CITY OF SAINT PETER, MINNESOTA
AGENDA AND NOTICE OF MEETING

Special City Council Meeting of Monday, February 29, 2016
Community Center Governors' Room – 3:00 p.m.

I. CALL TO ORDER

II. MEDICAL OFFICE BUILDING LEASE

III. ADJOURNMENT

Office of the City Administrator
Todd Prafke
TO: Todd Prafke
City Administrator

FROM: George Rohrich
REHC CEO

RE: River's Edge Hospital and Clinic Lease to Mankato Clinic

ACTION/RECOMMENDATION

Approve lease of former River's Edge Clinic space to Mankato Clinic.

BACKGROUND

River’s Edge Hospital & Clinic (REHC) and the Hospital Commission are requesting Council approval to lease the former River’s Edge Clinic to Mankato Clinic.

This lease was developed by REHC legal counsel and was reviewed and recommended by the Hospital Commission at their last regular meeting on February 24th 2016. A key elements of this lease are:

1. The former River’s Edge Clinic Space is divided into two spaces, Phase I & Phase II
2. Phase I is 5,275 sf, it is the West side of the space. Phase II is 3,819 sf, it is the East side the space.
3. Phase I is leased initially; Phase II is a future lease option.
4. Term: Two Years, Extendable in 5 year terms
5. Termination: 180 w/o cause
6. Annual Rent: $42,200 Yr 1, increasing about 2.5% annually for Phase I.
7. Operating Expenses: Utilities, etc., are paid by Mankato Clinic proportionate to space leased.
8. Improvement Costs: Paid by Mankato Clinic

Copies of the lease are attached for Council review.
FISCAL IMPACT:

The lease will provide REHC with annual revenue of $42,200.

COMMUNITY IMPACT: This leased space is anticipated to be used as a Dermatology Clinic. This will be a new service in our community and a service serving community members of all ages.

ALTERNATIVES/VARIATIONS:

Do Not Act: Delay could result in loss of lease revenue and delay of local dermatology service in our community.

Denial: Will result in the former River's Edge space remaining vacant and loss of lease revenue. This is always an option of the City Council.

Please feel free to contact me if you have any questions or concerns about this item.

GR/
February 18, 2016

Lease Agreement Summary

1. Phase I  Current Lease area  See Exhibit C
2. Phase II:  Future Lease Expansion
3. Term:  Two Years, Extendable in 5 year terms
4. Termination:  180 w/o cause
5. Annual Rent:  $42,200 Yr 1, increasing about 2.5% annually (Phase I)
6. Operating Expenses:  (Utilities, etc.)  Are paid proportionate to space rented.
7. Improvement Costs:  Paid by Tenant
LEASE AGREEMENT
1900 Sunrise Drive, Suite 200, St. Peter, Minnesota

This Lease Agreement (this "Lease") is entered into effective as of the 1st day of March, 2016, by and between City of Saint Peter, a Minnesota municipal corporation, d/b/a River’s Edge Hospital & Clinic ("Landlord") and Mankato Clinic, Ltd., a Minnesota corporation ("Tenant").

1. Lease of Premises. Landlord is the owner of the land legally described on the attached Exhibit A (the "Land"), the building presently located on the Land which has a street address of 1900 Sunrise Drive, Saint Peter, Minnesota 56082 (the "Building"), and certain other improvements (collectively, the "Improvements") that benefit the Land and the Building. The Land, the Building, and the Improvements shall sometimes be referred to collectively as the "Project." A site plan of the Project is attached hereto as Exhibit B.

Landlord hereby leases to Tenant, and Tenant hereby leases from Landlord, Suite 200 of the Building, containing approximately 9,680 rentable square feet (the "Premises"). A depiction of the Premises is attached hereto as Exhibit C. For purposes of this Lease, the Building shall be deemed to have an area of 19,873 rentable square feet and the Premises shall initially be deemed to have an area of 9,094 rentable square feet; however, Landlord reserves the right to, and may adjust, either or both figures if there is manifest error, modification, addition or subtraction to the Building or the Project of which the Building is a part, due to re-measurement or other circumstance reasonably justifying adjustment. Landlord acknowledges and agrees that Tenant may lease the Premises in two (2) phases as follows: Commencing on the Commencement Date, Tenant will lease the portion of the Premises depicted on Exhibit C-2 attached hereto and designated as the "Phase I Premises" on the attached Exhibit C-2 and consisting of approximately 5,275 rentable square feet (the "Phase I Premises"). From and after the Commencement Date and until Tenant elects to add all of the remaining portion of the Premises, consisting of approximately 3,819 rentable square feet, such portion being the "Phase II Premises" as depicted on Exhibit C-2 hereof ("Phase II Premises") and subject to the terms and conditions set forth in the following paragraph, the Phase I Premises shall be and constitute the Premises under this Lease. So long as Tenant is not in default under this Lease, upon thirty (30) days’ prior written notice to Landlord, Tenant shall have the option to lease the Phase II Premises and add such space to the Premises hereunder and immediately upon such election, the Phase II Premises shall be added and constitute part of the Premises and the Base Rent, Tenant’s Proportionate Share, Janitorial Expense and any of Tenant’s other obligations hereunder shall be adjusted to reflect the addition of the Phase II Premises. From and after such election, the Phase I Premises and Phase II Premises shall constitute the Premises under this Lease. If less than twelve (12) months are remaining in the Lease Term upon Tenant’s election to lease the Phase II Premises, then Tenant shall be deemed to have automatically exercised the applicable Extension Option and the Lease Term shall be so extended subject to and on the terms and conditions set forth herein. Upon Landlord’s request, promptly upon adding the Phase II Premises, Landlord and Tenant shall execute and deliver an amendment to this Lease setting forth the Base Rent, Tenant’s Proportionate Share, Janitorial Expense and such other adjustments as may be necessary as determined by Landlord to reflect the addition of the Phase II Premises. Unless otherwise agreed to in writing by Landlord, if Tenant does not elect to add the Phase II Premises to the Premises within twelve (12) months of the Rent Commencement Date, then Landlord shall
have the absolute right to market, advertise or otherwise enter into a lease for all or any portion of the Phase II Premises without any liability to Tenant under this Lease or otherwise.

2. Term; Options to Extend the Term; Early Termination. The initial term of this Lease (the "Term") shall be a period of equal to a period of two (2) years and four (4) full calendar months following the date on which Landlord delivers access to the Premises to Tenant (the "Commencement Date"). Landlord and Tenant anticipate that the Commencement Date shall be on or about March 1, 2016. The "Rent Commencement Date" shall be the earlier of: (i) the date Tenant opens for business in any portion of the Premises, or (ii) the date which is one hundred twenty (120) days following the Commencement Date. Notwithstanding the foregoing, in no event shall the Rent Commencement Date be later than July 1, 2016. Commencing on the Commencement Date, Landlord shall provide Tenant with early access to the Premises solely for the purpose of Tenant's performing and constructing the Leasehold Improvements (as hereinafter defined) (the "Early Access Period"). During the Early Access Period, Tenant shall comply with all of the terms and conditions of this Lease except that Tenant shall not be obligated to pay any Rent until the Rent Commencement Date. Tenant shall, however, be obligated to pay for any and all utility and other services used during the Early Access Period and shall pay for such services within thirty (30) days of Landlord's written demand therefor.

Tenant shall have the following options to extend the Term:

(a) Tenant shall have the option (the "First Extension Option") to extend the Term for an additional five (5) year period (the "First Extension Term"), which shall commence immediately after the expiration of the initial Term.

