

**PURCHASE AGREEMENT FOR PURCHASE
OF PROPERTY LOCATED IN THE CITY OF PRINCETON, MINNESOTA**

THIS AGREEMENT, made and entered into this day of _____, 2022, by and between **CITY OF PRINCETON**, a Municipal Corporation organized and existing under the laws of the State of Minnesota, whose address is 705 Second Street North, Princeton, Minnesota, 55371, hereinafter referred to as “Seller”, and **FRIDAY BAY, INC.**, a Minnesota Corporation, whose address is 7240 337th Ave. NW, Princeton, MN 55371, hereinafter referred to as the “Buyer”.

RECITALS

- A. Seller owns certain real property legally described as:
See Exhibit A
- B. Buyer agrees to meet all conditions and agrees to the terms and conditions of the Development Agreement to be executed between Seller and Buyer, a copy of which is attached as Exhibit A.

In consideration of the mutual covenants and agreements herein contained, together with other good and valuable consideration, Buyer and Seller agree as follows:

- 1. **Property Purchased.** Seller agrees to sell and transfer and Buyer hereby agrees to purchase and accept the Property described herein on such terms and conditions as are set forth herein.
- 2. **Condition of Property.** Seller makes no warranties as to condition of the Property, the same being sold “AS IS” except as to environmental and other representations and warranties in this Agreement.
- 3. **Project Description of Development and Use of Property.** Buyer will construct a multi-phase multi-use development intended for mixed residential, commercial or industrial purposes as approved by Seller and to be in compliance with all

applicable zoning and building laws including the terms and conditions of Exhibit A attached hereto.

4. **Consideration.** As consideration for Seller's transfer of the Property to Buyer, Buyer agrees to the following conditions and restrictions:

- A. Buyer shall pay Seller the purchase price of Five Thousand and No/100 Dollars (\$5,000.00) at Closing.
- B. Buyer shall construct the Project on the Property, which construction shall conform to plans presented by Buyer prior to Closing (the "Plans") and required by a mutually acceptable Developer's Agreement to be executed by the parties at or prior to Closing (the "Developer's Agreement") as contained in Exhibit B.
- C. Prior to closing, Buyer shall provide a written commitment to financing for Phase One of the Project.
- D. Buyer shall not rent or allow occupancy of the Property until Seller obtains an Occupancy Permit.
- E. Upon completion of each phase of the Project, occupation of the Property by third parties shall be for lawful purposes and in compliance with the terms of the approved Developer's Agreement contained in Exhibit B.

5. **Buyer's Contingencies.** Buyer's obligation to purchase the Property is subject to the satisfaction or waiver in Buyer's sole discretion of all of the following terms and conditions:

- A. **Default.** There is no uncured event of default under this Agreement.
- B. **Representations and Warranties.** All of Seller's representations and warranties set forth in this Agreement being true and correct as of Closing.
- C. **Title.** Title to the Property shall have been found acceptable, or there is Agreement to make it acceptable, on or before the Closing Date in accordance with this Agreement's requirements and terms.
- D. **Performance of Obligations.** Seller having performed all of its obligations as and when required under this Agreement.
- E. **Approval of Plans.** Seller having the Municipal Planning Commission approval of the site plan which shall be evidenced by CITY approval of the

site Plans in accordance with the Developer's Agreements contained in Exhibits A.

- F. **Inspection.** Buyer shall have determined no later than December 1, 2022, that it is satisfied in its sole discretion with its Inspection of the Property.
- G. **Governmental Approvals.** Buyer shall have obtained all final Seller, City and any other required governmental approvals which are necessary in Buyer's sole judgment to purchase the Property and develop the Project.
- H. **Due Diligence Documents.** Buyer having been satisfied in its sole discretion with Buyer's review of all Due Diligence Documents (as defined herein) and the information contained therein. "Due Diligence Documents" means copies of all of Seller's documents relating to the Property, including without limitation, any surveys, plats, contracts, tax statements, utilities, and engineering, soil, physical condition, environmental inspection, geotechnical and other reports and documents. Seller shall provide Buyer with copies of all Due Diligence Documents in its possession within a reasonable time after execution of this Agreement.
- I. **Road and Utilities.** Buyer shall have determined that the Property is adequately serviced by all necessary utilities and road systems in order to support the Project, and that the Property will have satisfactory, full, and complete legal and physical access from a public road.
- J. **Zoning.** Buyer shall have obtained assurances from the City that the Property is properly zoned for the Project.
- K. **Developer's Agreement.** Seller and Buyer having executed the form of the Developer's Agreement mutually acceptable to the parties as attached hereto as Exhibits B.

