

## LEASE AGREEMENT

This Lease (the “Lease” or “Agreement”) is made as of the date of the last signature, by and between **NORTHGATE DEVELOPMENT COMPANY, L.L.C.**, a Minnesota Limited Liability Company (“Landlord”) and **NORTHFIELD HOSPITAL+CLINICS**, an Instrumentality and municipally owned corporation of the City of Northfield (“Tenant”); (collectively the “parties”).

### RECITALS

**WHEREAS**, Landlord does hereby lease to Tenant and Tenant hereby takes from Landlord those certain premises identified herein and located at 1980 30th Street NW, Faribault, MN 55021, containing approximately 5,610 square feet of net rentable area, hereinafter referred to as the “Leased Premises” or “Premises” of the certain building located in the City of Faribault, State of Minnesota.

**NOW, THEREFORE**, for and in consideration of the mutual covenants and agreements contained herein, and for other good and valuable consideration, the receipt and sufficiency of which is acknowledged hereby, the parties mutually agree as follows:

#### 1. BUILDING AND PREMISES.

The Leased Premises contained within the Building located at 1980 30<sup>th</sup> Street NW, Faribault, MN 55021, as shown on Exhibit A, which is attached hereto and incorporated herein by reference. The Premises is assigned Suite No. 200. No exhibit attached to this Lease nor any other materials provided by Landlord shall constitute a warranty or agreement as to the configuration of the Building or the occupants thereof.

#### 2. TERM.

The Lease Term (the “term”) shall commence on July 1, 2019 (the “Commencement Date”) and continue through June 30, 2022 (the “Termination Date”).

Except as otherwise provided herein, Landlord shall deliver possession of the Premises with the Tenant Improvements thereto substantially completed on or before the Commencement Date of the Term, but delivery of possession prior to such Commencement Date shall not affect the expiration date of this Lease Agreement.

The rentals herein reserved shall commence on the Commencement Date, provided, however, in the event of any occupancy by Tenant prior to the Commencement Date, such occupancy shall in all respects be the same as that of a tenant under this Agreement, and the rentals shall commence as of the date that Tenant enters into such occupancy of the Premises.

**3. TENANT’S LEASEHOLD IMPROVEMENTS.**

Landlord and Tenant shall finish the Premises as set forth in Exhibit B constructing and installing the /tenant Improvements identified therein (the “Tenant Improvements”). All Tenant work on the Tenant Improvements shall conform to the Building standards set forth in Exhibit B. Landlord is under no obligation to make any structural or other alterations, decoration, additions or improvements in or to the Premises except as expressly set forth in Exhibits B. If no Exhibit B is attached, Tenant is taking the Premises “as is” and Landlord shall not be obligated to do any work in the Premises.

**4. ANNUAL RENT.**

Tenant shall pay to Landlord during the term Minimum Rent in monthly installments in the amount as set forth below (the “Minimum Rent”). The Minimum Rent and Additional Rent shall be paid in monthly installments, in advance, on the first day of each and every calendar month during the Term. If the initial or final month of the Term of this Lease is less than a calendar month, Minimum Rent and Additional Rent for such partial month shall be pro-rated at the rate of 1/30 of the monthly rent for each day, payable in advance. Tenant will pay said Minimum Rent and Additional Rent to Landlord at the Landlord’s address set forth below in paragraph 23, or to such other party or to such other address as Landlord may designate from time to time by written notice to Tenant, without demand and without deduction, set-off or counterclaim.

Minimum Rent:

July 1, 2019 – June 30, 2020	\$11.00 per rentable square foot
\$61,710/Year	\$5,142.50/Month
July 1, 2020 – June 30, 2021	\$11.40 per rentable square foot
\$63,954/Year	\$5,329.50/Month
July 1, 2021 – June 30, 2022	\$11.80 per rentable square foot
\$66,198/Year	\$5,516.50/Month

**5. CONTRIBUTION TO OPERATING COSTS – ADDITIONAL RENT.**

5.1 Tenant shall, for the entire term of the Lease, pay to Landlord as Additional Rent, which shall be defined as its pro-rata share, of all reasonable

costs which Landlord may incur in maintaining and operating the entire Building. The costs incurred by Landlord in maintaining and operating the Building shall be referred to herein as "Operating Costs" or "Additional Rent" and are hereby defined with respect to any calendar year to include but not limited to the following costs incurred by Landlord in such calendar year with respect to the Building: all real estate taxes and installments of special assessments which shall accrue or become a lien against, or are payable with respect to the Building during the term of the Lease; all governmental impositions, including but not limited to amounts payable under assessment agreements, gross receipt taxes and taxes on rentals (other than income taxes) relating to the Building, the costs of heating, cooling, ventilation, and other utilities, insurance (including but not limited to liability insurance and fire and casualty insurance with rental abatement endorsement, boiler and pressure vessel insurance, war risk insurance, builder's risk insurance, and owner's protective liability insurance), all costs and expenses of every kind and nature paid or incurred by the Landlord or its agents in operating, managing, equipping, policing, lighting, repairing, replacing, and maintaining all parking facilities, access roads, sidewalks, landscaping, corridors, stairways, public washrooms and other common areas and systems of the Building; janitorial and cleaning services; all reasonable management fees, including expenses reimbursable to any manager and rental services' charges under maintenance and service contracts; all supplies purchased for use in the Building; fees for required licenses and permits; any equipment rental; depreciation of the cost of capital improvements made to (i) reduce Operating Costs or limit increases therein, or (ii) required by Landlord's insurance carrier or (iii) required by any law, rule, regulation or order of any governmental or quasi-governmental authority having jurisdiction; any and all other reasonable costs of operation, whether ordinary or extraordinary.

5.2 Tenant's "pro-rata share" shall be 70.12%, which represents Tenant's share of the Building (see exhibit C). Should the Premises become more or less than 70.12% of the building and or due to unbalanced utility usage, Landlord and Tenant agree that Tenant's new "pro-rata share" shall be recalculated.

