

LEASE AGREEMENT

THIS LEASE AGREEMENT, dated this _____ day of January, 2012, (this "Lease") by and between the CITY OF RAMSEY, 7550 Sunwood Drive NW, Ramsey, MN 55303, a Minnesota municipal corporation ("Landlord") and INDEPENDENT AUTO SERVICE, INC., a Minnesota corporation, 18140 Zane Street NW, Elk River, Minnesota 55330, a Minnesota Limited Liability Company (hereinafter referred to as "Tenant").

DEFINITIONS:

PROPERTY. The leased property is 5,930 s.f. of a building located on that real property legally described as Lot 2, Block 2, DEAL INDUSTRIAL PARK, Anoka County, Minnesota, and is commonly known as 6745 Highway 10 NW, Ramsey, Minnesota (the "Site"). The Property consists generally of 1,000 s.f. of office space, 1,030 s.f. of small service bays and 3,900 s.f. of three large bays and mechanical area (the "Property") and the common parking as shown on attached Exhibit B and 25 parking spaces within the fenced in area of the Site. The Property DOES NOT include the RV/Cold Storage portion of the building in which it is located.

RECITALS:

1. TERM:

a. **Lease Term.** For and in consideration of the rents, additional rents, terms, provisions and covenants herein contained, Landlord hereby lets, leases and demises to Tenant the Property for the term of seventy two (72) months commencing on the first day of February, 2012, or thirty days after Landlord tenders possession to Tenant, whichever is later (sometimes called "the Commencement Date") and expiring on the 31st day of January, 2018 (sometimes called "Expiration Date"), unless sooner terminated as hereinafter provided

b. **Option to Renew.** Tenant shall notify Landlord, in writing, at least sixty (60) days before the Expiration Date of Tenant's intent to renew the Lease Term for an additional thirty-six (36) months ("Option Period"). Monthly rent in the Option Period shall be equal to the monthly rent in the last year of the initial lease term.

c. **Landlord's Notice to Quit.** Notwithstanding the Lease Term or the Option to Renew, in the event Landlord determines, in its sole discretion, that the Property or any part thereof is required for the improvement of U.S. Highway 10, upon giving one year's prior written notification to Tenant, the Landlord may terminate this Lease. Landlord is not obligated to provide this one year notice to quit in the event of any default by Tenant of the terms of this Lease.

2. BASE RENT:

Tenant shall pay Landlord, a total rent payment in advance without offset, deduction or demand, in equal monthly installments commencing on the Commencement Date and continuing on the first day of each and every month thereafter for the next succeeding 72 months, during the balance of the term based on the following schedule:

	<u>Period</u>	<u>Rent per month</u>
Year One	February 1, 2012 – March 31, 2012	\$494/mo
	April 1, 2012 – January 31, 2013	\$1,483/mo
Year Two	February 1, 2013 – March 31, 2014	\$1,977.00
Year Three	February 1, 2014 – March 31, 2015	\$2,224.00
Year Four	February 1, 2015 – March 31, 2016	\$2,471.00
Year Five	February 1, 2016 – March 31, 2017	\$2,619.00
Year Six	February 1, 2017 – March 31, 2018	\$2,693.00

If the Commencement Date is later than February 1, 2012, the schedule shall adjust accordingly.

3. ADDITIONAL RENT:

a. **Real Estate Taxes.** Tenant shall not be responsible for the payment of any real estate taxes. Real estate taxes shall be the sole responsibility of Landlord.

b. **Property Operating Expenses.** Tenant shall pay its Proportionate Share of the annual aggregate Operating Expense incurred by Landlord in the operation, maintenance and repair of the Building and Property. The term “Operating Expenses” shall include but not be limited to maintenance, repair, operation of utilities and lighting, mechanical rooms, and roof, parking and landscaped areas, signs, snow removal, non-structural repair and maintenance of the exterior of the Building, insurance premiums, wages and fringe benefits of personnel employed for such work, costs of equipment purchased and used for such purposes.

The payment of the sums set forth in this paragraph 3. shall be in addition to the Base Rent payable pursuant to paragraph 2. of this Lease. All sums due hereunder shall be due and payable within thirty (30) days of delivery of written certification by Landlord setting forth the computation of the amount due from tenant. In the event the lease term shall begin or expire at any time during the calendar year, Tenant shall be responsible for its pro-rata share of Additional Rent under subdivisions a. and b. during the Lease and/or occupancy time.

Prior to commencement of this Lease, and prior to the commencement of each calendar year thereafter commencing during the term of this Lease or any renewal or extension thereof, Landlord may estimate for each calendar year (i) the Operating Expenses for such calendar year; and (ii) the computation of the annual and monthly rental payable during such calendar year as a result of increases or decreases of Operating Expenses. Said estimate will be in writing and will be delivered or mailed to Tenant.

The amount of Operating Expenses for each calendar year, so estimated, shall be payable as Additional Rent by Tenant, without offset, deduction or demand, in equal monthly installments, in advance, on the first day of each month during such calendar year at the option of Landlord. In the event that such estimate is delivered to Tenant before the first day of January of such calendar year, said amount, so estimated, shall be payable as additional rent in equal monthly installments, in advance, on the first day of each month during such calendar year. In the event

that such estimate is delivered to Tenant after the first day of January of such calendar year, said amount, so estimated, shall be payable as additional rent in equal monthly installments, in advance, on the first day of each month over the balance of such calendar year, with the number of installments being equal to the number of full calendar months remaining in such calendar year.

Upon completion of each calendar year during the term of this Lease or any renewal or extensions thereof, Landlord shall cause its accountants to determine the actual amount of the Operating Expenses payable in such calendar year and deliver a written certification of the amounts thereof to Tenant. If Tenant has underpaid the Operating Expenses for such calendar year, Tenant shall pay the balance of same within thirty (30) days after receipt of such statement. If Tenant has overpaid the Operating Expenses for such calendar year, Landlord shall either (i) refund such excess, or (ii) credit such excess against the most current monthly installment or installments due Landlord for its estimate of Tenant's share of Operating Expenses for the next following calendar year. A pro-rata adjustment shall be made for a fractional calendar year occurring during the term of the Lease or any renewal or extension thereof based upon the number of days of the term of the Lease during said calendar year as compared to three hundred sixty-five (365) days and all additional sums payable by Tenant or credits due Tenant as a result of the provision of this paragraph 3 shall be adjusted accordingly.

3. COVENANTS TO PAY RENT:

The covenants of Tenant to pay the Base Rent and the Additional Rent are each independent of any other covenant, condition, provision or agreement contained in this Lease. All rents are payable to Landlord at Ramsey Municipal Center, 7550 Sunwood Drive NW, Ramsey, Minnesota, or such other place as Landlord may designate.

