

ITEM#: 29
DATE: 03-22-22

COUNCIL ACTION FORM

SUBJECT: SALE OF AIRPORT PROPERTY TO MULMAC LLC (FOR SIGLER, AMES)

BACKGROUND:

On January 14, 2020, City Council approved the sale of 1101 Aviation Way to Mulmac LLC, the current land lessee for that property. The operating business on the property is Sigler Companies. The agreed upon price includes the present value of the lease rights through June 30, 2047, the value of the land, and the improvements made on the property per the developer's agreement. The total sale price for this property is \$2,838,250. The staff report detailing how this price was established has been attached for reference (Attachment 1).

Staff has verified that this land was not acquired with federal funds., Therefore, the City is not required to follow the Federal Aviation Administration (FAA) process for the sale of this land.

The subdivision creating and preparing the lot for sale and establishing new street right-of-way for Aviation Way was approved by City Council on September 14, 2021. A public hearing regarding the sale was held on March 8, 2022. The sale closing date has been set for April 1, 2022. An agreement to sell the property has been signed by Mulmac (Attachment 2).

Land leases are a critical revenue generating activity for the Airport. To ensure the solvency of the Airport's operating budget after this sale, staff will invest the proceeds from the sale and transfer an annual amount equal to the lease payment schedule (Attachment 3) as operating revenue for the airport. This will make sure the current revenue structure of the Airport is maintained into the future.

ALTERNATIVES:

1. Approve the sale of Airport property at 1101 Aviation Way to Mulmac LLC with a closing date of April 1, 2022.
2. Direct staff to make modifications to this timeline.

CITY MANAGER'S RECOMMENDED ACTION:

Selling the property at 1101 Aviation Way to Mulmac, LLC (Sigler) will ensure the ongoing revenues for Airport Operations. It will also eliminate the Airport's future responsibility in

2047 to take over the Sigler industrial building, which at that point would be 50 years old. That is an activity/property that the Airport is not well-positioned to market or maintain.

Therefore, it is the recommendation of the City Manager that the City Council adopt Alternative No. 1, as noted above.

ITEM #: 47
DATE: 01/14/20

COUNCIL ACTION FORM

SUBJECT: REQUEST FROM SIGLER COMPANIES TO PURCHASE AIRPORT PROPERTY AND BUY OUT REMAINDER OF LEASE/DEVELOPER AGREEMENT FOR 3100 S. RIVERSIDE DRIVE

BACKGROUND:

On September 20, 2019, Chris Eggert, representing the Sigler Companies, wrote a letter to the Mayor and City Council requesting to buy out the remainder of their lease, purchase the land at 3100 S. Riverside Drive from the Airport, and amend the development agreement for the property that states that the buildings and all improvements on the property revert to City ownership at the conclusion of the lease on June 30, 2047. The letter is attached.

The Airport property being leased by Sigler is at 3100 S. Riverside Drive (see attached map) and was originally created as part of a Development Agreement with Vantage Enterprises, LLC, in May of 1997. The agreement had a 50-year lease term beginning on May 27, 1997, which was sublet to VisionAire to build single-engine jet aircraft. Since that time, the lease has changed ownership two times from Vantage Enterprises, LLC to Dayton Park, LLC, in September of 2004 who sublet the building to Clarion Technologies. Finally, it was sold to Mulmac, LLC in April of 2007. Mulmac, LLC, is leasing the space to Sigler Companies, Inc.

FAA REQUIREMENTS:

When an Airport is considering the sale of high-value property, defined as \$1,000,000 or higher, the FAA requires a minimum of two (2) appraisals by certified land appraisal companies and an independent third-party review of the two appraisals. The Airport owner must use the higher valuation of the two as a starting point for the negotiation of the sale. Generally, it is the Airport's responsibility to justify to FAA that the release of Airport property (a one-time cash sale) is more beneficial than the long-term revenue-generating potential of keeping it as part of the Airport. **Therefore, before the purchase can be approved, staff will need to provide the justification to the FAA for its approval.**

AIRPORT LAND APPRAISALS:

