



Bis-Man Transit Board Meeting

August 22, 2024, 11:30 AM

<https://us02web.zoom.us/j/2186581052?omn=84030454205>

Call in: +1 312 626 6799; Meeting ID: 218 658 1052

Welcome & Introductions

Approval of Agenda

Consent Agenda

1. Previous Month's Minutes
 - a. Attachment A – 2024/7/25 Regular Meeting
 - b. Attachment B – 2024/8/19 Finance Meeting
2. Financial Report
 - a. Attachment C
3. Ride Stats
 - a. Attachment D

Public Comment

Old Business

1. Investment Discussion
 - a. Attachment E

New Business

1. Property Tax Discussion
2. Jefferson Lines Lease Agreement Approval
 - a. Attachment F
3. FY24 5307 Update

Executive Director Report

1. Outreach Update

Operations Report

Other Business

Adjourn

- The next Board Meeting will be held on September 26, 2024, at 11:30 am. •



A

Bis-Man Transit delivers valued public transportation, linking people, jobs and communities.

Bis-Man Transit Board Meeting

July 25, 2024, 11:30 AM
Via Zoom & In-person at
3750 E. Rosser Ave. Bismarck, ND 58501

Attending:

Lynn Wolf, President	Glenn Lauinger
Helen Baumgartner	Karel Sovak
Royce Schultze	

Not Attending:

DeNae Kautzmann, Secretary	Steve Heydt
Lacey Long, Vice President	Andrew Stromme

Staff:

Deidre Hughes	Taylor Kitzan
Mike Mundahl	Craig Thomas
Amanda O'Brien	Tom Reisenauer

Guests:

Trevor Vannett	Susan Dingle
Rachel Lukaszewski	Paulette Jacobsen

Meeting was called to order at 11:33 A.M.

Approval of Agenda: Karel moved to approve the Agenda. Glenn seconded the motion. Motion carried unanimously.

Consent Agenda: Karel moved to approve the Consent Agenda. Glenn seconded the motion. Motion carried unanimously.

Public Comment: N/A

New Business

1. **Employee Handbook Update:** Deidre explained that after the NDDOT 5310 Compliance Review, it was recommended to change the per diem rate to NDDOT policy from the GSA rate that was previously used. Glenn moved to approve the Employee Handbook Update. Karel seconded the motion. Motion carried unanimously.
2. **Policy and Procedure Update:** Deidre explained that after the NDDOT 5310 Compliance Review and the Triennial, it was recommended to update the verbiage of “wheel chair” to “mobility device” in policies and procedures. Karel moved to approve the Policy and Procedure Update. Royce seconded the motion. Motion carried unanimously.
3. **City of Lincoln Contract Recommendation:** Deidre discussed that the City of Lincoln contract expired at the end of December 2024, but that contract states a monetary amount needs to be negotiated for the next contract by October 2024. After meeting with Mayor Berglund of the City of Lincoln, Deidre recommends two installments of \$5,000 annually for the renewal contract. This amount better reflects the paratransit ridership in the City of Lincoln. Glenn commented that the Finance Committee recommends approval of the new City of Lincoln contract. Glenn moved to approve the City of Lincoln contract. Karel seconded the motion. Motion carried unanimously.
4. **1911 Decommission and Disposal Recommendation:** Deidre explained that on June 16th, bus 1911 was in an accident on State Street and Calgary Avenue, the other driver was at fault. Both the passenger and driver were transported to the hospital with minor injuries. Damage to the vehicle was significant. The insurance company totaled bus 1911 and settled on the amount of \$65,075. The vehicle is still within useful life which requires a pay back to the FTA. Deidre is working with the City of Bismarck and NDDOT to determine the amount of repayment required to the FTA. Glenn commented that the vehicle replacement cost is \$94,000.00. Deidre confirmed that amount and discussed that she has asked Becky Hanson at NDDOT if a budget amendment can be done on 5339 funds for a bus purchase since the funds can't be used on the facility maintenance. Insurance proceeds would also be used to purchase a new bus. Karel moved to approve the decommission and disposal of bus 1911. Glenn seconded the motion. Motion carried unanimously.



