

PURCHASE AGREEMENT

THIS PURCHASE AGREEMENT (this “**Agreement**”) is entered into as of the date of attestation by the City Clerk set forth below (the “**Effective Date**”), by and between KNIFE RIVER PROPERTIES LLC, a Minnesota limited liability company (“**Seller**”), and CITY OF DULUTH, a municipal corporation and political subdivision under the laws of the State of Minnesota (“**City**” or “**Buyer**”).

RECITALS

- A. Seller is the owner of real property in Duluth, St. Louis County, Minnesota at 4201 West 1st Street, Duluth, MN, PIN Nos: 010-3598-00110, 010-3610-08316 legally described on the attached **Exhibit A**, and all privileges, rights, and easements appurtenant thereto, together with any and all improvements located thereon (the “**Property**”).
- B. Seller desires to sell the Property to Buyer and Buyer desires to purchase the Property pursuant to the terms and conditions set forth in this Agreement.

NOW, THEREFORE, in consideration of the mutual covenants and conditions set forth in this Agreement, and other good and valuable consideration, the receipt, sufficiency and mutuality of which are acknowledged, Seller and Buyer agree as follows:

1. Property To Be Purchased. Subject to compliance with the terms and conditions of this Agreement, Seller shall sell to Buyer and Buyer shall purchase from Seller all of Seller’s right, title and interest in the real property and improvements located in Duluth, St. Louis County, Minnesota, free and clear of all encumbrances except Permitted Encumbrances (defined below), and legally described on the Exhibit A, attached hereto and incorporated herein.
2. Purchase Price. The purchase price to be paid by Buyer for the purchase of the Property shall be One Million One Hundred and Seventy-Five Thousand and no/100 Dollars (\$1,175,000.00) (the “**Purchase Price**”).
 - (a) Within ten (10) days of the Effective Date, Buyer shall deliver to First American Title Insurance Company-Consolidated Title & Abstract Company (“**Title Company**”) the sum of Twenty-Five Thousand and no/100 Dollars (\$25,000.00) to be held in escrow (the “**Earnest Money**”). If the sale contemplated by this Agreement is consummated, the Earnest Money shall be applied toward the Purchase Price. If the sale is not consummated, the Earnest Money shall be refunded to Buyer.
 - (b) The balance of the Purchase Price shall be paid by Buyer by wire transfer at the time of Closing.
3. Closing.
 - (a) The closing of the purchase and sale contemplated by this Agreement (the “**Closing**”) shall occur on July 31, 2026 (the “**Closing Date**”), or such earlier date as may be agreed

upon by the parties. The Closing shall take place at the office of the Title Company in Duluth, Minnesota, or at such other place as the parties shall mutually agree upon. Seller shall deliver possession of the Property to Buyer immediately after Closing Date.

- (b) If it is contemplated that the Closing cannot be completed by the Closing Date, Buyer, through its City Administrator, or Seller may request and the other party shall approve of an extension up to 60 days after the Closing Date by providing written notice to the other party (the “**Extended Closing Date**”). If the Closing has not occurred by the Extended Closing Date, or the Closing Date if no extension has been requested by either party, (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.

4. Title Matters.

- (a) ALTA/ACSM Survey. Buyer shall cause to be prepared, at Buyer’s sole expense, an ALTA/ACSM survey of the Property and any improvements located thereon, in form acceptable to Buyer, which shall be certified to Seller, Buyer, Title and such other parties as Buyer may choose (the “**Survey**”). Buyer shall promptly deliver the Survey to Seller after receipt of the Survey. Seller shall have the right to review the Survey and request changes to the Survey to more accurately describe the Property and any easements and other encumbrances located thereon. If the parties agree in writing that the legal description on the Survey is more accurate than the legal description of the Property attached as Exhibit A, then the legal description on the Survey shall be the legal description of the Property for all purposes under this Agreement. At or prior to Closing, the City Administrator and Seller may execute an amendment to this Agreement to attach the complete and correct legal description for the Property, in accordance with the Survey. The Deed (defined below) to be delivered by Seller to Buyer at the Closing will contain the legal description of the Property as shown on the Survey and approved by Buyer and Title Company.
- (b) Evidence of Title. Promptly after the Effective Date, Buyer shall order, at Seller’s sole cost and expense, a title insurance commitment (“**Commitment**”) from Title to issue an ALTA Owner’s Policy of Title Insurance (the “**Title Policy**”) in an amount at least equal to the Purchase Price, to insure Buyer’s title to the Property, including copies of documents referenced in Schedule B (collectively with the Commitment, the “**Title Commitment**”). The Title Commitment shall have an effective date of no earlier than the Effective Date. The Title Commitment shall include affirmative coverages for appurtenant easements, if any. The Title Commitment shall reflect that Seller is the fee owner of the Property. The Survey and the Title Commitment are referred to collectively in this Agreement as the “**Title Evidence.**”
- (c) Title Objections. In the event the Title Evidence reflects that title to the Property is not in a condition acceptable to Buyer, Buyer may object to the title defects by specifying its objections in writing to Seller (the “**Objections**”) to the form or content of the Title Evidence on the later of the following: (i) July 15, 2026; or (ii) twenty-one days after

