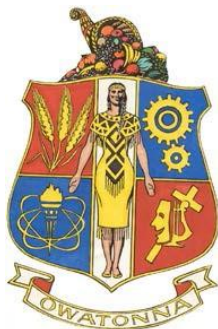


THE CITY OF



OWATONNA

Office of City Administrator
Kris M. Busse

540 West Hills Circle
Owatonna, MN 55060-4794
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Email: Kris.Busse@ci.owatonna.mn.us

TO: Mayor and Council
FROM: Kris M. Busse, City Administrator
RE: Lease Renewal – Owatonna Arts Center
DATE: January 12, 2021

Purpose:

Council approval to renew a one-year lease with the Owatonna Arts Council for the Owatonna Arts Center.

Background:

Current 3-year lease with the Owatonna Arts Center is expiring and need current lease active.

Budget Impact:

Rent will remain at \$243.00/month, they have not been open during the COVID-19 Pandemic.

Staff Recommendation:

Staff recommends approval of this lease.

*We are an Equal Opportunity Employer
The City of Friendliness and Beautiful Parks*

LEASE

THIS AGREEMENT, made this ___ day of January, 2021, by and between the City of Owatonna, a municipal corporation of the State of Minnesota, hereinafter called Lessor, and Owatonna Arts Council hereinafter called Lessee.

1. PREMISES.

That said Lessor, in consideration of the rents and covenants hereinafter provided, does hereby remise, lease, and let unto Lessee, and the said Lessee does hereby hire and take from Lessor the following described premises situated in the City of Owatonna West Hills property, located in the County of Steele, State of Minnesota, to-wit:

The entire West Wing of the City Administration Building including the 2017 new entry addition

2. TERM.

The initial term of this lease shall be for a one-year period commencing on January 1, 2021 and expiring on the 31st day of December 2021 for the following purposes: Fine arts museum, workshops, meetings, displays, performances, and related purposes.

3. RENT.

Rent payable by Lessee to Lessor shall be paid in equal Monthly installments, each in advance on or before the first day of each calendar month, commencing with the first day of the term, prorated if other than for a full month. The monthly rent amount includes cost for elevator maintenance, monthly rent amount for payment will be \$243.00.

4. ASSIGNMENT AND SUBLETTING.

Lessee agrees that it will not sublet the demised premises or any part thereof, and will not assign this lease or any interest therein, nor permit such lease to be transferred by operation of law or otherwise and that no act or acts will be done or suffered whereby the same may be or become sublet or assigned in whole or in part, unless the written consent of the Lessor endorsed hereon shall be first obtained in each and every case of underletting or assignment, as they shall from time to time accrue or be desired and that nothing whatever shall be held to be a waiver or supersede the necessity of such endorsement. Any assignment, sale in bankruptcy or insolvency of the Lessee may, at the option of the Lessor, be considered an assignment within the meaning of this lease and as a breach of the covenants hereof.

5. UTILITIES.

At such time as Lessor incurs any expense in connection with utility services, upon written notice to Lessee, Lessee will thereupon assume such obligations directly and in full.

6. IMPROVEMENTS.

Lessee has made substantial, permanent, physical improvements and will provide further improvements as deemed necessary for the best fulfillment of Arts Center purposes. Said improvements shall inure to the benefit of the leased premises and shall not be removed by the Lessee at the termination of this lease. Any and all such improvements must be submitted to the City Council for their approval prior to their accomplishment and any such improvements will be done in such a manner as to complement the premises and shall not cause liens to be filed against the premises in connection therewith. In addition thereto, Lessee shall be bound by and comply with all applicable building and zoning codes and/or ordinances of the City of Owatonna in effect at the time of entering into this lease and as amended from time to time hereafter with respect to any such improvements erected and maintained.

7. REPAIRS AND MAINTENANCE.

Lessee agrees to take the premises in their remodeled condition and shall, at its own expense during the term of this lease, repair and maintain the entire leased premises in a safe, clean, and presentable condition.

8. ERECTION AND MAINTENANCE OF SIGNS.

Lessee shall not erect or permit to be erected on said premises or on the exterior of any buildings any signs of any type without the written consent of the Lessor endorsed hereon.

9. TAXES.

So long as the property remains tax exempt, neither party will have a tax obligation. Should this tax exempt status change or be modified in any respect by reason of the parties having entered into this lease or for any other reason which would return the demised premises to the tax rolls, Lessee will be obligated to pay and hold Lessor harmless any such real estate or other tax thereby incurred.

10. DAMAGE OR DESTRUCTION OF PREMISES.

In the event of damage to or destruction of the leased premises or a portion thereof by fire, or other cause sufficient to render the leased premises unsatisfactory for Lessee's operations or otherwise untenable, either party may terminate this lease by written notice of its intention to do so to the other party within thirty (30) days of such destruction or damage. Lessor will not be obligated to replace or repair the leased structure, and if it so elects to not rebuild, shall give Lessee notice of said fact and the lease shall thereupon automatically terminate. Should Lessor determine to make repairs to damages to the premises, then during the period commencing with the damage to the premises and ending with the completion of the repairs rendered necessary thereby, the rent payable hereunder shall abate and the obligation of the Lessee ever to pay the same shall cease to the extent and in proportion to the area rendered untenable by the injury to the premises or rendered untenable by repair work.

