

## **DOCUMENT A**

### **PROFESSIONAL SERVICES AGREEMENT BETWEEN CITY OF DULUTH AND ARROWHEAD ECONOMIC OPPORTUNITY AGENCY**

This Agreement is entered into by and between the City of Duluth, a Minnesota municipal corporation, hereinafter referred to as "City," and Arrowhead Economic Opportunity Agency, hereinafter referred to as "AEOA"

#### **RECITALS**

**WHEREAS**, the City and AEOA have an approved sublease agreement, attached hereto as Exhibit A and approved pursuant to Duluth City Council Resolution on August 22, 2022 as 22-0699R, for shared office space in the Duluth Athletic Club Building for the Duluth Joint Workforce Center also known as Duluth CareerForce Center;

**WHEREAS**, as a partner with CareerForce, AEOA provides under-employed and unemployed individuals with information on coping with unemployment, seeking and applying for employment, and maintaining employment, as well as providing information on training opportunities and other forms of employment and training assistance;

**WHEREAS**, pursuant to an Infrastructure Funding Agreement (IFA) between the City and AEOA, attached hereto as Exhibit B, AEOA is responsible for providing reception and career lab personnel staffing in addition to site management services at the Duluth CareerForce location;

**WHEREAS**, instead of providing personnel to meet its staffing obligation under the IFA, AEOA wishes to instead pay the City to provide said staffing; and

**WHEREAS**, the City has the capacity and ability to provide said staffing services

**NOW, THEREFORE**, in consideration of the mutual undertakings and agreements contained within this Agreement, the City and AEOA agree as follows:

#### **A. Scope of Services**

The City will provide weekly required reception and career lab duties, as well as associated site management services at the Duluth Career Force Location. Said professional service are as follows:

1. Serve as receptionist for in-person visitors, answering questions, assessing needs, and directing toward the appropriate service.
2. Staff computer lab, providing the highest quality customer service to CareerForce visitors.
3. Instruct patrons in job search skills, completing online job applications, resume writing, career pathway research, Unemployment Insurance applications, and other employment and education-related tasks.
4. Track and report customer data as required by CareerForce partners. Maintain files, lists, rosters, and records following the organization's data privacy policies.
5. Operate office equipment including copiers, computers, printers, cameras, microphones, and tools for disability accommodations.

6. Schedule, arrange, prepare, promote, and provide support for workshops, hiring events, job fairs, and other similar events.
7. Provide information, respond to questions, and interpret regulations, policies, eligibility guidelines, and procedures.
8. Acknowledge and appropriately respond to complaints, upset customers, and problems, resolving them within areas of authority.
9. Clean and sanitize computer workstations and interview rooms after use.

**B. Payment**

AOEA will pay the City as follows.

CareerForce Location	Service	Cost Per Hour	AOEA share per IFA (hours/week)	Total cost per week
Duluth	Reception	\$52.36	2.5	\$130.90
	Career Lab	\$52.36	1.5	\$78.54
<b>Total Payment to City per Week</b>				<b>\$209.44</b>

- C.** AEOA will pay to City, on a monthly basis, \$209.44 per week for providing reception and career lab services. Said weekly rate shall be adjusted to reflect actual hours of operation of the CareerForce location in that week, as needed. AEOA will pay City within 30 days of date of written invoice mailed or delivered by the City to AEOA. Payments to City will be deposited into city fund no. 268-031-6251

**Duration**  
The terms of this Agreement shall be deemed effective December 1, 2022 and shall end February 28, 2023. The Agreement may also be terminated by either party after giving at least thirty (30) days' written notice to the other party.

**D. Joint Venture**

The parties do not intend by this Agreement to create a joint venture or joint enterprise, and expressly waive any right to claim such status in any dispute arising out of this Agreement.

**E. Insurance**

The AEOA agrees it will defend, indemnify and hold harmless the City, its officers and employees against any and all liability, loss, costs, damages and expenses which the City, its officers or employees may hereafter sustain, incur, or be required to pay arising out the City's performance or failure to adequately perform its obligations pursuant to this Agreement.

**F. Notices**

Unless otherwise expressly provided herein, any notice or other communication required or given shall be in writing and shall be effective for any purpose if served, with delivery or postage costs prepaid, by nationally recognized commercial overnight delivery service or by registered or certified mail, return receipt requested, to the following addresses:

**City:**

City of Duluth  
Workforce Development



402 West First Street  
Duluth MN 55802  
Attn: Elena Foshay

**AEOA:**

Arrowhead Economic Opportunity Agency  
702 S. 3rd Avenue  
Virginia, MN 55792  
Attn: Scott Zahorik

**G. Civil Rights Assurances**

The City and AEOA, as part of the consideration under this Agreement, do hereby covenant and agree that:

a. No person on the grounds of race, color, creed, religion, national origin, ancestry, age, sex, marital status, status with respect to public assistance, sexual orientation, and/or disability shall be excluded from any participation in, denied any benefits of, or otherwise subjected to discrimination with regard to the work to be done pursuant to this Agreement.

b. That all activities to be conducted pursuant to this Agreement shall be conducted in accordance with the Minnesota Human Rights Act of 1974, as amended (Chapter 363), Title 7 of the U.S. Code, and any regulations and executive orders which may be affected with regard thereto.

**H. Laws, Rules and Regulations**

AEOA and the City agree to observe and comply with all laws, ordinances, rules and regulations of the United States of America, the State of Minnesota, Saint Louis County, and the City of Duluth with respect to their respective agencies which are applicable to its activities under this Agreement.

**I. Applicable Law**

This Agreement, together with all of its 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 of Minnesota.

**J. Force Majeure**

Neither party shall be liable for any failure of or delay in performance of its obligations under this Agreement to the extent such failure or delay is due to circumstances beyond its reasonable control, including, without limitation, acts of God, acts of a public enemy, fires, floods, wars, civil disturbances, sabotage, accidents, insurrections, blockades, embargoes, storms, explosions, labor disputes, acts of any governmental body (whether civil or military, foreign or domestic), failure or delay of third parties or governmental bodies from whom a party is obtaining or must obtain approvals, franchises or permits, or inability to obtain labor, materials, equipment, or transportation. Any such delays shall not be a breach of or failure to perform this Agreement or any part thereof and the date on which the party's obligations hereunder are due to be fulfilled shall be extended for a period equal to the time lost as a result of such delays.

**K. Severability**

In the event any provision herein shall be deemed invalid or unenforceable, the remaining provision shall continue in full force and effect and shall be binding upon the parties to this Agreement.

**L. Entire Agreement**

It is understood and agreed that the entire agreement of the parties including all exhibits is contained herein and that this Agreement supersedes all oral agreements and negotiations between the parties relating to the subject matter hereof. Any amendment to this Agreement shall be in writing and shall be executed by the same parties who executed the original agreement or their successors in office.

