



Silver Bay Mary MacDonald Committee
May 10, 2023, 2:30 p.m.
Silver Bay City Hall
7 Davis Dr, Silver Bay MN 55614

AGENDA

STEVE VANHOUSE

Chair

SHANE HOFF

Alt. Chair/City Council Representative

JUEL SALVESON

Building Manager

VACANCY

County Commissioner

GARY THOMPSON

Zoning Administrator

LANA FRALICH

City Administrator

1. Call to Order
2. Approval of Agenda
3. Approval of Minutes
 - A. [February 15, 2023 Regular Meeting](#)
4. Building Manager's Report
5. Old Business
 - A. Roof Repair
6. New Business
 - A. [Mary Mac Leases](#)
 - B. [Management Contract](#)
7. Adjourn

MARY MACDONALD COMMITTEE

2:30 P.M.

Wednesday, February 15, 2023

Present: Steve VanHouse
Gary Thompson
Shane Hoff
Juel Salveson

Absent: Rick Goutermont

Lana Fralich, City Administrator

VanHouse called the meeting to order at 2:35 p.m.

Appoint Board Chair – Motion by Thompson, second by Hoff to appoint Steve VanHouse as Board Chair. MOTION CARRIED.

Appoint Alternate Chair – Motion by Thompson, second by Salveson to appoint Shane Hoff as Alternate Chair. MOTION CARRIED.

Agenda – Motion by Hoff, second Thompson, to approve the agenda with addition of Roof Repairs under Old Business. MOTION CARRIED.

Minutes – Motion by Thompson, second Hoff, to approve the minutes of the February 16, 2022 regular meeting. MOTION CARRIED.

Building Managers Report – Salveson reports two water main breaks happened last Fall that have been repaired but sediment and gravel are still coming into toilets, there have been two broken windows replaced at a cost of \$1800, an interior window in Second Chances has been broken, power failure knocked out two phases and burnt out fuses on condensation pump on blowers, fuses have been replaced. Complaints received of temperature in the building, walkers are leaving lights on when they are finished, there is a steam line leak in tunnel that is hard to get to but needs to be capped, and a water line leak that will need repair.

OLD BUSINESS

Roof Repair- The estimate for roof repair from DSGW is a year old and will need to be updated. There are areas of the roof that are pulling away from the edges over parts of the building resulting in some leaking. Salveson will identify the worst spots and provide at May meeting.

NEW BUSINESS

Set 2022 Regular Meeting Schedule – Motion by Hoff, second Thompson to set Mary MacDonald 2023 meeting dates of May 10, August 16, and November 15. MOTION CARRIED.

Pete Walsh Passing- VanHouse announced the passing of Mary Mac Board Chair and Lake County Commissioner Pete Walsh. There will be a special election to fill his seat as commissioner who will then be appointed to Mary MacDonald Building Committee. Until then Rick Goutermont will be serving on the board.

Motion by Thompson, second Hoff to adjourn at 3:05 p.m. MOTION CARRIED.

Minutes taken by Lisa Christenson

Bay Area Vineyard

Exp 12/23

LEASE AGREEMENT

Mary MacDonald Center

THIS LEASE AGREEMENT made and entered into by and between the City of Silver Bay, a Minnesota Municipal Corporation, (“Lessor”), and the Lessee identified below. In consideration of the mutual covenants and promises contained herein and other good and valuable consideration, the Lessor leases to Lessee, and the Lessee leases from Lessor the premises described and upon the following basic lease information and Lease Terms and Conditions that follow.

Basic Lease Information

- A. Leased Premises: Room(s) 150, 151, 152, 160, 161, and 162 as highlighted on attached exhibit; plus \$25/month for use of the kitchen area for serving.
- B. Lease Term: Beginning January 1, 2023 and terminating December 31, 2023
- C. Rent: The sum of \$2,930 + \$25 kitchen use per month from 1/1/2023 – 12/31/2023
- D. Security/Damage Deposit: A security damage deposit equal to one month’s rent.
The City has received \$2,955 of the security/damage deposit.
- E. Permitted Use: Church and related activities including Sunday School and other youth activities sponsored solely by the Church.
- F. Identification of Lessee and Address for Notice:

LESSEE: Bay Area Vineyard Church

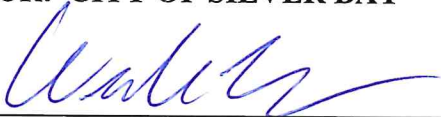
Any notice or demand to Lessee shall be addressed to Lessee at:

Gerry Cheney, 99 Edison Boulevard-Suite C, Silver Bay, MN 55614

G. Other:

Bay Area Vineyard Church will not use extension cords as a substitute for permanent wiring; will maintain at least 18 inches below the level of sprinkler head deflectors for any storage materials; will keep aisles and aisle access widths must maintain a minimum 24 inch wide access; will keep all exiting corridors clear of storage, garbage, and other items that would reduce the required egress, or otherwise pose an obstruction or hazard to egress; will ensure that materials such as curtains, drapes, hangings, and other decorative materials where the materials exceed 20% of the wall or ceiling surface meet flame propagation performance criteria of NFPA 701; will properly install and wire any and all lighting fixtures in accordance with the State Electrical Code and appliance's listing; will not decorate with trees or plants that would violate fire codes.

LESSOR: CITY OF SILVER BAY


By 
Mayor

12/20/22
Date

By 
City Administrator

12/20/22
Date

LESSEE: BAY AREA VINEYARD CHURCH

By 
Its:

1/19/23
Date

By _____
Its:

Date

EXHIBIT A

Lease Terms and Conditions

1. **Description of Premises.** That portion of the building commonly known as the Mary MacDonald Business Center, 99 Edison Boulevard, Silver Bay, Minnesota, legally described in Document No. 17,315, filed in Book 55 of titles, page 218, in the office of the Registrar of Titles for Lake County, Minnesota, identified in paragraph A. above. Lessee shall be provided keys accessing the building and use of Common areas consisting of entryways, hallways and restroom facilities.

2. **Lease Term.** The term of this lease shall be for the period commencing and terminating as described in paragraph B above.

3. **Rent.** The Lessee shall pay the rent described in paragraph C. above to the Lessor without demand and without offset or deduction. The rent shall be paid on or before the first day of each month. The rent payments shall be payable to the City of Silver Bay and delivered to:

City Administrator
City of Silver Bay
City Hall, 7 Davis Drive
Silver Bay, Minnesota, 55614

4. **Utilities.**

a. **Utilities.** Lessor shall provide utilities for the premises consisting of gas or oil heat, electricity, and water and sewer service. The Lessee shall provide at its expense all other services including telephone, internet and any other communication-related expenses, including installation and service.

b. Additional Lessor Services. Lessor agrees to provide to Lessee as part of the base rental consideration the following services: maintenance of the outside grounds, snow removal, unreserved tenant parking as space permits.

5. Solid and Hazardous Waste.

a. Solid Waste Disposal. The Lessee shall arrange for and pay the cost of the proper removal and disposal of the solid waste that it may generated. The Lessee shall not permit the accumulation of solid waste on the premises that in the opinion of the Lessor, may be a health, fire, or other hazard.

b. Hazardous Waste. The Lessee expressly warrants and agrees: (i) that it will comply with all applicable federal and state environmental laws and regulations in connection with its use and occupancy of the property; (ii) that it will not store, treat, refine, or dispose of any toxic or hazardous substances above or below the premises during its leasehold; (iii) that it will indemnify and hold harmless the Lessor against any claim, liability, damage, costs, penalties, or fines which Lessor may be subjected to as a result of Lessee's use of the property in violation of applicable federal or state environmental laws and regulations; provided, however, that Lessee shall not, in any event, be responsible for any discharge, disposal, or storage of any toxic or hazardous substances which occurred prior to Lessee's possession of the premises. Lessor represents and warrants to Lessee that Lessor is not aware of any discharge, disposal, or storage of any such toxic or hazardous substance in, under or on the Real Property and/or the Building, and which occurred prior to the execution of this Lease.

6. Security/Damage Deposit. In addition to full performance of the covenants required by the Lessee under terms of this Lease, the Lessee is also responsible for any damage to the premises caused by Lessee, its agents, servants, employees, customers, invites, visitors, or customers.

Lessee shall deposit with Lessor upon execution of this Lease as security for the performance of the covenants for any damages, the amount shown in paragraph D. above. This amount shall be held by Lessor during the lease term and may use from time to time to cure defaults of Lessee if and when they occur, or to repair any damage to the premises caused by Lessee, its agents, servants, employees, customers, invites, visitors, or customers. The Lessor shall first notify Lessee in writing of the default or damage and the cost of cure or repair. If Lessee does not cure the default or repair the damage, to the Lessor's satisfaction, within 10 days of the date of notice, then Lessor may utilize this deposit to cure the default or make the repairs. In the event Lessor utilizes all or part of the deposit as herein described, Lessee shall upon demand restore the same to the original amount. Should any amount of the security deposit remain at the expiration of this lease, the Lessor shall refund the balance to Lessee in accordance with applicable law.

7. Permitted Use. The premises shall be used by the Lessee solely for the purpose(s) described in Paragraph E. above. The Lessee shall not use nor permit the use of the premises or any portion thereof for any other purpose whatsoever without first obtaining the Lessor's written consent. The Lessor represents that the leased premises are now and will be for the term of this lease zoned for the permitted use.

8. Compliance with Applicable Laws, etc.

a. The Lessee agrees to comply with all laws, codes, ordinances, rules, regulations and conditions which may be applicable to the Lessee's use of the premises.

b. The lessee shall not keep, permit or allow any non-prescribed drugs nor any liquors or beverages of any intoxicating nature or tendency to be sold, kept or tolerated on the leased premises.

9. Rules and Regulations.

a. The Lessee **shall** at all times during the term of this lease, at its sole cost and expense:

- (1) Furnish, install and maintain in the leased premises all of Lessee's property necessary for Lessee's use.
- (2) Maintain the leased premises in a clean, neat, sanitary and orderly condition.
- (3) Comply with all governmental rules, regulations, ordinances, statutes and laws now or hereafter in effect pertaining to the premises or Lessor's use thereof.
- (4) Keep all common areas, including the hallways and entry ways fully open and free of all materials and shall not store any of Lessee's property therein. Lessee's property may be placed in the area for a limited period during delivery or pick up of material and supplies to or from the leased premises.
- (5) Have appropriate fire and safety equipment for fire protection and procedures in place for emergency evacuation.
- (6) Comply with the Lessor's KEY policy for building entrance doors. Keys shall be furnished by the Lessor. Lessee shall not have keys made from outside sources.
- (7) Make certain that all windows and doors are locked when leaving for the day.
- (8) Keep all windows closed during heating and when the boiler is on.
- (9) Adhere to a policy of energy conservation.
- (10) Make certain that leased premises are secured when not occupied.
- (11) Store all trash and garbage within the leased premises in metal containers so as not to create or permit any health or fire hazard.
- (12) Park only in those areas designated for parking.

b. Lessee, during the term of the lease, **shall not**:

- (1) Without the prior written consent of all insurance companies which have issued any insurance of any kind whatsoever pursuant to any provision of this lease: sell, store or permit to be kept, used or sold in, upon or about the premises any substance or material of an explosive, inflammable, radiological or toxic nature, in such quantities which may be prohibited by any such insurance policy, or which may endanger any part of the premises or its occupants, business patrons or invitees.
- (2) Burn any trash, papers or garbage of any kind in or about the premises.
- (3) Use or permit the use of the leased premises or any portion thereof as living quarters, sleeping quarters or lodging rooms.
- (4) Bring or harbor any dogs, cats, birds or other animals in or upon the premises.
- (5) Commit or suffer to be committed any waste upon the premises.
- (6) Allow any loitering or playing in the common areas, hallways or entry ways.
- (7) Allow any minor person under the age of sixteen (16) to be inside the building unless under the direct supervision of parent, guardian or adult authorized by the Lessees.
- (8) Enter the utility room, maintenance room, boiler room or roof, unless authorized by the Lessor or its designated representative.
- (9) Unless a Lessee has leased all or a portion of the kitchen, cafeteria, or gymnasium, a Lessee shall not use those facilities without the prior approval of the Lessor at such additional rent as may be agreed.
- (10) Park in the adjacent St. Mary's Church parking area, to the west side of the building or near the basketball courts or in the driveway of that space.
- (11) Allow truck delivery or pick up between the hours of 6:00 PM and 8:00 AM.

10. Alterations, Repair and Maintenance.

a. Alterations. Except as otherwise herein provided, Lessee shall not make or suffer to be made any structural changes, alterations, modifications or additions to the leased premises or any part thereof without the express written consent of Lessor. In the event Lessee desires to make any change, alteration, modification or addition in or to the leased premises, Lessee shall submit to Lessor complete plans and specifications regarding said change, alteration, modification or addition. Lessee agrees that no change, alteration, modification or addition in or to the leased premises shall be commenced until such time as the complete plans and specifications have been submitted to the Lessor. No work shall be commenced until Lessor has provided Lessee with written consent to said change, alteration, modification or addition. Any changes, alterations, modifications or additions in or to the leased premises shall be at Lessee's sole cost and expense and, except for Lessee's portable equipment and furnishings, shall become at once a part of realty and be the sole property of Lessor. If, during the term herein, any change, alteration, modification, addition or correction shall be required by any law, rule or regulations or any governmental authority to be made in or to the leased premises or any portion thereof, Lessor shall be given notice thereof and any such change, alteration, modification, addition or correction shall then be made by Lessee at its sole cost and expense.

b. Repair and Maintenance. The Lessee's acceptance of the leased premises shall constitute conclusive evidence that the premises were, as of that date, in good, clean and usable for the Lessee's purposes, and as otherwise represented by Lessor. The Lessee shall maintain the premises and the property furnished under this lease in good repair and tenantable condition.

11. Surrender of Premises and Abandonment.

a. Surrender of Premises. Upon the expiration or sooner termination of the term of this lease, and if Lessee has fully and faithfully performed all of the terms, conditions and covenants of this lease, Lessee shall, at its sole cost and expense, remove its interior and exterior signs and all of its movable trade fixtures and equipment. Lessee shall remove any other items of Lessee's personal property from the premises and repair all damage thereto resulting from such removal. Lessee shall thereupon surrender the premises in the same condition as they were on the commencement date, reasonable wear and tear excepted. If, upon expiration or earlier termination of the Term of this Lease, Lessee has not fully and faithfully performed all of the terms, conditions, and covenants of this lease to be performed by Lessee, Lessee shall nevertheless remove Lessee's property from the premises within fifteen (15) days after receipt of written direction to do so from Lessor. In the event Lessee shall fail to remove any of Lessee's property as provided herein, Lessor may, but is not obligated to, at Lessee's expense, remove all of Lessee's property not so removed and repair all damage to the premises resulting from such removal and charge the cost of removal and repair to the Lessee.

b. Abandonment. Lessee shall not abandon or vacate the premises at any time during the term hereof. If Lessee shall abandon, vacate or otherwise surrender the premises, or be dispossessed thereof by process of law or otherwise, the same shall constitute a default under this lease on the part of Lessee.

12. Hold Over. In the event Lessee shall hold over or remain in possession of the leased premises after expiration or termination of this lease agreement without the written consent of the Lessor, Lessee shall be obligated for the rent which Lessee was obligated to pay for the month immediately preceding the end of the term of this lease agreement for each month or any part

thereof of any such hold over period. In the event of any unauthorized holding over, Lessee shall indemnify the Lessor against all claims for damages by any other Lessee to whom the Lessor may have leased all or any part of the leased premises covered hereby effective upon the termination of this lease agreement.

13. Quiet Possession. The Lessor agrees that Lessee upon paying the rent or other payments herein required, and upon Lessee's performance of all of the provisions, covenants and conditions of this lease on its part to be kept and performed, may quietly have, hold and enjoy the premises during the term of this lease.

14. Nuisance. Lessee agrees to conduct its business and operations and control its agents, employees, invitees, visitors, and customers in such manner as not to create any nuisance, or interfere with, annoy or disturb any other Lessee or the Lessor in its operation of the premises.

15. Fire or Other Casualty. In the event of a fire or other casualty in the leased premises, Lessee shall immediately give notice thereof to Lessor. If the leased premises, through no fault of Lessee, its agents, employees, invites, visitors, or customers, shall be partially destroyed by fire or other casualty so as to render the leased premises all or partially un-tenantable, the rental herein shall be proportionately abated thereafter until such time as the leased premises are made tenant able. In the event of the total destruction of the leased premises without fault or neglect of the Lessee, its agents, employees, invites, visitors, or customers, or from such cause the same shall be so damaged that Lessor shall decide not to rebuild, then all rent owed up to the time of such destruction shall be paid by Lessee and this lease agreement shall terminate.

16. Hold Harmless. Lessor, its agents, and representatives shall not be liable to Lessee, or to Lessee's agents, servants, employees, customers, invites, visitors, or customers for any damage to person or property caused by any act, omission or neglect of Lessee, and Lessee agrees to hold

Lessor harmless from all claims for any such damage. Lessee shall carry liability insurance for this purpose.

17. Liability and Insurance.

a. Liability Insurance. At all times during the term and any renewal term of this lease, Lessee shall keep in full force and effect at its expense a policy or policies of liability insurance with respect to the leased premises with companies licensed to do business in the State of Minnesota and approved by Lessor in which the Lessor shall be an additional named insured and which shall provide coverage of not less than Three Hundred Thousand Dollars (\$300,000) for injury or death to any one person, One Million Dollars (\$1,000,000) for injury or death to more than one person resulting from one occurrence, and One Hundred Thousand Dollars (\$100,000) for damage to property.

b. Personal Property Insurance. Lessee shall obtain insurance on its trade fixtures, equipment, supplies, and furnishings including furniture, carpeting, wall coverings, drapes, and other personal property owned by Lessee and located upon the leased premises to its full insurable value.

c. Waiver of Subrogation. To the extent such waiver does not void or diminish the coverage under any policy, Lessor and Lessee hereby waive any rights each may have against the other on account of any loss or damage occasioned to Lessor or Lessee, as the case may be, or their respective property, to the extent such loss or damage is covered by insurance by either Lessor or Lessee.

d. Certificates of Insurance. A certificate issued by the insurance carrier for each policy of insurance required to be maintained by Lessee by this lease shall be delivered to the Lessor on or before the commencement date hereof and thereafter as the policy renews. Each certificates of

insurance and each such policy of insurance required to be maintained by Lessee hereunder shall expressly evidence insurance coverage as required by this lease (including an express waiver of any and all rights of subrogation thereunder whatsoever against lessor its officers, agents and employees as hereunder) and shall contain an endorsement or provision requiring not less than ten (10) days written notice to Lessor prior to the cancellation, diminution in the perils insured against, or reduction of the amount of coverage.

18. Eminent Domain.

a. Entire Premises. If all or substantially all of the Leased Premises, the Building, or Real Property shall be taken by any public authority, other than the Lessor, under the power of eminent domain, then the term of this lease shall cease as of the day possession shall be taken by such public authority.

b. Partial Taking. If there is a partial taking of the Leased Premises, the Building or Real Property by any public authority other than the Lessor, under eminent domain, both Lessee and Lessor, at the sole option of either, shall have the right to terminate this lease. Either party shall notify the other in writing within ten (10) days after such taking or their election to terminate. If neither party elects to terminate pursuant to this section, all of the terms herein provided shall continue in effect. Rent shall be reduced in proportion to the amount of the premises taken and Lessor shall at its own cost and expense make all necessary repairs or alterations to the basic building and interior work so as to constitute the remaining leased premises a complete architectural unit.

c. Damages. If the Leased Premises, the Building or Real Property, or any portion thereof shall be taken or condemned for any public or private purpose by any public authority other than the Lessor to such an extent as to render the leased premises un-tenantable, this Lease agreement

shall at the option of either party, immediately cease and terminate. It is agreed that all proceeds from any taking or condemnation of the leased premises shall belong to and be paid to the Lessor.

19. Default by Lessee. If default shall be made in the payment of any sum to be paid by Lessee under this Lease agreement, and default shall continue for ten (10) days, or default shall be made in the performance of any of the other covenants or conditions which Lessee is required to observe and to perform, and such default shall continue for twenty (20) days, or if the interest of Lessee under this lease agreement shall be levied on under execution or other legal process, or if any petition shall be filed by or against Lessee to declare Lessee as bankrupt or to delay, reduce or modify Lessee's debts or obligations, or if any petition shall be filed or other action taken to reorganize or modify Lessee's capital structure if Lessee be a corporation or other entity, or if Lessee be declared insolvent according to law, or if any assignment of Lessee's property shall be made for the benefit of creditors, or if a receiver or trustee is appointed for Lessee or its property, or if Lessee shall abandon the leased premises during the term of this Lease agreement or any renewals or extension thereof, then Lessor may treat the occurrence of any one or more of the foregoing events as a breach of this lease agreement. No such levy, execution, legal process or petition filed against Lessee shall constitute a breach of this Lease agreement if Lessee shall vigorously contest the same by appropriate proceedings and shall remove or vacate the same within sixty (60) days from the date of its creation, service or filing and thereupon, at Lessor's option, Lessor may have anyone or more of the following described remedies in addition to all other rights and remedies provided at law or in equity:

a. Lessor may terminate this lease agreement and immediately repossess the leased premises and remove any persons or property therefrom, and be entitled to immediately recover as damages a sum of money equal to the total of: (i) the cost of recovering the leased premises, (ii)

the unpaid rent owed at the time of termination, plus interest thereon from due date at the maximum rate permitted by applicable law, (iii) the balance of the rent for the remainder of the term less the fair market rental value of the leased premises for said period, and (iv) any other sum of money and damages owed by Lessee to Lessor; or

b. Lessor may terminate Lessee's right of possession (but not the Lease Agreement) and may repossess the leased premises without demand or notice of any kind to Lessee and without terminating this Lease agreement, in which event Lessor may, but shall be under no obligation to do so, re-let the premises for the account of Lessee for such rent and upon such terms as shall be satisfactory to Lessor. For the purpose of such re-letting, Lessor is authorized to decorate or to make any repairs, changes, alterations or additions in or to the leased premises that may be necessary or convenient, and (i) if Lessor shall fail or refuse to re-let the leased premises, or (ii) if the leased premises are re-let and a sufficient sum shall not be realized from such re-letting after paying the unpaid gross rental due hereunder earned but unpaid at the time of re-letting plus interest thereon at the maximum rate permitted by applicable law, the cost of recovering possession, and all of the costs and expenses of such decorations, repairs, changes, alterations and additions and the expense of such re-letting and of the collection of the rent accruing therefrom to satisfy the rent provided for in this Lease agreement to be paid, then Lessee shall pay to Lessor as damages a sum equal to the amount of the rental reserved in this lease agreement for such period or periods, or if the leased premises have been re-let, lessee shall satisfy and pay any such deficiency upon demand therefor from time to time and lessee agrees that Lessor may file suit to recover any sums falling due under the terms of this article from time to time on one or more occasions without Lessor being obligated to wait until expiration of the term of this Lease agreement; and that no delivery or recovery of any portion due Lessor hereunder shall be any amount not theretofore reduced to

judgment in favor of Lessor, nor shall such re-letting be construed as an election on the part of Lessor to terminate this Lease agreement unless a written notice of such intention be given to Lessee by Lessor. Notwithstanding any such re-letting without termination, Lessor may at any time thereafter elect to terminate this Lease agreement for such previous breach.