5.3 Within a reasonable time after each month, the Landlord shall submit to Tenant a statement setting forth the actual Operating Costs of the Building for such month and Tenant's pro-rata share of the actual Operating Costs. Within 30 days after the delivery of such statement (including any statement after the expiration or termination of the term of this Lease), the party in whose favor the difference, if any, between (a) and (b) exists, shall pay the amount of such difference to the other. In lieu of payment to Tenant, Landlord may also elect to credit Tenant the amount owed to it on its next installment of rent.

Landlord's books and records relating to Operating Costs for any particular calendar year shall be available for inspection by Tenant, during the 60 day

period following delivery of Landlord's statement with respect to such months, and during normal business hours upon prior appointment with the Landlord.

Each statement furnished by Landlord hereunder shall constitute a final determination upon Tenant unless Tenant shall within 60 days after delivery thereof, give written notice to Landlord that Tenant disputes the accuracy thereof, which notice shall specify in reasonable detail the inaccuracies of the statement.

## **6. USE.**

6.1 Tenant will use and occupy the Premises solely for medical office purposes. Tenant will not use or occupy the Premises for any unlawful purpose, and will comply with all present and future laws, ordinances, regulations and orders of all governmental units having jurisdiction over the Building. Tenant shall not cause or permit any unusual noise, odors or nuisance in or about the Premises. Landlord disclaims any warranty that the Premises are suitable for Tenant's use and Tenant acknowledges that it has had a full opportunity to make its own determination in this regard.

6.2 Tenant will not conduct or permit to be conducted any activity, or place any equipment in or about the Premises or Building, which will in any way increase the rate of fire insurance or other insurance on the Building; and if any increase in the rate of fire insurance or other insurance is stated by any insurance company or by the applicable insurance rating bureau to be due to activity or equipment of Tenant in or about the Building, such statement shall be conclusive evidence that such increase in such rate is due to such activity or equipment and, as a result thereof, Tenant shall be liable for such increase.

6.3 Tenant shall not install, use, generate, store or dispose of in or about the Premises or Building any hazardous substance, toxic chemical, pollutant or other material regulated by the Comprehensive Environmental Response, Compensation and Liability Act of 1985 or in the so-called Minnesota Superfund Bill or any other similar law or regulation (including without limitation any material containing asbestos or PCB) without Landlord's written approval of each said substance. Landlord shall not unreasonably withhold its approval of use by Tenant of immaterial quantities of such substances customarily used in office business operations so long as Tenant uses such substances in accordance with applicable laws. Tenant shall indemnify, defend and hold Landlord harmless from and against any claim, damage or expense arising out of Tenant's installation, use, generation, storage or disposal of any such substance, regardless of whether Landlord has approved the activity.

## **7. SECURITY DEPOSIT.**

Concurrently with Tenant's execution of this Lease, Tenant shall deposit with Landlord the sum of ten thousand, two hundred eighty-five dollars (\$10,285.00), equal to two (2) months Minimum Rent. Said sum shall be held by Landlord as a security deposit for the faithful performance by Tenant of all of the terms, covenants, and conditions of this Lease, to be kept and performed by Tenant during the term hereof.

If Tenant defaults with respect to any provision of this Lease, including but not limited to the provisions relating to payment of rent or any monetary sums due hereunder, Landlord may (but shall not be required to) use, apply or retain all or any part of the security deposit for the payment of any rent or any such monetary sum in default or any other loss or damages which Landlord may spend or become obligated to spend by reason of Tenant's default or to compensate Landlord for any other loss or damage which Landlord may suffer by reason of Tenant's default. If any portion of said deposit is so used or applied, Tenant shall, within ten (10) days after written demand therefore, deposit cash with Landlord in an amount sufficient to restore the security deposit to its original amount; Tenant's failure to do so shall be a material breach of this Lease. Landlord shall not be required to keep this security deposit separate from its general funds, and Tenant shall not be entitled to interest on such deposit. If Tenant shall fully and faithfully perform every provision of this Lease to be performed by it, the security deposit or any balance thereof shall be returned to Tenant (or, at Landlord's option, to the last assignee of Tenant's interest hereunder) at the expiration of the Lease term and after Tenant has vacated the Premises. In the event of termination of Landlord's interest in this Lease, Landlord shall transfer said deposit to Landlord's successor in interest, whereupon Tenant agrees to release Landlord from its liability for the return of such deposit or the accounting therefore.

## **8. ASSIGNMENT AND SUBLETTING.**

8.1 Tenant will not assign, transfer, mortgage or encumber this Lease or sublet or rent or permit occupancy or use of the Premises, or any part thereof by any third party; nor shall any assignment or transfer of this Lease be effectuated by operation of law or otherwise, (any of the foregoing being hereinafter referred to as an "Assignment") without in each such case obtaining the prior written consent of Landlord, which consent shall not be unreasonably withheld. The consent by Landlord to any Assignment shall not be construed as a waiver or release of Tenant from the terms of any covenant or obligation under this Lease, nor shall the collection or acceptance of rent from any transferee under an Assignment constitute an acceptance of the Assignment or waiver or release of Tenant or any transferee of any covenant or obligation contained in this Lease, nor shall any Assignment be construed to relieve Tenant from the requirement of obtaining the consent in writing of Landlord to further Assignment.

8.2 If, at any time during the term of this Lease, Tenant (and/or the guarantor, if any) is:

- (i) A corporation or a trust (whether or not having shares of beneficial interest) and there shall occur any change in the identity of any of the persons then having power to participate in the election or appointment of the directors, trustees, or other persons exercising like functions and managing the affairs of Tenant or
- (ii) A partnership or association (or otherwise not a natural person and is not a corporation or a trust) and there shall occur any change in the identity of any of the persons who then are members of such partnership or association or who comprise Tenant, such change shall be deemed to be an Assignment.

