



Minnesota Regional Transit
Board: Records.

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MEETING OF THE REGIONAL TRANSIT BOARD
Monday, January 27, 1986
Council Offices, Room E
4:00 p.m.

AGENDA

1. Call to Order and Roll Call
2. Approval of Agenda
3. Approval of Minutes of December 16, 1985 and January 6, 1986 Meetings
4. 1986 Compensation and Benefit Package *Res. 86-3*
5. CONSENT LIST
6. REPORT OF THE POLICY COMMITTEE
7. REPORT OF ADMINISTRATION AND FINANCE COMMITTEE
 - a. New Space Lease*
 - b. Deputy Treasurer Appointment, Resolution No. 86-~~4~~
 - c. Renewal of Public Officials Liability Insurance*
8. OTHER BUSINESS
 - a. Chairman's Report
 - 1) February Meeting Dates
 - b. Members' Reports
 - c. Staff Reports
9. PUBLIC COMMENT

Todd Lefko,
Chair

Ruth Franklin,
Chair

Elliott Perovich
Chairman

* Please bring committee packets to meeting.

REGIONAL TRANSIT BOARD
ROLL CALL AND ATTENDANCE SHEET

CF
LC
Bd
Mick
Fails
E
Marp

DATE: 1/27/84

BOARD OR COMMITTEE RTB

MEMBER NAME	PRESENT	VOTE #4	VOTE	VOTE 76 Dep. Term.	VOTE	VOTE
Chairman						
Kenneth Bedeau	✓	Y		✓		
Doris Caranicas	✓	Y		✓		
Ruth Franklin	✓	Y		✓		
Alison Fuhr	✓	Y		✓		
Paul Joyce	✓	Y		✓		
Edward Kranz	✓	—		✓		
Todd Lefko	✓	Y		✓		
Bernard Skrebes	✓	Y		✓		

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REGIONAL TRANSIT BOARD

270 Metro Square Building, St. Paul, Minnesota 55101

Minutes of the Meeting of the
REGIONAL TRANSIT BOARD
Metropolitan Council Chambers
January 6, 1986

BOARD MEMBERS PRESENT: Elliott Perovich, Chairman; Doris Caranicas; Ruth Franklin; Alison Fuhr; Paul Joyce; Edward Kranz; Todd Lefko and Bernard Skrebes (Kenneth Bedeau absent.)

OTHERS PRESENT: Ghaleb Abdul-Rahman, Mary Fitzgerald, Judy Hollander, Leslie Johnson, Bob Dietrick and Mike Kuehn, Regional Transit Board staff; Dirk deVries, Metropolitan Council liaison; Charles Wiger and Natalio Diaz, Metropolitan Council; Arnie Entzel; Jim Newland; Tim Marx, legal counsel

The meeting was called to order at 4:00 p.m. and roll taken. There was discussion of current legislative activity. Transit users and communities were urged to contact their state and federal representatives.

Joyce moved approval of the agenda; Caranicas seconded the motion. Motion carried unanimously.

Caranicas moved approval of the minutes of the December 2, 1985, meeting; Joyce seconded the motion. Motion carried unanimously.

The chairman introduced Tim Marx, an attorney from Holmes and Graven law office, who will provide legal services to the Regional Transit Board.

SLIDE PRESENTATION ON EUROPEAN TRANSIT

The chairman had asked Jim Newland, former board member, to take slides for the board while he was in Europe. The slides used in this presentation will become a part of RTB's files.

REPORT OF THE POLICY COMMITTEE

Committee Chair Lefko said the next committee meeting will be January 22. Ridesharing will be one of the items on the agenda for that meeting.

REPORT OF THE ADMINISTRATION AND FINANCE COMMITTEE

1986 EXURBAN GRANT APPROVALS, RESOLUTION NO. 86-1

Committee Chair Franklin reviewed the committee report dated January 6, 1986, and moved:

That the Regional Transit Board authorize the executive director to enter into a contract for service from January 1, 1986, to December 31, with each of the responsive transportation providers, in an amount not to exceed \$299,469.

Skrebes seconded the motion. Roll call vote was taken on the motion and the resolution. The motion carried unanimously.

1986 RIDESHARE CONTRACT APPROVAL, RESOLUTION NO. 86-2

Committee Chair Franklin reviewed the committee report dated January 6, 1986, and moved:

That the Regional Transit Board authorize the executive director to negotiate a contract with the Metropolitan Transit Commission for the delivery of ridesharing services in the Metropolitan Area in an amount not to exceed \$622,809.

Skrebes seconded the motion. Roll call vote was taken on the motion and the resolution. The motion carried unanimously.

PAYING AGENT AGREEMENT/TAX ANTICIPATION NOTES

Committee Chair Franklin reviewed the committee report dated January 6, 1986, and moved:

That the Regional Transit Board approve the Paying Agent Agreement covering payment of the 1985 Tax Anticipation Certificates of Indebtedness.

Joyce seconded the motion. The motion carried unanimously.

PUBLIC FINANCIAL SYSTEMS PROPOSAL

Committee Chair Franklin reviewed the committee report dated January 6, 1986. Fuhr questioned why budget management and cost allocation cannot be done internally by RTB staff. Fuhr spoke to one of the references provided by Public Financial Systems; they were recommended highly in the area of bonding. Franklin said the committee discussed these points and considered hiring another person. However, by hiring permanent staff you incur salary and benefit costs. After a specific project is established, that person might have to be assigned lesser tasks.

Regarding the \$5,000 limitation, Johnson said that this company has special resources to address these tasks. The scope of work includes exploring steps necessary to establish a budget monitoring and control system, a cost allocation plan, cash flow analysis, and development of investment policies and procedures. Our staff does not have the time to get the jobs done and this is the most cost-effective way of accomplishing them. It is likely there will be additional requests to complete the projects.

Franklin said the committee was concerned about the small staff in the finance area. Some board members have complained about things not being done on a timely basis. With several people working on this we can get the systems up and running. Without that, information will not be available during the legislative session. Lefko said the infrastructure needs must be analyzed. He questioned whether this goes far enough.

The chairman said this will lay out a program and analyze our financial systems. This is a small investment and may not be our last expenditure. Franklin moved:

That the Regional Transit Board authorize the executive director to enter into a contract with Public Financial Systems at a rate of \$70 per hour, not to exceed \$5,000.

Skrebes seconded the motion. The motion carried unanimously.

Franklin said the next meeting of the Administration and Finance Committee is January 16, 1986.

REPORT OF THE NOMINATING COMMITTEE

Committee Chair Joyce explained that the bylaws require election of officers at the first meeting in January every year. The Nominating Committee was appointed in August 1985 and consists of Paul Joyce, Chair; Alison Fuhr and Ed Kranz. The members conferred and recommended that the incumbent officers be retained in their positions. Joyce moved and Fuhr seconded the motion:

That the Regional Transit Board appoint the following people to the positions listed below:

Doris Caranicas, Vice Chair
Paul Joyce, Treasurer
Mary Fitzgerald, Secretary

Vote was taken; the motion carried unanimously.

OTHER BUSINESS

CHAIRMAN'S REPORT

Committee Chair Appointments

The chairman recommended that the current committee chairs be reappointed. Caranicas said that both chairs had done an excellent job this past year and moved:

That the Regional Transit Board reappoint the following people to the positions listed below:

Ruth Franklin, Chair, Administration and Finance Committee
Todd Lefko, Chair, Policy Committee

Kranz seconded the motion; the motion carried unanimously.

Martin Luther King Holiday

The chairman noted that Martin Luther King's birthday is now a national holiday and will be observed on the third Monday in January. The other metro agencies have taken action to declare it a paid holiday. Kranz moved:

That the Regional Transit Board will observe Martin Luther King's birthday as a legal holiday on the third Monday of every year.

Skrebes seconded the motion. The chairman said this will be a problem every year because it is a normal meeting date for the board. He pointed out that there will be additional cost because staff will be out of the office. Vote was taken; the motion carried unanimously.

After discussion of alternative meeting dates, Kranz moved:

That the Regional Transit Board will hold its next meeting on Monday, January 27, 1986, at 4:00 p.m.

Skrebes seconded the motion; the motion carried unanimously.

The chairman invited people to the annual Serbian Christmas get-together on January 7. He will be in Washington at the Transportation Research Board conference the following week to make a presentation on the board's progress. Katie Turnbull will make a presentation on the Transit Service Needs Assessment and Ghaleb Abdul-Rahman and Judy Hollander will discuss I-394. There will be two legislative hearings in the coming week. The House Semi-States Subcommittee will be discussing financing and the Senate Subcommittee on Transit will discuss Metro Mobility.

The chairman had a meeting today with Representatives Valento and Stanius on the Metro Governance bill. They feel it is a burden for the council to react to every financial activity and they will make informal recommendations to the council on financial matters. The Governor's Subcabinet is also looking at formalizing the process on the overall financial picture and going into mandated financial projections. Lefko said long-term budgeting assumes stability of funding, but we do not have control over funding as some other agencies do. Perovich said they want to impose levy limits on regional agencies. Our funds come from the state and are an unstable source of funding. Perovich was asked if the board would prefer a mill levy, but he said the local governments may have a problem with that. Valento and Stanius were not aware that the law requires the board to produce the financial plan. He told them the staff spent a lot of time putting the reports together. It would be better to have one budget and one financial plan.

Franklin updated the members on the negotiations for new office space. Abdul-Rahman said Mayor Latimer has intervened in the negotiations over the placement of the building on the site. The developer still believes he can meet the deadline.

There being no further business or public comment, Kranz moved that the meeting be adjourned. Skrebes seconded the motion. The motion carried unanimously.

The chairman asked the members to reconvene to discuss the financial and salary situation in executive session.

Respectfully submitted,

Mary Fitzgerald
Secretary

REGIONAL TRANSIT BOARD

Suite 270 Metro Square Building, Saint Paul, Minnesota 55101

DATE: January 21, 1986
TO: Regional Transit Board
FROM: Elliott Perovich
SUBJECT: 1986 Compensation and Benefit Package

ACTION REQUESTED

The Regional Transit Board is asked to approve the attached resolution which sets compensation and fringe benefits for Regional Transit Board employees for calendar year 1986.

BACKGROUND

It is necessary to annually set compensation plan increases and confirm or adjust benefits. For this purpose, the board is asked to approve the attached resolution establishing compensation and fringe benefits for the staff in 1986. The resolution confirms a compensation and benefit package as discussed at the executive session of the board on January 6, which is essentially the same as the current package for 1985 with a salary increase, an increased board contribution to dependent health insurance coverage, and an additional paid holiday.

It is proposed that the compensation plan salary ranges be adjusted 3.75 percent with the 3.75 percent salary increase to be effective upon each employee's anniversary date. There are employees whose anniversary date has already passed and these employees would receive a retroactive adjustment. The issue of merit pay has been tabled pending development of the performance evaluation system, scheduled to be completed during the first quarter of 1986 with direction from our personnel consultant.

Secondly, it is also proposed that the board increase the maximum contribution for dependent health insurance coverage from the present \$125.00/month to \$145.00/month. This will keep the Regional Transit Board in the same range as other metropolitan agencies. The cost of this benefit improvement to the agency would presently be \$1769.40 annually.

The other change that is proposed is the addition of Martin Luther King Day (January 20) as a paid holiday. This will bring the total number of paid holidays to ten, with one additional floating personal holiday. This move, again, is consistent with other metropolitan agencies' policies.

RECOMMENDATION

It is recommended that the Regional Transit Board approve the attached resolution establishing compensation and benefits for the Regional Transit Board staff for calendar year 1986.

REGIONAL TRANSIT BOARD

Suite 270 Metro Square Building, St. Paul, MN 55101

RESOLUTION NO. 86-

RESOLUTION ESTABLISHING 1986 STAFF BENEFITS AND COMPENSATION

WHEREAS, the Regional Transit Board desires to set compensation and fringe benefits for staff for calendar year 1986;

NOW, THEREFORE, BE IT RESOLVED:

THAT the fringe benefits and compensation afforded to staff of the Regional Transit Board are as follows:

Salaries- Salary ranges for each employee will be adjusted 3.75 percent effective upon the employee's first anniversary date, including retroactive, where necessary.

Holidays-

New Years Day
Martin Luther King Day
Presidents Day
Memorial Day
Independence Day
Labor Day
Veterans Day
Thanksgiving
Day After Thanksgiving
Christmas
One personal holiday that must be taken during the calendar year.

