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Christopher D. Anderson
Associate General Counsel

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June 1, 2017

VIA ELECTRONIC FILING

Mr. Daniel P. Wolf, Executive Secretary
MN Public Utilities Commission
121 7th Place East, Suite 350
St. Paul, MN 55101-2147

**RE: Minnesota Power's Petition for Approval of a Purchase Agreement Between
Minnesota Power and the State of Minnesota – Department of Military
Affairs
Docket No: E015/M-17-___**

Dear Mr. Wolf:

Please find attached for filing with the Minnesota Public Utilities Commission ("Commission") Minnesota Power's Petition in the above Docket.

Yours truly,

A handwritten signature in black ink, appearing to read 'C. Anderson'.

Christopher D. Anderson

jmn
Attachments

STATE OF MINNESOTA
BEFORE THE
MINNESOTA PUBLIC UTILITIES COMMISSION

In the Matter of the Petition of
Minnesota Power for Approval of a
Purchase Agreement with the
Minnesota State Armory Building
Commission Regarding the Sale of the
Long Prairie Service Center

Docket No. E015/M-17-_____

SUMMARY OF FILING

PLEASE TAKE NOTICE that on June 1, 2017 Minnesota Power ("MP") filed a Petition with the Minnesota Public Utilities Commission ("MPUC" or "Commission") seeking approval of a Purchase Agreement between MP and the State of Minnesota – Department of Military Affairs ("State"). Under the Purchase Agreement, MP intends to re-acquire its former Long Prairie Service Center for \$270,000. The Purchase Agreement requires Commission approval pursuant to Minn. Stat. §216B.50.

STATE OF MINNESOTA
BEFORE THE
MINNESOTA PUBLIC UTILITIES COMMISSION

In the Matter of the Petition of Minnesota Power for Approval of a Purchase Agreement with the Minnesota State Armory Building Commission Regarding the Sale of the Long Prairie Service Center

E015/M-17-_____

PETITION FOR APPROVAL

INTRODUCTION

Minnesota Power ("MP") hereby petitions the Minnesota Public Utilities Commission ("MPUC" or "Commission") for approval of a Purchase Agreement between MP and the State of Minnesota – Department of Military Affairs ("State"). In the Purchase Agreement (which is attached as Exhibit A to this Petition), Minnesota Power seeks to reacquire its former Long Prairie Service Center for \$270,000. This Petition is filed pursuant to Minn. Stat. §216B.50 and Minn. Rules Part 7825.1600-1800. MP believes that the Purchase Agreement is in the public interest and satisfies all of the criteria under the statute and Rules and should be approved by the Commission.

I. GENERAL FILING INFORMATION

Pursuant to Minn. Rules Part 7825.1300, Subpart 3, MP provides the following general information:

A. NAME, ADDRESS AND TELEPHONE NUMBER OF UTILITY

Minnesota Power
30 West Superior Street
Duluth, MN 55802
218-722-2641

B. NAME, ADDRESS AND TELEPHONE NUMBER OF UTILITY ATTORNEY

Christopher D. Anderson
Minnesota Power
30 West Superior Street
Duluth, MN 55802
218-723-3961

C. DATE OF FILING AND DATE PROPOSED AGREEMENT WILL TAKE EFFECT

This Petition is being filed on June 1, 2017. MP requests approval of the Purchase Agreement prior to August 14, 2017 if possible.

D. STATUTE CONTROLLING SCHEDULE FOR PROCESSING THE FILING

The applicable statute is Minn. Stat. §216B.50 and Minn. Rules Part 7825.1600-1800. These provisions do not establish an explicit time deadline for Commission action.

E. TITLE OF UTILITY EMPLOYEE RESPONSIBLE FOR FILING

Christopher D. Anderson
Minnesota Power
30 West Superior Street
Duluth, MN 55802
218-723-3961

II. DESCRIPTION OF FILING

A. BACKGROUND

MP is an electric utility incorporated under the laws of Minnesota. MP operates in a service territory which includes substantial parts of northern Minnesota, including the City of Long Prairie.

In 1981, MP began construction of the Long Prairie Service Center on land purchased by MP for \$42,080. The land and the \$1,061,792 original construction cost of the facility were

included in rate base in MP's 1987 rate case, Docket No. E-015/GR-87-223. Subsequent to construction, MP applied standard accounting principles and took total depreciation of \$425,725 through 1997, leaving a net book value of \$678,147.

