

EXHIBIT 1

EASEMENT PURCHASE AGREEMENT

1. **PARTIES.** This Easement Purchase Agreement (this “Agreement”) is made on _____, 2017, by and between VERSO MINNESOTA WISCONSIN LLC, a limited liability company under the laws of the State of Delaware (“Seller”), and the City of Duluth, a municipal corporation under the laws of the State of Minnesota (“Buyer”).
2. **SALE OF EASEMENT.** Buyer offers to purchase and Seller agrees to sell a 14-foot-wide easement for public recreational, walkway and trail purposes (the “Easement”) over, upon, across and along a portion of Seller’s real property located at 4920 Recycle Way, Duluth, Minnesota (the “Verso Property”), which Easement shall be documented in the form substantially as set forth in the Duluth Cross City Trail Easement Agreement attached as Exhibit B (hereinafter referred to as the “Easement Agreement”). The exact location of the Easement shall be determined by the parties as set forth in Section 6.D. below, but the general location is depicted in the attached Exhibit A.
3. **PURCHASE PRICE.** The purchase price for the Easement, which Buyer shall pay to Seller at Closing, shall be the total sum of the following (the “Purchase Price”):
 - A. The purchase price paid by Seller (which shall be equal to fair market value as determined by the Minnesota Department of Transportation (“MnDOT”)) to acquire from MnDOT the land highlighted in green on the attached Exhibit C.
 - B. The purchase price paid by Seller (which shall be equal to fair market value as determined by MnDOT) to acquire from MnDOT any land adjacent to or underlying the portion of Recycle Way highlighted in purple on the attached Exhibit C as outlined in Section 5.C. below.
 - C. A mutually agreed upon dollar amount, intended for Seller to improve and extend its existing parking lot adjacent to, and into some or all of the areas highlighted in _____ on the attached Exhibit C, based on estimates obtained by Seller (the “Improvement Costs”). The scope of the improvements to be included in the Improvement Costs shall be negotiated between Seller and Buyer.
4. **MARKETABLE TITLE.** At Closing, Seller and Buyer shall execute the Easement Agreement. Seller shall grant the Easement, subject to:
 - A. Reservations of minerals or mineral rights by the State of Minnesota, if any;
 - B. Building and zoning laws, ordinances, and state and federal regulations; and
 - C. Any other matters consented to by Buyer in writing (the “Permitted Exceptions”).
5. **SELLER OBLIGATIONS PRIOR TO CLOSING.** Seller shall use its reasonable best efforts and take all necessary steps to diligently accomplish the following prior to Closing (collectively, the “Pre-Closing Requirements”):

- A. The purchase of the land highlighted in green on the attached Exhibit C from MnDOT. Seller understands that Buyer may need to establish permanent utility easements within the land highlighted in green prior to the conveyance of such land by MnDOT to Seller.
 - B. Seller will request its lenders provide signed, recordable release(s) for land highlighted in orange on the attached Exhibit C and consummate the sale thereof to MnDOT.
 - C. Obtain from the City of Duluth a street vacation of the portion of Recycle Way highlighted in purple on the attached Exhibit C. If necessary, Seller will first acquire from MnDOT any adjacent or underlying land necessary to vest title (post-vacation) to the land highlighted in purple in Seller. Buyer shall pay or have waived the followings costs associated with the vacation: application fee, recording fees, survey costs.
 - D. Obtain estimates for the Improvement Costs and provide copies of the estimates to Buyer.
6. CONTINGENCIES. The obligation of Buyer to purchase the Easement shall be contingent upon the following:
- A. Seller shall have satisfied the Pre-Closing Requirements. If Seller fails to satisfy the Pre-Closing Requirements by _____, or fails to diligently pursue satisfaction of the Pre-Closing Requirements (as determined by Buyer in its sole discretion), Buyer may terminate this Agreement by delivering written notice to Seller. Upon such termination, neither party shall have any further rights or obligations under this Agreement, except for those which expressly survive termination.
 - B. Buyer shall have determined that it is satisfied, in its sole discretion, with the results of matters disclosed by Buyer's investigation of Seller's title to the Easement Area. If this contingency has not been satisfied in Buyer's sole discretion on or before the Closing, then this Agreement may be terminated, at Buyer's option, by written notice from Buyer to Seller. Upon such termination, neither party shall have any further rights or obligations under this Agreement, except for those which expressly survive termination.
 - C. Buyer shall have determined that it is satisfied, in its sole discretion, with the results of matters disclosed by any survey or by any environmental/engineering investigation or testing of the Easement Area (defined below) performed by Buyer or Buyer's agent. Upon reasonable notice to the Seller, Buyer and Buyer's authorized agents shall have the right during the period from the date of this Agreement to the Closing Date to enter upon the Verso Property to examine the Easement Area and the condition thereof and to conduct any surveys and to make any engineering and other inspections, tests and studies as Buyer determines to be

