

MEMORANDUM

TO: Donna Barron, City Manager

FROM: Claire Powell, Assistant City Manager

DATE: July 12, 2021

SUBJECT: **Ratification of the First Amendment to Economic Development Agreement Between the City of Lewisville and Deck on Main, LLC, and Authorization for the City Manager to Execute the Agreement.**

BACKGROUND

On May 12, 2021, City Council approved an economic development agreement with Deck on Main LLC (the “Developer”) to purchase and develop a 0.334 acre tract at the northeast corner of Charles Street and Main Street (the “Property”) from the City. Since execution of that agreement, the Developer has already received Old Town DRC approval of their elevations and is working with Staff to complete their Old Town Development Plan. One of the other requirements was that the Developer would close on the Property on or before July 12, 2021. The Developer had anticipated that we might need to extend that date of closing, but ultimately decided they could close on July 12th.

ANALYSIS

Per the original agreement, the Developer could be reimbursed for his costs related to the purchase of the Property from the City *after* the closing. But, at closing, the City learned that the Developer was receiving financing from a lienholder to purchase the property. The agreement with the lienholder and the Developer was that the loan would be paid back within two days after the Developer received reimbursement from the City. Because the deed includes a reversionary clause that required the property to revert back to the City if certain milestones are not met, the City was concerned about a lien being placed on the property, even if the developer intended to pay off the loan immediately after the closing. To have a lien on the property with a reversionary clause was going to take time to review the legal implications.

To facilitate the closing, City Staff signed the First Amendment attached hereto that allowed the City to move up the payment of the reimbursement to the time of closing. This avoided a lien being placed on the property and did not change any of the incentives. It only moved up payment by 24 hours. The First Amendment also corrected the legal description for the property. Since this First Amendment needed to be executed prior to closing, City Staff signed the agreement with the intent to have City Council ratify it on the July 19, 2021 meeting.

RECOMMENDATION

It is City Staff’s recommendation that the City Council ratify the First Amendment to the Economic Development Agreement as set forth in the caption above.