

LEASE AGREEMENT
(Teton County, Wyoming/The Children's Learning Center, Inc.)
(Mercill Site)

This Lease Agreement is made and entered into to be effective as of the **19th day of May, 2015** (the "Lease Date"), by and between Teton County, Wyoming, a duly organized county within the State of Wyoming ("Lessor"), and The Children's Learning Center, Inc., a Wyoming nonprofit corporation ("Lessee") (the "Lease").

WITNESSETH:

WHEREAS, Lessor is the owner of a portion of that certain real property in Teton County, Wyoming, commonly known as 105 Mercill Avenue and more particularly described as follows:

Part of Lots 15-17, Block 2 of the Joseph R. Jones Lots, addition to the Town of Jackson, a subdivision of Teton County, Wyoming recorded as plat No. 113 in the Office of the Clerk of Teton County, Wyoming, consisting of approximately XX acres and comprised of the western approximate one-half of Block 2 ("the Real Property"), as more particularly shown on the Map attached hereto as Exhibit "A" and incorporated by reference herein; and

WHEREAS, Lessor presently leases to Lessee the land underneath the Lessee's existing building, which is owned by Lessee, located on the Real Property pursuant to a Ground Lease dated October 9, 2010 (the "Ground Lease"); and

WHEREAS, Lessee intends to substantially demolish its existing building and construct a new and larger building to include child care, early childhood education, and Head Start programs in substantially the same location on the Real Property (collectively "Childcare Building"), which together shall be owned and leased by Lessor to Lessee and together be defined as the "Leased Premises" herein; and

WHEREAS, pursuant to Wyo. Stat. Sect. 18-2-101(iv), Lessor has the authority to "[m]ake contracts and perform other acts relating to the property and concerns of the county in the exercise of its corporate or administrative powers;" and

WHEREAS, Lessee's mission and services are to "improve the well-being of young children by providing services for children who are experiencing poverty or special needs, as well as quality childcare, preschool, and other early education programs" in Teton County, Wyoming;" and

WHEREAS, Lessor has determined that it is reasonably necessary and of definable benefit to provide Lessee with a long term lease of the Leased Premises beyond the term of the present elected officials due to the capital expenditures for construction of the improvements which are specifically designed for childcare purposes; and

WHEREAS, the parties hereto desire to enter into a written lease agreement providing the terms, covenants and conditions for the occupancy of the Leased Premises by Lessee; and

WHEREAS, the Lessee is desirous of obtaining funding from the Lessor to demolish the existing building and build a new Childcare Building located on the Real Property and, in consideration, convey the ownership of the new building to Lessor with a new lease for the Leased Premises, which includes both the land and improvements thereon; and

WHEREAS, simultaneously with the approval and execution of this Lease Agreement, the Lessor by resolution shall appropriate \$1,452,000.00 to the Lessee from the Special Excise Tax Fund for Child Care to allow the Lessee to demolish the existing building and build the new Childcare Building; and

WHEREAS, the Lessee shall submit voucher pay requests during construction of the new building to the County Treasurer; however no funds shall be expended, other than the initial \$300,000.00 for design, until it is shown by the Lessee that the Lessee has procured adequate additional funding to complete the new building; and

NOW, THEREFORE, in consideration of the mutual covenants, agreements, undertakings and benefits to the parties, the parties agree as follows:

1. Lease of Leased Premises. Lessor agrees to lease to Lessee and Lessee agrees to lease from Lessor the Leased Premises according to the terms and conditions of this Lease. The Ground Lease shall be terminated, and this Lease shall supersede the Ground Lease or any prior written or verbal agreements between the parties. The Lessee shall convey by bill of sale the ownership of the Childcare Building for One Dollar (\$1.00) upon the Certificate of Occupancy being issued by the Town of Jackson, Wyoming for the Childcare Building, and upon the completion of the following: completion of final punch list created by Teton County, proof by Lessee that all follow up commissioning and adjustment for maximum performance are performed, completion of LEED certification (if pursued), proof provided that all liens/claim releases are executed. This Lease shall include a lease to Lessee of both the Real Property and all improvements thereon including, but not limited to, the new Childcare Building (together the "Leased Premises"). All furniture, fixtures, and equipment located in or on the Leased Premises shall be owned by the Lessee and shall not be conveyed with the Childcare Building.

