

**LEASE**

**3989 CENTRAL AVENUE N.E.  
COLUMBIA HEIGHTS, MINNESOTA 55421**

By and Between

**500, LLC,**  
a Minnesota limited liability company,  
as Landlord

and

**IND SCHOOL DISTRICT #13 & #14**  
a Minnesota non-profit organization,  
as Tenant

Dated: April 11, 2017

**LEASE**

THIS LEASE dated April 11, 2017, by and between **500, LLC**, a Minnesota limited liability company, 510 First Avenue North, #600, Minneapolis, Minnesota 55403 (the “**Landlord**”), and **Ind School District #13**, a Minnesota non-profit organization (the “**Tenant**”) for premises at 3989 Central Avenue N.E., Suite 600, Columbia Heights, Minnesota 55421 (the “**Building**”).

LANDLORD AND TENANT, in consideration of the covenants herein contained, hereby agree as follows:

**ARTICLE I            DEMISE**

Landlord does hereby lease to Tenant and Tenant does hereby lease from Landlord certain premises, initially consisting of approximately 10,500 rentable square feet (collectively referred to as the “**Premises**”), on the sixth floor of the Building.

The Premises are located at 3989 Central Avenue N.E. in the City of Columbia Heights, County of Anoka, State of Minnesota and are legally described on **Exhibit A** attached hereto and made a part hereof. The boundaries and locations of the Premises are depicted on the floor plan attached hereto as **Exhibit B-1**.

**ARTICLE II            TERM**

The Term of this Lease shall be ten (10) years, commencing on July 1, 2017, (hereinafter referred to as “**Commencement Date**”) and ending on June 30, 2027.

**ARTICLE III           RENT**

A. Base Rent. Tenant shall pay to Landlord, as Base Rent for the Premises, the amount in the schedule below (“**Base Rent**”):

Year 1	\$11,768.75/mo	\$141,225.00/yr
Year 2	\$14,043.75/mo	\$168,525.00/yr
Year 3	\$14,357.36/mo	\$172,288.33/yr
Year 4	\$14,670.97/mo	\$176,051.67/yr
Year 5	\$14,984.58/mo	\$179,815.00/yr
Year 6	\$15,298.19/mo	\$183,578.33/yr
Year 7	\$15,611.81/mo	\$187,341.67/yr
Year 8	\$16,143.75/mo	\$193,725.00/yr
Year 9	\$16,143.75/mo	\$193,725.00/yr
Year 10	\$16,143.75/mo	\$193,725.00/yr

B. Payment of Rent. All monthly payments of Rent shall be received by Landlord no later than the tenth (10<sup>th</sup>) day of each calendar month and shall be paid to Landlord at the address for Landlord set forth in the preamble above or such other place as Landlord, from time to time, may direct in writing.

## **ARTICLE IV USE RESTRICTIONS**

Tenant's use of the Premises must be for the operations of a school, and for no other purpose. The Premises may not be used by Tenant for any for-profit enterprise for Tenant or any of its individual members, nor may any person through Tenant conduct any activity on the Premises that would generate income subject to taxation under either federal or state income tax provisions, without the express written consent of Landlord. If this does occur, Tenant shall be responsible for all taxes and expenses. As long as Tenant maintains its tax exempt status Tenant will not be responsible for real estate taxes.

## **ARTICLE V UTILITIES AND JANITORIAL**

Commencing on the Commencement Date, Tenant shall pay, as and when due, all charges for electricity, gas, water, sewer, trash, telephone, and all other services or utilities which are used, rendered or supplied to or upon the Premises throughout the term of the Lease ("**Utilities**"), including, but not limited to, all such costs or charges incurred to provide heat, ventilation and air-conditioning to the Premises; and Tenant shall indemnify Landlord and save it harmless of and from any cost, liability, charge or expense with respect thereto. Except as otherwise set forth in this Lease, Landlord shall not be liable to Tenant for any loss or damage of any kind, nature or description whatsoever caused or sustained by reason of failure of the heating or ventilating and air-conditioning system servicing the Premises or Tenant's inability to obtain energy or utilities for any reason beyond Landlord's reasonable control. Landlord represents and warrants that electricity, water and gas will be separately metered or sub-metered to the Premises. If any services or utilities supplied to the Premises are jointly metered with other premises, Landlord shall make a reasonable determination of Tenant's proportionate share of such service or utility costs actually consumed at the Premises and Tenant shall pay such share to Landlord.

Landlord shall at its sole expense clean and provide janitorial services to Tenant's Premises.

## **ARTICLE VI CONDITION AND DELIVERY OF THE PREMISES**

A. Condition of Premises. Landlord represents and warrants that on the Commencement Date: (i) the Premises will comply with all governmental ordinances, statutes, codes, rules, regulations and orders, including, without limitation, zoning, building, subdivision and environmental laws and with all private restrictions (whether or not of record) affecting the Premises. Landlord shall deliver the Premises to Tenant in a condition consistent with the terms of this Lease, including Substantial Completion of all "**Landlord's Work**" (as described on **Exhibit C**, as may be revised or amended by mutual agreement between Tenant and Landlord), subject to the "punch list" items (all as hereinafter defined and further described in **Exhibit D** hereto). The intent of Landlord and Tenant is that the completed Premises will be delivered by Landlord to Tenant on or before July 1, 2017, in a condition that is fit for Tenant's operation of its school in compliance with all applicable laws. Except as otherwise expressly provided in this Lease or **Exhibit C**, Landlord shall not be obligated to make any other replacements or improvements of any kind or nature to the Premises in connection with, or in consideration of, this Lease.

B. Access to Premises. Provided that Tenant (a) supplies Landlord with evidence of the insurance provided herein prior to entry, and (b) does not unreasonably interfere with the progress

of Landlord's completion of the Landlord's Work, Tenant shall have rent-free access to the Premises on the following date for the following purposes:

(1) From and after June 24, 2017, for installation of IT infrastructure within the Premises and Building communications closets and risers, and Tenant's furniture, fixtures and equipment.

In the event that Tenant does unreasonably interfere with Landlord's Work, Landlord shall immediately advise Tenant of such interference in writing and Tenant shall promptly use all reasonable efforts to cease the conduct constituting such interference.

C. Certificate of Occupancy. To the extent necessary, and prior to the Commencement Date, Landlord shall secure any required new certificate of occupancy or amendment to the existing certificate(s) of occupancy for the Premises, at its cost and expense.

## **ARTICLE VII SIGNS**

All signs placed upon the Premises or Building by Tenant must be approved by Landlord, such approval not to be unreasonably withheld, delayed or conditioned. Tenant further agrees to maintain any such sign, decoration, lettering, advertising matter or other thing, as may be approved, in good condition and repair at all times. All signage must also be approved by the City of Columbia Heights.

## **ARTICLE VIII ACCEPTANCE OF PREMISES; REPAIRS AND MAINTENANCE**

Landlord shall deliver lawful and exclusive possession of the Premises to Tenant in the condition required by the terms of this Lease on or before July 1, 2017. Landlord's work ("**Landlord's Work**") will include the substantial completion and issuance of a certificate of occupancy to operate an adult school, or other similar governmental approval, by the City of Columbia Heights. Landlord hereby represents and warrants to Tenant that the Building's roof, slab, existing mechanical, electrical, plumbing, fire sprinkler, life safety, heating, ventilating and air conditioning system (such system being hereinafter referred to as the "**HVAC System**"), loading doors and other operating elements, systems and equipment of the Premises and Building will be on the Commencement Date, in a good and safe working condition and free from latent defects.

Landlord, at its sole cost and expense, shall keep and maintain the roof of the Building (including all membranes, coverings and other non-structural elements), the foundation, all structural elements of the Building, show windows, exterior windows, plate or window glass, and all electrical, plumbing and other major building systems and equipment which serve the Premises (up to the point of connection in the Premises) in good order and repair. In addition, in the event that any portion of the Premises cannot reasonably be repaired, but instead must be replaced (and the need for such replacement was not the result of the negligence or willful misconduct of Tenant), then Landlord shall replace such portion of the Premises at Landlord's sole cost and expense. If the need for replacement was caused solely by the negligence or willful misconduct of Tenant, or its invitees, then Tenant shall bear the cost of such replacement. Landlord shall also at its expense provide snow removal and lawn service to the Building. Landlord shall be responsible for removing all snow and ice from sidewalks, parking areas and walkways. Landlord shall use its best efforts to complete such removal each day prior to 6:30 a.m. Landlord shall clear snow at any time that snow fall exceeds one inch.

