

MUNICIPAL LEASE **AGREEMENT**

THIS LEASE AGREEMENT, made and entered into as of this ___ day of _____, 2026, by and between the City of Marshall, MN, a municipal corporation duly organized under the laws of Minnesota, hereinafter referred to as the “City”, and Marshall Area Fine Arts Council organized under the laws of Minnesota, hereinafter referred to as either “MAFAC” or “Lessee”.

WITNESSETH:

WHEREAS, the Lessee is a membership based organization that promotes and presents visual and performing arts, including art exhibits by local and regional artists, and educational experiences for the community and intends to use the space for its administrative offices; and

WHEREAS, the parties desire to enter into a formal Lease Agreement to outline their respective rights and obligations with each other respecting the lease and use of the office space within City Hall, and all in accordance with the terms and conditions hereinafter provided.

NOW, THEREFORE, in consideration of the rents and covenants hereinafter mentioned, the parties agree as follows:

I. LEASED PREMISES

The City does hereby lease to the Lessee and to permit occupancy and use thereof, and Lessee does hereby agree to take from the City, that portion of City Hall administrative office space described on the diagram marked as Exhibit A attached to this Lease Agreement (hereinafter referred to as the “Leased Premises”). The Leased Premises consists of an approximate 592 square foot area comprised of 396 square feet of the formerly collaborative workspace in City Hall and 196 square feet of office space.

The Lessee has the right, under this Agreement, to have and to hold the Leased Premises without any liability or obligation by the City of Marshall on making any additional alterations, improvements or repairs of any kind or nature on or about the Leased Premises, except as hereinafter provided.

II. LEASE TERM

The City hereby grants Lessee permission to use the Leased Premises for the purposes set forth herein for an initial term, commencing on April 1, 2026, and terminating on December 31, 2026, renewable with Council approval. Any additional terms will be one year terms, commencing on January 1, 2027, and thereafter as agreed upon by the parties and ending on December 31 of that same corresponding year.

If Lessee wishes to renew the Lease Agreement, it shall express that interest by written notice given to the City at least sixty (60) days prior to the end of the term or period of the Lease Agreement then in effect. The City shall thereafter by resolution of the City Council, renew this Lease Agreement on or before the commencement of the renewal term. During each renewal term, all the terms, conditions, and covenants set forth or otherwise incorporated by reference in this Lease Agreement, except the amount of annual rent, shall continue and remain in force. City Council consent will not be unreasonably withheld.

III. RENT

As consideration for the Leased Premises, Lessee agrees to pay the City monthly rent in the amount of \$196/month for the office space and \$165 per month for the shared space, for a total cumulative amount of \$361 per month, or, if elected by Lessee, payable on an annual basis with the initial term being paid on or before the date of execution of this agreement in an amount equal to the total monthly rent times the number of months in the initial term. Any increase in size of Leases Premises will correspond with an increase in rent based on the rate of \$ 12.00 per square foot, per year for office space and \$5.00 per square foot, per year for any additional common area space.

If the Lessee fails to make a rent payment to Lessor by the 10th of any month, then Lessee shall also pay the Lessor a late charge of fifty dollars (\$50). The parties hereto agree that such late charge payment represents a fair and reasonable estimate of the costs Lessor will incur by reason of late payment by Lessee. Any rent payment made after the 10th of any month shall bear an annual interest rate of five percent (5%). If a rent payment is not made with the applicable late charge and interest payment within 30 days of the first of the month, then Lessor has the option to terminate this Agreement.

The Parties may mutually agree upon additional rent for storage space as identified and offered by the City for an additional \$50.00 per month for the entire agreed upon space.

IV. USE OF PREMISES

Lessee may use the Leased Premises solely for the purposes set forth herein, with the primary purpose being operating and maintaining its administrative office for administration of the functions of Marshall Area Fine Arts Council, including general office use, storage of supplies and general program support.

The City agrees to allow Lessee to further use the Leased Premises for installing, maintaining or displaying art (the "Art") for the benefit and viewing of the general public. City has the right to refuse any artwork deemed offensive in nature or that is known to infringe on copyright laws. Lessee agrees to install temporary signage as part of the installation, maintenance and display of the Art identifying the Art as exhibited by Lessee, and not by the City. Lessee agrees that the Art will comply with City policies, and Lessee further agrees to comply with all safety, ADA, and accessibility standards and all environmental regulations. Lessee expressly recognizes that the Leased Premises and the Property are City-owned and that all of Lessee's activities, use and services upon the Leased Premises are being provided for the benefit of the general public and are subservient to the City's uses. Lessee will work with the City regarding type of materials used, and size and display requirements for the Leased Premises and the City must approve all didactics of an exhibit. Lessee will not hang artwork weighing fifteen (15) pounds or more.

