

GROUND LEASE AGREEMENT

The **WESTBROOKE CONDOMINIUM ASSOCIATION**, a Minnesota non-profit corporation (“Landlord”), and **MEADOW CREEK GARAGE DEVELOPMENT, INC.**, a Minnesota corporation, with an address of (“Tenant”) hereby agree as of this ____ day of _____, 2010 as follows:

SECTION 1. Premises: (a) Landlord hereby leases to Tenant, and Tenant hereby leases from Landlord, for the term and upon and subject to the terms, conditions, covenants and provisions set forth in this Lease and subject to all easements and encumbrances of record, a certain lot or parcel of land located in Hopkins, Minnesota as set forth in **EXHIBIT A** hereto (hereinafter called the “Premises”).

SECTION 2. Term: The term of this Lease shall commence on the date hereof and shall continue thereafter for a period of 99 years, unless sooner terminated in accordance with the terms and conditions hereof, with one (1) renewal term of 99 years, which renewal shall occur automatically unless Tenant provides Landlord written notice of its election not to renew, which notice must be received by Landlord at least ninety (90) days prior to the expiration of the then current term. If the renewal term occurs, then prior to the expiration of the final term, the parties may meet to negotiate the terms and conditions of any additional renewal term.

SECTION 3. Use: The Premises and improvements to be constructed by the tenant as described below (herein the “Improvements”) shall be used solely as a leasehold condominium for residential garage units for the use and enjoyment of either the Landlord, the Tenants or persons owning a legal or equitable interest in a statutory condominium unit governed by the Westbrooke Condominium Association and subject to the Declaration of Condominium for Westbrooke Condominium, CIC No. 246, a condominium, Hennepin County, Minnesota (herein the “Condominium”) and for all lawful purposes related to Tenant’s operation of such leasehold condominium. Tenant may also permit another Minnesota non-profit corporation that is organized and operated as a unit owners association pursuant to Minnesota Statutes Chapter 515B to occupy, use and administer the Premises, subject to the terms of this Lease.

The parties agree that the Tenant may form a statutory leasehold condominium and construct at its sole cost and expense residential garage condominium units for the purposes of Tenants own use or for the selling or leasing such garage condominium units to the members of the Landlord condominiums association or the Landlord itself. The Improvement will consist of residential garage units of a high quality and reasonable and substantially similar in quality to existing residential garage units constructed on the condominium common elements by the Landlord.

SECTION 4. Rent: Tenant agrees pay to Landlord, as Base Rent for the use and occupancy of the Premises, the sum of \$1 per year, payable by Tenant in advance on the first day of each and every year during the term of this Lease.

Tenant agrees to be responsible for the operation, repair, replacement, management, ownership and maintenance of and the provision of all services to the Premises and the

Improvements and to perform the obligations imposed on Tenant under this Lease, and Tenant shall pay all costs and expenses relating thereto (the "Other Obligations"). If Tenant fails to pay and perform the Other Obligations, within thirty (30) days of demand therefor, Tenant will pay all reasonable costs and expenses incurred by the Landlord or paid by or on behalf of Landlord in curing any default by Tenant under this Lease. Landlord shall not be obligated to cure any default of Tenant or to expend any of its own funds in connection within the Premises, the Improvements or this Lease, and Landlord shall not be obligated to provide any services to Tenant, the Premises or the Improvements or to perform any obligations with respect to Tenant, the Premises or the Improvements.

SECTION 5. Periodic Review of Tenant's Performance: At least every ten (10) years from the anniversary of the commencement date of this Lease, Landlord and Tenant shall meet to discuss Landlord's satisfaction with Tenant's performance under this Lease; provided, however, Landlord reserves the right to require Tenant to meet with Landlord more frequently if there is a specific lease compliance issue.

