

LEASE

4316 Rice Lake Road
Duluth, MN 55811

LANDLORD:

Duluth United, LLC

TENANT:

ISD 709 Duluth Public Schools

LEASE

This lease, effective the 15th day of June 2021, by and between Duluth United, LLC, a Minnesota limited liability company ("Landlord"), and ISD 709 Duluth Public Schools ("Tenant").

WITNESSETH THAT:

Landlord does hereby lease to Tenant, and Tenant does hereby take from Landlord those certain premises located at 4316 Rice Lake Road, Duluth, Minnesota, as specifically shown on **Exhibit A** (the "Leased Premises") attached hereto, all according to the following terms and conditions:

DEFINITIONS

- A. **Term:** The term (the "Term") of this lease shall be for a two (2) year term commencing October 1, 2021 (the "Commencement Date"), and terminating September 30, 2023 (the "Expiration Date"). Tenant shall have the option to extend the Term (the "Renewal Option") for one (1) year, commencing on the date immediately subsequent to the Expiration Date and expiring the date that is one (1) year thereafter (the "Option Term"), provided that Tenant is not in default under the Lease beyond any applicable notice and cure period, on the date the Renewal Option is exercised or at any time thereafter through the commencement date of the Option Term. The Renewal Option may be exercised by Tenant, if at all, upon written notice from Tenant to Lessor no later one hundred three hundred sixty-five (365) days prior to the Expiration Date.
- B. **Rent Commencement Date:** Same as the Commencement Date of the Term (see A., above) unless otherwise specified in the Addendum, if any.
- C. **Annual Base Rent:** Annual Base Rent shall be calculated based upon the following annual per-square-foot rent:

Months of The Term	Annual Rent Per Rentable Square Foot	Annual Base Rent
1-24	\$33.50	\$702,662.50

Option Term shall be subject to 3.0% Annual Base Rent increase

- D. **Percentage Rent:** N/A.
- E. **Security Deposit:** N/A.
- F. **Tenant's Pro Rata:** N/A
- G. **Floor Area of Premises:** 20,975 rentable square feet. The Tenant may attach as an Appendix its plans for its layout of the Premises (collectively, the “Initial Tenant Improvements”).
- H. **Lease Year:** The twelve-month period commencing on the Commencement Date and ending on the last day of the twelfth (12th) month thereafter.
- I. **Notice:** See Section 19.
- J. **Utilities:** Natural gas, electricity, sewer, water, garbage disposal, and any other charge for goods or services provided to the Leased Premises by a governmental agency or by a private company.
- K. **Property:** The building (the “Building”) located at 4316 Rice Lake Road, Duluth, Minnesota, in which the Leased Premises are located and all ground appurtenant thereto under the ownership or control of Landlord as set forth on **Exhibit A**, attached hereto.

1. **LEASE TERM:** Tenant shall lease the Leased Premises for the Term at the end of which this Lease shall terminate without further rights to Tenant. At the time of termination, any structures and improvements constructed on the Lease Premises by tenant, or any item, thing or material attached to the Leased Premises, shall become the property of the Landlord. Tenant shall, upon expiration of this lease, remove any equipment and personal property except that which shall become the property of Landlord, and in the event said personal property is not removed by Tenant, Landlord may remove and store said personal property at Tenant's expense and if tenant does not claim the property and pay all removal and storage expenses within thirty (30) days following termination of the Lease, then Landlord may sell said property without notice to Tenant and apply the proceeds thereof first to the costs of said sale, then to costs of removal and storage, then to any sums owed by Tenant to Landlord and any excess shall be delivered to Tenant.

2. **USE:** Subject to any and all applicable laws, ordinances, codes, regulations, requirements of the federal, state, county and municipal authorities, and with any lawful order or direction of any public officer relating to the Leased Premises or the use and occupation of the Leased Premises (collectively, "Applicable Law"), the Leased Premises shall be solely for the operation of administrative and office space, and ancillary uses reasonably related thereto (the "Permitted Use"), but in no event for the provision of classroom space or use by students of Tenant or its affiliates. The Permitted Use shall not be changed or expanded without the prior written approval of the Landlord. However, use by students incidental to the Tenant's administrative and office use of the Premises is permitted, but in no case for the instruction of students.

3. **RENT:** Tenant shall pay to Lessor the Annual Base Rent for the first Lease Year on or before the Commencement Date, and if applicable the first day of the Option Term, and for the second Lease Year on or before the day immediately preceding the second Lease Year. Occupancy by Tenant of the Leased Premises on any day for which rent has not been paid in advance shall be considered an event of default.

4. **INSURANCE:** Landlord shall maintain upon the Leased Premises fire and extended coverage insurance, insuring against all ordinary and common disasters, with coverage limits in amounts acceptable to Landlord. No portion of any proceeds of said insurance shall be payable or paid to Tenant.

Landlord shall maintain general public liability insurance covering claims for personal injury, death, or property damage with limits of not less than \$1,000,000 in respect to bodily injury or death to one person, and not less than \$2,000,000 in respect to bodily injury to death arising out of on occurrence, and \$500,000 for property damage arising out of one occurrence.

Tenant shall purchase general public liability insurance with respect to the Leased Premises covering claims for personal injury, death, or property damage with limits of not less than \$1,000,000 in respect to bodily injury or death to one person, and not less than \$2,000,000 in respect to bodily injury to death arising out of on occurrence, and \$500,000 for property damage arising out of one occurrence. Landlord and Landlord's mortgagee shall be named as co-insured on said policies. Tenant shall further maintain policies of insurance covering Tenant's personal property and fixtures situated on or about the Leased Premises for their full replacement value. If required by law Tenant shall also maintain workers compensation insurance and dram shop/liquor liability insurance. Tenant shall place such insurance with insurers legally authorized to do

business in the state in which the Leased Premises are located and reasonably acceptable to Landlord. Tenant shall, at the commencement of this Lease and annually thereafter, provide Landlord with certificates of insurance on all of the above policies, showing Landlord and Landlord's lender as an additional insured and clearly stating that said policies may not be canceled by either Tenant or the insurance company unless Landlord is first given thirty (30) days advance notice of such cancellation. Should Tenant fail to provide Landlord with adequate proof of insurance coverage within thirty (30) days hereof and annually thereafter, Landlord may, but shall not be required to, obtain said insurance at the sole expense of the Tenant. Any sum expended by Landlord for said insurance shall be due and payable by Tenant to Landlord immediately upon demand.

