

PURCHASE AGREEMENT

This Purchase Agreement (this “**Agreement**”) is made this _____ day of _____, 2023 (the “**Effective Date**”) by and between Elise J. Karpan, a single person (the “**Seller**”) and the Grand Rapids Economic Development Authority, a public body corporate and politic of the State of Minnesota (referred to herein as the “**Buyer**”) (herein referred to as each a “**Party**” or together as the “**Parties**”).

Recitals

WHEREAS, Seller is the owner of that certain real property located in the City of Grand Rapids, Itasca County, Minnesota (the “**City**”) and as legally described in the attached **Exhibit A** (the “**Property**”); and

WHEREAS, Seller wishes to sell to Buyer, and Buyer desires to purchase from Seller, the Property; and

WHEREAS, Buyer also wishes to contemporaneously purchase that certain real property neighboring the Property and located in the City and as legally described in the attached **Exhibit B** from unaffiliated third parties (the “**Neighboring Properties**”)

WHEREAS, the Parties wish to memorialize their mutual agreements and covenants in writing in the form of this Agreement.

Terms of Agreement

NOW, THEREFORE, in consideration of the mutual agreements and covenants contained herein and for good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged by the Parties, it is mutually agreed and covenanted by and between the Parties to this Agreement as follows:

1. Recitals. The foregoing recitals shall be and are hereby incorporated into and made a part of this Agreement.

2. Purchase Price and Terms:

- a. **PURCHASE PRICE:** The Purchase Price for the Property is Four Hundred and Ten Thousand and No/100 Dollars (\$410,000)(the “**Purchase Price**”). Seller hereby acknowledges that Buyer’s consideration includes consideration for all relocation services and relocation benefits to which Seller may be entitled to by law.
- b. **TERMS:**
 - (1) **EARNEST MONEY.** Buyer agrees to pay Five Thousand and No/100 Dollars (\$5,000.00) as Earnest Money payable on or before the Effective

Date of this Agreement. The Earnest Money shall be held by the Title Company as defined herein and shall be applied to the Purchase Price at the Closing Date as defined herein. The Earnest Money will be refunded to Buyer if Buyer terminates this Agreement prior to the completion of the Due Diligence Period as defined herein and the satisfaction of all Contingencies. Upon the completion of the Due Diligence Period and the satisfaction of the Contingencies, the Earnest Money will be non-refundable to Buyer and will be paid to Seller if this Agreement is terminated for any other reason.

- (2) **BALANCE DUE SELLER.** Buyer agrees to pay by check or wire transfer on the Closing Date any remaining balance due on the Purchase Price according to the terms of this Agreement.
- (3) **DEED/MARKETABLE TITLE:** Subject to performance by Buyer, Seller agrees to execute and deliver a Warranty Deed conveying marketable fee simple title to the Property to Buyer, free and clear of any mortgages, liens, or encumbrances other than matters created by or acceptable to Buyer, subject only to the following exceptions:
 - i. Building and zoning laws, ordinances, state, and federal regulations;
 - ii. Reservation of minerals or mineral rights to the State of Minnesota, if any; and
 - iii. Public utility and drainage easements of record which will not interfere with Buyer's intended use of the Property.

3. Documents to be Delivered at Closing by Seller. In addition to the Warranty Deed required by Section 2(b)(3) herein, Seller shall deliver to Buyer at closing:

- a. An affidavit from Seller sufficient to remove any exception in Buyer's policy of title insurance for mechanics' and materialmen's liens and rights of parties in possession, if any;
- b. A "bring-down" certificate, certifying that all of the warranties made by Seller in this Agreement remain true as of the Closing Date;
- c. Affidavit of Seller confirming that Seller is not a foreign person within the meaning of Section 1445 of the Internal Revenue Code;
- d. A well certification statement or a statement that Seller is not aware of any wells on the Property;
- e. Any notices, certificates, and affidavits regarding any private sewage systems, underground storage tanks, and environmental conditions as may be required by state or federal statutes, rules or regulations; and

- f. Any other documents reasonably required by Buyer's title insurance company or attorney to evidence that title to the Property is marketable and that Seller has complied with the terms of this Purchase Agreement.

