

**GROUND LEASE AGREEMENT
BETWEEN
CITY OF SHEBOYGAN
AND
SHEBOYGAN BLUE LINE ASSOCIATION, INC.**

This Lease Agreement (the “Agreement”) is made and entered into as of the _____ day of _____, 2025, between the City of Sheboygan, Wisconsin, a municipal corporation, (“City”), and Sheboygan Blue Line Association, Inc., a Wisconsin non-stock corporation, (“Blue Line”).

INTRODUCTORY STATEMENT.

Since 1988, Blue Line has leased from the City the property located at 1202 S. Wildwood Avenue, Sheboygan, Wisconsin, (the “Premises”) upon which Blue Line has caused the constructed and operated a multi-purpose recreational facility containing, among other things, an indoor ice-skating rink for use by the public. This original lease term was 25 years and allowed Blue Line the option to extend the lease for successive ten-year periods by notifying the City in writing indicating such intent to renew six months prior to the lease expiration. Because Blue Line had not timely requested an extension the most recent extension of this lease expired August 15, 2023.

The Parties desire to enter into a new Lease Agreement for the continued operations of the recreational facility.

LEASE AGREEMENT.

In consideration of the mutual covenants contained herein, and upon the following terms and conditions, City hereby leases the Premises to Blue Line property legally described as:

Part of the Southwest Quarter of the Northwest Quarter of Section Twenty-Seven, and also the Southeast Quarter of the Northeast Quarter of Section Twenty-Eight, Town Fifteen North, Range Twenty-Three East, City of Sheboygan, Sheboygan County, Wisconsin, described as follows:

Commencing at the intersection of the South right-of-way line of the Chicago and Northwestern Railroad right-of-way with the East line of Taylor Drive, thence Southwesterly along said East line of Taylor Drive to its intersection with the center line of the Sheboygan River, thence downstream along said center line to its intersection with the South right-of-way line of the Chicago and Northwestern Railroad right-of-way, thence Northwesterly along said railroad right-of-way to the point of beginning.

1. **Term.** The term of this Agreement shall be for a period of ten years, commencing on the 15th day of April, 2025, and expiring on the 14th day of April, 2035. Blue Line may, at its option, extend this lease for up to three (3), successive five (5) year terms under identical terms and conditions, and with the same payment of rent as herein provided. Blue Line

shall provide the City written notice of its intent to renew at least six (6) months prior to the expiration of this Agreement.

2. **Rent.** Blue line agrees to pay City as rent for said property one dollar (\$1.00) annually, which shall be made within ten business days of Agreement execution and on or before the first day of January of each year during the term of this lease thereafter, which shall be payable to the City Finance Director/Treasurer. In the event that Blue Line fails to timely pay rent pursuant to this Agreement, City shall mail notice of default for non-payment of rent to Blue Line three (3) months prior to terminating the lease.
3. **Purposes, Uses, and Improvements.** The Premises shall be used and improved at Blue Line's sole cost and expense as a nonprofit multi-purpose, public recreational site and facility for the following purposes:
 - a. **Primary Uses.** Blue Line shall operate a multi-purpose, indoor facility, and such additional facilities as Blue Line desires, in support of ice skating, hockey, curling, broom ball, and other like and compatible recreational activities.
 - b. **Secondary Uses.** Such additional recreational uses including, but not limited to, home/auto/boat/animal shows, public concerts, exhibitions, displays, or revenue generating activities of Blue Line as long as such activities remain secondary to the primary purposes set forth above. Whenever such use includes any of the following, Blue Line shall apply to the City for a Special Event Permit pursuant to Sheboygan Municipal Code Article 48-VIII:
 - i. Fireworks Display;
 - ii. Amusement rides, inflatables, live or pre-recorded music;
 - iii. Temporary installation of structures such as tents, staging, additional bleachers.

In addition, Blue Line may, at its sole cost and expense, make such changes, alterations, or improvements as may be necessary to adapt the Premises for permitted public recreational uses as described above.

