

RESOLUTION NO. R-14-06

A RESOLUTION AUTHORIZING EXECUTION OF A COMMERCIAL/RESTAURANT LEASE BETWEEN THE CITY OF GLADSTONE, AS LESSOR, AND SNOW & CO., LLC AS LESSEE, TO OPERATE A RESTAURANT AT 504 NORTHEAST 70TH STREET, GLADSTONE, MISSOURI.

WHEREAS, The City of Gladstone owns a former United States Postal Office building, Gladstone 18, located on real property described as all of lots 4, 5, 6 and 7, Block 23, Linden addition to the City of Gladstone, Clay County, Missouri, more commonly known as 504 Northeast 70th Street, Gladstone, Missouri; and

WHEREAS, the above described land lies within the Downtown Village Center which the City of Gladstone is developing for public purposes to enrich and enhance the quality of life in Gladstone; and

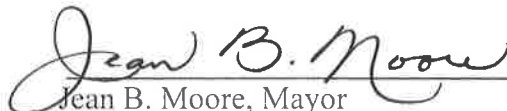
WHEREAS, the City of Gladstone recognized the need for a restaurant(s) to be located within the Downtown Village center and requested interested parties to submit restaurant start up business proposals to locate a restaurant in Gladstone 18; and

WHEREAS, Snow & Co., LLC, submitted a proposal and has negotiated a proposed lease agreement with City staff for the operation of a restaurant consisting of approximately ±4,400 RSF Square Feet square feet for a term no longer than seven (7) years and ten (10) months from the commencement date, with reasonable market rent rates, and such other terms as more particularly set forth in the proposed lease document.

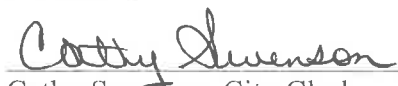
NOW, THEREFORE BE IT RESOLVED BY THE COUNCIL OF THE CITY OF GLADSTONE, MISSOURI AS FOLLOWS:

That the City Manager of the City of Gladstone, Missouri, is hereby authorized to enter into the proposed restaurant lease agreement with Snow & Co., LLC, on the terms and conditions described herein and as more particularly set forth in the lease document and to take any other such measures as may be required to ensure the opening of the new restaurant.

INTRODUCED, READ, PASSED AND ADOPTED BY THE CITY COUNCIL OF THE CITY OF GLADSTONE, MISSOURI THIS 27TH DAY OF JANUARY 2014


Jean B. Moore, Mayor

ATTEST:


Cathy Swenson, City Clerk



P.O. Box 10719
GLADSTONE, MISSOURI 64188-0769

7010 North Holmes
GLADSTONE, MISSOURI 64118-2646

816-436-2200
816-436-2228 FAX

14-06

MEMORANDUM

TO: Kirk L. Davis, City Manager
FROM: Melinda Mehaffy, Economic Development Administrator *mm*
DATE: January 23, 2014
SUBJECT: 504 NE 70th Street (Gladstone 18) Project

The City of Gladstone put out a Request for Proposal in late Summer 2013 requesting interested parties in the leasing of Gladstone 18, 504 NE 70th Street make proposals in early September. The City received three proposals and asked all three proposals to move forward to the second phase of the proposal process. In the second phase, business prospects were asked to provide a business plan, financials and detailed information about their plans for the building.

Snow & Company is the restaurant project that has moved through the entire project. Snow & Co specializes in made from scratch frozen cocktails with premium spirits and unique flavors. They currently have a presence in the Crossroads District of Kansas City. Their Gladstone location will offer a lunch and dinner menu and will vary slightly from the model used in the Crossroads.

On the agenda Monday evening for the City Council meeting is a resolution authorizing the execution of a commercial lease between the City of Gladstone and Snow & Co., LLC to operate a restaurant at 504 NE 70th Street.

The basic terms of the lease are for seven years and ten months beginning on or around May 1, 2014. Prior to the City turning the building over to the tenant, the owners construction work must be completed. This includes items such as replacing the roof and HVAC system, installing the grease trap, building restrooms and installing the patio and new façade. The city is participating in the architectural drawings with a \$25,000 contribution which will provide, in addition to the tenants building needs, the construction drawings for completion of the city's portion of the construction.

Over the term of the lease the city will receive \$237,599.88. The average rental rate over the term of the lease (94 months) is \$6.89 per square foot.

Snow & Co. anticipates their opening to coincide with the opening of The Heights at Linden Square (August/September 2014).

Excluded from this lease is approximately 1,200 sq. ft. of space which has been set aside for leasing to a specialty food concept such as a coffee shop or bakery. Staff continues to work on finding this partner for the project and will continue to market the opportunity to sources that can meet the requirements for the site.

COMMERCIAL LEASE

THIS LEASE is made as of January 28, 2014, between **City of Gladstone** ("Landlord"), with an address of 7010 N. Holmes, Gladstone, MO 64118 and **Snow & Co, LLC** ("Tenant"), with an address of 1815 Wyandotte, Kansas City, MO 64108, who hereby agree as follows:

1. PREMISES. Subject to the covenants and conditions of this Lease, Landlord leases to Tenant, and Tenant leases from Landlord, the premises (the "Premises") commonly known and numbered as **504 NE 70th Street** in the City of **Gladstone**, County of **Clay**, State of **Missouri**, and further described as: **±4400 RSF SQ FT** together with the right of ingress and egress and the non-exclusive use of common areas, if any.

2. USE OF PREMISES. The Premises shall be used only as **Restaurant/Bar/Coffee Shop** (collectively, the "Permitted Use").

3. TERM. The Term of this Lease (the "Term") is for **seven (7) years and ten (10) months**, commencing on or about the **First (1st) day of May, 2014**, and ending on the **Last (28th) day of February, 2022**.

4. RENT PAYMENTS. Tenant shall pay to Landlord **\$237,599.88** as rent in monthly installment over the Term of this Lease. The first monthly rent installment of **\$1,650.00** shall be due **on or about March 1st, 2015** and all subsequent monthly rent installments shall be due on the first day of each succeeding month during the Term. The amount of each monthly rent installment shall be as follows:

| | | |
|-----------------------|-------------------------|-------------------|
| Months 1 -10 | \$0,000.00 month | \$00.00 SF |
| Months 11 -22 | \$1,650.00 month | \$ 4.50 SF |
| Months 23 - 34 | \$2,016.66 month | \$ 5.50 SF |
| Months 35 - 46 | \$2,383.33 month | \$ 6.50 SF |
| Months 47 - 58 | \$2,933.33 month | \$ 8.00 SF |
| Months 59 - 70 | \$3,300.00 month | \$ 9.00 SF |
| Months 71 - 82 | \$3,666.67 month | \$10.00 SF |
| Months 83 - 94 | \$3,850.00 month | \$10.50 SF |

Each monthly installment is due payable in advance without notice or demand at Landlord's above stated address, or at any other place Landlord designates in writing.

