



CITY OF LE SUEUR
REQUEST FOR COUNCIL ACTION

TO: Mayor and City Council
FROM: Samantha DiMaggio – Community Development Director
SUBJECT: Public Hearing – Sale of PID 21.999.0050
DATE: For the City Council Meeting of June 22, 2020

PURPOSE/ACTION REQUESTED

Conduct a public hearing on the sale of vacant land, PID 21.999.0050, located in the City of Le Sueur and waive the first reading of the Ordinance.

SUMMARY

The City of Le Sueur part owner of a parking lot located adjacent to Valleygreen Square Mall in downtown Le Sueur. The mall is under contract to be acquired by Building Good Downtowns, LLC, as part of their acquisition, they've requested to purchase the adjoining parking lot for \$1.00. The parking lot is approximately 1.37 acres and is has been valued at \$180,000 by Le Sueur County. The parking lot is being sold "as is" and no further repairs or maintenance will be completed on this parking lot after the sale is complete.



RECOMMENDATION

Staff is recommending the sale of PID 21.999.0050 for \$1 and requesting that the council waive the first reading of the Ordinance and give authorization of the purchase agreement contingent upon the Ordinance being approved at the July 7, 2020 City Council meeting.

ORDINANCE NO. XXX

AN ORDINANCE AUTHORIZING THE EXECUTION OF A QUIT CLAIM DEED.

THE LESUEUR CITY COUNCIL DOES ORDAIN

Section 1. The City Council in and for the City of Le Sueur, County of Le Sueur and State of Minnesota authorizes the sale of the property described herein to Building Good Downtowns, LLC., for the sale price of \$1.00. The public hearing was duly held on June 22, 2020 at 6:30p.m. to consider the conveyance of the following described properties:

Part of Block 32, Town of Le Sueur

*See attachment Exhibit A for map and full legal description

Section 2. That the Mayor and City Clerk are hereby authorized and directed to execute a Quit Claim Deed on behalf of the City of Le Sueur for the purpose of conveying the above described real estate.

Section 3. This Ordinance becomes effective from and after its passage and seven (7) days after its publication.

This Ordinance was passed by the City Council on the ____ day of _____, 2020.

ATTEST:

Gregory Hagg, Mayor

Stacy Lawrence, City Clerk

This Ordinance was published in the Le Sueur News Herald on the ____ day of _____, 2020.

PARKING LOT PURCHASE AGREEMENT

THIS AGREEMENT is made by and between **City of Le Sueur**, a Minnesota municipal corporation and the **Le Sueur Economic Development Authority** (collectively, "Seller") and **Building Good Downtowns, LLC** ("Buyer").

In consideration of the mutual promises herein, the parties agree as follows

1. **Sale and Purchase of Property.**

1.1. Seller agrees to sell, and Buyer agrees to buy, certain real property situated in the City of Le Sueur, County of Le Sueur, State of Minnesota, described on the attached Exhibit A ("Real Property").

2. **Purchase Price.**

2.1. Buyer agrees to pay Seller one dollar and other valuable consideration in exchange for the Real Property.

2.2. At closing, Buyer agrees to provide Seller with a public drainage and utility easement over the Real Property, said easement legally described on the attached Exhibit B.

3. **Title.** Within a reasonable time after acceptance of this Agreement, Seller shall deliver to Buyer an updated title abstract or a commitment for an owner's title insurance policy issued by a Title Insurance Company licensed in the State of Minnesota, naming Buyer as the proposed owner-insured of the Real Property in an amount not less than the Purchase Price (the "Commitment"). If a Commitment is supplied, it shall commit to insure marketable title in Buyer subject only to standard exceptions. Buyer shall pay any premium for an owner's policy.

4. **Title Objections.** Buyer shall be allowed 15 business days after receipt of the updated abstract or Commitment and survey to examine them and object to the marketability of the title to the Real Property and object to those easements or other interests in the Real Property which may impede or interfere with Buyer's planned use of the Real Property for right of way purposes. Objections shall be made by written notice or they will be deemed waived. If Buyer makes any objections, Seller shall immediately commence and diligently endeavor to complete all actions necessary to cure Buyer's objections. Seller shall be allowed until closing to cure the objections and make the title to the Real Property good and marketable of record in Seller, subject only to the exceptions listed in the commitment to which Buyer did not object. When title is corrected, or Buyer waives any outstanding uncorrected objections, Seller and Buyer shall perform this Agreement according to its terms.

