



## Legislation Text

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**File #:** 20-0140, **Version:** 1

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Resolution Approving the Terms of a Cooperation Agreement Between the City of Hampton and the Economic Development Authority of the City of Hampton, Virginia, and Authorizing the Execution and Delivery of Said Cooperation Agreement for the Acquisition, Maintenance, and Rental of 1 South Mallory Street

### **PURPOSE/BACKGROUND:**

The purpose of this action is to facilitate the acquisition of 1 South Mallory Street, the current location of the Phoebus Branch of the Hampton Public Library.

### **Discussion:**

The City has operated the Phoebus Branch of the Hampton Public Library ("Phoebus Library") at 1 South Mallory Street (the "Property") since at least 1992 through a leasing arrangement with the Property owner(s). The Old Point National Bank of Phoebus, N.A. ("Old Point") acquired the Property on February 12, 2009. Since that time, the City has leased the first floor of the Property from Old Point for the continued operation of the Phoebus Library. The Property's second floor is ready for occupancy, but at this time is vacant.

The City's most current lease with Old Point expired November 30, 2019. Prior to that expiration Old Point offered to sell the Property. Because funds previously expended for rent will now be used to acquire a valuable asset, for use by the City and the Economic Development Authority of the City of Hampton, Virginia (the "EDA") and other financial considerations, the EDA desires to acquire the Property. Old Point acquired the Property for \$1,050,000, and it is currently assessed at \$893,800. The sale price is \$925,000, which shall be paid through a seller-financed loan subject to 2% interest per annum, \$92,500.00 which will be paid at closing, with the balance payable in 10 annual installments, each nearly equivalent to the annual rent the City would otherwise have paid for the continued use of the Property. The financing will be secured through an assignment of leases and rents, the majority of which will be received by the EDA from the City for the City's continued lease of the 1st floor of the Property.

### **Impact:**

Good Government. Funds previously expended for rent will now be used to acquire a valuable asset, for use by the City and the EDA.

### **Recommendation:**

Recommend approval of the resolution.

**WHEREAS**, the 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 City has operated the Phoebus Branch of the Hampton Public Library at 1 South Mallory Street (the "Property"; LRSN 12001370), most recently through a leasing arrangement with The Old Point National Bank of Phoebus, N.A. ("Old Point");

**WHEREAS**, Old Point desires to sell the Property and because funds previously expended for rent will now be used to acquire a valuable asset, for use by the City and the EDA and other financial considerations, the EDA desires to acquire the Property;

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

**WHEREAS**, the City Council has determined that the terms negotiated with Old Point 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.