

## Lease Agreement between the City of Saint Paul and the Sanneh Foundation

THIS LEASE AGREEMENT, dated this \_\_\_\_ day of \_\_\_\_\_, 2019 is entered into by and between the City of Saint Paul, Minnesota, a home rule charter city, ("City"), and the Sanneh Foundation, a non-profit organization ("Sanneh").

WHEREAS, the City is the owner of certain real property encompassing the Conway Recreation Center, the adjacent recreation fields and open parkland, located at 2090 Conway Street, Saint Paul, MN 55119; and

WHEREAS, Sanneh is a non-profit corporation whose mission is to empower youth by supporting and promoting educational attainment through in-school and after-school support, improve lives by providing programs that strengthen physical health and social and emotional development, and unite communities by advancing diversity, equity, and community well-being; and

WHEREAS, Sanneh is currently leasing the Site under a one-year lease to provide a variety of youth programs in a safe, healthy environment, and wishes to enter into a long-term lease for the property in return for financial investments in the Site and continued operation of recreational programming; and

WHEREAS, the City will receive grant funds from the State of Minnesota to be used as part of the financial investments in the Site and these funds are general obligation bond proceeds which will result in the property becoming "state bond financed property" as defined in Minn. Stat. § 16A.695 subd. (a)(1);

NOW, THEREFORE, in consideration of the mutual covenants and promises hereinafter set forth, parties agree as follows:

1. **Leased Premises.** City, pursuant to authority granted by Minn. Stat. § 471.16, subd. 1, hereby grants and leases to Sanneh, and Sanneh hereby accepts the lease of the park property located at 2090 Conway St, St. Paul, MN 55119 encompassing the Conway Recreation Center building, the adjacent recreation fields and the open parkland, all of which together will be referred to herein as the "Leased Premises" or "Site", which is shown on the attached Exhibit A, incorporated herein by

2. **Term of Lease.**

- A. This Agreement will become effective on the first of the month following Saint Paul City Council approval and will be in effect for a period of fifteen years ("Term"), unless earlier terminated pursuant to § 18.
- B. This Agreement may be extended during the last six (6) months of the Term by written notice from Sanneh to City for one additional fifteen-year term upon the following conditions: 1) a determination by the City in the form of a council resolution that (i) City desires to renew the Lease and (ii) Sanneh has demonstrated that the use continues to carry out the governmental program; 2) that the required investments have been made in the Site during the initial term; 3) that Sanneh is not in breach of the terms of the Lease, and

- 4) that Sanneh commits to an investment in a minimum amount of \$2,000,000.00 during the first half of the renewal term.
- C. Notwithstanding anything to the contrary herein, City is not required to renew this Lease and may, in its sole option and discretion, allow the Lease to expire at the end of the original Term and thereafter directly operate the Government Program or contract another party to operate the Government Program at the Leased Premises.

3. **Use of Site.**

- A. Sanneh will have full use of the Conway Site during the term of this Agreement and will staff the programs it offers at the Leased Premises.
- B. All use of the Leased Premises by Sanneh must be for programs and services which include a recreational component consistent with Minn. Stat. §§471.15 and 471.16 (“Government Program”). Any alterations, physical changes, or modifications to change the intended use made to the Conway Park Area will be subject to prior written approval from the Director of the Saint Paul Parks and Recreation Department and should be developed with community input.
- C. Sanneh will have access to and full use of all portions of the Leased Premises.
- D. Sanneh is responsible for ensuring that the public has access to the Leased Premises and to its recreational programs.
- E. Sanneh may not restrict the use of the parking lot in the Park Area to prevent its use by people using either the Park Area or the adjacent Saint Paul Public Library branch.
- F. Sanneh agrees to post hours of operation, including gym and activity schedules.
- G. Sanneh agrees to maintain passive park use access to the Park Area consistent with Saint Paul Parks and Recreation use guidelines, including access hours, unless the City has agreed to more structured use in advance and in writing.
- H. Sanneh is responsible for scheduling both interior and exterior spaces at the Conway Recreation Center and Recreation Area. Permits or use after scheduled hours must be reviewed and approved by the Parks and Recreation Director. Fees charged for use of the premises must be consistent with the fees charged by the City of Saint Paul Department of Parks and Recreation. When unscheduled by Sanneh, the fields will be available first to the City and then to the public for general use. When the interior space is unscheduled, it will be available first to the City and then to the public for general use. Sanneh agrees to make Conway available as a polling place during elections, if requested by Ramsey County.
- I. The Park Area is intended to be used as passive open space. Sanneh may not use or program the space in any way that alters its intended use without prior written permission of the City and the Director of the Saint Paul Parks and Recreation Department.
- J. Sanneh is responsible for providing general supervision on the outdoor grounds (both the Recreation Fields and the Park Area) during its hours of operation. This includes general monitoring of outside activities to help ensure a safe environment for youth and families visiting the site.
- K. Provided funds are available through the Minnesota Department of Employment and Economic Development (“DEED”) from the State of Minnesota, the City will provide through the City’s Youth Employment Program (“Right Track”) one Right Track Worker, as long as funds are available at the Conway site for up to 10hrs/week year-round.

