

RESOLUTION NO. 4512

A RESOLUTION APPROVING A REAL PROPERTY LEASE AGREEMENT BETWEEN THE CITY OF MILES CITY, AND HUGO MUGGLI INC., FOR CERTAIN REAL PROPERTY OWNED BY MILES CITY, MONTANA.

WHEREAS, the City of Miles City leases certain real property to Hugo Muggli Inc., a Montana company, hereinafter referred to as "Tenant", said property located in Custer County, Montanan, to wit:

Legal Description: Lot 1 and the West ½ of Lot 2 of Tract "E" of the Industrial Site west of Miles City, Montana, in Custer County, containing approximately 40,447 square feet, more or less, as evidenced by a Certificate of Survey recorded at the Custer County Clerk & Recorder's Office in Envelope #570B, Document #172001;

AND WHEREAS, Tenant owns substantial permanent improvements upon said leasehold, including a 4,800 square foot warehouse building used as a welding and repair shop, and desires to continue leasing said property at the current lease rates adopted by the City of Miles City, as authorized by Resolution 4100 regarding leaseholds upon which tenants own substantial permanent improvements.

NOW THEREFORE, IT IS RESOLVED BY THE CITY COUNCIL OF THE CITY OF MILES CITY, MONTANA AS FOLLOWS:

The City Council hereby authorizes and approves the terms and conditions of the Lease Agreement between the City of Miles City and Hugo Muggli Inc. attached hereto as Exhibit "A", which is made a part hereof by this reference; and hereby authorizes the Mayor of the City of Miles City to execute such lease and bind the City of Miles City thereto and to perform the terms and conditions of such lease.

SAID RESOLUTION FINALLY PASSED AND ADOPTED BY AN AFFIRMATIVE VOTE OF 2/3 OF THE MEMBERSHIP OF THE CITY COUNCIL OF THE CITY OF MILES CITY, MONTANA, THIS 13TH DAY OF JUNE, 2023.



John Hollowell, Mayor

ATTEST:



Mary Rowe, City Clerk

CITY PROPERTY LEASE AGREEMENT

THIS AGREEMENT, made and entered into this 13th day of June, 2023, by and between the **CITY OF MILES CITY, MONTANA**, a Montana municipal corporation, of 17 S. Eighth Street, Miles City, Montana, 59301, hereinafter referred to as the “**CITY**” and **Hugo Muggli Inc.**, a Montana company, of 558 Tongue River Road, Miles City, Montana, 59301, hereinafter referred to as “**TENANT**”.

RECITALS:

WHEREAS the CITY owns certain real property located in the "Industrial Site" west of the City of Miles City, Custer County, Montana, more particularly described as follows:

Lot 1 and the West ½ of Lot 2 of Tract “E” of the Industrial Site west of Miles City, Montana, in Custer County, containing approximately 40,447 square feet, more or less, as evidenced by a Certificate of Survey recorded at the Custer County Clerk & Recorder’s Office in Envelope #570B, Document #172001;

AND WHEREAS it is the desire of TENANT to lease the above-described Leasehold for a term of five (5) years, subject to the option to renew as hereinafter provided;

AND WHEREAS the CITY is not agreeable to providing such five-year term lease for various reasons; however, the CITY is agreeable to providing a one-year term lease, without the option to renew. Therefore, the CITY agrees to this lease agreement upon the Leasehold under the following terms and conditions.

NOW, THEREFORE, the parties hereto mutually covenant and agree as follows:

I. AGREEMENT

The CITY, for and in consideration of the rents to be paid and the covenants to be performed by TENANT, does hereby demise, lease, and let unto TENANT the real property located in the Industrial Site and more particularly described as follows:

Lot 1 and the West ½ of Lot 2 of Tract “E” of the Industrial Site west of Miles City, Montana, in Custer County, containing approximately 40,447 square feet, more or less, hereinafter “*Leasehold*”.

II. LEASE TERM

The term of this Agreement shall be for a period of one (1) year, beginning on July 1, 2023 and expiring at midnight on June 30, 2024, hereinafter, “*the lease term*”.

III. RENTAL

The rental for the lease term described in Section II. shall be in accordance with the rates established by the CITY, as follows:

Lot 1 and the West ½ of Lot 2 of Tract "E" of the Industrial Site, containing approximately 40,447 square feet @ \$0.020 per square foot per year, for a total rental of eight hundred and eight and 94/100 dollars (\$808.94) for the first year of the initial lease term. Payment for the first year of this agreement shall be paid upon contract execution date.

IV. NO OPTION TO RENEW.

Following the "INITIAL TERM", this agreement shall expire.

