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April 12, 2013

Members of Boone Town Council
Watauga County Commissioners

Re: Proposed purchase and development of the former Watauga County High School Property

Dear Council Members and Commissioners:

I am writing this letter to you on behalf of Templeton Properties and at the request of the County Manager. The purpose of this letter is to provide background, identify issues and offer proposed solutions which could result in Mr. Templeton's purchase and development of the High School Property.

Templeton Properties, LP entered into the purchase agreement with Watauga County on November 13, 2012. From and after that date, Mr. Templeton and his representatives always represented to representatives of the County and the Town that he intended to develop the south portion of the High School Property as a multi-family student housing project. I met with representatives of the Town (Mr. Bailey and Mr. Graham) and the County (Mr. Geouque and Mr. Spear) in early January. We presented at this meeting a proposed plan to re-zone the southerly portion of the property (38.64 acres) to R-3 (multi-family). A copy of the plat is attached to this letter.

During that time, Mr. Templeton was engaged in discussions and negotiations with housing developers who were interested in acquiring the 38.64 acres and developing it as a student housing project. Their interest in purchasing the property was conditioned upon a re-zoning of the southern portion (i.e., the 38.64 acres) to R-3 and upon the issuance of a Special Use Permit, authorizing the development of the parcel as a student housing project.

We were advised at the meeting in January by Mr. Bailey that the Town was in the process of revising its UDO and that there was a proposed text amendment to the UDO which was being developed by the Town of Boone Affordable Housing Task Force which would significantly impact new multi-family projects in the Town.

The information we received at our meeting left Mr. Templeton in a state of uncertainty as to how to proceed with his development plan. We proceeded with submitting the application for re-zoning of the southern portion of the property, which was scheduled to be heard at the quarterly public hearing on February 4. However, between the time we submitted our application for the re-zoning of the property and the date of the public hearing, we had an opportunity to read the text amendment prepared by the Affordable Housing Task Force, and we made the decision to withdraw the application because it was clear that an adoption of the text amendment would have effectively prevented the development of the student housing project in the R-3 Zone.

In light of the above, and in light of the limited feedback that we were able to receive from the Town, we determined that our only option for proceeding with the development plan was to ask the Town Council to exempt from the new Supplementary Standards for Multi-Family Housing Development any "new multi-family project" constructed within a conditional zoning district pursuant to and in accordance with the requirements of Section 154.

The Town Council did not adopt the text amendment as we requested. Rather, there was additional language added relating to phasing of construction. We had no opportunity to review or comment on this language prior to its adoption. There has been much debate as to what this language means, but suffice it to say that it is unacceptable to Mr. Templeton, given that his development plan is predicated on completing the housing project in its entirety without any phasing requirement or restrictions.

Most of Mr. Templeton's due diligence time has passed. He has spent a considerable amount of money on surveying, engineering and consulting fees, yet he is no closer to having an approved development plan today than he was in January. So the question is, what could be done at this point to enable Mr. Templeton to proceed with approval of a plan and a closing on his purchase of the High School Property? For discussion purposes, here are some suggestions:

1. It was intended at the beginning of this process that the property would be divided into two parcels as shown on the attached map. Prior to adoption of the text amendment to Section 175, it was contemplated that the southern portion of the property be re-zoned to R-3. As one option, we could go back to the original plan. This would involve either rescinding the text amendment adopted in February or finding a way to exempt the High School Property from the text amendment and then proceed with a re-zoning of the property to R-3.
2. As another option, we could consider leaving the B-3 zone in place, provided that Section 175 would be amended to either exempt from its coverage all areas zoned B-3 or all areas zoned B-3 over a certain number of acres, effectively exempting the High School Property from the newly adopted multi-family regulations. Mr. Templeton would then proceed with an application for the multi-family housing project pursuant to Section 179 [d][3][A] without being required to present a site specific development plan for the entire 75 acre parcel. One of our biggest obstacles relating to the development of this property is having to submit a detailed site plan (i.e., a site specific development plan) in connection with approval of a

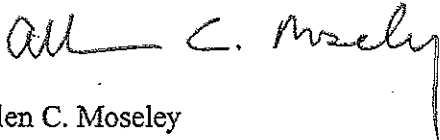
conditional zoning district. It is our expectation that the detailed site plan for the commercial portion of the property (the northern portion containing approximately 36 acres) can not be completed until after commencement of the multi-family housing project on the southern portion. This alternative could allow Mr. Templeton to proceed with the housing project and in the meantime present conceptual site planning for uses on the commercial portion which would precede a detailed design of the site.

