

OFFICE SPACE LEASE AGREEMENT

Duluth Transit Authority
City of Duluth Police Department

SECTION I RECITALS

The parties to this Lease Agreement are the Duluth Transit Authority, herein known as “Landlord”, which has a perpetual Lease of the building located at 228 West Michigan Street, in Duluth, Minnesota (“the Building”), and the City of Duluth, herein known as “Tenant”, which desires to lease space within the Building for community law enforcement purposes.

Now, therefore, in consideration of the mutual covenants contained herein, the receipt and sufficiency of which is hereby acknowledged, the parties agree as follows:

SECTION II SUBJECT AND PURPOSE

- (A) Landlord hereby leases the space shown on the drawing of the Building attached hereto as A (“the Leased Premises”) to Tenant, solely for community law enforcement purposes. Tenant shall not change its use of the Leased Premises for any other purpose without the prior written consent of Landlord’s General Manager or designee (the “General Manager”).
- (B) The Leased Premises consists of a rentable square foot area of **1,219.21** square feet, which figure shall be used to calculate Rent under Section Three.
- (C) Tenant shall be permitted a maximum of three (3) parking spaces solely for police vehicles on the Michigan Street level of the Building, the location of which shall be designated in the discretion of the General Manager, which location may be changed from time to time at the discretion of the General Manager.
- (D) Storage for up to four (4) Tenant-owned bicycles will be made available on the Michigan Street level of the Building, the location of which shall be designated in the discretion of the General Manager, which location may be changed from time to time at the discretion of the General Manager. Landlord agrees to provide Tenant free storage space for additional bicycles at Landlord’s Transit Center East. Tenant understands that Landlord may from time to time have other uses for this storage area, thus, this free storage may be revoked by the General Manager at any time upon five (5) days written notice to the Tenant.
- (E) Tenant accepts the Leased Premises, the parking spaces and the bicycle storage area “as is”. Landlord does not make any representations or warranties, express or implied, oral or written, with respect to the physical or structural condition of the Leased Premises, the parking spaces or the bicycle storage area.

EXHIBIT I

SECTION III TERM

- (A) Landlord lets the Leased Premises to Tenant for an initial term of five (5) years ("Initial Term") with an option for two (2) additional five (5) year terms ("Option Terms").
- (B) Notwithstanding the date of execution of this Agreement, the Initial Term shall commence on April 1, 2016 ("Commencement Date").
- (C) Written notice of Tenant's exercise of the Option Term must be given to Landlord at least ninety (90) days before the Initial Term is due to expire, and ninety (90) days before the first Option Term expires to exercise the second Option term. The Landlord has the ability to disallow the Option Term(s).
- (D) In the event the Option Term is exercised, all terms of this Lease Agreement shall remain the same, except the Rent which shall be adjusted as provided in Section IV.

SECTION IV RENT

- (A) Rent for the Leased Premises shall be five dollars and fifty cents (\$5.50) per square foot for a total of \$6,705.65 annually (\$558.80 per month) for the Initial Term of this Lease Agreement. Landlord acknowledges that Tenant has made substantial initial improvements to the Leased Space in the amount of \$33,528.00. Landlord agrees to provide Tenant with a rent credit in the amount of \$33,528.00 (\$558.80 per month) thereby effectively reducing the monthly rent amount to \$0 during the Initial Term.
- (B) Tenant shall be responsible for providing and installing all telephone systems and computer systems for its operation at its sole expense.
- (C) Tenant shall also pay the following as additional rent ("Additional Rent"):
 - (1) a pro rata share of the Building's water, sewer, waste and recycling, heat, electricity, and pest control. Tenant's pro rata share of these amounts is determined by dividing the square footage of the Tenant's Leased Premises (1,218.21 square feet) by the total square footage of the Building (6,096 square feet) or 19.6%.
 - (2) For the Initial Term for the period of April 1, 2016 through March 31, 2021, Tenant's pro rata share of the Building's water, sewer, waste and recycling, heat, electricity and pest control shall be capped at two hundred dollars (\$200.00) per month. Thereafter, Tenant shall pay the pro rata share of the actual costs for the Building's water, sewer, waste and recycling, heat, electricity and pest control.

