

LEASE

Between

INDEPENDENT SCHOOL DISTRICT NO. 709 DULUTH, MINNESOTA

And

SOUTH ST. LOUIS COUNTY SOIL AND WATER CONSERVATION DISTRICT

THIS INDENTURE OF LEASE, effective the 30th day of **April, 2012**, by and between Independent School District #709, a public corporation, party of the First Part, hereinafter called Lessor, and South St. Louis County Soil and Water Conservation District public body corporate, party of the second part, hereinafter called the Lessee, organized and operating under Minnesota Statutes § 103C.201 (a Soil and Water Conservation District).

AGREEMENT

ARTICLE 1. - DEFINITIONS

1.1 AUTHORITY TO LEASE: Independent School District Number 709 is authorized to lease facilities according to M.S. Sec 123B.02.

1.2 THE LESSOR shall mean: Independent School District Number 709, A Minnesota Public Corporation.

1.3 THE LESSEE shall mean: South St. Louis County Soil and Water Conservation District public body corporate, party of the second part, hereinafter called the Lessee, organized and operating under Minnesota Statutes § 103C.201, a Soil and Water Conservation District.

1.4 BUILDING shall mean: A building located at 215 North First Avenue East, know as Historic Old Central High School and designated as the "Central Administration Building" of the Duluth Public Schools.

1.5 EXCLUSIVE SPACE shall mean that portion of the Building to which the Lessee shall have the exclusive right of occupancy under this Agreement. The Exclusive Space is more particularly described in Exhibit A, which is attached hereto and incorporated herein by reference, said area leased having a floor space of approximately 1,099 square feet.

1.6 PARKING LOT shall mean those lots owned or leased by the Lessor that are located near or adjacent to the building and for which the Lessee may be granted the privilege to access and occupy parking spaces.

1.7 COMMON AREAS shall mean those portions of the Building, excluding the Exclusive Space for which the Lessee shall have a right of access under this Agreement and for which the

Lessee shall be entitled to use for purposes of access and egress to Exclusive Space. The Common Areas specifically include, with limitations described in Article 5 of this agreement, rest room facilities, and the hallways and vestibules necessary to access such rooms.

1.8 PREMISES shall mean collectively the Exclusive Space, the Parking Lot, the Common Areas, and any other areas to which the Lessee shall be entitled to access under the Agreement.

ARTICLE 2. - GRANT OF OCCUPANCY TO EXCLUSIVE SPACE

2.1 The Lessor does hereby demise and let unto the Lessee, and the Lessee does hereby lease from the Lessor, the Exclusive Space described in Exhibit A.

ARTICLE 3. - TERM

3.1 Term. The term of this Agreement shall be for a period of five years beginning on the First day of July 2012 and ending on the 30th day of June 2017.

ARTICLE 4. - RENT

4.1 Base Rent. The Lessee shall pay to the Lessor annual rent in the amount of Eleven Thousand Sixty Seven Dollars (**\$11,067.00**), payable in twelve (12) equal installments beginning on the commencement date and continuing on the first day of each month thereafter. On July 1 of every year thereafter, the annual rent amount will be increased to the following amounts:

Year Two (2) – Eleven Thousand Three Hundred Ten Dollars (**\$11,310.00**);
Year Three (3) – Eleven Thousand Five Hundred Fifty Nine Dollars (**\$11,559.00**)
Year Four (4) – Eleven Thousand Eight Hundred Thirteen Dollars (**\$11,813.00**); and
Year Five (5) – Twelve Thousand Seventy Three Dollars (**\$12,073.00**).

The Lessee, at its option, may prepay the annual base rent by paying the amount specified above on the first rental payment date and on May 1 of each calendar year thereafter. There shall be no penalty for prepayment of rent.