2. Payment of Funds and Permission to Proceed with the Construction of the New Building. Pursuant to the Ground Lease and Resolution of the Teton County Board of County Commissioners on May 19, 2015, the Lessor gave approval for the demolition of the existing structures located on the leased Real Property and the construction of a new Childcare Building, with the condition that no demolition or new construction shall begin until the Teton County Board of County Commissioners approve the Final Design of the new building prior to submittal to the Town of Jackson for a planning or building permit. The new building shall be designed to meet the minimum certification level for LEED v4 for New Construction but not be

required to pursue third party verification and certification. As to the approval of the Final Design by the Lessor, the Lessor is specifically interested in reviewing and giving final approval to the mechanical/ventilation systems, exterior/interior lighting, windows/exterior doors, exterior finishes, landscaping, and playground equipment. Lessor shall pay One Million Four Hundred Fifty Two Hundred Thousand Dollars (\$1,452,000.00) plus interest thereon to the Lessee from the Special Excise Tax Fund for Child Care, to allow the Lessee to demolish the existing building and to build a new Childcare Building. The Lessee shall submit voucher pay requests during construction of the new building to the Teton County Clerk; however, no funds shall be expended, with the exception of the initial Three Hundred Thousand Dollars (\$300,000.00) for design work, until it is shown by the Lessee that the Lessee has procured adequate additional funding to complete the building of the new Childcare Building. However, Teton County shall, upon signing this Lease, accept voucher pay requests for design work up to \$300,000.00. This paragraph shall become immediately effective upon the signing of this Lease. It is understood and agreed between the parties that, during construction of the new Childcare Building, the Lessee shall have full authority and control over the construction process including, but not limited to, design of the building, hiring contractors and subcontractors, choice of materials, construction schedule and manner and means of construction subject to applicable Town of Jackson Land Development Regulations and building codes.

3. Term of Lease. This Lease (with the exception of Paragraph 2, which becomes effective upon signing of this document) shall become effective upon a Certificate of Occupancy being issued for the newly built Childcare Building located on the site, and the current Ground Lease shall terminate, with the condition that ownership of the new building has been transferred to the Lessor pursuant to the conditions outlined in Paragraph 1. The initial term of this lease shall terminate on the 30th day of September 2020, unless sooner terminated as hereinafter provided. If the new building has not been built and a Certificate of Occupancy issued by the Town of Jackson within three (3) years of the date of this lease, this agreement shall terminate and the potential for the lease to begin shall cease.

Provided that neither party is in default in the performance of their obligations hereunder, this Agreement shall automatically and indefinitely renew for four (4) additional five (5) year terms until either party gives notice of its intent to terminate the Agreement or unless otherwise terminated as provided for herein. All the terms and conditions during the renewal period(s) shall be the same as during the initial term, unless modified by the parties in writing as provided herein, except for the provision referenced in Paragraph 9(b) herein regarding maintenance, which shall be reviewed and agreed upon by the parties prior to the anniversary of each renewal period. Renewal shall be deemed automatic without additional notice unless either party notifies the other in writing of non-renewal on or before six (6) months prior to the expiration of the current term.

4. Rent and Payment. Lessee shall pay to Lessor the sum of One Dollar (\$1.00) per year during the term of the Lease, with such rent being due

and payable upon execution of the Lease and each year on the anniversary date thereafter.

5. Use of the Leased Premises. The use of the Leased Premises shall be for early childhood education, Head Start programs, special education and childcare services. Furthermore, the Leased Premises shall be used and occupied by Lessee in a careful, safe and proper manner. Lessee shall use the Leased Premises only for purposes not prohibited by the laws, regulations, covenants and ordinances of Teton County and federal and state law. On a quarterly basis, Lessee shall report to Lessor any loss of licensure, notices of possible license revocation, or violations or warnings issued by the State of Wyoming Department of Family Services for the Childcare Building that is the subject of this Lease.

6. Acceptance of Leased Premises. Taking possession of the Leased Premises by Lessee shall be conclusive evidence as against the Lessee that such premises were in good and satisfactory condition when possession of same was taken. Lessee has inspected the Leased Premises and accepts the same in "as is" condition.

7. Taxes, Assessments and Fees. If applicable, Lessor shall pay all real estate taxes, real estate assessments, and any and all other governmental charges, assessments or taxes payable in respect to the Leased Premises or any part thereof during each rent year of the term of the Lease. Lessee shall be liable for taxes levied against its personal property, trade fixtures and other property placed by Lessee in, on or about the Leased Premises.

