



AGENDA
CITY COUNCIL SPECIAL MEETING
COUNCIL CHAMBERS - HUTCHINSON, KANSAS
March 2, 2020
9:00 a.m.

1. ROLL CALL

Daveline Soldner Bagwell Garza Piros de Carvalho

2. NEW BUSINESS

- a. Consider sale of property at 18 East Avenue B.

Action – Motion to **approve** the sale of property at 18 East Avenue B to Sensor Dynamix LLC; and authorize the Mayor to sign all necessary documents.

Motion _____ Second _____
Daveline Soldner Bagwell Garza Piros de Carvalho

3. EXECUTIVE SESSION

- a. Motion to recess into executive session pursuant to the personnel matters of non-elected personnel exception, K.S.A. 75-4319(b)(1) in order to discuss the City Manager candidates; the open meeting to resume at _____ p.m.

Daveline Soldner Bagwell Garza Piros de Carvalho

4. ADJOURNMENT

Daveline Soldner Bagwell Garza Piros de Carvalho



COUNCIL COMMUNICATION	
FOR MEETING OF	3-02-2020
AGENDA ITEM	2a
FOR ACTION	✓
INFORMATION ONLY	

INTEROFFICE MEMORANDUM

TO: City Council
FROM: John Deardoff, City Manager 
DATE: February 26, 2020
RE: Sale of Fire Station-Ave B and Walnut

Background. Back in September of 2019, the City Council gave approval to solicit sealed bids for the sale of the old Fire Station at Ave B and Walnut. Solicitation of bids began in early October with a formal bid due date of November 22, 2019. Although there were several parties who toured the property no formal bids were received. No additional action was taken on the sale other than responding to a few inquiries.

In late December, I was contacted by a Hutchinson native, Logan Lawson currently attending college in California who was interested in learning more about the building as a possible location for a start-up software engineering company. In late December 2019, I had multiple conversations about the building and his plans for use of the building. During this time Logan spent numerous hours in the building inspecting and imagining space use. Logan was intrigued with the building and became very interested in locating his startup company-- Sensor Dynamix in the building. In very simple terms, Logan and his team of four designs, builds and integrates sensor platforms with proprietary software created from scratch.

Issue. Staff is proposing the building be sold to the company for a public purpose related to economic development at a price of \$500. Bringing Sensor Dynamix a startup engineering company to Hutchinson is an exciting opportunity for the Community. Included in the sale agreement is a purchase option whereby the City could exercise its purchase option (\$100) and buy the building back if during the first 3 years Sensor Dynamix ceases operations or attempts to transfer the real estate to another entity.

Fiscal. The proposed sale price is \$500 with a closing date of June 1, 2020. The City per the sales contract will be responsible to remove the radio tower located on the roof structure by September 1, 2020.

Recommendation. Staff recommends approval of the contract for sale and purchase of the real estate and building (old fire station) located at Ave. B and Walnut St.

Motion. Motion to approve/not approve the contract for sale and purchase of the old fire station located at Ave B and Walnut.

CONTRACT FOR SALE AND PURCHASE OF REAL ESTATE

THIS AGREEMENT is entered into for adequate consideration this _____ day of _____, 2020, by and between the City of Hutchinson, Kansas, a municipal corporation, hereinafter referred to as "Seller", and Sensor Dynamix LLC, a Kansas Limited Liability Company, hereinafter referred to as "Buyer".

1. Purchase and Sale. Seller agrees to sell, and Buyer agrees to purchase, the following described property on the terms stated in this contract:

Lots 2, 4, 6, 8, 10 and 12 including Avenue B East, Original Town, Hutchinson, Reno County, Kansas.

This property is located at 18 East Avenue B, Hutchinson, Kansas.

2. Financial Terms. The total compensation shall be as follows:

(a) Cash Proceeds. Buyer shall pay the sum of Five Hundred Dollars (\$500.00) to Seller for the purchase of the above real estate. Buyer shall pay the balance in full to Seller at the closing.

