



## STAFF REPORT

TO: EDA President Keis and Little Canada EDA Members

FROM: Chris Heineman, City Administrator

DATE: April 13, 2022

RE: Purchase of 2750 Rice Street

### **ACTION REQUESTED**

The EDA is asked to approve the attached Purchase Agreement for acquisition of the property located at 2750 Rice Street (Lincoln Pawn).

### **BACKGROUND**

In early November, the City Council was informed that Lincoln Pawn at 2750 Rice Street is listed for sale. The property owner is interested in selling both the building and the business. The existing building was built in 1922, and the parcel is only .21 acres. While development of this site will be more difficult with the surrounding development that has already been completed, this property is a critical acquisition for future redevelopment.

As you may recall, this parcel was originally included in TIF District 3-2 which was initially established in 1995 to redevelop property along Rice Street. This included the Sherman Associates townhome and commercial development, however the pawn shop (2750 Rice Street) and several other nearby parcels were not acquired and were ultimately not included in the project. This TIF District (TIF 3-2) was decertified in 2017, however this parcel and a handful of other parcels in the area that were not redeveloped were included in TIF District 7-1 that was created in 2017 for the Suite Living senior housing development. Because of this, we already have a dedicated funding source for acquisition of this property.

MN Statute 469.176 sub 6 requires that within four years from the certification date of a TIF district, certain activities must have taken place on each parcel within the TIF district or the parcel is 'knocked down' from the district and no increment can be collected from that individual parcel for the duration of the district. The four-year deadline for TIF District 7-1 would be January 28, 2024. There may be additional flexibility to the deadline due to the COVID-19 pandemic, and the EDA can work with our consultant from Ehlers or Baker-Tilly to determine the specific details for this site. The only parcels that have met the 'knock-down' requirement thus far are the two former residential parcels that the Suite Living project was built on.

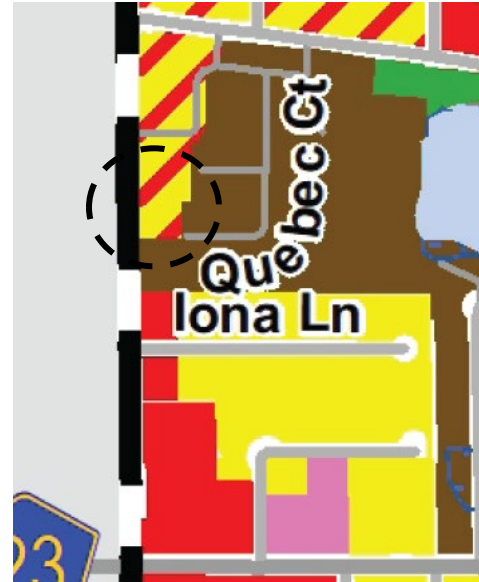
### **Site Evaluation**

The property at 2750 Rice Street is currently zoned PUD, Planned Unit Development. The 2040 Comprehensive Plan has this property guided towards C-2, Corridor Mixed-Use. The parcel is currently a pawn shop and the owner is requesting a lease-back agreement through July 1, 2022.

**AERIAL MAP**



**FUTURE LAND USE MAP**



The Planning Commission was informed of the potential purchase of this site at the Planning Commission meeting on November 10. According to Minn. Stat. § 412.211, any municipality that has an adopted Comprehensive Plan is required to consult their Planning Commission to determine if a purchase of real property would be in compliance with the City's Comprehensive Plan.

**General Procedures**

City Ordinance Chapter 202, Section 202.070 for Planning Commission Recommendations of Commission states the following:

*The Advisory Planning Commission shall, pursuant to Council directives, Council resolutions, or City ordinances, propose, draft or recommend, overall or partial plans for future physical development and improvements of the City, including all matters relating to zoning and planning as cities are authorized and empowered to undertake pursuant to state statutes and laws. This Commission shall also consider all plats submitted by private property owners, all plans and proposals for development of private or public property within the City as required by City Ordinance, and shall advise the Council on any and all matters referred to it by the Council.*

The review of the Planning Commission is further instructed in State Statute § 462.356, Subd. 2 Procedure to Effect Plan: Generally which requires that, before a City acquire or dispose of any interest in property that the Planning Commission review the proposed transaction for consistency with the comprehensive plan. Below is the language in its entirety from this subdivision:  
Subd. 2. Compliance with plan.

*After a comprehensive municipal plan or section thereof has been recommended by the planning agency and a copy filed with the governing body, no publicly owned interest in real property within the municipality shall be acquired or disposed of, nor shall any capital improvement be authorized by the municipality or special district or agency thereof or any other political subdivision having jurisdiction within the municipality until after the planning agency has reviewed the proposed acquisition, disposal, or capital improvement and reported in writing to the governing body or other special district or agency or political subdivision concerned, its findings as to compliance of the proposed acquisition, disposal or improvement with the comprehensive municipal plan. Failure of the planning agency to report on the proposal within 45 days after such a reference, or such other period as may be designated by the governing body shall be deemed to have satisfied the requirements of this subdivision. The governing body may, by resolution adopted by two-thirds vote dispense with the requirements of this subdivision when in its judgment it finds that the proposed acquisition or disposal of real property or capital improvement has no relationship to the comprehensive municipal plan.*

In addition, Minn. Stat. § 412.211 states the need to notify the Planning Commission and request their review regarding conformance with the Comprehensive Plan. In this case, the parcel has been identified in a TIF District for redevelopment since 1995.

#### ***V. Real estate acquisitions, sales, and other dispositions***

*Statutory cities are authorized to acquire real property within or outside their corporate limits by purchase, gift, devise, condemnation, lease, dedication, or otherwise. The law permitting the conveyance of tax-forfeited land to a city may also be used to acquire land. Statutory cities are free to hold, manage, control, sell, convey, lease, or otherwise dispose of real and personal property as required by the city's interest. With the council's authorization, no consideration is required when a city conveys land for the public use to another public corporation, any governmental subdivision, or the Minnesota Armory Building Commission. Generally, a city council can decide to buy or sell property without seeking permission. The statutes do not require the council to submit the question to voters unless bonds are issued to purchase property. If a city has a comprehensive plan however, it must usually notify the planning commission of the intent to purchase or sell land, and allow 45 days for comment from the planning commission.*

#### **Planning Commission Action:**

The Planning Commission was asked to make a finding as to whether or not the proposed acquisition of real property is in compliance with the City's Comprehensive Plan based on the aforementioned factors. The Planning Commission unanimously adopted a motion to recommend City Council approval of the acquisition of property 2750 Rice Street and that the purchase of this parcel is compliance with the City's 2040 Comprehensive Plan.