8. Utilities. Lessee shall pay for all the water, sewage, electrical, gas, and other utility services to or used by and in connection with the Leased Premises. Lessee additionally shall pay for all telephone, internet, cable television, and garbage services. Lessee shall establish and maintain all utilities accounts in its name.

9. Improvements, Repair and Maintenance.

a. Improvements. Improvements, including signage and additional finishes, by the Lessee shall be made at Lessee's sole expense and subject to the prior approval by Lessor. The Lessee improvements and finishes, except as provided for in Paragraph 10 of this Lease, shall become part of the Leased Premises and belong to the Lessor as further consideration for this Lease.

b. Repair and Maintenance. Lessee acknowledges that the Leased Premises are in good repair and working order. Lessee, at its sole expense, shall provide for the interior minor maintenance and upkeep of Leased Premises (including, without limitation, all cleaning; interior painting; carpet and other flooring cleaning and replacement; lighting bulb replacement; minor plumbing, electrical and kitchen maintenance costing less than Five Hundred Dollars (\$500.00) per occurrence, Five Thousand Dollars (\$5,000.00) aggregate per year; and cleaning and repairing of damage to windows, walls, and doors) in as good order and

repair as it was at the date of the commencement of this Lease, reasonable wear and tear excepted. Lessor, at its sole cost and expense, shall provide for the major maintenance of the Leased Premises (including, without limitation, all maintenance, repair and replacement of: electrical wiring, plumbing, HVAC system, kitchen systems, mechanical systems, heating systems, ventilation systems, the exterior of the building, the parking lot, and roadway of the Leased Premises; and for all structural repairs, including but not limited to the foundation, structural supports, and roof of the Leased Premises) in as good order and repair as it was at the date of the commencement of this Lease, reasonable wear and tear excepted.

Lessee shall permit Lessor, or its representatives, to inspect upon reasonable notice the Leased Premises and to make improvements to the Leased Premises as Lessor may now or hereafter deem to be necessary and/or appropriate for the Leased Premises. All such improvements shall be done, so far as practicable, to avoid interference with Lessee's occupancy and use of the Leased Premises, provided that Lessee may be entitled to compensation for unavoidable interference with its occupancy and use.

10. Alterations. Lessor shall have the right to enter the Leased Premises at reasonable times upon reasonable prior notice to make such additions, repairs or alterations, as it may deem necessary or proper for the safety, improvement or preservation of the Leased Premises or the Property.

11. Trade Fixtures. Trade fixtures and signage installed by Lessee in and upon the Leased Premises shall remain the property of the Lessee and shall be removable at any time by it on or before the termination of this Lease by lapse of time or otherwise. Any damage caused to the Leased Premises that is the result of such removal shall be repaired by Lessee at its expense. Any such trade fixtures not removed at or prior to the termination shall become the property of Lessor. Lighting fixtures, whether or not installed by Lessee, shall not be removable at the expiration or earlier termination of this Lease, and shall become the sole property of Lessor.

12. Lessor's Access. Lessor and its agents, employees or other representatives may enter the Leased Premises at any reasonable time after reasonable notice for the purpose of (a) inspecting the Leased Premises to ascertain Lessee's compliance with the terms and conditions of this Lease, (b) in order to make repairs, additions or alterations as the Lessor deems necessary, (c) to post notices of non-responsibility under mechanics' lien law, or (d) for any other reasonable purposes.

13. Insurance. Lessor shall maintain fire and extended "all-risk" coverage insurance upon the Leased Premises and all approved permanent improvements made by Lessee. Such insurance shall be maintained with an insurance company authorized to do business in Wyoming in an amount not less than the full insurable value during the term of the Lease.

Lessee shall maintain at its expense fire and extended coverage insurance on all of its personal property, including trade fixtures.

Lessee shall, at Lessee's expense, maintain a policy or policies of comprehensive general liability insurance with the premiums thereon fully paid on or before due date, issued by and binding upon an insurance company with a Best Rating Guide A plus Class 15 Rating, such insurance to afford minimum protection of not less than a limit of One Million Dollars (\$1,000,000.00) per occurrence, Two Million Dollars (\$2,000,000.00) aggregate in respect to personal injury and/or death to one or more persons and for property damage. The insurance policy shall name Lessor as an additional insured and shall cover all risks incident to Lessee's use of the Leased Premises and business in connection therewith.