V. RESPONSIBILITIES OF THE TENANT

TENANT hereby acknowledges, covenants and agrees as follows:

A. Purpose.

TENANT desires to lease the premises described above for the following general purposes:

Operation of a welding and repair shop.

TENANT agrees to use the premises for the stated purpose and the stated purpose only, and covenants that TENANT will not use or occupy said premises, or allow the same to be used or occupied, for any unlawful purpose or any purpose deemed extrahazardous due to fire or otherwise.

B. Compliance with Laws.

TENANT shall abide by all local, state and federal rules, regulations and laws respecting the use of real property, pesticides, soil erosion, hazardous materials, and chemicals and farming practices.

C. Independent Investigation.

TENANT acknowledges that the TENANT has carefully examined and inspected the premises and improvements and is fully familiar and acquainted therewith, and agrees to accept the same in their present conditions, and that TENANT is not leasing the premises because of any warranty, representation, information or promises made by the CITY or

anyone acting for or on behalf of the CITY, which are not specifically set forth in this Agreement.

D. Maintenance.

TENANT agrees to keep the premises and improvements thereon in good repair and upkeep, reasonable wear and tear alone excepted, and further agree neither to permit nor cause any waste on the property, or with respect to any improvements thereon. TENANT shall not create any condition which would be considered a public nuisance as defined in Chapter 15 of the Miles City Code of Ordinances. TENANT shall keep the premises in a clean and orderly condition and not allow accumulations of junked or inoperable automobiles, trucks, farm equipment, or scrap upon the premises.

TENANT will take all necessary steps to ensure proper weed control for all property subject to this lease. Fences and other improvements will be maintained in good condition.

CITY may require that TENANT screen any condition which the CITY determines, in the CITY'S absolute and sole discretion, constitutes a public nuisance or unsightly condition, using fencing or other method as may be approved by the CITY.

E. Improvements to Remain.

Within sixty (60) days immediately following the expiration of this lease, the TENANT shall remove any improvements located on the leasehold and shall restore, at TENANT'S expense, the leasehold premises to level with the adjoining property and in a debris free condition. "Improvements" shall not include stormwater drainage facilities or other permanent improvements provided as City Services. If inclement weather during such sixty (60) day period delays such removal and restoration, CITY shall provide TENANT with a reasonable time, not to exceed an additional sixty (60) days in which to remove the improvements and restore the leasehold. If TENANT fails to remove such improvements within such sixty (60) day period, CITY, at its option, may (1) cause the removal of such improvements and restoration of the leasehold premises to be done and shall be entitled to recover all costs and expenses of such removal and restoration from TENANT or (2) may retain all such improvements as property of CITY without compensation to TENANT. Provided, however, that upon termination of the Lease, TENANT, within such same sixty (60) day period, shall have the right to sell the improvements upon the Leasehold to a successor tenant.

In the event that any financial institution holds a security interest upon any of the improvements hereon, then, in the event of termination of this lease, whether by expiration of term or uncured default, the financial institution holding such security agreement shall be allowed to remove any improvements upon which it holds a security interest within the times provided for the TENANT to remove improvements, as set forth in the first paragraph of this subsection.

F. Right to Inspect.

The CITY or the CITY'S authorized agents shall have the right to enter upon the premises after providing twenty-four (24) hours' written notice and during normal business hours, in order to inspect and determine whether TENANT comply with the terms of this Agreement.

G. Utilities.

TENANT agrees to pay for the use and maintenance of all utility services on the premises, including gas, electricity, telecommunications, water, sewer and solid waste disposal, if applicable.

H. Taxes and Assessments.

TENANT shall pay any and all taxes and assessments which may be lawfully levied against TENANT'S occupancy or use of the premises or any improvements thereon as a result of TENANT'S occupancy.

I. Indemnification.

TENANT shall indemnify and hold the CITY harmless for any loss, damage, claim and/or liability occasioned by, growing out of, or arising or resulting from any default hereunder, or any tortious or negligent act on the part of TENANT, its agents, employees or customers, and TENANT hereby agrees to indemnify and hold harmless the CITY for any such loss or damage. The obligations hereunder shall survive the termination of this lease.

J. Insurance.

TENANT agrees to maintain with a good and reputable insurance company a policy of fire and extended coverage insurance covering the improvements on the premises involved herein to the maximum insurable value, and said policy of insurance shall have a loss-payable clause specifically naming and covering the interests of the CITY. TENANT further agrees to carry minimum liability insurance in the amount of SEVEN-HUNDRED, FIFTY-THOUSAND AND NO/100THS DOLLARS (\$750,000.00) for each claim and ONE MILLION, FIVE-HUNDRED THOUSAND AND NO/100THS DOLLARS (\$1,000,000.00) each accident, and to carry Worker's Compensation Insurance as required by the laws of the State of Montana. TENANT shall provide evidence of such current and valid insurance upon approval of this lease by the City Council of Miles City and/or upon demand by the lease administrator of the CITY.

