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County Recorder
McKenzie County
Watford City ND 58854
Page 1 of 18

**GROUND LEASE AGREEMENT
WATFORD CITY, NORTH DAKOTA
MCKENZIE COUNTY – LSS HOUSING WATFORD CITY III LLC**

This Agreement is effective the 1st day of November, 2015, by and between:

McKenzie County
201 5th Street Northwest, Suite 543
Watford City, North Dakota 58854
(hereinafter "County" or "Lessor")

and

LSS Housing Watford City III LLC
3911 20th Avenue South
Fargo, ND 58103-4719
(hereinafter "LSS" or "Lessee")

Recitations:

A. Lessor is the owner of property, with no structures and some facilities in place, as noted in Article 6 of this Agreement in Watford City, McKenzie County, North Dakota, described as follows:

Lots 7, 8, 9, 10, 11, and 12, Block 2, Cherry Creek 2nd Addition to the City of Watford City, McKenzie County, North Dakota

Lot 17, Block 2, Cherry Creek 2nd Addition to the City of Watford City, McKenzie County, North Dakota

Lots 3, 4, 5, and 6, Block 3, Cherry Creek 2nd Addition to the City of Watford City, McKenzie County, North Dakota

This property will hereinafter be referred to as the "Property" or "Premises." All Property is located within McKenzie County, North Dakota.

B. Lessee is a nonprofit entity in the process of providing affordable housing in areas of North Dakota, including McKenzie County.

C. The County and LSS have agreed to terms for a long-term ground lease which will allow LSS to develop housing on the Property and will allow County access to Housing for Essential Service Workers.

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D. The parties desire to enter into this Ground Lease Agreement to define their respective rights, duties, and liabilities related to the Property.

NOW, THEREFORE, in consideration of the mutual covenants, promises and agreements of the parties, the adequacy and sufficiency of which is hereby acknowledged, it is agreed as follows:

**Article 1.
Premises Description**

Lessor hereby leases the Property to Lessee, and Lessee does hereby lease the Property from Lessor. The Property is unimproved in its present condition.

**Article 2.
Use**

Lessee shall use and occupy the Premises for residential housing and improvements related thereto. This will include the construction of apartment buildings, garages, parking areas, drive areas, sidewalk areas, and lawn areas. Lessee will have control over the development of the Property. Lessee may not develop the Property for any uses other than those set forth herein without the written consent of Lessor.

**Article 3.
Term**

The initial term of this Lease shall be for a fifty (50)-year period commencing June 1, 2015, and terminating May 31, 2065. This Lease will thereafter be renewed for successive ten (10)-year periods at the option of Lessee. Failure of Lessee to give notice of non-renewal will result in a renewal of the Lease for an additional ten-year term. Provided, however, Lessee may terminate this Lease at any time after the initial 50-year term by not less than 180 days' written notice to Lessor.

**Article 4.
Rent**

The Base Rent for the initial 50-year period is \$5.00. The rent for each additional 10-year extension is \$1.00. Lessor shall pay to Lessee the sum of \$9.00 upon execution of this Lease, which represents payment of the Lease amount for the initial 50-year period and four (4) successive 10-year renewal periods.

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**Article 5.
Construction of Improvements and Signs**

Section 5.1. All construction of improvements on the Subject Property will be the responsibility of Lessee. This includes arranging for architectural services; engineering services; design services; construction services; supplies; materials; equipment; furnishings; and all other items necessary to cause construction of the residential housing as desired by LSS. LSS may construct the improvements in stages and determine what additional construction is to be performed based on demand for the improvements which have been constructed.

Section 5.2. LSS is obligated to construct a minimum of 77 apartment units on the Property. Each separate apartment is an apartment unit.

Section 5.3. LSS will be responsible for the supervision of all construction and for all requirements for appropriate building permits and approvals in compliance with codes and regulations. LSS may contract with third parties to ensure compliance with these provisions for any improvements constructed on the Property.

Section 5.4. LSS may place such signs on the Property as it deems appropriate in conjunction with the housing it is constructing and operating.

**Article 6.
Access and ESW Units**

LSS will be allowed access to the Subject Property upon execution of this Agreement by Lessor and Lessee.

