

Thomas Fehrenbach

From: Paul Vlahakis <paul@vlahakis.com>
Sent: Wednesday, September 4, 2019 5:46 PM
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Cc: Mike O'Callaghan; Henneman, Michael; Rick Schmidt; Schmidt Kenefick Kelly (KK@royalproperties.com); Brent Titus; Alexis Vlahakis Cole; Johnny Vlahakis; Elsworth, Jeffery; Borchgrevink, Carl
Subject: Evergreen Properties Purchase Agreement dated September 4, 2019
Attachments: Buy and Sell Agreement 9.4.19[2].pdf

Dear DDA Chair and Members of the DDA,

I am sure you are not surprised that we were greatly disappointed with the 4 – 7 vote at the last DDA meeting. We had entered into a contract December of 2018 with all intentions of bringing another fantastic project to Downtown East Lansing. As you know our plan was met with many changes from comments we received from various City bodies including City Council, Planning Commission, the DDA and the Planning Department. Input from the People's Church and the Neighborhood groups were also included. Not being able to acquire the Hagan property to our North forced us to redesign the entire project. However, through many revisions we were pleased with the end result. ParkPlace West now meets all of the requirements of a development in the B-3 district and when complete, it will bring a substantial benefit to the public along with job creation and needed public infrastructure improvements at an overall project cost of 100 million dollars.

As you know, we have worked very hard to bring this project submittal to completion at the cost of over \$600,000 dollars and countless work hours. We understand the structure of our purchase agreement had many contingencies, which is typical of a land purchase and project of this scope. With that said, we would like the DDA to consider the following attached Purchase Agreement in the amount of \$5,680,000 with the only contingency being the property is conditionally rezoned to B-3, which the Planning Commission commented would be their preference if these properties are going to be rezoned. We also will commit to a closing 60 days from an affirmative rezoning vote.

If the DDA continues to move to an RFP, it is likely you won't see a closing from the prevailing developer until at least 15 to 24 months as it has clearly taken us 15 months to get ParkPlace West to this point. This delay will cost the DDA a substantial amount of money and no guarantees the proposal you ultimately approve will pay off the debt. Our project can be complete and open by the time the RFP could come to fruition. If you recall, a point was made to us in a DDA meeting that in the event of an RFP the price may get reduced to \$2,000,000. In that scenario the City will have to fund the shortfall. I also want to point out that early on in our negotiations it was stated that the DDA's job was to mitigate the losses to the City on this property, and if that is indeed the objective, our Purchase Agreement will allow the DDA to do just that. We have increased our initial offer of \$5,580,000 by \$100,000 to \$5,680,000 to cover any carrying costs that the DDA will incur since our last extension payment up to the closing of this Purchase Agreement.

Ironically the day the DDA voted to not let us continue, we received a more favorable proposal for financing from a large pension fund that we have agreed to accept. The next day our indoor urban market received the full endorsement of The School of Hospitality Business at Michigan State University. MSU is excited at the prospect of occupying space in Downtown East Lansing in collaboration with PPS and the Urban Market. Dr. Jeffery Elsworth Professor of Hospitality Business entrepreneurship in the School of Hospitality Business at Michigan State University is confident of an Urban Markets financial viability and success in Downtown East Lansing. Upon acceptance of this offer, our preference is to begin demolition and foundation and site work construction as soon as November with full completion of the building by July 2021 to ensure a smooth move-in and opening for our residential tenants. We have always had a goal of matching our timeline with that of the project around us to limit any potential negative impacts from construction to the surrounding area's residents and businesses. Our development team and contractors are primed and in position to move our project forward on this site. As we believe time is of the essence and an expedient resolution is beneficial to both the DDA and us, we are requesting that the DDA hold a special meeting to discuss this offer at their earliest convenience.

We look forward to the opportunity to continue working with the DDA.

Thank you for your consideration!



Paul Vlahakis
President



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