

## Metropolitan Parks and Open Space Commission

Meeting date: December 4, 2018

For the Community Development Committee meeting of December 17, 2018

For the Metropolitan Council meeting of January 9, 2019

**Subject:** Park Acquisition Opportunity Fund Grant for Grey Cloud Island Regional Park, Washington County (Hale)

**MPOSC District:** F – Sarah Heitpas

**Policy/Legal Reference:** Minn. Stat. § 85.53, Subd. 3(4) and Minn. Stat. 473.315; *2040 Regional Parks Policy Plan* Siting and Acquisition Policy – Strategy 1; Planning Policy – Strategy 1; System Protection Policy – Strategy 4; and Finance Strategy – Policy 7

**Staff Prepared/Presented:** Deb Streets Jensen, Senior Parks Finance Planner 651-602-1554

**Division/Department:** Community Development / Regional Planning

### Proposed Action

That the Metropolitan Council:

1. Approve a grant of up to \$393,543.90 to Washington County to acquire the 20.15-acre Hale parcel located at 11701 Grey Cloud Island in the City of Cottage Grove for Grey Cloud Island Regional Park; and
2. Authorize the Community Development Director to execute the grant agreement and restrictive covenant on behalf of the Council.

### Background

#### *Regional Park Implementing Agency (Agency) and Location*

Washington County requested this grant on October 29, 2018. A copy of the Agency's request is attached to this item as Exhibit 2. The subject property is located along the eastern portion of Grey Cloud Island along the Mississippi River inland channel.

#### *Funding Sources*

The Council's Park Acquisition Opportunity Fund (PAOF) provides resources to purchase property and easements via two state sources: the Parks and Trails Legacy Fund (PTLF) and the Environment and Natural Resources Trust Fund (ENRTF). The Council contributes further by matching every \$3 in state funds with \$2 in Council bonds proceeds. Between them, state and Council funds contribute up to 75% of the purchase price and eligible costs; the Regional Park Implementing Agency (Agency) contributes the remaining 25% as local match. The Council will fund this grant through PTLF and Council match.

#### *Council Review*

Staff from the Council's Regional Parks and Natural Resources work unit:

- reviews each PAOF request to ensure that the proposed acquisition complies with state statute and Council policy;
- ensures that all necessary documentation is in place and that the appraisal is reasonable and appropriate; and
- processes requests on a first-come-first-served basis.

### ***Subject Property***

The subject 20.15-acre property is an inholding within the Council-approved boundaries of the regional park. The subject property comprises three areas of land with frontage on the backwaters of the Mississippi River, called Mooers Lake. The main parcel of land has approximately 905 linear feet of river frontage on its northeast side. An island, which is accessible only by boat from the main parcel, has approximately 1,219 linear feet of river frontage. A peninsula, which is also only accessible by boat from the main parcel, has approximately 257 linear feet of river frontage. The property is encumbered with a 2.36 flowage easement controlled by the U.S. Army Corps of Engineers. The easement was established in 1931 for the purpose of improving navigation in the Mississippi River in connection with the maintenance and operation of the Hastings Lock and Dam. The flowage easement runs northwest to southeast on the subject's main site. See Figures 1 and 2 in Exhibit 1 for images of the property.

### ***Acquisition Details***

This is a fee-title transaction. The Agency is conveying a life estate to the sellers, who are in their eighties. The life estate terminates when they leave the property. For the duration of their tenancy, they will not pay rent, but are responsible for maintenance of the property and all taxes and utilities. The Agency will inspect the property annually to ensure its good condition. The appraisers considered the life estate in their value opinion. Within a year after the life estate terminates, the Agency will demolish the buildings and restore the property to a natural state.

### **Rationale**

This acquisition is consistent with:

- *The 2040 Regional Parks Policy Plan*
  - Planning Policy Strategy 1 requires that before an Agency can receive a grant for acquisition, the proposed project must be consistent with a Council-approved master plan. The master plan for this regional park was approved by the Council on December 1, 1994.
  - Siting and Acquisition Strategy 1 requires that lands with natural resource features, access to water, and/or restoration potential will be a priority for the Regional Parks System. The property recommended for acquisition has river frontage and is wooded.
  - System Protection Strategy 4 requires that a Phase 1 Environmental Site Assessment (ESA) must be completed on land that is suspected to be contaminated or land suspected to have abandoned wells as part of its due diligence process for land acquisition.
  - Finance Strategy 7 authorizes the use of PAOF as the funding mechanism for the acquisition of Regional Park lands and matches every \$3 in state funds with \$2 in Council bonds.
- Appropriation requirements.
- All requirements of PTLF.
- The Grey Cloud Island Regional Park master plan.

### **Thrive Lens Analysis**

This request is consistent with Thrive's Livability outcome because the Council's investment in the Regional Park will increase access to nature and outdoor recreation, thereby enhancing the region's quality of life.

## Funding

### Project budget

The appraised value is \$470,000, and the Agency has offered the seller 107.45% of the appraised amount plus closing and other costs as shown below.

<b>Budget item</b>	<b>Requested amount</b>
Purchase price	\$505,000.00
Due diligence (appraisal, Phase I environmental site assessment, etc.)	8,200.00
Holding and closing costs	11,525.20
Stewardship	\$0
<hr/>	
Total costs	\$524,725.20
<b>Grant structure</b>	
State FY 2019 PTLF PAOF	\$236,126.34
Council bonds	<u>\$157,417.56</u>
<b>Grant amount not to exceed</b>	<b>\$393,543.90</b>
Local match	\$131,181.30

### Known Support / Opposition

There is no known opposition.