Section 6.1. Access. LSS will be allowed access to the Subject Property upon execution of this Agreement by Lessor and Lessee. LSS will be responsible for removing all mobile-home units from the Subject Property at the expiration of the current lease term, if not removed by MCHS, and LSS will be entitled to receive income realized in disposition of the mobile homes, if not removed by MCHS. To the extent County has an ownership interest in the mobile homes, County agrees to execute such certificates of title and bills of sale as are necessary to transfer title to LSS at the termination of the current lease term of the mobile homes. There is an exception to access to the entire Property for the four (4) mobile homes located on the Subject Property which are pursuant to leases with Lessor with terms that have not yet expired. Lessor will not renew the leases. Lessee will construct its improvements and operate the property in a manner taking into consideration the presence of the four mobile homes. No additional mobile homes may be placed on the Property by Lessor or any third party. There is also a house and foundation located on the property. Lessor will be responsible for removal of

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the house and foundation at its expense. Lessor will exercise due diligence in removal of the house and foundation. The parties understand a third party has been contracted for this work starting November 15, 2015. The timing is dependent on the weather and the third party. LSS will have access to the other parts of the Property while the house and foundation are being removed.

Section 6.2. ESW Units. County is interested in providing housing for Essential Service Workers ("ESW"). Lessor and Lessee agree that 39 of the apartment units to be constructed on the Property by Lessee will be designated for use by ESW. Qualification for the ESW apartments and the procedure for leasing ESW units will be pursuant to applicable rules and regulations put forth by the North Dakota Housing Finance Agency. The 39 ESW units are not 39 specifically designated units, but rather are floating units that will be dependent upon units available at the time there is an ESW to occupy an apartment unit. The following will also apply:

Section 6.2.1. The parties agree they will abide by the regulations, restrictions, and terms as are required by state law and by the North Dakota Housing Finance Agency for ESW housing.

Section 6.2.2. The phrase "Essential Service Workers" (ESW) shall have the definitions attached to it that are used as part of the North Dakota Housing Finance Agency rules and regulations.

Section 6.2.3. County will have the first right to designate an ESW for a vacant apartment, as long as the apartments with County-designated ESWs does not exceed 39 apartments

Section 6.2.4. County and Lessee agree to work cooperatively to accomplish the goals of County in providing housing through this project to ESW. To the extent allowed by applicable law and regulations County will be provided priority on units for County ESWs.

Section 6.2.5. Lessee will give County ten (10) days' notice of the availability of an ESW Unit by email to the County-designated e-mail address. This address may be changed at any time by County. The ten-day notice period will start to run on the date the e-mail is sent.

Section 6.2.6. If County does not respond affirmatively within the ten-day period with the identification of an ESW who will take the apartment the date it is open for occupancy, Lessee may lease the apartment to such tenant as Lessee approves. At any time prior to leasing the apartment to a non-ESW, County may identify an ESW willing to take occupancy of the apartment as of that date.

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Section 6.2.7. Lessee will apply the same screening process to the ESW identified by the County as it applies to every other applicant to be a tenant. Lessee will determine whether the County-identified ESW is suitable as a tenant.

Section 6.2.8. Every ESW tenant will be obligated to enter into a Lease Agreement with Lessee, the same as any other non-ESW tenant.

Section 6.2.9. Lessee is not obligated to terminate the Lease of any non-ESW tenant in order to allow for 39 County-specified ESW tenants. However, at such time as a non-ESW occupied apartment becomes available, if County has not placed ESW tenants in 39 units, Lessee will give notice of the availability of a unit as set forth above.

Section 6.2.10. County and Lessee agree to work cooperatively to accomplish the goals of County in providing housing through this project to ESW. The parties agree they will abide by such restrictions and terms as are required by state law and agreements with the North Dakota Housing Initiative Fund for ESW housing based on financing provided to this property through North Dakota Housing Initiative Fund.

**ARTICLE 7.
Condition of the Property**

Section 7.1. **Acceptance of Condition.** Lessee is accepting the Property in its present condition, with the provision that all mobile homes, personal property, and trash must be removed by the first day of this Lease, subject to an exception for the four mobile-home units discussed in Section 6.1 of this Lease. Lessee understands that Lessee will be responsible for the construction of all improvements and for making any changes to the Property necessary in order to allow construction of improvements.

