

INDEPENDENT SCHOOL DISTRICT 271
Bloomington, Minnesota

REQUEST FOR SCHOOL BOARD ACTION

DATE OF BOARD MEETING August 6, 2018

SUBJECT: Third Amendment to Existing Lease
A-1 Foam Specialties Company, Inc.

ORIGINATING DEPARTMENT: Business Office

APPROVAL OF ADMINISTRATIVE
CABINET MEMBER: Rod Y. Zivkovich, Executive Director of
Finance and Support Services *RYZ*

RESOLUTION FOR BOARD TO ADOPT:

RESOLVED, that the School Board of Independent School District 271 approves the Third Amendment to the Existing Lease with A-1 Foam Specialties Company, Inc. in accordance with the terms and conditions set forth and agreed to by the parties. The extended term of the lease shall be in effect commencing August 1, 2018, and continue through July 31, 2023.

RECOMMENDATION OF SUPERINTENDENT:

Approve. *X*

DETAILED BACKGROUND:

A-1 Foam Specialties is a tenant at the District Transportation Center located at 8801 Lyndale Avenue South. The current lease is scheduled to expire on July 31, 2018. Neil Peterson of Peterson Real Estate negotiated the original lease and has negotiated this third amendment extending the current lease to July 31, 2023. A-1 Foam rents 4,710 square feet. The base rent for the five-year period will total \$300,000.

The District's Legal Counsel prepared this lease amendment.

THIRD AMENDMENT TO EXISTING LEASE

This Second Amendment to the Existing Lease dated July 14, 2003 between Independent School District No. 271 (hereinafter called "Landlord") and American Converters, Inc. (now assigned to Sawitzke Enterprises, LLC d/b/a A-1 Foam Specialties Company, Inc. (hereinafter called "Tenant") shall be effective as of August 1, 2018.

IT IS THEREFORE AGREED:

1. That all terms of the Existing Lease shall continue to be in effect and binding on the parties, except that which is hereto specifically changed or amended; and the terms of the Second Amendment signed by the Landlord on August 10, 2015 are hereby superseded by this Third Amendment.
2. Section 2(a), 2(b), and 2(c) shall be deleted, and in its place shall be:
 2. Term:
Subject to, and upon the terms and conditions set forth herein, or Exhibit or Addendum hereto, this Lease Agreement shall continue in force for the term of August 1, 2018 through July 31, 2023. However, either party shall have the option to cancel/terminate the final twenty-four months of this extension agreements term by giving written notice of such intent one year in advance.
3. Section 4(c) shall be deleted.
4. Section 7 shall be deleted.
5. Section 8 shall have a new Section 8(e) which is as follows:
 - 8e. Facility Items that Will be Repaired by the Landlord:
 - (i) The parking assigned to Tenant will be enforced.
 - (ii) The Tenant will be provided with a list of names to call when the Building Alarm starts beeping.
 - (iii) Landlord will replace carpet in lunchroom area.
6. Section 23 shall have the words: "with the premiums thereon fully paid in advance" in the second line of such paragraph stricken therefrom.
7. Section 25 should have added to the second line of the first paragraph after the words "additional insured", the words "on a primary and non-contributory basis."
8. Section 31 shall have the name American Converters, Inc., Steve Pasell, President and address deleted and in its place shall be:

Sawitzke Enterprises, LLC d/b/a
A-1 Foam Specialties Company, Inc.
8801 Lyndale Avenue South
Bloomington, Minnesota 55420

and the name of Gary S. Prest, Ed.D. Superintendent deleted and in its place shall be:

Les Fujitake, Superintendent.

9. Exhibit B shall be deleted and in its place a new Exhibit B shall be as attached hereto.

In Witness Whereof, Landlord and Tenant have executed this Amendment to Existing Lease.

Dated: August 6, 2018

Landlord: Independent School District No. 271

by _____
Chair

by _____
Clerk

Tenant: Savitzke Enterprises, LLC
d/b/a A-Foam Specialties Company, Inc.

by _____
its _____

EXHIBIT B

BASE RENT SCHEDULE
LEASE AGREEMENT

Independent School District No. 271 (Landlord)
Sawitzke Enterprises, LLC d/b/a
A-1 Foam Specialties Company, Inc.

Rentable Space: 4710 sq. ft.

Base Rent will be a total of \$300000 payable as follows:

Months 1 through 60 at \$5,000 per month = \$300,000

Dated: August 6, 2018

Landlord: Independent School District No. 271

by _____ Chair

by _____ Clerk

Tenant: Sawitzke Enterprises, LLC d/b/a
A-1 Foam Specialties Company, Inc.

by _____

Title _____