

LEASE AGREEMENT

This Agreement is made and entered into this 1st day of January, 2002, by and between Cornerstone Properties Partnership, hereinafter referred to as "Landlord" and City of Rapid City on behalf of Rapid Transit System, hereinafter referred to as "Tenant."

RECITALS

WHEREAS the above Tenant desires to continue renting the steel building adjacent to the alley on 3rd Street directly behind the Raben Real Estate Building and legally described as Lots Twenty-eight (28) through Thirty-two (32), inclusive, Block Seventy-seven (77), Original Town of Rapid City, from Landlord and;

WHEREAS the parties have agreed to certain terms and conditions for the lease of said premises for an additional period of three (3) years with an option to renew for two (2) more years, now therefore, the parties hereby agree as follows:

I.**TERM AND AMOUNT**

Tenant agrees to the Lease of premises described above for a period of thirty-six (36) months commencing on the 1st day of January, 2002, and terminating on December 31, 2004, unless sooner terminated as provided herein. As rental for

the leased premises during the term of this Lease, the Tenant agrees to pay the amount of One Thousand Two Hundred Dollars (\$1,200) per month payable on the 1st day of each month during the term of the tenancy. The sum of One Thousand Two Hundred Dollars (\$1,200) will include all utilities.

II.

SPACE DESCRIPTION

It is specifically agreed by and between the parties hereto that the Tenant shall lease and occupy only the building located on the property described herein and not the parking lot located on the east and west sides of the building.

III.

AUTOMATIC DOORS

Landlord agrees to have two operating overhead doors for said building and will provide automatic door openers for the two overhead garage doors to be key operated.

IV.

PARKING FOR TENANT'S PERSONAL VEHICLES

Tenant agrees to direct its employees to park their own personal vehicles off the premises of Landlord and that the off-street lot on the eastern side of the building being rented by Tenant hereunder and the off-street lot on the

western side of said building shall be reserved for Landlord and its Tenants and Tenant's employees.

V.

MAINTENANCE OF PREMISES

Landlord agrees to keep the building in good condition during the term of this Lease and in at least as good as condition as exists at the time of the execution of this Lease by the parties; however, Tenant shall be responsible for any maintenance or repairs due to damage caused by Tenant, its agents, or its employees.

This covenant on the part of the Tenant shall not be construed to cover reasonable wear and tear damage by the elements, and damage by fire or other casualty covered by insurance.

VI.

INSURANCE

It is understood by and between the parties that Landlord is insured for general premises liability purposes on the premises being occupied by Tenant under the terms of this Lease and additional coverage for loss by fire, wind and extended coverage of the building itself.

The Tenant agrees to insure its property located on the leased premises, or the improvements made by it on the leased premises in reasonable amounts. The Tenant also agrees to

carry a policy of public liability insurance having a single limit of at least Five Hundred Thousand Dollars (\$500,000) naming the Landlord as an additional insured.

VII.

DAMAGE TO PREMISES

It is agreed that if the premises are damaged by fire or other casualty to such an extent as to render the premises wholly unfit for occupancy, or if said building is so seriously damaged by fire or other casualty that it shall be necessary to rebuild the building, then and in that event either party may cancel this Lease by giving notice in writing by certified mail to the other party not later than thirty (30) days after the damage to said building shall have occurred; whereupon, the giving of such notice by either party to the other, this Lease shall terminate and all rights and obligations of Landlord and Tenant hereunder shall cease and terminate. In the event, however, that Landlord shall not elect to cancel this Lease as herein above provided, he shall commence the rebuilding and/or reconstruction of the leased premises within sixty (60) days after the damage to said leased premises shall have occurred; whereupon Tenant, at its option, may elect to continue its occupancy for the balance of the term. In the event the leased premises should be partially damaged by fire or other unavoidable casualty, but

not to such an extent as to require a complete rebuilding or a complete reconstruction of the leased premises, it shall be the duty of Landlord to immediately commence the work of repairing or rebuilding the leased premises, restoring the said premises to conditions equally desirable as before its destruction by fire or other casualty; provided, however, that throughout the period during which the leased premises are wholly or partially untenable, by reason of fire or other casualty resulting in either partial or total destruction, there shall be an abatement of rental in proportion to the portion of the leased premises rendered untenable for the purpose of Tenant's business and the period of time during which repairs and/or rebuilding or reconstruction are in process; and provided, further, that in the event of damage to the leased premises by fire or other casualty, any portion of the rent paid in advance by Tenant to Landlord, and not earned by reason of Tenant's occupancy, shall be refunded to Tenant by Landlord immediately upon the happening of any fire or other casualty which shall prevent Tenant from using said premises in the conduct of his business.

VIII.

OPTION TO RENEW

Tenant is hereby granted from Landlord an option to renew this lease for another twenty-four (24) month period with the

rent to be negotiated at the time of renewal. Any option to renew shall be exercised by Tenant by giving Landlord ninety (90) days written notice, prior to the expiration date of the Lease, of its desire to renew said Lease.

IX.

TERMINATION

It is agreed that during the term of this lease or during any of the renewal terms thereof, Tenants shall be able to cancel and terminate the Lease upon providing a ninety (90) day written notice to the Landlord. It is also agreed that during the term of this Lease the Landlord can terminate this Lease upon providing a ninety (90) day written notice to the Tenant.

Dated this _____ day of _____, 2001.

PARTNERSHIP

CORNERSTONE PROPERTIES

By:

Its:

CITY OF RAPID CITY

By:

Jerry Munson, Mayor

ATTEST:

Finance Officer

(SEAL)