

Lease Agreement

This agreement made and entered into as of the Effective Date by and between the Pioneer Library System ("Pioneer") and the City of Norman ("Norman").

Recitals:

The parties acknowledge the following:

A. Pioneer is a multi-county library system organized under 65 O.S. 4-101 et seq. operating public libraries in Cleveland, McClain and Pottawatomie Counties.

B. Norman is municipality and is a member of the library system operated by Pioneer.

C. Pioneer's policy for branch library facilities requires the municipality in which a branch library is located to provide funds for the building, furniture, utilities, maintenance of the physical facility and grounds, custodial service and building safety and security for the facilities in which the branch library services are provided.

D. Norman owns and maintains the building and furnishings in which the main branch of the Norman Public Library is located and Pioneer provides materials and services to operate the Norman Public Library.

E. Pioneer and Norman wish to provide library services at satellite facilities within the city of Norman.

F. Pioneer owns a building located at 300 Norman Center Court Dr. in Norman, OK, (the "Property") in which there is sufficient space to provide satellite services for the Norman branch library, and Pioneer is willing to lease such space to Norman to allow Norman to meet its obligation to provide facilities for local libraries.

Terms and conditions

In consideration of the mutual promises contained herein, and upon the conditions and under the terms stated herein, the parties agree as follows:

1. Definitions. Terms used in this lease agreement shall have the meanings set forth as follows:

(a) "Property" shall mean up to 7000 square feet of space within the building located at 300 Norman Center Court Drive, Norman, OK, together with a proportionate share of the spaces in the in the adjoining parking lot. The precise location and size of the Property will be determined during the design phase of the Improvements and Furnishings.

(b) "Effective Date" shall mean the later of the dates on which the governing board of each of the parties approves this lease agreement.

(c) "Shell Condition" shall mean an open space comprising the interior area of the Property, separated from other areas of the building by walls, concrete floor, stub-in for connection to electrical and mechanical systems and two existing restrooms.

(d) "Improvements" shall mean the improvements for the interior space of the Property to facilitate its use for library services, including, without limitation, partitions between areas within the interior space of the Property, ceiling, flooring, wall finishes, electrical outlets and fixtures, heating, ventilation and air conditioning service, restroom renovation and signage and the services to design and construct such improvements.

(e) "Furnishings" shall mean the furnishings for the interior space of the Property to facilitate its use for library services, including, without limitation, shelving, counters, service and study stations, seating, signage, coordination of electrical and data service and the services to design and install such furnishings.

2. Lease. Pioneer shall lease the Property to Norman and Norman shall make the Property available to Pioneer to provide

library services for the term of the lease under the provisions of a separate agreement for library services.

3. Term. The terms of the lease shall be the period from the Effective Date until the following June 30 and ten twelve month periods thereafter, with the option to renew the lease for two additional five-year periods. Each party's obligation under this agreement is subject to Oklahoma law restrictions on a public entity's entry into contracts beyond one fiscal year.

4. Termination. Each party may terminate the agreement if sufficient funds are not available to carry out its obligations under the agreement. Notice of termination under this provision shall be given to the other party by April 1 if it will terminate the lease for the fiscal year beginning the following July 1.

5. Improvements and Furnishings. Pioneer will, at its expense, place the Property in Shell Condition. Pioneer shall engage design services to develop plans for and shall make appropriate improvements to the Property and provide furnishings for the Property to facilitate its use for library services, for which Norman shall pay Pioneer over a ten year period, with interest at three and 75/100ths percent (3.75%) per annum as part of the base rent. If Norman chooses to satisfy more than the required annual payment for the Improvements and Furnishings in any year, the interest payable by Norman in future years will be based on the outstanding balance of the cost of the Improvements and Furnishings. For the design, construction and installation of the Improvements and Furnishings, a project team will be comprised of the architect engaged by Pioneer, two members designated by the Pioneer Director and two members designated by the Norman City Manager. The current estimate of the cost of the design, construction and installation of the Improvements and Furnishings is \$500,000. At the conclusion of the construction and installation of the Improvements and Furnishings, the cost of design, construction and installation of the Improvements and Furnishings will be determined for the purpose of the base rent. For the purpose of base rent under this agreement, the cost of the design, construction and installation of the Improvements and Furnishings shall not exceed \$500,000.

