

CPED REAL ESTATE DISPOSITION PROCEDURES DEVELOPMENT PROPERTY

1. Introduction

a. Purpose and Scope

These CPED Disposition Procedures set forth the process CPED Staff will follow in the disposition of City Development Property in accordance with the City of Minneapolis Real Estate Disposition Policy. These procedures will only apply to the disposition of City Development Property.

b. Definitions

For the purpose of these CPED Disposition Procedures the following terms shall have the following meanings:

"Affiliate" shall mean any entity directly or indirectly controlling or controlled by or under direct or indirect common control with another entity and any purchaser of all or substantially all of the assets of such entity. For this purpose, "Control" shall mean the power to direct management and policies, directly or indirectly, whether through ownership of voting securities, by contract, or otherwise, and the term "Controlling" and "Controlled" shall have correlative meanings.

"Buildable Lot" shall mean a lot that has enough frontage width and/or area to accommodate at least a single family home under the Zoning Ordinance after taking into consideration any variances or other relief available under the Zoning Ordinance.

"Building Code" shall mean the building code for the City of Minneapolis as set forth in Minneapolis Code of Ordinances Chapter 85, as amended.

"City" shall mean the City of Minneapolis, a Minnesota municipal corporation and home-rule charter city.

"Comprehensive Plan" shall mean the current comprehensive municipal plan for the City.

"CPED" shall mean the Minneapolis Department of Community Planning and Economic Development.

"CPED Appraiser" shall mean the City Staff person with the title of "Appraiser" or a future equivalent position, whose duties are to provide appraisal services to the City in order to determine the Fair Reuse Value of Development Properties.

"CPED Director" shall mean the Director of the Minneapolis Department of Community Planning and Economic Development (CPED), who, as the chief administrative officer of CPED, shall carry out the powers and duties of the director pursuant to Section 426.40 of the CPED Ordinance either directly or through a designee.

"CPED Ordinance" shall mean Chapter 426 of the Minneapolis Code of Ordinances.

"CPED Staff" shall mean any personnel or employees of CPED.

"Development Property or Properties" shall mean all real property acquired or held by the City for development purposes, including fixtures, improvements, appurtenances, air rights and below grade property rights.

“Developer” shall mean a Purchaser who has acquired an interest in a Development Property and is undertaking a redevelopment project pursuant to a Redevelopment Contract.

“Disposition Policy” shall mean the City of Minneapolis Real Estate Disposition Policy.

“Fair Market Value” shall mean the actual value in money for which a willing seller not compelled to sell will sell real property to a willing buyer not required to buy.

“Fair Reuse Value” shall mean an estimated fair market value sale price or rental rate for Development Property based on the planned use of the real property as determined by the CPED Appraiser.

“Holding Costs” shall mean those customary costs for property maintenance, including, but not limited to, lawn mowing, snow removal, security, trash removal, utilities, taxes and special assessments.

“Land Inventory” shall mean all of the Development Properties that are available for disposition pursuant to this Disposition Policy.

“Lease Rate” shall mean the lease or rental rate the City shall charge a Purchaser for the lease of Development Property.

“Offer to Purchase” shall mean the CPED form offer to purchase to be submitted by a Purchaser to CPED Staff documenting the Purchaser’s offer to purchase a Development Property. An Offer to Purchase shall not constitute a legally binding acceptance of a Purchaser’s offer. Only a fully executed Redevelopment Contract, as authorized by the City Council and law, shall constitute a legally binding acceptance of a Purchaser’s offer.

“Project Coordinator” shall mean the CPED staff person assigned by a CPED manager to coordinate a development project.

“Property” shall have the same meaning as Development Property has herein, and may be used interchangeably with Development Property.

“Purchaser” shall mean any person, corporation or other legal entity who: (i) makes an offer to purchase, lease or acquire an interest in Development Property; or (ii) has entered into a Redevelopment Contract for the purchase, lease or other acquisition of an interest in Development Property; or (iii) has actually purchased, leased or otherwise acquired an interest in Development Property.

“Purchase Price” shall mean the actual purchase price the Purchaser shall pay to acquire the Development Property as required and approved by the City Council.

“Recapture Agreement” shall mean the agreement between the City and the Purchaser evidencing any Writedown given the Purchaser and providing for the recapture by the City of all or a portion of the Writedown at a future date, not to exceed twenty (20) years from the date of conveyance of the Development Property. The Recapture Agreement shall be evidenced by a promissory note and secured by a mortgage or other collateral acceptable to the CPED Director.

“Redevelopment Contract” shall mean the contract between the City and the Purchaser for the redevelopment of Development Property pursuant to the Disposition Policy.

“Redevelopment Law” shall mean Minnesota Statutes, Section 469.001 through 469.047, as amended.

“Soil Correction” shall mean the site and engineering work necessary and required to clean, clear, remove, mitigate and/or remediate Unsuitable Soils from Development Property.

“Soil Correction Escrow Agreement” shall mean an agreement between the City and a Purchaser for the escrow of some or all of the net Purchase Price proceeds to reimburse the Purchaser for certain Soil Correction costs as agreed to by the City and approved by the CPED Director or the City Council.

“State” shall mean the State of Minnesota.

“Unsuitable Soils” shall mean abnormal, geotechnically substandard or contaminated soils, which, in CPED Staff’s professional opinion, qualify for soil correction. Such abnormal, substandard or contaminated soils shall include, but are not limited to, soils that contain substantive amounts of loose and/or organic soils; demolition debris and rubble; abandoned building foundations, pilings, underground utilities, and storage tanks; illegally dumped and buried materials; and hazardous substances, hazardous wastes, pollutants or contaminants as those terms are defined under any federal, state or local statute, ordinance, code or regulation.

“Writedown” shall mean the amount by which the Purchase Price is reduced below the Fair Reuse Value based on public purpose consideration rather than Fair Market Value valuation methods.

“Writeoff” shall mean the difference between the City’s actual cost to assemble the Development Property for disposition, which costs include land acquisition, demolition and relocation costs, and the Fair Reuse Value.

“Zoning Ordinance” shall mean Title 20 of the Minneapolis Code of Ordinances.

2. Pre-Disposition Activities

a. Disposition for Redevelopment or other Statutory Purposes

The City can only dispose of real property as permitted by law. Generally, Development Property will be disposed of under the authority of Minnesota Statutes Chapter 469 which authorizes the sale or lease of Development Property in accordance with a City-adopted redevelopment plan or, with or without accordance to a redevelopment plan, for blight removal or for housing purposes to a nonprofit housing corporation or to persons of low and moderate income. There are a number of other disposition authorities available to the City. If a land sale does not fall within the foregoing categories, contact the assigned attorney to identify the proper authority. The City will not convey Development Property for land banking or speculation purposes.

b. Property Investigation

The CPED Director shall assign each Development Property to a division within CPED based on intended use or geographic area and a Project Coordinator shall be assigned to handle disposition. CPED Staff should evaluate some or all of the following issues and their effect on disposition. The Project Coordinator will need to determine what additional information is needed on a case-by-case basis. If there are costs associated with a particular issue, the Project Coordinator will need to identify funds for such activities.