5. **UTILITIES.** Landlord does not warrant that any of the utility services will be free of interruption of service. Interruption of service shall never be deemed an eviction or disturbance of Tenant's use and possession of the Leased Premises or any part thereof or render Landlord liable under this Lease or entitle Tenant to any abatement of Annual Base Rent, unless such interruption is caused by the negligence, breach of this Lease by Landlord or other act or omission of Landlord.

6. **COMMON AREA:** The term "Common Area" means the entire area within the Property designed for common use or benefit of Landlord, tenants of Landlord, and customers, invitees, officers, agents and employees thereof, including, but not limited to, parking lots, landscaped areas, passages for trucks and automobiles, roads, walks, curbs, drainage ditches, corridors, cafeteria, together with facilities such as elevators, washrooms, drinking fountains, toilets, stairs, and ramps, with facilities appurtenant to each. Subject to reasonable, non-discriminatory rules and regulations to be promulgated by Landlord, the Common Area is hereby made available to Tenant and its employees, agents, customers, and invitees for their reasonable nonexclusive use in common with Landlord, other tenants, and their respective employees, agents, customers and invitees for the purpose for which constructed, provided that the Common Area shall at all times be subject to the exclusive control of Landlord in Landlord's sole discretion. Landlord shall have the right from time to time to increase, decrease, eliminate, create or otherwise change the areas, location and arrangement of any or all Common Area; to enter into, modify and terminate easements and other agreements pertaining to the use and maintenance of the Common Area; to restrict or discourage parking by non-customers, including tenants, their officers, agents, and employees; to construct improvements thereon, including free standing buildings; to establish

and change the level of parking surfaces; to change the arrangement of entrances, exits and approaches; to close temporarily or permanently any portions of the Common Area; and to do and perform such other acts in and to said areas and improvements as Landlord shall deem appropriate. No exhibit attached to this Lease nor any other materials provided by Landlord shall constitute a warranty or agreement as to the configuration of the Property or the occupancy, identity or location of tenants.

7. **SERVICES.** Landlord, pursuant to the terms of this Section, will furnish the following services for the normal use and occupancy of the Leased Premises for the Permitted Use, without further charge to the Tenant, including, without limitation: (i) electrical current for lighting, incidentals and normal office use for general use of the Building's tenants, (ii) heating and air conditioning in season during normal business hours, and (iii) water at those points of supply provided for general use of the Project's tenants at all times and on all days throughout the year. Landlord does not warrant that any utility or other services Landlord furnishes may not be interrupted or delayed, and, accordingly, except as set forth herein, Landlord shall not be responsible or liable for any interruption in such services unless due to the negligence, breach of this Lease by Landlord or other act or omission of Landlord, nor shall such interruption affect the continuation or validity of this Lease. Landlord shall use good faith efforts to restore, or cause the restoration of, any interruption in such services. Landlord shall have the exclusive right to select, and to change, the companies providing such services to the Building or the Leased Premises, and to purchase green or renewable energy. Any wiring, cabling or other equipment necessary to connect Tenant's telecommunications equipment shall be Tenant's responsibility, and shall be installed in a manner reasonably approved by Landlord.

8. **MAINTENANCE AND REPAIRS.** Landlord shall maintain the Building, the Common Areas, and any other improvements owned by Landlord located on the Property. If Tenant becomes aware of any condition that is Landlord's responsibility to repair, Tenant shall promptly notify Landlord of the condition. Tenant waives the provisions of any law, or any right Tenant may have under common law, permitting Tenant to make repairs at Landlord's expense or to withhold Rent or terminate this Lease based on any alleged failure of Landlord to make repairs.

9. **ADDITIONAL RENT:** All sums to be paid by Tenant to Landlord pursuant to the terms of this Lease, including any sums which Landlord elects to expend on behalf of Tenant in the event Tenant fails to fulfill its obligations under this Lease in a timely fashion, shall be and

hereby are deemed "Additional Rent" and all remedies available to Landlord because of Tenant's failure to timely pay Monthly Base Rent, including the right to dispossess Tenant of the Leased Premises, shall be available to Landlord should Tenant fail to timely pay to Landlord any Additional Rent.

10. **Intentionally Omitted.**

11. **INTEREST:** All sums owed by Tenant to Lessor, if not paid when due, will accrue interest at the rate of 1 1/2% per month, or the highest rate allowed by law, whichever is less, from the due date until paid in full. In the event Lessor gives written notice to Tenant of any sums which are past due, which written notice will not be given earlier than ten (10) days after the due date, then Tenant shall also pay to Lessor a service fee of \$50.00 for each such notice in addition to the amount due and accrued interest.

12. **NO OFFSET:** Annual Base Rent, Percentage Rent and all Additional Rent shall be paid without offset or deduction of any nature whatsoever. Tenant agrees that any claims against Landlord may be pursued only by an independent action against Landlord and that Tenant shall have no right to withhold rent under any circumstances.

13. **SECURITY INTEREST:** Tenant hereby grants to Landlord a security interest in all personal property and fixtures located in or on the Leased Premises to secure the payment of all sums from Tenant to Landlord pursuant to this Lease. This Lease shall serve as a security agreement in accordance with the terms of the Uniform Commercial Code, Minnesota statutes, and Tenant authorizes Landlord to file a Financing Statement to implement the terms of this section.

