

Exhibit 3

PURCHASE AGREEMENT

This Purchase Agreement (this “Agreement”) is entered into by and between ALLETE, Inc., a Minnesota corporation (“Seller”) and the City of Duluth, a municipal corporation and political subdivision under the laws of the State of Minnesota (“City”).

RECITALS

WHEREAS, Seller owns certain real property in St. Louis County, Minnesota, legally described on the attached **Attachment A**, together with any and all improvements located thereon and all privileges, rights and easements appurtenant thereto (the “Property”).

WHEREAS, upon completion of certain conditions precedent, City wishes to purchase the Property from Seller and Seller wishes to sell the Property to City.

In consideration of this Agreement, and for other good and valuable consideration, the receipt and sufficiency of which the parties acknowledge, Seller and City agree as follows:

1. Purchase. Seller agrees to sell to City and City agrees to purchase from Seller, on the terms and conditions set forth in this Agreement, all of Seller’s right, title and interest in the Property; EXCEPT that prior to or in conjunction with the Closing (defined below) Seller shall execute and record the Easement Declaration attached as **Attachment B**, which creates an easement in favor of Seller over and across the Property.

2. Purchase Price and Closing. The purchase price for the Property, which Seller agrees to accept and City agrees to pay, is \$2,900.00 (the “Purchase Price”), to be paid in cash at Closing (defined below). The closing on the purchase and sale shall occur within 120 days of execution of this Agreement, at a time and location mutually agreeable to the parties (the “Closing”). Seller shall deliver possession of the Property on the date of Closing. On the date of Closing, City shall pay the Purchase Price to Seller and Seller shall deliver a quit claim deed to City conveying Seller’s interest in the Property to City. City and Seller shall also execute and deliver all other documents reasonably necessary to complete the sale and purchase of the Property, including documents required by the title company conducting the Closing. If the Closing has not occurred within 120 days of execution of this Agreement: (i) this Agreement shall automatically terminate; (ii) upon request, each party shall promptly sign a cancellation of purchase agreement evidencing the cancellation of this Agreement; and (iii), except as expressly set forth in this Agreement, the parties shall have no further obligations to one another pursuant to this Agreement.

3. Contingencies to City’s Obligation to Purchase. City’s obligation to close on the sale of the Property is contingent on the occurrence of the following events within the time periods set forth below (the “Contingencies”):

(A) Prior to Closing, City obtaining any necessary approvals to subdivide the Property from adjacent land owned by Seller. Seller agrees to cooperate, at no expense to Seller, with any

applications and procedures necessary to obtain such approvals, including but not limited to, execution of any necessary documents as owner of the Property.

(B) Title to the Property being acceptable, or being made acceptable, pursuant to paragraph 7 below.

(C) All of Seller's representations set forth in this Agreement being true and correct as of the date of Closing.

If the Contingencies are not satisfied within the required time periods set forth above, this Agreement shall automatically terminate and except as expressly set forth in this Agreement, the parties shall have no further obligations to one another pursuant to this Agreement. The Contingencies are for the benefit of City and can only be waived by City.

4. Contingencies to Seller's Obligation to Sell. Seller's obligation to close on the sale of the Property is contingent on the occurrence of the following events within the time periods set forth below (the "Seller Contingencies"):

(A) Release from Seller's Mortgage: The Property is encumbered by a Mortgage and Deed of Trust dated September 1, 1945, as supplemented, in favor of the Bank of New York (formerly Irving Trust Company) which is a first lien on the Property (the "Mortgage"). Within 90 days from the date of this Agreement and prior to the date of Closing, Seller shall have received a release of the Property from the lien of the Mortgage.

If the Seller Contingencies are not satisfied within the required time periods set forth above, this Agreement shall automatically terminate and except as expressly set forth in this Agreement, the parties shall have no further obligations to one another pursuant to this Agreement.

