



**SPECIAL JOINT CITY COUNCIL AND HOUSING AND REDEVELOPMENT  
AUTHORITY WORKSESSION  
RICHFIELD MUNICIPAL CENTER, BARTHOLOMEW ROOM  
MAY 15, 2017  
6:30 PM**

Call to order

1. Development update by the Community Development Department.

Adjournment

**Auxiliary aids for individuals with disabilities are available upon request. Requests must be made at least 96 hours in advance to the City Clerk at 612-861-9738.**

**CITY OF RICHFIELD, MINNESOTA**  
Office of City Manager

May 11, 2017

Council Memorandum No. 48

HRA Memorandum No. 15

The Honorable Mayor  
and  
Members of the City Council

Housing and Redevelopment  
Authority Commissioners  
City of Richfield

Subject: Development Update Work Session

Council Members and Commissioners:

Developer representatives will be attending the work session on Monday, May 15 to present brief project updates.

Respectfully submitted,



Steven L. Devich  
City Manager/Executive Director

SLD:kcb

Email: Assistant City Manager  
Department Directors



**REGULAR HOUSING AND REDEVELOPMENT AUTHORITY MEETING  
RICHFIELD MUNICIPAL CENTER, COUNCIL CHAMBERS  
MAY 15, 2017  
7:00 PM**

Call to Order

Approval of the minutes of the Regular Housing and Redevelopment Authority Meeting of April 17, 2017.

**AGENDA APPROVAL**

1. Approval of the Agenda
2. **Consent Calendar contains several separate items which are acted upon by the HRA in one motion. Once the Consent Calendar has been approved, the individual items and recommended actions have also been approved. No further HRA action on these items is necessary. However, any HRA Commissioner may request that an item be removed from the Consent Calendar and placed on the regular agenda for HRA discussion and action. All items listed on the Consent Calendar are recommended for approval.**
  - A. Consideration of the approval of a resolution approving a Subordination Agreement related to Richfield Urban Village.  
Staff Report No. 20
  - B. Consideration of the approval of a resolution authorizing the HRA to affirm the monetary limits on statutory municipality tort liability.  
Staff Report No. 21
  - C. Consideration of the approval of a resolution authorizing the purchase of 6839 Cedar Avenue.  
Staff Report No. 22
3. Consideration of items, if any, removed from Consent Calendar

**RESOLUTIONS**

4. Consideration of the approval of a resolution authorizing the Right of Entry Agreement with Inland Development LLC.  
Staff Report No. 23

**PUBLIC HEARINGS**

5. Public hearing and consideration of the approval of a resolution approving the conveyance of certain real property to Interstate LLC and approving a purchase agreement with respect thereto.  
Staff Report No. 24

**OTHER BUSINESS**

6. Consideration of the approval of a petition requesting that the City Council consider the vacation of a portion of

17th Avenue. The right-of-way is adjacent to the proposed Plaza 66 development (approximately 6600, 6608, and 6614 17th Avenue).

Staff Report No. 25

**HRA DISCUSSION ITEMS**

7. HRA Discussion Items

**EXECUTIVE DIRECTOR REPORT**

8. Executive Director's Report

**CLAIMS AND PAYROLLS**

9. Claims and Payrolls

10. Adjournment

**Auxiliary aids for individuals with disabilities are available upon request. Requests must be made at least 96 hours in advance to the City Clerk at 612-861-9738.**



# HOUSING AND REDEVELOPMENT AUTHORITY MEETING MINUTES

Richfield, Minnesota

## Regular Meeting

### April 17, 2017

#### CALL TO ORDER

The meeting was called to order by Chair Supple at 7:00 p.m.

#### ATTENDANCE

HRA Members  
Present:

Mary Supple, Chair; Pat Elliott; Michael Howard; Doris Rubenstein;  
Sue Sandahl

Staff Present:

Steve Devich, Executive Director; Karen Barton, Assistant Director  
of Community Development; and Kate Aitchison, Housing  
Specialist.

Item #1	<b>APPROVAL OF THE MINUTES OF THE REGULAR HRA MEETING OF MARCH 20, 2017</b>
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M/Rubenstein, S/Elliott to approve the minutes of the regular HRA meeting of March 20, 2017.

Motion carried 5-0.

Item #2	<b>HRA APPROVAL OF THE AGENDA</b>
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M/Elliott, S/Sandahl, to approve the agenda.

Motion carried 5-0.

Item #3	<b>HRA APPROVAL OF THE CONSENT CALENDAR</b>
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Executive Director Devich presented the consent calendar.

- A. Consideration of the approval of a resolution authorizing the Right of Entry Agreement with Interstate Partners LLC. (Staff Report No. 17)
- B. Consideration of the approval of a resolution consenting to the inclusion by Interstate Partners LLC of certain property with respect to land use approvals. (Staff Report No. 18)

M/Elliott, S/Rubenstein, to approve the consent calendar.

Motion carried 5-0.

<b>Item #4</b>	<b>CONSIDERATION OF THE APPROVAL OF AN ASSIGNMENT AND SUBORDINATION OF THE DEVELOPMENT AGREEMENT AND COLLATERAL ASSIGNMENT OF INTEREST IN THE REVENUE NOTE BETWEEN RM SENIOR LIVING AND THE RICHFIELD HOUSING AND REDEVELOPMENT AUTHORITY.</b>
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Karen Barton presented Staff Report No. 19.

Commissioner Sandahl asked for contextual information on the project. Assistant Community Development Director Barton responded that the project would include 88 units of assisted living and memory care units.

Commissioner Elliott asked for clarification on the role of the two banks involved in this situation.

Bo Nickoloff, representative for RM Senior Living, clarified the role of the two banks.

Commissioner Rubenstein stated she was happy to see the project moving forward.

M/Elliott, S/Sandahl, to approve the assignment and subordination of the development agreement and collateral assignment of interest in the revenue note between RM Senior Living and the Richfield Housing and Redevelopment Authority.

Motion carried 5-0.

<b>Item #5</b>	<b>HRA DISCUSSION ITEMS</b>
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Chair Supple asked for an update on the Cedar Point II Housing project led by Boisclair.

Executive Director Devich stated that the Preliminary Development Agreement with Boisclair expires at the end of the month and that he is not intending to ask the HRA to extend the preliminary development agreement for Boisclair. He stated that perhaps it is time to talk with other developers while continuing discussions with Boisclair. There is a bill being proposed at the state legislature that would allow for a 10-year extension to the TIF period for this district. Executive Director Devich stated he was hopeful that it would be extended.

Chair Supple asked about the status of various grants that have been applied for. Executive Director Devich stated that staff is waiting to hear the results of one application for \$1 million in funds to assist with purchasing some of the homes in the area. Results are expected at the end of May.

Commissioner Rubenstein asked about the nature of communication between staff and the developer. Assistant Development Director Barton stated that Boisclair had promised weekly updates, but in the past few weeks there haven't been any new developments on which to update.

Chair Supple asked who has been communicating with residents. Assistant Community Development Director Barton explained that she was the primary contact with residents, not the developer.

Commissioner Sandahl asked about the time remaining on the TIF district should the extension not be granted. Executive Director Devich stated he thought there were 10-15 years remaining.

Commissioner Howard expressed that he sympathizes with residents who are waiting for development in the area. He stated he hopes to see something move forward.

Commissioner Elliott expressed disappointment that the development hasn't lived up to its initial proposal. He stated that it is time to put pressure on them to deliver on their promises, and if they cannot move forward the city needs to pursue other opportunities.

Chair Supple asked whether it would be helpful for people to contact their legislative representatives regarding the TIF extension. Executive Director Devich stated that he was optimistic that it would pass, and that it has strong support from the local representatives.

Commissioner Howard discussed a memo released from the city regarding the purchase and renovation of the Crossroads at Penn/Concierge Apartments, and the upcoming work session to further discuss the topic. He stated that Season's Park apartment complex may be selling, and wanted to let the HRA and general public know that non-profit developer Aeon may be interested in purchasing the property, and that he and Councilmember Regan-Gonzalez had submitted a letter of support and encouragement to Aeon.

Chair Supple mentioned that she had received a letter from a member of the Housing Visioning committee, who wanted to remind the HRA that policies were enacted regarding various types of housing. The Comprehensive Plan Process will begin soon, and offer opportunities to solicit input from residents.

<b>Item #6</b>	<b>EXECUTIVE DIRECTOR REPORT</b>
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Executive Director Devich gave an update on development projects that are in process throughout the city.

Commissioner Sandahl provided an update on what she had heard regarding the purchase of homes on 18<sup>th</sup> Avenue to make way for development.

Commissioner Rubenstein expressed concerns about the shoreline improvements at Lakes and Lyndale, as well as the redevelopment underway in the city of Edina at 66<sup>th</sup> and York/Xerxes. Commissioner Elliott added his concerns regarding the project at 66<sup>th</sup> Street and York Avenue, stating that Richfield should keep an eye on the project, to make sure that it doesn't change course without input.

Commissioner Rubenstein questioned whether Xerxes was a county road, or city road. Executive Director Devich stated it was a city road.

<b>Item #7</b>	<b>CLAIMS AND PAYROLL</b>
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M/Elliott, S/Howard, that the following claims and payroll be approved:

<b>U.S. BANK</b>	<b>4/17/17</b>
Section 8 Checks: 128622-128710	\$ 168,732.24
HRA Checks: 33038-33072	\$ 515,495.81
<b>TOTAL</b>	<b>\$ 684,228.05</b>

Motion carried 5-0.

<b>ADJOURNMENT</b>
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The meeting was adjourned by unanimous consent at 7:38 p.m.

Date Approved: May 15, 2017

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Mary B. Supple  
HRA Chair

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Kate Aitchison  
Housing Specialist

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Steve Devich  
Executive Director





**STAFF REPORT NO. 20**  
**HOUSING AND REDEVELOPMENT AUTHORITY**  
**MEETING**  
**5/15/2017**

REPORT PREPARED BY: Myrt Link, Community Development Accountant

DEPARTMENT DIRECTOR REVIEW: John Stark, Community Development Director  
5/10/2017

OTHER DEPARTMENT REVIEW: N/A

CITY MANAGER REVIEW: Steven L. Devich, Executive Director  
5/10/2017

**ITEM FOR COUNCIL CONSIDERATION:**

**Consideration of the approval of a resolution approving a Subordination Agreement related to Richfield Urban Village.**

**EXECUTIVE SUMMARY:**

The Urban Village Tax Increment Financing District (District) was certified in July 1999. It is a Redevelopment District that includes BMO Harris Bank, McDonald's, The Oaks on Pleasant, The Pines, and other office/retail space.

In 2001, the Richfield Housing and Redevelopment Authority (HRA) entered into a Contract for Private Development and agreed to provide tax increment assistance to the property and to issue tax increment revenue notes to reimburse development costs.

This District has two Pay-Go Notes. Note A is a Tax Exempt Note held by BMO Harris Bank N.A. and Note B is a Taxable Note held by Woodlake Partners LLC. Both notes were issued in 2001 and mature in 2026.

Pine Investments, LLC owns multi-family housing rental property in the District. They are seeking to refinance their debt and before issuing the loan, their lender is requiring the HRA and BMO Harris, the Holder of Note A, to approve a Subordination Agreement.

The HRA approved a Subordination Agreement for the Pines on March 20, 2017, but it has been significantly revised due to some objections that BMO Harris had to the original document.

**RECOMMENDED ACTION:**

**By motion: Approve a resolution approving a Subordination Agreement related to Richfield Urban Village.**

**BASIS OF RECOMMENDATION:**

**A. HISTORICAL CONTEXT**

- The Urban Village Tax Increment District was established in July 1999.
- The HRA entered into a Contract for Private Redevelopment to provide assistance to the property in 2001.

- Two Pay-Go Notes were issued in 2001 and mature in 2026.
- Pines Investments, LLC, which owns multifamily property in the District, is seeking to refinance their debt.
- The Lender is requiring the HRA and the Holder of Note A to approve a subordination prior to issuing the loan.
- The HRA approved a Subordination Agreement at their March 20,2017 meeting.
- The Holder of Note A (BMO Harris) objected to some of the language in the original Agreement.
- BMO Harris has agreed to sign this version of the Subordination Agreement.
- The document was significantly revised so the HRA is being asked to approve the revised Subordination Agreement.

