

**KANDIYOHI COUNTY
LEASE AGREEMENT**

THIS LEASE AGREEMENT is made by and between Kandiyohi County, 2200 23rd Street NE, Suite 2020, Willmar, MN 56201, hereinafter referred to as LESSOR, and Prairie Lakes Youth Programs, hereinafter referred to as LESSEE.

WITNESSETH: LESSOR and LESSEE, in consideration of the Rent, covenants and considerations hereinafter specified, do hereby agree each with the other as follows:

1. **LEASED PREMISES** LESSOR grants and LESSEE accepts lease of the following described Leased Premises located in the City of Willmar, County of Kandiyohi, Minnesota:

approximately 36,492 square feet, referred to as Unit 29, as shown on the attached Exhibit A, hereinafter referred to as the “Leased Premises,” located on LESSOR’s land and buildings on the MinnWest Technology Campus, hereinafter referred to as “Campus”.

2. **USE** LESSEE shall use and occupy the Leased Premises as a facility to house and program juveniles for counties throughout Minnesota.

3. **LEASE TERM** The term of this Lease Agreement is two (2) years, commencing January 1, 2016 and continuing through December 31, 2018 (“Lease Term”).

4. **RENT**

- 4.1 **Rent Payments** In consideration of the covenants, representations and conditions of this Lease Agreement, subject to Annual Adjustment as set forth in Clause 4.4 below, LESSEE shall pay LESSOR annual Rent during the Lease Term and extensions thereof in the sum of \$72,984.00, payable in twelve (12) equal monthly installments of \$6,082.00, representing an annual amount of \$2.00 per square foot leased.

- a. **Rent Payment Address** LESSEE shall remit each Monthly Rent Payment **at the beginning of each applicable month** to LESSOR at the following address:

Kandiyohi County Administrator
2200 23rd Street NE, Suite 2020
Willmar, MN 56201

- b. **Rent Billing Address** LESSOR shall mail or personally deliver all original bills and statements to LESSEE at the following address:

Prairie Lakes Youth Programs
1550 Highway 71 NE
Willmar, MN 56201

4.2 Rent As Pro Rata Share of Operating Costs Subject to Annual Adjustment as described in Clause 4.4 below, said Rent shall represent LESSEE's payment of its pro rata share of "Operating Costs" incurred in the maintenance and operation of the Leased Premises and Unit 29. LESSOR and LESSEE agree that for purposes hereof, the total area of the Leased Premises is approximately 36,492 square feet; the total building area within Unit 29 is approximately 36,492 square feet; therefore, LESSEE's pro rata share of Unit 29 is 100%.

4.3 Operating Costs Definition

- a. Operating Costs Inclusions Leased Premises Operating Costs shall include, but not be limited to, the following: utilities not separately metered, grounds keeping and snow removal, maintenance and repair services and all other costs of operating and maintenance of the Leased Premises and the Complex. Operating Costs shall also include the amortized cost of any capital improvement specific to the Leased Premises which have had LESSEE's prior written approval; such LESSEE-approved capital improvement cost shall be amortized over the depreciated life of the improvement/asset and billed to LESSEE according to such amortization schedule as an Operating Cost.
- b. Operating Costs Exclusions Operating Costs shall not include: late fees or penalties; advertising, accounting, management or legal fees; property assessments; deeds of trust or other encumbrances upon the Leased Premises or Complex.
- c. Upon LESSOR's and LESSEE's agreement that any item included in Operating Costs is provided disproportionately to the Leased Premises, then the Actual Operating Costs payable hereunder may be correspondingly increased or decreased by way of an amendment to this Lease Agreement.

4.4 Annual Adjustment

- a. Annual Statement Within sixty (60) days after the expiration of each calendar year or partial calendar year within the Lease Term, LESSOR shall submit to LESSEE a statement ("Annual Adjustment"), including the following:

- (i) the actual total operating costs of the Leased Premises and Complex (“Actual Operating Costs”) with documentation for the immediately preceding calendar year or partial calendar year within the Lease Term.
 - (ii) the calculation of LESSEE’s 100% pro rata share of the Actual Operating Costs for said period.
 - (iii) the aggregate of LESSEE’s Rent payments for said period.
 - (iv) the difference, “Annual Adjustment,” if any, between LESSEE’s Rent paid and LESSEE’s pro rata share of Actual Operating Costs for said period.
- b. Overpayment or Underpayment Within a reasonable time after LESSEE’s receipt of the Annual Adjustment from LESSOR (including any statement delivered after the expiration or termination of the Lease Term), upon LESSEE’s agreement of said Annual Adjustment, LESSEE and LESSOR shall execute an amendment to the Lease Agreement setting forth such Annual Adjustment, if any.
- (i) If the Annual Adjustment results in LESSEE’s underpayment of its pro rata share of Actual Operating Costs for said period, LESSEE shall pay such difference to LESSOR within thirty (30) days of full execution of an amendment to the Lease Agreement setting forth such payment amount.
 - (ii) If the Annual Adjustment results in LESSEE’s overpayment of its pro rata share of Actual Operating Costs for said period, LESSOR shall reimburse such overpayment to LESSEE within thirty (30) days of full execution of an amendment to the Lease Agreement setting forth such reimbursement amount.
- c. Annual Adjustment Dispute Procedure Each Annual Adjustment provided by LESSOR shall constitute a final determination, unless LESSEE shall, within one hundred eighty (180) days after delivery thereof, provide written notice to LESSOR that LESSEE disputes the accuracy thereof, which notice shall specify in reasonable detail the inaccuracies of said Annual Adjustment.

4.5 LESSOR represents and warrants that it is solely entitled to all Rent(s) payable under the terms of this Lease Agreement.

5. **LEASE TERMINATION**

5.1 LESSOR shall have the option to terminate the Lease Agreement upon LESSOR’s provision of written notice of such intent to LESSEE at least (twenty-four (24) months prior to the effective date of termination.

5.2 **Surrender of Leased Premises** LESSOR and LESSEE hereby agree that at the expiration or earlier termination of this Lease Agreement or extension thereof:

- a. Any equipment and furniture, including, but not limited to, moveable partitions, modular workstations, shelving units, audio-video equipment and/or any program equipment (hereinafter referred to as “Personal Property”), whether attached to the Leased Premises by LESSOR or LESSEE shall remain the property of LESSEE. LESSEE shall remove its Personal Property and vacate and surrender possession of the Leased Premises to LESSOR in as good condition as when LESSEE took possession, ordinary wear and tear and damage by the elements excepted.
- b. All alterations, additions or improvements made to or installed upon the Leased Premises, whether paid for by LESSOR or LESSEE, including but not limited to walls, floor and wall coverings, supplemental heating, cooling and/or ventilation equipment, fire protection, voice and data cabling, and security systems, which in any manner are attached to the Leased Premises shall remain the property of LESSOR, unless LESSOR has granted prior approval upon LESSEE’s request to remove any alterations, additions or improvements and shall be surrendered with the Leased premises as a part thereof with no further responsibility or obligation for removal by LESSEE.

6. **OPTION(S) TO EXTEND**

6.1 **Option Periods** Except in the event of earlier termination of this Lease Agreement pursuant to Clause 6.1, 6.2 or 6.3 hereof, LESSEE shall have three (3) options to extend this Lease Agreement under the same terms and conditions as contained in this Lease Agreement except as otherwise provided herein, respectively referred to as Option Period 1, Option Period 2 and Options Period 3, each for a period of five (5) years, as follows:

<u>Option Period No.</u>	<u>Option Period Term</u>
1	January 1, 2011 – December 31, 2015
2	January 1, 2016 – December 31, 2020
3	January 1, 2021 – December 31, 2025

6.2 Notice Date(s) To exercise each of its herein contained Options(s) to Extend, LESSEE must provide written notice of such intent to LESSOR on or before the below corresponding Notice Date:

<u>Option Period No.</u>	<u>Option Period Term</u>	<u>LESSEE's Notice Date</u>
1	Jan. 1, 2011 – Dec. 31, 2015	October 31, 2010
2	Jan. 1, 2016 – Dec. 31, 2020	October 31, 2015
3	Jan. 1, 2021 – Dec. 31, 2025	October 31, 2020

6.3 Option Period(s) Rent LESSEE shall pay LESSOR Rent for each Option Period in the same manner as set forth in Clause 4 hereof.

7. **LESSEE'S ALTERATIONS**

7.1 LESSEE shall have the right to remodel, make alterations, additions and/or changes (hereinafter, "Alterations") to the Leased Premises from time to time to accommodate new residents or to make changes needed by existing residents. LESSEE shall not make such Alterations to the Leased Premises without the advance written consent of LESSOR, which LESSOR shall not unreasonably withhold. Alterations shall be approved by and arranged through LESSOR as follows:

- a. Alterations shall be documented as follows:
 - (i) Alterations totaling \$1,000.00 or less shall be set forth in and authorized by LESSEE in LESSEE's signed Purchase Order which shall be submitted to LESSOR.
 - (ii) Alterations totaling \$1,000.01 shall be set forth in and authorized by LESSEE in a signed Remodeling Request Memo which shall be submitted to LESSOR.

8. **DUTIES OF LESSOR** Throughout the Lease Term and extension thereof:

8.1 Taxes and Assessment LESSOR shall bear the cost of all taxes and assessments upon the Leased Premises.

8.2 Signs LESSOR shall provide, install and maintain all signage required by local code ordinances in, on or about the Leased Premises.

- 8.3 Keys LESSOR shall provide LESSEE with the initial ten (10) sets of keys to the Leased Premises. (LESSEE, solely at LESSEE's expense, shall be responsible for subsequent additional and/or replacement keys.)
- 8.4 Exterior Painting LESSOR shall be responsible for all exterior repainting and/or refinishing as necessary in order to keep the exterior of the Leased Premises in good order and condition.
- 8.5 Energy Conservation LESSOR shall use its reasonable best efforts to construct and maintain the Leased Premises to achieve and maintain an adequate level of energy conservation, including caulking and weather stripping to prevent abnormal heat/cooling loss. All such work shall be completed and maintained in a timely manner according to good construction standards.
- 8.6 Laws/Licenses/Permits LESSOR shall comply with all applicable municipal, county and state laws, ordinances and regulations; and shall obtain and pay for all licenses and permits as may be required.
- 8.7 Handicapped Accessibility LESSOR shall provide and maintain the Leased Premises with accessibility and facilities meeting code requirements for handicapped persons, pursuant to all applicable laws, rules, ordinances and regulations as issued by any federal, state or local political subdivisions having jurisdiction and authority in connection with said property.
- 8.8 Management LESSOR agrees that in exercising its management responsibilities of the Leased Premises and the property of which the Leased Premises is a part, including the maintenance, repair, alterations and construction thereof, it shall comply with all applicable laws, statutes, rules, ordinances and regulations, including but not limited to: building code, disabilities access, zoning, air quality, pollution control, recyclable materials and prevailing wage requirements as issued by any federal, state or local political subdivisions having jurisdiction and authority in connection with said property.
- 8.9 Grounds Maintenance LESSOR shall maintain the grounds of the Leased Premises in good order and condition including timely lawn maintenance, snow and ice removal.
- 8.10 Life/Safety Repairs LESSOR shall have twenty-four (24) hours from notification from LESSEE to provide life-safety and/or emergency repairs necessary for LESSEE's safe and comfortable use of the Leased Premises. If LESSOR does not accomplish a required repair within 24 hours, or make a reasonable attempt to accomplish a required repair within 24 hours, LESSEE shall cause to perform said repair, maintenance item

and/or replacement, and shall deduct the cost of same from the Rent due and payable pursuant to this Lease Agreement.

8.11 Contact Information LESSEE shall contact the following LESSOR representative for maintenance and/or other services pursuant to LESSEE's use of the Leased Premises:

320-231-6215	8:00 – 4:30 p.m.
320-231-7070	After 4:30 p.m.

8.12 LESSOR shall be responsible for the timely provision of all repair and maintenance materials and/or services in the Leased Premises which are not specifically set forth herein as LESSEE's responsibility.

9. **DUTIES OF LESSEE** Throughout the Lease Term and extensions thereof:

9.1 Telephone/Data Cabling Installation and Service LESSEE shall arrange for its own telephone and data service and shall pay all costs of installation and ongoing usage of such directly to the service provider(s). LESSOR shall allow LESSEE to utilize existing cable infrastructure and MPOP and LESSEE's employees or vendors access to this infrastructure for maintenance purposes.

