

INCOME LEASE

TOTAL AMOUNT _____

LEASE NO _____

(Annual)

THIS LEASE AGREEMENT is made by and between _____

hereinafter referred to as LESSOR, and _____,

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

1. LEASED PREMISES

LESSOR grants and LESSEE accepts the lease of the following described Leased Premises located in the City of _____, County of _____, Minnesota, to-wit:

2. USE

LESSEE shall use and occupy the Leased Premises only as _____ and for such related activities.

3. TERM

The term of this Lease Agreement is _____, commencing on _____ and continuing through _____.

4. PAYMENT OF RENT

4.1 As rent for the Leased Premises and in consideration for all covenants, representations and conditions of this Lease Agreement, LESSEE agrees to pay to LESSOR the sum of _____

4.2 for the term of the Lease Agreement, such amount to be paid in _____ equal installments of _____

each _____ . Said rent is based upon a gross rate of _____ per square foot per year.

4.2 Lessor represents and warrants that it is solely entitled to all rents payable under the terms of this Lease Agreement. Lessor further represents and warrants that it is registered with the Secretary of the State to do business in the State of Minnesota and will continue to provide the documentation required by the Secretary of State's office to remain in good standing.

5. OPTION TO RENEW

5.1 LESSOR grants and LESSEE accepts the right to one option to renew this Lease Agreement for a period of _____ at the same terms, conditions, and rental rate as this Lease Agreement.

5.2 To exercise the above noted option, LESSEE must indicate in writing its intent to exercise said option thirty (30) days prior to the expiration date of this Lease Agreement.

6. TERMINATION

6.1 This Lease Agreement is subject to cancellation upon thirty (30) days written notice by LESSOR or LESSEE for any reason.

6.2 LESSEE covenants that at the termination of this Lease Agreement by lapse of time or otherwise, it shall remove its personal property and vacate and surrender possession of the Leased Premises to LESSOR in as good condition as when LESSEE took possession, ordinary wear and damage by the elements excepted. Any equipment, trade fixtures or furniture installed by LESSEE, including but not limited to moveable partitions, shelving units, projection screens and audio-video equipment attached to the Leased Premises by LESSEE, shall remain the property of LESSEE. LESSEE shall have the right to remove the above equipment or fixtures at the expiration or termination of the Lease Agreement or any extension thereof, even though said equipment or fixtures are attached to the Leased Premises.

7. DUTIES OF LESSOR

LESSOR shall, at its expense, provide the following:

7.1 Utilities: LESSOR shall bear the cost of

7.2 Electrical Outlets: LESSOR shall provide adequate electrical outlets upon the Leased Premises for the normal office use.

7.3 Heating: LESSOR shall provide the Leased Premises with heating facilities of a design capacity sufficient to maintain the Leased Premises at a comfortable temperature under all but the most extreme weather conditions. Provided, however, that in the interest of energy conservation, and in keeping with the temperature standards established for state-owned buildings, the temperatures should be maintained, wherever practicable, no higher than 68° Fahrenheit for all occupied work areas and cafeterias; 65° Fahrenheit for all lobby, corridor and restroom areas; 60° Fahrenheit for all building entrances, storage areas and tunnels; and 55° for all unoccupied and vacated Leased Premises within the Leased Premises.

7.4 Cooling: LESSOR shall provide air-conditioning capable of cooling the Leased Premises to a temperature of 15° Fahrenheit cooler than the prevailing outside air temperature. In the interest of energy conservation, and in keeping with the temperature standards established for state-owned buildings, the temperature should be maintained, wherever practicable, no lower than 78° Fahrenheit in the occupied area within the Leased Premises.

7.5 Ventilation:

a. LESSOR shall provide a minimum of 20 cubic feet of outdoor fresh air per minute per person the Leased Premises as outlined in Table 2 of ASHRAE (American Society of Heating, Refrigeration and Air Conditioning Engineers, Inc.) Standard 62-1989. An air cleaning device shall be used in the ventilation system which filters the outdoor air and shall have a minimum filtration efficiency rating of 30 percent as measured by ASHRAE Standard 52-92 Atmospheric Dust Spot Efficiency Rating. If air filters are used, LESSOR shall change the filters at least three (3) times per year, preferably in March, July and November, or more often as required.

b. Where there is a secondary filtration system, such as buildings with heat pumps, the secondary filtration system shall have a minimum filtration efficiency rating of ten (10) percent as measured by ASHRAE Standard 52-92 Atmospheric Dust Spot Efficiency Rating. If air filters are used, LESSOR shall change the filters at least two (2) times per year, or more often if required.

7.6 Lighting: LESSOR shall provide the Leased Premises with overhead lighting facilities sufficient to provide 70 foot candle power at desk level.

7.7 Restrooms: LESSOR shall provide the Leased Premises with separate restroom facilities for both men and women. Such facilities shall either be situated within the Leased Premises or easily accessible thereto.

7.8 Janitorial Service: LESSOR shall provide janitorial services and supplies to the Leased Premises and common areas of the building.