Health Insurance- The board will pay the full cost of single health insurance and will contribute a maximum of \$145.00/month for dependent health coverage retroactive to January 1, 1986.

Other Compensation- All other benefits shall remain as per the statement attached and hereby made a part of this resolution.

Adopted this _____ day of _____, 1986.

Elliott Perovich, Chairman

Mary Fitzgerald, Secretary

REGIONAL TRANSIT BOARD

STATEMENT OF EMPLOYEE BENEFITS

- A. Hospital - Medical Care. The RTB pays for employee health insurance coverage and a part of dependent coverage up to a maximum contribution of \$145.00 per employee. The employee has a choice of one (1) Fee-for-Service plan or five (5) different HMO plans.
1. Fee-for-Service Coverage. Travelers - Hospital care and related services for 365 days of continuous confinement at a double room rate. Medical surgical, obstetrical, and related services rendered by a licensed and registered doctor of medicine are paid for under the Usual and Customary Plan. Major medical/surgical plan - after a deductible of \$50, the plan pays 80 percent of the first \$10,000 of charges and 100 percent thereafter to a maximum of \$250,000. The RTB pays the single person rate on full-time employees. If the employee so desires, family coverage is provided with the RTB paying \$145.00 of the monthly premium and the balance through payroll deduction.
 2. Health Maintenance Organization Coverage. The employee has the option of selecting health coverage through one of the following HMO's: Med Center Health Plan, Physicians Health Plan, Share Health Plan, Group Health or Coordinated Health Care Plan. Booklets and coverage information about the plans are available to new employees.
- B. Dental Insurance. The RTB pays the cost of employee dental insurance. Dependent dental coverage costs the employee \$11.05 monthly with the RTB paying \$47.05 monthly. Coverage includes preventive and restorative care, prosthetics and orthodontics.
- C. Long-Term Disability Insurance. The RTB pays full premium on a long-term disability insurance plan which provides disability benefits of 60 percent of base salary per month up to \$2,500 for covered employees after the 90th day of disability. Benefits are payable to recovery or age 65, except that persons disabled at age 62, or thereafter, receive benefits on a Decreasing Years of Benefits Duration Schedule. Employees are also eligible for basic disability benefits under Social Security and, after five (5) years full coverage, under provisions of the retirement plan.
- D. Group Term Life Insurance. The RTB pays for coverage which is equal to one times the employee's annual salary rounded to the next highest \$1,000 with a minimum of \$10,000 and a maximum of \$50,000. The amount of coverage is reduced by 35 percent at age 65 and coverage ceases at retirement or the employee's termination. An additional \$75,000 in units of \$5,000 and dependency coverage of \$2,000 for spouse and \$2,000 for each child is also available at the employee's expense. Equal amounts of accidental death and dismemberment insurance are included in all coverages.
- E. Vacation Leave. Employees earn vacation according to the following schedule. Vacation is earned incrementally each bi-weekly pay period and may be used when earned, subject to prior supervisory approval.

<u>Service</u>	<u>Approximate No. of Days</u>
During first three years	13
After 3, up to 6 years	16
After 6, up to 8 years	20
After 8 years, up to 20 years	23
After 20 years	26

- F. Sick Leave. For the first three years of full-time employment, the employee earns four (4) hours of sick leave per full bi-weekly pay period. After three years, this increases to five (5) hours per payroll.
- G. Retirement-Survivor Benefits. Employees are members of the Minnesota State Retirement System. This system is coordinated with Social Security and provides retirement annuities and disability benefits for employees and survivor benefits for dependents when an employee dies. The employee contribution is 3.73 percent of total salary for retirement and disability provisions of the state retirement plan, plus the current rate for Social Security contributions.
- H. Worker's Compensation. Employees are covered under provisions of the Minnesota Worker's Compensation Act.
- I. Unemployment Compensation. Employees are eligible for unemployment compensation upon termination of employment provided they meet the requirements of the Minnesota Employment Security Law.
- J. Work Week. Employees work 40 hours per week. Office hours are 8:15 a.m. to 5:00 p.m., Monday through Friday, with a 45 minute lunch period. Two 15 minute coffee breaks are also provided. Flexible hour arrangements of 7:15 a.m. to 4:00 p.m.; 7:45 a.m. to 4:30 p.m.; 8:00 a.m. to 4:45 p.m.; 8:30 a.m. to 5:15 p.m.; or 8:45 a.m. to 5:30 p.m. are also available subject to supervisory approval.
- K. Overtime. For assigned overtime, clerical employees earn overtime pay at time-and-one-half for hours worked in excess of forty (40) hours in the pay week. Other personnel normally are not eligible for overtime; however, compensatory time off may be granted in accordance with established rules.
- L. Transportation. Metro Square Building parking is available and may be on payroll deduction. Parking in other lots in the vicinity is generally available. Prices for those lots vary and are paid directly by the employee daily or monthly. Monthly bus passes are available at a discount through payroll deduction.
- Personal automobile travel on RTB business is reimbursed at the rate of 23 cents per mile. Parking and toll charges incurred on official business are also reimbursed.
- M. Employee Education Program. This program provides for payment of tuition for certain kinds of academic coursework in accordance with established rules.
- N. Employee Assistance Program. This service, provided outside the RTB, is available free of charge for diagnosis and referral of employee and family member problems.

REGIONAL TRANSIT BOARD

Suite 270 Metro Square Building, Saint Paul, Minnesota 55101

DATE: January 2, 1986
TO: Regional Transit Board
FROM: Elliott Perovich, Chair
SUBJECT: Consent List

The following referral has been reviewed by the staff and chair of the Regional Transit Board. In my opinion, the referral meets the standards of consent referrals adopted by the board in its bylaws.

Project Development Report/Environmental Assessment Bridge Replacement and Improvements on 2.5 Mile Section of Trunk Highway 5 in Eden Prairie, Minnesota

This document outlines the approach to be taken by the Minnesota Department of Transportation (Mn/DOT) and the issues to be examined in detail in the Environmental Impact Statement (EIS) for the bridge replacement and improvements on a 2.5 mile segment of Trunk Highway 5 from Heritage Road to Prairie Center Drive in Eden Prairie. The purpose of this project is to replace a functionally obsolete bridge and to improve traffic flow, capacity and safety. The RTB has been asked to comment on the Project Development Report by the Mn/DOT. Review of this document has been completed and the Regional Transit Board finds that the impact of this project on transit will be examined in the Environmental Impact Statement in accordance with the Regional Transit Board's Interim Implementation Plan.

Reviewer: K. Turnbull

Hamblat 1/27

THAT, WITH A CHANGE OF THE MBE AND WBE REQUIREMENTS OF ARTICLE 21.00 FROM "SEVEN PERCENT (7%)" TO "TEN PERCENT (10%) OF THE TOTAL CONSTRUCTION CONTRACT AMOUNT", THE REGIONAL TRANSIT BOARD APPROVE THE LEASE WITH MGC LIMITED PARTNERSHIP FOR OFFICE SPACE IN THE "METROPOLITAN GOVERNMENT CENTER" TO BE CONSTRUCTED AT FOURTH AND SIBLEY STREETS IN THE CITY OF ST PAUL FOR THE TERM AS PROVIDED THEREIN AND AUTHORIZE THE CHAIRMAN AND EXECUTIVE DIRECTOR TO EXECUTE SAID LEASE SUBJECT TO ACTION FEBRUARY 6 BY THE THREE AGENCY NEW SPACE POLICY COMMITTEE AFFIRMING EXECUTION.

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REGIONAL TRANSIT BOARD

Suite 270 Metro Square Building, Saint Paul, Minnesota 55101

DATE: January 21, 1986
TO: Regional Transit Board
FROM: Administration and Finance Committee
SUBJECT: New Space Lease

ACTION REQUESTED

The Regional Transit Board is asked to approve the proposed lease with MGC Limited Partnership for office space in the "Metropolitan Government Center".

BACKGROUND

The Administration and Finance Committee reviewed the proposed lease at its meeting January 16th and recommended it for approval contingent, at the request of staff, on receipt of confirmation from Metro Square Partnership that the Metro Agencies, should the new building not be ready for occupancy, will not be evicted from the Metro Square Building during the period from January 1, 1987 thru July 31, 1987.

As of this writing, the confirmation has not been received; thus, the board will be advised at its meeting as to whether or not the contingency has been met. The committee recommendation, following, is subject to the confirmation and discussion.

RECOMMENDATION

That the Regional Transit Board approve the lease with the MGC Limited Partnership for office space in the "Metropolitan Government Center" to be constructed at Fourth and Sibley Streets in the City of St. Paul for the term as provided therein and authorize the chairman and executive director to execute said lease.

RUTH FRANKLIN
CHAIR

OFFICE LEASE AGREEMENT

THIS LEASE AGREEMENT made and entered into on this ____ day of _____, 1986 between Metropolitan Government Center Limited Partnership, a limited partnership formed under the laws of Minnesota and having Asset/Artists, Inc. as its general partner (hereinafter called "Landlord") and the Regional Transit Board, a political subdivision of the State of Minnesota (hereinafter called "Tenant").

WITNESSETH: Landlord and Tenant, in consideration of the rents and covenants herein contained, hereby agree as follows:

ARTICLE 1.00 LEASED PREMISES

Landlord hereby devises and leases to Tenant subject to the terms and conditions of this Lease, the premises outlined in red on the diagram to be prepared pursuant to Section 3.02 and attached hereto as Exhibit A (hereinafter called "Leased Premises"), consisting of approximately 6,880 square feet of Usable Office Space and 200 square feet of Usable Storage Space as specifically identified on Exhibit A, said premises being located within floors one through six in the building to be constructed by Landlord in accordance with this Lease (hereinafter called "the Building"). The specific location of the Leased Premises on the floors shall be as specified in Tenant's Space Plan. The Building will be located on approximately the eastern one-third (running along Sibley Street) of the square block bounded by Sibley Street on the east, Fourth Street on the north, Jackson Street on the west, and Kellogg Boulevard on the South, in the City of St. Paul, County of Ramsey, State of Minnesota, all as more particularly designated on the diagram attached hereto as Exhibit B and incorporated herein and as legally described on Exhibit C, attached hereto and incorporated herein.

Article 2.00 CONSTRUCTION OF BUILDING

2.01 Landlord to Construct. Landlord shall construct the Building pursuant to the terms of this Lease, the terms of the Construction Procedures Schedule attached hereto as Exhibit D and incorporated herein, and in accordance with the plans of Landlord's Architect as reviewed and accepted by Tenant. Landlord shall submit architect's plans to Tenant for review and acceptance within the timeframe specified in Exhibit D hereof. Tenant shall review the architect's plans for: (1) overall design and appearance of the Building; (2) access points to the Building and location of stairways between floors of the Leased Premises; and (3) such other items of design as may affect, in Tenant's discretion, the use and efficiency of the Leased Premises for Tenant's use. Following review by Tenant, Tenant shall accept or reject, in whole or in part, the plans of Landlord's Architect. Acceptance of architect's plans by Tenant shall be for the sole benefit of Tenant and shall not constitute any

professional certification by Tenant or waiver of any rights or claims of any type by Tenant, nor subject Tenant to any liability whatsoever. Following acceptance by Tenant, any material change in the architect's plans shall be submitted to Tenant for review and acceptance pursuant to this Section.

2.02 Construction Progress. Notwithstanding any other provision of this Lease to the contrary, Tenant's obligation under this Lease shall be subject to and conditioned upon the following:

- (a) Within fourteen (14) days from the date of execution of this Lease, Landlord shall provide evidence reasonably satisfactory to Tenant that Landlord has a binding commitment from a lender or lending institution to provide financing for the purchase of the property described on Exhibit C and construction of the Building.
- (b) On or before February 1, 1986, Landlord shall provide Tenant with evidence that it has entered into a binding construction contract for construction of the Building and which includes a completion date such that Landlord will meet its obligations for occupancy under this Lease. Landlord agrees to promptly notify Tenant of any changes in said construction contract which might reasonably affect such completion date.
- (c) Landlord shall commence actual construction of the Building by no later than February 10, 1986.
- (d) Within thirty (30) days from the date of execution of this Lease, Landlord shall deposit in an escrow account the rental expense and finish-out allowance amount in the manner and as provided in Article 9.00.
- (e) On or before June 1, 1986, Landlord shall provide to Tenant a sworn certificate of Landlord's project architect certifying that (i) Landlord has expended a minimum of \$1,600,000 on hard construction costs on the Building and ramp to be constructed under the Building; and (ii) that the contract for the structural package on the Building has been awarded; and (iii) that there are sufficient unspent funds in the construction escrow accounts to complete the Building in accordance with the construction contract.

