

## LEASE AGREEMENT

**THIS LEASE AGREEMENT** (hereinafter “Lease”) made as of this \_\_\_\_\_ day of \_\_\_\_\_, 2018, is entered into by and between the **City of Ramsey**, a Minnesota municipal corporation, 7550 Sunwood Drive, Ramsey, Minnesota 55303 (“Landlord”) and **Mille Lacs Motor Sports II, Inc.**, a Minnesota corporation, 6781 Highway 10, Ramsey, Minnesota 55303 (“Tenant”).

**IN CONSIDERATION OF** the mutual agreements expressed herein, the parties agree as follows:

1. **Purpose.** Landlord is the fee owner of the Premises described in Paragraph 2 of this Agreement. Tenant desires to rent the Premises from Landlord for Tenant’s use for recreational equipment sales and service. Landlord is willing to lease the Premises to Tenant pursuant to the terms and conditions of this Lease.

2. **Premises.** Collectively, the “Premises” consists of the following five areas:

- A. Outdoor storage area “A” consisting of a 22,000 square foot area within a parcel legally described as Tract A, Registered Land Survey No. 249, Anoka County, Minnesota, as shown on Exhibit A (PID 34-32-25-21-0103).
- B. Outdoor storage area “B” consisting of a 15,000 square foot area within a parcel legally described as Tract A, Registered Land Survey No. 249, Anoka County, Minnesota, as shown on Exhibit A (PID 34-32-25-21-0103).
- C. Outdoor storage area “C” consisting of 3,200 square foot area within a parcel legally described as Lot 2, Block 1, Deal Industrial Park, Anoka County, Minnesota, as shown on Exhibit A (PID 34-32-25-12-0008).
- D. Outdoor storage area “D” consisting of 12,000 square foot area within a parcel legally described as Lot 2, Block 1, Deal Industrial Park, Anoka County, Minnesota, as shown on Exhibit A (PID 34-32-25-12-0008).
- E. Indoor storage area “E” consisting of 7,900 square feet split between two areas within the rear building on the parcel legally described as Lot 2, Block 1, Deal Industrial Park, Anoka County, Minnesota, as shown on Exhibit A (PID 34-32-25-12-0008).

3. **Term.** The term of this Lease is for a period of three years, commencing on June 1, 2018 (the “Commencement Date”) and ending at midnight on May 31, 2021, unless extended by written agreement of both parties or sooner terminated as provided herein (“Lease Term”). If Tenant desires to end this Lease after a period of one year, Tenant may do so by providing Landlord with 90 days prior written notice. Notwithstanding the Lease Term, Landlord may terminate this Lease at any time at Landlord’s sole option upon 12-month prior written notice to Tenant.

4. **Use.**

- a. The Premises shall be used by Tenant as a commercial use for motor sports sales and service (boats, ATVs, UTVs, snowmobiles, golf carts, etc.). Auto and motorcycle sales are not permitted.
- b. Tenant will not make or suffer any unlawful or offensive use of the Premises or any use or occupancy thereof contrary to any federal law, state law or ordinance of the City of Ramsey now or subsequently hereto made. Tenant will not conduct or permit to be conducted any activity, or place any equipment in or about the Premises, which will in any way increase the rate of fire insurance or other insurance on the Premises; and if any increase in the in the rate of fire insurance or other insurance is stated by any insurance company or by the applicable Insurance Rating Bureau to be due to activity or equipment of Tenant in or about the Premises, such statement shall be conclusive evidence that such increase in such rate is due to such activity or equipment and, as a result thereof, Tenant shall be liable for such increase and shall reimburse Landlord therefore and further, shall discontinue or cause the discontinuance of such conduct or shall remove such equipment upon Landlord’s demand made at any time thereafter.
- c. Tenant’s use of the Premises shall be consistent with Exhibit A.
  - i. Outdoor Storage Area A is largely unimproved as of the commencement date of this Lease and does not comply with City zoning requirements. Within two years from the commencement of this Lease, the Tenant shall make all required improvements to bring Area A into compliance with city zoning ordinances. The Tenant is responsible for funding and constructing the required improvements which include, but are not limited to: grading, storm water, asphalt paving, concrete curb/ gutter, screening, land use permit fees, land use application fees, and third-party professional service fees. If the Tenant defaults on this requirement, it shall immediately vacate Lease Area A.
  - ii. The area to the west of Outdoor Storage Area A is not part of this lease and cannot be used for any purpose by Tenant. Any vehicles or other items belonging to Tenant found on this non-leased area, or on any other property owned by Landlord but not leased by Tenant, is subject to removal by Landlord at Tenant’s cost.

