



## **Economic Development Authority Agenda**

1. Call to Order
  - a. Pledge of Allegiance
  - b. Roll Call
  - c. Agenda Modifications
  - d. Adopt Agenda
2. Approval of Meeting Minutes from March 1, 2022 Meeting
3. Public Hearing
  - a. Request from RK Unlimited LLC to purchase PID 16.157.0030 and Approval of Resolution 2022-4 Approving Forgivable Loan for RK Unlimited
4. Business Item
  - a. Resolution 2022-5 Cancellation of Crop Lease for City Owned Land
  - b. EDA Owned Industrial Land
5. Announcements
6. Adjournment

**Economic Development Authority  
Meeting Minutes  
March 1, 2022**

1. **Call to Order:** Chair Johnson called the meeting to order at 7:56 pm
  - a. **Pledge of Allegiance**
  - b. **Roll Call:** EDA Members present: Jeff Johnson, Steve Lundeen, and Jimmy Gordon, Dan Collison  
Members Absent: Luke Merrill, Paul Bergley  
Staff Present: Community Development Director Stephanie Hillesheim, City Engineer Jason Cook, City Clerk Jaden Strand, City Administrator Josi Wood, Finance Director Mike Betker
  - c. **Agenda Modifications:** None
  - d. **Adopt Agenda:** Motion by Lundeen, second by Collison to adopt the agenda, motion passed 4-0.
2. **Approval of Meeting Minutes from February 2, 2022 Meeting:** Motion by Lundeen, second by Collison to approve the meeting minutes, motion passed 4-0.
3. **Public Hearing**                      None
4. **Business Item**
  - a. Request from Barack Realty LLC to purchase PID 16.029.1400 and Infrastructure Assistance

Community Development Director Stephanie Hillesheim explained the request to purchase the 4-acre parcel. Mayor Johnson asked if UPS was planning on expanding onto this parcel. Hillesheim said that they did not want to move forward with their first right of refusal. Mayor Johnson asked about access to the site and if there is a road that will be put in to the south of the UPS building. Hillesheim explained that the access to the site would come from the city owned parcel and would take roughly \$175,000 to make a temporary road for access as well as to bring sewer and water to the site. This would include adding a driveway which would eventually be intended to turn into a permanent street. Council member Collison asked if this temporary driveway would be able to hold the weight of large semi-trucks since the business will be using the site for a CDL training facility. City Engineer Jason Cook explained that the topic of a driveway entrance as opposed to a street will need to be explored more by the client's engineers to see what will withstand as far as thickness and materials to allow for these sized trucks. Council member Lundeen asked if the applicant is requesting that the city pay for all utilities and the access. Hillesheim confirmed that the applicant is asking the city to cover these costs. Council member Gordon admitted that he liked the idea of this business in Isanti and asked staff if there are any other parcels in town that would accommodate this business with existing access. Hillesheim said that the City is running out of properties with easily accessible services. There are 66 acres designated for Industrial Use in the north end of the city but would require utility and service work across the site and is not immediately available. The applicant was present at the meeting to explain his business and was available for questions. Topics covered in staff and EDA members conversation included the temporary driveway, utilities, appraisal values for the property, and who would pay the costs for these services. After deliberation, it was determined by the EDA that the land would be willing to sell the land for \$1 as long as the applicant pay for sewer and water services and roadwork leading to the site. Hillesheim pointed out to the EDA members that in order to sell the land for \$1, there will need to be a public hearing and a vote will be taken at a later date to determine an outcome.

**5. Announcements**

- a. East Central MN, thanks to GPS 45:93, is named as one of the top Smart21 Communities for 2022 by the Intelligent Communities Forum
  - i. Video is available here: <https://youtu.be/odOySk7NIGg>.
- 6. **Adjournment:** Motion by Lundeen to adjourn second by Collison, motion passed 4-0 meeting adjourned at 8:53 pm.



## MEMO

**To:** Economic Development Authority  
**From:** Stephanie Hillesheim, Community Development Director  
**Date:** April 5, 2022  
**Subject:** Approving the Sale of the Property located at PID 16.157.0030 to RK Unlimited Properties LLC and Resolution 2022-4 APPROVING A FORGIVABLE LOAN FOR RK UNLIMITED PROPERTIES LLC

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The City of Isanti has received a request from RK Unlimited Properties LLC to purchase City owned parcel identified as PID 16.157.0030. RK Unlimited Properties LLC is working with the Small Business Administration for loan funding and to be eligible to include the value of the land in their loan documents the structure of the transaction has been altered to allow for a forgivable loan to the purchaser in lieu of selling the land for \$1.00. The outcome of the closing will remain the same.

Upon closing RK Unlimited Properties LLC must adhere to the requirements and conditions listed in the attached Development and Subsidy Agreement.

**Request:**

Staff is requesting action on this item.

**Action Required:**

If the Council concurs, it should by motion, approve Resolution as written, as well as the accompanying documents: Purchase Agreement, Development and Subsidy Agreement, and Promissory Note.