#### **Findings of Fact:**

- The property at 2750 Rice Street is located in a PUD, Planned Unit Development (underlying Commercial) District and is .21 acres. PID 062922330002.
- The Little Canada 2040 Comprehensive Plan has the property guided toward C-2, Corridor Mixed Use (Commercial) on the Future Land Use Plan.
- The subject property is currently a pawn shop.
- The adjacent properties are developed as Commercial.
- The purchase of the parcel at 2750 Rice Street is determined to be consistent with the City's Comprehensive Plan.

### **Additional Updates**

Since this was initially proposed in November, staff presented an initial offer to the broker in the amount of \$312,500 based on the current Ramsey County Estimated Market Value plus a potential relocation cost for the business. This offer was initially declined by the seller. City Administrator Heineman provided an update at a Special City Council meeting on December 22, 2021.

At that meeting, Council Member McGraw stated that he would like to buy this property, but does not agree that the city should pay more than fair market value for it. Fischer stated that the Council had agreed previously to go up to the \$325,000 asking price if needed. He asked if the City is out of line if the seller's asking price is met. City Attorney Kelly stated that the city needs to justify the rationale for these types of purchases, and you need to justify the balance of a better use for the property against the owner's selling price and current market values.

The City Council agreed to offer up to the selling price of \$325,000, and feel it is important to purchase the adjacent property to the north. There was consensus from the Council for the City Administrator to approach the adjacent property owner of 2760 Rice Street for potential purchase. The Council also agreed that the purchase offer for 2750 Rice Street should be contingent on being able to negotiate the purchase 2760 Rice Street and approved the following Resolution.

### ***RESOLUTION NO. 2021-12-167 – APPROVE OFFERING \$325,000 TO PURCHASE 2750 RICE STREET, CONTINGENT ON NEGOTIATING THE PURCHASE OF 2760 RICE STREET***

Motion by McGraw, seconded by Fischer. Ayes (4). Nays (0).

Administrator Heineman contacted the owner of 2760 Rice Street regarding potential purchase of the property. While there was some interest, the property owner indicated he did not wish to sell the property at 2760 Rice Street at this time due to the recent sale of the liquor store business to another party. The property owner may be interested in the future depending on how successful this business is over the next 12-24 months.

The current property owner of Lincoln Pawn Shop listed the property for sale in January, 2022. There were several interested buyers, but no full price offers were received. The business owner contacted Administrator Heineman about the City's interest in purchasing the property for the original offer of \$312,500. A draft Purchase Agreement is included for your consideration.

### **Recommended Action**

Staff recommends the EDA approve the attached Purchase Agreement and the Addendum to the Purchase Agreement for acquisition of the property located at 2750 Rice Street.

**COMMERCIAL PURCHASE AGREEMENT**

This form approved by the Minnesota Association of REALTORS® and the Minnesota Commercial Association of REALTORS®, which disclaims any liability arising out of use or misuse of this form.  
© 2021 Minnesota Association of REALTORS®, Minnetonka, MN

1. Page 1 Date March 29 2022

2. BUYER(S) is/are: Little Canada Economic Development Authority, (Check one.)
3.  individual(s); OR  a business entity organized under the laws of the State of Minnesota.
4. SELLER(S) is/are: Sunset Of Oak Island Inc & Lachner LP, A Minnesota Limited Partnership, (Check one.)
5.  individual(s); OR  a business entity organized under the laws of the State of Minnesota.
6. Buyer's earnest money in the amount of \_\_\_\_\_
7. Fifteen Thousand Dollars
8. (\$ 15,000.00 ) shall be delivered no later than two (2) Business Days after
9. Final Acceptance Date to be deposited in the trust account of: (Check one.)
10.  listing broker; or
11.  Land Title \_\_\_\_\_,  
(Trustee)
12. **within three (3) Business Days of receipt of the earnest money or Final Acceptance Date whichever is later.**
13. Said earnest money is part payment for the purchase of property at \_\_\_\_\_
14. 2750 Rice Street located in the
15. City/Township of Little Canada, County of Ramsey,
16. State of Minnesota, Zip Code 55113, PID # (s) 062922330002
17. \_\_\_\_\_
18. and legally described as follows SUBJ TO RICE ST THE S 65 FT OF W 183 FT OF N 3 35/100
19. ACRES MOL OF SW 1/4 OF SW 1/4 OF SEC 6 TN 29 RN 22
20. \_\_\_\_\_ (collectively the "Property")
21. together with the personal property as described in the attached *Addendum to Commercial Purchase Agreement:*
22. *Personal Property*, if any, all of which property the undersigned has this day sold to Buyer for the sum of:
23. Three Hundred Twelve Thousand Five Hundred
24. \_\_\_\_\_
25. (\$ 312,500.00 ) Dollars ("Purchase Price"), which Buyer agrees to pay in the following manner:
26. 1. **CASH** of 100 percent (%) of the sale price, or more in Buyer's sole discretion, which includes the earnest
27. money; PLUS
28. 2. **FINANCING** of 0 percent (%) of the sale price. Buyer shall, at Buyer's sole expense, apply for any
29. financing as required by this Purchase Agreement.
30. Such financing shall be: (Check one.)  a first mortgage;  a contract for deed; or  a first
31. mortgage with subordinate financing, as described in the attached *Addendum to Commercial Purchase Agreement:*
32.  **Conventional/SBA/Other**  **Contract for Deed.**  
------(Check one.)-----
33. **DUE DILIGENCE:** This Purchase Agreement  IS  IS NOT subject to a due diligence contingency. (If answer is IS,  
------(Check one.)-----
34. see attached *Addendum to Commercial Purchase Agreement: Due Diligence.*)
35. **CLOSING:** The date of closing shall be April 20th 2022.

