

Hartford City Council Special Meeting Agenda

Tuesday, January 13, 2026
Hartford City Hall - 6:00 pm

Mayor Arden Jones
Ward 1: Travis Kuehl and Keith Carlson
Ward 2: Shaun Boen and Darrell Horacek
Ward 3: Cindy Matson and Michelle Schilling

Pledge of Allegiance

Business Items

- Roll Call of Mayor and City Council Members
- Approval of Agenda

Applications, Agreements, Hearings, Resolutions & Ordinances

- Review/Approve Real Estate Transfer Agreement between City of Hartford and Gateway Hartford, Inc.
- Resolution 2026-3: Transfer of Real Estate To Gateway Hartford, Inc.

Executive Session (SDCL 1-25-2) (SDCL 9-34-19)

Adjournment



Agenda Item Staff Report

DATE: January 13, 2026

AGENDA ITEM: Review/Approval Land Transfer to Gateway Hartford, Inc.

PREPARED BY: Teresa Sidel, City Administrator

Staff Recommendation: Authorize the Mayor to sign on behalf of the city to Approve Real Estate Transfer Agreement and Resolution 2026-3.

Background/Summary:

The city has been working on setting up a Special Project Entity (SPE) to assist with our lagoon remediation and re-purposing this land for future development. This SPE is known as Gateway Hartford, Inc (GHI). This entity will be able to apply for grant funding to remediate the lagoons and help with future land transfer as needed. In order to secure grant funding for remediation, the lagoon land will need to be transferred to GHI. Once transferred to GHI, they will work to remediate the lagoons, work on a master plan for the area, develop and market as needed. In order to move forward, this transfer will involve 2 steps.

1. The council will need to approve the Real Estate Transfer Agreement, which lays out the agreement between the City of Hartford and Gateway Hartford, Inc. for the land transfer, remediation, and eventual development. Key items to note in the agreement are:
 - GHI has been created as a non-profit economic development corporation to help facilitate the remediation of the lagoons and redevelopment of the property and surrounding area.
 - GHI is eligible for a Brownfields grant for this remediation, which the city is not eligible due to being the “contaminant”. This grant, if awarded, will save the taxpayer approximately 2.8M in funds that would otherwise be at the taxpayers’ expense.
 - Resolution 2026-3 will transfer the land. All associated costs with the transfer will be paid for by each respective party.
 - GHI will be obligated to apply for grants for the lagoon remediation, develop a master plan for the area, and move forward with developing – including platting, zoning, infrastructure and marketing.
 - If the lagoons cannot be remediated for whatever reason by GHI, the land will revert to the city. The city can also demand reconveyance of the land if GHI does not carry out its duties per this agreement.
 - Once GHI has completed its agreed upon tasks, this entity will dissolve and any net proceeds will revert back to the city.
2. The council will need to approve Resolution 2026-3, which will transfer the land to Gateway Hartford, Inc.

Prior Council/Board Action:

None

Possible Action:

- Approve land transfer agreement and Resolution 2026-3
- Do not approve land transfer agreement and Resolution 2026-3

Fiscal Impact:

Any closing fees associated with the land transfer will be a cost to the city and will need to be paid out of general funds.

Attachments:

- Real Estate Transfer Agreement
- Resolution 2026-3

REAL ESTATE TRANSFER AGREEMENT

This Real Estate Transfer Agreement (“Agreement”) dated this ____ day of January, 2026, is entered into by and between the City of Hartford, South Dakota, a South Dakota municipal corporation (“City”), and Gateway Hartford, Inc., a South Dakota non-profit corporation (“Gateway”) of Hartford, South Dakota.

