

**LEASE AGREEMENT
CITY OF DULUTH
DAC, LLC
CAREERFORCE LOCATION**

This Lease Agreement ("Agreement") is entered into and effective as of August 1, 2022 ("Effective Date"), by and between **DAC, LLC**, a Minnesota limited liability company ("Lessor") and **City of Duluth**, a Minnesota municipal corporation ("Tenant").

RECITALS

WHEREAS, Lessor is the owner of the hereinafter-defined Property and Building known as the Duluth Athletic Club Building located at 402 West First Street in Duluth, Minnesota; and

WHEREAS, Tenant, along with the hereinafter defined Agencies, are providers of various kinds of work assistance services in the Duluth-Superior area; and

WHEREAS, Tenant and Agencies are desirous of continuing a "CareerForce Location" wherein Tenant and Agencies can better offer their combined services to their clientele in more coordinated and comprehensive manner from a single location; and

WHEREAS, Tenant is desirous of continuing to lease a portion of the space in the hereinafter defined Building pursuant to this Agreement, namely 16,712 square feet of space for the purpose of establishing and operating a CareerForce Location; and

WHEREAS, Lessor is desirous of leasing such space to Tenant under the terms and conditions of this Agreement.

NOW, THEREFORE, in consideration of the foregoing and the mutual covenants and agreements hereinafter contained, the parties covenant and agree for themselves and their successors and assigns as follows:

**ARTICLE I
DEFINITIONS**

For the purposes of this Agreement, the following terms shall have the meanings hereinafter ascribed to them unless a different meaning clearly appears from the context:

- A. Agencies: shall mean various public and private entities providing workforce services to persons in the Duluth Superior Area with which the Tenant may enter into sublease agreements for use of a portion of the Leased Premises.

- B. Base Rent: shall mean the monthly rate per square foot payable by Tenant to Lessor for the use of Leased Premises as set forth in Paragraph A of Article III. below. The Rent shall be inclusive of all costs and charges of any kind whatsoever arising out of Tenant's use and occupancy of the Leased Premises except as otherwise specifically set forth herein including, but not limited to, all costs to Lessor of maintaining the Building including any areas commonly deemed to be "common areas", including, but not limited to, the costs of routine maintenance, utilities, elevator maintenance, snow removal and disposition, real estate taxes, insurance, security, on-site management and accounting services, garbage removal and other routine costs of operating facilities such as the Building. Provided however, that Base Rent shall not include the cost of Cleaning Services.
- C. Building: shall mean the building located on the Property.
- D. Cleaning Charges: shall mean the amount paid to Lessor by Tenant for the provision of Cleaning Services determined as set forth in Paragraph B of Article III below.
- E. Cleaning Services: shall mean the performing routine cleaning of the Leased Premises including, but not limited to, vacuuming, sweeping, mopping, washing, polishing of flooring surfaces, window washing, cleaning of wall and ceiling surfaces, picking up of trash and debris and emptying of waste receptacles in and over the entirety of the Leased Premises. A listing of the specific services to be provided and the frequency of their provision is more specifically set forth in Exhibit B attached hereto and made a part hereof.
- F. Director: shall mean the Director of Tenant's Workforce Development Department or the person designated to act on behalf of the Director with regard to this Agreement.
- G. Leased Premises: shall mean those portions of the Building located as shown on Exhibit A attached hereto and constitutes the premises leased to Tenant for its use as provided for herein and as the Leased Premises may be thereafter as may be modified pursuant to Paragraph C and D of Article II below. As of the date of this Agreement, the square footage of the Leased Premises is estimated to be sixteen thousand seven hundred twelve (16,712) square feet; provided that the actual square footage and location of the Leased Premises, as shown on Exhibit A, as of the first date of occupancy thereof shall be approved and memorialized in writing by the Director and, if necessary, new versions of Exhibit A shall be substituted for those attached hereto at the time of signing of this Agreement.
- H. Leasehold Improvements: shall mean floor coverings, wall surface treatments within the Leased Premises, partitions, doors, light fixtures and wiring within the Leased Premises, other electrical wiring, ceilings within the Leased Premises and any other improvements within the Leased Premises which become part of the realty.

- I. Property: shall mean that property located in St. Louis County, Minnesota legally described as:
- Lot 65, West Superior Street, DULUTH PROPER First Division.
- J. Rent: shall mean the Base Rent and Cleaning Charges.
- K. Subtenants: shall mean subtenants of Tenant to which Tenant subleases all or any portion of the Leased Premises under such terms and conditions as Tenant shall deem appropriate.
- L. Term: shall mean the term as stated in Article IV. below.
- M. Tenant: shall mean the City of Duluth, a Minnesota municipal corporation.
- N. Tenant Improvements: shall mean any equipment and furniture, including but not limited to modular workstations, shelving units projection screens audio-video equipment and/or any program equipment whether or not attached to the realty, any electrical wiring, telephone wiring and cable systems installed to serve the needs of Tenant or its Subtenants and any other personal property which does not become part of the realty. Such Tenant Improvements are those in place as of the effective date of this Agreement and as same may be added to or reduce in the future by the Tenant under this Agreement.

ARTICLE II LEASED PREMISES

- A. Lease of Leased Premises
Subject to the terms and conditions hereinafter set forth, Lessor hereby grants and leases to Tenant the Leased Premises, for the exclusive use of Tenant and its Subtenants, if any during the Term thereof. During the Term and any extensions, Tenant shall have exclusive use of the Leased Premises for the purposes herein set forth, subject to the terms and conditions of this Agreement and, unless authorized by this Agreement, Lessor will take no action which will prevent Tenant from the quiet enjoyment of the Leased Premises during said the Term.

B. Common Areas

In addition to Tenant's exclusive rights to the Leased Premises, Tenant and its Subtenants, if any, shall enjoy, in common with Lessor and its other tenants if any, full and complete use of the common areas in the Building, including but not limited to entryways, hallways, courts, stairways, elevators, escalators, if any, bathroom facilities and any other areas of the Building of a type or character commonly available as common area to tenants of commercial buildings. Lessor shall have the right, from time to time, to make, enforce and modify reasonable rules for the use of the common areas by all tenants of the Building, including Tenant and its Subtenants, provided that such rules do not unreasonably interfere with the reasonable use of or occupancy of the Leased Premises by Tenant and its Subtenants.

C. Changes to the Leased Premises

During the Term of the Agreement, upon sixty (60) days prior notice to Lessor as provided for in Article XX. below, Director shall have the right to delete from the Leased Premises any portion thereof which the Tenant deems to be superfluous to its needs. Tenant agrees that the portion of the Leased Premises so deleted will, to the extent reasonably practical, constitute a space which is reasonably rentable to a third party tenant and that such deleted portion shall have direct access to one or more of the common areas of the Building in a manner which will provide reasonable ingress and egress to and from the deleted portion in a commercially reasonable manner and reasonable access to restroom facilities that will serve male and female employees. Both the deleted portion of the Leased Premises and the remainder of the Leased Premises shall be provided with code-compliant egress from the Building. Tenant further agrees that upon the vacation of such deleted portion of the Leased Premises, Tenant and its Subtenants shall have removed therefrom all personal property of Tenant and any Subtenants which have not become part of the realty and will have removed all trash and any other unwanted materials from the deleted portion of the Leased Premises. Upon such deletion of any such portion of the Leased Premises, Tenant shall provide to Lessor a revised drawing of the floorplan of the floor or floors of Building upon which the deleted portion of the Leased Premises is located in a form substantially similar to Exhibit A, which shall thereafter be substituted in Exhibit A for the floorplans which have been superseded and the rights and responsibilities of the parties with regard to the Leased Premises shall exclude such deleted portion except as provided for in Paragraph D below. If Lessor chooses to lease any portion of the deleted space to a third party, Lessor will be responsible for securing the retained portion of the Leased Premises from such deleted space.

D. Re-lease of Deleted Leased Premises

In the event that the Director shall have previously deleted any portion of the Leased Premises as provided for in Paragraph C above and shall later determine that it is to Tenant's benefit to add said portion or any part thereof back into the Leased Premises under the terms of this Agreement and if said portion of the Leased Premises are not then leased or committed to a third party, Lessor agrees that on a date agreed to in writing between Lessor and Director, said

portion shall effectively be added back into the definition of Leased Premises, Tenant shall provide to Lessor a revised drawing of the floorplan of the floor or floors of Building upon which the added portion of the Leased Premises is located in a form substantially similar to Exhibit A, which shall thereafter be substituted in Exhibit A for the floorplans which have been superseded and thereafter, subject to later deletion pursuant to Paragraph C above, said portion shall be covered by the terms and conditions of this Agreement.

ARTICLE III LEASE PAYMENTS

A. Base Rent

During the Term of the lease, it is agreed that Tenant will pay Lessor Base Rent for the use of the Leased Premises on a monthly basis, which rent shall equal one/twelfth (1/12) on the following rental rate applicable to that month multiplied by the number of square feet of the Leased Premises to be actually occupied by Tenant during that month. Said rental payments shall be payable on the first day of the month to which they are attributable.

1. August 1, 2022 (Effective Date of this Agreement) to July 31, 2023, \$15.60 per square foot per year.
2. Beginning August 1, 2023, the Base Rent payable by Tenant during each succeeding year of the Initial Term and for each year of any Option Term shall be increased by an amount equal to three percent (3%) over that payable for the preceding year-

B. Cleaning Charges

Lessor agrees that, at the request of Tenant, Lessor will provide Cleaning Services to the Leased Premises at the rate of One Dollar and 00/100 (\$1.00) per square foot per year or in the alternative, Tenant shall have the option of providing Cleaning Services to the Leased Premises in another manner. If Tenant requests Lessor to provide Cleaning Services, Cleaning Charges shall be payable on a monthly basis along with the Base Rent, shall equal \$1.00/12 multiplied by the number of square feet to be actually occupied by Tenant during that month and the cost thereof shall be included in the definition of Rent. If Tenant requests Lessor to provide Cleaning Services, said request shall be effective unless and until Tenant gives Lessor thirty (30) days prior notice of discontinuance of such request as provided for in Article XX. below or unless Lessor is in breach of its obligations with regard thereto. If Tenant terminates such request for reasons other than such breach, said termination shall be effective at the end of the month following the month in which Tenant gives Lessor such notice of termination. If Tenant, after having terminated Lessor's provision of Cleaning Services, wishes to have Lessor resume provision of Cleaning Services to the Leased Premises, Lessor agrees to do so, which resumption of the provision of Cleaning Services shall commence following the end of the month following the month in which Tenant gives Lessor notice of its request to resume providing Cleaning Services to the Leased Premises. If such

termination results from a breach of the Lessor's obligations to provide Cleaning Services, the provisions of Article XII. shall be controlling. If Tenant chooses to have Lessor provide the cleaning services for the Leased Premises and if Lessor chooses to provide those services by means of a third party contract, Lessor agrees to consult with Tenant on the content and terms and conditions of that cleaning contract and to work cooperatively with Tenant to insure that the Leased Premises are adequately cleaned and maintained.

ARTICLE IV TERM

A. Initial Term

This Agreement commences on August 1, 2022 and shall run through July 31, 2025 unless extended or sooner terminated as hereinafter provided for in this Agreement.

B. Option Terms

After the Initial Term of this Lease, Tenant shall have two (2) options to renew this Lease, each such Option being to renew the Lease for an additional three (3) year term ("Option Term"). Tenant shall exercise any such option by giving lessor notice of its intent to so exercise said option not less than sixty (60) days prior to the expiration of the term of the Initial Term or any Option Term hereunder as provided for in Article XX below.

ARTICLE V OPERATING COVENANTS

Lessor covenants and agrees that in its operations and use of the Building it will:

A. Maintenance

At all times, except as set forth in this Paragraph and to the provisions of Article VII below, cause the Building to be operated and maintained in a neat, orderly condition; to maintain and preserve and keep in good repair, working order and condition said Building; and to perform all needful and proper repairs, renewals and replacements necessary to be made thereto, including the provision of Cleaning Services to the Leased Premises if requested by Tenant; provided, however, unless Tenant requests Lessor to provide Cleaning Services to the Leased Premises and pays Lessor therefore as provided for in Paragraph B of Article II above, Tenant shall be responsible for providing and paying for Cleaning Services for the Leased Premises. The obligation to maintain the Building shall include but not be limited to maintenance of all foundations, external walls, doors, windows, utility openings all roofing systems and all mechanical, electrical, HVAC, and other Building Systems but excluding maintenance of electronic door locking systems. Lessor shall also be responsible for maintenance of the Property outside of the Building, including snow removal and landscape maintenance and all other exterior maintenance to said Property.