# COMMERCIAL PURCHASE AGREEMENT

36. Page 2 Date March 29 2022

37. Property located at 2750 Rice Street Little Canada MN 55113

38. **DEED/MARKETABLE TITLE:** Subject to performance by Buyer, Seller agrees to execute and deliver a: *(Check one.)*

39.  **WARRANTY DEED**  **LIMITED WARRANTY DEED**  **CONTRACT FOR DEED**

40.  **OTHER:** \_\_\_\_\_ **DEED** conveying marketable title, subject to:

41. (a) building and zoning laws, ordinances, and state and federal regulations;

42. (b) restrictions relating to use or improvement of the Property without effective forfeiture provisions;

43. (c) reservation of any mineral rights by the State of Minnesota or other government entity;

44. (d) utility and drainage easements which do not interfere with existing improvements; and

45. (e) others (must be specified in writing): \_\_\_\_\_

46. \_\_\_\_\_

47. **TENANTS/LEASES:** Property  **IS**  **IS NOT** subject to rights of tenants (if answer is **IS**, see attached *Addendum*  
-----*(Check one.)*-----

48. *to Commercial Purchase Agreement: Due Diligence*).

49. Seller shall not execute leases from the Date of this Purchase Agreement to the date of closing, the term of which lease  
50. extends beyond the date of closing, without the prior written consent of Buyer. Buyer's consent or denial shall be

51. provided to Seller within NA days of Seller's written request. Said consent  
52. shall not be unreasonably withheld.

53. **REAL ESTATE TAXES:** Real estate taxes due and payable in the year of closing shall be prorated between Seller and  
54. Buyer on a calendar year basis to the actual date of closing unless otherwise provided in this Purchase Agreement.  
55. Real estate taxes, including penalties, interest, and any associated fees, payable in the years prior to closing shall  
56. be paid by Seller. Real estate taxes payable in the years subsequent to closing shall be paid by Buyer.

57. **SPECIAL ASSESSMENTS:**

58.  **BUYER AND SELLER SHALL PRORATE AS OF THE DATE OF CLOSING**  **SELLER SHALL PAY**  
-----*(Check one.)*-----

59. on the date of closing all installments of special assessments certified for payment with the real estate taxes due and  
60. payable in the year of closing.

61.  **BUYER SHALL ASSUME**  **SELLER SHALL PAY ON DATE OF CLOSING** all other special assessments  
-----*(Check one.)*-----

62. levied as of the Date of this Purchase Agreement.

63.  **BUYER SHALL ASSUME**  **SELLER SHALL PROVIDE FOR PAYMENT OF** special assessments pending as  
-----*(Check one.)*-----

64. of the Date of this Purchase Agreement for improvements that have been ordered by any assessing authorities. (Seller's  
65. provision for payment shall be by payment into escrow of up to two (2) times the estimated amount of the assessments  
66. or less, as allowed by Buyer's lender.)

67. Buyer shall pay any unpaid special assessments payable in the year following closing and thereafter, the payment of  
68. which is not otherwise here provided.

69. As of the Date of this Purchase Agreement, Seller represents that Seller  **HAS**  **HAS NOT** received a notice  
-----*(Check one.)*-----

70. regarding any new improvement project from any assessing authorities, the costs of which project may be assessed  
71. against the Property. Any such notice received by Seller after the Date of this Purchase Agreement and before  
72. closing shall be provided to Buyer immediately. If such notice is issued after the Date of this Purchase Agreement  
73. and on or before the date of closing, then the parties may agree in writing, on or before the date of closing, to pay,  
74. provide for the payment of, or assume the special assessments. In the absence of such agreement, either party may  
75. declare this Purchase Agreement canceled by written notice to the other party, or licensee representing or assisting the  
76. other party, in which case this Purchase Agreement is canceled. If either party declares this Purchase Agreement  
77. canceled, Buyer and Seller shall immediately sign a written cancellation of Purchase Agreement confirming said  
78. cancellation and directing all earnest money paid here to be refunded to Buyer.

MNC:PA-2 (8/21)



# COMMERCIAL PURCHASE AGREEMENT

79. Page 3 Date March 29 2022

80. Property located at 2750 Rice Street Little Canada MN 55113

81. **POSSESSION:** Seller shall deliver possession of the Property: *(Check one.)*

82.  **IMMEDIATELY AFTER CLOSING;** or

83.  **OTHER:** July 1, 2022

84. Seller agrees to remove ALL DEBRIS AND ALL PERSONAL PROPERTY NOT INCLUDED HERE from the Property  
85. by possession date.

86. **PRORATIONS:** All items customarily prorated and adjusted in connection with the closing of the sale of the Property  
87. here including but not limited to rents, operating expenses, interest on any debt assumed by Buyer, shall be prorated  
88. as of the date of closing. It shall be assumed that Buyer will own the Property for the entire date of the closing.

89. **RISK OF LOSS:** If there is any loss or damage to the Property between Date of this Purchase Agreement and the date  
90. of closing, for any reason, the risk of loss shall be on Seller. If the Property is destroyed or substantially damaged before  
91. the closing, this Purchase Agreement shall be canceled, at Buyer's option, if Buyer gives written notice to Seller, or licensee  
92. representing or assisting Seller, of such cancellation within thirty (30) days of the damage. Upon said cancellation,  
93. Buyer and Seller shall immediately sign a written cancellation of Purchase Agreement confirming said cancellation  
94. and directing all earnest money paid here to be refunded to Buyer.

95. **EXAMINATION OF TITLE:** Seller shall, at its expense, within 10 days after Final  
96. Acceptance Date, furnish to Buyer, or licensee representing or assisting Buyer, a commitment for an owner's policy  
97. of title insurance from Land Title, including levied and pending special  
(Name of Title Company)

98. assessments. Buyer shall be allowed ten (10) days ("Objection Period") after receipt of the commitment for title  
99. insurance to provide Seller, or licensee representing or assisting Seller, with written objections. Buyer shall be deemed  
100. to have waived any title objections not made within the Objection Period provided for immediately above and any  
101. matters with respect to which title objection is so waived may be excepted from the warranties in the Deed as specified  
102. here to be delivered pursuant to this Agreement.

