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Memorandum

To: Mayor & Council
From: David Reynolds
Re: Agenda Item: Consider R2 SIA Funds on Deposit Agreement
Date: 03/17/2026

Purpose:

The purpose of this agenda item is to consider approval of a Funds on Deposit Agreement with R2 Development Group. As Council may recall, R2 successfully completed the PUD Land Use Application process and is now moving forward with permitting and development.

As part of this process, R2 is required to provide a financial security deposit to ensure completion of the public improvements associated with the development project. This security serves as protection for the Town in the event of a default during construction of those improvements.

Security for this type of work is typically provided in the form of a letter of credit from a bank; however, developers also have the option of providing cash as security for the work to be completed. In this case, R2 has elected to provide cash security, which will be deposited in a designated Town of New Castle bank account and released back to the developer as work is satisfactorily completed.

Working with the Town Attorney, the developer's attorney, and Town staff, a Funds on Deposit Agreement has been prepared for Town Council's consideration.