

August 9, 2011

ITEM#: 8.B.

RE: CONSIDERATION AND ADOPTION OF A RESOLUTION OF THE BOARD OF DIRECTORS OF THE REDEVELOPMENT AGENCY OF SALT LAKE CITY AUTHORIZING THE ACQUISITION OF PROPERTY LOCATED AT 865 SOUTH 200 WEST, SALT LAKE CITY, UTAH.

PROJECT AREA: West Temple Gateway

PREPARED BY: Matt Dahl

EXECUTIVE SUMMARY: Staff has prepared a term sheet for the acquisition of a 0.17-acre parcel located at 865 South 200 West (the "Property"). Board approval of the term sheet is required before staff can proceed with drafting the Purchase and Sale Agreement for the acquisition of the Property.

FUNDING: \$355,000 - West Temple Gateway Land Acquisition & Development

ALTERNATIVES: 1) Adopt the resolution.
2) Do not adopt the resolution.

ANALYSIS AND ISSUES: Staff is seeking authorization from the RDA Board to proceed with the acquisition of property located at 865 South 200 West. The Property is owned by Farrell G. Allen and Elizabeth G. Allen, Trustees of the Allen Family Trust (the "Seller") and is comprised of one 0.17-acre parcel. The Property's only improvement is a 5,553 square foot warehouse that is currently being used for the design and manufacturing of signage. The Property is located in the Downtown Support District zone (D-2), which allows for a wide array of uses and moderate density. The Property is located between two Agency-owned parcels.

Staff has negotiated basic terms for the acquisition of the Property and included them in the proposed term sheet. Included in the term sheet are a few terms that are not typical. These terms include:

Purchase Price: The appraised value for the Property is \$355,000. The term sheet indicates that the RDA would pay \$310,000 at closing, with \$45,000 being paid to the Seller when the RDA sells the property or within five years of the closing date, whichever occurs first.

Environmental Site Assessment: An Environmental Site Assessment (ESA) for the Property is in progress, but has not been completed. The term sheet indicates that the RDA would be able to terminate the Purchase and Sale Agreement if the results of the ESA are unsatisfactory to the RDA.

Lease Agreement: At closing the Seller will enter into a lease agreement with the RDA. The lease would have a term that expires in November 2012, mirroring the term of the lease with the People's Portable Garden, which is adjacent to the Property.

Staff is requesting that the Board authorize the acquisition of the Property under the terms described in the attached Term Sheet. Staff feels that this property is a key parcel in the redevelopment of the West Temple Gateway Project Area. If purchased, the Agency would remarket the property for redevelopment that is compatible with the reuse of adjoining RDA-owned property and consistent with the West Temple Gateway and Granary District Project Area Development Strategy and master plan for the area.

Staff will be prepared to answer questions concerning the proposed acquisition at the meeting.

ATTACHMENTS: Resolution, Term Sheet, Neighborhood Map, and Property Photo

RESOLUTION OF THE BOARD OF DIRECTORS OF THE REDEVELOPMENT AGENCY OF SALT LAKE CITY AUTHORIZING THE ACQUISITION OF PROPERTY LOCATED AT 865 SOUTH 200 WEST, SALT LAKE CITY, UTAH

WHEREAS, the Redevelopment Agency of Salt Lake City (the “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 Redevelopment Agency and the governing body of Salt Lake City (the “City”) adopted a redevelopment plan entitled “West Temple Gateway Redevelopment Plan” on August 1, 1987; and

WHEREAS, the City has approved master plans that include the Agency’s redevelopment project areas with the goal of revitalizing the commercial districts of Salt Lake City by improving commercial space and increasing the amount of housing; and

WHEREAS, the Agency wishes to acquire the property located at 865 South 200 West (the “Property”) in order to implement the West Temple Gateway Redevelopment Plan and the City’s master plan.

NOW, THEREFORE, BE IT RESOLVED BY THE BOARD OF DIRECTORS OF THE REDEVELOPMENT AGENCY OF SALT LAKE CITY, that the Board does hereby authorize the Chief Administrative Officer and Executive Director to execute a Purchase and Sale Agreement between the Redevelopment Agency of Salt Lake City and Farrell G. Allen and Elizabeth G. Allen, Trustees of the Allen Family Trust for the Agency’s acquisition of the Property in accordance with the Term Sheet attached hereto. The transaction shall also incorporate such other terms and agreements as recommended by Agency counsel.

Passed by the Board of Directors of the Redevelopment Agency of Salt Lake City, this 9th day of August, 2010.

