

## EXHIBIT B

### PERMIT

THIS AGREEMENT made this 29 day of January, 2015 by and between MINNESOTA POWER & LIGHT COMPANY (hereinafter referred to as "MINNESOTA POWER"), a corporation of the state of Minnesota, having its principle office in the City of Duluth, State of Minnesota, and the CITY OF DULUTH, MINNESOTA and Over the Hill Night Riders Snowmobile Club ("Snowmobile Club")(City of Duluth and Snowmobile Club are hereinafter referred to as "GRANTEES").

### WITNESSETH:

WHEREAS, the State of Minnesota provides Minnesota Snowmobile Trails Assistance Program grants through its Department of Natural Resources (the "Trails Program"); and

WHEREAS, the Trails Program provides grants to local units of government (LUG) for the maintenance of recreational trails pursuant to Minnesota Statutes Chapter 84.83; and

WHEREAS, the City of Duluth is designated as LUG under the Trails Program acting as a sponsor for local snowmobile clubs including the Snowmobile Club; and

WHEREAS, under the terms of the Trail Program grant agreement, City of Duluth is responsible to acquire the necessary interest in the lands for the development and maintenance of trails from the owner of the land; and

WHEREAS, City of Duluth on behalf of the Snowmobile Club and general public, desires to construct and maintain for use by the public a snowmobile trail ("Trail") within St. Louis County, Minnesota, and City of Duluth would like to construct and maintain the Trail on property owned by Minnesota Power; and

WHEREAS, MINNESOTA POWER is willing to permit, to the extent it may lawfully do so, construction, maintenance, and use of the Trail on property owned by MINNESOTA POWER by GRANTEES; and

WHEREAS, the parties acknowledge and agree that the Trail has already been constructed and this Agreement will retroactively give GRANTEES the necessary rights to have built the Trail along with the rights to maintain the Trail.

NOW, THEREFORE, in consideration of the mutual covenants, terms and conditions contained herein, the parties hereby mutually covenant and agrees as follows:

1. MINNESOTA POWER hereby grants to GRANTEES (during the term of this Agreement) the privilege and permit to survey, construct, operate, maintain, use and rebuild the Trail with all ditches, culverts, bridges (and approaches) and appurtenances necessary and useful for the safe and prudent use of the Trail across the land situated in

the County of St. Louis, State of Minnesota, as described in Exhibit 'A', and shown on Exhibit 'B':

The permit granted hereby is limited to 20 feet in width.

2. GRANTEES shall, at their own expense, construct and maintain the Trail in a safe condition, in thorough repair, and in a manner and location suitable to MINNESOTA POWER. Any approval by MINNESOTA POWER or other activity by MINNESOTA POWER regarding the Trail, made or not, shall not operate to relieve GRANTEES of any responsibility, obligation or liability assumed under this Agreement. GRANTEES shall at any time, at its own expense, upon receipt of written notice from MINNESOTA POWER, relocate, modify, reconstruct or close the Trail or perform any other work in connection with the Trail that may be required by MINNESOTA POWER; provided, however that in cases of emergency (MINNESOTA POWER'S judgment as to what constitutes an emergency to be accepted by GRANTEES as conclusive) MINNESOTA POWER may close, modify, or reconstruct the Trail at GRANTEE'S expense provided Minnesota Power gives Grantees notice of and estimate of cost for such closures, modification, or reconstruction.

3. The Trail shall be constructed and maintained in accordance with the rules and regulation of MINNESOTA POWER, as now in force or as hereafter may be adopted, and in compliance with all federal, state or local rules, regulations or specifications now in effect or that may hereafter be issued by any authority having jurisdiction.

4. In the event that any portion of the Trail is inadequate in the good faith judgment of MINNESOTA POWER to comply with the aforesaid specifications, rules, or regulations, GRANTEES agree to reimburse MINNESOTA POWER for the actual costs and expense of relocating, modifying, or reconstructing the Trail to conform to said specifications, rules, or regulations provided MINNESOTA POWER gives GRANTEES notice of and estimate of cost for such closures, modification, or reconstruction.