(b) If Tenant has exercised the First Extension Option in the time and manner provided for herein, then Tenant shall have the option to further extend the Term (the "Second Extension Option") for an additional five (5) year period (the "Second Extension Term"); each of the First Extension Term or Second Extension Term, shall sometimes be referred to as an "Extension Term" or collectively, "Extension Terms"), which shall commence immediately after the expiration of the First Extension Term.

(c) Tenant’s occupancy of the Premises during the First Extension Term and Second Extension Term shall be on the same terms and conditions of this Lease as provided for during the initial Term; provided, however, that: (i) Annual Base Rent during each Extension Term shall be at Fair Market Rent determined in accordance with Section 4 of this Lease, but in no event shall such Annual Base Rent be lower than the rate in effect at the end of the previous term; and (ii) Tenant shall be entitled to no further option to extend after the Second Extension Term. Tenant may exercise its First Extension Option only by giving Landlord written notice exercising that option not later than nine (9) months prior to the expiration of the initial Term. Tenant may exercise its Second Extension Option only by giving Landlord written notice exercising that option not later than nine (9) months prior to the expiration of the First Extension Term. For Tenant’s extension of any of the Extension Options to be effective: (i) this Lease must be in effect; (ii) Tenant must not be in default beyond any applicable notice and/or cure period at the time the option to extend is exercised; and (iii) Tenant must have exercised the applicable Extension Option in the time and manner provided for in this Section 2. Each year of the Term, as the same may be extended, is sometimes referred to herein as a Lease Year. A
“Lease Year” means each consecutive 12 month period during the Term, commencing on the Commencement Date, except that if the Commencement Date is not the first day of a calendar month, then the first Lease Year is a period beginning on the Commencement Date and ending on the last day of the calendar month in which the Commencement Date occurs plus the following 12 consecutive calendar months.

(d) Notwithstanding anything to the contrary herein, Landlord and Tenant shall each have the right to terminate this Lease upon written notice given to the other party at least one hundred eighty (180) days prior to the effective date of termination. Tenant shall only be entitled to exercise the foregoing termination option if it is not in default under the terms of this Lease.

3. Use and Possession; Exclusivity. Subject to circumstances beyond Landlord’s control, Tenant shall have access to the Premises twenty-four hours per day, seven days per week. The Premises are to be used solely for a medical clinic or medical office space (collectively, the “Permitted Use”) and for no other purposes without Landlord’s prior written consent. As of the Commencement Date, Tenant’s medical clinic and office space shall be related to its dermatology and ophthalmology practice (as such practice may change from time to time so long as such practice is a Permitted Use, the “Tenant’s Then Current Practice”). Tenant shall comply, at Tenant’s sole cost, with all statutes, codes, ordinances, orders, rules and regulations of any local, state or federal governmental entity or agency whether in effect now or later, including the Americans with Disabilities Act, any laws regarding the use, handling and storage of hazardous materials, any laws governing the practice of medicine, including with respect to patient referrals and anti-kickback and the security and maintenance of patient records, and any and all legally binding orders, rulings, regulations or guidelines, as well as any private rules, regulations, ground leases, easement agreements, covenants, conditions and restrictions of record governing the Project, the Building, the Premises or Tenant’s use or occupancy thereof or applicable thereto (“Law(s)”), with respect to the operation of Tenant’s business and the use, condition, configuration and occupancy of the Premises.

Landlord agrees that, subject to the rights of existing tenants of the Building, so long as Tenant is not in default beyond any applicable notice and/or cure period provided for in this Lease, Landlord shall not hereafter lease space in the Building to a new tenant who would have the right to use its premises for a medical clinic or medical office space which would, as its Primary Business, compete with Tenant’s Then Current Practice, without Tenant’s consent, which consent shall not be unreasonably withheld. A Primary Business is defined for this purpose as a use providing more than twenty percent (20%) of the gross revenues generated from a tenant’s premises. Notwithstanding anything herein to the contrary, nothing herein shall diminish or prohibit Landlord’s right to use any space or other premises within the Building for medical clinic or medical office space for any practice whatsoever and Landlord specifically reserves the right to use such other space or premises accordingly and such use shall not constitute a violation of this Lease.

Tenant shall not use the Premises for any unlawful purpose or in any way that interferes with the safe and efficient use of the Project by others or that constitutes a nuisance. If any governmental authority requires any alteration to the Building or the Premises solely as a result of Tenant’s particular use of the Premises or as a result of some unique aspect of any of the
Leasehold Improvements (as hereinafter defined) or any future alteration to the Premises made by or on behalf of Tenant, or if Tenant’s particular use of the Premises subjects Landlord or the Project to any obligation under any laws, codes or ordinances, Tenant will pay the cost of all such required alterations or the cost of compliance, as the case may be. If any such required alterations require a modification to the Building’s structure, exterior or roof, Landlord will make the structural, exterior or roof alterations at Tenant’s cost. Landlord may require Tenant to deposit with Landlord an amount reasonably estimated by Landlord, in good faith, to be sufficient to pay the cost of such alterations (including, without limitation, reasonable overhead and administrative costs). If the required alterations do not involve altering the Building’s structure, exterior or roof, Tenant shall make the alterations at Tenant’s sole cost in conformance with the requirements of this Lease, including Section 9.

Tenant will not use any device or equipment in the Premises or otherwise within the Project that causes substantial noise, odor or vibration, without Landlord’s prior written consent, which consent Landlord may grant, withhold or condition in its sole and absolute discretion. Tenant will not connect any device or equipment to the Building’s electrical or plumbing systems except through the electrical and water outlets in the Premises that were installed (or otherwise approved in writing) by Landlord. No antenna, satellite dish, or other communications equipment shall be allowed without Landlord’s prior written consent, which consent Landlord may grant, withhold or condition in its sole and absolute discretion. If Landlord consents to Tenant’s installation of an antenna, satellite dish, or other communications equipment within the Project (including without limitation on the roof of the Building), then Landlord and Tenant shall execute a license for the subject communications equipment in form and substance acceptable to Landlord in Landlord’s sole but reasonable discretion. Installation of any such communications equipment shall be subject to all applicable provisions of this Lease, including those relating to alterations and improvements contained in Section 9 hereof.

Tenant shall not use the Premises for any ancillary medical purposes that are now or may be provided in the future by any laboratories or facilities under the direction of any physician organization comprised of one or more tenants in the Building which may now exist or hereafter be organized. Tenant may, however, perform such ancillary services that would otherwise be prohibited under this paragraph if such services are provided by Tenant solely in connection with Tenant’s own practice, and Tenant does not offer such services to any other tenant in the Building. Tenant represents that Tenant has and will maintain throughout the Term all licenses and permits required to conduct the medical practice and other business operations carried on in the Premises.

Tenant covenants and agrees that it will: (i) substantially complete the Leasehold Improvements in accordance with Section 9; and (ii) not allow anyone to reside in or permit any patient to remain in the Premises on an overnight or in-patient basis. Tenant agrees that Landlord’s obligation to provide services during Holidays and outside the Normal Business Hours of the Project are limited pursuant to Section 7 below.

Tenant and its employees shall comply, at Tenant’s sole expense, with all regulations of the fire marshal and/or board of Fire Underwriters, and other state, federal, or county governmental or regulatory bodies having jurisdiction over the Premises, and all ordinances and
regulations of the City of Saint Peter, but only insofar as any of such rules, ordinances and regulations pertain to the manner in which Tenant uses the Premises.

Tenant shall vacate and return the Premises to Landlord at the expiration of the Term in good condition and repair, subject only to ordinary wear and tear and damage due to casualty or caused by Landlord's failure to perform its repair and/or maintenance obligations under this Lease. Tenant shall have no obligation to restore the Premises, at the end of the Term, including removing or paying for the removal of Tenant's cabling and wiring. Tenant's sole obligation is to return the Premises in reasonable condition, normal wear and tear excepted.