4. **Approval of Plans.** Blue Line shall submit to the City for its consideration and approval all preliminary and final detailed plans, surveys, estimates of cost, specifications, proposal forms, and necessary special provisions for the construction of improvements, fixtures, and appurtenances that are desired by Blue Line and permitted under the terms of this Agreement. Such documents shall be prepared without any cost or expense to the City and construction of such projects shall not commence without the City's written approval.

Blue Line agrees to build or cause to be built all improvements, fixtures and appurtenances requested by Blue Line, approved by the CITY, and permitted under the terms of this Agreement, in a good and workmanlike manner in accordance with the plans and specifications referred to above, and in conformity with all applicable federal, state and local laws, regulations, codes and ordinances, and without any cost or expense to the CITY. Blue Line shall, prior to commencement of construction, procure or cause to be

procured all necessary and requisite approvals from any and all state, municipal, and other governmental authorities, officers and departments having jurisdiction thereof and obtain any and all requisite building, construction or other licenses, permits or approvals regarding such construction.

This provision shall not apply to any maintenance, repairs, or non-structural interior alterations that Blue Line desires if they are permitted under the terms of this Agreement and are completed without any cost or expense to the City. In the event of any replacement by Blue Line of the building, facility, or any other improvement, fixture, or appurtenance, the City shall not unreasonably withhold or delay its approval as long as the replacement is substantially similar to that being replaced and further provided that the replacement is completed without any cost or expense to the City.

5. **Liens.** During the term of this Agreement, or any extensions thereof, Blue Line shall not suffer nor permit any liens to be filed against the interest of the City in the Premises, and nothing in this Agreement shall be deemed or construed in any way as constituting the City's express or implied consent to any contractor, subcontractor, laborer, materialman, or supplier for the performance of any labor or the furnishing of any materials for any improvement, alteration, or repair to the Premises or any part thereof. The City may demand, and Blue Line shall comply with all reasonable demands, of evidence of payment or financing of all claims for materials and labor furnished for any improvement or alteration to the Premises.
6. **No Assignment.** Blue Line shall not assign or sublet this Agreement or any interest therein without the City's written consent, except as permitted by Section 3. Blue Line shall not mortgage, pledge, or hypothecate this Lease Agreement or any interest herein. Notwithstanding the foregoing, the City acknowledges that Blue Line's interest in the Premises may be assigned as collateral to the trustee of any industrial revenue bonds issued by the City to finance construction for City-approved improvements to the Premises.
7. **Status and Condition of Property.** Blue Line has examined the Premises and accepts it in its present condition. Upon expiration, cancellation, or early termination of this Agreement, Blue Line covenants that it shall peacefully and quietly surrender and yield the Premises to the City in as good order and condition as the same were at the commencement of occupancy, subject to normal wear and tear and conditions caused by fire or other event covered by insurance.
8. **Repairs and Maintenance.** Blue Line agrees to make any and all improvements and repairs except those public improvements budgeted and approved by the City at its sole expense. Blue Line shall maintain the Premises in good order and in a clean and safe condition consistent with its permitted uses. Blue Line agrees to assume all utility costs associated with operation and maintenance of the Premises and improvements including but not limited to electrical, sewer, telephone, cable/ communications, and water utilities. Blue Line further agrees to be responsible for snow removal from the parking lot and walks within the Premises and for lawn and landscape maintenance.

9. **Signs and Fences.** Blue Line shall not erect, install, or operate any signs or other similar advertising devices or fences except in accordance with the Sheboygan Municipal Code.
10. **Compliance With Laws.** Blue Line shall not permit any undue waste or nuisance of any nature to be created or allowed to remain on the Premises and shall comply with all applicable laws and ordinances respecting the use and occupancy thereof.
11. **Right of Entry.** Blue Line shall allow the City's authorized representative(s) access to the Premises at all reasonable hours, for purposes which are necessary, incidental, or connected with the performance of its obligations hereunder, or in the exercise of its governmental functions. The City agrees to exercise such rights of access in a manner to be as least disruptive as possible.
12. **Taxes.** Blue Line shall pay all taxes levied and assessed upon any buildings, fixtures, and improvements belonging to Blue Line and located upon the Premises, and any leasehold or possessory interest taxes levied or assessed by any proper taxing authority.
13. **Insurance.** Blue Line shall maintain in full force and effect the following insurance with limits of at least as much as set forth below for the full duration of this Agreement and for any periods of extension thereof. Such insurance shall identify the "City of Sheboygan" as additional insured on the commercial general liability policy, shall be primary and non-contributory to any insurance or self-insurance carried by the City, and shall afford the City at least thirty (30) days' notice prior to any cancellation, modification, or nonrenewal thereof.