103. **TITLE CORRECTIONS AND REMEDIES:** Seller shall have thirty (30) days ("Cure Period") from receipt of Buyer's  
104. written title objections to cure any title objections but shall not be obligated to do so. Upon receipt of Buyer's title  
105. objections, Seller shall, within ten (10) days, notify Buyer, or licensee representing or assisting Buyer, in writing whether  
106. or not Seller will endeavor to cure such objections within the Cure Period. Liens or encumbrances for liquidated  
107. amounts created by instruments executed by Seller and which can be released by payment proceeds of closing shall  
108. not delay the closing.

109. If Seller's notice states that Seller will not endeavor to cure one or more specified objections within the Cure Period,  
110. Buyer may, as its sole remedy, within ten (10) days of the sending of such notice by Seller, declare this Purchase  
111. Agreement canceled by written notice to Seller, or licensee representing or assisting Seller, in which case this Purchase  
112. Agreement is canceled. If Buyer declares this Purchase Agreement canceled, Buyer and Seller shall immediately sign a  
113. written cancellation of Purchase Agreement confirming said cancellation and directing all earnest money paid here to  
114. be refunded to Buyer. If Buyer does not declare this Purchase Agreement canceled as provided immediately above,  
115. Buyer shall be bound to proceed with the closing and to purchase the Property subject to the objections Seller has  
116. declined to cure without reduction in the Purchase Price.

117. If Seller's notice states that Seller will endeavor to cure all of the specified objections, or if Seller's notice states that  
118. Seller will endeavor to cure some, but not all, of the specified objections and Buyer does not declare this Purchase  
119. Agreement canceled as provided above, Seller shall use commercially reasonable efforts to cure the specified objections  
120. or those Seller has agreed to endeavor to cure and, pending correction of title, all payment required here and the  
121. closing shall be postponed.

122. If Seller, within the Cure Period provided above, corrects the specified objections Seller's notice indicated Seller would  
123. endeavor to cure, then upon presentation to Buyer, or licensee representing or assisting Buyer, of documentation  
124. establishing that such objections have been cured, the closing shall take place within ten (10) days or on the scheduled  
125. closing date, whichever is later.

MNC:PA-3 (8/21)

# COMMERCIAL PURCHASE AGREEMENT

126. Page 4 Date March 29 2022

127. Property located at 2750 Rice Street Little Canada MN 55113.
128. If Seller, within the Cure Period provided above, does not cure the specified objections which Seller's notice indicated  
129. Seller would endeavor to cure, Buyer may, as its sole remedy, declare this Purchase Agreement canceled by written  
130. notice to Seller, or licensee representing or assisting Seller, given within five (5) days after the end of the Cure Period,  
131. in which case this Purchase Agreement is canceled. Buyer and Seller shall immediately sign a *Cancellation of Purchase*  
132. *Agreement* confirming said cancellation and directing all earnest money paid here to be refunded to Buyer. Neither  
133. party shall be liable for damages here to the other. In the alternative, Buyer may elect to waive such objections by  
134. providing written notice to Seller, or licensee representing or assisting Seller, within such five (5)-day period and accept  
135. title subject to such uncured objections, in which event, Buyer shall be bound to proceed with the closing and to purchase  
136. the Property subject to the objections Seller has not cured without reduction in the Purchase Price. If neither notice  
137. is given by Buyer within such five (5)-day period, Buyer shall be deemed to have elected to waive the objections and  
138. to proceed to closing as provided in the immediately preceding sentence.
139. If title is marketable, or is made marketable as provided here, and Buyer defaults in any of the agreements here,  
140. Seller, in addition to any other right or remedy available to Seller here, at law or in equity may cancel this Purchase  
141. Agreement as provided by either MN Statute 559.21 or MN Statute 559.217, whichever is applicable, and retain all  
142. earnest money paid here as liquidated damages.
143. If title is marketable, or is made marketable as provided here, and Seller defaults in any of the agreements here,  
144. Buyer may, in addition to any other right or remedy available to Buyer here, seek specific performance within six  
145. (6) months after such right of action arises.
146. **REPRESENTATIONS AND WARRANTIES OF SELLER:** The following representations made are to the best  
147. of Seller's knowledge.
148. There is no action, litigation, investigation, condemnation, or other proceeding of any kind pending or threatened  
149. against Seller or any portion of the Property. In the event Seller becomes aware of any such proceeding prior to  
150. closing, Seller will promptly notify Buyer of such proceeding.
151. The Property is in compliance with all applicable provisions of all planning, zoning, and subdivision rules; regulations;  
152. and statutes. Seller has obtained all necessary licenses, permits, and approvals necessary for the ownership and  
153. operation of the Property.
154. Prior to the closing, payment in full will have been made for all labor, materials, machinery, fixtures, or tools furnished  
155. within the 120 days immediately preceding the closing in connection with construction, alteration, or repair of any  
156. structure on, or improvement to, the Property.
157. Seller has not received any notice from any governmental authority as to condemnation proceedings, or violation of  
158. any law, ordinance, regulation, code, or order affecting the Property. If the Property is subject to restrictive covenants,  
159. Seller has not received any notice from any person or authority as to a breach of the covenants. Any such notices  
160. received by Seller shall be provided to Buyer immediately.
161. Seller has not executed any options to purchase, rights of first refusal, or any other agreements giving any person or  
162. other entity the right to purchase or otherwise acquire any interest in the Property, and Seller is unaware of any options  
163. to purchase, rights of first refusal, or other similar rights affecting the Property.
164. The legal description of the real property to be conveyed has been or shall be approved for recording as of the date  
165. of closing.
166. If Seller is an organized entity, Seller represents and warrants to Buyer that Seller is duly organized and is in good  
167. standing under the laws of the State of Minnesota; that Seller is duly qualified to transact business in the State of  
168. Minnesota; that Seller has the requisite organizational power and authority to enter into this Purchase Agreement and  
169. the Seller's closing documents signed by it; such documents have been duly authorized by all necessary action on  
170. the part of Seller and have been duly executed and delivered; that the execution, delivery, and performance by Seller of  
171. such documents do not conflict with or result in a violation of Seller's organizational documents or Bylaws or any judgment,  
172. order, or decree of any court or arbiter to which Seller is a party; and that such documents are valid and binding obligations  
173. of Seller, and are enforceable in accordance with their terms.
174. Seller will indemnify Buyer, its successors and assigns, against and will hold Buyer, its successors and assigns,  
175. harmless from, any expenses or damages, including reasonable attorneys' fees, that Buyer incurs because of the  
176. breach of any of the above representations and warranties, whether such breach is discovered before or after the  
177. date of closing.
178. See attached *Addendum to Commercial Purchase Agreement: Due Diligence*, if any, for additional representations  
179. and warranties.