Lessee shall furnish Lessor with certificates and copies of all insurance policies to be maintained by Lessee with evidence of payment of the premiums thereon. All such insurance policies shall contain a clause or endorsement to the effect that they may not be terminated or materially amended during the term of this Lease except after fifteen (15) days written notice thereof to Lessor.

14. Maintenance of Road and Parking Lot. Lessor shall maintain the paved asphalt access road and parking lot of the Leased Premises. Such maintenance shall include any and all repair, resurfacing, restriping, sweeping and repainting of the asphalt road and parking lot. Such maintenance additionally shall include snow removal, as more specifically set forth below. Lessee shall be responsible for keeping the road and parking lot clean and free from all trash and other debris.

15. Snow Removal. Lessor shall be responsible for snow removal on the access road, parking lot, roof, and walkways, sidewalks, and entrances to the Leased Premises at the beginning of the day. Should snow continue to accumulate thereafter, Lessee shall be responsible for snow removal on the walkways, sidewalks, and entrances to the Leased Premises. Lessee shall be responsible for snow removal of the playground area.

16. Maintenance of the Grounds. Lessor shall be responsible for watering, mowing the lawn, maintaining the trees and shrubbery, and other general landscaping maintenance on the Leased Premises.

17. Playground. Lessor shall be responsible for any and all maintenance, repair or replacement of the playground components during the term of this Lease to the standard as defined by U.S. Consumer Product Safety Commission's Public Playground Safety Handbook; Lessee shall be responsible for any and all maintenance, repair or replacement of the additional or enhanced playground components which it may have installed during the term of this Lease to the standard as defined by U.S. Consumer Product Safety Commission's Public Playground Safety Handbook.

18. Cleaning. Lessee shall be responsible for the general minor maintenance and cleaning of the Leased Premises, both interior and exterior, in order to maintain the Leased Premises in a good and orderly condition. Such cleaning shall include, but is not limited to, removal of all trash and debris from the exterior, playground and parking lot of the Leased Premises; sweeping of

sidewalks, stairs and other entrances; window cleaning; and all other general interior maintenance cleaning.

19. Signs and Lighting. Lessee shall have the right to erect and maintain signs in, on or about the Leased Premises, provided that same are approved first by Lessor and comply with the governing laws, regulations, covenants and ordinances of the Town of Jackson. Lessor shall be responsible for keeping the exterior lighting servicing the parking lot and exterior of the building in good and working order. Lessee shall be responsible for maintaining all interior lighting in good and working order, such as replacing the lighting bulbs; however, repairing lighting due to the failure of an electrical system shall be the responsibility of the Lessor.

20. Lessee's Covenants. Lessee covenants that it shall:

a. Comply with all laws, orders, regulations, rules, ordinances and covenants of any state or federal statute or local ordinance or regulation applicable to Lessee and/or its use of the Leased Premises.

b. Give to Lessor prompt written notice of any accident, fire or damage whatsoever, including property or personal injury, occurring on or to the Leased Premises.

c. Keep the Leased Premises sufficiently heated to prevent freezing of pipes, waterlines and fixtures.

d. Keep the Leased Premises orderly, clean, sanitary and free from objectionable odors and insects, vermin, pets, pests or nuisances.

21. Lessor's Covenant of Quiet Enjoyment. The Lessor covenants that the Lessee, upon paying the rentals and performing the covenants upon its part to be performed herein, shall peacefully and quietly have, hold and enjoy the Leased Premises during the term hereof.

22. Damage or Destruction to Leased Premises. If the Leased Premises shall be damaged by fire, the elements, unavoidable accident or other casualty, without the fault or negligence of Lessee, or Lessee's servants, employees, agents, visitors, licensees, invitees or sub-Lessees, and the Leased Premises are not thereby rendered unfeasible in whole or in part, Lessor shall, at its expense, cause such damage to be repaired, and the rent shall not be abated. If, by reason of such occurrence, the Leased Premises shall be rendered unleaseable only in part, Lessor shall promptly cause the damage to be repaired. Notwithstanding the foregoing provisions, if the Leased Premises shall be rendered wholly unleaseable by reason of such occurrence and the Leased Premises cannot be repaired within ninety (90) days from the date such damage occurs, Lessor or Lessee shall, at their option, have the right to declare the balance of the term of this Lease to be null and void.

