



CITY OF DURHAM | NORTH CAROLINA

**Date:** July 2, 2012

**To:** Thomas J. Bonfield, City Manager

**Through:** Keith Chadwell, Deputy City Manager

**From:** Kevin Dick, Director – Director, Office of Economic and Workforce Development  
Christopher Dickey, Senior Manager - Economic Development  
Peter Coyle, Cultural and Business Initiatives Coordinator

**Subject:** Second Amendment to the Building Improvement Grant Contract with 300 E. Main Street, LLC to Extend the Contract to April 18, 2013

### **Executive Summary**

This item recommends the approval of a second amendment extending the completion date of the Building Improvement Grant agreement between 300 E. Main Street, LLC and the City of Durham dated April 18, 2011 as amended January 17, 2012.

### **Recommendation**

The Office of Economic and Workforce Development (OEWD) recommends that the City Council authorize the City Manager to:

1. Hold a public hearing on the proposed amendment to an economic development economic incentive agreement per G.S. 158-7.1; and
2. Execute a second amendment to the Building Improvement Grant agreement between 300 E. Main Street, LLC and the City of Durham dated April 18, 2011, to extend the contract from an end date of August 18, 2012 to April 18, 2013.

### **Background**

On April 18, 2011, the City Council approved a Building Improvement Grant of \$75,000.00 for economic incentive improvements to a building located at 300 E. Main Street, in Durham, in the Downtown Development Tier.

**Issues and Analysis**

In a letter dated December 12, 2011, 300 E. Main Street, LLC informed OEWD that it would be unable to complete the building improvement project by April 18, 2012, the completion date provided in the original Agreement. In the letter, the company stated it had a letter of intent from a proposed tenant. The tenant requested more time to finalize plans and requirements for the space. On January 17<sup>th</sup>, 2012 the City Council approved a contract amendment, extending the contract end date to August 18, 2012.

On June 27, 2012, 300 E. Main St., LLC informed OEWD that, while their lender provided a letter of commitment for the necessary financing on November 18, 2011, the lender was not able to close on the construction financing loan until June 5<sup>th</sup>, 2012, after the lender completed its due diligence. The company provided documentation of the loan closing date. It indicated that it has begun the permitting process and has developed a new schedule to complete the project by April 18, 2013.

The improvement of the building at 300 E. Main Street will contribute to economic development in Downtown Durham. Although one of the objectives of the Building Improvement Grant Program is to fund projects that are to be completed within twelve months, staff recommends approval of the extension because such an approval would be consistent with the broader visions of the New Downtown Master Plan, which include upgrading the aesthetics of street level spaces and creating more viable spaces for retail activity. The project is consistent with the Citywide Strategic Plan goal for a strong and diverse economy. The revisions to the original renovation designs will be consistent with the plans and will better serve the needs of the identified tenant.

**Alternatives**

The City Council may choose to reject the recommendation extend the agreement or approve a different length of time for the extension. Such decisions may impact the abilities of this project to meet the broader visions of the aforementioned plans.

**Financial Impact**

Extending the contract by an additional eight months will have no financial impact, as the amount of the grant will not change.

**SDBE**

An SDBE summary is inapplicable because no project-specific goals have been set and no SDBEs are involved in this item.

**Attachments:**

Second Amendment to Agreement between 300 E. Main Street, LLC and the City of Durham for Building Improvement Incentives for Economic Development.