- (D) Landlord shall be responsible for cleaning and maintenance of the restrooms and common areas, waste removal, recycling removal, pest control, snow removal, security, and maintenance of the Michigan Street level driving areas. Tenant shall be responsible for cleaning of the Leased Premises as set forth in Paragraph VII(C).
- (E) The Rent is to be paid monthly in advance to Landlord beginning on the Commencement Date. Payment for Additional Rent shall be payable monthly within 15 days of billing.
- (F) Rent and Additional Rent for partial months shall be prorated.
- (G) Additionally, all charges, costs and expenses that Tenant assumes or agrees to pay hereunder, together with all interest and penalties that may accrue thereon in the event of the failure of Tenant to pay those items, and all other damages, costs, expenses, and sums that Landlord may suffer or incur, or that may become due, by reason of any default of Tenant or failure by Tenant to comply with the terms and conditions of the Lease Agreement shall be deemed to be Additional Rent and shall be paid in the same manner as Additional Rent.
- (H) All Rent and Additional Rent payments shall be made to Landlord at the address specified herein.
- (I) Past due Rent and Additional Rent payments shall accrue interest at the rate of 12% per annum, provided that Landlord provides written notice to Tenant of such delinquency and Tenant fails to remedy the delinquency within twenty (20) days.
- (J) Rent for the first Option Term from April 1, 2021 through March 31, 2026 shall be six hundred and fifty dollars (\$650.00) per month. Rent for the second Option Term from April 1, 2026 through March 31, 2031 shall be seven hundred and fifty dollars (\$750.00) per month.
- (K) The Landlord's delay, or the failure of the Landlord beyond January of any year, in computing or billing for these adjustments will not impair the continuing obligation of Tenant to pay Rent adjustments.

SECTION V INITIAL IMPROVEMENTS

- (A) Prior to the Commencement Date, Tenant may make initial improvements to the Leased Premises. Improvements to the Leased Premises shall be performed in accordance with the plans presented to and approved in writing by the General Manager. Landlord shall not be liable for any delays in the availability of the Building for occupancy, nor delays in the completion of Tenant's improvements. Before commencement of any improvements, all plans and specifications shall be filed with and approved by all governmental department or authorities having jurisdiction and any public utility company having an interest therein, and all improvements shall be made in accordance with all applicable federal, state, and local laws, statutes and regulations, at Tenant's sole

cost and expense. Tenant shall not permit anything to be done to the Leased Premises which would deface, damage or deteriorate the value thereof, nor increase the risk of, impair the legal validity of, or modify the insurance policies covering the Leased Premises or the Building, nor impair the operations of the Landlord or other tenants in the Building.

- (B) Tenant shall be solely responsible for all permits and inspections that may be required for Tenant improvements, and to supply a copy of said permits and inspections to the Landlord prior to commencement of work on the improvements.
- (C) Landlord shall provide shared restrooms and shower area, and painted walls with rooms as per schematics dated 8/15/2014, electrical connections and data wire tray from the DTA server room to the Police area server room. Ceiling tiles, lights, floor coverings, and additional electrical and data connections will be supplied by Tenant.

SECTION VI ADDITIONAL ALTERATIONS, ADDITIONS AND IMPROVEMENTS

- (A) Tenant may further alter or modify the Leased Premises (beyond the initial improvements), if it so chooses, subject, however, to the written consent of the General Manager.
- (B) Alterations shall be performed in a workmanlike manner and shall not weaken or impair the structural strength, or lessen the value of the Building or the Leased Premises, or change the purposes for which the Building, or any part thereof, may be used.
- (C) Before commencement of any alterations, additions or improvements, all plans and specifications shall be filed with and approved by all governmental departments or authorities having jurisdiction and any public utility company having an interest therein, and all work shall be done in accordance with requirements of applicable local, state and federal regulations at Tenant's sole cost and expense. Tenant shall supply a copy of all required permits to Landlord prior to commencing work, and shall comply with all permit requirements. Tenant shall be solely responsible for any required inspections and approvals required of any agency or authority having jurisdiction over the work.
- (D) During the term of this Agreement, when any improvements are constructed, installed or renovated, Tenant shall procure and furnish to the Landlord a bond or bonds written by a company or companies authorized to write such bonds in the State of Minnesota and who are acceptable to the Landlord, in an amount not less than the cost of such construction, installation or renovation, for the use of obligee Tenant, and the Landlord and all persons doing work or furnishing skills, tools, machinery, materials, insurance premiums, equipment or supplies incident to such construction, installation or renovation, such bond or bonds to be conditioned for payment of claims as required and in full compliance with Minnesota Statutes Section 574.26. Further, during the term of this Agreement, for any construction installation or renovation of improvements, and before the commencement of work thereon, Tenant shall furnish to Landlord performance bonds, written by

similarly qualified companies, covering all work to be performed thereunder guaranteeing the performance of all such work.

