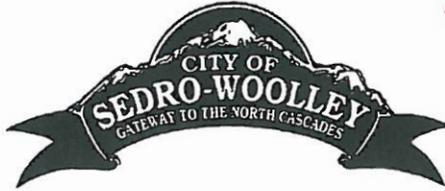


**CITY COUNCIL
LATE MATERIALS**



CITY OF SEDRO-WOOLLEY
Sedro-Woolley Municipal Building
325 Metcalf Street
Sedro-Woolley, WA 98284
Phone (360) 855-1661
Fax (360) 855-0707

Eron M. Berg
City Supervisor/Attorney

MEMO TO: City Council
FROM: Eron Berg
RE: Purchase of Mr. & Mrs. Riggles' property
DATE: February 10, 2016

ISSUE: Should the Council: (1) Ratify the attached purchase and sale agreement between the city and Mr. & Mrs. Riggles for the purchase of their property, (2) approve the attached resolution which authorizes the loan of certain funds to purchase this property and includes the terms of repayment of those funds, and (3) Authorize the issuance of a manual check in the amount of \$1,000 and payable to Land Title Company as earnest money?

BACKGROUND: The city has been interested in acquiring the property owned by Earnest and June Riggles for some time. The property is located at the corner of Wicker and Fruitdale roads, is approximately 10 acres in size and includes a home, garage and shop. The city needs at least 5 acres of this property for future expansion of the Sedro-Woolley Union Cemetery. The attached purchase and sale agreement establishes a purchase price of \$400,000 plus two plots in the cemetery and allows Mr. & Mrs. Riggles to remain in their home with a life estate. Funding for this acquisition includes \$100,000 from the cemetery endowment fund, closing costs from the cemetery fund and the remaining \$300,000 in the form of a loan from Fund 410. A budget amendment will be prepared for your approval at a later council meeting.

The attached resolution allows for the Sewer Cumulative Reserve Fund (410) to loan the money for the purchase of the property, earn interest at the same rate as funds invested in the LGIP and be repaid through the sale of a portion of the property and from the cemetery fund. In the interim, we expect to lease the farmland and generate some revenue which may also be used to repay the loan.

This transaction is set to close by the end of this month.

RECOMMENDATIONS:

(1) Motion to ratify the attached purchase and sale agreement between the city and Mr. & Mrs. Riggles for the purchase of their property and authorize the mayor to execute all necessary documents to close the transaction;

(2) Motion to approve the attached resolution which authorizes the loan of certain funds to purchase this property and includes the terms of repayment of those funds; and

(3) Motion to authorize the issuance of a manual check in the amount of \$1,000 payable to Land Title Company as earnest money?

**REAL ESTATE PURCHASE AND SALE AGREEMENT
WITH EARNEST MONEY PROVISION**

THIS CONTRACT CONTROLS THE TERMS OF THE SALE OF THE PROPERTY

(Please read carefully before signing)

Sedro-Woolley, Washington
February 5, 2016

Received from the CITY OF SEDRO-WOOLLEY, a Washington Municipal Corporation, hereinafter called Buyer, the sum of one thousand Dollars (\$1,000.00) in the form of a check, which has been deposited with Escrow Agent designated herein and who is authorized to hold said deposit as earnest money and as part payment on the purchase price of the following described real estate, which Buyer agrees to buy and Seller agrees to sell, located in Skagit County, State of Washington, and legally described as follows:

(4.2500 ac) TAX 35 COM AT THE SE COR OF SW1/4 OF NE1/4 TH N 20 RDS W 40 RDS S 20 RDS TH E TO BEG (commonly known as 24703 Wicker Road, P39773) together with (4.8400 ac) TAX 3A BEG 20 RDS N OF SE COR OF SW1/4 OF NE1/4 TH N 20 RDS W 40 RDS S 20 RDS TH E TO BEG (P39532).

Full legal description attached hereto as Exhibit A.

1. PURCHASE PRICE: The total purchase price is four hundred thousand Dollars (\$400,000.00) payable at closing. Additionally, the City shall provide Sellers with two plots in the Sedro-Woolley Union Cemetery, on the Riggles' Addition.

