

Janet Stallman

From: on behalf of Janet Stallman
To: Jim Branson
Cc: Dick Loman
Subject: RE: Town Square

Mr. Branson,

I have forwarded your email to our Economic Development Manager for reply. Your email will appear in Correspondence for the Record in a future agenda packet.

Janet S.

From: Jim Branson [mailto:james.branson.206@gmail.com]
Sent: Sunday, December 28, 2008 9:29 AM
To: Council
Subject: Town Square

Urban Partners began this project in a much different world than the one we now face. What is the financial status of this company? What would happen to Town Square should they suddenly become insolvent?

Something like 40 condominium units sold at the height of the real estate bubble, and they are now worth about 18% less than the original price, if they followed the trend in housing prices. Are those buyers still willing and able to pay those upside down mortgages? Are any buyers being forced to walk away from their earnest money because they can't find financing in this tight credit market?

It would be helpful for all concerned to have answers to these sorts of questions sooner rather than later.

James Branson
Seahurst

CFTR: 01/12/09

From: Dick Loman
Sent: Wednesday, January 07, 2009 10:23 AM
To: 'james.branson.206@gmail.com'
Cc: Janet Stallman
Subject: FW: Town Square

Mr. Branson, I have been asked to respond to your e-mail of December 28th, 2008.

The City has no capital at risk in the current or future private land development at Town Sq. Excepting the new street grid, landscaped plaza, new city hall/library (and so called parcel VII), the adjoining Town Sq. land is owned entirely now by the private sector. Although Burien is not immune from the effect of the serious national economic downturn, we are not aware of any event of default under our Development Agreement dated June 29th, 2005 with Urban Partners, nor are we in possession of any information that would indicate the Developer is unable or unwilling to complete the project and to meet its current financial obligations as they fall due. Likewise, we've had no complaints from prospective buyers of the Condominiums presently under construction.

Should an event such as you describe trigger a default under the Development Agreement, various legal remedies are available to the City. Staff would need to consult with the City Attorney and Special Real Estate Counsel in order to advise the City Council as to which available options are in the best interests of the public. The Developer has advised the City that due to current market conditions, the Developer will defer construction of the next phase of the private development following substantial completion of the phase currently under construction. Under the terms of the Development Agreement, the Developer has up to 24 months following completion of each phase to commence construction of subsequent phases. Notwithstanding, \$100 million of capital is being invested in the various sections of Town Sq. which are now under construction. Substantial completion of all this work is projected by May.

Additionally, Ace Hardware will be opening a major retail store across the street at the Redwood Center, which is itself receiving a major remodel, and the new \$8 million Metro Transit Station at the Park and Ride is expected to become operational in June. Senior principals from Urban Partners, Los Angeles, are planning to personally update the Burien City Council at the regularly scheduled public meeting on January 26th. In the meantime, Dan Rosenfeld at Urban Partners, can be reached in Los Angeles at (213)-437-0470, e-mail: drosenfeld@urbanpartners.net. He looks forward to answering any questions about Town Sq. this may leave you. My direct line is (206)-248- 5528.

RF Loman
Economic Development Manager
City of Burien