4. Contingencies. Buyer's obligation to purchase the Property is contingent upon the following:

- a. Approval of this Agreement by Buyer's governing body. Nothing in this Agreement shall be interpreted to limit or restrict the discretion of Buyer's governing body to grant or withhold approval of the conveyance. This contingency may not be waived by either Party;
- b. Buyer having confirmed satisfactory condition of title;
- c. Buyer having received satisfactory environmental reports, including, but not limited to, a Phase I report and all necessary closure and no association letters from respective government agencies, if applicable;
- d. Buyer having confirmed that the geotechnical characteristics of the Property are satisfactory, based on soil borings to be taken and analyzed by Buyer's geotechnical consultant;
- e. Buyer having entered into a development agreement with a third party for the development of the Property with terms that are satisfactory to Buyer, in Buyer's sole discretion;
- f. Buyer being satisfied with the results of an analysis performed by a third party as to the long-term economic feasibility and financing of the purchase, if deemed necessary by Buyer;
- g. Buyer having received all governmental and other regulatory agency approvals required for the intended development of the Property (the "**Project**"). Any conditions placed on the approval of the Project, including a conditional use permit, if any, shall be approved by Buyer at Buyer's sole discretion.
- h. Buyer's ability to contemporaneously purchase the Neighboring Properties on or before the Closing Date.

(collectively referred to herein as the "**Contingencies**").

Buyer shall have a period of 180 days from the Effective Date to remove or waive the foregoing Contingencies (the "**Due Diligence Period**"). Buyer shall have the right to extend the Due Diligence Period for an additional 60 days, but only with respect to the governmental approval contingency stated in Section 4 (g) above. Buyer shall notify Seller in writing of said extension prior to the expiration of the Due Diligence Period.

The Contingencies are solely for the benefit of Buyer and may be waived in writing by Buyer. If

Buyer or its attorney gives written notice to Seller that all contingencies are duly satisfied or waived, the Parties shall proceed to close the transaction as contemplated herein.

If one or more of the Contingencies is not satisfied, or is not satisfied within the Due Diligence Period, and is not waived by Buyer, this Agreement shall thereupon be void at the written option of Buyer, and Seller shall return the Earnest Money to Buyer, and the Parties shall execute and deliver to each other documentation effecting the termination of this Agreement. Buyer shall also deliver to Seller copies of all documentation gathered during the Due Diligence Period, including without limitation all survey, environmental or soil tests. As a contingent purchase agreement, the termination of this Agreement is not required pursuant to Minnesota Statutes Section 559.21, et. seq.

5. Seller's Deliverables. Within seven business days of the Effective Date, Seller shall provide Buyer with copies of all relevant materials in Seller's possession relating to the Property, including but not limited to, title reports, soil reports, environmental studies, surveys, environmental reports, agreements with governmental authorities, or other records of the Property that Seller has in Seller's possession (collectively "Seller's Deliverables").

6. Title Examination/Curing Title Defects. Upon execution of this Agreement by both parties, Buyer shall, at its sole expense obtain a commitment for title insurance ("Commitment") for the Property from a title company to be selected by Buyer (the "Title Company"). Buyer shall have 15 business days after receipt of the Commitment or after the execution of this Agreement by both parties, whichever is later to examine the same and to deliver written objections to title, if any, to Seller, or Buyer's right to do so shall be deemed waived. Seller shall have until the end of the Due Diligence Period (or such later date as the Parties may agree upon) to make title marketable, at Seller's sole cost. In the event that title to the Property cannot be made marketable or is not made marketable by Seller within the Due Diligence Period, then this Agreement may be terminated at the option of Buyer.

