Order 117-18/19

Passage: 7-0 (Mavodones recused, Batson absent) on 12/17/2018 ETHAN K. STRIMLING (MAYOR)

BELINDA S. RAY (1) SPENCER R. THIBODEAU (2) BRIAN E. BATSON (3) JUSTIN COSTA (4) CITY OF PORTLAND
IN THE CITY COUNCIL

Effective 12/27/2018

KIMBERLY COOK (5)

JILL C. DUSON (A/L)

PIOUS ALI (A/L)

NICHOLAS M. MAVODONES, JR (A/L)

# ORDER APPROVING THE AMENDED AND RESTATED LEASE WITH CASCO BAY ISLAND TRANSIT DISTRICT

**ORDERED,** that the amended and restated lease with Casco Bay Island Transit District is hereby approved, substantially in the form attached hereto; and

**BE IT FURTHER ORDERED,** that the City Council hereby authorizes the City Manager or his or her designee to execute said document and any other related documents necessary or convenient to carry out the intent of said document.

#### AMENDED AND RESTATED LEASE AGREEMENT

#### **BY AND BETWEEN**

#### CITY OF PORTLAND

#### AND CASCO BAY ISLAND TRANSIT DISTRICT

AGREEMENT made this \_\_\_\_\_ day of \_\_\_\_\_\_\_, 2018, by and between the CITY OF PORTLAND, a body politic and corporate located in the County of Cumberland, State of Maine (hereinafter the "CITY") and CASCO BAY ISLAND TRANSIT DISTRICT, a body politic and corporate duly organized under the laws of the State of Maine and located in the city of Portland (hereinafter the "CBITD").

WHEREAS, the City has constructed a Casco Bay Ferry Terminal (the "Terminal") and adjacent parking garage (the "Garage") on the west side of the Maine State Pier using Federal, State, city, and private funds (collectively, the "Project") and CBITD has made and paid for, with the assistance of state and federal grants, significant improvements to and expansions of the Terminal; and

WHEREAS, the CBITD has occupied and continues to occupy the Terminal and certain other premises under a lease dated March 5, 1985, as amended by a certain Amendment No. 1 to Lease Agreement dated March 5, 1987, an Amendment No. 2 to Lease Agreement dated September 21, 1988, a Third Amendment to Lease Agreement dated April 29, 1996, a Fourth Amendment to Lease Agreement dated July 1, 2004, and a Fifth Amendment to Lease Agreement dated August 12, 2013 (collectively, the "Existing Lease"), and island residents and others have used the Garage; and

WHEREAS, the City and CBITD desire to enter into a new and amended lease agreement to extend CBITD's use of the Terminal and make other changes as set forth herein; and

NOW, THEREFORE, in consideration of the mutual promises herein contained, and for other good and valuable consideration, the receipt and sufficiency of which are hereby mutually acknowledged, CITY and CBITD hereby mutually agree that the Existing Lease be amended and restated as of the Effective Date (as defined in Article 1).

#### ARTICLE 1. AMENDED AND RESTATED LEASE AGREEMENT

This Amended and Restated Lease Agreement (sometimes referred to as "this Lease" or "this Agreement") amends and restates the Existing Lease in its entirety. Effective as of October 1, 2018 (the "Effective Date"), the Existing Lease shall be deemed amended and restated so as to contain all of the terms of this Lease, and this Lease as amended and restated shall govern all future rights, obligations, duties and liabilities of the parties.

#### ARTICLE 2. GRANTING OF LEASEHOLD; PREMISES

CITY hereby agrees to lease to CBITD and CBITD does hereby agree to lease of and from CITY the premises described below upon the terms and conditions specified herein. Said premises are located on the westerly side of the Maine State Pier and shall include Lot 1 on Sheet 2 of 2 of the City's Subdivision Plan entitled, "Amended Revised Subdivision Plan of Maine State Pier and Vicinity, City of Portland, Cumberland County," drawn by Stevens, Morton, Rose & Thompson and dated September 20, 1988, which Amended Revised Plan is recorded in the Cumberland County Registry of Deeds in Plan Book 174, Page 8 (the "Subdivision Plan"), and an additional 25 foot area for berthing only alongside CITY's pier towards Commercial Street, all as generally depicted on the diagram attached hereto as Appendix A (collectively, the "Premises"). In the event of a conflict between the Subdivision Plan and Appendix A, the Subdivision Plan shall govern.

CBITD's leasehold in the Premises and the permissions granted under this Amendment are subject to the following easements:

- A. Easement Deed, dated March 5, 1987, to Portland Water District recorded in the Cumberland County Registry of Deeds, Book 7660, Page 152;
- B. Easement Deed, dated March 5, 1987, to New England Telephone recorded in the Cumberland County Registry of Deeds, Book 7660, Page 148;
- C. Easement Deed, dated March 5, 1987, to Central Maine Power Company recorded in the Cumberland County Registry of Deeds, Book 7660, Page 150;
- D. CBITD's leasehold in the PREMISES as provided in this ARTICLE, is subject to the Amended and Restated Deed Indenture, dated September 20, 1988, recorded in the Cumberland County Registry of Deeds, Book 8507, Page 210, which Amended and Restated Deed Indenture describes reciprocal easements by and among the CITY of Portland, Casco Bay Island Transit District and Bath Iron Works, for pedestrian and vehicular rights of way and navigational rights.

Except as provided below for a public right-of-way and any other easements and encumbrances of record, CBITD shall have the exclusive use of the Premises for the purposes provided herein. CBITD may control and restrict the public use of the Premises as it deems necessary in carrying out its operations under this Agreement.

Notwithstanding the foregoing, CBITD shall permit and maintain public rights of way for pedestrian and/or vehicular traffic over the Premises in order to permit the public with safe access along the entirety of the Maine State Pier. CBITD agrees to execute any reasonable documents necessary to identify and effectuate said access. CBITD specifically acknowledges and agrees that to the extent that any traffic islands, any vehicle parking or parking spaces, or any other uses or encroachments on the Premises (collectively, the "Encroachments") interfere with the vehicular and pedestrian rights of way described in this Article or the documents referenced in this Article, the CITY reserves the right to remove, or require CBITD to remove, such Encroachments upon six months prior written notice to enforce its vehicular and pedestrian rights of way. To the extent that CBITD did not install or create the Encroachments, the CITY

will be responsible for the cost of their removal. In the event that the CITY requires CBITD to remove any parking spaces on the Premises, the CITY will work cooperatively with CBITD to assist it in finding replacement parking; provided, however, that nothing herein requires the CITY to locate, provide or pay for such replacement parking. In addition, CBITD will work cooperatively with the City in the City's efforts to lease out the Portland Ocean Terminal on the east side of the Maine State Pier.