5. SECURITY DEPOSIT. Concurrently with tenant's signing of this Lease, Tenant shall deliver to Landlord **\$1,650.00** as security for the performance by Tenant of every covenant and condition of this Lease (the "Security Deposit"). Said Security Deposit may be co-mingled with other funds of Landlord and shall bear no interest. If Tenant shall default with respect to any covenant or condition of this Lease, including, but not limited to the payment of rent, Landlord may apply the whole or any part of such Security Deposit to the payment of any sum in default or any sum which Landlord may be required to spend by reason of Tenant's damage or default. If any portion of the Security Deposit is so applied, Tenant, upon demand by Landlord, shall deposit cash with Landlord in an amount sufficient to restore the Security Deposit to its original amount. Should Tenant comply with all of the covenants and conditions of this Lease, the Security Deposit or any balance thereof shall be returned to Tenant promptly after expiration of the term thereof.

6. POSSESSION. Possession shall be **on or about May 1, 2014** Landlord shall use due diligence to give possession as nearly as possible at the beginning of the Term. Rent shall abate pro rata for the period of any delay in giving Tenant possession, but the Term shall not be extended as a result of such delay. Tenant shall make no other claim against Landlord for delay in obtaining possession.

7. PROPERTY INSURANCE. Tenant shall comply with all insurance regulations so the lowest property damage, including loss of rent and liability insurance rates may be obtained; and nothing shall be done or kept in or on the Premises by Tenant which shall cause an increase in the premium for any such insurance on the Premises or on any building of which the Premises are a part or on any improvements located therein, over the lowest rate obtainable or which shall cause cancellation or make void any such insurance. If, during the term, the premium for any such insurance maintained by Landlord with respect to the premises are so increased as a result of Tenant's use or occupancy, or if the premiums for such insurance are increased in excess of the premium charged for the

policy year **2014**, as a result of a premium rate increase or an increase in the amount of coverage required, then Tenant shall pay to Landlord, as additional rent, the amount of such increase within thirty (30) days after receipt of Landlord's billing statement and demand for payment of same. The amount payable by Tenant under this section shall be pro rated for the partial years, if any, in which this Lease commences and terminates. Tenant shall maintain, at all times during the Term, adequate insurance on its personal property used, stored or kept in the premises.

8. INDEMNITY AND LIABILITY INSURANCE. Tenant shall at all times indemnify, defend and hold Landlord harmless from all loss, liability, costs, damages and expenses that may occur or be claimed with respect to any person or persons, or property on or about the Premises or to the Premises resulting from any act done or omission by or through Tenant, its agents, employees, invitees or any person on the Premises by reason of Tenant's use or occupancy or resulting from Tenant's non-use or possession of said property and any and all loss, cost, liability or expense resulting therefrom. Tenant shall maintain, at all times during the Term, comprehensive general liability insurance in an insurance company licensed to do business in the state in which the Premises are located and satisfactory to Landlord, properly protecting and indemnifying Landlord with single limit coverage of not less than **\$1,000,000** for injury to or **\$1,000,000** death of persons and **\$1,000,000** for property damage and **\$2,700,000** in comprehensive general liability. During the Term, Tenant shall furnish Landlord with a certificate or certificates of insurance, in a form acceptable to Landlord, covering such insurance so maintained by Tenant and naming Landlord and Landlord's mortgagees, if any, as additional insureds.

9. ASSIGNMENT AND SUBLETTING. Tenant shall not assign, transfer or encumber this Lease and shall not sublease the Premises or any part thereof or allow any other person to be in possession thereof without the prior written consent of Landlord, in each and every instance. For the purpose of this provision, any transfer of a majority or controlling interest in Tenant (whether in one or more related or unrelated transactions), whether by transfer of stock, consolidation, merger, transfer of a partnership interest or transfer of any or all of Tenant's assets or otherwise, or by operation of law, shall be deemed an assignment of this lease. Notwithstanding any permitted assignment or subletting, Tenant shall at all times remain directly, primarily and fully responsible and liable for the payment of the rent herein specified and for compliance with all of its other obligations under the terms and provisions of this Lease.

10. SIGNS AND ADVERTISEMENTS. Tenant shall not place upon nor permit to be placed upon any part of the Premises, any signs, billboards or advertisements what so ever, without the prior written consent of Landlord. All permitted signage shall be at Tenant's sole expense **for the design, fabrication, installation, maintenance and removal. Tenant shall pay all costs to repair building if damaged at removal.**

11. CONDITION OF PREMISES. Tenant acknowledges that it has inspected the Premises and, except as may be provided otherwise in this Lease, Tenant accepts the Premises in its present condition. At the end of the Term, except for damage caused by fire or other perils, Tenant, at its expense, shall (a) surrender the Premises in the same or similar condition as existed at the time the Premises were accepted and possession taken by Tenant, subject to reasonable wear resulting from uses permitted hereunder, and further subject to Tenant's obligations stated in Paragraphs 12 and 14 herein; (b) have removed all of Tenant's property from the Premises; (c) have repaired any damage to the Premises caused by the removal of Tenant's Property; and (d) leave the Premises free of trash and debris and the building in "broom clean" condition.

12. MAINTENANCE AND REPAIR BY TENANT. Except for the obligations imposed upon Landlord in Paragraph 15 and damage resulting from an insurable loss, at Tenant's sole cost and expense during the Term, Tenant shall maintain and keep in good order, repair and condition, free from pests and vermin and, when necessary, shall replace all parts of the Premises including, but not limited to, utility service lines from the point where they enter the building(s) of which the Premises are a part, interior walls, inside surfaces of exterior walls, fixtures, floor coverings, lighting fixtures, heating, ventilating, air-conditioning, plumbing fixtures and drains, glass, windows, doors, electrical and other mechanical equipment, appliances and systems, improvements made by and at the expense of Tenant and Tenant's property, including, but not limited to, Tenant's signs and advertisements. Tenant shall keep the driveways, approaches, sidewalks & parking areas, that are a part of the Premises clean, orderly, sightly & unobstructed. **Tenant shall pay all costs associated with window washing, janitorial & supplies.** Tenant shall prevent water pipes in the Premises from freezing.

