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FREDERICK, P.A.**
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CHRISTOPHER J. VIRTA

R. BRUCE BUCHANAN,
RETIRED
MARTHA M. MARKUSEN,
COUNSEL

NICK SMITH (1936-2007)
H.B. FRYBERGER, JR. (1906-1997)
LOREN W. SANFORD (1931-1978)
AMASA E. WHEELER (1889-1970)
H.B. FRYBERGER, SR. (1865-1937)

*Also Licensed in Wisconsin
† Also Licensed in Arizona
◇ Also Licensed in Michigan
§ Also Licensed in North Dakota



PLEASE RESPOND TO DULUTH OFFICE

Writer's Direct Dial Number: (218) 725-6839
E-Mail Address: rtoftey@fryberger.com

June 23, 2010

Mr. Jason Serck
Redevelopment Authority
of the City of Superior
1316 N. 14th Street
Superior, WI 54880

Ms. Jean Vito
Finance Director
City of Superior
1316 N. 14th Street
Superior, WI 54880

Ms. Terri Kalan
City Clerk
City of Superior
1316 N. 14th Street
Superior, WI 54880

RE: Amendment to Amended and Restated Lease Agreement with Sailboat's, Inc.

Dear Jason, Jean and Terri:

Enclosed is the transcript for the City's Amendment to Amended and Restated Lease Agreement with Sailboat's, Inc.

Please feel free to contact me if you have any questions.

Sincerely,

Robert E. Toftey

lab
Enclosures

CITY OF SUPERIOR, WISCONSIN
Amendment to Amended and Restated Lease Agreement with
Sailboats, Inc.

1. Amendment to Amended and Restated Lease Agreement between the City of Superior, Wisconsin and Sailboat's, Inc. dated May 5, 2010
2. Amended and Restated Lease Agreement between the City of Superior, Wisconsin and Sailboat's, Inc. dated April 20, 2005
3. Quit Claim Deed
4. Affidavit of Publication of Notice to Lease Real Property published April 9, 16 and 23, 2010
5. Resolution of the Common Council of the City of Superior, Wisconsin Approving the Form of Notice to Lease Real Property to Sailboats, Inc. adopted April 7, 2010
6. Resolution of the Common Council of the City of Superior, Wisconsin Approving Execution of an Amendment to Amended and Restated Lease Agreement with Sailboats, Inc. adopted May 4, 2010

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**AMENDMENT TO
AMENDED AND RESTATED
LEASE AGREEMENT
BETWEEN THE
CITY OF SUPERIOR, WISCONSIN
AND
SAILBOATS, INC.**

This Amendment is made and entered into this 5th day of May, 2010, by and between THE CITY OF SUPERIOR, WISCONSIN (hereinafter referred to as the "City") and SAILBOATS, INC., a Minnesota corporation (hereinafter referred to as "Sailboats, Inc.").

RECITALS

WHEREAS, the City, as lessor, and Sailboats, Inc., as lessee, have entered into an Amended and Restated Agreement dated April 20, 2005 (the "Original Lease"), for the lease of real property relating to the Barker's Island Marina; and

WHEREAS, the City desires to correct a legal description issue for the Leased Property; and

WHEREAS, the City and Sailboats, Inc. have agreed to remove and release from the Original Lease certain real estate and add certain other real estate to the Original Lease, all as herein provided; and

WHEREAS, the City and Sailboats, Inc. desire to modify certain other provisions of the Original Lease, as hereinafter provided; and

WHEREAS, the City and Sailboats, Inc. agree to amend the Original Lease as hereinafter set forth.

NOW, THEREFORE, in consideration of the promises and mutual obligations of the parties contained herein, each of them does hereby represent, covenant, and agree with the other as follows:

1. The "Leased Property" as defined in the Original Lease is amended as follows:
"The City hereby leases to Sailboats, Inc. the following described real property in the City of Superior, Douglas County, Wisconsin, to-wit:

Parcels F, D and C-1 shown on Appendix A hereto and described and further shown on the attached Appendices B, C and D, including all riparian rights to those portions of the above described real property which are submerged and including piers, slips, buildings, and other fixtures and improvements made to the above described real property. All of the above property and improvements are

hereinafter referred to as the "Leased Property." The terms and conditions of said leases are as set forth hereinafter."

2. All of the real property included in the "Leased Property" under the Original Lease and not included in the "Leased Property" under paragraph 1 above in this Amendment is hereby released from the Lease. Sailboats, Inc. agrees to execute and deliver to the City a quit claim deed, in a form acceptable to the City and Sailboats, Inc., conveying an interest in the real property being released.

3. The City and Sailboats, Inc. agree that the southeasterly 10 feet of the property described as Parcel C-1 on Appendix E is subject to a restriction on use and shall be one-half of a 20-foot buffer between Parcel C-1 and the adjacent property (labeled Parcel C-2) lying southeasterly thereof, as shown on Appendix E (the "Development Property").

4. The City has created on its books and records the "Barker's Island Marina Improvement Fund, Fund 270." The City agrees to deposit into such fund the net sale proceeds from the sale of property described on Parcel C of the Original Lease and from the sale of the Development Property. Such sale proceeds shall be used by the City for repairs, maintenance, improvements and extensions of the Leased Property. Improvements (including soil stabilization) to Parcel C-1 will be an eligible expense.

5. Appendix A is a Parcel Composite for the Leased Premises which diagrams the parcels in relationship to the adjacent areas. Appendices B, C and D control any variance with Appendix A.

6. Except as amended herein, the terms of the Original Lease remain in full force and effect.

(remainder of page intentionally left blank)

IN WITNESS WHEREOF, the City and Sailboats, Inc. have caused this Amendment to Amended and Restated Lease Agreement to be duly executed as of the date first above written.

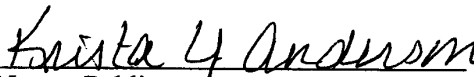
CITY OF SUPERIOR


Dave Ross, Mayor


Terri Kalan, City Clerk

STATE OF WISCONSIN)
)ss.
COUNTY OF DOUGLAS)

Personally came before, this 17th day of May, 2010, Dave Ross and Terri Kalan, Mayor and City Clerk of the City of Superior respectively, to me known to be the persons who executed the foregoing instrument, and to me known to be the Mayor and City Clerk of said City of Superior, and acknowledged that they executed the foregoing instrument as such officers as the deed of said City by its authority.


Notary Public Exp: 10/23/11

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SAILBOATS, INC.

By: J.R. Culley
Its President

By: Joseph Radtke
Its Senior Vice President

STATE OF Wisconsin)
COUNTY OF Douglas)^{ss.}

Personally came before, this 8th day of June, 2010, J.R. Culley, the President of Sailboats, Inc., to me known to be the person who executed the foregoing instrument, and to me known to be the President, and acknowledged that he executed the foregoing instrument as such officer of the corporation by its authority.

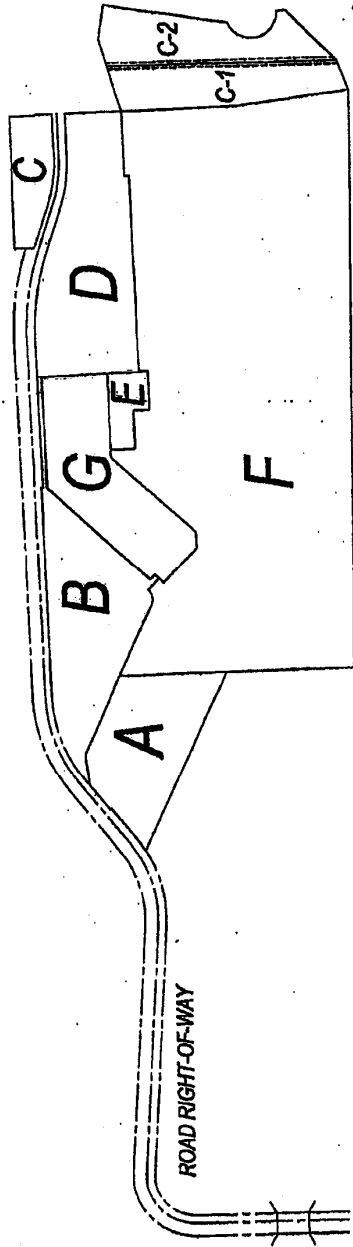
Krista L Anderson
Notary Public
My commission expires 10/23/11

STATE OF WISCONSIN)
COUNTY OF DOUGLAS)^{ss.}

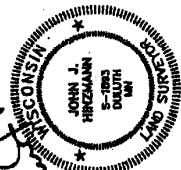
Personally came before, this 8th day of June, 2010, Joseph Radtke, the Senior Vice President of Sailboats, Inc., to me known to be the person who executed the foregoing instrument, and to me known to be the Senior Vice President, and acknowledged that he executed the foregoing instrument as such officer of the corporation by its authority.