5. Taxes and Special Assessments. Real estate taxes on the Property for the year in which the Closing occurs shall be prorated as of the date of Closing based upon the latest available tax statement. Seller shall pay at Closing all special assessments pending as of the date of Closing. City shall be responsible for all real estate taxes for the year following Closing and all subsequent years. Seller shall be responsible for all real estate taxes and assessments for the years prior to the year in which the Closing occurs, including all special assessments that have been certified or levied as of the date of Closing. Seller represents that Seller has not received any notice of any work or improvements, payment for which will be assessed against the Property.

6. Closing Costs. Seller shall pay the deed tax and recording fees for any documents necessary to place title in the name of Seller or to correct any Objections (defined below) Seller agrees to correct pursuant to paragraph 7 below, including but not limited to any mortgage releases or satisfactions. City shall pay to record the quit claim deed from Seller. City and Seller shall each pay ½ of any closing fee charged by the title company conducting the Closing.

7. Title. Within 10 days of execution of this Agreement, Seller shall deliver to City copies of any title opinions, title insurance commitments or title policies for the Property in Seller's possession. Within 15 days of execution of this Agreement, Seller shall provide City, at Seller's expense, a title insurance commitment for an ALTA Owner's Policy of Title Insurance insuring title to the Property with an effective date after the day of this Agreement (the "Title Commitment") from a title company of City's choice. The premium for a title insurance policy, if City elects to obtain title insurance, shall be paid for by City. In the event that the Title Commitment reflects that title to the Property is not in a condition that is acceptable to City, City may object to the title defects by specifying City's objections in writing to Seller with 20 days of receipt of the Title Commitment ("Objections"). Any mortgages appearing on the Title Commitment shall automatically be deemed Objections and, subject to Section 4 above, Seller shall provide releases or satisfactions for all mortgages at Closing. At Seller's election, Seller may fix any Objections, or may decline to fix any Objections by delivering written notice to City within 10 days of receipt of written notice of the Objections. If Seller fixes the Objections, the parties shall proceed to Closing subject to the terms and conditions of this Agreement. If Seller declines to fix the Objections, City may (i) accept the Property subject to the title defects and proceed to Closing, or (ii) terminate this Agreement by delivering written notice of termination to Seller within 5 days of receiving notice that Seller will not fix the Objections. If City terminates this Agreement pursuant to this paragraph, the parties shall have no further obligations to one another pursuant to this Agreement except as expressly set forth in this Agreement.

8. Statutory Disclosures. Seller has no knowledge of the following with respect to the Property: (i) the presence of a well, underground storage tank or subsurface sewage treatment system; or (ii) methamphetamine production on the Property.

9. Seller Representations. Seller makes the following representations:

(A) Seller represents and warrants to City that it is a validly formed corporation under the laws of the State of Minnesota; that it is in good standing in the State of Minnesota; that it has all requisite corporate authorizations to enter into this Agreement; the execution of the Agreement will not constitute a breach or default under any agreement to which Seller is bound; and that the individuals executing this Agreement on behalf of Seller are duly authorized to so do.

(B) There is no suit, action, legal, administrative or other proceeding or inquiry pending or threatened against Seller which could affect Seller's ability to enter into and perform Seller's obligations under this Agreement. No attachments, execution proceedings, assignments for the benefit of creditors, insolvency, bankruptcy, reorganization, or other proceedings are pending or threatened against Seller, nor are any such proceedings contemplated by Seller.

(C) All taxes for all prior years, all governmental liens and assessments which are currently due and payable are paid or will be paid by Seller as of the date of Closing.

(D) Seller has had no work performed on the Property within any operative statutory period that would allow a mechanic's lien to attach to the Property before or after Closing.

(E) Except for this Agreement, Seller has no knowledge of any agreement: (i) for the sale of the Property or any part thereof; (ii) which grants a third party an option to purchase the Property or any part thereof; or (iii) which gives a third party a right of first refusal with respect to the Property or any part thereof. City acknowledges that the Property is subject to the Mortgage as described in Section 4 above.