receiving the last of the Title Evidence. Any matter disclosed by the Title Evidence and not objected to by Buyer shall be a “**Permitted Exception.**” All liens, mortgages, deeds of trust, trust deeds, and security interests affecting the Property; all standard exceptions which can be removed by the Survey or an affidavit of the Seller; and real property taxes and special assessments to be prorated or paid at Closing in accordance with this Agreement (the “**Standard Objections**”) shall all automatically be deemed Objections, without notice by Buyer to Seller. Seller shall respond to Buyer’s Objections within five (5) business days of Seller’s receipt thereof indicating whether Seller elects to cure to Buyer’s satisfaction the disapproved or conditionally approved title matters identified in Buyer’s Objections (“**Seller’s Title Notice**”). Seller shall use its best efforts to attempt to cure or satisfy the Objections within thirty days after receipt of the Objections, during which period the Closing will be postponed if necessary. If Seller fails to cure the Objections within such thirty-day period, or if Buyer disapproves of Seller’s Title Notice, or if Seller fails to timely deliver Seller’s Title Notice, Buyer will have the option to (a) terminate this Agreement (without either party being deemed at fault); or (b) waive the Objections and proceed to Closing (and all uncured Objections shall be deemed Permitted Exceptions). Buyer shall exercise its option to terminate under this Section by delivering written notice to Seller within ten days after the expiration of the 30-day period or disapproval of Seller’s Title Notice, or Seller’s failure to timely deliver Seller’s Title Notice, as applicable. If Buyer fails to deliver notice of termination, Buyer shall be deemed to have waived the Objections except for the Standard Objections, which Seller shall satisfy or release at or before Closing. If prior to Closing, a new matter affecting title is disclosed to Buyer, it shall have the same rights thereafter as set forth in this Section.

5. Due Diligence Period.

- (a) Buyer shall have until 5:00 P.M. Central Time on July 15, 2026 (the “**Due Diligence Period**”), to determine, in Buyer’s sole and absolute discretion, whether it is feasible to acquire the Property. Buyer may terminate this Agreement for any and no reason prior to expiration of the Due Diligence Period and obtain a refund of the Earnest Money.
- (b) During the Due Diligence Period, Buyer, its officers, employees and agents (collectively, “**Buyer’s Representative**”) shall have the right to enter upon the Property, at all reasonable times during ordinary business hours, to make such inspections, surveys, and tests as may be necessary in Buyer’s discretion, including without limitation, soil tests, environmental studies, Phase I and Phase II environmental reports, toxic waste analysis, geological studies, engineering studies, archaeological studies and land use or related studies. Said investigations and tests shall be considered the proprietary information of Buyer. Buyer shall have the right to perform invasive testing of the Property or any portion thereof, including without limitation, any boring of the Property in connection with an environmental audit or otherwise. Buyer and Buyer’s Representatives shall use care and consideration in connection with any of its inspections or tests and Seller shall have the right to be present during any inspection of the Property by Buyer or Buyer’s Representatives. Buyer shall restore the Property to its original condition after any and all tests or inspections. Buyer will promptly pay when due the costs of all entry and inspections or tests done with regard to the Property. Buyer shall keep the Property free and clear of any mechanics’, materialmen’s or similar liens related to Buyer’s right of

inspection and its due diligence activities. Buyer and Buyer's Representatives shall comply with all applicable laws and regulations with respect to the inspection and access and shall refrain from interfering with Seller's use of the Property. Buyer shall indemnify and hold Seller harmless from and against any and all cost, expense, liability or damage arising out of any injury to any person or the Property attributable to Buyer's due diligence activities.

