

SPONSORSHIP AGREEMENT

This Sponsorship Agreement (the “Agreement”) is entered into as of January 01, 2022 (the “Effective Date”) by and between City of Marshall, Minnesota, a municipality of the State of Minnesota (the “City”), and Alota Action LLC, DBA Action Manufacturing., (the “Sponsor,” and together with the City, the “Parties”).

RECITALS

WHEREAS, the City is engaged in the management and the operation of the arena and expo center, known as the Red Baron™ Arena & Expo, and four softball/youth baseball fields yet to be named, hereafter referred to as the “Property,” located in Marshall, MN;

WHEREAS, the Sponsor wishes to continue as a founding Sponsor of the Property by providing financial support in exchange for certain rights to be granted in connection with the Property and agrees to do so under the terms and conditions of this Agreement;

WHEREAS, the City wishes to grant the Sponsor certain rights in connection with the Sponsorship on the terms and conditions set forth below; and

WHEREAS, each Party is duly authorized and capable of entering into this Agreement.

NOW THEREFORE, in consideration of the above recitals and the mutual promises and benefits contained herein, the Parties hereby agree as follows:

1. GRANT OF RIGHTS.

As consideration for the Sponsorship Rights, as such term is defined in Exhibit A, the City hereby grants the Sponsor the rights described in this Agreement and in Exhibit A attached hereto and made a part hereof, in connection with the Property and agrees to perform all of the City’s obligations hereunder.

2. SPONSORSHIP FEE.

The total Sponsorship Fee, as such term is defined in Exhibit A, for the Sponsorship Rights and the schedule of payments of the Sponsorship Fee shall be as set forth in Exhibit A hereto.

3. TERM.

This Agreement is effective as of the Effective Date and shall continue in force, unless otherwise terminated in accordance with the provisions of Section 4(B) of this Agreement, until July 31, 2032. (the “Term”).

4. SPONSORSHIP RENEWAL AND TERMINATION.

(A) SPONSORSHIP RENEWAL.

The Sponsor shall have the right of first negotiation to negotiate the renewal of the Sponsorship Rights at completion of the Term. The City shall negotiate exclusively with the Sponsor for a period of one hundred eighty (180) days prior to the expiration of the Term with respect to the terms and conditions of the Sponsorship Rights for the next offering from the City.

(B) TERMINATION.

This Agreement may be terminated:

- (i.) By either Party for a material breach of any provision of this Agreement by the other Party, if the other Party's material breach is not cured within ninety (90) days of receipt of written notice thereof.
- (ii.) By either Party, for failure to comply with Section 8 of this Agreement by the other Party, if the other Party's failure to comply is not cured within ninety (90) days of receipt of written notice thereof.
- (iii.) By either Party at any time and on provision of written notice, if any of the other Party's representations and warranties under this Agreement prove to be inaccurate in any material respects.
- (iv.) By either Party at any time and without prior notice, if the other Party is convicted of any crime or offense, or is guilty of serious misconduct in connection with performance under this Agreement.

5. EXCLUSIVITY OF SPONSORSHIP.

During the term of this agreement, the City grants to the Sponsor exclusive sponsorship rights in the property in the areas of powersports, marine, and landscaping services and agrees it will not permit any competitor of the sponsor listed on Exhibit B to this agreement to sponsor the property, supply products or services to the property and/or be associated with the property in any other manner. Additional competitors may be added to Exhibit B with prior written consent of the City and removed with the prior written consent of the City. The City further agrees to use reasonable efforts to prevent and, if necessary, prosecute the efforts of any non-sponsored competitor of this Sponsor to weaken or attack the Sponsor's sponsorship rights. City agrees that the use of Sponsor's trademarks shall occur in such a manner so as not to diminish the value or tarnish the reputation of Sponsor's trademarks.

Additionally, Sponsor is hereby granted the exclusive right to produce any future signage as may be deemed by the City to be necessary for signage, advertisement or sponsorship at the Schawn's Amateur Sports Complex. In addition, Sponsor is granted the exclusive right to the printing of all future dasher boards signages which may be used in the Red Baron Arena & Expo. It is hereby agreed that the dasher

board signage shall be produce at a price of \$100 for each dasher board as may be necessary which may be necessary for 2022-2026. Finally, Sponsor is granted the exclusive naming rights in the main rink expo floor at the Red Baron Arena to be identified as the “Action” area / “Action Expo” floor. Designated location of said designated area shall be agreed upon between the City and Sponsor hereto. The Sponsor herein is granted the right to bid on all future signage needs within the Red Baron Arena & Expo (the Property).

