

Exhibit 1

DONATION AGREEMENT

This Donation Agreement (this “Agreement”) is entered into as of the date attested to by the City Clerk below, by and between Seth Prouty, a single person (“Donor”) and the City of Duluth, a municipal corporation and political subdivision under the laws of the State of Minnesota (“City”). City and Donor are sometimes collectively referred to in this Agreement as the “Parties”.

RECITALS

WHEREAS, Donor owns certain real property in St. Louis County, Minnesota, legally described as:

Easterly One-half (E’ly ½) of Lot Three Hundred Fifty-Nine (359), Block One Hundred Twenty-three (123), Duluth Proper Second Division, according to the recorded plat thereof on file and of record in the office of the Register of Deeds, St. Louis County, Minnesota

together with any and all improvements located thereon and all privileges, rights, easements appurtenant thereto (the “Property”).

WHEREAS, upon completion of certain conditions precedent, Donor wishes to donate the Property to City and City wishes to accept the donation, and the Parties wish to specify the terms and conditions of the donation.

NOW THEREFORE, the Parties agree as follows:

1. Donation of Property. Donor will gift to City the Property by donation on the terms and conditions set forth in this Agreement. City shall not be obligated to accept title to the Property if City does not approve of the condition of the title to the Property or the condition of the Property. Donor shall deliver possession of the Property on the date of Closing (defined below).

2. Disclosures to Seller. This donation is **voluntary**. If Donor does not wish to donate the Property to City, City will not acquire the Property. City will not use the power of eminent domain to acquire the Property.

3. Tax Consequences. Donor understands and acknowledges that City makes no representation as to the tax consequences of the transaction contemplated by this Agreement. Donor will obtain independent tax advice and be solely responsible for compliance with the gift value substantiation requirements of the Internal Revenue Code.

4. Closing. The closing (the “Closing”) shall occur on or before January 31, 2021, at the Title Company (defined below). At the Closing, Donor shall deliver to City a Warranty Deed, in a form acceptable to City, transferring good and marketable fee simple title to the Property from Donor to City (the “Deed”), together with all other documents necessary to complete the transaction contemplated by this Agreement, including any documents required by the Title Company. City may terminate this Agreement by delivery of written notice to Donor on or before the Closing if City does not approve of the condition of the title to the Property or the condition of the Property. In such event, this Agreement shall

automatically terminate upon delivery of City's written notice and the Parties shall be relieved from any further obligations pursuant to this Agreement.

5. Taxes, Fees and Closing Costs. Donor shall pay, on or before the Closing, all current and delinquent real estate taxes and assessments (including penalties and interest) for the Property. At Closing, Donor shall pay to the City \$1,018.00 as payment in full toward the 2021 real estate taxes for the Property. City shall pay the cost of recording the Deed and City's resolution approving this Agreement, the Minnesota deed tax, the Title Company's closing costs, and any other costs and expenses required to effectuate the transfer contemplated by this Agreement. Donor shall be responsible for the following estimated costs associated with the transfer of the Property (exact amounts to be determined as of the date of the Closing):

\$ 649.93	Delinquent taxes (plus any penalties and interest)
\$ 509.00	First half taxes 2020 (plus any penalties and interest)
\$ 40.72	Estimated penalty for first half taxes 2020
\$ 509.00	Second half taxes 2020 (plus any penalties and interest)
<u>\$1,018.00</u>	Payment to City for 2021 taxes
<u>\$2,726.65</u>	Total

6. Title. City shall obtain, at City's expense, a title insurance commitment for an ALTA Owner's Policy of Title Insurance insuring title to the Property issued by a title company acceptable to City (the "Title Company"). The premium for any title insurance policy purchased by City shall be paid for by City. Donor shall convey marketable title to the Property to City subject only to the following title exceptions:

- (i) Reservations of minerals or mineral rights by the State of Minnesota, if any;
- (ii) Building and zoning laws, ordinances, state and federal regulations;
- (iii) Any other matters consented to by City in writing.