6. Buyer's Conditions to Closing. The Closing of the transaction contemplated by this Agreement and the obligation of Buyer to purchase the Property shall be subject to the following conditions:
 - (a) Documents. Within twenty days of the Effective Date, unless otherwise specified, Seller shall have delivered to Buyer those documents listed on the attached **Exhibit B** which are in Seller's reasonable control or possession. Buyer shall have determined, on or before the Contingency Date (defined below), that it is satisfied, in its sole discretion, with its review and analysis of the documents listed on **Exhibit B** as well as any other documents deemed necessary by Buyer, including all agreements entered into by Seller regarding the Property.
 - (b) Inspection. Buyer shall have determined on the Closing Date, or Extended Closing Date, as applicable, (but not before any closing date inspection) that it is satisfied, in its sole discretion, with the condition of the Property. In the event Buyer determines that it is not satisfied with the physical condition of the Property based on the inspections undertaken pursuant to this Agreement, Buyer may at its sole option (i) attempt to renegotiate the Purchase Price; and/or (ii) terminate this Agreement by written notice to Seller.
 - (c) Appraisal. No later than June 1, 2026, Buyer shall have received an appraisal of the Property (the "**Appraisal**"). The Property must be valued in an amount equal to or greater than the Purchase Price (the "**Appraised Value**"). In the event the Appraised Value is less than the Purchase Price, the City may: (i) terminate this Agreement and be entitled to a refund of the Earnest Money or (ii) attempt to renegotiate the Purchase Price.
 - (d) Seller's Representations and Warranties. Seller's representations and warranties in this Agreement shall be true and correct at the time of Closing as though such representations and warranties were made at such time.
 - (e) Title. The status of title to the Property shall have been accepted by Buyer pursuant to the provisions of Section 4, and on or before Closing, or Extended Closing Date, as applicable, Buyer shall have received the Title Policy, or a suitably marked up Title Commitment dated and initialed by Title, insuring Buyer's title to the Property subject to the Permitted Exceptions and in form acceptable to Buyer.
 - (f) Disclosures. On or before June 30, 2026, Buyer shall supply any desired disclosure forms regarding the Property to Seller. Seller shall complete these forms to the best of Seller's knowledge, with a duty of reasonable inquiry and investigation, and return to Buyer by the Contingency Date.

(g) City Council Approval. Execution of this Purchase Agreement by the Buyer and purchase of the Property are dependent on the approval of the City Council via resolution. The City Council shall have adopted a resolution approving the purchase of the Property on the terms and conditions set forth in this Agreement (the “**Council Contingency**”). The Council Contingency cannot be waived.

The contingency date shall be July 15, 2026 (the “**Contingency Date**”). If any of the conditions set forth above in this Section have not been deemed satisfied or waived, if permitted, by Buyer prior to the Closing Date or Extended Closing Date, as applicable, or earlier stated herein, this Agreement may be terminated at the option of Buyer, by written notice from Buyer to Seller sent to Seller on or before the Closing Date. All of the contingencies set forth in this Section are for the sole and exclusive benefit of Buyer and Buyer shall have the right to unilaterally waive any contingency by written notice to Seller unless otherwise stated.

7. Seller’s Conditions to Closing. The Closing of the transaction contemplated by this Agreement and the obligation of Seller to sell the Property shall be subject to the following conditions:

(a) Buyer’s Representations. Buyer’s representations in this Agreement shall be true and correct at the time of Closing as though such representations were made at such time.

(b) Performance by Buyer. Buyer shall have performed all of its obligations under this Agreement.

If the conditions set forth in this Section have not been satisfied or waived prior to the Closing Date, or Extended Closing Date, as applicable, this Agreement may be terminated by Seller, by written notice from Seller to Buyer delivered to Buyer no later than the Closing Date or Extended Closing Date, as applicable. All of the contingencies set forth in this Section are for the sole and exclusive benefit of Seller and Seller shall have the right to unilaterally waive any contingency by written notice to Buyer.

8. Representations and Warranties by Seller. Seller makes the following representations and warranties to Buyer:

(a) Seller 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, (ii) sell the Property in accordance with this Agreement. No consent or authorization from any other person, entity or government agency is required for Seller to enter into and perform Seller’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 Seller is bound.

(b) On the Effective Date, Seller is operating the Property as: VACANT.

(c) 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.

- (d) The individuals executing this Agreement on behalf of Seller have the requisite authority to execute this Agreement and such other documents as are contemplated or to be delivered by Seller, and to bind Seller thereto.
- (e) Seller is not a "foreign person," "foreign partnership," "foreign trust" or "foreign estate" as those terms are defined in Section 1445 of the Internal Revenue Code.
- (f) Seller is fully advised of and waives any rights to relocation benefits and other assistance it may have under the Uniform Relocation Assistance and Real Property Acquisition Policies Act of 1970, as amended (the "Act") and Minnesota Statutes, Section 117.52. For purposes of the Act, Seller waives the opportunity to accompany any appraiser during their inspection of the Property. Seller acknowledges that the Purchase Price is full and fair consideration for the Property.
- (g) There have been no bankruptcy or dissolution proceedings involving Seller during the time Seller has had any interest in the Property, there are no unsatisfied judgments or state or federal tax liens of record against Seller, and there has been no labor or materials furnished to the Property for which payment has not been paid.
- (h) There are no unrecorded mortgages, contracts, purchase agreements, options, rights of first refusal, leases, easements or other agreements or interests relating to the Property. Neither Seller, nor any other party to any contract affecting the Property is in default under such contracts. Any contracts in effect regarding the Property are terminable on or before the Closing Date.
- (i) There are no tenants of the Property, or any portion thereof, and there are no other persons or entities in legal or physical possession of the Property other than Seller which may be displaced by Buyer's acquisition of the Property.
- (j) All water, sewer, electric, natural gas, telephone, telecommunications, and drainage facilities, and other utilities required for the current operation of the Property are installed to the Property and are connected with valid permits. All utility lines serving the Property are located within the boundaries of the Property, within lands dedicated to public use, or within recorded easements for such purpose. Seller has not received any notice of actual or threatened reduction or curtailment of any utility service now supplied to the Property.
- (k) The Property is not subject to or affected by any special assessment for public improvements or otherwise, whether or not presently a lien upon the Property. Seller has not made any commitment to any governmental authority, utility company, school board, church, or other religious body, homeowner or homeowner's association or any other organization, group or individual relating to the Property which would impose an obligation upon Seller or its successors or assigns to make any contributions or dedications of money or land, or to construct, install or maintain any improvements of a