(b) Purchase Option. Buyer provides Seller with an option to purchase, in the form attached as Exhibit 1, the following described property with a legal description of:

Lots 2, 4, 6, 8, 10 and 12 including Avenue B East, Original Town, Hutchinson, Reno County, Kansas.

During the term of such purchase option, which shall commence on the closing date of this transaction and expire on the 3rd anniversary of the closing date (Option Term), Seller may exercise its purchase option for the real estate described above for which title is held by the Buyer by providing written notice to the Buyer that it wishes to exercise such

purchase option and by complying with the terms of the Option Agreement attached hereto as Exhibit 1.

3. Warranty Deed. Seller shall execute a proper warranty deed to Buyer and deliver it to Buyer at closing.

4. Defaults and Remedies. In the event of default by either party under this Agreement, Buyer and Seller agree as follows:

(a) Default by Buyer. If Buyer shall default in the performance of its obligations hereunder, the Seller shall have the right to either (a) terminate this agreement, or (b) enforce this agreement through an action for specific performance. In either event, Seller shall have the right to seek and recover from Buyer all damages suffered by Seller as a result of Buyer's default in the performance of its obligations hereunder.

(b) Default by Seller. If Seller shall default in the performance of its obligations hereunder, Buyer shall have the right to either (a) terminate this Agreement, or (b) enforce this Agreement through an action for specific performance. In either event, Buyer shall have the right to seek and recover from Seller all damages suffered by Buyer as a result of Seller's default in the performance of its obligations hereunder.

5. Title Insurance. Seller shall cause a Title Commitment to the subject property to be delivered to Buyer's designee. The cost of the title insurance commitment and policy shall be paid by Seller. The Title Commitment shall show good and marketable title in Seller, unencumbered by liens or clouds on title, except:

- (a) Easements of record.
- (b) Zoning regulations and ordinances of the municipality or county.

- (c) Any state of facts an accurate survey may show.
- (d) Covenants and restrictions of record, if any.
- (e) Existing mortgage lien or liens that are to be paid and released at or before closing.

6. Taxes. Seller shall be responsible for all general taxes and any special assessments for the year 2019 and prior years. General taxes and any special assessments for the year 2020 shall be prorated between Seller and Buyer to date of closing, based on the 2019 taxes. Seller shall be responsible for such taxes or special assessments prior to date of closing. Buyer shall assume all responsibility for general taxes and special assessments after date of closing.

7. Closing. The closing of this transaction shall be June 1, 2020, or at an earlier date by mutual agreement of the parties.

8. Possession. Buyer shall assume possession on the date of closing.

9. Fixtures. All remaining fixtures and attachments to the premises are transferred to Buyer at the date of possession.

10. Certificate as to Liens. Seller certifies that at closing there will be no liens, lien claimants, financing statements, executed or promised, nor unpaid bills for improvements or materials supplied to the property being sold for 120 days prior to the date of closing.

11. Radio Tower Removal. Seller agrees that the existing radio tower on the roof of the structure shall be removed by September 1, 2020 at Seller's expense.

12. Certificate of Occupancy. A Certificate of Occupancy shall be issued by the Seller to the Buyer at the date of closing for the Property in its present condition and for a B-use group on the first floor and an R-3 use group on the second floor of the structure.

13. Governing Law. This agreement shall be governed by and construed in accordance with the laws of the State of Kansas. Exclusive jurisdiction of venue for any claim or action arising out of or relating to this agreement shall be in the State or Federal courts located in the State of Kansas.

14. Closing Costs. The closing agent's fee shall be paid by the Buyer. Buyer shall pay the cost of recording the deed with the Reno County Register of Deeds.

15. Condition of Subject Property. The parties agree that the above-described real estate is being purchased in its present condition.