The existing Long Prairie Service Center was built to accommodate office and administrative functions as well as service, repair and metering personnel. Through November 1, 1996 MP maintained a front office function at the Long Prairie Service Center which included three administrative employees as well as four linemen, one meter reader and one customer service representative.

In 1996 MP decided to consolidate the administrative and office functions of the Long Prairie Service Center with its home office in Duluth. This was accomplished with no loss of service quality. At that time, customers were provided with information (including MP's toll-free "800" number) to ensure continued access to MP's high-quality service.

After the office and administrative functions were terminated in Long Prairie, MP determined that the present service center is too large and too expensive to meet its current minimal needs, and sold a substantial portion of the Service Center to the Minnesota State Armory Building Commission for \$680,000 in March 2008. MP did not leave the Long Prairie Service Center completely; it agreed to continue to lease a portion of the building at a current cost of \$57,540 per year (plus taxes and utilities), or \$4,795 per month.

For reference purposes, Minnesota Power has included as an attachment to this Petition the Petition and Order from the 1998 Docket (E015/M-98-442) (see attachments at Exhibit B).

B. THE 2016 PURCHASE AGREEMENT

In the fall of 2016 Minnesota Power and the State reached an agreement whereby Minnesota Power agreed to purchase the remainder of the Long Prairie Service Center. The

Purchase Agreement, which is attached as Exhibit A, is a straightforward commercial real estate agreement. The Purchase Agreement sets the price at \$270,000 to be paid at closing, with credit for lease payments made to date of closing. An appraisal supporting the \$270,000 purchase price is attached as Exhibit C. The closing, which is contingent upon approval of the Purchase Agreement by the Commission, is also subject to a variety of commercially reasonable contingencies, including the results of a building inspection, the absence of environmental damage, and the demonstration of clear title.

The parties entered into a lease agreement (attached as Exhibit D) to cover the period from Purchase Agreement execution to required Commission approval of the re-acquisition. The lease covers the approximately 13,500 square feet of space Minnesota Power has agreed to purchase. The lease term is through the earlier of August 14, 2017 or closing of the purchase as authorized pursuant to an Order from the Commission. This date drives the request for Commission approval.

Minnesota Power's proposed accounting entries for this transaction are included as Exhibit E.

C. THE PURCHASE AGREEMENT IS IN THE PUBLIC INTEREST

Minn. Stat. §216B.50 requires that transfers "of any plant as an operating unit or system" involving an utility in which the value of the property exceeds \$100,000 must be approved by the Commission. Minn. Rules Part 7825.166, Subpart 8, likewise incorporates the concept of an "operating unit or system" in requiring approval. In any event, the Purchase Agreement is clearly in the public interest and approval should be granted. The re-acquisition of the Long Prairie Service Center will serve to keep MP's costs down and provide an

appropriate site for another essential public service (a National Guard Armory) while benefitting MP's customers.

Minn. Stat. §216B.50 governs the Commission's review of this Petition. This statute provides, in relevant part:

Upon the filing of an application for the approval and consent of the commission thereto the commission shall investigate, with or without public hearing, and in case of a public hearing, upon such notice as the commission may require, and if it shall find that the proposed action is consistent with the public interest it shall give its consent and approval by order in writing.

Id. (emphasis added). Thus, if the Commission finds that the transaction is "consistent with the public interest," it must approve the Petition.

In prior cases, the MPUC established that this standard "does not require an affirmative finding of public benefit, just a finding that the transaction is compatible with the public interest." *In the Matter of the Proposed Merger of Minnegasco, Inc. With and Into ARKLA, Inc.*, Order Approving Merger, Docket No. G-008/PA-90-604 (1990). As recently as February 24, 1997, the Commission reconfirmed this standard in its approval of the merger *In the Matter of the Proposed Merger of Minnegasco, Inc. With and Into Houston Industries, Inc. and Houston Lighting and Power Co.*, Docket No. G-008/PA-96-950. In that matter, the MPUC approved a merger that had no rate reductions or freezes. The statute does not require that proposed transactions affirmatively benefit ratepayers or the public or that they otherwise promote the public interest. They cannot, however, contravene the public interest and must be shown to be compatible with it. *Id.*, p.4.

The sale of the Long Prairie Service Center easily meets the Commission's standard under Section 50.

