

LEASE AGREEMENT

THIS LEASE AGREEMENT, entered into on the 5 day of February, 2020, by and between Huron School District No. 2-2, Huron, South Dakota, hereinafter referred to as "Lessor", and North East South Dakota Head Start, Huron, South Dakota, hereinafter referred to as "Lessee",

RECITALS

- A. Lessor is the sole owner of the premises described below, and desires to lease the same;
- B. Lessee is in the business of educating preschool children and desires to lease space from Lessor;
- C. The parties desire to enter into a Lease Agreement defining their respective rights, duties, and liabilities relating to the premises;

NOW, THEREFORE, in consideration of the mutual covenants and promises contained herein, the parties agree as follows:

I. DESCRIPTION OF PREMISES

- A. Lessor leases to Lessee the building known as McKinley School, located on the corner of 7th Street NW and Dakota Avenue N, Huron, Beadle County, South Dakota, which is located upon the following described real property owned by Lessor:

All of OutLot A, less McKinley School Lots 1 and 2, McKinley School Park Addition to the City of Huron, Beadle County, South Dakota.

- B. The demised premises shall be used for the purpose of providing educational opportunities to preschool children and no other purposes.

II. TERM OF LEASE

- A. This Lease Agreement shall commence July 1, 2020 and terminate June 30, 2021; unless terminated sooner as provided herein.
- B. Lessee shall surrender the premises to Lessor immediately upon termination of the lease.

III.

RENTAL

- A. Lessee shall pay as rent for the term of the Lease Agreement a minimum of \$1,250 per month, for a total of \$15,000 per year. However, Lessee's actual rental payment may exceed said amount since Lessee shall always be responsible for the cost of utilities to operate said demised premises. Based upon Lessor's previous use of said demised premises, the estimated cost of said utilities is approximately \$15,000 per year, or \$1,250 per month. However, Lessee shall always pay the actual amount of said utilities which shall include, but not necessarily be limited to, electricity, gas, water/sewage, one phone line that is used to monitor the fire alarm and boiler, and the cost of Lessor's Honeywell Agreement. That Agreement is for monitoring the fire alarm and the boiler system and provides coverage for boiler and temperature control equipment. However, even if the cost of utilities does not exceed \$1,250 per month or \$15,000 per year, Lessee shall always pay a minimum of that amount. Said rent shall be paid on the 10th day of each month for the preceding month's rental and payment shall be made to Lessor at Lessor's business address located in Huron, South Dakota.
- B. On Lessee's failure to pay the rental on a timely basis, the Lessor shall have the right to terminate this Lease Agreement and the Lease Agreement shall then be forfeited.

IV. INSURANCE

The Lessee shall, throughout the term of this lease, at its own cost and expense, procure and maintain public liability insurance with respect to Lessee's use and occupancy of the premises, with limits of at least one million dollars for bodily injury and twenty thousand dollars for property damage.

V. ABANDONING PREMISES

Lessee shall not vacate or abandon the demised premises at any time during the term of this Lease Agreement. If Lessee does vacate or abandon the demised premises or is dispossessed by process of law, any personal property belonging to Lessee and left on the demised premises shall be deemed abandoned at the option of Lessor and shall become the property of Lessor.

VI. ALTERATIONS AND MODIFICATION; REPAIRS

- A. Lessee has inspected the demised premises, and they are now in a tenantable and good condition.

- B. Lessee shall take good care of the demised premises and shall not alter, repair, or change the demised premises without the prior, express, and written consent of Lessor.
- C. All alterations, improvements, and changes that Lessee may desire shall be done either by or under the direction of Lessor, but at the expense of Lessee and shall become the property of Lessor and remain on the demised premises, except that at the option of Lessor, Lessee shall, at its expense, remove from the demised premises all partitions, counters, railings, and similarly installed improvements when surrendering the demised premises.
- D. All damage or injury done to the demised premises by Lessee or any person who may be in or on the demised premises with the consent of Lessee shall be paid for by Lessee.
- E. Lessee shall, at the termination of this Lease Agreement, surrender the demised premises to Lessor in as good condition and repair as reasonable and proper use of the premises will permit.
- F. Lessee shall be responsible for making all routine repairs and for performing routine maintenance. Lessee shall permit Lessor and Lessor's agents to enter the demised premises at all reasonable times to inspect them.

**VII.
LIABILITY OF LESSOR**

- A. Lessee waives all claims against Lessor for damages to goods or for injuries to persons on or about the demised premises from any cause arising at any time.
- B. Lessee will indemnify Lessor on account of any damage or injury to any person, or to the goods of any person, arising from the use of the demised premises by Lessee, or arising from the failure of Lessee to keep the demised premises in good condition as provided in this Lease Agreement.
- C. Lessee agrees to pay for all damage to the building, as well as all damage or injury suffered by tenants or occupant of the building caused by the misuse or neglect of the demised premises by Lessee.

**VIII.
DESTRUCTION OF PREMISES**

- A. In the event of a partial destruction of the demised premises during the term this Lease Agreement from any cause, Lessor shall promptly repair the demised premises, provided the repairs can be made within 60 days under the laws and

regulations of applicable governmental authorities. If repairs cannot be made within 60 days, Lessor may terminate the lease at Lessor's option.

- B. A total destruction of the building in which the demised premises are situated shall terminate this Lease Agreement.

**IX.
ASSIGNMENT AND SUBLEASE**

- A. Lessee shall not assign any rights or duties under this Lease Agreement nor sublet the demised premises or any part of the demised premises, nor allow any other person to occupy or use the demised premises without the prior, express, and written consent of Lessor. A consent to one assignment, sublease, or occupation or use by any other person shall not be a consent to any subsequent assignment, sublease, or occupation or use by another person. Any assignment or subletting without consent shall be void.
- B. This Lease Agreement shall not be assignable, as to the interest of Lessee, by operation of law, without the written consent of Lessor.

**X.
BREACH OR DEFAULT**

Lessee shall have breached this Lease Agreement and shall be considered in default under this Lease Agreement if: (1) Lessee fails to pay any rent when due and does not make the delinquent payment within 10 days after receipt of notice from Lessor; or (2) Lessee fails to perform or comply with any of the covenants or conditions of this Lease Agreement and such failure continues for a period of 10 days after receipt of notice from Lessor.

**XI.
TERMINATION**

Lessee shall have the privilege of terminating this agreement upon 90 days written notice to Lessor should Lessee's federal funding be terminated. Lessor shall be permitted to terminate this Lease Agreement upon 90 days written notice to Lessee, with cause.

**XII.
GOVERNING LAW**

It is agreed that this Lease Agreement shall be governed by, construed, and enforced in accordance with the laws of the State of South Dakota.

**XIII.
ENTIRE AGREEMENT**

This Lease Agreement shall constitute the entire agreement between the parties. Any prior understanding or representation of any kind preceding the date of this Lease Agreement shall not be binding upon either party except to the extent incorporated in this Lease Agreement.

**XIV.
MODIFICATION OF AGREEMENT**

Any modification of this Lease Agreement or additional obligation assumed by either party in connection with this agreement shall be binding only if evidenced in a writing signed by each party or an authorized representative of each party.

IN WITNESS WHEREOF, the parties have hereunto set their hands and seals the date and year first above written.

HURON SCHOOL DISTRICT NO. 2-2

BY: _____

ITS: Board President

**NORTH EAST SOUTH DAKOTA
HEADSTART**

BY: Jul Schulte

ITS: Executive Director