# COMMERCIAL PURCHASE AGREEMENT

180. Page 5 Date March 29 2022

181. Property located at 2750 Rice Street Little Canada MN 55113

182. **REPRESENTATIONS AND WARRANTIES OF BUYER:** If Buyer is an organized entity, Buyer represents and warrants  
183. to Seller that Buyer is duly organized and is in good standing under the laws of the State of Minnesota; that Buyer is  
184. duly qualified to transact business in the State of Minnesota; that Buyer has the requisite organizational power and  
185. authority to enter into this Purchase Agreement and the Buyer's closing documents signed by it; such documents  
186. have been duly authorized by all necessary action on the part of Buyer and have been duly executed and delivered;  
187. that the execution, delivery, and performance by Buyer of such documents do not conflict with or result in a violation  
188. of Buyer's organizational documents or Bylaws or any judgment, order, or decree of any court or arbiter to which Buyer  
189. is a party; and that such documents are valid and binding obligations of Buyer, and are enforceable in accordance with  
190. their terms. Buyer will indemnify Seller, its successors and assigns, against and will hold Seller, its successors and  
191. assigns, harmless from, any expenses or damages, including reasonable attorneys' fees, that Seller incurs because  
192. of the breach of any of the above representations and warranties, whether such breach is discovered before or after  
193. the date of closing.

194. **TIME IS OF THE ESSENCE FOR ALL PROVISIONS OF THIS CONTRACT.**

195. **CALCULATION OF DAYS:** Any calculation of days begins on the first day (calendar or Business Days as specified)  
196. following the occurrence of the event specified and includes subsequent days (calendar or Business Days as specified)  
197. ending at 11:59 P.M. on the last day.

198. **BUSINESS DAYS:** "Business Days" are days which are not Saturdays, Sundays, or state or federal holidays unless  
199. stated elsewhere by the parties in writing.

200. **CALENDAR DAYS:** For purposes of this Agreement, any reference to "days" means "calendar days." "Calendar  
201. days" include Saturdays, Sundays, and state and federal holidays.

202. **DEFAULT:** If Buyer defaults in any of the agreements here, Seller may cancel this Purchase Agreement, and any  
203. payments made here, including earnest money, shall be retained by Seller as liquidated damages and Buyer and Seller  
204. shall affirm the same by a written cancellation. In the alternative, Seller may seek all other remedies allowed by law.

205. If Buyer defaults in any of the agreements here, Seller may terminate this Purchase Agreement under the  
206. provisions of either MN Statute 559.21 or MN Statute 559.217, whichever is applicable.

207. If this Purchase Agreement is not canceled or terminated as provided here, Buyer or Seller may seek actual damages  
208. for breach of this Purchase Agreement or specific performance of this Purchase Agreement; and, as to specific  
209. performance, such action must be commenced within six (6) months after such right of action arises.

210. **SUBJECT TO RIGHTS OF TENANTS, IF ANY, BUYER HAS THE RIGHT TO VIEW THE PROPERTY PRIOR TO**  
211. **CLOSING TO ESTABLISH THAT THE PROPERTY IS IN SUBSTANTIALLY THE SAME CONDITION AS OF THE**  
212. **DATE OF THIS PURCHASE AGREEMENT.**

213. **METHAMPHETAMINE PRODUCTION DISCLOSURE:**

214. (A Methamphetamine Production Disclosure is required by MN Statute 152.0275, Subd. 2 (m).)

215.  Seller is not aware of any methamphetamine production that has occurred on the Property.

216.  Seller is aware that methamphetamine production has occurred on the Property.

217. (See *Disclosure Statement: Methamphetamine Production.*)

218. **NOTICE REGARDING AIRPORT ZONING REGULATIONS:** The Property may be in or near an airport safety zone  
219. with zoning regulations adopted by the governing body that may affect the Property. Such zoning regulations are  
220. filed with the county recorder in each county where the zoned area is located. If you would like to determine if such  
221. zoning regulations affect the Property, you should contact the county recorder where the zoned area is located.

222. **NOTICE REGARDING PREDATORY OFFENDER INFORMATION:** Information regarding the predatory  
223. offender registry and persons registered with the predatory offender registry under MN Statute 243.166 may  
224. be obtained by contacting the local law enforcement offices in the community where the Property is located  
225. or the Minnesota Department of Corrections at (651) 361-7200, or from the Department of Corrections web  
226. site at [www.corr.state.mn.us](http://www.corr.state.mn.us).

MNC:PA-5 (8/21)

# COMMERCIAL PURCHASE AGREEMENT

227. Page 6 Date March 29 2022

228. Property located at 2750 Rice Street Little Canada MN 55113

229. **DISCLOSURE NOTICE:** If this Purchase Agreement includes a structure used or intended to be used as residential  
230. property as defined under MN Statute 513.52, Buyer acknowledges Buyer has received a *Disclosure Statement:*  
231. *Seller's Property Disclosure Statement* or *Disclosure Statement: Seller's Disclosure Alternatives* form.  
232. BUYER IS NOT RELYING ON ANY ORAL REPRESENTATIONS REGARDING THE CONDITION OF THE PROPERTY.

233. **(Check appropriate boxes.)**

234. SELLER WARRANTS THAT THE PROPERTY IS EITHER DIRECTLY OR INDIRECTLY CONNECTED TO:

235. CITY SEWER  YES  NO / CITY WATER  YES  NO

236. **SUBSURFACE SEWAGE TREATMENT SYSTEM**

237. SELLER  DOES  DOES NOT KNOW OF A SUBSURFACE SEWAGE TREATMENT SYSTEM ON OR SERVING  
------(Check one.)-----

238. THE PROPERTY. (If answer is **DOES**, and the system does not require a state permit, see *Disclosure Statement:*  
239. *Subsurface Sewage Treatment System*.)

240. **PRIVATE WELL**

241. SELLER  DOES  DOES NOT KNOW OF A WELL ON OR SERVING THE PROPERTY. (If answer is **DOES** and well  
------(Check one.)-----

242. is located on the Property, see *Disclosure Statement: Well*.)

