• EASEMENT •

This agreement (hereinafter "Easement" or "Agreement") made this ______ day of ______, 2015, between the State of Minnesota, sovereign entity (hereinafter "Grantor"), acting by and through its Department of Administration, and the City of Duluth (hereinafter "Grantee").

WHEREAS, Grantor's Commissioner of Administration has authority under the provisions of Minnesota Statutes Section 16B.26, and with the rules promulgated thereto, to grant easements over certain state owned property;

WHEREAS, the Grantor owns the land legally described in the attached Exhibit A, the contents of which are incorporated herein by reference, all of which lands are situated in St. Louis County, Minnesota, (hereinafter "Property");

WHEREAS, Grantee wishes to acquire an easement from the State of Minnesota for (i) public roadway purposes and (ii) public utility purposes, all as shown on the plan attached hereto as Exhibit C over the land legally described in the attached Exhibit B, the contents of which are incorporated herein by reference, (hereinafter "Easement Area");

WHEREAS, the plans for and a description of the improvements to be made by the Grantee (hereinafter referred to as the "Improvements") in the Easement Area are attached to this Agreement as Exhibit C and incorporated herein.

WHEREAS, Grantor desires to grant to the Grantee an easement subject to the terms and conditions contained herein and restricted by easements, reservations and restrictions of record.

NOW, THEREFORE, in consideration of all the covenants, terms and conditions herein contained, and intending to be legally bound hereby, the parties agree to the following terms and conditions:

1. Grant of Easement.

- 1.1 For and in consideration of the sum of One and 00/100 Dollar (\$1.00), the receipt of which is hereby acknowledged and in consideration of the promises, conditions, and covenants contained herein, Grantor hereby grants a permanent and exclusive easement for (i) public roadway purposes and (ii) public utility purposes as shown on the plan attached hereto as Exhibit C, including but not limited to, rights to survey, excavate, construct, install, operate, maintain, use, rebuild and remove the Improvements and for ingress and egress over and across the Easement Area.
- 1.2 Grantor provides no warranties of fitness of any kind pertaining to the Easement Area. Grantee takes the Easement Area "as is" in its existing physical condition. Further, Grantor makes no warranty or representation as to the safe condition of Easement Area or the suitability of said Easement Area for the purposes set forth in Section Two. Grantor provides no warranties regarding title to the Easement Area.
- **1.3** This easement shall be granted subject to and restricted by easements, reservations and restrictions, whether recorded or unrecorded.

2. <u>Use of Easement Area</u>. The purpose of the Easement is to provide non-exclusive use of the Easement Area for (i) public roadway purposes and (ii) public utility purposes. This Easement shall only be used for (i) public roadway purposes and (ii) public utility purposes, including but not limited to, rights to survey, excavate for, construct, install, operate, maintain, use, rebuild and remove the Improvements in compliance with the purposes, terms and conditions set forth in this Agreement and for vehicular and pedestrian ingress and egress over and across the Easement Area. Grantor reserves the right to use the Easement Area provided that such use does not interfere with or in any way damage Grantee's Improvements located throughout the Easement Area. The rights granted pursuant to this Easement shall at all times be exercised in such a manner as not to interfere materially with the normal operation of the Property and the operations conducted therein. In the event Grantee desires to make any modification to the Easement Area, Grantee shall first (i) notify Grantor of such intent in writing and (ii) obtain Grantor's written consent.

3. <u>Revocation of Easement</u>. If the Easement ceases to be used for the purposes stated herein or in accordance with this Agreement's terms and conditions, the Easement may be revoked by written notice given by Grantee. Such notice shall be effective ninety (90) days after the mailing thereof addressed to the record holder of this easement at its last known address by certified mail. Upon revocation the Grantor allow a reasonable time to vacate the Easement Area, not to exceed one year. Grantee shall promptly and at its own expense, permanently remove its facilities in the Easement Area.

4. <u>Easement Runs With the Land</u>. The Easement shall run with the land and be binding upon

all successors, heirs and assigns of Grantor and Grantee.