SECTION 6. Additional Covenants of Tenant: Tenant covenants and agrees as follows:

(a) To pay when due all Base Rent and to pay and perform the Other Obligations at the times and in the manner provided herein;

(b) To comply, at Tenant's expense, with the terms and conditions of all applicable laws, ordinances and codes of all governmental authorities, including those applicable to the Westbrooke Condominium Association or the leasehold condominium association formed to govern the leasehold condominium and of all licenses, permits and approvals, relating to the Premises and Improvements, including, but not limited to, those related to the making of installments, repairs and alterations, whether structural or non-structural, foreseen or unforeseen, that are necessitated by any such laws, ordinances, rules, regulations, licenses, permits and approvals, and to comply with the terms and conditions of any easements and encumbrances affecting the Premises and the Improvements; and to not make or permit any use of the Premises or the Improvements for any purpose other than expressly permitted herein or any use thereof which is improper, offensive, contrary to law or ordinance, or liable to invalidate any insurance premiums or liable to render necessary any alterations or additions to the Improvements, and to procure and comply with the terms of any licenses and permits required for any use made of said Premises or the Improvements by Tenant;

(c) To pay for all utilities, including water, gas, electricity, heat, air conditioning, hot water, power, telephone, and cable, consumed upon the Premises, and to pay and discharge punctually, as and when the same shall become due and payable, all insurance premiums, taxes (unless Tenant establishes an exemption to the satisfaction of the taxing authority), special and general assessments, water rates, assessments and charges, sewer rates, assessments and charges and other governmental assessments, impositions and charges of every kind and nature whatsoever, extraordinary as well as ordinary, which shall or may during the term of this Lease be charged, levied, laid, assessed, imposed, become due and payable, or a lien upon, or with respect to, the Premises and/or the Improvements, or any buildings, appurtenances, or equipment

located thereon, together with all interest and penalties thereon, under or by virtue of all present or future laws, ordinances, requirements, orders, directives, rules and regulations of the federal, state, county and municipal governments and of all other governmental authorities whatsoever; and to pay for all other services furnished to the Premises during the term of this Lease; and to pay any costs and expenses incurred or paid by or on behalf of Landlord in respect to the Premises or the Improvements and the ownership of the Premises;

(d) To pay promptly when due the entire cost of any work to the Premises undertaken by Tenant so that said Premises shall at all times be free of liens for labor and materials and upon request by Landlord to provide sufficient bonds or other sureties against such liens; and if any liens or claims of mechanics, laborers, or materialmen shall be filed against the Premises or the Improvements, for any work, labor, or materials furnished, alleged to have been furnished or to be furnished pursuant to an agreement by Tenant or any person holding thereunder, Tenant, within one hundred twenty (120) days after the date of the filing or recording of any such lien, or the filing or recording of any notice of intention to file a lien or claim of lien, at Tenant's own cost and expense, shall cause the same to be discharged by bond, or otherwise; and to procure all necessary permits before undertaking such work;

(e) To comply (and to cause its employees, contractors, licensees, invitees, visitors, and all others doing business with Tenant to comply) with all reasonable rules and regulations established by Landlord at any time and from time to time with respect to the Premises and the Improvements and the care, use, safety, preservation, appearance and maintenance thereof, and to take such steps as may be necessary to assure that no alcoholic beverages or illegal drugs or substances are consumed or used on the Premises;

(f) To be solely responsible for and to pay for all services of every kind and nature relating to the Premises and the Improvements, including without limitation, cleaning, garbage removal, landscaping maintenance, and snow plowing/removal/sanding as necessary;

(g) To permit Landlord and its agents to enter and inspect the Premises at reasonable times and upon reasonable prior notice and at times reasonably convenient to Tenant (and in emergencies at all times) for any purpose connected with Landlord's rights or obligations under this Lease, and to show the Premises to such persons as Landlord deems appropriate, provided that such entry shall not thereby unreasonably interfere with the conduct of Tenant's business;

(h) To not store, use or dispose of any toxic or hazardous materials, waste, or substance on the Premises or on or within the Improvements; and

(i) To remove its goods and effects and those of all persons claiming under it, upon the expiration or termination of this Lease, and to yield up peaceably to Landlord the Premises, in good order, repair and condition in all respects.

SECTION 7. Repairs and Improvements: Tenant, at its own cost and expense, shall keep and maintain the Premises and the Improvements in as good order, repair, and condition, as the Premises and the Improvements existed at the commencement date of this Lease and as existed on installation and completion of the Improvements, and will make all necessary

improvements, repairs, and replacements relating to the Premises and the Improvements, whether ordinary, extraordinary, foreseen or unforeseen, capital or ordinary. Tenant shall keep and maintain the Premises and the area immediately adjacent to the Premises clean and free from debris and garbage at all times (even if the Tenant was not responsible for placing or depositing the debris and garbage on the Premises). Tenant shall maintain the Premises and the Improvements clean and neat in appearance and in good condition, and shall locate, construct, repair, replace and maintain the Improvements so that the same remain in a good, structurally sound, safe, clean and orderly condition and with an attractive appearance substantially similar to the current condition of the residential garages at the Condominium and any proposed Improvements thereof. Tenant shall also take all necessary steps to ensure the safety and security of the Improvements. Tenant shall not permit or commit any waste. Landlord shall provide at its expense snow and ice removal services for the Premises consistent with the services it provides for the remainder of the Condominium Common Elements.