public or private nature as part of the Property or upon separate lands. No governmental authority has imposed any requirement that Seller pay, directly or indirectly, any special fees or contributions or incur any expenses or obligations in connection with the development of the Property or any portion thereof, other than any regular and nondiscriminatory local real estate or school taxes assessed against the Property. No federal, state, or local taxing authority has asserted any tax deficiency, lien, interest or penalty, special assessment, or other assessment against the Property or Seller which has not been paid; and there is no pending audit or inquiry from any federal, state or local taxing authority or other matter relating to the Property or Seller of which Seller has received notice which reasonably may be expected to result in a tax deficiency, lien, interest, penalty, special assessment or other assessment against Property or Seller.

- (l) The Property is not in violation of any statute, law, ordinance or regulation, and there is no action, litigation, governmental investigation, condemnation or administrative proceeding of any kind pending or threatened, against or involving any portion of the Property.
- (m) Seller has no knowledge of the presence of a well on the Property within the meaning of Minnesota Statutes, Chapter 103I.
- (n) Seller certifies that there is no “subsurface sewage treatment system” within the meaning of Minnesota Statutes, Section 115.55 on or serving the Property.
- (o) Seller has no knowledge that methamphetamine production has occurred on the Property.
- (p) There are not now, nor to Seller’s knowledge have there ever been underground or above ground storage tanks of any size or type located on the Property nor any Hazardous Substances (defined below) located on the Property in violation of applicable governmental requirements, and the Property has not been used in connection with the generation, disposal, storage, treatment or transportation of Hazardous Substances in violation of applicable governmental requirements. To Seller’s knowledge, no activity has been undertaken on the Property that would cause or contribute to the discharge of Hazardous Substances or of fluids into any water source or system, the dredging or filling of any waters or the discharge into the air of any emissions that would require a permit under any federal or state law or local ordinance. For purposes of this Agreement, the term “**Hazardous Substances**” includes but is not limited to substances defined as “hazardous substances,” “toxic substances,” “hazardous wastes,” “pollutants” or “contaminants” under state, local or federal law, regulation, rule, policy or order. The term “hazardous substance” shall also include asbestos, polychlorinated biphenyls, petroleum, including crude oil or any fraction thereof, petroleum products, heating oil, natural gas, natural gas liquids, liquefied natural gas, or synthetic gas useable for fuel (or mixtures of natural gas and synthetic gas).
- (q) The buildings, structures, and improvements included within the Property are structurally sound and in good repair and all mechanical, electrical, heating, air conditioning, draining, sewer, water, and plumbing systems are in proper working order.

- (r) To Seller's knowledge with duty of reasonable inquiry, all information delivered to Buyer in the documents listed in Exhibit B are true and correct.
- (s) Seller is the sole owner of the Property and, no person, other than Buyer has any right, agreement, commitment, option, right of first refusal or any other agreement, whether oral or written, with respect to the purchase, assignment or transfer of all or any portion of the Property. No party other than Seller has or claims any unrecorded or undisclosed legal or equitable interest in the Property.
- (t) Except as represented and warranted in this Section, Seller's disclosures, and the Deed (defined below), Seller is selling the property to Buyer AS-IS, WHERE IS, WITH ALL FAULTS.

The foregoing representations shall be accurate on the Effective Date and at the time of Closing. If, at any time prior to the Closing, Seller acquires actual knowledge of events or circumstances which render the representations and warranties set forth in this section inaccurate in any respect, Seller shall immediately notify Buyer in writing and Buyer shall have right, in addition to all other remedies, to terminate this Agreement. Seller will indemnify and defend Buyer, its successors and assigns, against and will hold Buyer, its successors and assigns harmless from, any loss, liability, costs, expenses or damages, including reasonable attorney's fees, that Buyer incurs because of Seller's breach of any of the above representations and warranties, the inaccuracy of any of the above representations and warranties when made or remade, or Seller's failure to notify Buyer, before the Closing, if the representations set forth above become inaccurate and Seller actually knows or should have known with reasonable inquiry of such inaccuracy. The representations, warranties and indemnification set forth above shall survive the Closing of this transaction and Seller's delivery of the Deed (defined below).

9. Representations by Buyer. Buyer makes the following representations to Seller:

- (a) That the execution of this Agreement has been duly and fully authorized by Buyer's governing body and further that the individuals executing this Agreement on behalf of Buyer have the requisite authority to execute this Agreement and such other documents as are contemplated or to be delivered by Buyer, and to bind Buyer thereto; and Buyer has the full and complete authority to purchase the Property.

