



HERMANTOWN ECONOMIC DEVELOPMENT AUTHORITY

AGENDA

**Thursday, April 16th 2026 at 5:30 p.m.
Council Chambers
Governmental Services Building**

- 1. ROLL CALL**
- 2. MINUTES – Approval or correction**
 - 2.1 March 26, 2026 HEDA Minutes
- 3. MOTIONS**
 - 3.1 Motion to Cancel November 19, 2026 HEDA Meeting
- 4. RESOLUTION**
 - 4.1 2026-01H Resolution Authorizing And Directing President And Secretary To Execute An Acceptance of Easement Agreements For Parcels 395-0092-00160, 395-0092-00090, 395-0092-00160 To City Of Hermantown From The Hermantown Economic Development Authority For The Lightning Drive Utility And Trail Project
- 5. RECESS**

CITY OF HERMANTOWN
HERMANTOWN ECONOMIC DEVELOPMENT AUTHORITY

Thursday, March 26, 2026 at 5:30 PM Central

Council Chambers, City Hall – Hermantown Governmental Services Building

Mayor Wayne Boucher: Present
Councilor John Geissler: Present
Councilor Andy Hjelle: Present
Councilor Joe Peterson: Present
Councilor Brian LeBlanc: Absent
Karen Pionk: Absent
Rob Unzen: Present

CITY STAFF: Chad Ronchetti, Executive Director; Mia Thibodeau, HEDA Attorney; Joe Wicklund Assistant City Administrator

1. **ROLL CALL**

2. **MINUTES**

2.1 Approve February 19th, 2026 HEDA Minutes

Motion to approve minutes as presented. This motion, made by, Hjelle and seconded by Unzen, Carried.

Mayor Wayne Boucher: Yea
Councilor John Geissler: Yea
Councilor Andy Hjelle: Yea
Councilor Joe Peterson: Yea
Councilor Brian LeBlanc: Absent
Karen Pionk: Absent
Rob Unzen: Yea

Yea: 5, Nay: 0, Absent: 2

3. **WORK SESSION**

3.1 Tax Abatement 101 for EDAs

Executive Director Ronchetti gave the attached presentation on tax abatement fundamentals for economic development authorities and how it relates to development.

4. **RECESS**

Motion to recess at 6:29 p.m. This motion, made by Geissler and seconded by Peterson, Carried.

Mayor Wayne Boucher: Yea
Councilor John Geissler: Yea
Councilor Andy Hjelle: Yea
Councilor Joe Peterson: Yea
Councilor Brian LeBlanc: Absent
Karen Pionk: Absent
Rob Unzen: Yea

Yea: 5, Nay: 0, Absent: 2

Recorded by:

Chad Ronchetti, Executive Director

Public Financing Tools for Development:

Tax Abatement The EDA Fundamentals



March 26th, 2026

Definitions

Tax Abatement:

A time-limited public financing tool where property taxes on an individual parcel are levied and paid, but a portion of the taxes are dedicated by resolution to reimburse eligible project costs or fund public infrastructure — either by reimbursing the developer (or bondholder representative) or retained to pay those costs.

Tax Increment Financing:

Tax Increment Financing (TIF) is a public financing tool where property taxes on the increased value created by a development (increment) are captured to pay qualifying costs that enable the development to occur that would not otherwise but-for the financing.

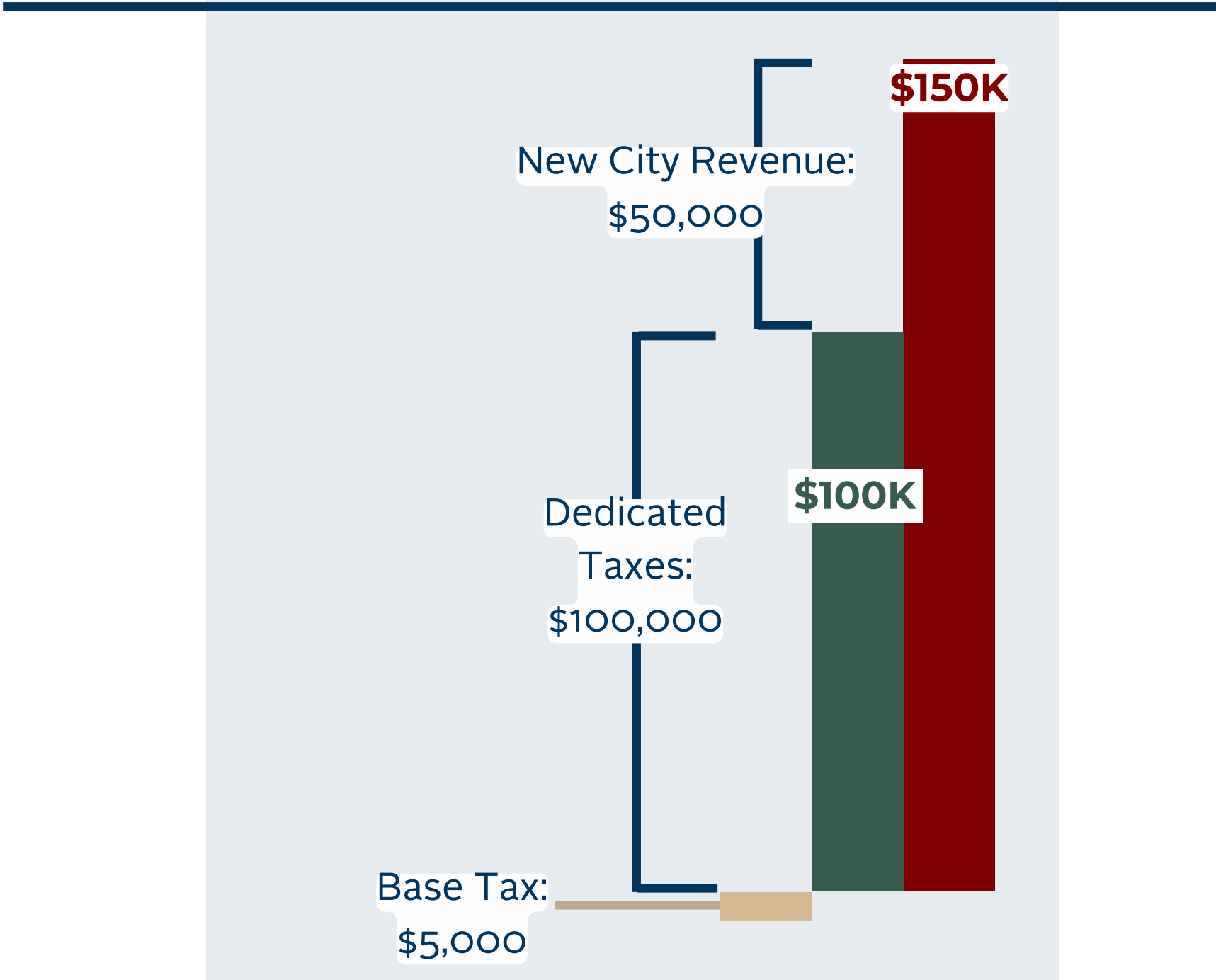
Tax Abatement: Mechanics - Hermantown Policy

Example Abatement Annual City Property Tax Collections Following Project Completion

■ Pre-Project Taxes ■ Abated Portion ■ Property Tax on New Project Value

Tax Abatement:

A time-limited public financing tool where property taxes on an individual parcel are levied and paid, but a portion of the taxes are dedicated by resolution to reimburse eligible project costs or fund public infrastructure — either by reimbursing the developer (or bondholder representative) or retained to pay those costs.



