

OPTION AGREEMENT

THIS OPTION AGREEMENT (the "Agreement") is made and entered into this ___ day of _____, 2022, by and between the Baxter Economic Development Authority, a municipal corporation under the laws of the State of Minnesota, ("Seller") and T & E Properties, LLC ("Buyer").

RECITALS

1. Seller is the fee owner of certain real property located in Crow Wing County, Minnesota legally described as follows:

Lot 1, Block 1, Fourth Addition to Baxter Industrial Park Phase 3, according to the plat thereof on file in the office of the Crow Wing County Recorder;

Together with all hereditaments, appurtenances, all easements, rights and other privileges benefitting the real property, (collectively, the "Property").

2. Buyer wishes to secure an option to purchase the Property, and Seller is willing to grant such an option upon the terms and conditions as hereinafter set forth.

NOW, THEREFORE, in consideration of the Option Payment, as defined below, the receipt and sufficiency of which is hereby acknowledged, the parties agree as follows:

1. **RECITALS INCORPORATED.** The foregoing recitals are incorporated herein.
2. **GRANT OF OPTION.** Seller hereby grants to Buyer the exclusive and irrevocable option ("Option") to purchase the Property, subject to and in accordance with the terms and conditions set forth in this Agreement.
3. **OPTION PAYMENT.** As consideration for the Option granted herein, Buyer has paid to Seller the non-refundable sum of \$1,250 (the "Option Payment"), receipt of which is acknowledged by Seller.
4. **RESTRICTIONS ON TRANSFER.** Seller agrees that, during the Option Term, the Seller will not sell, lease, mortgage, convey or otherwise encumber the Property, or any part thereof. Seller shall not renew or extend any lease of all or part of the Property without Buyer's prior written consent.
5. **OPTION TERM.** The term of the Option shall commence on the date hereof and shall terminate at 5:00 p.m. Central Standard Time on December 31, 2026 (the "Option Term"). Buyer may extend the Option Term until 5:00 P.M. CST on December 31, 2028, ("Extended Option Term") by giving written notice to Seller on or before October 15, 2026, and paying to Seller on same date the non-refundable sum of \$1,250 ("Additional Option Payment").

6. EXERCISE OF OPTION/TERMS OF SALE. Buyer shall give written notice to seller of the exercise of the option on or before the Option Term or, if applicable, the Extended Option Term expires. Prior to exercise of the Option by the Buyer, Buyer may propose any changes to the terms and conditions as set out in the Purchase Agreement attached hereto as Exhibit A. Any changes to the Exhibit A Purchase Agreement requires mutual agreement in writing prior to the exercise of the Option by the Buyer. If no changes are proposed or are mutually agreeable, Buyer can proceed with excise of the Option, which will bind Buyer and Seller to the terms and conditions for the sale of the Property, as set out in the Purchase Agreement attached hereto as Exhibit A. If this Option is exercised, the Closing on the sale of the Property ("Closing") shall be held on or before 45 days from the date of exercise of the Option.

7. FAILURE TO EXERCISE OPTION. If Buyer failed to give written notice of exercise of the Option on or before the Option Term or, if applicable, the Extended Option Term expires, this Option shall automatically terminate, Buyer shall have no rights herein and Seller shall retain the Option Payment and any Additional Option Payment.

8. TITLE TO BE CONVEYED. Seller shall convey the Property to Buyer at Closing by Quit Claim Deed, free and clear of all liens, encumbrances, conditions, easements, restrictions and other conditions except for the following:

none.

9. INSPECTION OF THE PROPERTY. During the Option Term, Buyer and Buyer's agents shall be entitled to enter upon the Property to perform soil tests, environmental tests, and such other inspections, tests and studies as Buyer deems necessary, all at Buyer's sole cost and expense. Buyer shall, prior to expiration of the Option Term, restore the Property to the condition as it exists as of the date hereof and indemnify, defend and hold Seller harmless from any and all claims, of whatever nature, arising out of or relating to any act or omission of Buyer or Buyer's agents on the Property. Buyer shall not permit any mechanic's liens to be filed against the Property, and shall immediately discharge or obtain releases of any such mechanic liens. Buyer shall not be liable for any existing conditions on the Property, provided the Property is restored to the condition as it exists on the date hereof.

10. REPRESENTATIONS AND WARRANTIES BY SELLER. Seller warrants and represents the condition of the property as set forth in the Purchase Agreement attached hereto as Exhibit A.

11. SELLER'S COOPERATION. Seller shall cooperate with Buyer and take such reasonable actions as are needed for Buyer to obtain governmental approvals for Buyer's intended use of the Property, provided that Seller incur no cost and provided that no governmental approvals are effective until Buyer's purchase of the Property.

12. NOTICE. Any notice required or permitted under this Option shall be deemed given if delivered by personal delivery upon a party of its authorized representative, or if deposited in the U.S. mail, postage pre-paid and sent certified mail, return receipt requested; or if

deposited with a nationally recognized overnight courier, with costs pre-paid. Notices shall be addressed as follows:

If to Seller: Bradley Chapulis, EDA Executive Director
City of Baxter
PO Box 2626
Baxter, MN 56425

If to Buyer: T & E Properties, LLC
10191 County Road 127
Nisswa, MN 56468

Any party or its representative may change its address by giving written notice of such change, in the same manner as provided above, and said notice shall be effective ten days from the date notice is given. For the purposes of this Agreement, notice shall be deemed given on the date notice is deposited in the mail or personally delivered upon a party or authorized representative, all as provided above.