- i. Establishing Reuse and Fair Reuse Value. Prior to disposition of Development Properties, the reuse and Fair Reuse Value should have been established for each Development Property. The Fair Reuse Value shall be periodically reviewed and may be increased or decreased based on appropriate valuation methods as approved by the CPED Appraiser. Use the linked form to contact the CPED Appraiser to review the established reuse and Fair Reuse Value and determine whether there is a need for an update or independent appraisal. [Request for Reuse Value Opinion](#). If a formal appraisal is required, fill out the linked form and provide it to the CPED Appraiser. [Request for Appraisal](#)
- ii. Buildability Determination. Working with the Planning Division, the Project Coordinator should determine whether the Development Property is a “Buildable Lot” under the Zoning Ordinance. If the Development Property is a “Buildable Lot” or could be a “Buildable Lot,” CPED Staff must first attempt to sell such property for development purposes.
- iii. Survey. While it is unlikely that the City needs to incur the expense of commissioning a Survey for a land sale, the Project Coordinator should review any available survey to identify potential title problems. If there is a need to order a new survey, use this form to contact the CPED engineering staff: [Request for Engineering Services](#)
- iv. Environmental Review. Environmental investigation of property should be conducted prior to CPED acquisition. The Project Coordinator should contact the CPED engineering staff to obtain any existing environmental reports or to order any updates or additional testing. If any updating or additional testing is necessary, use this form to contact the CPED Engineering Staff: [Request for Engineering Services](#)
- v. Title Investigation. Title insurance or other evidence of title status may have been obtained upon acquisition of the property. Upon disposition, the City will be required, in most cases, to provide title evidence that demonstrates that the City has marketable title to the Development Property. If title is not clear, the Project Coordinator shall formulate a plan regarding title clearance prior to disposition. Title evidence may be in the form of an abstract of title and owner’s registration certificate or, more commonly, through a commitment for title insurance. Although the City will usually order and pay the cost of a title commitment, the purchaser is responsible for purchasing a Title Insurance Policy (except in the case of a Home Ownership Works home sale where it is the industry standard to provide a Title Insurance Policy if an abstract is not available). The Project Coordinator should contact the CPED real estate staff to obtain any title records. Generally, unless the City already has title work from a particular title insurance company, it will defer to the purchaser’s choice of title insurance companies.
- vi. Planning Commission Review. If a Development Property is not being disposed of in accordance with a Planning Commission reviewed Redevelopment Plan, per state law, the Planning Commission must review the land sale for consistency with the City’s Comprehensive Plan prior to City Council approval of such land sale unless the City Council adopts a resolution by two-thirds vote finding that the proposed disposition has no relationship to the Comprehensive Plan. A waiver has been granted from this requirement for dispositions of non-buildable parcels where a “buildable parcel” is a parcel of real property that has enough frontage width and/or area either by itself or when combined with other adjacent City-owned property to accommodate at least a single family home under the Minneapolis

zoning ordinances after taking into consideration any variances or other relief available under such zoning ordinances. If Planning Commission review of the land sale is necessary, contact the CPED Planning Staff to initiate City Planning Commission Review under Minnesota Statutes Section 462.356, subd. 2.

- vii. **Tax-Exempt Financing Review.** Determine whether the property was acquired or improved using tax-exempt bond proceeds to determine whether federal tax rules apply. The CPED Senior Development Financial Analyst or the Finance Department's Director of Capital & Debt Management may be helpful in this regard.

c. Marketing Options

All Properties in the Land Inventory shall be offered for sale or lease as permitted by State law to Purchasers for permitted redevelopment or public use purposes. CPED may offer Development Properties for sale or lease by the following methods. The Project Coordinator should make a recommendation to the CPED Director as to the preferred marketing option and whether an interdepartmental working team should be established for the disposition. The CPED Director shall make the determination on method of disposition.

- i. **Public Bids.** Where the property is offered either: (i) at public auction, with an announced minimum bid; or (ii) by sealed bids, which must include the date and time by which all bids must be received and bids received after this date will be rejected; the address where the bids should be submitted; and the date, time and location for the opening and reading of the bids.

CPED shall advertise Development Properties offered for sale or lease by Public Bid through a public announcement advertised in "Finance and Commerce," or the "Minneapolis Star Tribune" and may also advertise such offers in national publications, trade journals, community newspapers and other appropriate communication venues, including direct mailings or invitations to selected prospective Purchasers. All offers advertised in "Finance and Commerce" or the "Minneapolis Star Tribune" shall be advertised no less than once a week for two (2) consecutive weeks. All advertised offers may be advertised one (1) or more times as the Project Coordinator deems appropriate. If no bids are received after the expiration of a Public Bid submission deadline date, the Project Coordinator may re-advertise the Public Bid and extend the submission deadline date. If one (1) or more bids are received, the City must first formally reject all bids before re-advertising the Public Bid.

- ii. **Request for Proposals.** Where a request for proposals (the "RFP") is prepared inviting Purchasers to submit proposals for the purchase and redevelopment of the Property. If the Project Coordinator is recommending an RFP process for disposition, the recommendation to the CPED Director should contain the following: (i) why an RFP is appropriate; (ii) the development objectives for the site; (iii) a recommended composition for an interdepartmental/stakeholder review committee (e.g., Planning, HPC, Public Works, Park Board, Finance, Council Member, neighborhood organization). At a minimum, the Project Coordinator must contact the appropriate Community Planner at the time an RFP is prepared to obtain Planning Division comments on the RFP; (iii) the recommended role for the interdepartmental/stakeholder review committee (e.g., RFP preparation and/or evaluation of proposals); (iv) an RFP distribution strategy; and (v) budget implications and recommendations. Neither Permanent Review Committee review nor City Council authorization is necessary before issuing an RFP.

The standard form of Development RFP for Project Coordinators to use and modify for use in real estate disposition solicitations is linked: [RFP Template - Development](#)

Many portions of the standard form RFP are required. If the Project Coordinator intends to delete any portion of the standard form, the assigned attorney should be contacted. Project-specific additions to the standard form are encouraged. Contact the Communications Department for support to put the RFP on the web site and/or provide graphic assistance. These procedures do not require or prohibit RFQs.

CPED shall advertise Development Properties offered for sale or lease by RFP's through a public announcement advertised in "Finance and Commerce," or the "Minneapolis Star Tribune" and may also advertise such offers in national publications, trade journals, community newspapers and other appropriate communication venues, including direct mailings or invitations to selected prospective Purchasers. All offers advertised in "Finance and Commerce" or the "Minneapolis Star Tribune" shall be advertised no less than once a week for two (2) consecutive weeks. All other advertised offers may be advertised one (1) or more times as the Project Coordinator deems appropriate. If no proposals are received after the expiration of a RFP submission deadline date, the Project Coordinator may re-advertise the Public Bid or RFP and extend the submission deadline date. If one (1) or more proposals are received, the City must first formally reject all proposals before re-advertising the RFP.

