



Brian J. Anderson
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TO: County Board of Commissioners
FROM: Brian J. Anderson, Director of Finance and Taxpayer Services
SUBJECT: Contract for Purchase Agreement between Goodhue County and the Cannon Falls EDA
DATE: September 6, 2022

Background:

On May 11, 2020 the County received a residential property that went tax forfeiture and ultimately became the responsibility of Goodhue County to either use for a public purpose or sell and put back on the property tax rolls. Goodhue County has no use for the property; however, the Cannon Falls EDA has expressed interest in purchasing the property, removing the blight, and transferring the property to the Cannon Falls Housing Initiative where the school group will construct a new home on beginning in the fall of 2023.

Discussion:

On May 11, 2020 the residential property located at 300 East Minnesota Street, Cannon Falls MN went tax forfeiture and ultimately became the responsibility of Goodhue County. As part of the forfeiture process that a county must follow, it can inquire if the residing municipality is interested in purchasing the property. If they are and it's for a public purpose, such as affordable housing, it can then purchase the property for less than the estimated market value which was reduced from a 'poor' condition to 'very poor' or \$132,800 in 2020 to 109,800 in 2022 with land value being \$36,000 without entering the premises.

Staff had walked through the property this past spring and concluded that the house and several outbuildings need to be razed. Regardless of which governmental entity performs the work, the cost will ultimately be the same. Therefore, the Cannon Falls EDA has decided to purchase the property, clean up the blight by removing the house and outbuildings and will be transferring the property to the Cannon Falls Housing Initiative where the school group will construct a new home beginning in the fall of 2023.

Given the cost of the cleanup is quoted at approximately \$23,000. and affordable housing will be constructed on it, the County should consider selling the property for One Dollar (\$1.00).

Recommendation:

After review by County staff and the County Attorney, staff recommends approval of the Contract for Purchase Agreement between Goodhue County and the Cannon Falls EDA for the sale of real property in the amount of One Dollar (\$1.00).

Attached:

- Contract for Purchase Agreement between Goodhue County and the Cannon Falls EDA

(reserved for recording information)

CONTRACT FOR PURCHASE AGREEMENT

AGREEMENT dated _____, 2022, by and between the **CANNON FALLS ECONOMIC DEVELOPMENT AUTHORITY**, a public body corporate and politic under the laws of the State of Minnesota (“EDA”), and **GOODHUE COUNTY**, a public body corporate and politic under the laws of the State of Minnesota (“County”).

WITNESSETH:

WHEREAS, the County acquired real property through tax-forfeiture on May 11, 2020 which property is legally described in Exhibit A attached hereto (“Property”);

WHEREAS, the County is authorized to sell tax-forfeited real property and determine the terms of such sale pursuant to Minn. Statutes 282.01;

WHEREAS, the EDA was created pursuant to Minnesota Statutes, Sections 469.090-.108 and was authorized to transact business and exercise its powers by a resolution of the City Council of the City of Cannon Falls pursuant to Section 469.093 of the Act and has all the powers of an economic development authority under Minnesota law; and

WHEREAS, pursuant to the Act, the EDA is authorized to undertake certain activities to acquire and prepare real property for development and redevelopment by private enterprise; and

WHEREAS, the EDA will clean up the blighted property by removing the house and outbuildings and will be transferring the property to the Cannon Falls Housing Initiative where the school group will construct a new home beginning in the fall of 2023;

WHEREAS, the EDA believes that the initiative and fulfillment generally of this Agreement is in the best interest of the EDA and the health, safety, morals and welfare of the

residents of the City of Cannon Falls and in accord with the public purposes and provisions of the applicable state and local laws and requirements.

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

ARTICLE I.
DEFINITIONS

In this Agreement, unless a different meaning clearly appears from the context:

"Act" means Minnesota Statutes, Sections 469.090-.108, as amended.

"Agreement" [or "Contract"] means this Contract for Purchase and Development by and between the EDA and the County, as the same may be from time to time modified, amended or supplemented.

"Articles and Sections" mentioned by number only are the respective Articles and Sections of this Agreement so numbered.

"City" means the City of Cannon Falls, Minnesota.

"County" means the County of Goodhue, Minnesota.

"Deed" means the quit claim deed described in Section 3.1 to be executed by the County conveying the Property to the EDA.

"EDA" means the Cannon Falls Economic Development Authority.

"Event of Default" means an action by the EDA or County as provided in Article V of this Agreement.

"Parties" means the County and the EDA.

"Party" means either the County or the EDA.