- iii. The non-leased area south of Outdoor Storage Area B is a through way for movement of traffic. This area is not to be used for parking by Tenant, its agents, employees or invitees.
  - iv. A 15-foot-wide through lane must be maintained at all times in Outdoor Storage Areas A, B, C and D for emergency vehicles to get through the storage areas.
  - v. Tenant shall install a gated fence on the east side of Outdoor Storage Area D and provide a gate key to Landlord for emergency access.
  - vi. RM Golf Carts leases Indoor Storage Area F. Tenant shall provide a license to RM Golf Carts for ingress/egress through Outdoor Storage Area D to allow access to Area F.
- d. Any sign, lettering, picture, notice or advertisement installed on or in any part of the Premises and visible from public areas must be approved by Landlord, which approval shall not be unreasonably withheld, and installed at Tenant's expense. Political signs are prohibited on the Premises. If this subparagraph is violated, Landlord may remove the sign(s) without liability and may charge the expense incurred by such removal to Tenant.

5. **Rent.** Tenant covenants and agrees to pay to Landlord at the Landlord's Agent Office without demand, monthly rent in the following amounts:

Year 1 (June 1, 2018 through May 31, 2019): \$2,762.08  
Year 2 (June 1, 2019 through May 31, 2020): \$2,844.95  
Year 3 (June 1, 2020 through May 31, 2021): \$2,930.29

All Rent shall be payable on the first day of each month during the Lease Term. If Landlord does not receive the full Rent by the fifth day of the month at 3:00 p.m., at the Landlord's Agent Office, Tenant must pay a \$200.00 late fee as an additional rent. Rent is "paid" when Landlord receives it, not when mailed by the Tenant, date stamped by the Tenant, or sent by Tenant.

6. **Additional Rent.** In addition to the Rent set forth in Paragraph 5 of this Lease, Tenant covenants and agrees to pay as additional rent all monies required to be paid by Tenant as set forth in the balance of this Lease. Specifically, but not by way of limitation, the reasonable value of any action taken or materials used by Landlord to correct or mitigate any violations of this Lease by the Tenant shall be deemed additional rent and charged to Tenant payable with the Rent as set forth in Paragraph 5.

7. **Utilities and Trash Removal.** Tenant is solely responsible for paying for all utilities servicing the Premises, including but not limited to, water, natural gas and electricity. Tenant is also responsible for paying for the removal of all trash and recycling materials generated as a result of Tenant's use of the Premises. Landlord is not responsible for any interruption in such services beyond the reasonable control of Landlord.

8. **Real Estate Taxes and Special Assessments.** Landlord is responsible for the payment of all real estate taxes and special assessments pertaining to the Premises during the Lease Term. Tenant is responsible to pay the City's quarterly Stormwater Management Fee.

9. **Repair and Maintenance.** Except as otherwise provided herein, Tenant shall keep in good order and repair the entire Premises, at its sole cost, ordinary wear and tear excepted. Tenant shall keep the abutting parking areas free of ice and snow. Tenant accepts the Premises AS IS as of the date of commencement of this Agreement. Tenant may, but is not obligated to, maintain and repair the roof, building foundation and parking lot. Tenant acknowledges that the indoor and outdoor areas are leased to Tenant AS IS and Landlord is not obligated to repair those portions of the Premises absent a separate, mutual, written agreement with Tenant. Notwithstanding any other term of this Agreement, if the roof or building foundation fails so as to render the Premises substantially unusable, Tenant may terminate this Agreement.