20. Waiver. Failure of Lessor or Lessee to declare any default immediately upon occurrence thereof, or delay in taking any action in connection therewith, shall not waive such default, but Lessor or Lessee shall have the right to declare any such default at any time thereafter.

21. Miscellaneous.

a. Lessee Assignment and Subletting. The Lessee shall not assign, mortgage, pledge, or encumber this lease or the leasehold estate hereby created or any interest therein, nor sublet the premises or any portion thereof, without the prior written consent of Lessor. In the absence of the express written consent of the Lessor, no assignment, mortgage, pledge, encumbrance, or subletting shall be deemed to be binding upon Lessor nor act as a release of lessee from any of the provisions, covenants and conditions of this lease.

b. Lessor Sale or Assignment Permitted. Lessor may at any time assign or transfer its interest as Lessor in and to this Lease, or any part thereof, and may at any time sell or transfer its interest in the fee of the premises, or its interest in and to the whole or any portion of the premises. Provided however, any such assignment or transfer shall be subject to this lease.

c. Right of Access. Lessor, and its authorized agents and representatives, shall be entitled to enter the premises during regular business hours following notice to Lessee for the purpose of inspecting the premises, repairing the premises or building, and for such other purposes as the Lessor deems appropriate. The Lessor shall, in connection with the exercise of the foregoing right of access, use due diligence to cause as little inconvenience, disturbance or other damage or loss

to Lessee as may be reasonably possible under the circumstances. In addition to the foregoing, the Lessor and its authorized agents and representatives, shall be entitled to enter the premises for the purpose of exhibiting the same to prospective purchasers or prospective lessees following notice to Lessee in such manner as will not unreasonably interfere with lessee's use. Access to the premises will be provided to the Lessee during normal operating hours and for special activities as arranged with the Lessor.

d. Estoppel Certificate. The Lessee agrees that at any time and from time to time during the term of this Lease, and within ten (10) days after demand therefore by Lessor, to execute and deliver to Lessor or to any proposed mortgagee, trustee, beneficiary or purchaser, a certificate in recordable form certifying that this lease is in full force and effect and that there are no defenses or offsets thereto, or, stating such defenses or offsets as are claimed by Lessee, and the dates to which all rentals have been paid.

e. Subordination. The Lessee agrees upon request of Lessor to subordinate this lease and its rights hereunder to the lien of any mortgage, or other encumbrance, together with any conditions, renewals, extensions or replacements thereof, and to execute and deliver upon request by Lessor such documents as may be required by effectuate such subordination. Provided, however, that Lessee shall not be required to effectuate such subordination, unless the mortgagee or other person holding any encumbrance shall first agree in writing, for the benefit of the Lessee, that so long as Lessee is not in default under any of the provisions, covenants or conditions of this lease, that neither this lease nor any of the rights of Lessee hereunder shall be terminated or modified or be subject to termination or modification, nor shall lessee's possession of the premises be disturbed or interfered with, by any action or proceeding to foreclose said mortgage or other encumbrance.

f. Notices. Any and all notices and demands by or from Lessor to Lessee, or from Lessee to Lessor, shall be in writing and shall be validly given or made if served either personally or if deposited in the United States mail, certified or registered, postage prepaid, return receipt requested. If such notice be served personally, service shall be conclusively deemed made at the time of such personal service. If such notice or demand be served by registered or certified mail in the manner herein provided, service shall be conclusively deemed made forty-eight (48) hours after the deposit thereof in the United States mail addressed to the party to whom such notice is to be given.

Any notice or demand to Lessor shall be addressed to Lessor at:

City Administrator
City of Silver Bay
City Hall, 7 Davis Drive
Silver Bay, Minnesota, 55614

Any notice or demand to Lessee shall be addressed to Lessee as stated in paragraph F. above.

h. Successors and Assigns. The terms, provisions, covenants and conditions contained in this lease shall apply to, bind and inure to the benefit of the heirs, executors, administrator, legal representatives, successors and assigns (where assignment is permitted) of Lessor and Lessee, respectfully.

i. Severability. If any term or provision of this lease agreement, or the application thereof to any person or circumstances shall to any extent be invalid or unenforceable, the remainder of this lease agreement, or the application of such provision to persons or circumstances other than those as to which it is invalid or unenforceable, shall not be affected thereby, and each provision of this lease agreement shall be valid and shall be enforceable to the extent permitted by law.

j. Governing Law. This lease agreement shall be governed by and construed in accordance with the laws of the State of Minnesota. All rights and remedies of Lessor under this lease agreement shall be cumulative and none shall exclude any other rights or remedies permitted by law.

k. Attorney's Fees. If an action is brought to enforce this lease agreement, or any part thereof, or to collect any payments hereunder, or to become due hereunder, or to recover possession of the leased premises, Lessor shall be entitled to reimbursement from Lessee for all reasonable costs and expenses incurred, including but not limited to, reasonable attorney's fees.

l. Entire Agreement. This agreement represents the entire understanding and agreement between the parties hereto and this lease agreement may not be altered, changed, or amended, except by an instrument in writing, signed by all parties hereto.

Heavy Duty Designs

Exp 12/23

LEASE AGREEMENT

Mary MacDonald Center

THIS LEASE AGREEMENT made and entered into by and between the City of Silver Bay, a Minnesota Municipal Corporation, ("Lessor"), and the Lessee identified below. In consideration of the mutual covenants and promises contained herein and other good and valuable consideration, the Lessor leases to Lessee, and the Lessee leases from Lessor the premises described and upon the following basic lease information and Lease Terms and Conditions that follow.

Basic Lease Information

- A. Leased Premises: Room(s) 113
- B. Lease Term: Beginning January 1, 2023 and terminating December 31, 2023
- C. Rent: The sum of \$355 per month from January 1, 2023 - December 31, 2023.
- D. Security Deposit: A security damage deposit equal to one month's rent.
The City has received \$355 of the security/damage deposit.
- E. Permitted Use: Terri Rannetsberger d/b/a Heavy Duty Designs, LLC for the manufacturing of sewn goods/material.

F. Identification of Lessee and Address for Notice:

LESSEE: Terri Rannetsberger d/b/a Heavy Duty Designs, LLC

Any notice or demand to Lessee shall be addressed to Lessee at:

61 Edison Boulevard, Silver Bay, MN 55614, 218-220-8167

G. Other: The Lessee will not use extension cords as a substitute for permanent wiring; will maintain at least 18 inches below the level of sprinkler head deflectors for any storage materials; will keep aisles and aisle access widths maintained with a 24 inch wide access minimum; will keep all exiting corridors clear of storage, garbage, and other items that would reduce the required egress, or otherwise pose an obstruction or hazard to egress; will not store idle pallets, cardboard, and Group A plastics (i.e. expanded foam plastics such as Styrofoam) higher than 6 feet or more or ensure that the high-piled storage areas are in full compliance with Chapter 23 of the Minnesota State Fire Code; ensure that materials such as curtains, drapes, hangings, and other decorative materials where the materials exceed 20% of the wall or ceiling surface meet flame propagation performance criteria of NFPA 701; will properly install and wire any and all equipment and fixtures in accordance with the State Electrical Code and appliance's listing.

WHEREFORE, the parties hereto have executed this Lease Agreement on the respective dates set forth below.

LESSOR: CITY OF SILVER BAY

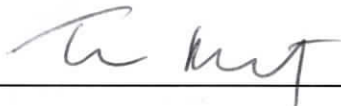
By 
Mayor

12/20/22
Date

By 
City Administrator

12/20/22
Date

LESSEE: TERRI RANNETSBERGER d/b/a HEAVY DUTY DESIGNS, LLC

By 
Its:

1-31-23
Date

By _____
Its:

Date

EXHIBIT A

Lease Terms and Conditions

1. **Description of Premises.** That portion of the building commonly known as the Mary MacDonald Business Center, 99 Edison Boulevard, Silver Bay, Minnesota, legally described in Document No. 17,315, filed in Book 55 of titles, page 218, in the office of the Registrar of Titles for Lake County, Minnesota, identified in paragraph A. above. Lessee shall be provided keys accessing the building and use of Common areas consisting of entryways, hallways and restroom facilities.

2. **Lease Term.** The term of this lease shall be for the period commencing and terminating as described in paragraph B above.

3. **Rent.** The Lessee shall pay the rent described in paragraph C. above to the Lessor without demand and without offset or deduction. The rent shall be paid on or before the first day of each month. The rent payments shall be payable to the City of Silver Bay and delivered to:

City Administrator
City of Silver Bay
City Hall, 7 Davis Drive
Silver Bay, Minnesota, 55614

4. **Utilities.**

a. **Utilities.** Lessor shall provide utilities for the premises consisting of gas or oil heat, electricity, and water and sewer service. The Lessee shall provide at its expense all other services including telephone, internet and any other communication-related expenses, including installation and service.

b. **Additional Lessor Services.** Lessor agrees to provide to Lessee as part of the base rental consideration the following services: maintenance of the outside grounds, snow removal, unreserved tenant parking as space permits.

5. **Solid and Hazardous Waste.**

a. **Solid Waste Disposal.** The Lessee shall arrange for and pay the cost of the proper removal and disposal of the solid waste that it may generate. The Lessee shall not permit

the accumulation of solid waste on the premises that in the opinion of the Lessor, may be a health, fire, or other hazard.

b. Hazardous Waste. The Lessee expressly warrants and agrees: (i) that it will comply with all applicable federal and state environmental laws and regulations in connection with its use and occupancy of the property; (ii) that it will not store, treat, refine, or dispose of any toxic or hazardous substances above or below the premises during its leasehold; (iii) that it will indemnify and hold harmless the Lessor against any claim, liability, damage, costs, penalties, or fines which Lessor may be subjected to as a result of Lessee's use of the property in violation of applicable federal or state environmental laws and regulations; provided, however, that Lessee shall not, in any event, be responsible for any discharge, disposal, or storage of any toxic or hazardous substances which occurred prior to Lessee's possession of the premises. Lessor represents and warrants to Lessee that Lessor is not aware of any discharge, disposal, or storage of any such toxic or hazardous substance in, under or on the Real Property and/or the Building, and which occurred prior to the execution of this Lease.

6. Security/Damage Deposit. In addition to full performance of the covenants required by the Lessee under terms of this Lease, the Lessee is also responsible for any damage to the premises caused by Lessee, its agents, servants, employees, customers, invites, visitors, or customers. Lessee shall deposit with Lessor upon execution of this Lease as security for the performance of the covenants for any damages, the amount shown in paragraph D. above. This amount shall be held by Lessor during the lease term and may be used from time to time to cure defaults of Lessee if and when they occur, or to repair any damage to the premises caused by Lessee, its agents, servants, employees, customers, invites, visitors, or customers. The Lessor shall first notify Lessee in writing of the default or damage and the cost of cure or repair. If Lessee does not cure the default or repair the damage, to the Lessor's satisfaction, within 10 days of the date of notice, then Lessor may utilize this deposit to cure the default or make the repairs. In the event Lessor utilizes all or part of the deposit as herein described, Lessee shall upon demand restore the same to the original amount. Should any amount of the security deposit remain at the expiration of this lease, the Lessor shall refund the balance to Lessee in accordance with applicable law.

7. **Permitted Use.** The premises shall be used by the Lessee solely for the purpose(s) described in Paragraph E. above. The Lessee shall not use nor permit the use of the premises or any portion thereof for any other purpose whatsoever without first obtaining the Lessor's written consent. The Lessor represents that the leased premises are now and will be for the term of this lease zoned for the permitted use.

8. **Compliance with Applicable Laws, etc.**

- a. The Lessee agrees to comply with all laws, codes, ordinances, rules, regulations and conditions which may be applicable to the Lessee's use of the premises.
- b. The lessee shall not keep, permit or allow any non-prescribed drugs nor any liquors or beverages of any intoxicating nature or tendency to be sold, kept or tolerated on the leased premises.

9. **Rules and Regulations.**

- a. The Lessee **shall** at all times during the term of this lease, at its sole cost and expense:

- (1) Furnish, install and maintain in the leased premises all of Lessee's property necessary for Lessee's use.
- (2) Maintain the leased premises in a clean, neat, sanitary and orderly condition.
- (3) Comply with all governmental rules, regulations, ordinances, statutes and laws now or hereafter in effect pertaining to the premises or Lessor's use thereof.
- (4) Keep all common areas, including the hallways and entry ways fully open and free of all materials and shall not store any of Lessee's property therein. Lessee's property may be placed in the area for a limited period during delivery or pick up of material and supplies to or from the leased premises.
- (5) Have appropriate fire and safety equipment for fire protection and procedures in place for emergency evacuation.
- (6) Comply with the Lessor's KEY policy for building entrance doors. Keys shall be furnished by the Lessor. Lessee shall not have keys made from outside sources.
- (7) Make certain that all windows and doors are locked when leaving for the day.
- (8) Keep all windows closed during heating and when the boiler is on.
- (9) Adhere to a policy of energy conservation.

- (10) Make certain that leased premises are secured when not occupied.
- (11) Store all trash and garbage within the leased premises in metal containers so as not to create or permit any health or fire hazard.
- (12) Park only in those areas designated for parking.

b. Lessee, during the term of the lease, shall not:

- (1) Without the prior written consent of all insurance companies which have issued any insurance of any kind whatsoever pursuant to any provision of this lease: sell, store or permit to be kept, used or sold in, upon or about the premises any substance or material of an explosive, inflammable, radiological or toxic nature, in such quantities which may be prohibited by any such insurance policy, or which may endanger any part of the premises or its occupants, business patrons or invitees.
- (2) Burn any trash, papers or garbage of any kind in or about the premises.
- (3) Use or permit the use of the leased premises or any portion thereof as living quarters, sleeping quarters or lodging rooms.
- (4) Bring or harbor any dogs, cats, birds or other animals in or upon the premises.
- (5) Commit or suffer to be committed any waste upon the premises.
- (6) Allow any loitering or playing in the common areas, hallways or entry ways.
- (7) Allow any minor person under the age of sixteen (16) to be inside the building unless under the direct supervision of parent, guardian or adult authorized by the Lessees.
- (8) Enter the utility room, maintenance room, boiler room or roof, unless authorized by the Lessor or its designated representative.
- (9) Unless a Lessee has leased all or a portion of the kitchen, cafeteria, or gymnasium, a Lessee shall not use those facilities without the prior approval of the Lessor at such additional rent as may be agreed.
- (10) Park in the adjacent St. Mary's Church parking area, to the west side of the building or near the basketball courts or in the driveway of that space.
- (11) Allow truck delivery or pick up between the hours of 6:00 PM - 8:00 AM.

10. Alterations, Repair and Maintenance.

a. Alterations. Except as otherwise herein provided, Lessee shall not make or suffer to be made any structural changes, alterations, modifications or additions to the leased premises

or any part thereof without the express written consent of Lessor. In the event Lessee desires to make any change, alteration, modification or addition in or to the leased premises, Lessee shall submit to Lessor complete plans and specifications regarding said change, alteration, modification or addition. Lessee agrees that no change, alteration, modification or addition in or to the leased premises shall be commenced until such time as the complete plans and specifications have been submitted to the Lessor. No work shall be commenced until Lessor has provided Lessee with written consent to said change, alteration, modification or addition. Any changes, alterations, modifications or additions in or to the leased premises shall be at Lessee's sole cost and expense and, except for Lessee's portable equipment and furnishings, shall become at once a part of realty and be the sole property of Lessor. If, during the term herein, any change, alteration, modification, addition or correction shall be required by any law, rule or regulations or any governmental authority to be made in or to the leased premises or any portion thereof, Lessor shall be given notice thereof and any such change, alteration, modification, addition or correction shall then be made by Lessee at its sole cost and expense.

b. Repair and Maintenance. The Lessee's acceptance of the leased premises shall constitute conclusive evidence that the premises were, as of that date, in good, clean and usable for the Lessee's purposes, and as otherwise represented by Lessor. The Lessee shall maintain the premises and the property furnished under this lease in good repair and tenantable condition.

11. Surrender of Premises and Abandonment.

a. Surrender of Premises. Upon the expiration or sooner termination of the term of this lease, and if Lessee has fully and faithfully performed all of the terms, conditions and covenants of this lease, Lessee shall, at its sole cost and expense, remove its interior and exterior signs and all of its movable trade fixtures and equipment. Lessee shall remove any other items of Lessee's personal property from the premises and repair all damage thereto resulting from such removal. Lessee shall thereupon surrender the premises in the same condition as they were on the commencement date, reasonable wear and tear excepted. If, upon expiration or earlier termination of the Term of this Lease, Lessee has not fully and faithfully performed all of the terms, conditions, and covenants of this lease to be performed by Lessee, Lessee shall nevertheless remove Lessee's property from the

premises within fifteen (15) days after receipt of written direction to do so from Lessor. In the event Lessee shall fail to remove any of Lessee's property as provided herein, Lessor may, but is not obligated to, at Lessee's expense, remove all of Lessee's property not so removed and repair all damage to the premises resulting from such removal and charge the cost of removal and repair to the Lessee.

b. Abandonment. Lessee shall not abandon or vacate the premises at any time during the term hereof. If Lessee shall abandon, vacate or otherwise surrender the premises, or be dispossessed thereof by process of law or otherwise, the same shall constitute a default under this lease on the part of Lessee.

12. Hold Over. In the event Lessee shall hold over or remain in possession of the leased premises after expiration or termination of this lease agreement without the written consent of the Lessor, Lessee shall be obligated for the rent which Lessee was obligated to pay for the month immediately preceding the end of the term of this lease agreement for each month or any part thereof of any such hold over period. In the event of any unauthorized holding over, Lessee shall indemnify the Lessor against all claims for damages by any other Lessee to whom the Lessor may have leased all or any part of the leased premises covered hereby effective upon the termination of this lease agreement.

13. Quiet Possession. The Lessor agrees that Lessee upon paying the rent or other payments herein required, and upon Lessee's performance of all of the provisions, covenants and conditions of this lease on its part to be kept and performed, may quietly have, hold and enjoy the premises during the term of this lease.

14. Nuisance. Lessee agrees to conduct its business and operations and control its agents, employees, invitees, visitors, and customers in such manner as not to create any nuisance, or interfere with, annoy or disturb any other Lessee or the Lessor in its operation of the premises.

15. Fire or Other Casualty. In the event of a fire or other casualty in the leased premises, Lessee shall immediately give notice thereof to Lessor. If the leased premises, through no fault of Lessee, its agents, employees, invitees, visitors, or customers, shall be partially destroyed by fire or other casualty so as to render the leased premises all or partially un-tenantable, the rental herein

shall be proportionately abated thereafter until such time as the leased premises are made tenantable. In the event of the total destruction of the leased premises without fault or neglect of the Lessee, its agents, employees, invites, visitors, or customers, or from such cause the same shall be so damaged that Lessor shall decide not to rebuild, then all rent owed up to the time of such destruction shall be paid by Lessee and this lease agreement shall terminate.

16. Hold Harmless. Lessor, its agents, and representatives shall not be liable to Lessee, or to Lessee's agents, servants, employees, customers, invites, visitors, or customers for any damage to person or property caused by any act, omission or neglect of Lessee, and Lessee agrees to hold Lessor harmless from all claims for any such damage. Lessee shall carry liability insurance for this purpose.

17. Liability and Insurance.

a. Liability Insurance. At all times during the term and any renewal term of this lease, Lessee shall keep in full force and effect at its expense a policy or policies of liability insurance with respect to the leased premises with companies licensed to do business in the State of Minnesota and approved by Lessor in which the Lessor shall be an additional named insured and which shall provide coverage of not less than Three Hundred Thousand Dollars (\$300,000) for injury or death to any one person, One Million Dollars (\$1,000,000) for injury or death to more than one person resulting from one occurrence, and One Hundred Thousand Dollars (\$100,000) for damage to property.

b. Personal Property Insurance. Lessee shall obtain insurance on its trade fixtures, equipment, supplies, and furnishings including furniture, carpeting, wall coverings, drapes, and other personal property owned by Lessee and located upon the leased premises to its full insurable value.

c. Waiver of Subrogation. To the extent such waiver does not void or diminish the coverage under any policy, Lessor and Lessee hereby waive any rights each may have against the other on account of any loss or damage occasioned to Lessor or Lessee, as the case may be, or their respective property, to the extent such loss or damage is covered by insurance by either Lessor or Lessee.

d. Certificates of Insurance. A certificate issued by the insurance carrier for each policy of insurance required to be maintained by Lessee by this lease shall be delivered to the

Lessor on or before the commencement date hereof and thereafter as the policy renews. Each certificates of insurance and each such policy of insurance required to be maintained by Lessee hereunder shall expressly evidence insurance coverage as required by this lease (including an express waiver of any and all rights of subrogation thereunder whatsoever against lessor its officers, agents and employees as hereunder) and shall contain an endorsement or provision requiring not less than ten (10) days written notice to Lessor prior to the cancellation, diminution in the perils insured against, or reduction of the amount of coverage.

18. Eminent Domain.

a. Entire Premises. If all or substantially all of the Leased Premises, the Building, or Real Property shall be taken by any public authority, other than the Lessor, under the power of eminent domain, then the term of this lease shall cease as of the day possession shall be taken by such public authority.

b. Partial Taking. If there is a partial taking of the Leased Premises, the Building or Real Property by any public authority other than the Lessor, under eminent domain, both Lessee and Lessor, at the sole option of either, shall have the right to terminate this lease. Either party shall notify the other in writing within ten (10) days after such taking or their election to terminate. If neither party elects to terminate pursuant to this section, all of the terms herein provided shall continue in effect. Rent shall be reduced in proportion to the amount of the premises taken and Lessor shall, at its own cost and expense, make all necessary repairs or alterations to the basic building and interior work so as to constitute the remaining leased premises a complete architectural unit.

c. Damages. If the Leased Premises, the Building or Real Property, or any portion thereof shall be taken or condemned for any public or private purpose by any public authority other than the Lessor to such an extent as to render the leased premises un-tenantable, this Lease agreement shall at the option of either party, immediately cease and terminate. It is agreed that all proceeds from any taking or condemnation of the leased premises shall belong to and be paid to the Lessor.

19. Default by Lessee. If default shall be made in the payment of any sum to be paid by Lessee under this Lease agreement, and default shall continue for ten (10) days, or default shall be made

in the performance of any of the other covenants or conditions which Lessee is required to observe and to perform, and such default shall continue for twenty (20) days, or if the interest of Lessee under this lease agreement shall be levied on under execution or other legal process, or if any petition shall be filed by or against Lessee to declare Lessee as bankrupt or to delay, reduce or modify Lessee's debts or obligations, or if any petition shall be filed or other action taken to reorganize or modify Lessee's capital structure if Lessee be a corporation or other entity, or if Lessee be declared insolvent according to law, or if any assignment of Lessee's property shall be made for the benefit of creditors, or if a receiver or trustee is appointed for Lessee or its property, or if Lessee shall abandon the leased premises during the term of this Lease agreement or any renewals or extension thereof, then Lessor may treat the occurrence of any one or more of the foregoing events as a breach of this Lease agreement. No such levy, execution, legal process or petition filed against Lessee shall constitute a breach of this Lease agreement if Lessee shall vigorously contest the same by appropriate proceedings and shall remove or vacate the same within sixty (60) days from the date of its creation, service or filing and thereupon, at Lessor's option, Lessor may have anyone or more of the following described remedies in addition to all other rights and remedies provided at law or in equity:

- a. Lessor may terminate this Lease agreement and immediately repossess the leased premises and remove any persons or property therefrom, and be entitled to immediately recover as damages a sum of money equal to the total of: (i) the cost of recovering the leased premises, (ii) the unpaid rent owed at the time of termination, plus interest thereon from due date at the maximum rate permitted by applicable law, (iii) the balance of the rent for the remainder of the term less the fair market rental value of the leased premises for said period, and (iv) any other sum of money and damages owed by Lessee to Lessor; or
- b. Lessor may terminate Lessee's right of possession (but not the Lease Agreement) and may repossess the leased premises without demand or notice of any kind to Lessee and without terminating this Lease agreement, in which event Lessor may, but shall be under no obligation to do so, re-let the premises for the account of Lessee for such rent and upon such terms as shall be satisfactory to Lessor. For the purpose of such re-letting, Lessor is authorized to decorate or to make any repairs, changes, alterations or additions in or to the leased premises that may be necessary or convenient, and (i) if Lessor shall fail or refuse to re-let the leased premises, or (ii) if the leased premises are re-let and a sufficient sum shall not be realized from such re-letting after paying the unpaid gross rental due hereunder

earned but unpaid at the time of re-letting plus interest thereon at the maximum rate permitted by applicable law, the cost of recovering possession, and all of the costs and expenses of such decorations, repairs, changes, alterations and additions and the expense of such re-letting and of the collection of the rent accruing therefrom to satisfy the rent provided for in this Lease agreement to be paid, then Lessee shall pay to Lessor as damages a sum equal to the amount of the rental reserved in this lease agreement for such period or periods, or if the leased premises have been re-let, lessee shall satisfy and pay any such deficiency upon demand therefor from time to time and lessee agrees that Lessor may file suit to recover any sums falling due under the terms of this article from time to time on one or more occasions without Lessor being obligated to wait until expiration of the term of this Lease agreement; and that no delivery or recovery of any portion due Lessor hereunder shall be any amount not theretofore reduced to judgment in favor of Lessor, nor shall such re-letting be construed as an election on the part of Lessor to terminate this Lease agreement unless a written notice of such intention be given to Lessee by Lessor. Notwithstanding any such re-letting without termination, Lessor may at any time thereafter elect to terminate this Lease agreement for such previous breach.

20. Waiver. Failure of Lessor or Lessee to declare any default immediately upon occurrence thereof, or delay in taking any action in connection therewith, shall not waive such default, but Lessor or Lessee shall have the right to declare any such default at any time thereafter.

21. Miscellaneous.

a. Lessee Assignment and Subletting. The Lessee shall not assign, mortgage, pledge, or encumber this lease or the leasehold estate hereby created or any interest therein, nor sublet the premises or any portion thereof, without the prior written consent of Lessor. In the absence of the express written consent of the Lessor, no assignment, mortgage, pledge, encumbrance, or subletting shall be deemed to be binding upon Lessor nor act as a release of lessee from any of the provisions, covenants and conditions of this lease.

b. Lessor Sale or Assignment Permitted. Lessor may at any time assign or transfer its interest as Lessor in and to this Lease, or any part thereof, and may at any time sell or transfer its interest in the fee of the premises, or its interest in and to the whole or any

portion of the premises. Provided however, any such assignment or transfer shall be subject to this lease.

c. Right of Access. Lessor, and its authorized agents and representatives, shall be entitled to enter the premises during regular business hours following notice to Lessee for the purpose of inspecting the premises, repairing the premises or building, and for such other purposes as the Lessor deems appropriate. The Lessor shall, in connection with the exercise of the foregoing right of access, use due diligence to cause as little inconvenience, disturbance or other damage or loss to Lessee as may be reasonably possible under the circumstances. In addition to the foregoing, the Lessor and its authorized agents and representatives, shall be entitled to enter the premises for the purpose of exhibiting the same to prospective purchasers or prospective lessees following notice to Lessee in such manner as will not unreasonably interfere with lessee's use. Access to the premises will be provided to the Lessee during normal operating hours and for special activities as arranged with the Lessor.

d. Estoppel Certificate. The Lessee agrees that at any time and from time to time during the term of this Lease, and within ten (10) days after demand therefore by Lessor, to execute and deliver to Lessor or to any proposed mortgagee, trustee, beneficiary or purchaser, a certificate in recordable form certifying that this lease is in full force and effect and that there are no defenses or offsets thereto, or, stating such defenses or offsets as are claimed by Lessee, and the dates to which all rentals have been paid.

e. Subordination. The Lessee agrees upon request of Lessor to subordinate this Lease and its rights hereunder to the lien of any mortgage, or other encumbrance, together with any conditions, renewals, extensions or replacements thereof, and to execute and deliver upon request by Lessor such documents as may be required by effectuate such subordination. Provided, however, that Lessee shall not be required to effectuate such subordination, unless the mortgagee or other person holding any encumbrance shall first agree in writing, for the benefit of the Lessee, that so long as Lessee is not in default under any of the provisions, covenants or conditions of this lease, that neither this lease nor any of the rights of Lessee hereunder shall be terminated or modified or be subject to termination or modification, nor shall lessee's possession of the premises be disturbed or interfered with, by any action or proceeding to foreclose said mortgage or other encumbrance.

f. Notices. Any and all notices and demands by or from Lessor to Lessee, or from Lessee to Lessor, shall be in writing and shall be validly given or made if served either personally or if deposited in the United States mail, certified or registered, postage prepaid, return receipt requested. If such notice be served personally, service shall be conclusively deemed made at the time of such personal service. If such notice or demand be served by registered or certified mail in the manner herein provided, service shall be conclusively deemed made forty-eight (48) hours after the deposit thereof in the United States mail addressed to the party to whom such notice is to be given.

Any notice or demand to Lessor shall be addressed to Lessor at:

City Administrator
City of Silver Bay
City Hall, 7 Davis Drive
Silver Bay, Minnesota, 55614

Any notice or demand to Lessee shall be addressed to Lessee as stated in paragraph F. above.

h. Successors and Assigns. The terms, provisions, covenants and conditions contained in this lease shall apply to, bind and inure to the benefit of the heirs, executors, administrator, legal representatives, successors and assigns (where assignment is permitted) of Lessor and Lessee, respectfully.

i. Severability. If any term or provision of this lease agreement, or the application thereof to any person or circumstances shall to any extent be invalid or unenforceable, the remainder of this lease agreement, or the application of such provision to persons or circumstances other than those as to which it is invalid or unenforceable, shall not be affected thereby, and each provision of this lease agreement shall be valid and shall be enforceable to the extent permitted by law.

j. Governing Law. This lease agreement shall be governed by and construed in accordance with the laws of the State of Minnesota. All rights and remedies of Lessor under this lease agreement shall be cumulative and none shall exclude any other rights or remedies permitted by law.

k. Attorney's Fees. If an action is brought to enforce this lease agreement, or any part thereof, or to collect any payments hereunder, or to become due hereunder, or to recover possession of the leased premises, Lessor shall be entitled to reimbursement from Lessee

for all reasonable costs and expenses incurred, including but not limited to, reasonable attorney's fees.

1. Entire Agreement. This agreement represents the entire understanding and agreement between the parties hereto and this lease agreement may not be altered, changed, or amended, except by an instrument in writing, signed by all parties hereto.

Lake County Human Services/

Claire Nelson

Exp 12/23

LEASE AGREEMENT

Mary MacDonald Center

THIS LEASE AGREEMENT made and entered into by and between the City of Silver Bay, a Minnesota Municipal Corporation, ("Lessor"), and the Lessee identified below. In consideration of the mutual covenants and promises contained herein and other good and valuable consideration, the Lessor leases to Lessee, and the Lessee leases from Lessor the premises described and upon the following basic lease information and Lease Terms and Conditions that follow.

Basic Lease Information

A. Leased Premises: Room(s) 115, 116, 118, 120, 121, 123, 126, 129, 130, and 131 as highlighted on attached exhibit.

B. Lease Term: Beginning January 1, 2021 and terminating December 31, 2023

C. Rent: The sum of \$3,015 per month from January 1, 2021 - December 31, 2021

The sum of \$3,093 per month from January 1, 2022 – December 31, 2022

The sum of \$3,170 per month from January 1, 2023 – December 31, 2023

D. Security/Damage Deposit: This has been waived.

E. Permitted Use: Lake County Business and Service Center, and Golden Agers.

F. Identification of Lessee and Address for Notice:

LESSEE: Lake County

Any notice or demand to Lessee shall be addressed to Lessee at:


Matt Huddleston, Administrator, 601 Third Avenue, Two Harbors, MN 55616

G. Other:

The Lessee will not use extension cords as a substitute for permanent wiring; will maintain at least 18 inches below the level of sprinkler head deflectors for any storage materials; will keep aisles and aisle access widths must maintain a minimum 24 inch wide access; will keep all exiting corridors clear of storage, garbage, and other items that would reduce the required egress, or otherwise pose an obstruction or hazard to egress; ensure that the high-piled storage areas are in full compliance with Chapter 23 of the Minnesota State Fire Code; ensure that materials such as curtains, drapes, hangings, and other decorative materials where the materials exceed 20% of the wall or ceiling surface meet flame propagation performance criteria of NFPA 701; will properly install and wire any and all equipment and fixtures in accordance with the State Electrical Code and appliance's listing.

WHEREFORE, the parties hereto have executed this Lease Agreement on the respective dates set forth below.

LESSOR: CITY OF SILVER BAY

By  12/29/20
Mayor Date

By  12/28/20
City Administrator Date

LESSEE:



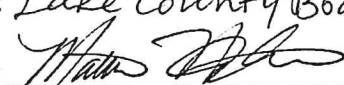
By  Dec. 22, 2020
Its: Lake County Board Chair Date Attest: 
Clerk of the Board
By  Dec. 22, 2020
Its: Administrator Date

EXHIBIT A

Lease Terms and Conditions

1. Description of Premises. That portion of the building commonly known as the Mary MacDonald Business Center, 99 Edison Boulevard, Silver Bay, Minnesota, legally described in Document No. 17,315, filed in Book 55 of titles, page 218, in the office of the Registrar of Titles for Lake County, Minnesota, identified in paragraph A above. Lessee shall be provided keys accessing the building and use of Common areas consisting of entryways, hallways and restroom facilities.

2. Lease Term. The term of this lease shall be for the period commencing and terminating as described in paragraph B above.

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City of Silver Bay
City Hall, 7 Davis Drive
Silver Bay, Minnesota, 55614

4. Utilities.

a. Utilities. Lessor shall provide utilities for the premises consisting of gas or oil heat, electricity, and water and sewer service. The Lessee shall provide at its expense all other services including telephone, internet and any other communication-related expenses, including installation and service.

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5. Solid and Hazardous Waste.

a. Solid Waste Disposal. The Lessee shall arrange for and pay the cost of the proper removal and disposal of the solid waste that it may generate. The Lessee shall not permit the accumulation of solid waste on the premises, that in the opinion of the Lessor, may be a health, fire, or other hazard.

b. Hazardous Waste. The Lessee expressly warrants and agrees: (i) that it will comply with all applicable federal and state environmental laws and regulations in connection with its use and occupancy of the property; (ii) that it will not store, treat, refine, or dispose of any toxic or hazardous substances above or below the premises during its leasehold; (iii) that it will indemnify and hold harmless the Lessor against any claim, liability, damage, costs, penalties, or fines which Lessor may be subjected to as a result of Lessee's use of the property in violation of applicable federal or state environmental laws and regulations; provided, however, that Lessee shall not, in any event, be responsible for any discharge, disposal, or storage of any toxic or hazardous substances which occurred prior to Lessee's possession of the premises. Lessor represents and warrants to Lessee that Lessor is not aware of any discharge, disposal, or storage of any such toxic or hazardous substance in, under or on the Real Property and/or the Building, and which occurred prior to the execution of this Lease.

6. Security/Damage Deposit. In addition to full performance of the covenants required by the Lessee under terms of this Lease, the Lessee is also responsible for any damage to the premises caused by Lessee, its agents, servants, employees, customers, invites, visitors, or

customers. Lessee shall deposit with Lessor upon execution of this Lease as security for the performance of the covenants for any damages, the amount shown in paragraph D. above. This amount shall be held by Lessor during the lease term and may be used from time to time to cure defaults of Lessee if and when they occur, or to repair any damage to the premises caused by Lessee, its agents, servants, employees, customers, invitees, visitors, or customers. The Lessor shall first notify Lessee in writing of the default or damage and the cost of cure or repair. If Lessee does not cure the default or repair the damage, to the Lessor's satisfaction, within 10 days of the date of notice, then Lessor may utilize this deposit to cure the default or make the repairs. In the event Lessor utilizes all or part of the deposit as herein described, Lessee shall upon demand restore the same to the original amount. Should any amount of the security deposit remain at the expiration of this lease, the Lessor shall refund the balance to Lessee in accordance with applicable law.

7. Permitted Use. The premises shall be used by the Lessee solely for the purpose(s) described in Paragraph E. above. The Lessee shall not use nor permit the use of the premises or any portion thereof for any other purpose whatsoever without first obtaining the Lessor's written consent. The Lessor represents that the leased premises are now and will be for the term of this lease zoned for the permitted use.

8. Compliance with Applicable Laws, etc.

a. The Lessee agrees to comply with all laws, codes, ordinances, rules, regulations and conditions which may be applicable to the Lessee's use of the premises.

b. The Lessee shall not keep, permit or allow any non-prescribed drugs nor any liquors or beverages of any intoxicating nature or tendency to be sold, kept or tolerated on the leased premises.

9. Rules and Regulations.

a. The Lessee **shall** at all times during the term of this lease, at its sole cost and expense:

- (1) Furnish, install and maintain in the leased premises all of Lessee's property necessary for Lessee's use.
- (2) Maintain the leased premises in a clean, neat, sanitary and orderly condition.
- (3) Comply with all governmental rules, regulations, ordinances, statutes and laws now or hereafter in effect pertaining to the premises or Lessee's use thereof.
- (4) Keep all common areas, including the hallways and entry ways fully open and free of all materials and shall not store any of Lessee's property therein. Lessee's property may be placed in the area for a limited period during delivery or pick up of material and supplies to or from the leased premises.
- (5) Have appropriate fire and safety equipment for fire protection and procedures in place for emergency evacuation.
- (6) Comply with the Lessor's key policy for building entrance doors. Keys shall be furnished by the Lessor. Lessee shall not have keys made from outside sources.
- (7) Make certain that all windows and doors are locked when leaving for the day.
- (8) Keep all windows closed during heating and when the boiler is on.
- (9) Adhere to a policy of energy conservation.
- (10) Make certain that leased premises are secured when not occupied.
- (11) Store all trash and garbage within the leased premises in metal containers so as not to create or permit any health or fire hazard.
- (12) Park only in those areas designated for parking.

b. Lessee, during the term of the lease, **shall not**:

- (1) Without the prior written consent of all insurance companies which have issued any insurance of any kind whatsoever pursuant to any provision of this lease: sell, store or permit to be kept, used or sold in, upon or about the premises any substance or material of an explosive, inflammable, radiological or toxic nature, in such quantities which may be prohibited by any such insurance policy, or which may endanger any part of the premises or its occupants, business patrons or invitees.
- (2) Burn any trash, papers or garbage of any kind in or about the premises.
- (3) Use or permit the use of the leased premises or any portion thereof as living quarters, sleeping quarters or lodging rooms.
- (4) Bring or harbor any dogs, cats, birds or other animals in or upon the premises.
- (5) Commit or suffer to be committed any waste upon the premises.
- (6) Allow any loitering or playing in the common areas, hallways or entry ways.
- (7) Allow any minor person under the age of sixteen (16) to be inside the building unless under the direct supervision of parent, guardian or adult authorized by the Lessees.
- (8) Enter the utility room, maintenance room, boiler room or roof, unless authorized by the Lessor or its designated representative.
- (9) Unless a Lessee has leased all or a portion of the kitchen, cafeteria, or gymnasium, a Lessee shall not use those facilities without the prior approval of the Lessor at such additional rent as may be agreed.

(10) Park in the adjacent St. Mary's Church parking area, to the west side of the building or near the basketball courts or in the driveway of that space.

(11) Allow truck delivery or pick up between the hours of 6:00 PM and 8:00 AM.

10. Alterations, Repair and Maintenance.

a. Alterations. Except as otherwise herein provided, Lessee shall not make or suffer to be made any structural changes, alterations, modifications or additions to the leased premises or any part thereof without the express written consent of Lessor. In the event Lessee desires to make any change, alteration, modification or addition in or to the leased premises, Lessee shall submit to Lessor complete plans and specifications regarding said change, alteration, modification or addition. Lessee agrees that no change, alteration, modification or addition in or to the leased premises shall be commenced until such time as the complete plans and specifications have been submitted to the Lessor. No work shall be commenced until Lessor has provided Lessee with written consent to said change, alteration, modification or addition. Any changes, alterations, modifications or additions in or to the leased premises shall be at Lessee's sole cost and expense and, except for Lessee's portable equipment and furnishings, shall become at once a part of realty and be the sole property of Lessor. If, during the term herein, any change, alteration, modification, addition or correction shall be required by any law, rule or regulations or any governmental authority to be made in or to the leased premises or any portion thereof, Lessor shall be given notice thereof and any such change, alteration, modification, addition or correction shall then be made by Lessee at its sole cost and expense.

b. Repair and Maintenance. The Lessee's acceptance of the leased premises shall constitute conclusive evidence that the premises were, as of that date, in good. clean and usable

for the Lessee's purposes, and as otherwise represented by Lessor. The Lessor shall maintain the premises and the property furnished under this lease in good repair and tenantable condition.

11. Surrender of Premises and Abandonment.

a. Surrender of Premises. Upon the expiration or sooner termination of the term of this lease, and if Lessee has fully and faithfully performed all of the terms, conditions and covenants of this lease, Lessee shall, at its sole cost and expense, remove its interior and exterior signs and all of its movable trade fixtures and equipment. Lessee shall remove any other items of Lessee's personal property from the premises and repair all damage thereto resulting from such removal. Lessee shall thereupon surrender the premises in the same condition as they were on the commencement date, reasonable wear and tear excepted. If, upon expiration or earlier termination of the Term of this Lease, Lessee has not fully and faithfully performed all of the terms, conditions, and covenants of this lease to be performed by Lessee, Lessee shall nevertheless remove Lessee's property from the premises within fifteen (15) days after receipt of written direction to do so from Lessor. In the event Lessee shall fail to remove any of Lessee's property as provided herein, Lessor may, but is not obligated to, at Lessee's expense, remove all of Lessee's property not so removed and repair all damage to the premises resulting from such removal and charge the cost of removal and repair to the Lessee.

b. Abandonment. Lessee shall not abandon or vacate the premises at any time during the term hereof. If Lessee shall abandon, vacate or otherwise surrender the premises, or be dispossessed thereof by process of law or otherwise, the same shall constitute a default under this lease on the part of Lessee.

12. Hold Over. In the event Lessee shall hold over or remain in possession of the leased premises after expiration or termination of this lease agreement without the written consent of

the Lessor, Lessee shall be obligated for the rent which Lessee was obligated to pay for the month immediately preceding the end of the term of this lease agreement for each month or any part thereof of any such hold over period. In the event of any unauthorized holding over, Lessee shall indemnify the Lessor against all claims for damages by any other Lessee to whom the Lessor may have leased all or any part of the leased premises covered hereby effective upon the termination of this lease agreement.

13. Quiet Possession. The Lessor agrees that Lessee upon paying the rent or other payments herein required, and upon Lessee's performance of all of the provisions, covenants and conditions of this lease on its part to be kept and performed, may quietly have, hold and enjoy the premises during the term of this lease.

14. Nuisance. Lessee agrees to conduct its business and operations and control its agents, employees, invitees, visitors, and customers in such manner as not to create any nuisance, or interfere with, annoy or disturb any other Lessee or the Lessor in its operation of the premises.

15. Fire or Other Casualty. In the event of a fire or other casualty in the leased premises, Lessee shall immediately give notice thereof to Lessor. If the leased premises, through no fault of Lessee, its agents, employees, invites, visitors, or customers, shall be partially destroyed by fire or other casualty so as to render the leased premises all or partially un-tenantable, the rental herein shall be proportionately abated thereafter until such time as the leased premises are made tenant able. In the event of the total destruction of the leased premises without fault or neglect of the Lessee, its agents, employees, invites, visitors, or customers, or from such cause the same shall be so damaged that Lessor shall decide not to rebuild, then all rent owed up to the time of such destruction shall be paid by Lessee and this lease agreement shall terminate.

16. Hold Harmless. Lessor, its agents, and representatives shall not be liable to Lessee, or to Lessee's agents, servants, employees, customers, invites, visitors, or customers for any damage to person or property caused by any act, omission or neglect of Lessee, and Lessee agrees to hold Lessor harmless from all claims for any such damage. Lessee shall carry liability insurance for this purpose.

17. Liability and Insurance.

a. Liability Insurance. At all times during the term and any renewal term of this lease, Lessee shall keep in full force and effect at its expense a policy or policies of liability insurance with respect to the leased premises with companies licensed to do business in the State of Minnesota and approved by Lessor in which the Lessor shall be an additional named insured and which shall provide coverage of not less than Three Hundred Thousand Dollars (\$300,000) for injury or death to any one person, One Million Dollars (\$1,000,000) for injury or death to more than one person resulting from one occurrence, and One Hundred Thousand Dollars (\$100,000) for damage to property.

b. Personal Property Insurance. Lessee shall obtain insurance on its trade fixtures, equipment, supplies, and furnishings including furniture, carpeting, wall coverings, drapes, and other personal property owned by Lessee and located upon the leased premises to its full insurable value.

c. Waiver of Subrogation. To the extent such waiver does not void or diminish the coverage under any policy, Lessor and Lessee hereby waive any rights each may have against the other on account of any loss or damage occasioned to Lessor or Lessee, as the case may be, or their respective property, to the extent such loss or damage is covered by insurance by either Lessor or Lessee.

d. Certificates of Insurance. A certificate issued by the insurance carrier for each policy of insurance required to be maintained by Lessee by this lease shall be delivered to the Lessor on or before the commencement date hereof and thereafter as the policy renews. Each certificates of insurance and each such policy of insurance required to be maintained by Lessee hereunder shall expressly evidence insurance coverage as required by this lease (including an express waiver of any and all rights of subrogation thereunder whatsoever against lessor its officers, agents and employees as hereunder) and shall contain an endorsement or provision requiring not less than ten (10) days written notice to Lessor prior to the cancellation, diminution in the perils insured against, or reduction of the amount of coverage.