- B. Utilities
Pay any and all charges for utilities furnished to the Building including but not limited to hook-up charges and assessments related to all utilities, including but not limited to electrical service, steam, water, sewer and gas. Tenant shall be responsible for paying for all costs associated with the provision of any other utilities not specified herein to the Leased Premises and, if desired, the cost of cable TV service.
- C. Heating and Cooling
The temperature in the Leased Premises shall be maintained between 68 Degrees Fahrenheit and 78 Degrees Fahrenheit at all times.
- D. Licenses and Permits
Preserve Lessor's existence and all of its licenses, permits and consents to the extent necessary and desirable to the operation of its business and affairs and to be qualified to do business; provided, however, that nothing herein contained shall be construed to obligate it to retain or preserve any of its licenses, permits or consents which are no longer useable.
- E. Obey All Laws
Conduct its affairs and carry on its business and operations in such a manner as to comply with any and all applicable laws of the United States and the several states thereof and duly observe and conform to all valid orders, regulations and requirements of any governmental authority related to the conduct of its business and the ownership of the Property; provided that nothing herein contained shall require it to comply with, observe and conform to any such law or regulation or requirement so long as the validity thereof shall be contested by Lessor in good faith through proper legal action provided that such protest shall in no way affect Lessor's title to the Building.
- F. Payment of Taxes
Promptly pay or cause to be paid all lawful taxes and governmental charges, including real estate taxes and assessments at any time levied upon or against the Building or the property upon which it is located.
- G. Assessment Fees and Charges
To pay or cause to be paid when due or payable all special assessments levied upon or with respect to the Building or the property upon which it is located, or any part there and to pay all fees, charges and rentals for utilities, service or extensions for the Building and all other charges lawfully made by any governmental body for public improvements.
- H. Obligations and Claims
Promptly to pay or otherwise satisfy and discharge all of the obligations and indebtedness and all demands and claims against as and when the same becomes due and payable other than any thereof whose validity, amount or collectability is being contested in good faith by appropriate proceedings.

I. Refuse and Garbage

If Tenant chooses to have Lessor provide Cleaning Services to the Leased Premises, Lessor shall be responsible to collect all trash, refuse and garbage of any kind on the Leased Premises or on the Property and to dispose of the same at its sole cost. If Tenant chooses not to have Lessor provide Cleaning Services to the Leased Premises, Tenant shall be responsible for collecting and removing all trash and refuse from the Leased Premises and for having it deposited to a common collection point on each floor of the Leased Premises at its cost. Thereafter Lessor shall have all responsibility for the disposal of refuse and garbage generated by its operations at the Building and agrees to absorb all costs related thereto.

J. Other Costs of Operating and Maintaining Building

In addition to the foregoing costs and charges set forth above, Lessor shall bear, and promptly pay, on or before the date due, all other costs, fees and charges of any kind whatsoever, arising out of the ownership of or use of or occupancy of the Building except as otherwise set forth herein.

K. State Sublease Obligations

It is contemplated between the parties that one of Tenant's Subtenants will be the State of Minnesota, Department of Administration acting for the benefit of the Department of Employment and Economic Development (the "State") and that the State is requiring that certain standards of maintenance and operation of the Leased Premises, as set forth in the Sublease between Tenant and the State attached hereto and made a part hereof as Exhibit C, be achieved and maintained. Lessor is willing and able to achieve and maintain said standards in the Leased Premises and therefore it is agreed that the portions of Exhibit C denominated below shall be obligations of Lessor to Tenant and its Subtenants under this Agreement and that in the event of conflict between the terms and conditions of this Agreement and of said portions of Exhibit C, the more stringent shall apply:

1. Section 9.
2. Section 11.
3. Section 14.
4. Section 18.

ARTICLE VI LEASEHOLD IMPROVEMENTS

Tenant shall have the right to make additional Leasehold Improvements to the Leased Premises, provided that if such Leasehold Improvements shall have a cost for construction and materials in excess of Ten Thousand Dollars (\$10,000), such Leasehold Improvements shall be done in accordance with the process set forth in this Section.

A. Construction Plans

In the event that Tenant, either for itself or for any Subtenant, wishes to make any Leasehold Improvements to the Leased Premises, Tenant shall cause to have prepared and submitted to Lessor plans and specifications for such Leasehold Improvements in such specificity and detail as will clearly show what Leasehold Improvements are proposed to be made and what materials and equipment are proposed to be included in such Leasehold Improvements. All such plans, specifications and elevations shall be in conformity with this Agreement and with all applicable laws, ordinances, rules, regulations and requirements of the City, State and United States of America. Said plans and specifications may be disapproved by the Lessor but only if said plans and specifications do not meet applicable codes or if said Leasehold Improvements will have a negative or deleterious physical effect on the Leased Premises or on the Building as a whole. If Lessor disapproves said plans and specifications pursuant to the authority contained in this Paragraph, Tenant may either submit modified plans and specifications which meet Lessor's reasonable objections thereto or may abandon making the proposed Leasehold Improvements.

B. Build-out of Leasehold Improvements

At any time during the Term of the Agreement, Tenant may present Lessor with plans for Leasehold Improvements to the Leased Premises and request that Lessor purchase and install in, or build out such improvements in, the Lease Premises. Within twenty (20) days of such request, Lessor shall furnish Tenant with a detailed estimate of the cost of making such Leasehold Improvements to the Leased Premises. If Tenant approves Lessor's estimate of the costs thereof, Tenant shall notify Lessor of its approval and thereafter Lessor shall proceed to promptly make said Leasehold Improvements to the Leased Premises. Tenant shall be responsible to reimburse Lessor for the cost of such Leasehold Improvements up to the amount of the cost estimate provided by Lessor. In the event that Tenant determines that the cost of the Leasehold Improvements proposed by Lessor exceeds the reasonable value thereof, Tenant may secure, or have secured on its behalf, proposals to make said Leasehold Improvements from third parties. If any such proposal is less in amount than that proposed by Lessor, Lessor shall be given notice thereof and the opportunity to reduce its estimated cost of making said Leasehold Improvements. If said third-party proposal is less than Lessor's revised estimate, Tenant shall be entitled to contract with said third party for the making of said Leasehold Improvements.

C. Construction Contracts

If Tenant contracts with a third party to construct the Leasehold Improvements as authorized by Paragraph C above, Tenant shall provide to Lessor a copy of an executed contract or contracts between Lessor and the contractor or contractors selected to complete the Leasehold Improvements in accordance with approved plans and specifications, certified by Tenant to be true and correct copies thereof.

ARTICLE VII
PREMISES AND MAINTENANCE

A. Premises

Lessor agrees to maintain the Building including the Leased Premises. If Tenant requests Lessor provide Cleaning Services, in a clean, neat and orderly condition and in compliance with all codes for such facilities. Lessor shall maintain all elements of the Building, including the Leased Premises, in good, functional condition including heating systems, electrical systems, plumbing systems, drains, sewers, doors, and windows and shall repair or replace any such building systems or elements which become worn, damaged or broken.

B. Damage to Leased Premises

Notwithstanding the generality of the foregoing, upon acceptance of the Leasehold Improvements constructed pursuant to Paragraph A of Article VI above, Tenant and its Subtenants shall be responsible to repair any damage to or destruction of said Leasehold Improvements arising out of the negligent or intentional acts or omissions of Tenant or its Subtenants or their employees, agents or invitees, including damage to paint, wall coverings and carpeting, except as provided for in Paragraph D below. In addition, Tenant and their Subtenants shall be exclusively responsible for maintenance of and repair or replacement of any Leasehold improvements installed or constructed by them and of any personal property placed on the Property unless damaged or destroyed as a result of the negligent or intentional acts or omissions of Lessor or its officers, agents, servants or employees.

C. Inspection of Leased Premises

Upon reasonable request therefore, Tenant shall allow representatives of Lessor to inspect the Leased Premises.

D. Five (5) Year Refurbishing

Notwithstanding the provision of Paragraph B above, at the end of the fifth (5th) year of the Term of this Agreement, Tenant may request that Lessor agree to repaint, replace wall coverings or replace the carpet in all or a portion of the Leased Premises based on its determination that the condition of the Leased Premises reasonably require such work at that time or will reasonably require such work during the remaining Term of the Agreement, based on industry standards for office building maintenance. Lessor shall review such request and the condition of the Leased Premises and, if Lessor agrees that such request or any portion thereof is reasonably justified, Lessor agrees to so refurbish, repaint and recarpet the Leased Premises, provided that Lessor shall not be required to spend in excess of Five Dollars (\$5.00) per square foot for such refurbishing, repainting and recarpeting. Lessor's agreement as to the need for such work and performing such refurbishing, repainting and recarpeting shall not be unreasonably withheld. Notwithstanding the foregoing, in no event shall the total to be expended/provided by Lessor under this Section exceed Thirty Thousand Dollars (\$30,000).

E. Non-Discrimination

Lessor agrees to not engage in discriminatory practices in the completion in the operation or management of the Building with regard to either employment or service to the public, including specifically not discriminating on the grounds of race, creed, color, national origin, sex, age, handicap or receipt of public assistance, and Lessor shall, with respect to all activities on the Property, fully comply with all of the provisions of Federal, State and local law prohibiting discrimination against any protected class of persons.

ARTICLE VIII
SURRENDER OF POSSESSION

Upon the expiration or other termination of this Agreement, Tenant's rights to use the Leased Premises herein granted shall cease and Tenant shall, upon expiration or termination, promptly and in good condition surrender the same to Lessor. In the event that Tenant has in any way changed, altered or modified the Leased Premises demised herein, other than those improvements permitted as herein provided for, Tenant covenants to return the same to the condition they were in at the time of the signing of this Agreement or, in the alternative, to pay Lessor for the cost of returning them to said condition unless waived by the Lessor in writing. Upon termination, any Leasehold Improvements which have become part of the realty shall become the property of Lessor, and the same, together with the Leased Premises, shall be immediately returned to the control of Lessor. Any Tenant Improvements not part of the realty shall be removed therefrom within fifteen (15) days after the termination of this Agreement or the same shall be deemed to have been abandoned to Lessor and the right of Tenant to possession thereof shall cease.

ARTICLE IX
PROVISIONS REGARDING LIENS, ASSIGNMENTS AND SUBLEASES

A. Provision Against Liens

Except for encumbrances permitted pursuant to Paragraph B below, Tenant shall not create or permit any mortgage, encumbrance or lien or allow any mechanics' or materialmen's liens to be filed or established or to remain against the Leased Premises or any part thereof, provided that if Tenant shall first notify Lessor of its intention to do so, Tenant may, in good faith, contest any such mechanics' or other liens filed or established as long as Lessor's interest or rights in this Agreement are subject to foreclosure by reason of such context.

B. Provision Regarding Assignments, Transfers or Subleases

The parties hereto acknowledge that Tenant anticipates subleasing the Leased Premises to one or more Subtenants and that such Subtenants may, in turn, further sublease the Leased Premises. Lessor specifically authorizes and agrees to such subleases but it is agreed between the parties that, regardless of the terms and conditions of any such sublease, Tenant shall continue to be responsible for the fulfillment of all of its obligations under this Agreement during the entire Term hereof. Provided further that, nothing to the contrary of the foregoing withstanding, Tenant shall have the right at any time to assign this

Agreement to any Agency providing services similar in character to those provided by Tenant and Agencies at the CareerForce location; in the event of such an assignment, such assignee shall be deemed to be the lessee for the purposes of this Agreement and shall stand in the position of Tenant with regard thereto and, upon the making of such assignment, Tenant shall have no further rights or responsibilities under this Agreement.

C. Subleasing of Leased Premises

It is specifically contemplated between the parties to this Agreement that Tenant intends to sublease all or a portion of the Leased Premises to other Agencies for use in conjunction with the creation and operation of a joint CareerForce location. Any such sublease is hereby deemed to be approved. Tenant, for itself and any Subtenant, agrees to give Lessor not less than ten (10) day's prior notice of its intent to sublease any portion of the Leased Premises to any other party.

