LEASE FOR 16 FIRST AVENUE NW, KASSON, MINNESOTA

This Lease is made on _____(date), between the City of Kasson, a municipal corporation organized under the laws of the State of Minnesota, having its principal office at 401 5th Street SE, City of Kasson, County of Dodge, State of Minnesota, herein referred to as Lessor, and _____ of the City of _____, County of _____, State of Minnesota, herein referred to as Lessee.

RECITALS

1. Lessor is the sole owner of the Premises described below, and desires to lease the Premises to a suitable Lessee for business purposes.

2. Lessee desires to lease the "Premises" for the purpose of conducting a business of

_____.

3. The parties desire to enter a Lease Agreement defining their rights, duties, and liabilities relating to the premises.

In consideration of the mutual covenants contained herein, the parties agree as follows:

SECTION ONE
PREMISES AND PURPOSE

Lessor hereby leases to the Lessee the following described property ("Premises") as illustrated by the attached Exhibit "A", located at 16 First Avenue NW, Kasson, Minnesota, namely:

_____

consisting of approximately _____ square feet of space for Lessee's use as follows:

_____

_____

SECTION TWO
TERM

The term of this Lease shall commence on _____, 20____ ("Commencement Date") and terminate _____ months thereafter on _____, 20___, unless sooner terminated as hereinafter provided.

SECTION THREE
BASE RENT

Lessee shall pay to Lessor as base rent the sum of _____ Dollars per annum, payable in twelve equal monthly installments of _____ Dollars each payable in advance on the first day of each month commencing _____, 20_____, without any set-offs or deductions and without any prior demand being required therefor.

SECTION FOUR
ADDITIONAL RENT

Lessee shall pay as additional rent all other sums due under this Lease.

A. Operating Expenses. Lessee shall pay as additional rent the operating expenses of Lessor for the Building. Lessor shall invoice Lessee monthly for Lessee's pro rata share of the operating expenses, which amount shall be paid by Lessee within ten (10) calendar days of the invoice date. Within six (6) months following the close of each calendar year, Lessor shall provide Lessee an accounting showing in reasonable detail the computations of additional rent due under this Section. In the event shows that the total of the monthly payments made by Lessee exceeds the amount of additional rent due by Lessee under this Section, Lessor shall apply the amount of such excess payments against future operating expenses. In the event the accounting shows that the total of the monthly payments made by Lessee is less than the amount of additional rent due by Lessee under this Section, the accounting shall be accompanied by an invoice for the additional rent, which additional rent shall be payable within ten (10) calendar days from the date thereof.

Operating expenses include all expenses incurred by the Lessor with respect to the maintenance and operation of the Building and land upon the described Exhibit "A", including but not limited to the following: maintenance, repair and replacement costs; electricity, fuel, water, sewer, gas, and other common building utility charges; equipment use for maintenance and operation of the Building; operational expenses; exterior window washing and janitorial services; trash and snow removal, landscaping and pest control; an administrative fee equal to five (5%) percent of Base Rent, as from time to time adjusted, for administrative expenses associated with the operation and maintenance of the Building ("Management Fees"); all services, supplies, repairs, replacements or other expenses for

maintaining and operating the Building or project including parking and common areas; improvements made to the Building which are required under any governmental law or regulation that was not applicable to the Building at the time it was constructed; installation of any device or other equipment which improves the operating efficiency of any system within the Premises and thereby reduces operating expenses; all other expenses would generally be regarded as operating, repair, replacement and maintenance expenses; all real property taxes and installments of special assessments, including dues and assessments by means of deed restrictions and/or owners' associations against the Building during the term of this Lease and legal fees incurred in connection with actions to reduce the same; and all insurance premiums Lessor is required to pay or deems necessary to pay, including fire and extended coverage, rent loss and public liability insurance, with respect to the Building. Expressly excluded from operating costs is any new construction expenditures of Lessor. Real estate taxes for any calendar year shall be deemed to be the taxes due and payable in the respective calendar year, even though the levy or assessment thereof may be for a different fiscal year, and shall include general real estate taxes, special assessments and any other taxes that may be imposed in lieu of or partially in lieu of general real estate taxes. Such costs as hereinbefore described shall be pro-rated for the first year and the last year of this Lease based upon the number of days during said year that Lessee has a right to occupy the demised Premises.

