

**PURCHASE AGREEMENT BETWEEN
INDEPENDENT SCHOOL DISTRICT
NO. 761 (ISD No. 761)
AND
CITY OF OWATONNA**

Dated: _____ (the "Effective Date")

1. **Parties.** The parties to this Purchase Agreement (this "Agreement") are:

a. Independent School District No. 761 (ISDN 761) ("Seller")

Attn: Tamara Champa, Superintendent, 333 E School St, Owatonna MN 55060.

b. City of Owatonna, Minnesota, a Minnesota municipal corporation ("Buyer")

Attn: Jenna Tuma, City Administrator, City of Owatonna, 540 West Hills Circle, Owatonna, MN 55060.

This Agreement sometimes refers to Seller and Buyer individually as a "Party" and collectively as the "Parties".

2. **Property.** The real property that is the subject of this Agreement is located in the City of Owatonna, Steele County, Minnesota, and is legally described on the attached **Exhibit A** (the "Property"). The term "Property", as used in this Agreement, will include any improvements and fixtures located on the Property and all hereditaments and appurtenances to the Property.

3. **Purchase and Sale.** For and in consideration of the sum of Two Hundred Sixty Thousand and no/100ths Dollars (\$260,000.00) (the "Purchase Price") and in consideration of the mutual promises set forth herein, Seller agrees to sell the Property to Buyer pursuant to the terms of this Agreement and Buyer agrees to purchase the Property from Seller pursuant to the terms of this Agreement.

a. Within ten (10) business days of the Effective Date, Buyer will deliver to Near North Title Group (NNTG) (the "Title Company") a deposit in the amount Ten Thousand and 00/100 dollars (\$10,000.00) (the "Earnest Money"). The Earnest Money shall be applicable to the Purchase Price at Closing.

b. The balance of \$250,000.00 shall be paid at Closing, **as provided in Section 10.**

4. **Conveyance Terms.** At Closing, Seller will execute and deliver to Buyer a Warranty Deed conveying fee title to the Property to Buyer subject only to:

a. Building, zoning and subdivision statutes, laws, ordinances and regulations;

b. Reservations of minerals or of mineral rights in favor of the State of Minnesota, if any;

- c. Covenants, conditions, restrictions and easements of record, if any;
 - d. Rights of tenants of the Property;
 - e. Any defects in the marketability of Seller's actual or record title to the Property which exist as of the Date of Closing (defined below) and which Buyer does not object to pursuant to the provisions of **Section 8** below (hereinafter, collectively, the "Permitted Encumbrances").
5. **Seller's Disclosure.** Within ten (10) days of the Effective Date, Seller will deliver to Buyer such of the following as are currently in Seller's possession or readily available to Seller:
- a. Any documentation relating to the Property including, but not limited to correspondence, notices, reports, test results and any other documents whether hard copy or electronically stored pertaining to "Hazardous Substances" more specifically defined in **Exhibit B** attached.
 - b. Any unrecorded Covenants, conditions, restrictions and easements, if any.
6. **Buyer's Inspection.** At all times prior to the Date of Closing, Buyer and its agents will have the right, upon reasonable notice to Seller, to go upon the Property to inspect the Property and to determine the condition of the Property and the improvements located thereon; including, specifically, environmental testing to determine the presence or absence of hazardous substances, petroleum products and asbestos in, on, or about the Property. Buyer agrees to use reasonable efforts to avoid disturbing business operations on the Property during such testing. Buyer agrees to indemnify and defend Seller from and to hold Seller harmless against any and all claims, causes of action or expenses, including attorneys' fees, relating to or arising from Buyer's presence on the Property prior to the Date of Closing to the extent arising out of or relating to Buyer's entry on the Property in the course of inspections or testing as provided in this Agreement, and, on request to provide Seller with evidence that Buyer maintains reasonably adequate liability insurance, including contractual liability endorsement or provisions insuring Buyer's potential liabilities under this **Paragraph 6**. Buyer agrees to repair any damage to the Property caused by such inspections and to return the Property to substantially the same condition as existed prior to Buyer's inspection. Buyer acknowledges that Buyer is purchasing the Property in reliance on Buyer's inspection of the Property pursuant to this Section and on Buyer's judgment regarding the sufficiency of such inspections.
7. **Evidence of Title.** As quickly as reasonably possible after the Effective Date of this Purchase Agreement:
- a. Seller shall deliver any abstract of title or a copy of any owner's title insurance policy for the Property, if in Seller's possession or control, to Buyer or Buyer's designated title service provider; b. Buyer shall obtain the title services determined necessary or desirable by Buyer or Buyer's lender, including but not limited to title searches, title

examinations, abstracting, a title insurance commitment at Buyer's selection and cost and provide a copy to Seller.