## **ARTICLE 3. TERM**

The initial term of the Lease shall commence on the Effective Date and terminate twenty years thereafter on September 30, 2038 (the "Initial Term") and thereafter shall be automatically renewed for an unlimited number of one year terms (each a "Renewal Term") until terminated with at least one year's written notice by either party to the other, provided that such notice shall be effective only at the end of the Initial Term or any Renewal Term. The Initial Term and the Renewal Terms may be referred to collectively as the "Term."

## **ARTICLE 4. USE OF PREMISES**

A. CBITD shall have the right to use the Premises solely for activities which it is legally authorized to undertake in providing public water transportation services between and among the islands of Casco Bay and the mainland.

Notwithstanding the foregoing, the principal use of the Premises under this Agreement shall be provision of public waterborne passenger, vehicle, freight and mail transportation to, from and between said Casco Bay Islands, and related waterborne activities including tours and cruises, charters and catering.

In addition, CBITD may perform routine maintenance and repair of its vessels at the Premises, so long as such repair does not result in excessive noise or disruption to the public, to other users of the Maine State Pier or to other water activities, and so long as such activities comply with all federal, state and local pollution and safety laws, rules, regulations, ordinances and any other applicable standards. If the CITY determines that boat repair activities are in violation of this paragraph, CITY shall give CBITD notice of said violation and CBITD shall immediately come into conformity under this subsection or shall cease its offending repair activities. CITY'S determinations as to a violation under this paragraph shall be final but shall not be arbitrary or capricious.

B. To the extent applicable, CBITD agrees to adhere to a policy of non-discrimination in its provision of services to the public in the performance of its obligations pursuant to this Agreement. This shall include, to the extent applicable, compliance with Title II of the Civil Rights Act of 1964, as amended; the Americans with Disabilities Act of 1990, as amended; the Maine Human Rights Act; and all other laws, ordinances, and regulations regarding equal opportunity and equal treatment. CBITD specifically agrees that all service-related decisions will be made without discrimination based on an individual's race or color, religion, age, sex (including pregnancy), sexual orientation, gender identity or expression, ancestry or national origin, physical or mental disability, veteran status, or any other protected group status as defined by applicable law.

- CBITD agrees to adhere to a policy of non-discrimination in all employment actions, practices, policies, procedures, phases, and conditions of employment. To the extent applicable, this shall include compliance with the Workforce Investment Act of 1998, as amended (WIA, 29 CFR part 37); the Nontraditional Employment for Women Act of 1991; title VI of the Civil Rights Act of 1964, as amended; section 504 of the Rehabilitation Act of 1973, as amended; the Age Discrimination Act of 1975, as amended; title IX of the Education Amendments of 1972, as amended; and with all applicable requirements imposed by or pursuant to regulations implementing those laws, including but not limited to 29 CFR part 37 and all other applicable laws, including the Maine Human Rights Act, ordinances and regulations regarding equal opportunity and equal treatment. CBITD specifically agrees that all employment-related decisions (including but not limited to hiring, discharge, transfers, promotions, discipline, training, job opportunities, and wage and salary levels) will be made without discrimination based on an individual's race or color, religion, age, sex (including pregnancy), sexual orientation, gender identity or expression, ancestry or national origin, physical or mental disability, veteran status, genetic information, previous assertion of a claim or right under Maine's Workers' Compensation Act, previous actions taken protected under Maine's Whistleblowers' Protection Act, or any other protected group status as defined by applicable law. Provisions in applicable laws providing for bona fide occupational qualifications, business necessity, or age limitations will be adhered to by CBITD where appropriate.
- D. In addition to the foregoing uses, CBITD may install vending machines for candy, snacks, drinks and other similar vendable items and/or a souvenir concession stand for the sale of souvenirs related specifically to the Casco Bay Islands and/or a sandwich shop, café, or similar food establishment. Said souvenirs may include postcards, maps, key chains, tee-shirts, mugs and other similar souvenir items and identified in some manner with the Casco Bay Islands and/or the Casco Bay Island Transit District. Said concession and food establishment activities shall be incidental only to CBITD'S primary use of the Premises for mass transportation services.
- E. All uses of the Premises other than as provided herein shall be subject to the prior written approval of the CITY'S Director of Public Buildings or other designee of the City Manager (hereinafter the "Director").

#### ARTICLE 5. NET LEASE

It is the intention of the parties that all amounts payable hereunder shall be net to the CITY so that this Agreement shall yield to CITY the net annual payment specified herein during each year of the Term, and that all costs, expenses, and obligations of every kind and nature whatsoever relating to the Premises shall be paid by CBITD, except as specifically provided herein.

## ARTICLE 6. RENT

A. CBITD covenants and agrees to pay to CITY for its use of the Premises, without offset or deduction except as provided herein, an annual rent equal to the greater of Twenty Thousand Dollars (\$20,000.00) ("Minimum Rent") (subject to the Inflation Adjustment set forth

in subsection D below) or Five and Four Tenths Percent (5.4%) of all of CBITD'S gross revenues from the following:

- i. Tours and cruises;
- ii. Charter operations; and
- iii. The food establishment referenced in Article 4 of this Lease.

A portion of the Minimum Rent shall be paid in advance on or before the first of each month in equal monthly installments of \$1333.33 (the "Monthly Installments").

B. No later than November 15<sup>th</sup> of each year during the term of this Lease, CBITD shall pay to CITY an amount equal to (i) 5.4% of its gross revenues as provided in Section A above for the prior full year from October 1 to September 30 (the "CBITD Fiscal Year") (or part thereof if applicable in the first or last year of the Term of this Lease), less (ii) the sum of the Monthly Installments paid during the previous CBITD Fiscal Year (the "True Up Amount"), but in no event shall the True Up Amount be less than the excess of the applicable Minimum Rent over the sum of the Monthly Installments paid during the previous CBITD fiscal year. The sum of the Monthly Installments and the True Up Amount is referred to herein as the "Annual Rent." The Annual Rent shall be deposited into a capital reserve fund which will be used solely for capital maintenance of the Casco Bay Parking Garage (the "Garage Capital Reserve Fund").