4. **Payments.**

- A. Parties agree that the investments to be made in the Leased Premises and other payments to be made by Sanneh during the lease term, as well as and the benefit to the public in keeping the Conway Recreation Center space open to the public for recreational opportunities, offset the need for monthly rental payments. All revenues generated by Sanneh in operating the Government Program will be kept by Sanneh.
- B. Sanneh will make investments in the Site as set forth below:
1. An initial investment of \$ 356,889.00 has been spent on capital improvements to the existing Conway building, including a new wood gym floor, a new gym divider, repainting of all the interior walls in the building, replacement of flooring throughout the Leased Premises, upgrading building technology, and renovating the kitchen and restrooms.
  2. Future phases of renovations will include but not be limited to installation of a fenced in artificial turf sports field, installation of field turf, field lighting and a removal dome on one soccer field.
  3. Sanneh will invest a total of \$8,000,000.00 in approved investments by the end of the initial lease term. The City will credit the \$4,500,000.00 State grant pursuant to Minn. Stat. §16A.695 as a portion of the investments.
- C. Sanneh will make an annual payment to the City to offset field maintenance and plowing costs. Initially the payment will be in the sum of \$7,500. As improvements are made, Sanneh must develop an operations and maintenance plan that includes financial responsibility for those improvements. The City will withhold consent to proceed with improvements if a funding plan for maintenance cannot be agreed to between the parties.
- D. The City will invoice Sanneh for all payments due under this Lease and payment will be made on undisputed invoices within thirty days. Notice that an invoice is disputed must be made within ten calendar days of receipt and payment will be due thirty days after the dispute has been resolved.
- E. Sanneh agrees, upon direction from the State of Minnesota, Commissioner of Minnesota Management and Budget (“Commissioner”), to take such action and furnish such documents as the Commissioner determines to be necessary to ensure that interest paid on the General Obligation Bonds, used to purchase the property of which the Leased Premises are a part, is exempt from federal taxation.
- F. Sanneh shall not, without the prior written consent of City and the Commissioner of MMB, create or allow any voluntary lien or encumbrance or involuntary lien or encumbrance that can be satisfied by the payment of monies and which is not being actively contested against the Leased Premises, City’s ownership interest in the Leased Premises, or Sanneh’s interest in the Lease.