Except as otherwise expressly provided herein, the Lessee covenants and agrees that if at any time it fails to pay any amount required by this Agreement, or to obtain, pay for, maintain or deliver any of the insurance policies required hereunder, or fails to make any other payment or perform any other act required by this Agreement, then the Lessor, after notice to the Lessee, without waiving or releasing the Lessee from any obligation hereunder and without assuming any obligation to do so, may effect any such insurance coverage and pay premiums therefore and may make any other payment or perform any other act on behalf of the Lessee in such manner and to such extent as the Lessor desires. All sums so paid by the Lessor and any necessary and incidental costs and expenses incurred by the Lessor on behalf of the Lessee, together with interest thereon at the rate of eight percent (8%) per annum from the date the Lessor incurs such expenditure, shall be payable to the Lessor as additional rent, and except as otherwise provided for in this Agreement, shall be payable on demand or at the option of the Lessor, added to any amount then due or thereafter becoming due under the Agreement. The Lessee covenants to pay any such sum or sums with interest to the Lessor and the Lessor shall have (in addition to any other right or

remedy of the Lessor) the same rights and remedies as in the case of a default by the Lessee in the payment of rent.

ARTICLE 5. - USE

5.1 Permitted Uses. Unless specifically agreed to in writing by the Lessor, the Lessee shall use the Premises only for the following purposes:

5.1.A. To conduct business associated to and in connection with their purpose granted and authorized by Minnesota Statutes § 103C.201.

5.2 Non-discrimination Covenant. The Lessee hereby covenants and agrees that it will not engage in or permit unlawful discrimination against persons seeking access to the Premises or to programming conducted by the Lessee on the basis of age, sex, race, religion, color, creed or national origin, status of recipient of economic assistance, or status as a veteran

5.3 Parking Lot. The Lessor does hereby grant unto the Lessee the privilege to access and occupy up to eight parking spaces for which the Lessor will issue the Lessee window tags that will be used to identify vehicles authorized to occupy spaces on the premises. Parking space is available on a first come basis and may not be available at all times of the day. The Lessee accepts that this privilege is subject to change and will depend on the availability of space and any other changes that affect the Lessor's ability to grant this privilege.

5.4 Prohibited Uses. The Lessee shall not use or occupy the Premises or knowingly permit the Exclusive Space to be used or occupied for any purpose or activity which is contrary to any statute, rule, order, ordinance, requirement or regulation applicable thereto or in any manner which would violate any certificate of occupancy effecting the same, or which would be likely to cause structural injury to the Premises or improvements thereon or cause the value or usefulness of the Premises or any part thereof to be substantially diminished, or which would adversely affect the Lessor's activity on or adjacent to the Premises, or which would constitute a public or private nuisance or waste. Upon discovery of any use prohibited hereunder, the Lessee shall promptly take all necessary steps to discontinue such non-conforming use.

ARTICLE 6. – MANAGEMENT

6.1. Exclusive Space. The Lessee shall allow the Lessor access to those areas to which it is entitled pursuant to Article 13.2 of this Agreement.

6.2. Parking Lot. If for any reason the Lessor determines the use of the parking lots needs to be changed or restricted the Lessee will upon notice make the required changes in its use of the lots.

ARTICLE 7. - SUPERVISION AND EQUIPMENT

7.1 Supervision. Each party shall provide reasonable supervision and security for all activities scheduled by it.

7.2 Appropriate Activities. The parties agree that they will limit their activities in the Premises to those for which the Premises was designed and which will not present an unreasonable risk of damage or destruction to the facility or equipment or carry an unreasonable risk of injury to the participants supervisors or spectators. Activities to be conducted in the Exclusive Space or the Common Area that would violate the terms of this section must be approved in advance by both parties.

ARTICLE 8. - ORDINANCES BUILDING RESTRICTION'S AND REGULATION'S

8.1 The Lessee during the term of this Agreement shall at its expense comply with all valid applicable laws ordinances and regulations of duly constituted public authorities now or hereafter in any manner affecting the Premises and any improvements thereon or the use thereof. The Lessee shall indemnify and hold the Lessor harmless from the consequences of any violation of any such law ordinance or regulation by the Lessee. The Lessee shall not permit any activity contrary to any law ordinance or regulation to occur in the Exclusive Space and during such times as it has the exclusive right to occupy any portion of the Common Areas, it will take reasonable measures to prevent the activities from occurring in such portion(s) of the Common Space. Notwithstanding the foregoing and Section 5.3 it shall be the Lessor's responsibility, rather than the Lessee's responsibility to ensure that the Building and the Premises exclusive of any improvements or alterations made by the Lessee to the Exclusive Space subsequent to the Commencement Date are constructed and maintained in accordance with all building codes ordinances and laws.

