

LEASE AGREEMENT

This lease is entered into this 27th day of July, 2026, by and between Independent School District No. 2689 (hereinafter referred to as "District"), with offices located at 1401 7th Street SW, Pipestone, MN 56164 and the Heartland Colony (hereinafter referred to as "Colony"), with offices located at Heartland Colony, 2171-100th Avenue, Lake Benton, MN 56149.

District is a public-school municipal corporation under the laws of the State of Minnesota. Colony is a not for profit corporation organized under Chapter 317A of the laws of the State of Minnesota.

Colony hereby leases to District a portion of its Heartland School located at 2171-100th Avenue, Lake Benton, MN 56149, under the following circumstances and subject to the following terms.

I. Leased Premises.

- A. The Leased Premises shall consist of approximately 3,388 square feet of space located on the bottom floor of the Heartland Church Building.
- B. District students, faculty and visitors shall, additionally, have access to and use of stairwells, lavatories and hallways of the building in which the Leased Premises are located, as well as its parking lot and yard.

II. Use of Leased Premises.

- A. The Leased Premises are to be used by the District for purposes of conducting a public elementary school, consisting of a single multi-age class for grades K-12 (hereinafter "School").
- B. Students enrolled in the School will be taught by a licensed teacher(s) (which may include a teacher(s) with a provisional license, or a teacher(s) teaching under a wavier granted by the Department of Children, Families and Learning). The teacher will be employed by the District and the District has the sole discretion to determine which teacher(s) to assign to the School.
- C. Instruction in the School will conform to the curriculum required by the District in its other public elementary schools, and the District retains sole discretion to determine the curriculum and the classroom materials used in the School and the services offered to the students of the School, subject to the exemption described in Article II.D, as authorized by Minn. Stat. §126.699(1996).
- D. To the extent authorized by law, the School will not use cable television as part of its curriculum due to pre-existing parental requests for such an exemption from the projected students of the School. The District will, however, provide a TV monitor for VCR usage. If students enroll in the School who do not request exemptions from the curriculum, the District retains the sole discretion to determine whether and in what manner such students will be provided with access to cable television, without infringing on the rights of the students who have requested the aforementioned curriculum exemption.
- E. The District will not provide transportation or lunch to the School because the students currently projected to enroll in the school intend to provide their own lunch and do not require transportation. If additional students enroll in the School, the District will make arrangements for the provision of transportation and lunch as determined by the District to be appropriate and necessary under the law.

- F. The School will follow all applicable District policies and procedures, including, but not limited to, policies regarding student and employee discipline and the operation of a smoke and drug-free environment.
- G. District will provide special education to eligible students enrolled in the School as determined by the District to be necessary under the law. District maintains the sole discretion to provide special education at an alternative site.
- H. District will operate the School on the Leased Premises so long as at least 15 full-time students are enrolled in the School. The School has a minimum capacity of 15 students. Enrollment in the School shall be open to all elementary school students residing in the District and assignment to the School shall be made according to parent request. In the event that enrollment in the School drops below 15 full-time students, the District may terminate the lease and reassign the remaining students to other schools in the District.
- I. District shall have the sole discretion to establish the School calendar pursuant to Minn. Stat. §120A.40 and hours during which the Leased Premises will be used for school purposes.
- J. Colony will have access to and use of the Leased Premises at all times other than during regular school hours and such other times as the Parties agree upon.
- K. Colony will ensure that no religious symbols and/or artifacts are displayed in the Leased Premises and will not attempt to provide religious instruction to students of the School during school hours.

III. Maintenance, Care and Structure of Leased Premises.

- A. The Colony is solely responsible for the maintenance and repair of the Leased Premises. Colony will maintain the Premises up to the standards of the other elementary school buildings in the District and all maintenance and repair will be performed in a timely manner. All repair and maintenance costs associated with the Leased Premises shall be paid in a timely manner by Colony.

Maintenance of the Leased Premises expressly includes maintenance of the grounds of the Leased Premises, including the parking lot and the yard of the Leased Premises. The Colony is solely responsible for the removal of snow and ice from the sidewalk, steps and sidewalk of the Leased Premises and shall conduct such snow and ice removal in timely manner and up to the standards of the other elementary school buildings in the District. The Colony is solely responsible for mowing all grass and trimming all shrubs, bushes and/or trees on the grounds of the Leased Premises and will perform such maintenance regularly and as necessary to maintain the Premises up to the standards of the other elementary school buildings in the District.