Each of the above representations is material and is relied upon by City. Each of the above representations shall be deemed to have been made as of the Closing and shall survive the Closing.

10. Risk of Loss. If there is any loss or damage to the Property between the date of this Agreement and the date of Closing, the risk of loss shall be on the Seller. If the Property is destroyed or damaged prior to the Closing, City may cancel this Agreement upon written notice to Seller and in such event, the parties shall have no further obligations to one another pursuant to this Agreement except as expressly set forth in this Agreement.

11. Real Estate Broker. The parties represent to one another that no real estate broker is entitled to any commission as a result of the sale of the Property to City.

12. AS-IS. Except as expressly set forth in this Agreement, City acknowledges that Seller has made no representations or warranties (whether express or implied, oral or written) regarding the Property, including but not limited to the value, quality or condition of the Property; the suitability of the Property for any activity or use which City may conduct; the compliance of the Property with any laws or regulations; the habitability, merchantability, marketability, profitability, or fitness of the Property for a particular purpose; and compliance by the Property with any and all environmental rules, regulations, orders or laws. City acknowledges and agrees that, to the maximum extent permitted by law, City is purchasing the Property in its "AS-IS" condition. This paragraph 12 shall survive the Closing.

13. Miscellaneous. This Agreement constitutes the entire agreement between the parties pertaining to the subject matter contained in it and supersedes all prior and contemporaneous agreements, representations, and understandings between the parties regarding the Property. There are no oral agreements that change this Agreement and no waiver of any of its terms shall be effective unless in a writing executed by the parties. Time is of the essence in all terms of this Agreement. This Agreement binds and benefits the parties and their successors in interest. This Agreement shall be construed under the laws of the state of Minnesota. This Agreement, each provision of it, and all warranties and representations in this Agreement shall survive the Closing. This document may be executed in counterparts, which together shall be deemed an original for all purposes.

14. Waiver. The failure of either party to enforce any provision of this Agreement shall not be construed as a waiver or limitation of that party's right to subsequently enforce and compel strict compliance with every provision of this Agreement.

15. Default and Remedies. In the event of a default of this Agreement by either party, the nondefaulting party shall be entitled to pursue either of the following remedies: (1) cancellation of this Agreement; or (2) specific performance of this Agreement. Neither party shall be entitled to damages for

a breach of this Agreement. The waiver by either party of any default on the part of the other party or the failure of said party to declare default on the part of the other party of any of its obligations pursuant to this Agreement shall not be deemed to be a waiver of any subsequent event of default on the part of the defaulting party of the same or of any other obligation of the defaulting party. And, to be effective, any waiver of any default by the defaulting party shall be in writing by the non-defaulting party. In the event that either party is in default of any of the terms and conditions of this Agreement and the non-defaulting party shall successfully take legal action to enforce said rights herein, in addition to the foregoing, such non-defaulting party shall be entitled to reimbursement for its reasonable attorneys' fees and costs and otherwise for its costs and disbursements occasioned in enforcing its rights hereunder.

16. Notices. Notices sent pursuant to this Agreement shall be sufficient if sent by regular United States mail, postage prepaid, addressed to:

City

City of Duluth
Attn: Property and Facilities Manager
1532 W. Michigan Street
Duluth, MN 55806

Seller

ALLETE, Inc.
Attn: Land and Real Estate
30 W. Superior St.
Duluth, MN 55802

or to such other persons or addresses as the parties may designate to each other in writing from time to time.

IN WITNESS WHEREOF, the parties have executed this Agreement as of the date indicated below.

Dated: _____, 2018.

