SETTLEMENT AGREEMENT

This Settlement Agreement ("Agreement") is made to be effective as of February 12, 2021 (the "Effective Date") by and among the City of North Mankato ("City"), North Mankato Port Authority (the "Port Authority") and HyLife Foods Windom, LLC (the "Company"). City, the Port Authority and the Company are individually referred to as "Party" and collectively referred to herein as "Parties."

RECITALS

The foregoing recitals are true and correct and form the basis of this Agreement.

1. The Company contacted City regarding the use of the Norwood Inn facility located at 1111 Range Street in North Mankato ("Property") as long-term corporate housing ("Proposed Use") for approximately 150-200 of the Company's employees who work at the Company's meat processing plant in Windom, Minnesota ("Plant").

2. The Company has entered into a lease agreement ("Lease") with the owner of the Property, Twin City Lodging LLC, a Minnesota limited liability company ("Current Owner"), for the Proposed Use of the Property.

3. City has determined that the Proposed Use would be a violation the City's Code of Ordinances, which includes the City's Zoning Code (collectively, "Code"). Specifically, that the Proposed Use more closely meets the definition of a "multiple-family dwelling", which is not a permitted use in the B-3 zoning district wherein the Property is located.

4. The Company acknowledges that the Proposed Use would be a violation of the Code.

5. The Company anticipates entering into a management agreement with The InnKeepers Inc. to manage the Property (the "Management Agreement").

6. City and the Company have come to an agreement regarding the Proposed Use, which involves City's forbearance of exercising its rights and remedies under the Code related to

the Proposed Use in exchange of certain promises and performances by the Company pursuant to the terms and conditions of this Agreement.

AGREEMENT

NOW, THEREFORE, for and in consideration of the recitals and of the mutual covenants, conditions and agreements contained herein, the Parties mutually agree as follows:

1. **Acknowledgment of Zoning Violations**.

By execution of this Agreement, the Company acknowledges, represents, and warrants that the Proposed Use would be a violation of the Code, and that the Proposed Use would result in numerous, separate, and reoccurring violations of the Code. The Company further acknowledges, represents, and warrants that City has the authority to impose penalties under the Code for each and every violation stemming from the Proposed Use, including without limitation, a $1,000.00 fine per violation, which may be imposed once a week for each and every ongoing violation, provided, however, pursuant to Section 2 below, the aggregate fines shall not exceed $5,000.00 per week.

2. **Forbearance Period and Accrued Fines**.

For a period of twenty-four (24) months starting on the Effective Date ("Forbearance Period"), City shall allow the Company's Proposed Use at the Property, in exchange for and contingent upon, the Company's compliance with the terms of this Agreement. During the Forbearance Period, and provided the Company is not otherwise in breach of this Agreement, City shall impose upon the Company a reduced fine in the amount of $5,000.00 per week ("Accrued Fines"). The Accrued Fines shall be waived at the end of the Forbearance Period if the Company is not, and has not been, in Default (as hereinafter defined) under this Agreement during the entirety of the Forbearance Period.

3. **Company Obligations**.

During the Forbearance Period, City shall defer collection of the Accrued Fines and other action to prevent or inhibit the Proposed Use at the Property, in exchange for and contingent upon the Company's compliance with this Agreement, including without limitation, the following terms:

a. On the Effective Date, the Company shall pay to City attorney's fees incurred by City concerning the Proposed Use of the Property, which shall include, the drafting of this Agreement.

b. The Company shall, immediately following the Effective Date, amend the Lease with Current Owner and modify the maximum term, inclusive of options to extend, of the Lease to no longer than twenty-four (24) months.

c. The Company agrees to pay a fee in lieu of the lodging taxes associated with the Proposed Use of the Property in monthly payments of $13,333.33 to City ("Monthly LT Payments"). City shall receive the Monthly LT Payments no later than the fifth (5^{th}) day of each calendar month during the Forbearance Period.

