

RESOLUTION No. 070545

PASSED _____

A RESOLUTION OF THE CITY COMMISSION OF THE CITY OF GAINESVILLE, FLORIDA EXTENDING FOR TWO YEARS THE POSSIBILITY OF REVERTER / RIGHT TO REPURCHASE LOT 22 IN THE AIRPORT INDUSTRIAL PARK; CONSENTING TO A TRANSFER OF OWNERSHIP OF LOT 22; SUBJECT TO CERTAIN CONDITIONS; AND PROVIDING AN IMMEDIATE EFFECTIVE DATE.

BE IT RESOLVED BY THE CITY COMMISSION OF GAINESVILLE, FLORIDA as follows:

WHEREAS, the City Commission of the City of Gainesville approved a contract for purchase and sale of real property with J.A. Beguiristain Holdings, Inc. on September 12, 2005 (the "Contract") for the following described real property:

Lot 22, Airport Industrial Park, Unit III, as per plat thereof recorded in Plat Book "T", page 88, of the Public Records of Alachua County, Florida (the "Property"); and

WHEREAS, the closing on the sale of the Property from the City to J.A. Beguiristain Holdings, Inc. (the "Owner") occurred on November 4, 2005; and

WHEREAS, the Contract stipulated in Clause 25, Possibility of Reverter, that in the event Purchaser does not complete a multi-space light industrial business building(s) on the Property within two years following closing of the Contract, the Property shall revert back to the City; and,

WHEREAS, said reverter language is similarly contained in Article XII, Section 12.01 of the Amended Declaration of Protective Covenants and Restrictions for the Airport Industrial Park, Units I, II and III adopted by the City Commission on January 13, 2003 and recorded as Official Records Instrument #1908415, in the Public Records of Alachua County, Florida (the "Declaration") and referenced in the Contract in Clause 3 and in the deed that conveyed title to the Property recorded as Official Records Instrument #2192706, in the Public Records of Alachua County, Florida; and

WHEREAS, said reverter language in the Declaration states that, "Declarant (City) may by appropriate resolution extend the aforesaid 2-year time limitation if in its discretion good cause therefore is shown by Owner"; and

WHEREAS, the Declaration also states that the Property shall not be transferred to any third party prior to construction and completion of the initial building and improvements and Clause 26 of the Contract states that the Owner shall not transfer the Property within 10 years of the date of closing, without prior written consent of the City; and

WHEREAS, the Owner has attempted over the prior two years to work with staff on development options for Lot #22 and has shown good cause for extension and provided a timeline and milestones for project completion; and

WHEREAS, to facilitate the development of the Property, the Owner has requested consent to transfer the Property to a new business entity, the majority ownership of which is held by Mr. Jose Beguiristain; and

WHEREAS, the City of Gainesville has an interest in development of Airport Industrial Park property in order to provide for additions to the City's tax base and provision of employment in East Gainesville as part of an overall Citywide economic development strategy.

NOW, THEREFORE, BE IT RESOLVED BY THE CITY COMMISSION OF THE CITY OF GAINESVILLE, FLORIDA:

1. The Owner is hereby granted a two year extension, from the date of adoption of this Resolution, to the Possibility of Reverter/Right of Repurchase contained in the Contract and the Declaration for good cause shown, subject to the timeline and milestones provided by the Owner in letter dated August 29, 2007, a copy of which is attached as Exhibit "A," to develop a state of the art distribution facility catering to small and mid-size business entities;

2. On a quarterly basis, City Staff shall monitor the timeline and milestones provided by the Owner in Exhibit "A".

3. The Owner is hereby permitted to transfer ownership of the Property to a new corporate entity held in majority ownership by Jose A. Beguiristain, subject to the Contract, the Declaration and this Resolution.

4. That Pegeen Hanrahan, Mayor, is hereby authorized and directed to execute said Resolution on behalf of the City of Gainesville and Kurt M. Lannon, Clerk of the Commission, is hereby authorized and directed to impress the official seal of the City of Gainesville, to attest to said execution, and to record a true and correct copy of this Resolution in the Public Records of Alachua County, Florida.

5. This Resolution shall become effective immediately upon adoption.

PASSED AND ADOPTED in regular session this _____ day of _____, 2007.

CITY COMMISSION OF GAINESVILLE, FLOIRDA

By: _____
Pegeen Hanrahan, Mayor

ATTEST

Kurt Lannon, Clerk

APPROVED AS TO FORM

(SEAL)

Gainesville City Attorney

August 29, 2007

Erik A. Bredfeldt
Director of Economic Development
City of Gainesville

Dear Mr. Bredfeldt:

As you are aware we are rapidly approaching the November 2nd reverter deadline to begin construction on our lot, number 22, located within Airport Industrial Park. According to our Deed Restriction, the City Commission, may, by resolution, extend the reverter clause based upon "good cause".

At this time I respectfully request that the City Commission consider such an extension for 12 months for the following reasons:

- The original deadlines set were very ambitious considering the amount of time necessary to conduct a thoughtful feasibility study for the most appropriate use of the land. To complete final structural and engineering plans for submission to city planning, and to complete the city's permitting process.
- The Real Estate markets new volatility with regard to speculation.
- Financial hardship associated with a partner that could no longer meet the obligations necessary to continue his participation.
- Apprehension on the part of commercial lenders due to the nature of area and the absence of a comprehensive plan.
- Several attempts at identifying potential "G-Tech" tenant users did not materialize for multiple reasons. These failures voided to prospect of developing the property for such a use.

The time and effort expended over the past 24 months has, however, not been in vain. We have identified several areas of pursuit that are not practical or in the city's best interest. Equally we have avoided several pitfalls associated with investing on a "deadline".

We continue to be committed to this project and have identified, what we feel is the best most appropriate use of the land to benefit all stakeholders involved. A new, state of the art, distribution facility catering to small and mid-size users is the answer to best use.

We are very excited about our new affiliation with International Property Group, Inc. IPG is a successful commercial real estate development and services firm specializing in just this type of product. Going forward we will be working with this firm to deliver the best possible product, construction and services.

In cooperation with IPG we have prepared a basic timeline indicating milestone goals to assure our compliance prior to the end of the extension of the reverter:

Timeline For Gainesville Pre-Construction

Start

Date	Milestone Descriptions
22-Oct-2007	City Commission approval of extension of 2 year reverter by 1 year
22-Oct-2007	City Commission approval of conveyance to new corporate entity
29-Oct-2007	Authorization to architect for preparation of structural and engineering plans
25-Feb-2008	Completed plans submitted to City of Gainesville for permitting
10-Mar-2008	Plans submitted to contractors for bid
16-Jun-2008	Contractor selected and contracts awarded
28-Jul-2008	Construction permits issued
1-Sep-2008	Begin Construction (within the reverter extension of 12 months)
15-Aug-2009	Construction complete, Certificate of Occupancy issued

In order to proceed on this project it will be necessary to "with written consent of the City" transfer ownership of the property out of my holding company into a new corporate entity also held in majority by me. This is the most effective financial structure going forward to separate this project for funding purposes as well as liability.

I would like to have your assistance preparing an agenda item addressing the topics of extension of the reverter by 12 months and the conveyance to the new corporate entity for the October 22nd Commission meeting.

Erik, your assistance in this matter over the past two years has been invaluable. Please know that I have never wavered in my commitment to the City and the people of Gainesville in my desire to promote positive economic and social development for the region. I feel that I am better prepared now to deliver on that promise.

Sincerely,

Jose A. Beguiristain