

## PURCHASE OPTION AGREEMENT

**THIS PURCHASE OPTION AGREEMENT (“Option”)** is made and entered into as of the \_\_\_\_\_ day of November, 2022 (“**Effective Date**”) by and between **CITY OF KANSAS CITY, MISSOURI**, a constitutionally chartered municipal corporation (City, hereinafter referred to as “**Grantor**”) and **GRAYSON CAPITAL, LLC**, a Missouri limited liability Company (“**Grayson Capital**”).

### Recitals

A. The Grantor is currently the owner of eight lots of certain real property listed on **Exhibit A**, attached hereto and incorporated herein, such listed real property is hereinafter described as “**the Property**”. The Property is located at 1531 Holmes Street, Kansas City, Jackson County, Missouri. The City owned Property is generally located at the southeast corner of East Truman Road and Holmes Street. The subject land area is a parking lot with a brick office building structure that comprises a total of approximately 50,431.73 square feet or 1.16 acres.

B. Grayson Capital proposes to construct approximately 181 safe, decent’ apartment units with 20% affordable; approximately six thousand square feet of ground level commercial space; and amenities consistent with principles of transit-oriented development on the Property (the “**Project**”).

D. Grayson Capital intends to use the Property in a manner that will revitalize this deteriorated residential neighborhood.

E. The City desires to grant an option to Grayson Capital to purchase the Property, and will continue to hold the Property, until one year from the Effective Date, as such date may be extended as provided for herein.

### Agreement

NOW, THEREFORE, for good and valuable consideration, including without limitation, the Option Payment more fully set forth in Section 2 below and the covenants and representations contained herein, the receipt and sufficiency of which is hereby acknowledged, the parties hereto agree as follows:

1. **INCORPORATION OF RECITALS.** The foregoing recitals are true and correct and incorporated by reference into this agreement as if fully set forth below.

2. **GRANT OF OPTION.** In accordance with the terms hereof and subject to the conditions hereinafter set forth, Grantor hereby grants to Grayson Capital the irrevocable and exclusive right and option (the “**Option**”) to purchase all of Grantor’s right, title and interest in and to the Property. The initial consideration for the grant of this Option is a payment directly to Grantor in the amount of \$5,000.00, which shall be paid to Grantor by Grayson Capital with the tendering of their executed form of this Option (“**Initial Option Payment**”, together with the

First Renewal Payment (defined herein), the “**Option Payment**”). The Option Payment will be applied to the Purchase Price at Closing as defined in Section 4 below. If Grayson Capital fails to exercise this Option, then the Option Payment will be forfeited to Grantor and is non-refundable except for Grantor default. Grantor acknowledges and agrees that the Option Payment constitutes consideration to Grayson Capital for Grantor’s agreement to: (i) enter into this agreement with Grayson Capital; (ii) not sell the Property to another purchaser while this Option is in effect; and (iii) negotiate in good faith to sell the Property to Grayson Capital on the terms and conditions set forth herein, provided that Grayson Capital has exercised the Option in the manner provided in Section 6 below.

3. **TERM.** The term of the Option (the “**Initial Term**”) shall commence upon the Effective Date and shall end at 11:59 p.m. one year later, unless extended, exercised, or sooner terminated in accordance with this Option. The Initial Term may be extended for three (3) months from the expiration of the Initial Term (“**Initial Term Extension**”, together with the Initial Term, the “**Term**”), provided Grayson Capital deposits an additional \$1,000 (“**First Renewal Payment**”) with Grantor, and provides Grantor with written notice of its election to extend prior to expiration of the Initial Term.

4. **PURCHASE PRICE.** Provided that Grantor receives the applicable Exercise Notice (defined herein) on or before the end of the Term, the price to be paid by Grayson Capital for the Property shall be \$2.6 million, subject to the appraisals obtained as described herein which amount may be negotiated in good faith between the parties as set forth in this Section 4 within sixty (60) days after delivery of the Exercise Notice. Grantor, at its cost, has obtained an appraisal report prepared by Valbridge for the Property dated April 19, 2022. Grayson Capital shall, at its cost, select a certified peer independent appraiser and such appraiser shall determine the fair market value of the Property, based on comparable multifamily projects with 20% affordable units at 50% of the HUD Area Median Family Income priced per unit, and taking into consideration other applicable factors relevant to the Project. If Grantor and Grayson Capital are unable to agree upon the Purchase Price within such sixty (60) day period, the Option will automatically terminate and Grantor shall be entitled to retain the Option Payment. Thereafter, neither party shall have any further obligations hereunder except for those that expressly survive termination of this Option.

