

Red Wing Municipal Golf Corporation

Lessee (e.g. telephone line for alarm monitoring, broadband access, satellite receivers and/or remote power for security cameras), Lessor shall be responsible for payment for these services.

XVI. LIENS AND JUDGMENTS

Lessee shall keep the Leased Premises free and clear from all mechanics, materialmans and other liens for labor, services or materials furnished to the leased premises. Lessee further agrees not to allow any judgment to enter against Lessee during the term of the Lease which could, if executed upon, interfere with the primary purpose of the Lease. It shall not be considered a breach of this Lease if a mechanics lien or judgment is entered for which Lessee provides a bond for payment or which Lessee actively contests in a court of law. If final judgment is entered and appeals exhausted or not pursued by Lessee, Lessee shall have thirty (30) days to arrange for payment of such mechanics lien or judgment.

XVII. CONTESTING LIENS

If Lessee desires to contest any lien as set forth in Section XVI above, it shall notify Lessor of its intention to do so within ten (10) days after the recording of such lien. In the event Lessee desires to contest the lien and provided it gives proper notice, Lessee shall not be in default of this Lease until thirty (30) days after the final determination of the validity of the lien is made. Provided, however, that within that thirty (30) day period Lessee shall satisfy and discharge such lien together with all interest and costs in collection thereof. In the event that Lessee does not so satisfy the lien in the thirty (30) day period, Lessor may determine that Lessee's failure to do so will constitute a default of this Lease. In addition, Lessee, if it intends to contest any lien, shall protect and indemnify Lessor against all loss, expense and damages resulting therefrom.

XVIII. INSURANCE

A. Lessee shall, at all times during the term of this Lease, and at Lessee's sole expense, keep all property and improvements which are now or hereafter become a part of the leased premises or are located on the leased premises, insured against loss or damage by all risk coverage hazards for one hundred (100%) percent of the full replacement value of such improvements, such loss payable to Lessor and Lessee as their interests may appear. Any loss adjustment shall require the written consent of both Lessor and Lessee. The term "full replacement value" shall mean the actual replacement value cost of any improvement less the exclusions provided in the normal fire insurance policy. Should either party believe that the full replacement value has either increased or decreased, they shall have the right to have the full replacement value redetermined by the fire insurance company which is carrying the largest amount of fire insurance on the leased premises. Such re-determination shall only be made at five (5) year intervals or in the event an improvement is made to the leased premises during a five (5) year period, regardless of the time the last full replacement value was determined. The determination of the full replacement value shall be binding for a period of five (5) years unless superseded by an agreement by the parties hereto by a subsequent re-determination by an impartial appraiser agreed upon by the parties, or an improvement is made to the leased premises during a five (5) year

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period. The costs attributable to determining the full replacement costs attributable to determining the full replacement value shall be shared equally by and between the parties. Lessee shall pay all the premiums therefore and deliver such policies or certificates of the policies to Lessor. In the event Lessee fails to provide such insurance or to pay the premiums therefore, Lessor shall be entitled, but shall have no obligation to, effect such insurance and pay the premiums therefore, which premiums shall be repayable to Lessor with the next rent installment. Failure to repay the same shall carry with it the same consequences as failure to pay any installment of rent. If Lessee wishes Lessor to carry the insurance described in this subsection, and Lessor agrees, Lessee shall be responsible for the costs of said insurance, and will promptly reimburse Lessor upon receipt of an invoice for the same. Failure to repay the same shall carry with it the same consequences as failure to pay any installment of rent.

B. Liability Insurance. Lessee shall maintain in effect throughout the term of this Lease Agreement commercial general liability insurance covering the leased premises and its rights-of-way and easements as defined on Exhibit "B", in a minimum amount of \$500,000.00 for injury to or death of anyone person, and \$1,500,000.00 for injury to or death of any number of persons in one occurrence; and property damage liability in the amount of \$500,000.00. The minimum amount of insurance shall increase in the event there is an increase in the maximum liability for the Lessor in the tort limits currently found in Minnesota Statutes Chapter 466, and after notice by Lessor to Lessee of such change. Each such policy of insurance shall name Lessor as an additional insured. Lessee shall pay all the premiums therefore and deliver such policies or certificates of the policy to Lessor. In the event Lessee fails to provide such insurance or to pay the premiums therefore, Lessor shall be entitled, but shall have no obligation to, effect such insurance and pay the premiums therefore, which premiums shall be repayable to Lessor with the next rent installment. Failure to repay the same shall carry with it the same consequences as failure to pay any installment of rent.