In the instance that HVAC unit(s) serving the Premises malfunctions and either cannot be repaired or requires replacement of a Major Component, then Landlord shall be responsible for replacing the HVAC unit(s) or the Major Component, but only so long as Tenant complies, and provides proof of such

compliance, with all requirements of the Lease regarding such HVAC unit(s) and after payment to Landlord of Tenant's maximum liability as provided below. For purposes hereof, a "Major Component" shall be defined as and include the compressor, heat exchanger, evaporator and condenser coils. If Landlord replaces the HVAC unit, then after replacement Tenant shall be responsible for all future maintenance, repairs and replacement of such unit, and for all other requirement. Likewise, if Landlord replaces a Major Component of the HVAC unit(s), then after replacement Tenant shall be responsible for all future maintenance, repairs, and replacement of such Major Component. Tenant's maximum liability for the necessary repairs and or replacement of HVAC unit(s) or the Major Component shall be no more than Five Hundred (\$500.00) dollars per year. Tenant will maintain a service contract on the HVAC unit(s) and hold quarterly inspections. Jd Initials

SELLER SELLER

13. LANDLORD'S RIGHT OF ENTRY. Landlord or Landlord's agent may enter at reasonable hours to inspect or show the Premises to prospective lenders and purchasers, and to do anything Landlord may be required to do hereunder or which Landlord may deem necessary for the good of the Premises or any building of which they are a part; during the last ninety (90) days of this Lease, Landlord may display a "For Rent" sign on the Premises.

14. PARKING LOT MAINTENANCE. Landlord shall be responsible for maintenance, cleaning, repainting and repairs of the parking areas, driveways, sidewalks and approaches, including ice and snow removal. Tenant shall repair all damage to parking areas, driveways, sidewalks and approaches caused by placement or movement of trash containers, truck trailer dollies, trucks, or other moveable property Tenant understands and agrees that no personal property, including vehicles, shall be stored in the parking area or anyplace outside the building without the prior written consent of Landlord.

Common Areas; Parking; Additional Landlord's Rights.

(a) Tenant and those doing business with Tenant shall have a non-exclusive license to use the common areas for their intended purposes during normal business hours in common with others entitled hereto and subject to any rules and regulations imposed by Landlord. The common areas are those areas, facilities, utilities, improvements, equipment, and installations of the Building and the Project which serve or are for the benefit of the tenants of more than one component of the Building or the Project and which are not designated or intended by Landlord to be leased, from time to time, or which are provided or designated from time to time by Landlord for the benefit or use of all tenants in the Building or the Project, their employees, customers, and invitees, in common with others entitled to the use or benefit of same. Landlord shall keep the common areas in good repair and condition. Tenant acknowledges that all common areas shall at all times be under the exclusive control and management of Landlord.

(b) Subject to all of the terms, provisions, covenants, and conditions contained herein, Tenant shall have the right to use parking area which Landlord shall provide for the use of tenants of the Project. Landlord shall not be liable for any damage of any nature whatsoever to, or any theft of, automobiles or other vehicles or the contents thereof, while in or about the parking areas. Tenant acknowledges that its non-exclusive right to use any parking facilities forming part of the Project may be subject to such rules and regulations as reasonably imposed by Landlord from time to time. Landlord shall have a right to designate the location of Tenant's parking and alter such designation upon reasonable notice to Tenant. Landlord shall also have the right to establish or modify the methods used to control parking in the parking area, including, without limitation, the installation of certain control devices or the hiring of parking attendants or a managing agent.

15. MAINTENANCE AND REPAIR BY LANDLORD. Except as may be caused by acts or negligence of Tenant, Landlord shall, at Landlord's sole cost and expense, maintain and keep in good repair the roof, exterior walls (exclusive of inside surfaces, glass, windows and doors), gutters, downspouts, foundations and all other structural components of the building(s) of which the Premises are a part, and all underground plumbing and sewer lines; and water, gas and electric service lines to the point where such service lines enter the building(s) of which the Premises are a part. Landlord shall be under no obligation, and shall not be liable for any failure to make any repairs until and unless Tenant notifies Landlord in writing that such repairs are necessary. Landlord shall have a reasonable time thereafter to make repairs.

16. OPERATING EXPENSES; LANDLORD'S INSURANCE.

COMMON AREA MAINTENANCE CHARGE (CAM): Operating expenses, Landlords Insurance, and Taxes (CAM) for year one shall be \$1.50 square foot (\$700.00 month) and shall be payable on the first day of each month of the initial twelve (12) months of occupancy. CAM is subject to annual actual increases in operating expenses.

(a) Tenant agrees to pay Common Area Maintenance ("CAM") charges to offset Landlord's operating expenses and insurance expenses incurred while maintaining the leased premises. It is agreed that during the first 12 months of this lease term, being March 1, 2014 to February 1, 2014, the tenant shall pay \$1.50 per square foot in CAM charges. The monthly CAM charge for the first 12 months is \$700.00 due and payable on the first day of each month beginning March 1, 2014. Thereafter CAM charges could increase if Landlord's Operating Expenses (defined in subsection (b), below) and insurance expense (defined in subsection (d), below) in any twelve (12) month period exceed \$1.50 per square foot. Landlord may increase the CAM charge but in no event shall any annual increase exceed five (5%) percent of \$1.50. It is also agreed that during the entire course of this lease the CAM charge shall not exceed fifty (50%) percent of \$1.50 per square foot.

(b) Notwithstanding anything to the contrary contained in this Lease, Operating Expenses shall not include the following (collectively, the "Operating Expenses Exclusions"): (a) specific expenses for which Landlord is or will be reimbursed by another source, such as repair or replacement of any item covered by warranty or casualty insurance proceeds and the cost of utilities or other expenses charged directly to and payable directly by individual Building tenants; (b) costs incurred to benefit (or as a result of) a specific tenant or items and services selectively supplied to any specific tenant; (c) expenses for the defense of the Landlord's title to the Property; (d) depreciation and amortization of the Building or financing costs, including interest and principal amortization of debts; (e) charitable, lobbying, special interest or political contributions; (f) costs to correct latent defects in the design, construction or equipment of the Building such as structural repairs or structural replacements; (g) leasing commissions, advertising expenses and other costs incurred in leasing or procuring new tenants; (h) rental on ground leases; (i) attorneys' fees, accounting fees and expenditures incurred in connection with disputes and claims of other tenants or occupants of the Building; (j) cost of the initial stock of tools and equipment for operation, repair and maintenance of the Building; and (k) the cost of any capital addition to the Building or the Project or reserves therefore, other than as expressly permitted by item (ii) of the definition of Operating Expenses.

(c) "Landlord's Insurance" shall mean all premiums for liability, property, and other insurance applicable to the Project, together with deductible amounts paid by Landlord if incurred.

17. DAMAGE BY CASUALTY. If, during the Term or previous thereto, the Premises or the building of which said Premises are a part shall be destroyed or so damaged by fire or other casualty as to become untenable, then in such event, at the option of Landlord, this Lease shall terminate from the date of such damage or destruction. Landlord shall exercise this option to so terminate this Lease by notice in writing delivered to Tenant within thirty (30) days after such damage or destruction. Upon such notice, Tenant shall immediately surrender said Premises and all interest therein to Landlord, and Tenant shall pay rent only to the time of such damage or destruction. If Landlord does not elect to terminate this Lease, this Lease shall continue in full force and effect, and Landlord shall expeditiously repair the Premises, placing the same in as good a condition as they were at the time of the damage or destruction, and for that purpose, may enter said Premises. In that event rent shall abate in proportion to the extent and duration of untenability. In either event, Tenant shall remove all rubbish, debris, merchandise, furniture, equipment and its other personal property within five days after the request by Landlord. (b) If the Premises shall be slightly damaged by fire or other casualty, so as not to render the same untenable, then Landlord shall expeditiously repair the same and in that case the rent shall not abate. Except for rent abatement as herein

Provided, no compensation or claim shall be made by or allowed to Tenant by reason of any inconvenience or loss of business arising from the necessity of repairing any portion of the building or the Premises.