11. AMERICANS WITH DISABILITIES ACT.

Lessee acknowledges and agrees that, while Lessor has reviewed and approved the plans and specifications for Lessee's leasehold improvements, [and may construct Lessee's leasehold improvements for Lessee], Lessor assumes no responsibility for compliance of such plans and specifications, the leased premises or Lessee's leasehold improvements with the Americans with Disabilities Act of 1990 or the regulations promulgated thereunder ("ADA"), and Lessor shall not be responsible for any alterations or additions to the leased premises or any other portions of the building of which the leased premises or any other portions of the buildings of which the leased premises are a part which may be required by the ADA.

Lessee agrees to comply with the ADA, including without limitation by removing architectural barriers within the leased premises and the common areas of the building made necessary by Lessee's use of the leased premises and by strict conformance with the ADA in the design and construction of Lessee's leasehold improvements and any subsequent alterations. Lessee shall indemnify and shall hold Lessor harmless from any damages, loss or liability, including without limitation the cost of barrier removal or alterations which may be performed by Lessor, resulting from the failure to Lessee to comply strictly with the requirements of the ADA.

12. CODE COMPLIANCE.

Lessee agrees to maintain premises in compliance with State of Minnesota Building Code and Fire Code in regards to storage of materials in rooms, hallways, and common areas.

13. INSURANCE.

Lessee shall at all times during the term of this lease and any extensions thereof, carry public liability insurance covering the leased premises, which insurance shall insure against liability for personal injury or death and property damage with minimal limits of bodily insurance of \$1,000,000 per occurrence, \$2,000,000 aggregate and liquor liability with limits not less than \$300,000 occurrence/aggregate. All such insurance policies shall be with a company and in a form acceptable to the Lessor and Lessee agrees to provide and keep filed on record with the City of Owatonna a certificate of insurance certifying to the existence of such policies.

14. RESERVATION OF ROOM FOR ELECTIONS.

Lessee agrees that for the conduct of elections which are or might be scheduled during the term of this lease, the City may have the right to use the Performing Arts Room as a polling place and a storage room in or near the said Performing Arts Room to store voting equipment. This reservation shall include the use of the room as a polling place on the day of elections and for the number of days preceding and following the election day which might be necessary for voting preparation, instruction, and training of judges, and canvass of machines agreeable to the demands of the laws of Minnesota and the rules of the Minnesota Secretary of State.

15. PEACEFUL SURRENDER.

Lessee covenants and agrees to keep and maintain the premises and its fixtures during the term of the lease and peaceably quit and deliver up the same to Lessor at the termination of this lease in as good order, condition, and state of repair as the same are at the date hereof,

reasonable use and wearing thereof excepted. At its option and expense, Lessee may remove from the premises at termination the non-attached personal property as it may have installed, excluding specifically heating and air conditioning equipment.

16. LESSOR'S REMEDIES.

If the monthly rental payment, or any of them, whether demanded or not, are not paid within twenty (20) days after becoming due, or in the event Lessee files any petition in bankruptcy or insolvency or is adjudicated bankrupt or insolvent, or if any term, condition, or covenant of this lease on the part of Lessee to be by it performed shall be violated or neglected and such violation or neglect is not cured within twenty (20) days after written notice from Lessor, then in either of such cases, Lessee does hereby authorize and empower Lessor to cancel and annul this lease at once and to reenter and take possession of the premises immediately without any previous notice of intention to reenter, and to remove all persons and their property therefrom without such reentry working a forfeiture of the rents to be paid by Lessee.

17. NOTICES.

Whenever under this lease any demand, notice, or declaration of any kind is required or desirable, it shall be in writing, served or sent by mail with postage prepaid; if to Lessor, addressed to them at City Hall, 540 West Hills Circle, Owatonna, Minnesota 55060; and if to Lessee, addressed at 435 Garden View Lane, Owatonna, Minnesota 55060. Party either may, by like notice at any time and from time to time, designate a different address to which notices shall be sent. Such notices, demands, or declarations shall be deemed sufficiently served or given for all purposes hereunder when served or two (2) days after mailing as aforesaid.

18. JOINT OR MUTUAL WAIVER OF SUBROGATION.

It is hereby understood and agreed by and between the undersigned parties that they do jointly and separately waive any and all right of recovery against the other for insured loss occurring at the property described herein.

IN WITNESS WHEREOF, the parties have executed this agreement the day and year first above written.

LESSOR: CITY OF OWATONNA

LESSEE: OWATONNA ARTS COUNCIL

By: _____
Thomas A. Kuntz, Mayor

By: _____

ATTEST: _____
Kris M. Busse, City Administrator