Executive Director Report

1. **Ridership Update:** Deidre explained that there was a slight decline in CAT ridership from May to June. This could be because school is out, road construction detours, and more foot traffic due to nicer weather conditions. The blue route had an increase in ridership by 100 trips. There was a miscalculation in paratransit ridership for April and May due to a system error. In April there were 234 more trips than reported previously. In May there were 181 more trips than reported previously. Paratransit trips are at 44,450 for the year and 54,688 CAT trips.
2. **Construction Update:** Deidre discussed that the biggest CAT detour previously affected the Front Avenue transfer point. The black route has a detour to bypass the State Capitol. The green route has a detour on South Washington Avenue. The red route has to use a paratransit bus instead of a CAT bus, but there is still live tracking on the bus. The orange route isn't able to travel on Boulevard Avenue by Simle Middle School. The purple route is bypassing the new high school, which was requested by the City of Mandan. If there are any delays on the bridge, this impacts fixed route and paratransit on-time performance.

Operations Report: Craig discussed that there is a paratransit trainee that is currently doing behind the wheel training. He also commented that the two fixed route trainees from last month have obtained their CDL's and are driving independently. Paratransit driver openings are close to being filled.

Glenn commented that Royce and Trevor attended an Accessibility Forum and there was negative feedback of transit scheduling and accessibility. Royce explained the topics that came up were scheduling two weeks in advance, time spent on the bus, and time spent waiting for the bus. Craig commented that scheduling two weeks in advance is only recommended to receive the trip time they are wanting. Craig also explained that staffing should help with on-time performance and trip duration. The more drivers on the road, the better on-time performance and trip duration will be for riders. Deidre commented that the FTA and ADA define a trip denial as a trip that is not being able to be accommodated within 60 minutes of the requested time. These trip denials are tracked for the FTA by Transit and there have only been a handful within the last two months. HIT trips take up a majority of the peak time capacity on the buses. Deidre recommended that riders call in when there are issues so she can research the situation and improve it.

Helen asked if there can be a certain percentage of trip openings to be allocated to HIT and when that is filled, they would have to find alternate transportation. Deidre answered no. Helen also asked Craig if he conducted exit interviews with drivers to find out why they leave as there are employee shortages everywhere. Craig answered a majority of why drivers leave is because of personal schedules or finding other employment.

Other Business: N/A



3750 E Rosser Avenue,
Bismarck, ND 58501



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Adjourn: Karel moved to adjourn the meeting. Glenn seconded the motion. Motion carried unanimously.

Meeting adjourned at 12:14 P.M.



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B

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Bis-Man Transit Finance Committee Meeting Minutes

August 19, 2024, 3:00 P.M.
Via Zoom

Attending: Lynn Wolf Glenn Lauinger

Not Attending: DeNae Kautzmann, Chair

Staff: Deidre Hughes

Meeting was called to order at 3:01 P.M.

Deidre explained that she will update the Board on the Financial Report, as the Profit and Loss appear to be in a large deficit due to delayed reimbursements.

Deidre noted that on August 24th, two CDs held at Starion Bank will come due. Taylor rate-shopped local banks and credit unions. The highest rate was at First Western Bank & Trust, which had a 7-month CD at 5.11% APY. Starion Bank will match that rate for six months. Glenn asked Deidre before the meeting why there were two separate CDs. One CD was from the Xenia reinvestment. These CDs can be combined if the Board wishes to do so. The Finance Committee was in favor of this recommendation.

Deidre explained that she reached out to the Burleigh County Tax Department and did not hear back, but did hear back from the City Assessor about how the property tax was charged to Transit. The assessor said that the only portion of the building we pay property tax on is the rented square footage from Jefferson Lines. The monthly lease charge is about \$1.25 per month per square foot, with the proposed rate increase. Staff recommends charging Jefferson Lines for that property tax in the new rental agreement. Deidre reached out to our corporate contact for Jefferson Lines but hasn't heard back. The Finance Committee is in favor of the proposed rate increase for Jefferson Lines.

Deidre updated that staff is waiting for the FY24 5307 grant to be finalized so we can draw down those funds. Transit has not received 5307 funds since the FY23 5307 grant was exhausted in April. The grant is in the final stages at the City of Bismarck and shouldn't take long to receive funds once requests are made.

Meeting adjourned at 3:19 P.M.