d. Within 140 days following the Effective Date, the Company shall exercise the option to purchase the Property (the "Option") and the Company shall enter into a purchase agreement with Current Owner for the Company's purchase of the Property (the "Purchase Agreement"). The Purchase Agreement shall not be executed until it is approved by the Port Authority, which approval shall not be unreasonably withheld. The closing of the sale of the Property (the "Closing") to the Company shall occur within 60 days following the exercise of the Option. The Purchase Agreement shall be assignable from the Company to the Port Authority. The Port Authority shall either accept the assignment of the Purchase Agreement from the Company or enter into a purchase agreement with the Company to purchase the Property within a reasonable time period not to exceed thirty (30) days following the Closing.

e. Upon the closing of the sale of the Property to the Port Authority, the Security Deposit, as defined in the Lease, shall be transferred to the Port Authority.

f. Upon the closing of the Property, (i) the Port Authority shall pay $3,250,000.00 for the Property ("Max Purchase Price"), and (ii) the Company shall be responsible for reasonable costs, state deed tax, and/or fees that exceed the Max Purchase Price related to Port Authority's purchase of the Property ("Excess Costs").

g. At the time of closing on the sale of the Property to the Port Authority, the Lease shall be assigned to the Port Authority as "Landlord" and the Port Authority and the Company shall amend the Lease as follows:

i. The Company shall not receive any further credit towards Basic Rent as a result of the Advance Rent payment as set forth in paragraph 8 of the Lease.

ii. Paragraph 15 shall be amended to allow City, or any of its employees, to include, without limitation, zoning and police, to enter the Premises without prior notice. Notwithstanding the foregoing, entrance into occupied residents' private rooms shall require consent, court order or access that is otherwise legal under applicable law.

IN WITNESS HEREOF, the Parties have executed this Property Disposition Agreement as set forth below.

THE CITY OF NORTH MANKATO, MINNESOTA

Dated: February 12, 2021

By: ______________________

Its: Mayor

NORTH MANKATO PORT AUTHORITY

Dated: February 12, 2021

By: ______________________

Its: Exec. V.P.

HYLIFE FOODS WINDOM, LLC

Dated: February 11, 2021

By: ______________________ Howard Siemens

Its: Grant Lazaruk - President Howard Siemens - Vice-President

iii. The Port Authority shall not be responsible for the payment of the lease commission under paragraph 26.

iv. At the Port Authority's option and upon prior written notice to the Company, the Company shall assign the Management Agreement for the Property to the Port Authority. Such assignment shall provide that the Company will remain responsible for the day to day operations and all obligations, including financial, under the Management Agreement.

h. The Company shall have an eviction policy/practice in place to address situations where Company employees and guests are convicted of or plead guilty to a misdemeanor, gross misdemeanor or felony. This policy must contain, at minimum, procedures where the Company shall procure replacement housing prior to evicting an employee. The Company shall not be required to ensure that the employee avails himself or herself of such replacement housing.

i. The Company adopts and proactively communicates a "Zero Tolerance" approach to violations of criminal law.

j. The Company must maintain accurate records of room occupants along with dates of stay.

k. The Company adopts and proactively adopts a policy that identifies who is and is not allowed to stay in rooms (e.g. friends/acquaintances of guests, etc.).

l. The Company must have posted "quiet hours".

m. The Property must be maintained so as not to allow waste and blight (e.g. garbage, inoperable/unlicensed vehicles).

n. The Company shall not allow for the consumption of alcoholic beverages in the Property's parking lot.

o. The Company shall not allow cooking or grilling in the Property's parking lot.

p. The Company shall not allow the gathering of people outside whereupon they are passing items through an open 1st floor window. Screens of open windows must remain closed at all times.

q. All outer entrance doors must be secure.

r. The Company shall install and maintain a working video surveillance system.

s. The Company shall comply with all laws and regulations to include, without limitation, the Code except pursuant to the terms of this Agreement.

t. The Company shall be in good standing under the Lease.

4. **Escrow Funds**.