7.9 Trash Removal: LESSOR shall provide the Leased premises with a means or system of waste or trash disposal.

7.10 Common Areas: LESSOR shall provide sufficient light, heat and maintenance to the common areas and public access areas to the Leased Premises, including stairways, elevators, lobbies, and hallways, so that such areas shall be safe and reasonably comfortable.

7.11 Snow Removal: LESSOR shall keep the public sidewalks adjacent to the building and any sidewalks or stairways leading from the public sidewalks to the building free from snow, ice and debris, including the parking lot.

7.12 Maintenance: LESSOR shall maintain in working condition all appurtenances within the scope of this Lease Agreement, including the maintenance of proper plumbing, wiring, heating (and, where applicable, cooling) devices and ductwork.

7.13 Repairs: LESSOR shall make such necessary repairs so as to continue to provide all such service appurtenances as are required by this Lease Agreement, provided, however, that LESSOR shall not be responsible for repairs upon implements or articles which are the personal property of LESSEE, nor shall LESSOR bear the expense of repairs to the Leased Premises necessitated by damage caused by LESSEE beyond normal wear and tear.

7.14 Delivery of Leased Premises: LESSOR covenants that it will deliver the Leased Premises to LESSEE in a clean and sanitary condition with all services and appurtenances included within the scope of this Lease Agreement in effect and in good running order.

7.15 Quiet Enjoyment: LESSEE shall have the quiet enjoyment of the Leased Premises during the full term of the Lease Agreement and any extension or renewal thereof.

7.16 Taxes and Assessments: LESSOR shall be responsible for payment of all taxes and assessments upon the Leased Premises.

7.17 Energy Conservation: In the event any kind of energy conservation measures are enacted by State or Federal authority, it is hereby agreed that LESSOR shall reduce the quantity of utilities and services as may be specifically required by such governmental orders or regulations. Utilities, within the meaning of this article, includes heat, cooling, electricity, water and all the sources of energy required to provide said service.

7.18 Exterior Lighting: LESSOR shall provide adequate exterior lighting in the parking lots, building entrance/exits and loading dock areas.

7.19 Accessibility: LESSOR agrees to provide and maintain the Leased Premises and the building of which the Leased Premises are a part with accessibility and facilities meeting code requirements for handicapped persons, pursuant to all applicable laws, rules, ordinances and regulations as issued by any federal, state or local political subdivisions having jurisdiction and authority in connection with said property.

7.20 Management: LESSOR agrees that in exercising its management responsibilities of the property of which the Leased Premises are a part, including the maintenance, repair, alterations and construction relating thereto, it shall comply with all applicable laws, statutes, rules, ordinances and regulations, including but not limited to building code, disabilities access, zoning, air quality, pollution control, recyclable materials and prevailing wage requirements, as issued by any federal, state or local political subdivisions having jurisdiction and authority in connection with said property.

8. DUTIES OF LESSEE

8.1 LESSEE shall allow access to the Leased Premises by LESSOR or its authorized representatives at any reasonable time during the life of this Lease Agreement for any purpose within the scope of this Lease Agreement.

8.2 LESSEE shall not use the Leased Premises at any time for any purpose forbidden by law.

8.3 LESSEE shall not assign, sublet, or otherwise transfer its interest in this Lease Agreement without the prior written consent of LESSOR.

8.4 LESSEE shall make no alterations, additions, or changes in the Leased Premises without the advance written consent of LESSOR. All alterations, additions, improvements and fixtures, which may be made or installed by LESSOR upon the Leased Premises and which in any manner are attached to the floors, walls or ceilings, at the termination of this lease shall remain the property of LESSOR, and shall remain upon and be surrendered with the Leased Premises as a part thereof, without damage or injury beyond normal wear and tear and floor covering affixed to the floor shall likewise become the property of LESSOR.

8.5 LESSEE agrees to observe reasonable precautions to prevent waste of heat, electricity, water, air conditioning, any other utility or any service, whether such is furnished by LESSOR or obtained and paid for by LESSEE.

8.6 Smoking: Pursuant to Minnesota Statute 16B.24, Subd. 9 (1993), occupants of the Leased Premises shall not smoke nor permit smoking in the Leased Premises.

9. EXPANSION SPACE

In the event LESSEE leases any additional space elsewhere in the building, the rent for said space shall be calculated at the finished office space rate per square foot per year that is in effect under this Lease Agreement at that time. LESSOR shall provide improvements to the expansion space comparable to the improvements provided to the space leased under this Lease Agreement. An amendment shall be executed setting forth the amount of such expansion space, the effective date of LESSEE's right of occupancy, and the amount of additional rent that shall be due and payable to LESSOR.

10. USABLE SPACE MEASUREMENTS

It is understood by LESSOR and LESSEE that the rent schedule is based upon the number of usable square feet of space occupied by LESSEE. Usable square feet for purposes of the Lease Agreement and calculating rent shall be computed by measuring the inside finished surface of exterior walls to the inside finished surface of building corridor and other permanent walls or to the center of walls separating the Leased Premises from other tenant space. If more than 50% of an exterior wall is glass, the dimension is taken from the glass line. Vertical shafts, elevators, stairwells, dock areas, mechanical rooms, and utility and janitor rooms are excluded. Restrooms, corridors, lobbies and receiving areas which are accessible to the general public or used in common with other tenants are also excluded. No deductions are made for columns, pilasters or other projections to the building if each is less than four (4) square feet.

