

HERMANTOWN ECONOMIC DEVELOPMENT AUTHORITY

AGENDA

**Thursday, February 27, 2020 at 5:00 p.m. – Council Chambers
Governmental Services Building**

- 1. ROLL CALL**
- 2. MINUTES** – Approval or correction
 - a. January 9, 2020 HEDA Minutes

WORK SESSION

- A.** Strategic Planning

CLOSED SESSION

The Hermantown Economic Development Authority will meet in a closed session pursuant to MN Stats 13D.05 (Subd 3(c) for consideration of the Sale/Purchase of real or personal property;

- B.** 5028 Miller Trunk Highway

(motion, roll call)

- 3. RECESS**

HERMANTOWN ECONOMIC DEVELOPMENT AUTHORITY

January 9, 2020

5:00 p.m.

ROLL CALL: Commissioners Geissler, Haapanen, Nelson, Schmidt, Mayor Boucher

CITY STAFF: John Mulder, City Administrator; Bonnie Engseth, City Clerk; Eric Johnson, Community Development Director; Steve Overom, City Attorney

ABSENT: Commissioners Peterson, Reno

VISITORS: 1

MINUTES

Motion made by Commissioner Schmidt, seconded by Commissioner Nelson to approve the December 12, 2019 Hermantown Economic Development Authority minutes. Motion carried.

RESOLUTIONS

2019-10H Resolution Approving An Agreement For Strategic Planning Services With Northspan In An Amount Not To Exceed \$6,000.00

Motion made by Commissioner Geissler, seconded by Commissioner Schmidt to adopt Resolution 2019-10H, Resolution Approving An Agreement For Strategic Planning Services With Northspan In An Amount Not To Exceed \$6,000.00. Motion carried.

Motion made by Commissioner Geissler, seconded by Commissioners Nelson to close the meeting for a closed session at 5:08 p.m.

CLOSED SESSION

A discussion was held regarding the sale of 5028 Miller Trunk Highway.

Motion made by Commissioner Nelson, seconded by Commissioner Haapanen to reconvene into open session. Motion carried.

Motion made by Commissioner Schmidt, seconded by Commissioner Haapanen to recess the meeting at 5:41 p.m. Motion carried.

Recorded by:

John Mulder, Executive Director

Transcribed by:

Bonnie Engseth, City Clerk

COMMERCIAL PURCHASE AGREEMENT

This form approved by the Minnesota Association of REALTORS® and the Minnesota Commercial Association of REALTORS®, which disclaims any liability arising out of use or misuse of this form. © 2018 Minnesota Association of REALTORS®, Edina, MN

1. Page 1 Date 11/12/2019

2. BUYER (S): Kevin J. Pietrusa and/or assigns

3. _____
4. Buyer's earnest money in the amount of Ten Thousand and 00/100's-----
5. Ten Thousand Dollars

6. (\$ 10,000.00) shall be delivered no later than two (2) Business Days after
7. Final Acceptance Date of this Purchase Agreement to be deposited in the trust account of: (Check one.)

8. listing broker; or
9. First American Title Insurance Co. ,
(Trustee)

10. within three (3) Business Days of receipt of the earnest money or Final Acceptance Date of this Purchase
11. Agreement, whichever is later.

12. Said earnest money is part payment for the purchase of property at 3308 West Arrowhead Road
13. 5028 Miller Trunk Highway, Hermantown, MN 55911 located in the

14. City/Township of Hermantown , County of St. Louis ,
15. State of Minnesota, PID # (s) 395-0010-02975

16. _____
17. and legally described as follows Attached as "Exhibit A"

18. _____
19. _____ (collectively the "Property")
20. together with the personal property as described in the attached *Addendum to Commercial Purchase Agreement:*
21. *Personal Property*, if any, all of which property the undersigned has this day sold to Buyer for the sum of:

22. Four Hundred Thousand
23. Four Hundred Thousand and 00/100's

24. (\$ 400,000.00) Dollars ("Purchase Price"), which Buyer agrees to pay in the following manner:

25. 1. CASH of 20 percent (%) of the sale price, or more in Buyer's sole discretion, which includes the earnest
26. money; PLUS
27. 2. FINANCING of 80 percent (%) of the sale price. Buyer shall, at Buyer's sole expense, apply for any
28. financing as required by this Purchase Agreement.

29. Such financing shall be: (Check one.) a first mortgage; a contract for deed; or a first
30. mortgage with subordinate financing, as described in the attached *Addendum to Commercial Purchase Agreement:*
31. Conventional/SBA/Other Contract for Deed.
(Check one.)

32. DUE DILIGENCE: This Purchase Agreement IS IS NOT subject to a due diligence contingency. (If answer is IS,
33. see attached *Addendum to Commercial Purchase Agreement: Due Diligence.*)
(Check one.)

34. CLOSING: The date of closing shall be on or before June 1 , 20 20

35. DEED/MARKETABLE TITLE: Subject to performance by Buyer, Seller agrees to execute and deliver a: (Check one.)
36. WARRANTY DEED LIMITED WARRANTY DEED CONTRACT FOR DEED

37. OTHER: _____ DEED conveying marketable title, subject to:
38. (a) building and zoning laws, ordinances, and state and federal regulations;
39. (b) restrictions relating to use or improvement of the Property without effective forfeiture provisions;
40. (c) reservation of any mineral rights by the State of Minnesota or other government entity;
41. (d) utility and drainage easements which do not interfere with existing improvements; and
42. (e) others (must be specified in writing): _____



