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LEASE AGREEMENT

THIS AGREEMENT ("Lease") is made and entered into as of the 1st day of August, 2006 by and between the City of Loves Park, Illinois, an Illinois Municipal Corporation, hereinafter referred to as "Lessor," and the County of Winnebago, an Illinois body politic, hereinafter referred to as "Lessee."

RECITALS

- A. Lessor is the owner of the building commonly known as the Joseph F. Sinkiawic Municipal Building and the Civic Center located at 100 Heart Blvd., Loves Park, Illinois.
- B. The parties desire to provide a full statement of their agreements for the term of this Lease.

NOW, THEREFORE, in consideration of the mutual covenants and agreements herein contained, and in reliance upon the recitals set forth above, which are incorporated herein by reference, it is hereby agreed between the parties hereto as follows:

1. LEASED PREMISES

Lessor hereby leases to Lessee and Lessee leases for the term, at the rental, and upon all the conditions set forth herein, plus or minus 9,970 square feet of the interior space ("Leased Premises") in the southeast wing of the existing building commonly known as the Joseph F. Sinkiawic Municipal Building and Civic Center located at 100 Heart Boulevard, Loves Park, Illinois, ("Building"), which Leased Premises are currently occupied by Lessee.

2. TERM

2.1 INITIAL TERM

The initial term of this Lease ("Initial Term") shall be for 5 years and shall commence on August 1, 2006.

2.2 RENEWAL TERM

Lessee is given the option to extend the term of the Lease for successive five (5) year periods ("Renewal Term"). The option shall be exercised, if at all, by the Lessee giving Lessor written notice to that effect ninety (90) days prior to the expiration of the Initial Term of the Lease and any subsequent Renewal Term.

2.3 EARLY TERMINATION

Except as otherwise provided in this Lease, either party shall have the right during the Initial term or any subsequent Renewal Term to terminate this Lease for any reason upon providing the other party one-hundred eighty days (180) days written notice prior to the date of termination.

3. RENT

During the initial Term of this Lease, Lessee shall pay to Lessor as rent for the Leased Premises equal monthly installments of Three Thousand Dollars (\$3000.00) cash, in advance, on the first day of each month. Within ninety (90) days of the termination of the Initial Term and each successor term, if any, Lessor and Lessee shall negotiate in good faith increases to the rent to be paid by Lessee during each successive renewal term. If the parties are unable to reach an agreement regarding the rent prior to the termination of the initial or any successor term, the Lessee may choose not to exercise its option to renew the Lease.

4. USE

4.1 USE OF LEASED PREMISES

The Lease Premises shall be used and occupied for an office and as a training center for the Regional Office of Education. Lessor acknowledges that Lessee's hours of operation may be other than the normal day time hours of operation of an office type use, and Lessor shall not adopt regulations or rules which prohibit Lessee from operating the Leased Premises at such hours as are commensurate with such a facility.

4.2 COMPLIANCE WITH LAW

Lessee shall, at Lessee's expense, promptly comply with all applicable statutes, ordinances, rules, regulations, orders, and requirements in effect during the term or any part of the term hereof regulating the use by Lessee of the Leased Premises. Lessee shall not use or permit the use of the Leased Premises in any manner that will tend to create waste or a nuisance.

4.3 SIGNAGE

Lessee, subject to Lessor's approval in writing, which approval shall not be unreasonable withheld, may erect signage at its expense which signage shall be compatible with the design of the building.

5. MAINTENANCE REPAIRS AND ALTERATIONS

5.1 LESSOR'S OBLIGATIONS

Subject to the provisions of Article 7 and except for damage caused by any negligent or intentional act or omissions of Lessee, Lessee's agents, employees, or invitees, Lessor shall keep in good order, condition and repair at Lessor's expense, the entire building, including the Leased Premises, which shall include but not be limited to the foundations, exterior walls, the roof, exterior doors and windows of the building; all sidewalks, landscaping, driveways, parking areas, and signs situated outside of the building; and all plumbing, heating, air conditioning, ventilation, electrical and lighting facilities and equipment; arrange for regular trash and refuse removal from an outside receptacle; appropriately secure the Leased Premises such that during non-business hours access cannot be obtained from other areas of the Building to the Leased Premises and keep in good order, condition and repair fixtures, interior walls and external surfaces of exterior walls, ceilings, interior windows, and doors, and interior glass located within the Leased Premises. Lessee shall not be obligated to pay for any item of repair or maintenance to the extent Lessor receives insurance proceeds therefore, or recovers the cost of repairs under warranty claims.

