

RESIDENTIAL LEASE

I. IDENTIFICATION OF PARTIES, PREMISES AND LEASE TERM

A. Parties and Premises

GRAND RAPIDS ECONOMIC DEVELOPMENT AUTHORITY (“Landlord”) hereby leases the Property at 3002 Airport Road, Grand Rapids, as legally described on Exhibit A attached hereto, Itasca County, Minnesota (the “Premises”), under the terms and conditions stated herein, to HWY 35, a Minnesota Limited Liability Corporation. (“Tenant”).

B. Term

This Lease will begin on February 1, 2024, and end on the earlier of February 1, 2025, or when terminated pursuant to the provisions of Section VIII.B. hereof, unless extended pursuant to Section VIII.A. hereof.

II. PAYMENTS DUE UNDER THE LEASE

A. Rent

\$1,720 per month. Tenant is responsible for utilities, property taxes, insurance and maintenance (i.e. plowing, mowing, etc.)

B. Security Deposit

One month’s rent plus additional amounts called for through the Pet Addendum, if applicable.

C. Condition of Dwelling

By signing the Lease, Tenant acknowledges that the Premises are safe, clean and in good condition, and that all appliances and equipment in the Premises are in good working order. Landlord shall be responsible, at its sole expense, to keep all appliances (washer, dryer, refrigerator, stove, garbage disposal, dishwasher, etc., if any) and equipment (including without limitation the furnace, air conditioner, water heater and water softener, if any) in a state of good repair at all times during the term of this Lease. The Premises are provided unfurnished.

D. Utilities

Tenant is responsible for payment of all utilities and services that are furnished to the Premises as a result of Tenant’s occupancy of the Premises, including but not limited to the following: heat, gas, electricity, hot water, sewer, water, trash removal, recycling, telecommunications, and telephone. The accounts will remain with the Landlord and the Landlord will invoice the Tenant for reimbursement of those expenses on a monthly basis.

E. Good Working Order

Tenant is responsible to maintain in good safe working order and condition electrical, plumbing, sanitary, heating, ventilating and other facilities and appliances on the Premises. Tenant shall notify Landlord promptly if repairs are needed.

F. Maintenance and Service Charges

Tenant shall notify Landlord promptly of required repairs to structural elements of the Premises, and of unsafe conditions in the areas surrounding the Premises. Landlord shall be responsible for repair and maintenance of structural elements, such as the roof, walls, windows, and doors. Tenant agrees to pay reasonable charges for the repair of damage to the structural elements of the Premises and the areas surrounding the Premises caused by the Tenant, household members, guests or pets. Tenant also agrees to pay reasonable charges for repair of damages caused by the failure of the Tenant to report the need for repairs.

Notice of charges billed to Tenant for repairs or services under this section shall specify the items or damages involved, correctional action taken, and the charges shall be due and payable in full two (2) weeks after written notice is issued. Failure to pay for maintenance and service charges in a timely manner is a violation of this Lease and will be grounds for termination of the Lease pursuant to Section VIII.

G. Late Fees and Returned Check Fee

If Landlord does not receive payment by the fifth day of the month Tenant shall incur a \$20 late fee for each occurrence as additional rent. Tenant shall also pay \$20 for any check returned due to insufficient funds.

III. OCCUPANCY OF THE DWELLING UNIT

A. Proper Uses

Tenant shall not assign this Lease, nor sublet or transfer possession of the Premises, nor give accommodation to boarders or lodgers other than employees of Tenant. Tenant shall not use or permit the use of the dwelling unit for any purpose other than as a private dwelling unit solely for the Tenant's employees. All residents of the Premises must be approved and listed on the Lease or in a subsequent notice to Landlord. This provision does not exclude reasonable accommodation of Tenant's guests or visitors who may stay in the unit up to ten (10) days per guest per month, unless otherwise authorized by Landlord in writing.

B. Conduct on Premises

Tenant shall conduct itself and cause guests and other persons who are on the Premises with Tenant's consent to conduct themselves in a manner which will not disturb a neighbor's peaceful enjoyment of their accommodations and will be conducive to maintaining the Premises in a decent, safe, and sanitary manner and shall refrain from illegal or other activity which impairs the physical

or social environment of the Premises. Tenant shall not use or store on or near the Premises any flammable, toxic, hazardous or explosive substances.