Commercial General Liability Insurance

Each Occurrence Limit	\$1,000,000
Personal and Advertising Limit	\$1,000,000
General Aggregate Limit	\$2,000,000

Workers' Compensation and Employers' Liability Insurance

Each Accident	\$100,000
Disease- Policy Limit	\$500,000
Disease- Each Employee	\$100,000

Umbrella Liability

Each Occurrence Limit	\$2,000,000
Aggregate Limit	\$2,000,000

Blue Line shall further maintain in full force and effect fire and extended coverage insurance upon its leasehold improvements, furnishings, fixtures, and equipment to their full insurable value.

All insurance requirements herein shall be placed with responsible insurance company(ies) authorized to do business in the State of Wisconsin and shall be in a form commensurate with industry standards for Blue Line's primary use(s) of the Premises.

At the time of Agreement execution and annually thereafter, Blue Line shall furnish the City with a certificate of insurance form evidencing the aforementioned coverages and endorsements.

14. **Indemnification.** To the extent authorized by law, Blue Line agrees to indemnify, defend, and hold harmless the City of Sheboygan, its elected and appointed officials, officers, employees, agents, representatives, and authorized volunteers from and against any and all suits, actions, legal or administrative proceedings, claims, demands, damages, liabilities, interest, defense costs, attorneys' fees, costs, and expenses of whatsoever kind or nature in any manner directly or indirectly caused, occasioned, or contributed to, in whole or in part, or claimed or alleged to be caused, occasions, or contributed to in whole or in part, by any act, omission, fault, or negligence, whether active or passive of Blue Line or its agents or anyone acting under its direction or control or on behalf arising out of, or in connection with, or relating to this Agreement.

Blue Line's aforesaid indemnity and hold harmless agreement shall not be applicable to any liability caused by the willful misconduct of the City, its elected and appointed officials, officers, employees, agents, representatives, or authorized volunteers.

Nothing in this Agreement shall be construed as the City waiving its statutory limitations and/or immunities as set forth in the applicable Wisconsin Statutes or other applicable law. This indemnity provision shall survive the termination or expiration of this Agreement.

15. **Termination For Cause.** The City may terminate this Agreement if Blue Line fails to timely fulfill its obligations under this Agreement. In such case, the City shall provide Blue Line written notice by certified mail of any alleged default and Blue Line shall cure such default within ninety (90) days. Failure to timely cure shall result in the immediate termination of this Agreement. The City may also terminate this Agreement if any of the following conditions remain unremedied within ninety (90) days after such notice has been received:

- (a) Failure to pay any utility charges, taxes, or special assessments, or special charges lawfully charged to the Premises.
- (b) Upon the filing of any judgment liens against the property.
- (c) If Blue Line discontinues its permitted use of the Premises for a period of at least nine (9) consecutive months, for any reason.
- (d) The City of Sheboygan Common Council adopts a resolution requiring termination of this Agreement to promote a legitimate public interest.

Upon termination for cause, the City may enter upon the Premises and remove all persons and property therefrom. Should the City bring a legal action to enforce any of the terms hereof or to obtain possession of the Premises by reason of any default, Blue line shall pay the City all costs of such legal action.

16. **No Relocation Costs.** Except as otherwise herein provided, Blue Line agrees and fully understands that upon Agreement termination, cancellation, or nonrenewal, Blue Line is

not entitled to any relocation costs, assistance, payments, moving expenses, replacement facilities (in money or in kind), or to any other expenses, costs, or awards that are directly or indirectly related to such termination, cancellation, or nonrenewal. Notwithstanding the foregoing, Blue Line does not waive any relocation rights it may have on account of termination of this Agreement by the City pursuant to Section 15(e).