The City solicited quotes from multiple land appraisals firms in Iowa that meet FAA's standards. On November 30, 2018, the first appraisal was completed by Nelsen Appraisal Associates (NAA), Inc. of Urbandale, Iowa. On March 15, 2019, the second appraisal was completed by Commercial Appraisers of Iowa (CAI), Inc. of West Des Moines, Iowa. **It should be noted before the final purchase agreement can be approved, a third-party appraisal review must be performed.**

Below is a summary of the two appraisals:

Property Value (Land, Buildings, and Improvements)	Commercial Appraisals of Iowa	Nelsen Appraisal Associates
Value as of June 30, 2047	\$5,030,000	\$3,050,682
Present Value	\$1,420,000	\$1,315,000

Property Value (Land Only)		
Land (\$/SF)	\$1.80	\$1.60
Land (12.75 ac)	\$999,720	\$888,640
Rounded to (x\$1,000)	\$1,000,000	\$889,000

The table above shows that the CAI appraisal is the higher of the two evaluations and must be used as the basis for the price negotiation per FAA regulations. FAA will require that the property be sold for no less than highest present value of the two appraisals, which is currently estimated to be \$1,420,000.

CITY VALUATION OF THE SALE:

For the City to be made whole by a potential sale of the leased property at 3100 S. Riverside Drive there are three considerations; 1) the value of the lease and payments to the Airport operating fund, 2) the value of the land, and 3) the value of the improvements made on the land (two buildings and pavement) as part of development agreement.

Value of Lease:

The buy out of the lease in the appraisal (using CAI's numbers) assumes a private sector discount rate of 7.25%. However, the City, as a public agency, cannot reinvest the money at that rate. Finance staff indicated that potential interest rates could be invested at approximately 2.28%.

A more appropriate method would be to look at the present value of the lease payments using the 2.28% rate, which is shown in the table below:

	Year	Rent Per Acre	Number of Acres	Total Rent	PV Factor	PV of Cash Flow
FY	2020	\$4,463	12.75	*\$28,452	100.0%	\$28,452
FY	2021	\$4,597	12.75	\$58,612	97.8%	\$57,305
FY	2022	\$4,734	12.75	\$60,359	95.6%	\$57,698
FY	2023	\$4,877	12.75	\$62,182	93.5%	\$58,116
FY	2024	\$5,023	12.75	\$64,043	91.4%	\$58,521
FY	2025	\$5,173	12.75	\$65,956	89.3%	\$58,925
FY	2026	\$5,329	12.75	\$67,945	87.3%	\$59,349
FY	2027	\$5,489	12.75	\$69,985	85.4%	\$59,768
FY	2028	\$5,653	12.75	\$72,076	83.5%	\$60,182
FY	2029	\$5,823	12.75	\$74,243	81.6%	\$60,609
FY	2030	\$5,997	12.75	\$76,462	79.8%	\$61,029
FY	2031	\$6,177	12.75	\$78,757	78.0%	\$61,460
FY	2032	\$6,363	12.75	\$81,128	76.3%	\$61,899
FY	2033	\$6,554	12.75	\$83,564	74.6%	\$62,336

FY	2034	\$6,750	12.75	\$86,063	72.9%	\$62,769
FY	2035	\$6,953	12.75	\$88,651	71.3%	\$63,215
FY	2036	\$7,161	12.75	\$91,303	69.7%	\$63,655
FY	2037	\$7,376	12.75	\$94,044	68.2%	\$64,105
FY	2038	\$7,597	12.75	\$96,862	66.6%	\$64,554
FY	2039	\$7,825	12.75	\$99,769	65.2%	\$65,009
FY	2040	\$8,060	12.75	\$102,765	63.7%	\$65,468
FY	2041	\$8,302	12.75	\$105,851	62.3%	\$65,931
FY	2042	\$8,551	12.75	\$109,025	60.9%	\$66,394
FY	2043	\$8,808	12.75	\$112,302	59.5%	\$66,865
FY	2044	\$9,072	12.75	\$115,668	58.2%	\$67,334
FY	2045	\$9,344	12.75	\$119,136	56.9%	\$67,807
FY	2046	\$9,624	12.75	\$122,706	55.6%	\$68,282
FY	2047	\$9,913	12.75	\$126,391	54.4%	\$68,765
*Partial Year				\$2,414,300	PV Lease=	\$1,725,802