**Attachments:**

- Resolution 2022-4 APPROVING A FORGIVABLE LOAN FOR RK UNLIMITED PROPERTIES LLC
- Promissory Note
- Purchase Agreement
- Business Subsidy Agreement

## **RESOLUTION 2022-4**

### **APPROVING A FORGIVABLE LOAN FOR RK UNLIMITED PROPERTIES LLC FOR CERTAIN REAL PROPERTY LOCATED AT PID 16.157.0030**

**WHEREAS**, the Economic Development Authority of the City of Isanti owns industrial property for the public purpose of creating quality jobs and increasing the City's tax base; and,

**WHEREAS**, the Economic Development Authority entered into a Purchase Agreement with RK Unlimited Properties LLC for the sale of the property located at PID 16.157.0030; and,

**WHEREAS**, the EDA has received a request from RK Unlimited Properties LLC for assistance in the relocation and expansion of their business to 605 East Dual Blvd, as legally described as Lot 3 Block 1 Centennial Complex 7<sup>th</sup> Rearrangement; and,

**WHEREAS**, to support the business and the goals set forth in the Comprehensive Plan, the EDA agrees to provide a \$142,100 forgivable loan to RK Unlimited Properties LLC to support the growing business and filling an otherwise empty industrial lot; and,

**WHEREAS**, the \$142,100 loan will be forgiven upon compliance, by RK Unlimited Properties LLC, with the provision of paragraph 7(c) of the Development and Subsidy Agreement for RK Unlimited Properties LLC dated April 5, 2022; and

**WHEREAS**, the forgivable loan is in lieu of selling the land for \$1.00 to meet the requirements of the 504 SBA Loan RK Unlimited Properties LLC is acquiring for the construction project; and,

**WHEREAS**, the EDA has reviewed said request and found it to be in compliance with the City Code and Minnesota State Statutes.

**NOW, THEREFORE, BE IT RESOLVED** by the Economic Development Authority of the City of Isanti, Minnesota: that a \$142,100 deferred loan is awarded to RK Unlimited Properties LLC for assistance for the acquisition of real property, legally described as Lot 3 Block 1 Centennial Complex 7<sup>th</sup> Rearrangement.

This resolution was duly approved by the Isanti Economic Development Authority this 5th of April, 2022.

**Attest:**

\_\_\_\_\_  
Jeff Johnson, President

\_\_\_\_\_  
Stephanie Hillesheim  
Secretary

## Promissory Note

\$142,100

Date:

RK Unlimited Properties (“Undersigned”), for value received, promises to pay to the Economic Development Authority of the City of Isanti a public body corporate and political subdivision of the State of Minnesota, or its assigns (collectively referred to herein as the “Holder”), at its designated principal office or such other place as the Holder may designate in writing, the principal sum of One Hundred Forty-Two Thousand and One Hundred dollars (\$142,100), without interest thereon, upon notification by the Economic Development Authority of the City of Isanti that the failure to comply set forth in section 1 below has occurred, in any coin of currency that at the time or times of the payment is legal tender for the payment of private debts in the United States of America. The principal of this Note is payable as follows:

1. The entire unpaid balance of principal shall be due and payable upon failure of the Undersigned to comply with the provisions of paragraph 7(c) of the Development and Subsidy Agreement for RK Unlimited Properties LLC. dated April 5, 2022 (the “Development and Subsidy Agreement”).
2. All of the agreements, conditions, covenants, provisions and stipulations contained in the Development and Subsidy Agreement are made a part of this Note to the same extent and with the same force and effect as if they were fully set forth herein.
3. This Note shall be governed by and construed in accordance with the laws of the state of Minnesota without regard to its conflict of laws provisions. Any disputes, controversies, or claims arising out of this Note shall be heard in the state or federal courts of Minnesota, and all parties to this Note waive any objection to the jurisdiction of these courts, whether based on convenience or otherwise.
4. IT IS HEREBY CERTIFIED AND RECITED that all conditions, acts, and things required to exist, happen, and be performed precedent to or in the issuance of this Note do exist, have happened, and have been performed in regular and due form as required by law.

IN WITNESS WHEREOF, the Undersigned has caused this Note to be duly executed as of the \_\_\_\_\_ day of \_\_\_\_\_ in year of 2022.

RK Unlimited Properties LLC

By \_\_\_\_\_

Its \_\_\_\_\_

STATE OF MINNESOTA                    )  
  )ss.  
COUNTY OF \_\_\_\_\_                    )

The foregoing instrument was acknowledged before me this \_\_\_\_\_ day of \_\_\_\_\_, 2022, by Joe Kliever, Chief Executive Officer of RK Unlimited Properties LLC, a corporation under the laws of the State of Minnesota on behalf of the corporation.

## **PURCHASE AGREEMENT**

This Agreement is entered into by and between the **Economic Development Authority of the City of Isanti**, a Minnesota municipal corporation (“Seller”), and **RK Unlimited Properties LLC** a corporation under the laws of Minnesota (“Buyer”).

1. **EFFECTIVE DATE.** The effective date of this Agreement is April 5, 2022 (the “Effective Date”).
2. **SALE OF PROPERTY.** Seller agrees to sell to Buyer, and Buyer agrees to buy from Seller the Property legally described as follows:

Lot 3 Block 1 of Isanti Centennial Complex 7th Rearrangement, County of Isanti, State of Minnesota

Isanti County PID Number: 16.157.0030

3. **PURCHASE PRICE.** The purchase price for the Property is \$142,100 (the “Purchase Price”).
4. **EARNEST MONEY.** None.
5. **SURVEY.** Buyer may, at Buyer’s expense, obtain a survey (the “Survey”) from a duly licensed surveyor. If so obtained, a copy shall be provided to Seller within 30 days of receipt by Buyer.
6. **TITLE COMMITMENT.**
  - a. Seller makes no representations or warranties with respect to the status of title to the Property. Within 30 business days after the Effective Date, Buyer may, at Buyer’s expense, obtain a commitment from Escrow Agent to issue an owner’s policy of title insurance insuring Buyer’s title to the Property (the “Title Commitment”) and deliver the Title Commitment and copies of or internet access to copies of all recorded documents referenced in the Title Commitment to Buyer.
  - b. Buyer shall have until the date 30 days after the receipt of the Title Commitment to review Title and to give Seller written notice of (i) any defects in the marketability of Seller title to the Property or any encumbrances on Seller’s title to the Property that are objectionable to Buyer, and (ii) the specific actions Buyer requests that Seller take with respect to each such defect or encumbrance (a “**Title Objection Notice**”). Any



