

RESOLUTION 20-71

A RESOLUTION TO AUTHORIZE EXTENSION OF DUE DILIGENCE INSPECTION PERIOD OF PURCHASE AND SALE AGREEMENT BETWEEN CRESCENDO ENTERTAINMENT LLC AND CITY OF SPRING HILL TO EFFECTUATE THE SALE OF THE NORTHFIELD BUILDING

WHEREAS, the City of Spring Hill, Tennessee, (sometimes referred to hereinafter as “the City”) acquired the Northfield Building located at 5000 Northfield Lane, Spring Hill, Tennessee, on December 27, 2017, (referred to herein as “Northfield”) for \$8,180,000.00 with the intent of relocating certain City services there, including, but not limited to, administrative functions, the library and police headquarters; and

WHEREAS, the Board of Mayor and Aldermen has decided that relocating City services to Northfield is not in the City’s best long-term interests; and

WHEREAS, the City Attorney has negotiated a contract for the sale of the Northfield Building for \$9,200,000.00 to Crescendo Entertainment, LLC, (“Crescendo”) which has plans to reuse and redevelop the existing premises; and

WHEREAS, on March 2, 2020 the Board of Mayor and Aldermen approved Resolution 20-16 to approve the Purchase and Sale Agreement between Crescendo and the City that sets forth the terms for the purchase and sale of Northfield Building; and

WHEREAS, Section 6(c) of the Purchase and Sale Agreement provides for a one hundred twenty (120) day due diligence Inspection Period to examine and inspect the property and that said Inspection Period may be extended for two (2) consecutive additional thirty (30) day periods upon mutual agreement of Crescendo and the City; and

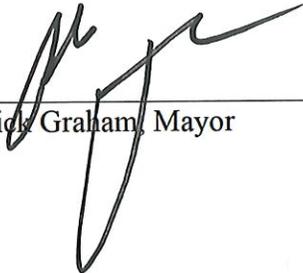
WHEREAS, the one hundred twenty (120) day due diligence Inspection Period is scheduled to expire on or about July 15, 2020; and

WHEREAS, the City received a written request from Crescendo on May 27, 2020 pursuant to Section 6(c) of the Purchase and Sale Agreement to extend the Inspection Period sixty (60) days due to COVID-19 stay-at-home orders that began almost immediately after contract execution and caused great instability in the world’s financial and employment markets and effectively prevented scheduling inspections and analysis required to complete due diligence; and

WHEREAS, if mutually agreed upon between Crescendo and City to extend the Inspection Period by two consecutive thirty (30) day periods for a total of sixty (60) days, this could also postpone the closing date at most from on or about October 15, 2020 to on or about December 15, 2020.

NOW, THEREFORE, BE IT RESOLVED, that the City of Spring Hill Board of Mayor and Aldermen agrees to extend the Inspection Period for two consecutive thirty (30) day periods for a total of sixty (60) days as provided in Section 6(c) of Purchase and Sale Agreement to effectuate the purchase and sale of the Northfield Building.

Passed and adopted by the Board of Mayor and Aldermen of the City of Spring Hill, Tennessee on this 15th day of June, 2020.



Rick Graham, Mayor

ATTEST:



April Goad, City Recorder

LEGAL FORM APPROVED:



Patrick M. Carter, City Attorney



REQUEST: Resolution 20-71

SUBMITTED BY: Chuck Downham, Assistant City Administrator and
Patrick Carter, City Attorney

DATE: June 1, 2020

RE: Approve Extension of Due Diligence Inspection Period of
Purchase and Sale Agreement between Crescendo
Entertainment LLC and City to Effectuate the Sale of the
Northfield Building

ATTACHMENTS: Resolution 20-71 and supporting documents

PURPOSE:

To approve Resolution 20-71 to approve an extension to the due diligence Inspection Period of the Purchase and Sale Agreement between Crescendo Entertainment LLC and the City of Spring Hill to effectuate the sale of the Northfield Building.

BACKGROUND:

The City of Spring Hill acquired the Northfield Building located at 5000 Northfield Lane on December 27, 2017 for \$8,180,000 with the intent of relocating certain City services there, including, but not limited to, administrative functions, public works functions, library, and police headquarters. Recently, the City Attorney negotiated a Purchase and Sale Agreement for the sale of Northfield for \$9.2M to Crescendo Entertainment, LLC which plans to reuse and redevelop the existing premises. The Board of Mayor and Aldermen subsequently approved Resolution 20-16 to approve the Purchase and Sale Agreement between Crescendo and the City.

The Purchase and Sale Agreement provides for a due diligence inspection period whereby the purchaser will perform various inspections and other due diligence. Section 6(c) provides for a 120-day due diligence inspection period that may be extended for two (2) consecutive additional thirty (30) day periods upon agreement of Crescendo and the City.

The City received a written request (attached) from Mr. Mark Frey representing Crescendo in which they request consideration to extend the Inspection Period sixty (60) days due to COVID-19 stay-at-home orders that began almost immediately after contract execution and caused great instability in the world's financial and employment markets and effectively prevented scheduling inspections and analysis required to complete due diligence.

If the due diligence inspection period is allowed to be extended for two consecutive thirty (30) day periods for a total of sixty (60) days as requested by Crescendo, the extension could result in the postponement of the closing date from on or about October 15, 2020 to on or about December 15, 2020. There are no additional financial considerations resulting from the request for extension of the inspection period.

RECOMMENDATION:

The extension will require approval from both Crescendo and the City. If the extension is desirable to the Board of Mayor and Aldermen it is recommended the Board of Mayor and Aldermen approve Resolution 20-71 that sets forth the extension to the Inspection Period for two (2) consecutive thirty (30) day periods for a total of sixty (60) days in accordance with Section 6(c) of the Purchase and Sale Agreement.

Chuck Downham

From: Kelly Frey <kelly.frey@nelsonmullins.com>
Sent: Wednesday, May 27, 2020 12:52 PM
To: Patrick Carter
Cc: Victor Lay; Chuck Downham
Subject: [External] RE: NORTHFIELD/CRESCENDO TRANSACTION

Follow Up Flag: Follow up
Flag Status: Completed

****External Email****

Patrick,

Per our call this morning, this email is to confirm the request that pursuant to Section 6(c) we extend the inspection period provided for on the Northfield complex for 60 days.

As discussed, the COVID-19 stay-at-home orders began almost immediately after contract execution and effectively prevented us from scheduling the inspections and analysis required. Now that those orders have been loosened, we can undertake the inspection processes required.

I understand that you will add this as an agenda item to BOMA and I would be glad to be available for any questions.

Crescendo has been vigilant in working on title issues and other logistics of the closing and remains committed to the property. We look forward to working together to try to re-establish the original timeline we had envisioned back in March now that the Executive Orders permit those necessary activities.

Please contact me with any questions.

Best regards.

Kelly



KELLY L. FREY, MS, JD **PARTNER**
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