7. Buyer's Survey Obligations. The Parties hereby acknowledge the legal description for the Property as drafted may be deemed insufficient, unmarketable, and uninsurable by the Title Company as defined herein. In the event that the Property needs to be resurveyed and a new legal description created, Buyer shall be responsible for all costs and expenses associated with creating a new and valid legal description that is deemed sufficient, marketable and insurable as determined solely by Buyer.

8. Real Estate Taxes and Special Assessments. Seller shall pay all real estate taxes, interest, and penalties, if any, relating to the Property for the years prior to the year of closing. Provided that this transaction shall close as provided herein, Buyer agrees to pay all taxes for the years following the year of closing. The Parties shall prorate all taxes for the year of closing based on the Closing Date. Seller shall pay all special assessments regarding the Property which are levied or pending as of the Closing Date as defined in Section 9 herein, including portions which would otherwise have been payable in future installments.

9. Closing Date. The date of closing shall be within 30 days of the expiration of the Due Diligence Period unless mutually extended and expressed in writing signed by both Parties (the

“**Closing Date**

10. Possession/Condition of Property.

- a. **Possession.** Seller agrees to deliver possession of the Property to Buyer no later than the Closing Date or September 30, 2023, whichever occurs later. Should the parties decide to close earlier than September 30, 2023, Seller shall be allowed to continue to occupy the Property until September 30, 2023. In that event, the Parties shall execute the Escrow and Occupancy Agreement, a form of which is attached as **Exhibit C** at closing which will allow Seller to be able to continue to occupy the Property after closing.
- b. **Condition of Property/No Personal Property.** Seller shall deliver possession of the Property to Buyer on the Closing Date in the same condition as the Property existed on the date of this Agreement. The Parties acknowledge that there is no personal property included in this exchange. However, in Seller’s discretion, non-hazardous personal property may be left in the house, attached garage, and unattached garage. Said personal property will become the responsibility of Buyer on the Closing Date. Seller acknowledges an abandonment of personal property on that date and will be entitled to no renumeration for the value of any personal property left on the Property on or after the Closing Date.

11. Seller’s Warranties. Seller hereby represents and warrants to Buyer and Seller will represent and warrant to Buyer as of the Closing Date that:

- a. No action in condemnation, eminent domain or public taking proceedings are now pending or contemplated against the Property.
- b. No ordinance or hearing is now before any local governmental body which either contemplates or authorizes any public improvements or special tax levies, the cost of which may be assessed against the Property.
- c. Seller has good and marketable fee simple title interest to the Property.
- d. There are no notices, orders, suits, judgments, or other proceedings relating to fire, building, zoning, air pollution or health violations that have not been corrected with respect to the Property.
- e. The Property will as of the date of closing be free and clear of all mortgages, liens, security interests, encumbrances, leases, or other restrictions except encumbrances permitted by Buyer. There are no third parties in possession of the Property.
- f. All labor or materials which have been furnished to the Property have been fully paid for or will be fully paid for prior to the closing date.

- g. The Property does not contain any underground or above ground storage tanks, except as otherwise disclosed by Seller in this Agreement.
- h. No wells or sewage treatment systems are on the Property.
- i. No hazardous wastes or materials are located on or under the Property and no notices have been received by Seller from any federal, state, local, or other governmental agency (or a compliance letter).

Buyer acknowledges that it has inspected or will have 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, made by Seller or any official, employee or agent of Seller with respect to the physical condition of the Property.

Seller's representations and warranties set forth in this Section shall be continuing and are deemed to be material to Buyer's execution of this Agreement and Buyer's performance of its obligations hereunder. All such representations and warranties shall be true and correct on or as of the Closing Date with the same force and effect as if made at that time; and all of such representations and warranties shall survive closing and any cancellation or termination of this Agreement, and shall not be affected by any investigation, verification or approval by any part hereto or by anyone on behalf of any Party hereto. Seller agrees to defend, indemnify, and hold Buyer harmless for, from and against any loss, costs, damages, expenses, obligations, and attorneys' fees incurred should an assertion, injury, claim, demand, or cause of action be instituted, made or taken, which is contrary to or inconsistent with the representations or warranties contained herein.