- B. Colony shall make adequate provision and fully and promptly pay for all electricity, gas, oil, water, sewer, telephone services or other public utilities of every kind requested by the District and furnished to the Leased Premises throughout the term hereof.
- C. The Colony will have the Leased Premises inspected by the State Fire Marshal, or his delegate, prior to the opening of the School. The Fire Marshal must verify that the Leased Premises meets all requirements for use as a public elementary school.

- D. The Colony is solely responsible to ensure that the Leased Premises meets all buildings code requirements for public elementary schools as well as all other local, state and federal laws, ordinances, codes or rules regarding the structural requirements applicable to public elementary schools. In the event that any maintenance, repairs, improvements and/or alterations are required to bring the leased Premises into compliance with any applicable law, code, ordinance or rule, Colony will be solely responsible for performing such maintenance, repairs, improvements and/or alterations at its own expense.
- E. Colony will ensure that parking space near the Leased Premises is available for the District's use and that the parking lot conforms will all be applicable to laws, rules, ordinances and codes for school parking lots.
- F. The District agrees to use the Leased Premises in a manner, which keeps the Leased Premises in a reasonably clean and sanitary condition. District shall make no permanent alterations, additions, or changes in the Leased Premises, including the installation of fixtures, without the advance written consent of the Colony. Such consent shall not be unreasonably withheld. All alterations, additions, and improvements which may be made or installed by District upon the Leased Premises and which are permanently attached to the floors, walls or ceilings shall remain upon and be surrendered with the Leased Premises as a part thereof, without damage or injury beyond normal wear and tear. Furniture and instructional or decorative equipment and materials, which are not attached to the floor, walls or ceilings of the Leased Premises, remain the property of the District.
- G. District agrees to observe reasonable precautions to prevent waste of heat, electricity, water, air conditioning and any other utility or service provided to the Leased Premises.
- H. Colony shall be solely responsible for the security of the Leased Premises.

IV. Term of Lease.

- A. This Lease Agreement shall have an initial term commencing on September 1, 2026, to May 27, 2027, unless extended as provided below.
- B. The Parties agree that the Lease Agreement may be extended for additional, consecutive one-year terms, if the Parties mutually agree, in writing, by August 1 prior to the commencement of the renewal term.

V. Termination and Renewal of Lease.

- A. The Lease Agreement will automatically terminate upon the expiration of the lease term unless both parties agree to a renewal pursuant to the terms required in Article IV.B.
- B. Either the District or the Colony may unilaterally terminate the Lease for any reason during the period of the initial lease term, or during any annual renewal period, by giving thirty (30) days written notice of the intent to terminate the lease.
- C. District may automatically terminate the Lease Agreement and close the School without providing thirty (30) days written notice if the enrollment of the School drops to below 15 students. Notice of such a termination must be in writing, but need not adhere to the thirty (30)-day notice period.
- D. If at any time during the lease term it is determined that the Leased Premises are untenable or unfit for occupancy as a school building, in whole or in part, due to fire, casualty, or

structural defects, this Lease may be immediately terminated by either party by providing notice in writing to the other party. Notice of such a termination must be in writing, but need not adhere to the thirty (30)-day notice period.

VI. Rent.

For the initial term of this Lease, and during any renewals thereof, the Colony will lease the Leased Premises to the District of the sum of one dollar (\$1.00) per year.

VII. Furnishings and Instructional Equipment.

- A. District is responsible for providing, at its sole expense, all furniture and instructional equipment necessary for its use of the Leased Premises for the purposes described in Article II, above.
- B. Any furniture or instructional equipment placed in the Leased Premises by District shall remain the property of District.

VIII. Hold Harmless and Indemnification.

- A. Colony expressly agrees to release the District, its servants, agents, or employees, from all liability for any demands, injuries, damages, attorney fees, court costs and disbursements, actions or causes of action, or claims of whatever nature, including subrogation claims, arising from injury to person or property or any other claim arising out of or in connection with District's use and occupancy of the Leased Premises, whether or not covered by insurance. This clause expressly includes claims arising out of the negligence of the District, their servants, agents or employees, but for purposes of personal or property injury claims, it does not include claims arising out of the intentional, willful or wanton misconduct of the District, their servants, agents or employees.
- B. Colony agrees to indemnify, defend, protect, and hold harmless District, its servants, agents or employees, from and against any and all liabilities, damages, costs, expenses (including all attorney fees and expenses), causes of action, suits, claims, demands or judgments of any nature, including subrogation claims arising out of or in connection with District's use and occupancy of the Leased Premises. This clause expressly includes claims arising out of the negligence of the District, its servants, agents or employees, but for purposes of personal and property injury claims, it does not include claims arising out of the intentional, willful or wanton misconduct of the District, its servants, agents or employees.

