

COMMUNITY ALTERNATIVES OF THE BLACK HILLS, INC.**LEASE OF REAL PROPERTY**

This indenture is made as of the _____ day of November, 2005, by and between the City of Rapid City (Municipal Corporation), Lessor, in the County of Pennington in the State of South Dakota and Community Education Centers, Inc., ("CEC"), Lessee, for its facility, Community Alternatives of the Black Hills, (C.A.B.H.). Lessor, in consideration of the rent later specified to be paid by Lessee and the covenants and agreements later contained by the Lessee to be performed has let unto the Lessee certain real property in the City of Rapid City, County of Pennington, State of South Dakota.

I. RECITALS

Lessor is the owner of certain real property which is used for the purpose of a sanitary landfill, reserved for a sanitary landfill, and for a buffer area for a sanitary landfill. Lessee, pursuant to a contract with the State of South Dakota and/or the Federal Bureau of Prisons, intends to operate a community corrections and/or out-patient substance abuse treatment facility in Pennington County, South Dakota, and wishes to lease a portion of the buffered area upon which to conduct such operation.

II. PREMISES

The City of Rapid City hereby leases to Lessee the following real property, hereinafter referred to as the "leased premises", subject to the terms and conditions hereinafter set forth:

That part of the southeast quarter of the northeast quarter of Section 19, T1N, R8E, of the Black Hills Meridian, Rapid City, Pennington County, South Dakota that lies within the following description:

Commencing at a point at the southeast corner of Lot H3 of the northeast quarter less Lot H4 in Section 19, T1N, R8E; thence S00°02'59"E, 405.00 feet to a point on the west South Highway 79 right of way line; thence N89°55'38"W, 120.45 feet to a point; thence N38°35'32"W, 134.08 feet to a point; thence N00°02'59"W, 300.31 feet to appoint on the south lot line of Lot H3 of the northeast quarter less Lot H4 in Section 19, T1N, R8E; S89°55'38"E, 204.00 feet to a point at the southeast corner of Lot H3 of the northeast quarter less Lot H4 in Section 19, T1N, R8E, a the point of beginning; all located within the southeast quarter of the southeast quarter of Section 19 T1N, R8E, of the Black Hills Meridian, said parcel containing 1.796 acres more or less.

III. TERM OF LEASE

The term of this lease shall be for an initial term of ten (10) years to commence on the day of November, 2005; thereafter, this lease shall automatically renew for another term of ten (10) years with three (3), five (5) year renewal terms to follow unless either party shall give one (1) year written notice of intent not to renew or renegotiate.

IV. RENT

Lessee shall pay to Lessor as rent for the leased premises, an annual payment of four thousand eight hundred dollars (\$4800). An amount of \$ will be due and owing on December 1, 2005, which represents the annual rent prorated to include rental monies already paid for the time period July 1, 2005 through June 30, 2006, and shall take into consideration the partial year payment due on the expanded property as detailed in this lease. Thereafter, annually, on the 1st of July commencing with the year 2006.

V. SITE IMPROVEMENTS

The parties recognize that this is a bare land lease with City sewer and water to be made available in the public right of way. All reasonable easements shall be granted by the City for utilities and access. Lessee shall install suitable landscaping, in accordance with the City landscape ordinance or other landscaping plan approved by the City; such landscaping shall be in place as soon as practicable, but, in any case, within eighteen (18) months from the date of this lease. All grading undertaken upon the site by Lessee shall conform to the Landfill Grading Plan adopted by the City. Lessee shall provide at lease one parking lot on the leased premises, suitably paved with asphalt to accommodate no less than twenty-five vehicles, including one handicapped parking space. Lessee shall relocate the fence for the landfill to exclude the leased premises from the rest of the landfill; the location shall subject to the approval of the Landfill Superintendent.

VI. USE OF PREMISES

Lessee shall use the leased premises for the sole purpose of conducting and operation of a community corrections facility and/or out-patient substance abuse treatment facility for not more than eighty (80) clients. By mutual agreement, the parties may agree to an expansion of the operation to include not more than one hundred and twenty (120) clients. If the need for an additional facility is documented, the Lessor agrees to reasonably negotiate with Lessee on placement of an additional facility on the site.

VII. POWER LINE

The parties recognize that the leased premises are currently transected by an electric power line. Parties hereto recognize that Black Hills Power and Light have an easement for the power line and said power line is in a location previously approved by all parties.

VIII. ENVIRONMENTAL CONSIDERATIONS

Lessee recognizes that the City uses adjoining property for the operation of a sanitary landfill and a material recovery facility and composting facility. Lessee accepts the leased premises fully understanding the attendant noise, odor, and possible litter-related consequence attendant to such an operation. Lessee specifically accepts the leased premises subject to such operationally related drawbacks. Lessor agrees to use all good faith efforts to operate such landfill facility within accepted environmental standards.

IX. ENVIRONMENTAL CONTAMINATION

Lessor recognizes and agrees that it shall be responsible to correct any existing or future environmental contamination resulting from its landfill operations.

