

## PURCHASE AGREEMENT

1. **PARTIES.** This Purchase Agreement (this “Agreement”) is made on this \_\_\_\_ day of \_\_\_\_\_, 2024 (the “Effective Date”), by and between the City of Grand Rapids, a Minnesota municipal corporation (the “Buyer”) and Independent School District No. 318, a Minnesota body corporate and politic (the “Seller”).

2. **SUBJECT PROPERTY.** The Seller agrees to sell, and the Buyer agrees to purchase certain real property from the Seller. The property that is being purchased by the Buyer is described on the attached Exhibit A (the “Property”).

3. **OFFER/ACCEPTANCE.** In consideration of the mutual agreements herein contained, the Buyer offers and agrees to purchase, and the Seller agrees to sell the Property.

4. **PROPERTY INFORMATION.** As soon as reasonably practicable, but in any event within 30 days after the Effective Date, the Seller shall deliver to the Buyer complete copies of all documents in the Seller’s possession, control or reasonably available to the Seller related to the Property, including without limitation any surveys, plats, title insurance policies, property tax statements, zoning information, engineering studies, environmental reports, plans, contracts, licenses, permits, easements, covenants, conditions, restrictions, and all other reports, studies, records, and documents relating to or impacting the Property or its use or which the Buyer may reasonably request (collectively, the “Property Information”). The Seller shall deliver to the Buyer any additional Property Information, or updates thereto, that comes into the Seller’s possession, control, or is reasonably available to the Seller up to the closing date.

5. **CONTINGENCIES.** The Buyer’s obligations under this Agreement are expressly contingent upon:

- A. **Representations and Warranties.** All of the Seller’s representations and warranties contained in this Agreement must be true on the closing date as if made on the closing date, and the Seller shall have delivered to the Buyer at closing a certificate signed by the Seller and dated as of the closing date certifying and reaffirming that all of the Seller’s representations and warranties are true and accurate as of the closing date (the “Bring- Down Certificate”).
- B. **Performance of the Seller’s Obligations.** The Seller shall have performed all of the obligations required to be performed by the Seller as and when required by this Agreement.
- C. **Title.** Title to the Property shall have been found acceptable, or been made acceptable, in accordance with this Agreement’s requirements and terms.
- D. **Inspections.** The Buyer shall be satisfied with the results of and all matters disclosed by Buyer’s Inspections.

- E. **Property Information.** The Buyer shall be satisfied with the terms, and the Buyer's review and analysis, of all Property Information.
- F. **Survey.** The Buyer shall have been satisfied with the results of its Survey if one is conducted by the Buyer.

If any such contingency has not been satisfied within 180 days of the Effective Date, then the Buyer may at its option terminate this Agreement by written notice to the Seller. Upon such termination, this Agreement shall terminate and neither party will have any further rights or obligations regarding this Agreement. All of the contingencies set forth in this Agreement are specifically stated and agreed to be for the Buyer's sole and exclusive benefit and the Buyer shall have the right to unilaterally waive any contingency. Notwithstanding the foregoing, nothing contained herein will waive or diminish any right or remedy the Buyer may have for the Seller's default or breach of this Agreement.

**6. PURCHASE PRICE:** The Buyer shall pay the Seller the following amounts for the Property: \$ 87,000.00 (the "Purchase Price"). There is no earnest money in this transaction.

**7. CLOSING.** The closing of the sale of the Property shall take place on \_\_\_\_\_, 2024 or as otherwise agreed to by the parties in writing.

The closing shall take place at Grand Rapids City Hall, Grand Rapids, Minnesota, or such other location as mutually agreed upon by the parties, or in accordance with escrow instructions provided by the parties, at a time the parties agree upon. The Seller shall deliver possession of the Property to the Buyer on the closing date. The Seller shall remove all personal property not included in the sale and all debris, trash, rubbish, materials, and garbage from the Property before the closing date.