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D

July 2024 MONTHLY REPORT

	Month	YTD	PY Month	PY YTD	% INC/DEC OVR PYM	% INC/DEC OVR PYTD	
RIDERSHIP							
FIXED ROUTE	8,788	63,476	8,626	54,753	1.88%	15.93%	
PARATRANSIT	7,288	51,738	6,846	53,144	6.46%	-2.65%	
Total	16,076	115,214	15,472	107,897	3.90%	6.78%	
FR AVG. DAILY BOARDINGS	338						
DR AVG. DAILY BOARDINGS	235.09677						
REVENUE HOURS							
	Month	YTD	Month	YTD	PY YTD	PY YTD	% INC/DEC OVR PYTD
FIXED ROUTE	1,846.50	12,747.13	4.76	4.98	4.47	12,242.9	4.12%
PARATRANSIT	2,645.96	18,639.94	2.75	2.78	2.84	18,741.0	-0.54%
Total	4,492.46	31,387.07	3.58	3.67	3.5	30,984.0	
REVENUE MILES							
	Month	YTD	Month	YTD	PY YTD		% INC/DEC OVR PYTD
FIXED ROUTE	29,332	203,108	0.30	0.31	196,120		3.56%
PARATRANSIT	36,443	260,379	0.20	0.20	256,707		1.43%
Total	65,775.40	463,487.63	0.50	0.51	452,827		2.35%
ON TIME PERFORMANCE							
	Month	YTD	PY Month	PY YTD	% INC/DEC OVR PYM	% INC/DEC OVR PYTD	
FIXED ROUTE	86.07%	87.98%	84.00%	86.00%	2.46%	2.30%	
PARATRANSIT	92.83%	92.74%	93.41%	94.61%	-0.62%	-1.98%	
RIDERSHIP PER ROUTE							
	Month	YTD	PY Month			% INC/DEC 0.20067373	
BLACK	2154	14816	2010			7.2%	
BLUE	761	5940	624			22.0%	
GREEN	1498	12321	1618			-7.4%	
RED	1086	7769	1110			-2.2%	
ORANGE	1735	12120	1726			0.5%	
PURPLE	1554	10510	1538			1.0%	
RIDERSHIP BY DESTINATION							
	Month	YTD	PY Month				
(Included in 'Ridership Per Route' Numbers) U-Mary	148	1981	213			-30.5%	
UTTC	23	442	39			-41.0%	
Bismarck Library	527	2831	461			14.3%	
Mandan Walmart	118	770	169			-30.2%	
Mandan Family Fare	546	3547	472			15.7%	
ACCIDENTS							
	Month	Month at Fault	YTD	YTD at Fault			
FIXED ROUTE	2	2	5	4			
PARATRANSIT	1	1	9	6			
SERVICE VEHICLE	0	0	0	0			
SENT TO INSURANCE	1		5				
COMPLAINTS							
	Month	YTD					
FIXED ROUTE	0	7					
PARATRANSIT	1	7					
Office Staff	0	1					
COMPLIMENTS							
	Month	YTD					
FIXED ROUTE	0	2					
PARATRANSIT	0	2					
Office Staff	0	0					



E

Bis-Man Transit delivers valued public transportation, linking people, jobs and communities.

August 22, 2024

TO: Bis-Man Transit Board of Directors

FROM: Deidre Hughes, Executive Director

SUBJECT: CD Renewal Recommendation

BACKGROUND: On July 24, 2023, Bis-Man Transit renewed two 13-month Certificate of Deposits in the amounts of \$2,028,164.77 and \$44,581.71 at a rate of 5.40% with Starion Bank. The interest earned on each Certificate of Deposit is approximately \$119,211.67 and \$2,620.43.

DISCUSSION: After rate shopping with different local banks and credit unions, Starion Bank is able to offer the best rate of 5.11% on a 6-Month Certificate of Deposit.

FINANCIAL IMPACT: The chart below shows a projection of August 2024 to July 2025 general income and expenses, which shows the amount of Cash Reserves Bis-Man Transit is to have on-hand for operations. Interest accrued in Cash Reserves YTD is \$81,691.64 due to the increased interest rate in February 2024. This amount exceeds what was budgeted for.

Cash Reserves as of August 2024	\$ 3,013,654.00
Plus 5307 Reimbursements	\$ 2,151,202.00
Plus 5339 Reimbursements	\$ 159,527.00
Plus 5310 Reimbursements	\$ 344,324.00
Plus Local Funds	\$ 2,610,000.00
Expenses PROJECTED	\$ (7,009,267.00)
Difference in Cash Reserves as of July 2025	<u>\$ 1,269,440.00</u>

Rolling over both Certificate of Deposits with the current balances at a 6-month term at the rate of 5.11% will generate Bis-Man Transit \$55,372.91 in investment income.

