Metroplitan 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 lineal 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.

<table>
<thead>
<tr>
<th>Budget item</th>
<th>Requested amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Purchase price</td>
<td>$505,000.00</td>
</tr>
<tr>
<td>Due diligence (appraisal, Phase I environmental site assessment, etc.)</td>
<td>8,200.00</td>
</tr>
<tr>
<td>Holding and closing costs</td>
<td>11,525.20</td>
</tr>
<tr>
<td>Stewardship</td>
<td>$0</td>
</tr>
<tr>
<td><strong>Total costs</strong></td>
<td><strong>$524,725.20</strong></td>
</tr>
</tbody>
</table>

Grant structure
<table>
<thead>
<tr>
<th></th>
<th>Requested amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>State FY 2019 PTLF PAOF</td>
<td>$236,126.34</td>
</tr>
<tr>
<td>Council bonds</td>
<td>$157,417.56</td>
</tr>
<tr>
<td><strong>Grant amount not to exceed</strong></td>
<td><strong>$393,543.90</strong></td>
</tr>
<tr>
<td>Local match</td>
<td>$131,181.30</td>
</tr>
</tbody>
</table>

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

- Gross Parcel Area
- Island & Peninsula Areas
- Usable Land Area
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:

<table>
<thead>
<tr>
<th>Description</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Purchase Price</td>
<td>$505,000.00</td>
</tr>
<tr>
<td>Estimated costs related to purchase</td>
<td>$39,725.20</td>
</tr>
<tr>
<td></td>
<td>$544,725.20</td>
</tr>
</tbody>
</table>

Proposed Revenue Sources:

<table>
<thead>
<tr>
<th>Description</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Acquisition Opportunity Fund (75%)</td>
<td>$408,543.90</td>
</tr>
<tr>
<td>Washington County (25%)</td>
<td>$136,181.30</td>
</tr>
<tr>
<td></td>
<td>$544,726.00 (rounded)</td>
</tr>
</tbody>
</table>

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

Sincerely,

[Signature]

Sharon M. Price
Property Acquisition Manager

cc: Sandy Breuer, Parks Director
    June Mathiowetz, Land & Water Legacy Program
10851 - 2019 Parks Acquisition Opportunity Fund

11720 - Grey Cloud Island - Hale Property
Parks Grants Acquisition

Applicant Information

Primary Contact:

Name:*  Ms. Sharon Price
Title:*  Land Acquisition
Department:
Email:*  Sharon.Price@co.washington.mn.us
Address:*  11660 Myron Road N.

Phone:*  651-430-4391
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  County:*  Washington
State/Province  MINNESOTA  Phone:*  651-430-4325
Postal Code/Zip  55082
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
---|---
**If no, has a master plan amendment been submitted to the Council for review and approval?** | 
---|---
**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.
---|---
**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).**
---|---
**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
---|---
**Date purchase agreement expires** | 01/31/2019
---|---
**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 Partially
---|---
...shoreline? | Fully Yes Partially
---|---
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://metro.council.org/Parks/Publications-And-Resources/POLICY-PLANS/2040-Regional-Parks-Policy-Plan.aspx](http://metro.council.org/Parks/Publications-And-Resources/POLICY-PLANS/2040-Regional-Parks-Policy-Plan.aspx); for ENRTF fee title acquisition project requirements, see [http://www.lcmr.leg.mn/pm_info/enrtf_fee-title-acquisition-project-requirements.pdf](http://www.lcmr.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

<table>
<thead>
<tr>
<th>Structures currently on the property</th>
<th>PTLF Legacy / Council match</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Does the property contain ANY structures?</strong></td>
<td>Yes</td>
</tr>
<tr>
<td><strong>If yes, are there any habitable structures?</strong></td>
<td>Yes</td>
</tr>
<tr>
<td><strong>If yes, what is the plan for the structure(s)?</strong></td>
<td>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.</td>
</tr>
<tr>
<td><strong>If there are habitable structures, could they be relocated? If yes, how? If no, why not?</strong></td>
<td>We will consider a bid process to either relocate the structures or demolish the structures.</td>
</tr>
</tbody>
</table>

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 deterion 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

<table>
<thead>
<tr>
<th>Seller name</th>
<th>Parcel address</th>
<th>PID</th>
<th>Acres</th>
<th>Date PA signed</th>
<th>Habitable structures?</th>
<th>MN House district</th>
<th>City</th>
<th>County</th>
<th>Met Council district</th>
<th>MPOC</th>
<th>Latitude</th>
<th>Longitude</th>
</tr>
</thead>
<tbody>
<tr>
<td>Rodney W. Hale and Mary L. Hale</td>
<td>11701 Grey Cloud Island Trail South</td>
<td>32.027.21.32.0004</td>
<td>20.15</td>
<td>10/03/2018</td>
<td>Yes</td>
<td>54A</td>
<td>Cottage Grove</td>
<td>Washington</td>
<td>F</td>
<td>44.78159</td>
<td>-92.96465</td>
<td></td>
</tr>
</tbody>
</table>