### Exhibit List

- Exhibit 1: Images
- Exhibit 2: Grant request letter
- Exhibit 3: Grant application
- Exhibit 4: Board approval to purchase property
- Exhibit 5: Purchase agreement
- Exhibit 6: Appraisal excerpt

# Exhibit 1 – Images

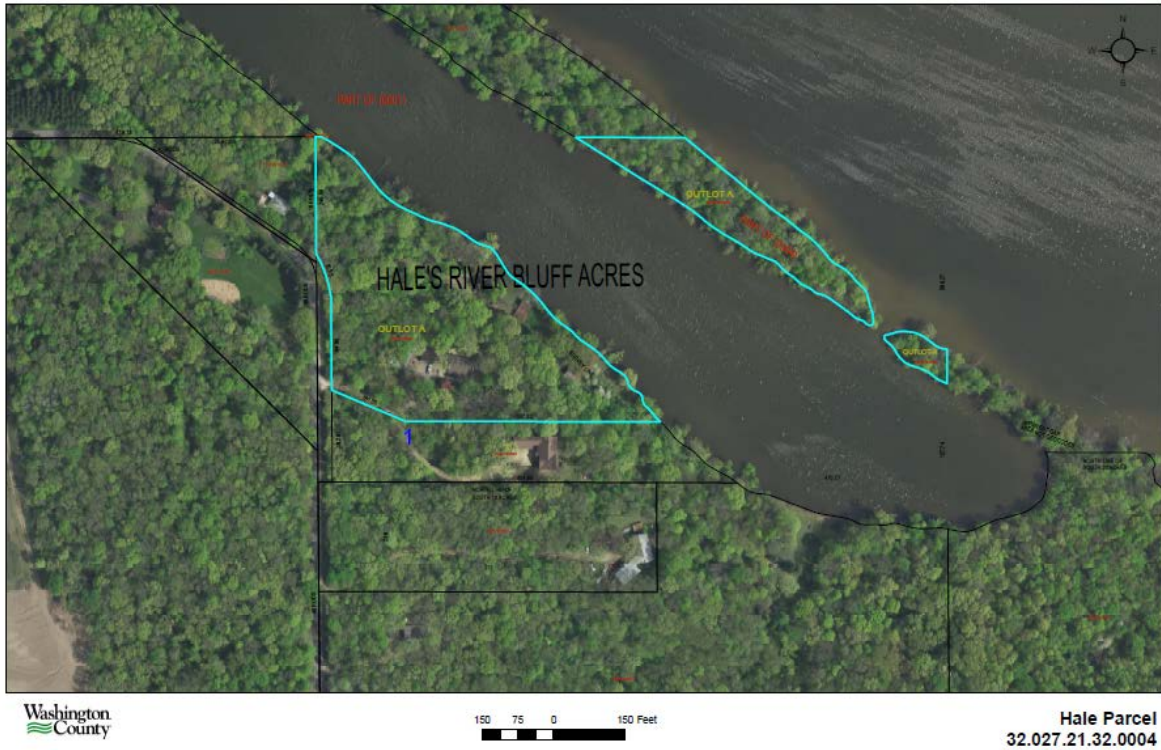


Figure 1: Aerial photo of subject property

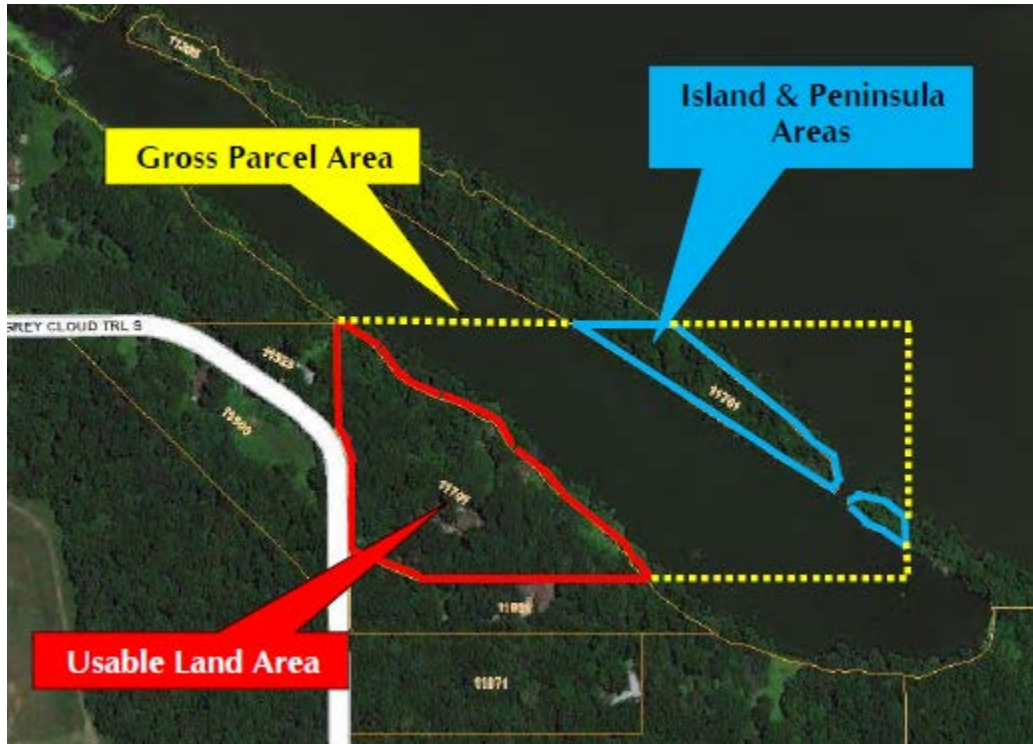


Figure 2: Appraiser's delineation of the three portions of the subject parcel



Donald J. Theisen, P.E.  
Director

Wayne H. Sandberg, P.E.  
Deputy Director/County Engineer

October 29, 2018

Ms. Tori Dupre  
Metropolitan Council  
390 North Robert Street  
St. Paul, MN 55101

**REQUEST FOR ACQUISITION OPPORTUNITY GRANT FUNDS FOR PURCHASE OF THE HALE PROPERTY IN GREY CLOUD ISLAND REGIONAL PARK**

Dear Tori,

Washington County request that the Metropolitan Council consider providing acquisition opportunity grant funds for the purchase of the Hale property located within the boundary of Grey Cloud Island Regional Park in the City of Cottage Grove. This property is along the eastern portion of the island along the Mississippi River inland channel, and includes an older home and out buildings that will be removed within a year of the life tenants departure. The agreed upon price is slightly over the Washington County appraised value.

The offer presented here has been signed by both landowner and the Washington County Board on October 23, 2018. Funding for this project is requested to be 75% from Metropolitan Council's Acquisition Opportunity Fund with the remaining 25% funded by Washington County funds.

Estimated Acquisition Costs:

Purchase Price	\$505,000.00
Estimated costs related to purchase	\$ 39,725.20
	-----
	\$544,725.20

Proposed Revenue Sources:

Acquisition Opportunity Fund (75%)	\$408,543.90
Washington County (25%)	\$136,181.30
	-----
	\$544,726.00 (rounded)

We understand that there are funds available in the 2018 fiscal year and hope to be able to use said funds. If the funds are not available, we request that this acquisition be funded in the 2019 fiscal year. We anticipate closing on this property in January or February of 2019 following Met Council action on the grant request.

Page Two  
October 29, 2018

Thank you for your consideration of this request. If you have any questions or need additional information, please let me know.

Sincerely,

A handwritten signature in blue ink, appearing to read "Sharon M. Price".

Sharon M. Price  
Property Acquisition Manager

cc: Sandy Breuer, Parks Director  
June Mathiowetz, Land & Water Legacy Program



