

## PURCHASE AGREEMENT

THIS AGREEMENT is made as of August 21, 2019, between Spectrum Housing with Services, LLC, a Minnesota Limited Liability Company ("Seller") with an address of 2000 Siegel Blvd, Eveleth, MN 55734, and Independent School District No. 706, a Minnesota Body Politic ("Buyer") with an address of 411 S 5th Ave, Virginia, MN 55792.

### RECITALS

- A. Seller owns real property located at 2000 Siegel Blvd, Eveleth, MN 55734, and located in the cities of both Virginia and Eveleth, St. Louis County, Minnesota, with the parcel ID numbers of: 090-0194-00206; 090-0194-00204; 090-0194-00074; 040-0206-00054; 040-0206-00056 which parcels are legally described in the attached "Exhibit A" referenced herein as the ("Real Property");
- B. Seller desires to sell, and Buyer desires to purchase, the Real Property under the terms and conditions set forth in this Agreement;
- C. Buyer has received bonding for the construction of new academy school facilities and desires to construct said new school facilities on the Real Property.

In consideration of this Agreement, Seller and Buyer agree as follows:

1. Sale of Property. Seller agrees to sell to Buyer, and Buyer agrees to buy from Seller, the Real Property.
2. Purchase Price and Manner of Payment. The total purchase price ("Purchase Price") to be paid by Buyer to Seller for the Real Property shall be Two Million and One Hundred Thousand and no/100 Dollars (\$2,100,000.00), payable as follows:
  - a. Fifty Thousand and no/100 Dollars, (\$50,000), Earnest Money to be paid at the signing of this Agreement and deposited with Stewart Title Company in Duluth, MN.
  - b. Two Million and Fifty Thousand and no/100 Dollars (\$2,050,000.00), due and payable at Closing.
3. Contingencies. The obligations of Buyer under this Agreement are contingent upon each of the following:
  - a. Title. Title shall have been found acceptable, or been made acceptable, in accordance with the requirements and terms of Section 7 below.
4. Closing. The closing of the purchase and sale contemplated by this Agreement (the "Closing") shall occur on or before September 30, 2019 (the "Closing Date"). The Closing shall take place at Stewart Title Company, Minneapolis, MN ("Title Company"), or at such other place as may be agreed to.
  - a. Seller's Closing Documents. On the Closing Date, Seller shall execute and/or deliver to Buyer the following (collectively "Seller's Closing Documents"):

- i. Deed. A Warranty Deed, in form reasonably satisfactory to Buyer, conveying the Real Property to Buyer.
    - ii. Title Policy. The Title Policy, or a suitably marked up Commitment for Title Insurance initiated by the Title Company, in the form required by this Agreement.
    - iii. Seller's Affidavit. An Affidavit of Title by Seller indicating that on the Closing Date there are no outstanding, unsatisfied judgments, tax liens or bankruptcies against or involving Seller or the Real Property; that there has been no skill, labor or material ordered by Seller and furnished to the Real Property for which payment has not been made or for which mechanics' liens could be filed; and that Seller has not caused there to be any unrecorded interests in the Real Property, together with whatever standard owner's affidavit and/or indemnity which may be required by the Title Company to issue an Owner's Policy of Title Insurance with the standard exceptions waived.
    - iv. FIRPTA Affidavit. A non-foreign affidavit, properly executed and in recordable form, containing such information as is required by IRC Section 1445(b)(2) and its regulations.
    - v. Other Documents. All other documents reasonably determined by the parties and the Title Company to be necessary to transfer the Property to Buyer free and clear of all encumbrances.
  - b. Buyer's Closing Documents. On the Closing Date, Buyer will execute and/or deliver to Seller the following (collectively "Buyer's Closing Documents"):
    - i. Purchase Price. The Purchase Price, by good funds to be available on the Closing Date.
    - ii. Title Documents. Such affidavits of Buyer, Certificates of 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 Insurance Policy required by this Agreement.
5. Date of Acceptance. The acceptance of this Agreement is the date it is delivered by the last party signing, to the other party. This offer to purchase, unless accepted sooner, shall be void at 11:59 p.m. on August 23, 2019, and in such event, all earnest money shall be returned to Buyer.
6. Possession. Seller and Buyer agree that closing is scheduled for September 30, 2019, and the Buyer shall obtain ownership at that time in order to proceed with development and construction. Seller shall have the right, but not the obligation to continue occupancy of the Real Property, including the Morton building, until June 1, 2020, and Seller agrees to deliver possession of all the Real Property, less any leased space, not later than June 1, 2020.