16. Time. Time is expressly agreed to be of the essence in the performance of this contract.

17. Binding. This agreement is binding on heirs, executors, devisees and successors in interest of all parties.

18. Entire Agreement. This contract constitutes the entire agreement between the parties, and the parties are not and shall not be bound by any stipulations, representations, agreements, or promises, oral or otherwise, not found in this contract.

Each party signing this Agreement acknowledges that he or she has read the entire Agreement and agrees to its contents and terms.

IN WITNESS WHEREOF, the parties have hereunto set their hand on the day and year first above written.

SELLER

CITY OF HUTCHINSON, KANSAS

Jade Piros de Carvalho, Mayor

ATTEST:

Karen Weltmer, City Clerk

ACKNOWLEDGEMENT

STATE OF KANSAS)
) ss:
COUNTY OF RENO)

BE IT REMEMBERED, that on this _____ day of _____, 2020, before me, the undersigned, a Notary Public in and for said County and State aforesaid, came Jade Piros de Carvalho, Mayor of the City of Hutchinson, and Karen Weltmer, City Clerk, who are personally known to me to be the same persons who duly acknowledged the execution of the same.

IN TESTIMONY WHEREOF, I have hereunto set my hand and affixed my notarial seal the day and year last above written.

Notary Public

My term expires:

BUYER:

SENSOR DYNAMIX, LLC
a Kansas Limited Liability Company

Logan Lawson
Capacity: _____

ACKNOWLEDGEMENT

STATE OF KANSAS)
) ss:
COUNTY OF RENO)

BE IT REMEMBERED, that on this _____ day of _____, 2020, before me, the undersigned, a Notary Public in and for said County and State aforesaid, came Logan Lawson of Sensor Dynamix, LLC who is personally known to me to be the same person who duly acknowledged the execution of the same.

IN TESTIMONY WHEREOF, I have hereunto set my hand and affixed my notarial seal the day and year last above written.

Notary Public

My term expires:

EXHIBIT 1

OPTION AGREEMENT

THIS OPTION AGREEMENT is made and entered into this _____ day of _____, 2020 by and between Sensor Dynamix, LLC a Kansas Limited Liability Company, hereinafter referred to as "Seller" and the City of Hutchinson, Kansas, a municipal corporation, hereinafter referred to as "Purchaser".

RECITALS

A. Seller and Purchaser have entered into that certain Contract For Sale and Purchase of Real Estate dated _____, 2020, which is attached hereto and incorporated by reference, pursuant to which Purchaser is granted an option to purchase real estate of the Seller as a part of the transaction in which Seller, Sensor Dynamix, LLC acquired real estate of Purchaser, City of Hutchinson, Kansas.

B. The Seller owns certain real property located in the City of Hutchinson, Reno County, Kansas, which is legally described as:

Lots 2, 4, 6, 8, 10 and 12 including Avenue B East, Original Town, Hutchinson, Reno County, Kansas.

C. Seller grants an option to Purchaser, or its assigns, to purchase the property described above in accordance with and subject to the terms and conditions hereinafter set forth.

NOW, THEREFORE, for and in consideration of the mutual covenants in this Agreement contained, and other good and valuable consideration, the receipt and adequacy thereof being expressly acknowledged, Seller and Purchaser agree as follows:

1. Grant of Option. Seller hereby grants to Purchaser, or its assigns, the exclusive option to purchase the real estate described above, upon the terms and subject to the conditions contained in this Agreement.

2. Option Term. The term of this Option shall run from the closing date of the attached Contract For Sale and Purchase of Real Estate dated the _____ day of _____, 2020, until _____, 2023, (three (3) years from the closing date of the Contract For Sale and Purchase of Real Estate).

3. Exercise of Option. During the Option Term, the Option may be exercised and a binding contract of purchase and sale for the property shall arise, if Seller ceases operations at the above-described real estate or if Seller attempts to transfer said real estate to any other entity other than an entity which is a successor entity to Seller. Upon occurrence of the events described in this paragraph, Purchaser may notify Seller, in writing, during the option term, of its exercise of an option in the manner set forth below.