- (E) All alterations, additions and improvements on or in the Leased Premises at the commencement of the term, and that may be erected or installed during the term, shall become part of the Leased Premises and the sole property of Landlord, except that all moveable trade fixtures installed by Tenant and Tenant's personal property shall be and remain the property of Tenant.
- (F) Nothing in the Lease Agreement contained shall be deemed or construed in any way as constituting the consent or request of Landlord, express or implied, by inference or otherwise, to any contractor, subcontractor, laborer or material man for the performance of any labor or the furnishing of any materials for any part or portion of the Leased Premises.
- (G) Contractors working within the tenant area must be insured and list as also insured the City of Duluth, First Transit, Inc., ATE Management of Duluth (or its successor, if any) and the Duluth Transit Authority.
- (H) Public Liability and Property Insurance: Before commencing any improvement, work or equipment installation on the Leased Premises, Tenant shall itself or shall require all contractors and subcontractors to procure and maintain insurance during the life of such contracts, protecting the Landlord, First Transit, Inc. and ATE Management of Duluth or its successor and the Duluth Transit Authority, as follows:
 - a. Workmen's Compensation Insurance
 - b. Contractor's Comprehensive Public Liability and Property Damage Insurance
 - c. Contractor's Automobile Liability and Property Damage Insurance, including automobile and non-ownership and hired cars.
 - d. Owner's Protective Public Liability and Protective Property Damage Insurance.
 - e. Builder's Risk Insurance (fire, extended coverage, vandalism and malicious mischief, including sprinkler leakage.

Amounts shall not be less than One Million Five Hundred Thousand Dollars (\$1,500,000) for injuries, including accidental death to any one person, and subject to the same limit for each person, and in an amount not less than One Million Five Hundred Thousand Dollars (\$1,500,000) for any one accident with a One Million Five Hundred Thousand Dollar (\$1,500,000) aggregate for the policy. Insurance, as above provided, shall be kept intact and in force throughout the term of construction work and equipment installation on the Leased Premises. Such insurance shall be subject to the approval of the Landlord and copies shall be furnished to the Landlord prior to the commencement of construction.

These limits may be adjusted from time to time at the General Manager's sole discretion.

SECTION VII
MAINTENANCE, GENERAL UPKEEP AND CLEANING

- (A) Tenant shall, at all times during the Lease Agreement and at its own cost and expense, repair, replace and maintain the paint, wall coverings, floor covering, and decorations contained in the Leased Premises.
- (B) Landlord shall be responsible for all matters relating to the roof, basic structure of the Building, HVAC system, plumbing, existing glass, and similar matters, including but not limited to all exterior water, sewage and electrical lines, except for damage caused or repair required by Tenant's acts or omissions.
- (C) Tenant is responsible for providing cleaning/janitorial services for the Leased Premises at least twice each week or more frequently as required by the General Manager to keep the Leased Premises in a neat, clean and sanitary condition. Tenant shall promptly dispose of all garbage and recycling in the proper receptacles and not permit trash or rubbish to accumulate in the Leased Premises.
- (D) Tenant shall ensure that any biohazardous waste, medical waste or potentially infectious material present in the Leased Premises shall be properly labeled, contained and disposed of in accordance with local, state and federal laws, statutes and regulations.
- (E) Landlord shall provide pest control for the Building as needed, but shall not be liable to Tenant for pests or vermin in the Leased Premises. Tenant shall immediately notify Landlord of any pests or vermin in the Leased Premises.
- (F) Failure to keep the Leased Premises in a clean and sanitary condition shall constitute a default under this Lease Agreement. Landlord may elect in lieu of other default remedies, to have the Leased Premises cleaned at Tenant's sole cost and expense.
- (G) No animals shall be kept on the Leased Premises at any time without prior written consent of the General Manager, except properly trained dogs needed by blind, deaf or disabled persons or police dogs.
- (H) Tenant shall be solely responsible to secure any confidential information that may be stored at the Leased Premises, and shall not refuse Landlord or its agent's access to the Lease Premises as provided in Section XV of this Lease Agreement due to the presence of confidential information that is not secure.
- (I) Tenant shall ensure that any weapons that may be temporarily or permanently housed in the Leased Premises are stored in a safe and secure manner to prevent theft, accidental discharge or deliberate unlawful actions in the Leased Premises by any persons.
- (J) Tenant shall be in exclusive control and possession of the Leased Premises, and Landlord shall not be liable for any loss or damage to any of Tenant's merchandise, personal property or vehicles, or for injury to any person in the Leased Premises.