4. UTILITIES:

Landlord shall provide mains and conduits to supply water, gas, electricity and sanitary sewage to the Property. Tenant shall pay, when due, all charges for sewer usage or rental, garbage disposal, refuse removal, water, electricity, heating fuel, gas, telephone and/or other utility services or energy source furnished to the Property during the term of this Lease, or any renewal or extension thereof. If Landlord elects to furnish any of the foregoing utility services or other services furnished or caused to be furnished to Tenant, then the rate charged by Landlord shall not exceed the rate Tenant would be required to pay to a utility company or service company furnishing any of the foregoing utilities or services. The charges thereof shall be deemed additional rent in accordance with paragraph 3. Landlord shall not be liable for, and Tenant shall not be entitled to any abatement or reduction of Base Rent or Minimum Rent by reason of Landlord's failure to furnish any of the foregoing utilities, when such failure is caused by accident, breakage, repairs (including replacements), strikes, lockouts or other labor disturbances or labor disputes of any character, or for any other causes.

5. CARE AND REPAIR OF PROPERTY:

Tenant shall, at all times throughout the term of this Lease, including renewals and extension, and at its sole expense, keep and maintain the Property in a clean, safe and sanitary condition

and in compliance with all applicable laws, codes, ordinances, rules and regulations. Tenant's obligations hereunder shall include but not be limited to the maintenance, and repair, if necessary, of heating, air conditioning fixtures, equipment, and systems, all lighting and plumbing fixtures and equipment, fixtures, motors and machinery, all interior walls, partitions, doors and windows, including the regular painting thereof, all exterior entrances, windows, doors and docks and the replacement of all broken glass. When used in this provision, the term "repairs" shall include replacements or renewals when necessary and all such repairs made by Tenant shall be equal in quality and class to the original work. The Tenant shall keep and maintain all portions of the Property and the sidewalk and areas adjoining the same in a clean and orderly condition, free of accumulation of dirt, rubbish, snow and ice. The Tenant shall be responsible for all outside maintenance of the Property, including grounds and parking areas.

If Tenant fails, refuses or neglects to maintain or repair the Property as required in this Lease after notice shall have been given Tenant, in accordance with paragraph 33 of this Lease, Landlord may make such repairs without liability to Tenant for any loss or damage that may accrue to Tenant's merchandise, fixtures or other property or to Tenant's business by reason thereof, and upon completion thereof, Tenant shall pay to Landlord all costs plus fifteen percent (15%) of overhead incurred by Landlord in making such repairs upon presentation to Tenant of bill therefore.

Landlord shall, at its expense, repair/replace the overhead heaters in the bays as necessary. Landlord is under no obligation to make any structural or other alterations, decorating, additions or improvement in or to the Property/Building except as herein provided. Except as herein provided, Tenant is taking the Property "AS IS" except as set forth in this Agreement, Landlord shall not be obligated to do any work on or in the Property. Landlord warrants that at the Commencement Date, the Property is in compliance with all applicable laws, codes, ordinances, rules and regulations. Landlord shall be responsible for all structural repairs or replacement of the roof, exterior walls, floor and parking area, including sidewalks and curbing and all mechanical systems. Landlord in its sole discretion shall make the decision on any repairs or replacement of the roof, exterior walls, floor and parking area including sidewalks and curbing and all mechanical systems. In the event Landlord elects not to make a repair necessary for the continued quiet enjoyment of the Property by Tenant, Tenant may terminate this Agreement.

6. SIGNS:

Any sign, lettering, picture, notice or advertisement installed on or in any part of the Property and visible from the exterior of the Building, or visible from the exterior of the Property, must be approved in advance by Landlord, which approval shall not be unreasonably withheld, and installed at Tenant's expense. In the event of a violation of the foregoing by Tenant, Landlord may remove the same without any liability and may charge the expense incurred by such removal to Tenant.

7. PERSONAL PROPERTY.

Tenant shall have the use of that personal property described on attached Exhibit C (the "Personal Property"). The Personal Property consists primarily of office/showroom counter and oil change equipment. Tenant shall not remove the Personal Property from the Property, shall be

solely responsible for repair and maintenance and shall return the Personal Property to Landlord upon expiration of the Lease in good condition, reasonable wear and tear excepted. Landlord shall not be responsible to replace any of the Personal Property in the event it is beyond repair and or becomes obsolete during the Lease Term. If, in the opinion of Tenant, upon written approval by Landlord, the Personal Property is beyond repair or obsolete, Tenant, in their sole discretion, can remove and/or dispose of that Personal Property.

8. ALTERATIONS, INSTALLATION, FIXTURES:

a. Except as hereinafter provided, Tenant shall not make any alternation, additions, or improvements in or to the Property or add, disturb or in any way change any plumbing or wiring therein without the prior written consent of Landlord, which consent will not be unreasonably withheld. In the event alterations are required by any governmental agency by reason of the use and occupancy of the Property by Tenant, Tenant shall make such alterations at its own cost and expense after first obtaining Landlord's approval of plans and specifications therefore and furnishing such indemnification as Landlord may reasonably require against liens, costs, damages and expenses arising out of such alterations. Alterations or additions by Tenant must be built in compliance with all laws, ordinances and governmental regulations affecting the Property and Tenant shall warrant to Landlord that all such alterations, additions, or improvements shall be in strict compliance with all relevant laws, ordinances, governmental regulations, and insurance requirements. Construction of such alterations or additions shall commence only upon Tenant obtaining and exhibiting to Landlord the requisite approvals, licenses and permits and indemnification against liens. All alterations, installations, physical additions or improvements to the Property made by Tenant shall at the option of Landlord become the property of Landlord and shall be either removed by Tenant at Tenant's sole cost or surrendered to Landlord upon the termination of this Lease; provided, however, this clause shall not apply to movable equipment or furniture owned by Tenant which may be removed by Tenant at the end of the term if this Lease of Tenant is not then in default.

b. Landlord agrees that Tenant may make the following leasehold improvements to the Leased Premises:

- Replace carpet as necessary.
- Interior painting as necessary.
- Steel covers for the two pits,
- Electrical improvements in shop/bay areas including replacing of six overhead doors and installation of four commercial hoists.

The estimated cost for installing these improvements is \$35,000.00.

c. Landlord agrees to replace the following on the Leased Premises on or before the Commencement Date:

- The radiant tube heaters in the three larger bays at an estimated cost of \$7,500.00.
- Repair the roof near the main vent by the smaller service bays in the event there is future roof leaking in this area.

9. POSSESSION:

Except as hereinafter provided Landlord shall deliver possession of the Property to Tenant in the condition required by this Lease on or before the Commencement Date, but delivery of possession prior to or later than such Commencement Date shall not affect the expiration date of this Lease. The rentals herein reserved shall commence on the date that is thirty days after possession of the Property is delivered by Landlord to Tenant. Any occupancy by Tenant prior to the beginning of the term shall in all respects be the same as that of Tenant under this Lease. Landlord shall have no responsibility or liability for loss or damage to fixtures, facilities or equipment installed or left on the Property. If for any reason, Landlord cannot deliver possession of the Property to Tenant by the Commencement Date, in no event shall landlord be subject to any liability for a delay in delivery and such failure shall not affect the validity of this Lease or the obligations of Tenant under, and Tenant's remedies for such delay shall be limited to termination of this Lease in the event that Landlord fails to deliver the Property to Tenant within 30 days of the Commencement Date.

