

**G. O. Compliance Checklist for
GROUND LEASE OR EASEMENT**

Development Name: _____
Location of Development: _____
Identity of Lessor/Grantor: _____
Identity of Public Entity
(Lessee/Grantee): _____
Ground Lease/Easement: _____

All real property that is acquired or bettered with the proceeds of State of Minnesota general obligation bonds must be publicly owned. Such ownership may be by way of fee title or via a sufficiently long-term ground lease or easement. This G.O. Compliance Checklist for Ground Leases and Easements is intended to assist the Commissioner of Minnesota Management and Budget in his or her evaluation of an ownership interest that is created by way of long-term ground lease or easement.

The following definitions apply for the purpose of this checklist:

Commissioner - means the Commissioner of Minnesota Management and Budget or his or her designee.

Facility - means all structures that will be owned by the Lessor and leased to the Public Entity/Lessee under a long-term lease or which are owned by the Grantor and conveyed to the Public Entity/Grantee under a long-term easement.

GO Grant Agreement - means the General Obligation Grant Agreement under which the State Entity is providing the grant to the Public Entity.

Governmental Program - means a governmental program established or authorized by law and established by official action of Lessor, for which the Leased Premises will be used.

Ground Lease/Easement - means the ground lease of, or easement for, the Leased Premises under which the Public Entity acquires from the Lessor the right to use and operate the Leased Premises.

Leased Premises - means the Real Property and, if applicable, Facility that will be owned by the Lessor/Grantor and leased or conveyed by easement to the Public Entity under the Ground Lease/Easement.

Lessee/Grantee - means the Public Entity that will be the lessee/grantee of the Leased Premises under the Ground Lease/Easement.

Lessor/Grantor - means the entity that will be the fee owner and either the lessor or grantor of the Leased Premises.

Public Entity - means the public entity that will be the tenant/lessee or grantee under the Ground Lease/Easement.

Real Property - means all of the real estate that will be owned by the Lessor and leased or conveyed by easement to the Public Entity under the Ground Lease/Easement.

State Entity - means the state entity that is the issuer of the grant.

Ground Lease/Easement Provisions

The following sets forth the provisions that must be included in all ground leases and easements that are used to create the required ownership interest. All of the following questions (i.e., requirements) must be answered "Yes" in order for the ground lease or easement to be acceptable to Minnesota Management and Budget. "N/A" means not applicable.

I. RECIPIENT OF GRANT

Is the Lessee/Grantee the recipient of the grant from the State under the applicable bonding bill? Yes _____
No _____

II. DESCRIPTION OF LEASED PREMISES

Does the Ground Lease/Easement clearly describe the Leased Premises? Yes _____
No _____

* Section or paragraph numbers in the Ground Lease/Easement that satisfy this requirement: _____

III. LESSEE OR GRANTEE

Is the Public Entity the lessee or grantee under the Ground Lease/Easement? Yes _____
No _____

IV. MODIFICATION/TERMINATION

Is the Ground Lease/Easement structured so that it cannot be modified, restated, amended, changed in any way, or prematurely terminated or cancelled without the prior written consent and authorization of the State Entity and the Commissioner? Yes _____
No _____

* Section or paragraph numbers in the Ground Lease/Easement that satisfy this requirement: _____

V. TERM OF GROUND LEASE/EASEMENT

Is one of the following two provisions satisfied (i.e. one of the following two questions must be answered "Yes")? Yes _____
No _____

A. If the Ground Lease/Easement is only for the Real Property, is the original term of the Ground Lease/Easement greater than 37.5 years, or such other period of time specifically authorized by a Minnesota statute, rule or session law? Yes _____
 No _____
 N/A _____

* Section or paragraph numbers in the Ground Lease/Easement that satisfy this requirement:

B. If the Ground Lease/Easement is for the Real Property and Facilities, is the original term of the Ground Lease/Easement greater than 125% of the useful life of the Facility, or such other period of time specifically authorized by a Minnesota statute, rule or session law? Yes _____
 No _____
 N/A _____

* Section or paragraph numbers in the Ground Lease/Easement that satisfy this requirement:

VI. PAYMENTS DUE UNDER GROUND LEASE/EASEMENT

Is the Ground Lease/Easement structured so that there are no payments due thereunder or that all payments due thereunder are due as a single lump sum on the date that the Ground Lease/Easement is first made and entered into? Yes _____
 No _____

* Section or paragraph numbers in the Ground Lease/Easement that satisfy this requirement: _____

VII. TERMINATION OF GROUND LEASE/EASEMENT

Is the Ground Lease/Easement structured so that it does not contain any requirements or obligations of the Public Entity that if not complied with could result in a termination of the Ground Lease/Easement? Yes _____
 No _____

NOTE: The Ground Lease/Easement may contain requirements and obligations to be complied with by the Public Entity, as long as the sole remedy for non-compliance by the Public Entity is an order for specific performance.