Krista L Anderson
Notary Public

**APPENDIX A
TO AMENDMENT TO AMENDED AND RESTATED LEASE AGREEMENT
SITE-PLAN OF AREA**



John J. Hinzmann

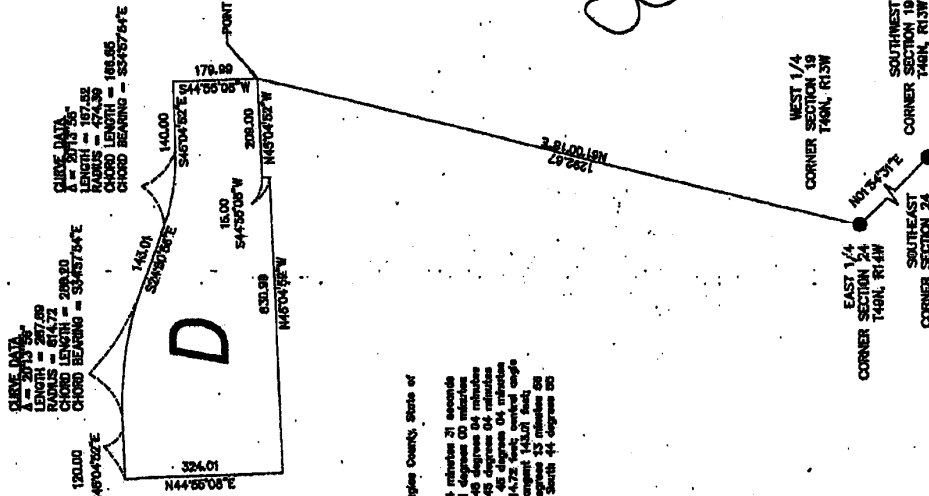


THE CORNER OF
COUNTY ROAD, TOWN, RANGE
THE CORNER OF
COUNTY ROAD, TOWN, RANGE
THE CORNER OF
COUNTY ROAD, TOWN, RANGE



SHEET 1 OF 10		DATE		SCALE	
DATE	SCALE	DATE	SCALE	DATE	SCALE
PARCEL LAYOUT BANKERS ISLAND					

APPENDIX C
TO AMENDMENT TO AMENDED AND RESTATED LEASE AGREEMENT

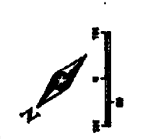
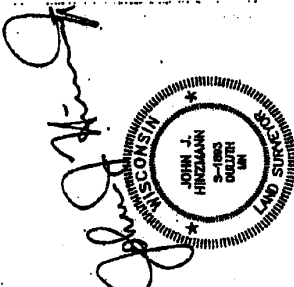


MARINA PARKING LOT "D"

That part of the West one-half of the Northwest Quarter of Section 19, Township 48 North, Range 33 West, Douglas County, State of Wisconsin, described as follows:

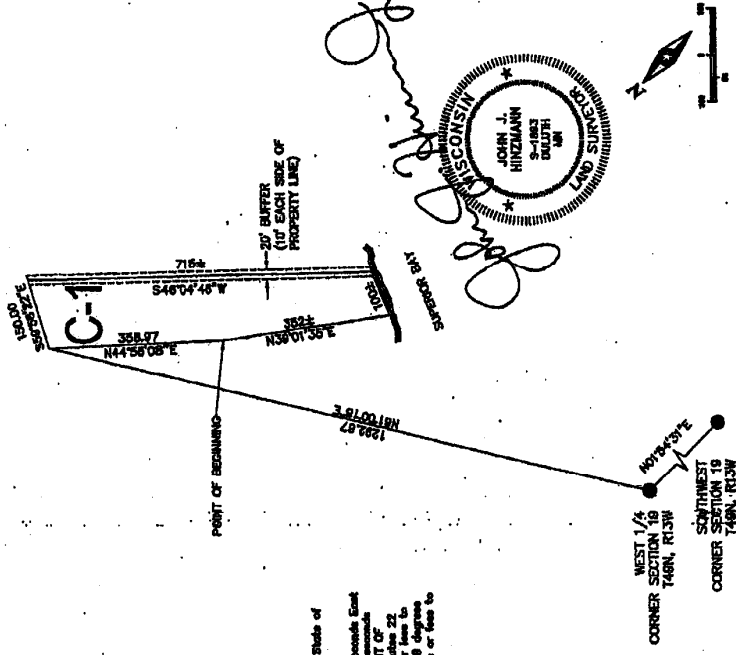
Commencing at the Southwest corner of said Section 19; thence on an assumed bearing of North 01 degree 54 minutes 21 seconds East, along the West line of said Section 19, to the West one-quarter corner of said Section 19, thence North 61 degree 03 minutes 15 seconds East, 1,292.27 feet to the POINT OF BEGINNING of this parcel of land to be 45.00 feet; thence North 48 degree 04 minutes 22 seconds West, 630.59 feet; thence North 44 degree 28 minutes 03 seconds East, 208.00 feet; thence South 48 degree 04 minutes 22 seconds East, 120.00 feet; thence Southwesterly along a straightened curve commencing to the Northwest, radius 644.72 feet, central angle 20 degrees 13 minutes 58 seconds, 267.29 feet; thence South 25 degrees 00 minutes East, along a straightened curve commencing to the Southwest, radius 140.00 feet, central angle 33 degrees 11 minutes 48 seconds, 140.00 feet; thence East along a straightened curve commencing to the East, 140.00 feet; thence East along a straightened curve commencing to the East, 140.00 feet; thence South 44 degrees 03 minutes East, 170.99 feet to the POINT OF BEGINNING.

Containing 258,985 square feet or 4.87 acres more or less.



258,985	ACRES	4.87	ACRES
MARINA PARKING LOT "D"			
PARCELS "A" BARKERS ISLAND			
SHEET 7 OF 10			

**APPENDIX D
TO AMENDMENT TO AMENDED AND RESTATED LEASE AGREEMENT**



DESCRIPTION (PARCEL C-1)

That part of the west one-half of the Northwest Quarter of Section 19, Township 48 North, Range 13 West in Douglas County, State of Wisconsin, described as follows:

Commencing at the southeast corner of said Section 19, thence on an assumed bearing of North 01 degree 24 minutes 31 seconds East along the west line of said Section 19 to the west quarter 80 minutes 05 seconds West a distance of 203.87 feet to the POINT OF BEGINNING; thence North 44 degrees 56 minutes 08 seconds East 0 distance of 203.87 feet; thence South 29 degrees 58 minutes 22 seconds East a distance of 180.00 feet; thence South 48 degrees 04 minutes 48 seconds West a distance of 716 feet more or less to the share of Superior Eng. Survey westerly along the share of Superior Eng. 100 feet more or less to a point of beginning; thence North 01 minutes 25 seconds East 203 feet more or less to the POINT OF BEGINNING and there terminating.

Containing 82,688 square feet or 2.11 acres more or less.

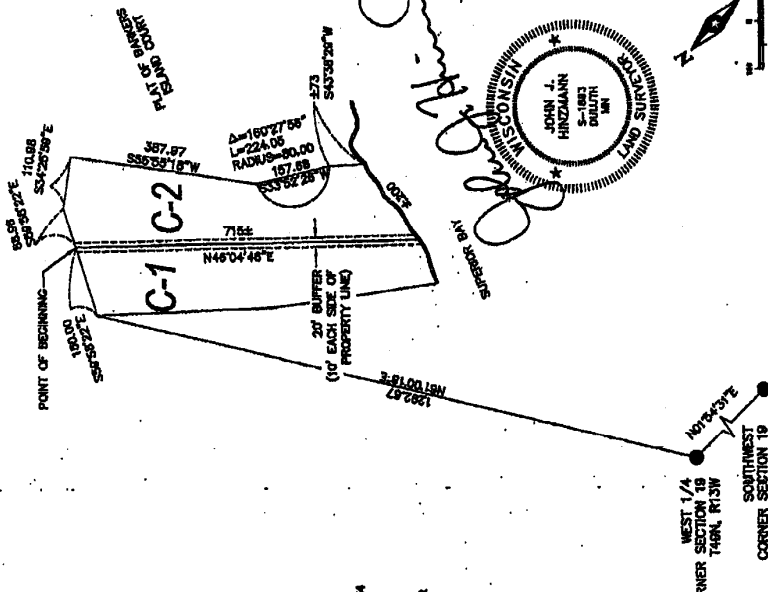
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		SHEET 5 OF 10 SEE REVERSE SIDE FOR CONTINUATION	
2011-01-01 2011-01-01 2011-01-01 2011-01-01	100 100 100 100	100 100 100 100	100 100 100 100

**PARCEL C-1
BARBERS ISLAND**

**APPENDIX E
TO AMENDMENT TO AMENDED AND RESTATED LEASE AGREEMENT**



DESCRIPTION (PARCEL C-2)

That part of the west one-half of the Northwest Quarter of Section 18, Township 48 North, Range 13 West, in Douglas County, State of Wisconsin, described as follows:

Commencing at the southeast corner of said Section 18, thence on assumed bearing of North 01 degree 54 minutes 31 seconds East along the west line of said Section 18 to the west quarter corner of said Section 18, thence North 01 degree 00 minutes 30 seconds East a distance of 1322.27 feet; thence South 59 degrees 59 minutes 22 seconds East a distance of 3342.34 feet to the POINT OF BEGINNING; thence South 39 degrees 38 minutes 22 seconds East a distance of 250 feet; thence North 03 degrees 22 minutes 00 seconds West a distance of 437.72 feet; thence on assumed bearing of North 01 degree 54 minutes 31 seconds East a distance of 100 feet; thence South 46 degrees 27 minutes 36 seconds East a distance of 324.00 feet; thence South 59 degrees 59 minutes 22 seconds East a distance of 75 feet more or less to the above of Superior Bay, thence westerly along the shore of Superior Bay 200 feet more or less to a point West South 46 degrees 54 minutes 45 seconds East of the POINT OF BEGINNING; thence North 46 degrees 04 minutes 16 seconds East 719 feet more or less to the POINT OF BEGINNING and there terminate.

