THE URBAN RENEWAL AGENCY OF THE CITY OF TWIN FALLS

Date: May 9, 2011

To: Urban Renewal Agency of the City of Twin Falls

From: Melinda Anderson, URA Executive Director

Request:

Review and consideration to enter into a 90-day option agreement with Bob and Bonnie Gillespie for the Banner Furniture Building located at 201 Main Ave. E. for $6,000 giving the Agency an exclusive right to purchase during this period.

Background:

The Gillespies closed Banner Furniture last year and have put the building up for sale. The Banner building is located in the heart of downtown at the corner of Hansen St. and Main Ave – across from the fountain. This is a way for the Agency and Mark Rivers to move forward with various redevelopment concepts on an exclusive basis, without fear of the building being sold or leased for a use that could be counterproductive to the revitalization of downtown.

If a tenant or user that is advantageous to our redevelopment vision for downtown can be identified during that time period, we would have various options to consider moving forward:

- Third-party acquisition
- Partnership for redevelopment
- Agency ownership for specific use

The Gillespies are interested in working with the Agency on this project. It is a way for the Agency and Mark Rivers to move forward with various concepts unworried that the building could be sold for a use that may not help downtown's redevelopment. During this period, the Agency would have first option to purchase the building or work toward a purchase/development agreement with other parties who can make great use of the space. Mark will develop a series of financial models based on a future use or uses.

The special projects subcommittee reviewed Mark's proposal and recommends approval to the full board. Fritz Wonderlich has reviewed and approves the agreement.

Approval Process:

A majority vote of a quorum of the Agency board in open meeting.

Budget Impact:

The funds are available for this $6,000 commitment.

Regulatory Impact:

None at this time. Any additional action or investment, on the part of the Agency, would require a new, subsequent consideration request.

Conclusion:

Staff and the special projects subcommittee recommend the board approve this request.

Attachments:

1. Option agreement

OPTION AGREEMENT FOR PURCHASE OF REAL PROPERTY

THIS AGREEMENT ("Agreement") made and entered into this 9th day of May, 2011, by and between Robert and Bonnie Gillespie, 737 Campus Drive, Twin Falls, Idaho, 83301, hereinafter referred to as "Seller" and The Twin Falls Urban Renewal Agency, whose principal address is 321 2nd Avenue E., Twin Falls, ID 83301, hereinafter referred to as "Purchaser":

W I T N E S S E T H:

WHEREAS, Seller is the fee simple owner of certain real property being, lying and situated in the City of Twin Falls, State of Idaho, such real property having the street address of 201 Main Avenue East, Twin Falls, ID 83301, and legally described as Lots 17, 18, 19 and 20, Block 88, Twin Falls Townsite, according to the records of Twin Falls County, Idaho, hereinafter referred to as "Premises"; and,

WHEREAS, Purchaser desires to procure an option for the exclusive right to purchase the Premises upon the terms and provisions as hereinafter set forth; and,

WHEREAS, Seller has agreed to grant to the Purchaser the exclusive right to purchase the Premises, and has agreed not to sell, lease or to execute an agreement to sell or lease the Premises to any other party, during the Option Term.

NOW, THEREFORE, for good and valuable consideration the receipt and sufficiency of which is hereby acknowledged by the parties hereto and for the mutual covenants contained herein, Seller and Purchaser hereby agree as follows:

1. DEFINITIONS. For the purposes of this Agreement, the following terms shall have the following meanings:

(a) "Execution Date" shall mean the day upon which the last party to this Agreement shall duly execute this Agreement;

(b) "Option Fee" shall mean the total sum of a down payment of $6,000.00;

(c) "Option Term" shall mean that period of time commencing on the Execution Date and ending on or before August 9, 2011;

(d) "Option Exercise Date" shall mean that date, within the Option Term, upon which the Purchaser shall send its written notice to Seller exercising its Option to Purchase;

(e) "Closing Date" shall mean the last day of the closing term or such other date during the closing term selected by Purchaser.

2. GRANT OF EXCLUSIVE OPTION TO PURCHASE. For and in consideration of the Option Fee payable to Seller as set forth herein, Seller does hereby grant to Purchaser the exclusive right and Option ("Option") to purchase the premises upon the terms and conditions as set forth herein. Seller agrees not to lease or sell, or to execute an agreement to lease or sell, or otherwise pledge the Premises to any other party during the Option Term.