2. CONTINGENCIES:

A. This transaction is not subject to any contingencies.

3. CONDITION OF TITLE. Title to the property is to be free of all encumbrances or defects. Encumbrances to be discharged by Seller shall be paid from Seller's funds at the date of closing. Existing reservations, existing easements not inconsistent with Buyer's intended use, building or use restrictions general to the district, and building or zoning regulations or provisions shall not be deemed encumbrances or defects.

4. TITLE INSURANCE. Seller authorizes Escrow Agent, at Seller's expense, to apply for a preliminary commitment for a STANDARD form Buyer's policy of title insurance, with homeowner's additional protection and inflation protection endorsements, if applicable and available at no additional cost, to be issued by LAND TITLE & ESCROW. Said policy of title insurance shall be provided to Buyer at closing. Buyer should be aware that additional coverage may be available, if desired, at Buyer's expense. The preliminary commitment shall be delivered to Buyer as soon as practicable after Buyer and Seller have signed this Agreement. Said preliminary commitment, and title policy to be issued, shall contain no exceptions other than those provided for in such standard form and encumbrances or defects noted in Paragraph 3 herein. If title cannot be made so insurable prior to the closing date called for herein, this Agreement shall be terminated and the earnest money shall be refunded to Buyer, less any costs incurred or advances made by Escrow Agent for Buyer, unless Buyer elects to waive such defects or encumbrances.

Buyer shall conclusively be deemed to have accepted the condition of title unless Escrow Agent receives written notice of Buyer's objections within three (3) business days after the preliminary commitment for title insurance is made available to Buyer.

5. CONVEYANCE.

A. Title shall be conveyed by Statutory Warranty Deed, free of encumbrances except those as noted in Paragraph 3 and the following:

i. The Sellers shall each have a life estate for the occupancy and use of the house and driveway. Sellers to keep the house in good repair and pay all utilities, taxes and costs associated with the use of the house. Both Buyer and Seller may purchase insurance to protect their own interests in the property at their own expense and each party agrees to waive any claims against the other party following any loss (e.g., fire, flood, earthquake, etc). Said life estate shall be extinguished upon 180 days vacancy by the Sellers.

6. SELLER'S REPRESENTATIONS. Seller warrants: (a) that there is not a Condominium or Home Owner's fee and (b) that the property does not contain leased fixtures.

7. INCLUDED ITEMS. This agreement is for the sale of a house, garage, shop and land.

8. 1031 Exchange. Seller may sell this property as part of a qualified IRS Section 1031 exchange; Buyer agrees to reasonably cooperate with Seller to effectuate a 1031 exchange if Seller so desires.

9. CLOSING COSTS AND PRO-RATIONS. The cost of escrow shall be shared equally between Buyer and Seller, except those fees which are expressly limited by federal regulation. Seller shall pay the excise tax at closing. Taxes for the current year, rents, interest, Association or Home Owner's fees, water and other utility charges, if any, shall be pro-rated as of the date of closing unless otherwise agreed. Recording costs shall be paid by Buyer except those recording fees incurred to release encumbrances against the property, which shall be paid by Seller.

10. CLOSING OF SALE: With the understanding that TIME IS OF THE ESSENCE; the desired date of closing shall be on OR BEFORE ~~January~~ ^{February} 29, 2016, but in any event NOT LATER THAN ~~February~~ ^{March} 15, 2016, which shall also be the termination date of this agreement, unless extended in writing. Buyer and Seller shall deposit, when notified, without delay, in escrow with LAND TITLE & ESCROW all instruments and monies required to complete the transaction in accordance with this Agreement. Closing, for the purpose of this Agreement, is defined as the date that all documents are recorded and the sale proceeds are available for disbursement. If prior to closing, improvements on said property shall be destroyed or substantially damaged by fire, human action, or other casualty, this Agreement, at the option of Buyer, shall become void.

EGR / JDR
2/5/2016

11. POSSESSION: Buyer shall be entitled to possession on closing, subject to the life estate on the house, garage and yard as depicted in Exhibit B. Seller shall vacate and clean out the shop by June 30, 2016. Buyer will be responsible to separate utilities to the shop from the house and garage.