All amounts due as a percentage of gross revenues shall be subject to a final audit determination. In the event of any overpayment, CITY shall repay CBITD the amount so overpaid within sixty (60) days of said final audit determination and in the event of an underpayment, CBITD shall pay CITY any amount unpaid within sixty (60) days of said final audit determination.

- C. A late charge of One and One-Half (1-1/2%) per month shall be charged and applied to any amount not paid when due. Collection costs, legal fees, and administration costs associated with collection of late payments shall also be charged to the party who has made the late payment, who shall pay such costs within ten (10) days of receipt of a bill therefor.
- D. Commencing October 1, 2019, and for each CBITD Fiscal Year thereafter during the Initial Term, the Minimum Rent shall be increased by the annual rate of inflation for the twelve (12) months immediately preceding, but in no event shall such increase exceed 5%. Said annual rate of inflation shall be the overall percentage change in the United States Bureau of Labor Statistics Consumer Price Index for all Urban Consumers, Boston, Massachusetts (all items = 100) (hereinafter "CPI Boston") (the "Inflation Adjustment"). In the event the United States Bureau of Labor Statistics discontinues the issuance of said CPI Boston, the parties shall choose another broad-based cost of living index which is substantially equivalent to the discontinued index and which is then issued by the equivalent to the discontinued index and which is then issued by the United States or the State of Maine.

#### ARTICLE 7. UTILITIES; ASSESSMENTS

A. CBITD shall be responsible for all electric, water, sewer, gas, heat, telephone, internet or other communications, or any other utility charge, fee, or assessment whatsoever, including any late fees, interest or penalties, and for any assessment, tax, or other charge, which CBITD is, or may be, subject to under State law, related to CBITD'S interest in, use of, and activities on the Premises. Notwithstanding the foregoing, CBITD shall not be responsible for paying the CITY's Stormwater Service Charge for the Premises, which will be a responsibility of the CITY.

CBITD shall have the right to enter into reasonable agreements with utility companies, municipal corporations, and other government agencies creating easements in favor of such companies as are necessary in order to service the Premises for the purpose of CBITD's operation of its ferry service, and CITY covenants and agrees to join therein, if legally required or to consent thereto, and to execute any and all documents, agreements, and instruments and to take all other actions in order to effectuate the same, all at CBITD'S cost and expense. Notwithstanding anything to the contrary above, CBITD shall not have the right to enter into such agreements or grant such easements to the extent that they interfere with the CITY's use of the Portland Ocean Terminal, the Maine State Pier, or other City property interests on or near the Premises.

B. If any taxes are assessed or levied upon CBITD, they shall be paid directly to the taxing authority. CBITD shall be deemed to have complied with the covenants of this Article if payment of such taxes shall have been made either within any period allowed by law, or by the governmental authority imposing the same, during which payment is permitted without penalty or interest or before the same shall become a lien upon the Premises, and CBITD shall produce and exhibit to CITY satisfactory evidence of such payment.

The CBITD shall have the right to contest or have reviewed all of such taxes by legal proceedings, or in such other manner as it may deem suitable (which, if instituted, CBITD shall conduct promptly at its own cost and expense and at no expense to CITY, and if required by law, in the name of and with the cooperation of the CITY, and CITY shall execute all documents reasonably necessary to accomplish the foregoing). Notwithstanding the foregoing, CBITD shall promptly pay all such taxes if at any time the Premises, improvements thereon, or any part of them, shall be imminently subject to forfeiture or if CITY shall be subject to any criminal or civil liability arising out of the non-payment thereof.

#### ARTICLE 8. REPAIRS AND MAINTENANCE

A. At all times during the term of this Lease, CBITD shall, at its sole cost and expense, except as specifically herein provided, keep the Premises in as good order and repair, reasonable wear and tear excepted. CBITD shall be responsible for all costs and expenses associated with its operation and all costs of maintenance, repair and replacement of all aspects of the Premises, including but not limited to minor and major repairs and replacement of all interior, exterior, and structural portions of the Premises; including, without limitation, interior and exterior walls, doors, windows, floors, ceilings, roofs, stairways, and any other structural portions of the Premises; and including without limitation all plumbing, electrical, mechanical,

heating, ventilation, and air conditioning systems in the Premises; and including without limitation, custodial services, security services, removal of debris, trash and recyclable materials, plowing, shoveling, sanding, salting, and clearing the Premises, except only as otherwise specifically provided in Section B below.

B. Notwithstanding the foregoing, CITY agrees to provide snow plowing, sanding, salting and clearing of all of the access road and traffic turn-around and the vehicle staging area, all approximately as indicated on Appendix A, and the pedestrian walkway along the west side of the Pier from Commercial Street to the Premises.

The CITY by its authorized officers, employees, agents, contractors, sub-contractors and other representatives shall have the right (at such times as may be reasonable under the circumstances and with as little interruption of CBITD'S operations as is reasonably practicable) to enter upon and in the Premises without charge for the following purposes:

- 1. <u>Inspection</u>. To inspect the Premises to determine whether CBITD has complied and is complying with the terms and conditions of this Agreement.
- 2. <u>Maintenance</u>. To perform maintenance and make repairs and replacements in any case where CBITD has failed to carry out its obligation to do so, but only after the CITY has given CBITD reasonable notice under the circumstances to perform its obligation. In that event, CBITD shall promptly upon demand reimburse the CITY for the reasonable cost of the CITY'S performing CBITD'S maintenance or repair obligation as additional Rent.
- C. CBITD is currently in possession of the Premises and does hereby accept the Premises and any Common Areas in their present condition, "AS IS, WHERE IS and WITH ALL FAULTS" and CBITD shall make no significant structural alteration to them without the prior written consent of the City, not to be unreasonably withheld or delayed. CBITD, at its sole expense, shall be responsible for maintaining, repairing, or replacing the Maine State Pier's structural elements that are part of the Premises, including, without limitation, its pile caps, stringers, and decking within the leased Premises.