**B. POLICIES (resolutions, ordinances, regulations, statutes, etc):**

- The Lender is requiring the HRA to approve a Subordination Agreement prior to issuing a loan to Pines Investment, LLC.

**C. CRITICAL TIMING ISSUES:**

- Pine Investments, LLC is going close on their refinancing. Prior to making the loan, their Lender is requiring a Subordination Agreement from the HRA and BMO Harris.

**D. FINANCIAL IMPACT:**

- There is no financial impact to the HRA.

**E. LEGAL CONSIDERATION:**

- The resolution was drafted and Subordination Agreement was reviewed by HRA legal counsel.

**ALTERNATIVE RECOMMENDATION(S):**

- Deny the subordination request.

**PRINCIPAL PARTIES EXPECTED AT MEETING:**

N/A

**ATTACHMENTS:**

	Description	Type
▢	Resolution	Resolution Letter

**HOUSING AND REDEVELOPMENT AUTHORITY  
IN AND FOR THE CITY OF RICHFIELD, MINNESOTA**

**RESOLUTION NO. \_\_\_\_\_**

**RESOLUTION APPROVING SUBORDINATION AGREEMENT RELATED TO RICHFIELD  
URBAN VILLAGE**

WHEREAS, Pines Investments, L.L.C., a Minnesota limited liability company (the “Developer”), owns certain property located in the City of Richfield, Minnesota (the “Property”), upon which a multifamily housing rental housing project (Richfield Urban Village) has been constructed; and

WHEREAS, the Housing and Redevelopment Authority in and for the City of Richfield, Minnesota (the “Authority”), entered into an Amended and Restated Contract for Private Redevelopment, dated May 21, 2001, with Richfield State Agency, Inc. (as predecessor to the Borrower), as amended pursuant to the First Amendment to Amended and Restated Contract for Private Redevelopment, dated January 25, 2005, between the Authority and Marshall & Ilsley Corporation (as successor by merger to Richfield State Agency, Inc.), as affected by the Assignment and Assumption of Amended and Restated Contract for Private Redevelopment, dated January 25, 2005, from Marshall & Ilsley Corporation to Woodlake-VEF IV, LLC, and as further affected by Assignment and Assumption of Amended and Restated Contract for Private Redevelopment, dated January 31, 2014, from Woodlake-VEF IV, LLC to Woodlake Partners, LLC (collectively, the “Contract”), pursuant to which the Authority agreed to provide tax increment financing assistance to the Property and surrounding property and to issue tax increment revenue notes to reimburse the development costs in connection therewith; and

WHEREAS, NorthMarq Capital, LLC, a Minnesota limited liability company (the “Lender”), has agreed to make a loan to the Developer in the amount of \$8,050,000 (the “Loan”) pursuant to a Multifamily Loan and Security Agreement (the “Loan Agreement”) between the Lender and the Borrower; and

WHEREAS, BMO Harris Bank N.A., a national banking association (“BMO”), is the holder of the Tax Increment Revenue Note Series 2001A (the “TIF Note”), issued by the Authority on October 17, 2001, in the original principal amount of \$2,500,000; and

WHEREAS, prior to making the Loan, the Lender has required that the Authority subordinate its interests under the Contract and that BMO subordinate its interest under the TIF Note to the interests of the Lender under the Loan Agreement and the Loan Documents defined therein; and

WHEREAS, there has been presented before this Board a form of Subordination Agreement – Governmental Entity (the “Subordination Agreement”) proposed to be entered into between the Authority, BMO, and the Lender, which sets forth the terms of the Authority’s and BMO’s subordination of their respective interests to the interests of the Lender; and

NOW, THEREFORE, BE IT RESOLVED, by the Board of Commissioners of the Housing and Redevelopment Authority in and for the City of Richfield, Minnesota as follows:

1. The Subordination Agreement is hereby in all respects authorized, approved, and confirmed, and the Chair and the Executive Directed are hereby authorized and directed to execute the Subordination Agreement for and on behalf of the Authority in substantially the form now on file with the Community Development Director but with such modifications as shall be deemed necessary, desirable, or appropriate, the execution thereof to constitute conclusive evidence of their approval of any and all modifications therein.

2. The Chair and the Executive Director are hereby authorized to execute and deliver any and all documents deemed necessary to carry out the intentions of this resolution and the Subordination Agreement.

Adopted by the Housing and Redevelopment Authority in and for the City of Richfield, Minnesota this 15th day of May, 2017.

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Mary Supple, Chair

ATTEST:

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Doris Rubenstein, Secretary



**STAFF REPORT NO. 21**  
**HOUSING AND REDEVELOPMENT AUTHORITY**  
**MEETING**  
**5/15/2017**

REPORT PREPARED BY: Jesse Swenson, Assistant HR Manager

DEPARTMENT DIRECTOR REVIEW: Steven L. Devich, Executive Director  
5/4/2017

OTHER DEPARTMENT REVIEW: N/A

CITY MANAGER REVIEW: Steven L. Devich, Executive Director  
5/4/2017

**ITEM FOR COUNCIL CONSIDERATION:**

**Consideration of the approval of a resolution authorizing the HRA to affirm the monetary limits on statutory municipality tort liability.**

**EXECUTIVE SUMMARY:**

The HRA purchases its insurance from the League of Minnesota Cities Insurance Trust (LMCIT). Each year, the HRA must either affirm or waive its statutory limits of liability by July 1. After reviewing cost considerations measured against potential risk, the HRA has, historically, affirmed the liability limits which are \$500,000 for an individual claimant and \$1,500,000 per occurrence. Staff is recommending the same course of action for the current period.

**RECOMMENDED ACTION:**

**By motion: Approve a resolution authorizing the HRA to affirm the monetary limits on municipal tort liability established by Minnesota Statutes 466.04.**

**BASIS OF RECOMMENDATION:**

**A. HISTORICAL CONTEXT**

- A requirement of insurance coverage through the LMCIT is an annual affirmation or waiver of statutory limits of liability.
- The current statutory limits of liability for Minnesota cities and political entities are \$500,000 for an individual claimant and \$1,500,000 per occurrence. Cities can waive these limits to allow an individual claimant to recover more than \$500,000, up to the \$1,500,000 per occurrence limit, if excess liability insurance is purchased. However, the cost of excess liability insurance continues to be very expensive. An additional \$1,000,000 of coverage would cost the HRA approximately \$6,000 annually.
- Slightly more than half of the cities in Minnesota do not waive its limits of liability.

**B. POLICIES (resolutions, ordinances, regulations, statutes, etc):**

- The State Statute establishes liability limits for cities and the current level is \$1,500,000, which appears to be a reasonable limit.
- Historically, just over one-half of the municipalities in Minnesota have not waived the monetary limits on municipality tort liability as was established by Statutes 466.06.

- The HRA could waive its statutory limits in future years if the Commissioners should decide to do so.
- The City of Richfield has historically not waived its limits of liability.

**C. CRITICAL TIMING ISSUES:**

- The HRA's insurance policy with the League of Minnesota Cities Insurance Trust renews on July 1, 2017. This action must be completed before that time.
- The HRA does not have to make a decision on purchasing excess liability coverage at this time. Coverage such as excess liability may be added at any time.

**D. FINANCIAL IMPACT:**

- There is a slight premium savings for political entities that affirm the statutory monetary limits. For the Richfield HRA, the savings would be less than \$1,000 for the coverage year.
- The HRA has historically not purchased excess liability coverage because of the relatively high cost of such coverage. The cost for \$1,000,000 of excess coverage would likely be between \$6,000 and \$8,000 per year.

**E. LEGAL CONSIDERATION:**

- The tort liability limits established by Minnesota statutes have historically protected cities and no Minnesota court has ever established a monetary award in excess of the statutory limits against a municipality.
- Each municipal entity must annually decide whether the entity would voluntarily waive the statute for both the single claims and each occurrence limit.

**ALTERNATIVE RECOMMENDATION(S):**

- If the HRA feels that any single claimant should receive more than the \$500,000 limit, the HRA could elect to waive the statutory monetary limits.
- If the HRA feels that the \$1,500,000 per occurrence limit is not adequate, the HRA could purchase excess liability coverage.

**PRINCIPAL PARTIES EXPECTED AT MEETING:**

None

**ATTACHMENTS:**

Description	Type
D Resolution	Resolution Letter

**HRA RESOLUTION NO.**

**RESOLUTION AFFIRMING MUNICIPAL TORT LIABILITY LIMITS ESTABLISHED BY  
MINNESOTA STATUTES 466.04**

**WHEREAS**, Minnesota Statute 466.04 provides for Municipal tort liability limits for Minnesota cities and for other municipal entities like the Richfield Housing and Redevelopment Authority; and

**WHEREAS**, the League of Minnesota Cities Insurance Trust has asked that each participating entity review the tort liability limits and determine if the respective entity would choose to waive its limits; and

**WHEREAS**, such decision to affirm or waive the tort liability limits must be filed with the League of Minnesota Cities Insurance Trust at the insurance renewal date.

**NOW, THEREFORE, BE IT RESOLVED** that the Executive Director is directed to report to the League of Minnesota Cities Insurance Trust that the Richfield HRA does not waive the monetary limits on the municipal tort liability established by Minnesota statutes 466.04.

Approved by the Housing and Redevelopment Authority in and for the City of Richfield, Minnesota this 15<sup>th</sup> day of May, 2017.

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Mary Supple, Chair

ATTEST:

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Doris Rubenstein, Secretary



**STAFF REPORT NO. 22**  
**HOUSING AND REDEVELOPMENT AUTHORITY**  
**MEETING**  
**5/15/2017**

REPORT PREPARED BY: Julie Urban, Housing Specialist

DEPARTMENT DIRECTOR REVIEW: John Stark, Community Development Director  
5/11/2017

OTHER DEPARTMENT REVIEW: N/A

CITY MANAGER REVIEW: Steven L. Devich, Executive Director  
5/11/2017

**ITEM FOR COUNCIL CONSIDERATION:**

**Consideration of the approval of a resolution authorizing the purchase of 6839 Cedar Avenue.**

**EXECUTIVE SUMMARY:**

The property at 6839 Cedar Avenue (the Property) was damaged in a fire in December 2016. It is a single family residential property that is designated for mixed use in the Cedar Avenue Corridor Redevelopment Area and cannot be rebuilt as a single family residence.

The owner of the Property has indicated a willingness to sell to the Housing and Redevelopment Authority (HRA). The Property appraised at \$56,000, and the owner has agreed to that price. The owner has requested that the HRA pay him \$3,000 in earnest money to facilitate his move from the property. Closing would occur by June 30, 2017.

The Property is not located in an area under immediate consideration for redevelopment; however, the HRA would demolish the Property and hold it in anticipation of future Mixed Use redevelopment.

**RECOMMENDED ACTION:**

**By motion: Approve a resolution authorizing the purchase of 6839 Cedar Avenue.**

**BASIS OF RECOMMENDATION:**

**A. HISTORICAL CONTEXT**

- In 2004, the City created a Redevelopment Master Plan for the Cedar Corridor area and designated the area along Cedar Avenue for office use. The City Council adopted an update to the Cedar Corridor Master Plan on September 27, 2016, designating the area where the Property is located as Mixed Use.
- The Property was declared uninhabitable by the City in 2014 and has been vacant since that time. Because it has been vacant for over a year, the property no longer qualifies as legally nonconforming under the City's Zoning Ordinance and cannot be rebuilt as a single family residence.

**B. POLICIES (resolutions, ordinances, regulations, statutes, etc):**

- The Cedar Corridor Master Plan (the Plan) designates the property as Mixed Use. The Plan calls for redevelopment of the area from residential to uses more compatible with the adjacent airport.



**C. CRITICAL TIMING ISSUES:**

- The Property has been vacant since 2014 and was damaged by fire in 2016. Purchase of the Property by the HRA will facilitate timely demolition of the substandard property.
- Under the purchase agreement, closing would occur by June 30, 2017.