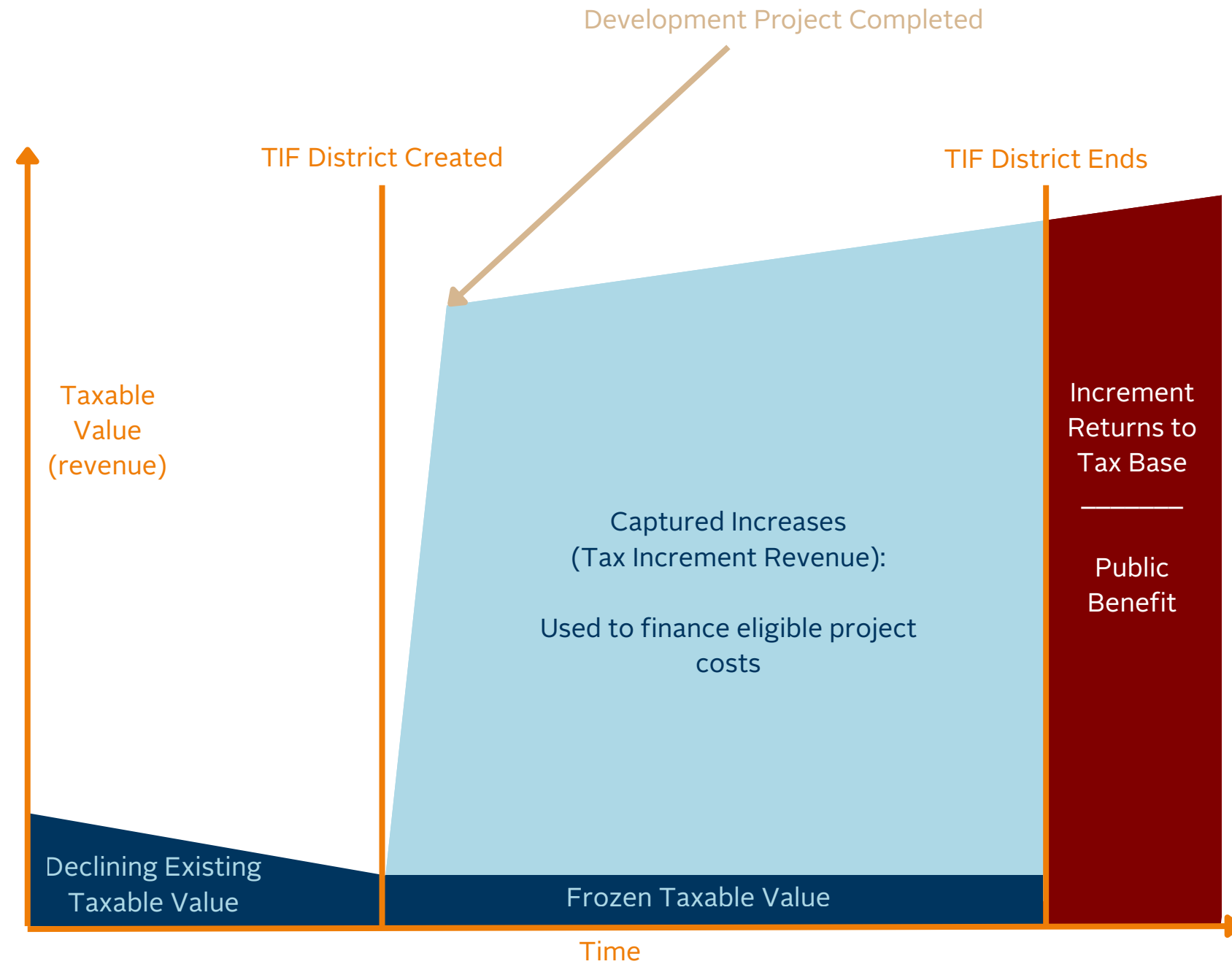
TIF Concept - For Comparison

Tax Increment Financing:

Tax Increment Financing (TIF) is a public financing tool where the increased tax value (increment) is captured and redirected to pay qualifying costs that enable the development to occur that would not otherwise but-for the financing.

District Based:

While abatement is done by parcel, TIF uses districts to capture increment from all parcels within the district.



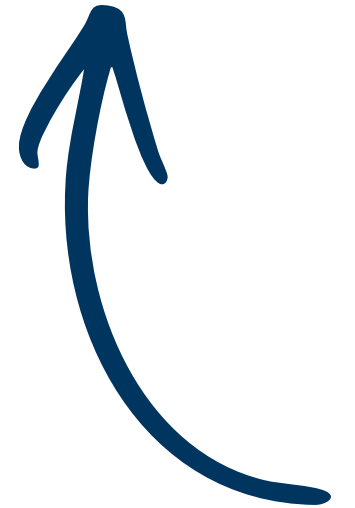
Tax Abatement: Who, What, Why, When, and How

- Who:
 - Political Subdivisions - (cities, counties, school districts, and towns)
- What:
 - The State Legislature provides the authority - (Minn. Stat. §§ 469.1812-469.1815)
 - Redirect some or all the subdivision's share of parcel taxes (done on a parcel by parcel basis)
- Why:
 - Advance a public purpose that promotes local economic growth
 - In exchange for the abatement, the landowner agrees to develop the land in a way that will promote local economic development
- When:
 - The benefits of the abatement must be equal to or exceed its costs
 - The abatement must serve the public good in one or more of these ways:
 - increasing or preserving the tax base;
 - redeveloping blighted areas;
 - providing employment opportunities;
 - construct public facilities; or
 - access to services.
- How:
 - redirect after taxes are paid
 - pay the parcel owner/developer
 - use the money directly to improve public infrastructure

No matter how abatement is implemented, taxes are still levied and paid as usual; the abatement resolution directs the use of the abated share (paid out or retained for eligible costs)

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No matter how abatement is implemented, taxes are still levied and paid as usual; the abatement resolution directs the use of the abated share (paid out or retained for eligible costs)

Tax Abatement: Process

- Terms

- A public hearing must be held, with notice “published in a newspaper of general circulation in the political subdivision at least once more than ten days but less than 30 days before the hearing”.
- A political subdivision proposing to abate taxes may request that the other political subdivisions grant an abatement.
 - Though schools are allowed to abate, typically they do not participate.
- Counties and Cities that choose to grant an abatement must do so by resolution that specifies the terms.

