



Economic Development and Innovation

Proposed Early Termination of McGurn License Agreement for Use of Parking Garage

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Background

In August 2015 the City Commission directed staff to bring back a financial plan

Overview of Terms:

- Agreement executed in December, 2003 between COG and McGurn
- Two classes of spaces, replacement (133) and development (225), provided to McGurn for consideration in exchange for McGurn conveying the City title to land
- License period of 99 years
- Payment of \$17.45 per space not to exceed 80% of prevailing monthly rate for spaces designated each month

Background

Overview of Terms (continued)

- Assignment, Operation and Use of spaces
- Assignability of spaces by McGurn
- Early Termination Clause (\$1.5 million adjusted by CPI) and granting of other rights to lease parking
- First and Second Amendment to Agreement executed April, 2003 and May, 2007 regarding accommodation of jurors and Gainesville Greens project respectively

Proposed Early Termination

Proposed for public purposes of:

- Canceling out an existing long term growing financial liability
- Reasserting City control of the parking garage as an asset to potentially spur urban development
- Eliminating existing parking operation challenges relative to the Administration of the Agreement

Proposed License Cancellation Termination Agreement Provisions

- Existing License Agreement terminated upon closing on sale of Lot #10 and closing is a contingency (termination of McGurn agreement is a contingency of Contract for Purchase on Lot #10 executed October 1, 2015)
- All replacement parking rights are relinquished by MCG Parking LLC (McGurn)
- Payment of sum of approximately \$1,953,579 in precise amount calculated at closing
- If closing does not occur then proposed termination agreement expires

Financial Plan

- In short term, utilize General Fund reserves to make the termination payment at closing
- Payment of \$760,000 flows back into reserves leaving net reserve reduction of approximately \$1,193,579
- Current reserve levels are \$6.3 million over required policy levels
- Assess FY 15 reserve levels following closing and if reserve levels sufficient no further action required.
- If not sufficient, and reserves need to be augmented, pursue: 1) utilization of monies from other funds; 2) deferral of certain capital projects; or, 3) financing on tax exempt basis certain capital projects currently scheduled to be cash funded

Moving Forward

Recommendation: Approve the License Cancellation and Termination Agreement contingent upon closing on sale of Lot #10 property to Horizon Hospitality Management, Inc.

Alternative Recommendation: Deny the License Cancellation and Termination Agreement