

STATUS UPDATE FOR THE CREEKSIDE APARTMENTS - DICKINSON TEXAS

TO: Honorable Chairman and Commissioners of the City of Dickinson (the “City”) Building Standards Commission (the “Commission”)

FROM: Ownership (the “Ownership”) of the Creekside Apartments (“Creekside”)

DATE: January 2, 2023

As you know, in the December 21, 2022 Commission meeting, the Commission, City staff and Ownership discussed and approved of a mutually beneficial path forward and strategic plan (the “Strategic Plan”) relative to the Creekside-related matters then being deliberated before the Commission. One of the items outlined in the Strategic Plan relates to timely reporting to the Commission and City staff on the progress and the various action items as set forth in the Strategic Plan.

The purpose of this communication is to update the Commission and City staff on the various action items required in the Strategic Plan, which are as follows:

TENANT RELOCATION

- **Notice to Tenant** – Attached as Exhibit A is the notice which was hand-delivered to each of the Tenants the day after the December 21, 2022 Commission meeting. In addition to this notice, attached as Exhibit B is a second notice which was hand delivered to each tenant on December 31st.
- **Current Move-Out Schedule** – Attached as Exhibit C is the color-coded schedule showing who has i) moved out; ii) not yet acknowledged or been spoken with; and iii) indicated that they are not going to move out.
- **Legal Notice to Vacate** – Attached as Exhibit D is the legal notice from the Owner’s counsel that is to be delivered to each Tenant which remains in the Creekside Apartments as of January 2, 2023.
- **Transition Communications with MI Lewis (“Lewis”)** – Following the December 21, 2022 Commission meeting, the Ownership and property manager of Creekside had reached out to communicate with the staff of Lewis in an attempt to create a smooth transition for the Creekside tenants. Attached as Exhibit E is an email which was sent to Lewis on December 31, 2022 updating on the status.

BUILDING STANDARDS COMMISSION ORDER

- **Final Order** – Attached as Exhibit F is the Final Order (the “Order”) which relates to the action item and vote at the December 21, 2022 Commission meeting.
- **Vacating of First Order** – As seen in the Order, the Commission is to vacate the First Order (as defined in the Order) which was previously filed of record in the county records of Galveston County.

- **Vacating of Second Order** – As discussed at the December 21, 2022 Commission meeting, the City Manager of the City indicated that it was within his power to vacate the Second Order (as defined in the Order) which was previously filed of record in the county records of Galveston County, and this would be accomplished immediately.
- **Compliance with the Order** – As noted in this Status Update, and in conformity with the Strategic Plan, as of the date of this update, the Ownership and Creekside have complied with the various action items and deliverables as set forth in the Order.

STANDSTILL AGREEMENT

- **Draft Agreement** – The general counsel for the Owners has drafted a Standstill Agreement (the “Standstill Agreement”) and has submitted to the City Attorney for the City. The Standstill Agreement is still being negotiated.

FENCING

- **Proposals** – The General Contractor for the Ownership (the “GC”) has requested four (4) proposals for the renting and installation of fencing to be constructed around the perimeter of Creekside. The GC is seeking to secure a private vendor that will supply the fencing at a fixed price for a fixed period of 12 months. In addition, the GC has already started to position crews for the fence installation.
- **Proposal Analysis and Recommendations** – Following the receipt, analysis and recommendation by the GC to Ownership of the final fence proposal (which should be on or before January 6, 2023), the GC will contract with the vendor to have the fence constructed in compliance with the dates set forth in the Order (by the end of January 2023).

GC PROPOSAL AND CONTRACT

- **GC Proposal** – The GC has submitted a pricing of a time and materials proposal to Ownership which covers multiple phases of the overall Strategic Plan, as outlined on [Exhibit G](#).
- **GC Contract** – The GC and Ownership envision executing a GC Contract before January 6, 2023 which deals with the specific action items set forth in the Strategic plan which are to be accomplished and delivered by the end of January 2023.

INSURANCE

- **Current Policy** – As stated in the Strategic Plan, Ownership will continue to hold property, casualty and general liability coverage for Creekside. Attached as [Exhibit H](#) is the existing policy outlining the coverage dates.

UTILITIES

- **Utility Transition** – The GC has experience in dealing with water, sewer, gas and electrical disconnects. The GC will take all reasonable steps imposed by the City relative to the normal, customary and orderly and shut down in a manner to safeguard the utilities at Creekside following the vacating of the tenants and the installation of the fencing.

PPP DEVELOPMENT PLANS

- **Economic Development Plans** – Following the December 21, 2022 Commission meeting, representatives of Ownership reached out to the City Manager for the City for an introduction to the Economic Development Director of the Dickinson Economic Development Corporation (“DEDC”). These conversations have been fruitful and resulted in multiple additional follow up calls with internal and external consultants of the City and the DEDC. Many of the conversations are classified as “*confidential*” given their economic development nature, yet a summary of these conversations and a process for moving forward can be found below:
 - Ownership to take the lead on the assemblage of the 60-acre (which includes the footprint for Creekside);
 - Ownership to complete the safeguarding of Creekside (fencing, vacating, utilities, security, etc.) by the end of January, per the Order;
 - Executive Director of the DEDC to assist Ownership to get the various properties under contract, in a strategic and discrete manner so as not to elevate the potential purchase price;
 - Ownership to contract create a holding company for the 60-acre land assemblage and to D
 - Executive Director of the DEDC to propose to its board to engage (and fund) the design and land planning firm to prepare a master design plan for the entire 60-acres (investigate Dickinson’s CIP to see if future projects can relocate to the 60-acres);
 - Halff & Associates to complete the City’s Comp Plan (funded by the city) for a vote in 2023;
 - Hawes Hill to complete the Economic Development Strategic Plan (funded by DEDC) and provide input to the overall economic impact;
 - Ownership to prepare the Sources and Uses of the mixed-use Development (to be developed in February and March) and, in conjunction with DEDC Executive Director and Hawes Hill, to determine the various funding gaps and uses of alternative tools (TIRZ, MMD, LGC, PID, 4A / 4B, etc.);
 - Ownership and City Planner for the City to coordinate and develop a PUD application to be submitted and processed in Q2/Q3 2023;
 - Ownership and DEDC Executive Director to process the various funding applications, petitions, etc. for the required funding sources;
 - Ownership to coordinate with its architect, engineer, GC, co-development partners, etc. and the City Building Inspector to prepare the various plans, specifications, etc. for the overall development in Q2 and Q3 2023;

- Ownership to secure the required equity and debt to fund the various development projects, in addition to the Sources of capital from the various funding tools secured through the EDC / others; and
- Ownership to submit for permits, commence site work, etc. (date – TBD)

We realize that there are a myriad of additional steps and action items in the Strategic Plan process, yet this will provide a high-level update as to where things stand as of the date of this update.