VIII. OPERATION OF GOVERNMENTAL PROGRAM

A. Do the provisions of the Ground Lease/Easement clearly allow and permit the Leased Premises to be used for the operation of the Governmental Program? Yes _____
 No _____

* Section or paragraph numbers in Ground Lease/Easement that satisfy this requirement: _____

B. Is the Ground Lease/Easement structured so that it does not contain any provisions that would limit or impair the use of the Leased Premises for the operation of the Governmental Program? Yes _____
 No _____

IX. LIENS AND ENCUMBRANCES

Is the Ground Lease/Easement structured so that it prohibits the Lessor/ Grantor from creating or allowing, without the prior written consent of both the State Entity and the Commissioner, any voluntary lien or encumbrance or involuntary lien or encumbrance that can be satisfied by the payment of monies and which is not being actively contested against the Leased Premises or the Lessor's/Grantor's interest in the Ground Lease/ Easement? Yes
No

* Section or paragraph numbers in Ground Lease/Easement that satisfy this requirement: _____

X. USE RESTRICTIONS

Is one of the following two provisions satisfied (i.e., one of the following two questions must be answered "Yes")? Yes
No

A. Is the Ground Lease/Easement free of any use restrictions? Yes
NOTE: Provisions that restrict any material changes to the physical characteristics of the Facility are acceptable and are not deemed to be a prohibited use restriction. No

B. If the Ground Lease/Easement contains use restrictions, do the use restrictions only apply as long as the Public Entity is the Lessee/Grantee under the Ground Lease/Easement, and such use restrictions will terminate and not apply to any successor lessee/grantee who purchases the Public Entity's interest in the Ground Lease/Easement? Yes
No
N/A
NOTE: See Note under Paragraph A above.

* If the Ground Lease/Easement contains use restrictions, section or paragraph numbers in Ground Lease/Easement that satisfy this requirement: _____

XI. TRANSFER OF INTEREST

Does the Ground Lease/Easement allow for a transfer thereof in the event that the Lessee/Grantee makes the necessary determination to sell its interest therein, and allow such interest to be transferred to the purchaser of such interest? Yes
No

* Section or paragraph numbers in Ground Lease/Easement that satisfy this requirement: _____

XII. ACKNOWLEDGEMENT OF G.O. GRANT AGREEMENT

Does the Ground Lease/Easement contain a provision acknowledging the existence of the GO Grant Agreement and stating that the terms, conditions and provisions of the GO Grant Agreement control over any inconsistent provisions in the Ground Lease/Easement? Yes
No

* Section or paragraph numbers in Ground Lease/Easement that satisfy this requirement: _____

SUMMARY

Have all of the following questions contained herein been answered "Yes"? Yes _____
 (If the answer to this question is "No" then the Ground Lease/Easement is not No _____
 acceptable in its submitted form. Please note that even if all of the following
 questions are answered "Yes", there still may be provisions contained in the
 submitted Ground Lease/Easement that may make it unacceptable to the
 Commissioner.)

- | | | |
|---------------|-----------|----------|
| I. | Yes _____ | No _____ |
| II. | Yes _____ | No _____ |
| III. | Yes _____ | No _____ |
| IV. | Yes _____ | No _____ |
| V. | Yes _____ | No _____ |
| VI. | Yes _____ | No _____ |
| VII. | Yes _____ | No _____ |
| VIII. A. | Yes _____ | No _____ |
| B. | Yes _____ | No _____ |
| IX. | Yes _____ | No _____ |
| X. | Yes _____ | No _____ |
| XI. | Yes _____ | No _____ |
| XII. | Yes _____ | No _____ |

Preparation of Checklist

This G.O. Compliance Checklist for Ground Lease or Easement was prepared by and is submitted to the Commissioner by the Public Entity, and by preparing and submitting this checklist to the Commissioner, the Public Entity hereby certifies that the information contained in this checklist is true and correct and that it accurately reflects the contents of the referenced Ground Lease/Easement.

PUBLIC ENTITY: _____

Signature: _____

Title: _____

Date: _____

FOR USE ONLY BY STATE OF MINNESOTA

This G.O. Compliance Checklist for Ground Lease and Easement was reviewed by the following individual:

Name _____

Signature _____

Title _____

Department or Agency _____

Date _____

APPROVAL OF GROUND LEASE BY COMMISSIONER

Based upon the information contained in this G.O. Compliance Checklist for Ground Lease and Easement and the certification by the Public Entity that the information contained in this checklist is true and correct and that it accurately reflects the contents of the referenced Ground Lease/Easement, the Commissioner consents to the use of the referenced Ground Lease/Easement.

**COMMISSIONER OF MINNESOTA
MANAGEMENT AND BUDGET**

By: _____
Assistant Commissioner

Date: _____