B. Increase in Insurance Premiums. If any increase in any insurance premiums paid by Lessor for the Building is caused by Lessee's use of the Premises, or if Lessee vacates the Premises and causes an increase in such premiums, then Lessee shall pay as additional rent the amount of such increase to Lessor.

C. Security Deposit. Lessee shall pay to Lessor the sum of _____ Dollars as a security deposit to be held by Lessor for the performance of Lessee's covenants and obligations under this Lease.

SECTION FIVE
AS IS

It is specifically understood and agreed that the lessee has inspected said Premises and is leasing said Premises "AS IS" without any responsibility of the lessor to make repairs or improvements.

SECTION SIX
RESTRICTIONS ON USE

Lessee shall not use the premises in any manner that will increase risks covered by insurance on the Premises and result in an increase in the rate of insurance or a cancellation of any insurance policy, even if such use may be in furtherance of Lessee's business purposes. Lessee shall not keep, use, or sell anything prohibited by any policy of fire insurance covering the Premises, and shall

comply with all requirements of the insurers applicable to the premises necessary to keep in force the fire and liability insurance.

SECTION SEVEN

WASTE, NUISANCE, OR UNLAWFUL ACTIVITY

Lessee shall not allow any waste or nuisance on the Premises, or use or allow the Premises to be used for any unlawful purpose.

SECTION EIGHT

UTILITIES AND TAXES

Lessee shall arrange and pay for all utilities furnished to the Premises for the term of this Lease, including electricity, gas, water, sewer, telephone service, real estate taxes and all other taxes, if any.

SECTION NINE

REPAIRS AND MAINTENANCE

Lessee shall, at his own expense, maintain in good condition and keep clean all portions of the leased Premises. In the event that any of the structures on the leased Premises are destroyed by cause other than Lessee's negligence, this lease, at Lessor's option, shall be terminated. Lessor shall not be required to rebuild, repair or replace any improvements or alterations. Title to all fixtures and improvements remain with Lessor.

SECTION TEN

SIGNS

No sign of any type or description shall be erected, placed or painted in or about the Premises or Building, which are visible from the exterior of the Premises, except those signs submitted to Lessor in writing and approved by Lessor in writing and which signs are in conformance with Lessor's sign criteria established for the Building. Lessor shall have the right to remove any nonconforming sign, and Lessee shall be liable for any and all expenses incurred by Lessor by said removal.

SECTION ELEVEN

COMPLIANCE WITH LAWS, RULES AND REGULATIONS

Lessee, at Lessee's sole cost and expense, shall comply with all laws, ordinances, orders, rules and regulations of state, federal, municipal or other agencies or bodies having jurisdiction over the use, condition or occupancy of the Premises. Lessee will comply with the reasonable rules and regulations of the Building adopted by Lessor. Lessor shall have the right at all times to change and amend the rules and regulations in any reasonable manner as may be deemed advisable for the safety, care, cleanliness, preservation of good order and operation or use of the Building or the Premises. All rules and regulations of the Building will be sent by Lessor to Lessee in writing within thirty (30) days prior notice to their effective date (except where the change is due to an emergency or public safety) and shall thereafter be carried out and observed by Lessee.

SECTION TWELVE
DELIVERY, ACCEPTANCE, AND SURRENDER OF PREMISES

Lessor represents that the Premises are in fit condition for use by Lessee. Acceptance of the Premises by Lessee shall be construed as recognition that the Premises are in a good state of repair and in sanitary condition. Lessee shall surrender the Premises at the end of the Lease term, or any renewal thereof, in the same condition as when Lessee took possession, allowing for reasonable use and wear, and damage by acts of God, including fires and storms together with all improvements thereon. All improvements made on the Premises shall be forfeited to Lessor without compensation therefore to Lessee. Before delivery, Lessee shall remove all business signs placed on the Premises by Lessee and restore the portion of the Premises on which they were placed in the same condition as when received.

SECTION THIRTEEN
ENTRY ON PREMISES BY LESSOR

Lessor reserves the right to enter on the Premises at reasonable times to inspect them, perform required maintenance and repairs, or make additions, alterations, or modifications to any part of the Building in which the Premises are located, and Lessee shall permit Lessor to do so. Lessor may erect scaffolding, fences, and similar structures, post relevant notices, and place moveable equipment in connection with making alterations, additions, or repairs, all without incurring liability to Lessee for disturbance of quiet enjoyment of the Premises, or loss of occupation thereof.