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

<table>
<thead>
<tr>
<th>Full name</th>
<th>Title</th>
<th>If this is an attorney, is the signature 'for form only'?</th>
</tr>
</thead>
<tbody>
<tr>
<td>Gary Kriese</td>
<td>County Board Chair</td>
<td>No</td>
</tr>
<tr>
<td>Molly O'Rourke</td>
<td>County Administrator</td>
<td>No</td>
</tr>
<tr>
<td>Richard Hodson</td>
<td>Assistant County Attorney</td>
<td>Yes</td>
</tr>
</tbody>
</table>

Acquisition Costs

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

These stewardship costs have been deleted from the grant request.
Title insurance $0.00
Well disclosure statement $50.00
Other holding $0.00
Other expenses $0.00
Totals $544,725.20

Total Estimated Acquisition Costs

<table>
<thead>
<tr>
<th>Totals</th>
<th>Total acquisition cost</th>
<th>Total paid with state funds</th>
<th>Total paid with metro funds</th>
<th>Total paid by agency</th>
<th>Total grant amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>$544,725.20</td>
<td>$244,125.34</td>
<td>$183,417.57</td>
<td>$136,181.20</td>
<td>$408,843.01</td>
<td></td>
</tr>
</tbody>
</table>

Grant total $393,543.90 $236,126.34 state $157,417.56 regional $131,181.30

Required Attachments - Acquisition

<table>
<thead>
<tr>
<th>Attachment</th>
<th>Description</th>
<th>File Name</th>
<th>Type</th>
<th>File Size</th>
</tr>
</thead>
<tbody>
<tr>
<td>Grant request letter (REQUIRED)</td>
<td>Grant Request Letter</td>
<td>Hale Property Grant Request Letter.pdf</td>
<td>pdf</td>
<td>60 KB</td>
</tr>
<tr>
<td>Master plan documentation (please compress to 5 Mb max) REQUIRED</td>
<td>Grey Cloud Island Regional Park Master Plan</td>
<td>Grey Cloud Island Reg Park Master Plan1.pdf</td>
<td>pdf</td>
<td>3.8 MB</td>
</tr>
<tr>
<td>Aerial photo showing parcel boundary (please compress to 5 Mb max) with parcel overlay - REQUIRED</td>
<td>Grey Cloud Island Regional Park Boundary Map</td>
<td>GCIboundaryUpdateSept2017DRAFT.pdf</td>
<td>pdf</td>
<td>5.6 MB</td>
</tr>
<tr>
<td>For TRAILS, image of full-length trail alignment, with the location of subject property noted. For</td>
<td>Hale Property Aerial</td>
<td>Hale Property_2016 Aerial.pdf</td>
<td>pdf</td>
<td>3.0 MB</td>
</tr>
<tr>
<td>RP/PR's, image of the entire RP/PR, with the location of subject property noted. REQUIRED</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Governing Board action authorizing grant request - REQUIRED</td>
<td>Hale Property Resolution</td>
<td>2018-114_Hale Resolution.pdf</td>
<td>pdf</td>
<td>77 KB</td>
</tr>
</tbody>
</table>

Section 1 - REQUIRED FOR ALL REQUESTS

| Signed purchase agreement - REQUIRED | Signed Purchase Agreement | Signed_Hale PA_102318.pdf | pdf | 215 KB |
| Legal description - in MS Word - REQUIRED | Hale Property Legal Description | Hale Property Legal Description.docx | docx | 13 KB |
| Property appraisal report (please compress to 5 Mb max) - REQUIRED | Hale Property Appraisal Report | Hale Property Report_Messner 8-6-18_Reduced.pdf | pdf | 8.5 MB |
| Appraisal invoice | Appraisal Invoice | Appraisal Invoice.pdf | 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 | Hale Property State Deed_Cons Fee Estimate.pdf | pdf | 9 KB |
| Current property tax statement with pro-rated share of tax due | Hale Property Tax Statement and Proration | Hale Property Tax Statement and Proration.pdf | pdf | 501 KB |
| Tax equivalency payment | Tax Equivalency Payment | Hale Property Tax Equivalent Estimate.pdf | pdf | 10 KB |
| Title insurance invoice | | | | |
| Itemized estimate of closing costs | Hale Property - Estimate of Closing Costs | Hale Property Closing Cost Estimate.pdf | pdf | 9 KB |
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
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 X ___
KARWOSKI X ___
KRIESEL X ___
LAVOLD X ___
WEIK X ___
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 23rd 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 Myron 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

By: Mary L. Hale

BUYER:

WASHINGTON COUNTY

Buyer Gary Kiesel
Washington County Board Chair

Buyer Molly O'Rourke
Washington County Administrator

Approved as to form:

Richard Hilsdon
Assistant County Attorney

As per Washington County Board Resolution No. 2018-114 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: 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.
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

Value Opinion of the Subject Property as Encumbered by a Life Estate: $470,000