ARTICLE 9. - ALTERATIONS

9.1 No Alterations Without Consent. The Lessee shall make no changes or alterations to the exterior of the Building without the Lessor prior written approval. The Lessee may at its expense make changes or alterations to the interior of the Premises provided that the Lessor has first consented in writing to the proposed plans and specifications for said changes or alterations. The Lessor shall not unreasonably withhold consent to such alterations provided that the Lessor shall be entitled to withhold consent if it determines in its reasonable discretion that the improvements proposed by the Lessee will not be useful to the Lessor upon reversion of the Premises to the Lessor at the termination of the Agreement. The Lessee shall have the right to erect and maintain a sign identifying its presence in the Building subject to the mutual agreement of the parties regarding the size, location, and design of the sign. The parties agree that such sign shall be aesthetically consistent with the exterior of the Building.

9.2 Mechanic's Liens. The Lessee shall not suffer or permit any statements of mechanic's liens to be filed against the Premises or any part thereof by reason of work, labor, services or materials supplied or claimed to have been supplied to the Lessee or anyone holding the Premises or any part thereof through or under the Lessee. If any such statement of mechanic's lien shall at any time be filed against the Premises, the Lessee shall cause the same to be discharged of record within twenty (20) days after the date of actual notice to the Lessee of filing the same. If the Lessee shall fail to discharge such mechanic's lien within such period, then in addition to any other right or remedy of the Lessor, may, but shall not be obligated to, discharge the same either by paying the amount claimed to be due or by procuring the discharge of such lien by deposit in court, by giving security, in such other manner as is or may be prescribed by law. Any amount paid by the Lessor

for any of the aforesaid purposes, and all reasonable other expenses of the Lessor, including reasonable attorneys' fees, in or about procuring the discharge of such lien, with all necessary disbursements in connection therewith, with interest thereon at the rate of eight percent (8%) per annum from the date of payment, shall be repaid by the Lessee to the Lessor on demand, and it unpaid may be treated as Additional Rent. The Lessor shall have the right to post and maintain on the Premises notices of non-responsibility under the laws of Minnesota, and nothing herein shall be construed to subject the Lessor's property, if otherwise exempt to such liens.

ARTICLE 10. - REPAIRS AND MAINTENANCE

10.1 Obligations of Lessee. The Lessee, at its sole cost and expense, shall repair, restore or replace promptly to the satisfaction of the Lessor all damage or injury to the Building or the fixtures, appurtenances and equipment relating thereto caused by: the Lessee moving property in or out of the Premises; installation or removal of furniture, fixtures, equipment or other property by the Lessee, its agents, contractors, servants or employees; or resulting from any other cause of any other kind or nature whatsoever due to carelessness, omission, neglect, improper conduct or other causes of the Lessee, its servants, employees, agents, visitors or licensees. All repairs, restorations and replacements shall be in quality and class equal to the original work. If the Lessee fails to make such repairs, restorations or replacements, the same may be made by the Lessor, and the Lessee shall pay the same to the Lessor within five (5) days' rendition of a bill or statement therefore. Notwithstanding the foregoing, under no circumstances shall the Lessee be obligated to make any repairs or replacements made necessary as a result of damage caused by fire or other casualty, caused beyond its control, or any cause that would ordinarily be covered by a first and extended coverage insurance policy, irrespective of any negligence on the Lessee's part causing or tending to cause the same. The Lessee shall not be obligated to make any repairs or replacements made necessary as a result of the Lessor's negligence, wrongful conduct or breach of this Agreement.

10.2 Scheduled Maintenance. The Lessor shall prepare at the Lessor's expense, a schedule of recommended routine maintenance and repairs for the Exclusive Space. If requested by the Lessee the Lessor shall perform such routine maintenance and repairs. The Lessee shall pay the reasonable cost of such maintenance and repair services performed by the Lessor, unless such maintenance and repairs are otherwise the responsibility of the Lessor under this Agreement. The Lessor shall also, upon the Lessee's request, perform additional specific maintenance and repairs to the Exclusive Space, the reasonable cost of which shall be paid by the Lessee, unless such maintenance and repairs are otherwise the responsibility of the Lessor under this Agreement.