reasonably necessary, all at Buyer's sole cost and expense. Buyer will conduct all examinations and surveys in a manner that will not harm or damage the Verso Property or cause any claim adverse to Seller, and will restore the Verso Property to its condition prior to any examinations or surveys immediately after conducting the same. If this contingency has not been satisfied in Buyer's sole discretion on or before the Closing, then this Agreement may be terminated, at Buyer's option, by written notice from Buyer to Seller. Upon such termination, neither party shall have any further rights or obligations under this Agreement, except for those which expressly survive termination.

D. Buyer and Seller shall have agreed to a legal description describing the exact location of the Easement (the "Easement Area"). Buyer, at Buyer's expense, shall have the Easement Area surveyed and a legal description created.

E. Buyer and Seller shall have mutually agreed to the Improvement Costs.

7. *Intentionally Omitted.*

8. TAXES. Seller shall promptly pay or cause to be paid all lawful taxes and governmental charges, including real estate taxes and fees or taxes in lieu of real estate taxes levied upon the Verso Property, including that portion of the Verso Property subject to the Easement.

9. *Intentionally Omitted.*

10. *Intentionally Omitted.*

11. NOTICES. Any notice, demand, or other communication under this Agreement by either party to the other shall be deemed to be sufficiently given or delivered if it is dispatched by registered or certified mail, postage prepaid to:

Buyer: Erik Birkeland
Property and Facilities Manager
City of Duluth Property and Facilities Management
1532 W. Michigan Street
Duluth, MN 55806

With a copy to:

City Attorney
Office of the City Attorney
Duluth City Hall Room 410
411 West First Street
Duluth, MN 55802

AND

City Clerk
Duluth City Hall Room 330
411 West First Street
Duluth, MN 55802

Seller: Verso Minnesota Wisconsin LLC
Attn: Mill Manager
4920 Recycle Way
Duluth, MN 55807

With a copy to:
Verso Minnesota Wisconsin LLC
Attn: General Counsel
8540 Gander Creek Drive
Miamisburg, OH 45432

12. SELLER'S REPRESENTATIONS AND WARRANTIES. Seller makes the following representations and warranties to Buyer and further agrees that these representations and warranties shall survive Closing and execution and delivery of the Easement Agreement:
- A. Seller is the fee owner of the Verso Property and has the present full authority and power to execute this Agreement and, on or prior to the Closing, Seller shall have the full authority and power to execute the Easement Agreement and take all other actions necessary for the Closing without permission from any other party, court, tribunal or trustee. This Agreement has been duly authorized, executed and delivered by Seller and is a valid and binding obligation of Seller. Seller is duly organized limited liability company, validly existing and in good standing under the laws of the State of Delaware.
 - B. There is no action, litigation, investigation, condemnation or proceedings of any kind pending, or to the best knowledge of Seller, threatened against Seller with regard to the Verso Property.
 - C. Seller is the fee owner of the Verso Property, free and clear of any title defects.
 - D. Seller is not a foreign person, foreign partnership, foreign trust or foreign estate as defined in §1445 of the Internal Revenue Code or regulations issued thereunder.
 - E. Except for this Agreement, Seller is not a party to any agreement (1) for the sale of the Verso Property or any part thereof; or (2) which grants a third party an option to purchase the Verso Property or any part thereof; or (3) which gives a third party a right of first refusal with respect to the purchase of the Verso Property or any part thereof. Seller further agrees not to enter into any such agreements prior to Closing without the written consent of Buyer.

