

# ***BEMIDJI ECONOMIC DEVELOPMENT AUTHORITY***

***Special Meeting Agenda***  
**Monday, March 14, 2011**

**City Hall  
Conference Room  
5:30 P.M. (or soon thereafter)**



1. CALL TO ORDER
  
2. Approval of an Agreement with HRDC and Negotiation of an Agreement with North Central Commercial Real Estate LLC, for the Marketing and Sale of the South Shore Development and Old MnDOT property on behalf of the BEDA
  
3. Consider Letter of Intent with MoDEV and/or Lake Bemidji Lodge Phase I for a mixed use development at South Shore
  
4. ADJOURN

**CONTRACT FOR SERVICES  
REAL ESTATE DEVELOPMENT ASSISTANCE**

**THIS REAL ESTATE DEVELOPMENT ASSISTANCE SERVICES AGREEMENT** is entered into this 20<sup>th</sup> day of December 2010, by and between the **City of Bemidji, MN and its Economic Development Authority, (the "City/BEDA")**, and the **Headwaters Regional Development Commission, (the "HRDC")**.

**RECITALS:**

**Whereas**, the City of Bemidji (the "City") is a Home Rule Charter City under the laws of the State of Minnesota, vested with all the powers and authority inherent in or incidental to Municipal Government not expressly limited or restricted by the Constitution or laws of the State of Minnesota, and including but not limited to, the authority to sell real property and to contract for professional services to assist with the development and sale of such property; and,

**Whereas**, the Bemidji Economic Development Authority (the "BEDA") was created by the City of Bemidji by its adoption of Ordinance Number 87, Second Series, dated October 16 1989, whereby the BEDA Board was granted all of the powers, rights, duties, and obligations as set forth in Minnesota Statutes §§469.090 through 469.1082, and including the authority to sell real property owned by it within the City or an economic development district if it determines that the sale and conveyance are in the best interests of the city or district and its people, and that the transaction furthers its general plan of economic development; and

**Whereas**, the HRDC is a regional development commission created under Minnesota Statutes §§462.381 to 462.398, and having all of the powers which may be necessary or convenient to enable it to perform and carry out the duties and responsibilities of §§462.381 to 462.398 or which may be imposed upon it by law, including the power to contract with local units of government to provide them with services and technical assistance in the conduct of local planning and development activities; and

**Whereas**, the BEDA has caused real property it owns along the south shore of Lake Bemidji in the City and within the Economic Development District established under BEDA Resolution No. 15, to be platted into what is known as "South Shore Addition", and a number of the lots platted therein are intended for sale for commercial development purposes (the "BEDA Property"); and

**Whereas**, the City owns several parcels of property located along Highway 197 and Shevlin Avenue in the City, commonly known as the "Former MnDOT Headquarters Site" (the "City Property"), and which City Property is no longer needed for municipal use and which the City desires to sell for redevelopment purposes (together with the BEDA Property, hereinafter referred to as the "Properties"); and

**Whereas**, the HRDC has offered to assist the City/BEDA in the development, marketing and sale of the City and BEDA Properties, and the City/BEDA agree to accept the HRDC's assistance, subject to the terms and conditions agreed to hereinafter.

Now, therefore, in consideration of the mutual covenants contained herein, the parties hereto agree as follows:

**Contact Person:** HRDC: Dave Hengel, Economic Development Director  
Contractee: John Chattin, City Manager/BEDA Executive Director  
Address: 317 4<sup>th</sup> street N.W.  
Bemidji, MN 56601

**I. Description of Services/Products to be Provided.**

A. Assist the City Council and BEDA Board of Commissioners in the effort to develop a package of recruitment incentives that would be of interest to potential purchasers and developers of the City and BEDA Properties, including what are currently defined as “Business Subsidies” under the City’s existing Business Subsidy Policy. HRDC Staff would assist in identifying and evaluating incentives that the respective governmental units would be willing to offer interested parties. HRDC would also explore and pursue incentive components in the way of resources contributed by regional partners such as the Northwest Foundation, the HRDC itself, the Joint Economic Development commission and others who typically play a role in providing incentives in support of regional economic development.

B. Develop and implement a campaign to identify and engage regional developers, including direct contact initiatives with potential developers know to the HRDC and the City/BEDA.

C. Assist in the creation of a comprehensive recruitment document packet providing among other things, site, PUD, market, incentives, and other statistical data.