C. Worker's Compensation. Lessee shall maintain worker's compensation insurance for all employees pursuant to requirements of Minnesota statutes, and auto liability insurance for all vehicles required to be licensed in a minimum amount of \$500,000.00 for injury or death of any one person, and \$1,500,000.00 for injury or death of any number of persons in one occurrence.

D. At the request of Lessee, Lessor shall obtain bids for the insurance set forth in this Article. If the costs are less than Lessee's, Lessee may request and the Lessor shall purchase such insurance, the cost of which shall be paid by Lessee.

E. Damage or Destruction of Improvements. The damage, destruction or partial destruction of any building or other improvement which is a part of the Leased Premises shall not release Lessee from any obligation hereunder, except as hereinafter expressly provided, and in case of damage to or destruction of any such building or improvement, Lessee shall, at its own expense, promptly repair and restore the same only to the condition or as good or better condition than that which existed prior to the commencement of this Lease. Without limiting such obligations of Lessee, it is agreed that the proceeds of any insurance covering such damage or destruction shall be made available to Lessee for such repair or replacement, unless otherwise agreed by the parties.

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XIX. INDEMNIFICATION OF LESSOR

Lessor shall not be liable for any loss, injury, death or damage to persons or property which at any time may be suffered or sustained by Lessee or by any person whatsoever may at any time be using, occupying, or visiting the leased premises, whether such loss, injury, death or damage shall be caused or in any way result from or arise out of any act, omission or negligence of Lessee or of any occupant, subtenant, visitor or user of the leased premises. Lessee shall defend and indemnify Lessor against all such claims of liability, loss or damage whatsoever. Lessee further agrees to waive all claims against Lessor for damages to buildings and improvements that are now on or may be hereafter placed on the leased premises and to the property of Lessee in, on or about the leased premises and for injuries to persons or property on or about the leased premises from any cause arising at any time during the term of this Lease Agreement. This section XIX shall not apply to any loss, injury, death or damage arising by reason of the negligence or misconduct of Lessor, its agents, assigns or employees.

XX. SUBLEASE, ASSIGNMENT OR SALE BY LESSEE

In the event Lessee hereunder receives an offer to assign or sell its interest in and to this Lease, or receives a bona fide third party offer for its interest under this Lease, it shall first offer to Lessor hereunder a right of first refusal to purchase and/or obtain an assignment of Lessee's interest hereunder on the same terms and conditions as the bona fide offer. Lessee shall notify Lessor in writing of its intent to assign or sell its interest under the terms of this Lease, and Lessor shall have ninety (90) days from the date of said notice to exercise its right of first refusal hereunder or to find a third-party purchaser of Lessor's choice to purchase Lessee's interest hereunder. In the event of this occurrence, Lessee shall make available to Lessor all books and records of Lessee including, but not limited to, balance sheets, current inventory, ledgers, profit and loss statement and banks of account. Lessor shall close on any such purchase within sixty (60) days of exercising its right of first refusal hereunder. If Lessor elects not to exercise its right of first refusal, it retains the right, in its sole discretion, to approve or reject the proposed sale or assignment, which shall be made in writing, also within ninety (90) days from the notice from Lessee.

XXI. ENCUMBRANCE OF LESSEE'S LEASEHOLD INTEREST.

A. For purposes of this Agreement, "Leasehold Mortgage" means any deed of trust, mortgage or lien on this Agreement and Lessee's leasehold interest in the Premises or any portion thereof; and "Leasehold Mortgagee" shall mean the beneficiary under any such deed of trust or the holder of any such mortgage or lien.

B. Notwithstanding anything in this Agreement to the contrary, Lessee shall have the right, with Lessor's written consent, to mortgage this Agreement and Lessee's leasehold interest or any portion thereof by one or more Leasehold Mortgages.