- iii. In-Fill Residential Lot Sales. Where a lot is offered on the open market for sale for residential purposes of a single family or duplex. Such lot should be advertised no less than once a week for four (4) consecutive weeks. Advertisements are to run in the "Star Tribune" Minneapolis Edition on the 1st and 3rd Sunday of the advertisement period and in "Finance and Commerce" on the 2nd and 4th Tuesday of the advertisement period. The Project Coordinator should also notify the 25 most likely builders to submit offers directly by mail. If no valid and credible Offers to Purchase are received after the expiration of an advertised submission deadline date, the Project Coordinator may either post the lot as available for sale on the CPED web site's lot list or re-advertise the lot and extend the submission deadline date. If one (1) or more valid and credible Offers to Purchase are received, the City must first formally reject all Offers to Purchase before re-advertising the Lot.

All Home Ownership Works (HOW) properties are sold through Exclusive Listing Agreements with a CPED-identified broker and are not advertised as described above.

- iv. Direct Sale. Where a Purchaser directly enters into negotiations with CPED for the purchase and redevelopment of a specific Property. Upon receipt of a formal expression of interest from a potential purchaser, the Project Coordinator should obtain approval from the CPED Director to pursue negotiations. A Direct Sale may not occur where (i) other Purchasers have submitted a valid and credible Offer to Purchase to CPED for the purchase and redevelopment of a specific Property, (ii) the Property is already being offered for disposition by public bidding, RFP or advertisement as an in-fill residential lot sale, (iii) the Property is unavailable for disposition because it has been approved for sale to another Purchaser or is part of an existing or proposed redevelopment project, or (iv) CPED determines that the proposed Direct Sale offer is inconsistent with the Disposition Policy or is not in

the best interest of the City. Offers to Purchase that are received subsequent to CPED's submission of an Offer to the appropriate neighborhood group for formal review and comment will not be considered as preventing a direct sale.

- v. Broker Sale. Where commercial/industrial Development Properties are offered for sale or lease through the CPED Commercial/Industrial Broker Participation Program. If a Property is identified as appropriate to be offered through the Broker Participation Program, contact the CPED staff person in charge of the program to have the Property registered. The staff person in charge of the Program shall, on a regular basis, recommend properties for inclusion in the Program to the CPED Director through a Director's report. No properties may be included in the program without an approved Director's report authorizing inclusion. Residential properties are not appropriate for the Program.
- vi. Pass-Thru Conduit Sale. Where the City agrees to assist a Purchaser wanting to buy property owned by another governmental entity, such as tax-forfeited property from Hennepin County (the "County") or excess land from the Minnesota Department of Transportation ("MnDOT"), and the governmental entity can only sell the property first to the City as a conduit Purchaser, and then only the City, as a conduit seller, can convey the property to the Purchaser. The property owned by another governmental entity must not be part of a City project or program. The Purchaser shall pay all costs of transfer and conveyance and the City may charge the Purchaser an administrative fee of up to ten percent (10%) of the Purchase Price to assist in a Pass-Thru Conduit Sale.
- vii. Public Entity Conveyance. Where the City agrees to convey a Property by dedication, gift, exchange or sale to another governmental or public Purchaser, and the Property is to be devoted to public uses other than redevelopment purposes.
- viii. Certain Development Properties to be Made Available for Low or Moderate Income Housing Development Pursuant to M.S. Section 469.029, subdivision 9. Each year, CPED Staff shall list all Development Properties, including air rights, to determine what Properties are in excess of the City's foreseeable needs. These excess Properties shall be included in an Excess Land Inventory Report prepared by CPED Staff and made available to the public on the City's WEB Site.

3. CPED Staff Review And Evaluation Of Redevelopment Proposals And Offers

a. Offer to Purchase

All Purchasers who want to acquire Development Property must submit an Offer to Purchase form. CPED Staff should obtain a completed Offer to Purchase as early as possible in the process, but in any event, prior to the preparation of the City Council report authorizing the land sale. For in-fill residential lot sales, an Offer to Purchase must be received prior to the advertised submission deadline to be considered. Purchaser's offer is subject to CPED Staff review and evaluation, neighborhood review, a public hearing, City Council approval and the negotiation and full execution of a Redevelopment Contract. Offer to Purchase forms are available on the CPED WEB site or through this link. (Lee, please add a link to the Offer to Purchase forms).

b. Determining Purchase Price, Lease Rate and Writedowns

In conjunction with the review and evaluation of a completed Offer to Purchase, Project Coordinator and the Purchaser shall negotiate the Purchase Price, Lease Rate or Writedown for the proposed redevelopment in accordance with the following guidelines:

- i. Purchase Price. CPED Staff shall not recommend a Purchase Price less than the Fair Reuse Value for the proposed redevelopment, unless a Writedown has been deemed appropriate as described in Section (B)(3) below. The Fair Reuse Value may be decreased or increased based on appropriate Fair Market Value valuation methods, such as appraisals or assessor data, which may be negotiated between CPED Staff and the Purchaser. Any such adjustments to the Fair Reuse Value shall be approved by the CPED Appraiser. Contact the CPED Appraiser using the linked form: [Request for Reuse Value Opinion](#)
- ii. Lease Rate. Development Properties must be leased at a rental rate that is based upon the Fair Reuse Value for the specific use for which the Development Property is being leased. The Fair Reuse Value Lease Rate may be reduced in an amount equal to the actual cost of: (i) any non-tenant improvements made by a tenant that permanently improve the Development Property and are customarily the responsibility of the landlord; or (ii) any customary landlord costs or expenses the tenant agrees to assume. Any Lease Rate reduction may not reduce the monthly Lease Rate by more than fifty percent (50%).
- iii. Writedown. CPED Staff may recommend that a Writedown be given to the Purchaser for a redevelopment proposal where there is a valid public purpose pursuant to the Redevelopment Law, and where the Writedown is necessary for the financial viability of the redevelopment proposal. The amount of the Writedown shall be equal to the value of the public benefit to be received as approved by the City Council. In no event shall a Writedown reduce the Purchase Price or Lease Rate to less than one dollar (\$1.00). The City may sell, transfer or lease any of its Properties to another governmental entity for any public use by gift or exchange or at any Writedown.

CPED Staff shall state the basis for the determination of the Purchase Price or Lease Rate and any Writedown that will be recommended for the redevelopment proposal in the City Council Report regarding the redevelopment proposal and offer.

c. Soil Correction Allowance and Escrow

- i. Determining the Soil Correction Allowance. Where it can be demonstrated that Development Property contains substantial amounts of Unsuitable Soils, CPED Staff may recommend for CPED Director or City Council approval that the Purchaser be given a Soil Correction allowance. Upon such demonstration, CPED Staff shall prepare a Soil Correction Report describing, to the extent the information is available: (i) the nature and extent of the Unsuitable Soils; (ii) the soil tests and other site investigations evidencing the Unsuitable Soils; (iii) the Soil Correction strategy and methods; (iv) the actual or estimated cost of the Soil Correction as evidenced by invoices, bids or estimates; and (v) the recommended amount of the Soil Correction allowance, which allowance amount, along with any Writedowns and other City deductible costs, shall not reduce the Purchase Price to less than one dollar (\$1.00). CPED Staff shall submit the Soil Correction Report for approval by the CPED Director if the Soil Correction allowance is \$100,000.00 or less, or to the City Council for approval if the Soil Correction allowance exceeds \$100,000. The Soil Correction allowance shall not exceed the net Purchase Price. The Soil Correction report should be made a part of the Land Sale Report if the information is available at the time of preparation of that report. If the Purchase Price has already been adjusted for known Unsuitable Soils and is being sold on an "as is" basis, the Purchaser shall not be eligible for a Soil Correction allowance.