Section 7.2. **Surrender of Premises.** Lessee agrees that at the completion of the Term of this Lease, including the completion of each renewal term of this Lease, unless sooner terminated, Lessee will deliver the Property to Lessor in its then-current condition. All improvements on the Property will become the property of Lessor upon that occurrence. Lessor and Lessee may negotiate additional terms for this. Otherwise, Lessor will receive the Property with improvements and without any obligation to pay compensation to Lessee for those improvements. Lessee agrees it will do nothing to harm or damage any improvements to the Property prior to all rights to possession of the Property being delivered to Lessor.

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**Article 8.
Care, Maintenance, and Repair of Subject Property**

Lessee is responsible for all care, maintenance, and repair of the Property. Lessee may contract with a third party and create an obligation with that third party(s) for some or all of the care, maintenance and/or repair of the Property. Lessee may further contract with a third party(s) for management services for the Property. The party providing management services may be affiliated with Lessee.

**Article 9.
Alterations**

Lessee may cause such alterations in the improvements to the Property as Lessee, in its sole discretion, deems appropriate.

**Article 10.
Real Property Taxes**

Section 10.1. Definition of "Real Property Tax." As used herein, the term "Real Property Tax" shall include any form of real estate tax or assessment, general, special, ordinary or extraordinary, and any license fee, commercial rental tax, improvement bond or bonds, special assessment levy or tax (other than inheritance, personal income or estate taxes) imposed on the Subject Property by any authority having the direct or indirect power to tax, including any city, state or federal government, or any school, agricultural, sanitary, fire, street, lighting, drainage or other improvement district thereof, as against any legal or equitable interest of Lessor in the Premises or in the real property of which the Premises are a part as against Lessor's right to rent or other income therefrom, and as against Lessor's business of leasing the Premises. The phrase "Real Property Tax" shall also include any tax, fee, levy, assessment or charge (1) in substitution of, partially or totally, any tax, fee, levy assessment or charge hereinabove included within the definition of "Real Property Tax," or (2) the nature of which was hereinbefore included within the definition of "Real Property Tax."

Section 10.2. Lessee will be responsible for paying real property taxes for the Property, if any, applicable to the time period this Lease is in effect. Lessee will also be obligated to pay installments of special assessments, if any, applicable to the time period this Lease is in effect. Payments of real property taxes and installments of special assessments will be made when due and will take advantage of any discounts available on prepayment. To the extent the Property is subject to tax-increment financing ("TIF"), payment in lieu of taxes ("PILOT"), renaissance zone credits, tax credits, or any similar program, 100% of the benefit of these programs will go to Lessee.

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**Article 11.
Sale of Tax Credits**

To the extent the Subject Property qualifies for tax credits, LSS may sell the tax credits and use the proceeds for construction of improvements on the Subject Property. LSS may also structure such TIF payments and TIF districts in the manner LSS deems will be most appropriate for its financing. Nothing in this Lease Agreement requires there to be TIF financing in place for this project to continue, or for the parties to be bound by the terms of this Agreement. Lessor will cooperate in application for benefits such as tax credits and TIF credits but will not assume or be liable for any debt related to the same.

**ARTICLE 12.
Insurance**

Section 12.1. **Public Liability Insurance.** Lessee shall take out and keep in full force and effect during the term, occupancy, and possession of the Leased Premises by Lessee, public liability insurance for the Premises and such other liability insurance as may be applicable to the storage, personnel, and liability inherent and applicable to the Leased Premises. Lessee will be responsible for paying the premium for this insurance. Such insurance will be with a reputable company licensed to do business in the State of North Dakota and approved by Lessor for protection against liability to the public arising out of or resulting from any occurrence on or about the Subject Property. The limits of liability under the policy shall be, at a minimum, \$2,000,000 combined single limit. Lessee's policy shall name Lessor as an additional insured. Proof of such insurance shall be provided by Lessee to Lessor in the form of a Certificate of Insurance before occupancy of the Premises by Lessee. The policy shall provide that it may not be canceled without 30 days' advance written notice to Lessor. Lessee will maintain in effect Worker's Compensation coverage covering its employees in compliance with the laws of the State in which the Subject Property is located. Lessee will also be responsible for insuring its own property and interests within the Premises.

