



TOWN OF CHAPEL HILL

Town Hall
405 Martin Luther King Jr.
Boulevard
Chapel Hill, NC 27514

Legislation Details (With Text)

File #: [20-0644] **Version:** 1 **Name:**
Type: Discussion Item **Status:** Passed
File created: 9/15/2020 **In control:** Town Council
On agenda: 9/30/2020 **Final action:** 9/30/2020
Title: Consider Exchanging 150 E. Rosemary for 125 and 135 E. Rosemary to Support the East Rosemary Redevelopment Project and Parking Deck.

Sponsors:

Indexes:

Code sections:

Attachments: 1. 125 E Rosemary appraisal, 2. 135 E Rosemary St Appraisal, 3. 150 E Rosemary appraisal, 4. Staff Presentation, 5. Emails from the Public, 6. Council Questions with Staff Response, 7. A RESOLUTION AUTHORIZING THE TOWN MANAGER TO PROCEED WITH ACQUISITION AND LAND EXCHANGE TO SUPPORT THE EAST ROSEMARY REDEVELOPMENT AND THE CONSTRUCTION OF A PARKING DECK (2020-09-30/R-8) as Amended, 8. A RESOLUTION REIMBURSING THE TOWN FOR EAST ROSEMARY DECK EXPENDITURES (2020-09-30/R-9)

Date	Ver.	Action By	Action	Result
9/30/2020	1	Town Council	adopted as amended	Pass
9/30/2020	1	Town Council	adopted	Pass

Consider Exchanging 150 E. Rosemary for 125 and 135 E. Rosemary to Support the East Rosemary Redevelopment Project and Parking Deck.

Staff:

Maurice Jones, Town Manager
Dwight Bassett, Economic Development Officer
Amy Oland, Director
Bob Jessup, Attorney

Department:

Manager's Office

Business Management
Sanford Holshouser

Overview: Consider exchanging the Wallace parking deck (150 E. Rosemary) and property for the 125 East Rosemary and 135 East Rosemary deck and parcel for the purpose of building a new parking deck. It is anticipated that we will contract for the property but will not close on the contract until spring 2021.

For additional information, see the attached report on the proposed Economic Development Agreement and the March 4, 2020 Council Action authorizing a Memorandum of Understanding for this proposed Economic Development Project.

<https://chapelhill.legistar.com/LegislationDetail.aspx?ID=4346784&GUID=8D2E8A1D-FC0F-4560-8DD6-3102529B1502&Options=&Search=>



Recommendation(s):

That the Council adopt the resolution authorizing the Town Manager to proceed with:

- Purchase of 125 East Rosemary and 135 East Rosemary from Grubb Properties and Investors Title;
- Transfer of 150 E. Rosemary to Grubb Properties; and,
- Payment of the difference in property values to Grubb Properties.

Land values:

Grubb value	(125 E. Rosemary)	\$3,600,000	(Per appraisal)
Investor Title value	(135 E. Rosemary)	4,900,000	(negotiated, valued at \$5.1 million)
TOTAL -Grubb and Investors		\$8,500,000	
EXCHANGE -			
Town value	(150 E. Rosemary)	(6,360,000)	(Per appraisal)
Net land value		<u>2,140,000</u>	
Grubb Contribution to land		400,000	
Net from Town		\$1,740,000	

Much of the information about this project is available on the Town's web site at <https://www.townofchapelhill.org/businesses/east-rosemary-street-redevelopment-project>.

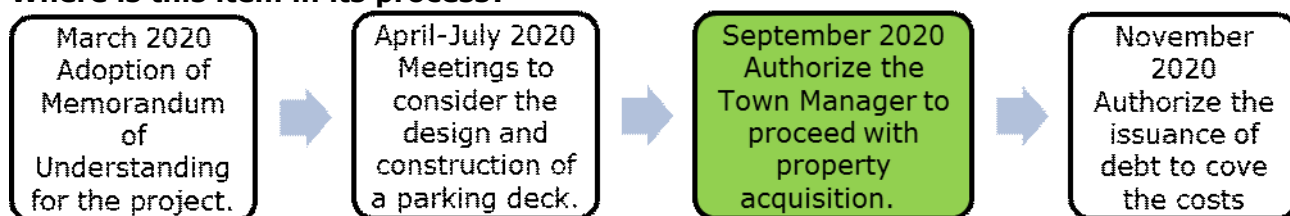
Decision Points:

- Authorize the purchase and exchange of property for a net cost of \$1.74 million dollars
- Authorize Grubb Properties to acquire Investors Title property and pay up to \$4.9 million for that parcel and for Grubb to contribute \$400,000 to that purchase price
- Authorize the necessary financial arrangements to allow the Town to spend up to \$1.74 million from our General Fund until the bond debt for parking deck construction is authorized and issued

Key Issues:

- This property acquisition is necessary to facilitate a new parking deck and the Grubb Properties construction of a new 200,000 +/- office and wet lab building
- This acquisition will allow for the construction of a new 1100 +/- space parking deck to support downtown, a new office building and other developments

Fiscal Impact/Resources: The Town may need to cover the exchange difference of \$1.74 million from the General Fund until the new debt for the parking deck is issued.

Where is this item in its process?**Attachments:**

- Resolution - Land Acquisition and Exchange
- Resolution - Reimbursement
- 125 East Rosemary appraisal
- 135 East Rosemary appraisal
- 150 East Rosemary appraisal

A RESOLUTION AUTHORIZING THE TOWN MANAGER TO PROCEED WITH ACQUISITION AND LAND EXCHANGE TO SUPPORT THE EAST ROSEMARY REDEVELOPMENT AND THE CONSTRUCTION OF A PARKING DECK (2020-09-30/R-8)

WHEREAS, the Town Council of Chapel Hill, North Carolina has considered the redevelopment of East Rosemary and a proposed Economic Development Agreement that provides for construction of a new parking deck and construction of a new wet laboratory office building; and

WHEREAS, an exchange of Town Property for property owned by other parties is necessary in order for the proposed economic development project to move forward as proposed in the Economic Development Agreement considered by the Town Council at a public hearing tonight.

NOW, THEREFORE, BE IT RESOLVED by the Council of the Town of Chapel Hill that the Council authorizes the Town Manager to proceed with acquisition of properties at 125 and 135 East Rosemary Street, the sale of Town property at 150 East Rosemary Street and an expenditure of up to \$1.74 million dollars from existing budget resources to proceed with the proposed Economic Development Agreement for East Rosemary Street considered at a public hearing on September 9, 2020.

BE IT FURTHER RESOLVED that the approval for this exchange of property and payment is contingent upon the Council giving final approval to the Economic Development Agreement at the September 30 Council meeting.

This the 30th day of September, 2020.

A RESOLUTION REIMBURSING THE TOWN FOR EAST ROSEMARY DECK EXPENDITURES (2020-09-30/R-9)

WHEREAS, the Town of Chapel Hill intends to undertake the Project (as described below), use its own funds to pay initial Project costs, and then reimburse itself from bond financing proceeds for these early expenditures; and

WHEREAS, the Business Management Director has advised Council that it should adopt this resolution to document the Town's plans for reimbursement, in order to comply with certain federal tax rules relating to reimbursement from financing proceeds.

NOW, THEREFORE, BE IT RESOLVED by the Town Council of the Town of Chapel Hill, North Carolina, follows:

1. The Project is the East Rosemary Deck.
2. The Town intends to advance funds for initial Project costs, including land acquisition, and then reimburse itself from bond financing proceeds. The financing will take the form of limited obligation bonds.
3. The Town currently expects to borrow up to \$32,900,000 for the East Rosemary Deck project. The amount of bonds that actually will be issued is subject to further Council approval.
4. Funds or the early Project expenditures may come from the Town's Parking Fund or General Fund.
5. The Town intends for the adoption of this resolution to be a declaration of its official intent to reimburse itself from bond financing proceeds for Project cost expenditures.

This the 30th day of September, 2020.

The Agenda will reflect the text below and/or the motion text will be used during the meeting.

PRESENTER: Maurice Jones, Town Manager
Dwight Bassett, Economic Development Officer

Amy Oland, Director of Business Management
Bob Jessup, Sanford Holshouser

- a. Introduction and revised recommendation
- b. Comments and Questions by the Mayor and Town Council
- c. Comments from the public
- d. Motion to adopt the resolution to authorize the Town Manager to proceed with the acquisition and land exchange
- e. Motion to adopt the resolution to reimburse the Town for East Rosemary Deck expenditures.

RECOMMENDATION: That the Council authorize the Town Manager to proceed with acquisition and land exchanges, including 125, 135, and 150 East Rosemary Street, to support this redevelopment and an expenditure of up to \$1.74 million from existing budget resources to proceed with this project.