ALLETE, INC.:

By _____
Its _____

Printed Name: _____

CITY OF DULUTH:

By _____
Its Mayor

Attest: _____
Its City Clerk

Date Attested: _____, 2018

Countersigned:

By: _____
Its Auditor

Approved as to form:

By: _____
Its City Attorney

ATTACHMENT A
LEGAL DESCRIPTION

Two parcels of land in the Southwest Quarter of Section 13, Township 49 North, Range 15 West of the Fourth Principal Meridian, St. Louis County, Minnesota, described as follows:

Parcel 1

That part of The Burlington Northern and Santa Fe Railway Company (formerly Northern Pacific Railway Company) right-of-way being part of the Northeast Quarter of the Southwest Quarter (NE $\frac{1}{4}$ of SW $\frac{1}{4}$) and part of the Southeast Quarter of Southwest Quarter (SE $\frac{1}{4}$ of SW $\frac{1}{4}$), Section Thirteen (13), Township Forty-nine (49) North, Range Fifteen (15) West of the Fourth Principal Meridian, St. Louis County, Minnesota, described as follows:

Commencing at the most Southerly corner of Lot 6, Block 12, Hunter and Markell's Grassy Point Addition to Duluth, and said point being on the Northwesternly boundary of the original 200.00 foot wide St. Paul to Duluth, Minnesota main line right-of-way; thence Southwesterly along said Northwesternly right-of-way line also being the Southeasterly line of Blocks 12 and 17 of said Hunter and Markell's Grassy Point Addition to Duluth, a distance of 510.00 feet to the point of beginning of the parcel of land to be described, thence continue Southwesterly along said Northwesternly right-of-way line also being the Southeasterly line of Blocks 17 and 16 of said Hunter and Markell's Grassy Point Addition to Duluth a distance of 721.73 feet to the Westerly line of said Southeast Quarter of Southwest Quarter (SE $\frac{1}{4}$ of SW $\frac{1}{4}$); thence Southerly along said Westerly line a distance of 28.52 feet, to the intersection with a line 20.00 feet distant and parallel with said Northwesternly right-of-way line; thence Northeasterly along said line 20.00 feet distant and parallel with the Northwesternly right-of-way line, also being the Southeasterly line of said Blocks 16 and 17, a distance of 742.06 feet, to the intersection with a line being perpendicular to the point of beginning; thence Northwesternly, along said perpendicular line a distance of 20.00 feet to the point of beginning.

Parcel 2

That part of The Burlington Northern and Santa Fe Railway Company right-of-way (formerly St. Paul to Duluth, Minnesota main line right-of-way) being part of the Southwest Quarter of Southwest Quarter (SW $\frac{1}{4}$ of SW $\frac{1}{4}$), Section Thirteen (13), Township Forty-nine (49) North, Range Fifteen (15) West of the Fourth Principal Meridian, St. Louis County, Minnesota, described as follows:

Beginning at the intersection of the Easterly line of said Southwest Quarter of Southwest Quarter (SW $\frac{1}{4}$ of SW $\frac{1}{4}$) with the Southeasterly line of a 16.00 foot alley in Block 35, of the recorded plat of Nortons Fairmont Park Division of Duluth; thence Southwesterly along the Southeasterly line of said 16.00 foot alley and its Southwesterly extension to the intersection with the Southeasterly extension of the Southwesterly line of 75th Avenue West; thence Southeasterly, along the Southerly line of Pulasky Street to the intersection with a line 20.00 feet distant and parallel with the Southwesterly extension of said Southeasterly line of a 16.00 foot alley; thence Northeasterly, along said line 20.00 feet distant and parallel with said Southeasterly line of a 16.00 foot alley to the intersection with said Easterly line of the Southwest

Quarter of Southwest Quarter (SW $\frac{1}{4}$ of SW $\frac{1}{4}$); thence Northerly along said Easterly line a distance of 28.81 feet to the point of beginning.