14. **Intentionally Omitted.**

15. **CONDITION OF LEASED PREMISES:** Tenant hereby accepts the Leased Premises in an "as is" condition unless otherwise set forth in the Addendum hereto. Tenant shall, at its own expense, keep the Leased Premises in neat and clean condition free from rubbish and debris. Tenant shall commit no waste or misuse thereof including wasteful use of Utilities. Tenant shall not overload electrical circuitry, damage or deface the Leased Premises or knowingly do or permit any act which may void or make voidable any insurance on the Leased Premises or the Property. Tenant shall permit no condition to exist upon the Leased Premises which would constitute a nuisance or violation of any Applicable Law, ordinance, or regulation, nor permit any illegal or unlawful acts to occur therein. Tenant shall keep exits free of impediments.

16. **RULES AND REGULATIONS:** Tenant shall comply with all Rules and Regulations established from time-to-time for the Leased Premises and the Property. The Rules and Regulations in force on the Effective Date are attached hereto as **Exhibit B**. Landlord reserves the right to change or issue new rules and regulations as necessary for the safe and efficient operation of the Building.

17. **SIGNS AND WINDOWS:** Tenant shall obtain Landlord's written approval, which may be withheld in Landlord's sole and absolute discretion, prior to erecting any signs on the exterior of the Leased Premises and/or inside the Leased Premises if said interior sign can be seen from the exterior of the Leased Premises or from the exterior of the building in which the Leased Premises is located. The location, style and size of any exterior signs shall be subject to Landlord's prior written approval. Tenant agrees to maintain such signs in first class condition and in compliance with all zoning and building codes, and all other Applicable Law throughout the Term and any extensions thereof. Any other provision in this Lease notwithstanding, Tenant shall indemnify and hold harmless Landlord from any and all liability for any loss of or damage or injury to any person (including death resulting therefrom) or property connected with or arising from any sign installed by or on behalf of Tenant or the rights granted Tenant herein. The obligations of Tenant herein shall survive the expiration or earlier termination of this Lease. Tenant shall not cover any window or obstruct the view from any window without first obtaining Landlord's written approval. Tenant's signage shall comply with the City of Duluth sign ordinance.

18. **LANDLORD'S RIGHT TO CURE DEFAULTS:** If Tenant defaults in the observance or performance of any of Tenant's covenants, agreements, or obligations hereunder, Landlord may, without limiting any other remedies which it may have by reason of such default, after giving Tenant at least ten (10) days advance notice of its intention to do so, cure the default, and charge the cost thereof, including reasonable attorneys' or other professional fees to Tenant together with interest thereon at the rate of one and one-half percent (1 1/2%) per month or the maximum rate allowed by law, whichever is less. Landlord may deduct any sums so expended from the Security Deposit or demand immediate payment from Tenant, or a combination of both. Nonpayment of Monthly Base Rent shall not be subject to this clause.

19. **NOTICE:** All notices and notifications required or permitted under this Lease to be sent from one party to the other shall be in writing and sent by overnight courier (e.g., Federal Express); or personally delivered with a signed receipt from an officer of the recipient; or by United

States certified mail, return receipt requested and postage prepaid; or by email with confirmed receipt to either party as follows:

Landlord: Duluth United LLC
c/o Walnut Services Inc.
30100 Telegraph Road, Suite 403
Bingham Farms, MI 48025
Attn: Reggie Brodersen
Email: reggie@walnut-inc.com

With a copy to: Titanium Partners, LLC
1330 East Superior St.
Suite 202
Duluth, MN 55805
Attn: Brian Forcier
Email: bforcier@titaniumpartnersllc.com

Tenant: ISD 709 Duluth Public Schools

Attn: _____
Email: _____

With a copy to: _____

Attn: _____
Email: _____

Either party may designate to the other in writing another place of notice.

20. **HOLDING OVER:** Should Tenant continue to occupy the Leased Premises or any part thereof after the expiration or termination of the Term or Option Term, if applicable, whether with or without the consent of Landlord, such tenancy shall be deemed to be a tenancy from month to month only, terminable by either party upon thirty (30) days advance written notice to the other, at a Monthly Base Rent of \$112,124.50 and all other terms of this Lease shall continue to apply to said tenancy.

21. **COMPLIANCE WITH THE LAW:** Tenant, at its sole expense, shall promptly comply with all Applicable Law during the Term and Option Term, if applicable.

22. **ASSIGNMENT:** Tenant may not assign or sublease any of its rights under this lease or any part of the Leased Premises or any interest in either thereof, without the prior written consent of Landlord, which Landlord may withhold at its sole discretion. No such assignment or subleasing, even if consented to by Landlord, shall relieve the Tenant from any of the Tenant's obligations in this Lease nor shall any assignment or transfer of this Lease be effective unless the assignee or sublessee shall, at the time of such assignment or transfer, assume in writing all the terms, covenants and conditions of this Lease to be performed by the Tenant and shall agree in writing to be bound thereby.

23. **ALTERATIONS:** Tenant shall not make any alterations, additions or changes in or on the Leased Premises (other than Minor Alterations) unless it first receives the written consent of the Landlord, which consent shall not be unreasonably withheld. All such alterations, additions or changes shall be at the sole cost and expense of Tenant. Consent shall not be deemed to be unreasonably withheld if the proposed alterations, additions or change would endanger the Leased Premises or the Property structurally or otherwise; would diminish the value thereof; would not be in compliance with applicable laws and ordinances or would violate the provisions of this Lease. Additionally, Landlord may withhold such consent until Tenant has furnished Landlord with a payment and performance bond with a surety satisfactory to Landlord guaranteeing the completion of such alterations, addition or change and payment of all costs thereof or with such other security for the payment of the costs thereof as may be satisfactory to Landlord in its sole discretion. In the event Tenant desires to make any alterations, additions or changes to the Leased Premises, plans and specifications for such alterations, additions or changes shall be prepared and submitted to Landlord for approval prior to any construction. All such alterations, additions or changes shall be at the sole cost and expense of Tenant, but shall become the property of Landlord upon completion. Any change orders, modifications in the original plans and specifications, work to be performed, material to be used or any change in the amount to be expended for any portion of the renovation/improvements shall first be approved by Landlord.