C. If Lessor shall give any notice, demand or election (collectively, "Notice") to Lessee hereunder, Lessor shall at the same time give a copy of such Notice to each Leasehold Mortgagee at the address theretofore designated by each of them in accordance with the terms of this Section. All Notices to any Leasehold Mortgagee shall not be in addition to and run successively with any notice given to Lessee but instead shall run concurrently with the applicable notice and grace periods given to Lessee. No Notice given by Lessor to Lessee shall be binding upon or affect any Leasehold Mortgagee unless a copy of said Notice shall be

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given to said Leasehold Mortgagee pursuant to this Section. In the case of any assignment of the Leasehold Mortgage or Mortgages held by it, or of any change of address of any Leasehold Mortgagee, said assignee or Leasehold Mortgagee, by written notice received by Lessor, may change the name of said Leasehold Mortgagee and the address to which such copies of Notices are to be sent to Leasehold Mortgagee.

D. The rights hereunder of Leasehold Mortgagees shall be exercisable by such Leasehold Mortgagees in the order of the priority of lien or other security interest of their respective Leasehold Mortgages. No holder of a Leasehold Mortgage shall be liable under the provisions of this Agreement unless and until such time as it takes possession of the premises or it becomes the owner of the leasehold estate in the premises, but, in such case, only for as long as it remains in possession of the premises or owns the leasehold estate in the premises.

E. Notwithstanding anything in this Agreement to the contrary, the senior Leasehold Mortgagee shall be entitled to participate in any proceedings relating to any condemnation of all or any part of the premises to the same extent as the Lessee may so participate hereunder.

F. Notwithstanding any provision of this Section apparently to the contrary, Lessor shall not be required to provide any notice to any Leasehold Mortgagee under this Section unless such Leasehold Mortgagee has provided Lessor written notice of its existence in accordance with this Section.

G. Upon request of a Leasehold Mortgagee Lessor will enter into an agreement with such Leasehold Mortgagee confirming the provisions of this Section for the benefit of such Leasehold Mortgagee and acknowledging the Leasehold Mortgage and the assignments made therein.

XXII. DISPOSITION OF IMPROVEMENTS UPON TERMINATION OF LEASE

Upon termination of this Lease Agreement for any cause, including the expiration of term, Lessor shall become the sole owner of any and all buildings and other improvements, including fixtures attached to the buildings located on the leased premises, whether furnished by Lessor or Lessee.

XXIII. NOTICE OF DEFAULT

In the event that Lessor determines that Lessee is in default of any provisions of this Lease, Lessor shall provide Lessee written notice specifically identifying the provisions of this Lease that Lessor claims are in default. Said written notice shall be served personally or sent by registered mail, return receipt requested, to Lessee. In the event Lessee fails to cure all defaults as set forth in Lessor's notice within thirty (30) days, or if a default is incapable of being cured within thirty (30) days, or in the event Lessee fails to begin necessary action to cure said default and provide assurances to Lessor, satisfactory to Lessor in its sole discretion, within the thirty (30) day period, that the default will be cured by a future date certain, acceptable to Lessor, Lessor, at its sole election, may terminate the Lease and, in addition to all remedies provided for by law, may pursue the provisions as detailed in XXIV of this Agreement. For purposes of this Section, a default with regard to payment of rent or any other financial obligation of Lessee or Lessor shall be cured within thirty (30) days, unless Lessor expressly agrees otherwise in writing.

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XXIV. LESSOR'S RIGHT TO PERFORM

In the event that Lessee by failing or neglecting to do or perform any of its requirements or obligations as provided by this Lease shall be in default of this Lease, and such default shall continue for a period in excess of thirty (30) days or in excess of such other date as the parties establish pursuant to XXII herein, after written notice from Lessor specifying the nature of the default, then Lessor may, but shall not be required to, do or perform or cause to be performed, such requirement if Lessor shall so elect. In the event Lessor shall elect to perform such requirement, Lessor shall not be held liable or in any way responsible for any loss, inconvenience, or damage resulting to Lessee on account thereof. Lessee shall immediately repay to Lessor upon demand the entire expenses of such performance, including compensation for the attorneys, agents and employees of Lessor. Any act done to fulfill the performance of any of Lessee's requirements as called for by this Lease, as performed by Lessor pursuant to the provisions of this Section, shall not be construed as a waiver of any such default by Lessee. Lessor shall retain all rights and remedies of Lessor as provided in this Lease. All amounts payable by Lessee to Lessor under any provisions of this Lease, if not paid when due as in this lease provided, shall bear interest from the date they are due until paid at the rate of three (3%) percent per annum compounded annually.

