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**LEASE AGREEMENT**

Lease made as of the 17 day of February, 2003, by and between the City of Rapid City ("City" or "Lessor"), and Friendship House, Inc., of P.O. Box 6, Rapid City, South Dakota ("Lessee").

For and in consideration of the mutual covenants herein contained, the City hereby leases to Lessee and Lessee hires and takes from the City the property hereinafter described as the demised premises subject to the terms, conditions, and stipulations herein provided.

I.

DEMISED PREMISES

The demised premises leased to the Lessee shall consist of:

A portion of Tract 18 of the Rapid City Greenway Tracts, Rapid City, Pennington County, South Dakota, as described on Exhibit "A", attached hereto and incorporated herein by reference.

II.

TERM

The term of this Lease shall be for one (1) year beginning on the 1<sup>st</sup> day of March, 2003, and ending on the 30<sup>th</sup> day of April, 2004, and shall automatically renew thereafter on a year to year basis. Notice of intent to terminate shall be provided pursuant to Section VIII hereof.

III.

RENTAL

Lessee agrees to pay to Lessor as rent for the premises the sum of One Hundred Twenty-five Dollars (\$125.00) on the first day of each and every month until the termination of this Lease without delay, deduction, or default.

IV.

PURPOSE

The premises shall be used by Friendship House as a half-way house for recovering alcoholics who had been through treatment and were being mainstreamed back to families and as a half-way house for federal parolees.

V.

IMPROVEMENTS

Lessee shall make no changes, alterations, or improvements without prior written consent of Lessor.

VI.

REPAIRS AND MAINTENANCE

The Lessee represents that it has inspected and examined the demised premises and accepts it in its present condition. Lessee shall provide day-to-day maintenance and minor and major repair to damage caused by reasonable wear and tear by the elements.

VII.

ASSIGNMENT AND MORTGAGE

Neither the demised premises nor any portion of it shall be sublet nor shall this Lease or any interest in it be assigned, hypothecated, or mortgaged by Lessee and any attempt at assignment, subletting, hypothecation, or mortgaging of this Lease shall be of no force or effect and shall confer no rights upon any assignee, sublessee, mortgagee, or pledgee.

VIII.

TERMINATION BY LESSOR

Lessor may terminate this Lease at any time it should be determined by its special representative that public necessity and convenience require it to do so by serving upon Lessee in the manner subsequently provided a written notice of its election to so

terminate, which notice shall be served at least sixty (60) days prior to the date named for such termination.

IX.

DEFAULT

In the event that Lessee shall be in default of any payment of rent or in the performance of any of the terms and conditions agreed to be kept and performed by Lessee, then and in that event Lessor may terminate and end this lease immediately and Lessor may enter upon the premises and remove all property and Lessee shall not be entitled to any money paid or any part of that money in the event Lessor shall bring an action to enforce any of the terms of this Lease or to obtain possession of the premises by reason of any default of Lessee or otherwise. Lessee agrees to pay Lessor all costs of such legal action.

X.

WAIVER

Waiver by Lessor of any default in performance by Lessee of any of the terms, covenants, or conditions contained here shall not be deemed a continuing waiver of that default or any subsequent default.

XI.

COMPLIANCE WITH LAWS

Lessee agrees to comply with all laws, ordinances, rules, and regulations that may pertain to the demised premises and their use.

XII.

LESSOR MAY ENTER

Lessee agrees that Lessor, its agents or employees, may enter upon the premises at any time during the term or any extension of it for the purpose of inspection, digging test holes, making surveys, taking measurements, and doing similar work deemed necessary by Lessor.

XIII.

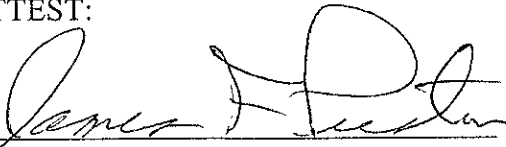
PREVIOUS AGREEMENT SUPERCEDED

This Lease supercedes any previously existing lease agreement between the parties regarding the same property which is the subject of this agreement.

CITY OF RAPID CITY


By:   
Mayor

ATTEST:

  
Finance Officer

(SEAL)

FRIENDSHIP HOUSE, INC.

By:   
Its: Chairman, BOD of Directors

State of South Dakota )  
SS.  
County of Pennington )

On this the 25 day of Feb., 2003, before me, the undersigned officer, personally appeared Jerry Munson and James F. Preston, who acknowledged themselves to be the Mayor and Finance Officer, respectively, of the City of Rapid City, a municipal corporation, and that they as such Mayor and Finance Officer, being authorized so to do, executed the foregoing instrument for the purposes therein contained by signing the name of the City of Rapid City by themselves as Mayor and Finance Officer.

IN WITNESS WHEREOF, I hereunto set my hand and official seal.

Jeri Lynn  
Notary Public, South Dakota

My Commission Expires: 9/3/08

(SEAL)

State of South Dakota )  
                                  SS.  
County of Pennington )

On this the 4 day of March, 2003, before me, the undersigned  
officer, personally appeared Greg Bartron, who acknowledged himself to be  
the Chairman of Friendship House, Inc., a corporation, and that he, as such  
Chairman, being authorized so to do, executed the foregoing instrument for the  
purposes therein contained by signing the name of the corporation by himself as  
Chairman.

IN WITNESS WHEREOF, I hereunto set my hand and official seal.

Jeri Lynn  
Notary Public, South Dakota

My Commission Expires: 9/3/08

(SEAL)

Prepared By: CITY ATTORNEY'S OFFICE