Subject to the provisions of Article 7 below Seller shall be entitled to all rents due and owing under any existing lease agreements. Seller shall retain all furniture, equipment, and fixtures, except those utilized by ERATS.

7. Assignment of Leases. Seller agrees to assign any and all rights and obligations as Landlord in and to any existing lease agreements for any and all portions of the Real Property to Buyer on or before the date of possession, June 1, 2020.
8. Prorations. Seller and Buyer agree to the following prorations and allocation and costs regarding this Agreement:
  - a. Title Insurance and Closing Fee. Seller will pay all costs of the title search for the preparation of the Title Insurance Commitment and Buyer will pay for the Owner's Title Policy, if Buyer chooses to have said insurance. Buyer will also pay all additional premiums required for the issuance of any mortgagee's Title Policy required by Buyer. Seller and Buyer will each pay one half of any reasonable and customary closing fee or charge imposed by any closing agent designated by the Title Company.
  - b. Deed Tax. Seller shall pay all state deed tax regarding the Warranty Deed to be delivered by Seller under this Agreement.
  - c. Expenses of Possession. Seller shall pay all costs and expenses of possession up to the date of possession, Jun 1, 2020, subject to the terms of Article 6 herein.
  - d. Real Estate Taxes and Special Assessments. As to real estate taxes and special assessments, the parties agree that:
    - i. Seller will pay any and all real estate taxes due and payable for all years prior to the year of purchase, the calendar year 2019. Buyer and Seller shall pro rate the real estate taxes to the date of possession for all real estate taxes due and payable in 2020.
    - ii. Seller represents and warrants to Buyer that there are no assessments pending or levied against the property and agrees that Seller shall be solely responsible for any such assessments and will pay and discharge same at or prior to closing. If Seller voluntarily assumes any additional assessments between now and closing, those shall be Seller's responsibility.
  - e. Recording Costs. Seller will pay the cost of recording all documents necessary to place record title in the condition warranted and requested by Seller in this Agreement. Buyer will pay the cost of recording all other documents.
  - f. Attorney's Fees. Each of the parties will pay its own attorneys' fees, except that a party defaulting under this Agreement or any closing document will pay the reasonable attorneys' fees and court costs incurred by the non-defaulting party to enforce its rights regarding such default.
9. Title Examination. Title Examination will be conducted as follows:
  - a. Seller's Title Evidence. Seller shall, within fifteen (15) days after execution of this Agreement furnish the following (collectively "Title Evidence") to Buyer:



- c. Leases. Seller shall assign any existing leases pursuant to Article 7 of this Agreement. Seller shall not execute leases from the date of this Purchase Agreement to the date of closing.
- d. Contracts. Seller represents there are no contracts applicable to the Property except as set forth herein.
- e. Permits. Seller represents there are no permits, licenses, authorizations, approvals, consents, or orders ("Permits") issued or granted by a governmental authority applicable to the Property, and no Permits are required under applicable law.
- f. Utilities. Seller has received no notice of actual or threatened reduction or curtailment of any utility service now supplied to the Real Property.
- g. Certificates of Occupancy. Seller has received no notice of actual or threatened cancellation or suspension of any certificates of occupancy for any portion of the Real Property.
- h. Assessments. Seller has received no notice of actual or threatened special assessments or reassessments of the Real Property.
- i. Environmental Laws. As of the Closing Date, Seller represents and warrants as follows regarding compliance with applicable Environmental Laws as they relate to the Real Property.
  - i. Seller is in compliance with all applicable Environmental Laws and has no liabilities under any Environmental Law regarding the Real Property;
  - ii. Seller has not used the Property, and, to Seller's knowledge, the Property has not otherwise been used, for the storage and production of toxic or hazardous wastes or substances, pollutants or contaminants, or solid wastes in violation of any Environmental Law. There are no toxic or hazardous wastes or substances, pollutants or contaminants, or solid wastes present on the Property in violation of any Environmental Law;
  - iii. To Seller's knowledge, there are no facts, circumstances, conditions, or occurrences relating to the Real Property that could reasonably be expected to form the basis of a claim, action, litigation, investigation, condemnation, or proceeding of any kind under any Environmental Law, or any requirements or obligations imposed under any Environmental Law;
  - iv. No part of the Property is a "Wetland," as defined by law;
  - v. Seller has disclosed and made available to Buyer true, correct, and complete copies of all environmental reports, studies, and similar documents or correspondence, and all amendments, waivers or modifications thereto, relating to Environmental Laws with respect to the Real Property and which are in Seller's possession or under Seller's control.