D. Subordination of Agreement

Nothing to the contrary in this Article withstanding, this Agreement and all rights of Tenant hereunder shall be subject and subordinate to the lien of any and all mortgages that may now or hereafter affect the Leased Premises, or any part thereof, and to any and all renewals, Modifications or extensions of any such mortgages, provided that such liens do not materially interfere with Tenant's use of, occupancy of or enjoyment of the Leased Premises. Tenant shall on reasonable written demand therefore from Lessor, execute, acknowledge and deliver to Lessor any and all instruments that may be reasonably necessary to subordinate this Agreement and all rights therein to the lien of any such mortgage or mortgages and each renewal, modification or extension, together with an appropriate estoppel; provided that Lessor shall be responsible for insuring that any such document does not, in fact, materially interfere with Tenant's use of, occupancy of or enjoyment of the Leased Premises as provided for in this Agreement. Tenant may condition its subordination or attornment or both to the execution, acknowledgment and delivery to it by any such lienholder of a non-disturbance agreement in a form reasonably satisfactory to Tenant's attorney.

ARTICLE X INDEMNIFICATION

A. By Tenant

Tenant will to the fullest extent permitted by law but subject to the limitations contained in Minnesota Statutes Chapter 466, protect, indemnify and save Lessor and its officers, agents, servants, employees and any person who controls Tenant within the meaning of Securities Act of 1933, harmless from and against all liabilities, losses, damages, costs, expenses, including attorneys' fees and expenses, causes of action, suits, claims demands and judgements of any nature arising from:

1. Any injury to or death of any person or damage to property in or upon the Leased Premises, or growing out of or in connection with the use or non-use, condition or occupancy of the Leased Premises or any part thereof. The foregoing indemnification shall not be limited in any way by any limitation on the amount or type of damage, compensation or benefits payable by or for the Tenant, customers, suppliers or affiliated organizations under any Workers' Compensation Act, Disability Benefit Acts or any other Employee Benefit Acts.
2. Any violation by Tenant of any provision of this Agreement.
3. Any violation of any law, ordinance, court order or regulation affecting the Leased Premises or the occupancy or use thereof.

B. By Lessor

Lessor will to the fullest extent permitted by law, protect, indemnify and save Tenant and its officers, agents, servants, employees and any person who controls Tenant within the meaning of Securities Act of 1933, harmless from and against all liabilities, losses, damages, costs, expenses, including attorneys' fees and expenses, causes of action, suits, claims demands and judgements of any nature arising from:

1. Any injury to or death of any person or damage to property in or upon the Building or growing out of or in connection with the use or non-use, condition or occupancy of the Building or any part thereof and also, without limitation, any and all acts or operations related to the construction or installation of the Building. The foregoing indemnification shall not be limited in any way by any limitation on the amount or type of damage, compensation or benefits payable by or for the Lessor, customers, suppliers or affiliated organizations under any Workers' Compensation Act, Disability Benefit Acts or any other Employee Benefit Acts.
2. Any violation by Lessor of any provision of this Agreement.
3. Any violation of any contract, agreement or restriction related to the Building which shall have existed at the commencement of the Term of this Agreement or shall have been approved by the Lessor.
4. Any violation of any law, ordinance, court order or regulation affecting the Building or the ownership, occupancy or use thereof.

C. Indemnification Procedures

Promptly after receipt by either party of notice of the commencement of any action with respect to which the other party is required to indemnify the said party under this Article, the indemnitee shall notify the indemnitor in writing of the commencement thereof, and, subject to the provisions as hereinafter stated, the indemnitor shall assume the defense of such action, including the employment of counsel satisfactory to the indemnitee and the payment of expenses. In so far as

such action shall relate to any alleged liability of the Tenant with respect to which indemnity may be sought against the Lessor, Tenant shall have the right to employ separate counsel in any such action and to participate in the defense thereof, and the fees and expenses of such separate counsel shall be at the expense of the Lessor.

ARTICLE XI INSURANCE

Lessor shall procure and continuously maintain insurance covering all risks of injury to or death of persons or damage to Building and Property arising in any way out of or as a result of Lessor's occupancy of or use of the Building or Property, carried in the names of the Lessor, any Subtenant and the Tenant as their respective interests may appear, as follows:

A. Insurance During Construction

Lessor, prior to entering on the Property for construction work, shall procure or cause to be procured and maintain or require all contractors to procure and maintain the following insurance at not less than the limits of coverage or liability indicated during the period of construction as follows:

1. Property Insurance.

Lessor shall provide "All Risk" builders' risk insurance under a completed value form on all work on the Project, including foundations, permanent fixtures and attachments, machinery and equipment included in or installed under the construction contract, debris removal, architects' and engineers' fees, temporary structures, materials, equipment and supplies of all kinds located on the project, to the full replacement value thereof, except that such policy may provide for a deductible amount not to exceed Fifty Thousand Dollars (\$50,000) per occurrence. Said insurance shall be endorsed to provide consent for occupancy of the Property and shall be maintained in effect until permanent property coverage as provided for hereinafter is in force. Such insurance shall be written in the names of Lessor, Tenant, any subtenant and contractor, as their interest may appear. Contractor, all subcontractors, and suppliers and Lessor shall waive all rights against Tenant for damages caused by fire or insured perils, except such rights as are set forth hereunder to the proceeds of such insurance payable in the event of such loss.

2. Public Liability Insurance.

Public Liability Insurance written on an "occurrence" basis under a Comprehensive General Liability Form with "Broad Form" property damage liability coverage, with **XCU** exclusion removed, in limits of not less than One Million Five Hundred Thousand Dollars (\$1,500,000) aggregate per occurrence for personal injury, bodily injury and death, and limits of One Million Five Hundred Thousand Dollars (\$1,500,000) for property damage liability. If per person limits are specified, they shall be for not less than One Million Five Hundred Thousand Dollars (\$1,500,000)

per person and be for the same coverages. Contractor shall also require such liability coverage of its subcontractors unless they be insured under contractor's policies. Contractor's and subcontractors' liability coverages shall include:

- a. Contractors' public liability--premises and operations;
- b. Independent contractors' protective contingent liability;
- c. Personal injury;
- d. Owned, non-owned, and hired vehicles;
- e. Contractual liability covering customary construction contract and subcontract indemnify provisions; and
- f. Workers' Compensation coverage in required statutory limits. Policy shall carry an "all states" endorsement. In addition, employers liability coverage shall be maintained in limits of One Hundred Thousand Dollars (\$100,000) per employee.

B. Permanent Insurance

1. Property Insurance

During the entire Term of the Agreement, the Building and Property, including all fixtures, equipment and machinery, shall be insured to the full replacement value thereof against all risk of Direct Physical Loss, except that such insurance may provide for a deductible amount not to exceed Fifty Thousand Dollars (\$50,000) per occurrence. For the purposes hereof, "all risk" means insurance equivalent in scope to protect against all risks of direct physical loss ordinarily insured against in the region. Lessor hereby waives any and all claims or causes of action against Tenant for damages caused by an insured peril hereunder, except such rights hereinafter set forth to an interest in the insurance proceeds payable in the event of such loss. In time of war in which the United States of America is a belligerent, the Lessor will procure and maintain continuously in effect such insurance as may be available from the United States of America to the extent of the full replacement value of the project and insuring against loss thereof or damage thereto from the risks and hazards of war, provided that the cost of such insurance is economically reasonable.

2. Liability Insurance

The Lessor shall procure and maintain continuously in force Public Liability Insurance written on an "occurrence" basis under a Comprehensive General Liability Form in limits of not less than One Million Five Hundred Thousand Dollars (\$1,500,000) aggregate per occurrence for personal bodily injury and death, and limits of One Million Five Hundred Thousand Dollars (\$1,500,000) for property damage liability. If person limits are specified, they shall be for not less than One Million Five Hundred Thousand Dollars (\$1,500,000) per person and be for the same coverages. The Tenant shall be named as an additional insured therein. Insurance shall cover:

- a. Public liability, including premises and operations coverage.
- b. Independent contractors--protective contingent liability.
- c. Personal injury.
- d. Owned, non-owned and hired vehicles.
- e. Contractual liability covering the indemnity obligations set forth herein.
- f. Dram Shop Insurance, if applicable.
- g. Property of Others.

3. Workers' Compensation

Workers' Compensation Coverage in statutory amounts with "all states" endorsement. Employees liability insurance shall be carried in limits of One Hundred Thousand Dollars (\$100,000) per employee.

C. Requirements for All Insurance

All insurance required in this Article IX shall be taken out and maintained in responsible insurance companies organized under the laws of the states of the United States and licensed to do business in the State of Minnesota.

D. Policies

The Lessor shall be required to supply to the Tenant written copies of all policies required under this Agreement. In addition each insurer providing such policies shall be required to provide evidence satisfactory to the City's Chief Administrative Officer that such policies will require the insurer to give the Tenant thirty (30) days' written notice prior to cancellation or modification of said insurance. In the event that an "accord" form of certification is used, the words, "endeavor to" shall be stricken from the notification provisions thereof.

E. Uninsured Loss

In the event the Building or the Property or any portion thereof is destroyed by fire or other casualty covered by insurance, the Lessor shall forthwith repair, reconstruct, and restore the Property and the Building to substantially the same scale and condition, quality, and value as existed prior to the event causing such damage or destruction, and to the extent necessary to accomplish such repair, reconstruction, and restoration, the Lessor shall apply the proceeds of any insurance received by the Lessor to the payment or reimbursement of the costs thereof. The Lessor shall, however, complete the repair, reconstruction and restoration of the Property and the Building whether or not the proceeds of any insurance received by the Lessor are sufficient to pay for such repair, restoration, and reconstruction.

ARTICLE XII DEFAULTS AND REMEDIES THEREFORE

A. Lessor Defaults and Remedies

1. General Events of Default

The following shall be deemed to be general events of default by Lessor

under the terms and conditions of this Agreement to which the remedies set forth in Subparagraph 2 below shall be applicable as otherwise set forth in this Agreement.

- a. Lessor shall fail to observe or perform any of the other terms, conditions, covenants or agreements required to be observed or performed by it or any successors or assigns of Lessor pursuant to this Agreement and such failure shall continue for a period of thirty (30) calendar days after Tenant has, pursuant to the provisions of this Agreement, given written notice to Lessor of such default or, in the event that such default shall be incapable of cure during said thirty (30) day period, shall have failed to commence to cure said default within thirty (30) days of the date of said notice and to diligently pursue the same to completion.
- b. Lessor shall permit valid liens, not cured or contested within thirty (30) days, to be placed on the Building with the exception of assignments approved pursuant to the terms of this Agreement.
- c. Lessor makes an assignment for the benefit of its creditors or admits in writing its inability to pay its debts as they become due; or an adjudication of bankruptcy or insolvency as made as to Lessor or its business; or Lessor files a petition of bankruptcy or files a petition seeking any reorganization, dissolution, liquidation, or rearrangement, composition, readjustment or similarly under any present or future bankruptcy or insolvency statute, law or regulation; or Lessor files an answer admitting to or not contesting to the material allegations of a petition filed against in such proceeding or fails to have dismissed or vacated within thirty (30) days after its filing such a petition or seeks or consents or acquiesces in the appointment of any trustee, receiver or liquidator of a material part of Lessor's properties or fails to have dismissed or vacated within thirty (30) days after the appointment without the consent or acquiescence of Lessor of any trustee, receiver or liquidator of any material part of Lessor's properties.

2. General Remedies

Except as otherwise set forth in this Agreement, Tenant shall have the following remedies in the event of a default by Lessor:

- a. Terminate this Agreement, subject to rights conferred on Lessor by applicable State Statute.
- b. Seek and be entitled to monetary damages, including consequential damages from Lessor for any damages, including consequential damages incurred by Tenant as a result of Lessor's default.
- c. Seek and be entitled to injunctive or declaratory relief as is necessary to prevent Lessor's violation of the terms and conditions

of this Agreement or to compel Lessor's performance of its obligations hereunder.

- d. Seek such other legal or equitable relief as a court of competent jurisdiction may determine is available to Tenant.

3. Special Event of Default and Remedy

In the event that Tenant shall have requested Lessor to perform Cleaning Services with regard to the Leased Premises and Lessor shall have failed to do so or shall have failed to do so in accordance with the terms and conditions of this Agreement, Tenant may give Notice to Lessor of such event of Default as provided for in Article XX. below and, if Lessor shall have failed to correct such Default within ten (10) days of the giving of such Notice Tenant may treat said Default as a General Event of Default as provided for in Subparagraph 1 above and exercise the remedies provided for in Subparagraph 2 above or may, in the alternative and at the discretion of the Director, terminate only those portions of the Agreement pertaining to the provision of Cleaning Services to the Leased Premises.

B. Tenant Defaults and Remedies

1. General Events of Default

The following shall be deemed to be general events of default by Tenant under the terms and conditions of this Agreement to which the remedies set forth in Subparagraph 2 below shall be applicable as otherwise set forth in this Agreement.

