

Lakes Area Economic Development Authority Meeting
Thursday, June 27th at 4 pm
Alexandria Area Economic Development Commission
Conference Room

AGENDA:

- 1. CALL TO ORDER BY PRESIDENT DAHLHEIMER**
- 2. APPROVAL OF APRIL 18, 2024 MINUTES**
- 3. APPROVAL OF FIRST QUARTER 2024 FINANCIALS**
- 4. AVIONICS & LAKES COUNTRY SERVICE COOPERATIVE PROJECT**
 - a. Review of land lease with City of Alexandria
 - b. Review of lease drafted by Pemberton Law for Lakes Country Service Cooperative to lease building from LAEDA
 - c. Review of Quit Claim Deed
 - d. Upcoming: Review of financing available for purchase
 - e. Upcoming: Authorize Joel Dahlheimer to sign all paperwork for the purchase the "Avionics" building
- 5. UPDATE OF US BANK PROPERTY PURCHASE & OFFICE RELOCATION**
- 6. APPROVAL OF LMCIT INSURANCE WAIVER**
- 7. BOARD UPDATES/OTHER**
 - a. Childcare work done by City of Alexandria

**Lakes Area Economic Development Authority
Annual Meeting
April 18, 2024**

Members Present: Bobbie Osterberg, Jason Uhde, Greg Bowen, Joel Dahlheimer

Members Absent:

Staff Present: Nicole Fernholz, AAEDC

Call to Order: The meeting of the LAEDA Board of Commissioners was brought to order at 4:00 pm by President Dahlheimer. Introduction of board members.

November 1, 2023 Minutes: Minutes were reviewed

A motion by Bowen, seconded by Osterberg, to approve minutes as presented, motion carried.

2023 Preliminary Financials: Fernholz reviewed the 2023-year end financials with the Board. Financials are preliminary and will be finalized with the audit done by Larter Company.

Resolution #24-01 Approval of Officers and Bylaws: Fernholz briefly reviewed officer responsibilities for the organization. The following officers were nominated by a motion:

President: Joel Dahlheimer
Vice President: Greg Bowen
Secretary: Jason Uhde
Treasurer: Bobbie Osterberg

A motion by Uhde, seconded by Bowen, to approve resolution #24-01, Approval of Officers & Bylaws, motion carried unanimously.

Annual Meeting Resolutions:

Resolution #24-02 Designating Depository: A brief discussion was held regarding statutory requirements regarding public funds and their placements.

A motion by Bowen, seconded by Osterberg, to approve Resolution #24-03 designating Bremer Bank and Viking Bank as depositories for LAEDA, motion carried.

Resolution #24-03 Designating Official Newspaper: Pursuant to state statute, Echo Press was selected as the official newspaper by resolution.

A motion by Bowen, seconded by Uhde, to approve Resolution #24-03 officially designating the Alexandria Echo Press as the official newspaper, motion carried.

Resolution #24-04 Designating LAEDA Meeting Dates at 4 pm at LAEDA Conference Room:

- May 30th
- July 25th
- August 29th
- November 21

A motion by Uhde, seconded by Osterberg, to approve Resolution # 23-04, designating the dates as meeting dates for LAEDA, motion carried.

Resolution #24-04 Establishing Per Diem: The Board discussed local government per diem rates. The consensus of the Board was to set reimbursement rate at \$85 per meeting.

A motion by Bowen, seconded by Osterberg, to approve Resolution # 24-05 establishing per diem, motion carried.

Avionics and Lakes Country Service Cooperative Partnership Overview: Fernholz provided a brief overview of the potential to purchase the Avionics building currently owned by ATCC. Purchase price would be \$400,000 and would include a land lease with the City. Lakes Country Service Cooperative would like to enter into a long-term lease with LAEDA for the building with the option to purchase the building in the future.

A motion by Uhde, seconded by Bowen, to authorize Fernholz to work with Baker Tilly on the purchase of the building and creating a long-term lease, motion carried unanimously.

US Bank Property Purchase:

Staff have been touring various properties in the area that are for lease/sale. Current lease for AAEDC/LAEDA expires on November 30, 2024 and there is potential to move into a space that will include the Lakes Area Chamber of Commerce. Staff is interested in pursuing the purchase of the US Bank building located at 701 Broadway.

A motion by Uhde, seconded by Bowen, to authorize Fernholz to move forward with a purchase agreement with US Bank and the flexibility of negotiating offers and gathering information to purchase the building to the point of entering into official contracts, motion carried unanimously.

OTHER Business:

Adjourn: Hearing no additional business, a motion by Osterberg, seconded by Bowen, to adjourn the meeting at 4:45 pm.

GROUND LEASE

THIS LEASE AGREEMENT Made and entered into this ____ day of _____, 2024, between the City of Alexandria, Minnesota, a municipal corporation hereinafter referred to as “Lessor” or “City”, and Lakes Area Economic Development Authority, a Minnesota economic development authority under Minn. Stat. Chpt. 469, hereinafter referred to as “Lessee”.

RECITALS

1. Lessor is now the owner of certain real property located at 1204 34th Avenue West, Alexandria, Minnesota, legally described as set forth on the attached Exhibit A (Leased Premises). *Revised exhibit forthcoming by end of month.*

2. The Leased Premises is situated adjacent to Alexandria Municipal Airport, Chandler Field, located in the County of Douglas, State of Minnesota.

3. Lessee owns or will own certain fixture improvements on the Leased Premises, being the successor in interest to the Independent Consolidated School District No. 206 (School District) *(the 1995 assignment refers to building being owned by State of Minnesota, Department of Education, acting on behalf of the Higher Education Board. Mike Seymour will likely have updated verbiage from the MSCU attorney.*

4. Lessee plans to sublet the Leased Premises out to the Lakes Country Service Cooperative (LCSC) for their Lakes Area Academy Education facility, who plan to make improvements to the leased premises.

NOW, THEREFORE, for the consideration of the rents, covenants, and agreements contained herein, and for other good and valuable consideration, the parties hereto have mutually agreed with each other as follows:

ARTICLE I DESCRIPTION OF LEASED PREMISES

The Lessor hereby leases to the Lessee, and the Lessee hereby leases from the Lessor, the Leased Premises.

ARTICLE II LEASE TERM AND RENTAL RATE

The term of this Ground Lease shall be for a period of thirty (30) years commencing on the ____ day of _____, 2024 and ending on the ____ day of _____, 2054. The Lessee may terminate this Ground Lease before _____, 2054, or any extension thereof, at the Lessee’s sole discretion. The Lessor may terminate this Lease on the last day of the Ground Lease, the First Extension Term, or the Second Extension Term by sending written notice of such termination to the Lessee on or before the 365th day before the last day of the current Term (“Lease Termination

Notice”). If the Lease Termination Notice for the Ground Lease is not sent to the Lessee accordingly, then the lease shall automatically renew for an additional ten-year term, subject to a rental adjustment set forth below. In the event Lessee terminates this Ground Lease prior to its expiration, Lessee shall be relieved of any obligations to pay additional rent through the term of the Lease but shall still be obligated to comply with the other provisions of this Lease that are applicable upon termination of the Lease.

Annual rent for the initial five year period shall be described in Exhibit B and is due on _____. Subsequent rent shall be set in five year intervals and computed utilizing the average annual increase of the Consumer Price Index for All Urban Consumers (“CPI-U”) as follows:_____.

for each year in the rental period _____, July 9, 2024 to _____, July 9, 2029 (“First Rental Period”) shall be the sum of (a) the prior year’s annual rent and (b) an amount equal to the product of (x) the average annual increase of the Consumer Price Index for All Urban Consumers (“CPI-U”) as more specially described in the attached Exhibit B for the period of June 2019 to May 2024 multiplied (y) the prior year’s annual rental rate. On June 11, 2029, the annual rent shall increase to \$27,000 approx. (*will need to calculate this amount based on \$0.10 per square foot*) for the rental period of June 11, 2029 to June 10, 2030. The annual rental rate for the period of June 11, 2029 to June 10, 2034 (“Second Rental Period”), starting in the second year of the Second Rental Period, shall be the sum of (a) the prior year’s annual rent and (b) an amount equal to the product of (x) the average annual increase of the Consumer Price Index for All Urban Consumers (“CPI-U”) as more specially described in the attached Exhibit B for the period of June 2024 to May 2029 multiplied (y) the prior year’s annual rental rate.

The annual rental rate for each year in the Rental Period shall be calculated as follows for the Rental Periods of (a) June 11, 2034 to June 10, 2039 (“Third Rental Period”), (b) June 11, 2039 to June 10 2044 (“Fourth Rental Period”), (c) June 11, 2044 to June 10, 2049 (“Fifth Rental Period”), (d) June 11, 2049 to June 10, 2053 (“Sixth Rental Period”), and, in the event of any further extensions as described in this Article II (“Seventh Rental Period”) (“Eighth Rental Period”) (“Ninth Rental Period”) (“Tenth Rental Period”):

The annual rent rate for each year for the Third Rental Period, the Fourth Rental Period, the Fifth Rental Period, the Sixth Rental Period, the Seventh Rental Period, the Eighth Rental Period, the Ninth Rental Period, and the Tenth Rental Period shall be the sum of (a) the prior year’s annual rent and (b) an amount equal to the product of (x) the average annual increase of the Consumer Price Index for All Urban Consumers (“CPI-U”) as more specially described in the attached Exhibit B for the five years of the preceding Rental Period from June 1 of the first year of the preceding Rental Period to May 31st of the last year of the preceding Rental Period multiplied (y) the prior year’s annual rental rate.

ARTICLE III.
USE OF PREMISES-RESTRICTIONS AND COVENANTS

A. Use of Premises. The Leased Premises shall be used and occupied by Lessee for purposes related to education or educational services only and only for such uses which will not interfere with, or be a hazard to, the flight of aircraft over said premises or to and from the Alexandria Municipal Airport/Chandler Field, and for such business purposes as will not unreasonably interfere with air navigation and communication facilities presently installed or which may in the future be installed and serve the Alexandria Municipal Airport/Chandler Field. Any use other than the stated use herein shall require the written approval of the City, which approval shall not be unreasonably withheld.

B. Reservation, Restrictions, and Covenants.

1) The Lessee shall restrict access from the Leased Premises to operational areas of the Alexandria Airport.

2) There is hereby reserved to the Lessor, its successors, and assigns, for the use and benefit of the public, a right of flight for the passage of aircraft in the airspace above the surface to the Leased Premises. The public right of flight shall include the right to cause in said airspace any noise inherent in the operation of any aircraft used for navigation or flight through the said airspace or landing at, taking off from, or operation on the Alexandria Municipal Airport/Chandler Field.

3) Lessee is prohibited from engaging in any activities on the Leased Premises that would interfere with or be a hazard to the flight of aircraft over said premises or to and from the airport or interfere with air navigation and communication facilities serving the airport.

4) Lessee is prohibited from erecting structures or growth of natural objects that would constitute an obstruction to air navigation as defined in 14 CFR, subpart 77 or other applicable Federal Aviation regulations, as it relates to the Leased Premises.

5) Lessee shall comply with Notice requirements contained in Federal Aviation Regulations 14 CFR, Subpart B.

6) The Lessee, for itself, successors in interest, and assigns, as part of the consideration hereof, does hereby covenant and agree, as a covenant running with the land, that (1) no person on the grounds of race, color, or national origin shall be excluded from participation in, denied the benefits of, or be otherwise subjected to discrimination in the use of the Leased Premises, (2) that in the construction of any improvements on, over, or under said premises and the furnishings of services thereon, no person on the grounds of race, color, or national origin shall be excluded from participation in, denied the benefits of, or otherwise be subjected to discrimination, (3) that the Lessee shall use said premises in compliance with all other requirements imposed by or pursuant to Title 49, Code of Federal Regulations, Department of Transportation, Subtitle A, Office of the Secretary, Part

21, Non-discrimination in federally-assisted programs of the Department of Transportation-Effectuation of Title VI of the Civil Rights Act of 1964, and as said Regulations may be amended.

ARTICLE IV.
DILIGENCE BY LESSEE

The Lessee, on said Leased Premises, shall be diligent in not interfering with the public use of Alexandria Municipal Airport/Chandler Field, the activity engaged by the general public in connection therewith.

