

# LEASE AGREEMENT

This Agreement of Lease entered into and signed this \_\_\_\_\_ day of August, 2024 by and between the City of Sheboygan ("Landlord"), and Shar, Inc., ("Tenant").

NOW THEREFORE, in consideration of the rents, agreements and conditions herein contained, the parties agree as follows:

Section 1. PREMISES. Landlord hereby leases to Tenant, and Tenant leases from Landlord, the real estate and the building located at 930 North 8<sup>th</sup> Street, Sheboygan WI 53081 (the "Building").

Section 2. TERM. The Lease will expire on December 1, 2024. Tenant will pay the sum of \$15,000.00 as payment of the entire amount of rent due at the execution of this document. Tenant agrees to remove all of the fixtures, furniture, equipment and personal property that Tenant wants prior to December 1, 2024. Tenant waives his right, title and interest in and to any property that remains on the premises after December 1, 2024, unless further agreements are made between the parties. Tenant agrees to have all person who occupy the premises (hotel guests) vacated from the property prior to December 1, 2024.

Section 3. USE AND COMPLIANCE WITH LAWS. Tenant shall use the Premises for the operation of a motel and restaurant (the Use), and for no other purpose whatsoever, subject to and in compliance with all other provisions of this Lease. Tenant agrees to continuously operate and conduct its business in 100 percent of the Premises during such reasonable business hours as are typical for the Use. Tenant shall at all times conduct its business in a first-class, professional and businesslike manner consistent with reputable business standards and practices, and such that the reputation of the Premises and the Building is enhanced. Tenant shall comply with all laws, whether federal, state, county, city, or other governmental agency laws, regulations, rules, ordinances, or codes, relating to the Premises and Tenant's use thereof, including, but not limited to, health, safety, and building codes, and any permit or license requirements. Tenant agrees: (i) to occupy and use the Premises in a safe and careful manner without committing or permitting waste; (ii) to neither do nor suffer anything to be done or kept in or about the Premises which contravenes Landlord's insurance policies or increases the premiums therefor; (iii) to permit no reproduction of sound which is audible outside the Premises nor permit odors to be unreasonably dispelled from the Premises; (iv) to keep any refuse in proper containers in the interior of the Premises until the same is removed; (v) to adequately heat and cool the Premises sufficiently to avoid damage to plumbing systems; (vi) to permit no lien to attach to the Building; (vii) to not sell any items or perform any services in competition with other tenants.

Section 4. TAXES. Tenant shall pay all municipal, county and state or federal taxes assessed against any of the fixtures, furnishings, equipment, stock-in-trade, or other personal property owned, installed or used in or on the Premises, and all licenses, permits, occupation and inspection fees assessed or charged against the Premises or either party to this Lease by reason of the Tenant's use or occupancy of the Premises. Tenant shall hold Landlord free and harmless from any loss, damage or expense arising out of or by reason of any such charges identified as Tenant's obligation.

Section 5. UTILITIES. During the term of this Lease, Tenant shall be solely responsible for and promptly pay all charges for electricity, telephone, cable and any other utilities exclusively serving the Leased Premises. Tenant shall pay for the cost of utilities serving the entire

Building, including without limitation gas, heat, water, sewer, and electricity. Tenant shall not make any alterations or additions to the electrical equipment and facilities without the Lessor's prior consent.

Section 6. TENANT'S INSURANCE. During the term of this Lease, and any renewal thereof, Tenant shall maintain at all times and at its expense insurance covering the Premises as follows:

a. fire, with extended coverage, vandalism and malicious mischief insurance, such insurance to be in an amount not less than 90 percent of the full replacement value, insuring Tenant's merchandise, fixtures, trade fixtures, furnishings, equipment and all other items of personal property;

b. comprehensive liability insurance in the amount of (a) at least \$1,000,000 per occurrence with respect to bodily injury or death to any one person, (b) at least \$1,000,000 with respect to bodily injury or death arising out of any one accident, and (c) at least \$500,000 with respect to property damage arising out of any one occurrence;

c. worker's compensation insurance subject to statutory limits or better in respect of any work or other operations on or about the Premises;

d. such other insurance as Landlord may deem necessary or may require.

As evidence thereof, Tenant shall provide Landlord with current Certificates of Insurance evidencing all insurance required in this Section, which Certificates shall name Landlord as an additional insured and shall provide for ten (10) days notice to Landlord before cancellation, termination, expiration, or modification. All insurance requirements herein shall be obtained through responsible insurance companies licensed to do business in the State of Wisconsin.