If Tenant fails, refuses or neglects to maintain or repair the Premises as required in this Lease after written notice is given to the Tenant by Landlord, 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 15% overhead incurred by Landlord in making such repairs upon presentation to Tenant of the bill therefore.

10. **Tenant's Improvements, Alterations and Remodeling.** Tenant shall be permitted to perform improvements, alterations or remodeling on or to the Premises consistent with its intended use thereof; provided however, that such improvements shall be done at the sole expense of Tenant and provided that any single improvement reasonably expected to exceed \$2,500.00 in cost may be done only with Landlord's prior written consent. Notwithstanding the above, Tenant shall not make any alterations to the structure, plumbing, electrical, or HVAC systems of the Indoor Storage Area (Area E) without the prior written consent of Landlord.

11. **Assignment or Subletting.** Tenant may not assign, transfer, mortgage or encumber this Lease, and may not sublet, rent or permit occupancy or use of the Premises, or any part thereof, by any third party without Landlord's written consent; no assignment or transfer of this Lease shall be effectuated voluntarily, by operation of law, or otherwise. Any of the foregoing will hereinafter be referred to as an "Assignment" for purposes of this Lease. Tenant is solely responsible for any acts or omissions of any sublessee that violate the terms of this Lease Agreement, and any enforcement of the Lease Agreement by Landlord shall be brought against Tenant.

12. **Destruction of Premises.** If the Premises are totally destroyed (or so substantially damaged as to be wholly untenable) by storm, fire, earthquake or other casualty, this Lease shall terminate as of the date of such destruction or damage, and Rent shall be accounted for between Landlord and Tenant as of that date. If the Premises are damaged but not rendered wholly untenable and the damage can be fully repaired within 90 days from the date of the damage, Rent shall abate in proportion as the Premises have been damaged, and Landlord shall restore within said 90-day time limit, whereupon payment of full Rent shall re-commence.

In the event Landlord fails or refuses to fully repair the Premises within said 90 days, Tenant may terminate this Lease.

13. **Removal of Fixtures.** Unless otherwise approved by Landlord, Tenant must, prior to the termination of this Lease, remove all fixtures and equipment which Tenant has placed in or on the Premises. Tenant must repair all damage caused by removal of fixtures or equipment.

14. **Entry by Landlord.** Landlord or its agents or representatives may enter the Premises at all reasonable hours to inspect the same, clean, make repairs, alterations and additions thereto or exhibit the Premises to prospective tenants, purchasers or others, or for other reasonable purposes as Landlord may deem necessary or desirable, and Tenant shall not be entitled to any abatement or reduction of Rent, or any other sums due. Tenant waives any claim for damages or for any injury or inconvenience or for interference with Tenant's business, and any other loss occasioned thereby.

15. **Default.** If Tenant defaults for 10 days after written notice from Landlord in paying any Rent, including additional rent, or if Tenant shall be declared bankrupt or insolvent according to law or if Tenant shall make an assignment for the benefit of its creditors or if Tenant shall violate or default in any other covenants, agreements, stipulations or conditions herein and such violation or default shall continue for 10 days after written notice from Landlord of such violation or default, then and in such case Landlord lawfully may immediately, or at any time thereafter, and without notice or demand, enter into and upon the Premises, or any part thereof, in the name of the whole, and repossess the same and expel Tenant and those claiming under it and remove their effects, forcibly if necessary, without being taken or deemed to be guilty of any manner of trespass, and prejudice, and Landlord shall have all remedies and recourse which might otherwise be used by Landlord for arrears of Rent or any breach of covenants contained in this Lease.