**8. INSPECTIONS.** The Buyer, its agents, representatives, and contractors, shall have physical access to the Property through the closing date without charge at all reasonable times for the purpose of the Buyer's review, inspection, investigation, and testing of the Property, including, without limitation, analysis of the Property's conditions and any conditions affecting the Property, zoning and land use restrictions, governmental approvals and permits, easements, restrictions and covenants, access and parking, surveys, engineering, architectural and geotechnical tests, wetland and environmental reviews, and such other reports and tests which the Buyer, in its sole discretion, deems necessary or advisable (collectively, the "**Inspections**"). The Buyer shall pay all costs and expenses of any such Inspections and shall indemnify and hold the Seller and the Property harmless from and against all costs and liabilities relating to the Inspections. The Buyer shall repair and restore any damage to the Property caused by or occurring during the Buyer's Inspections and return the Property to as close as reasonably possible to substantially the same condition as it existed prior to such entry and Inspections. The Buyer shall not be liable for: (a) the Buyer's discovery of an adverse environmental or other condition affecting the Property; or (b) the negligence or other misconduct of the Seller or any third party not acting on behalf of or at the direction of the Buyer. The Buyer shall provide the Seller with copies of any reports, results, or other documents that are obtained by the Buyer through the course of the Inspections.

**9. DOCUMENTS TO BE DELIVERED AT CLOSING.** The Seller agrees to deliver the following documents to the Buyer at the closings with respect to each property:

- A.** A duly recordable limited warranty deed conveying fee simple title to the Property to the Buyer, free and clear of any mortgages, liens, or encumbrances other than matters created by or acceptable to the Buyer.
- B.** The Bring-Down Certificate.
- C.** An affidavit from the Seller indicating that on the closing date there has been no skill, labor, or material furnished to the Property for which payment has not been made or for which mechanics' liens could be filed; and that there are not any unrecorded interests in the Property, together with whatever standard owner's affidavit and/or indemnity, which may be required by title company, sufficient to remove any exception in the Buyer's policy of title insurance for mechanics' and materialmen's' liens and rights of parties in possession;
- E.** Affidavit of the Seller confirming that the Seller is not a foreign person within the meaning of Section 1445 of the Internal Revenue Code;
- F.** A completed Minnesota Well Disclosure Certificate or a statement that the Seller is not aware of any wells on the Property;
- G.** Any notices, certificates, and affidavits regarding any private sewage systems, underground storage tanks, and environmental conditions as may be required by Minnesota statutes, rules, or ordinances;
- H.** All other documents reasonably determined by the Buyer or the Title Company to be necessary to transfer the Property to the Buyer free and clear of all encumbrances except those which are permitted by the Buyer pursuant to Section 11 herein.

On the closing date, the Buyer will execute and deliver to the Seller:

- A.** The Purchase Price for the Property by either by certified check or by wire transfer; and
- B.** Such affidavits of the Buyer, certificates of real estate value, or other documents as may be reasonably required by the title company in order to record the Seller's closing documents and issue the title policy to the Buyer as required by this Agreement.

(collectively, the "Buyer's Closing Documents").

**10. CLOSING COSTS AND RELATED ITEMS.** The Seller and the Buyer agree to the following prorrations and allocations of costs regarding this Agreement:

- A. Title Insurance and Closing Costs.** The Seller will pay all costs for the title company to examine title and issue the title commitment, updating the title commitment, and any fees charged by the title company for any escrow required regarding the Buyer's Objections. The Buyer will pay all premiums required for the issuance of a title policy and any endorsements. The Buyer and the Seller will split all reasonable and customary closing fees or charges imposed by the title company. The Seller will pay all state deed tax regarding the deed to be delivered by the Seller under this Agreement. The Seller will pay the cost of recording all documents necessary to place record title in the condition warranted and requested of the Seller in this Agreement, and the Buyer will pay the cost to record the deed.
- B. Real Estate Taxes and Special Assessments.** The Seller will pay in full on or before the closing dates all special assessments levied, pending, certified, or constituting a lien against the Property as of the closing date, including installments of special assessments payable with general real estate taxes in the year of closing. The Seller shall pay all general real estate taxes and installments of special assessments payable therewith in all years before the year of closing. General real estate taxes payable in the year of closing will be prorated between the Seller and the Buyer to the actual closing date. The Seller will pay all deferred real estate taxes or special assessments or other recapture taxes which may become payable as a result of the sale contemplated by this Agreement. The Seller shall pay all delinquent real estate taxes and special assessments, together with all penalties, interest, and costs payable in the year of closing and all prior years. The Buyer will pay all real estate taxes and special assessments on the Property due and payable after the year of closing.
- C. Other Costs.** All utility and operating costs and expenses of the Property will be prorated between the Seller and the Buyer as of the closing date regardless of when invoices for the same are received, so that the Seller pays that part of such other utility and operating costs and expenses accruing on and before the closing date, and the Buyer pays that part of such utility and operating costs and expenses accruing after the closing date. To the extent that actual amount of consumption of any utility services or the actual cost of other operating expenses is not determined prior to the closing date, the parties will prorate such costs at closing using a mutually agreeable estimate based on the last available reading or estimate of charges. The Seller and the Buyer will make any final post-closing adjustments to such costs and expenses within 60 days after the closing on the Property. The Seller and the Buyer will arrange to have all such services and companies to have accounts opened in the Buyer's name for the Property beginning on the closing date.