D. Assist with the development of any additional marketing materials (brochures, web site, etc., as needed).

E. Assist with the formulation of specific development review process, procedure and protocol as between the City/BEDA, HRDC and other professional services consultants to serve as a development guide for purchasers and developers and facilitating timely and efficient review and consideration of purchase and development proposals and any application efforts associated therewith.

F. Once development interest or proposals are made, to act as a City/BEDA liaison to developers regarding response, process and protocol through the City/BEDA’s development review and approval process.

G. Provide feasibility analysis and reports to the City/BEDA respecting development(s) proposals to ensure the City/BEDA’s ability to properly, adequately and fairly assess a project’s potential for successful implementation.

H. Assist City/BEDA with compilation of term information to be included in draft Purchase Agreements executed between the City or BEDA and potential developers.

I. Meet with the City Manager/BEDA Executive Director on an on-going basis to discuss general development strategy as well as project specific progress.

J. Meet with City/BEDA staff and South Shore Design Review Committee regarding recommendations for project specific negotiations and completion of development transactions.

K. Provide **City and BEDA** governing bodies with monthly reports detailing the status of the development assistance program efforts and at such other times as **City** shall reasonably request.

L. Endeavor to identify and contact potential Developers by all reasonable means available, including direct solicitation, consultation, and marketing presentations, mail campaigns, processing of inquiries received from any and all sources and advertising, all as agreed upon between the City/BEDA and **HRDC**.

M. **HRDC** is authorized to advertise the Development Opportunities in whatever manner it deems appropriate and to contact real estate brokers as may, in **HRDC's** judgment, assist in inducing/concluding a development proposal for the various Properties. **HRDC** is further authorized to place signs in and about the City/BEDA's respective Property if, in **HRDC's** opinion, such would facilitate the development of the Property.

N. **HRDC** shall provide such other development assistance services as may be reasonably related to the services described herein and as may be agreed to by and between the parties hereto.

## II. Term of Services Agreement.

This Agreement will become effective on the date hereof when executed in full by authorized representatives of the City, the BEDA and the HRDC, and will remain in effect until November 30, 2011, or until all obligations set forth in this Agreement have been substantially fulfilled, whichever comes first. This Agreement may be terminated by any party hereto with 30-day advance written notice.

## III. Compensation and Terms of Payment.

1. **Total Cost of Services: \$ 50,400**

2. **Terms of Payment:**

**HRDC** would be paid \$2,100 per month commencing November 1, 2010 and ending October 1, 2012.

3. **Expenses.** Expenses incurred by **HRDC** and **CITY/BEDA** in performance of this Agreement shall be borne as follows:

a. Signage, mail campaigns, advertising, marketing material, staffing, and other relative travel and entertainment expense shall be the responsibility of the **HRDC**.

b. All other expenses, including but not limited to, direct expenses such as appraisal fees, title charges and fees, survey charges and fees, attorneys and other professional consultant fees for preparing or negotiating development agreements and related reports shall be at **City/BEDA's** expense.

IV. City/BEDA Responsibilities.

**CITY/BEDA AGREES THAT THEY SHALL:**

1. Furnish **HRDC** with pertinent information regarding the Properties, including the environmental status of the Property, including information on wells or septic systems, above or below ground tanks, and environmental reports which have been performed with respect to the Properties.
2. It is further agreed that **City/BEDA** shall permit **HRDC** to erect signs on the Properties advertising "Development Opportunities" and to remove all other "For Sale or For Lease" signs from the Properties during the period of this Agreement.
3. Forward to **HRDC** any inquiry of any sort received with regard to the proposed development of the Properties or any portion thereof.

V. Representations and Warranties. **City/BEDA** warrant that they are the record fee **Owners** of the City and BEDA Properties, respectively, and have the legal authority to enter into this Agreement.


VI. Miscellaneous.

1. **QUALIFICATIONS.** **HRDC** represents that it is qualified and willing to perform the services set forth herein.
2. **AMENDMENTS.** Any alterations, variations, modifications or waivers of terms of this Agreement shall be binding upon the City/BEDA and **HRDC** only upon being reduced to writing signed by a duly authorized representative of the City/BEDA and of **HRDC**.
3. **ASSIGNMENT.** **HRDC** represents that it will utilize only its personnel in the performance of the services set forth herein; and further agrees that it will neither assign, transfer or subcontract any rights or obligations under this Agreement without prior written consent of the City/BEDA.
4. **DATA, DATA PRACTICES AND COPYRIGHT.**
  - a. The City/BEDA agree that it/they will make available all pertinent information, data, and records under its control for **HRDC** to use in the performance of this Agreement, or to assist **HRDC** wherever possible to obtain such records, data and information.
  - b. All reports, data, information and documentation, and material given to or prepared by **HRDC** pursuant to this Agreement will be confidential and will not be released by **HRDC** during the Agreement period without prior authorization from the City/BEDA.
  - c. No reports, maps, data, commentaries, or other documentation produced in whole or in part under this Agreement will be the subject of any application for copyright by or on behalf of **HRDC** or **HRDC**'s agents or employees.