16. **Quiet Enjoyment.** Landlord covenants and agrees to allow Tenant to peacefully have, hold and enjoy the Premises during the Lease Term, provided that Tenant pays the Rent set forth herein and performs all of Tenant's other agreements and obligations set forth herein.

17. **Nuisance.** Tenant shall conduct its business and control its agents, employees, invitees and visitors in such a manner as not to create waste, odors, nuisance, or interfere with, annoy or disturb any other tenant of Landlord in its operation of the Premises.

18. **Hold Harmless and Liability Insurance.** Except in the case of the negligence of Landlord, its agents or its employees, Tenant agrees to indemnify, save, hold harmless and defend Landlord against all claims, losses or liabilities for injury or death to any person or for damage to or loss of use of any property arising or resulting from the occupancy or use by Tenant of the Premises, including occupancy or use by Tenant's sublessee. Landlord shall not be liable to Tenant, its agents, employees, representatives, customers or invitees for any personal injury, death or damage to property caused by theft, burglary, water, gas, electricity, fire or for any other cause occurring on or about the Premises. All property kept, stored or maintained in the Premises shall be so kept, stored or maintained at the sole risk of the Tenant. Tenant further

agrees to indemnify, defend and hold harmless Landlord from and against any and all claims arising from any breach or default in the performance of any obligation on Tenant's part to be performed under the terms of this Lease. Further, in no event shall Landlord be liable for damages caused by Tenant or Tenant's employees or agents. The provisions of this Paragraph shall survive the expiration or termination of this Lease with respect to any damage, injury, death, breach or default occurring prior to such expiration or termination.

During the Lease Term and any extension thereof, Tenant shall at all times have in full force and effect a policy of general public liability insurance in the amount of the greater of \$2,000,000.00 or the maximum liability for tort liability pursuant to Minnesota Statutes Section 466.04 and any amendments thereto, which insurance shall insure Landlord and Tenant against liability for acts of Landlord and Tenant.

19. **Hazard Insurance.** It shall be the responsibility of Landlord to keep the Premises and its interest therein covered by hazard insurance against loss or damage by fire and other perils. Landlord shall provide to Tenant copies of such insurance policies upon reasonable request of Tenant.

Tenant shall, at its expense, maintain a policy or policies of insurance insuring the Premises against loss or damage by fire, expulsion or other insurable hazards and contingencies for the full insurable value of Tenant's improvements to the Premises and Tenant's personal property.

20. **Security and Damage Deposit.** Tenant shall deposit \$2,500.00 with Landlord as security and damage deposit for the faithful performance of this Lease Agreement, with a credit for any amount previously deposited. Tenant shall supplement Landlord may commingle the deposit with its own funds and use such deposit for any purpose. In the event Tenant fails to perform or fulfill any of the terms of this Lease Agreement, Landlord, either with or without terminating this Lease Agreement, may 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 by Tenant, including overdue and unpaid rent and any other sum payable by Tenant to Landlord pursuant to the provisions of this Lease, damages or deficiencies in the reletting of the Premises, and reasonable attorney's fees incurred by Landlord. Should the entire deposit or any portion thereof, be appropriated and applied by Landlord, Tenant, upon written demand by Landlord, shall remit 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 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 as a result of the provisions of this paragraph, at the end of the term of this Lease or any renewal thereof, or upon the earlier termination of this Lease.

21. **Time of the Essence.** Time is of the essence with regard to this Lease and the terms therein.

22. **Relationship of Parties.** This Lease shall create the relationship of Landlord and Tenant between the parties and none other.