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Back | Print | Add | Delete | Edit | Save

**Review**

**Application Details**

[Print to PDF](#) | [Review](#) | [Funding Opportunity](#) | [Annotations\(0\)](#)

**10851 - 2019 Parks Acquisition Opportunity Fund**

**11720 - Grey Cloud Island - Hale Property**  
**Parks Grants Acquisition**

**Applicant Information**

**Primary Contact:**

**Name:\*** Ms. Sharon Price  
Salutation First Name Middle Name Last Name

**Title:\*** Land Acquisition

**Department:**

**Email:\*** [Sharon.Price@co.washington.mn.us](mailto:Sharon.Price@co.washington.mn.us)

**Address:\*** 11660 Myeron Road N.

**\* City:** Stillwater **State/Province:** Minnesota **Postal Code/Zip:** 55082

**Phone:\*** 651-430-4391 Phone **Ext.:**

**Fax:**

**What Grant Programs are you most interested in?\*** Parks Grants Acquisition

**Organization Information**

**Name:\*** WASHINGTON CTY

**Jurisdictional Agency (if different):**

**Organization Type:**

**Organization Website:**

**Address:\*** PUBLIC WORKS  
 11660 MYERON RD

**\* City:** STILLWATER **State/Province:** Minnesota **Postal Code/Zip:** 55082

**County:\*** Washington

**Phone:\*** 651-430-4325 Phone **Ext.:**

**Fax:**

**PeopleSoft Vendor Number** 0000028637A10

**Project description**

*Please limit acquisition requests to a single park or trail*

**Park or trail name** Grey Cloud Island RP-Washington County

**Master plan**

*An acquisition request will not be considered complete or added to an ENRTF work plan until the property is included in a Council-approved master plan.*

Is the project consistent with a Council-approved master plan? **Yes**

If yes, name of master plan and date of Council approval **Grey Cloud Island Regional Park Master Plan** **08/25/1994**

Name of master plan

Council approval date - Format: mmddyyyy (Do not enter any punctuation.)

If no, has a master plan amendment been submitted to the Council for review and approval?

**Acquisition method**

Acquisition method **Fee title**

If the acquisition method is anything other than routine, provide more detail.

*This question seeks a general description of the acquisition method - is this a routine purchase, or does it involve a land donation, park dedication fees, condemnation, or some combination? Please use this space to describe the overall acquisition **project**.*

**This acquisition conveys a life estate to the sellers.**

**Public domain**

Is any portion of the property currently in the public domain? **No**

If yes, describe/name the entity and the portion of the property it owns, as well as why this public-to-public transfer is necessary.