243. To the best of Seller's knowledge, the Property  IS  IS NOT in a Special Well Construction Area.  
------(Check one.)-----

244. THIS PURCHASE AGREEMENT  IS  IS NOT SUBJECT TO AN *ADDENDUM TO PURCHASE AGREEMENT:*  
------(Check one.)-----

245. *SUBSURFACE SEWAGE TREATMENT SYSTEM AND WELL INSPECTION CONTINGENCY.*

246. (If answer is **IS**, see attached *Addendum*.)

247. **IF A WELL OR SUBSURFACE SEWAGE TREATMENT SYSTEM EXISTS ON THE PROPERTY, BUYER HAS**  
248. **RECEIVED A DISCLOSURE STATEMENT: WELL AND/OR A DISCLOSURE STATEMENT: SUBSURFACE SEWAGE**  
249. **TREATMENT SYSTEM.**

250. There  IS  IS NOT a storage tank located on the Property that is subject to the requirements of MN Statute 116.48.  
------(Check one.)-----

251. (If answer is **IS**, see *Commercial Disclosure Statement: Storage Tank(s)*.)

252. **AGENCY NOTICE**

253. Mark Hulsey is  Seller's Agent  Buyer's Agent  Dual Agent.  
(Licensee) ------(Check one.)-----

254. RE/MAX Results Commercial  
(Real Estate Company Name)

255. \_\_\_\_\_ is  Seller's Agent  Buyer's Agent  Dual Agent.  
(Licensee) ------(Check one.)-----

256. \_\_\_\_\_  
(Real Estate Company Name)

257. **DUAL AGENCY DISCLOSURE:** Dual agency occurs when one broker or salesperson represents both parties to a  
258. transaction, or when two salespersons licensed to the same broker each represent a party to the transaction. Dual  
259. agency requires the informed consent of all parties, and means that the broker or salesperson owes the same fiduciary  
260. duties to both parties to the transaction. This role limits the level of representation the broker and salespersons can  
261. provide, and prohibits them from acting exclusively for either party. In dual agency, confidential information about price,  
262. terms, and motivation for pursuing a transaction will be kept confidential unless one party instructs the broker or  
263. salesperson in writing to disclose specific information about him or her. Other information will be shared. Dual agents  
264. may not advocate for one party to the detriment of the other.

# COMMERCIAL PURCHASE AGREEMENT

265. Page 7 Date March 29 2022

266. Property located at 2750 Rice Street Little Canada MN 55113

267. **CONSENT TO DUAL AGENCY**  
268. Broker represents both parties involved in the transaction, which creates a dual agency. This means that Broker and  
269. its salespersons owe fiduciary duties to both parties. Because the parties may have conflicting interests, Broker and its  
270. salespersons are prohibited from advocating exclusively for either party. Broker cannot act as a dual agent in this  
271. transaction without the consent of both parties. Both parties acknowledge that  
272. (1) confidential information communicated to Broker which regards price, terms, or motivation to buy, sell, or lease will  
273. remain confidential unless the parties instruct Broker in writing to disclose this information. Other information will  
274. be shared;  
275. (2) Broker and its salespersons will not represent the interest of either party to the detriment of the other; and  
276. (3) within the limits of dual agency, Broker and its salesperson will work diligently to facilitate the mechanics of the  
277. sale.  
278. With the knowledge and understanding of the explanation above, the parties authorize and instruct Broker and its  
279. salespersons to act as dual agents in this transaction.

280. <b>SELLER:</b> <u>Sunset Of Oak Island Inc</u> (Business Entity or Individual Name)	<u>Little Canada Economic Development</u> <b>BUYER:</b> <u>Authority</u> (Business Entity or Individual Name)
281. By: _____ (Seller's Signature)	By: _____ (Buyer's Signature)
282. _____ (Seller's Printed Name)	_____ (Buyer's Printed Name)
283. Its: _____ (Title)	Its: _____ (Title)
284. _____ (Date)	_____ (Date)
285. <b>SELLER:</b> <u>Lachner LP, A Minnesota Limited Partnership</u> (Business Entity or Individual Name)	<b>BUYER:</b> _____ (Business Entity or Individual Name)
286. By: _____ (Seller's Signature)	By: _____ (Buyer's Signature)
287. _____ (Seller's Printed Name)	_____ (Buyer's Printed Name)
288. Its: _____ (Title)	Its: _____ (Title)
289. _____ (Date)	_____ (Date)

290. **SUCCESSORS AND ASSIGNS:** All provisions of this Purchase Agreement shall be binding on successors and  
291. assigns.

292. **CLOSING COSTS:** Buyer or Seller may be required to pay certain closing costs, which may effectively increase the  
293. cash outlay at closing or reduce the proceeds from the sale.

294. **FOREIGN INVESTMENT IN REAL PROPERTY TAX ACT ("FIRPTA"):** Section 1445 of the Internal Revenue Code  
295. provides that a transferee ("Buyer") of a United States real property interest must be notified in writing and must  
296. withhold tax if the transferor ("Seller") is a foreign person and no exceptions from FIRPTA withholding apply. Buyer  
297. and Seller agree to comply with FIRPTA requirements under Section 1445 of the Internal Revenue Code.

298. Seller shall represent and warrant, under the penalties of perjury, whether Seller is a "foreign person" (as the same  
299. is defined within FIRPTA), prior to closing. Any representations made by Seller with respect to this issue shall survive  
300. the closing and delivery of the deed.

301. Buyer and Seller shall complete, execute, and deliver, on or before closing, any instrument, affidavit, or statement  
302. reasonably necessary to comply with the FIRPTA requirements, including delivery of their respective federal taxpayer  
303. identification numbers or Social Security numbers.



# COMMERCIAL PURCHASE AGREEMENT

304. Page 8 Date March 29 2022

305. Property located at 2750 Rice Street Little Canada MN 55113.

306. Due to the complexity and potential risks of failing to comply with FIRPTA, including the Buyer's responsibility for  
307. withholding the applicable tax, Buyer and Seller should **seek appropriate legal and tax advice regarding FIRPTA**  
308. **compliance, as the respective licensees representing or assisting either party will be unable to assure either**  
309. **party whether the transaction is exempt from FIRPTA withholding requirements.**

310. **NOTE:** MN Statute 500.221 establishes certain restrictions on the acquisition of title to agricultural land by aliens  
311. and non-American corporations. Please seek appropriate legal advice if this Purchase Agreement is for the  
312. sale of agricultural land and Buyer is a foreign person.