12. Costs and Prorations. Seller shall pay: (a) the cost to record any documents to make title marketable; (b) any transfer or deed taxes; and (c) one-half of the closing costs charged by the Title Company. Buyer shall pay: (a) the cost of the title commitment (and any title search and examination fees); (b) any title insurance premiums and endorsements; (c) the cost to record the deed; (d) one-half of the closing costs charged by the Title Company; (e) any environmental investigation, geotechnical investigation or inspection costs; (f) any survey costs; and (g) the costs associated with Buyer's broker. Each Party shall pay its respective attorneys' fees.

13. Inspections. From the Effective Date to the end of the Due Diligence Period, Seller hereby expressly grants Buyer, its employees and agents, the right to enter upon the Property to conduct such surveying, inspections, investigations, soil borings and testing, as Buyer shall elect. Buyer shall hold Seller harmless from any liability caused by such entry. Buyer agrees to indemnify Seller against any liens, claims, losses, or damage directly attributable by Buyer's exercise of its right to enter and work upon the Property. Buyer agrees to provide Seller with a copy of any report prepared as a result of such inspection, examination, or testing, upon request by Seller.

14. Default/Exclusive Remedies. If Buyer defaults under this Agreement, Seller has the right to terminate this Agreement by giving written notice of such election to Buyer, which notice shall

specify the default. If Buyer fails to cure such default within 15 days of the date of such notice, Seller may terminate this Agreement and retain the Earnest Money as liquidated damages. The termination of this Agreement (and retention of the Earnest Money) shall be the sole remedies available to Seller for such default by Buyer, and Buyer will not be further liable for damages. If Seller defaults under this Agreement, Buyer shall have the right: (i) to terminate this Agreement (in which case Buyer shall be entitled to a refund of the Earnest Money); or (ii) to enforce and recover from Seller specific performance of this Agreement. The termination of this Agreement (and refund of the Earnest Money), or the enforcement and recovery from Seller of specific performance of this Agreement, shall be the sole remedies available to Buyer for such default by Seller, and Seller shall not be further liable for damages.

15. Relocation Benefits; Indemnification. Seller acknowledges that Seller is not being displaced from the Property as a result of the transaction contemplated by this Agreement and that Seller is not eligible for relocation assistance and benefits or in the event that Seller is deemed eligible for relocation assistance and benefits, that the Purchase Price includes compensation for any and all relocation assistance and benefits for which Seller may be eligible. The provisions of this Section shall survive closing of the transaction contemplated by this Agreement.

16. Notice. Any notice, demand, request or other communication which may or shall be given or served by the Parties, shall be deemed to have been given or served on the date the same is personally served upon one of the following indicated recipients for notices or is deposited in the United States Mail, registered or certified, return receipt requested, postage prepaid and addressed as follows:

SELLER: Elise J Karpan

BUYER: Grand Rapids Economic Development Authority
Attention: Rob Mattei
420 North Pokegama Avenue
Grand Rapids, MN 55744

With a copy to:

Kennedy & Graven
Attention: Sarah Sonsalla
Fifth Street Towers
150 South Fifth Street, Suite 700
Minneapolis MN 55402

17. Entire Agreement. This Agreement, including exhibits attached hereto, and any amendments hereto signed by the Parties, shall constitute the entire agreement between the Parties and supersedes any other written or oral agreements between the Parties relating to the Property. This Agreement can be modified only in a writing properly signed on behalf of both Parties.

18. Survival. Notwithstanding any other provisions of law or court decision to the contrary, the provisions of this Agreement shall survive closing.