13. ASSIGNMENT. Buyer shall have the right to assign this Option to an entity owned or controlled by Buyer. Any other assignment shall require the written consent of Seller, which consent shall not be unreasonably withheld or delayed. Seller may not assign or transfer its interests in the Option without the prior written consent of Buyer, which consent shall not be unreasonably withheld or delayed. Upon such assignment, both the assignee and assignor shall be subject to the terms and conditions of this Option, unless the parties agree otherwise.

14. ENTIRE AGREEMENT. This Option constitutes the entire agreement between the parties. This Option may not be changed orally, but only by an agreement signed by the parties.

15. HEADINGS. Headings in this Agreement are for convenience only and shall not be used to interpret or construe its provisions.

16. GOVERNING LAW. This Agreement shall be governed by an construed in accordance with the laws of the State of Minnesota, irrespective of the domicile of the parties.

17. SURVIVAL. The warranties and representations contained herein shall survive the Closing and delivery of the Deed.

18. BINDING EFFECT. This Option shall be binding upon and inure to the benefit of the parties hereto and their respective successors and assigns.

19. TIME IS OF THE ESSENCE. Time is of the essence in the performance of the terms and conditions of this Option.

20. SAVINGS CLAUSE. If any term or condition of this Option is held to be invalid or unenforceable, such term or condition shall not be enforced but all other terms and conditions of this Agreement shall be deemed in full force and effect.

21. NO RECORDING. Buyer shall not record this Option, or any memorandum thereof, against the Property.

IN WITNESS WHEREOF, the parties have executed this Option Agreement on the date set forth after their signature below:

BUYER:

T & E Properties, LLC

SELLER:

Baxter Economic Development Authority

By _____
Its Chairman

By _____
Its Executive Director

PURCHASE AGREEMENT

PARTIES. This Purchase Agreement is made on _____, _____ by and between T & E Properties, LLC, Buyer, and the City of Baxter EDA, Seller.

OFFER/ACCEPTANCE. Buyer offers to purchaser and Seller agrees to sell real property within Crow Wing County, Minnesota legally described as:

Lot 1, Block 1, Fourth Addition to Baxter Industrial Park Phase 3

3. ACCEPTANCE DEADLINE. The acceptance date of this Agreement is the date it is delivered by the last party signing to the other party.
4. PERSONAL PROPERTY AND FIXTURES INCLUDED IN SALE. None.
5. PRICE AND TERMS. The price for the real property included in this sale is \$241,200.43, which Buyer shall pay as follows: Earnest money of \$1,250 by cash receipt to be deposited the next business day after acceptance in the trust account of Breen & Person, Ltd. And the remaining Purchase Price due in full within 45 days of the execution of this agreement.
6. DEED/MARKETABLE TITLE. Upon performance by Buyer, Seller shall execute and deliver a Warranty Deed conveying marketable title, subject to:
 - a) Reservation of any mineral right by the State of Minnesota;
7. REAL ESTATE TAXES AND SPECIAL ASSESSMENTS. Seller warrants they shall pay all real estate taxes or assessments due or owing for the year of closing or prior years on date of closing prorated to the Date of Closing. Seller warrants that there shall be no special assessments.
8. TITLE AND EXAMINATION: Seller shall use Seller's best efforts to provide marketable title by the date of closing. In the event Seller has not provided marketable title by the date of closing, Seller shall have an additional 30 days to make title marketable or, in the alternative, Buyer may waive title defects by written notice to the Seller. In addition to the 30 day extension, Buyer and Seller may by mutual agreement further extend the closing date. Lacking such extension, either party may declare this Purchase Agreement null and void; neither party shall be liable for damages hereunder to the other and earnest money shall be refunded to Buyer; Buyer and Seller shall immediately sign a cancellation of Purchase Agreement.
9. RISK OF LOSS. If there is any loss or damage to the property between the date hereof and the date of closing, for any reason including fire, vandalism, flood, earthquake or act of God, the risk of loss shall be in Seller. If the property is destroyed or substantially

damaged before the closing date, this Purchase Agreement shall become null and void, at Buyer's option, and earnest money shall be refunded to Buyer; Buyer and Seller shall immediately sign a cancellation of Purchase Agreement.

10. TIME IS OF THE ESSENCE FOR ALL PROVISIONS OF THIS AGREEMENT.
11. ENTIRE AGREEMENT: This purchase agreement, any attached exhibits and any addenda or amendment signed by the parties, shall constitute the entire agreement between Seller and Buyer, and supercedes any other written or oral agreement between Seller and Buyer. This Purchase Agreement can be modified only in writing signed by Seller and Buyer. All monetary sums are deemed to the United States currency for purposes of this agreement.
12. DEFAULT: If Buyer defaults in any of the agreements herein, Seller may terminate this Purchase Agreement, and payment made hereunder may be retained by Seller as liquidated damages. If this Purchase Agreement is not so terminated, Buyer or Seller may seek actual damages for breach of this Agreement or specific performance of this agreement; and, as to specific performance, such action must be commenced within six months after such right of action arises.
13. CLOSING: Closing of the transaction shall not occur until all applicable provisions of Minnesota Statute 469.105 have been met.

The undersigned agree to sell and buy for the price and terms and conditions set forth above.

BUYER:
T & E Properties, LLC

SELLER:
Baxter Economic Development
Authority (EDA)

By _____
Its Chairman

By _____
Its Executive Director