**11. TITLE EXAMINATION.** Title examination will be conducted as follows:

- A. **Title Insurance Commitment.** Within 10 business days from the Effective Date of this Agreement, the Buyer may order a title commitment for the Property.
- B. **Buyer's Survey.** The Buyer may obtain, at its cost and expense, a current survey certified to and satisfactory to the Buyer and the title company, showing the Property and all matters required by the Buyer and the title company (the "Survey").
- C. **Buyer's Objections.** Within 10 business days after receiving the Survey and the updated title commitment, the Buyer must make any written objections (the "Objections") to the form and/or contents of the Survey or the title commitment. The Buyer's failure to make Objections within such time period will constitute waiver of objections. If an additional update to the title commitment reveals any encumbrance that did not appear in the original title commitment, updated title commitment, or Survey, the Buyer shall have the right to make Objections to such encumbrance and the provisions of this Section 11 (c) shall again apply to such Objections. Any matter shown on such title evidence and not objected to by the Buyer shall be a "Permitted Encumbrance" under this Agreement. The Seller shall have 30 days after receiving the Objections to cure the Objections, during which period the closing on the Property will be postponed, as necessary. The Seller will use reasonable efforts to correct any Objections. If the Objections are not cured within such 30-day period, the Buyer will have the option to do any of the following:
  - a. Terminate this Agreement; or
  - b. Waive the Objections and proceed to close; provided that the Buyer shall have the option, at closing, to pay directly any liens, mortgages, charges or similar encumbrances against the Property that are liquidated in amount and to which an Objection has been made by the Buyer.
- D. **Title Policy.** At the closing, the title company will irrevocably commit to issue the title policy subject only to the Permitted Encumbrances.

**12. REPRESENTATIONS AND WARRANTIES BY THE SELLER.** The Seller hereby represents and warrants to the Buyer as of the closing date for the Property that:

- A. **Authority.** The Seller is a public body corporate and politic, duly created under and subject to the laws of Minnesota; the Seller has the requisite power and authority to enter into and perform this Agreement and those closing documents signed by it. As of the closing date, the Seller's closing documents

shall have been duly authorized by all necessary action on the part of the Seller and shall have been duly executed and delivered. The Seller's execution, delivery, and performance of this Agreement and the Seller's closing documents shall not conflict with or result in a violation of either the Seller's contractual or other obligations or any judgment, order, or decree of any court or arbiter by which the Seller is bound. This Agreement and the Seller's closing documents shall be legal, valid, and binding obligations of the Seller enforceable with their terms.

- B. **Title to Property.** The Seller owns and has good and marketable title to the Property, and on the respective closing dates, the Property will be free and clear of all encumbrances except the Permitted Encumbrances. Other than the Seller, there are no parties in possession of any part of the Property and there are no other leaseholds or rights of possession which have been granted to any third party. There are no unrecorded contracts, easements, leases, or other possessory rights of others affecting the Property or the Seller's ability to convey the Property to the Buyer.
- C. **Legal Proceedings.** There is no other action, litigation, investigation, condemnation or proceeding of any kind pending or, to the best of the Seller's knowledge without investigation, threatened against any portion of the Property, and the Seller has no actual knowledge that any such action is contemplated.
- D. **Wells.** There are not any wells located on the Property.
- E. **Individual Sewage Treatment Systems.** There are not any individual sewage treatment systems located on the Property.
- F. **Methamphetamine Production.** To the best of the Seller's knowledge, methamphetamine production has not occurred on the Property.
- G. **Foreign Status.** The Seller is not a "foreign person," "foreign partnership," "foreign trust," or "foreign estate" as such terms are defined in the Internal Revenue Code.

