

COMMERCIAL LEASE

THIS LEASE ("Lease") is made on March 30, 2018, by and between the Economic Development Authority for the City of Shakopee, Minnesota, a Minnesota public body corporate and politic ("Landlord") and Doggie Doo's Spa & Retreat Inc, a Minnesota corporation ("Tenant").

1. Premises. In consideration of the rents and covenants contained herein, and subject to the terms of this Lease, Landlord hereby leases to Tenant and Tenant hereby leases from Landlord that real property which is described on the attached Exhibit A (the "Premises").

2. Acceptance of Premises. Tenant accepts the Premises in its present "as is" condition, but subject to the terms and conditions of this Lease.

3. Term of Lease. This Lease is for a term beginning on March 30, 2018 and ending on September 30, 2018 at which time this Lease shall terminate without the necessity of notice by either party.

4. Termination of Prior Lease. On the date hereof, the Landlord acquired the Premises from Booyah Properties, LLC ("Prior Landlord"), and Prior Landlord assigned the Commercial Lease with the Option to Purchase Real Estate, dated August 8, 2014 (the "Prior Lease") between Tenant and Prior Landlord to the Landlord. Landlord has agreed to terminate the Prior Lease of the date hereof, and this Lease shall be in full force and effect as of the date hereof.

5. Rent.

A. Base Rent. The rent for the Premises is \$3,000.00 per month ("Base Rent") which must be paid by Tenant to Landlord, beginning on April 1, 2018 and continuing until the 1st day of each month thereafter until this Lease is terminated at an address designated by Landlord.

B. Additional Rent. All other amounts to be paid by Tenant under this Lease, whether to Landlord or to third parties, shall be considered "Additional Rent" and shall be paid by Tenant on a timely basis as required under this Lease.

C. Late Payment. Tenant shall be liable to Landlord for payment of interest at 12% per annum, or such lower rate as is the maximum lawful rate of interest allowable under the laws of the State of Minnesota at the time the interest is assessed, on all Base Rent or Additional Rent which is not paid by Tenant on a timely basis.

6. Quiet Enjoyment. If Tenant pays the Base Rent and Additional Rent, and complies with all other terms of this Lease, Tenant may use the Premises for the term of this Lease.

7. Use of Premises. The Premises shall be used and occupied only as allowed by applicable ordinances and governmental regulations.

8. Right of Entry. Landlord and Landlord's agents may enter the Premises at reasonable hours to repair or inspect the Premises and perform any work that Landlord decides is necessary.

9. Assignment and Subletting by Tenant. Tenant may not assign this Lease, sublease the Premises to any other party or permit any other party to use the Premises or any part of the Premises without the prior written consent of Landlord. Any assignment or sublease without Landlord's written consent will not be effective. Any such consent by Landlord shall not be a waiver of Landlord's rights under this Section as to any subsequent similar action. If Tenant is a corporation, company, partnership or otherwise is not a natural person, and there shall occur any change in the identity of the parties who are the owners of such entity, or who have the power to participate in the management of the affairs of such entity, then Tenant shall so notify Landlord in writing, and Landlord may terminate this Lease by reason of any such event by written notice to Tenant given at any time within sixty (60) days after receipt of the notice of change in identity from Tenant.

10. Sale of Premises by Landlord. Upon any sale of the Premises, and provided the purchaser shall assume all obligations of Landlord under this Lease, and Landlord shall thereupon be entirely freed of all obligations of Landlord under this Lease arising from any act, omission or event occurring after such conveyance. Upon such sale and the transfer of Landlord's interest under this Lease, Tenant agrees to recognize and attorn to such transferee, and Tenant agrees upon request to execute and deliver documentation setting forth the provisions of this Section.

11. Utilities. Tenant shall timely pay for all utilities provided to the Premises during the term of this Lease.

12. Maintenance and Repair. Tenant shall keep the Premises in reasonable repair during the term of this Lease and shall maintain the Premises in compliance with applicable health and safety laws, all at Tenant's sole expense.

13. Real Estate Taxes and Assessments. Tenant shall pay all real estate taxes, including installments of special assessments, which become payable during the term of this Lease.

14. Alterations. Tenant shall not change the heating, electrical, plumbing, ventilation or air conditioning or make any other changes of or alterations to the Premises without the prior written consent of Landlord. Any alterations made by Tenant must comply with applicable codes and ordinances. Tenant may install its usual trade fixtures provided that they do not interfere with or damage the structural, mechanical or electrical systems of the Premises. At the expiration or termination of this Lease, Tenant shall promptly remove Tenant's trade fixtures and repair at its own expense any damage to the Premises resulting from their installation or removal.

