ROSEVILLE

REQUEST FOR COUNCIL ACTION

Date: June 20, 2023
Item No.: 10.g

Department Approval | City Manager Approval

Item Description: Approve Lease Amendment for Public Works Leased Space

BACKGROUND

Since February 2016, the City of Roseville has been leasing additional storage space from 2277 Roseville West, LLC. The latest lease was signed December 1, 2018. This property at 2277 Highway 36 West is used by the City to store vehicles, equipment and other miscellaneous materials that do not have storage space available at the maintenance facility. Many of the items are rotated seasonally such as street sweepers or plow equipment.

The current lease expires on December 31, 2023. Staff negotiated with the current owner to extend the lease for three more years with two one-year options. This will give the City options in the future should funding for a new maintenance facility be approved in 2024.

The proposed amendment sets new monthly base rates. The base rates increase each year by $0.25 per sq/ft which equates to just under 3% annually. This is consistent with the rate increases under the current lease agreement.

The City Attorney has reviewed the amendment.

POLICY OBJECTIVE

It is City policy to keep City-owned infrastructure in good operating condition and to keep systems operating in a safe condition.

BUDGET IMPLICATIONS

Under the current lease agreement, the City's 2023 rate is $60,183.72 annually or $5,015.31 monthly which equates to $8.25/SF/month rate. Based on the existing lease, the monthly square foot lease rate increased $0.25/SF annually for the last 4 years. Under the proposed amendment, the annual increase would remain the same at $0.25/SF which equates to just under 3% annually.

The lease costs are split equally between the water, sanitary sewer and storm sewer funds.

RACIAL EQUITY IMPACT SUMMARY

There should be no equity impacts associated with this agreement.

STAFF RECOMMENDATION

Staff recommends the City Council approve Amendment to Lease Agreement with 2277 Roseville West, LLC.

REQUESTED COUNCIL ACTION

Motion to approve Amendment to Lease Agreement with 2277 Roseville West, LLC.

Prepared by: Jesse Freihammer, Public Works Director
Attachments: A: Amendment to Lease Agreement
B: Existing Lease Agreement

Amendment to Lease Agreement

This is the First amendment to the Lease agreement made and entered into as of this **1st** day of **June, 2023** by and between 2277 Roseville West, LLC sometimes herein after called "Landlord" and City of Roseville sometimes herein after called the "Tenant", who have heretofore entered into that certain lease agreement that commenced on December 1, 2018 for property commonly known as Roseville West, at 2277 Highway 36 West, Warehouse/Garage A in the City of Roseville, State of Minnesota.

WITNESSETH:

Whereas, Landlord and Tenant desire to amend the lease agreement and the Landlord and Tenant mutually agree as follows:

1. The lease agreement, and this amendment thereto may hereinafter be referred to collectively as the "Agreement". Any term not defined herein shall have the definition set forth in the original lease agreement commended on December 1, 2018.

2. **Term:** The term of this lease is extended for a period of three (3) years from the current expiration date of December 31, 2023. The new expiration date of this lease shall be December 31, 2026.

3. **Base Rent for Extension Period:** The Base Rent during the extended period shall be:

Period	Annually	Monthly	Per Sq Ft
January 1, 2024 to December 31, 2024	$62,007.48	$5,167.29	$8.50
January 1, 2025 to December 31, 2025	$63,831.24	$5,319.27	$8.75
January 1, 2026 to December 31, 2026	$65,655.00	$5,471.25	$9.00

4. **Renewal Option:** Tenant will have the two (2) one (1) years options to renew the lease. Tenant will need to give written notice to Landlord of its intent to exercise each one year renewal option at least six (6) months prior the expiration of the Lease. The Base Rent for each renewal period shall be as follows if exercised:

Period	Annually	Monthly	Per Sq Ft
January 1, 2027 to December 31, 2027	$67,478.76	$5,623.23	$9.25
January 1, 2028 to December 31, 2028	$69,302.52	$5,775.21	$9.50

(signature page to follow)

As specifically amended herein, the Agreements are hereby confirmed in their entirety and shall remain in full force and effect.

IN WITNESS WHERE OF, the parties hereto have executed this Agreement the date and year first above written.

LANDLORD:
2277 Roseville West, LLC

By: ________________________________
Mark A. Saliterman, Chief Manager

Date: ______________________________

TENANT:
City of Roseville

By: ______________________________________
Patrick Trudgeon, City Manager

Date: ____________________________________

By: ______________________________________
Dan Roe, Mayor

Date: ____________________________________

LEASE AGREEMENT

Between

2277 ROSEVILLE WEST, LLC

Landlord

And

City of Roseville

Tenant

Warehouse/Garage A, consisting of 7,295 sq ft

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LEASE AGREEMENT

THIS LEASE AGREEMENT (this "Lease"), dated ____________, 2018, is made by and between 2277 ROSEVILLE WEST, LLC, a Minnesota limited liability company, (collectively "Landlord"), and City of Roseville ("Tenant"), a Minnesota municipal corporation, whose address for the purpose of this Lease shall be 2660 Civic Center Drive, Roseville, Minnesota, 55113.

IT IS AGREED AS FOLLOWS:

1. DEMISE. Landlord does hereby lease to Tenant and Tenant hereby rents the premises described as: Garage A consisting of approximately 7,295 square feet located at 2277 Highway 36 West, in Roseville, Minnesota (the "Building"), which, more particularly, includes the space shown on the site plan attached hereto as Exhibit A and made a part hereof (the "Premises").

2. TERM. Commencing on December 1, 2018, and continue until December 31, 2023.

3. RENT.

(A) Gross Rent. Tenant shall pay for the use and occupancy of the Premises a gross rental ("Rent"), payable in equal monthly installments, due on the first day of each month, in advance and without demand, during the Lease Term. Gross Rent payable by Tenant during the Lease Term shall be paid at the following annual rates below, and in the corresponding monthly amounts:

	Annually	Monthly	per sq ft
December 1, 2018 to December 31, 2018		$4,407.40	($7.25)
January 1, 2019 to December 31, 2019	$52,888.80	$4,407.40	($7.25)
January 1, 2020 to December 31, 2020	$54,712.56	$4,559.38	($7.50)
January 1, 2021 to December 31, 2021	$56,536.20	$4,711.35	($7.75)
January 1, 2022 to December 31, 2022	$58,359.96	$4,863.33	($8.00)
January 1, 2023 to December 31, 2023	$60,183.72	$5,015.31	($8.25)

The monthly installment of Base Rent payable for any period during the Lease Term hereof which is less than one (1) month shall be a pro-rata portion of the monthly installment. Base Rent shall be payable in lawful money of the United States to Landlord at the address stated herein or to such other persons or at such other places as Landlord may designate in writing.