- vi. For the purposes of this Agreement, "Environmental Laws" shall mean the Comprehensive Environmental Response, Compensation and Liability Act of 1980 ("CERCLA"), 42 U.S.C. § 9601 et seq.; the Resource Conservation and Recovery Act of 1976 ("RCRA"), 42 U.S.C. § 6901 et seq.; the Federal Water Pollution Control Act, 33 U.S.C. § 1251 et seq.; the Clean Air Act, 42 U.S.C. § 7401 et seq.; the Toxic Substances Control Act, 15 U.S.C. § 2601 through 2629; the Oil Pollution Act, 33 U.S.C. § 2701 et seq.; the Emergency Planning and Community Right-to-Know Act, 42 U.S.C. §11001 et seq.; the Safe Drinking Water Act, 42 U.S.C. 300f through 300j; the Occupational Safety and Health Act, 29 U.S.C. § 651 et seq.; the Hazardous Materials Transportation Act, 49 U.S.C. § 5101 et seq.; any similar state law or local ordinance; and all other applicable laws currently in effect (including implementing regulations promulgated pursuant thereto) of any governmental authority having jurisdiction over the Real Property addressing pollution control, the environment, wildlife, plants, natural resources, or human health.
- j. Rights of Others to Purchase Property. Seller has not entered into any other contracts for the sale of the Property, nor are there any rights of first refusal or options to purchase the Property or any other rights of others that might prevent the consummation of this Agreement.
- k. Seller's Defaults. Seller is not in default concerning any of its obligations or liabilities regarding the Property.
- l. FIRPTA. Seller is not a "foreign person", "foreign partnership" "foreign trust" or "foreign estate" as those terms are defined in Section 1445 of the Internal Revenue Code.
- m. Use of Real Property. The Real Property is usable for its current uses without violating any federal, state, local or other governmental building, zoning, health, safety, platting, subdivision or other law, ordinance or regulation, or any applicable private restriction, as such use is a legal conforming use.
- n. Proceedings. There is no action, litigation, investigation, condemnation or proceeding of any kind pending or, to Seller's knowledge, threatened against Seller or any portion of the Real Property. For the avoidance of doubt, the representation in this subsection shall include, but not be limited, any such action, litigation, investigation, condemnation or proceeding pursuant to any Environmental Law.
- o. Storage Tanks. There are currently no, and, to Seller's knowledge, have never been any, above-ground or underground tanks located in, on, under or about the Property.
- p. Indemnification. Seller will indemnify Buyer, its successors and assigns, against and will hold Buyer, its successors and assigns, harmless from, any expenses or damages, including reasonable attorneys' fees that Buyer incurs because of the breach of any of the above representations and warranties, whether such breach is discovered before or after Closing. Consummation of this Agreement by Buyer with knowledge of any such breach by Seller will not constitute a waiver or release by Buyer of any claims due to such breach.

- q. SELLER WARRANTS THAT THE PROPERTY IS CONNECTED TO CITY SEWER, CITY WATER, SELLER DOES NOT KNOW OF A SUBSURFACE SEWAGE TREATMENT SYSTEM ON OR SERVING THE PROPERTY. SELLER DOES NOT KNOW OF A WELL ON OR SERVING THE PROPERTY.