COMMERCIAL PURCHASE AGREEMENT

44. Page 2 Date 11/12/2019

45. Property located at 5028 Miller Trunk Highway, Excelsior, MN, 55811
46. **TENANTS/LEASES:** Property **IS** **IS NOT** subject to rights of tenants (if answer is **IS**, see attached *Addendum*
(Check one.))
47. *to Commercial Purchase Agreement: Due Diligence*.
48. Seller shall not execute leases from the date of this Purchase Agreement to the date of closing, the term of which lease
49. extends beyond the date of closing, without the prior written consent of Buyer. Buyer's consent or denial shall be
50. provided to Seller within three days of Seller's written request. Said consent
51. shall not be unreasonably withheld.
52. **REAL ESTATE TAXES:** Real estate taxes due and payable in the year of closing shall be prorated between Seller and
53. Buyer on a calendar year basis to the actual date of closing unless otherwise provided in this Purchase Agreement.
54. Real estate taxes, including penalties, interest, and any associated fees, payable in the years prior to closing shall be
55. paid by Seller. Real estate taxes payable in the years subsequent to closing shall be paid by Buyer.
56. **SPECIAL ASSESSMENTS:**
57. **BUYER AND SELLER SHALL PRORATE AS OF THE DATE OF CLOSING** **SELLER SHALL PAY**
(Check one.)
58. on the date of closing all installments of special assessments certified for payment with the real estate taxes due and
59. payable in the year of closing.
60. **BUYER SHALL ASSUME** **SELLER SHALL PAY ON DATE OF CLOSING** all other special assessments
(Check one.)
61. levied as of the date of this Purchase Agreement.
62. **BUYER SHALL ASSUME** **SELLER SHALL PROVIDE FOR PAYMENT OF** special assessments pending as
(Check one.)
63. of the date of this Purchase Agreement for improvements that have been ordered by any assessing authorities. (Seller's
64. provision for payment shall be by payment into escrow of up to two (2) times the estimated amount of the assessments
65. or less, as allowed by Buyer's lender.)
66. Buyer shall pay any unpaid special assessments payable in the year following closing and thereafter, the payment of
67. which is not otherwise here provided.
68. As of the date of this Purchase Agreement, Seller represents that Seller **HAS** **HAS NOT** received a notice
(Check one.)
69. regarding any new improvement project from any assessing authorities, the costs of which project may be assessed
70. against the Property. Any such notice received by Seller after the date of this Purchase Agreement and before
71. closing shall be provided to Buyer immediately. If such notice is issued after the date of this Purchase Agreement
72. and on or before the date of closing, then the parties may agree in writing, on or before the date of closing, to pay,
73. provide for the payment of, or assume the special assessments. In the absence of such agreement, either party may
74. declare this Purchase Agreement canceled by written notice to the other party, or licensee representing or assisting the
75. other party, in which case this Purchase Agreement is canceled. If either party declares this Purchase Agreement
76. canceled, Buyer and Seller shall immediately sign a written cancellation of Purchase Agreement confirming said
77. cancellation and directing all earnest money paid here to be refunded to Buyer.
78. **POSSESSION:** Seller shall deliver possession of the Property: *(Check one.)*
79. **IMMEDIATELY AFTER CLOSING;** or
80. **OTHER: Possession is subject to Tenants rights**
81. Seller agrees to remove ALL DEBRIS AND ALL PERSONAL PROPERTY NOT INCLUDED HERE from the Property
82. by possession date.
83. **PRORATIONS:** All items customarily prorated and adjusted in connection with the closing of the sale of the Property
84. here including but not limited to rents, operating expenses, interest on any debt assumed by Buyer, shall be prorated
85. as of the date of closing. It shall be assumed that Buyer will own the Property for the entire date of the closing.
86. **RISK OF LOSS:** If there is any loss or damage to the Property between the Final Acceptance Date and the date of
87. closing; for any reason, the risk of loss shall be on Seller. If the Property is destroyed or substantially damaged before
88. the closing, this Purchase Agreement shall be canceled, at Buyer's option, if Buyer gives written notice to Seller, or licensee
89. representing or assisting Seller, of such cancellation within thirty (30) days of the damage. Upon said cancellation,
90. Buyer and Seller shall immediately sign a written cancellation of Purchase Agreement confirming said cancellation and
91. directing all earnest money paid here to be refunded to Buyer.

COMMERCIAL PURCHASE AGREEMENT

92. Page 3 Date 11/12/2019

93. Property located at 5028 Miller Trunk Highway, Hermantown, MN 55811
94. **EXAMINATION OF TITLE:** Seller shall, at its expense, within 30 days after Final
95. Acceptance of this Purchase Agreement, furnish to Buyer, or licensee representing or assisting Buyer, a commitment
96. for an owner's policy of title insurance from First American Title Insurance Co., including levied
(Name of Title Company)
97. and pending special assessments. Buyer shall be allowed ten (10) days ("Objection Period") after receipt of the
98. commitment for title insurance to provide Seller, or licensee representing or assisting Seller, with written objections.
99. Buyer shall be deemed to have waived any title objections not made within the Objection Period provided for immediately
100. above and any matters with respect to which title objection is so waived may be excepted from the warranties in the
101. Deed as specified here to be delivered pursuant to this Agreement.
102. **TITLE CORRECTIONS AND REMEDIES:** Seller shall have thirty (30) days ("Cure Period") from receipt of Buyer's
103. written title objections to cure any title objections but shall not be obligated to do so. Upon receipt of Buyer's title
104. objections, Seller shall, within ten (10) days, notify Buyer, or licensee representing or assisting Buyer, in writing whether
105. or not Seller will endeavor to cure such objections within the Cure Period. Liens or encumbrances for liquidated amounts
106. created by instruments executed by Seller and which can be released by payment proceeds of closing shall not delay
107. the closing.
108. If Seller's notice states that Seller will not endeavor to cure one or more specified objections within the Cure Period,
109. Buyer may, as its sole remedy, within ten (10) days of the sending of such notice by Seller, declare this Purchase
110. Agreement canceled by written notice to Seller, or licensee representing or assisting Seller, in which case this Purchase
111. Agreement is canceled. If Buyer declares this Purchase Agreement canceled, Buyer and Seller shall immediately sign a
112. written cancellation of Purchase Agreement confirming said cancellation and directing all earnest money paid here to
113. be refunded to Buyer. If Buyer does not declare this Purchase Agreement canceled as provided immediately above,
114. Buyer shall be bound to proceed with the closing and to purchase the Property subject to the objections Seller has
115. declined to cure without reduction in the Purchase Price.
116. If Seller's notice states that Seller will endeavor to cure all of the specified objections, or if Seller's notice states that
117. Seller will endeavor to cure some, but not all, of the specified objections and Buyer does not declare this Purchase
118. Agreement canceled as provided above, Seller shall use commercially reasonable efforts to cure the specified objections
119. or those Seller has agreed to endeavor to cure and, pending correction of title, all payment required here and the
120. closing shall be postponed.
121. If Seller, within the Cure Period provided above, corrects the specified objections Seller's notice indicated Seller would
122. endeavor to cure, then upon presentation to Buyer, or licensee representing or assisting Buyer, of documentation
123. establishing that such objections have been cured, the closing shall take place within ten (10) days or on the scheduled
124. closing date, whichever is later.
125. If Seller, within the Cure Period provided above, does not cure the specified objections which Seller's notice indicated
126. Seller would endeavor to cure, Buyer may, as its sole remedy, declare this Purchase Agreement canceled by written
127. notice to Seller, or licensee representing or assisting Seller, given within five (5) days after the end of the Cure Period,
128. in which case this Purchase Agreement is canceled. Buyer and Seller shall immediately sign a *Cancellation of Purchase*
129. *Agreement* confirming said cancellation and directing all earnest money paid here to be refunded to Buyer. Neither
130. party shall be liable for damages here to the other. In the alternative, Buyer may elect to waive such objections by
131. providing written notice to Seller, or licensee representing or assisting Seller, within such five (5)-day period and accept
132. title subject to such uncured objections, in which event, Buyer shall be bound to proceed with the closing and to purchase
133. the Property subject to the objections Seller has not cured without reduction in the Purchase Price. If neither notice is
134. given by Buyer within such five (5)-day period, Buyer shall be deemed to have elected to waive the objections and to
135. proceed to closing as provided in the immediately preceding sentence.
136. If title is marketable, or is made marketable as provided here, and Buyer defaults in any of the agreements here,
137. Seller, in addition to any other right or remedy available to Seller here, at law or in equity may cancel this Purchase
138. Agreement as provided by either MN Statute 559.21 or MN Statute 559.217, whichever is applicable, and retain all
139. earnest money paid here as liquidated damages.
140. If title is marketable, or is made marketable as provided here, and Seller defaults in any of the agreements here,
141. Buyer may, in addition to any other right or remedy available to Buyer here, seek specific performance within six
142. (6) months after such right of action arises.