(A) Place of Payment. All Base Rent and Additional Rent (hereinafter defined, collectively "Rent") shall be paid to Landlord at the following address or at such place as Landlord may designate from time to time, in writing addressed to Tenant:

2277 Roseville West, LLC
4301 Highway 7, Suite 100
St. Louis Park, MN 55416

(B) Late Charge. Tenant hereby acknowledges that late payment by Tenant of Rent or other sums due thereunder will cause Landlord to incur costs not contemplated by this Lease. Therefore, if any installment of Rent or any other sum due from Tenant shall not be received by Landlord within ten (10) days after such amount is due, Tenant shall pay to Landlord with the payment of such installment or other sum a late charge of six percent (6%).

(C) Security Deposit. NONE

4. OPTION TO CANCEL LEASE – After December 31, 2021, Tenant shall have the option to cancel this lease by giving six (6) months written notice to the Landlord. The lease will then terminate on the last day of the sixth month following the written notice.

5. Intentionally Left Blank

6. PERMITTED USE. Tenant covenants that the Premises will be used solely for Warehouse and Storage of Vehicles and Equipment and for no other use or purpose (the "Permitted Use"). Tenant further covenants that the Premises will not be used or occupied for any unlawful purposes. Tenant agrees to and shall use the Premises solely for the purpose of conducting the Permitted Use and for no other business or purpose.

7. OPERATING EXPENSES - Intentionally Left Blank

8. ADDITIONAL RENT - Intentionally Left Blank

9. SORTING AND SEPARATION OF REFUSE AND TRASH. - Intentionally Left Blank

10. HAZARDOUS WASTE. The term "Hazardous Substances," as used in this Lease shall mean pollutants, contaminants, toxic or hazardous wastes, or any other substances, the use and/or the removal of which is required or the use of which is restricted, prohibited or penalized by any "Environmental Law," which term shall mean any federal, state or local law, ordinance or other statute of a governmental or quasi-governmental authority relating to pollution or protection of the environment. Tenant hereby agrees that: (A) no activity will be conducted on the Premises that will produce any Hazardous Substance, except for such activities that are part of the ordinary course of Tenant's business activities (the "Permitted Activities") provided said Permitted Activities are conducted in accordance with all Environmental Laws and have been approved in advance in writing by Landlord; Tenant shall be responsible for obtaining any required permits and paying any fees and providing any testing required by any governmental agency; (B) the Premises will not be used in any manner for the storage of any Hazardous Substances except for the temporary storage of such materials that are used in the ordinary course of Tenant's business (the "Permitted Materials") provided such Pem1itted Materials are properly stored in a manner and location meeting all Environmental Laws and approved in advance in writing by Landlord; Tenant shall be responsible for obtaining any required permits and paying any fees and providing any testing required by any governmental agency; (C) no portion of the Premises will be used as a landfill or a dump; (D) Tenant will not install any underground tanks of any type; (E) Tenant will not allow any surface or subsurface conditions to exist or come into existence that constitute, or with the passage of time may constitute a public or private nuisance; and (F) Tenant will not permit any Hazardous Substances to be brought onto the Premises, except for the Permitted Materials, and if so brought or found located thereon, the same shall be immediately removed, with proper disposal, and all required cleanup procedures shall be diligently undertaken pursuant to all Environmental Laws. Landlord or Landlord's representative shall have the right but not the obligation to enter the Premises upon notice to Tenant for the purpose of inspecting the storage, use and disposal of Permitted Materials to ensure compliance with all Environmental Laws. Should it be determined, in Landlord's sole opinion, that the Permitted Materials are being improperly stored, used, or disposed of, then Tenant shall immediately take such corrective action as requested by Landlord. Should Tenant fail to take such corrective action within 24 hours, Landlord shall have the right to perform such work and

Tenant shall promptly reimburse Landlord for any and all reasonable costs associated with said work. If at any time during or after the Lease Term, the Premises are found to be so contaminated or subject to said conditions due to Tenant's acts or omissions under this Paragraph 10, Tenant shall diligently institute proper and thorough cleanup procedures at Tenant's sole cost, and Tenant agrees to indemnify, defend and hold harmless Landlord, its lenders, any managing agents and leasing agents of the Premises, and their respective agents, partners, officers, directors and employees, from all third-patty claims, demands, actions, liabilities, costs, expenses, damages (actual or punitive) and obligations of any nature arising from or as a result of the acts or omissions of use of the Premises by Tenant as set forth in this Paragraph 10. The foregoing indemnification and the responsibilities of Tenant shall survive the termination or expiration of this Lease.

During the Lease Term, Tenant shall promptly provide Landlord with copies of all summons, citations, directives, information inquiries or requests, notices of potential responsibility, notices of violation or deficiency, orders or decrees, claims, complaints, investigations, judgments, letters, notice of environmental liens, and other communications, written or oral, actual or threatened, from the United States Environmental Protection Agency, Occupational Safety and Health Administration, the State of Minnesota Environmental Protection Agency or other federal, state or local agency or authority, or any other entity or individual, concerning: (i) any Hazardous Substance and the Premises; (ii) the imposition of any lien on the Premises; or (iii) any alleged violation of or responsibility under any Environmental Law as it relates to the Premises.

11. INSURANCE.

A. All insurance required to be carried by Tenant hereunder shall be issued by responsible insurance companies acceptable to Landlord and Landlord's lender and qualified to do business in the State. Each policy shall name Landlord, and any mortgagee of Landlord, as an additional insured. Each policy shall contain: a) a cross-liability endorsement; b) a provision that such policy shall be primary and non-contributing with respect to any policies carried by Landlord and that any coverage carried by Landlord shall be excess insurance; and c) a waiver by the insurer of any right of subrogation against Landlord, its agents, employees and representatives, which arises under such policy or by reason of any act or omission of Landlord, its agents, employees or representatives. A certificate of the insurer evidencing the existence and amount of each insurance policy required hereunder shall be delivered to Landlord before the date Tenant is first given the right of possession of the Premises, and thereafter within thirty (30) days after any demand by Landlord therefor. No such policy shall be cancelable, except after twenty (20) days written notice to Landlord and Landlord's lender. Tenant shall furnish Landlord with renewals or "binders" of any such policy at least ten (10) days prior to the expiration thereof. Tenant agrees that if Tenant does not take out and maintain such insurance, Landlord may (but shall not be required to) procure insurance on Tenant's behalf and charge the Tenant the premiums together with a twenty-five percent (25%) handling charge, payable upon demand. Tenant shall have the right to provide such insurance coverage pursuant to blanket policies, provided such blanket policies expressly afford coverage to the Premises, Landlord, Landlord's mortgagee and Tenant as required by this Lease.