Luke Garrott, Chairperson

ATTEST:

D.J. Baxter, Executive Director

Transmitted to the Chief Administrative Officer on _____. 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 form: _____
Brian F. Roberts

Green Warehouse Property Purchase and Sale Term Sheet

Property Description

Seller: Farrell & Elizabeth Allen, Trustees of the Allen Family Trust

Buyer: Redevelopment Agency of Salt Lake City (the “Buyer”)

Property: **Address:** 865 South 200 West
 Parcel #: 15-12-254-015
 Size: 0.17 Acres (7,405 s.f.)
 Zoning: D-2
 Assessed Value: \$196,100
 Appraised Value: \$355,000

Purchase Price: \$310,000 shall be paid at closing. The Buyer further agrees to pay the Seller \$45,000 upon the earlier of:
1) The future sale of the Property by the Buyer; or
2) The passage of five years from the date of closing.

Lease: Buyer will lease property back to the Seller following Closing:

1. The lease will be triple-net with the tenant being required to pay property taxes and utility expenses.
2. The term of the lease shall be 13 months.
3. The tenant will not be able to sublease the Property.

Title: The Property’s title shall be perfected by Sellers at or before closing.

Title Insurance: Prior to closing, the Agency shall have received a title commitment from the First American Title Insurance Agency. First American Title Insurance the Agency shall also be prepared to issue to Agency an ALTA Owner’s Policy of title insurance with permitted exceptions in the full amount of the Purchase Price.

Phase I & II ESA: Prior to closing the Buyer shall obtain an Environmental Site Assessment (Phase I) of the Property. If a conducting a Phase II Environmental Site Assessment (Phase II) is recommended by the Consultant that performed the Phase I, the Buyer and the Seller shall each pay one-half of the costs to perform the Phase II. The Buyer may terminate the Purchase and Sale Agreement if the results of the Phase I or the Phase II are unsatisfactory.

Survey: The Agency shall obtain a topographical and boundary survey(s) of the Property, which survey(s) shall be prepared by a surveyor(s) approved by the Agency, licensed in the state of Utah and shall be certified to the Agency and its designees in a form satisfactory to the Agency. The boundary survey shall show and certify: 1) the exact square footage of real property contained in the Property; 2) the legal description of the Property with the boundaries being in conformity with the boundaries shown on the Site Plan (it is agreed that the legal description on the survey shall be the description used in the deed conveying the Property to the Agency and in the policy of title insurance); 3) that the legal boundaries of the Property extend to all adjacent streets, alleys and sidewalks; and 4) the location of all existing easements, rights-of-way, encroachments, utility lines, and other similar encumbrances or defects in title affecting the Property or the streets, alleys, and sidewalks adjacent thereto.

License for Entry: Sellers shall provide the Agency with a license to enter the Property for all purposes, provided the Agency agrees to repair any damage to the Property arising from its exercise of its right of entry.

Escrow Holder: Promptly following the execution of the Purchase and Sale Agreement, the Agency shall open an escrow with First American Title Insurance Agency (the "Escrow Holder"). A copy of this Agreement shall be provided to the Escrow Holder to advise the Escrow Holder of the terms and conditions hereof. Within five (5) days after the Agency has advised Sellers that the conditions have been waived or satisfied, Sellers shall place into the escrow a fully-executed general warranty deed to the Property with the Agency as the grantee for recording and delivery to the Agency at closing. Escrow Holder shall conduct the close of any sale hereunder pursuant to escrow instructions of the Parties.

Closing At such time as all conditions precedent have been waived or satisfied or it has been determined that such conditions will be satisfied at closing, the Agency shall advise Sellers of the same. The closing shall take place within fifteen (15) days thereafter at the office of the Escrow Holder on a date and at a time mutually convenient to the Agency and Sellers. At closing, Sellers shall convey title to the Property to the Agency by general warranty deed subject only to the Permitted Exceptions.

Commissions: The Agency represents and warrants that it has not entered into any contracts with any brokers or finders, nor has the Agency obligated itself to pay any real estate commissions or finder's fees. Sellers

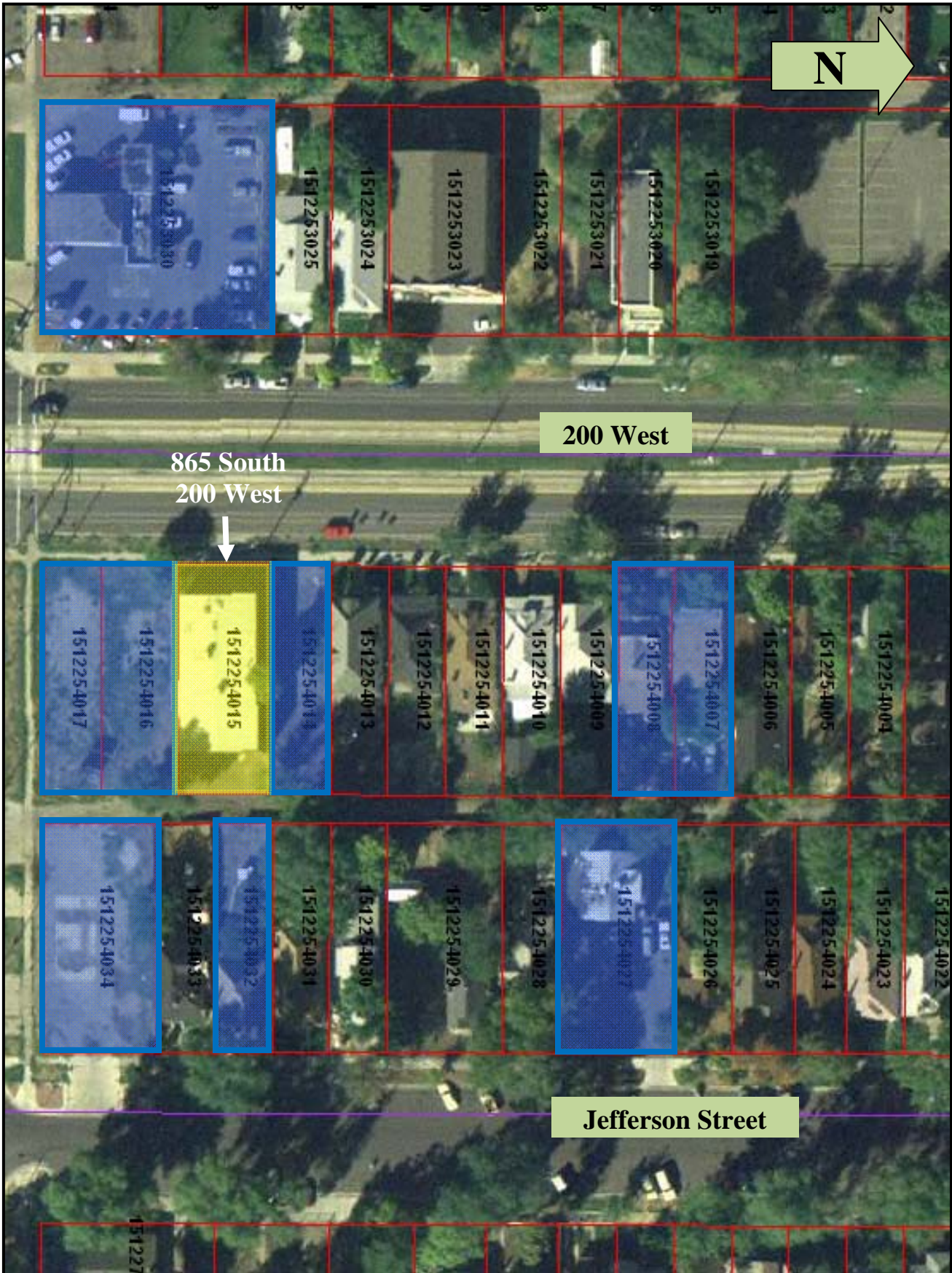
represents and warrants that it has not entered into any contracts with any brokers or finders, nor obligated itself to pay any broker's commission or finder's fee. Based on such representations and warranties, Sellers and the Agency agree to indemnify and hold the other harmless from any claims, damages, expenses, liabilities, liens, or judgments (including costs, expenses and attorney's fees defending the same) that arise on account of any claim that real estate commissions or finders' fees (including those identified above) are payable as a result of the actions of the indemnifying Party and have not been discharged in their entirety. Any commissions, finder's fees or other similar charges other than those incurred by the Agency and not specified above shall be paid at closing by the Escrow Holder from the proceeds of the Purchase Price.

Closing Costs: Seller shall be responsible for paying prorated real estate taxes and property insurance. The Agency shall pay all standard closing costs.

Other: This transaction shall be subject to all terms, conditions, and documentation required by the Agency's legal counsel, whether represented in this term sheet or not.

Outside Closing Date: The Outside Closing date shall be October 31, 2011.

West Temple Gateway Project Area
900 South Trax Station Neighborhood



865 South 200 West
(Viewed From 200 West)