4. **Annual Base Rent.** Tenant shall pay Annual Base Rent as provided in the following table (for clarification, the following table reflects Base Rent for the Phase I Premises):

Rent Schedule for Phase I Premises (5,275 rentable square feet)

<table>
<thead>
<tr>
<th>Period</th>
<th>Rate (Per Rentable Square Foot)</th>
<th>Annual Base Rent</th>
<th>Monthly Base Rent</th>
</tr>
</thead>
<tbody>
<tr>
<td>Lease Year 1</td>
<td>$8.00</td>
<td>$42,200.00</td>
<td>$3,516.67</td>
</tr>
<tr>
<td>Lease Year 2</td>
<td>$8.25</td>
<td>$43,518.75</td>
<td>$3,626.56</td>
</tr>
<tr>
<td>First Extension Term</td>
<td>$8.41</td>
<td>$44,362.75</td>
<td>$3,696.90</td>
</tr>
<tr>
<td>Second Extension Term</td>
<td>$8.62</td>
<td>$45,470.50</td>
<td>$3,789.21</td>
</tr>
</tbody>
</table>

Rent Schedule for Phase I Premises and Phase II Premises (9,094 rentable square feet)

<table>
<thead>
<tr>
<th>Period</th>
<th>Rate (Per Rentable Square Foot)</th>
<th>Annual Base Rent</th>
<th>Monthly Base Rent</th>
</tr>
</thead>
<tbody>
<tr>
<td>Lease Year 1</td>
<td>$8.00</td>
<td>$72,752.00</td>
<td>$6,062.67</td>
</tr>
<tr>
<td>Lease Year 2</td>
<td>$8.25</td>
<td>$75,025.50</td>
<td>$6,252.13</td>
</tr>
<tr>
<td>First Extension Term</td>
<td>$8.41</td>
<td>$76,480.54</td>
<td>$6,373.38</td>
</tr>
<tr>
<td>Second Extension Term</td>
<td>$8.62</td>
<td>$78,390.28</td>
<td>$6,532.52</td>
</tr>
</tbody>
</table>

Subject to any TI Credit Adjustment (as hereinafter defined), the Annual Base Rent, together with installments of Tenant’s Proportionate Share of Operating Expenses as described in **Section 5**, shall be payable in equal monthly installments, in advance, without notice, demand, offset or abatement of any kind. Such monthly installments of Rent shall be due on the first (1st) day of each calendar month. Tenant’s obligation to pay Rent shall begin on the Commencement Date. Rent for partial months shall be pro-rated based upon the number of days in that month. References in this Lease to "Rent" shall be deemed to refer collectively to Annual Base Rent and Tenant’s Proportionate Share of Operating Expenses. "Additional Rent" shall mean all sums payable by Tenant other than Annual Base Rent.
If Tenant exercises either of its Extension Options under Section 2 above, the Base Rent payable by Tenant during that Extension Term shall be as set forth in this Section 4 and shall be adjusted to reflect the Premises (e.g., the Phase I Premises or both the Phase I Premises and Phase II Premises if Tenant has made such election).

The address to be used by Tenant in paying Rent and other amounts due to Landlord under this Lease is:

River's Edge Hospital & Clinic
1900 North Sunrise Drive
St. Peter, MN 56082

If Tenant fails to make any payment of Rent on the date the payment is due, interest shall accrue on all unpaid amounts from the date due until the date payment is received by Landlord, at a rate equal to four percent (4%) above the “prime” or “reference” rate announced from time to time by U. S. Bank, National Association's Minneapolis, Minnesota office. In addition, if any payment of Rent is not received by Landlord within ten (10) days after such payment is due, Tenant shall be obligated to pay a late charge in an amount equal to the greater of: (i) Two Hundred Fifty Dollars ($250.00); or (ii) five percent (5%) of the unpaid amount, not as a penalty, but as an administrative fee to offset the additional expenses expected to be incurred in pursuing late payments.

5. Operating Expenses. Tenant shall pay Tenant's Proportionate Share of all Operating Expenses for the Project and the Building, and such amounts shall be considered Additional Rent hereunder. “Operating Expenses” shall have the meaning set forth on attached Exhibit E. Tenant’s proportionate share of Operating Expenses (“Tenant’s Proportionate Share”) shall be determined by dividing the rentable area of the Premises by the rentable area of the Building. Based on the Building having an area of approximately 18,999 rentable square feet and the Phase I Premises having an estimated area of 5,275 rentable square feet, Tenant’s Proportionate Share is initially twenty-seven and seventy-eight one hundredths percent (27.78%) , and be binding on Tenant for all purposes hereunder until the rentable area of the Premises, Building or Project is increased or decreased, or if Tenant elects to add the Phase II Premises to the Premises, at which time Tenant’s Proportionate Share will be recalculated. If Tenant elects to add the Phase II Premises, Tenant’s Proportionate Share shall be forty-seven and eighty-nine one hundredths percent (47.89%), subject to increase or decrease from time to time as set forth above. To the extent any Operating Expenses are attributable or allocated to the entire Project rather than only the Building, Tenant shall pay its proportionate share of such Operating Expenses based on the rentable square footage of the Project and Landlord shall have the right to charge such Operating Expenses as part of Tenant’s Proportionate Share and such amounts such constitute Additional Rent hereunder. If the Commencement Date is a date other than the first day of a calendar year, or the expiration of the Term is a date other than the last day of a calendar year, Tenant’s Proportionate Share of Operating Expenses as part of Tenant’s Proportionate Share and such amounts such constitute Additional Rent hereunder. If the Commencement Date is a date other than the first day of a calendar year, or the expiration of the Term is a date other than the last day of a calendar year, Tenant’s Proportionate Share of Operating Expenses for that calendar year shall be prorated to reflect such partial calendar year. Tenant’s Proportionate Share of Operating Expenses shall be payable by Tenant in monthly installments payable at the time the monthly installments of Annual Base Rent are payable pursuant to Section 4 above.
As soon as practical following the beginning of each calendar year, Landlord shall give written notice to Tenant setting forth the estimated amount of Operating Expenses for the ensuing calendar or fiscal year of the Term and Tenant's Proportionate Share of such estimated amount. Commencing with the first Rent payment for that year, Tenant shall pay each month, as Additional Rent, one twelfth of Tenant's Proportionate Share of such estimated Operating Expenses. Landlord shall have the right to reasonably adjust Landlord's estimate of Operating Expenses from time to time, and Tenant shall pay monthly installments of Additional Rent based on the revised estimate commencing with the first monthly payment of Rent falling due at least thirty (30) days thereafter.

Landlord shall, as soon as practical following the last day of each calendar year during the Term, deliver a statement (the "Annual Statement") to Tenant setting forth: (i) the actual amount of Operating Expenses for the year in question; (ii) Tenant's Proportionate Share of such actual amount; and (iii) any amount by which the total of Tenant's payments of estimated Operating Expenses for that year exceeded or were less than the Proportionate Share payable by Tenant based on actual Operating Expenses. Within thirty (30) days after receipt of the Annual Statement for the year when such estimated payments were made, Landlord shall pay to Tenant or Tenant shall pay to Landlord, as the case may be, the difference between the aggregate of the estimated payments of Tenant's Proportionate Share of Operating Expenses made by Tenant during that year and the total amount of Tenant's Proportionate Share of Operating Expenses actually due from Tenant for the same period.

Landlord shall maintain accurate records regarding Operating Expenses and shall provide Tenant a reasonable opportunity to review such records at the office of Landlord's property manager during such property manager's ordinary business hours, after reasonable prior notice to Landlord. If Tenant challenges Landlord's computations of Additional Rent, Tenant shall give Landlord notice stating Tenant's objections. Any such objection shall be made within sixty (60) days following Tenant's receipt of the Annual Statement or be deemed waived.

6. Signs. Subject to receipt of any and all required governmental and municipal approvals, compliance with all city and municipal ordinances and laws and the terms and conditions of this Section, Tenant shall be entitled to the following signage, at Tenant's sole cos, illuminated signage located above the threshold of the Building entrance. Subject to the foregoing, Tenant shall not place any signs or other advertising matter or material on the exterior of the Building or visible from outside of the Premises, without first obtaining Landlord's written consent. Any lettering or signs approved by Landlord shall be of a kind, style, character and description approved by Landlord, in its sole discretion and subject to any required city or municipal approvals. Any signage approved by Landlord shall be obtained and installed at Tenant's sole expense (except as otherwise provided in this Section) in compliance with applicable laws and codes, and the provisions of Section 9 below.

7. Services; Repair and Maintenance. Landlord is not required to repair or maintain the Premises or the Project, or make any alterations to the Premises or Project, except as otherwise specifically provided for in this Lease. Tenant is solely responsible for the repair, maintenance, replacement, operation, condition and management of the Premises.
Tenant at its sole cost and expense will keep and maintain the Premises (including without limitation all non-structural interior portions; electrical, mechanical, plumbing, heating and air conditioning systems located in or serving only the Premises; lighting systems; interior surfaces of exterior walls; and interior moldings, partitions, glass, doors and ceilings), in good order, condition and repair, reasonable wear and tear and damage from casualties excepted. Tenant's repairs will be at least equal in quality and workmanship to the original base Building work and Leasehold Improvements, and Tenant will make the repairs in accordance with all applicable laws, codes and ordinances. Tenant will keep the Premises in a neat and sanitary condition and not commit any nuisance or waste in, on or about the Premises or the Project. Tenant shall release, indemnify, protect and defend Landlord (with counsel acceptable to Landlord) against, and hold Landlord harmless from, any losses, liabilities, claims or damages resulting from any penetrations or perforations of the roof or exterior walls of the Building caused or allowed by Tenant.

Landlord will provide the following services during the Term, which shall conform to the standards for comparable medical office buildings of similar age and quality in the community, the cost of which services shall be an Operating Expense hereunder:

(a) Heating, cooling, and ventilation for normal use and occupancy of the Premises during the Normal Business Hours of the Project,

(b) Domestic hot and cold running water;

(c) Maintenance, repair and, as necessary, replacement of the common areas of the Building, including common area restroom facilities to a standard comparable with other similar well managed medical office buildings located in the community;

(d) Standard janitorial service in the Premises five (5) days per week, exclusive of legal holidays so long as Tenant pays to Landlord the cost of such janitorial services in the amount of $975.00 ("Janitorial Expense") per month which Janitorial Expense shall be payable at the same time and in the same manner as Tenant pays its Base Rent obligations hereunder and such Janitorial Expense shall be considered Additional Rent hereunder;

(e) Ordinary trash removal from the Building (not including removal of medical waste); and

(f) Replacement of Building standard fluorescent tubes, light bulbs and ballasts in the Premises.

Tenant shall be responsible for all other utilities and services to the Premises, including without limitation, telephone, cable and other communications and internet service. Tenant shall contract directly with such utility and service providers and shall timely pay for all such utility and service costs. The cost of all such services shall be included in Operating Expenses hereunder. Tenant shall have the right to request any or all of the above referenced services outside of the Project's Normal Business Hours or on Holidays and, to the extent reasonably possible, the same shall be supplied on advance notice at Landlord's standard rates. Tenant shall pay any charges for such additional services within thirty (30) days after receiving a bill from Landlord for such additional services. Landlord shall not be liable to Tenant for the interruption
of any services which Landlord is to provide under this Lease, and, subject to the provisions of Sections 12 and 13 below, no Rent shall abate on account of any such interruption.

If Landlord, in its reasonable discretion, determines that Tenant is using a disproportionate share (as defined by the rentable area of the Premises relative to the total applicable rentable area within the Building) of electricity or any other utilities or services provided by Landlord including, but not limited to, energy, sewer and water charges, then Landlord reserves the right to make a reasonable determination of the actual cost of such disproportionate use and assess Tenant separately for such disproportionate use prior to prorating the balance of such charges among the other tenants of the Building.

8. Parking. Tenant, its employees, agents, patients and invitees may park without charge in the public parking areas of the Project on a “space available” basis, subject to such reasonable and non-discriminatory rules and regulations as may be imposed from time to time by Landlord. The parking areas presently serving the Project are shown on the Site Plan attached to this Lease as Exhibit B. The costs incurred by Landlord in connection with the operation, maintenance, and repair of any parking area serving the Project shall be considered an Operating Expense hereunder.

9. Alterations and Improvements; Allowance. Prior to commencing the Leasehold Improvements, Tenant shall submit drawings and specifications to Landlord for Landlord’s review and approval, which approval shall be in Landlord’s sole discretion. When the drawings and specifications for the Leasehold Improvements are approved by Landlord, the approved drawings and specifications (the “Approved Plans”) shall be listed on an addendum signed by the parties, which shall become Exhibit D to this Lease.

The Leasehold Improvements shall be constructed in conformance with the Approved Plans by a contractor approved by Landlord (a “Qualified Contractor”). Prior to commencement of construction of the Leasehold Improvements, Tenant shall provide Landlord with: (i) an initial Sworn Construction Statement in form and substance reasonably acceptable to Landlord; and (ii) a schedule for commencement and completion of the Leasehold Improvements, both of which are acceptable to Landlord and Tenant. The Leasehold Improvements shall be constructed and performed by Tenant, at Tenant’s sole cost and expense. Upon completion of the Leasehold Improvements, Tenant must provide Landlord with: (i) duly executed and acknowledged final lien waivers from the Approved Contractor and all subcontractors showing full and final payment to have been made; and (ii) evidence that the City of Saint Peter has signed off on the building permit in a manner that evidence that the Leasehold Improvements in question has been completed to the City's satisfaction.

Tenant shall be solely responsible for all out-of-pocket costs incurred by Tenant in connection with: (i) space planning and designing the Leasehold Improvements; (ii) constructing and supervising construction of the Leasehold Improvements; and (iii) the sewer access charges and water access charges associated with the Leasehold Improvements.

Subject to the foregoing, Tenant shall not make or permit any alterations, additions or improvements to be made to the Premises or any part thereof, including but not limited to HVAC, electricity or plumbing systems, without the prior written consent of Landlord, which
consent shall not be unreasonably withheld or delayed, but may be reasonably conditioned. Landlord’s consent may be reasonably conditioned, among other things, upon Landlord being provided with and approving: (i) the plans and specifications for the proposed alteration or improvement; (ii) the persons who will perform the work and that person’s qualifications and experience; (iii) Tenant’s ability to timely pay for such alterations or improvements; and (iv) Tenant’s agreement, when required by Landlord, to remove the alteration, addition or improvement at issue at the expiration of the Term. Landlord may condition approval of any such alterations or improvements on Tenant demonstrating to Landlord’s reasonable satisfaction that Tenant has sufficient then-available funds to pay the costs of the proposed alterations and improvements.

If the alteration or improvement proposed by Tenant is approved by Landlord, all work related thereto shall be done: (i) in compliance with applicable laws and codes; (ii) in strict conformance with the plans approved by Landlord; (iii) in a workmanlike fashion using only new, first-grade materials; (iv) in a manner intended to minimize any potential interference with the occupation, use and enjoyment of the remainder of the Building by others; and (v) in conformance with reasonable directions from Landlord. If required by Landlord, such alterations or improvements shall be removed by Tenant upon the expiration or sooner termination of the term of this Lease and Tenant shall repair damage to the Premises caused by such removal, all at Tenant’s cost and expense. If such removal is not so required by Landlord, such alterations shall be deemed to belong to Landlord and Tenant shall not be obligated to remove such alterations. Tenant specifically, but without limitation, acknowledges that Tenant will be required to remove all of its computer and telecommunications wiring from the Premises at the expiration of the Term.

Tenant shall not permit any mechanic’s or other lien to be levied against the Premises unless Tenant shall in good faith contest the same, in which event Tenant shall provide Landlord with security to protect Landlord’s interest in the Premises. Any such security shall be in an amount of one hundred fifty percent (150%) of the amount of such lien and be in a form that is satisfactory to Landlord and Landlord’s mortgagee. Nothing herein shall be construed as consent by Landlord that would subject Landlord’s estate in the Premises to any lien or liability under the mechanic’s lien laws of the State of Minnesota. Landlord may post the Premises with appropriate notices of non-responsibility, so as to give notice to laborers and suppliers that no mechanic’s lien may attach to Landlord’s interest in the Premises.

In granting Tenant permission to perform any improvement or alteration, Landlord shall not be considered to have expressed an opinion regarding: (i) compliance of the drawings, specifications, or other material contained in or submitted with a request for approval with applicable laws or codes; (ii) the safety or soundness of the improvement or alteration in question; (iii) whether special construction means or methods are necessary or advisable; (iv) whether there are inconsistencies between the plans and specifications; (v) the existence of defects or other shortcomings in the plans and specification; or (vi) other similar matters or circumstances. Landlord shall not be responsible for any death, bodily injury, personal injury, damage, delay or other loss arising out of or in connection with the performance of any future alteration or improvement to the Premises made by Tenant, except to the extent caused by Landlord’s negligence or intentional misconduct (not including Landlord’s review and/or approval of Tenant’s drawings, specifications and other material). Tenant shall indemnify, defend and hold Landlord harmless from and against any claims, liability, damage to the Project,
or losses resulting in connection with Tenant's improvements or alterations. The sole remedy in the case of Landlord's delay or the wrongful refusal to approve an alteration or improvement request shall be injunctive relief.

10. Quiet Enjoyment. Landlord covenants and agrees that if Tenant timely pays the Rent due hereunder and performs the other covenants and obligations herein, Tenant may peaceably and quietly occupy and use the Premises and reasonably enjoy the common areas of the Project, including but not limited to sidewalks, entrances, exits, lobbies, restrooms and lounges for the terms aforesaid.

11. Landlord's Right to Inspect and Display. Landlord shall have the right, at reasonable times and upon reasonable notice to Tenant, to enter the Premises for the purpose of: (i) examining or inspecting the Premises; (ii) performing inspections, maintenance or repairs of the Building; (iii) performing appropriate improvements or alterations to the components and systems serving the Building; (iv) showing the Premises to prospective purchasers and lenders; and (v) during the last year of the Term, displaying the Premises to prospective tenants.

12. Destruction of Premises. If the Building or the Premises are damaged or destroyed by fire or other casualty, the parties shall have the following rights.

(a) Rights of Tenant. If the Premises are damaged by fire or other casualty, Landlord shall provide Tenant, within sixty (60) days of the casualty, with written notice stating whether Landlord believes, in good faith, that Landlord will be able to substantially complete the restoration of the Premises within one hundred eighty (180) days after the casualty. If Landlord's notice indicates that the Premises cannot be restored within one hundred eighty (180) days after the casualty, Tenant shall have the right to terminate this Lease by giving Landlord written notice of termination within fifteen (15) days of receiving Landlord's notice or, if no notice is given by Landlord, within seventy five (75) days after the casualty.

If a fire or other casualty to the Premises causes the Premises to be completely untenantable, all Rent shall abate as of the date of the casualty until Landlord substantially completes the restoration of the Premises. If a fire or other casualty causes the Premises to be partially untenantable, Rent shall equitably abate until restoration of the Premises is substantially completed. If the partial destruction of the Premises is so extensive as to make it impractical for Tenant to conduct its operations in the Premises, Rent shall be completely abated until Landlord substantially completes the restoration of the Premises as reasonably certified by Landlord's architect.

(b) Rights of Landlord. If any portion of the Building is damaged by fire or other casualty so that the cost of restoration is in excess of twenty percent (20%) of the value of the Building just before the casualty, Landlord, at its sole option, may terminate this Lease by giving written notice to Tenant within sixty (60) days after the date of such destruction. If the Lease is terminated pursuant to this paragraph, Tenant's obligation to pay Rent shall cease as of the date of such destruction and any prepaid Rent shall be refunded.

(c) Restoration. If neither party elects to terminate this Lease as provided above, Landlord agrees to restore the Premises to a kind and quality substantially similar to that
which existed immediately prior to the casualty. Said restoration shall be commenced within a reasonable time and completed without delay on the part of Landlord. Landlord shall not be liable for any inconvenience or interruption of business of Tenant occasioned by fire or other casualty. Landlord shall not be obligated to carry fire, casualty or extended coverage insurance on the personal property of Tenant or any personal property which may now or hereafter be placed in the Premises. Landlord’s restoration obligations shall not include any obligation to restore any improvements made to the Premises by Tenant.

13. Condemnation. If during the Term of the Lease any portion of the Project is taken by condemnation or sale under threat of condemnation, the parties shall have the following rights:

(a) Rights of Tenant. If, during the Term, any portion of the Premises is condemned by an authority with powers of eminent domain, or transferred under threat of condemnation, Tenant shall have the right to terminate this Lease by giving written notice to Landlord within thirty (30) days after receipt of written notice of such condemnation or transfer under threat of condemnation, in which event the termination shall be effective as of a date mutually agreed upon by the parties, and in the absence of an agreement, on the date of the vesting of title in such condemning authority, or when possession is given to the condemning authority.

(b) Rights of Landlord. If any portion of the Building or more than five percent (5%) of the Land is condemned by an authority having condemnation powers, or transferred under threat of condemnation, then Landlord shall have the right to terminate this Lease by giving written notice to Tenant within thirty (30) days after receipt of written notice of such condemnation or the closing of a transfer made under threat of condemnation, in which event the termination shall be effective as of a date mutually agreed upon by the parties, and in the absence of an agreement, on the date of the vesting of title in such condemning authority, or when possession is given to the condemning authority.

(c) Pro-ration of Rent upon Termination. If this Lease is terminated by Landlord or Tenant under this Section, the Rent shall be pro-rated as of the effective date of termination and any prepaid Rent shall be returned to Tenant.

(d) Right to Pursue Separate Award. Tenant shall be entitled to pursue its separate award from the condemning authority; provided, however, that in no event shall this reduce Landlord’s award. In no event shall Landlord be liable to Tenant for any business interruption, diminution in use, or for the value of any unexpired Term of this Lease.

14. Assignment, Subleasing and Other Transfers. Tenant shall be prohibited from encumbering or assigning this Lease or any interest therein, or subletting all or any part of the Premises, or permitting occupancy by any other party.

15. Holding Over. If Tenant or any transferee continues to occupy the Premises after the termination of this Lease (including a termination by notice following a default pursuant to Section 18 below), without prior written consent of Landlord, such tenancy shall be tenant at sufferance, and Tenant shall pay Landlord as Rent each month during such hold-over a monthly
rental equal to 200% of the monthly amount of Rent due and payable during the month prior to the termination of the Lease. Acceptance by Landlord of Rent after such termination shall not constitute a renewal of this Lease or a consent to occupancy, nor shall it be considered a waiver of Landlord’s first right of re-entry or any other right contained herein or otherwise available under applicable law.

