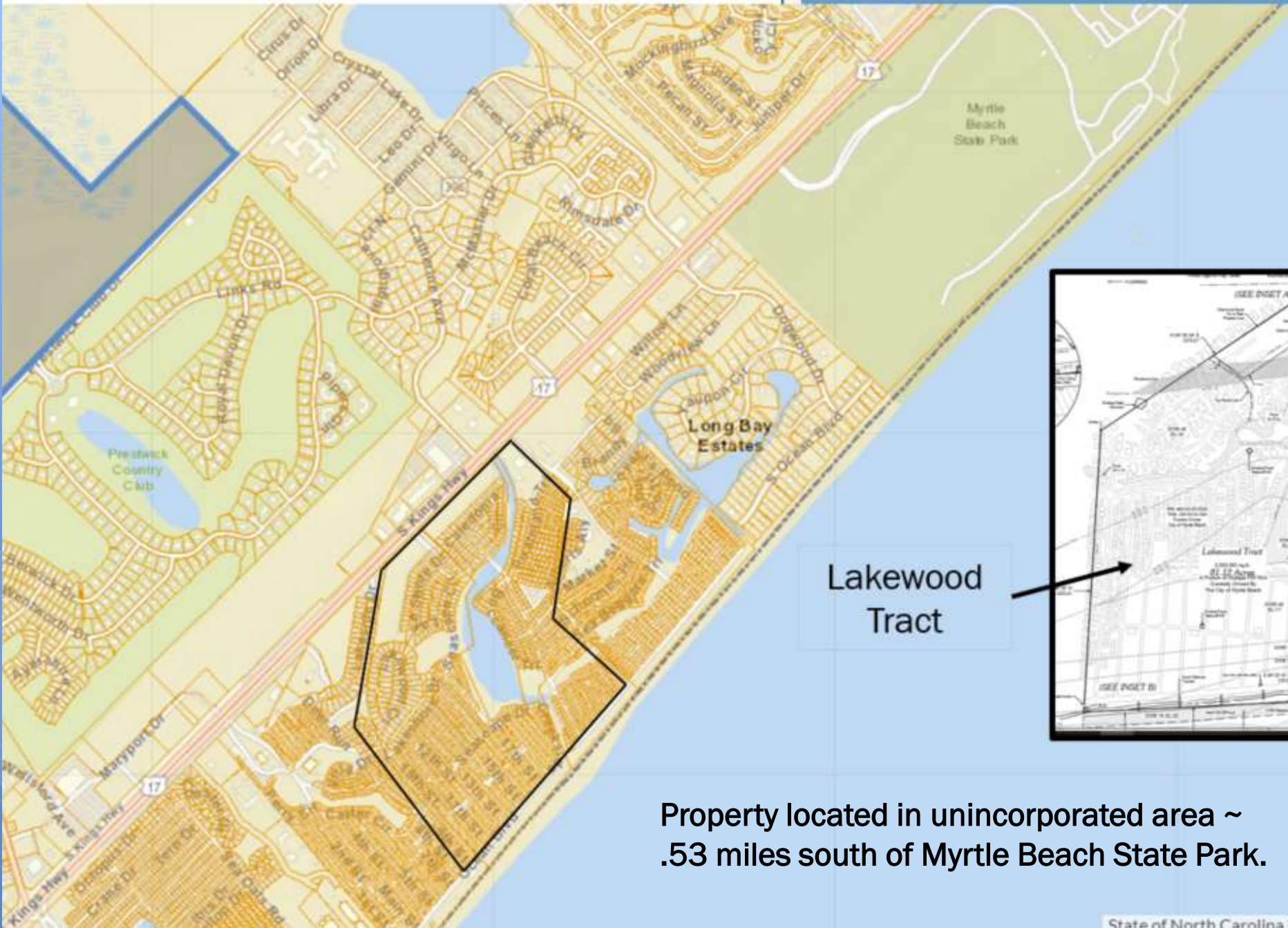




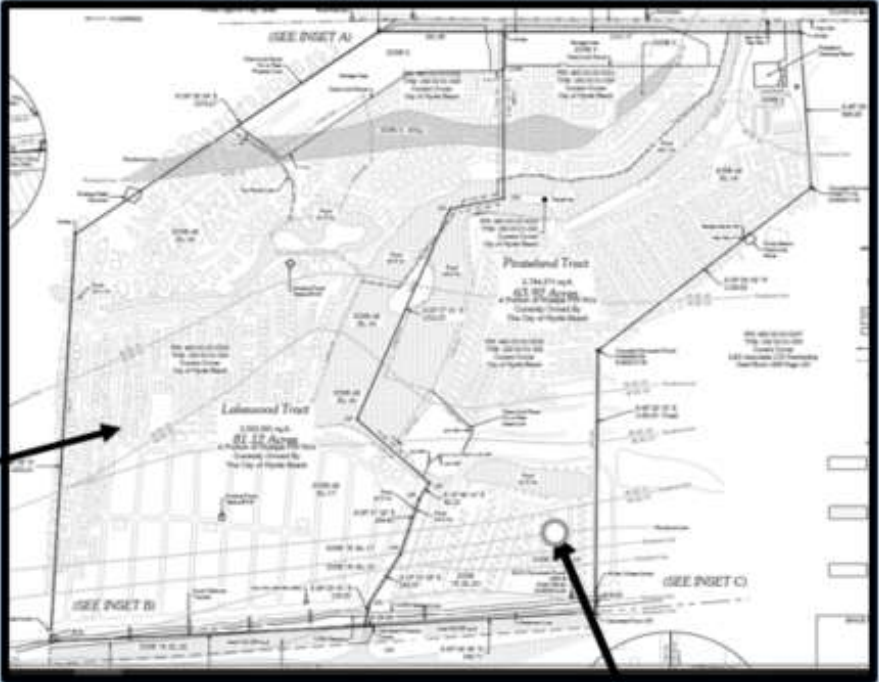
Proposed Sale of City Owned Properties



Property Location



Lakewood Tract



Pirateland Tract

Property located in unincorporated area ~ .53 miles south of Myrtle Beach State Park.

History of City Ownership

- **October 1948...** Following WWII, the U.S. government deeds 143 acres to the Town of Myrtle Beach. The deed restricts the use of property or proceeds to public airport purposes for the public's benefit.
- **February 1953...** Council approves a resolution seeking release from the 1948 deed restrictions, w/ revenues from the property to be used for aeronautical purposes. U.S. government subsequently releases Town from those restrictions, but prohibits future uses that would create a hazard to aircraft.
- **June 1982...** Following a challenge to the City's right to enter into a lease agreement, the U.S. government files a disclaimer of "all interest" in the property.
- **February 1990...** The City enters into lease agreements w/ the proposed purchasers to use the properties as part of their campground operations.
- **February 2000...** Council approves a resolution to use monies from the leases for construction of Harrelson Blvd to enhance access to the Airport Terminal.
- **September 2000...** Council approves a motion to give \$3.2 million to Horry County Airports.
- **March 2004...** Council agrees to split campground lease proceeds w/ County (25% City -75% County).

Notes:

- The City's rights of ownership of the property & the lease revenues have been disputed several times & resolved in the City's favor by State & Federal Courts, & the Attorney General.
- Over time, the City has contributed nearly \$36.9 million from lease revenue for Airport uses.

Purchase Price = \$60,000,000

○ All Payments are allocated on a proportional basis (total 145.04 acres):

- Pirateland: 63.92 ACRES (~40.1% OF TOTAL).
- Lakewood: 81.12 ACRES (~59.9% OF TOTAL).

○ Purchase Price (total = \$60,000,000):

- Pirateland: \$26,442,361.
- Lakewood: \$33,557,639.
- Downpayment of \$10,000,000:
 - Pirateland: \$4,307,060, plus \$100,000 Earnest Money previously paid).
 - Lakewood: \$5,492,940, plus \$100,000 Earnest Money previously paid).
- Remaining \$50,000,000 - financed & secured by purchase money notes w/ a max term of 5 years.
 - Pirateland: \$22,035,540.
 - Lakewood: \$27,964,460.