3. The Viewshed and/or Steep Slope requirements need to be removed or waived for a portion of the knoll along the NC Highway 105 Corridor District across the street from Casa Rustica Restaurant. This is necessary in order to gain sufficient parking to serve the commercial tenants.
4. In addition to the 150,000 gallons of water per day of water set aside for this project, an additional 100,000 gallons will need to be set aside for use by 2015 or 2016.
5. We would request that the definition of "commercial" include Use Group 1.5 Miscellaneous, Rooms For Rent Situations. This would permit hotels, guest suites and other 1.5 permitted uses to be a part of the Section 179 Uses.

We look forward to discussing these issues in more detail with you at our meeting. Thank you for your consideration.

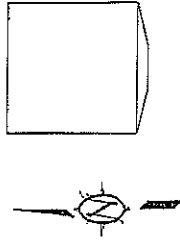
Very truly yours,

DEAL, MOSELEY & SMITH, LLP



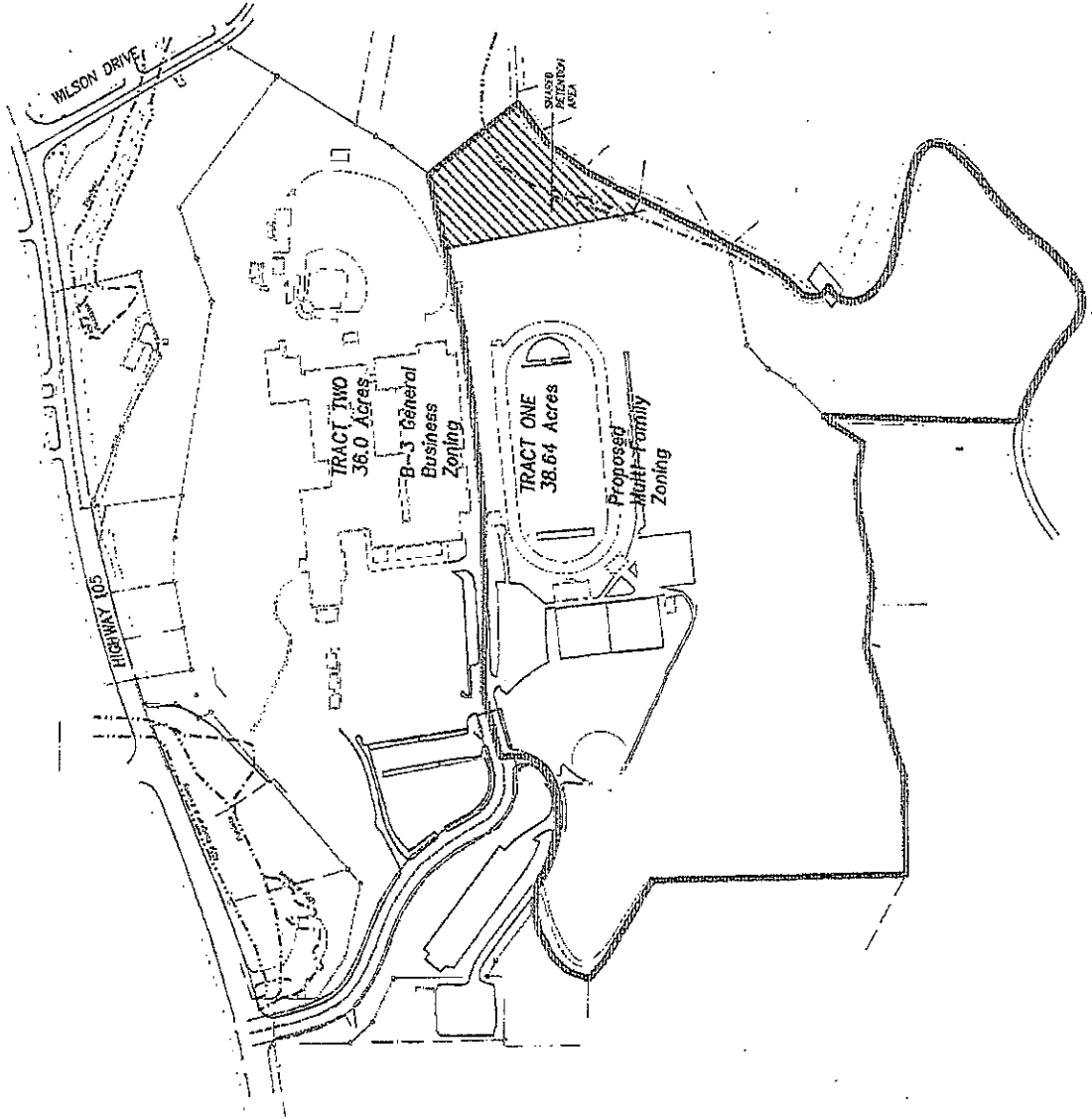
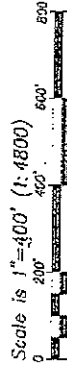
Allen C. Moseley