Lessee shall not permit or suffer anything to be done, or kept upon the Premises which will obstruct or interfere with the rights of the City, other tenants or the patrons and customers or any of them, or which will annoy any of them by reason of unreasonable noise or otherwise, nor will Lessee commit or permit any nuisance on the Leased Premises or commit or suffer any immoral or illegal act to be committed thereon. Lessee shall not, without City's prior consent:

- (a) Distribute or place anywhere on City's property any notice, advertisement or other written solicitation, except upon the Leased Premises.

(b) Use nails, screws or any hanging system other than the one provided or approved by the City.

(c) Sell anything, for retail, on the Leased Premises, unless Lessee has giving City ___ days' notice and then within discretion of City. If City consents, any product or art sold will be sold out of the space leased and identified as products or art selected and sold by the Lessee and not by the City. In selectin products or art sold, Lessee will comply with all City policies.

Lessee will use the Leased Premises in compliance with all Federal, State, local laws and regulations. If for any reason Lessee's use of the Leased Premises fails to comply with such laws or regulations, and Lessee fails to bring its use into compliance within sixty (60) days after written notice of such non-compliance, the Lease shall be terminated as provided herein, unless sooner if authorized by such law.

Access to and from the Leased Premises requires use of other City property adjacent to the Leased premises and such use is granted on a non-exclusive basis. For purposes of this Lease Agreement, access, whether specifically defined or not, is included under the definition of the Leased Premises. Lessee understands and agrees that the City shall apply all of the terms of this Lease Agreement to any property adjacent to the Leased Premises which Lessee may occupy just as though the property had been specifically described herein.

Bathroom Usage. Lessee shall maintain the bathroom facilities in a clean and hygienic condition throughout the lease term. Lessee is responsible for cleaning up after themselves and ensuring that the bathroom is left in a hygienic condition after use. Any damages resulting from negligence in maintaining bathroom cleanliness shall be the responsibility of the Lessee.

Respectful Usage. Lessee shall use common areas with respect for the privacy and comfort of other employees and guests in the building. Noise levels should be kept reasonable, and any shared spaces should be left in a condition that is clean and welcoming to others who use the shared space. Any maintenance or cleanliness issues observed in shared spaces should be promptly reported to the Lessor. This includes any damages, leaks, or concerns that could affect the overall condition and usability of the facilities. Lessee is responsible for the behavior and cleanliness of their guests and visitors when using common areas. Any damage caused by guests shall be the responsibility of the Lessee.

V. UTILITIES AND REPAIRS

Lessee shall, at its sole cost and expense, acquire necessary telecommunication services for its operations within the Leased Premises, including internet, or, if mutually agreeable to the parties, to reimburse the City a negotiated fee for use of the City's existing telecommunications network. Lessee's rent payment otherwise includes charges for heat, lighting, janitorial, and refuse disposal during the period of its occupancy of the Lease Agreement. The City will also furnish water and sewer services at no additional cost to the Lessee.

Lessee agrees to keep and maintain offices or areas which may be provided or designated as part of this agreement, and at all times, tidy, sanitary and free from unsightly fixtures, debris, physical hazards or any substances that emit foul odor. However, the City shall remain solely responsible for upkeep and maintenance of common areas and the exterior

grounds of City Hall, including removal of snow from the parking lot area(s) and any other outdoor areas serving the Leased Premises.

The City does not guarantee that the Leased Premises are suited for the Lessee's intended use.

Lessee may install such signs in and about City Hall and the Leased Premises, but only after approval by the City and, in the case of exterior signage, only where consistent with the Lessee's Sign Ordinance.

Lessee shall have primary responsibility for the security of its equipment, personal property, and any other leasehold improvements, and as part of any improvements.