**D. FINANCIAL IMPACT:**

- Funds are available in the Housing and Redevelopment Fund for acquisition and demolition.

**E. LEGAL CONSIDERATION:**

- The purchase agreement has been reviewed by legal counsel.

**ALTERNATIVE RECOMMENDATION(S):**

- Decide not to authorize purchase of the property.

**PRINCIPAL PARTIES EXPECTED AT MEETING:**

N/A

**ATTACHMENTS:**

Description	Type
□ Resolution	Resolution Letter
□ Purchase Agreement	Contract/Agreement

**HRA RESOLUTION NO. \_\_\_\_\_**

**RESOLUTION AUTHORIZING PURCHASE OF REAL PROPERTY  
LOCATED AT 6839 CEDAR AVENUE**

**WHEREAS**, the Housing and Redevelopment Authority (HRA) in and for the City of Richfield, Minnesota is supportive of the furthering the goals of the Cedar Avenue Corridor Redevelopment Area;

**WHEREAS**, the City of Richfield, Minnesota desires to purchase certain real property pursuant to and in furtherance of the Cedar Avenue Corridor Redevelopment Area, said property being described as:

6839 Cedar Avenue South  
Lot 13, Block 4, Rich Acres, Hennepin County, Minnesota, except road

**WHEREAS**, the HRA proposes to hold the property for as part of the future redevelopment in the Cedar Avenue Corridor area; and

**WHEREAS**, Housing and Redevelopment Funds are available for acquisition and removal purposes; and

**WHEREAS**, the HRA is authorized by Minnesota Statutes Section 469.012 to acquire real property within its area of operation;

**NOW THEREFORE, BE IT RESOLVED** by the Housing and Redevelopment Authority in and for the City of Richfield, Minnesota:

1. The purchase price for the property is approved at \$56,000, plus closing costs, not to exceed \$59,000.
2. The Chairperson and Executive Director are authorized to execute a Purchase Agreement and to take other actions necessary to purchase the property for the amount set forth in this resolution.

Adopted by the Housing and Redevelopment Authority in and for the City of Richfield, Minnesota this 15th day of May, 2017.

\_\_\_\_\_  
Mary B. Supple, Chair

**ATTEST:**

\_\_\_\_\_  
Doris Rubenstein, Secretary

## PURCHASE AGREEMENT

THIS PURCHASE AGREEMENT (the "Agreement") is made as of this day of \_\_\_\_\_, 20\_\_, by and between Douglas O. Ellison, single ("Seller"), and the Housing and Redevelopment Authority in and for the City of Richfield , a public body corporate and politic under the laws of the State of Minnesota ("Buyer").

### RECITALS

Seller is the owner of property located at 6839 Cedar Avenue South, Richfield, Minnesota, which is legally described on the attached Exhibit A ("Property").

The Property includes includes all plants, shrubs and trees, storm windows and/or inserts, storm doors, screens, awnings, window shades, blinds, curtain-traverse-drapery rods, attached lighting fixtures with bulbs, plumbing fixtures, water heater, heating system, humidifier, central air conditioning, electronic air filter, automatic garage door opener with controls, water softener, cable television outlets and cabling, and built-ins, including dishwasher, garbage disposal, trash compactor, oven(s), cook top stove, microwave oven, hood-fan, intercom and installed carpeting located on the premises which are the property of Seller. The property also includes the following personal property: NONE. Seller is responsible for removal of all personal property. Seller may remove the following items, provided Seller does not cause any unnecessary damage to the Property:

\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

### AGREEMENT

1. **Offer/Acceptance for Sale of Property.** The Seller agrees to sell to Buyer the Property and Buyer agrees to purchase the same, according to the terms of this Agreement.

2. **Purchase Price for Property and Terms.**

A. **PURCHASE PRICE:** The total purchase price for the Property is fifty-six thousand and 00/100ths Dollars (\$56,000.00) (the "Purchase Price").

B. **TERMS:**

(1): **EARNEST MONEY.** The sum of Three Thousand Dollars (\$3,000.00) (the "Earnest Money") shall be paid by Buyer to Seller.

(2): **BALANCE DUE SELLER.** Buyer agrees to pay by check or electronic transfer of funds on the date of closing on the Property (the "Closing Date") any remaining balance of the Purchase Price due to Seller according to the terms of this Agreement.

(3): DEED/MARKETABLE TITLE. Subject to performance by Buyer, Seller agrees to execute and deliver a Warranty Deed or Personal Representative's Deed conveying marketable title to the Property to Buyer, subject only to the following exceptions:

- a. Building and zoning laws, ordinances, state and federal regulations.
- b. Reservation of minerals or mineral rights to the State of Minnesota, if any.
- c. Public utility and drainage easements of record which will not interfere with Buyer's intended use of the Property.

(4): DOCUMENTS TO BE DELIVERED AT CLOSING BY SELLER. In addition to the Warranty Deed required at paragraph 2B(3) above, Seller shall deliver to Buyer:

- a. Standard form Affidavit of Seller.
- b. A "bring-down" certificate, certifying that all of the warranties made by Seller in this Agreement remain true as of the Closing Date.
- c. Certificate that Seller is not a foreign national.
- d. If an environmental investigation by or on behalf of Buyer discloses the existence of petroleum product or other pollutant, contaminant or other hazardous substance on the Property, either (i) a closure letter from the Minnesota Pollution Control Agency (MPCA) or other appropriate regulatory authority that remediation has been completed to the satisfaction of the MPCA or other authority; or (ii) Agreement for remediation/indemnification and security as Buyer may require.
- e. Well disclosure certification, if required, or, if there is no well on the Property, the Warranty Deed or Personal Representative's Deed given pursuant to paragraph 2B(3) above must include the following statement: "The Seller certifies that Seller does not know of any wells on the described real property."

If Seller is unaware of the location of a well and there is a building permit issued for the Property prior to installation of a City water system, Buyer agrees to have a licensed well contractor examine the Property for purposes of locating a well and assumes responsibility for sealing the well at Buyer's expense.

- f. Any other documents reasonably required by Buyer's title insurance company or attorney to evidence that title to the Property is marketable and that Seller has complied with the terms of this Agreement.

3. **Contingencies.** Buyer's obligation to buy is contingent upon the following:

- a. Buyer's determination of marketable title pursuant to paragraph 4 of this Agreement;
- b. Buyer's determination, in its sole discretion, that the results of any environmental investigation of the Property conducted pursuant to this Agreement are satisfactory to Buyer; and
- c. Approval of this Agreement by Buyer's Board.

Buyer shall have until the Closing Date to remove the foregoing contingencies. The contingencies at a., b., and c. are solely for the benefit of Buyer and may be waived by Buyer. The contingency at d. may not be waived by either party. If Buyer or its attorney gives written notice to Seller that the contingencies at a., b., and c. are duly satisfied or waived, Buyer and Seller shall proceed to close the transaction as contemplated herein.

If one or more of Buyer's or Seller's contingencies is not satisfied, or is not satisfied on time, and is not waived, this Agreement shall thereupon be void at the written option of Buyer and Seller shall return the Earnest Money, if any, to Buyer, and Buyer and Seller shall execute and deliver to each other a termination of this Agreement. As a contingent Agreement, the termination of this Agreement is not required pursuant to Minnesota Statutes, Section 559.21, et. seq.

4. **Title Examination/Curing Title Defects.** As soon as reasonably possible after execution of this Agreement by both parties,

- (a) Seller shall surrender any abstract of title and a copy of any owner's title insurance policy for the property, if in Seller's possession or control, to Buyer or to Buyer's designated title service provider; and
- (b) Buyer shall obtain the title evidence determined necessary or desirable by Buyer.

The Buyer shall have 20 days from the date it receives such title evidence to raise any objections to title it may have. Objections not made within such time will be deemed waived. The Seller shall have 90 days from the date of such objection to affect a cure; provided, however, that Seller shall have no obligation to cure any objections, and may inform Buyer of such. The Buyer may then elect to close notwithstanding the uncured objections or declare this Agreement null and void, and the parties will thereby be released from any further obligation hereunder.

5. **Environmental Investigation.** The Seller warrants that the Property has not

been used for production, storage, deposit or disposal of any toxic or hazardous waste or substance, petroleum product or asbestos product during the period of time Seller has owned the Property. The Seller further warrants that Seller has no knowledge or information of any fact which would indicate the Property was used for production, storage, deposit or disposal of any toxic or hazardous waste or substance, petroleum product or asbestos product prior to the date Seller purchased the Property. Notwithstanding the above, Seller's warranty regarding petroleum products does not preclude the presence of heating oil or other similar products used as a heating fuel for the dwelling but Seller does warrant that if there was a fuel tank on the Property used for the storage of heating oil or other similar product, Seller has no knowledge of any leak in the tank or contamination caused thereby.

6. **Real Estate Taxes and Special Assessments.** Real estate taxes payable in the year of closing will be pro-rated between Buyer and Seller to the Closing Date. Seller shall pay all real estate taxes payable in previous years, the entire unpaid balance of special assessments, and all installments of special assessments levied and pending, including special assessments installments payable after the year of closing. Seller also agrees to pay all assessments related to service charges furnished to the Property prior to the Closing Date (e.g., delinquent water or sewer bills, removed or diseased trees), including those charges levied, pending, or certified to taxes payable in the year of closing. If closing occurs prior to the date the amount of real estate taxes due in the year of closing are available from Hennepin County, the current year's taxes will be pro-rated based on the amount due in the prior year.

7. **Closing Date.** The Closing Date will be on or before June 30, 2017. Delivery of all papers and the closing shall be made at the offices of Buyer, 6700 Portland Avenue South, Richfield, Minnesota 55423, or at such other location as is mutually agreed upon by the parties. All deliveries and notices to Buyer shall be made to the above address and marked to the attention of Housing Specialist.

8. **Possession/Utilities/Removal of Property/Escrow.**

(a) **Possession.** The Seller agrees to deliver possession not later than the Closing Date.

(b) **Utilities.** City water and sewer charges, electricity and natural gas charges, fuel oil and liquid petroleum gas shall be pro-rated between the parties as of the Closing Date. Seller shall arrange for final readings as of the Closing Date.

(c) **Personal Property.** The Seller agrees to remove all debris and all personal property not included herein from the Property before the possession date. Personal property not so removed shall be deemed forfeited to and shall become the property of Buyer. The Buyer may inspect the Property immediately prior to closing and deduct from the purchase price payable at closing an amount reasonably necessary to pay for the cost of removal of any debris or personal property then remaining on the Property. The provisions of this paragraph shall not merge with the deed and shall survive closing on the property.

(d) **Escrow.** Seller agrees that, at closing, Buyer may retain Five Hundred Dollars

(\$500.00) from the purchase price for the Property as an Escrow for payment of personal property removal, disposal charges and utility charges. The retained amount, less deductions provided for this in paragraph 8, will be delivered to Seller no later than 60 days following the Closing Date or delivery of possession, whichever is later. Said funds shall be held by Kennedy & Graven, Chartered, as Escrow Agent, pursuant to the terms of the Escrow Agreement attached here as Exhibit C.

(e) **Amounts Due.** The Buyer's ability to deduct amounts due under this paragraph from the retained escrow is not exclusive but is in addition to Buyer's rights at law and equity to collect such amounts from Seller. The Seller is responsible for the amounts due under this paragraph even if: (i) Buyer neglects to deduct the amount from escrow; or (ii) the escrowed amount is insufficient to pay all amounts due under this paragraph 8.

**9. Seller Warranties.**

(a) **Sewer and Water.** Seller warrants that the Property is connected to City sewer and City water.

(b) **Mechanics' Liens.** Seller warrants that, prior to the closing, Seller shall pay in full all amounts due for labor, materials, machinery, fixtures or tools furnished within the 120 days immediately preceding the closing in connection with construction, alteration or repair of any structure upon or improvement to the Property.

(c) **Notices.** Seller warrants that it has not received any notice from any governmental authority as to violation of any law, ordinance or regulation in connection with the Property.

(d) **Tenants.** Seller warrants that the Property is not now occupied by tenants and was not occupied by tenants at the time Seller first received Buyer's written offer to purchase the Property.