ARTICLE V.
CONSTRUCTION OF BUILDINGS

The Lessee may construct or cause to construct at no cost or liability to the Lessor, on said Leased Premises, such buildings, structures, or improvements as determined by the Lessee in the conduct of said Lessee’s business, subject to written approval by Lessor prior to construction, which approval Lessee shall not unreasonably withhold. The repair, replacement, or improvement of the buildings on the Leased Premises, existing as of the date of this Agreement, shall not require Lessor approval.

ARTICLE VI.
UTILITIES

Lessee agrees to protect all existing underground utilities easements from damage due to Lessee’s use of the property and to allow access for future maintenance and repair of the utilities provided any damage to Lessee’s property caused by such repair and/or maintenance is promptly restored to its previous condition.

ARTICLE VII.
CONFORM TO BUILDING CODES

Any future buildings, structures, or improvements as constructed on the Leased Premises shall conform to such Building Codes as may be in existence and applicable to airports in the City of Alexandria, Minnesota, at the time such construction is started; and said buildings, structures, or improvements on said Leased Premises shall be kept by the Lessee in a clean, neat, and orderly condition.

ARTICLE VIII.
SUB LEASE

Lessee shall have the right to sublease the Leased Premises to Lakes Country Service Cooperative (LCSC) for the purpose of operating Lakes Area Academy Education Facility, subject to the following conditions:

- A. The sublease to LCSC shall be subject to the prior written approval of Landlord and shall, at a minimum, contain all relevant terms and conditions of this Lease Agreement.
- B. Nothing in a sublease agreement with LCSC shall relieve Lessee of its responsibilities and obligations under the Lease Agreement with Lessor. Lessee shall remain fully liable for any breaches or defaults by LCSC under the sublease agreement.

ARTICLE IX.
LIABILITY AND PROPERTY INSURANCE

Lessee shall defend, indemnify, and hold harmless Lessor and Lessor's agents, employees, and affiliates, from and against any and all negligence, claims, liabilities, damages, costs or expenses arising from or are caused by Lessee's use or occupancy of the Leased Premises, or from the conduct of Lessee's business, or from any activity, work, or thing done, permitted or suffered by Lessee or Lessee's agents, employees, sublessees, vendors, contractors, invitees or licensees in or about the Leased Premises, or from any default in the performance of any obligation on Lessee's part to be performed under this Lease. Notwithstanding the foregoing, Lessee shall not be obligated to indemnify Lessor against any liability or expense to the extent it is ultimately determined that the same was caused by the sole negligence or willful misconduct of Lessor, its agents, contractors, or employees.

Lessee agrees to carry general liability insurance and contractual liability assumed herein, in an amount not less than Lessor's Statutory Tort Liability Limit as set forth in Minnesota statutes chapter 466, as it may be amended. Lessee shall include Lessor as an additional named insured on the policy. Lessor reserves the right to revise the minimum insurance requirements upon reasonable notice.

The obligations under this Article may be assigned to LCSC subject to written approval by Lessor.

ARTICLE X.
TO COMPLY WITH RULES AND REGULATIONS

Lessee shall comply with all local, state, and federal rules and laws, including, without limitation, the rules and field regulations with respect to control of grounds and air traffic and use of the airport of the Minnesota State Aeronautics Department and the Federal Aviation Administration, and other lawful authorities with respect to operations on said airport.

ARTICLE XI.
PAYMENT OF TAXES

Lessee will pay all taxes, assessments, license fees, or other charges that may be levied or assessed during the term of this agreement upon or against any improvement or equipment on said Leased Premises, or on account of the transacting of business thereon by the Lessee. If Lessee shall fail or neglect to pay any said taxes, assessments, license fees, or other charges when the same become due, the Lessor herein may pay the same, together with any cost or penalty which may have accrued thereon and collect the entire amount so paid with legal interest from the Lessee,

the Lessee hereby agrees to pay such entire amount, plus interest due to the Lessor upon demand therefor.

ARTICLE XII.
RIGHTS OF THE PARTIES UPON TERMINATION

Upon termination of this Ground Lease, the following provisions shall apply to any improvements of Lessee upon the Leased Premises:

a. The Lessee shall have the option to remove from the Leased Premises all buildings, improvements, and personal property located upon the Leased Premises, and shall restore such Leased to bare land in good condition, if such buildings, improvements, and personal property are removed by Lessee. Such removal of the building shall occur within six (6) months after termination of this Ground Lease. In the event Lessee does not exercise its option to remove from the Leased Premises all buildings, improvements, and personal property within six (6) months after termination of this Ground Lease, then title of any such buildings, improvements, and personal property shall vest in the Lessor without further act of conveyances.

ARTICLE XIII.
DEFAULT

If the Lessee shall default in the payment of the rental reserved herein, or any part of this lease by it to be performed, and such default shall continue for thirty (30) after written notice, or in the observation or performance of the terms, covenants and conditions of this lease, and such default shall continue for thirty (30) days after such written notice, or the Lessee shall have failed to commence the rectification of such default within thirty (30) after such notice and to diligently prosecute the same, and in that event, the Lessor, its board, officer or assign, may give the Lessee a notice in writing declaring the terms of this lease shall cease and expire after the expiration of twenty (20) days from the date of giving such notice, and the terms of this lease shall cease and expire by the lapse of the time upon the twentieth (20) day after the notice is given to the Lessee, as fully and completely as if that day were the date originally fixed in this lease for the expiration hereof, and the Lessee shall forthwith vacate said Leased Premises and surrender the same to the lessor, and the Lessor shall be entitled to re-enter upon the said premises by summary proceedings or otherwise, and to again have the same repossessed and to enjoy the same. The right to cure shall only apply if a same or similar default has not occurred in the immediately preceding 12 months.

ARTICLE XIV.
ERECTION OF SIGNS

That the Lessee, its assigns, and sub-lessees shall be allowed to erect suitable advertising signs and advertise its business on the buildings that it erects on said Leased Premises, but the form, type, size, and method of installation of any such sign shall conform with such regulation as may from time to time be incorporated in any of the ordinances adopted by the City Council or Airport Commission and shall be subject to the existing Zoning Ordinance of the City.

XV.

NOTICES

All notices required by law, or by this lease, to be given to either party may be given personally or by depositing the same in the U.S. Mail, postage prepaid and addressed to the parties at the addresses stated below which may be changed by written notice by either party to the other:

LAEDA, 324 Broadway, Suite 101, Alexandria, Minnesota 56308

CITY OF ALEXANDRIA, 704 Broadway, Alexandria, Minnesota 56308

XVI.
LEASE CHANGE

Any of the terms of this lease may be changed upon the mutual consent of the Lessor and Lessee but to be valid, any such change must be in writing and be executed with the same formalities as this instrument.

ARTICLE XVII.
ASSIGNMENT

The Lessee shall be permitted to sublease the Leased Premises in accordance with Article VIII above. In the event Lessee wishes to assign its interest in this Ground Lease, any such assignment of this Ground Lease shall be approved in writing by Lessor. Any sublease shall not relieve Lessee from any responsibilities of Lessee hereunder.

ARTICLE XVIII.
NAME OF LESSOR

Whenever in the above foregoing lease, the word “Lessor”, the City of Alexandria, or the Alexandria City Council is mentioned the same shall be construed to mean the City of Alexandria, or the Alexandria City Council, or any duly organized Board having charge of said Alexandria Municipal Airport/Chandler Field by authority of the City Council.

ARTICLE XIX.
COMPLIANCE WITH F.A.A. REGULATIONS

The Lessee, in the use of Alexandria Municipal Airport/Chandler Field for itself, its successors and assigns, on a part of the consideration hereof, does hereby covenant and agree as a covenant running with the land that (1) no person on the grounds of race, color, or national origin shall be excluded from participation in, denied the benefits of, or be otherwise subjected to discrimination in the use of said facilities. (2) that in the construction of any improvements on or over, or under such land and the furnishing of services thereon, no person on the grounds of race, color, or national origin shall be excluded from participation in, denied the benefits of, or otherwise be subjected to discrimination. (3) that the premises shall be used in compliance with all other requirements imposed by or pursuant to Title 49. Code of Federal Regulations, Department of Transportation, Subtitle A Office of the Secretary, Part 21, Nondiscrimination in Federally

assisted programs of the Department of Transportation-Effectuation of Title VI of the Civil Rights Act of 1964, and as said Regulations may be amended.

The Lessee shall comply with all applicable Federal Aviation Administration regulations in its use of the Leased Premises.

In the event of Lessee's breach of any of the above covenants, the Lessor shall have the right to terminate the lease.

ARTICLE XX.
RESERVATION

The Lessor reserves the right to take any action it considers necessary to protect the aerial approaches of the airport against obstruction, together with the right to prevent the Lessee from erecting, or permitting to be erected, any building or other structures on the airport which in the opinion of the Lessor would limit the usefulness of the airport or constitute a hazard to aircraft; provided, however, the existing buildings located on the Leased Premises shall not be subject to this provisions.

There is hereby reserved to the City of Alexandria, Minnesota, its successors, and assigns, for the use and benefit of the public, a right of flight for the passage of aircraft in the airspace above the surface of the premises herein leased. This public right of flight shall include the right to cause in said airspace any noise inherent in the operation of any aircraft used for navigation or flight through the said airspace or landing at, taking off from, or operation on Alexandria Municipal Airport/Chandler Field.

ARTICLE XXI.
RESTRICTION

Lessee, its assigns, or sub-lessees shall in no way conduct or maintain activity on the demised premises which would interfere with or be a hazard to the flight of aircraft over the land, or to and from the airport, or interfere with air navigation and communication facilities serving the airport.

ARTICLE XXII.
TOPICAL HEADINGS

The topical headings used herein are inserted for convenience only and shall not be construed as indicating that of the provisions of this agreement relating to any particular topic are to be found in any particular article or section.

XXIII.
LAWS TO GOVERN

This agreement shall be deemed to have been made in and shall be construed in accordance with the laws of the State of Minnesota.

XXIV
OWNERSHIP OF BUILDING

Except as otherwise noted herein, it is hereby agreed by and between the parties hereto that the existing buildings and any buildings to be constructed and located on the Leased Premises is the property of Lessee and for all purposes is to be construed as personal property and not realty. However, the removal of said building from the premises shall be governed by the provision of this Lease.

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

CITY OF ALEXANDRIA, MINNESOTA
A Municipal Corporation

By _____
Bobbie Osterberg, Its Mayor

STATE OF MINNESOTA)
) ss.
COUNTY OF DOUGLAS)

On this ____ day of _____, 2024, before me, a Notary Public in and for said County and State, personally appeared Bobbie Osterberg, known to me to be Mayor of the City of Alexandria, Minnesota, and the person duly authorized by the City Council of the City of Alexandria, Minnesota to sign the foregoing instrument, and acknowledge to me that he executed the same.

Notary Public

ATTEST:
_____, 2024

LAKES AREA ECONOMIC
DEVELOPMENT AUTHORITY

By _____

Its _____

STATE OF MINNESOTA)
) ss.
COUNTY OF DOUGLAS)

On this ____ day of _____, 2024, before me, a Notary Public in and for said County and State, personally appeared _____, known to me to be _____, and the person duly authorized by said entity to sign the foregoing instrument, and acknowledge to me that the person executed the same.

Notary Public

EXHIBIT "A"
LEGAL DESCRIPTION

EXHIBIT "B"
CPI DATA

Annual Rent for Lease term ending June 10, 2024	\$15,755
Change in CPI-U from June 1, 2019 to May 31, 2024	22.867 percent
Increase in CPI-U per year of succeeding Rental Period	4.57 percent

Lease Year	Previous Year's Rent	Increase	Annual Rent
1	\$ N/A	\$ N/A	\$16,496.00
2	\$ 16,496.00	\$ 754.00	\$17,250.00
3	\$ 17,250.00	\$ 788.00	\$18,038.00
4	\$ 18,038.00	\$ 824.00	\$18,862.00
5	\$ 18,862.00	\$ 862.00	\$19,724.00

Note: These numbers are based off of the 6.06 acre lease next door with MBA-Alexandria. The ATCC lease is for 6.72, however, a portion will be eliminated due to lining up the northwest boundary with the private hangar space extended. It will probably be about 6.5 acres or so. I would propose we use the same annual payment for the first five years and then the lease would move to \$0.10 per square foot annually in

LEASE AGREEMENT

THIS LEASE AGREEMENT (the “Lease”), made and entered into on this ____ day of _____, 2024 (the “Effective Date”), by and between _____ (hereinafter referred to as “Landlord”) and Lakes Country Service Cooperative (hereinafter referred to as “Tenant”).

