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## LEASE AGREEMENT

THIS AGREEMENT (the "Lease"), is made this 5<sup>th</sup> day of March, 2007 (the "Lease date") by and between Mount Michael Foundation, Inc. (the "Foundation") and the Franciscan Monastery of St. Clare (the "Monastery").

In consideration of the mutual covenants contained in this Agreement, the parties agree as follows:

### I.

#### PROPERTY LEASED

1.1 Premises. The Foundation leases to the Monastery and the Monastery leases from the Foundation approximately 6.61 acres of land located in the northwest corner of land presently owned by the Foundation (the "premises"). A copy of the full description of the property is attached as Exhibit "A" and incorporated by reference.

1.2 Covenant of Quiet Enjoyment. The Foundation promises, subject to the Monastery's performance of all of the terms and conditions of the Lease, that the Monastery shall be entitled to the quiet and peaceful enjoyment and undisturbed possession of the premises for the term of this Lease and any extensions.

### II.

#### TERM AND CONDITIONS

2.1 Term. Unless sooner terminated under these provisions, this Lease shall be and continue in full force and effect for a term of 99 years beginning January 1, 2007. Assuming that the Monastery is not in default of the Lease at the end of its initial term, the Monastery shall have the option to renew the Lease for three (3) subsequent ten (10) year terms, unless either party gives the other advance written notice of its intent not to renew at least one year prior to the expiration of the term then in effect.

2.2 Possession. Possession of the premises shall be delivered to the Monastery on January 1, 2007.

2.3 End of Term. At the expiration of this Lease, or any extensions and subject to paragraph 2.5(c), the Monastery shall peacefully surrender possession of the premises to the Foundation. The Monastery shall have the right to remove any capital improvements and all removable personal property which the Monastery brought to the premises. If, however, the Monastery leaves any such capital improvements and/or personal property on the premises for more than two (2) months after the expiration of the Lease, the Foundation will become the Owner of such improvements and/or personal property.

2.4 The Monastery's Agreement to Build. Within five (5) years of the execution of this Lease Agreement, the Monastery agrees to obtain a building permit and begin construction of a convent. If the Monastery fails to begin construction within five (5) years, this Lease Agreement, along with any Option to Purchase, shall terminate and no longer be in effect. The Foundation, may, in its sole discretion, extend this deadline upon the Monastery's request.

2.5 Option to Purchase. Provided that the Monastery agrees to pay the administrative costs of obtaining any lot splits or governmental approval, the Monastery shall have the option to purchase the premises, for One Dollar (\$1.00) and upon the happening of any of the following events:

(a) The Foundation sells, transfers, or otherwise conveys to a third party (Mount Michael Benedictine Abbey and Mount Michael Benedictine School excluded), the abutting real estate presently owned by the Foundation.

(b) The Foundation ceases to maintain itself as an abbey in the quarter section in which the Abbey buildings are located.

(c) If the Monastery has continued to faithfully perform its duties under the lease for its term and three (3) extensions, this option to purchase applies.

### III.

#### CONSIDERATION

The Monastery shall pay to the Foundation \$1.00 per year as rent, payable on January 15<sup>th</sup> of each year this Lease is in effect.

### IV.

#### INSURANCE

4.1 Coverage. During the term, the Monastery, at its own cost and expense, shall:

(a) Provide and keep in force comprehensive general liability insurance against claims for personal injury, death or property damage occurring on, in or about the premises or the adjoining streets and property, in limits of not less than \$1,000,000.00 combined single limit for bodily injury. The Monastery shall, at the Monastery's cost, keep the premises insured during the term of this Lease, against loss or damage by fire or other casualty under "all risk" property and casualty insurance coverage, with replacement cost endorsement, in the full insurable value of the Foundation's property.

(b) The Monastery agrees to name the Foundation as an additional insured on all policies referred to in subparagraph (a) above.

(c) Provide and keep in force all other insurance required by law.

4.2 Joint Efforts. The Monastery and the Foundation shall cooperate in attempts to collect any insurance proceeds that may be due in the event of loss.

## V.

### THE PREMISES

5.1 Use. The premises shall be used exclusively by the Monastery as a religious community.

5.2 Capital Improvements. All improvements made on the premises shall be the sole responsibility and at the sole expense of the Monastery. The Monastery shall maintain in good repair and condition any improvements made on the premises.

5.3 Gas and Water Utilities. The Monastery shall be billed separately and agrees to pay all utilities of any kind whatsoever relating to it, including, but not limited to, water, sewer, heat, gas, hot water, electricity, light, power, ventilation and air conditioning, all to the satisfaction of the Monastery.

5.4 Repairs and Maintenance. The Monastery shall, at all times during the term of this Lease, at its own cost and expense, keep and maintain the premises and all fixtures and personalty located within it in good order and condition.

5.5 Grounds Maintenance and Snow Removal. The Monastery will be responsible for all grounds maintenance surrounding the premises, subject to the Foundation's right to supervise the grounds maintenance for purposes of erosion control. The Monastery also will be responsible for all snow removal surrounding the premises.

5.6 License and Laws. The Monastery shall, at its own cost and expense, obtain all necessary licenses and/or permits which may be required for the conduct of its business; and the Monastery shall, at its own costs and expense, promptly observe and comply with all present and future laws, ordinances, requirements, orders, directions, rules and regulations (referred to generally as "regulations") of governmental authorities having or claiming jurisdiction over the premises or the conduct of the Monastery's business. The Monastery may contest in good faith, after notice to the Foundation, by appropriate proceedings conducted promptly at the Monastery's own expense, in the Monastery's name (and/or whenever necessary and with the Foundation's consent, in the Foundation's name), the validity or enforcement of any such regulation; provided that (i) such content or any associated deferment of payment does not subject the Foundation to a fine or other criminal liability, or subject the premises to any encumbrance, (ii) the Monastery diligently

prosecutes such contest to a final determination by the governing authority, and (iii) the Monastery furnishes the Foundation with any security that the Foundation may reasonably request in connection with such contest.

