

COMMERCIAL LEASE AGREEMENT

This Commercial Lease Agreement (“Lease”) is made this ___ day of _____, 2012, between **720, L.L.C.**, a limited liability company under the laws of the State of Kansas (“Landlord”), and The City of Lawrence a Municipal Corporation. (“Tenant”).

1. **Premises and Term.** Landlord leases to Tenant, and Tenant Leases from Landlord, a portion of a building at 720 East 9th in the City of Lawrence, Douglas County, Kansas, described as follows: the portion of 720 East 9th #2 consisting of approximately 4,500 square feet (the “Premises” or “Leased Premises”). The Premises are leased for a term of Eighteen (18) Months, beginning January 2, 2013, and ending on June 1, 2014.

After the initial term of the lease set forth above Tenant shall have the option of renewing the lease monthly for a period not to exceed six months by giving Landlord written notice of tenant’s intent to renew 30 days before the end of the lease and any 30 day extensions that Tenant has exercised under the lease.

2. (a) **Rent.** Tenant shall pay to Landlord rent in the total amount of Thirty Thousand six hundred twenty five dollars (\$30,375.00), in equal monthly installments of One Thousand Six Hundred and Eighty Seven Dollars (\$1,687.50). These amounts shall be paid as rent on the fifteenth day of each month at 808 Massachusetts Street, P.O. Box B, Lawrence, KS. Tenant’s obligation to pay the monthly installments shall commence on January 15, 2013, and thereafter shall continue to be paid on or before the first (15th) day of each succeeding month of this Lease.

(b) **Deposit.** No deposit shall be required for this lease.

3. **Possession and Condition of Premises.** Landlord shall give possession of the subject premises in its present condition on January 2, 2013.

Landlord shall provide Tenant with a shell structure with all joints, seams, and penetrations of the building envelope and perimeter openings, such as doors and windows, being weather resistant and water tight . Tenant shall be responsible for Tenant improvements which the Landlord has not agreed to provide at Tenant’s sole cost. Landlord shall have the right to approve all plans for Tenant finish. Landlord shall have the right to approve the general contractor for the remodeling and to receive reasonable assurances that no mechanics liens are filed on the property and that the work is completed in a workmanlike manner.

4. **Insurance.** Landlord shall maintain fire, casualty, public, extended coverage and general liability insurance. The Landlord will obtain such insurance at reasonable rates. Tenant shall comply with all insurance regulations so that the reasonable rates for fire, lightning, explosion, extended coverage, and liability insurance may be obtained and maintained by Landlord. Nothing shall be done or kept in or on the Premises by Tenant which will cause an increase in the premium, or cancellation of such insurance, or cause an exclusion of coverage from insurance on the Premises or on any contents located in such building, over the rate usually obtained for the proper use of the Premises permitted by this Lease.

5. **Indemnity and Public Liability.** Tenant agrees to indemnify, defend, and hold Landlord harmless from any injury, expense, damages, or claims, including reasonable attorney fees, whether due to damage to the Leased Premises, or of any other person rightfully in or about the Leased Premises, and from any administrative or criminal action by a governmental authority, where such injury, expense, damages, claims, or action are the result of (a) the negligence or misconduct of Tenant, its agents, servants, employees, or invitees or (b) Tenant's violation of any provision of this Lease or violation of any governmental regulation of any kind.

Landlord agrees to indemnify, defend, and hold Tenant harmless from any injury, expense, damages, or claims, including reasonable attorney fees, whether due to damage to the Leased Premises, or of any other person rightfully in or about the Leased Premises, and from any administrative or criminal action by a governmental authority, where such injury, expense, damages, claims, or actions are the result of (a) the negligence or misconduct of Landlord, its agents, servants, or employees, or invitees or (b) Landlord's violation of any provision of this Lease or violation of any governmental regulation of any kind.

6. **Waiver of Subrogation.** As part of the consideration for this Lease, each of the parties hereto does hereby release the other party hereto from all liability for damage due to any act or omission of the other party (except as hereinafter provided) occasioned to property owned by said parties which is or might be incident to or the result of a fire or any other casualty against loss for which either of the parties is now carrying or hereafter may carry insurance adequate to cover such loss; provided, however, that the releases herein contained shall not apply to any loss or damage occasioned by the willful, wanton, or premeditated acts of either of the parties hereto, and the parties hereto further covenant that any insurance that they obtain on their respective properties shall contain an appropriate provision whereby the insurance company, or companies, consent to the mutual release of liability contained in this paragraph.