defects in or encumbrances on Seller's title that Buyer does not identify in a timely Title Objection Notice are each a **"Permitted Exception."** Within three business days after Seller's receipt of a Title Objection Notice from Buyer, Seller will notify Buyer, in writing, of the actions, if any, that Seller is willing to take with respect to each of the matters identified in the Title Objection Notice and the time frame in which Seller will take those actions (**"Seller's Title Notice"**). If Seller's Title Notice indicates that Seller unconditionally agrees to make Seller's title to the Property marketable on or before the closing date established pursuant to Section 13, the parties shall proceed to closing pursuant to the terms of this Agreement. If Seller's Title Notice indicates that Seller does not unconditionally agree to make Seller's Title to the Property marketable on or before the closing date established in Section 13, Buyer may, at any time with three business days after Buyer's receipt of Seller's Title Notice, terminate this Agreement by written notice to Buyer in which case this Agreement is terminated (**"Buyer's Title Termination Notice"**). If Buyer does not deliver a Buyer's Title Termination Notice to Seller within the three business days after Buyer's receipt of Seller's Title Notice, then Seller must perform in accordance with Seller's Title Notice, Buyer shall be deemed to have waived Buyer's objections to the extent Seller has not agreed to address them in Seller's Title Notice, the matters to which Buyer objected and Seller did not agree to resolve are deemed Permitted Exceptions, and the parties shall proceed to Closing in accordance with the terms of this Agreement and the terms of Seller's Title Notice.

- 7. RIGHT OF ENTRY.** Buyer (and its employees, agents, and contractors) may enter the Property for the purpose of conducting soil tests, environmental tests and additional survey work, subject to the following conditions:
- a. Within one week after the termination of this Agreement, if either Seller or Buyer terminate this Agreement in accordance with the provisions hereof prior to Closing, Buyer must repair and or restore any damage Buyer or its employees, agents or contractors cause to the Property and remove any personal property, refuse or debris Buyer or its employees, agents or contractors brought onto or authorized third parties to bring onto the Property.
  - b. Buyer must defend and indemnify Seller from and against and hold Seller harmless Seller from all "Claims," as defined in Section 10, arising out of, resulting from or relating to any loss of or damage to any property or business or out of any injury to or death of any person, if the loss, damage, injury, or death arises or is alleged to arise either directly or indirectly and either wholly or in part from: (a) any action or omission of Buyer or its employees, agents, or contractors, while on the Property pursuant to this Section; or (b) actions or omissions of Buyer or Buyer's employees, agents, or contractors that cause or result in the release of any Hazardous Substance onto the Property or onto other property.
  - c. Buyer must comply with and shall cause it employees, agents, and contractors to comply with all applicable laws, while on the Property.

- d. Other than a standard Phase 1 environmental assessment, Buyer may not commence any environmental testing on the Property until Buyer submits a work plan for such testing to Seller and Seller approves the work plan, in writing. Seller may not unreasonably withhold, condition or delay Seller's approval of a work plan.
- e. Buyer must, promptly and without demand from Seller, provide Seller with true and complete copies of all draft and final reports relating to Buyer's geotechnical and environmental investigations and testing of the Property including, without limitation, any reports relating to any Phase I Environmental Site Assessment of the Property.
- f. The cost of any test or additional survey work will be borne solely by Buyer.

**8. PROPERTY SOLD AS IS.** Subject to Buyer's right to terminate this Agreement pursuant to Section 9, Buyer agrees to accept the Property in its current condition, including, without limitation, its current environmental and geological condition, and in an "AS-IS" and with "ALL FAULTS" condition. Buyer's payment of the Purchase Price at Closing constitutes Buyer's acknowledgment and agreement that:

- a. Seller has not made any written or oral representations or warranties of any kind with respect to the Property (including without limitation express or implied warranties of title, merchantability, or fitness for a particular purpose);
- b. Buyer has not relied on any written or oral representation or warranty made by Seller, its agents or employees with respect to the condition or value of the Property;
- c. Buyer has had an adequate opportunity to inspect the condition of the Property, including without limitation any environmental testing, and to inspect documents applicable thereto, and Buyer is relying solely on such inspection and testing; and
- d. The condition of the Property is fit for Buyer's intended use.
- e. Buyer accepts all risk of Claims (including without limitation all Claims under any Environmental Law and all Claims arising at common law, in equity or under a federal, state or local statute, rule or regulation) whether past, present or future, existing or contingent, known or unknown, arising out of, resulting from or relating to the condition of the Property, known or unknown, contemplated or un contemplated, suspected or unsuspected, including without limitation the presence of any Hazardous Substance on the Property, whether such Hazardous Substance is located on or under the Property, or has migrated from or to the Property.