- Duration

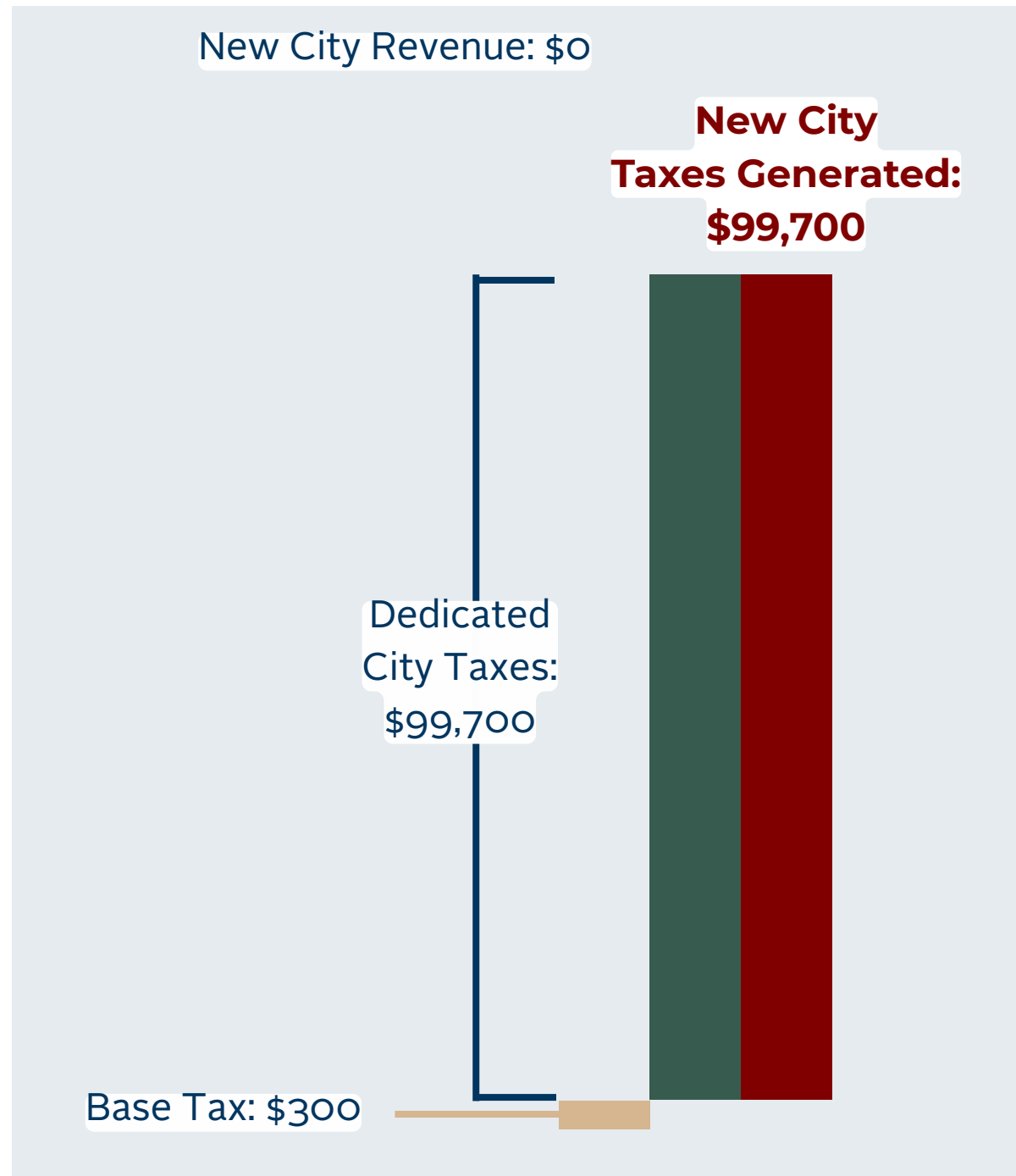
- No longer than 15 years unless;
 - If one of the other political subdivisions declines (e.g. the school) the duration is increased to 20 years

- Limitations:

- By parcel:
 - May reduce all or part of the property tax amount for the political subdivision on the parcel.
 - Maximum annual amount equals the total local tax rate multiplied by the total net tax capacity
- By Subdivision:
 - In any year, the total amount of property taxes abated by a political subdivision may not exceed:
 - 10% of the net tax capacity per subdivision per year; or
 - \$200,000
 - whichever is greater

Tax Abatement: Example Scenarios

Scenario One: Economic Expansion



A business is expanding. It anticipates the expansion will invest \$30,000,000 in its property and create 20 jobs at \$18.00/hour.

The business applies to the City and requests abatement because the costs of construction makes expansion economically infeasible - the expansion will not provide a level of return necessary to be reasonable.

The business states it needs \$600,000 to make the project economically feasible.

The City requests that the County and the School participate, and the County and School decline.

The City performs a fiscal analysis, in partnership with its third-party consultant, and determines that the project will have an economic impact greater than \$600,000 and that abating the requested amount will not be more than 10% of the City's net tax capacity.

