

**HRA Special Session****5. 1.****Meeting Date:** 02/05/2013**By:** Darren Lazan, Housing &  
Redevelopment Authority

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**Information****Title:**

Consider Work Order to Revise the COR TWO Plat and Associated Documents

**Background:**

In June of 2012 the Planning Commission reviewed the sketch plan for all proposed platting in The COR. This included the proposed plat of COR TWO on the western edge of the project.

On August 2nd, the Planning Commission held a public hearing, and recommended approval of the preliminary and final plats for COR TWO.

On August 15, 2012, the City Council approved the plat, and an ordinance related to the vacation of easements and rights-of-way was introduced.

On August 28th, 2012, The ordinance related to the vacation of easements and rights-of-way were adopted.

On January 22, 2013, the HRA reviewed the issues related to the Plat of COR TWO and provided consensus direction to proceed with the preparation of cost estimates and reconsideration at the next available meeting.

**Notification:****Observations/Alternatives:**

The plat of COR TWO was completed and ready for recording at the end of 2012. Parties to the plat included the HRA and Sophia-Ramsey, LLC. Sophia-Ramsey, LLC are the owners of Lots 1 and 2 in Ramsey Town Center 3rd Addition, commonly known as the Coborn's anchored retail area. The timing of recording of the plat is significant because state law requires all parcels included in the plat to be paid current on property taxes. If this occurs on December 31st, this consists of a single day of property tax. On January 1, the taxes due to record the plat would be a full year, or over \$300,000 on Sophia Ramsey's two lots.

In 2012, Sophia Ramsey had previously agreed to record the plat, and the HRA Development Team negotiated all agreements and easements accordingly. These easements included, but are not limited to, shared access easements, trail easements, and drainage and utility easements. In December of 2012, Sophia Ramsey's mortgage was sold. The new mortgage holder had not assigned the account, and accordingly was not able to consent to the plat.

As a result, the plat could not be recorded before year-end. While Sophia Ramsey still wants to be part of the plat, they have stated they are no longer able to participate in the plat because of the requirement to pay their taxes in full for the 2013 fiscal year. It is anticipated that Sophia Ramsey will desire to complete the process near the end of 2013.

Separately, in order to facilitate the site plans for McDonalds and Super America, the COR TWO Plat (or version thereof) must be recorded. If modifications are required to exclude areas of the Plat previously approved by the City Council, thus necessitating the creation of additional parcels or modification to the configuration of lot lines, the revised Plat will need to be approved by the City Council. Based on initial review of the concept proposed, it is recommended that City Council action will be necessary.

In addition, the City was awarded a Local Road Improvement Project (LRIP) Grant to assist the construct the

re-aligned Sunwood Drive. In order to complete the terms of the grant award, the City Council must certify that it holds fee-title ownership for the roadway. Currently, the HRA holds fee-title ownership, with an appropriate legal document provided that allowed construction to commence. The Plat of COR TWO was the proposed mechanism to convey fee-title ownership to the City. However, it should be noted that there are other viable options to address the grant award. These options include, but are not limited to, conveying a permanent road easement via quit claim deed or the recording a right-of-way plat. A right-of-way plat would dedicate the necessary right-of-way for Sunwood Drive, but would not satisfy certain terms of purchase agreements with the HRA, nor provide the necessary buildable parcels necessary to facilitate the projects referenced above. Staff has not prepared an estimate for these two (2) options at this time, as direction from the HRA was to prepare estimates to revise the COR TWO plat.

Given the situation with Sophia Ramsey, an alternative platting scenario is being proposed and this case seeks the HRA's direction as to how they would like to proceed. The new scenario would require a redraft of the plat, and modifications to the existing easements and real estate documents. The attached sketch outlines the proposed modification to the plat, and the remnant parcels created (Outlots B and C).

The following will outline two (2) options to consider as it relates to reimbursement of the costs to revise the plat and associated documents. Option #1 would be to revise the plat. Option #2 would be to revise the plat -AND- require Sophia Ramsey, LLC to enter into a documented agreement to reimburse the HRA the costs to revise the plat.