(e) **Broker Commission.** Each party represents to the other that it has not utilized the services of any real estate broker or agent in connection with this Agreement or the transaction contemplated by this Agreement. Each party agrees to indemnify, defend, and hold harmless the other party against and in respect of any such obligation and liability based in any way upon agreements, arrangements, or understandings made or claimed to have been made by the party with any third person.

(f) **Structures.** The Seller warrants that the buildings, if any, are entirely within the boundary lines of the Property. The parties acknowledge that the Property is being sold in "as is" condition relating to the structural, operational, and mechanical systems.

**10. Closing Costs/Recording Fees/Deed Tax.** The Buyer will pay: (a) the closing fees charged by the title insurance or other closing agent, if any, utilized to close the transaction contemplated by this Agreement; (b) fees for title evidence obtained by Buyer; and (c) the recording fee for the deed transferring title to Buyer. Seller will pay all other fees normally paid

by sellers, including (a) any transfer taxes, recording fees and Well Disclosure fees required to enable Buyer to record its deed from Seller under this Agreement, and (b) fees and charges related to the filing of any instrument required to make title marketable. Each party shall pay its own attorney fees.

11. **Inspections.** From the date of this Agreement to the Closing Date, Buyer, its employees and agents, shall be entitled to enter upon the Property to conduct such surveying, inspections, investigations, soil borings and testing, and drilling, monitoring, sampling and testing of groundwater monitoring wells, as Buyer shall elect; provided, that Seller is given at least 24 hours' notice.

12. **Risk of Loss.** It there is any loss or damage to the Property between the date hereof and the Closing Date, for any reason including fire, vandalism, flood, earthquake or act of God, the risk of loss shall be on Seller. If the Property is destroyed or substantially damaged before the closing date, this Agreement shall become null and void, at Buyer's option. At the request of Buyer, Seller agrees to sign a cancellation of Agreement.

13. **Default/Remedies.** If Buyer defaults in any of the covenants herein, Seller may terminate this Agreement, and on such termination all payments made hereunder shall be retained by Seller as liquidated damages, time being of the essence. This provision shall not deprive either party of the right to enforce specific performance of this Agreement, provided this Agreement has not terminated and action to enforce specific performance is commenced within six months after such right of action arises. In the event Buyer defaults in its performance of the terms of this Agreement and Notice of Cancellation is served upon Buyer pursuant to Minn. Stat. Section 559.21, the termination period shall be thirty (30) days as permitted by Minn. Stat., Section 559.21, Subd. 4.

14. **Notice.** Any notice, demand, request or other communication which may or shall be given or served by the parties, shall be deemed to have been given or served on the date the same is personally served upon one of the following indicated recipients for notices or is deposited in the United States Mail, registered or certified, return receipt requested, postage prepaid and addressed as follows:

SELLER: Douglas Ellison  
P.O. Box 23338  
Richfield, MN 55423

BUYER: Housing and Redevelopment Authority of the City of Richfield  
Attn: Housing Specialist  
6700 Portland Avenue South  
Richfield, MN 55423




AGENT: Kennedy & Graven, Chartered  
ATTN: Julie Eddington and  
Catherine B. Rocklitz  
470 U.S. Bank Plaza  
200 South Sixth Street  
Minneapolis, MN 55402

15. **Entire Agreement.** This Agreement, Exhibits, and other amendments signed by the parties, shall constitute the entire Agreement between Seller and Buyer and supersedes any other written or oral agreements between the parties relating to the Property. This Agreement can be modified only in a writing properly signed on behalf of Seller and Buyer.

16. **Survival.** Notwithstanding any other provisions of law or court decision to the contrary, the provisions of this Agreement shall survive closing.

IN WITNESS WHEREOF, the undersigned have executed this Agreement on the date and year above.

Buyer:  
Housing and Redevelopment Authority of the  
City of Richfield

Seller:   
\_\_\_\_\_

By: \_\_\_\_\_  
Its Chair

And by: \_\_\_\_\_  
Its Executive Director

**EXHIBIT A**

Legal Description of Property

Lot 13, Block 4, Rich Acres, Hennepin County, Minnesota, except road

## EXHIBIT B

### Escrow Agreement

THIS AGREEMENT entered into this \_\_\_\_\_ day of \_\_\_\_\_, 20\_\_, by and between \_\_\_\_\_ ("Seller"), the HOUSING AND REDEVELOPMENT AUTHORITY IN AND FOR THE CITY OF RICHFIELD, a Minnesota municipal corporation ("Buyer"), and KENNEDY & GRAVEN, CHARTERED ("Escrow Agent" or "Agent").

### RECITALS

- A. Seller and Buyer have entered into a Purchase Agreement dated \_\_\_\_\_, 20\_\_ ("Purchase Agreement") for the sale of property located at \_\_\_\_\_, Richfield, Minnesota and legally described on the attached Exhibit One (the ("Property")).
- B. The parties desire to close the sale of the Property on \_\_\_\_\_.

### AGREEMENT

The parties agree as follows:

1. Delivery of Possession. Seller shall deliver possession of the Property to Buyer in accordance with the Purchase Agreement entered into by the parties. The Purchase Agreement requires Seller to pay all utilities and to remove all personal property from the Property upon closing.
2. Escrow. (a) Upon closing and execution of this Agreement, Seller agrees to deposit into escrow the sum of **\$500.00** (the "Escrowed Funds") from the purchase price, to be held by Agent in a non-interest bearing account.  
  
(b) Within 7 days after requested by Agent, Buyer shall provide to Agent (with copy to Seller) evidence of expenses incurred for the removal and disposal of personal property and for payment of utility charges for services provided to the Property prior to date of possession, if any. Agent shall reimburse Buyer for the incurred expenses from the Escrowed Funds within 7 days following receipt of such evidence from Buyer.  
  
(c) Agent shall deliver to Seller the balance of the Escrowed Funds on deposit, less deductions provided for in paragraph 2(b) above, no later than 30 days following vacation of the Property by Seller.  
  
(d) The sole duties of Agent shall be those described herein, and Agent shall be under no obligation to determine whether the other parties hereto are complying with any requirements of law or the terms and conditions of any other

agreements among said parties. Agent shall have no duty or liability to verify any amounts deducted from the retained amount and Agent's sole responsibility shall be to act expressly as set forth in this Escrow Agreement.

3. Escrow Agent Liability. The sole duties of Escrow Agent shall be those described herein, and Escrow Agent shall be under no obligation to determine whether the other parties hereto are complying with any requirements of law or the terms and conditions of any other agreements among said parties. Escrow Agent may conclusively rely upon and shall be protected in acting on any notice believed by it to be genuine and to have been signed or presented by the proper party or parties, consistent with reasonable due diligence on Escrow Agent's part. Escrow Agent shall have no duty or liability to verify any such notice, and its sole responsibility shall be to act expressly as set forth in this Escrow Agreement.

Seller and Buyer understand that Agent is legal counsel to Buyer and each consents to Agent's serving as Escrow Agent notwithstanding such representation. In the event Agent determines, in its sole discretion, that it cannot continue to serve as Escrow Agent herein, Agent shall deposit the funds with Old Republic National Title Insurance Company or such other Escrow Agent acceptable to Seller and Buyer. Seller consents to Agent's continued representation of Buyer after a deposit is made, and Buyer agrees to pay all escrow fees charged by the substitute Escrow Agent.

4. Notices to be sent to the parties to this Agreement shall be sent by mail or personal delivery to:

SELLER:

\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

BUYER:

Housing and Redevelopment Authority  
in and for the City of Richfield  
Attn: \_\_\_\_\_  
Richfield City Hall  
6700 Portland Avenue South  
Richfield, MN 55423

AGENT:

Kennedy & Graven, Chartered  
ATTN: Julie Eddington and  
Catherine B. Rocklitz  
470 U.S. Bank Plaza  
200 South Sixth Street  
Minneapolis, MN 55402

IN WITNESS WHEREOF, the parties have executed this agreement as of the date written above.

**SELLER:**

  
\_\_\_\_\_

**BUYER:**

HOUSING AND REDEVELOPMENT  
AUTHORITY IN AND FOR THE  
CITY OF RICHFIELD

By: \_\_\_\_\_  
Its Chair

And by: \_\_\_\_\_  
Its Executive Director

ESCROW AGENT:  
KENNEDY & GRAVEN, CHARTERED

By: \_\_\_\_\_

Exhibit One  
Legal Description of Property







**STAFF REPORT NO. 23**  
**HOUSING AND REDEVELOPMENT AUTHORITY**  
**MEETING**  
**5/15/2017**

REPORT PREPARED BY: Karen Barton, Community Development Assistant Director

DEPARTMENT DIRECTOR REVIEW: John Stark, Community Development Director  
5/11/2017

OTHER DEPARTMENT REVIEW: N/A

CITY MANAGER REVIEW: Steven L. Devich, Executive Director  
5/11/2017

**ITEM FOR COUNCIL CONSIDERATION:**

**Consideration of the approval of a resolution authorizing the Right of Entry Agreement with Inland Development LLC.**

**EXECUTIVE SUMMARY:**

Inland Development LLC (the Developer) is proposing to develop certain property owned by the Housing and Redevelopment Authority (HRA) located in the Cedar Corridor between 66th and 68th Streets and Cedar and 17th Avenues. The development will have approximately 300 multi-family units and extensively rehabilitate three existing 11-unit buildings. The project will also include the construction of two blocks of Richfield Parkway between 66th and 68th Streets.

The subject property consists of 14 parcels owned by the HRA, three privately-owned 11-unit apartment buildings, and a single-family home owned by the Developer.

The Developer has purchase agreements with the three privately-owned property owners, and is proposing to enter into a purchase agreement with the HRA for the 14 HRA-owned parcels.

Prior to moving forward with the project, the Developer has requested that its consultants enter the properties to conduct geotechnical testing, environmental assessments, and other related studies, and to conduct land surveys of the properties to determine the suitability of the properties for the construction of the parkway and the development of the project. The Right of Entry Agreement allows the the Developer and its employees, consultants, agents, and contractors to enter the HRA-owned properties to conduct the proposed testing and studies, without granting any permanent interest in the HRA properties to the Developer, or exclusive use or possession of the HRA properties to the Developer.

This agreement does not obligate the HRA to sell any of the HRA-owned parcels to the Developer.

**RECOMMENDED ACTION:**

**By motion: Approve a resolution authorizing the Right of Entry Agreement with Inland Development LLC.**

**BASIS OF RECOMMENDATION:**

**A. HISTORICAL CONTEXT**

- The HRA and Inland Development entered into a preliminary Development Agreement in November 2015 relating to the proposed development. This agreement expires in July 2017.

**B. POLICIES (resolutions, ordinances, regulations, statutes, etc):**

- In January 2017, the City adopted an updated Cedar Corridor Master Plan for the area.
- The Master Plan calls for redevelopment of the project area with high-density and medium-density housing.
- The Developer must obtain the HRA's permission through an access-agreement prior to conducting environmental testing and surveying on the HRA's property.

**C. CRITICAL TIMING ISSUES:**

- The Right of Entry Agreement expires on June 30, 2017.

**D. FINANCIAL IMPACT:**

- None

**E. LEGAL CONSIDERATION:**

- The Right of Entry Agreement was prepared and approved by the HRA Attorney.

**ALTERNATIVE RECOMMENDATION(S):**

- Do not approve the resolution.

