

09-09-2020 Town Council Meeting Responses to Council Questions #1

ITEM #21: Open a Public Hearing and Consider Authorizing an Economic Development Agreement for the East Rosemary Downtown Deck & Redevelopment Project

Council Question:

The office building is said to be 200k sq ft at the beginning of the presentation then 250k sq ft for the rest of the presentation and then in the EDA, which is correct?

Council Question:

Throughout the presentation and the EDA there is an inconsistency about the size of the office building. Is it 200,000 or 250,000 sq. ft.?

Staff Response:

The negotiations led to the 200,000SF figure that is in most documents but in recent weeks Grubb Properties has shown a willingness in recent conversations to consider up to 250,000SF if the market and Council supports it. The total size of the office building will ultimately be determined by Council and the entitlement process beginning with a Concept Plan submittal in November 2020 and completed in 2021. We have attempted to standardize this to the 200,000SF +/- format and Council can make the final decision during entitlement.

Council Question:

Page 11, number 5B states "Parking in the New Office Building must be restricted to use by tenants, customers and visitors to the New Office Building and the buildings that are the subject of the Renovation. The parking may not be made available to members of the general public from and after the date on which a certificate of occupancy has been issued by the Town for the New Deck." Can we change this so that the parking may not be available "UNLESS offered to other users as part of a parking management program managed by the town." It doesn't make sense for it to sit empty if all the Town's parking is full. Is there a way we can have an agreement to make it available, as needed? It's frustrating to see empty private lots blocked off when there is unmet demand.

Staff Response:

Grubb finds this an acceptable item to change and make the parking available to the general public if no demand for their need is in the market. This term will be added to the Economic Development Agreement if Council desires.

09-09-2020 Town Council Meeting

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Council Question:

The exchange of properties is scheduled to occur after receipt of the GMP from Samet. What happens if the GMP is delayed? Would the property exchange date be pushed out? It seems that the Town should not have to complete the exchange until there is a satisfactory GMP.

Staff Response:

Recent negotiations lead us to think that the parties might find it more acceptable to move the land exchange to closer to the actual construction date, projected to be April/May 2021 time frame. This would also allow for the Zoning Compliance Permit and perhaps the Building permit to also be ready when we authorize the GMP.

We would authorize a purchase and sale agreement and delay the actual closing to the end of the first quarter or beginning of the second quarter of 2021. The GMP would come from an agreement with Samet Construction and would be presented to Council for final authorization after the Local Government Commission authorized the bond sale and our third party engineering firm vets the price. If Council finds the final GMP to be unrealistic they could set the terms for what may happen if it is unacceptable.

Council Question:

Does the Town have the right to withdraw from the deal if the GMP comes in over budget by more than a certain percent/amount? Shouldn't it?

Staff Response:

The Guaranteed Maximum Price is currently projected at \$32.9 million dollars and needs approval of final plans and certification of Walker Parking, our third party engineering consultant, to be finalized. Council could set any specific terms it desired as a part of the projected price. We could also agree to consider any effects (market) on price outside the control of the participating parties that may be considered. There is currently a contingency included in the project budget that would hopefully meet some need not previously seen as a part of these negotiations.

Council Question:

Page 237 has the projected timeline through start of total deck construction. What is the total timeline? When do we expect completion of the office building?

Staff Response:

While a specific timeline schedule has not yet been developed, a rough schedule outline would be 1Q/2Q of 2024 for the office building at the earliest (12 months entitlement process + 9 months design/permitting/financing + 18 months construction).

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On pages 243 & 244, Grubb's due diligence rights are laid out, including an absolute right to withdraw from the deal at its sole discretion (if I read this correctly). Shouldn't the Town have the same right?

Staff Response:

This is an unsettled point between the parties. The draft presented to Council reflects Grubb's proposal, which wasn't something that had been discussed before. Both Grubb and the Town need an appropriate due diligence period before closing on the real estate transaction. We've told Grubb we'd like to work that out so that all due diligence steps are completed before we sign the EDA, Grubb appears amenable to that solution. As noted elsewhere, it's a matter of refining the timing and the order of operations.

Council Question:

The EDA states that if Grubb, through no fault of its own, has not gotten an entitlement for the office building by Nov. 30, 2021, they can don't have to proceed with the building (or at least that's how I read it). Shouldn't that trigger our reversion rights?

Staff Response:

As it's drafted and as it's been negotiated with Grubb, the Town's repurchase rights are tied to the specific time frame. We think it is appropriate that if Grubb's first proposal for the new office building doesn't receive appropriate entitlements, that Grubb has some time to go back to the drawing board for additional proposals before running the risk of losing the property.