B. Beginning on the date Tenant is given access to the Premises for any purpose and continuing until expiration of the Term, Tenant shall maintain in effect policies of casualty insurance covering: a) fire and extended coverage insurance, including protection against vandalism and malicious mischief, plus "all-risk" endorsements insuring all Leasehold Improvements (including any alterations, additions or improvements as may be made by Tenant pursuant to the provisions of Article 13 hereof); and b) trade fixtures, merchandise and other personal property and c) Tenant's plate glass insurance on the storefront of Premises. The proceeds of such insurance shall be used for the repair or replacement of the property so insured.

C. Beginning on the date Tenant is given access to the Premises for any purpose and continuing until expiration of the Term, Tenant shall maintain in effect workers' compensation insurance as required by law and comprehensive public liability and property damage insurance with respect to the construction of improvements on the Premises, the operation of the Premises and the operations of Tenant in or about the Premises providing personal injury and broad form property damage coverage for not less than One Million Dollars ($1,000,000.00) combined single limit for bodily injury, death and property damage liability.

12. DAMAGE OR RESTORATION. If, prior to or during the Lease Term, or any extension thereof, the Premises or the Building, shall be so damaged or destroyed by fire or other casualty so as to render them untenantable for the purposes set forth in Paragraph 6 hereof, then Landlord, at its sole option, shall have the right to cancel and terminate this Lease. If not terminated, then Landlord shall repair and restore the Premises with all reasonable speed to substantially the same condition as immediately prior to such damage or destruction, exclusive of Tenant's furniture, personal property and leasehold improvements that Tenant is required to insure hereunder, and the Rent or a just and proportionate part thereof, according to Tenant's ability to utilize the Premises in its damaged condition, shall be abated until the Premises shall have been repaired and restored by Landlord. If the Premise are not repaired and restored by Landlord such that Tenant may transact and conduct its normal business operations within 30 days, Tenant may terminate the Lease. But if the Premises shall be damaged by fire or other casualty so as not to be rendered Untenantable, then Landlord agrees to repair the Premises with reasonable promptness but not more than thirty (30) days and the Rent accrued and accruing, shall not cease. "Untenantable" Premises shall be such as to not allow Tenant to transact and effectuate its normal business operations in the ordinary course of business.

13. INDEMNIFICATION. To the fullest extent permitted by law, Tenant agrees to indemnify and hold Landlord harmless from any and all losses, damages, liability, or expenses (including reasonable attorney's fees) incurred by Landlord, arising from loss of life, personal injury and/or property damage, caused by or resulting from, in whole or in part, any negligent act or omission or intentional misconduct of Tenant or any officer, agent, contractor or employee of Tenant, in connection with Tenant's use of or occupancy of the Premises. Landlord agrees to indemnify and hold Tenant harmless from any and all losses, damages, liability, or expenses (including reasonable attorney's fees) incurred by Tenant, arising from loss of life, personal injury and/or property damage, caused by or resulting from, in whole or in part, any negligent act or omission or intentional misconduct of Landlord or any officer, agent, contractor or employee of Landlord, in connection with Landlord's management and operation of the Premises. Nothing in this Agreement is intended to constitute, nor shall be construed to constitute, a waiver of any liability limitations governed by Minnesota Statutes Chapter 466.

14. ASSIGNMENT AND SUBLETTING. This Lease shall not be assigned nor Premises sublet without the prior written permission of Landlord, which consent Landlord will not unreasonable withhold.

15. CARE OF PREMISES. Tenant, at Tenant's sole expense, shall comply with all laws, rules,

orders, ordinances, directions, regulations and requirements of federal, state, county, and municipal authorities now in force or which may hereafter be in force, which shall impose any duty upon Landlord or Tenant with respect to the use, occupation or alteration of the Premises.

Notwithstanding anything to the contrary contained herein, Tenant will keep, maintain and preserve the Premises in the same condition as Tenant received the Premises. When and if needed, at Tenant's reasonable sole cost and expense, Landlord will make all interior repairs and replacements including but not limited to interior walls, doors and windows, floors, floor coverings, light bulbs, plumbing fixtures, and electrical fixtures. Tenant will also reimburse to Landlord, at Tenant's reasonable sole cost and expense, costs to repair or replace any broken windows and/or damage to the Building or Premises caused by the gross negligence of Tenant or its employees, agents, guests or invitees during the Lease Term. The above repairs, replacements, and/or services must be performed by an approved contractor of Landlord. Should Tenant fail to perform all interior repairs and replacements to the Premises, such repairs may be performed by Landlord and charged to Tenant at Tenant's reasonable sole cost and expense. Tenant will comply with all ordinances of the City of Roseville, rules and regulations of the Board of Health and the laws of the State of Minnesota, and any laws, rules or regulations of any governmental authority required of either Landlord or Tenant relative to the repair, maintenance and replacement in the Premises.

Tenant further covenants and agrees that during the Lease Term it will keep the Premises and every part thereof in a good condition and generally that it will in all respects and at all times duly comply with all lawful health and police regulations and also that it will keep the improvements at any time situated upon the Premises comply with the lawful and valid requirements applicable thereto.

16. ALTERATION BY TENANT.

(A) Tenant is hereby given the right, at its sole cost and expense, at any time during the term hereof, to make any alterations or improvements to the interior of the Premises which Tenant may deem necessary or desirable for its purposes; provided, however, that no alterations or improvements shall be made without the prior, written approval of Landlord, which written approval shall not be unreasonably withheld. Landlord's approval of any plans, specifications or work drawings shall create no responsibility or liability on the part of Landlord for their completeness, design sufficiency or compliance with any laws, rules and regulations of governmental agencies or authorities.

(B) All work herein permitted shall be done and completed by Tenant in a good and workmanlike manner and in compliance with all requirements of law and of governmental rules and regulations. Tenant agrees to indemnify Landlord against all mechanics' or other liens arising out of any of such work, and also against any and all claims for damages or injury which may occur during the course of any such work. Landlord agrees to join with Tenant in applying for all permits necessary to be secured from governmental authorities and to promptly execute such consents as such authorities may require in connection with any of the foregoing work, provided that Tenant shall reimburse Landlord on demand for all reasonable costs incurred (including attorney's fees) in connection with such permitting process.

(C) Landlord may require that Tenant remove any or all said alterations, improvements or additions at the expiration of the Lease Term, and restore the Premises to their prior condition if Landlord told Tenant at the time of approval of the alteration that the alteration would need to be removed at the end of the Lease Term, otherwise Tenant shall not be required to remove alterations, improvements or additions. Unless Landlord requires their removal, all alterations, additions and improvements which may be made on the Premises, shall become the property of Landlord and remain upon and be surrendered with the Premises at the expiration of the Lease Term. Tenant shall repair any damage to the Premises caused by the installation or removal of Tenant's trade fixtures, furnishings and equipment.