"Property" means the real property at 300 East Minnesota Street, Cannon Falls, MN 55009, as legally described in Exhibit "A" attached hereto.

"Purchase Price" means the sum of One and No/100 Dollars (\$1.00) for the Property, which the EDA shall pay to the County for the purchase of the Property.

"State" means the State of Minnesota.

"Unavoidable Delays" means delays outside the control of the EDA which are the direct result of strikes, other labor troubles, fire, unusually severe or prolonged bad weather, Acts of God, 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 which directly result in delays.

ARTICLE II.
REPRESENTATIONS AND WARRANTIES

Section 2.1. Representations and Warranties by the County. The County represents and warrants that:

- (a) The County is a public body corporate and politic duly organized and existing under the laws of the State. Under the provisions of the laws of the State, the County has the power to enter into this Agreement and carry out its obligations hereunder.
- (b) The County makes no representation or warranty, either express or implied, as to the Property or its condition or soil conditions thereon, or that the Property is suitable for the EDA's needs except as specifically set forth in this Agreement.
- (c) Subject to satisfaction of the terms and conditions of this Agreement, the County will convey the Property to the EDA for development in accordance with the terms of this Agreement.
- (d) The County has received no notice of and has no knowledge of any pending or proposed special assessments affecting the Property or any proposed or pending public improvements which may give rise to any special or area assessments affecting the Property.
- (e) The County has received no notice of and has no knowledge that the Property or its use or uses are in violation of applicable law or any applicable private restriction.
- (f) The County has received no notice of and has no knowledge of any action, litigation, investigation or proceeding of any kind pending or threatened against the Property, and the County knows of no facts which could give rise to any such action, litigation, investigation or proceeding.
- (g) The County has no actual knowledge that a "well" (as defined in Minnesota Statutes Section 103I.005, subd. 21) is located on the Property.
- (h) The County has no actual knowledge of an "individual sewage treatment system" (as defined in Minnesota Statutes Section 115.55, subd. 1(g)) located on the Property.
- (i) The County has no actual knowledge of any leases, oral or written, affecting the Property nor any other right, title or interest in or to the Property granted to any third party.
- (j) The County certifies that, as of the date hereof, no methamphetamine production has occurred on the Property, pursuant to Minn. Stat. § 152.0275.

- (k) To the best of the County's knowledge, there has been no dumping or placement or burying of trash or construction debris in or on the Property.

All representations and warranties shall survive Closing.

Section 2.2. Representations and Warranties by the EDA. The EDA represents and warrants that:

- (a) The EDA is a public body corporate and politic duly organized and existing under the Act and the laws of the State. Under the provisions of the laws of the State, the EDA has the power to enter into this Agreement and carry out its obligations hereunder.
- (b) When the Property is conveyed to the EDA, the EDA will complete the project upon the Property in accordance with the terms of this Agreement, and all local, state and federal laws and regulations (including, but not limited to, environmental, zoning, building code and public health laws and regulations).
- (c) The project will be completed by the EDA, at its sole expense, in such manner, and at such expense as are necessary to make the Property usable for a future private development.

All representations and warranties shall survive Closing.

ARTICLE III.

CONVEYANCE OF PROPERTY

Section 3.1. Status of Property. Subject to the satisfaction of the terms and conditions of this Agreement, the County agrees to sell the Property to the EDA and the EDA agrees to purchase the Property from the County in "as-is" condition through the execution and delivery of a quit claim deed and conveying marketable title to the Property, subject to:

- (a) building and zoning laws, ordinances, state and federal regulations; and
- (b) reservations of minerals or mineral rights to the State of Minnesota.

Section 3.2. Conditions to Conveyance of Property.

- (a) The County's obligation to convey the Property shall be subject to the satisfaction of, or waiver in writing by the County of, all of the following conditions precedent:
 - (i) The EDA not being in default under the terms of this Agreement.
- (b) The EDA shall be obligated to accept title to the Property subject to satisfaction, or waiver in writing by the County, of the following conditions precedent:

- (i) The County not being in default under the terms of this Agreement;
- (ii) The EDA's satisfaction with the results of any inspection of the Property conducted pursuant to Section 3.6; and

If the contingencies have not been satisfied or waived by the parties on or before the Closing Date, or any of the respective reports or tests permitted by Sections 3.6 and 3.7 of this Agreement disclose a condition or conditions of the Property which are unsatisfactory to the EDA, in EDA's sole discretion, then the respective party may elect to terminate this Agreement by written notice delivered to the other party not later than expiration of such applicable dates. Upon such termination, neither party will have any further rights or obligations regarding this Agreement or the Property. If either party fails to terminate prior to expiration of such applicable contingency dates, then the contingencies pertaining to each such respective contingency shall be deemed waived by the party entitled to assert the contingency and the parties shall perform under this Agreement. If this Agreement is terminated as permitted under the terms of this Section, then upon request by County, the County and EDA agree to sign a cancellation of this Agreement or the EDA shall deliver a Quit Claim Deed to the Property to County. The EDA agrees to diligently proceed to satisfy the conditions of this Section.