COMMERCIAL PURCHASE AGREEMENT

143. Page 4 Date 11/12/2019

144. Property located at 5028 Miller Trunk Highway, Hermantown, MN. 55911
145. **REPRESENTATIONS AND WARRANTIES OF SELLER:** The following representations made are to the best
146. of Seller's knowledge.
147. There is no action, litigation, investigation, condemnation, or other proceeding of any kind pending or threatened against
148. Seller or any portion of the Property. In the event Seller becomes aware of any such proceeding prior to closing, Seller
149. will promptly notify Buyer of such proceeding.
150. The Property is in compliance with all applicable provisions of all planning, zoning, and subdivision rules; regulations;
151. and statutes. Seller has obtained all necessary licenses, permits, and approvals necessary for the ownership and
152. operation of the Property.
153. Prior to the closing, payment in full will have been made for all labor, materials, machinery, fixtures, or tools furnished
154. within the 120 days immediately preceding the closing in connection with construction, alteration, or repair of any
155. structure on, or improvement to, the Property.
156. Seller has not received any notice from any governmental authority as to condemnation proceedings, or violation of
157. any law, ordinance, regulation, code, or order affecting the Property. If the Property is subject to restrictive covenants,
158. Seller has not received any notice from any person or authority as to a breach of the covenants. Any such notices
159. received by Seller shall be provided to Buyer immediately.
160. Seller has not executed any options to purchase, rights of first refusal, or any other agreements giving any person or
161. other entity the right to purchase or otherwise acquire any interest in the Property, and Seller is unaware of any options
162. to purchase, rights of first refusal, or other similar rights affecting the Property.
163. The legal description of the real property to be conveyed has been or shall be approved for recording as of the date
164. of closing.
165. If Seller is an organized entity, Seller represents and warrants to Buyer that Seller is duly organized and is in good
166. standing under the laws of the State of Minnesota; that Seller is duly qualified to transact business in the State of
167. Minnesota; that Seller has the requisite organizational power and authority to enter into this Purchase Agreement and
168. the Seller's closing documents signed by it; such documents have been duly authorized by all necessary action on
169. the part of Seller and have been duly executed and delivered; that the execution, delivery, and performance by Seller of
170. such documents do not conflict with or result in a violation of Seller's organizational documents or Bylaws or any judgment,
171. order, or decree of any court or arbiter to which Seller is a party; and that such documents are valid and binding obligations
172. of Seller, and are enforceable in accordance with their terms.
173. Seller will indemnify Buyer, its successors and assigns, against and will hold Buyer, its successors and assigns,
174. harmless from, any expenses or damages, including reasonable attorneys' fees, that Buyer incurs because of the
175. breach of any of the above representations and warranties, whether such breach is discovered before or after the date
176. of closing.
177. See attached *Addendum to Commercial Purchase Agreement: Due Diligence*, if any, for additional representations
178. and warranties.
179. **REPRESENTATIONS AND WARRANTIES OF BUYER:** If Buyer is an organized entity, Buyer represents and warrants
180. to Seller that Buyer is duly organized and is in good standing under the laws of the State of Minnesota; that Buyer is
181. duly qualified to transact business in the State of Minnesota; that Buyer has the requisite organizational power and
182. authority to enter into this Purchase Agreement and the Buyer's closing documents signed by it; such documents
183. have been duly authorized by all necessary action on the part of Buyer and have been duly executed and delivered;
184. that the execution, delivery, and performance by Buyer of such documents do not conflict with or result in a violation
185. of Buyer's organizational documents or Bylaws or any judgment, order, or decree of any court or arbiter to which Buyer
186. is a party; and that such documents are valid and binding obligations of Buyer, and are enforceable in accordance with
187. their terms. Buyer will indemnify Seller, its successors and assigns, against and will hold Seller, its successors and
188. assigns, harmless from, any expenses or damages, including reasonable attorneys' fees, that Seller incurs because
189. of the breach of any of the above representations and warranties, whether such breach is discovered before or after
190. the date of closing.

MNC:PA-4 (8/18)

COMMERCIAL PURCHASE AGREEMENT

191. Page 5 Date 11/12/2019

192. Property located at 5028 Miller Trunk Highway, Hermantown, MN, 55811

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

194. **CALCULATION OF DAYS:** Any calculation of days begins on the first day (calendar or Business Days as specified)
195. following the occurrence of the event specified and includes subsequent days (calendar or Business Days as specified)
196. ending at 11:59 P.M. on the last day.

197. **BUSINESS DAYS:** "Business Days" are days which are not Saturdays, Sundays, or state or federal holidays unless
198. stated elsewhere by the parties in writing.

199. **DEFAULT:** If Buyer defaults in any of the agreements here, Seller may cancel this Purchase Agreement, and any
200. payments made here, including earnest money, shall be retained by Seller as liquidated damages and Buyer and Seller
201. shall affirm the same by a written cancellation. In the alternative, Seller may seek all other remedies allowed by law.

202. If Buyer defaults in any of the agreements here, Seller may terminate this Purchase Agreement under the
203. provisions of either MN Statute 559.21 or MN Statute 559.217, whichever is applicable.

204. If this Purchase Agreement is not canceled or terminated as provided here, Buyer or Seller may seek actual damages
205. for breach of this Purchase Agreement or specific performance of this Purchase Agreement; and, as to specific
206. performance, such action must be commenced within six (6) months after such right of action arises.

207. **SUBJECT TO RIGHTS OF TENANTS, IF ANY, BUYER HAS THE RIGHT TO VIEW THE PROPERTY PRIOR TO**
208. **CLOSING TO ESTABLISH THAT THE PROPERTY IS IN SUBSTANTIALLY THE SAME CONDITION AS OF THE**
209. **DATE OF THIS PURCHASE AGREEMENT.**

210. **DISCLOSURE NOTICE:** If this Purchase Agreement includes a structure used or intended to be used as residential
211. property as defined under MN Statute 513.52, Buyer acknowledges Buyer has received a *Disclosure Statement: Seller's*
212. *Property Disclosure Statement* or *Disclosure Statement: Seller's Disclosure Alternatives* form.

213. **(Check appropriate boxes.)**

214. SELLER WARRANTS THAT THE PROPERTY IS EITHER DIRECTLY OR INDIRECTLY CONNECTED TO:

215. CITY SEWER YES NO / CITY WATER YES NO

216. SUBSURFACE SEWAGE TREATMENT SYSTEM

217. SELLER DOES DOES NOT KNOW OF A SUBSURFACE SEWAGE TREATMENT SYSTEM ON OR SERVING
-----*(Check one.)*-----

218. THE PROPERTY. (If answer is **DOES**, and the system does not require a state permit, see *Disclosure Statement:*
219. *Subsurface Sewage Treatment System.*)

220. PRIVATE WELL

221. SELLER DOES DOES NOT KNOW OF A WELL ON OR SERVING THE PROPERTY. (If answer is **DOES** and well
-----*(Check one.)*-----

222. is located on the Property, see *Disclosure Statement: Well.*)

223. To the best of Seller's knowledge, the Property IS IS NOT in a Special Well Construction Area.
-----*(Check one.)*-----

224. THIS PURCHASE AGREEMENT IS IS NOT SUBJECT TO AN ADDENDUM TO PURCHASE AGREEMENT:
-----*(Check one.)*-----

225. *SUBSURFACE SEWAGE TREATMENT SYSTEM AND WELL INSPECTION CONTINGENCY.*

226. (If answer is **IS**, see attached *Addendum.*)