Tenant shall give Landlord written notice, at least fifteen (15) days prior to the commencement of any work (or additional time as may be necessary under applicable law) to afford Landlord the opportunity of posting and recording appropriate notices of non-responsibility. "Minor Alterations" do not require the prior written consent of Landlord and shall mean non-structural alterations that: (i) do not require a building permit; (ii) do not involve demolition of

improvements, (iii) do not affect utility services or Building systems, (iv) are not visible from outside the Leased Premises, (v) do not affect Landlord's insurance coverages for the Building, (vi) do not require other alterations, additions, or improvements to areas outside the Leased Premises, and (vii) the sum of (X) the "hard" construction cost of such Alteration, and (Y) the "hard" construction cost of any other Alterations performed during the immediately preceding period of twelve (12) months without Landlord's consent as contemplated by this Section 23, does not exceed \$20,000. Alterations that are decorative in nature and otherwise would qualify as Minor Alterations and are not permanently affixed to the Leased Premises, or which are removed by Tenant at the end of the lease without requiring more than routine patching and painting, may be made by Tenant and are in addition to the above Minor Alterations and are not included in the \$20,000 12 month limit.

Prior to the Commencement Date, Lessor agrees that Tenant shall be allowed reasonable access to the Premises during construction of the Initial Tenant Improvements to coordinate installation of the Initial Tenant Improvements. Such access shall be subject to all of the terms and conditions of the Lease (including, without limitation, the obligation to obtain and provide evidence of insurance and the payment of any Additional Rent) except that Tenant shall have no obligation for payment of Annual Base Rent prior to the Commencement Date. Lessor and Tenant shall cooperate in good faith with the scheduling and sequencing of Tenant's performance of the Initial Tenant Improvements with Lessor's performance of any work in the Premises or elsewhere in the Building ("Lessor Work") to minimize interference with the performance of the Initial Tenant Improvements and the and any such Lessor Work; provided, however, that Lessor's performance of the Lessor Work shall take priority in the event of a conflict over Tenant's performance of the Initial Tenant Improvements. Tenant shall use commercially reasonable efforts to perform the Initial Tenant Improvements in a manner to minimize to the extent reasonably practicable interference with Lessor's performance of the Lessor Work.

24. **MECHANICS' LIENS:** Tenant shall not suffer or permit any mechanic's liens to be filed against the Leased Premises or any part thereof or against the Property by reason of work, labor, services or materials supplied or claimed to have been supplied to the Tenant or anyone holding the Leased Premises or any part thereof through or under the Tenant. If any such lien shall at any time be filed against the Property, the Tenant shall cause the same to be discharged of record within fifteen (15) days after the date of filing the same. If the Tenant shall fail to discharge such

lien within such period, then in addition to any other right or remedy it may have Landlord 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 or by giving security or in such other manner as is, or may be prescribed by law. Any amount paid by the Landlord for any of the aforesaid purposes, shall be repaid by the Tenant to the Landlord on demand, together with interest at the rate of one and one-half percent (1 ½%) per month or the maximum allowed by law, whichever is less, until repaid. Any sum due to Landlord from Tenant hereunder shall be treated as Additional Rent. Nothing herein contained shall imply any consent or agreement on the part of the Landlord to subject the Landlord's estate to liability under any mechanic's lien law.

In lieu of discharging any such lien as provided above, Tenant may deposit with Landlord a certificate of deposit issued by a bank or other security acceptable to Landlord in its sole discretion, in an amount equal to one hundred fifty percent (150%) of the sum of the amount claimed due on such lien, plus attorney's fees, interest and other sums claimed due therewith. Tenant shall be entitled to all dividends and interest accruing on said deposit. Tenant shall diligently defend against any such lien claim. In the event that any such lien shall be established by agreement between Tenant and the Lienor, or by legal adjudication, Landlord shall be entitled to use so much of the deposit as is necessary to: (a) pay legal counsel hired by Lessor in Lessor's sole discretion to defend Lessor's interests; (b) pursue an action by Lessor under Minnesota Statutes section 514.10 to remove such lien(s), including payment for the cost of a bond as may be required by the court; and/or (c) pay off and discharge such lien, returning any excess to Tenant.

25. **CONDEMNATION:** If during the Term or the Option Term, if applicable, the entire Leased Premises shall be taken as a result of the power of eminent domain, condemnation proceedings or other like proceedings (hereinafter referred to as the "Proceedings") this Lease and all right, title and interest of the Tenant hereunder shall cease and come to an end on the date of taking of possession pursuant to such Proceedings.

If, during the Term or Option Term, if applicable, a portion of but less than the entire Leased Premises shall be taken by such Proceedings, this Lease shall, upon taking of possession pursuant to the Proceedings, terminate as to the portion of the Leased Premises so taken and the Landlord may terminate this Lease as to the remainder of the Leased Premises. Such termination as to the remainder of the Leased Premises shall be effected by a notice to Tenant in writing given not more than sixty (60) days after the date of taking of possession pursuant to such Proceedings,

and shall specify a date not more than sixty (60) days after the giving of such notice as the date of such termination. Upon the date specified in such notice, the Term or Option Term, as the case may be, and all right, title and interest of Tenant hereunder shall cease and come to an end and Tenant shall have no further obligations under this Lease. If Landlord elects not to terminate the lease, said Lease shall continue in full force and effect but the Monthly Base Rent shall be equitably reduced.

Tenant shall be entitled to any part of any award due to it for its damages, if any, made in any Proceedings on account of any taking of the Leased Premises or any part thereof or of the building and to any part of any payment for its damages made in connection with any sale made under threat of condemnation. Tenant shall also, at all times be entitled to maintain any action for and recover any awards for taking of its personal property, its moving expenses or damage to its business. In the event Landlord elects not to terminate this Lease, then Landlord shall repair, reconstruct or restore the remainder of the Leased Premises to its condition immediately prior to such taking, provided, however, that Landlord shall not be obligated to expend more for such repair, reconstruction or restoration than the net amount of any funds received from such condemnation.