The foregoing representations shall be accurate on the Effective Date and at the time of Closing. The representations set forth above shall survive Closing of this transaction and Buyer's acceptance of the Deed (defined below).

10. Real Estate Taxes and Assessments. Real estate taxes and assessments on the Property payable in the year of Closing shall be prorated as of the Closing Date on the basis of the most recent ascertainable taxes assessed against the Property. Seller shall be responsible for all real estate taxes and assessments for all years prior to Closing. Buyer shall be responsible for all real estate taxes and assessments for the year following Closing and all subsequent years.

11. Utilities. Utilities for the Property shall be prorated as of the date of the Closing. The parties shall cooperate to transfer utilities from Seller to Buyer on the Closing Date.
12. Closing Documents. At or prior to Closing, the parties shall execute and deliver the following:
 - (a) A warranty deed (the “**Deed**”) conveying all of Seller’s right, title and interest in the Property to Buyer free and clear of all encumbrances, in substantially the form of the Minnesota Uniform Conveyancing Blank, subject to the Permitted Exceptions;
 - (b) The Title Policy, or a suitably marked up Title Commitment initialed by Title, in the form required by this Agreement;
 - (c) Resolution or other document by Seller, in form acceptable to Title, authorizing the sale of the Property by Seller;
 - (d) Resolution by Buyer, in form acceptable to Title, authorizing the acquisition of the Property by Buyer;
 - (e) Any documents reasonably required by Title, including but not limited to affidavits of Buyer to record the Deed and issue the Title Policy;
 - (f) Information needed to permit Title to complete and file an electronic Certificate of Real Estate Value on behalf of Seller and Buyer;
 - (g) Any documents necessary to effectuate the transfer of utilities servicing the Property from Seller to Buyer;
 - (h) A bill of sale containing warranties of title for all personal property located at or used in the maintenance and operation of the Property and assigning all warranties and permits in Seller’s possession or control attributable to the personal property.
 - (i) A certificate (or statutory statement on the Deed) signed by Seller warranting that there are no “Wells” on the Property within the meaning of Minnesota Statutes Chapter 103I, or if there are “Wells,” a Well Certificate in the form required by law;
 - (j) All requested and completed disclosure forms requested by Buyer to be filled out by Seller.
 - (k) If the Property contains or contained a storage tank, an affidavit with respect thereto, if required by Minnesota Statutes, Section 116.48;
 - (l) All keys to the Property; and
 - (m) All other documents as are customarily executed in connection with the conveyance of real property to effectuate the provisions of this Agreement.

13. Closing Costs. The following costs and expenses shall be paid in connection with the Closing:

(a) Seller shall pay the cost of:

- (i) All fees associated with the issuance of the Title Commitment, including state and federal tax lien, judgment and bankruptcy searches;
- (ii) All state deed taxes and/or transfer taxes on deeds;
- (iii) All recording fees, including but not limited to fees to record the Deed, Seller's resolution authorizing the sale of the Property to Buyer (if required by Title), Buyer's resolution authorizing acquisition of the Property, releases and satisfactions of existing mortgages or liens, as well as costs associated with the issuance of Certificates of Title for the Property;
- (iv) All expenses, including recording fees, to correct any Objections that Seller undertakes;
- (v) Proration as of the Closing Date or Extended Closing Date as applicable, of all utilities and operating expenses and rents, if any;
- (vi) Proration as of the Closing Date or Extended Closing Date as applicable, of real property taxes and any special assessments;
- (vii) Any other item allocated to or assumed by Seller in this Agreement;
- (viii) The entire Closing fee charged by Title;
- (ix) All costs, expenses and fees owing to Seller's Broker; and
- (x) All attorneys' fees and expenses incurred by Seller.

(b) Buyer shall pay the cost of:

- (i) The Survey;
- (ii) The premium for the Title Policy, if purchased;
- (iii) Any inspection reports obtained by Buyer;
- (iv) Proration as of the Closing Date or Extended Closing Date as applicable, of all utilities and operating expenses and rents, if any;
- (v) Proration as of the Closing Date or Extended Closing Date as applicable, of real property taxes;