Tenant shall have the right, at the Tenant's expense, from time to time during the term of this Lease to make any alteration, addition, or modification to the Premises or the Improvements, with the prior written consent of Landlord, which will not be unreasonably withheld; provided that, after said alterations, additions, or modifications, the Premises and the Improvements shall be used for the same general use as permitted by this Lease, and said alterations, additions, or modifications shall not lessen the market value of the Premises and the Improvements as of the date of the Lease and provided that Tenant shall obtain and comply with all federal, state and local laws, regulations, codes, ordinance and permits governing zoning and land use and needed for the construction of the Improvements, all at the Tenant's sole cost and expense. Tenant shall engage qualified contractors, architects, engineers and other professionals in connection with the design, construction and modification of the Improvements, but the selection of such contractors, architects, engineers and other professionals shall be left solely to Tenant's discretion.

All Improvements and work installed or performed shall be done by Tenant in a good and workmanlike manner and in compliance with all applicable laws, ordinances and regulations relating thereto, employing material of good quality and complying with all governmental requirements; and shall maintain such insurance as will protect it from claims under Workmen's Compensation Acts and other employee benefit acts and as will protect Landlord and Tenant from claims for damages because of bodily injury, including death, and from claims for damages to property, which may arise out of or in connection with such work whether performed by Tenant or by Tenant's contractors or subcontractors or anyone directly or indirectly employed by any of them; and shall indemnify, defend Landlord and save Landlord harmless from all injury, loss, claims or damage to any person or property occasioned by or arising out of such work.

Tenant agrees that it shall not make any alterations to the Improvements which would affect the structural or exterior portions thereof or which would materially alter the present aesthetic quality of the Improvements or construct any additional improvements, without the prior written consent of Landlord. Upon any request for approval of alterations or construction, Tenant shall submit to Landlord complete plans and specifications and such other information as Landlord may reasonably require to evaluate such request.

SECTION 8. Title to Improvements: The Premises shall continue to be owned by

Landlord, and Tenant will not acquire any ownership interest in the Premises. Until the expiration or any earlier termination of this Lease, title to Improvements and other items installed therein and any alteration, change or addition thereto shall remain solely in Tenant, its successors and assigns. On the expiration or any earlier termination of the term of this Lease, Tenant shall quit and surrender the Premises and all Improvements to Landlord

SECTION 9. Tenant's Continued Existence; Assignment and Subletting: Tenant shall at all times continue its mission to develop, operate, sell and lease residential garage condominiums. In the event that the Tenant fails to continue such mission or is dissolved or ceases operations during the term of this Lease, Tenant shall be deemed to have terminated this Lease early. Except as otherwise provided in this Section, Tenant may sell, assign, sublease, mortgage or otherwise encumber this Lease or any sublease of all or any part of the Premises, without the prior written consent of Landlord, but subject to the terms of this Lease.

SECTION 10. Tenant Responsibility; Indemnity; Insurance: Landlord does not assume any responsibility or obligation with respect to the Improvements or the actions or activities of Tenant. Tenant shall be responsible for all costs and responsibility of ownership, control, operation, maintenance, and upkeep of the Improvements, including any taxes or assessments thereon and all other liabilities relating thereto. Tenant, to the fullest extent permitted by law, releases Landlord from any claims, liabilities and obligations, arising out of or relating in any way whatsoever to the Improvements and any other matter in any way related thereto, unless such claim is the result of Landlord's negligence or relates to action of Landlord occurring prior to the date Tenant takes possession of the Premises under this Lease.

