

EXHIBIT 1

PURCHASE AGREEMENT

This Purchase Agreement (this “Agreement”) is entered into as of the date of attestation by the City Clerk set forth below, by and between JOTO, LLC, a limited liability company under the laws of the State of Minnesota (“Buyer”) and the City of Duluth, a municipal corporation and political subdivision under the laws of the State of Minnesota (“City”).

RECITALS

WHEREAS, the State of Minnesota (the “State”) owns certain real property in St. Louis County, Minnesota, legally described on the attached Exhibit A (the “Property”).

WHEREAS, Buyer wishes to obtain title to the Property because Buyer currently operates a business that is located in part on the Property and Buyer owns the adjacent land.

WHEREAS, City is willing to obtain title to the Property from the State and immediately sell the Property to Buyer, pursuant to the authority granted in Duluth City Code Section 2-178.

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

1. Purchase. City shall: (i) apply to the State to acquire title to the Property, and (ii) if it acquires title to the Property, sell the Property to Buyer on the terms and conditions set forth in this Agreement. Buyer shall purchase from City, on the terms and conditions set forth in this Agreement, City’s right, title and interest in the Property. Buyer acknowledges that City’s authority to convey the Property to Buyer stems from Buyer being the owner of the adjacent land and therefore Buyer shall not transfer title to any of its adjacent land until after the Closing (defined below).

2. Purchase Price, Closing Costs and Closing.

(A) The purchase price for the Property will be \$4,620.00 (the “Purchase Price”), which is the sum of (i) \$4,000.00 (the “Land Price”), (ii) a fee paid to the State equal to three percent of the Land Price, and (iii) a fee paid to City in the amount of \$500.00 (the “City Fee”).

(B) In addition to the Purchase Price, Buyer shall pay all closing costs, recording fees, any real estate transfer tax or conveyance fees, and any other costs and expenses of City or Buyer required to effectuate the transfer of title to the Property from the State to City and from City to Buyer (collectively, the “Closing Costs”). The parties intend that City will not incur any out-of-pocket expenses in relation to: (i) its acquisition of the Property from the State; or (ii) the sale of the Property to Buyer. At this time, the Closing Costs are estimated to be as follows:

\$	25.00	State Deed Fee
\$	13.20	Deed Tax (State to City Deed)
\$	92.00	Recording Fees (State to City Transaction)
\$	15.25	Deed Tax (City to Buyer Deed)
\$	92.00	Recording Fees (City to Buyer Transaction)

(C) The Purchase Price and the Closing Costs, as they may be adjusted based on additional information provided by the State or otherwise, shall be paid by Buyer to City in cash on or before April 30, 2025 (as it may be extended as permitted by this Agreement, the “Payment Due Date”); provided, however, Buyer shall have the one-time option to extend the Payment Due Date by written notice to Buyer delivered on or before April 1, 2025, if (i) the Council Contingency (defined below) has not been satisfied on or before April 30, 2025, or (ii) the State has not yet granted Buyer’s request to investigate the Property through a separate agreement with the State, as contemplated by paragraph 4 below. Buyer shall also deliver the completed form attached as Exhibit B to City on or before the Payment Due Date. In the event the parties identify additional amounts due on the Purchase Price and/or the Closing Costs after the Payment Due Date, Buyer shall pay those amounts to City within five (5) business days of City’s request for payment.

(D) In the event Buyer delivers the cash and documents required by subparagraph C above on or before the Payment Due Date, City shall submit the following to the State within 30 days of the Payment Due Date: (i) that portion of the Purchase Price and the Closing Costs to be paid to the State; and (ii) all documents required by the State to apply to acquire title to the Property. In the event Buyer does not deliver the cash and documents required by subparagraph C above on or before the Payment Due Date: (i) this Agreement shall terminate and, upon request, each party shall promptly sign a cancellation of purchase agreement evidencing the cancellation of this Agreement; and (ii) except as expressly set forth in this Agreement, the parties shall have no further obligations to one another pursuant to this Agreement.