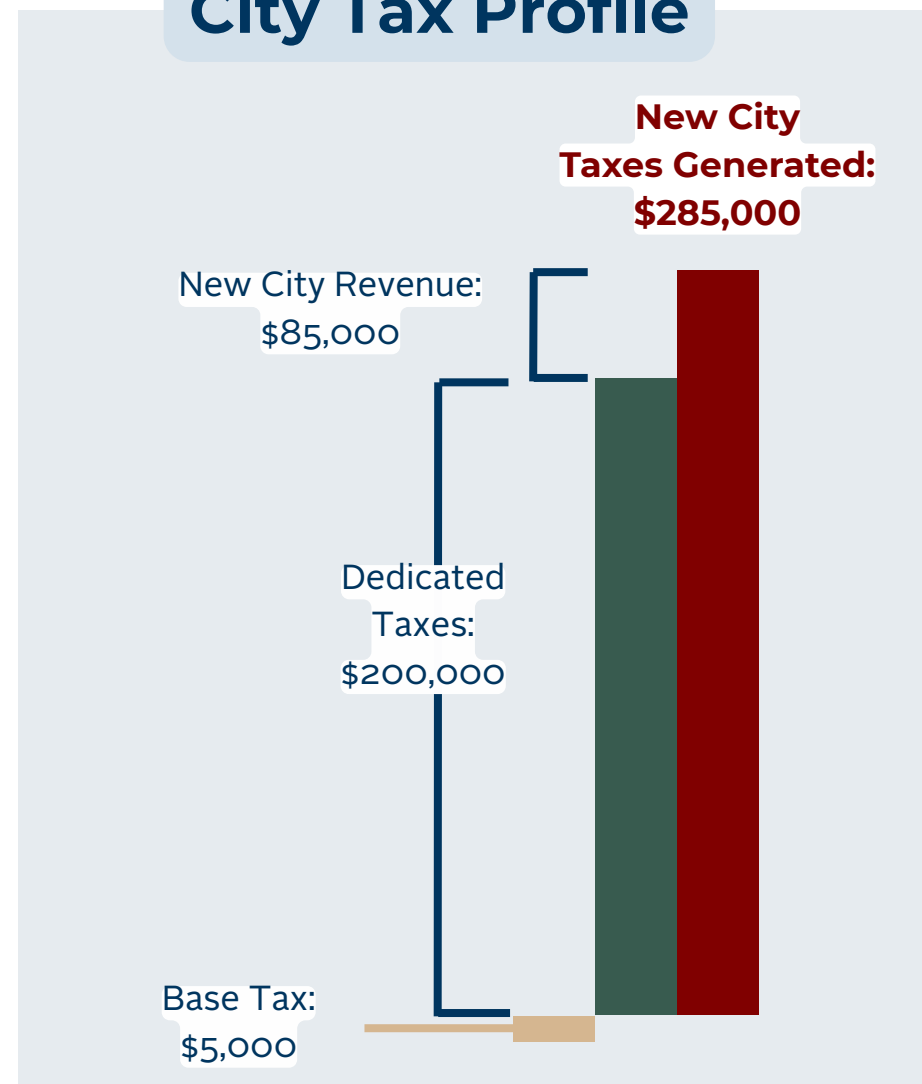
Because the expansion will increase the tax base and provide employment opportunities it meets statutory requirements. The City Council believes that the impact of increased annual payroll and supply chain stimulus will generate community benefits greater than the \$600,000 and chooses to abate the taxes.

The abatement term is for up to 20 years or \$600,000, **whichever comes first.**

Tax Abatement: Example Scenarios

Scenario Two: Developer-Fronted Utility Extension

City Tax Profile



Construction	\$9.0M	Actual Cost of Work
Financing/Interest	\$4.0M	Cost of 20yr Debt
Total Bond Equivalent	\$13.0M	Total value of Utility Improvement

A business wants to open operations in the city. It anticipates that it would invest \$100,000,000 to construct its facility. In order to construct a facility on the selected site, they need to extend public utilities. That utility extension is estimated at \$9,000,000 in construction related costs – for illustration, the bonded 20-year debt-service equivalent of these improvements is \$13.0M at 4%.

The business applies to the City and requests abatement because the cost of constructing the utilities makes the project economically infeasible - the investment will not provide a level of return necessary to be reasonable. The business is willing to construct the utilities and once the utilities are built, the company would turn them over to the City to be a publicly owned asset.

The City requests that the County and the School participate, and the School declines.

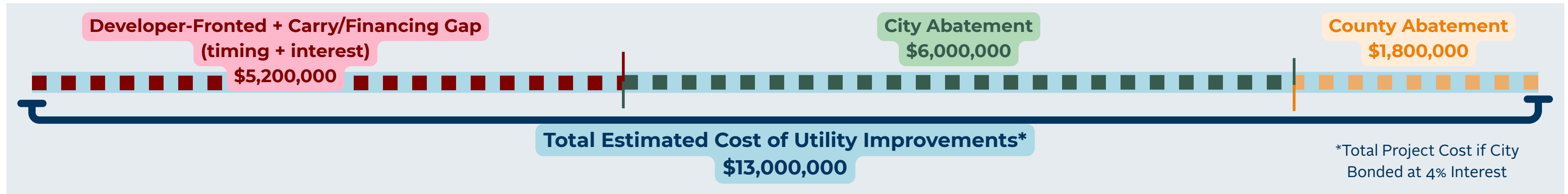
The City performs a fiscal analysis, in partnership with its third-party consultant. They determine that If the City bonded for the utility extension, the 20-year debt service total would be \$13.0M (principal + interest + issuance). Because the utility will be City owned, it evaluates a \$6.0M contribution while the County evaluates \$1.8M. The County and the City determine that the project will create more than their contributions in economic impact and that abating the requested amount will not be more than 10% of either subdivision.

The City and County will reimburse up to \$7.8M via abatement, making the developer's net unreimbursed contribution \$1.2M. The developer would deliver the infrastructure and carry the bond cost (\$13.0M debt-service equivalent). The City and County choose to reimburse the developer for the cost of the public infrastructure over 20 years by redirecting a portion of the new City/County tax revenue attributable to the project. The abatement term is for 20 years or \$7.8M **whichever comes first.**

Performance-Based Repayment: If the project doesn't generate the forecasted tax revenues, the City doesn't pay. The developer, not the taxpayer, carries the \$13M debt risk.

Tax Abatement: Example Scenarios

Scenario Two: Developer-Fronted Utility Extension



Private entity builds public infrastructure at their sole cost and expense with repayment made using new city/county tax revenues attributed to the project.

Construction	\$9.0M	Actual Cost of Work (hard & soft)
Financing/Interest	\$4.0M	Cost of 20yr Debt
Total Bond Equivalent	\$13.0M	Total Value of Utility Improvement

Tax Abatement: Example Scenarios

Scenario One: Economic Expansion

1. Is it a tax break?
 - a. Effectively, yes. It functions as a tax rebate on the new value the project creates; its not a reduction in existing tax obligations.
2. Why would we give a tax break to a private company?
 - a. By sharing the future revenues from the project, it provides economic incentive to invest in the local economy.
 - b. Multiplier effect: the broader economic impact - jobs, payroll, supply chain activity - generates community benefit that exceeds the value of the redirected taxes.
 - c. Consider it an opportunity cost: without the abatement, there is no project and property taxes for the parcel remain at \$300/year.
 - d. Comparable to the routinely used grants and loan guarantees, tax abatement is arguably more fiscally conservative because taxes are only redirected if the project generates the value.