SECTION FOURTEEN
NONLIABILITY OF LESSOR FOR DAMAGES

Lessor shall not be liable for liability or damage claims for injury to persons or property from any cause relating to the occupancy of the Premises by Lessee, including those arising out of damages or losses occurring on sidewalks and other areas adjacent to the leased Premises during the term of this Lease or any extension thereof. Lessee shall indemnify Lessor from all liability, loss, or other damage claims or obligations including attorney's fees, resulting from any injuries or losses of this nature.

SECTION FIFTEEN
LIABILITY INSURANCE

Lessee shall procure and maintain in force at his expense during the term of this Lease and any extension thereof public liability insurance with insurers and through brokers approved by Lessor. Such coverage shall be adequate to protect against liability for damage claims through public use of or arising out of accidents occurring in or around the leased Premises, in a minimum amount of One Million Dollars - ($1,000,000.00) for each person injured, One Million Dollars - ($1,000,000.00) for any one accident, and One Million Dollars - ($1,000.000.00) for property damage. The insurance policies shall provide coverage for contingent liability of Lessor on any claims or losses. The policies shall be delivered to Lessor for keeping. Lessee shall obtain a written obligation from the insurers to notify Lessor in writing at least thirty (30) days prior to cancellation

or refusal to renew any policy. If the insurance policies are not kept in force during the entire term of this lease or any extension thereof, Lessor may procure the necessary insurance and pay the premium therefor, and the premium shall be repaid to Lessor as an additional rent installment for the month following the date on which the premiums were paid by Lessor.

SECTION SIXTEEN
LESSOR'S INSURANCE

Lessor agrees to purchase in advance, and to carry in full force and effect, the following insurance:

A. "All risk" property insurance coverage, or its current equivalent, on the Building, exclusive of Lessor's leasehold improvements, in such amounts as Lessor deems prudent.

B. Comprehensive general public liability insurance covering the Building, in a combined single limit amount of not less than One Million Dollars - ($1,000,000.00), and written on an "occurrence" basis.

C. Plate glass insurance.

SECTION SEVENTEEN
ASSIGNMENT, SUBLEASE, OR LICENSE

Lessee shall not assign or sublease the Premises, or any right or privilege connected therewith, or allow any other person except agents and employees of Lessee to occupy the Premises or any part thereof without first obtaining the written consent of Lessor. A consent by Lessor shall not be a consent to a subsequent assignment, sublease, or occupation by other persons. An unauthorized assignment, sublease, or license to occupy by Lessee shall be void and shall terminate the Lease at the option of Lessor. The interest of Lessee in this Lease is not assignable by operation of law without the written consent of Lessor.

SECTION EIGHTEEN
BREACH

The appointment of a receiver to take possession of the assets of Lessee, a general assignment for the benefit of the creditors of Lessee, any action taken or allowed to be taken by Lessee under any bankruptcy act, or the failure of Lessee to comply with each and every term and condition of this Lease shall constitute a breach of this Lease. Lessee shall have ten (10) days after receipt of written notice from Lessor of any breach to correct the conditions specified in the notice, or if the corrections cannot be made within the ten (10) day period, Lessee shall have a reasonable time to correct the default if action is commenced by Lessee within ten (10) days after receipt of notice.

SECTION NINETEEN
REMEDIES OF LESSOR FOR BREACH OF LESSEE

Lessor shall have the following remedies in addition to its other rights and remedies in the

event Lessee breaches this Lease Agreement and fails to make corrections as set forth in Section Seventeen:

1. Lessor may re-enter the Premises immediately and remove the property and personnel of Lessee, store the property in a public warehouse or at a place selected by Lessor, at the expense of Lessee. All improvements made on the Premises shall be forfeited to Lessor without compensation therefore to Lessee.

2. After re-entry Lessor may terminate the Lease on giving thirty (30) days' written notice of termination to Lessee. Without such notice, re-entry will not terminate the Lease. On termination Lessor may recover from Lessee all damages proximately resulting from the breach, including the cost of recovering the Premises and the worth of the balance of this Lease over the reasonable rental value of the Premises for the remainder of the Lease term, which sum shall be immediately due Lessor from Lessee.