(E) The closing on Buyer’s purchase of the Property shall occur on a date chosen by City within 60 days of the recording date of the State Deed vesting title to the Property in City (the “Closing”). In conjunction with the Closing: (i) Buyer shall pay to City any additional amounts due on the Purchase Price and the Closing Costs; (ii) Buyer shall satisfy the requirements of subparagraph 2.(F) below; (iii) City shall deliver a quitclaim deed to Buyer conveying City’s interest in the Property to Buyer substantially in the form attached as Exhibit C (the “Deed”); and (iv) City shall deliver possession of the Property. City shall record the Deed and City’s ordinance approving the conveyance in the St. Louis County real estate records in conjunction with the Closing. Notwithstanding any outstanding amount due to City on the Purchase Price and/or the Closing Costs, City shall be authorized to deliver and record the Deed.

(F) In conjunction with the Closing and as a condition of City’s delivery of the Deed, Buyer shall: (i) submit a Consolidation Request Form to the St. Louis County Assessor requesting a combined tax parcel for (a) the Property; and (b) St. Louis County tax parcel 010-2746-01215 (Buyer’s land located adjacent to the Property, referred to in this Agreement as the “Buyer Property”); and (ii) if required by St. Louis County in order to immediately process the request, pay in full all property taxes due on the Buyer Property together with any other fees and costs relating to the request.

(G) In the event the State is unwilling to transfer title to the Property to City for any reason: (i) City shall return the Closing Costs and the Purchase Price, less the City Fee, to Buyer, EXCEPT, if the State refuses to return any portion of the Purchase Price or the Closing Costs to City, then City shall not be obligated to return that portion of the Purchase Price or the Closing Costs to Buyer; (ii) this Agreement shall terminate and, 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.

(H) Buyer acknowledges that once the Purchase Price is paid to the State, City will be unable to cancel the acquisition of the Property from the State, even if Buyer decides it no longer wishes to purchase the Property. For this reason, once the Purchase Price is paid by Buyer to City, Buyer cannot terminate this Agreement for any reason.

3. Contingencies.

A. City Council Contingency. City's obligation to sell the Property to Buyer is contingent on the City Council adopting an ordinance approving the sale on the terms and conditions set forth in this Agreement on or before the Payment Due Date (the "Council Contingency"). If the Council Contingency is not satisfied on or before the Payment Due Date: (i) if already paid by Buyer, City shall return the Closing Costs and the Purchase Price, less the City Fee, to Buyer; (ii) this Agreement shall terminate and, 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. Neither Buyer nor City may waive the Council Contingency.

B. Title Contingency. Buyer, at Buyer's sole expense, may conduct a review of the title status of the Property. If Buyer is unsatisfied with the Property's title status, Buyer may terminate this Agreement by delivering written notice of termination to City prior to the Payment Due Date. If Buyer 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.

4. Property Inspection. Buyer acknowledges that (i) City cannot grant Buyer permission to physically access the Property because it does not currently own the Property; and (ii) any physical inspection of the Property must be performed by Buyer pursuant to a separate agreement with the State or St. Louis County. Buyer is solely responsible for any and all investigation relating to the condition of the Property, including environmental contamination. If Buyer is unsatisfied with the condition of the Property, Buyer may terminate this Agreement by delivering written notice of termination to City prior to the Payment Due Date. If Buyer 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.

5. Intentionally Omitted.

6. Taxes. The Property is currently tax-exempt and Buyer and City do not expect there to be any current or past due taxes or assessments outstanding as of the Closing. In the event that there are any current or past due taxes or assessments outstanding as of the Closing, Buyer shall pay them at Closing as a part of the Closing Costs. Buyer shall be responsible for all real estate taxes and assessments for the year following the Closing and all subsequent years.