RECOMMENDATION: Staff recommends rolling over both 13-month Certificate of Deposits in the amounts of \$2,147,376.44 and \$47,202.14 to 6-month terms at the new rate of 5.11%. Staff also recommends combining both CDs into one with the reinvestment.



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F

Bis-Man Transit delivers valued public transportation, linking people, jobs and communities.

August 22, 2024

TO: Bis-Man Transit Board of Directors

FROM: Deidre Hughes, Executive Director

SUBJECT: Jefferson Lines Lease Agreement

RECOMMENDATION: Staff recommends that the twelve-month lease extension for Jefferson Lines be approved at the rate of \$2,490.40 per month and \$29,884.80 annually.

BACKGROUND: Bis-Man Transit has historically offered Jefferson Lines twelve-month lease agreements with standard rate increases between 3% and 5%. The 2024 lease total is \$25,429.56.

DISCUSSION: Upon further investigation, it was uncovered that the annual property tax Bis-Man Transit has been paying is due to the square footage leased to Jefferson Lines. Historically, Bis-Man Transit has absorbed this expense. It is proposed that the anticipated 2025 property tax value be passed along to Jefferson Lines.

FINANCIAL IMPACT: The lease amount for Jefferson Lines for the contract term of January 1, 2025 – December 31, 2025, is \$29,884.80, an increase of \$4,455.24 annually.



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LEASE AGREEMENT

This lease agreement is made and entered into effect the 1st day of January, 2025

By and between Bis-Man Transit Board, referred to in this document as “LANDLORD.” And Jefferson Lines, referred to in this document as “TENANT.”

WITNESSETH

In consideration of the payment of rental as provided in this document and the covenants and agreement set forth in this document, the LANDLORD does demise and lease to the TENANT, and the TENANT does take and lease from the LANDLORD, a part of the premise situated within the City of Bismarck, County of Burleigh, State of North Dakota, more particularly described as follows:

A portion of the Bismarck-Mandan Intermodal Ground Transportation Facility consisting of 1960sq. ft. of office space and 10 parking spaces on the furthest southwest portion of the south parking area located at:

3750 E. Rosser Ave.
Bismarck, ND. 58501
In Miriam Industrial Park 3RD, Block 001

Referred to in this document as demised premises, premises, or the leased premises, together with all rights, privileges, easements, appurtenances and immunities belonging to or in any way pertaining to the said building upon the demised premises, subject to the following terms and conditions:

ARTICLE 1

TERM

1.01 To have and to hold the same for a term commencing on January 1, 2025, and ending on December 31, 2025.

ARTICLE II

USE OF LEASED PREMISES

2.01 The TENANT shall use the leased premises solely for the purpose of office, and storage space together with transit facilities and other transit operations generally associated therewith.

2.02 No change in the business use of the leased premises by the TENANT shall be made or permitted without the express written consent of the LANDLORD.

2.03 TENANT will not permit the demised to be used for any purpose which would render the insurance thereon void or the insurance risk more hazardous; it being understood and agreed that the use of the premises in the proper and ordinary conduct of the TENANTS business for the purposes set forth in this article shall not in any event be considered in violation of the paragraph.

ARTICLE III

RENT

3.01 TENANT agrees to pay LANDLORD a minimum rent for said leased premises, a total sum of \$29,884.77, payable at the rate of \$2,490.40 per month for January through December 2025.

3.02 The monthly minimum rent shall be paid in advance of the first day of each month for in the lease term in lawful money of the United States to such other party or parties as LANDLORD may hereafter designate.

ARTICLE IV

UTILITIES

4.01 LANDLORD shall pay for utilities including electricity, water, and natural gas in the facility. Telephone services shall be paid by the individual TENANT.

ARTICLE V

REPAIRS AND COVENANT AGAINST WASTE

5.01 TENANT will, at its own expense, during the term of this lease or any extension thereof, keep the parts or portions of the demised premises furnished by the TENANT, in good order and repair, and keep them free from waste or nuisance of any kind. LANDLORD will, during the term of this lease or any extension thereof, keep the parking areas, hallways, parts, and portions furnished by the LANDLORD, and other common areas of the demised premises in good order and repair, and keep them free from waste or nuisance of any kind.