It is a condition of Closing that the representations and warranties contained in this Agreement are true and correct at Closing. In the event that Seller or Buyer learns that any of these representations or warranties becomes inaccurate prior to the Closing, Seller or Buyer will immediately notify the other party in writing of such change. If such change is adverse to Buyer, Seller will then use its good faith efforts to cure such change after giving or receiving notice thereof as required herein and the Closing will automatically be postponed for up to sixty (60) days in order to allow Seller to cure such change. If Seller is unable to cure such change within such sixty (60) day period, Buyer may either (a) terminate this Agreement by written notice to Seller, in which case the parties will have no further rights or obligations hereunder, except for those which expressly survive such termination, or (b) waive such right to terminate and proceed with the transaction pursuant to the remaining terms and conditions of this Agreement.

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 and remediation costs, 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.

13. CLOSING. The "Closing" shall mean that transaction in which the Seller's Closing Documents are physically delivered to the Buyer, and the Purchase Price and other Buyer's Closing Documents are physically delivered to the Seller. The "Closing Date" shall be _____, 201____, or before by mutual agreement of the parties. The Closing will take place by mail or at Consolidated Title & Abstract Company's (the "Title Company") office located in Duluth, Minnesota.

14. CLOSING DOCUMENTS.

- A. At the Closing, Seller will execute and/or deliver to Buyer the following (collectively, "Seller's Closing Documents"), all in form and content reasonably satisfactory to Buyer:
- i. The Easement Agreement granting the Easement to Buyer, free and clear of all encumbrances, except the Permitted Exceptions. Seller's delivery of the Easement Agreement shall include signed consents from any and all mortgagees having an interest in the Easement Area.
 - ii. A Seller's Affidavit indicating that on the Closing Date there are no outstanding, unsatisfied judgments, tax liens, or bankruptcies against or involving Seller or the Easement Area; that there has been no skill, labor, or material furnished to the Easement Area for which payment has not been made or for which mechanics' liens could be filed; and that there are no other unrecorded interests in the Easement Area, together with any standard owner's affidavit and/or indemnity which may be required by the Title

Company to close the transaction and provide title insurance for the Easement.

- iii. A non-foreign certificate, properly executed, containing such information as is required by Internal Revenue Code Section 1445 and its regulations.
- iv. All other documents reasonably determined to be necessary by either party or the Title Company.

B. At the Closing, Buyer shall execute and deliver to Seller the following (collectively, "Buyer's Closing Documents"):

- i. the Purchase Price;
- ii. the Easement Agreement; and
- iii. Such affidavits of purchaser, certificates of real estate value, or other documents as may be reasonably determined by either party or the Title Company to be necessary to transfer and provide title insurance for the Easement, if purchased.

15. CLOSING COSTS. The following costs relating to the closing of this transaction shall be paid as follows:

A. Buyer shall pay at Closing:

- i. Recording fee for the Easement Agreement; and
- ii. The closing fee charged by the Title Company, if the Title Company provides closing services.

B. Seller shall pay at Closing: recording fees for all documents determined to be necessary to transfer marketable title to the Easement to the Buyer.

16. BROKER'S COMMISSION. Seller and Buyer represent and warrant to each other that they have dealt with no brokers, finders or the like in connection with this transaction, and agree to indemnify each other and to hold each other harmless against all other claim, damages, costs or expenses of or for any fees and commissions resulting from their separate actions or agreements regarding the execution or performance of this Agreement, and will pay all costs of defending any action or lawsuit brought to recover any such fees or commissions incurred by the other party, including reasonable attorneys' fees.

