

REDEVELOPMENT AGENCY STAFF MEMO

DATE: December 8, 2015 **ITEM #:** 8.E.

PREPARED BY: Jill Wilkerson-Smith

RE: Consideration and Adoption of a Resolution Approving the Terms of a Real Estate Purchase Agreement for the Transaction of Properties between the Redevelopment Agency of Salt Lake City and Nicholas & Company, Located at approximately 550 West and 300 South, and 350 South 600 West in the Depot District Project Area.

REQUESTED ACTION: Consider adopting a resolution approving the attached term sheet and direct RDA staff to proceed with the transaction.

POLICY ITEM: Station Center Implementation Strategy

BUDGET IMPACTS: The right-of-way improvements will be funded from the RDA's Station Center Implementation budget.

EXECUTIVE SUMMARY/ANALYSIS: The RDA is negotiating a property exchange with Nicholas & Company ("Nicholas") that will create two developable parcels and the extension of Market Street to 600 West with new interior City-owned streets. The attached term sheet provides the essential deal points for a Purchase and Sale Agreement and Development Agreement between Nicholas and the RDA for the property transaction.

ANALYSIS & ISSUES: Last month, the Board adopted a resolution authorizing the RDA and Salt Lake City to enter into a Purchase Agreement and Development Agreement for the transaction of vacated City right-of-way property on 300 South between 500 West and 600 West. The RDA's next step in the process to carry out the Station Center Implementation Strategy ("Strategy") is negotiating with adjacent property owners to exchange property to create developable parcels and interior streets to service the Station Center Project. One of the transactions necessary to effectuate the Strategy is for the RDA to trade an 8,161 square foot portion of the vacated 300 South right-of-way property to Nicholas for a 20,044 square foot parcel in the center of the block. The property trade will result in a narrower 300 South Street with redefined building frontage, and the construction of the new Market Street extension, both of which are critical pieces to the Strategy.

The RDA and Nicholas have discussed terms that would result in a fair exchange for both parties. Nicholas requires a 305.2 foot by 346.7 foot parcel dimension to redevelop its property. The RDA will accommodate this requirement and fit the new Market Street alignment accordingly. This

accommodation will result in a narrowing of Market Street, resulting in shallower sidewalk widths and limited on street parking along 165 feet of the street. The RDA will assume ownership of the Nicholas warehouse that is currently located in the future Market Street alignment and lease it back to Nicholas for a nominal fee until the RDA is ready to proceed with construction. The RDA will bear the cost of demolishing the warehouse and building the new street.

In exchange, Nicholas will vacate the warehouse within 120 days of notice from the RDA. Nicholas will agree to record the Station Center Declaration of Covenants, Conditions, and Restrictions thereby agreeing to participate in the Station Center owners association and committing to adhere to the Station Center Design Guidelines and Standards in the development of its property.

Nicholas and RDA staff believe the term sheet represents a fair deal for both parties. The exchange will result in a developable parcel and valuable mid-block street access for Nicholas. The construction of Market Street combined with Nicholas's assumption of the Station Center Design Guidelines and Standards provide the RDA the ability to achieve the Strategy goals.

If the Board approves the term sheet and the RDA and Nicholas will enter into a Purchase and Sale Agreement to close on the transaction.

Timeline:

- December 2015: RDA Board consideration and approval of a term sheet for RDA land transaction with Nicholas & Company
- January 2016: RDA Board consideration and approval of a term sheet for RDA land transaction with the State of Utah
- June 2016: Commencement of construction of Station Center public improvements

PREVIOUS BOARD/COUNCIL ACTION:

- On September 11, 2012, the RDA Board approved a Preferred Design Concept for the Station Center Project.
- On June 3, 2014, the Salt Lake City Council adopted Ordinance No. 26, approving the closure of a portion of 300 South Street between 500 and 600 West Streets.
- On September 16, 2014, the RDA Board adopted the Revised Development Implementation Strategy for the Station Center Project.
- On May 12, 2015, the RDA Board approved the schematic street design for the Station Center Project

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- ATTACHMENTS:**
1. Resolution approving terms of a Purchase and Sale Agreement between the RDA and Nicholas
 2. Term Sheet for the Purchase and Sale of RDA and Nicholas-owned Properties
 3. 300 South Street Preliminary Map
 4. Station Center Phasing Map

RESOLUTION APPROVING THE TERMS OF A PURCHASE AND SALE AGREEMENT FOR THE EXCHANGE OF PROPERTIES OWNED BY THE RDA AND NICHOLAS & COMPANY LOCATED ON 300 SOUTH BETWEEN 500 WEST AND 600 WEST STREETS AND APPROXIMATELY 350 SOUTH 600 WEST IN THE DEPOT DISTRICT PROJECT AREA.