WHEREAS, Landlord and Tenant now hereby agree to enter into this Lease for those buildings (“Building”) and real property having an address of 1204 34th Avenue West, Alexandria, Minnesota (“Premises”) and further identified on Exhibit A attached hereto. The Building consists of approximately _____ square feet. The parties acknowledge and agree that the Premises are part of a larger parcel of real property and Tenant shall only be able to rent and use the Premises and Building as shown on Exhibit A.

ARTICLE 1.
PREMISES

1.01 Description of Premises. Landlord hereby leases and demises to Tenant and Tenant hereby accepts and leases from Landlord, on the terms and conditions hereinafter set forth, the Premises.

1.02 Quiet Enjoyment. So long as Tenant is not in default under the terms of this Lease, Tenant shall have quiet and peaceful possession of the Premises and shall enjoy all of the rights granted herein without interference, subject to the terms and conditions of this Lease.

ARTICLE 2.
LEASEHOLD IMPROVEMENTS

2.01 Possession. The date on which Landlord delivers the Premises to Tenant in the condition required by this Lease shall be the "Possession Date."

2.02 AS-IS Condition; Landlord Work. Tenant agrees to accept the Premises in its present "AS-IS" condition, subject only to Landlord's obligation to:

(i) complete all work to be completed as Landlord's Work in accordance with the plans and specifications on file with Landlord, subject to the limitations of Article 3 of this Lease;

(ii) deliver the Premises in broom-clean condition.

2.03 Landlord's Work. Landlord shall complete the improvements to the Premises, including the construction of the Building, in accordance with Exhibit B attached hereto ("Landlord's Work"). Landlord shall use commercially reasonable efforts to complete Landlord's Work on or before _____. Landlord's obligation to complete the Landlord's Work shall be limited to Article 3 of this Lease.

ARTICLE 3.
ALLOWANCES

3.01 Allowance for Landlord's Work. Landlord shall pay for up to \$_____ ("Improvement Allowance") for all costs and expenses incurred by Landlord for Landlord's Work (which may include soft costs relating directly to Landlord's Work) to the extent that such costs are incurred. Landlord shall only be obligated to expend the Improvement Allowance up to (i) 33% until all building permits and governmental approvals have been obtained, (ii) 66% until the mechanical, electrical, and plumbing rough-ins have been completed, and (iii) 100% until the Landlord's Work has been completed and the final certificate of occupancy has been obtained. In the event that the costs of the Landlord's Work is greater than the Improvement Allowance available, Tenant shall either modify the scope of the Landlord's Work or fund the deficiency, it being acknowledged and agreed that Landlord shall in no event be obligated to perform work for which it does not have adequate assurance of payment, or which exceed the Improvement Allowance available.

ARTICLE 4.
TERM

4.01 Lease Commencement. This Lease shall commence on the Effective Date (the "Commencement Date"). The payment of Rent (as defined below) shall commence on the Effective Date (the "Rent Commencement Date") in accordance with the table on Exhibit C.

4.02 Initial Term. The initial term of this Lease (the "Initial Term") shall begin on the Commencement Date and end on _____ unless earlier terminated or extended pursuant to the terms of this Lease. Hereinafter, "Term" shall mean the Initial Term and any extension thereof.

Commented [CF1]: Are there any renewal terms that are part of this?

ARTICLE 5.
RENT

5.01 Rent. Tenant covenants and agrees to pay to Landlord, without demand, deduction or setoff, annual rent (“Rent”) in accordance with the table on Exhibit C, which shows the portion of each Rent payment comprising the “principal” and “interest” portions of such payment.

All payments of Rent shall be due and payable in monthly installments in accordance with the table on Exhibit C, in advance on or before the first day of each month. Landlord agrees to accept ACH payments of Rent from Tenant.

5.02 Commencement Date. Rent shall commence to accrue, and the initial installment of Rent shall be due on the Commencement Date. If any payment of Rent or other charges due hereunder is not received by Landlord in good funds on its due date, Tenant will pay to Landlord a late charge of five percent (5%) of the amount due. The parties agree that such late charge represents a fair and reasonable estimate of the costs that Landlord will incur by reason of any late payment as hereinabove referred to by Tenant, and the payment of late charges is to compensate Landlord for Landlord’s processing, administrative and other costs incurred by Landlord as a result of Tenant’s delinquent payments.

5.03 Intentionally Left Blank.

5.04 Operating Costs. Tenant shall, wherever possible, pay Tenant’s Operating Costs directly to the service providers and others to which such sums are owed. Where the same is not possible, Tenant shall reimburse Landlord for all such Operating Costs incurred during or attributable to the Term within 30 days’ after receipt of an invoice from Landlord.

5.05 Insurance Premiums. Tenant shall pay directly to the insurance company all Insurance Premiums incurred during or attributable to the Term.

5.06 Real Estate Taxes. Tenant shall pay directly to the taxing authority Real Estate Taxes which become due and payable during the Term relating to the Premises and Building.

5.07 Additional Tax Liability of Tenant. Tenant shall pay, before delinquency, all taxes levied, assessed or payable upon all or any part of Tenant’s leasehold improvements, equipment, furniture, fixtures and other personal property located at the Premises and Building. In the event any of Tenant’s leasehold improvements, equipment, furniture, fixtures and other personal property shall be assessed and taxed with the Premises and Building, Tenant shall pay to Landlord such taxes. If any governmental authority or unit under any present or future law shall in any manner levy a tax on Rent or a tax in any form against Landlord from income derived from the leasing or rental of the Premises, such tax shall be paid by Tenant. Tenant shall not be liable to pay any income, business, occupation or franchise taxes of Landlord or any estate, succession, inheritance or transfer taxes of Landlord.

5.08 Real Estate Tax Appeals. Landlord may, in its sole discretion and at its sole cost and expense, retain professional consultants and/or counsel to analyze the Real Estate Taxes and to prosecute any protests, refunds and appeals for any period during the Term. Tenant shall not appeal any Real Estate Taxes without Landlord’s prior written approval.

ARTICLE 6.
UTILITIES

6.01 Utilities. Commencing with the Commencement Date, Tenant shall be responsible for the payment of all utilities for the Building.

6.02 Trash Removal. Tenant shall contract directly for trash removal services from dumpsters/containers located at the Premises. Tenant shall be responsible for bringing its trash from the Premises to the designated dumpsters/containers. All costs incurred by Landlord for trash removal, including the costs of the trash hauler and all costs for dumpsters/containers, shall be Operating Costs.

6.03 Direct Payment for Services. Tenant shall contract directly with a janitorial service or otherwise handle janitorial services within the Premises and shall pay any charges related to such services to such provider directly. Landlord is not required to provide any janitorial services to or for Tenant.

ARTICLE 7.
USE OF PREMISES

7.01 Permitted Use. The Premises are leased to Tenant for educational, general office purposes, and for other purposes which further Tenant's purpose and mission. (the "Permitted Use"). Landlord and Tenant acknowledge and agree that the Premises may be used for a Federal Level IV Special Education facility.

Commented [CF2]: Is this necessary?

7.02 Use and Trade Name. Tenant shall comply, at its sole cost and expense, with all federal, state and local laws, rules, regulations, orders and guidelines now or hereafter in force relating to or affecting Tenant's use and occupancy of the Premises, and will not use or permit the use of any portion of the Premises for any unlawful purpose or in violation of any documents or agreements to which this Lease is subject and subordinate. Without limiting the foregoing, Tenant shall comply with all federal, state and local laws, rules, regulations, orders and guidelines now or hereafter in force relating to nondiscrimination against its employees, applicants for employment, customers, contractors/subcontractors and agents.

7.03 Intentionally Left Blank.

7.04 Hazardous Substance. Except as used in the ordinary course of business and in compliance with applicable law, Tenant shall not cause or permit any Hazardous Substance to be used, stored, generated, or disposed of on, in or about the Premises by Tenant, or any of its agents, employees, representatives, contractors, suppliers, customers, subtenants, concessionaires, licensees, or invitees unless Tenant shall have received Landlord's prior written consent, which Landlord may withhold or at any time revoke in its sole discretion.

(i) Notwithstanding the foregoing, Tenant may store, use and dispose of customary amounts of cleaning products and other Hazardous Substances in the normal course of

general office/retail use, and Tenant covenants to comply with all applicable laws, rules, regulations and ordinances governing such Hazardous Substances.

(ii) Tenant shall indemnify and defend Landlord, and hold Landlord harmless, from and against any and all claims, damages, fines, judgments, penalties, costs, expenses, liabilities, or losses relating to any violation by Tenant of any Environmental Law (as hereinafter defined) or of this Article 7.04, (and any and all sums paid for settlement of claims, attorneys' fees, consultant fees, and expert fees) incurred by or asserted against Landlord arising during or after the Term of this Lease as a result thereof, except to the extent such violation is the result of any act or omission of Landlord, Landlord's contractors or is a condition or release which was created or occurred prior to Tenant's occupancy of the Premises. This indemnification includes, without limitation, any and all costs incurred because of any investigation of the site or any cleanup, removal, testing, or restoration mandated or conducted by or on behalf of any federal, state, or local agency or political subdivision. Without limitation of the foregoing, if Tenant causes a release of any Hazardous Substance in the Premises that results in any contamination, Tenant shall promptly, at its sole expense, take any and all necessary or appropriate actions to return the Premises to the condition existing prior to the release of any such Hazardous Substance. Tenant shall first obtain Landlord's written approval for any such remedial action, which shall not be unreasonably withheld, conditioned or delayed.

(iii) Landlord shall indemnify and defend Tenant, and hold Tenant harmless, from and against any and all claims, damages, fines, judgments, penalties, costs, expenses, liabilities, or losses relating to any violation of any Environmental Law (as hereinafter defined) or of this Article 7.04, and any (and all sums paid for settlement of claims, attorneys' fees, consultant fees, and expert fees) incurred by or asserted against Tenant arising during or after the Term as a result of any condition that existed on the Premises prior to the date of Tenant's occupancy under this Lease, or as a result of any act or omission of Landlord. This indemnification includes, without limitation, any and all costs incurred because of any investigation of the site or any cleanup, removal, testing, or restoration mandated or conducted by or on behalf of any federal, state, or local agency or political subdivision. Without limitation of the foregoing, if Landlord causes or permits the presence of any Hazardous Substance in the Premises that results in any contamination, Landlord shall promptly, at its sole expense and upon reasonable prior notice to Tenant, take any and all necessary or appropriate actions to return the Premises to the condition existing prior to the presence of any such Hazardous Substance.

(iv) "Hazardous Substance" means any substance that is regulated by any local government, the State in which the property is located, the United States government, or any agency, authority and/or instrumentality thereof and includes any and all materials or substances that are defined as "hazardous waste," "extremely hazardous waste," or a "hazardous substance" pursuant to any Environmental Law. "Hazardous Substance" includes but is not restricted to petroleum and petroleum byproducts, asbestos, explosives, polychlorinated biphenyls ("PCBs") and infectious waste.

(v) "Environmental Laws" means all federal, state and local laws, including statutes, regulations, and requirements, relating to the discharge of air pollutants, water pollutants

or process waste water or otherwise relating to the environment or Hazardous Substances, including, but not limited to, the Federal Clean Water Act, the Federal Resource Conservation and Recovery Act of 1976, the Federal Comprehensive Environmental Responsibility Cleanup and Liability Act of 1980, regulations of the Environmental Protection Agency, regulations of the Nuclear Regulatory Agency, and regulations of any state department of natural resources or state environmental protection agency, as amended or supplemented from time to time, now or at any time hereafter in effect.

7.05 Signage. Tenant may, at Tenant's sole cost and expense, install signage on the Building. All signage of Tenant shall nonetheless be subject to all applicable terms and conditions of this Lease, municipal regulations, and any other law or regulation applicable to such signage.