- The Long Prairie Service Center has proven to be very valuable and busy over the years. This service center is on the western edge of Minnesota Power's service territory and is constantly busy with new construction and distribution line repairs.
- Minnesota Power has leased an older building in the downtown area of Long Prairie to serve as our service center since 1998. The building we lease used to be a Ford car dealership. It is a very old and run down building. It needs a lot of repair including a new roof, new heat plant and new plumbing, including toilets. The office area is small for our staff, making it crowded and very non-efficient, and it smells musty due to moisture leaking in through the roof and windows. The carpeting is very old and the walls need painting. We have addressed all these issues with the owners, but the family that owns the building has decided to not address the requests. There is no other garage or office space currently available in town that could house our operation except the old service center.
- As a tenant at the currently leased building in downtown Long Prairie, MP is continually fixing plumbing and lighting issues due to the fact that the landlord does not take any action. We find ourselves often investing in a sub-standard building that does not belong to us.
- We are challenged for indoor warehouse space at our leased site in downtown Long Prairie. The new Armory site will give us more indoor warehouse space for tools and equipment, plus give us room to store additional equipment from the Little Falls Service Center that they would like to store indoors seasonally when not in use. MP continues to lease space at the original service center location, now known as the Armory site, to store our wooden power poles and some other miscellaneous construction and electrical equipment. The leased building MP currently uses in the downtown area does not allow us enough room to have outdoor storage.
- Our annual lease costs in Long Prairie are currently \$23,763.60. This includes \$3,000 annually for the pole yard lease at the Armory site. The lease will renew again in June each year with an increase in payment anticipated.
- There are no known environmental issues at the Long Prairie Armory that Minnesota Power proposes to purchase. When MP sold the facility to the State in 1998 there were no significant environmental issues noted. We have recently had an Environmental Compliance Specialist from Minnesota Power review all records and complete a site inspection of the Long Prairie Armory site. Of minor concern was the stressed vegetation around the chain link fence surrounding the western end of the storage yard for wooden utility poles and the potential for halogenated solvent impacts to the area groundwater.
- The current service center in downtown Long Prairie is not convenient to get our large line trucks and trailers in and out of the garages. We do not have enough on-site parking for employees and company trucks. In addition the traffic around the current service center is sometimes busy and not convenient for moving in and out of the site.

- Our company line trucks are gradually getting larger and we are at the point of not being able to fit any larger trucks into the current service center garages. The Armory site would be an excellent upgrade in providing larger garages for parking the line trucks, plus it would be easier to move in and out of the property from the Armory site.
- The purchase of the Armory site gives us the potential to lease out some of the office space that we will not need. This has been a very successful model at Sandstone where we sub-lease to the Minnesota DNR, and at the service center in Aurora. The lease payments from the DNR essentially pay for all of our standard O&M costs for the building, including office cleaning, lawn mowing, snow plowing, garbage pickup, etc.

D. FILING COMPLIANCE AND VARIANCE REQUEST

The effectiveness of the Purchase Agreement is contingent upon MPUC approval. Moreover, the information provided with this Petition meets the requirements of the relevant Rules. Under Section 50, the Commission must consider the "reasonable value" of the property transferred. The information provided, including the information on how MP will treat the difference between the purchase price and the book value of the property, gives the Commission ample basis for making that determination.

In addition, however, a Section 50 filing must contain information required by Minn. Rules Part 7825.1400 and 7825.1800. These Rules are primarily designed to collect information pertinent to capital structure filings and for the purpose of investigating the issuance of securities and MP requests a variance from the application of such Rules in this Petition. The Commission shall grant a variance to its rules when it determines that the following requirements are met:

- a. enforcement of the rule would impose an excessive burden upon the applicant or others affected by the rule;
- b. granting the variance would not adversely affect the public interest; and
- c. granting the variance would not conflict with standards imposed by law.

MP believes that these Rules have no direct relevance to ascertaining the reasonableness of small property transfers such as the sale of the Aurora Service Center; while the burden may not be excessive, the information that would result is not relevant to the Commission's analysis. Consequently, to the extent the informational requirement of Minn. Rules Part 7825.1400 and 1800 apply to this Docket, MP seeks a variance since those requirements are irrelevant. The

public interest is not harmed by the absence of such information, and there is no conflict with any other law, Rule or regulation if the variance is granted. In any event, MP has provided the acquisition price and the book value referenced in these Rules. The public interest will not be adversely affected and no other applicable law or statute will be violated; a variance is justified.