- ii. Special Soil Correction Evaluation Criteria. To be eligible for a Soil Correction allowance the extent of the Unsuitable Soils must fall within the following threshold criteria: (i) the soil correction amounts must be substantial; (ii) the soils must not be the surface residue left over from demolition work; (iii) the soils must be located at an excavation depth greater than that required for frost footings; (iv) the soils must be incapable of supporting moderately loaded footings with earthwork required to strip organic surface materials, clearing and grubbing of trees and brush with grading and compaction; (v) the topography of the site must not require cutting and filling to adapt contours of the site to the design of the building; and (vi) the extent and cost of the site preparation work must exceed the extent and costs of such work that is customarily and typically required for projects of similar size and nature. For commercial or industrial sites the following additional criteria apply: (vii) the Soil Correction allowance shall only apply to soils within the building footprint, and (viii) Soil Correction costs for soils under parking lots are specifically prohibited from inclusion in the Soil Correction allowance.

If there are design options available for construction of the project that could minimize the need for and costs of Soil Correction, these design options should be considered and undertaken if they are feasible and do not substantially increase development costs. If the Purchaser does not consider these design options or unreasonably disagrees with CPED Staff on the use of these design options, the Purchaser shall not receive a Soil Correction allowance.

- iii. Soil Correction Escrow Agreement. If approved by the CPED Director or City Council as required herein, the City and the Purchaser shall, at the time of closing on the sale, enter into a Soil Correction Escrow Agreement to pay for Soil Correction costs, not to exceed the amount of the Soil Correction allowance. The Soil Correction Escrow allowance shall only be used to reimburse the Purchaser for the actual costs of Soil Correction as authorized by the Soil Correction Escrow Agreement and evidenced by invoices or billings for Soil Correction costs and inspections and approved by CPED Staff. If the total amount of the actual Soil Correction costs is less than the amount of the approved Soil Correction allowance, the remaining balance in the Soil Correction escrow account shall be retained by the City as City proceeds. If the total amount of the actual Soil Correction costs exceeds the amount of the approved Soil Correction allowance, those Soil Correction costs in excess of the Soil Correction allowance shall be the sole responsibility of the Purchaser, unless funds for such purpose are specifically approved by the City Council. If the amount of the Soil Correction costs have been agreed to be paid and have been paid for by the Purchaser prior to the conveyance of the Development Property, the Soil Correction allowance shall be deducted from the Purchase Price at the closing.
- iv. After Conveyance Soil Correction Allowance. If after the conveyance of the Development Property to a Purchaser it is discovered that the Development Property contains Unsuitable Soils, which, in CPED Staff's professional opinion, would have qualified for a Soil Correction allowance as permitted by this Section III(C)(4), then, upon a written request from the Purchaser, Project Coordinator shall prepare a Soil Correction Report for approval by the CPED Director or the City Council as required herein. If the CPED Director or City Council approves a Soil Correction allowance as required herein, the City and the Purchaser shall promptly enter into a Soil Correction Escrow Agreement as described in this Section III(C)(4), for the reimbursement of Soil Correction costs.

Upon the after conveyance discovery of Unsuitable Soils, the Purchaser shall stop work immediately on the project and notify appropriate Project Coordinator or his/her manager, if Project Coordinator is unavailable. CPED Staff shall then consult with CPED engineering staff to evaluate the Purchaser's request for a Soil Correction allowance as required in this Section III(C)(4) and the ability of the Purchaser to continue work. Failure to stop work and notify CPED Staff shall make the Purchaser ineligible to receive a Soil Correction allowance. The Purchaser shall not be eligible for a Soil Correction allowance where a building has already been erected over the area where the Unsuitable Soils are claimed to have been located or after the City has issued a certificate of completion for the redevelopment project.

d. Questions to be Addressed

CPED Staff shall review and evaluate all redevelopment proposals and Offers to Purchase Development Properties based on the information provided in a Purchaser's proposal and Offer to Purchase. CPED Staff shall not consider an incomplete proposal and Offer to Purchase. CPED Staff's review and evaluation shall focus on the following criteria:

- i. What is the public purpose to be achieved from the redevelopment proposal?
- ii. Is the proposal for redevelopment, and not for speculation or land-banking?
- iii. Is the redevelopment proposal an eligible activity under the Redevelopment Law?
- iv. Is the redevelopment proposal consistent with City development ordinances and policies, such as the Zoning Code, Comprehensive Plan and any applicable redevelopment or small area plans?
- v. Is the redevelopment proposal consistent with City redevelopment policies, including the House Move Policy and the Scope and Objectives of this Disposition Policy?
- vi. Is the proposed Purchase Price consistent with the Fair Reuse Value or the Fair Reuse Value less Writedown, if applicable, for the Property?
- vii. What are the Purchaser's identity, qualifications, experience and financial capacity in undertaking the redevelopment proposal?
- viii. What is the Purchaser's history with loan defaults, mortgage foreclosures, bankruptcies, litigation, code violations, tax delinquencies, 911 calls, criminal record, etc.?
- ix. What is the development cost and financing plan for the redevelopment proposal?
- x. What is the level of private financing committed to the redevelopment proposal, including equity and lending sources?
- xi. What is the level of public subsidy or other public assistance being requested to support the redevelopment proposal, including amounts and sources?
- xii. When will construction or rehabilitation of the redevelopment begin and be completed?

- xiii. Does the redevelopment proposal contain any unusual, unconventional, or risky development or financing conditions?
- xiv. What is the estimated impact of the redevelopment proposal on City budgets and revenue collections?
- xv. Is the redevelopment proposal a significant national, state, regional or City development project?
- xvi. Does the redevelopment proposal provide significant opportunities for public facilities, economic development, affordable housing, historic preservation or transit-oriented development?
- xvii. To what extent will the redevelopment proposal provide needed facilities, services and job opportunities to the City's low-income and minority communities and residents?
- xviii. Does the purchaser have any conflict of interest?

e. Formalizing Staff Evaluation

After completing their review and evaluation of a redevelopment proposal and offer, CPED Staff shall determine whether or not to recommend the redevelopment proposal for City Council approval.

- i. If a redevelopment proposal is not recommended, CPED Staff shall inform the Purchaser in writing and give the basis for not recommending the redevelopment proposal.
- ii. If a redevelopment proposal is to be recommended for City Council approval, CPED Staff shall prepare a preliminary report, submit the preliminary report for neighborhood review, submit elevations and site plans to the City's planning and zoning divisions for review and comment and prepare a final report for Council action.

