

1322 E. 12th Ltd.

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June 29, 2018

The City of Austin
Attn: Mashell Smith
One Texas Center
505 Barton Springs Road
Suite 1350
Austin, TX 78704

Via email Mashell.Smith@austintexas.gov

Re: First and Second Extensions under
Escrow Agreement

Dear Mashell:

1322 E. 12th Ltd. desires to exercise its First and Second Extension under the Escrow Agreement in conjunction with its construction of a mixed-use project at 1322 E. 12th Ltd. ("Project"). As we discussed last week, we have diligently pursued permitting and construction of the Project, but experienced numerous delays in getting to this point which I have outlined below. After finally receiving our site development permit, we commenced construction of the Project last month.

As you are aware, our original proposal that was accepted by the City contemplated the construction of a 70+ unit vertical mixed-use project that included approximately 25,000 sq. ft. of ground floor retail and underground parking. The City Council's approval from the dais specifically referenced such a project. After preparing and submitting plans for the vertical mixed-use project, we were informed by the Planning & Zoning Department that the area was zoned for MU, but not VMU. Realizing the intent of Council was different than the current zoning, the P&Z staff agreed to carry a case on our behalf to the Planning Commission to rectify the error.

At the Planning Commission meeting, it became apparent that the surrounding neighborhoods were going to oppose any type of VMU designation for the project. At that time, we asked the City to withdraw its case and we decided to move forward with a project that could be built under existing zoning. The resulting project is a 24 unit residential condo project, together with approximately 8,500 sq. ft. of ground floor retail and surface parking at the rear of the project to be accessed through the alley to Angelina Street on the east.

Even though we were building a “no variance” project, it still took an inordinate amount of time for our revised plans to be approved by the various City departments. As you will recall, Public Works insisted we pave the entire alley between Angelina and San Bernard Streets even though our project only occupied half of that block and was oriented to take access from Angelina. Our attempts to remove that request delayed our final plans for over five months and we finally acquiesced to the City’s request. We also experienced other delays in receiving comments from staff and having those comments removed once addressed.

We received our site development permit a few weeks ago and, as I mentioned in my email yesterday, began construction last month. Our anticipated completion date is April 2019. Since the First and Second Extensions outlined under the Escrow Agreement are for 180 days each, we need to exercise both now in order to cover our targeted completion date.

Thank you in advance for your consideration of this matter. If you have any questions, please let me know.

Sincerely yours,

A handwritten signature in black ink, appearing to read 'W. Harriss', with a stylized, cursive script.

William M. Harriss
Chief Financial Officer

cc: William D. Brown, Sneed, Vine & Perry