SECTION VIII TAXES

Payment of real estate taxes, if any, shall be the responsibility of Tenant.

SECTION IX INSURANCE

- (A) Tenant is a self-insured political subdivision pursuant to Minnesota Statutes Section 471.981 with respect to liability, Minnesota Statutes Section 176.181 with respect to Workers' Compensation, and Minnesota Statutes Section 65B.48 with respect to No-Fault. By execution of this Agreement, the parties agree that said self-insurance satisfies all insurance requirements of this Agreement.
- (B) Tenant covenants that it will not do or permit to be done any act which:
 - 1. Will invalidate or be in conflict with any fire insurance policies covering the Leased Premises; or
 - 2. Will increase the rate of any fire insurance on the Leased Premises or any part thereof or upon the contents of any building thereof; or
 - 3. In the opinion of the Landlord, will constitute a hazardous condition so as to increase the risks normally attendant upon the operations contemplated by this Agreement.

SECTION X UNLAWFUL OR DANGEROUS ACTIVITY, PRESERVE OPERATIONS

- (A) Tenant shall neither use nor occupy the Leased Premises or any part thereof for any unlawful, disreputable or ultrahazardous purpose, nor operate or conduct its business in a manner constituting a nuisance of any kind, and shall not interfere with the quiet enjoyment of other tenants in the Building.
- (B) Tenant shall immediately, on discovery of any unlawful, disreputable or ultrahazardous use, take action to halt such activity.
- (C) Landlord reserves the right to take any action it considers necessary to prevent interference with the day to day operations of the Building, to protect the approaches to the bus terminal against obstruction, together with the right to prevent Tenant from erecting any fence or other structure on the property that the Leased Premises is located on, which, in the opinion of the Landlord, would limit the usefulness of the Building or constitute a hazard to the transit operations.
- (D) Tenant shall not cause the view to or from windows or doors in or adjacent to the Leased Premises to be obstructed without prior written approval of the General Manager. Landlord hereby grants Tenant permission to install window tinting and blinds to the windows in the Leased Premises.

SECTION XI INDEMNITY

Each party shall be responsible for its own acts and omissions, the acts and omissions of its employees, and results thereof to the extent authorized by law. The liability of Landlord and Tenant is governed by the provisions of the Minnesota Municipal Liability Tort Act, Minnesota Statutes Chapter 466.

SECTION XII DEFAULT OR BREACH

Each of the following events shall constitute a default or breach of the Lease Agreement by Tenant:

- (A) If Tenant shall fail to pay Landlord any Rent or Additional Rent when due and shall not make the payment within 20 days after notice thereof by Landlord to Tenant.
- (B) If Tenant shall allow any mechanic's lien or security interest to be filed against the Leased Premises or the Building.
- (C) If Tenant shall vacate or abandon the Leased Premises.
- (D) If the Lease Agreement or the estate of Tenant hereunder shall be transferred or assigned to any other person or party.
- (E) If Tenant shall fail to perform or comply with any of the other conditions of the Lease Agreement and if the nonperformance shall continue for a period of 30 days after notice thereof by Landlord to Tenant or, if the performance cannot be reasonably had within the 30-day period, Tenant shall not in good faith have commenced performance within the 30-day period and shall not diligently proceed to completion of performance.

SECTION XIII EFFECT OF DEFAULT

In the event of any default hereunder as set forth in Section XII, the rights of Landlord shall be as follows:

- (A) Landlord shall have the right to terminate the Lease Agreement, as well as all of the right, title and interest of Tenant hereunder.
- (B) Landlord may elect, but shall not be obligated, to make any payment required of Tenant herein or comply with any agreement, term or condition required hereby to be performed by Tenant, and Landlord shall have the right to enter the Leased Premises for the purpose of correcting or remedying any such default and to remain until the default has been corrected or remedied, but any expenditure for the correction by Landlord shall not be

deemed to waive or release the default of Tenant or the right of Landlord to take any action as may be otherwise permissible hereunder in the case of any default.