26. **DESTRUCTION OF PREMISES:** In the event that the Leased Premises, or any portions thereof, or the Building in which the Leased Premises is located, is damaged or destroyed by fire or other casualty covered by insurance maintained as provided in this Lease, however, or by whomever caused, Landlord agrees to repair, rebuild and restore the Leased Premises to the same good order and condition as existed prior to damage or destruction. The foregoing or anything else herein contained notwithstanding, in performing any such repair, rebuilding or restoration, Landlord shall never be required to expend more than the insurance proceeds available for such purposes. In the event the costs of any such repair, restoration or rebuilding exceed the amount of insurance proceeds available from policies of insurance maintained, and the damage or destruction was caused by the willful or negligent act of Tenant or any person or entity for whose acts or negligence Tenant was responsible, then Tenant shall pay the excess cost of such repair, restoration or rebuilding. If such damage renders the entire Leased Premises unfit for Tenant's normal business purposes, and the Tenant by reason thereof discontinues business in the Leased Premises, then, provided that such damage was not caused by the willful or negligent act of Tenant or any person or entity for whose acts or negligence Tenant is responsible, Monthly Base rent payable by Tenant

hereunder shall be abated for period during which Tenant is unable to operate its business. If such damages renders only part of the Leased Premises unfit for Tenant's normal business purposes, Monthly Base Rent shall be apportioned on the ratio that the area rendered unfit bears to the entire area of the Leased Premises and the proportion thereof applicable to each part of the Leased Premises upon which Tenant discontinues its business operations shall be abated for the period during which such part is not fit for Tenant's normal business purposes and during which Tenant discontinues such business operations.

Notwithstanding any of the above to the contrary, Landlord may elect not to rebuild the Leased Premises, in which event it shall notify Tenant within sixty (60) days of its said intent and shall forthwith terminate the Leased effective thirty (30) days following said notice, and thereafter neither party shall have any obligation to the other as a result of this Lease.

27. **ESTOPPEL CERTIFICATE:** Tenant agrees, at any time and from time to time upon not less than ten (10) days prior notice by Landlord, to execute, acknowledge and deliver to Landlord or to any other person or entity requested by Landlord, a statement in writing certifying that this Lease is unmodified and in full force and effect (or if there shall have been modifications, that this Lease is in full force and effect as modified and stating the modifications), the date to which the rent has been paid in advance, if any, whether or not (to the best knowledge of Tenant) Landlord is in default on the performance of any covenant, agreement or condition contained in this lease and, if so, specifying each such default of which Tenant may have knowledge, and such other or further information as may be requested by any prospective purchaser or lender with respect to the Leased Premises, it being intended that any such statement delivered pursuant to this Section may be relied upon by any prospective purchaser of the Leased Premises, assignee of Landlord's interest in this Lease or any mortgagee of the Leased Premises or any assignee of any mortgage.

28. **INDEMNITY:** Tenant agrees to indemnify and save harmless Landlord from and against any and all claims, liabilities, losses, damages, causes of action or expenses (including without limitation reasonable attorneys' fees) of whatsoever kind of nature imposed on or incurred by or asserted against Landlord and in any way relating to or arising out of: (a) the possession, use or condition of the Leased Premises or any part thereof or any occurrence thereon; (b) the conduct or management of any work or thing whatsoever done in or about the Leased Premises; or (c) from any intentional or negligent act or omission of Tenant or any person for whose acts or omissions

Tenant is responsible. However, Tenant's indemnity obligation does not apply if any claims, liabilities, losses, damages, causes of action or expenses (including without limitation reasonable attorneys' fees) arise in whole or in part from Landlord's negligence or breach of this Lease by Landlord or other acts or omissions of Landlord.

29. **RIGHT OF ENTRY:** Landlord shall have the right, at all reasonable times, to enter and inspect the Leased Premises and to perform any repairs which are deemed by Landlord to be reasonably necessary for the protection and maintenance of the Leased Premises if Tenant fails to make such repairs. Any sums expended by Landlord in making any such repair shall be Additional Rent and will be due and payable to Landlord by Tenant immediately upon demand by Landlord. During the last six (6) months of the Term or Option Term, as applicable, Landlord may show the Leased Premises for rent and display any signs it deems necessary therefore. Landlord shall have the right, at any time, to enter the Leased Premises to show it to a prospective buyer or mortgagee. Notwithstanding anything to the contrary set forth in this Section 29, Landlord and Tenant acknowledge and agree that Landlord may need access through that certain portion of the Premises as depicted on Exhibit A attached hereto (the "Landlord Access Area") to certain utility rooms service the Building (collectively, the "Utility Rooms"). The Utility Rooms contain certain electrical telecommunications equipment required for the efficient operation of the Building. Landlord (but not other tenants or occupants of the Building) shall have access to the Utility Rooms through the Landlord Access Area on an as needed reasonable basis. Except in the event of an emergency, Landlord shall provide Tenant no less than one (1) business day prior notice of such need for access (which may be via email).

30. **DEFAULT:** If, during the Term or Option Term, if exercised, (a) the Tenant shall make an assignment for the benefit of creditors, or (b) a voluntary or involuntary petition be filed by or against tenant under the Bankruptcy Act of the United States or any state or federal statute similar thereto, and the same is not dismissed within sixty (60) days, or the Tenant be adjudged insolvent or a bankrupt pursuant to an involuntary petition, or (c) a receiver or trustee be appointed for the property of the Tenant or (d) any department of the state or federal government, or any officer thereof duly authorized, shall take possession of the business or property of the Tenant, or (e) if, under the Bankruptcy Act, Tenant continues in possession without the appointment of a receiver or trustee, then the occurrence of any such event shall be deemed a breach of the Lease. This Lease shall ipso facto upon the happening of any of said contingencies, be at the option of

the Landlord, terminated and the same shall expire as fully and completely as if the day of the happening of such contingency were the date herein specifically fixed for the expiration of the initial term or any renewal term, and the Lessee will then quit and surrender the Leased Premises.