## ARTICLE 9. MAINTENANCE AND EXCESS FUNDS

- A. In order to assist CBITD with expenses associated with major maintenance, repair and replacement of any aspect of the Premises and the capital equipment used in operation of its mass transportation service, CITY agrees to establish a maintenance fund (hereinafter the "Maintenance Fund") as provided herein.
- B. The Maintenance Fund will consist of Fifty Percent (50%) of the Annual Net Revenues (as defined below) from the City's ownership interest in the Garage.

#### C. Annual Net Revenues shall mean:

1. The net revenues received by the City from operations of the Garage. The term "net revenues" means gross revenues minus operating costs as defined by the CITY'S Finance Director using generally accepted accounting principles.

- 2. Less the sum of the following, to the extent not previously subtracted:
  - (1) the City's annual cost of all casualty insurance purchased by the City covering the Premises, including the Terminal, the Parking Garage Building and other improvements thereon, plus
  - (2) the City's future capital expenses related to the Garage that are not paid out of the Garage Capital Reserve Fund and are not financed; plus
  - (3) The City's debt service related to future borrowings to fund future capital expenses related to the Garage that are not paid out of the Garage Capital Reserve Fund.

CBITD, upon reasonable notice to CITY'S Finance Director and during regular business hours, may review and copy, at its own cost and expense, CITY'S records on the Maintenance Fund.

- D. Notwithstanding the above, the balance in the Maintenance Fund shall not exceed at any time One Hundred Sixty Thousand Dollars (\$160,000), which amount shall be increased by \$5,000.00 on the fifth, tenth, and fifteenth anniversaries of the Effective Date (the "Maintenance Fund Maximum").
- E. <u>Use of Funds</u>. The Maintenance Fund will be available to CBITD to cover the cost, in whole or in part, of any major repairs, maintenance, or replacement of or on the Premises or any capital equipment used by CBITD. Prior to requesting assistance from the Maintenance Fund, however, CBITD will make a good faith, diligent effort to obtain any State or federal funds available for capital or similar assistance. CITY will cooperate with and assist CBITD in that effort. If, after reasonable effort, such external funds are not available to CBITD, CITY will disburse funds to CBITD for said major repairs, maintenance, and replacement under procedures to be established by the CITY'S Finance Director. If said funds are not adequate, then CBITD may request assistance of the City Council of the CITY, but nothing herein shall obligate said City Council to provide assistance to CBITD.

Amounts in the Maintenance Fund may also be used as matching funds for federal or State capital assistance grants, and may be available to CBITD for short-term loans, on terms and interest rates acceptable to the CITY, provided that CITY shall not unreasonably withhold its approval thereof.

- F. <u>Eligible Expenditures</u>. The Maintenance Fund will be available for use by CBITD for major capital costs related to its public transportation operations on or from the Premises, with first priority for capital costs for repair and maintenance of the Premises themselves. Such eligible costs may include, but are not limited to, the following:
  - 1. Replacement of capital equipment;
  - 2. Replacement of motor vehicles used regularly in CBITD'S operations;
  - 3. Major rehabilitation or the Ferry Terminal of Vehicle Transfer Bridge;

- 4. Major resurfacing or rehabilitation of the paved surfaces and the covered walkway within the Premises;
- 5. Major pier repairs;
- 6. Energy retrofitting; and
- 7. Other major repairs and maintenance of a similar kind.

The following are examples of expense that are <u>not</u> eligible for funding from the Maintenance Fund and are part of CBITD'S operating expenses: Spot roof repairs, touchup painting, minor redecking and pavement patching, spot repairs and/or replacement of fixtures, custodial, security or other services, plowing, sanding, or salting of the Premises and similar expenses. Said examples are illustrative only and are not intended to be an exhaustive listing.

G. <u>Excess Fund</u>. In addition to the foregoing, CITY shall set aside into a separate fund to be established by the CITY (hereinafter the "Excess Fund") One Hundred Percent (100%) of the remaining Annual Net Revenues after all payments to the Maintenance Fund and shall make all amounts in the Excess Fund available on a priority basis:

First, to CBITD for capital costs associated with its public transportation operations in Casco Bay as set forth in subsection F above; and

Then, to be disbursed by the CITY to all other mass transportation needs and not limited to capital expenditures.

Decisions as to the distribution and disbursement of the Excess Fund shall be made annually as part of the CITY'S budget process and the burden will be on CBITD to justify its need for funds in excess of the Maintenance Fund which shall continue to be available solely for CBITD'S use

## ARTICLE 10. FEDERAL AND STATE FUNDS; APPROVALS

It is specifically understood and agreed that to the extent that this Agreement is subject to approval by the FTA, the State of Maine Public Utilities Commission, and Department of Transportation or any other state or federal department or agency, both parties agree to work in good faith with said federal and State agencies and to execute any amendments to this Agreement as may be reasonably required by said agencies.

## **ARTICLE 11. COMPLIANCE WITH LAWS**

A. Upon execution of this Agreement and throughout the Term hereof, CBITD shall, at its own cost and expense, promptly observe and comply with all existing and future laws, ordinances, requirements, order, directives, rules and regulations of the federal, state, and county and city governments, and of all other governmental authorities affecting CBITD, the Premises or appurtenances thereto, or any part thereof, whether the same are in force at the commencement of the term of this Agreement or may in the future be passed, enacted or directed, and CBITD shall pay all costs, expenses, liabilities, losses, damages, fines, penalties,

claims, and demands, including reasonable counsel fees, that may in any manner arise out of or be imposed on CITY because of failure to CBITD to comply with the covenants of this Article.

- B. CBITD shall have the right but not the obligation to contest by appropriate legal proceeding conducted diligently and in good faith in the name of the CBITD or CITY (if legally required), or both (if legally required), without cost or expense to CITY, the validity or application of any law, ordinance, rule, regulations, or requirement of the nature referred to in the preceding Section A, and if by the terms of any such law, ordinance, order, rule, regulation or requirement, CBITD may delay such compliance therewith until the final determination of such proceeding.
- C. In the event CITY agrees that such contest is appropriate, CITY agrees to execute and deliver any appropriate papers or other instruments which may be reasonably necessary or proper to permit CBITD so to contest the validity or application of any such law, ordinance, order, rule, regulation or requirement.
- D. In the event that a law, rule, or other requirement is finally determined to apply to CBITD, CBITD agrees to execute any amendment to this Agreement to the extent such amendment is made necessary by the applicability of said law, rule or other requirement.