Containing 58,713 square feet or 2.27 acres more or less.

[Handwritten Signature]



DATE 12/11/02	PROJECT PARCEL C-2	SHEET 2 OF 10
DRAWN BY J.H.	CHECKED BY J.H.	DATE 12/11/02
SCALE AS SHOWN	TITLE APPENDIX E	FILE NO. S-1883-02

PARCEL "C-2"
BANKERS ISLAND

AMENDED AND RESTATED
LEASE AGREEMENT
between the
CITY OF SUPERIOR, WISCONSIN
and
SAILBOATS, INC.

This AMENDED AND RESTATED LEASE AGREEMENT is made and entered into this 20th day of April, 2005, by and between THE CITY OF SUPERIOR, WISCONSIN (hereinafter referred to as the "City") and SAILBOATS, INC., a Minnesota Corporation (hereinafter referred to as "Sailboats, Inc.").

R E C I T A L S:

WHEREAS, the City, as lessor, and Sailboats, Inc., as lessee, have entered into a Lease Agreement dated January 16, 1980 (the "Original Lease") for the lease of real property relating to the Barker's Island Marina; and

WHEREAS, the Original Lease was amended by addendums entered into between the City and Sailboats, Inc. dated March 28, 1980, May 29, 1980, October 21, 1981, May 19, 1984, July 11, 1986, March 16, 1988, June 6, 1994 and October 19, 1999 (collectively, the "Amendments"); and

WHEREAS, the City and Sailboats, Inc. desire that the City construct and lease to Sailboats, Inc. an approximately 24,000 square foot facility for indoor storage of boats (the "Storage Building Project"); and

WHEREAS, the City and Sailboats, Inc. desire to amend and restate the Original Lease, as amended or supplemented by the Amendments in their entirety as hereinafter set forth.

NOW, THEREFORE, in consideration of the promises and mutual obligations of the parties contained herein, each of them does hereby represent, covenant, and agree with the other as follows:

The City hereby leases to Sailboats, Inc. the following described real property in the City of Superior, Douglas County, Wisconsin, to-wit:

Parcels F, D, C as described on Appendix A attached hereto and as further shown on the maps attached as Appendices B, C and D,

including all riparian rights to those portions of the above described real property which are submerged and including piers, slips, buildings, and other fixtures and improvements made to the above described real property. All of the above property and improvements are hereinafter referred to as the "Leased Property." The terms and conditions of said leases are as set forth hereinafter.

I. DURATION

A) Unless terminated as provided below, this Amended and Restated Lease shall commence as of May 1, 2005 and continue until April 30, 2017. The City shall have the sole option of extending this lease for an additional five (5) years, which period shall commence on May 1, 2017, and end on April 30, 2022 (the "Option Period"). In the event that Sailboats, Inc. desires that this lease is renewed for the Option Period, it must inform the City in writing no later than October 31, 2016. The City, in its sole discretion, may then extend the lease for the Option Period upon the same terms and conditions contained herein or upon such other terms and conditions as agreed to by the parties hereto.

B) The City agrees to construct the Storage Building Project during the summer of 2005, in accordance with the plans and specifications prepared by LHB Engineers & Architects. Sailboats, Inc. has reviewed and hereby approves such plans. In addition, the City agrees to widen the Travelift Hoist well during the spring of 2005. It is understood by the parties to this Agreement that the construction of the Travelift Hoist well may not be completed by May 1, 2005 and the Storage Building Project may not be completed by October 1, 2005. Sailboats, Inc. shall allow the City, its contractors and their subcontractors whatever use of and access to the Leased Property as is deemed necessary by the City for completion of such construction. The City shall not be responsible to Sailboats, Inc. for any damages arising from delays in construction or delivery of the Storage Building Project or the Travelift Hoist well, or for any damages otherwise arising from construction by the City, its contractors and their subcontractors during the term of this Agreement. The City does, however, warrant good and merchantable title to the Leased Property as well as all necessary access rights and shall protect Sailboats, Inc. from challenge to the City's authority to enter into this lease.

C) In the event the Leased Property and equipment described above are severely damaged due to storm, flood, fire, ice or other cause, either party may terminate this Agreement by giving written notice to the other, Nothing in the lease shall require the City to rebuild such severely damaged property. If within two (2) years of such severe damage the City elects to rebuild for use as a marina the remaining period of the lease shall apply from the time such rebuilding is completed.

D) In the event Sailboats, Inc. fails to operate a marina business on the Leased Property, discontinues its marina business, or goes bankrupt, this lease shall be immediately terminated.

E) In the event Sailboats, Inc. shall violate any term or condition of this lease, this lease shall be terminated unless Sailboats, Inc. corrects the violation within thirty (30) days from receiving written notice of the breach from the City. In the event a second similar violation occurs within one year of the first written notice, this Agreement may be terminated immediately upon written notice from the City. In the event of termination for any reason under paragraph I (Duration) all deferred rental payments shall become due and payable immediately.

F) Upon termination of this Agreement all docks, piers, fixtures, buildings or other permanent improvements made by Sailboats, Inc. to the Leased Property shall become the property of the City. All replacement parts or improvements made by Sailboats, Inc. to property leased by it from the City shall become the property of the City.

II. RENT PAYMENTS

A) Commencing with rent payments for 2005 and for each year thereafter, including the Option Period, if applicable, Sailboats, Inc. shall pay rent to the City in an amount equal to the greater of either:

- 1) the Percentage Rent (as defined herein); or
- 2) a minimum annual rent payment of \$250,000, except as set forth below.

B) As used herein, "Percentage Rent" shall mean 54% of gross revenues of Sailboats, Inc. received from or pertaining to the operation of the Leased Property for that particular year for seasonal dockage, guest dockage, outdoor winter storage and indoor winter storage (the "Gross Revenues").

C) Notwithstanding paragraph A) 2) above, should the Gross Revenues in any year of this Amended and Restated Lease be less than \$450,000, then Sailboats, Inc. shall pay for such year an amount equal to the greater of either:

- 1) the Percentage Rent; or
- 2) a minimum annual rent payment of \$160,000.

D) Sailboats, Inc. agrees to make all rent payments to the City on a periodic basis, commencing June 1 of each year. The first three (3) payments on June 1, September 1 and December 1 of each year shall be at a rate of twenty-five percent (25%) of the previous lease year's total rent. The final payment shall be due within 30 days of April 30, and shall be the amount which when added to the first three periodic payments, equals the total rent payment due under paragraphs A) or C) above for each particular lease year. For purposes of this paragraph, a lease year shall commence on May 1 and end the following April 30.

E) Sailboats, Inc. desires to have the Travelift Hoist well widened at an approximate cost of \$50,000. In consideration of such construction by the City, Sailboats, Inc. shall pay as additional rent to the City, a payment of \$4,100 per year, on September 1 of each year, commencing on September 1, 2005, and ending on September 1, 2016, plus a final payment of \$4,900 on September 1, 2017.

F) Sailboats, Inc. shall provide annual financial reports to the City regarding the Leased Property:

Sailboats, Inc. shall furnish to the City (i) quarterly financial statements to be furnished with rent payments; and (ii) an annual report prepared by a certified public accountant not later than 60 days after the end of Sailboats, Inc.'s fiscal year, including a rent calculation, an income statement for the fiscal year, a balance sheet, and a detailed statement of assets for Sailboat, Inc.'s Superior operation. The income statement shall be detailed in such a manner as to disclose Gross Revenues received for seasonal dockage, guest dockage, winter storage and indoor storage, along with other detail.

