

June 7, 2011

ITEM: 7.A.

RE: CONSIDERATION AND ADOPTION OF A RESOLUTION OF THE BOARD OF DIRECTORS OF THE REDEVELOPMENT AGENCY OF SALT LAKE CITY APPROVING THE FIFTH AMENDMENT TO EXCLUSIVE NEGOTIATIONS AGREEMENT WITH PROPERTY RESERVE, INC. AND SUBURBAN LAND RESERVE, INC. FOR THE POTENTIAL ACQUISITION OF PROPERTY FOR CONSTRUCTION OF A DOWNTOWN THEATER LOCATED ON BLOCK 70.

PROJECT AREA: Central Business District

PREPARED BY: D.J. Baxter

EXECUTIVE SUMMARY: In October 2008, Staff negotiated a one-year Exclusive Negotiations Agreement for the purchase of property for a downtown theater on Block 70. Since that time, we have extended the agreement several times by mutual agreement. The current extension will expire June 15, 2011. The property owners have agreed to an additional one-year extension of the Agreement in order to complete negotiations for the acquisition.

FUNDING: Staff time only.

ALTERNATIVES:

1. Adopt the resolution approving the Fifth Amendment to Exclusive Negotiations Agreement.
2. Do not adopt the resolution.

ANALYSIS AND ISSUES: RDA staff continues to work with the owners of multiple parcels on Block 70 to locate a new performing arts center on the properties. The properties are located between 100 South and 200 South Streets, and Main and Regent Streets, and are owned by Property Reserve, Inc., and Suburban Land Reserve, both of which are development arms of The Church of Jesus-Christ of Latter-day Saints. Through these discussions, RDA staff and the property owners have agreed upon a one-year extension to the Exclusive Negotiations Agreement executed in October 2008 and first amended in October 2009. During the requested extension period, we hope to complete negotiations to purchase the properties, or some portion thereof, for the construction of a downtown theater, currently referred to as the Utah Performing Arts Center.

BACKGROUND: Mayor Becker has made the construction of a downtown Broadway-style theater one of his highest priorities. He has asked the RDA to assist with the acquisition of property for the project, which will include a 2400-seat theater, as well as rehearsal spaces and

other ancillary facilities that will support the operation of the theater and various performing arts functions.

In 2008, Bill Becker, who has had substantial experience with theater productions and operations nationwide, organized a group of community leaders and representatives of arts organizations under the banner of the Downtown Theater Action Group (TAG). This committee, under Bill's leadership, considered numerous possible sites and funding alternatives for the theater. In its final report, issued July 18, 2008, the TAG identified six potential sites for consideration, and recommended particular focus on four of those sites. TAG also recommended pursuit of two primary project funding sources: New Markets Tax Credits and creation of a Community Development Area that would use sales tax increment generated by the City Creek Center and surrounding blocks.

Responding to the TAG's recommendations, Mayor Becker asked the RDA and Economic Development staffs to lead the effort to further narrow the list of possible sites through direct negotiations with property owners. That process yielded a decision that Block 70, the location of the former Newspaper Agency Corporation printing presses, was the ideal location, given its proximity to other attractions and arts facilities downtown, the possibility of a Main Street entrance, the availability of abundant parking, and the opportunity to revitalize Regent Street as an attractive pedestrian connection between City Creek Center and Gallivan Center.

The RDA staff worked directly with the property owners to secure a 1-year exclusive negotiation agreement, which has been extended several times to permit the RDA and its developer to complete a feasibility analysis and due diligence on the properties. We are now ready to develop a financial proposal for the consideration of the Mayor and City Council, and hope to begin design on the project in the fall of 2011.

During this extension period, the city will finalize the financing plan for the project, initiate design, and the parties will seek to establish a purchase agreement for the property.

ATTACHMENTS:

- 1. Draft Resolution**
- 2. Fifth Amendment to Exclusive Negotiations Agreement**

RESOLUTION OF THE BOARD OF DIRECTORS OF THE REDEVELOPMENT AGENCY OF SALT LAKE CITY APPROVING THE FIFTH AMENDMENT TO EXCLUSIVE NEGOTIATIONS AGREEMENT WITH PROPERTY RESERVE, INC. AND SUBURBAN LAND RESERVE, INC. FOR THE POTENTIAL ACQUISITION OF PROPERTY FOR CONSTRUCTION OF A DOWNTOWN THEATER LOCATED ON BLOCK 70.