18. Eminent Domain.

a. Entire Premises. If all or substantially all of the Leased Premises, the Building, or Real Property shall be taken by any public authority, other than the Lessor, under the power of eminent domain, then the term of this lease shall cease as of the day possession shall be taken by such public authority.

b. Partial Taking. If there is a partial taking of the Leased Premises, the Building or Real Property by any public authority other than the Lessor, under eminent domain, both Lessee and Lessor, at the sole option of either, shall have the right to terminate this lease. Either party shall notify the other in writing within ten (10) days after such taking or their election to terminate. If neither party elects to terminate pursuant to this section, all of the terms herein provided shall continue in effect. Rent shall be reduced in proportion to the amount of the premises taken and Lessor shall at its own cost and expense make all necessary repairs or alterations to the basic building and interior work so as to constitute the remaining leased premises a complete architectural unit.

c. Damages. If the Leased Premises, the Building or Real Property, or any portion thereof shall be taken or condemned for any public or private purpose by any public authority other than the Lessor to such an extent as to render the leased premises un-tenantable, this Lease agreement shall at the option of either party, immediately cease and terminate. It is agreed that all proceeds from any taking or condemnation of the leased premises shall belong to and be paid to the Lessor.

19. Default by Lessee. If default shall be made in the payment of any sum to be paid by Lessee under this Lease agreement, and default shall continue for ten (10) days, or default shall be made in the performance of any of the other covenants or conditions which Lessee is required to observe and to perform, and such default shall continue for twenty (20) days, or if the interest of Lessee under this lease agreement shall be levied on under execution or other legal process, or if any petition shall be filed by or against Lessee to declare Lessee as bankrupt or to delay, reduce or modify Lessee's debts or obligations, or if any petition shall be filed or other action taken to reorganize or modify Lessee's capital structure if Lessee be a corporation or other entity, or if Lessee be declared insolvent according to law, or if any assignment of Lessee's property shall be made for the benefit of creditors, or if a receiver or trustee is appointed for Lessee or its property, or if Lessee shall abandon the leased premises during the term of this Lease agreement or any renewals or extension thereof, then Lessor may treat the occurrence of any one or more of the foregoing events as a breach of this lease agreement. No such levy, execution, legal process or petition filed against Lessee shall constitute a breach of this Lease agreement if Lessee shall vigorously contest the same by appropriate proceedings and shall remove or vacate the same within sixty (60) days from the date of its creation, service or filing and thereupon, at Lessor's

option, Lessor may have anyone or more of the following described remedies in addition to all other rights and remedies provided at law or in equity:

a. Lessor may terminate this lease agreement and immediately repossess the leased premises and remove any persons or property therefrom, and be entitled to immediately recover as damages a sum of money equal to the total of: (i) the cost of recovering the leased premises, (ii) the unpaid rent owed at the time of termination, plus interest thereon from due date at the maximum rate permitted by applicable law, (iii) the balance of the rent for the remainder of the term less the fair market rental value of the leased premises for said period, and (iv) any other sum of money and damages owed by Lessee to Lessor; or

b. Lessor may terminate Lessee's right of possession (but not the Lease Agreement) and may repossess the leased premises without demand or notice of any kind to Lessee and without terminating this Lease agreement, in which event Lessor may, but shall be under no obligation to do so, re-let the premises for the account of Lessee for such rent and upon such terms as shall be satisfactory to Lessor. For the purpose of such re-letting, Lessor is authorized to decorate or to make any repairs, changes, alterations or additions in or to the leased premises that may be necessary or convenient, and (i) if Lessor shall fail or refuse to re-let the leased premises, or (ii) if the leased premises are re-let and a sufficient sum shall not be realized from such re-letting after paying the unpaid gross rental due hereunder earned but unpaid at the time of re-letting plus interest thereon at the maximum rate permitted by applicable law, the cost of recovering possession, and all of the costs and expenses of such decorations, repairs, changes, alterations and additions and the expense of such re-letting and of the collection of the rent accruing therefrom to satisfy the rent provided for in this Lease agreement to be paid, then Lessee shall pay to Lessor as damages a sum equal to the amount of the rental reserved in this lease

agreement for such period or periods, or if the leased premises have been re-let, lessee shall satisfy and pay any such deficiency upon demand therefor from time to time and lessee agrees that Lessor may file suit to recover any sums falling due under the terms of this article from time to time on one or more occasions without Lessor being obligated to wait until expiration of the term of this Lease agreement; and that no delivery or recovery of any portion due Lessor hereunder shall be any amount not theretofore reduced to judgment in favor of Lessor, nor shall such re-letting be construed as an election on the part of Lessor to terminate this Lease agreement unless a written notice of such intention be given to Lessee by Lessor. Notwithstanding any such re-letting without termination, Lessor may at any time thereafter elect to terminate this Lease agreement for such previous breach.

20. Waiver. Failure of Lessor or Lessee to declare any default immediately upon occurrence thereof, or delay in taking any action in connection therewith, shall not waive such default, but Lessor or Lessee shall have the right to declare any such default at any time thereafter.

21. Miscellaneous.

a. Lessee Assignment and Subletting. The Lessee shall not assign, mortgage, pledge, or encumber this lease or the leasehold estate hereby created or any interest therein, nor sublet the premises or any portion thereof, without the prior written consent of Lessor. In the absence of the express written consent of the Lessor, no assignment, mortgage, pledge, encumbrance, or subletting shall be deemed to be binding upon Lessor nor act as a release of lessee from any of the provisions, covenants and conditions of this lease.

b. Lessor Sale or Assignment Permitted. Lessor may at any time assign or transfer its interest as Lessor in and to this Lease, or any part thereof, and may at any time sell or transfer its

interest in the fee of the premises, or its interest in and to the whole or any portion of the premises. Provided however, any such assignment or transfer shall be subject to this lease.

c. Right of Access. Lessor, and its authorized agents and representatives, shall be entitled to enter the premises during regular business hours following notice to Lessee for the purpose of inspecting the premises, repairing the premises or building, and for such other purposes as the Lessor deems appropriate. The Lessor shall, in connection with the exercise of the foregoing right of access, use due diligence to cause as little inconvenience, disturbance or other damage or loss to Lessee as may be reasonably possible under the circumstances. In addition to the foregoing, the Lessor and its authorized agents and representatives, shall be entitled to enter the premises for the purpose of exhibiting the same to prospective purchasers or prospective lessees following notice to Lessee in such manner as will not unreasonably interfere with lessee's use. Access to the premises will be provided to the Lessee during normal operating hours and for special activities as arranged with the Lessor.

d. Estoppel Certificate. The Lessee agrees that at any time and from time to time during the term of this Lease, and within ten (10) days after demand therefore by Lessor, to execute and deliver to Lessor or to any proposed mortgagee, trustee, beneficiary or purchaser, a certificate in recordable form certifying that this lease is in full force and effect and that there are no defenses or offsets thereto, or, stating such defenses or offsets as are claimed by Lessee, and the dates to which all rentals have been paid.

e. Subordination. The Lessee agrees upon request of Lessor to subordinate this lease and its rights hereunder to the lien of any mortgage, or other encumbrance, together with any conditions, renewals, extensions or replacements thereof, and to execute and deliver upon request by Lessor such documents as may be required by effectuate such subordination.

Provided, however, that Lessee shall not be required to effectuate such subordination, unless the mortgagee or other person holding any encumbrance shall first agree in writing, for the benefit of the Lessee, that so long as Lessee is not in default under any of the provisions, covenants or conditions of this lease, that neither this lease nor any of the rights of Lessee hereunder shall be terminated or modified or be subject to termination or modification, nor shall lessee's possession of the premises be disturbed or interfered with, by any action or proceeding to foreclose said mortgage or other encumbrance.

f. Notices. Any and all notices and demands by or from Lessor to Lessee, or from Lessee to Lessor, shall be in writing and shall be validly given or made if served either personally or if deposited in the United States mail, certified or registered, postage prepaid, return receipt requested. If such notice be served personally, service shall be conclusively deemed made at the time of such personal service. If such notice or demand be served by registered or certified mail in the manner herein provided, service shall be conclusively deemed made forty-eight (48) hours after the deposit thereof in the United States mail addressed to the party to whom such notice is to be given.

Any notice or demand to Lessor shall be addressed to Lessor at:

City Administrator
City of Silver Bay
City Hall, 7 Davis Drive
Silver Bay, Minnesota, 55614

Any notice or demand to Lessee shall be addressed to Lessee as stated in paragraph F. Above.

h. Successors and Assigns. The terms, provisions, covenants and conditions contained in this lease shall apply to, bind and inure to the benefit of the heirs, executors, administrator,

legal representatives, successors and assigns (where assignment is permitted) of Lessor and Lessee, respectfully.

i. Severability. If any term or provision of this lease agreement, or the application thereof to any person or circumstances shall to any extent be invalid or unenforceable, the remainder of this lease agreement, or the application of such provision to persons or circumstances other than those as to which it is invalid or unenforceable, shall not be affected thereby, and each provision of this lease agreement shall be valid and shall be enforceable to the extent permitted by law.

j. Governing Law. This lease agreement shall be governed by and construed in accordance with the laws of the State of Minnesota. All rights and remedies of Lessor under this lease agreement shall be cumulative and none shall exclude any other rights or remedies permitted by law.

k. Attorney's Fees. If an action is brought to enforce this lease agreement, or any part thereof, or to collect any payments hereunder, or to become due hereunder, or to recover possession of the leased premises, Lessor shall be entitled to reimbursement from Lessee for all reasonable costs and expenses incurred, including but not limited to, reasonable attorney's fees.

l. Entire Agreement. This agreement represents the entire understanding and agreement between the parties hereto and this lease agreement may not be altered, changed, or amended, except by an instrument in writing, signed by all parties hereto.



City of Silver Bay

CITY HALL

7 Davis Drive, Silver Bay, Minnesota 55614

Phone: (218) 226-4408

Fax: (218) 226-4068

Email: lanaf@silverbay.com

Website: www.silverbay.com

MAYOR
Scott Johnson

COUNCIL MEMBERS
Richard DeRosier
Dustin Goutermont
Shane Hoff
Carlene Peretto

CITY ADMINISTRATOR
Lana Fralich

November 6, 2020

Lake County
Attention: Matt Huddleston
601 Third Avenue
Two Harbors, MN 55616

RE: Mary MacDonald Lease, effective 1-1-2021

Dear Matt:

Your current lease at the Mary MacDonald Business Center is expiring on December 31, 2020. Due to our current conditions with COVID-19, there is no increase to your rent for 2021. However, the City is working towards efforts to make needed improvements such as roof repairs, parking, and security, in addition to creating a uniformed cost per square foot of lease space for all businesses renting the facility.

Attached is an updated lease agreement effective for January 1, 2021, for your current space being occupied. Exhibit A of the Lease remains the same; however, items to note regarding the updated lease include the following:

1. Lease term is a proposed 3-year term (effective 1/1/2021 – 12/31/2023)
2. Rental amount reflects the full rental amount and any adjustments over the 3-year period of time.
3. Security/Damage Deposit is equal to one month of full rental.
4. Permitted uses remain the same.
5. Some small clerical errors were corrected.

Please review the lease renewal and if have any issues you would like to discuss regarding the lease agreement, please let me know as soon as possible. Final leases are expected to be brought forth to Council for final approval no later than December 7th, 2020, so I would appreciate confirmation of the lease as soon as possible. Please sign, date and return the agreement by November 30th, 2020.

Sincerely,

Lana Fralich
City Administrator

Enclosure – Updated Lease Agreement to be effective January 1, 2021

G. Other:

The Lessee will not use extension cords as a substitute for permanent wiring; will maintain at least 18 inches below the level of sprinkler head deflectors for any storage materials; will keep aisles and aisle access widths must maintain a minimum 24 inch wide access; will keep all exiting corridors clear of storage, garbage, and other items that would reduce the required egress, or otherwise pose an obstruction or hazard to egress; ensure that the high-piled storage areas are in full compliance with Chapter 23 of the Minnesota State Fire Code; ensure that materials such as curtains, drapes, hangings, and other decorative materials where the materials exceed 20% of the wall or ceiling surface meet flame propagation performance criteria of NFPA 701; will properly install and wire any and all equipment and fixtures in accordance with the State Electrical Code and appliance's listing.

WHEREFORE, the parties hereto have executed this Lease Agreement on the respective dates set forth below.

LESSOR: CITY OF SILVER BAY

By _____
Mayor Date

By _____
City Administrator Date

LESSEE:

By _____
Its: Date

By _____
Its: Date

1. **b. Additional Lessor Services.** Lessor agrees to provide to Lessee as part of the base rental consideration the following services: maintenance of the outside grounds, snow removal, unreserved tenant parking as space permits.

5. Solid and Hazardous Waste.

a. Solid Waste Disposal. The Lessee shall arrange for and pay the cost of the proper removal and disposal of the solid waste that it may generated. The Lessee shall not permit the accumulation of solid waste on the premises, that in the opinion of the Lessor, may be a health, fire, or other hazard.

b. Hazardous Waste. The Lessee expressly warrants and agrees: (i) that it will comply with all applicable federal and state environmental laws and regulations in connection with its use and occupancy of the property; (ii) that it will not store, treat, refine, or dispose of any toxic or hazardous substances above or below the premises during its leasehold; (iii) that it will indemnify and hold harmless the Lessor against any claim, liability, damage, costs, penalties, or fines which Lessor may be subjected to as a result of Lessee's use of the property in violation of applicable federal or state environmental laws and regulations; provided, however, that Lessee shall not, in any event, be responsible for any discharge, disposal, or storage of any toxic or hazardous substances which occurred prior to Lessee's possession of the premises. Lessor represents and warrants to Lessee that Lessor is not aware of any discharge, disposal, or storage of any such toxic or hazardous substance in, under or on the Real Property and/or the Building, and which occurred prior to the execution of this Lease.

6. Security/Damage Deposit. In addition to full performance of the covenants required by the Lessee under terms of this Lease, the Lessee is also responsible for any damage to the premises caused by Lessee, its agents, servants, employees, customers, invites, visitors, or

9. Rules and Regulations.

a. The Lessee **shall** at all times during the term of this lease, at its sole cost and expense:

- (1) Furnish, install and maintain in the leased premises all of Lessee's property necessary for Lessee's use.
- (2) Maintain the leased premises in a clean, neat, sanitary and orderly condition.
- (3) Comply with all governmental rules, regulations, ordinances, statutes and laws now or hereafter in effect pertaining to the premises or Lessor's use thereof.
- (4) Keep all common areas, including the hallways and entry ways fully open and free of all materials and shall not store any of Lessee's property therein. Lessee's property may be placed in the area for a limited period during delivery or pick up of material and supplies to or from the leased premises.
- (5) Have appropriate fire and safety equipment for fire protection and procedures in place for emergency evacuation.
- (6) Comply with the Lessor's KEY policy for building entrance doors. Keys shall be furnished by the Lessor. Lessee shall not have keys made from outside sources.
- (7) Make certain that all windows and doors are locked when leaving for the day.
- (8) Keep all windows closed during heating and when the boiler is on.
- (9) Adhere to a policy of energy conservation.
- (10) Make certain that leased premises are secured when not occupied.
- (11) Store all trash and garbage within the leased premises in metal containers so as not to create or permit any health or fire hazard.
- (12) Park only in those areas designated for parking.

(10) Park in the adjacent St. Mary's Church parking area, to the west side of the building or near the basketball courts or in the driveway of that space.

(11) Allow truck delivery or pick up between the hours of 6:00 PM and 8:00 AM.

10. Alterations, Repair and Maintenance.

a. Alterations. Except as otherwise herein provided, Lessee shall not make or suffer to be made any structural changes, alterations, modifications or additions to the leased premises or any part thereof without the express written consent of Lessor. In the event Lessee desires to make any change, alteration, modification or addition in or to the leased premises, Lessee shall submit to Lessor complete plans and specifications regarding said change, alteration, modification or addition. Lessee agrees that no change, alteration, modification or addition in or to the leased premises shall be commenced until such time as the complete plans and specifications have been submitted to the Lessor. No work shall be commenced until Lessor has provided Lessee with written consent to said change, alteration, modification or addition. Any changes, alterations, modifications or additions in or to the leased premises shall be at Lessee's sole cost and expense and, except for Lessee's portable equipment and furnishings, shall become at once a part of realty and be the sole property of Lessor. If, during the term herein, any change, alteration, modification, addition or correction shall be required by any law, rule or regulations or any governmental authority to be made in or to the leased premises or any portion thereof, Lessor shall be given notice thereof and any such change, alteration, modification, addition or correction shall then be made by Lessee at its sole cost and expense.

b. Repair and Maintenance. The Lessee's acceptance of the leased premises shall constitute conclusive evidence that the premises were, as of that date, in good, clean and usable

the Lessor, Lessee shall be obligated for the rent which Lessee was obligated to pay for the month immediately preceding the end of the term of this lease agreement for each month or any part thereof of any such hold over period. In the event of any unauthorized holding over, Lessee shall indemnify the Lessor against all claims for damages by any other Lessee to whom the Lessor may have leased all or any part of the leased premises covered hereby effective upon the termination of this lease agreement.

13. Quiet Possession. The Lessor agrees that Lessee upon paying the rent or other payments herein required, and upon Lessee's performance of all of the provisions, covenants and conditions of this lease on its part to be kept and performed, may quietly have, hold and enjoy the premises during the term of this lease.

14. Nuisance. Lessee agrees to conduct its business and operations and control its agents, employees, invitees, visitors, and customers in such manner as not to create any nuisance, or interfere with, annoy or disturb any other Lessee or the Lessor in its operation of the premises.

15. Fire or Other Casualty. In the event of a fire or other casualty in the leased premises, Lessee shall immediately give notice thereof to Lessor. If the leased premises, through no fault of Lessee, its agents, employees, invites, visitors, or customers, shall be partially destroyed by fire or other casualty so as to render the leased premises all or partially un-tenantable, the rental herein shall be proportionately abated thereafter until such time as the leased premises are made tenant able. In the event of the total destruction of the leased premises without fault or neglect of the Lessee, its agents, employees, invites, visitors, or customers, or from such cause the same shall be so damaged that Lessor shall decide not to rebuild, then all rent owed up to the time of such destruction shall be paid by Lessee and this lease agreement shall terminate.

d. Certificates of Insurance. A certificate issued by the insurance carrier for each policy of insurance required to be maintained by Lessee by this lease shall be delivered to the Lessor on or before the commencement date hereof and thereafter as the policy renews. Each certificates of insurance and each such policy of insurance required to be maintained by Lessee hereunder shall expressly evidence insurance coverage as required by this lease (including an express waiver of any and all rights of subrogation thereunder whatsoever against lessor its officers, agents and employees as hereunder) and shall contain an endorsement or provision requiring not less than ten (10) days written notice to Lessor prior to the cancellation, diminution in the perils insured against, or reduction of the amount of coverage.

18. Eminent Domain.

a. Entire Premises. If all or substantially all of the Leased Premises, the Building, or Real Property shall be taken by any public authority, other than the Lessor, under the power of eminent domain, then the term of this lease shall cease as of the day possession shall be taken by such public authority.

b. Partial Taking. If there is a partial taking of the Leased Premises, the Building or Real Property by any public authority other than the Lessor, under eminent domain, both Lessee and Lessor, at the sole option of either, shall have the right to terminate this lease. Either party shall notify the other in writing within ten (10) days after such taking or their election to terminate. If neither party elects to terminate pursuant to this section, all of the terms herein provided shall continue in effect. Rent shall be reduced in proportion to the amount of the premises taken and Lessor shall at its own cost and expense make all necessary repairs or alterations to the basic building and interior work so as to constitute the remaining leased premises a complete architectural unit.

option, Lessor may have anyone or more of the following described remedies in addition to all other rights and remedies provided at law or in equity:

a. Lessor may terminate this lease agreement and immediately repossess the leased premises and remove any persons or property therefrom, and be entitled to immediately recover as damages a sum of money equal to the total of: (i) the cost of recovering the leased premises, (ii) the unpaid rent owed at the time of termination, plus interest thereon from due date at the maximum rate permitted by applicable law, (iii) the balance of the rent for the remainder of the term less the fair market rental value of the leased premises for said period, and (iv) any other sum of money and damages owed by Lessee to Lessor; or

b. Lessor may terminate Lessee's right of possession (but not the Lease Agreement) and may repossess the leased premises without demand or notice of any kind to Lessee and without terminating this Lease agreement, in which event Lessor may, but shall be under no obligation to do so, re-let the premises for the account of Lessee for such rent and upon such terms as shall be satisfactory to Lessor. For the purpose of such re-letting, Lessor is authorized to decorate or to make any repairs, changes, alterations or additions in or to the leased premises that may be necessary or convenient, and (i) if Lessor shall fail or refuse to re-let the leased premises, or (ii) if the leased premises are re-let and a sufficient sum shall not be realized from such re-letting after paying the unpaid gross rental due hereunder earned but unpaid at the time of re-letting plus interest thereon at the maximum rate permitted by applicable law, the cost of recovering possession, and all of the costs and expenses of such decorations, repairs, changes, alterations and additions and the expense of such re-letting and of the collection of the rent accruing therefrom to satisfy the rent provided for in this Lease agreement to be paid, then Lessee shall pay to Lessor as damages a sum equal to the amount of the rental reserved in this lease

interest in the fee of the premises, or its interest in and to the whole or any portion of the premises. Provided however, any such assignment or transfer shall be subject to this lease.

c. Right of Access. Lessor, and its authorized agents and representatives, shall be entitled to enter the premises during regular business hours following notice to Lessee for the purpose of inspecting the premises, repairing the premises or building, and for such other purposes as the Lessor deems appropriate. The Lessor shall, in connection with the exercise of the foregoing right of access, use due diligence to cause as little inconvenience, disturbance or other damage or loss to Lessee as may be reasonably possible under the circumstances. In addition to the foregoing, the Lessor and its authorized agents and representatives, shall be entitled to enter the premises for the purpose of exhibiting the same to prospective purchasers or prospective lessees following notice to Lessee in such manner as will not unreasonably interfere with lessee's use. Access to the premises will be provided to the Lessee during normal operating hours and for special activities as arranged with the Lessor.

d. Estoppel Certificate. The Lessee agrees that at any time and from time to time during the term of this Lease, and within ten (10) days after demand therefore by Lessor, to execute and deliver to Lessor or to any proposed mortgagee, trustee, beneficiary or purchaser, a certificate in recordable form certifying that this lease is in full force and effect and that there are no defenses or offsets thereto, or, stating such defenses or offsets as are claimed by Lessee, and the dates to which all rentals have been paid.

e. Subordination. The Lessee agrees upon request of Lessor to subordinate this lease and its rights hereunder to the lien of any mortgage, or other encumbrance, together with any conditions, renewals, extensions or replacements thereof, and to execute and deliver upon request by Lessor such documents as may be required by effectuate such subordination.

legal representatives, successors and assigns (where assignment is permitted) of Lessor and Lessee, respectfully.

i. Severability. If any term or provision of this lease agreement, or the application thereof to any person or circumstances shall to any extent be invalid or unenforceable, the remainder of this lease agreement, or the application of such provision to persons or circumstances other than those as to which it is invalid or unenforceable, shall not be affected thereby, and each provision of this lease agreement shall be valid and shall be enforceable to the extent permitted by law.

j. Governing Law. This lease agreement shall be governed by and construed in accordance with the laws of the State of Minnesota. All rights and remedies of Lessor under this lease agreement shall be cumulative and none shall exclude any other rights or remedies permitted by law.

k. Attorney's Fees. If an action is brought to enforce this lease agreement, or any part thereof, or to collect any payments hereunder, or to become due hereunder, or to recover possession of the leased premises, Lessor shall be entitled to reimbursement from Lessee for all reasonable costs and expenses incurred, including but not limited to, reasonable attorney's fees.

l. Entire Agreement. This agreement represents the entire understanding and agreement between the parties hereto and this lease agreement may not be altered, changed, or amended, except by an instrument in writing, signed by all parties hereto.