If any such damage or destruction occurring to the Leased Premises, whether partial or complete, shall occur as the result of the fault or any negligence of Lessee or Lessee's servants, employees, agents, business invitees,

licensees or sub-Lessees, Lessee shall be responsible for promptly causing the damage to be repaired at its expense.

23. Default by Lessee. The Lessee agrees to observe and perform the conditions and covenants set forth in this Lease, and further agrees that if default be made in the payment of any rent or other costs set forth herein and such payment default continues for ten (10) days following written notice of such failure to pay, or if Lessee's license to operate is revoked by the Wyoming Department of Family Services, then and in that event, and as often as the same may happen, it shall be lawful for Lessor, at its election, with or without previous notice, to terminate this Lease or to re-enter and repossess itself of the Leased Premises without termination, with or without legal proceeding, using such force as may be necessary, and to remove therefrom any personal property belonging to Lessee without prejudice to any claim for rent or for breach of the covenants hereof, or without being guilty of any manner of trespass or forcible entry and detainer. The foregoing described rights shall be non-exclusive and shall be in addition to any and all of the rights and remedies Lessor may have pursuant to governing law. Lessor will give Lessee written notice of late payment prior to declaration of default.

24. Attorneys' Fees. In the event either party shall find it necessary to obtain the services of an attorney to enforce any of the covenants and conditions of this Lease, the prevailing party shall be entitled to reimbursement for all costs and expenses, including reasonable attorneys' fees when litigation is commenced.

25. Notices. Any notices required or permitted to be given or served by either party to the other shall be deemed to have been duly given or served there if in writing and forwarded by certified mail, postage prepaid, return receipt requested, or if sent by nationally recognized overnight delivery service to the respective addresses set forth below. Such notices shall be deemed given upon mailing of same.

Lessee: The Children's Learning Center, Inc.
 P.O. Box 4100
 Jackson, WY 83001
 307-733-1616

Lessor: Teton County, Wyoming
 P.O. Box 1727
 Jackson, WY 83001
 307-733-4430

26. Assignment or Sublease by Lessee. Lessee shall be entitled to assign this Lease, or sublease a portion or the Leased Premises, to a third party upon written consent of Lessor, which consent shall not be unreasonably withheld.

27. Amendment or Modification. Lessee acknowledges and agrees that it has not relied upon any statement, representation, agreement or warranty,

except such as are expressly stated in this Lease and that no amendment or modification of this Lease shall be valid or binding unless expressed in writing and executed by the parties hereto in the same manner as the execution of this Lease.

28. Memorandum of Lease. The parties may execute a short-form memorandum of this Lease in recordable form which may, at either parties' option, be placed of record in the Teton County real estate records.

29. No Partnership. No partnership or joint venture is created by this Lease. The Lessor and Lessee shall be construed to be that relationship of Lessor and Lessee only.

30. No Set Off. Lessee may not set off against rent or other sums due here under any claims that Lessee has or thinks it may have against the Lessor.

31. Miscellaneous. Time is of the essence.

No waiver of any breach of any one or more of the conditions or covenants in this Lease by Lessor or Lessee shall be deemed to imply or constitute a waiver of any succeeding or other breach hereunder.

This Lease and its provisions shall be construed and enforced in accordance with and pursuant to governing Wyoming law.

The headings used in this Lease are for convenience only and are not to be used in its construction.

Whenever used, the singular shall include the plural, the plural the singular and the use of any gender shall include all genders.

If there is more than one person comprising the Lessee, the covenants, agreements, undertakings, and obligations hereunder shall be the joint and several obligations of all such persons.

This Lease may be executed in multiple counterparts, each of which shall be deemed to be an original.

[SIGNATURE PAGE TO FOLLOW]

IN WITNESS WHEREOF, the parties hereto have executed this Lease to be effective as of the day and year first above written.