5.2 LESSEE'S OBLIGATIONS

Subject to the provisions of Article 7 and Paragraph 5.1, Lessee shall be responsible for hiring and supervising the cleaning service hired for the Leased Premises. Said cleaning service shall clean all areas of the Leased Premises at Lessee's expense.

5.3 ALTERATIONS AND ADDITIONS

The Lessee shall not, without Lessor's prior written consent make any alterations, improvements, additions, or utility installations in, on or about the Leased Premises, except for non-structural alterations not exceeding Two Thousand (\$2,0000.00) in cost.

6. INSURANCE AND INDEMNITY

6.1 LIABILITY INSURANCE

Lessee shall, at Lessee's expense, during the term of this Lease, maintain an insurance policy or policies providing coverage for Lessor and Lessee against any liability arising out of the use, occupancy or maintenance of the Leased Premises. Such insurance shall be adequate to provide coverage in an amount of not less than Five Hundred Thousand Dollars (\$500,000.00) for any one person injured or One Million Dollars (\$1,000,000.00) for any one accident or occurrence. Such insurance shall further protect Lessor and Lessee against liability for property damage of at least Three Hundred Fifty Thousand Dollars. (\$350,000.00).

6.2 PROPERTY INSURANCE

Lessor shall obtain and keep in force during the term of this Lease a policy or policies of insurance covering loss or damage to the Building, in the amount of the full replacement value thereof, providing protection against all perils included within the classification of fire, extended coverage, vandalism, malicious mischief and special extended perils (all risk). Lessor shall not, however, be responsible for insuring against loss or damage to Lessee's fixtures, equipment, or property situated upon or within the Leased Premises.

6.3 CONTENT INSURANCE

Lessee shall obtain and keep in force during the term of this Lease a policy or policies of insurance covering loss or damage to the fixtures, inventory or other contents of Lessee's situated in the Leased Premises.

6.4 INDEMNITY

Each party shall indemnify and save each other harmless from and against any and all claims, actions, damages, liability and expense in connection with loss of fire, personal injury and/or damage to property arising from or out of any occurrence in, upon or at the Leased Premises, occasioned wholly or in part by any act or omission of the other party, its agents, contractors, employees, servants, or invitees. In case a party shall, without fault on its part, be made a party to any litigation commenced by or against the other party, then the other party shall protect and hold the party without fault harmless and shall pay all costs, expenses and reasonable attorneys' fees incurred or paid in connection with such litigation.

7. DAMAGE OR DESTRUCTION

7.1 PARTIAL DAMAGE-INSURED

Subject to the provisions of Paragraphs 7.3 and 7.4, if the Leased Premises are damaged and such damage was caused by a casualty covered under an insurance policy required to be maintained pursuant to Paragraph 6.2, Lessor shall at Lessor's expense and from the proceeds of the insurance repair such damage as soon as reasonable possible, and this Lease shall continue in full force and effect.

7.2 PARTIAL DAMAGE-UNINSURED

Subject to the provisions of Paragraphs 7.3 and 7.4, if at any time during the term hereof the Leased Premises are damaged, except by a negligent or willful act of Lessee, and such damage was caused by a casualty not covered under an insurance policy required to be maintained pursuant to Paragraph 6.2, Lessor may at Lessor's option either (i) repair such damage as soon as reasonably possible at Lessor's expense in which event this Lease shall continue in full force and effect, or (ii) give written notice to Lessee within thirty (30) days after the date of the occurrence of such damage of Lessor's intention to cancel and terminate this Lease at or of the date of the occurrence of such damage. In the event Lessor elects to give such notice of Lessor's intention to cancel and terminate this Lease, Lessee shall have the right within ten (10) days after the receipt of such notice to give written notice to Lessor of Lessee's intention to repair such damage at Lessee's expense, without reimbursement from Lessor, in which event the Lessee shall proceed to make such repairs as soon as reasonable possible. If Lessee does not give such notice within such ten (10) day period, this Lease shall be cancelled and terminated as of the date of the occurrence of such damage.

7.3 TOTAL DESTRUCTION

If at any time during the time hereof the Leased Premises are totally destroyed for any cause whether or not covered by the insurance required to be maintained pursuant to Paragraph 6.2 (including any total destruction required by any authorized public authority), this Lease shall automatically terminate as of the date of such total destruction, and Lessee shall have no right in the proceeds of any insurance policy maintained by Lessor.

7.4 DAMAGE NEAR END OF TERM

If the Leased Premises are partially destroyed or damaged during the last six (6) months of the term of this Lease, or during the last six (6) months of any Renewal Term, Lessor may at Lessor's option cancel and terminate this Lease as of the date of occurrence of such damage by giving written notice to Lessee of Lessor's election not to do so within (30) days after the date of occurrence of such damage.