- 5) **Tenant Improvements.** Sanneh may not make any alterations to the Leased Premises without the written consent of City, which will not be unreasonably withheld. To make any such alterations, Sanneh must first submit to City for approval an accurate description of the proposed alterations including any information the City may need to determine whether to grant permission. Any work done under this paragraph will be done at Sanneh's sole cost and responsibility. All such work must be performed in a workmanlike manner and in conformance with applicable fire, safety and building codes, so that the structural integrity and building systems of the building will not be impaired, and that no liens will attach to the premises by reason thereof. All alterations made by Sanneh to the Leased Premises will become the property of City upon termination or expiration of the lease term. Sanneh shall employ licensed and bonded contractors to perform all work, must obtain all required permits and shall post payment and performance bonds to ensure that no liens are placed on the property. Sanneh acknowledges that any improvements which involve State or City money will be subject to municipal contracting requirements and agrees to comply with all such requirements.
- 6) **Taxes.** Sanneh will be responsible for and pay all taxes and assessments against the Leased Premises, except that it may at its own expense contest and challenge the imposition or amount of any such tax or assessment as allowed by law. In the event this Lease is terminated by either party, City may at its option require Sanneh to pay such contested taxes pending appeal, to place in escrow a sum sufficient to pay said taxes, or take other action that will remove said contested taxes as an encumbrance to title or as an exception to the transferability of marketable title to the Leased Premises.
- 7) **Right of Entry.** At all times during the term of this Lease, City shall have the right, by itself, its agents and employees, to enter into and upon the Leased Premises during reasonable business hours or, in the event of an emergency, at any time for any legitimate purpose.
- 8) **Insurance.**
- A. City will acquire and keep in effect during the term of this agreement the following coverage:
- FIRE AND ALL RISK INSURANCE, on the leased premises shall be purchased by the City and Sanneh will pay, the premium for said insurance in the amount of \$.12 per square foot per year of all structures on the property at the completion of the project covered by this lease due on the commencement date of this lease and on the anniversary date of the lease each subsequent year.
- B. Sanneh will acquire and maintain during the term of this lease the following coverage:
1. Commercial Property Insurance on its personal property.
  2. Commercial General Liability Insurance including blanket contractual liability coverage, personal injury liability coverage and broad form property damage liability endorsement with a combined single limit of not less than \$1,500,000 per occurrence, \$3,000,000 aggregate. Such insurance shall: (a) name the City of Saint Paul as additional insured; (b) be primary

with respect to City's insurance or self-insurance; (c) not exclude explosion, collapse and underground property damage; (d) be written on an "Occurrence Form" policy basis; and (e) not contain an "aggregate" policy limit unless specifically approved in writing by City.

3. Worker's Compensation Insurance with not less than statutory minimum limits; and Employers' Liability Insurance with minimum limits of at least \$100,000 per accident and with an all states endorsement.
  4. Sanneh must provide current insurance certificates prior to the commencement of the date of the Lease and annually thereafter during the Lease term. The certificates must certify whether the agent has errors and omissions insurance coverage.
  5. The limits cited under each insurance requirement above establish minimums; and it is the sole responsibility of Sanneh to purchase and maintain any additional insurance that it believes to be necessary or desirable in relation to this lease.
  6. Nothing in this Paragraph constitutes a waiver by City of any statutory limits or exceptions on liability.
  7. Sanneh must place the insurance with responsible insurance companies authorized and licensed to do business in the State of Minnesota.
- 9) **Non-Discrimination.** Sanneh will not discriminate against any person wishing to participate in its programs or any person wishing to use the recreation center or its fields because of race, creed, religion, color, gender, sexual or affectional orientation, national origin, ancestry, familial status, age, disability, marital status, or status with regard to public assistance and will take affirmative steps to ensure that participants are treated without the same during their participation in programs or use of the Leased Premises.
- 10) **Reporting: Program Evaluation.**
- A. Sanneh will provide City with an initial program evaluation report identifying the Government Programs which are operated at the Site within two weeks of execution of this Lease. Thereafter, Sanneh will annually provide an updated report to the City which will identify all recreational programming, and include budgets showing revenue and expenses for the programs which can be satisfied by an annual report, audited financial reports and Form 990.
  - B. At least monthly, Sanneh must provide the City with notification of all scheduled Leased Premises rentals and events use. At a minimum, notifications shall include the name of the group or individual responsible for the rental or event name, contact information, the date and time of the rental, and any additional services which might be required.
- 11) **Assignment and Subletting.** Sanneh may not assign or sublet this Lease.

**12) Maintenance and Repairs.**

- A. Sanneh is responsible for all maintenance and housekeeping for the recreation center building at its own cost. Basic interior and exterior maintenance expectations are set forth in Exhibit B, attached hereto. If Sanneh fails to maintain the premises at a standard acceptable to City, City may elect to perform such maintenance and bill Sanneh for the costs.
- B. Sanneh will be responsible for the first \$ 5,000 of repairs annually at the Leased Premises. These repairs include but are not limited to: plugged toilets, broken door handles, torn carpet and loose tiles. After the initial \$5,000, the cost of repairs will be shared equally by the City and Sanneh up to \$ 10,000. The City will be responsible for all repair costs once they have exceeded \$10,000. Notification and documentation of repair costs exceeding \$5,000 must be provided to the City as soon as possible once knowledge of the repair cost is known, and prior to any additional repair work being performed. Notwithstanding the foregoing, repairs beyond ordinary wear and tear which are caused by Sanneh, its agents, employees or invitees, are solely the responsibility of Sanneh, regardless of the amount.
- C. The dollar amounts in Paragraph B will be adjusted to reflect cost of living increases every three years.
- D. Except for projects with the City included in the City's capital improvement budget ("CIB") process, upgrades to the building required by health, life and safety codes will be treated as repairs and split between parties in the manner set forth above. Recommendation of projects for CIB funding is at the sole discretion of the City.
- E. All grounds maintenance will be the responsibility of the City. The City will commit \$11,000.00 in funding the outdoor maintenance responsibilities at Conway for the leased premise. City agrees not to reduce the outdoor maintenance responsibilities at this site but will not increase its maintenance responsibilities without additional funding from Sanneh. City has statutory authority to pay for maintenance pursuant to Minn. Stat. §471.15.
- F. Fields will be maintained at the same level as other City facilities provided that funding levels by Sanneh increase to meet the costs. Sanneh will be responsible for putting trash in the dumpster provided by the City. The City will be responsible for emptying the dumpster on a routine schedule. Refuse that exceeds the City's dumpster limits will be subject to an extra charge and the City will invoice Sanneh. Sanneh will be required to participate in the City's recycling program. The City will provide the recycling containers and include Sanneh and the Leased Premises on the pick-up schedule.
- G. Sanneh is responsible for snow and ice removal on the walk from the east building door to the parking lot and from the building door to the driveway on the north side of the building. The City is responsible for all snow and ice removal on perimeter walkways and in Parks and Recreation owned parking lots shown on Exhibit A after each accumulation of more than two (2) inches of snow. Sanneh is responsible for all snow and ice removal on perimeter walkways when accumulation is less than two (2) inches.

- H. The City will contribute no more than \$1500 every two years for the repairs and gym floor maintenance costs for the new wood floor that was installed at Conway in 2018. Sanneh is responsible for all other repairs and gym floor maintenance costs for the new wood floor that was installed at Conway in 2018. Sanneh may hire an approved contractor to perform this maintenance. If Sanneh requests Parks Maintenance to reseal the wood floor, the City will provide the service and invoice Sanneh for the City's cost. This process usually takes a week to complete and requires the gym to be closed for seven days. Sanneh would be responsible to schedule this request through the Parks Maintenance Floor Calendar.
- 13) **Indemnity.** Sanneh agrees to defend and indemnify the City of Saint Paul and its officers, agents and employees from all claims, demands, actions or causes of action of whatsoever nature or character, arising out of or by reason of the use of the Leased Premises or the use or condition of the Leased Premises or as a result of the operations or business activities taking place on the Leased Premises, except to the extent that any such claims are based on the maintenance of the portion of the grounds for which the City has responsibility.
- 14) **Holdover.** Any holdover after the expiration of the Lease will be allowed only after receiving the written consent of City. Any such holdover will be deemed to be a tenancy only from month-to-month. All other terms and conditions of this Lease will be applicable.
- 15) **Pollution and Contaminants.** Sanneh must comply with all ordinances, laws, rules and regulations enacted by any governmental body or agency relating to the control, abatement or emission of air and water contaminants and the disposal of refuse, solid wastes or liquid wastes.
- 16) **Compliance with laws.** Sanneh shall comply with all state and local laws, rules, regulations and city ordinances relating to its use and operation of the Leased Premises.
- 17) **Material Breaches.**
- A. **By Sanneh.** The occurrence of any of the following events during the term of this Lease constitutes a material breach by Sanneh:
1. The filing of a petition to have Sanneh adjudicated bankrupt or a petition for reorganization or arrangement under any laws of the United States relating to bankruptcy filed by Sanneh;
  2. Failure by Sanneh to maintain its 501(c)(3) status;
  3. Failure by Sanneh to maintain a program of recreation as set forth in § 3.
  4. Failure to continuously maintain proper insurance as required by the Agreement.
  5. An attempt to transfer or assign this Lease without the consent of the City.
  6. Breach of any obligation under this Lease and such breach continues for a period of 30 days or more after receipt of written notice of such breach, or if the cure requires longer than thirty days failure to notify the City of the need for additional time, set a schedule agreeable to the City, and begin and pursue the cure in a timely manner.