**Eminent domain**

*If condemnation will be involved, include documentation of your governing body's authorization (on the Other Acquisition Attachments web page).*

If condemnation is involved, date the petition was/will be filed.

If condemnation is involved, expected settlement date

Are there easements or other encumbrances on any part of the property?

If yes, describe

**Closing date**

*The Council will process all acquisition requests expeditiously, but we do not guarantee that the approval process will be completed to meet your requested closing date. This date will be considered an **estimate** only. However, the acquisition must be completed during the grant term.*

Estimated closing date **01/31/2019**  
Format: mmddyyyy (Do not enter any punctuation.)

Date purchase agreement expires **01/31/2019**  
Format: mmddyyyy (Do not enter any punctuation.)

**Appraisal**

*The appraisal must have an effective date within one year of the date the purchase agreement is signed. The appraisal **MUST** list the Metropolitan Council as an intended user, and the intended use must include "negotiation and grant reimbursement."*

Appraisal effective date **06/21/2018**

Appraised value **\$470,000.00**

Amount being offered the seller (net of closing and other costs) **\$505,000.00** **107.45%**  
% of appraised value

Appraisal date **08/06/2018**

Who performed the appraisal? **Jason L. Messner**

Who contracted for the appraisal (i.e., was it done at arms' length)? **Wasington County**

Was a survey done? **No**

**Quality of natural resources - is the property...**

...undeveloped?	Fully	Partially
...wooded?	Fully	Yes
...shoreline?	Fully	Yes



**Describe the existing natural resources it contains**

The wildlife habitat along the shoreline area especially waterfowl, birds and other species are examples of natural resources that are pertinent to this parcel.

**Suggested funding source**

For guidance, see the PAOF rules in the 2040 Regional Parks Policy Plan at <http://metrocouncil.org/Parks/Publications-And-Resources/POLICY-PLANS/2040-Regional-Parks-Policy-Plan.aspx>; for ENRTF fee title acquisition project requirements, see [http://www.lccmr.leg.mn/pm\\_info/enrtf\\_fee-title-acquisition-project-requirements.pdf](http://www.lccmr.leg.mn/pm_info/enrtf_fee-title-acquisition-project-requirements.pdf)

The Council will review your project specifics and work with you to determine the optimal funding source(s).

**Anticipated funding source** PTLF Legacy / Council match  
Select as many as apply

**Structures currently on the property**

**Does the property contain ANY structures?** Yes

**If yes, are there any habitable structures?** Yes

**If yes, what is the plan for the structure(s)?**

Currently the structures will remain until the life tenant is no longer able to reside on the property. Then we will look at having the structures either removed or demolished.

**If there are habitable structures, could they be relocated? If yes, how? If no, why not?**

We will consider a bid process to either relocate the structures or demolish the structures.

**For ENRTF funding only**

**If this will use ENRTF funding, LCCMR rules require that you describe the selection process used to identify these proposed parcels.**

*NOTICE: ENRTF funding has specific requirements for disseminating information to the public when property is purchase through the Trust Fund. It is the agency's responsibility to meet those requirements and to provide documentation to the Council BEFORE payment will be made.*

**Does the property currently contain any revenue-generating businesses?** No

**If the property contains habitable structures or revenue-generating businesses, describe:**

**Stewardship and minimal access****Describe the stewardship plan.**

Implementation of the regional park will occur over an extended period of time. Implementation and operation of active or passive recreational uses during that acquisition period will be focused on stewardship activities, e.g. fencing, stabilizing, and rehabilitation of natural resources, preventative deterioration of existing structures, road removal or maintenance, etc.

The park will not be developed until a sufficient cross-section of land is assembled to provide the combined active-passive experience desired. In other words, no attempt would be made to develop camping or other facilities until such time that sufficient area would be assembled to support those activities and passive/interpretative experiences. It is, therefore, possible that contract private recreation services may be allowed on an interim basis with revenues devoted to operating and maintenance activities.

**How will the stewardship implementation be funded?**

Stewardship implementation will continue to be funded through Washington County Parks, the Metropolitan Council and available grants.

**Are you requesting funds to provide minimal access to the property (prior to it being open to the public) as part of this grant request?** No

**If yes, how will those funds be used?**

**Site Description**

**Land Use History**

**Current land uses** Residential  
Select as many as apply

**Previous land uses** Residential  
Select as many as apply

**Adjacent land uses** Residential  
Select as many as apply

**Inspection**

**Does the property contain any of the following?** Wells, Septic  
Select as many as apply

**Sellers and parcels**

Seller name	Parcel address	PID	Acres	Date PA signed	Habitable structures?	MN House district	City	County	Met Council district	MPOSC	Latitude	Longitude
Rodney W. Hale and Mary L. Hale	11701 Grey Cloud Island Trail South	32.027.21.32.0004	20.15	10/23/2018	Yes	54A	Cottage Grove	Washington		F	44.781591	-92.964465
			20.15									

**Local match**

**Source of local match**

Local match through the Washington County Land and Water Legacy Program.

**Will you be requesting consideration for future reimbursement of any part of your local match?**

**If yes, how much?** \$0.00

**Grant agreement signatories**

Full name	Title	If this is an attorney, is the signature 'for form only'?
Gary Kriesel	County Board Chair	No
Molly O'Rourke	County Administrator	No
Richard Hodsdon	Assistant County Attorney	Yes

**Acquisition Costs**

Cost Items	Amount
<b>Purchase price</b>	
Negotiated purchase price	\$505,000.00
<b>Appraisal expenses</b>	
Appraisal	\$6,000.00
Appraisal review	\$0.00
<b>Environmental expenses</b>	
Phase I environmental site assessment	\$2,200.00
Phase II environmental site assessment	\$0.00
Environmental contamination remediation	\$0.00
<b>Holding expenses</b>	
Interest	\$0.00
<b>Land stewardship</b>	<b>\$20,000.00</b>
Land development	\$0.00
Pro-rated share of all property taxes/assessments	\$6,145.15
Legal services and closing costs	\$0.00
Property tax equivalency payment-473.341	\$3,658.55
Relocation costs to seller	\$0.00
State deed tax/conservation fee	\$1,671.50

These stewardship costs have been deleted from the grant request.

Title insurance	\$0.00
Well disclosure statement	\$50.00
Other holding	\$0.00
<b>Other expenses</b>	
Other expenses	\$0.00
<b>Totals</b>	<del>\$544,725.20</del>

**\$524,725.20**

**Total Estimated Acquisition Costs**

Totals	Total acquisition cost	Total paid with state funds	Total paid with metro funds	Total paid by agency	Total grant amount
Total Estimated Acquisition Cost (calculated after costs above are entered)	<del>\$544,725.20</del>	<del>\$245,126.34</del>	<del>\$163,417.57</del>	<del>\$136,181.20</del>	<del>\$408,543.91</del>

**Grant total \$393,543.90**

**\$131,181.30**

**\$236,126.34 state**

**\$157,417.56 regional**

**Required Attachments - Acquisition**

Attachment	Description	File Name	Type	File Size
<b>Section 1 - REQUIRED FOR ALL REQUESTS</b>				
Grant request letter (REQUIRED)	Grant Request Letter	Hale Property Grant Request Letter .pdf	pdf	60 KB
Master plan documentation (please compress to 5 Mb max) REQUIRED	Grey Cloud Island Regional Park Master Plan	<b>Grey Cloud Island Reg Park Master Plan1.pdf</b>	pdf	3.8 MB
Aerial photo showing parcel boundary (please compress to 5 Mb max) with parcel overlay - REQUIRED	Grey Cloud Island Regional Park Boundary Map	GCIPboundaryUpdateSept2017DRAFT.pdf	pdf	5.6 MB
For TRAILS, image of full-length trail alignment, with the location of subject property noted. For RP/PR's, image of the entire RP/PR, with the location of subject property noted. REQUIRED	Hale Property Aerial	<b>Hale Property_2016 Aerial.pdf</b>	pdf	3.0 MB
Governing Board action authorizing grant request - REQUIRED	Hale Property Resolution	<b>2018-114_Hale Resolution.pdf</b>	pdf	77 KB
<b>Section 2 - FEE TITLE REQUIREMENTS</b>				
Signed purchase agreement - REQUIRED	Signed Purchase Agreement	<b>Signed_Hale PA_102318.pdf</b>	pdf	215 KB
Legal description - in MS Word - REQUIRED	Hale Property Legal Description	<b>Hale Property Legal Description.docx</b>	docx	13 KB
Property appraisal report (please compress to 5 Mb max) - REQUIRED	Hale Property Appraisal Report	<b>Hale Property Report_Messner 8-6-18_Reduced.pdf</b>	pdf	8.5 MB
Appraisal invoice	Appraisal Invoice	<b>Appraisal Invoice.pdf</b>	pdf	265 KB
Phase 1 environmental site assessment report				
Phase 1 environmental assessment invoices				
State deed tax or conservation fee invoice	Hale Property State Deed & Conservation Fee Estimate	<b>Hale Property State Deed_Cons Fee Estimate.pdf</b>	pdf	9 KB
Current property tax statement with pro-rated share of tax due	Hale Property Tax Statement and Proration	<b>Hale Property Tax Statement and Proration.pdf</b>	pdf	501 KB
Tax equivalency payment	Tax Equivalency Payment	<b>Hale Property Tax Equivalent Estimate.pdf</b>	pdf	10 KB
Title insurance invoice				
Itemized estimate of closing costs	Hale Property - Estimate of Closing Costs	<b>Hale Property Closing Cost Estimate.pdf</b>	pdf	9 KB

Minimal access development estimated costs

Land stewardship plan

Hale Property Stewardship Plan

**Hale Property Stewardship Plan.pdf**

pdf 9 KB

Land stewardship estimated costs

Hale Property Stewardship Estimate

**Hale Property Stewardship Estimate.pdf**

pdf 14 KB

Legal description of the property

Hale Property Legal Description

**Hale Property Legal Description.pdf**

pdf 8 KB

Survey report

### Section 3 - CONDITIONALLY REQUIRED ATTACHMENTS

Appraisal review report

Appraisal review invoice

Phase II environmental assessment report

Phase II environmental assessment invoices

**REQUIRED FOR TRAILS** Parcel map showing trail route

Other acquisition costs report

**Required if this grant will serve as partial or full match to another**

**grant** Copy of federal or other grant

Relocation description and estimated costs

### SECTION 4 - CONDEMNATIONS

Condemnation settlement

Documentation of notice to Council prior to initiating condemnation procedures

Administrative settlement

### Section 5 - EASEMENT REQUIREMENTS

Signed easement

### **Additional attachments**

[Return to Top](#)