XXV. REMEDIES UPON DEFAULT

In the event of any breach of this Lease by Lessee, Lessor, in addition to all other rights or remedies it may have, shall, after requisite notices and judicial proceedings, have the right of re-entry and may remove all persons and property from the leased premises. Such property may be removed and stored in a public warehouse or elsewhere at the cost and for the account of Lessee. Should Lessor elect to re-enter as hereinafter provided, or take possession pursuant to legal proceedings or pursuant to any notice provided for by law, Lessor may either terminate this Lease or may, without terminating this Lease, re-let the leased premises or any part thereof for such term and at such rent and on such other terms and conditions as Lessor in its sole discretion may deem advisable. In addition, any indebtedness other than rent due hereunder shall be the sole responsibility of Lessee. Further, any repairs or alterations needed to re-let the leased premises shall also be the responsibility of Lessee. Such re-entry or taking possession of the leased premises by Lessor shall not be construed as an election on the part of Lessor to terminate this Lease unless a written notice of such intention is given to Lessee or unless the termination of the Lease is decreed by a court of competent jurisdiction. Should Lessor at any time terminate this Lease for any breach, in addition to any other remedy it may have, Lessor may recover from Lessee all damages incurred by reason of such breach, including the cost of recovering the Leased Premises, the amount of rent remaining on the Lease Agreement, all attorney fees rendered necessary as a consequence of the breach, and the collection of amounts of money past due by the Lessee.

XXVI. EFFECT OF EMINENT DOMAIN

A. Effect of Total Condemnation. In the event the entire leased premises shall be appropriated or taken under the power of eminent domain by any public or quasi public authority, this Lease shall terminate and expire as of the date of such taking, and Lessee shall thereupon be released from any liability thereafter occurring hereunder.

B. Effect of Partial Condemnation. In the event a portion of the leased premises shall be so appropriated or taken and the remainder of the leased premises shall

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not be suitable for the use to the extent then being made of the leased property by Lessee, or if the remainder of the Leased Property is not one undivided parcel of property, Lessee shall have the right to terminate this Lease as of the date of such taking on giving to Lessor written notice of such termination within thirty (30) days after Lessor has notified Lessee in writing that the property has been so appropriated or taken. In the event a portion of the leased premises shall be so appropriated or taken and the remainder of the property shall still be suitable for the use and to the extent then being made of the property by Lessee, this Lease Agreement shall remain in full force and effect.

C. Condemnation Award. In the event of any such total or partial taking of the leased premises by eminent domain, then in any such condemnation proceedings Lessor and Lessee shall be free to make claim against condemning or taking authority for the amount of any damage done to them, respectively, as a result thereof.

XXII. EFFECT OF LESSEE'S HOLDING OVER

Any holding over after the expiration of the term of this Lease, with consent of Lessor, shall be construed to be a tenancy from year to year, on the same terms and conditions herein specified, so far as applicable.

XXIII. QUIET SURRENDER OF LEASED PREMISES

Upon the termination of this Lease or any extension thereof, Lessee shall peaceably and quietly quit possession and surrender the leased premises and any improvements thereon in good order and condition.

XXIX. NOTICES

All notices, demands or other writings required by this Lease to be provided to either party by the other shall be deemed to have been fully given when made in writing and deposited in the United States Mail, registered, and postage prepaid and addressed as follows:

TO LESSOR:

City of Red Wing
419 Bush Street
Red Wing, Minnesota 55066

TO LESSEE:

Red Wing Municipal Golf Corporation
c/o Mr. John Kjolhaug
725 Featherstone Road
Red Wing, MN 55066

Any correction or change in either Lessor's or Lessee's legal address for the purpose of this Lease shall be made in writing as set forth herein.