17. CONDEMNATION.

(A) If the Premises shall be wholly taken by exercise of right of eminent domain, then this Lease shall terminate from the day the possession of the whole of the Premises shall be required under the exercise of such power of eminent domain. Any award for the taking of all or part of the Premises under the power of eminent domain or any payment made under threat of the exercise of such power shall be the property of Landlord. Tenant reserves such separate rights as it may have against the condemning authority to claim damages for loss of its trade fixtures and the cost of removal and relocation expenses.

(B) If such part of the Building shall be condemned so as to the substantially and materially hamper the operation of Tenant's business in the Premises, then Rent payable hereunder shall be reduced in the proportion that the remaining area of the Premises bears to the original area of the entire Premises leased hereunder. If the parties are unable to agree upon the amount of the reduction in rent within seven (7) days from the date the Tenant's business is substantially and materially hampered, then it shall be arrived at by arbitration, each party to select an arbitrator and if the two arbitrators are unable to agree they shall select a third arbitrator and the three arbitrators so selected shall determine the amount of such reasonable reduction. It is agreed that the findings of the arbitrators shall be binding upon the parties.

18. SUBORDINATION. Tenant shall, upon the written request of Landlord, agree to the subordination of this Lease and the lien hereof to the lien of any present or future mortgage upon the Premises irrespective of the time of execution or the time of recording of any such mortgage. In the event of subordination of this Lease, Landlord will attempt to obtain from the holder of any such mortgage, a written agreement with Tenant to the effect that, in the event of a foreclosure or other action taken under the mortgage by the holder thereof, this Lease and the rights of Tenant hereunder shall not be disturbed but shall continue in full force and effect so long as Tenant shall not be in default hereunder. The word "mortgage" as used herein includes mortgages and any sale-leaseback transactions, or other similar instruments, and modifications, extensions, renewals, and replacements thereof, and any and all advances thereunder. Tenant agrees, provided the mortgagee, ground Landlord or trust deed holder under any mortgage, ground lease, deed of trust or other security instrument shall have notified Tenant in writing (by the way of a notice of assignment of lease or otherwise) of its address, Tenant shall give such mortgagee, ground Landlord or trust deed holder, or other secured party, simultm1eously with delivery of notice to Landlord, by registered or certified mail, a copy of any such notice of default served upon Landlord. Tenant further agrees that such mortgagee, ground Landlord or trust deed holder, or other secured party shall have the right to cure any alleged default during the same period that Landlord has to cure such default.

19. ACCESS TO PREMISES. Landlord and its authorized agents shall have free access to the Premises at any and all reasonable times to inspect the same and for the purposes pertaining to the rights of the Landlord upon notice to Tenant, except in the case of an emergency.

20. RULES AND REGULATIONS. Tenant agrees to comply with all rules and regulations promulgated by Landlord concerning the use and enjoyment of the Premises, including, without limitation, the rules and regulations designated on Exhibit C attached hereto and made a part hereof. Among other things, the rules and regulations specifically prohibit outdoor storage.

21. COVENANTS OF RIGHT TO LEASE. Landlord covenants that it has good and sufficient right to enter into this Lease and that they alone have full right to lease the Premises for the Lease Term. Landlord further covenants that upon performing the terms and obligations of Tenant under this Lease, Tenant will have quiet enjoyment throughout the Lease Term and any renewal or extension thereof.

22. MECHANICS LIENS. Neither Tenant nor anyone claiming by, through, or under this Lease, shall have the right to file or place any mechanics lien or other lien of any kind or character whatsoever upon the Premises or upon the Building or improvement thereon, or upon the leasehold interest of Tenant therein, and notice is hereby given that no contractor, subcontractor, or anyone else who may furnish any material, service or labor for any building, improvements, alteration repairs or any part thereof, shall at any time be or become entitled to any lien thereon, and for the further security of Landlord, Tenant covenants and agrees to give actual notice thereof in advance, to any and all contractors and subcontractors who may furnish or agree to furnish any such material, service or labor.

23. EXPIRATION OF LEASE AND SURRENDER OF POSSESSION.

(A) Holding Over. Tenant will, at the termination of this Lease by lapse of time or otherwise, yield up immediate possession to Landlord. If Tenant retains possession of the Premises or any part thereof after such termination, then Landlord may, at its option, serve written notice upon Tenant that such holding over constitutes any one of (ii) creation of a month-to-month tenancy, upon the terms and conditions set forth in this Lease, or (iii) creation of a tenancy at sufferance, in any case upon the terms and conditions set forth in this Lease; provided, however, that the monthly Rent (or daily Rent under (iii)) shall, in addition to all other sums which are to be paid by Tenant hereunder, whether or not as additional Rent, be equal to 150% of the base Rent being paid monthly to Landlord under this Lease immediately prior to such termination (prorated in the case of (iii) on the basis of a 365-day year for each day Tenant remains in possession). If no such notice is served, then a tenancy at sufferance shall be deemed to be created at the Rent determined in accordance with the preceding sentence. Tenant shall also pay to Landlord all reasonable damages sustained by Landlord resulting from retention of possession by Tenant, including the loss of any proposed subsequent tenant for any portion of the Premises. The provisions of this paragraph shall not constitute a waiver by Landlord of any right of re-entry as herein set forth; nor shall receipt of any Rent or any other act in apparent affirmance of the tenancy operate as a waiver of the right to terminate this Lease for a breach of any of the terms, covenants, or obligations under this Lease on Tenant's part to be performed.

(B) Upon the expiration of this Lease, by lapse of time or otherwise, any and all buildings, improvements or additions erected on the Premises by Tenant shall be and become the property of Landlord without any payment therefor and Tenant shall surrender the Premises, together with all and improvements thereto, whether erected by Tenant or Landlord, ordinary wear and tear and damage by fire or other casualty excepted. All workstations, appliances, furniture and the like will remain the property of Tenant.

(C) Tenant may install adequate equipment and furniture for the operation of its business and upon the termination of this Lease by lapse of time or otherwise, provided all Rent and other amounts that may be due and owing to Landlord have been paid Tenant may remove such equipment and furniture installed by it at Tenant's cost. However, upon removal of such equipment and furniture, Tenant shall also repair any damage caused by such removal or installation.