6. **Date and Place of Closing.** The date of closing shall be within 60 days after satisfaction or waiver of all of the conditions specified in Section 5 of this Agreement, unless an earlier date is agreed to by and between the parties, but in no event later than December 31, 2022, (the "Closing Date"). Closing shall take place at the office of Home Security Abstract and Title Company (the "Title Company"), or, at such other location which shall be agreed to by the parties hereto. Seller shall deliver possession of the Property to Buyer on the Closing Date.

Subject to performance by Buyer, Seller agrees to execute and deliver a Limited Warranty Deed (the "Deed") conveying marketable title to the Property subject only to the following exceptions (the "Permitted Encumbrances"):

- A. Building and zoning laws, ordinances, state and federal regulations.
- B. Restrictions relating to use or improvements of the Property and agreed to by Buyer.
- C. Reservation of any minerals or mineral rights to the State of Minnesota.
- D. Platted utility, road, street and drainage easements provided that they do not interfere with Buyer's intended use of the Property.
- E. Encumbrances, liens and easements arising prior to Seller's control of the Property, if any, and not objected to by Buyer; provided, however, that Buyer shall not be required to accept title that is not marketable.
- F. The right of Seller to require Buyer to re-convey the subject property to Seller under the following conditions:

In the event, prior to the completion of the construction of the improvements required to be constructed pursuant to the Developer's Agreement, the Buyer shall fail to commence construction or comply with any of its covenants under said Developer's Agreement, together with the requirements of this Purchase Agreement and fail to cure any such noncompliance, then the Seller shall have the right to repurchase title to and possession of the Property for the same price that the Buyer paid to acquire the Property from Seller and the Buyer shall be obligated to sell the Property to the Seller for such price free and clear of all defects, encumbrances and other title matters other than those existing at the time of Seller's conveyance of the Property to Buyer. Seller's right to repurchase the Property under this Section shall be superior to any liens or encumbrances allowed to be placed on the Property by Buyer. Seller's right to repurchase the Property shall terminate upon completion of all construction and the issuance of all building permits for each phases of the Project.

7. **Closing Costs and Prorations.** Seller shall pay all costs to issue the Commitment (as hereinafter defined), and Buyer shall pay all premiums required for the issuance of any title insurance or mortgagee's title insurance policy. Buyer shall pay all

other closing costs and the parties will each be responsible for the payment of their attorney's fees.

8. **Examination of Title.** Within a reasonable time prior to Closing, following Buyer's request, Seller shall furnish Buyer with a Commitment for Title Insurance issued by the Title Company, including complete and legible copies of all documents of record encumbering or affecting the Property, and including proper searches covering bankruptcies and state and federal judgments, federal court judgment liens in favor of the U.S., liens, and levied and pending special assessments, deleting standard exceptions and including such endorsements and other matters as identified by Buyer, and in an amount acceptable to Buyer (the "Commitment"). The Commitment will commit the Title Company to insure that Buyer will have good and marketable title to the Property, free and clear of all encumbrances except the Permitted Encumbrances, and shall be updated prior to Closing. The Commitment shall be obtained from Home Security Abstract & Title so that Seller may obtain any re-issue credit from the insurer. Seller shall not be required to provide Buyer with an Abstract.

Buyer shall have 20 business days after receipt of the Commitment to review the state of title to the Property and to provide Seller with a copy of written objections to such title (the "Title Objections"). Buyer shall be deemed to have waived any Title Objections not made within the 20 day period. Any encumbrance shown on the Commitment and not objected to by Buyer shall be a Permitted Encumbrance under this Agreement.

If an update to the Commitment reveals any encumbrance that did not appear in the original Commitment, Buyer shall have the right to make Title Objections as to such additional encumbrances and the provisions of this Section shall apply to such additional Title Objections.

9. **Title Corrections and Remedies.** Upon receipt of Buyer's Title Objections, Seller shall, within 15 business days, notify Buyer of Seller's intention to make title marketable. Seller shall have 60 days from receipt of Buyer's Title Objections to make title marketable. Liens or encumbrances for liquidated amounts which can be released by payment or escrow shall not delay the Closing. Cure of the defects by Seller shall be reasonable, diligent, and prompt. Pending correction of title, the Closing shall be completed in escrow on the date hereinabove set forth and all documents and performances shall be held in abeyance until title is corrected.