As security for the Accrued Fines, the Company agrees to provide $520,000.00 to be paid in four equal installments of $130,000.00 (each an "Escrow Payment") and held by City in escrow ("Escrow Funds") during the Forbearance Period. The first Escrow Payment shall be made on the Effective Date, the second Escrow Payment shall be made on the six month anniversary of the Effective Date, the third Escrow Payment shall be made on the twelve month anniversary of the Effective Date, and the fourth Escrow Payment shall be made on the eighteen month anniversary of the Effective Date.

In the event of the Company's Default and receipt of a Default Notice as provided in Section 8, City may immediately disburse and take possession of the amount of the Escrow Funds equal to the Accrued Fines owed by the Company at the time of the Default. The balance of the Escrow Funds, if any, shall remain held in escrow by City. At the conclusion of the Forbearance Period, and if the Company is not in Default under this Agreement, any Escrow Funds remaining shall be released to the Company within thirty (30) days after the end of the Forbearance Period.

5. **Employee Transportation.**

The Company shall be responsible for the transportation to and from the Plant of all of its employees residing at the Property under the terms of this Agreement. The Company shall transport said employees between the Property and the Plant for all of said employees' shifts, as more fully provided for in any agreements entered into by the Company with third parties for said transportation. The Company shall arrange for and have a formal agreement and/or agreements in place providing for the transport of its employees as provided in this Section during the entirety of the Forbearance Period.

6. **Community Liaisons.**

The Company shall hire two (2) community liaisons ("Liaisons") who are fluent in the primary language and/or languages of seventy-five (75%) or more of the employees who reside at the Property. The Liaisons shall either reside at and/or be present at the Property on a full-time basis. The Liaisons shall also be reasonably accessible and on call to the City's Police Department.

7. **Employees and Conclusion of Forbearance Period.**

Unless otherwise agreed to by the Parties, any of the Company's employees still residing and/or lodging at the Property at the conclusion and/or termination of the Lease and/or the Forbearance Period shall constitute a breach of this Agreement and justify the imposition of the Accrued Fines, as provided in Section 8. Notwithstanding the foregoing, any remaining employees may continue to temporarily lodge at the Property if: (1) the current hotel rate and charges are satisfied for each remaining employee, and (2) the remaining employees lodging at the Property comports with normal hotel use as is consistent and compliant with the Code (*i.e.*, each remaining employee does not remain lodging at the hotel for more than seven (7) days).

8. **Breach, Accrued Fines, and Remedies**.

In the event of the Company's breach of or failure to comply with any of the terms of this Agreement, or the terms of the Lease, (collectively, "Breach") the Company shall be in default ("Default"). If in Default, and the Company fails to cure any Breach within ten (10) business days (the "Cure Period") after receiving written notice of a Breach from City ("Default Notice") or within a reasonable period if such Breach is unable to be cured within the Cure Period and the Company is working on curing the Breach, the Company shall immediately pay to the City:

(a) All Accrued Fines to the date of the Default Notice and any and all additional fines imposed as a result of the Proposed Use and violation of the Code that occur thereafter. If the Company fails to cure the Breach, all fines may be imposed at the maximum rate allowed by the Code, but in no event may exceed the Accrued Fines. The Company acknowledges, represents, and warrants that, in the event of Default, the Company is responsible and liable for the payment of the Accrued Fines.

(b) If the Port Authority has closed on the purchase of the Property, Four Hundred Eighty Thousand and no/100 Dollars ($480,000.00).

In addition to the above, upon the event of Default by the Company, City may exercise all of its legal and equitable rights and its rights under this Agreement, and, subject to the limitations set forth in Section 8(a) and (b), City has the right to recover reasonable attorneys' fees and legal expenses incurred by City in the enforcement of such rights and remedies.

9. **Fair Dealing**.

Each of the Parties acknowledges that it has been represented or had the opportunity to be represented by counsel in connection with the preparation of this Agreement and in connection with the negotiations leading to the execution of this Agreement. Each of the Parties acknowledges that it has relied on its own judgment and/or the judgment of its counsel in deciding to enter into this Agreement. Neither Party has asked the other Party for any legal or tax advice with respect to this Agreement and neither Party has received any such advice from the other party. Each Party has independently analyzed the transactions and compromises recited in this Agreement and has determined that the overall agreement is in its best interest.

