

REQUEST FOR BOARD ACTION

HENDERSON COUNTY BOARD OF COMMISSIONERS

MEETING DATE: August 1, 2005

SUBJECT: Improvement Guarantee for Pinnacle Falls

ATTACHMENTS:

1. Application for Improvement Guarantee
2. Draft Performance Guarantee Agreement
3. Cost Estimates

SUMMARY OF REQUEST:

Mr. Luther E. Smith, on behalf of Pinnacle Falls, LLC, owner and developer of Pinnacle Falls subdivision, has submitted a request for an improvement guarantee for Phase II of Pinnacle Falls. Pinnacle Falls will be located on the south side of Pinnacle Mountain Road, between Pinnacle Mountain Road and Cabin Creek Road. The Henderson County Planning Department granted conditional approval of a Development Plan for Phase II of Pinnacle Falls on June 23, 2005. The improvement guarantee is proposed to cover the road construction, road shoulder stabilization and the water distribution system improvements.

According to Sections 170-38 and 170-39 of the Henderson County Subdivision Ordinance, where the required improvements have not been completed or in lieu of completing all of the required improvements in order to submit a Final Plat and also prior to Final Plat approval, the developer may post a performance guarantee for the improvements. Section 170-38 of the Henderson County Subdivision Ordinance also states that the installation of the improvements must be completed within two years of the date of approval of the improvement guarantee. The developer intends to post with the County an irrevocable letter of credit in the amount of at least \$579,820.00 to cover the cost of the improvements as well as the required twenty-five percent (25%) contingency (\$115,964.00). The proposed completion date for the improvements is March 1, 2007.

A draft Performance Guarantee Agreement is attached for the Board's consideration. If the application is approved, the developers must submit an irrevocable letter of credit in accordance with the terms of the Agreement. Once the County receives a letter of credit in proper form, the relevant parties must execute the Agreement.

COUNTY MANAGER'S RECOMMENDATION/BOARD ACTION REQUESTED:

I recommend that the Board approve the improvement guarantee application for Pinnacle Falls, Phase II, subject to the developers submitting to Henderson County an irrevocable letter of credit in accordance with the terms of the draft Performance Guarantee Agreement.

Henderson County
APPLICATION FOR IMPROVEMENT GUARANTEES

Name of Subdivision Pinnacle Falls, Phase 2

Name of Owner Pinnacle Falls, LLC

Address 419 North Main Street, Hendersonville, NC 28792

Phone: 828-698-7890

Agent A.J. Ball, Managing Member Phone: 828-698-7890

Date of Preliminary Plan Approval by Planning Board November 16, 2004

Significant Conditions Imposed: _____

Type of improvement requested:

Cash on Deposit (Certified Check)

Bank Escrow Account

Irrevocable Letter of Credit

Surety Performance Bond

Trust Agreement

Name of bank or bonding company First Citizens Bank

Amount of guarantee (including 25% overhead) \$ 579,820.00

Projected completion date March 2007

Are cost estimates attached (with quantities and unit costs)? yes no

Have engineering and design work been completed?

complete partially complete incomplete

I have read and understand all requirements stated in Article V of the Henderson County Subdivision Ordinance regarding subdivision improvement guarantees.


Owner's Signature

July 26, 2005
Date

Submitted By _____

Date _____

Received By _____

Date _____

STATE OF NORTH CAROLINA
PERFORMANCE GUARANTEE AGREEMENT
COUNTY OF HENDERSON

THIS AGREEMENT made and entered into this _____ day of _____, 200_, by and between Pinnacle Falls, LLC, hereinafter referred to as "Developer," and the Henderson County Board of Commissioners, hereinafter referred to as "Board;"

WITNESSETH:

WHEREAS, the Developer is attempting to secure approval of one or more Final Plats for Phase II of a proposed subdivision known as Pinnacle Falls, hereinafter referred to as the "Project," located in Henderson County, North Carolina; and

WHEREAS, the Henderson County Planning Department conditionally approved the Phase II Development Plan for Pinnacle Falls, under Chapter 170 of the Henderson County Code, which is entitled Subdivision of Land, and

WHEREAS, Chapter 170 requires the completion of certain improvements prior to Final Plat approval, however Sections 170-38 and 170-39 allow the Board of Commissioners to permit the Developer to post an irrevocable letter of credit with Henderson County to guarantee the completion of said required improvements; and

WHEREAS, the Developer has requested that the Board of Commissioners approve the posting of an irrevocable letter of credit to guarantee and secure the completion of said improvements in lieu of completion of all improvements prior to said approval;

IT IS THEREFORE AGREED as follows:

1. The Developer will, on or before the 1st day of March, 2007, complete as required the following improvements to serve lots in Pinnacle Falls: grading, road construction, road shoulder stabilization and water system construction, as required by the Henderson County Subdivision Ordinance, as shown on the Development Plan for Pinnacle Falls, Phase II, as conditionally approved by the Henderson County Planning Department on June 23, 2005, and as shown on the attached cost estimates prepared by John Jeter, P.E., (dated July 26, 2005).
2. The Developer will post with Henderson County an irrevocable letter of credit guaranteeing completion of said improvements by the required date. Said letter of credit must be issued by a bank licensed to do business in North Carolina, in the amount of at least \$579,820.00 (the "Improvement Guarantee"), payable to Henderson County, and having an expiration date not earlier than 60 days after the completion date stated in Paragraph 1, above.