## **ARTICLE 12. INDEMNITY**

- A. Subject to and limited by defenses, immunities or limitations of liability or damages available to CBITD under the Maine Tort Claims Act, other Maine statutory law, judicial precedent, common law, or any other defenses, immunities or limitations of liability available to the parties, CBITD shall at its own expense defend, indemnify, and hold harmless CITY, its City Council, its officers, agents, and employees from and against any and all liability, claims, damages, penalties, losses, expenses, or judgment, just and unjust, arising from injury or death to any person or property damage sustained by anyone in and about the Premises or as a result of activities or service at or from the Premises and resulting from any negligent act or omission of CBITD, its officers, agents, servants, employees, or persons in privity with CBITD, unless the CITY, through its negligent act or omission, is more than 50% responsible for such injury, death, or property damage.
- B. CBITD shall, at its own cost and expense defend any and all suits or actions, just or unjust, which may be brought against CITY or which CITY may be impleaded with others upon any such matter, claim or claims defined in Paragraph A above, including claims of contractors, employees, laborers, materialmen, and suppliers. CITY shall have the right to participate in such suits or actions at its own discretion and at its own expense, and no such suit or action shall be settled without prior consent of the CITY as the case may be. Such obligation of indemnity and defense shall not be construed to negate or abridge any other right of indemnification or contribution running to the CITY which would otherwise exist. The extent of this indemnity provision shall not be limited by any requirement of insurance contained herein.
- C. Without limiting the foregoing, to the fullest extent permitted by law, CBITD hereby agrees to assume all risk of injury, harm or damage to any person or property (including but not limited to all risk of injury, harm or damage to CBITD's officers, agents, employees,

contractors, customers or invitees or to their property) arising out of, during, or in connection with the rental or use of the Premises or any portion thereof and the activities hereunder which injury, harm or damage is alleged to be related to the presence of mold at or in the Premises, and to defend, indemnify and hold the CITY harmless from any liability, claims, penalties, expenses, judgments, or losses arising from or related to such injury, harm or damage.

- D. Covenant against liens: CBITD shall not cause or permit any lien against the City's property or any improvements thereto to arise out of or accrue from any action or use thereof by CBITD and shall hold the City harmless therefrom; provided, however, that CBITD may in good faith contest the validity of any alleged lien. Upon request of the City, CBITD shall post a bond warranting payment of any such lien in the event CBITD contests such lien.
- E. Nothing in this Article shall be deemed a waiver of any defenses, immunities or limitations of liability or damages available to the parties under the Maine Tort Claims Act, other Maine statutory law, judicial precedent, common law, or any other defenses, immunities or limitations of liability available to the parties.
- F. Survival. The Terms of this Section shall survive the expiration or termination of this Agreement.

## **ARTICLE 13. INSURANCE**

- A. Prior to occupancy of the Premises, CBITD shall procure at its own expense and maintain throughout the Term of this Agreement the following insurance coverages in form and substance reasonably acceptable to the CITY:
  - 1. General Liability insurance coverage conforming to the Maine Tort Claims Act in the amount of not less than Four Hundred Thousand Dollars (\$400,000) per occurrence for bodily injury, death and property damage;
  - 2. Automobile vehicle liability insurance in an amount of not less than Four Hundred Thousand Dollars (\$400,000) combined single limit for bodily injury, death and property damage;
  - 3. Workers' Compensation insurance, including USL&H coverage, as applicable, in the statutory amount; and
  - 4. Terminal Operator's Legal Liability, and Protection & Indemnity/Collision Liability (including Jones Act coverage) insurance coverages in an amount of not less than Four Hundred Thousand Dollars (\$400,000) per occurrence.
  - 5. Vessel Pollution liability insurance coverage in an amount of not less than Five Million Dollars (\$5,000,000) per occurrence. The pollution liability policy shall provide coverage for pollution remediation costs.

With respect to the General liability, Automobile liability, Terminal Operator's Legal liability, Protection & Indemnity/Collision Liability and Vessel Pollution liability insurance coverages,

CBITD shall name the CITY as an additional insured for coverage only in those areas where government immunity has been expressly waived, including but not limited to 14 M.R.S. A. § 8104-A, as limited by § 8104-B, and § 8111. This provision shall not be deemed a waiver of any defenses, immunities or limitations of liability or damages available to the CITY under the Maine Tort Claims Act, other Maine statutory law, judicial precedent, common law, or any other defenses, immunities or limitations of liability available to the CITY. Prior to execution of this Lease, CBITD shall furnish the CITY and thereafter maintain certificates evidencing all such coverages. For coverage provided by CBITD through a self-insured program, CBITD shall notify CITY upon its receipt of notice of or impending notice of termination of such insurance. All other insurance coverage shall guarantee thirty (30) days' notice to the CITY of termination of insurance from the insurance provider or agent. Coverage provided by CBITD through a selfinsured program shall provide additional insured status to the CITY. For all other insurance coverage, CBITD shall also provide a copy of any endorsement naming the CITY as additional insured. The Workers' Compensation insurance shall include an endorsement waiving all rights of subrogation against the City of Portland, its officers or employees. Upon CITY'S request, CBITD shall provide CITY with a complete copy of any of the above-referenced policies. CBITD shall be responsible for any and all deductibles and/or self-insured retentions (not to exceed \$10,000 without prior written approval of Corporation Counsel). If CBITD maintains broader coverage and/or higher limits than the minimum shown above, the CITY requires and shall be entitled to the broader coverage and/or higher limits maintained by CBITD. CITY's acceptance or lack of acceptance of CBITD's Certificate of Insurance or other evidence of insurance shall not be construed as a waiver of CBITD's obligation to obtain and maintain such insurance as required by this agreement. The minimum limits may be satisfied through the use of primary and excess/umbrella policies, provided that the excess/umbrella policies will not be more restrictive than the primary policies.