7.5 ABATEMENT OF RENT: LESSEE'S REMEDIES

- (a) If the Leased Premises are partially destroyed or damaged and Lessor or Lessee repairs or restores them pursuant to the provisions of this Article, the rent payable hereunder for the period during which such damage, repair or restoration continues shall be abated. If the Leased Premises cannot be repaired within ninety (90) days following the damage or destruction, it will be deemed to be partially destroyed or damaged pursuant to the provisions of this Paragraph.
- (b) If Lessor shall be obligated to repair or restore the Leased Premises under the provisions of this Article 7 and shall not commence such repair or restoration within thirty (30) days after such obligation shall accrue, Lessee may at Lessee's option cancel and terminate this Lease by giving Lessor written notice of Lessee's election to do so at any time prior to the commencement of such repair or restoration. In such event, this Lease shall terminate as of the date of such notice. Any abatement in rent shall be computed as provided in Paragraph 7.5(a).

7.6 TERMINATION - ADVANCE PAYMENTS

Upon termination of this Lease pursuant to this Paragraph 7, an equitable adjustment shall be made concerning advance rent and any advance payments made by Lessee to Lessor.

8. UTILITIES

Lessor shall be responsible for providing heat, electrical, water and sewer utilities to the Premises. Lessee shall be responsible for all other utilities including telephone expense and installation associated therewith.

9. ASSIGNMENT AND SUBLETTING

Lessee shall not voluntarily or by operation of law assign, or otherwise transfer or encumber all or any part of Lessee's interest in this lease or in the Leased Premises without Lessor's prior written consent.

10. LESSOR'S ACCESS TO PREMISES

The Lessor shall have access into, through, and upon the Leased Premises for the purpose of operation, maintenance, repair and inspection of said Leased Premises; provided that such access, except in case of emergency, shall occur only after reasonable notice to Lessee, and at a reasonable time so as to minimize interference with the operations of the Lease and its use of the Leased Premises. Lessor reserves the right to interrupt the services of the heating, air conditioning, plumbing, electrical and other utility systems when necessary by reason of accident or emergency until such repairs have been made, provided such repairs are made with reasonable diligence. All other repairs are made with reasonable diligence. All other repairs, maintenance, alterations, replacement and improvements shall be made at reasonable times so as to minimize interference with the use of said Leased Premises by the Lessee.

11. GENERAL PROVISIONS

11.1 SEVERABILITY

The invalidity of any portion of this Lease as determined by a court of competent jurisdiction shall in no way affect the validity of any other provisions thereof.

11.2 TIME OF ESSENCE

Time is of the essence.

11.3 CAPTIONS

Article and paragraph captions are not a part thereof.

11.4 INCORPORATION OF PRIOR AGREEMENTS

This lease contains all of the agreements of the parties with respect to any matter mentioned herein. All prior agreements or understanding pertaining to any such matter shall be effective. This Lease may be modified in writing only, signed by the parties in interest at the time of the modification.

11.5 NOTICES

All notices required herein shall be in writing and be addressed to the Lessor at the Office of the Mayor, 100 Heart Blvd., Loves Park, IL 61111. Notices shall be given by certified mail.

11.6 BINDING EFFECT: CHOICE OF LAW

Subject to any provisions hereof restricting assignment or subletting by Lessee, this Lease shall bind the parties, their personal representatives, successors and assigns. This Lease shall be governed by the laws of the State of Illinois.

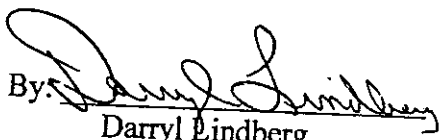
IN WITNESS WHEREOF, the parties hereto have executed this Lease the date and year first above written.


LESSOR:

LESSEE:

THE CITY OF LOVES PARK

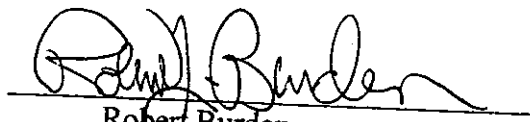
COUNTY OF WINNEBAGO

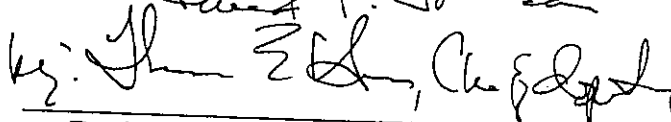
By: 
Darryl Lindberg
Mayor
City of Loves Park, Illinois

By: 
Scott Christiansen
County Board Chairman

ATTEST:

ATTEST: 


Robert Burden
Loves Park City Clerk

By: 
David Johnson
County Clerk