BOARD OF COUNTY COMMISSIONERS  
WASHINGTON COUNTY, MINNESOTA

RESOLUTION NO. 2018-114

DATE October 23, 2018  
MOTION  
BY COMMISSIONER Lavold

DEPARTMENT Public Works - Parks  
SECONDED BY  
COMMISSIONER Weik

**RESOLUTION TO PURCHASE 11701 GREY CLOUD TRAIL SOUTH  
GREY CLOUD ISLAND REGIONAL PARK**

**WHEREAS**, Washington County is interested in acquiring the property described herein in the City of Cottage Grove, Minnesota, for inclusion into the Grey Cloud Island Regional Park; and,

**WHEREAS**, the owners agree to sell the property to the County.

**NOW, THEREFORE, BE IT RESOLVED**, that the Washington County Board of Commissioners hereby authorizes its Chairman and Administrator to execute on behalf of the County a Purchase Agreement and any other documents necessary for the County to purchase the property legally described as follows:

Outlot A, Hale's River Bluff Acres, according to the recorded plat on file in the office of the County Recorder in and for Washington County

For the sum of \$505,000.00.

ATTEST: 

COUNTY ADMINISTRATOR



COUNTY BOARD CHAIR

	YES	NO
MIRON	<u>X</u>	___
KARWOSKI	<u>X</u>	___
KRIESEL	<u>X</u>	___
LAVOLD	<u>X</u>	___
WEIK	<u>X</u>	___

**PURCHASE AGREEMENT**

**Between**

**RODNEY W. HALE AND MARY L. HALE**

**("SELLER")**

**and**

**WASHINGTON COUNTY**

**("BUYER")**

## PURCHASE AGREEMENT

THIS PURCHASE AGREEMENT (this "Agreement") is made to be effective the 23 day of October, 2018 (the "Effective Date of this Agreement") between the RODNEY W. HALE and MARY L. HALE, (hereinafter referred to as "Seller") and WASHINGTON COUNTY (hereinafter referred to as "Buyer").

### RECITALS AND PRELIMINARY STATEMENT OF FACTS

1. Seller is the owner of certain real property located in the County of Washington, State of Minnesota, and legally described in the attached Exhibit "A" (the "Property").
2. Seller desires to sell and Buyer desires to purchase the Property subject to the terms and conditions hereof.

In consideration of the Recitals and other good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, the parties, intending to be legally bound, agree as follows:

### COVENANTS

1. **SALE AND PURCHASE** Seller agrees to sell and Buyer agrees to purchase the Property upon the terms and conditions set forth in this Agreement.
2. **CLOSING DATE** The "Closing" and "Closing Date" shall be on or before January 31, 2019.
3. **PURCHASE PRICE** The "Purchase Price" shall be Five Hundred Five Thousand and no/100 (\$505,000.00) Dollars which is subject to a life estate. The Purchase Price shall be payable in cash or cash equivalent at Closing.
4. **TITLE, TAXES, CLOSING COSTS**

**4.1** Within ten (10) days after execution of this Agreement, Seller shall provide Buyer with an updated abstract of title or a commitment for an owner's policy of title insurance for the Property, which shall include proper searches covering bankruptcies and state and federal judgments, liens, and levied and pending special assessments (the "Title Commitment"). Buyer shall have fifteen (15) days after receipt of the Title Commitment to have Buyer's attorney examine the Title Commitment and provide Seller's attorney with written objections. Buyer shall be deemed to have waived any title objection not made within the applicable time period. If written objections are received as specified above and Seller agrees to cure such objections, then closing shall be delayed for a reasonable period in order for Seller to cure such objections. If Seller does not agree to cure any such

objections, then Buyer may proceed to closing which shall constitute a waiver by Buyer of such objections or this Agreement shall be terminated upon receipt by Seller's attorney of a cancellation of this Agreement executed by Buyer. Seller shall pay the costs to issue the Title Commitment and Buyer shall pay any premium for the owner's policy, any lender's policy and any endorsements.

**4.2** Seller and Buyer shall prorate real estate taxes payable in the year of closing as of the Closing Date. Seller shall pay special assessments levied as of the Effective Date of this Agreement. Buyer shall pay special assessments pending or levied after the Effective Date of this Agreement. Seller is responsible for all taxes due and owing in all previous years.

**4.3** On the Closing Date Seller shall deliver to Buyer the following "**Transfer Documents**":

- (i) a Warranty Deed subject to a life estate and the following exceptions:
  - (a) building and zoning laws, ordinances, state and federal regulations;
  - (b) restrictions relating to use or improvements of the Property without effective forfeiture provisions;
  - (c) any reservation of any mineral or mineral rights to the State of Minnesota;
  - (d) drainage and utility easements which do not interfere with existing improvements;
  - (e) assessments which become pending after the Effective Date of this Agreement;
  - (f) other matters approved by Buyer in writing or deemed to be waived by Buyer in accordance with the terms of this Agreement;
- (ii) a standard form Seller's Affidavit;
- (iii) Closing Statement; and,
- (iv) such other documents as may be reasonably necessary to consummate this transaction.

**4.4** Buyer shall pay the life estate purchase price at Closing. Buyer shall execute and deliver the following documents at Closing:

- (i) a Certificate of Real Estate Value with respect to the Property;
- (ii) a Closing Statement;



(iii) all documents relating to any Buyer financing or otherwise reasonably necessary to consummate this transaction.