5.7 Damage or Destruction. If, during the term, the premises or the personal fixtures on it are destroyed or damaged in whole or in substantial part by fire or other cause, the Monastery shall, at its option, choose or abandon the premises, at which time the obligation to pay rent under this lease shall cease.

## VI.

### TAXES AND OTHER CHARGES

The Monastery shall pay on or before the last day on which payment may be made without penalty or interest, all taxes, assessments, charges for public utilities, excises, levies, license and permit fees and other governmental impositions and charges of every kind and nature whatsoever ("charges"), which may be assessed, imposed, or become due and payable in connection with the Monastery's occupancy or possession of the premises or the fixtures or personalty on it, or any charges which may be imposed in lieu of, or as a substitution for, any such charges. At any time after the time for payment of each charge, upon the Foundation's request, the Monastery shall exhibit to the Foundation satisfactory evidence of payment. All charges payable in the calendar periods in which the term of this Lease commences and terminates shall be apportioned.

If the premises is not already tax exempt, the Foundation will apply for an exemption from real estate taxes and will apply for/request that the existing easement by AT&T be removed unless to do so would result in the Foundation having to bear environmental clean-up costs. Any costs to relocate the AT&T easement will be paid by Monastery.

## VII.

### ENFORCEMENT

7.1 Default and Termination. Upon six months' notice, and opportunity to cure, the Lease will be subject to termination upon any of the following occurrences:

- (a) The Monastery's failure to pay any taxes, assessments, insurance, or improvements associated with the premises;
- (b) The Monastery's failure to utilize the premises for purposes of a religious community.
- (c) The Monastery's failure to maintain its status as an organization exempt from taxation pursuant to 26 U.S.C. § 501(c)(3).

7.2 Surrender; Reentry. In the event of cancellation or termination, the Foundation shall have the immediate right to possession under this Lease and the Monastery agrees to immediately peacefully surrender the premises to the Foundation.

## VIII.

### ASSIGNMENT

This Lease is personal to each of the parties and shall not be assignable by either party unless agreed to in writing.

## IX.

### MISCELLANEOUS

9.1 Notices. Every notice, approval, consent, or other communication authorized or required by this Lease shall be effective if given in writing and if hand delivered or sent by United States Registered or Certified Mail, Return Receipt Requested, with postage prepaid, and addressed directly to the Foundation in care of: President, Mount Michael Foundation, 22520 Mount Michael Road, Elkhorn, NE 68022, and to the Monastery in care of President, Franciscan Monastery of St. Clare, 3626 North 65th Avenue, Omaha, NE 68104-3299, or at such other address as either party shall from time to time designate in writing. Every notice shall be deemed to be effective upon delivery, if delivered, or on the second business day after mailing, if mailed. All payments to the Foundation shall be made at the address designated for notices to the Foundation.

9.2 Eminent Domain. If the whole or any portion of the premises be taken by any public authority pursuant to eminent domain or other involuntary conversion, the Monastery shall receive any resulting proceeds.

9.3 Sacramental Services. The Foundation shall use its best efforts to arrange for the Monastery to receive regular sacramental services during the term of this Lease and any extension.

9.4 Law. This Lease shall be governed by and construed in accordance with the laws of the State of Nebraska.

9.5 Signage. The Monastery may install such signage as it deems necessary to properly advertise and identify its space and operations with the Foundation's approval, which shall not be unreasonably withheld.

THE FOUNDATION:

MOUNT MICHAEL FOUNDATION, INC.

By: Rt. Rev. Theodore Wolff, OSB  
Rt. Rev. Theodore Wolff, OSB, President

THE MONASTERY:

FRANCISCAN MONASTERY OF ST. CLARE

By: Sister Mary Clare Brown, OSC  
Sister Mary Clare Brown, OSC, President

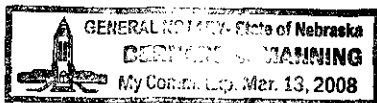
Omaha State Bank, a Trustee and Beneficiary of a Deed of Trust between itself and Mount Michael Foundation, Inc., dated June 18, 2003, hereby consents to this Lease.

OMAHA STATE BANK

By: [Signature]  
Its: PRESIDENT

STATE OF NEBRASKA     )  
  ) ss.  
COUNTY OF DOUGLAS    )

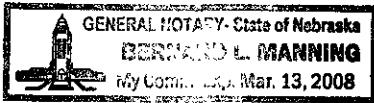
The foregoing instrument was acknowledged before me this 15th day of February, 2007, by Rt. Rev. Theodore Wolff, OSB, President of Mount Michael Foundation, Inc., a Nebraska Non-profit Corporation.



Bernard L. Manning  
Notary Public

STATE OF NEBRASKA     )  
  ) ss.  
COUNTY OF DOUGLAS    )

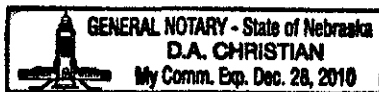
The foregoing instrument was acknowledged before me this 5th day of March, 2007, by Sister Mary Clare Brown, OSC, President of Franciscan Monastery of St. Clare, a Nebraska Non-profit Corporation.



Bernard L. Manning  
Notary Public

STATE OF NEBRASKA     )  
  ) ss.  
COUNTY OF DOUGLAS    )

The foregoing instrument was acknowledged before me this 20 day of February, 2007, by Chris Maher, President of Omaha State Bank.



D.A. Christian  
Notary Public