- a. Tenant shall fail to pay any Rent or other payment due to Lessor under Article III above within ten (10) days of the date said payment is due.
- b. Tenant shall fail to observe or perform any of the other terms, conditions, covenants or agreements required to be observed or performed by it or any successors or assigns of Tenant pursuant to this Agreement and such failure shall continue for a period of thirty (30) calendar days after Lessor has, pursuant to the provisions of this Agreement, given written notice to Tenant of such default or, in the event that such default shall be incapable of cure during said thirty (30) day period, shall have failed to commence to cure said default within thirty (30) days of the date of said notice and to diligently pursue the same to completion.
- c. Tenant shall permit valid liens, not cured or contested within thirty (30) days, to be placed on the Leased Premises with the exception of assignments approved pursuant to the terms of this Agreement.

2. General Remedies

Except as otherwise set forth in this Agreement, Lessor shall have the following remedies in the event of a default by Tenant:

- a. Terminate this Agreement and, at its discretion, retake the Leased Premises from Tenant, subject to rights conferred on Tenant by applicable State Statute.
- b. Seek and be entitled to monetary damages, including consequential damages from Tenant for any damages incurred by Lessor as a result of Tenant's default.
- c. Seek and be entitled to injunctive or declaratory relief as is necessary to prevent Tenant's violation of the terms and conditions of this Agreement or to compel Tenant's performance of its obligations hereunder.
- d. Seek such other legal or equitable relief as a court of competent jurisdiction may determine is available to Lessor.

C. Non-Waiver

The waiver by the non-defaulting party of any default on the part of defaulting party or the failure of non-defaulting party to declare default on the part of defaulting party of any of its obligations pursuant to this Agreement shall not be deemed to be a waiver of any subsequent event of default on the part of defaulting party of the same or of any other obligation of defaulting party hereunder. And, to be effective, any waiver of any default by a defaulting party hereunder shall be in writing by non-defaulting party.

D. Remedies Cumulative

Except as specifically set forth herein, the remedies provided under this Agreement shall be deemed to be cumulative and non-exclusive and the election of one remedy shall not be deemed to be the waiver of any other remedy with regard to any occasion of default hereunder.

E. Attorneys' Fees

In the event that either party is in default of any of the terms and conditions of this Agreement and the non-defaulting party shall successfully take legal action to enforce said rights herein, in addition to the foregoing, such non-defaulting party shall be entitled to reimbursement for its reasonable attorney's fees and costs and otherwise for its costs and disbursements occasioned in enforcing its rights hereunder.

ARTICLE XIII FORCE MAJEURE

Under the terms of this Agreement, neither the Tenant nor Lessor shall be considered in default or in breach of any of the terms with respect to the performance of their respective obligations under this Agreement in the event of enforced delay in the performance of its obligations due to unforeseeable causes beyond its control and without its fault or negligence, including but not limited to acts of God, acts of a public enemy, acts of the federal government, acts of another party, fire, floods, epidemics, strikes or embargoes, or for delays of contractors or subcontractors due to such causes. In the event of any such delay, any time for completion or delivery under this Agreement shall be extended for the period of any such delay upon written notice from the party seeking the extension to the other party.

ARTICLE XIV EMINENT DOMAIN

In the event that the Leased Premises or any portion thereof shall be taken by eminent domain, or that the value of Tenant's leasehold interest is measurably diminished at a result of such an exercise of the exercise of eminent domain, at any time during the Term of this Agreement, Tenant shall be entitled to damages equal to the damages suffered by it as a tenant under Minnesota Statutes for the remaining Term of this Agreement.

ARTICLE XV DESTRUCTION OF PREMISES

In the event of partial or total damage or destruction of the Leased Premises during the Term of this Agreement, the following shall apply:

A. Continued Occupancy

In the event that the Leased Premises are partially damaged or destroyed but Tenant determines that it is practical to continue to occupy and use the Leased Premises for carrying on the work of the Workforce Center, Lessor shall proceed to repair or reconstruct the Leased Premises to substantially the condition they were in prior to the damage thereto and Tenant may continue to occupy and use the Leased Premises, provided that it shall be entitled to a reduction of Rent payable to Lessor representing any reduction in the Leased Premises available to Tenant for its use and for the reduction in utility of those portions of the Leased Premises occupied and used by Tenant. Lessor shall cause such repairs and reconstruction to be completed as expeditiously as possible; in this regard the parties agree to cooperate to coordinate such repair and reconstruction work with Tenant's operation of its Workforce Center operations.

B. Occupancy Interrupted

To the extent that Tenant shall determine that the extent of damage or destruction of the Leased Premises is such that it is not practical for Tenant to continue to operate the Workforce Center therefrom, Tenant may cease operations of its Workforce Center on the Leased Premises and shall not be obligated to pay Rent to Lessor during such period when it is not occupying the Leased Premises. Lessor shall have the option of repairing the Leased Premises or of terminating this Agreement. If Lessor chooses not to repair or reconstruction the Leased Premises or fails to restore the Leased Premises to substantially the condition they were in prior to the event causing the damage or destruction thereto within ninety (90) days of said incident, Tenant shall have the option of terminating its lease of the Leased Premises hereunder.

ARTICLE XVI
SIGNAGE

Tenant shall have the rights to affix professionally fabricated signs to the exterior of the Building adjacent to every public access to the Building advertising the Tenant and the names of any Subtenants of Tenant for the purpose of identifying the services provided by Tenant and its Subtenants to the public. Such signs shall be deemed to the property of Tenant and its Subtenants and all responsibility for maintenance of same shall be Tenant's. It is further understood and agreed that no sign shall be affixed to the exterior of the Building until Lessor has been provided with notice and, specifically, evidence of intended installation techniques to make sure that the soft stone exterior of the Building will not be damaged and that details and installation techniques are consistent with standard practice, taking the Building's age, condition and materials into account.

ARTICLE XVII
REPRESENTATIONS BY TENANT

Tenant represents and warrants that as of the date hereof:

- A. It is a lawfully constituted authority under the laws of the State of Minnesota, it is not in material violation of any provisions of State law and that it has full power and authority to enter into this Agreement and perform its obligations hereunder.
- B. There are no actions, suits or proceedings pending, or to the knowledge of Tenant, threatened against Tenant or any property of Tenant in any court or before any Federal, State, municipal or governmental agency which, if decided adversely to Tenant, would have a material adverse effect upon Tenant or any business or property of Tenant and Tenant is not in default with respect to any order of any court or government agency.

- C. Tenant has investigated and has no knowledge that a Tenant board member or other member, official, or employee of Tenant is directly or indirectly financially interested in this Agreement or in any transactions concluded in connection with this Agreement.
- D. Tenant shall do such things as are necessary to cause any information, document, certificate, statement in writing, or report required under this Agreement or otherwise delivered to any third parties under this Agreement to be true, correct and complete in all material respects.

ARTICLE XVIII LESSOR'S REPRESENTATIONS AND WARRANTIES

Lessor represents and warrants that as of the date hereof:

- A. It is a lawfully constituted limited liability company under the laws of the State of Minnesota, is not in material violation of any provisions of State law and that it has full power and authority to enter into this Agreement and to perform its obligations hereunder.
- B. It is fully competent to lease the Leased Premises and to construct, equip and operate the Building thereon under all laws, rulings, regulations and ordinances of any governmental authority having jurisdiction and it agrees to comply with all applicable State, Federal acquisition and relocation laws, wages and hours laws, including Davis-Bacon and local versions thereof or similar laws at its own expense.
- C. The Property and the Building are in compliance with all applicable federal, state and local laws, rules and regulations including without limitation those relating to hazardous materials and all other environmental laws and the Americans with Disabilities Act and that all boilers and other pressure vessel equipment is and shall be maintained by Lessor in compliance ASME standards and codes.
- D. There are no actions, suits or proceedings pending or, to the knowledge of Lessor, threatened against Lessor or any property of Lessor in any court or before any Federal, State or municipal or other governmental agency which, if decided adversely to Lessor, could have a material adverse effect upon Lessor or the Property and Building, and that Lessor is not in default of any order of any court or governmental agency.
- E. It is not in default of the payment of principal or interest on any indebtedness for borrowed money or in default under any instrument or agreement pursuant to which the indebtedness has been incurred.

- F. Lessor has investigated and has no knowledge that any officer, director, agent or employee of Lessor is directly or indirectly financially interested in this Agreement or in any transactions concluded in connection with this Agreement.
- G. Lessor shall do such things as are necessary to cause any information, document, certificate, statement in writing, or report required under this Agreement delivered to any third party under this Agreement to be true, correct and complete in all material and respects. If necessary, Lessor agrees to perform any survey work prior to construction and all descriptions and exhibits hereto and definitions herein shall be subject to such revisions as are necessary after completion of any survey.

ARTICLE XIX RUNS WITH THE LAND

This Agreement shall be deemed to run with the land and shall enure to the benefit of the parties hereto and to their successors and assigns.

ARTICLE XX NOTICES

Any notice, demand or other communication under this Agreement by either party to the other shall be deemed to be sufficiently given or delivered if it is dispatched by registered or certified mail, postage prepaid to:

Tenant: City of Duluth Workforce Development Department
402 West First Street
Duluth, MN 55802
Attn: Director of Workforce Development

Lessor: DAC, LLC
c/o A&L Properties
Attn: Tiffany Hughes
11 East Superior Street, Suite 130
Duluth, MN 55802

Copy to: William M. Burns, Esquire
Hanft Fride, a Professional Association
1000 U.S. Bank Place
130 West Superior Street
Duluth, MN 55802

ARTICLE XXI
APPLICABLE LAW

This Agreement together with all of its Articles, paragraphs, terms and provisions is made in the State of Minnesota and shall be construed and interpreted in accordance with the laws of the State.

IN WITNESS WHEREOF, the parties have hereunto set their hands and seals the day and year first shown above.

City of Duluth
a Minnesota Municipal Corporation

DAC, LLC
a Minnesota limited liability company

By: Emily Larson
Its: Mayor

By: William M. Burns
As: Personal Representative for the
Estate of Joseph R. Link, a Member

Attest:

By: Ian B. Johnson
Its: City Clerk

Approved:

Countersigned:

By: _____
Assistant City Attorney

By: _____
County Auditor

[illegible]

The foregoing instrument was acknowledged before me on _____, 2022 by William M. Burns, in his capacity as Personal Representative for the Estate of Joseph R. Link, a Member of DAC, LLC, a Minnesota limited liability company, on behalf of the company.

Notary Public

[illegible]

The foregoing instrument was acknowledged before me on _____, 2022 by Emily Larson and Ian B. Johnson, the Mayor and City Clerk of the City of Duluth, a municipal corporation, on behalf of the City.

Notary Public

This Lease Drafted by:
Robert E. Asleson
Room 410 City Hall
Duluth, MN 55802
(218) 730-5490

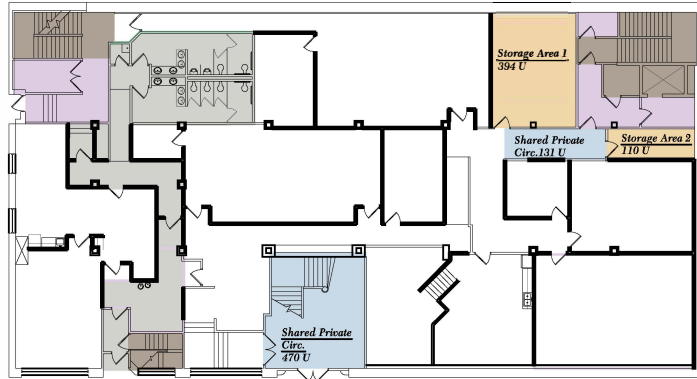
EXHIBIT A Leased Premises

LAST SAVED: APRIL 22, 2022 PLOTTED BY: CKEMP P:\1989-2010 PROJECTS\2007 PROJECTS\07103.00 A&L PROPERTY MANAGEMENT 2007\DRAWINGS\CLUB\WORKFORCE CENTER BOMA PL

1st Floor Key Plan

- Building Common Areas
- Vertical Penetrations
- Floor Common Areas
- Shared Private Circulation
- Tenant Location

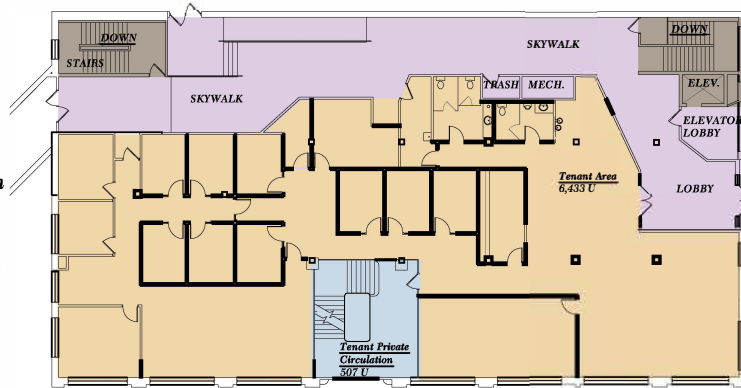
1st Floor Tenant Useable Area:
805 s.f.*
*Includes 301 s.f.,
50% Shared Private Circulation



2nd Floor Key Plan

- Building Common Areas
- Vertical Penetrations
- Floor Common Areas
- Tenant Private Circulation
- Tenant Location

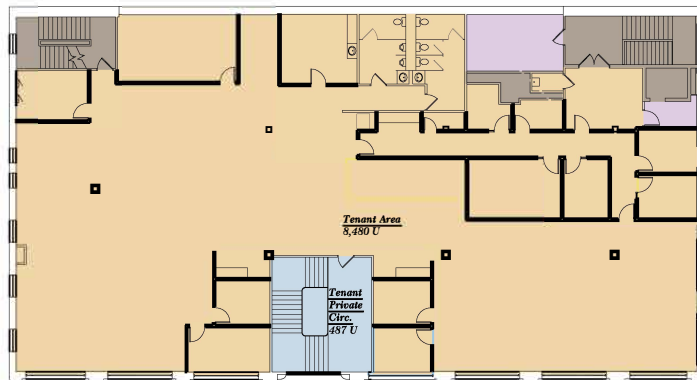
2nd Floor Tenant Useable Area:
6,940 s.f.