VI. RIGHT TO ENTER

The City may enter upon the Leased Premises at any reasonable time for the purpose of inspecting the premises, provided that entry and inspection does not interfere with the Lessee's use and enjoyment of the Leased Premises. In addition, Lessee, at all times, shall allow the City, in particular, the Public Safety Director and Fire Chief or their designees, to enter upon the Leased Premises to ensure Lessee's compliance with the terms and conditions of this Lease Agreement. Should such inspection disclose or should information coming to the attention of the City Administrator disclose, that any of the structure, fixtures or operations of the Lessee on the Leased Premises are unsafe or pose a hazard or danger to the public health or welfare, the City Administrator shall give the Lessee notice of the condition or violation and Lessee shall be required to promptly correct such condition or violation.

Moreover, Lessee's use of the Leased Premises shall not interfere in any way with City's operations or its maintenance and repair activities in or about City Hall generally and including the Leased Premises. The City at all times during this Lease Agreement, reserves the right to take any action it deems necessary, in its sole discretion, to repair, maintain, alter, or improve the City Hall building generally and to temporarily interfere with Lessee's use and leasehold improvements as may be necessary for City to carry out such activities. City shall endeavor to give no less than forty-eight (48) hours prior notice of such activities to Lessee and to reasonably cooperate with Lessee to carry out such activities with a minimum amount of interference with Lessee's use. Except in emergencies, no interference of Lessee's use shall exceed 24 hours unless agreed to in advance by Lessee. In such cases, and to the extent reasonably possible, City agrees to make a good faith effort to provide workspace in another portion of City Hall during any such periods of interferences.

VII. SUBLEASING ASSIGNMENT AND MORTGAGE

Lessee shall not sublet the whole or any part of the Leased Premises, nor assign, transfer, hypothecate, or mortgage the Leased Premises, this Lease Agreement or any or all of its rights hereunder. Any transfer, assignment or sublease to the contrary shall be voidable at the option of the City.

VIII. INSURANCE AND INDEMNITY

A. **Insurance.** Lessee shall at all times during the term of this Lease Agreement maintain insurance coverage for its operations, and any artwork displayed, and shall provide a certificate of coverage to the City upon the execution of this Agreement, and at any other time

upon request. The City shall provide Property Insurance Coverage for the Leased Premises; however, Lessee will be responsible for and may procure and receive the benefits of their own contents and personal property insurance. Lessee agrees to have separate Artist agreements between it and any artists whose art is displayed, exhibited or maintained by Lessee.

Lessee shall be required to immediately notify City of any notice of termination, and of any actual termination of its insurance coverage the Lessee may receive. Annually the Lessee agrees to provide the City a copy of a Certificate of Insurance or Binder evidencing the above coverages and conditions.

Further, Lessee shall carry and be responsible for Workers Compensation Coverage and Unemployment Compensation Coverage for itself and its employees as required under the Laws of the State of Minnesota.

B. **Indemnity.** Lessee agrees to fully indemnify and hold harmless the City, its agents and employees, from and against all claims, actions, judgments, cost and expenses arising out of the damage or injuries to third persons or other property, caused by the fault or negligence of Lessee, its agents, and employees in the use, occupancy or maintenance of the Leased Premises, including those claims that might arise under the Copyright Law, Visual Artist Rights Act, Unemployment Compensation or the Workers Compensation Act of the State of Minnesota, on behalf of Lessee, employees, or other persons while so engaged in the performance of any services contemplated under this Lease Agreement; provided, however, that Lessee shall not be liable for any injury or damage or loss occasioned by the negligence or willful misconduct of the City, its agents, or employees; and provided further that the Lessee shall give to City prompt and reasonable notice of any such claims or actions and City shall have the right to investigate, comprise and defend the same. Nothing herein shall constitute a waiver by either party of any exclusions or limitations on liability provided by Minnesota Statutes, Chapter 466, or such other law as may apply.

IX. QUIET ENJOYMENT

City agrees that on payment of the rent and performance of the covenants and agreements on the part of Lessee to be performed hereunder, Lessee shall peaceably have and enjoy the Leased Premises and all the rights granted hereunder without interference by City except as provided in this Lease Agreement.

X. CANCELLATION/TERMINATION

A. Termination.

This Lease Agreement may be terminated at any time by either party with sixty (60) days' notice to terminate lease to the other party. Parties may, through mutual consent, agree to terminate earlier than the sixty (60) days.