- A. If notice is given and Seller proceeds in good faith to make title marketable but the 60 day period expires without title being made marketable, Buyer may (i) waive any Title Objections and proceed to Closing, or (ii) declare this Agreement null and void by written notice to Seller, whereupon neither party shall be liable for damages hereunder to the other, and all escrowed closing documents shall be null and void and the parties shall agree to execute a release of this Purchase Agreement.
- B. If title is marketable, or is made marketable as provided herein, and Buyer defaults in any of the agreements herein, Seller's remedies shall be limited to the right to cancel this Purchase Agreement and declare all escrowed documents null and void.

10. **Maintenance of Property; Attachment of Liens.** Seller shall maintain the Property in the ordinary course of business until Closing and shall take no actions to encumber title to the Property between the date of this Agreement and the time the Deed is delivered to Buyer. Seller expressly agrees that it will not cause or permit the attachment of any mechanics, attorneys, or other liens to the Property prior to Closing. Upon Closing, Seller shall pay all costs to discharge any liens, mortgages or encumbrances to the Property attributable to actions of Seller, its employees, officers, agents or consultants, including without limitation any architect, contractor and or engineer.

Buyer shall take no actions to encumber title to the Property between the date of this Agreement and the time the Deed is delivered to Buyer. Buyer expressly agrees that it will not start construction and it will not cause or permit the attachment of any mechanics, attorneys, or other liens to the Property prior to Closing. Notwithstanding termination of this Agreement prior to Closing, Buyer shall pay all costs to discharge any encumbrances to the Property attributable to actions of Buyer, its employees, officers, agents or consultants, including without limitation any architect, contractor and or engineer.

11. **Real Estate Taxes and Special Assessments**. Any real estate taxes due and payable in and for the year of Closing shall be paid by Seller.

12. **Inspections**. Before Closing, Buyer may enter the Property to conduct, and shall have the option of obtaining, any inspections, testing, and investigations (collectively the "Inspections"), including without limitation a survey, soils tests, an Environmental Phase I Assessment prepared by a qualified environmental engineer acceptable to Buyer, certified to Buyer and containing findings that no environmental waste or hazardous materials are found on the Property and that the same is not subject to contamination by hazardous waste or ground water contamination, and any other studies or reports reasonably deemed necessary by Buyer. Seller shall allow Buyer, and Buyer's agents, physical access to the Property without charge and at all reasonable times for the purpose of Buyer's Inspections. Buyer shall pay all costs and expenses of such Inspections and shall hold Seller and the Property harmless from all costs and liabilities relating to Buyer's Inspections. Buyer shall further repair and restore any damage to the Property caused by or occurring during Buyer's Inspections and return the Property to substantially the same condition as existed prior to such entry. In the event Buyer's Inspections are positive for contamination by hazardous waste or groundwater, and the cost to cure is

reasonably deemed by the Seller to be excessive, the Seller may terminate this Agreement by written notice to Buyer. Upon such termination neither party shall have any further obligations or liability to the other hereunder.

13. **Seller's Warranties**. As an inducement to Buyer to enter into this Agreement, and as part of the consideration therefore, Seller represents and warrants to and covenants with Buyer and its successors and assigns as follows:

- A. To the best of Seller's knowledge and belief, at the time of execution by Seller of this Agreement, there are no environmental proceedings, applications, court pleadings, investigations by public or private agencies, or other matters pending which could prohibit, impede, delay or adversely affect the use of the Property for residential development.
- B. No litigation or proceedings are pending or, to the best of Seller's knowledge, contemplated, threatened or anticipated, relating to the Property, or any portion thereof.
- C. There are no wells on the Property within the meaning of Minnesota Statutes, Section 1031.235 and there is no sewage generated at the Property to be managed, and there is no individual sewage treatment system located on or serving the Property.

All representations and warranties made herein shall be true and correct now and as of Closing and shall be deemed to be material and to have been relied upon by the parties.