## **9. ALTERATIONS; SIGNS; EQUIPMENT; MOVING**

9.1 Tenant will not make or permit anyone to make any alterations, additions or improvements, structural or otherwise, in or to the Premises or the Building without the prior written consent of Landlord. Landlord shall not unreasonably withhold consent to Tenant's interior decorations provided they comply with Exhibit B hereto. If any mechanic's lien is filed against any part of the Building for work claimed to have been done for, or materials claimed to have been furnished to, Tenant, such mechanic's lien shall be discharged by Tenant within thirty days thereafter, at Tenant's sole cost and expense, by the payment thereof or by making any deposit required by law.

Regardless of whether Landlord's consent is required or obtained hereunder:

- (i) all alterations shall be made in accordance with applicable laws, codes and insurance guidelines, and shall be performed in a good and workmanlike manner, and
- (ii) if the construction or installation of Tenant's alterations or fixtures causes any labor disturbance, Tenant shall immediately take any action necessary to end such labor disturbance. All alterations, decorations, additions or improvements in or to the Premises or the Building made by Tenant shall become the property of Landlord upon expiration of the Term and shall remain upon and be surrendered with the Premises as a part thereof without disturbance or injury unless Landlord requires specific items thereof to be removed by Tenant at Tenant's sole expense, in which event Tenant shall do so prior to the expiration of the Term at its expense, and shall repair any damage caused thereby.

9.2 Tenant shall not place or maintain any sign, advertisement or notice on any part of the outside of the Premises or the Building except

- (i) in such place, number, size, color and style as has been approved in writing by Landlord and
- (ii) in accordance with the sign criteria to be developed by Landlord. Any such signs shall be at the sole expense of the Tenant. Tenant shall remove all signs at the expiration or termination of this Lease and restore the affected area to its original condition.
- (iii) Tenant shall be allowed to utilize, at its sole expense, the pylon sign located on the south side of the site (near HWY 21).
  - a. Design and installation of vinyl signage panel onto Tenant's upper portion of pylon sign panel to be at Tenant's sole expense.
- (iv) Tenant shall be allowed to utilize an electrified box sign which shall be placed on the upper wall area of the Building above entrance to Premises.
  - a. Manufacture, electrification, installation and maintenance of electrified box sign shall be at Tenant's sole expense.
  - b. Vinyl signage panel, design and installation of panel onto electric sign box shall be at Tenant's sole expense

9.3 Tenant shall not install any equipment which will or may necessitate any changes, replacements or additions to, or in the use of, the heating, ventilating or air-conditioning system, or electrical system of the Premises or the Building without first obtaining the prior written consent of Landlord. Equipment belonging to Tenant which causes noise or vibration that may be transmitted to the structure of the Building or to any space therein to such a degree as to be objectionable to Landlord or to any tenant in the Building shall be installed and maintained by Tenant, at Tenant's expense, on vibration eliminators or other devices sufficient to eliminate noise and vibration.

9.4 No equipment or other bulky matter of any description will be received into the Building except as approved by Landlord. All moving of equipment and other material shall be done at other than normal business hours except with Landlord approval, be under the direct control and supervision of Landlord who shall, however, not be responsible for any damage to or charges for moving the same unless damage is the direct result of Landlord's sole and gross negligence. Any and all damage or injury to the Premises or the Building caused by moving the property of Tenant in or out of the Premises, or due to the same being on the Premises, shall be repaired by, and at the sole cost of Tenant.

## **10. RIGHT OF ENTRY.**

10.1 Tenant will furnish a master key to the Premises to Landlord and permit Landlord, or its representative, to enter the premises upon reasonable prior

notice, to examine, inspect and protect the Premises, and to make such alterations, renovations, restorations and/or repairs as in the judgment of Landlord may be deemed necessary or desirable for the Premises, for any other premises in the Building, or the Building itself (including access to distribution systems above the ceiling of the Building), or to exhibit the same to prospective tenants at any time during the Term of this Lease or during any period Tenant is in default hereunder, or to prospective purchasers or lenders at any time. Landlord shall use reasonable efforts to not unreasonably interfere with the conduct of Tenant's business, but Landlord shall in no event be liable to Tenant for any damages in connection with such entry or installation unless damage is the direct result of Landlord's sole and gross negligence.

10.2 Landlord reserves the right to impose such security restrictions in the common areas as it deems appropriate.

## **11. SERVICES AND UTILITIES.**

During Building business days and hours as established by Landlord from time to time, Landlord shall furnish reasonably adequate water, and heat and air conditioning during such seasons of the year when such services are normally furnished in office buildings in the area.

Tenant shall be responsible for providing its own cleaning and janitorial service to the Premises. Landlord shall provide access to electric and telephone service equipment. Landlord shall not be liable for, and there shall be no abatement of rent by reason of failure to furnish, or for delay or suspension in furnishing, any services to be provided by Landlord, caused by strikes, scarcity of labor or materials, or causes beyond Landlord's control. Notwithstanding the foregoing, Tenant shall be entitled to abatement of rent if any of the foregoing services are not provided for a period of more than 30 days providing the foregoing services are within the Landlords control. Tenant shall conserve heat, air conditioning, water and electricity and shall use due care in the use of the Premises and of the public areas in the Building. All thermostats within the Common Areas of the Building shall be under the sole control of Landlord, and Tenant shall not, nor shall it permit any of its employees, agents, representatives, guests or invitees, to open, change or tamper with any thermostats.

Maintenance. Without limitation, Tenant agrees to keep and maintain the Premises and the fixtures and equipment therein in first class, properly functioning, safe, orderly and in sanitary condition, will make all necessary replacements thereto, will suffer no waste or injury thereto, and will, at the expiration or other termination of the term of this Lease, surrender the same with all improvements in the same order and condition in which they were on the Commencement Date, or in such better condition as they may hereafter be put, ordinary wear and tear and casualty damage to the extent covered by insurance excepted. Landlord shall make all necessary repairs to the outer walls, roof, down spouts, gutters and basic structural elements and common areas of the Building. Landlord shall also make all necessary repairs to the portions of the

building systems (plumbing, sewage, heating, air conditioning and electrical). Notwithstanding anything apparently to the contrary in this section, any cost of repairs or improvements to the Building, to the Premises or to any common areas which are occasioned by the negligence or default of Tenant, its officers, employees, agents or invitees, or by requirements of law, ordinance or other governmental directive and which arise out of the nature of Tenant's use and occupancy of the Premises or the installations of Tenant in the Premises shall be paid for by Tenant, as additional rent hereunder, immediately upon billing.