17. **Notices.** Except as otherwise provided by this Agreement, any notice required by this Agreement, or which either party desires to serve upon the other, shall be in writing and shall be deemed served when delivered personally, or when deposited in the United States mail, postage prepaid, return receipt requested, addressed as follows:

City of Sheboygan
Attn: City Clerk
828 Center Ave.
Sheboygan, WI 53081

Blue Line Association, Inc.
1202 Wildwood Ave.
Sheboygan, WI 53081

This Provision shall not be construed as limiting routine business communications between Blue Line and the City.

18. **No Waiver.** The failure of any party to insist, in any one or more instance, upon performance of any terms, covenants, or conditions of this Agreement shall not be construed as a waiver or relinquishment of the future performance of any such term, covenant, or condition by any party hereto but the obligation of such party with respect to such future performance shall continue in full force and effect.
19. **Severability.** The provisions of this Agreement are severable. If any provision or part of this Agreement or the application thereof to any person or circumstance is held by a court of competent jurisdiction to be invalid or unconstitutional for any reason, the remainder of this Agreement and the application of such provision or part thereof to other persons or circumstances shall not be affected thereby.
20. **Nondiscrimination.** Blue Line shall not discriminate against any employee or applicant for employment as defined by State or Federal law, nor shall Blue Line unlawfully discriminate against any of the general public who enter upon the Premises. Blue Line shall comply with any requirements of State or Federal law as applicable as a result of Federal funds used in the acquisition of the Premises.
21. **Right of First Refusal.** During the term of this Agreement or any extensions thereof, Blue Line shall be afforded first right of refusal to purchase the Premises should the City desire to sell the Premises. If the City receives a bona fide offer to purchase the Premises and desires to accept it, the City shall provide Blue Line with written notice of such offer and all terms and conditions therefore and shall afford Blue Line forty-five (45) days after receipt to notify City of its desire to acquire the Premises upon the same terms and conditions as set forth in the bona fide offer. Should Blue Line fail to exercise the right of first refusal herein granted within the specified time period (it being understood that time

is of the essence), the right of first refusal shall thereupon terminate and be of no further force and effect.

22. **Successors in Interest.** All of the terms, covenants and conditions contained herein shall continue and bind all successors in interest of Blue Line.
23. **Force Majeure.** In the event that either party hereto shall be delayed or hindered in or prevented from the performance of any act required hereunder by reason of strikes, lockouts, labor troubles, inability to procure materials, riots, insurrection, war or other reason of a like nature not the fault of the party delayed in performing work or doing acts required under the terms of this Agreement, then performance of such act shall be excused for the period equivalent to the period of such delay, or if a longer period is reasonably required, within such longer period as is reasonably required, provided that Blue Line provides the City prompt written notice of such delay and the reasons therefor and further provided that Blue Line acts with due diligence to cure such defect or defects promptly.
24. **Cooperation.** The parties agree to cooperate in the prosecution of applications made by either party for any governmental certificates or approvals appropriate or necessary for the consummation of the transactions contemplated by this Agreement or the use and occupancy of the Premises. The City and Partners each will at any time, or from time to time at the written request of the other, sign and deliver such other documents as may be reasonably requested or as may be reasonably necessary or appropriate to give full effect to the terms and conditions of this Agreement.
25. **Dispute Resolution.** The Parties agree to first utilize good faith negotiation to resolve any dispute arising under this Agreement. Should such negotiation fail to resolve the dispute, the parties may, upon mutual agreement, attempt to resolve the dispute via mediation. Alternatively, such dispute shall be resolved in Sheboygan County Circuit Court.
26. **Entire Agreement.** This document and all other documents and agreements expressly referred to herein contain the entire agreement between Partners and the City with respect to the matters set forth herein. This Agreement may be modified only by a writing signed by all parties.
27. **Counterparts.** This Agreement may be executed in any number of counterparts, each of which shall be deemed an original.

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

CITY OF SHEBOYGAN

By: _____

Ryan Sorenson, Mayor

Date: _____

Attest: _____

Meredith DeBruin, City Clerk

Date: _____

BLUE LINE ASSOCIATION, INC.

By: _____

Date: _____

Attest: _____

Date: _____