3rd Floor Key Plan

- Building Common Areas
- Vertical Penetrations
- Floor Common Areas
- Tenant Private Circulation
- Tenant Location

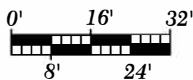
3rd Floor Tenant Useable Area:
8,967 s.f.



Total Useable Area 16,712 Sq. Ft.

SCALE

1/32" = 1'-0"



Duluth Athletic Club
CareerForce- Floors 1-3
402 W 1st Street
Duluth, MN 55802

EXHIBIT B

Duluth Athletic Club Cleaning Services Building Common Areas

Duluth Athletic Club CareerForce Tenant Specific Suites Cleaning Services Scope of Work:

Daily

- Empty trash
- Dust all horizontal surfaces including but not limited to office furniture
- Vacuum carpets
- Spot clean glass side lights and window frames
- Wipe off conference room table tops (if applicable)
- Return chairs to proper place under conference table (if applicable)

Restrooms (daily - within suites)

- Clean and disinfect all fixtures.
- Spot clean walls and partitions. Pay special attention to walls adjacent to urinals, toilets and sinks
- Empty trash.
- Clean mirrors.
- Restock soap, paper products and trash liners.
- Clean stainless steel product dispensers (toilet tissue and paper towel dispensers)
- Empty sanitary napkin disposal units (ladies)
- Sweep, mop, and disinfect floors

Weekly

- Vacuum along wall edges, corners, behind doors and under desks and furniture
- Wet mop all composition floors
- Clean restroom walls
- Spot clean walls as needed
- Sweep and mop (as needed) terrazzo stair case and all landings (Grand Stair Case)

Annual

- Deep cleaning of carpets
- Polish brass handrail in atrium stairwell

As Required

- Wipe off conference room pedestal (if applicable)
- Spot clean carpeting
- Strip and re-seal composite flooring

Updated: June 10, 2022

Exhibit C

STATE OF MINNESOTA
AMENDMENT OF SUBLEASE

Amendment No. 1 to

Sublease No. **11879-S**

THIS AMENDMENT No. 1 to Sublease No. 11879-S is made by and between City of Duluth, hereinafter referred to as SUBLESSOR and the State of Minnesota, Department of Administration, hereinafter referred to as SUBLESSEE, acting for the benefit of the Department of Employment and Economic Development.

WHEREAS, SUBLESSOR has entered into a new Lease with its Landlord ("Master Lease") attached hereto and incorporated herein as Exhibit F ("Master Lease") and reduced its leased premises to approximately sixteen thousand seven hundred twelve (16,712) square feet ("Master Leased Premises") in the building known as the Duluth Athletic Club Building ("Building") located at 402 West First Street, Duluth, MN 55802.

WHEREAS, SUBLESSOR and SUBLESSEE entered into Sublease No. 11879-S, dated August 15, 2012, providing for the sublease of approximately twelve thousand fourteen (12,014) usable square feet of dedicated and shared space ("Subleased Premises") in the building known as the Duluth Athletic Club Building ("Building") located at 402 West First Street, Duluth, MN 55802.

WHEREAS, the parties deem certain amendments and additional terms and conditions mutually beneficial for the effective continuation of said Sublease;

NOW THEREFORE, LANDLORD, SUBLESSOR and SUBLESSEE agree to substitution and/or addition of the following terms and conditions which shall become a part of Sublease No. 11879-S, effective as of the date set forth hereinafter.

1. **RENEWAL TERM** This Sublease shall be renewed for three (3) years commencing August 1, 2022 and continuing through July 31, 2025, at the same terms and conditions as set forth in the Sublease, except as provided for herein.
2. **SQUARE FOOTAGE REDUCTION** Effective August 1, 2022, SUBLESSOR and SUBLESSEE accept the reduction of three thousand four hundred sixty six (3,466) usable square feet of space, which shall result in a redefined subleased premises totaling eight thousand five hundred forty eight (8,548) usable square feet as shown on the floor plan attached hereto and incorporated herein as Exhibit G ("Subleased Premises").
3. **CHANGES IN SQUARE FOOTAGE**
 - 3.1 **Deletion** Sections 5.1.a and 5.1.c of Sublease are deleted and of no further force and effect and are replaced with the following Sections 3.2 and 3.3.

- 3.2 Infrastructure Funding Agreement (IFA) (formerly known as Cost Allocation Plan) shall mean the plan developed and approved for the allocation of rent for dedicated and shared space between SUBLESSOR, SUBLESSEE and other partners in the Workforce Center.
- 3.3 In the event there is a change in square footage of the Leased Premises with a corresponding change in the Rent payable hereunder, SUBLESSOR and SUBLESSEE agree that this change may be made by an executed "*Infrastructure Funding Agreement*" and an executed amendment to the Lease documenting such change with copies to all parties hereto.

4. **RENT**

- 4.1 SUBLESSEE shall pay SUBLESSOR rent for the Renewal Term in accordance with the rent schedule set forth below:

SUBLEASE RENEWAL PERIOD			SQUARE FEET	RATE PER SQ. FT.	JANIT. SERVICES	TOTAL RATE PER SQ FT	MONTHLY PAYMENT	RENT FOR SUBLEASE RENEWAL PERIOD
8/1/22	-	7/31/23	8,548	\$ 15.60	\$ 1.00	\$ 16.60	\$ 11,824.73	\$ 141,896.76
8/1/23	-	7/31/24	8,548	\$ 16.07	\$ 1.00	\$ 17.07	\$ 12,159.53	\$ 145,914.36
8/1/24	-	7/31/25	8,548	\$ 16.55	\$ 1.00	\$ 17.55	\$ 12,501.45	\$ 150,017.40
TOTAL								\$ 437,828.52

- 4.2 Rent Billing Address SUBLESSOR shall mail or personally deliver all original bills and rent statements to SUBLESSEE at the following address:

Fiscal Management Division
Department of Employment and Economic Development
1st National Bank Building
332 Minnesota St, Suite E200
St Paul MN 55101-1351

- 4.3 Rent Payment Address SUBLESSEE shall mail, deliver or pay SUBLESSOR via electronic payment the monthly rent set forth above at the end of the applicable calendar month to SUBLESSOR at the following address:

City of Duluth
Room 402, City Hall
411 West First Street
Duluth MN 55802

Attn: Director of Business & Community Development

5. **SUBLESSEE REQUESTED ALTERATIONS**

- 5.1 Deletion Section 9 of Sublease is deleted and of no further force and effect and is replaced with the following Sections 5.2 and 5.3.
- 5.2 In the event SUBLESSEE desires to remodel, make alterations, additions, and/or changes and request design services (hereinafter, "Alterations") to the Subleased Premises, and it is determined that the Alterations are at SUBLESSEE's expense, SUBLESSEE shall obtain SUBLESSOR's written approval for such Alterations and such Alterations shall be arranged through SUBLESSOR as follows:
- a. Upon SUBLESSEE's request, SUBLESSOR shall provide SUBLESSEE up to three (3) written cost estimates from Landlord's vendors for desired Alterations. SUBLESSOR or SUBLESSOR's agent/management company shall not include supervision fees as a part of the cost of Alterations.
 - b. Alterations shall be documented and authorized in advance according to the applicable cost level, as follows:
 - (i) Alterations totaling \$4,999.99 or less shall be set forth in and authorized by SUBLESSEE in SUBLESSEE's signed Purchase Order which shall be submitted to SUBLESSOR.
 - (ii) Alterations totaling \$5,000.00 to \$9,999.99 shall be set forth in and authorized by SUBLESSEE in a signed Remodeling Request Memo, which shall be submitted to SUBLESSOR.
 - (iii) Alterations of \$10,000.00 or more shall be set forth and authorized by SUBLESSOR and SUBLESSEE by way of an executed Amendment to the Lease.
- 5.3 Upon completion of the Alterations, SUBLESSOR shall pay the appropriate vendor(s), and SUBLESSEE shall reimburse SUBLESSOR within thirty (30) days following receipt of a detailed invoice from SUBLESSOR.

6. **NOTICES**

- 6.1 Deletion Section 21 of the Sublease is deleted and of no further force and effect and is replaced with the following Sections 6.2 and 6.3.
- 6.2 All Notices or communications between SUBLESSOR and SUBLESSEE shall be in writing ("Notice") and deemed to have been given upon the occurrence of one of the following methods of delivery to the address noted in Section 6.3 below.
- a. when personally delivered to the addressee, or
 - b. on the second business day after sender has deposited the registered or certified mailing with the US Postal Service, or

- c. one (1) business day after deposited with an overnight courier service, or
- d. via electronic mail to Elena Foshay at efoshay@duluthmn.gov (provided proof of delivery or attempted delivery is confirmed).

6.3 Mailing Addresses:

SUBLESSOR:

City of Duluth
Room 402, City Hall
411 West First Street
Duluth MN 55802

SUBLESSEE:

Department of Administration
Real Estate and Construction Services
50 Sherburne Ave, Room 309
St Paul MN 55155

Attn: Director of Business &
Community Development
efoshay@duluthmn.gov

- 7. **EXECUTION IN COUNTERPARTS** This Amendment may be executed in any number of counterparts, each of which when so executed and delivered shall be deemed to be an original and all of which counterparts of this Amendment taken together shall constitute but one and the same Amendment. Delivery of an executed counterpart of this Amendment by facsimile or email or a PDF file shall be equally as effective as delivery of an original executed counterpart of this Amendment.
- 8. Except as modified by the provisions of this Amendment, said Sublease is ratified and confirmed as originally written. All capitalized terms used but not defined herein shall have the meanings assigned to them as set forth in the Sublease, unless otherwise stated.

EXHIBITS:

Exhibit F	Fully Executed Master Lease (STILL NEEDED)
Exhibit G	Floor Plan of the Premises

IN WITNESS WHEREOF, the parties have set their hands on the date(s) indicated below intending to be bound thereby.

SUBLESSOR:

CITY OF DULUTH, a Municipal Corporation

SUBLESSOR certifies that the appropriate person(s) have executed the Sublease on behalf of Sublessor as required by applicable articles, bylaws, resolutions or ordinances.

By _____

Title _____

Date _____

By _____

Title _____

Date _____

SUBLESSEE:

STATE OF MINNESOTA

DEPARTMENT OF ADMINISTRATION

COMMISSIONER

By _____

Real Estate and Construction Services

Date _____

APPROVED:

STATE OF MINNESOTA

DEPARTMENT OF EMPLOYMENT AND

ECONOMIC DEVELOPMENT

By _____

Title _____

Date _____

STATE ENCUMBRANCE VERIFICATION

Individual signing certifies that funds have been encumbered as required by Minn. Stat. §16A.15 and §16C.05.

