

**RESOLUTION AUTHORIZING THE CITY MANAGER TO ENTER INTO A SEVERANCE
AND SURRENDER AGREEMENT ON BEHALF OF THE CITY OF MANKATO WITH
KMKT, LLC, NORTH STAR AVATION, NORTH STAR COMPANIES, AND FRANDSEN
BANK**

WHEREAS, on August 9, 2021, the City Council approved a multiyear ground lease with North Star Aviation for the purpose of constructing an additional hangar adjacent to their existing hangar; and

WHEREAS, the additional hangar contemplated under the lease was been constructed; and

WHEREAS, on August 22, 2022, the City Council approved an amendment to the ground lease adding two affiliates, KMKT and North Star Companies (parent company) to the lease. KMKT is the ownership entity of the hangar and North Star Companies is the parent company of KMKT and North Star Aviation; and

WHEREAS, the amendment approved on August 22, 2022 also added a formal legal description for the ground lease premises. The approved legal description encompassed the same ground lease area depicted in the original lease.

WHEREAS, in addition to the ground lease amendment approved on August 22, 2022, the Council also authorized the City Manager to enter into a Severance and Surrender Agreement on behalf of the City of Mankato with KMKT, LLC; North Star Aviation; and North Star Companies for a mortgage between Frandsen Bank and Trust (Lender) and KMKT, LLC; North Star Aviation; and North Star Companies; and

WHEREAS, KMKT, LLC; North Star Aviation; and North Star Companies are in the process of constructing an office addition to the hangar and have acquired an additional mortgage with Frandsen Bank and Trust, which necessitates the City; KMKT, LLC, North Star Aviation, and North Star Companies; and Frandsen Bank and Trust to enter into a second Severance and Surrender Agreement for the office addition mortgage.

WHEREAS, the financing of improvements through mortgages and loans is permitted under the original lease.

NOW THEREFORE, BE IT RESOLVED BY THE CITY COUNCIL OF MANKATO, MINNESOTA:

1. That the City Manager is hereby authorized to execute the Severance and Surrender Agreement attached to this resolution in connection with tenant's financing per the terms of the lease authorized on August 9, 2021, and the amendment authorized on August 22, 2022.

This resolution shall become effective upon its adoption.

Passed this 12th day of August 2024

Najwa Massad
Mayor

ATTEST: _____
Rena Kopischke
City Clerk