Landlord as additional insured, shall protect the interests of Landlord and shall provide for 30 days written notice to Landlord prior to cancellation, non-renewal or material modification. Certificates of all such insurance shall be provided by Tenant to Landlord upon request.

d) Landlord shall keep the Building insured against loss or damage by fire and extended coverage insurance perils. The cost of said insurance shall be paid by Landlord.

e) Policies of fire and extended coverage insurance maintained by Tenant pursuant to this Section 10 or maintained by Landlord pursuant to this Section 10 shall contain a waiver of subrogation clause in favor of the other party thereto. Each of Landlord and Tenant hereby waives, releases and discharges the other party from all claims and demands whatsoever which the releasing party may have or acquire in the future arising out of damage to or destruction or improvements or property that (i) if Landlord or Tenant is the releasing party, is occasioned by fire or other extended coverage perils of (ii) if Landlord or Tenant is the releasing party, is covered by other insurance actually maintained by the released party.

11. ASSIGNMENT OR SUBLETTING. Tenant shall not assign, transfer, mortgage or encumber this Lease or sublet or rent or permit occupancy or use of the Premises in whole or in part, either voluntarily or involuntarily, without the prior written consent of Landlord which consent shall not be unreasonably withheld.

12. SIGNS. Tenant shall have the right to erect, or display a sign(s) on the property, such sign or signs advertising its business as Tenant may consider necessary or desirable, subject to approval of Landlord and all applicable municipal ordinances and regulations with respect thereto.

13. DESTRUCTION OF PREMISES. It is hereby agreed that, in the event the Premises are partially or totally damaged or destroyed by fire or other casualty, Landlord has the option as to whether to rebuild or repair the same, and if the Landlord elects not to rebuild or repair, this Lease shall terminate as of the date of the loss. In the event the Landlord agrees to repair or rebuild, the rent payments shall abate only during the period and to the extent the Premises are untenable.

14. CONDEMNATION. It is hereby agreed that, in the event all or substantially all of the Premises are taken by condemnation or eminent domain, this Lease shall terminate as of the date of the taking, and Landlord shall be entitled to the full amount of any award made with respect to such taking. In the event of only a partial taking of the Premises, the rent payments shall abate during the period and to the extent the Premises are untenable.

15. ENTRY. Landlord shall, after reasonable notice, have the right to enter upon the Premises for the purpose of inspecting and making those repairs and improvements to the Premises specifically required under the terms of this Lease, and in the case of emergency, provided that Landlord shall use all reasonable efforts to avoid interference with the conduct of Tenant's business on the Premises.

16. DEFAULT AND RE-ENTRY. Tenant covenants and agrees with Landlord that if default shall at any time be made by Tenant or its assigns in the payment of the rent or any other monetary obligations when due to Landlord, as herein provided, and if such default shall continue for a period of thirty (30) days after written notice thereof to Tenant or if default shall be made in any of the other covenants, agreements, conditions or undertakings herein contained to be kept, observed and performed by Tenant or its assigns, and if such default shall continue for fifteen (15) days after written notice thereof to Tenant, it shall and may be lawful for Landlord, at its election to (i) terminate this Lease, without the necessity of re-entry, by giving written notice to Tenant, in which case Landlord shall be entitled to damages caused by Tenant's default, or (ii) re-enter the Premises and remove the Tenant and every other person occupying the Premises and repossess and enjoy the Premises, and such re-entry and repossession shall not work a forfeiture of the rentals and other monetary obligations to be paid and the covenants to be performed by Tenant during the full term of this Lease. In either case, Landlord may, but shall not be obligated to, release the Premises and Tenant shall be responsible for the

expenses of such releasing. Tenant shall be entitled to a damage or rental off-set in the amount of any releasing rental proceeds received by Landlord, net of all costs of the releasing.

17. TENANT INDEMNITY. Tenant shall indemnify, defend and save Landlord harmless from and against any and all claims, actions, damages, liability and expense, including without limitation attorneys' fees, arising from or out of the occupancy or use by Tenant of the Premises or any part thereof or any other part of Landlord's property, any default under this Lease on the part of Tenant or any act by Tenant or its officers, partners, agents, contractors, employees or guests.

