

RESOLUTION 23-117

A RESOLUTION TO APPROVE TO CALL THE MAINTENANCE AND PERFORMANCE BONDS FOR BELLAGIO VILLAS

WHEREAS, a Maintenance Bond Letter of Credit and a Performance Bond Letter of Credit are currently in place for Bellagio Villas in the amounts of \$123,000.00 and \$72,600.00, respectively; and

WHEREAS, these sections have been completely built out and a punch list of repairs items was sent to the Developer; and

WHEREAS, the Developer has filed for Chapter 7 Bankruptcy and therefore, will not make any required repairs; and

WHEREAS, the City will be responsible for making repairs that are deemed a detriment to the health and welfare of the residents of Bellagio Villas; and

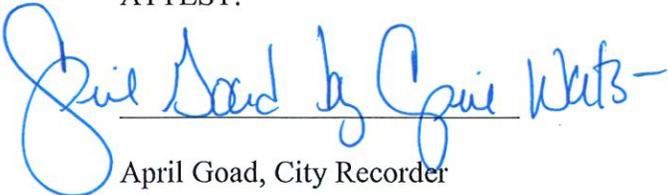
WHEREAS, City staff recommends approval of calling the bonds in a total amount of \$195,600.00 and apply the funds towards repair as shown on Exhibit A attached hereto, as recommended by the Planning Commission on July 10, 2023.

NOW, THEREFORE BE IT RESOLVED, the City of Spring Hill Board of Mayor and Aldermen approves to call the Maintenance Bond and the Performance Bond in the total amount of \$195,600.00 for Bellagio Villas to finish necessary repairs.

Passed and Adopted by the Board of Mayor and Aldermen of the City of Spring Hill, Tennessee on the 17th day of July, 2023.


Jim Hagaman, Mayor

ATTEST:


April Goad, City Recorder

LEGAL FORM APPROVED:


Patrick Carter, City Attorney



REQUEST: *Approval of Resolution 23-117*
SUBMITTED BY: Missy Stahl, CIP Manager
DATE: July 17, 2023
RE: To approve to call the Maintenance Bond and the Performance Bond for Bellagio Villas

PURPOSE:

The purpose of this resolution is to approve for the City to call \$195,600.00 from the maintenance and performance bonds in place for Bellagio Villas.

BACKGROUND:

The Bellagio Villas development has been completely built out but the City still holds two bonds as punch list items have not been completed. City staff has inspected the development and the Developer, SC&W Real Estate Investment Group, LLC, has received the punch list of items on March 28, 2022 and again on May 17, 2022. Mr. Patrick Carter, City Attorney, received notification on October 19, 2022 that the Developer has filed for Chapter 7 Bankruptcy with the United States Bankruptcy Court. Due to this filing, the Developer will not make the required repairs and his legal counsel has given the direction to the City to pull the bonds and use the funds for the repairs.

The bonds are in a total amount of \$195,600.00 and were established in May 2017. At that time, the amounts were reviewed by former staff and approved for the improvements the bonds would cover. However, due to inflation and items not being installed correctly that will have to be removed and reinstalled, the amount of the bonds do not cover the full punch list of items to be repaired. Staff has worked with Thomas & Hutton engineers to determine what the repairs absolutely need to be done to allow the infrastructure to function in accordance with City regulations and requirements. There are some items (such as the walking trail and the pool amenity) that are not included in the estimate provided by Thomas & Hutton. The estimated cost of only the required repairs is in excess of \$500,000.00. Punch list is attached hereto.

FINANCIAL IMPACT:

The City will be responsible for the cost excess over the bond amount collected (approximately \$300,000.00) unless additional funds are recovered through a claim filed by the City against the developer through bankruptcy court.

STAFF RECOMMENDATION:

Staff recommends approval of Resolution 23-117, to approve to call the maintenance and performance bonds for Bellagio Villas.



Punch list items:

- Install the 10-foot-wide multi-use trail.
- All asphalt must be milled and re-topped to ensure positive drainage.
- Replace all damaged sidewalks and curbing.
- Install ADA ramp truncated domes at ADA locations that do not meet ADA standards.
- Finish installing sidewalks at the entrance. They have been stopped short of what the plans call for.
- A design to address the existing roadway drainage issues resulting from the roadway not being constructed in accordance with the design plans. This may require removal and reconstruction of sections of curb, driveways, and sidewalks.
- Modifications to the existing storm drainage system
- Removal and reconstruction of the storm sewer which drains into Pond 2.
- Construction a means for Pond 2 to drain via a swale within the ROW to the storm sewer near the main entrance.
- All 3 ponds will be reviewed, and a design proposed to address the existing volume and to replace the detention outlet structures.
- The sanitary sewer manholes may require adjustment based on new roadway elevations.
- A portion of the existing water main will likely have to be lowered to allow for an alternate design to the storm sewer discharging into Pond 2.

Estimated Cost = +\$500,000.00



THE CITY OF SPRING HILL

199 Town Center Parkway • Spring Hill, Tennessee 37174

931-486-2252

www.springhilltn.org