**4.5** Seller shall be responsible for payment of state deed tax and Buyer shall be responsible for payment of all recording fees relating to the Warranty Deed.

5. **ENVIRONMENTAL** Seller makes no warranties express or implied with respect to the environmental condition of the Property.

6. **NOTICE** All notices required by this Agreement shall be sent in writing and shall be deemed given (1) if and when personally delivered; (2) upon receipt if sent by a nationally recognized overnight courier addressed to a party at its address set forth below; or, (3) on the third business day after being deposited in the United States mail to the following addresses by postage prepaid certified or registered mail. Any party may change that party's address for notice by giving written notice thereof in accordance with the provisions of this Section to the other parties.

**TO SELLER:** Rodney W. Hale  
Mary L. Hale  
11701 Grey Cloud Trail South  
Cottage Grove, MN 55016

**TO BUYER:** Washington County  
11660 Myeron Road North  
Stillwater, MN 55082-9573  
ATTN: Sharon M. Price  
Property Acquisition Manager

7. **BROKERAGE INDEMNITY AGREEMENT** Seller and Buyer agree that neither has retained any real estate brokers or agents in connection with this transaction. Both parties agree to indemnify and hold the other party harmless from any inaccuracy in their respective foregoing representation with respect to real estate brokers and agents.

8. **LIFE ESTATE TERMS** The following are terms and conditions relating to the life estate being retained by Rodney W. Hale and Mary L. Hale:

**8.1** If it is determined that Rodney W. Hale and Mary L. Hale are no longer able to reside and maintain the Property, the life estate will terminate to Washington County.

**8.2** Rodney W. Hale and Mary L. Hale (or their representative) will notify in writing Washington County of their leaving the Property and will have 90 days from the date of the letter to have all personal property removed from the Property. If there is personal property remaining on the property after the 90 day time line, it will be deemed abandoned.

**8.3** The life estate created herein is non-transferable. Rodney W. Hale and Mary L. Hale are the only parties included to hold this life estate on the Property.

**8.4** Rodney W. Hale and Mary L. Hale are not allowed to encumber the Property including but not limited to: mortgages, tax liens or other liens of any kind during the term of this life estate. If such encumbrance is found on the title of the Property, the life estate will be terminated immediately and all parties and personal property will be removed within 72 hours.

**8.5** Taxes on the property will be paid in full each year. If the taxes are not paid in full, in any given year, the life estate will be terminated immediately and all parties and personal property will be removed within 72 hours.

**8.6** The Property will need to be maintained and cared for in a manner that meets all health and habitability requirements, which can include an annual inspection from a Washington County representative to verify the habitability. Requirements for health and habitability would include the following: the house is structurally sound, clean, weathertight and in good repair; if physically handicapped person, is free of any architectural barriers; has heating as required by climate conditions; and has habitable sleeping area that is adequately ventilated and sufficient to accommodate the occupants. If the property has any of these deficiencies, Rod and Mary Hale will have ten days to rectify the situation. Upon the tenth day if the deficiencies are not remedied, the life estate will be terminated immediately and all parties and personal property will be removed within 72 hours.

**8.7** Items identified in this section will survive after Closing and will be incorporated into the transfer deed.

9. **WELL DISCLOSURE** Seller certifies that Seller has knowledge of a well on the property.
10. **SEPTIC SYSTEM** Seller does know of a private sewer system on the property.
11. **DEFAULT** If this transaction is not consummated by reason of default by Seller or Buyer hereunder, then the non-defaulting party shall be entitled to terminate this Agreement upon thirty (30) days' written notice to the other party consistent with Minnesota Statutes § 559.21. In addition, either Buyer or Seller may sue for specific performance or damages, so long as such party commences suit within ninety (90) days after the time the cause of action arises. The non-defaulting party shall be entitled to recover its attorney fees and costs incurred as a result of a default under this Agreement.
12. **ASSIGNABILITY** This Agreement and Buyer's rights hereunder and Buyer's interest in the Property shall not be assigned without Seller's consent.

**13. MISCELLANEOUS**

**13.1** Buyer may obtain a Phase I Environmental Assessment of the Property. In the event Buyer determines that a Phase II Environmental Assessment or any resultant corrective action is necessary, such corrective action and an allocation of those costs shall be negotiated between the parties. Seller shall have the right to terminate this Agreement, upon written notice to Buyer, if it elects not to agree to a Phase II Environmental Assessment and, upon such termination. The cost of the Phase I Environmental Assessment shall be borne by the Buyer.

**13.2** Buyer and its contractors shall have access to the Property prior to Closing to perform the Phase I Environmental Assessment and other testing and inspection deemed necessary by Buyer. Seller will coordinate with Buyer for access to the buildings.

**13.3** This Agreement contains the entire agreement between the parties, and neither party has relied upon any verbal or written representations, agreement or understanding not set forth herein, whether made by any agent or party hereto.

**13.4** This Agreement shall be governed by and construed in accordance with the laws of Minnesota. The invalidity or unenforceability of any provision of this Agreement in any particular respect shall not affect the validity and enforceability of any other provision of this Agreement or of the same provision in any other respect.