#### Option #1 - Revise the Plat

To simply revise plat and proceed to record and close on contracted lots, the following actions will be required:

1. Revise Plat and resubmit for County Approval
2. Resubmit to City Council for approval of revised plat.
3. Revise completed easements and agreement exhibits related to the access and utilities.
4. Revise Existing real estate documents and gain approval of amendments.
5. ***Estimated Cost - \$8,000 (\$5,000 in surveying costs [see attached work order] + \$3,000 in legal costs [estimated only])***

#### Option #2 - Revise the Plat -AND- require Reimbursement Agreement with Sophia Ramsey, LLC

To additionally enter into an agreement with Sophia Ramsey, LLC related to their acquisition of parcels and eventual platting is a bit more complicated.

1. Perform all Steps #1 through #4 above
2. Prepare amendment to Agreement Related to the Plat of COR TWO to include a requirement that Sophia Ramsey, LLC reimburse the cost to revise the Plat of COR TWO.
3. ***Estimated Cost - \$16,000 (\$5,000 in surveying costs [see attached work order] + \$11,000 in legal costs [estimated only]).***

City Staff recommends that at minimum, some sort of written agreement be secured to outline the agreement for reimbursement of costs by Sophia Ramsey, LLC. It is Staff's understanding the HRA legal counsel is working on a potential Memorandum of Understanding that could be in executable form that would fit within Option #1 above. Staff further acknowledges that Option #1 will be required if the site plans for Lots 3 through 5 (Sunwood Retail) are to move forward without the inclusion of Lots 1 and 2 (Sophia Ramsey, LLC).

Some, or all of these costs could be recovered through the sale of the remnant parcels to Sophia Ramsey. It is noted that this expense has not currently been budgeted within the HRA budget.

#### **Recommendation:**

The Development Team that the HRA proceed with Option #1 (\$8,000) to modify the plat of COR TWO, and revise documents necessary to record the plat.

The Development Team recommends the HRA propose the transfer of the remnant parcels shown as Outlots B and C to Sophia Ramsey, LLC with the condition that they re-plat the parcels before December 31, 2013, and reimburse the HRA for all expenses in making the modifications to the plat.

Upon successful platting of those parcels, the HRA would grant the access easement over the HRA lots as shown in the current documents. The HRA would hold the remnant parcels and the access easement as security for Sophia Ramsey's contribution to the costs associated with this effort.

**Funding Source:**

Funding for preparation of the revised plat and associated documents has been proposed as an internal loan from The COR revolving fund, subject to repayment from Sophia Ramsey, LLC, and/or proceeds from closing on the three HRA parcels created with this plat (the Sunwood Retail Area). Sophia Ramsey has indicated that they would participate in the costs associated with this effort in exchange for the remnant parcels, and a permanent access easement.

**Council Action:**

Motion to authorize the Executive Director to execute a work order with Landform Professional Services in the amount not to exceed \$5,000, to authorize \$3,000 in HRA legal counsel fees for a total of \$8,000, and to direct the development team to proceed with the modification to the plat of COR TWO and revise documents necessary to record the plat.

Motion to direct HRA counsel to prepare an agreement with Sophia Ramsey, LLC related to the eventual platting of their parcels, and their contribution to the costs of revising the plat.

- Contingent upon-

- Analysis by the City's Planning and Engineering Division supporting the viability of the attached sketch;
- Subject to review by the City Attorney as to legal form.

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**Attachments**

Sketch of Plat Modification

Work Order - Revise plat

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**Form Review**

<b>Inbox</b>	<b>Reviewed By</b>	<b>Date</b>
Kurt Ulrich	Kurt Ulrich	01/31/2013 02:10 PM
Tim Gladhill	Tim Gladhill	01/31/2013 03:22 PM
Diana Lund	Diana Lund	01/31/2013 03:38 PM
Kurt Ulrich	Kurt Ulrich	01/31/2013 04:53 PM
Hakanson Anderson Engineering	Kathy Schmitz	01/31/2013 05:00 PM

Form Started By: Darren Lazan

Started On: 01/30/2013

Final Approval Date: 01/31/2013