227. **IF A WELL OR SUBSURFACE SEWAGE TREATMENT SYSTEM EXISTS ON THE PROPERTY, BUYER HAS**
228. **RECEIVED A DISCLOSURE STATEMENT: WELL AND/OR A DISCLOSURE STATEMENT: SUBSURFACE SEWAGE**
229. **TREATMENT SYSTEM.**

COMMERCIAL PURCHASE AGREEMENT

230. Page 6 Date 11/12/2019

231. Property located at 5026 Miller Trunk Highway, Hermantown, MN 55811

232. AGENCY NOTICE
233. Joseph H. Kleiman is [] Seller's Agent [x] Buyer's Agent [] Dual Agent [] Facilitator.
234. Kleiman Realty
235. Greg Follmer is [x] Seller's Agent [] Buyer's Agent [] Dual Agent [] Facilitator.
236. Follmer Commercial Real Estate

237. DUAL AGENCY DISCLOSURE: Dual agency occurs when one broker or salesperson represents both parties to a
238. transaction, or when two salespersons licensed to the same broker each represent a party to the transaction. Dual
239. agency requires the informed consent of all parties, and means that the broker or salesperson owes the same fiduciary
240. duties to both parties to the transaction. This role limits the level of representation the broker and salespersons can
241. provide, and prohibits them from acting exclusively for either party. In dual agency, confidential information about price,
242. terms, and motivation for pursuing a transaction will be kept confidential unless one party instructs the broker or
243. salesperson in writing to disclose specific information about him or her. Other information will be shared. Dual agents
244. may not advocate for one party to the detriment of the other.

245. CONSENT TO DUAL AGENCY
246. Broker represents both parties involved in the transaction, which creates a dual agency. This means that Broker and
247. its salespersons owe fiduciary duties to both parties. Because the parties may have conflicting interests, Broker and its
248. salespersons are prohibited from advocating exclusively for either party. Broker cannot act as a dual agent in this
249. transaction without the consent of both parties. Both parties acknowledge that
250. (1) confidential information communicated to Broker which regards price, terms, or motivation to buy, sell, or lease will
251. remain confidential unless the parties instruct Broker in writing to disclose this information. Other information will
252. be shared;
253. (2) Broker and its salespersons will not represent the interest of either party to the detriment of the other; and
254. (3) within the limits of dual agency, Broker and its salesperson will work diligently to facilitate the mechanics of the
255. sale.
256. With the knowledge and understanding of the explanation above, the parties authorize and instruct Broker and its
257. salespersons to act as dual agents in this transaction.
258. SELLER: N/A BUYER: N/A
259. By: By:
260. Its: Its:
261. (Date) (Date)
262. SELLER: N/A BUYER: N/A
263. By: By:
264. Its: Its:
265. (Date) (Date)

COMMERCIAL PURCHASE AGREEMENT

266. Page 7 Date 11/12/2019

267. Property located at 5028 Miller Trunk Highway, Excelsior, MN 55811
268. **SUCCESSORS AND ASSIGNS:** All provisions of this Purchase Agreement shall be binding on successors and assigns.
269. **CLOSING COSTS:** Buyer or Seller may be required to pay certain closing costs, which may effectively increase the
270. cash outlay at closing or reduce the proceeds from the sale.
271. **FOREIGN INVESTMENT IN REAL PROPERTY TAX ACT ("FIRPTA"):** Section 1445 of the Internal Revenue Code
272. provides that a transferee ("Buyer") of a United States real property interest must be notified in writing and must withhold
273. tax if the transferor ("Seller") is a foreign person and no exceptions from FIRPTA withholding apply. Buyer and Seller
274. agree to comply with FIRPTA requirements under Section 1445 of the Internal Revenue Code.
275. Seller shall represent and warrant, under the penalties of perjury, whether Seller is a "foreign person" (as the same
276. is defined within FIRPTA), prior to closing. Any representations made by Seller with respect to this issue shall survive
277. the closing and delivery of the deed.
278. Buyer and Seller shall complete, execute, and deliver, on or before closing, any instrument, affidavit, or statement
279. reasonably necessary to comply with the FIRPTA requirements, including delivery of their respective federal taxpayer
280. identification numbers or Social Security numbers.
281. Due to the complexity and potential risks of failing to comply with FIRPTA, including the Buyer's responsibility for
282. withholding the applicable tax, Buyer and Seller should **seek appropriate legal and tax advice regarding FIRPTA**
283. **compliance, as the respective licensees representing or assisting either party will be unable to assure either**
284. **party whether the transaction is exempt from FIRPTA withholding requirements.**
285. **NOTE:** MN Statute 500.221 establishes certain restrictions on the acquisition of title to agricultural land by aliens and
286. non-American corporations. Please seek appropriate legal advice if this Purchase Agreement is for the sale
287. of agricultural land and Buyer is a foreign person.
288. **ACCEPTANCE DEADLINE:** This offer to purchase, unless accepted sooner, shall be withdrawn at 11:59 P.M.,
289. _____, 20_____, and in such event all earnest money shall be returned to Buyer.
290. **CONDEMNATION:** If, prior to the closing date, condemnation proceedings are commenced against all or any part
291. of the Property, Seller or licensee representing or assisting Seller, shall immediately give written notice to Buyer, or
292. licensee representing or assisting Buyer, of such fact and Buyer may, at Buyer's option (to be exercised within thirty (30)
293. days after Seller's notice), declare this Purchase Agreement canceled by written notice to Seller or licensee representing
294. or assisting Seller, in which case this Purchase Agreement is canceled and neither party shall have further obligations
295. under this Purchase Agreement. In the event Buyer declares the Purchase Agreement canceled, Buyer and Seller
296. shall immediately sign a written cancellation confirming such cancellation and directing all earnest money paid
297. here to be refunded to Buyer. If Buyer fails to give such written notice, then Buyer shall be bound to proceed with
298. closing, subject to any other contingencies to this Purchase Agreement. In such event, there shall be no reduction in
299. the purchase price, and Seller shall assign to Buyer at the closing date all of Seller's rights, title, and interest in and to
300. any award made or to be made in the condemnation proceedings. Prior to the closing date, Seller shall not designate
301. counsel, appear in, or otherwise act with respect to, the condemnation proceedings without Buyer's prior written consent.
302. **MUTUAL INDEMNIFICATION:** Seller and Buyer agree to indemnify each other against, and hold each other harmless
303. from, all liabilities (including reasonable attorneys' fees in defending against claims) arising out of the ownership,
304. operation, or maintenance of the Property for their respective periods of ownership. Such rights to indemnification will
305. not arise to the extent that (a) the party seeking indemnification actually receives insurance proceeds or other cash
306. payments directly attributable to the liability in question (net of the cost of collection, including reasonable attorneys'
307. fees); or (b) the claim for indemnification arises out of the act or neglect of the party seeking indemnification. If, and
308. to the extent that, the indemnified party has insurance coverage, or the right to make claim against any third party for
309. any amount to be indemnified against, as set forth above, the indemnified party will, upon full performance by the
310. indemnifying party of its indemnification obligations, assign such rights to the indemnifying party or, if such rights are
311. not assignable, the indemnified party will diligently pursue such rights by appropriate legal action or proceeding and
312. assign the recovery and/or right of recovery to the indemnifying party to the extent of the indemnification payable made
313. by such party.

