

EXHIBIT 2

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 the permanent easement dated January 27, 1943, recorded in the St. Louis County, Minnesota land records on January 28, 1943 in Book 735 of Deeds, Page 306.

2. Purchase Price and Closing. The purchase price for the Property, which Seller agrees to accept and City agrees to pay, shall be one dollar and other good and valuable consideration (the “Purchase Price”), to be paid in cash at Closing (defined below). The closing on the purchase and sale shall occur within 150 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 150 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. Inspection. From time to time on or before the Closing, City and its employees, agents and independent contractors may enter the Property to inspect the Property, perform surveys, environmental assessments, soil and other tests and for other investigations and activities consistent with the purposes of this Agreement (the “Inspection”); provided, however, City shall not perform any invasive testing without the prior written consent of Seller. City shall restore any damage to the Property caused by the Inspection and, to the extent permitted by law, agrees to indemnify and hold Seller harmless from all liabilities, damages, claims, liens, judgments, fees and expenses (including attorneys’ fees and costs) incurred by

Seller arising out of any such entry. The foregoing indemnity shall survive the Closing or the termination of this Agreement.

4. 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) 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.

5. 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 120 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.

6. 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.

7. Closing Costs. Seller shall pay the recording fee for the recording of a mortgage release. City shall pay the deed tax and the recording fee to record the quit claim deed from Seller. City shall pay any closing fee charged by the title company conducting the Closing.

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 5 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: _____, 2023.

ALLETE, INC.:

By _____
Margaret A. Thickens
Vice President, Chief Legal Officer and
Corporate Secretary

CITY OF DULUTH:

By _____
Its Mayor

Attest: _____
Its City Clerk

Date Attested: _____, 2023

Countersigned:

By: _____
Its Auditor

Approved as to form:

By: _____
Its City Attorney

ATTACHMENT A
LEGAL DESCRIPTION

That part of Lots 11, 12, 13, 14 and 15, Block 99, formerly occupied by the N.P. Railway Right of Way, WEST DULUTH, FOURTH DIVISION, RESERVING AND EXCEPTING the permanent easement dated January 27, 1943, recorded in the St. Louis County, Minnesota land records on January 28, 1943 in Book 735 of Deeds, Page 306

St. Louis County, Minnesota