10.3 No Duty for the Lessor to Repair. Nothing herein contained shall imply any duty on the part of the Lessor to do any such work which the Lessee may be required to perform under any provision of this Agreement and the performance thereof by the Lessor shall not constitute a waiver of the Lessee' default in failing to perform the same.

10.4 Obligations of Lessor. The Lessor shall, during the term of this Agreement, at its expense keep the electrical, plumbing, air conditioning equipment (if any), heating equipment, water system, toilet facilities, and other machinery and equipment in the Building, and the roof, foundation, and structural elements of the Building, in good condition and repair, and shall promptly and adequately repair all damaged or broken glass, fixtures and appurtenances within a

reasonable period of time. The Lessor shall also maintain the, sidewalks and parking facilities in a clean and orderly condition consistent with the practices of the Lessor for the other facilities in its School system.

10.5 Daily Building Operations and Cleaning. Related to the Exclusive Space, the Lessor shall be responsible for the daily operation of building mechanical systems, every other day vacuuming of carpets, daily removal of refuse that is placed in designated refuse receptacles. The Lessor shall be responsible for the cleaning of Common Space related to its activities and uses permitted by this lease or otherwise permitted.

ARTICLE 11. - INSURANCE

11.1 The Lessee shall, at its sole cost and expense, be responsible for obtaining and maintaining:

11.1a Insurance for its fixtures and personal property in or about the Exclusive Space against loss or damage by fire or other casualty. Such insurance coverage shall be for the benefit of both the Lessor and the Lessee, as their respective interests may appear.

11.1b. General public liability insurance against claims for personal injury, death or property damage occurring upon or about the Premises and on in or about the adjoining lands, streets and passageways, such insurer to afford protection to the limit of not less than One Million Five Hundred Thousand Dollars (\$1,500,000) with respect to injury or death to a single person, to the limit of not less than One Million Five Hundred Thousand Dollars (\$1,500,000) with respect to any one accident, and to the limit of not less than One Million Five Hundred Thousand Dollars (\$1,500,000) with respect to any property damage, naming both the Lessor and the Lessee as insured.

Such policies of insurance to be obtained by the Lessee shall be written in companies reasonably satisfactory to the Lessor, and shall be written in such form and shall be distributed in such companies as shall be reasonably acceptable to the Lessor. Such policies shall be delivered to the Lessor endorsed "premium paid" or with a receipt for payment of the premium issued by the company or agency issuing the policy or accompanied by other evidence satisfactory to the Lessor that the premiums thereon have been paid, not less than ten (10) days prior to occupancy of the Premises and the expiration of any then current policy. The policy must include a provision the Lessor be notified in writing prior to any cancellation.

ARTICLE 12. - INDEMNITY

12.1 Obligations of Lessee. The Lessee shall indemnify and hold the Lessor harmless against and from any and all claims by or on behalf of any person or persons, firm or firms, corporation or corporations; arising from the conduct or management of all activities or from any work or thing whatsoever done in or about the Premises by the Lessee; arising from any breach or default on the part of the Lessee in the performance of any covenants or agreement on the part of the Lessee to be performed pursuant to the terms of this Agreement; arising from any act of negligence on the part of the Lessee, or any of its agents, contractors, servants, employees or licensees; or arising from any accident, injury or damage whatsoever occurring during the Term of this Agreement in or about the Exclusive Space and Common Areas (during such times as the Lessee has the

exclusive right of access to such Common Areas) incurred by any person, firm or corporation participating in a program of the Lessee or present at the invitation of the Lessee. The Lessee shall further indemnify and hold the Lessor harmless from and against all costs, reasonable attorneys' fees, expenses and liabilities incurred in or about any such claim or action or proceeding brought thereon. In case any action or proceeding is brought against the Lessor by reason of any such claim, the Lessee, upon notice from the Lessor, shall resist or defend such action or proceeding by counsel reasonably satisfactory to the Lessor. Counsel selected by the Lessee's insurance carrier shall be deemed satisfactory to the Lessor. Notwithstanding the foregoing and anything; in this Agreement to the contrary, the Lessee shall not be obligated to defend, indemnify or hold the Lessor harmless as to any claim, or matter based on the Lessor's negligence, wrongful conduct or breach of this Agreement; or as to claims or matters arising from latent defects in the Premises existing on the date of this commencement of the term of this Agreement.