24. DEFAULT-REMEDIES.

The occurrence of one or more of the following events shall constitute a material default and breach of this Lease by Tenant:

(A) Failure by Tenant to make payment of any Rent, as and when due, and such a failure shall continue for a period of ten (10) days;

(B) The making by Tenant of any assignment or arrangement for the benefit of creditors;

(C) The filing by Tenant of a petition in bankruptcy or for any other relief under the Federal Bankruptcy Law or any other applicable statute;

(D) The levying of an attachment, execution of other judicial seizure upon the Tenant's property in or interest under this Lease, which is not satisfied or released or the enforcement thereof stayed or superseded by an appropriate proceeding within thirty (30) days thereafter;

(E) The filing of an involuntary petition in bankruptcy or for reorganization or arrangement under the Federal Bankruptcy Law against Tenant and such involuntary petition is not withdrawn, dismissed, stayed or discharged within sixty (60) days from the filing thereof;

(F) The appointment of a Receiver or Trustee to take possession of the property of Tenant or of Tenant's business or assets and the order or decree appointing such Receiver or Trustee shall have remained in force undischarged or unstayed for thirty (30) days after the entry of such order or decree;

(G) The vacating or abandonment of the Premises; or

(H) The failure by Tenant to perform or observe any other term, covenant, agreement or condition to be performed or kept by Tenant under the terms, conditions, or provisions of this Lease, and such a failure shall continue uncollected for thirty (30) days after written notice thereof has been given by Landlord to Tenant, or such time as would reasonably be needed by Tenant to collect such failure.

Then and in any such event Landlord shall have the right, at the option of Landlord, then or at any time thereafter while such default or defaults shall continue, to, in addition to other remedies available at law or in equity, upon prior written notice to Tenant, elect either: (1) to cure such default or defaults at its own expense and without prejudice to any other remedies which it might otherwise have, any payment made or expenses incurred by Landlord in curing such default with interest thereon at ten percent (10%) per annum to be and become additional Rent to be paid by Tenant with the next installment of Rent falling due thereafter; or (2) to re-enter the Premises, without notice, and dispossess Tenant and anyone claiming under Tenant by summary proceedings or otherwise, and remove their effects, and take complete possession of the Premises and either (a) declare this Lease forfeited and the Lease Term ended, or (b) elect to continue this Lease in full force and effect, but with the right at any time thereafter to declare this Lease forfeited and the Lease Term ended. In such re-entry Landlord may, with or without process of law, remove all persons from the Premises, and Tenant hereby covenants in such event, for itself and all others occupying the Premises under Tenant, to peacefully yield up and surrender the Premises to Landlord. Should Landlord declare this Lease forfeited and the Lease Term ended, Landlord shall be entitled to recover from Tenant the Rent and all other sums due and owing by Tenant to the date of termination, plus the costs of curing all of Tenant's defaults existing at or prior to the date of termination, plus the cost of recovering possession of the Premises, plus the deficiency, if any, between Tenant's Rent for the balance of the term provided hereunder and the Rent obtained by Landlord under another lease for the Premises for the balance of the Lease Term remaining under this Lease. Landlord shall have no obligation to mitigate its damages hereunder. Tenant shall remain liable for payments of all Rent and other charges and costs imposed on Tenant herein, in the amounts, at the times and upon the conditions as herein provided, but Landlord shall credit against such liability of the Tenant all amounts received by Landlord from such reletting after first reimbursing itself for all costs incurred in curing Tenant's defaults and re-entering, preparing and refinishing the Premises for reletting, and reletting the Premises, and for the payment of any procurement fee or commission paid to obtain another tenant, and for the attorney fees and legal costs incurred by Landlord.

If this Lease shall terminate by reason of the bankruptcy or insolvency of Tenant, as above set forth, Landlord shall be entitled, notwithstanding any other provisions of this Lease or any present or future law, to recover from Tenant or Tenant's estate (in lieu of the equivalent of the amount of all rent unpaid at the time of such termination) as damages for loss of the bargain, and not as a penalty, an aggregate sum which, at the time of such termination of this Lease, represents the excess, if any, of the then present worth of the aggregate of the rent and other charges payable by Tenant hereunder that would have accrued for the balance of the initial term and any renewal term, as the case may be, over the then present worth of the fair market rents and all other charges for the Premises for the balance of the initial term and any renewal term, as the case may be, unless any statute or rule of law governing the proceedings in which such damages are to be proved shall limit the amount of such claim capable of being so proved. In such case, Landlord shall be entitled to prove, as and for liquidated damages, by reason of such breach and termination of this Lease, the maximum amount which may be allowed by or under such statute or rule of law. Nothing herein contained shall limit or prejudice Landlord's right to prove and obtain as liquidated damages arising out of such breach or termination the maximum amount allowed by any such statute or rule of law which may govern the proceedings in which such damages are to be proved whether or not such amount be greater, equal to, or less than the an1ount of the excess of the then present worth of the rent and all other charges reserved herein over the then present worth of the fair market rents and all other charges, referred to above.

25. RE-ENTRY BY LANDLORD. No re-entry by Landlord or any action brought by Landlord to remove Tenant from the Premises shall operate to terminate this Lease unless Landlord shall have given written notice of termination to Tenant, in which event Tenant's liability shall be as above provided. No right or remedy granted to Landlord herein is intended to be exclusive of any other right or remedy, and each and every right and remedy herein provided shall be cumulative and in addition to any other right or remedy hereunder or now or hereafter existing in law or equity or by statute. In the event of termination of this Lease, Tenant waives any and all rights to redeem the Premises either given by any statute now in effect or hereafter enacted.

26. ADDITIONAL RIGHTS TO LANDLORD.

(A) In addition to any and all other remedies, Landlord may restrain any threatened breach of any covenant, condition or agreement herein contained but the mention herein of any particular remedy or right shall not preclude Landlord from any other remedy or right it may have either at law or equity, or by virtue of some other provision of this Lease; nor shall the consent to one act, which would otherwise be a violation or waiver of or redress for one violation either of covenant, promise, agreement, undertaking or condition, prevent a subsequent act which would originally have constituted a violation from having all the force and effect of any original violation.

(B) Receipt by Landlord of Rent or other payments from Tenant shall not be deemed to operate as a waiver of any rights of Landlord to enforce payment of any Rent, additional Rent, or other payments previously due or which may thereafter become due, or of any rights of Landlord to terminate this Lease or to exercise any remedy or right which otherwise might be available to Landlord, the right of Landlord to declare a forfeiture for each and every breach of this Lease is a continuing one for the life of this Lease.

(C) Landlord shall have the right to close any portion of the building area or land area not related to the Premises to the extent as may, in Landlord's reasonable opinion, to prevent a dedication thereof or the accrual of any rights to any person or the public therein. Landlord shall at all times have full control, management and direction of the Building, subject to the rights of Tenant in the Premises, and Landlord reserves the right at any time and from time to time to reduce, increase, enclose or otherwise change the size, number and location of buildings, layout and nature of the Building and the other tenancies, premises and buildings included in the Building, to construct additional buildings and additions to any building, and to create additional rentable areas through use and/or enclosure of common areas, or otherwise, and to place signs on the Building, and to change the name, address, number or designation by which the Building is commonly known upon written notice to Tenant. No implied easements are granted by this Lease. Landlord shall in no event be liable for any lack of security in respect to the Building.

(D) Tenant shall permit Landlord (or its designees) to erect, use, maintain, replace and repair pipes, cables, conduits, plumbing, vents, and telephone, electric and other wires or other items, in, to and through the Premises, as and to the extent that Landlord may now or hereafter deem necessary or appropriate for the proper operation and maintenance of the Building as long as such actions do not impair Tenant's ability to conduct its normal business operations in the Premises.

