



City of Broken Arrow

Request for Action

File #: 19-1138, Version: 1

**Broken Arrow Economic Development Authority
Meeting of: 09/03/2019**

Title:

Consideration, discussion, and possible approval of and authorization to execute an Extension to Agreement for the Purchase and Sale of Real Estate Agreement by and among the Broken Arrow Economic Development Authority and Endicott Holdings, LLC

Background:

The Authority owns unencumbered fee title to certain lands within the City, portions of which are suitable for construction located North of the Creek Turnpike and west of Aspen Avenue. Said lands being acquired in 2009, consisting of 25.48 acres of real property, and purchased for the sum of \$1,390,609.35. On January 2, 2018, Broken Arrow Economic Development Board unanimously approved selling 14.1569 acres located north of the Creek Turnpike and West of Aspen Avenue for the sum of \$1,000,000, said purchase price being supported by an updated appraisal dated October 28, 2017, prepared by John Story III, an Oklahoma State Certified General Appraiser, to SoundMind Behavioral Health Hospital, LLC. During negotiations, representatives of SoundMind requested the right of first refusal on 1.775 acres of Authority owed land located north of the 14.1569 acre property. Article IV, item 4.4 in Resolution NO. 1079 - Corrected, states; The Authority hereby grants SoundMind a right of first refusal to purchase Lot 1, Block 1, Aspen Creek Towne Center I for a period of ten (10) years from the effective date of the Agreement.

In October 2018, Broken Arrow Economic Development Manager Norman Stephens was contacted by Curtis Hesser, Real Estate Agent for Carr Healthcare Realty. Mr. Hesser had a client (Mr. Drew Endicott, DDS) who was interested in purchasing the 1.775 acres of Authority owned land. Mr. Stephens provided information to Mr. Hesser, including the right of first refusal controlled by SoundMind.

On April 16, 2019, Mr. Hesser provided the Economic Development Manager with a Letter of Intent to Purchase approximately 77,310 RSF for the purchase price of \$386,500.00. Included in the Letter of Intent was a Broker Commission of 4% of the total purchase price to be paid to CARR by seller at closing. After additional negotiations, Mr. Hesser provided the Economic Development Manager with a Letter of Intent to Purchase in the amount of \$416,000.00. Included in the Letter of Intent was a Broker Commission of 4% of the total purchase price to be paid to CARR by seller at closing.

It is the intent of the buyer to locate Endicott Dental Office on the property. During the negotiations, SoundMind provided written notification that they will not be pursuing their first right of refusal and thus, will not be purchasing the property.

On May 7, 2019, the Authority authorized the sale of the property to Mr. Endicott in the sum of \$416,000.00. Per the agreement, closing was to occur sixty (60) days from the date Seller and Purchaser executed the Agreement and the City Council of the City of Broken Arrow approved the Agreement, whichever occurred last. It also provides that the Purchaser shall be granted one 30-day extension of the Due Diligence Period if required by the Purchaser's lender. The Purchaser requested this one 30 day extension as required by their

lender. However, the Purchaser is unable to close within the 14 days following this 30 day extension as required by the agreement. The agreement provides that the parties may agree in writing to extend the closing date. The Purchaser as informed Staff that he will be able to close on September 27th, 2019.

Cost: None

Funding Source: None

Requested By: Norm Stephens, Economic Development Manager

Approved By: City Manager's Office

Attachments: Extension Agreement with Endicott Holdings, LLC

Recommendation:

Approve the extension to agreement for the Purchase and Sale of Real Estate and authorize its execution.