



REQUEST FOR COMMISSION ACTION
CITY OF INDEPENDENCE
February 6, 2020

Department Administration

Director Approval Kelly Passauer

AGENDA ITEM Consider authorizing the Mayor to sign an option to purchase real estate with Lee's Cooling & Heating for a tract of land in the West Laurel Industrial Park.

SUMMARY RECOMMENDATION Authorize the Mayor to sign the agreement.

BACKGROUND City staff, MCAC and the Chair of the Economic Development Advisory Board have been working with Brian Beecham in regard to the planned expansion of Lee's Cooling & Heating which he recently acquired. The expansion would include construction of a new facility at the West Laurel Industrial Park that would provide the future space needed to retain this growing local business. The lot identified for this expansion consist of 2.2 acres. The agreement would provide an option to purchase the property within three years for \$22,000. The business would pay \$2,000 for the option to buy. If the option is not exercised within three years, the City retains the \$2,000 payment.

BUDGET IMPACT \$2,000 will be due to the City once the agreement is fully executed.

SUGGESTED MOTION I move to authorize the Mayor to sign an option to purchase real estate with Lee's Cooling & Heating for a tract of land in the West Laurel Industrial Park.

SUPPORTING DOCUMENTS Option to purchase real estate.

OPTION TO PURCHASE REAL ESTATE

This Agreement is entered into by and between the **City of Independence, Kansas**, a municipal corporation, hereafter SELLER, and **Lee's Cooling & Heating Co., Inc.**, hereafter BUYER.

Whereas, SELLER owns the following described real estate:

Lot 10, West Laurel Street Industrial Park, City of Independence, Montgomery County, Kansas (hereafter "Lot 10").

And Whereas, BUYER wishes to acquire an option to purchase Lot 10 from SELLER, and SELLER is willing to give BUYER an option to purchase the same.

Now Therefore, in consideration of the mutual covenants and agreements hereinafter contained, the parties agree to the following:

1. **Option to Purchase:** SELLER hereby grants BUYER an option to purchase Lot 10, subject to the terms and conditions of this agreement.
2. **Consideration:** BUYER shall pay SELLER the sum of \$2,000.00 for the option to purchase. Payment shall be made upon SELLER'S execution of this agreement.
3. **Term:** BUYER'S option to purchase shall be for a term beginning upon the date of execution of the last party signing this agreement, and shall extend for a period of three (3) years from that date.
4. **Exercising of Option to Purchase:** Should BUYER elect to exercise its option to purchase Lot 10 as provided herein, BUYER shall give SELLER written notice of its intent to do so prior to expiration of the term of this agreement. Once

BUYER has given SELLER notice of intent to exercise its option to purchase, this agreement shall convert to a standard real estate sales agreement, subject to additional terms and conditions set forth herein.

5. **Additional Terms and Conditions:** Once BUYER has exercised its option to purchase, the following terms and conditions shall apply:

a. The purchase price to be paid by BUYER is \$22,000.00. The \$2,000.00 paid by BUYER at time of execution of this agreement shall be applied toward the purchase price.

b. The parties shall obtain a policy of title insurance for the benefit of BUYER. SELLER shall have a reasonable time within which to comply with any title requirements made by the title insurance company.

c. Any taxes or assessments on the property shall be prorated through date of closing.

d. The closing date shall be a date mutually agreed upon between the parties, but not to exceed sixty (60) days from the date BUYER gives notice of intent to exercise its option. SELLER shall provide BUYER an appropriate warranty deed conveying merchantable title at time of closing.

e. All standard costs and fees, including the cost of title insurance, and any closing fee charged by the closing agent, shall be equally split between the parties.

6. **Failure to Exercise Option:** Should BUYER fail to exercise its option

to purchase within the term of this agreement, SELLER shall be entitled to retain the \$2,000.00 paid by BUYER in exchange for the grant of the option to purchase.

7. **Competing Offer:** In the event SELLER receives a written offer to purchase Lot 10 from a third party during the term of this agreement prior to the time BUYER has given written notice of its intent to exercise its option, SELLER shall give BUYER written notice of the new offer at which time BUYER shall have sixty (60) days from the date of the written notice within which to exercise its option to purchase. The failure of BUYER to exercise its option to purchase after being so notified shall result in the option to purchase being terminated. If the option to purchase is terminated in this manner, BUYER shall be entitled to a prorata refund of the initial consideration paid for the option to purchase.

8. **Binding Effect:** This agreement shall be binding upon the heirs, successors and assigns of the parties hereto.

**SELLER -
CITY OF INDEPENDENCE, KANSAS**

Date

By: _____
LEONHARD CAFLISCH, Mayor

ATTEST:

DAVID W. SCHWENKER, City Clerk

**BUYER -
LEE'S COOLING & HEATING CO., INC.**

Date

By: _____
BRIAN H. BEECHAM, President