8. **Examination of Title.** Within ten (10) days of Buyer's receipt of the above-referenced title commitment, Buyer may give Seller written notice of alleged defect(s) in the marketability of Seller's actual and record title to the Property and state the curative actions requested of Seller ("Objections").

Within ten (10) days of Seller's receipt of Buyer's Objections, Seller will notify Buyer, in writing, if Seller will attempt to make Seller's title to the Property marketable. If Seller notifies Buyer that Seller will attempt to make Seller's title to the Property marketable, Seller will have up to thirty (30) days from Seller's notice to Buyer of Seller's intent to make the Property marketable, (the "Cure Period"), or to obtain appropriate modifications to the Title Commitment and, if necessary, the Date of Closing will be rescheduled accordingly. **The Cure Period may be extended by the Parties by mutual agreement.** If Seller makes Seller's title marketable within the Cure Period, Seller will notify Buyer, in writing, and the Parties will close pursuant to the terms of this Agreement.

Any defects in the marketability of Seller's title to the Property which Buyer does not object to, in writing, within the time period set forth above, will be deemed Permitted Encumbrances.

Buyer specifically agrees that notwithstanding the continued existence of a defect or defects in the marketability of Seller's title to the Property, Seller will be deemed to have satisfied Buyer's Objections if Buyer's title insurer removes the matters giving rise to such defects from the list of requirements and/or exceptions set forth in the Title Commitment or agrees to endorse the Title Commitment to insure Buyer against loss or damage resulting directly from the matters giving rise to such defect(s).

Notwithstanding any provisions herein, Seller must satisfy all liens on the Property on or before the Date of Closing. If Seller notifies Buyer that Seller does not intend to cure Buyer's Objections or if Seller notifies Buyer that Seller intends to cure Buyer's Objections to title but is unable to do so or obtain appropriate modifications to the Title Commitment within the Cure Period, Buyer may either:

- a. terminate this Agreement pursuant to the procedures set forth in **Section 17**; or
- b. notify Seller that Buyer waives Buyer's Objections. If Buyer waives Buyer's Objections, the matters giving rise to such Objections will be deemed a Permitted Encumbrance and the Parties will fully perform their obligations under this Agreement.

If Buyer does not notify Seller of Buyer's election to terminate this Agreement pursuant to subsection (a) above or waive Buyer's Objections pursuant to subsection (b) above within fourteen (14) days of the expiration of the Cure Period provided for above, it will be deemed

a waiver of Buyer's right to terminate and this Agreement shall continue in full force and effect.

9. **Contingencies.** It is understood and agreed by and between the parties hereto that the respective obligations of Buyer and Seller set forth herein shall be subject to and conditional upon the satisfaction of the conditions set forth herein. Upon the failure of any condition precedent, Sellers shall refund the earnest money herein paid to Buyer and this Agreement shall thereupon terminate and be of no further force or effect. The conditions precedent are:

- a. Sellers conveying marketable title to the Real Property, free and clear of all liens or encumbrances whatsoever (except as set forth in Section 4, d. herein).
- b. Buyer's determination, in Buyer's sole discretion, that the condition of the Property, including the environmental condition of the Property, is acceptable to the Buyer's for its intended use.