Tenant, to the fullest extent permitted by law, shall indemnify, defend and hold Landlord, its officials, agents and employees, harmless from and against any and all claims, actions, suits, losses, damages and liabilities, costs and expenses (including, without limitation, attorney's fees and costs) of every nature and character arising out of this Lease or the existence or use of the Premises and the Improvements or any injury or damage occurring thereon, including, without limitation, all injuries (including death) to any person or loss of or damage to any property while on the Premises or the Improvements or arising (directly or indirectly) out of or in connection with the possession, use, occupation or control of the Premises or the Improvements, and from and against all injury (including death) to any person or loss of or damage to any property anywhere occasioned, or claimed to have been occasioned, by any act, neglect or default of Tenant, its agents, employees, licensees or contractors. This hold harmless and indemnity agreement shall include indemnity against all costs, expenses and liabilities incurred by Landlord in connection with any such injury, loss or damage or in defense of any claim or claims on account thereof. Such obligation of indemnification shall not be construed to negate or abridge any other obligation or liability of Tenant which otherwise exists. Payment of any claim or suit or any insurance company on behalf of the Landlord shall not constitute a waiver of subrogation against the Tenant, its contractors or any lower tier contractor in the event that such claim or suit was caused by or contributed to as a result of the negligent acts of the Tenant, any contractors or lower tier contractors.

Landlord, to the fullest extent permitted by law, shall indemnify, defend and hold Tenant, its officials, agents and employees, harmless from and against any and all claims, actions, suits,

losses, damages and liabilities, costs and expenses (including, without limitation, attorney's fees and costs) of every nature and character to the extent arising out of any breach by Landlord of its obligations under this Lease, including, without limitation, all injuries (including death) to any person or loss of or damage to any property while on the Premises or the Improvements, and from and against all injury (including death) to any person or loss of or damage to any property to the extent caused by any act, neglect or default of Landlord, its agents, employees, licensees or contractors. This hold harmless and indemnity agreement shall include indemnity against all costs, expenses and liabilities incurred by Tenant in connection with any such injury, loss or damage or in defense of any claim or claims on account thereof. Such obligation of indemnification shall not be construed to negate or abridge any other obligation or liability of Landlord which otherwise exists. Payment of any claim or suit or any insurance company on behalf of Tenant shall not constitute a waiver of subrogation against the Landlord, its contractors or any lower tier contractor in the event that such claim or suit was caused by or contributed to as a result of the negligent acts of the Landlord, any contractors or lower tier contractors.

Tenant shall maintain general liability insurance in such amounts as reasonably required by Landlord from time to time or as otherwise required by law. Tenant shall also maintain fire and casualty insurance for the Improvements, with endorsement for the broadest extended coverage, debris removal and demolition, in an amount at least equal to the replacement cost of the Improvements. The Certificate of Insurance and the policies of insurance shall include a sixty (60) day notice to the Landlord of cancellation, non-renewal or material change in coverage or form. Landlord shall be named as an Additional Insured on the general liability insurance policy.

The Tenant shall not allow any contractor to commence work on any further Improvements until all similar insurance required of contractor has been so obtained and reasonably approved.

SECTION 11. Destruction: In the event that, at any time during the term of this Lease, the Improvements or any portion thereof shall be destroyed or damaged in whole or in part by fire or other cause, Tenant, at its own cost and expense and at its sole election, shall either (i) cause the same to be repaired, replaced or rebuilt and restored to the condition existing prior to such casualty, within a period of time which, under all prevailing circumstances, shall be reasonable, but in any event within twelve (12) months after such fire or other casualty, or (ii) terminate the Lease as of the forty-fifth (45th) day after the destruction or damage. In the event of any such fire, damage or casualty and without regard to Tenant's election under this Section, Tenant shall promptly and within forty-five (45) days after the destruction or damage, complete the demolition and removal of any damaged Improvements that are upon the Premises; remove all rubble and debris; properly dispose of the same and provide Landlord with a manifest of proper disposal; and restore the Premises and remaining Improvements to a good, safe, clean and orderly condition.

SECTION 12. Eminent Domain: If the Premises or any portion thereof shall be acquired by condemnation or eminent domain, or be sold to a condemning authority under threat of condemnation, then the term of this Lease shall cease and terminate as of the date of title vesting pursuant thereto. Landlord and Tenant each covenant and agree to seek separate awards

in all such condemnation proceedings and to use their respective best efforts to see that such separate awards are made at all stages of all proceedings. If the order or decree in any condemnation or similar proceeding shall fail to separately state the amount to be awarded to Landlord and Tenant by way of compensation, damages, rent, the costs of demolition, removal or restoration, or otherwise, then the award should be equitably apportioned between Tenant and Landlord, with Tenant's share to be based upon the value of its leasehold estate so taken, together with the value of the then existing Improvements so taken (but excluding the value of the reversionary interest of Landlord in such Improvements), and with Landlord's share to be based upon the value of the fee simple title to the Premises so taken and the value of Landlord's interest in this Lease and the reversionary interest in the then existing Improvements so taken.