ARTICLE 8. MAINTENANCE, REPAIRS AND ALTERATIONS

8.01 Maintenance and Repair by Tenant. Tenant, at its sole cost, shall maintain the Premises in good order, condition and repair; promptly make all necessary repairs and replacements thereto; and keep the Premises in a clean, sanitary and safe condition; in accordance with the standards of maintenance followed in other comparable buildings of similar size in the area where the Premises is located. Tenant, at its sole cost, shall also maintain the Premises in compliance with all Governmental Regulations and all requirements of any company insuring the Premises. The obligation of Tenant to maintain the Premises includes repairs, replacements and improvements of any kind upon the Premises, or any equipment, facilities or fixtures used exclusively by the Premises, even if such equipment, facilities or fixtures are located outside the Premises, which shall at all times be kept in good order, condition and repair by Tenant, and in a clean, sanitary and safe condition and in accordance with all Governmental Regulations. Without limiting the foregoing, Tenant shall, at its cost, maintain, repair and replace the following parts or components of the Premises: (a) interior walls, partitions, ceilings, fixtures, equipment, lighting, sprinkler heads, fire protection systems, finish work and all non-structural portions of the Premises, including the painting or refinishing of the interior of the Premises at reasonable intervals; (b) interior and exterior doors, windows, entrances, floors, floor coverings, sills, trims, door closures, locks, keys, and moldings of the Premises, including the replacement of all cracked and broken glass; (c) Tenant's interior and exterior signage; (d) all mechanical systems, equipment, utility lines and related parts and fixtures wherever located that service the Premises exclusively, including, but not limited to, conduit, pipes, plumbing, drains, grease traps, toilets, basins, water heaters, circuit breakers, electrical panel boxes and meters; (e) all electric bulbs and tubes at the Premises and for Tenant's signage; and (f) the HVAC for the Premises. Tenant, at its cost, shall also be responsible for maintenance and repair to the roof, parking lots, concrete slab, foundation, bearing walls, exterior and structural portions of the Building, and regular pest and vermin control at the Premises and shall pick up any of Tenant's refuse or garbage on a regular basis that is located in the proximity of the dumpsters/containers utilized by Tenant.

Commented [CF3]: Jeremy—are you good with this language? LCSC is essentially responsible for everything.

8.02 Failure to Maintain by Tenant. If Tenant fails to maintain the Premises as required by Article 8.01, Landlord may, at its option, enter the Premises and perform such maintenance on behalf of Tenant upon reasonable notice. Upon receipt of an invoice from Landlord, Tenant shall pay the entire reasonable cost thereof together with an additional administrative charge of six percent (6%) calculated on the cost of such maintenance. If Tenant shall fail to reimburse Landlord

within sixty (60) days after demand for any amount paid for the account of Tenant hereunder, said amount plus interest at the annual rate of five percent (5%) thereon, but in no event greater than the maximum legal rate of interest, from the date of demand upon Tenant for payment, may be added by Landlord to the next installment of Rent due and payable from Tenant.

8.03 HVAC Maintenance and Roof Access. Tenant shall be responsible for the maintenance, repair and replacement of any HVAC unit serving the Premises and for the distribution of HVAC serving the Premises, within the Premises, subject to the reasonable approval of Landlord, which approval shall not be unreasonably withheld, conditioned, or delayed. Tenant shall be solely responsible for all damages to Landlord and/or other occupants resulting from any actions by Tenant or its contractors or agents related to the roof.

8.04 Maintenance and Repair by Landlord. Landlord shall not be required to maintain the Premises or make any repairs or replacements of any kind to the Premises.

Commented [CF4]: Jeremy—are you good with this language?

8.05 Alteration. Subject to the prior written consent of Landlord, which consent shall not be unreasonably withheld, conditioned, or delayed, Tenant shall have the right to make such additions, alterations, changes or improvements to the Premises as Tenant shall deem necessary or desirable; provided, however, that no such addition, alteration, change or improvement shall be made which will weaken the structural strength of, lessen the value of, interfere with or make inoperable, any portion of the Premises or appurtenances thereto. All additions, alterations, changes and improvements shall be made in a workmanlike manner, in full compliance with all building laws and ordinances applicable thereto, and when permitted to be made shall become a part of the Premises and except for furniture, trade fixtures and equipment shall be surrendered as a part of the Premises upon the termination of this Lease.

ARTICLE 9.
LANDLORD’S ACCESS TO PREMISES

9.01 Inspection of Premises by Landlord. Tenant agrees to permit Landlord and the authorized representatives of Landlord to enter the Premises at reasonable times upon reasonable notice to Tenant (or without notice for emergency purposes) for the purposes of: (a) inspecting same, (b) making such repairs or reconstruction to the Premises permitted to be made by Landlord, and (c) performing any work therein which may be necessary by reason of Tenant’s default under the terms of this Lease. Landlord shall use reasonable efforts to give Tenant notice by telephone or e-mail prior to entering the Premises for any emergency and in any event shall give Tenant notice of such entry as soon as practical after any such entry.

ARTICLE 10.
MECHANIC’S LIENS

Tenant shall not suffer or permit any mechanic’s liens to be filed against the Premises or any part thereof by reason of work, labor, services, or materials supplied or claimed to have been supplied to Tenant or anyone holding (or claiming to hold) the Premises or any part thereof through or under Tenant. If any such mechanic’s liens or notice of lien shall at any time be filed against the Premises on account of an alleged debt of Tenant or any notice of lien by a party engaged by

Tenant or Tenant’s contractor or materialmen to work on the Premises, Tenant shall take reasonable steps to have the lien discharged and/or paid.

ARTICLE 11.
COMPLIANCE WITH LAWS

11.01 Generally. Tenant shall, at Tenant’s sole cost and expense, promptly comply with all Governmental Regulations which may be applicable to the Premises, or the Permitted Use. Tenant will likewise observe and comply with the requirements of all policies of public liability, fire and all other policies of insurance at any time in force with respect to the Building and improvements on the Premises and the personal property thereof.

11.02 License. Tenant shall obtain all appropriate licenses required from all Federal, State, and municipal governments, if any, needed to operate its business on the Premises and Tenant shall be responsible to maintain such licenses, as long as the Lease is in effect.

11.03 Non-Compliance. If at any time or times any governmental authorities or insurance rating bureaus having jurisdiction shall complain that the Premises or the Building was not constructed in compliance with, or due to changes in accessibility laws or similar laws, is no longer in compliance with, any law, ordinance or regulation of any governmental authority or insurance rating bureau having jurisdiction and shall request compliance, then Tenant shall, upon receipt of notice of such complaint, do one of the following at Tenant’s sole discretion: (1) cause such repairs, alterations or other work to be done at the sole expense of Tenant, so as to bring about the compliance requested or (2) challenge the complaint in the appropriate forum.

ARTICLE 12.
INDEMNIFICATION OF PARTIES

12.01 Indemnification by Tenant. To the extent permitted by law, Tenant hereby agrees to indemnify, defend and save Landlord and Landlord’s officers, trustees, directors, partners, beneficiaries, ground lessors, joint venturers, members, stockholders or other principals or representatives (and their respective successors or assigns) (collectively, “Landlord Indemnified Parties”) harmless from all claims, actions, judgments, suits, losses, fines, penalties, demands, costs and expenses and liability whatsoever, including reasonable attorneys’ fees, expert fees and court costs (“Tenant Indemnified Claims”) on account of (i) any damage or liability occasioned in whole or in part by any use or occupancy of the Premises or by any act or omission of Tenant or any of Tenant’s agents, employees, subtenants, assignees, licensees, contractors or invitees (collectively, “Tenant Parties”); or (ii) the use of the Premises by Tenant or any Tenant Parties and conduct of Tenant’s business by Tenant or any Tenant Parties, or any other activity, work or thing done, permitted or suffered by Tenant or any Tenant Parties, in or about the Premises. Tenant shall in no event be liable to the Landlord and any Landlord Indemnified Parties or anyone claiming by, under or through Landlord for any loss or damage or liability resulting from the acts or omissions of any other third person who was not acting under the direction and control of Tenant. In case any action or proceeding is brought against Landlord or any Landlord Indemnified Parties by reason of any such Tenant Indemnified Claims, Tenant, upon notice from Landlord, shall defend the same at Tenant’s expense by counsel approved in writing by Landlord and

Commented [CF5]: Jeremy—do you want to try and limit LCSC’s indemnification obligations? I recommend doing so and including a cap.

Landlord's insurance carrier, which approval shall not be unreasonably withheld, conditioned or delayed. Tenant shall not be liable for damage or injury occasioned by the negligence or willful acts of Landlord or its agents, contractors or employees. Tenant's indemnification obligation under this Article 12.01 shall survive the expiration or earlier termination of this Lease.

12.02 Indemnification by Landlord. Landlord hereby agrees to indemnify, defend, and hold Tenant and Tenant's affiliates, officers, trustees, directors, partners, beneficiaries, joint venturers, members, or other principals or representatives (and their respective successors or assigns (collectively "Tenant Indemnified Parties") harmless from any and all claims, actions, judgments, suits, losses, fines, penalties, demands, costs and expenses and liability whatsoever, including reasonable attorneys' fees, expert fees, and court costs ("Landlord Indemnified Claims") on account of any damage or liability occasioned in whole or in part by any act or omission of Landlord or any of Landlord's agents, employees, contractors, subcontractors, assignees, licensees, affiliates, contractors, or invitees (collectively, "Landlord Parties"). Landlord shall in no event be liable to the Tenant and any Tenant Indemnified Parties or anyone claiming by, under, or through Tenant for any loss or damage or liability resulting from the acts or omissions of any other third person who was not acting under the direction and control of Landlord. In case any action or proceeding is brought against Tenant or any Tenant Indemnified Parties by reason of any such Landlord Indemnified Claims, Landlord, upon notice from Tenant, shall defend the same at Landlord's expense by counsel approved in writing by Tenant and Tenant's insurance carrier, which approval shall not be unreasonably withheld, conditioned, or delayed. Landlord shall not be liable for damage or injury occasioned by the negligence or willful acts of Tenant or its agents, contractors, or employees. Landlord's indemnification obligation under this Article 12.02 shall survive the expiration or earlier termination of this Lease.

ARTICLE 13. INSURANCE

13.01 Property Insurance. During the Term and at all times prior to the Commencement Date, Tenant shall provide and maintain, naming Landlord as an additional insured and loss payee:

- (i) Insurance for the full replacement value of the Building and all other improvements located on the Premises (other than Tenant's improvements), against loss or damage by fire and those perils included from time to time in the standard form of extended coverage insurance.

Commented [CF6]: Jeremy--I recommend checking with your insurer on this to make sure this can be done.

13.02 Tenant's Insurance. From and after the Commencement Date and during the Term, Tenant shall provide and maintain:

- (i) Insurance for the replacement value of all of Tenant's personal property, fixtures and equipment on, in or appurtenant to the Premises at the commencement of the Term and thereafter placed or installed, against loss or damage by fire and those perils included from time to time in the standard form of extended coverage insurance endorsement.
- (ii) Commercial general liability insurance with respect to the Premises with a combined single limit of not less than Two Million Dollars (\$2,000,000), including

insurance against the assumed or contractual liability of Tenant and Landlord hereunder for bodily injury, death, and property damage.

13.03 General Requirements. All policies of insurance maintained in accordance with this Article 13 shall be subject to and governed by the following:

- (i) All policies of insurance and the form thereof shall be standard policies of the insurer.
- (ii) Each party shall deliver a certificate of insurance to the other party at the commencement of the Initial Term and renewal certificates policies shall be delivered not less than ten (10) days prior to the expiration of any then current policy.
- (iii) The amount of liability insurance carried by both parties as required under this Lease shall be adjusted periodically to an amount then reasonably prudent to be carried by the parties.
- (iv) All policies of insurance provided for in Article 13 shall be issued in a form acceptable to Landlord by sound and reputable insurance companies with a general policyholder rating of not less than A- and a financial rating of Class VII as rated in the most currently available “Best’s Insurance Reports” and qualified to do business in the state in which the Premises is located.

13.04 Waiver of Claims and Subrogation. Notwithstanding any other provisions in this Lease to the contrary, Landlord and Tenant hereby release one another from any and all liability or responsibility (to the other or anyone claiming through or under them by way of subrogation or otherwise) for any loss or damage covered by property insurance or coverable by a customary policy of the insurance required by this Article 13, even if such loss or damage shall have been caused by the fault or negligence of the other party, or anyone for whom such party may be responsible. Each party’s property damage insurance shall contain a waiver of any right to subrogation.

