
LEASE AGREEMENT

Between

**CABELA'S RETAIL, INC
as Lessor and Grantor**

and the

**CITY OF RAPID CITY, SOUTH DAKOTA,
as Lessee and Grantee**

Dated as of _____, 2007

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LEASE AGREEMENT

THIS LEASE AGREEMENT dated as of _____, 2007 (the "Lease"), between **CABELA'S RETAIL, INC.**, a limited liability company organized and existing under the laws of the State of Nebraska and authorized and qualified to do business in the State of South Dakota (the "Company") and the **CITY OF RAPID CITY, SOUTH DAKOTA**, a South Dakota Municipal Corporation (the "City");

RECITALS:

1. The City is authorized and empowered under the _____, as amended, to implement certain economic development projects and to provide for the costs thereof.

2. Pursuant to that certain Agreement dated _____ between the Company and the City, the City has, through the Rapid City Economic Development Foundation, sold to the Company certain real estate and improvements, including the existing Visitor's Information Center and approximately ____ acres.

3.

4.

5.

9. Pursuant to this Lease, the Company will Lease a portion of the Premises (the "Visitor Information Center" as described in **Exhibit B** hereto) to the City for the rental payments described herein, and the City will construct or cause the construction of the interior improvements to the Visitors Center as described herein.

NOW, THEREFORE, in consideration of the premises and the mutual covenants and agreements herein set forth, the City and the Company do hereby covenant and agree as follows:

Section 1. Representations by the City. The City represents, warrants and covenants as follows:

(a) The Lease of the Visitor Information Center by the Company to the City is necessary, desirable and in the public interest.

(b) The City has the power and authority to enter into this Lease and to carry out its obligations hereunder, and has been duly authorized to execute and deliver this Lease. By proper action of its City Council, the City has been duly authorized to execute and deliver this Lease, acting by and through its duly authorized officers.

(c) Neither the execution and delivery of this Lease, nor the fulfillment of or compliance with the terms and conditions hereof, nor the consummation of the transactions contemplated hereby, conflicts with or results in a breach of the terms, conditions or provisions of any restriction or any agreement or instrument to which the City is now a party or by which the City is bound.

(d) There is no proceeding pending or to the City's knowledge threatened in any court or before any governmental authority or arbitration board or tribunal relating to the Visitor

Information Center or challenging the validity of the proceedings of the City authorizing this Lease or the power or authority of the City to enter into this Lease or the validity or enforceability of this Lease or which, if adversely determined, would adversely affect the transactions contemplated by this Lease or the interest of the City under this Lease.

Section 2. Representations by the Company. The Company represents, warrants and covenants as follows:

(a) The Company (1) is a limited liability company in good standing and organized and existing under the laws of the State of Nebraska and authorized and qualified to do business in the State of South Dakota, (2) has lawful power and authority to enter into, execute and deliver this Lease and to carry out its obligations under this Lease, and (3) by all necessary corporate action has been duly authorized to execute and deliver this Lease, acting by and through its duly authorized officers.

(b) The execution and delivery of this Lease, the consummation of the transactions contemplated hereby, and the performance of or compliance with the terms and conditions of this Lease by the Company will not, to the best of the Company's knowledge, conflict with or result in a breach of any of the terms, conditions or provisions of, or constitute a default under, any mortgage, deed of trust, lease or any other restrictions or any agreement or instrument to which the Company is a party or by which it or any of its property is bound, or the Company's organizational documents, or any order, rule or regulation applicable to the Company or any of its property of any court or governmental body, or constitute a default under any of the foregoing, or result in the creation or imposition of any prohibited lien, charge or encumbrance of any nature whatsoever upon any of the property or assets of the Company under the terms of any instrument or agreement to which the Company is a party.

Section 3. Lease. The Company hereby leases to the City, and the City hereby rents and leases from the Company, the Visitor Information Center consisting of approximately 5000 sq. ft. on the terms and conditions hereinafter set forth.

