



Metropolitan Nashville and Davidson County, TN

Legislation Text

File #: RS2022-1451, **Version:** 1

A resolution approving two option agreements authorizing the purchase of properties comprising part of the Global Mall site. (Proposal No. 2022M-017AG-001).

WHEREAS, the Metropolitan Government owns a parcel of property (Parcel ID No. 16300042200) (the “Metro Property”) that is a part of the Global Mall site; and,

WHEREAS, Public Square, LLC has an option (the “Mall Property Option”) to purchase six parcels of property at 5234 Mt. View Road, 5252 Hickory Hollow Parkway, 0 Mt. View Road, 5178 Mt. View Road, 927 Bell Road, and 5246 Hickory Hollow Parkway (Parcel ID Nos. 16300042300; 16300022800; 16300025600; 16300042100; 16300035200; and 16300035300; collectively, the “Mall Property”) that are a part of the Global Mall site; and,

WHEREAS, the Joe C. Davis Foundation has an option (the “Anchor Store Option”) to purchase a parcel of property at 5244 Hickory Hollow Parkway (Parcel ID No. 16300022100; the “Anchor Store Property”) that is a part of the Global Mall site; and,

WHEREAS, pursuant to the assignment agreement (the “Mall Assignment”) attached as Exhibit 1, Public Square, LLC proposes to assign the Mall Property Option to the Metropolitan Government; and,

WHEREAS, pursuant to the assignment agreement (the “Anchor Store Assignment”) attached as Exhibit 2, the Joe C. Davis Foundation proposes to assign the Anchor Store Option to the Metropolitan Government; and,

WHEREAS, exercising the Mall Option and the Anchor Store Option and purchasing the Mall Property and the Anchor Store Property will enable the Metropolitan Government to pursue improvements and uses for the Mall Property, the Anchor Store Property, and the Metro Property that will benefit all of Nashville and Davidson County.

NOW, THEREFORE, BE IT RESOLVED BY THE COUNCIL OF THE METROPOLITAN GOVERNMENT OF NASHVILLE AND DAVIDSON COUNTY:

Section 1. The Mall Assignment (Exhibit 1) is approved, and the Director of Public Property Administration is authorized to deliver an executed copy to Public Square, LLC. The Mall Option is further approved and the Director of Public Property Administration or designee is authorized to purchase the Mall Property as contemplated in the Mall Option.

Section 1. The Anchor Store Assignment (Exhibit 2) is approved, and the Director of Public Property Administration is authorized to deliver an executed copy to the Joe C. Davis Foundation. The Anchor Store Option is further approved and the Director of Public Property Administration or designee is authorized to purchase the Anchor Store Property as contemplated in the Anchor Store Option.

Section 3. The Director of Public Property Administration is further authorized to execute such further documents as may be reasonable and necessary to carry out the intent and objective of this Resolution.

Section 4. This Resolution shall take effect from and after its adoption, the welfare of the Metropolitan Government of Nashville and Davidson County requiring it.

Analysis

[UPDATED] This resolution approves two option assignment agreements authorizing Metro to purchase several properties comprising a portion of the Global Mall site.

Option Assignment One

The first option assignment agreement is with Public Square, LLC, for the purchase of six parcels comprising the core portion of the Global Mall site. The assignment agreement assigns the rights and duties of the purchase and sale agreement ("Mall Purchase Agreement") to Metro. The total purchase price to exercise the option is \$24,000,000 plus any extension costs. The purchase price includes an assignment fee. The assignment fee is based on a redacted provision of the Mall Purchase Agreement. The closing date can be extended two times at a cost of \$250,000 per extension. The transaction must close by June 28, 2022. Metro will agree to not re-assign or amend the Mall Purchase Agreement without consent of Public Square, LLC. Metro will receive all third-party due diligence reports previously prepared for Public Square, LLC. Colliers International conducted an appraisal of the subject property for FC Hickory Hollow QOZB, LLC (K. Clay Haynes) determining the "as-is market value" as of July 2, 2021 to be \$18,190,000. Subsequently, the Interim Director of Public Property, Ron Colter, engaged Randy Button & Associates ("RBA") to prepare an Appraisal Review Report. RBA's review of the July 2, 2021 appraisal concluded that the appraisal complies with USPAP established requirements. RBA issued a supplement to the appraisal review on April 11, 2022, confirming additional elements of the Colliers appraisal report: the identity of the appraised property, the condition of the appraised property as vacant, the report did not include speculative analysis, and the report utilized "dark or semi-dark shopping mall" transactions as comparable sales.

Option Assignment Two

The second option assignment agreement is with the Joe C. Davis Foundation for the purchase of the anchor store parcel currently housing Bridgestone. The assignment agreement assigns the rights and duties of the purchase and sale agreement ("Anchor Purchase Agreement") to Metro. The purchase price for this property is \$19,900,000. In addition to the purchase price, Metro will be obligated to reimburse the Joe C. Davis Foundation for earnest money paid and costs and expenses previously incurred, not to exceed a total of \$150,000. Metro will agree to not re-assign or amend the Anchor Purchase Agreement without consent of the Joe C. Davis Foundation. Metro will receive all third-party due diligence reports previously prepared for the Joe C. Davis Foundation without any representation or warranty by the Joe C. Davis Foundation. The Joe C. Davis Foundation commissioned an appraisal by Moffett-Revell, LLC. As of February 9, 2022, the appraised market value of the parcel is \$25,000,000.

Metro Code § 2.24.250.F permits approval by resolution of options to purchase property at a fixed price. RS2022-1452 is the companion resolution authorizing the issuance bonds to fund the purchase of the properties subject to the option assignment agreements.

Fiscal Note: Metro will pay \$24,000,000 for the six parcels containing approximately 27.23 acres referred to as the Mall Property, which includes an assignment fee. Metro will pay up to \$150,000 to the Joe C. Davis Foundation for the option to purchase the Anchor Property and will pay \$19,900,000 for the purchase of the Anchor Property (\$20,000,000, less earnest money paid to the Joe C. Davis Foundation).