III. MISCELLANEOUS INFORMATION

A. SERVICE LIST

Pursuant to Minn. Rules 7829.0700, MP requests that the following persons be placed on the Commission's official service list for this proceeding:

Christopher D. Anderson
Minnesota Power
30 West Superior Street
Duluth, MN 55802
218-723-3961

B. SERVICE ON OTHER PARTIES

Pursuant to Minn. Rules Part 7829.1300, Subpart 2, MP has served a copy of the Summary prepared in accordance with Minn. Rules Part 7829.1300, Subpart 1, on all parties on its general service list. A copy of the general service list for this filing was also served on each such party. Copies of the entire Petition have been served on the Commission, the Department and the Office of Attorney General.

C. SUMMARY OF FILING

A one-paragraph summary of the Petition is attached pursuant to Minn. Rules Part 7829.1300, Subpart 1.

Dated: June 1, 2017

Respectfully submitted,

A handwritten signature in black ink, appearing to read "C. Anderson", written in a cursive style.

Christopher D. Anderson
Associate General Counsel
Minnesota Power
30 W. Superior Street
Duluth, MN 55802

STATE OF MINNESOTA)
) ss
COUNTY OF ST. LOUIS)

AFFIDAVIT OF SERVICE VIA
ELECTRONIC FILING

Jodi Nash, of the City of Duluth, County of St. Louis, State of Minnesota, says that on the 1st day of June, 2017, she served Minnesota Power's Petition on the Minnesota Public Utilities Commission and the Energy Resources Division of the Minnesota Department of Commerce via electronic filing. All other parties were served as designated on the attached service list.



Jodi Nash

First Name	Last Name	Email	Company Name	Address	Delivery Method	View Trade Secret	Service List Name
Julia	Anderson	Julia.Anderson@ag.state.mn.us	Office of the Attorney General-DOC	1800 BRM Tower 445 Minnesota St St. Paul, MN 551012134	Electronic Service	Yes	GEN_SL_Minnesota Power_Minnesota Power General Service List
Christopher	Anderson	canderson@allete.com	Minnesota Power	30 W Superior St Duluth, MN 558022191	Electronic Service	Yes	GEN_SL_Minnesota Power_Minnesota Power General Service List
Ian	Dobson	Residential.Utilities@ag.state.mn.us	Office of the Attorney General-RUD	1400 BRM Tower 445 Minnesota St St. Paul, MN 551012130	Electronic Service	Yes	GEN_SL_Minnesota Power_Minnesota Power General Service List
Emma	Fazio	emma.fazio@stoel.com	Stoel Rives LLP	33 South Sixth Street Suite 4200 Minneapolis, MN 55402	Electronic Service	No	GEN_SL_Minnesota Power_Minnesota Power General Service List
Sharon	Ferguson	sharon.ferguson@state.mn.us	Department of Commerce	85 7th Place E Ste 280 Saint Paul, MN 551012198	Electronic Service	Yes	GEN_SL_Minnesota Power_Minnesota Power General Service List
Lori	Hoyum	lhoyum@mnpower.com	Minnesota Power	30 West Superior Street Duluth, MN 55802	Electronic Service	No	GEN_SL_Minnesota Power_Minnesota Power General Service List
Michael	Krikava	mkrikava@briggs.com	Briggs And Morgan, P.A.	2200 IDS Center 80 S 8th St Minneapolis, MN 55402	Electronic Service	No	GEN_SL_Minnesota Power_Minnesota Power General Service List
Nathan N	LaCoursiere	nlacoursiere@duluthmn.gov	City of Duluth	411 W 1st St Rm 410 Duluth, MN 55802	Electronic Service	No	GEN_SL_Minnesota Power_Minnesota Power General Service List
James D.	Larson	james.larson@avantenergy.com	Avant Energy Services	220 S 6th St Ste 1300 Minneapolis, MN 55402	Electronic Service	No	GEN_SL_Minnesota Power_Minnesota Power General Service List
Douglas	Larson	dlarson@dakotaelectric.com	Dakota Electric Association	4300 220th St W Farmington, MN 55024	Electronic Service	No	GEN_SL_Minnesota Power_Minnesota Power General Service List