27. SUCCESSORS, ASSIGNS AND LIABILITY. The terms, covenants, conditions and agreements herein contained and as the same may from time to time hereafter be supplemented, modified or amended, shall apply to, bind, and inure to the benefit of the parties hereto and their legal representatives, successors and assigns, respectively. In the event either party now or hereafter shall consist of more than one person, firm or corporation, then and in such event all such person, firms and/or corporations shall be jointly and severally liable as parties hereunder.

28. NOTICES. All notices required under this Lease shall be in writing and shall be deemed to be properly served when delivered prepaid to a nationally recognized overnight courier or when posted by certified United States mail, postage prepaid, return receipt requested, and when addressed to the party to whom directed at the address herein set forth or at such other address as may be from time to time designated in writing by the party changing such address.

Landlord	Tenant
Mark Saliterman 2277 Roseville West, 4301 Highway 7, Suite 100 St. Louis Park, MN 55416	Public Works Director City of Roseville 2660 Civic Center Drive Roseville, MN 55113

29. MORTGAGEE'S APPROVAL. If Landlord's mortgagee shall require modifications of the terms and provisions of this Lease, Tenant agrees to execute and deliver to Landlord the agreements required to affect such Lease modification within thirty (30) days after Landlord's request therefor. In no event, however, shall Tenant be required to agree to any modification of the provision of this Lease relating to: the amount of Rent or other charges reserved herein; the size and/or general location of the Premises; the duration and/or commencement date of the Lease Term; Tenant's liability or indemnification obligations under this Lease; or reducing the improvements to be made by Landlord to the Premises prior to the delivery of possession.

30. ESTOPPEL CERTIFICATES. Tenant agrees that at any time within ten (10) days following written notice from Landlord, it will execute, acknowledge and deliver to Landlord or any proposed mortgagee or purchaser a statement in writing ce1iifying whether this Lease is in full force and effect and, if it is in full force and effect, what modifications have been made to the date of the certificates and whether or not any defaults or offsets exist with respect to this Lease and, if there are, what they are claimed to be and setting forth dates to which Rent or other charges have been paid in advance, if any, and stating whether or not Landlord is in default, if so, specifying what the default may be. The failure of Tenant to execute, acknowledge, and deliver to Landlord a statement as above shall constitute an acknowledgment by Tenant that this Lease is unmodified and in full force and effect and that the Rent and other charges have been duly and fully paid to and including the respective due dates immediately preceding the date of Landlord's notice to Tenant and shall constitute as to any person, a waiver of any defaults which may exist prior to such notice.

31. MISCELLANEOUS.

(A) In the event that Tenant desires to store or maintain the type or character of goods or materials in the Premises which cause an increase in insurance premiums, Tenant shall first obtain the written consent of Landlord and Tenant shall reimburse Landlord for any increase in premiums caused thereby.

(B) If any term or provision of this Lease is declared invalid or unenforceable, the remainder of this Lease shall not be affected by such determination and shall continue to be valid and enforceable.

(C) This Lease contains the entire agreement between the parties hereto, no changes may be made to this Lease unless in writing and fully executed by both parties.

(D) The parties executing this Lease warrant that this agreement is being executed with full corporate authority and that the officers whose signatures appear hereon are duly authorized and empowered to make and execute this Lease in the name of the corporation by appropriate and legal resolution of its Board of Directors. Tenant shall furnish to Landlord promptly upon demand, a corporate resolution, proof of due authorization of partners, or other appropriate documentation reasonably requested by Landlord evidencing the due authorization of Tenant to enter into this Lease.

(E) Unless the context clearly denotes the contrary, the word "Rent" or "Rental" as used in this Lease not only includes cash rental, but also all other payments and obligations to pay assumed by Tenant, whether such obligations to pay run to Landlord or to other parties.

(F) It is mutually agreed by and between Landlord and Tenant that the respective parties hereto shall, and they hereby do, waive trial by jury in any action, proceeding or counterclaim brought by either of the parties hereto against the other on any matter whatsoever arising out of or in any way connected with this Lease, the relationship of Landlord and Tenant, Tenant's use of or occupancy of the Premises or any claim of injury or damage and any emergency statutory or any other statutory remedy.

32. DEFAULT RATE OF INTEREST. All amounts owed by Tenant to Landlord pursuant to any provision of this Lease shall bear interest from the date due until paid at ten percent (10%) per annum, unless a lesser rate shall then be the maximum rate permissible by law with respect thereto, in which event said lesser rate shall be charged.

33. EXCULPATORY PROVISIONS. It is expressly understood and agreed by and between the parties hereto, anything herein to the contrary notwithstanding, that each and all of the representations, warranties, covenants, undertakings and agreements herein made on the part of Landlord while in form purporting to be the representations, warranties, covenants, undertakings and agreements of Landlord are nevertheless each and every one of them made and intended, not as personal representations, warranties, covenants, undeltakings and agreements by Landlord or for the purpose or with the intention of binding Landlord personally, but are made and intended for the purpose only of subjecting Landlord's interest in the Premises to the terms of this Lease and for no other purpose whatsoever, and in case of default hereunder by Landlord, Tenant shall look solely to the interests of Landlord in the Premises; and that Landlord shall not have any personal liability to pay any indebtedness accruing hereunder or to perform any covenant, either express or implied, herein contained, all such personal liability, if any, being expressly waived and released by Tenant and by all persons claiming by, through or under Tenant.

34. MORTGAGE PROTECTION. Tenant agrees to give any holder of any first mortgage or first trust deed in the nature of a mortgage (both hereinafter referred to as a "First Mortgage") against the Premises, or any interest therein, by registered or certified mail, a copy of any notice or claim of default served upon Landlord by Tenant, provided that prior to such notice Tenant has been notified in writing (by way of service on Tenant of a copy of an assignment of Landlord's interest in leases, or otherwise) of the address of such First Mortgage holder. Tenant further agrees that if Landlord shall have failed to cure any such default within twenty (20) days after such notice to Landlord (or if such default cannot be cured or corrected within that time, then such additional time as may be necessary if Landlord has commenced within such twenty (20) days and is diligently pursuing the remedies or steps necessary to cure or correct such default), then the holder of the First Mortgage shall have an additional thirty (30) days within which to cure or correct such default (or if such default cannot be cured or corrected within that time, then such additional time as may be necessary if such holder of the First Mortgage has commenced with such thirty (30) days and is diligently pursuing the remedies or steps necessary to cure or collect such default, including the time necessary to obtain possession if possession is necessary to cure or correct such default).