## 9. INSPECTION PERIOD.

- a. Except as otherwise provided in Section 6, Buyer shall have **90 days from the Effective Date** (the “**Inspection Period**”) to investigate the Property and determine, in Buyer’s sole judgment, whether (i) the condition of the Property is suitable to Buyer’s intended use; and (ii) Buyer will be able to obtain all governmental approvals (including, but not limited to, approvals necessary to subdivide and re-plat the Property, if applicable) and utilities necessary for Buyer’s intended use of the Property. Buyer acknowledges and agrees that Seller has not made any covenants, representations or warranties regarding Buyer’s ability to obtain governmental approvals from the City of Isanti or any other governmental entity. The City of Isanti will review, consider and act on any applications Buyer submits to the City for governmental approvals in accordance with City Code.
- b. Buyer may, at any time on or before 5:00 p.m. on the last day of the Inspection Period, terminate the Agreement by written notice to Seller based on Buyer’s determination, in Buyer’s sole and absolute discretion, that the condition of the Property is not suitable for Buyer’s intended use or that Buyer may not be able to obtain all governmental approvals and utilities necessary for Buyer’s intended use of the Property. In addition, this Agreement automatically terminates at 5:00 p.m. on the last day of the Inspection Period unless, prior to that time Buyer delivers a written notice of Buyer’s intention to proceed (a “**Notice to Proceed**”) to Seller.

## 10. DEFINITIONS. As used in this Agreement:

“**Claim**” or “**Claims**” means any and all liabilities, suits, claims, counterclaims, causes of action, demands, penalties, debts, obligations, promises, acts, fines, judgments, damages, consequential damages, losses, costs, and expenses of every kind (including without limitation any attorney’s fees, consultant’s fees, costs, remedial action costs, cleanup costs and expenses which may be related to any claims).

“**Environmental Law**” means the Comprehensive Environmental Response, Compensation and Liability Act (“CERCLA”), 42 U.S.C. § 9601 et seq., the Resource Conservation and Recovery Act, 42 U.S.C. § 6901 et seq., the Federal Water Pollution Control Act (the Clean Water Act), 33 U.S.C. § 1251 et seq. the Clean Air Act, 42 U.S.C. § 7401 et seq., and the Toxic Substances Control Act, 15 U.S.C. § 2601 et seq., all as amended from time to time, and any other federal, state, local or other governmental statute, regulation, rule, law or ordinance dealing with the protection of human health, safety, natural resources or the environment now existing or hereafter enacted.

“**Hazardous Substance**” or “**Hazardous Substances**” means any pollutant, contaminant, hazardous substance or waste, solid waste, petroleum product, distillate, or fraction, radioactive material, chemical known to cause cancer or reproductive toxicity, polychlorinated biphenyl or any other chemical, substance or material listed or identified in or regulated by any Environmental Law.

**11. RELEASE.** By accepting the deed to the Property, Buyer, for itself, its directors, officers, stockholders, divisions, agents, affiliates, subsidiaries, predecessors, successors, and assigns and anyone acting on its behalf or their behalf hereby fully releases and forever discharges Seller from any and all Claims (including without limitation all Claims arising under any Environmental Law and all Claims arising at common law, in equity or under a federal, state or local statute, rule or regulation), past, present and future, known and unknown, existing and contingent, arising out of, resulting from, or relating to the condition of the Property, and Buyer hereby waives any and all causes of action (including without limitation any right of contribution) Buyer had, has or may have against Seller and anyone acting on its behalf with respect to the condition of the Property, whether arising at common law, in equity or under a federal, state or local statute, rule or regulation. The foregoing shall apply to any condition of the Property, known or unknown, contemplated or un contemplated, suspected or unsuspected, including without limitation the presence of any Hazardous Substance on the Property, whether such Hazardous Substance is located on or under the Property, or has migrated from or to the Property.

**12. NOTICES.** Notices permitted or required by this Agreement must be in writing and shall be deemed given when delivered in legible form to the party to whom addressed. Notices may be sent by certified mail or e-mail. Notices are effective two business days after they are mailed via certified mail, return receipt requested or, if sent by email, upon email transmission (provided that any email transmission that occurs after 5:00 pm Pacific Time will be deemed provided on the following day). If delivered at the Closing, a notice shall be deemed given when hand-delivered to the party's representative at the Closing. The business addresses of the parties are as follows:

Seller: Josi Wood  
City Administrator  
City of Isanti Economic Development Authority  
110 1<sup>st</sup> Ave. N.W.  
Isanti, MN 55040  
Email: [jwood@cityofisanti.us](mailto:jwood@cityofisanti.us)

Buyer: RK Unlimited Properties LLC  
Joe Kleiver  
13941 Lincoln St  
Suite 100  
Ham Lake, MN 55304

Email: [joe@unlimitedwelding-fab.com](mailto:joe@unlimitedwelding-fab.com)

Notices not given in the manner or within the time limits set forth in this Agreement are of no effect and may be disregarded by the party to whom they are directed.

**13. CLOSING.** This transaction shall close within 30 days after Buyer delivers a Notice to Proceed to Seller or on such earlier date as Seller and Buyer may establish by mutual, written agreement. The Closing shall take place at City offices or at some other place as the parties may mutually agree prior to such date. At the option of either Party, the executed closing documents, Purchase Price and closing costs may be deposited with the City to avoid the necessity for a Closing at which the Parties are present.

a. **Seller's Obligations at Closing.** At Closing, Seller must deliver to Escrow Agent, for delivery to Buyer:

- i. A limited warranty deed, duly executed and acknowledged on behalf of the City, conveying title to the Property, subject to (A) Building, Subdivision and Zoning Ordinances; (B) Matters that would be disclosed by an accurate survey of the Property; and (C) matters that constitute Permitted Exceptions pursuant to Section 6.
- ii. A certified copy of a duly adopted Resolution authorizing Seller's sale of the Property to Buyer; and
- iii. Seller's affidavits, well disclosure certificate (if required), settlement statement approved by Seller and Buyer, and any other documents required by the Escrow Agent.

b. **Buyer's Obligations at Closing.** At Closing, Buyer must:

- i. Provide the Purchase Price; and
- ii. File or cause Escrow Agent to file an Electronic Certificate of Real Estate Value, if required and necessary.

c. **Closing Costs.**

- i. At Closing, the following Seller closing costs and expenses must be paid from the Purchase Price or, if the Purchase Price is not sufficient, paid by Seller:
  1. Seller's own attorney's fees.
  2. The cost of real estate broker commission fees as prescribed in Section 14, if any.
- ii. At Closing Buyer must pay the Purchase Price to Seller and the following costs and expenses:
  1. Property taxes payable 2021, if any.
  2. Buyer's own attorney's fees.
  3. All closing fees.