CBITD understands and agrees that the minimum limits of the insurance herein required may become inadequate during the term of this Lease and CBITD agrees that it will increase such minimum limits by reasonable amounts within thirty (30) days of receipt of notice in writing from the CITY to do so. In no case shall such insurance be less than the statutory limits set forth in the Maine Tort Claims Act (14 M.R.S.A. §8101 et seq.) or any successor statute thereto.

- B. It shall be the responsibility of CITY to provide such all-risk casualty insurance coverage for the Premises as CITY deems necessary.
- C. CBITD shall be responsible for covering all of its personal property with such property and casualty insurance as it deems necessary and CITY shall have no responsibility therefor. CBITD assumes all risk of damage, loss or casualty to its personal property while located at the Premises, even if the cause of such damage is the result of the negligent act or omission of CITY, its officers or employees. CBITD shall defend, indemnify and hold the CITY harmless from any claim based upon any damage, loss or casualty to its personal property while at the Premises. Any casualty insurance obtained by CBITD for its personal property shall include a waiver of subrogation against the CITY.
- D. If the Terminal or any space leased to CBITD for its use shall be partially damaged by fire or other casualty but not rendered untenantable, the same shall be repaired with due diligence by the CITY at its own cost and expense; if the damage shall be so extensive as to

render the premises untenantable, the rent payable hereunto with respect to the CBITD'S Premises shall be proportionately paid up to the time of such damage and shall thenceforth cease until such time as the Premises shall again be made tenantable by CITY, provided that, if the Premises are more than 50% destroyed by fire or other casualty, this Agreement may, at the election of either the CITY or CBITD, upon written notice thereof to be given within sixty (60) days after such destruction, thereby be terminated and ended as of the date of destruction.

#### ARTICLE 14. COVENANTS AGAINST LIENS

If in CBITD'S construction or installation of improvements on the Premises, any mechanics' lien or other lien, charge or order for payment of money shall be filed against CITY, CBITD, or any portion of the Premises, CBITD shall, at its own cost and expense, cause the same to be discharged of record or secure such payment by posting a bond with the Cumberland County Superior Court in such form and amounts satisfactory to the CITY within thirty (30) days after written notice to CBITD of the filing thereof, and CBITD shall defend, indemnify, and save harmless the CITY against and from all costs, liabilities, suits, penalties, claims and demands including reasonable counsel fees, resulting therefrom. In the event CBITD shall not cause such lien, charge or order to be discharged of record or bonded within said thirty (30) day period, CITY may thereafter cause the same to be discharged and the expense thereof shall be immediately paid to CITY by CBITD as additional rent.

## ARTICLE 15. SUBLETTING AND ASSIGNMENT

A. CBITD shall not sublet any part or parts of the Premises, except as specifically provided herein, without the prior written approval of the CITY, not to be unreasonably withheld or delayed.

Notwithstanding the foregoing, CBITD may sublet or permit the use of space within the interior of the Ferry Terminal Building for advertising by third parties and may sublet or permit the use of its berthing spaces by third parties.

To the extent CBITD is allowed to operate vending machines or a souvenir concession facility or a food establishment under this Agreement, CBITD may sublet its rights to a third party to do so.

All sublessees of CBITD under this provision shall be required to comply with all applicable terms of this Agreement and with all federal, state and local laws and regulations in their operations on the Premises. Copies of all subleases or permit agreements shall be provided to CITY.

- B. CBITD shall not assign this Agreement, its rights hereunder, or the Premises or any portion thereof, without the prior written approval of CITY. Notwithstanding this Article, CITY agrees to give written consent to assignment of CBITD'S leasehold interest as defined herein to a Trustee for the benefit of CBITD'S bondholders to the extent said assignment is required by CBITD'S bond indenture.
- C. The CITY shall not assign, sublet or convey its interest in the Premises or this Agreement unless such assignment, sublease or conveyance is expressly subject to this

Agreement. CITY shall give CBITD no less than thirty (30) days' prior written notice of any such assignment, sublease or conveyance.

#### **ARTICLE 16. EMINENT DOMAIN**

If the Premises, or any significant portion thereof, are taken by eminent domain by any governmental authority or corporation having the power of eminent domain so as to prevent CBITD from continuing its operations on the Premises in substantially the same manner as it operated prior to such condemnation, then at the option of the CBITD, this Agreement shall terminate without penalty or termination charge and CBITD shall be entitled to share in any award of damages made by the condemning authority to the extent of its interest in the Premises.

In the event CBITD can continue its operations in substantially the same manner as prior to the condemnation, or at CBITD'S option despite said condemnation, CBITD may elect to continue in possession of any portion of the Premises remaining after condemnation for the balance of the Term upon the same terms and conditions here, if it gives notice of such election to CITY within thirty (30) days of the taking of possession by the condemning authority.

In the event this Agreement terminates pursuant to this Article, the rental paid to CITY shall be equitably adjusted to the date CBITD is relieved of possession.

## ARTICLE 17. DEFAULT BY THE CITY

## A. <u>CITY'S Obligations as Landlord</u>

Upon expiration of the period to cure provided in Section B immediately below, the CITY shall be in default hereunder if during the Term:

- 1. CITY fails to provide the Premises to CBITD for CBITD'S quiet use and enjoyment, during the Term, without hindrance or molestation by CITY or any person claiming by or through the CITY;
- 2. It is determined that the CITY does not have the power and authority to execute and deliver this Agreement and to carry out and perform all covenants to be performed by it hereunder; or
- 3. The CITY fails to observe or perform any of its covenants, agreements, or obligations of this Agreement.

#### B. Opportunity to Cure; Remedy for Default

- 1. If CITY is in default of this Agreement as set forth above, CBITD shall give CITY written notice of such violation, and no less than sixty (60) days in which to cure said violation.
- 2. In the event the CITY fails or refuses to cure such violation within the sixty (60) days or any period allowed under subsection (3) immediately below, CBITD may take whatever action at law or in equity may appear necessary or

desirable to enforce performance and observance of any obligation, agreement, or covenant of CITY under this Agreement, or it may, at its option, also terminate this Agreement upon no less than thirty (30) days' written notice to City after expiration of the applicable period in which to cure.