5.02 TENANT shall conserve heat, air conditioning, water, and electricity and shall use due care in the use of the leased premises, and of the public areas in the building, and without qualifying the foregoing, shall not neglect or misuse water fixtures, electric lights and heating and air conditioning.

ARTICLE VI

RIGHT TO ENTER

6.01 LANDLORD, its agents and representatives may at any time and all reasonable times during the day and night enter to view and inspect the leased premises, or to clean and maintain the same, or to make repairs, or to make such improvements or changes in the leased premises or the building as LANDLORD may deem proper, upon giving reasonable notice to TENANT. The right of entry reserved in the immediately preceding sentence shall not be deemed to impose any greater obligation on LANDLORD to clean, maintain, repair or change the leased premises than is specifically provided in this lease. The LANDLORD, its agents or representatives may at any time in case of emergency enter the leased premises and do such acts as LANDLORD may deem proper in order to protect the leased premises, the building or any occupants of the building.

ARTICLE VII

ALTERATIONS

7.01 TENANT will not make any improvements, alterations of or additions to the leased premises without the written approval of LANDLORD, and all improvements, alterations, additions or changes which may be made by either of the parties hereto upon the leased premises, except movable furnishings and equipment, shall be property of LANDLORD, and shall remain upon and be surrendered with the leased premises, as part thereof, at the termination of the lease or any extension thereof. In connection with any alterations, TENANT shall furnish LANDLORD with assurances, including such bonds as LANDLORD deems necessary, that the contemplated alterations, additions, improvements or changes will be completed according to plan and will be paid for. TENANT will not permit any mechanics, laborers, or materialmen's liens to attach to the leased premises or the building for any labor material furnished to, or for the account of TENANT, or claimed to have been so furnished in connection with any work performed or claimed to have performed in, on or about the leased premises.

ARTICLE VIII

SIGNS

8.01 TENANT shall permit no signs to be placed outside the leased premises without LANDLORD approval, but shall have the right to letter the entrance to the leased premises, providing the size, style, text and color are first approved in writing by LANDLORD.

ARTICLE IX

RULES AND REGULATIONS

9.01 TENANT shall use the leased premises and the public areas in the building in accordance with such rules and regulations as may from time to time be made by LANDLORD for the general safety, comfort and convenience of the owners, occupants and tenant of the building, and shall cause TENANT'S customers, employees and invitees to abide by such rules and regulations.

ARTICLE X

ASSIGNMENT OF LEASE

10.01 TENANT shall not assign or sublet the whole or any part of this lease or the leased premises without the consent of the LANDLORD, but if such consent to assignment is given in writing by the LANDLORD, the TENANT shall be released from all performances of this lease for all TENANT obligations arising from and after the date of such agreement. Neither this lease nor any interest therein, nor any estate thereby created, shall pass to any trustee in bankruptcy, or any assignee for the benefit of creditors, or operation of law.

ARTICLE XI

FIRE OR OTHER CASUALTY

11.01 LANDLORD in the event of a partial or total destruction of the premises during the term hereof from any cause, LANDLORD shall with reasonable diligence repair the same, provided, however that in the event LANDLORD in its sole and absolute discretion determines it to be impractical to repair the premises, it may terminate this lease. In the event LANDLORD shall elect to repair the premises, this lease shall not terminate, but TENANT shall be entitled to a reduction to be calculated in the proportion that the tenantable portion of the leased premises bears to the entire leased premises. LANDLORD shall not be responsible to TENANT for

damage to, or destruction of any furniture, equipment or improvements of TENANTS, or other changes made by TENANT in, on or about the leased premises.

ARTICLE XII

INDEMNITY

12.01 LANDLORD shall not be liable to TENANT or TENANT'S employees, agents, or visitors, or to any other person whomsoever, for any injury to person or damage to property on or about the demised premises, caused by the negligence or misconduct of TENANT, its agents, servants, or employees, or of any other person entering upon the premises under express or implied invitation of TENANT, or caused by the failure of TENANT'S obligation to keep clean, repair, and maintain the space and the TENANT agrees to indemnify and defend LANDLORD and hold it harmless from any and all loss, expense, attorney's fees or claims accruing out of such damage or injury.

12.02 Any injury to person or damage to property caused by the negligence of LANDLORD or by the failure of LANDLORD to repair and maintain, shall be the liability of LANDLORD and not of TENANT, and the LANDLORD agrees to indemnify and defend TENANT and hold it harmless from any and all loss, expense, attorney's fees or claims arising out of such damage.