III. GOVERNMENT REGULATIONS AND REQUIREMENTS

A) Sailboats, Inc. shall perform the conditions imposed upon the City by Sections 14, 15, 16 and 17 (page 13) of the Permit issued by the Wisconsin Department of Natural Resources dated August 17, 1978 (Nos. 3-NW-78-702, 3-NW-78-501, 3-NW-78-005) and shall hold the City harmless for any damages or fines arising from any violations by Sailboats, Inc. of these conditions.

B) Sailboats, Inc. shall conduct its business in an environmentally acceptable manner and shall conform to all applicable regulations present or future of the U. S. Corps of Engineers, U. S. Environmental Protection Agency, U. S. Coast Guard, Wisconsin Department of Natural Resources, OSHA or other governmental agency having jurisdiction. Sailboats, Inc. shall indemnify and hold the City harmless for fines or other damages arising from violations by Sailboats, Inc. Sailboats, Inc. shall bear all costs of conforming with such regulations and/or obtaining any necessary permits and shall install at its cost all fixtures and equipment required by such regulations.

C) Sailboats, Inc. shall conform to the requirements applicable to the marina operator as set forth in EDA Grant No. 06-01-01467, dated April 21, 1978, and shall indemnify and hold the City harmless from any damages or costs arising from Sailboats, Inc.'s violation of said Grant conditions.

D) Sailboats, Inc. shall operate its business and maintain the Leased Property in accordance to the Ordinances and Codes of the City of Superior, Wisconsin as amended from time to time. City employees shall have access to the Leased Property, improvements, buildings and equipment at any time for inspection maintenance or to determine conformance with Agreement.

E) Sailboats, Inc. agrees that it will comply with Title VI of the Civil Rights of 1964 as well as all other applicable civil rights laws, and specifically agrees that no person shall be denied employment or use of the facilities on the grounds or race, color or national origin.

IV. BUSINESS OPERATIONS

A) Sailboats, Inc. shall operate a marina business on Barker's Island including slip rental, winter boat storage, boat haul outs, boat put-ins, ships' store, fuel sales, sanitary pump outs and boat maintenance. Sailboats, Inc. may operate charter services, bait sales, boat sales and boat rentals. In addition to those provided below, other business may be conducted on the Leased Property with the approval of the City.

B) Sailboats, Inc. shall vigorously promote the Barker's Island Marina.

C) Liquor shall not be sold on the Leased Property.

D) Sailboats, Inc. shall not operate a restaurant or night club on the Leased Property. Sailboats, Inc. may sell prepackaged foods and limited groceries for off premises consumption and may, with proper license, operate vending machines for the sale of cigarettes, candy and soft drinks.

E) Sailboats, Inc. shall at all times employ a manager for the Leased Property. Said manager shall have total responsibility for the Leased Property and shall insure that the terms of this Agreement are fulfilled. Hiring of a person as manager shall be subject to the prior approval of the City.

F) Sailboats, Inc. may, with the prior approval of the City, sublease parts of the Leased Property. In the event of any subleasing, Sailboats, Inc. shall remain responsible for any violation of this Agreement by its sublessees. The responsibilities and privileges of this Agreement shall not be assigned or otherwise transferred without the prior approval of the City and of the U.S. Department of Commerce Economic Development Administration (EDA).

G) Sailboats, Inc. shall establish and enforce rules for the safety, use and protection of the Leased Property and all other improvements and equipment. Such rules shall be consistent with good marina operation.

H) Slips shall be rented under a written lease agreement form approved in advance by the City.

I) Sailboats, Inc. may add additional piers or construct additional buildings on the Leased Property, provided however, that prior approval is obtained from the City and further provided that all such improvements are subject to paragraph I. F).

J) All signs placed upon the Leased Property shall be compatible with they overall development of Barker's Island, shall contain a common theme and shall be approved by the Director of Public Works for the City prior to erection.

K) The President of Sailboats, Inc. and the marina manager shall be available for public appearances and for public functions in the City of Superior as reasonably requested by the City.

V. MAINTENANCE

A) Sailboats, Inc. shall maintain all Leased Property (including leased improvements and equipment) through the term of the lease and return the same to the City, at the termination of such lease in as good a condition as when received, excepting however ordinary wear and tear.

Provided, however, that such obligation to maintain shall not include those events which are to be insured by the City herein.

To the extent of Sailboats, Inc.'s duty to maintain Leased Property, the City assigns to Sailboats, Inc. for the entire period of said lease, all causes of action and warranties and other rights against any contractor, or supplier of materials, architect or engineer concerning the construction, sale or manufacture of the Leased Property including equipment.

B) Sailboats, Inc. shall be responsible for all repairs or replacements to the piers or slips made necessary due to collisions. Sailboats, Inc. shall be responsible for repairs and replacements due to ordinary ice and snow damage up to the amount of \$10,000 per year. Except as provided in paragraphs V. C) and I. C) that part of ordinary ice and snow damage in excess of \$10,000 per year shall be repaired by the City.

C) Sailboats, Inc. shall make all necessary preparations for winter including but not limited to draining of water lines, disconnecting of piers and pulling of pier spuds. In the event Sailboats, Inc. fails to perform proper winter maintenance, it shall be responsible for all damage arising from such failure without limitation. The City shall inspect the Leased Property for proper winter maintenance. In any event, the City shall either approve or disapprove in writing following such inspections. Nothing in this section shall release Sailboats, Inc. from its duty to inspect the premises during winter months and to make such repairs as are necessary to reduce ice and snow damage.

D) Sailboats, Inc. shall maintain all plumbing facilities from the lift station, which the City shall maintain. The City shall have such access to the lift station as is necessary to make such maintenance. Sailboats, Inc. shall maintain the water system from the anti siphon valve to the docks and buildings. Sailboats, Inc. shall repair, clean and supply all shower and washroom facilities.

E) The cost of repairing the present parking lot shall be shared equally between the City and Sailboats, Inc. Striping of the parking lot shall be paid for by the City and performed as it deems necessary. The City will power sweep the parking lot at no cost to Sailboats, Inc. and on the City's schedule for so long as it operates street sweeping equipment. The City shall snow plow the street leading to the Leased Property on its schedule. All other snowplowing is the responsibility of Sailboats, Inc. and they shall determine the necessity thereof.

F) The City shall resurface blacktopped areas when in its opinion such resurfacing is necessary. Except as provided in paragraph V. E) above, Sailboats, Inc. shall patch all blacktopped areas at its cost.

G) The City shall provide garbage pickup two times a week. Sailboats, Inc. shall provide two dumpsters to be placed at locations designated by Sailboats, Inc. and easily accessible to City garbage trucks. Sailboats, Inc. shall provide garbage containers for disposal of litter and garbage and shall maintain such containers. Sailboats, Inc. shall empty the containers in the dumpsters.

H) Sailboats, Inc. shall provide all necessary safety equipment and shall maintain such equipment. Sailboats, Inc. shall provide and maintain channel markers and navigational buoys to the St. Louis River ship canal as may be required. The City shall provide and maintain directional signs to the Leased Property from U. S. Highways 2 and 53 and shall provide a sign directing boats to the Marina. Signs identifying no wake zones or boat speed limits shall be provided by Sailboats, Inc.

I) Sailboats, Inc. shall number and letter slips and maintain such numbering and lettering.

J) Sailboats, Inc. shall provide all maintenance and repairs necessary for the Marine Travelift and Marine Travelift trailer. Slings for the Marine Travelift will be replaced by Sailboats, Inc. at its cost. The City shall have no responsibility to replace the Marine Travelift or Marine Travelift trailer if either is damaged or worn out. For all purposes other than title, the Marine Travelift and Marine Travelift trailer shall be as if owned by Sailboats, Inc.

K) The City shall provide maintenance dredging of the Barker's Island Marina when such dredging is necessary for the safe and effective operation of the Marina under present specifications and when such dredging is approved by the applicable government agencies. The City shall seek approval when necessary and shall bear the cost of obtaining such approval.

L) Winter boat storage shall be in areas approved by the City and shall be kept neat and orderly. Winter storage on blacktopped areas shall be done in a manner to avoid damage to blacktop. Cradles shall be stored in areas approved by the City and shall be stored in a neat and orderly way.

M) Derelict, sunk, damaged, abandoned and junked boats shall be immediately removed by Sailboats, Inc. Sailboats, Inc. shall take reasonable measures to insure that all boats renting slips or stored are kept in a good state of repair.

N) Sailboats, Inc. shall maintain all real property, improvements, buildings and equipment in good, sanitary, attractive and safe order.

VI. PUBLIC FACILITIES AND ACCESS

A) Sailboats, Inc. shall control litter and maintain garbage containers for the tennis courts on Barker's Island. Sailboats, Inc. shall also maintain the lawn surrounding such courts and shall sweep the tennis courts. The hotel adjacent to the Leased Property shall share equally with Sailboats, Inc. in such maintenance. All other tennis court maintenance shall be the responsibility of the City. Use of the tennis courts shall be determined by the City. Sailboats, Inc. shall receive no court rentals for use of the courts by the public. Sailboats, Inc. shall allow public access across the Barker's Island Marina to the tennis courts.

