

HRA CITY OF MARSHALL AGENDA ITEM REPORT

Meeting Date:	Tuesday, August 25, 2020
Category:	NEW BUSINESS
Type:	INFO/ACTION
Subject:	Authorize the Appropriate Officials to Execute an Amendment to Declaration, Which Document Defines Property Within Commerce Industrial Park Second Addition, Which Will Remain Restricted Property Pursuant to State of Minnesota BDPI Grant No. BDPI-17-0003-0-FY1A
Background Information:	<p>The City of Marshall received a two-million-dollar grant for the development of infrastructure within Commerce Industrial Park Second Addition. The entire development project costs approximately five-million dollars with Marshall Municipal Utilities and the City of Marshall contributing up to three-million dollars for the development project and the State Grant Fund providing an additional two-million dollars for infrastructure development. At the time that the Grant was obtained, the City of Marshall filed a State Mandated “Declaration” indicating that the HRA owned the entirety of the property and that the property would be subject to the terms and conditions of the BDPI Grant. The Terms of the BDPI Grant require that all property subject to the Grant be sold at fair market value based upon appraisals conducted on a lot by lot basis. All fair market value land sales require that the funds acquired from property of sale be paid to the State of Minnesota. Throughout the construction project, the City of Marshall and DEED differentiated between infrastructure constructed within the road right of ways vs. excavation done within the broader scope of the development. BDPI Grant reimbursed for infrastructure installation within public right of ways and the construction of drainage swales and retention ponds located throughout the property. City of Marshall and MMU monies were used for general land property excavation and not for the installation of infrastructure.</p> <p>Subsequent discussions with both DEED and Minnesota Management Budget (MMB) indicated that the State agencies are receptive to an Amendment to the Declaration allowing for future restriction and encumbrance only of the properties on which the BDPI Grants were used for infrastructure installation. Therefore, an Amended Declaration has been prepared, which would indicate that the BDPI Grant funds were used and subsequently restricted property to the Michigan Road extension and infrastructure installation as well as the drainage properties. Therefore, the Amendment has been prepared and Out Lots; A, B, C, D and E have been identified as properties subject to the Declaration and restrictions. Additionally, the public roadway easement for installation of infrastructure in the road right of way is also restrictive property within the Amended Declaration.</p> <p>It is recommended that the appropriate officials be authorized to sign the Amended Declaration and authorize the subsequent recording of that Declaration. The Amended Declaration will indicate that the development of property within each of the various lots is not subject to the terms of the BDPI Grant and is not restrictive in or pursuant to the terms of the BDPI Grant. The Sale of property continues to be subject to the Statutory Restrictions for types of businesses but is not subject to repayment of the Grant. Attached is a copy of the Amendment to Declaration as well as a map verifying that the infrastructure has been installed in Michigan Road. Finally, a plat map is included identifying the properties subject to the restriction as being Out Lots; A, B, C, D and E and well as Michigan Road.</p>

Fiscal Impact:	The Amendment to the Declaration and subsequent approval by State Agencies will allow much more flexibility for the City to negotiate sale prices with any potential developers.
Alternative/ Variations:	No alternative action recommended.
Recommendations:	That the HRA authorize the proper officials to sign the Amended Declaration