

Memorandum



To: Mayor and Town Council

From: Ryan Spitzer

Date: 12/4/2020

Re: US Developments PSA

Overview:

The Town does not have a finalized draft of the PSA with US Developments at this time. We are working out the final details in reference to the option property and how it fits in with the General Statutes of North Carolina. We hope to have one completed by the Council Meeting for Councils review. Representatives from US Developments will be at the meeting to answer any questions and to go over the development. The Notice of the PSA and Parking Garage have already been advertised so we did not want to take it off of the Agenda.

The major changes that you will see in the updated PSA from when you reviewed it prior are below. These changes are to comply with that statutes that the Town has to sell property for fair market value at the time of the sale unless there is a compelling economic development case for a lower value. The Town also has to sell the option property for fair market value at time of the sale of each option property. The current valuation is what we believe to be fair market value.

1. Purchase price of the first development lot (old police lot) will be dropped from \$1million to \$505,000 with a non-refundable deposit of \$495,000 due at closing for the option property.
2. The purchase price of the option property will increase from \$2million to \$2.5million. The yearly increase in price due to US Developments not exercising their option to purchase will drop from 5% to 1%. This is because the purchase price of \$2.5million is already at the high side of the 5% increase over 5 years.
3. There will be a clause added that either the town or the developer gets to build the parking garage and how the leasing of land and spaces will be done.
4. As of this memorandum there is still a 5-story building being erected.