12. DEFAULT: In the event of default by Buyer, it is agreed that the earnest money shall be forfeited as liquidated damages unless Seller elects to enforce this Agreement, or seek damages for breach thereof. If the earnest money is forfeited as liquidated damages, said money shall, after deduction of expenses incurred by Escrow Agent on behalf of the principals, be distributed to Seller. In the event that Buyer, Seller or Escrow Agent shall commence proceedings or institute suit to enforce any rights hereunder, the prevailing party shall be entitled to costs and reasonable attorney's fees.

13. AGENCY DISCLOSURE:

At the signing of this Agreement, the Buyer warrants that it was not represented by an agent to which a commission is due as a result of this purchase. In the event a commission is due, unless caused by Seller, Buyer agrees to pay said commission.

14. PROFESSIONAL ADVICE: It may be advisable for either or both parties to obtain legal, tax or other professional advice in connection with this transaction. The parties accept sole responsibility to seek such advice as they deem necessary.

15. AGREEMENT TO PURCHASE AND DISCLAIMER OF WARRANTIES: Buyer's decision to purchase is not based upon statements of fact by Seller concerning the property unless the facts stated have been either (a) included as contingencies for the purchase or (b) independently verified as true to the complete satisfaction of Buyer. Except for conditions and contingencies specifically noted elsewhere in this Agreement, BUYER ACCEPTS THE PROPERTY IN ITS PRESENT CONDITION, AS IS. SELLER MAKES NO REPRESENTATION AS TO THE ACCURACY OF LOT SIZE AND ADVISES BUYER TO VERIFY CORRECT LOT SIZE TO HER OWN SATISFACTION. THERE HAVE BEEN NO VERBAL OR OTHER AGREEMENTS WHICH MODIFY OR AFFECT THIS AGREEMENT. THIS AGREEMENT CONSTITUTES THE FULL UNDERSTANDING BETWEEN SELLER AND BUYER.

16. SURVIVES CLOSING: All statements, representations and warranties by either Buyer or Seller as stated herein shall survive closing; Paragraph 1 of this Agreement survives closing.

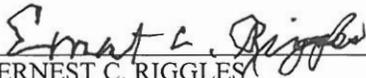
17. BUYER'S ACCEPTANCE: Buyer offers to purchase the above property on the above terms and conditions, *provided* that this agreement shall require ratification by the Sedro-Woolley City Council and the date of ratification shall be the date of this agreement.