B) Maintenance, litter control, and repairs for the public boat launch area adjacent to the Leased Property shall be the responsibility of the City. Sailboats, Inc. shall receive no rentals or fees for use of the public boat launch. Sailboats, Inc. shall not limit or restrict boats from crossing submerged lands between the public boat launch and the St. Louis River ship channel.

C) Restroom facilities in the Leased Property's facilities buildings shall be open to the public at no cost during normal business hours of Sailboats, Inc. subject, however, to the right of Sailboats, Inc. to establish reasonable rules for the use, such rules being subject to review by the Barker's Island Review Committee. Sailboats, Inc. may provide a key system for security provided that keys are available for use by the public during normal business hours.

D) Sailboats, Inc. may restrict public access to the piers, maintenance building, parking lots and storage areas. Sailboats, Inc. shall allow public tours of the entire Leased Property, piers, buildings and improvements provided that such tours are at reasonable times. All other areas of the Leased Property shall be open to public access except as limited by mutual agreement of the City and Sailboats, Inc.

E) Sailboats, Inc. or its clients, customers, tenants and invitees shall not operate, participate in, permit or otherwise authorize the establishment or operation of a regularly scheduled tourist excursion boat business in the Duluth-Superior Harbor. By regularly scheduled is meant more than an average of one excursion trip per day over a one-week period (more than seven trips per week). By tourist excursion boat business is meant the transportation, by a company or individual, for profit of more than twelve tourists per trip. The above restriction shall not operate to restrict or prohibit:

- 1) Charter or other transport of tourists which is not regularly scheduled or is not a tourist excursion boat business as defined above or is not primarily a tour of the Duluth-Superior Harbor;
- 2) Tourist excursion businesses which provide primarily air or land transportation;
- 3) Ferries;

- 4) Any business primarily engaged in providing sport or commercial fishing;
- 5) Any pleasure boat rental or charter business;
- 6) Any teaching of boat safety or operation;
- 7) Any social gatherings or cruises where the owner or operator is not in the business of providing excursions services for profit;

8) Any excursions which primarily occur outside of the Duluth-Superior Harbor. The above restriction shall not apply to any regularly scheduled tourist excursion boat business which is not operated from Barker's Island. Sailboats, Inc. shall enforce this provision against any client, customer, lessee, tenant or invitee who operates a regularly scheduled tourist excursion boat business in the Duluth-Superior Harbor from Barker's Island.

VII. SECURITY

A) Sailboats, Inc. shall provide all necessary security for boats, piers, buildings, equipment, vehicles or other property on the Leased Property. Sailboats, Inc. shall pay the deductible of \$500 on the policies the City maintains for insurance on the leased premises with respect to losses incurred through theft, vandalism and/or malicious mischief.

B) The City of Superior shall provide police patrol on a normal schedule as determined by the Chief of Police.

VIII. INSURANCE

A) Sailboats, Inc. will provide comprehensive general liability insurance covering bodily injury and property damage in an amount of one million dollars combined single limit. The City shall be named as an additional insured in such policy and the policy shall contain broad form contractual coverage. The insurance policy shall be as approved by the City. The amount of such insurance may be changed by mutual agreement based upon the risks incurred by Sailboats, Inc. and the City and the availability and cost of insurance. The broad form contractual coverage shall apply to Sailboats, Inc.'s activities on or for Barker's Island including but not limited to their slip rental agreements, their agreements for the purchasing of supplies, materials and services for the Barker's Island Marina, their agreements to render services, supplies or materials on Barker's Island, and their performance under this Amended and Restated Lease Agreement. This clause shall not be interpreted to apply to Sailboat's, Inc.'s business activities at and for locations other than Barker's Island.

B) The City shall provide fire, extended coverage, vandalism and malicious mischief insurance on the piers and buildings, but not any contents, including boats or other property stored

in the Storage Building Project. Sailboats, Inc. shall be responsible for any fire, extended coverage, vandalism and malicious mischief insurance on its own equipment and supplies.

C) Sailboats, Inc. shall indemnify and hold the City harmless for any personal injury or property damage to it or to persons using the Leased Property including the buildings, piers, slips, improvements and equipment.

D) Sailboats, Inc. shall provide the City with current certificates of insurance.

IX. UTILITIES AND TAXES

A) Sailboats, Inc. shall pay all utility costs including sewer, water and electrical costs for all Leased Property, including buildings, piers and improvements leased to it. The City shall pay electrical costs for lighting the street to the Leased Property. This section shall not be interpreted to require Sailboats, Inc. to reimburse the City for the City's expense in initially laying the sewer, electric and water utilities provided for under its Barker's Island Project. This section shall require Sailboats, Inc. to pay costs of repair and replacement of such utilities, except as provided in paragraph V. D).

B) Sailboats, Inc. shall pay any and all applicable taxes. It is understood that no real estate taxes will be due on improvements made by the City.

X. COORDINATION OF BARKER'S ISLAND DEVELOPMENT

A) All disputes concerning operation, development, coordination, beautification and maintenance of the Leased Property, piers, buildings and improvements, the planned Barker's Island motel-restaurant-convention center and the public areas and facilities lying southeasterly of the causeway leading to Barker's Island will be submitted to the Barker's Island Review Committee for decision. The Review Committee shall also hear complaints by lessees, the public and other boat owners. The Review Committee shall consist of the lessee, a representative of the motel owner, two citizens selected by the Mayor of the City of Superior, the Mayor, President of the City of Superior's Common Council, the Chairman of the Common Council's Harbor, Docks and Transportation Committee or its successor, the City of Superior's Director of Public Works and a representative of the Chamber of Commerce. Any proceedings by the Committee shall be on notice, on record, and shall otherwise comply with due process requirements. No dispute will be brought to the Review Committee before Sailboats, Inc. has had the opportunity to settle the dispute.

B) It is understood that the parking lot leased under this Agreement shall be available to the operators of the motel-restaurant-convention center and their guests as provided since the hotel opened in 1982, i.e., Sailboats, Inc. will not store boats in the two-lane access to the northwest end of this parking lot that would interfere with access presently provided for hotel guest parking on the hotel property next to the tennis courts. All maintenance costs other than those created by Sailboats,

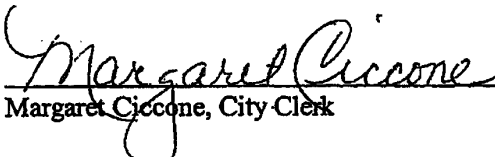
Inc. and all snow removal shall be shared between the motel and Sailboats, Inc. on the basis of proportional use.

IN WITNESS WHEREOF, the City and Sailboats, Inc. have caused this Amended and Restated Lease Agreement to be duly executed as of the date first above written.

CITY OF SUPERIOR



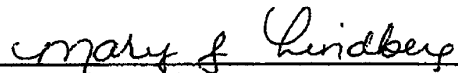
Dave Ross, Mayor



Margaret Ciccone, City Clerk

STATE OF WISCONSIN)
) ss.
DOUGLAS COUNTY)

Personally came before, this 20 day of April, 2005, Dave Ross and Margaret Ciccone, Mayor and City Clerk of the City of Superior respectively, to me known to the persons who executed the foregoing instrument, and to me known to be Mayor and City Clerk of said City of Superior, and acknowledged that they executed the foregoing instrument as such officers as the deed of said City by its authority.



Notary Public, Douglas County, Wis.
My commission expires 5-28-06.

Mary J. Lindberg
Notary Public
State of Wisconsin

SAILBOATS, INC.

J. R. Culley

J. R. Culley, President

Florida
STATE OF WISCONSIN)
Pewell) ss.
DOUGLAS COUNTY)

Personally came before, this 29 day of March, 2005, J. R. Culley, President of Sailboats, Inc., to me known to be the person who executed the foregoing instrument, and to me known to be such President of said Corporation, and acknowledged that he executed the foregoing instrument as such officer as the deed of said Corporation, by its authority.

