

Mayor  
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**Redevelopment  
Division**

119 Fox Street  
Lemoore • CA 93245  
Phone • (559) 924-6704  
FAX • (559) 924-9003

**To: Lemoore Redevelopment Agency Board** **Item # 13**  
**From: Judy Holwell, Redevelopment Project Manager**  
**Date: August 27, 2008**  
**Subject: Cancellation of Escrow and Disposition and  
Development Agreement regarding a 2.0 Acre Portion  
of APN No. 024-051-015 – Royer**

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**Discussion**

On October 17, 2006, the Lemoore Redevelopment Agency entered into an agreement with Bill D. Royer for the purchase of 2.0 acres in the Lemoore Industrial Park, (which is a portion of Lot 14, APN No. 024-051-015), for the development of an assembly and distribution facility for motorcycle and marine products. Escrow opened October 25, 2006 with Mr. Royer placing a non-refundable deposit of \$9,000 into the escrow account. Escrow was scheduled to close following the approval of a Final Parcel Map for Lot 14, which is being done for the purpose of creating a business park. Mr. Royer indicated that construction on this project would not begin for approximately two years and therefore, waiting for the business park was not an issue. If at any point the close of escrow needed to occur expeditiously, then a 2.0 acre parcel would have been created by a metes and bounds description.

Escrow remains open today. However, due to unexpected changes in the market, Mr. Royer has stated that the project is now on hold and he does not expect to proceed for a couple of years, if not more. Mr. Royer has requested that escrow and the terms of the agreement be cancelled. In addition, in light of the deteriorating economy and the amount of interest paid on the other Agency owned parcel (APN No. 024-051-032 described in Agenda Item No.14), Mr. Royer is requesting that the non-refundable deposit be refunded back to him as well.

Because the Agency received over \$9,000 in interest from Mr. Royer in the other property transaction, and because of the struggling economy, staff recommends canceling escrow and refunding the deposit. Mr. Royer agrees to pay for all escrow fees associated with this transaction.

**Budget Impact:**

The impact to the budget is in the form of lost revenue from the sale of the property of \$90,000 plus interest at six percent on an \$81,000 Note. However, the purchase amount will eventually be regained when the property is sold to another developer. There is also the loss in property tax estimated at \$4,125 annually if the entire project had been completed.

**Recommendation:**

That the Agency Board approve the cancellation of escrow between the Lemoore Redevelopment Agency and Bill D. Royer on the 2.0 acre parcel of land (a portion of APN No. 024-051-015) in the Lemoore Industrial Park and authorize Chicago Title Company to refund the \$9,000 deposit to Mr. Royer and charge him for all fees related to this transaction.