**M. Counterparts**

This Agreement may be executed in two or more counterparts, each of which shall be deemed to be an original as against any party whose signature appears thereon, but all of which together shall constitute but one and the same instrument. Signatures to this Agreement transmitted by facsimile, by electronic mail in "portable document format" (".pdf"), or by any other electronic means which preserves the original graphic and pictorial appearance of the Agreement, shall have the same effect as physical delivery of the paper document bearing the original signature.

**IN WITNESS WHEREOF**, the parties have hereunto set their hands as of the date of attestation shown below

**City of Duluth**

Dated: \_\_\_\_\_

By: \_\_\_\_\_  
Mayor

Attest:

Dated: \_\_\_\_\_

By: \_\_\_\_\_  
City Clerk

Countersigned:

Dated: \_\_\_\_\_

By: \_\_\_\_\_  
City Auditor

Approved as to Form:

Dated: \_\_\_\_\_

By: \_\_\_\_\_  
City Attorney

**Arrowhead Economic Opportunity Agency**

Dated: Jan 10, 2023

By: Scott Zahorik  
Scott Zahorik (Jan 10, 2023 15:21 CST)  
Executive Director  
Title

# **Exhibit A**

## **SUBLEASE AGREEMENT**

### **CITY OF DULUTH**

#### **AEOA**

#### **DULUTH CAREERFORCE LOCATION**

THIS AGREEMENT is entered into as of the date of attestation thereto by the City Clerk, is made by and between the CITY OF DULUTH, a municipal corporation created and existing under State of Minnesota, hereinafter referred to as "City", and the ARROWHEAD ECONOMIC OPPORTUNITY AGENCY, a private, non-profit corporation created and existing under the Laws of the State of Minnesota, hereinafter referred to as "Subtenant".

WHEREAS, City has leased the hereinafter-defined Leased Premises located in the Property and Building known as the Duluth Athletic Club Building located at 402 West First Street in Duluth, Minnesota from its owner, DAC LLP; and

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

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

WHEREAS, Subtenant is desirous of leasing a portion of the Leased Premises from City for the purpose of establishing and operating, in conjunction with City and Agencies, such a CareerForce Location; and

WHEREAS, City is desirous of leasing such space to Subtenant 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. Additional Rent: shall mean Subtenant's allocated share of the costs of operating the CareerForce Location on the Leased Premises as set forth in the approved MOU/IFA including but not limited to Subtenant's share of the rental of Shared Space, Cleaning Charges, Reception Area and Related Expenses, Resource Area

and Related Expenses, Shared Fixed Expenses, Shared Variable Expenses and Site Management and Administrative Support Expenses.

- B. Agencies: shall mean various other public and private entities in addition to City and Subtenant providing workforce services in the Workforce Location to persons in the Duluth Superior Area with which the City may enter into sublease agreements for use of the Subleased Premises.
- C. Base Rent: shall mean the monthly rate per square foot payable by Subtenant to City for the use of Dedicated Space as set forth in Paragraph A of Article III. below. Provided however, that Base Rent shall not include Subtenant's Additional Rent.
- D. Building: shall mean the building located on the Property.
- E. CareerForce location: shall mean a joint enterprise pursuant to which City, Subtenant and Agencies jointly offer various forms of workforce assistance to residents of the Duluth-Superior Area in a coordinated manner at a single location.
- F. Cleaning Charges: shall mean the amount paid to City by Subtenant for the provision of Cleaning Services determined as set forth in the IFA.
- G. Cleaning Services: shall mean the performing routine cleaning of the Subleased 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 Subleased Premises.
- H. Dedicated Space: shall mean the portion of the Leased Premises subleased to Subtenant for its exclusive use as shown on Exhibit B attached hereto and made a part hereof
- J. DEED IFA/MOU Policies: shall mean the policies reflected in the IFA/MOU as approved by the State of Minnesota Department of Employment and Economic Development attached hereto and made a part hereof as Exhibit C.
- K. Director: shall mean Director of the Workforce Development Department or the person designated to act on behalf of him/her with regard to this Agreement.
- LI IFA/MOU: shall mean the Infrastructure Funding Agreement and the Memorandum of Understanding between City, Subtenant and Agencies as required under the Workforce Innovation Opportunity Act and as provided for in Article II below for the operation of the CareerForce location and the allocation of the costs thereof.

- M. Lease: shall mean the Lease Agreement between City and DAC LLP dated pursuant to which the City Leased the Leased Premises from DAC for the CareerForce Location.
- N. Leased Premises: shall mean those portions of the Building leased to City pursuant to the Lease for the operation of the CareerForce location and as the same may be, from time to time, modified as provided for Lease, a portion of which is subleased to Subtenant.
- O. Property: shall mean that property located in St. Louis County, Minnesota legally described as:
- Lot 65, West Superior Street, DULUTH PROPER First Division.
- PN. Rent: shall mean the Base Rent and Additional Rent.
- Q. Subleased Premises: shall mean the Dedicated Space and the rights to use the common areas as described in Paragraph B. of Article III below and as depicted on Exhibit A attached hereto and made a part hereof.
- R. Sublessees: shall mean subtenants of Subtenant to which Subtenant subleases the Subleased Premises under such terms and conditions as Subtenant shall deem appropriate.
- S. One-Stop Operator Partnership or Partnership: shall mean a committee created and operating as described in Paragraph A of Article II below.
- Y. Tenant Improvements: shall mean floor coverings, wall surface treatments within the Subleased Premises, partitions, doors, light fixtures and wiring within the Subleased Premises, other electrical wiring, telephone wiring and cable systems to serve needs of the Subtenant and Sublessees, ceilings within the Subleased Premises and any other improvements within the Subleased Premises to meet the needs of Subtenant as a tenant and any subtenants of Subtenant.
- U. Term: shall mean the term as stated in Article V. below.
- V. Usable Area (the "UA"): shall mean that portion of each floor of Building included in the Leased Premise computed by measuring from the finished surface of the leased side of any corridor and other permanent walls, and the dominant portion and/or a major vertical penetration and the center of partitions that separate the Leased Premises from adjoining space; no deductions shall be made for columns and projections necessary to the Building.

ARTICLE II  
TENANT COMMITTEE AND CAP

A. One-Stop Operator Partnership

Subtenant hereby agrees that it will appoint a representative to and participate in the Partnership approved by the Duluth Workforce Development Board to assist City in administering and operating the CareerForce Location and the Leased Premises and to participate in the development of the IFA/MOU. City, Subtenant and Agencies shall each have a representative on the Partnership and any representative may bring a matter to the Partnership related to the administration and operation of the CareerForce Location in the Leased Premises and the IFA/MOU. The purpose of the Partnership is to seek to develop consensus on all such issues, but, except as otherwise required by the DEED IFA/MOU Policies or by this Sublease, the City shall have discretion to administer and operate the Leased Premises in the manner it deems appropriate.

