

**CITY OF BLAINE**  
**REQUEST FOR COUNCIL ACTION**  
**MEETING DATE:** June 24, 2019

**SUBJECT:** Letter of Intent (LOI) for Purchase of approximately Two and One Half Acres of Gateway Property for a Medical Facility

**DEPARTMENT:** City Manager

**PREPARED BY:** Michael Jones

**AGENDA LOCATION:**  Consent Agenda       Council Action       Unfinished Business

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**ATTACHMENTS:**

1. Buyer's Letter Of Intent

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**BACKGROUND/SUMMARY:**

The City is in receipt of a LOI to purchase approximately two and one half acres of property in the Gateway General Binding Site Plan (former airport site). The proposal involves property at the north end adjacent to H Street, SR-543, and Grant Avenue. The LOI indicates that the development would include a general medical practice, a medical laboratory, and an urgent care facility as well as parking, landscaping and potential for future expansion.

Price has not been included in the LOI, and the potential buyer has indicated an interest in leasing the property. The City Manager recommends amendments to the LOI as follows:

- The 2.5 acres should be subject to a mutually agreeable site plan and conditions
- Earnest money should be a more substantial amount, such as \$30,000, for such a significant purchase.
- We should suggest a 60-day feasibility period
- Closing should occur within 90 days of recording a Specific Binding Site Plan for parcel creation.
- If the Buyers assign the property to an LLC it needs to be controlled by the Buyers and subject to any and all term of the sale (such as use of the site for medical services).
- The City will begin the process of creating the lot after the Buyer has waived contingencies.

An executive session has been scheduled to discuss issues related to price to provide input to the City Manager for negotiations related to price in the final deal.

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**Budget Implications:**  Current Budget       New Budget Request       Non-Budgetary

The property sale would add income to the City, but it does not impact the 2019 Budget directly.

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**Recommendation:**

The City Manager recommends that the Council consider the LOI and direct the City Manager to develop a counter offer by amending the LOI and proposing it to the prospective buyer.

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**Reviewed By:**

City Manager \_\_\_\_\_ Finance Director \_\_\_\_\_ City Clerk \_\_\_\_\_  
(Digital Signature) (Digital Signature) (Digital Signature)

## LETTER OF INTENT

**Date:** May 20, 2019

**Parties:** This Letter of Intent (LOI) is made by and between the the City of Blaine WA (the Seller) and Building Partnership LLC, a Washington limited liability company (the Buyer).

**Expiration:** This LOI will expire June 30, 2019, unless terminated by the Buyer for any or no reason.

**Address:** Approximately 2.5 acres ( 108,900 SF) known as H St & Boblett in Blaine WA.

**Parcels:** A northerly portion TBD of parcel # 4001063885000000, Gateway General Binding Site Plan. It is understood that this parcel has recently been sold the the City of Blaine, the sale has been recorded and updated title and parcel numbers may change.

**Purchase Price:** TBD. (See Additional Notes below)

**Earnest Money:** Ten Thousand Dollars (\$10,000) to be held by Closing agent. Upon waiver of Buyer's feasibility period, the earnest money becomes non-refundable and is applicable to the Purchase Price at Closing.

**Feasibility:** Buyer shall have ninety (90) days from Mutual Agreement of the PSA to determine at its sole discretion whether the property is feasible for Buyer's purposes. Buyer and its agents shall be permitted to enter the property during the feasibility period for inspections. Any physical inspections will be subject to Seller's prior approval.

**Closing:** Closing shall occur ninety (90) days or less after waiver of feasibility.

**Proposed Project:** Buyer initially intends to construct a structure with approximately 10,000 square feet of building space for a medical clinic that will initially be staffed by 4 to 5 providers, will include 7 day a week Urgent Care operations for anyone - FCN and non-FCN clients, laboratory & radiology facilities and parking per City of Blaine coed requirements of the proposed uses in the project and room for possible future expansion.

**Assignment:** The Buyer may assign the PSA to a LLC to be formed.

**Commissions:** Sellers Brokers are Mike Kent and Jeff Johnson of Windermere Real estate and the Buyers Broker is Jeff Hopwood of Windermere Real Estate with commissions per NWMLS listing #595645.

**Non-Binding:** This LOI is not binding on either party.

**Authority:** The signers for the parties warrant that they have the authority to execute this LOI.

Additional Notes: FCN would also be interested in Leasing the property instead of purchasing

If the parties are willing to proceed with negotiations for the sale of the property on these terms and conditions, please sign the LOI where indicated below.

Approved and Agreed:

BUYER

Building Partnership LLC

Name: Steve Alexander or Mike Fleming

Title:

Signature:  \_\_\_\_\_

Date: 5/21/2019

SELLER:

City of Blaine WA

Name:

Title:

Signature: \_\_\_\_\_

Date: \_\_\_\_\_