ARTICLE XIII

INSURANCE

13.01 Without limiting TENANT'S liability hereunder, TENANT agrees, at its own cost and expense, to carry public liability insurance protecting LANDLORD and TENANT in the amount of One Million Dollars (\$1,000,000.00) for personal injuries sustained in any one accident, and Five Hundred Thousand Dollars (\$500,000.00) for property damage. All policies of insurance shall name both LANDLORD and TENANT as insures thereunder and shall protect the interest of LANDLORD for incidents that are caused by or contributed by the TENANT. Certificates of said insurance providing for not less the fifteen (15) days' notice to LANDLORD prior to cancellation thereof shall be furnished to LANDLORD prior to TENANT taking possession of the demised premises.

ARTICLE XIV

WAIVER OF SUBROGATION

14.01 Notwithstanding anything in the Lease to the contrary, if the building is damaged or destroyed by fire, or an extended coverage risk, TENANT, its agents, employees, representatives and invitees are hereby released from any liability by reason thereof to the extent of insurance proceeds realized by LANDLORD as a result of such damage or destruction. In no event shall any such release be applicable if so to do would work in contravention of any requirement in an applicable policy of insurance to the effect that if the insured waives subrogation, coverage is or may be void.

ARTICLE XV

EMINENT DOMAIN

15.01 If the entire building is taken by eminent domain, this lease shall be automatically terminates as of the date of taking. If a portion of the building is taken by eminent domain, LANDLORD shall have the right to terminate this lease by giving written notice thereof to TENANT within ninety (90) days after the date of taking. If a portion of the leased premises is taken by eminent domain and this lease is not thereby terminated, LANDLORD shall, at its expense restore the leased premises by TENANT, to as near the condition which existed immediately prior to the date of taking as reasonably possible, and rent shall abate during such period of time as the portion of the leased premises bears to the entire lease premises. All damages awarded for a taking under the power of eminent domain, whether for the whole or a part of the leased premises, shall belong to, and be the property of, LANDLORD, whether such damages shall be awarded as compensation for diminution in value to the leaseholder estate hereby created or to the fee of the leased premises provided, however that LANDLORD shall not be entitled to any award made to TENANT for loss of business, fair value of, and cost of removal of stock fixtures. The term "eminent domain" shall include the exercises of any similar governmental power and any purchase or other acquisition in lieu of condemnation.

ARTICLE XVI

HOLD OVER

16.01 Should TENANT, or any of its successors in interest hold over the leased premises, or any part thereof, after the expiration of the term of this lease, unless otherwise agreed in writing, such holding over shall constitute and be construed as a tenancy from month to month

only. All obligations and duties imposed by this lease upon the LANDLORD and TENANT shall remain the same during any such period of occupancy.

ARTICLE XVII

DEFAULT OF TENANT

17.01 The following events shall be deemed to be events of default by TENANT under lease:

- (1) TENANT shall fail to pay any installment of the rent hereby reserved and such failure shall continue for a period of ten (10) days after written demand therefore shall have been made by LANDLORD.
- (2) TENANT shall fail to comply with any terms, provisions, or covenant of the lease, other than the payment of rent, and shall not cure such failure within three (3) days after written notice thereof to TENANT.
- (3) TENANT shall desert or vacate any substantial portion of the premises. Assignment or subletting by TENANT shall not be considered as an act of default.

Pursuit of any of the foregoing remedies shall not preclude pursuit of any of the other remedies herein provided, or any other remedies provided by law, nor shall pursuit of any remedy herein constitute a forfeiture or waiver of any rent due to LANDLORD hereunder, or any damage occurring to LANDLORD by reason of the violation of breach of any of the terms, provisions and covenants herein contained. The waiver by LANDLORD of any violation or breach of any of the terms, provisions, or covenants a waiver of any other violation or breach of any of the terms, provisions and covenants herein contained which may occur subsequent thereto. Forbearance by LANDLORD to enforce one or more of the remedies herein provided upon an event of default shall not be deemed to constitute a waiver of such default.