11. DESTRUCTION OF PREMISES

If the Leased Premises shall be destroyed or damaged by fire, tornado, flood, civil disorder, or any cause whatsoever, so that the Leased Premises become untenable, the rent shall be abated from the time of such damage and LESSEE shall have the option of terminating this Lease Agreement immediately or allowing LESSOR such amount of time as LESSEE deems reasonable to restore the damaged Leased Premises to tenantable condition.

12. INSURANCE

12.1 Property Damage. It shall be the duty of LESSOR and LESSEE to maintain insurance or self-insurance on their own property, both real and personal. Notwithstanding anything apparently to the contrary of this Lease Agreement, LESSOR and LESSEE hereby release one another and their respective partners, officers, employees and property manager from any and all liability or responsibility to the other or anyone claiming through or under them by way of subrogation or otherwise for loss or damage covered by said insurance, even if such loss or damage shall have been caused by the fault or negligence of the other party, or anyone for whom such party may be responsible.

12.2 Liability. LESSOR and LESSEE agree that each party will be responsible for its own acts and the results thereof to the extent authorized by law and shall not be responsible for the acts of any others and the results thereof. LESSEE'S liability shall be governed by the provisions of the Minnesota Tort Claims Act, Minnesota Statutes, Section 3.736, and other applicable law.

13. BUILDING ACCESS

LESSOR shall provide for access to the Leased Premises _____,
_____ hours per day for authorized employees of LESSEE.

14. PARKING

LESSOR shall provide _____
for the use of LESSEE, its invitees, licensees and guests. It is understood by LESSOR and LESSEE that there is no additional rental charge for parking provided in this Lease Agreement.

15. TELECOMMUNICATIONS

LESSOR shall provide, at its expense, the following telecommunications requirements:

- a. establish and identify the location of the minimum point of presence (MPOP) for dial tone service provided by the telephone company;
- b. provide a telecommunications equipment room (or area) on the floor(s) of which the Leased Premises is a part, including a minimum of one (1) separately fused dedicated quad electric outlet;
- c. provide all required cable from the MPOP to the telecommunications panel on the floor of which the Leased Premises is a part for present and future requirements;
- d. provide access for wiring from the telecommunications equipment room (or area) on each floor to each workstation location on the floor;
- e. identify the access to the building grounding electrode; and
- f. remove all cable/wiring that does not meet building code.

16. NOTICES

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

LESSOR: _____

LESSEE: _____

with a copy of the occupant of the Leased Premises.

All original bills and statements from LESSOR to LESSEE shall be mailed or personally delivered to the occupant of the Leased Premises only.

17. NEW LESSOR

In the event the Leased Premised or the building of which the same is a part shall be sold, conveyed, transferred, assigned, leased or sublet, or if LESSOR shall sell, convey, transfer, or assign this Lease Agreement or rents due under this Lease Agreement, or if for any reason there shall be a change in the manner in which the rental reserved hereunder shall be paid to LESSOR, proper written notice of such change must be delivered to LESSEE as promptly as possible. LESSEE'S "Transfer of Ownership of Lease" document shall be executed by the parties in order that the State of Minnesota, Department of Finance is provided with authorization to issue payments to a new party.

18. DEFAULT BY LESSOR

If LESSOR shall default in the performance of any of the terms or provisions of this Lease Agreement, LESSEE shall promptly so notify LESSOR in writing. If LESSOR shall fail to cure such default within thirty (30) days after receipt of such notice, or if the default is of such character as to require more than thirty (30) days to cure, and LESSOR shall fail to commence to do so within thirty (30) days after receipt of such notice and thereafter diligently proceed to cure such default, than in either event, LESSEE may cure such default and any reasonable and actual expenses paid by LESSOR shall be paid by LESSOR to LESSEE within ten (10) days after statement therefore is rendered. LESSEE shall have a specific right to set-off any such amounts against any rent payments or other amounts due under this Lease Agreement. In lieu of curing said default, LESSEE shall have the specific right to set-off against any rent payments or other amounts due under this Lease Agreement any damages incurred through the LESSOR'S breach. This provision in no way limits LESSEE'S other remedies for breach under common law or this Lease Agreement.

19. AUDIT

Pursuant to Minnesota Statutes, Section 16B.06, Subdivision 4, the books, records, documents and accounting procedures and practices of LESSOR relevant to this Lease Agreement shall be subject to examination by the State and/or Legislative Auditor during normal business hours and after reasonable notice to LESSOR.

20. OTHER PROVISIONS (Attach additional pages as necessary)

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

APPROVED:

By: _____

Lessor: _____

Title: _____

Date: _____

By: _____

Lessee: _____

Title: _____

Date: _____

Expenditure Authorization Entered

By: _____

Date: _____

As to form and execution

By: _____

Title: _____

Date: _____