

November 10, 2020 - 1<sup>st</sup> Reading  
 December 1, 2020 - Presented for approval.

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1 **2020-049 (2<sup>nd</sup> READING): AN ORDINANCE TO AUTHORIZE THE CITY MANAGER TO**  
 2 **EXECUTE A PURCHASE AND SALE AGREEMENT (AND ANY OTHER RELATED DOCUMENTS,**  
 3 **AND/OR MINOR MODIFICATIONS THERETO) WITH THE TBD (WHOLLY OWNED BY**  
 4 **LAKWOOD CAMPING RESORT) CONVEYING CITY-OWNED PROPERTIES TOTALING 81.12**  
 5 **ACRES... TO THAT GROUP AT A PRICE OF \$33,557,639.**

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6 **Applicant/Purpose:** Staff / to authorize sale of these city-owned parcels.  
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8 **Brief:**

- 9 • These city-owned parcels (located south of the current City limits) were conveyed to the City
- 10 from the US government in 1948, & have been leased to the purchaser & used for campground
- 11 purposes since the 1970's.
- 12 • The property is currently under lease to the purchaser through February 28, 2025.
- 13 • The purchaser will continue to use the property as a campground. No other use is contemplated.
- 14 • Since 1<sup>st</sup> reading: minor changes to the Purchase Agreement that do not affect the terms
- 15 described above.

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 17 **Issues:**

- 18 • There are approximately 700 privately owned structures located on the 2 campground properties.
- 19 • These structures are difficult or impossible to sell as they are on land that is subject to a 5 year
- 20 lease (4 years remaining).
- 21 • The City's sale of the property to the campground owners allows them to enter into longer term
- 22 agreements w/ the structure owners, which then allows these owners greater latitude to sell.
- 23 • The key business points of the proposed transaction are:
  - 24 ○ The sales price is a negotiated figure mid-way between the City's appraisal of the
  - 25 property & the proposed purchaser's appraisal. Together w/ the City-owned parcels in
  - 26 2020-048, the total sales price is \$60,000,000 (\$413,679/acre).
  - 27 ○ Of that amount, \$10,000,000 will be paid at closing (scheduled by 12/31/2020).
  - 28 ○ The remaining \$50,000,000 will be paid w/in 5 years of the closing date.
  - 29 ▪ The City will hold a mortgage secured by these properties.
  - 30 ▪ To incentivize the payment of the remainder w/in this 5 year period:
    - 31 - Interest rates applied to the unpaid balance increase each year.
    - 32 - Sales credit based on the 2020 lease amount is reduced each year.
  - 33 ○ An Annexation Petition will be executed no earlier than 5 years after closing provided
  - 34 the Petition is legally permissible, the proposed zoning allows all existing uses, & the
  - 35 City takes over stormwater system maintenance (currently maintained by Horry County).

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 37 **Public Notification:** Normal advertisement of ordinance for 1<sup>st</sup> reading.  
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39 **Alternatives:**

- 40 • Continue to lease the properties to the campground operators until the end of the current Lease
- 41 Agreement (2/28/2025). Then decide to extend the leases, or find another use for the property.
- 42 • Modify the negotiated sales agreement.

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 44 **Financial Impact:**

- 45 • Between the two campgrounds the total price is \$60,000,000.
- 46 • Of that amount \$10,000,000 is due at closing (before 12/31/2020).
- 47 • The remaining \$50,000,000 will be paid at any time by the purchasers w/in the next 5 years.
- 48 The purchase agreement incentivizes an earlier payment of this amount.

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 50 **Manager's Recommendation:** I recommend 1<sup>st</sup> reading (11/10/2020).  
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52 **Attachment(s):** Proposed ordinance.