By _____

Date _____

SWIFT P.O. _____

Contract No. _____

Account Code _____

Fund No. _____

We will need to insert the fully executed lease between DAC, LLC and the City of Duluth

**LEASE AGREEMENT
CITY OF DULUTH
DAC, LLC
CAREERFORCE LOCATION**

This Lease Agreement ("Agreement") is entered into and effective as of August 1, 2022 ("Effective Date"), by and between **DAC, LLC**, a Minnesota limited liability company ("Lessor") and City of Duluth, a Minnesota municipal corporation ("Tenant").

RECITALS

WHEREAS, Lessor is the owner of the hereinafter-defined Property and Building known as the Duluth Athletic Club Building located at 402 West First Street in Duluth, Minnesota; and

WHEREAS, Tenant, along with the hereinafter defined Agencies, are providers of various kinds of work assistance services in the Duluth-Superior area; and

WHEREAS, Tenant and Agencies are desirous of continuing a "CareerForce Location" wherein Tenant and Agencies can better offer their combined services to their clientele in more coordinated and comprehensive manner from a single location; and

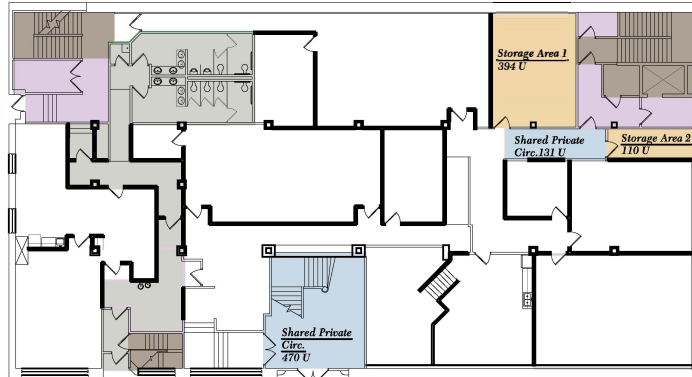
EXHIBIT A
Leased Premises

PLOTTED BY: CKEMP P:\1989-2010 PROJECTS\2007 PROJECTS\07103.00 A&L PROPERTY MANAGEMENT 2007\DRAWINGS\CLUB\WORKFORCE CENTER BOMA PL LAST SAVED: APRIL 22, 2022

1st Floor Key Plan

- Building Common Areas
- Vertical Penetrations
- Floor Common Areas
- Shared Private Circulation
- Tenant Location

1st Floor Tenant Useable Area:
805 s.f.*
*Includes 301 s.f.,
50% Shared Private Circulation

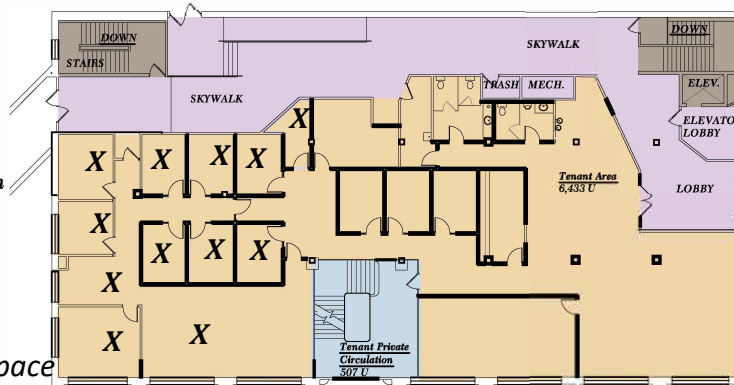


2nd Floor Key Plan

- Building Common Areas
- Vertical Penetrations
- Floor Common Areas
- Tenant Private Circulation
- Tenant Location

2nd Floor Tenant Useable Area:
6,940 s.f.

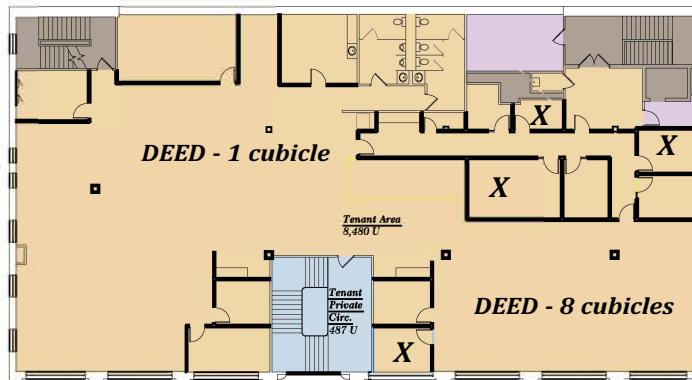
X = DEED Dedicated Space



3rd Floor Key Plan

- Building Common Areas
- Vertical Penetrations
- Floor Common Areas
- Tenant Private Circulation
- Tenant Location

3rd Floor Tenant Useable Area:
8,967 s.f.

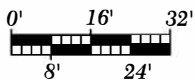


Total Useable Area 16,712 Sq. Ft.

DEED dedicated = 2,650 usf

SCALE

1/32" = 1'-0"



Duluth Athletic Club
CareerForce- Floors 1-3
402 W 1st Street
Duluth, MN 55802

STATE OF MINNESOTA

SUBLEASE

NO. 11879-S

21687

THIS SUBLEASE is made by and between City of Duluth, hereinafter referred to as SUBLESSOR, and the State of Minnesota, Department of Administration, hereinafter referred to as SUBLESSEE, acting for the benefit of the Department of Employment and Economic Development ("DEED").

WHEREAS, the Commissioner of Administration is empowered by Minn. Stat. §16B.24, subd. 6, to lease non-state owned property;

WHEREAS, SUBLESSOR has leased the leased premises("Workforce Center") located in the Property and Building known as the Duluth Athletic Club Building located at 402 West First Street in Duluth, Minnesota ("Building") from its owner, A & L Partnership LLP ("Master Lease"), a copy of which is attached as Exhibit A; and

WHEREAS, SUBLESSOR, along with SUBLESSEE and the hereinafter defined Agencies, are providers of various kinds of work assistance services in the Duluth-Superior area; and

WHEREAS, SUBLESSOR, SUBLESSEE and Agencies are desirous of creating a "Workforce Center" wherein SUBLESSOR, SUBLESSEE and Agencies can better offer their combined services to their clientele in more coordinated and comprehensive manner from a single location; and

WHEREAS, SUBLESSEE is desirous of leasing a portion of the Leased Premises from SUBLESSOR for the purpose of establishing and operating, in conjunction with SUBLESSOR and Agencies, such a Workforce Center; and

WHEREAS, SUBLESSOR is desirous of subleasing such space to SUBLESSEE under the terms and conditions of this Agreement.

WHEREAS, SUBLESSEE is bound by the terms and conditions of this Sublease only;

NOW, THEREFORE, SUBLESSOR and SUBLESSEE, in consideration of the rents, covenants and considerations hereinafter specified, do hereby agree each with the other as follows.

1. **SUBLEASED PREMISES** SUBLESSOR grants and SUBLESSEE accepts the sublease of the following described Subleased Premises located in the City of Duluth, County of St. Louis, Minnesota 55802:

approximately twelve thousand fourteen (12,014) usable square feet of space comprised of both dedicated and shared space, as shown on the Cost Allocation Plan (CAP), attached hereto as Exhibit B, and Floor Plans attached as Exhibit C, in the building known as Duluth Athletic Club ("Building") located at 402 West First Street.

1. **USE** SUBLESSEE shall use and occupy the Subleased Premises only as office space and related activities.
2. **SUBLEASE TERM** The term of this Sublease is ten (10) years, commencing August 1, 2012 and continuing through July 31, 2022 ("Sublease Term").
3. **RENT**
 - 4.1 In consideration for all covenants, representations and conditions of the Sublease, SUBLESSEE agrees to pay SUBLESSOR rent for the Sublease Term in the sum of one million seven hundred forty-one thousand four hundred twenty-nine and 08/100 dollars (\$1,741,429.08) in accordance with the rent schedule set forth below:

SUBLEASE PERIOD	SQUARE FEET	RATE PER SQ. FT.	JANIT. SERVICES	TOTAL RATE PER SQ FT	MONTHLY PAYMENT	RENT FOR SUBLEASE PERIOD
8/1/12 - 7/31/15	12,014	\$ 12.90	\$ 0.85	\$ 13.75	\$13,766.04	\$ 495,577.44
8/1/15 - 7/31/16	12,014	\$ 13.15	\$ 0.85	\$ 14.00	\$14,016.33	\$ 168,195.96
8/1/16 - 7/31/17	12,014	\$ 13.40	\$ 0.85	\$ 14.25	\$14,266.63	\$ 171,199.56
8/1/17 - 7/31/20	12,014	\$ 14.05	\$ 0.85	\$ 14.90	\$14,917.38	\$ 537,025.68
8/1/20 - 7/31/21	12,014	\$ 14.35	\$ 0.85	\$ 15.20	\$15,217.73	\$ 182,612.76
8/1/21 - 7/31/22	12,014	\$ 14.70	\$ 0.85	\$ 15.55	\$15,568.14	\$ 186,817.68
TOTAL						\$ 1,741,429.08

- 4.2 **Rent Billing Address** SUBLESSOR shall mail or personally deliver original bills and rent statements to SUBLESSEE at the following address:

Fiscal Management Division
Department of Employment and Economic Development
1st National Bank Building
332 Minnesota St #E200
St Paul MN 55101-1351

- 4.3 Rent Payment Address SUBLESSEE shall mail or deliver the monthly rent set forth above at the end of the applicable calendar month to SUBLESSOR at the following address:

City of Duluth
Room 402, City Hall
411 West First Street
Duluth MN 55802
Attn: Director of Business & Community Development

- 4.4 SUBLESSOR represents and warrants that it is solely entitled to all rents payable under the terms of this Sublease.

5. CHANGE IN SQUARE FOOTAGE

5.1 Cost Allocation Plan

- a. Cost Allocation Plan (CAP) shall mean the plan, developed and approved for the allocation of rent between SUBLESSOR, SUBLESSEE and other partners in the Workforce Center.
- b. SUBLESSOR and SUBLESSEE hereby agree that the CAP meets the requirements of the DEED CAP Policy, attached hereto as Exhibit D, as modified by the DEED'S Policy Question Memo: Allocation Shared Space Methodology from Rick Roy, Workforce Systems Coordination Director, dated 1/17/12, attached hereto as Exhibit E.
- c. Change in Square Footage Based on CAP In the event there is a change in square footage of the Subleased Premises with a corresponding change in the rent payable hereunder, SUBLESSOR and SUBLESSEE agree that this change may be made by an executed CAP documenting such change with copies sent to all parties hereto.

- 5.2 Reduction of Square Footage During the Term of the Agreement, upon sixty (60) days prior notice to SUBLESSOR, Subtenant shall have the right to delete from the Subleased Premises any portion thereof which the Subtenant deems to be superfluous to its needs ("Reduced Space"). Subtenant agrees that the Reduced Space, to the extent reasonably practical, constitute a space which is reasonably rentable to a third party tenant and that such Reduced Space shall have direct access to one or more of the common areas of the Building in a manner which will provide reasonable ingress and egress to and from the deleted portion and reasonable access to restroom facilities that will serve male and female employees. Both the Reduced Space and the remainder of the Subleased Premises shall be provided with code-compliant egress

from the Building. SUBLESSEE shall surrender the Reduced Space in accordance with Clause 7 below.

6. **TERMINATION**

6.1 **Funding** In the event that the Minnesota State Legislature does not appropriate to the Department of Employment and Economic Development funds necessary for the continuation of this Sublease, or in the event that Federal Funds necessary for the continuation of this Sublease are withheld for any reason, this Sublease may be terminated by SUBLESSEE upon giving thirty (30) days prior written notice to SUBLESSOR.

6.2 **Statute** Pursuant to Minn. Stat. §16B.24, subd. 6, this Sublease is subject to cancellation upon thirty (30) days prior written notice by SUBLESSEE to SUBLESSOR, for any reason except lease of other non-state-owned land or premises for the same use.

7. **SURRENDER OF SUBLEASED PREMISES** SUBLESSOR and SUBLESSEE hereby agree that at the expiration or earlier termination of this Sublease or extension thereof:

7.1 **Personal Property** Any equipment and furniture, including, but not limited to, modular workstations, shelving units, projection screens, audio-video equipment and/or any program equipment (hereinafter referred to as "Personal Property"), shall remain the property of SUBLESSEE. SUBLESSEE shall remove its Personal Property, vacate and surrender possession of the Subleased Premises to SUBLESSOR in as good condition as when SUBLESSEE took possession, ordinary wear, tear and damage by the elements excepted.