18. PERSONAL PROPERTY. Landlord shall not be liable for any loss or damage to any merchandise inventory, goods, fixtures, improvements or personal property of Tenant in or about the Premises.

19. ALTERATIONS. Tenant shall not make any **structural** alterations or additions in or to the Premises without the prior written consent of Landlord.

20. UTILITIES AND SERVICES. Tenant shall furnish and pay for all electricity, gas, water, fuel, trash removal, and any services or utilities used in or assessed against the Premises, unless otherwise provided.

21. LEGAL REQUIREMENTS. Tenant shall comply with all laws, orders, ordinances and other public requirements now or hereafter affecting the Premises or the use thereof, and Tenant shall indemnify, defend and hold Landlord harmless from expense or damage resulting from failure to do so.

22. FIXTURES. Except for Tenant's personal property and trade fixtures, all buildings, repairs, alterations, additions, improvements, installations and other non-trade fixtures installed or erected on the Premises, whether by or at the expense of Landlord or Tenant, shall belong to Landlord and shall remain on and be surrendered with the Premises at the expiration or termination of this Lease. However, at Landlord's option, Tenant shall remove Tenant's alterations or improvements prior to the expiration of this Lease and return the Premises to its original condition.

23. Multi Tenancy Building: If the Premises are a part of the multiple tenancy building, the responsibility of Tenant for reimbursements as called for in Paragraphs 7 & 23 of this lease shall be a percentage of the total increase equal to the percentage of rentable floor space in said building occupied by Tenant. It is agreed Tenant occupies 78.6% ("Proportionate Share") of the floor space in the building for which the Premises are a part.

a. Landlord may, with notice to Tenant, elect to perform and provide certain maintenance and services pertaining to the entire building or area of which the Premises are a part including, but not limited to, landscaping, trash removal, lawn maintenance, common area lighting, watering, paving maintenance and snow removal. In such event, Tenant shall reimburse Landlord for its Proportionate Share of said maintenance services within fifteen (15) days from the date of Landlord's notice of the amount due.

b. Tenant agrees to conduct its business in a manner that shall not be objectionable to other Tenants in the building of which the Premises are a part, including but not limited to noise, vibration, odor, trash or fumes. In the event Landlord received complaints from other Tenants in the building and determines, in its sole reasonable judgment, that Tenant is conducting its operations in a manner so as to be objectionable to other Tenants, Tenant shall, upon notice from Landlord, promptly modify its operations to eliminate such objections.

c. Tenant shall have access to designated patio space. In the event businesses are open at the same time use of the patio space shall follow the Proportionate Share of the building.

24. Economic Incentives: The leased premise is located in the downtown village center of Gladstone. It is possible that during the term(s) of this lease the City of Gladstone or other entities may employ economic development tools to spur continued development in the area. Tenant agrees to not oppose or object any of the following development tools:

- Tax Increment Financing
- Sales Tax Rebate
- Transportation Development Districts
- Community Improvement District
- Special Business Districts
- Neighborhood Improvement Districts
- Property Tax Abatement under Chapter 353 RSMO
- Property Tax Abatement under Chapter 100 RSMO
- Land Clearance for Redevelopment Authority Law
- Local Option Economic Development Sales Tax

25. EMINENT DOMAIN. Should all of the Premises be taken under the power of eminent domain or a conveyance in lieu thereof by any authority having the right of condemnation, or if a portion thereof is taken so that the Premises are unsuitable, in Tenant's reasonable opinion, for Tenant's use, then the term of this lease shall terminate as of the

date that title shall vest in the acquiring authority and the rent and other charges shall be adjusted as of the date of such taking. In such case, Landlord shall be entitled to the proceeds of the condemnation award made to Landlord. Nothing herein shall be construed to prevent Tenant from separately pursuing a claim against the condemning authority for its independent loss or damages to the extent available, provided, however, that no award made to or on behalf of Tenant shall reduce, limit, or restrict the award to Landlord, and no allocation of Landlord's award in condemnation shall occur. Tenant shall have no claim against Landlord for the value of the unexpired term of this lease. Should any part of the Premises be taken in the exercise of eminent domain or a conveyance in lieu thereof or in connection therewith, but not such as to render the Premises unsuitable for the operation of its business, this Lease shall continue on the same terms and conditions except that the description of the Premises or the real estate taken by right of eminent domain or a conveyance in lieu thereof or in connection therewith shall be modified to reflect such taking. In the event this Lease does not terminate by reason of such taking, the condemnation proceeds from the Demised Premises will first be used to restore the Demised Premises to a position of occupancy by the Tenant. The balance of such condemnation proceeds from the Premises, if any, shall belong to Landlord.

26. WAIVER OF SUBROGATION. As part of the consideration for this Lease, each of the parties hereby releases the other party from all liability for damage due to any act or neglect of the other party occasioned to property owned by said parties which is or might be incident to or the result of a fire or other casualty against loss for which either of the parties is now carrying or hereafter may carry insurance; provided, however, that the releases herein contained shall not apply to any loss or damage occasioned by intentional acts of either of the parties, and the parties further covenant that any insurance they obtain on their respective properties shall contain an appropriate provision whereby the insurance company, or companies, consent to the mutual release of liability contained in this paragraph.