12.2 Obligations of Lessor. The Lessor shall indemnify and hold the Lessee harmless against and from any and all claims by or on behalf of any person or persons, firm or firms, corporation or corporations: arising from the conduct or management of all activities or from any work or thing whatsoever done by the Lessor in or about the Premises, Common Areas, or the Parking Lots; arising from any breach or default on the part of the Lessor in the performance of any covenant or agreement on the part of the Lessor to be performed, pursuant to the terms of this Agreement; arising from any act of negligence on the part of the Lessor, or any of its agents, contractors, servants, employees or licensees; or arising from any accident, injury or damage whatsoever occurring during the term of this Agreement in or about the Premises (excluding the Exclusive Space), Common Areas, or the Parking Lots incurred by any person, firm or corporation participating in a program of the Lessor or present at the invitation of the Lessor. The Lessor shall further indemnify and hold the Lessee harmless from and against all costs, reasonable attorneys' fees, expenses and liabilities incurred in or about any such claim or action or proceeding brought thereon. In case any action or proceeding is brought against the Lessee by reason of any such claim, the Lessor, upon notice from the Lessee, shall resist or defend such action or proceeding by counsel reasonably satisfactory to the Lessee. Counsel selected by the Lessor, or its insurance carrier if any, shall be deemed satisfactory to the Lessee. Notwithstanding the foregoing and anything in this Agreement to the contrary, the Lessor shall not be obligated to defend, indemnify or hold the Lessee harmless as to any claim or matter based on the Lessee's negligence, wrongful conduct or breach of this Agreement.

12.3 Release and Waiver of Subrogation. Notwithstanding anything in this Agreement to the contrary (including, without limitation, sections 5.3, 10.1, 12.1, 12.2, 15.1 and Articles 17 and 20), each party hereunder (the "releasing party") hereby releases the other party and the other party's agents, employees, licensees and invitees (the "released party"), from any and all liability or responsibility to the releasing party or anyone claiming through or under the releasing party by way of subrogation or otherwise for any loss or damage to property caused by fire or any casualty which would ordinarily be covered under a fire and extended coverage or supplementary contract of insurance (whether or not the releasing party has such insurance), even if such fire or other casualty shall have been caused by the fault or negligence of the released party, or anyone for whom such party may be responsible. Such release applies notwithstanding whether the releasing party's policies (if any) shall contain a clause or endorsement to the effect that any such release shall not adversely affect or impair said policies or prejudice the right of the releasing party to recover there under except as expressly provided in this Agreement.

ARTICLE 13. - LESSOR'S USE AND ACCESS TO PREMISES

13.1 Use of Building by the Lessor. As part of the consideration for this Agreement, the Lessor reserves for itself the exclusive use of all portions of the Building not specifically identified as Exclusive in Exhibit A, or Common Space. The Lessor may use said space for any purpose it deems necessary or appropriate.

13.2 Access to Exclusive Space by the Lessor. The Lessee shall permit the Lessor and the authorized representatives of the Lessor to enter the Exclusive Space at all times during usual business hours for the purpose of inspecting the same and making any necessary repairs to comply with any laws, ordinances, regulations or requirements of any public authority or of the Lessor's of fire underwriters or any similar body. However, except as expressly provided in this Agreement, nothing in this Agreement shall be construed so as to impose any obligation on the Lessor to make any such repairs, alterations or improvements. The Lessor may, during the progress of any work on the Exclusive Space, keep and store upon the Exclusive Space all necessary materials, tools and equipment. The Lessor shall not, in any event, be liable for any inconvenience, annoyance, disturbance, and loss of business or other damage to the Lessee by reason of making repairs or the performance of any work on the Exclusive Space or on account of bringing materials, supplies and equipment into or to the Exclusive Space during the course thereof. The obligations of the Lessee under this Agreement shall not thereby be affected in any manner whatsoever. The Lessor agrees, however, in connection with the performance of any such work, to cause as little inconvenience, annoyance, disturbance, loss of business or other damage to the Lessee as may reasonably be possible in the circumstances.