Second Chances

Exp 12/23

LEASE AGREEMENT

Mary MacDonald Center

THIS LEASE AGREEMENT made and entered into by and between the City of Silver Bay, a Minnesota Municipal Corporation, (“Lessor”), and the Lessee identified below. In consideration of the mutual covenants and promises contained herein and other good and valuable consideration, the Lessor leases to Lessee, and the Lessee leases from Lessor the premises described and upon the following basic lease information and Lease Terms and Conditions that follow.

Basic Lease Information

- A. Leased Premises: Room(s) **Suites Nos. 100, 101, and 102 as shown on Exhibit A**
- B. Lease Term: Beginning **January 1, 2021** and terminating **December 31, 2023**
- C. Rent: The sum of **\$1110** per month from January 1, 2021 - December 31, 2021.
The sum of **\$1110** per month from January 1, 2022 – December 31, 2022
The sum of **\$1110** per month from January 1, 2023 – December 31, 2023
- D. Security/Damage Deposit: **A security damage deposit equal to one month’s rent.**
The City has received \$1,110 of the security/damage deposit.
- E. Permitted Use: **A general retail store selling new and used clothing, dry goods and other types of merchandise including used household goods and furniture.**

F. Identification of Lessee and Address for Notice:

LESSEE: **Donna Williams d/b/a as Second Chances**

Any notice or demand to Lessee shall be addressed to Lessee at:

Donna Williams, Mary MacDonald Center, 99 Edison Boulevard, Suite 100, Silver Bay, MN 55614

G. Other: **The Lessee will not use extension cords as a substitute for permanent wiring; will maintain at least 18 inches below the level of sprinkler head deflectors for any storage materials; will keep aisles and aisle access widths must maintain a minimum 24 inch wide access; will keep all exiting corridors clear of storage, garbage, and other items that would reduce the required egress, or otherwise pose an obstruction or hazard to egress; ensure that the high-piled storage areas are in full compliance with Chapter 23 of the Minnesota State Fire Code; ensure that materials such as curtains, drapes, hangings, and other decorative materials where the materials exceed 20% of the wall or ceiling surface meet flame propagation performance criteria of NFPA 701; will properly install and wire any and all equipment and fixtures in accordance with the State Electrical Code and appliance's listing.**

WHEREFORE, the parties hereto have executed this Lease Agreement on the respective dates set forth below.

LESSOR: CITY OF SILVER BAY

By _____
Mayor Date

By _____
City Administrator Date

LESSEE:

By _____
Its: Date

By _____
Its: Date

Lease Terms and Conditions

1. Description of Premises. That portion of the building commonly known as the Mary MacDonald Business Center, 99 Edison Boulevard, Silver Bay, Minnesota, legally described in Document No. 17,315, filed in Book 55 of titles, page 218, in the office of the Registrar of Titles for Lake County, Minnesota, identified in paragraph A above. Lessee shall be provided keys accessing the building and use of Common areas consisting of entryways, hallways and restroom facilities.

2. Lease Term. The term of this lease shall be for the period commencing and terminating as described in paragraph B above.

3. Rent. The Lessee shall pay the rent described in paragraph C. above to the to Lessor without demand and without offset or deduction. The rent shall be paid on or before the first day of each month. The rent payments shall be payable to the City of Silver Bay and delivered to:

City Administrator
City of Silver Bay
City Hall, 7 Davis Drive
Silver Bay, Minnesota, 55614

4. Utilities.

a. Utilities. Lessor shall provide utilities for the premises consisting of gas or oil heat, electricity, and water and sewer service. The Lessee shall provide at its expense all other services including telephone, internet and any other communication-related expenses, including installation and service.

- 1. b. Additional Lessor Services.** Lessor agrees to provide to Lessee as part of the base rental consideration the following services: maintenance of the outside grounds, snow removal, unreserved tenant parking as space permits.

5. Solid and Hazardous Waste.

a. Solid Waste Disposal. The Lessee shall arrange for and pay the cost of the proper removal and disposal of the solid waste that it may generated. The Lessee shall not permit the accumulation of solid waste on the premises, that in the opinion of the Lessor, may be a health, fire, or other hazard.

b. Hazardous Waste. The Lessee expressly warrants and agrees: (i) that it will comply with all applicable federal and state environmental laws and regulations in connection with its use and occupancy of the property; (ii) that it will not store, treat, refine, or dispose of any toxic or hazardous substances above or below the premises during its leasehold; (iii) that it will indemnify and hold harmless the Lessor against any claim, liability, damage, costs, penalties, or fines which Lessor may be subjected to as a result of Lessee's use of the property in violation of applicable federal or state environmental laws and regulations; provided, however, that Lessee shall not, in any event, be responsible for any discharge, disposal, or storage of any toxic or hazardous substances which occurred prior to Lessee's possession of the premises. Lessor represents and warrants to Lessee that Lessor is not aware of any discharge, disposal, or storage of any such toxic or hazardous substance in, under or on the Real Property and/or the Building, and which occurred prior to the execution of this Lease.

6. Security/Damage Deposit. In addition to full performance of the covenants required by the Lessee under terms of this Lease, the Lessee is also responsible for any damage to the premises caused by Lessee, its agents, servants, employees, customers, invites, visitors, or customers. Lessee shall deposit with Lessor upon execution of this Lease as security for the performance of the covenants for any damages, the amount shown in paragraph D. above. This amount shall be held by Lessor during the lease term and may used from time to time to cure

defaults of Lessee if and when they occur, or to repair any damage to the premises caused by Lessee, its agents, servants, employees, customers, invites, visitors, or customers. The Lessor shall first notify Lessee in writing of the default or damage and the cost of cure or repair. If Lessee does not cure the default or repair the damage, to the Lessor's satisfaction, within 10 days of the date of notice, then Lessor may utilize this deposit to cure the default or make the repairs. In the event Lessor utilizes all or part of the deposit as herein described, Lessee shall upon demand restore the same to the original amount. Should any amount of the security deposit remain at the expiration of this lease, the Lessor shall refund the balance to Lessee in accordance with applicable law.

7. Permitted Use. The premises shall be used by the Lessee solely for the purpose(s) described in Paragraph E. above. The Lessee shall not use nor permit the use of the premises or any portion thereof for any other purpose whatsoever without first obtaining the Lessor's written consent. The Lessor represents that the leased premises are now and will be for the term of this lease zoned for the permitted use.

8. Compliance with Applicable Laws, etc.

a. The Lessee agrees to comply with all laws, codes, ordinances, rules, regulations and conditions which may be applicable to the Lessee's use of the premises.

b. The lessee shall not keep, permit or allow any non-prescribed drugs nor any liquors or beverages of any intoxicating nature or tendency to be sold, kept or tolerated on the leased premises.

9. Rules and Regulations.

a. The Lessee **shall** at all times during the term of this lease, at its sole cost and expense:

- (1) Furnish, install and maintain in the leased premises all of Lessee's property necessary for Lessee's use.
- (2) Maintain the leased premises in a clean, neat, sanitary and orderly condition.
- (3) Comply with all governmental rules, regulations, ordinances, statutes and laws now or hereafter in effect pertaining to the premises or Lessor's use thereof.
- (4) Keep all common areas, including the hallways and entry ways fully open and free of all materials and shall not store any of Lessee's property therein. Lessee's property may be placed in the area for a limited period during delivery or pick up of material and supplies to or from the leased premises.
- (5) Have appropriate fire and safety equipment for fire protection and procedures in place for emergency evacuation.
- (6) Comply with the Lessor's KEY policy for building entrance doors. Keys shall be furnished by the Lessor. Lessee shall not have keys made from outside sources.
- (7) Make certain that all windows and doors are locked when leaving for the day.
- (8) Keep all windows closed during heating and when the boiler is on.
- (9) Adhere to a policy of energy conservation.
- (10) Make certain that leased premises are secured when not occupied.
- (11) Store all trash and garbage within the leased premises in metal containers so as not to create or permit any health or fire hazard.
- (12) Park only in those areas designated for parking.

b. Lessee, during the term of the lease, shall not:

- (1) Without the prior written consent of all insurance companies which have issued any insurance of any kind whatsoever pursuant to any provision of this lease: sell, store or permit to be kept, used or sold in, upon or about the premises any substance or material of an explosive, inflammable, radiological or toxic nature, in such quantities which may be prohibited by any such insurance policy, or which may endanger any part of the premises or its occupants, business patrons or invitees.
- (2) Burn any trash, papers or garbage of any kind in or about the premises.
- (3) Use or permit the use of the leased premises or any portion thereof as living quarters, sleeping quarters or lodging rooms.
- (4) Bring or harbor any dogs, cats, birds or other animals in or upon the premises.
- (5) Commit or suffer to be committed any waste upon the premises.
- (6) Allow any loitering or playing in the common areas, hallways or entry ways.
- (7) Allow any minor person under the age of sixteen (16) to be inside the building unless under the direct supervision of parent, guardian or adult authorized by the Lessees.
- (8) Enter the utility room, maintenance room, boiler room or roof, unless authorized by the Lessor or its designated representative.
- (9) Unless a Lessee has leased all or a portion of the kitchen, cafeteria, or gymnasium, a Lessee shall not use those facilities without the prior approval of the Lessor at such additional rent as may be agreed.
- (10) Park in the adjacent St. Mary's Church parking area, to the west side of the building or near the basketball courts or in the driveway of that space.

(11) Allow truck delivery or pick up between the hours of 6:00 PM and 8:00 AM.

10. Alterations, Repair and Maintenance.

a. Alterations. Except as otherwise herein provided, Lessee shall not make or suffer to be made any structural changes, alterations, modifications or additions to the leased premises or any part thereof without the express written consent of Lessor. In the event Lessee desires to make any change, alteration, modification or addition in or to the leased premises, Lessee shall submit to Lessor complete plans and specifications regarding said change, alteration, modification or addition. Lessee agrees that no change, alteration, modification or addition in or to the leased premises shall be commenced until such time as the complete plans and specifications have been submitted to the Lessor. No work shall be commenced until Lessor has provided Lessee with written consent to said change, alteration, modification or addition. Any changes, alterations, modifications or additions in or to the leased premises shall be at Lessee's sole cost and expense and, except for Lessee's portable equipment and furnishings, shall become at once a part of realty and be the sole property of Lessor. If, during the term herein, any change, alteration, modification, addition or correction shall be required by any law, rule or regulations or any governmental authority to be made in or to the leased premises or any portion thereof, Lessor shall be given notice thereof and any such change, alteration, modification, addition or correction shall then be made by Lessee at its sole cost and expense.

b. Repair and Maintenance. The Lessee's acceptance of the leased premises shall constitute conclusive evidence that the premises were, as of that date, in good, clean and usable for the Lessee's purposes, and as otherwise represented by Lessor. The Lessee shall maintain the premises and the property furnished under this lease in good repair and tenantable condition.

11. Surrender of Premises and Abandonment.

a. Surrender of Premises. Upon the expiration or sooner termination of the term of this lease, and if Lessee has fully and faithfully performed all of the terms, conditions and covenants of this lease, Lessee shall, at its sole cost and expense, remove its interior and exterior signs and all of its movable trade fixtures and equipment. Lessee shall remove any other items of Lessee's personal property from the premises and repair all damage thereto resulting from such removal. Lessee shall thereupon surrender the premises in the same condition as they were on the commencement date, reasonable wear and tear excepted. If, upon expiration or earlier termination of the Term of this Lease, Lessee has not fully and faithfully performed all of the terms, conditions, and covenants of this lease to be performed by Lessee, Lessee shall nevertheless remove Lessee's property from the premises within fifteen (15) days after receipt of written direction to do so from Lessor. In the event Lessee shall fail to remove any of Lessee's property as provided herein, Lessor may, but is not obligated to, at Lessee's expense, remove all of Lessee's property not so removed and repair all damage to the premises resulting from such removal and charge the cost of removal and repair to the Lessee.

b. Abandonment. Lessee shall not abandon or vacate the premises at any time during the term hereof. If Lessee shall abandon, vacate or otherwise surrender the premises, or be dispossessed thereof by process of law or otherwise, the same shall constitute a default under this lease on the part of Lessee.

12. Hold Over. In the event Lessee shall hold over or remain in possession of the leased premises after expiration or termination of this lease agreement without the written consent of the Lessor, Lessee shall be obligated for the rent which Lessee was obligated to pay for the month immediately preceding the end of the term of this lease agreement for each month or any

part thereof of any such hold over period. In the event of any unauthorized holding over, Lessee shall indemnify the Lessor against all claims for damages by any other Lessee to whom the Lessor may have leased all or any part of the leased premises covered hereby effective upon the termination of this lease agreement.

13. Quiet Possession. The Lessor agrees that Lessee upon paying the rent or other payments herein required, and upon Lessee's performance of all of the provisions, covenants and conditions of this lease on its part to be kept and performed, may quietly have, hold and enjoy the premises during the term of this lease.

14. Nuisance. Lessee agrees to conduct its business and operations and control its agents, employees, invitees, visitors, and customers in such manner as not to create any nuisance, or interfere with, annoy or disturb any other Lessee or the Lessor in its operation of the premises.

15. Fire or Other Casualty. In the event of a fire or other casualty in the leased premises, Lessee shall immediately give notice thereof to Lessor. If the leased premises, through no fault of Lessee, its agents, employees, invites, visitors, or customers, shall be partially destroyed by fire or other casualty so as to render the leased premises all or partially un-tenantable, the rental herein shall be proportionately abated thereafter until such time as the leased premises are made tenant able. In the event of the total destruction of the leased premises without fault or neglect of the Lessee, its agents, employees, invites, visitors, or customers, or from such cause the same shall be so damaged that Lessor shall decide not to rebuild, then all rent owed up to the time of such destruction shall be paid by Lessee and this lease agreement shall terminate.

16. Hold Harmless. Lessor, its agents, and representatives shall not be liable to Lessee, or to Lessee's agents, servants, employees, customers, invites, visitors, or customers for any damage to person or property caused by any act, omission or neglect of Lessee, and Lessee agrees to hold

Lessor harmless from all claims for any such damage. Lessee shall carry liability insurance for this purpose.

17. Liability and Insurance.

a. Liability Insurance. At all times during the term and any renewal term of this lease, Lessee shall keep in full force and effect at its expense a policy or policies of liability insurance with respect to the leased premises with companies licensed to do business in the State of Minnesota and approved by Lessor in which the Lessor shall be an additional named insured and which shall provide coverage of not less than Three Hundred Thousand Dollars (\$300,000) for injury or death to any one person, One Million Dollars (\$1,000,000) for injury or death to more than one person resulting from one occurrence, and One Hundred Thousand Dollars (\$100,000) for damage to property.

b. Personal Property Insurance. Lessee shall obtain insurance on its trade fixtures, equipment, supplies, and furnishings including furniture, carpeting, wall coverings, drapes, and other personal property owned by Lessee and located upon the leased premises to its full insurable value.

c. Waiver of Subrogation. To the extent such waiver does not void or diminish the coverage under any policy, Lessor and Lessee hereby waive any rights each may have against the other on account of any loss or damage occasioned to Lessor or Lessee, as the case may be, or their respective property, to the extent such loss or damage is covered by insurance by either Lessor or Lessee.

d. Certificates of Insurance. A certificate issued by the insurance carrier for each policy of insurance required to be maintained by Lessee by this lease shall be delivered to the Lessor on or before the commencement date hereof and thereafter as the policy renews. Each

certificates of insurance and each such policy of insurance required to be maintained by Lessee hereunder shall expressly evidence insurance coverage as required by this lease (including an express waiver of any and all rights of subrogation thereunder whatsoever against lessor its officers, agents and employees as hereunder) and shall contain an endorsement or provision requiring not less than ten (10) days written notice to Lessor prior to the cancellation, diminution in the perils insured against, or reduction of the amount of coverage.

18. Eminent Domain.

a. Entire Premises. If all or substantially all of the Leased Premises, the Building, or Real Property shall be taken by any public authority, other than the Lessor, under the power of eminent domain, then the term of this lease shall cease as of the day possession shall be taken by such public authority.

b. Partial Taking. If there is a partial taking of the Leased Premises, the Building or Real Property by any public authority other than the Lessor, under eminent domain, both Lessee and Lessor, at the sole option of either, shall have the right to terminate this lease. Either party shall notify the other in writing within ten (10) days after such taking or their election to terminate. If neither party elects to terminate pursuant to this section, all of the terms herein provided shall continue in effect. Rent shall be reduced in proportion to the amount of the premises taken and Lessor shall at its own cost and expense make all necessary repairs or alterations to the basic building and interior work so as to constitute the remaining leased premises a complete architectural unit.

c. Damages. If the Leased Premises, the Building or Real Property, or any portion thereof shall be taken or condemned for any public or private purpose by any public authority other than the Lessor to such an extent as to render the leased premises un-tenantable, this Lease

agreement shall at the option of either party, immediately cease and terminate. It is agreed that all proceeds from any taking or condemnation of the leased premises shall belong to and be paid to the Lessor.

19. Default by Lessee. If default shall be made in the payment of any sum to be paid by Lessee under this Lease agreement, and default shall continue for ten (10) days, or default shall be made in the performance of any of the other covenants or conditions which Lessee is required to observe and to perform, and such default shall continue for twenty (20) days, or if the interest of Lessee under this lease agreement shall be levied on under execution or other legal process, or if any petition shall be filed by or against Lessee to declare Lessee as bankrupt or to delay, reduce or modify Lessee's debts or obligations, or if any petition shall be filed or other action taken to reorganize or modify Lessee's capital structure if Lessee be a corporation or other entity, or if Lessee be declared insolvent according to law, or if any assignment of Lessee's property shall be made for the benefit of creditors, or if a receiver or trustee is appointed for Lessee or its property, or if Lessee shall abandon the leased premises during the term of this Lease agreement or any renewals or extension thereof, then Lessor may treat the occurrence of any one or more of the foregoing events as a breach of this lease agreement. No such levy, execution, legal process or petition filed against Lessee shall constitute a breach of this Lease agreement if Lessee shall vigorously contest the same by appropriate proceedings and shall remove or vacate the same within sixty (60) days from the date of its creation, service or filing and thereupon, at Lessor's option, Lessor may have anyone or more of the following described remedies in addition to all other rights and remedies provided at law or in equity:

a. Lessor may terminate this lease agreement and immediately repossess the leased premises and remove any persons or property therefrom, and be entitled to immediately recover

as damages a sum of money equal to the total of: (i) the cost of recovering the leased premises, (ii) the unpaid rent owed at the time of termination, plus interest thereon from due date at the maximum rate permitted by applicable law, (iii) the balance of the rent for the remainder of the term less the fair market rental value of the leased premises for said period, and (iv) any other sum of money and damages owed by Lessee to Lessor; or

b. Lessor may terminate Lessee's right of possession (but not the Lease Agreement) and may repossess the leased premises without demand or notice of any kind to Lessee and without terminating this Lease agreement, in which event Lessor may, but shall be under no obligation to do so, re-let the premises for the account of Lessee for such rent and upon such terms as shall be satisfactory to Lessor. For the purpose of such re-letting, Lessor is authorized to decorate or to make any repairs, changes, alterations or additions in or to the leased premises that may be necessary or convenient, and (i) if Lessor shall fail or refuse to re-let the leased premises, or (ii) if the leased premises are re-let and a sufficient sum shall not be realized from such re-letting after paying the unpaid gross rental due hereunder earned but unpaid at the time of re-letting plus interest thereon at the maximum rate permitted by applicable law, the cost of recovering possession, and all of the costs and expenses of such decorations, repairs, changes, alterations and additions and the expense of such re-letting and of the collection of the rent accruing therefrom to satisfy the rent provided for in this Lease agreement to be paid, then Lessee shall pay to Lessor as damages a sum equal to the amount of the rental reserved in this lease agreement for such period or periods, or if the leased premises have been re-let, lessee shall satisfy and pay any such deficiency upon demand therefor from time to time and lessee agrees that Lessor may file suit to recover any sums falling due under the terms of this article from time to time on one or more occasions without Lessor being obligated to wait until expiration of the

term of this Lease agreement; and that no delivery or recovery of any portion due Lessor hereunder shall be any amount not theretofore reduced to judgment in favor of Lessor, nor shall such re-letting be construed as an election on the part of Lessor to terminate this Lease agreement unless a written notice of such intention be given to Lessee by Lessor. Notwithstanding any such re-letting without termination, Lessor may at any time thereafter elect to terminate this Lease agreement for such previous breach.

20. Waiver. Failure of Lessor or Lessee to declare any default immediately upon occurrence thereof, or delay in taking any action in connection therewith, shall not waive such default, but Lessor or Lessee shall have the right to declare any such default at any time thereafter.

21. Miscellaneous.

a. Lessee Assignment and Subletting. The Lessee shall not assign, mortgage, pledge, or encumber this lease or the leasehold estate hereby created or any interest therein, nor sublet the premises or any portion thereof, without the prior written consent of Lessor. In the absence of the express written consent of the Lessor, no assignment, mortgage, pledge, encumbrance, or subletting shall be deemed to be binding upon Lessor nor act as a release of lessee from any of the provisions, covenants and conditions of this lease.

b. Lessor Sale or Assignment Permitted. Lessor may at any time assign or transfer its interest as Lessor in and to this Lease, or any part thereof, and may at any time sell or transfer its interest in the fee of the premises, or its interest in and to the whole or any portion of the premises. Provided however, any such assignment or transfer shall be subject to this lease.

c. Right of Access. Lessor, and its authorized agents and representatives, shall be entitled to enter the premises during regular business hours following notice to Lessee for the purpose of inspecting the premises, repairing the premises or building, and for such other

purposes as the Lessor deems appropriate. The Lessor shall, in connection with the exercise of the foregoing right of access, use due diligence to cause as little inconvenience, disturbance or other damage or loss to Lessee as may be reasonably possible under the circumstances. In addition to the foregoing, the Lessor and its authorized agents and representatives, shall be entitled to enter the premises for the purpose of exhibiting the same to prospective purchasers or prospective lessees following notice to Lessee in such manner as will not unreasonably interfere with lessee's use. Access to the premises will be provided to the Lessee during normal operating hours and for special activities as arranged with the Lessor.

d. Estoppel Certificate. The Lessee agrees that at any time and from time to time during the term of this Lease, and within ten (10) days after demand therefore by Lessor, to execute and deliver to Lessor or to any proposed mortgagee, trustee, beneficiary or purchaser, a certificate in recordable form certifying that this lease is in full force and effect and that there are no defenses or offsets thereto, or, stating such defenses or offsets as are claimed by Lessee, and the dates to which all rentals have been paid.

e. Subordination. The Lessee agrees upon request of Lessor to subordinate this lease and its rights hereunder to the lien of any mortgage, or other encumbrance, together with any conditions, renewals, extensions or replacements thereof, and to execute and deliver upon request by Lessor such documents as may be required by effectuate such subordination. Provided, however, that Lessee shall not be required to effectuate such subordination, unless the mortgagee or other person holding any encumbrance shall first agree in writing, for the benefit of the Lessee, that so long as Lessee is not in default under any of the provisions, covenants or conditions of this lease, that neither this lease nor any of the rights of Lessee hereunder shall be terminated or modified or be subject to termination or modification, nor shall lessee's possession

of the premises be disturbed or interfered with, by any action or proceeding to foreclose said mortgage or other encumbrance.

f. Notices. Any and all notices and demands by or from Lessor to Lessee, or from Lessee to Lessor, shall be in writing and shall be validly given or made if served either personally or if deposited in the United States mail, certified or registered, postage prepaid, return receipt requested. If such notice be served personally, service shall be conclusively deemed made at the time of such personal service. If such notice or demand be served by registered or certified mail in the manner herein provided, service shall be conclusively deemed made forty-eight (48) hours after the deposit thereof in the United States mail addressed to the party to whom such notice is to be given.