10. SECURITY AND DAMAGE DEPOSIT:

Tenant contemporaneously with the execution of this Lease, has deposited with Landlord the sum of One Thousand and 00/100 Dollars (\$1,000.00), receipt of which is acknowledged by Landlord, which deposit is to be held by Landlord, as a security and damage deposit for the faithful performance by Tenant during the term hereof or any extension hereof. Prior to the time when Tenant shall be entitled to the return of this security deposit, Landlord may commingle such deposit with Landlord's own funds and to use such security deposit for such purpose as Landlord may determine. In the event of the failure of Tenant to keep and perform any of the terms, covenants and conditions of this Lease to be kept and performed by Tenant during the term hereof or any extension hereof, then Landlord, either with or without terminating this Lease may (but shall not be required to) apply such portion of said deposit as may be necessary to compensate or repay Landlord for all losses or damages sustained or to be sustained by Landlord due to such breach on the part of Tenant, including, but not limited to overdue and unpaid rent, any other sum payable by Tenant to Landlord pursuant to the provisions of this Lease, damages or deficiencies in the reletting of the Property, and reasonable attorney's fees incurred by Landlord. Should the entire deposit or any portion thereof, be appropriated and applied by Landlord, in accordance with the provisions of this paragraph, Tenant, upon written demand by landlord, shall remit forthwith to Landlord a sufficient amount of cash to restore said security deposit to the original sum deposited, and Tenant's failure to do so within thirty (30) days after receipt of such demand shall constitute a breach of this Lease. Said security deposit together with any interest thereon as required by law, shall be returned to Tenant, less any depletion thereof as the result of the provisions of this paragraph, at the term of this Lease or any renewal thereof, or upon the earlier termination of this Lease. Tenant shall have no right to anticipate return of said deposit by withholding any amount required to be paid pursuant to the provision of this Lease or otherwise.

In the event Landlord shall sell the Property, or shall otherwise convey or dispose of its interest in this Lease, Landlord may assign the security deposit or any balance thereof to Landlord's assignee, whereupon Landlord shall be released from all liability for the return or repayment of

such security deposit and Tenant shall look solely to the said assignee for the return and repayment of said security deposit. Said security deposit shall not be assigned or encumbered by Tenant without such consent of Landlord, and any assignment or encumbrance without such consent shall not bind Landlord. In the event of any rightful and permitted assignment of this Lease by Tenant, said security deposit shall be deemed to be held by Landlord as a deposit made by the assignee, and Landlord shall have no further liability with respect to the return of said security deposit to Tenant.

11. USE:

The Property shall be used and occupied by Tenant solely for the purposes of vehicle repair and maintenance, auto detailing and cleaning/washing. Vehicle sales on the Property shall NOT be permitted. The permitted uses by Tenant shall at all times be in full compliance with all applicable laws, ordinances and governmental regulations affecting the Building and Property. The Property shall not be used in such manner that, in accordance with any requirement of law or of any public authority, Landlord shall be obligated on account of the purpose or manner of said use to make any addition or alteration to or in the Property. The Property shall not be used in any manner which will increase the rates required to be paid for public liability or for fire and extended coverage insurance covering the Property. Tenant shall occupy the Property, conduct its business and control its agents, employees, invitees and visitors in such a way as is lawful, and reputable and will not permit or create any nuisance, noise, odor, or otherwise interfere with, annoy or disturb any other Tenant in the Building in its normal business operations or Landlord in its management of the Building. Tenant's use of the Property shall conform to all landlord's rules and regulations relating to the use of the Property as listed on Exhibit A attached hereto. Tenant shall park no vehicles on the Property older than 1985 vintage and no vehicles requiring body work shall be parked on the Property.

12. ACCESS TO PROPERTY:

The Tenant agrees to permit Landlord and the authorized representatives of Landlord to enter the Property at all times during usual business hours for the purpose of inspecting the same and making any necessary repairs to the Property and performing any work therein that may be necessary to comply with any laws, ordinances, rules, regulations or requirements of any public authority or of the Board of Fire Underwriters or any similar body or that Landlord may deem necessary to prevent waste or deterioration in connection with the Property. Nothing herein shall imply any duty upon the part of Landlord to do any such work which, under any provision of this Lease, Tenant may be required to perform and the performance thereof by Landlord shall not constitute a waiver of Tenant's default in failing to perform the same. The Landlord may, during the progress of any work in the Property, keep and store upon the Property all necessary materials, tools and equipment. The Landlord shall not in any event be liable for inconvenience, annoyance, disturbance, loss of business, or other damage of Tenant by reason of making repairs or the performance on any work in the Property, or on account of bringing materials, supplies and equipment into or through the Property during the course thereof and the obligations of Tenant under this Lease shall not thereby be affected in any manner whatsoever.

Landlord reserves the right to enter upon the Property at any time in the event of an emergency and at reasonable hours to exhibit the Property to prospective purchasers or others; and to exhibit

the Property to prospective Tenants and to display "For Lease" or similar signs on windows or doors in the Property during the last one hundred eighty (180) days of the term of this Lease, all without hindrance or molestation by Tenant.

13. EMINENT DOMAIN:

In the event of any eminent domain or condemnation proceeding or private sale in lieu thereof in respect to the Property during the term thereof, the following provisions shall apply:

a. **Property Acquired** If the whole of the Property shall be acquired or condemned by eminent domain for any public or quasi-public use or purpose, then the term of this Lease shall cease and terminate as of the later of the end of the notice period pursuant to paragraph 1B or the date possession shall be taken in such proceeding and all rentals shall be paid up to that date.

b. **Part of Property Acquired.** If any part constituting less than the whole of the Property shall be acquired or condemned as aforesaid, and in the event that such partial taking or condemnation shall materially affect the Property so as to render the Property unsuitable for the business of Tenant, in the reasonable opinion of Landlord or Tenant, then the term of this Lease shall cease and terminate as of the date possession shall be taken by the condemning authority and rent shall be paid to the date of such termination.