7. AS-IS Provisions. Buyer is purchasing the Property "AS IS" and "WHERE IS", and with all faults, and except as expressly set forth in paragraph 8 below, City makes no representations or warranties, whether express or implied, by operation of law or otherwise, with respect to the quality, physical condition or value of the Property, or the compliance of the Property with applicable building or fire codes or other laws or regulations. Buyer agrees City is not liable or bound by any guarantees, promises, statements, representations or information pertaining to the Property made or furnished by City

or any agent, officer, director, employee or other person representing or purporting to represent City, except as and to the extent expressly set forth in paragraph 8 below. Buyer expressly waives the requirement of any disclosure not expressly contained in this Agreement (including, without limitation, any disclosure required pursuant to Minn. Stat. §513.52-513.61), and Buyer agrees to take the Property “As Is” notwithstanding any matter set forth in any disclosure statement required by Minnesota law.

BUYER ACKNOWLEDGES AND AGREES THAT, EXCEPT AS EXPRESSLY SET FORTH IN PARAGRAPH 8 BELOW, CITY HAS NOT MADE, DOES NOT MAKE AND SPECIFICALLY NEGATES AND DISCLAIMS ANY REPRESENTATIONS, WARRANTIES, PROMISES, COVENANTS, AGREEMENTS OR GUARANTIES OF ANY KIND OR CHARACTER WHATSOEVER, WHETHER EXPRESS OR IMPLIED, ORAL OR WRITTEN, PAST, PRESENT OR FUTURE, OF, AS TO, CONCERNING OR WITH RESPECT TO:

- (A) THE VALUE, NATURE, QUALITY OR CONDITION OF THE PROPERTY, INCLUDING, WITHOUT LIMITATION, THE WATER, SOIL AND GEOLOGY;
- (B) THE INCOME TO BE DERIVED FROM THE PROPERTY;
- (C) THE SUITABILITY OF THE PROPERTY FOR ANY AND ALL ACTIVITIES AND USES WHICH BUYER MAY CONDUCT THEREON;
- (D) THE COMPLIANCE OF OR BY THE PROPERTY OR ITS OPERATION WITH ANY LAWS, RULES, ORDINANCE OR REGULATIONS OF ANY APPLICABLE GOVERNMENTAL AUTHORITY OR BODY OR ANY FRANCHISE LICENSE OR AGREEMENT OR ANY GRANT OR SIMILAR AGREEMENT;
- (E) THE HABITABILITY, MERCHANTABILITY, MARKETABILITY, PROFITABILITY OR FITNESS FOR A PARTICULAR PURPOSE OF THE PROPERTY;
- (F) THE MANNER OR QUALITY OF THE CONSTRUCTION OR MATERIALS, IF ANY, INCORPORATED INTO THE PROPERTY;
- (G) THE MANNER, QUALITY, STATE OF REPAIR OR LACK OF REPAIR OF THE PROPERTY;
- (H) THE AVAILABILITY OF WATER OR OTHER RESOURCES OR UTILITIES; OR
- (I) ANY OTHER MATTER WITH RESPECT TO THE PROPERTY, AND SPECIFICALLY, THAT BUYER HAS NOT MADE, DOES NOT MAKE, AND SPECIFICALLY DISCLAIMS ANY REPRESENTATIONS REGARDING COMPLIANCE WITH ANY ENVIRONMENTAL PROTECTION OR POLLUTION RULES, REGULATIONS, ORDERS OR REQUIREMENTS, INCLUDING SOLID WASTE, AND INCLUDING THE DISPOSAL, RELEASE OR EXISTENCE, IN OR ON THE PROPERTY, OF ANY HAZARDOUS SUBSTANCE.

8. Statutory Disclosures and Environmental Declaration. City staff handling the sale of the Property on behalf of City have no actual knowledge of the following with respect to the Property: (1) the

presence of a well, underground storage tank or subsurface sewage treatment system; or (2) methamphetamine production on the Property.

9. Buyer Representations. Buyer makes the following representations:

(A) Buyer is a limited liability company in good standing under the laws of the State of Minnesota, has the full power and authority to: (i) enter into this Agreement, and (ii) purchase the Property in accordance with this Agreement. No consent or authorization from any other person, entity or government agency is required for Buyer to enter into and perform Buyer's obligations under this Agreement except as has already been obtained. The execution of this Agreement will not constitute a breach or default under any agreement to which Buyer is bound.