3. PAYMENT OF OPTION FEE. Purchaser agrees to pay the Seller a Option Fee of $6,000.00 upon the Execution Date.

4. EXERCISE OF OPTION. Purchaser may exercise its exclusive right to purchase the Premises pursuant to the Option, at any time during the Option Term, by giving written notice thereof to Seller for the purchase of the Premises at mutually agreed terms. The date of sending of said notice shall be the Option Exercise Date. In the event the Purchaser does not exercise its exclusive right to purchase the Premises granted by the Option during the Option Term, Seller shall be entitled to retain the Option Fee, and this agreement shall become null and void and neither party hereto shall have any other liability, obligation pursuant to this Agreement.

5. CONTRACT FOR PURCHASE & SALE OF REAL PROPERTY. In the event that the Purchaser exercises its exclusive Option as provided for in the preceding paragraph, Seller agrees to sell and Purchaser agrees to buy the Premises and both parties agree to execute a contract for such purchase and sale of the Premises in accordance with the following terms and conditions:

(a) Purchase Price. The total purchase price for the Premises shall be a sum negotiated between the parties and mutually agreed by the conclusion of the Option Term; however, Purchaser shall receive a credit toward such purchase price in the amount of the Option Fee.

(b) Closing Date. The closing date shall be a mutually-agreed date, and in any event, no later than one hundred twenty (120) days following the expiration of the Option Term.

(c) Closing Costs. Closing costs shall be borne by Purchaser.

(d) Default by Purchaser; Remedies of Seller. In the event Purchaser, after exercise of the Option, fails to proceed with the closing of the purchase of the Premises pursuant to the terms and provisions as contained herein and/or under the Contract, Seller shall be entitled to retain the Option Fee as liquidated damages and shall have no further recourse against Purchaser;

(e) Default by Seller; Remedies of Purchaser. In the event Seller sells, leases or attempts to sell, lease or otherwise pledge the premises during the Option Period, or fails to close the sale of the Premises pursuant to the terms and provisions of this Agreement and/or under the Contract, Purchaser shall be entitled to all legal remedies available to enforce the terms of this Agreement.

6. MISCELLANEOUS.

(a) Execution by Both Parties. This Agreement shall not become effective and binding until fully executed by both Purchaser and Seller.

(b) Notice. All notices, demands and/or consents provided for in this Agreement shall be in writing and shall be delivered to the parties hereto by hand or by United States Mail with postage pre-paid. Such notices shall be deemed to have been served on the date mailed, postage pre-paid. All such notices and communications shall be addressed to the Seller at Robert and Bonnie Gillespie, 737 Campus Drive, Twin Falls, Idaho 83301 and to Purchaser at Twin Falls Urban Renewal Agency, P.O. Box 1907, 321 2nd Avenue East, Twin Falls, ID 83301 or at such other address as either may specify to the other in writing.

(c) Governing Law. This Agreement shall be governed by and construed in accordance with the laws of the State of Idaho.

(d) Successors and Assigns. This Agreement shall apply to, inure to the benefit of and be binding upon and enforceable against the parties hereto and their respective heirs, successors, and/or assigns, to the extent as if specified at length throughout this Agreement.

(e) Time. Time is of the essence of this Agreement.

(f) Public Agency. Seller acknowledges that the Purchaser is a public agency and the details of this purchase are subject to the regulations and policies of the agency. Any amendments to this Agreement and any exercise of the Option and Final Contract are subject to the approval of the Purchaser's Board.

(g) Headings. The headings inserted at the beginning of each paragraph and/or subparagraph are for convenience of reference only and shall not limit or otherwise affect or be used in the construction of any terms or provisions hereof.

(h) Cost of this Agreement. Any cost and/or fees incurred by the Purchaser or Seller in executing this Agreement shall be borne by the respective party incurring such cost and/or fee.

(i) Entire Agreement. This Agreement contains all of the terms, promises, covenants, conditions and representations made or entered into by or between Seller and Purchaser and supersedes all prior discussions and agreements whether written or oral between Seller and Purchaser with respect to the Option and all other matters contained herein and constitutes the sole and entire agreement between Seller and Purchaser with respect thereto. This Agreement may not be modified or amended unless such amendment is set forth in writing and executed by both Seller and Purchaser with the formalities hereof.

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be executed this ___ day of May, 2011.

PURCHASER:

Urban Renewal Agency for the City of Twin Falls

By: _____
Chairman

SELLER:

Robert Gillespie

_____

Bonnie Gillespie

_____