- (C) Landlord may re-enter the Leased Premises immediately and remove the property and personnel of Tenant, and store the property in a public warehouse or at a place selected by Landlord, at the expense of Tenant. Tenant shall retain the right to immediately retrieve all business records and data related to its business. After re-entry, Landlord may, but is not required to, terminate the Lease Agreement. On termination, Landlord may relet the Leased Premise or any part thereof. Landlord may recover from Tenant all damages resulting from the breach, including the cost of recovering the Leased Premises, reasonable expenses of the reletting, repairs necessitated by Tenant's use, and the difference between the rent received by Landlord under a new lease agreement and the Rent and Additional Rent that are due for the same period under the Lease Agreement and in the event the Leased Premises are not relet, any amount by which the amounts due from Tenant to Landlord under the balance of the Lease Agreement exceed the reasonable rental value of the Leased Premises for the remainder of the Lease Agreement term, which sums shall be immediately due Landlord from Tenant.
- (D) Landlord may seek and be entitled to monetary damages, including consequential damages, from, Lessee incurred by Landlord as a result of Lessee's default.
- (E) Landlord may seek and be entitled to injunctive or declaratory relief as is necessary to prevent Lessee's violation of the terms and conditions of this Lease Agreement or compel Lessee's performance of its obligations hereunder.
- (F) Landlord may seek such other legal or equitable relief as a court of competent jurisdiction may determine is available to Landlord.
- (G) The rights and remedies given to Landlord in this Lease Agreement are distinct, separate and cumulative, and no one of them, whether or not exercised by Landlord, shall be deemed to be in exclusion of any of the others provided herein by law or by equity.

SECTION XIV CONDEMNATION/DESTRUCTION OF PREMISES

If the whole of the Leased Premises is:

- (1) appropriated or taken under condemnation by any public or quasi-public authority; or
- (2) damaged or destroyed; or
- (3) is otherwise rendered unusable for purposes of housing its community law enforcement office;

then either party may, at its option, terminate this Lease Agreement by giving written notice to the other within 30 days after the effective date of such taking, destruction or other event and this Lease will terminate as of the date of such taking, destruction or other event. If only a portion of

the Leased Premises is affected by such taking, destruction or other event, and the remainder of the Leased Premises is usable for purposes of a community law enforcement office, this Lease Agreement shall not terminate but shall continue in full force and effect except that the Rent and Additional Rent payable hereunder will be reduced in proportion to the resulting reduction in usable square footage of the Leased Premises.

SECTION XV ACCESS TO PREMISES

Upon 48 hours' notice, Tenant shall permit Landlord or its agents to enter the Leased Premises at all reasonable hours to show the Leased Premises to prospective tenants, to inspect the Leased Premises, or to make repairs or clean the Leased Premises in the event that Tenant has failed to do so in accordance with the provisions of the Lease Agreement. The forty-eight-hour notice will not apply in cases of utility emergencies or other emergencies such as leaks, broken glass, security breaches, etc. Landlord shall not be liable to Tenant for any entry on the Leased Premises for such purposes.

SECTION XVI SUBORDINATION

- (A) The parties shall be bound by all existing easements, agreements and encumbrances of record relating to the Leased Premises, and Landlord shall not be liable to Tenant for any damages resulting from any action taken by a holder of an interest pursuant to the rights of that holder thereunder.
- (B) This Lease Agreement shall be subordinate to the provisions of any existing or future agreement between the Landlord and the United State of America including the U.S. Department of Transportation and the Federal Transit Agency, the State of Minnesota, and the City of Duluth relative to the operation or maintenance of the Building and surrounding property and to orders of the same entities concerning Landlord's operations or response to safety.

SECTION XVII QUIET ENJOYMENT

Landlord covenants, upon Tenant paying the Rent and Additional Rent and performing the other obligations of the Tenant under this Lease Agreement, to allow the Tenant to peaceably and quietly have, hold and enjoy the Leased Premises during the Term of this Agreement.

SECTION XVIII DISRUPTION/FORCE MAJEURE

- (A) No abatement, diminution or reduction of Rent or Additional Rent shall be claimed or allowed to Tenant, whether for inconvenience, discomfort, interruption of business or otherwise, arising from the making of alterations, improvements or repairs to the Leased Premises or because of any governmental laws.