Any notice or demand to Lessor shall be addressed to Lessor at:

City Administrator
City of Silver Bay
City Hall, 7 Davis Drive
Silver Bay, Minnesota, 55614

Any notice or demand to Lessee shall be addressed to Lessee as stated in paragraph

F. Above.

h. Successors and Assigns. The terms, provisions, covenants and conditions contained in this lease shall apply to, bind and inure to the benefit of the heirs, executors, administrator, legal representatives, successors and assigns (where assignment is permitted) of Lessor and Lessee, respectfully.

i. Severability. If any term or provision of this lease agreement, or the application thereof to any person or circumstances shall to any extent be invalid or unenforceable, the remainder of this lease agreement, or the application of such provision to persons or

circumstances other than those as to which it is invalid or unenforceable, shall not be affected thereby, and each provision of this lease agreement shall be valid and shall be enforceable to the extent permitted by law.

j. Governing Law. This lease agreement shall be governed by and construed in accordance with the laws of the State of Minnesota. All rights and remedies of Lessor under this lease agreement shall be cumulative and none shall exclude any other rights or remedies permitted by law.

k. Attorney's Fees. If an action is brought to enforce this lease agreement, or any part thereof, or to collect any payments hereunder, or to become due hereunder, or to recover possession of the leased premises, Lessor shall be entitled to reimbursement from Lessee for all reasonable costs and expenses incurred, including but not limited to, reasonable attorney's fees.

l. Entire Agreement. This agreement represents the entire understanding and agreement between the parties hereto and this lease agreement may not be altered, changed, or amended, except by an instrument in writing, signed by all parties hereto.

Wildly Organic

Exp 12/23

**Lease Agreement
between
City of Silver Bay, MN
and
Wildly Organic, LLC**

THIS LEASE AGREEMENT made and entered into as of the date last signed below ("Effective Date") by and between the City of Silver Bay, a Minnesota Municipal Corporation (the "Lessor" herein), owner of the Mary MacDonald Center, and Wildly Organic, LLC, a Minnesota Limited Liability Company (the "Lessee" herein). In consideration of the mutual covenants and promises contained herein and other good and valuable consideration, the Lessor leases to Lessee, and the Lessee leases from Lessor, the Premises described below and upon the following basic Lease information and Lease Terms and Conditions found in Exhibit A that follow.

- A. Premises: Rooms 102–105, 108-112, 133-137, 147, 148, 166-168, and the cooler located in Factory Area 153 as highlighted on the attached Exhibit B of that portion of the building commonly known as the Mary MacDonald Business Center, 99 Edison Boulevard, Silver Bay, Minnesota, legally described in Document No. 17,315, filed in Book 55 of titles, page 218, in the office of the Registrar of Titles for Lake County, Minnesota.
- B. Lease Term: January 1, 2021 to December 31, 2023.
- C. Rent: January 1, 2021 – December 31, 2021 a rent of \$6,450 per month
January 1, 2022 – December 31, 2022 a rent of \$6,525 per month
January 1, 2023 – December 31, 2021 a rent of \$6,600 per month
- D. Security/Damage Deposit: (security damage deposit equal to one month's rent)
The City currently is in receipt of \$2,000 security damage.
January 1, 2021 = \$4,450 additional deposit
January 1, 2022 = \$75
January 1, 2023 = \$75
- E. Permitted Use: Production of natural and organic products and related processing, operations, administrative and general office use.

F. Identification of Lessee and Address for Notice:

LESSEE: Wildly Organic, LLC. Any notice or demand to Lessee shall be addressed to Lessee at:

Wildly Organic, LLC
Attn: Chris Toal
99 Edison Boulevard
Silver Bay, MN 55614

- G. Other: The Lessee will not use extension cords as a substitute for permanent wiring; will maintain at least 18 inches below the level of sprinkler head deflectors for any storage materials; will keep aisles and aisle access widths at a minimum 24 inch wide access; will keep all exiting corridors clear of storage, garbage, and other items that would reduce the required egress, or otherwise pose an obstruction or hazard to egress; ensure that the high-piled storage areas are in full compliance with Chapter 23 of the Minnesota State Fire Code; ensure that Lessee-owned materials such as curtains, drapes, hangings, and other decorative materials where the materials exceed 20% of the wall or ceiling surface meet flame propagation performance criteria of NFPA 701; will properly install and wire any and all equipment and fixtures in accordance with the State Electrical Code and appliance's listing.

WHEREFORE, the parties hereto have executed this Lease Agreement on the respective dates set forth below.

LESSOR:

CITY OF SILVER BAY, a Municipal Corporation under the laws of the State of Minnesota

By: _____ Date: _____
Scott Johnson
Mayor

By: _____ Date: _____
Lana Fralich
City Administrator

LESSEE:

WILDLY ORGANIC, LLC

By: _____ Date: _____

Its: _____

EXHIBIT A

Lease Terms and Conditions

1. **Access to Premises.** Lessee shall be provided keys accessing the building and use of Common areas consisting of entryways, hallways and restroom facilities.
2. **Lease Term.** The term of this Lease shall be for the period commencing and terminating as described in paragraph B. above.
3. **Rent.** The Lessee shall pay the rent described in paragraph C. above to the Lessor without demand and without offset or deduction. The rent shall be paid on or before the first day of each month. The rent payments shall be payable to the City of Silver Bay and delivered to:

City Administrator
City of Silver Bay
City Hall, 7 Davis Drive
Silver Bay, Minnesota, 55614

4. **Utilities.**
 - a. **Utilities.** Lessor shall provide utilities for the premises consisting of gas or oil heat, electricity, and water/sewer services. The Lessee shall provide at its expense all other services including: telephone, internet, and any other communication-related expenses, including installation and service.
 - b. **Additional Lessor Services.** Lessor agrees to provide to Lessee as part of the base rental consideration the following services: maintenance of the outside grounds, snow removal, and unreserved tenant parking as space permits.
5. **Solid and Hazardous Waste.**
 - a. **Solid Waste Disposal.** The Lessee shall arrange for and pay the cost of the proper removal and disposal of the solid waste that it may generate. The Lessee shall not permit the accumulation of solid waste on the Premises, which in the opinion of the Lessor, may be a health, fire, or other hazard.
 - b. **Hazardous Waste.** The Lessee expressly warrants and agrees: (i) that it will comply with all applicable federal and state environmental laws and regulations in connection with its use and occupancy of the Premises; (ii) that it will not store, treat, refine, or dispose of any toxic or hazardous substances above or below the premises during its leasehold; (iii) that it will indemnify and hold

harmless the Lessor against any claim, liability, damage, costs, penalties, or fines which Lessor may be subjected to as a result of Lessee's use of the Premises in violation of applicable federal or state environmental laws and regulations; provided, however, that Lessee shall not, in any event, be responsible for any discharge, disposal, or storage of any toxic or hazardous substances which occurred prior to Lessee's possession of the Premises or which are present within the Premises due to the action of Lessor or its other tenants or their employees, agents, or guests. Lessor represents and warrants to Lessee that Lessor is not aware of any discharge, disposal, or storage of any such toxic or hazardous substance in, under or on the Premises, Real Property, and/or the Building, and which occurred prior to the execution of this Lease.

6. **Security/Damage Deposit.** In addition to full performance of the covenants required by the Lessee under terms of this Lease, the Lessee is also responsible for any damage to the Premises caused by Lessee, its agents, servants, employees, customers, invites, visitors, or customers. Lessee shall deposit with Lessor upon execution of this Lease as security for the performance of the covenants for any damages, the amount shown in paragraph D. above. This amount shall be held by Lessor during the lease term and may be used from time to time to cure defaults of Lessee if and when they occur, or to repair any damage to the Premises caused by Lessee, its agents, servants, employees, customers, invites, visitors, or customers. The Lessor shall first notify Lessee in writing of the default or damage and the cost of cure or repair. If Lessee does not cure the default or repair the damage within 10 days of the date of notice, then Lessor may utilize this deposit to cure the default or make the repairs. In the event Lessor utilizes all or part of the deposit as herein described, Lessee shall upon demand restore the same to the original amount. Should any amount of the security deposit remain at the expiration of this lease, the Lessor shall refund the balance to Lessee in accordance with applicable law.
7. **Permitted Use.** The Premises shall be used by the Lessee solely for the purpose(s) described in Paragraph E. above. The Lessee shall not use nor permit the use of the Premises or any portion thereof for any other purpose whatsoever without first

obtaining the Lessor's written consent. The Lessor represents that the Premises is now and will be for the term of this lease zoned for the permitted use.

8. Compliance with Applicable Laws, etc.

- a. The Lessee agrees to comply with all laws, codes, ordinances, rules, regulations and conditions which may be applicable to the Lessee's use of the Premises.
- b. The Lessee shall not keep, permit or allow any non-prescribed drugs nor any liquors or beverages of any intoxicating nature or tendency to be sold, kept or tolerated on the Premises.
- c. Lessor shall comply with any and all present and future applicable laws, ordinances, rules, regulations, orders, and covenants applicable to the Premises, whether promulgated by state, federal, municipal, or any other agency or body having jurisdiction over the Premises.

9. Rules and Regulations.

- a. The Lessee shall during the term of this lease, at its sole cost and expense:
 - i. Furnish, install and maintain in the Premises all of Lessee's property necessary for Lessee's use.
 - ii. Maintain the Premises in a clean, neat, sanitary and orderly condition.
 - iii. Comply with all governmental rules, regulations, ordinances, statutes and laws now or hereafter in effect pertaining to the Premises or Lessor's use thereof.
 - iv. Keep all common areas, including the hallways and entry ways fully open and free of all materials and shall not store any of Lessee's property therein. Lessee's property may be placed in the area for a limited period during delivery or pick up of material and supplies to or from the Premises.
 - v. Have appropriate fire and safety equipment for fire protection and procedures in place for emergency evacuation.
 - vi. Keys shall be furnished by the Lessor. Lessee shall not have keys made from outside sources.
 - vii. Make certain that all windows and doors are locked when leaving for the day.
 - viii. Keep all windows closed during heating and when the boiler is on.

- ix. Adhere to a policy of energy conservation.
 - x. Make certain that Premises are secured when not occupied, based upon the security put in place by Lessor.
 - xi. Store all trash and garbage within the Premises in metal containers so as not to create or permit any health or fire hazard.
 - xii. Park only in those areas designated for parking.
- b. Lessee, during the term of the lease, **shall not:**
- i. Without the prior written consent of all insurance companies which have issued any insurance of any kind whatsoever pursuant to any provision of this Lease: sell, store or permit to be kept, used or sold in, upon or about the premises any substance or material of an explosive, inflammable, radiological or toxic nature, in such quantities which may be prohibited by any such insurance policy, or which may endanger any part of the Premises or its occupants, business patrons or invitees.
 - ii. Burn any trash, papers or garbage of any kind in or about the Premises.
 - iii. Use or permit the use of the Premises or any portion thereof as living quarters, sleeping quarters or lodging rooms.
 - iv. Bring or harbor any dogs, cats, birds or other animals in or upon the Premises.
 - v. Commit or suffer to be committed any waste upon the Premises.
 - vi. Allow any loitering or playing in the common areas, hallways or entry ways.
 - vii. Allow any minor person under the age of sixteen (16) to be inside the Premises unless under the direct supervision of parent, guardian or adult authorized by the Lessee.
 - viii. Enter the utility room, maintenance room, boiler room or roof, unless authorized by the Lessor or its designated representative.
 - ix. Unless Lessee has leased all or a portion of the kitchen, cafeteria, or gymnasium, Lessee shall not use those facilities without the prior approval of the Lessor at such additional rent as may be agreed.
 - x. Park in the adjacent St. Mary's Church parking area, to the west side of the building or near the basketball courts or in the driveway of that space.

- xi. Allow truck delivery or pick up between the hours of 6:00 PM and 8:00 AM.

10. Alterations, Repair and Maintenance.

- a. **Alterations.** Except as otherwise herein provided, Lessee shall not make or suffer to be made any structural changes, alterations, modifications or additions in excess of \$5,000 per occurrence to the Premises or any part thereof without the express written consent of Lessor. In the event Lessee desires to make any change, alteration, modification or addition in or to the Premises, Lessee shall submit to Lessor complete plans and specifications regarding said change, alteration, modification or addition. Lessee agrees that no change, alteration, modification or addition in or to the Premises shall be commenced until such time as the complete plans and specifications have been submitted to the Lessor. No work shall be commenced until Lessor has provided Lessee with written consent to said change, alteration, modification or addition. Any changes, alterations, modifications or additions in or to the Premises shall be at Lessee's sole cost and expense and, except for Lessee's equipment, personal property and furnishings, shall become at once a part of realty and be the sole property of Lessor. If, during the term herein, any change, alteration, modification, addition or correction shall be required by any law, rule or regulations or any governmental authority to be made in or to the Premises or any portion thereof, Lessor shall be given notice thereof and any such change, alteration, modification, addition or correction shall then be made by Lessor at its sole cost and expense.
- b. **Repair and Maintenance.** The Lessee's acceptance of the Premises shall constitute conclusive evidence that the Premises was, as of that date, in good, clean and usable for the Lessee's purposes, and as otherwise represented by Lessor. The Lessee shall maintain the Premises and the property furnished under this lease in good repair and tenantable condition. Lessor shall maintain the building, including the Premises, in good order and repair and shall maintain, repair, or replace any and all structural elements and equipment, including, but not limited to, exterior and interior walls, roofs and roofing elements,

foundation, glass, windows, doors, heating, ventilation and air conditioning systems, electrical systems, plumbing, (including the computerized components of mechanical, electrical and engineering systems), sidewalks, parking lots, driveways, all common areas, and like structural elements and equipment as deemed necessary to comply with local, state or federal code or regulation for a commercial lease property notwithstanding that any increased costs for compliance with industry-specific code or regulation for Lessee shall be the responsibility of Lessee.

11. Surrender of Premises and Abandonment.

- a. **Surrender of Premises.** Upon the expiration or sooner termination of the term of this lease, and if Lessee has fully and faithfully performed all of the terms, conditions and covenants of this lease, Lessee shall, at its sole cost and expense, remove its interior and exterior signs and all of its movable trade fixtures and equipment. Lessee shall remove any other items of Lessee's personal property from the Premises and repair all damage thereto resulting from such removal. Lessee shall thereupon surrender the Premises in the same condition as it was on the commencement date, reasonable wear and tear excepted. If, upon expiration or earlier termination of the Term of this Lease, Lessee has not fully and faithfully performed all of the terms, conditions, and covenants of this lease to be performed by Lessee, Lessee shall nevertheless remove Lessee's property from the Premises within fifteen (15) days after receipt of written direction to do so from Lessor. In the event Lessee shall fail to remove any of Lessee's property as provided herein, Lessor may, but is not obligated to, at Lessee's expense, remove all of Lessee's property not so removed and repair all damage to the Premises resulting from such removal and charge the cost of removal and repair to the Lessee.
- b. **Abandonment.** Lessee shall not abandon or vacate the Premises at any time during the term hereof. If Lessee shall abandon, vacate or otherwise surrender the Premises, or be dispossessed thereof by process of law or otherwise for a period of more than thirty (30) days, the same shall constitute a default under this lease on the part of Lessee.

12. **Hold Over.** In the event Lessee shall hold over or remain in possession of the Premises after expiration or termination of this lease agreement without the written consent of the Lessor, Lessee shall be obligated for the rent which Lessee was obligated to pay for the month immediately preceding the end of the term of this lease agreement for each month or any part thereof of any such hold over period and the terms of the lease shall otherwise continue to govern. Neither this Section nor the acceptance of any rent hereunder shall prevent Landlord from exercising any remedy to regain immediate possession of the Premises.
13. **Quiet Possession.** The Lessor agrees that Lessee upon paying the rent or other payments herein required, and upon Lessee's performance of all of the provisions, covenants and conditions of this lease on its part to be kept and performed, may quietly have, hold and enjoy the Premises during the term of this lease.
14. **Nuisance.** Lessee agrees to conduct its business and operations and control its agents, employees, invitees, visitors, and customers in such manner as not to create any nuisance, or interfere with, annoy or disturb any other lessee or the Lessor in its operation of the Premises.
15. **Fire or Other Casualty.** In the event of a fire or other casualty in the Premises, Lessee shall immediately give notice thereof to Lessor. If the Premises, through no fault of Lessee, its agents, employees, invitees, visitors, or customers, shall be partially destroyed by fire or other casualty so as to render the Premises all or partially un-tenantable, the rental herein shall be proportionately abated thereafter until such time as the Premises are made tenantable. In the event of the total destruction of the Premises or estimation that Premises cannot be made tenantable within a ninety (90) day period and without fault or neglect of the Lessee, its agents, employees, invitees, visitors, or customers, or from such cause the same shall be so damaged that Lessor shall decide not to rebuild, then all rent owed up to the time of such destruction shall be paid by Lessee and this lease agreement shall terminate.
16. **Hold Harmless.** Lessor, its agents, and representatives shall not be liable to Lessee, or to Lessee's agents, servants, employees, customers, invitees, visitors, or customers for any damage to person or property caused by any act, omission or neglect of Lessee, and Lessee

agrees to hold Lessor harmless from all claims for any such damage. Lessee shall carry liability insurance for this purpose.

17. Liability and Insurance.

- a. **Liability Insurance.** At all times during the term and any renewal term of this lease, Lessee shall keep in full force and effect at its expense a policy or policies of liability insurance (or comparable program of self-insurance meeting such requirements) with respect to the Premises with companies licensed to do business in the State of Minnesota and approved by Lessor in which the Lessor shall be an additional named insured and which shall provide coverage of not less than Three Hundred Thousand Dollars (\$300,000) for injury or death to any one person, One Million Dollars (\$1,000,000) for injury or death to more than one person resulting from one occurrence, and One Hundred Thousand Dollars (\$100,000) for damage to property.
- b. **Personal Property Insurance.** Lessee shall obtain insurance on its trade fixtures, equipment, supplies, and furnishings including furniture, carpeting, wall coverings, drapes, and other personal property owned by Lessee and located upon the Premises to its full insurable value.
- c. **Waiver of Subrogation.** To the extent such waiver does not void or diminish the coverage under any policy, Lessor and Lessee hereby waive any rights each may have against the other on account of any loss or damage occasioned to Lessor or Lessee, as the case may be, or their respective property, to the extent such loss or damage is covered by insurance by either Lessor or Lessee.
- d. **Certificates of Insurance.** Upon request of Lessor, Lessee shall furnish to Lessor a certificate of insurance for each policy of insurance which is required to be carried by Lessee pursuant hereto. Lessor shall be named a certificate holder on each such policy of insurance so that each renewal certificate becomes automatically delivered to Lessor during any term of this Lease. Lessee shall provide Lessor with thirty days' prior written notice before making substantial changes to its insurance coverage that address the requirements of this Section.

18. Eminent Domain.

- a. **Entire Premises.** If all or substantially all of the Premises, the Building, or Real Property shall be taken by any public authority under the power of eminent domain, then the term of this lease shall cease as of the day possession shall be taken by such public authority.
- b. **Partial Taking.** If there is a partial taking of the Premises, the Building or Real Property by any public authority under eminent domain, both Lessee and Lessor, at the sole option of either, shall have the right to terminate this lease. Either party shall notify the other in writing within ten (10) days after such taking or their election to terminate. If neither party elects to terminate pursuant to this section, all of the terms here provided shall continue in effect. Rent shall be reduced in proportion to the amount of the Premises taken and Lessor shall at its own cost and expense make all necessary repairs or alterations to the basic building and interior work so as to constitute the remaining Premises as a complete architectural unit for Lessee's business purposes.
- c. **Damages.** If the Premises, the Building or Real Property, or any portion thereof shall be taken or condemned for any public or private purpose by any public authority to such an extent as to render the Premises un-tenantable, this Lease agreement shall at the option of either party, immediately cease and terminate. It is agreed that all proceeds from any taking or condemnation of the Premises shall belong to and be paid to the Lessor; provided, however that Lessor shall not be entitled to any award properly belonging to Lessee, including without limitation, the taking of Lessee's trade fixtures or any award for relocation benefits.