5. <u>Compliance with Laws</u>. In conducting its activities hereunder, Grantee will, at its sole expense and effort, comply with all laws, ordinances, permits, rules and regulations, enacted by any federal, state, or local governmental agency having jurisdiction or control over any activity occurring upon the Easement Area resulting from or applicable to usage based upon this Easement. Grantee further agrees to obtain all required permits for its activities hereunder at its sole expense and to comply with all such permits.

6. <u>Restoration, Maintenance and Repair</u>. Grantee agrees to be solely responsible to repair and maintain its Improvements located within the Easement Area. Upon completion of construction and after any future maintenance or repair work within the Easement Area, the Grantee shall at its expense restore the affected Easement Area, exclusive of those areas actually occupied by a structure or equipment, to substantially the same condition as existed prior to such construction, maintenance or repair.

7. <u>Indemnification</u>.

- 7.1 Each party will be responsible for its own acts and the results thereof and shall not be responsible for the acts of any others and the results thereof. The State's liability shall be governed by the provisions of the Minnesota Tort Claims Act, Minnesota Statutes, Chapter §3.736 and other applicable law. Grantee's liability shall be limited by the provisions of Minnesota Statutes Chapter 466 and other applicable law. The provisions of this Section shall survive the termination of this Agreement and any subsequent amendments to it.
- 7.2 The Grantee agrees to require its contractor(s) to indemnify, defend and hold harmless Grantor, including its subsidiaries, facilities, employees, officers, agents, successors and assigns from and against any and all claims, costs, demands, damages, liabilities, judgments, or expenses, including attorney fees, court costs, consultant fees and other legal costs, for any personal injury, death or property damage arising out of or resulting from, or in any way associated with the activities described herein of Grantee, its employees, agents, invitees, licensees, successors, and assigns except for Grantor's willful misconduct or negligence.
- 7.3 The obligations set forth in this section shall continue after any termination of this Agreement as to any matters that occurred during or resulted from the term of this Agreement.

8. <u>Insurance during Construction</u>. Prior to any commencement to excavate, construct, install, operate, maintain, use, rebuild, remove, or any activities that may constitute a modification under or across the Easement Area, Grantee shall either (i) at its sole cost and expense, procure and

maintain the insurance coverage stated below or (ii) arrange for a third party contractor (hereinafter "Contractor" or "Subcontractor") to procure and maintain the insurance coverage to cover claims which may arise from any construction-related activities in the Easement Area, whether such construction-related activities are by the Contractor, their Subcontractor, or by anyone directly or indirectly employed under this Agreement.

The Contractor shall not commence work under the Agreement until all the insurance described below has been obtained and the State of Minnesota has verified that the insurance required by this Section has been obtained.

All policies shall remain in force and effect throughout the period of construction.

8.1 <u>Requirements for the Contractor</u> The insurance policy(ies) shall be primary and noncontributory insurance to any other valid and collectible insurance available to the state of Minnesota with respect to any claim arising out of this Agreement.

The Contractor is responsible for payment of insurance premiums and deductibles related to this Agreement.

Insurance Companies must have an AM Best rating of A- (minus) and a Financial Size Category of VII or better, and be authorized to do business in the State of Minnesota.

If Contractor receives a cancellation notice from an insurance carrier affording coverage herein, Contractor agrees to notify the State of Minnesota within five (5) business days with a copy of the cancellation notice, unless Contractor's policy(ies) contain a provision that coverage afforded under the policy(ies) will not be cancelled without at least thirty (30) days advance written notice to the State of Minnesota.

8.2 <u>Notice to the Contractor</u> The failure of the State of Minnesota to obtain Certificate(s) of Insurance for the policies or renewals thereof or failure of the insurance company to notify the State of the cancellation of policies required under this Agreement shall not constitute a waiver by the State to the Contractor to provide such insurance.

The State will reserve the right to immediately terminate the Agreement if the Contractor is not in compliance with the insurance requirements. In the event that a court of competent jurisdiction orders Contractor to disclose its insurance policy(ies) in connection with discovery during litigation brought as a result of a dispute between the parties, Contractor agrees to adhere to such court's order with respect to disclosure of such policy(ies).

8.3 <u>Notice to Insurer</u> The Contractor's insurance company waives its right to assert the immunity of the State as a defense to any claims made under said insurance. Contractor's insurance company is notified that the liability of their policyholder is not limited by statute, and as a result, they are precluded from limiting claim payments based on any assumption that they are protected by immunity of the State.