23. **Holding Over.** If Tenant remains in possession of the Premises, or any part thereof, after the expiration or termination of the Lease Term with the express written consent of Landlord, Tenant shall be deemed to be occupying the Premises as a Tenant at will, subject to all the conditions, provisions and obligation of this Lease insofar as the same can be applicable to a tenant at will; provided, however, that the Rent required to be paid by Tenant during any holdover period shall be a minimum of 1.5 times the monthly Rent which Tenant was obligated to pay for the month immediately preceding the end of the Lease Term, for each month or any part thereof, of any such holdover period. In the event of holding over by Tenant after expiration or termination of this Lease without the written consent of Landlord, Tenant shall be in breach of this Lease and Landlord shall be entitled to all of its rights and remedies under this Lease, in law, or in equity. No holding over by Tenant after the Lease Term shall operate to extend the Lease Term or renew this Lease. In the event of any unauthorized holding over, Tenant shall indemnify Landlord against all claims for damages by any other tenant to whom Landlord may have leased all or any part of the Premises covered hereby effective upon the expiration or termination of the Lease.

24. **Surrender of Premises.** At the termination of this Lease, Tenant shall surrender the Premises and all keys thereof to Landlord.

25. **Eminent Domain.** If the entire Premises are taken by any public authority under the power or threat of eminent domain, then the term of this Lease shall cease as of the day possession shall be taken by such public authority, and the Landlord shall make a pro rata refund of any Rent that has been paid in advance by Tenant for a period beyond the date of the taking. In the event that less than the entire Premises is so taken and provided the Premises are not rendered untenable thereby, then this Lease shall terminate only at the option of the Landlord. In the event that only a part of the Premises is so taken and that this Lease does not so terminate, there shall be a pro rata reduction in Rent to the extent that such taking interferes in any way with Tenant's use of the Premises, and all other terms and provisions of this Lease shall remain in full force and effect. All damages awarded for such taking shall belong to and be the property of the Landlord, irrespective of the basis on which they were awarded.

26. **Subordination.** Tenant agrees that, at the Landlord's election, this Lease shall be subordinate to any land Lease or mortgage now on or to be placed in the future on the Premises or Building and to any and all advances to be made thereunder and to the interest thereon and to all renewals, replacements and extensions thereof, provided that such subordination shall not materially affect either party's obligations under this Lease. Tenant hereby appoints Landlord as its attorney-in-fact to execute such documents as may be required to accomplish such subordination.

27. **No Waiver.** No reference to any specific right or remedy shall preclude Landlord from exercising any other right or from having any other remedy or from maintaining any action to which it may otherwise be entitled either at law or in equity. Landlord's failure to insist upon a strict performance of any covenant of this Lease or to exercise any option or right herein contained shall not be a waiver or relinquishment for the future of such covenant, right or option; but the same shall remain in full force and effect.

28. **Captions.** The captions and headings herein are for convenience and reference only.

29. **Brokers.** Each of the parties represents and warrants to the other that there are no claims for brokerage commission or finder's fees in connection with the execution of this Lease other than Premier Commercial Realty; which represents the Landlord. Both parties agree to indemnify the other against, and hold it harmless from, all liabilities arising from any other such claims including, without limitation, reasonable attorney's fees in connection therewith.

30. **No Partnership.** This Lease does not create a joint venture or partnership relation between the parties hereto.

31. **Hazardous Materials.** In the event Hazardous Material is brought or caused to be brought into or onto the Premises 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 the purpose of) the Comprehensive Environmental Response, Compensation and Liability Act, and so-called Superfund law, or any federal state or local statute, law, ordinance, code rule regulation, order or decree 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 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 Premises, of any Hazardous Material. This paragraph shall survive expiration or termination of this Lease.

32. **Notices.** All communications, demands, notices or objections permitted or required to be given or served under this Lease shall be in writing and shall be deemed to have been duly given or served if delivered in person to the other party or its duly authorized agent or if deposited in the United States mail, postage prepaid, for mailing by certified or registered mail, return receipt requested, and addressed to the other party to this Lease at the addresses set forth below for each party, or if to a person not a party to this Lease, to the address designated by a party to this Lease in the foregoing manner.