IX. Insurance.

Colony must, at Colony's sole cost and expense, provide and maintain during the term of this Agreement a blanket or general liability insurance policy against claims for personal injury, death, property damage or violation of constitutional or statutory rights occurring in connection with the use and occupancy of the Leased Premises by the District. Said policy must have limits of not less than \$1,000,000 combined single limit. The District must be named in said insurance policy as an additional insured. The insurance carrier shall be notified by the Colony of the terms of this Agreement.

Insurance policies (or riders) required by this Agreement, (i) must be taken out by Colony and maintained with solvent and responsible insurance companies organized under the laws of one of the states of the United States and licensed to do business in the State of Minnesota, (ii) must contain a provision that the insurer may not cancel or revise coverage thereunder without giving

written notice to the insured party and to the District as an additional insured at least thirty (30) days before cancellation or revision becomes effective, (iii) must name Colony as an insured party and District as an additional insured, and (iv) must be evidenced by a Certificate of Insurance listing District as an additional insured which must be filed with the District prior to commencement of the term of this Agreement.

X. Assignment.

Neither District nor Colony shall assign or transfer any rights or obligations under this Agreement without prior written approval of the other Party.

XI. Title.

Colony represents that it has full right, power and authority to enter into a lease of the Leased Premises in question and for the term herein granted and that the Leased Premises may be used by the District for the entire term, unless earlier terminated, as provided for herein.

XII. Taxes.

Colony shall be responsible for the payment of any and all real estate taxes with respect to the Leased Premises and shall made payment of any such taxes promptly when due.

XIII. Notices.

All notices required to be given by one party to another party under this Agreement shall be in writing and sent by mail to the individuals designated below:

Pipestone Area Schools
Superintendent Dr. Klint W. Willert
1401 7th Street SW
Pipestone, MN 56164

Heartland Colony
Mr. Jerry Wipf
2171-100th Avenue
Lake Benton, MN 56149

All notices required to be provided on a specific day or date shall be considered as timely if postmarked on or before the date due.

XIV. Construction of Agreement.

It is agreed that this Lease Agreement shall be governed by, construed, and enforced in accordance with the laws of the State of Minnesota.

XV. Amendments.

No amendments shall be made to this Lease Agreement except in writing and signed by the designees of the parties.

XVI. Savings Clause.

Should any provision or provisions of this Lease Agreement be found unlawful, the other provisions of this Lease Agreement shall remain in force and effect if by doing so the purposes of this Lease Agreement, taken as a whole, can be made operative. Should any provision or provisions be found unlawful, the parties shall meet and attempt to agree upon an amendment to this Lease

Agreement to replace the unlawful part or parts. This section shall not be interpreted to alter Article V, Termination and Renewal of Lease.

XVII. Integration.

This Lease Agreement sets forth the entire Agreement and understanding of the Parties with respect to the transaction contemplated hereby and supersedes all prior Agreements, arrangements and understandings relating to the subject matter hereof. No representation, promise, inducement or statement of intention has been made which is not embodied in this Lease Agreement or in the documents referred to herein, and neither Party shall be bound by or liable for any alleged representation, promise, inducement or statement of intention not so set forth.

IN WITNESS WHEREOF, the undersigned Parties have caused this Agreement to be signed on their behalf intending to be bond thereby, and intending to bind their heirs, successors, executors, administrators and assigns.

INDEPENDENT SCHOOL DISTRICT
NO. 2689, PIPESTONE AREA SCHOOLS

HEARTLAND COLONY

BY: _____ BY: _____
(Tyler Fruechte) (Jerry Wipf)

TITLE: _____ Chair TITLE: _____ President

DATE: _____ DATE: _____

BY: _____
(Daphne Likness)

TITLE: _____ Clerk

DATE: _____

Heartland Colony Lease:
July 27, 2026
For
2026-2027 School Year

1. A written excuse is required by the student/parent if a student is absent.
2. The students will be allowed to go to the library once a month.
3. The students will be allowed four educational trips each school year.
4. The Colony will supply the school with a helper for Kindergarten.
5. The students will be allowed to attend educational speakers/groups that are offered to elementary students at Pipestone Elementary.
6. The students will be allowed to attend all school lyceums that the students in Pipestone Elementary.
7. The Colony must supply each student with the needed school supplies that are required of students at Pipestone Elementary.
8. The Colony must supply each student with the needed supplies for Art projects if requested by the teacher at the Colony. I.E. Christmas & Mother's Day.

Date:

Jerry Wipf, CEO/Hutterite Colony School

Date:

Superintendent of Schools

Date:

Chair of the School Board

Date:

Clerk of the School Board