16. Subordination and Non-Disturbance. This Lease, all rights of Tenant in this Lease, and all interest or estate of Tenant in the Premises or Project, is subject and subordinate to the lien of any present or future mortgage, deed of trust, security interest or other security document of like nature that at any time may encumber all or any part of the Project and any replacements, renewals, amendments, modifications, extensions, replacements, or refinancings thereof, and each advance (including future advances) made under any such instrument (collectively, a “Mortgage”), and Tenant agrees to attorn to such present or future holder of a Mortgage, provided such holder assumes (in writing or by operation of law) the obligations of the Landlord under this Lease as to matters first occurring following such holder obtaining control of the Premises. Tenant, within ten (10) business days of Landlord’s demand, will execute and deliver to Landlord (or to any other person Landlord designates) any reasonable instruments, releases or other documents reasonably required to confirm the self-effectuating subordination of this Lease, as provided in this Section, to the lien of any present or future Mortgage. Notwithstanding the subordination to any present or future Mortgage provided for in this section, as long as Tenant is not in default in the payment of Rent or the performance and observance of any covenant, condition, provision, term or agreement to be performed and observed by Tenant under this Lease beyond any applicable notice, grace and/or cure period this Lease provides to Tenant, the holder of the Mortgage shall not by virtue of such subordination under this section be entitled to disturb Tenant’s right of possession of the Premises under this Lease. Landlord acknowledges and agrees that the lien of any existing or future Mortgage and Tenant’s subordination thereto will not cover Tenant’s moveable trade fixtures or personal property located in or on the Premises.

17. Insurance, Waiver of Claims, and Indemnification. During the full term of this Lease, including any extension thereof, Tenant shall keep in full force and effect a comprehensive general liability policy naming Landlord as an additional insured and covering all acts of Tenant, its employees, agents, representatives and guests in, on, or about the Project, with such reasonable limits of loss as may from time to time be required by Landlord, but in no event less than a combined single limit for personal injury and property damage of $2,000,000.00 for each occurrence. Before commencement of the Term of this Lease, Tenant shall deliver to Landlord a certificate evidencing said liability insurance coverage and providing that the same may be canceled only with thirty (30) days prior written notice to Landlord. Tenant shall be the party responsible for insuring the Leasehold Improvements and any other improvements in and to the Premises made by Tenant, and the equipment, records, furnishings and other items of personal property within the Premises (collectively, the “Contents”) for their full insurable value, and Tenant agrees to look solely to the property insurance maintained by Tenant, in the event of any damage thereto. Tenant hereby waives any claims against Landlord in connection with damage to any of the foregoing, no matter how that damage is caused, and even if the loss or property damage results from the negligence of Landlord, its agents or employees, and whether or not such loss was actually covered by insurance.
Tenant agrees to indemnify and defend Landlord, Landlord’s property manager, and their directors, officers, members, partners, employees, agents and representatives ("Landlord Parties") against any claims, actions, liability and damages of every kind and nature, and against all costs and expenses, including reasonable attorneys’ fees, (cumulatively the “Liabilities”) arising out of any occurrence causing personal or bodily injury or death: (i) within the Premises; (ii) occasioned wholly or in part by Tenant’s use of the Premises; or (iii) from any negligence or wrongful act by Tenant or anyone for whom Tenant is responsible under the laws of Minnesota; provided, however, that nothing in this Section shall be construed to require Tenant to indemnify or defend a Landlord Party for Liabilities to the extent that the same arise from the willful and wrongful act of a Landlord Party. Tenant’s indemnification shall survive the termination of this Lease.

18. Default. Tenant shall be considered to be in default under this Lease on the occurrence of any of the following events:

(a) If Tenant fails to timely pay any Rent or any other sums payable by Tenant herein;

(b) If Tenant defaults in the performance of any non-monetary covenant or obligation under this Lease and such default shall continue for fifteen (15) days after written notice thereof; provided, however, that if such default is incapable of cure within such fifteen (15) day period, Tenant shall be entitled to reasonable additional time, not to exceed thirty (30) additional days, within which to cure the default, if Tenant has commenced to cure such default within such fifteen (15) day period and thereafter diligently pursues such acts to completion so as to effect a cure.

(c) If Tenant should become bankrupt or insolvent or any debtor proceedings be taken by or against Tenant.

If Tenant is in default under any provision of this Lease beyond any applicable cure period, Landlord, besides any other rights or remedies it may have at law or in equity, may bring an eviction action in accordance with applicable law, and if successful, dispossess Tenant and/or other occupants of the Premises, remove all property from the Premises and store the same in a public warehouse or elsewhere at Tenant’s expense in accordance with applicable law, and hold the Premises, without becoming liable for any loss or damage which may be occasioned thereby. Tenant agrees that such re-entry by Landlord shall not be construed as an election on Landlord’s part to terminate this Lease, and Tenant agrees that Landlord may terminate this Lease at any time after an eviction of Tenant or following Tenant’s abandonment of the Premises. Landlord shall not be deemed to have elected to terminate this Lease unless Landlord provides Tenant with written notice of that election.

If Landlord re-enters the Premises after evicting Tenant or following Tenant’s abandonment of the Premises, Landlord may make such alterations and repairs as may be appropriate in order to relet the Premises, and relet all or part of the Premises for such period (which may extend beyond the Term of this Lease), at such rental and upon such other terms and conditions as Landlord in its reasonable discretion believes appropriate. All sums received by Landlord from such reletting shall be applied: (i) first, to the payment of any costs and expenses of evicting Tenant, retaking
possession of and reletting the Premises, including brokerage and attorneys' fees and of costs of such alterations and repairs, advertising and other reasonably necessary costs so incurred by Landlord; (ii) second, to the payment of any indebtedness other than Rent due from Tenant to Landlord; (iii) third, to the payment of Rent, and other amounts and charges due and unpaid under this Lease; and (iv) the residue, if any, shall be applied in payment of future payments for which Tenant is responsible as they become due hereunder. If Landlord has not been able to relet the Premises, or if the sums so received by Landlord during any month from any reletting of the Premises are less than the amounts due from Tenant under this Lease during that month, Tenant shall pay the deficiency, and if such sums are greater, Tenant shall have no right to the excess. The deficiency shall be calculated and paid monthly. Notwithstanding any such re-entry by Landlord, Landlord may at any time thereafter elect to terminate this Lease for such previous breach.

Landlord reserves the right to terminate this Lease at any time following Tenant's eviction from or abandonment of the Premises. Landlord may exercise this right by giving Tenant written notice of termination, and upon any such termination Tenant shall pay to Landlord: (i) any amounts owed to Landlord pursuant to this Lease, including Annual Base Rent, Operating Expenses and any other Additional Rent (including without limitation, any TI Credit Adjustments), due on or before the date of termination; and (ii) the aggregate Rent (including any TI Credit Adjustments) that would have been payable from the date of termination through the expiration of the Term of this Lease, reduced by the fair market rental value of the Premises calculated as of the date of termination for the same period, taking into account the expected costs of reletting the Premises, including brokerage and attorneys' fees, costs of making alterations and repairs, advertising expenses and other appropriate costs of reletting.

Mention in this Lease of any particular remedy shall not preclude Landlord from any other remedy, in law or in equity.

