



Cover Memorandum/Staff Report

File #: 18-0697 CRA

Agenda Date: 11/12/2020

Item #:

TO: CRA Board of Commissioners
FROM: Ivan Cabrera, AICP, Redevelopment Manager
THROUGH: Renée A. Jadusingh, Esq., Executive Director
DATE: November 12, 2020

FIRST AMENDMENT TO THE GROUND LEASE AGREEMENT WITH HATCHER CONSTRUCTION & DEVELOPMENT, INC.

Recommended Action:

Approve the First Amendment to the Ground Lease Agreement with Hatcher Construction & Development, Inc. in substantially the attached form.

Background:

On June 11, 2019, the CRA Board approved a Ground Lease with Hatcher Construction & Development, Inc. (Hatcher) to construct a two-story 6,000 SF office building on two (2) adjacent, vacant CRA-owned parcels located at 20 and 26 NW 6th Avenue (Properties). The Ground Lease was executed on July 18, 2019.

At the November 19, 2019, and December 10, 2019, CRA Board meetings, Hatcher presented preliminary construction elevations and a proposed site-plan for the development of the Properties. At both meetings, the CRA Board provided comments and feedback.

In February 2020, Hatcher submitted a Conditional Use and Class V Site Plan applications to the City of Delray Beach (City) for the development of the Properties. The development proposal consists of the following: construction of two separate 2-story, 3,556 SF commercial buildings for a total of 7,112 SF of office/retail/commercial space. The first floor of each building will have the flexibility to accommodate office/retail/commercial with office space on the second floor of each building.

As the applications are currently going through the City approval process, Hatcher submitted a letter on October 7, 2020, requesting a six (6) month extension to the termination date for the Site Plan Analysis period (the period during which all permits, approvals, licenses must be obtained) from January 18, 2021, to July 18, 2021 due to City review timeframes.

Additionally, part of the applications' approval process entails complying with the City's landscaping requirements. As such, the CRA as the Properties' owner must enter into a Landscape Maintenance Agreement with City, and Hatcher, as Lessee of the Properties, will be assuming the responsibilities of the CRA as laid out in the Landscape Maintenance Agreement.

Given the above two issues, a First Amendment to the Ground Lease is necessary.

The First Amendment to the Ground Lease includes the following:

- Expiration of the Site Plan Analysis period will be extended for six (6) months from January 18, 2021, to July 18, 2021.
- Hatcher agrees to assume the CRA's obligations under the Landscape Maintenance Agreement with the City.

At this time, CRA Staff recommends approval of the First Amendment to the Ground Lease with Hatcher.

Attachment(s): Exhibit A - First Amendment to the Ground Lease Agreement with Hatcher Construction & Development, Inc.; Exhibit B - Landscape Maintenance Agreement; Exhibit C - Preliminary Landscaping Plan; Exhibit D - Letter from Hatcher's Legal Representative, Simon & Schmidt, to CRA requesting the extension of the Site Plan Analysis period.

CRA Attorney Review:

The CRA Attorney has reviewed the Agreement as to form and determined it to be acceptable.

Finance Review:

N/A

Funding Source/Financial Impact:

N/A