Commented [CF7]: Jeremy—please make sure to check with your insurer about this issue as well.

ARTICLE 14. DESTRUCTION

If the Premises is hereafter damaged, destroyed or rendered partially untenable for the Permitted Use by fire or other casualty, insured or which should have been insured under the coverage which Tenant or Landlord is obligated to carry pursuant to Article 13 above, then Landlord shall, within sixty (60) days after such casualty, commence repair of the Premises, and proceed with diligence to restore the Premises to substantially the same condition in which it was immediately prior to the occurrence of the casualty, except for Tenant’s personal property, fixtures and equipment on, in or appurtenant to the Premises or as otherwise provided in this Article 14. Rent or other amounts payable under this Lease shall abate proportionately during any period from the occurrence of the casualty until the earlier of (i) ninety (90) days after the date Landlord’s repairs are substantially complete, or (ii) the date Tenant reopens for business in the entirety of the Premises, including any damaged portion thereof. Notwithstanding the foregoing, if fifty percent (50%) or more of the Premises is destroyed or rendered untenable by fire or other casualty during the last two (2)

years of the then-existing Term of this Lease (based upon the cost to replace the Premises as compared with the market value of the Premises immediately prior to such fire or other casualty, as shown by certificate of Tenant's architect), then Tenant shall have the right to terminate this Lease effective as of the date of such notice, by giving written notice of termination to Landlord within thirty (30) days of such casualty or determination of available insurance proceeds. If said notice of termination is given within this thirty (30)-day period, this Lease shall terminate and Rent and all other charges shall abate as aforesaid from the date of such notice, and Landlord shall promptly repay to Tenant any Rent paid in advance which has not been earned as of the date of such notice. If said notice is not given, then Landlord shall repair and replace the Premises, to at least its condition prior to the damage or destruction. All such repairs, replacement, reconstruction or rebuilding shall be performed by Landlord in a good and workmanlike manner, in accordance with all applicable laws and in accordance with the terms and provisions of this Lease.

ARTICLE 15. CONDEMNATION

15.01 Condemnation Defined. The term "condemnation", as used in this Lease, shall mean the exercise of the power of eminent domain by any person, entity, body, agency or authority, or purchase in lieu of eminent domain, and the "date of condemnation" shall mean the day on which the actual physical taking of possession pursuant to the exercise of said power of eminent domain, or purchase in lieu thereof, occurs or the date of settlement or compromise of the claims of the parties hereto during the pendency of this exercise of said power, whichever occurs first, and property is deemed "condemned" on the date of condemnation.

15.02 Landlord's Right to Collect Proceeds. In the event the Premises or any part thereof shall be taken in condemnation proceedings, Landlord shall be entitled to collect the entire award made in any such proceedings without deduction therefrom for any estate hereby vested in or owned by Tenant subject to Tenant's rights as set forth in this Lease except Tenant may claim a separate award for the Unamortized Value (as hereinafter defined), moving expenses, loss of going concern, and/or depreciation to, damage to, and/or cost of removal of, and/or for the value of stock and/or trade fixtures, furniture and other personal property belonging to and paid for by Tenant and any other award available to Tenant pursuant to applicable law provided the same does not reduce Landlord's award. As used herein, the term "Unamortized Value" shall mean the unamortized amount of the difference between the cost of construction of the Building on the Premises and any other leasehold improvements paid for by Tenant and not reimbursed by Landlord minus the amount of the Improvement Allowance, which difference shall be amortized, on a straight-line basis over the Term. Tenant agrees to execute any and all further documents that may be required in order to facilitate collection by Landlord of any and all such awards. Tenant and any person or entity having an interest in Tenant's share of the award, in cooperation with Landlord, shall have the right to participate in any condemnation proceedings or agreement as aforesaid for the purpose of protecting Tenant's interests hereunder.

15.03 Total Taking. If at any time during the Term, the whole or substantially all of the Premises shall be so taken or condemned, this Lease shall terminate and expire on the earlier of the date of condemnation or, if earlier, at Tenant's option, on the first anniversary of the commencement of the eminent domain action, and the Rent provided to be paid by Tenant shall be

apportioned and paid to such date. For the purposes of this Article, “substantially all of the Premises” shall be deemed to have been taken if taking into consideration the amount of the net award available for such purposes, the portion of the Premises not so taken cannot be so repaired or rebuilt as to constitute a complete, rentable structure suitable for continuing the Permitted Use and capable of producing a proportionately fair and reasonable net annual income after payment of all operating expenses thereof, the Rent, as the same may be reduced as a result of such taking, Rent and all other charges payable hereunder, and after performance of all covenants, agreements, terms and provisions herein and by laws provided to be performed and paid by Tenant.

15.04 Partial Taking. In the event of a partial taking of the Premises which shall not result in the termination of this Lease, Landlord shall promptly proceed to repair, rebuild or restore the remainder of the Building affected thereby to a complete and self-contained architectural unit, for the Permitted Use. However, if the aforementioned taking renders the Premises unsuitable for Tenant's use, as determined by Tenant in its commercially reasonable discretion, Tenant may terminate this Lease as of the date when Tenant is required to yield possession.

ARTICLE 16. **ASSIGNMENT AND SUBLETTING**

16.01 Prohibition Against Assignment. Subject to the rights specifically granted below, Tenant shall not assign this Lease or sublet the whole of the Premises either voluntarily or by operation of law without the prior written consent of Landlord; and such consent shall not be unreasonably conditioned, withheld, or delayed. It shall not be unreasonable for Landlord to withhold consent if any of the following is not completed to the reasonable satisfaction of Landlord: (1) the sublease or assignment provides that the sublessee or assignee will not take any action in derogation of Tenant's obligations hereunder, (2) a copy of the sublease or assignment is filed with Landlord, and (3) either (A) the sublease or assignment is to a governmental unit or (B) an opinion of Landlord's bond counsel is first filed with the Landlord stating in effect that the sublease or assignment will not impair the tax exempt status of any bonds or financing instrument relating to the Premises. Any assignment of this Lease shall not be effective unless the assignee or transferee shall, at the time of such assignment or transfer, assume in writing all the terms, covenants and conditions of this Lease thereafter to be performed by the Tenant, and shall agree in writing to be bound thereby. Tenant specifically understands and agrees that any assignment or sublease shall in no way release (unless by written agreement with Landlord) the Tenant from any of its obligations and covenants under this Lease, nor should said assignment or sublease be construed or taken as a waiver of any of Landlord's rights or remedies hereunder against or as relating to Tenant. In order for Landlord to consider an assignment or sublease, Tenant shall provide the following:

Tenant shall give Landlord thirty (30) days' prior written notice of its desire to assign or sublet, which notice shall include detailed information describing the proposed assignment and transferee, including but not limited to, the name of the proposed assignee or subtenant, its financial responsibility evidenced by financial statements and/or credit reports, the prior operating history of such assignee, a description of its business activities and specific terms as to the assignment or sublease agreement including rental, term and the date said assignment or sublease is to take effect. Tenant shall comply with all reasonable requests of Landlord for additional information. Tenant shall also include with such request a fee

of One Thousand Five Hundred and No/100 Dollars (\$1,500.00) to compensate Landlord for legal fees, costs of administration, and other expenses to be incurred in connection with the review and processing of such documentation (whether or not such Transfer is consummated).

Landlord Response. Within thirty (30) days of Landlord's receipt of any assignment request and any additional information requested by Landlord concerning the proposed transferee's financial responsibility, Landlord will notify Tenant of its election to do one of the following: (1) consent to the proposed transfer subject to such reasonable conditions as Landlord may impose in providing such consent; (2) refuse such consent; or (3) terminate this Lease as to all or such portion of the Premises which is proposed to be sublet or assigned and recapture all or such portion of the Premises for reletting by Landlord. The voluntary or other surrender of this Lease by Tenant or a mutual cancellation hereof shall not work as a merger but shall, at the option of Landlord, either terminate all or any existing subleases or subtenancies or operate as an assignment to Landlord of such subleases or subtenancies. Any transferee approved by Landlord shall expressly assume in writing the obligations of Tenant hereunder.

16.02 Landlord Assignment. In the event of the sale or other transfer of Landlord's interest in the Premises (except in the case of a sale-leaseback financing transaction in which Landlord is the lessee), Landlord shall transfer and assign to such purchaser or transferee the obligations of Landlord under this Lease whereupon Landlord shall be deemed released from all liability and obligations hereunder arising out of any act, occurrence or omission relating to the Premises or this Lease occurring after the consummation of such sale or transfer. Provided such purchaser or transferee assumes (or is deemed to have assumed) the obligations of Landlord under this Lease as described above, Tenant agrees to attorn to any such purchaser or transferee without further act by Landlord or such purchaser or transferee.

16.03 Mortgage and Sale Restrictions on Tenant. Tenant will not sell, transfer or convey its interest in the Premises or any portion thereof during the Term of this Lease, without the written consent of Landlord.

16.04 Permitted Sublease. Notwithstanding the foregoing, Tenant may, subject to the terms and conditions of this Lease, and provided that an opinion of Landlord's bond counsel is first filed with the Landlord stating in effect that the sublease will not impair the tax exempt status of any bonds or financing instrument relating to the Premises.

ARTICLE 17. **EVENTS OF DEFAULT: REMEDIES**

17.01 Events of Default. Each of the following events shall be an "Event of Default" hereunder by Tenant and a breach of this Lease:

- (i) If Tenant shall file a petition in bankruptcy or insolvency or for reorganization or arrangement under the bankruptcy laws of the United States or any insolvency act of any state or shall voluntarily take advantage of any such law or act by answer or otherwise or shall be dissolved or shall make an assignment for the benefit of creditors.

(ii) If involuntary proceedings under any such bankruptcy law or insolvency act shall be instituted against Tenant or if a receiver or trustee shall be appointed for all or substantially all of the property of Tenant, and such proceedings shall not be dismissed or such receivership or trusteeship vacated within sixty (60) days after institution or appointment.

(iii) If Tenant shall fail to pay Landlord any Rent as and when the same shall become due and payable and shall not make such payment within twenty (20) days after written notice thereof.

(iv) If Tenant shall make an assignment for the benefit of creditors or shall apply for or consent to the appointment of a receiver for itself or any of its property.

(v) If Tenant shall fail to keep, observe or perform any of the other covenants and agreements herein contained to be kept, observed and performed by Tenant, and such failure shall continue for thirty (30) days after notice thereof in writing to Tenant by Landlord, provided, however, should remedial activity on the part of Tenant reasonably require a period in excess of the said period provided, Tenant shall not be considered to have committed an Event of Default provided it commences to cure such failure within such thirty (30)-day period and diligently pursues said remedial activity for a reasonable period of time as may be required, not to exceed ninety (90) days.

17.02 Remedies. Upon the occurrence and continuance of Tenant's Event of Default for failure to pay Rent when due, Landlord shall give Tenant twenty (20) days' written notice that Tenant's Event of Default has occurred, specifying Tenant's Event of Default and the action required necessary to cure Tenant's Event of Default. Upon the occurrence and continuance of Tenant's Event of Default other than the failure to pay Rent when due, Landlord shall give Tenant thirty (30) days' written notice of Tenant's Event of Default, specifying Tenant's Event of Default and the action required to cure Tenant's Event of Default. If Tenant fails to cure Tenant's Event of Default within the time provided to cure, Landlord may resort to any and all legal remedies or combination of legal remedies which Landlord may desire to assert, including, but not limited to, (i) exercising Landlord's lien rights in accordance with Article 26, and/or (ii) terminating this Lease or bringing an action for unlawful detainer of Tenant and obtain an order for the sheriff to enter the Premises and removing all persons and chattels therefrom and Landlord shall not be liable for damages or otherwise by reason of re-entry or termination. Notwithstanding such termination, the liability of Tenant for the Rent provided for hereinabove shall not be extinguished for the balance of the term remaining after said termination.