The following items shall be credited, debited and otherwise adjusted as of the Closing Date, and the resulting calculation shall be an adjustment to the Purchase Price payable at Closing:

- a) All taxes, general and special, with respect to the Property shall be prorated as of the Closing, with Grantor being obligated to pay all such taxes and assessments allocable to any period prior to the Closing and Grayson Capital being obligated to pay any such taxes and assessments allocable from the Closing Date and all subsequent periods. If taxes and assessments for the year of Closing are not available on the Closing Date, Buyer and Seller shall reasonably estimate the adjustments and such proration shall be deemed final and shall not be subject to reconciliation after the Closing.
- b) All other costs of the Property allocable to any period prior to the Closing Date shall be paid by Grantor, and costs of the Property allocable to the Closing Date and all costs subsequent periods to the shall be paid by Grayson Capital.

- c) Any other costs and expenses not specifically provided herein, if any, shall be paid at Closing in accordance with the local custom.

**5. MAINTENANCE DURING TERM AND INSURANCE TO BE MAINTAINED.**

A. *Maintenance.* During the Term, prior to the earlier of (i) the Closing, or (ii) the termination of this Option in accordance with the terms hereof, Grantor will continue to maintain the Property in its existing condition and will not make any major removals, alterations, or changes thereto, except as may be required by law. Grayson Capital agrees the Property will be free and clear of any lien for maintenance and abatement costs by or through acts of Grayson Capital. Notwithstanding the foregoing, or anything else herein to the contrary, in no event shall Grayson Capital be liable for, or deemed to have assumed any liability for, any loss, damage or injury to any person or property related to or arising from any hazard or other condition of the Property, except to the extent caused by the negligence or willful misconduct of Grayson Capital.

B. *Insurance.* Upon the commencement of this Option, Grayson Capital must first provide to Grantor evidence of insurance, confirming that Grayson Capital and all Grayson Capital's Contractors (defined herein) entering the Property have insurance policies from a company that has an A.M. Best rating of "A-V" or better that is licensed or approved by the State of Missouri to do business in Missouri and all such policies shall (a) be primary and non-contributory to any other insurance available, as follows:

(1) a Commercial General Liability insurance policy with claim limits of not less than \$1,000,000 per occurrence and not less than \$2,000,000 aggregate;

(2) Commercial Automobile Liability Insurance with a limit of \$1,000,000.00 per occurrence, covering owned, hired and non-owned automobiles. Coverage provided shall be on an "any auto" basis and written on an "occurrence" basis. This insurance will be written on a Commercial Business Auto form, or acceptable equivalent, and will protect against claims arising out of the operation of motor vehicles, as to acts done in connection with the Agreement; and

(3) Workers' Compensation Insurance, to the extent required by law, with the statutorily mandated limits, including Employers Liability insurance with limits of not less than \$1,000,000. Grayson Capital shall ensure that all such insurance policies (with the exception of Workers' Compensation) shall name the Grantor as an additional insured, and Grayson Capital shall provide to the Grantor a certificate of insurance on a current standard ACORD form from such contractors showing all required endorsements and additional insureds and stating that all coverages are in effect and shall not be altered, cancelled or allowed to expire without thirty (30) days prior written notice Grantor.

**6. MANNER OF EXERCISE; CLOSING.** Grayson Capital may exercise the Option to purchase of the Property only by delivering a written, irrevocable and unconditional notice of exercise, signed by Grayson Capital, to Grantor (the "**Exercise Notice**"), prior to the expiration of the Term. Within sixty (60) days following the date of the Exercise Notice, the parties will enter into a purchase and sale contract and development agreement for the Property on terms and conditions reasonably satisfactory to both parties and incorporating the terms and conditions set

forth herein, subject to city council approval. If the parties are unable to enter into such contracts within such time period after good faith efforts to do so, the Option shall terminate and neither party shall have any further liability hereunder.

The closing of the purchase and sale contemplated by this agreement (the “**Closing**” or the “**Closing Date**”) shall occur on a date mutually agreed upon by the parties and set forth in the purchase agreement.

7. **NON-EXERCISE.** If the Option is not exercised in the manner specified above with respect to the Property prior to the expiration of the Term then the Option and all rights of Grayson Capital to purchase such Property shall immediately terminate, without notice or any further writing and neither party shall have any further liability hereunder. In which event, the Grantor will retain the Option Payment made by Grayson Capital under this agreement.