5. MINNESOTA POWER reserves the right to maintain its property and to operate any facilities thereon in such manner as will best enable it to fulfill its own service requirements.

6. GRANTEES shall exercise special precautions to avoid damage to facilities or property of MINNESOTA POWER and others, and hereby assumes all responsibility for any and all loss for such damage. GRANTEES shall make an immediate report to MINNESOTA POWER of the occurrence of any damage and hereby agrees to reimburse MINNESOTA POWER for the expense incurred by MINNESOTA POWER in making repairs provided MINNESOTA POWER provides GRANTEES with an estimate of cost for such repairs.

7. Snowmobile Club shall indemnify, protect, defend and save harmless MINNESOTA POWER, from and against any and all claims and demands for damages, remote as well as proximate, to all property and injury or death to all persons, which may

arise out of or be caused by the construction, maintenance, modification, relocation, presence, use, removal or closing of the Trail, or by any act or omission of Snowmobile Club, its employees, agents, contractors or subcontractors.

Snowmobile Club shall carry insurance to protect the parties hereto from and against any and all claims, demands, actions, judgments, costs, expenses and liabilities of every name and nature which may arise or result, directly or indirectly, from or by reason of such loss, injury or damage. The amounts of such insurance shall include Commercial General Liability Insurance, including contractual liability, naming MINNESOTA POWER as an additional insured, in an amount of at least One Million and No/100 Dollars (\$1,000,000.00) per occurrence and One Million and No/100 Dollars (\$1,000,000.00) aggregate. A certificate of insurance shall be submitted to MINNESOTA POWER evidencing such coverage prior to commencing performance of this License. Such certificate shall state that such insurance coverage may not be reduced, cancelled or not renewed without at least thirty (30) days' prior written notice to MINNESOTA POWER.

All insurance required shall remain in force for the entire life of this Agreement. Said policies shall be such from and with such companies as shall be satisfactory to Snowmobile Club shall submit to MINNESOTA POWER certificates by each company assuring MINNESOTA POWER that it has insured Snowmobile Club for all liabilities of Snowmobile Club under this Agreement and that it will not cancel or change any policy of insurance issued to Snowmobile Club except after thirty (30) days notice in writing to MINNESOTA POWER. Snowmobile Club shall, upon request, also furnish MINNESOTA POWER with true and correct copies of all such insurance policies.

To the extent permitted by the constitution and laws of the State of Minnesota, City of Duluth shall save and hold harmless Minnesota Power from any and all damage to life or property arising from the GRANTEES' activity under this Agreement, provided City of Duluth shall not be required to indemnify MINNESOTA POWER for such liability arising out of the wrongful or negligent acts of employees or agents of MINNESOTA POWER or any third party utilizing the Trail.

City of Duluth represents that it is self-insured with regard to comprehensive liability and property damage claims with a combined single limit of \$1,500,000 which are set forth within Minnesota Statute 466. Grantee also represent that is self-insured with regard to Workers' Compensation claims. There are no certificates that are issued for self-insured General Liability insurance.

8. GRANTEES shall protect MINNESOTA POWER'S interests and keep the title free and clear of all liens, claims, clouds or encumbrances in any manner arising from the use or occupancy of, or any work conducted thereon. GRANTEES shall prevent or otherwise remove refuse or garbage on or about the Trail or the adjacent property and not prevent the use of the Trail in a manner which constitutes a nuisance (Minnesota Power's good faith determination as to what constitutes a nuisance to be accepted by GRANTEES as conclusive).