ARTICLE 14. - ASSIGNMENT

14.1 Assignment or Subletting. The Lessee shall not as assign this Agreement or sublet the Premises or any portion of the Premises except as provided in Article 14.2 of the Agreement.

14.2 Assignment. The Lessee shall not assign or sublet any portion of the Exclusive Space without first obtaining the written consent of the Lessor. Not less than sixty days before the proposed commencement of occupancy by the subtenant. The Lessee shall notify the Lessor of the name of the proposed new subtenant, the amount of space proposed to be occupied by the new subtenant, and the amount of rent proposed to be paid by the new subtenant. Sublease agreements must be for a minimum of two (2) years in length unless the prior written consent of the Lessor is obtained. The Lessor shall at its sole discretion decide whether to grant permission to the Lessee to sublet space and shall not grant permission to sublet to any subtenants whose use of the Premises will not be consistent with all of the terms and conditions of this Agreement most specifically the requirement that the use be for the purposes of carrying out the government program. In the alternative to venting a sublease the Lessor may elect to exclude from this Agreement the space proposed to be sublet and release the Lessee from its obligations with regard to such space. The Lessor may then lease such space directly to the proposed subtenant. Upon the termination of any such lease for such space, the Lessee shall have the right of first refusal to lease the space before the Lessor may enter into a lease agreement with a new tenant.

ARTICLE 15. - NO AGENCY

15.1 The parties acknowledge that Tenant is an independent contractor and that nothing contained herein shall be construed to make Tenant or its agent or employee's agents or servants of Lessor.

ARTICLE 16. – DEFAULT

16.1 Default; Notice; Remedies. If the Lessee shall vacate or abandon the Premises; shall default in the payment of rent; shall allow the Premises to be appropriated to or used for any other purpose or use than those set forth in Article 5.1 hereof; or shall allow any liquor gambling or any other immoral practices on the Premises; or if any damage or waste shall be made thereon; or if any term condition or covenant of this Agreement shall be violated by the Lessee; then and in any of said cases the Lessee shall be in default of this Agreement. If such default is not cured by the Lessee within ten (10) days after mailing of written notice of the conditions of default the Lessee does hereby authorize and fully empower the Lessor to cancel and annul this Agreement and to reenter and take possession of the Premises and by force if necessary and to remove all persons and their property there from and to use such force and assistance in effecting and perfecting such removal as the Lessor may deem advisable to recover at once full and exclusive possession of all the Premises, whether in possession of the Lessee or a third person or vacant. The Lessor's failure to give immediate notice of default or agreement to allow more than ten days to cure a default shall in no way constitute a waiver of any remedy available to the Lessor upon default by the Lessee.

ARTICLE 17. - EMINENT DOMAIN

17.1 If the Building or any portion thereof is taken by any public authority under the power of eminent domain, then the term of this Agreement shall cease as of the day possession shall be taken by such public authority and the Lessor shall make a pro rata refund of any rent that may have been paid in advance. All damages awarded for such taking under the power of eminent domain shall belong to and be the property of the Lessor irrespective of the basis upon which they are awarded; except that the Lessee shall be entitled to any relocation allowance separately awarded to the Lessee.

ARTICLE 18. - SURRENDER

18.1 On the last day of the term of this Agreement or on the sooner termination thereof the Lessee shall peaceably surrender the Premises in good condition and repair consistent with the Lessee' duty to make repairs as provided in Article 10 hereof wear and tear and damage by fire and other casualty excepted. On or before the last day of the term of the Agreement or the sooner termination thereof the Lessee shall at its expense remove all of its equipment from the Premises and any property not removed shall be deemed abandoned. The Lessee shall have the right to remove any trade fixtures that the Lessee has installed provided however that the Lessee shall restore the Premises to substantially the same condition as said Premises were in before the removal of said trade fixtures. All alterations and additions other than the Lessee' equipment and trade fixtures which have been made or installed by either the Lessor or the Lessee upon the Premises shall remain as the Lessor's property and shall be surrendered with the Premises as part