First Name	Last Name	Email	Company Name	Address	Delivery Method	View Trade Secret	Service List Name
Susan	Ludwig	sludwig@mnpower.com	Minnesota Power	30 West Superior Street Duluth, MN 55802	Electronic Service	No	GEN_SL_Minnesota Power_Minnesota Power General Service List
Pam	Marshall	pam@energycents.org	Energy CENTS Coalition	823 7th St E St. Paul, MN 55106	Electronic Service	No	GEN_SL_Minnesota Power_Minnesota Power General Service List
Herbert	Minke	hminke@allete.com	Minnesota Power	30 W Superior St Duluth, MN 55802	Electronic Service	No	GEN_SL_Minnesota Power_Minnesota Power General Service List
David	Moeller	dmoeller@allete.com	Minnesota Power	30 W Superior St Duluth, MN 558022093	Electronic Service	Yes	GEN_SL_Minnesota Power_Minnesota Power General Service List
Andrew	Moratzka	andrew.moratzka@stoel.com	Stoel Rives LLP	33 South Sixth St Ste 4200 Minneapolis, MN 55402	Electronic Service	No	GEN_SL_Minnesota Power_Minnesota Power General Service List
Jennifer	Peterson	jjpeterson@mnpower.com	Minnesota Power	30 West Superior Street Duluth, MN 55802	Electronic Service	No	GEN_SL_Minnesota Power_Minnesota Power General Service List
Susan	Romans	sromans@allete.com	Minnesota Power	30 West Superior Street Legal Dept Duluth, MN 55802	Electronic Service	No	GEN_SL_Minnesota Power_Minnesota Power General Service List
Thomas	Scharff	thomas.scharff@versocom.com	Verso Corp	600 High Street Wisconsin Rapids, WI 54495	Electronic Service	No	GEN_SL_Minnesota Power_Minnesota Power General Service List
Ron	Spangler, Jr.	rlspangler@otpc.com	Otter Tail Power Company	215 So. Cascade St. PO Box 496 Fergus Falls, MN 565380496	Electronic Service	No	GEN_SL_Minnesota Power_Minnesota Power General Service List
Eric	Swanson	eswanson@winthrop.com	Winthrop Weinstine	225 S 6th St Ste 3500 Capella Tower Minneapolis, MN 554024629	Electronic Service	No	GEN_SL_Minnesota Power_Minnesota Power General Service List

First Name	Last Name	Email	Company Name	Address	Delivery Method	View Trade Secret	Service List Name
Daniel P	Wolf	dan.wolf@state.mn.us	Public Utilities Commission	121 7th Place East Suite 350 St. Paul, MN 551012147	Electronic Service	No	GEN_SL_Minnesota Power_Minnesota Power General Service List

EXHIBIT A

PURCHASE AGREEMENT

THIS AGREEMENT is made as of the Effective Date between Minnesota Power, Inc., a division of ALLETE, Inc. f/k/a Minnesota Power & Light Company, a corporation under the laws of the State of Minnesota, whose address is 30 West Superior Street, Duluth, Minnesota 55802, (the "Buyer") and the State of Minnesota, Department of Military Affairs, (the "Seller").

WHEREAS, Minnesota Statutes §193.36, authorize the Adjutant General to identify and sell surplus property; and

WHEREAS, the Adjutant General identified certain property to sell located in the City Long Prairie, County of Todd, State of Minnesota; and

WHEREAS, the Adjutant General offered said property for sale pursuant to said Authorizing Statute; and

WHEREAS, the Buyer was determined to be the successful bidder.

NOW, THEREFORE, in consideration of the mutual covenants hereinafter set forth, Seller and Buyer agree as follows:

1. Sale of Property. Seller agrees to sell to Buyer, and Buyer agrees to purchase from Seller, the following property ("Property"):

1.1 Real Property. The real property located in Todd County, State of Minnesota, with a street address of 701 9th Street North East, Long Prairie, legally described as follows:

See attached Exhibit A

("Land"), together with (1) all buildings and improvements constructed or located on the Land ("Improvements") and (2) all easements and rights benefiting or appurtenant to the Land (collectively the "Real Property").

2. Purchase Price and Manner of Payment. The total purchase price ("Purchase Price") to be paid by Buyer to Seller shall be Two Hundred Seventy Thousand dollars (\$ 270,000.00). The Purchase Price will be payable as follows:

2.1 One Hundred dollars (\$ 100.00), payable as bid security ("Bid Security") concurrently with Buyer's bid for the Property.