However, Norman retains the option to pay for all or any part of the costs the Improvements and Furnishings through available City funds or alternative financing package if more favorable financing terms are available. If Norman chooses to pay in this manner, Norman will pay Pioneer for the costs of the improvements and furnishings upon issuance of a Certificate of Occupancy for the Property.

The items of the Furnishings provided under this agreement that are fixtures shall belong to Pioneer during and after the termination of this lease agreement. The moveable items of the Furnishings shall belong to Norman during the term of this lease agreement and may be removed by Norman at the conclusion of the lease agreement. Pioneer shall advise Norman regarding the needs for Furnishings annually and Norman shall provide for the replacement of the Furnishings during the term of the agreement, subject to budgetary appropriation by the Norman City Council.

6. Base rent. Upon the issuance of a certificate of occupancy for the Property, Norman shall pay to Pioneer, monthly, base rent at the following rate:

- (a) \$7.00 per square foot annually for use of the Property,
- (b) \$2.00 per square foot annually for maintenance of the Property and the Improvements,
- (c) one-tenth of the cost of the Improvements and Furnishings annually for ten years, and
- (d) interest on the outstanding amount of the Improvements and Furnishings at the rate of 3.75% per annum.
- (e) At the end of the fifth fiscal year of this lease and at the end of each five year period thereafter, the base rent payable under subparagraphs (a) and (b) shall be adjusted by 10% over the previous amount paid per square foot.
- (f) Rent, as outlined above, shall be calculated not to exceed the amounts stated on the following chart:

YEAR	Square Footage	Rent Per Square Foot	Custodial and Maintenance Per Square Foot	Total Price Per Square Foot	Rent per sq. ft.	10 Yr. Amortized Amount	3.75% Interest	Total Rent
1	7,000	\$7.00	\$2.00	\$9.00	\$63,000	\$50,000	\$18,750	\$131,750
2	7,000	\$7.00	\$2.00	\$9.00	\$63,000	\$50,000	\$16,875	\$129,875
3	7,000	\$7.00	\$2.00	\$9.00	\$63,000	\$50,000	\$15,000	\$128,000
4	7,000	\$7.00	\$2.00	\$9.00	\$63,000	\$50,000	\$13,125	\$126,125
5	7,000	\$7.00	\$2.00	\$9.00	\$63,000	\$50,000	\$11,250	\$124,250
6	7,000	\$7.70	\$2.20	\$9.90	\$69,300	\$50,000	\$9,375	\$128,675
7	7,000	\$7.70	\$2.20	\$9.90	\$69,300	\$50,000	\$7,500	\$126,800
8	7,000	\$7.70	\$2.20	\$9.90	\$69,300	\$50,000	\$5,625	\$124,925
9	7,000	\$7.70	\$2.20	\$9.90	\$69,300	\$50,000	\$3,750	\$123,050
10	7,000	\$7.70	\$2.20	\$10.80	\$69,300	\$50,000	\$1,875	\$121,175
11	7,000	\$8.40	\$2.40	\$10.80	\$75,600	\$0.0	\$0.0	\$75,600
12	7,000	\$8.40	\$2.40	\$10.80	\$75,600	\$0.0	\$0.0	\$75,600
13	7,000	\$8.40	\$2.40	\$10.80	\$75,600	\$0.0	\$0.0	\$75,600
14	7,000	\$8.40	\$2.40	\$10.80	\$75,600	\$0.0	\$0.0	\$75,600
15	7,000	\$8.40	\$2.40	\$10.80	\$75,600	\$0.0	\$0.0	\$75,600
16	7,000	\$9.10	\$2.60	\$11.70	\$81,900	\$0.0	\$0.0	\$81,900
17	7,000	\$9.10	\$2.60	\$11.70	\$81,900	\$0.0	\$0.0	\$81,900
18	7,000	\$9.10	\$2.60	\$11.70	\$81,900	\$0.0	\$0.0	\$81,900
19	7,000	\$9.10	\$2.60	\$11.70	\$81,900	\$0.0	\$0.0	\$81,900
20	7,000	\$9.10	\$2.60	\$11.70	\$81,900	\$0.0	\$0.0	\$81,900