- (vi) All attorneys' fees and expenses incurred by Buyer.
14. Title To Be Delivered. Seller agrees to convey marketable fee simple title and physical possession in the Property to Buyer at Closing subject only to:
- (a) Reservations of minerals or mineral rights by the State of Minnesota, if any;
 - (b) Building, zoning and subdivision laws, ordinances and State and Federal regulations which do not interfere with present improvements; and
 - (c) Any Permitted Exceptions.
15. Commission. Seller has engaged the services of Greg Follmer and/or Greg Follmer Commercial Real Estate, LLC as its broker in connection with the sale and purchase contemplated by this Agreement (the "**Broker**"). Seller is responsible for all costs and expenses owing as a result of engagement with its Broker. Seller shall indemnify, defend and hold Buyer harmless of any claim made by any broker or sales agent or similar party for a commission due or alleged to be due under the terms of any brokerage agreement entered into by Seller. This provision shall survive Closing and delivery of the Deed.
16. 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 Seller. If the Property is destroyed or damaged prior to the Closing, Buyer may at its sole discretion (i) cancel this Agreement and receive a full refund of Earnest Money within 14 days of sending 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, or (ii) attempt to renegotiate the Purchase Price and enter into an amendment to this Agreement reflecting the new purchase price, terms and conditions.
17. Condemnation. If, prior to the Closing Date or Extended Closing Date, as applicable, a public or private entity with the power of eminent domain commences condemnation proceedings against all or any part of the Property, Seller will promptly notify Buyer, and Buyer may, at Buyer's sole option, terminate this Agreement. Buyer will have until the earlier of (a) the Closing Date or Extended Closing Date as applicable; or (b) the date twenty (20) days from Buyer's receipt of Seller's notice to Buyer, to exercise Buyer's termination right. If Buyer does not terminate this Agreement pursuant to this Section, the parties will fully perform their obligations under this Agreement, with no reduction in the Purchase Price, and Seller will assign to Buyer, on the Closing Date or Extended Closing Date as applicable, all of Seller's right, title and interest in any award made or to be made in the condemnation proceedings. Seller will not designate counsel, appear or otherwise act with respect to any such condemnation proceedings without Buyer's prior written consent unless Buyer fails to respond within seven (7) days to a request for such written consent.
18. Operation Prior to Closing. Between the Effective Date and the Closing Date or Extended Closing Date as applicable, Seller shall operate and maintain the Property in the same manner as it is being operated on the date hereof and in accordance with prudent and reasonable standards.

- (a) Seller shall keep all existing insurance policies affecting the Property or any portion thereof in full force and effect through Closing.
 - (b) Seller shall keep Buyer timely advised of any repairs or improvements required to keep the Property or any portion thereof in the condition required by this Agreement, which cost in excess of ten thousand and no/100 dollar (\$10,000.00).
 - (c) Seller shall give Buyer written notice of any citation or other notice which Seller receives, subsequent to the Effective Date, from any governmental authority concerning any alleged violation of any law, ordinance, code, rule, regulation, or order regulating the Property or the use thereof.
 - (d) Seller shall pay in full, prior to Closing, all bills and invoices for labor, materials and services relating to the Property which are attributable to the period prior to the Closing, subject to Closing prorations, and which Buyer is not otherwise responsible for paying pursuant to this Agreement.
 - (e) Seller shall execute no contracts, leases, or other agreements regarding the Property which extend beyond the Closing Date or Extended Closing Date as applicable without the prior written consent of Buyer, which consent may be withheld by Buyer at its sole discretion.
 - (f) Seller shall not pledge or transfer any interest in or encumber or permit the encumbrance of the Property with any lien, easement, interest or agreement from and after the Effective Date without the prior written consent of Buyer, which may be withheld in Buyer's sole and absolute discretion.
 - (g) Seller will, at Seller's sole cost and expense, at or prior to the Closing, terminate all contracts, except those contracts, designated by Buyer to be Surviving Contracts, which Buyer elects to assume ("**Surviving Contracts**"). Seller will pay any cost, penalty, or fee associated with terminating those contracts not designating as Surviving Contracts. Buyer will pay or reimburse Seller for a portion for the fees due for any Surviving Contracts which are attributable to the period from and after the Closing.
19. Personal Property. Seller owns the improvements, personal property and intangible property, free and clear of all encumbrances, except those that will be discharged on or before Closing. Seller shall provide a list of all personal or intangible property on the Property that the Buyer may assume title to after closing.
20. Indemnity. Seller shall be liable for any damage or injury to any person or property occasioned by the acts of Seller, its employees, agents, contractors and subcontractors, relating to the Property. Seller shall indemnify and hold harmless City, its officers, directors, agents and employees from any and all liens, liabilities, losses, claims, costs, or damages, including reasonable attorney fees and costs, causes of action, suits, claims, demands, and judgments of any nature resulting from the use of the Property pursuant to this Agreement. Buyer agrees to assume the benefit and burden of the Property as of the Closing. Promptly after receipt by City of notice of the commencement of any action with respect to which Seller

is required to indemnify City under this Agreement, City shall notify Seller in writing of the commencement of the action, and, subject to the provisions as hereinafter stated, Seller shall assume the defense of the action, including the employment of counsel satisfactory to City and the payment of expenses. In so far as such action shall relate to any alleged liability of City with respect to which indemnity may be sought against Seller, City shall have the right to employ separate counsel and to participate in the defense thereof, and the fees and expenses of such separate counsel shall be at the expense of Buyer. This Section shall survive the Closing and cancellation of this Agreement for any reason.