7. Right to Inspect Property. Prior to the Closing, City may, at City expense, conduct inspections, tests, and studies with respect to the physical and environmental condition of the Property. City and its consultants, agents, engineers, inspectors, contractors, and employees must be given reasonable access to the Property for the purpose of performing such due diligence. If City determines prior to the Closing, in its sole discretion, that the physical or environmental condition of the Property is unacceptable to City, City may elect to terminate this Agreement in which case City shall have no obligation to accept title to the Property.

8. Donor Representations. Donor represents the following:

a. Authorization. Donor is unmarried. Donor has the full power and authority to enter into this Agreement and to convey title to the Property in accordance with this Agreement. No consent or authorization from any other person, entity or government agency is required for Donor to enter into and perform Donor's obligations under this Agreement except as has already been obtained. The execution of the Agreement will not constitute a breach or default under any agreement to which Donor is bound and/or to which the Property is subject.

b. Title to Property. Donor has good and marketable title to the Property. Donor has no actual knowledge of any unrecorded or undisclosed legal or equitable interest in the Property owned or claimed by anyone other than Donor. Donor has no knowledge that anyone will, at the Closing, have any right to possession of the Property. There are no unsatisfied mechanics' or materialmen's lien rights on the Property. No assessment lien or judgment liens encumber the Property.

c. Legal/Other Proceedings. There is no suit, action, legal, administrative or other proceeding or inquiry pending or threatened against the Property or any portion thereof, or pending or threatened litigation against the Donor which could affect Donor's title to the Property. No attachments, execution proceedings, assignments for the benefit of creditors, insolvency, bankruptcy, reorganization, or other proceedings are pending or threatened against Donor or Donor's interest in the Property, nor are any such proceedings contemplated by Donor.

d. Hazardous Materials. The Property is not in violation of any federal, state, or local law, ordinance, or regulation relating to the environmental conditions on, under, or about the Property, including but not limited to soil and groundwater conditions. There are no environmental hazards on, under, or about the Property, including but not limited to soil and groundwater conditions. Neither Donor nor any third party has used or installed any underground tank, or used, generated, manufactured, treated, stored, placed, deposited, or disposed of on, under, or about the Property or transported to or from the Property any flammable explosives, radioactive materials, hazardous wastes, toxic substances, or related materials.

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 date of Closing and shall survive the Closing.

9. Additional Documents. Donor and City shall execute such additional documents as may be reasonable and necessary to carry out the provisions of this Agreement.

10. Entire Agreement and Amendments. 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. Amendments to this Agreement must be in writing and must be executed by the same officers as executed this Agreement, except that City's Chief Administrative Officer is authorized, in their discretion, to sign amendments solely to extend timelines set forth in this Agreement up to a maximum of 120 days.

11. No Merger. This Agreement, each provision of it, and all warranties and representations in this Agreement shall survive the Closing and shall not merge in any instrument conveying title to City. All representations, warranties, agreements, and obligations of the Parties shall survive the Closing.

12. Waiver. The failure of either Party to enforce any provision of the 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.

13. Miscellaneous. 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.

14. Execution. This Agreement may be executed in two or more counterparts, each of which shall be deemed to be an original as against any party whose signature appears thereon, but all of which together shall constitute but one and the same instrument. Signatures to this Agreement transmitted by facsimile, by electronic mail in "portable document format" (".pdf"), or by any other electronic means which preserves the original graphic and pictorial appearance of the Agreement, shall have the same effect as physical delivery of the paper document bearing the original signature.

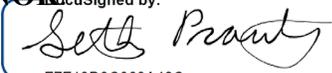
15. Notices. Notices sent pursuant to this Agreement shall be sufficient if sent by regular United States mail, postage prepaid, addressed to:

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

Donor
Seth Prouty
134 11th st
Cloquet MN 55720

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.

DONOR DocuSigned by:

E7E13D3C063A42C

Seth Prouty

CITY OF DULUTH:
By: _____
Its Mayor

Attest: _____
Its: City Clerk

Date Attested: _____, 2020

Countersigned:
By: _____
Its Auditor

Approved as to form:
By: _____
Its City Attorney