3. In the event the CBITD gives notice of a violation of such a nature that it cannot be cured within the time specified by the notice, then such violation shall not be deemed to continue as long as CITY, after receiving such notice, gives written notice to CBITD of CITY'S inability to cure such violation within the specified time, describing in detail its reasons therefore and proceeds to cure the violation within as soon as reasonably possible and diligently continues to take all steps necessary to complete the same within a period of time which under all prevailing circumstances shall be reasonable, but in no event to exceed one (1) year from receipt of notice of violation. No violation shall be deemed to continue if and so long as the CITY shall be delayed in or prevented from curing the same by any force majeure cause specified in and in accordance with the terms of Article 20 hereinafter.

#### C. General Provisions

No delay or omission by CBITD to exercise any right or power accruing upon any violation or default of this Agreement shall impair any such right or power or shall be construed to be a waiver thereof but any such right or any power may be exercised from time to time and as often as may be deemed expeditious, and unless otherwise expressly provided herein the exercise of any one right or remedy shall not impair the right of the CBITD to any or all of the remedies.

#### ARTICLE 18. DEFAULT BY THE CBITD

## A. <u>CBITD'S Obligations</u>

Upon expiration of the period to cure provided in Section B immediately below, the CBITD shall be in default hereunder if during the Term:

- 1. CBITD fails to pay when due any amount or installment of Rent, or any other sums specified herein;
- 2. CBITD fails to observe or perform any of its covenants, agreements, or obligations of this Agreement;
- 3. To the fullest extent permitted by law, if there shall occur the dissolution of the CBITD or the CBITD shall file any petition or institute any proceedings under the Bankruptcy Code, either as such Code now exists or under any amendment thereof which may hereafter be enacted, or under any act or acts, state or federal, dealing with, or relating to the subject or subjects of bankruptcy or insolvency, or under any amendment of such act or acts, either as a bankrupt or as an insolvent, or as a debtor, or in any similar capacity, or any involuntary petition in bankruptcy is filed against the CBITD and the same is not stayed or discharged within ninety (90) days from such filing or any other petition or any other

proceedings of the foregoing or similar kind or character filed or instituted or taken against the CBITD, or a receiver of the business or of the property or assets of the CBITD shall be appointed by any court except a receiver appointed at the insistence or request of the CITY, or CBITD shall make a general or any assignment for the benefit of the CBITD'S creditors;

- 4. The CBITD shall substantially abandon or vacate the Premises or fail to use the Premises for the provision of services set forth in Article 4 for a period in excess of ninety (90) days; or
- 5. CBITD shall use the Premises, or any part thereof, for uses not set forth herein.

## B. Opportunity to Cure; Remedy for Default

- 1. If CBITD shall be in violation under this Article, or terms or conditions of this Agreement, CITY shall give written notice of such violation, and no less than sixty (60) days in which to cure said violation. However, violations in the payment of Rent must be cured within ten (10) calendar days of the notice of violation.
- 2. In the event CBITD fails or refuses to cure such violation within the sixty (60) days or any period allowed under subsection (3) immediately below, the CITY may take whatever action, at law or in equity, may appear necessary or desirable to collect the Rent then due or accrued, or to enforce performance and observance of any obligation, agreement, or covenant of CBITD under this Agreement. CITY may also, at its option, terminate this Agreement upon no less than thirty (30) days' written notice to CBITD after expiration of the applicable period in which to cure.

In the alternative, upon expiration of the period for cure, the CITY may proceed to cure CBITD'S violation provided CITY shall give CBITD ten (10) additional days' notice of its intent to cure on CBITD'S behalf. CITY may thereafter proceed to cure and deliver receipts and records reflecting the costs of cure, which costs shall constitute Additional Rent. CBITD shall pay said Additional Rent within fifteen (15) days of receipt of said bill, if CBITD agrees to the existence of the violation and the reasonableness of the steps and costs of curing. CBITD shall be entitled to a reimbursement for payments to CITY which it subsequently claims were not reasonable in amount or justified by the terms of this Agreement. All disputes arising under this subsection not resolved by mutual agreement shall be submitted for arbitration pursuant to Article 21.

3. In the event CITY gives notice of a violation of such a nature that it cannot be cured within such a reasonable period of time, then such violation shall not be deemed to continue provided CBITD, after receiving such notice, gives written notice to CITY of CBITD'S inability to cure such violation within the specified time; describing in detail its reasons therefor and proceeds to cure the

violation as soon as reasonably possible; and so long as CBITD diligently continues to take all steps necessary to complete the same within a period of time, which under all prevailing circumstances, shall be reasonable but in no event to exceed one (1) year from receipt of notice of violation. No violation shall be deemed to continue if and so long as the CBITD shall be delayed in or prevented from curing the same by any cause specified in and in accordance with the terms of Article 22 hereinafter. This subsection shall not apply to violation in the payment of any Rents or charges or any other sums owing by CBITD hereunder.

## C. Notices

In addition to the foregoing remedies for Default, CITY reserves the right to provide to any bond holders or mortgagees of CBITD a copy of any notice to CBITD from CITY that CBITD is in violation of its obligations hereunder.

## D. General Provisions

No delay or omission by CITY to exercise any right or power accruing upon any violation or default of this Agreement shall impair any such right or power or shall be construed to be a waiver thereof but any such right or any power may be exercised from time to time and as often as may be deemed expeditious, and unless otherwise expressly provided herein the exercise of any one right or remedy shall not impair the right of the CITY to any or all of the remedies.

## **ARTICLE 19. TERMINATION**

No notice to quit possession at the expiration date of the Term of this Agreement need be given by the CITY, and CBITD covenants and agrees that upon expiration of the Term of this Agreement, or upon earlier Termination for Default by either party as hereinabove provided, it will peaceably surrender possession of the Premises leased hereunder in good condition, reasonable wear and tear, acts of God, fire, public enemy, and other casualties over which CBITD has no control excepted and CITY shall have the right to take possession of said Premises and all permanent improvements thereto. CBITD shall have the right, at any time during the Term of this Agreement or upon termination and within sixty (60) days thereafter, to remove all trade fixtures, equipment and other personal property installed or placed by it at its expense, in, on, or about the Premises, subject, however, to any valid lien which the CITY may have thereon for unpaid rents, fees, or any other amounts due hereunder. All removal shall be at CBITD'S sole cost and expense and all property damaged by or as the result of the removal of CBITD'S property shall be restored by CBITD at its expense to the condition existing prior to such damage. Should CBITD fail to remove such property within said sixty (60) day period, ownership of such property shall automatically be vested in the CITY without the need for a bill of sale or other conveyance instrument, and the CITY shall have the right dispose of such property in any manner it sees fit, and retain all proceeds therefrom.