14. **Closing Documents**. Subject to performance by Buyer and Seller of their respective obligations hereunder, Seller shall fully execute as necessary and deliver to Buyer at the Closing all of the following:

- A. A Limited Warranty Deed conveying title to the property, in which the Seller warrants that the property has not been encumbered by Seller during its ownership thereof.
- B. An Affidavit of Seller, acceptable to the Title Company, indicating that on the date of the Closing there are no outstanding unsatisfied judgments, tax liens, or bankruptcies against or involving Seller and that, if appropriate, there are no maintenance agreements, or other agreements in force as to the Property and that Seller knows of no unrecorded interests in the

Property of any kind, together with whatever standard owner's affidavit may be required by Buyer.

- C. Certificate of Real Estate Value.
- D. The Developer's Agreement.
- E. Such other documents as may be reasonably necessary or required by Seller, Buyer or the Title Company to complete the Closing of the transaction.

15. **No Partnership or Joint Venture Created Hereby.** Nothing contained in this Agreement shall be interpreted as creating a partnership or joint venture between Buyer and Seller relative to the Property.

16. **No Merger; Entire Agreement.** The terms, covenants, and conditions to be performed or which may be performed subsequent to the Closing Date shall survive the Closing and thereafter continue in full effect and shall not merge with the Deed.

This Agreement contains the entire understanding of the parties hereto with respect to the purchase of the Property by Buyer and supersedes all prior agreements and understandings between the parties with respect to such purchase.

17. **Notices.** Except as otherwise provided herein, all communications, demands, notices, or objections permitted or required to be given or served under this Agreement shall be in writing and shall be deemed to have been duly given or served if delivered in person or deposited in the United States mail, postage prepaid, and addressed as set forth below. The current addresses of the parties are as follows:

SELLER: City of Princeton
Attn: Michele McPherson
705 Second Street N.
Princeton, MN 55371
(763) 389-2040

With copy to: Damien F. Toven
Damien F. Toven & Associates, LLC
413 S. Rum River Dr., Suite 6

Princeton, MN 55371
(763) 389-2214

BUYER: Steven A. Hage, President
Friday Bay, Inc.
7240 337th Ave. NW
Princeton, MN 55371

With copy to: Patrick Spott, Esq.
2228 E. Superior St.
Duluth, MN 55812

18. **Binding Effect.** This Agreement shall be binding on and inure to the benefit of the parties hereto and the assigns, executors, heirs, and successors of the parties.

19. **Amendment, Modification, or Waiver.** No amendment, modification, or waiver of any condition, provision, or term of this Agreement shall be valid or of any effect unless made in writing, signed by the party or parties to be bound or a duly authorized representative, and specifying with particularity the extent and nature of such amendment, modification, or waiver. Any waiver by any party of any default of another party shall not affect or impair any right arising from any subsequent default. Except as expressly and specifically stated otherwise, nothing herein shall limit the remedies and rights of the parties hereto under and pursuant to this Agreement.

20. **Severable Provisions.** Each provision, section, sentence, clause, phrase, and word of this Agreement is intended to be severable. If any provision, section, sentence, clause, phrase, and word hereof is illegal or invalid for any reason whatsoever, such illegality or invalidity shall not affect the validity of the remainder of this Agreement.

21. **Minnesota Law.** This Agreement shall be construed and enforced in accordance with the laws of the State of Minnesota.

22. **Agency Representation.** There are no real estate agents involved in this transaction and neither party has an obligation to pay any commissions.

**SIGNATURE PAGE TO
PURCHASE AGREEMENT FOR VACANT
PROPERTY LOCATED IN**

PRINCETON, MINNESOTA

IN WITNESS WHEREOF, Buyer has caused this Agreement to be executed effective the day and year first above written.

BUYER: FRIDAY BAY, INC.

BY: _____
_____, Its President

BY: _____
_____, Its _____

STATE OF MINNESOTA)
) SS:
COUNTY OF)

On this _____ day of _____, 2022, before me, a Notary Public in and for said county, personally appeared _____ and _____ to me personally known, who being duly sworn, did say that they are the President and _____ of **Friday Bay, Inc.**, the Corporation named in the foregoing instrument and that said instrument was signed on behalf of said Corporation by authority of its Board of Directors and said _____ and _____ acknowledged said instrument to be the free act and deed of said Corporation.

Notary Public

DRAFTED BY:

Damien F. Toven
Damien F. Toven & Associates, LLC
413 S. Rum River Dr., Suite 6
Princeton, MN 55371
(763) 389-2214