(B) There is no suit, action, legal, administrative or other proceeding or inquiry pending or threatened against Buyer which could affect Buyer's ability to enter into and perform Buyer'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 Buyer, nor are any such proceedings contemplated by Buyer.

(C) Buyer shall promptly pay when due any and all charges for engineering, surveying or other studies, reports, assessments or investigations which are commissioned or requested by Buyer.

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. Independent Investigation. The consummation of this transaction shall constitute Buyer's acknowledgment that Buyer has independently inspected and investigated the Property and has made and entered into this Agreement based upon such inspection and investigation and its own examination of the condition of the Property. Upon Closing, Buyer shall assume the risk that adverse matters, including but not limited to construction defects and adverse physical and environmental conditions and the suitability or unsuitability of the Property for Buyer's intended uses, may not have been revealed by Buyer's investigations. Buyer, upon Closing, shall be deemed to have waived, relinquished and released City and its employees, agents, elected officials and attorneys (collectively, the "Seller-Related Parties") from and against, and covenanted not to sue any of the foregoing with regard to, any and all claims, demands, causes of action (including causes of action in tort or under any environmental law), losses, damages, liabilities (whether based on strict liability or otherwise), losses, damages, liabilities, costs and expenses (including attorneys' fees and court costs) of any and every kind or character, known or unknown, which Buyer might have asserted or alleged against City and/or the Seller-Related Parties at any time (including without limitation to the extent covered by or that would be covered by [as opposed to paid] by insurance) by reason of or arising out of any latent or patent construction defects or physical conditions, violations of any applicable laws (including, without limitation, any environmental laws), the suitability of the Property for any purposes contemplated by Buyer and any and all other acts, omissions, events, circumstances or matters regarding the Property. The foregoing shall not be interpreted to waive any claim of Buyer with respect to any breach by City of any express representations made by City in paragraph 8 above that expressly survive Closing pursuant to this Agreement.

11. Buyer Reliance. Buyer is experienced in and knowledgeable about the ownership, development, and management of real estate, and it has relied and will rely exclusively on its own consultants, advisors, counsel, employees, agents, principals and/or studies, investigations and/or inspections with respect to the Property, its condition, value and potential. The Purchase Price and other terms and conditions contained in this Agreement are the result of arm's-length negotiations between sophisticated parties experienced in transactions of this kind, and the Purchase Price and other terms and conditions contained in this Agreement take into account the fact that Buyer is not entitled to rely on any information provided by City, any of its agents, or any other person acting for or on behalf of City, except as expressly set forth in paragraph 8 above. All information, whether written or oral, previously, now, or hereafter made available to Buyer by City, its agents, employees, or any other person acting for or on behalf of City, whether in the form of appraisals, market studies, projections, brochures, maps, surveys, soil reports, engineering studies, environmental studies, inspection reports, plans and specifications, and all other information and materials have been or will be furnished by City to Buyer solely as an accommodation, and neither City nor its agents has verified the accuracy of such information or the qualifications of the persons preparing such information, except as expressly set forth in paragraph 8 above. Buyer agrees that, notwithstanding the fact that Buyer has received certain information from City, or its respective agents or consultants, Buyer has relied solely upon and will continue to rely solely upon its own analysis and will not rely on any information provided by City, or its agents or consultants, except as expressly set forth in paragraph 8 above.

12. Indemnity. Buyer shall indemnify, defend (with counsel reasonably satisfactory to City), and hold City and the Seller-Related Parties harmless for, from and against any claims, damages, costs, liabilities, losses, mechanic's, materialmen's or other liens, arising out of or in any way related to any claim by any third party for compensation for services relating to this Agreement or Buyer's use (before or after the Closing), possible use or intended use of the Property, including, without limitation, claims for compensation for any services relating to the Property, any compensation for any improvement of or to the Property, and any increase in value in the Property or any other property of City arising out of any improvements, on any basis whatsoever including, without limitation, on the basis of any claim based upon agency, partnership, joint venture or enterprise, unjust enrichment, quantum meruit or other quasi-contract theory, except to the extent, if at all, that such services or improvements are expressly contracted for by City in writing and for City's sole benefit. This paragraph 12 shall survive the Closing and cancellation of this Agreement for any reason.