Tenant shall refrain from, and cause employees and guests to refrain from destroying, defacing, damaging, or removing any part of the Premises.

C. Observations of Laws and Occupancy Rules

Tenant shall observe all requirements and obligations imposed by local, state or federal laws, applicable building and housing codes and by this Lease relating to the use of the Premises.

D. Pets

Tenant shall not be allowed to keep domesticated pets on the Premises except as may be permitted in accordance with any Pet Addendum (Exhibit B) that may be attached to this Agreement.

E. Smoking

Tenant shall not allow smoking on the premises.

IV. OBLIGATIONS AND RESPONSIBILITIES OF LANDLORD

A. Maintenance and Repairs; Abatement

Landlord shall be responsible for maintaining the structural elements of the buildings on the Premises, such as the roof, walls, windows, and doors in a safe condition in conformity with the requirements of building codes. Landlord shall make all necessary repairs, alterations, and improvements to the structural elements, such as the roof, walls, windows, and doors with reasonable promptness at its own cost and expense, unless the damages were caused by intentional conduct of Tenant or Tenant's guests.

B. Insurance.

Landlord shall maintain hazard insurance on the Property at all times.

C. No Responsibility for Tenant's Property

Landlord is not responsible for any damages and/or losses to Tenant's furniture or other personal belongings. Landlord's insurance will not cover the Tenant's personal property. Tenant understands and agrees that it shall be Tenant's responsibility to insure personal property on the Premises.

D. Taxes and Special Assessments.

It shall be Tenant's responsibility to reimburse Landlord for all real estate taxes attributable to the Premises as a result of this Lease. The parties are aware that private use of publicly owned

property, such as the Premises, in one calendar year may result in taxes payable in a following calendar year.

V. OBLIGATIONS AND RESPONSIBILITIES OF TENANT

A. Care of the Premises

Tenant shall keep the Premises in such condition as to prevent health, safety or sanitation problems from arising on the Premises and/or cause damage to the Premises.

B. Trash

Tenant shall dispose of all ashes, garbage, rubbish and other waste from the Premises in a safe and sanitary manner.

C. No Disorderly Conduct or Harassment

Tenant shall not permit any objectionable, threatening or disorderly conduct, offensive language, noise, or create a nuisance that will disturb or interfere with the Tenant's neighbors or Landlord personnel. Tenant shall also act in a cooperative manner with neighbors and Landlord personnel.

D. Alterations

Tenant may not make alterations or changes to the interior (i.e. painting or wallpapering) or exterior of the Premises or to equipment on the Premises, or install additional equipment or appliances on the Premises.

E. No Lock Changes

No additional or new locks shall be installed on any doors without prior written approval from Landlord.

F. Unlawful Activity

Tenant, employees, guests or other person's under Tenant's control shall not:

a. engage in any criminal activity that threatens the health, safety, or right of peaceful enjoyment of other residents, neighbors or Landlord personnel; or

b. engage in any drug-related criminal activity on or off the Premises (The term "drug-related criminal activity" means the illegal manufacture, sale, distribution, use or possession with intent to manufacture, sell, distribute or use a controlled substance or drug paraphernalia.)

The occurrence of any activity identified herein shall constitute good cause for the termination of the tenancy and immediate eviction of the Tenant from the Premises.

G. Tenant Cooperation

Tenant shall respond and comply with all reasonable requests of Landlord relating to the implementation of this Lease, including but not limited to responding to requests for information, allowing entry into the Premises by Landlord, returning required leasing documents to Landlord and cooperating with Landlord's maintenance employees. Tenant shall not interfere with the operation of the rental property by Landlord or engage in any activity or allow any condition that would cause a cancellation, restriction or increase in premium in Landlord's insurance.

VI. ENTRY OF PREMISES DURING TENANCY

Tenant agrees that any authorized agent, employee, or representative of Landlord may, upon advance notice to Tenant, be permitted to enter the Premises during reasonable business hours for the purpose of conducting routine inspections and maintenance, or for making improvements and repairs. Landlord will provide Tenant with at least two days' written notice of its intention of entering the Premises; provided, however, that Landlord shall have the right to enter the Premises at any time without advance written notification to Tenant, if Landlord reasonably believes that an emergency exists that requires such entrance or if Tenant has requested a service call or otherwise consented to Landlord's entry without prior notice. In the event that Tenant and all employee-occupants of Tenant are absent from the Premises at the time of entry, Landlord's agent, employee, or representative shall leave in the dwelling unit a written statement specifying the date, time, and purpose of entry.