In the event of a partial taking or condemnation of the Property which shall not materially affect the Property so as to render the Property unsuitable for the business of Tenant, in the reasonable opinion of Landlord or Tenant, this Lease shall continue in full force and effect but with a proportionate abatement of the Base Rent and Additional Rent based on the portion if any, of the Property taken. Landlord reserves the right, at its option, to restore the Property to substantially the same condition as they were prior to such condemnation. In such event, Landlord shall give written notice to Tenant, within 30 days following the date possession shall be taken by the condemning authority, of Landlord's intention to restore. Upon Landlord's notice of election to restore, Landlord shall commence restoration and shall restore the Property with reasonable promptness, subject to delays beyond Landlord's control and delays in the making of condemnation or sale proceeds adjustment by Landlord; and Tenant shall have no right to terminate this Lease except as herein provided. Upon completion of such restoration, the rent shall be adjusted based upon the portion, if any, of the Property restored.

a. **Tenant Waiver.** In the event of any condemnation or taking as aforesaid, whether whole or partial, Tenant shall not be entitled to any part of the award paid for such condemnation and Landlord is to receive the full amount of such award, Tenant hereby expressly waives any right to claim to any part thereof.

b. **Tenant Damages.** Although all damages in the event of any condemnation shall belong to Landlord whether such damages are awarded as compensation for diminution in value of the leasehold or to the fee of the Property, Tenant shall have the right to claim and recover from the condemning authority, but not from Landlord, such compensation as may be separately awarded or recoverable by Tenant in Tenant's own right on account of any and all damage to Tenant's business by reason of the condemnation and of or on account of any cost or loss to

which Tenant might be put in removing Tenant's merchandise, furniture, fixtures, leasehold improvements and equipment. However, Tenant shall have no claim against Landlord or make any claim with the condemning authority of the loss of its leasehold estate, any unexpired term of loss of any possible renewal or extension of said lease or loss of any possible value of said lease, any unexpired term, renewal or extension of said Lease.

14. DAMAGE OR DESTRUCTION:

In the event of any damage or destruction to the Property by fire or other cause during the term hereof, the following provisions shall apply:

a. **Significant Damages.** If the Property is damaged by fire or any other cause to such extent that the cost of restoration, as reasonably estimated by Landlord, will equal or exceed ten percent (10%) of the replacement value of the Property (exclusive of foundations) just prior to the occurrence of the damage, then Landlord or Tenant may, no later than the sixtieth (60th) day following the damage, give the other party written notice of their election to terminate this Lease.

a. **Date of Termination.** If the event Landlord or Tenant elects to terminate this Lease, it shall be deemed to terminate on the date of the receipt of the notice of election and all rentals shall be paid up to that date. Tenant shall have no claim against landlord for the value of any unexpired term of this Lease.

Notwithstanding anything contained in this paragraph 15 to the contrary, Landlord shall only be obligated to restore the Property to the extent of the insurance proceeds actually received, but if the insurance proceeds actually received do not permit Landlord to restore the Property, Landlord shall so notify Tenant and either Landlord or Tenant may terminate this Lease by written notice given within 60 days after Landlord's notice. If Landlord restores the Property in accordance with the provisions of this Section, then Tenant shall not have any right to terminate this Lease because of such damage pursuant to (i) any common law rights, (ii) Minnesota Statutes §504.131 as now in effect or as it may be hereafter amended or supplemented, or (iii) any comparable right established b a similar statute.

15. CASUALTY INSURANCE:

a. **Landlord to Maintain.** Landlord shall at all times during the term of this Lease, at its expense, maintain a policy or policies of insurance with premiums paid in advance issued by an insurance company licensed to do business in the State of Minnesota insuring the Property against loss or damage by fire, explosion or other insurable hazards and contingencies for the full insurance value, provided that Landlord shall not be obligated to insure any furniture, equipment, machinery, goods or supplies not covered by this Lease which Tenant may bring upon the Property or any additional improvements which Tenant may construct or install on the Property.

b. **Tenant to Maintain.** Tenant shall at all times during the term of this Lease, at its expense, maintain a policy or policies of insurance with premiums paid in advance issued by an insurance company licensed to do business in the State of Minnesota insuring the Property against loss or damage by fire, expulsion or other insurable hazards and contingencies for the full insurable value of Tenant's improvements to the Property and Tenant's personal property.

c. **Tenant Restriction.** Tenant shall not carry any stock of goods or do anything in or about the Property which will in any way impair or invalidate the obligation of the insurer under any policy of insurance required by this Lease.

d. **Waiver of Liability.** Landlord hereby waives and releases all claims, liabilities and causes of action against Tenant and its agents, servants and employees for loss or damage to, or destruction of, the Property or any portion thereof, including the buildings and other improvements situated thereon, resulting from fire, explosion and other perils included in standard extended coverage insurance, whether caused by the negligence of any of said persons or otherwise. Likewise, Tenant hereby waives and releases all claims, liabilities and causes of action against Landlord and its agents, servants and employees for loss or damage to, or destruction of, any of the improvements, fixtures, equipment, supplies, merchandise and other property, whether that of Tenant or of others, upon or about the Property resulting from fire, explosion or the other perils included in standard extended coverage insurance, whether caused by the negligence of any of said persons or otherwise. The waiver shall remain in force whether or not Tenant's insurer shall consent thereto.

d **Tenant Payment.** In the event that the use of the Property by Tenant increases the premium rate for insurance carried by Landlord, Tenant shall pay Landlord, upon demand, the amount of such premium increase. If tenant installs any electrical equipment that overloads the power lines to the building or its wiring, Tenant shall, at its own expense, make whatever changes are necessary to comply with the requirements of the insurance underwriter, insurance rating bureau and governmental authorities having jurisdiction.

16. PUBLIC LIABILITY INSURANCE:

Tenant shall during the term hereof keep in full force and effect at its expense a policy or policies of public liability insurance with respect to the Property and the business of Tenant, on terms with companies approved in writing by Landlord, in Landlord. Landlord shall be named as additional insured under all policies. Limits of liability shall not be less than a combined policy limit of at least \$2,000,000.00 applying to Bodily Injury, Property Damage and Personal Injury. Such policy(ies) shall: (i) provide that such policies are primary and landlord's policy(ies) are noncontributing; (ii) include a cross-liability endorsement, and (iii) require that at least 30 days prior written notice must be given to Landlord prior to cancellation, expiration or material adverse changes to such policy(ies). Tenant shall furnish evidence satisfactory to Landlord at the time this Lease is executed that such coverage is in full force and effect.

17. DEFAULT OF TENANT:

a. **Failure to Pay Rent.** In the event of any failure of Tenant to pay any rental due hereunder within ten (10) days after the same shall be due, or any failure to perform any other of the terms, conditions or covenants of this Lease to be observed or performed by Tenant for more than 20 days after written notice of such failure shall have been given to Tenant, or if Tenant or an agent of Tenant shall falsify any report required to be furnished to Landlord pursuant to the terms of this Lease, or if Tenant or any guarantor of this Lease shall become bankrupt or insolvent, or file any debtor proceedings or any person shall take or have against Tenant or any guarantor of this Lease in any court pursuant to any statute either of the United States or of any

state a petition of bankruptcy or insolvency or for reorganization or for the appointment of a receiver or trustee of all or a portion of Tenant's or any such guarantor's property, or if Tenant or any such guarantor makes an assignment for the benefit of creditors, or petitions for or enters into an arrangement, or if Tenant shall abandon the Property or suffer this Lease to be taken under any writ of execution, then in any such event Tenant shall be in default hereunder, and Landlord, in addition to other rights of remedies it may have, shall have the immediate right of re-entry and may remove all personal property from the Property and such property may be removed and stored in a public warehouse or elsewhere at the cost of, and for the account of Tenant, all without service of notice or resort to legal process and without being guilty of trespass, or becoming liable for any loss or damage which may be occasioned thereby.