WHEREAS, the Redevelopment Agency of Salt Lake City (“RDA”) was created to transact the business and exercise the powers provided for in Utah Code Ann. §17C-1-101, et. seq. (“Limited Purpose Local Government Entities - Community Development and Renewal Agencies”); and

WHEREAS, the Agency adopted a redevelopment plan effective October 15, 1998 entitled “Depot District Redevelopment Project Area Plan;” and

WHEREAS, in accordance with the goals of the Depot District Project Area Plan, the RDA Board adopted the Preferred Plan and Implementation Strategy for the Station Center Project that recommends the reduction in width of the 300 South right-of-way to create a pedestrian-friendly street; and

WHEREAS, as recommended in the Implementation Strategy for the Station Center Project, the RDA intends to build new public improvements on the reduced 300 South right-of-way, as well as mid-block streets on the blocks directly north and south of 300 South Street; and

WHEREAS, on November 10, 2015, the RDA Board adopted Resolution No. 763.04, approving the sale of vacated City-owned property on 300 South to the RDA to create a narrower, pedestrian-friendly right-of-way; and

WHEREAS, the RDA Board desires to exchange a portion of its 300 South right-of-way property to Nicholas & Company for a portion of property owned by Nicholas & Company as particularly described on the attached Term Sheet as Exhibit “A”, and illustrated on the attached Property Map as Exhibit “B.”

NOW, THEREFORE, BE IT RESOLVED BY THE BOARD OF DIRECTORS OF THE REDEVELOPMENT AGENCY OF SALT LAKE CITY, that we do hereby authorize the RDA to enter into a Purchase and Sale Agreement for the exchange of the aforementioned properties between the RDA and Nicholas & Company as specifically defined in Exhibit “B” and shall incorporate such other terms as recommended by RDA’s legal counsel.

Passed by the Board of Directors of the Redevelopment Agency of Salt Lake City, this 8th day of December, 2015.

Stan Penfold, Chairperson

ATTEST:

D.J. Baxter, Executive Director

Transmitted to the Chief Administrative Officer on _____. The Chief Administrative Officer ___does not request reconsideration ____ requests reconsideration at the next regular RDA meeting.

Ralph Becker, Chief Administrative Officer

ATTEST:

D.J. Baxter, Executive Director

Approved as to legal form:_____

EXHIBIT A

**PURCHASE AND SALE AGREEMENT TERM SHEET
BETWEEN THE REDEVELOPMENT AGENCY OF SALT LAKE CITY
AND NICHOLAS & CO.**

Purchase and Sale Agreement Term Sheet

between

**Redevelopment Agency of Salt Lake City
And
Nicholas & Co, Inc.**

This Term Sheet summarizes the terms and conditions whereby the Redevelopment Agency of Salt Lake City (“**RDA**”) and Nicholas & Co., Inc. (“**Nicholas**”) are willing to exchange parcels of land located in Salt Lake City, Utah. This Term Sheet is not a binding agreement and there will be no binding agreement with respect to the exchange of land until the transaction is approved by the Board of the RDA and an Exchange Agreement has been fully negotiated and executed.

Property Exchange: In a simultaneous transaction and closing (“**Closing**”), (i) RDA will convey to Nicholas fee title to an approximately 8,161 square foot parcel of land comprising a portion of the frontage of the to be built 300 South Street between 500 West and 600 West and designated on the attached map as the “**RDA Parcel**”; and (ii) Nicholas will convey to RDA fee title to an approximately 20,044 square foot parcel of land comprising a portion of the to be built Market Street between 500 West and 600 West and designated on the attached maps as the “**Nicholas Parcel**.” The exchange of the RDA Parcel for the Nicholas Parcel will be structured as a like-kind exchange.

Ground Lease: At the Closing, RDA will ground lease (“**Lease**”) to Nicholas the Nicholas Parcel so that Nicholas can continue to maintain its existing building and operations on the Nicholas Parcel. The Lease will continue until the RDA terminates the Lease in order to commence the construction of Market Street as described below.

