

RESOLUTION NO. 23-24

A RESOLUTION CONFIRMING THE LETTER OF INTENT FOR THE POSSIBLE ACQUISITION OF REAL PROPERTY LOCATED NEAR 450 28 ROAD FROM EN-SIM QOF LLC AND ACKNOWLEDGING CERTAIN ACTIONS HERETOFORE TAKEN, TO BE TAKEN AND DIRECTING FURTHER ACTIONS IN CONNECTION THEREWITH

RECITALS:

In 2022 the Grand Junction City Council allocated \$1,000,000 to support implementation of the adopted housing strategies. In the 2023 adopted budget City Council carried forward the \$1,000,000 for utilization for housing strategy implementation. Additionally, the City applied for \$2,200,000 from the Colorado Housing and Finance Authority (CHFA) Land Banking Program grant ("Grant") for the acquisition of property in support of affordable housing ("Project"). The City had identified the property at 450 28 Road, Grand Junction, ("Property") as an intended acquisition for purposes of the Grant.

On January 29, 2024, the City was awarded the Grant to assist with the purchase of 21+/- acres of the Property. As the Property is not subdivided the owner/seller, En-Sim QOF LLC, may not lawfully sell or offer to sell; however, the City and En-Sim QOF LLC have entered into a letter of intent ("LOI") to begin to establish the next steps regarding a possible sale of a portion of the Property when the subdivision is complete. Because the subdivision and development transaction(s) will be complicated, and the City will be making certain commitments regarding development, the City Council has considered the LOI, and by and with this Resolution expresses its understanding and support for the City continuing with the project in accordance with the terms and understandings of the LOI. For purposes of this Resolution the terms and understandings reflected in the Grant and the LOI are collectively referred to as the "Project."

As provided in the Grant application the Project includes the possible acquisition, subject to a final purchase and sale contract being drawn and approved by the Council, of approximately 21 acres for future development of between 323-500 mixed-income affordable and attainable housing units. The City anticipates future subdivision of the property as well as the construction of multiple housing types including rental and homeownership units through the collaboration of multiple non-profit and housing developers through the City's Request for Proposal (RFP) process. The construction of the site occurring over multiple phases in the next ten years. The majority of the site would be used for providing affordable units while up to 25 percent of the site may be used for attainable housing; that will help fill additional gaps in the local market. The property for the Project is between 28 and 28 ¼ Roads, to the South of North Avenue.

It is located in a high growth mixed-use central part of the city near major employers along the North Ave Corridor including Walmart, restaurants, medical facilities, Colorado Mesa University, and sports complex. Additionally, it is located within 2 miles of downtown Grand Junction along one of the city's active transportation corridors which include access to additional employment opportunities and services. Additionally, Mesa County Workforce Center, Colorado Mental Health Center, and St. Mary's Hospital are within three miles of the location. The Regional Veterans Hospital is within .4 miles of the site and within .5 miles from Link Park which includes the sports complex, athletic events, community pool, and golf course. The site is also within walking distance (.25 miles) to two childcare facilities, schools, and the District 51 Administration buildings.

As provided in the LOI the anticipated purchase price of the 21 +/- acres is \$3,200,000 (\$149,184.00 per acre) with the City contracted for various street and utility improvements through and adjacent the development. E-Sim QOF LLC will execute a promissory note in the amount of \$2,000,000 towards their share of the street improvements and utility extensions payable to the City of which \$1,000,000 shall be due on or before January 1, 2026, and \$1,000,000 due upon the City's substantial completion of the improvements required by the subdivision process.

With approval of this Resolution the City Council will confirm, authorize, and endorse the LOI and the continuation of the effort by City staff to bring to fruition the expression of interest to purchase a portion of the Property as expressed in the LOI and the Grant. The City Council confirmation, authorization, and endorsement of the LOI is subject to and expressly conditioned on a purchase and sale agreement being brought to and then considered and approved by the City Council as a precondition to purchase.

NOW, THEREFORE, BE IT RESOLVED THAT the City Council of the City of Grand Junction in consideration of the Colorado Housing and Finance Authority (CHFA) Land Banking Program grant ("Grant") in the amount of \$2,200,000 and the Letter of Intent, attached hereto and confirmed, authorized and endorsed hereby, does hereby consent to and direct the City Manager to proceed with the Letter of Intent for the possible purchase of approximately 21 acres of the Property for the purposes described herein. The City Council deems the purchase of the Property necessary and proper and that doing so will advance the public health, safety, and welfare.