Section 12.2. **Property Insurance.** At all times during the term hereof, Lessee shall maintain in effect property insurance policies as Lessee deems appropriate to cover replacement of all improvements of the Subject Property made by Lessee or at Lessee's request. This includes insuring the Property for the full replacement cost of improvements to the Property. The policies shall be for fire and all-risk provisions in terms acceptable to Lessor and Lessee. Lessee shall maintain this insurance at its own expense. Lessee shall also maintain its own insurance covering its merchandise, fixtures, machinery, equipment, inventory, and other property items located on the Property which are not covered by any other insurance policy. Lessee will be obligated to rebuild and restore improvements to the Subject

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Property with the proceeds from any insurance recovery, unless otherwise agreed by Lessor and Lessee.

Section 12.3. **Indemnification.** Lessee covenants and agrees to indemnify, defend, and save Lessor harmless from and against any and all injury, loss, claims, actions, damages, liability, costs, and expenses, including reasonable attorney's fees, resulting from loss of life, personal or bodily injury, damage to property, or litigation arising from or out of any occurrence in, upon, or at the Premises where the occupancy or use by Lessee of the Premises, wholly or in part, by any act, neglect, or admission of Lessee, its agents, contractors, employees, servants, Lessees, or concessionaires caused the injury, loss, or damage. All of Lessee's public liability and property insurance policies shall contain a contractual liability endorsement insuring the performance by Lessee of the indemnity agreement set forth in this Section as to liability for injury to or death of persons and injury or damage to property.

**Article 13.
Utilities**

Lessee is obligated to cause utilities to be brought to the Property. Lessor agrees to cooperate with this. All utility costs for operation of the improvements to the Property are the responsibility of Lessee. Lessee may contract with third parties to create an obligation of third parties to pay part or all utility costs.

**Article 14.
Financing and Assignment**

Section 14.1. Lessor and Lessee understand that Lessee will need financing from a third party or third parties in order to be able to construct the desired improvements upon the Property.

Section 14.2. Lessee will assign its Leasehold Interest under this Ground Lease to Lessee's Lender(s) in order to allow Lessee to obtain financing for construction on the Subject Property. Lessor will cooperate with such Assignment but will not assume any financial liability to Lessee's Lender(s). In the event of a default by Lessee on its obligations to its lender, Lender will give notice to Lessor of any default.

Section 14.3. Lessee will have the right to pledge the improvements to the Property and its Leasehold Interest as security for any loan(s).

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**Article 15.
Default**

If a party contends the other party is in material default of its obligations under this Agreement, the non-defaulting party will give the defaulting party thirty (30) days' written notice specifying what constitutes the default and what must be done to correct the same. If the defaulting party completes correction of the default during that 30-day period, or if the defaulting party gives written notice it will correct the default, starts to correct the default, and diligently pursues correction of said default, that party will not be considered to be in default or breach of this Agreement. A failure of a party to cure a material default will give the other party the right to exercise all rights and remedies for default available at law.

**Article 16.
Eminent Domain and Condemnation**

Section 16.1. **Eminent Domain.** In the event of any eminent domain or condemnation proceeding or private sale in lieu thereof in respect to the premises during this Lease, the following provisions shall apply:

Section 16.1.1. **Total Condemnation.** If the whole of the premises shall be acquired or condemned by eminent domain for any public or quasi-public use or purpose, then the term of this Lease shall cease and terminate as of the date possession shall be taken in such proceeding and all rentals shall be paid up to that date, and Lessee shall have no claim against the Lessor for any unexpired term of this Lease.

Section 16.1.2. **Partial Condemnation.** If any part constituting less than the whole of the premises shall be acquired or condemned as aforesaid, and in the event that such partial taking or condemnation shall materially affect the premises so as to render the premises unsuitable for the business of the Lessee, in the reasonable opinion of the Lessee, then the term of this Lease shall cease and terminate as of the date possession shall be taken by the condemning authority and rent shall be paid to the date of such termination.