8. **TITLE TO BE CONVEYED.** Upon the Closing Date, Grantor shall transfer legal possession of the Property to Grayson Capital and deliver to Grayson Capital a special warranty deed (“**Deed**”) for the Property for which Grayson Capital has given its Exercise Notice to Grayson Capital, free and clear of all encumbrances claimed under it, except for easements, reservations, restrictions, and encumbrances of record upon the Effective Date hereof, unless agreed to otherwise in writing as set forth in Section 10 (the “**Permitted Encumbrances**”). Grantor shall also deliver to Grayson Capital on the Closing Date such other documents, affidavits and other writings as may be reasonably requested by or for Grayson Capital or the Title Company to close the transaction and secure title insurance for the Property pursuant to Section 10 below. In the event, Grayson Capital deems it necessary or advisable to pursue additional action (such as, by way of example, quiet title actions or condemnation proceedings) to obtain insurable, clear and marketable title to the Property, Grantor agrees to cooperate with Grayson Capital in connection therewith, but the expense of such litigation shall be the responsibility of Grayson Capital, including attorneys’ fees.

9. **FAILURE TO CONVEY TITLE.** If Grantor fails or refuses to convey title to Grayson Capital on or before the expiration of the Closing Date, the sole remedy of Grayson Capital shall be to enforce by litigation to require specific performance the duty of Grantor to convey and transfer the Property.

10. **TITLE INSURANCE; COSTS.** Upon delivery of the Exercise Notice, Grayson Capital shall request one or more title reports or title commitments from a title company (“**Title Company**”) selected by Grayson Capital, in Grayson Capital’s reasonable discretion, for one or more Owner’s Title Insurance Policies in the amount they determine insuring marketable fee simple title in Grayson Capital (each, a “**Title Commitment**”). The Title Commitment shall commit to insure fee simple title in Grayson Capital upon recording of the special warranty deed or other document of conveyance; however, title to the Property will be subject to the Permitted Encumbrances. Grayson Capital may object to any title matters in a Title Commitment, but Grantor shall not have any obligation to rectify any objections unless agreed to in writing. With regard to items to which Grayson Capital does object, Grantor shall have a period of ten (10) business days from the date of Grayson Capital’s notice (the “**Grantor’s Cure Period**”), in which to cure objections or commit to Grayson Capital to cure such objections by Closing. If any title objection cannot be rectified by Grantor within Grantor’s Cure Period and Grayson Capital

does not elect to waive the objection, or extend the Closing Date, Grayson Capital may, at its election, either revoke the Exercise Notice applicable to such Property and the Option Payment shall be returned to Grayson Capital, or waive the objection and proceed to Closing. All charges incident to the conveyance, transfer and sale of the Property hereunder, title curative expenses and Grayson Capital's counsel fees, escrow fees and recording costs, including the costs of the Title Commitment(s) and final owner's policy(ies) to be issued to Grayson Capital or its designee (collectively, the "**Closing Costs**") shall be paid by Grayson Capital.

11. **GRAYSON CAPITAL INSPECTION; NO WARRANTIES.** Until the earlier of: (a) Closing; or (b) the earlier termination of this agreement, Grayson Capital and Grayson Capital's agents, employees, consultants, inspectors, appraisers, engineers, and contractors (collectively, "**Grayson Capital's Contractors**") may enter upon the Property solely for the purpose of performing such non-invasive investigations, inspections, analyses, surveys, tests, examinations, and studies as Grayson Capital deems necessary or desirable in connection with Grayson Capital's proposed acquisition of the Property. Grayson Capital and Grayson Capital's Consultants shall not perform any invasive testing on the Property without the prior approval of Grantor, which consent shall not be unreasonably withheld, conditioned, or delayed. Provided that Grantor does not unreasonably interfere with Grayson Capital's activities on the Property, Grantor shall continue to have access to the Property throughout the duration of this Option. Grayson Capital shall promptly repair any damage to the Property resulting from the performance of any inspections by Grayson Capital or Grayson Capital's Consultants (other than that arising from the discovery of any preexisting condition).

Grayson Capital shall have conducted inspections, investigations, tests, surveys and other studies of the applicable Property prior to its delivery of Exercise Notice, and Grantor shall provide Grayson Capital and its agents any and all access to the Property for inspections, investigations, tests, surveys or other studies including but not limited to soil borings, drillings, ground water monitoring wells, sampling, studies, reports, environmental assessments, and any other tests or inspections as Grayson Capital may reasonably require. Grayson Capital will provide the Grantor copies of all reports and results from such studies within ten (10) business days following request from Grantor.

12. **RECORDING.** Grantor shall, at its own expense, record this agreement with the Jackson County Recorder of Deeds within 10 business days of its execution.

13. **ATTORNEY FEES.** Each Party shall be responsible for its own attorney fees.

