



**Request for City Council Committee Action  
From the Department of Community Planning & Economic Development**

**Date:** August 24, 2004

**To:** Council Member Lisa Goodman, Community Development Cmte

**Prepared by:** Edie Oliveto-Oates, Phone 612-673-5229

**Presenter in Committee:** Edie Oliveto-Oates

**Approved by:** Chuck Lutz, Deputy CPED Director \_\_\_\_\_  
Lee Pao Xiong, Director, Housing \_\_\_\_\_

**Subject:** Amendment Number One to the Memo of Understanding between Hennepin County and the City of Minneapolis

**RECOMMENDATION:** The Director recommends that the City Council authorize staff to execute the Amendment Number one to the Memorandum of Understanding between the City of Minneapolis and Hennepin County.

**Previous Directives:** On November 8, 2002 the Minneapolis Community Development Agency Board of Commissioners authorized the execution of the Memorandum of Understanding (MOU) between MCDA and Hennepin County regarding disposition of Tax Forfeited Parcels

**Financial Impact** (Check those that apply)

- No financial impact - or - Action is within current department budget.  
(If checked, go directly to next box)
- Action requires an appropriation increase to the Capital Budget
- Action requires an appropriation increase to the Operating Budget
- Action provides increased revenue for appropriation increase
- Action requires use of contingency or reserves
- Other financial impact (Explain):
- Request provided to the Budget Office when provided to the Committee Coordinator

**Community Impact** (Summarize below)

**Ward:** City Wide

**Neighborhood Notification:** Not Applicable

**City Goals:** not Applicable

**Comprehensive Plan:** Not Applicable

**Zoning Code:** Not Applicable

**Living Wage/Job Linkage:** Not applicable

### **Background/Supporting Information**

In 2002, due to changes by the State Legislature related to treatment of tax forfeited properties, a Memorandum of Understanding was negotiated between the MCDA and Hennepin County. Since that time, there have been ongoing negotiations to revise portions of the original Memorandum of Understanding. At this time, staff believes that we have negotiated an agreement that reflects the concerns we have received from the Board/City Council.

The key terms in this amendment are as follow:

- MCDA/CPED will acquire not more than 15 tax forfeited parcels which have been held from previous years and will be conveyed for \$1 each and all remaining parcels will be released.
- The MCDA/CPED shall provide for the redevelopment of the fifteen properties as productive taxable property within eighteen months from the date title transfers to the MCDA/CPED for each parcel.
- By mutual agreement of the parties, the eighteen-month period may be extended to twenty-one months for any tax-forfeited parcel subject to this Memorandum of Understanding where significant demolition, soil correction or environmental investigation or remediation is required
- For the year 2005, the County shall convey for \$1 each to the City ten percent (10%) of tax-forfeited parcels located in Minneapolis' Targeted Neighborhoods as selected by the City of Minneapolis. The City of Minneapolis must select the parcels and communicate the selection no later than July 31, 2005.
- This addendum shall only cover tax-forfeited parcels situated in City of Minneapolis' Targeted Neighborhoods that become tax-forfeited between January 1, 2000 and December 31, 2005. This Memorandum of Understanding shall not limit other City acquisitions of tax-forfeited properties for authorized public uses.

**AMENDMENT ONE**  
**To**  
**MEMORANDUM OF UNDERSTANDING**  
**Between**  
**Hennepin County**  
**and**  
**City of Minneapolis**

This document amends the Memorandum of Understanding dated December 1, 2002, between the County of Hennepin and the Minneapolis Community Development Agency (MCDA). The rights and responsibilities of the MCDA under this MOU were assigned to and assumed by the City of Minneapolis, pursuant to City of Minneapolis City Council Resolution No. 2003R-625 and MCDA Board of Commissioners Resolution No. 03-2863M effective January 1, 2004. The original Memorandum of Understanding shall remain in effect with the following amendments. The City and County mutually agree as follows:

1. The name of the Minneapolis contracting party shall be changed from "Minneapolis Community Development Agency" to "City of Minneapolis (City) acting by and through its Community Planning and Economic Development Department (CPED)."
2. This Memorandum of Understanding shall be renamed as follows:

**MEMORANDUM OF UNDERSTANDING**  
**Between**  
**Hennepin County**  
**and**  
**City of Minneapolis,**  
**Community Planning and Economic Development Department**  
**Contract No. A020934, First Amendment**

3. Section 2 of the Memorandum of Understanding shall have the following added:  

"F. It is mutually agreed between the parties that paragraphs A-E of this Section 2 shall not apply for 2004. For 2004, it is mutually agreed that the City by July 31, 2004 will officially apply pursuant to Minnesota Statutes, section 282.01 and communicate by July 31, 2004 it's selection to the County for no more than fifteen (15) tax-forfeited parcels situated within Minneapolis Targeted Neighborhoods. Selection of the fifteen tax parcels shall effectuate the release of the remaining tax-forfeited parcels from this Memorandum of Understanding. Upon receipt of the City's request pursuant to statute, the County shall recommend to the Commissioner of Revenue the transfer of these properties to the City. The date that title to each parcel is transferred to the City shall be the beginning date for the City's redevelopment obligation pursuant to this Memorandum of Understanding. The County shall provide title to the requested

properties for a sale price of \$1.00 per tax parcel. The City shall be responsible for necessary fees, taxes and special assessments before and after forfeiture.