Scenario Two: Developer-Fronted Utility Extension

1. Is it a tax break?
 - a. Arguably, no.
 - i. Developer funded, publicly owned: the abatement repays the developer for publicly owned utility asset. Essentially a privately funded public works project; not a private subsidy.
 - ii. Repayment is made by redirecting the new city/county tax revenues attributed to the project.
 - iii. The developer carries the risk: construction, financing, and performance. Should the project underperform, and produce less value than forecasted, the developer absorbs that gap — not taxpayers.
2. Why repay them?
 - a. Without abatement, the combined cost of private construction plus public infrastructure is economically prohibitive.
 - b. The community gains permanent public utilities at no upfront cost to taxpayers, eliminating any impact to the general levy.

Regardless of if we consider abatement a tax break or not:

Statute states that the benefits of the proposed abatement must be greater than or equal its cost.

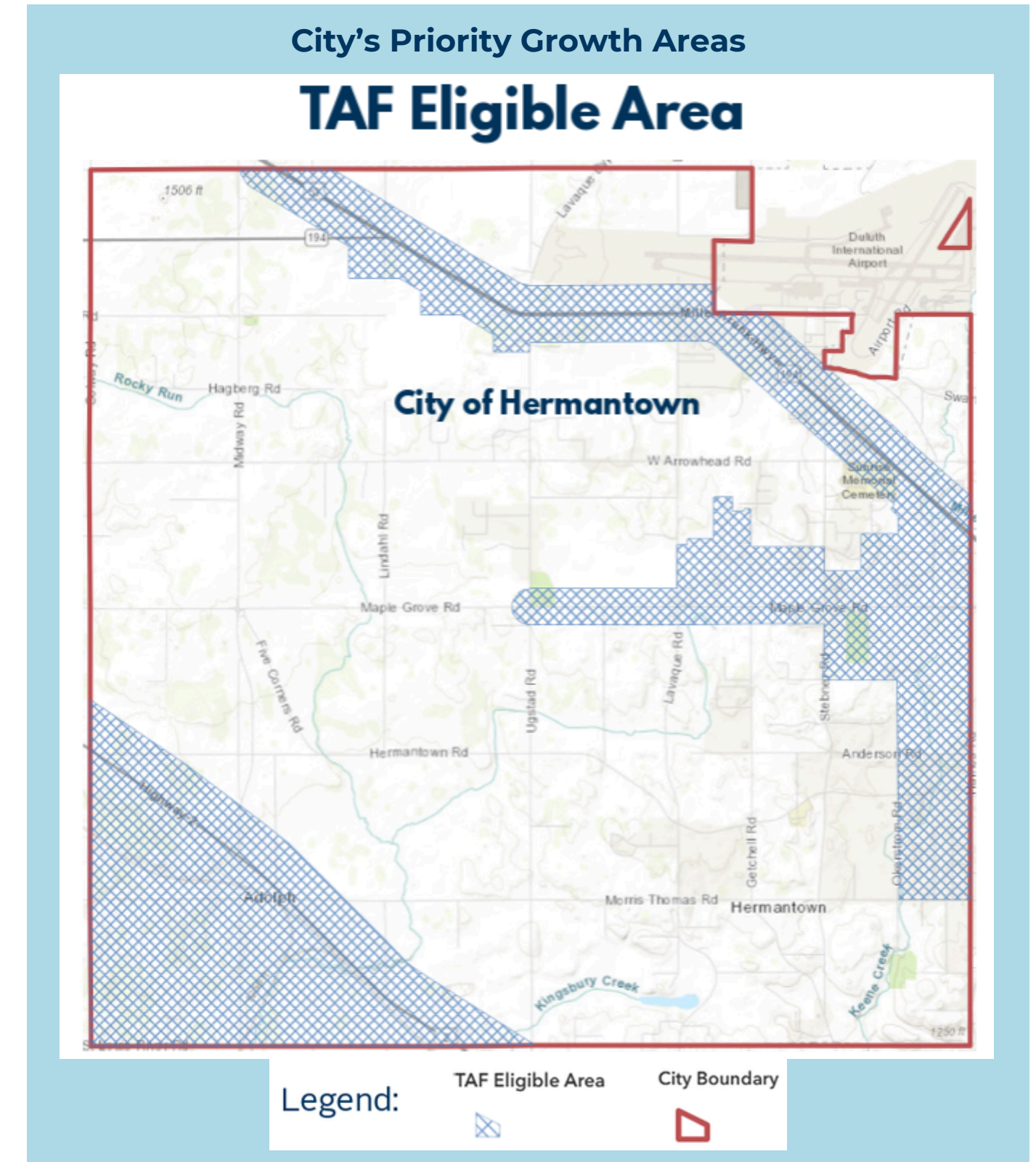
Hermantown Policy

Business Subsidy Policy

- In 2025, City Council adopted an updated Business Subsidy policy (BSP)
 - Posted on HEDA's webpage
 - Serves as overarching framework and governing document for all business subsidies
 - Provides specifics on Tax Abatement Financing (TAF) as an addendum to the BSP
 - TAF program must comply with the principles and requirements of the BSP
 - The policy limits the use and geography for TAF
 - Allowable uses
 - Industrial, manufacturing, & commercial development, expansion, redevelopment, or rehabilitation;
 - Retail
 - Housing
 - For sale single family housing with ownership availability of 115% of statewide median income.
 - Multi-family housing of 4 or more units

EDAs do not have abatement authority granted by the state.

Abatement is a Council decision and consider a resolution only after a public hearing





CITY COUNCIL MEETING DATE: April 16, 2026

TO: Hermantown Economic Development Authority

FROM: Trish Crego, Utility and Infrastructure Director

SUBJECT: Permanent Easement from HEDA Properties

RESOLUTION: 2026-01H **ORDINANCE:** **OTHER:**

REQUESTED ACTION

Approve two permanent and one temporary Easement Agreements from HEDA to the City of Hermantown for three properties along Lightning Drive; 395-0092-00160, 395-0092-00090, 395-0092-00160

BACKGROUND

As you know, the City will be improving Lightning Drive and constructing a trail in the Summer of 2026-2027. We are in need of two permanent and one temporary easement in order to build the trail, storm water, and other utilities. Therefore, we are asking HEDA to approve the easements on the 395-0092-00160, 395-0092-00090, 395-0092-00160.

SOURCE OF FUNDS (if applicable)

ATTACHMENTS

Resolution
Easement Agreements

Hermantown Economic Development Authority
Resolution No. 2026-01H

HEDA Commissioner _____ introduced the following resolution and moved its adoption:

RESOLUTION AUTHORIZING AND DIRECTING PRESIDENT AND SECRETARY TO EXECUTE AN ACCEPTANCE OF EASEMENT AGREEMENTS FOR PARCELS 395-0092-00160, 395-0092-00090, 395-0092-00160 TO CITY OF HERMANTOWN FROM THE HERMANTOWN ECONOMIC DEVELOPMENT AUTHORITY FOR THE LIGHTNING DRIVE UTILITY AND TRAIL PROJECT

WHEREAS, The City of Hermantown desires to obtain two permanent and one temporary easements across HEDA owned land, and;

WHEREAS, City of Hermantown has called for the Improvement District No. 452 (Lightning Drive & Thunderchief Lane Including Sanitary Sewer Extension and Other Infrastructure Improvements In Section 14) (“Project”); and

WHEREAS, City of Hermantown has executed and delivered the required Easement agreements to the HEDA; and

WHEREAS, the HEDA desires to provide the Easements 395-0092-00160, 395-0092-00090, 395-0092-00160 as described in and granted by the Easement Agreements attached hereto as Exhibit A.

NOW, THEREFORE, BE IT RESOLVED by commissioners of HEDA as follows:

1. The President and Secretary are hereby authorized and directed to execute and deliver the Acceptance of the Easement Agreements for Parcels **395-0092-00160, 395-0092-00090, 395-0092-00160** from City of Hermantown.

The motion for the adoption of the foregoing resolution was duly seconded by HEDA Commissioner _____ and, after full discussion thereof and upon a vote being taken thereon, the following HEDA Members voted in favor thereof:

and the following voted against the same:

Whereupon said resolution was declared duly passed and adopted.

Dated this 16th day of April, 2026.

HEDA Administrator

EXHIBIT A

EASEMENT AGREEMENT

[TOP THREE INCHES RESERVED FOR RECORDING DATA]

THIS INDENTURE is made and entered into this ____ day of _____, 2026, between **Hermantown Economic Development Authority**, an economic development authority under the laws of the state of Minnesota, (“Grantor”) and **City of Hermantown**, a Minnesota municipal corporation, (“Grantee”) in response to the following situation:

A. Grantor is the owner of real property located in St. Louis County, Minnesota, and legally on Exhibit A attached hereto (the “Property”).

B. Grantee desires to construct roadway, trail, and utility improvement as part of Project 547 in the area of Lightning Drive (“Project”).

C. Grantor has agreed to provide a permanent easement (“Permanent Easement”) for all public purposes, including, but not limited to, the construction and maintenance of the Project, over, under, and across the Property owned by Grantor, within the Permanent Easement Area identified on the legal description for the Permanent Easement and legally described on Exhibit B and depicted on Exhibit C attached hereto.

NOW, THEREFORE, in consideration of mutual covenants contained herein and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties agree as follows:

1. The Recitals are included as a part hereof.
2. Grantor grants Grantee the Permanent Easement on, over and across the Permanent Easement area, together with the right to locate the Permanent Easement area by surveying and the placement of appropriate markers, if necessary, the right to enter upon and occupy as much of the Permanent Easement area as may be necessary to construct the Project thereon, including any required

slope and fill, and the right to remove any and all trees and shrubs and herbage thereon and the right to clear and keep the Permanent Easement area cleared so as to allow Grantee to have access to the public improvements.

3. The Permanent Easement shall be perpetual and shall run with the land and shall be binding upon the heirs, successors and assigns of the parties.

[SIGNATURES APPEAR ON NEXT PAGE]

EXHIBIT A
Legal Description

Lot 15 Block 1 MAPLE GROVE INDUSTRIAL CENTER
Lot 3 Block 2 MAPLE GROVE INDUSTRIAL CENTER
Lot 4 Block 2 MAPLE GROVE INDUSTRIAL CENTER
Lot 5 Block 2 MAPLE GROVE INDUSTRIAL CENTER
Lot 6 Block 2 MAPLE GROVE INDUSTRIAL CENTER
Lot 9 Block 2 MAPLE GROVE INDUSTRIAL CENTER
Lot 2 Block 1 MAPLE GROVE INDUSTRIAL CENTER
Lot 9 Block 1 MAPLE GROVE INDUSTRIAL CENTER
Lot 14, Block 1, MAPLE GROVE INDUSTRIAL CENTER EXCEPT The Southerly 245 feet thereof, EXCEPT that part described as follows:

Commencing at the southwest corner of said Lot 14, Block 1; thence on an assumed bearing of North 88 degrees 54 minutes 00 seconds East, along the south line of said Lot 14, Block 1, for a distance of 145.22 feet, to the point of beginning of the parcel herein described; thence North 01 degrees 06 minutes 00 seconds West 50.00 feet; thence North 88 degrees 54 minutes 00 seconds East, along a line parallel with and distant 50.00 feet northerly of said south line of said Lot 14, Block 1, for a distance of 77.00 feet; thence South 01 degrees 06 minutes 00 seconds East 50.00 feet, to the south line of said Lot 14, Block 1; thence South 88 degrees 54 minutes 00 seconds West, along said south line 77.00 feet to the point of beginning.