Sales Price is midway between both appraisals

Assumptions	Appraiser	Appraisal	Appraiser	Appraisal	Appraisal
Pirateland Tract	Buyer's	\$ 20,500,000	Seller's	\$ 33,700,000	Average \$ 27,100,000
Lakewood Tract	Buyer's	\$ 26,000,000	Seller's	\$ 42,500,000	Average \$ 34,250,000
Total	Total	\$ 46,500,000	Total	\$ 76,200,000	Total \$ 61,350,000

Incentives for Early Payment of the Notes Totaling \$50,000,000

Increasing Interest Rates:

- Each year that the note remains outstanding, the interest rate increases:
 - Year 1 - 1.5%.
 - Year 2 - 2.0%.
 - Year 3 - 3.25%;
 - Year 4 - 4.00%.
 - Year 5 - 5.00%.

Decreasing Sales Credit:

- The buyer receives a credit based on the amount of the 2020 lease payment.
- The amount of the credit is reduced each year that the note remains outstanding:
 - If paid in 2021, credit = 100% of 2020 lease payment.
 - If paid in 2022, credit = 75% of 2020 lease payment.
 - If paid in 2023, credit = 50% of 2020 lease payment.
 - If paid in 2024, credit = 25% of 2020 lease payment.
 - If paid in 2025, credit = 0% of 2020 lease payment.

Annexation Provision

- The property is located outside the current City limits.
- Purchasers agrees execute an Annexation Petition no earlier than 5 years after the Closing as long as:
 - Such Annexation Petition is legally permissible.
 - The zoning of the Property after annexation into the City allows for all current/existing uses and operations.
 - City takes over maintenance & repair of the regional stormwater drainage system & pond located on the properties (now maintained by Horry County).

Other Key Points:

- The property is currently under lease to the purchasers thru 2/28/25.
- The purchasers will continue to use the properties as campgrounds. No other use is contemplated.
- There are ~700 privately owned structures located on the 2 campground properties.
- Structures are difficult to sell as they are on land subject to a 5 year lease w/ 4 years remaining.
- The sale to the campground owners allows them to enter into longer term agreements w/ the structure owners.
- Upon the sale the campground owners can extend the lease agreements – gives the owners of the structures greater latitude to sell.
- The sales price is a negotiated figure mid-way between the City’s appraisal of the property & the proposed purchaser’s appraisal - \$413,679.
- Property is sold “As Is”.
- Proposed closing date: by 12/31/2020.

QUESTIONS?