**PRINCIPAL PARTIES EXPECTED AT MEETING:**

N/A

**ATTACHMENTS:**

Description	Type
□ Resolution	Resolution Letter
□ Right of Entry Agreement	Contract/Agreement

**HOUSING AND REDEVELOPMENT AUTHORITY  
IN AND FOR THE CITY OF RICHFIELD, MINNESOTA**

**RESOLUTION NO. \_\_\_\_\_**

**RESOLUTION APPROVING RIGHT OF ENTRY AGREEMENT WITH INLAND  
DEVELOPMENT PARTNERS, LLC**

WHEREAS, the Housing and Redevelopment Authority in and for the City of Richfield, Minnesota (the "Authority") owns certain real property (the "Property") located in the City of Richfield, Minnesota (the "City") at the addresses and legally described in EXHIBIT A attached hereto:

WHEREAS, Inland Development Partners, LLC, a Delaware limited liability company (the "Developer"), has proposed to acquire the Property for redevelopment purposes; and

WHEREAS, there has been presented before this Board of Commissioners of the Authority (the "Board") a Right of Entry Agreement (the "Right of Entry Agreement") proposed to be entered into between the Developer and the Authority, pursuant to which the Authority will grant to the Developer and its consultants the right to enter the Property for purposes of conducting testing and studies on the Property, including but not limited to soil boring, geotechnical testing, engineering, surveying, and other related studies; and

WHEREAS, the Board has reviewed the Right of Entry Agreement and finds that the execution thereof by the Authority and the performance of the Authority's obligations thereunder are in the best interest of the City and its residents; and

NOW, THEREFORE, BE IT RESOLVED, by the Board of Commissioners of the Housing and Redevelopment Authority in and for the City of Richfield, Minnesota as follows:

1. The Right of Entry Agreement is hereby in all respects authorized, approved, and confirmed, and the Chairperson and the Executive Director are hereby authorized and directed to execute the Right of Entry Agreement for and on behalf of the Authority in substantially the form now on file with the Community Development Director but with such modifications as shall be deemed necessary, desirable, or appropriate, the execution thereof to constitute conclusive evidence of their approval of any and all modifications therein.

2. The Chairperson and the Executive Director are hereby authorized to execute and deliver any other documents or certificates deemed necessary to carry out the intentions of this resolution and the Right of Entry Agreement.

Adopted by the Housing and Redevelopment Authority in and for the City of Richfield, Minnesota this 15th day of May, 2017.

\_\_\_\_\_  
Mary Supple, Chair

ATTEST:

\_\_\_\_\_  
Doris Rubenstein, Secretary

**EXHIBIT A**

**PROPERTY**

<b>Address</b>	<b>Parcel Identification No.</b>	<b>Legal Descriptions</b>
6609 17th Avenue South	26-028-24-41-0078	Lot 15, Block 2, Wexler's Addition
6601 17th Avenue South	26-028-24-41-0079	Lot 16, Block 2, Wexler's Addition
6615 17th Avenue South	26-028-24-41-0077	Lot 14, Block 2, Wexler's Addition
6621 17th Avenue South	26-028-24-41-0076	Lot 13, Block 2, Wexler's Addition
6627 17th Avenue South	26-028-24-41-0075	Lot 12, Block 2, Wexler's Addition
6633 17th Avenue South	26-028-24-41-0074	Lot 11, Block 2, Wexler's Addition
6639 17th Avenue South	26-028-24-41-0073	Lot 10, Block 2, Wexler's Addition
6645 17th Avenue South	26-028-24-41-0072	Lot 9, Block 2, Wexler's Addition
6620 18th Avenue South	26-028-24-41-0067	Lot 4, Block 2, Wexler's Addition
6626 18th Avenue South	26-028-24-41-0068	Lot 5, Block 2, Wexler's Addition
6632 18th Avenue South	26-028-24-41-0069	Lot 6, Block 2, Wexler's Addition
6638 18th Avenue South	26-028-24-41-0070	Lot 7, Block 2, Wexler's Addition
6644 18th Avenue South	26-028-24-41-0071	Lot 8, Block 2, Wexler's Addition
6700 18th Avenue South	26-028-24-41-0080	Lot 1, Block 3, Wexler's Addition
6708 18th Avenue South	26-028-24-41-0081	Lot 2, Block 3, Wexler's Addition
6714 18th Avenue South	26-028-24-41-0082	Lot 3, Block 3, Wexler's Addition
6720 18th Avenue South	26-028-24-41-0083	Lot 4, Block 3, Wexler's Addition
6726 18th Avenue South	26-028-24-41-0084	Lot 5, Block 3, Wexler's Addition
6732 18th Avenue South	26-028-24-41-0085	Lot 6, Block 3, Wexler's Addition
6738 18th Avenue South	26-028-24-41-0086	Lot 7, Block 3, Wexler's Addition
6744 18th Avenue South	26-028-24-41-0087	Lot 8, Block 3, Wexler's Addition
6701 18th Avenue South	26-028-24-41-0107	Lot 16, Block 4, Wexler's Addition
6709 18th Avenue South	26-028-24-41-0106	Lot 15, Block 4, Wexler's Addition
6721 18th Avenue South	26-028-24-41-0104	Lot 13, Block 4, Wexler's Addition
6727 18th Avenue South	26-028-24-41-0103	Lot 12, Block 4, Wexler's Addition
6733 18th Avenue South	26-028-24-41-0102	Lot 11, Block 4, Wexler's Addition
6739 18th Avenue South	26-028-24-41-0101	Lot 10, Block 4, Wexler's Addition
6745 18th Avenue South	26-028-24-41-0100	Lot 9, Block 4, Wexler's Addition
6700 Cedar Avenue South	26-028-24-41-0096	Lots 1 and 2, Block 4, Wexler's Addition

## RIGHT OF ENTRY AGREEMENT

THIS RIGHT OF ENTRY AGREEMENT (the “Agreement”) is made and entered into this \_\_\_\_ day of May, 2017, between the Housing and Redevelopment Authority in and for the City of Richfield, Minnesota, a Minnesota public body corporate and politic (the “Owner”), and Inland Development Partners, LLC, a Delaware limited liability company (the “Developer”).

### RECITALS

First: The Owner is the fee simple owner of the real estate located at the addresses identified and legally described in EXHIBIT A attached hereto (the “HRA Property”).

Second: The Developer is investigating the possibility of purchasing the HRA Property for the purpose of redevelopment.

Third: The Developer wishes to have its consultants enter the HRA Property and conduct testing and studies on the HRA Property, including but not limited to soil boring, geotechnical testing, engineering, surveying, and other related studies, in order to identify whether the HRA Property is suitable for the Developer’s intended uses.

Fourth: The Developer has requested that the Owner grant the Developer, its employees, agents and contractors the right to enter the HRA Property to conduct said testing, surveying, and studies.

Fifth: It is understood that in executing this agreement, the Owner will not be granting (a) any permanent interest in the HRA Property to the Developer, or (b) exclusive use or possession of the HRA Property to the Developer.

### AGREEMENT

NOW, THEREFORE, in consideration of the premises and mutual obligations of the parties contained herein, each of them does hereby represent, covenant and agree with the other as follows:

1. Right of Entry. Effective upon the date hereof, the Owner hereby grants to the Developer, its agents, employees, contractors and invitees, and such other consultants as the Developer may elect (collectively, “Consultants”) the right to enter upon the HRA Property, for the purpose of carrying out the activities described in the third and fourth recitals above (the “Permitted Activities”) relative to the Developer’s possible purchase of the HRA Property.

2. Consideration. In consideration for such right of entry, the Developer agrees to:

- (a) Notify the Owner of the date and time that work by the Developer or its Consultants on the HRA Property will commence under this Agreement, which notice shall be at least three (3) business days prior to doing any work on the HRA Property in order to permit the Owner’s employees or consultants retained by the Owner to be present during the time any work is being done by the Developer or its Consultants;
- (b) Secure all appropriate governmental approvals and permits for any work that will occur within public streets adjacent to the HRA Property;

- (c) Provide a copy of all test results and reports prepared by the Developer's employees or Consultants (except appraisal reports) evaluating the conditions present on the HRA Property to the Owner as soon as reasonably possible following final completion thereof.
- (d) Dispose of all solid waste generated during the course of the Developer's sampling activities and other work on the HRA Property in accordance with applicable federal, state and local laws, rules and regulations.
- (e) Do the work in the shortest period of time reasonably necessary to complete the Permitted Activities under this Agreement as the Developer, in its sole discretion, shall elect to undertake.
- (f) Use the HRA Property only for the purposes described herein and not park or store any equipment on the HRA Property, except during the limited periods of time when the work on the HRA Property which is contemplated by this Agreement is actually in progress.
- (g) Do no unnecessary damage to the HRA Property and restore the HRA Property to substantially the same condition as the condition in which it was found by the Developer at the time of the Developer's or its Consultants' entry upon the HRA Property pursuant to this Agreement.
- (h) Indemnify, save harmless, and defend the Owner and its officers and employees, from and against any and all claims, actions, damages, liability and expense in connection with personal injury and/or damage to the HRA Property arising from or out of any occurrence in, upon or at the HRA Property caused by the act or omission of the Developer or its Consultants in conducting the Permitted Activities on the HRA Property, except (a) to the extent caused by the negligence, gross negligence, willful misrepresentation or any willful or wanton misconduct by the Owner, its officers, employees, agents or contractors; (b) to the extent caused by a "Pre-Existing Condition" as defined in this paragraph 2; and (c) caused by the acts or omissions of anyone not within the Developer's control, including without limitation the Owner and its officers, employees, agents or contractors. "Pre-Existing Condition" shall mean any condition caused by the existence of hazardous substances or materials in, on, or under the HRA Property, including without limitation hazardous substances released or discharged into the drainage systems, soils, groundwater, waters or atmosphere, which condition existed as of the date of this Agreement and became known or was otherwise disclosed or discovered by reason of the Developer's Consultants' entry onto the HRA Property.
- (i) Not permit any mechanics', materialmens' or other liens to stand against the HRA Property or any part thereof for work or materials furnished to the Developer in connection with the right of entry granted pursuant to this Agreement; the Developer agrees to indemnify, defend and hold harmless the Owner from and against the same.
- (j) Ensure that its Consultants or their contractors or invitees which enter the HRA Property pursuant to this Agreement shall carry insurance during the time any work is done on the HRA Property in accordance with the following minimum requirements:
  - A. Workers' Compensation Insurance with limits as provided by statute, with all necessary statutory elections to provide coverage for and/or claims made by any person doing work on the HRA Property pursuant to this Agreement;

B. Employer's liability insurance (often included as coverage (b) in the Workers' Compensation policy) with limits of at least \$100,000;

C. Comprehensive Auto (and truck) Liability Insurance with minimum combined single limits of \$1 million per occurrence; and

D. Comprehensive General Liability Insurance (including coverage for contractual liability, products and completed operations liability, liability arising out of explosion, or underground related incidents) with minimum combined single limits of \$1 million per occurrence. In addition, the Comprehensive General Liability policy shall include the Owner and the Developer as additional insureds with respect to work done on the HRA Property.

(k) If the Developer or its Consultants remove a sample or portion of the HRA Property for investigation, monitoring or testing or obtains any data or issues any report, it must give the Owner a copy of any data or report.

3. Expiration. The right of entry provided under this Agreement will automatically expire on \_\_\_\_\_, 2017.

4. Governing Law. This Agreement shall be interpreted in accordance with the laws of the state of Minnesota.

5. Notices and Demands. All notices, demands or other communications under this Agreement shall be effective only if made in writing and shall be sufficiently given and deemed given when delivered personally, sent by overnight or same day courier, transmitted by facsimile, or mailed by certified mail, return receipt requested, postage prepaid, properly addressed as follows:

If to the Developer: Inland Developments Partners, LLC  
20505 Lakeview Avenue  
Deephaven, MN 55331  
Attn: \_\_\_\_\_  
Email: \_\_\_\_\_

If to the Owner: Richfield Housing and Redevelopment Authority  
6700 Portland Avenue South  
Richfield, MN 55422  
Attn: Steve Devich, Executive Director  
Email: sdevich@cityofrichfield.org

or to such other persons as the parties may from time to time designate in writing and forward to the other persons entitled to receive notice as provided in this section.

6. Amendment. This Agreement may be amended by the parties hereto only by written instrument executed with the same procedures and formality as were followed in the execution of this Agreement.

**IN WITNESS WHEREOF**, the parties have executed this Right of Entry Agreement effective the date and year first above written.

**HOUSING AND REDEVELOPMENT  
AUTHORITY IN AND FOR THE CITY OF  
RICHFIELD, MINNESOTA**

By \_\_\_\_\_  
Its Chair

By \_\_\_\_\_  
Its Executive Director



Execution page of the Developer to the Right of Entry Agreement, dated as of the date and year first written above.