3. After re-entering, Lessor may relet the premises or any part thereof for any term without terminating the Lease, at such rent and on such terms as it may choose. Lessor may make alterations and repairs to the premises. The duties and liabilities of the parties if the Premises are relet as provided herein shall be as follows:

a. In addition to Lessee's liability to Lessor for breach of the Lease, Lessee shall be liable for all expenses of the reletting, for the alterations and repairs made, and for the difference between the rent received by Lessor under the new Lease Agreement and the rent installments that are due for the same period under this Lease.

b. Lessor at its option shall have the right to apply the rent received from reletting the Premises (l) to reduce Lessee's indebtedness to Lessor under the Lease, not including indebtedness for rent, (2) to expenses of the reletting and alterations and repairs made, (3) to rent due under this Lease, or (4) to payment of future rent under this Lease as it becomes due.

If the new Lessee does not pay a rent installment promptly to Lessor, and the rent installment has been credited in advance of payment to the indebtedness of Lessee other than rent, or if rentals from the new Lessee have been otherwise applied by Lessor as provided for herein, and during any rent installment period, are less than the rent payable for the corresponding installment period under this Lease, Lessee shall pay Lessor the deficiency, separately for each rent installment deficiency period, and before the end of that period. Lessor may at any time after such reletting terminate the Lease for the breach on which Lessor based the re-entry and relet the premises.

4. After re-entry, Lessor may procure the appointment of a receiver to take possession and collect rents and profits of the business of Lessee, and if necessary, to collect the rents and profits the receiver may carry on the business of Lessee and take possession of the personal property used in the business of Lessee, including inventory, trade fixtures, and furnishings and use them in the business without compensating Lessee. Proceedings for appointment of a receiver by Lessor, or the appointment of a receiver and the conduct of the business of Lessee by the receiver, shall not terminate and forfeit this Lease unless Lessor has given written notice of termination to Lessee as provided herein.

SECTION TWENTY
ATTORNEY'S FEES

If Lessor files an action to enforce any agreement contained in this Lease, or for breach of any covenant or condition, Lessee shall pay Lessor reasonable attorney's fees for the services of Lessor's attorney in the action, all fees to be fixed by the Court.

SECTION TWENTY ONE
CONDEMNATION

Eminent domain proceedings resulting in the condemnation of a part of the Premises leased herein, but leaving the remaining Premises usable by Lessee for the purposes of its business, will not terminate this Lease unless Lessor, at its option, terminates the Lease by giving written notice of termination to Lessee. The effect of any condemnation, where the option to terminate is not exercised, will be to terminate the Lease as to the portion of the premises condemned, and the Lease of the remainder of the demised premises shall remain intact. The rental for the remainder of the Lease term shall be reduced by the amount that the usefulness of the Premises has been reduced for the business purposes of Lessee. Lessee hereby assigns and transfer to Lessor any claim he may have to compensation for damages as a result of any condemnation.

SECTION TWENTY TWO
TOTAL AGREEMENT; APPLICABLE TO SUCCESSORS

This Lease contains the entire agreement between the parties and cannot be changed or terminated except by a written instrument subsequently executed by the parties hereto. This Lease and the terms and conditions hereof apply to and are binding on the heirs, legal representatives, successors, and assigns of both parties.

IN WITNESS WHEREOF, the parties have executed this Lease at Kasson, Minnesota, the day and year first above written.

LESSOR	LESSEE
THE CITY OF KASSON	_____
By:_____ Its: Mayor, Steven Johnson	By:_____ Its:
By:_____ Its: City Administrator, Theresa Coleman	By:_____ Its:

STATE OF MINNESOTA

COUNTY OF DODGE

The foregoing instrument was acknowledged before me this_____ day of _____,

20____, by Steve Johnson, the Mayor of the City of Kasson, and Theresa Coleman, the City Administrator of the City of Kasson, a municipal corporation under the laws of Minnesota, on behalf of the City.

_____
Notary Public

STATE OF MINNESOTA

COUNTY OF DODGE

The foregoing instrument was acknowledged before me this_____ day of _____, 20____, by _____, the _____ of _____, a _____ under the laws of Minnesota, on behalf of the _____.

_____
Notary Public

This instrument was drafted by
Weber, Leth & Woessner, PLC
Melanie J. Leth
202 West Main Street
Kasson, MN 55944
(507) 634-2281