8.4 Policy Requirements

- 8.4.1 <u>Workers' Compensation Insurance</u> Contractor shall provide workers' compensation insurance for all employees and shall require any Subcontractor to provide workers' compensation insurance in accordance with the statutory requirements of the State of Minnesota and must include:
 - a. Part 2, Employers Liability including Stop Gap Liability for monopolistic states, at limits of not less than:

\$100,000 – Bodily Injury by disease per employee \$500,000 – Bodily Injury by disease aggregate \$100,000 – Bodily Injury by accident

- b. Coverage C: All States Coverage
- c. If applicable, USL&H, Maritime, Voluntary and Foreign Coverage.
- d. A waiver of subrogation in favor of the State of Minnesota, as Owner.

If Contactor is self-insured for its obligation under the Workers' Compensation Statutes in the jurisdiction where the project is located, a Certification of the Authority to Self-Insure such obligations shall be provided.

Evidence of Subcontractor insurance shall be filed with the Contractor.

- 8.4.2 <u>Automobile Liability Insurance</u> The Contractor shall maintain insurance to cover liability arising out of the operations, use, or maintenance of all owned, non-owned, and hired automobiles.
 - a. Minimum Limits of Liability: \$2,000,000 per occurrence combined Single Limit Bodily Injury and Property Damage
 - b. Coverages:
 - i. Owned Automobile
 - ii. Non-owned Automobile
 - iii. Hired Automobile
 - iv. Waiver of subrogation in favor of the State of Minnesota

- 8.4.3 <u>Commercial General Liability</u> The Contractor shall maintain insurance to cover claims arising from operations under this Agreement, whether such claims are by the Contractor, Subcontractor, Sub-Subcontractor or by anyone directly or indirectly employed under this Agreement.
 - a. Minimum Limits of Liability:
 - i. \$2,000,000 Per Occurrence
 - ii. \$2,000,000 Annual Aggregate
 - iii. \$2,000,000 Annual Aggregate applying to Products and Completed Operations
 - iv. \$50,000 Fire Damage (any one fire)
 - v. \$5,000 Medical Expense (any one person per occurrence)
 - b. Coverages:
 - i. Premises and Operations Bodily Injury and Property Damage
 - ii. Personal Injury & Advertising Injury
 - iii. Products and Completed Operations Liability
 - iv. Contractual Liability as provided in ISO form CG 00 01 10 01 or its equivalent.
 - v. Pollution exclusion with standard exception as per Insurance Services Office (ISO) Commercial General Liability Coverage Form – CG 00 01 10 01 or equivalent
 - vi. Explosion, Collapse, and Underground (XCU) perils
 - vii. Broad Form PD
 - viii. Independent Contractors Let or Sublet work
 - ix. Waiver of Subrogation in favor of the State of Minnesota
 - x. Owner named as an Additional Insured, by endorsement, ISO Forms CG 20 10 and CG 20 37 or their equivalent for claims arising out of the Contractor's negligence or the negligence of those for whom the Contractor is responsible.
- 8.4.4 <u>Umbrella or Excess Liability</u> An Umbrella or Excess Liability insurance policy may be used to supplement the Contractor's policy limit to satisfy the full policy limits required by the Agreement.

Notwithstanding anything contained herein to the contrary, during the term of this Agreement, the Grantor may at any time make changes respecting the insurance requirements as necessary to be consistent with the State's risk management policies and recommendations. Grantor shall provide Grantee any revisions to the aforementioned insurance requirements as *reasonably* determined by Grantor to meet the State's risk management policies and recommendations. Grantee shall provide proof of insurance as required by Grantor, at least three (3) days prior to any modification or construction-related activity to the Easement Area.

9. <u>Damages</u>. The Grantee shall take all reasonable precautions to prevent any damage to the

Easement Area and shall fully reimburse the State of Minnesota for any damages resulting from its use of said Easement Area. The Grantee shall be responsible for the cost of repairing any equipment or facilities in the Easement Area that it or its equipment damages.