7.2 **Alterations, Additions and Improvements** All alterations, additions or improvements made to or installed upon the Subleased Premises, whether paid for by SUBLESSOR or SUBLESSEE, including, but not limited to: walls, movable partitions, floor and wall coverings, supplemental heating, cooling and/or ventilation equipment, fire protection, voice and data cabling and security systems, which in any manner are attached to the Subleased Premises, shall remain the property of SUBLESSOR, and shall be surrendered with the Subleased Premises as a part thereof with no further responsibility or obligation for removal by SUBLESSEE, unless SUBLESSOR has granted prior approval upon SUBLESSEE'S request to remove such alterations, additions or improvements.

8. **REMODELING OF THE LEASED PREMISES**

8.1 **Remodeling Plans** SUBLESSOR shall, at its expense, provide labor and materials for remodeling of the Leased Premises as shown on the Floor Plans and Specifications attached hereto as Exhibit C, and by reference incorporated as if fully set forth herein.

- 8.2 As-Built Drawings Upon completion of the remodeling to the leased premises, SUBLESSOR shall, at its expense, provide SUBLESSEE with a hard copy of 'As-Built' plans and in AutoCAD 2008 or earlier format, of the leased premises following the American Institute of Architects (AIA) layering system.

9. **SUBLESSEE'S ALTERATIONS**

- 9.1 In the event SUBLESSEE desires to remodel, make alterations, additions and/or changes (hereinafter, "Alterations") to the Subleased Premises, and it is determined that such Alterations are at SUBLESSEE'S expense, SUBLESSEE shall not make such Alterations without the advance written consent of SUBLESSOR, which SUBLESSOR shall not unreasonably withhold. Alterations shall be approved by and arranged through SUBLESSOR as follows:

- a. Upon SUBLESSEE'S request, SUBLESSOR shall provide SUBLESSEE up to three (3) written cost estimates from SUBLESSOR'S vendors for desired Alterations. SUBLESSOR or SUBLESSOR'S agent/management company shall not include supervision fees as a part of the cost of Alterations.
- b. Alterations shall be documented and authorized in advance according to the applicable cost level, as follows:
 - (i) Alterations totaling \$1,000.00 or less shall be set forth in and authorized by SUBLESSEE in SUBLESSEE'S signed Purchase Order which shall be submitted to SUBLESSOR.
 - (ii) Alterations totaling \$1,000.01 through \$5,000.00 shall be set forth in and authorized by SUBLESSEE in a signed Remodeling Request Memo, which shall be submitted to SUBLESSOR.
 - (iii) Alterations of \$5,000.01 or more shall be set forth and authorized by SUBLESSOR and SUBLESSEE by way of an executed Amendment to the Sublease.

- 9.2 Upon completion of said Alterations, SUBLESSOR shall pay the appropriate vendor(s), and SUBLESSEE shall reimburse SUBLESSOR within thirty (30) days following receipt of a detailed invoice from SUBLESSOR.

10. **DUTIES OF SUBLESSOR** SUBLESSOR shall, at its expense, provide the following:

10.1 Management

- a. SUBLESSOR agrees that in exercising its management responsibilities of the property of which the Subleased Premises is a part, including the maintenance, repair, alterations and construction relating thereto, it shall comply with all applicable laws, statutes, rules, ordinances and regulations, including, but not

limited to: building code, fire code, disabilities access, zoning, air quality, pollution control, recyclable materials and prevailing wage requirements, as issued by any federal, state or local political subdivisions having jurisdiction and authority in connection with said property.

- b. SUBLESSOR shall use its best efforts to employ practices that protect occupants' health and ensure conservation of natural resources, including recycling of recyclable materials, in the operation and maintenance of the Building and the Subleased Premises.

10.2 Utilities SUBLESSOR shall bear the cost of heat, electricity, air conditioning, gas, sewer and water.

10.3 Electrical Service SUBLESSOR shall provide adequate electrical service to the Subleased Premises to accommodate SUBLESSEE'S needs and the Building of which the Subleased Premises is a part.

10.4 Heating and Cooling

- a. The Subleased Premises shall be served by heating and cooling facilities of a sufficient design capacity to maintain the Subleased Premises within the acceptable range of temperatures identified below under all but the most extreme weather conditions, assuming optimal use by SUBLESSEE of thermostats and other climate control devices such as the opening or closing of blinds, doors and vents within the Subleased Premises. SUBLESSOR shall provide SUBLESSEE with written instructions defining said optimal use.
- b. For purposes hereof, the acceptable space temperature settings for various Subleased space are as follows:
- (i) Heating temperatures will be set at the following maximum temperatures:
- 68°F to 70°F for all occupied areas and cafeterias with the goal of maintaining the space temperature within the range of 70°F to 74°F during working hours.
 - 65°F to 67°F for all lobby, corridor and restroom areas.
 - 60°F to 62°F for all building entrances, storage areas and tunnels.
 - Temperature settings for all the above referenced spaces must be lowered to 60°F to 62°F during non-working hours.
 - 55°F for all unoccupied spaces.

- 55°F for all vacated spaces.
- (ii) Cooling temperatures will be set at the following minimum temperatures:
- 76°F to 78°F for all occupied space excluding re-heat systems with the goal of maintaining the space temperature less than 78°F during working hours.
 - Temperature settings for all the above referenced spaces will be increased to 85°F during non-working hours.
- (iii) Computer rooms, research facilities and special care facilities are exempted from these requirements. Additional building spaces may be exempted from all or part of these requirements, pursuant to the approval of the Commissioner of Administration.

10.5 Relative Humidity SUBLESSOR warrants that the Subleased Premises is served by heating, cooling and other facilities of a design capacity sufficient to maintain the Subleased Premises within the range of 20% - 60% relative humidity, assuming optimal use of the thermostats and other climate control devices, such as the opening or closing of blinds, doors and vents within the Subleased Premises.

10.6 Ventilation and Environmental Quality

- a. SUBLESSOR shall provide outdoor fresh air per minute per person to the Subleased Premises as outlined in Table 2 of ASHRAE (American Society of Heating, Refrigeration and Air Conditioning Engineers, Inc.) Standard 62.1-2007, or as amended. An air cleaning device shall be used in the ventilation system which filters the outdoor air and shall have:
- (i) A minimum filtration efficiency of thirty (30) percent as rated by ASHRAE 52.1-1992, or as amended, Atmospheric Dust Spot Efficiency Rating; **OR**
 - (ii) A minimum Efficiency Reporting Value (MERV) 8 as rated by ASHRAE 52.2-1999, or as amended, Method of Testing General Ventilation Air-Cleaning Devices for Removal Efficiency by Particle Size.

If air filters are used, SUBLESSOR shall change the filters at least three (3) times per year, preferably in March, July and November, or more often as required.

- b. Any secondary filtration systems (such as in heat pumps) shall have a minimum weight arrestance of eighty (80) percent as rated by ASHRAE 52.1-1992, or as amended, Weight Arrestance Method or Minimum Efficiency Reporting Value (MERV) 5 as rated by ASHRAE 52.2-1999, or as amended, Method of Testing General Ventilation Air-Cleaning Devices for Removal Efficiency by Particle Size.

If air filters are used, SUBLESSOR shall change the filters at least two (2) times per year or more often as required.

- c. It is understood by SUBLESSOR and SUBLESSEE that no wall covering will be installed around pipe chases.
- d. SUBLESSOR shall, at its expense, remove and replace any building material with visible or detected evidence of water infiltration or mold growth.

10.7 Lighting

- a. SUBLESSOR shall provide the Subleased Premises with overhead lighting within the range of 20 to 50 foot-candle power at 30" above finished floor (AFF).
- b. SUBLESSOR shall re-lamp light fixtures and replace light ballasts as needed.

10.8 Restrooms SUBLESSOR shall provide the Subleased Premises with separate restroom facilities for men and women. Such facilities shall be situated within the Subleased Premises or be easily accessible therefrom. Ventilation for restrooms must be in accordance with applicable building codes.

10.9 Janitorial Service SUBLESSOR shall provide janitorial services and supplies to the Subleased Premises and common areas of the Building in accordance with the janitorial schedule set forth in the attached Exhibit A (Master Lease).

10.10 Exterior Window Cleaning SUBLESSOR shall, at its expense, semi-annually wash the inside and outside of exterior windows of the Building, including ledges and sills.

10.11 Trash and Recycling Services

- a. Trash Removal SUBLESSOR shall, at its expense, provide trash disposal services.
- b. Recycling Services
 - (i) Pursuant to Minn. Stat. §16B.24, subd. 6(d), SUBLESSOR shall provide space for recyclable materials.
 - (ii) SUBLESSOR shall provide recycling services, including, but not limited to, the following:
 - (a) Provide all recycling containers, either individual containers at each workstation/office and/or centralized containers throughout the Subleased Premises;

- (b) Recycle glass, paper, plastic, aluminum cans, mixed paper, cardboard; and
- (c) Empty the centralized recycling containers and return of the recycling containers to the Subleased Premises.
- (iii) SUBLESSOR and SUBLESSEE agree that the costs of said recycling services shall be included in the CAP.

10.12 Fire Safety SUBLESSOR shall, at its expense, provide and maintain all fire extinguishers, fire alarms and fire detection systems for the Subleased Premises and Building as required by applicable codes/ordinances and /or the state fire marshal.

10.13 Common Areas SUBLESSOR shall provide sufficient light, heat and maintenance to the common and public access areas of the Building and the Subleased Premises, including stairways, elevators, lobbies and hallways so that such areas shall be safe and reasonably comfortable.

10.14 Snow Removal SUBLESSOR shall keep the parking lot and public sidewalks adjacent to the Building and any sidewalks or stairways leading from the public sidewalks to the Building free from snow and ice. Snow plowing, snow shoveling and ice removal must be completed by 6:30 a.m. unless snow or wind conditions make this impossible. If the snow and ice removal is not completed by 6:30 a.m., SUBLESSOR will make every effort to complete the snow removal as soon as possible.

10.15 General Maintenance and Repairs

- a. SUBLESSOR shall, at its expense, maintain in working condition and good repair all appurtenances within the scope of this Sublease, including, but not limited to: plumbing, wiring, electrical, heating (and, if applicable, cooling) devices, ductwork and any improvements or equipment added to the Subleased Premises, whether or not the improvement or equipment was paid for by SUBLESSEE.
- b. SUBLESSOR shall not be responsible for repairs upon implements or articles which are the personal property of SUBLESSEE, nor shall SUBLESSOR bear the expense of repairs to the Subleased Premises necessitated by damage caused by SUBLESSEE beyond normal wear and tear.

10.16 Heating, Ventilation and Air Conditioning (HVAC) Maintenance

- a. SUBLESSOR shall, at its expense, maintain and make such necessary repairs to HVAC equipment, whether or not the HVAC equipment was paid for by SUBLESSEE.

b. SUBLESSOR shall document maintenance on the heating, ventilating and air conditioning system (e.g., filter changes and cleaning methods and procedures).

c. Air Conditioning Cooling Equipment Maintenance:

- (i) Primary fresh air cooling system All interior surfaces of the ductwork within five (5) feet downstream and five (5) feet upstream of the cooling coils, the cooling coils and its drainage systems shall be cleaned with a coil cleaning solution. The cleaning shall be performed in March or April and in September or October of each year. If fiberglass interior liners are located within five (5) feet upstream and downstream of the cooling coils, SUBLESSOR shall either remove the fiberglass liner down to bare metal or cover it with non-permeable material such as galvanized metal.
- (ii) Secondary cooling system, such as heat pumps All interior surfaces of the ductwork within two (2) feet downstream of the cooling coils, the cooling coils and its drainage systems shall be cleaned with a coil cleaning solution. The cleaning shall be performed at least once in every two (2) year period. If fiberglass interior liners are located within two (2) feet downstream of the cooling coils, SUBLESSOR shall either remove the fiberglass liner down to bare metal or cover it with non-permeable material such as galvanized metal.

10.17 Delivery of Subleased Premises SUBLESSOR covenants that it will deliver the Subleased Premises to SUBLESSEE in a clean and sanitary condition with all services and appurtenances included within the scope of this Sublease in effect and in good running order.

10.18 Quiet Enjoyment SUBLESSEE shall have the quiet enjoyment of the Subleased Premises during the full Sublease Term and any extension thereof.

10.19 Taxes and Assessments SUBLESSOR shall be responsible for payment of all taxes and assessments upon the Building and land of which the Subleased Premises is a part.

10.20 Exterior Lighting SUBLESSOR shall provide adequate exterior lighting in the building entrance/exits.

10.21 Disability Access Guidelines SUBLESSOR agrees to provide and maintain the Subleased Premises and the Building of which the Subleased Premises is a part with accessibility and facilities for persons with disabilities meeting code requirements, including but not limited to, Title II and III of the American with Disabilities Act (ADA), all applicable laws, rules, ordinances and regulations issued by any federal, state or local political subdivisions with jurisdiction and authority in connection with said property.

10.22 Energy Conservation In the event energy conservation measures are enacted by any State or Federal authority, it is hereby agreed that SUBLESSOR shall reduce the quantity of utilities and services as may be specifically required by such governmental orders or regulations. Utilities, within the meaning of this article, include heat, cooling, electricity, water and all the sources of energy required to provide said service.

10.23 Pest Control SUBLESSOR shall provide pest control for the Subleased Premises and the Building of which the Subleased Premises is a part.

11. DUTIES OF SUBLESSEE

11.1 SUBLESSEE shall allow access to the Subleased Premises by SUBLESSOR or its authorized representatives at any reasonable time during the Sublease Term for any purpose within the scope of this Sublease.

11.2 SUBLESSEE shall not use the Subleased Premises at any time for any purpose forbidden by law.

11.3 Assignment/Sublease SUBLESSEE shall not assign, sublet or otherwise transfer its interest in this Sublease without the prior written consent of SUBLESSOR.

11.4 SUBLESSEE shall observe reasonable precautions to prevent waste of heat, electricity, water, air conditioning and any other utility or service, whether such is furnished by SUBLESSOR or obtained and paid for by SUBLESSEE.

11.5 Workforce Center CAP Committee ("CAP Committee")

- a. SUBLESSEE agrees to appoint a representative to participate in the CAP Committee to assist SUBLESSOR in administering and operating the Workforce Center and to participate in the development of the CAP. SUBLESSOR and SUBLESSEE shall each have a representative on the CAP Committee and any representative may bring a matter to the CAP Committee related to the administration and operation of the Workforce Center.
- b. The purpose of the CAP Committee is to seek to develop consensus on all such issues, but, except as otherwise required by the DEED CAP Policies (Exhibit D) or by this Sublease, SUBLESSOR shall have discretion to administer and operate the Workforce Center in the manner it deems appropriate.

12. INSURANCE

12.1 Property Damage It shall be the duty of SUBLESSOR and SUBLESSEE to maintain insurance or self-insurance on their own property, both real and personal. Notwithstanding anything apparently to the contrary in this Sublease, SUBLESSOR and SUBLESSEE hereby release one another and their respective partners, officers,

employees and property manager from any and all liability or responsibility to the other or anyone claiming through or under them, by way of subrogation or otherwise, for loss or damage, even if such loss or damage shall have been caused by the fault or negligence of the other party or by anyone for whom such party may be responsible.

- 12.2 Liability SUBLESSOR and SUBLESSEE agree that each party will be responsible for its own acts and the results thereof to the extent authorized by law and shall not be responsible for the acts of any others and the results thereof. SUBLESSEE'S liability shall be governed by the provisions of the Minnesota Tort Claims Act, Minn. Stat. §3.736, and other applicable law. SUBLESSOR'S liability shall be governed by the provisions of the Minn. Stat. §466.04, and other applicable law

13. BUILDING ACCESS AND SERVICES SUBLESSEE shall have access to the Building seven (7) days per week, twenty four (24) hours per day, but the access of individual employees shall be determined by a building access policy to be mutually agreed upon between SUBLESSOR and SUBLESSEE.

14. DEFAULT

- 14.1 By SUBLESSOR If SUBLESSOR shall default in the performance of any of the terms or provisions of this Sublease, SUBLESSEE shall promptly so notify SUBLESSOR in writing. If SUBLESSOR shall fail to cure such default within thirty (30) days after receipt of such notice, or if the default is of such character as to require more than thirty (30) days to cure and SUBLESSOR shall fail to commence to do so within thirty (30) days after receipt of such notice and thereafter diligently proceed to cure such default, then in either event, SUBLESSEE, at its sole option, may terminate this Sublease upon thirty (30) days prior written notice, or may cure such default. In the event SUBLESSEE cures the default, SUBLESSOR shall pay all reasonable and actual expenses paid by SUBLESSEE to cure said default, including attorneys fees, within ten (10) days of receipt of invoices therefore rendered, or SUBLESSEE shall have a specific right to set off any such amounts due from SUBLESSOR against any rent payments or other amounts due under this Sublease. In the event SUBLESSEE elects to terminate this Sublease, said termination shall not limit SUBLESSEE'S rights to damages caused by the breach and failure to cure. This provision in no way limits SUBLESSEE'S other remedies for breach under common law or this Sublease.
- 14.2 By SUBLESSEE In the event of any failure of SUBLESSEE to perform any of the terms, conditions or covenants of this Sublease to be observed or performed by SUBLESSEE for more than thirty (30) days after written notice of such default has been given to SUBLESSEE, SUBLESSOR shall have the right, at its option, to terminate this Sublease. Upon such termination SUBLESSEE shall quit and surrender the Subleased Premises to SUBLESSOR. Upon such termination, SUBLESSOR or SUBLESSOR'S agent may reenter the Subleased Premises and remove all or any persons therefrom by proceeding at law and thereby repossess and enjoy the Leased Premises; and by such repossession and reentry, SUBLESSOR shall not be deemed to have waived its right (if

any) to collect rent due (if any) from SUBLESSEE hereunder or to enforce the other obligations of SUBLESSEE hereunder.

15. **AUDIT** Pursuant to Minn. Stat. §16C.05, subd. 5, the books, records, documents and accounting procedures and practices of SUBLESSOR relevant to this Sublease shall be subject to examination by the State and/or Legislative Auditor, as appropriate, for a minimum of six (6) years.

16. **AFFIRMATIVE ACTION**

- 16.1 If the Sublease amount exceeds \$100,000 and the SUBLESSOR employed more than 40 full-time employees on a single working day during the previous 12 months in Minnesota or in the state where it has its principle place of business, then the SUBLESSOR must comply with the requirements of Minn. Stat. § 363A.36 and Minn. Rules Parts 5000.3400-5000.3600. A SUBLESSOR covered by Minn. Stat. § 363A.36 because it employed more than 40 full-time employees in another state and does not have a certificate of compliance, must certify that it is in compliance with federal affirmative action requirements.
- 16.2 Minn. Stat. § 363A.36 Minn. Stat. § 363A.36 requires the SUBLESSOR to have an affirmative action plan for the employment of minority persons, women, and qualified disabled individuals approved by the Minnesota Commissioner of Human Rights ("Commissioner") as indicated by a certificate of compliance. The law addresses suspension or revocation of a certificate of compliance and contract consequences in that event.
- 16.3 Minnesota Rule 5000.3550 - Disabled Individuals Affirmative Action Clause
- a. SUBLESSOR shall not discriminate against any employees or applicants for employment because of physical or mental disability in regard to any position for which the employee or applicant for employment is qualified. SUBLESSOR agrees to take affirmative action to employ, advance in employment and otherwise treat qualified disabled individuals without discrimination based upon their physical or mental disability in all employment practices such as the recruitment, advertising, layoff or termination, rates of pay or other forms of compensation and selection for training, including apprenticeship.
 - b. SUBLESSOR agrees to comply with the rules and relevant orders of the Minnesota Department of Human Rights issued pursuant to the Minnesota Human Rights Act.
 - c. In the event of SUBLESSOR'S noncompliance with the requirements of this clause, actions for noncompliance may be taken in accordance with Minn. Stat. §363A.36 and the rules and relevant orders of the Minnesota Department of Human Rights issued pursuant to the Minnesota Human Rights Act.

- d. SUBLESSOR agrees to post in conspicuous places, available to employees and applicants for employment, notices in a form to be prescribed by the commissioner of the Minnesota Department of Human Rights. Such notices shall state SUBLESSOR'S obligation under the law to take affirmative action to employ and advance in employment qualified disabled employees and applicants for employment, and the rights of applicants and employees.
 - e. SUBLESSOR shall notify each labor union or representative of workers with which it has a collective bargaining agreement or other contract understanding, that SUBLESSOR is bound by the terms of Minn. Stat. §363A.36 of the Minnesota Human Rights Act and is committed to take affirmative action to employ and advance in employment physically and mentally disabled individuals.
17. **SMOKING** Pursuant to Minn. Stat. §16B.24, subd. 9, SUBLESSOR and SUBLESSEE shall not permit smoking in the Subleased Premises.
18. **SIGNAGE**
- 18.1 SUBLESSEE shall not post nor permit any signs to be placed in the Subleased Premises that are visible from the exterior of the Building, through the windows or visible from the halls or other common areas of the Building, unless prior written approval for said signs has been secured from SUBLESSOR.
 - 18.2 Building directories, room numbers, identification and directional signs shall be provided to the section level as it relates to SUBLESSEE'S organization. Said signage shall be provided and installed at SUBLESSOR'S expense and shall be of a uniform design throughout the Building as mutually agreed upon by the parties.
19. **LAWS GOVERNING** This Sublease shall be construed and enforced in accordance with the laws of the State of Minnesota.
20. **GOVERNMENT DATA PRACTICES ACT COMPLIANCE**
- 20.1 SUBLESSOR must comply with the Minnesota Government Data Practices Act, Minnesota Statutes, Chapter 13, as it applies to all data provided by SUBLESSEE in accordance with this Sublease and as it applies to all data created, collected, received, stored, used, maintained, or disseminated by SUBLESSOR in accordance with this Sublease. The civil remedies of Minnesota Statutes, section 13.08, apply to SUBLESSOR and SUBLESSEE.
 - 20.2 Minnesota Statutes, Chapter 13, provides that all government data are public unless otherwise classified. If SUBLESSOR receives a request to release the data referred to in this Clause, SUBLESSOR must immediately notify SUBLESSEE and consult with SUBLESSEE as to how SUBLESSOR should respond to the request. SUBLESSOR'S

response shall comply with applicable law, including that the response is timely and, if SUBLESSOR denies access to the data, that SUBLESSOR'S response references the statutory basis upon which SUBLESSOR relied. SUBLESSOR does not have a duty to provide public data to the public if the public data is available from SUBLESSEE.

21. NOTICES

21.1 All notices or communications between SUBLESSOR and SUBLESSEE shall be in writing and deemed to have been given upon the occurrence of one of the following methods of delivery to the address noted in Clause 21.2 below.

- a. when personally delivered to the addressee, or
- b. on the second business day after sender has deposited the registered or certified mailing with the US Postal Service, or
- c. one (1) business day after deposited with an overnight courier service.

21.2 Mailing Addresses:

SUBLESSOR:

City of Duluth
Room 402, City Hall
411 West First Street
Duluth MN 55802
Attn: Director of Business &
Community Development

SUBLESSEE:

Real Estate and Construction Services
Department of Administration
50 Sherburne Ave # 309
St Paul MN 55155

EXHIBITS:

- | | |
|-----------|--|
| Exhibit A | Master Lease |
| Exhibit B | Cost Allocation Plan |
| Exhibit C | Floor Plans and Specifications |
| Exhibit D | DEED CAP Policy |
| Exhibit E | DEED'S Policy Question Memo: Allocation Shared Space Methodology from Rick Roy, Workforce Systems Coordination Director, dated 1/17/12 |

IN WITNESS WHEREOF, the parties have set their hands on the date(s) indicated below intending to be bound thereby.

SUBLESSOR:

CITY OF DULUTH, a Municipal Corporation
SUBLESSOR certifies that the appropriate person(s) have executed the Sublease on behalf of SUBLESSOR as required by applicable articles, bylaws, resolutions or ordinances.

By [Signature]
Its Mayor

Date 8-10-12

Attest:
By [Signature]
Its City Clerk

Date 8-10-12

Approved: as to form
By [Signature]
Assistant City Attorney

Date _____

Countersigned: [Signature]
By _____
City Auditor

Date 8/14/12

SUBLESSEE:

**STATE OF MINNESOTA
DEPARTMENT OF ADMINISTRATION
COMMISSIONER**

By [Signature]
Real Estate and Construction Services

Date AUG 15 2012

APPROVED:

**STATE OF MINNESOTA
DEPARTMENT OF EMPLOYMENT AND
ECONOMIC DEVELOPMENT**

By [Signature]

Title Deputy Commissioner

Date July 18, 2012

STATE ENCUMBRANCE VERIFICATION

Individual signing certifies that funds are encumbered as required by Minn. Stat. §16A.15 and §16C.05.

By [Signature]

Date 7/30/12

Contract No. 50335