9. GRANTEES may terminate this Agreement at any time on 30 days notification in writing to MINNESOTA POWER at the following address:

Minnesota Power  
Attention: Real Estate Management  
30 West Superior Street  
Duluth, Minnesota 55802

MINNESOTA POWER may terminate this Agreement at any time on 30 days notification in writing to GRANTEES at the following addresses:

Property and Facilities Manager  
City of Duluth  
1532 W. Michigan St.  
Duluth, MN 55806

Over the Hill Night Riders  
Snowmobile Club/Joseph Bullyan  
3953 Lavaque Road  
Duluth, MN 55811

Upon termination of this agreement, GRANTEES shall remove all improvements placed upon MINNESOTA POWER'S property and restore the premises as near to their original condition as reasonably practicable within 120 days of termination of this Agreement, subject to weather conditions which result in the improvements being snow covered. In that event, Grantees will remove the Trail as soon as reasonably possible after the snow melt. If GRANTEES fails to do so within 120 days, MINNESOTA POWER may perform such work on GRANTEE'S behalf and GRANTEES agree to reimburse MINNESOTA POWER for its expenses to perform such obligation provided Minnesota Power gives Grantees notice of and estimate of cost for such restoration.

10. Failure by either party to enforce or insist upon compliance with any of the terms or conditions of this Agreement shall not constitute a general waiver or relinquishment of any such term or conditions, but the same shall be and remain at all times in full force and effect.

11. Except as provided herein, GRANTEES shall not assign, transfer, or sublet the privilege that is hereby granted without the prior written consent of MINNESOTA POWER.

12. No use extended under this Agreement of MINNESOTA POWER'S property shall create or vest in GRANTEES or others any ownership or property rights in the above described property.

13. Each GRANTEE represents that it has authority to enter into this Agreement, and the person whose signature appears below is duly authorized to enter into this agreement on behalf of said GRANTEE.

14. In the event that the Trail crosses MINNESOTA POWER property on which other persons have an easement or lease, GRANTEES shall obtain written permission from such other persons to construct, maintain, and use the Trail on such property.

15. This Agreement shall become effective the 29 day of January, 2015.
16. This Agreement shall be governed under the laws of the State of Minnesota.

IN WITNESS WHEREOF, the Parties hereto have caused their presence to be duly executed the day and year first above written.

MINNESOTA POWER

By Bradley W. Oachs  
Bradley W. Oachs  
Its Chief Operating Officer

SNOWMOBILE CLUB

By Joel M. Sullivan  
Its Treas. Administrator

CITY OF DULUTH

By: [Signature]  
Mayor

ATTEST:  
[Signature]  
City Clerk  
Date: 1/20/15

Approved as to form:

[Signature]  
City Attorney

Countersigned:

[Signature]  
City Auditor

## Exhibit 'A'

Parcel Code: 010-2741-00700

Easterly 150 feet of the following beginning 33 feet N and 33 feet W of SE corner of NE  $\frac{1}{4}$  of NE  $\frac{1}{4}$  thence N 266 feet thence W 409  $\frac{16}{100}$  feet to easterly line of Irwin Ave extended thence southwesterly along said Ave 290  $\frac{13}{100}$  feet thence east 527  $\frac{21}{100}$  feet to point of beginning.

Parcel Code: 010-0220-00910

Lots 1 thru 4 Bay View Addition to Duluth No 1.

Parcel Code: 010-1785-00010

Lot 1 and easterly 45 feet of Lot 2, Gamache Gardens Duluth

Parcel Code: 010-2743-00050

A strip of land 100 feet wide being 50 feet on both sides of a line described as follows beginning at a point 719.80 feet West of the Center of Section 12 thence running in a westerly direction to a point in the North line of SW  $\frac{1}{4}$  of NW  $\frac{1}{4}$  of said section which is 291.40 feet East of the NW corner of SW  $\frac{1}{4}$  of NW  $\frac{1}{4}$  except all that part in NW  $\frac{1}{4}$  of SW  $\frac{1}{4}$  of NW  $\frac{1}{4}$ .