A. Preliminary Report. If a redevelopment proposal is to be recommended for City Council action, CPED Staff shall prepare a preliminary report describing the redevelopment proposal and offer (the "Preliminary Report"). The Preliminary Report shall include as much of the following information that is known and eligible for dissemination under the Data Privacy Act: (i) a description of the redevelopment proposal and offer to be recommended for City Council approval; (ii) the identity of the Purchaser and their qualifications and experience; (iii) CPED Staff findings and determinations regarding the review and evaluation criteria; (iv) the Purchase Price and any credits and Writedowns, including amounts and how they were determined; (v) the type and amount of any public subsidy or other public assistance requested by Purchaser; and (vi) a summary of any other competing redevelopment proposals and the basis for CPED Staff not recommending the proposal. The Preliminary Report shall be submitted for neighborhood review as required by City policy, state or federal laws or grant requirements.

If multiple proposals have been received and are under consideration, such as but not limited to a Request for Proposal (RFP) process, the above information should be prepared for each proposal and included in the

preliminary report. In most cases a staff recommendation will not be made at this time unless otherwise provided for in the terms of the RFP. No new Offers to Purchase shall be accepted after the Preliminary Report is sent to the neighborhood for review.

- B. Neighborhood Review Process. The City shall offer City designated neighborhoods the opportunity to review redevelopment proposals and offers that CPED Staff will recommend to the City Council for action. Before requesting City Council action, CPED Staff shall submit the Preliminary Report to the official neighborhood group of the designated neighborhood where the Development Property to be acquired for the redevelopment proposal is located. The neighborhood group shall have forty-five (45) days from the date CPED Staff submits the Preliminary Report to the neighborhood group in which to conduct their review, hold any meetings and submit any comments or recommendations to CPED Staff.

For single family or duplex housing projects proposed on Development Properties to be sold, the Purchaser and its representatives and CPED Staff shall only be required to attend one neighborhood meeting to review the single-family or duplex housing proposal. The City council will only consider neighborhood comments that relate to building height and mass, front elevation, roof configuration, exterior materials, building setback and other similar design items. Limit neighborhood comment in the Council Report. Neighborhood recommendations that require any exterior or interior changes or upgrades that would have a significant cost impact on the project will only be considered by the Council if the Purchaser consents to such changes or upgrades and the neighborhood firmly commits to fund or finance for immediate payment the changes or upgrades at no additional cost to the Purchaser.

4. Land Sale Approval/Public Hearing

a. **Public Hearing**

Pursuant to Section 469.029, subdivision 2 of the Redevelopment Law, the City must hold a public hearing regarding the sale, lease or other disposition of Development Property to a Purchaser for a redevelopment proposal prior to City Council approval. Notice of the public hearing must be published in "Finance and Commerce" or another newspaper of general circulation, at least once, not less than ten (10) days nor more than thirty (30) days, prior to the date of the public hearing.

The public hearing notice shall, at a minimum: (i) identify the Purchaser or, if multiple offers, the potential purchasers; (ii) provide the address of the Development Property to be sold, leased or otherwise disposed of; (iii) state the amount of the Purchase Price, lease rate or other consideration to be given or offered for the Development Property; and (iv) provide the date and time of the public hearing, the place where the public hearing will be held, the name and address of the CPED Staff person who can answer questions or receive written comments, and the location where additional information regarding the redevelopment proposal can be reviewed.

The following types of Development Property disposition shall not require a public hearing before City Council approval:

- i. Public Bidding disposition; and

- ii. Public Use Donated Sale disposition.

b. Report to City Council

After the neighborhood review and comment period, Project Coordinator shall prepare a report to the City Council recommending the redevelopment proposal and offer (the "Council Report"). The Council Report shall include any comments or recommendations made by the neighborhood, any modifications made to the redevelopment proposal after neighborhood review period, and any conditions on the land sale approval such as 30 days to close and/or holding cost requirements. For any single-family or duplex in-fill or sideyard land sale, the Project Coordinator should, as a matter of course, request City Council approval of a shorter 30 day period by which the identified purchaser must close on the land sale or lose the ability to purchase the property in favor of an alternate buyer. The Council Report shall be signed by the CPED Director and submitted to the City Council for approval.

When there are two (2) or more competing redevelopment proposals that are consistent with the review and evaluation criteria, Project Coordinator shall either: (i) recommend the redevelopment proposal that, in Project Coordinator's professional judgment, is superior to the other competing proposals. (The neighborhood opinion should not be substituted for staff professional judgment); or (ii) recommend that the City Council direct Project Coordinator to hold a lottery to select a redevelopment proposal.

Project Coordinator should notify potential purchasers that any recommendation of CPED Staff or through neighborhood review is only advisory. Purchasers may not rely on any CPED Staff or neighborhood review recommendation to create any contractual or other legal obligation of the City, CPED, CPED Staff or any neighborhood organization or members.

The CPED Council Report procedures are as follows:

- i. CPED real estate staff notifies CPED project coordinator via e-mail of deadlines for submission of request to advertise land sale. Requests are due by noon the 3rd Thursday prior to the Public Hearing Date.
- ii. CPED project coordinator submits request to advertise to CPED real estate staff. The request consists of:
 - A. PC Checklist signed by Manager [PC Checklist](#)
 - B. Offer to Purchase
 - C. Reuse Value Opinion signed by CPED Appraiser
 - D. Draft Council Report (in electronic form)
 - E. Project schematics and other attachments (in paper form)
 - F. Survey with new legal descriptions or CPED engineering staff approval of new legal descriptions (**lot divisions, combinations & reconfigurations**)
 - G. Signed Broker Participation Agreement (if applicable)

- iii. CPED real estate staff does preliminary review and prepares ad to be published 10 days prior to Public Hearing Date. Ads are due and faxed to newspaper 3 days prior to the publication date. Items to be reviewed are:
 - A. Check Minnesota Secretary of State Website to assure current business filing with the State of Minnesota and to assure correct name is used.
<http://da.sos.state.mn.us/minnesota/home/dahome.asp>
 - B. Check federal Website for U.S. Treasury's Office of Foreign Asset Control's (OFAC) "Specially Designated Nationals and Blocked Persons" (SDN) list.
www.nasdr.com/ofac/
 - C. Review title evidence to determine possible title issues.
 - D. Ascertain that all required documentation and approvals are provided.
- iv. CPED real estate staff prepares/reviews Council Report and supporting documentation for accuracy and completeness. CPED real estate staff makes necessary additions/corrections to Council Report and prepares and attaches the appropriate Resolution and Ward Map to report.
- v. CPED real estate staff forwards Council Report to Project Coordinator, section manager, and City Attorney (if assigned) for final review and edits. Final edits are due back to CPED real estate staff no later than 12 days prior to the Public Hearing Date unless otherwise specified due to agenda setting and other deadlines.
- vi. Project Coordinator converts attachments to final Council Report to a single (PDF file) and forwards electronic version of report and PDF attachment file to CPED real estate staff.
- vii. CPED real estate staff provides CPED board coordinator with a copy of final Council Report and obtains required executive staff approvals.
- viii. CPED real estate staff provides CPED board coordinator with 1) electronic copy of the Council Report and attachments (PDF file) (**confidential page is not provided in electronic form**), 2) the original signed Council Report with attachments, and 3) 12 copies of the Council Report and confidential page.
- ix. CPED board coordinator provides electronic Council Report and PDF file to City communications department staff for publication to the City's Website.
- x. CPED real estate staff provides 3 copies of final signed Council Report to CPED project coordinator.
- xi. CPED board coordinator provides directors and managers with package containing the agenda and their relevant reports.
- xii. CPED real estate staff provides CPED board coordinator with publication copy of the Public Hearing Notice.
- xiii. Project Coordinator is responsible for assuring that complete Council Report including attachments has been published to the City's Website. (Electronic agenda notification is available via the City's Website).