b. **Landlord's Rights.** Should Landlord elect to re-enter the Property, as herein provided, or should it take possession of the Property pursuant to legal proceedings or pursuant to any notice provided for by law, it may either terminate this Lease or it may from time to time, without terminating this Lease, make such alterations and repairs as may be necessary in order to relet the Property, and relet the Property or any part thereof upon such term or terms (which may be for a term extending beyond the term of this Lease) and at such rental or rentals and upon such other terms and conditions as Landlord in its sole discretion may deem advisable. Upon each such subletting all rentals received by Landlord from such reletting shall be applied first to the payment of any indebtedness other than rent due hereunder from Tenant to Landlord; second, to the payment of any costs and expenses of such reletting, including brokerage fees and attorney's fees and costs of such alterations and repairs; third, to the payment of the rent due and unpaid payment of future rent as the same may become due and payable hereunder. If such rentals received from such reletting during any month be less than that to be paid during that month by Tenant hereunder, possession of the Property by Landlord shall be construed as an election on its part to terminate this Lease unless a written notice of such intention be given to Tenant or unless the termination thereof be decreed by a court of competent jurisdiction. Notwithstanding any such reletting without termination, Landlord may at any time after such re-entry and reletting elect to terminate this Lease for any such breach, in addition to any other remedies it may have, it may recover from Tenant all damages it may incur by reason of such breach, including the cost of recovering the Property, reasonable attorney's fees, and including the worth at the time of such termination of the excess, if any, of the amount of rent and charges equivalent to rent reserved in this Lease for the remainder of the stated term, minus the amount of rental loss which Tenant proves could have been reasonably avoided, all of which amounts shall be immediately due and payable from Tenant to Landlord. Landlord shall also be entitled to any other amounts necessary to compensate Landlord for all detriment proximately caused by Tenant's failure to comply with the requirements of this Lease.

c. **Landlord May Cure Default.** Landlord may, at its option, instead of exercising any other rights or remedies available to it in this Lease or otherwise by law, statute or equity spend such money as is reasonably necessary to cure any default of Tenant herein and the amount so spent, and costs incurred, including attorney's fees incurring such default, shall be paid by Tenant, and additional rent, upon demand.

d. **Tenant Payment.** In the event suit shall be brought for recovery of possession of the Property, for the recovery of rent of any other amount due under the provisions of this Lease, or because of the breach of any other covenant herein contained on the part of Tenant to be kept

or performed, and a breach shall be established, Tenant shall pay to Landlord all expenses incurred therefore, including a reasonable attorney's fee, together with interest on all such expenses at the rate of ten percent (10%) per annum from the date of such breach of the covenants of this Lease.

e. **Waiver of Rights of Redemption.** Tenant also waives any demand for possession of the Property, and any demand for payment of rent and any notice of intent to re-enter the Property, or of intent to terminate this Lease, other than the notices above provided in this paragraph, and waives any and every other notice or demand prescribed by any applicable statutes or laws.

f. **No Exclusive Remedy.** No remedy herein or elsewhere in this Lease or otherwise by law, statute or equity, conferred upon or reserved to Landlord or Tenant shall be exclusive of any other remedy, but shall be cumulative, and may be exercised from time to time and as often as the occasion may arise.

18. INDEMNITY & HOLD HARMLESS:

Except to the extent that liability for damages or loss is caused by the intentional acts or gross negligence of Landlord, its agents or employees, Tenant shall indemnify, protect, defend (at Landlord's request and with counsel approved by Landlord) and hold Landlord and each of its respective officers and employees harmless from and against every demand, claim, cause of action, judgment and expense, including, but not limited to, reasonable attorney's fees and disbursements of counsel, whether suit is initiated or not, and all loss and damage arising from: (a) any injury, loss or damage to the person or property of Tenant, or to any other person rightfully in the Property, , (i) occurring in or about the Property, or (ii) caused by the negligence or misconduct of Tenant, or Tenant's affiliates or any of their respective employees, representatives, agents or contractors, or (iii) resulting from the violation of any legal requirements or the provisions of this Lease by Tenant, or Tenant's affiliates or any of their respective employees, representatives, agents or contractors; (b) any loss or damage, however caused, to books, records, computer or other electronic equipment or data or media, files, artwork, money, securities, negotiable instruments or papers in the Property; (or (c) any loss or damage resulting from interference with or obstruction of deliveries to or from the Property caused by Tenant or Tenant's affiliates or any of their respective employees, representatives, agents or contractors. All property kept, maintained or stored on the Property shall be so kept, maintained or stored at the sole risk of Tenant. If any mechanic's lien is filed against any part of the Property for work claimed to have been done for, or materials claimed to have been furnished to Tenant, such mechanic's lien shall be discharged by Tenant within ten (10) days thereafter, at Tenant's sole cost and expense, by the payment thereof or by making any deposit required by law or by posting a bond with such surety, in such amount and in such form as landlord deems proper. Tenant shall immediately notify Landlord of any mechanic's lien or other lien filed against the Property or any part thereof by a contractor or subcontractor of Tenant or otherwise by reason of work claimed to have been done for or materials claimed to have been furnished to Tenant. If Tenant fails to remove such lien or post such bond within the ten (10) day period following the filing thereof, Landlord may, at its sole discretion and without waiving its right and remedies based on such breach by Tenant and without releasing Tenant from any of its obligations, cause such lien to be released by any means it shall deem proper, including payment

in satisfaction of the claim giving rise to such lien. Tenant shall, in such event, pay to Landlord at once, upon notice by Landlord, any sum paid by Landlord to remove such lien, together with interest at the rate of twelve percent (12%) from the date of such payment by Landlord. Landlord shall have the right at all times to post and keep posted on the Property any notices permitted or required by applicable law, or that Landlord shall deem proper for the protection of Landlord, the Property, the Property and any other party having an interest therein, from liens. All material suppliers, contractors, artisans, mechanics, laborers and other parties contracting with Tenant for the furnishing of any labor, services, materials, supplies or equipment with respect to any portion of the Property are hereby charged with notice that they must look solely to Tenant for payment of the same and Tenant's purchase orders, contracts and subcontracts in connection therewith must clearly state this requirement.