## **12. WAIVER AND INDEMNITY.**

12.1 Landlord (including its partners, officers, employees, agents and representatives) shall not be liable to Tenant, or those claiming by, through or under Tenant, for any injury, death or property damage occurring in, on or about the Building, however caused, other than claims, liability, loss, cost or expense (including reasonable attorneys' fees) arising out of any act of negligence or other culpable fault of Landlord, its agents, contractors, servants, or employees.

Without limitation of the foregoing, Landlord shall not be liable to Tenant for any, and Tenant hereby releases Landlord from all damage, compensation or claims, however caused, arising from: loss or damage to books, records, files, computer equipment, computer data, money, securities, negotiable instruments or other papers in or about the Premises.

12.2 Tenant shall defend with counsel approved by Landlord (which approval will not be unreasonably withheld), indemnify and save Landlord harmless from and against all liabilities, damages, penalties, claims, demands, judgments and expenses, including, but not limited to, reasonable architects' and attorneys' fees, which may be imposed upon or incurred or paid by or asserted against Landlord, the Property or any interest therein by reason of or in connection with any of the following occurring during the term of this Lease except to the extent due to any act or neglect of Landlord or to agents or due to any defects in the Building not caused by Tenant: (i) any alterations in or to the Premises by anyone other than Landlord or its agents; (ii) the use, non-use, possession or occupation of the Premises; (iii) any negligent or tortuous act on the part of Tenant or any of its agents, contractors, servants, employees, licensees or invitees; (iv) any accident, injury, death or damage to any person or property occurring in the Building; and (v) any failure on the part of Tenant to perform or comply with any of the covenants, agreements, terms, provisions, conditions or limitations contained in this Lease on its part to be performed or complied with. Nothing contained in this Section 12.2 shall be deemed to require Tenant to indemnify Landlord to any extent prohibited by law.

### **13. INSURANCE.**

13.1 Tenant agrees to purchase, in advance, and to carry in full force and effect the following insurance:

- a) "All risk" property insurance covering the full replacement value of all of Tenant's trade fixtures and personal property within the Premises.
- (b) Commercial general liability insurance, providing coverage on an "occurrence" rather than a "claims made" basis, which policy shall include coverage for Bodily Injury, Property Damage, Personal Injury, Contractual Liability (applying to this Lease), and Independent Contractors, in current Insurance Services Office form or other form which provides coverage at least as broad. Tenant shall maintain a combined policy limit of at least \$2,000,000 applying to Bodily Injury, Property Damage and Personal Injury, which limit may be satisfied by Tenant's basic policy, or by the basic policy in combination with umbrella or excess policies so long as the coverage is at least as broad as that required herein. Such liability, umbrella and/or excess policies may be subject to aggregate limits so long as the aggregate limits have not at any pertinent time been reduced to less than the policy limit stated above, and provided further that any umbrella or excess policy provides coverage from the point that such aggregate limits in the basic policy become reduced or exhausted. Landlord shall be named as additional insured under all such policies.

13.2 At least ten (10) days prior to entry by Tenant on the Premises, Tenant shall deliver to Landlord evidence that the insurance required by this Lease is in full force and effect. At least ten (10) days prior to expiration of any such coverage, Tenant shall deliver evidence that the coverage in question will be renewed or replaced upon expiration. Such evidence of insurance shall contain sufficient information to enable Landlord to determine whether Tenant's insurance complies with the requirements of this Lease. Upon request, Tenant shall also furnish insurer-certified copies of all pertinent policies.

13.3 Landlord agrees to purchase in advance, and to carry in full force and effect the following insurance:

- (a) "All risk" property insurance coverage on the Building in such amount as Landlord deems prudent.
- (b) Commercial general public liability insurance covering the Building, in a combined single limit amount of not less than \$1,000,000, and written on an "occurrence" basis.

13.4 If any insurance required hereunder ceases to be available, or is available on terms so unacceptable that prudent landlords or tenants, as the case may be, generally do not carry such insurance, then in lieu of such insurance the pertinent party may carry the most comparable insurance which is available and generally carried by prudent parties.

#### **14. WAIVER OF CLAIMS AND SUBROGATION.**

Notwithstanding any other provision in this Lease to the contrary, Landlord and Tenant hereby release one another from any and all liability or responsibility (to the other or anyone claiming through or under them by way of subrogation or otherwise) for any loss or damage covered by property insurance or coverable by a customary policy of the insurance required by Section 13.1(a) or 13.3(a) hereof (whichever is applicable), even if such loss or damage shall have been caused by the fault or negligence of the other party, or anyone for whom such party may be responsible.

#### **15. FIRE OR OTHER CASUALTY.**

If the Premises or the Building shall be damaged by fire or other cause Landlord shall at its option either

- (a) undertake to restore such damage with all due diligence, or (b) in the event the Premises or the Building are damaged by fire or other cause to such extent that damage cannot, in Landlord's sole judgment, be economically repaired within 90 days after the date of such damage (taking into account the time necessary to effectuate a satisfactory settlement with any insurance company and using normal construction methods without overtime or other premium), terminate this Lease, by written notice given to Tenant within 60 days after the date of the damage. If Landlord elects to restore, Landlord shall not be obligated to restore any improvements in the Premises, which were not owned and constructed by Landlord. Upon substantial completion by Landlord of its work, Tenant shall undertake to restore its leasehold improvements and trade fixture with all due diligence. This Lease shall, unless terminated by Landlord pursuant to this Section 15, remain in full force and effect following such damage, and, in the case of damage to the Premises, the Minimum Rent and additional rent, prorated to the extent that the Premises are rendered untenable, shall be equitably abated until such repairs are completed; provided, however, that if Tenant does not restore its leasehold improvements and trade fixtures with due diligence, abatement shall cease as of the date restoration could have been completed using due diligence. If the Premises or the Building are reasonably anticipated to be untenable for more than 180 days due to damage by fire or other

cause, then Tenant shall have the right, at its option, to terminate this Lease, by written notice given to Landlord within 60 days after the date of the damage.