Should termination of Tenant's estate occur as herein provided, or should Landlord take possession pursuant to legal proceedings or pursuant to any notice provided by law, Landlord may either terminate this Lease or Landlord may from time to time without terminating this Lease, make such alterations and repairs as may be necessary in order to relet the Premises. Landlord shall make reasonable efforts to relet the Premises or any part thereof for such term or terms (which may be for a term extending beyond the term of this Lease) and at such rental or rentals determined by Landlord. All rentals received by Landlord from such reletting shall be applied, first, to the payment of any indebtedness other than Rent due hereunder from Tenant to Landlord; second, to the payment of any costs and expenses of such reletting, including brokerage fees and attorneys'

fees and of costs of such alterations and repairs; third, to the payment of Rent due and unpaid hereunder, and the residue, if any, shall be held by Landlord and applied in payment of future Rent as the same may become due and payable hereunder.

If such rentals received from such reletting during any month are less than that to be paid during that month by Tenant hereunder, Tenant shall pay any such deficiency to Landlord. Such deficiency shall be calculated and paid monthly. No such re-entry or taking possession of said premises by Landlord shall be construed as an election on its part to terminate this Lease unless a written notice of such intention be given to Tenant or unless the termination thereof be decreed by a court of competent jurisdiction.

Notwithstanding any such reletting without termination, Landlord may at any time thereafter elect to terminate this Lease for such previous breach. Should Landlord at any time terminate this Lease for any breach, in addition to any other remedies it may have, it may recover from Tenant all damages it may incur by reason of such breach, including the worth at the time of such termination of the excess, if any, of the amount of rent and charges equivalent to Rent reserved in this Lease for the remainder of the stated term over the then reasonable rental value of the Premises for the remainder of the stated term all of which amounts shall be immediately due and payable from Tenant to Landlord. In determining the Rent which would be payable by Tenant hereunder, subsequent to default, the Rent for the unexpired term shall be equal to the Rent, for each remaining month plus Tenant's share of taxes, insurance and maintenance from the commencement of the Term to the time of default. The "worth" of such sum shall be determined by determining the sum of the present value of all such payments using an 5% interest factor. Upon termination of the Lease, Tenant shall surrender possession and vacate the Premises immediately, and deliver possession thereof to Landlord.

17.03 Cure of Default. If Tenant defaults in the making of any payment, or in the doing of any act herein required to be made or done by Tenant, or does or suffers any act prohibited herein, beyond applicable cure periods, then Landlord may, but shall not be required to, make such payment or do such act, or correct any damage caused by such prohibited act and to enter the Premises as appropriate in connection therewith, and the amount of the expense thereof, if made or done so by Landlord, with interest thereon from the date paid by Landlord, shall be paid by Tenant to Landlord and shall constitute Rent hereunder due and payable with the next monthly installment of rent.

17.04 Landlord's Default. Should Landlord be in default under the terms of this Lease, Landlord shall have thirty (30) days in which to cure the same after written notice to Landlord by Tenant; provided, however, should remedial action on the part of Landlord reasonably require a period in excess of said period, Landlord shall have such additional time necessary to cure such default, not to exceed sixty (60) days, provided Landlord diligently pursues such cure. If Landlord defaults under this Lease and if, as a consequence of such default, Tenant shall recover a money judgment against Landlord, such judgment may be satisfied against the right, title and interest of Landlord in the Premises including, but not limited to, the rents, proceeds and profits derived therefrom as the same may then be constituted and encumbered. Upon any such uncured default by Landlord, Tenant may terminate this Lease upon written notice to Landlord given prior to completion of any cure of the default and Tenant may exercise any of its rights provided at law or in equity; provided, however: (a) Tenant's rights and remedies hereunder shall be limited to the

extent (i) Tenant has expressly waived in this Lease any of such rights or remedies and/or (ii) this Lease otherwise expressly limits Tenant's rights or remedies. Notwithstanding anything contained in this Lease to the contrary, the obligations of Landlord under this Lease (including any actual or alleged breach or default by Landlord) do not constitute personal obligations of the individual partners, directors, officers, members or shareholders of Landlord or Landlord's partners, and Tenant shall not seek recourse against the individual partners, directors, officers, members or shareholders of Landlord or against Landlord's partners or any other persons or entities having any interest in Landlord, or any of their personal assets for satisfaction of any liability with respect to this Lease.

17.05 Waiver of Redemption. Tenant hereby expressly waives, to the full extent waivable, any and all rights or redemption granted by or under any present or future laws in the event of Tenant being evicted or dispossessed for any cause, or in the event of Landlord obtaining possession of the Premises, by reason of the violation of Tenant of any of the covenants or conditions of this Lease, or otherwise.

17.06 Remedies Cumulative. No remedy herein or otherwise conferred upon or reserved to Landlord or Tenant shall be considered to exclude or suspend any other remedy, but the same shall be cumulative and shall be in addition to every other remedy given hereunder now or hereafter existing at law or by statute and every power and remedy given by this Lease to Landlord or Tenant may be exercised from time to time and as often as occasion may arise or may be deemed expedient. No delay or admission of Landlord or Tenant to exercise any right or power arising from any event of default shall impair any such right or power or shall be construed to be a waiver of any such event of default or acquiescence therein.

ARTICLE 18.
SURRENDER OF PREMISES

Tenant shall, upon the expiration or earlier termination of this Lease, peaceably vacate and surrender the Premises to Landlord in good order, condition and repair, reasonable wear and tear, and damage from casualty, condemnation or other damage caused by the gross negligence or willful misconduct of Landlord and Landlord maintenance obligation excepted. Tenant shall leave the Premises and appurtenances thereto free and clear of rubbish and broom clean.

ARTICLE 19.
CERTIFICATES BY TENANT

19.01 Certificate by Tenant. Tenant shall, at any time and from time to time, upon not less than twenty (20) days' prior written notice by Landlord, execute and acknowledge to Landlord a statement in writing certifying that this Lease is unmodified and in full force and effect (or if there shall have been modifications that the Lease is in full force and effect as modified and stating the modifications), and the dates to which the Rent has been paid, and stating whether or not to the best knowledge of the signer of such certificate, Landlord is in default in keeping, observing or performing any term, covenant, agreement, provision, condition or limitation contained in this Lease, and, if in default, specifying each such default of which the signer may have knowledge, it being intended that any such statement delivered pursuant to this Article 19.01 may be relied upon by Landlord or any prospective purchaser of the fee or any mortgage thereto or any assignee of

any mortgage upon the fee of the Premises, but reliance on such certificate may not extend to any default of Landlord as to which the signer for Tenant shall have had no actual notice. Such certificate shall not contain any amendments to the substantive terms of the Lease.

19.02 Subordination, Non-Disturbance and Attornment. Tenant hereby subordinates its rights under this Lease to the lien of any mortgage, deed of trust or other security instrument, now or hereafter in force, against the Premises, and to all advances made or to be made thereon. Tenant shall provide evidence of this subordination of its interest by executing a Subordination, Non-Disturbance and Attornment Agreement in a form reasonably acceptable to Landlord or the holder of any security interest in the Premises. Tenant agrees to attorn and recognize any new owner succeeding to the interest of Landlord in the Premises as its landlord under this Lease, whether or not this Lease has priority over the new owner's interest in the Premises.

19.03 Mortgagee Protection Clause. Provided Landlord shall have provided Tenant with updated contact information, Tenant agrees to give any mortgagees, trustees or other holders of any security interest in the Premises, by certified or registered mail, a copy of any notice of failure served upon Landlord prior to default. In the event that Landlord does not cure a failure within the time provided for in this Lease, the holder of a security interest shall have an additional thirty (30) days within which to cure the failure prior to default; provided that the holder of a security interest shall have more time to cure the failure if it commences performance within the thirty (30) day period and thereafter diligently pursues the cure to completion. Tenant shall not exercise its remedies under this Lease until Tenant has provided such holder of a security interest with the opportunity to cure set forth herein.

ARTICLE 20.
NOTICE

All notices or demands which shall be required or permitted by law or any provisions of this Lease shall be sent by United States certified mail, postage prepaid, or by overnight delivery courier to the addresses set out below for Landlord and Tenant, or to such other address as such party may from time to time designate by notice to the other in accordance with this Article. Notices shall be effective upon delivery unless delivery is refused or cannot be made, in which event notice shall be effective at the time of refusal.

To Tenant:

Lakes Country Service Cooperative
Attn: Executive Director
1001 East Mount Faith
Fergus Falls, MN 56537

With a copy to:

Chad Felstul
Pemberton Law
110 N Mill Street
Fergus Falls, MN 56538
Email: c.felstul@pemplaw.com

To Landlord:

ARTICLE 21.
WAIVER

Failure of either party to insist upon the strict performance of any or all of the terms or conditions herein shall not constitute, nor be construed as, a waiver of such party's right to thereafter enforce any such terms or conditions, but the same shall continue in full force and effect.

ARTICLE 22.
HOLDING OVER

In the event Tenant shall continue to occupy the Premises after the expiration of the term hereof, such holding over shall not operate to extend or renew this Lease, but shall be construed as a tenancy from month to month which may be terminated by either party upon thirty (30) days' prior written notice. Such month-to-month tenancy by Tenant shall be subject to all the terms and provisions of this Lease, except that Tenant shall pay Rent at a rate equal to one and one-half times the Rent payable for the month immediately preceding expiration of the Term.

ARTICLE 23.
COVENANTS

23.01 Covenant of Faithful Performance. It is mutually agreed that this Lease is made upon and subject to the terms, covenants, and conditions herein contained, and that Tenant covenants, as a material part of the consideration for this Lease, to keep and perform each and all of said terms, covenants and conditions to be kept and performed by it and that this Lease is made upon the condition of such performance.

23.02 Provisions Deemed Covenants and Conditions. The parties hereto agree that all the provisions hereof are to be construed as covenants and conditions as though the words imparting such covenants and conditions were used in each instance.

ARTICLE 24.
PURCHASE OPTION AND PREPAYMENT

24.01 End of Term. Tenant may, at any time during the Term, elect to purchase the Building from Landlord at the end of the Term for \$1.00 in accordance with the procedures below in Section 24.02(c)-(d). At the closing of such purchase, Landlord shall not be required to make any representations or warranties with regard to the property, and shall transfer its interest in the Building by a bill of sale or any other documentation as reasonably requested by Tenant. Tenant shall pay all closing costs for such purchase.

24.02 During the Term. Tenant shall have and is hereby granted the option to purchase (the "Purchase Option") the Building at any time during the Term on a date provided in a notice

from Tenant to Landlord so long as such date is on or after July 1, 2027 (such date in such notice being the "Purchase Option Date") in the manner, at the price and on the terms provided herein.

(a) Exercise. The Purchase Option may be exercised by Tenant by giving notice ("Tenant's Notice") to Landlord of the exercise of the Purchase Option at least three (3) months in advance of the Purchase Option Date.

(b) Purchase Price. The purchase price for the Building pursuant to exercise of the Purchase Option shall be the outstanding principal balance on the [Bonds] as shown on attached Exhibit C and any portion of the "interest" portion of such payment of Rent for the period prior to the "call date" of the [Bonds] plus any past due payments to be made by Tenant to Landlord under this Lease plus any of Landlord's closing costs or costs incurred by Landlord in discharging the [Bonds] or delivering title to the Building in the manner required under this Article (the "Purchase Price").

(c) Procedure. Within fifteen (15) days after receipt of Tenant's Notice, Tenant shall obtain a title insurance commitment for the Premises with a then-current effective date. If such commitment reflects any matter materially and adversely affecting title to the Premises and/or the Building (other than an access easement and utility easements approved by Tenant, this Lease, any documents recorded with Tenant's prior approval and any encumbrances created on or after the date hereof by Tenant or those claiming by, through or under Tenant or with Tenant's consent), then Tenant may give Landlord written notice of such matter. If Tenant gives Landlord such notice, Landlord shall use reasonable efforts to cause such matter to be removed and corrected of record within thirty (30) days of receipt of Tenant's notice. If Landlord fails to do so within said thirty (30) days, Tenant may at its option (a) attempt to cause such encumbrances to be removed, (b) proceed to close, or (c) terminate the agreement formed by exercise of the applicable Purchase Option by giving written notice thereof to Landlord, without such termination releasing Landlord from liability for damages hereunder. If Tenant elects alternative (a) above, closing shall be postponed until the encumbrances in question are removed and, if Tenant is unable within a further period of sixty (60) days to cause such encumbrances to be removed, Tenant may then elect either alternative (b) or (c) above. The closing shall be contingent upon the Tenant obtaining a lease with the owner of the Premises on terms and conditions that are acceptable to the Tenant.