19. NON-LIABILITY:

Subject to the terms and conditions of paragraphs 6 and 15 hereof, Landlord shall not be liable for damage to any property of Tenant or of others located on the Property, or for the loss of or damage to any property of Tenant or of others by theft or otherwise. Landlord shall not be liable for any injury or damage to persons or property resulting from fire, explosion, falling plaster, steam, gas, electricity, water, rain or snow or leaks from any part of the Property or from the pipes, appliances, or plumbing works or from the roof, street or subsurface or from any other place or by dampness or by any other cause of whatsoever nature. Landlord shall not be liable for any such damage caused by Tenants or persons in the Property, occupants of adjacent property, of the buildings, or the public or caused by operations in connection of any private, public or quasi-public work. Landlord shall not be liable for any latent defect in the Property. All property of Tenant kept or stored on the Property shall be so kept or stored at the risk of Tenant only and Tenant shall hold Landlord harmless from any claims arising out of damage to the same, including subrogation claims by Tenant's insurance carrier.

20. ASSIGNMENT OR SUBLETTING:

Tenant agrees to use and occupy the Property throughout the entire term hereof for the purpose or purposes herein specified and for no other purposes, in the manner and to substantially the extent now intended, and not to assign, sublet, license, concession or otherwise transfer this Lease or Tenant's rights in the Property, or any part thereof, whether by voluntary act, operation of law, or otherwise, without obtaining the prior written consent of Landlord in each instance. Tenant shall seek such consent of Landlord by a written request therefore, setting forth such information as Landlord may deem necessary. Landlord agrees not to withhold consent unreasonably. Consent by Landlord to any assignment of this Lease or to any subletting of the Property shall not be a waiver of Landlord's rights under this paragraph as to any subsequent assignment or subletting. Landlord's rights to assign this Lease are and shall remain unqualified. No such assignment or subleasing shall relieve Tenant from any of Tenant's obligations in this Lease contained, nor shall any assignment or sublease or other transfer of this Lease be effective unless the assignees, subtenant or transferee shall at the time of such assignment, sublease or transfer, assume in writing for the benefit of Landlord, its successors or assigns, all of the terms, covenants and conditions of this Lease thereafter to be performed by Tenant and shall agree in writing to be bound thereby. Should Tenant sublease in accordance with the terms of this Lease, fifty percent (50%) of any increase in rental received by Tenant over the per square foot rental

rate which is being paid by Tenant shall be forwarded to and retained by Landlord, which increase shall be in addition to the Base Rent and Additional Rent due landlord under this Lease.

21. ATTORNMENT:

In the event of any sale, transfer or assignment of Landlord's interest in the Property, or this Lease, or if the Property comes into custody or possession of a mortgagee or any other party whether because of a mortgage foreclosure, or otherwise, Tenant shall attorn to such assignee or other party and recognize such party as Landlord hereunder; provided, however, Tenant's peaceable possession will not be disturbed so long as Tenant faithfully performs its obligations under this Lease. Tenant shall execute, on demand, any attornment agreement required by any such party to be executed, containing such provisions and such other provisions as such party may require.

22. NOVATION IN THE EVENT OF SALE:

In the event of the sale of the Property, Landlord shall be and hereby is relieved of all of the covenants and obligations created hereby accruing from and after the date of sale, and such sale shall result automatically in the purchaser assuming and agreeing to carry out all the covenants and obligations of Landlord herein. Notwithstanding the foregoing provisions of this paragraph, Landlord, in the event of a sale of the Property, shall cause to be included in the agreement of sale and purchase a covenant whereby the purchaser of the Property assumes and agrees to carry out all of the covenants and obligations of Landlord herein.

The Tenant agrees at any time and from time to time upon not less than ten (10) days prior written request by Landlord to execute, acknowledge and deliver to Landlord a statement in writing certifying that this Lease is unmodified and in full force and effect as modified and stating the modifications, and the dates to which the basic rent and other charges have been paid in advance, if any, it being intended that any such statement delivered pursuant to this paragraph may be relied upon by any prospective purchaser of the fee or mortgagee or assignee of any mortgage upon the fee of the Property. In the event that Tenant fails to execute and return the estoppel certificate within such ten (10) day period, the holder of such encumbrance shall be entitled to rely, as against the Tenant, that: (i) this Lease is in full force and effect, without amendment except as specified by the Landlord, (ii) Tenant has no offsets against rent nor any defenses to Tenant's performance under this Lease, (iii) Tenant has no right to any offset or defenses to the payment of rent, and (iv) Tenant has not paid any rental under this Lease more than one month in advance.

23. SUCCESSORS AND ASSIGNS:

The terms, covenants and conditions hereof shall be binding upon and inure to the successors and assigns of the parties hereto.

24. REMOVAL OF FIXTURES:

Notwithstanding anything contained in paragraph 8, paragraph 29 or elsewhere in this Lease, if Landlord requests then Tenant will promptly remove at the sole cost and expense of Tenant all fixtures, equipment and alterations made by Tenant simultaneously with vacating the Property

and Tenant will promptly restore the Property to the condition that existed immediately prior to said fixtures, equipment and alterations having been made all at the sole cost and expense of Tenant.

25. QUIET ENJOYMENT:

Landlord warrants that it has full right to execute and to perform this Lease and to grant the estate demised, and that Tenant, upon payment of the rents and other amounts due and the performance of all the terms, conditions, covenants and agreements on Tenant's part to be observed and performed under this Lease, may peaceably and quietly enjoy the Property for the business uses permitted hereunder, subject, nevertheless, to the terms and conditions of this Lease.

26. RECORDING:

Tenant shall not record this Lease without the written consent of Landlord. However, upon the request of either party hereto, the other party shall join in the execution of the Memorandum lease for the purposes of recordation. Said Memorandum lease shall describe the parties, the Property and the term of the Lease and shall incorporate this Lease by reference.

27. OVERDUE PAYMENTS:

All monies due under this Lease from Tenant to Landlord shall be due on demand, unless otherwise specified and if not paid when due, shall result in the imposition of a service charge for such late payment in the amount of five percent (5%) of the amount due.

28. SURRENDER:

On the Expiration Date or upon the termination hereof upon a day other than the Expiration Date, Tenant shall peaceably surrender the Property broom-clean in good order, condition and repair, reasonable wear and tear only excepted unless the Lease has been terminated pursuant to paragraphs 1.b, 14 or 15. On or before the Expiration Date or upon termination of this Lease on a day other than the Expiration Date, Tenant shall, at its expense, remove all trade fixtures, personal property and equipment and signs from the Property and any property not removed shall be deemed to have been abandoned. Any damage caused in removal of such items shall be repaired by Tenant and at its expense. All alterations, additions, improvements and fixtures (other than trade fixtures) which shall have been made or installed by Landlord or Tenant upon the Property and all floor covering so installed shall at the option of Landlord remain upon and be surrendered with the Property as a part thereof, without disturbance, molestation or injury, and without charge, at the expiration or termination of this Lease. If the Property is not surrendered on the Expiration Date or the date of termination, Tenant shall indemnify Landlord against loss or liability, claims, without limitation, made by any succeeding Tenant founded on such delay. Tenant shall promptly surrender all keys for the Property to Landlord at the place then fixed for payment of rent and shall inform Landlord of combinations of any locks and safes on the Property.