Landlord: City Administrator  
City of Ramsey  
7550 Sunwood Drive  
Ramsey, Minnesota 55303

Landlord's Agent Premier Commercial Realty  
299 Coon Rapids Blvd. NW  
Coon Rapids, MN 55433

Tenant: Mille Lacs Motor Sports II, Inc.  
6781 Highway 10 N.W.  
Ramsey, MN 55303

Either party may, by written notice to the other party, designate a different address to which notices must be sent. Such written notice designating a different address must state the party's newly designated address, and must be provided by following the above notice requirements. Commencing on the 10th day after a party gives notice designating a new address to which notices must be sent, the newly designated address shall be the party's address for the purpose of all communication, demands, notices or objections permitted or required to be given or served under this Lease.

33. **Force Majeure.** The time within which any of the parties hereto shall be required to perform any act or acts under this Lease, except for the payment of monies, shall be extended to the extent that the performance of such act or acts shall be delayed by acts of God, fire, windstorm, flood, explosion, collapse or structures, riot, war, labor and/or legal disputes, delays or restrictions by government bodies, inability to obtain or use necessary materials or any cause beyond the reasonable control of such party, provided however that the party entitled to such extension hereunder shall give prompt notice to the other party of the occurrence causing such delay.

34. **Minnesota Law.** This Lease shall be construed and enforced in accordance with the laws of the State of Minnesota. The parties agree that the Minnesota state courts will have exclusive jurisdiction over any dispute arising out of this Lease.

35. **Entire Agreement.** This Lease constitutes the entire agreement between the parties relating to the subject matter described herein. The terms of this Lease are contractual and are intended to be legally binding. This Lease supersedes any and all prior agreements between the parties relating to the subject matter described herein. No party has relied upon any statements, representations, or promises that are not set forth in this Lease. No changes to this Lease will be valid or enforceable unless they are in writing and signed by all of the parties.

36. **Equal Drafting.** In the event any party asserts a provision of this Lease is ambiguous, this Lease must be construed to have been drafted equally by the parties.

37. **Savings Clause.** Each provision of this Lease is separate and distinct and individually enforceable. In the event any provision hereof or the application of any such provision under any circumstance is declared to be unlawful or invalid, the enforceability of all the other provisions shall not be affected.

38. **Counterparts.** This Lease may be executed in multiple counterparts, each of which shall be an original, but all of which together shall constitute a single agreement.

39. **Keys.** 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 Premises and shall explain to Landlord all combination locks on safes, cabinets and vaults.

**IN WITNESS WHEREOF**, the parties hereto have executed this Lease the date and year first above written.

**Landlord's Address:**

**CITY OF RAMSEY**

City Administrator  
7550 Sunwood Drive  
Ramsey, Minnesota 55303

By: \_\_\_\_\_  
Its: Acting Mayor

ATTEST:

By: \_\_\_\_\_  
Its: City Administrator

Approved as to Form:

\_\_\_\_\_  
Joseph J. Langel, City Attorney

STATE OF MINNESOTA    )  
  )ss.  
COUNTY OF ANOKA        )

The foregoing instrument was acknowledged before me this \_\_\_\_\_ day of \_\_\_\_\_, 2018, by John Le Tourneau, the Acting Mayor, and Kurtis G. Ulrich, the City Administrator, of the City of Ramsey, a Minnesota municipal corporation, under the laws of the State of Minnesota on behalf of the corporation.

\_\_\_\_\_  
Notary Public

**Tenant's Address:**

**MILLE LACS MOTOR SPORTS, INC.**

6781 Highway 10 N.W.  
Ramsey, Minnesota 55303

By: \_\_\_\_\_  
Its:

STATE OF MINNESOTA    )  
  )ss.  
COUNTY OF ANOKA     )

The foregoing instrument was acknowledged before me this \_\_\_\_\_ day of \_\_\_\_\_, 2018, by \_\_\_\_\_, the \_\_\_\_\_ of Mille Lacs Motor Sports, Inc., a Minnesota corporation, under the laws of the State of Minnesota on behalf of the corporation.

\_\_\_\_\_  
Notary Public

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