The foregoing conditions are solely for the benefit of Tenant and may be waived by Tenant at Tenant's sole option. The foregoing conditions shall be deemed waived unless within thirty (30) days of the date indicated for compliance with the particular contingency, Tenant shall have delivered written notice to Landlord indicating Tenant's election to terminate this Lease. In the event Tenant exercises the foregoing option to terminate this Lease, Tenant shall have no further obligation under this Lease and this Lease shall be null and void, except that Landlord shall reimburse Tenant for fees and expenses paid by Tenant to Tenant's Design Consultant for all space planning work performed on or before the date of termination of this Lease with respect to the Leased Premises.

2.03 Option to Name. Upon agreement by the Metropolitan Council, Metropolitan Waste Control Commission and the Regional Transit Board (hereinafter called "Metro Agencies") communicated in writing to Landlord no later

than February 28, 1986, the Metro Agencies may choose the name of the Building. In the event this option is not exercised, the name of the Building shall be the "Metropolitan Government Center." The name of the Building shall not be changed without Tenant's prior written approval and Landlord agrees not to use any other name in connection with the Building other than as provided in this Section.

Article 3.00 RENT.

3.01 Gross Lease. The parties hereto intend that this shall be a gross lease and, except for rent and any other charges specifically mentioned herein as being the liability of Tenant, Landlord shall be liable for all expenses incurred in owning, operating and maintaining the Building and all appurtenances thereof, including but not limited to all real estate taxes, assessments, SAC, WAC or other local charges, normal building services, utilities, repairs and maintenance expenses, and fire and extended building insurance. Tenant agrees to pay Tenant's monthly telephone service charges, charges for maintenance of equipment owned by Tenant, and Tenant's liability insurance premiums. In the event Landlord fails to make necessary payments for utilities, insurance, taxes, assessments and the like within a reasonable time after notice by Tenant, Tenant may pay such expenses and deduct the same from the rent due under this Lease.

3.02 Rent Schedule. As rent for the above described Leased Premises, Tenant agrees to pay to Landlord \$12.90 per square foot of Usable Office Space per year for each year of the Lease term and \$6.50 per square foot of Usable Storage Space per year for each year of the Lease term. (The rental rate for Usable Office Space is subject to a possible increase pursuant to the provisions of Section 4.01 (i) of Exhibit D or to a possible decrease under Article 9.00 of this Lease for unused finish-out allowance funds.) Upon completion of architect's plans for the Building and Tenant's Space Plan, the Building Architect and the Design Consultant shall meet to calculate the number of square feet of Usable Office and Storage Space required by Tenant's Space Plan. Once the size requirements and the location of the Leased premises within the Building have been agreed upon by the parties, Landlord shall prepare Exhibit "A" to be incorporated into this Lease following review and approval by Tenant. Additionally, Landlord shall prepare and deliver a completed rent schedule in substantially the following form:

Rent Schedule Notice Under Section 3.02 of Lease.

<u>Lease Year</u>	<u>Usable Office Space</u>		<u>Usable Storage Space</u>		<u>Combined Office & Storage</u>	
	<u>Rental Rate/ Sq. Ft.</u>	<u>No. of Sq. Ft.</u>	<u>Rental Rate/ Sq. Ft.</u>	<u>No. of Sq. Ft.</u>	<u>Monthly Payment</u>	<u>Annual Rent</u>
First						
2/1/87-1/31/88	\$12.90	_____	\$6.50	_____	\$_____	\$_____
Second						
2/1/88-1/31/89	12.90	_____	6.50	_____	_____	_____

Third						
2/1/89-1/31/90	12.90	_____	6.50	_____	_____	_____
Fourth						
2/1/90-1/31/91	12.90	_____	6.50	_____	_____	_____
Fifth						
2/1/91-1/31/92	12.90	_____	6.50	_____	_____	_____
					TOTAL	\$ _____

Upon delivery of the above Schedule to Tenant, said completed rent schedule shall be incorporated into this Lease and made a part hereof without any further action required by the parties. Rent shall be paid in twelve (12) equal monthly installments payable on or before the last day of each calendar month for said month. The obligation to pay rent under this Lease shall not begin to accrue until the Commencement Date of this Lease and the first rent payment shall be due the last day of the calendar month in which the Commencement Date of this Lease falls.

3.03 Usable Office Space. The term "Usable Office Space" shall mean that space in the Leased Premises to be used as office space and marked as such on Exhibit A and included as Usable Office Space in the rent schedule in Section 3.02 of this Lease. Usable Office Space shall be determined by measuring floor dimensions as taken from the inside face of exterior walls to the inside surface of all masonry walls or to the center line of all other types of interior walls bounding the Leased Premises. If more than fifty (50%) percent of an exterior wall is window, the measurement shall be taken from the glass line. Stairwells, elevators, restrooms, mechanical and utility rooms, public corridors and lobbies are excluded. No deductions shall be made for columns, pilasters, or other projections to the Building.

3.04 Usable Storage Space. The term "Usable Storage Space" shall mean that space in the Leased Premises to be used as storage space and marked as such on Exhibit A and included as Usable Storage Space in the rent schedule in Section 3.02 of this Lease. Usable Storage Space shall be measured in the same manner as Usable Office Space under Section 3.03 of this Lease.

Article 4.00 TERM OF LEASE.

4.01 Term. Subject to provisions of Article 4.03, the term of this Lease shall be five (5) years beginning on the first day of the month of February, 1987 and ending on the last day of the month of January, 1992 (hereinafter called "Expiration Date"), unless terminated earlier pursuant to the terms of this Lease.

4.02 Possession. Landlord hereby covenants to deliver actual physical possession of the Leased Premises to Tenant in a completed condition and ready for occupancy in accord with the terms of Exhibit D, no later than December 31, 1986. The phrase "ready for occupancy" or "completed condition" when used in this Lease, shall mean that Landlord's work in the Leased Premises as specified in this Lease and in Exhibit D, has been completed to the extent reasonably necessary for the commencement of Tenant's work and that Landlord's work, if

any remains to be done, can be performed in conjunction with Tenant's work without unduly hindering or disturbing Tenant's work or occupancy of the Leased Premises. Upon notice from Landlord of the date upon which the premises are ready for occupancy and certification by Landlord's Architect and by Tenant's Design Consultant that the premises are ready for occupancy, Tenant agrees to accept delivery and enter upon the Leased Premises and promptly and diligently thereafter install its fixtures, facilities, and equipment contemporaneously with Landlord's remaining work, if any. In no event shall the certification of Tenant's Design Consultant that the premises are ready for occupancy become effective prior to receipt by Tenant of a certificate from Landlord's Architect that the premises are in a completed condition and ready for occupancy in accordance with this Lease. In the event and if for any reason whatsoever, the Leased Premises are not ready for occupancy by December 31, 1986, Landlord agrees to pay any and all rent, rent increases, additional rent for property taxes and operating costs, and penalties that Tenant may incur at its present location in the Metro Square Building, St. Paul, Minnesota commencing January 1, 1987 and until thirty (30) days after delivery of the premises in a completed condition is made to Tenant. Landlord further agrees that if, for any reason whatsoever, the Leased Premises are not delivered to Tenant in a completed condition by December 31, 1986 and if Tenant is evicted; or unable to reach an agreement for a lease extension acceptable to Tenant; or otherwise forced to move because of unsatisfactory conditions, in the discretion of Tenant, from its current offices in the Metro Square Building, Landlord will pay Tenant's moving expenses, rent, utility charges, telephone and computer hook-up charges, and the like at suitable offices selected by Tenant. It is the intent of this provision that all expenses incurred by Tenant on account of late delivery of the Leased Premises shall be paid by Landlord in accordance with Article 9.00.

4.03 Change of Commencement Date. Notwithstanding the provisions of Article 4.01, the term of this Lease shall commence on February 1, 1987 or thirty (30) days after certification by Tenant's Design Consultant that the Leased Premises are in a completed condition and ready for occupancy, whichever is later (hereinafter called "Commencement Date"). Rent for any partial month shall be pro-rated. If the Commencement Date is after February 1, 1987, the Expiration Date shall be extended to that date which is five (5) years from the last day of the month in which the Lease commenced. Upon determination of the Commencement Date, the parties hereto agree to execute and annex to this Lease a memorandum specifying such date and adjusting the lease years as specified in Section 3.02 accordingly.

4.04 Occupancy. Any occupancy by Tenant prior to the Commencement Date shall be rent free, but shall in all other respects be in accord with the terms of this Lease. By occupying the Leased Premises to complete Tenant's work, install fixtures, facilities, or equipment, or to perform finishing work, Tenant shall be deemed to have accepted the same and acknowledge that the Leased Premises are in the condition required by Landlord's covenants hereunder, except as specified in writing by Tenant to Landlord within sixty (60) days of commencement of Tenant's occupancy, and except as to latent defects. In the event any disagreement or dispute arises between Landlord and Tenant with respect to whether the Leased Premises are in a completed condition and ready for occupancy, the certificate of the Tenant's Design Consultant shall be conclusive and binding upon the parties hereto that the Leased Premises are (or are not) in the condition required by this Lease and are (or are not) ready for occupancy.

Article 5.00 REDUCTION OF LEASED SPACE.

Upon at least 180 days written notice to Landlord, Tenant may at any time reduce the size of the Leased Premises by indicating to Landlord that portion of the Leased Premises which is thereafter to be excluded from this Lease, provided that such space which shall no longer be subject to the term of this Lease is reasonably accessible, or can reasonably be made accessible, by Landlord to potential tenants. Following any reduction in the size of the Leased Premises, the parties agree to promptly adjust the rent schedule accordingly and to incorporate into this Lease a diagram or memorandum sufficient to clearly identify the Leased Premises.

Article 6.00 EXPANSION OF LEASED SPACE.

During the term of this Lease, Tenant shall have the right to add additional space to the Leased Premises. Tenant shall notify Landlord in writing of its desire to add additional space at least 180 days prior to its intended occupancy. Landlord agrees to deliver actual possession of such additional space to Tenant on the date specified in Tenant's notice to Landlord. Any additional space added to the Leased Premises shall be taken subject to the following:

- A) Regardless of the occupancy date of the added space, the term for the additional space shall be coterminus with this Lease.
- B) Additional space leased under this provision will be at the rental rate then in effect and under the same terms and conditions as contained in this Lease.
- C) Landlord shall have no responsibility to prepare the space for Tenant's occupancy, and all costs of space preparation for expansion space shall be borne by Tenant as a Tenant expense.

Following any expansion in the size of the Leased Premises, the parties agree to promptly adjust the rent schedule accordingly and to incorporate into this Lease a diagram or memorandum sufficient to clearly identify the Leased Premises.

Article 7.00 CANCELLATION OF LEASE.

In addition to other rights of Tenant to terminate this Lease, this Lease is made subject to the right of Tenant to cancel the Lease at any time (including prior to possession) and for any reason upon 180 days written notice to Landlord. If Tenant cancels the Lease pursuant to this Article, Landlord shall have no further liability to Tenant for rent, rent increases, property taxes and operating costs, penalties and moving expenses under Section 4.02 of this

Lease from the date of notice of such cancellation. Unless specifically stated otherwise in the notice, any notice to terminate or cancel this Lease given to Landlord by Tenant prior to actual physical occupancy of the Leased Premises by Tenant shall be deemed to be a notice under Section 2.02 or Article 9.00 of this Lease and any notice to terminate or cancel this Lease given to Landlord by Tenant after such occupancy shall be deemed to be a notice pursuant to this Section.

Article 8.00 TITLE.

Landlord represents, warrants and agrees that: (a) it has full right and authority to enter into this Lease for the full term and all options herein granted; (b) it has not entered into and will not enter into any other lease, the provisions of which are in any way in conflict with the provisions hereof; (c) the Building and Leased Premises are (subject to the provisions of Section 3.02 hereof permitting amendment of Exhibit A), fully and correctly described in Exhibits A and B; and (d) there are no easements or restrictions relating to the Leased Premises. On or before commencement of construction of the Leased Premises, Landlord shall deliver to Tenant evidence of an issued title insurance policy indicating that Landlord is vested with title to the Building and underlying real property as described on Exhibits B and C subject only to mortgages and financing vehicles or, at Landlord's option, an opinion from Landlord's attorney to the same effect.