7. A pattern of persistent and repeated breaches, whether or not such breaches have been cured.

**B. By the City.** The occurrence of any of the following events during the term of this Lease constitutes a material breach by the City:

1. Breach of any obligation under this Lease and such breach continues for a period of 30 days or more after receipt of written notice of such breach, or if the cure requires longer than thirty days failure to notify Sanneh of the need for additional time, set a schedule agreeable to the parties, and to begin and pursue the cure in a timely manner.

**18. Termination.**

- A. In the event of breach of this Lease, the non-breaching party may terminate this agreement by giving written notice of default to the other party, provided, however, that the party receiving the notice shall have thirty (30) days in which to cure such default, or if such default is not capable of cure within said 30 days, such time as is reasonably needed to cure such default so long as the cure is commenced within the 30 day period and the party is diligently pursuing the cure, in which case this Lease may not be terminated. Any notice of default must include a statement of the basis for believing the other party to be in default and the steps needed to cure such default.
- B. At the termination of this Lease the Leased Premises must be surrendered peacefully and returned to the City in good condition.

**19. Statutory Termination**

Notwithstanding any other provisions of this Lease to the contrary, if the Governmental Program as defined in Section 3B is terminated or changed in response to changes in state law in such a manner as to cause this Lease and the operation of the Leased Premises to be inconsistent with the changed Governmental Program, then this Lease shall be terminated by 120 days written notice to Tenant, provided however that Landlord agrees that it will not terminate or change the Governmental Program unless required to do so by applicable State law



21. **Notices.** Any notice, statements, bills, or other communications required to be given under this Lease will be deemed to be duly delivered if in writing and delivered to the other Party personally, sent by facsimile with confirmed delivery sheet, sent by electronic mail with confirmation of receipt, or sent by certified mail address to the other return-receipt postage prepaid as follows:

CITY: Director,  
Saint Paul Parks and  
Recreation  
400 City Hall  
Annex  
25 W. 4th Street  
Saint Paul, MN 55102

SANNEH: Chief Operating  
Officer  
2090 Conway Street  
Saint Paul, MN 55119

or to such other subsequent address as the respective parties shall designate in writing. The time of giving such notice or communication shall be deemed to be the time when the same is delivered to the other party.

22. **Amendments.** No amendments to this Agreement shall be effective without being reduced to writing and executed by both parties and agreed to by the Commissioner of Minnesota Management and Budget or his/her designee.

23. **Assignments.** The City and Sanneh each binds itself and its successors, legal representatives, and assigns of such other party, with respect to all covenants of this Agreement; and neither the CITY nor Sanneh will assign or transfer their interest in this Agreement without the written consent of the other.

24. **Waiver.** Any fault of a party to assert any right under this Agreement shall not constitute a waiver or a termination of that right, this Agreement, or any of this Agreement's provisions.

25. **Entire Agreement.** It is understood and agreed that this entire Agreement supersedes all oral agreements and negotiations between the parties relating to the subject matters herein.

26. **Jurisdiction.** This agreement shall be construed under the laws of the State of Minnesota and any dispute regarding the interpretation or enforcement shall be venued in the Ramsey County District Court.