Value of Land:

Staff agrees with the CAI appraisal of the land at \$1 million dollars as shown below:

Property Value (Land Only)	CAI Appraisal
Land (\$/SF)	\$1.80
Land (12.75 ac)	\$999,720
Rounded to (x\$1,000)	\$1,000,000

Value of Buildings & Improvements:

As stated in the Background section of this report, the buildings (improvements) are set to revert to City (Airport) ownership at the end of the lease term on June 30, 2047. Agreements such as the one that was created with Vantage Enterprise, LLC (VisionAire) are common for Airports. This provision was included in the 1997 agreement because the FAA prohibits general private development on Airport property unless, at some point, it becomes a permanent part of the Airport itself or the Airport is compensated for the use of its property.

However, staff would consider it a liability for the Airport if the City would have to take back ownership of the manufacturing/warehouse building (101,447 SF). This structure was designed for manufacturing purposes and not for Airport hangar storage; therefore, it is unlikely the City could get a positive net operating revenue from that building without finding another manufacturing tenant to lease the property. **Therefore, the City would consider the warehouse building to have zero value, if not negative, due to the high-risk of potential maintenance and utility costs of a building that size.**

However, the 15,120 SF airplane hangar building (Sigler is currently using the building for storage) does have long-term value to the Airport. The CAI appraisals show that the current depreciated value of the hangar to be \$112,448, and the full replacement value (new) is \$675,000.

To summarize, the City will need to consider the sale of the property and lease buy out, while ensuring that the Airport can justify to the FAA that the sale is more beneficial than retaining the revenue-generating property in perpetuity. To do this, the estimated Fair

Market Value from the appraisals should be reconciled with the City's actual potential for long-term use and re-investment strategy. A summary of potential purchase price calculations is provided below:

	City of Ames (Option 1)	City of Ames (Option 2)
Lease Buy Out	\$1,725,802	\$1,725,802
Land Value	\$1,000,000	\$1,000,000
Buildings	\$112,448	\$675,000
	\$2,838,250	\$3,400,802

Under Option 1, using a conservative cash flow estimate, the City could reinvest the total estimated payment amount of \$2,838,250 and then pay the Airport operating budget an annual amount equal to the remaining lease payment schedule. At the end of the current lease term on June 30, 2047, it is estimated that there will be a significant amount of the original principle remaining. Staff believes Option 2 is not appropriate since it effectively requires Sigler to pay full new replacement value for a 20 year old hangar building.

ALTERNATIVES:

1. Agree that the City is willing to sell the land and buildings (**includes the deprecated value of a new 15,000 SF hangar**) to Mulmac, LLC, for \$2,838,250 and direct staff to work with City Attorney to:
 - a. Draft an amendment to the development agreement.
 - b. Draft an amendment to the land lease (setting an end date).
 - c. Draft an agreement to purchase the property.
 - d. Conduct the third party review of the two appraisals.
 - e. Work with the FAA to obtain approval of the sale.

2. Agree that the City is willing to sell the land and buildings (**includes the full value of a new 15,000 SF hangar**) to Mulmac, LLC, for \$3,400,802 and direct staff to work with City Attorney to:
 - a. Draft an amendment to the development agreement.
 - b. Draft an amendment to the land lease (setting an end date).
 - c. Draft an agreement to purchase the property.
 - d. Conduct the third party review of the two appraisals.
 - e. Work with the FAA to obtain approval of the sale.

3. Reject the request to buy Airport property, thereby directing staff to maintain the current lease and development agreement.

CITY MANAGER'S RECOMMENDED ACTION:

The leased property on the Airport at 3100 S. Riverside was created over 23 years ago under significantly different financial conditions than what the Airport (and the market) is facing today. The two buildings on the property were originally constructed for the

manufacturing a single engineer jet and were not designed to serve Airport users, which is the primary purpose of the Airport itself.