4. Documentary and recording fees for the deed(s).
5. State deed tax.
6. The cost of the title commitment.
7. The cost of the owner's title insurance policy, if Buyer elects to purchase an Owner's title insurance policy.

d. **Possession.** Seller must deliver possession of the Property to Buyer at Closing.

**14. REAL ESTATE BROKERS.** Seller and Buyer represent and warrant to each other that they have dealt with no brokers, real estate agents, finders or the like in connection with this transaction. Seller and Buyer agree to indemnify each other and to hold each other harmless against all claims, damages, costs or expenses of or for any broker's fees or commissions resulting from their actions or agreements regarding the execution or performance of this Agreement, other than the fees payable to Seller's Broker, and will pay all costs of defending any action or lawsuit brought to recover any such fees or commissions incurred by the other party, including reasonable attorney's fees.

**15. ASSIGNMENT.** This Agreement may not be assigned without the written consent of the non-assigning Party.

**16. THIRD PARTY BENEFICIARY.** There are no third-party beneficiaries of this Agreement, intended or otherwise.

**17. JOINT VENTURE.** Seller and Buyer, by entering into this Agreement and completing the transactions described herein, shall not be considered joint ventures or partners.

**18. CAPTIONS.** The paragraph headings or captions appearing in this Agreement are for convenience only, are not a part of this Agreement, and are not to be considered in interpreting this Agreement.

**19. ENTIRE AGREEMENT / MODIFICATION.** This written Agreement constitutes the complete agreement between the parties and supersedes any prior oral or written agreements between the parties regarding the Property. There are no verbal agreements that change this Agreement and no waiver or modification of any of its terms will be effective unless in writing executed by the parties.

**20. BINDING EFFECT.** This Agreement binds and benefits the Parties and their successors and assigns.

**21. CONTROLLING LAW.** This Agreement is made under the laws of the State of Minnesota and such laws will control its interpretation.

## **22. REMEDIES.**

- a. If Buyer fails to perform any of the terms or conditions of this Agreement within the specified time limits, Seller may declare this Agreement terminated pursuant to Minnesota Statutes section 559.21. Seller's sole remedy in the event of Buyer's default is retention of the Earnest Money, if any, unless Buyer defaults under Section 7 or 11 of this Agreement, in which case Seller may retain the Earnest money or suspend the performance of its obligations under this Agreement and commence an action in Isanti County District Court to recover its actual damages arising from the default.
- b. If Seller fails to perform any of the terms or conditions of this Agreement within the specified time limits, Buyer may, as its sole remedy, declare this Agreement terminated, or, in the alternative, Buyer may have this Agreement specifically enforced and recover any incidental damages. Buyer waives all claims for consequential damages against Seller based on Seller's breach or alleged default hereunder.

**23. WAIVER.** Failure of Seller or Buyer to insist upon the performance of any of the covenants, agreements and/or conditions of this Agreement or to exercise any right or privilege herein shall not be deemed a waiver of any such covenant, condition or right.

**24. SURVIVAL OF TERMS AND CONDITIONS.** The terms and conditions of this Agreement shall survive and be in full force and effect after the delivery of the deed and shall not be deemed to have merged therein.

**25. SEVERABILITY.** Each provision of this Agreement shall apply to the extent permitted by applicable law and is intended to be severable. If any provision is illegal or invalid for any reason whatsoever, such illegality or invalidity shall not affect the legality or validity of the remainder of the Agreement.

**26. CONSTRUCTION.** The Parties acknowledge that this Agreement was initially prepared by Seller solely as a convenience and that all Parties and their counsel hereto have read and full negotiated all the language used in this Agreement. The Parties acknowledge that because all Parties and their counsel participated in negotiating and drafting this Agreement, no rule of construction shall apply to this Agreement to construe ambiguous or unclear language in favor of or against any Party.

**27. COUNTERPARTS; DIGITAL COPIES.** This Agreement may be executed in any number of counterparts and the signature pages of the separate counterparts combined into a single copy of this Agreement which will then constitute a fully executed version of this Agreement. A facsimile, .pdf file or digital copy of a signed counterpart or of an assemblage of counterparts of this Agreement shall be deemed to be an original thereof.

**28. CONSTRUCTION DEADLINE.** Buyer shall devote the Property to its intended use (Industrial) or begin work on the improvements to the Property to devote it to that use,

within two years after closing. In the event the above deadline is not met, Seller may cancel the sale and title shall return to Seller. Title to the Property may not be transferred by Buyer within one year of purchase without consent of Seller.

**29. TIME PERIODS.** The time for performance of any obligation or taking any action under this Agreement shall be deemed to expire at 5:00 p.m. Central Time on the last day of the applicable time period provided for in this Agreement. If the time for the performance of any obligation or taking any action under this Agreement expires on a Saturday, Sunday or legal holiday, the time for performance or taking such action shall be extended to the next succeeding day which is not a Saturday, Sunday or legal holiday.