27. DEFAULT AND REMEDIES. If: (a) Tenant fails to comply with any term, provision, condition or covenant of this Lease; (b) Tenant deserts or vacates the Premises; (c) any petition is filed by or against Tenant under any section or chapter of the Federal Bankruptcy Act, as amended, or under any similar law or statute of the United States or any state thereof; (d) Tenant becomes insolvent or makes a transfer in fraud of creditors; (e) Tenant makes an assignment for benefit of creditors; or (f) a receiver is appointed for Tenant or any of the assets of Tenant, then in any of such events, Tenant shall be in default and Landlord shall have the option to do any one or more of the following: upon ten (10) days prior written notice, excepting the payment of rent or additional rent for which no demand or notice shall be necessary, in addition to and not in limitation of any other remedy permitted by law, to enter upon the Premises either with or without process of law, and to expel, remove and put out Tenant or any other persons thereon, together with all personal property; and, Landlord may terminate this Lease or it may from time to time, without terminating this Lease, rent said Premises or any part thereof for such term or terms (which may be for a term extending beyond the Term) and at such rental or rentals and upon such other terms and conditions as Landlord in its sole discretion may deem advisable, with the right to repair, renovate, remodel, redecorate, alter and change said Premises. At the option of Landlord, rents received by Landlord from such reletting shall be applied first to the payment of any indebtedness from Tenant to Landlord other than rent and additional rent due hereunder; second, to payment of any costs and expenses of such reletting, including, but not limited, attorney's fees, advertising fees and brokerage fees, and to the payment of any repairs, renovation, remodeling, redecorations, alterations and changes in the Premises; third, to the payment of rent and additional rent due and payable hereunder and interest thereon; and, if after applying said rentals there is any deficiency in the rent and additional rent and interest to be paid by Tenant under this Lease, Tenant shall pay any such deficiency to Landlord and such deficiency shall be calculated and collected by Landlord monthly. No such re-entry or taking possession of said Premises shall be construed as an election on Landlord's part to terminate this Lease unless a written notice of such intention is given to Tenant. Notwithstanding any such reletting without termination, Landlord may at any time terminate this Lease by reason of any default, in addition to any other remedy it may have, it may recover from Tenant the worth at the time of such termination of the excess of the amount of rent and additional rent reserved in this Lease for the balance of the Term over the then reasonable rental value of the Premises for the same period. Landlord shall have the right and remedy to seek redress in the courts at any time to correct or remedy any default of Tenant by injunction or otherwise, without such resulting or being deemed a termination of this Lease, and Landlord, whether this Lease has been or is terminated or not, shall have the absolute right by court action or otherwise to collect any and all amounts of unpaid rent or unpaid additional rent or any other sums due from Tenant to Landlord under this Lease which were or are unpaid at the date of termination. If it is necessary for Landlord to bring any action under this Lease, to consult with an attorney concerning or for the enforcement of any of Landlord's rights, then Tenant agrees in each and any such case to pay to Landlord, Landlord's reasonable attorney's fees. In addition to the remedies set forth herein, Tenant shall pay a late charge in the amount of **10%** of any payment due hereunder which remains unpaid on the tenth day after same is otherwise due hereunder. Said late charge shall be deemed additional

rent, and the assessment or collection of same shall not limit or delay Landlord's pursuit of any remedy arising hereunder upon Tenant's default.

28. WAIVER. The rights and remedies of Landlord under this Lease, as well as those provided by law, shall be cumulative, and none shall be exclusive of any other rights or remedies. A waiver by Landlord of any breach or default of Tenant shall not be deemed or construed to be a continuing waiver of such breach or default nor as a waiver of or permission, expressed or implied, for any subsequent breach or default. It is agreed that the acceptance by Landlord of any installment of rent subsequent to the date the same should have been paid shall not alter the covenant and obligation of Tenant to pay subsequent installments of rent promptly upon the due date. Receipt by Landlord of partial payment after Tenant's default shall not be construed to be or constitute a cure of any such default. No receipt of money by Landlord before or after the termination of this Lease shall in any way reinstate, continue or extend the term above demised.

29. TOXIC OR HAZARDOUS MATERIALS. Tenant shall not store, use or dispose of any toxic or hazardous materials in, on or about the Premises without the prior written consent of Landlord. Tenant, at its sole cost, shall comply with all laws relating to Tenant's storage, use and disposal of hazardous or toxic materials. Tenant shall be solely responsible for and shall defend, indemnify and hold Landlord, its agents and employees, harmless from and against all claims, costs and liabilities, including attorney's fees and costs, arising out of or in connection with the Tenant storage, use or disposal of any toxic or hazardous material in, on or about the Premises including, but not limited to, removal, clean-up and restoration work and materials necessary to return the Premises, and any other property of whatever nature located on the Premises, to their condition existing prior to the appearance of toxic or hazardous materials on the Premises. Tenant's obligations under this paragraph shall survive the termination of this Lease.

30. REAL ESTATE COMMISSION. Upon execution of this lease by both Landlord and Tenant, Landlord shall pay a real estate commission to **Zimmer Real Estate Services L.C.** (Landlord's Broker"), in the amount of **six (6%) percent** of the total rentals and other payments due under this lease to be paid during the term hereof. A commission in the amount of **three (3%) percent** shall be paid to the Broker named above upon the commencement of any extension and/or renewal of the lease term and upon commencement of any enlargement or substitution of the leased premises. In the event that the leased premises are purchased by the Tenant, Landlord shall pay the Broker named above a sales commission of **six (6%) percent** of the sale price at closing. The parties hereto acknowledge that this provision is intended for the benefit of said named real estate Broker, and may be enforced by them as third party beneficiaries hereto. This provision shall bind successors and assigns of the parties hereto and may not be amended without written consent of said Broker. **Joyce Murray of Zimmer Real Estate Services L.C. has represented Landlord and Scott Blum of Zimmer Real Estate Services L.C. has represented Tenant in this transaction.**

31. NOTICES. Any notice hereunder shall be sufficient if sent by certified mail, addressed to Tenant at the Premises, and to Landlord where rent is payable.

32. SUBORDINATION. This Lease shall be subordinate and inferior at all times to the lien of any mortgage and to the lien of any deed of trust or other method of financing or refinancing now or hereafter existing against all or a part of the real property upon which the premises are located, and to all renewals, modifications, replacements, consolidations and extensions thereof. Tenant shall execute and deliver all documents requested by any mortgagee or security holder to effect such subordination. In the event of a sale or assignment of this Lease or of Landlord's interest in the Premises or the building in which the Premises are a part, are transferred to any other person because of a mortgage foreclosure, exercise of a power of sale under a mortgage or otherwise, Tenant shall attorn to the purchaser or such mortgagee or other person and recognize the same as Landlord hereunder.

33. SUCCESSORS. The provisions, covenants and conditions of this Lease shall bind and inure to the benefit of the legal representatives, heirs, successors and assigns of each of the parties hereto, except that no assignment or subletting by Tenant without the written consent of Landlord shall vest any rights in the assignee or subTenant of Tenant.

34. QUIET POSSESSION. Landlord agrees, so long as Tenant fully complies with all of the terms, covenants and conditions herein contained on Tenant's part to be kept and performed, Tenant shall and may peaceably and quietly have, hold and enjoy the Premises for the Term aforesaid, it being expressly understood and agreed that the aforesaid covenant of quiet enjoyment shall be binding upon Landlord, its heirs, successors or assigns, but only

during such party's ownership of the Premises. Landlord and Tenant further covenant and represent that each has all right, title, power and authority to make, execute and deliver this Lease.

35. BANKRUPTCY. Neither this Lease nor any interest therein nor any estate hereby created shall pass to any trustee or receiver in bankruptcy or to any other receiver or assignee for the benefit of creditors by operation of law or otherwise during the Term or any renewal thereof.

36. ENTIRE AGREEMENT. This Lease contains the entire agreement between the parties, and no modification of this Lease shall be binding upon the parties unless evidenced by an agreement in writing signed by Landlord and Tenant after the date hereof. If there be more than one Tenant named herein, the provisions of this Lease shall be applicable to and binding upon such Tenants, jointly and severally.