- xiv. Project Coordinator attends Public Hearing and presents Council Report.
- xv. Project Coordinator attends Council Meeting as necessary.
- xvi. CPED real estate staff obtain a certified copy of Council Resolution following Mayor's signature and publication. (Note: City-owned real property dispositions require a 2/3rds majority vote of the City Council as required by City Charter.)

c. MINS

CPED real estate staff and Project Coordinator update MINS as required throughout entire Land Sale Approval/Public Hearing process.

5. Redevelopment Contract

Upon City Council approval, mayoral concurrence and publication, the City and the Purchaser (or an Affiliate of the Purchaser acceptable to the CPED Director) will enter into a Redevelopment Contract consistent with City Council approval that specifies the rights and responsibilities of each party. A Redevelopment Contract contains the specific terms and conditions of the sale, lease or other disposition as well as terms for the construction or rehabilitation of the project. The Redevelopment Contract acts as a purchase agreement and is subject to the statutory cancellation procedures of Minnesota Statutes, Section 559.21.

For a single-family or 1-7 Unit in-fill land sale that does not involve any unique provisions, a Standard Redevelopment Contract has been developed. The Real Estate department will prepare the contract.

The terms and conditions in a Redevelopment Contract will be more complex if the City will be assisting in assembling a site for development or will be providing financial assistance that will not be contracted separately (i.e., tax increment financing).

Unless a shorter period is established by the City Council, CPED Staff and the Purchaser shall have up to six (6) months from the date of City Council approval in which to negotiate and execute a Redevelopment Contract. If a Redevelopment Contract is not executed within said six (6) month period, the CPED Director may withdraw the City Council's disposition approval and cease further negotiations and declare the Development Property disposition terminated. For any single-family or duplex in-fill or sideyard land sale, the Project Coordinator should, as a matter of course, request City Council approval of a shorter 30 day period by which the identified purchaser must close on the land sale or lose the ability to purchase the property in favor of an alternate buyer or pay holding costs to retain purchase rights.

At the time the Purchaser signs the Redevelopment Contract, the Purchaser must pay to the City a good faith deposit equal to 10% of the Purchase Price to secure construction/rehabilitation performance on the Development Property. The good faith deposit is in addition to the full Purchase Price and is returned to the Purchaser only after the construction/rehabilitation is complete. The Redevelopment Contract shall include, but shall not be limited to, the following general provisions:

- a. Legal entity identification of the City and Purchaser;
- b. Address and legal description of the Development Property;
- c. The chronological history of important dates approving the transactions such as City Council actions;
- d. Purchase price;

- e. Description of 10% good faith deposit requirement;
- f. Closing date, location and conditions precedent to closing;
- g. A description of the City's and Developer's relative acquisition responsibilities if the City does not own the Property at the time the Redevelopment Contract is signed;
- h. Title evidence, closing costs and fees, and prorations for taxes, special assessments and utilities;
- i. Terms and plans regarding construction or rehabilitation of proposed improvements, including time frame for construction;
- j. Description of the certificate of completion process;
- k. Payment and performance bonds, insurance, condemnation and indemnification and hold harmless requirements (Note that payment and performance bonds are generally required as standard practice, but when not required by law, may be waived through a Director's report after weighing the cost of such bonds against the risk to the City's interest. Some relevant considerations are the reputation of the general contractor, the primary lender's disbursement process and the reputation of the developer);
- l. "As is sale," environmental condition: The City will provide the Purchaser with access to whatever environmental reports it has. The Purchaser is usually responsible for conducting and paying for further environmental investigations or geotechnical studies. The City will not provide any environmental indemnifications unless specifically approved by the City Council;
- m. Soil Correction and Escrow: Where it can be demonstrated that the Development Property contains substantial amounts of unsuitable soils, the Purchaser may be given a Soil Correction Allowance. The CPED Director may approve a Soil Correction Allowance of \$100,000 or less. The Council must approve any Soil Correction Allowance that exceeds \$100,000. The amount of the Soil Correction Allowance, along with any Writedowns and other City deductible costs, shall not reduce the Purchase Price to less than \$1.00. If the Purchase Price has already been adjusted for known unsuitable soils and the Development Property is being sold on an "as is" basis, the Purchaser shall not receive a Soil Correction Allowance;
- n. Well Disclosure Statement;
- o. A statement that the Purchaser/Developer will be required to obtain all permits and comply with all laws. (The Project Coordinator should inform the Developer that it must meet with the City's Planning Department and the City Regulatory Services Department to determine all local permit requirements.)
- p. Competitive bidding, ethics, affirmative action, apprenticeship program, prevailing wages, small and underutilized business enterprise program, State business subsidy act and living wage and job linkage policies;
- q. Project financing and encumbrance of the Development Property;

- r. City's willingness to subordinate its interests: Generally, the City will agree to subordinate its reversionary and other interests in the Property to the financing required to construct the improvements. The City may not subordinate the applicable "Redevelopment Plan."
- s. Limitation on transfer of the Development Property and City reversionary rights;
- t. Purchaser's statement of noncollusion and nonspeculation; and
- u. Defaults and termination.

6. Special Disposition Procedures

a. Deferred Purchase Price Payment Option (if requested by Purchaser)

- i. Project Coordinator to verify that a Purchaser developing a for-sale owner-occupied residential project of 10 units or less has requested the deferred purchase price option in the Offer to Purchase and received CPED Director approval for the deferred purchase price payment option.
- ii. Deferred purchase price payment option provision to be included in redevelopment contract.
- iii. Deferred purchase price note and mortgage in favor of the City to be recorded at conveyance closing and receipt of \$1.00 option consideration.
- iv. CPED Staff to collect pro rata purchase price amount upon each sale to an owner-occupant buyer of a project unit and deliver a partial release of mortgage, provided, however, that the entire amount of the deferred purchase price must be repaid in full within one year from the date of conveyance of the Development Property.

b. Sideyard Sales

- i. Non-Buildable Lots may be Sold as Sideyards
 CPED Staff may attempt to sell non-Buildable Lots to the adjacent property owners at a price based on the non-Buildable Lots' Fair Reuse Value as a sideyard lot. (Example: If there are two houses with 30-foot lot widths and a 30-foot lot in between, the goal would be to divide and sell one-half of the lot in between to each of the adjoining property owners. This would give each of the existing property owners a 45-foot lot width rather than having three 30-foot wide lots. This also requires the cooperation of the two existing property owners.) To request a reuse value, use the linked form: [Request for Reuse Value Opinion](#)