**INLAND DEVELOPMENT PARTNERS,  
LLC**

By \_\_\_\_\_

Its \_\_\_\_\_

**EXHIBIT A**  
**HRA PROPERTY**

<b>Address</b>	<b>Parcel Identification No.</b>	<b>Legal Descriptions</b>
6609 17th Avenue South	26-028-24-41-0078	Lot 15, Block 2, Wexler's Addition
6601 17th Avenue South	26-028-24-41-0079	Lot 16, Block 2, Wexler's Addition
6615 17th Avenue South	26-028-24-41-0077	Lot 14, Block 2, Wexler's Addition
6621 17th Avenue South	26-028-24-41-0076	Lot 13, Block 2, Wexler's Addition
6627 17th Avenue South	26-028-24-41-0075	Lot 12, Block 2, Wexler's Addition
6633 17th Avenue South	26-028-24-41-0074	Lot 11, Block 2, Wexler's Addition
6639 17th Avenue South	26-028-24-41-0073	Lot 10, Block 2, Wexler's Addition
6645 17th Avenue South	26-028-24-41-0072	Lot 9, Block 2, Wexler's Addition
6620 18th Avenue South	26-028-24-41-0067	Lot 4, Block 2, Wexler's Addition
6626 18th Avenue South	26-028-24-41-0068	Lot 5, Block 2, Wexler's Addition
6632 18th Avenue South	26-028-24-41-0069	Lot 6, Block 2, Wexler's Addition
6638 18th Avenue South	26-028-24-41-0070	Lot 7, Block 2, Wexler's Addition
6644 18th Avenue South	26-028-24-41-0071	Lot 8, Block 2, Wexler's Addition
6700 18th Avenue South	26-028-24-41-0080	Lot 1, Block 3, Wexler's Addition
6708 18th Avenue South	26-028-24-41-0081	Lot 2, Block 3, Wexler's Addition
6714 18th Avenue South	26-028-24-41-0082	Lot 3, Block 3, Wexler's Addition
6720 18th Avenue South	26-028-24-41-0083	Lot 4, Block 3, Wexler's Addition
6726 18th Avenue South	26-028-24-41-0084	Lot 5, Block 3, Wexler's Addition
6732 18th Avenue South	26-028-24-41-0085	Lot 6, Block 3, Wexler's Addition
6738 18th Avenue South	26-028-24-41-0086	Lot 7, Block 3, Wexler's Addition
6744 18th Avenue South	26-028-24-41-0087	Lot 8, Block 3, Wexler's Addition
6701 18th Avenue South	26-028-24-41-0107	Lot 16, Block 4, Wexler's Addition
6709 18th Avenue South	26-028-24-41-0106	Lot 15, Block 4, Wexler's Addition
6721 18th Avenue South	26-028-24-41-0104	Lot 13, Block 4, Wexler's Addition
6727 18th Avenue South	26-028-24-41-0103	Lot 12, Block 4, Wexler's Addition
6733 18th Avenue South	26-028-24-41-0102	Lot 11, Block 4, Wexler's Addition
6739 18th Avenue South	26-028-24-41-0101	Lot 10, Block 4, Wexler's Addition
6745 18th Avenue South	26-028-24-41-0100	Lot 9, Block 4, Wexler's Addition
6700 Cedar Avenue South	26-028-24-41-0096	Lots 1 and 2, Block 4, Wexler's Addition



**STAFF REPORT NO. 24**  
**HOUSING AND REDEVELOPMENT AUTHORITY**  
**MEETING**  
**5/15/2017**

REPORT PREPARED BY: Karen Barton, Community Development Assistant Director

DEPARTMENT DIRECTOR REVIEW: John Stark, Community Development Director  
5/10/2017

OTHER DEPARTMENT REVIEW: N/A

CITY MANAGER REVIEW: Steven L. Devich, Executive Director  
5/10/2017

**ITEM FOR COUNCIL CONSIDERATION:**

**Public hearing and consideration of the approval of a resolution approving the conveyance of certain real property to Interstate LLC and approving a purchase agreement with respect thereto.**

**EXECUTIVE SUMMARY:**

Interstate LLC (Developer) presented a preliminary concept plan to the Richfield Housing and Redevelopment Authority (HRA), City Council, and Planning Commission at a work session on January 24, 2017, for the development of an approximately 10,400 square foot retail building on 66th Street E between 16th and 17th Avenues. Response to the proposal from the policy makers was favorable and the Developer is pursuing the project.

The Developer has applied for land-use approvals, which were recommended for approval by the Planning Commission at their April 24 meeting. The City Council is scheduled to take action on the land-use approvals on May 24.

There are six properties located within the proposed development area, three of which are owned by the HRA. The Developer has purchase agreements for the three privately-owned parcels and is requesting to enter into a purchase agreement with the HRA for the remaining parcels. Acquisition of all six parcels is required for the project to be constructed as planned. The purchase agreement also includes payment for right-of-way to be vacated.

**RECOMMENDED ACTION:**

**Conduct and close the public hearing and by motion: Approve a resolution approving the conveyance of certain real property to Interstate LLC and approving a purchase agreement with respect thereto.**

**BASIS OF RECOMMENDATION:**

**A. HISTORICAL CONTEXT**

- The Developer has purchase agreements for the three privately-owned properties.
- The three HRA-owned parcels the Developer is proposing to acquire are:
  - LOT 001, BLOCK 001, CEDAR SUNRISE ADDN (Remnant Parcel)
  - LOT 002, BLOCK 001, CEDAR SUNRISE ADDN (6608 17th Ave S)
  - LOT 016, BLOCK 001, CEDAR SUNRISE ADDN (Remnant Parcel)

**B. POLICIES (resolutions, ordinances, regulations, statutes, etc):**

- The 2008 Richfield Comprehensive Plan guides this property for development of community commercial.
- The Planning Commission recommended approval of the rezoning and land-use on April 24, 2017.
- In accordance with Minnesota Statutes, Section 469.029, subdivision 2, the HRA is required to hold a duly noticed public hearing on the conveyance of the property to the Developer.
- The purchase agreement requires:
  - the Developer to construct an approximately 10,400 square foot retail building on the site;
  - construction to commence within 6 months of closing; and,
  - construction to be complete within 18 months of closing.
- The HRA has been renting the property located at 6608 17th Ave S. The tenants were given notice as required by law.
- The tenants have been advised of their rights to relocation benefits under the Uniform Relocation Act.

**C. CRITICAL TIMING ISSUES:**

- Closing is required to take place on or before August 15, 2017.
- Construction must commence within 6 months of closing and be completed within 18 months of closing.
- The City Council is scheduled to take action on the re-zoning and land-use approvals on May 24, 2017.

**D. FINANCIAL IMPACT:**

- The HRA acquired the parcel located at 6608 17th Avenue S in 2004 for \$219,000.
- The two remnant parcels were acquired as part of the construction of the roundabout in 2004.
- The purchase price of the three HRA-owned parcels is \$450,000, to be paid in full at closing.
- The Developer is required to submit \$15,000 in earnest money.
- The Developer is required to submit \$5,000 in escrow to reimburse the HRA for administrative costs related to the sale of the property.
- The tenants may be eligible for relocation benefits as required by law, in an amount as yet undetermined.

**E. LEGAL CONSIDERATION:**

- The HRA Attorney drafted the purchase agreement.
- The tenants of 6608 17th Avenue South have been notified of their rights under the Uniform Relocation Act.

**ALTERNATIVE RECOMMENDATION(S):**

- Do not approve the resolution.

**PRINCIPAL PARTIES EXPECTED AT MEETING:**

Representatives of Interstate LLC

**ATTACHMENTS:**

Description	Type
☐ Resolution	Resolution Letter
☐ Purchase Agreement	Contract/Agreement
☐ Map of Parcels	Backup Material

**HOUSING AND REDEVELOPMENT AUTHORITY  
IN AND FOR THE CITY OF RICHFIELD, MINNESOTA**

**RESOLUTION NO. \_\_\_\_\_**

**RESOLUTION APPROVING CONVEYANCE OF CERTAIN REAL PROPERTY TO  
INTERSTATE LLC AND APPROVING A PURCHASE AGREEMENT WITH RESPECT  
THERE TO**

WHEREAS, the Housing and Redevelopment Authority in and for the City of Richfield, Minnesota (the “Authority”) owns certain real property legally described in EXHIBIT A attached hereto (the “Property”) in the City of Richfield, Minnesota (the “City”); and

WHEREAS, Interstate LLC, a Delaware limited liability company (the “Developer”), has proposed to acquire the Property for redevelopment purposes; and

WHEREAS, in order to promote the redevelopment of land that is underused and underutilized in the City, the Authority is considering conveying the Property to the Developer for the proposed redevelopment thereof; and

WHEREAS, on the date hereof, the Board of Commissioners of the Authority (the “Board”) conducted a duly noticed public hearing on the conveyance of the Property to the Developer, in accordance with Minnesota Statutes, Section 469.029, subdivision 2; and

WHEREAS, there has been presented before this Board a Purchase Agreement (the “Purchase Agreement”) proposed to be entered into between the Authority and the Developer, pursuant to which the Authority will agree to sell the Property to the Developer, and the Developer will agree to purchase the Property from the Developer; and

WHEREAS, the Board has reviewed the Purchase Agreement and finds that the execution thereof by the Authority and the performance of the Authority’s obligations thereunder are in the best interest of the City and its residents; and

NOW, THEREFORE, BE IT RESOLVED, by the Board of Commissioners of the Housing and Redevelopment Authority in and for the City of Richfield, Minnesota as follows:

1. The Purchase Agreement is hereby in all respects authorized, approved, and confirmed, and the Chairperson and the Executive Director are hereby authorized and directed to execute the Purchase Agreement for and on behalf of the Authority in substantially the form now on file with the Community Development Director but with such modifications as shall be deemed necessary, desirable, or appropriate, the execution thereof to constitute conclusive evidence of their approval of any and all modifications therein.

2. The Chairperson and the Executive Director are hereby authorized to execute and deliver to the Developer a quit claim deed and any and all other documents or certificates deemed necessary to carry out the intentions of this resolution and the Purchase Agreement.

Adopted by the Housing and Redevelopment Authority in and for the City of Richfield, Minnesota  
this 15th day of May, 2017.

---

Mary Supple, Chair

ATTEST:

---

Doris Rubenstein, Secretary

**EXHIBIT A**

**LEGAL DESCRIPTION OF THE AUTHORITY PROPERTY**

LOT 001, BLOCK 001, CEDAR SUNRISE ADDN  
Tax ID – 2602824410005

LOT 002, BLOCK 001, CEDAR SUNRISE ADDN  
Tax ID – 2602824410006

LOT 016, BLOCK 001, CEDAR SUNRISE ADDN  
Tax ID – 2602824410020

Final  
May 4, 2017

## PURCHASE AGREEMENT

This Purchase Agreement (“Agreement”) is made this \_\_\_\_ day of May, 2017 by and between the Housing And Redevelopment Authority in and for the City of Richfield, Minnesota, a public body corporate and politic under the laws of the State of Minnesota (“Seller”) and Interstate LLC, a Minnesota limited liability company (“Buyer”).

1. **PROPERTY.** Seller is the owner of certain real estate located in the City of Richfield, Hennepin County, Minnesota and legally described in Exhibit A and the building and improvements constructed or located thereon (the “Property”).
2. **OFFER/ACCEPTANCE.** In consideration of the mutual agreements herein contained, Buyer offers and agrees to purchase and Seller agrees to sell and hereby grants to Buyer the exclusive right to purchase the Property.
3. **CONTINGENCIES.** This Agreement is subject to the following contingencies:
  - A. Approval of the conveyance of the Property by Seller’s governing body after a public hearing required by law.
  - B. Buyer having determined that it is satisfied with the result of and matters disclosed by Buyer’s investigations, surveys, soil tests, engineering inspections, hazardous substance, and environmental reviews of the Property.
  - C. Buyer having obtained all appropriate approvals and permits necessary for Buyer’s proposed use of the Property, including, but not limited to, plat approval, conditional use permits, signage permits, building permits, and site plan approvals.