3. In the event that the required improvements are completed as required, the letter of credit will be released. In the event that the improvements are not completed as required, then the Developer shall be in breach of this Agreement and the Improvement Guarantee and the County shall call the letter of credit and use the funds to complete the required improvements.
4. At such time as the County Attorney has reviewed and approved this Agreement and this Agreement is fully executed, and a letter credit in the proper form is posted, then the Board will allow the Final Plat(s) for Pinnacle Falls, Phase II, to be approved by the Subdivision Administrator, provided that any other requirements of Chapter 170 of the Henderson County Code and/or conditions imposed by the Planning Board have been satisfied.
5. The County Manager shall have the authority to approve the release of portions of the Improvement Guarantee as work progresses, provided the amount remaining under the Improvement Guarantee meets or exceeds 125% of the cost of the remaining improvements. The County Manager has the discretion to require the Developer to provide, at the Developer's expense, an independent verification of the remaining work.

IN WITNESS WHEREOF, the Board has, by appropriate action, caused this Agreement to be reviewed for approval by the County Attorney and executed by its Chairman or other authorized member and attested by the Clerk, and the Developer has caused this Agreement to be properly executed, this the ____ day of _____, 200_.

APPROVED AS TO FORM:

County Attorney

HENDERSON COUNTY BOARD OF COMMISSIONERS

BY: _____
William L. Moyer, Chairman

ATTESTED BY:

[OFFICIAL SEAL]

Elizabeth W. Corn, Clerk to the Board

DEVELOPER:
Pinnacle Falls, LLC

BY: _____
Manager

STATE OF NORTH CAROLINA
COUNTY OF HENDERSON

I, _____, Notary Public for said County and State, certify that Elizabeth W. Corn personally came before me this day and acknowledged that she is the Clerk to the Board of Commissioners of Henderson County, a municipal corporation and that by authority duly given and as the act of the corporation, the foregoing instrument was signed in its name by the Chairman of the Board of Commissioners, sealed with its corporate seal, and attested by her as its Clerk.

THIS the ____ day of _____, 200_.

Notary Public

My Commission Expires: _____

[NOTARIAL SEAL]

STATE OF _____
COUNTY OF _____

I, _____, Notary Public for said State and County certify that _____, Manager of Pinnacle Falls, LLC, personally came before me this day and acknowledged the due execution of the foregoing instrument.

THIS the _____ day of _____, 200_.

Notary Public

My Commission Expires: _____

[NOTARIAL SEAL]

SUMMARY OF IMPROVEMENTS

(Use a separate sheet for each section)

Subdivision Name and Section PINNACLE FALLS (PHASE II)

STREET NAME (Include Lot Numbers.)	ROADS & DRAINAGE	WATER	SEWER	TOTAL
<u>PINNACLE FALLS LANE</u>	\$ 100,417.00	\$ 17,900.00	\$	\$ 118,317.00
<u>WILD DEER TRAIL</u>	\$ 29,010.00	\$ 8,530.00	\$	\$ 37,540.00
<u>MOUNTAIN MAPLE DRIVE</u>	\$ 46,500.00	\$ 13,470.00	\$	\$ 59,970.00
<u>TURNING LEAF LANE</u>	\$ 20,890.00	\$ 7,725.00	\$	\$ 28,615.00
<u>EAGLE RIDGE ROAD</u>	\$ 113,755.00	\$ 0	\$	\$ 113,755.00
<u>TUXEDO COVE ROAD</u>	\$ 16,977.00	\$ 5,832.00	\$	\$ 22,809.00
<u>MISTY RIDGE WAY</u>	\$ 24,195.00	\$ 0	\$	\$ 24,195.00
<u>BOONE COVE ROAD</u>	\$ 43,065.00	\$ 15,590.00	\$	\$ 58,655.00
<u>Balance & Subtotal</u>	\$ 394,809.00	\$ 69,047.40	\$ 0.0	\$ 463,856.00
Subtotal All Categories	\$ 463,856.00			
Overhead (25% Minimum)	\$ 115,964.00			
Total Guarantee Requested	\$ 579,820.00			