If the Tenant shall fail to pay when due any Annual Base Rent or any other sum reserved to Landlord hereunder, or any part of the same; or if Tenant shall fail to perform any non-monetary duty, obligation or requirement and such default shall continue for fifteen (15) days after written notice thereof by the Landlord, or, if such non-monetary default is of a nature as to reasonably require more than fifteen (15) days to cure and Tenant does not diligently pursue such cure or if there are two (2) or more defaults by Tenants pursuant to this Section 30 during any Lease Year, then any and all of the same shall be an event of default. Upon the occurrence of an event of default, the Landlord or the Landlord's agents and servants, in addition to any other remedy or remedies available to Landlord at law, in equity or hereunder, may immediately or at any time thereafter re-enter the Leased Premises and remove all persons and all or any property therefrom either by summary dispossession proceedings or by any suitable action or proceeding at law, and repossess and enjoy said Leased Premises together with all additions, alterations and improvements, and terminate this Lease and Tenant shall remain fully liable hereunder for all rent and other payments and performances hereunder during the balance of the Term or the Option Term, if applicable. In the event that the Term or Option Term, if applicable, shall terminate as provided herein before the expiration date originally fixed, or in the event Tenant is dispossessed or removed from the Leased Premises by summary proceedings or otherwise (other than taking under power of eminent domain), Landlord, at its option, may elect from time to time to rent the Leased Premises or any part thereof in its own name, or for account of Tenant for the residue of the Term or for a longer period of which said residue is a part, or for a shorter period or periods, at such rentals and upon such terms as Landlord deems best, and may receive rents therefore applying any monies collected for the residue of such term, first to the payment of such reasonable expenses to which Landlord may have been put to obtain possession and re-rent the Leased Premises and, second, the balance of the net amount of this Lease. In the event of a reletting of the Leased Premises, Tenant agrees to pay Landlord as damages for such breach (notwithstanding any entry or re-entry by Landlord, whether by summary proceedings, termination or otherwise) any excess of amounts payable as rent which under the terms of this Lease would become due if this Lease had not been terminated, over the net amount of the rents which shall be collected and

received by Landlord as provided above for the Leased Premises during the residue of such term. Such damages shall be paid in equal monthly payments on the rent payment dates provided by the Lease as the amount of such excess shall from time to time be ascertained.

No right or remedy herein conferred upon or reserved to Landlord is intended to be exclusive of any rights or remedy, and each and every right and remedy shall be cumulative and in addition to any other right or remedy given hereunder whether now or hereafter existing at law or in equity or by statute.

The failure of the Landlord to insist in any one or more cases upon the strict performance of any of the covenants of this Lease or to exercise any option herein contained shall not be construed as a waiver or a relinquishment for the future of such covenant or option. In addition to the other remedies in this Lease provided, the Landlord shall be entitled to the restraint by injunction of the violation, or attempted or threatened violation of the covenants, conditions or provisions of this Lease.

In the event Tenant cures any default within the time specified above, this Lease shall be reinstated with the same force and effect as if no default had occurred.

If Landlord or any of its officers, directors, trustees, beneficiaries, agents, affiliates or employees shall be made a party to any litigation commenced by or against Tenant and are not found to be at fault, Tenant shall pay all costs, expenses and reasonable attorneys' fees incurred by Landlord or any such party in connection with such litigation. Tenant shall also pay all costs, expenses and reasonable attorneys' fees that may be incurred by Landlord in successfully enforcing this Lease.

If Landlord commences any detainer suit, summary proceedings or other action seeking possession of the Leased Premises, Tenant agrees not to interpose any counterclaim, claim for set-off, recoupment or deduction of rent, or other claim seeking affirmative relief of any kind, whether by consolidating actions or otherwise except compulsory counterclaim which Tenant would forfeit if not so interposed.

31. **SUBORDINATION:** This Lease shall at the option of Landlord either be subject and subordinate or prior and superior to any mortgage that now or may hereafter encumber the Leased Premises and to any renewal, modification, consolidation, replacement, and extension of any such mortgage. Within five (5) business days after receipt thereof, Tenant shall sign any instrument subordinating or acknowledging the priority of the interest of Tenant under this Lease

to the lien of such mortgage as Landlord or the mortgagee may at any time desire, and Tenant shall duly comply with all of the provisions of any mortgage affecting the Leased Premises, except the payment of interest and principal there under, provided and on condition that the mortgagee shall recognize the validity of this Lease and shall not interfere with Tenant's occupancy and possession so long as Tenant is not in default of any of its obligations hereunder. Tenant also agrees to execute a short form of this Lease if so requested by Landlord. Any costs of recording said short form lease shall be the responsibility of Landlord.

32. **QUIET ENJOYMENT:** If Tenant pays the rents and other amounts herein provided and observes and performs all covenants, terms and conditions, Tenant shall peaceably and quietly hold and enjoy the Leased Premises for the Term or Option Term, if applicable, without interruption by Landlord or any person or persons claiming by, through or under Lessor, subject, nevertheless, to the terms and conditions of this Lease.

At the termination of this Lease, by lapse of time or otherwise, Tenant shall return the Leased Premises in as good condition as when Tenant took possession excepting only ordinary wear and/or tear and damage or destruction which is covered by insurance.

33. **ENTIRE AGREEMENT:** This Lease 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 Lease in whole or in part unless such agreement is in writing and signed by the party against whom enforcement of the change, modification, discharge or abandonment is sought.

34. **MISCELLANEOUS:** The headings incorporated in this Lease are for convenience in reference only and are not a part of this Lease and do not in any way limit or add to the terms and provisions hereof.

Nothing contained in this Lease shall be deemed or construed as creating a partnership or joint venture between Landlord and Tenant or between Landlord and any other party, or cause Landlord to be in any way responsible for the debts or obligations of Tenant or anyone occupying all or part of the Leased Premises.

