



Legislation Text

File #: 20-0104, **Version:** 1

Discussion and action on legal agreement regarding Golf Court Townhomes

SUMMARY: City Attorney Ridley recommends that the City be secured by entering into contractual agreements with each of the property owners and the HOA for the sewer project. They would agree to pay a special sewer tap fee. The project would be amortized over a 20-year period as a special tap fee. The City would secure the agreement with a Master Deed of Trust with each of the owners and recorded for each property. The Deed of Trust would be second to any deed of trust on the property and would require that the balance would have to be satisfied before sale of property, accelerating payment to the City.

City Attorney Ridley proposes an inter-local agreement with South Cumberland Utility District (SCUD) as a provision in case one of the customers fails to pay the sewer fee, then SCUD would also cut off the water and vice versa.

It was discussed at a recent work session what would happen if additional condos were built in the development, whether would they be able to tie onto the sewer and whether the sewer can be expanded to allow other customers outside of Golf Court Townhomes to connect. Mayor Mayberry stated that it would be limited to the 31 currently built condos.

Mr. Ridley has advised that there is the potential risk that if one of the units were foreclosed on and the sale price does not bring enough to satisfy the lien, then the City would not get accelerated payment and the agreement would have to be passed on to the next property owner. He has also advised that if a tornado or natural disaster demolished the units and they were not re-built, then the City would lose its money.

Mr. Ridley will present a preliminary contract for the property owners.

BUDGET ACCOUNT:

NECESSARY COUNCIL ACTION: Approve agreement (s)