13. **"AS IS, WHERE IS."** Except as otherwise provided in this Agreement, the Seller makes no other warranties or representations regarding the Property. The Buyer acknowledges that it has inspected or has had the opportunity to inspect the Property and agrees to accept the Property "AS IS" with no right of set off or reduction in the Purchase Price. Such sale shall be without representation of warranties, express or implied, either oral or written (except for the representations and warranties in Section 12 herein), made by the Seller or any official, employee or agent of the Seller with respect to the physical condition of the Property, including but not limited to, the existence or absence of petroleum, hazardous substances, pollutants or contaminants in, on, or under, or affecting the Property or with respect to the compliance of the Property or its operation with any laws, ordinances, or regulations of any government or other body, except as stated above. The Buyer

acknowledges and agrees that the Seller has not made and does not make any representations, warranties, or covenants of any kind or character whatsoever, whether expressed or implied, with respect to warranty of income potential, operating expenses, uses, habitability, tenant ability, or suitability for any purpose, merchantability, or fitness of the Property for a particular purpose, all of which warranties the Seller hereby expressly disclaims, except as provided in Section 12 above.

**14. DAMAGE.** If, prior to the closing date, all or any part of the Property is damaged by fire casualty, the elements or any other cause, the Seller shall immediately give written notice to the Buyer of such fact. The Buyer may terminate this Agreement within 30 days after the Seller's notice, in which event neither party will have any further obligations under this Agreement. If the Buyer elects not to terminate despite such damage, the Seller shall promptly commence to repair such damage or destruction and return the Property to its condition prior to such damage, and the Buyer shall have the right to approve any loss adjustment reached by the Seller with the applicable insurance companies, such approval not to be unreasonably withheld. If such damage is completely repaired prior to the closing date for the Property, then the Seller shall retain the proceeds of all insurance related to such damage. If such damage will not be completely repaired prior to the closing date but the Seller is diligently proceeding to repair, then the Seller shall complete the repair after the closing date and shall be entitled to receive the proceeds of all insurance related to such damage after repair is completed; provided, however, the Buyer shall have the right to delay the closing date until repair is completed. If the Seller shall fail to diligently proceed to repair such damage, then the Buyer shall have the right to require a closing to occur and the Seller shall assign to the Buyer all right to receive the proceeds of all insurance related to such damage and the Seller shall pay the Buyer an amount equal to the deductible under the applicable policies.

**15. CONDEMNATION.** If, prior to the closing, eminent domain proceedings are commenced against all or any part of the Property by an entity other than the Buyer, the Seller shall immediately give notice to the Buyer of such fact and at the Buyer's option (to be exercised within 15 days after the Seller's notice), this Agreement shall terminate, in which event neither party will have further obligations under this Agreement. If the Buyer fails to give such notice, then there shall be no reduction in the Purchase Price, and the Seller shall assign to the Buyer at the closing all of the Seller's right, title and interest in and to any award made or to be made in the condemnation proceedings. Prior to the closing, the Seller shall not designate counsel, appear in, or otherwise act with respect to the condemnation proceedings without the Buyer's prior written consent.

**16. BROKER COMMISSIONS.** The Seller and Buyer represent and warrant to each other that there is no broker involved in this transaction with whom it has negotiated or to whom it has agreed to pay a broker commission. The Buyer agrees to indemnify the Seller for any and all claims for brokerage commissions or finders' fees in connection with negotiations for purchase of the Property arising out of any alleged agreement or commitment or negotiation by the Buyer, and the Seller agrees to indemnify the Buyer for any and all claims for brokerage commissions or finders' fees in connection with negotiations for purchase of the Property arising out of any alleged agreement or commitment or negotiation by the Seller.

**17. REMEDIES.** If the Buyer or the Seller defaults in any of the agreements herein, the non-defaulting party may (i) terminate this Agreement, (ii) seek actual damages for breach of this





**24. BINDING EFFECT.** This Agreement binds and benefits the parties and their successors and assigns.

**25. CONTROLLING LAW.** This Agreement has been made under the substantive laws of the State of Minnesota, and such laws shall control its interpretation.

**26. COUNTERPARTS.** This Agreement or any amendments may be executed in counterparts, which taken together, shall constitute one original.

**IN WITNESS WHEREOF**, the parties have executed this Agreement as of the Effective Date written above.

**SELLER—INDEPENDENT SCHOOL DISTRICT NO. 318**

By: \_\_\_\_\_

Its: \_\_\_\_\_

By: \_\_\_\_\_

Its: \_\_\_\_\_

**BUYER—CITY OF GRAND RAPIDS**

By: \_\_\_\_\_

Its: Mayor

By: \_\_\_\_\_

Its: City Clerk

## **EXHIBIT A**

### **Descriptions of the Property**

Block 29 of Kearneys 1<sup>st</sup> Addition to Grand Rapids, less the South 140 feet, County of Itasca, State of Minnesota.

Parcel Number: 91-585-2910