



Agenda Commentary

Item Title/ Subject: Keaton Modi, Land Sale for New Hotel

Staff Source: City Manager, Steve Hewitt

Date: April 12, 2012

History/Background Information:

Mr. Modi presented a proposal to Council hoping to purchase 9 acres for a new hotel. There was some question of the value of the land being valued more than the Authority has invested. Trustees agreed to allow staff to pursue value and a possible development agreement with Mr. Modi.

Subject Summary:

Staff had Jimmie Johnson Real Estate LLC provide a professional value (please see attached information) of the land. In his professional opinion the property is worth between \$6500 and \$8000 per acre, making it worth no more than \$72,000.

Recommendation:

I have negotiated the following with Mr. Modi, pending the Trustees approval.

- Sale the full 9 acres for \$71,000
- Construction of his hotel must begin within 18 months (or revert back to the Authority)
- Any future land portions (of the 9 acres) sold by Mr. Modi of the property, 50% of sale proceeds revert to the Authority.

If the Trustees agree to these terms, City Attorney will begin preparing sale contract with these provisions.

Again, this is a positive move for Clinton. Pays down the City's TIF investments quicker and adds sales tax, bed tax, and jobs to our community. I would recommend the agreement. I don't want to micro-manage this local investor, who wants to develop the area. I want to keep Clinton's reputation as "Pro-Business" and easy to work with. New develop helps all areas of our community, including the Hospital, Parks, Schools, etc. etc.

Price/Cost: \$71,000 property reimbursement and future tax revenues.

**Jimmie Johnson Real Estate LLC
115 N 5TH
Clinton OK 73601
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March 27, 2012

**RE: 9 acres for the City of Clinton
Clinton OK 73601**

To Steve Hewitt (City Manager):

Concerning the nine acres (mol) that the city owns on the corner of 28th and Chapman Road, this property in my professional opinion should be priced between \$6500 and \$8000 per acre.

My reasoning is as follows, only three pieces of ground have been sold any where around Clinton in the past ten years are, Tract 1 29.7 acres the city bought for \$70000 in 2001 approximately \$2350 per acre close to 183 with a rail spur.

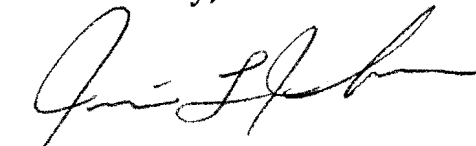
Tract 2 25.09 acres for \$195,702 approximately \$7800 per acre has much better I-40 access and is more visible.

Tract 3 38 acres sold for \$300,768, approximately \$7900 per acre. Once again it has much easier I-40 access and better visibility.

It is my opinion that considering the rail road on the east side and limited access the entire nine acres should go as one parcel. This is not an appraisal but a broker pricing opinion and if I were selling this piece of property for the reasons I have given I believe that the city is best served asking between \$65000 and \$72000 for this property.

One must also consider that the city is not in the retail land development business but in the creating jobs and adding to our tax base business.

Sincerely,



JIMMIE JOHNSON

JJ:tr