NOW, THEREFORE, BE IT RESOLVED BY THE CITY COUNCIL OF THE CITY OF GRAND JUNCTION, COLORADO:

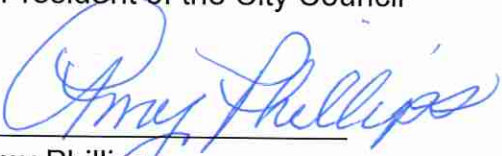
In consideration of the foregoing Recitals which are incorporated as if fully set forth, the City Council finds that all actions heretofore taken by the officers, employees and agents of the City relating to the Property, which are consistent with the provisions of

the attached Letter of Intent and this Resolution are confirmed, authorized, and approved for the purposes stated and directed herein and hereby.

PASSED and ADOPTED this 3rd day of April 2024.

A handwritten signature in black ink, appearing to be "Anna M. Stout", written over a horizontal line.

Anna M. Stout
President of the City Council

A handwritten signature in blue ink, appearing to be "Amy Phillips", written over a horizontal line.

Amy Phillips
City Clerk



April 3, 2024

Ray Rickard
c/o RE/MAX 4000 Inc.
120 W. Park Drive, Suite 200
Grand Junction, CO 81505

RE: Letter of Intent Regarding 450 28 Road, Grand Junction, Colorado

Dear Mr. Rickard,

Please accept this letter of intent (“LOI”) on behalf of the City of Grand Junction (“Buyer”) regarding the possible purchase of a portion of certain real property owned by En-Sim QOF LLC (“Seller”) commonly addressed as 450 28 Road, Grand Junction, Colorado (“Property”).

The Buyer or its assign(s) is pleased to make the following expression of interest to purchase a portion of the Property. That portion of the Property, the legal description of which will be determined by and with a future, lawful subdivision in accordance with the laws, rules, and regulations of the Buyer, will for the purposes of this letter of intent (“LOI” or “Letter of Intent”) be referred to as “TBD Lot”. Collectively the Seller and the Buyer may be referred to as the Parties.

The Buyer is interested in purchasing fee title interest in the TBD Lot, along with all improvements, free of all liens and encumbrances. The terms on which the Buyer would be interested in proceeding to negotiate a mutually acceptable Purchase and Sale Agreement (“PSA” or “Purchase and Sale Agreement”) relating to TBD Lot are stated below.

This LOI reflects the present concepts for the transaction described herein; a final and complete PSA will need to be negotiated. This LOI does not constitute, and shall not be construed to constitute, an enforceable agreement at this time. This LOI shall be superseded by the PSA, as agreed to, and executed by the Parties, if at all. Although this LOI is intended by the Parties to describe terms of the transaction contemplated herein at the time of its execution, nothing herein shall obligate or bind any party to any terms, conditions or agreements and no party shall assert a claim or incur any liability arising out of the execution of this LOI. The proposed terms and conditions include, but are not limited to, the following:

1. Property:

TBD Lot (the number assigned to that portion of the Property with the subdivision plat) shall be no less than 21.45 acres. TBD Lot shall be, by Seller, legally subdivided in accordance

with applicable laws, rules, and regulations, including but not limited to those of the City of Grand Junction (“Subdivision Process.”)

All improvements required by the Subdivision Process shall be guaranteed and constructed by Buyer which include but are not limited by this letter to be:

- a. Dedication of right of way and construction of approximately 1,700 feet Grand Avenue to a local commercial street standard.
- b. Dedication of a single lane right of way for roundabout at Grand and 28 Road
- c. Construction of approximately 600 feet of Minimum Access from Grand Avenue north to the existing asphalt surface on 28 ¼ Road
- d. Construction of other required public utilities including water, sewer, stormwater, electric, gas and internet.
- e. Although not required for purposes of the Subdivision Process, the Buyer will after conveyance of the TBD Lot to it propose that the Buyer include in its budget, and if the budget request is approved by the City Council, construct improvements to 28 ¼ Road from the improvements constructed in c., above) to a possible connection at I-70B.

2. Purchase Price:

The purchase price (“Purchase Price”) shall be \$3,200,000 or \$149,184.00 per acre with the amount due at Closing (defined below) from the Buyer being established based on the actual acreage of TBD Lot as platted.

3. Payment Terms:

The Purchase Price will, as provided in the PSA, be paid at Closing in cash or immediately available funds.

