

# **BEMIDJI ECONOMIC DEVELOPMENT AUTHORITY**

## ***Special Meeting Agenda*** **Monday, November 18, 2013**

**City Hall  
Conference Room  
7:00 P.M.  
(Following Council Meeting)**




1. CALL TO ORDER
  
2. Consider Amendment to Purchase Agreement with South Shore Landing, LLC
  
3. ADJOURN



City Manager's Office

# MEMORANDUM

**TO:** Bemidji Economic Development Authority (BEDA)  
**FROM:** John Chattin, Executive Director   
**DATE:** November 18, 2013  
**RE:** Amendment to Purchase Agreement

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The BEDA has a purchase agreement with South Shore Landing, LLC (the "Developer"), for land where they intend to construct an apartment building on the south shore. They have spent considerable time performing their due diligence, consisting primarily of borings on the site to determine the load capacity of the soils. That research has shown that the site contains massive amounts of wood chip debris and would require specialized footings to construct their project. The City has also done further testing of the site, as directed by the MPCA. Those tests have indicated that methane gas is also present on the site.

We have been in conversation with both Ryan Carlson and Jon Miskavige, the Developers of the property. These test results have obviously caused them some concern. However, they are willing to pursue the project with the City as a partner. The City's job will be to apply to DEED for a redevelopment grant that would help pay for the additional costs caused by the site conditions. Application for that grant would take place in February with the grant award made in the spring. As the current purchase agreement only gives them until December 1, 2013 to close, additional time is needed. The purchase agreement also requires the Developer to pay \$2,000 per month during the due diligence period. As they completed their due diligence in the first month and a half, the purchase agreement amendment also restricts their liability for those costs to \$3,000.

**Recommendation:**

Approve the amendment to the purchase agreement giving the Developer until April 30, 2014 to close and limiting their liability for due diligence costs to \$3,000.

# AMENDMENT TO PURCHASE AGREEMENT

**THIS AMENDMENT**, is entered into this \_\_\_\_\_ day of November, 2013, by and between the **Bemidji Economic Development Authority, ("BEDA")**, and **South Shore Landing, LLC, ("Developer")**.

## WITNESSETH:

**WHEREAS**, BEDA and Developer previously entered into that certain Purchase Agreement dated August 5, 2013, for the sale of the real property (therein referred to as the "Development Property") subject of that agreement (hereinafter the "Original Purchase Agreement"); and

**WHEREAS**, pursuant to Paragraph 1 of the Original Purchase Agreement, earnest money was deposited in escrow with the BEDA by Developer, with the earnest money and any interest earned thereon to be returned to Developer less the sum of \$2,000.00 per month from the date of the execution of the Original Purchase Agreement in the event that the agreement was terminated by Developer as a result of Developer's investigation of the suitability of the Development Property for Developer's intended multi-unit residential housing use; and

**WHEREAS**, land suitability issues have been identified in the course of Developer's investigation, giving rise to the parties mutual decision to seek a grant to investigate and remediate soil conditions in the Development Property, which remediation would result in suitability for Developer's intended development and use of the Development Property; and

**WHEREAS**, the parties mutually desire to extend the term of the Original Purchase Agreement to allow for the BEDA to pursue application and procurement of a grant to remediate the Development Property conditioned on the parties' continued compliance with the terms and conditions of the Original Purchase Agreement, except as modified hereinafter; and

**WHEREAS**, Paragraph 15 of the Original Purchase Agreement allows for amendment of the Original Purchase Agreement if set forth in writing and executed by both parties.

**NOW, THEREFORE**, the parties hereto agree as follows:

1. On condition that it complies with all of the terms and requirements set forth in the Original Purchase Agreement, except as hereinafter modified, including its obligation to complete negotiation and execution of the Development Agreement with the BEDA prior to closing, the closing date on the sale of the Development Property is extended to April 30, 2014.
2. Said extension is further conditioned upon Developer assisting the BEDA in making an application to DEED for a Redevelopment Grant to investigate and remediate the Development Property in order to render the Development Property suitable for the intended use as a multi-unit residential housing development.
3. Pending the outcome of the aforementioned grant application and/or grant funded remediation process, the non-refundable portion of Developer's earnest money deposit described and defined in Paragraph 1 of the Original Purchase Agreement, is hereby capped at the sum of \$3,000.00, unless otherwise agreed by the parties in a subsequent amendment in writing executed by both parties.

4. Except as modified by this Amendment, all of the terms and conditions of the Original Purchase Agreement shall apply and be incorporated in this Amendment as if fully set forth herein,.

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

**BEMIDJI ECONOMIC DEVELOPMENT  
AUTHORITY**

By \_\_\_\_\_  
Rita C. Albrecht  
Its President

By \_\_\_\_\_  
John M. Chattin  
Its Executive Director

TIN: \_\_\_\_\_

STATE OF MINNESOTA     )  
  )ss.  
COUNTY OF BELTRAMI    )

The foregoing instrument was acknowledged before me this \_\_\_\_\_ day of November, 2013, by Rita C. Albrecht and John M. Chattin, the President and Executive Director, respectively, of the Bemidji Economic Development Authority (BEDA), a body politic and corporate duly organized under the laws of the State of Minnesota, on behalf of the BEDA.

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

**SOUTH SHORE LANDING, LLC**

By \_\_\_\_\_  
Ryan Carlson  
Its Vice President

TIN: \_\_\_\_\_

STATE OF MINNESOTA     )  
  )ss.  
COUNTY OF BELTRAMI    )

The foregoing instrument was acknowledged before me this \_\_\_\_\_ day of November, 2013, by Ryan Carlson, the Vice President of South Shore Landing, LLC, a Minnesota limited liability company, on behalf of the company.

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Notary Public