Section 16.1.3. **No Material Effect.** In the event of a partial taking or condemnation of the Premises which shall not materially affect the Premises so as to render the Premises unsuitable for the business of the Lessee, the Lease shall continue in full force and effect.

Section 16.1.4. **Damages.** In the event of any condemnation or taking as aforesaid, the Lessee shall receive the full damages payable for the taking of Lessee's interest under this long-term Ground Lease and Lessee's improvements, and Lessor shall receive the loss related to its interests in the Property.

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Article 17.

Lessor's Statement/Estoppel Certificate.

Section 17.1. The Lessor agrees that at any time and from time to time upon not less than thirty (30) days prior written request by the Lessee to Lessor, Lessor will execute and deliver to the Lessee a statement in writing certifying that this Lease is unmodified and that it is in full force and effect or stating the modification.

Section 17.2. Lessor will not place any indebtedness against its interest in the Property.

Article 18.

Surrender, Holding Over, and Abandonment

Section 18.1. **Surrender.** On the expiration date or upon the termination hereof upon a day other than the expiration date, Lessee shall peaceably surrender the Premises. On or before the expiration date or upon termination of this Lease on a day other than the expiration date, Lessee shall, at its expense, remove all personal property and signs from the Premises. Any property not removed shall be deemed to have been abandoned. All alterations, additions, improvements, and fixtures which have been made or installed by Lessor or Lessee upon the Premises shall remain upon and be surrendered with the Premises as a part thereof, without disturbance, molestation, or injury, and without charge, at the expiration or termination of this Lease.

Section 18.2. **Holding Over.** In the event Lessee remains in possession of the Premises after the expiration date of this lease and without the execution of a new lease, it shall be deemed to be occupying said Premises as a Lessee from month to month, subject to all the conditions, provisions, and obligations of this Lease insofar as the same can be applicable to a month-to-month tenancy on the same terms.

Section 18.3. **Abandonment.** In the event Lessee shall vacate the Property prior to the expiration date of this Lease, or shall discontinue or suspend the operation of its business conducted on the Property for a period of more than 180 consecutive days (except during any time when the Property may be rendered untenable by reason of fire, other casualty, or due to construction of improvements or remodeling), then in any such event, Lessee shall be deemed to have abandoned the Property, and Lessee shall be in default under the terms of this Lease.

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**Article 19.
Assignment by Lessee**

Should Lessee desire to enter into a Transfer of this Lease, Lessee shall give Lessor at least 60 days' prior written notice, which notice shall include: (1) the full particulars of the proposed Transfer; and (2) a description of the identity, net worth, and previous business experience of the proposed transferee, and (3) any further information relevant to the proposed Transfer which Lessor shall have requested within 20 business days after receipt of Lessee's notice. With respect to any such proposed Transfer, it shall not be unreasonable for Lessor to withhold its consent to a proposed Transfer of this Lease if, in Lessor's business judgment, any one or more of the following conditions or situations exist or may exist: (1) if the proposed Transferee has not had successful experience in operating the business to be operated on the Premises; (2) the business to be operated by the transferee is different in any way from the business of the Lessee; or (3) Transferee does not certify in writing that all supplied information is true and correct. In addition, Lessor shall be entitled to reasonable satisfaction that each and every covenant, condition, or obligation imposed upon Lessee by this Lease and each and every right, remedy, or benefit afforded Lessor by this Lease would not be impaired or diminished by such transfer. This article addresses assignment in addition to those assignments for financing addressed in Article 14.

**Article 20.
Miscellaneous**

Section 20.1. **Quiet Enjoyment.** Lessor warrants that it has full right to execute and to perform this Lease and to grant the estate demised, and that Lessee, upon payment of the rents and other amounts due and the performance of all the terms, conditions, covenants, and agreements on Lessee's part to be observed and performed under this Lease, may peaceably and quietly enjoy the Premises for the business uses permitted hereunder, subject, nevertheless, to the terms and conditions of this Lease.