IN WITNESS WHEREOF, the parties have set their hands the date first written above.

SANNEH

CITY OF SAINT PAUL

\_\_\_\_\_  
CEO

\_\_\_\_\_  
Mayor

\_\_\_\_\_  
City of Saint Paul Director of Parks and  
Recreation

\_\_\_\_\_  
Director of Financial Services

\_\_\_\_\_  
City Clerk

\_\_\_\_\_  
Assistant City Attorney  
\_\_\_\_\_

DRAFT

# EXHIBIT A

## CONWAY SITE MAP—RECREATION AREA AND PARK AREA

### Legal Description:

SECTION 35 TOWN 29 RANGE 22 VAC ST ACCRUING AND FOL, EX THE S 295.5 FT OF THE N 685.67 FT OF W 404 FT OF E 1/2 OF NW 1/4 OF SE 1/4 PART N OF S LINE OF WILSON AVE AND WLY AND NWLY OF SUN-RAY TERRACE ADDN NO.1 (SUBJ TO RDS) IN SEC 35 TN 29 RN 22



# Exhibit B

## DAILY RECREATION CENTER MAINTENANCE

(only areas that pertain to the site)

### \*LOBBY/HALLWAY/STAIRS

Floor:	Sweep, Wet mop
Carpet, mats:	Vacuum, Wash
Walls, doors:	Wash
Glass:	Wash
Drinking Fountain:	Wash

### KITCHEN

(circle work done)

Floor:	Sweep, Wet Mop
Walls, doors:	Wash
Sinks, counter tops:	Wash
Appliances:	Wash
Glass:	Wash

### \*RESTROOMS I

Floors:	Sweep, Wet Mop
Sinks, toilets, glass:	Wash
Walls, doors, partitions:	Wash

### CRAFT ROOM

Floor:	Sweep, Vacuum, Wash
Walls:	Wash
Glass:	Wash

### RESTROOMS II

Floors:	Sweep, Wet mop
Sinks, toilets, glass:	Wash
Walls, doors, partitions:	Wash

### DANCE ROOM

Floors:	Sweep, Vacuum, Wash
Walls:	Wash
Glass:	Wash

### OFFICE

Floors:	Sweep, Vacuum, Wash
Walls, doors:	Wash
Glass:	Wash

### CUSTODIAL ROOM

Floors:	Sweep
Supplies:	Stock, Organize
Tools, equipment:	Clean, Organize

### \*WARMING ROOM

Floors:	Sweep, wet mop
Walls, doors:	Wash
Glass:	Wash

### ALSO

*Empty all trash:	Yes
Vending Machines:	Wash
Furnace filters changed:	Yes
Duct Work:	Dust, Wash
Light Fixtures:	Dust, Wash

### GYMNASIUM

Floor:	Sweep, wet mop
Walls, doors:	Wash
Bleachers:	Sweep, wash
Glass:	Wash

### EXTERIOR DUTIES-

Tot lot inspection:	N/A
Clean tot lot area:	N/A

### LOCKER ROOMS

Floors:	Sweep, Wash
toilets:	Wash
Showers:	Wash
Walls, doors:	Wash
Glass:	Wash

*Clean building approach:	N/A
Wash exterior windows:	Yes Sinks,

*Pick Litter:	N/A
Empty Barrels:	N/A

Cut and Trim Grass:	N/A
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### EXERCISE ROOM

Floor:	Sweep, wash
Walls, doors:	Wash
Glass:	Wash
Equipment, machines:	Wash

Line Ballfields:	N/A
Other Field Work:	N/A

Clean Courts:	N/A
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Shovel/sand walks:	Yes
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### MEETING ROOM I

Floors:	Sweep, Vacuum, Wash
Walls, doors:	Wash
Glass:	Wash

Clear snow from rinks:	N/A
Flood hockey rink:	N/A
Flood general rink:	N/A

### MEETING ROOM II

Floors:	Sweep, Vacuum, Wash
Walls, doors:	Wash
Glass:	Wash