ARTICLE XVIII

SUBORDINATION

18.01 TENANT accepts this lease subject and subordinate to my mortgage or mortgages now a lien upon the demised premises. This lease shall also be subject and subordinate to the lien of any other mortgage which may at any time hereafter be or become a lien on demised premises. TENANT shall at all times hereafter, on demand, execute any instruments, releases or

other documents that may be required by any mortgages for the purpose of subletting and subordinating this lease to the lien of any such mortgages.

ARTICLE XIX

WAIVER OF COVENANTS

19.01 Failure of LANDLORD to insist, in any one or more instances, upon strict performance of any term, covenant, or condition of this lease, or to exercise any option herein contained shall be construed as a waiver, or a relinquishment for the future, of such term, covenant, condition or option, but same shall continue and remain in full force and effect. The receipt by LANDLORD of rents with knowledge of breach in any of the terms, covenants or conditions of this lease to be kept of performed TENANT shall not be deemed a waiver of such breach, and LANDLORD shall not be deemed to have waived any provision of this lease unless expressed in writing and signed by LANDLORD.

ARTICLE XX

RENTAL PAYMENT AND NOTICE

20.01 Each provision of this instrument or any of the applicable governmental laws, ordinances, regulations and other requirements with reference to the sending, mailing or delivery or any notice or the making of any payment by LANDLORD to TENANT or with reference to the sending, mailing or delivery of any notice to the making of payment by TENANT to LANDLORD shall be deemed to be complied with when and if the following steps are taken:

A. All rent and other payments required to be made by TENANT to LANDLORD hereunder shall be payable to LANDLORD in Bismarck, North Dakota, at the address set forth in Article 3, or at such other address as LANDLORD may specify from time to time by written notice delivered in accordance herewith.

B. All payments required to be made by LANDLORD to TENANT hereunder shall be payable to TENANT at the address set forth below, or at such other address within the continental United States as TENANT may specify from time to time by written notice delivered in accordance herewith.

C. Any notice or document required or permitted to be delivered hereunder shall be deemed to be delivered when deposited in the United States Mail, postage prepaid, Registered or Certified Mail, Return Receipt Requested, addressed to the parties hereto at the respective

address set out opposite their names below, or such other address as they have theretofore specified by written notice delivered in accordance herewith.

LANDLORD: Bis-Man Transit Board

3750 E. Rosser Ave.

Bismarck, ND 58501

TENANT: Jefferson Partners L.P.

DBA Jefferson Lines

2100 East 26th St

Minneapolis, MN 58404

ARTICLE XXI

TENANT TO SURRENDER PREMISES

21.01 Upon the expiration or the termination of the term of this lease, TENANT shall, at all expense:

- 1) Remove TENANT'S goods and effects and those of all persons claiming under TENANT;
- 2) Quit and deliver up the leased premises to LANDLORD, peaceably and quietly, in as good order and condition as the same were in on the date the term of this lease commenced or were thereafter placed in by LANDLORD and/or TENANT, reasonable wear and tear excepted.

ARTICLE XXII

HEATING AND AIR CONDITIONING

22.01 LANDLORD will furnish reasonable heat and air conditioning in main office areas during usual business hours and during usual and appropriate seasons.

ARTICLE XXIII

SHOWING PREMISES

23.01 LANDLORD shall have the right to show the leased premises for leasing at all reasonable times during the last six (6) months of this lease, or any extension thereof.

ARTICLE XXIV

MISCELLANEOUS

24.01 There are no understandings or agreements not incorporated in this lease except as may be provided in a written addendum signed and accepted by both parties. This is a North Dakota contract and shall be construed according to the laws of North Dakota. The captions in this lease are for convenience only and are not part of this lease. The covenants and agreement hereof shall as fully and completely bind the heirs, executors, administrators, legal representatives, successors and assigns of the parties hereto as if they had been specifically mentioned in each of said covenants and agreements. If any provision in this lease should for

any reason by adjudged invalid or illegal, that provision shall be deemed omitted therefrom and shall not invalidate any other provision of this lease and remainder hereof shall remain in full force and effect.

24.02 The agency contract extension is dependent on the acceptance of the lease agreement. If the TENANT chooses not to extend the agency contract, the TENANT can continue to execute a lease agreement with the LANDLORD; however, if the TENANT chooses to terminate the lease agreement, the TENANT will not be able to execute the agency contract extension.

Date: _____

LANDLORD:

BIS-MAN TRANSIT BOARD

BY: _____

ITS _____

ATTEST: _____

TENANT:

JEFFERSON LINES

BY: _____

ITS _____