18. SURRENDER UPON TERMINATION. Tenant covenants and agrees to and with the Landlord that, upon the termination of this Lease by expiration of the term or in any manner or for any cause, Tenant will at once surrender and deliver up to the Landlord said Premises in as good condition as when the Tenant took possession, ordinary wear and tear excepted.

19. CONTINUING OBLIGATIONS. Tenant shall remain obligated after the termination of this Lease to pay those items relating to its use of the Premises throughout the term, but which are not due and payable until after the termination of this Lease, such as utility bills.

20. SUBORDINATION TO MORTGAGE. Tenant covenants and agrees that this Lease is subject and subordinate to any mortgage or deed of trust which may now or hereafter encumber the Premises, and to all renewals, modifications, consolidations, replacements and extensions thereof. This clause shall be self-operative and no further instrument of subordination need be requested by any mortgagee. As confirmation of such subordination, however, Tenant shall at Landlord's request execute promptly any appropriate certificate, instrument or other document that Landlord may request. In the event of the enforcement by the trustee, mortgagee or the beneficiary under any such mortgage or deed of trust of the remedies provided for by law or by such mortgage or deed of trust, Tenant will, upon request of any person or party succeeding to the interest of Landlord as a result of such enforcement, automatically become the tenant of and attorn hereunder to such successor interest without changing the terms or other provisions of this Lease. Tenant shall execute and deliver any instrument or instruments confirming the attornment herein provided for. Notwithstanding any provision contained herein, each of Tenant's obligations under this Section 20 is subject to the condition that the holder of any mortgage or deed of trust shall provide to Tenant non-disturbance agreements providing that Tenant's possession of the Premises under the terms of this Lease will not be disturbed on account of such mortgage or deed of trust so long as Tenant is not in default hereunder and continues to perform all of the covenants and agreements to be performed by Tenant under this Lease.

21. **NOTICE.** If at any time it shall become necessary for one of the parties hereto to serve any notice, demand or communication upon the other, it shall be in writing, sent by registered or certified mail, postage prepaid, to:

a) if intended for Landlord shall be addressed to Landlord at: Community Development Director, 227 South Front St., St. Peter, MN 56082

b) if intended for Tenant shall be addressed to Tenant at Alan Hertaus, 430 Ritt Street, St Peter, MN 56082

or any address Tenant and/or Landlord may desire. Any changes must be in writing to the other party thirty (30) days prior to the change of address.

22. **BENEFIT.** Subject to Section 11 herein, this Lease shall inure to the benefit and be binding upon the successors and assigns or the respective parties.

23. **ENTIRE AGREEMENT.** No oral statement or prior written matter shall have any force and effect on the relationship of the parties hereto, and this document, unless modified as hereinafter provided, constitutes the entire and only agreement between said parties. This Lease shall not be modified or canceled except in writing signed by all parties hereto.

24. **PERSONAL PROPERTY.** If previously occupied by another tenant, Landlord shall be responsible to remove any existing chattel, fixtures and equipment located in the Premises, prior to Tenant's date of possession.

25. **PARKING.** Tenant shall be allowed to utilize the parking lot contiguous to the Building on which the Premises are located in common with the other tenants in the Building.

IN WITNESS WHEREOF, the parties have duly signed and sealed these presents, the day and year first above written.

LANDLORD: Community Development Director

TENANT: Alan R. Hertaus

By 
Mike Favre

By 
Alan R. Hertaus

Its President

EXHIBIT A
LEASED PREMISES

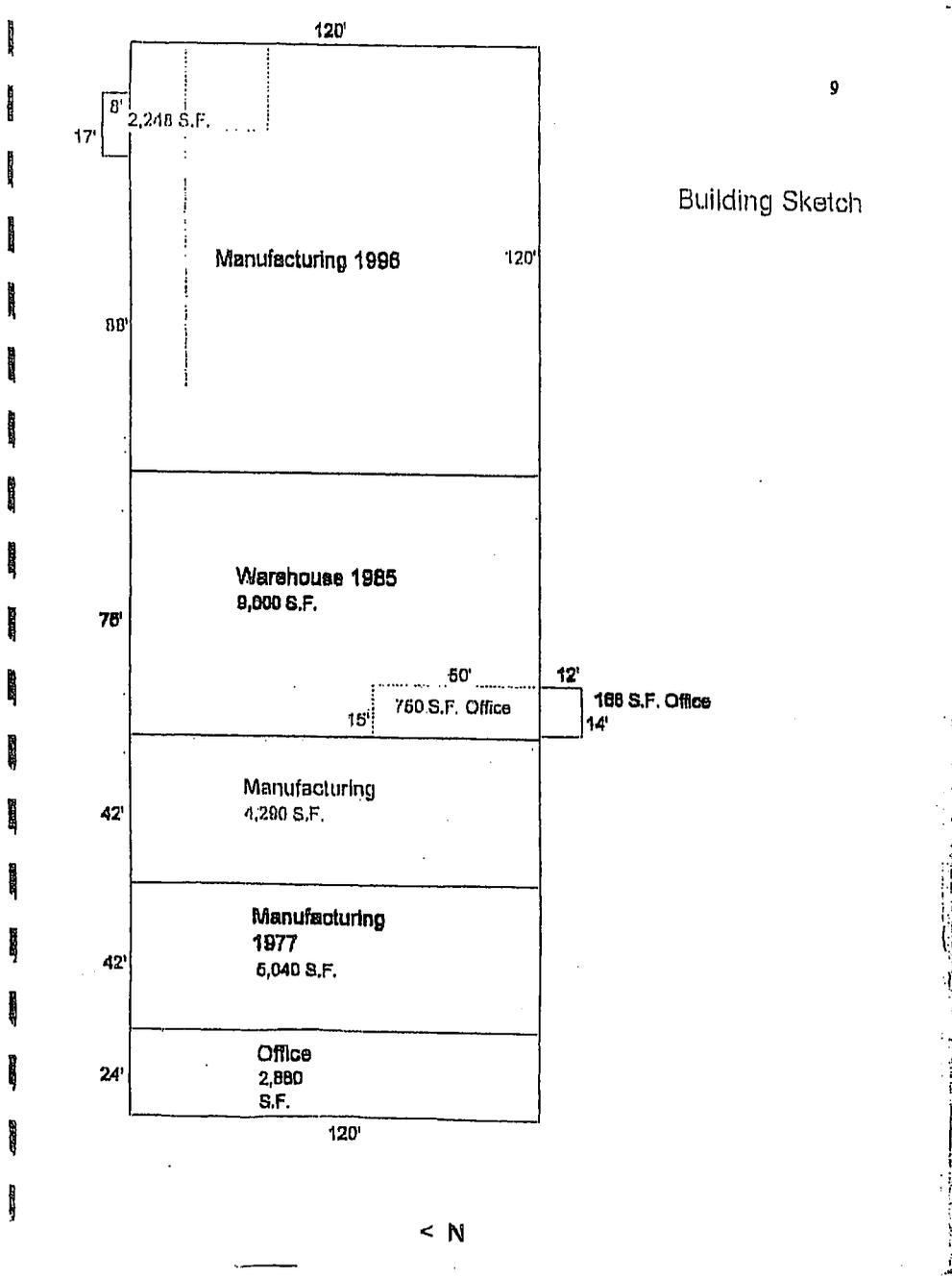
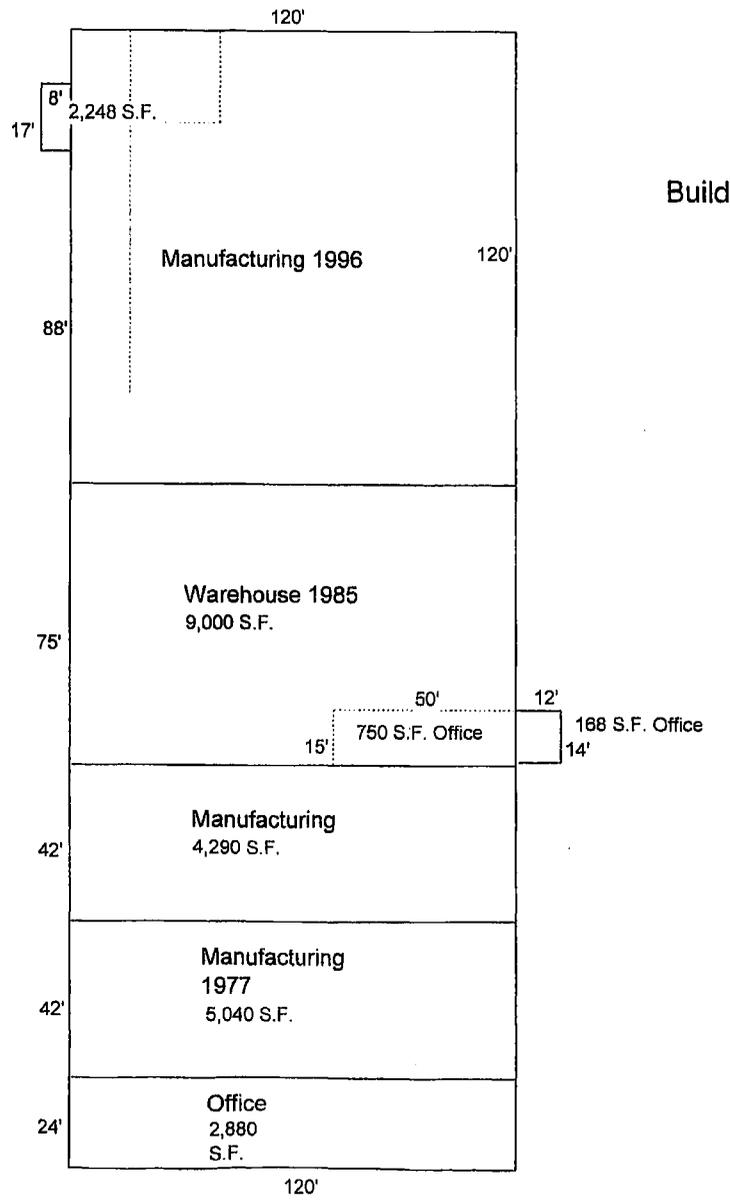


EXHIBIT A
LEASED PREMISES



9

Building Sketch

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Landlord:

Michael J. ...

Tenant

[Signature]

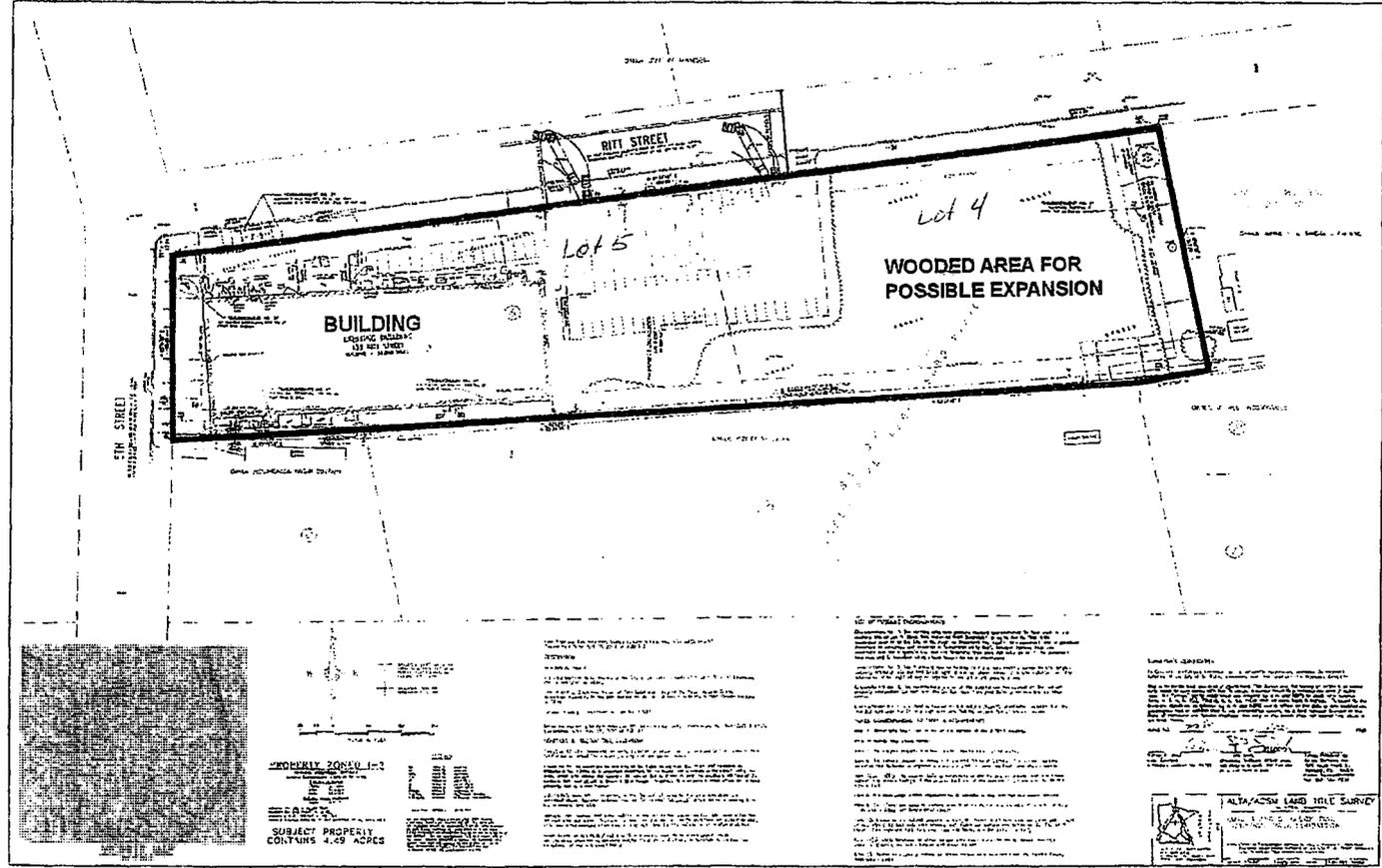


EXHIBIT B

OTHER TERMS AND CONDITIONS

26. Tenant's Option to Purchase, :

- a. **As additional terms and conditions of this Lease, Landlord and Tenant agree as follows:** During the original and renewal term of this Lease, Tenant shall have the option to purchase the Premises, including without limitation the land, buildings and all improvements, for One Million Two Hundred Thousand Dollars (\$1,200,000.00).
- b. Landlord shall have the right to attempt to sell the property to a third party, subject to the following conditions:
 - i. Such right shall not be exercised until at least 14 months after the commencement of this Lease as set forth in Section 2. Term;
 - ii. Landlord shall not sell the described property to a third party unless it shall have first given a written notice to Tenant and allowing Tenant a period of thirty (30) days after receipt of Landlords within which to elect to exercise Tenant's rights under the Option to Purchase, after which such option shall expire;
 - iii. In the event that Landlord intends to sell the property to a third-party for an amount less than One Million two Hundred Thousand Dollars (\$1,200,000.00), Tenant shall have the option to purchase the property for that amount;
- c. In the event that Tenant exercises this Option to Purchase, Tenant - shall receive a rebate of the total base rent payments previously paid to Landlord, as follows:
 - 1. Sixty percent (60%) of payments made for the first 14 months
 - 2. Fifty percent (50%) of payments made for months 15 through 27; and
 - 3. Forty percent (40%) of payments made for months 28 through 36.

Landlord: 

Tenant: 