ARTICLE 9.00 ESCROW FOR RENTAL EXPENSES AND FINISH-OUT ALLOWANCE

9.01 Deposit. Except as provided hereinafter, Landlord shall deposit \$1,847,000 in the Escrow Account for Rental Expenses and Finish-Out Allowance (hereinafter called "Escrow Account") established pursuant to this Article 9.00. Said amount shall be deposited no later than the date thirty (30) days after execution of this Lease. Funds deposited in the Escrow Account shall be maintained therein and may be withdrawn only as provided in this Article 9.00. The Escrow Account shall be held by an entity reasonably acceptable to Tenant, which may be the title insurance company charged with disbursing funds being lent to Landlord by a first mortgagee, and shall be held pursuant to the terms of an escrow agreement incorporating the terms of this Article and other consistent provisions acceptable to Landlord and Tenant (the "Escrow Agreement"). Unless terminated earlier pursuant to the terms thereof or hereof, the Escrow Agreement shall survive termination of this Lease.

9.02 Reduction in Deposit. It is the intent of the parties that the \$1,847,000 deposit referred to in Section 9.01 is equivalent to the sum of (a) \$1,639,000 for eight (8) months of double rent and maximum additional rent for property taxes and operating costs for the Metro Agencies at their current offices in the Metro Square building, (b) \$100,000 for moving costs to be incurred by the Metro Agencies in the event of a move from the Metro Square Building to a location other than the Building, and (c) \$108,000 to be incurred by Tenant as fees for the Design Consultant. The parties agree that the amount to be deposited and maintained pursuant to Section 9.01 shall be reduced by the

amount which is equal to the difference between \$1,434,125 and the amount which the Metro Agencies are obligated to pay to the lessor of the Metro Square Building from January 1, 1987, to July 31, 1987, under a binding lease amendment (accompanied by an estoppel certificate from said landlord) on the space at the Metro Square Building, which lease amendment shall contain such terms as are reasonably acceptable to Tenant. In the event that the amount to be deposited and maintained in the Escrow Account is to be reduced as provided in this Section, the parties agree to execute such instructions to the escrow agent as may be required.

9.03 Purposes of Escrow Account. The parties intend that the amount deposited pursuant to Section 9.01 in the Escrow Account be used for the purposes of: (a) compensating the Metro Agencies for costs incurred in the event that Landlord does not deliver possession of the Leased Premises pursuant to Section 4.02 on or before December 31, 1986, including, but not limited to (i) all rent, rent increases, additional rent for property taxes and operating costs, and penalties that the Tenant or the Metro Agencies may incur at their present location in the Metro Square Building, and (ii) all moving expenses, rent, utility charges, telephone and computer hook-up charges, and the like at suitable offices selected by the Tenant or the Metro Agencies (all of which is hereinafter referred to as "Rental Expenses"); and (b) paying expenses for Tenant improvements to the Leased Premises in accordance with Article 5.00 of Exhibit D hereto and compensation to the Design Consultant (the "Finish-Out Expenses"). The Finish-Out Expenses shall be equal to \$8.25 per square foot of Usable Office Space in the Leased Premises for each of the Metro Agencies (the "Finish-Out Allowance"). Tenant's pro rata portion of the Escrow Account funds shall be calculated based upon Tenant's proportion of the square footage for all the Metro Agencies.

9.04 Administration of Finish-Out Allowance. The Escrow Agreement shall provide that upon the sole request of Tenant, accompanied by a draw request, the escrow agent shall, not more frequently than monthly, disburse funds for Finish-Out Expenses. Payment of such funds shall be made to the vendor or consultant specified in Tenant's request upon installation of the specified work.

9.05 Payment of Tenant's Rental Expenses. In the event Landlord has not delivered possession of the Leased Premises on or before December 31, 1986, as provided in Section 4.02 hereof, on the 5th day of January 1987 and on the 5th day of each month thereafter through and including June 5, 1987, so long as Landlord has not delivered possession of the Leased Premises, Landlord shall pay to Tenant Tenant's portion of the Rental Expenses actually incurred by Tenant as of the first day of each month and as itemized in a written notice by Tenant to Landlord. Any failure of Landlord to tender the sums due pursuant to this section within five (5) days of written notice to Landlord shall constitute a material breach of this Lease and shall entitle Tenant, at its option, to terminate this Lease by written notice thereof to Landlord within ten (10) days of Landlord's failure to pay. In the event that Tenant exercises the right to terminate this Lease as provided in this Section, this Lease shall be null and void and the parties shall have no liability hereunder, except that Tenant shall immediately be paid out of the Escrow Account its pro rata portion of the funds then remaining in the Escrow Account. In the event Tenant does not exercise its right in any given month to terminate as provided in this Section, Tenant shall be paid out of the Escrow Account the Rental Expenses itemized in Tenant's written notice to Landlord which Landlord has not paid to

Tenant as required by this section. Failure of Tenant to exercise its right to terminate this Lease or seek payment out of the Escrow Account as provided in this Section for any one month shall not impair or preclude Tenant's right to do so with respect to any subsequent month.

9.06 Delay in Delivery of Possession Beyond Six Months. In the event that the Leased Premises are not certified as completed and ready for occupancy by Landlord's Architect and Tenant's Design Consultant by June 30, 1987, Tenant shall have the option to terminate this Lease by written notice of such termination to Landlord on or before July 31, 1987. If such option is exercised this Lease shall be null and void and Tenant and Landlord shall have no liability hereunder, provided that, notwithstanding any offer of payment by Landlord of Tenant's portion of Rental Expenses, Tenant shall be paid out of the Escrow Account Tenant's pro rata portion of the amount then remaining in the Escrow Account.

9.07 Close-Out of Finish-Out Allowance. The Escrow Account shall be terminated at such time as all funds in the Escrow Account are disbursed. If not disbursed prior to the date two months following the Commencement Date established pursuant to Article 4.00 ("Close-Out Date"), all funds in the Escrow Account shall be paid to Landlord with notice thereof to Tenant. To the extent that such funds paid to Landlord on the Close-Out Date constitute Tenant's pro rata portion of the Finish-Out Allowance, said amount shall constitute a credit against Tenant's monthly rent obligation under Section 3.02 to be applied equally over the 58 remaining months of the initial Lease term. In such event, the parties agree to execute an amended rent schedule. No credit shall be allowed Tenant for any funds in the Escrow Account in excess of Tenant's unexpended pro rata portion of the Finish-Out Allowance.

9.08 Design Consultant Fees. In the event that Tenant terminates this Lease pursuant to the provisions of Section 2.02, upon submittal of a draw request, Tenant shall be paid out of the Escrow Account the fees or expenses paid by Tenant to Tenant's Design Consultant for all space planning work performed on or before the date of termination of this Lease with respect to the Leased Premises.

9.09 Payment from Escrow Account. Payment of the funds out of the Escrow Account as provided in this Article 9.00 shall be payable to Tenant without the consent or authorization of any other person or party.

Article 10.00 COVENANTS OF LANDLORD AND TENANT.

10.01 Quiet Enjoyment. Landlord represents and warrants that it is solely entitled to all rents payable under the terms of this Lease and that Tenant shall have possession and quiet enjoyment of the Leased Premises during the full term of this Lease and any extension or renewal thereof.

10.02 General. Landlord covenants to observe and perform all of the terms and conditions to be observed and performed by Landlord under this Lease. Tenant covenants to pay the rent when due under this Lease, and to observe and perform all of the terms and conditions to be observed and performed by Tenant under this Lease.

10.03 Subordination to Mortgage. This Lease is subject and subordinate to any first lien mortgage which may now or hereafter encumber the Building of which the Leased Premises form a part and to all renewals, modifications, consolidations, replacements and extensions thereof. This clause shall be self-operative and no further instrument of subordination need be required by any mortgagee. In confirmation of such subordination, however, Tenant shall at Landlord's request execute promptly any appropriate certificate or instrument that Landlord may request. Tenant hereby constitutes and appoints Landlord the Tenant's attorney-in-fact to execute any such certificate or instrument for and on behalf of Tenant. The foregoing subordination shall affect only the priority of Tenant's interest in the Building and shall not alter any of the terms of this Lease. Further, the foregoing subordination shall be effective only in the event that the holder of any first lien mortgage executes the Non-Disturbance Agreement attached hereto as Exhibit F. In the event of enforcement by the mortgagee under any such mortgage of the remedies provided for by law or by such mortgage Tenant will, upon request of any person or party succeeding to the interest of the Landlord as a result of such enforcement, automatically become the Tenant of such successor in interest without change in the terms or other provisions of this Lease; provided, however, that such successor in interest shall not be bound by:

- a) Any payment of rent or additional rent for more than one month in advance except prepayments in the nature of security for the performance by Tenant of its obligations under this Lease.
- b) Any amendment or modification of this Lease made without the written consent of such mortgagee or such successor in interest.

10.04 Estoppel Certificate or Three Party Agreement. Tenant shall at Landlord's request execute either an estoppel certificate addressed to any mortgagee of Landlord or a three-party agreement among Landlord, Tenant and such mortgagee(s) certifying as to such facts (if true) and agreeing to such notice provisions and other matters as such mortgagee(s) may require in connection with Landlord's financing.

10.05 Waiver of Subrogation Rights. Anything in this Lease to the contrary notwithstanding, Landlord and Tenant each hereby waives any and all rights of recovery, claim, action or cause-of-action, against the other, its agents (including partners, both general and limited), officers, directors, shareholders or employees, for any loss or damage that may occur to the Leased Premises, or any improvements thereto, or said Building of which the Leased Premises are a part, or any improvements thereto, or any personal property of such party therein, by reason of fire, the elements, or any other cause which could be insured against under the terms of standard fire and extended coverage insurance policies, regardless of cause or origin, including negligence of the other party hereto, its agents, officers or employees, and covenants that no insurer shall hold any right of subrogation against such other party. This waiver of subrogation rights is effective only if and to the extent permitted by the applicable insurance policies of the parties hereto. The parties agree to cause their respective insurers to indicate on the certificates of insurance required to be delivered to the other party pursuant to this Lease whether, and extent to which, the foregoing waiver of subrogation rights is permitted by the insurer.

ARTICLE 11.00 USE OF PREMISES.

The Leased Premises are to be used and occupied by Tenant solely for general office and governmental purposes, including but not limited to holding public meetings on such days and at such times as are convenient for Tenant.

Article 12.00 DUTIES OF THE LANDLORD.

12.01 Utilities. Landlord agrees to cause public utilities to furnish any electricity, water, gas, steam, oil or other utilities used in operating any and all equipment or facilities serving the Leased Premises and to pay for such utilities.

12.02 Environmental Control System. Landlord agrees to furnish at its expense an adequate and suitable year-around environmental control system and appurtenances to provide a temperature and humidity condition required for comfortable occupancy of the Leased Premises and the common areas of the Building during Tenant's normal business hours and during such seasons of the year when such services are normally and usually furnished in commercial buildings in the region. It is understood and acknowledged that Tenant's normal business hours frequently include evenings and weekends and Landlord agrees to furnish adequate heat and air-conditioning at such times as requested by Tenant. The Engineering Plans prepared by Landlord pursuant to Exhibit D of this Lease shall indicate minimum air quality standards that are to be maintained. Standards shall be in excess of those established by the Minnesota State Building Code, but not to exceed the complete exchange of outside air at a rate of four (4) times per one-hour period. The design of the environmental control systems shall provide for individual controls of zones and offices and designated meeting room areas.

12.03 Hot and Cold Water. Landlord agrees to furnish at its own expense adequate hot and cold water to all points of supply in the Leased Premises and common areas of the Building.

12.04 Cleaning and Janitorial Services. Landlord agrees to provide at its own expense cleaning and janitorial services in the Leased Premises and common areas of the Building on a five (5) day a week basis in accordance with Exhibit E, attached hereto and incorporated herein. If Tenant is unsatisfied with cleaning or janitorial services, Tenant shall give written notice to Landlord specifying the problems in cleaning and janitorial service and giving Landlord ten (10) days to cure such problems. If in the judgment of Tenant, the problems are not cured or continually recur, Tenant may, at its option, contract with a cleaning service to provide such cleaning and janitorial services as are not being adequately provided by Landlord and deduct the cost of such services from Tenant's rent due under this Lease.

12.05 Lighting. Landlord agrees at its own expense to provide, in accordance with Exhibit D, lighting of at least a seventy (70) foot candle level at desk level in all work areas. Landlord further agrees to provide

adequate lighting for all non-work areas in the Leased Premises and all common areas of the Building and to maintain all lighting, including initial lamps, bulbs, starters and ballasts and all replacements thereof.