- (B) Neither Tenant nor Landlord shall be held liable for any failure to perform the obligations under this Lease Agreement where such failure is a result of acts of Nature such as floods, earthquakes or other natural disasters, acts of war, invasion, hostilities, terrorist activities, acts of any government or agency thereof other than the Tenant, or judicial action, or embargoes. Landlord or the Tenant may elect to terminate this Lease Agreement as a result of these conditions upon mutual consent.

SECTION XIX WAIVER

- (A) A waiver of any breach of covenants herein contained to be kept and performed by Tenant shall not be deemed or considered as a continuing waiver and shall not operate to bar or prevent Landlord from declaring a forfeiture for any succeeding breach either of the same condition or covenant or otherwise. To be effective, a waiver must be in writing.
- (B) No receipt of money by Landlord from Tenant after default or termination of the Lease Agreement shall reinstate, continue or extend the term, affect any notice given to Tenant, operate as a waiver of the right of Landlord to enforce the payment of Rent and Additional Rent due, or operate as a waiver of the right of Landlord to recover possession of the Leased Premises by proper suit, action, proceeding or other remedy.

SECTION XX NOTICES

All notices to be given with respect to this Lease Agreement shall be in writing. All notices or other communications made pursuant to this Lease Agreement shall be deemed properly delivered, given or served: (a) three days after the date such notice is sent by certified mail, (b) one day after the date such notice is sent by Federal Express or similar one-day private carrier service, and (c) by confirmed electronic delivery (which may include a .pdf, .tif, .gif, .jpeg or similar attachment to the electronic mail message):

Notice address for Tenant: Duluth Police Department
Chief of Police
2030 North Arlington Avenue
Duluth, Minnesota 55811

Notice address for Landlord: Duluth Transit Authority
General Manager
2402 West Michigan St.
Duluth, MN 55806

SECTION XXI
ASSIGNMENT, SUBLEASE

Lessee shall not assign, sublet or transfer its interests or obligations, in whole or in part, under this Lease Agreement.

SECTION XXII
SURRENDER OF POSSESSION

- (A) Tenant shall on the last day of the Term or on earlier termination of the Lease Agreement, promptly, peaceably and in good condition and repair surrender and deliver the Leased Premises to Landlord, except moveable trade fixtures and personal property. Upon the last day of the Term or earlier termination, leasehold improvements which have become part of the realty shall become the property of the Landlord.
- (B) Any moveable trade fixtures or personal property belonging to Tenant, if not removed on the last day of the Term or on earlier termination, and if the Landlord shall so elect, shall be deemed abandoned and become the property of Landlord without any payment or offset therefor. Landlord may remove such fixtures or property from the Leased Premises and store them at the risk and expense of Tenant if Landlord shall so elect.
- (C) Tenant shall repair and restore all damage to the Leased Premises caused by the removal of equipment, trade fixtures and personal property at its sole cost and expense.
- (D) Tenant shall not be permitted to hold over possession or occupancy of the Leased Premises upon expiration or termination of the Lease Agreement, without the express written consent of the General Manager. If Tenant holds over after expiration or termination of this Lease Agreement without the written consent of the General Manager, Tenant shall pay Landlord as liquidated damages a sum equal to twice the Rent and Additional Rent to be paid by Tenant to Landlord for all of the time Tenant retains possession of the Leased Premises. Exercising the Landlord's rights under this paragraph shall not be interpreted to grant permission to Tenant to continue possession of the Leased Premises beyond the last day of the Term or earlier termination of the Lease Agreement without Landlord consent.

SECTION XXIII
ENTIRE AGREEMENT; APPLICABLE TO SUCCESSORS

- (A) The Lease Agreement contains the entire agreement between the parties and cannot be amended except by a written instrument subsequently executed by the parties hereto.
- (B) The Lease Agreement and the terms and conditions hereof apply to and are binding on the heirs, legal representatives, successors and assigns of both parties.