Except as provided above, Tenant, at its sole cost and expense, shall keep, repair and maintain the Premises and shall maintain and repair all improvements thereon, and every part thereof specifically including , but not limited to, the interior walls and floors, doors, signs, exterior or interior lighting fixtures, and the plumbing and electrical fixtures within the Premises or any part thereof in good order, condition and repair and in a clean, safe, wholesome, insurable and tenantable condition and in conformity with the standards established, from time to time, by the National Fire Protection Association. In addition, all health, policy, fire and other government regulations, in all respects and at all times, shall be complied with by Tenant.

Landlord, at its sole cost and expense, shall perform routine maintenance and minor repairs to the Premises HVAC System; provided, however, in the event the Premises HVAC System cannot reasonably be repaired, but instead must be replaced, then Landlord shall replace the Premises HVAC System at Landlord's sole cost and expense, with no reimbursement from Tenant. At all times during the term of this Lease, the Premises HVAC System shall have sufficient capacity to maintain an ambient temperature in the Premises of 70-75° Fahrenheit even when the number of persons in the Premises has reached the maximum capacity or if the air temperature outside of the Building is over 90° Fahrenheit or below 0° Fahrenheit. If the Premises HVAC System does not have such capacity, Landlord, at its sole cost and expense, without reimbursement from Tenant, shall repair, improve or replace the Premises HVAC System so that it has the capacity to maintain such ambient temperature.

Landlord shall be required to install, and shall be responsible for all costs related to, improvements or modifications to the Premises required or necessary to comply with the Americans with Disabilities Act of 1990 (ADA), or similar statutes or law, provided, however, if any such improvements or modifications are required following Landlord's initial construction of the Landlord's Work as a result of any alterations performed by Tenant or as a result of Tenant's specific manner of use of the Premises, then Tenant shall be responsible, at Tenant's sole cost and expense, for any such improvements or modifications within the Premises.

Tenant shall hold the Landlord harmless and shall indemnify Landlord at all times against any loss, damage, penalties, cost and expenses (including reasonable attorney's fees and judgments and decrees by reason of a failure to do so in any respect) resulting from any violation by Tenant of any of the laws or ordinances or regulations above referred to, or resulting from any accident, loss, injury or damage to person, life or property in or about said Premises, or resulting from any use which may be made of the Premises by Tenant or its invitees or improvements made by Tenant thereon or resulting from any act or thing done, or omitted to be done within the Premises, or anything happening in said Premises, or the failure of Tenant in any respect fully to carry out and perform any of its covenants, agreements, provisions or undertakings contained in this Lease. The foregoing indemnity shall not apply to the negligence or willful misconduct of Landlord, its employees, agents or contractors.

If the repairs required to be made by Tenant pursuant to the terms hereof are not promptly made, within twenty (20) business days after notice by Landlord to Tenant of such required repairs, then Landlord may cause such repairs to be made without any responsibility to Tenant for any loss or damage that may be sustained to Tenant's stock or merchandise, furniture, fixtures or business by reason thereof in which event Tenant shall promptly pay Landlord as additional rent hereunder the actual and reasonable cost of such repair plus 5% for overhead and supervision; provided,

however, that Landlord may immediately cause any repairs of an emergency nature to be made without notice to Tenant, and, provided, further that so long as Tenant commences but does not complete non-emergency repairs within 20 business days of notice from Landlord, and continues to diligently continue such repairs, then Landlord shall not have any right to make such repairs.

## **ARTICLE IX            ALTERATIONS AND ADDITIONS**

Tenant shall not make any alterations, additions or improvements to the Premises without, in each such instance, first obtaining Landlord's written consent, which consent shall not be unreasonably withheld, conditioned or delayed. Any such alteration, addition or improvement by Tenant consented to by Landlord shall be performed by Tenant in a good workmanlike manner, at Tenant's sole cost and expense, with licensed contractors and crews, and in accordance with all laws and regulations of applicable governing bodies. Any such alterations, additions or improvements by the Tenant which are fixtures or are permanently affixed to the Building, including built-in cabinetry, appliances or other equipment, (the "**Transferred Fixtures**") shall become property of Landlord upon expiration of the term of this Lease, and Tenant shall convey good title to same to Landlord by a bill of sale. The Transferred Fixtures shall not include trade fixtures (including any trade fixtures purchased by Tenant to replace any of the Landlord's FFE). Notwithstanding the foregoing, Tenant shall have the right to make alterations, additions or improvements to the Premises without obtaining Landlord's consent if such alterations, additions or improvements (a) comply with all applicable laws, (b) are non-structural in nature and do not affect the Building's major mechanical, electrical or plumbing systems and (c) cost less than Fifty Thousand Dollars (\$50,000.00) for any one occurrence.

Tenant shall pay before delinquency all costs for work done or caused to be done by Tenant in the Premises which could result in any lien or encumbrance on Landlord's interest in the Building or any part thereof; shall keep the title to the Building and every part thereof free and clear of any lien or encumbrance in respect of such work; and shall indemnify and hold Landlord harmless against any claim, loss, cost, demand and legal or other expense, whether in respect of any lien or otherwise, arising out of the supply of material, services or labor for such work. Tenant shall immediately notify Landlord of any such lien, claim of lien or other action of which it has or reasonably should have knowledge and which affects the title to the Building or any part thereof, and shall cause the same to be removed as soon as commercially possible (or such additional time as Landlord may consent to in writing), and if Tenant fails to do so Landlord may take such actions as Landlord deems necessary to remove the same and the entire actual cost thereof shall be immediately due and payable by Tenant to Landlord; provided that, Landlord shall not take such actions and Tenant shall not be liable for any such costs as long as Tenant is contesting any such lien or encumbrance in accordance with applicable law.

Landlord or Landlord's agents shall at all reasonable times upon at least 48 hours prior written notice have the right to enter upon the Premises for the purpose of inspecting the same, and for the purpose of posting or keeping posted notices of non-responsibility for any or all forms of notice reasonable, necessary or proper to protect Landlord or the Premises against mechanics or materialmen's liens, or charges, or other liens or charges which might or could arise out of the use of the Premises by Tenant, or the construction of the improvements or the making of alterations or repairs to the Premises.

## **ARTICLE X                    ASSIGNMENT AND SUBLETTING**

Tenant shall not assign all or any part of this Lease nor sublet all or any part of the Premises without in each instance first obtaining the prior written consent of the Landlord, which consent shall not be unreasonably withheld, delayed or conditioned. Allowing community organizations that are related to the school or service its students, to use portions of the Premises in exchange for a fee intended to reimburse Tenant for its actual costs in providing access to the Premises will not be a violation of this provision. No subletting or assignment shall in any way release Tenant of its obligations under this Lease. Any such assignee or sublessee shall only use the Premises for a use permitted by Article IV of this Lease, or such other additional uses as Landlord may consent to in writing, such consent not to be unreasonably withheld, delayed or conditioned; provided that, in any case, no use shall be approved which violates any governmental requirements or contravenes any grants of exclusive use by Landlord to other tenants in the Building, made after the date of this Lease. At Landlord's request, the proposed assignee or sublessee shall execute an assumption agreement in the form requested by Landlord. Notwithstanding the foregoing, Tenant shall have the right to assign this Lease or sublet all or any part of the Premises without obtaining Landlord's consent to (a) any entity into or with which Tenant may be merged or consolidated, (b) to any affiliate, subsidiary, parent or successor of Tenant, (c) to any entity which controls or is controlled by or is under common control with Tenant, directly or indirectly, or (d) to any entity which acquires all or substantially all of the assets of Tenant, provided, however, that in any such event Tenant shall not be released from any of its obligations under this Lease.

## **ARTICLE XI                    INDEMNIFICATION**

Tenant shall save, defend and hold Landlord harmless of, from and against any and all third party claims, or damages, resulting from the loss or injury to property, or injury to or death of any person or persons including, but not limited to, agents, invitees and employees of Landlord, (i) occurring within the Premises, (ii) arising out of or in connection with Tenant's violation of any covenant or condition of this Lease, or (iii) arising out of or in connection with Tenant's negligence or willful misconduct (which shall include the negligent acts or omissions of Tenant's employees and the negligent operation of the Premises by Tenant); provided, however, this indemnity shall not include claims or damages resulting from the negligent acts or omissions of Landlord, its employees, agents or contractors. This indemnity shall include reasonable attorney's fees.