6. RESPONSIBILITIES.

- (A) Of the City. The City agrees to do each of the following:
- (i) Provide the Sponsor with the Sponsorship Rights detailed in this Agreement and Exhibit A to this Agreement.
 - (ii) Organize, produce, and supervise events in a workmanlike manner, in accordance with applicable laws, and with professional diligence and skill, using fully trained, skilled, competent, and experienced personnel.
 - (iii) Make all arrangements for the use of the venue, including securing any necessary permits, coordinating parking and/or transportation, supplying equipment, and contracting with vendors and other service providers.
 - (iv) Deliver the Property Trademarks (as defined in Section 8(B) below) to the Sponsor within one hundred eighty (180) days of the Effective Date.
 - (v) Provide adequate professional security for the Events and take reasonable steps to ensure the safety of all workers, volunteers, and persons attending the Events.
 - (vi) Use best efforts to obtain appropriate media coverage of the Property.
 - (vii) Use best efforts to promote the Property and maximize attendance.
- (B) Of the Sponsor. The Sponsor agrees to do each of the following:
- (i) Provide all assistance and cooperation to the City that is necessary in connection with the Sponsor’s Sponsorship Rights of the Property.
 - (ii) Deliver the Sponsor Trademarks (as defined in Section 8(A) below) to the City within ninety (90) days of the Effective Date.

7. PARTIES’ REPRESENTATIONS AND WARRANTIES.

- (A) The Parties each represent and warrant as follows:
- (i) Each Party has full power, authority, and right to perform its obligations under the Agreement.
 - (ii) This Agreement is a legal, valid, and binding obligation of each Party, enforceable against it in accordance with its terms (except as may be

limited by bankruptcy, insolvency, moratorium, or similar laws affecting creditors' rights generally and equitable remedies).

(iii) Entering into this Agreement will not violate the charter or bylaws of either Party or any material contract to which that Party is also a party.

(B) The City hereby represents and warrants as follows:

(i) The Property shall be operated in accordance with and shall not violate any applicable laws, rules, or regulations, and the City shall obtain all permissions required to comply with such laws, rules, or regulations.

(ii) The City shall notify the Sponsor of any changes that would materially change the deliverable elements at least ninety (90) days before implementing such changes.

(iii) The obligations required by this Agreement shall be performed by the City or the City's staff, and the Sponsor shall not be required to hire, supervise, or pay any assistants to help the City perform such obligations.

(C) The Sponsor hereby represents and warrants as follows:

(i) The Sponsor will make timely payments of the Sponsorship Fee to the City under this Agreement and as detailed in Exhibit A hereto.

(ii) The Sponsor shall provide such other assistance to the City as the Sponsor deems reasonable and appropriate.

8. TRADEMARKS.

(A) Sponsor Trademarks.

(i) License. The Sponsor hereby grants the City a non-exclusive limited license to use, display, and reproduce its logos, trademarks, service marks, and trade names (each, a "Sponsor Trademark" and collectively, the "Sponsor Trademarks") only in connection with the promotion and advertisement of the Property and any listing of the sponsors of the Property during the Term and any Renewal Term. The City agrees to obtain the consent of the Sponsor before each use, display, and reproduction of the Sponsor Trademarks.

(ii) Ownership. All Sponsor Trademarks provided, leased, or licensed to the City in connection with the Property are the Sponsor's sole property, and the City has no ownership or other intellectual property rights in or to such items.

(iii) No Infringement. The Sponsor represents and warrants to the City and unconditionally guarantees that all of the Sponsor Trademarks are owned by the Sponsor or that the Sponsor has permission from the rightful owner to use each of these elements.

(B) Property Trademarks.

(i) License. The City hereby grants the Sponsor a non-exclusive limited license to use, display, and reproduce the logos, trademarks, service

marks, and trade names, associated with the Property (each a “Property Trademark” and collectively, the “Property Trademarks”) only in connection with the promotion and advertisement of the Sponsor’s products and services during the Term and any Renewal Term. The Sponsor agrees to obtain the consent of the City before each use, display, and reproduction of the Property Trademarks.

(ii) Ownership. All Property Trademarks provided, leased, or licensed to the Sponsor in connection with Events are the City’s sole property, and the Sponsor has no ownership or other intellectual property rights in or to such items.

(iii) No Infringement. The City represents and warrants to the Sponsor and unconditionally guarantees that all of the Property Trademarks are owned by the City or that the City has permission from the rightful owner to use each of these elements.

9. EVENT MERCHANDISE.

Sponsor-Created Merchandise. During the Term and any Renewal Term and subject to the approval of the City, which shall not be unreasonably withheld, the Sponsor shall have the right to create, manufacture or cause to be manufactured, and sell or give away merchandise associated with the Property and containing the Sponsor’s Trademarks in connection with the promotion of the Sponsor’s products and services. All merchandise caused to be manufactured for sale or to be given away by the Sponsor in association with the Property shall be of high quality, free from product defects, merchantable, and suitable for its intended purpose.