Tenant releases Landlord from any and all liability or responsibility to Tenant or anyone claiming through or under it by way of subrogation or otherwise for any loss or damage covered by such insurance or such other insurance as may be carried by the Tenant, even if such loss or damage is caused by Landlord, or anyone for whom such party may be responsible; provided, however, that this release shall be applicable only to the extent that the loss or damage is covered by insurance policies maintained or required to be maintained by Tenant and any such release shall not adversely affect or impair said policies or prejudice the right of Tenant to recover thereunder. Tenant agrees that it will request its insurance carriers to include in its policies such a clause or endorsement, if necessary.

Section 7. MUTUAL WAIVER OF SUBROGATION. Landlord and Tenant hereby waive any rights each may have against the other arising out of any loss or damage connected in any way to, or arising in any way out of any occurrence related to the leased Premises or in the Building, to the extent that such damage or loss is insured under the insurance policies as specified in this Lease. Landlord and Tenant, on behalf of their respective insurance companies, waive any right of subrogation they may have against each other where such waiver of subrogation is not invalidated by applicable state law or the insurance policies.

Section 8. REPAIRS, MAINTENANCE AND ALTERATIONS.

a. "As Is". Landlord shall deliver and Tenant will accept the Premises in an "as is" condition, including existing electrical, sprinkler, plumbing, heating, ventilating and air conditioning systems, if any. Landlord neither assumes nor accepts any responsibility for (i) the

removal or modification of any existing improvements or equipment, (ii) the undertaking of any alterations or additional improvements, or (iii) the installation of any equipment. Tenant acknowledges that no representations or agreements with respect to the condition of the Premises have been made and that the Premises have been examined by Tenant and are accepted by it in their present condition.

b. Tenant's Obligation. Tenant, at its expense, will maintain and keep in good order and repair the Premises, including but not limited to the repair, replacement and maintenance of mechanical, electrical, plumbing, walls, wall coverings, fixtures, ceilings, floors, floor coverings, lighting, telephone, doors, windows, heating, ventilation and air conditioning equipment, and all nonstructural portions of the Premises. Good order and repair shall be deemed to mean consistent with the operation of the Premises in a first-class manner, ordinary wear and tear excepted. Tenant, at its expense, will keep in good condition and repair all sidewalks and entrances to the Premises. Tenant shall promptly remove ice and snow from sidewalks and entrances and shall promptly remove trash and any debris which may accumulate in areas adjacent to the Premises.

c. Landlord's Obligation. Landlord has no obligation for any repairs to or replacement of the structure (defined herein to mean only the exterior walls, roof, foundation) of the Building.

d. Alterations. Tenant, at its expense, may make cosmetic nonstructural repairs, alterations, additions, and changes to the Premises, provided that the repairs, alterations, additions, or changes (i) shall not reduce the fair market value of the Premises below its value immediately before such alteration, or impair the usefulness or structural integrity of the Premises, (ii) are effected in a good and workmanlike manner, and in accordance with the State of Wisconsin and the City of Sheboygan and County of Sheboygan building codes and regulations, (iii) are fully paid for by Tenant, (iv) shall not commence until Tenant has first obtained Landlord's prior written consent, which may be withheld in Landlord's sole discretion. All repairs, alterations, additions, and changes shall be made solely at the expense of the Tenant. Tenant shall protect the Premises from all liens or charges whatever by reason of such repairs, alteration, addition and changes, and Tenant covenants and agrees to hold and save Landlord harmless from all liability therefor.

e. Equipment. Tenant may, at its expense, install or assemble or place in the Premises, and substitute, any items of equipment, furniture, furnishings or other personal property used or useful in Tenant's business, which property shall constitute Tenant's Equipment, and Tenant shall remove the same upon the termination of the Lease; provided, however, that Tenant shall have no right to remove any of Tenant's Equipment until all amounts due to Landlord have been paid in full, and Landlord shall have a lien upon Tenant's Equipment. Any equipment, furnishings, fixtures, improvements, or other personal property which could be deemed to be a fixture, installed, assembled or placed in the Premises by Tenant, including but not limited to ceiling fans, attached floor coverings, attached mechanical equipment, electric lighting fixtures, doors, windows, heating and cooling units and attached equipment, water heaters, filters and softeners, awnings, and compressors, shall upon installation become the property of Landlord, but Tenant shall until the termination or expiration of the Lease pay all personal property taxes relating thereto. Any of Tenant's Equipment not removed by Tenant within five days after the termination of this Lease shall be considered abandoned by Tenant and may be appropriated, sold, destroyed or otherwise disposed of by Landlord. Tenant will pay all costs and expenses incurred in removing, sorting or disposing of Tenant's Equipment and will repair, at its expense, all damage to the Premises caused by the removal of Tenant's Equipment, whether or not effected by Tenant. Landlord shall not be

responsible for any loss or damage to Tenant's Equipment unless caused by Landlord's sole direct negligence.