14. **NO BROKERS.** Grantor and Grayson Capital represent and warrant to the other that in connection with the transaction contemplated hereby, no third-party broker or finder has been engaged or consulted with or is entitled to compensation or commission. Grantor and Grayson Capital each agree to defend, indemnify and hold harmless, to the extent allowed under Missouri law, the other from and against any and all claims of any brokers, finders or any like third-party claiming any right to commission or compensation by or through acts of the other Party. The indemnity obligations hereunder shall include all damages, losses, risks, liabilities, and expenses (including reasonable attorneys' fees and costs) arising from or related to matters of brokerage claims.

15. **TIME OF ESSENCE.** Time is of the essence in the performance of the duties and obligations set forth in this Option.

16. **TERMS AND CONDITIONS OF OFFER; COUNTERPARTS.** This is an offer for an option to purchase the Property on the above terms and conditions. This Option and any supplement, addendum or modification, including any photocopy or facsimile, may be signed in two or more counterparts, each of which shall constitute one and the same writing. In any litigation concerning this agreement, any copy of this agreement will be deemed a fully executed original.

17. **WARRANTY OF GRANTOR.** Grantor represents and warrants it is the record owner of the Property, as of the Effective Date, and as such it has full and lawful right and authority to grant this Option to Grayson Capital and convey the Property to Grayson Capital in accordance with the terms and conditions of this Option.

18. **GOVERNING LAW.** This Option shall be construed and governed in accordance with the laws of the State of Missouri.

19. **AMENDMENTS.** This Option may be amended or modified only by a written instrument signed by Grantor and Grayson Capital.

20. **NOTICES.** Notices or communications to Grantor or Grayson Capital required or appropriate under this Option shall be in writing, sent by (a) personal delivery, or (b) expedited delivery service with proof of delivery, or (c) registered or certified United States mail, postage prepaid, or (d) email, unless the sender receives a delivery failure notification indicating that the email has not been delivered to the recipient, or (e) by mail in the manner previously described, addressed as follows:

If to Grantor:

City of Kansas City, Missouri  
Attn: City Manager  
41 E. 12<sup>th</sup> Street,  
29<sup>th</sup> floor, City Hall  
Kansas City, MO 64106  
Email: [Brian.Platt@kcmo.org](mailto:Brian.Platt@kcmo.org) and [Mario.Vasquez@kcmo.org](mailto:Mario.Vasquez@kcmo.org)

with a copy to:

City Attorney  
Counsel for Grantor  
23<sup>rd</sup> Floor, City Hall  
414 E. 12<sup>th</sup> St.  
Kansas City, Missouri 64106

and via email to [Matthew.Gigliotti@kcmo.org](mailto:Matthew.Gigliotti@kcmo.org) and [Lana.Torczon@kcmo.org](mailto:Lana.Torczon@kcmo.org)

If to Grayson Capital:

Michael Collins  
Grayson Capital  
1881 Main St., Suite 302  
Kansas City, MO 64108  
Email: [michael@graysoncre.com](mailto:michael@graysoncre.com)

with copy to:

Andrea Young  
Grayson Capital  
1881 Main St., Suite 302  
Kansas City, MO 64108  
Email: [andrea@graysoncre.com](mailto:andrea@graysoncre.com)

Any party may change its address for notice by written notice given to the other parties in accordance with this Section 20.

21. **SUCCESSORS AND ASSIGNS.** This Option shall be binding upon Grantor and its successors and assigns. Grayson Capital may create one entity or more than one entities for the development of the Project. Grayson Capital may exercise this Option, on all or portions of the Property, in its own name or partially assign its rights to acquire all or portions of the Property to one or more entities of its choosing, provided prior written notice is given to Grantor. Any assignment of this Option shall be subject to Grayson Capital delivering to Grantor: (i) prior written notice of such assignment, and (ii) evidence that such assignee has the financial means to carry out and implement the proposed redevelopment for the Property subject to such assignment, and Grantor consenting to such assignment, which consent will not be unreasonably withheld.

22. **FURTHER ASSURANCES.** The Parties each agree to do, execute, acknowledge and deliver any and all other documents and instruments and to take all such further action that shall be necessary or desirable to fully carry out this Option and to fully consummate, complete and document the transaction contemplated hereby. The Grantor agrees to execute an Affidavit as a part of the Grayson Capital's application for approvals, consents, and variances, including but not limited to zoning, land use, subdivision, site plan approval, design approval, permits, use approval, easements or agreements relating to maintenance, contribution or development

(collectively, the “**Approvals**”) to facilitate Grayson Capital’s development of the Project, which will affirm that Grayson Capital, as the holder of this Option, has authority to apply and pursue such Approvals. Grayson Capital will pursue such Approvals at its own cost and expense, including attorneys’ fees. If such Approvals are granted, but Grayson Capital fails to exercise the Option for the Property for which an Approval was granted, then the Grantor may elect to proceed differently with the development of the Property, including, without limitation waiving reliance upon such Approvals.