10. **Closing.** The Parties will close in escrow through the offices of Near North Title Group (NNTG), Owatonna, MN, on or before _____ (or "Date of Closing"), or such later date as the Parties may establish at which time the closing of the purchase and sale (the "Closing") will take place, subject to the terms and conditions contained herein, including the fulfillment of the following:

- a. Seller will:

- (i) execute and/or deliver to the Title Company for recording in the appropriate county land records any documents necessary to establish Seller's title to the Property, subject only to Permitted Encumbrances;
- (ii) execute and deliver to Buyer the Warranty Deed described in **Section 4** above;
- (iii) execute and deliver to Buyer and Buyer's title insurer, if any, an appropriate Minnesota form affidavit evidencing the absence of bankruptcies, judgments, tax liens or marriage dissolution proceedings involving parties with the same or similar names as Seller and evidencing the absence of mechanic's lien rights affecting the Property, unrecorded interests affecting the Property, persons in possession of the Property and known encroachments or boundary line questions affecting the Property;
- (iv) execute and deliver to Buyer a non-foreign affidavit containing such information as is required under Section 1445(b)(2) of the Internal Revenue Code and any regulations relating thereto;
- (v) execute and deliver to the Title Company or other appropriate party any appropriate Federal Income Tax Reporting Forms;

(vi) execute and deliver to the closing agent a completed Minnesota Department of Health Well Disclosure Certificate or include on the deed described in **Section 4** the statement "Seller certifies that Seller does not know of any wells on the described real property" or the statement "I am familiar with the property described in this instrument and I certify that the status and number of wells on the described real property have not changed since the last previously filed well disclosure certificate"; and

b. Buyer will:

(i) tender the Purchase Price to Seller pursuant to the provisions of **Section 3**.

11. **Possession; Condition of Property at Closing; Prorations.** Upon Buyer's full performance of Buyer's obligations under this Agreement, at closing Seller will deliver possession of the Property to Buyer. Seller will contact all utility providers, including, but not limited to electric, natural gas, sewer and water ("Utility Providers"), and arrange for final, private utility meter reading(s) on or before the Date of Closing and will arrange for Utility Providers to close all of Seller's accounts on the Date of Closing. Buyer will contact Utility Providers on the Date of Closing and transfer such utilities from Seller's name to Buyer's name.

12. **Real Estate Taxes and Special Assessments.** The Parties will pay the real estate taxes ("Real Estate Taxes"), and special assessments ("Special Assessments") as follows:

- a. On or before the Date of Closing, Seller will pay Real Estate Taxes and Special Assessments, if any, and any penalties and interest thereon, due and payable with respect to the Property for all years prior to the year of Closing;
- b. Buyer and Seller will pro-rate the Real Estate Taxes, if any, and installments of Special Assessments, if any, due and payable in the year of Closing, on a per-diem basis, using a calendar year, to the Date of Closing. The Parties will pro-rate these amounts using current year real estate tax information, if available, and, if current year real estate tax information is not available, using the amount of the Real Estate Taxes and Special Assessments due and payable in the year immediately preceding the year of Closing. Any such pro-rations will be final, and no subsequent adjustments, refunds or additional payments will be made; and
- c. As of Closing, Buyer will pay and assume all Special Assessments pending, levied or deferred, and Buyer will pay all Real Estate Taxes and Special Assessments due and payable in the years following the year of Closing.

After Closing, Buyer acknowledges that the Property will not have tax exempt status unless Buyer takes the necessary steps to qualify the Property under the appropriate Minnesota statutes.

13. **Seller's Representations.** Seller represents to Buyer the following:

- a. Seller has the legal and corporate authority to enter into this Agreement and to sell the Property. The individuals executing this Agreement on behalf of Seller have the legal and corporate authority to execute this Agreement on behalf of Seller and to bind Seller.
- b. Seller is not a foreign person, foreign corporation, foreign partnership, foreign trust or foreign estate, as defined in Section 1445 of the Internal Revenue Code.
- c. There have been no bankruptcy or dissolution proceedings involving Seller during the time Seller has had any interest in the Property.
- d. To the best of Seller's actual knowledge, there are no unsatisfied judgments of record against Seller.
- e. To the best of Seller's actual knowledge, there are no state or federal tax liens filed against Seller.
- f. There has been no labor or materials furnished to the Property for which payment has not been paid.
- g. To the best of Seller's actual knowledge, there are no unrecorded mortgages, contracts, purchase agreements, options, leases, easements or other agreements or interest relating to the Property.
- h. There are no persons in possession of any portion of the Property other than pursuant to a recorded document.
- i. To the best of Seller's actual knowledge, that there are no encroachments or boundary line questions affecting the Property.
- j. Seller is the fee owner of the Property subject only to Permitted Encumbrances.
- k. To the best of Seller's actual knowledge, the Property has legal access to a public right of way.
- l. Seller has not received notice of any new public improvement project(s), the cost of which a governmental entity may assess against the Property.
- m. To the best of Seller's actual knowledge there is no action, litigation, governmental investigation, condemnation or administrative proceeding of any kind pending against Seller or involving any portion of the Property, and no third party has threatened Seller with commencement of any such action, litigation, investigation, condemnation or administrative proceeding.