5. HRDC agrees to comply with the Minnesota Government Data Practices act and all other applicable state and federal laws relating to data privacy or confidentiality. HRDC must immediately report to the City/BEDA any requests from third parties for information relating to this Agreement. HRDC agrees to hold the City/BEDA, their officers, and employees harmless from any claims resulting from HRDC's unlawful disclosure or use of data protected under state and federal laws.
6. COMPLIANCES. HRDC agrees to abide by and assures that no person in the United States shall on the grounds of sex, age, race, color, religion, disability, affection preference, marital status, or status with regard to public assistance or as a disabled veteran, be excluded from participating in, be denied the benefits of, or be otherwise subject to discrimination in connection with the operations of this Agreement.
7. RECORDS. HRDC agrees that it will establish and keep for a period of six (6) years following the receipt of payment from the final invoice for services performed hereunder such records, books, checks, statements and bills and all other records as will fully disclose the amount and disposition of the funds received pursuant to this Agreement.
8. TERMINATION.
  - a. Notwithstanding Paragraph II of this Agreement, if either party shall fail to fulfill its obligations hereunder, or shall violate any terms of this Agreement, the other party shall have the right to terminate this Agreement by giving written notice to the defaulting party at least fourteen (14) days prior to termination. Such written notice shall specify the nature of the default.
  - b. In the event of the termination of this Agreement prior to normal completion, all finished or unfinished documents, data, studies, surveys, drawings, maps, photographs, and reports prepared by HRDC in carrying out the work tasks hereunder shall become the property of the City/BEDA. HRDC shall be entitled to receive from the City/BEDA the reasonable value of such materials. In addition, City/BEDA shall pay HRDC for the services actually and satisfactorily performed by HRDC hereunder up to the time of termination, less any payments previously made to HRDC under this Agreement.
9. INFORMATION. City/BEDA agrees that all information provided to HRDC will be true and correct to the best of City/BEDA's knowledge. HRDC is not liable for its use or dissemination of false or erroneous information, data or other materials provide by the City/BEDA.

In Witness Whereof, the parties have hereunto set their hands on the day and year first written above, and each warrants that he/she is empowered and authorized to execute this Agreement.

