

City of Alexandria, Virginia

MEMORANDUM

DATE: DECEMBER 14, 2007

TO: THE HONORABLE MAYOR AND MEMBERS OF CITY COUNCIL

FROM: JAMES K. HARTMANN, CITY MANAGER 

SUBJECT: AUTHORIZATION AND RESOLUTION TO ACQUIRE PROPERTIES AT
4530 AND 4600 KING STREET AND 3451 NORTH BEAUREGARD STREET

Attached you will find a copy of the Principal Terms of Agreement in regard to the acquisition of 4530 and 4600 King Street, as well as 3451 North Beauregard Street. The final details of this Agreement have now been agreed to by both parties and are consistent with the outline of the acquisition agreement previously discussed with Council.

Attachment

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December 7, 2007

BY HAND DELIVERY

The Honorable William D. Euille,
Mayor of The City of Alexandria
301 King Street
Alexandria, VA 22314

Mr. James K. Hartmann
City Manager
301 King Street
Alexandria, VA 22314

Re: Donation of The Jefferson Memorial Hospital and Office Building Property

Dear Mayor Euille and Mr. Hartmann:

The purpose of this letter is to set forth the understandings that have been reached between the representatives of the City of Alexandria, Virginia (the "City") on the one hand, and the Laszlo N. Tauber Revocable Trust (the "Trust") and The Laszlo N. Tauber Family Foundation, Inc. (the "Foundation"), on the other hand, whereby the Foundation intends to donate the Property (identified in Attachment A) to the City, under certain terms and condition.

The following are the principal terms of agreement:

1. The Property is comprised of certain land and buildings located at the intersection of King and Beauregard Streets, as identified in Attachment A (the "Property"). The Property includes the former Jefferson Memorial Hospital ("Hospital"), which is under demolition, and the adjacent Jefferson Memorial Medical Office Building ("MOB"), which is unoccupied, the land under and around these buildings, together with any applicable garage portion of the Beauregard Office Building ("Garage").

2. The Foundation, after obtaining full title to the remainder of the Property in a manner consistent with the reasonable requirements of the City's title insurance company, intends to donate the Property to the City of Alexandria. The donated Property will be owned by the City for no less than 10 years and be used as a campus of buildings constructed by the City primarily to house City and school agencies, facilities and persons that serve the public's needs, including, but not limited to, mental health and other medical-related services and services related to supporting or providing low or moderate income housing.

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The City's intent to lease a small portion of the Property to commercial businesses which would serve the occupants of the Property will be permitted. The campus shall be named the "Laszlo N. Tauber Campus," as a memorial to the father of Alfred I. Tauber and Ingrid D. Tauber, who assembled the Property and was the principal force behind the hospital and the connected medical office building which contained the dedicated medical professionals who served the community for so many years.

3. Upon receiving the donation, the City will reimburse the Trust for \$5,000,000 of the considerable expenses it has incurred in recent years to secure the Property and put it into a position to be donated. The itemization of the various expenditures incurred by the Trust, directly and as the general partner of the Jefferson Memorial Hospital Joint Venture ("JMHSV"), are set forth in my letter to you dated, June 22, 2007 and follow-up email dated October 4, 2007.

4. But for the requirement of insurable title, the City will take the Property on an "as is" basis. The City will assume the costs, expenses and liabilities for any further demolition of the improvements on the Property, or any other work required by codes, regulations or laws applicable to the Property, or work the City chooses to perform with regard to the Property. The City will release the Foundation, the Trust, the JMHSV and their affiliates, trustees, directors, officers, employees, agents and representatives (the "Tauber Parties"), from any and all liabilities that exist or may in the future arise relating to the Property. Further, the City will indemnify, defend and hold harmless the Tauber Parties from any and all claims, actions, liabilities, losses and damages from any third parties with respect to the Property that may be asserted or arise after the date of conveyance.

5. The City Department of Planning and Zoning will provide to the Foundation a signed original of the attached letter indicating that the Property's existing OCM-100 zoning permits a floor area ratio (FAR) of 1.5 and, had it not been donated, any owner of the Property could have petitioned the Planning Commission and City Council for a rezoning, Special Use Permit and all other applicable approvals to request a higher FAR, up to and including a 2.5 FAR which, assuming compliance with all applicable requirements and a complete analysis, would likely have been viewed as reasonable by the City.

6. The expected date for closing this transaction is by the end of January, 2008. Promptly after this letter is signed by the parties, and upon obtaining full title to the remainder of the Property, we intend to prepare the formal documents, including the agreement and transfer documents, which will be subject to your review and approval.

7. Once this letter is signed, the City will issue a press release announcing the intended donation and will hold a joint press conference on a mutually agreeable date. (We would appreciate the opportunity to provide our comments on the language of the press release before it is issued.)

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To indicate the parties agreement to the terms and conditions set forth in this letter of understanding, please sign the enclosed duplicate original, which has been signed by Alfred I. Tauber, and return it to me. Please execute this letter and retain it for your records.

We look forward to working with you to effectuate this transaction.

With best regards.

Sincerely,

Dennis A. Davison

Agreed :

The City of Alexandria, VA

The Laszlo N. Tauber
Family Foundation, Inc.,
the Laszlo N. Tauber
Revocable Trust and The
Jefferson Memorial
Hospital Joint Venture

by: _____

by: _____

Attachments

cc: Dr. Alfred I. Tauber (by email, with attachments)
Roger Pies, Esq. (by email, with attachments)

December ___, 2007

Dr. Alfred I. Tauber, Trustee of
The Laszlo N. Tauber Revocable Trust, and
The Laszlo N. Tauber Family Foundation, Inc.
Boston University
745 Commonwealth Ave.
Boston, MA 02215

Re: The Property located at the intersection of King and Beauregard Streets, in Alexandria, Virginia, and formerly the location of the Jefferson Memorial Hospital and the Medical Office Building, and related land and parking (the "Jefferson Property")

Dear Dr. Tauber:

On behalf of the City of Alexandria, I want to thank the Tauber family and The Laszlo N. Tauber Family Foundation, Inc., for their extraordinary generosity in intending to grant the Jefferson Property to the City of Alexandria. As you know, the City's plans for the Jefferson Property are very exciting, and we look forward to a productive and long-term relationship with the Foundation.

As we discussed, based upon the scale, height and density of adjoining developments the Tauber ownership would be eligible to request a rezoning and all applicable use permits and approvals to increase the FAR for the Jefferson Property, being a visual gateway entrance for Alexandria, from the existing 1.5 FAR to a 2.0/2.5 FAR, (for uses such as a mixed-use project of retail, including a supermarket, residential and low income housing, and office, possibly including medical suites), provided that all applicable requirements were met and complete analysis were conducted as part of the proposed rezoning. Based on the foregoing, the City would likely have viewed such a request as reasonable, although any increase in density could not be assured, as a rezoning and all applicable approvals would require review and approval by the Planning Commission and City Council.

We look forward to a long a productive relationship with the Tauber Family Foundation and the Tauber family.

Faroll Hamer, Director
Department of Planning and Zoning
City of Alexandria, Va.