13. No Assignment. This Agreement may not be assigned by either party without the prior written consent of the other party. If any assignment of Buyer's obligations under this Agreement is approved, any such assignee shall explicitly assume the obligations of Buyer under this Agreement and Buyer remains principally liable for the performance of Buyer's obligations under this Agreement. This paragraph 13 shall survive the Closing and cancellation of this Agreement for any reason.

14. 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. Amendments to this Agreement must be in writing and must be executed by the same officers as executed this Agreement, except that the Director of Planning and Economic Development is authorized, in their discretion, to sign amendments solely to extend timelines set forth in this Agreement up to a maximum of 120 days. This paragraph 14 shall survive the Closing and cancellation of this Agreement for any reason.

15. 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.

16. Notices. Notices sent pursuant to this Agreement shall be sufficient if personally delivered or 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

Buyer

JOTO, LLC

Attn: John A. Holt

2301 Commonwealth Avenue

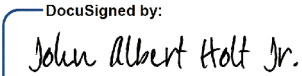
Duluth MN 55808

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

[Remainder of this page is intentionally left blank.]

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

JOTO, LLC

By:  _____
DocuSigned by:
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Its: Owner _____

Printed Name: John Albert Holt Jr. _____

Date: 1/17/2025 | 11:08:22 EST _____

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 TO PURCHASE AGREEMENT

Legal Description of Property

A strip of land 25 ft on either side of the center line of Duluth Trans RY as formerly laid out across SE $\frac{1}{4}$ of SE $\frac{1}{4}$ of NE $\frac{1}{4}$ of SW $\frac{1}{4}$, EXCEPT MINERALS. St. Louis County, Minnesota.

EXHIBIT B TO PURCHASE AGREEMENT

eCRV Form

EXHIBIT C TO PURCHASE AGREEMENT

Quit Claim Deed

QUIT CLAIM DEED

eCRV Number: _____

Deed Tax Due: \$ _____

Date: _____, 2025

FOR VALUABLE CONSIDERATION, the CITY OF DULUTH, a municipal corporation and political subdivision under the laws of the State of Minnesota, "Grantor," hereby conveys and quitclaims to JOTO, LLC, a limited liability company under the laws of the State of Minnesota, "Grantee," real property in St. Louis County, Minnesota, described as follows (the "Property"):

A strip of land 25 ft on either side of the center line of Duluth Trans RY as formerly laid out across SE $\frac{1}{4}$ of SE $\frac{1}{4}$ of NE $\frac{1}{4}$ of SW $\frac{1}{4}$, EXCEPT MINERALS.

together with all hereditaments and appurtenances belonging thereto.

Check here if all or part of the described real property is Registered (Torrens) ____.

Grantor certifies that the Grantor does not know of any wells on the Property.

CITY OF DULUTH:

By: _____
Mayor

By: _____
City Clerk

STATE OF MINNESOTA)
) SS
COUNTY OF ST. LOUIS)

This instrument was acknowledged before me on _____, 2025, by Roger J. Reinert, Mayor of the City of Duluth, a municipal corporation and political subdivision organized and existing under the laws of the State of Minnesota.

Notary Public

STATE OF MINNESOTA)
) SS
COUNTY OF ST. LOUIS)

This instrument was acknowledged before me on _____, 2025, by Ian B. Johnson, City Clerk of the City of Duluth, a municipal corporation organized and existing under the laws of the State of Minnesota.

Notary Public

This Instrument was drafted by:
City of Duluth
Office of the City Attorney
411 W. First Street, Room 410
Duluth, Minnesota 55802

Tax Statements should be sent to:
JOTO, LLC