10. <u>Coordination of Work</u>. On or before seven (7) days prior to beginning construction in the Easement Area, Grantee shall provide a detailed project schedule to the Grantor for work to be completed in the Easement Area. Thereafter, on or before the 1st of each month until final completion of the Improvements, Grantee shall provide an updated project schedule to the Grantor for work to be completed in the Easement Area. Grantee agrees to coordinate work schedules reasonably in advance with the Grantor, and cause its contractors and suppliers to stage and schedule work and deliveries so as to minimize the impact on state government operations, to the fullest extent practical. Grantor shall notify Grantee in writing if any scheduled work will interfere with essential state government operations.

11. <u>Modifications by Grantor</u>. The Grantor may at any time order such changes or modifications respecting construction or maintenance of structures or other conditions of this easement as deemed necessary to protect the public health and safety. The foregoing sentence does not relieve the Grantee of any obligations under this Easement.

12. <u>Modifications by Grantee.</u> All proposed modifications to the Improvements must be submitted to the Grantor, together with applicable plans and a detailed written description of the modifications (hereinafter referred to as the "Modifications"). If in the opinion of the Grantor the proposed Modification will adversely affect the Grantor, the Grantor shall send written notice to the Grantee detailing the reasons thereof. All such work shall be deemed to have no adverse effect if the Grantor has not provided written notice indicating an adverse effect by the date that is 15 business days after receipt by the Grantor of the Grantee's submittal. Upon receipt of written notice indicating the Grantor's notice that, in its opinion, proposed Modifications will have an adverse effect on the Grantor, the Grantee may either submit revised plans to the Grantor or provide written notice disputing the claim of adverse effect.

13. <u>Assignment</u>. This Easement shall not be assignable by the Grantee except upon written consent of the Grantor's Commissioner of Administration.

14. <u>Assessments</u>. The Grantee agrees that the Grantor shall not be liable for assessments for any current improvements associated with this Easement.

15. <u>Term of Easement</u>. This Easement shall continue in effect for as long as the Easement Area is used for the purposes stated herein until canceled by the Grantor under Section 3 above.

16. <u>Access</u>. The grant of an easement herein contained shall include the right of Grantee to have reasonable access to said Easement Area across other land of State of Minnesota adjacent thereto, said access route to be designated by Grantor as needed within a reasonable time

following receipt of any written request of Grantee, its contractors, agents or assigns, for such temporary access rights.

17. <u>Recording</u>. On or before ten (10) days after receipt of the executed Easement, Grantee shall file the Easement for recording with the Office of the County Recorder in which the Easement Area is located. On or before ten (10) days after receipt of the recorded Easement, Grantee shall provide to Grantor a copy of such recorded Easement.

18. <u>Existing Utilities</u>. Grantee acknowledges that there may be other utilities located within the Easement Area and takes full responsibility for determining their location to prevent damage to or interference with any rights held by other easements holders, whether those rights are held under recorded or unrecorded easements, and to determine that the location of the Easement Area is suitable for Grantee's purposes. Grantee shall not construct any other buildings, structures, or other improvements except as permitted herein.

19. <u>Relocation Of Existing Facilities</u>. When working in the Easement Area, Grantee shall not interfere with the safety and convenience of ordinary travel along and over the Easement Area nor interfere with other uses to which the Easement Area may be put by Grantor or with other facilities that are already in place. Grantee shall promptly and at its own expense, permanently remove its Improvements in the Easement Area when it is necessary to prevent interference and not merely convenience of the Grantor, in connection with: (a) a present or future governmental use for a public project; (b) the public health or safety; or (c) the safety of travel over the Easement Area.

20. <u>Notification</u>. Grantee must obtain the written approval of Grantor prior to conducting any work in the Easement Area. Notwithstanding the foregoing, the Grantee shall immediately notify the Grantor of any event regarding its Facilities that it considers an emergency. Grantee may proceed to take whatever actions are necessary in order to respond to the emergency subject to compliance with applicable laws. Grantor may take whatever action it deems necessary in order to respond to any event regarding Grantee's facilities that it considers an emergency, the cost of which shall be borne by the Grantee.

21. <u>Captions</u>. The paragraph headings or captions appearing in this Agreement are for convenience only, are not a part of this Agreement and are not to be considered in interpreting this Agreement.