2.2 Two Hundred Sixty Nine Thousand Nine Hundred dollars (\$269,900.00), by wire transfer of U.S. Federal Funds received in Seller's account on or before 9:00 a.m. on the date identified as the Closing Date in Section 4 herein. On or before three (3) days prior to such Closing Date, Seller will provide Buyer, in writing, with Seller's account information.

3. Contingency. The obligations of Buyer under this Agreement are contingent upon each of the following (the "Contingencies"):

3.1 Title. Within 20 business days following the date of the last signature on this Agreement, title to the Property shall have been found acceptable to Buyer in its sole discretion. Buyer may obtain, at its expense, a commitment for title insurance with a title company of Buyer's choosing and/or a survey of the Property.

EXHIBIT A

- 3.2 Governmental Approvals. Within 20 business days following the date of the last signature on this Agreement, Buyer shall obtain, at its expense, all final governmental approvals necessary in Buyer's judgment in order to make use of the Property as Buyer intends. Seller shall without charge to Buyer cooperate with Buyer in the filing of a Planning and Zoning Application provided that by so participation Seller is not required to expend any moneys or will not become liable for the payment or expenditure of any moneys.

If any contingency has not been satisfied within the time frame set forth for that contingency herein, then this Agreement may be terminated, at Buyer's option, by written notice from Buyer to Seller given at any time on or before such applicable contingency date. Upon such termination, the Bid Security shall be released to Buyer and upon such return neither party will have any further rights or obligations regarding this Agreement or the Property. All the contingencies set forth in this Agreement are specifically stated and agreed to be for the sole and exclusive benefit of the Buyer and the Buyer shall have the right to unilaterally waive any contingency by written notice to Seller.

4. Closing. The closing of the purchase and sale contemplated by this Agreement (the "Closing") shall occur on ten (10) business days following the satisfaction or waiver of all Contingencies, whichever is earlier. The Closing shall take place at 9:00 a.m. local time at the office of the Department of Military Affairs, 20 12th Street West, 4th Floor Conference Room, St. Paul or at such other place or time as may be agreed to. Seller agrees to deliver possession of the Property to Buyer at the time of Closing.

5. Quit-Claim Deed. At the Closing, Seller shall deliver to Buyer a properly executed Quit-Claim Deed in a form approved by the Office of the Attorney General in its sole discretion.

6. Title. The Seller will not furnish an abstract. Seller provides no warranties regarding title to the Property. The Seller assumes no obligation to perform any acts or to pay for any expenses incurred in connection with possible title deficiencies except to deliver a properly executed Quit-Claim Deed, independent of whether or not the Property is subject to any easements, of record or not. The Property is subject to reservation and exception of all minerals and mineral rights for the Seller's own use.

7. Closing Costs. The Buyer will be responsible for paying all closing costs included but not limited to title evidence, title insurance, title opinion, recording costs, deed tax and Buyer's attorney fees, if any.

8. Real Estate Taxes and Special Assessments. Real estate taxes payable in the year 2016 will be prorated between Seller and Buyer based on the Closing Date. Buyer will pay real estate taxes payable in the year 2017. Buyer will be responsible for payment of all special assessments levied, pending or constituting a lien against the Property.

9. Representations and Warranties by Seller. The Property is sold AS-IS. The Seller makes no representations or warranties regarding the property condition, its use or the marketability of its title.

10. Wells. Seller knows of no wells on the Property.

11. Storage Tanks. The Seller knows of no aboveground or underground storage tanks on the Property.

12. State Audits. Pursuant to Minnesota Statutes, Section 16C.05, Subdivision 5, the books, records, documents, and accounting procedures and practices of the Buyer relevant to this Agreement shall be subject to examination by the Seller and/or Legislative Auditor, as appropriate, for a minimum of six (6) years.

13. Assignment. Either party may assign its rights under this Agreement. The assigning party shall

EXHIBIT A

provide written notice of such assignment to the other party.

14. Captions. The paragraph headings or captions appearing in this Agreement are for convenience only, are not a part of this Agreement and are not to be considered in interpreting this Agreement.

15. Entire Agreement; Modification. This written Agreement constitutes the complete agreement between the parties and supersedes any prior oral or written agreements between the parties regarding the sale of the Property. There are no verbal agreements that change this Agreement and no waiver of any of its terms will be effective unless in writing executed by the parties.