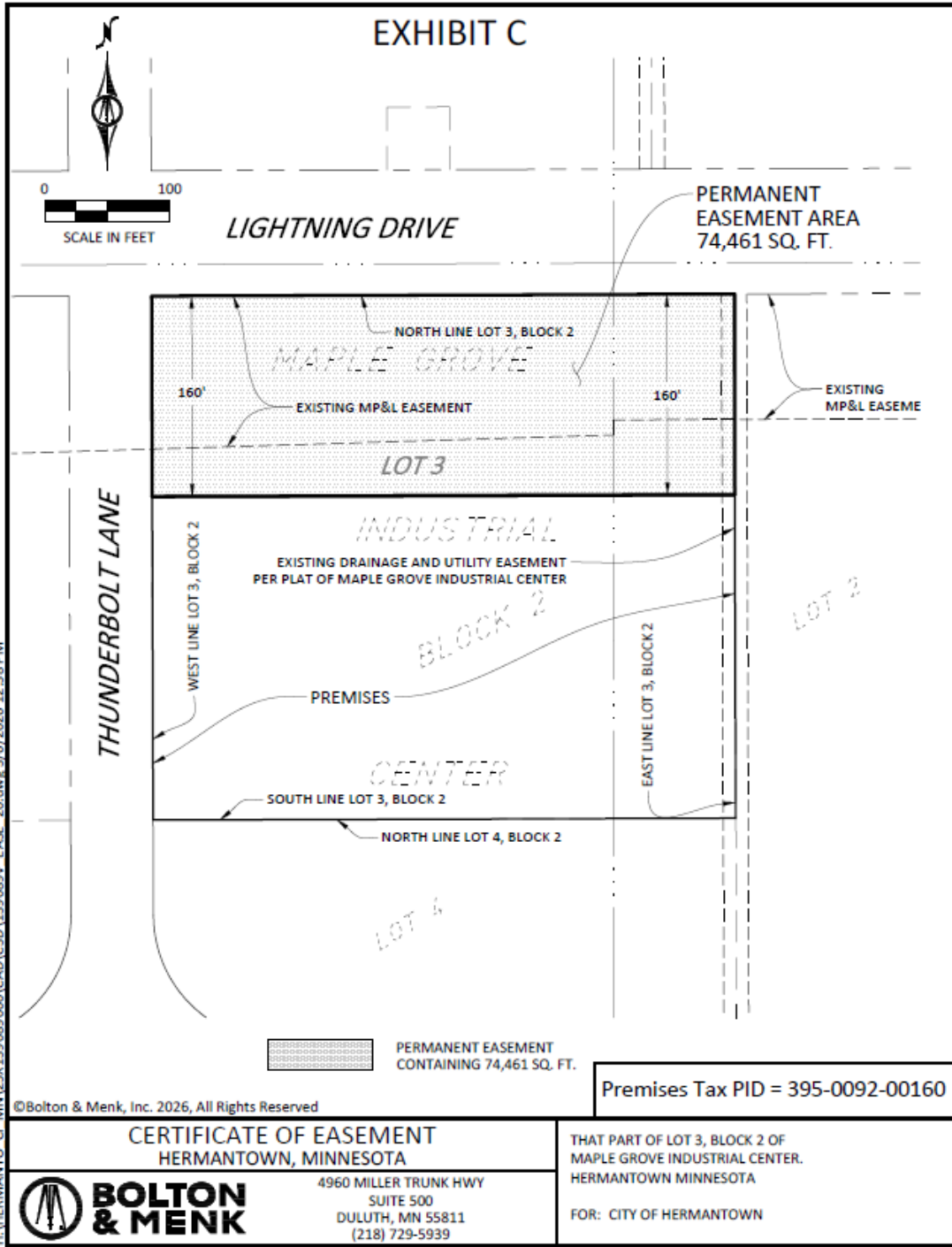
This property is Torrens.

Certificate of Title No. 363835.0

EXHIBIT B

The North 160.00 feet of Lot 3, Block 2 of MAPLE GROVE INDUSTRIAL CENTER according to the plat thereof on file in the office of the County Recorder, St. Louis County, Minnesota.

EXHIBIT C



EASEMENT AGREEMENT

[TOP THREE INCHES RESERVED FOR RECORDING DATA]

THIS INDENTURE is made and entered into this ____ day of _____, 2026, between **Hermantown Economic Development Authority**, an economic development authority under the laws of the state of Minnesota, (“Grantor”) and **City of Hermantown**, a Minnesota municipal corporation, (“Grantee”) in response to the following situation:

A. Grantor is the owner of real property located in St. Louis County, Minnesota, and legally on Exhibit A attached hereto (the “Property”).

B. Grantee desires to construct roadway, trail, and utility improvement as part of Project 547 in the area of Lightning Drive (“Project”).

C. Grantor has agreed to provide a permanent easement (“Permanent Easement”) for all public purposes, including, but not limited to, the construction and maintenance of the Project, over, under, and across the Property owned by Grantor, within the Permanent Easement Area identified on the legal description for the Permanent Easement and legally described on Exhibit B and depicted on Exhibit C attached hereto.

NOW, THEREFORE, in consideration of mutual covenants contained herein and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties agree as follows:

1. The Recitals are included as a part hereof.
2. Grantor grants Grantee the Permanent Easement on, over and across the Permanent Easement area, together with the right to locate the Permanent Easement area by surveying and the placement of appropriate markers, if necessary, the right to enter upon and occupy as much of the Permanent Easement area as may be necessary to construct the Project thereon, including any required

slope and fill, and the right to remove any and all trees and shrubs and herbage thereon and the right to clear and keep the Permanent Easement area cleared so as to allow Grantee to have access to the public improvements.

3. The Permanent Easement shall be perpetual and shall run with the land and shall be binding upon the heirs, successors and assigns of the parties.

[SIGNATURES APPEAR ON NEXT PAGE]

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Commencing at the southwest corner of said Lot 14, Block 1; thence on an assumed bearing of North 88 degrees 54 minutes 00 seconds East, along the south line of said Lot 14, Block 1, for a distance of 145.22 feet, to the point of beginning of the parcel herein described; thence North 01 degrees 06 minutes 00 seconds West 50.00 feet; thence North 88 degrees 54 minutes 00 seconds East, along a line parallel with and distant 50.00 feet northerly of said south line of said Lot 14, Block 1, for a distance of 77.00 feet; thence South 01 degrees 06 minutes 00 seconds East 50.00 feet, to the south line of said Lot 14, Block 1; thence South 88 degrees 54 minutes 00 seconds West, along said south line 77.00 feet to the point of beginning.