Section 3.3. Purchase Price. The Purchase Price for the Property shall be payable by EDA to the County at Closing.

Section 3.4. Closing.

- (a) The Closing shall occur on or before December 31, 2022, provided all conditions precedent for the EDA and the County to close have either been met or waived, unless otherwise extended by the written agreement of the parties. This closing shall be at a location mutually agreed upon by the parties.
- (b) The EDA shall take possession of the Property upon execution and delivery of the Deed by the County at Closing.
- (c) The Deed shall be in recordable form and shall be promptly recorded along with this Agreement.
- (d) At Closing, the EDA shall pay:
 - (i) all taxes payable in accordance with the terms of this Agreement; and
 - (ii) recording fees for documents required to be recorded at Closing.
- (e) At Closing, the County shall pay:
 - (i) the cost for issuance of the title commitment;
 - (ii) recording fees for documents necessary to record the Deed;
 - (iii) state deed tax relating to the conveyance of the Property and conservation fees;
 - (iv) all taxes and assessments payable in accordance with this Agreement.

- (f) All costs incidental to the Closing not otherwise specifically allocated under this Agreement shall be allocated in accordance with the custom and practice for similar transactions in Minnesota.

Section 3.5. Title. The EDA shall have ten (10) days after receipt of the Commitment to make its objections to matters disclosed in the Title Commitment in writing to the County. Any exceptions disclosed in the Commitment and not timely object to by the EDA shall be deemed permitted encumbrances (“Permitted Encumbrances”). The County shall have the right, but not the obligation within thirty (30) days after it receives such objections to have the same removed or satisfied. If EDA’s objections are not removed or satisfied by the County, then the EDA may, at its sole discretion and as its sole and exclusive remedy, either (a) terminate this Agreement by written notice to the County and the County and EDA shall each be released from any further obligations and liability under this Agreement, except for any provisions of this Agreement which are made to survive the termination of this Agreement, and shall execute a mutual cancellation agreement evidencing the termination of this Agreement, or (b) waive such objections by written notice to the County and proceed to closing with the understanding that such uncured objections shall be included as Permitted Encumbrances on the Deed at Closing; provided, however that if the EDA has not notified the County of its election to either waive such objections or terminate this Agreement within ten (10) days after expiration of the County’s period to cure such objections, the EDA shall be deemed to have elected to waive such objections pursuant to clause (b) above.

Section 3.6. Physical Inspection. The EDA and its agents will have the right, from time to time prior to the Closing, to enter upon the Property to examine the same and the condition thereof and to conduct such surveys and to make such engineering and other inspections, tests and studies as the EDA determines to be reasonably necessary, all at the EDA’s sole cost and expense. The EDA will conduct such examinations or surveys during normal business hours to the extent practicable. The EDA will conduct all examinations and surveys of the Property in a manner that will not harm or damage the Property so that it cannot be restored to its prior condition or cause any claim adverse to the County and will restore the Property, to the extent reasonably practical and satisfactory to the County, to its condition prior to any such examinations or surveys immediately after conducting the same. Subject to the limitations under Minn. Stat. ch. 466, the EDA will indemnify, defend, and hold the County harmless from and against any claims for injury or death to persons, damage to property or other losses, damages or claims, including, in each instance, reasonable attorneys’ fees and litigation costs, arising out of any action of any person or firm entering the Property on the EDA’s behalf as aforesaid, which indemnity will survive the Closing and any termination of this Agreement without the Closing having occurred. Notwithstanding the foregoing, the EDA will not be liable merely for the discovery of a pre-existing condition at the Property.

Section 3.7. Documents and Materials. Within 5 business days after the Contract Date, the County shall deliver to the EDA copies of all documents, reports, studies, tests, drawings, surveys, agreements, contracts, and all other documentation relating to the Property in the County’s possession or control or to which the County has knowledge or access (collectively, the “Property Documents”), including without limitation, any existing environmental reports and assessments, a copy of an existing survey covering the Property, and as built surveys and information on utilities serving the Property.