## **16. CONDEMNATION.**

If the whole or any substantial part of the Premises shall be taken or condemned or purchased under threat of condemnation by any governmental authority, then the Term of this Lease shall cease and terminate as of the date when the condemning authority takes possession of the Premises and Tenant shall have no claim against the condemning authority, Landlord or otherwise for any portion of the amount that may be awarded as damages as a result of such taking or condemnation or for the value of any unexpired term of this Lease; provided, however, that Landlord shall not be entitled to any separate award made to Tenant for loss of business or costs of relocation. In the event part of the Building, but not the Premises, is condemned to the extent that the Building cannot, in Landlord's sole judgment, be economically restored within a reasonable time, Landlord shall have the option by notice given to Tenant within 90 days after the date the condemning authority takes possession to terminate this Lease as of the date of such possession.

## **17. DEFAULT.**

17.1 Any one of the following events shall constitute an Event of Default:

- (i) Tenant shall fail to pay any monthly installment of Minimum Rent or Additional Rent as herein provided, and such default shall continue for a period of 30 days after the due date therefore;
- (ii) Tenant shall violate or fail to perform any of the other conditions, covenants or agreements herein; made by Tenant and such default shall continue for 15 days after written notice from Landlord;
- (iii) Tenant shall file or have filed against it or any guarantor of this Lease any bankruptcy or other creditor's action, or make an assignment for the benefit of its creditors.

17.2 If an Event of Default shall have occurred and be continuing, Landlord may at its sole option by written notice to Tenant terminate this Lease. Neither the passage of time after the occurrence of the Event of Default nor exercise by Landlord of any other remedy with regard to such Event of Default shall limit Landlord's rights under this Section 17.2.

17.3 If an Event of Default shall have occurred and be continuing, whether or not Landlord elects to terminate this Lease, Landlord may enter upon and repossess the Premises (said repossession being hereinafter referred to as

“Repossession”) by force, summary proceedings, ejection or otherwise, and may remove Tenant and all other persons and property therefrom.

17.4 From time to time after Repossession of the Premises, whether or not this Lease has been terminated, Landlord may, but shall not be obligated to, attempt to re-let the Premises for the account of Tenant in the name of the Landlord or otherwise, for such term or terms (which may be greater or less than the period which would otherwise have constituted the balance of the Term) and for such terms (which may include concessions or free rent) and for such uses as Landlord, in its uncontrolled discretion, may determine, and may collect and receive the rent therefore. Any rent received shall be applied against Tenant’s obligations hereunder, but Landlord shall not be responsible or liable for any failure to collect any rent due upon any such re-letting.

17.5 No termination of this Lease pursuant to Section 17.2 and no Repossession of the Premises pursuant to Section 17.3 or otherwise shall relieve Tenant of its liabilities and obligations under this Lease, all of which shall survive any such termination or Repossession. In the event of any such termination or Repossession, whether or not the Premises shall have been re-let, Tenant shall pay to Landlord the Minimum Rent and other sums and charges to be paid by Tenant up to the time of such termination or Repossession, and thereafter Tenant, until the end of what would have been the Term in the absence of such termination or Repossession, shall pay to Landlord, as and for liquidated and agreed current damages for Tenant’s default, the equivalent of the amount of the Minimum Rent and such other sums and charges which would be payable under this Lease by Tenant if the lease were still in effect, less the net proceeds, if any, of any re-letting effected pursuant to the provisions of Section 17.4 after deducting all of the Landlord’s reasonable expenses in connection with such re-letting, including, without limitation, all repossession costs, brokerage and management commissions, operating expenses, legal expenses, attorney’s fees, alteration costs, and expenses of preparation for such re-letting. Tenant shall pay such current damages to Landlord monthly on the days on which the Minimum Rent would have been payable under this Lease if this Lease were still in effect, and Landlord shall be entitled to recover the same from Tenant on each such day. At any time after such termination or Repossession, whether or not Landlord shall have collected any current damages as aforesaid, Landlord shall be entitled to recover from Tenant, and Tenant shall pay to Landlord on demand, as and for liquidated and agreed final damages for Tenant’s default, an amount equal to the then present value of the excess of the Minimum Rent and other sums or charges reserved under this Lease from the day of such termination or Repossession for what would be the then unexpired term if the same had remained in effect, over the amount of rent Tenant demonstrates that Landlord could in all likelihood actually collect for the Premises for the same period, said present value to be arrived at on the basis of a discount of four percent 4% per annum.

17.6 In addition to all other remedies of Landlord, Landlord shall be entitled to reimbursement upon demand of all reasonable attorneys’ fees incurred by

Landlord in connection with any Event of Default. Additionally, Landlord shall be entitled to interest at the rate of 18 percent per annum on all amounts past due and owing under the terms of this Lease until the same shall be paid, but if such rate exceeds the maximum rate permitted by law, such interest rate shall be reduced to the highest rate allowed by law under such circumstances.

17.7 If Landlord shall default in the performance of any of the terms of provisions of this Lease, Tenant shall promptly so notify Landlord in writing. If Landlord shall fail to cure such default within (30) days after receipt of such notice, or if the default is of such character as to require more than thirty (30) days to cure, and Landlord shall fail to commence to do so within thirty (30) days after receipt of such notice and thereafter diligently proceed to cure such default, then in either event, Tenant may cure such default and any reasonable and actual expenses paid by Tenant shall be paid by Landlord to Tenant within ten (10) days after a statement therefore is rendered.