Market Street Construction: As part of RDA’s development of the Station Center project (“**Station Center**”), RDA, at its own expense, will construct Market Street as a public road in a location and configuration generally shown on the attached map. Station Center is conceptually shown on the attached map. RDA anticipates that construction of Market Street will commence not later than June 30, 2017. RDA will provide Nicholas with not less than six months’ notice of RDA’s intent to start construction (“**Commencement Notice**”).

Nicholas Warehouse Demolition: Within 120 days after Nicholas’ receipt of the Commencement Notice and vacation of the Warehouse by Nicholas, the RDA, at its expense, will complete the demolition of the Warehouse and all related improvements located on the Nicholas Parcel, at which point the Lease will terminate and Nicholas will deliver possession of the Nicholas Parcel to RDA.

Station Center Project: At the Closing, Nicholas will record against the Nicholas Parcel and all other property owned by Nicholas within Station Center the Declaration of Covenants, Conditions, and Restriction for Station Center, including the Design Guidelines and Standards, that will allow that property to be integrated into and developed as part of Station Center.

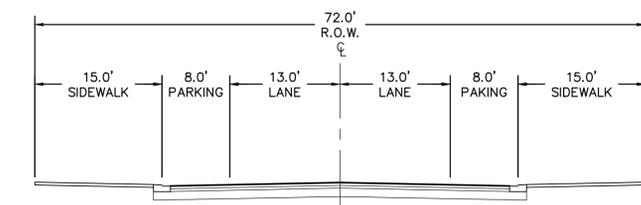
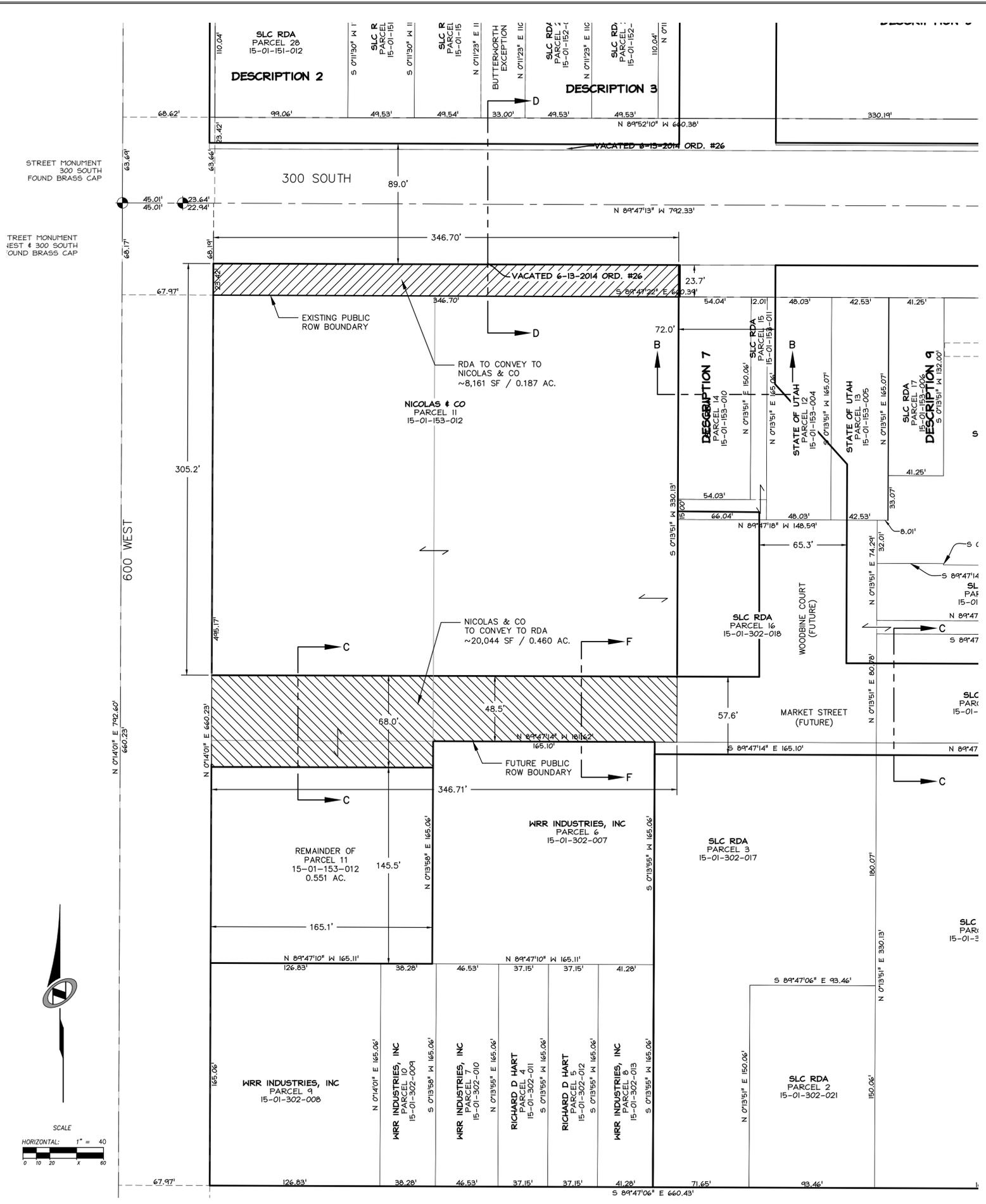
Other: RDA and Nicholas will enter into an Exchange Agreement that will memorialize the final terms and conditions of the exchange and will contain representations, warranties, indemnities, and other terms typical of a real estate transaction in Utah.