It is understood that there are no oral agreements between the parties hereto, and this Lease supersedes and cancels any and all previous negotiations, arrangements, agreements and understandings, if any, between the parties hereto.

Any fee due or allegedly due any broker or agent shall be paid by the party who initially retained said broker or agent unless agreed to otherwise in writing signed by all parties hereto.

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.

Landlord and Tenant both agree and acknowledge that they have read this Lease and reviewed it with their respective legal counsel and, as such, there shall be no presumption of construction for or against either party.

35. **FORCE MAJEURE:** Whenever a day is appointed herein on which, or a period of time is appointed within which, either party hereto is required to do or complete an act, matter or thing, the time shall be extended by a period of time equal to the number of days on or during which such party is prevented from, or is unreasonably interfered with, the doing or completion of such act, matter or thing because of strikes, lock-outs, embargoes, unavailability of labor or materials, wars, insurrections, rebellions, declaration of national emergencies, acts of God, declaration of State of Minnesota emergencies, pandemics or other causes beyond such party's reasonable control (financial inability excepted); provided, however, nothing contained in this Article shall excuse the Tenant from the prompt payment of any rent or other charge required hereunder except as may be expressly provided elsewhere in this Lease.

36. **ATTORNTMENT AND NON-DISTURBANCE:** If the Leased Premises is encumbered by a mortgage and the mortgage is foreclosed, or if the Leased Premises is sold pursuant to foreclosure or by reason of a default under a mortgage, the following shall apply notwithstanding the foreclosure, the sale or the default: (a) Tenant shall not disaffirm this Lease or any of its obligations under this Lease; and (b) at the request of the applicable mortgagee or purchaser at the foreclosure sale, Tenant shall attorn to the mortgagee or purchaser, provided that such mortgagee or purchaser agree not to terminate this Lease so long as Tenant shall continue to perform all of its obligations hereunder and pay all amounts due.

37. **WAIVER OF SUBROGATION:** Landlord and Tenant hereby release each other from all claims, liability or responsibility for loss or damage to property covered by valid and collectible insurance, unless this waiver is prohibited by such insurance. This release applies not only to liability and responsibility of the parties to each other, but shall also extend to liability and responsibility for anyone claiming through or under the parties by way of subrogation or otherwise.

This release shall not apply to loss or damage unless the loss or damage occurs during the times the fire or extended coverage insurance policy contains a clause or endorsement to the effect that any release shall not adversely affect or impair the policies or prejudice the right of the party to recover hereunder. The parties hereto agree that any policies covering the Leased Premises or its contents shall include this clause or endorsement.

38. **ENVIRONMENTAL MATTERS:** Tenant agrees that it will not transport, store, use, generate, treat and/or dispose of any toxic or hazardous substance in or on the Leased Premises or the Building. Tenant will immediately comply with all environmental laws, rules, regulations or ordinances, and will promptly notify Landlord in connection therewith of any enforcement, cleanup or other regulatory action taken or threatened by any governmental or regulatory authority; and demands or claims made or threatened by any party relating to any loss or injury; any release, discharge or nonroutine, improper or unlawful disposal or transportation of any toxic or hazardous substances on or from the Leased Premises or Building.

Tenant will absolutely indemnify, defend and hold Landlord harmless from any loss, damage, cost, expense (including attorney fees) arising out of or in any manner related to any toxic or hazardous substance in or about the Leased Premises, or any environmental law, rule, regulation or ordinance applicable thereto, but this obligation of Tenant does not apply to any toxic or hazardous substance or violation of law, rule or regulation or ordinance which existed before Tenant's occupancy.

For the purposes of this lease the term "toxic or hazardous substances" shall mean any chemical, substance, material or waste or component thereof which is now or hereafter listed, defined or regulated as a hazardous or toxic chemical, substance, material or waste or component thereof by any federal, state or local governing or regulatory body have jurisdiction, or which would trigger any employee or community "right-to-know" requirements adopted by any such body, or for which any such body has adopted any requirements for the preparation of any material safety data sheet or the like.

Tenant shall immediately comply with all recycling, sanitation and/or health laws, ordinances, rules and regulations imposed by any federal, state or local governing or regulatory body or by Landlord in fulfillment of any such law, ordinance, rule or regulation.

39. **PEST CONTROL:** If requested by Landlord, Tenant shall use, at Tenant's sole cost and expense, such pest and rodent extermination contractor as Landlord may direct and at such intervals as Landlord may require.

[end of text; signature page follows]

IN WITNESS WHEREOF, the parties have executed this Lease the day and year first above written.

LANDLORD:

DULUTH UNITED LLC

By: Robert Hess
Its: Managing Member

TENANT:

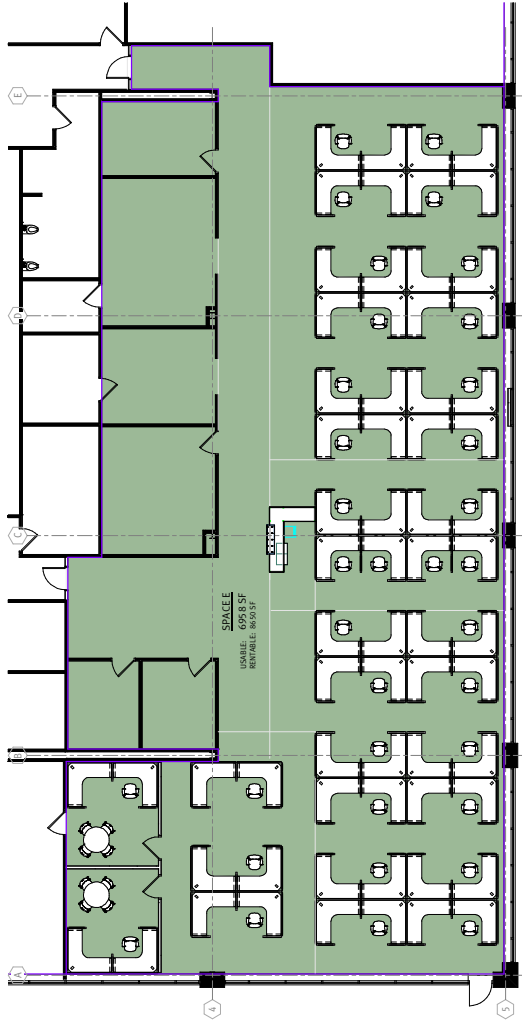
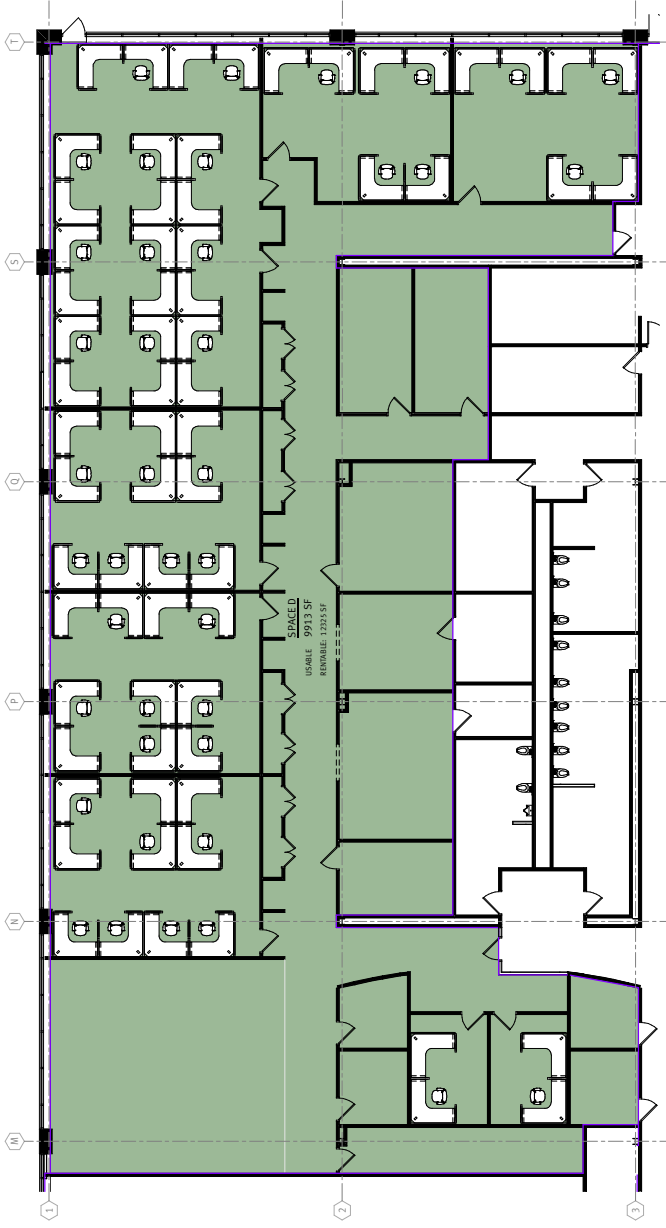
ISD 709 DULUTH PUBLIC SCHOOLS

By: _____
Its: _____

EXHIBIT "A"
LEASED PREMISES

(see attached)

EXHIBIT "A" LEASED SPACE ISD 709 - UNITED



LEASE SPACE D
118' x 110'

LEASE SPACE E
118' x 110'

EXHIBIT "B"

RULES AND REGULATIONS

1. All signs, displays, advertisements, and notices of Tenant so approved by Landlord shall be maintained by Tenant in good and attractive condition at Tenant's expense and risk.
2. No awning or other projections shall be attached to the outside walls of the Leased Premises or the building of which they form a part without, in each instance, the prior written consent of Landlord.
3. All loading and unloading of goods shall be done only at such times, in the areas and through the entrances designated for such purpose by Landlord.
4. All garbage and refuse shall be kept in the kind of container in accordance with law and as specified by Landlord, and shall be placed outside of the Leased Premises, prepared for collection in the manner and at the times and places specified by Landlord. If Landlord shall provide or designate a service for picking up refuse and garbage, tenant shall use the same at Tenant's cost, provided such cost shall be competitive to any similar service available to Tenant.
5. No radio or television transmitters or other similar transmitting device shall be installed without, in each instance, Landlord's consent in writing. No aerial shall be erected on the roof or exterior walls of the Leased Premises, or on the grounds without, in each instance, the prior written consent of Landlord. Any aerial so installed without such written consent shall be subject to removal without notice at any time. This paragraph does not apply to wifi or similar transmissions which do not interfere with the operations of Landlord or any other tenants.
6. No loud speakers, television sets, radios or other devices shall be used in a manner so as to be heard or seen outside of the Leased Premises without the prior written consent of Landlord.
7. No auction, fire bankruptcy or selling-out sales shall be conducted on or about the Leased Premises without the prior written consent of Landlord.
8. Tenant shall keep the Leased Premises at a temperature sufficiently high to prevent freezing of water in pipes and fixtures.
9. The outside areas immediately adjoining the Leased Premises shall be kept clean by Tenant and Tenant shall not place or permit any obstructions in such areas.
10. Tenant and Tenant's employees shall park their cars only in the parking lot adjacent to the Building which is shared on a first come first serve basis with the other Building tenants, designated for that purpose by Landlord. Tenant shall endeavor to furnish Landlord the State automobile license number assigned to Tenant's car or cars and the cars of Tenant's

employees within 5 days after taking possession of the Leased Premises and shall thereafter endeavor to notify Landlord of any changes within 5 days after such changes occur.

11. Tenant shall use at Tenant's cost such pest extermination contractors as Landlord may direct and at such intervals as Landlord may require, provided the cost thereof is competitive to any similar service available to Tenant.
12. Tenant shall not make or permit any noise or odor which Landlord deems objectionable to emanate from the Leased Premises.