RECITALS

WHEREAS, City currently owns certain unplatted real property described as follows: S1/2 NE1/4 (Except Lot H-1), Section 27, Township 102 North, Range 51 West of the 5th P.M., City of Hartford, Minnehaha County, South Dakota, and comprising 71 acres, more or less (the “Property”), which Property was previously used as the City’s wastewater lagoon site; and

WHEREAS, City has recently completed construction of a new mechanical wastewater treatment plant, has discontinued use of the Property’s lagoons, and is currently dewatering and decommissioning the Property in accordance with applicable state and federal law and regulations; and

WHEREAS, City has determined the Property is no longer necessary, useful, or suitable for the purpose for which it was originally acquired; and

WHEREAS, Gateway was incorporated as a South Dakota non-profit corporation to facilitate the clean-up and redevelopment of the Property and surrounding area; and

WHEREAS, Gateway also operates as a local industrial development corporation pursuant to SDCL § 9-27-37; and

WHEREAS, City desires to donate the Property to Gateway in support of Gateway’s mission to stimulate local economic development by cleaning up and redeveloping the former lagoon site and surrounding area; and

WHEREAS, Gateway desires to accept City’s donation, carry out its plans for the clean-up and redevelopment of the Property, and relieve City of certain costs and obligations related to the clean-up of the Property; and

WHEREAS, SDCL § 9-27-36 allows City to transfer the Property to a non-profit industrial development corporation to stimulate and develop the general economic welfare and prosperity of the Hartford community by a variety of means outlined in SDCL § 9-54-1. These means include, but are not limited to, the advancement of commercial activity, the location of new business and industry, and the expansion of existing business development; and

WHEREAS, on January 13, 2026, the City of Hartford Council passed Resolution 2026-3 authorizing City’s transfer of the Property to Gateway.

AGREEMENT

Now, therefore, for and in consideration of the mutual covenants herein set forth, and for other good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, the parties agree as follows:

1. Agreement to Convey.

City hereby agrees to convey to Gateway, and Gateway hereby agrees to accept from City, all City's right, title, and interest in and to the Property as provided for in this Agreement. The transfer herein will be made as a donation to Gateway as a non-profit industrial development corporation (i.e., without requirement of any cash payment from Gateway to City in consideration of the transfer).

The conveyance of the Property is made by City pursuant to City of Hartford Resolution No. 2026-3 and SDCL § 9-27-36.

2. Gateway's Obligations Upon Conveyance

a. In consideration of City's transfer of the Property, Gateway agrees to use its best efforts to remediate and redevelop the Property for commercial, industrial, and/or residential use in a manner consistent with City's comprehensive plan for development, including by pursuing such funding, such as grants or loans, as it deems necessary to carry out its duties under this Agreement. As of the date of this Agreement, the parties contemplate Gateway's post-conveyance activities will encompass the following work and approximate timeline:

- Preparation and submission of grant application for Environmental Protection Agency ("EPA") remediation funds – January 2026;
- Begin work on development master plan ("Master Plan") – February 2026;
- Completion of lagoon site decommissioning – Q2/Q3 2026;
- Begin initial site marketing to interested parties – Q2 2026;
- EPA grant application decision – June 2026 (projected);
- Finalization of EPA grant documentation – Q3 2026 (projected);
- Completion of Master Plan – Q3 2026;
- Platting and planning/zoning process – Q3 2026;
- Finalization of remediation plan and required contracts – Q3/Q4 2026;
- Mobilization and start of remediation work – Q1 2027;
- Completion of remediation work – Q3 2027;
- Final site preparation (grading, rough infrastructure) – Q3/Q4 2027;
- Initial lot sales – Q3/Q4 2027 (thereafter on a rolling basis);

b. The precise scope of remediation work on the Property will be determined based on recommendations from experts retained by Gateway, but is anticipated to include removal and disposal of contaminated soil at the lagoon site, fill and compaction with

new soil or other materials as needed, overall stabilization of the site, and seeding/reseeding as necessary.

- c. The parties agree that Gateway may proceed with any of its duties above prior to completion of City's decommissioning work on the Property, except for those items that cannot practically be accomplished while such work remains ongoing. Gateway agrees that until such time as it completes remediation of the lagoon site, it will not, without City's consent, which shall not be unreasonably withheld, either: (i) permit any liens or mortgages to be placed on the property; or (ii) sell, assign, or otherwise convey its interest in the Property.