Section 4. Term. The term of this Lease will become effective upon its delivery and shall terminate on the date which is thirty (30) years after the date hereof as the same may be extended in accordance with the terms hereof. (the "Term"). In addition, the City shall have the exclusive right to extend this lease for four additional periods of five (5) years each. The Extension options are exercisable by the City upon providing Cabela's with not less than ninety (90) days prior to the expiration of the then-current term of its intent to exercise the option to extend the lease for an additional term. In the event that the City has notified Cabela's of its intent to exercise an extension option, Cabela's shall have the right, within thirty (30) days of receipt of the City's notice, to notify the City of its intent to cease operations of the Retail Store, in which case the City's exercise of its extension option shall be null and void, and the lease shall terminate on the date that the Retail Store closes to the public.

Section 5. Rental. The City shall pay the Company, the sum of One and no/100 Dollars (\$1.00) per year, as rental for the Visitor Information Center (the "Visitor Information Center Rent").

Section 6. Design and Construction of the Visitor Information Center.

(a) Cabela's shall consult with the City's designee on the design of the space for the Visitor Information Center. It shall be the goal to maximize the usefulness of the space as well as to insure that the design and finish of the Visitor Information Center are compatible with the rest of the Cabela's retail

store. The City's designee shall provide all information and comments on the design in compliance with the timeframes reasonably established by Cabela's to allow the Visitor Information Center to open along with the Retail Store. The Company agrees that, in the event that the City's designee deems it advisable to maintain a separate entrance to the Visitor Information Center, the Company will provide such entrance, subject to security, structural and design requirements of the Company.

(b) The Company and the City shall cooperate to schedule the delivery of the Visitor's Information Center to the City's Designee such that the Visitor Information Center shall open to the public simultaneously with Cabela's retail store, and such that neither party's activities unreasonably interfere with the other's.

(c) After consulting with the City's designee and receiving the timely approval of the designee, Cabela's shall construct the shell and interior finishes of the Visitor Information Center according to the agreed design.

Section 7. Payment for the Visitor Information Center Improvements. The Company has agreed to provide to the City an allowance of up to Five Hundred Thousand Dollars (\$500,000.00) (the "Tenant Allowance") to complete the construction of the interior improvements to the Visitor's Information Center. In the event that the cost to complete the interior improvements exceeds the amount of the Tenant Allowance, all costs in excess thereof shall be solely the responsibility of the City. Cabela's shall obtain the prior approval of the City before incurring any costs in excess of \$500,000. Should Cabela's incur Costs in excess of \$500,000, for completing the Visitor Information Center, without the City's approval, all such costs shall be the sole responsibility of Cabela's. Although the City may designate a representative to work with Cabela's to finalize the design of the Visitor Information Center, only the Rapid City Common Council may authorize the expenditure of additional funds.

Section 8. Management and Operation of the Visitor Information Center. The City its agents or assigns will, at the City's expense, manage and operate the Visitor Information Center as follows:

(a) The hours of operation of the Visitor Information Center shall coincide with the hours of operation of the Company's retail store.

(b) The City its agents or assigns shall manage and operate the Visitor Information Center with its own personnel or personnel independently contracted by the City, and shall ensure that the Visitor Information Center is adequately staffed, and operated in a dignified quality manner.

(c) The Company shall provide electrical, plumbing and HVAC service to the Visitor Information Center at no additional cost to the City. Telephone cable will be run to the Visitor Information Center, but the City shall provide for its own service and hardware.

(d) In the event that the City fails to continuously operate, or cause to be operated, the Visitor Information Center within the Company's facility for a period to exceed sixty (60) days, except for repairs needed as a result of casualty, or for remodeling in accordance with plans approved by the Company, this lease shall terminate, and the City shall cause all fixtures and equipment to be removed immediately.

Section 9. Personal Property Title to the personal property located within the Visitor's Information Center will be in the name of the City or the City's designee or agent.

Section 10. Taxes and Assessments. The Company shall pay or cause to be paid as they become due and payable all taxes, assessments and other governmental charges lawfully levied or assessed or imposed upon the Company Company's property (exclusive of the leased premises), or any part thereof or upon any income therefrom; provided, however, the Company shall not be required to pay and discharge or cause to be paid and discharged any such tax, assessment or governmental charge to the extent that the amount, applicability or validity thereof is contested in good faith by appropriate proceedings and the Company has established and is maintaining adequate reserves on its books for the payment of the same if required by generally accepted accounting principles.