15. Surrender of Premises. Tenant shall vacate the Premises at the expiration or termination of this Lease and all alterations, additions, improvements and fixtures (other than Tenant's trade fixtures and signs) which have been made or installed by Tenant shall remain as part of the Premises and shall be the sole property of Landlord. When Tenant vacates the Premises, Tenant shall leave the Premises in as good condition as it was when the Lease started, with the exception of reasonable wear and tear. If the Premises are not so surrendered, Tenant shall indemnify Landlord against loss, liability or expense resulting from delay by Tenant in so surrendering the

Premises or failure to leave the Premises in the condition required under this Lease including, but not limited to, claims made by any succeeding tenant founded on such delay. Tenant shall surrender all keys to Landlord at the time Tenant vacates the Premises.

16. Damage to Premises. If the Premises are destroyed or damaged not due to the fault of Tenant or Tenant's guests, invitees or customers, and the Premises is unfit for use as a commercial establishment, Tenant shall not be required to pay rent for the time the Premises cannot be used. If part of the Premises cannot be used, Tenant shall only pay rent for the usable part. If the Premises are damaged or destroyed and the cost of repairing the Premises would exceed 30% of their pre-casualty value (exclusive of land), then Landlord may terminate this Lease within 30 days of the casualty by written notice to Tenant and may elect not to rebuild or repair the Premises, and the rent and other obligations of Tenant under this Lease shall be prorated up to the time of the casualty. If this Lease is not terminated pursuant to this Section, then Landlord shall proceed with reasonable diligence to repair and restore the Premises.

17. Insurance.

A. Tenant shall purchase, in advance, and carry in full force and affect the following insurance:

(1) "All risk" property insurance covering the full replacement value of all of Tenant's leasehold improvements, trade fixtures, inventory and personal property within or about the Premises, covering damage from any cause whatsoever; and

(2) Comprehensive general public liability insurance naming both Landlord and Tenant as insureds, covering all acts of Tenant, its employees, agents, representatives and guests on or about the Premises, containing a contractual liability endorsement, in a combined single limit amount of not less than \$1,000,000, and written on an "occurrence" basis.

B. Landlord shall purchase, in advance, and carry in full force and effect commercial property insurance for the full insurable value of the Premises.

18. Risk of Loss; Premises Liability. Landlord shall have no liability to Tenant for any claim relating to injury to or loss of life of persons, or for any damage to, theft of or other loss of property of Tenant on the Premises, by whatever cause. All personal property kept, maintained, or stored on the Premises shall be kept, stored, or maintained at the sole risk of the Tenant. Tenant shall indemnify Landlord from and against all claims of other parties arising from or relating to injury or loss of life of persons, or damage to or loss of property, to the extent occurring in or about the Premises, or arising from Tenant's negligence or intentional misconduct. The said indemnification shall include the duty to pay all reasonable attorneys' fees and costs incurred by Landlord and shall survive the termination or expiration of this Lease.

19. Waiver of Claims and Subrogation. Notwithstanding any other provision in this Lease to the contrary, Landlord and Tenant hereby release one another from any and all liability or responsibility (to the other or anyone claiming through or under them by way of subrogation or

otherwise) for any loss or damage covered by the insurance required by the Lease, even if such loss or damage shall have been caused by the fault or negligence of the other party, or anyone for whom such party may be responsible.

20. Condemnation. If any part of the Premises is taken or condemned for a public or quasi-public use, or any transfer made in lieu of condemnation, and a part of the Premises remains which is suitable for the use contemplated by this Lease, this Lease shall terminate only as to the part so taken and shall continue in full force as to the remaining part. The date of termination as to a part so taken shall be the date on which the condemnor takes title. The rent payable after that date shall be adjusted so that Tenant shall pay only such portion of the rent as the value of the part remaining bears to the total value of the Premises on the date of the taking. If all of the Premises is taken or condemned, or so much is taken that the use by Tenant shall be substantially impaired, Tenant may terminate this Lease by written notice to Landlord, and all obligations of Tenant shall be prorated as of the notice of termination. All compensation awarded upon any condemnation or taking shall go to Landlord.

21. Default. If Tenant shall violate either (a) the covenant to pay rent or any other sum due under this Lease and shall fail to comply with such a requirement within five days after notice of such default has been given to Tenant by Landlord, or (b) any other covenant made by Tenant in this Lease and shall fail to comply or begin and diligently prosecute compliance within 15 days after being sent written notice of such violation by Landlord, then Landlord may, at Landlord's option, terminate this Lease by giving Tenant a written notice of termination, and in such event Tenant shall immediately vacate and surrender the Premises. A termination of this Lease by Landlord as a result of a default by Tenant shall not, however, extinguish the liability of Tenant for all rents and covenants provided for in this Lease for the balance of the term of this Lease. After any such termination, Tenant shall pay to Landlord on demand as follows:

(a) Rent up to the time of termination;

(b) All expenses incurred by Landlord in performing any of Tenant's obligations under this Lease, re-entering or terminating the Lease, reletting the Premises, collecting sums due and payable by Tenant, and the expense of placing and keeping the Premises in good order and repair; and

(c) All rent and other amounts which, but for the termination, would have been payable during the term of the Lease, less any amount received by Landlord from other tenants leasing the Premises. Such damages shall be payable on the first day of each month during the period which would have constituted the unexpired term of the Lease had it not been terminated.