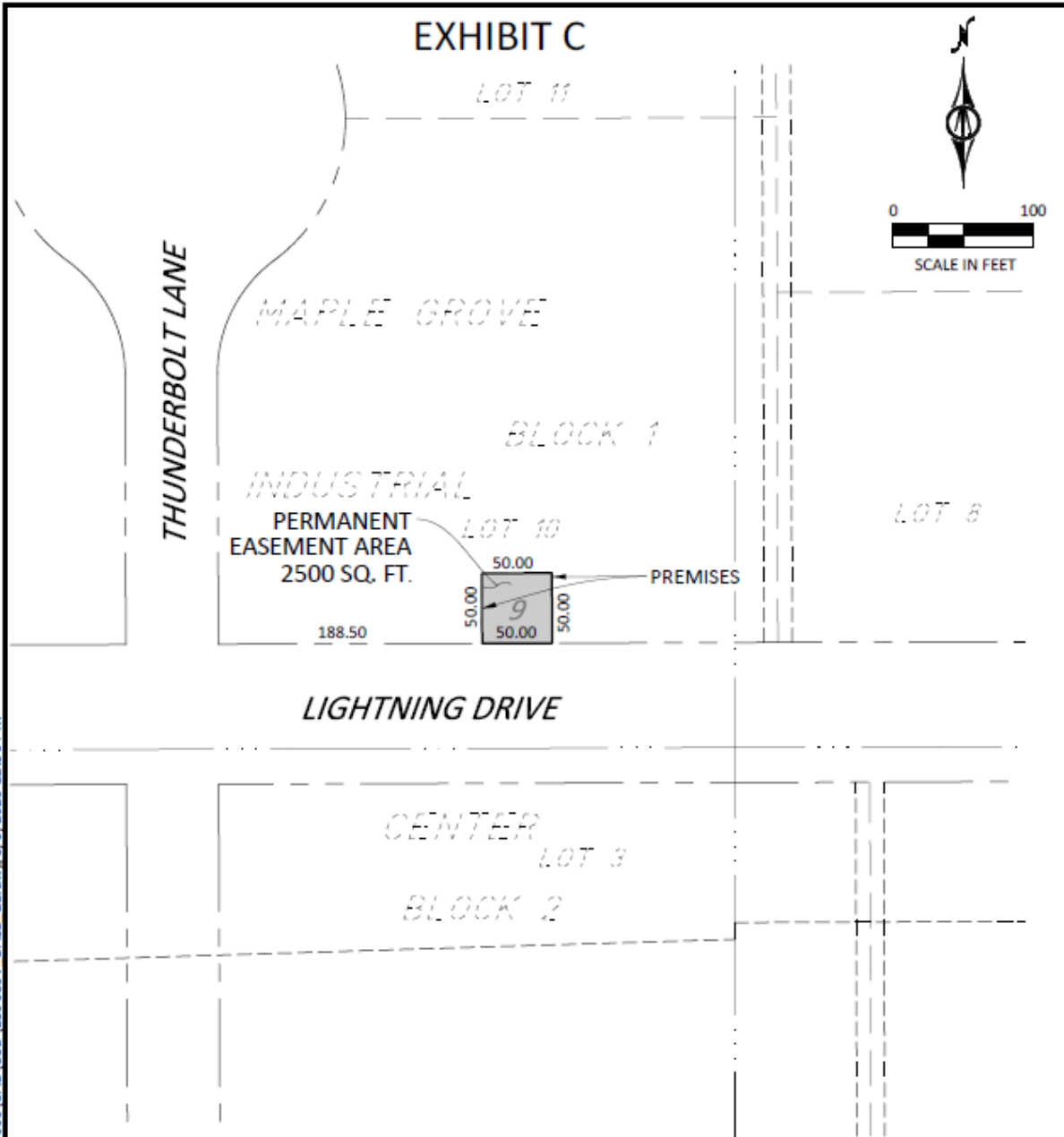
This property is Torrens.

Certificate of Title No. 363835.0

EXHIBIT B

All of Lot 9, Block 2 of MAPLE GROVE INDUSTRIAL CENTER according to the plat thereof on file in the office of the County Recorder, St. Louis County, Minnesota.

EXHIBIT C




H:\HERMANTO CI MM\25X139089.000\CAD\C3D\139089V EASE 21.dwg 3/16/2026 12:36 PM



PERMANENT EASEMENT
CONTAINING 2500 SQ. FT.

Premises Tax PID = 395-0092-00090

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CERTIFICATE OF EASEMENT HERMANTOWN, MINNESOTA	
 BOLTON & MENK	4960 MILLER TRUNK HWY SUITE 500 DULUTH, MN 55811 (218) 729-5939

LOT 9, BLOCK 2, OF
MAPLE GROVE INDUSTRIAL CENTER.
HERMANTOWN MINNESOTA

FOR: CITY OF HERMANTOWN

JOB NUMBER: 25X.139089.000 FIELD BOOK: DRAWN BY: CWJ

EASEMENT AGREEMENT

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A. Grantor is the owner of real property located in St. Louis County, Minnesota, and legally on Exhibit A attached hereto (the “Property”).

B. Grantee desires to construct roadway, trail, and utility improvement as part of Project 547 in the area of Lightning Drive (“Project”).

C. Grantor has agreed to provide a permanent easement (“Permanent Easement”) for all public purposes, including, but not limited to, the construction and maintenance of the Project, over, under, and across the Property owned by Grantor, within the Permanent Easement Area identified on the legal description for the Permanent Easement and legally described on Exhibit B and depicted on Exhibit C attached hereto.

D. Grantor has also agreed to provide a temporary easement (“Temporary Easement”) for the construction of the Project within the Temporary Easement area legally described on Exhibit B and depicted on Exhibit C attached hereto.

NOW, THEREFORE, in consideration of mutual covenants contained herein and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties agree as follows:

1. The Recitals are included as a part hereof.

2. Grantor grants Grantee the Permanent Easement on, over and across the Permanent Easement area, together with the right to locate the Permanent Easement area by surveying and the placement of appropriate markers, if necessary, the right to enter upon and occupy as much of the Permanent Easement area as may be necessary to construct the Project thereon, including any required slope and fill, and the right to remove any and all trees and shrubs and herbage thereon and the right to clear and keep the Permanent Easement area cleared so as to allow Grantee to have access to the public improvements.

3. Grantor grants the Temporary Easement to Grantee, its agents and employees, with necessary equipment, to enter upon and have access to the Temporary Easement areas for the purpose of construction work relating to the Project. The Temporary Easement shall expire and be of no force and effect after December 31, 2029.

4. The Permanent Easement shall be perpetual and shall run with the land and shall be binding upon the heirs, successors and assigns of the parties.

5. Prior to expiration of the Temporary Easement, Grantee shall reasonably restore the Temporary Easement area to substantially the same condition prior to Grantee's entry and to the Temporary Easement area.

[SIGNATURES APPEAR ON NEXT PAGE]

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Legal Description

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Certificate of Title No. 363835.0

EXHIBIT B

PERMANENT EASEMENT

The North 20.00 feet of the South 143.00 feet of the West 20.00 feet of Lot 9, Block 2 of MAPLE GROVE INDUSTRIAL CENTER according to the plat thereof on file in the office of the County Recorder, St. Louis County, Minnesota.

AND

The North 20.00 feet of the South 78.00 feet of the West 20.00 feet of Lot 9, Block 2 of MAPLE GROVE INDUSTRIAL CENTER according to the plat thereof on file in the office of the County Recorder St. Louis County, Minnesota.

TEMPORARY EASEMENT

The West 10.00 feet of Lot 9, Block 2 of MAPLE GROVE INDUSTRIAL CENTER according to the plat thereof on file in the office of the County Recorder St. Louis County, Minnesota.

EXCEPT

The North 20.00 feet of the South 143.00 feet of the West 20.00 feet of Lot 9, Block 2 of MAPLE GROVE INDUSTRIAL CENTER according to the plat thereof on file in the office of the County Recorder, St. Louis County, Minnesota.

AND EXCEPT

The North 20.00 feet of the South 78.00 feet of the West 20.00 feet of Lot 9, Block 2 of MAPLE GROVE INDUSTRIAL CENTER according to the plat thereof on file in the office of the County Recorder, St. Louis County, Minnesota.

EXHIBIT C