7. **Signs and Address.** All signs, billboards, and advertisements shall comply with the existing requirements of the City of Lawrence and its ordinances relating thereto, and shall be at Tenant's expense. Tenant shall be allowed a proportional amount space and/or area for signage available on/or around the building in which the Premises are located. Landlord shall use

its best efforts to have the other tenants consent to giving up part of their proportional space for a sign should tenant need more space than provided for in this agreement. Landlord shall have the right to approve any signage. The signage must comply with the City of Lawrence's ordinances.

8. **Maintenance and Repair by Tenant.** Tenant shall take good care of the Premises. At the expiration of the term, Tenant shall surrender the Premises broom clean, and in as good of a condition as when Tenant takes possession, reasonable wear and tear excepted. Landlord shall provide reasonable snow and ice removal/treatment from the parking lot and walk ways.

9. **Maintenance and Repair by Landlord.** Landlord shall keep in good order and repair, the roof, windows, exterior, foundation, structural parts, and maintenance of and janitorial/cleaning services of common areas of the building. Tenant shall notify the Landlord within a reasonable time of any need for repair or maintenance required of Landlord. Tenant shall be liable for any costs of repair or replacement that are the direct result of Tenant not giving reasonable notice of the need for such repair or maintenance. Landlord shall have no obligation and shall not be liable for any failure to make any such repairs until and unless Tenant notifies Landlord, in writing, of the necessity for such repairs, in which event Landlord shall have a reasonable time following such notice to make such repairs.

10. **Real Estate Taxes.** Real Estate Taxes. Landlord shall be responsible for **for all** real property taxes, general assessments, and any special assessments ("Real Estate Taxes") which may be levied or assessed against the Premises by any lawful authority.

11. **Landlord's Right of Entry.** Landlord or Landlord's agent may enter the Premises during reasonable working hours with at least 24 hours prior notice to Tenant, except in case of emergency, to examine them and to do anything Landlord may be required to do under this Lease; and, during the last Three (3) months of this Lease, Landlord may show the Premises to potential tenants (upon at least 24 hours notice). Keys to all entry door locks installed by Tenant shall be promptly provided to Landlord at the commencement of the Lease and as thereafter acquired.

Landlord shall provide the right to access the space through a loading dock located at the south of the building for a period not to exceed three days to move into the building through the loading dock and one three day period to move out of the building. Tenant shall work with Landlord to make sure the Tenant located at 720 # 1 use of the property is not

unreasonably interfered with during this time. Tenant shall be responsible for any damage that occurs during such move caused by Tenant's employees or contractors.

12. **Damage by Casualty.** Damage by Casualty. If the Premises or the Building shall be destroyed or shall be so damaged by fire or other casualty as to become untenable then Landlord within 7 days of the damage shall determine whether the premises can be made tenantable within one hundred and eighty (180) days. If Landlord is able to restore the building within one hundred and eighty (180) days, the Lease shall continue in full force and effect and Landlord shall repair the Leased Premises with due diligence, placing Tenant in as good a condition as it was at the time of the Damage by Casualty, and for that purpose may enter the Premises and rent shall abate in proportion to the extent and duration of untenability.

If Landlord cannot restore the premises within one hundred and eighty (180) days, or Landlord is unable, within reason, to place Tenant in as good a condition as it was at the time of the Damage by Casualty, then, at the option of Tenant or Landlord, the term of this Lease shall cease, and this Lease shall become null and void from the date of such damage or destruction and Tenant shall immediately surrender the Premises and all interest in the Premises to Landlord, and Tenant shall pay rent only to the time of surrender. Tenant or Landlord must exercise such option to so terminate this Lease by notice in writing delivered to the other party within (5) five days after notice is given by the Landlord that the property cannot be restored in one hundred and eighty (180) days. If Tenant or Landlord does not elect to terminate this Lease, this Lease shall continue in full force and effect and Landlord shall repair the Leased Premises with due diligence, placing them in as good a condition as they were at the time of the damage or destruction, and for that purpose may enter the Premises and rent shall abate in proportion to the extent and duration of untenability.

Should the Landlord notify Tenant that the premises can or cannot be restored in (180) days but Tenant does not believe the premises can or cannot be restored in the one hundred and eighty (180) day time period, or Landlord and Tenant disagree about whether Landlord can place Tenant in as good a condition as it was at the time of the Damage by Casualty, then Tenant or Landlord shall have the right to apply to the District Court of Douglas County Kansas for a hearing in front of a District Court Judge to decide whether the Landlord can reasonably restore possession in one hundred and eighty (180) days. Tenant and Landlord agree that the hearing in District Court should be an expedited hearing to the Court. Landlord and Tenant shall cooperate to have the hearing in an expedited fashion. The District Court shall have the right to determine whether the Landlord can reasonably restore possession to the Tenant within the one hundred and eighty (180) day time period and/or whether Landlord can place Tenant in as good a condition as it was at the time of the Damage by Casualty.

