



City Council

400 Main St, Suite 460

Knoxville, TN 37902
<http://knoxvilletn.gov>

Workshop
~ Agenda ~

Thursday, April 20, 2017

5:30 PM

City County Building: Main Assembly Room

ORDER OF BUSINESS

1. CALL TO ORDER

Vice-Mayor Duane Grieve

2. PLEDGE OF ALLEGIANCE

Council Member Mark Campen

3. ROLL CALL

4. OPENING REMARKS AND DISCUSSION OF PROCESS

Vice-Mayor Duane Grieve

5. PRESENTATION

FORMER SUPREME COURT SITE PROPOSAL

Presented by Dr. Bill Lyons

History and Background

Process

Evaluation Criteria and Decision

Presentation from Dover Development

6. ADJOURNMENT

State Supreme Court Site

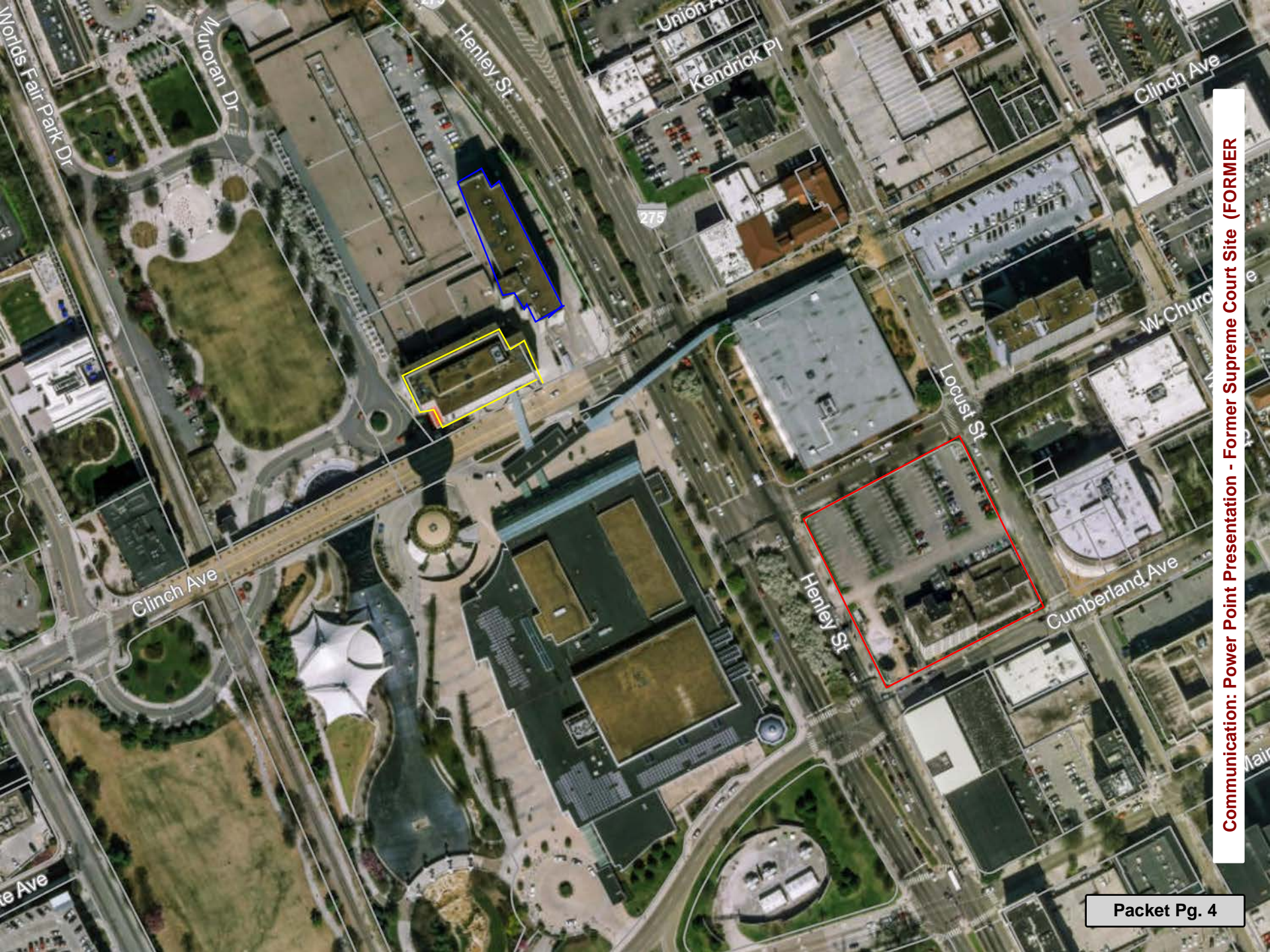


Toward Successful Transition to Private Development

**April 20, 2017
City Council Workshop**

Importance of Site

- Convention Center is City's major investment of last century
- Supreme Court site is one of two formerly publicly held sites proximate to the Convention Center
 - Old State Office Building
 - Now Tennessean Hotel. City investment = PILOT + \$1.5 million in requested infrastructure improvement, work with EPA to change flood plain designation at request of owner
 - State Supreme Court Site
 - City has negotiated with two developers with mixed-use hotel proposals



Communication: Power Point Presentation - Former Supreme Court Site (FORMER)

Timeline: Attempt 1 of 3

- 2007: City works with State of TN to request proposals for site rather than auction. RFP process is only way to ensure site development meets public interest. City works with IDB.
- Jan. 21, 2008: City Chooses Cazana proposal for Met Plaza.
- Jan. 13, 2009: Council votes to support purchase and sale agreements and development agreements.
 - City Council Grants PILOT for Met Plaza – 200-room hotel, office, retail.
 - Holiday Inn files lawsuit protesting PILOT under Convention Center Hotel Ordinance.
 - City successfully defends PILOT for hotel.
 - Nov. 6, 2009: Cazana purchases Holiday Inn.
 - July 29, 2011: Cazana announces that he will not proceed with Met Plaza. “... [R]ight now there is no appetite in the financial markets for what you call a speculative project.”

Timeline: Attempt 2 of 3