22. <u>Entire Agreement; Modification</u>. This written Agreement constitutes the complete agreement between the parties and supersedes any prior oral or written agreements between the parties regarding the easement. There are no verbal agreements that change this Agreement and no waiver of any of its terms will be effective unless in writing executed by the parties.

23. <u>Binding Effect</u>. This Agreement binds and benefits the parties and their successors in interest.

24. <u>Controlling Law</u>. This Agreement has been made under the laws of the State of Minnesota, and such laws will control its interpretation.

25. <u>Authority.</u> Grantee represents and warrants that it has full power and authority to execute, deliver and perform under this Agreement.

26. <u>Waiver</u>. Neither the failure by any party hereto, in anyone or more instances, to insist upon the complete and total observance or performance of any term or provision hereof, or to exercise any right, privilege, or remedy conferred hereunder or afforded by law shall be construed as waiving any breach of such term, provision, or the right to exercise such right, privilege, or remedy thereafter. In addition, no delay on the part of any party hereto in exercising any right or remedy hereunder shall operate as a waiver thereof, nor shall any single or partial exercise of any right or remedy preclude other or further exercise thereof or the exercise of any other right or remedy.

27. <u>Severability</u>. If any provision of this Agreement is finally judged by a court of competent jurisdiction to be invalid, then the remaining provisions shall remain in full force and effect and they shall be interpreted, performed, and enforced as if the invalid provision did not appear herein.

28. <u>Time of Essence</u>. Time is of the essence with respect to all of the matters contained in this Agreement.

29. <u>Counterparts</u>. This Agreement may be executed in any number of counterparts, each of which when so executed and delivered shall be an original, but such counterparts shall together constitute one and the same instrument.

30. <u>Recitals</u>. The recitals on page 1 are hereby incorporated herein.

31. <u>Notices</u>. All notices or communications between Grantor and Grantee shall be deemed sufficiently given or rendered if in writing and delivered to either party personally; or if mailed by United States registered or certified mail to the addresses set forth below, or such future addresses as may be subsequently supplied by the parties hereto to each other, return receipt requested, postage prepaid; or if transmitted by facsimile copy followed by mailed notice; or if deposited cost paid with a nationally recognized, reputable overnight courier, properly addressed as follows:

Grantee:	
	City of Duluth
	Dept of Public Works/Utilities
	211 City Hall
	Duluth, MN 55802
Grantor:	Minnesota Dept. of Administration
	Real Estate & Construction Services
	50 Sherburne Avenue, Room 309
	St. Paul, MN 55155
	Attn: Director of Real Estate and Construction Services

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

GRANTEE

CITY OF DULUTH

BY:_____

Don Ness, Its Mayor

Attest:

Ву_____

City Clerk

Approved:

Assistant City Attorney

Countersigned:

City Auditor

STATE OF MINNESOTA } } ss. COUNTY OF ST. LOUIS }

The foregoing was acknowledged before me this _____ day of _____, 2015, by _____, the _____ of the City of Duluth, a body politic and corporate under the laws of Minnesota.

NOTARY PUBLIC
BY:_____

CONSENTED TO BY:

WESTERN LAKE SUPERIOR SANITARY DISTRICT

ВҮ:_____

TITLE:_____

DATE:_____

APPROVED:

DEPARTMENT OF MILITARY AFFAIRS

BY:_____

TITLE:_____

DATE:

GRANTOR

STATE OF MINNESOTA

BY:____

Matt Massman Commissioner of Administration

DATE:_____

STATE OF MINNESOTA } } ss.

COUNTY OF _____ }

The foregoing was acknowledged before me this _____ day of _____, 2015, by MATT MASSMAN, Commissioner of Administration, on behalf of the State of Minnesota.

NOTARY PUBLIC
BY:_____

This instrument was drafted by:

Roger Behrens MN Department of Administration 309 Administration Building 50 Sherburne Avenue Saint Paul MN 55155

Exhibit A

Property

That part of Section 6, Township 50N, Range 14, St. Louis County, Minnesota described as follows

Parcel 1: N1/2 of the NE1/4 of Section 6, Twp 50N, Range 14W, excluding the highway easement

Parcel 2: NE1/4 of NW1/4 of Section 6, Twp 50N, Range 14W

Exhibit B

Easement Area



Exhibit C

Improvements

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