13. **Personal Property.** Landlord shall not be liable for any loss or damage to any merchandise or personal property in or about the Premises, regardless of the cause of such loss or damage except in the case of Landlord's negligence or during the move in by a new tenant as set forth in the paragraph under Landlord's right to enter.

14. **Alterations and Mechanic's Liens.** Tenant shall not make any substantive alterations or additions in or to the Premises without the prior written consent of Landlord, which shall not be unreasonably withheld. If Landlord provides such written consent, Tenant shall (1) make all alterations and additions in such manner that the Premises fully comply with the ADA accessibility guidelines for buildings and facilities, and (2) not permit any liens to stand against the Premises for any labor or materials furnished to Tenant in connection with any work performed thereon, pursuant to any addition, alteration, or modification to the Premises. Landlord and Tenant agree to comply with all applicable governmental rules and regulations and agrees to obtain all necessary building permits and governmental permits prior to beginning any construction.

15. **Utilities and Service.** Tenant shall pay for all electricity, gas, fuel, water, janitorial services and any services or utilities used in or assessed against the Premises.

16. **Public Requirements.** Tenant and Landlord shall comply with all laws, orders, ordinances, and other public requirements affecting the Premises or their use.

17. **Fixtures.** All repairs, alterations, additions, improvements, installations, equipment and fixtures, that cannot be removed without damage, or that cannot be removed without damage repairable by the Tenant, by whomever installed or erected shall belong to Landlord and remain on and be surrendered with the Premises at the expiration of this lease or the conclusion of any extension or renewal of this Lease (Except that Tenant shall have the right to notify Landlord in writing that it intends to install business trade fixtures in the building. Such notice shall include a reasonable description of the business trade fixture or fixtures to be installed. Any business trade fixture installed by Tenant after such written notice to the Landlord that can be removed without damage to the Premises or Building shall remain the property of the Tenant.). Tenant shall have the right to notify Landlord in writing that it intends to install business trade fixtures in the building. Such notice shall include a reasonable description of the business trade fixture or fixtures to be installed. Any such business trade fixtures installed by Tenant after such written notice to the Landlord that can be removed without damage to the Premises or Building shall remain the property of the Tenant.

18. **Eminent Domain.** If the Premises or any substantial part of the Premises shall be taken under the power of eminent domain or be acquired for any public or quasi public use or purpose, the term of this Lease, and all obligations hereunder, shall cease and terminate upon the date when possession of the Premises or the part taken shall be required for such use or purpose and without the apportionment of the award, and Tenant shall not be entitled to receive a portion of any award (or to claim separately) for the value of any unexpired term of this Lease and the value of all fixtures and leasehold improvements installed or paid for by Tenant. If any condemnation proceeding shall attempt to take or damage any part of the Building or the land under it or if the grade of any street or alley adjacent to the building is changed through

governmental proceedings, and such change of grade makes it necessary or desirable to remodel the building to conform to the change of grade, Landlord and Tenant may agree to cancel or modify this Lease.

19. **Default.** If default is made in the payment of any installment of rent on the due date thereof, or in any timely payment required under this lease or if Tenant shall default in the performance of any other agreement and such default continues for ten (10) days after written notice thereof, or if the premises shall be vacated or abandoned, then in any such event at the option of Landlord, Landlord may reenter the Premises and take possession thereof.

Notwithstanding re-entry by Landlord, Tenant shall remain liable for a sum equal to the entire rent set forth in this Lease. Landlord, as agent for Tenant without notice, may relet the Premises or any part of the Premises for the remainder of the term or for any longer or shorter period as opportunity may offer, and at such rental as may be obtained, and Tenant agrees to pay the difference between a sum equal to the amount of rent payable during the residue of the term and the rent received by Landlord during the term after deducting expenses for repairs, recovering possession, and reletting the same. Landlord will use reasonable efforts in marketing and advertising the Premises for relet and make a good faith effort to relet the Premises at a fair market rental value.

If any voluntary or involuntary petition or similar pleading is filed in any court seeking to declare Tenant bankrupt, insolvent or unable to pay its debts or seeking a plan of reorganization or arrangement under Chapter X or XI of the Bankruptcy Act, and such petition or pleading is not withdrawn or denied within sixty days of its filing, then and in any such event Landlord may, if Landlord so elects but not otherwise, and with or without notice of such election, and with or without entry or other action by Landlord, immediately terminate this Lease. Landlord shall immediately upon such termination be entitled to recover damages in an amount equal to the then present value of the Rent for the remainder of the Term, plus any other sums owed by Tenant to Landlord, less the then present value of the fair rental value of the Premises for the remainder of the Term.