17. TIME IS OF THE ESSENCE. Time is of the essence for all provisions of this Agreement.

18. ASSIGNMENT. Neither party may assign its rights under this Agreement before the Closing.

19. MINNESOTA LAW. This contract shall be governed by the laws of the State of Minnesota.
20. DAMAGE OR CONDEMNATION. If, prior to Closing, all or any part of the proposed Easement Area is damaged by fire, casualty, the elements, or any other cause, or if eminent domain proceedings are commenced against all or any part of the Easement Area (or adjacent or nearby land which Buyer intends to use for public recreational, walkway and trail purposes such that connection of a trail to the Easement Area is no longer feasible), then Buyer may at its option terminate this Agreement by written notice to Seller. Upon such termination, neither party shall have any further rights or obligations under this Agreement, except for those which expressly survive termination.
21. MISCELLANEOUS. No waiver of any of the terms of this Agreement shall be effective unless made in writing and executed by the parties. This Agreement shall not be amended except by written agreement executed by both parties. This Agreement shall bind and benefit the parties and any successors and assigns. The unenforceability or invalidity of any provision of this Agreement shall not render any other provision of this Agreement unenforceable or invalid. This Agreement may be executed in counterparts so that two or more signature pages, each containing less than all required signatures, will constitute effective execution of this Agreement if, in the aggregate, they contain signatures of all necessary parties.
22. DATA PRACTICES.
 - A. All data collected, created, received, maintained or disseminated for any purpose by the parties because of this Agreement is governed by the Minnesota Government Data Practices Act, Minnesota Statutes Chapter 13. Buyer and Seller shall comply with the Minnesota Government Data Practices Act. Buyer and Seller agree to hold the other party, its officers, and employees harmless from any claims resulting from the other party's failure to comply with this law.
 - B. The civil remedies of Minnesota Statutes Section 13.08 apply to the release of the data by Seller. If Seller receives a request to release the data referred to in the Minnesota Government Data Practices Act, Minnesota Statutes Chapter 13, Seller must immediately notify the Buyer and consult with the Buyer as to how Seller should respond to the request.
 - C. Seller agrees to maintain all books, records, documents, and other evidence pertaining to this Agreement and the Verso Property for six (6) years after Closing or the termination or expiration of this Agreement. All data collected, created, received, maintained or disseminated for any purpose by the parties because of this Agreement is governed by the Minnesota Data Practices Act.

23. CAPTIONS. The paragraph headings or captions appearing in this Agreement are for convenience only, are not part of this Agreement and are not to be considered in interpreting this Agreement.
24. ENTIRE AGREEMENT. It is understood and agreed that the entire agreement of the parties including all exhibits is contained herein and that this Agreement supersedes all oral agreements and negotiations between the parties relating to the subject matter hereof. Any amendment to this Agreement shall be in writing and shall be executed by the same parties who executed the original agreement or their successors in office.

I agree to sell the Easement for the price and on the terms and conditions set forth above.

SELLER:

Verso Minnesota Wisconsin LLC

By: _____

Its: _____

By: _____

Its: _____

I agree to purchase the Easement for the price and on the terms and conditions set forth above.

BUYER:

CITY OF DULUTH

By: _____

Its Mayor

Attest: _____

Its City Clerk

Date Attested: _____

Countersigned:

By: _____

Its Auditor

Approved as to form:

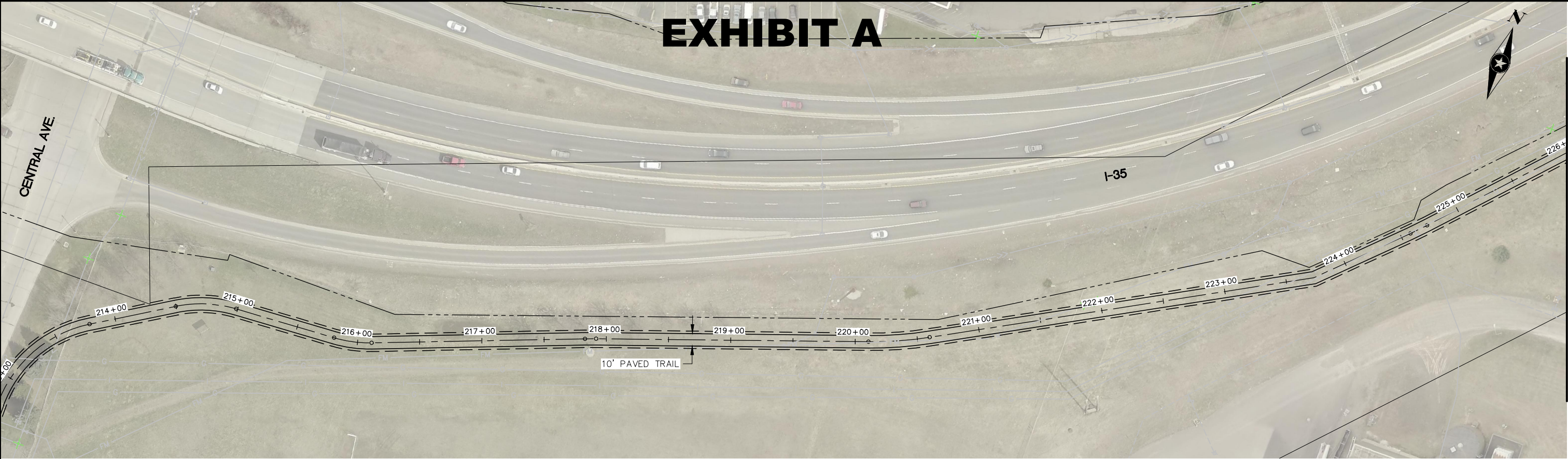
By: _____

Its City Attorney

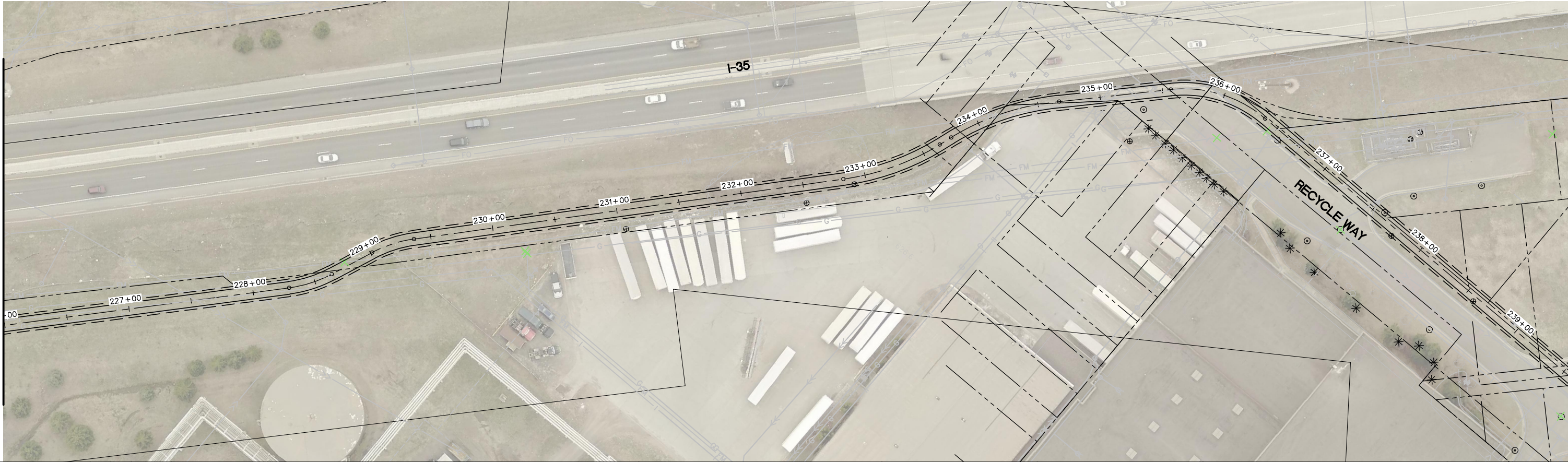
EXHIBIT A

Easement Area Depiction

EXHIBIT A



MATCHLINE SEE ABOVE



DRAWN BY: _____				
DESIGNER: _____				
CHECKED BY: _____				
DESIGN TEAM	NO.	BY	DATE	REVISIONS



PHONE: 218.279.3000
418 W SUPERIOR ST STE 200
DULUTH, MN 55802-1512
www.sehinc.com

DULUTH,
MINNESOTA

CROSS CITY TRAIL
VERSO PROPERTY

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EXHIBIT B

Duluth Cross City Trail Easement Agreement

DULUTH CROSS CITY TRAIL
EASEMENT AGREEMENT

THIS EASEMENT AGREEMENT (“Agreement”) is entered into this ____ day of _____, by and between VERSO MINNESOTA WISCONSIN LLC, a limited liability company under the laws of the State of Delaware (“Grantor”), and the CITY OF DULUTH, a Minnesota municipal corporation (“City”).

1. Grant of Easement. Grantor, for good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, does hereby grant to City, its successors and assigns, a perpetual, non-exclusive easement (“Easement”) for public recreational, walkway, and trail purposes under, over, upon, across and along the following described parcel of land lying and being in the County of St. Louis, State of Minnesota, legally described as follows, to-wit:

LEGAL DESCRIPTION

[A strip of land fourteen feet (14’) wide and being seven feet (7’) on each side of a line described as follows:]

(the “Easement Area”). The Easement Area is depicted on the attached Exhibit A.

2. Construction, Repair and Maintenance. Grantor and City agree as follows:
 - a. City, its contractors, agents and employees may enter the Easement Area at all reasonable times for the purposes of locating, constructing, operating, maintaining, repairing, replacing and monitoring a multi-use recreational trail within the Easement Area.
 - b. City, its contractors, agents and employees may construct erosion control structures necessary to maintain a clear, dry passage through the Easement Area, including the right to install, maintain, repair and replace waterbars, steps, and other trail surface structures, as well as culverts as necessary to traverse surface waters within the Easement Area.
 - c. City, its contractors, agents and employees may add, remove, cut, trim, or remove from the Easement Area bituminous material, bark, sand, stones, boards, grass, trees, shrubs, other vegetation, or other landscaping in City’s discretion.
 - d. Grantor shall have no obligation or duty to construct, maintain, repair or replace any improvements or vegetation in the Easement Area.
3. Easement Fencing. City shall construct and maintain continuous fencing no less than six feet (6’) in height along both lengths of the Easement Area (the “Easement Fencing”). The portion of the Easement Fencing constructed along the Southerly side of the Easement Area highlighted in _____ on Exhibit A shall be no less than eight feet (8’) in height.
4. Additional Fencing. As partial consideration for the grant of the Easement and to address Grantor’s concerns regarding security, City shall construct continuous fencing six feet (6’) in height around Grantor’s parking area in the approximate location shown on the attached

Exhibit B (the “Additional Fencing”). Grantor shall be solely responsible for replacing and maintaining the Additional Fencing.

