



Legislation Text

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Lot # 10 Status Report (B)

This is a request for the City Commission to hear a status report on Lot #10 and provide appropriate direction.

On October 1, 2015, the City entered into a Contract for Purchase with Horizon Hospitality Management, Inc. (HHM) for Lot #10. The Contract contained provisions regarding purchase price (\$760,000 the appraised value of the property at the time), certain thresholds regarding performance (with respect to financing approval and site due diligence) and provisions regarding provision of parking in the Downtown parking garage contained in a related License Agreement for Use of Parking Garage.

The Contract for Purchase indicated that the HHM would construct a 180-220 room Embassy Suites hotel or other like full service hotel; approximately 10,000 square feet of retail space; approximately 13-16,000 square feet of office space; and approximately 22-27,000 square feet of meeting space consistent with a specific urban form.

On January 21, 2016, the City Commission provided an extension to performance thresholds contained within the Contract for Purchase (with respect to financing approval, site due diligence, closing and development completion) via a First Amendment to Contract for Purchase.

Importantly, this First Amendment stipulates that all necessary debt/loan funding, equity funding and Full Service Hotel Franchise Agreement be provided by HHM to the City on or before October 1, 2016. In the event the commitment letters are not provided on or before October 1, 2016, then either party thereafter, by written notice to the other, may cancel the Contract and HHM shall be refunded the Deposit (\$25,000).

Three implications of this item should be mentioned. First, as stated, the terms of the Contract for Purchase state that upon either party canceling, the \$25,000 deposit shall be refunded. Second, upon recent examination of the property appraiser's property record for Lot #10 it appears that the assessed value rose considerably in 2015 and this may have implications for the market appraisal (staff is reviewing this information further). Finally, cancellation of the McGurn License Agreement for Use of Parking Garage is contingent on closing on Lot #10 to HHM (this cancellation and its fiscal implications were reviewed with the City Commission during recent budget hearings).

The City Commission hear an update from staff and provide appropriate direction.