19. Electronic Signatures; Execution in Counterparts. The electronic signature of the Parties to this Agreement shall be as valid as an original signature of such party and shall be effective to bind the Parties hereto. For purposes hereof, (i) "electronic signature" means a manually signed original signature that is then transmitted by electronic means; and (ii) "transmitted by electronic means" means sent in the form of a facsimile or sent via the internet as a portable document format ("pdf") or other replicating image attached to an electronic mail or internet message. This Agreement may be simultaneously executed in several counterparts, each of which shall be an original and all of which shall constitute but one and the same instrument.

20. Headings. The headings contained in this Agreement are for reference purposes only and shall not affect in any way the meaning or interpretation of this Agreement.

21. Binding Effect. This Agreement binds and benefits the Parties and their heirs, successors, and assigns.

22. Severability. If any provision of this Agreement is determined by a court of competent jurisdiction to be invalid, void or unenforceable, the remaining provisions herein will remain in full force and effect and shall in no way be affected, impaired or invalidated thereby, so long as the economic or legal substance of the agreements contemplated herein are not affected in any manner materially adverse to any Party. Upon such determination, the Parties shall negotiate in good faith in an effort to agree upon a suitable and equitable substitute provision to affect the original intent of the Parties.

23. Governing Law. The provisions of this Agreement shall be governed by and construed in accordance with the laws of the State of Minnesota.

24. Partnership or Joint Venture. Nothing in this Agreement shall be construed or interpreted as creating a partnership or joint venture between the Parties relative to the Property.

IN WITNESS WHEREOF, the parties have executed this Purchase Agreement as of the date written above.

SELLER

By: Elise J. Karpan
Elise J. Karpan

BUYER

**GRAND RAPIDS ECONOMIC
DEVELOPMENT AUTHORITY**

By: _____

Its: President

By: _____
Rob Mattei
Its: Executive Director

EXHIBIT A
Legal Description of the Property

The South Half of the Northeast Quarter (S ¼ NE ¼), Section Thirty-three (33), Township Fifty-five (55) North, Range Twenty-five (25) West of the Fourth Principal Meridian LESS the East 330 feet thereof, Itasca County, Minnesota.

PID: 91-033-1430



EXHIBIT B
Legal Descriptions of the Neighboring Properties

The Southeast Quarter of the Northeast Quarter (SE 1/4 NE 1/4), Section Thirty-three (33), Township Fifty-five (55) North, Range Twenty-five (25), West of the Fourth Principal Meridian, LESS the following three (3) tracts: Tract 1: South Twenty (20) acres thereof; Tract 2: North 198 feet of West 440 feet thereof; Tract 3: East 330 feet of the North Half thereof, Itasca County, Minnesota

PID: 91-033-1410

The North 500 feet of the Northeast Quarter of the Southeast Quarter (NE 1/4 SE 1/4), Section Thirty-three (33), Township Fifty-five (55) North, Range Twenty-five (25), LESS the South 220 feet of the West 300 feet thereof, County of Itasca, State of Minnesota.

PID: 91-033-4120

EXHIBIT C

Form of Escrow and Occupancy Agreement

ESCROW AND OCCUPANCY AGREEMENT

THIS AGREEMENT entered into as of _____, 2023, by and between Elise J. Karpan, a single person ("Occupant" or "Seller") and the Grand Rapids Economic Development Authority, a public body corporate and politic of the State of Minnesota, ("Buyer" or "EDA") and KENNEDY & GRAVEN, CHARTERED ("Escrow Agent" or "Agent").

RECITALS

A. Occupant and Buyer have entered into a Purchase Agreement dated _____, 2023 ("Purchase Agreement") for the sale of property located at _____ Grand Rapids, Minnesota and legally described on the attached Exhibit A (the "Subject Property").

B. The parties desire to close the sale of the Subject Property on _____, 2023 and that Occupant deliver possession to Buyer on or before September 30, 2023.

AGREEMENT

The parties agree as follows:

1. Delivery of Possession. Occupant shall deliver possession of the Subject Property to Buyer on or before 4:30 p.m. on September 30, 2023.