313. **ACCEPTANCE DEADLINE:** This offer to purchase, unless accepted sooner, shall be withdrawn at 11:59 P.M.,  
314. NA, and in such event all earnest money shall be returned to Buyer.

315. **CONDEMNATION:** If, prior to the closing date, condemnation proceedings are commenced against all or any part  
316. of the Property, Seller or licensee representing or assisting Seller, shall immediately give written notice to Buyer, or  
317. licensee representing or assisting Buyer, of such fact and Buyer may, at Buyer's option (to be exercised within thirty (30)  
318. days after Seller's notice), declare this Purchase Agreement canceled by written notice to Seller or licensee representing  
319. or assisting Seller, in which case this Purchase Agreement is canceled and neither party shall have further obligations  
320. under this Purchase Agreement. In the event Buyer declares the Purchase Agreement canceled, Buyer and Seller  
321. shall immediately sign a written cancellation confirming such cancellation and directing all earnest money paid  
322. here to be refunded to Buyer. If Buyer fails to give such written notice, then Buyer shall be bound to proceed with  
323. closing, subject to any other contingencies to this Purchase Agreement. In such event, there shall be no reduction in  
324. the purchase price, and Seller shall assign to Buyer at the closing date all of Seller's rights, title, and interest in and to  
325. any award made or to be made in the condemnation proceedings. Prior to the closing date, Seller shall not designate  
326. counsel, appear in, or otherwise act with respect to, the condemnation proceedings without Buyer's prior written  
327. consent.

328. **MUTUAL INDEMNIFICATION:** Seller and Buyer agree to indemnify each other against, and hold each other harmless  
329. from, all liabilities (including reasonable attorneys' fees in defending against claims) arising out of the ownership,  
330. operation, or maintenance of the Property for their respective periods of ownership. Such rights to indemnification will  
331. not arise to the extent that (a) the party seeking indemnification actually receives insurance proceeds or other cash  
332. payments directly attributable to the liability in question (net of the cost of collection, including reasonable attorneys'  
333. fees); or (b) the claim for indemnification arises out of the act or neglect of the party seeking indemnification. If, and  
334. to the extent that, the indemnified party has insurance coverage, or the right to make claim against any third party for  
335. any amount to be indemnified against, as set forth above, the indemnified party will, upon full performance by the  
336. indemnifying party of its indemnification obligations, assign such rights to the indemnifying party or, if such rights are  
337. not assignable, the indemnified party will diligently pursue such rights by appropriate legal action or proceeding and  
338. assign the recovery and/or right of recovery to the indemnifying party to the extent of the indemnification payable  
339. made by such party.

340. **FULLY EXECUTED PURCHASE AGREEMENT AND FINAL ACCEPTANCE:** To be binding, this Purchase Agreement  
341. and all addenda must be fully executed by both parties and a copy must be delivered.

342. **ELECTRONIC SIGNATURES:** The parties agree the electronic signature of any party on any document related to  
343. this transaction constitute valid, binding signatures.

344. **ENTIRE AGREEMENT:** This Purchase Agreement and all addenda and amendments signed by the parties shall  
345. constitute the entire agreement between Buyer and Seller. Any other written or oral communication between Buyer and  
346. Seller, including, but not limited to, e-mails, text messages, or other electronic communications are not part of this  
347. Purchase Agreement. This Purchase Agreement can be modified or canceled only in writing signed by Buyer and  
348. Seller or by operation of law. All monetary sums are deemed to be United States currency for purposes of this Purchase  
349. Agreement.

350. **SURVIVAL:** All warranties and representations in this Purchase Agreement shall survive the delivery of the deed or  
351. contract for deed and be enforceable after the closing.

352. **DATE OF THIS PURCHASE AGREEMENT:** Date of this Purchase Agreement to be defined as the date on line one  
353. (1) of this Purchase Agreement.

MNC:PA-8 (8/21)

**COMMERCIAL PURCHASE AGREEMENT**

354. Page 9 Date March 29 2022

355. Property located at 2750 Rice Street Little Canada MN 55113

356. **OTHER:**

357. \_\_\_\_\_

358. \_\_\_\_\_

359. **ADDENDA: Attached addenda are a part of this Purchase Agreement.**

360.  If checked, this Purchase Agreement is subject to  
361. attached **Addendum to Commercial Purchase**  
362. **Agreement: Counteroffer.**

363. **FIRPTA:** Seller represents and warrants, under penalty  
364. of perjury, that Seller  **IS**  **IS NOT** a foreign person (i.e., a  
-----*(Check one.)*-----

365. non-resident alien individual, foreign corporation, foreign  
366. partnership, foreign trust, or foreign estate for purposes  
367. of income taxation. *(See lines 294-312.)* This representation  
368. and warranty shall survive the closing of the transaction  
369. and the delivery of the deed.

370. **SELLER**

371. Sunset Of Oak Island Inc  
(Business Entity or Individual Name)

372. By: \_\_\_\_\_  
(Seller's Signature)

373. \_\_\_\_\_  
(Seller's Printed Name)

374. Its: \_\_\_\_\_  
(Title)

375. \_\_\_\_\_  
(Date)

376. **SELLER**

377. Lachner LP, A Minnesota Limited Partnership  
(Business Entity or Individual Name)

378. By: \_\_\_\_\_  
(Seller's Signature)

379. \_\_\_\_\_  
(Seller's Printed Name)

380. Its: \_\_\_\_\_  
(Title)

381. \_\_\_\_\_  
(Date)

**BUYER**

Little Canada Economic Development Authority  
(Business Entity or Individual Name)

By: \_\_\_\_\_  
(Buyer's Signature)

\_\_\_\_\_  
(Buyer's Printed Name)

Its: \_\_\_\_\_  
(Title)

\_\_\_\_\_  
(Date)

**BUYER**

\_\_\_\_\_  
(Business Entity or Individual Name)

By: \_\_\_\_\_  
(Buyer's Signature)

\_\_\_\_\_  
(Buyer's Printed Name)

Its: \_\_\_\_\_  
(Title)

\_\_\_\_\_  
(Date)

382. **FINAL ACCEPTANCE DATE:** \_\_\_\_\_ The Final Acceptance Date  
383. is the date on which the fully executed Purchase Agreement is delivered.