### **18. LANDLORD'S RIGHT TO CURE DEFAULT; LATE PAYMENT**

If Tenant defaults in the making of any payment, or in the doing of any act herein required to be made or done by Tenant, or does or suffers any act prohibited herein, then Landlord may, but shall not be required to, make such payment or do such act, or correct any damage caused by such prohibited act and to enter the Premises as appropriate in connection therewith, and the amount of the expense thereof, if made or done so by Landlord, with interest thereon at the Interest Rate (as hereinafter defined) from the date paid by Landlord, shall be paid by Tenant to Landlord and shall constitute additional rent hereunder due and payable with the next monthly installment of rent; but the making of such payment or the doing of such act by Landlord shall not operate to cure such default or to stop Landlord from the pursuit of any remedy of which Landlord would otherwise be entitled. If any installment of rent is not paid by Tenant within thirty days after the same becomes due and payable: (i) a late charge in the amount of \$100.00 shall become immediately due and payable as compensation to Landlord for administrative costs; and (ii) the unpaid balance due Landlord shall bear interest at the Interest Rate of from the date such installment became due and payable to the date of payment thereof by Tenant, and such interest shall constitute additional rent hereunder which shall be immediately due and payable. The "Interest Rate" as used herein means the lesser of: the maximum rate permitted by law; and four (4) points over the rate of interest publicly announced from time to time by Wells Fargo Bank Minneapolis N.A. as its "prime rate," "base rate" or "reference rate," (or if more than one exist, whichever is highest) each change in the interest rate hereunder to become effective on the date the corresponding change in such prime rate becomes effective.

**19. WAIVER.**

No waiver by either party of any breach of any agreement herein contained shall operate as a waiver of such agreement itself, or of any subsequent breach thereof. No payment by Tenant or receipt by Landlord of a lesser amount than the monthly installments of rent herein stipulated shall be deemed to be other than on account of the earliest stipulated rent nor shall any endorsement or statement on any check or letter accompanying a check for payment of rent be deemed an accord and satisfaction, nor shall acceptance of rent with knowledge of breach constitute a waiver of the breach, and Landlord may accept such check or payment without prejudice to Landlord's right to recover the balance of such rent, to terminate this Lease, to Repossess the Premises or to pursue any other remedy provided in his Lease. No re-entry by Landlord, and no acceptance by Landlord of keys from Tenant, shall be considered an acceptance of a surrender of the Lease.

**20. SUBORDINATION.**

20.1 For the purposes of this Section 20, the term "Mortgage" shall mean at any time, any mortgage of record now or hereafter placed against the Building, any increase, amendment, extension, refinancing or recasting of a Mortgage and, in the case of a sale or lease and leaseback by Landlord of all or part of the Building, the lease creating the leaseback. For the purposes hereof, a Mortgage shall be deemed to continue in effect after foreclosure thereof and during the period of redemption therefrom.

20.2 This Lease is subject and subordinate to the lien of any Mortgage which may now or hereafter encumber the Building or any development of which the Building is a part. In confirmation of such subordination, Tenant shall, at Landlord's request from time to time, promptly execute any certificate or other document requested by the holder of the Mortgage. Tenant agrees that in the event that any proceedings are brought from the foreclosure of any Mortgage, Tenant shall immediately and automatically attorn to the purchaser at such foreclosure sale, as the landlord under this Lease, and Tenant waives the provisions of any statute or rule of law, now or hereafter in effect, which may give or purport to give Tenant any right to terminate or otherwise adversely affect this Lease or the obligations of Tenant hereunder in the event that any such foreclosure proceeding is prosecuted or completed. Neither the holder of the Mortgage (whether it acquires title by foreclosure or by deed in lieu thereof) nor any purchaser at foreclosure sale shall be liable for any act or omission of Landlord subject to any offsets or defenses which Tenant might have against Landlord or bound by prepayment by Tenant of more than one month's installment of Minimum Rent and additional rent or by any modification of this

Lease made subsequent to the granting of the Mortgage. Notwithstanding anything to the contrary in this Section 20, so long as Tenant is not in default under this Lease, this Lease shall remain in full force and effect and the holder of the Mortgage and any purchaser at foreclosure sale thereof shall not disturb Tenant's possession hereunder.

## **21. RULES AND REGULATIONS.**

Tenant shall use the Premises and the common areas of the Building in accordance with the terms of this Lease and such additional rules and regulations as may from time to time be reasonably made by the Landlord for the general safety, comfort and convenience of the owners, occupants and tenants of the Building, and Tenant shall use its best efforts to cause Tenant's customers, employees and invitees to abide by such rules and regulations. This paragraph includes, without limitation, Landlord's right to declare the building to be smoke free in its entirety and to require Tenant to enforce such smoke free status. Any Tenant found in violation of the smoke free status of the building, if so declared, would be in default under the terms of this Lease and subject to all of Landlord's remedies for default.

## **22. NO REPRESENTATIONS BY LANDLORD.**

Neither Landlord nor any agent or employee of Landlord has made any representations or promises with respect to the Premises or the Building except as herein expressly set forth, and no right, privileges, easements or licenses are acquired by Tenant except as herein expressly set forth. Tenant has no right to light or air over any premises adjoining the Building. The Tenant, by taking possession of the Premises, shall accept the same "as is" except as expressly provided in this Lease and such taking of possession shall be conclusive evidence that the Premises and the Building are in good and satisfactory condition at the time of such taking of possession.

## **23. NOTICES:**

All notices or other communications hereunder shall be in writing and shall be hand delivered or sent by registered or certified first-class mail, postage prepaid, or by overnight air express service,

- (i) if to Landlord:

Northgate Development Co, LLC  
Attn: Paul Gray  
205 Western Avenue N.W.  
Faribault, MN 55021

- (ii) if to Tenant:  
At the Premises, unless notice of a change of address is given pursuant to the provisions of this Section. The day notice is given by mail shall be deemed to be the day following the day of mailing.