**SELLER: The Economic Development Authority of the City of Isanti**

By: \_\_\_\_\_  
Jeff Johnson, President

Dated: \_\_\_\_\_, 2022

By: \_\_\_\_\_  
Stephanie Hillesheim, Secretary

Dated: \_\_\_\_\_, 2022

**BUYER: RK Unlimited Properties LLC**

By: \_\_\_\_\_  
Joe Kliever

Dated: \_\_\_\_\_, 2022

Its: President



**CITY OF ISANTI**  
**DEVELOPMENT AND SUBSIDY AGREEMENT FOR RK UNLIMITED**  
**PROPERTIES LLC**

This Agreement (hereinafter the “Agreement”) is entered into this 5th day of March, 2022 by and between the **City of Isanti**, a Minnesota municipal corporation (the “**City**”) and **RK Unlimited Properties LLC**, a corporation under the laws of Minnesota (the “**Developer**”).

1. Subject Property. Developer is, or will be, the owner of the Subject Property legally described as Lot 3 Block 1 Isanti Centennial Complex 7<sup>th</sup> Rearrange, County of Isanti, State of Minnesota, PID Number 16.157.0030. Sale of the Subject Property by the City to Developer at a price below market value is the subsidy contemplated by this Agreement.
2. Conditions of Approval. The City has approved development of the Subject Property, as subsidized by the City, subject to satisfaction of the following conditions:
  - a. The Developer’s Execution of this Agreement. That the Developer enter into this Agreement.
  - b. Marketable Title. That the Developer obtain, and retain, title to the Subject Property.
  - c. Proof of Authority. That the Developer provide proof that its governing board authorized the Developer’s execution of this Agreement. This proof of authority may be satisfied by providing the City with a certified copy of the minutes of the governing board.
  - d. Site Plan. That Developer’s site plans, as required by the Isanti City Code, be completed by Developer and reviewed and approved by the City.

3. The Plans. The term “Plans” as used in this Agreement means the Site Plans prepared by Developer. The Plans are subject to: (a) Planning Commission review; (b) approval of the City Council; and (c) such further revisions as the Developer may propose and the City approves. The Plans shall not be attached to this Agreement but are in the City’s files.
4. Required Private Improvements. The private improvements the Developer will construct or install are as follows:
  - a. Sanitary sewer
  - b. Water
  - c. Storm drainage facilities
  - d. Stormwater maintenance
  - e. Parking lot
  - f. Concrete curb and gutter
  - g. Lot grading
  - h. Landscaping
5. Payment of Development Fees. Developer shall, contemporaneously with execution of this Agreement, deposit with the City an escrow of \$5,000 to cover the cost of legal fees, engineering fees, administrative expenses and other costs related to the Development. Any funds remaining in the escrow account(s) after the completion of the Development shall be refunded to the Developer. In the event the escrow account balance is reduced to \$1,000 or less, the Developer shall post additional sums of money to replenish the account to a maximum of \$2,000 to cover projected City costs as determined by the City. The escrow account shall always have a balance of no less than \$1,000.00. The Developer shall be entitled, upon request, to an itemized statement of all costs and fees charged against the Developer’s escrow account. Sanitary Sewer Connection (Trunk) Fees, Water Connection (Trunk) Fees are collected at the time the building permit is issued.
6. Developer Defaults. If the Developer defaults in the performance of one or more of the Developer’s obligations under this Contract, i) the City gives the Developer 30 days’ written notice of the default and ii) the Developer fails to cure the default within said 30 days, then the City may pursue any and all remedies available at law or in equity including, but not limited to, the following:
  - a. The City may, at its option, perform or engage one or more third parties to perform the Developer’s obligations. If, in the reasonable judgment of the City’s staff, the Developer’s default creates an immediate risk to public health or safety, the City may perform or engage one or more third parties to perform the work before the City provides the notice described in the initial paragraph of this Section, but the City must use commercially reasonable efforts to notify the Developer as promptly as possible that the City is undertaking to perform the Developer’s obligation or obligations. If the City performs one or more obligations of the Developer, the Developer

must reimburse the City for any costs or expenses the City incurs, including costs and expenses for City staff time, to perform the work within 30 days after the City notifies the Developer, in writing, of the costs and expenses the City incurred to perform the work. If the Developer does not reimburse the City within said 30day period, the City may pursue any remedies available to the City either at law or in equity or, in the alternative, the City may draw on the financial guaranty the Developer has provided to the City pursuant to this Agreement to reimburse itself for the expenses the City incurs to perform the work. This Agreement is a license for the City to act, and it shall not be necessary for the City to seek a Court Order for permission to enter the Developer Property. As an alternative to seeking recovery from the Developer or the financial guaranty, the City may levy special assessments against the Developer Property in accordance with Minnesota Statutes Section 429, and the Developer, for itself and its successors in title, hereby expressly waives any and all substantive and procedural objections or defenses the Developer may have to such special assessments;

- b. The City may commence an action in Isanti County District Court to pursue any remedy available to the City at law or in equity including, but not limited to, injunctive relief;
- c. The City may refuse to grant building permits for improvements to be constructed on the Subject Property until the Developer has cured all of its defaults; and
- d. The City may draw upon all or any portion of the financial guaranty the Developer has provided to the City and (i) use all or any portion of the proceeds from the financial guaranty to reimburse the City pursuant to subsection (a) above; (ii) use all or any portion of the proceeds from the financial guaranty to satisfy any judgment the City obtains against the Developer pursuant to subsection (b) above; (iii) use all or any portion of the proceeds to reimburse the City pursuant to Section 11 (j) below; and (iv) hold all or any portion of the proceeds for a reasonable time for the future application as described in subsections (i), (ii) and (iii) of this paragraph.