9.2 General Repairs/Maintenance/Replacements LESSEE shall provide all repairs, maintenance and/or replacements to the Leased Premises and service appurtenances within the scope of this Lease Agreement, including the maintenance of proper plumbing, wiring, furnace/heating system(s), central air conditioning unit and all ductwork, except as otherwise may be set forth herein.

9.3 Janitorial Services/Supplies LESSEE, solely at LESSEE's expense, shall provide janitorial services and supplies to the Leased Premises.

9.4 Trash Removal and Recycling Services LESSEE, solely at LESSEE's expense, shall provide trash removal and recycling services to the Leased Premises.

9.5 Health Environment of Mechanical and Building Systems LESSEE shall use its reasonable best efforts to design and maintain mechanical and general building systems that promote a healthy environment and resist mold.

9.6 Heating/Cooling/Ventilation LESSEE shall provide all necessary centralized heating, cooling and ventilation equipment and ductwork to consistently maintain the Leased Premises within the ambient temperature range of 70.5 to 74.5 degrees Fahrenheit during the period from October 1

through April 30, and within the range of 72 to 75 degrees Fahrenheit during the period of May 1 through September 30.

- 9.7 Floor Coverings/Base LESSEE shall repair or replace all floor coverings and baseboard/carpet base with equal or better quality floor covering and/or base as necessary.
- 9.8 Interior Painting and Wall Covering Repair/replacement LESSEE shall provide all interior repainting/refinishing and wall covering repair and/or replacement as necessary to keep the interior of the Leased Premises in good order and condition.
- 9.9 Utilities LESSEE, solely at LESSEE's expense, shall bear costs of all separately metered fuels and utilities serving the Leased Premises, including natural gas, oil, electricity, water and sewer services.
- 9.10 Centralized Water Conditioning LESSEE shall provide, maintain and operate centralized water softening equipment so as to consistently provide softened hot water to the Leased Premises.
- 9.11 Replacement Keys LESSEE, solely at LESSEE's expense, shall provide or pay the cost of all additional and/or replacement keys to the Leased Premises. (Ten (10) original sets of keys to the Leased Premises shall be provided by LESSOR at LESSOR's expense.)
- 9.12 Fire Alarm/Detection/Monitoring Systems LESSEE shall provide and maintain fire alarm, detection and monitoring systems per the requirements set forth by, and as required, by applicable codes/ordinances, the state fire marshal and the Joint Commission on Accreditation of Healthcare Organizations (JCAHO).
- 9.13 Damage LESSEE shall pay for repairs and/or replacements within the Leased Premises when such repair/replacement is necessary due to damage caused by LESSEE or LESSEE's visitors, patients or staff which is beyond normal and reasonable wear and tear.
- 9.14 Interior/Exterior Re-Lamping LESSEE shall furnish materials and labor for re-lamping of interior and exterior installed light fixtures as necessary.
- 9.15 Prevent Waste LESSEE agrees to observe reasonable precautions to prevent waste of heat, electricity, water, air conditioning and any other utility or service.
- 9.16 Reasonable Care LESSEE shall use reasonable care in the occupation and use of the Leased Premises and shall take precautions to avoid

overloading electrical circuits or stopping up plumbing fixtures, or damaging any surfaces or allowing the existence of fire hazards.

- 9.17 Window Coverings LESSEE shall provide and maintain window coverings within the Leased Premises.
- 9.18 Access LESSEE shall allow access to the Leased Premises by LESSOR or its authorized representatives at any reasonable time during the Leased Term for any purpose within the scope of this Lease Agreement.
- 9.19 Lawful Use LESSEE shall not use the Leased Premises at any time for any purpose forbidding by law.
- 9.20 Assign/Sublet LESSEE shall not assign, sublet or otherwise transfer its interest in this Lease Agreement without the prior written consent of LESSOR.
- 9.21 Personal Property LESSOR shall assume no liability for loss of LESSEE's personal property resulting from fire, tornado, civil disorder, theft or any cause whatsoever in the Leased Premises except as may be attributed to LESSOR's negligence by a court of law. However, the parties shall first endeavor to resolve any possible issue of liability on terms and conditions mutually acceptable, to be expressed in the form of a written agreement by the parties hereto.