29. HOLDING OVER:

In the event of a holding over by Tenant after expiration or termination of this Lease without the consent in writing of Landlord, Tenant shall be deemed a Tenant at sufferance and shall pay rent for such occupancy at the rate of twice the lease-current aggregate Base and Additional Rent, prorated for the entire holdover period, plus all attorney's fees and expenses incurred by Landlord in enforcing its rights hereunder, plus any other damages occasioned by such holding over. Except as otherwise agreed, any holding over with the written consent of Landlord shall constitute Tenant as a month-to-month Tenant.

30. ABANDONMENT:

In the event Tenant shall remove its fixtures, equipment or machinery or shall vacate the Property or any part thereof prior to the Expiration Date of this Lease, or shall discontinue or suspend the operation of its business conducted on the Property for a period of more than thirty (30) consecutive days (except during any time when the Property may be rendered untenable by reason of fire or other casualty), then in any such event Tenant shall be deemed to have abandoned the Property and Tenant shall be in default under the terms of this Lease.

31. CONSENTS BY LANDLORD:

Whenever provision is made under this Lease for Tenant securing the consent or approval by Landlord, such consent or approval shall only be in writing.

32. NOTICES:

Any notice required or permitted under this Lease shall be deemed sufficiently given or secured if sent by registered or certified return receipt mail to Tenant at 6745 Highway 10 NW, Ramsey, Minnesota 55303, and to Landlord at the address then fixed for the payment of rent as provided in paragraph 4 of this Lease, and either party may by like written notice at any time designate a different address to which notices shall subsequently be sent or rent to be paid.

33. RULES AND REGULATIONS:

Tenant shall observe and comply with the rules and regulations as Landlord may prescribe and as listed on Exhibit A attached hereto, on written notice to Tenant for the safety, care and cleanliness of the Property.

34. INTENT OF PARTIES:

Except as otherwise provided herein, Tenant covenants and agrees that if it shall any time fail to pay any such cost or expenses, or fail to take out, pay for, maintain or deliver any of the insurance policies above required, or fail to make any other payment or perform any other act on its part to be made or performed as in this Lease provided, then Landlord may, but shall not be obligated so to do, and without notice to or demand upon Tenant and without waiving or releasing Tenant from any obligations of Tenant in this Lease contained, pay any such cost or expense, effect any such insurance coverage and pay premiums therefore, and may make any

other payment or perform any other act on the part of Tenant to be made and performed as in this Lease provided, in such manner and to such extent as Landlord may deem desirable, and in exercising any such right, to also pay all necessary and incidental costs and expenses, employ counsel and incur and pay reasonable attorney's fees. All sums so paid by Landlord and all necessary and incidental costs and expenses in connection with the performance of any such act by Landlord, together with interest thereon at the rate of twelve percent (12%) per annum from the date of making of such expenditure, by Landlord, shall be deemed Additional Rent hereunder, and shall be payable to Landlord on demand. Tenant covenants to pay any such sum or sums with interest as aforesaid and Landlord shall have the same rights and remedies in the event of the non-payment thereof by Tenant as in the case of default by Tenant in the payment of the Base Rent payable under this Lease.

35. GENERAL:

a. **Landlord Tenant Relationship.** This Lease does not create the relationship of principal and agent or of corporation or of joint venture or of any association between Landlord and Tenant, the sole relationship between the parties hereto being that of Landlord and Tenant.

b. **Effect of Waivers.** No waiver of any default of Tenant hereunder shall be implied from any omission by Landlord to take any action on account of such default if such default persists or is repeated, and no express waiver shall affect any default other than the default specified in the express waiver and that only for the time and to the extent therein stated. One or more waivers by Landlord shall not then be construed as a waiver of a subsequent breach of the same covenant, term or condition. The consent to or approval by Landlord of any act by Tenant requiring Landlord's consent or approval shall not waive or render necessary Landlord's consent to or approval of any subsequent similar act by Tenant. No action required or permitted to be taken by or on behalf of Landlord under the terms or provisions of this Lease shall be deemed to constitute an eviction or disturbance of Tenant's possession of the Property. All preliminary negotiations are merged into and incorporated in this Lease. The laws of the State of Minnesota shall govern the validity, performance and enforcement of this Lease.

c. **Entire Agreement.** This Lease and the exhibits, if any, attached hereto and forming a part hereof, constitute the entire agreement between Landlord and Tenant affecting the Property and there are no other agreements, either oral or written, between them other than are herein set forth. No subsequent alteration, amendment, change or addition to this Lease shall be binding upon Landlord or Tenant unless reduced to writing and executed in the same form and manner in which this Lease is executed.

d. **Enforceability of Provisions.** If any agreement, covenant or condition of this Lease or the application thereof to any person or circumstances shall, to any extent, be invalid or unenforceable, the remainder of this Lease, or the application of such agreement, covenant or condition to persons or circumstances other than those as to which it is held invalid or unenforceable, shall not be affected thereby and each agreement, covenant or condition of this Lease shall be valid and be enforced to the fullest extent permitted by law.

e. **No Personal Obligations.** The obligations of Landlord under this Lease do not constitute the personal obligations of the individual officers or employees of Landlord. If

Landlord shall fail to perform any covenant, term or condition of this Lease required of landlord, Tenant shall be required to deliver to Landlord written notice of the same. If, as a consequence of such default, Tenant shall recover a money judgment against Landlord, such judgment shall be satisfied only out of the proceeds of sale received upon execution of such judgment and levied thereon against the right, title and interest of Landlord in the Property and out of rent or other income from the Property receivable by Landlord, or out of consideration received by Landlord from the sale or other disposition of all or any part of Landlord's right, title or interest in the Property, and no action for any deficiency may be sought or obtained by Tenant.

f. **No Relocation Benefits.** The Tenant waives its right to relocation benefits under any state or federal law in the event Landlord elects to terminate this Lease prior to the expiration of the Lease Term or any subsequent term thereafter.

36. NO WASTE OR NUISANCE AND COMPLIANCE WITH LAWS:

a. **Property Use.** The Property shall be used by and/or at the sufferance of Tenant only for the purpose set forth in paragraph 11 above and for no other purposes. Tenant shall not use or permit the use of the Property in any manner that will tend to create waste or a nuisance. Tenant, its employees and all persons visiting or doing business with Tenant in the Property shall be bound by and shall observe the reasonable rules and regulations as listed on Exhibit A attached hereto, made by Landlord relating to the Property, of which notice in writing shall be given to Tenant, and all such rules and regulations shall be deemed to be incorporated into and form a part of this Lease.

b. **Obey Laws.** Tenant covenants throughout the Lease Term, at Tenant's sole cost and expense subject to Landlord's warranty in paragraph 6, promptly to comply with all laws and ordinances and the orders, rules and regulations and requirements of all federal, state and municipal governments and appropriate departments, commissions, boards, and officers thereof, and the orders, rules and regulations of the Board of Fire Underwriters where the Property are situated, or any other body now or hereafter created with jurisdiction over the Property, and whether or not the same require structural repairs or alterations, which may be applicable to the Property, or the use or manner of use of the Property. Tenant will likewise observe and comply with the requirements of all policies of public liability, fire and all other policies of insurance at any time in force with respect to the buildings and improvements on the Property and the equipment thereof.