COMMERCIAL PURCHASE AGREEMENT

314. Page 8 Date 11/12/2019

315. Property located at 5028 Miller Trunk Highway, Hermantown, MN 55811
316. **ENTIRE AGREEMENT:** This Purchase Agreement and any addenda or amendments signed by the parties shall
317. constitute the entire agreement between Buyer and Seller. Any other written or oral communication between Buyer and
318. Seller, including, but not limited to, e-mails, text messages, or other electronic communications are not part of this
319. Purchase Agreement. This Purchase Agreement can be modified or canceled only in writing signed by Buyer and
320. Seller or by operation of law. All monetary sums are deemed to be United States currency for purposes of this Purchase
321. Agreement.
322. **ELECTRONIC SIGNATURES:** The parties agree the electronic signature of any party on any document related to this
323. transaction constitute valid, binding signatures.
324. **FINAL ACCEPTANCE:** To be binding, this Purchase Agreement must be fully executed by both parties and a copy
325. must be delivered.
326. **SURVIVAL:** All warranties and representations in this Purchase Agreement shall survive the delivery of the deed or
327. contract for deed and be enforceable after the closing.
328. **OTHER:**
329. **Seller to provide as due diligence items to the Buyer: Any items in the**
330. **Seller's possession to include existing title insurance policy, lease**
331. **agreement and amendments, as built site plan, survey,**
332. **Phase I environmental audit, Phase II environmental investigation, or**
333. **any other documents that pertain to the sale of the property.**
334. **Closing costs: Seller responsible for the following expenses at**
335. **closing: State Deed Tax, Warranty Deed Preparation, recording of**
336. **mortgage satisfaction, title commitment, as well as 50% of expense of**
337. **closing fee charged by First American Title, Co. Buyer responsible for**
338. **normal buyer closing costs, title insurance policy, appraisal, mortgage**
339. **registration tax, 50% of expense of closing fee charged by First**
340. **American Title, Co. and any other closing fees the Buyer might incur.**
341. **It is understood that the property is currently exempt from real estate**
342. **taxes. Seller is responsible for payment of any real estate taxes due**
343. **in the year of closing.**
344. **Buyer to obtain financing with Bremer Bank.**
- 345.
- 346.

MNC:PA-8 (8/18)

COMMERCIAL PURCHASE AGREEMENT

347. Page 9 Date 11/12/2019

348. Property located at 5028 Miller Trunk Highway, Hermantown, MN 55811

349. **ADDENDA: Attached addenda are a part of this Purchase Agreement.**

350. If checked, this Purchase Agreement is subject to
351. attached **Addendum to Commercial Purchase**
352. **Agreement: Counteroffer.**

353. **FIRPTA:** Seller represents and warrants, under penalty
354. of perjury, that Seller IS IS NOT a foreign person (i.e., a
-----*(Check one.)*-----
355. non-resident alien individual, foreign corporation, foreign
356. partnership, foreign trust, or foreign estate for purposes
357. of income taxation. (*See lines 271-284.*) This representation
358. and warranty shall survive the closing of the transaction
359. and the delivery of the deed.

360. **SELLER**

361. Hermantown Economic Development Association

362. By: _____

363. Its: _____
(Title)

364. _____
(Date)

BUYER

Kevin J. Pietrusa

By: _____

Its: _____
(Title)

(Date)

365. **SELLER**

366. _____

367. By: _____

368. Its: _____
(Title)

369. _____
(Date)

BUYER

By: _____

Its: _____
(Title)

(Date)

370. **FINAL ACCEPTANCE DATE:** _____ The Final Acceptance Date
371. is the date on which the fully executed Purchase Agreement is delivered.

372. **THIS IS A LEGALLY BINDING CONTRACT BETWEEN BUYER(S) AND SELLER(S).**
373. **IF YOU DESIRE LEGAL OR TAX ADVICE, CONSULT AN APPROPRIATE PROFESSIONAL.**

374. **THIS MINNESOTA ASSOCIATION OF REALTORS® COMMERCIAL PURCHASE AGREEMENT IS NOT**
375. **DESIGNED TO BE AND IS NOT WARRANTED TO BE INCLUSIVE OF ALL ISSUES SELLER AND BUYER**
376. **MAY WISH TO ADDRESS, AND EITHER PARTY MAY WISH TO MODIFY THIS PURCHASE AGREEMENT**
377. **TO ADDRESS STATUTORY OR CONTRACTUAL MATTERS NOT CONTAINED IN THIS FORM.**
378. **BOTH PARTIES ARE ADVISED TO SEEK THE ADVICE OF AN ATTORNEY TO ENSURE**
379. **THIS CONTRACT ADEQUATELY ADDRESSES THAT PARTY'S RIGHTS.**



WIRE FRAUD ALERT



Internet fraud — the use of Internet services or software with Internet access to defraud victims — is on the rise in real estate transactions.

THESE SOPHISTICATED CRIMINALS COULD:

- **HACK INTO YOUR E-MAIL ACCOUNT** or the e-mail of others involved in your real estate transaction and may direct you to wire money to the hacker's account.
- **SEND FRAUDULENT E-MAILS** that appear to be from your real estate licensee, lender, or closing agent.
- **CALL YOU** claiming they have revised wiring instructions.

Buyers/Tenants and Sellers/Owners are advised to:

- (1) Never wire funds without confirming the wiring instructions directly with the intended recipient.
- (2) Verify that the contact information for the wire transfer recipient is legitimate by calling a known phone number for the broker or closing agent. Do not rely on the information given to you in an e-mail communication.
- (3) Never send personal information through unsecured/unencrypted e-mail.

If you suspect wire fraud in your transaction:

- (1) Immediately notify your bank, closing agent, and real estate licensee.
- (2) File a complaint online at the Internet Crime Complaint Center (IC3) at <http://www.ic3.gov>.

The undersigned acknowledge receipt of this wire fraud alert and understand the importance of taking proactive measures to avoid being a victim of wire fraud in a real estate transaction.

(Signature)

(Date)

(Signature)

(Date)

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**ADDENDUM TO COMMERCIAL
PURCHASE AGREEMENT:
DUE DILIGENCE**

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1. Date 11/12/2019

2. Page 1

3. Addendum to Purchase Agreement between parties, dated November 12th 20 19
4. pertaining to the purchase and sale of the Property at 5028 Miller Trunk Highway, Hermantown, MN.55811

5. _____
6. In the event of a conflict between this Addendum and any other provision of the Purchase Agreement the language in
7. this Addendum shall govern.

8. This Purchase Agreement is contingent upon Buyer's reasonable approval of due diligence matters as agreed to in
9. this Addendum.

10. Title and examination and title corrections and remedies are excluded from this Addendum and shall be handled in
11. accordance with terms specified in the Examination of Title and Title Corrections and Remedies section of this Purchase
12. Agreement.

13. Buyer shall satisfy himself/herself/itself with respect to the physical condition of the Property and the feasibility and
14. suitability of the Property for Buyer's intended purpose within the respective time period(s) specified herein. Buyer
15. acknowledges that any information provided by Seller, a third party, or broker representing or assisting Seller regarding
16. dimensions, square footage, or acreage of land or improvements is approximate. Buyer shall verify the accuracy of
17. information to Buyer's satisfaction, at Buyer's sole cost and expense.