10. INDEMNIFICATION.

- (A) Of Sponsor by City. Subject to limits applicable under Minnesota law, the City shall indemnify and hold harmless the Sponsor and its officers, directors, members, managers, employees, agents, contractors, sublicensees, affiliates, subsidiaries, successors and assigns from and against any and all damages, liabilities, costs, expenses, claims, and/or judgments, (collectively, the “Claims”) that any of them may suffer from or incur and that arise or result primarily from (i) any inaccuracy of any representation or warranty made by the City under this Agreement, or (ii) the City’s breach of any of its obligations, agreements, or duties under this Agreement, or (iii) the City, including, but not limited to Claims for bodily injury, death, or property loss, but only in proportion to and to the extent such Claims arise out of or are caused by the negligent or intentional acts or omissions of the City and/or the City’s officers, directors, members, managers, employees, agents, contractors, sublicensees, affiliates, subsidiaries, successors, and assigns.
- (B) Of City by Sponsor. Subject to limits applicable under Minnesota law, the Sponsor shall indemnify and hold harmless the City and its officers, directors, members, managers, employees, agents, contractors, sublicensees, affiliates, subsidiaries, successors and assigns from and against any Claims that any of them may suffer from or incur and that arise or result primarily from any inaccuracy of

any representation or warranty made by the Sponsor under this Agreement or the Sponsor's breach of any of its obligations, agreements, or duties under this Agreement.

11. INSURANCE.

Each Party shall maintain, at its own expense, insurance coverage required in the reasonable amounts and types for each party's operations.

12. FORCE MAJUERE

Either party shall not be liable for any failure of or delay in the performance of this Agreement for the period that such failure or delay is due to causes beyond its reasonable control, including but not limited to acts of God, war, terrorism, strikes or labor disputes, embargoes, government orders or any other force majeure event.

13. CONFIDENTIALITY.

Each Party agrees, during the Term, and any Renewal Term, and for a period of five (5) years thereafter, to hold in strictest confidence and not to disclose to any person, firm, or corporation without the prior written consent of the other Party, any of the terms or conditions of this Agreement, subject to the Minnesota Government Data Practices Act and other approval laws.

14. NATURE OF RELATIONSHIP.

The Parties agree that nothing in this Agreement shall be construed as creating a joint venture, partnership, franchise, agency, employer/employee, or similar relationship between the Parties, or as authorizing either Party to act as the agent of the other. Nothing in this Agreement shall create any obligation between either Party and a third party.

15. AMENDMENTS.

No amendment, change, or modification of this Agreement shall be valid unless in writing and signed by both Parties.

16. ASSIGNMENT.

Neither Party may, without the prior written consent of the other Party, assign, subcontract, or delegate its obligations under this Agreement, except that the Sponsor may assign this Agreement to a purchaser of all or substantially all of the Sponsor's assets, provided that the Sponsor guarantees the performance of and causes the assignee to assume all obligations of the Sponsor under this Agreement. City may assign the operational and management duties of the Property to a third party provider, subject to the terms and conditions of this Sponsorship Agreement.

17. SUCCESSORS AND ASSIGNS.

All references in this Agreement to the Parties shall be deemed to include, as applicable, a reference to their respective successors and assigns. The provisions of this Agreement

shall be binding on and shall inure to the benefit of the successors and assigns of the Parties.

18. NO IMPLIED WAIVER.

The failure of either Party to insist on strict performance of any covenant or obligation under this Agreement, regardless of the length of time for which such failure continues, shall not be deemed a waiver of such Party's right to demand strict compliance in the future. No consent or waiver, express or implied, to or of any breach or default in the performance of any obligation under this Agreement shall constitute a consent or waiver to or of any other breach or default in the performance of the same or any other obligation.

19. NOTICE.

Any notice or other communication provided for herein or given hereunder to a Party hereto shall be in writing and shall be given in person, by overnight courier, or by mail (registered or certified mail, postage prepaid, return-receipt requested) to the respective Parties as follows:

If to the Sponsor:

Alota Action LLC
Attn: Jim Swenson
1105 Lake Rd.
PO box 620
Marshall, MN 56258

If to the City:

City of Marshall
ATTN: Sharon Hanson, City Administrator
344 W. Main St.
Marshall, MN 56258

20. GOVERNING LAW.

This Agreement shall be governed by the laws of the State of Minnesota.

21. COUNTERPARTS/ELECTRONIC SIGNATURES.

This Agreement may be executed in one or more counterparts, each of which shall be deemed an original but all of which shall constitute one and the same instrument. For purposes of this Agreement, use of a facsimile, e-mail, or other electronic medium shall have the same force and effect as an original signature.