37. HAZARDOUS MATERIAL:

In the event any Hazardous material (hereinafter defined) is brought or caused to be brought into or onto the Property by Tenant, Tenant shall handle any such material in compliance with all applicable federal, state and/or local regulations. For purposes of this paragraph, "Hazardous Material" means and includes any hazardous, toxic or dangerous waste, substance or material defined as such in (or for purposes of) the Comprehensive Environmental Response, Compensation, and Liability Act, and so-called "Superfund" or "Super lien" law, or any federal, state or local statute, law, ordinance, code, rule, regulation, order decree regulation, relating to, or imposing liability or standards of conduct concerning, any hazardous, toxic or dangerous waste, substance or material, as now or at any time hereafter in effect. Tenant shall submit to

Landlord on an annual basis copies of its approved hazardous materials communication plan, OSHA monitoring plan, and permits required by the Resource Recovery and Conservation Act of 1976, if Tenant is required to prepare, file or obtain any such plans or permits. Tenant will indemnify and hold harmless Landlord from any losses, liabilities, damages, costs or expenses (including reasonable attorney's fees) which Landlord may suffer or incur as a result of Tenant's introduction into or onto the Property, of any Hazardous Material. This paragraph shall survive the expiration or sooner termination of this Lease.

38. CAPTIONS:

The captions are inserted only as a matter of convenience and for reference, and in no way define, limit or describe the scope of this Lease nor the intent or any provision thereof.

39. ATTACHMENTS:

See also Exhibit A, which Exhibit is attached hereto and made a part hereof.

<u>Exhibit</u>	<u>Description</u>
Exhibit A	Property Rules and Regulations
Exhibit B	Graphic Depiction of Property
Exhibit C	Personal Property List

40. SUBMISSION:

Submission of this instrument to Tenant or proposed Tenant or its agents or attorneys for examination, review, consideration or signature does not constitute or imply an offer to lease, reservation of space, or option to lease, and this instrument shall have no binding legal effect until execution hereof by both Landlord/Owner and Tenant or its agents.

IN WITNESS WHEREOF, landlord and Tenant have caused these presents to be executed in form and manner sufficient to bind them at law, as of the day and year first above written.

LANDLORD:

TENANT:

**CITY OF RAMSEY, a
Minnesota Municipal Corporation**

**INDEPENDENT AUTO SERVICE, INC.
Minnesota Corporation**

By: _____
Bob Ramsey, Mayor

By: _____
Allen Berg, Chief Executive Manager

By: _____
Kurt G. Ulrich, City Administrator

EXHIBIT A
TO LEASE AGREEMENT
DATED February 1, 2012

BUILDING RULES AND REGULATIONS

1. Any sign, lettering, picture, notice or advertisement installed on or in any part of the Property and visible from the exterior of the Property, shall be installed at Tenant's sole cost and expense, and in such manner, character and style as Landlord may approve in writing. Anything herein to the contrary notwithstanding, approval as to signs shall be subject to Landlord's approval which may not be unreasonably withheld. In the event of a violation of the foregoing by Tenant, landlord may remove the same without any liability and may charge the expense incurred by such removal to Tenant.

2. Tenant assumes full responsibility for protecting its space from theft, robbery and pilferage, which includes keeping doors locked and other means of entry to the Property closed and secured after normal business hours.

3. Tenant shall comply with all applicable federal, state and municipal laws, ordinances and regulations, and building rules and shall not directly or indirectly make any use of the Property which may be prohibited by any of the foregoing or which may be dangerous to persons or property or may increase the cost of insurance or require additional insurance coverage.

4. The Property shall not be used for cooking (as opposed to heating of food), lodging, sleeping or for any immoral or illegal purpose.

5. Unless expressly permitted by Landlord, no additional locks or similar devices shall be attached to any door or window and no keys other than those provided by Landlord shall be made for any door. If more than two keys for one lock are desired by Tenant, Landlord may provide the same upon payment by Tenant. Upon termination of this Lease or of Tenant's possession, Tenant shall surrender all keys of the Property and shall explain to Landlord all combination locks on safes, cabinets and vaults.

6. The restrooms, drinking fountains and other plumbing fixtures shall not be used for any purpose other than for which they are constructed, and no sweepings, rubbish, rags, coffee grounds or other substances shall be thrown therein. All damages resulting from any misuse of the fixtures shall be borne by Tenant who, or whose employees, agents, visitors or licensees have caused same. No person shall waste water by interfering or tampering with the faucets or otherwise.

7. Tenant shall be responsible for any damage to the building or the property of its employees or others and injuries sustained by any person whomsoever resulting from the use or moving of such articles in or out of the Property, and shall make all repairs and improvements required by Landlord or governmental authorities in connection with the use or moving of such articles.

8. Wherever in these Building Rules and Regulations the word “Tenant” occurs, it is understood and agreed that it shall mean Tenant’s associates, employees, agents, clerks, invitees, and visitors. Wherever the word “Landlord” occurs, it is understood and agreed that it shall mean Landlord’s assigns, agents, clerks, and visitors.

9. Landlord shall have the right to enter upon the Property at all reasonable hours for the purpose of inspecting the same.

10. Landlord shall have the right to enter the Property at hours convenient to Tenant for the purpose of exhibiting the same to prospective tenants.

11. Tenant shall be responsible for all repair and maintenance of mechanical systems and devices associated with Tenant’s Property, including, but not limited to, heating and air conditioning equipment, water heaters, exhaust fans, plumbing and electrical. Landlord must be advised of any such repair, etc. and must approve of any such repair. Landlord warrants that the equipment is in proper working order on the Commencement Date.

12. Alterations of any nature to the Property by Tenant shall require written approval of Landlord. Such approval shall not be unreasonably withheld. In the event of a violation of the foregoing by Tenant, Landlord may remove the same without any liability and may charge the expense incurred by such removal to Tenant.

13. Tenant and Tenant’s employees, agents, visitors and licensees shall observe faithfully and comply strictly with the foregoing rules and regulations and such other and further appropriate rules and regulations as Landlord or Landlord’s agent may from time to time adopt. Reasonable notice of any additional rules and regulations shall be given in such manner as Landlord may reasonably elect in its reasonable discretion.

14. Landlord reserves the right at any time to rescind, alter or waive, in whole or in part, any of these Rules and Regulations when deemed necessary, desirable, or proper, in Landlord’s judgment, for its best interest or for the best interest of the tenants of the Complex. Tenant reserves the right to refuse compliance with any subsequent additional rules and regulations added to those agreed to at the time of signing the Lease.

15. To the extent these rules are in conflict with the terms of the Lease, the terms of the Lease shall rule and govern.

Exhibit B
Graphic Depiction of Property

Exhibit C
Personal Property List