18. Buyer may declare this Purchase Agreement canceled by providing written notice to Seller, or licensee representing
19. or assisting Seller, within the respective time period(s) specified herein, in which case this Purchase Agreement is
20. canceled. Buyer and Seller shall immediately sign a written cancellation confirming said cancellation and directing all
21. earnest money paid hereunder to be refunded to Buyer, unless provided otherwise in this Purchase Agreement.

22. Buyer's failure to give written notice of cancellation of this Purchase Agreement, within the respective time period(s)
23. specified herein shall conclusively be deemed Buyer's election to proceed with the transaction without correction of any
24. disapproved items that Seller has not agreed in writing to correct or remedy.

25. **Buyer's Responsibility Regarding Due Diligence:** Buyer shall keep the Property free and clear of all liens, shall
26. indemnify, defend, and hold Seller harmless from all liability, claims, demands, damages, costs or expenses, incurred
27. by Seller by reason of any physical damage to the Property or injury to persons caused by Buyer or its agents or
28. contractors in exercising its rights under this Addendum, and shall return the Property to the same condition it was in
29. prior to Buyer's testing. Buyer shall not disturb any tenants, employees or occupants of the Property.

30. **Seller's Responsibility Regarding Due Diligence:** Seller agrees to allow reasonable access to the Property for
31. performance of any surveys, due diligence or inspections agreed to herein. Seller understands that the inspections
32. may require that all utilities be on and the Seller is responsible for providing same at Seller's expense. If the Property
33. is occupied by someone other than Owner, Owner shall comply with Minnesota law and existing Owner's lease, if any,
34. to provide tenant with proper notice in advance of any Property showing.

35. **A. ENVIRONMENTAL ASSESSMENTS/INSPECTIONS:**

36. (i) **Phase I:** This Purchase Agreement IS IS NOT contingent upon BUYER SELLER
37. _____(Check one.)_____

37. obtaining a Phase I environmental site assessment of the Property at BUYER'S SELLER'S expense
38. _____(Check one.)_____

38. within _____ days of Final Acceptance Date of this Purchase Agreement.

39. Buyer shall provide reasonable approval of the Phase I environmental site assessment within

40. _____ days of either:

41. (a) Final Acceptance Date of this Purchase Agreement if the Phase I environmental site assessment is
42. obligated to be obtained by Buyer; or

43. (b) receipt of the Phase I environmental site assessment if Seller is obligated to obtain.

**ADDENDUM TO COMMERCIAL
PURCHASE AGREEMENT:
DUE DILIGENCE**

44. Page 2

45. Property located at 5028 Miller Trunk Highway, Hermantown, MN.55811

46. (ii) **Phase II:** This Purchase Agreement IS IS NOT contingent upon BUYER SELLER
47. obtaining a Phase II environmental site assessment of the Property at BUYER SELLER
48. expense within _____ days of Final Acceptance Date of this Purchase Agreement.
49. Buyer shall provide reasonable approval of the Phase II environmental site assessment within
50. _____ days of either:
51. (a) Final Acceptance Date of this Purchase Agreement if the Phase II environmental site assessment is
52. obligated to be obtained by Buyer; or
53. (b) receipt of the Phase II environmental site assessment if Seller is obligated to obtain.

54. (iii) **Other Testing:** This Purchase Agreement IS IS NOT contingent upon BUYER SELLER
55. obtaining other Intrusive Testing of the Property at BUYER'S SELLER'S expense within
56. _____ days of Final Acceptance Date of this Purchase Agreement.
57. Buyer shall provide reasonable approval of the assessment/inspection within
58. _____ days of either:
59. (a) Final Acceptance Date of this Purchase Agreement if the assessment/inspection is obligated to be obtained
60. by Buyer; or
61. (b) receipt of the assessment/inspection if Seller is obligated to obtain.

62. For purposes of this form, "Intrusive Testing" shall mean any testing, inspection(s) or investigation(s) that
63. changes the Property from its original condition or otherwise damages the Property.

64. Buyer SHALL SHALL NOT be required to provide Seller with a copy of any assessment/inspection
65. reports obtained by Buyer.

66. (iv) **Seller's Representations on Environmental Concerns:** To the best of Seller's knowledge, there are no
67. hazardous substances or underground storage tanks except herein noted:
68. _____
69. _____
70. _____

71. **B. GOVERNMENTAL APPROVAL:** The following items, if applicable, shall be completed within
72. _____ days of Final Acceptance Date of this Purchase Agreement.

73. (i) This Purchase Agreement IS IS NOT contingent upon Buyer obtaining approval of governing body of
74. development or subdivision plans, as described below, at BUYER SELLER expense. If IS, Seller shall
75. cooperate with Buyer to obtain such approval.

77. (ii) This Purchase Agreement IS IS NOT contingent upon Buyer obtaining approval of governing body for
78. rezoning or use permits, as described below, at BUYER SELLER expense. If IS, Seller shall
79. cooperate with Buyer to obtain such approval.

80. _____
81. _____

**ADDENDUM TO COMMERCIAL
PURCHASE AGREEMENT:
DUE DILIGENCE**

82. Page 3

83. Property located at 5028 Miller Trunk Highway, Hermantown, MN.55811
84. **C. OTHER CONTINGENCIES:** This Purchase Agreement is contingent upon Buyer's reasonable approval of the
85. following items, if checked. Buyer shall approve the items within 30 days of either:
86. (a) Final Acceptance Date of this Purchase Agreement if Buyer is obligated to obtain the item; or
87. (b) receipt of the item if Seller is obligated to obtain the item.
88. *(Select appropriate options i-vi.)*
89. (i) BUYER SELLER obtaining a certificate of survey of the Property, at BUYER SELLER
90. (Check one.) expense. (Check one.)
91. (ii) BUYER SELLER obtaining soil tests which indicate that the Property may be improved without
92. (Check one.) extraordinary building methods or costs, at BUYER SELLER expense.
(Check one.)
93. (iii) BUYER SELLER obtaining copies of all covenants, reservations and restrictions affecting the Property,
94. (Check one.) at BUYER SELLER expense.
(Check one.)
95. (iv) BUYER SELLER obtaining and approving copies of Association documents at BUYER SELLER
96. (Check one.) expense. (Check one.)
97. (v) Buyer obtaining from Seller copies of all documents in Seller's possession or control relating to the rights
98. of tenants, including but not limited to, rent rolls, leases, common area maintenance fees, and estoppel
99. certificates.
100. Seller assigns all right, title, and interest in and to the tenant security deposits and the interest earned, if
101. any, and credited thereon (collectively, the Security Deposits) for the Property at closing. Seller warrants
102. that the Security Deposits being assigned are all of the Security Deposits being held for tenants at the
103. Property. Seller shall, immediately after closing, notify tenant of the Security Deposit transfer and of Buyer's
104. name and address as required under MN Statute 504B.178, Subd. 5. Buyer agrees to hold and apply all
105. of the Security Deposits in accordance with the terms of the leases of the Property pursuant to MN Statute
106. 504B.178 and indemnify and agree to hold and defend Seller, its legal representatives, successors and
107. assigns harmless from and against any and all claims, actions, suits, proceedings, demands, assessments,
108. judgments, liabilities and costs including, without limitation, reasonable attorney's fees and expenses of
109. any kind whatsoever, arising from and after the date of closing asserted by said tenants or any person or
110. persons claiming under any of them with respect to any of the Security Deposits.
111. (vi) Buyer obtaining from Seller copies of all permits applicable to the Property, operating statements for the
112. last _____ years, vendor contracts, and any other documents in Seller's possession or
113. control and relating to the Property.
114. Buyer acknowledges that Seller makes no representations or warranties by providing any documents to
115. Buyer. Buyer agrees to return all such documents to Seller upon Seller's written request.