7. Early termination. If the lease is terminated by Norman within the initial ten year term, Norman shall pay to Pioneer the following sum as an early termination charge:

termination during year	10 year amortization
2	450,000
3	400,000
4	350,000
5	300,000
6	250,000
7	200,000
8	150,000
9	100,000

8. Maintenance. Pioneer shall, at its expense, keep and maintain all portions of the Property and Improvements in good and safe order, condition and repair and make replacements thereof, as the same may be necessary, and pay all costs incurred for the maintenance, repair or replacement of the Property and the Improvements unless such maintenance, repair or replacements are required by reason of Norman's negligence, willful misconduct or breach of any provision of this lease. Without limiting the scope of Pioneer's obligation, Pioneer shall maintain, repair and replace as necessary the foundation, interior and exterior walls, doors, glass, flooring, roof, heat, air conditioning and ventilation system, lighting and other electrical systems, lawn and landscape, sidewalk, signage, security system, parking area and the private road 34th Street.

9. Operating expenses. Norman shall pay all expenses incurred for operation of the Property and Improvements, including water, sewer, trash removal, electricity, gas, and for custodial service and supplies, security system and signage (including lighting). When feasible, usage of the services to the Property will be separately metered; otherwise, Norman shall pay its proportionate share of such expenses incurred by Pioneer with respect to the entire building. Pioneer shall pay for telephone and network services for the Property.

10. Insurance. Pioneer shall provide liability and all-risk property and casualty insurance for the Property, the Improvements and the Furnishings and Norman shall pay to Pioneer its proportionate share of such insurance and Norman shall insure the items of the Furnishings owned by Norman.

11. Assignment or sublease. Norman shall not assign or sublease the Property or any portion thereof without Pioneer's written consent. No such assignment or sublease shall release Norman from its obligations hereunder.

12. Notices. Notices required to be given under this agreement shall be in writing and may be delivered personally, or by certified mail or electronically to the persons and by the methods shown below or to such other person and by such other method for which notice is provided by the party:

Norman: Steve Lewis, City Manager
201 W. Grey
Norman, OK 73069
steve.lewis@normanok.gov

and

Brenda Hall, City Clerk
201 W. Grey
Norman, OK 73069
Brenda.hall@normanok.gov

Pioneer: Anne Masters, Director
225 N. Webster
Norman, OK 73069
amasters@pls.lib.ok.us

12. Entire agreement. With the exception of the separate agreement for library services, this lease agreement represents the entire agreement between the parties relating to the Property. This lease agreement may not be altered, waived or amended except by a written agreement signed by both parties.

CITY OF NORMAN, OKLAHOMA

Pioneer Library System

By

Cindy Rose

By

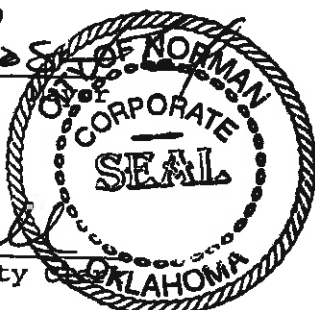
President, Board of Trustees

ATTEST:

Brenda Hall

ATTEST:

City of



Secretary

Approved as to form and legality
this 27th day of March, 2012.

Approved as to form and legality
this ____ day of _____, 2012.

JH Bryant

City Attorney

Attorney for Pioneer

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