B. IFA/MOU

1. Initial IFA/MOU

Upon the signing of this Sublease the members of the Tenant Committee shall join in developing and approving the IFA/MOU for the Leased Premises. The provisions of the IFA/MOU shall comply with the requirements of the DEED IFA/MOU Policy. Subtenant agrees to sign the IFA/MOU as required by the DEED IFA/MOU Policy.

2. IFA/MOU Review

Subsequent to the approval of the Initial IFA/MOU as provided for in Subparagraph 1 above, on or before July <sup>1st</sup> of each year of the Term of this Agreement, Subtenant agrees to join with the other members of the Partnership to review the then-most-current IFA/MOU and the IFA/MOU-related data for the most recent operating year and to make any adjustments or revisions to the IFA/MOU to keep it in compliance with the DEED IFA/MOU Policy.

3. IFA/MOU Disputes

Disputes regarding the implementation of the DEED IFA/MOU Policy and the IFA/MOU shall be resolved as provided for in the DEED IFA/MOU Policy and the IFA/MOU.



ARTICLE III  
SUBLEASED PREMISES

A. Lease of Dedicated Space

Subject to the terms and conditions hereinafter set forth, City hereby grants and leases to Subtenant the Dedicated Premises, for the exclusive use of Subtenant. During the Term and any extensions, Subtenant shall have exclusive use of the Dedicated Space for the purposes herein set forth, subject to the terms and conditions of this Agreement and, unless authorized by this Agreement, City will take no action which will prevent Subtenant from the quiet enjoyment of the Dedicated Space during said the Term.

B. Common Areas

In addition to Subtenant's exclusive rights to the Dedicated Space, Subtenant shall enjoy, in common with City and other Agencies, 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. In addition, Subtenant shall have the right to use, in common with City and other Agencies, Shared Spaces, Reception Areas and Resource Areas, provided that such spaces are not otherwise contained in City's or another Agency's dedicated space. City shall have the right, from time to time, to make, enforce and modify reasonable rules for the use of all such common areas by Subtenant and Agencies, provided that such rules do not unreasonably interfere with the reasonable use of or occupancy of the Subleased Premises by Subtenant.

C. Changes to the Subleased Premises

During the Term of the Agreement, upon Sixty (60) days prior notice to City as provided for in Article XXI below, Subtenant shall have the right to delete from the Subleased Premises any portion thereof which the Subtenant deems to be superfluous to its needs. Subtenant agrees that the portion of the Subleased 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 Subleased Premises and the remainder of the Subleased Premises shall be provided with code-compliant egress from the Building. Subtenant further agrees that upon the vacation of the such deleted portion of the Subleased Premises, Subtenant and its Subtenants shall have removed therefrom all personal property of Subtenant which has not become part of the realty and will have removed all trash and any other unwanted materials from the deleted portion of the Subleased Premises. Upon such deletion of any such portion of the Subleased Premises, Subtenant shall provide to City a revised drawing of the floorplan of the floor or floors of Building upon which the deleted portion of the Subleased 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 superceded and the rights and responsibilities of the parties with regard to the Subleased Premises shall exclude such deleted portion except as provided for in Paragraph D below. In addition, Subtenant shall promptly reimburse City for any costs incurred by City or any other Agency for any costs to City or such Agency arising out of Subtenant's deletion of said portion of the Subleased Premises.

D. Re-lease of Deleted Subleased Premises

In the event that the Subtenant shall have previously deleted any portion of the Subleased Premises as provided for in Paragraph C above and shall later determine that it is to Subtenant's benefit to add said portion or any part thereof back into the Subleased Premises under the terms of this Agreement and if said portion of the Subleased Premises are not then leased or committed to a third party by City or the City's Lessor, City agrees that on a date agreed to in writing between City and Subtenant, said portion shall effectively be added back into the definition of Subleased Premises, Subtenant shall provide to City a revised drawing of the floorplan of the floor or floors of Building upon which the added portion of the Subleased 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 superceded and thereafter, subject to later deletion pursuant to Paragraph C above, said portion shall be covered by the terms and conditions of this Agreement. In addition, Subtenant shall promptly reimburse City for any costs incurred by City or any other Agency for any costs to City or such Agency arising out of Subtenant's re-leasing of said portion of the Subleased Premises.

ARTICLE IV  
LEASE PAYMENTS

A. Base Rent

During the Term of the lease, it is agreed that Subtenant will pay City Base Rent for the use of the Subleased 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 UA to be actually occupied by Subtenant during that month. Said rental payments shall be payable on the first day of the month to which they are attributable.

1. From 8/01/22-7/31/23 \$15.60/square foot/year
2. From 8/1/23 through the remaining term of this Agreement, the Base Rent during each succeeding year shall be increased over that payable in the prior year by an amount equal to three (3%) percent over that payable in the preceding year

B. Additional Rent

In addition to the Base Rent provided for above, Subtenant agrees to pay to City all Additional Rent for the determined as set forth in the IFA, including cleaning costs.

C. Rent Due Date

All Rent due and owing to City shall be paid to City by Subtenant on or before the first day of the month to which such rent pertains.

ARTICLE V  
TERM

The Term of this Agreement shall be deemed to have commenced as of August 1, 2022 and shall run through July 31, 2025 unless extended or sooner terminated as hereinafter provided for.

ARTICLE VI  
OPERATING COVENANTS

City 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, 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 Subleased 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, electronic keycard access systems and other Building Systems. City 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, fibre optic cable, steam, water, sewer and gas. Subtenant shall be responsible for paying for all costs associated with the provision of any other utilities not specified herein to the Subleased Premises and, if desired, the cost of cable TV service.

C. Heating and Cooling

The temperature in the Subleased Premises shall be maintained between 68 Degrees Fahrenheit and 78 Degrees Fahrenheit at all times.

D. 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.

E. 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.

G. Refuse and Garbage

City shall be responsible to collect all trash, refuse and garbage of any kind on the Subleased Premises or on the Property and to dispose of the same at its sole cost. Subtenant shall be responsible for collecting and removing all trash and refuse from the Dedicated Space and for having it deposited to a common collection point on each floor of the Subleased Premises at its cost unless otherwise

provided by City. Thereafter City shall have all responsibility for the disposal of refuse.

## ARTICLE VII TENANT IMPROVEMENTS

Prior to the commencement of any Tenant Improvements on the Subleased Premises, Subtenant shall have provided to City the following information and documentation with regard to any such Work:

A. Tenant Improvements

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

1. Construction Plans

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

2. Build-out of Tenant Improvements

At any time during the Term of the Agreement, Subtenant may present City with plans for Tenant Improvements to the Subleased Premises and



request that City purchase and install in, or build out such improvements in, the Lease Premises. Within twenty-five (25) days of such request, City shall furnish Subtenant with a detailed estimate of the cost of making such Tenant Improvements to the Subleased Premises. If Subtenant approves City's estimate of the costs thereof, Subtenant shall notify City of its approval and thereafter City shall proceed to promptly make said Tenant Improvements to the Subleased Premises. Subtenant shall be responsible to reimburse City for the cost of such tenant Improvements up to the amount of the cost estimate provided by City. In the event that Subtenant determines that the cost of the Tenant Improvements proposed by City exceeds the reasonable value thereof, Subtenant may secure, or have secured on its behalf, proposals to make said Tenant Improvements from third parties. If any such proposal is less in amount than that proposed by City, City shall be given notice thereof and the opportunity to reduce its estimated cost of making said Tenant Improvements. If said third-party proposal is less than City's revised estimate, Subtenant shall be entitled to contract with said third party for the making of said Tenant Improvements.