35. RECIPROCAL COVENANT ON NOTIFICATION OF ADA VIOLATIONS. Within ten (10) days after receipt, Landlord and Tenant shall advise the other party in writing, and provide the other with copies of (as applicable), any notices alleging violation of the Americans with Disabilities Act of 1990 ("ADA") relating to any portion of the Property or the Premises; any claims made or threatened in writing regarding noncompliance with the ADA and relating to any portion of the Property or the Premises; or any governmental or regulatory actions or investigations instituted or threatened regarding noncompliance with

the ADA and relating to any portion of the Property or the Premises.

36. LAWS THAT GOVERN. Landlord and Tenant agree that the term and conditions of this Lease shall be governed by the laws of the State of Minnesota.

37. FINANCIAL STATEMENTS. Intentionally Left Blank

38. RELOCATION OF TENANT Intentionally Left Blank

39. SPECIAL DAMAGES. Tenant and Landlord agrees that this Lease will be kept confidential and shall not, without the other party's prior written consent, be disclosed by either party to anyone, except to that party's agents, representatives and employees, or Tenant's affiliates who have a need to know and who are informed by that party of the confidential nature of this Lease.

(A) Neither party shall be liable for any incidental, consequential, exemplary, special, punitive, or lost profit damages that arise in connection with this Lease, regardless of the form of action and regardless of how characterized, even if such party has been advised of the possibility of such damages.

40. EXHIBITS: The Exhibit(s) A, B and C attached to this Lease, are hereby made a part of this Lease.

(Signature page to follow)

EXHIBIT A

Depiction of Premises

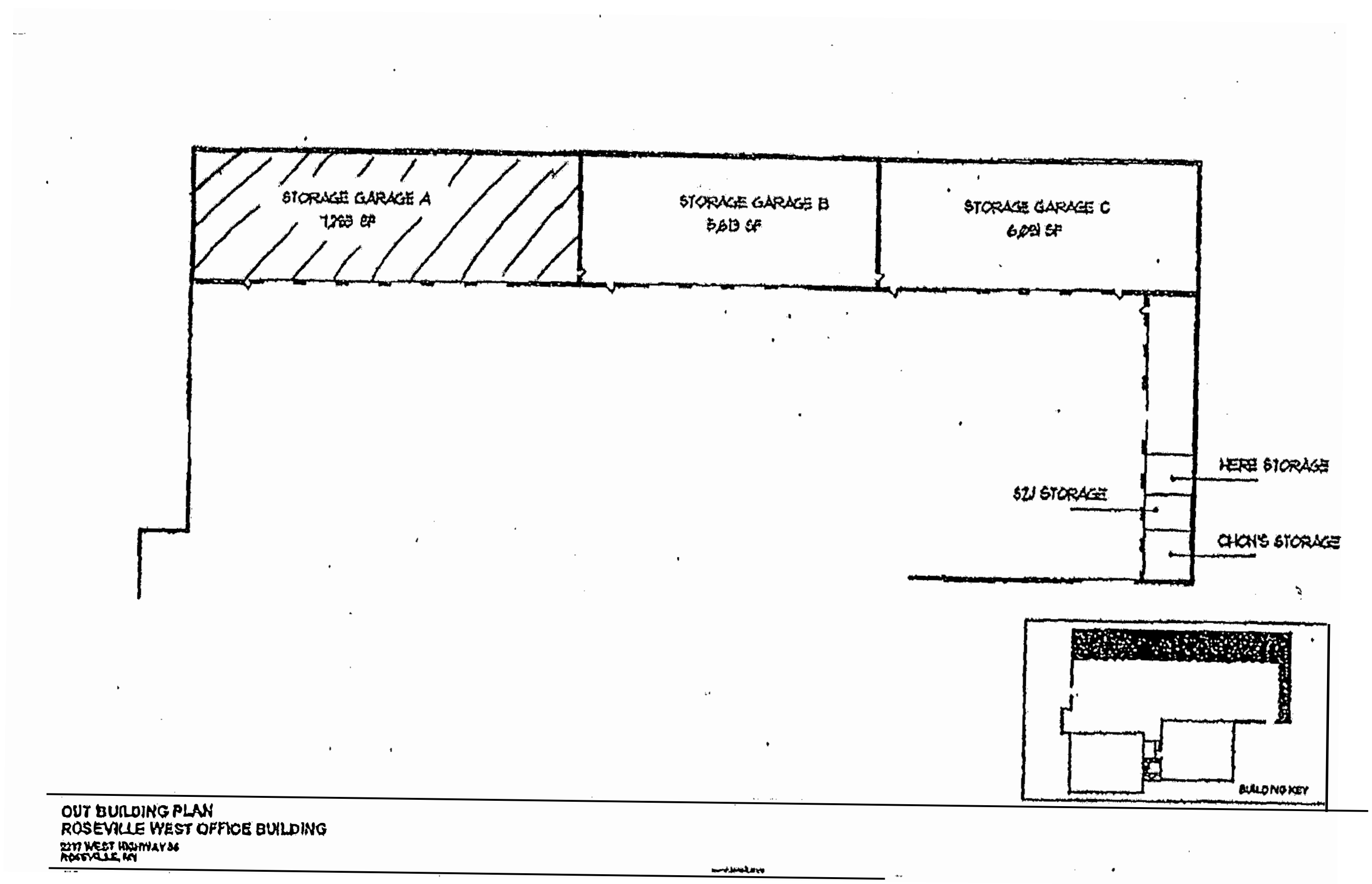

EXHIBIT B
LANDLORDS WORK

1. Adjust electrical switch for lighting to be controlled from within Premises
2. Add Garage Door opener

EXHIBIT C

BUILDING RULES AND REGULATIONS.

1. Any sign, lettering, picture, notice, or advertisement installed on or in any part of the Premises and visible from the exterior of the Building, or visible from the exterior of the Premises, shall be installed at Tenant's sole cost and expense, and in such manner, character, and style as Landlord may approve in writing. In the event of a violation of the foregoing by Tenant, Landlord may remove the same without any liability and may charge the expense incurred by such removal to Tenant.

2. No awning or other projection shall be attached to the outside walls of the Building. No curtains, blinds, shades, signs, banners or screens visible from the exterior of the Premises, shall be attached to or hung in, or use in connection with any window or door of the Premises without the prior written consent of Landlord. Such curtains, blinds, shades, screens, or other fixtures must be of a quality, type, design, and color and attached in the manner approved by Landlord.

3. Tenant, its servants, employees, customers, invitees, and guests shall not obstruct sidewalks, entrances, passages, corridors, vestibules, halls, or stairways in and about the Office Complex which are used in common with other tenants and their servants, employees, customers, guests, and invitees and which are not a part of the Premises of Tenant. Tenant shall not place objects against glass partitions or doors or windows which would be unsightly from the Building and will promptly remove any such objects upon notice from Landlord.