- n. Seller is not in default in the performance of any of Seller's obligations under any mortgage, contract for deed, easement agreement, covenant, condition, restriction or other instrument relating to the Property.
- o. **Hazardous Materials**. To Seller's actual knowledge and except as otherwise disclosed under Sec. 5.a. "Seller's Disclosure", there are no Hazardous Materials on the Property in violation of law.
- p. **Wells and Septic**. To Seller's knowledge, there are no "wells" on the Property within the meaning of Minn. Stat. § 103I, except for certain groundwater monitoring wells. To Seller's knowledge, there is no "subsurface sewage treatment system" within the meaning of Minn. Stat. Section 115.55 on or serving the Property. To Seller's knowledge, the sewage generated at the Property goes to a facility permitted by the Minnesota Pollution Control Agency.
- q. **Storage Tanks**. To Seller's knowledge, no "aboveground storage tanks" or "underground tanks" (within the meaning of Minn. Stat. § 116.46) are located in, on or under the Property.

14. **Buyer's Representations**. Buyer hereby represents to Seller as follows:

- a. Buyer represents that Buyer has the full and complete authority to enter into this Agreement and to purchase the Property. The individuals executing this Agreement on behalf of Buyer have the legal authority and the legal capacity to execute this Agreement on behalf of Buyer and to bind Buyer.
15. **Assignment**. Buyer may not assign Buyer's rights and obligations under this Agreement to a third party without the written consent of Seller. Seller may grant or withhold Seller's consent to an Assignment at Seller's sole discretion.
16. **Default**. If either Party defaults in the performance of any of such Party's obligations under this Agreement, the non-defaulting Party may, after written notice to the defaulting Party, suspend performance of its obligations under this Agreement, and the rights of the non-defaulting Party are as follows:

- a. **Buyer's Default**. If Buyer defaults in the obligation to close under this Agreement or otherwise defaults in its obligation under this Agreement, Seller will have the right to:
 - (i) Terminate this Agreement pursuant to Minnesota Statutes, § 559.21 and retain any Earnest Money and any interest which the Earnest Money has earned as liquidated damages, or
 - (ii) initiate a civil action to compel Buyer's specific performance of Buyer's obligations under this Agreement provided that Seller commences the

action within six (6) months of the date of Buyer's default. In any such action for specific performance, Seller may not recover Seller's attorneys' fees.

The remedies set forth in Section 16.a are Seller's sole and exclusive remedies in the event of Buyer's failure to close.

b. Seller's Default. If Seller defaults in the performance of any of Seller's material obligations under this Agreement, Buyer may:

- (i) terminate this Agreement and Seller will refund to Buyer all Earnest Money and the sum of \$10,000.00 as liquidated damages which Buyer will receive as liquidated damages for Seller's default due to the difficulty and uncertainty of ascertaining Buyer's actual damages;
- (ii) initiate a civil action to compel Seller's specific performance of Seller's obligations under this Agreement, provided that Buyer commences such action within six (6) months of the date of Seller's default. In any such action for specific performance, Buyer may not recover Buyer's attorneys' fees.

The remedies set forth in this Section 16.b are Buyer's sole and exclusive remedies in the event of Seller's default.

17. **Other**. This Agreement is subject to formal approval by the City Council. If Seller fulfills all the conditions and covenants on its part as set forth herein, and Buyer fails to close, Buyer shall forfeit Ten Thousand (\$10,000.00) dollars of the earnest money, provided, however, if Buyer fails to close due to conditions and unforeseen events beyond its control due to *force majeure*, such as natural disasters, acts of terrorism, strikes, government actions, such as new laws or orders, (other than the City), Acts of God, in which event Buyer shall not forfeit any earnest money.