SECTION 13. Default: (a) The following events shall be "Events of Default" under this Lease: (i) Tenant shall fail to pay any installment of Base Rent, Other Obligations or other monetary payment required to be paid under this Lease as and when the same shall become due and shall not cure such default within thirty (30) days after written notice thereof is given by Landlord to Tenant; or (ii) Tenant shall fail to comply with any term, provision or covenant of this Lease and shall not cure such failure within thirty (30) days after written notice thereof is given by Landlord to Tenant.

(b) Upon the occurrence of an Event of Default, Landlord shall have the option to pursue any one or more of the following remedies without any further notice or demand whatsoever: (i) terminate this Lease, in which event Tenant and anyone claiming through Tenant shall immediately surrender the Premises and the Improvements to Landlord (subject to Tenant's rights under Section 8), and if Tenant or anyone claiming through Tenant fails to do so, Landlord may, without prejudice to any other remedy which it may have for possession or arrearages in rent, enter upon and take possession of the Premises and the Improvements (subject to Tenant's rights under Section 8) and expel or remove Tenant and any other person who may be occupying the Premises and the Improvements, or any part thereof, without being liable to prosecution or for any claim for damages; Tenant agrees to pay Landlord on demand the amount of all loss and damage which Landlord may suffer by reason of such termination; and (ii) enter upon the Premises and Improvements, without being liable to prosecution or for any claim of damages, and, with or without entering the Premises and the Improvements, do and perform whatever Tenant is obligated to do under the terms of this Lease; and Tenant agrees to reimburse Landlord on demand for any reasonable expenses which Landlord may incur in thus effecting compliance with Tenant's obligations hereunder. The rights and remedies provided by this Lease are cumulative and the use of any one right or remedy by either party shall not preclude or waive its right to use any or all other available remedies. Said rights and remedies are given in addition to any other rights the parties may have by law, statute, ordinance or otherwise. Forbearance by Landlord to enforce one or more of the remedies herein provided upon the occurrence of an Event of Default shall not be deemed or construed to constitute a waiver of such default.

(c) Landlord shall not be in default unless Landlord fails to perform obligations required of Landlord within a reasonable time, but in no event later than thirty (30) days after written notice by Tenant to Landlord specifying wherein Landlord has failed to perform such obligation; provided, however, that if the nature of Landlord's obligation is such that more than thirty (30) days are required for performance then Landlord shall not be in default if Landlord commences

performance within such thirty (30) day period and thereafter diligently prosecutes the same to completion.

SECTION 14. Survival: All provisions of this Lease which by their express terms survive termination of this Lease or which by the operation of their terms are intended to be performed, in whole or in part, after termination of this Lease, and all obligations of indemnification contained in this Lease shall survive any termination of this Lease.

SECTION 15. Miscellaneous: (a) This Lease contains the entire agreement of the parties hereto with respect to the subject matter hereof and can be altered, amended or modified only by written instrument executed by all such parties. Every notice, approval, consent or other communication authorized or required by this Lease shall not be effective unless the same shall be in writing and either hand delivered or sent postage prepaid by United States registered or certified mail, return receipt requested, directed to the other party at its address set forth hereinbelow, or such other address as either party may designate by notice given from time to time in accordance with this Section. All such notices and other communications initially shall be delivered or addressed to Landlord and to Tenant at the addresses set forth above.

(b) Failure of Landlord or Tenant to complain of any act or omission on the part of the other no matter how long the same may continue, shall not be deemed to be a waiver by said party of any of its rights hereunder. No waiver by Landlord or Tenant at any time, express or implied, of any breach of any other provision of this Lease or a consent to any subsequent breach of the name or any other provision. If any action by either party shall require the consent or approval of the other party, the grant of such consent or approval on any one occasion shall not be deemed a consent to or approval of that action on any subsequent occasion or of any other action on any subsequent occasion.

IN WITNESS WHEREOF, the parties hereto have executed this Lease as of the day and year first above written.

Landlord:

**WESTBROOKE CONDOMINIUM
ASSOCIATION**

By: _____

Its: _____

Tenant:

**MEADOW CREEK GARAGE
DEVELOPMENT, INC.**

By: _____

Its: _____

EXHIBIT A