12.06 Elevators. Landlord agrees at its own expense to furnish and maintain in proper working order at least three passenger elevators and one freight elevator. Regular elevator service shall be provided Monday through Friday from 6:30 a.m. to 6:00 p.m., provided however, that authorized employees of Tenant, when on official business, shall have access to the Leased Premises at all hours. Upon request of Tenant, adequate elevator service shall be provided evenings and weekends for public meeting purposes.

12.07 Access and Security. Landlord shall provide Tenant unrestricted access to the Building Monday through Friday from 6:30 a.m. to 6:00 p.m. provided however, that authorized employees or invitees of Tenant, when on official business, shall have access to the Building at all hours. Landlord shall provide at its own expense adequate security personnel to permit building access at all hours, to prevent unauthorized access to the Leased Premises, and for general security purposes.

12.08 Restrooms. Landlord shall provide at its own expense separate and adequately-sized restroom facilities for men and women on each floor of the Building. Restroom facilities located on the floor or floors of the Building containing Tenant's main meeting chamber or large meeting rooms must be of adequate size to accommodate members of the public who may attend meetings of the Tenant. Upon request by Tenant and at Tenant's expense, Landlord agrees to install shower facilities in the Building.

12.09 Sidewalks. Landlord agrees to keep the public sidewalks adjacent to the Building and any sidewalks or stairways leading from the public sidewalks to the building free from snow, ice and debris.

12.10 Handicap Access. Landlord agrees at its own expense to provide and maintain the Building and Leased Premises with accessibility and facilities meeting State code requirements for handicapped persons.

12.11 Trash Disposal. Landlord agrees at its own expense to provide the Leased Premises with an adequate system for disposal of waste or trash.

12.12 Keys - Landlord agrees to furnish Tenant with twenty-four (24) keys for entering the Leased Premises, and additional keys at a charge by Landlord on an order signed by Tenant. All keys shall remain the property of Landlord. No additional locks shall be allowed on any door of the Leased Premises without Landlord's written permission, and Tenant shall not make, or permit to be made any duplicate keys, except those furnished by Landlord. Upon termination of this Lease, Tenant shall surrender to Landlord all keys to the Leased Premises, and give to Landlord the combination of all locks for safes, safe cabinets and vault doors, if any, in the Leased Premises.

12.13 Graphics. Landlord agrees at its own expense to provide and install on the exterior of the Building a sign identifying the Building name. Landlord further agrees at its own expense to provide and install Tenant's name, appropriate department if desired, and suite numerals at each entrance door to the Leased Premises. Landlord shall also provide directory information strips identifying Tenant in the Building directory located on the main floor.

Landlord agrees to submit the proposed plan for interior graphics required by this Section to Tenant's representatives on the Project Coordinating Committee (established pursuant to Exhibit D) for review and approval before installation.

12.14 Maintenance and Repairs. Landlord agrees to maintain in proper working condition all appurtenances within the scope of this Lease, including but not limited to the proper maintenance of plumbing, wiring, heating and cooling devices, and ductwork. Landlord further agrees to make such improvements, repairs or replacements as may be required for normal maintenance of walls, floors, corridors, windows, doors, lights, ceiling, roof and other structures, furnishings or equipment owned or under the control of Landlord within or serving the Leased Premises, and such additional maintenance as may be necessary because of damages by persons other than the Tenant, its agents or employees. If Tenant is or becomes dissatisfied with Landlord's maintenance and repair services provided hereunder, Tenant shall give notice to Landlord enumerating the specific problems. As soon as possible but not later than two (2) days following such notice, Landlord shall meet with Tenant and agree upon a method and means of providing maintenance and repair services satisfactory to Tenant. If no agreement is reached or if maintenance or repair problems continually recur, Tenant may in its discretion contract for all or any part of the maintenance and repair services to be provided by Landlord under this Lease and deduct the cost of such contract from the rent due under this Lease.

12.15 Central Services Space. Landlord agrees to provide at its own expense the special requirements for central services space as provided in Exhibit D.

12.16 Parking. Landlord agrees to provide up to 320 parking stalls within three (3) city blocks of the Building for use by Tenant at a rate of from \$20.00 to \$80.00 per month. In addition, Landlord agrees to cooperate with the City of St. Paul and the St. Paul Housing and Redevelopment Authority and their agents, contractors or partners and use best efforts to promote and ensure that a parking ramp sized adequately to meet the needs of Tenant is constructed adjacent to the Building, and that at least fifty (50) parking stalls will be available to Tenant in the ramp to be constructed under the Building on the Commencement Date of this Lease.

12.17 Skyways. Landlord agrees to make available without expense to Tenant, enclosed, covered skyway access to the Building from the St. Paul downtown skyway system. Within thirty (30) days of execution of this Lease, Landlord shall deliver to Tenant a schedule for skyway negotiations with the City of St. Paul and advise Tenant in writing as to the progress of the negotiations on a quarterly basis beginning June 1, 1986. Landlord further agrees to cooperate with the City of St. Paul and the St. Paul Housing and Redevelopment Authority and their agents, contractors or partners and use best efforts to promote and ensure that skyways from the Building to the Burlington Northern Building and the Union Depot Place are constructed.

12.18 Storage Space. The storage space provided under this Lease shall be easily accessible by a freight elevator and access corridors.

12.19 Loading Dock. Landlord agrees to construct a loading dock to the Building accessible by delivery trucks for use in making deliveries to or receiving shipments from Tenant.

12.20 Telecommunications. Landlord agrees to provide telephone lines from the street to the telephone closet within the Building and wiring from the closet in the Building to each telephone station location in the Leased Premises. Landlord further agrees to provide teflon coated two pair/four wire RG62-AU coaxial cable appropriate for Tenant's computer system throughout the Leased Premises for Tenant's computer use.

12.21 Bicycle Storage. Landlord agrees at its own expense to provide bicycle storage for Tenant's use, subject to approval of the location thereof by the City of St. Paul.

ARTICLE 13.00 DESTRUCTION OR DAMAGE OF PREMISES.

13.01 Destruction or Damage During First Three Years. Except as provided in Section 13.02 hereof, if the Leased Premises shall be damaged or destroyed by fire or other casualty, Landlord shall, within nine (9) months of the date of such casualty, repair and restore the Leased Premises to substantially the condition existing immediately prior to such casualty; provided that if such repair and restoration shall be delayed by reason of strikes, shortages of material, acts of God or other similar causes beyond Landlord's control then, and if Landlord shall promptly notify Tenant of the occurrence and termination of each such delay, Landlord shall be allowed such additional time to complete such repair and restoration as shall be equal to the period of such delay. Tenant shall make available to Landlord any insurance proceeds of Tenant attributable to repair and restoration of the Leased Premises; provided that the inadequacy of insurance proceeds from either party shall not excuse Landlord from its obligations under this Lease. If Landlord shall fail to complete such repair and restoration within nine (9) months of the date of such casualty (plus the additional time allowed as provided above), then Tenant may within sixty (60) days of such failure to complete such repairs and restoration either terminate this Lease by notice to Landlord, whereupon this Lease shall become void and of no further force or effect, or commence performance of such repair and restoration. Landlord covenants and agrees that if Tenant elects to perform such repair and restoration, Landlord's insurance proceeds, if any, shall be made available to Tenant upon presentment of labor and material bills for work completed in connection with such repair and restoration. If the insurance proceeds made available to Tenant are insufficient, Tenant may deduct the deficiency, together with interest at the rate of twelve percent (12%) per annum on the unrecovered amount of such deficiency, from the rent due or accruing hereunder. Tenant shall be entitled to an equitable abatement of the rent corresponding to the time during and the extent to which the Leased Premises are rendered untenable for Tenant's use and occupancy in its normal manner of operation.

13.02 Destruction or Damage During Last Two Years. If, during the last two (2) years of the lease term, the damage to the Leased Premises shall be greater than fifty percent (50%) of the replacement cost thereof, Landlord may terminate this Lease by notice to Tenant within thirty (30) days of the date of such casualty, unless Tenant shall, by notice to Landlord within sixty (60) days after receipt of such notice of termination, exercise its option under

Article 15.00 to extend the term hereof an additional five (5) years after expiration of the then current term in which event Landlord shall repair and restore as required by Section 13.01 of this Lease.

ARTICLE 14.00 CONDEMNATION

In the event any part of the Leased Premises shall be condemned by any competent authority under power of eminent domain or conveyed in anticipation or in lieu of such condemnation, then:

- (a) if twenty percent (20%) or more of the square foot area of the Building or if any part of the Leased Premises shall be so condemned, then Tenant may at its election terminate this Lease by notice to Landlord within sixty (60) days of said condemnation. All rent payable hereunder shall be apportioned as of the date of the termination of this Lease, and any rent paid in advance shall be repaid to Tenant.
- (b) If any part of the Leased Premises shall be so condemned (and if Tenant, having the right to terminate this Lease pursuant to subparagraph (a) above, shall not do so), then Tenant's rent shall be equitably and proportionately reduced as and from the date upon which possession is taken.

Landlord shall be entitled to the full proceeds of any condemnation award, except Tenant shall be compensated for fixtures and leasehold improvements installed by Tenant.

ARTICLE 15.00 OPTION TO EXTEND TERM.

15.01 Option. Tenant may, at its option, extend the term of this Lease for an additional period of five years upon the same terms and conditions herein expressed, subject to the rental adjustment set forth in Section 15.02 hereof. Not less than 180 days nor more than 270 days prior to termination of this Lease, Landlord shall give notice to Tenant of the forthcoming termination of Lease and Tenant's option to extend. Tenant shall have sixty (60) days from delivery of notice by Landlord in which to exercise the option to extend. Failure to exercise the option within sixty (60) days of delivery of notice by Landlord constitutes a waiver of said option and any subsequent hold-over by Tenant shall not be deemed to extend or renew this Lease. In the event Landlord fails to give Tenant notice of the forthcoming termination of Lease and Tenant's option to extend, Tenant may exercise its option to extend any time prior to the expiration of this Lease.

15.02 Rent Adjustment. Upon exercise by Tenant of its option to extend the term of this Lease, the rent schedule in Section 3.02 of this Lease shall be adjusted pursuant to this Section 15.02, provided however, (i) the adjustment formula shall not reduce the amount of rent paid by Tenant; and (ii) the adjustment formula shall not increase the rent paid by Tenant by more than thirty (30) percent. Effective with the first rent payment payable by

Tenant for the extended term and for the full length of the extended term, and subject to the above limitations, rent shall be adjusted by the percentage increase, if any, in the Consumer Price Index based on the following formula:

- (A) As used herein, the following terms shall have the meanings assigned to them in this subparagraph:
- (i) "CPI" means the Consumer Price Index, Minneapolis/St. Paul Average All Urban Consumers as published by the United States Department of Labor's Bureau of Labor Statistics. If the CPI is altered, modified, converted or revised in any way, then the CPI as adjusted shall be used. If such CPI shall no longer be published by said Bureau, then any substitute or successor index published by said Bureau or other governmental agency of the United States shall be used. If such CPI (or a successor or substitute index) is not available, a reliable governmental or other reputable publication which is selected by the parties and which evaluates the information theretofore used in determining the CPI shall be used;
 - (ii) For the purpose of the rent adjustment formula, "Base CPI" shall refer to the CPI in effect in December of the calendar year in which the Commencement Date of this Lease falls; and "Current CPI" shall refer to the CPI in effect in December of the calendar year preceding the year in which the option to extend the term of this Lease was exercised.
- (B) If on the date that Tenant exercises its option to extend, the Current CPI shall exceed the Base CPI, there shall be an adjustment of Tenant's monthly rent payment specified in Section 3.02 of this Lease. Tenant's monthly rent payment for each month of the extended five-year term shall be the amount which is the product obtained by multiplying Tenant's then current monthly rent payment amount by a fraction, the numerator of which is the Current CPI and the denominator of which is the Base CPI. Upon determination of the adjustment amount, if any, the parties agree to promptly execute an amendment to this Lease incorporating a new Section 3.02 containing the rent adjustment determined pursuant to this Section 15.02.

ARTICLE 16.00 HOLDING OVER.

If Tenant continues to occupy the Leased Premises after the extended term hereof, or after the then current term without having exercised its option to extend the term, then, and in any such event, such occupancy shall be deemed to be a tenancy from month to month only, at the monthly rent that comparable space in the Building is then renting for and upon the other terms and conditions (except for the Lease term) herein set forth. Either party may terminate such tenancy by giving to the other thirty (30) days written notice.