22. SEVERABILITY.

Whenever possible, each provision of this Agreement will be interpreted in such manner as to be effective and valid under applicable law, but if any provision of this Agreement

is held to be invalid, illegal, or unenforceable in any respect under any applicable law or rule in any jurisdiction, such invalidity, illegality, or unenforceability will not affect any other provision or any other jurisdiction, but this Agreement will be reformed, construed, and enforced in such jurisdiction as if such invalid, illegal, or unenforceable provisions had never been contained herein.

23. ENTIRE AGREEMENT.

This Agreement, together with the Exhibits hereto, constitutes the final, complete, and exclusive statement of the agreement of the Parties with respect to the subject matter hereof, and supersedes any and all other prior and contemporaneous agreements and understandings, both written and oral, between the Parties.

24. HEADINGS.

Headings used in this Agreement are provided for convenience only and shall not be used to construe meaning or intent.

[SIGNATURE PAGE FOLLOWS]

IN WITNESS WHEREOF, the Parties have executed this Agreement as of the date first above written.

SPONSOR

ALOTA ACTION LLC

By: _____

Name: Jim Swenson

Title: President

CITY

CITY OF MARSHALL

By: _____

Name: Robert J. Byrnes

Title: Mayor

ATTEST:

By: _____

Kyle Box

Title: City Clerk

EXHIBIT A
SPONSORSHIP RIGHTS, FEE, REBATE OF FEE, AND INSURANCE

1. SPONSORSHIP RIGHTS.

In exchange for the Sponsorship Fee, as defined in Section 2 below, the Sponsor will receive the following rights in connection with the Property (collectively, the “Sponsorship Rights”):

(A) Signage and branding. The Sponsor will receive the right to:

- 1) Videoboard Sponsorship. The 13’ 8” x 25’ videoboard located in the main arena will feature video spots at City controlled events. Ten and thirty-second advertisement will be included for sponsor.
- 2) Founding Sponsor Endorsement and Brand/Company Signage name and logo to be placed on videoboard/score board in main rink/arena. Location of said signage on the video scoreboard shall be moved and shall now occupy the long skinny sign availability ABOVE scoreboard (main arena).
- 3) Digital Media. Sponsor logo will be included in all digital/social media controlled by the City (arena website, social media campaigns, etc.)
- 4) Dasher Board. Sponsor shall receive four dasher board signs in the main arena and four dasher board signs in rink 2. All dasher board advertising signs to be located between the blue line and the goal line in each of the two rinks. Dasher boards to advertise “Sports”, Landscape, Signage, and Track Chair” services provided by Sponsor.
- 5) In-Ice Logo. Sponsor shall receive one in-ice logo in the main arena and one in rink 2. Logo is to be provided by Sponsor.
- 6) The Sponsor’s logo is to be placed on the second championship field fence, at a location to be agreed upon by the parties.

As a founding sponsor, ads will be weighted to run in higher rotation than all other sponsors under the Founding Sponsorship level. Sponsor is responsible for providing production and traffic instructions for the ads.

(B) Event Rights. The Sponsor will receive the right to:

- 1) Exclusive use of the Red Baron Arena & Expo three times per calendar year for each year of the sponsorship agreement. Operational expenses, food costs, promotional giveaways and any facility remodeling costs associated with the exclusive sponsor use are the responsibility of the Sponsor.
- 2) Exclusive use of the facility club room three times per calendar year. Operational expenses, food costs, promotional giveaways and any facility remodeling costs associated with the exclusive sponsor use are the responsibility of the Sponsor.

(C) Media Rights. The Sponsor will receive the right to:

As Founding Sponsor, Sponsor will receive logo/marks inclusion in all media campaigns associated with events controlled by the City as follows:

Package Value:

In-Ice Logo – Each Rink	\$6,000
2 nd Championship Field Fence Signage	\$1,500
Scoreboard logo – Main Rink	\$3,000
Dasher Boards – Signage Sponsorship	\$4,000
Facility Use	\$3,150
Club Room Use	\$1,500
Name and Logo Rights	\$1,000
In-house Videoboard Advertising	\$1,500
Option for Community Programming	\$1,000
Distribution Rights	\$1,000
Founding Partner Status	\$5,000
Display Case with AMI/AM Foundation	\$2,500
Total Advertising Package Value (Annual)	\$31,500

2. SPONSORSHIP FEE.

In exchange for the Sponsorship Rights as defined herein, the Sponsor agrees to pay the City One Hundred Twenty Thousand and no/100 Dollars (\$120,000.00) (the “Sponsorship Fee”) as follows:

Sponsorship Fee is figured at a rate of Twelve Thousand and no/100 Dollars (\$12,000.00) per year for each year of this agreement. Payments to be made by monthly ACH payments of \$1,000.00 per month each and every month for 120 consecutive months until paid in full. Payments to be paid on the 15th day of each month beginning on August 15th, 2022