

## St. Albans Redevelopment Project – Update 10/25/13

Basic overview of project: This project is part of a downtown redevelopment strategy for St. Albans, under which a private developer (ReArch) is building a new state office building (SOB) to be occupied by state employees who are currently housed at 20 Houghton Street. The State is selling the 20 Houghton Street property to Mylan Technologies, which will then expand its operations to that site. The City is constructing a parking garage adjacent to the new SOB. The garage will have 358 spaces, 170 of which will be dedicated to the exclusive use of the new SOB. The remaining spaces will be used by the public and by a hotel to be constructed in the nearby downtown area.

### Legislation:

*Act 10 of 2013:* Authorized BGS to sell the SOB at 20 Houghton and enter into a lease or lease-purchase for a replacement SOB.

*Emergency Board (9/11):* Authorized transfer of \$5.5 million from FY14 Corrections Appropriation for purpose of making payment to VEDA to make loan to Developer (20 year repayment into Capital Fund).

### Agreements associated with project:

**-Development Agreement** (between City, State & Developer): Outlines the roles and responsibilities that each party has in the project. Addendum to be executed 10/25 PM.

*Key Contingencies:* purchase and sale must be executed to sell 20 Houghton, State and Developer must enter into a lease agreement with a lease rate that is acceptable to State, City must deed a portion of Houghton Street to Mylan, successful bond vote in St. Albans (passed in September).

**-Parking Management Agreement** (between City & Developer): Governs how the parking garage will be operated and managed. Final revisions in progress as of 10/25/13.

**-Purchase and Sale** (between City & Developer): to sell site for SOB, along with permanent easement for 170 spaces in to be built parking garage, for \$2.5 million. Final revisions in progress.

**-Purchase and Sale, lease-back** (between State & Mylan): to sell current SOB at 20 Houghton Street to Mylan. Call scheduled for 4:30 pm today with Mylan (10/25).

**-Lease** (between State & Developer): State (AHS/DOL) occupies 46,029 gsf office building. 20 year term with a purchase option to purchase the building in year 10 for \$10,470,217. If State exercises option, State makes payments to City through year 20 in order to support TIF district.

### History of Lease Rate Estimates:

-Original 20-year lease rate estimate in proposal: \$25.73/s.f.

-Gross rate prior to 9/11 E-Board Action: \$29.02/s.f., yielding a gross rent in year 1 of \$1,350,000.

-Gross rate under after 9/11 E-Board Action: \$24.20/s.f., yielding a gross rent in year 1 of \$1,113,902.

**-Current negotiated rate: \$19.13/s.f.** – locked in, except for possible variation due to interest rate as of close on financing. Yields a gross rent in year 1 of \$880,534.

**Target Dates:** Close on project financing 12/3, begin construction on SOB 12/4.