Landlord shall save, defend and hold Tenant harmless and shall indemnify Tenant at all times against any loss, damage, penalties, cost and expenses (including reasonable attorney's fees and judgments and decrees by reason of a failure to do so in any respect) resulting from any accident, loss, injury or damage to person, life or property resulting from the negligence or willful misconduct of Landlord, employees, agents or contractors or the failure of Landlord in any respect fully to carry out and perform any of its covenants, agreements, provisions or undertakings contained in this Lease; provided, however, this indemnity shall not include claims or damages resulting from the negligent acts or omissions of Tenant, its employees, agents or contractors. This indemnity shall include reasonable attorney's fees.

## **ARTICLE XII        INSURANCE**

Tenant, at its sole expense, shall provide and keep in full force and effect during the full term hereof for the benefit of Tenant, Landlord and Landlord's mortgagee, if any, as their interest may appear (the Landlord and Landlord's mortgagee to be named as additional insured parties thereon) the following insurance coverages:

- A.     Comprehensive general liability insurance with a minimum limit of liability of \$2,000,000 combined single limit for each occurrence.
- B.     Worker's compensation insurance affording statutory coverage and containing statutory limits of liability as may be required by Minnesota's Workers Compensation or other similar statutes.
- C.     Fire and extended coverage insurance insuring Tenant in the amount of at least the cost of replacing Tenant's leasehold improvements, any alterations, additions or improvements to the Premises made by Tenant and any merchandise, trade fixtures, furnishings, operating equipment and personal property.

The required coverage described above shall be modified, from time to time, in accordance with the commercially reasonable requirements of Landlord's mortgagee, and/or other commercially reasonable requirements. All insurance policies required hereunder shall (i) be in form and content reasonably satisfactory to Landlord and Landlord's mortgagee; (ii) be placed with companies qualified to do business in the State of Minnesota; and (iii) provide for prior written notice to Landlord per insurance policy provision before cancellation by reason of any act or omission of Tenant. Certificates of insurance evidencing the insurance required under Sections (a), (b), (c) & (d) above shall be delivered to Landlord before Tenant takes possession of the Premises.

In addition to the insurance carried by Tenant, Landlord shall at all times carry "all risk" property insurance and other types of insurance and with such policy limits as protecting the Building as are normally and customarily carried by sophisticated landlords of comparable buildings in the vicinity of the Building. Landlord shall, at Tenant's request, provide Tenant with evidence reasonably satisfactory to Tenant that Landlord is maintaining such insurance. Landlord's insurance will satisfy the requirements set forth on **Exhibit H**.

## **ARTICLE XIII        DAMAGE OR DESTRUCTION**

A.     In the event the Premises or the Building are damaged or destroyed by fire or other casualty (hereinafter referred to as the "**Damage**"), Landlord, provided Landlord has not terminated this Lease pursuant to paragraph C hereof, shall commence to repair the Damage to restore the Premises to substantially the same condition in which it was immediately prior to the happening thereof and prosecute the same diligently to completion. If the Premises are rendered partially or totally untenantable as a result of such casualty, then to the extent the Premises are rendered untenantable, the Rent shall be proportionately abated until Landlord has completed such repair, reconstruction or restoration.

B.     Subject to paragraph G. below in this Article XIII, in the event Landlord is required or elects to repair, reconstruct or restore the Damage, Tenant agrees to repair or replace any damage



to Tenant's leasehold improvements, any alterations, additions or improvements to the Premises made by Tenant, and any merchandise, trade fixtures, furnishing, operating equipment and personal property, including wall coverings, carpeting and drapes, as soon as possible after the occurrence of such casualty to a condition substantially the same as which existed prior to its damage or destruction. In no event shall Landlord be liable for interruption to the business of Tenant or for damage to or repair, reconstruction or restoration of any items belonging to Tenant or within the Premises.

C. Landlord shall have the option to terminate this Lease upon giving written notice to Tenant of the exercise thereof within sixty (60) days after the occurrence of the Damage if:

- (1) the Damage occurs within the last year of the term hereof; or
- (2) Twenty-five percent (25%) or more of the area of the Building designated by Landlord for occupancy by its tenants immediately prior to the Damage is rendered untenable thereby.

D. Upon any termination of this Lease under the provisions of this Article, the Rent imposed under this Lease shall be proportionately abated as of the date of such Damage and the parties shall be released thereby without further obligation to the other party except for items which have been theretofore accrued and are then unpaid, and except for obligations which are designated as surviving such termination, if any.

E. In the event that Landlord fails to complete such repairs and material restoration within one hundred eighty (180) days after the date of Damage, Tenant may, at its option and as its sole remedy, terminate this Lease by delivering written notice to Landlord, whereupon the Lease shall end on the date of such notice as if the date of such notice were the date originally fixed in this Lease for the expiration of the Lease Term; provided, however, that if construction is delayed because of changes, deletions or additions in construction requested by Tenant, strikes, lockouts, casualties, acts of God, war, material or labor shortages, governmental regulation or control, or other causes beyond the reasonable control of Landlord, the period for restoration, repair or rebuilding shall be extended for the amount of time Landlord is so delayed.

F. To the extent that Landlord's mortgagee imposes any reasonable conditions or requirements, as a result of any Damage, which are inconsistent with or in addition to those specified in this Article XIII, such conditions or requirements shall control.

G. Landlord will exercise all termination rights hereunder, if any, in good faith and will not terminate the Lease unless it terminates the leases of all tenants similarly situated or merely to gain the benefit of higher market rents or if Landlord intends to rebuild. If during the Term of the Lease or any extension thereof, the Premises is damaged or destroyed and any such damage or destruction would take more than one hundred eighty (180) days to repair (from date of such Damage) as reasonably estimated, Tenant shall have the right to terminate the Lease as of the date of such damage or destruction by written notice to Landlord. In addition, if, during the last three hundred sixty (360) days of the term of the Lease or any extension thereof, any material portion of the Premises is damaged or destroyed, or if any damage or destruction would take more than 90 days to repair, Tenant shall have the right to terminate the Lease as of the date of such Damage by written notice to Landlord.

#### **ARTICLE XIV WAIVER OF SUBROGATION**

Landlord and Tenant agree that in the event the Premises, the Building or the fixtures or personal property contained therein are damaged or destroyed by fire or other casualty, included under so-called "extended coverage," the rights, if any, of each party against the other with respect to such damage or destruction, whether caused by negligent act or omission, or otherwise, are waived to the extent that such damage or destruction is recovered from the insurer of policies of insurance.

#### **ARTICLE XV CONDEMNATION**

In the event of a condemnation (which shall in this Article, whenever appearing, be defined to include a taking for public or quasi-public use or a voluntary deed executed by the Landlord in lieu thereof) of all or a substantial part of the Building or of the Premises, this Lease and Tenant's rights to possession of the Premises shall terminate as of, and Rent shall be paid to, the date title is vested in the condemner. In the event of a condemnation of less than all or a substantial part of the Building or the Premises which does not unreasonably interfere with the business to be conducted upon the Premises by Tenant, as reasonably determined by Tenant, this Lease shall continue as to the part of the Premises not so taken and the Rent be paid to Landlord hereunder shall be proportionately and equitably abated; provided, however, if the condemnation does not include a portion of the Premises, the Total Rent to be paid to Landlord by Tenant shall not be reduced.

Any and all awards or voluntary compensation paid in lieu thereof shall be the sole property of Landlord, whether resulting from the diminution of the value of the leasehold or otherwise, and Tenant shall have no right to or interest in any portion thereof unless a specific award is made to Tenant for its relocation costs, loss of business or for personal property, equipment or fixtures owned by Tenant which are taken by the condemning authority.

A condemnation of a substantial part of the Building or of the Premises is hereby defined to be one which involves the taking of twenty-five (25%) or more of the area of the Premises, or of that portion of the Building designated by Landlord for occupancy by its tenants immediately prior thereto.

To the extent that Landlord's mortgagee imposes any conditions on requirements, as a result of any condemnation, which are inconsistent with or in addition to those specified in this Article XV, such conditions or requirements shall control.

#### **ARTICLE XVI COMPLIANCE PLAN**

Tenant shall not (i) use or occupy the Premises or permit the use or occupancy of the Premises nor do or permit anything to be done in or upon the Premises in any manner which will in any way violate any certificate of occupancy obtained by Tenant affecting the Premises, (ii) do anything which will cause structural damage to the Building nor (iii) do anything which will constitute a violation of law. Tenant shall not use or occupy the Premises or permit the use or occupancy of the Premises in any manner which will violate any present or future law, ordinance, statute or regulation of any governmental authority.

Tenant's compliance with law requirement shall apply only to applicable laws affecting Tenant's business and its particular manner of the use of the Premises. Landlord shall comply with all laws generally applying to real estate and buildings and all laws not specifically relating to Tenant's manner of use. Landlord warrants and represents to Tenant that the Premises are and will be on the Commencement Date in compliance with all applicable laws including the Americans With Disabilities Act (ADA) and all other building codes and requirements (taking into account the applicability of such laws, codes and requirements given that the Building is an historical building and may have certain "grandfathered" rights).

## **ARTICLE XVII SURRENDER OF THE PREMISES**

Upon expiration of the term hereof, Tenant shall surrender the Premises, including all improvements, fixtures and alterations either installed by Tenant or included in the Landlord's Work (excluding trade fixtures), to Landlord, in good condition and repair, reasonable wear and tear, condemnation and casualty excepted. Tenant shall have no obligation to remove any alterations nor to restore the Premises to its original condition upon surrender.

## **ARTICLE XVIII SECURITY DEPOSIT**

Intentionally waived.

## **ARTICLE XIX DEFAULT**

A. Events of Default. The occurrence of any of the following shall constitute an "**Event of Default**":

(1) If Tenant should fail to make due and punctual payment of Total Rent, or any other sum due Landlord under this Lease on the date such amount is to be paid and such amount remains unpaid for a period of ten (10) days after written notice of such nonpayment;

(2) If Tenant shall fail in the punctual performance of or compliance with any of the obligations, covenants, conditions or agreements contained in this Lease by Tenant to be kept or performed other than those referred to in paragraph (1) above, which default continues for a period of thirty (30) days after written notice thereof; provided, however, if any such default is not susceptible of being cured within said 30 day period, the time permitted for Tenant to cure such default shall be extended for so long as shall be reasonably necessary to cure the same (but in any event no longer than 90 days) so long as Tenant commences promptly and proceeds diligently to cure the default; or

(3) If, at any time during the term hereof, proceedings in bankruptcy shall be instituted by Tenant by the filing of a voluntary petition in bankruptcy or if Tenant shall take any benefit under the Bankruptcy Act or any other insolvency or debtor release statute, either state or federal, or if Tenant shall make a general assignment for the benefit of creditors or if a receiver shall be appointed for the property of Tenant, and provided Tenant within 90 days thereafter shall have failed to cause such receivership to be vacated, or if an involuntary petition under any provision or section of the Bankruptcy Act is filed against Tenant and provided Tenant within 90 days thereafter shall have failed to cause said involuntary petition to be dismissed and set aside.

B. Landlord Remedies Upon an Event of Default.

(1) Upon the occurrence and during the continuance of any Event of Default as set forth hereinabove, Landlord or Landlord's agent may immediately or at any time thereafter reenter the Premises and terminate both Tenant's right to possession thereof and this Lease, in which event Landlord shall be entitled to the damages set forth in subsection (4), below. Such reentry may be either by summary proceedings in compliance with law or by any suitable action or proceeding at law without Landlord being liable to indictment, prosecution or damage therefore. Upon such reentry, Landlord shall have the right to remove all persons and property from the Premises. Landlord may, in accordance with applicable law, store any property so removed at the sole cost and expense of Tenant.

(2) Upon such reentry, whether or not Landlord terminates this Lease, Tenant shall pay to Landlord upon demand (i) all Rent, additional rent, all other unamortized transaction costs, and any other amount due to Landlord at the time of such reentry and (ii) all costs and expenses incurred by Landlord to effect such reentry, including, without limitation, reasonable attorney's fees, and costs to repair the Premises ("**Reentry Costs**"). No such reentry shall be deemed a termination of this Lease unless Landlord notifies Tenant that this Lease is terminated; any such termination shall be effective only as of the date set forth in such notice.

(3) Upon such reentry, if Landlord does not terminate this Lease, Landlord may, at its option, at any time and from time to time, relet the Premises or any part thereof, for the account of Tenant or otherwise, and receive and collect the Total Rent therefore, and apply the same as follows: First, to Reentry Costs; second, to all other reasonable expenses, commissions and charges paid, assumed or incurred by Landlord in connection with reletting the Premises or any part thereof, including, without limitation, costs of reasonable brokers' and attorneys' fees; third, to the payment of any Total Rent unpaid and due to Landlord at the time of such reletting; fourth, to any other unpaid amount then due to Landlord; and the balance, if any, shall be held by Landlord and applied in payment of Total Rent as the same shall become due hereunder.

(4) Landlord may, in place of holding Tenant liable for Rent on a monthly basis as set forth hereinabove, terminate this Lease. Upon such termination or termination by the order or decree of any court of competent jurisdiction, Tenant shall pay Landlord upon demand, in addition to the amounts set forth in Subsection (2) hereinabove, the following: (i) Total Rent, and (ii) as damages for loss of the bargain and not as a penalty, an aggregate sum which at the time of such termination of this Lease represents an amount equal to the present value (discounted at the rate of seven percent per annum) of the Total Rent payable for the unexpired balance of the initial term or any renewal term (if exercised) less the fair market value amount of Total Rent that Landlord should receive by reletting the Premises using commercially reasonable efforts as determined by the court having proper jurisdiction over such matter ("**Remaining Rent**"). The Total Rent reserved for any unexpired partial calendar year remaining in the lease term shall be appropriately prorated.

(5) If any statute or rule of law governing the proceedings in which such damages are to be proved shall limit the amount of such claim, Landlord shall be entitled to prove, as and for liquidated damages, by reason of such breach and termination of this Lease, the maximum amount which may be allowed by or under such statute or rule of law. Nothing herein shall limit or prejudice Landlord's right to prove and obtain as liquidated damages arising out of such breach or

termination the maximum amount allowed by any such statute or rule of law which may govern the proceedings in which such damages are to be proved whether or not such amount be greater, equal to, or less than the amount of the excess of the then present worth of the Total Rent and all other charges reserved herein over the then present worth of the fair market Total Rent and all other charges referred to above.

(6) Attorney's Fees and Costs. Tenant shall pay, upon demand, all of the Landlord's reasonable costs, charges and expenses, including, without limitation, reasonable attorney's fees and fees of agents and others retained by Landlord, incurred in enforcing Tenant's Event of Default hereunder.

C. Mitigation of Damages. Following a Tenant default, Landlord shall at all times be required to use commercially reasonable efforts to mitigate its damages resulting from such Tenant default.

D. No Right of Set Off. Except as set forth herein Tenant shall pay Total Rent when due and without prior demand therefore, and shall pay the same without set off or deduction from any amount thereof or counterclaim therefore.

E. Nonexclusive Remedy. No remedy provided to Landlord hereunder shall be deemed an exclusive remedy and the election by Landlord of any such remedy shall not bar Landlord from pursuing any other remedy, for damages or otherwise, whether available to the party hereunder or existing at law or in equity.

F. Non-Waiver. Landlord's waiver of any term, condition, covenant, option or right herein in any one instance shall not be construed to be a continuing waiver or relinquishment of the same or of any other term, condition, covenant, option or right.

G. Landlord Default. Landlord shall not be deemed in default of Landlord's obligations under this Lease unless Landlord fails to perform an obligation required to be performed by Landlord within thirty (30) days (or within such reasonable shorter period of time in the event of an emergency) after delivery to Landlord of a written notice specifying therein the obligation of Landlord has not been performed; provided, however, that if the nature of Landlord's obligation is such that more than thirty (30) days (or longer than such shorter period) are reasonably required for its performance, then Landlord shall not be in breach if performance is commenced within such thirty (30) day (or shorter) period and thereafter diligently pursued to completion (but in no event to exceed ninety (90) days). In the event of a default of this Lease by Landlord, Tenant shall have all of the rights, powers and remedies available to Tenant under this Lease or at law or in equity by reason of such breach, all of which shall be cumulative in nature. In the event that Landlord does not cure or, if permitted, does not commence to cure, said default within thirty (30) days (or such shorter period as provided above) after receipt of the notice referred to above, or if having commenced said cure, Landlord has not diligently pursued it to completion within ninety (90) days, then Tenant may elect to cure said default at Tenant's expense and offset from Rent an amount equal to the amount actually and reasonably expended by Tenant.

