

REDEVELOPMENT AGENCY
O F S A L T L A K E C I T Y

REDEVELOPMENT AGENCY STAFF MEMO

DATE: April 12, 2016 **ITEM #:** 6.C.3.

PREPARED BY: Jill Wilkerson-Smith

RE: Consideration and Adoption of a Resolution Approving the Terms for an Option to Purchase Agreement, Schedule of Development, and Other Agreements with Boyer Cowboy Station, LC for the Development of RDA Owned Property at 580 West 300 South

REQUESTED ACTION: 1) Adopt the Resolution; 2) Adopt the Resolution with changes; or 3) Do not adopt the Resolution and provide staff with further direction.

POLICY ITEM: **Depot District Project Area Strategic Plan**
Implementation Project Priority No. 1: Station Center Project

BUDGET IMPACTS: \$4,750,000 Developer Purchase Price

EXECUTIVE SUMMARY/ANALYSIS: Staff has negotiated terms to enter into an Option to Purchase Agreement (“OPA”) for the sale of Parcel 1 of the Station Center Project with Boyer Cowboy Station, LC (“Developer”). The Developer proposes to acquire the property to build a 2-acre mixed use development (the “Project”) adjacent to Salt Lake Central Station. As reflected in the attached term sheet for the first phase of the OPA, the Developer will undertake schematic design and seek financial commitments through May 2017 according to the schedule of milestones. If the Developer successfully achieves the first phase schedule of milestones, the RDA will enter into an amended OPA that outlines the remaining schedule of milestones to closing.

ANALYSIS & ISSUES: Staff has worked with the Developer to produce terms for the property sale, which are attached hereto for the Board’s consideration. The Developer has expressed concern about the amount of vagrancy and crime in the vicinity of the Parcel 1 site. Based on the Developer’s concerns, staff proposes to separate the term sheet for the OPA into two phases. By doing so, the RDA can assess the Developer’s progress over the next year and allow the Developer more time to finalize its schedule of development. The schedule of milestones for the first phase of the OPA, set to expire in July 2017, will include deadlines for the completion of the schematic design phase and the Developer’s receipt of financial commitments. The second phase of the OPA, to be negotiated during June 2017, will include deadlines for completion of the Developer’s design development documents, final construction documents, and other due diligence items required for closing on the property sale.

First Phase Term Sheet Highlights: The negotiated term sheet for the property sale is attached for the Board's consideration. Below are the main highlights of the term sheet:

Purchase Price: The Purchase Price is \$4,750,000 (based on appraisal).

Developer Improvements: The Developer will build the following improvements:

- A 72,500 square foot commercial building with 10,000 square feet of retail/flex space
- An 85-unit residential building
- A 120-room hotel
- A 321-stall parking structure and at-grade public plaza to support the Project

Outside Closing Date: The outside closing date will be determined in June 2017, based on the second phase term sheet to be adopted in June 2017.

Schedule of Development: The proposed schedule of milestones for the first phase is incorporated into the term sheet and will be attached as an exhibit to the OPA.

BACKGROUND: In October 2015, the RDA entered into an Exclusive Negotiation Agreement with the Boyer Cowboy Station, LC to build Parcel 1 of the Station Center Project. The development is a major anchor to the Station Center Project, and will provide much needed critical mass in the area. The project will include commercial, retail, and housing elements, with centralized parking and a public plaza with public pedestrian easements throughout.

PREVIOUS BOARD ACTION:

- January 13, 2015: Board approves a term sheet for a Request for Qualifications for Parcel 1 of the Station Center Project.
- June 9, 2015: Board approves the terms of an Exclusive Negotiation Agreement ("ENA") between the RDA and Boyer Cowboy Station, LC, for the purchase of the Parcel 1 property. The ENA was executed on October 14, 2015.
- March 15, 2016: Board approves extending the ENA to May 21, 2016 to give staff additional time to amend the Station Center Design Standards and Guidelines.

ATTACHMENTS:

- 1) Resolution to adopt terms for Sale of Parcel 1
- 2) Draft Term Sheet for OPA and First Phase Schedule of Milestones

RESOLUTION NO. 786. ____

April 12, 2016

CONSIDERATION AND ADOPTION OF A RESOLUTION APPROVING THE TERMS FOR AN OPTION TO PURCHASE AGREEMENT, SCHEDULE OF DEVELOPMENT, AND OTHER AGREEMENTS WITH BOYER COWBOY STATION, LC FOR THE DEVELOPMENT OF RDA OWNED PROPERTY AT 580 WEST 300 SOUTH

WHEREAS, the Redevelopment Agency of Salt Lake City (“RDA”) was created to transact the business and exercise the powers provided for in Utah Code Ann. §17C-1-101, et. seq. (“Limited Purpose Local Government Entities - Community Development and Renewal Agencies”); and

WHEREAS, the Agency adopted a redevelopment plan effective October 15, 1998 entitled “Depot District Redevelopment Project Area Plan;” and

WHEREAS, on September 16, 2014, the RDA Board adopted the Hub Development Implementation Strategy (“Station Center Implementation Strategy”); and

WHEREAS, the RDA owns certain real property (“Property”) between 200 and 400 South, and 500 and 600 West (“Parcels 1-5”) and desires to redevelop it in accordance with the Station Center Implementation Strategy; and

WHEREAS, the RDA determined through a Request for Qualifications process that Boyer Cowboy Station, LC (“Developer”) submitted a response to the RFQ that met the requirements to develop the Parcel 1 property; and

WHEREAS, on September 9, 2015, the RDA entered into an Exclusive Negotiation Agreement with the Developer to sell the Parcel 1 property; and

WHEREAS, as required by the Exclusive Negotiation Agreement with the Developer, the RDA Board has approved the Basic Concept Drawings, Schedule of Development, and Term Sheet for the sale and development of the Parcel 1 property; and

WHEREAS, the RDA Board and Developer desire to enter into an Option to Purchase Agreement, Schedule of Development, and other agreements required for the sale of the Parcel 1 property to the Developer.

NOW, THEREFORE, BE IT RESOLVED BY THE BOARD OF DIRECTORS OF THE REDEVELOPMENT AGENCY OF SALT LAKE CITY, that we do hereby authorize the RDA to enter into an Option to Purchase Agreement, Schedule of Development, and other agreements to transact the sale of the Parcel 1 property as further described in the Term Sheet attached hereto.

Passed by the Board of Directors of the Redevelopment Agency of Salt Lake City, this 12th day of April, 2016.

Lisa R. Adams, Chairperson

Transmitted to the Chief Administrative Officer on _____.

The Chief Administrative Officer:

_____ does not request reconsideration

_____ requests reconsideration at the next regular RDA meeting.

Jacqueline M. Biskupski, Chief Administrative Officer

Approved as to legal form: _____

Tom Berggren
Jones Waldo Holbrook & McDonough

ATTEST:

Justin Belliveau, Interim Executive Director



**Term Sheet
First Phase of Option to Purchase Agreement
And Schedule of Milestones**

Project: Station Center Parcel 1
Address: 580 West 300 South, Salt Lake City
Developer / Owner Entity: Boyer Cowboy Station, LC

OPTION TO PURCHASE AGREEMENT	
Purchase Price	\$4,750,000
Guarantors	Boyer Company and Cowboy Partners
Option Price	\$100,000
First Phase Expiration Date	July 14, 2017
Outside Closing Date	To be determined in Phase 2 Term Sheet to be approved by the RDA by June 14, 2017.
Conditions to Closing	The RDA's obligation to sell the Property is subject to conditions precedent in Section 5 of the Option Agreement.
Schedule of Milestones	Developer will achieve the First Phase Schedule of Milestones as attached to the Option to Purchase Agreement.

SCHEDULE OF MILESTONES	
Milestone	Milestone Date
Developer Submits Evidence of Architectural Agreement	May 13, 2016
Developer Submits Schematic Design ¹ for RDA Review	October 3, 2016
RDA Approves, or Requests Changes to Schematic Design	October 24, 2016
Developer Submits Revised Schematics (if necessary)	November 14, 2016
RDA Approves Schematic Design	December 5, 2016
Developer Submits Financial Commitment(s) to RDA (Satisfactory to Developer, at Developers Sole Discretion)	May 31, 2017
RDA Approves Developers Financial Commitment(s)	June 7, 2017

¹ Schematic Design shall be defined in the Option to Purchase Agreement and generally include: narrative description of project, site plan, exterior concept plans, and project sections.