

**REDEVELOPMENT AGENCY STAFF MEMO**

**DATE:** August 18, 2015  
**ITEM #:** 7.B.  
**PREPARED BY:** Cara Lindsley  
**RE:** Consideration and Adoption of a Resolution of the Board of Directors of the Redevelopment Agency of Salt Lake City Modifying the Terms of the Option to Purchase Agreement with Form Development for the RDA-owned Property Located at 167-169 South Regent Street and Authorizing the Allocation of Funding for the Purchase of the Property Located at 45 East 200 South

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**REQUIRED ACTION:** Consider approval of:

1. Modifications to the Term Sheet for the Option to Purchase Agreement with Form Development for the RDA-owned property located at 167-169 South Regent Street (the "Regent Street Property").
2. Allocation of funding for the purchase of the property located at 45 East 200 South (the "200 South Property").

**POLICY ITEM:** CBD Strategic Plan – Regent Street Redevelopment

**BUDGET IMPACTS:** A total of \$1,050,000. \$476,347 from existing accounts, \$573,653 from the Revolving Loan Fund.

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**EXECUTIVE SUMMARY:** This item pertains to a revision to the terms of an Option to Purchase Agreement between the RDA and Form Development ("Developer") for the sale of the Regent Street Property that the Board of Directors approved in June. In the process of negotiating the option, the RDA and Developer have identified a need to extend the RDA's rights to purchase the 200 South Property under the scenario where the Developer purchases this property but does not move forward with redevelopment of the Regent Street Property. A summary of the proposed terms that would be incorporated with the approved term sheet is included below.

**ANALYSIS & ISSUES:** The Developer has executed a purchase agreement to acquire the 200 South Property, and is in the process of negotiating with the RDA an Option to Purchase Agreement for the Regent Street Property. The purchase of these two properties will form an assemblage on which to develop a mixed-use project that includes a boutique hotel, residential condominium, and ground-floor retail. At the June meeting, the Board approved a set of terms for the sale of the Regent Street Property, that also included provisions for the RDA to purchase the

adjacent 200 South Property under certain circumstances.

In the process of negotiating the Option to Purchase the Regent Street Property, RDA and Form Development have identified an additional set of circumstances under which the RDA should have the right to acquire the 200 South Property. Specifically, in the event that Developer purchases the 200 South Property but does not subsequently acquire the Regent Street Property, both parties would like to ensure that the RDA would step in to purchase the 200 South Property. This modified term would obligate both the Developer to sell the 200 South Property, and the RDA to buy this parcel subject to conducting due diligence to confirm the acceptability of its condition.

The purchase price of the 200 South Property would be \$1,050,000. The sources of funding would include amounts previously set aside by the Board to fund the purchase of property on Block 70, as well as an allocation from the Revolving Loan Fund to cover the difference. The Board's approval would authorize RDA staff to execute the Option to Purchase Agreement and related documents, including a Development Agreement, Assignment of Purchase Agreement, and Option to Purchase that are consistent with the modified terms as provided in the attached Term Sheet, and prepare us to act on the option to purchase the 200 South Property should the need to do so arise.

**PREVIOUS BOARD ACTION:**

- Purchase of the Regent Street Property as part of the assemblage purchased in 2013 to support construction of the Eccles Theater
- January 13, 2015 Approval of Regent Street Urban Design Guidelines
- June 9, 2015 Approval of Term Sheet for the Option to Purchase Agreement with Form Development for the Regent Street Property, that also included provisions under which the RDA could acquire the 200 South Property.

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**ATTACHMENTS:**

1. Resolution
2. Term Sheet

RESOLUTION OF THE BOARD OF DIRECTORS OF THE REDEVELOPMENT AGENCY OF SALT LAKE CITY MODIFYING THE TERMS OF THE OPTION TO PURCHASE AGREEMENT WITH FORM DEVELOPMENT FOR THE RDA-OWNED PROPERTY LOCATED AT 167-169 SOUTH REGENT STREET AND AUTHORIZING THE ALLOCATION OF FUNDING FOR THE PURCHASE OF THE PROPERTY LOCATED AT 45 EAST 200 SOUTH.

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 the “Central Business District Neighborhood Development Plan” on May 1, 1982; and

WHEREAS, the RDA created the Block 70 CDA for the purpose of funding improvements related to the Eccles Theater and other projects that support the establishment of a cultural core on this block; and

WHEREAS, the RDA owns certain real properties located at 167-169 South Regents Street (the "Property"); and

WHEREAS, on January 2015, the Board approved and adopted the Regent Street Urban Design Guidelines; and

WHEREAS, the RDA will redevelop the Property in accordance with the Regent Street Urban Design Guidelines; and

WHEREAS, Form Development (the "Developer") will construct a hotel project on the Property; and

WHEREAS, the Board approved the terms of an Option to Purchase Agreement and related documents that provide the RDA the ability to purchase the adjacent property to be acquired by the Developer at 45 East 200 South (the “200 South Property”); and

WHEREAS, the RDA and Developer wish to expand the terms for the RDA’s purchase of the 200 South Property; and

NOW, THEREFORE, BE IT RESOLVED BY THE BOARD OF DIRECTORS OF THE REDEVELOPMENT AGENCY OF SALT LAKE CITY, that we do hereby approve the modifications to the approved term sheet as outlined in the attachment hereto, and authorize the expenditure of funds to acquire the 200 South Property.

BE IT FURTHER RESOLVED THAT we do hereby authorize the Chief Administrative Officer and the Executive Director to negotiate and execute an Option to Purchase Agreement and documents related thereto (the “Agreements”) between the Redevelopment Agency of Salt Lake City and the Developer, for the Property in accordance with the term sheet approved in June 2015 and as modified by the attachment hereto. The Agreements shall also incorporate such other terms as recommended by RDA legal counsel.

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Stan Penfold, Chairperson

ATTEST:

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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.

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Ralph Becker, Chief Administrative Officer

ATTEST:

\_\_\_\_\_  
D. J. Baxter, Executive Director

Approved as to legal form: \_\_\_\_\_

Tom Berggren, RDA Legal Counsel

**Amendment to Term Sheet for**

**Option to Purchase Agreement  
167-169 South Regent Street**

**Proposed Changes to Term Sheet regarding  
Property Located at 45 East 200 South (the “200 South Property”)**

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The condition precedent to the obligation of the RDA to sell the RDA’s property at 167-169 Regent Street (the “Property”) to the Developer described in Paragraph H.3 of the Term Sheet for the Option to Purchase Agreement approved by the Board on June 9, 2015 pursuant to Resolution #759.03 (the “Term Sheet”) is deleted and a new term is added as follows:

J. Concurrently with the execution of the Option to Purchase Agreement, Developer and the RDA will enter into an agreement (the “200 South Agreement”) providing:

- (1) the RDA will have an option to purchase the 200 South Property, and any other property rights secured by the Developer to facilitate the Project, in the event that (a) the Developer does not purchase the Property or (b) in the event that Developer purchases the Property and the Developer later is in default under the Development Agreement. The purchase price under this option shall be the purchase price paid by the Developer for the 200 South Property and related property rights, plus the Developer’s reasonable and verified out-of-pocket expenses for entitlements and other improvements related to the portion of the Project involving the 200 South Property, minus the amount of any liens or encumbrances on the 200 South Property.
- (2) Developer will have an option to put the 200 South Property to the RDA, subject to the following requirements:
  1. Notice of Put. Within 15 days following the termination of the Option to Purchase Agreement, or within 15 days following a termination of the Development because of a Developer default, Developer may give written notice to the RDA that it is exercising its option to put the 200 South Property (“Notice of Trigger Event”), in which case the following terms and conditions are applicable.
  2. Purchase Price: The purchase price for the 200 South Property will be \$1,050,000 plus the costs reasonably incurred by Developer Owner in connection with the demolition of the existing building on the 200 South Property and in connection with the acquisition of any additional property rights that are obtained for the benefit of the Project. If the 200 South

Property is secured by a mortgage or deed of trust, the purchase price will be reduced by an amount necessary to pay in full such loan including without limitation any prepayment fees or other costs or charges, or, in the alternative, if RDA assumes any such loan with the consent of the lender, the amount of principal of and the accrued interest on, and all other costs or charges with respect to, such loan.

3. Due Diligence. In connection with execution of the Option to Purchase Agreement, Developer agrees to deliver to the RDA copies of all reports, studies and other investigations it has obtained with respect to the 200 South Property. In the event that RDA receives a Notice of Trigger Event, RDA shall have a 30 day period (the “Due Diligence Period”), commencing on the date the RDA receives the Notice of Trigger Event, to investigate the 200 South Property, including with respect to environmental and geotechnical issues. The RDA may give notice at any time during the Due Diligence Period that it has determined in its sole judgment that the 200 South Property is not suitable for use in connection with the development of the RDA’s Regent Street Property. If the RDA gives such notice, then neither party shall have any further rights under the 200 South Agreement.
  4. Closing: In the event that the RDA does not give a termination notice pursuant to Section 3 or waives such right to termination, then the Closing of the sale of the 200 South Property shall be within 15 days after the earlier of the end of the Due Diligence Period or such waiver, as the case may be.
  5. Closing and Closing Costs: The 200 South Agreement shall provide that the Developer will convey title to the 200 South Property by special warranty deed without any financial encumbrances. The 200 South Agreement shall contain normal provisions with regard to prorations and closing costs (including without limitation the Developer paying for an owner’s policy of title insurance).
- (3) Other Provisions. The 200 South Agreement will contain such other provisions as the Parties mutually agree.