

From: Roque, Alexandra
Sent: Wednesday, April 10, 2019 3:23 PM
To: citycomm <citycomm@ci.gainesville.fl.us>
Cc: Hoffman, Daniel C <hoffmandc@cityofgainesville.org>; Bowie, Deborah V <BowieDV@cityofgainesville.org>; Murry, Fredrick J. <murryfj@cityofgainesville.org>; Bredfeldt, Erik A. <bredfeldea@cityofgainesville.org>; Persons, Andrew W. <personsaw@cityofgainesville.org>
Subject: Current Status of Lot #10

Honorable Mayor and Members of the City Commission,

Please find the *Current Status of Lot #10* memorandum, attached.

If you have any questions, please let us know.

Thank You,

Gainesville.
Citizen centered
People empowered

Alexandra Roque | *Executive Assistant to the City Manager*
Office of the City Manager
200 E. University Avenue | Gainesville, FL 32601
PO Box 490 | Station 6 | Gainesville, FL 32601
Direct Line: (352) 393-8674 | **Fax:** (352) 334-3119
Email: roquea1@cityofgainesville.org
Strengths Finder:
Communication | Strategic | Includer | Activator | Positivity

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Memo

To: Honorable Mayor and Members of the City Commission

Via: Deborah Bowie, Interim City Manager *DBowie*

From: Dan Hoffman, Assistant City Manager *DH*
Erik Bredfeldt, Economic Development and Innovation Director

Date: March 28, 2019

Re: Current Status of Lot #10

The following is a status update and summary of the primary points regarding the proposed Contract for Sale and Purchase of Lot #10:

- Purchase Price - \$2,340,000, Appraised Value of Property
- Deposit - \$50,000 refundable if not moving forward post due diligence period
- Performance Benchmarks included in Contract include achieving certain milestones from execution of contract:
 - 1) Receiving Title Commitment (within 30 days)
 - 2) Complete Survey, Approval of Hotel Franchise, Due Diligence and Parking Agreement (within 120 days)
 - 3) Binding Commitments to Fund and Close from all lenders and equity partners and all development/permit approvals (180 days)
- Closing is 30 days following achievement of performance benchmarks
- Buyer/Seller may enter into separate agreement on parking garage issues regarding access control and other matters (inclusive of staging and temporary construction office), if interested
- Development is a 6 story 120-140 room full service hotel with defined retail and meeting space and consistent with RFP submission as to design
- Two reverters that can be exercised if permits are not pulled by date certain (approximately 9 months following contract execution) and development is not complete by date certain (approximately 2 years following contract execution)
- Security (surety bond) to be provided in the event that project is started and not completed

- Assignable to entity set up by Buyer for purposes of project
- Environmental indemnity provided for pre-existing environmental conditions and reimbursement set aside for 40% of purchase price for groundwater treatment/disposal

The RFP ranking for Lot #10 involved two entities: EDA and 1+1=3 ranked #1 and Concept Construction ranked #2. The former came in at the appraised value of \$2,340,000 and the latter came in at \$750,000. The City Commission directed the City Manager to negotiate with 1+1=3. The only substantive change from the direction given at that time relates to the environmental set aside. The proposed environmental set aside is being raised from 20% to 40% (\$468,000 to \$936,000) per request of the Buyer and this covers the pre-existing environmental condition and specifically documented actual costs of groundwater treatment/disposal (not for construction/design costs to minimize groundwater disturbance). Staff feel that it is in the best interest of the overall project to proceed with a 40% set aside based on the bid amount and the opportunity cost associated with further delay.

Please do not hesitate to contact me if you have any questions.