5. Signage. City will maintain signage in the Easement Area identifying the area that is open to the public. The signage will be generally consistent with signage used on other portions of the trail, and in a form acceptable to Grantor.
6. Indemnity. Except to the extent attributable to the negligence or intentional misconduct of Grantor, City shall indemnify, defend and hold harmless Grantor from any and all losses, claims, demands, costs, expenses, damages, actions or causes of action, arising out of or related to the use of the Easement Area by City, its contractors, agents, and employees and the public, including, without limitation, claims for personal injury or property damage, subject to the cap on municipal tort liability under Minnesota Statutes Section 466.04.
7. Severability. If any term, provision or condition contained in this Agreement shall to any extent be invalid or unenforceable, the remainder of this Agreement or the application of such term, provision or condition to persons or circumstances other than those in respect of which it is invalid or unenforceable, shall not be affected thereby and each term, provision or condition of this Agreement shall be valid and enforceable to the fullest extent permitted by law.
8. Governing Law. This Agreement shall be governed by and construed in accordance with the laws of the State of Minnesota.
9. Amendment. This Agreement may be amended only in writing, signed by both of the parties hereto and recorded in the real estate records in St. Louis County, Minnesota.
10. Binding Effect. This Agreement and each and every covenant, agreement, and other provision hereof shall inure to the benefit of and be binding upon the each of parties hereto and their respective successors and assigns. The Easement shall be perpetual and the Easement and all other rights granted in this Agreement shall run with the land.
11. Title and Authority. Grantor warrants that it is the owner in fee simple of the Easement Area and the individuals executing this Agreement on behalf of Grantor have the present full authority and power to execute this Agreement without permission from any other party, court, tribunal or trustee. This Agreement has been duly authorized, executed and delivered by Grantor and is a valid and binding obligation of Grantor.
12. Environmental Matters. The City shall not be responsible for any costs, expenses, damages, demands, obligations, including penalties and attorneys’ fees, costs, disbursements, or losses resulting from any claims, actions, suits or proceedings relating to a release or threat of release of any hazardous substances, pollutants, or contaminants (i) that may have existed on, or relate to the Easement Area prior to the date of this Agreement, or (ii) placed on the Easement Area by a party other than City or its contractors, agents or employees, or (iii) loss or damage resulting from the acts or failure to act of Grantor, Grantor’s employees, agents or contractors.

IN WITNESS WHEREOF, this Agreement has been executed by the parties hereto as of the day and year first above written.

GRANTOR:

By:_____

Its: _____

STATE OF _____)
) ss
COUNTY OF _____)

This instrument was acknowledged before me this ____ day of _____, ____ by _____ the _____ of VERSO MINNESOTA WISCONSIN LLC, a limited liability company under the laws of the State of Delaware, on behalf of said limited liability company.

Notary Public

CITY OF DULUTH

Attest: _____
Jeffrey Cox, City Clerk

This instrument was acknowledged before me this ____ day of _____, _____ by Emily Larson and Jeffrey Cox, Mayor and City Clerk, respectively, of the City of Duluth, a Minnesota municipal corporation, on behalf of said corporation.

This instrument was drafted by:
Office of the City Attorney
Room 410 City Hall
411 West 1st Street
Duluth, MN 55802-1198

EXHIBIT A
EASEMENT AREA DEPICTION

EXHIBIT B
LOCATION OF ADDITIONAL FENCING

CONSENT OF MORTGAGE HOLDER

This consent is provided by _____, as mortgagee and secured party (“Mortgagee”). Mortgagee is the holder of a mortgage (the “Mortgage”) dated _____, 20____, and affecting the property being subjected to the Duluth Cross City Trail Easement (the “Easement”) to which this consent is attached. The Mortgage was recorded in the office of the St. Louis County _____ on _____, 20____, as Document No. _____.

Mortgagee consents to the covenants, rights and easements granted by the Easement. Furthermore, by executing this consent, Mortgagee agrees on behalf of itself and its successors and assigns, that if the Mortgage is foreclosed the Easement shall survive and remain in place following foreclosure.

By: _____
Its: _____

STATE OF _____)
) ss
COUNTY OF _____)

This instrument was acknowledged before me this ____ day of _____, 2017 by _____ the _____ of _____, _____, on behalf of said _____.

Notary Public

EXHIBIT C

Drawing

EXHIBIT C