In any event, in the event of any breach of this Lease by Tenant, before Landlord may take any action, Landlord shall give Tenant at least ten (10) days prior written notice and an opportunity to cure any monetary default, and at least thirty (30) days prior written notice and opportunity to cure any non-monetary default, provided, however, in the event Tenant is not reasonably able to cure a non-monetary breach within thirty (30) days, there shall be no default as long as Tenant promptly commences the cure of the breach within the initial thirty (30) days, and acts diligently to complete the cure of the breach reasonably promptly.

20. **Holding Over.** If Tenant remains in possession of the Premises or any part of the

Premises after the expiration of the term, without the express written consent of the Landlord, then Tenant shall be liable for the actual damages that the Landlord shall incur, including but not limited to, rent, lost rent, and attorney fees as a result of the Tenant's holding over. Nothing in this paragraph shall be construed as a waiver by the Landlord of its right to apply to the district court for a writ of assistance to remove the Tenant from the building.

21. **Notices.** Any notice given under this Lease shall be sufficient if sent by registered or certified mail, addressed to Tenant at the Premises and/or to such other addresses as Tenant may provide to Landlord, or addressed to Landlord where rent is payable as set forth in Section 2 above.

22. **Assignment and Subletting.** Tenant shall not assign or transfer this Lease or sublet the Premises without the Landlord's consent, which shall not be unreasonably withheld or delayed. Tenant may assign or transfer this Lease and/or sublet the Premises to any affiliate or subsidiary of Tenant, or to any entity under common control of Tenant, without Landlord's consent.

23. **Successors.** The provisions, covenants, and conditions of this Lease shall bind and inure to the benefit of the legal representatives, heirs, successors and assigns of each of Landlord and Tenant, except that no unauthorized assignment or subletting by Tenant without the written consent of Landlord, shall vest any right in the assignee or subtenant of Tenant.

24. **Quiet Possession.** If Tenant fully complies with all of the terms, covenants and conditions of this Lease, Tenant shall peaceably and quietly have, hold and enjoy the Premises for the term of this Lease. Landlord covenants and represents that Landlord has full right, title, power and authority to make, execute, and deliver this Lease.

25. **Twenty-four Hour Access.** The Tenant's employees, agents, customers, clients, and business invitees shall at all times during which the Tenant is open for business have the free and uninterrupted right of access to the Premises by means of all doorways, passageways, corridors, stairways, elevators and entrances to the building which afford access to the Premises. Tenant shall have access to the Premises twenty-four (24) hours per day seven (7) days per week.

26. **Bankruptcy.** Neither this Lease nor any interest in the Premises nor any estate created by this Lease shall pass to any trustee or receiver in bankruptcy or to any other receiver or assignee for the benefit of creditors or otherwise by operation of law during the term or any extension of this Lease.

27. **Entire Agreement.** This Lease contains the entire agreement between the parties, there are no verbal representations, understanding, stipulations, or agreements pertaining hereto not incorporated in writing herein except for Agreement with Landlord and other tenants of the building regarding chases. No modification of this Lease shall be binding upon the parties unless evidenced by an agreement in writing signed by Landlord and Tenant after the date hereof.

28. **Subordination.** Landlord shall have the right to transfer, mortgage, or otherwise encumber the building in which the Premises are located together with this Lease, and all rights now or hereafter existing and all rents and amounts payable to it hereunder; provided such mortgage holder agrees to recognize Tenant and to grant a non-disturbance agreement in form reasonably acceptable to Tenant, Tenant agrees to subordinate this Lease to all such instruments executed and to be executed in connection with placing of any mortgage or security agreement on Landlord's interest in the Premises.

29. **Use of Premises.** It is understood and agreed by Landlord and Tenant that this Lease contemplates Tenant using the space to store books on said Premises. Tenant's use of the Premises shall be in a lawful manner, for the foregoing purposes.

30. **Landlord's Duty to Perform.** Landlord shall have a duty of acting with due diligence when undertaking to perform any obligation. Whenever Landlord's consent or approval is provided for in this Lease, such consent or approval shall not be unreasonably withheld, delayed or conditioned.

Landlord. 720, L.L.C.

Tenant. City of Lawrence

By: _____

By: _____

Michael E. Riling, Member

Dave Corliss

Date: _____

Date: _____