37. ESTOPPEL CERTIFICATES. Tenant shall at any time upon not less than ten (10) days' prior written notice from Landlord execute, acknowledge and deliver to Landlord or to any lender of or purchaser from Landlord a statement in writing certifying that this Lease is unmodified and in full force and effect (or if modified stating the nature of such modification) and the date to which the rent and other charges are paid in advance, if any, and acknowledging that there are not, to Tenant's knowledge, any uncured defaults on the part of Landlord or specifying such defaults if any are claimed. Any such statement may be conclusively relied upon by any prospective purchaser or encumbrances of the Premises or of the business of Landlord.

38. FINANCING CONTINGENCY. Lessee shall have until **February 14, 2014** to secure adequate financing in the Lessee's sole judgment. If Lessee is unable to secure adequate financing, before the date ending the Financing Contingency Period, Lessee may deliver written notification to Lessor to cancel this contract. In no event shall any funds for architectural services be funded until said contingency is waived by Tenant in written notice to Landlord.

39. ADDENDA AND EXHIBITS:

- ☒ Commercial Agency and Brokerage Disclosure Addendum
- ☒ Option To Renew
- ☒ Architectural/Engineering Expenses
- ☒ Landlords Work
- ☒ Tenants Work
- ☒ Occupancy of Linden Heights
- ☒ Rules & Regulations
- ☒ Exhibit D - Floor Plan

IN WITNESS WHEREOF, said parties hereunto subscribed their names. Executed in **three (3)** originals.

CITY OF GLADSTONE
LANDLORD

By: [Signature]
Title: City Manager
Date: 1-23-14 Time: _____

SNOW & CO, LLC
TENANT

By: [Signature]
Title: CEO
Date: 1-23-14 Time: 10:19 pm

ARCHITECHTURAL & ENGINEERING

The allowance of up to \$25,000.00 for architectural design and Construction drawings shall be paid to a mutually agreed upon architectural firm. This is to cover the cost of façade, windows, patio, parking lot, interior design and lay out specific to Snow's needs. In the event Tenant does not complete the seven years, ten month term, Tenant shall pay as a penalty the unamortized costs of the \$25,000.00 at a rate of 4%.

OPTION TO RENEW

Tenant shall have the Right to Renew Lease for any one of the following terms:

| | | |
|----------|-----------------|---------------------------|
| Option 1 | Three (3) Years | at \$11.50 RENTABLE SQ FT |
| Option 2 | Five (5) Years | at \$11.00 RENTABLE SQ FT |
| Option 3 | Seven (7) Years | at \$10.50 RENTABLE SQ FT |

LANDLORD'S WORK

Landlord shall at Landlord's sole expense, provide the following:

- New insulated roof
- New wiring, plumbing, HVAC & distribution of ducts
- Fire exit signs, fire extinguishers
- Concrete skim coat on floor
- J-boxes in place for Tenant's lighting
- Sidewalls patched/prepared for Tenant's painting
- Interior sheetrock walls required for private office, event space, kitchen in a cost not to exceed \$10,000.00
- Fire-suppression hood & Installation in an amount not to exceed \$8,000.00
- Grease trap installed
- New façade on South and West
- Door to patio on East façade
- Patio on South and East
- Landscaping
- Restrooms – operational without aesthetic improvements

TENANT'S WORK

Tenant shall, at Tenant's sole expense, be responsible for all interior décor, lighting, furniture, fixtures, and equipment; the installation of all kitchen and bar equipment; the purchase of all patio furniture and equipment.

(a) Tenant accepts the Premises in as is, where is and with all faults condition, as of the Commencement Date.

(b) Other than interior non-structural alterations (such as wall coverings, paint and decorative items) which: (i) do not cost in excess of \$10,000.00 per alteration project, (ii) do not directly interface with or impact the Building systems, (iii) do not require a building permit and (iv) are not visible from outside of the Premises; no alterations by Tenant (including, without limitation, repairs, replacements, additions, or modifications), shall be made to the Premises without Landlord's written approval, which may be withheld in Landlord's sole discretion as to exterior or structural alterations or alterations affecting the base building systems, and which shall not be unreasonably withheld as to interior and nonstructural alterations. Any alterations by Tenant shall be performed at the sole cost of Tenant, by contractors and workers approved by Landlord, in a good and workmanlike manner, and in accordance with all applicable Legal Requirements.

(c) Tenant shall promptly pay for all materials supplied and work done in respect of the Premises so as to ensure that no lien is recorded against any portion of the Building or Project or against Landlord's or Tenant's interest therein. If a lien is so recorded, Tenant shall discharge it within ten (10) days by payment or bonding. If any such lien is recorded and not discharged by Tenant as above required, Landlord shall have the right to remove such lien by bonding or payment and the cost thereof shall be paid immediately from Tenant to Landlord. Landlord and Tenant expressly agree and acknowledge that no interest of Landlord in the Premises or the Building or Project shall be subject to any lien for improvements made by Tenant in or for the Premises, and Landlord shall not be liable for any lien for any improvements made by Tenant, such liability being expressly prohibited by the terms of this Lease, and Tenant hereby agrees to inform all contractors and material suppliers performing work in or for or supplying materials to the Premises of the existence of said prohibition. In accordance with applicable laws of the State, Landlord may file in the Public Records of the County, a public notice containing a true and correct copy of this paragraph.

OCCUPANCY OF LINDEN HEIGHTS

In the event Linden Heights has not reached an occupancy of 168 units by the end of the ten (10) months of free rent, the base rent for Year 1 shall be reduced to \$4.00 SQ FT

EXHIBIT "C"

RULES AND REGULATIONS

1. No sign, placard, picture, advertisement, name or notice shall be inscribed, displayed or printed or affixed on or to any part of the outside or inside of the Building or any part of the Premises visible from the exterior of the Premises without the prior written consent of Landlord, which consent may be withheld in Landlord's sole discretion. Landlord shall have the right to remove, at Tenant's expense and without notice to Tenant, any such sign, placard, picture, advertisement, name or notice that has not been approved by Landlord.

2. If Landlord notifies Tenant in writing that Landlord objects to any curtains, blinds, shades or screens attached to or hung in or used in connection with any window or door of the Premises, such use of such curtains, blinds, shades or screens shall be removed immediately by Tenant. No awning shall be permitted on any part of the Premises without the prior written consent of Landlord.

3. The common area sidewalks, halls, passages, exits and entrances, shall not be obstructed by Tenant or used by Tenant for any purpose other than for ingress to and egress from its Premises. The halls, passages, exits, entrances, and roof are not for the use of the general public and Landlord shall in all cases retain the right to control and prevent access thereto by all persons whose presence in the judgment of Landlord shall be prejudicial to the safety, character, reputation and interests of the Building and its tenants. No tenant and no employees or invitees of any tenant shall go upon the roof of the Building.