VII. NOTICES

Notice by Landlord: Any notice from Landlord shall be in writing and either personally delivered to the Tenant residing in the Premises, or sent to the Tenant by Certified Mail, return receipt requested, properly addressed, and postage prepaid and addressed to: HWY35, LLC, 2200 IDS Center, 80 South Eighth Street, Minneapolis, MN 55402.

Notice by Tenant: Any notice to Landlord, as owner of the Premises and managing agent of the Premises authorized to accept service of process, must be in writing and either personally delivered to Landlord at its office, or sent to Landlord by first-class mail, postage prepaid and addressed to: Grand Rapids Economic Development Authority, 420 N. Pokegama Avenue, Grand Rapids MN 55744-2658, Attn: Executive Director.

VIII. DURATION OF THE LEASE

A. Term of Lease.

This Lease shall be effective for one calendar year from its effective date. At the option of both parties, this Lease shall be extendable for additional one-year periods. Tenant must request any extension of this Lease in writing, no later than 60 days prior to termination of this Lease, by notice

delivered to Landlord as provided in Section VII. hereof. At the option of both parties, this lease may be terminated with 60 days' notice.

B. Landlord Termination.

Landlord may terminate the Lease for any of the following:

- Violation of Section I.A. of this Lease.
- Violation of Section II.F. of this Lease.
- Violation of Section V.F. of this Lease.
- Upon abandonment of the Premises by Tenant. The Premises are deemed to have been abandoned if during a continuous six-month period, Tenant has not resided at the Premises.

Landlord shall provide 30 days' advance written notice to Tenant of any termination under this Section and shall specify the cause for termination in the notice.

If Landlord terminates the Lease but Tenant does not move out voluntarily, Landlord may bring an eviction action. Under Minnesota law, seizure from any Premises of any illegal object or substance, including drugs, constitutes unlawful possession of the Premises by the Tenant, and is grounds for an automatic eviction.

C. Condition of Premises

Tenant agrees to leave the Premises in a clean and good condition, reasonable wear and tear excepted, to furnish a forwarding address, and to return all keys to Landlord when Tenant vacates. If Tenant abandons or vacates the Premises with personal property remaining in the Premises, Landlord shall store and dispose of the property in compliance with Minnesota law at the Tenant's expense.

IX. MODIFICATIONS

This Lease evidences the entire agreement between Landlord and Tenant. No change herein shall be made except in writing, signed, and dated by the parties.

X. SEVERABILITY CLAUSE

If any provisions of this Lease or portion of such provision or the application thereof to any person or circumstance is held to be invalid or unenforceable, the remainder of the lease or the remainder of such provision and the application thereof to other persons or circumstances shall not be affected thereby.

XI. NON-WAIVER OF LEASE VIOLATIONS

Landlord's failure to terminate the Lease upon the occurrence of any Lease violation shall not be considered a waiver of Landlord's right to terminate the Lease on the basis of any other violation of the Lease.

IN WITNESS WHEREOF, the parties have executed this Residential Lease this 23rd day of September, 2021, at Grand Rapids, Minnesota.

GRAND RAPIDS ECONOMIC DEVELOPMENT
AUTHORITY, as Landlord

By _____
Its President

By _____
Its Executive Director

HWY 35, LLC, as Tenant

By _____
Its Manager

By _____

EXHIBIT A

Premises

Parcel 1 – 91-033-4402; 3002 Airport Rd, Grand Rapids, MN (Torrens)

The North two hundred eight feet (N. 208') of the East four hundred sixteen feet (E. 416') of the West six hundred fifty-seven feet (W. 657') of the Southeast Quarter of the Southeast Quarter (SE ¼ of SE1/4) of Section Thirty-three (33), Township Fifty-five (55) North, Range Twenty –five (25) West of the Fourth Principal Meridian, situated in the County of Itasca, State of Minnesota, according to the United States Government Survey thereof.

EXHIBIT B
Pet Addendum

Pet Addendum

THIS AGREEMENT is attached to and made a part of the Residential Lease dated February 1, 2024, by and between GRAND RAPIDS ECONOMIC DEVELOPMENT AUTHORITY (Landlord), and HWY35, LLC (Tenant), for the Premises located at 3002 Airport Road, Grand Rapids, MN 55744.