23. **INVALID PROVISIONS.** If any one or more of the provisions of this Option or the applicability of any such provision to a specific situation shall be held invalid or unenforceable, such provision shall be modified to the minimum extent necessary to make it or its application valid and enforceable, and the validity and enforceability of all other provisions of this Option and all other applications of any such provision shall not be affected thereby.

24. **INTEGRATION; MODIFICATION; WAIVER.** This Option constitutes the complete and final expression of the agreement of Grantor and Grayson Capital relating to the Property, and supersedes all previous contracts, agreements, and understandings of Grantor and Grayson Capital, either oral or written, relating to the Property. This Option cannot be modified, or any of the terms hereof waived, except by an instrument in writing (referring specifically to this Option) executed by the party against whom enforcement of the modification or waiver is sought.

25. **HEADINGS; CONSTRUCTION.** The headings which have been used throughout this Option have been inserted for convenience of reference only and do not constitute matter to be construed in interpreting this Option. Words of any gender used in this Option shall be held and construed to include any other gender and words in the singular number shall be held to include the plural, and vice versa, unless the context requires otherwise. The words "herein," "hereof," "hereunder" and other similar compounds of the word "here" when used in this Option shall refer to the entire Option and not to any particular provision or section. If the last day of any time period stated herein shall fall on a Saturday, Sunday or legal holiday, then the duration of such time period shall be extended so that it shall end on the next succeeding day which is not a Saturday, Sunday or legal holiday.

26. **OTHER CONDITIONS.**

a. **Property.** Grantor represents and warrants that the Property is the subject land area is a parking lot with a brick office building structure that comprises of 1 parcel with a total of approximately 50,431.73 square feet or 1.16 acres. Grantor has no knowledge of, any leases, licenses or other rights of possession.

b. **Termination.** In the event that all desired Approvals are not obtained by Grayson Capital or Grayson Capital otherwise determines the Property, or any portion thereof, is not suitable for Grayson Capital’ intended developments, Grayson Capital may terminate this Option (in whole or in part) by giving notice thereof to Grantor, and in any event, the liabilities of each party will terminate. If this Option was recorded, Grayson Capital will execute a release and termination of such Option of record for the Property.

c. **Default.**

- i) Default by Grayson Capital. If Grayson Capital fails to perform any of its obligations under this Option agreement and such failure continues for more than ten (10) days after notice from Grantor, then Grantor may terminate this Option agreement and retain all Option Payments and Grantor thereafter shall have no further liability or obligations hereunder.
  
- ii) Default by Grantor. If Grantor fails to perform any of its obligations, or is otherwise in default hereunder, Grayson Capital shall have the right to terminate this Option agreement, obtain a refund of the Option Payment, seek specific performance, and/or seek such other relief Grayson Capital may have at law or in equity, including, without limitation, seeking injunctive relief to prevent a sale of the Property to a party other than Grayson Capital.

IN WITNESS WHEREOF, the Parties hereto have executed this Option agreement as of the day and year first above written.

**GRANTOR:**

**CITY OF KANSAS CITY, MISSOURI**

By: \_\_\_\_\_

Approved as to Form and Legality:

\_\_\_\_\_  
Lana Torczon, Senior Associate City Attorney

**OPTION HOLDER:**

**GRAYSON CAPITAL, LLC**

By: \_\_\_\_\_  
Michael M. Collins, CEO

**ACKNOWLEDGEMENT**

## **Exhibit "A"**

That the property located at 1531 Holmes Street Kansas City, Jackson County, Missouri, in one transaction, to a single purchaser, legally described as follows:

Lots 911, 912, 913, 914, 915, 916, 917 and 918 except that part in public alley, Block 65, McGEE'S ADDITION, a subdivision in Kansas City, Jackson County, Missouri, according to the recorded plat thereof.

Subject to building lines, easements, reservation, restrictions, covenants and conditions of record.

Further subject to any and all other existing easements, right of way, and/or any other encumbrances, recorded or non-recorded, affecting the real property, and also subject to a reservation of easements, as necessary, for City owned sewer, storm water, and/or water line infrastructure located on the said property and existing on or before the execution of this Special Warranty Deed.