EXHIBIT "B"

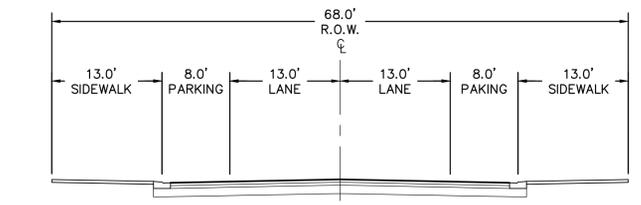
300 SOUTH STREET PRELIMINARY MAP

DATE: 11/17/15 TIME: 8:47:51 AM DRAWING NAME: WRR DESCRIPTIONS-2.DWG
 SERVER: NONE PAGE SETUP: P15-153-24-38 LAYOUT: 150x112
 PLOT: SUBMITTABLE DATE: 11/17/15 PLOTTER: HP DesignJet 5000 PS

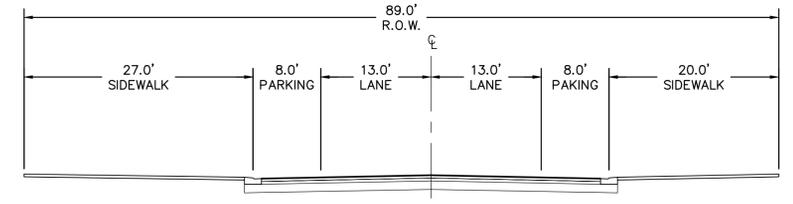
BOWDEN
 XREFS:



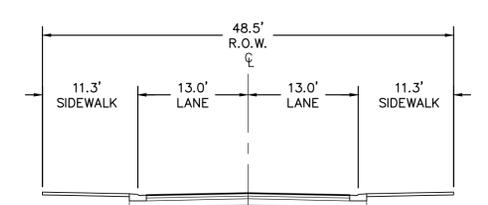
1 WOODBINE COURT TYPICAL SECTION B-B
 SCALE: 1" = 10'



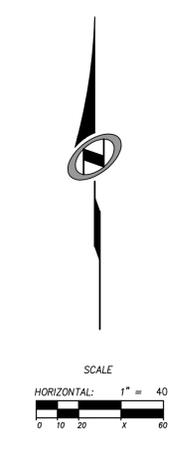
2 MARKET STREET TYPICAL SECTION C-C
 SCALE: 1" = 10'



3 300 SOUTH TYPICAL SECTION D-D
 SCALE: 1" = 10'



4 MARKET STREET TYPICAL SECTION F-F
 SCALE: 1" = 10'



PRELIMINARY
NOT FOR CONSTRUCTION

NO.	BY	DATE	REVISIONS

STATION CENTER
TYPICAL ROADWAY SECTIONS

MURRAY, UT 84107
 WWW.NV5.COM



6217 SOUTH STATE STREET, SUITE 200
 8017431800 TEL. 8017431800 FAX

SHEET NUMBER	ET01
OF	1 SHEETS
SCALE	VERTICAL: 1" = 40' HORIZONTAL: 1" = 40'
JOB NUMBER	SLB0767

DATE SUBMITTED: NOV 2015

CAUTION: The engineer preparing these plans will not be responsible for, or liable for, unauthorized changes to or uses of these plans. Any such changes or uses must be approved by the preparer of these plans.

Station Center Phasing Plan