There appears to be several benefits from selling the property that will result in a “win/win” situation for the City and Sigler Companies.

Risk Avoidance

The current agreement designates that the City will have ownership of the buildings once the lease terminates. If vacant, the City would be at risk to find a new tenant who would be willing to pay the projected lease payment along with the property taxes. By selling the building to the Sigler Companies, the City would avoid a future economic risk.

Operational Revenue

The annual lease payments are currently transferred to the Airport operating budget to help reduce any property tax support for this facility. With the sale that is being proposed, the proceeds can be deposited in a reserve account and annual payments that are equivalent to the current lease schedule can be made to the Airport operating budget. In this way the revenue stream can be maintained.

Compatibility With Airport Operations

An advantage to owning the property and improvements is the fact that the City can assure that the use does not interfere with the operations of the Airport. This protection can still be achieved with the requirement that an Avigation Easement be placed on the property.

In addition, it is important to note that the Airport Master Plan has historically shown the lease parcel at 3100 S. Riverside Drive as being a “non-aeronautical use,” meaning it is not needed for the service or operation of aircraft. Therefore, it should not have any negative impacts to the Airport by selling the property.

Property Taxes

Currently, the City receives tax revenue from the tenant. If the City takes ownership of the property and cannot rent the facilities, no tax revenue would be received. In addition, purchasing the property may facilitate future expansion of Sigler’s operations at this site, resulting in an incremental increase in tax revenue.

Sigler has indicated to staff that they support the approach and dollar amount described in Alternative 1. At this time, staff cannot identify all the legal or regulatory steps that might ultimately be needed to complete this transaction. Therefore, the City Manager recommends that the City Council adopt Alternative No. 1, directing staff to move forward with an approved conceptual approach to the sale for \$2,838,250, and work with the City Attorney and the FAA to complete all necessary documents before bringing back this issue for final City Council approval.

REAL ESTATE PURCHASE AGREEMENT

THIS REAL ESTATE PURCHASE AGREEMENT (“the Agreement”) is made and entered into as of _____, 2022, by and between the CITY OF AMES, IOWA, hereinafter referred to as “Seller” and MULMAC, LLC, an Iowa limited liability company, hereinafter referred to as “Buyer;” WITNESSETH:

WHEREAS, Seller is the fee title owner of real property adjacent to the Ames Municipal airport;

WHEREAS, Buyer desires to purchase the real estate from Seller, all upon the terms and conditions set forth in this Agreement;

NOW, THEREFORE, in consideration of the mutual promises and covenants herein contained, for other good and valuable consideration, it is agreed as follows:

1. Purchase and Sale of Property. Subject to the terms and provisions of this Agreement, Buyer agrees to purchase and Seller agrees to sell, the following described real estate (the “Real Property”) situated at 1101 Aviation Way (formerly known as 3100 S. Riverside Drive) in the City of Ames, Story County, Iowa, to-wit:

Parcel “S” in the South Half of the Southeast Quarter (S½-SE ¼) of Section 15, Township 83 North, Range 24 West of the 5th P.M., City of Ames, Story County, Iowa, as shown on the “Plat of Survey” filed in the office of the Recorder of Story County, Iowa, on September 30, 2021, as Instrument No. 2021-12553.

(approximately 12.75 acres).

Subject to any existing easements and rights-of-way of record; and

Subject also to easements reserved as shown in Exhibit A; which shall survive the performance of this agreement.

2. Purchase Price. The total purchase price to be paid by Buyer to Seller for the real property shall be ^{U.S.} **\$2,838,250.00**, payable in cash, or cash equivalents, on the Closing Date. The total purchase price for the purpose of this Agreement was set by the Ames City Council at its regular meeting on January 14, 2020.