XXX. REMEDIES CUMULATIVE

All remedies hereinbefore and hereinafter conferred on Lessor and/or Lessee shall be deemed cumulative and no one exclusive of the other, or of any other remedy conferred by law.

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XXXI. LESSOR MAY EXAMINE THE BOOKS AND RECORDS OF LESSEE

The books, ledgers, and records of the Lessee shall be open to inspection by Lessor at all times, subject to a reasonable time for Lessee to gather together said books, ledgers, and records of Lessee and make the same available to Lessor. Because the Lessee is operating a Red Wing Municipal Golf Course owned by the citizens of Red Wing, the Lessor may share said books, ledgers, and records with the citizens of Red Wing.

XXXII. WAIVER

Waiver by Lessor or failure of Lessor to take action with respect to any breach of any term, covenant, or any condition or requirement herein contained shall not be deemed to be a waiver of such term, covenant or condition or requirement or subsequent breach of the same of any other term, covenant, condition, or requirement therein contained.

The subsequent acceptance of rent hereunder by Lessor shall not be deemed to be a waiver of a breach by Lessee of any term, covenant, condition, or requirement of this Lease other than the failure of Lessee to pay particular rent so accepted, regardless of Lessor's knowledge of such breach at the time of acceptance of such rent.

XXXIII. PARTIES BOUND

The term, covenants, conditions and requirements herein contained shall, subject to the provisions as to assignment, transfer, and subletting, apply to and bind the heirs, successors, executors, administrators, and assigns of all the parties hereto.

XXXIV. TIME OF THE ESSENCE

Time is of the essence of this Lease and of each and every covenant, term, condition, requirement and provision hereof.

XXXV. SECTION CAPTIONS

Captions appearing under the section number designations of this Lease are for convenience only and are not a part of this Lease and do not in any way limit or amplify the terms and provisions of this Lease.

XXXVI. GOVERNING LAW

This Lease shall be governed by, construed, and enforced in accordance with the laws of the State of Minnesota.

XXXVII. ENTIRE AGREEMENT

This Lease contains the entire agreement between the parties and shall supersede all prior agreements between the parties. No modification of this Lease shall be binding unless such modification shall be in writing and signed by the parties hereto.

IN TESTIMONY WHEREOF, the parties have executed this instrument in duplicate at Red Wing, Minnesota, on the day and year first above written.

LESSOR:

CITY OF RED WING, MINNESOTA

By: Dennis Egan

its Mayor

Red Wing Municipal Golf Corporation

LESSEE:

RED WING MUNICIPAL GOLF CORPORATION

By: John Kjolhaug
its President



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F. Testimonials

Why I Want To Keep Mississippi National

I want to keep Mississippi National Golf Club because it provides excellent summer recreation for kids and adults alike. Many kids play with their fathers or grandfathers on a regular basis during the summer and fall. I do this too, and it is very fun, and everyone else enjoys it, too. My friends and I spend a great deal of time there, and without the course, we will have nothing to do during summer.

I think the course should also stay because it holds many memories, for me and many people. People have shared great moments on the golf course, including weddings. I have many memories there, and I have played there since I was little. Many other people have enjoyed this course much longer than I have, and shared many memories with family and friends.

The course is also the nicest course within many miles of Red Wing. I was in Junior PGA, and I played a lot of courses in the surrounding area, and Mississippi National is by far the best. The course is very well taken care of, and the past year the course looked great. Many of the courses I played were poorly taken care of.

The clubhouse is a great place to come in to after a round of golf. It's a great place to sit back, relax, watch golf, and talk to friends.

These are the reasons why I think the course should remain open, and I hope you will take them into consideration.

Peter James Smith

Age 11

January 6, 2013

I like Mississippi National because they give free summer golf lessons. I took the lessons and liked them. I like Mississippi

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National because it is the best golf course in the area. I like Mississippi National because it has a really nice driving range. I do not want Mississippi National to close because I golf there with my grandpa, and I would be sad if it closed.

By Georgie Smith, age 9

My passion for Golf can be attributed to my introduction to Golf at Mississippi National Golf. My PaPa says I have great potential for the game of golf and I always look forward to my playing MNGL. I hope the city of Red Wing will OK Golf at MNGL for 2013 and years beyond.

Sincerely,

Sam Bellini

Age 14