**TIME IS OF THE ESSENCE FOR ALL PROVISIONS OF THIS CONTRACT.**

SUBJECT ONLY TO THE FOREGOING WARRANTIES OF SELLER, BUYER ACCEPTS THE BUILDING AS IS, WITH ALL FAULTS AND WITHOUT ANY FURTHER WARRANTY OR REPRESENTATION.

11. Indemnification. Seller agrees to indemnify Buyer other against, and hold harmless from, all liabilities (including reasonable attorneys' fees in defending against claims) arising out of the possession, operation, or maintenance of the Property for their period of possession.
12. Survival. All of the terms of this Agreement will survive and be enforceable after the Closing.
13. Notices. Any notice required or permitted to be given by any party upon the other is given in accordance with this Agreement if it is directed to Seller by delivering it personally to an officer of Seller; or if it is directed to Buyer, by delivering it personally to an officer of Buyer; or if mailed in a sealed wrapper by United States registered or certified mail, return receipt requested, postage prepaid; or if transmitted by facsimile, copy followed by mailed notice as above required; or if deposited cost paid with a nationally recognized, reputable overnight courier, properly addressed as follows:

If to Seller:       Spectrum Housing with Services, LLC.  
Merle Sampson  
6205 Crossman Lane  
Inver Grove Heights, MN 55076

With copy to:     Trenti Law Firm  
225 N 1st Street  
1000 Lincoln Bldg  
Virginia, MN 55792

If to Buyer:       Independent School District No. 706  
Noel Schmidt  
411 S 5th Ave,  
Virginia, MN 55792

With copy to:     Colosimo, Patchin & Kearney, Ltd.  
301 Chestnut Street  
Virginia, MN 55792

Notices shall be deemed effective on the earlier of the date of receipt or the date of deposit as aforesaid; provided, however, that if notice is given by deposit, that the time for response to any notice by the other

party shall commence to run one business day after any such deposit. Any party may change its address for the service of notice by giving written notice of such change to the other party, in any manner above specified, 10 days prior to the effective date of such change.

14. Captions. The paragraph headings or captions appearing in this Agreement are for convenience only, are not a part of this Agreement and are not to be considered in interpreting this Agreement.
15. Entire Agreement; Modification. This written Agreement constitutes the complete agreement between the parties and supersedes any prior oral or written agreements between the parties regarding the Property. There are no verbal agreements that change this Agreement and no waiver of any of its terms will be effective unless in a writing executed by the parties.
16. Binding Effect. This Agreement binds and benefits the parties and their successors and assigns.
17. Controlling Law. This Agreement has been made under the laws of the State of Minnesota, and such laws will control its interpretation.
18. Remedies. If Buyer defaults under this Agreement, Seller shall have the right to terminate this Agreement by giving written notice to Buyer. If Buyer fails to cure such default within 15 days of the date of such notice, this Agreement will terminate, and upon such termination, Seller will retain the Earnest Money as liquidated damages, time being of the essence of this Agreement. The termination of this Agreement and retention of the Earnest Money will be the sole remedy available to Seller for such default by Buyer, and Buyer will not be liable for damages or specific performance. If Seller defaults under this Agreement, this provision does not preclude Buyer from seeking and recovering from Seller damages for nonperformance or specific performance of this Agreement.
19. Facsimiles, Emailed Documents, and Counterparts. This Agreement may be executed in counterparts, each of which shall be deemed an original and all of which together shall constitute the binding and enforceable agreement of the parties hereto. This Agreement may be executed and delivered by a party by facsimile transmission, email or with electronic signatures which transmission copy shall be considered an original and shall be binding and enforceable against such party.

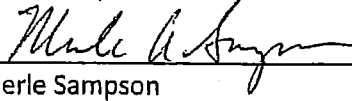
The remainder of the page left intentionally blank.



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

SELLER:

Spectrum Housing with Services, LLC.



By: Merle Sampson

Its:

CEO & owner

August 21, 2019

By:

Its:

BUYER:

Independent School District No. 706

By: Noel Schmidt

Its:

By: Murray Anderson

Its: Chair

By: Stacey Sundquist

Its: Clerk