Purchaser shall provide written notice of its exercise of the Option to Seller in accordance with the notice provisions of this agreement. The Notice of Exercise of the Option shall include the proposed closing date, which shall be at least thirty (30) days after the date of the Notice of Exercise of the Option, but in no event more than thirty (30) days after the expiration of the Option Term. The Purchaser shall tender the purchase price for the property which shall be One Hundred Dollars (\$100.00).

4. Representations and Warranties of Seller. Seller hereby represents and warrants unto Purchaser the following, as of the date hereof and as of the date of closing. These representations and warranties shall survive the closing notwithstanding the execution of any documents of title or any inspections made.

a. That there are no pending or threatened lawsuits or proceedings which will affect operations of the property nor shall Seller have any notice of any plans by any government authority to take any portion of the property by eminent domain.

b. Seller is the Seller of fee simple unencumbered title to the property and has the ability to convey to Purchaser marketable fee title to the property, and the property will not be subject to any real estate taxes or assessments so long as the Seller is the owner of the property.

5. Seller's Undertakings. During the Option Term, Seller shall:

a. Promptly comply with all notices or notes of violation to Seller of state or municipal laws, ordinances, regulations, orders or requirements of departments of housing, buildings, fire, labor, health, or other state department or other governmental authority having jurisdiction against or affecting the property or the use or operation thereof;

b. Not use, store, locate, treat, dispose of, deposit in, discharge, or transport or permit the use, storage, location, treatment, disposal, deposit, discharge or transportation of any hazardous materials on, under or upon the property or any portion thereof in violation of applicable laws. For purposes of this paragraph, "hazardous materials" shall mean hazardous, contaminated or toxic materials, wastes or substances, PCB's, underground storage tanks, flammable explosives and radioactive materials, as defined or designated under any applicable federal, state and local environmental law, ordinance, rule, regulation or publication presently in effect or that may be promulgated in the future, as the same may be amended from time to time.

c. Pay and discharge all liens levied on any portion of the property created by or through or arising from the acts or omissions of Seller, its contractors, agents, representatives or employees.

d. With the exception of improvements to the Property after Closing deemed necessary by Sensor Dynamix, LLC, Seller shall maintain the property in its current condition.

e. With the exception of allied vendors and suppliers, or employees of Sensor Dynamix, LLC, Seller shall not grant any other person, entity or party any rights relative to the property, including any easement rights, without the express written consent of the Purchaser.

6. Evidence of Title. During the Option Term, Purchaser may obtain, at its sole cost and expense, a Commitment for an A.L.T.A. Form B Owner's Policy of Title Insurance covering the property, issued by such title insurance company of its choosing. Seller shall use all its best efforts to remove encumbrances showing on the Commitment and objected to by Purchaser, and Seller shall cause all such encumbrances and liens to be removed prior to closing. All items of record reflected in Schedule B-II of the Commitment to which Purchaser does not object in writing shall be considered permitted exceptions.

7. Closing. The closing of the transaction contemplated in this agreement shall take place on the designated closing date, at such place as shall be mutually agreed to by the parties. At the time of closing Purchaser shall pay the purchase price to Seller. Seller shall deliver to Purchaser at the closing a properly executed Warranty Deed sufficient to vest fee simple marketable title to the above-described real estate in Purchaser. The cost of the title insurance commitment and policy shall be paid by Seller.

Purchaser shall pay the closing agent's fee and the cost of recording the deed with the Reno County Register of Deeds.

8. Recordation. Purchaser shall be entitled to record in the records of the Reno County, Kansas Register of Deeds a memorandum of option substantially in the form attached to this agreement as Exhibit 2 and Seller agrees to execute the same at the closing of the Contract for Sale and Purchase of Real Estate.

9. Controlling Law. This agreement shall be governed by and construed in accordance with the laws of the State of Kansas. Exclusive jurisdiction of venue for any claim or action arising out of or relating to this agreement shall be in the State or Federal courts located in the State of Kansas.