Section 3.8. Obligations at Closing. At or prior to the Closing Date:

- (a) The County shall execute and deliver to the EDA the following:
 - (i) Deed. A Deed in recordable form and reasonably satisfactory to EDA, which shall include the following well representations: “Seller certifies that the Seller does not know of any wells on the described Property.”
 - (ii) Seller’s Affidavit. A standard form affidavit by the County indicating that on the date of Closing there are no outstanding, unsatisfied judgments, tax liens or bankruptcies against or involving the County or the Property; that there has been no skill, labor or material furnished to the Property for which payment has not been made or for which mechanic’s liens could be filed; and that there are no other unrecorded interests in the Property.
 - (iii) Other Documents. All other documents reasonably determined by either party or the title insurance company to be necessary to transfer and provide title insurance for the Property.
- (b) The EDA shall execute and deliver at Closing:
 - (i) Purchase. The Purchase Price.
 - (ii) Other Documents. All other documents reasonably determined by either party or the title insurance company to be necessary to transfer and provide title insurance for the Property.

ARTICLE IV.

ADDITIONAL PROVISIONS

Section 4.1. Titles of Articles and Sections. Any titles of the several parts, Articles and Sections of this Agreement are inserted for convenience of reference only and shall be disregarded in construing or interpreting any of its provisions.

Section 4.2. Notices and Demands. Except as otherwise expressly provided in this Agreement, a notice, demand or other communication under the Agreement by either party to the other shall be sufficiently given or delivered if it is dispatched by registered or certified mail, postage prepaid, return receipt requested or delivered personally; and

- (a) In the case of the EDA, is addressed or delivered personally to:

Cannon Falls Economic Development Authority

Attn: Its Executive Director
918 River Road
Cannon Falls, Minnesota 55009

- (b) In the case of the County, is addressed or delivered personally to:

Goodhue County
Attn: Its Finance Director
509 W. 5th St.
Red Wing MN 55066

- (c) Either Party may, upon written notice to the other Party, change the address to which such notices and demands are made.

Section 4.3. Covenants Running with the Land. The terms and provisions of this Agreement shall be deemed to be covenants running with the Property and shall be binding upon any successors or assigns of the EDA and any future owners or encumbrancers of the Property. The representations, warranties, indemnities and covenants contained in this Agreement shall survive the Closing Date and not be merged into the Closing Documents.

Section 4.4. Counterparts. This Agreement is executed in any number of counterparts, each of which shall constitute one and the same instrument.

Section 4.5. Law Governing. This Agreement will be governed and construed in accordance with the laws of Minnesota.

Section 4.6. Facsimile Signature. The parties hereto acknowledge and agree that in order to expedite the signing of this Agreement and the processing, and review and compliance with the terms hereof, the parties may utilize facsimile equipment to transmit and convey signatures hereto and such other information as may be necessary. With respect to any such transmission bearing a signature for any party hereto and on which the receiver is or may be reasonably expected to rely, than if such a facsimile transmission is corroborated by regular facsimile printout showing the telephone number from which transmitted together with a date and time of transmission, it shall be binding on the sending party and may be relied upon by the party receiving the same. The sending party hereby acknowledges such reliance and weighs any defenses to the use of such documents or signatures.

[Remainder of Page Intentionally Left Blank]
[Signature pages to follow]

IN WITNESS WHEREOF, the EDA has caused this Agreement to be duly executed in its name and behalf and the County has caused this Agreement to be duly executed in its name and behalf, on or as of the date first above written.

**CANNON FALLS ECONOMIC
DEVELOPMENT AUTHORITY**

By: _____
_____, President

By: _____
_____, Executive Director

STATE OF MINNESOTA)
)ss.
COUNTY OF GOODHUE)

The foregoing instrument was acknowledged before me this _____ day of _____, 2022, by _____ and _____, the President and Executive Director, respectively, of the Cannon Falls Economic Development Authority, a public body corporate and politic under the laws of the State of Minnesota, on its behalf.

Notary Public

GOODHUE COUNTY

By: _____
_____, Its _____

And: _____
_____, Its _____

STATE OF MINNESOTA)
)ss.
COUNTY OF GOODHUE)

The foregoing instrument was acknowledged before me this ____ day of _____, 2022, by _____ and _____, respectively the _____ and _____ of Goodhue County, a public body corporate and politic under the laws of the State of Minnesota, on its behalf.

Notary Public

EXHIBIT "A"
LEGAL DESCRIPTION OF THE PROPERTY

Lot 6 in Block 67 in Cannon Fall City Addition to the now City of Cannon Falls, Goodhue County, Minnesota, according to the recorded plat thereof.