7. Business Subsidy. As a condition of developing the Subject Property, Developer and City agree to the following terms:

- a. Subsidy. Developer acknowledges and agrees that it received a business subsidy from the City in the form of a reduced purchase price for the Subject Property. The Subject Property is valued at \$142,100. The City sold the Subject Property to Developer for \$142,100 subject to a forgivable loan as outlined in the Promissory Note dated April 5, 2022. The value of the subsidy is \$142,100.

- b. Public Purpose. The public purposes for granting the subsidy are to create jobs within the City of Isanti and to increase the City's tax base.
  - c. Subsidy Goals. Developer shall create a minimum of 10 full-time, or full-time equivalent, jobs within two years of the date of this Agreement. All jobs shall meet or exceed State minimum wage requirements. Developer shall continue to meet or exceed said employment goals for at least five years after the date of this Agreement. In the event these requirements are not met, Developer shall pay the City the amount of the subsidy in a single lump sum payment or as otherwise agreed to in writing by the parties.
  - d. Statement of Need. Developer represents that without the business subsidy contemplated by this Agreement, Developer would not relocate its existing business to the City.
  - e. Reporting. Developer shall provide reports to the City as required by Minnesota Statutes section 116J.994, subdivision 7, on forms provided by the City.
8. Miscellaneous.
- a. Invalidity of Any Section. If any portion, section, subsection, sentence, clause, paragraph or phrase of this Agreement is for any reason invalid, such decision shall not affect the validity of the remaining portion of this Agreement.
  - b. Written Amendments Only. The action or inaction of the City or the Developer shall not constitute a waiver or amendment to the provisions of this Agreement. To be binding, amendments or waivers shall be in writing, signed by the parties, and approved by a resolution of the City Council. The City's or the Developer's failure to promptly take legal action to enforce this Agreement shall not be a waiver or release.
  - c. Compliance with Laws and Regulations. The Developer represents to the City that the Site Plan complies with all City, County, State, and Federal laws and regulations, including but not limited to: subdivision ordinances, zoning ordinances and environmental regulations. If the City determines that the site plan does not comply, the City may, at its option, refuse to allow any construction or development work on the Subject Property until the Developer does comply. Upon the City's demand Developer shall cease work until there is compliance.
  - d. Mailbox Locations. If the Developer desires to construct a mailbox within the public right of way, the Developer agrees that the placement of a mailbox along public streets is subject to the approval by the Postmaster. Utility locates will be necessary.

- e. Not applicable.
- f. Construction, Hours and Entrance Signs. The City restricts construction and delivery hours to Monday through Friday 7:00 a.m. to 9:00 p.m., weekends and holidays, 8:00 a.m. to 8:00 p.m. The Developer is required to provide a sign at each entrance point stating delivery and construction operation hours. Said signs are not to exceed 80 square feet in size and must be clearly visible at all times during the construction period.
- g. Construction Site Maintenance. The Developer shall adhere to all of the City ordinances relating to, but not limited to, dumping of garbage, site development, construction debris, open burning, etc. The City reserves the right to withhold permits, inspections, or certificates of occupancy to correct violations relating to construction site maintenance.
- h. Estimated Cost. It is understood and agreed that cost amounts set forth in this Agreement as to the Required Private Improvements, unless qualified as fixed amounts, are estimated. The Developer agrees to pay the entire cost of said improvements including interest, engineering and legal fees related thereto.
- i. Plat Approval Expenses. Not applicable.
- j. Reimbursement to the City. The Developer agrees to reimburse the City for all costs incurred by the City in defense or enforcement of this Agreement, or any portion thereof, including court costs and reasonable engineering and attorney's fees.
- k. Certificate of Occupancy. The term "Certificate of Occupancy" as used in this Agreement shall be defined as a document issued by the City's Building Official, which authorizes the structure to be used for its intended purposes.
- l. Notices. Required notices shall be in writing, and shall be either hand delivered to the Parties, its employees or agents, or mailed to them by certified or registered mail at the following address:

To Developer:  
RK Unlimited Properties LLC  
Joseph Kliever  
13941 Lincoln St.  
Suite 100  
Ham Lake, MN 55304

To The City:  
Josi Wood  
City Administrator  
City of Isanti  
110 1<sup>st</sup> Ave. N.W.

Isanti, MN 55040

*[The remainder of this page is intentionally left blank.]*

The Developer:

RK UNLIMITED PROPERTIES LLC

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

Joe Kliever

Its: Chief Executive Officer

STATE OF MINNESOTA                    )  
  )ss.  
COUNTY OF \_\_\_\_\_ )

The foregoing instrument was acknowledged before me this \_\_\_\_\_ day of \_\_\_\_\_, 2022,  
by Joe Kliever, Chief Executive Officer of RK Unlimited Properties LLC, a corporation under the  
laws of the State of Minnesota on behalf of the corporation.

\_\_\_\_\_  
Notary Public

The Economic Development Authority:

THE ECONOMIC DEVELOPMENT AUTHORITY  
OF THE CITY OF ISANTI

By: \_\_\_\_\_  
Its: President

By: \_\_\_\_\_  
Its: Secretary

STATE OF MINNESOTA                    )  
  )ss.  
COUNTY OF ISANTI                    )

The forgoing instrument was acknowledged before me on this \_\_\_\_\_ day  
of \_\_\_\_\_ 2022, by Jeff Johnson and Stephanie Hillesheim, the President and the  
Secretary, respectively, of the Economic Development Authority of the City of Isanti, a municipal  
corporation organized under the laws of the State of Minnesota on behalf of the City.