Carol Ann McQuade

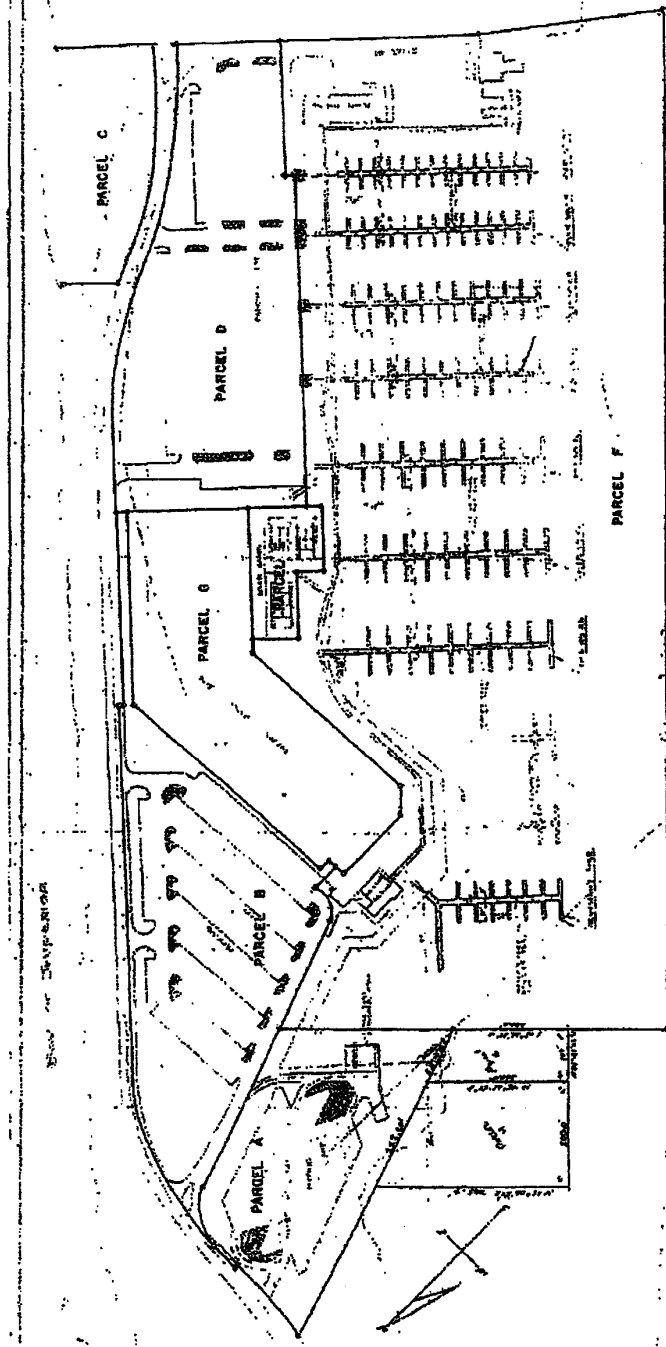
Notary Public, Douglas County, Wis.
My commission expires 6/29/08

M:\loc108493\00016\AGM\H\13495.RPD



Carol Ann McQuade
Commission #DD321418
Expires: Jun 29, 2008
Bonded Thru
Atlantic Bonding Co., Inc.

APPENDIX A



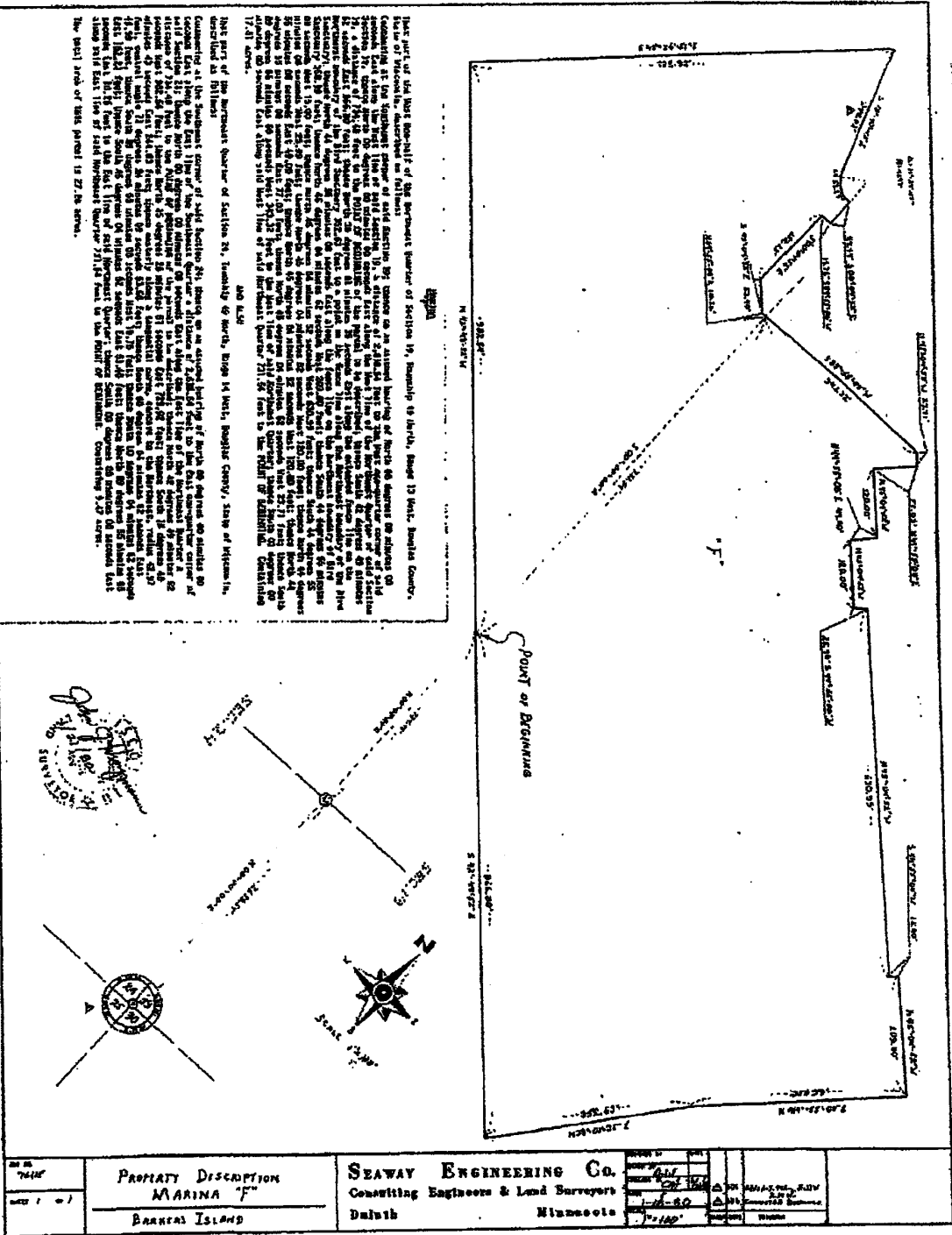
DATE	10/10/2010
BY	10/10/2010
CHECKED	10/10/2010
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BY	10/10/2010
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DATE	10/10/2010
BY	10/10/2010
CHECKED	10/10/2010



PLAN

YX 11 11

APPENDIX B



That part of the West half of the Northwest Quarter of Section 19, Township 55 North, Range 13 West, Isabella County, State of Wisconsin, described as follows:

Beginning at the Northeast corner of said Section 19, Township 55 North, Range 13 West, Isabella County, State of Wisconsin, the following course is run: ...

AND ALSO

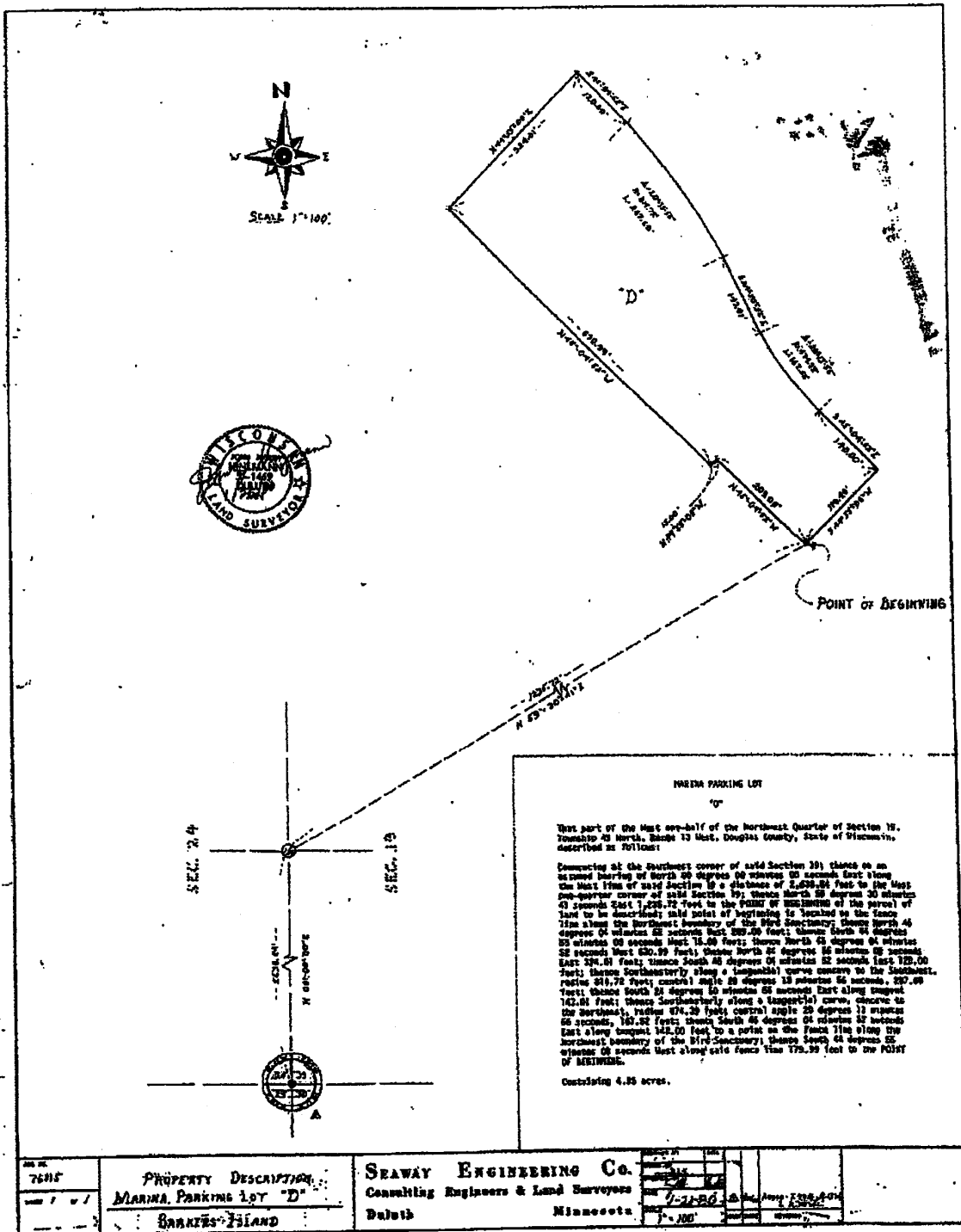
That part of the Northwest Quarter of Section 29, Township 55 North, Range 13 West, Isabella County, State of Wisconsin, described as follows:

Commencing at the Northwest corner of said Section 29, Township 55 North, Range 13 West, Isabella County, State of Wisconsin, the following course is run: ...

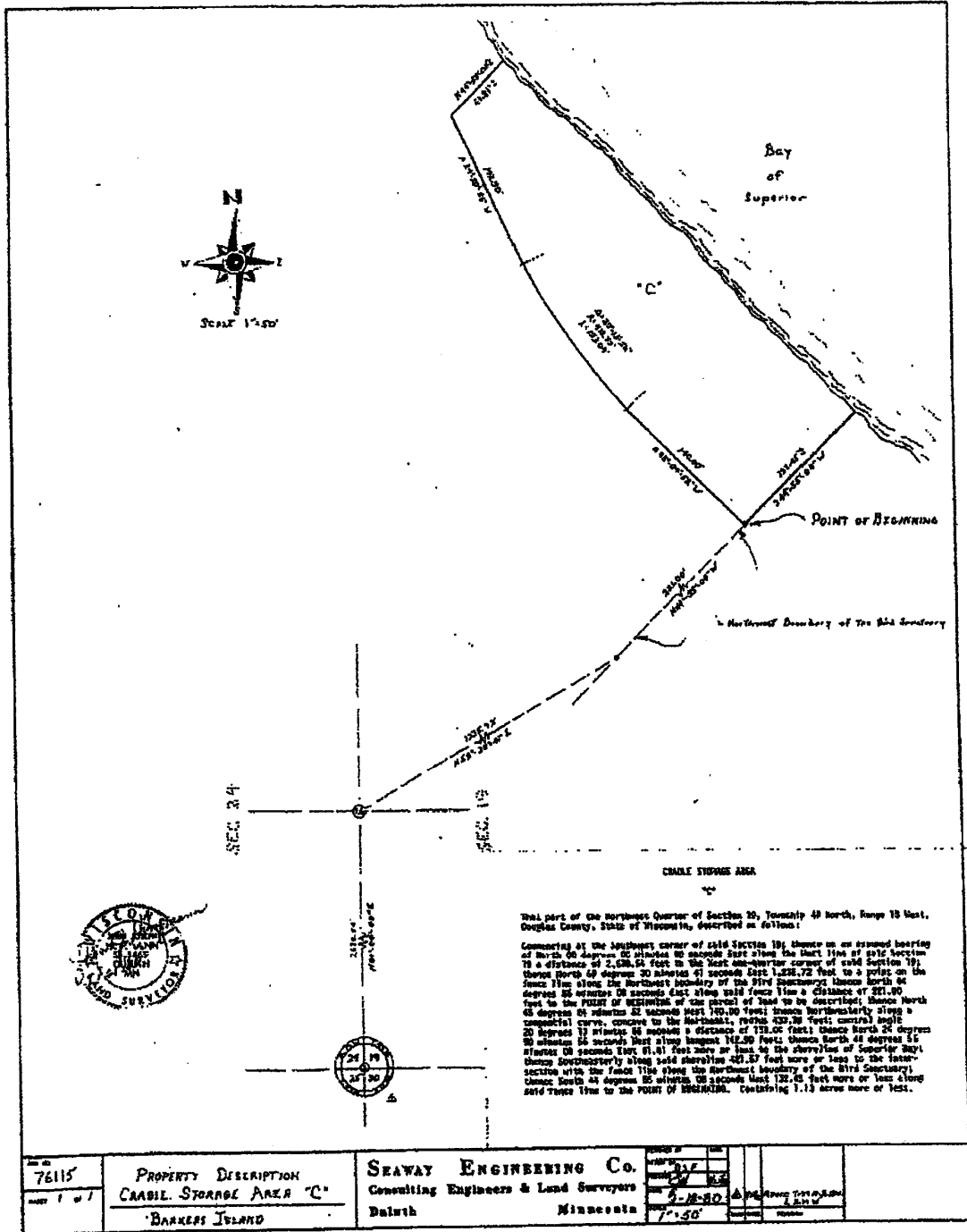
Point of Beginning



APPENDIX C



APPENDIX D



QUIT CLAIM DEED

THIS DEED, made between SAILBOATS, INC., a Minnesota corporation ("Grantor") and THE REDEVELOPMENT AUTHORITY OF THE CITY OF SUPERIOR, WISCONSIN, a public body, corporate and politic, duly organized and existing under the laws of the State of Wisconsin ("Grantee").

Grantor quit claims to Grantee the following-described real estate, together with the rents, profits, fixtures and other appurtenant interests, in Douglas County, State of Wisconsin:

RETURN TO:
Robert Toftley
Fryberger, Buchanan, Smith & Frederick, P.A.
302 West Superior Street, Suite 700
Duluth, MN 55807
(218) 725-6839

02-802-05911-00 (part of)
Parcel Identification Number (PIN)

See attached Exhibit A

This is not homestead property
Date: June ~~14~~¹⁵ 2010

SAILBOATS, INC.

By J.R. Culley
Its President

By Joseph Radtke
Its Senior Vice President

STATE OF WISCONSIN)
) ss.
COUNTY OF DOUGLAS)

Personally came before me on June 14th 2010, the above-named J.R. Culley and Joseph Radtke, the President and Senior Vice President, respectively, of SAILBOATS, INC., a Minnesota corporation, to me known to be the persons who executed the foregoing instrument and acknowledged the same.

NOTARIAL STAMP OR SEAL (OR OTHER TITLE OR RANK)

Krista L. Anderson
Notary Public, State of Wisconsin
My Commission (is permanent) (expires: 10/23/11)

THIS INSTRUMENT DRAFTED BY:
Fryberger, Buchanan, Smith & Frederick, P.A.
302 West Superior Street, Suite 700
Duluth, Minnesota 55802-1863
RET/lab 8493-197

EXHIBIT A

That part of the West one-half of the Northwest Quarter of Section 19, Township 49 North, Range 13 West in Douglas County, State of Wisconsin, described as follows:

Commencing at the Southwest corner of said Section 19; thence on an assumed bearing of North 01 degrees 54 minutes 31 seconds East along the West line of said Section 19 to the West one-quarter corner of said Section 19; thence North 58 degrees 40 minutes 31 seconds East 1506.26 feet to the POINT OF BEGINNING of the parcel of land to be described; thence North 45 degrees 04 minutes 52 seconds West 140.00 feet; thence Northwesterly along a tangential curve, concave to the Northeast, radius 433.39 feet, central angle 20 degrees 13 minutes 56 seconds 153.04 feet; thence North 24 degrees 50 minutes 56 seconds West 142.90 feet; thence North 44 degrees 55 minutes 08 seconds East 61.81 feet; thence South 44 degrees 20 minutes 07 seconds East 424.00 feet; thence South 44 degrees 55 minutes 08 seconds West 132.45 feet to the POINT OF BEGINNING.

Containing 49,106 square feet or 1.13 acres more or less.