3. Closing. The Closing of this Agreement shall take place on the on or before April 1, 2022, (“Closing Date”) in the office of the City Clerk, 515 Clark Avenue, Ames IA 50010, or such other time and place as the parties may mutually agree. If a portion of the purchase price is to be derived from a commercial lender, reasonable requirements of the lending institution as to place, time of day and procedures for Closing and for disbursement of mortgage proceeds shall control over contrary provisions of this Agreement. At Closing, Seller shall furnish, if applicable

and as required: the deed; a Title Guaranty or title insurance affidavit; a mechanic's lien affidavit; an assignment of leases; the Iowa Department of Revenue's required Declaration of Value Statement; the Iowa Department of Natural Resources' required Groundwater Hazard Statement; proof of authority to execute instruments on behalf of an entity; a certificate duly executed by Seller under penalty of perjury certifying that each Seller is not a "foreign person" as may be required under 26 U.S.C. sec. 1445, as amended, and any regulations thereunder; and any corrective title instruments. The Iowa Real Estate Transfer Tax pursuant to chapter 428A of the Code of Iowa, the cost of preparing instruments necessary to convey title and to document authority of or reliance on Seller's authority to convey shall be paid for by Seller. All recording fees shall be the responsibility of Buyer.

4. Date of Possession. Possession of the Real Property shall be delivered to the Buyer on the Closing Date (as defined herein).

5. Date for Accruals. If Seller and Buyer hereafter select an alternate Date of Possession, such alternate date shall become the effective date for the accrual and proration of rental payments and any other contractual charges due and owing, as the same may be applicable.

6. Closing Contingency. Time is of the essence for this Agreement. If, for any reason, Closing does not occur prior to July 1, 2022, this Agreement shall be null and void and neither party shall have any obligation to the other and this Agreement shall terminate.

7. Abstract and Title. Buyer shall be solely responsible for the costs of title searches, abstracting, and title guaranty or title insurance. Buyer must notify Seller at least 30 days prior to Closing of any defects in marketable title under Iowa law and the Iowa State Bar Association Land Title Standards. Seller may elect to attempt to cure any or all said defects, and if Seller is unwilling or unable to cure any such defects prior to the Closing Date, Buyer may terminate this Agreement upon written notice to Seller, which must be received by Seller prior to the Closing Date, or Buyer may proceed to closing and title subject to any such defects.

8. Deed and Other Documents. On the Closing Date, seller shall convey title to the Real Property by a Deed in fee simple without warranty as provided in Iowa Code §558.19(2), free and clear of all liens against the City and encumbrances in which the City is the grantor, except as provided in this Agreement, subject only to covenants, conditions, easements, encumbrances and restrictions of record, and subject to reservation of easements shown in Exhibit A.

9. Existing Lease, Development Agreement. This Agreement is subject to the leasehold rights of a tenant, namely MULMAC, LLC, presently occupying the Real Property. A memorandum of said lease was recorded June 13, 1997, as Instrument 97-05938, and the lease has been assigned subsequently. This Agreement is also subject to a Development Agreement dated May 27, 1997, a memorandum of which was recorded June 13, 1997, as Instrument No. 97-05942, and any amendments thereto. Upon closing and full payment by Buyer to Seller: (1) the lease shall be merged into the fee title conveyed to Buyer; (2) any improvements or fixtures upon the

land shall become the property of the Buyer and the Seller's rights to the improvements at the termination of the lease shall revert and merge into the fee title conveyed to the Buyer; and (3) the City shall cause to be recorded a termination of the Development Agreement as it relates to the Real Property. Rents shall be prorated to the date of possession.

10. Real Estate Taxes. The leased facilities are subject to real property taxes, which under the lease agreement, are payable by the tenant. Buyer shall assume all responsibility for real property taxes levied and payable. The Seller is an exempt governmental entity and shall not provide the Buyer with a tax proration at closing.

11. Property Status—As Is. Buyer acknowledges that they have made a sufficient and satisfactory inspection of the Real Property and are purchasing the Real Property in its "as is" condition. Buyer as tenant in possession is responsible for solid waste removal, sewage and other utility services and assessments for maintenance of the Real Property attributable to any period of time preceding the Date of Possession.

12. Risk of Loss. Risk of loss of the Real Property shall remain with the Buyer as prescribed by the 1997 Lease (i.e., paragraphs 18.01 – 18.08) until the Closing Date.