ARTICLE 17.00 SUCCESSORS BOUND.

The terms, conditions, covenants and agreements herein contained shall run with the land and shall inure to the benefit of and be binding upon the respective legal representatives, heirs, successors, administrators and assigns of the parties hereto.

ARTICLE 18.00 NOTICES.

18.01 Mailing; Addresses. Notwithstanding anything in this Lease to the contrary, all notices required or permitted to be given under this Lease shall be in writing, sent by registered mail, postage prepaid, and if to Landlord at:

Metropolitan Government Center Limited Partnership
c/o Asset Development Services, Inc.
200 Plumtree Building
415 First Avenue North
Minneapolis, Minnesota 55401

and if to Tenant at:

Regional Transit Board
270 Metro Square Building
Seventh and Robert Streets
St. Paul, Minnesota 55101
ATTENTION: EXECUTIVE DIRECTOR

or at such other place as either party shall designate in writing. The foregoing notwithstanding, upon arrival of the Commencement Date of this Lease and actual physical occupancy of the Leased Premises by Tenant, Tenant's address for purposes of notice hereunder shall automatically change without any action required by Tenant to the proper mailing address of Tenant's offices in the Building.

18.02 Effective Date. Notices under this Lease shall be effective upon mailing.

ARTICLE 19.00 INSURANCE.

19.01 Landlord's Casualty Insurance. Landlord shall purchase and maintain, at its own expense, during the full term of this Lease and any extension thereof, casualty insurance protecting the Leased Premises and Building against loss or damage by fire, storm, civil disorder and all other insurable casualties for the full replacement value thereof. Landlord shall not be obligated to insure any furniture, equipment, machinery, goods or supplies not covered by this Lease which Tenant may bring upon the Premises.

19.02 Landlords's Liability Insurance. Landlord shall purchase and maintain during the full term of this Lease and any extension thereof, general comprehensive liability insurance protecting it from the claims set forth below which may arise out of or result from Landlord's ownership or management of the Building or Leased Premises, whether such management be by itself or by anyone directly or indirectly employed by it.

- a) Claims under worker's compensation, disability benefit and other similar employee benefit acts.
- b) Claims for damages because of bodily injury, occupational sickness or disease, or death of employees.
- c) Claims for damages because of bodily injury, sickness or disease, or death of any person other than employees.
- d) Claims for damages because of injury to or destruction of tangible property, including loss of use thereof.
- e) Claims for damages caused by usual personal injury liability coverage.

Such insurance shall have limits no less than the amounts shown below:

Bodily Injury	\$ 2,000,000 each occurrence
	\$ 2,000,000 aggregate
Property Damage	\$ 2,000,000 each occurrence
	\$ 2,000,000 aggregate
Personal Injury	\$ 2,000,000 aggregate

19.03 Evidence of Insurance. Certificates of insurance evidencing the above coverage and acceptable to Tenant shall be filed with the Tenant prior to any certification by Landlord's architect that the Leased Premises are in a completed condition and ready for occupancy. These certificates shall contain a provision that coverages afforded under the policies will not be cancelled unless at least thirty (30) days prior written notice is given to Tenant.

19.04 Tenant's Casualty Insurance. Tenant agrees to obtain, at Tenant's expense, and keep in force during the term of this Lease Agreement, casualty insurance containing extended coverage and vandalism endorsements and without co-insurance covering the contents of and fixtures in the Leased Premises, in the amount of their full replacement value. Tenant shall deliver to Landlord, prior to occupancy, copies of policies of casualty insurance required herein, or certificates evidencing the existence and the amounts of such insurance with loss payable clauses acceptable to Landlord.

19.05 Tenant's General Liability Insurance. Tenant shall purchase and maintain during the full term of this Lease and any extension thereof, general liability insurance providing coverage for injuries to and death of persons and damage to property occurring in the Leased Premises and arising out of the negligence of Tenant, its officers, employees or agents, having limits no less than the amounts shown below:

Bodily Injury	\$2,000,000 each occurrence
	\$2,000,000 aggregate
Property Damage	\$2,000,000 each occurrence
	\$2,000,000 aggregate
Personal Injury	\$2,000,000 aggregate

19.06 Evidence of Insurance. Certificates of insurance evidencing the above coverage and acceptable to Landlord shall be filed with the Landlord prior to occupancy by Tenant. These certificates shall contain a provision that coverages afforded under the policies will not be cancelled unless at least thirty (30) days prior written notice is given to Landlord.

ARTICLE 20.00 TRADE FIXTURES AND PERSONAL PROPERTY.

Tenant may install in the Leased Premises its usual trade fixtures and personal property in a proper manner, provided that no such installation shall interfere with or damage the mechanical or electrical systems or the structure of the Building. If Tenant is not then in default hereunder, trade fixtures and personal property installed in the Premises by Tenant may be removed from the Premises:

(a) from time to time in the ordinary course of Tenant's business or in the course of reconstruction, renovation, or alteration of the Premises by Tenant; or

(b) during a reasonable period prior to the expiration of the Term, provided that Tenant promptly repairs at its own expense any damage to the Leased Premises resulting from such installation and removal.

ARTICLE 21.00 MBE and WBE Requirements.

Landlord and Tenant are committed to provide equal business opportunity for minority (MBE) and women (WBE) business enterprises and hereby establish a goal of seven percent (7%) of the total construction contract amount for such participation.

Landlord covenants and agrees that it will include provisions in its construction contract for the Building which provide as follows:

1. That the contractor take affirmative steps to assure that MBE and WBE are used when possible as sources of supplies, construction, and services; and
2. That the contractor will meet the stated goal or, if it fails to do so, will provide documentation to Landlord and Tenant of the positive efforts taken to encourage the utilization of MBE and WBE and the reasons for the inability to achieve the stated goal.

ARTICLE 22.00 ENTIRE AGREEMENT.

This Lease contains the entire agreement between the parties hereto with respect to the subject matter of this Lease.

ARTICLE 23.00 AMENDMENT.

Unless otherwise specifically provided in this Lease, no amendment, modification, or supplement to this Lease shall be valid or binding unless set out in writing and executed by the parties hereto.

ARTICLE 24.00 SAVINGS CLAUSE.

The invalidity or unenforceability of any provision of this Lease shall not affect or impair the validity of any other provision.

ARTICLE 25.00 SHORT FORM LEASE.

At the request of either party to this Lease, the other party shall enter into a Short Form Lease for the purpose of recording the same in lieu of recording this Lease. Either party, at the request of the other, shall deliver to the other such certificates or other documents as may be required to file and record the Short Form Lease.

ARTICLE 26.00 WAIVER.

One or more waivers of any covenant, term or condition of this Lease by either party shall not be construed by the other party as a waiver of a subsequent breach of the same covenant, term or condition. The consent or approval of either party to or of any act by the other party of a nature requiring consent or approval shall not be deemed to waive, or render unnecessary, consent to or approval of any subsequent similar act.

ARTICLE 27.00 HEADINGS.

The Article and Section titles herein are for convenience only and do not define, limit or construe the contents of this Lease.

ARTICLE 28.00 APPLICABLE LAW.

The laws of the State of Minnesota shall govern the validity, performance and enforcement of this Lease.

IN WITNESS WHEREOF, the parties hereto have properly executed this Lease as of the date set out on page one.

LANDLORD

Metropolitan Government Center
Limited Partnership

By Asset/Artists, Inc.
Its General Partner

By _____
Its President

By _____
Its Secretary Treasurer

State of _____
County of _____

This instrument was acknowledged before me on _____ by _____
_____ and _____ as _____
_____, respectively of _____

TENANT

Regional Transit Board

By _____
Its Chair

By _____
Its Executive Director

Signature

Title
My commission expires: _____

State of _____
County of _____

This instrument was acknowledged before me on _____ by _____
_____ and _____ as _____
_____, respectively of _____

Signature

Title
My commission expires: _____

CONSTRUCTION PROCEDURES SCHEDULEARTICLE 1.00 DEFINITIONS

For purposes of this Schedule, the terms defined in this Article have the meanings given them in this Article, except as otherwise expressly provided or indicated by the context.

1.01 "Building Standard" means the quantity and quality of materials, fixtures, equipment, finishing, workmanship and other elements provided by Landlord throughout the Building. Building Standard shall be of a quality consistent with and aesthetically compatible with the design concept of Tenant.

1.02 "Building Architect" or "Landlord's Architect" means the architect or architectural firm selected by Landlord to plan the Building.

1.03 "Design Consultant" means the independent design firm selected by Tenant for the development of the interiors of the Leased Premises.

1.04 "Concept Plan" means a preliminary conceptual layout prepared by the Design Consultant establishing a space utilization scheme for the Leased Premises. The Concept Plan shall include proposed locations for all offices, storage areas, conference rooms, meeting chambers, computer rooms and open space and shall indicate capacities for personnel and equipment for each floor.

1.05 "Space Plan" means the plans and specifications prepared by the Design Consultant for the location of all permanent and demountable interior walls including specifications for general types of construction, proposed finish types for all surfaces, and electrical requirements.

1.06 "Engineer" means the engineer or engineering firm selected by Landlord to prepare the Engineering Plan for the Building.

1.07 "Interior Working Drawings" means the final plans prepared by the Design Consultant for the interiors including specifications on all finishes; furnishings and equipment locations, types and sizes; dimensioned electrical, coaxial and telephone outlet; and such other specifications as may be necessary for final installation of the interiors.

1.08 "Engineering Plan" means the plans and specifications (including mechanical and electrical working drawings) for the supply, installation, and finishing in the Leased Premises of all wiring and computer cabling; lights and switches; heating, ventilation and cooling equipment and controls; telephone and electrical outlets; plumbing and fixtures; fire protection, fire warning and security systems; and other mechanical and electrical equipment and facilities which are attached to and form a part of the Building.

1.09 "Landlord's Work" means the items in the Space Plan, Interior Working Drawings, Engineering Plan, and the Lease (including these Construction Procedures), to be supplied, installed and finished by Landlord in the Leased Premises and common areas of the Building. All Landlord's work shall be performed without any charge or cost to Tenant other than the rent specified in Section 3.02 of the Lease, unless expressly stated otherwise in these Construction Procedures.

1.10 "General Contractor" means the general contractor selected by Landlord to carry out construction work on the Building and Leased Premises.

ARTICLE 2.00 PLANS.

2.01 Design. The design, layout, finishes and equipment for the Leased Premises shall be determined by Tenant and set out in the Space Plan and Interior Working Drawings. All determinations by Tenant with respect to design, layout, finishes and equipment shall be compatible with the character and capacity of the Building. The Space Plan and Interior Working Drawings shall be developed in accordance with this Article 2.00.

2.02 Building Standard. On or before February 21, 1986 Landlord shall provide Tenant with a complete presentation of all Building Standard items for Tenant's review and comment. The presentation will be done using manufacturer's catalog cut sheets and specifications. At the request of Tenant, Landlord shall modify any Building Standard item provided such request does not result in cost overruns or time delays to Landlord.

2.03 Building Outline Drawings. On or before January 24, 1986, Landlord shall deliver final building outline drawings to Tenant's Design Consultant containing the following information with respect to the Leased Premises:

- a. Preliminary dimensioned outline floor plans for each floor of the Building at a scale of $1/8" = 1'-0"$ showing the Building module.
- b. Preliminary structural drawings showing the size and layout of the framing for each floor of the Leased Premises.

On or before February 21, 1986, Landlord shall provide final building outline drawings to Tenant's Design Consultant containing the following information with respect to the Leased Premises:

- a. Preliminary mechanical drawings showing the general location of:
 1. Primary and secondary air distribution ductwork and controls for an open floor plan.
 2. Sprinkler system for an open floor plan.
 3. Heating and cooling units and controls.
 4. Water supply and drainage systems, and access for Tenant connections showing conceptual locations for all equipment rooms.

allocation by April 18, 1986, Landlord shall allocate to each Metro Agency 5,500 linear feet of interior walls multiplied by the percentage of square footage of Usable Office Space that each Metro Agency has of the combined square footage of Usable Office Space for the three Metro Agencies. Up to thirty-five percent (35%) of said allocation may be used for permanent walls at Landlord's expense.