## **ARTICLE XX      LATE PAYMENT CHARGE**

If Landlord does not receive an installment of Rent by the tenth (10<sup>th</sup>) day following written notice that the same is past due, Tenant shall immediately pay Landlord, as partial compensation for Landlord's expenses, a late charge in an amount equal to five percent (5%) of said late rent

installment. If said installment is not received by Landlord by the twentieth (20<sup>th</sup>) day following written notice that the same is past due, said late charge shall be increased to an amount equal to ten percent (10%) of the overdue rent installment. Landlord may only collect one late charge for an overdue monthly installment. Additionally, Tenant shall pay interest to Landlord, calculated at an annual rate equal to six percent (6%), on all amounts owed by Tenant to Landlord hereunder, with the interest accruing from a date which is 20 days after the date that such amount first become delinquent.

## **ARTICLE XXI NOTICES**

Any notice or demand to be given to or served upon either Landlord or Tenant in connection with this Lease, shall be deemed to have been sufficiently given or served for all purposes on the date of receipt, if it is personally served, or sent by recognized courier (such as Federal Express), or two days after deposit in the United States mail, if it is sent certified mail, return receipt requested, postage prepaid, to the Landlord as follows:

500, LLC  
510 – 1<sup>st</sup> Avenue North, #600  
Minneapolis, MN 55403

and to Tenant:

IND SCHOOL DISTRICT #13  
3989 Central Avenue N.E. #600  
Columbia Heights, MN 55421

Either party may change the place to which notice is to be sent by sending a written notice thereof to the other in the same manner hereinabove provided.

## **ARTICLE XXII SUBORDINATION**

A. Without the necessity of any additional instruments being executed by Tenant, this Lease shall be subject and subordinate to all Mortgages in any amount now or hereafter made and to all renewals, modifications, consolidations, replacements or extensions of each such Mortgage. However, any Mortgagee may instead, by notice to Tenant, elect that this Lease shall be deemed prior to its Mortgage in whole or in part regardless of the priority of recording. Tenant shall execute and deliver without further consideration any commercially reasonable instruments requested by Landlord or any Mortgagee evidencing the priority or subordination of this Lease with respect to any such ground leases or underlying leases or any such mortgage or deed of trust, provided that the relevant parties execute a subordination, nondisturbance and attornment (“**SNDA**”) substantially in the form annexed hereto as **Exhibit E**.

B. Upon the request of any Mortgagee or other party succeeding to the interest of Landlord under this Lease following foreclosure or termination for default of any Mortgage or any conveyance in lieu of such foreclosure or termination, whether voluntary or by operation of law, Tenant shall attorn to and become the tenant of such Mortgagee or other successor in interest. However, neither the Mortgagee nor such successor in interest shall be liable for any act or omission of Landlord, or subject to any offsets or defenses Tenant may have against Landlord, or

liable for any Security Deposit except to the extent actually received by such Mortgagee or successor in interest, or bound by any prepayment of Total Rent more than one month in advance or by any amendment or modification of this Lease made without the consent of such Mortgagee.

C. If any Mortgagee notifies Tenant in writing of its address, Tenant will give such Mortgagee, by registered mail, a copy of any notice of default Tenant serves on Landlord. If Landlord fails to cure such default within the time provided for cure, such Mortgagee may have additional periods of time to cure as specified in the SNDA.

D. Any provision of this Lease to the contrary notwithstanding, (i) the subordination of this Lease to any ground lease, mortgage, lien and/or other instrument (ii) Tenant's obligation to attorn to any ground lessor, mortgagee and/or purchaser through foreclosure or sale in lieu thereof; and (iii) Tenant's obligation to execute any documents in connection with such subordination or attornment shall be conditioned on the ground lessor, mortgagee, purchaser or other party in question agreeing in writing in recordable form to recognize and not disturb Tenant's rights under this Lease.

E. There is no existing mortgage encumbering the Building as of the Commencement Date.

#### **ARTICLE XXIII MISCELLANEOUS**

A. The article headings herein are inserted only for convenience and reference and shall in no way define, limit, or describe the scope or intent of any provisions of this Lease. As used herein and where necessary, the singular imports the plural and vice versa, and masculine, feminine and neuter pronouns and expressions are interchangeable.

B. The covenants and agreements herein contained shall bind and shall inure to the benefit of the Landlord and Tenant, their respective heirs, administrators, legal representatives, successors and assigns.

C. This Lease shall be governed by, construed and enforced in accordance with the laws of the State of Minnesota.

D. If Tenant shall hold over the Premises or any part thereof after the expiration of the term hereof with the written consent of Landlord, such holding over shall be construed only to be a tenancy from month to month subject to all covenants, conditions and obligations hereof except only that the Total Rent herein reserved to Landlord in Article III A and B shall be increased by fifty percent (50%) (the "**Holdover Rent**"). Absent the Landlord's written consent, a tenancy at sufferance, with the Holdover Rent and other Rent calculated and payable in weekly increments, shall be deemed to have been created. Nothing herein shall be construed to give Tenant any rights to hold over and to continue in possession of the Premises after the expiration of the term hereof.

E. The relationship of the parties hereto is that of Landlord and Tenant and it is expressly understood and agreed that Landlord is not in any way or for any purpose a partner of Tenant or a joint venturer with Tenant in the conduct of Tenant's business or otherwise.

F. This Lease and any exhibits or schedules related thereto is the entire agreement between parties and may not be changed verbally but only by an agreement in writing signed by the party against whom enforcement of any waiver, change, modification or discharge is sought.

G. Time is of the essence of this Lease and of each and every of the provisions herein contained. All indemnifications and hold harmless obligations of Tenant and Landlord shall survive termination of this Lease.

H. Landlord, at all reasonable times, upon not less than 24 hours' notice (except in cases of emergency where no notice is required) shall have the right to inspect the Premises, make repairs or alterations as permitted by this Lease, and to show the Premises to persons wishing to purchase the Building or lease the Premises (such showings for leasing to occur only during the last 12 months of the term of the Lease), and no such entry shall constitute an eviction or entitle Tenant to an abatement of Total Rent.

I. One or more waivers of a breach of any covenant, term or condition of this Lease by one party shall not be construed by the other party as a waiver of any subsequent breach of the same covenant, term or condition. The failure or delay on the part of one party to enforce or exercise at any time any of the provisions, rights or remedies of this Lease shall in no way be construed to be a waiver thereof nor in any way affect the validity of this Lease or any part thereof or the right of such party to thereafter enforce each and every provision, right or remedy.

J. The invalidity or unenforceability of any provision hereof shall not affect or impair the validity of any other provision.

K. No payment by Tenant or receipt by Landlord of a lesser amount than the Total Rent herein shall be deemed to be other than on account of the earliest made installment thereof nor shall any endorsement or statement on any check or any letter accompanying any check or payment be deemed an accord and satisfaction. Landlord may accept such check or payment without prejudice to Landlord's right to any additional amount due hereunder or pursuant to any other remedy in this Lease provided.

L. Landlord, at any time and from time to time, may alter the Common Area, construct additions to the Building or construct additional Buildings as a part thereof all as it may reasonably deem appropriate or necessary for the development of the Building, provided the foregoing does not materially adversely affect Tenant's use of the Premises or the financial obligations of Tenant under this Lease.

M. Tenant will, within ten (10) business days after written request from the Landlord, execute and deliver a reasonable estoppel certificate, in a form reasonably requested by the Landlord.

N. In case of a failure or interruption in utilities or services to the Premises required to be provided by Landlord, Landlord will take all reasonable steps to restore the interrupted utilities/services. If Tenant's use of the Premises is materially interfered with for three (3) or more consecutive days because of an interruption or discontinuance of utilities or services required to be provided by Landlord and not caused by Tenant or its agents or employees, then Tenant's Total Rent shall be abated for the period of such failure or interruption beginning on the first day of interruption.



O. Landlord and Tenant hereby waive the right to seek any consequential, special or punitive damages against the other; it being acknowledged that each party shall be entitled to recover only its actual damages against the other.

P. Landlord warrants that (a) it owns the fee title to the Building and the Premises and that Tenant shall lawfully and quietly hold, occupy and enjoy the Premises during the term of this Lease, without hindrance or molestation and (b) there are no other leases in force for the Premises or that affect the Premises.

Q. Tenant will, within thirty (30) days of notice or request by Landlord or Landlord's mortgagee, provide yearly financial statements, in the same form as presented annually to Tenant's members.