3. Construction Contracts

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

## ARTICLE VIII

### PREMISES AND MAINTENANCE

A. Premises

City agrees to maintain the Building including the Subleased Premises in a clean, neat and orderly condition and in compliance with all codes for such facilities. City shall maintain all elements of the Building, including the Subleased 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 Subleased Premises

Upon reasonable request therefore, Subtenant shall allow representatives of City to inspect the Subleased Premises.

D. Non-Discrimination

City 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 City 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 IX

### SURRENDER OF POSSESSION

Upon the expiration or other termination of this Agreement, Subtenant's rights to use the Subleased Premises herein granted shall cease and Subtenant shall, upon expiration or termination, promptly and in good condition surrender the same to City. In the event that Subtenant has in any way changed, altered or modified the Subleased Premises demised herein, other than those improvements permitted as herein provided for, Subtenant 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 City for the cost of returning them to said condition unless waived by the City in writing. Upon termination, any Leasehold Improvements which have become part of the realty shall become the property of City, and the same, together with the Subleased Premises, shall be immediately returned to the control of City. Any Leasehold 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 City and the right of Subtenant to possession thereof shall cease.

## ARTICLE X

### PROVISIONS REGARDING LIENS, ASSIGNMENTS AND SUBLEASES

A. Provision Against Liens

Except for encumbrances permitted pursuant to Paragraph B below, Subtenant 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 Subleased Premises or any part thereof, provided that if Subtenant shall first notify City of its intention to do so, Subtenant may, in good faith, contest any such mechanics' or other liens filed or established as long as City's interest or rights in this Agreement are subject to foreclosure by reason of such context.

B. Provision Against Assignments, Transfers or Change in Identity of Owner

Subtenant represents and agrees for itself, its successors and assigns that it has not made or created, and will not make or create or suffer to be made or created, any total or partial sale, assignment, conveyance, lease, trust, lien or power of attorney, and has not or will not otherwise transfer in any other way all or any portion of the Subleased Premises or of its rights under this Agreement or any other contract or agreement entered into in connection with carrying out its obligations hereunder; and Subtenant will not make or create or suffer to be made any such transfer of Subtenant's rights hereunder without the prior approval of Director.

C. Subordination of Agreement

Nothing to the contrary in this Article withstanding, this Agreement and all rights of Subtenant 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 Subtenant's

use of, occupancy of or enjoyment of the Leased Premises. Subtenant shall on reasonable written demand therefore from City, execute, acknowledge and deliver to City 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 City shall be responsible for insuring that any such document does not, in fact, materially interfere with Subtenant's use of, occupancy of or enjoyment of the Leased Premises as provided for in this Agreement. Subtenant 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 Subtenant's attorney

## ARTICLE XI INDEMNIFICATION

### A. By Subtenant

Subtenant will to the fullest extent permitted by law but subject to the limitations contained in any applicable Minnesota Statute, protect, indemnify and save City and its officers, agents, servants, employees and any person who controls City 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 Subleased Premises, or growing out of or in connection with the use or non-use, condition or occupancy of the Subleased Premises or any part thereof; provided that Subtenant's obligations hereunder with regard to the Common Areas as described in Paragraph B of Article III below shall be joint and several with those of other sublessees of City. 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 Subtenant, customers, suppliers or affiliated organizations under any Workers' Compensation Act, Disability Benefit Acts or any other Employee Benefit Acts.

2. Any violation by Subtenant of any provision of this Agreement.
3. Any violation of any law, ordinance, court order or regulation affecting the Subleased Premises or the occupancy or use thereof.

B. By City

City will to the fullest extent permitted by law but subject to the provisions of Minnesota Statutes Chapter 466, protect, indemnify and save Subtenant and its officers, agents, servants, employees and any person who controls Subtenant 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 City, customers, suppliers or affiliated organizations under any Workers' Compensation Act, Disability Benefit Acts or any other Employee Benefit Acts.
2. Any violation by City 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 City.
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 Subtenant with respect to



which indemnity may be sought against the City, Subtenant 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 City.

## ARTICLE XII INSURANCE

Subtenant 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 Subtenant's occupancy of or use of the Building or Property, carried in the names of the Subtenant and City, as their respective interests may appear, as follows:

A. Insurance During Construction

Subtenant, 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

Subtenant 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 and 00/100ths (\$50,000.00) Dollars 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 City, Subtenant, any subtenant and contractor, as their interest may appear. Contractor, all subcontractors, and suppliers and Subtenant shall waive all rights against City 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 and 00/100ths (\$1,500,000.00) Dollars aggregate per occurrence for personal injury, bodily injury and death, and limits of One Million Five Hundred Thousand and 00/100ths (\$1,500,000.00) Dollars for property damage liability. If per person limits are specified, they shall be for not less than One Million Five Hundred Thousand and 00/100ths (\$1,500,000.00) Dollars 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 and 00/100ths (\$100,000.00) Dollars 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 by the City. The cost of such insurance shall be shared between City, Subtenant and all other subtenants of City occupying any portion of the Leased Premises as set forth in the CAP.

2. Liability Insurance

The Subtenant 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 and 00/100ths (\$1,500,000.00) Dollars aggregate per occurrence for personal bodily injury and death, and limits of One Million Five Hundred Thousand and 00/100ths (\$1,500,000.00) Dollars for property damage liability. If person limits are specified, they shall be for not less than One Million Five Hundred Thousand and 00/100ths (\$1,500,000.00) Dollars per person and be for the same coverages. The City 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 and No/100 (\$100,000.00) Dollars 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

Subtenant shall be required to supply to the City 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 CAO that such policies will require the insurer to give the Subtenant 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.

ARTICLE XIII

## DEFAULTS AND REMEDIES THEREFORE

### A. City Defaults and Remedies

#### 1. General Events of Default

The following shall be deemed to be general events of default by City 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. City 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 City pursuant to this Agreement and such failure shall continue for a period of thirty (30) calendar days after Subtenant has, pursuant to the provisions of this Agreement, given written notice to City 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. City shall permit valid liens, not cured or contested within thirty (30) days, to be placed on the Building.
- c. City 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 City or its business; or City 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 City 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 City's properties or fails to have dismissed or vacated within thirty (30) days after the appointment without the consent or acquiescence of

City of any trustee, receiver or liquidator of any material part of City's properties.

- d. A default by City in the Lease resulting in termination thereof.