Parcel Code: 010-2742-00060

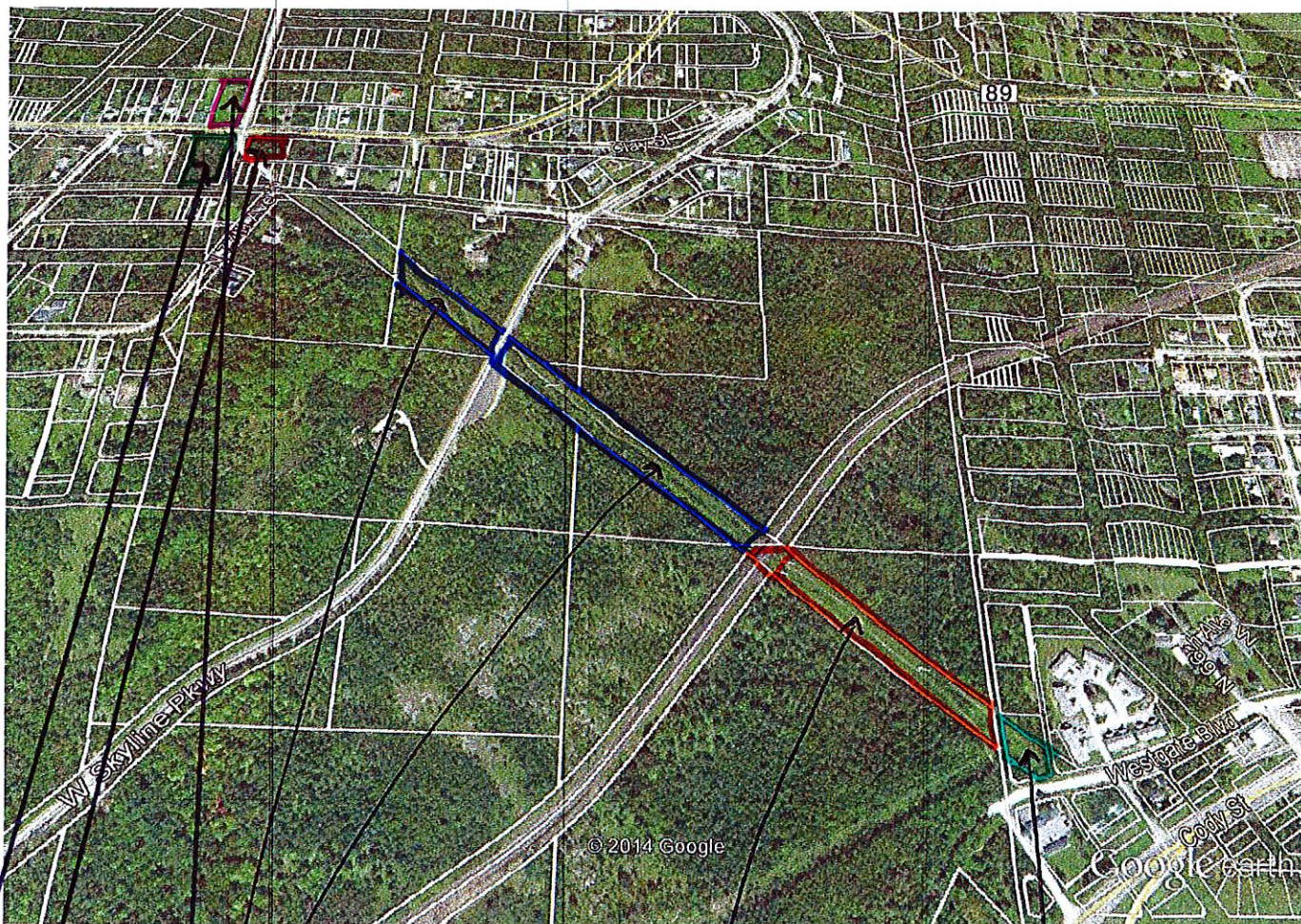
A strip of land 50 feet on each side of a line running from a point 719  $\frac{8}{10}$  feet West of NE corner of NE  $\frac{1}{4}$  of SW  $\frac{1}{4}$  to a point 583 feet South of same corner.

Parcel Code: 010-4560-00815

That part of lots 17, 18, 28, 29, 30, 31, and 32 block 6 lying within fifty feet on each side of a line running from a point 583 feet South of NW corner of West Gate Div to a point on the West Gate Boulevard 110 feet westerly of the westerly line of 67<sup>th</sup> Ave. West.



Exhibit 'B'



Google earth

feet 1000  
meters 500



010-2741-00700

010-0220-00910

010-2743-00050 ✓

010-1785-00010

010-2742-00060 ✓

010-4560-00815 ✓