B. Cancellation by City.

In addition to any rights of cancellation in A. above or any other rights herein given, City may cancel this Lease Agreement in its entirety and terminate all or any of its obligations if any term, covenant or condition of this Lease Agreement on the part of Lessee to be kept and performed shall be violated or neglected and shall not be corrected by the Lessee within thirty (30) days delivery by City to Lessee of written notice of the default, or such longer period as the City may provide in the notice. Before any such right of termination is exercised, the City

Council shall give reasonable notice to the Lessee and extend it an opportunity to appear before and be heard by the City Council. The decision of the City Council shall be final.

XII. MISCELLANEOUS

Any alteration, modification or variation of this Lease Agreement shall be reduced to writing as an amendment and signed by each of the parties.

XIII. MERGER CLAUSE

It is understood and agreed that the entire agreement of the parties is contained herein and that this Lease Agreement supersedes all oral agreements and negotiations between the parties relating to the subject matter. All items referred to in this Lease Agreement are incorporated or attached and deemed to be part of this Lease Agreement.

XIV. SEVERABILITY

The provisions of this Lease Agreement shall be severable, and the invalidity of any paragraph, sub-paragraph, or sub-division thereof, shall not make void another paragraph, sub-paragraph, sub-division or any other part.

XV. WAIVER

Waiver by the City of any default and performance by Lessee of any of the terms or conditions contained herein, shall not be deemed a continuing waiver of that default or any subsequent default.

XVI. LAWS

Lessee agrees to comply with all Federal, State and local laws, ordinances, and regulations that may pertain or apply to the Leased Premises and Lessee's activities and operations thereon. City agrees to comply with all Federal, State and local laws, ordinances, and regulations that may pertain to its premises and carrying out the provisions of this Lease Agreement.

XVII. SUCCESSORS IN INTEREST

It is mutually agreed that all the terms and conditions of this Lease Agreement shall extend, apply to and firmly bind all successors in interest of the respective parties.

XVIII. NOTICES

All notices herein provided to be given, or which may be given, by either party to the other, shall be deemed to have been fully given when made in writing and served personally on the City or Lessee, or deposited in the United States Mail, postage prepaid, and addressed as follows:

City of Marshall
City Hall
344 W Main St
Marshall, MN 56258
Attn: City Administrator

Marshall Area Fine Arts

Marshall, MN 56258
Attn:

XIX. SCRIVENER'S CLAUSE

The parties acknowledge that this Lease Agreement has been openly negotiated between the parties and that no one party has prepared this Lease Agreement, and its construction, therefore, should not be construed against the scrivener.

XX. NO THIRD-PARTY RIGHTS

The parties to this Lease Agreement do not intend to confer on any third party any rights under this Lease Agreement and no such rights are conferred.

XXI. RELATIONSHIP OF LANDLORD AND TENANT

This Agreement does not create the relationship of principal and agent or of partnership or of joint venture or of any association between the Lessor and Lessee, the sole relationship between the parties under this Agreement is that of Lessor and Lessee. To the extent a court of competent jurisdiction does, despite this paragraph, find a joint venture or enterprise, the liability limited of the parties shall not be added together and, instead, the total liability for the parties shall not exceed the limits on governmental liability for a single entity consistent with Minnesota Statutes, Section 471.59.

XII. DATA PRACTICES.

The parties acknowledge that this Agreement is subject to Chapter 13 of Minnesota Statutes, the Minnesota Government Data Practices Law.

XXIII. COUNTERPARTS

This Lease Agreement may be executed in any number of counterparts, each of which, when so executed and delivered, shall be an original, but such counterpart shall constitute one and the same instrument.

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

CITY

Lessee

By: _____
Mayor

By: _____

By: _____
City Administrator

By: _____

STATE OF MINNESOTA)
) ss.
COUNTY OF LYON)

The foregoing instrument was acknowledged before me this ____ day of _____, 20XX, _____ and _____, the _____ and _____ of the City of _____, a municipal corporation under the laws of Minnesota, on behalf of the corporation.

Notary Public

STATE OF MINNESOTA)
) ss.
COUNTY OF LYON)

The foregoing instrument was acknowledged before me this ____ day of _____, 2023, by _____ and _____, the _____ and the _____ of the _____, a _____ entity duly organized under the laws of Minnesota, on behalf of the Lessee.

Notary Public

EXHIBIT A

Description of Leased Premises