13. Forfeiture. If Buyer fails to perform this Agreement, Seller may forfeit this Agreement as provided by Iowa Code ch. 656. Buyer shall have no right of reclamation or compensation for money paid or improvements made, if any, which shall be retained by Seller as compensation for use of the Real Property, as liquidated damages, or both. Upon completion of forfeiture, Seller may treat any person in possession as tenants holding over after the expiration of a lease and may remove them as provided by Iowa Code ch. 648 or any other legal or equitable remedy.

14. Foreclosure. If Buyer fails to pay any part of the purchase price as it becomes due, or fail to pay taxes or special assessments before they become delinquent, or otherwise fail to perform any of the agreements provided for in this Agreement, Seller may, twenty days after written notice to Buyer of Seller's intention to accelerate the payment of the entire balance owing under this Agreement, during which twenty days such default or defaults are not removed, declare the entire balance owing under this Agreement immediately due and payable. Thereafter, at the option of Seller, this Agreement may then be foreclosed in equity and a receiver may be appointed to take charge of the Real Property and collect the rents and profits thereof to be applied as may be directed by a Court of competent jurisdiction. It is agreed that the period of redemption after sale on foreclosure provided by section 628.3 of the Iowa Code may be reduced as otherwise provided by chapter 628 of the Iowa Code.

15. Certification. Buyer and Seller each certify to the other that such party is not acting, directly or indirectly, for or on behalf of any person, group, entity, or nation named by any executive order or the United States Treasury Department as a terrorist, "Specially Designated National and Blocked Person," or any other banned or blocked person, entity, nation or transaction

pursuant to any law, order, rule or regulation that is enforced or administered by the Office of Foreign Assets Control and that the party is not engaged in this transaction, directly or indirectly on behalf of, any such person, group, entity or nation. Each party will defend, indemnify and hold harmless the other party, and such other party's officers, directors, managers, employees, agents, attorneys, representatives, affiliates, successors and permitted assigns, from and against any and all claims, damages, losses, risks, liabilities and expenses (including reasonable attorney fees and costs) arising from or related to the indemnifying party's breach of the foregoing certifications, said indemnification to survive the earlier termination of this Agreement or delivery of the deed contemplated hereby.

16. Council Approval. This Agreement is contingent upon the approval of the City Council pursuant to section 364.7, Code of Iowa.

17. Assignment. This Agreement and the rights, duties and obligations hereunder may not be assigned or delegated by Buyer without the prior written consent of the City. Any assignment of rights or delegation of duties or obligations hereunder made without the consent of the City shall be void.

18. Entire Agreement. This instrument constitutes the entire agreement between the parties with respect to the subject matter thereof and supersedes all prior oral or written agreements, statements, representations, and promises. No addition to or change in the terms of this Agreement shall be binding upon the parties unless it is expressed in a writing signed by the parties.

19. Parties. Words and phrases used in this Agreement shall be construed as in the single or plural number and as the masculine, feminine or neuter gender according to the context. "Parties" refers to both Seller and Buyer together. "Party" may refer to either a Seller or a Buyer. If a Seller or a Buyer, as defined in this Agreement, consists of two or more entities or persons, each is jointly and severally liable and responsible for the duties and warranties of that party. Notice given to or knowledge of any condition by any one member of a party that consists of two or more entities or persons is deemed had by the party and all its constituent members.

20. Interpretation. This Agreement shall be governed exclusively by and construed in accordance with the laws of the State of Iowa. The paragraph headings in this Agreement are for convenience only and in no way define or limit the scope or intent of any provisions of this Agreement. This Agreement may be executed in any number of counterparts, each of which shall be regarded as an original and all of which shall constitute but one and the same instrument.

[SIGNATURES FOLLOW ON SUCCESSIVE PAGES]

MULMAC, L.L.C.

Dated 3/16, 2022.

By: [Signature]
Ronald J. McMillen, Member

STATE OF IOWA, COUNTY OF STORY, SS.:

This instrument was acknowledged before me on MARCH 16, 2022, by Ronald J. McMillen as the sole Member of MULMAC, L.L.C.



