

COMMERCIAL OFFICE SPACE LEASE AGREEMENT

400 RYMAN STREET and 198 WEST PINE STREET

THIS COMMERCIAL OFFICE SPACE LEASE is entered into this _____ day of _____, 2022, by and between Jim Meyer, residing at 1270 Trotting Horse Lane, Missoula, Montana, 59804, hereinafter referred to as “Landlord” and the City of Missoula, 435 Ryman Street, Missoula, Montana, 59802, hereinafter referred to as “Tenant”.

In consideration of the promises and agreements made by and between Landlord and Tenant, the parties agree as follows:

1. **DESCRIPTION OF OFFICE RENTAL PROPERTY:** Landlord agrees to rent to Tenant and Tenant agrees to rent from Landlord on the terms and conditions set forth in this lease, the premises at 400 Ryman Street and 198 West Pine Street, Missoula, Montana, 59802.

2. **TERM:** This lease is for a term commencing on July 1, 2022, and running through June 30, 2026, transitioning to a month-to-month term thereafter.

3. **RENTAL PAYMENTS AND PUBLIC UTILITIES:** It is agreed that the monthly rent payment does not include utilities required by Tenant including gas, electric, water, and sewer utilities. The monthly rent payment shall be \$6,978.41 for the first year of this agreement. It is agreed that the monthly rent payment shall be increased each rental year as listed below. The monthly rent payment schedule is as follows:

Rental Period	Monthly Rent
July 1, 2022 to June 30, 2023	\$6,978.41
July 1, 2023 to June 30, 2024	\$7,257.54
July 1, 2024 to June 30, 2025	\$7,547.84
July 1, 2025 to June 30, 2026	\$7,849.76
Month-to-month after June 30, 2026	\$8,163.75

After the first year, it is the intent of the Parties that the 4% year-over-year rent increase should be enough to account for increases in Landlord’s property taxes for the leased property. In the event the dollar amount of Landlord’s property taxes increase more than is covered by the increase in annual rent amount, then the Tenant shall be responsible to pay the difference to Landlord as a pro rata increase to the monthly rent over the remaining duration of that annual term. Landlord must notify Tenant within 45 days of discovering that the dollar amount of the tax increase isn’t covered by the annual value of the monthly rent increase. In the event Landlord does not notify Tenant within this timeframe, the increase in rent to cover the pro rata increase in taxes will not apply until the next annual rental period begins, and the monthly rent for that annual term shall be adjusted to reflect the pro rata amount necessary to cover the dollar value of the tax increase not covered by the annual increase in rent.

Rent shall be due on the first day of each month. There shall be a ten (10) calendar day grace period for late payment of monthly rent payments. It is agreed that Landlord shall assess a ten

percent (10%) late penalty charge for any late payments that are more than ten (10) calendar days late.

4. SECURITY DEPOSIT AND FINAL MONTH'S RENT: It is agreed that there is currently \$10,532 to be used as a security deposit and last month's rent. This deposit will be refundable if, at the conclusion of the lease, the Landlord does not need the security deposit for any damage repairs or extraordinary cleaning or maintenance purposes.

5. TAXES: Landlord shall be solely responsible for payment of real property taxes and assessments made by any taxing jurisdiction.

6. REMODELING OR ALTERATIONS OF PREMISES: No remodeling or alterations of the premises may occur, except upon the written, pre-approval and authorization of the remodeling or alteration by the Landlord. It shall be the responsibility of Tenant to ensure that there are no construction-related liens asserted against the premises as a result of any Landlord pre-approved authorized remodeling or alteration of the premises. Tenant shall keep the premises free and clear of any liens and encumbrances arising out of any activities of Tenant.

7. PRIMARY USE OF PREMISES: Tenant shall use the premises for office space for offices, interviews, meetings and other office space-type activities.

8. CLEANING AND MAINTENANCE OF PREMISES: Landlord shall maintain, at his cost, all underground utility services for the premises as well as wiring and plumbing for the premises. Landlord shall also be responsible for, at his cost, the repair, maintenance and replacement of items which constitute structural and mechanical components of the premises, including, but not limited to, floor slabs, roof, exterior walls and foundations, as well as the HVAC systems. Landlord shall make such repairs and perform such maintenance and replacement in a commercially reasonable and timely manner following notice from Tenant for the need for such repairs, maintenance or replacement.

Except for Landlord's responsibilities set forth above, Tenant shall maintain and repair all parts and portions of the premises. Without limiting the generality of the foregoing, Tenant shall at all times keep the public sidewalks and parking areas in front of premises free and clear of ice, snow, rubbish, debris and obstruction. Tenant shall also be responsible for all janitorial services in connection with all portions of the premises. Tenant further agrees that it will not commit any waste upon the premises nor permit any waste to be committed thereon and that it shall truly maintain the premises during the term, and at the expiration thereof, shall return the same to Landlord in the same condition as the premises was upon entry, reasonable wear and tear and damage by the elements alone excepted.

9. LOSS BY FIRE:

A. Throughout the term, Landlord agrees to insure its property and improvements against loss or damage by fire and the casualties usually denominated in "extended coverage" in an amount at least equal to the fair market value of the property and improvements in policies of insurance issued by standard and reliable companies, which shall be at all times no less than full replacement cost of the property and improvements. Tenant shall maintain its own insurance for

its personal property located at the premises and provide Landlord with copies of such insurance from time to time, as Landlord deems necessary.