CITY OF SEDRO-WOOLLEY


ERON BERG, City Supervisor/Attorney
325 Metcalf Street
Sedro-Woolley, WA 98284

2/5/2016
Date

18. SELLER'S ACCEPTANCE: Seller agrees to sell the property on the terms and conditions specified herein.


ERNEST C. RIGGLES

2/9/16
Date


JUNE D. RIGGLES

2-9-16
Date

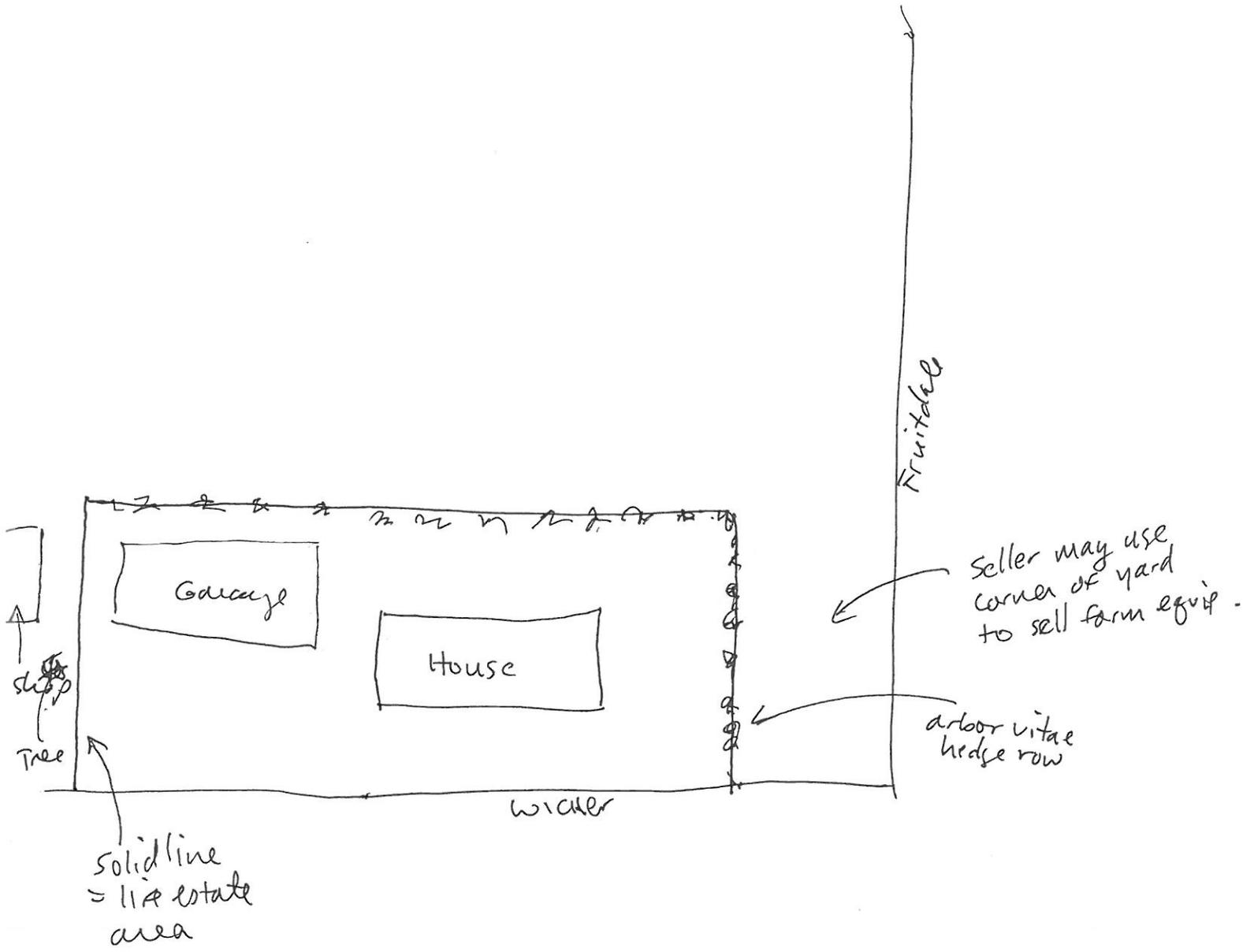
City Council ratification:

2/10/16
Date

Exhibit A
Legal Description

Full legal to come from Title Company
& approved by the parties.

Exhibit B
Life Estate Description



* not to scale

RESOLUTION NO. ____-16

A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF SEDRO-WOOLLEY AUTHORIZING AN INTERFUND LOAN FROM THE SEWER CUMULATIVE RESERVE FUND (410) TO THE CEMETERY OPERATING FUND (102) TO PURCHASE LAND, AND PROVIDING FOR REPAYMENT THEREOF.

WHEREAS, the City has executed an Purchase and Sale Agreement with Ernest & June Riggles to purchase their property located at the corner of Fruitdale and Wicker roads, next to the Sedro-Woolley Union Cemetery, and

WHEREAS, in order to pay the cost thereof, it is deemed reasonable to permit a loan of funds from the Sewer Cumulative Reserve Fund (410) to purchase that land, bearing interest at a rate which equals the average of the Washington State Treasurer's Investment Pool rate for the period which the loan is outstanding, and subject to repayment to the Sewer Cumulative Reserve Fund (410) from future budget allocations;

NOW, THEREFORE, BE IT RESOLVED by the City Council of the City of Sedro-Woolley that a loan in an amount not to exceed \$300,000.00 shall be made from the Sewer Cumulative Reserve Fund (410) to the Cemetery Operating Fund (102) to purchase the land identified in the Purchase and Sale Agreement between the city and Mr. & Mrs. Riggles to be repaid as follows: by the sale of a portion of the acquired property, and that said loan shall bear interest at a rate which equals the Washington State Treasurer's Investment Pool rate for the period which the loan is outstanding, and that it be repaid on or before December 31, 2026, upon receipt of future revenues from the sale of real estate and from the Cemetery Fund.

PASSED by the City Council of the City of Sedro-Woolley, Washington, and approved by its Mayor at a regular meeting of said Council held on the 10th day of February, 2016.

MAYOR

Attest:

Finance Director

Approved as to form:

City Attorney