An analysis should be done on any non-Buildable Lots to determine contributory value to adjacent property owners. If the adjoining properties already conform to their respective zoning classification requirements and the addition of the sideyard does not create added value to the properties, the sideyard will be offered to the adjoining owners at minimal cost which shall be the Fair Reuse Value. If, however, the adjacent properties are non-conforming and/or the addition of the sideyard parcel creates measurable value to said property, then the sideyard will be priced accordingly as the Fair Reuse Value. For example: if a 4-plex gains

from assemblage the ability to have on-site parking, the Purchase Price should reflect the additional incremental value gained by the adjoining property.

ii. When Buildable Lots may be Sold for Sideyards

CPED Staff, with approval from the CPED Director, will make a "Finding of Fact" that a Buildable Lot is appropriate for sale as sideyard based on one or more of the following criteria:

- A. The shape of the Buildable Lot is irregular and is not suitable for housing construction.
- B. The structures on the adjacent lots are very close to the property lines and construction of a new house on the Buildable Lot will not allow permitted setbacks under the Zoning Ordinance between the new house and the adjacent structures.
- C. The adjacent lots contain conflicting land uses that make the Buildable Lot unsuitable for residential construction.
- D. The Buildable Lot contains Unsuitable Soils or poor topography or other conditions that make Soil Correction expensive or construction infeasible.
- E. The Buildable Lot can be used to provide needed off-street parking and/or open space to an adjacent multi-unit residential building, licensed day care center, community center, or nonresidential land use in order to make the adjacent lot comply with zoning.
- F. The Buildable Lot is not served by an alley, cannot accommodate access to off-street parking along a driveway from the frontage and would necessitate construction of a house plan inconsistent with the architecture of the block and neighborhood.
- G. If one or both of the lots adjacent to a Buildable Lot are nonconforming lots (25-30 foot lot widths) under the Minneapolis Zoning Ordinance, a portion of the Buildable Lot may be sold as a sideyard to either or both of the adjacent lot owners, as long as the remaining portion of the Buildable Lot is still a Buildable Lot.

Buildable Lots sold to adjacent property owners for use as sideyards shall be sold at a per square foot Fair Reuse Value equal to the amount the buildable lot would have sold for buildable residential purposes.

iii. Conservation Easement

In the case where a Buildable Lot is purchased in its entirety by one adjacent owner for a sideyard, a conservation easement, made pursuant to Minnesota Statutes Chapter 84C, will be placed on the property in favor of the City to preserve the sideyard as open space and prevent construction of any improvements on the property by the current owner or any future owners, which are not approved by the City.

iv. Condition of Prospective Sideyard-Purchaser's Property

The City will not sell any Development Property for a sideyard if the adjacent lot is substandard or poorly maintained. CPED Development Staff working with CPED

Planning Staff will determine if an adjacent lot is substandard or poorly maintained as defined by the Building Code and the Zoning Ordinance.

v. **City Council Approval of Sideyard Sales**

A. **Public approval process.** CPED Staff will provide interested parties with an opportunity for input through neighborhood review and at a public hearing held by the City Council Community Development Committee. The designated neighborhood group will ensure that all parties affected by the proposed sideyard sale and/or lot division receive notice of neighborhood review and have an opportunity to participate in that review.

B. **Information required for reports to City Council.** At a minimum, the following information shall be included in a CPED Staff report to the City Council recommending approval of the sale of Development Property for a sideyard and a lot division:

- I. The dimensions of the adjacent property prior and subsequent to its combination with the proposed sideyard.
- II. The distance of the building on the adjacent property to the farthest lot line of the sideyard lot to be combined with the adjacent property.
- III. Any sale of the Development Property to the adjacent properties by prior action of the City.
- IV. A survey or sketch, including dimensions, area, and other relevant facts pertaining to the Development Property proposed to be divided for use as a sideyard.
- V. The facts that justify the sale, if the proposed sale involves the conveyance of a Buildable Lot as sideyard.
- VI. Evidence of the willingness of both adjacent property owners to purchase the entire lot for sideyard (and to agree to a conservation easement if it is a buildable lot) in the event that one of the property owners later decides not to purchase half of the City sideyard lot.

c. **Community Garden Sales**

Certain Development Properties within the Land Inventory that are vacant non-Buildable Lots, may be made available for reuse as a community garden to be used by City residents and other people who desire an opportunity to garden for recreational and sustainable purposes.

i. **Nonprofit or Public Purchasers Only**

Any interested nonprofit corporation or public agency who wants to purchase an eligible Development Property for a community garden shall submit an Offer to Purchase to CPED Staff. The sale of a Development Property for a community garden shall be done in accordance with the applicable provisions of the CPED Disposition Policy and these Procedures, including the neighborhood review, public hearing, City Council approval and Redevelopment Contract procedures. Community garden lots shall only be sold to nonprofit corporations or public

agencies who can demonstrate their financial viability and experience in owning land and operating and maintaining a community garden and who have a program and policies in place to ensure that the community garden will be open and available to community members. Community garden lot sales should have a favorable neighborhood recommendation and the approval of all adjoining property owners.

ii. Density Guidelines

In order to balance the need and opportunities for housing development and the desire for community gardens, the following Density Guidelines should be used to help CPED Staff make appropriate decisions on when to sell Buildable Lots for community gardens after a written offer to purchase has been received:

- A. Buildable Lots will not be sold for community garden use in those neighborhoods of the city where (i) there are no legal requirements prohibiting the sale of Development Property for purposes other than development; (ii) residential lot widths are predominantly fifty (50) feet or greater with a lot area greater than 6,000 square feet; or (iii) there is not a sufficient amount of Buildable Lots available for housing development.
- B. Buildable Lots should only be sold for community garden use in those neighborhoods of the city where (i) there are no legal requirements prohibiting the sale of Development Property for purposes other than development; (ii) residential lot widths are predominantly less than fifty (50) feet with a lot area less than 6,000 square feet; and (iii) there is a surplus of Buildable Lots available for housing development.

iii. Sale Requirements

Development Properties sold for community garden lots shall be sold: (i) for a Purchase Price equal to the Fair Market Value of the lot; (ii) "as is," with no representations or warranties of any kind with regard to soil condition or quality; (iii) with an environmental liability disclaimer by the City; and (iv) with an environmental indemnification and hold harmless from the Purchaser to the City. The Purchaser shall be responsible, at their sole cost and expense, for any and all soil tests and other site investigations and due diligence necessary or customary in evaluating the purchase of the Development Property for a community garden lot. The Purchaser shall also be responsible, at their sole cost and expense, for any Soil Correction or soil improvement costs, utility installations, accessory buildings for tools, equipment and gardening supply storage, benches, seating and other similar fixtures, plant and garden materials, edging and garden plot foundations, and any other thing that is necessary or customary in the use, operation or maintenance of a community garden. The Purchaser shall, in the use of petroleum based products, fertilizers, pesticides and other chemicals on the Development Property, take all necessary and reasonable precautions to use and store such products and chemicals in the amounts and manner as permitted by law, ordinance or regulation.

iv. Conservation Easement

Upon conveyance of a Development Property to a Purchaser for a community garden lot, the Purchaser shall place a conservation easement, made pursuant to Minnesota Statutes Chapter 84C, on the Property in favor of the City, to preserve the Property as open space for community garden use only, and to prevent the construction of any improvements on the Development Property that are not approved by the City. The conservation easement shall bind the Purchaser, its

successors in interest, and all future owners of the Property. The Purchaser is permitted to construct accessory buildings on the Development Property for tools, equipment and garden supply storage as permitted by the Building Code and Zoning Ordinance.