ARTICLE 24. - ENTIRE AGREEMENT

24.1 This Agreement contains the entire agreement between the parties and there are no other terms, obligations, covenants, representations, statements or conditions, oral or otherwise, of any kind whatsoever. Any agreement hereafter made shall be ineffective to change, modify, discharge or effect an abandonment of this Agreement in whole or in part unless such agreement is in writing and signed by the parties against whom enforcement of the change, modification, discharge or abandonment is sought.

ARTICLE 25. - HOLDOVER

25.1 If the Lessee shall hold over possession of the Premises after expiration of the Initial Term or any Additional Term hereof, the Lessor may, at its election, either treat the Lessee as a trespasser and eject the Lessee there from, or recognize the Lessee as a tenant at will or from month to month, but upon all of the conditions and covenants herein contained. However, in no event shall the Lessee's holding over enlarge the Lessee's rights or status beyond those of a month to month tenant or tenant at will under the laws of Minnesota.

ARTICLE 26. - DESTRUCTION

26.1 In case the whole or any part of the Premises be destroyed or damaged by fire or other cause, whether or not as a result of the Lessee's negligence, then in every such case, if the Premises are not usable for the normal conduct of business, in whole or in part, then the installments of base annual rent reserved under this Agreement, and other charges, if any, shall be suspended to the extent and during the period when the Premises are not usable for the normal conduct of the Lessee's business and until the Premises shall have been put in the condition in which they were immediately prior to such destruction or damage.

26.2 Except as hereinafter specifically provided, the Lessor shall immediately proceed with reasonable promptness and diligence after such destruction or damage to repair and restore the Premises to the condition in which they were immediately prior to such destruction or damage, notwithstanding that such destruction or damage is caused by the Lessee's negligence. Notwithstanding the foregoing, it is agreed that if the Building shall be destroyed or damaged by fire or other cause and such destruction or damage shall amount to 50% or more of the sound insurable value of said Building (exclusive of the foundations) this Agreement may be terminated at the election of either the Lessor or the Lessee, provided that notice in writing of such election shall be given by the party so electing to the other within 30 days after such destruction or damage as aforesaid. It is further agreed that if any part of the Premises are destroyed or damaged by fire or other cause and such destruction or damage cannot in accordance with reasonable estimates be repaired or restored within 90 days of the destruction or damage, this Agreement may be terminated at the election of the Lessee, provided that notice in writing of such election shall be given by the Lessee to the Lessor within 30 days after such destruction or damage as aforesaid. Upon termination as aforesaid by either party hereto, this Agreement and the term thereof shall cease, terminate and expire, and any unearned rent or other charges paid in advance beyond the date of the injury or destruction, shall be refunded to the Lessee. If such destruction or damage to the Premises is such that neither party shall have the right to terminate this Agreement

under any of the provisions in this section contained, or in the event that neither party, having such right, shall elect to terminate this Agreement as aforesaid within the time provided, the Lessor shall immediately proceed with reasonable promptness and diligence to repair and restore the Premises as aforesaid.

ARTICLE 27. - HEADINGS

27.1 The headings incorporated in this Agreement are for convenience and reference only and are not a part of this Agreement and do not in any way limit or add to the terms or provisions hereof.

ARTICLE 28. - SITUS

28.1 This Agreement was executed in Duluth, Minnesota, and shall be governed by the Laws of the State of Minnesota.

ARTICLE 29. - BINDING EFFECT

29.1 All of the covenants, conditions and agreements herein contained shall extend to, be binding upon, and inure to the benefit of the parties hereto and their respective successors and assigns.

IN WITNESS WHEREOF, the parties hereto have executed this Agreement on the date first above written.

SOUTH ST. LOUIS SOIL AND WATER CONSERVATION DISTRICT

R.C. Boheim, District Manager

INDEPENDENT SCHOOL DISTRICT NUMBER 709

Ann Wasson, Board Chair

Judy Seliga Punyko, Board Clerk