2. Rent. Occupant may occupy the Subject Property through the date and time specified in paragraph 1 without payment of rent to Buyer.

3. No Damage. Occupant agrees not to cause damage to the Subject Property or to any structure located on the Subject Property and agrees to deliver possession of the Subject Property to the Buyer in substantially the same condition as existed on the date the parties entered into the Agreement.

4. Utility Bills. Occupant agrees to pay for all utility services to the Subject Property through the last day of occupancy. Utility services include the following: sewer and water, electricity, gas, telephone, garbage collection, Internet service, and satellite/cable television.

5. Uninsured Damages/Insurance. Occupant is responsible for any and all damages that may occur to the Subject Property before Occupant vacates the Subject Property that are not covered by insurance. At all times during Occupant's occupancy of the Subject Property, Occupant shall maintain Occupant's homeowner's insurance policy covering Occupant's personal property.

6. Escrow. (a) Upon closing and execution of this Agreement, Occupant agrees to deposit into escrow the sum of **\$1,000.00** (the "Escrowed Funds") from the purchase price being paid by Buyer for the Subject Property, to be held by Agent in a non-interest bearing account.

(b) Within seven days after request by Agent, Buyer shall provide to Agent (with copy to Occupant) evidence of expenses incurred for the removal and disposal of personal property and for payment of utility charges for services provided to the Subject Property prior to date of possession, if any. Agent shall reimburse Buyer for the unpaid utilities and incurred expenses from the Escrowed Funds within seven days following receipt of such evidence from Buyer.

(c) Agent shall deliver to Occupant the balance of the Escrowed Funds on deposit, less deductions provided for in paragraph 6 (b) above, no later than 60 days following vacation of the Subject Property by Occupant.

7. Escrow Agent Liability. The sole duties of Escrow Agent shall be those described herein, and Escrow Agent shall be under no obligation to determine whether the other parties hereto are complying with any requirements of law or the terms and conditions of any other agreements among said parties. Escrow Agent may conclusively rely upon and shall be protected in acting on any notice believed by it to be genuine and to have been signed or presented by the proper party or parties, consistent with reasonable due diligence on Escrow Agent's part. Escrow Agent shall have no duty or liability to verify any such notice, and its sole responsibility shall be to act expressly as set forth in this Escrow and Occupancy Agreement.

8. Seller and Buyer understand that Agent is legal counsel to the Buyer and each consents to Agent's serving as Escrow Agent notwithstanding such representation. In the event Agent determines, in its sole discretion, that it cannot continue to serve as Escrow Agent herein, Agent shall deposit the funds with an Escrow Agent that is acceptable to Seller and Buyer. Seller consents to Agent's continued representation of Buyer after a deposit is made, and Buyer agrees to pay all escrow fees charged by the substitute Escrow Agent.

9. Notices to be sent to the parties to this Agreement shall be sent by mail or personal delivery to:

SELLER: Elise J. Karpan

BUYER: Grand Rapids Economic Development Authority
Attention: Rob Mattei
420 North Pokegama Avenue
Grand Rapids, MN 55744

AGENT: Kennedy & Graven, Chartered
Attn: Sarah J. Sonsalla
Fifth Street Towers, Suite 700
150 South Fifth Street

Minneapolis, MN 55402

IN WITNESS WHEREOF, the parties have executed this Agreement as of the date first written above.

SELLER

By:



Elise J. Karpan

BUYER

GRAND RAPIDS ECONOMIC
DEVELOPMENT AUTHORITY

By: _____

Its: President

By: _____

Rob Mattei

Its: Executive Director

AGENT

KENNEDY & GRAVEN, CHARTERED

By: _____

Its: _____

Exhibit A
Legal Description of the Subject Property

The South Half of the Northeast Quarter (S 1/4 NE 1/4), Section Thirty-three (33), Township Fifty-five (55) North, Range Twenty-five (25) West of the Fourth Principal Meridian LESS the East 330 feet thereof, Itasca County, Minnesota.

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