4. Purchase and Sale Agreement:

Following execution of this LOI and the platting of the Property/completion of the Subdivision Process, the Parties will draft the PSA. Upon completion of the platting of the Property/the Subdivision Process, the Parties may enter into the PSA subject to agreement by the Parties as to all terms and conditions

thereof. In addition to those terms and conditions set forth in this LOI, the PSA shall contain other terms and conditions customarily included in Colorado commercial, vacant land real estate contracts. The PSA, once drafted to the satisfaction of the Parties to this LOI will be subject to review and ratification, if accepted at a regular noticed meeting of the City Council. Ratification shall be in the form of a City Council resolution.

5. Earnest Money Deposit:

Within 10 days after the executed PSA Buyer shall provide for an earnest money deposit of \$250,000.00 ("Earnest Money") in accordance with and subject to the PSA.

6. Due Diligence/Inspection Period:

Purchaser shall conduct a due diligence review of the TBD Lot to determine, in Buyer's sole and absolute discretion, whether TBD Lot is acceptable to Buyer ("Due Diligence Review"). Buyer shall have a period of 30 days from the date the Purchase and Sale Agreement is fully executed ("Due Diligence Period") to conduct the Due Diligence Review. Purchaser, in its sole discretion, may give notice to the Seller that TBD Lot is acceptable prior to the end of the 30-day period. In such case, the Closing will be no later than 30 days from the effective date of such notice.

During the Due Diligence Period, the Seller shall provide Buyer and Buyer's agents, contractors, and subcontractors access to the Property as reasonably requested by the Buyer. The Seller shall provide Buyer with the opportunity to review and copy environmental and zoning records, and any covenants, conditions, and restrictions (CC&R's), if any, related to the Property. If the results of the Due Diligence Review are not satisfactory to the Buyer, it may terminate the PSA by notifying the Owner in writing of the same on or before the expiration of the Due Diligence Period. In the event of such termination, the Earnest Money shall be returned to Buyer and the PSA, and the Parties' obligations thereunder shall

have no further force and effect, except for those specific provisions which expressly survive the termination of the PSA.

Buyer shall be responsible for payment of all Due Diligence Review costs and fees, including, but not limited to all inspections, tests, surveys, engineering services and reports, development services and all other reports or services performed at Buyer's request.

7. Closing:

The Closing shall take place as provided in the PSA, no later than 30 days after the end of the Due Diligence Period.

8. Closing Costs:

a. The Seller shall bear the expense of a standard owner's title insurance policy on the TBD Lot for the benefit of Buyer. All other closing costs will be divided equally between the Parties. Each party shall be responsible for their own legal fees. Buyer is responsible for the payment for all fees and costs related to the due diligence performed during the term of the PSA.

b. At closing, Seller shall execute a promissory note in the amount of \$2,000,000 (two million dollars) of which \$1,000,000 (one million dollars) shall be due on or before January 1, 2026 and \$1,000,000 (one million dollars) due upon the Buyer's substantial completion, as determined by the Buyer, of the improvements required by the Subdivision Process.

9. Title

Upon the tender of the Purchase Price at Closing and satisfaction by the Parties of the terms and provisions of the PSA, the Seller shall transfer and convey the TBD Lot to the Buyer by general warranty deed free from any and all liens, claims, encumbrances or other defects of title, except those specific exceptions, if any, described by reference to recorded documents as reflected in the title documents accepted by Buyer in accordance with the PSA.

10. Contingent upon:


The PSA, when executed, and the obligation of the Buyer to proceed under its terms and conditions is expressly contingent upon the approval by resolution of the City Council of the City of Grand Junction. If not obtained on or before 60 days after the completion of the Subdivision Process, the Purchase and Sale Agreement shall be void and of no effect; and/or, the PSA, when executed, and the obligation of the Buyer to proceed under its terms and conditions is expressly contingent upon the execution of a PSA with the Colorado Affordable Housing Financing Fund (CHFA) and Office of Economic Development and International Trade (OEDIT).

11. Termination:

If the Parties are unable to agree to the terms of the PSA, either party may terminate this Letter of Intent upon 7 days' prior written notice to the other party.

This letter of intent is an expression of interest only, and neither party shall have any legal obligations to the other unless and until a binding PSA is executed and delivered by the Parties. This letter is intended solely for the purpose of setting forth the basic terms upon which Buyer would be willing to proceed to develop a PSA.

Regards,



City Manager

pc:

John Shaver, City Attorney



April 3, 2024

Ray Rickard
c/o RE/MAX 4000 Inc.
120 W. Park Drive, Suite 200
Grand Junction, CO 81505

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Regards,



City Manager

pc:

John Shaver, City Attorney



Doug Simpson
President
Eustrom Candies, Inc.

4/3/2024