

## City Council – Action Request Form

**Date:** September 3, 2019

**To:** Mayor, Mayor Pro Tempore, and Members of the City Council

**From:** Angela I. Carmon, City Attorney

**Council Action Requested:**

Resolution Modifying the Resolution adopted on December 18, 2017 Approving the Release of the Restrictions on 1.5 acres of the 20 acres sold to Greater Tabernacle Worship Center and a Grant to Greater Tabernacle Worship Center

**Strategic Focus Area:** Economic Vitality and Diversity

**Strategic Objective:** Promote Commercial Development in Economically Disadvantage Areas

**Strategic Plan Action Item:** No

**Key Work Item:** No



**Summary of Information:**

In 2013, the City sold 20 acres (“Original Tract”) to the Greater Tabernacle Worship Center (“Church”) with the requirement that said property be used to carry out a public purpose, more specifically to build a facility for community programs (“Facility”). In 2017, the City Council approved the release of the public purpose requirement on 1.5 acres so the Church could sell the 1.5 acres to the Developer/Dollar General. Because the property was sold in 2013 at a discount, the Church is required to go back and pay the City fair market value for the 1.5 acres in order for the City to release the 1.5 acres from the public purpose requirement, minus what the Church paid in 2013 for the 1.5 acres. Consequently, the Church is required to pay the City approximately \$285,000 of the \$300,000 purchase price that Dollar General has agreed to pay the Church. The City agreed to provide that same amount back to the Church in the form of a grant. The rezoning from LI to LB-S was approved on May 6, 2019 to allow the Developer to build the Dollar General on the 1.5 acres (“Site”).

The project has not moved forward because the Developer and Church encountered a problem with the deed of trust on the Original Tract plus the Church home. Instead of asking for \$15,000 to release the 1.5 acres from the deed of trust, the First-Citizens Bank and Trust Company

**Committee Action:**

<b>Committee</b>		<b>Action</b>	
<b>For</b>		<b>Against</b>	

**Remarks:**

(“Bank”) has demanded to be paid in full, which is essentially \$204,000. The Church borrowed money from the Bank to buy the property from the City.

The demand from the Bank changes the nature of the transaction. Instead of providing the Church with a grant as proposed originally, the following alternative solution is offered as a win-win solution for all parties involved:

- (a) The Church agrees to relinquish control of the full \$300,000 purchase price to the City, which will permit the deed of trust held by the Bank to be paid off, unencumbering the Original Tract which includes the 1.5 acres and the Church home from the deed of trust held by the Bank;
- (b) The balance of the proceeds will be placed either in an escrow account for which the Church will sign an escrow agreement or in a similar city account designated solely for the development of the Facility (“Development Fund”);
- (c) The Church will convey to the City a zero-interest first lien deed of trust (“City Deed of Trust”) on the remaining 18.5 acres for that portion of the sale proceeds used to pay the Bank. Any payments made by the Church to the City pursuant to the City Deed of Trust will be paid into the Development Fund. The expiration date for the escrow account or similar city account will coincide with the length of time Council gives the Church to build the Facility; and
- (d) The City is protected by: (i) the language in the deed from the City to the Church and (ii) the first lien deed of trust in favor of the City that will be placed on the remaining 18.5 acres.

Any future efforts by the Church to sale off any portion of the remaining 18.5 acres will still require the approval of City Council.