G. The City shall provide for the redevelopment of the fifteen properties as productive taxable property within eighteen months from the date title transfers to the City for each parcel.

H. By mutual agreement of the parties, the eighteen-month period may be extended to twenty-one months for any tax-forfeited parcel subject to this Memorandum of Understanding where significant demolition, soil correction or environmental investigation or remediation is required.

I. It is mutually agreed between the parties that paragraphs A – E of this Section 2 shall not apply for 2005. For the year 2005, the County shall convey to the City ten percent (10%)<sup>1</sup> of tax-forfeited parcels located in Minneapolis Targeted Neighborhoods as selected by the City. The City must select the parcels and communicate the selection no later than July 31, 2005. This ten-percent figure shall be determined from the total number of parcels located within Minneapolis Targeted Neighborhoods that become forfeited to the State in 2005 with no repurchase application filed. As to the 2005 selections, CPED must select the parcels as part of the regular county classification process for 2004 and the 2005 newly tax-forfeited parcels. Selection and communication to the County must occur no later than October 31, 2005. Properties released in Section 2 F, above, if still in tax-forfeit status as of May 31, 2005, shall be included in the number of tax parcels available to CPED in the selection pool of properties, but shall not be included in determining the ten percent formula. Selection of the 10% of tax parcels shall effectuate the release of the remaining tax-forfeited parcels from this Memorandum of Understanding. Upon receipt of the City's request pursuant to statute, the County shall recommend to the Commissioner of Revenue the transfer of these properties to the City. The date that title transfers to the City on each parcel shall be the beginning date for the City's redevelopment obligation pursuant to this Memorandum of Understanding. The County shall provide title to the requested properties for a sale price of \$1.00 per tax parcel. The City shall be responsible for necessary fees, taxes and special assessments before and after forfeiture. The City shall provide for the redevelopment of these 2005 tax-forfeited parcels as productive taxable property within eighteen months from the date each title transfers to the City.

J. In calculating the ten per cent total for 2005, the total number of eligible tax-forfeited parcels used shall be determined as of December 31, 2005. Any adjustment that may be necessary shall be communicated to CPED by January 31, 2006. Should the 2005 total require adjustment, CPED

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<sup>1</sup> The ten percent (10%) shall be determined by rounding up or down fractional parcels by using the standard rounding formula of .50 or greater = 1 and < .50 = 0.

shall select and communicate to the County the tax-forfeit parcel or parcels no later than March 15, 2006.

- K. The City shall reconvey to the State of Minnesota, in trust for the local taxing districts, any properties under this Memorandum of Understanding that have not been redeveloped pursuant to Minnesota Statutes 282.01, subd. 1d within the above eighteen-month time period, unless the parties agree to an extension for any specific tax-forfeited parcel.
  - L. This addendum shall only cover tax-forfeited parcels situated in City of Minneapolis Targeted Neighborhoods that become tax-forfeit between January 1, 2000 and December 31, 2005. This Memorandum of Understanding shall not limit other City acquisitions of tax-forfeited properties for authorized public uses.
4. Section 3 of the Memorandum of Understanding shall have the following added:
- “B. In order to facilitate operation of this Memorandum of Understanding, the County Administrator or designee, and the CPED Director or designee may attend the BBTF meetings as described in Section One, Paragraph G.
  - C. The County shall provide to the City of Minneapolis Finance Department and to CPED the report of annual net settlement of forfeited tax sale fund proceeds. The net settlement shall cover all sales of tax-forfeited property in the City within the preceding calendar year. The County shall provide to the Minneapolis City Assessor and to CPED a listing of City of Minneapolis Targeted Neighborhood tax-forfeited parcels sold within 30 calendar days of any County sale of tax-forfeited properties.

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**IN WITNESS WHEREOF**, the parties hereto have executed this Amendment as of the date first written above.

Department Head Responsible  
for Monitoring Contract:

\_\_\_\_\_  
Charles T. Lutz

Approved as to form:

\_\_\_\_\_  
Assistant City Attorney

Approved as to form:

\_\_\_\_\_  
Assistant County Attorney  
Date: \_\_\_\_\_

Approved as to execution

\_\_\_\_\_  
Assistant County Attorney  
Date: \_\_\_\_\_

**CITY OF MINNEAPOLIS  
COMMUNITY PLANNING AND  
ECONOMIC DEVELOPMENT  
DEPARTMENT**

By: \_\_\_\_\_  
Finance Officer

**COUNTY OF HENNEPIN  
STATE OF MINNESOTA**

By: \_\_\_\_\_  
Chair of Its County Board

And:

\_\_\_\_\_  
Assistant/Deputy/County  
Administrator

ATTEST:

\_\_\_\_\_  
Deputy/Clerk of County Board