**ADDENDUM TO COMMERCIAL
PURCHASE AGREEMENT:
DUE DILIGENCE**

116. Page 4

117. Property located at 5028 Miller Trunk Highway, Hermantown, MN 55811

118. **D. BUYER INVESTIGATIONS:** This Purchase Agreement **IS** **IS NOT** contingent upon Buyer's investigations
-----*(Check one.)*-----
119. of the Property for Buyer to satisfy himself/herself/itself with respect to the physical condition of the Property and
120. the feasibility and suitability of the Property for Buyer's intended purpose. Any Buyer investigations shall be
121. completed within 30 days of Final Acceptance Date of this Purchase
122. Agreement. All Buyer investigations shall be at Buyer's sole cost and expense.

123. **SELLER**

BUYER

124. _____

125. By: Hermantown Economic Development Association

By: Kevin J. Pietrusa/or assigns

126. Its: _____
(Title)

Its: _____
(Title)

127. _____
(Date)

(Date)

128. **SELLER**

BUYER

129. _____

130. By: _____

By: _____

131. Its: _____
(Title)

Its: _____
(Title)

132. _____
(Date)

(Date)

133. **THIS IS A LEGALLY BINDING CONTRACT BETWEEN BUYER(S) AND SELLER(S).**
134. **IF YOU DESIRE LEGAL OR TAX ADVICE, CONSULT AN APPROPRIATE PROFESSIONAL.**

COMMERCIAL PURCHASE AGREEMENT

347. Page 9 Date 11/12/2019

348. Property located at 5020 Hillier Trunk Highway, Sartanov, WI 53011

349. **ADDENDA:** Attached addenda are a part of this Purchase Agreement.

350. If checked, this Purchase Agreement is subject to
351. attached *Addendum to Commercial Purchase*
352. *Agreement: Counteroffer.*

353. **FIRPTA:** Seller represents and warrants, under penalty
354. of perjury, that Seller IS IS NOT a foreign person (i.e., a
 ----(Check one.)----
355. non-resident alien individual, foreign corporation, foreign
356. partnership, foreign trust, or foreign estate for purposes
357. of income taxation. (See lines 271-284.) This representation
358. and warranty shall survive the closing of the transaction
359. and the delivery of the deed.

360. **SELLER**

361. Bermantown Economic Development Association

362. By: _____

363. Its: _____
(Title)

364. _____
(Date)

365. **SELLER**

366. _____

367. By: _____

368. Its: _____
(Title)

369. _____
(Date)

BUYER

Kevin J. Pietrusa

By: *Kevin J. Pietrusa*

Its: _____
(Title)

11/13/19
(Date)

BUYER

By: _____

Its: _____
(Title)

(Date)

370. **FINAL ACCEPTANCE DATE:** _____ The Final Acceptance Date
371. is the date on which the fully executed Purchase Agreement is delivered.

372. **THIS IS A LEGALLY BINDING CONTRACT BETWEEN BUYER(S) AND SELLER(S).**
373. **IF YOU DESIRE LEGAL OR TAX ADVICE, CONSULT AN APPROPRIATE PROFESSIONAL.**

374. **THIS MINNESOTA ASSOCIATION OF REALTORS® COMMERCIAL PURCHASE AGREEMENT IS NOT**
375. **DESIGNED TO BE AND IS NOT WARRANTED TO BE INCLUSIVE OF ALL ISSUES SELLER AND BUYER**
376. **MAY WISH TO ADDRESS, AND EITHER PARTY MAY WISH TO MODIFY THIS PURCHASE AGREEMENT**
377. **TO ADDRESS STATUTORY OR CONTRACTUAL MATTERS NOT CONTAINED IN THIS FORM.**
378. **BOTH PARTIES ARE ADVISED TO SEEK THE ADVICE OF AN ATTORNEY TO ENSURE**
379. **THIS CONTRACT ADEQUATELY ADDRESSES THAT PARTY'S RIGHTS.**

WIRE FRAUD ALERT



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- **HACK INTO YOUR E-MAIL ACCOUNT** or the e-mail of others involved in your real estate transaction and may direct you to wire money to the hacker's account.
- **SEND FRAUDULENT E-MAILS** that appear to be from your real estate licensee, lender, or closing agent.
- **CALL YOU** claiming they have revised wiring instructions.

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- (2) Verify that the contact information for the wire transfer recipient is legitimate by calling a known phone number for the broker or closing agent. Do not rely on the information given to you in an e-mail communication.
- (3) Never send personal information through unsecured/unencrypted e-mail.

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- (1) Immediately notify your bank, closing agent, and real estate licensee.
- (2) File a complaint online at the Internet Crime Complaint Center (IC3) at <http://www.ic3.gov>.

The undersigned acknowledge receipt of this wire fraud alert and understand the importance of taking proactive measures to avoid being a victim of wire fraud in a real estate transaction.

 11/13/19
(Signature) (Date)

(Signature) (Date)

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Luke McGregor
Little Newtons
12325 Hwy 55
Plymouth, MN 55441

02/10/20

Greg Follmer
5028 Miller Trunk
Hermantown, MN
Woodbury, MN 55811

Delivered via email to: Greg Follmer – gregfollmer@gmail.com

RE: ACQUISITION OF 5028 MILLER TRUNK HWY, HERMANTOWN, MN

Dear Greg:

This letter is to constitute a Letter Of Intent (LOI) with respect to the proposed acquisition by client, **LITTLE NEWTON'S** ("Purchaser"), or its assignee as permitted in accordance with the agreement (defined below), of the property commonly known as **5028 MILLER TRUNK HWY, HERMANTOWN MN 55811** (hereinafter the "Property" from the current recorded title holder of the property ("Seller"). Purchaser proposes to acquire all 2.35 acres of this parcel including the improved building and parking area.