21. Default and Remedies.

(a) Buyer's Remedies. Except as otherwise set forth in this Agreement, Buyer shall have the following remedies in the event of a Seller defaults under this Agreement:

- (i) Declare this Agreement terminated and receive a full refund of Earnest Money within fourteen (14) days of sending written notice to Seller.
- (ii) Seek and be entitled to monetary damages, including consequential damages, from Seller for any damages incurred by Buyer as a result of Seller's default.
- (iii) Seek and be entitled to injunctive or declaratory relief as is necessary to prevent Seller's violation of the terms and conditions of this Agreement or to compel Seller's specific performance of its obligations hereunder.
- (iv) Seek such other legal or equitable relief as a court of competent jurisdiction may determine is available to Buyer.
- (v) Attempt to renegotiate the Purchase Price.

(b) Seller's Remedies. If Buyer defaults under this Agreement, Seller shall give written notice of such default to Buyer. If Buyer fails to cure such default within fourteen (14) days of such notice, this Agreement will terminate, and upon such termination, Seller will retain the Earnest Money as liquidated damages. The termination of this Agreement and retention of the Earnest Money will be the sole remedy available to Seller for such default of Buyer, and Buyer will not be liable for damages or specific performance.

(c) Waiver. 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 hereunder. And, to be effective, any waiver of any default by the defaulting party hereunder shall be in writing by the non-defaulting party.

(d) This section shall survive Closing and delivery of the Deed.

22. Miscellaneous.

- (a) Construction of Agreement. The parties have participated jointly in the negotiation and drafting of this Agreement. If an ambiguity or question of intent or interpretation arises, this Agreement is to be construed as if drafted jointly by the parties and no presumption or burden of proof will arise favoring or disfavoring a party by virtue of the authorship of any of the provisions of this Agreement.
- (b) Entire Agreement. The Recitals of this Agreement are true and correct and are incorporated into this Agreement by reference. 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, including but not limited to the Letter of Intent dated March 26, 2026. This Agreement, each provision of it, and all warranties and representations in this Agreement shall survive the Closing.
- (c) Time of Essence. Time is of the essence for all terms of this Agreement.
- (d) Irrevocable Offer. For good and valuable consideration, the receipt and adequacy which is acknowledged by Seller, Seller agrees that this Agreement is executed and delivered to Buyer as an irrevocable offer to sell by Seller in accordance with this Agreement which cannot be revoked by Seller prior to 4:30PM on May 6, 2026. Such offer to sell shall not be deemed accepted by Buyer until duly executed by Buyer prior to revocation thereof. Failure of Buyer to notify Seller prior to 4:30PM on May 6, 2026 shall not constitute acceptance or rejection by Buyer of Seller's offer, but Seller's irrevocable offer shall thereafter become revocable.
- (e) Governing Law. This Agreement is made and executed under and in all respect to be governed by the laws of the State of Minnesota. Any dispute that may arise between the parties arising out of this Agreement shall be adjudicated before a court located in St. Louis County, Minnesota and the parties irrevocably submit to the exclusive jurisdiction of the federal and state courts of the State of Minnesota located in St. Louis County with respect to any action or legal proceeding commenced by any party.
- (f) Confidentiality. This Agreement, as well as the identity of the City of Duluth as a party, shall be kept in strict confidence by Seller, as the contents of this Agreement are confidential or protected data pursuant to Chapter 13 of the Minnesota Government Data Practices Act. Buyer may make this Agreement public in accordance with Chapter 13 of the Minnesota Government Data Practices Act as required for the approval process by City Council. This confidentiality provision is immediately binding upon Seller upon its signature on this Agreement.
- (g) Notices. The mailing addresses for notice purposes of Seller and Buyer are as follows (or to such other respective addresses as may be designated by notice given in accordance with provisions of this Section):

If to Seller:

Knife River Properties, LLC
5900 Main Street

Duluth, MN 55807

It to Buyer:

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

With copy to:
City of Duluth
City Attorney's Office
441 West First Street, Room 440
Duluth, MN 55802

Any notice, request, demand or other communication permitted or required under this Agreement shall be in writing and shall be deemed duly delivered (i) when delivered personally, or (ii) when deposited in the United States mail, First Class, postage prepaid, or (ii) when delivered to a reputable courier addressed to the party for whom it is intended at the address specified above or at such other address as either party shall notify the other of in writing as provided above.

- (h) Assignment. Neither Seller nor Buyer may assign its interest in this Agreement.
- (i) Amendment. Amendments to this Agreement must be in writing and must be executed by the same officers as executed this Agreement, except that Buyer's City Administrator is authorized, in their discretion, to sign amendments to this Agreement on behalf of Buyer solely to extend timelines set forth in this Agreement up to a maximum of 60 days and amend the legal description in accordance with the Survey.
- (j) Headings. The captions and headings of the various sections of this Agreement are for convenience only and are not to be construed as defining or as limiting in any way the scope or intent of the provisions hereof.
- (k) Severability. If for any reason any portion or paragraph of this Agreement shall be declared void or unenforceable by any court of law at equity, it shall only affect such particular portion or paragraph of this Agreement and the balance of this Agreement shall remain in full force and effect and shall be binding upon the parties hereto.
- (l) Counterparts/Facsimile/Electronic Signatures. This Agreement may be executed in any number of counterparts and by different parties on separate counterparts, each of which counterparts, when so executed and delivered, shall be deemed to be an original and all of which counterparts, taken together, shall constitute one and the same Agreement. Facsimile or electronic signatures shall be binding on the transmitting party and shall have the same force and effect as if the original signature had been delivered.

