

MEMORANDUM

TO: Theresa Battle - Superintendent
Lisa Rider – Executive Director of Business Services

FROM: Stacie Kvilvang – Ehlers

DATE: April 22, 2021

SUBJECT: Purchase Agreement – River Ridge

On April 8, 2021, the Board considered an offer to purchase the above referenced facility. After consideration, the Board directed staff and attorneys to finalize a purchase agreement (the “Agreement”) for the transaction. The Agreement and Addendum was sent to the buyer and the buyer requested some changes, which staff and consultants believe are appropriate. Below are the terms discussed at the meeting, with any changes noted below in ***bold italic and underlined***:

Buyer: Abdullahi Jama

Purchase Price: \$1,250,000

Earnest Money: \$25,000 deposited within 2 days of acceptance of offer and held in title. Refunded if buyer cannot secure financing

Financing: 40% cash and remainder financed (letter of approved financing submitted)

Due Diligence: Phase I paid by buyer

Phase II if required by bank to be paid by seller (prior agreement was to split 50/50. The District has owned the property since the late 70’s and constructed the building on the site. It is assumed that if there were any environmental issues that those would have been addressed in order for the District to construct the building.)

Not subject to government approvals of a rezoning or use permits

Buyer to investigate the property within 45 days of acceptance of offer to determine suitability for intended use

Buyer is accepting the property AS IS **with no right to set off or reduction in the purchase price.**

Seller shall provide copies of the Energy System Agreements to Buyer upon the execution of this Purchase Agreement by both parties. (we had already provided to the broker to provide to the Buyer).

Closing Date: On or before August 18, 2021

Taxes: Prorated to date of closing (\$0 since property is tax exempt)

Assessments: Seller to pay any existing or pending (\$0 since none are levied or pending)

Title: Seller to provide title at its cost to buyer within 30 days of acceptance of offer

Covenants: District requirement to file one with the property restricting buyer from leasing to a private, public or charter school, **but states that the buyer may use the property for a day care.**

Reps/Warranty: Under the representations and warranties of the seller section of the addendum, we had a 180-day period from the date of closing for the seller to indemnify the buyer because of any breach of any representations and warranties made by the seller. A one-year warranty is fairly common practice in most real estate transactions and staff and consultants do not see an issue with extending it for another six months.

Please contact me at 651-697-8506 with any questions.