

City of Blaine
Request for Council Action
Meeting Date: September 28, 2020

Subject: An amendment to the existing purchase and sale agreement between the City of Blaine and White-Leasure Development to extend the agreement timeline by one hundred fifty (150) days.

Department: City Manager

Prepared By: _____
(Digital Signature)

Agenda Location: Consent Agenda Council Action Unfinished Business

Attachments:

1. White-Leasure Letter – Proposed Addendum #3 to Purchase and Sale Agreement
 2. Proposed Purchase and Sale Agreement Amendment (Amendment #3)
-

Background/Summary:

The City has an existing purchase and sale agreement (PSA) with White-Leasure Development. Under the PSA, White-Leasure will acquire 5+/- acres of land at the City's Gateway development site. The PSA has parameters around timelines and actions for both parties.

The City has responsibility to subdivide the land to create a parcel with a legal description and provide a title report. The subdivision hinges on action by another buyer, Family Care Network, because White-Leasure is buying the remaining property after the Family Care Network purchase. Family Care Network has completed their site planning and confirmed their parcel size. The land division was submitted to the City's Community Development Services Department for processing on September 18th, 2020.

Due to a few different concerns White-Leasure has with the current time frames as stipulated in the original purchase and sale agreement and addendum #2, a third amendment between the two parties has been proposed. The concerns that led to the recommendation for a third amendment include:

1. Due to COVID-19 and the City's ongoing process to finalize the parcel for The Family Care Network, the plat is taking longer than White-Leasure and the City had anticipated following the implementation of Amendment #2.
2. The delay described above has curtailed White-Leasure's efforts to secure commitments from the tenants they have been working with.
3. White-Leasure needs to obtain and budget for major costs including the proposed LID for the regional water retention stormwater program. The process to determine the assessment of this stormwater pond is another contributing factor in White-Leasure's difficulties in finalizing deals with clients since they are unable to factor in the real costs of acquiring the property.

A complete explanation of White-Leasure's concerns can be found in attachment #1.

The third amendment will:

1. Extend the feasibility period an additional one hundred fifty (150) days from September 24, 2020, to February 24, 2021.
2. On February 24, 2021, Allow White-Leasure to extend the due diligence period an additional one-hundred eighty (180) days by converting the fifty-thousand (\$50,000) dollar promissory note to cash

which shall become non-refundable and shall be released to the City upon the City's request to the escrow agent. The earnest money deposit shall apply to the purchase price.

Budget Implications: Current Budget New Budget Request Non-Budgetary

The extension has no impact on the 2020 Budget. The sale of property and the revenue that would come from the sale is not included in the budget.

Recommendation:

The City Manager recommends that the City Council approve the proposed Amendment 3 to the purchase and sale agreement between White-Leasure Development and the City of Blaine.

Reviewed By:

City Manager _____ Finance Director _____ City Clerk _____
(Digital Signature) (Digital Signature) (Digital Signature)



September 17, 2020

Via email mjones@cityofblaine.com

City of Blaine
Attn: Michael Jones
435 Martin Street, Ste 300
Blaine, WA 98230

RE: Proposed Addendum #3 to Purchase and Sale Agreement – City of Blaine/ White-Leasure Development Company

Dear Michael,

We have had another internal meeting regarding the proposed vacant land purchase of approximately five (5) acres from the City of Blaine.

After reviewing the current time frames in the Purchase and Sale Agreement and subsequent Addendums, we have concerns regarding the ability of both the Buyer (White-Leasure) and Seller (City of Blaine) to comply with the terms of the contract as written.

The reasons for our concerns are as follows:

- A. The plat is taking longer to complete than the Buyer and Seller initially contemplated. We have continued to work with the City and we realize the constraints the City has been under to finalize the parcel for The Family Care Network and the continuing disruptions the virus has caused to the daily operations of all parties.
- B. The City's final plat delay has significantly curtailed our efforts to secure commitments from the tenants we have been working with. Upon recordation of the City's final plat, the Buyer will need to subdivide the property into additional lots and then we will be able to obtain correct title reports/legal descriptions and move forward with our prospective tenants.
- C. Moreover, we still need to obtain and budget for the major costs associated with the offsite improvements including the proposed LID for the Regional Water Retention Stormwater Program and the Extraordinary Impact Fees.
- D. Due to all of the above, we are proposing to modify our Agreement as per the attached Addendum #3.

Page 2
September 17, 2020
City of Blaine

After your review, please do not hesitate to contact me or Larry if you have any questions or comments. We look forward to developing this property in 2021 timeframes.

Sincerely,



Jeffrey Huber
Vice President, Broker
White-Leasure Development Company

Cc w/ enc: H. James White
H. Larry Leasure
Leo Cohen

Addendum #3

This Addendum #3 has been made a part of the Vacant Land Purchase and Sale Agreement dated September 10, 2019, between the City of Blaine, hereinafter "Seller", and White-Leasure Development Company, hereinafter "Buyer", and sometimes collectively referred to as the "Parties".

A. In order to allow both Buyer and Seller additional time to complete the due diligence tasks called out in the Purchase Agreement, the Parties hereby agree to extend the initial Feasibility Period an additional one hundred ~~twenty (20)~~ days from September 24, 2020 to February 24, 2021.

Fifty 150

B. The Buyer will continue to provide the City Manager with progress reports.

C. On February 24, 2021, Buyer may extend the due diligence period an additional one-hundred eighty (180) days by converting the Fifty-Thousand (\$50,000.00) Dollar Promissory Note to cash which shall become non-refundable and shall be released to Seller upon Seller's request to the escrow agent. The earnest money deposit shall apply to the purchase price.

D. In the event of a conflict between the terms and conditions contained in this Addendum #3 and the terms and conditions contained in the Vacant Land Purchase and Sale Agreement and Addendum #1 and Addendum #2, then the terms and conditions contained within this Addendum #3 shall prevail. All other terms and conditions contained in the Vacant Land Purchase Agreement and Addendum #1 and #2 thereto, not modified by this Addendum #3, shall remain in full force and effect.

Acknowledged and Agreed

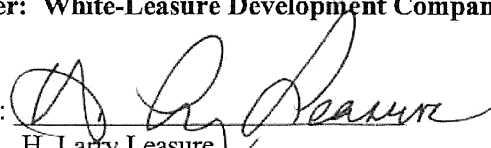
Seller: City of Blaine

By: _____
Michael Jones

Its: _____

Date: _____

Buyer: White-Leasure Development Company

By: 
H. Larry Leasure

Its: CEO. Chairman

Date: 9-15-2020