10. Entire Agreement. This Option Agreement and the exhibits attached hereto constitute the entire agreement between the parties hereto with respect to the transaction contemplated in this agreement. Any modification or amendment to this agreement shall be effective only if in writing and executed by each of the parties hereto.

11. Notice. Notice from Purchaser to Seller of the exercise of the Purchase Option shall be made to Sensor Dynamix, LLC at the following address:

Sensor Dynamix, LLC, a Kansas Limited Liability Company
18 East Avenue B
Hutchinson, KS 67501

Seller shall notify Purchaser of any change in the name or address listed above.

12. Binding Effect. This agreement is binding on heirs, executors, devisees and successors in interest of all parties.

IN WITNESS WHEREOF, the parties have hereunto set their hand on the day and year first above written.

SELLER

SENSOR DYNAMIX, LLC
a Kansas Limited Liability Company

Logan Lawson
Capacity:_____

ACKNOWLEDGEMENT

STATE OF KANSAS)
) ss:
COUNTY OF RENO)

BE IT REMEMBERED, that on this ____ day of _____, 2020, before me, the undersigned, a Notary Public in and for said County and State aforesaid, came Logan Lawson of Sensor Dynamix, LLC who is personally known to me to be the same person who duly acknowledged the execution of the same.

IN TESTIMONY WHEREOF, I have hereunto set my hand and affixed my notarial seal the day and year last above written.

Notary Public

My term expires:

PURCHASER

CITY OF HUTCHINSON, KANSAS
a municipal corporation

Jade Piros de Carvalho, Mayor

ATTEST:

Karen Weltmer, City Clerk

ACKNOWLEDGEMENT

STATE OF KANSAS)
) ss:
COUNTY OF RENO)

BE IT REMEMBERED, that on this _____ day of _____, 2020, before me, the undersigned, a Notary Public in and for said County and State aforesaid, came Jade Piros de Carvalho, Mayor of the City of Hutchinson, and Karen Weltmer, City Clerk, who are personally known to me to be the same persons who duly acknowledged the execution of the same.

IN TESTIMONY WHEREOF, I have hereunto set my hand and affixed my notarial seal the day and year last above written.

Notary Public

My term expires:

EXHIBIT 2

MEMORANDUM OF OPTION TO PURCHASE REAL ESTATE

This Memorandum of Option to Purchase Real Estate is made as of this _____ day of _____, 2020, between the Sensor Dynamix, LLC a Kansas Limited Liability Company, whose address is _____, ("Seller") and City of Hutchinson, Kansas, a municipal corporation, whose address is 125 East Avenue B, Hutchinson, Kansas 67501 ("Purchaser").

Pursuant to that certain Option to Purchase Agreement dated as of _____, 2020, between Seller and Purchaser, Seller has granted to Purchaser an option to purchase certain real property located in the City of Hutchinson, Reno County, Kansas, described as:

Lots 2, 4, 6, 8, 10 and 12 including Avenue B East, Original Town, Hutchinson, Reno County, Kansas.

all on the terms and conditions set forth in such option.

This Memorandum of Option to Purchase Real Estate is dated and effective on the date set forth above.

SELLER

SENSOR DYNAMIX, LLC
a Kansas Limited Liability Company

Logan Lawson
Capacity: _____

ACKNOWLEDGEMENT

STATE OF KANSAS)
) ss:
COUNTY OF RENO)

BE IT REMEMBERED, that on this _____ day of _____, 2020, before me, the undersigned, a Notary Public in and for said County and State aforesaid, came Logan Lawson of Sensor Dynamix, LLC, a Kansas Limited Liability Company, who is personally known to me to be the same person who duly acknowledged the execution of the same.

IN TESTIMONY WHEREOF, I have hereunto set my hand and affixed my notarial seal the day and year last above written.

Notary Public

My term expires:
