

STATE OF MINNESOTA
AMENDMENT OF SUBLEASE

Amendment No. 2 to

Sublease No. 11879-S

THIS AMENDMENT No. 2 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 exercised its first option to renew the Master Lease pursuant to Article IV, Part B of the Master Lease dated August 1, 2022, for an additional three (3) year term, commencing on August 1, 2025 and continuing through July 31, 2028, attached hereto and incorporated herein as Exhibit H, and effective August 1, 2025, reduce its Leased Premises to approximately fourteen thousand two hundred eighty six (14,286) 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 eight thousand five hundred forty eight (8,548) 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, SUBLESSOR AND SUBLESSEE entered into Amendment No. 1 to Sublease No. 11879-S on November 3, 2022, renewing the sublease for three (3) years, commencing August 1, 2022 and continuing through July 31, 2025, and reducing the Subleased Premises by three thousand four hundred sixty six (3,466) usable square feet of space which resulted in a redefined subleased premises totaling eight thousand five hundred forty eight (8,548) usable square feet.

WHEREAS, the parties deem certain amendments and additional terms and conditions mutually beneficial for the effective continuation of said amended 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, 2025 and continuing through July 31, 2028, at the same terms and conditions as set forth in the Sublease, except as provided for herein.
2. **SQUARE FOOTAGE REDUCTION** Effective August 1, 2025, SUBLESSOR and SUBLESSEE accept the reduction of four thousand six hundred sixteen (4,616) usable square feet of space, which shall result in a redefined Subleased Premises totaling three thousand

nine hundred thirty two (3,932) usable square feet consisting nine hundred (900) usable square feet of dedicated space and three thousand thirty two (3,032) usable square feet of common area/shared space as shown on the floor plan attached hereto and incorporated herein as Exhibit I ("Subleased Premises").

3. **CHANGES IN SQUARE FOOTAGE**

- 3.1 Deletion Sections 3.2 and 3.3 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*" or an executed amendment to the Lease documenting such change with copies to all parties hereto.

4. **RENT**

- 4.1 Subject to Sections 3.2 and 3.3 of the Amendment No. 1 to the Sublease, SUBLESSEE shall pay SUBLESSOR rent for the Renewal Term in the sum of two hundred ninety thousand nine hundred seventy six and 84/100 dollars (\$290,976.84) 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 |
|----------------------------|-----------|----------------|---------------------|--------------------|----------------------------|--------------------|--|
| 8/1/25 | - 7/31/26 | 3,932 | \$ 17.05 | \$ 1.00 | \$ 18.05 | \$ 5,914.38 | \$ 70,972.56 |
| 8/1/26 | - 7/31/27 | 3,932 | \$ 17.56 | \$ 1.00 | \$ 18.56 | \$ 6,081.49 | \$ 72,977.88 |
| 8/1/27 | - 7/31/28 | 3,932 | \$ 18.09 | \$ 1.00 | \$ 19.09 | \$ 6,255.16 | \$ 75,061.92 |
| | | | | | | TOTAL | \$ 219,012.36 |

- 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
Great Northern Building
180 E 5th St Suite 1200
St Paul MN 55101

- 4.3 Rent Payment Address SUBLESSEE shall pay SUBLESSOR via electronic payment to the payment information SUBLESSOR has provided in SWIFT, or mail or deliver

each monthly rent payment 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 Workforce Development

5. **EXECUTION IN COUNTERPARTS; ELECTRONIC SIGNATURES** 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. The parties further agree that this Amendment may be executed by electronic signature and that said electronic signature shall be binding upon the party providing such signature as if it were the party's original signature. 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.
6. Except as modified by the provisions of this Amendment No. 2 and Amendment No. 1, 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 H | Master Lease Option Notice Dated May 20, 2025 |
| Exhibit I | Floor Plan of the Subleased Premises |

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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 this Amendment to the Sublease on behalf of SUBLESSOR as required by applicable articles, bylaws, resolutions or ordinances.

By _____
Mayor

Attest:

By _____
City Clerk

Date _____

Countersigned:

By _____
City Auditor

Approved as to form:

By _____
City Attorney

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. _____



Workforce Development

402 West First Street
Duluth, Minnesota 55802



218-302-8400

218-730-5952 FAX



workforcedevelopment
@duluthmn.gov

May 20, 2025

DAC, LLC

c/o A&L Properties

Attn: Tiffany Hughes

11 East Superior St, Suite 130

Duluth, MN 55802

CC: William M. Burns, Esquire

Dear Ms. Hughes,

I am writing with regard to the City of Duluth lease of the Duluth Athletic Club building, located at 402 W 1st Street, Duluth, MN 55802.

In reference to Article IV Part B, this letter serves as notification of our intent to renew the Lease for an additional three (3) year term, which would begin on August 1, 2025 and end on July 31, 2028.

In reference to Article II Part C, the letter serves as notification of our intent to delete from the Leased Premises the portion of space on the first and second floors which are superfluous to our needs, as indicated in the attached revision to Exhibit A.

Please provide confirmation of receipt, and contact me with any questions.

Thank you

Elena Foshay

efoshay@duluthmn.gov






218-730-5241

Exhibit H

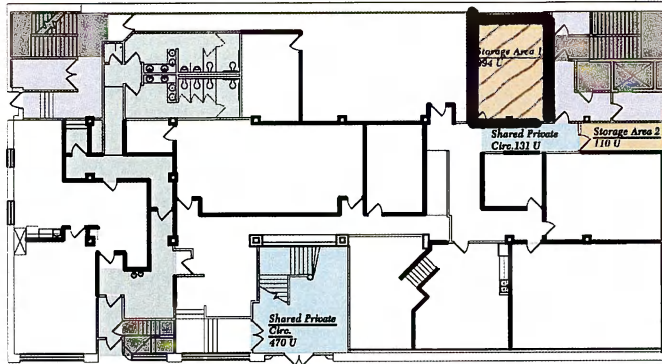
EXHIBIT A
Leased Premises

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






1st Floor Key Plan

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

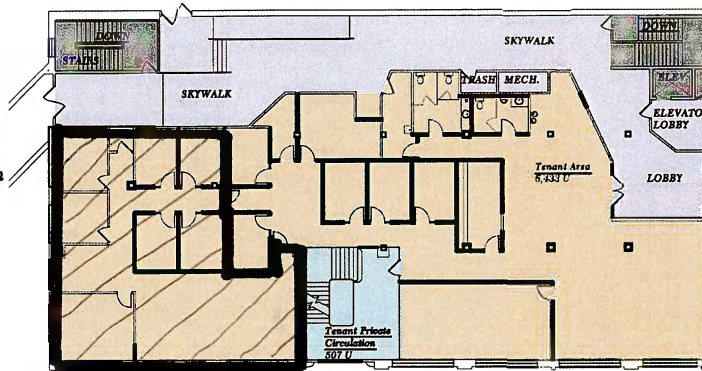
1st Floor Tenant Useable Area:
805 s.f.*
*Includes 301 s.f.,
50% Shared Private Circulation








2nd Floor Key Plan

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

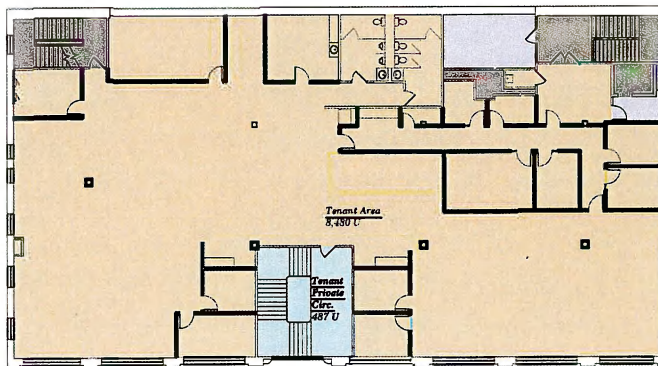
2nd Floor Tenant Useable Area:
6,940 s.f.



3rd Floor Key Plan

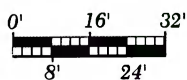
-  Building Common Areas
-  Vertical Penetrations
-  Floor Common Areas
-  Tenant Private Circulation
-  Tenant Location

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

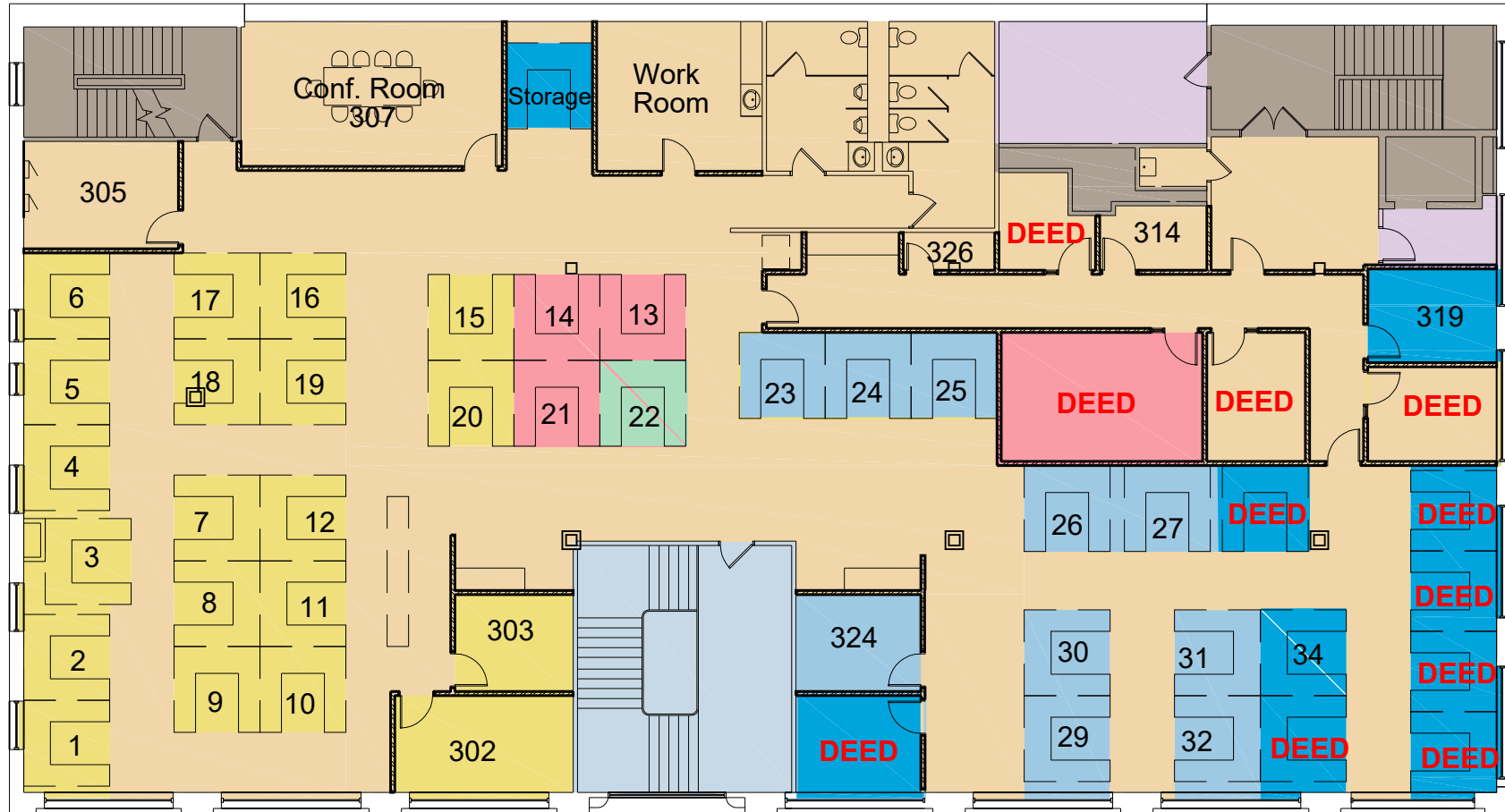


Total Useable Area 16,712 Sq. Ft.

SCALE
1/32"=1'-0"



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



3rd Floor Key Plan

- Building Common Areas: 291 s.f.
- Vertical Penetrations: 658 s.f.

- Agency Private Circulation: 487 s.f.
- DWD: 1,506 s.f.
- AEOA: 192 s.f.
- DEED: 746 s.f.
- SSB: 361 s.f.
- Nemo: 725 s.f.
- Agency Common Area: 5077 s.f.

Total Agency Lease Area: 8,984 s.f. (U)

SCALE
1/16" = 1'-0"

Exhibit I



Duluth Athletic Club
Third Floor- Workforce Center
402 West First Street
Duluth, MN 55802