K. Environmental Warranty.

TENANT warrants and agrees to neither cause nor allow to be caused any release of hazardous substances from, into, or upon the premises, nor to cause or allow to be caused any contamination by hazardous waste or substances with respect to the premises, and that, when applicable, TENANT shall comply with all local, state and federal environmental laws and regulations.

TENANT agrees to indemnify, defend and hold harmless the CITY, its employees, agents, members, successors and assigns, from and against any and all damage, claim, liability, or loss, including reasonable attorneys and other fees, arising out of, or in any way connected to, any condition in, on or of the property, that is caused or allowed to be caused by TENANT, TENANT'S agents, employees or customers. Such duty of indemnification shall include, but not to be limited to, damage, liability or loss pursuant to all local, state and federal environmental laws and regulations, strict liability and common law. The obligations hereunder shall survive the termination of this lease.

TENANT shall not be responsible under this Section for preexisting environmental hazards, if any.

L. Compliance with ADA.

TENANT agrees to comply with the Americans with Disabilities Act as the same may apply to TENANT.

M. Non-Discrimination.

TENANT hereby agrees that the premises will not be used in any manner that would discriminate against any person or persons on the basis of sex, age, physical or mental handicap, race, creed, religion, color, or national origin.

VI. ASSIGNABILITY OF INTEREST

TENANT shall not assign this Lease, nor sublet the premises, nor any part thereof, without the prior written consent of the CITY, which consent shall not be unreasonably withheld. No permitted sublease shall release TENANT from its obligations under this Lease.

VII. DEFAULT

If TENANT shall at any time be in default in the payment of rent due hereunder, or in the performance of any of the covenants or provisions of this Lease, and TENANT fails to remedy such default within thirty (30) days after receipt of written notice thereof from the CITY, then it shall be lawful for the CITY to enter upon the premises, and again repossesses and enjoy the same as if the Lease had not been entered into, and thereupon this Lease and everything herein contained on the part of the CITY to be done and performed shall cease and

terminate, without prejudice, however, to the right of the CITY to recover from TENANT all rent due up to the time of such entry. In the case of such default and entry by the CITY, the ownership of any and all improvements on the premises shall vest in the CITY (if the same shall not have already vested), and the CITY may re-let the premises for the remainder of TENANT'S term for the highest rent obtainable and may recover from TENANT any deficiency between the amount so obtained and the rent due hereunder from TENANT. If the default is in the performance of any of covenants or provision of this Lease, other than failure to timely pay the rental called for herein, and, by the nature of the default, it cannot reasonably be cured within a thirty (30) day period, so long as TENANT commences and diligently pursues a cure of such default promptly within the initial thirty (30) day cure period, then TENANT shall have a further reasonable time to complete such cure, not to exceed an additional sixty (60) days after the expiration of the initial thirty (30) day cure period. Payments not received by the City within thirty (30) calendar days of the annual due date shall be subject to a late fee at a rate of 10% per annum.

IX. MISCELLANEOUS PROVISIONS

If is further mutually understood and agreed as follows:

A. Notice.

Any notice hereunder shall be in writing and may be delivered personally or by registered or certified mail with postage prepaid. Postal notice shall be deemed complete when deposited in a United States Post Office addressed to the TENANT with proper postage attached.

B. Oral Modification Prohibited.

No modification or alteration of this Agreement shall be valid unless evidenced by a writing signed by the parties hereto.

C. Attorneys Fees and Costs.

Should either party incur any costs or expenses, including reasonable attorney fees, in enforcing this Agreement or any provision hereunder, or protecting its rights and interest hereunder, the other or unsuccessful party shall reimburse the prevailing party upon demand.

D. Binding Effects.

This Agreement shall be binding upon and inure to the benefit of the heirs, legal representatives, successors and assigns of the parties hereto; provided, however, that no assignment by, from, through or under TENANT in violation of the provisions hereof shall vest in the assignee(s) any right, title, or interest whatsoever.

E. Time of the Essence.

Time is of the essence of this Agreement and all obligations of this Agreement shall be performed on or before the dates set forth herein.

F. Incorporation of Recitals.

The Recitals set forth above are incorporated into the terms and conditions of this Agreement and made a part hereof by reference.

G. Executed Copy.

Each of the parties hereby acknowledges receiving an executed copy of this Agreement.

H. Interpretation.

This Agreement shall be governed and construed in all respects according to the laws of the State of Montana.