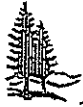
ACM:lc
Enclosure



AREA
MULTI-FAMILY HOUSING TRACT 1: 38.64 Acres
COMMERCIAL TRACT 2: 36.0 Acres
TOTAL (rounded) 74.64 Acres

ALL INFORMATION SUBJECT TO CONFIRMATION
See Legal Description by Appalachian PLS&C



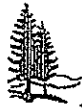


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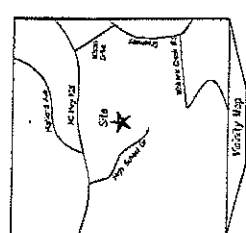
January 1, 2013

A Land Description for Rezoning

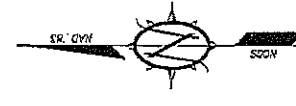
A 38.644 acre tract being all of Tracts One and Three and a southern portion of Tract Four of that property described in Book of Records 1353 at page 115 with a perimeter being more particularly described as: **BEGINNING** on an iron at the common corner of tracts one and two and a corner with Creekside of Boone, said iron having NCGS NAD '83 coordinates of N=902,640.95 and E=1,211,485.66 and being located South 02 degrees 59 minutes 05 seconds West 946.91 feet from a spike at the intersection of centerlines of NC Highway 105 and Wilson Drive; **THENCE** from the beginning and with the Creekside of Boone line South 38 degrees 40 minutes 25 seconds East, crossing a reference iron at 187.26 feet, a total distance of 262.27 feet to the JS Winkler Estate line (PB 8 pg 91) in the center of Winkler Creek; **THENCE** with the JS Winkler Estate line up and with the center of Winkler Creek the following ten (10) courses: (1) South 53 degrees 08 minutes 55 seconds West 117.37 feet; (2) South 35 degrees 03 minutes 55 seconds West 120.20 feet; (3) South 26 degrees 51 minutes 55 seconds West 131.95 feet; (4) South 27 degrees 03 minutes 25 seconds West 231.09 feet; (5) South 26 degrees 51 minutes 20 seconds West 96.40 feet; (6) South 33 degrees 32 minutes 35 seconds West 55.60 feet; (7) South 42 degrees 28 minutes 25 seconds West 62.70 feet; (8) South 14 degrees 57 minutes 20 seconds West 19.17 feet; (9) South 09 degrees 46 minutes 20 seconds East 26.56 feet and (10) South 49 degrees 44 minutes 25 seconds East 23.03 feet to spike in the center of the Winkler Creek Road bridge; **THENCE** with the center of said road the following thirteen (13) courses: (1) South 49 degrees 43 minutes 30 seconds West 19.62 feet; (2) a curve to the left having a radius of 50.00 feet for 45.68 feet (chord South 23 degrees 33 minutes 10 seconds West 44.11 feet); (3) a curve to the left having a radius of 80.00 feet for 52.56 feet (chord South 21 degrees 26 minutes 20 seconds East 51.62 feet); (4) a curve to left having a radius of 150.00 feet for 98.74 feet (chord South 59 degrees 07 minutes 00 seconds East 96.96 feet); (5) South 77 degrees 58 minutes 25 seconds East 187.53 feet; (6) a curve to the right having a radius of 300.00 feet for 50.34 feet (chord South 73 degrees 10 minutes 00 seconds East 50.28 feet); (7) a curve to the right having a radius of 50.00 feet for 91.37 feet (chord South 16 degrees 00 minutes 35 seconds East 79.18 feet); (8) a curve to the right having a radius of 350.00 feet for 112.16 feet (chord South 45 degrees 31 minutes 15 seconds West 111.68 feet); (9) a curve to the left having a radius of 650.00 feet for 198.36 feet (chord South 45 degrees 57 minutes 30 seconds West 197.59 feet); (10) a curve to the right having a radius of 320.00 feet for 126.21 feet (chord South 48 degrees 30 minutes 55 seconds West 125.39 feet); (11) a curve right having a radius of 90.00 feet for 110.98 feet (chord North 84 degrees 51 minutes 40 seconds West 104.08 feet); (12) a curve to the left having a radius of 620.00 feet for 218.19 feet (chord North 59 degrees 37 minutes 00 seconds West 217.07 feet) and (13) a curve to the left having a radius of