22. Heirs and Assigns. The terms of this Lease apply to Tenant and Landlord, and also to any heirs, legal representatives, successors and assigns of Tenant or Landlord.

23. Notices. All notices, demands and requests by either party to the other shall be in writing and shall be deemed given when sent by United States Certified Mail, postage prepaid

(a) if for Tenant, addressed to Tenant at the address of the Premises, or such other place as Tenant may from time to time designate by written notice to Landlord; or

(b) If for Landlord, addressed to Landlord at such place as Landlord may from time to time designate by written notice to Tenant. Notices shall also be deemed given if and when delivered to the other party in person.

24. Environmental Requirements. Tenant shall comply with all laws, governmental standards and regulations applicable to Tenant or the Premises in respect to occupational health and safety, hazardous waste and substances and environmental matters. Tenant shall promptly notify Landlord of its receipt of any notice of a violation of any such law, standard or regulation. Tenant agrees to indemnify and hold Landlord harmless from all loss, costs, damage, claim and expense incurred by Landlord on account of Tenant's failure to perform the obligations of this provision. The obligations of Tenant under this provision shall survive the expiration or termination of this Lease as to any such loss, cost, damage, claim and expense attributable to or arising out of activities or misfeasance of Tenant during the term of this Lease or its extension or renewal.

25. Relocation Benefits. Tenant acknowledges that it is being displaced from the Property as a result of the Landlord purchasing the Property and that the Tenant may be eligible for relocation assistance and benefits. Tenant further acknowledges that it has been compensated by the Landlord for any and all relocation assistance and benefits it may be eligible for with the following economic benefits provided by Landlord: (a) a savings of \$42,000 resulting from the early termination of the Prior Lease; (b) the forgiveness of the remaining amount of the loan made by the Prior Landlord to the Tenant in the amount of \$30,000 described in Section 3 of the Prior Lease; and (c) a reduction in the value of property Landlord sold to Tenant on the date hereof in the amount of \$_____, which represents the difference between the fair market value of the property and the \$50,000 purchase price for the property. Tenant plans to build a new building on the property to operate its business. For purposes of this Lease, "relocation assistance and benefits" shall have the meanings ascribed to them by the Uniform Relocation Assistance and Real Property Acquisition Policies Act, 42 U.S.C. Sections 4601-4655 (the federal URA) and the regulations implementing the federal URA, 49 C.F.R. Sections 24.1-24.603. Tenant releases and discharges the City of Shakopee, Minnesota, the Economic Development Authority for the City of Shakopee, and their officers, employees, agents, successors and assigns, of and from any and all liability and claims, at law or in equity, and under any state or federal law, for relocation expenses and relocation benefits or real and personal property taken, including damages, interest, and costs, arising out of or in connection with the termination of the Prior Lease.

26. Landlord's Disclaimer of Warranty. Landlord disclaims any warranty that the Premises are suitable for the Tenant's use.

27. Relationship of Landlord and Tenant. The Lease does not create the relationship of principal and agent or of partnership or of joint venture or of any association between Landlord and Tenant, the sole relationships between the parties hereto being that of Landlord and Tenant under this Lease.

28. Waiver. No waiver of Landlord's remedies upon the occurrence of an Event of Default shall be implied from any omission by Landlord to take any action on account of such Event of

Default, and no express waiver shall affect any Event of Default other than the Event of Default specified in the express waiver and such an express waiver shall be effective only for the time and to the extent expressly stated. One or more waivers by Landlord shall not then be construed as a waiver of a subsequent Event of Default.

29. Choice of Law. The laws of Minnesota shall govern the validity, performance and enforcement of this Lease.

30. Time. Time is of the essence in the performance of all obligations under this Lease.

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IN WITNESS WHEREOF, the parties hereto have executed this Lease in the manner sufficient to bind them as of the day and year first above written.

LANDLORD

**ECONOMIC DEVELOPMENT AUTHORITY FOR THE
CITY OF SHAKOPEE, MINNESOTA**

By: _____

Matt Lehman

Its: President

By: _____

William H. Reynolds

Its: Executive Director

TENANT

DOGGIE DOO'S SPA & RETREAT INC

By: _____

Its: _____

EXHIBIT A
LEASED PREMISES

The real property located at 321 First Avenue West, Shakopee, Scott County, Minnesota and legally described as:

Lots 2 and 3, Block 7, City of Shakopee, according to the recorded plat thereof.