If Tenant's Space Plan requires a greater number of linear feet of permanent walls than its Allocated Share of Permanent Walls, Tenant's rent shall be increased by the product obtained by multiplying \$.85 times a fraction, the numerator of which is the number of linear feet of permanent walls actually installed (PWI) minus the Tenant's Allocated Share of Permanent Walls (ASPW) and the denominator of which is Tenant's Allocated Share of Walls (ASW) minus Tenant's Allocated Share of Permanent Walls (ASPW). The formula can be expressed as follows:

$$.85 \times \frac{\text{PWI} - \text{ASPW}}{\text{ASW} - \text{ASPW}};$$

provided, however, that in the event there is any unused allocation of interior walls by any Metro Agency, such unused allocation may be assigned to another Metro Agency prior to any rent adjustment; and provided further that in the event Tenant requires installation of interior walls in excess of the total number of linear feet of walls allocated to Tenant and pays the full cost for such walls, such walls shall be excluded from the above rent-adjustment formula. Said increase shall constitute an increase to the rental rate for Usable Office Space set forth in Section 3.02 and the parties agree to modify Section 3.02 of this Lease accordingly.

Tenant shall have the option of selecting the demountable walls to be installed in the Leased Premises provided that such demountable walls can be shipped and received without causing construction delays to Landlord and provided further that such walls can be installed by Landlord's construction crew. If Tenant selects demountable walls which cost in excess of Thirty Dollars (\$30.00) per linear foot, Tenant shall pay the cost over said amount out of the finish-out allowance or, at Tenant's option, in sixty (60) equal installments over the initial term of the Lease as a rent adjustment and the parties agree to modify Section 3.02 of this Lease to incorporate such rent adjustment. Landlord Agrees to provide all doors and frames for demountable walls or give Tenant a credit for such costs to the extent doors and/or frames are included in the demountable walls selected by Tenant.

All permanent walls shall be constructed by Landlord with metal studs with 5/8-inch gypsum board both sides, taped, sanded and primed or painted. In areas that reasonably require special accoustics, walls will be properly insulated and shall extend to the underside of the structure above, with all elements penetrating the walls properly treated for acoustical control.

- (j) Fire Protection. Fire detection and fire warning systems for the interior spaces and fire extinguishers in cabinets located in the service core.

ARTICLE 4.00 LANDLORD'S WORK.

4.01 ITEMS SUPPLIED BY LANDLORD. Landlord shall supply, install, and finish the following items at its own expense, all in accordance with the approved Architect's plans, the Space Plan, the Interior Working Drawings, the Engineering Plan, and the Building Standard:

- (a) Service Core. Finished elevators (with security lock-off system as approved by the Metro Agencies); elevator lobby (with carpet, lights, and finished walls and ceiling as approved by the Metro Agencies); stairways, ventilation shafts; and finished and painted electrical/telephone rooms, janitor rooms, and mechanical rooms, if any.
- (b) Finished Solid Core Wood Doors. Finished solid core wood doors complete with metal frame, trim, and hardware, installed in the service core on washrooms, stairwells, and electrical, janitor, mechanical and telephone rooms, and all interior rooms and offices of the Leased Premises, including rooms and offices constructed with demountable walls, except as otherwise required by applicable building codes.
- (c) Locksets Locksets for all private offices.
- (d) Floors. Concrete floor with trowelled finish, level to specified tolerances and designed to support loading typical for office buildings of this type and sufficient to support all of Tenant's filing, bookcases, records, furniture, equipment, computer equipment and the like, consistent with the Space Plan.
- (e) Heating Cooling, and Ventilation. Perimeter and interior zoned heating, cooling and ventilation units for an office environment containing offices and open plan as specified in the Space Plan, complete with controls and thermostats.
- (f) Water and Drainage. Hot and cold running water, drainage and vent systems located in the service core.
- (g) Washrooms. Adequately sized, separate washrooms for men and women on each floor of the Leased Premises finished with ceramic floors and walls, vanities, cubicles, accessories, fixtures, trim, lighting and all mechanical services.
- (h) Sprinklers. A fire protection system with sprinkler heads dropped through the ceiling.
- (i) Permanent and Demountable Walls. Landlord agrees to provide and install permanent walls and demountable walls as specified on the Space Plan for each Metro Agency. Landlord further agrees to provide and install at its own expense up to 5,500 linear feet of interior walls (excluding demising walls and storage space walls) as a combined total for the three Metro Agencies, provided that the combined total number of linear feet of permanent walls does not exceed 1925 linear feet and that the cost of demountable walls does not exceed Thirty Dollars (\$30.00) per linear foot (uninstalled). The number of linear feet of walls that each Metro Agency is entitled to at Landlord's expense shall be allocated among the Metro Agencies pursuant to agreement among the Metro Agencies in accordance with the above limitations. Such agreement shall specify the number of linear feet of interior walls allocated to each Metro Agency (Allocated Share of Walls) and shall further specify the number of linear feet of permanent walls allocated to each Metro Agency (Allocated Share of Permanent Walls). If the Metro Agencies fail to agree on an

5. Access to auxiliary condenser water system (if any).
 6. Life safety systems.
- b. Preliminary electrical drawings showing the general location of:
1. Underfloor duct systems (if any).
 2. Fire detection and fire warning systems.
 3. Electrical panels, and empty conduit and junction boxes (if any).
 4. Telephone backboard panels, and empty conduit or cable trays (if any).

2.04 Delivery of Concept Plan. On or before February 21, 1986, Tenant's Design Consultant shall provide final Concept Plans to Landlord for review and use by Landlord and the Building Architect and Engineer.

2.05 Delivery of Space Plan. On or before March 21, 1986, the Design Consultant shall provide final Space Plans to Landlord for review and use by Landlord and the Building Architect and Engineer. The Space Plan shall indicate final locations for all areas noted on the Concept Plan. The Space Plan shall consist of transparencies drafted to scale using a coordinated pin bar overlay system (originated by Tenant's Design Consultant from Landlord's Architect's drawings, on the Design Consultant's own drawing paper with the Design Consultant's own Title Block) of the Leased Premises and rough tissue sketches for the proposed open office furniture system for review by Landlord and the Building Architect and Engineer.

2.06 Interior Working Drawings. On or before April 18, 1986, the Design Consultant shall provide Interior Working Drawings to Landlord sufficient for Landlord's contractors to bid. These drawings shall contain the layout of the open plan modules and further contain all construction details required for completion of the office areas. On or before May 16, 1986, the Design Consultant shall provide interior finish selections to Landlord for Landlord's contractor to bid. Final construction details for Tenant's meeting chambers and special support areas identified by the Design Consultant will be completed in a timely fashion corresponding to target dates required by Landlord and timetables for bid and award of separate contracts for the interiors.

2.07 Cost of Plan Review. No costs for the review of the Concept Plan, Space Plan, or Interior Working Drawings by Landlord's Building Architect or Engineer shall be charged to Tenant.

2.08 Delivery of Engineering Plans. Within thirty (30) days after receipt of the Space Plan, Landlord shall deliver two (2) copies of the Engineering Plan to Tenant for review. Landlord shall direct the Engineer to cooperate with the Design Consultant and covenants that the Engineering Plan shall be consistent with the Space Plan.

2.09 Cost of Plans. Tenant shall pay the Design Consultant out of the finish-out allowance. Landlord shall pay all other costs for planning the Building.

2.10 Change Orders. Following delivery of the Space Plan to Landlord, Tenant may from time to time amend the Space Plan. To amend the Space Plan, Tenant shall deliver a copy of the proposed amendment to Landlord. Within ten (10) days of receipt of the proposed amendment, Landlord shall deliver a written statement to Tenant of the estimated costs and/or delays Tenant would incur as a result of the proposed amendment. As soon as possible upon receipt of Landlord's statement, Tenant shall approve the amendment and authorize Landlord to perform the work or notify Landlord of Tenant's intent to drop the proposed amendment. Any proposed amendment approved by Tenant shall be considered a change order and Landlord shall perform the work. Upon completion of the work specified in the Change Order, Landlord shall invoice Tenant for such work and Tenant shall pay Landlord the agreed upon price. If the balance in the finish-out allowance is sufficient, Tenant may in its discretion pay for Change Orders by drawing from the finish-out allowance.

ARTICLE 3.00 CONSTRUCTION

3.01 Project Coordinating Committee. Landlord and Tenant agree to establish a Project Coordinating Committee comprised of one or more officers of Landlord's general partner; two representatives of each of the Metro Agencies; the Design Consultant; the Building Architect; and the General Contractor. Tenant agrees to attend and to ensure the attendance of the Design Consultant at all meetings of the Project Coordinating Committee and Landlord agrees to attend and ensure the attendance of the Building Architect and General Contractor at all such meetings. Tenant or Landlord shall schedule meetings of the Project Coordinating Committee not less than twice a month commencing the first Monday following execution of this Lease. Meetings shall be scheduled on Monday mornings unless otherwise agreed to by the parties. The purpose of the meetings shall be to review progress reports by Landlord on the construction of the Building and to promote full cooperation and coordination between Landlord and Tenant and their respective agents, contractors and consultants.

3.02 Site Visitation. Landlord shall schedule and conduct on-site visitations of the Building for the Project Coordinating Committee and such other persons as Tenant may designate. On-site visitations shall occur as often as necessary to keep Tenant adequately advised of construction progress.

3.03 Target Dates; Reasonable Time to Complete Necessary Work. Landlord and Tenant, working with the Project Coordinating Committee, shall establish target dates for completion of carpet installation, panel system installation, computer room and central services area work, computer hook-up and all other interior finishing work necessary for the efficient operation of Tenant's Business. Notwithstanding anything in this Lease (including these Construction Procedures) to the contrary, the Commencement Date of this Lease shall not begin until Tenant has had a reasonable time to complete any work which is necessary for the efficient operation of Tenant's business and operations.

- (k) Teflon Coaxial Cable. Teflon coated RG62-AU coaxial cable with BNC terminating connectors and RS-232-C cable for computer use supplied throughout the premises in accordance with the Interior Working Drawings.
- (l) Lighting Level. The lighting level will supply at least 70 foot candles at the desk level of all work areas.
- (m) Telephone Wiring. Wiring for telephones from the telephone closet to each telephone station location in the Leased Premises.
- (n) Central Services. Landlord shall provide items specified herein for a Central Services Room containing duplicating equipment, work area for collating and assembling documents, and other auxilliary equipment. The Central Services Room shall be located and sized in accordance with the Space Plan. The Central Services Room shall be an air conditioned (temperature and humidity) controlled environment. Minimum cooling requirement shall be four (4) tons with the air conditioning unit operated from its own power circuit. Water for humidification and water drainage must be provided for the air conditioner. Electrical supply for the Central Services Room shall be 120/240 VAC for the duplicating machines. The Central Services Room shall have sound absorption ceiling and walls.
- (o) Vinyl Base. A four (4) inch vinyl base of a color and type selected by Tenant will be provided in all areas.
- (p) Power. All offices and conference rooms shall be provided with necessary electrical receptacles as shown on the Interior Working Drawings. Electrical power supply to all open plan stations shall be provided by quadruplex receptacles or such other means of power supply agreed to by both parties.
- (q) Storage Space. Storage space shall be in finishes suitable for storage.

ARTICLE 5.00 FINISHOUT ALLOWANCE.

Tenant may use the finishout allowance in its sole discretion for the purchase of any materials, equipment or services to finish the Leased Premises including but not limited to: design services; wood frames for doors; window treatment; wall covering; millwork; or demountable walls, carpeting, ceiling or lighting of a quality or type which costs more than Building Standard.

ARTICLE 6.00 BUILDING STANDARD.

6.01 Option to Upgrade. Landlord shall provide at its own expense Building Standard ceiling, lighting and carpeting in the Leased Premises. Upon request by Tenant, Landlord shall provide cost estimates for the upgrading of any item of Building Standard in the Leased Premises. Tenant may, at its option, elect to upgrade the Building Standard ceiling, lighting, carpeting or other equipment or furnishings in the Leased Premises, or any portion thereof, by notifying Landlord of its intent to upgrade and agreeing to pay the increased costs incurred by reason of the upgrade. Upon exercise by Tenant of this option, Landlord agrees to install such upgraded items. Payments by

Tenant under this section may be made from the finishout allowance or such other funds as may be designated by Tenant. Payment will be made by Tenant after completion of work by Landlord and within thirty (30) days of receipt from Landlord of an invoice detailing the increased costs incurred by reason of the upgrade.

6.02 Ceiling. The parties agree that Building Standard, when used in reference to the ceiling in the Leased Premises, means a ceiling which costs \$2.25 per square foot installed.