Section 20.2. **Notice.** All notices, demands and any and all other communications which may be or are required to be given to or made by either party to the other in connection with this Agreement shall be in writing and shall be deemed to have been properly given if delivered by hand, sent by registered or certified mail, return receipt requested, or sent by recognized overnight courier service to the addresses set out below or to such other addresses as may be specified by written notice and delivered in accordance herewith, or transmitted via facsimile to the numbers set out below, or to such other numbers as may be specified by written notice and delivered in accordance herewith.

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Section 20.2.1. Notice given by registered or certified mail, return receipt requested, will be recognized as being given as of the day following the date of deposit with the United States Postal Service, postage prepaid.

Section 20.2.2. Notice given by recognized overnight courier service will be deemed to have been given as of the day following the date of delivery by sender to the overnight courier service.

Section 20.2.3. Notice given by e-mail shall be deemed given on the date the e-mail is sent. A copy of any notice by e-mail shall be followed by the same notice given by First-Class Mail on the same date as the e-mail.

Section 20.3. Any notice by personal delivery shall be deemed given on the date of the personal delivery.

Section 20.4. Any notice to Lessor shall go to:

McKenzie County
201 5th Street Northwest, Suite 543
Watford City, North Dakota 58854
E-Mail: lsvihornc@mckenzie.nd.us

Section 20.5. Any notice to Lessee shall go to:

LSS Housing Watford City III LLC
3911 20th Avenue South
Fargo, North Dakota 58103-4719
E-Mail: jphillips@lssnd.org

Section 20.6. **Intent of Parties.** Except as otherwise provided herein, the Lessee covenants and agrees that if it shall at any time fail to pay any such costs or expense, or fail to take out, pay for, maintain or deliver any of the insurance policies above required, or fail to make any other payment or perform any other act on its part to be made or performed as in this Lease provided, then the Lessor may, but shall not be obligated to do so, and without waiving or releasing the Lessee from any obligations of the Lessee in this Lease contained, pay any such cost or expense, effect any such insurance coverage and pay premiums therefore, and may make any other payment or perform any other act on the part of the Lessee to be made and performed as in this Lease provided, in such manner and to such extent as the Lessor may deem desirable, and in exercising any such right, to also pay all necessary and incidental costs and expenses, employ counsel and incur and pay reasonable attorney's fees. All sums so paid by Lessor and all necessary and incidental costs and expenses in connection with the performance of any such act by the Lessor shall be deemed Additional Rent hereunder, and shall be payable to Lessor on demand. Lessee covenants to pay any such sum or sums as aforesaid and the Lessor shall have the same rights and remedies in the event of non-payment

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thereof by Lessee as in the case of default by Lessee in the payment of the base rent payable under this Lease.

Section 20.7. **Consents by Lessor.** Whenever provision is made under this Lease for Lessee securing the consent or approval of Lessor, such consent or approval shall be only in writing.

Section 20.8. **No Agency Relationship.** The Lease does not create the relationship of principal and agent or of partnership or of joint venture or of any association between Lessor and Lessee, the sole relationship between the parties being that of Lessor and Lessee.

Section 20.9. **Governmental Regulations.** Lessee shall at all times operate its business in compliance with all applicable county, municipal, state, and federal governmental laws, now in force or which may hereafter be enforced and shall use the Premises in compliance with any current applicable county, municipal, state, and federal governmental laws.

Section 20.10. **Owner to be Held Harmless.** Lessee, as a material part of the consideration to be rendered to Lessor, hereby waives all claims against Lessor for damage to property in, upon, or about said Premises, or for injuries to Lessee, its agents or invitees in or about said leased Premises from any cause arising at any time, except due to Lessor's negligence or willful misconduct or that of its agents, contractors and employees; and Lessee will hold Lessor exempt and harmless from any damage or injury to any person, or to the goods, wares, and merchandise of any person, arising from the use of the Premises by Lessee, except where due to Lessor's negligence or willful misconduct.

Section 20.11. **Waiver.** The waiver by the Lessor of any breach or default of any term, covenant, or condition herein contained shall not be deemed to be a waiver of such term, covenants, or condition, herein contained. The acceptance of rent hereunder by Lessor shall not be deemed to be a waiver of any preceding breach of the Lessee of any term, covenant, or condition of this Lease, regardless of Lessor's knowledge of said preceding breach at the time of acceptance of such rent. No covenant, term or condition of this Lease shall be deemed to have been waived by Lessor unless such waiver be in writing by Lessor.