[Signature]
NOTARY PUBLIC

Passed and approved on _____, 2022, by Resolution No. 22-_____ adopted by the City Council of the City of Ames, Iowa.

CITY OF AMES, IOWA

By:

John A. Haila, Mayor

Attest:

Diane R. Voss, City Clerk

Schedule A
Reservation of Easements

- (1) Airport Navigational Easement – All of Parcel S – limiting the height and location of all structures upon the Real Property in conformance with Federal Aviation Administration regulations.
- (2) A GAS MAIN EASEMENT COMMENCING AT THE NORTHWEST CORNER OF SAID PARCEL S ; THENCE S 00°01'37" W, ON THE WEST LINE OF SAID PARCEL S, A DISTANCE OF 160.00 FEET TO THE POINT OF BEGINNING; THENCE S 89°58'23" E, A DISTANCE OF 336.42 FEET; THENCE S 00°00'00" E, A DISTANCE OF 5.80 FEET; THENCE S 90°00'00" E, A DISTANCE OF 20.00 FEET; THENCE S 00°00'00" E, A DISTANCE OF 4.77 FEET; THENCE N 89°58'23" W, A DISTANCE OF 356.41 FEET TO A POINT ON THE WEST LINE OF SAID PARCEL S; THENCE N 00°01'37" E, ON SAID WEST LINE, A DISTANCE OF 10.00 FEET TO THE POINT OF BEGINNING.
- (3) A PUBLIC UTILITY EASEMENT COMMENCING AT THE NORTHWEST CORNER OF SAID PARCEL S; THENCE S 00°01'37" W, A DISTANCE OF 189.55 FEET ON THE WEST LINE OF SAID PARCEL S, AND TO THE POINT OF BEGINNING; THENCE S 89°49'52" E, A DISTANCE OF 561.67; THENCE S 45°42'18" E A DISTANCE OF 29.02 FEET; THENCE N 90°00'00" E A DISTANCE OF 232.46 FEET TO A POINT ON THE EAST LINE OF SAID PARCEL S; THENCE S 43°16'31" E A DISTANCE OF 27.47 FEET ON SAID EAST LINE OF PARCEL S; THENCE S 90°00'00" W A DISTANCE OF 230.80 FEET; THENCE S 45°42'18" E A DISTANCE OF 17.81 FEET; THENCE N 89°49'52" W, A DISTANCE OF 441.93 FEET; THENCE N 00°00'00" W A DISTANCE OF 17.81 FEET; THENCE N 89°49'52" W, A DISTANCE OF 173.76 FEET TO A POINT ON SAID WEST LINE OF PARCEL S; THENCE N 00°01'37" E A DISTANCE OF 20.25 FEET TO THE POINT OF BEGINNING.
- (4) A PUBLIC UTILITY EASEMENT DESCRIBED AS THE SOUTH 20 FEET OF SAID PARCEL S AND THE ADJOINING NORTH 15 FEET OF THE SOUTH 35 FEET OF THE WEST 40 FEET OF SAID PARCEL S.
- (5) THE CENTERLINE OF A 20 FEET WIDE WATER MAIN EASEMENT COMMENCING AT THE NORTHWEST CORNER OF SAID PARCEL S; THENCE S 00°01'37" W, A DISTANCE OF 179.80 FEET TO THE POINT OF BEGINNING; THENCE S 89°51'23" E, A DISTANCE OF 565.75 FEET; THENCE S 45°42'18" E, A DISTANCE OF 107.09 FEET; THENCE S 00°00'00" W, A DISTANCE OF 417.29 FEET TERMINATING ON THE SOUTH LINE OF SAID PARCEL S.
- (6) THE CENTERLINE OF A 20 FEET WIDE WATER MAIN EASEMENT COMMENCING AT THE NORTHWEST CORNER OF SAID PARCEL S; THENCE S 89°58'23" E, ON THE NORTH LINE OF SAID PARCEL S, A DISTANCE OF 405.26 FEET; THENCE N 49°14'07" E, ON SAID NORTH LINE, A DISTANCE OF 21.09 FEET TO THE POINT OF BEGINNING; THENCE S 44°04'19" E, A DISTANCE OF