- 19. Default by Lessee.** If 1) default shall be made in the payment of any sum to be paid by Lessee under this Lease agreement, and default shall continue for ten (10) days; or 2) default shall be made in the performance of any of the other covenants or conditions which Lessee is required to observe and to perform, and such default shall continue for thirty (30) days; or 3) if the interest of Lessee under this lease agreement shall be levied on under execution or other legal process; or 4) if any petition shall be filed by or against Lessee to declare Lessee as bankrupt or to delay, reduce or modify Lessee's debts or

obligations; or 5) if any petition shall be filed or other action taken to reorganize or modify Lessee's capital structure if Lessee be a corporation or other entity (except internal reorganization in Lessee's normal course of business; or 6) if Lessee be declared insolvent according to law, or if any assignment of Lessee's property shall be made for the benefit of creditors, or if a receiver or trustee is appointed for Lessee or its property; or 7) if Lessee shall abandon the Premises for a period of thirty (30) days or more without Lessor's consent during the term of this Lease agreement or any renewals or extension thereof, then Lessor may treat the occurrence of any one or more of the foregoing events as a breach of this lease agreement. No such levy, execution, legal process or petition filed against Lessee shall constitute a breach of this Lease agreement if Lessee shall vigorously contest the same by appropriate proceedings and shall remove or vacate the same within sixty (60) days from the date of its creation, service or filing and thereupon. At Lessor's option, Lessor may have anyone or more of the following described remedies in addition to all other rights and remedies provided at law or in equity:

- a. Lessor may terminate this lease agreement and immediately repossess the Premises and remove any persons or property therefrom, and be entitled to immediately recover as damages a sum of money equal to the total of: (i) the cost of recovering the Premises to include attorney's fees and costs, (ii) the unpaid rent owed at the time of termination, plus interest thereon from due date at the maximum rate permitted by applicable law, (iii) the balance of the rent for the remainder of the term less any future rent payments made by a new tenant of the Premises for the remainder of the lease term, and (iv) any other sum of money and damages owed by Lessee to Lessor; or
- b. Lessor may terminate Lessee's right of possession (but not the Lease Agreement) and may repossess the Premises without demand or notice of any kind to Lessee and without terminating this Lease agreement, in which event Lessor may, under its duty to mitigate, re-let the Premises for the account of Lessee for such rent and upon such terms as shall be satisfactory to Lessor. For the purpose of such reletting, Lessor is authorized to make any commercially reasonable repairs, changes, alterations or additions in or to the Premises that may be necessary or convenient, and (i) if Lessor shall fail to re-let the Premises, or (ii) if the Premises

are re-let and a sufficient sum shall not be realized from such re-letting after paying the unpaid gross rental due hereunder earned but unpaid at the time of re-letting plus interest thereon at the maximum rate permitted by applicable law, the cost of recovering possession, and all of the costs and expenses of such repairs, changes, alterations and additions and the expense of such re-letting and of the collection of the rent accruing therefrom to satisfy the rent provided for in this Lease agreement to be paid, then Lessee shall pay to Lessor as damages a sum equal to the amount of the rental reserved in this lease agreement for such period or periods, or if the Premises has been re-let, Lessee shall satisfy and pay any such deficiency upon demand therefor from time to time and Lessee agrees that Lessor may file suit to recover attorney's fees and costs and any sums falling due under the terms of this article from time to time on one or more occasions without Lessor being obligated to wait until expiration of the term of this Lease agreement; and that no delivery or recovery of any portion due Lessor hereunder shall be any amount not theretofore reduced to judgment in favor of Lessor, nor shall such re-letting be construed as an election on the part of Lessor to terminate payment of rent obligations under this Lease agreement unless a written notice of such intention be given to Lessee by Lessor. Notwithstanding any such re-letting without termination, Lessor may at any time thereafter elect to terminate this Lease agreement for such previous breach.

Should default occur by Lessee as set forth above, Lessor shall provide written notice of default to Lessee by personal service or via U.S. Mail to the address identified in paragraph F. herein. Lessee shall have five (5) days from the date of personal service or eight (8) days from the postmarked date of U.S. Mail notice to cure any defect before Lessor may take any action under the terms of this Lease Agreement for damages due to the default.

20. Default by Lessor. If Lessor defaults in the performance of any term, covenant, or condition required to be performed under this Lease, Lessee may elect either one of the following:

- a. After not less than thirty (30) days written notice (or such lesser notice as is reasonable in the event of emergency repairs) to Lessor, Lessee may remedy

such default by any necessary action, and in connection with such remedy may pay expenses; all sums expended or obligations incurred by Lessee in connection therewith shall be paid by Lessor to Lessee on demand, and on failure of such reimbursement, Lessee may, in addition to any other right or remedy that Lessee may have, deduct the cost and expenses thereof from rent due hereunder; or

- b. Elect to terminate this Lease on giving at least thirty (30) days' notice to Lessor, thereby terminating this Lease on the date designated in such notice, unless Lessor shall have cured such default prior to expiration of the thirty (30) day period.
- c. All rights and remedies of Lessee herein enumerated shall be cumulative and none shall exclude any other rights or remedies allowed by law, and such rights and remedies may be exercised and enforced concurrently and whenever and as often as the occasion therefor arises, and failure on the part of the Lessee to enforce any of its remedies in connection with any default shall not be deemed a waiver of such default nor a consent to any continuation thereof.

21. Signage. Lessee shall be permitted to install on the Premises and shall have the obligation to maintain, both at its sole expense, one or more additional name identification signs as may be reasonably necessary or appropriate to identify services provided, ingress and egress points, and service areas. All signs installed and maintained by Lessee shall be in compliance with all zoning ordinances and building codes and shall be subject to Lessor's prior approval, which approval shall not be withheld as long as Lessee's signs are of the same general style, size and appearance of other signs on the Premises.

22. Relationship. Nothing contained in this Lease shall be deemed or construed by the parties or by a third party to create the relationship of principal and agent, partnership, joint venture, or of any other association whatsoever between Lessor and Lessee, it being expressly understood and agreed that neither the method of computation of rent nor any other provisions contained in this Lease nor any act or acts of the parties shall be deemed to create any relationship between Lessor and Lessee other than the relationship of landlord and tenant.

23. Waiver. Failure of Lessor or Lessee to declare any default immediately upon occurrence thereof, or delay in taking any action in connection therewith, shall not waive such default, but Lessor or Lessee shall have the right to declare any such default at any time thereafter.

24. Miscellaneous.

- a. **Lessee Assignment and Subletting.** The Lessee shall not assign, mortgage, pledge, or encumber this lease or the leasehold estate hereby created or any interest therein, nor sublet the Premises or any portion thereof, without the prior written consent of Lessor. In the absence of the express written consent of the Lessor, no assignment, mortgage, pledge, encumbrance, or subletting shall be deemed to be binding upon Lessor nor act as a release of Lessee from any of the provisions, covenants and conditions of this lease. Notwithstanding, Lessee shall have the right to pledge its assets as collateral for a loan without notification of Lessor.
- b. **Lessor Sale or Assignment Permitted.** Lessor may at any time assign or transfer its interest as Lessor in and to this Lease, or any part thereof, and may at any time sell or transfer its interest in the fee of the Premises, or its interest in and to the whole or any portion of the premises. Provided however, any such assignment or transfer shall be subject to this lease.
- c. **Right of Access.** Lessor, and its authorized agents and representatives, shall be entitled to enter the premises during regular business hours following 24 hour notice to Lessee for the purpose of inspecting the Premises, repairing the Premises or building, and for such other purposes as the Lessor deems appropriate. The Lessor shall, in connection with the exercise of the foregoing right of access, use due diligence to cause as little inconvenience, disturbance or other damage or loss to Lessee as may be reasonably possible under the circumstances. In addition to the foregoing, the Lessor and its authorized agents and representatives, shall be entitled to enter the premises for the purpose of exhibiting the same to prospective purchasers or prospective Lessees following notice to Lessee in such manner as will not unreasonably interfere with Lessee's use.

- d. **Estoppel Certificate.** The Lessee agrees that at any time and from time to time during the term of this Lease, and within ten (10) business days after demand therefore by Lessor, to execute and deliver to Lessor or to any proposed mortgagee, trustee, beneficiary or purchaser, a certificate in recordable form certifying that to the best of Lessee's knowledge this lease is in full force and effect and rent payments are current as of the date of the request.
- e. **Subordination.** The Lessee agrees upon request of Lessor to subordinate this lease and its rights hereunder to the lien of any mortgage, or other encumbrance, together with any conditions, renewals, extensions or replacements thereof, and to execute and deliver upon request by Lessor such documents as may be required by effectuate such subordination. Lessee shall not be required to effectuate such subordination, unless the mortgagee or other person holding any encumbrance shall first agree in writing, for the benefit of the Lessee, that so long as Lessee is not in default under any of the provisions, covenants or conditions of this lease, that neither this lease nor any of the rights of Lessee hereunder shall be terminated or modified or be subject to termination or modification, nor shall Lessee's possession of the Premises be disturbed or interfered with, by any action or proceeding to foreclose said mortgage or other encumbrance.
- f. **Notices.** Any and all notices and demands by or from Lessor to Lessee, or from Lessee to Lessor, shall be in writing and shall be validly given or made if served either personally or if deposited in the United States mail, certified or registered, postage prepaid, return receipt requested. If such notice be served personally, service shall be conclusively deemed made at the time of such personal service. If such notice or demand be served by registered or certified mail in the manner herein provided, service shall be conclusively deemed made forty-eight (48) hours after the deposit thereof in the United States mail addressed to the party to whom such notice is to be given.
- g. Any notice or demand to Lessor shall be addressed to Lessor at:
City Administrator
City of Silver Bay
City Hall, 7 Davis Drive
Silver Bay, Minnesota, 55614

Any notice or demand to Lessee shall be addressed to Lessee as stated in paragraph F. above.

- h. **Successors and Assigns.** The terms, provisions, covenants and conditions contained in this lease shall apply to, bind and inure to the benefit of the successors and assigns (where assignment is permitted) of Lessor and Lessee, respectfully.
- i. **Severability.** If any term or provision of this lease agreement, or the application thereof to any person or circumstances shall to any extent be invalid or unenforceable, the remainder of this lease agreement, or the application of such provision to persons or circumstances other than those as to which it is invalid or unenforceable, shall not be affected thereby, and each provision of this lease agreement shall be valid and shall be enforceable to the extent permitted by law.
- j. **Governing Law.** This lease agreement shall be governed by and construed in accordance with the laws of the State of Minnesota. All rights and remedies of both parties under this lease agreement shall be cumulative and none shall exclude any other rights or remedies permitted by law.
- k. **Attorney's Fees.** If an action is brought to enforce this lease agreement, or any part thereof, or to collect any payments hereunder, or to become due hereunder, or to recover possession of the Premises, the prevailing party shall be entitled to reimbursement for all reasonable costs and expenses incurred, including but not limited to, reasonable attorney's fees.
- l. **Entire Agreement.** This agreement and the exhibits attached hereto represents the entire understanding and agreement between the parties hereto and this lease agreement may not be altered, changed, or amended, except by an instrument in writing, signed by all parties hereto.

Superior Health Pharmacy

Month to Month

LEASE AGREEMENT - DRAFT

Mary MacDonald Center

THIS LEASE AGREEMENT made and entered into as of the date last signed below (“Effective Date”) by and between the City of Silver Bay, a Minnesota Municipal Corporation, (“Lessor”), and the Lessee identified below. In consideration of the mutual covenants and promises contained herein and other good and valuable consideration, the Lessor leases to Lessee, and the Lessee leases from Lessor the premises described and upon the following basic lease information and Lease Terms and Conditions found in Exhibit A that follow.

Basic Lease Information

- A. Premises: Room(s) 145 and 146 (originally Suite L), as shown in Exhibit B.
- B. Lease Term: Beginning on the Effective Date and terminating on December 31, 2021. Thereafter the lease will extend on a month-to-month basis with either party having a right to terminate upon twelve (12) months prior written notice. For clarity, if either Lessee or Lessor intends to terminate the lease upon December 31, 2021, the terminating party will provide written notice to the other no later than December 31, 2020.
- C. Rent: The sum of \$1,200 per month
- D. Security/Damage Deposit: A security damage deposit equal to one month’s rent is currently held by Lessor.

E. Permitted Use: **Operation of a retail pharmacy and drug store, including without limitation, retail sale of greeting cards, soft drinks, snack and other food items, miscellaneous sundries, provision of miscellaneous health care screening, and related operations and general office use.**

F. Identification of Lessee and Address for Notice:

LESSEE: The Duluth Clinic, Ltd., a Minnesota corporation

Any notice or demand to Lessee shall be addressed to Lessee at:

**Tim Cernohous, Director of Ambulatory Pharmacy,
520 East Fourth Street, Suite 2, Duluth, MN 55805.**

With a copy to:

**Office of General Counsel, Essentia Health,
502 East Second Street, Duluth, MN 55805**


G. Other: The Lessee will not use extension cords as a substitute for permanent wiring; will maintain at least 18 inches below the level of sprinkler head deflectors for any storage materials; will keep aisles and aisle access widths at a minimum 24 inch wide access; will keep all exiting corridors clear of storage, garbage, and other items that would reduce the required egress, or otherwise pose an obstruction or hazard to egress; ensure that the high-piled storage areas are in full compliance with Chapter 23 of the Minnesota State Fire Code; ensure that Lessee-owned materials such as curtains, drapes, hangings, and other decorative materials where the materials exceed 20% of the wall or ceiling surface meet flame propagation performance criteria of NFPA


701; will properly install and wire any and all equipment and fixtures in accordance with the State Electrical Code and appliance's listing.

H. Exclusion: By signing this Agreement, the Lessor represents and warrants that it is not, and has not been, excluded from participation in any federally and/or state funded health care programs, including Medicare and Medicaid. In the event that either party is excluded from participating in any federally and/or state funded health care programs during the term of this Agreement, each party agrees to notify the other within five (5) business days or less of the exclusion.

WHEREFORE, the parties hereto have executed this Lease Agreement on the respective dates set forth below.

LESSOR: CITY OF SILVER BAY

By  1-27-20
Mayor Date

By  1-22-2020
City Administrator Date

LESSEE:

By  1/10/2020
Its: Tim Cernohous, Director of Ambulatory Pharmacy Date

EXHIBIT A
Lease Terms and Conditions

1. **Description of Premises.** That portion of the building commonly known as the Mary MacDonald Business Center, 99 Edison Boulevard, Silver Bay, Minnesota, legally described in Document No. 17,315, filed in Book 55 of titles, page 218, in the office of the Registrar of Titles for Lake County, Minnesota, identified in paragraph A. above. Lessee shall be provided keys accessing the building and use of Common areas consisting of entryways, hallways and restroom facilities.
2. **Lease Term.** The term of this lease shall be for the period commencing and terminating as described in paragraph B. above.
3. **Rent.** The Lessee shall pay the rent described in paragraph C. above to the Lessor without demand and without offset or deduction. The rent shall be paid on or before the first day of each month. The rent payments shall be payable to the City of Silver Bay and delivered to:

City Administrator
City of Silver Bay
City Hall, 7 Davis Drive
Silver Bay, Minnesota, 55614

4. **Utilities.**
 - a. **Utilities.** Lessor shall provide utilities for the premises consisting of gas or oil heat, electricity, and water/sewer services. The Lessee shall provide at its expense all other services including: telephone, internet, and any other communication-related expenses, including installation and service.

- b. **Additional Lessor Services.** Lessor agrees to provide to Lessee as part of the base rental consideration the following services: maintenance of the outside grounds, snow removal, and unreserved tenant parking as space permits.

5. Solid and Hazardous Waste.

- a. **Solid Waste Disposal.** The Lessee shall arrange for and pay the cost of the proper removal and disposal of the solid waste that it may generate. The Lessee shall not permit the accumulation of solid waste on the Premises, which in the opinion of the Lessor, may be a health, fire, or other hazard.
- b. **Hazardous Waste.** The Lessee expressly warrants and agrees: (i) that it will comply with all applicable federal and state environmental laws and regulations in connection with its use and occupancy of the property; (ii) that it will not store, treat, refine, or dispose of any toxic or hazardous substances above or below the premises during its leasehold; (iii) that it will indemnify and hold harmless the Lessor against any claim, liability, damage, costs, penalties, or fines which Lessor may be subjected to as a result of Lessee's use of the property in violation of applicable federal or state environmental laws and regulations; provided, however, that Lessee shall not, in any event, be responsible for any discharge, disposal, or storage of any toxic or hazardous substances which occurred prior to Lessee's possession of the Premises or which are present within the Premises due to the action of Lessor or its other tenants or their employees, agents, or guests. Lessor represents and warrants to Lessee that Lessor is not aware of any discharge, disposal, or storage of any such toxic or hazardous substance in, under or on the

Premises, Real Property, and/or the Building, and which occurred prior to the execution of this Lease.

6. **Security/Damage Deposit.** In addition to full performance of the covenants required by the Lessee under terms of this Lease, the Lessee is also responsible for any damage to the Premises caused by Lessee, its agents, servants, employees, customers, invites, visitors, or customers. Lessee previously deposited with Lessor as security for the performance of the covenants for any damages, the amount shown in paragraph D. above. This amount shall be held by Lessor during the lease term and may be used from time to time to cure defaults of Lessee if and when they occur, or to repair any damage to the Premises caused by Lessee, its agents, servants, employees, customers, invites, visitors, or customers. The Lessor shall first notify Lessee in writing of the default or damage and the cost of cure or repair. If Lessee does not cure the default or repair the damage within 10 days of the date of notice, then Lessor may utilize this deposit to cure the default or make the repairs. In the event Lessor utilizes all or part of the deposit as herein described, Lessee shall upon demand restore the same to the original amount. Should any amount of the security deposit remain at the expiration of this lease, the Lessor shall refund the balance to Lessee in accordance with applicable law.
7. **Permitted Use.** The premises shall be used by the Lessee solely for the purpose(s) described in Paragraph E. above. The Lessee shall not use nor permit the use of the premises or any portion thereof for any other purpose whatsoever without first obtaining the Lessor's written consent. The Lessor represents that the Premises is now and will be for the term of this lease zoned for the permitted use.

8. Compliance with Applicable Laws, etc.

- a. The Lessee agrees to comply with all laws, codes, ordinances, rules, regulations and conditions which may be applicable to the Lessee's use of the Premises.
- b. The Lessee shall not keep, permit or allow any non-prescribed drugs nor any liquors or beverages of any intoxicating nature or tendency to be sold, kept or tolerated on the Premises.
- c. Lessor shall comply with any and all present and future applicable laws, ordinances, rules, regulations, orders, and covenants applicable to the Premises, whether promulgated by state, federal, municipal, or any other agency or body having jurisdiction over the Premises.

9. Rules and Regulations.

- a. The Lessee shall at all times during the term of this lease, at its sole cost and expense:
 - i. Furnish, install and maintain in the Premises all of Lessee's property necessary for Lessee's use.
 - ii. Maintain the Premises in a clean, neat, sanitary and orderly condition.
 - iii. Comply with all governmental rules, regulations, ordinances, statutes and laws now or hereafter in effect pertaining to the premises or Lessor's use thereof.
 - iv. Keep all common areas, including the hallways and entry ways fully open and free of all materials and shall not store any of Lessee's property therein. Lessee's property may be placed in the area for a limited period during delivery or pick up of material and supplies to or from the Premises.

- v. Have appropriate fire and safety equipment for fire protection and procedures in place for emergency evacuation.
 - vi. Keys shall be furnished by the Lessor. Lessee shall not have keys made from outside sources.
 - vii. Make certain that all windows and doors are locked when leaving for the day.
 - viii. Keep all windows closed during heating and when the boiler is on.
 - ix. Adhere to a policy of energy conservation.
 - x. Make certain that Premises are secured when not occupied.
 - xi. Store all trash and garbage within the Premises in metal containers so as not to create or permit any health or fire hazard.
 - xii. Park only in those areas designated for parking.
- b. Lessee, during the term of the lease, **shall not**:
- i. Without the prior written consent of all insurance companies which have issued any insurance of any kind whatsoever pursuant to any provision of this lease: sell, store or permit to be kept, used or sold in, upon or about the premises any substance or material of an explosive, inflammable, radiological or toxic nature, in such quantities which may be prohibited by any such insurance policy, or which may endanger any part of the premises or its occupants, business patrons or invitees.
 - ii. Burn any trash, papers or garbage of any kind in or about the Premises.
 - iii. Use or permit the use of the Premises or any portion thereof as living quarters, sleeping quarters or lodging rooms.

- iv. Bring or harbor any dogs, cats, birds or other animals in or upon the Premises.
- v. Commit or suffer to be committed any waste upon the Premises.
- vi. Allow any loitering or playing in the common areas, hallways or entry ways.
- vii. Allow any minor person under the age of sixteen (16) to be inside the Premises unless under the direct supervision of parent, guardian or adult authorized by the Lessee.
- viii. Enter the utility room, maintenance room, boiler room or roof, unless authorized by the Lessor or its designated representative.
- ix. Unless a Lessee has leased all or a portion of the kitchen, cafeteria, or gymnasium, a Lessee shall not use those facilities without the prior approval of the Lessor at such additional rent as may be agreed.
- x. Park in the adjacent St. Mary's Church parking area, to the west side of the building or near the basketball courts or in the driveway of that space.
- xi. Allow truck delivery or pick up between the hours of 6:00 PM and 8:00 AM.

10. Alterations, Repair and Maintenance.

- a. **Alterations.** Except as otherwise herein provided, Lessee shall not make or suffer to be made any structural changes, alterations, modifications or additions in excess of \$5,000 per occurrence to the Premises or any part thereof without the express written consent of Lessor. In the event Lessee desires to make any change, alteration, modification or addition in or to the Premises, Lessee shall submit to Lessor complete plans and specifications regarding said change, alteration,

modification or addition. Lessee agrees that no change, alteration, modification or addition in or to the Premises shall be commenced until such time as the complete plans and specifications have been submitted to the Lessor. No work shall be commenced until Lessor has provided Lessee with written consent to said change, alteration, modification or addition. Any changes, alterations, modifications or additions in or to the Premises shall be at Lessee's sole cost and expense and, except for Lessee's equipment and furnishings, shall become at once a part of realty and be the sole property of Lessor. If, during the term herein, any change, alteration, modification, addition or correction shall be required by any law, rule or regulations or any governmental authority to be made in or to the Premises or any portion thereof, Lessor shall be given notice thereof and any such change, alteration, modification, addition or correction shall then be made by Lessor at its sole cost and expense.

- b. **Repair and Maintenance.** The Lessee's acceptance of the Premises shall constitute conclusive evidence that the Premises was, as of that date, in good, clean and usable for the Lessee's purposes, and as otherwise represented by Lessor. The Lessee shall maintain the Premises and the property furnished under this lease in good repair and tenantable condition. Lessor shall maintain the building, including the Premises, in good order and repair and shall maintain, repair, or replace any and all structural elements and equipment, including, but not limited to, exterior and interior walls, roofs and roofing elements, foundation, glass, windows, doors, heating, ventilation and air conditioning systems, electrical systems, plumbing, (including the computerized components of mechanical, electrical and engineering

systems), sidewalks, parking lots, driveways, all common areas, and like structural elements and equipment as deemed necessary to comply with local, state or federal code or regulation for a commercial lease property notwithstanding that any increased costs for compliance with industry-specific code or regulation for Lessee shall be the responsibility of Lessee.

11. Surrender of Premises and Abandonment.

- a. **Surrender of Premises.** Upon the expiration or sooner termination of the term of this lease, and if Lessee has fully and faithfully performed all of the terms, conditions and covenants of this lease, Lessee shall, at its sole cost and expense, remove its interior and exterior signs and all of its movable trade fixtures and equipment. Lessee shall remove any other items of Lessee's personal property from the Premises and repair all damage thereto resulting from such removal. Lessee shall thereupon surrender the Premises in the same condition as it was on the commencement date, reasonable wear and tear excepted. If, upon expiration or earlier termination of the Term of this Lease, Lessee has not fully and faithfully performed all of the terms, conditions, and covenants of this lease to be performed by Lessee, Lessee shall nevertheless remove Lessee's property from the Premises within fifteen (15) days after receipt of written direction to do so from Lessor. In the event Lessee shall fail to remove any of Lessee's property as provided herein, Lessor may, but is not obligated to, at Lessee's expense, remove all of Lessee's property not so removed and repair all damage to the Premises resulting from such removal and charge the cost of removal and repair to the Lessee.

b. **Abandonment.** Lessee shall not abandon or vacate the Premises at any time during the term hereof. If Lessee shall abandon, vacate or otherwise surrender the Premises, or be dispossessed thereof by process of law or otherwise for a period of more than thirty (30) days, the same shall constitute a default under this lease on the part of Lessee.