#### **24. ESTOPPEL CERTIFICATES.**

Tenant agrees at any time and from time to time, upon not less than ten days prior written notice by Landlord, to execute, acknowledge and deliver to Landlord or a party designated by Landlord a statement in writing

- (i) certifying that this Lease is unmodified and in full force and effect, or if there have been modifications, that the Lease is in full force and effect as modified and stating the modifications,
- (ii) stating the dates to which the rent and other charges hereunder have been paid by Tenant,
- (iii) stating whether or not Landlord is in default in the performance of any covenant, agreement or condition contained in this Lease, and, if so, specifying each such default
- (iv) agreeing that Tenant and Landlord will not thereafter modify the Lease without the approval of any mortgagee identified by Landlord, and
- (v) agreeing that, except for any security deposit required herein, Tenant shall not prepay any rent more than 30 days in advance, and
- (vi) such other matters relating to this Lease as may reasonably be requested. Any such statement delivered pursuant hereto may be relied upon by any owner of the Building, any prospective purchaser of the Building, any mortgagee or prospective mortgagee of the Building or of Landlord's interest, or any prospective assignee of any such mortgagee. Tenant acknowledges that failure to comply with this Section 24 on a timely basis could result in loss of a favorable sale or financing and Tenant agrees to be liable for any consequential damages resulting from Tenant's breach hereunder.

#### **25. SURRENDER; HOLDING OVER.**

Upon the expiration of this Lease or the earlier termination of Tenant's right to possession, Tenant shall immediately vacate the Premises in the condition required by this Lease. Any property not removed shall be deemed abandoned,

and Tenant shall be liable for all costs of removal. Should the Tenant continue to occupy the Premises, or any part thereof, after the expiration or termination of the Term, whether with or without the consent of the Landlord, such tenancy shall be from month to month and the monthly Minimum Rent shall be one and one-half times that which would otherwise be payable under Section 4, except the first and second month of holdover which shall be the same as that which would otherwise be payable under Section 4. If Tenant's holdover is without the consent of Landlord, neither this Section nor the acceptance of any rent hereunder shall prevent Landlord from exercising any remedy to regain immediate possession of the Premises.

**26. BROKERS.**

Tenant warrants that it has not engaged or dealt with any broker in connection with this Lease other than Landlord or its affiliates and Tenant agrees to indemnify, defend and hold Landlord harmless from and against any claim for broker's fees or finder's fees asserted by anyone other than those specified above, on account of any dealings with Tenant in connection with this Lease.

**27. OPTION TO RENEW.**

Tenant shall have the option to extend the Lease Term for an additional period of two (2) years as long as Tenant has not been in default of lease in the previous twenty four (24) months and provides three (3) months written notice to Landlord of its intention to exercise option.

The Minimum Rental Rate shall be \$.40/rsf greater than that of the previous year and shall be subject to a \$.40/rsf annual escalation.

**28. FIRST RIGHT OPTION.**

Tenant to have first option on suite 100 as it may become available, subject to rights of current tenant.

**29. RIGHT OF FIRST OFFER.**

If during the initial term of this Lease, Landlord receives a bona fide offer to purchase the building, Landlord shall notify Tenant in writing and provide evidence of the bona fide offer outlining the principal terms of the offer, and providing Tenant with the right to purchase the building for the same price and on the same terms and conditions as contained in the bona fide offer. Tenant shall then have fifteen (15) business days to provide a notice of intent to accept or reject Landlord's offer. Written notice of election to purchase the Property

shall be given by Tenant to the Landlord by depositing the notice in the United States mail, certified mail, return receipt requested, addressed to the Landlord at the address set forth herein, with postage prepaid, or by personal delivery of the written notice to the Landlord at the address set forth herein prior to the expiration of the 15-day limitation. Notice shall be effective when either deposited in the United States mail as herein described or upon its personal delivery to the Landlord.

If Tenant declines to provide a notice of intent to accept or reject Tenant's right to purchase the building, or does not respond to the Landlord's notification within the fifteen (15) business day time period, Tenant's right of first refusal to purchase shall no longer be in effect.

Tenant's purchase of the building is contingent upon (i) the approval of Tenant's Board and City Council, and (ii) execution of a purchase agreement in a form acceptable to both parties. Such purchase agreement shall provide, among other things, for the conveyance of title by Warranty Deed in the form required by the Tenant. Tenant has 60 days from the effective date of Tenant's notice of intent to purchase to execute and deliver a purchase agreement to Landlord.

### **30. PURCHASE OFFER.**

Tenant shall have the one-time right to purchase property That Part L1 B2 Global Add LYG SELY FOL Desc LI BAO NELY LIL1 117.52Ft SELY Most NLY Cor L1 THSWLY Perpendicular to NELY LIL1 Tap SWLY LIL1 & There Term Property Address 1980 30th Street NW Faribault, MN 55021 for the price of \$767,000 upon the expiration of the lease agreement. The price is calculated utilizing a purchase price of \$814,965 and applying a 25% of base rent paid discount (\$47,965) to the purchase price. Tenant to notify Landlord in writing a minimum of one hundred twenty (120) days prior to exercising purchase offer. The exercise of the purchase option is contingent upon approval by Board and City Council as specified in Section 29.

### **31. MISCELLANEOUS.**

- (a) This is a Minnesota contract and shall be construed according to the laws of Minnesota.
- (b) The captions in this Lease are for convenience only and are not a part of this Lease.
- (c) If more than one person or entity shall sign this Lease as Tenant, the obligations set forth herein shall be deemed as joint and several obligations of each such party.

