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Title: Report to Council by Tutelian & Company, Inc. regarding First Amendment to the Exclusive Negotiation Agreement between the City of Fresno and Tutelian & Company, Inc.

Sponsors: Office of Mayor & City Manager

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Attachments: 1. Letter From Developer, 2. Project Photos

Date	Ver.	Action By	Action	Result
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REPORT TO THE CITY COUNCIL

August 27, 2020

FROM: WILMA QUAN, City Manager
Office of Mayor and City Manager’s Office

BY: ALDI DODDS, Deputy City Manager
Office of Mayor and City Manager’s Office

SUBJECT

Report to Council by Tutelian & Company, Inc. regarding First Amendment to the Exclusive Negotiation Agreement between the City of Fresno and Tutelian & Company, Inc.

RECOMMENDATION

No action required. This is a status update for the North Fulton Mall Development Project that is the subject of the Exclusive Negotiation Agreement (ENA) between the City of Fresno (City) and Tutelian & Company, Inc. (Developer).

EXECUTIVE SUMMARY

On February 27, 2020, the City and Developer entered into a First Amendment to the ENA granting Developer exclusive rights to negotiate terms for a subsequent Disposition and Development Agreement (DDA) for the development of a proposed Project at the north end of Fulton Mall. The

First Amendment required the Developer to present a report to City Council within six months of the approval of the First Amendment, and no later than September 5, 2020.

BACKGROUND

The First Amendment to the ENA requires that before September 5, 2020, the Developer prepare and deliver a report to the City Council demonstrating the Developer's status on completing their obligations as defined in the First Amendment. The following activities have been coordinated and completed since the First Amendment to the ENA was executed.

- 1. Completed Draft DDA:** Developer has completed a draft of the DDA and submitted it to the City for review. The draft DDA includes the provisions required by Section 4 of the First Amendment to the ENA i.e. (1) addressing the historic artwork; (2) compliance with the intended Responsible Neighborhood Market Act; (3) and specified indemnifications and release of claims benefitting the City.
- 2. CVS Letter of Intent (LOI):** Developer has exchanged two drafts of the proposed LOI with CVS and held several negotiation conferences concerning its terms. The parties have reached conceptual agreement on the building layout, the construction phasing, and most of the other material terms and conditions under which CVS will make its land available and conduct its relocation. A further updated draft of the LOI was submitted to CVS the week of August 3, 2020. Once the LOI is finalized, it will be presented to CVS's board of real estate executives. The Developer anticipates that this presentation before the board will occur in October 2020, based on CVS's present schedule for conducting such matters.
- 3. Architectural and Engineering Status:** Architectural drawings for the Phase 1 development (the CVS/Multifamily structure and Parking Structure) have been completed to the 30% detail level. A Structural Engineer has been engaged. The Civil Engineer is working on construction details and an infrastructure budget. The Architect and Civil Engineer are coordinating efforts to establish the most efficient points of connection for all utility services for each building within the Project. The Civil Engineer is also coordinating with PG&E to establish points of connection for the electrical services and locations of required transformers.
- 4. Affordable Housing:** Developer is considering incorporating an affordable housing component into the multi-family residential units. The Developer is presently inventorying the range of programs that facilitate such important arrangements and are working with counsel and consultants in Sacramento that specialize in these matters. Developer expects to determine which grant funding could be utilized and applied for by September or October 2020.
- 5. Private Financing:** Developer has expressions of interest from local financial institutions, and consultations with those lenders is ongoing. To obtain firm financing commitments, Developer needs to finalize the construction documents and drawings to the level that will support a financing appraisal. Developer is directing their consultants on an aggressive timeline, and anticipates having such detailed documents and drawings, including engineer's estimates and preliminary contracting bids, sometime in October or November 2020.

ENVIRONMENTAL FINDINGS

By definition set forth in the California Environmental Quality Act (CEQA) Guidelines Section 15378, this item is not a project for the purposes of CEQA.

LOCAL PREFERENCE

This update to Council is not subject to local preference.

FISCAL IMPACT

There is no fiscal impact to the City.

ATTACHMENTS

Letter from Developer
Project Photos