Section 11. Insurance. The City it's assignees, agents or designees shall, throughout the Term, at no expense to the Company (1) keep and maintain the Visitor Information Center and all parts thereof in good repair and operating condition, in accordance with customary industry practices; and (2) keep the Visitor Information Center insured against loss or damage or perils generally insured against by industries or businesses similar to the City and carry public liability insurance covering personal injury, death or property damage with respect to the Visitor Information Center, and in all cases name the Company as an additional insured or loss payee, as appropriate, thereunder.

Section 12. Assignments and Sublease. None of the City's right, title and interest in, to and under this Lease may be assigned by the City for any reason without the prior written consent of the Company.

Section 13. Termination. This Lease will terminate upon the completion of the Term set forth in Section 4 hereof.

Section 14. Quiet Enjoyment. At all times during the term of this Lease, the City will peaceably and quietly have, hold and enjoy all of the Visitor Information Center.

Section 15. Waiver of Personal Liability.

(a) All obligations or liabilities under this Lease on the part of the Company are solely obligations or liabilities of the Company as a limited liability company, and, to the extent permitted by law, the City hereby releases each and every member, director, officer, agent, attorney or employee of the Company of and from any personal or individual liability under this Lease. No member, director, officer, agent, attorney or employee of the Company will at any time or under any circumstances be individually or personally liable under this Lease for anything done or omitted to be done by the Company hereunder.

(b) All obligations or liabilities under this Lease on the part of the City are solely obligations or liabilities of the City as a municipal corporation, and, to the extent permitted by law, the Company hereby releases each and every official, officer, employee or agent of the City of and from any personal or individual liability under this Lease. No official, officer, employee or agent of the City will at any time or under any circumstances be individually or personally liable under this Lease for anything done or omitted to be done by the City hereunder.

Section 16. Partial Invalidity. If any one or more of the terms, provisions, covenants or conditions of this Lease is to any extent declared invalid, unenforceable, void or voidable for any reason whatsoever by a court of competent jurisdiction, the finding or order or decree of which becomes final, none of the remaining terms, provisions, covenants and conditions of this Lease will be affected thereby, and each provision of this Lease will be valid and enforceable to the fullest extent permitted by law.

Section 17. Indemnification by the Company. The Company shall indemnify and hold harmless the City from and against any and all claims, damages, losses, liabilities, costs or expenses (including attorneys fees and expenses) whatsoever which the City may incur (or which may be claimed against the City) to the extent caused by the negligence or willful misconduct of the Company. The City's designee shall indemnify and hold harmless the Company from and against any and all claims, damages, losses, liabilities, costs or expenses (including attorneys fees and expenses) whatsoever which the Company may incur (or which may be claimed against the Company) to the extent caused by the negligence or willful misconduct of the City and/or its designee. Notwithstanding anything in this Lease to the contrary, the provisions of this **Section 17** shall survive the termination of this Lease.

Section 18. Reserved.

Section 19. Section Headings. All section headings contained herein are for convenience of reference only and are not intended to define or limit the scope of any provision of this Lease.

Section 20. Amendments, Changes and Modifications. This Lease may be amended with the consent of both the Company and the City. Any waiver of any provision of this Lease or any right or remedy hereunder must be affirmatively and expressly made in writing and may not be implied from inaction, course of dealing or otherwise.

Section 21. Applicable Law. This Lease will be governed by and construed in accordance with the laws of the State of South Dakota.

Section 22. Execution. This Lease may be executed in any number of counterparts, each of which is deemed to be an original but all together constitute but one and the same Lease. It is also agreed that separate counterparts of this Lease may be executed by the Company and the City all with the same force and effect as though the same counterpart had been executed by both the Company and the City.

Section 23. Successors. This Lease will be binding upon and inure to the benefit of the parties hereto and their respective successors and assigns.

Section 24. Complete Agreement. This written agreement is a final expression of the agreement between the parties hereto and such agreement may not be contradicted by evidence of any prior oral agreement or of a contemporaneous oral agreement between the parties hereto. No unwritten oral agreement between the parties exists.

[Remainder of page intentionally left blank.]

By: _____
Name: _____
Title: _____

By: _____
Name: _____
Title: _____

STATE OF SOUTH DAKOTA)
ss.
COUNTY OF PENNINGTON)

IN WITNESS WHEREOF, I have hereunto set my hand and affixed my notarial seal the day and year last above written.

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SCHEDULE I

LEGAL DESCRIPTION OF THE PREMISES



EXHIBIT A

DEPICTION OF THE PREMISES