- (m) No Rights or Benefits to Third Parties. The parties do not intend to create rights in, or to grant remedies to, any third-party as a beneficiary of this Agreement or to create any duty to, or standard of care on behalf of, any third-party by any covenant, obligation or undertaking established in this Agreement. There are no incidental third-party beneficiaries to this Agreement.
- (n) Relationship Between Parties. Nothing in this Agreement is intended or shall be construed in any manner as creating or establishing a relationship of co-partners between the Parties or of constituting Buyer as an agent, representative or employee of City for any purpose or in any manner whatsoever.
- (o) Exclusive Dealing. Seller agrees that so long as this Agreement is in effect, Seller will not solicit or accept any offer or enter into any agreement for the Property, or any portion thereof, or any transaction regarding the Seller which would result in any sale, disposition or transfer of any portion of the Property.
- (p) Date for Performance. If the time period by which any right, option or election provided under this Agreement must be exercised, or by which any act required hereunder must be performed, or by which the Closing must be held, expires on a Saturday, Sunday or legal or bank holiday, then such time period will be automatically extended through the close of business on the next regularly scheduled business day.

[Remainder of this page is intentionally left blank.]

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

KNIFE RIVER PROPERTIES, LLC

By: KYLE BRUCKELMYER

Printed Name: Kyle Bruckelmyer

Its: President

Date: 4/16/26

By: Brayden Bruckelmyer

Printed Name: Brayden Bruckelmyer

Its: vice president

Date: 4/16/26

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
LEGAL DESCRIPTION OF THE PROPERTY

PARCEL I

Lot 8, Block 1, EXCEPT the W'ly 42.86 ft thereof, ONEOTA INDUSTRIAL PARK, St. Louis County, Minnesota.

EXCEPT minerals and mineral rights to any other part of said Lot 8, Block 1.

PARCEL II

The S'ly 1/2 of West Second Street, f/k/a Traverse Street, lying between the S'ly extension of the W'ly line of the E'ly 7.19 ft of Lot 13, Block 72, ONEOTA and the extended centerline of 42nd Avenue West, Block 64, ONEOTA, St. Louis County, Minnesota.

(Torrens Property)

AND

The Northwesterly 40.0 feet of 80.0 foot wide West 2nd Street (formerly Traverse Street) in the City of Duluth, St. Louis County, Minnesota, vacated by Resolution 00-0738 which was adopted by the Duluth City Council on November 13, 2000 and filed for record with the Register of Titles of St. Louis County as Document No. 697385, lying contiguous to the easterly 7.19 feet of Lot 13, and all of Lots 14, 15, and 16, Block 72, Oneota Division of Duluth.

(Abstract Property)

EXHIBIT B
Section 6.0(a) Documents

1. Copies of any and all tenant leases and occupancy agreements, and amendments thereto, as well as any other correspondence or agreement incident or related thereto which affect the obligations of Seller and the affected tenant with respect to such lease.
2. All phase I and phase II reports and other environmental reports, including operating and management plans pertaining to any environmental conditions.
3. All engineering reports, architectural reports, maintenance reports (including HVAC and roof), soil studies, CAD drawings, and other technical reports related to the Property, or other Property condition reports.
4. Copies of other reports regarding hazardous substances located at the Property including but not limited to asbestos, formaldehyde, PCBs, lead, oil or oil byproducts.
5. Operating statements and related documents and records for the Property, including an aged receivables or delinquency report, for the current calendar year and for the three years immediately preceding the current calendar year.
6. The most recent budget for the Property for the current year and any future year, including income, operating expenses, property taxes and assessments and capital expenditures.
7. An updated list of personal property updated to a date not more than 30 days prior to the Closing Date or Extended Closing Date as applicable.
8. Insurance policies, insurance certificates delivered by Tenants, and claims documentation for the current calendar year and for the immediately preceding three calendar years with respect to the insurance maintained on the Property or any portion thereof.
9. Any other information or documentation relating to the design, construction, layout, structure, mechanical, electrical, and plumbing systems, fire protection systems and subsurface conditions relating to the Property.
10. Any inspections, studies, reports or surveys regarding the physical condition of the Property.
11. Seller's existing surveys for any portion of the Seller Property.
12. All contracts and their amendments that affect the Property.
13. All permits or licenses affecting the Property.
14. All other disclosure documentation as requested by Buyer.