



CITY OF MARSHALL AGENDA ITEM REPORT

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| Meeting Date: | Tuesday, November 12, 2019 |
| Category: | NEW BUSINESS |
| Type: | ACTION |
| Subject: | Agreements Regarding Property Located at 100 and 200 8 th Street South |
| Background Information: | <p>In 2015, the City and Knochenmus Enterprises (Knochenmus) entered into a Contract for Deed whereby the City purchased the property located at 110 8th Street South and 200 8th Street South in the City of Marshall and made an initial payment for the property.</p> <p>Since that time there have been three extensions to the 2015 Contract for Deed: 2016, 2017, 2018 as a result of continued use and interest in the property by Knochenmus.</p> <p>In 2018, the City Council directed staff to discuss with Knochenmus ways to no longer further extend the Contract for Deed.</p> <p>In 2019, the Mayor and Administrator met with Knochenmus to discuss short- and long-term interest in the property. The City acknowledged interest in the building short-term and Knochenmus acknowledged both short-term and long-term interest in the building. It was acknowledged that the value of the City's past and future short-term interest has a value that equals the initial Contract for Deed payment.</p> <p>As a result, both the City and Knochenmus are proposing to terminate the Contract for Deed and enter into a Lease agreement. The City shall not be required to pay Knochenmus any consideration for its use of 12,000 square feet of the building on the Property for the previous 48 months. The City shall be allowed to occupy 12,000 square feet of the building on the Property for a period of up to an additional 36 months.</p> |
| Fiscal Impact: | Mutual benefit |
| Alternative/ Variations: | Amend the existing Contract for Deed, fulfill the requirements of the Contract for Deed, default payment in Contract for Deed |
| Recommendations: | Approve Contract for Deed Termination Agreement and Lease Agreement Regarding Property Located at 100 and 200 8 th St. South |