18. **Termination**. Various sections of this Agreement allow Buyer and Seller to terminate this Agreement under certain conditions. The following procedures will govern the Parties' exercise of their termination rights:

- a. A Party intending to terminate this Agreement (the "Terminating Party") will notify the non-terminating Party (the "Non-Terminating Party"), in writing, of the Terminating Party's intent to terminate this Agreement.
- b. The Terminating Party's notice will recite the Section of this Agreement that authorizes the Terminating Party's termination of this Agreement and will describe the facts and circumstances which the Terminating Party asserts justify termination under the referenced Section.
- c. The Terminating Party's notice of termination will be effective as of the date the Terminating Party deposits the notice of termination with the United States Postal Service, with all necessary postage paid, for delivery to the Non-Terminating

action within six (6) months of the date of Buyer's default. In any such action for specific performance, Seller may not recover Seller's attorneys' fees.

The remedies set forth in Section 16.a are Seller's sole and exclusive remedies in the event of Buyer's failure to close.

b. **Seller's Default.** If Seller defaults in the performance of any of Seller's material obligations under this Agreement, Buyer may:

- (i) terminate this Agreement and Seller will refund to Buyer all Earnest Money and the sum of \$10,000.00 as liquidated damages which Buyer will receive as liquidated damages for Seller's default due to the difficulty and uncertainty of ascertaining Buyer's actual damages;
- (ii) initiate a civil action to compel Seller's specific performance of Seller's obligations under this Agreement, provided that Buyer commences such action within six (6) months of the date of Seller's default. In any such action for specific performance, Buyer may not recover Buyer's attorneys' fees.

The remedies set forth in this Section 16.b are Buyer's sole and exclusive remedies in the event of Seller's default.

17. **Other.** This Agreement is subject to formal approval by the City Council. If Seller fulfills all the conditions and covenants on its part as set forth herein, and Buyer fails to close, Buyer shall forfeit Ten Thousand (\$10,000.00) dollars of the earnest money, provided, however, if Buyer fails to close due to conditions and unforeseen events beyond its control due to *force majeure*, such as natural disasters, acts of terrorism, strikes, government actions, such as new laws or orders, (other than the City), Acts of God, in which event Buyer shall not forfeit any earnest money.

18. **Termination.** Various sections of this Agreement allow Buyer and Seller to terminate this Agreement under certain conditions. The following procedures will govern the Parties' exercise of their termination rights:

- a. A Party intending to terminate this Agreement (the "Terminating Party") will notify the non-terminating Party (the "Non-Terminating Party"), in writing, of the Terminating Party's intent to terminate this Agreement.
- b. The Terminating Party's notice will recite the Section of this Agreement that authorizes the Terminating Party's termination of this Agreement and will describe the facts and circumstances which the Terminating Party asserts justify termination under the referenced Section.
- c. The Terminating Party's notice of termination will be effective as of the date the Terminating Party deposits the notice of termination with the United States Postal Service, with all necessary postage paid, for delivery to the Non-Terminating

Party via certified mail, return receipt requested, at the address set forth in **Section 1** above. If the Terminating Party delivers a notice of termination in a different manner than described in the preceding sentence, the notice of termination will be effective as of the date the Non-Terminating Party actually receives the notice of termination. The Terminating Party will also mail a copy of the notice of termination to the Parties' respective attorneys, if applicable, as provided for in **Section 20** below.

- d. If the Non-Terminating Party disputes the Terminating Party's right to terminate this Agreement, the Non-Terminating Party will so notify the Terminating Party, in writing, within five (5) business days of the Non-Terminating Party's receipt of the Terminating Party's notice of termination.
- e. If the Non-Terminating Party does not dispute the Terminating Party's right to terminate this Agreement, Buyer will execute and deliver to Seller a recordable quit claim deed conveying the Property to Seller, and on the receipt of such a quit claim deed, Seller will return or instruct the Earnest Money Agent to return the Earnest Money and any interest which the Earnest Money has earned to Buyer.
- f. If the Parties dispute the validity of an attempted termination of this Agreement, either Party may initiate a civil action in a court of competent jurisdiction to determine the status of this Agreement, and the Party that prevails in any such action will be entitled to recover the costs excluding attorneys' fees which such Party incurs in the action from the non-prevailing Party.