I. Contingent Upon Approval of City Council.

This Agreement shall not become effective until a resolution approving this lease has been adopted by the affirmative vote of two-thirds of the membership of the City Council of the City of Miles City, pursuant to §7-8-4201(2) MCA.

IN WITNESS WHEREOF, the parties hereto have executed the Agreement the date and year first hereinabove written.

CITY OF MILES CITY

By: 
MAYOR

ATTEST:

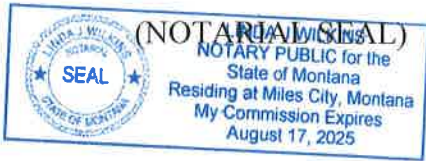

CITY CLERK

STATE OF MONTANA)
) ss
COUNTY OF CUSTER)

On this 10th day of July, 2023, before me, the undersigned, a Notary Public for the State of Montana, personally appeared John Hollowell in his capacity as Mayor of the City of Miles City, Montana, a Montana municipal corporation, who executed the within instrument and acknowledged to me that he executed the same.

IN WITNESS WHEREOF, I have hereunto set my hand and affixed my Notarial Seal the day and year first above written.

Linda J. Wil
Signature of Notary Public
Residing at Miles City, Montana
My Commission expires: 08 / 17 / 2025



TENANT:
Dustin Muggli Sec/Treas
Dustin Muggli, _____, Hugo Muggli Inc.
Leonard Muggli Pres
Leonard Muggli _____, Hugo Muggli Inc.

STATE OF MONTANA)
) ss
COUNTY OF CUSTER)

On this 1st day of August, 2023, before me, the undersigned, a Notary Public for the State of Montana, personally appeared Dustin Muggli and Leonard Muggli, who executed the within instrument and acknowledged to me that they executed the same.

IN WITNESS WHEREOF, I have hereunto set my hand and affixed my Notarial Seal the day and year first above written.

Linda J. Wil
Signature of Notary Public
Residing at Miles City, Montana
My Commission expires: 08 / 17 / 2025



Umbrella – Declarations

Printed: 06/28/23

Words and phrases that are defined are shown in quotation marks. The definitions for these words and phrases are set forth in Definitions.

Named Insured(s): Hugo Muggli, Inc. Etal
Dustin Muggli

Mailing Address:
558 Tongue River Rd
Miles City, MT 59301-6243

Account Number: 00059126
Policy Number: MUB00004000
Agent: Matthew Korell
Agent Phone: 406-234-6288

POLICY TERM 06/29/23 12:01 AM to 06/29/24 12:01 AM

Insurance is provided only with respect to what is specified on the attached Schedule of Coverage. The insurance is provided only to the extent set forth in the specific forms and endorsements that are made a part of your policy.

Total "Premium" (This is not a bill)\$1,710.00

**** IMPORTANT **** Please attach this update to your original insurance policy.

Forms and Endorsements Applicable to This Policy:

PF.Declarations (01/22)	UMB.Schedule (01/22)	FUL.004 (01/22)	FUL.100 (01/22)	FUL.001 (01/22)
FUL.002 (01/22)	FUL.003 (01/22)	PF.002 (04/22)	PF.003 (01/22)	PF.MT.006 (01/22)

The insurance afforded by this policy as indicated within the "Declarations" supersedes and replaces all insurance previously afforded by this policy. Assignment of this policy shall not be valid without "our" written consent.

FRAUD STATEMENT:

It is unlawful to provide false, incomplete or misleading facts or information to an insurance company for the purpose of defrauding or attempting to defraud the company.

Umbrella - Schedule of Coverage

Printed: 06/28/23

Hugo Muggli, Inc. Etal

Policy Term: 06/29/23-06/29/24

Coverage	Limit of Liability	Deductible (if applicable)	Premium
Coverage U –Farm Umbrella Liability	\$2,000,000 per "Occurrence" \$2,000,000 Annual Aggregate	\$1,000	\$1,710.00

Schedule of "Underlying Insurance" Policies to which this Umbrella Policy applies

Policy Number and Company	Policy Type	Effective Dates	Underlying Limit of Liability
MAG00002922 Mountain West Farm Bureau	Ag Advantage	06/29/23 - 06/29/24	\$500,000
MAU00017888 Mountain West Farm Bureau	Auto	06/29/23 - 06/29/24	\$500,000 CSL

This Umbrella only applies to the polices shown above.

If "you" fail to maintain at least the minimum limits shown above, "we" will not be liable for more than "we" would have been liable if the above minimum limits were in effect. See "Underlying Insurance" requirements in the policy.

Applicable Exclusion(s)

Total "Premium" (This is not a bill) \$1,710.00