3. Zoning and Applicable Regulations.

Gateway acknowledges it must separately obtain all necessary planning and zoning action and permits prior to construction of any improvements and/or buildings on the Property, and that such improvements and buildings are subject to applicable zoning, building, plumbing, and electrical code requirements. Gateway acknowledges and agrees City has not waived zoning or permit requirements or code compliance by entering into this Agreement.

4. Gateway's Right to Reconvey

- a. If, within three (3) years of the date of this Agreement, Gateway determines remediation of the former lagoon site on the Property for its intended redevelopment purposes is not technically possible or, due to unforeseen circumstances, Gateway is unable to secure sufficient financial resources to complete such remediation, Gateway shall have the option to reconvey the Property to City. Gateway's reconveyance in such an instance shall be via quitclaim deed and accepted by City on an "as-is" basis within thirty (30) business days of receipt of Gateway's notice of intent to reconvey.
- b. As an alternative to reconveyance under paragraph 4(a), Gateway and City may agree that Gateway may sell the Property to a mutually agreeable third party, which will then assume responsibility for remediation of the lagoon site and future redevelopment. Any offer for sale shall be made at a price and on such other terms as are mutually agreed by Gateway and City. The proceeds of such a sale shall be applied first to any outstanding taxes due and payable on the Property; second, to retire any other indebtedness constituting a lien on the Property; third, to Gateway in such amount as is necessary to pay any outstanding claims prior to its dissolution; and fourth, to City.

5. City's Right to Demand Reconveyance

In the event Gateway, or its successor by assignment, merger, or reorganization, is unable to carry out its duties under this Agreement or attempts to sell, assign, or lease said Property to a private, third-party developer, City shall have the right, but not the obligation, to demand Gateway reconvey the entire Property (or so much as then remains in Gateway's possession). Gateway shall provide written notice to City within five (5) business days of the occurrence of any event that triggers City's right hereunder. Thereafter, City shall have thirty (30) days to

notify Gateway, or its successor, it demands reconveyance under the Agreement. Gateway's reconveyance in such an instance shall be via quitclaim deed within thirty (30) business days of City's demand and accepted by City on an "as-is" basis. For the avoidance of doubt, Gateway's sale of any portion of the Property to a bona fide business, industrial, or residential purchaser that intends to develop the parcel for its own use shall not trigger City's right hereunder.

6. Inspection, Title Examination, and Records.

Gateway acknowledges it has had the opportunity to make such physical inspection(s) of the Property as it in its judgment deems necessary to accept the conveyance from City. To the extent it has such records, City agrees to provide to Gateway, at no cost and no later than thirty (30) days after the execution of this Agreement, any physical or topographical surveys, development information, soil boring, groundwater data, other agreements affecting the Property, and all previous title examination records, as well as any other records relating to the Property.

7. Environmental Matters.

- a. City represents that to the best of its knowledge, information, and belief, there have never been, nor are there now, any underground storage tanks on the Property; nor has there been any activity on the Property which has been conducted, or is being conducted, except in compliance with all statutes, ordinances, regulations, orders, permits, and common law requirements concerning (i) handling of any toxic or hazardous substances; (ii) discharges of toxic or hazardous substances to the air, soil, surface water, or groundwater; and (iii) storage, treatment, or disposal of any toxic or hazardous substances at or connected with any activity on the Property.
- b. The parties agree and acknowledge that there is likely contamination present on or in the Property typical of that encountered in former municipal wastewater lagoon sites, and that such contamination will require remediation prior to any redevelopment. City represents that to the best of its knowledge, information, and belief, none of the following are present on or in the Property: (i) polychlorinated biphenyls or substances containing polychlorinated biphenyls; (ii) asbestos or materials containing asbestos; (iii) urea formaldehyde or materials containing urea formaldehyde; (iv) lead or lead-containing paint; or (v) radon. The term "contamination" shall mean the unconfined presence of toxic or hazardous substances on or in the Property, or arising from the Property, which may require remediation under any applicable law. For the purposes of this Agreement, "hazardous substance(s)" shall have the meaning of "hazardous substance" set forth in 42 USC §9601(14), as amended, and of "regulated substances" at 42 USC §6991(2), as amended, and of any other substances which may be the subject of liability pursuant to any environmental law of the United States or the State of South Dakota.
- c. Gateway acknowledges the City's foregoing representations with respect to environmental matters and hereby agrees to accept the Property "as-is," except as separately addressed in this Agreement. Except as noted herein, following City's conveyance of the Property, City shall have no liability to Gateway or to third parties for any and all claims, judgments, damages, fines, penalties, liability, costs and expenses