If the contingencies above are satisfied in a timely manner, then Buyer and Seller shall proceed to close the transaction as contemplated herein. If, however, any of the contingencies at subparagraphs A, B or C above are not satisfied or waived by September 30, 2017, this Agreement shall thereupon be void, Seller shall return the Earnest Money to Buyer, and Buyer and Seller shall execute and deliver to each other the termination of this Agreement. The contingency set forth in subparagraph A cannot be waived. The contingency in subparagraph B can only be waived by the Buyer. The contingency in subparagraph C may only be waived by the Buyer and the Seller. As a contingent purchase agreement, the termination of this Agreement is not required pursuant to Minnesota Statutes Section 559.21, et seq.

#### 4. PURCHASE PRICE AND TERMS.

- A. **PURCHASE PRICE.** The Property is approximately 0.053 acres. The total Purchase Price for the Property is \$450,000 (the “Purchase Price”).



**B. TERMS.**

- (1) **EARNEST MONEY.** Earnest money in the amount of Fifteen Thousand Dollars (\$15,000) (the “Earnest Money”) is payable to Seller within five business days after approval of this Agreement by Seller’s governing body.
- (2) **BALANCE DUE SELLER.** Buyer agrees to pay by certified check or wire transfer of funds on the Closing Date (as defined in Section 7) any remaining balance due according to the terms of this Agreement.
- (3) **DEED/MARKETABLE TITLE.** Subject to performance by Buyer, Seller agrees to execute and deliver a Quit Claim Deed in substantially the form attached as Exhibit B (the “Deed”) conveying marketable title to the Property to Buyer, subject only to the following exceptions:
  - a. Building and zoning laws, ordinances, state and federal regulations;
  - b. Reservation of minerals or mineral rights to the State of Minnesota, if any; and
  - c. Restrictive covenant providing a right of reverter to the Seller to be exercised at Seller’s option if the Buyer fails to perform as provided in Section 12 of this Agreement, as described in the Deed.
- (4) **DOCUMENTS TO BE DELIVERED AT CLOSING.** In addition to the Deed, Seller shall deliver to Buyer:
  - a. Standard form Affidavit of Seller; and
  - b. Such other documents as may be reasonably required by Buyer’s title examiner or title insurance company.

**5. REAL ESTATE TAXES AND SPECIAL ASSESSMENTS.**

- A. General real estate taxes applicable to any of the Property due and payable in the year of closing shall be prorated between Seller and Buyer on a daily basis with Seller paying those allocable to the period prior to the Closing Date and Buyer being responsible for those allocable to the Closing Date and thereafter.
- B. Seller is not aware of any special assessments currently levied against the Property.

**6. SURVEY AND TITLE MATTERS.** Buyer, at its sole expense, shall obtain the title evidence determined necessary or desirable by Buyer. Buyer shall have 10 days following the receipt of same to make its objections in writing to Seller. If the title to the Property or any part thereof, shall be found to be unmarketable, Seller agrees to cure such defects and render the title marketable by the Closing Date; provided, that nothing in this Agreement shall require Seller to exercise its power of eminent domain to make title marketable.

It is further understood and agreed that if the title to the Property or any part thereof is found to be unmarketable on the Closing Date, Buyer may, at its option: (a) waive the title defects and proceed to closing; or (b) declare this Agreement null and void, upon which the Earnest Money shall be refunded and neither Buyer nor Seller shall be liable for damages hereunder. If the title to the Property is found marketable and Buyer shall default in any of the covenants or agreements herein provided, then and in that case, Seller may at its option, deem this Agreement terminated by giving written notice thereof to Buyer, and on such termination, the Earnest Money shall be retained by Seller as liquidated damages, time being of the essence hereof. Neither party may enforce this Agreement by specific performance.

**7. CLOSING DATE.** The closing of the sale of the Property shall take place on a date to be mutually agreed upon by Seller and Buyer (the "Closing Date"), but no later than August 15, 2017. The closing shall take place at the Richfield Municipal Center, or such other location as mutually agreed upon by the parties.

**8. ADMINISTRATIVE COSTS OF SELLER.** Buyer agrees and understands that it is responsible for and will pay to the Seller all out-of-pocket costs incurred by the Seller (including without limitation reasonable attorney and fiscal consultant fees) in the negotiation and preparation of this Agreement and other documents and agreements in connection with the activities contemplated hereunder (collectively, the "Administrative Costs"). Administrative Costs shall be evidenced by invoices, statements or other reasonable written evidence of the costs incurred by the Seller.

Upon execution of this Agreement, the Buyer will deliver a deposit to the Seller in the amount of \$5,000 (the "Deposit") to pay future Administrative Costs. At any time the Deposit drops below \$1,000, the Buyer shall replenish the deposit to the full \$5,000 within 30 days after receipt of written notice thereof from the Seller. The Seller shall provide invoices to the Buyer for all payments deducted from the Deposit. At any time the Deposit is insufficient to pay invoices related to the activities contemplated hereunder, the Seller will ask for additional Deposits from the Buyer. If the additional Deposit is not made within 30 days following the date of such request, the Seller may elect to either suspend its performance under this Agreement or terminate this Agreement. Such suspension or termination will be effective on the date it is given in writing, or on such later date specified in the notification. Any unexpended or unencumbered portion of the Deposit shall be returned or credited to the Buyer at closing.

**9. CLOSING COSTS AND RELATED ITEMS.** Seller shall be responsible for payment of recording fees related to the Deed and state deed tax. Unless otherwise provided herein, Buyer shall be responsible for the payment of the recording costs related to instruments required to establish marketable title in Buyer (other than the Deed), the title insurance premium (if any),

and all closing costs and expenses not paid by Seller. Each party shall be responsible for its own attorneys' fees and costs.

**10. APPROVALS.** Buyer may be in need of plat approval, a conditional use permit or other approvals for its proposed use of the Property. Buyer shall be responsible for applying to the city for permits or any other government approvals needed and the costs associated with obtaining them. Seller agrees that it will cooperate with Buyer in providing any information or authorization needed in order for Buyer to apply for the governmental approvals. Buyer's failure to obtain necessary permits or government approvals shall not be considered Unavoidable Delays (as defined in Section 12 herein).

**11. "AS-IS" SALE.** Buyer acknowledges that it has inspected or has had the opportunity to inspect the Property and agrees to accept the Property "AS IS" with no right of set off or reduction in the purchase price. Such sale shall be without representation of warranties, express or implied, either oral or written, made by Seller or any official, employee or agent of Seller with respect to the physical condition of the Property, including but not limited to, the existence or absence of petroleum, hazardous substances, pollutants or contaminants in, on, or under, or affecting the Property or with respect to the compliance of the Property or its operation with any laws, ordinances, or regulations of any government or other body, except as stated above. Buyer acknowledges and agrees that Seller has not made and does not make any representations, warranties, or covenants of any kind or character whatsoever, whether expressed or implied, with respect to warranty of income potential, operating expenses, uses, habitability, tenant ability, or suitability for any purpose, merchantability, or fitness of the Property for a particular purpose, all of which warranties Seller hereby expressly disclaims, except as stated above.

**12. RESTRICTIVE COVENANT.** Buyer proposes to improve the Property by constructing a retail building of approximately 10,400 square feet (the "Improvements"). Buyer must commence construction of the Improvements within six months of the Closing Date and complete the Improvements within eighteen months of the Closing Date, barring Unavoidable Delays.

"Unavoidable Delays" means delays beyond the reasonable control of the Buyer as a result thereof which are the direct result of strikes, other labor troubles, prolonged adverse weather or acts of God, fire or other casualty to the Improvements, litigation commenced by third parties which, by injunction or other similar judicial action, directly results in delays, or acts of any federal, state or local governmental unit (other than the Seller in exercising its rights under this Agreement) which directly results in delays.

If Buyer fails to commence or complete construction of the Improvements within the time periods required by this Section, then, pursuant to the Deed, Seller shall have the right to re-enter and take possession of the Property and to terminate the estate conveyed by the Deed to Buyer, as described more fully in the Deed.

This Section 12 shall survive the Closing Date.

**13. POSSESSION/CONDITION OF PROPERTY.** Seller shall deliver possession of the Property to Buyer on the Closing Date, in materially the same condition as existed on the date of this Agreement.

**14. DISCLOSURE; INDIVIDUAL SEWAGE TREATMENT SYSTEM.** Seller discloses that there is not an individual sewage treatment system on or serving the Property.

**15. WELL DISCLOSURE.** Seller certifies that Seller [does not know] of any wells on the Property.

**16. BROKER COMMISSIONS.** Seller represents and warrants to Buyer that Seller has not involved a broker in this transaction or agreed to pay a broker commission to any broker. Buyer represents and warrants to Seller that Buyer has not involved a broker in this transaction or agreed to pay a broker commission to any broker. Each party agrees to indemnify, defend and hold each other harmless for any and all claims for brokerage commissions or finders' fees in connection with negotiations for purchase of the Property.

**17. SURVEYING, ENVIRONMENTAL INSPECTION AND SOIL TESTS.** Buyer and its agents shall have the right to enter upon the Property after the date of this Agreement for the purpose of surveying and inspecting the Property and conducting such environmental examination and soil tests as Buyer deems necessary. Buyer agrees to indemnify Seller against any liens, claims, losses or damage directly attributable by Buyer's exercise of its right to enter and work upon the Property. Buyer agrees to provide Seller with a copy of any report or survey prepared as a result of such surveying, inspection, examination, or testing, upon request by Seller.

**18. NO MERGER OF REPRESENTATIONS, WARRANTIES.** All representations and warranties contained in this Agreement shall not be merged into any instruments or conveyance delivered at closing, and the parties shall be bound accordingly.

**19. ENTIRE AGREEMENT; AMENDMENTS.** This Agreement constitutes the entire agreement between the parties, and no other agreement prior to this Agreement or contemporaneous herewith shall be effective except as expressly set forth or incorporated herein. Any purported amendment shall not be effective unless it shall be set forth in writing and executed by both parties or their respective successors or assigns.

**20. BINDING EFFECT; ASSIGNMENT.** This Agreement shall be binding upon and inure to the benefit of the parties and their respective heirs, executors, administrators, successors and assigns. Buyer shall not assign its rights and interest hereunder without the consent of Seller.

**21. NOTICE.** Any notice, demand, request or other communication which may or shall be given or served by the parties shall be deemed to have been given or served on the date the same is deposited in the United States Mail, registered or certified, postage prepaid and addressed as follows:

If to Seller:                      Richfield HRA

Executive Director  
6700 Portland Avenue South  
Richfield, MN 55423

If to Buyer: Interstate LLC  
Lonnie Provencher  
6390 Carlson Drive  
Eden Prairie, MN 55346

**22. COUNTERPARTS.** This Agreement may be executed in any number of counterparts, each of which shall constitute one and the same instrument.

**23. GOVERNING LAW.** The provisions of this Agreement shall be governed by and construed in accordance with the laws of the State of Minnesota.

**24. PARTNERSHIP OR JOINT VENTURE.** Nothing in this Agreement shall be construed or interpreted as creating a partnership or joint venture between Seller and Buyer relative to the Property.

