



City of Pensacola

222 West Main Street
Pensacola, FL 32502

Memorandum

File #: 21-00429

Community Redevelopment Agency 5/10/2021

ACTION ITEM

SPONSOR: Delarian Wiggins, Chairperson

SUBJECT:

HAWKSHAW REDEVELOPMENT PROJECT

RECOMMENDATION:

That the Community Redevelopment Agency (CRA) direct staff to send a letter to the Hawkshaw Development Group, LLC (Robert Montgomery) requesting a presentation and written documentation of diligent and continuous prosecution of construction on the Hawkshaw redevelopment project, together with other previously requested items, pursuant to the property Purchase and Sale Agreement and the Third Amendment to the Declaration of Conditions, Covenants and Restrictions at the June 8, 2021 CRA meeting.

SUMMARY:

Article 3.01(a) of the Third Amendment to the Declaration of Conditions, Covenants and Restrictions (Covenants) for the Hawkshaw redevelopment project required that construction commence on or before September 30, 2019. Prior to September 30, 2019, the developer provided evidence of removal of street lights placed by Gulf Power, earth removal/heavy equipment work and engagement with ECUA to remove/relocate water mains placed across the site without prior disclosure.

These actions were accepted as meeting the requirements of Article 3.01(a) of the Covenants to start construction. By letter dated September 27, 2019 the CRA staff acknowledged construction to have begun. Removal of the water lines was completed late spring/early summer 2020.

The Covenants additionally require that the Hawkshaw Development Group, LLC diligently and continuously prosecute construction to completion. Construction is defined in the Covenants as lot grading, lot excavation or other site work pursuant to a construction contract for the project, or a portion thereof, between the Hawkshaw Development Group, LLC and its contractor physically conducted on the property after the issuance of the required land disturbing permit. To date no construction permit has been applied for on the property.

Per Article 3.01(b) of the Covenants the developer has 30 months from the construction start deadline to substantially complete the project. Per the agreement, the project should currently be in construction phase, which phase terminates on March 31, 2022. There are approximately 10 months remaining within the construction completion time allotment, unless an extension is granted by the CRA.

In accordance with Article 3.01(d) of the Covenants, if the owner fails to meet any of the deadlines stipulated in the agreement they shall pay liquidated damages to the CRA in the amount of \$2,500 per day for each day elapsing after the missed deadline up to a total of \$100,000.00. Should the construction completion deadline be missed, and no extension is approved, these fees would be due to the CRA.

Further, on December 17, 2019, the CRA Chairperson sent a letter to Robert Montgomery of the Hawkshaw Development Group, LLC requesting the following items by February 10, 2020.

- A binding commitment for construction financing for the project issued and executed by a reliable and reputable institutional lender and accepted and executed by the developer and all guarantors named in such commitment, subject only to usual and customary conditions that are not inconsistent with the terms of the (sale) agreement
- Evidence of the developer's ability to pay the cost of construction of the project in excess of funding to be provided pursuant to the loan commitment referenced above
- Evidence of the close of construction financing on the project
- Final critical path schedule for construction of the project (updated)
- Design documents (revised)

No response to the written request for these documents has been received to date.

PRIOR ACTION:

November 6, 2017 - CRA approved the development agreement/contract for sale of the Hawkshaw property to Robert Montgomery, LLC.

February 26, 2018 - The deed for sale of Hawkshaw property to Hawkshaw Developers, LLC was filed in Escambia County Official Records.

June 10, 2019 - The CRA approved extension of the commencement deadline for the Hawkshaw redevelopment project at 9th Avenue and Romana Street to September 30, 2019 and granted extension of the construction commencement deadline.

August 5, 2019 - The CRA approved the revised design plans, revised construction timeline and changes to the Hawkshaw Redevelopment, LLC. Development Team.

FUNDING:

NA

FINANCIAL IMPACT:

The anticipated tax increment revenue to be derived from development of this property is currently unknown.

CITY ATTORNEY REVIEW: Yes

5/5/2021

STAFF CONTACT:

Kerrith Fiddler, Deputy City Administrator - Community Development

M. Helen Gibson, AICP, CRA Administrator

Victoria D'Angelo, Assistant CRA Administrator

ATTACHMENTS:

- 1) Purchase and Sale Agreement-Executed 11-14-17
- 2) 3rd Amendment-Hawkshaw-Recorded 08-23-19
- 3) CRA Chairman's letter-milestones 12-17-2019

PRESENTATION: No