



Legislation Text

File #: 18-0319, **Version:** 1

Resolution Approving a Cooperation Agreement Between the City of Hampton, Virginia and the Economic Development Authority of the City of Hampton, Virginia and Authorizing the Execution of That Agreement and Related Documents to Facilitate the Acquisition of Certain Parcels in the Coliseum Central Area Located at 1805 West Mercury Boulevard and 1929 Coliseum Drive (LRSNs 7001258, 13002076, and 13002078)

PURPOSE/BACKGROUND:

Hampton's current hotel stock is high in extended stay and limited service accommodations which do not necessarily meet the demands of event attendees, convention planners and regional tourists considering Hampton. The number of modern full service and select service hotels is insufficient to support the current and future needs and consequently constrains other tourism related activities in Coliseum Central and throughout the City of Hampton.

A study by Hunden Strategic Partners concluded that business at Hampton Roads Convention Center plateaued over the past several years due to limitations of the room block potential. Under Council policy, the Economic Development Authority of the City of Hampton, Virginia ("EDA") is tasked with identifying and managing the redevelopment of commercial properties in the City.

Discussion:

The EDA staff and City staff have negotiated an Agreement for the Sale and Purchase of Property (the "Purchase Agreement") for the EDA's acquisition of the parcels that currently comprise the Quality Inn and related business suites, located at 1805 West Mercury Boulevard and 1929 Coliseum Drive, and identified as LRSNs 7001258, 13002076, and 13002078 (the "Property") in the City's land book. The key terms of the acquisition include (1) assignment and transfer of all real and personal property owned by Mercury Hospitality, LLC (the "Seller"); (2) a purchase price of \$5,635,000.00; and (3) assignment and transfer of all long-term leases, including those of the tenants located in suites at 1929 Coliseum Drive, and T-Mobile which has an antenna system located on the roof of 1805 W. Mercury Boulevard. The Seller is also entitled to retain certain proceeds related to the City's acquisition of a portion of the Property necessary for the extension of Commerce Drive.

The current (collective) assessed value of the parcels to be acquired is \$5,559,400.00.

A cooperation agreement is necessary for the City to cooperatively provide personnel and strategic support as necessary for the EDA to fulfill the obligations and exercise certain rights under the Purchase Agreement and to provide sufficient funds to the EDA, subject to appropriation, to perform and administer the EDA's obligations under the Purchase Agreement.

Impact:

See discussion above.

Recommendation:

Approve the Resolution.

WHEREAS, the Council of the City of Hampton (the "Council") has set as a priority the revitalization of the hotel stock in the Coliseum Central area to attract investment and new business and to support the current and future needs of tourism-related activities in the Coliseum Central area and throughout the City;

WHEREAS, Council has tasked the Economic Development Authority of the City of Hampton, Virginia ("EDA") with identifying and managing the redevelopment of commercial properties in the City;

WHEREAS, the EDA proposes to accomplish Council's priorities through the acquisition of certain parcels in the Coliseum Central area located at 1805 West Mercury Boulevard and 1929 Coliseum Drive, and identified as LRSNs 7001258, 13002076, and 13002078 (the "Property") in the City's land book;

WHEREAS, negotiations between the EDA and the Property owner have culminated in an "Agreement for the Sale and Purchase of Property" ("Purchase Agreement");

WHEREAS, the City Council has determined that the transactions negotiated with the Developer as set forth in the Grant Agreement are acceptable; and

WHEREAS, a cooperation agreement is necessary for the City to cooperatively provide personnel and strategic support as necessary for the EDA to fulfill the obligations and exercise certain rights under the Purchase Agreement and to provide sufficient funds to the EDA, subject to appropriation, to perform and administer the EDA's obligations under the Purchase Agreement.

NOW, THEREFORE, BE IT RESOLVED, by the Council of the City of Hampton, Virginia, that it (1) approves the terms of the Cooperation Agreement attached hereto; and (2) authorizes the City Manager or her Authorized Designee to execute and deliver to the EDA the Cooperation Agreement and any and all other agreements, deeds, and other instruments, that are in substantial compliance with the aforesaid documents with such modifications as agreed to by the city staff and the City Attorney.