R. Tenant agrees to reasonably cooperate with Landlord from time to time with regard to obtaining sales tax exemptions for the purchase of building materials used to improve the Premises. Tenant agrees to reasonably cooperate with Landlord from time to time in Landlord's effort to obtain exemption from real property taxes for the Building. Tenant may seek advice of its legal counsel prior to taking action requested by Landlord under this provision and shall not be required to take any action that will be detrimental to Tenant.

S. Tenant will at all times require Tenant's students to use the entrance leading directly into the School in the Bus drop off area, and will never use the main lobby Building entrance as the student entrance to the Premises for any reason whatsoever other than (1) as an ADA entrance to allow entry to a handicap individual and (2) as a form of emergency exit in the case of fire or similar emergency. Tenant's faculty and staff may enter the Premises through the main lobby entrance.

#### **ARTICLE XXIV HAZARDOUS MATERIALS**

Tenant will not, without the prior written consent of Landlord, which consent Landlord may grant or withhold in its reasonable discretion, cause or permit (a) any element, substance, compound, mixture or agent defined and regulated as "hazardous substances," "hazardous wastes," "hazardous materials" or "toxic substances" under any applicable laws (collectively, the "**Hazardous Materials**") to be brought upon, kept or used in the Building in a manner or for a purpose prohibited by or which could result in liability under any federal, state or local statutes, laws, ordinances or regulations (collectively, the "**Hazardous Materials Laws**"). Landlord specifically consents to Tenant keeping any Hazardous Materials on the Premises that are customarily used in Tenant's business, including but not limited to, small quantities of cleaning or other supplies as are customarily used in the ordinary course of a restaurant, bar and entertainment facility, as long as Tenant complies with all Hazardous Materials Laws.

If Landlord consents to Tenant's storage on the Premises of Hazardous Materials, Tenant must keep, store and use such Hazardous Materials in compliance with all Hazardous Materials Laws and any other applicable statutes, laws, ordinances and regulations and in accordance with the standards prevailing in the industry for the storage and use of such Hazardous Materials. In no event shall Tenant engage the Premises in manufacturing, assembly or fabrication of products containing Hazardous Materials. If any lender or governmental agency requires Landlord to test

for a release or the presence of Hazardous Materials on the Premises or the Building, then Tenant shall reimburse Landlord the reasonable costs of such testing upon demand as additional rent if the lender's or agency's requirement relates solely to any of Tenant's activities on the Premises or the Building. Tenant shall execute reasonable affidavits, representations and the like from time to time at Landlord's request concerning Tenant's best knowledge and belief regarding the presence of Hazardous Materials on the Premises. Tenant shall maintain strict compliance with all permitting provisions of the Hazardous Materials Laws with respect to its use of Hazardous Materials on the Premises, if any, and shall deliver copies of all such permits to Landlord, upon request. Landlord will be given reasonable access to the Premises for the purpose of conducting such tests as Landlord reasonably deems appropriate to confirm Tenant's compliance with this Article XXIV.

Tenant, at its sole cost and expense, will comply with all Hazardous Materials Laws and prudent industry practice relating to the presence, treatment, storage, transportation, disposal, release or management of Hazardous Materials in, on, under or about the Building required as a result of Tenant's use of Hazardous Materials in the Premises and will annually notify Landlord of any and all Hazardous Materials Tenant brings upon, keeps or uses on the Premises (other than small quantities of office cleaning or other office supplies as are customarily used in the ordinary course of an office). On or before the expiration or earlier termination of this Lease, Tenant will, at its sole cost and expense, cause all Hazardous Materials in, on, under or about the Building introduced by Tenant to be removed from the Building in accordance and in compliance with all Hazardous Materials Laws. Tenant will not take any remedial action in response to the presence of any Hazardous Materials in, on, under or about the Building, nor enter into any settlement agreement, consent decree or other compromise with respect to any claims relating to or in any way connected with the Building, without first notifying Landlord of Tenant's intention to do so and affording Landlord a reasonable opportunity to investigate, appear, intervene or otherwise appropriately assert and protect Landlord's interest in the Building.

Tenant will notify Landlord of any of the following actions affecting Landlord, Tenant or the Building and resulting from or in any way relating to Tenant's use of the Premises immediately after receiving notice of the same: (a) any enforcement, clean-up, removal or other governmental or regulatory action instituted, completed or threatened under any Hazardous Materials Law; (b) any claim made or threatened by any person relating to damage, contribution, cost recovery, compensation, loss or injury resulting from or claimed to result from any Hazardous Material; and (c) any reports made by any person, including Tenant, to any environmental agency relating to any Hazardous Material, including any complaints, notices, warnings or asserted violations. Tenant will also provide Landlord, as promptly as possible and in any event within five (5) business days after Tenant first receives or sends the same, with copies of all claims, reports, complaints, notices, warnings or asserted violations regarding Hazardous Material relating in any way to the Premises or Tenant's use of the Premises.

Tenant will indemnify, defend (with counsel reasonably acceptable to Landlord), protect and hold harmless the Landlord from and against any and all claims whatsoever arising or resulting, in whole or in part, directly or indirectly, from the presence, treatment, storage, transportation, disposal, release or management of Hazardous Materials in, on, under, upon or from the Building (including water tables and atmosphere) which are introduced or brought onto the Building by Tenant. Tenant's obligations under this Article include, without limitation and whether foreseeable

or unforeseeable, the costs of (a) any required or necessary repair, clean-up, detoxification or decontamination of the Building, (b) implementing any closure, remediation or other required action in connection therewith as stated above. The obligations of Tenant under this Article survive the expiration or earlier termination of this Lease.

Landlord represents and warrants to Tenant that to the best of its knowledge as of the date of this Lease; (i) there are no Hazardous Materials or mold in, on, under, below or otherwise located on or about the Premises or the Building, except for normal office and cleaning supplies which are stored and disposed of in compliance with all laws and regulations, and (ii) there is no threatened release or migration of any Hazardous Materials onto, beneath, upon or about the Premises or the Building. Except to the extent caused solely by Tenant, Landlord shall indemnify, protect, defend and hold Tenant, its successors, assigns, subtenants, agents, employees, officers and directors harmless from any and all losses, damages, liabilities, judgments, costs, claims, expenses, penalties and fines, including, but not limited to, reasonable attorneys' fees, and related expenses (i) arising out of or involving any Hazardous Materials or substances existing on the Premises or Building prior to the date of this Lease or during the term of this Lease and not caused by Tenant, (ii) due to Landlord's breach of its foregoing representation, or (iii) due to Landlord's acts or omissions with respect to Hazardous Materials beneath, on, upon or about the Premises or the Building. In the event that during the Term any Hazardous Materials shall be released or spilled in, on, under or about the Premises (and the release or spill is not the result of any act or omission by Tenant or its invitees), and as a result thereof, Tenant reasonably concludes that the continued occupancy of the Premises could expose Tenant's employees, subtenants or invitees to any significant health risk, or could expose Tenant to any clean-up or other remediation obligation, Tenant shall have the right to terminate this Lease upon the delivery of a written notice of termination to Landlord.

**Signature page follows**

**IN WITNESS WHEREOF**, the parties hereto have caused this Lease to be executed the day and year first above written.

**LANDLORD:**

**500, LLC**

a Minnesota limited liability company

By: \_\_\_\_\_

Nedal Abdul

Its: Chief Manager

Date: \_\_\_\_\_

**TENANT:**

**IND SCHOOL DISTRICT #13**

a Minnesota non-profit organization

By: \_\_\_\_\_

Its:

Date: \_\_\_\_\_

**LEASE EXHIBIT A**

**LEGAL DESCRIPTION**

That part of Lots 28 through 32, Block 6, Reservoir Hills and that part of Lots 23 through 28 Block 1 of Waltons Rearrangement of Lots 33 and 34 Block 6 Reservoir Hills lying southerly and westerly of FOL DESC line, beginning at Point 18 ft west of southeast corner of Lot 34 SD Block 1, then northerly parallel with eastern line of SD lot 23.87 feet, thence northwesterly to a point on north line of SD block 6, 47.23 ft east of NW corner of Lot 30 Block 6 SD Add and there term, subject to ease of REC.