Section 9. INDEMNIFICATION. Tenant will protect, indemnify, save harmless and defend Landlord from and against all liabilities, obligations, claims, damages, penalties, causes of action, costs and expenses (including, without limitation, reasonable attorneys' fees and expenses) imposed upon or incurred by or asserted against Landlord by reason of: (a) any accident, injury to or death of persons, loss of or damage to property occurring or repair of the Building or improvements on the Premises; (b) any failure on the part of tenant to perform or comply with any of the terms of this Lease; or (c) any act or omission of Tenant, or its employees, agents, licensees, or invitees. Landlord, at Landlord's option and at Tenant's expense, may contest, resist, and defend any such claim, action or proceeding asserted or instituted against Landlord. Tenant agrees to give Landlord immediate written notice of any liability, obligation, claim, damage, penalty, or cause of action.

Section 10. ASSIGNMENT OR SUBLETTING. During this Lease, Tenant shall not assign or sublet the Premises, without the prior written consent of Landlord, which consent may be withheld in Landlord's sole discretion based upon the financial ability and reputation of the Assignee or the experience of the Assignee in the operation of the Premises under the Use permitted in this Lease. Notwithstanding any permitted assignment or subletting, Tenant shall at all times remain fully responsible and liable for the payment of the Rent and Additional Rent herein specified and for compliance with all of its other obligations under the terms, provisions and covenants of this Lease. Landlord shall have the right to assign any of its rights under this Lease, and upon any such assignment, and provided that the assignee assumes all of the Landlord's obligations hereunder, Landlord shall be relieved of any and all such obligations.

Section 11. DAMAGE AND DESTRUCTION. In the event the Premises or the Building is damaged by an peril to an extent which is less than twenty (20%) percent of the cost of replacement, the damage shall, except as hereinafter provided, promptly be repaired by Landlord, at Landlord's expense, but in no event shall Landlord be required to repair or replace Tenant's stock-in-trade, trade fixtures, furniture, furnishings, equipment or personal property. In the event: (a) the Premises or the Building is damaged to the extent of twenty (20%) percent or more of the cost of replacement, Landlord may elect to terminate this Lease upon giving notice of such election in writing to Tenant within sixty (60) days after the event causing the damage.

Section 12. MISCELLANEOUS.

a. Compliance With Insurance Requirements. Tenant, at Tenant's own expense, will promptly comply with all terms of any insurance policy covering or applicable to the Premises and all requirements of the issuer of any such policy.

b. Discharge of Liens. Tenant will not permit any mechanics' or similar liens for labor or materials furnished to the Premises during the term of this Lease to be filed against the Premises or any part thereof; and if any such lien shall be filed, Tenant will either pay the same or procure the discharge thereof by giving security or in such other manner as may be required or permitted by law within thirty (30) days after such filing. Tenant shall indemnify Landlord against, and save Landlord harmless from any and all loss, damage, claims, liabilities, judgments, costs and expenses arising out of the filing of any such lien. Nothing contained herein shall constitute any consent or request by landlord, express or implied, to or for the performance of any labor or services or the furnishing of any materials or other property in respect of the Premises, nor as giving Tenant any right, power or authority to contract for or permit the performance of any labor or services or the furnishings of any materials or other

property in such fashion as would permit the making of any claim against landlord in respect thereof.

c. Eminent Domain. If any taking occurs during the term of this Lease, Landlord may cancel this Lease by written notice given within thirty (30) days after the date of the taking. All compensation and damages awarded for the taking of the Premises, will belong to Landlord.

d. Environmental. Tenant represents, warrants, and covenants to Landlord that Tenant will not permit to occur any spill, release, generation, manufacture, storage, treatment, transportation, disposal, or the presence of any dangerous, hazardous or toxic materials, substances or conditions on, in, under, or from the Premises. Tenant will promptly notify Landlord, in writing, if Tenant has or acquires notice or knowledge that any dangerous, hazardous or toxic materials, substances or conditions are present or have been, or are threatened to be, released, generated, manufactured, stored, treated, transported, or disposed of, on, in, under, or from the Premises; and if any dangerous, hazardous or toxic materials, substances or conditions are found on the Premises, Tenant, at its own cost and expense, will immediately take such action as is necessary to detain the spread of and remove the dangerous, hazardous or toxic materials, substances or conditions to the complete satisfaction of the Landlord and the appropriate governmental authorities. If Tenant fails to comply with any of the foregoing warranties, representations, and covenants, Landlord, without taking on any affirmative obligation to remove or otherwise clean up, may cause the removal (or other cleanup acceptable to Landlord) of any dangerous, hazardous or toxic materials, substances or conditions from the Premises. The costs of such removal and any other cleanup (including transportation and storage costs) will be additional rent under this Lease, whether or not a court has ordered the cleanup, and those costs will become due and payable on demand by Landlord. Tenant agrees to indemnify, defend (with counsel reasonably acceptable to Landlord and at Tenant's sole cost), and hold Landlord free and harmless from and against all losses, liabilities, obligations, penalties, claims, litigation, demands, defenses, costs, judgments, suits, proceedings, damages (including consequential damages), disbursements, or expenses of any kind (including attorneys' and experts' fees and expenses and fees and expenses incurred in investigating, defending, or prosecuting any litigation, claim, or proceeding) that may at any time be imposed upon, incurred by, asserted, or awarded against Landlord in connection with or arising from or out of Tenant's failure to comply with any of the foregoing warranties, representations, and covenants. This indemnification is the personal obligation of Tenant and will survive termination of this Lease.