12. **Hold Over.** In the event Lessee shall hold over or remain in possession of the Premises after expiration or termination of this lease agreement without the written consent of the Lessor, Lessee shall be obligated for the rent which Lessee was obligated to pay for the month immediately preceding the end of the term of this lease agreement for each month or any part thereof of any such hold over period and the terms of the lease shall otherwise continue to govern. Neither this Section nor the acceptance of any rent hereunder shall prevent Landlord from exercising any remedy to regain immediate possession of the Premises.

13. **Quiet Possession.** The Lessor agrees that Lessee upon paying the rent or other payments herein required, and upon Lessee's performance of all of the provisions, covenants and conditions of this lease on its part to be kept and performed, may quietly have, hold and enjoy the Premises during the term of this lease.

14. **Nuisance.** Lessee agrees to conduct its business and operations and control its agents, employees, invitees, visitors, and customers in such manner as not to create any nuisance, or interfere with, annoy or disturb any other lessee or the Lessor in its operation of the Premises.

15. **Fire or Other Casualty.** In the event of a fire or other casualty in the Premises, Lessee shall immediately give notice thereof to Lessor. If the Premises, through no fault of Lessee,

its agents, employees, invitees, visitors, or customers, shall be partially destroyed by fire or other casualty so as to render the Premises all or partially un-tenantable, the rental herein shall be proportionately abated thereafter until such time as the Premises are made tenantable. In the event of the total destruction of the Premises or estimation that Premises cannot be made tenantable within a ninety (90) day period and without fault or neglect of the Lessee, its agents, employees, invitees, visitors, or customers, or from such cause the same shall be so damaged that Lessor shall decide not to rebuild, then all rent owed up to the time of such destruction shall be paid by Lessee and this lease agreement shall terminate.

16. **Hold Harmless.** Lessor, its agents, and representatives shall not be liable to Lessee, or to Lessee's agents, servants, employees, customers, invitees, visitors, or customers for any damage to person or property caused by any act, omission or neglect of Lessee, and Lessee agrees to hold Lessor harmless from all claims for any such damage. Lessee shall carry liability insurance for this purpose.

17. **Liability and Insurance.**

a. **Liability Insurance.** At all times during the term and any renewal term of this lease, Lessee shall keep in full force and effect at its expense a policy or policies of liability insurance (or comparable program of self-insurance meeting such requirements) with respect to the Premises with companies licensed to do business in the State of Minnesota and approved by Lessor in which the Lessor shall be an additional named insured and which shall provide coverage of not less than Three Hundred Thousand Dollars (\$300,000) for injury or death to any one person, One Million Dollars (\$1,000,000) for injury or death to more than one person resulting

from one occurrence, and One Hundred Thousand Dollars (\$100,000) for damage to property.

- b. **Personal Property Insurance.** Lessee shall obtain insurance on its trade fixtures, equipment, supplies, and furnishings including furniture, carpeting, wall coverings, drapes, and other personal property owned by Lessee and located upon the Premises to its full insurable value.
- c. **Waiver of Subrogation.** To the extent such waiver does not void or diminish the coverage under any policy, Lessor and Lessee hereby waive any rights each may have against the other on account of any loss or damage occasioned to Lessor or Lessee, as the case may be, or their respective property, to the extent such loss or damage is covered by insurance by either Lessor or Lessee.
- d. **Certificates of Insurance.** Upon request of Lessor, Lessee shall furnish to Lessor a certificate of insurance for each policy of insurance which is required to be carried by Lessee pursuant hereto. Lessor shall be named a certificate holder on each such policy of insurance so that each renewal certificate becomes automatically delivered to Lessor during any term of this Lease. Lessee shall provide Lessor with thirty days' prior written notice before making substantial changes to its insurance coverage that address the requirements of this Section.

18. Eminent Domain.

- a. **Entire Premises.** If all or substantially all of the Premises, the Building, or Real Property shall be taken by any public authority under the power of eminent domain, then the term of this lease shall cease as of the day possession shall be taken by such public authority.

b. **Partial Taking.** If there is a partial taking of the Premises, the Building or Real Property by any public authority under eminent domain, both Lessee and Lessor, at the sole option of either, shall have the right to terminate this lease. Either party shall notify the other in writing within ten (10) days after such taking or their election to terminate. If neither party elects to terminate pursuant to this section, all of the terms herein provided shall continue in effect. Rent shall be reduced in proportion to the amount of the Premises taken and Lessor shall at its own cost and expense make all necessary repairs or alterations to the basic building and interior work so as to constitute the remaining Premises as a complete architectural unit for Lessee's business purposes.

c. **Damages.** If the Premises, the Building or Real Property, or any portion thereof shall be taken or condemned for any public or private purpose by any public authority to such an extent as to render the Premises un-tenantable, this Lease agreement shall at the option of either party, immediately cease and terminate. It is agreed that all proceeds from any taking or condemnation of the Premises shall belong to and be paid to the Lessor; provided, however, that Lessor shall not be entitled to any award properly belonging to Lessee, including, without limitation, the taking of Lessee's trade fixtures or any award for relocation benefits.

19. **Default by Lessee.** If default shall be made in the payment of any sum to be paid by Lessee under this Lease agreement, and default shall continue for ten (10) days, or default shall be made in the performance of any of the other covenants or conditions which Lessee is required to observe and to perform, and such default shall continue for thirty (30) days, or if the interest of Lessee under this lease agreement shall be levied on under execution or

other legal process, or if any petition shall be filed by or against Lessee to declare Lessee as bankrupt or to delay, reduce or modify Lessee's debts or obligations, or if any petition shall be filed or other action taken to reorganize or modify Lessee's capital structure if Lessee be a corporation or other entity (except internal reorganization in Lessee's normal course of business, or if Lessee be declared insolvent according to law, or if any assignment of Lessee's property shall be made for the benefit of creditors, or if a receiver or trustee is appointed for Lessee or its property, or if Lessee shall abandon the Premises for a period of thirty (30) days or more without Lessor consent during the term of this Lease agreement or any renewals or extension thereof, then Lessor may treat the occurrence of any one or more of the foregoing events as a breach of this lease agreement. No such levy, execution, legal process or petition filed against Lessee shall constitute a breach of this Lease agreement if Lessee shall vigorously contest the same by appropriate proceedings and shall remove or vacate the same within sixty (60) days from the date of its creation, service or filing and thereupon. At Lessor's option, Lessor may have anyone or more of the following described remedies in addition to all other rights and remedies provided at law or in equity:

- a. Lessor may terminate this lease agreement and immediately repossess the Premises and remove any persons or property therefrom, and be entitled to immediately recover as damages a sum of money equal to the total of: (i) the cost of recovering the Premises, (ii) the unpaid rent owed at the time of termination, plus interest thereon from due date at the maximum rate permitted by applicable law, (iii) the balance of the rent for the remainder of the term less any future rent payments made by a new tenant of the Premises for the remainder of the lease term, and (iv) any other sum of money and damages owed by Lessee to Lessor; or

- b. Lessor may terminate Lessee's right of possession (but not the Lease Agreement) and may repossess the Premises without demand or notice of any kind to Lessee and without terminating this Lease agreement, in which event Lessor may, under its duty to mitigate, re-let the Premises for the account of Lessee for such rent and upon such terms as shall be satisfactory to Lessor. For the purpose of such re-letting, Lessor is authorized to make any commercially reasonable repairs, changes, alterations or additions in or to the Premises that may be necessary or convenient, and (i) if Lessor shall fail to re-let the Premises, or (ii) if the Premises are re-let and a sufficient sum shall not be realized from such re-letting after paying the unpaid gross rental due hereunder earned but unpaid at the time of re-letting plus interest thereon at the maximum rate permitted by applicable law, the cost of recovering possession, and all of the costs and expenses of such repairs, changes, alterations and additions and the expense of such re-letting and of the collection of the rent accruing therefrom to satisfy the rent provided for in this Lease agreement to be paid, then Lessee shall pay to Lessor as damages a sum equal to the amount of the rental reserved in this lease agreement for such period or periods, or if the Premises has been re-let, Lessee shall satisfy and pay any such deficiency upon demand therefor from time to time and Lessee agrees that Lessor may file suit to recover any sums falling due under the terms of this article from time to time on one or more occasions without Lessor being obligated to wait until expiration of the term of this Lease agreement; and that no delivery or recovery of any portion due Lessor hereunder shall be any amount not theretofore reduced to judgment in favor of Lessor, nor shall such re-letting be construed as an election on the part of Lessor to

terminate payment of rent obligations under this Lease agreement unless a written notice of such intention be given to Lessee by Lessor. Notwithstanding any such re-letting without termination, Lessor may at any time thereafter elect to terminate this Lease agreement for such previous breach.

20. Default by Lessor. If Lessor defaults in the performance of any term, covenant, or condition required to be performed under this Lease, Lessee may elect either one of the following:

- a. After not less than thirty (30) days written notice (or such lesser notice as is reasonable in the event of emergency repairs) to Lessor, Lessee may remedy such default by any necessary action, and in connection with such remedy may pay expenses; all sums expended or obligations incurred by Lessee in connection therewith shall be paid by Lessor to Lessee on demand, and on failure of such reimbursement, Lessee may, in addition to any other right or remedy that Lessee may have, deduct the cost and expenses thereof from rent due hereunder; or
- b. Elect to terminate this Lease on giving at least thirty (30) days' notice to Lessor, thereby terminating this Lease on the date designated in such notice, unless Lessor shall have cured such default prior to expiration of the thirty (30) day period.
- c. All rights and remedies of Lessee herein enumerated shall be cumulative and none shall exclude any other rights or remedies allowed by law, and such rights and remedies may be exercised and enforced concurrently and whenever and as often as the occasion therefor arises, and failure on the part of the Lessee to enforce any of its remedies in connection with any default shall not be deemed a waiver of such default nor a consent to any continuation thereof.

21. **Signage.** Lessee shall be permitted to install on the Premises and shall have the obligation to maintain, both at its sole expense, one or more additional name identification signs as may be reasonably necessary or appropriate to identify services provided, ingress and egress points, and service areas. All signs installed and maintained by Lessee shall be in compliance with all zoning ordinances and building codes and shall be subject to Lessor's prior approval, which approval shall not be withheld as long as Lessee's signs are of the same general style, size and appearance of other signs on the Premises.
22. **Relationship.** Nothing contained in this Lease shall be deemed or construed by the parties or by a third party to create the relationship of principal and agent, partnership, joint venture, or of any other association whatsoever between Lessor and Lessee, it being expressly understood and agreed that neither the method of computation of rent nor any other provisions contained in this Lease nor any act or acts of the parties shall be deemed to create any relationship between Lessor and Lessee other than the relationship of landlord and tenant.
23. **Waiver.** Failure of Lessor or Lessee to declare any default immediately upon occurrence thereof, or delay in taking any action in connection therewith, shall not waive such default, but Lessor or Lessee shall have the right to declare any such default at any time thereafter.
24. **Miscellaneous.**
- a. **Lessee Assignment and Subletting.** The Lessee shall not assign, mortgage, pledge, or encumber this lease or the leasehold estate hereby created or any interest therein, nor sublet the Premises or any portion thereof, without the prior written consent of Lessor. In the absence of the express written consent of the Lessor, no assignment, mortgage, pledge, encumbrance, or subletting shall be deemed to be

binding upon Lessor nor act as a release of Lessee from any of the provisions, covenants and conditions of this lease.

- b. **Lessor Sale or Assignment Permitted.** Lessor may at any time assign or transfer its interest as Lessor in and to this Lease, or any part thereof, and may at any time sell or transfer its interest in the fee of the Premises, or its interest in and to the whole or any portion of the premises. Provided however, any such assignment or transfer shall be subject to this lease.
- c. **Right of Access.** Lessor, and its authorized agents and representatives, shall be entitled to enter the premises during regular business hours following notice to Lessee for the purpose of inspecting the Premises, repairing the Premises or building, and for such other purposes as the Lessor deems appropriate. The Lessor shall, in connection with the exercise of the foregoing right of access, use due diligence to cause as little inconvenience, disturbance or other damage or loss to Lessee as may be reasonably possible under the circumstances and to not enter areas containing Protected Health Information as defined under HIPAA without prior notice to Lessee of necessity to access such areas. In addition to the foregoing, the Lessor and its authorized agents and representatives, shall be entitled to enter the premises for the purpose of exhibiting the same to prospective purchasers or prospective Lessees following notice to Lessee in such manner as will not unreasonably interfere with Lessee's use or enter areas containing Protected Health Information as defined under HIPAA without prior notice to Lessee of necessity to access such areas.

- d. **Estoppel Certificate.** The Lessee agrees that at any time and from time to time during the term of this Lease, and within ten (10) business days after demand therefore by Lessor, to execute and deliver to Lessor or to any proposed mortgagee, trustee, beneficiary or purchaser, a certificate in recordable form certifying that to the best of Lessee's knowledge this lease is in full force and effect and rent payments are current as of the date of the request.
- e. **Subordination.** The Lessee agrees upon request of Lessor to subordinate this lease and its rights hereunder to the lien of any mortgage, or other encumbrance, together with any conditions, renewals, extensions or replacements thereof, and to execute and deliver upon request by Lessor such documents as may be required by effectuate such subordination. Lessee shall not be required to effectuate such subordination, unless the mortgagee or other person holding any encumbrance shall first agree in writing, for the benefit of the Lessee, that so long as Lessee is not in default under any of the provisions, covenants or conditions of this lease, that neither this lease nor any of the rights of Lessee hereunder shall be terminated or modified or be subject to termination or modification, nor shall Lessee's possession of the Premises be disturbed or interfered with, by any action or proceeding to foreclose said mortgage or other encumbrance.
- f. **Notices.** Any and all notices and demands by or from Lessor to Lessee, or from Lessee to Lessor, shall be in writing and shall be validly given or made if served either personally or if deposited in the United States mail, certified or registered, postage prepaid, return receipt requested. If such notice be served personally, service shall be conclusively deemed made at the time of such personal service. If

such notice or demand be served by registered or certified mail in the manner herein provided, service shall be conclusively deemed made forty-eight (48) hours after the deposit thereof in the United States mail addressed to the party to whom such notice is to be given.

- g. Any notice or demand to Lessor shall be addressed to Lessor at:

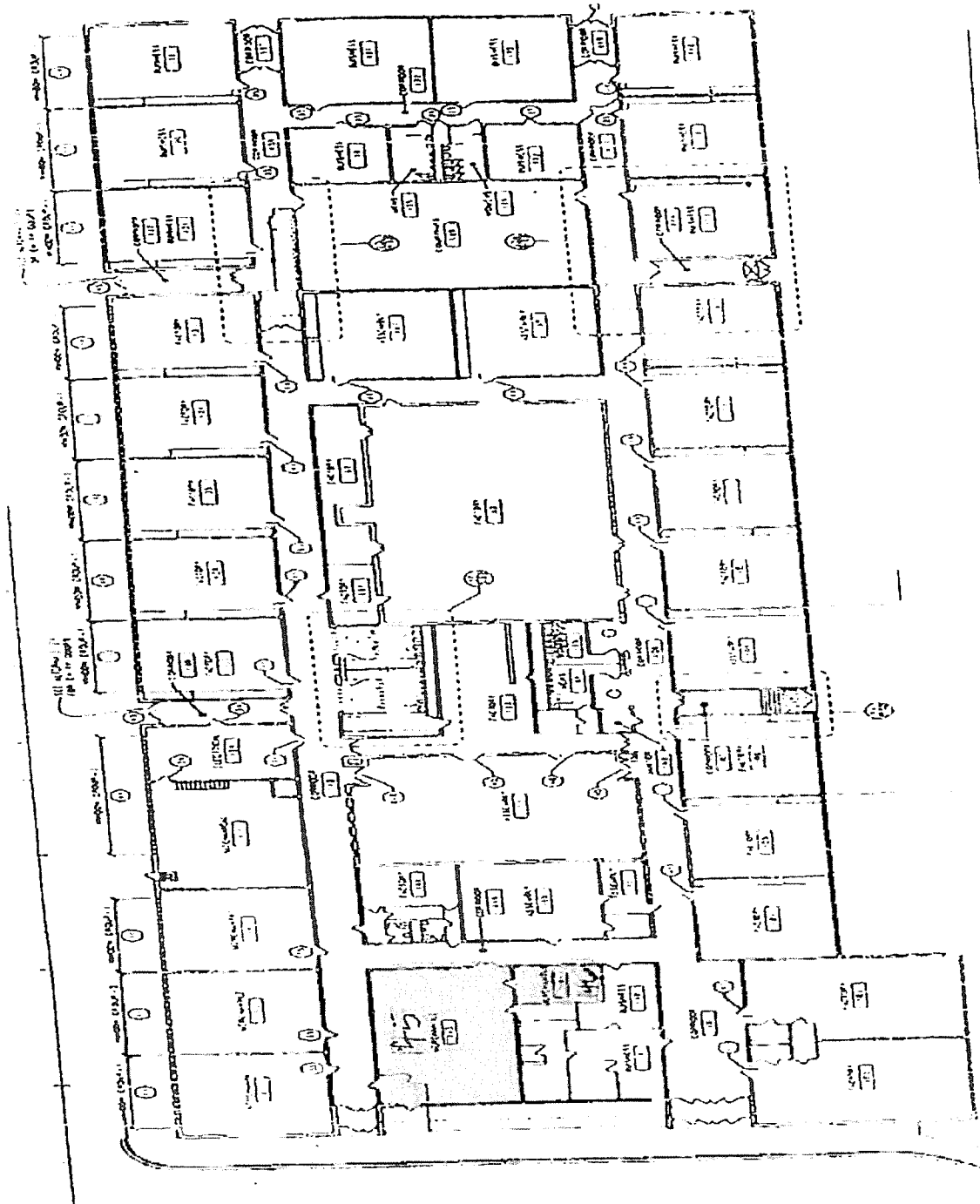
City Administrator
City of Silver Bay
City Hall, 7 Davis Drive
Silver Bay, Minnesota, 55614

Any notice or demand to Lessee shall be addressed to Lessee as stated in paragraph F. above.

- h. **Successors and Assigns.** The terms, provisions, covenants and conditions contained in this lease shall apply to, bind and inure to the benefit of the successors and assigns (where assignment is permitted) of Lessor and Lessee, respectfully.
- i. **Severability.** If any term or provision of this lease agreement, or the application thereof to any person or circumstances shall to any extent be invalid or unenforceable, the remainder of this lease agreement, or the application of such provision to persons or circumstances other than those as to which it is invalid or unenforceable, shall not be affected thereby, and each provision of this lease agreement shall be valid and shall be enforceable to the extent permitted by law.
- j. **Governing Law.** This lease agreement shall be governed by and construed in accordance with the laws of the State of Minnesota. All rights and remedies of both parties under this lease agreement shall be cumulative and none shall exclude any other rights or remedies permitted by law.

- k. **Attorney's Fees.** If an action is brought to enforce this lease agreement, or any part thereof, or to collect any payments hereunder, or to become due hereunder, or to recover possession of the Premises, the prevailing party shall be entitled to reimbursement for all reasonable costs and expenses incurred, including but not limited to, reasonable attorney's fees.
- l. **Entire Agreement.** This agreement and the exhibits attached hereto represents the entire understanding and agreement between the parties hereto and this lease agreement may not be altered, changed, or amended, except by an instrument in writing, signed by all parties hereto.

EXHIBIT B - PREMISES



MANAGEMENT CONTRACT

for the

Mary MacDonald Center

THIS AGREEMENT, is made and entered into this 1st day of January, 2023, by and between the City of Silver Bay (City), a Minnesota Municipal Corporation, and Juel Salvesson, (Manager). The City and the Manager enter into this Agreement for the purpose of defining the relationship between the parties for the Contract work described herein.

RECITALS:

A. The City is the owner of certain property situated on that parcel of real property legally described in Document No. 17,315, filed in book 55 of Titles, page 218, in the office of the Registrar of Titles for Lake County, Minnesota, commonly known as Mary MacDonald Center (Center) at 99 Edison Boulevard, City of Silver Bay, Minnesota and formerly known as the Lake County Independent School District Mary MacDonald School.

B. The City has solicited proposals for a Manager for the Center. Mary Mac Mall Committee (Committee) as established by City Code Section 230.15 has recommended that Juel Salvesson has the qualifications to provide for the most efficient management, operation and maintenance of the Center and that Juel Salvesson be appointed Manager at the earliest possible date.

C. It is to the best interests of the City to enter into a contract for the management, operation and maintenance of the Center with Juel Salvesson as Manager under the terms and conditions set forth herein:

NOW THEREFORE, in consideration of the mutual promises and benefits it is agreed by and between the parties as follows:

1. Term: The term of this Contract shall be through December 31, 2023 unless sooner terminated as provided in paragraph 7 below. The term may be extended for such addition periods of time and on such conditions as may be mutually agreed upon between the parties.

2. Responsibilities & Duties: The Manager shall be responsible for the management, operation, maintenance and custodial work at the Center as set forth in Exhibit A - Building Manager Responsibilities & Duties attached and made a part of this Contract as if set forth herein in full. The Manager shall work under the direction and authority of the City Administrator

3. Time Keeping & Records: The Manager shall keep an accurate hourly time record of management and custodial time expended in carrying out his responsibilities and duties. He shall submit a monthly report to the City Administrator of time and details of work performed and at such times as requested by the City Administrator. A copy of the report shall be submitted to the Committee.

4. Compensation: The Manager shall keep an accurate hourly time record as provided in Paragraph 3 of the Contract. The compensation for the time expended in carrying out his responsibilities and duties under the Contract shall be at the rate of \$40.00 dollars per hour. The time shall be limited to 20 hours per week unless otherwise authorized by the City Administrator. In addition, the city agrees to allow Juel Salveson to store his personal cleaning equipment that will be used at the Mary MacDonald Building at no charge.

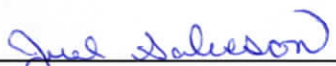
5. Subcontracting and Assignment: The Manager shall not enter into any subcontract for performance of any of the services contemplated under this Contract without the prior approval of the City Administrator. Neither party may assign or transfer their rights or duties under this Contract without the written consent of the other.

6. Not an Employment or Lessor-lessee Contract: Both parties mutually agree that this Management Contract does not nor should it be construed to constitute an employment contract nor create the relationship of an employer-employee nor that of lessor-lessee between the City and the Manager.

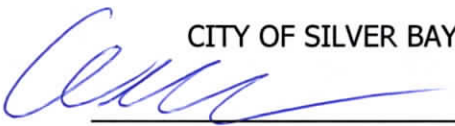
7. Cancellation: This Contract may be canceled and terminated after 30 days written notice by the City in the event the Manager refuses or fails to perform any of the obligations herein. The Manager may terminate this Contract by giving 30 days written notice to the City Administrator

8. Entire Agreement: This Contract constitutes the entire agreement between the parties and any alterations, variations, modifications or waiver of the provisions of this Contract shall be valid only when reduced to writing and signed by the parties.

MANAGER


Juel Salveson

CITY OF SILVER BAY


Wade LeBlanc, Mayor


Lana Fralich, City Administrator