(d) Closing. Landlord shall convey the Building to Tenant on the Purchase Option Date through an escrow closing. The conveyance shall be by a bill of sale bill of sale or any other documentation as reasonably requested by Tenant and the conveyance shall include all documents necessary to allow transfer of the Building to the Tenant free and clear of any encumbrances. Tenant shall pay any state and local taxes or revenue stamps or other transfer tax, and all other closing costs related to the purchase of the Building. The Purchase Price shall be payable by wire transfer or other readily available funds. This Lease and all of the terms and provisions hereof shall remain in full force and effect until the purchase has closed, except as otherwise provided herein. Upon conveyance of the Building from Landlord to Tenant, the Lease shall terminate and be of no further force and effect except as otherwise set forth herein.

24.03 Partial Prepayment. From and after July 1, 2027, Tenant shall have the option on any date to prepay in increments of \$5,000, the "principal" portion of any Rent payment(s) next

coming due under the Lease, and to be thereby relieved of any obligation to pay any “interest” relating to such portion of the outstanding “principal” that would otherwise accrue from and after the prepayment date.

(a) **Exercise of Partial Prepayment Option.** Tenant shall give notice to Landlord of its intention to exercise its option to partially prepay Rent, in whole or part, as provided in Article 24.03. Tenant shall give such notice not less than forty-five days prior to the date on which the “principal” portion of any Rent is to be prepaid, in whole or part and shall deposit with the Landlord on the date of exercise the sum required to effect such prepayment.

(b) **Credit for Partial Prepayment.** If Tenant partially prepays any Rent under this Article 24.03 and thereafter elects to acquire the Building as provided in this Article, the Tenant shall be entitled to credit against the Purchase Price an amount equal to the prepaid amounts of “principal” relating to payments of Rent which were not due and payable until after the Purchase Option Date.

ARTICLE 25. **GENERAL PROVISIONS**

25.01 **Captions.** The captions of the Articles of this Lease are for convenience only and are not a part of this Lease, and do not in any way limit or amplify the terms or provisions of this Lease.

25.02 **Business Days.** For all purposes under this Lease, “Business Days” shall mean Monday through Friday, except when any of those days is a legal holiday under Federal law or Minnesota state law.

25.03 **Successors and Assigns.** Subject to the provisions hereof, this Lease shall bind and inure to the benefit of the parties hereto and their respective successors and assigns.

25.04 **Attorney’s Fees.** In the event either of the parties hereto commences any action or proceeding against the other under or on account of this Lease, then and in each such event, the successful party in such action or proceeding shall be entitled to receive, and the parties hereto respectively agree to pay, a reasonable attorneys’ fee on account of such action or proceeding.

25.05 **Construction.** The language in all parts of this Lease shall be in all cases construed according to its fair meaning and not strictly for or against Landlord or Tenant.

25.06 **Partial Invalidity.** If any term, covenant, condition or provision of this Lease is held by a court of competent jurisdiction to be invalid, void or unreasonable, the remainder of the provisions hereof shall remain in full force and effect and shall in no way be affected, impaired or invalidated thereby.

25.07 **Unavoidable Delay.** Time is of the essence with respect to all provisions of this Lease, except that whenever a date is herein provided for either party to do or perform any act or thing, that date shall be subject to Unavoidable Delay provided that Landlord and Tenant each use commercially reasonable efforts to mitigate any Unavoidable Delays. "Unavoidable Delay" shall

mean delays in the performance or obligations under this Lease due to acts of God, acts of the public enemy, the direct unavoidable result of strikes, walk outs and lockouts which could not be reasonably anticipated, fire, floods, epidemics and quarantines, unavailability of power, unavailability of materials which would not reasonably be anticipated, the requirement to remediate environmental conditions other than as noted in environmental audits procured prior to commencing construction, unusually severe weather not reasonably anticipatable, provided no such occurrence shall constitute “Unavoidable Delay” for a party unless the party gives written notice to the other party of such occurrence within ten (10) days of its first occurrence. For each day of Unavoidable Delay, one day shall be added to the date under this Lease for completion of the affected task and any subsequent task the commencement of which is dependent on completion of the affected task. The nonperforming party will be prompt and diligent in attempting to remove the cause of its failure to perform, and nothing herein shall be construed as permitting that party to continue to fail to perform after said cause has been removed. The provisions of this Article shall not operate to excuse Tenant from prompt payment of Rent or any other payments required by the terms of this Lease and shall not extend the Term. Delays or failures to perform resulting from lack of funds shall not be deemed delays beyond the reasonable control of a party.

25.08 Law Governing. This Lease shall be governed by and construed in accordance with the laws of the State of Minnesota.

25.09 Landlord Rules and Regulations. Tenant and its employees shall observe and comply with any reasonable rules and regulations that Landlord or Landlord’s agents may from time to time adopt for the Premises and that are applicable to Tenant provided Tenant has received notice of such rules and regulations pursuant to the notice provisions of Article 20 hereof, and provided such rules and regulations do not deprive Tenant of any rights set forth in this Lease or materially and unreasonably interfere with the benefits of the Lease.

25.10 Initial Covenant. Landlord and Tenant each covenants and warrants that it has full right and lawful authority to enter into this Lease for the full term herein granted and for any and all extensions herein provided.

25.11 Entire Agreement. This Lease, together with any written modifications or amendments hereto, hereinafter entered into, shall constitute the entire agreement between the parties relative to the subject matter hereof and shall supersede any prior agreements or understandings, whether written or oral, which the parties may have had relating to the subject matter hereof. No subsequent alteration, amendment, change or addition to this Lease shall be binding upon Landlord or Tenant unless reduced to writing and signed by them. Tenant shall not record this Lease without Landlord’s written consent.

25.12 Counterparts. This Lease may be executed in two or more counterparts, each of which shall be deemed an original, but all of which together shall constitute one and the same instrument.

25.13 Consent of Landlord. Wherever in this Lease the consent or approval of Landlord is required, unless the context requires otherwise, it is agreed that such consent or approval will not be unreasonably withheld, delayed or conditioned, and will be promptly considered.

25.14 Memorandum of Lease. Neither Tenant nor Landlord shall have the right to record a memorandum of this Lease, unless agreed upon by both parties and in a form reasonably approved by each party.

25.15 Brokers. Landlord and Tenant each warrant and represent to the other that it has dealt with no broker or brokers in connection with this Lease. Each Party shall defend, indemnify and hold harmless the other Party from and against all other leasing or brokerage commissions, fees and expenses, and all claims therefor, in connection with this Lease that are otherwise due to, or made by, any other broker alleging that such broker has dealt with the indemnitor Party in bringing about this Lease. The terms of this paragraph shall survive termination of this Lease.

25.16 Waiver of Consequential Damages. TO THE FULLEST EXTENT ALLOWED BY LAW, IN NO EVENT SHALL THE TENANT BE LIABLE TO THE LANDLORD FOR ANY SPECIAL, INCIDENTAL, CONSEQUENTIAL, INDIRECT, PUNITIVE OR DAMAGES RELATED TO SAVINGS, PROFIT, PROPERTY, OR GOOD WILL REGARDLESS OF WHETHER THE LANDLORD HAS BEEN ADVISED OF THE POSSIBILITY OR LIKELIHOOD OF SUCH DAMAGE OCCURRING OR WHETHER CLAIMS ARE BASED OR REMEDIES ARE SOUGHT IN CONTRACT, NEGLIGENCE, STRICT LIABILITY, TORT, PRODUCTS LIABILITY, OR OTHERWISE.

ARTICLE 26.
LANDLORD'S LIEN

In addition to any statutory lien for rentals in Landlord's favor, Landlord shall have and Tenant hereby grants to Landlord a continuing security interest for all Rent and other sums of money becoming due hereunder from Tenant, upon all goods, wares, equipment, fixtures, furniture, inventory, accounts, contract rights, chattel paper and other personal property of Tenant situated on the Premises, including any improvements of Tenant, and such property shall not be removed there from without the consent of Landlord until all arrearages in Rent as well as any and all other sums of money then due to Landlord hereunder shall first have been paid and discharged. In the event of a default under this Lease, Landlord shall have, in addition to any other remedies provided herein or by law, all rights and remedies under the Uniform Commercial Code, including without limitation the right to sell the property described in this Article at public or private sale upon five (5) days' notice to Tenant. Tenant hereby agrees to execute such financing statements and other instruments necessary or desirable in Landlord's discretion to perfect the security interest hereby created. Any statutory lien for rentals is not hereby waived, the express contractual lien herein granted being in addition and supplementary thereto. Landlord's lien rights or security interests hereunder will be, with the exception of Landlord's security interest in all Rent and other sums of money, subordinate to Tenant's lender or lenders in the event that such lender or lenders require first security position.

ARTICLE 27.
TENANCY SECURITY

27.01 Security Deposit. Tenant shall deposit \$0.00 as the "Security Deposit" with Landlord as of the Effective Date, which shall be held by Landlord, without interest, as security for the

performance of Tenant's covenants and obligations under this Lease, it being expressly understood and agreed that the Security Deposit is not an advance rental deposit or a measure of Landlord's damages in case of Tenant's default. Upon the occurrence of any Event of Default by Tenant, Landlord may, from time to time, without prejudice to any other remedy provided herein or provided by law, apply all or any portion of the Security Deposit to any arrears of Rent or other payments due Landlord hereunder, and any other damage, injury, expense or liability caused by such Event of Default without waiving such default; and Tenant shall pay to Landlord on demand the amount so applied in order to restore the Security Deposit to its original amount. Any remaining and/or unapplied balance of such Security Deposit shall be returned to Tenant following a final accounting after the termination or expiration of this Lease. In the event the Premises is conveyed by Landlord and Landlord delivers the Security Deposit to Landlord's grantee as the successor landlord to this Lease, Landlord shall have no further liability to Tenant with respect to the Security Deposit and its application or return.

ARTICLE 28.
ADDITIONAL DEFINITIONS

Capitalized terms referenced in this Lease shall have the meaning set forth in the Lease and as set forth below:

- (i) "Governmental Regulations" - All federal, state, county or municipal laws, ordinances, rules, regulations, directives, orders and/or requirements now in force or which may hereafter be in force with respect to the Premises.
- (ii) "HVAC" - Heating, ventilation and air conditioning system.
- (iii) "Insurance Premiums" - The premiums paid by Landlord for the insurance required under Article 13.01 of this Lease and any commercially reasonable deductibles of such insurance pursuant to this Lease.
- (vi) "Operating Costs" - All costs incurred by Landlord for the operation, maintenance, repair and supervision of the Premises and Building.
- (iv) "Real Estate Taxes" - All real estate taxes, special assessments and other governmental charges of any kind with respect to the Premises and Building that are due and payable during the Term. In the event a special assessment extends beyond the Term, the special assessment may be paid in full by Landlord and amortized over the life of the improvement, which life shall not exceed ten (10) years. Only the amortized amount of such special assessment shall be included in the definition of Real Estate Taxes during the Term. Real Estate Taxes shall not include special assessments for infrastructure or capital improvements related to the initial development of the Premises or Building or surrounding area by Landlord. In the event the Real Estate Taxes on the Premises and Building are not separately assessed with any other real property owned by Landlord, Landlord shall make an equitable allocation of the Real Estate Taxes between the Premises and Building and any other real property included in such assessment. Real Estate Taxes shall not include interest or penalties imposed upon Landlord for late payment of Real Estate Taxes.

[Remainder of page intentionally blank; signature page follows]

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

LANDLORD:

By: _____

Its: _____

STATE OF MINNESOTA)
) ss.
COUNTY OF DOUGLAS)

The foregoing instrument was acknowledged before me this _____ day of _____, 2024, by _____, its _____, a duly authorized representative of the _____.

Notary Public

TENANT:

Lakes Country Service Cooperative

By: _____

Its: _____

STATE OF MINNESOTA)
) ss.
COUNTY OF OTTER TAIL)

The foregoing instrument was acknowledged before me this ____ day of _____, 2024, by _____, its _____, a duly authorized representative of Lakes Country Service Cooperative.

