

RESOLUTION NO. 2017-13

A RESOLUTION REGARDING ACCEPTABLE DEVELOPER
COMMITMENTS PURSUANT TO SECTION 14.01 OF THE
MASTER DEVELOPMENT AGREEMENT AMONG THE CITY
OF NORTH AUGUSTA, SOUTH CAROLINA,
GREENJACKETS BASEBALL LLC, ACKERMAN
GREENSTONE NORTH AUGUSTA, LLC, AND
GREENSTONE HAMMOND’S FERRY, LLC

WHEREAS, the City, pursuant to a Master Development Agreement approved by the City by ordinance adopted on January 30, 2017 (the “Master Development Agreement”), among the City, Greenjackets Baseball LLC and Ackerman Greenstone North Augusta, LLC (the “Hotel Developer”), and Greenstone Hammond’s Ferry, LLC (“Greenstone”), is contemplated to issue or cause the issuance of bonds (the “Bonds”) related to Project Jackson;

WHEREAS, pursuant to the Master Development Agreement, the City has agreed to provide for certain components of Project Jackson from funds available to the City including proceeds from the issuance of the Bonds, subject to certain conditions outlined below;

WHEREAS, the City desires to structure its financing to cause the development of Project Jackson for its citizens in a cost effective manner;

WHEREAS, in order to obtain financing for Project Jackson in the most cost effective manner, the City has determined to consolidate other City obligations to provide additional security and collateral for the Bonds, and accordingly the City has elected to include the refinancing of the Medac Parking Deck and the North Augusta Municipal Building (the “Refinancings”) within the Bond financing, and thereby include the Medac Parking Deck and North Augusta Municipal Building among the Facilities (as defined in the documents relating to the Bonds) subject to the Bond financing;

WHEREAS, the City Council has studied the financing of Project Jackson and the Refinancings over an extended period of time and has determined that it is in the best interest of the City to move forward with the Bonds expeditiously, subject to Section 14.01 of the Master Development Agreement;

WHEREAS, pursuant to Section 14.01 of the Master Development Agreement (each capitalized term used herein and not otherwise defined has the meaning given to such term in the Master Development Agreement), the City is under no obligation to proceed with causing the issuance of the Bonds unless and until it has received:

1. executed letters of intent (reasonably acceptable to the City) from Hotel Developer committing to the development and construction of the Hotel, and (B) an executed letter of intent from Greenstone indicating Greenstone’s commitment to develop the Greenstone Projects (collectively, the “*Project Commitments*”);

2. financing commitments providing the debt and/or equity in a cumulative amount sufficient to finance the Apartments, the Hotel and Senior Living, such commitments to be in a form acceptable to the City in its sole discretion, such acceptance to be evidenced by resolution of City Council (the “*Funding Commitments*,” and together with the Project Commitments, the “*Developer Commitments*”).

WHEREAS, the City Council has received and reviewed the Project Commitments as to each component in form and substance and finds them to be acceptable;

WHEREAS, as to the Apartment component of Project Jackson, the City has reviewed a final Funding Commitment obtained from Synovus Bank by a Greenstone assignee under the Master Development Agreement as well as other information relating to the Apartments and finds such Funding Commitment to be in order and acceptable to the City;

WHEREAS, as to the Hotel component of Project Jackson, the City has reviewed the proposed sources of equity and debt financing currently being sought by the Hotel Developer, including a term sheet dated March 30, 2017, from State Bank & Trust Company, which financing if completed will provide funding in an amount and on terms consistent with the Hotel Developer’s commitments under the Master Development Agreement, and finds such Funding Commitment to be acceptable and appropriate given the stage of development. In lieu of such final Funding Commitment with regard to the Hotel component, Greenstone and the City have agreed to an arrangement whereby the City will obtain additional recourse to the Master Developer’s parking revenues through contractual parking arrangements that are anticipated to mitigate the shortfall in anticipated revenues that would otherwise be expected to be generated by the Hotel;

WHEREAS, as to the Senior Living component of Project Jackson, the City has not received or reviewed an equity or debt Funding Commitment, though has entered into discussions with several potential assignees of Greenstone under the Master Development Agreement and such discussions are continuing. In lieu of such Funding Commitment with regard to the Senior Living component, Greenstone and the City have agreed to an arrangement whereby the City will obtain additional recourse to the Master Developer’s parking revenues through contractual parking arrangements that are anticipated to mitigate the shortfall in anticipated revenues that would otherwise be expected to be generated by the Senior Living component;

WHEREAS, the City Council has levied special assessments on real property within the Municipal Improvement District to mitigate property tax shortfalls from less than expected development of Project Jackson, and contracted for additional sources of revenue contingent on certain failures to perform by the Developers supplemental to those contemplated in the Master Development Agreement. Such special assessments and sources of revenue, while themselves subject to market conditions, shortfalls, limitations, and realization and enforcement considerations, in the aggregate, and after weighing the totality

of the present circumstances related to Project Jackson, sufficiently offset the absence of certain Funding Commitments, in the judgement of City Council;

WHEREAS, notwithstanding the lack of finality with regard to the Hotel Funding Commitment and the absence of the Senior Living Funding Commitment, the City has obtained acceptable Project Commitments for each component and believes that in light of significant pending construction escalation and demobilization costs, widely anticipated increases in interest rates, and other market conditions generally prevailing as well as specific to Project Jackson, such conditions warrant proceeding expeditiously, and that the long term negative impacts of not moving forward at this time outweigh the risks of proceeding without all Funding Commitments in hand as contemplated by Section 14.01 of the Master Development Agreement; and

WHEREAS, Project Jackson presents a transformative opportunity for the City of North Augusta and has been extensively negotiated and planned over many years and the City Council strongly supports such project and, taking into account the challenges presented by the absence of certain Funding Commitments, resolves to fully support Project Jackson with sufficient time, money and resources to ensure that Project Jackson realizes its transformative potential.

NOW, THEREFORE, BE IT RESOLVED by the Mayor and City Council of the City of North Augusta, in meeting duly assembled and by the authority thereof, that the City Council finds that the Developer Commitments, as presented, are acceptable in form and substance to the City Council.

DONE, RATIFIED AND ADOPTED BY THE MAYOR AND CITY COUNCIL OF THE CITY OF NORTH AUGUSTA, SOUTH CAROLINA, ON THIS THE 24TH DAY OF APRIL, 2017.

Lark W. Jones, Mayor

ATTEST:

Donna B. Young, City Clerk