DRAFT

**LEASE EXHIBIT B**  
**FLOOR PLAN (FLOOR 6)**

**TO BE INSERTED PRIOR TO EXECUTION**

DRAFT

## EXHIBIT C

### CONSTRUCTION OF IMPROVEMENTS

This **Exhibit C** to the Lease sets forth the obligations of Landlord and the rights of Tenant with respect to the construction of the Improvements (as hereinafter defined). The intent of Landlord and Tenant is that the completed Premises will be delivered by Landlord to Tenant on or before July 1, 2017, in a condition that is fit for Tenant's operation of its school in compliance with all applicable laws. Final space build-out plans and specifications and materials choices are not complete as of the date of this Lease. Landlord and Tenant will use their best efforts to mutually agree upon final design plans and specifications throughout the construction process. All materials choices, finishes and design details will be subject to the final approval of Tenant and Tenant's architects and engineers.

#### 1. Landlord's Base Building Work:

No later than the Commencement Date, Landlord shall deliver the Premises, as defined in **Article I**, with the following Base Building improvements built out to the specifications set forth below, all of the cost of which shall be borne exclusively by Landlord ("**Landlord's Base Building Work**"):

##### A. GENERAL REQUIREMENTS

1. Landlord's Base Building Work shall comply completely with the following, in order to allow Landlord to complete construction and obtain a Certificate of Occupancy (or its equivalent) for the applicable space:
  - (a) All applicable local, state and federal fire and building codes and regulations.
  - (b) American with Disabilities Act and applicable handicap regulations.
2. Landlord shall provide all areas within the Premises in broom clean condition and all systems serving the Premises or within the Premises shall be in good working order.

##### B. COMMON AREAS, COLUMNS, PERIMETER CONDITIONS AND BUILDING CORE

Service core – Full Floor Tenant:

Service core complete with finished elevators, restrooms with lights, finished walls, ceiling, tile floors and resilient base, vertical stairwell, exit shafts as required by code, ventilation shafts, electrical/telephone rooms, and mechanical room(s).

**C. WASTE WATER AND VENT SYSTEM (PLUMBING)**

1. A minimum of one point of access to domestic cold and hot water, sanitary waste and vent for Tenant's distribution shall be provided on each floor.
2. A minimum of one installed Americans with Disabilities Act accessible drinking water refrigerated fountain per floor, or as per code, whichever is greater.

**D. HVAC SYSTEM**

1. Landlord shall provide and operate a first class quality heating, ventilating and air conditioning (HVAC) system with service available on a year round basis serving all occupied areas of the Premises.
2. 40 tons of HVAC capacity completed with ductwork connected to a fresh air louver on each floor.

**E. ELECTRICAL AND POWER SYSTEM**

1. Electrical services shall be in accordance with serving utility requirements including but not limited to all substructures, backboards, switchgear, meters etc., for complete operating systems.
2. Landlord shall provide the main power service from utility provider to the entry point of the Building and to Tenant distribution panels, which shall be at 277/480 or 120/208 volts, three-phase, four wire from multiple feeds located in a room within the building and with capacity of at least five (5) watts per usf of the Premises.
3. Landlord shall furnish on the floor(s) occupied by Tenant all metered electrical feeders, transformers and distribution panels to support the following load requirements:
  - (a) Equipment / Receptacle Power
    - (1) 3.5 watts/rsf
  - (b) Lighting Power:
    - (1) 1 ½ watts/rsf
  - (c) Power or HVAC:
    - (1) As required by Building to support stated electrical demand load.
4. Demand Load (Consumed).

5 watts/RSF consumed power on an annualized basis (excluding power for HVAC).



## **F. LIFE SAFETY SYSTEMS**

1. Landlord's Base Building Improvements shall include safety systems as required by the latest federal, state and local codes, the Americans with Disabilities Act, as of the Commencement Date. The following improvements for the Common Areas of the Building (exit stairwells, exit corridors, lobbies etc.):
  - (a) Life safety speakers/strobe lights and smoke detectors. If not required by the Minnesota Department of Education, Fire Marshal, or City of Columbia Heights code, Landlord shall not be responsible.
2. Complete fire sprinkler distribution with points of connection within Tenant space including a main loop as required by local code on each floor.
3. Provide standpipe branch connection in stairwell as required by code.
4. Landlord shall provide capacity only for fire alarm inputs and control outputs and for fire alarm sounding devices as required to be audible throughout the Premises and strobe light capacity in accordance with current code. Point of connection for fire life safety devices shall be located, within the building and shall be provided by the Landlord with sufficient capacity to satisfy the requirements of the Tenant's office space.

## **G. SECURITY ACCESS SYSTEMS**

1. Landlord shall install card access devices, which shall be provided at all entry floor level entrances, skyway level entrances, and all elevators.
2. All Building security equipment and monitoring activities shall be separable from Tenant's security system(s) but shall be compatible with Tenant's security systems.

## **H. ELEVATORS**

Elevator cars shall be equipped with security card readers. At a minimum, one elevator car, lobby call lantern and call button shall be in compliance with the Americans with Disabilities Act, state and local codes.

## **2. Landlord's Improvement Work:**

Landlord anticipates delivery of the Premises to Tenant on July 1, 2017. Landlord shall cause all of the work to be diligently performed in a good and workmanlike manner, using new materials and equipment at least equal in quality and class to the standards for the Property and in compliance with all applicable permits, laws and requirements of public authorities, restrictions of record affecting the Property. Landlord shall deliver the Premises with the following Landlord improvements built out to the specifications set forth below,

all of the cost of which shall be borne exclusively by Landlord (“**Landlord’s Improvement Work**”):

**6th FLOOR (EXHIBIT B)**

**Construction**

- **TO BE INSERTED PRIOR TO EXECUTION.**

**Plumbing**

- **TO BE INSERTED PRIOR TO EXECUTION.**

**Electrical**

- **TO BE INSERTED PRIOR TO EXECUTION.**

**HVAC**

- **TO BE INSERTED PRIOR TO EXECUTION.**

**Decorating**

- **TO BE INSERTED PRIOR TO EXECUTION.**

**Window Treatments**

- **TO BE INSERTED PRIOR TO EXECUTION.**

**Cabinetry**

- **TO BE INSERTED PRIOR TO EXECUTION.**

**Flooring**

- **TO BE INSERTED PRIOR TO EXECUTION.**

**Existing Toilet Rooms**

- **TO BE INSERTED PRIOR TO EXECUTION.**

**3. Delivery of Possession, Punch List, and Acceptance Acknowledgment:**

No later than July 1, 2017, Landlord and Tenant shall together walk through the Premises and inspect all improvements so completed, using reasonable efforts to discover all uncompleted or defective construction in the improvements. After such inspection has been completed, each party shall sign an acceptance acknowledgment in substantially the form of **Exhibit D** to this Lease (herein the “**Acceptance Acknowledgment**”), which shall include as an attachment a list of all “punch list” items which the parties agree are to be corrected by Landlord. Landlord shall use reasonable efforts to complete and/or repair such “punch list” items within thirty (30) days after Tenant executes and delivers the Acceptance Acknowledgment. In the event that the punch list items are not corrected or completed within said thirty (30) days, Tenant, at the expense of Landlord, may undertake such work, the cost of which may be set off, at Tenant’s sole discretion, against amounts due and owing Landlord.

**EXHIBIT D**

**ACCEPTANCE ACKNOWLEDGMENT**

THIS ACCEPTANCE ACKNOWLEDGMENT (this “**Acknowledgment**”) is made and entered into this \_\_\_\_ day of \_\_\_\_\_, 2017, by and between **IND SCHOOL DISTRICT #13 (“Tenant”)**, and **500, LLC (“Landlord”)**.

RECITALS

A. Landlord and Tenant have entered into that certain Lease dated \_\_\_\_\_, 2017 (as amended from time to time, the “**Lease**”). Capitalized terms used herein and not otherwise defined shall have the meanings respectively ascribed to them in the Lease.

B. Landlord and Tenant desire to execute this Acknowledgment to set forth their understanding with respect to the Premises and the Lease.

ACKNOWLEDGMENT

NOW THEREFORE, for good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, the parties hereto hereby acknowledge the following:

1. Landlord and Tenant acknowledge that Tenant has completed its walk-through of the Premises. Attached hereto as Exhibit A is a punch list of items required to be completed by Landlord in or about the Premises, which punch list was prepared by Tenant. Tenant hereby accepts possession of the Premises for purposes of the Lease (subject, however, to the attached punch list containing only items which do not interfere with the Tenant’s use and possession of the Premises and any other latent defects which might become evident at a later date). Landlord shall complete the punch list items and correct any later discovered latent defects as soon as reasonably possible, but in no event later than ten (10) days after the date of this Acknowledgment or ten (10) days after discovery of the latent defect, as applicable.