Notary Public

EXHIBITS

- | | |
|-----------|-----------------------|
| Exhibit A | Depiction of Premises |
| Exhibit B | Landlord's Work |
| Exhibit C | Rent |

EXHIBIT A
Depiction of Premises

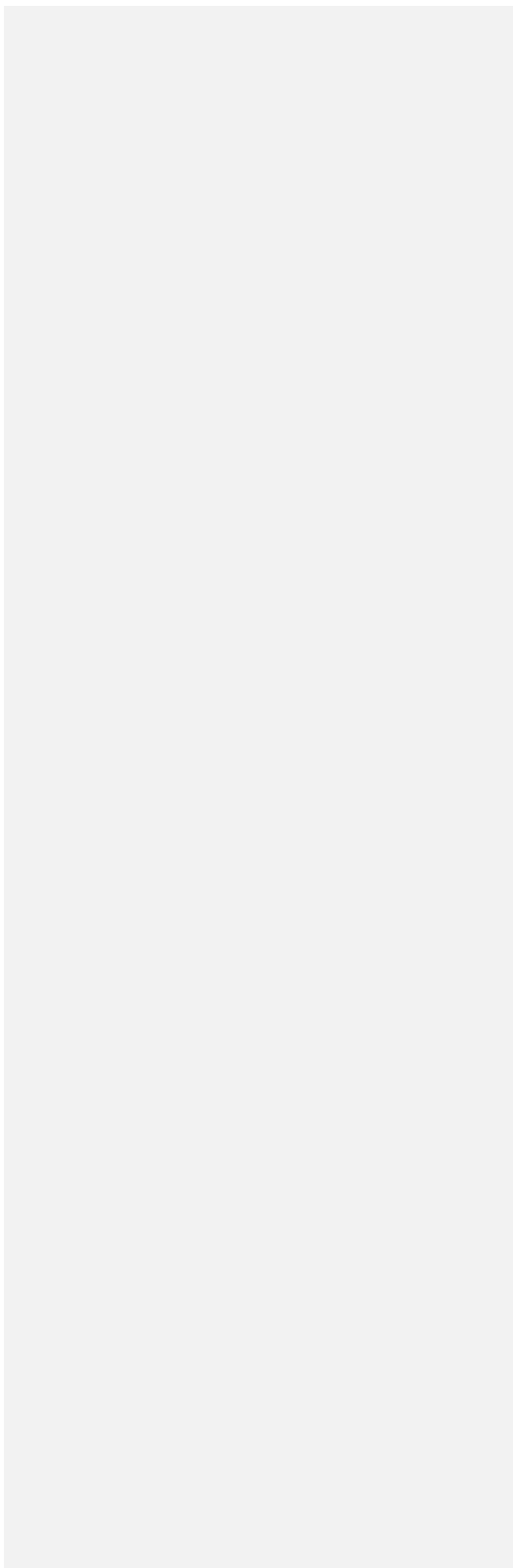


EXHIBIT B
Landlord's Work

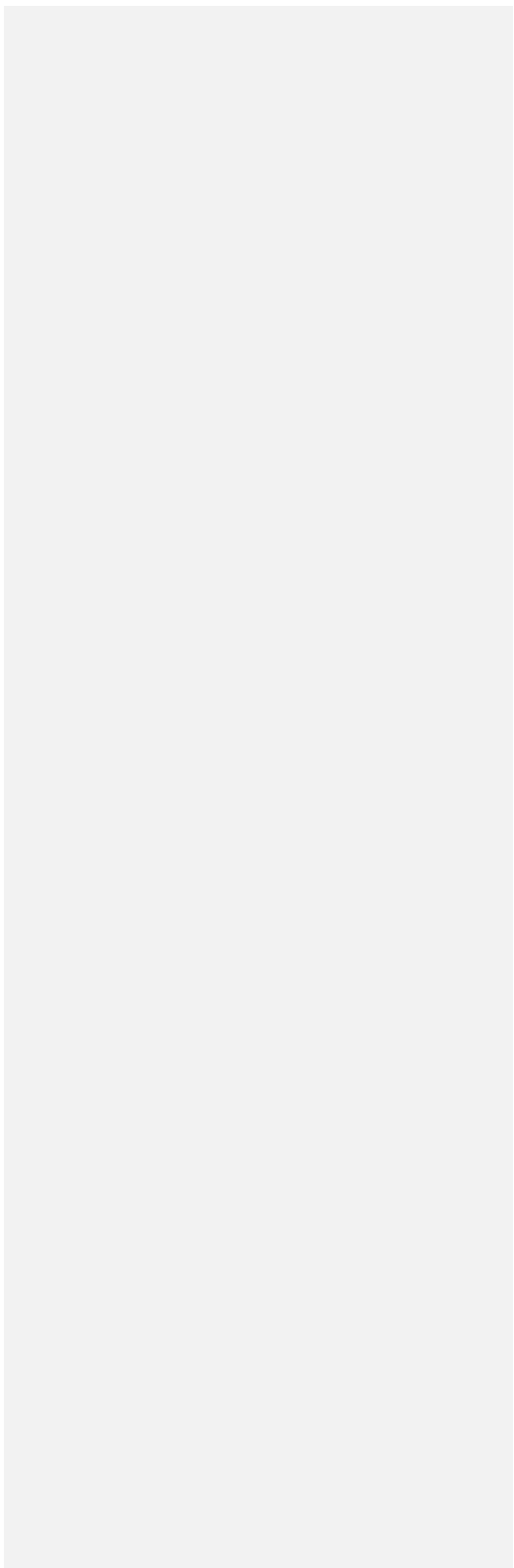
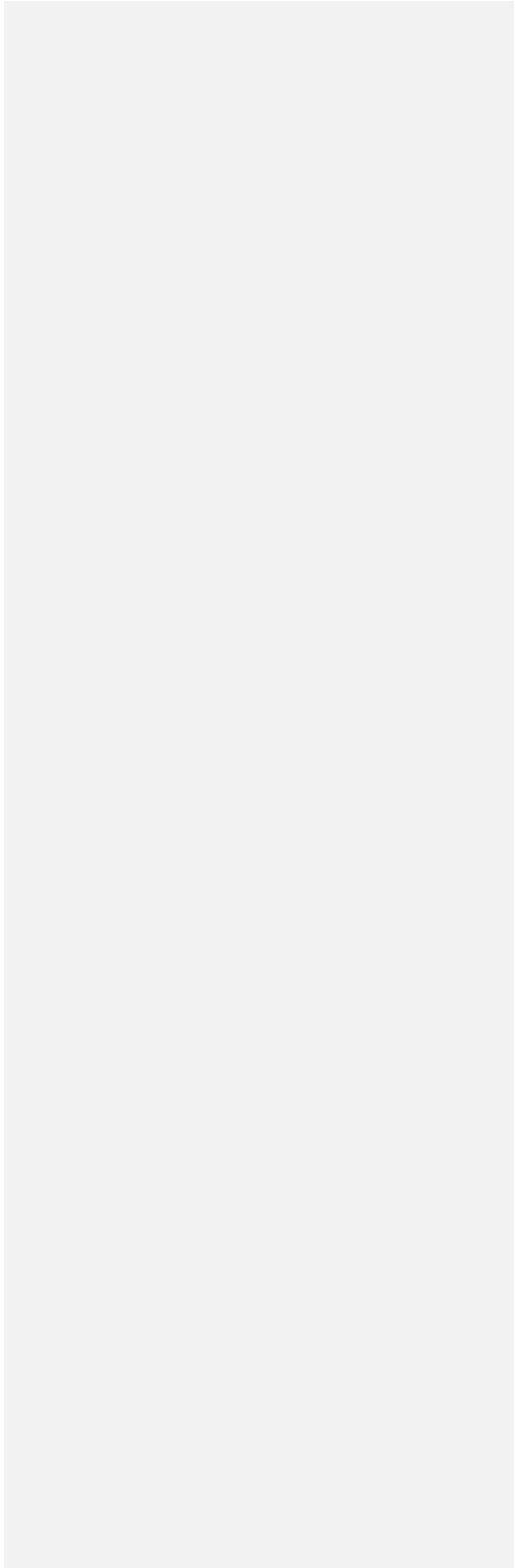


EXHIBIT C

Rent Table

[Insert Rent Table showing monthly rent starting the month after Commencement Date and breaking payments out as Principal/Interest.]



QUIT CLAIM BILL OF SALE

FOR THE SUM OF FOUR HUNDRED FIVE THOUSAND AND NO/100 DOLLARS (\$405,000.00), AND OTHER VALUABLE CONSIDERATION, the STATE OF MINNESOTA, by and through the Board of Trustees of the Minnesota State Colleges and Universities, on behalf of Alexandria Technical and Community College (“Seller”), hereby conveys and quitclaims to Lakes Area Economic Development Authority (“Buyer”), that certain building located at 1204 West Highway 27, Alexandria, MN 56308, as more particularly described and depicted on the attached **Exhibit A**. This Conveyance is being made on an “AS-IS” PHYSICAL BASIS, WITHOUT REPRESENTATION OR WARRANTY WITH REGARD TO PHYSICAL CONDITION, INCLUDING ANY LATENT OR PATENT DEFECTS, QUALITY OF CONSTRUCTION, WORKMANSHIP OR FITNESS FOR ANY PARTICULAR PURPOSE. This Quit Claim Bill of Sale shall bind Seller and benefit Buyer and their respective successors and assigns.

IN WITNESS WHEREOF, Seller has caused this Quit Claim Bill of Sale to be executed and delivered as of this _____ day of _____, _____.

STATE OF MINNESOTA, BY AND THROUGH
THE BOARD OF TRUSTEES OF THE
MINNESOTA STATE COLLEGES AND
UNIVERSITIES, ON BEHALF OF ALEXANDRIA
TECHNICAL AND COMMUNITY COLLEGE

By: _____

Print Name

EXHIBIT A

- 11,338 square foot single-story building and all appurtenances attached thereto.





LIABILITY COVERAGE – WAIVER FORM

Members who obtain liability coverage through the League of Minnesota Cities Insurance Trust (LMCIT) must complete and return this form to LMCIT before the member's effective date of coverage. Return completed form to your underwriter or email to pstech@lmc.org.

The decision to waive or not waive the statutory tort limits must be made annually by the member's governing body, in consultation with its attorney if necessary.

Members who obtain liability coverage from LMCIT must decide whether to waive the statutory tort liability limits to the extent of the coverage purchased. The decision has the following effects:

- *If the member does not waive the statutory tort limits, an individual claimant could recover no more than \$500,000 on any claim to which the statutory tort limits apply. The total all claimants could recover for a single occurrence to which the statutory tort limits apply would be limited to \$1,500,000. These statutory tort limits would apply regardless of whether the member purchases the optional LMCIT excess liability coverage.*
- *If the member waives the statutory tort limits and does not purchase excess liability coverage, a single claimant could recover up to \$2,000,000 for a single occurrence (under the waive option, the tort cap liability limits are only waived to the extent of the member's liability coverage limits, and the LMCIT per occurrence limit is \$2,000,000). The total all claimants could recover for a single occurrence to which the statutory tort limits apply would also be limited to \$2,000,000, regardless of the number of claimants.*
- *If the member waives the statutory tort limits and purchases excess liability coverage, a single claimant could potentially recover an amount up to the limit of the coverage purchased. The total all claimants could recover for a single occurrence to which the statutory tort limits apply would also be limited to the amount of coverage purchased, regardless of the number of claimants.*

Claims to which the statutory municipal tort limits do not apply are not affected by this decision.

LMCIT Member Name:

Lakes Area Economic Development Authority

Check one:

The member **DOES NOT WAIVE** the monetary limits on municipal tort liability established by [Minn. Stat. § 466.04](#).

The member **WAIVES** the monetary limits on municipal tort liability established by [Minn. Stat. § 466.04](#), to the extent of the limits of the liability coverage obtained from LMCIT.

Date of member's governing body meeting: June 27, 2024

Signature: _____ Position: Director

LAEDA PER DIEM/EXPENSE REIMBURSEMENT FORM

Commissioner:

Date			Mileage	Total	Per	Other:	
Attended	Purpose/Meeting	Miles	Rate	Mileage	Diem		Total
	LAEDA Board Meeting		0.670				
	Per Diem				\$ 85.00		
	TOTALS						

Date Completed: _____ **Signature:** _____

Total Amount of Reimbursement: _____