4. Tenant shall not alter any lock or install any new or additional locks or any bolts on any interior or exterior door of the Premises without the prior written consent of Landlord.

5. The toilet rooms, toilets, urinals, wash bowls and other apparatus shall not be used for any purpose other than that for which they were constructed and no foreign substance of any kind whatsoever shall be thrown therein and the expense of any breakage, stoppage or damage resulting from the violation of this rule shall be borne by the tenant who, or whose employees or invitees, shall have caused it.

6. Tenant may drive nails, screw or drill into the partitions, woodwork or plaster to hang wall decoration in the Premises, however Tenant shall be responsible for repairing any damage caused by their removal upon vacating the Premises.

7. Tenant shall not use, keep or permit to be used or kept any foul or noxious gas or substance in the Premises, or permit or suffer the Premises to be occupied or used in a manner offensive or objectionable to Landlord or other occupants of the Building by reason of noise, odors and/or vibrations, or interfere in any way with other tenants or those having business therein, nor shall any animals or birds be brought in or kept in or about the Premises or the Building (except bona fide service animals). In no event shall Tenant keep, use, or permit to be used in the Premises or the Building any guns, firearm, explosive devices or ammunition.

8. Tenant shall not use or keep in the Premises or the Building any kerosene, gasoline, or inflammable or combustible fluid or material, or use any method of heating or air conditioning other than that supplied by Landlord.

9. Landlord will direct electricians as to where and how telephone and telegraph wires are to be introduced into the Premises and the Building. No boring or cutting for wires will be allowed without the prior consent of Landlord. The location of telephones, call boxes and other office equipment affixed to the Premises shall be subject to the prior approval of Landlord.

10. Upon the expiration or earlier termination of the Lease, Tenant shall deliver to Landlord the keys of offices, rooms and toilet rooms which have been furnished by Landlord to Tenant and any copies of such keys which Tenant has made. In the event Tenant has lost any keys furnished by Landlord, Tenant shall pay Landlord for such keys.

11. Tenant shall not lay linoleum, tile, carpet or other similar floor covering so that the same shall be affixed to the floor of the Premises, except to the extent and in the manner approved in advance by Landlord. The expense of repairing any damage resulting from a violation of this rule or removal of any floor covering shall be borne by the tenant by whom, or by whose contractors, employees or invitees, the damage shall have been caused.

12. Tenant shall be responsible for insuring that the doors of the Premises are closed and securely locked before leaving the Building and must observe strict care and caution that all water faucets or water apparatus are entirely shut off before Tenant or Tenant's employees leave the Building, and that all electricity, gas or air shall likewise be carefully shut off, so as to prevent damage.

13. No vending machine shall be installed, maintained or operated upon the Premises without the prior written consent of Landlord.

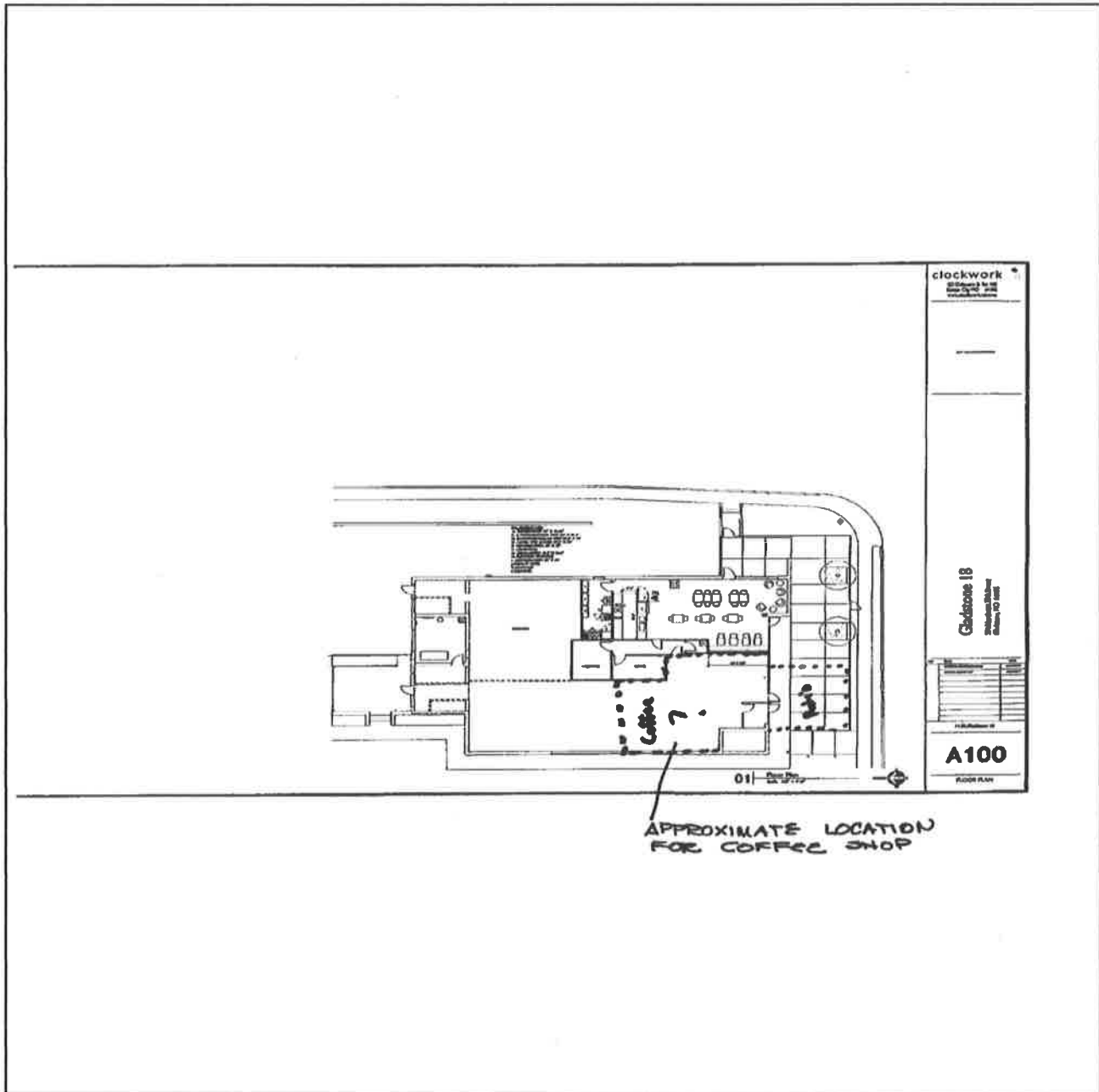
14. Smoking shall only be permitted in such areas as Landlord may from time to time designate, which in all circumstances shall be no less than twenty five feet (25') of the entrance to or exit from a building, nor within 25 feet of a window, crack, vent, or other opening in the wall of the building. Landlord shall have the right, but not the obligation, to designate an area or areas as "Designated Smoking Areas." Landlord shall have the right to change and or limit such Designated Smoking Areas and to enact future rules and regulations concerning smoking in such Designated Smoking Areas, including the right in Landlord's discretion, to prohibit smoking in the Designated Smoking Areas or the right to refuse to designate Designated Smoking Areas. For purposes hereof "smoking" means inhaling, exhaling, burning or carrying any lighted cigar, cigarette, pipe or other smoking equipment or device in any manner or form.