WHEREAS, the Redevelopment Agency of Salt Lake City (“Agency”) was created to transact the business and exercise the powers provided for in the Utah Community Development and Renewal Agencies Act; and

WHEREAS, the Agency adopted a redevelopment plan effective February 11, 1971 entitled “CBD Neighborhood Development Plan;” and

WHEREAS, the Agency currently owns property on Block 70 within the Central Business District Project Area; and

WHEREAS, the Agency desires to acquire adjacent property in the Central Business District Project Area for the purpose of constructing a Performance Center on Block 70; and

WHEREAS, on November 18, 2008 the Board of Directors adopted Resolution No. 651.02 approving the Agency staff’s execution of an Exclusive Negotiations Agreement with two adjacent landowners, Property Reserve, Inc. and Suburban Land Reserve, Inc. in which such landowners agree to exclusively negotiate with the Agency for a period of one (1) year for the acquisition of their property by the Agency or a designated developer; and

WHEREAS, on September 22, 2009, the Board of Directors adopted Resolution No. 664.01 approving the Agency’s execution of a First Amendment to Exclusive Negotiations Agreement, extending the expiration to April 15, 2010; and

WHEREAS, on March 9, 2010, the Board of Directors adopted Resolution No. 674.01 approving the Agency’s execution of a Second Amendment to Exclusive Negotiations Agreement, extending the expiration to October 15, 2010; and

WHEREAS, on October 12, 2010, the Board of Directors adopted Resolution No. 683.01 approving the Agency’s execution of a Third Amendment to Exclusive Negotiations Agreement, extending the expiration to April 15, 2011; and

WHEREAS, on April 12, 2011, the Board of Directors adopted Resolution No. 694.06 approving the Agency’s execution of a Fourth Amendment to Exclusive Negotiations Agreement, extending the expiration to June 15, 2011; and

WHEREAS, Agency staff is continuing its due diligence on the property but has not yet completed that process; and

WHEREAS, Property Reserve, Inc. and Suburban Land Reserve, Inc. have agreed to grant the Agency an additional one year extension to the Exclusive Negotiation Agreement; and

NOW, THEREFORE, BE IT RESOLVED BY THE BOARD OF DIRECTORS OF THE REDEVELOPMENT AGENCY OF SALT LAKE CITY, that we do hereby approve a one year extension of the Exclusive Negotiations Agreement, and authorize Agency staff to negotiate the terms for the acquisition and development of the property listed therein pursuant to the terms of the Exclusive Negotiations Agreement, as amended.

BE IT FURTHER RESOLVED, that the final terms for the sale, purchase, and development of any property pursuant to the Exclusive Negotiations Agreement shall be subject to further approval of the Board of Directors.

Passed by the Board of Directors of the Redevelopment Agency of Salt Lake City, this 7th day of June, 2011.

Luke Garrott, Chairperson

ATTEST:

D.J. Baxter, Executive Director

Transmitted to the Chief Administrative Officer on June _____, 2011. The Chief Administrative Officer:

___ does not request reconsideration

___ requests reconsideration at the next regular Agency meeting.

Ralph Becker, Chief Administrative Officer

ATTEST:

D.J. Baxter, Executive Director

Approved as to legal form:

Jones, Waldo, Holbrook & McDonough, P.C.

By: _____

**FIFTH AMENDMENT TO
EXCLUSIVE NEGOTIATIONS AGREEMENT**

This Fifth Amendment to Exclusive Negotiations Agreement is made and entered into as of the ____ day of June, 2011, by and among Property Reserve Inc., a Utah nonprofit corporation (“PRI”), Suburban Land Reserve, Inc., a Utah corporation (“SLR,” and together with PRI, the “Sellers”), and Redevelopment Agency of Salt Lake City, a public body (the “RDA”).

RECITALS

WHEREAS, the Sellers and the RDA entered into that certain Exclusive Negotiations Agreement dated as of October 15, 2008 (as amended by that certain First Amendment to Exclusive Negotiations Agreement dated September 30, 2009, that certain Second Amendment to Exclusive Negotiations Agreement dated March 25, 2010, that certain Third Amendment to Exclusive Negotiations Agreement dated October 15, 2010, and that certain Fourth Amendment to Exclusive Negotiations Agreement dated April 7, 2011, the “Agreement”);

WHEREAS, the parties desire to further amend the Agreement to extend the Negotiation Period (as defined therein);

NOW, THEREFORE, for good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties hereby agree as follows:

1. **Amendment to Section 2.** Section 2 is hereby amended and restated in its entirety as follows:

“2. Term of Agreement to Exclusively Negotiate. The period during which the Sellers agree to exclusively negotiate in accordance with Section 1 above shall be from the date hereof until June 15, 2012 (the “Negotiation Period”).

*[The remainder of this page is intentionally left blank and
signatures follow on the next page.]*

IN WITNESS WHEREOF, the parties have caused this Fifth Amendment to Exclusive Negotiations Agreement to be duly executed as of the date first above written.

RDA: REDEVELOPMENT AGENCY OF SALT LAKE CITY

By: _____
Ralph Becker
Its Chief Administrative Officer

By: _____
D. J. Baxter
Its Executive Director

Approved as to legal form:
Jones, Waldo, Holbrook & McDonough

By: _____

SELLERS: PROPERTY RESERVE, INC.

By: _____
Kent Money
Its President

SUBURBAN LAND RESERVE, INC.

By: _____
Scott Dean
Its President