SECTION XXIV SECURITY

- (A) Tenant recognizes the obligation for security in the Building, and agrees to employ such reasonable measures as are necessary to prevent or deter the unauthorized access of persons or vehicles in the Building and the buses or operations vehicles.
- (B) Tenant further agrees to abide by any rules and regulations adopted by the Landlord in carrying out the Landlord's obligations under the U.S. Department of Transportation regulations, including those of the Federal Transit Agency, and other security measures the Landlord deems necessary from time to time for the proper identification of persons and vehicles entering the Building and operations area.
- (C) Tenant shall reimburse Landlord for any fines or penalties assessed against the Landlord for security violations as a result of any actions or omissions on the part of Tenant, its agents, employees, contractors, or representatives for any violation occurring at any access point under control of Tenant, or resulting in any way from the act or omission of Tenant.

SECTION XXV HAZARDOUS MATERIALS

- (A) The Tenant shall not permit leaking or discharge of fluids from Tenant vehicles or storage containers, including fuel, oil, coolant or other liquids, in the Building, and shall promptly clean up any spills or leaks of any kind that is attributable to Tenant operations. Tenant shall be solely liable for the cost of cleanup of any and all chemical and/or hazardous or biohazardous materials, released or caused to be released by Tenant, its employees, agents, contractors, representatives, invitees or guests.
- (B) Tenant is solely responsible to report any spills of regulated materials that are due to Tenant's actions or operations that may occur at the Building, and to immediately provide Landlord with copies of all reports, MSDS sheets, and other documentation surrounding spills or incidents relating to hazardous or biohazardous materials. Tenant shall cooperate with all applicable regulatory agencies, and comply with directions for management and cleanup of spills.

SECTION XXVI MISCELLANEOUS

- (A) The Lease Agreement shall be governed by and construed in accordance with the laws of the State of Minnesota. The appropriate venue and jurisdiction for any litigation hereunder shall be in a court located in St. Louis County, Minnesota.
- (B) Time is of the essence in all provisions of the Lease Agreement.

- (C) Under no circumstances shall any trustee, officer, official, commissioner, director, member, partner, agent, representative or employee of the Landlord have any personal liability arising out of this Lease Agreement.
- (D) Any property belonging to the Landlord being provided for use by Tenant shall be used in a responsible manner and only for the purposes provided in this Lease Agreement. No changes, additions or alterations shall be made to the property unless otherwise authorized by this Lease Agreement.
- (E) There shall be no parking allowed in the bus zones on Michigan Street by Tenant. Tenant shall not permit employees, agents, representatives, invitees, guests or others to park in any bus zone within the Building or on Michigan Street.
- (F) Tenant's employees, agents, representatives, contractors, invitees and guests may not park at any time along either side of the bus platform, and must park their private vehicles in designated parking areas only. Except for the three parking spaces provided to Tenant pursuant to Paragraph III(C), Tenant's employees, agents, representatives, invitees and guests are responsible for payment of any parking fees that may be applicable to their private vehicles. Violators may be towed at their sole cost and expense.
- (G) Tenant shall comply with all rules for parking and access to the Building as determined by Landlord.
- (H) Tenant's vehicles, owned, leased or used at the Building shall be in good mechanical condition and in a neat, clean and attractive condition, inside and outside. Vehicle or equipment maintenance, including washing, oil changes, engine and body repairs, etc., shall not be conducted at the Building, within the parking ramp, or within the area immediately adjacent to the Building, without prior written consent of the General Manager. Tenant shall promptly remove any owned or leased vehicles with operating deficiencies such as flat tires, broken windows, headlights, tail lights, leaks, etc., and any inoperable vehicles owned, leased or otherwise used by the Tenant. Tenant shall not permit the storage of any other type of vehicle (e.g. tow truck, camper, etc.) without the express written consent of the General Manager.
- (I) Tenant shall be responsible for damages and debris in and around the Building resulting from Tenant's operations, and shall promptly clean and repair any damage or debris at Tenant's sole cost and expense.
- (J) Landlord will endeavor to remove snow from the area of the Building and grounds in a timely manner, depending on weather conditions, however, Landlord shall in no way be liable to Tenant, its agents, representatives, invitees or guests for delays in operations or injuries to persons due to such weather events.
- (K) No radio, television, computer, security camera or similar device shall be installed without first obtaining, in each instance, the General Manager's prior written consent.