10. **Notice**.

All notices, claims, demands, and other communications hereunder shall be in writing and shall be deemed to have been given: (i) when delivered by hand (with written confirmation of receipt); (ii) when received by the addressee if sent by a nationally recognized overnight courier (receipt requested); (iii) on the date sent by facsimile or email of a PDF document (with confirmation of transmission) if sent during normal business hours of the recipient, and on the next business day if sent after normal business hours of the recipient, or (iv) on the third day after the date mailed, by certified or registered mail, return receipt requested, postage prepaid. Such communications must be sent to the respective parties at the following addresses (or at such other address for a party as shall be specified in a notice given in accordance with this Section 10):

If to the Port Authority
North Mankato Port Authority
City of North Mankato
1001 Belgrade Avenue
North Mankato, MN 56003
Attn: Executive Vice President

If to the City:

City of North Mankato
City Administrator
City of North Mankato
1001 Belgrade Avenue
North Mankato, MN 56003
Attn: John Harrenstein
Email: johnharrenstein@northmankato.com

If to the Company:

Hylife Foods Windom, LLC
2850 MN-60
Windom, MN 56101
With a copy to be sent to legal@hylife.com
Attn: General Counsel

11. **Miscellaneous Provisions**.

a. **Execution of Documents**. The Parties hereby agree to execute any and all documents necessary to implement the full terms and conditions of this Agreement including the necessary real estate conveyances. Further, the Parties shall sign such supplementary documents as may be necessary to implement the intent of this

Agreement. This includes any documents that may be necessary to correct or amend any possible errors in legal descriptions and the documents that are intended to form a part of this Agreement.

b. **Entire Agreement**. This Agreement constitutes the entire Agreement between the Parties. No modification of any of the terms or conditions contained herein may be made except by subsequent written document signed by all Parties.

c. **Binding Effect / Assignment**. This Agreement is binding upon and inures to the benefit of the Parties, and their successors and assigns, except that the Company does not have the right to assign its rights hereunder or thereunder or any interest therein or herein without the prior written consent of City, which is at the complete discretion of City.

d. **Severability**. If one provision of this Agreement is held invalid, that shall not affect any other provision of this Agreement.

e. **Waiver**. No waiver of any term or provision of this Agreement shall be effective unless set forth in a written document signed by the Party charged thereby. Any waiver shall be limited to the circumstance or events specifically referenced in the written waiver document and shall not be deemed a waiver of any other term or provision of this Agreement or of the same circumstance or event upon any recurrence thereof.

f. **Governing Law and Forum Selection**. The Parties hereby specifically consent to the exclusive jurisdiction and venue of the State of Minnesota, Nicollet County District Court, or the United States District Court for the District of Minnesota, to hear and decide any and all disputes arising from this Agreement. This Agreement and other documents taken hereunder, shall be governed by and construed in accordance with the laws of the State of Minnesota.

g. **Counterparts**. This Agreement may be executed in any number of counterparts (delivery by facsimile, email, or other means of electronic transmission shall be deemed to have the same legal effect as delivery of an original signed) which together shall constitute original documents.

h. **Survival of Representations**. All representations, warranties, terms and conditions of this Agreement shall survive the execution of this Agreement and shall continue to be binding and enforceable between the Parties until all conditions of this Agreement are satisfied.

I. <u>**Waiver of Jury Trial.**</u> THE PARTIES WAIVE TRIAL BY JURY AND CONSENT TO THE GRANTING OF SUCH LEGAL OR EQUITABLE RELIEF AS IS DEEMED APPROPRIATE BY A JUDGE OF A COURT OF COMPETENT JURISDICTION. THE WAIVER OF JURY TRIAL INCLUDES A WAIVER OF A TRIAL OR DETERMINATION BY A JURY OF AN AWARD OF ATTORNEYS' FEES AND COSTS. ATTORNEYS' FEES AND COSTS SHALL BE RECOVERABLE BY THE PREVAILING PARTY.

[REMAINDER OF PAGE INTENTIONALLY LEFT BLANK]

[SIGNATURE PAGE FOLLOWS]