X. LIABILITY

Lessee shall save Lessor harmless from any loss, cost or damage that may arise in connection with this lease or the use of leased premises by Lessee or its agents or employees or any other person using the premises, except for those damages caused by Lessor's failure to fulfill any obligations outlined in this Lease, or any damages resulting from Lessor's negligence, recklessness or intentional misconduct. In the event damages result from Lessor's acts or omissions as stated in the foregoing sentence, the Lessor agrees to save Lessee harmless from any loss, cost or damage that may arise. The Lessee agrees to deliver to the Lessor upon the execution of this lease, two executed copies of continuing public liability and property damage insurance policy satisfactory to Lessor and indemnifying and holding Lessor harmless in all claims. This policy shall provide no less than one million dollars in coverage. Such policy shall be kept in force during the term of this Lease.

XI. TERMINATION

If an environmental hazard is identified by a state or federal agency, and a finding made by that agency that the leased premises are no longer habitable, the parties agree that they will meet to discuss and determine whether and when termination of this Lease is appropriate and necessary due to public health and safety concerns. In this instance, either party shall have the right to issue a Notice of Termination, with sixty (60) days written notice.

This Lease shall also be terminable by either party, with sixty (60) days written notice, if the Lessee no longer maintains a contract with the State of South Dakota, the Federal Bureau of Prisons or any other governmental entity, to operate a community corrections facility or outpatient substance abuse treatment facility.

Upon termination of this Lease and surrender of the leased premises, whether by natural expiration date or otherwise, Lessee agrees to leave the premises in good condition, suitable for use by either the City or a subsequent occupant. Any buildings or structures that remain on the property after the termination of the Lease, if not removed by Lessee within one hundred and eighty (180) days from the date of termination, shall become the property of the Lessor.

XII. ASSIGNMENT

This Lease shall not be assignable by either party unless the prior written approval is first obtained from the other party.

XIII. VENUE

The parties agree that their respective rights and obligations under this Agreement shall be governed by, and construed in accordance with, the laws of the State of South Dakota. Any dispute concerning this Agreement shall be venued in the Circuit Court for the Seventh Judicial Circuit, located in Rapid City, Pennington County, State of South Dakota.

XIV. DEFAULT

In the event that Lessee shall be in default on any payment of any rents or any performance of the terms and conditions agreed to be kept and performed by Lessee, Lessor must give notice to Lessee with sixty (60) days to cure the default. If the Lessee fails to cure the default, Lessor may terminate and end this lease immediately thereafter, and Lessor may enter upon the premises and remove all persons and property. Lessee shall not be entitled to any monies paid or any part of that money. In the event Lessor shall bring a legal action to enforce any of the terms of this lease or to obtain possession of premises by reason of any default of Lessee or otherwise, Lessee agrees to pay all costs of such legal action if such legal action by Lessor is successful.

XV. NOTICES

Any notices that are required herein which either Lessor or Lessee may desire to serve upon the other shall be in writing and shall be deemed served when delivered personally or when deposited in the United States mail, postage pre-paid, return receipt requested, addressed to Lessee, at Community Education Centers, 75 Livingston Avenue, Roseland, New Jersey, 07068, Attention: John J. Clancy, President/CEO, or Lessor at 300 Sixth Street, Rapid City, South Dakota, 57701, Attention: Office of the City Attorney.

XVI. WAIVER

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

XVII. LESSOR MAY ENTER

Lessee agrees that Lessor, its agents or employees, may enter upon the premises at any reasonable time during the term of the lease or any extension of it for the purpose of inspection, digging test holes, making surveys, taking measurements, or doing similar work deemed necessary by the City of Rapid City. All work shall be performed in such a manner as to cause a minimum of interference with the use of the property of the Lessee. Lessee shall be reimbursed for any damages caused to the improvements or property of Lessee as a result of such entrance.

IN WITNESS WHEREOF, THE PARTIES HAVE CAUSED THIS INSTRUMENT TO BE EXECUTED AS OF THIS DAY AND YEAR FIRST ABOVE WRITTEN.

COMMUNITY EDUCATION CENTERS, INC.

“COMMUNITY ALTERNATIVES OF THE
BLACK HILLS”

By: _____

CITY OF RAPID CITY

By: _____
Mayor

ATTEST:

FINANCIAL OFFICER

(SEAL)

State of South Dakota)
Ss:
County of Pennington)

On this the _____ day of November, 2005, before me, the undersigned officer, personally appeared _____, who acknowledged himself to be the _____ of and that he, as such, being authorized so to do, executed the foregoing instrument for the purposes therein contained by signing the name of the corporation by himself.

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

Notary Public

(SEAL)
My Commission expires:

State of South Dakota)
Ss:
County of Pennington)

On this the _____ day of November, 2005, before me, the undersigned officer, personally appeared _____, and _____, who acknowledged themselves to be the _____ Mayor and Financial Officer of the City of Rapid City, and that they, as such, being authorized so to do, executed the foregoing instrument for the purposes therein contained by signing the name of the corporation by themselves as Mayor and Financial Officer.

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

Notary Public

(SEAL)
My Commission expires: