



Legislation Text

File #: 191047., **Version:** 1

City Parking Lot # 10 - Status Report (B)

This item involves a recommendation to the City Commission to hear a status report on City Parking Lot #10 and to consider a contract amendment per Buyer request.

On May 16, 2019, the City Commission directed staff to execute a Contract for Sale and Purchase of Lot #10 with 1+1=3 of Gainesville, LLC for the purposes of developing a full service hotel and related retail and meeting space. The contracted purchase price offered was \$2,340,000 which was based upon the market appraisal at the time. A \$50,000 deposit made on the effective date and held in escrow will either be credited towards the purchase price at closing or retained by the City at this juncture.

Since executing the Contract for Sale and Purchase on May 28, 2019, 1+1=3 of Gainesville, LLC has: 1) performed required due diligence with respect to site regulatory and environmental matters; 2) entered into a Purchase and Sale Agreement with MCG Parking LLC for parking space license rights located in the City's SW parking garage; and, 3) engaged with Marriot and related private consultants and private investors on hotel development prospects.

Recently, during the week of February 17, City staff and the Buyer met with a prospective investment group to review the site and assess the opportunity. The investment group is currently involved in hotel development in two other southeast college towns and their interest in this proposition is pending further analysis.

With respect to specific terms of the Contract for Sale and Purchase of Lot #10, performance benchmarks, due July 5, October 4 and December 20 of 2019, were incorporated into the contract document and performance to date is as follows:

- July 5 Title Commitment (provided by City)
- October 4 Complete survey (provided prior survey produced by Terrence J. Brannan)
Approval of Hotel Franchise (pending/provided Marriott support letter)
Complete all site due diligence (site due diligence completed)
Executed agreement for parking (executed agreement provided)
- December 20 Binding Commitments to fund/close from all lenders/equity partners (pending)
Approval of all necessary City planning, zoning and development permits (pending)

Since 1+1=3 of Gainesville, LLC has not performed relative to a few of the contractual performance benchmarks, but has performed, and continues to work on others, staff feels that it is appropriate for the Commission to consider amending the Contract for Sale and Purchase to reflect an amended timeline.

The purchase price offered for Lot #10 by 1+1=3 of Gainesville, LLC is \$2,340,000 which was based upon the market appraisal at the time. An initial \$50,000 deposit made on the effective date of the Contract for Purchase and Sale is held in escrow and will either be credited to the purchase price at closing or deposited with the City

based upon the due diligence period having expired. In late January, staff requested a new appraisal on City Parking Lot #10 and market value was estimated at \$4,540,000. In 2017, when City Parking Lot #10 was offered for sale through the procurement process three responses were forthcoming at respectively \$500,00, \$750,000 and then the market appraisal of \$2,340,000.

The City Commission: 1) hear a presentation from staff; 2) consider an amendment to the Contract for Sale and Purchase of Lot #10 per Buyer request extending the performance requirements to September 1, 2020; and 3) direct the City Manager to execute the amendment and any related documents.