6.03 Lighting. The parties agree that Building Standard, when used in reference to the lighting fixtures in the Leased Premises, means a system of lighting fixtures which costs \$2.35 per square foot installed.

6.04 Carpeting. The parties agree that Building Standard, when used in reference to the carpeting in the Leased Premises, means carpeting which costs \$13.50 per square yard installed.

CLEANING AND JANATORIAL SERVICES

Landlord shall provide all cleaning and janatorial services necessary to keep the Leased Premises, common areas of the Building (including skyways) and the Building clean and fit, including but not limited to the following:

<u>GENERAL OFFICE AREAS</u>	<u>FREQUENCY</u>		
	<u>WEEKLY</u>	<u>MONTHLY</u>	<u>YEARLY</u>
1. Empty all waste receptacles and place trash for disposal.	5		
2. Replace all plastic liners as needed.	5		
3. Empty and damp wipe all ashtrays.	5		
4. Dust all ledges and other horizontal surfaces within reach.	5		
5. Dust all counter and file cabinets.	5		
6. Dust all horizontal surfaces of desks, chairs, tables and other office furniture.	5		
7. Vacuum carpeted areas.	5		
8. Spot clean minor carpet stains. (Report any major carpet stains.)	5		
9. Dust mop all hard floor surfaces.	5		
11. Damp mop hard floor surfaces as required to remove spillage.	5		
11. Sanitize and polish all drinking fountains.	5		
12. Spot clean marks around light switches, drinking fountains, doors, door frames and glass.	5		
13. Vacuum or dust air diffusers.			4
14. Clean interior and exterior windows.			2

FREQUENCY

LOBBY, ENTRY AND HALLWAYS

WEEKLY MONTHLY YEARLY

- | | |
|---|---|
| 1. Empty all waste receptacles and place trash for disposal. | 5 |
| 2. Spot clean exterior surface of all waste containers. | 5 |
| 3. Empty and clean all ashtrays and cigarette urns. | 5 |
| 4. Screen and/or replace sand in cigarette urns. | 5 |
| 5. Sanitize and polish all water fountains. | 5 |
| 6. Dust all horizontal surfaces within reach. | 5 |
| 7. Vacuum carpeted floor surfaces. | 5 |
| 8. Spot clean minor carpet stains. | 5 |
| 9. Sweep and dust mop hard floor surfaces. | 5 |
| 10. Damp mop hard floor surfaces as necessary. | 5 |
| 11. Remove gum, tar and other foreign substances from floor surfaces. | 5 |
| 12. Spot clean all door glass. | 5 |
| 13. Spot clean all metal surfaces. | 5 |
| 14. Spot clean all marks from walls within reach. | 5 |
| 15. Clean all door thresholds. | 5 |
| 16. Brush or vacuum all upholstered furniture. | 1 |
| 17. Vacuum or dust all air diffusers. | |

<u>LUNCHROOM</u>	<u>FREQUENCY</u>		
	<u>WEEKLY</u>	<u>MONTHLY</u>	<u>YEARLY</u>
1. Gather all waste and place for disposal.	5		
2. Spot clean exterior of all waste containers.	5		
3. Wash all waste containers inside and out.	5		
4. Dust mop all hard floor surfaces.	5		
5. Damp mop all hard floor surfaces.	5		
6. Remove all gum, tar and other foreign substances from floor surfaces.	5		
7. Vacuum all carpeted floor surfaces.	5		
8. Spot clean minor carpet stains.	5		
9. Dust all horizontal surfaces within reach.	5		
10. Damp wipe all table and counter tops.	5		
11. Empty and damp wipe all ash trays.	5		
12. Properly arrange all tables and chairs.	5		
13. Clean and sanitize all drinking fountains.	5		
14. Spot clean all marks froms walls, light switches and woodwork.	5		
15. Spot clean all chairs.	1		
16. Dust or vacuum all air diffusers.			4

<u>RESTROOMS</u>	<u>FREQUENCY</u>		
	<u>WEEKLY</u>	<u>MONTHLY</u>	<u>YEARLY</u>
1. Sweep or dust mop all floor surfaces	5		
2. Wet mop all floor surfaces with disinfectant solution.	5		
3. Dust all horizontal surfaces.	5		
4. Empty and clean all waste receptacles and place for disposal.	5		
5. Empty and clean all sanitary napkin disposal units and replace plastic liners, if required.	5		
6. Check and refill all towel, soap, and toilet dispensers.	5		
7. Clean and polish all dispensers.	5		
8. Clean and polish all mirrors, frames and shelves.	5		
9. Clean and polish all wash basins.	5		
10. Clean and sanitize all toilets, toilet seats and urinals.	5		
11. Clean and polish all chrome.	5		
12. Spot clean all walls around sinks, towel dispensers, urinals, partitions and door frames.	5		
13. Remove all gum, tar and other foreign substances from floor surface.	5		
14. Report any fixture not working properly to maintenance office.	5		
15. Dust or vacuum all air diffusers.			4
16. Wash all walls, partitions and doors.			1

NON-DISTURBANCE AGREEMENT

In consideration of execution of the Lease dated the _____ day of January, 1986, between MGC Limited Partnership, as Landlord, and _____, as Tenant, and in consideration of the subordination of the Lease to the first lien mortgage held by the undersigned pursuant to Section 10.03 of the Lease, the undersigned hereby agrees that as long as Tenant is not in default under the terms of the Lease, the undersigned shall not disturb Tenant in its peaceful possession of the Demised Premises and the Lease shall not be terminated by any foreclosure of the mortgage held by the undersigned.

Dated: _____, 1986

By _____

Its _____

LOA203

REGIONAL TRANSIT BOARD

Suite 270 Metro Square Building, Saint Paul, Minnesota 55101

DATE: January 21, 1986
TO: Regional Transit Board
FROM: Administration and Finance Committee
SUBJECT: Deputy Treasurer Appointment

ACTION REQUESTED

The Regional Transit Board is asked to approve Resolution 86-__ appointing the Director of Administration as Deputy Treasurer of the Regional Transit Board.

BACKGROUND

The Administration and Finance Committee considered the staff request that the Director of Administration be appointed Deputy Treasurer at its January 16th meeting and in that it is provided for in state statute and board by-laws and necessary for the convenience of the board treasurer and staff recommended, the board approve Resolution 86-__.

RECOMMENDATION

That the Regional Transit Board approve Resolution 86-__ appointing the Director of Administration as Deputy Treasurer of the Regional Transit Board.

RUTH FRANKLIN
CHAIR

REGIONAL TRANSIT BOARD

Suite 270 Metro Square Building, St. Paul, MN 55101

RESOLUTION NO. 86-

RESOLUTION

APPOINTING A DEPUTY TREASURER

WHEREAS, Minnesota Statute 473.141, Subdivision 10, provides that each metropolitan commission may appoint a deputy to perform any and all functions of ... the ... treasurer; and

WHEREAS, Article I.B.5. of the Regional Transit Board By-Laws provides that "The board may at any time, by resolution, appoint a Deputy Treasurer pursuant to the provisions of Minnesota Statute 473.141, Subdivision 10, as amended to serve at the pleasure of the board"; and

WHEREAS, There is a need to have an appropriate employee with the signatory authority of the Treasurer;

NOW, THEREFORE, BE IT RESOLVED:

That the Board appoints the Director of Administration as Deputy Treasurer of the Regional Transit Board to perform any and all functions of the Treasurer described in by-laws and lawful regulations and to report on such matters to the Treasurer as the Treasurer shall direct.

Adopted this _____ day of _____, 1986.

Elliott Perovich, Chairman

Mary Fitzgerald, Secretary

REGIONAL TRANSIT BOARD

Suite 270 Metro Square Building, Saint Paul, Minnesota 55101

DATE: January 10, 1986
TO: Administration & Finance Committee
FROM: Leslie M. Johnson
SUBJECT: Deputy Treasurer Appointment

ACTION REQUESTED

The Administration and Finance Committee is asked to recommend the appointment of the Director of Administration as Deputy Treasurer of the Regional Transit Board.

BACKGROUND

Article I.B.5. of the Regional Transit Board By-Laws provides that the board may at any time, by resolution, appoint a Deputy Treasurer pursuant to the provisions of Minnesota Statute 473.141, Subdivision 10. The statute provides that the (board) may appoint a deputy to perform any and all functions of either the secretary or the treasurer.

The staff requests the board appoint the Director of Administration as Deputy Treasurer because there are many daily or monthly fiscal reporting and processing matters requiring the Treasurer's signature, for example the substitution of investment collaterals. Both staff, Paul Joyce, and agencies with which we relate will be inconvenienced by the time which would be necessary to obtain Paul's signature.

RECOMMENDATION

That the Administration and Finance Committee recommend the board approve Resolution 86-__ appointing the Director of Administration as Deputy Treasurer.

REGIONAL TRANSIT BOARD

Suite 270 Metro Square Building, Saint Paul, Minnesota 55101

DATE: January 21, 1986
TO: Regional Transit Board
FROM: Administration and Finance Committee
SUBJECT: Renewal of Public Official's Liability Insurance

ACTION REQUESTED

That the Regional Transit Board approve renewal of the Board's Public Official's Liability Insurance.

BACKGROUND

At its meeting January 16, 1986, the Administration and Finance Committee reviewed the memorandum recommending approval of the renewal of our Public Official's Liability Insurance Policy and, having been advised that staff had not been able to locate cheaper insurance and has been generally advised that the premium of \$7,027.50 with a \$5,000 deductible is the current market ballpark, recommended approval of the renewal. At this time, staff anticipates that we will exceed our 1986 budgeted appropriation for insurances by about \$2,000 which can be absorbed within the budget and will be a part of year-end budget adjustments.

RECOMMENDATION

That the Regional Transit Board approve renewal of the Public Official's Liability Policy in a coverage amount of \$1,000,000, deductible of \$5,000, with Lloyd's of London through the Cedarleaf, Cedarleaf, and Cedarleaf Agency for the annual premium of \$7,027.50.

RUTH FRANKLIN
CHAIR

REGIONAL TRANSIT BOARD

Suite 270 Metro Square Building, Saint Paul, Minnesota 55101

DATE: January 10, 1986
TO: Administration and Finance Committee
FROM: Leslie M. Johnson, Director of Administration
SUBJECT: Renewal of Public Official's Liability Insurance

ACTION REQUESTED

It is requested that the Administration and Finance Committee approve the renewal of the Public Official's Liability Insurance Policy. This will be subject to cancellation if the RTB can find cheaper coverage through another insurance company.

BACKGROUND

The Regional Transit Board's Public Official's Liability Insurance Policy expired on January 8, 1986. The policy, with Lloyd's of London, has a limit of \$1,000,000 with a \$2,500.00 deductible. The present premium is \$1595.00. The renewal quote from Lloyd's for this coverage was \$7,800.00. We requested a quote with a higher deductible, and Lloyd's quoted the policy with a \$5,000.00 deductible for a premium of \$7,027.50. They will not quote on a higher deductible. The RTB's insurance agent, Jim Cedarleaf of Cedarleaf, Inc., requested quotes from other carriers and Lloyd's is the only carrier that would submit a quote. Lloyd's would not issue us a binder so we had to go ahead and renew this policy, which will be subject to cancellation if we can find cheaper insurance. We will be checking with the insurance agents for Metropolitan Transit Commission, Metro Waste Control Commission, Metropolitan Airports Commission, and Metro Sports Commission to see if their agents may be able to find a cheaper insurance carrier for us. If we are successful in coming up with quotes from these agents, we will present them to the committee for consideration.

As the committee is aware, insurers have been quoting substantial rate increases to public jurisdictions and many insurers have refused to even submit quotes on coverages. In October, the board approved the renewal of the RTB's General Liability, Workers Compensation, and Business Auto policies at a premium of \$5,437.00 which was an increase from the previous rate of \$2,712.00.

The 1986 budget allocated \$10,000 for insurance costs and we will be exceeding this figure. The insurance market is so tight right now for public jurisdictions that it is unlikely that we could find any coverage that would be cheaper than what we were quoted. Our insurance agent, Cedarleaf, Inc. has been unable to find any other insurer that would even submit a quote.

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RECOMMENDATION

That the Administration and Finance Committee approve the renewal of the Public Official's Liability Policy, with a higher deductible of \$5,000.00, subject to cancellation if cheaper insurance can be found. The policy is with Lloyd's of London and the premium is \$7,027.50.