

To: HONORABLE MAYOR AND CITY COUNCIL.

FROM: Dave Maroney, Director of Economic Development and Planning.

SUBJECT: Memorandum of Understanding – Existing Hospital Property.

DATE: April 10, 2014.

BACKGROUND.

For more than a year, the Economic Development Authority (EDA) has been working with Mayo Clinic Health System Cannon Falls (Mayo) to determine a viable plan for development/redevelopment of the existing Hospital facility and adjacent properties. The cooperative effort of both parties has resulted in a comprehensive development plan that can begin to be implemented once Mayo relocates to their new medical center. The development plan is generally described in the accompanying *Memorandum of Understanding - December 2, 2013 Version (Memorandum)*. On April 15th I will present the development/redevelopment plan to the City Council seeking your comments and questions. The EDA and the Board of Directors for the Cannon Falls Housing Initiative fully support the proposed development/redevelopment plan and are asking the City Council for their cooperation and assistance as the implementation phase begins.

REQUESTED COUNCIL ACTION.

The Public Works Commission recommends to the City Council that the parties be instructed to move forward with specific plans and actions to implement the development/redevelopment plan represented by the Memorandum.

December 3, 2013 Version

MEMORANDUM OF UNDERSTANDING

This Memorandum of Understanding is made and entered into this _____ day of _____, 2013, by the **ECONOMIC DEVELOPMENT AUTHORITY IN AND FOR THE CITY OF CANNON FALLS**, a public body corporate and politic under the laws of the State of Minnesota (“EDA”) and the **MAYO CLINIC HEALTH SYSTEM CANNON FALLS** (“Mayo”).

RECITALS

A. Mayo has purchased land in Cannon Falls to construct a new hospital and related facilities.

B. Mayo currently owns and operates a hospital and related facilities at the location indicated on the attached Exhibit “A” (“Property”) which will be closed and redeveloped in conjunction with the opening of the new facilities.

C. Mayo has invited the EDA to: (a) assist them with the task of preparing a redevelopment plan that is responsive to the needs and interests of the neighborhood and community; and (b) help guide them through the implementation process.

NOW, THEREFORE, the parties agree as follows:

1. The EDA will assist Mayo in preparing a redevelopment plan for the Property. The redevelopment plan currently under consideration includes demolition of the existing hospital, removal of an existing parking lot to create land area for a new Neighborhood Park, and installation of public infrastructure that is required to facilitate construction of six (6) new dwelling units pursuant to the concept generally represented by the attached Development Plan. The three (3) existing dwelling units (identified as “Mayo” on the Development Plan) located on the Property are proposed to be sold by Mayo “as-is”.

2. If requested to do so by Mayo, the EDA will assist Mayo in preparing and implementing a marketing program that is designed to accomplish the outcomes represented by the Development Plan. Any cost that may be incurred by the EDA to implement the marketing program will be reimbursed by Mayo provided: (a) Mayo has authorized the EDA to incur the expense; and (b) the EDA has presented a written invoice to Mayo detailing the expenditure. Mayo agrees to reimburse the EDA within sixty (60) days of the invoice date.

3. Mayo agrees to make three (3) lots available for purchase by the Cannon Falls Housing Initiative (“CFHI”) pursuant to the following schedule and price: (a) no later than August 15, 2015, the CFHI agrees to pay Mayo \$ _____ cash for the first lot; (b) no later than August 15, 2016, the CFHI agrees to pay Mayo \$ _____ cash for the second lot; and (c) no later than August 15, 2017, the CFHI agrees to pay Mayo \$ _____ cash for the third lot. The CFHI

will determine the three (3) lots that they intend to purchase and notify Mayo of their selection no later than August 15, 2014.

New infrastructure will be constructed to facilitate implementation of the Development Plan. The City of Cannon Falls will levy assessments against all properties that are benefitted by the infrastructure improvements, including the six (6) lots identified by the Development Plan. In the event that the actual amount of the assessment levied by the City of Cannon Falls against any lot that the CFHI intends to acquire from Mayo exceeds \$_____, the CFHI retains the right to: (a) not acquire the lot; or (b) renegotiate terms with Mayo.

Annually and no later than December 1st, the CFHI agrees to reimburse Mayo for any assessment amount that has been paid by Mayo, principal and interest, for each of the three (3) lots that are being acquired by the CFHI. Upon purchase of a lot from Mayo, the CFHI will assume any outstanding assessment that is due and payable against said lot purchased.

In the event that the CFHI does not acquire three (3) lots from Mayo, but has nonetheless reimbursed Mayo for assessments paid, Mayo agrees to rebate to the CFHI the reimbursement amount paid by the CFHI for any lot or lots not purchased by the CFHI.

4. The EDA will assist Mayo with preparing plans for any changes to public infrastructure that will be required to implement the Development Plan. The EDA and Mayo will jointly prepare a proposal to finance infrastructure costs and the EDA will present the same to the City Council for their review and approval.

5. The EDA will assist Mayo in obtaining any necessary land use approvals from the City of Cannon Falls. Furthermore, the current Development Plan proposes to vacate some or all of the Floyd Street right-of-way located between Blocks 18 and 19 of the Cannon Falls Central Addition and the EDA will recommend to the City Council that a public hearing be initiated to process formal consideration of the proposed street vacation. In the event that the vacation is approved and a buildable lot results, then Mayo will market the parcel for sale or lease. Any proceeds that may result from the sale or lease of this parcel will be shared equally by and between the EDA and Mayo.