No waiver by Landlord or Tenant of performance by the other party shall be considered a continuing waiver or shall preclude Landlord or Tenant from exercising its rights in the event of a subsequent default. No acceptance by Landlord of a partial payment tendered by Tenant shall be deemed to be a waiver of the balance of the amount due even if the tender states that acceptance will constitute payment in full. No deposit by Tenant of any partial payments due hereunder into a lockbox or other bank account for the account of Landlord shall be deemed to be acceptance or payment by Landlord nor shall it be deemed to be a waiver by Landlord of any claims Landlord may have against Tenant under this Lease. If Tenant is in default of a monetary provision of this Lease, any payment that is not sufficient to cure the subject default shall be deemed to be a partial payment for purposes of this paragraph.

Whether or not Landlord evicts Tenant or terminates this Lease, Tenant covenants and agrees to pay reasonable attorneys' fees and costs of Landlord, including court costs, if Landlord employs an attorney to collect Rent or any other amount due from Tenant hereunder or enforce other rights of Landlord herein in the event of any breach as aforesaid, and the same shall be payable regardless of whether collection or enforcement is effected by suit or otherwise.

19. Disposal of Infectious Materials and Hazardous Substances. Tenant, at Tenant's sole cost, expense and risk, shall remove or cause to be removed from the Premises, the
Building, and the Project all infectious waste material or other hazardous substances used in connection with the Premises or Tenant’s operations within the Project, including, but not limited to, all syringes, needles and any materials contaminated with bodily fluids of any type, character or description whatsoever in nature; all medication, radioactive materials, hazardous waste, toxic waste, used chemical products and human waste products. Tenant shall not dispose of any such products, waste or materials in any receptacles provided by Landlord for disposal of normal refuse, and Tenant specifically recognizes and acknowledges that the janitorial service provided by Landlord, if any, shall not be responsible for the removal or disposal of any such products, waste or materials. Tenant shall indemnify, defend and hold Landlord harmless from and against any and all liability claims, costs, losses, damages, expenses and obligations including, but not limited to, reasonable attorneys’ fees, as a result of injury or death of any person or persons as a result of Tenant’s failure to properly dispose of any such products, waste or materials.

20. Right of First Refusal. Tenant shall have a right of first refusal (the “First Refusal Right”) to lease all space in the Building which Landlord has available for lease from time to time (such space, as increased and decreased from time to time, the “First Refusal Space”) during the Lease Term, subject to and in accordance with the following terms and conditions: If Landlord extends or receives a written bona fide offer or proposal (which may be in the form of a non-binding “letter of intent” or similar document) that Landlord is prepared to accept from a prospective tenant for the lease of part or of all of the First Refusal Space, prior to entering into any lease with such prospective tenant, Landlord shall notify Tenant (such notice, as applicable in each instance, the “First Refusal Notice”) of the prospective lease (and of Landlord’s receipt from the prospective tenant of a written offer or proposal relating thereto which is acceptable to Landlord) and the First Refusal Notice from Landlord to Tenant shall identify all of the First Refusal Space that is proposed to be leased. Landlord shall not be required to notify Tenant of the identity of the prospective tenant. Tenant shall have a period of seven (7) business days after Tenant’s receipt of the First Refusal Notice to in which to deliver written notice to Landlord (such notice, as applicable in each instance, the “First Refusal Acceptance Notice”) of Tenant’s election to lease the entire space encompassed by the prospective tenant’s offer or proposal (such space, as applicable in each instance, the “First Refusal Accepted Space”) upon the same terms as the third party bona fide offer except that if Tenant elects to Lease the First Refusal Accepted Space, Tenant shall also exercise its applicable option for an Extension Term for both the original Premises and the First Refusal Accepted Space. In the event the bona fide third party offer is for more space than the amount of space Tenant desires, Tenant shall nevertheless be required to lease the entire First Refusal Accepted Space identified in such third party bona fide offer. If Tenant fails to exercise its First Refusal Right, Tenant’s right to such First Refusal Space will be null and void as to such First Refusal Notice. Within fifteen (15) days following the date upon which Landlord receives the First Refusal Acceptance Notice with respect to the First Refusal Accepted Space, Landlord and Tenant shall proceed to finalize and execute an amendment to the Lease to memorialize Tenant’s acceptance of the terms and conditions set forth in Landlord’s First Refusal Notice and incorporate the First Refusal Accepted Space into the Premises as of the date of commencement of such expansion (such date, as applicable in each instance, the “First Refusal Accepted Space Commencement Date”), which shall be no later than thirty (30) days after the date Landlord receives the First Refusal Acceptance Notice for the First Refusal Accepted Space, unless otherwise agreed to in writing by Landlord.
21. **Estoppel Certificates.** Tenant, shall execute, acknowledge and deliver to Landlord, Landlord’s mortgagee (or a prospective mortgagee), or any transferee designated by Landlord, within ten (10) days after written request by Landlord, a written instrument ratifying this Lease and certifying: (i) that Tenant has accepted possession of the Premises if such is the case and the date of such acceptance; (ii) that this Lease is in full force and effect, and has not been modified, supplemented or amended in any way (or if there has been any modification, supplement or amendment, identifying the same); (iii) that this Lease represents the entire agreement between the parties hereto (or if there has been any modification, supplement or amendment, identifying the same); (iv) the Commencement Date and expiration of the Term; (v) that all conditions under this Lease to be performed by Landlord have been satisfied; (vi) that to Tenant’s knowledge, no default exists in the performance or observance of any term, condition or covenant of this Lease and there are no defenses or offsets against the enforcement of this Lease by Landlord, or specifying such default, defense or offset of which Tenant may have knowledge; (vii) the amount of Rent which has been paid in advance, if any; and (viii) the date to which all Rent under this Lease has been paid. If Landlord provides Tenant with a completed estoppel certificate and Tenant fails to sign and return the same within the time provided for in this Section, Landlord, any prospective mortgagee, and any transferee designated by Landlord, shall be entitled to rely upon the accuracy of the information contained in the completed estoppel certificate, notwithstanding the fact that Tenant has failed to sign and return the same.

22. **Notice.** Any notice that can or must be given hereunder shall be given by: (i) personal delivery, in which case notice shall be effective on the date received; or (ii) mailing by certified or registered mail, return receipt requested, in which case notice shall be deemed given on the business day following the day on which it is mailed. Any notice shall be addressed as follows:

If to Landlord: River’s Edge Hospital & Clinic
1900 North Sunrise Drive
St. Peter, MN 56082

With a copy to: Gray, Plant, Mooty, Mooty & Bennett
80 South 8th Street
500 IDS Center
Minneapolis, MN 55402
Attn: Jane Marrone
Phone: 612-632-3500
Email: jane.marrone@gpmlaw.com

If to Tenant: Mankato Clinic, Ltd.
1230 E Main Street
PO Box 8674
Mankato, Minnesota 56002

23. **Construction of Language.** The terms lease, lease agreement, or agreement shall be inclusive of each other, also to include renewals, extensions or modifications of the Lease. Words of any gender used in this Lease shall be held to include any other gender, and words in the singular shall be held to include the plural and the plural to include the singular, when the
sense requires. The paragraph headings and titles are not a part of this Lease and shall have no
effect upon the construction or interpretation of any part thereof.

24. **Successors and Assigns.** This Lease shall bind and inure to the benefit of the
successors, assigns, heirs, executors, administrators and legal representatives of the parties
herein.

25. **Non-Waiver.** No waiver of any covenant or condition of this Lease by either
party shall be deemed to imply or constitute a further waiver of the same covenant or condition
or any other covenant or condition of this Lease.

26. **Brokers.** Landlord and Tenant warrant that it neither has dealt with any other
broker or leasing agent in connection with this Lease.