(including reasonable fees for attorneys, consultants, and experts) arising from the discovery of any toxic or hazardous substance on, in, or arising from the Property. Gateway's remedy with respect to City for environmental matters shall be limited to the reconveyance procedures outlined in paragraph 4. Provided the decommissioning procedures referenced in paragraph 7(d) are completed by City pursuant to this Agreement, Gateway agrees to indemnify and hold harmless City from any of the foregoing after its acceptance of the Property.

- d. The parties acknowledge that, as of the date of this Agreement, City's dewatering and decommissioning work on the Property ("Decommissioning"), which is required by applicable law and regulation and under the supervision of the South Dakota Department of Environment and Natural Resources ("DANR"), has not been completed. City agrees to continue such Decommissioning at its own cost until completed in accordance with DANR requirements. The parties agree to execute such additional documents as may be necessary or prudent to permit City to continue Decommissioning in accordance with DANR requirements. City shall provide Gateway notice upon completion of Decommissioning, along with evidence reasonably acceptable to Gateway, such as correspondence with DANR or inspection reports, documenting conclusion of work. Gateway hereby extends to City a temporary access easement to the Property for so long as necessary to facilitate Decommissioning. During Decommissioning, City agrees to accept all risk of injury or damage to City personnel, equipment, and contractors.

8. Closing.

Settlement and delivery of possession shall be on or before January 27, 2026 ("Closing"). Settlement may be made either by exchange of documents, held at the offices of a "Settlement Agent" selected by Gateway, or by such other means as the parties may agree. City shall deliver to Gateway, at Closing, a fully executed quitclaim deed conveying the Property in fee simple to Gateway (the "Deed of Conveyance"). The Deed of Conveyance shall be in a form that meets the requirements of SDCL §§ 6-5-3 and 9-27-36. City further agrees to deliver to Gateway or to Settlement Agent such other documents as are reasonably required to effect the transfer contemplated by this Agreement.

9. Closing Expenses.

All costs associated with closing and transfer, including preparation of the Deed of Conveyance, other attorney's fees, and applicable recording fees, shall be paid by the respective party requesting the service.

10. Gateway's Representations

Gateway represents and warrants that it is a non-profit corporation duly authorized to do business in the State of South Dakota, operates as an industrial development corporation pursuant to SDCL § 9-27-37, and is qualified to receive the Property pursuant to SDCL § 9-27-36. Gateway additionally represents that it has the necessary authority to execute this Agreement, to accept the transfer of the Property upon Closing, and has the necessary authority and expertise to retain

such professionals and other assistance, and pursue such funding, as will be required to effect the redevelopment of the Property as contemplated by this Agreement. Gateway agrees it will not use the proceeds from the sale of the Property for any purpose unrelated to the redevelopment of City's former lagoon site or the adjacent area included in the Master Plan. Gateway further agrees that upon sale or transfer of all land received from City pursuant to this Agreement and completion of the Master Plan, it will enact a plan of dissolution pursuant to which all remaining net assets of the corporation will be transferred to City, after which Gateway will dissolve.