10. INSURANCE

- 10.1 Property Damage It shall be the duty of the LESSEE to maintain insurance or self-insurance on property, both real and personal. Notwithstanding anything apparently to the contrary in this Lease Agreement, LESSOR and LESSEE hereby release one another and their respective partners, officers, employees and property manager from any and all liability or responsibility to the other or anyone claiming through or under them by way of subrogation or otherwise for loss or damage covered by said insurance, even if such loss or damage shall have been caused by fault or negligence of the other party, or anyone for whom such party may be responsible.
- 10.2 Additionally Insured LESSEE shall name the LESSOR as additionally insured and provide a certificate of insurance to the LESSOR.
- 10.3 Liability LESSOR and LESSEE agree that each party will be responsible for its own acts and the results thereof to the extent authorized by law and shall not be responsible for the acts of any others and the results thereof. LESSEE's liability shall be governed by the provisions of

the Minnesota Tort Claims Act, Minnesota Statutes, Section 3.736, and other applicable law.

11. **NEW LESSOR** In the event the Leased Premises or the Campus of which the Leased Premises is a part shall be sold, conveyed, transferred, assigned, leased or sublet, or if LESSOR shall sell, convey, transfer, or assign this Lease Agreement or Rent due under the Lease Agreement, or if for any reason there shall be a change in the manner in which the Rent reserved hereunder shall be paid to LESSOR, proper written notice of such change must be delivered to LESSEE as promptly as possible. LESSEE's "Transfer of Ownership of Lease" document shall be executed by the parties. In addition to the foregoing, upon the sale or other transfer of ownership of LESSOR's interest in this Lease Agreement, the purchaser agrees it shall recognize LESSEE's rights under this Lease Agreement.
12. **DEFAULT BY LESSOR** If LESSOR shall default in the performance of any of the terms or provisions of this Lease Agreement, LESSEE shall promptly so notify LESSOR in writing. If LESSOR shall fail to cure such default within thirty (30) days after receipt of such notice, or if the default is of such character as to require more than thirty (30) days to cure, and LESSOR shall fail to commence to do so within thirty (30) days after receipt of such notice and thereafter diligently proceed to cure such default, then in either event, LESSEE may cure such default and any reasonable and actual expenses paid by LESSEE shall be paid by LESSOR to LESSEE with ten (10) days after statement therefore is rendered. LESSEE shall have a specific right to set-off any such amounts against any Rent payments or other amounts due under this Lease Agreement. In lieu of curing said default, LESSEE shall have the specific right to set-off against any Rent payments, or other amounts due under this Lease Agreement, any damages incurred through LESSOR's breach. This provision in no way limits LESSEE's other remedies for breach under common law or this Lease Agreement.
13. **AUDIT** Pursuant to Minnesota Statutes, Section 16C.05, Subdivision 5, the books, records, documents and accounting procedures and practices of LESSOR relevant to this Lease Agreement shall be subject to examination for a minimum of six (6) years.
14. **DESTRUCTION OF PREMISES** If the Leased Premises shall be destroyed or damaged by fire, tornado, flood, civil disorder, or any cause whatsoever, so that the Leased Premises is untenable or LESSEE is unable to conduct its business, the Rent shall be abated from the time of such damage and LESSEE shall have the option of terminating this Lease Agreement immediately or allowing LESSOR such amount of time as LESSEE deems reasonable to restore the damaged Leased Premises to tenantable condition.

15. **NOTICES** All notices, or communications between LESSOR and LESSEE shall be deemed sufficiently given or rendered if in writing and delivered to either party personally or sent by registered or certified mail addressed as follows:

LESSOR: Kandiyohi County Administrator
2200 23rd Street NE, Suite 2020
Willmar, MN 56201

LESSEE: Prairie Lakes Youth Program
1550 Highway 71 NE
Willmar, MN 56201

Attachments to this Lease Agreement:

Exhibit A Unit 29

IN WITNESS WHEREOF, the parties have set their hands on the date (s) indicated below intending to be bound thereby.

LESSOR:
KANDIYOHI COUNTY

LESSEE:
PRAIRIE LAKES YOUTH PROGRAMS

LESSOR certifies that the appropriate person(s) have executed this Lease Agreement on behalf of LESSOR as required by applicable articles, bylaws, resolutions or ordinances.

By _____

By _____

Title: Kandiyohi County Board Chairman

Title _____

Date _____

Date _____

By _____

By _____

Title Kandiyohi County Administrator

Title _____

Date _____

Date _____