Based upon information furnished to Purchaser by Seller and other information received by Purchaser, Purchaser would be interested in pursuing the proposed transaction on the terms and conditions described herein:

- A. **AGREEMENT:** Within fifteen (15) days after the execution of this Letter Of Intent, Seller's counsel shall prepare and deliver to Seller a definitive agreement (the "Agreement") covering, among other items, the following terms, types of representations, warranties, covenants, conditions and provisions, holdbacks or escrows, if any, together with any ancillary documents necessary to accomplish the transaction and appropriate exhibits disclosing requested information, all of which must be, as to form and substance, mutually satisfactory and acceptable to the parties hereto.
1. **Form of Transaction:** Purchaser shall acquire fee simple title to the Property and title to all improvements located thereon unencumbered by any mortgage or trust deeds.
 2. **Purchase Price:** Purchaser shall purchase the 12,000 SF building and accompanying land of approximately two point three five (2.35) acres for a total purchase price of **Five Hundred Fifty-Six Thousand, Nine Hundred and Thirty-five and 00/100 Dollars (\$556,935.00)**.
 3. **Earnest Money:** Within ten (10) business days from the execution of the Agreement by Purchaser and Seller, Purchaser shall deliver an earnest money deposit in the amount of fifteen thousand dollars and 00/100 Dollars (\$15,000.00), to be held by a mutually agreeable escrow agent in an interest-bearing account with interest for the benefit of Purchaser. The Earnest Money together with interest thereon shall be applied to the Purchase Price at closing and shall otherwise be governed by the terms of the Agreement. The Agreement shall provide that the Earnest Money will be forfeited as liquidated damages, and as Seller's sole remedy, in the event that Purchaser defaults under the

terms of the Agreement and that the Earnest Money will be returned to Buyer in the event Buyer terminates the Agreement.

4. **Due Diligence:** For a period of ninety (90) days with an option to extend it by sixty (60) days, which shall be completed after the date of execution of the Agreement by Purchaser and Seller, Seller shall afford to Purchaser and its accountants, counsel, inspectors, engineers and other representatives, reasonable access to the Property for the purpose of making inspections, investigations and testing of the Property, subject to the rights of the existing tenant, and to interview such personnel as Purchaser reasonably requests. Seller shall furnish to Purchaser within two (2) weeks from the date of this letter copies of all information concerning the Property for the purpose of making such accounting review, legal and audit investigation or examination and conducting such inspections or tests deemed desirable by Purchaser. The information from Seller shall include, without limitation, the existing title insurance policy for the Property, an ALTA survey of the Property and a Phase I Environmental Site Assessment for the Property as well as a detailed document disclosing all improvements to the Land site to-date. Any information and documentation treated as confidential by Seller and so marked at the time of delivery to Purchaser or its representatives shall be kept confidential by Purchaser and its representatives, except to the extent that (i) it was already known to Purchaser or such representatives or was available to Purchaser on a non-confidential basis when received; (ii) it hereafter becomes lawfully obtainable from other sources; or (iii) it is disclosed by Seller in any document filed with any government agency or authority and available for public inspection. During this due diligence period, Purchaser shall have the right to terminate the Agreement for any reason, in Purchaser's sole discretion, and thereupon the Earnest Money shall be immediately returned to Purchaser.
5. **Closing:** The closing of the transaction shall take place thirty (30) days after the expiration of the Due Diligence period, or on such other date as the parties may agree.
6. **Representation and Warranties:** Seller and Purchaser shall make appropriate standard and customary representations and warranties mutually agreeable to the parties, consistent with an "as-is" sale.
7. **Closing Conditions:** The obligation of Purchaser to consummate the Agreement shall be subject to the following types of conditions existing on the closing date:
 - a) **No Adverse Change; Representations; Covenants:** No material adverse change shall have occurred in the Property and/or tenancy.
 - b) **Development will be Underway:** Payments to acquire the pad will not be made until developments are approved and underway.
 - c) **Title Insurance:** Title to the Property shall be in such condition as shall be approved by Purchaser. Title insurance in amounts and issued by a company acceptable to Purchaser shall be furnished by Seller. The amount of title insurance to be provided by Seller to Purchaser shall not exceed the Purchase Price. Seller shall have no obligation to remove any of the existing easements which are currently memorials on the certificates of title issued for the Property.

- d) **Prorations:** Taxes shall be prorated between the parties to the date of closing. Seller shall pay all levied and pending special assessments for the Property.
 - e) **Estoppel:** If appropriate, Seller shall deliver to Purchaser an estoppel certificate in form and content acceptable to Purchaser executed by the tenants of the Property.
- B. **EXPENSES:** Each party shall bear its own legal and accounting expenses in connection with this transaction, and Purchaser shall bear its own expenses for any and all investigations and inspections during the due diligence period. Seller shall pay: (a) standard insurance policy (except Purchaser shall pay for any endorsements required by Purchaser); (b) Seller to provide an ALTA survey and Phase I ESA (c) payment of state, county and local transfer taxes. Purchaser shall pay all fees and costs shall be paid by the party ordering or requesting the service.
- C. **EXCLUSIVITY:** Unless negotiations between Purchaser and Seller are terminated, Seller will not solicit, negotiate, act upon or entertain in any way an offer from any other person or entity to purchase any of the Property. Seller agrees to promptly (within twenty-four (24) hours) notify Purchaser upon the receipt by Seller of any unsolicited competing offer in respect of such a purchaser.
- D. **BROKERS:** The parties shall represent and warrant to each other that they have dealt with no brokers other than Little Newtons representing itself as the Purchaser. The Buyer Greg Follmer is representing the Seller of **5028 MILLER TRUNK HWY, HERMANTONW MN 55811** , and each party shall indemnify the other from any brokerage commission or fee claimed by any other broker resulting from the actions of the respective parties.
- E. **LIMITED REVIEW; APPROVAL:** The parties acknowledge and agree that Purchaser has conducted only a limited review of the Property to date, and that the foregoing is subject to Purchaser being satisfied with the full legal, accounting, financial, planning and zoning and environmental due diligence investigation to be performed by it and its representatives, and to the approval of Purchaser. This acquisition is contingent on City approval, which shall include a Conditional Use Permit (CUP).
- F. **OTHER PROVISIONS:** This Letter of Intent is merely a guide to the preparation of a mutually satisfactory Purchase and Sale Agreement (PSA). Nothing herein shall be construed to preclude other provisions consistent with the financial terms of the transaction from being inserted in the Agreement at the request of either party, provided the other party agrees.
- G. **NON-ENFORCEABILITY:** Except for the obligations of Seller in Paragraph A (4) and C above, this Letter of Intent is not a binding agreement and neither party hereto shall have any liability or obligation to the other nor any rights against the other party under this Letter of Intent. This Letter of Intent shall terminate without liability to either party hereto upon the occurrence of any one of the following, regardless of the reason therefore; (i) all parties are unable to agree upon all terms, representations, warranties, covenants, conditions and provisions of the Agreement pursuant to Section A, above as to form and substance; or (ii) Purchaser submits written notification to Seller by certified mail of its abandonment of the uncontested proposed transaction.

If the terms and conditions set forth above are acceptable to you, please have your client sign below:

Seller Signature:

Date:

Buyer Signature:

Date:

Sincerely,

Luke McCreogr,
VP of M&A – Little Newtons
517-420-4106
Luke@lnnest.com

This letter/proposal is intended solely as a preliminary expression of general intentions and is to be used for discussion purposes only. The parties intend that neither shall have any contractual obligations to the other with respect to the matters referred herein unless and until a definitive agreement has been fully executed and delivered by the parties. The parties agree that this letter/proposal is not intended to create any agreement or obligation by either party to negotiate a definitive lease/purchase and sale agreement and imposes no duty whatsoever on either party to continue negotiations, including without limitation any obligation to negotiate in good faith or in any way other than at arm's length. Prior to delivery of a definitive executed agreement, and without any liability to the other party, either party may (1) propose different terms from those summarized herein, (2) enter into negotiations with other parties and/or (3) unilaterally terminate all negotiations with the other party hereto.