## **ARTICLE 20. FORCE MAJEURE**

Neither the CITY nor CBITD shall be deemed in violation of this Agreement if it is prevented from performing any of the obligations hereunder by reasons of strikes, boycotts, labor disputes, embargoes, shortage of material, acts of God, acts of the public enemy, acts of superior

governmental authority, riots, rebellion, sabotage, or other reason for which it is not responsible and which is beyond its control, provided that:

- A. The non-performing party, within ten (10) calendar days after the occurrence of the force majeure event gives the other party written notice describing the particulars of the occurrence;
- B. The suspension of performance be of no greater scope and of no longer duration than is required by the force majeure event; and
- C. The non-performing party use good faith, diligent efforts to remedy its inability to perform.

## **ARTICLE 21. "FAVORED NATION"**

To the extent permitted by law, the CITY agrees that it will not charge a more favorable rental, fee or charge to any other water transportation service offering the same services as CBITD to and between the Casco Bay Islands and operating to and from the west side of the Maine State Pier under lease with the City, than that being paid by CBITD hereunder, unless said rental, fee, or charge is offered to CBITD.

## **ARTICLE 22. SIGNS**

All signs to or on the Premises shall be installed by CBITD at its own cost and expense, and all such signage shall be subject to the prior approval of the Director and shall be subject to all City rules and ordinances and other applicable laws governing signs at the Premises.

## **ARTICLE 23. RECORD-KEEPING**

CBITD generally shall keep records of its operations and finances according to generally accepted accounting principles and in accord with any applicable federal or state requirements and CITY shall have the right, upon reasonable notice, to inspect all data and records relating to CBITD'S performance under this Agreement, such inspection to be done during normal business hours and at CITY'S expense.

## **ARTICLE 24. GOVERNING LAW**

This Agreement shall be construed in all respects in accordance with, and governed by, the laws of the State of Maine. In the event of a dispute concerning the terms of this Agreement, the parties agree to engage in nonbinding mediation with a mediator jointly chosen by the parties prior to filing litigation, with the cost of the mediator split equally by the parties. Should such mediation fail, the parties hereto hereby consent to the exclusive jurisdiction of the Superior Court for the County of Cumberland in the State of Maine, for all actions, proceedings and litigation arising from or relating directly or indirectly to this Agreement or any of the obligations hereunder, and any dispute not otherwise resolved as provided herein shall be litigated solely in said Court. The parties agree that in the event of litigation in the Superior Court, the mediation described in this paragraph shall satisfy the alternative dispute resolution requirements of Rule 16B of the Maine Rules of Civil Procedure and that they will execute

whatever documents are reasonably necessary to certify to the Court that they have engaged in such alternative dispute resolution.

## ARTICLE 25. PARTIAL INVALIDITY

If any term, covenant, condition, or provision of this Agreement or the application thereof to any person or circumstance shall, at any time or to any extent, be invalid or unenforceable, the remainder of this Agreement, or the application of such term or provision to persons or circumstances other than those as to which it is held invalid or unenforceable, shall not be affected thereby, and each term, covenant, condition, and provision of this Agreement shall be valid and be enforced to the fullest extent permitted by law.

## ARTICLE 26. MEMORANDUM OF LEASE

The parties shall at any time, at the request of either one, promptly execute a memorandum of lease in recordable form setting forth a description of the Premises, the Term, and any other portions thereof, as either party may reasonably request or as may be required by 33 M.R.S. § 201 or other applicable law, ordinance, or governmental rule or regulation.

#### **ARTICLE 27. PARTIES**

The covenants, conditions, and agreements contained in this Agreement shall bind and inure to the benefit of the CITY and CBITD and their respective successors, and assigns.

# **ARTICLE 28. WAIVERS**

Failure of the CITY or CBITD to complain of any act or omission on the part of the other party no matter how long the same may continue, shall not be deemed to be a waiver by said party of its rights hereunder. No waiver by the CITY or CBITD at any time, express or implied, of any breach of any provision of this Agreement shall be deemed a waiver or a breach of any other provision of this Agreement or a consent to any subsequent breach of the same or any other provision.

## **ARTICLE 29. NOTICES**

Every notice, demand, request, approval, consent, or other communication authorized or required by this Agreement shall be in writing and shall be deemed to have been properly given when delivered in hand or sent postage prepaid by United States registered or certified mail, return receipt requested, addressed as follows:

To CBITD: Casco Bay Island Transit District

Attn: General Manager

P.O. Box 4656

Portland, Maine 04112

With a copy to: Murray, Plumb & Murray

75 Pearl Street P.O. Box 9785

Portland, Maine 04104-5085

To CITY: City of Portland

Attn: City Manager 389 Congress Street Portland, Maine 04101

With a copy to: Office of Corporation Counsel at the same address

or to such other persons or addresses as such party may designate by notice given from time to time in accordance with this Article. The Rent payable by CBITD hereunder shall be paid to CITY at the place to be designated in writing by the City Manager.

## **ARTICLE 30. ENTIRE AGREEMENT, AMENDMENT**

This Lease (including exhibits hereto) expresses the entire understanding and all agreements of the CITY and the CBITD with each other. Both parties hereto acknowledge and agree that they have not relied upon any statements, representations, agreements or warrantees except such as are expressed herein. This Lease (including the exhibits hereto) may be modified only by an agreement approved and signed by the CITY and the CBITD.

**IN WITNESS WHEREOF**, the parties hereto have caused this Lease to be duly executed the day and year first above written.

WITNESS:	CASCO BAY ISLAND TRANSIT DISTRICT
	By:
	Its Board President
	By:
	Its General Manager
WITNESS	CITY OF PORTLAND
	By:
	Jon P. Jennings
	Its City Manager

Appendix A map of the Premises