STATE OF WISCONSIN) AFFIDAVIT OF PUBLICATION
SS
COUNTY OF DOUGLAS) 15336

Stephanie Pearson of the city of Superior, in said County, being duly sworn, says that he/she is the Business Manager of Superior Telegram, Inc. publishers and printers of SUPERIOR TELEGRAM, a public newspaper printed and published in the City of Superior, Douglas County, Wisconsin, and that the notice, (of which the hereto annexed is a true and correct printed copy from said paper) was inserted, printed and published in said SUPERIOR TELEGRAM for 3 successive weeks, at least once in each week, and in each and every number thereof: that the first publication of said notice in said newspaper was on the 9th day of April, 2010 and that the last publication was on the 23rd day of April, 2010

By Stephanie Pearson

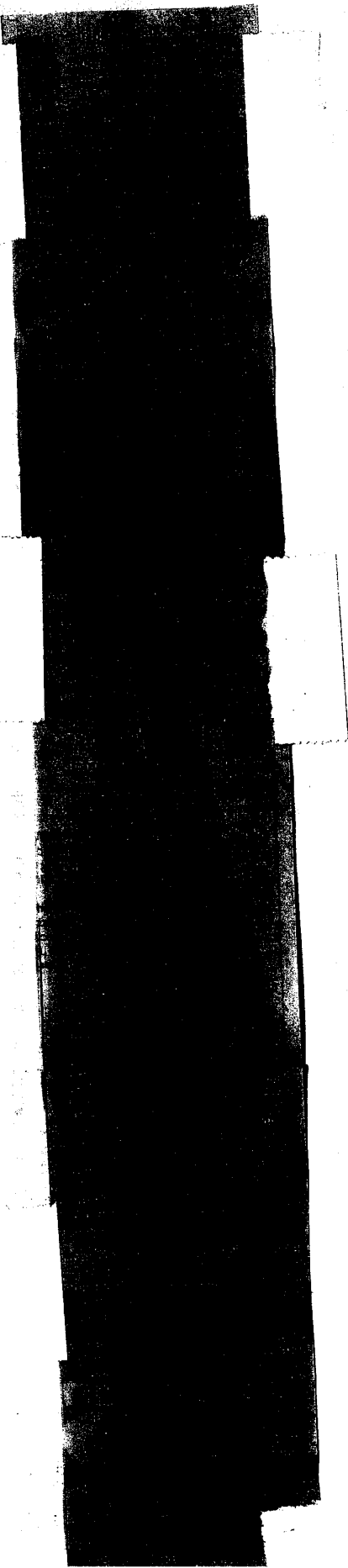
Subscribed and sworn to or affirmed before me
on this 23rd day of April, 2010

Fee \$284.74

Notary Public

[Signature]
Notary Public, Douglas County, WI
My Commission Expires July 2013

Filed 20
Clerk of the County Court





SUPERIOR

W I S C O N S I N

Living up to our name.

City Clerk's Office
1316 N. 14th Street, Ste 200
Superior, WI 54880

Phone: (715) 395-7200
Fax: (715) 395-7264
www.ci.superior.wi.us

STATE OF WISCONSIN }
 } SS
COUNTY OF DOUGLAS }

I, Terri Kalan, City Clerk of the City of Superior, Wisconsin, do hereby certify that I have compared the annexed copy of Resolution #R10-12942 passed and adopted by the Common Council of the City of Superior, Wisconsin, on the 7th day of April, 2010, with the original document on file in my office, and that the same is a true and correct copy thereof and has not been subsequently repealed, amended or revoked.

IN WITNESS WHEREOF, I have set my hand and seal of the said City of Superior, this 8th day of April, 2010.



Terri Kalan, City Clerk
City of Superior, Wisconsin

(SEAL)

Alderson Anderson introduced the following resolution and moved its adoption:

RESOLUTION #R10-12942

RESOLUTION OF THE COMMON COUNCIL OF THE CITY OF SUPERIOR, WISCONSIN APPROVING THE FORM OF NOTICE TO LEASE REAL PROPERTY TO SAILBOATS, INC.

WHEREAS, the City of Superior, Wisconsin (the "City"), as lessor, and Sailboats, Inc., as lessee, entered into an Amended and Restated Agreement dated April 20, 2005 (the "Lease") for the lease of real property relating to the Barker's Island Marina; and


WHEREAS, the City and Sailboats, Inc. are considering amending the Lease by releasing a portion of the leased property, by adding an additional parcel to the Lease and by correcting lease descriptions to the real property currently subject to the Lease; and

WHEREAS, pursuant to Sec. 2-258 of the City Ordinance, the City cannot lease City-owned property without the publication of a Class 3 Notice, as defined by Wisconsin Statutes, Section 985.07 (the "Act").

NOW, THEREFORE, BE IT RESOLVED by the Common Council:

1. That the Notice to Lease Real Property Owned by the City of Superior, Wisconsin (the "Notice"), in substantially the form attached hereto as Exhibit A, is hereby approved.
2. That the City Clerk is authorized and directed to cause the Notice to be published in The Superior Telegram in accordance with the Act.

Adopted: April 7, 2010.



Mayor

Attest:



City Clerk

The motion of the adoption of the foregoing Resolution was duly seconded by Alderperson Dalbec and, upon vote being taken, the following voted in favor thereof:

unanimous voice vote

the following voted against the same:

none

the following were absent:

none

whereupon, said Resolution was declared duly passed and adopted, and approved and signed by the Mayor and attested by the City Clerk.



SUPERIOR

W I S C O N S I N

Living up to our name.


City Clerk's Office
1316 N. 14th Street, Ste 200
Superior, WI 54880

Phone: (715) 395-7200
Fax: (715) 395-7264
www.ci.superior.wi.us

STATE OF WISCONSIN }
 } SS
COUNTY OF DOUGLAS }

I, Terri Kalan, City Clerk of the City of Superior, Wisconsin, do hereby certify that I have compared the annexed copy of Resolution #R10-12945 passed and adopted by the Common Council of the City of Superior, Wisconsin, on the 4th day of May, 2010, with the original document on file in my office, and that the same is a true and correct copy thereof and has not been subsequently repealed, amended or revoked.

IN WITNESS WHEREOF, I have set my hand and seal of the said City of Superior, this 5th day of May, 2010.



Terri Kalan, City Clerk
City of Superior, Wisconsin

(SEAL)

Alderson Dalbec introduced the following resolution and moved its adoption:

RESOLUTION #R10-12945

RESOLUTION OF THE COMMON COUNCIL OF THE CITY OF SUPERIOR, WISCONSIN APPROVING EXECUTION OF AN AMENDMENT TO AMENDED AND RESTATED LEASE AGREEMENT WITH SAILBOATS, INC.

WHEREAS, the City of Superior, Wisconsin (the "City"), as lessor, and Sailboats, Inc., as lessee, entered into an Amended and Restated Agreement dated April 20, 2005 (the "Lease") for the lease of real property relating to the Barker's Island Marina; and

WHEREAS, the City and Sailboats, Inc. are considering amending the Lease by releasing a portion of the leased property, by adding an additional parcel to the Lease and by correcting legal descriptions to the real property currently subject to the Lease; and

WHEREAS, pursuant to the requirements of Sec. 2-258 of the City Ordinance and Wisconsin Statutes, Section 985.07, the City has published a Notice to Lease Real Property Owned by the City of Superior, Wisconsin; and

WHEREAS, the terms and conditions for the amending the Lease are set forth in the Amendment to Amended and Restated Lease Agreement between the City, as lessor, and Sailboats, Inc., as lessee (the "Lease Agreement"), the form of which is on file in the office of the City Clerk.

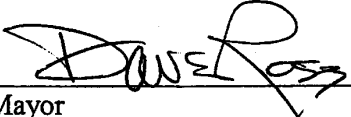
NOW, THEREFORE, BE IT RESOLVED:

1. The Common Council hereby approves the amending of the Lease by releasing a portion of the leased property, by adding an additional parcel to the Lease and by correcting legal descriptions to the real property currently subject to the Lease, all in accordance with the terms, conditions and restrictions set forth in the Lease Agreement.

2. The form of Lease Agreement, as presented to the Common Council, is hereby approved with such insubstantial changes as are necessary in the opinion of the Mayor and the City Clerk, without further act or authorization. The Mayor and the City Clerk are authorized and directed in the name and on behalf of the City to execute the Lease Agreement and such other documents, instruments or certificates as are deemed necessary or desirable by counsel for the City to complete the transaction.


3. The Common Council hereby authorizes the Mayor and the City Clerk to carry out the obligations of the City contained in the Lease Agreement.

Adopted: May 4, 2010.



Mayor

Attest:



City Clerk

The motion of the adoption of the foregoing Resolution was duly seconded by Alderperson Bender and, upon vote being taken, the following voted in favor thereof:

unanimous voice vote

the following voted against the same:

none

the following were absent:

Hendry

whereupon, said Resolution was declared duly passed and adopted, and approved and signed by the Mayor and attested by the City Clerk.

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