**IN WITNESS WHEREOF**, the parties have executed this agreement as of the date written above.

**SELLER**

**HOUSING AND REDEVELOPMENT  
AUTHORITY IN AND FOR THE CITY  
OF RICHFIELD, MINNESOTA**

By: \_\_\_\_\_  
Its Chair

By: \_\_\_\_\_  
Its Executive Director

**BUYER**

**INTERSTATE LLC**

By: \_\_\_\_\_  
Its: \_\_\_\_\_

**EXHIBIT A**

**LEGAL DESCRIPTION**

LOT 001, BLOCK 001, CEDAR SUNRISE ADDN  
Tax ID – 2602824410005

LOT 002, BLOCK 001, CEDAR SUNRISE ADDN  
Tax ID – 2602824410006

LOT 016, BLOCK 001, CEDAR SUNRISE ADDN  
Tax ID – 2602824410020

**EXHIBIT B**

**FORM OF QUIT CLAIM DEED**

**eCRV number:** \_\_\_\_\_

**Deed Tax Due:** \$ \_\_\_\_\_

**Date:** \_\_\_\_\_

**QUIT CLAIM DEED**

FOR VALUABLE CONSIDERATION, the Housing and Redevelopment Authority in and for the City of Richfield, Minnesota, a public body corporate and politic under the laws of the State of Minnesota (the “Grantor”), hereby conveys and quitclaims to Interstate LLC, a Minnesota limited liability company (the “Grantee”) the land described as follows (hereinafter referred to as the “Property”):

LOT 001, BLOCK 001, CEDAR SUNRISE ADDN

LOT 002, BLOCK 001, CEDAR SUNRISE ADDN

LOT 016, BLOCK 001, CEDAR SUNRISE ADDN

[Part or all of the land is Registered (Torrens)]

To have and to hold the same, together with all the hereditaments and appurtenances thereunto belonging subject to the following exceptions:

It is understood and agreed that this Quit Claim Deed is given pursuant to that certain Purchase Agreement between Grantor and Grantee dated as of the \_\_\_ day of \_\_\_\_\_, 2017 (the “Agreement”), and is subject to the following covenants, conditions, restrictions and provisions. The capitalized terms not defined herein shall have the meanings given them in the Agreement.

Section 1. Reverter.

All right, title and interest to and in the Property will revert in the Grantor, at the Grantor’s option, in the event that:

- (i) construction of the Improvements is not commenced within six (6) months of the date of this Deed; or,
- (ii) a Certificate of Occupancy is not issued for the Improvements within eighteen (18) months of the date of this Deed; or
- (iii) if Unavoidable Delay is experienced, after construction is so commenced, a Certificate of Occupancy is not issued for the Improvements within 18 months and the Grantor serves notice upon the Grantee that it is exercising its right of reverter.



Section 2. Termination of Grantor's Right.

Upon issuance of a Certificate of Occupancy, the Grantor will provide the Grantee with a recordable instrument releasing the Grantor's right contained in Section 1.

- The Seller certifies that the Seller does not know of any wells on the described real property.
- A well disclosure certificate accompanies this document or has been electronically filed. (If electronically filed, insert WDC number: \_\_\_\_\_).
- 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.

HOUSING AND REDEVELOPMENT  
AUTHORITY IN AND FOR THE CITY  
OF RICHFIELD, MINNESOTA

By \_\_\_\_\_  
Its Chair

By \_\_\_\_\_  
Its Executive Director

STATE OF MINNESOTA )  
 ) ss  
COUNTY OF HENNEPIN )

The foregoing was acknowledged before me this \_\_\_\_\_ day of \_\_\_\_\_, 2017, by Mary B. Supple, the Chair of the Housing and Redevelopment Authority in and for the City of Richfield, Minnesota, a public body corporate and politic under the laws of Minnesota, on behalf of the public body corporate and politic.

\_\_\_\_\_  
Notary Public

STATE OF MINNESOTA )  
 ) ss  
COUNTY OF HENNEPIN )

The foregoing was acknowledged before me this \_\_\_\_\_ day of \_\_\_\_\_, 2017, by Steven L. Devich, the Executive Director of the Housing and Redevelopment Authority in and for the City of Richfield, Minnesota, a public body corporate and politic under the laws of Minnesota, on behalf of the public body corporate and politic.

\_\_\_\_\_  
Notary Public

This instrument was drafted by:

Kennedy & Graven, Chartered (JAE)  
470 U.S. Bank Plaza  
200 South Sixth Street  
Minneapolis, MN 55402  
(612) 337-9300

Tax Statements should be sent to:

\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_



# Hennepin County Property Map

Date: 5/9/2017



PARCEL ID: 2602824410006

OWNER NAME: Hra City Of Richfield

PARCEL ADDRESS: 6608 17th Ave S, Richfield MN 55423

PARCEL AREA: 0.23 acres, 10,005 sq ft

A-T-B: Abstract

SALE PRICE: \$219,000

SALE DATA: 07/2004

SALE CODE: Excluded From Ratio Studies

ASSESSED 2016, PAYABLE 2017

PROPERTY TYPE: Residential  
HOMESTEAD: Non-Homestead  
MARKET VALUE: \$182,000  
TAX TOTAL: \$2,789.74

ASSESSED 2017, PAYABLE 2018

PROPERTY TYPE: Residential  
HOMESTEAD: Non-homestead  
MARKET VALUE: \$201,000

## Comments:

6608 17th Ave S and Remnant  
Parcels

This data (i) is furnished 'AS IS' with no representation as to completeness or accuracy; (ii) is furnished with no warranty of any kind; and (iii) is not suitable for legal, engineering or surveying purposes. Hennepin County shall not be liable for any damage, injury or loss resulting from this data.

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COUNTY 2017



**STAFF REPORT NO. 25**  
**HOUSING AND REDEVELOPMENT AUTHORITY**  
**MEETING**  
**5/15/2017**

REPORT PREPARED BY: Melissa Poehlman, City Planner

DEPARTMENT DIRECTOR REVIEW: John Stark, Community Development Department  
5/10/2017

OTHER DEPARTMENT REVIEW: N/A

CITY MANAGER REVIEW: Steven L. Devich, Executive Director  
5/11/2017

**ITEM FOR COUNCIL CONSIDERATION:**

**Consideration of the approval of a petition requesting that the City Council consider the vacation of a portion of 17th Avenue. The right-of-way is adjacent to the proposed Plaza 66 development (approximately 6600, 6608, and 6614 17th Avenue).**

**EXECUTIVE SUMMARY:**

Tonight the HRA is being asked to consider the sale of 6608 17th Avenue S and two remnant parcels to Interstate Development for construction of a multi-tenant commercial building. The proposed development would connect directly to Richfield Parkway on the east side and there will no longer be a public need for the portion of 17th Avenue that is currently adjacent to 6600, 6608, and 6614 17th Avenue and additional HRA-owned remnant parcels on the east side of the road (6601, 6609, and 6615 17th Avenue). As the owner of more than 50 percent of the land abutting this right-of-way, the HRA can petition the Council to vacate the road.

**RECOMMENDED ACTION:**

**By motion: Approve submittal of the attached petition requesting the vacation of the portion of 17th Avenue adjacent to 6600, 6608, and 6614 17th Avenue to the City Council.**

**BASIS OF RECOMMENDATION:**

**A. HISTORICAL CONTEXT**

- The construction of the roundabout at 66th Street and Richfield Parkway in 2007 eliminated access to/from 17th Avenue from 66th Street. Construction of a new commercial development along 66th Street will eliminate the need for this portion of the road.

**B. POLICIES (resolutions, ordinances, regulations, statutes, etc):**

- The Council may vacate a street, alley, public grounds, or a part thereof, on its own motion or upon the petition of the owners of half of the land abutting the street, alley, public grounds, or part thereof to be vacated.
- No vacation may be made unless it appears in the interest of the public to do so.

**C. CRITICAL TIMING ISSUES:**

- A first reading of the proposed vacation is scheduled for the City Council on May 24, 2017.

- A second reading and public hearing is tentatively scheduled for the City Council on June 13, 2017.

**D. FINANCIAL IMPACT:**

- The right-of-way in question was included in the appraisal of the property and the agreed upon purchase price.

**E. LEGAL CONSIDERATION:**

- None

**ALTERNATIVE RECOMMENDATION(S):**

- Deny submittal of the attached petition requesting vacation of 17th Avenue right-of-way. The City Council may proceed with consideration by its own motion.

**PRINCIPAL PARTIES EXPECTED AT MEETING:**

None

**ATTACHMENTS:**

	Description	Type
▣	Petition	Exhibit
▣	Map	Backup Material



## PETITION FOR VACATION OF STREETS, ALLEYS, AND PUBLIC GROUNDS

**To: Richfield City Council**

We, the undersigned owners of land abutting 6600 17th Ave, 6601 17th Ave, 6608 17th Ave, 6609 17th Ave, and 6615 17th Ave, hereby petition that such public land/easement be vacated by the City of Richfield.

**\*Signature**

**Address** *(please print clearly)*

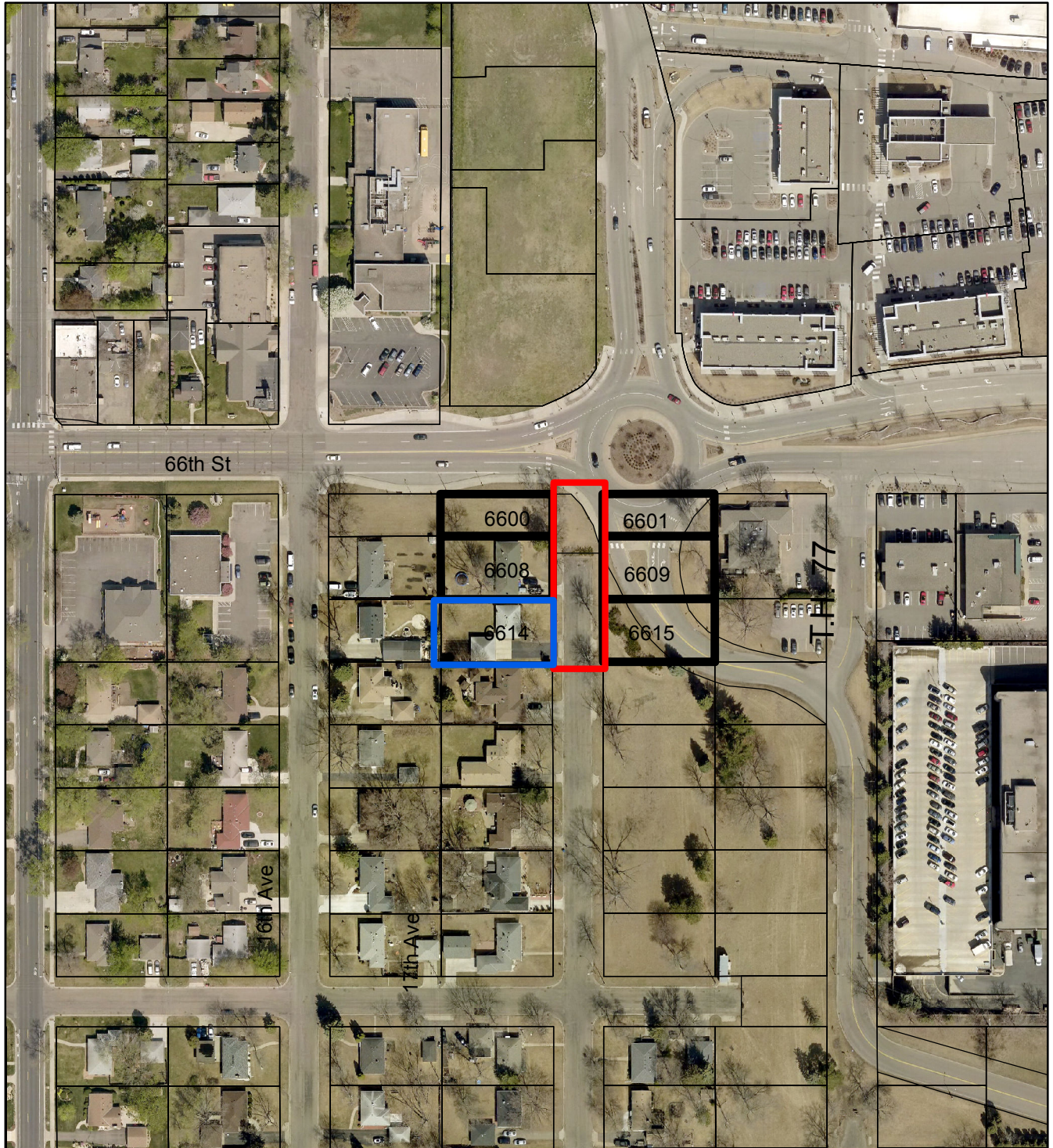
	<i>City of Richfield Housing and Redevelopment Authority</i>

*\* Signatures may not be removed after the petition is submitted to the City.*

*Print additional sheets if necessary.*

# Area of Vacation

## HRA Ownership of 50% of Adjacent Land



Proposed Vacation



HRA-owned Parcels/Remnants



Privately owned (Developer purchase agreement)