4. Tenant shall not make excessive noises, cause disturbances or vibrations or use or operate any electrical or mechanical devices that emit excessive sound or other waves or disturbances or create obnoxious odors, any of which may be offensive to the other tenants and occupants of the Building, or that would interfere with the operation of any device, equipment, radio, television broadcasting, or reception from or within the Building or elsewhere and shall not place or install any projections, antennas, aerials, or similar devices inside or outside of the Premises or on the Building without Landlord's approval.

5. Tenant shall not waste electricity, water, or air conditioning and shall cooperate fully with Landlord to insure the most effective operation of the Building's heating and air conditioning system and shall refrain from attempting to adjust any controls other than unlocked room thermostats, if any, installed for Tenant's use. Tenant shall keep corridor doors closed.

6. Tenant assumes full responsibility for protecting its space from theft, robbery, and pilferage which includes keeping doors locked and other means of entry to the Premises closed and secured after normal business hours.

7. In no event shall Tenant bring into the Building inflammables such as gasoline, kerosene, naphtha and benzene or explosives or any other article of intrinsically dangerous nature. If, by reason of the failure of Tenant to comply with the provisions of this subparagraph, any insurance premium for all or any part of the Building shall at any time be increased, Tenant shall make immediate payment of the whole of the increase insurance premium without waiver of any of Landlord's other rights at law or in equity for Tenant's breach of this Lease.

8. Tenant shall comply with all applicable federal, state, and municipal laws, ordinances, and regulations and building rules and shall not directly or indirectly make any use of the Premises

which may be prohibited by any of the foregoing or which may be dangerous to persons or property or may increase the cost of insurance or require additional insurance coverage.

9. Landlord shall have the right to prohibit any advertising by Tenant which in Landlord's reasonable opinion tends to impair the reputation of the Building or its desirability as a Building for office use and, upon written notice from Landlord, Tenant shall refrain from or discontinue such advertising.

10. The Premises shall not be used for lodging, sleeping, or for any immoral or illegal purpose.

11. Tenant and Tenant's servants, employees, agents, visitors, and licensees shall observe faithfully and comply strictly with the foregoing rules and regulations and such other and further appropriate rules and regulations as Landlord or Landlord's agent may from time to time adopt. Reasonable notice of any additional rules and regulations shall be given in such manner as Landlord may reasonable elect.

12. Unless expressly permitted by Landlord, no additional locks or similar devices shall be attached to any door or window and no keys other than those provided by Landlord shall be made for any door. Landlord agrees that Tenant may install at its own cost exterior and interior keycard access to the premises. If Tenant desires more than two keys for one lock, Landlord may provide the same upon payment by Tenant. Upon termination of this Lease or of Tenant's possession, Tenant shall surrender all keys of the Premises and shall explain to Landlord all combination locks on safes, cabinets, and vaults.

13. Any carpeting cemented down by Tenant shall be installed with a releasable adhesive. In the event of a violation of the foregoing by Tenant, Landlord may charge the expense incurred by such removal to Tenant.

14. The water and wash closets, drinking fountains, and other plumbing fixtures shall not be used by any purpose other than those for which they were constructed and no sweepings, rubbish, rags, coffee grounds, or other substances shall be thrown therein. All damages resulting from any misuse of the fixtures shall be borne by Tenant who, or whose servants, employees, agents, visitors, or licensees, shall have cause the same. No person shall waste water by interfering or tampering with the faucets or otherwise.

15. No electric circuits for any purpose shall be brought into the Premises without Landlord's written permission specifying the manner in which same may be done.

16. Tenant shall not throw anything out of the door or windows or down any passageways or elevator shafts.

17. All loading, unloading, receiving, or delivery of goods, supplies, or disposal of garbage or refuse shall be made only through entryways and freight elevators provided for such purposes and indicated by Landlord. Tenant shall be responsible for any damages to the Building or the property of its employees or to others and injuries sustained by any person whomsoever resulting from the use of or moving of such articles in or out of the Premises, and shall make all repairs and improvements required by Landlord or governmental authorities in connection with the use or moving of such articles.

18. All safes, equipment, or other heavy articles shall be carried in or out of the Premises only at such time and in such manner as shall be prescribed in writing by Landlord and Landlord shall in all cases have the right to specify the proper position of any such safe, equipment, or other heavy article which shall only be used by Tenant in a manner which will not interfere with or cause damage to the Premises or the Building in which they are located, or to the other tenants or occupants of said Building. Tenant shall be responsible for any damage to the Building or the propel iy of its employees or other and injuries sustained by any person whomsoever resulting from the use or moving of such articles in or out of the Premises and shall make all repairs and improvements required by Landlord or governmental authorities in connection with the use or

moving of such articles.

19. Canvassing, soliciting and peddling in the Building is prohibited and each Tenant shall cooperate to prevent the same.

20. Vending machines shall not be installed without permission of Landlord, which shall not be unreasonably withheld.

21. Wherever in these Building Rules and Regulations the work "Tenant" occurs, it is understood and agreed that it shall mean Tenant's associates, agents, clerks, servants, and visitors. Wherever the work "Landlord" occurs, it is understood and agreed that it shall mean Landlord's agents, clerks, servants, and visitors.

22. Landlord shall have the right to enter upon the Premises at all reasonable hours for the purpose of inspecting the same upon reasonable notice

23. Landlord shall have the right to enter the Premises at hours convenient to the Tenant for the purpose of exhibiting the same to prospective tenants within thirty (30) day period prior to the expiration of this Lease

24. at any time within a thirty (30) day period.

25. Tenant, its servants, employees, customers, invitees, and guests shall, when using the common parking facilities, if any, in and around the Building, observe and obey all signs regarding fire lanes, visitor parking, and no parking zones and when parking, always park between the designated lines. Landlord reserves the right to tow away, at the expense of the owner, any vehicle which is improperly parked or parked in a no parking or visitor parking zone improperly. All vehicles shall be parked at the sole risk of the owner and Landlord assumes no responsibility for any damage to or loss of vehicles.

26. All entrance doors to the Premises shall be locked when the Premises are not in use. All corridor doors shall also be closed during times when the air conditioning equipment in the Building is operating so as not to dissipate the effectiveness of the systems or place an overload thereon.

27. Landlord reserves the right at any time from time to time to rescind, alter, or waive, in whole or in part, any of these Rules and Regulations when it is deemed necessary, desirable, or proper, in Landlord's judgment, for its best interest or for the best interest of the tenants of the Building.

IN WITNESS WHEREOF, Landlord and Tenant have executed this Lease as of the day and year first above written.

LANDLORD:
2277 ROSEVILLE WEST, LLC

By: ______________________
Mark Saliterman
Its: Chief Manager

TENANT:
City of Roseville

By: ______________________
Dan Roe
MAYOR

By: ______________________
Patrick Trudgeon
CITY MANAGER