11. City's Representations.

City represents and warrants that it is the sole fee simple owner of the Property and has all necessary authority to convey the Property; there are no other contracts for sale or options involving the Property; no other party has any right, title, or interest in the Property; and there are no leases affecting or relating to the Property. Between the date City executes this Agreement and Closing, City shall not subject the Property to or consent to any lease, liens, encumbrances, covenants, conditions, restrictions, easements, right of way, or agreements, or take any other action affecting or modifying the status of title or otherwise affecting the Property without the written consent of Gateway. City understands and agrees that Gateway's activities, including the use of proceeds from the sale or transfer of land received from City pursuant to this Agreement, may include activities and/or expenses related to the development of additional adjacent land currently owned by third parties, to the extent such additional land is included in the Master Plan.

12. Termination.

Either party may unilaterally terminate this Agreement prior to Closing by informing the other in writing. Upon termination, neither party shall be obligated further to the other party, except that the terminating party shall be responsible for payment of the other party's reasonable attorney's fees and other reasonable and customary direct costs incurred in preparation for Closing.

13. Default.

In the event of any default, the non-defaulting party shall be entitled to pursue any remedies at law or in equity in connection with the default of the other party. The election to terminate this Agreement under the terms hereof shall not constitute a default.

14. Prior Agreements, Merger.

This Agreement supersedes any and all prior understandings and agreements between the parties and constitutes the entire agreement between them. No representations, warranties, conditions, or statements, oral or written, not contained herein shall be considered a part hereof. This Agreement may not be amended, altered, or modified except by an instrument in writing signed by the party sought to be charged therewith.

15. Miscellaneous.

Subject to the provisions hereof, this Agreement shall bind and inure to the benefit of the parties hereto, their successors, and permitted assigns. The warranties, representations, and terms of this Agreement shall survive delivery of the Deed and shall not be merged therein.

16. Notices.

Any Notices required or permitted to be given hereunder shall be deemed to have been properly given if sent by United States certified or registered mail, return receipt requested, postage prepaid, or if delivered in hand, as follows:

If to City:

City of Hartford
Attn: Finance Officer
125 North Main Avenue
Hartford, SD 57033

If to Gateway:

Gateway Hartford, Inc.
Attn: President
46324 Kelsey Drive
Hartford, SD 57033

Or to such other persons or addresses as the parties may hereafter direct by written notice. Notices, except those hand-delivered, shall be deemed delivered two (2) days after being deposited with the United States Postal Service. Hand-delivered notices shall be deemed delivered upon actual delivery to the person noted above.

17. Governing Law.

This Agreement shall be construed and enforced in accordance with the laws of the State of South Dakota. Any lawsuit concerning this Agreement shall be venued in South Dakota circuit court for the second judicial circuit.

IN WITNESS WHEREOF, the parties have hereunto set their hands and seals.

CITY OF HARTFORD

GATEWAY HARTFORD, INC.

BY:

BY:

DATE: _____

DATE: _____

ATTEST:

City Finance Officer

**CITY OF HARTFORD
RESOLUTION # 2026-3**

**A RESOLUTION APPROVING THE TRANSFER OF REAL ESTATE TO GATEWAY
HARTFORD, INC.**

WHEREAS, the City Council of the City of Hartford, South Dakota, has negotiated a Real Estate Transfer Agreement with Gateway Hartford, Inc, a South Dakota local economic development corporation organized as required in SDCL 9-27-37; and

WHEREAS, the City Council has determined that it is in the best interests of the City of Hartford to transfer its former wastewater lagoon site to Gateway Hartford, Inc. for remediation and development, which site is legally described as follows:

S1/2 NE1/4 (Except Lot H-1), Section 27, Township 102 North, Range 51 West of the 5th P.M., City of Hartford, Minnehaha County, South Dakota, and comprising 71 acres, more or less.

NOW THEREFORE BE IT RESOLVED by the City Council for the City of Hartford, South Dakota as follows: The Mayor and the Finance Officer for the City of Hartford are hereby authorized to execute the Real Estate Transfer Agreement between the City of Hartford and Gateway Hartford, Inc, and to execute all deeds and other documents necessary to convey said property to Gateway Hartford, Inc, all in order to effect said Real Estate Transfer Agreement.

Dated this 13th day of January, 2026.

Arden Jones
Mayor

Attest:

Karen Wilber
Finance Officer

(SEAL)