6. Mayo will finance costs to implement the Development Plan including but not limited to: (a) demolition; (b) removal of blacktop; (c) public infrastructure as outlined by the attached Exhibit "C" (City Engineer's Preliminary Report); (d) site restoration; (e) professional fees including engineering, legal and survey; and (f) related expenses incurred to redevelop the Property pursuant to the Development Plan. Proceeds from the sale or lease of the three (3) existing dwelling units and the sale or lease of lots that are created through redevelopment of the Property pursuant to the Development Plan will be the sole source of revenue available to reimburse Mayo for costs incurred to implement the Development Plan.

7. Either party may terminate this Memorandum of Understanding upon sixty (60) days written notice to the other party.

IN WITNESS WHEREOF, the parties hereto have executed this document effective the date first set forth above.

ECONOMIC DEVELOPMENT AUTHORITY

BY: _____
Greg Wulf, President

AND _____
~~Aaron Reeves~~, City Administrator

MAYO CLINIC HEALTH SYSTEM CANNON FALLS

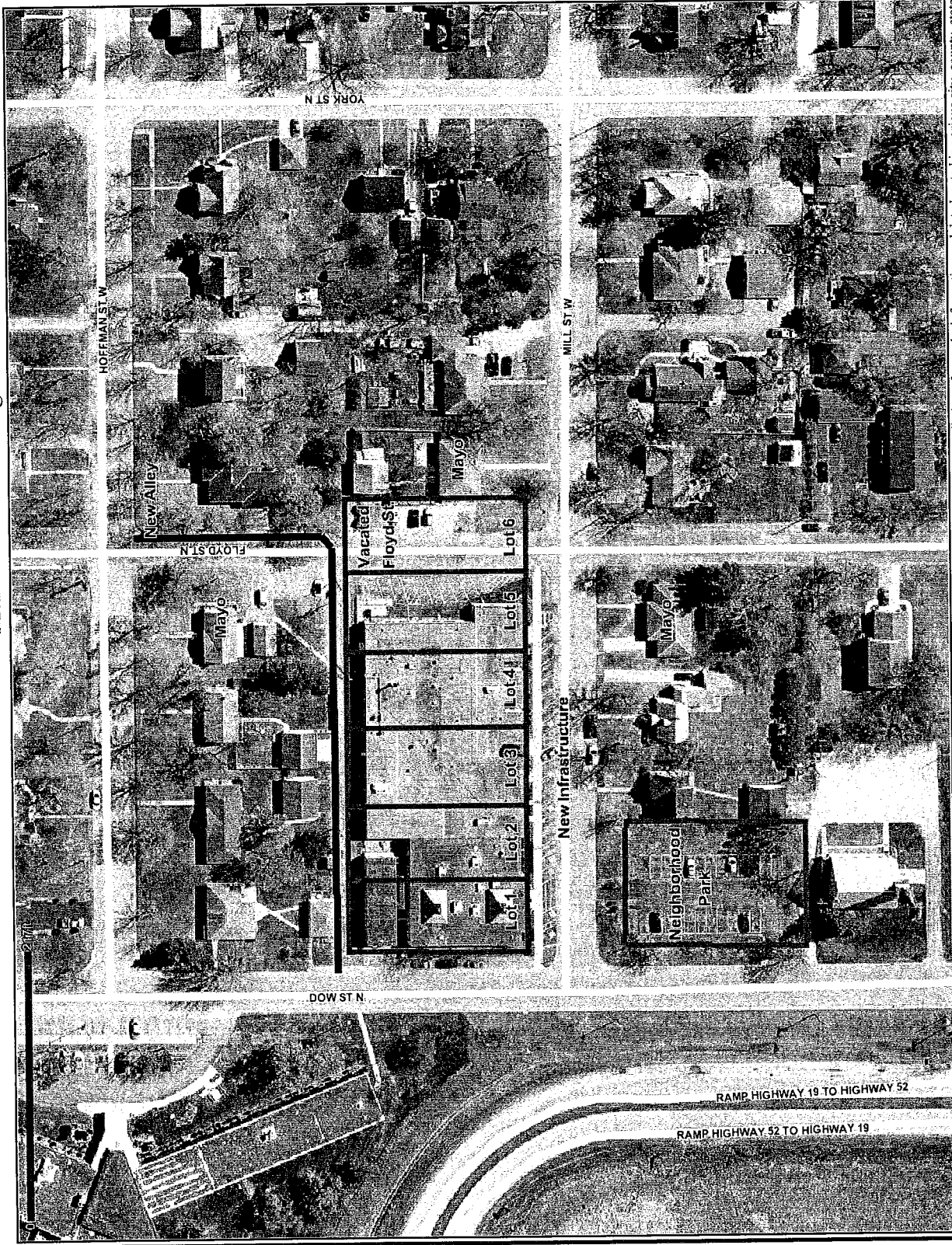
BY: _____

It's: _____

Development Plan

Memo of Understanding

- ◆ Cities
- County Boundaries
- ▬ Railroad
- ✈ Airports
- ✈ Cannon Falls Trails
- ⚡ Proposed Trail
- ⚡ City Trails
- ▬ Structures
- ▬ Roads
- ▬ US Hwy
- ▬ State Hwy
- ▬ County
- ▬ Lakes & Rivers
- ▬ Unincorporated Community
- ⊙ City Parks
- ▭ Municipalities



This map is neither a legally recorded map nor a survey and is not intended to be used as one. This map is a compilation of records, information and data located in various city, county, state and federal offices and other sources regarding the area shown, and is to be used for reference purposes only. Created From Cannon Falls Online Mapping Site. Sources: Goodhue County, MN; City of Cannon Falls, MN. Map Created: 10/17/2013