Section 20.12. **Force Majeure.** In the event that either party hereto shall be delayed or hindered in or prevented from the performance of any act required hereunder by reason of strikes, lockouts, labor troubles, inability to procure materials, failure of power, restrictive government laws or regulations, riots, insurrection, war or other reason of a like nature not the fault of the party delayed in performing work or doing acts required during the term of this Lease, the performance of such act shall be excused for the period of the delay.

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Section 20.13. **Entire Agreement.** This Ground Lease constitute the entire agreement between Lessor and Lessee affecting the Premises and there are no other agreements, either oral or written, between them other than are herein set forth. No subsequent alteration, amendment, change or addition to this Lease shall be binding upon Lessor or Lessee unless reduced to writing and executed in the same form and manner in which this Lease is executed.

Section 20.14. **Interpretation of Lease.** This Lease shall be construed and interpreted in accordance with the laws of the State of North Dakota.

Section 20.15. **Time is of the Essence.** Time is of the essence in each provision in this Lease.

Section 20.16. **Usury.** If any interest rate, late payment charge, or other amount or method of computing amounts set forth herein results in a violation of usury laws or any other applicable laws, that amount shall be considered to be amended to the highest rate or charge allowed by law.

Section 20.17. **Construction.** If any agreement, covenant, or condition of this Lease or the application thereof to any person or circumstance shall, to any extent, be invalid or unenforceable, the remainder of this Lease, or the application of such agreement, covenant or condition to persons or circumstances other than those as to which it is held invalid or unenforceable, shall not be affected thereby and each agreement, covenant, or condition of this Lease shall be valid and be enforced to the fullest extent permitted by law.

Section 20.18. **Consents.** Whenever under this Lease provision is made for the Lessor or the Lessee to secure the consent or approval of the other, such consent or approval shall be in writing and shall not be unreasonably withheld.

Section 20.19. **Captions.** The captions are inserted only as a matter of convenience and for reference, and in no way define, limit, or describe the scope of this Lease nor the intent of any provision thereof.

Section 20.20. **Counterparts.** This Lease may be executed by the parties in separate parts with the signature of each party to a copy of the contract, even if not the same copy, constituting the creation of a binding contract between the parties.

Section 20.21. **Binding on Successors.** The covenants and conditions herein contained shall, subject to the provisions as to assignment, apply to and bind the heirs, successors, executors, administrators, and assigns of all of the parties hereto, and all of the parties hereto shall be jointly and severally liable hereunder.

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Section 20.22. **Involvement of Both Parties.** All parties hereto have been fully involved in the negotiation and drafting of this Agreement. Accordingly, the parties hereto agree that any rule of construction of contracts resolving any ambiguities against the drafting party will be inapplicable to this Agreement. This Agreement will be interpreted in a fair and neutral manner without favoring one party over the other. No provision of this Agreement will be interpreted for or against any party because the provision was drafted by that party or its legal representative.

SIGNATURE PAGES FOLLOW.

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LESSOR: McKenzie County

By: Richard Cayko
Its: Board Chairman

By: Linda Svihovec
Its: Auditor

STATE OF NORTH DAKOTA)
): ss.
COUNTY OF MCKENZIE)

On this 17th day of November, 2015, Richard Cayko
and Linda Svihovec known to me to be the
Board Chairman and the Auditor, respectively, of
McKenzie County, the entity that is described in, and that executed the foregoing
instrument and acknowledged that said entity executed the same.

ERICA JOHNSRUD
Notary Public
State of North Dakota
My Commission Expires June 9, 2020

[Signature]
Notary Public

LESSEE'S SIGNATURE PAGE FOLLOWS.

Lessor's Initials: lms
11/09/15/13

Lessee's Initials: [Signature]

County Recorder
McKenzie County
Watford City ND 58854

500306

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COUNTY RECORDER, MCKENZIE COUNTY, ND

I certify that this instrument was filed and recorded. 500306

Ann M Johnsrud, County Recorder Fee \$61.00

By Nat Langford Deputy Apr 25, 2017 02:47 PM

