

## AGENDA



Thursday, September 24, 2009

**Economic Growth & Redevelopment Services  
RECOMMENDATION FOR COUNCIL ACTION****Item No. 35**

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**Subject:** Authorize the negotiation and execution of a Second Amendment to the 2nd Street Retail Disposition and Development Agreement with AMLI Austin Retail, L.P. (AMLI), related to the ground floor retail spaces under the Blocks 2 and 4 subleases.

**Fiscal Note:** There is no unanticipated fiscal impact. A fiscal note is not required.

**For More Information:** Fred Evins, Redevelopment Project Manager / 974-7131;

**Prior Council Action:** December 15, 2005: Council authorized negotiation and execution of First Amendment to DDA for installation of Great Streets Program pedestrian amenities in 2nd Street District. February 12, 2004: Council authorized negotiation and execution of a Disposition and Development Agreement (DDA) with AMLI Austin Retail, L.P., for assignment of the Blocks 2 and 4 "CSC" Retail Subleases on.

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In October 2004, the City entered into a Disposition and Development Agreement (DDA) with AMLI Austin Retail, L.P. (AMLI) whereby the City assigned its subleasehold interests in the ground floor spaces of Blocks 2 and 4 to AMLI for development, leasing and management of retail tenants. The DDA anticipated that it would take two years and a \$5,782,000 investment by AMLI to finish-out and lease 90% of the retail spaces. It was also anticipated that the City would receive at least \$7 million for investment in the design and construction of the retail shells on Blocks 2 and 4 when AMLI sold its subleasehold interests. AMLI is providing all financing for the development, leasing and management of the retail spaces.

Initial finish-out and leasing of the Blocks 2 and 4 retail spaces have taken five years and \$1.67 million of additional investment by AMLI to achieve 90% lease-up. The Second Amendment to the DDA will modify the Start-Up Period, Development Budget and Development Plan to reflect AMLI's actual investment. The Restriction Date will also be changed to December 31, 2012. The Restriction Date is the earliest date that AMLI may transfer its subleasehold interests in Blocks 2 and 4, unless it pays the City for the City's investment in the design and construction of the retail shells on Blocks 2 and 4.