- (d) Time is of the essence.
- (e) The provisions of this Lease which relate to the periods subsequent to the expiration of the Term shall survive expiration.
- (f) This Lease shall be binding upon and inure to the benefit of the parties hereto and, subject to the restrictions and limitations herein contained, their respective heirs, successors and assigns.
- (g) Notwithstanding anything mentioned in this lease to the contrary, Tenant shall be responsible for any costs associated with preparing the Premises for its specific use (low voltage wiring, cable initiations, moving expenses, furniture, fixtures, etc. Landlord will not be responsible for payment of any Leasehold Improvements to Premises and Tenant agrees to take possession of space on an as-is basis only.
- (h) Tenant acknowledges that a portion of the rents are being paid towards a common area that is being shared by other Tenants (hereafter called "Common Area") who have equal and shared rights to the Common Area portion of the Leased Premises. Tenant agrees to allow unlimited access to the Common Area of the suite to current and future Tenants of the Building and their invitees.
- (i) Tenant agrees to allow use of the main entrance to other Tenants for handicapped access or exiting purposes.
- (j) The Tenant shall not bring in to the Building any animals or pets, nor shall it allow any customer, employee or invitee to bring into the Building any animals or pets, other than service animals.
- (k) This Lease may be amended only by a writing executed by both parties hereto.
- (l) Voluntary and Knowing Action. The Parties, by executing this lease, state that they have carefully read this Lease and understand fully the contents thereof; that in executing this lease they voluntarily accept all terms described in this lease without duress, coercion, undue influence, or otherwise, and that they intend to be legally bound thereby.
- (m) Authorized Signatories. The Parties each represent and warrant to the other that (1) the persons signing this Lease are authorized signatories for the entities represented, and (2) no further approvals, actions or ratifications are needed for the full enforceability of this Lease against it each Party indemnifies and holds the other harmless against any breach of the foregoing representation and warranty.

- (o) No Partnership, Joint Venture, or Fiduciary Relationship. Nothing contained in this lease shall be interpreted as creating a partnership, joint venture, or relationship of principal and agent between the Parties, it being understood that the sole relationship created hereby is one of landlord and tenant.
- (p) Data Practices. The Parties acknowledge that this Lease is subject to the requirements of Minnesota's Government Data Practices Act, Minnesota Statutes, Section 13.01 et seq.
- (q) Entire Agreement. All prior understandings, letters of intent, discussions and agreements are merged in the governing terms of this Lease, which is a complete and final written expression of the intent of the Parties.

LANDLORD:

TENANT:

**NORTHGATE DEVELOPMENT  
CO, L.L.C.**

**NORTHFIELD HOSPITAL + CLINICS**

By \_\_\_\_\_  
Paul Gray

By \_\_\_\_\_

Its Member/ Managing Officer

Its \_\_\_\_\_

By \_\_\_\_\_  
Dean Mantel

CITY OF NORTHFIELD

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

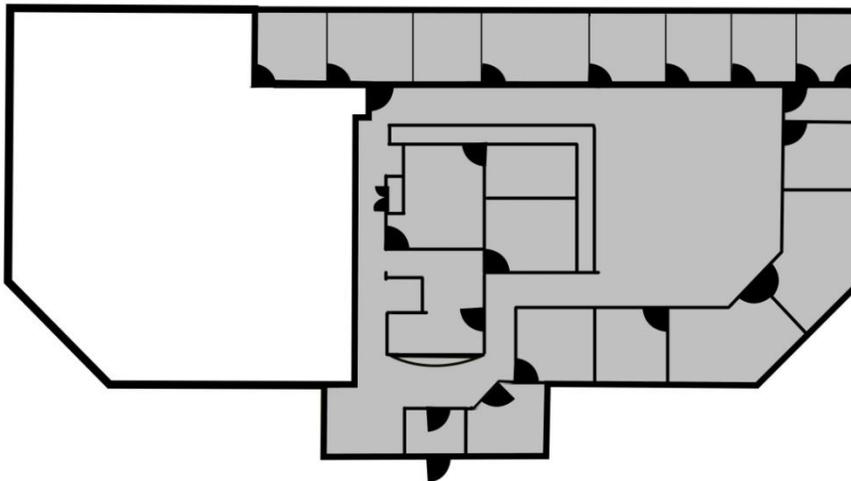
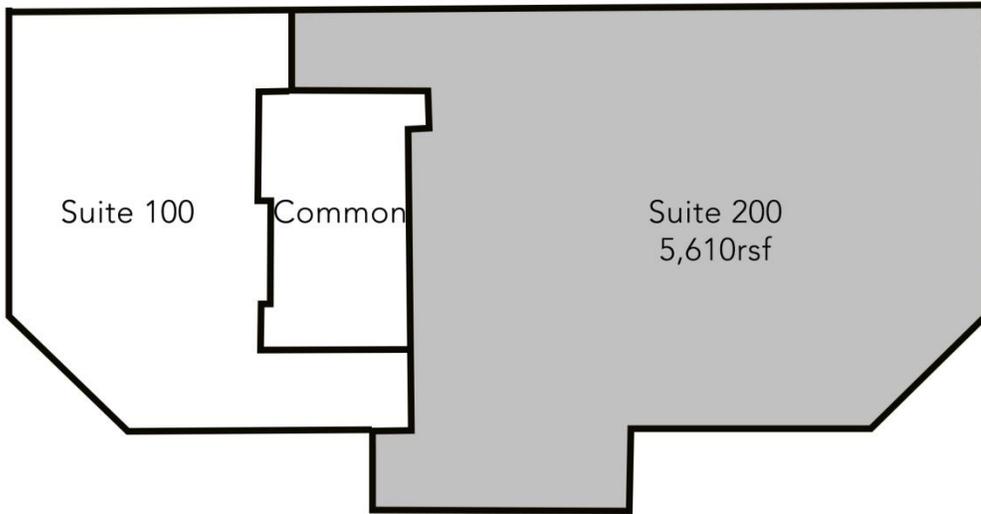
Its Member/ Representative

Its: Mayor

By: \_\_\_\_\_  
Its: City Clerk

**EXHIBIT A**

***DESCRIPTION OF PREMISES***



## **EXHIBIT B**

Landlord agrees to, at its sole expense, to install new carpet in all areas throughout the Premises (200) that will not be replaced with other flooring types. Carpet Tiles to be selected by Tenant from available building stock. Carpet selection to be approved by Landlord, purchased and installed by Faribault Interiors (if possible).

All Leasehold Improvements (including finish selections) to be approved by Landlord.

Tenant shall be allowed to, at its sole expense, provide appropriate installations of a "shielded" room.

Landlord shall not be held responsible for construction delays beyond its control (architectural, permitting, etc.)

**EXHIBIT C**

**SQUARE FOOTAGE DETERMINATION**