2. Landlord and Tenant hereby acknowledge that the Commencement Date of the Lease is the \_\_\_\_ day of \_\_\_\_\_, 2017.

3. As modified hereby, the terms of the Lease, including, without limitation, the Total Rent established pursuant to Article III, are hereby ratified and shall remain in full force and effect.

IN WITNESS WHEREOF, Landlord and Tenant have executed this Acknowledgment as of the date first above written.

**LANDLORD: 500, LLC**

By: \_\_\_\_\_

Its: \_\_\_\_\_

**TENANT: IND SCHOOL DISTRICT #13**

By: \_\_\_\_\_

Its: \_\_\_\_\_

**EXHIBIT E  
(SAMPLE ONLY)**

**SUBORDINATION, NON-DISTURBANCE AND  
ATTORNMEN T AGREEMENT AND TENANT'S ESTOPPEL CERTIFICATE**

**THIS SUBORDINATION, NON-DISTURBANCE AND ATTORNMEN T AGREEMENT AND TENANT'S ESTOPPEL CERTIFICATE** (this "**Agreement**") is made this \_\_\_\_ day of \_\_\_\_\_, 201\_\_\_\_, by and between \_\_\_\_\_, a \_\_\_\_\_, whose address is \_\_\_\_\_ (**"Landlord"**) \_\_\_\_\_, a \_\_\_\_\_, whose address is \_\_\_\_\_ (**"Tenant"**), and \_\_\_\_\_, a \_\_\_\_\_, whose address is \_\_\_\_\_ (**"Mortgagee"**).

**RECITALS:**

A. Landlord is the fee owner of the real estate described in Exhibit A attached hereto and made a part hereof (the "**Real Estate**"). Landlord has requested and Mortgagee has agreed to make a loan (the "**Loan**") to Landlord secured in part by a Mortgage and Security Agreement and Fixture Financing Statement dated \_\_\_\_\_, 201\_\_\_\_ (the "**Mortgage**") which covers the Real Estate and all buildings and other improvements located thereon. The Mortgage was recorded in the office of the \_\_\_\_\_ in and for \_\_\_\_\_ County, \_\_\_\_\_ on \_\_\_\_\_, 201\_\_\_\_ as Document No. \_\_\_\_\_.

B. Tenant is the lessee of a portion of the improvements *located on the Real Estate* pursuant to a Lease between it and Landlord dated \_\_\_\_\_, \_\_\_\_\_ (the "**Lease**"). A copy of the Lease is attached hereto as Exhibit B. A Memorandum of the Lease was recorded in the office of the \_\_\_\_\_ in and for \_\_\_\_\_ County, \_\_\_\_\_ on \_\_\_\_\_, 201\_\_\_\_ as Document No. \_\_\_\_\_.

C. Mortgagee has required the execution of this Agreement as a condition precedent to making the Loan to Landlord.

Accordingly, the parties hereby agree as follows:

1. **Subordination.** Except as otherwise provided in paragraphs 2 and 3 of this Agreement, the Lease, and all rights of Tenant under the Lease and to the Real Estate, including without limitation any option to purchase or otherwise acquire title to the Real Estate, are hereby subjected and subordinated, and shall remain in all respects and for all purposes subject and subordinate, to the lien of the Mortgage and to the rights and interest of Mortgagee and its successors and assigns, as fully and with the same effect as if the Mortgage had been duly executed, acknowledged and recorded, and the indebtedness secured thereby had been fully disbursed prior to the execution of the Lease or possession of the Real Estate by Tenant, or its predecessors in interest.

2. Mortgagee Not to Disturb Tenant. Mortgagee agrees that so long as Tenant is not in default (beyond any period given Tenant under the Lease to cure such default) in the payment of rent or additional rent or in the performance of any other material term, covenant or condition of the Lease on Tenant's part to be performed, Mortgagee will not join Tenant as a party defendant in any action or proceeding foreclosing the Mortgage, unless required to foreclose the Mortgage and then only for such purpose and not for the purpose of terminating the Lease, and further, that in the event of a foreclosure Tenant's possession of the Real Estate and Tenant's rights and privileges under the Lease, or any extensions or renewals thereof which may be effected in accordance with the Lease, shall not be diminished or interfered with by Mortgagee and Tenant's occupancy of the real Estate shall not be disturbed by Mortgagee. Tenant to Attorn to Mortgagee. If the interest of Landlord shall be transferred to and owned by Mortgagee by reason of foreclosure of the Mortgage or other proceedings brought by it in lieu of or pursuant to a foreclosure, or in any other manner, and Mortgagee succeeds to the interest of Landlord under the Lease, Tenant shall be bound to Mortgagee and Mortgagee shall recognize Tenant and be bound to Tenant under all of the terms, covenants and conditions of the Lease for the balance of the term thereof remaining and any extensions or renewals thereof which may be effected in accordance with any option therefor in the Lease, with the same force and effect as if Mortgagee were originally the landlord under the Lease, and Tenant does hereby attorn to Mortgagee as its landlord, such attornment to be automatically effective immediately upon Mortgagee's succeeding to the interest of Landlord under the Lease without the execution of any further instruments on the part of any of the parties hereto. The respective rights and obligations of Tenant and Mortgagee upon such attornment, to the extent of the then remaining balance of the term of the Lease and any such extensions and renewals thereto, shall be and are the same as now set forth in the Lease as between Landlord and Tenant, the terms of which are hereby fully incorporated herein by reference and made a part of this Agreement.
3. Mortgagee Not Bound by Certain Acts of Landlord. If Mortgagee shall succeed to the interest of Landlord under the Lease, Mortgagee shall not be liable for any act or omission of Landlord unless such act or omission is a default which continues after Mortgagee succeeds to Landlord's interest under the Lease; nor subject to any offsets or defenses which Tenant might have against Landlord except for express offsets and set offs set forth in the Lease; nor bound by any rent or additional rent which Tenant might have paid for more than thirty (30) days in advance (unless otherwise expressly provided under the terms of the Lease); nor bound by any amendment or modification of the Lease made without Mortgagee's consent. Notwithstanding the foregoing, (i) Tenant may offset rent and additional rent as expressly provided for in the Lease, and (ii) the foregoing shall not relieve Mortgagee or any subsequent purchaser from complying with all day-to-day obligations of Landlord of Landlord under the Lease after the date Mortgagee or purchaser takes possession of the Real Estate.
4. Payment of Rent After Default. If an Event of Default occurs under the Mortgage, Mortgagee may demand all rents due pursuant to the Lease be paid directly to it and, upon such demand in writing, Tenant will remit all such rent payments to Mortgagee, or its order, until otherwise notified by Mortgagee in writing, which payments shall be credited against Tenant's rental obligations due under the terms of the Lease. Landlord hereby irrevocably

authorizes and directs Tenant to make the foregoing payments to Mortgagee upon such notice and demand without the need to inquire of Landlord as to the validity of such notice or any contrary notice or direction from Landlord and hereby releases Tenant from all liability to Landlord in connection with Tenant's compliance with Mortgagee's written instructions.

5. Successors and Assigns. This Agreement and each and every covenant, agreement and other provision hereof shall be binding upon the parties hereto and their successors and assigns, including without limitation each and every holder of the Lease or any other person having an interest therein and shall inure to the benefit of Mortgagee, and its successors and assigns.
6. Choice of Law. This Agreement is made and executed under and in all respects is to be governed and construed by the laws of the State of Minnesota.
7. Captions and Headings. The captions and headings of the various sections of this Agreement are for convenience only and are not to be construed as confining or limiting in any way the scope or intent of the provisions hereof. Whenever the context requires or permits, the singular shall include the plural, the plural shall include the singular.
8. Notices. Any notices which any party hereto may desire or may be required to give to any other party shall be in writing and the mailing thereof by certified mail, or equivalent, to the addresses as set forth above, or to such other places and parties as any party hereto may by notice in writing designate shall constitute service of notice hereunder.
9. Counterparts. This Agreement may be executed by the parties in any number of counterpart signature pages, which executed signature page or pages containing the signatures of all of the parties hereto, when taken together and affixed to the remainder of this Agreement, shall constitute but one and the same Agreement, and shall be binding on all of the parties notwithstanding that all of the parties may not be signatories to the same signature page.

**Tenant:**

\_\_\_\_\_

By: \_\_\_\_\_

Its: \_\_\_\_\_







**EXHIBIT A**  
**DESCRIPTION OF REAL ESTATE**

DRAFT

**EXHIBIT B**  
**COPY OF LEASE**

DRAFT