LESSOR:
TETON COUNTY, STATE OF WYOMING

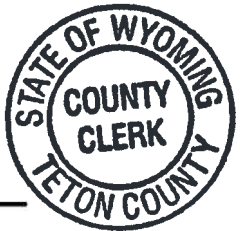


Melissa Turley, Chair

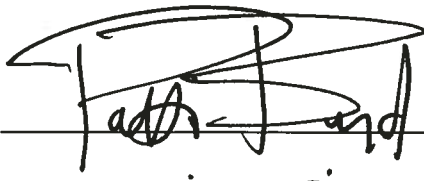
Attest:



Sherry L. Daigle, Teton County Clerk



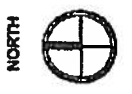
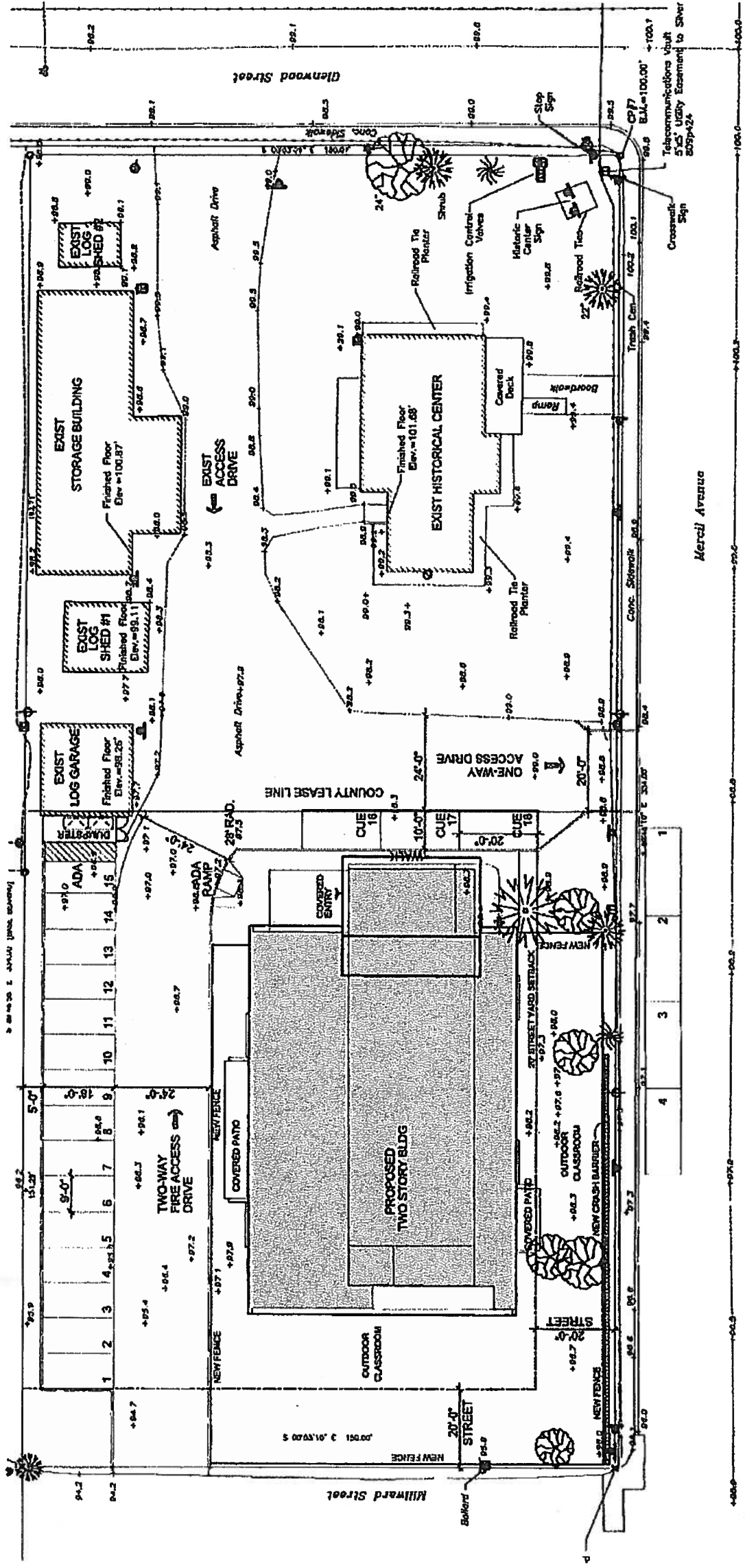
LESSEE:
THE CHILDREN'S LEARNING CENTER, INC.,
a Wyoming Nonprofit Corporation

By: 

its: EXECUTIVE DIRECTOR

EXHIBIT "A"

See attached



NORTH

PROPOSED SITE PLAN
SCALE: 1" = 30'-0"

PROPOSED SITE PLAN