B. If, during the lease term, the premises and improvements are damaged or destroyed by fire or other casualty for which insurance coverage is applicable, and such damage is, in Landlord's reasonable opinion fifty percent (50%) or greater of its sound value, then Landlord shall have the option as to whether to restore or rebuild the premises and improvements. In such event, if Landlord fails to notify Tenant of its election to restore or rebuild the same within thirty (30) days after the date of such damage or destruction (or if Landlord notifies Tenant that it does not intend to restore or rebuild the same), this lease shall terminate as of the date of such damage or destruction. The parties shall be relieved of all further obligations under this lease, and the parties shall make all necessary adjustments to the month rent payment described in Section 3. If Landlord elects to restore or rebuild the same, then Landlord shall proceed with all convenient speed to restore or rebuild the same. In such case, the parties shall, in writing, modify the terms of this lease as necessary, including any necessary abatement of Tenant's rent payments described in Section 3 for the period for which Tenant is unable to occupy the premises.

C. However, if in Landlord's reasonable opinion, the premises and improvements are damaged to an extent less than fifty percent (50%) of its sound value, Landlord shall proceed with all convenient speed to rebuild or restore the same. In such case, Tenant shall continue to perform all of its obligations under this lease; however, the parties shall, in writing, modify the terms of the lease as necessary, including any necessary abatement of Tenant's rent payments described in Section 3 for the period for which Tenant is unable to occupy the premises.

10. INDEMNITY Tenant shall indemnify and hold Landlord harmless from and against any loss, damage, liability, claim, demand, suit or action for damages occasioned by or growing out of or arising or resulting from Tenant's occupancy or use of the premises, or arising out of any failure on the part of Tenant to perform in accordance with the terms of this lease. Tenant shall, at its own expense, secure public liability insurance and protect Landlord (and any other party named by Landlord) against public liability and property hazards in an amount not less than \$500,000.00 combined single limit per occurrence⁴, \$1,000,000.00 aggregate. Tenant shall provide evidence of such coverage and a continuation in effect of the same to Landlord concurrently with the effective date of this lease and from time to time as requested by Landlord. Provided, however, Tenant will not be responsible for Landlord under this Section 10 to the extent any such loss, damage, liability, claim, demand, suit or action is caused by or results from negligence of Landlord or his agents or employees. All policies of insurance described in this Section 10 shall contain a provision requesting written notice to Landlord at least fifteen (15) days prior to cancellation.

11. TENANT RIGHT TO OPTION FOR A RIGHT TO PURCHASE BY MATCHING ANY OTHER AGREED PURCHASE PRICE: Tenant shall be afforded first opportunity to purchase the building at 400 Ryman Street if it is ever proposed for sale. Tenant shall have the right of first refusal to accept or reject any genuine fair market purchase price offered by a third party at a fair market value of the owner's property at 400 Ryman Street, Missoula, Montana.

12. LANDLORD INSPECTION ENTRY: Landlord shall have the right to inspect the premises at reasonable hours when the office is open for business provided that Landlord does not, in any way, unreasonably interfere with Tenant's ability to use the office space and/or

conduct its business. Tenant shall timely notify Landlord of any damages to the premises that may occur during the term of this lease.

13. TRANSFER OR ASSIGNMENT OF LEASE AGREEMENT AND BINDING EFFECT ON SUCCESSORS OF INTEREST: Tenant shall not assign or transfer this lease or any interest therein without the prior written permission of Landlord. This lease is binding upon and shall inure to the benefit of the parties and their heirs, executors, representative, successors and assigns.

14. DEFAULT: If any breach of this lease occurs, the non-breaching party may demand that the breaching party correct the breach within ten (10) calendar days. If the breach is not immediately corrected during the time period specified, the non-breaching party may either sue for enforcement of this lease or immediately thereafter terminate this lease without penalty to the non-breaching party, subject to any applicable provisions of Montana law pertaining to the terminate of this lease.

15. AMENDMENTS: The parties may mutually agree, in writing, to amend the terms of this lease.

16. WAIVER: Any waiver of any provision of this lease must be in writing and shall be limited to the expressed terms of the specific waiver.

17. SEVERABILITY OF INVALID PROVISIONS: If any provision of this lease is declared or becomes invalid, unenforceable or contrary to law, the parties agree that the provision shall be severed from the remaining provision of this lease and shall not affect the validity and enforceability of the other provisions of this lease.

18. PEACEFUL SURRENDER OF PREMISES UPON TERMINATION OF LEASE AGREEMENT: Tenant agrees to peacefully surrender the premises upon termination of this lease.

19. ATTORNEYS' FEES: If either party to this lease is unable to gain compliance with the terms of this lease and must initiate legal proceedings to ensure compliance with the terms of this lease, each party shall bear their own attorney's fees and costs.

20. MOLD: Landlord cannot and does not represent or warrant the absence of mold and serious health conditions. It is Tenant's obligation to determine whether a mold problem is present.

21. ENTIRETY OF AGREEMENT: This lease constitutes the entire agreement between the parties. No party shall be bound by any statements, promises, understanding, conditions, warranties, or representations, oral or written, not contained in this lease. Each party acknowledges that the execution of this lease was not induced or motivated by any promise or representation made by the other party, other than the promises and representations expressly set forth in this lease. All previous statements, negotiations, preliminary instruments and agreements made by the parties or their representatives are superseded and merged into this lease, except as expressly provided in this lease.

IN WITNESS WHEREOF the parties have executed this *Commercial Office Space Rental Agreement* as of the day and year first written above.

Landlord:

Tenant

Jim Meyer

John Engen, Mayor, City of Missoula

Attest: _____
Martha L. Rehbein, City Clerk

This Instrument was acknowledged before me on this _____ day of _____, 2018, by Jim Meyer.

(NOTARY SEAL)

Notary Signature