19. **Time.** Time is of the essence for all provisions of this Agreement.

20. **Survival of Terms.** The Parties' obligations under this Agreement and the representations and warranties which the Parties have recited in this Agreement will survive Closing and Seller's delivery of a deed to Buyer; provided, however, that any action for breach of an obligation, representation, or warranty must be brought within six months of the Closing Date.

21. **Notices.** All notices provided for in this Agreement will be in writing. The notice will be effective as of the date three (3) days after the Party sending such notice deposits the notice with the United States Postal Service with all necessary postage paid, for delivery to the other Party via certified mail, return receipt requested, at the address set forth in **Section 1** above. If Party delivers a notice provided for in this Agreement in a different manner than described in the preceding sentence, notice will be effective as of the date the other Party actually receives the notice. The Party sending the notice will also mail a copy of the notice to the Parties' respective attorneys via first class United States mail at the addresses set forth below:

Seller:	Independent School District No. 761 333 E. School Street Owatonna, MN 55060 Attn: Tamara Champa Title: Superintendent
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Buyer: City of Owatonna
540 West Hills Circle
Owatonna, MN 55060
Attn: Jenna Tuma
Title: City Administrator
Attn: Emily Thamert
Title: Assist. City Administrator

22. **Miscellaneous.** Seller shall agree to repair the roof as soon as practicable.
23. **Full Agreement.** The Parties acknowledge that this instrument and any and all attachments or exhibits hereto represents the full and complete agreement of the Parties relating to the purchase and sale of the Property and all matters related to the purchase and sale of the Property. This Agreement supersedes and replaces any prior agreements, either oral or written, and any amendments or modifications to this Agreement must be in writing and executed by both Parties to be effective.
24. **Governing Law.** This Agreement has been made under the laws of the State of Minnesota and such laws will control its interpretation.
25. **No Contra Proferentem Presumption.** Both Seller and Buyer have participated in the drafting of this Agreement. Each has had the advice of its own separate legal counsel. In case of any issue as to the interpretation of this Agreement the *doctrine of contra proferentem* shall not apply and there shall be no presumption against either party as the drafter of this Agreement.

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IN WITNESS WHEREOF, the Parties hereto have executed this Agreement as of the day and year first written above.

Dated: _____

SELLER:

INDEPENDENT SCHOOL DISTRICT NO. 761

By: _____
Mark Sebring, Its Board Chair

By: _____
Tim Jensen, Its Board Clerk

Dated: 9/16/2025

BUYER:

CITY OF OWATONNA

By: _____
Matt Jessop, Its Mayor

By: _____
Jenna Tuma, Its City Administrator

EXHIBIT A
Legal Description of the Property

Parcel 1 PID
#17-127-0101

Legal Description:

Block 1, Lots 1,2,3,4 & North 70 feet of Lots 15,16,17, & 18 AND vacated alley O'Briens
Addition to the City of Owatonna, Minnesota.

EXHIBIT B

Hazardous Substances

“Hazardous Substance” means asbestos, urea formaldehyde, polychlorinated biphenyls, nuclear fuel or materials, chemical waste, radioactive materials, explosives, known carcinogens, petroleum products or other dangerous, toxic, or hazardous pollutant, contaminant, chemical, material or substance defined as hazardous or as a pollutant or contaminant in, or the release of disposal of which is regulated by, any Law or Regulation.

“Law or Regulation” means and includes the Comprehensive Environmental Response and Liability Act (“CERCLA” or the Federal Superfund Act) as amended by the Superfund Amendments and Reauthorization Act of 1986 (“SARA”) 42 U.S.C. §9601-9675; the Federal Resource Conservation and Recovery Act of 1976 (“RCRA”); the Clean Water Act 33 U.S.C. seq. and all state or local laws and regulations, including but not limited to Minnesota Statutes chapters 115 through 116F, as may be from time to time amended and any other federal, state, county, municipal, local or other statute, law ordinance or regulation which may relate to or deal with human health or the environment including, without limitation, all regulations promulgated by a regulatory body pursuant to any such statute, law, or ordinance.