ATTACHMENT B
To purchase agreement between ALLETE and City of Duluth

Form No. 3532 Rev. 04/2016

EASEMENT

KNOW ALL MEN BY THESE PRESENTS, that ALLETE, Inc. a Minnesota Corporation, as Grantor(s), for good and valuable consideration does hereby grant unto Minnesota Power, a division of ALLETE, Inc. (MP) and its successors and assigns forever, the perpetual right, privilege, and easement to survey, construct, operate, maintain, use, rebuild, or remove electric power or communication lines or cables, consisting of poles, towers, structures, crossarms, guys, braces, anchors, wires, cables, conduits, counterpoises, fixtures, and other devices used or useful in the operation, maintenance, and use of said lines or cables, (the “Facilities”) together with the right to locate, construct or reconstruct the same at various voltages and dimensions at any time hereafter as MP shall deem useful or necessary, across, over, under or through the following described lands situated in St. Louis **County, Minnesota**; to-wit:

Parts of Northeast Quarter of Southwest Quarter, Southeast Quarter of Southwest Quarter, and Southwest Quarter of Southwest Quarter, Section 13, Township 49 North, Range 15 West;

The easement conveyed by this document is **twenty feet (20 ft)** in width, encumbering the whole parcel as described in **Exhibit A**, attached hereto and made a part hereof (the “Easement Area”).

The grant of easement herein contained shall also include the right of MP to have reasonable access to the Easement Area across the property of Grantor(s) adjacent thereto, said access to be in a location designated by Grantor(s) within a reasonable time upon written request by MP, its contractor, agents, or assigns.

The grant of easement herein contained shall include the right to enter upon the Easement Area to remove from the Easement Area and dispose of any structures, trees (including the branches of trees overhanging the strip of land), or objects, except fences, which in the opinion of MP will interfere with said lines, together with the right to cut and dispose of all dead, weak, leaning, or dangerous trees within the Easement Area, from time-to-time, whenever necessary to the proper protection of said lines, that are tall enough to

come within ten feet of striking any part of the Facilities in falling or such other distance as deemed necessary by Grantee.

The grant of said easement shall include the right to enter and locate upon the Easement Area equipment necessary to ground fences, structures, buildings, or any other structure which may require grounding for safety purposes.

Grantor(s) reserve the right to use and occupy said land, except that without the prior written approval of MP, within the Easement Area the Grantor(s) shall not bury or place in the ground any object, nor plant any trees thereon, nor erect any structures, hay or straw stacks, or other objects permanent or temporary, except fences, and in the event that said lines or cables are placed beneath the surface, Grantor(s) shall seek prior written approval from MP prior to any digging to a depth of more than two feet within the Easement Area.

Grantor(s) covenant with MP, its successors, and assigns, that Grantor(s) are the owner of the lands described herein and has the right to sell and convey an easement in the manner and form aforesaid.

It is understood and agreed that the right, privilege, and easement hereby granted shall run with the lands herein described.

It is mutually understood and agreed that this instrument covers all of the agreements and stipulations between the parties, and that no representation or verbal statements have been made modifying, adding to, or changing the terms hereof.

This instrument was drafted by Minnesota Power, 30 West Superior Street, Duluth, MN 55802.

This instrument is exempt from payment of state deed stamps pursuant to Minnesota Statutes Section 287.22.

IN TESTIMONY WHEREOF, the Grantor has executed this instrument this _____ day of _____, 2018.

ALLETE, Inc.

Its: _____

State of Minnesota)
) ss.
County of St. Louis)

The foregoing instrument was acknowledged before me this ___ day of _____, 2018, by _____.

Notarial Stamp or Seal

Notary Public

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Parcel 2

That part of The Burlington Northern and Santa Fe Railway Company right-of-way (formerly St. Paul to Duluth, Minnesota main line right-of-way) being part of the Southwest Quarter of Southwest Quarter (SW ¼ of SW ¼), Section Thirteen (13), Township Forty-nine (49) North, Range Fifteen (15) West of the Fourth Principal Meridian, St. Louis County, Minnesota, described as follows:

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