

November 10, 2020 - 1st Reading
December 1, 2020 - Continued.
December 8, 2020 - presented for approval.

2020-048 (2nd READING): AN ORDINANCE TO AUTHORIZE THE CITY MANAGER TO EXECUTE A PURCHASE AND SALE AGREEMENT (AND ANY OTHER RELATED DOCUMENTS, AND/OR MINOR MODIFICATIONS THERETO) WITH PONDEROSA, INC. (CURRENT OPERATORS OF THE PIRATELAND FAMILY CAMPING RESORT) CONVEYING CITY-OWNED PROPERTIES TOTALING 63.92 ACRES... TO THAT GROUP AT A PRICE OF \$26,442,361.

Applicant/Purpose: Staff / to authorize sale of these city-owned parcels.

Brief:

- These parcels (located south of the current City limits) were conveyed to the City from the US government in 1948. The properties have been leased to the purchaser & used for campground purposes since the 1970's (currently under lease to the purchaser through February 28, 2025).
- The purchaser will continue to use the property as a campground. No other use is contemplated.
- Since 1st reading: Changes driven by the County's filing of a Lis Pendens:
 - Due to the cloud on the title, closing cannot go forward until this matter is resolved.
 - Earnest money deposits reduced from \$100,000 each to \$50,000.
 - City may terminate the Agreement upon an adverse judicial determination, upon which City returns the earnest money, Purchaser receives lease payment credit up to \$150k (reimbursement for buyers' sunk costs), & is entitled to a 25-year lease extension.

Issues:

- There are ~700 privately owned structures located on the 2 campground properties.
- The structures are hard to sell as they are on land subject to a 5 year lease (4 years remaining).
- The City's sale of the property to the campground owners allows them to enter into longer term agreements w/ the structure owners, which then allows these owners greater latitude to sell.
- The key business points of the proposed transaction are:
 - The sales price is a negotiated figure mid-way between the City's appraisal of the property & the proposed purchaser's appraisal. Together w/ the City-owned parcels in 2020-049, the total sales price is \$60,000,000 (\$413,679/acre).
 - Of that amount, \$10,000,000 will be paid at closing (scheduled by 12/31/2020).
 - The remaining \$50,000,000 will be paid w/in 5 years of the closing date.
 - The City will hold a mortgage secured by these properties.
 - To incentivize the payment of the remainder the interest rates applied to the unpaid balance increase & the sales credit is reduced each year.
 - An Annexation Petition will be executed no earlier than 5 years after closing provided, proposed zoning allows all existing uses, & the City takes over stormwater system.

Public Notification: Normal advertisement of ordinance for 1st reading.

Alternatives: Continue to lease the properties to the operators until the Lease Agreement expires (2/28/2025). Then decide to extend the leases, or find another use for the property. Or modify the negotiated sales agreement.

Financial Impact:

- Between the two campgrounds the total price is \$60,000,000.
- Of that amount \$10,000,000 is due at closing.
- The remaining \$50,000,000 will be paid at any time by the purchasers w/in the next 5 years.

Manager's Recommendation:

- I recommend 1st reading (11/10/2020).
- I recommend approval (12/8/2020).

Attachment(s): Proposed ordinance.

CITY OF MYRTLE BEACH
COUNTY OF HORRY
STATE OF SOUTH CAROLINA

AN ORDINANCE TO AUTHORIZE THE CITY MANAGER TO EXECUTE A PURCHASE AND SALE AGREEMENT (AND ANY OTHER RELATED DOCUMENTS, AND/OR MINOR MODIFICATIONS THERETO) WITH PONDEROSA, INC. (CURRENT OPERATORS OF THE PIRATELAND FAMILY CAMPING RESORT) CONVEYING CITY-OWNED PROPERTIES TOTALING 63.92 ACRES IDENTIFIED AS PORTIONS OF PIN 460-00-00-0006/TMS192-00-01-022, PIN 460-00-00-0001/TMS 192-00-01-039, AND PIN 460-00-00-0005/TMS 192-00-01-021 TO THAT GROUP AT A PRICE OF \$26,442,361.

WHEREAS, these parcels, located south of the current City limits (see Attachment 1) were originally conveyed by the Federal Government to the City of Myrtle Beach in 1948; and

WHEREAS, the properties have been leased to the proposed purchaser since 1970's, and, along with adjacent privately owned properties, has been operated by that party as the "Pirateland Family Camping Resort" since 1990; and

WHEREAS, the proposed purchaser intends to continue the use of these properties as a campground (No other use is contemplated).

Now therefore be it ordained that the City Council hereby authorizes the City Manager to execute a Purchase and Sale Agreement (and any other related documents, and/or minor modifications thereto) with Ponderosa, Inc. (see attachment 2).

This ordinance is effective upon second reading.

BRENDA BETHUNE, MAYOR

ATTEST:

JENNIFER ADKINS, CITY CLERK

1ST READING: 11-10-2020

2ND READING: 12-8-2020