\_\_\_\_\_  
Notary Public

**This document drafted by:**  
Ratwik, Roszak & Maloney, P.A  
730 Second Ave. S., Suite 300  
Minneapolis, MN 5540





## MEMO

**To:** Economic Development Authority

**From:** Stephanie Hillesheim, Community Development Director

**Date:** April 5, 2022

**Subject:** Consider Resolution 2022-5 CANCELLING THE LEASE OF CITY OWNED CROP LAND PARCEL B

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**Background:**

On June 2<sup>nd</sup> the EDA Directed Staff to publicly advertise for crop lease quotes for crop year 2022 for EDA owned land. City Staff opened the quotes at 11 AM on July 15, 2021 and read them aloud. Mr. Bjorklund was awarded the 2022 crop lease of the 4 acre parcel located at PID 16.029.1400 through resolution 2021-4 Awarding Quote for the Lease of City of Isanti EDA Owned Crop Land

The agreement specifically outlines the EDA's right to develop stating the following:

*Right to Develop:*

*The EDA/City reserves the right to develop the property at any time through the contract period. If the EDA/City exercises this right, the EDA/City shall compensate the successful bidder for the fair market value of the crop destroyed valued at the average market price per bushel as of the date of initial construction activity resulting in the removal of the crop based upon the average per acre yield as established by the records maintained by USDA pertaining to the subject field or as available for similar fields located in Isanti Township in the event such records are not available for the specific field herein.*

In March of 2022 Barack Realty LLC entered into an agreement with the City to purchase the aforementioned parcel. Therefore, it is within the EDA's rights to cancel the lease and develop the property.

Mr. Craig Bjorklund has been contacted and made aware of the future sale of the parcel and that the contract for the crop lease of the parcel will be come null and void if this resolution passes, if the EDA so desires. To which Mr. Bjorklund will be refunded the \$70 for the first half of the lease payment which was due on December 1, 2021.

**Requested Action:**

Staff recommends adoption of the attached resolutions to cancel the lease on Parcel 16.029.1400.

**Attachments:**

Resolution 2022-5 **CANCELLING THE LEASE OF CITY OWNED CROP LAND PARCEL B**

**RESOLUTION NO. 2022-5**

**CANCELLING THE LEASE OF CITY OWNED CROP LAND PARCEL B**

**WHEREAS**, the City of Isanti agreed to lease 4 Acres of Crop land to Craig Bjorklund in 2022 for \$140; and

**WHEREAS**, the City has reserved the rights in the Crop lease agreement entered into on the 4<sup>th</sup> of August 2021 as follows:

“The City reserves the right to develop the property at any time through the contract period. If the City exercises this right, the City shall compensate Mr. Bjorklund for the fair market value of the crop destroyed, valued at the average market price per bushel as of the date of initial construction activity resulting in the removal of the crop, based on the average per acre yield as established by the records maintained by USDA pertaining to the subject field or as available for similar fields located in Isanti Township, in the event such records are not available for the specific crop field herein;” and,

**WHEREAS**, the City has received an offer and entered into an agreement to sell the parcel for development on March 15, 2022; and,

**WHEREAS**, the City will refund Mr. Bjorklund the balance of his payments towards the lease.

**NOW, THEREFORE, IT IS HEREBY RESOLVED**, by the Economic Development Authority of the City of Isanti, Minnesota: that the Crop Lease Agreement entered into on the 4<sup>th</sup> of August 2021 is null and void.

This resolution was duly adopted by the Economic Development Authority for the City of Isanti this 5th day of April 2022.

**Attested:**

\_\_\_\_\_  
Mayor Jeff Johnson

\_\_\_\_\_  
Stephanie Hillesheim  
Secretary

(SEAL)

**MEMO**

**To:** Economic Development Authority  
**From:** Stephanie Hillesheim, Community Development Director  
**Date:** April 5, 2022  
**Subject:** EDA Owned Industrial Land

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The City of Isanti has seen increased interest in industrial land within City limits in the past two years. Assuming all current offers close on City and EDA owned parcels within Isanti Centennial Complex, only one 1.21 acre parcel will remain. City staff have been working to find the best options forward for industrial development within the City to allow for continued growth and to meet requests of interested parties. As you are aware, the City owns 66 acres north of the Isanti Waste Water Treatment Plant. The site has been identified as one of very few BNSF rail industrial sites within the country, though the City is not prepared to make the financial investment in the rail spur at this time, the remaining parcels provide a great opportunity for growth in the present.

After many discussions between myself, Jason Cook, the City Engineer, Finance Director Betker and City Administrator Wood, we have concluded that our best opportunity lies within platting the parcel according to the attached concept. The plan would allow the EDA to form 4 parcels that allow for roughly 2.75 acres of buildable space for industrial development. Presently, sewer and water exist a few blocks south on the western side of 3<sup>rd</sup> Avenue. The cost to extend infrastructure to the lots is hefty. In the future we foresee the need to extend utilities to these sites to be much more cost effective as development occurs within the gap. City staff recommend allowing industrial users to install individual septic systems and wells according to their needs until City services are available, at which time all owners would be required to connect. This would be outlined in all development agreements for the parcels.

**Request:**

Staff is requesting action on this item.

**Action Required:**

If the EDA Board concurs, it should by motion, approve staff to move forward with platting the parcels as outlined in the attached concept, with the intent on allowing developers to install individual septic systems and wells until City services are made readily available.

**Attachments:**

- Concept 66-Acre Subdivision Layout



# Concept 66-Acre Subdivision Layout

CITY OF ISANTI

February 2022