- 2013: City again works with State of TN to request proposals for site rather than auction. IDB conducts RFP process in conjunction with city purchasing.
- Five proposals are presented.
- City selects Gateway Knoxville – a mixed-use hotel, residence, and retail proposal.
- City was unable to reach a purchase and sale / development agreement.
 - Developer requested more public assistance than was deemed appropriate.
 - Process was muddied by intense lobbying by unsuccessful bidders.
- Lessons from the first two attempts:
 - Maximize likelihood of a successful development through Letters of Intent, etc.
 - Minimize politicization of process.

Timeline: Attempt 3 of 3

(What is before you now)

- December, 2015: Council Votes to purchase site from state for \$2.47 million.
 - Ensure appropriate RFP process through City Purchasing protocols
- October 2016: City Issues Request for Proposals.
 - Based on Feedback, widest possible net cast for potential uses. Only exception: student housing discouraged.
 - Explicit Evaluation Criteria
 - Consistency with Stated Mixed Use Vision
 - Financial Capacity and Business Plan
 - Qualifications and Experience
 - Goals for Sustainability
 - Use of DBEs
 - Key: Third try over a decade. Must have every assurance that project occurs.

Timeline: Attempt 3 of 3

(What is before you now)

- December 1, 2016: City announces that Dover Development selected for negotiation of sales agreement.
- March 29, 2017: Purchase and Sale Agreement reached between City of Knoxville and Dover Development.
- April 20, 2017: Council workshop to consider Purchase and Sales Agreement.
- April 25, 2017: Scheduled Council vote on Agreement.
- Spring, 2017: Negotiate Development Agreement.
- Spring / Summer 2017: Council vote on Development Agreement.
- **Discussion of Process and Integrity of Purchasing Protocol**

Why Dover Development Selected

Explicit Evaluation Criteria

- Consistency with Stated Mixed Use Vision
- Financial / Business Plan
 - Significantly larger investment and impact on tax base (\$83 million)
 - Strong Investment Partner
 - Tighter timeline
 - Benefit to Convention Center
 - Letters of Intent ++
- Historic Resources
 - Save and use Courtroom (Restaurant) ++
- Sustainability
 - Commitment to use Green Building Code – first to do so ++