384. **THIS IS A LEGALLY BINDING CONTRACT BETWEEN BUYER(S) AND SELLER(S).**  
385. **IF YOU DESIRE LEGAL OR TAX ADVICE, CONSULT AN APPROPRIATE PROFESSIONAL.**

386. **THIS MINNESOTA ASSOCIATION OF REALTORS® COMMERCIAL PURCHASE AGREEMENT IS NOT**  
387. **DESIGNED TO BE AND IS NOT WARRANTED TO BE INCLUSIVE OF ALL ISSUES SELLER AND BUYER**  
388. **MAY WISH TO ADDRESS, AND EITHER PARTY MAY WISH TO MODIFY THIS PURCHASE AGREEMENT**  
389. **TO ADDRESS STATUTORY OR CONTRACTUAL MATTERS NOT CONTAINED IN THIS FORM.**  
390. **BOTH PARTIES ARE ADVISED TO SEEK THE ADVICE OF AN ATTORNEY TO ENSURE**  
391. **THIS CONTRACT ADEQUATELY ADDRESSES THAT PARTY'S RIGHTS.**

## ADDENDUM TO COMMERCIAL PURCHASE AGREEMENT

This form approved by the Minnesota Association of REALTORS®, which disclaims any liability arising out of use or misuse of this form. © 2020 Minnesota Association of REALTORS®, Edina, MN

1. Date March 29th, 2022

2. Page 1

3. Addendum to Purchase Agreement between parties, dated March 29th 2022  
4. (Date of this Purchase Agreement), pertaining to the purchase and sale of the Property at  
5. 2750 Rice Street Little Canada MN 55113

6. In the event of a conflict between this Addendum and any other provision of the Purchase Agreement, the language  
7. in this Addendum shall govern.

8. This purchase agreement is contingent upon the approval of the Little Canada Economic  
9. Development Authority by April 14th, 2022. Once approved, the Buyer will submit the earnest  
10. money deposit of \$15,000 to Land Title within two days in the form of a cashiers check. The  
11. City of Little Canada is willing to offer favorable lease-back terms, which must include  
12. payment of all taxes, utilities, or other expenses associated with the property prior to the  
13. date of possession (July 1, 2022). This can be accomplished at closing or through a monthly  
14. lease payment that covers actual expenses from the proposed closing date (April 20, 2022)  
15. through the date of possession (July 1, 2022). If this is accomplished through a Lease-Back  
16. Agreement, a monthly lease payment sufficient to cover these actual expenses plus a nominal fee  
17. should be established. This is a 100% cash transaction. This is an AS-IS WHERE-IS transaction.  
18. Seller is responsible for all property expenses to July 1, 2022 and Buyer is responsible for all  
19. property expenses from July 1, 2022. Buyer and Seller each agree to pay their own customary and  
20. respective closing fees. Seller has the right to occupy the property following closing/funding  
21. and to vacate the premises by July 1, 2022. The building will be free of all personal property  
22. and in broom-swept condition.

### 19. SELLER

20. Sunset Of Oak Island Inc  
(Business Entity or Individual Name)

21. By: \_\_\_\_\_  
(Seller)

22. Its: \_\_\_\_\_  
(Title)

23. \_\_\_\_\_  
(Date)

### 24. SELLER

25. Lachner LP, A Minnesota Limited Partnership  
(Business Entity or Individual Name)

26. By: \_\_\_\_\_  
(Seller)

27. Its: \_\_\_\_\_  
(Title)

28. \_\_\_\_\_  
(Date)

### BUYER

City of Little Canada  
(Business Entity or Individual Name)

By: \_\_\_\_\_  
(Buyer)

Its: \_\_\_\_\_  
(Title)

\_\_\_\_\_  
(Date)

### BUYER

\_\_\_\_\_  
(Business Entity or Individual Name)

By: \_\_\_\_\_  
(Buyer)

Its: \_\_\_\_\_  
(Title)

\_\_\_\_\_  
(Date)

29. **THIS IS A LEGALLY BINDING CONTRACT BETWEEN BUYER(S) AND SELLER(S).**  
30. **IF YOU DESIRE LEGAL OR TAX ADVICE, CONSULT AN APPROPRIATE PROFESSIONAL.**



2<sup>nd</sup> ADDENDUM TO PURCHASE  
AGREEMENT

The following language shall be added to and incorporated in that certain Purchase Agreement dated March 29, 2022 by and between Little Canada Economic Development Authority as Buyer and Sunset of Oak Island Inc., a Minnesota Corporation and Lachner LP, a Minnesota Limited Partnership, collectively Seller, for the sale and purchase of the real property located at 2750 Rice Street, Little Canada, Minnesota.

**Hazardous Waste.** To the best of Sellers's knowledge, and except as disclosed in the Sellers's Documents, the Property is in compliance with all applicable laws, including federal laws, has not been used for storage or dispose of any hazardous or toxic substance, and the property is not in violation of any federal, state, or local statutes, ordinances, or regulations concerning the disposal or storage of hazardous or toxic substance. A law as referred to in this Paragraph shall include without limitation the Comprehensive Environmental Response, Compensation Liability Act of 1980, the Superfund Amendment and Reauthorization Act of 1986, the Resource Conservation Recovery Act, the Toxic Substances Control Act, the Clean Water Act, the Clean Air Act, the Safe Drinking Water Act, the Endangered Species Act, the Federal Insecticide, Fungicide and Rodenticide all as amended from time to time.

This Addendum is made and executed this \_\_\_\_\_ day of April, 2022.

Buyer:

Little Canada Economic  
Development Authority

By: \_\_\_\_\_

Its: \_\_\_\_\_

By: \_\_\_\_\_

Its: \_\_\_\_\_

By: \_\_\_\_\_

Its: \_\_\_\_\_

Seller:

Sunset of Oak Island Ic.

By: \_\_\_\_\_

Its: \_\_\_\_\_

Lachner LP

By: \_\_\_\_\_

Its: \_\_\_\_\_