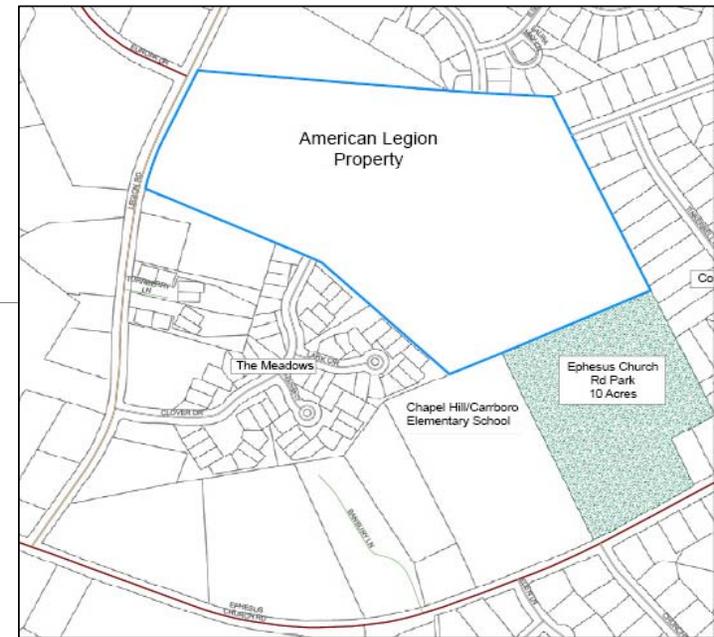


American Legion Property Acquisition

CHAPEL HILL TOWN COUNCIL
DECEMBER 5, 2016



Acquisition Overview

\$7.9 million purchase price for 35 Acres

Installment Purchase Plan of three payments

3 year lease of buildings and land around them to the American Legion

Master planning process to consider portion of the land to be used for park expansion and partnership with schools; portion of the land for other Town Goals, especially expansion of non residential future use and partnership opportunities

Slide 2

KP4 Added dollar signs to numbers that represent dollars
Ken Pennoyer, 11/23/2016

Council Action

1. Approve Resolution (R-8)

Authorize the Town Manager to execute the contract to purchase and lease the American Legion property under the terms presented

2. Enact Budget Ordinances (O-3 and O-4)

Appropriate fund balance for closing costs of \$3.6 million and associated costs for property purchase and amend Capital Projects Ordinance and reflect a transfer from the General Fund.

Background Negotiations

- 2005: -The American Legion grants right of first refusal to the Town.
- 2015: -American Legion offered the property to the Town at a cost of \$9 million.
 -The offer was declined because of cost and availability of funds.
- 2016: -Town closed FY16 with \$3.6 million over fund balance target
 -Voters approved a bond referendum with \$8 million dollars of authorized Parks & Recreation bonds.

Slide 4

KP3 Changed fund balance description and referendum amount.
Ken Pennoyer, 11/23/2016

2016 Negotiations

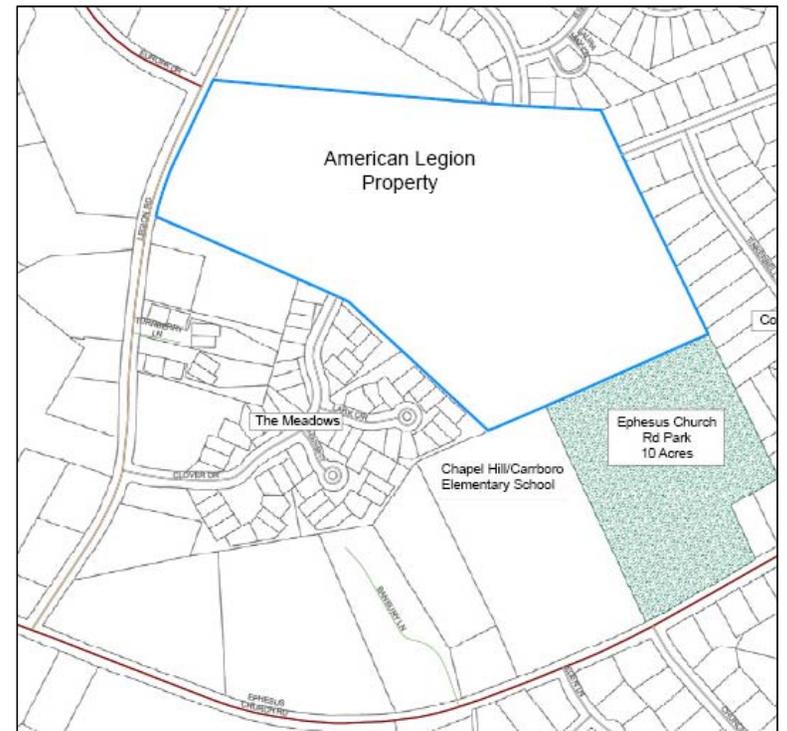
- October: -Council considered new offer by American Legion and authorized the Town Manager to re-open negotiations with American Legion Leadership.
- November: -Council tentatively approved terms of acquisition in a closed session.
- Tonight: -Council authorizes Town Manager to execute agreement to purchase contract (recommended action)

Contract Overview: Purchase Structure

\$7.9 million Total Cost

Installment payment structure

- \$3.6 million due at closing in early 2017
- \$2.15 million Installment Payments in 2018 and 2019



Slide 6

KP2 Installment payments are due 12 and 24 months after closing which is planned for March
Ken Pennoyer, 11/23/2016

Contract Overview: Lease Structure

3-year Lease Arrangement

- American Legion will continue to occupy clubhouse, dance studio and surrounding land for three years.
- Contract must be accepted by American Legion Membership.
 - Mid-December timeframe



Purchase Price Rationale – \$7.9M

2015 Appraisal: \$4.8 million with no entitlement. \$10.3 million if approved for a project similar to the Woodfield proposal.

Current Zoning: Approximately 144 unit subdivision results in a land value of \$7.5-8.0 million.

Slide 8

KP1 I do not believe we have an appraisal for the site.
Ken Pennoyer, 11/23/2016

Potential Future Use

- Assumption that some portion will be used as a park
- Acreage could also allow for other uses including
 - community civic space, commercial/office and other
- Potential for cost recovery if Council is willing to sell some of the property
- The Town will initiate master planning process in 2017 to consider future uses

Council Action – Staff Recommendation

1. Approve Resolution (R-8)

Authorize the Town Manager to execute the contract to purchase and lease the American Legion property under the terms presented

2. Enact Budget Ordinances (O-3 and O-4)

Appropriate fund balance for closing costs of \$3.6 million and associated costs for property purchase and amend Capital Projects Ordinance and reflect a transfer from the General Fund.

Questions