5. **Buyer's Title Remedies.** If the title to the Real Property, as evidenced by the abstract or

Commitment, is not good and marketable of record in Seller at the Closing Date, Buyer may choose either of these options:

- 5.1. Elect to accept the title in its unmarketable condition by giving notice to Seller; or,
- 5.2. Terminate this Agreement by giving notice to Seller, in which event this Agreement shall become null and void and neither party shall be liable for damages to the other party.

6. **Inspection and Environmental.**

- 6.1. **Well Disclosure.** Seller certifies that it does not know of any wells on the described Real Property.
- 6.2. **Environmental.** Buyer may, at Buyers cost, obtain an Environmental Survey of the Property. Seller has no knowledge regarding the existence of any hazardous chemicals or pollutants on the property.
- 6.3. **License to Enter.** Seller grants Buyer a limited license to enter the Real Property for purposes of conducting soil tests, to inspect the building and to conduct environmental surveys, which license shall automatically expire with the termination of this Agreement.

7. **Contingency.** This Purchase Agreement is subject to the following contingencies in favor of the Seller:

- 7.1.1 Buyer and Seller entering into a Development Agreement governing the redevelopment of the ValleyGreen Square Mall in a form acceptable to Seller.
- 7.1.2 Buyer and Seller entering into that Vacated Right of Way Purchase Agreement attached hereto as Exhibit D.
- 7.1.3 Buyer conveying to Seller that portion of the vacated right of way that is the subject of the Vacated Right of Way Purchase Agreement attached hereto as Exhibit D.
- 7.1.4 Buyer demolishing and removing that portion of the ValleyGreen Square mall that is located on the Vacated Right of Way.
- 7.1.5 Buyer reasonably demonstrating to Seller that Buyer has the ability to contribute \$700,000 in equity to the redevelopment of the ValleyGreen Square Mall (excluding the equity used to purchase the ValleyGreen Square Mall) that is the subject of the Development Agreement referred to in paragraph 7.1.1 above.

8. **Closing.** The closing shall take place no later than _____ (the "Closing Date"), unless contingencies remain unsatisfied, and may occur earlier if agreed upon by the Buyer and Seller.

- 8.1 At the closing, Seller shall deliver to Buyer the following items:

- i. An executed warranty deed to the Real Property which will contain a covenant restricting the use of the lots currently owned by the Le Sueur Economic Development Authority for parking lot purposes for a minimum of two years; and
- ii. A properly executed Certificate of Real Estate Value; and
- iii. An affidavit of Seller in a form reasonably required by the title company to issue its title insurance policy; and
- iv. A non-foreign person affidavit, properly executed and notarized, containing such information as is required by IRC Section 1445(b)(2) and its regulations; and
- v. Other documents reasonably determined by Buyer to be necessary to properly transfer the Real Property to Buyer, or to record the closing documents.

8.2 At the closing, Buyer shall deliver to Seller the following items:

- 8.2.1 A public drainage and utility easement in the form attached hereto as Exhibit C.

9. **Real Estate Taxes.** Real estate taxes shall be prorated between Buyer and Seller to the date of closing as follows:

- 9.1 The Real Property is currently tax exempt and there are no real estate taxes due on said Property in the year of closing.

10. **Seller's Representations.**

10.1. Seller represents that the real estate taxes due in the year of closing shall be non-homestead and are not subject to preferential tax treatment (e.g. Green Acres). Seller shall pay any back taxes or recaptured taxes which may become due upon sale of the Property.

10.2. Seller represents that there are no above ground or underground storage tanks located in or on the Real Property.

10.3. To the knowledge of Seller, there is not any environmental condition, hazardous substance, situation or incident on, at, or concerning the Real Property, that could give rise to an action or liability under any Environmental laws. Seller warrants and represents that: (1) to Seller's knowledge there are no current investigations, administrative proceedings, litigation, regulatory hearings or other actions proposed, threatened or pending, alleging non-compliance with or violation of any federal, or state or local laws, ordinance, rule or regulations dealing with environmental, health or safety

matters (“Environmental Laws”) or relating to any required environmental permits; (2) Seller has not violated any Environmental Laws with respect to the Property or Improvements; and (3) to the knowledge of Seller, the Property is in material compliance with all Environmental Laws.

10.4. Seller is the owner of all, and there exists no lien, encumbrance or adverse claim with respect to any of the items of Personal Property.

11. **Special Assessments.** Seller shall pay any special assessments presently levied or pending against the Property on the date of this Agreement. Buyer shall assume and pay according to their terms special assessments levied against the Real Property after the date of this Agreement.
12. **Possession.** Seller shall deliver possession of the Real Property to Buyer upon closing.
13. **Risk of Loss.** In the event any loss or damage occurs to the property between the date hereof and the date of closing, for any reason, including fire, vandalism, flood, earthquake or act of God, Buyer may not terminate or otherwise modify this purchase agreement as a result of such damage, except that in the event such damage results in the release of hazardous chemicals on the property, Buyer may terminate this purchase agreement (with a return of Buyer’s earnest money) if Seller fails to clean up such release as required by state or federal law.
14. **Remedies.** The parties shall have all remedies provided in this Agreement as well as all remedies available at law or equity in the event a party defaults under the terms of this Agreement.
15. **Survival of Representations.** The obligations of the parties under this Agreement shall survive the closing.
16. **Notices.** All documents to be delivered, and all correspondence and notices to be given in connection with this Agreement, shall be effectively delivered only if they meet all the following requirements: they shall be in writing, signed by a duly authorized representative of the party giving the notice, and shall be delivered by hand or by mail to the addresses below. If notice is given by mail, it shall be given by Certified Mail with delivery signature required and postage prepaid. A notice given by facsimile transmission or e-mail shall not be effective. A notice shall be deemed given on the day it is actually received by the intended recipient. Notices shall be addressed as follows:

If to Buyer: Le Sueur City Administrator
 City of Le Sueur
 203 South Second Street
 Le Sueur MN 56058

With a copy to: Mike Couri
Couri & Ruppe
P.O. Box 369
705 Central Ave E
St. Michael, MN 55376

If to Seller: Building Good Downtowns, LLC

17. **Commissions and Representation.** Seller warrants and represents to Buyer that it has retained no agent or broker in connection with this transaction; that Seller shall pay its own agent or broker's commission or fee due to or claimed in connection with this transaction; and that it will indemnify, defend and hold harmless Buyer against any claim made by an agent or broker for a commission or fee based on Seller's acts or agreements.

Buyer warrants and represents to Seller that it has retained no agent or broker in connection with this transaction; that Buyer shall pay its own agent or broker's commission or fee due to or claimed in connection with this transaction; and that it will indemnify, defend and hold harmless Seller against any claim made by an agent or broker for a commission or fee based on Buyer's acts or agreements.

Buyer understands and acknowledges that Michael Couri, the law firm of Couri & Ruppe Law Office, David Drown, Shannon Sweeney, and David Drown Associates have represented only Seller in drafting and negotiating this Agreement, and have not represented Buyer in any way. Buyer has not relied upon Seller, Michael Couri, Couri & Ruppe Law Office, David Drown, Shannon Sweeney or David Drown Associates for legal, tax or financial advice.

18. **Related Agreements.** This Agreement is intended to be one of four agreements between Buyer and Seller related to the redevelopment of the Real Property and the ValleyGreen Square mall. The other three agreements include a Development Agreement related to the redevelopment of the Property, a Tax Increment Financing Agreement, a purchase agreement of vacated Main Street Right of Way. The parties intend for all four agreements to govern their respective issues related to the redevelopment of the Property.
19. **Time of the Essence.** Strict compliance with dates and deadlines is an essential part of this Agreement. Time is of the essence in the performance of this Agreement.
20. **Controlling Law.** This Agreement has been made and entered into under the laws of the State of Minnesota, and said laws shall control the interpretation hereof.
21. **Captions and Wording.** The paragraph headings or captions appearing in this Agreement are for convenience only, are not a part of this Agreement, and are not to be considered in

interpreting this Agreement. Words and phrases used in this Agreement shall have their ordinary and common meaning unless the context indicates otherwise. The word “shall” means an action is mandatory, while the word “may” means it is optional.

- 22. **Duplicate Originals.** This document must be executed in duplicate, both of which shall be considered an “original” for all purposes. One original copy shall be retained by Seller and one original copy shall be retained by Buyer.

- 23. **Ownership of Lots.** Ownership of the eight lots that are the subject of this Agreement are in split ownership, with the City of Le Sueur owning approximately 4.5 of the lots and the Le Sueur Economic Development Authority owning approximately 3.5 of the lots. At closing, each entity will provide a warranty deed to Buyer for the respective lots each entity owns. In addition, both entities shall provide Buyer with a quitclaim deed to Lot 2 of Block 32, where the two entities ownership partially overlaps.

- 24. **Buyer’s Use of the Property.** Within one year of closing, Buyer shall devote the lots deeded to Buyer from the Le Sueur Economic Development Authority for use as parking for the mall property located on Lots 9 through 16, Block 32, Town of Le Sueur and shall continue to use such lots for parking for no less than a two-year period. Buyer shall initially use all eight lots of the Real Property for parking for the ValleyGreen mall. These restrictions shall be contained in the deeds that Seller provides Buyer at closing. If, upon completion of the Minimum Improvements required by the Development Agreement referenced in paragraph 18 above, the Parking Lot property contains more parking spaces than needed by City ordinance to support the operation of the ValleyGreen mall, the Buyer may sell or develop such portions of the Parking Lot that are not required by City ordinance to support the operation of the Minimum Improvements, provided the lots deeded to Buyer by the Le Sueur Economic Development Authority are have been used for two years after the closing for parking lot purposes. The remainder of the Parking Lot shall be used to support the operations of the Minimum Improvements.

25. **Signatures.**

Buyer:

BUILDING GOOD DOWNTOWNS, LLC,

_____, the _____ of Building Good Downtowns, LLC, has signed this Purchase Agreement to purchase the Real Property for the price and on the terms and conditions set forth in this Agreement:

By _____
Its: _____

Seller:

CITY OF LE SUEUR

On behalf of the City of Le Sueur, and pursuant to authority granted by the City Council, we have signed this Purchase Agreement to sell the Real Property for the price and on the terms and conditions set forth in this Agreement:

By _____
Gregory Hagg, Mayor

By _____
Stacy Lawrence, City Clerk

LE SUEUR ECONOMIC DEVELOPMENT AUTHORITY

By _____
Its: _____

By _____
Its: _____

EXHIBIT A

Legal Description of the Real Property

EXHIBIT B

Legal Description of Drainage and Utility Easement

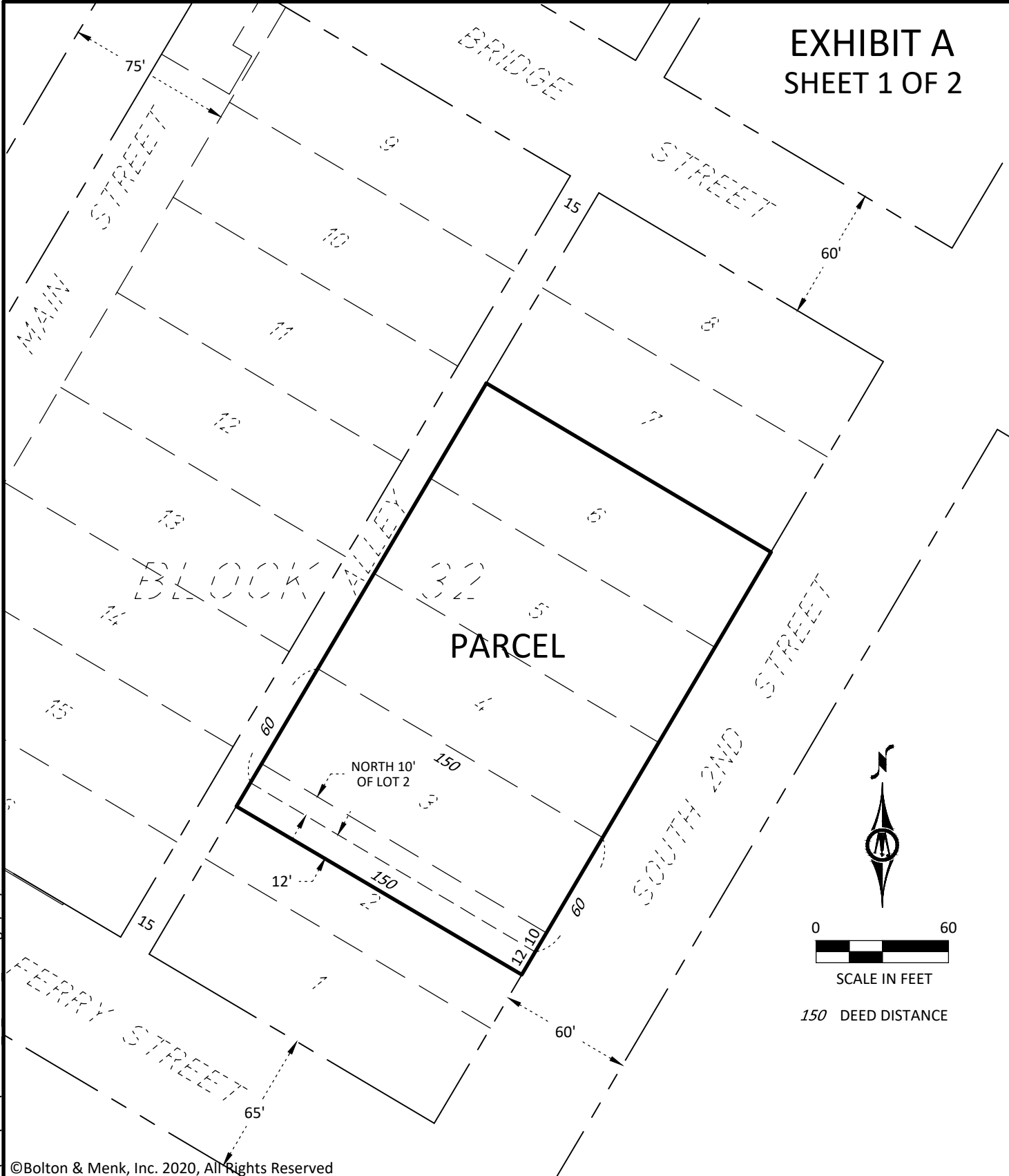
EXHIBIT C

Form of Public Drainage and Utility Easement

EXHIBIT D

Vacated Right of Way Purchase Agreement

EXHIBIT A
SHEET 1 OF 2



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CERTIFICATE OF SURVEY
CITY OF LE SUEUR, MINNESOTA

PART OF BLOCK 32, TOWN OF LE SUEUR



**BOLTON
& MENK**

1960 PREMIER DRIVE
MANKATO, MINNESOTA 56001
(507) 625-4171

FOR: CITY OF LE SUEUR

JOB NUMBER: M15.121341

FIELD BOOK: 41V-10, P. 13

DRAWN BY: LB

4.0 S35-T112-R26-42, 43

EXHIBIT A

SHEET 2 OF 2

DESCRIPTION

Lot Four (4), Block Thirty-two (32) in the Town of Le Sueur, Le Sueur County, Minnesota.

AND

Lot Five (5), Block Thirty-two (32) in the Town of Le Sueur, Le Sueur County, Minnesota.

AND

Lot Numbered Six (6) in Block Numbered Thirty-two (32) in the Town of Le Sueur, Le Sueur County, Minnesota.

AND

Commencing at the Northeasterly corner of Lot 3, in Block No. 32, in the Town of Le Sueur, Le Sueur County, Minnesota; proceeding thence Southwesterly along the Easterly line of said Block, 60 feet to a point proceeding thence at right angles in a Northwesterly direction 150 feet to a point on the Easterly line of the alley in said Block; proceeding thence Northeasterly along the Easterly line of the alley in said Block 60 feet to the Northwesterly corner of said Lot 3, proceeding thence at right angles in a Southeasterly direction along the Northerly line of said Lot 3, 150 feet to a point of beginning, the same consisting of Lot 3 and the North 10 feet of Lot 2 in Block 32, Town of Le Sueur, Le Sueur County, Minnesota, according to the plat thereof on file and of record in the office of the Register of Deeds in and for the County of Le Sueur and State of Minnesota.

AND

Commencing at a point on the Easterly line of Lot Two (2), Block Thirty-two (32), Town of Le Sueur, Le Sueur County, Minnesota, which point is Ten (10) feet Southwesterly from the Northeasterly corner thereof; proceeding thence along the Easterly line of said Lot Two (2) in a Southwesterly direction a distance of Twelve (12) feet; proceeding thence at right angles to the Easterly line of Lot (2) in a Northwesterly direction a distance of One Hundred Fifty (150) feet to the Westerly line of Lot Two (2); proceeding thence in a Northeasterly direction along the Westerly line of Lot Two (2) a distance of Twelve (12) feet; proceeding thence at right angles in a Southeasterly direction a distance of One Hundred Fifty (150) feet to the point of beginning, the same consisting of a twelve (12) foot strip of land running across Lot Two (2) in Block Thirty-two (32), Town of Le Sueur, Le Sueur County, Minnesota. Save and except the rights reserved in those certain deeds to said property recorded in Le Sueur County, Minnesota, in Book 89 of Deeds on page 504 and in Book 98 of Deeds on page 397.

SURVEYOR'S CERTIFICATION

I hereby certify that this survey, plan, or report was prepared by me or under my direct supervision and that I am a duly Licensed Land Surveyor under the laws of the State of Minnesota.

Janele Fowlds

Janele Fowlds
License Number 26748

6 - 15 - 2020
Date

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CERTIFICATE OF SURVEY
CITY OF LE SUEUR, MINNESOTA

PART OF BLOCK 32, TOWN OF LE SUEUR



1960 PREMIER DRIVE
MANKATO, MINNESOTA 56001
(507) 625-4171

FOR: CITY OF LE SUEUR