27. **Landlord Liability.** Notwithstanding anything to the contrary provided in this
Lease, it is specifically understood and agreed, such agreement being a primary consideration for
the execution of this Lease by Landlord, that: (i) there shall be absolutely no personal liability
on the part of Landlord, its successors or assigns and its officers, directors, employees and agents
to Tenant with respect to any of the terms, covenants and conditions of this Lease; and (ii)
Tenant shall look solely to the interest of Landlord in the Building for the satisfaction of each
and every remedy of Tenant in the event of any breach by Landlord of any of the terms,
covenants and conditions of this Lease to be performed by Landlord, or any other matter in
connection with this Lease or the Premises, such excision of liability to be absolute and
without any exception whatsoever.

28. **Nondisclosure of Lease Terms.** The terms and conditions of this Lease
constitute proprietary information of Landlord that Tenant will keep confidential. Tenant’s
disclosure of the terms and conditions of this Lease could adversely affect Landlord’s ability to
negotiate other leases and impair Landlord’s relationship with other tenants. Accordingly,
Tenant, without Landlord’s consent (which consent Landlord may grant or withhold in its sole
and absolute discretion), will not directly or indirectly disclose the terms and conditions of this
Lease to any other tenant or prospective tenant of the Building or to any other person or entity
other than Tenant’s employees and agents, consultants, accountants and attorneys who have a
legitimate need to know such information (who Tenant shall notify of the confidential nature of
such information and require to keep such information confidential).

29. **Miscellaneous.** All representations, warranties and indemnities of Tenant under
this Lease shall survive the expiration or sooner termination of this Lease. Captions in this Lease
are for convenience of reference only and do not define, describe or limit the scope or the intent
of this Lease or any of its terms. This Lease contains the entire agreement between the parties
regarding the subject matter hereof, and is intended to supersede any obligations or promises
contained in the prior letter of intent between the parties. Any oral or written representations,
agreements, understandings and/or statements shall be of no force and effect. No modification,
waiver, amendment, discharge or change of this Lease shall be valid unless the same is in writing
and signed by the party against which the enforcement of such modification, waiver, amendment,
discharge or change is or may be sought. Time is of the essence of each obligation of each party
hereunder. This Lease shall be construed and enforced in accordance with the laws of the State
of Minnesota. Subject to any provision of this Lease that may prohibit or curtail assignment of any rights hereunder, this Lease shall bind and inure to the benefit of the respective heirs, assigns, personal representatives, and successors of the parties hereto. Each party agrees that it shall, upon the other’s request, take any and all steps, and execute, acknowledge and deliver to the other party any and all further instruments necessary or expedient to effectuate the purpose of this Lease. If any term, provision, covenant or condition of this Lease is held by a court of competent jurisdiction to be invalid, void or unenforceable, the remainder of the provisions shall remain in full force and effect and shall in no way be affected, impaired or invalidated. This Agreement may be executed in counterparts.
Tenant and Landlord have signed this Lease effective as of the date set forth in the initial paragraph. It is understood that the submission of this Lease to Tenant shall not be considered to be an offer, and that no lease will exist between Landlord and Tenant until both Landlord and Tenant have signed and delivered this Lease.

LANDLORD:

City of Saint Peter,
a Minnesota municipal corporation
d/b/a River's Edge Hospital & Clinic

By: _______________________________
    Todd Prafke
    City Administrator

Date signed: ________________________

TENANT:

Mankato Clinic, Ltd.,
a Minnesota corporation

By: _______________________________
    (print signer's name) Randall A. Parrow

Its: (print office held by signer): C.E.O.

Date signed: 2-12-2016
Exhibit A
Legal Description of the Project
Exhibit B
Site Plan
EXHIBIT C
Depiction of Premises
A2  OVERALL FLOOR PLAN
1" = 1'-0"
Exhibit D
(Listing of Approved Plans for Leasehold Improvements)
For the purposes of calculating the Tenant’s Proportionate Share Additional Rent due from Tenant under the terms of this Lease, “Operating Expenses” shall include all costs and expenses of the operation, maintenance and repair of the Premises, the Building, and the Project, including but not limited to: (i) all expenses of operation, maintenance and repair of the common areas, sidewalks, parking area (including costs in connection with parking security, if any), and curbs adjacent thereto; (ii) actual expenses incurred for on-site employees, such as wages, fringe benefits, taxes, unemployment and disability insurance, workmen’s compensation insurance, social security benefits and any other expenses incurred in connection with such employees (the term “employees” includes employees such as managers, superintendents, engineers, electricians, clerks, mechanics, helpers, security officers, porters, cleaners and window washers, as well as contract laborers performing services for the Project, the Building or the Premises and other person, firms, or corporations providing contract services); (iii) actual cost of materials and supplies used and consumed for the benefit of the Project, the Building or the Premises and the occupants thereof; (iv) full contract cost of third-party contractors for all of the foregoing, including rubbish removal, elevator maintenance, maintenance of air conditioning, heating and ventilation equipment, management services, uniform supply, pest control and security service; (v) any and all real estate taxes and installments of special assessments payable in connection with the Project or any part thereof; (vi) all other governmental impositions, including, but not limited to, amounts payable under assessment agreements and gross receipts taxes relating to the Project or the Building, sales taxes, any taxes based on the value of services provided by Landlord, and any taxes assessed in lieu of real estate taxes; (vii) all costs of insurance obtained by Landlord relating to the Project or any portion thereof and Landlord’s operations therein including, but not limited to, liability insurance, fire and casualty insurance with a rental abatement endorsement, boiler, war risk, builder’s risk, owner’s protective liability insurance, and insurance covering vandalism or terrorism; (viii) amortization over a commercially reasonable period, of the cost of capital improvements made: (A) with an expectation of reducing Operating Expenses or limiting increases therein, (B) to meet requirements of Landlord’s insurance carrier, (C) to comply with any law, rule, regulation or order of any governmental or quasi-governmental authority enacted or adopted after the date of this Lease, or (D) to extend the life of or otherwise maintain or replace a component of the Project; (ix) all utility services (except to the extent separately metered and directly paid by Tenant); (x) removal of, containment or disposal of any biomedical waste, and (xi) a reasonable management fee, whether or not a third party management company is obtained. Landlord reserves the right to assess Operating Expenses that are incurred based upon occupancy (including, but not limited to janitorial services for occupied tenant spaces in the Building) only against such occupied spaces in the Building.
CITY OF SAINT PETER, MINNESOTA

RESOLUTION NO. 2016 -

RESOLUTION APPROVING LEASE OF MEDICAL OFFICE BUILDING SPACE

WHEREAS, the City owns a medical office building located on the campus of River's Edge Hospital and Clinic; and

WHEREAS, since the closing of River's Edge Clinic; space in the building has been vacant; and

WHEREAS, Hospital staff has negotiated a lease of a portion of the vacant medical office building to Mankato Clinic, Ltd; and

WHEREAS, the Hospital Commission recommends approval of the lease.

NOW, THEREFORE, BE IT RESOLVED BY THE CITY COUNCIL OF THE CITY OF SAINT PETER, NICOLLET COUNTY, MINNESOTA, THAT:

1. The Lease Agreement between the City of Saint Peter dba River's Edge Hospital and Clinic and Mankato Clinic, Ltd for Suite 200 consisting of up to 9,680 square feet of the City's medical office building at 1900 North Sunrise Drive is hereby approved.

2. The term of the lease shall be two years with a provision to extend the lease in five year increments and termination without cause by either party with 180 days' notice.

Adopted by the City Council of the City of Saint Peter, Nicollet County, Minnesota, this 29th day of February, 2016.

Charles Zieman
Mayor

ATTEST:

Todd Prafke
City Administrator