

October 15, 2024

Sarah Hensley
Director of Community Development
City of Keller, Texas

via email: [REDACTED]

Regarding SUP-23-0030

Dear Sarah:

This letter will serve as the request by the owners of the property at 1220 Keller Parkway to extend the Specific Use Permit, approved by Ordinance No. 2147 on November 20, 2023, to allow the facility to be operated as a surgical outpatient facility. The entity that completed the prior request, Millrock Commercial, is no longer active with the property. The property was syndicated to a number of tenant-in-common investors and this request is being made on their behalf.

The reason for the request to extend the SUP is to allow the owners to sell the property to a qualified group of physicians who will complete the renovations of the building and open it as a surgery center. Since the last approval, we have been marketing the property for sale. We now have several groups interested in the facility, but they need to confirm that the surgery center use will be allowed in order to complete the sale transaction.

The groups with whom we are in discussion include:

- 1) a group of foot & ankle surgeons supported a publicly-traded surgery center operator and a major hospital system,
- 2) a group of ENT doctors and a successful surgery center operator.
- 3) a group of cardiologists

Each of these groups have spent several months evaluating the property and believe that the building will enable them to quickly fill a void in the market for outpatient surgical procedures. We hope to close on the property before the end of the year. Obtaining an extension of the SUP is critical to allow buyers to complete their due diligence and close on the property.

As you may recall, the previous owner was in the process of converting the urgent care facility to a surgery center when the tenant defaulted. The renovation was approximately 70% complete, before it was immediately halted in 2021. Over the past few weeks, we have also engaged contractors and architects to evaluate the property and provide estimates as to the cost to complete the construction.

All have indicated that the prior construction was completed in a quality manner and believe that the time required to complete the initial phase of finish-out, after obtaining necessary construction permits, will be approximately 60 to 90 days.

We have also had initial discussions with the Architectural Review Unit of the Texas Department of Health and Human Services (HHS). The selected buyer will work with HHS to have the property inspected and approved to confirm that it meets state design standards and construction requirements.

Given the location and the current design of the property, we believe that a surgery center is the highest and best use for the property. Each of the groups with whom we are in discussion, will be an outstanding partner in the Keller community. Each of the groups would use most of the building as it has been currently designed. There may be some redesign with regard to the cath lab. This space would only be of use to a cardiology group so other groups would likely convert that space to a third OR or two procedure rooms. (See Exhibit A attached.)

Our hope is to have the property sold to one of the groups by the first of next year. The new buyer would finalize their designs, obtain state approval, and complete construction over the next several months. We would hope that the facility could be operational by the end of next year. We are requesting the SUP extension for one additional year and feel certain that construction would begin well before the revised expiration date.

Thank you again for your guidance and past assistance in working with us on this project. We look forward to completing a transaction soon that will bring the building back into use as a high-quality location for needed medical services.

Sincerely,

A handwritten signature in blue ink, appearing to read 'Jim Sager'.

Jim Sager
Transwestern Commercial Real Estate
(Applicant for the Owners)

A handwritten signature in blue ink, appearing to read 'Roger Wilson'.

Roger Wilson
Owner Representative

Exhibit A