15. No vehicle shall be left in the parking areas for more than 24 hours. Other than emergency repairs, no repairs or services shall be performed on any vehicles in the parking areas.

16. Landlord reserves the right to modify or delete any of the foregoing rules and regulations and to make such other and reasonable rules and regulations as in its judgment may from time to time be needed for the safety, care and cleanliness of the Premises and Building Project, and for the preservation of good order therein. Landlord shall not be responsible to any tenant for the non-observance, or violation, of any of the rules and regulations by other tenants.

EXHIBIT "D"
Floor Plan

1200 RSF located on Southwest Quadrant of building shall be dedicated to a lease to a coffee shop operator. Said space shall have restroom facilities within the space.



DISCLOSURE ADDENDUM

SELLER/LANDLORD: City of Gladstone

BUYER/TENANT: Snow & Co, LLC

PROPERTY ADDRESS, CITY, COUNTY, STATE, ZIP: 504 NE 70th Street, Gladstone, MO

DATE OF CONTRACT: January 23, 2014

THE FOLLOWING DISCLOSURE IS MADE IN COMPLIANCE WITH MISSOURI AND KANSAS REAL ESTATE LAWS AND RULES AND REGULATIONS. APPLICABLE SECTIONS BELOW MUST BE CHECKED, COMPLETED, SIGNED AND DATED FOR BOTH SELLER AND BUYER.

SELLER/LANDLORD AND BUYER/TENANT ACKNOWLEDGE THAT THE REAL ESTATE LICENSEE INVOLVED IN THIS TRANSACTION MAY BE ACTING AS AGENTS OF THE SELLER/LANDLORD, AGENTS OF THE BUYER/TENANT, TRANSACTION BROKERS OR (IN MISSOURI ONLY) DISCLOSED DUAL AGENTS. LICENSEES ACTING AS AN AGENT OF THE SELLER/LANDLORD HAVE A DUTY TO REPRESENT THE SELLER'S/LANDLORD'S INTEREST AND WILL NOT BE THE AGENT OF THE BUYER/TENANT. INFORMATION GIVEN BY THE BUYER/TENANT TO A LICENSEE ACTING AS AN AGENT OF THE SELLER/LANDLORD WILL BE DISCLOSED TO THE SELLER/LANDLORD. LICENSEES ACTING AS AN AGENT OF THE BUYER/TENANT HAVE A DUTY TO REPRESENT THE BUYER'S/TENANT'S INTEREST AND WILL NOT BE AN AGENT OF THE SELLER/LANDLORD. INFORMATION GIVEN BY THE SELLER/LANDLORD TO A LICENSEE ACTING AS AN AGENT OF THE BUYER/TENANT WILL BE DISCLOSED TO THE BUYER/TENANT. LICENSEES ACTING IN THE CAPACITY OF A TRANSACTION BROKER ARE NOT AGENTS FOR EITHER PARTY AND DO NOT ADVOCATE THE INTERESTS OF EITHER PARTY. LICENSEES ACTING AS DISCLOSED DUAL AGENTS ARE ACTING AS AGENTS FOR BOTH THE SELLER/LANDLORD AND THE BUYER/TENANT. (NOTE: A SEPARATE DUAL AGENCY DISCLOSURE ADDENDUM IS REQUIRED). SELLER/LANDLORD AND BUYER/TENANT HEREBY ACKNOWLEDGE THAT THE BROKERAGE RELATIONSHIPS WERE DISCLOSED TO THEM OR THEIR RESPECTIVE AGENTS AND/OR TRANSACTION BROKERS NO LATER THAN THE FIRST SHOWING, UPON FIRST CONTACT, OR IMMEDIATELY UPON THE OCCURRENCE OF ANY CHANGE TO THAT RELATIONSHIP.

Licensee Assisting Seller/Landlord is acting as: (Check applicable)

- ☐ Seller's/Landlord's Agent
- ☐ Designated Seller's/Landlord's Agent (Supervising Broker acts as Transaction Broker)
- ☐ Transaction Broker
- ☐ Disclosed Dual Agent (*Missouri only-Disclosed Dual Agency Addendum is required*)
- ☐ N/A-Seller(s)/Landlord is not represented
- ☐ Sub Agent

Licensee Assisting Buyer/Tenant is acting as: (Check applicable)

- ☐ Seller's/Landlord's Agent
- ☐ Buyer's/Tenant's Agent
- ☐ Designated Seller's/Landlord's Agent (Supervising Broker acts as Transaction Broker)
- ☐ Designated Buyer's/Tenant's Agent (Supervising Broker acts as Transaction Broker)
- ☐ Transaction Broker
- ☐ Disclosed Dual Agent (*Missouri only-Disclosed Dual Agency Addendum is required*)
- ☐ N/A, Buyer(s)/Tenant is not represented
- ☐ Sub Agent

PAYMENT OF COMMISSION: All licensees(s) indicated above will be paid a commission at closing of the sale of the property as follows: (check applicable paragraph)

- ☒ **Seller/Landlord to Pay all Licensees.** All Licensees(s) will be paid from the Seller's funds at closing according to the terms of the Listing or other Commission Agreement.
- ☐ **Buyer/Tenant to Pay Buyer's Agent.** Seller/Landlord's Licensee, if any, will be paid from the Seller's funds at closing according to the terms of the Listing Agreement. Buyer/Tenant's Agent will be paid from the Buyer's funds according to the terms of the Buyer/Tenant Agency Agreement.

CAREFULLY READ THE TERMS HEREOF BEFORE SIGNING. WHEN SIGNED BY ALL PARTIES, THIS DOCUMENT BECOMES PART OF A LEGALLY BINDING CONTRACT. IF NOT UNDERSTOOD, CONSULT AN ATTORNEY BEFORE SIGNING. THE PARTIES EXECUTING THIS CONTRACT REPRESENT AND WARRANT THAT THEY ARE LEGALLY AUTHORIZED TO DO SO.

Licensees hereby certify that they are licensed to sell real estate in the state in which the Property is located.

[Signature] 1-23-14 [Signature] 1-23-14
SELLER/LANDLORD DATE BUYER/TENANT DATE

[Signature] 1/23/14 [Signature] 1-23-14
LICENSEE ASSISTING SELLER/LANDLORD DATE LICENSEE ASSISTING BUYER/TENANT DATE