84.18 FEET; THENCE S 00°00'00" W, A DISTANCE OF 134.10 FEET TO THE TERMINUS.

- (7) THE CENTERLINE OF A 30 FEET WIDE WATER MAIN EASEMENT COMMENCING AT THE SOUTHEAST CORNER OF SAID PARCEL S; THENCE N 89°58'16" W, ON THE SOUTH LINE OF SAID PARCEL S, A DISTANCE OF 316.17 FEET; THENCE N 00°00'00" E, A DISTANCE OF 170.89 FEET TO THE POINT OF BEGINNING; THENCE N 90°00'00" W, A DISTANCE OF 310.71 FEET TO THE TERMINUS.
- (8) THE CENTERLINE OF A 20 FEET WIDE SANITARY SEWER EASEMENT COMMENCING AT THE NORTHWEST CORNER OF SAID PARCEL S; THENCE S 89°58'23" E, ON THE NORTH LINE OF SAID PARCEL S, A DISTANCE OF 405.26 FEET; THENCE N 49°14'07" E, ON SAID NORTH LINE, A DISTANCE OF 40.70 FEET TO THE POINT OF BEGINNING; THENCE S 44°04'19" E, A DISTANCE OF 325.32 FEET; THENCE S 00°00'00" W, A DISTANCE OF 465.91 FEET TERMINATING ON THE SOUTH LINE OF SAID PARCEL S.

EXHIBIT C - RENT SCHEDULE

(50 Years: July 1, 1997 through June 30, 2047)

LEASE YEAR	RENT PER LEASED ACRE
7/1/97 - 6/30/98	\$100
7/1/98 - 6/30/99	\$100
7/1/99 - 6/30/00	\$100
7/1/00 - 6/30/01	\$100
7/1/01 - 6/30/02	\$100
7/1/02 - 6/30/03	\$2,700
7/1/03 - 6/30/04	\$2,781
7/1/04 - 6/30/05	\$2,864
7/1/05 - 6/30/06	\$2,950
7/1/06 - 6/30/07	\$3,039
7/1/07 - 6/30/08	\$3,130
7/1/08 - 6/30/09	\$3,224
7/1/09 - 6/30/10	\$3,321
7/1/10 - 6/30/11	\$3,420
7/1/11 - 6/30/12	\$3,523
7/1/12 - 6/30/13	\$3,629
7/1/13 - 6/30/14	\$3,737
7/1/14 - 6/30/15	\$3,850
7/1/15 - 6/30/16	\$3,965
7/1/16 - 6/30/17	\$4,084
7/1/17 - 6/30/18	\$4,207
7/1/18 - 6/30/19	\$4,333
7/1/19 - 6/30/20	\$4,463
7/1/20 - 6/30/21	\$4,597
7/1/21 - 6/30/22	\$4,734
7/1/22 - 6/30/23	\$4,877
7/1/23 - 6/30/24	\$5,023

7/1/24 - 6/30/25	\$5,173
7/1/25 - 6/30/26	\$5,329
7/1/26 - 6/30/27	\$5,489
7/1/27 - 6/30/28	\$5,653
7/1/28 - 6/30/29	\$5,823
7/1/29 - 6/30/30	\$5,997
7/1/30 - 6/30/31	\$6,177
7/1/31 - 6/30/32	\$6,363
7/1/32 - 6/30/33	\$6,554
7/1/33 - 6/30/34	\$6,750
7/1/34 - 6/30/35	\$6,953
7/1/35 - 6/30/36	\$7,161
7/1/36 - 6/30/37	\$7,376
7/1/37 - 6/30/38	\$7,597
7/1/38 - 6/30/39	\$7,825
7/1/39 - 6/30/40	\$8,060
7/1/40 - 6/30/41	\$8,302
7/1/41 - 6/30/42	\$8,551
7/1/42 - 6/30/43	\$8,808
7/1/43 - 6/30/44	\$9,072
7/1/44 - 6/30/45	\$9,344
7/1/45 - 6/30/46	\$9,624
7/1/46 - 6/30/47	\$9,913