**13.5** Buyer is a participant in the grant program authorized by chapter 563, Laws of Minnesota, 1974. This program was established pursuant to the law to provide for acquisition, preservation, protection, development, and betterment of regional recreational open space for public use. This purchase is conditioned upon Buyer being approved to receive these grant funds. If these funds are denied or no longer available to Buyer, this Agreement shall be null and void and neither party shall be liable for damages to the other.

**13.6** Buyer and Seller recognize that there are certain recreation activities within a regional park that provide opportunities for residents while maintaining the integrity of the natural resource base within the park system. The Sellers while still remaining on the Property during the life estate term agree to the operation of a boat launch on the Property. The Buyer in coordination with outside agencies will operate a boat launch for canoes and kayaks with limited parking to be identified and designed not to impact the quiet enjoyment of the Seller.

**13.7** This Agreement shall not be binding or effective until properly executed and delivered by Seller and Buyer.

IN WITNESS WHEREOF, the parties hereto have caused this instrument to be executed on the date last below written.

**SELLER:**

By: Rodney W. Hale  
Rodney W. Hale

By: Mary L. Hale  
Mary L. Hale

**BUYER:**

**WASHINGTON COUNTY**

Buyer Gary Kriesel  
Gary Kriesel  
Washington County Board Chair

Buyer Molly O'Rourke  
Molly O'Rourke  
Washington County Administrator

Approved as to form:

Richard Anderson  
Assistant County Attorney

As per Washington County Board Resolution  
No. 2018-14 dated the 23 day  
of October, 2018

**EXHIBIT A**  
**Legal Description of the Property**

Outlot A, Hale's River Bluff Acres, according to the recorded plat on file in the office of the County Recorder in and for Washington County

## SUMMARY OF SALIENT FACTS AND CONCLUSIONS

Fee Owner:	Rodney W. and Mary L. Hale
Location:	11701 Grey Cloud Trail South Cottage Grove, Minnesota 55016
Date of Valuation:	June 21, 2018
Dates of Inspection:	June 21, 2018
Property Appraised:	Real Property (Land and Buildings)
Rights & Interests Appraised:	Fee Simple Market Value & Life Estate Interest
Zoning:	R-1, Rural Residential District; Mississippi River Corridor Critical Area Overlay District
Guided Future Land Use:	Rural Residential
Site Description:	<p>The subject is located on the north side of Lower Grey Cloud Island, which is an island bound by the Mississippi River to the south and Mississippi River backwaters to the north. The majority of Lower Grey Cloud Island, including the subject property is located in the city of Cottage Grove. The 877,700 SF, or 20.15 acre, subject parcel is effectively rectangular in shape, with approximately 55% of the site below the Mississippi River backwaters. The net buildable area, which is accessible from Grey Cloud Trail South at the southwest corner of the parcel, is approximately 222,000 SF, or 5.10 acres, in size. This buildable land area is generally level on the southwest portion of the land, but then slopes downwards from the southwest to the northeast, towards the river frontage. Approximately 103,000 SF, or 2.36 acres, of the shoreline adjacent to the buildable land area is encumbered by a flowage easement, portions of which are subject to periodic flooding. The flowage easement is not included within the net buildable land area. The property also includes land located on a separate island and an area of land located on a peninsula off of Lower Grey Cloud Island. The island and peninsula land areas are separated by water from the main site. All three land areas are primarily wooded.</p>

## SUMMARY OF SALIENT FACTS AND CONCLUSIONS

(CONTINUED)

### Site Size (per Washington County):

Gross Land Area:	877,700 SF, or 20.15 Acres
Non-Buildable Island:	60,000 SF, or 1.38 Acres
Non-Buildable Peninsula:	7,700 SF, or 0.18 Acres
Site Area Below OHWL:	485,000 SF, or 11.13 Acres (Mississippi River Backwaters)
Flowage Easement:	103,000 SF, or 2.36 Acres (Non-Buildable Land Area)
Net Buildable Area:	222,000 SF, or 5.10 Acres (Net of site area below the OHWL, as well as island, peninsula and flowage easement land areas)

### Building Description:

The subject is improved with a one-story, single-family home constructed in 1980, which contains approximately 1,480 SF of above-grade gross living area and a 1,544 SF, partially finished, walkout basement. The home is serviced by a well and a septic system. The property also includes an additional one-story, log cabin, which was constructed in 1950 and has approximately 777 SF of gross living area with a crawl space (no basement). This additional structure was the original homestead on the property and is currently uninhabitable due to flood damage. A bathhouse, which is assumed to have been constructed at the same time as the cabin, is also located on the site. The bathhouse includes a shower, sink and toilet, and is serviced by a separate well water and a septic system. This building is also uninhabitable due to flood damage.

Additional improvements on the site include a 2-stall detached garage, a large shed structure with a lean-to, a small shed, a partially finished, unheated building with a commercial kitchen used for production of maple syrup, a pole building and a boathouse. The partially finished building with the commercial kitchen is serviced by the property's main well and septic system.

Note: The description of the improvements is based on an inspection of the subject property and Washington County records.

### Current Use:

Single-Family Residential

**SUMMARY OF SALIENT FACTS AND CONCLUSIONS**

(CONTINUED)

## Highest and Best Use:

As Vacant	Development of a single-family residence
As Improved	Continued use as a single-family residence

Fee Simple Market Value Opinion:	\$500,000
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Value Opinion of the Subject Property as Encumbered by a Life Estate:	\$470,000
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