**CITY OF BEMIDJI, MN**

By   
Its CITY MANAGER


317 4<sup>th</sup> Street NW  
Bemidji, MN 56601  
(218) 759-3560

**BEMIDJI ECONOMIC DEVELOPMENT AUTHORITY (BEDA)**

By   
Its EXECUTIVE DIRECTOR

317 4<sup>th</sup> St. NW  
Bemidji, MN 56601

**HEADWATERS REGIONAL DEVELOPMENT COMMISSION**

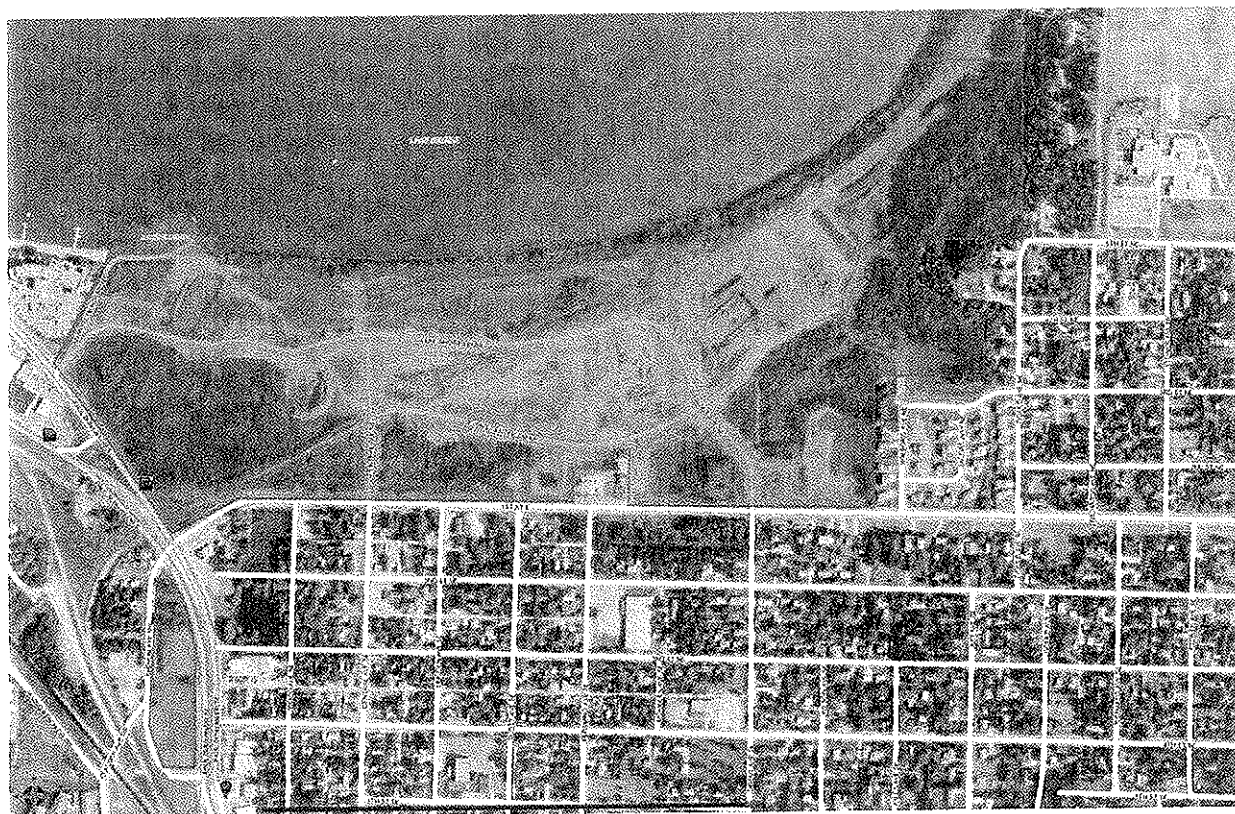
By   
Its Executive Director

P.O. Box 906  
Bemidji, MN 56619  
(218) 444-4732  
dhengel@hrdc.org



EXHIBIT "A"

*Village at South Shore* (Within Plat of South Shore Addition)



DISCLAIMER: Beltrami County makes no representation or warranties expressed or implied, with respect to the reuse of data provided herewith, regardless of its format or the means of transmission. There is no guarantee or representation to the user as to the accuracy, currency, suitability, or reliability of this data for any purpose. The user accepts the data 'as is', and assumes all risks associated with its use.

SOURCES: Beltrami County, City of Bemidji, USGS, USDA, MNDNR, Plansight LLC; March 2007; Aerial Imagery as specified



Office of the City Manager  
317 4<sup>th</sup> St NW  
Bemidji, MN 56601  
(218) 759-3565  
jchattin@ci.bemidji.mn.us

March 14, 2011

Drew Olson  
MoDev  
DC Marketstreet  
20865 North 90<sup>th</sup> Place  
Scottsdale, AZ 85255

Re: Lot 1, Block 3, South Shore Addition (the "Property")

Dear Mr. Olson:

As you know, on March 14, 2011 the Bemidji Economic Development Authority ("BEDA") authorized its staff to proceed with negotiations for sale by the BEDA of the above-described Property to you and/or MoDev and/or Lake Bemidji Lodge Phase I, LLC (the "Developer"), for a mixed use development.

This letter will confirm the BEDA's agreement as follows:

1. Until June 14, 2011 the Developer has the right to purchase the Property for \$500,000 per acre.
2. The BEDA agrees to not negotiate with any other person or entity for the sale, lease, or development of the Property during the term of this Letter of Intent.
3. The parties agree and understand that further and separate action will be taken by the BEDA with respect to the Property, and that this Letter of Intent in no way obligates the BEDA to sell the Property or obligates the Developer to buy. The parties further agree and understand that the BEDA may only take action to sell the Property following certain procedures and that the BEDA retains its discretion with respect to any decision regarding sale of the Property or terms of such sale.

We look forward to working with you to make your development a reality.

Sincerely,

John Chattin,  
Executive Director