e. Notices. Any notice or demands to be given hereunder shall be in writing and shall be given by mailing the notice by certified mail or registered mail, return receipt requested, postage prepaid, and any such notice shall be deemed to have been given when deposited in the mail. If intended for Landlord, the notice shall be mailed to :

To Landlord: City of Sheboygan  
City Attorney's Office

or other such address as Landlord may designate by notice to Tenant; and if intended for Tenant, the notice shall be mailed to:

To Tenant: Shar, Inc.  
922 North 8<sup>th</sup> Street  
Sheboygan WI 53081

or such other address as Tenant may designate by notice to Landlord.

f. Quiet Enjoyment. So long as Tenant shall perform its obligations under this Lease, it shall be entitled to peaceful and quiet enjoyment of the Premises subject to the applicable terms of this Lease.

g. Surrender of Premises. Tenant agrees that upon the expiration or prior termination of the Lease, Tenant will vacate and surrender the Premises to Landlord in good order and repair, ordinary wear and tear excepted. Should Tenant remain in possession of the Premises after expiration or termination of this Lease without Landlord's approval, no tenancy or interest in the Premises shall result therefrom.

h. Successors and Assigns. This Lease and all of the covenants, provisions and conditions herein contained shall inure to the benefit of and be binding upon the heirs, personal representatives, successors and assigns, respectively, of the parties hereto, provided, however, that no assignment in violation of the provisions hereof shall vest in the assigns any right, title or interest whatever.

i. Entire Agreement. This Lease and the exhibits attached hereto set forth all of the covenants, promises, agreements, conditions and understandings between Landlord and Tenant concerning the Premises, and there are no covenants, promises, agreements, conditions or understandings, either oral or written, between them other than as herein set forth. No alteration, amendment, change or addition to this Lease shall be binding upon the parties unless in writing and signed by them.

j. Governing Law. This Lease shall be governed and construed in accordance with the laws of the State of Wisconsin.

k. Severability. In any term, covenant, or condition of this Lease or the application thereof to any person or circumstance shall, to any extent, be invalid or unenforceable under applicable law, the remainder of this Lease, or the application of such term, covenant or condition to persons or circumstances other than those as to which it is held invalid or unenforceable, shall not be affected thereby and each term, covenant, or condition of this Lease shall be valid and be enforceable to the fullest extent permitted by law.

l. Recording. Tenant shall not record this Lease without the written consent of Landlord.

m. Waiver. The waiver by Landlord of any agreement, condition, or provision contained in this Lease will not be deemed to be a waiver of any subsequent breach of the same or any other agreement, condition, or provision contained in this Lease, nor will any custom or practice that may grow up between the parties in the administration of the terms of this Lease be construed to waive or lessen the right of Landlord to insist upon the performance by Tenant in strict accordance with the terms of this Lease. The subsequent acceptance of rent by Landlord will not be deemed to be a waiver of any preceding breach by Tenant of any agreement, condition, or provision of this Lease, other than the failure of Tenant to pay the particular rent so accepted, regardless of Landlord's knowledge of such preceding breach at the time of acceptance of such rent.

n. Rules and Regulations. Tenant covenants and agrees that during the snow fall season the Tenant will remove and keep a hazard free walking area along the front sidewalk,

side entrance, and back sidewalk area. Tenant agrees to comply with all other reasonable rules and regulations of Landlord.

o. Subordination and Estoppel. Tenant shall, upon request of Landlord, subordinate the Leases to any mortgage of Landlord, and execute such documents, including estoppel certificates, as Landlord requires to assist Landlord in obtaining financing.

p. Paragraph Headings. The paragraph headings are inserted only as a matter of convenience and for reference and in no way define, limit or describe the scope or intent of this Lease nor in any way affect this Lease.

q. Signs. Tenant shall not, without Landlord's prior written consent, install, affix or use any signs, lettering or advertising media of any other kinds, awnings, radio or television antenna or any other object or equipment of any nature on the exterior of the Premises. Any such items authorized by Landlord shall be installed at Tenant's sole cost and shall be of such color, size, style and materials as shall be designated and approved by Landlord.

LANDLORD:

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TENANT:

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