d. Leases and Other Forms of Disposition

i. Leases

CPED Staff will manage (i) holdover tenant leases assumed by the City as part of the acquisition of a Development Property; (ii) ground-leases of Development Property where the City retains fee title to the Development Property and the Developer owns the improvements constructed upon the Development Property; and (iii) financing leases where the redevelopment financing of the Development Property is structured within the lease. All other leases involving Development Properties will be managed by the City's Public Works Department's Property Services and Equipment Division.

ii. Options, Rights of First Refusal and Exclusive Development Rights

Pursuant to City Council approval CPED Staff will prepare City contracts granting options, rights of first refusal or exclusive development rights to Purchasers. CPED shall charge a purchaser obtaining an option, right of first refusal or exclusive development rights an amount equal to the fair market value of the option or rights. For such purposes, the Project Coordinator shall obtain a valuation determination from the CPED Appraiser. The Purchase Price for a Development Property subject to an option, right of first refusal or exclusive development rights may be determined at the time the City Council approves the granting of the option, right of first refusal or exclusive development rights, or at the time the City Council authorizes the sale of the Development Property and the City entering into a Redevelopment Contract with the Purchaser. Be sure to notify the CPED Real Estate Staff if Options, Rights of First Refusal or Exclusive Development Rights are granted.

iii. Easements

The City may dispose of all or a portion of any of its Development Properties by easement. In the granting of an easement over all or a portion of any Development Property, CPED Staff will follow the same Disposition Policy and Procedure requirements as required for the sale of a Development Property. All easements will be evidenced by an easement agreement and recorded in the Hennepin County Recorder's or Torrens Office.

7. Closing Steps

Prior to scheduling the closing for the sale of the Redevelopment Property, the Project Coordinator will determine if all required documentation has been received from the Purchaser and if a pre-closing meeting is necessary. The closing is then scheduled following the pre-closing meeting.

a. Pre Closing Review

Prior to closing, CPED real estate staff and/or assigned City Attorney, in conjunction with the project coordinator, will verify/confirm receipt of the following:

- i. Mayor approval & publication of land sale
- ii. Executed Redevelopment Contract & other related documents

- iii. Receipt of Good Faith Deposit
- iv. Executed Broker Participation Agreement (if applicable)
- v. Determine property taxes, special assessments and pending assessments
- vi. Review title commitment and assist in clearing title issues
- vii. Review preliminary closing statement

b. Closing Documents

Prior to closing, CPED real estate staff and/or assigned City Attorney, in conjunction with the project coordinator, will prepare/confirm receipt of the following:

- i. Conveyance Deed
- ii. Tax Forfeiture Release (if applicable)
- iii. Note/Mortgage (if applicable)
- iv. Grant, Disbursement, & Escrow Agreements (if applicable)
- v. Seller's Affidavit (signed by Project Coordinator)
- vi. Certificate (Corporate/Partnership Transferor)
- vii. Certificate of Real Estate Value (CRV)
- viii. Final utility bills (if applicable)
- ix. Redeveloper Closing Letter
- x. Other documentation as required
- xi. Review/approve final settlement statement
- xii. Re-confirm with Project Coordinator that closing can be scheduled

c. Closing

CPED real estate staff and/or assigned City Attorney, in conjunction with the project coordinator, will coordinate and attend closing as necessary. CPED real estate staff requires a minimum of five (5) days notice of the closing date.

d. Post-Closing

Following the closing, CPED real estate staff will confirm/complete the following:

- i. Prepare final Notice of Land Sale
- ii. Prepare land sale proceeds remittance & deliver to CPED finance
 - A. Distribute Notice of Land Sale
 - B. Project Coordinator (with copies of closing papers)

- C. CPED real estate acquisition staff
 - D. City Assessor's Office (with copy of CRV)
 - E. CPED engineering staff
 - F. Public Works property/construction management staff
 - G. State Auditor (with copy of council report)
 - H. City Finance Department
- iii. Provide CPED construction management staff with a copy of executed Redevelopment Contract and signed redeveloper letter
 - iv. Deliver original loan documents to CPED contract management (if applicable)

Project coordinator will monitor the following:

- i. Project coordinator will monitor soil escrow accounts and prepare payment authorizations and payment requests as required. On more complex projects, Project coordinator should have CPED Engineering staff review payment requests before authorizing payment.

e. Project Completion (End Closing)

Following the project completion, CPED real estate staff will confirm/complete the following:

- i. Obtain & forward copy of Purchase Agreement to CPED Appraiser for review
- ii. Notify CPED construction management staff that project is complete
- iii. Obtain final inspection results & copy of occupancy certificate from construction management staff
- iv. Obtain approval from Project Coordinator to issue Certificate of Completion. If appropriate, recommend to purchaser that developer establishes a completion escrow for end user/purchaser's benefit to secure completion of post-Certificate of Completion items at 1.5X the cost of remaining work. CPED is not to be a party to the escrow agreement and does not conduct any additional inspections after issuance of the Certificate of Completion.
- v. Review title commitment & prepare Certificate of Completion & Affidavit of Purchaser
- vi. Prepare necessary release document (i.e. Satisfaction of Mortgage, Partial Release of Mortgage, Assignment of Mortgage, etc.) & compute payoff
- vii. Provide necessary documents to closer and/or Redeveloper
- viii. Prepare good faith deposit refund payment request & forward payment to redeveloper
- ix. Prepare payoff proceeds remittance & deliver to CPED finance (if applicable)

- x. Provide copy of payoff remittance & release documents to CPED contract management (if applicable)
- xi. Provide Project Coordinator with end closing package
 - A. Copy of executed closing statement
 - B. Copy of payoff remittance & release document (if applicable)
 - C. Copy of escrow recommendation letter and agreement (if applicable)
 - D. Copy of Certificate of Completion
 - E. Copy of executed Affidavit of Purchaser
 - F. Copy of purchaser's Loan Application (if applicable)
 - G. Copy of good faith refund

f. Record-Keeping

Real Estate maintains a disposition file that includes, at a minimum, the following:

- i. Certified Copy of Board Report (all reports relating to the transaction)
- ii. Executed Redevelopment Contract
- iii. Offer to Purchase
- iv. PC Checklist signed by manager
- v. Reuse value approved by CPED Appraiser
- vi. Good Faith Deposit Check & Remittance
- vii. Title Commitment
- viii. Settlement Statement
- ix. Proceeds Check & Remittance
- x. Deed
- xi. Tax Forfeiture Release (if applicable)
- xii. Seller's Affidavit (signed by Project Coordinator)
- xiii. Certificate (FRIPTA)
- xiv. CRV
- xv. Note & Mortgage (if applicable)
- xvi. Executed Grant, Disbursement & Escrow Agreements (if applicable)

xvii. Certificate of Completion

xviii. Satisfaction of Mortgage (if applicable)

g. MINS

CPED real estate staff and the Project Coordinator update MINS as required throughout entire Closing Steps process