



HRC ACQUISITION FACT SHEET

Negotiation and Purchase Process:

- Administration and City Council chose four sites from 11 possible properties.
- City Council recommended staff make offers on and secure as many parcels as possible during process.
- Active negotiations began on October 19, 2016.
- Deal terms generated from valuation and market analyses.
- Term sheet for each acquisition drafted by staff and approved by Administration. Once approved, Term Sheet and Purchase and Sale Agreement sent to broker to present offers to sellers.
- New terms, price changes and counter offers were reviewed by Administration before executing agreements.

653 East Simpson Ave

Site Size: 2.82 acres

Zoned: FB-SE, FB-UN1, RMF-35

Purchase Price: \$6,756,156 (\$55.00 per square foot)

Earnest Money: \$155,000 (\$10,000 non-refundable)

Contract Execution Date: December 12, 2016

Due Diligence Deadline: April 12, 2017

Outside Closing Date: June 12, 2017

Extended Closing Date: December 12, 2017

- Broker confirmed seller's willingness to sell property and initially made an offer from an "undisclosed" buyer.
- Based on market research and comparable sales, the City made an offer at \$50.00 per square foot, seller counter offered \$60.00 per foot, and transaction settled at \$55.00 per square foot for a total purchase price \$6,756,156.
- Seller disclosed pending boundary dispute lawsuit with UTA late in the negotiations. In consultation with City Attorney's office, City offered to buy out settlement to satisfy legal concerns and gain greater control over legal outcome. Outcome of lawsuit may increase land size of overall parcel.

January 26, 2017

- Prior to executing contract, seller became aware that the City was the buyer.
- Earnest money is \$155,000, of which, \$10,000 is non-refundable but applied to purchase price at closing.
- Seller required purchase of all parcels in the assemblage as part of the transaction, including those South of Simpson Ave. Properties south of Simpson Avenue offer an opportunity to provide development buffer with adjacent neighborhood.
- Seller has opportunity to delay closing an additional 180 days to accommodate a 1031 real estate exchange.

Sugarhouse Sale Comparable Summary					
Site Address	Site Size	Property Type	Purchase/List Price	Price/ Sq. Ft.	List/Closing Date
1336 S. 1100 E.	.27 acre	Office	\$675,000	\$57.00	7/20/2015
623 E. 2100 S.	.37 acre	Office	1,055,000	65.45	7/30/2015
2196 S. 799 E.*	1.27 acres	Office/retail	3,042,666	55.00	11/1/2016
640 E. Wilmington	1.75 acres	Commercial	3,811,500	50.00	10/27/2016
2150 S. McClelland	2.24 acres	Commercial	4,488,422	46.00	9/16/2011
Average:				\$54.69	
*unconfirmed					

275 W. High Ave.

Site Size: 3.0 acres

Zoned: CG

Purchase Price: \$3,000,000 (\$23.00 per square foot)

Earnest Money: \$90,000

Contract Execution Date: December 7, 2016

Due Diligence Deadline: April 7, 2017

Outside Closing Date: May 7, 2017

- Broker indicated that property owner had expressed interest in selling his property in the future.
- When initially approached owner expressed that he “was not ready to sell”.
- Broker analysis estimated a market sales price for property in that area and determined an initial offer price to start negotiations.
- After several weeks of negotiating without a favorable outcome, broker told property owner that the City was stepping away from the deal.
- Two weeks later, property owner came back to the negotiation with a counter offer of \$1,000,000 per acre.

Central City Sale Comparable Summary					
Site Address	Site Size	Property Type	Purchase/List Price	Price/ Sq. Ft.	List/Closing Date
204 W. 2100 S.	2.73 acres	Vacant Land	\$3,300,000	\$27.75	Sale Failed
1740 S. 300 W.	2.75 acres	Vacant Land	2,870,000	24.00	Listing
1415 S. Main St	.55 acre	Office	1,209,750	50.00	11/19/2015
28 E. 2100 S.	.69 acre	Office	1,750,000	58.22	12/3/2015
Average:				\$39.99	

135 East 700 South (DI Site)

Site Size: 1.29 acres

Zoned: D-2

Purchase Price: TBD

- Broker identified D.I. property as potential site.
- Broker contacted representatives of The Church of Jesus Christ of Latter day Saints (the “Church”) and received unofficial word that the site could be considered for use as a HRC site.
- Mayor made official request to Church to purchase property.
- The Church went through official approval process and Presiding Bishop gave official site endorsement.
- Purchase price to be determined through negotiation.
- City has up to 3 years to complete the transaction.
- A valuation estimate has been made and an offer has been presented.
- Closing date to be determined.

648 West 100 South

Site Size: 1.78 acres

Zoned: GMU

Purchase Price: TBD

- This site is owned by the RDA and has been identified as an HRC site.
- RDA to be compensated for fair market value of property through reimbursement of the State.
- Memorandum of Understanding between City and RDA to be drafted.