16. Binding Effect. This Agreement binds and benefits the parties and their successors in interest.

17. Controlling Law. This Agreement has been made under the laws of the State of Minnesota, and such laws will control its interpretation.

18. Waiver. Neither the failure by any party hereto, in anyone or more instances, to insist upon the complete and total observance or performance of any term or provision hereof, or to exercise any right, privilege, or remedy conferred hereunder or afforded by law shall be construed as waiving any breach of such term, provision, or the right to exercise such right, privilege, or remedy thereafter. In addition, no delay on the part of any party hereto in exercising any right or remedy hereunder shall operate as a waiver thereof, nor shall any single or partial exercise of any right or remedy preclude other or further exercise thereof or the exercise of any other right or remedy.

19. Severability. If any provision of this Agreement is finally judged by a court of competent jurisdiction to be invalid, then the remaining provisions shall remain in full force and effect and they shall be interpreted, performed, and enforced as if the invalid provision did not appear herein.

20. Time of Essence. Time is of the essence with respect to all of the matters contained in this Agreement.

21. Counterparts. This Agreement may be executed in any number of counterparts, each of which when so executed and delivered shall be an original, but such counterparts shall together constitute one and the same instrument.

22. Notices. All notices or communications between Buyer and Seller shall be deemed sufficiently given or rendered if in writing and delivered to either party personally; or if mailed by United States registered or certified mail to the addresses set forth below, or such future addresses as may be subsequently supplied by the parties hereto to each other, return receipt requested, postage prepaid; or if transmitted by facsimile copy followed by mailed notice; or if deposited cost paid with a nationally recognized, reputable overnight courier, properly addressed as follows:

SELLER:
Minnesota Dept. of Military Affairs
Office of the Adjutant General
20 12th Street West
St. Paul, MN 55155
Attn: Executive Director

BUYER:
Minnesota Power
30 West Superior Street
Duluth, MN 55802
Attn: Bradley W. Oachs, Chief Operating Officer

23. Remedies. If Buyer defaults under this Agreement, Seller shall have the right to terminate this Agreement by giving written notice to Buyer. If Buyer fails to cure such default within 15 days of the date of such notice, this Agreement will terminate, and upon such termination Seller shall retain the Bid Security as liquidated damages. The termination of this Agreement and retention of the Bid Security shall be the sole remedy available to Seller for such default by Buyer, and Buyer will not be liable for damages or specific performance. If Seller defaults under this Agreement, Buyer shall have the right to seek

EXHIBIT A

specific performance of the Agreement. Buyer shall have no right to seek damages from Seller for Seller's default hereunder.

24. Effective Date. This Agreement shall be effective upon the date that the final required signature is obtained pursuant to Minnesota Statutes Section 16C.05, Subdivision 2 ("Effective Date").

25. Damages to Real Property. If the Real Property or the improvements thereto are substantially or materially damaged prior to the Closing Date, Buyer may rescind this Agreement by written notice to Seller within ten (10) days after Seller notifies Buyer of such damage, during which period, Buyer may conduct non-invasive inspections to inspect the Real Property, provided a representative of Seller is present during such inspections and further provided that Buyer agrees to conduct such inspections in such manner as to minimize any inconvenience to Seller. Buyer agrees to indemnify, defend, and hold harmless Seller against any loss, costs, claims, liability and expense suffered by or asserted against Seller resulting from Buyer's conducting said inspections.

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EXHIBIT A

IN WITNESS WHEREOF, the parties hereto have set their hands on the date(s) indicated below intending to be bound thereby.

BUYER:

By Bradley W. Oachs
Its Chief Operating Officer - MP
Date 6/6/16

SELLER:

STATE OF MINNESOTA
DEPARTMENT OF MILITARY AFFAIRS
Major General Richard Nash, ADJUTANT GENERAL

By [Signature]
Richard C. Nash
Major General, MNARNG
The Adjutant General

Date 6-5-16

EXHIBIT A

EXHIBIT A

LEGAL DESCRIPTION

Lots Three (3), Four (4) and Five (5) Block One (1) in LONG PRARIE INDUSTRIAL PARK, City of Long Prairie, Todd county, Minnesota, according to the plat thereof on file and of record in the office of the County Recorder in and for said county.