2. General Remedies

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

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

B. Subtenant Defaults and Remedies

1. General Events of Default

The following shall be deemed to be general events of default by Subtenant 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. Subtenant shall fail to pay any Rent or other payment due to City under Article III above within ten (10) days of the date said payment is due.
- b. Subtenant 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 Subtenant pursuant to this Agreement and such failure shall continue for a period of thirty (30) calendar days after City has, pursuant to the provisions of this Agreement, given written notice to Subtenant 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. Subtenant shall permit valid liens, not cured or contested within thirty (30) days, to be placed on the Subleased 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, City shall have the following remedies in the event of a default by Subtenant:

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

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 XIV  
FORCE MAJEURE

Under the terms of this Agreement, neither the Subtenant nor City 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 XV  
EMINENT DOMAIN

In the event that the Subleased Premises or any portion thereof shall be taken by eminent domain, or that the value of Subtenant'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, Subtenant 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 XVI  
DESTRUCTION OF PREMISES

In the event of partial or total damage or destruction of the Subleased Premises during the

Term of this Agreement, the following shall apply:

A. Continued Occupancy

In the event that the Subleased Premises are partially damaged or destroyed but Subtenant determines that it is practical to continue to occupy and use the Subleased Premises for carrying on the work of the Workforce Center, City shall proceed to repair or reconstruct the Subleased Premises to substantially the condition they were in prior to the damage thereto and Subtenant may continue to occupy and use the Subleased Premises, provided that it shall be entitled to a reduction of Rent payable to City representing any reduction in the Subleased Premises available to Subtenant for its use and for the reduction in utility of those portions of the Subleased Premises occupied and used by Subtenant. City 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 Subtenant's operation of its Workforce Center operations.

B. Occupancy Interrupted

To the extent that Subtenant shall determine that the extent of damage or destruction of the Subleased Premises is such that it is not practical for Subtenant to continue to operate the Workforce Center therefrom, Subtenant may cease operations of its Workforce Center on the Subleased Premises and shall not be obligated to pay Rent to City during such period when it is not occupying the Subleased Premises. City shall have the option of repairing the Subleased Premises or of terminating this Agreement. If City chooses not to repair or reconstruction the Subleased Premises or fails to restore the Subleased 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, Subtenant shall have the option of terminating its lease of the Subleased Premises hereunder.

## ARTICLE XVII

### SIGNAGE

Subtenant 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 Subtenant and the names of any Subtenants of Subtenant for the purpose of identifying the services provided by Subtenant and its Subtenants to the public. Such signs shall be deemed to the property of Subtenant and its Subtenants.

ARTICLE XVIII  
REPRESENTATIONS BY SUBTENANT

Subtenant represents and warrants that as of the date hereof:

- A. It is a lawfully created private, non-profit corporation 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 Subtenant, threatened against Subtenant or any property of Subtenant in any court or before any Federal, State, municipal or governmental agency which, if decided adversely to Subtenant, would have a material adverse effect upon Subtenant or any business or property of Subtenant and Subtenant is not in default with respect to any order of any court or government agency.
- C. Subtenant has investigated and has no knowledge that a Subtenant board member or other member, official, or employee of Subtenant is directly or indirectly financially interested in this Agreement or in any transactions concluded in connection with this Agreement.
- D. Subtenant 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 XIX  
CITY'S REPRESENTATIONS AND WARRANTIES

City represents and warrants that as of the date hereof:

- A. It is a lawfully constituted municipal corporation 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 Subleased 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. There are no actions, suits or proceedings pending or, to the knowledge of City, threatened against City or any property of City in any court or before any Federal, State or municipal or other governmental agency which, if decided adversely to City, could have a material adverse effect upon City or the Property and Building, and that City is not in default of any order of any court or governmental agency.

- D. City has investigated and has no knowledge that any officer, director, agent or employee of City is directly or indirectly financially interested in this Agreement or in any transactions concluded in connection with this Agreement.
- E. City 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, City 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 XX  
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 XXI  
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:

In the case of City:

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

In the case of Subtenant:

Arrowhead Economic Opportunity Agency  
702 S. 3rd Avenue  
Virginia, MN 55792



ARTICLE XXII  
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,**

**ARROWHEAD ECONOMIC  
OPPORTUNITY AGENCY**, a Minnesota  
private, nonprofit corporation.

By: 

\_\_\_\_\_  
Emily Larson  
Mayor

By: 

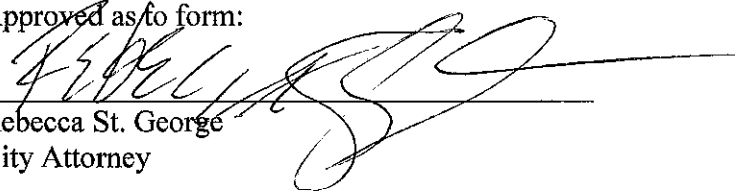
Attest: 

\_\_\_\_\_  
Ian B. Johnson  
City Clerk

Date Attested: \_\_\_\_\_

Cointersigned: 

\_\_\_\_\_  
Josh Bailey  
City Auditor

Approved as to form: 

\_\_\_\_\_  
Rebecca St. George  
City Attorney



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

The foregoing instrument was acknowledged before me this 8 th day of Sept, 2022 by  
 , of the Arrowhead Economic Opportunity Agency, a Minnesota private, nonprofit  
 corporation, on behalf of the corporation.

*J Zollar*

Notary Public

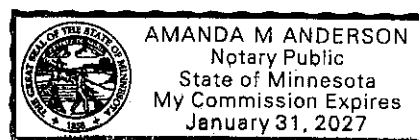
STATE OF MINNESOTA   )  
   ) ss.  
 COUNTY OF ST. LOUIS   )

The foregoing instrument was acknowledged before me this 11 th day of October, 2022,  
 by Emily Larson and Ian Johnson, the Mayor and City Clerk of the City of Duluth, a municipal  
 corporation, on behalf of the City.

*Amanda M. Anderson*

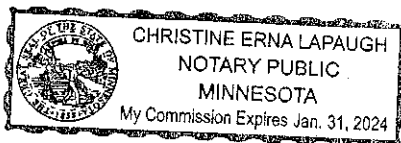
Notary Public

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



State of Minnesota  
County of St. Louis

The foregoing instrument was acknowledged before me on October 11, 2022, by  
Rebecca St. George, City Attorney of the City of Duluth, a municipal corporation, on  
behalf of the City.

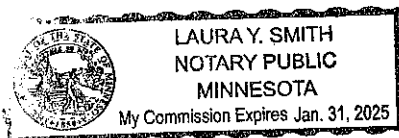


Christine Erna Lapugh  
Notary Public

My Commission Expires: 1/31/2024

State of Minnesota  
County of St. Louis

The foregoing instrument was acknowledged before me on October 18, 2022, by  
Josh Bailey, City Auditor of the City of Duluth, a municipal corporation, on behalf of the  
City.



Laura Y. Smith  
Notary Public

My Commission Expires: 1-31-2025



# City of Duluth

411 West First Street  
Duluth, Minnesota  
55802

## Certified Copy

Resolution: 22-0699R

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File Number: 22-0699R

RESOLUTION AUTHORIZING SUBLEASE AGREEMENTS WITH DEED, NEMOJT AND AEOA FOR  
SUBLEASE OF SPACE IN THE DULUTH ATHLETIC CLUB BUILDING FOR THE JOINT  
WORKFORCE CENTER.

### CITY PROPOSAL:

RESOLVED, that the proper city officials are authorized to enter into sublease agreements substantially in the form of those attached as Exhibits A, B, and C, with the state of Minnesota, department of administration, acting on behalf of the Minnesota department of employment and economic development, Northeast Minnesota Office of Job Training, and Arrowhead Economic Opportunity Agency for the subleasing of space in the Duluth Athletic Club building at 402 West First Street in Duluth, Minnesota for the joint workforce center, sublease payment to be deposited in Fund 268-031-6251.

This Resolution was adopted.

I, Ian B. Johnson, City Clerk of the City of Duluth, Minnesota, do hereby certify that I have compared the foregoing passed by the city council on 8/22/2022, with the original approved and that the same is a true and correct transcript therefrom.

IN WITNESS WHEREOF, I have hereunto set my hand and affixed the corporate seal of said city of Duluth.

Ian B Johnson

10-13-2022

Date Certified

Exhibit B

Percentage Allocations by Organization for Internal Billing Purposes						
Duluth	Space		Resource Area	Reception Area	Shared State Phones	State Internet
Organization						
DEED VRS	29.81%		4.93%	23.45%	17.08%	27.01%
DEED JS/Vets/REA	10.91%		22.17%	11.00%	33.71%	22.17%
NEMOJT	13.83%		19.81%	17.40%	33.57%	18.96%
City of Duluth	28.18%		44.80%	37.42%	0.00%	12.46%
AEOA	2.35%		8.24%	6.08%	13.44%	5.43%
SSBu	6.29%		0.00%	0.00%	0.00%	2.32%
SSBw	3.76%		0.06%	4.65%	2.20%	4.70%
BCD	1.30%		0.00%	0.00%	0.00%	2.32%
LMI	1.30%		0.00%	0.00%	0.00%	2.32%
UI - Audit	2.27%		0.00%	0.00%	0.00%	2.32%
	100.00%	0.00%	100.00%	100.00%	100.00%	100.00%











Please leave the blue cell to the right blank	
How many data lines are in your resource area?	11
How many data lines are in your reception area?	
How many data lines are in your workshop rooms?	1
If there are data lines in shared places other than listed above, how many are there?	

State Internet tab

Please only input data lines that are on a State, (MN.IT), internet connection

Count the dedicated staff computers per organization that are on a MN.IT internet conection and enter the numbers in the blue cells below

Title I Adult NEMOJT	Title I Adult Duluth	Title I DW NEMOJT	Title I DW Duluth	Title I DW AEOA	Title III WP	Title IV VRS	MFIP NEMOJT	MFIP Duluth	MFIP AEOA	SNAP E&T AEOA	UI - REA	JVSG	Title IV SSBu	Title IV SSBw	UI - Audit	LMI	BCD	Title I YouthBuild	Youth Srvc. Duluth	Youth Srvc. NEMOJT	OAA - SCSEP	State DW Duluth	State DW NEMOJT	State DW AEOA	OTHER DHP/CSBG AEOA
0.64		0.44		0.00	4.00	11.00	3.54		1.26	0.04	1.00	2.00	1.00	2.00	1.00	1.00	1.00	0.00		0.54			0.64	0.02	0.03

(The blue cells above are pre-filled to match the number of FTEs for organizations that are known to use MN.IT internet for their staff PCs, please change as needed). Duluth uses their own internet network.

Shared Internet Breakout		Shared Data Lines by Organization																									
Shared data lines are allocated based on their location, (common lines by FTE %, reception lines by reception allocation, etc.)		Title I Adult NEMOJT	Title I Adult Duluth	Title I DW NEMOJT	Title I DW Duluth	Title I DW AEOA	Title III WP	Title IV VRS	MFIP NEMOJT	MFIP Duluth	MFIP AEOA	SNAP E&T AEOA	UI - REA	JVSG	Title IV SSBu	Title IV SSBw	UI - Audit	LMI	BCD	Title I YouthBuild	Youth Srvc. Duluth	Youth Srvc. NEMOJT	OAA - SCSEP	State DW Duluth	State DW NEMOJT	State DW AEOA	OTHER DHP/CSBG AEOA
		0.22	0.88	0.23	0.58	0.01	1.37	0.54	1.51	3.20	0.56	0.33	0.34	0.73		0.01								0.27	0.22	0.01	
		0.01	0.05	0.02	0.07	0.00	0.06	0.11	0.16	0.32	0.07	0.02	0.02	0.05		0.02								0.01	0.01	0.00	
	Internet Bill Percentage	2.02%	2.16%	1.59%	1.49%	0.03%	12.58%	27.01%	12.08%	8.15%	4.37%	0.90%	3.15%	6.44%	2.32%	4.70%	2.32%	2.32%	2.32%			1.25%		0.66%	2.01%	0.07%	0.06%

*on the last CAP the shared space is divided by the percentage of dedicated space. I've kept the formulas in place here so that this IFA reflects the same methodology																											
Shared Space	Sq. Ft.	Title I Adult NEMOJT	Title I Adult Duluth	Title I DW NEMOJT	Title I DW Duluth	Title I DW AEOA	Title III WP	Title IV VRS	MFIP NEMOJT	MFIP Duluth	MFIP AEOA	SNAP E&T AEOA	UI - REA	JVSG	Title IV SSBu	Title IV SSBw	UI - Audit	LMI	BCD	Title I YouthBuild	Youth Srvc. Duluth	Youth Srvc. NEMOJT	OAA - SCSEP	State DW Duluth	State DW NEMOJT	State DW AEOA	OTHER DHP/CSBG AEOA
Conference Room 117 - Vacated (821 sf)																											
Conference Room 119	216	3	9	4	5	0	11	67	12	28	2	2	5	6	14	8	5	3	3	0	12	6	3	3	4	0	0
Conference Room 126 - Computer Lab	737	9	30	13	17	0	38	227	42	96	7	6	19	21	48	29	18	10	10	0	40	22	10	9	14	1	0
Conference Room 127 - Training Room	448	5	19	8	10	0	23	138	26	58	4	4	11	13	29	17	11	6	6	0	25	13	6	5	8	1	0
Conference Room 226	523	6	22	9	12	0	27	161	30	68	5	4	13	15	34	20	12	7	7	0	29	16	7	6	10	1	0
Conference Room 307	310	4	13	6	7	0	16	96	18	40	3	3	8	9	20	12	7	4	4	0	17	9	4	4	6	1	0
TOTALS	2234	26	92	40	52	0	114	688	128	290	22	19	57	63	147	87	53	30	30	0	123	67	30	27	42	4	1

checks

0

0

0

0

0

0

Common Space		Sg. Ft.																								
Break room		832																								
Bathrooms		979																								
Atrium/Entry		1344																								
Server room		249																								
Storage room		480																								

check

0

Resource and Reception Area Space	Sq. Ft.	Title I Adult NEMOJT	Title I Adult Duluth	Title I DW NEMOJT	Title I DW Duluth	Title I DW AEOA	Title III WP	Title IV VRS	MFIP NEMOJT	MFIP Duluth	MFIP AEOA	SNAP E&T AEOA	UI - REA	JVSG	Title IV SSBu	Title IV SSBw	UI - Audit	LMI	BCD	Title I YouthBuild	Youth Srvc. Duluth	Youth Srvc. NEMOJT	OAA - SCSEP	State DW Duluth	State DW NEMOJT	State DW AEOA	OTHER DHP/CSBG AEOA
Resource Area Allocation %		2.02%	8.00%	2.06%	5.24%	0.11%	12.43%	4.93%	13.74%	29.08%	5.07%	3.00%	3.11%	6.63%		0.06%								2.49%	1.99%	0.06%	
Reception Area Allocation %		0.92%	4.35%	1.55%	4.94%	0.15%	5.26%	23.45%	14.09%	27.07%	5.85%	0.06%	1.31%	4.43%		4.65%								1.05%	0.84%	0.03%	
Resource Area	786	16	63	16	41	1	98	39	108	229	40	24	24	52		0								20	16	1	
Reception Area	124	1	5	2	6	0	7	29	17	34	7	0	2	5		6								1	1	0	
TOTALS	\$13,809.25	\$258.46	\$1,036.25	\$274.36	\$717.96	\$15.45	\$1,581.18	\$1,028.86	\$1,903.93	\$3,977.44	\$714.55	\$359.31	\$395.29	\$874.64		\$94.15								\$316.24	\$252.99	\$8.18	

checks

100.00%

100.00%

0

0

0

Total Space Cost Estimate		Title I Adult NEMOJT	Title I Adult Duluth	Title I DW NEMOJT	Title I DW Duluth	Title I DW AEOA	Title III WP	Title IV VRS	MFIP NEMOJT	MFIP Duluth	MFIP AEOA	SNAP E&T AEOA	UI - REA	JVSG	Title IV SSBu	Title IV SSBw	UI - Audit	LMI	BCD	Title I YouthBuild	Youth Srvc. Duluth	Youth Srvc. NEMOJT	OAA - SCSEP	State DW Duluth	State DW NEMOJT	State DW AEOA	OTHER DHP/CSBG AEOA
Annually		\$3,872.68	\$13,850.29	\$5,794.26	\$7,880.68	\$15.45	\$17,352.30	\$96,509.87	\$19,712.16	\$44,259.52	\$3,803.06	\$2,987.83	\$8,280.86	\$9,680.19	\$20,371.04	\$12,185.34	\$7,359.86	\$4,205.63	\$4,205.63		\$17,019.67	\$9,265.54	\$4,205.63	\$3,996.16	\$6,117.88	\$599.60	\$197.14
Monthly		\$322.72	\$1,154.19	\$482.85	\$656.72	\$1.29	\$1,446.03	\$8,042.49	\$1,642.68	\$3,688.29	\$316.92	\$248.99	\$690.07	\$806.68	\$1,697.59	\$1,015.45	\$613.32	\$350.47	\$350.47		\$1,418.31	\$772.13	\$350.47	\$333.01	\$509.82	\$49.97	\$16.43

Please note that if you have multiple lease rates over this IFA term the above "Monthly" charge will not be accurate; the above "Monthly" figure is just the annual cost divided by 12

Directions: Use this tab to calculate the average annual compensations for either resource area or reception area staff for use in the "Resource and Reception Area" tab of this spreadsheet. Please enter information in to the blue cells as necessary to both specify the indirect and fringe rate you would like to be factored in to this calculation as well as the name and hourly salary for each staff assigned to either the resource or reception area. The yellow cells directly below will then display the average annual salary for you to input in to the "Resource and Reception Area" tab. (example information is filled in below)

[\(Link back to Basic Career Services Area tab\)](#)

Average Annual RA Staff Cost	\$ -	<-- use this cost for the resource area if you have a separate resource and reception area
Average Annual Rec. Staff Cost	\$ -	<-- use this cost for the reception area if you have a separate resource and reception area
Average Annual Comb. RA/Rec. Staff Cost	\$ -	<-- use this cost if you have a combined resource and reception area

If you have a combined resource and reception area, please input staff information in any of the below blue cells, (it doesn't matter if you input the information in either the resource or reception tabs).

Resource Area Staff Name(s)	Hourly Salary	Indirect Rate	Fringe Rate	Indirect	Fringe	Total Hourly Comp.
Reception Staff 1	\$ 22.84	14.25%	34.00%	\$ 3.25	\$ 7.77	\$ 34.34
Reception Staff 2	\$ 24.50	13.00%	25.00%	\$ 3.19	\$ 6.13	\$ 34.19
Reception Staff 3						
Reception Staff 4						
Reception Staff 5						
Reception Staff 6						
Reception Staff 7						
Reception Staff 8						
Reception Staff 9						
Reception Staff 10						

Reception Area Staff Name(s)	Hourly Salary	Indirect Rate	Fringe Rate	Indirect	Fringe	Total Hourly Comp.
Resource Area Staff 1	\$ 20.00	14.25%	34.00%	\$ 2.85	\$ 6.80	\$ 30.13
Resource Area Staff 2						
Resource Area Staff 3						
Resource Area Staff 4						
Resource Area Staff 5						
Resource Area Staff 6						
Resource Area Staff 7						
Resource Area Staff 8						
Resource Area Staff 9						
Resource Area Staff 10						

Duluth CareerForce Infrastructure Funding Agreement  
7/1/2020- 6/30/2021

Annual Operating Costs by Colocated Partner

Partner	Space Costs	WAN IT Costs	Non-State IT Costs	Non-State Phone Costs	Additional Costs	Total Cost
DEED VRS	\$96,509.87	\$5,197.98			\$66.14	\$101,773.99
DEED JS/Vets/REA	\$35,313.35	\$4,266.37			\$38.92	\$39,618.63
NEMOJT	\$44,762.50	\$3,648.85	\$1,960.00		\$161.60	\$50,532.95
City of Duluth	\$91,211.96	\$2,397.31	\$70,015.24	< included in IT Costs	\$60,672.00	\$224,296.51
AEOA	\$7,603.09	\$1,044.03	\$1,960.00	\$660.00	\$94.60	\$11,361.72
SSBu	\$20,371.04	\$445.93			\$13.24	\$20,830.21
SSBw	\$12,185.34	\$903.73				\$13,089.07
BCD	\$4,205.63	\$445.93				\$4,651.57
LMI	\$4,205.63	\$445.93				\$4,651.57
UI - Audit	\$7,359.86	\$445.93				\$7,805.79
CL Newspaper					\$298.88	\$298.88
ShredRite					\$243.00	\$243.00
CL Copier base lease					\$4,626.12	\$4,626.12
CL Supplies					\$565.52	\$565.52
						\$0.00
						\$0.00
						\$0.00
Totals >	\$323,728.28	\$19,242.00		Total Annual One-Stop Operating Cost		\$484,345.54

Estimated Additional Costs Worksheet	Monthly	Annual	DEED VRS	DEED JS/Vets/REA	NEMOJT	City of Duluth	AEOA	SSBu	SSBw	BCD	LMI	UI Audit
WAN	\$1,603.50	\$19,242.00										
CL Newspaper	x	\$298.88										
Rhon/ShredRite	\$20.25	\$243.00										
CL Copier base lease	\$385.51	\$4,626.12										
CL Supplies	x	\$565.52										
City Fiber (DWD, AEOA, NEMOJT) 1/3 each		\$4,800.00			\$1,600.00	\$1,600.00	\$1,600.00					
City network usage (AEOA, NEMOJT)		\$720.00			\$360.00		\$360.00					
City Phones "rental" (AEOA)		\$180.00					\$180.00					
City Telecom (AEOA, NEMOJT)		\$480.00					\$480.00					
City 2nd floor copier/printer (shared by use)		\$1,118.54	\$66.14	\$38.92	\$161.60	\$744.04	\$94.60		\$13.24			
City IT services (including phones) - DWD only		\$62,651.00				\$62,651.00						
City other in-kind services		\$60,672.00				\$60,672.00						
City multi-function device - DWD only		\$5,020.20				\$5,020.20						
AEOA multi-function device - AEOA only		\$0.00					\$0.00					
NEMOJT multi-function device - NEMOJT only		\$0.00			\$0.00							
Total Additional Services			\$66.14	\$38.92	\$2,121.60	\$130,687.24	\$2,714.60	\$0.00	\$13.24	\$0.00	\$0.00	\$0.00

Contributions by Non-Colocated Partner					Contribution detail- What is it? What methodology was used to determine the contribution amount?
Partner	Cash	Non-Cash	Third Party	Total Contribution	
Title II ABE		\$25,809.00		\$25,809.00	Approximately 18% of ABE enrollees are co-enrolled CareerForce clients. This represents the infrastructure costs of serving them on-site at ABE.
TAA				\$0.00	N/A
Job Corps				\$0.00	N/A
Native Amer. Programs				\$0.00	N/A
SNAP E&T				\$0.00	This is provided on-site by AEOA and included elsewhere in the IFA
Carl Perkins CTE		\$20,400.00		\$20,400.00	In-kind costs associated with hosting events on-site at LSC and at high schools: \$9400 for career exploration events for secondary students; \$11,000 for college and career events (College for a Day, Career Nights, Explore LSC Day)
CSBG E&T		\$12,343.18		\$12,343.18	Cost of space/IT for providing services to CareerForce clients on-site at CAD, through the Tax Site, GED classes, transportation program, financial counseling, TechUp program, and community health worker. Based on a cost per participant calculation for each program.
HUD E&T				\$0.00	
REO- Second Chance Act				\$0.00	This is provided on-site by DEED and included elsewhere in the IFA



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Signature Page

Duluth CareerForce Infrastructure Funding Agreement 2021-2023  
Signature Page

DocuSigned by:  
**Elena Foshay** 4/26/2021  
Elena Foshay, Director  
City of Duluth Workforce Development  
one-stop partner program(s) signing for  
WIOA Title I - Adult, Dislocated Worker, Youth  
Temporary Assistance for Needy Families (MFIP)  
State Dislocated Worker  
State Youth and Young Adult  
OAA Title V - SCSEP (Senior Community Service Employment Program)

DocuSigned by:  
**Marie Domiano** 4/26/2021  
Marie Domiano, Executive Director  
Northeast Minnesota Office of Job Training  
one-stop partner program(s) signing for  
WIOA Title I - Adult, Dislocated Worker, Youth  
Temporary Assistance for Needy Families (MFIP)  
State Dislocated Worker  
State Youth and Young Adult

DocuSigned by:  
**Jan Francisco** 4/26/2021  
Jan Francisco, Director, Employment & Training  
Arrowhead Economic Opportunity Agency  
one-stop partner program(s) signing for  
Temporary Assistance for Needy Families (MFIP)  
Supplemental Nutrition Assistance Program E&T  
State Dislocated Worker  
Minnesota Family Resiliency Partnership

DocuSigned by:  
**Lorrie Janatopoulos** 4/27/2021  
Lorrie Janatopoulos, CareerForce Director  
DEED CareerForce  
one-stop partner program(s) signing for  
~~WIOA Title I - Adult, Dislocated Worker, Youth~~  
WIOA Title III - Wagner-Peyser  
~~Supplemental Nutrition Assistance Program E&T~~  
~~Jobs for Veterans State Grants~~  
~~Temporary Assistance for Needy Families (MFIP)~~  
LG LG LG 5/7/2021

DocuSigned by:  
**Marc Majors** 5/4/2021  
Marc Majors, Director  
DEED - Employment and Training  
one-stop partner program(s) signing for  
OAA Title V - SCSEP (Senior Community Service Employment Program)  
Trade Adjustment Assistance

DocuSigned by:  
**Jim Hegman** 4/26/2021  
Jim Hegman, Director  
DEED - Unemployment Compensation  
one-stop partner program(s) signing for  
Unemployment Compensation

DocuSigned by:  
**Natasha Jerde** 4/26/2021  
Natasha Jerde, Director  
DEED State Services for the Blind  
one-stop partner program(s) signing for  
WIOA Title IV - State Services for the Blind

DocuSigned by:  
**Dee Torgerson** 4/27/2021  
Dee Torgerson, Director  
DEED Vocational Rehabilitation Services  
one-stop partner program(s) signing for  
WIOA Title IV - Vocational Rehabilitation

DocuSigned by:  
**Patricia Fleege** 4/26/2021  
Patty Fleege, Director  
Duluth Public Schools ISD 709 - Adult Education  
one-stop partner program(s) signing for  
WIOA Title II - Adult Education and Family Literacy

DocuSigned by:  
**Jeff Longenecker** 4/26/2021  
Jeff Longenecker, Executive Director  
Community Action Duluth  
one-stop partner program(s) signing for  
Community Services Block Grant

DocuSigned by:  
**Dr. Patricia L. Rogers** 4/24/2021  
Dr. Pat Rogers, President  
Lake Superior College  
one-stop partner program(s) signing for  
Carl D. Perkins Career and Technical Education

DocuSigned by:  
**Catalina Valencia** 6/9/2021  
Catalina Valencia, Executive Director  
DEED Business Development  
one-stop partner program(s) signing for  
Business and Community Development

(copy and paste additional signature lines from above as needed)