Tenant desires to keep a certain pet or pets described below on the Premises and the Residential Lease specifically prohibits allowing pets on the Premises. The Residential Lease is hereby amended by this Pet Addendum to grant such permission to the Tenant. In exchange for this permission, the Tenant agrees as follows:

1. To deposit with the Landlord a "Non-refundable Pet Deposit" in the amount of \$500.00 which shall be held as security for the faithful performance of this Pet Addendum
2. To keep the pet from causing any annoyance or discomfort to others and to immediately remedy any complaints concerning the pet.
3. To keep the pet from damaging any property belonging to the Landlord or others.
4. To immediately pay for any injury, damage, loss, or expense caused by the pet (In this regard, it is expressly understood that at no time shall the Tenant apply any part of the Pet Deposit towards such amounts due, but rather, the Tenant shall make restitution immediately and separately from the Pet Deposit. It is further understood that such restitution shall be made over and above any rent paid in accordance with Item #1 of this Pet Addendum.)
5. To keep the pet under control at all times.
6. To keep the pet restrained, but not tethered, when it is outside of the dwelling.
7. Not to leave the pet unattended for any unreasonable periods.
8. To hold the Landlord harmless from all liability arising from the Tenant's ownership or keeping of the pet, including but not limited to any liability resulting from the Landlord

turning said pet over to local pet policing authorities should the pet be found unsupervised.

9. To dispose of the pet's droppings properly and quickly.
10. To provide to the Landlord a picture or pictures of the below named pet(s).
11. To insure that pet will wear the appropriate Local Animal License, a valid Rabies Tag and tag bearing the owners name and phone number. All licenses and tags must be kept current.
12. To provide the Landlord with evidence from the Veterinarian that all necessary shots are current and that the pet does not display a tendency to be aggressive or harmful.
13. Tenant agrees to control flea infestation and will exterminate if necessary, and upon demand, in any and all areas affected with full cost to be paid by tenant.
14. Tenant agrees that Landlord will not be responsible for the injury, harm, or death of the animal, and agrees to hold Landlord harmless for any damages suffered as a result of any harm caused on the animal or by the animal upon another person, guest or employee. Tenant shall be responsible for the entire amount of all damages caused by the pet as well as the entire amount of any injury to individuals or property. Tenant is encouraged to obtain a Pet Liability Policy that can be added as a rider to most renter insurance policies.
15. Pet must be spayed/neutered/declawed.
16. Pet shall not create any conflict or disturbance with others and will not threaten any physical harm to anyone.

The permission granted in this Pet Addendum shall be limited to certain pet(s) named:

_____ and described as follows:

Type of Pet: _____ Breed: _____ Color: _____

Full-grown Weight: _____ Full-grown Height: _____

Age: _____ Sex: _____ Neutered: Yes No Declawed: Yes No

_____ and described as follows:

Type of Pet: _____ Breed: _____ Color: _____

Full-grown Weight: _____ Full-grown Height: _____

Age: _____ Sex: _____ Neutered: Yes No Declawed: Yes No

_____ and described as follows:

Type of Pet: _____ Breed: _____ Color: _____

Full-grown Weight: _____ Full-grown Height: _____

Age: _____ Sex: _____ Neutered: Yes No Declawed: Yes No

Should the Tenant fail to comply with any part of this Pet Addendum, the Landlord reserves the right to revoke permission to keep the pet- In such event, the Tenant agrees to permanently remove the pet from the Premises within 48 hours of receiving written notice thereof from the Landlord; failure to comply with same shall be grounds for immediate termination of the Residential Lease.

I ACCEPT FINANCIAL RESPONSIBILITY FOR THE ENTIRE AMOUNT OF ANY DAMAGES OR INJURY TO PERSONS OR PROPERTY THAT MAY OCCUR BECAUSE OF MY PET. I UNDERSTAND THAT VIOLATIONS OF ANY OF THESE RULES MAY BE GROUNDS FOR REMOVAL OF MY PET AND/OR TERMINATION OF MY TENANCY;

THIS AGREEMENT is made on this 1st day of, February 2024

As to Landlord this 1st day of February 2024.

LANDLORD:

Sign: _____

Print: _____ Date: _____

As to Tenant, this 1st day of February, 2024.

TENANT

Sign: _____

Print: _____ Date: _____

TENANT:

Sign: _____

Print: _____ Date: _____