No aerial, antenna, satellite dish or similar device shall be erected on the roof or exterior walls of the Building, or on the grounds, without prior written consent of the General Manager. Any such device installed without such consent shall be subject to removal without liability to Landlord; costs incurred for said removal shall be paid by Tenant,

- (L) Tenant shall inform the General Manager of any changes in operations or proposals relating to the Tenant's operations at the Building and provide the General Manager with any such information in a timely manner regarding operations as the General Manager may request.
- (M) The Building and the common areas are at all times subject to the exclusive management of the Landlord or its designee. Without limiting the generality of the foregoing, the Landlord has the right in its management and operation of the Building and to perform such acts in and to the Building as in its sole judgment determines to be necessary for efficient and proper operation of the Building, including, but not limited to:
 - (1) Obstruct or close off any part of the Building, including skywalks, sidewalks and parking areas, for the purpose of safety, maintenance, repair or construction;
 - (2) Use any part of the Building for merchandising, display or decorations;
 - (3) Construct other buildings, structures or improvements in the Building or on the property, and make alterations, additions, subtractions or rearrangements of the Building, build additional stories or construct additional buildings or facilities adjoining or proximate to the Building;
 - (4) Expand, reduce or alter the parking facilities;
 - (5) Add new tenants to the Building;
 - (6) Add new transit options to the Building, including rail, van pools, or other transit oriented development;
 - (7) Add other operations unrelated to transit.
- (N) Landlord shall not be liable for any impacts to Tenant's operation due to any construction conducted on the Building and surrounding property through the term and any extensions of the Lease Agreement.
- (O) Tenant understands and agrees that the Landlord has the absolute right to redesign the layout of the Building, the parking ramp and surrounding lot, the access road and all other areas surrounding the Building, and makes no guarantee of visibility, ease of access, business interruption or continuation. Landlord reserves the right to further develop or improve the site and all areas of the Building as it sees fit, regardless of the desires or views of Tenant, and without interference or hindrance.
- (P) Tenant shall at all times be solely responsible for their own staffing at the Building; the Landlord shall not provide staff time or respond to inquiries on behalf of Tenant.
- (Q) Tenant shall be responsible at all times for the conduct of its employees, agents, invitees, guests or customers within the Leased Premises, the Building and surrounding property.

- (R) Tenant for himself, his personal representatives, successors in interest and assigns, as a part of the consideration hereof, does hereby covenant and agree as a covenant running with the land that: (1) no person on the grounds of race, color, or national origin shall be excluded from participation in, denied the benefits of, or be otherwise subjected to discrimination in the use of said facilities; (2) that the construction of any improvements on, over or under such land and the furnishing of services thereon, no person on the grounds of race, color, or national original shall be excluded from participation in, denied the benefits of, or be subjected to discrimination; and (3) that the Tenant shall use the Leased Premises in compliance with all other requirements imposed by or pursuant to Title 49, Code of Federal Regulations, Department of Transportation, Subtitle A, Office of the Secretary, Part 21, non-discrimination in Federally-assisted programs of the Department of Transportation Effectuation of Title VI of the Civil Rights Act of 1964, and as said Regulations may be amended.
- (S) Tenant shall comply with the Landlord's Facility Operation Handbook, a copy of which shall be provided to Tenant upon commencement of the Lease Agreement.
- (T) Tenant shall have the right to place signs or advertising matter on the Leased Premises with the prior written consent of the General Manager.
- (U) Nothing contained in this Lease Agreement, nor the performance of the parties hereunder, is intended to benefit, nor shall inure to the benefit of any third party.
- (V) Tenant agrees to observe and obey during the term of this Lease Agreement all applicable laws, ordinances, rules and regulations promulgated and enforced by Landlord and by any other proper authority having jurisdiction over the conduct of operations at the Building.
- (W) Heading of section, paragraph, articles, or provisions in this Lease Agreement are for convenience only. The headings form no part of this Lease Agreement and shall not affect its interpretation.
- (X) In the event any provision herein shall be deemed invalid or unenforceable, the remaining provisions shall continue in full force and effect and shall be binding upon the parties to this Lease Agreement.

Remainder of this page intentionally left blank. Signature page to follow.

IN WITNESS WHEREOF, the parties have executed the Lease Agreement at Duluth, Minnesota, the day and year written below.

Tenant:

CITY OF DULUTH

Landlord:

DULUTH TRANSIT AUTHORITY

By: _____
Its Mayor

By: _____
Its: _____

Attest:

Date: _____

By: _____
Its City Clerk

Countersigned:

By: _____
Its City Auditor

Approved as to form:

By: _____
Its City Attorney