215.00 feet for 29.54 feet (chord North 73 degrees 38 minutes 05 seconds West 29.52 feet) to a spike, the Town of Boone southeast corner; THENCE leaving the road and with the Town of Boone line North 01 degrees 34 minutes 50 seconds East 456.57 feet to an iron on a spur ridge; THENCE with the Town of Boone line up the spur ridge South 44 degrees 49 minutes 15 seconds West 20.30 feet to an iron; THENCE with the same South 32 degrees 55 minutes 05 seconds West 89.83 feet to an iron on the main ridge; THENCE with the Town of Boone line up the main ridge North 81 degrees 49 minutes 05 seconds West 91.92 feet to an iron; THENCE with the same South 85 degrees 38 minutes 40 seconds West 76.54 feet to an iron; THENCE with the same South 76 degrees 23 minutes 40 seconds West 97.33 feet; THENCE with the same South 82 degrees 17 minutes 10 seconds West 76.52 feet; THENCE with the same North 83 degrees 48 minutes 00 seconds West 39.20 feet to an iron, the Larry Austin northeast corner; THENCE with the Larry Austin line up the mail ridge North 83 degrees 48 minutes 00 seconds West 95.93 feet to an iron; THENCE with the same South 73 degrees 06 minutes 30 seconds West 315.96 feet to an iron; THENCE with the same South 88 degrees 11 minutes 50 seconds West 230.32 feet to an iron, the Mountaineer Crossing LLC southeast corner; THENCE with the Mountaineer Crossing line North 01 degrees 08 minutes 45 seconds West 592.53 feet to an iron; THENCE with the same North 59 degrees 45 minutes 10 seconds West 201.31 feet to an iron; THENCE with the same North 50 degrees 32 minutes 30 seconds West 72.76 feet to an iron; THENCE with the same North 20 degrees 43 minutes 50 seconds East 50.93 feet to an iron; THENCE with the same North 42 degrees 38 minutes 50 seconds East 47.54 feet to an iron; THENCE with the same North 61 degrees 32 minutes 50 seconds East 67.68 feet to an iron; THENCE with the same North 77 degrees 46 minutes 15 seconds East 53.84 feet to an iron; THENCE leaving the Mountaineer Crossing line and with a new line North 77 degrees 46 minutes 15 seconds East 43.82 feet to the center of Temple Drive; THENCE with the center of Temple Drive a curve to the left having a radius of 285.00 feet for 228.91 feet (chord South 74 degrees 46 minutes 50 seconds East 222.81 feet); THENCE with the same a curve to the left having a radius of 130.00 feet for 124.42 feet (chord North 54 degrees 47 minutes 25 seconds East 119.73 feet); THENCE with the same a curve to the left having a radius of 35.00 feet for 27.15 feet (chord North 05 degrees 08 minutes 55 seconds East 26.47 feet); THENCE with the same North 17 degrees 04 minutes 30 seconds West 37.53 feet to the center of High School Drive; THENCE with the center of High School Drive North 73 degrees 06 minutes 50 seconds East 137.95 to the centerline of a proposed street; THENCE with the center of the proposed street a curve to the right having a radius of 60.00 feet for 12.01 feet (chord North 78 degrees 50 minutes 45 seconds East 11.99 feet); THENCE with the same North 84 degrees 34 minutes 40 seconds East 756.36 feet to a "PC" in said centerline; THENCE leaving said proposed street South 76 degrees 25 minutes 30 seconds East 184.18 feet; THENCE North 68 degrees 43 minutes 55 seconds East 308.26 feet to the BEGINNING.



Total Area
74,641 acres

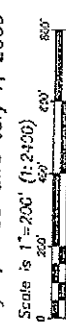


Note:

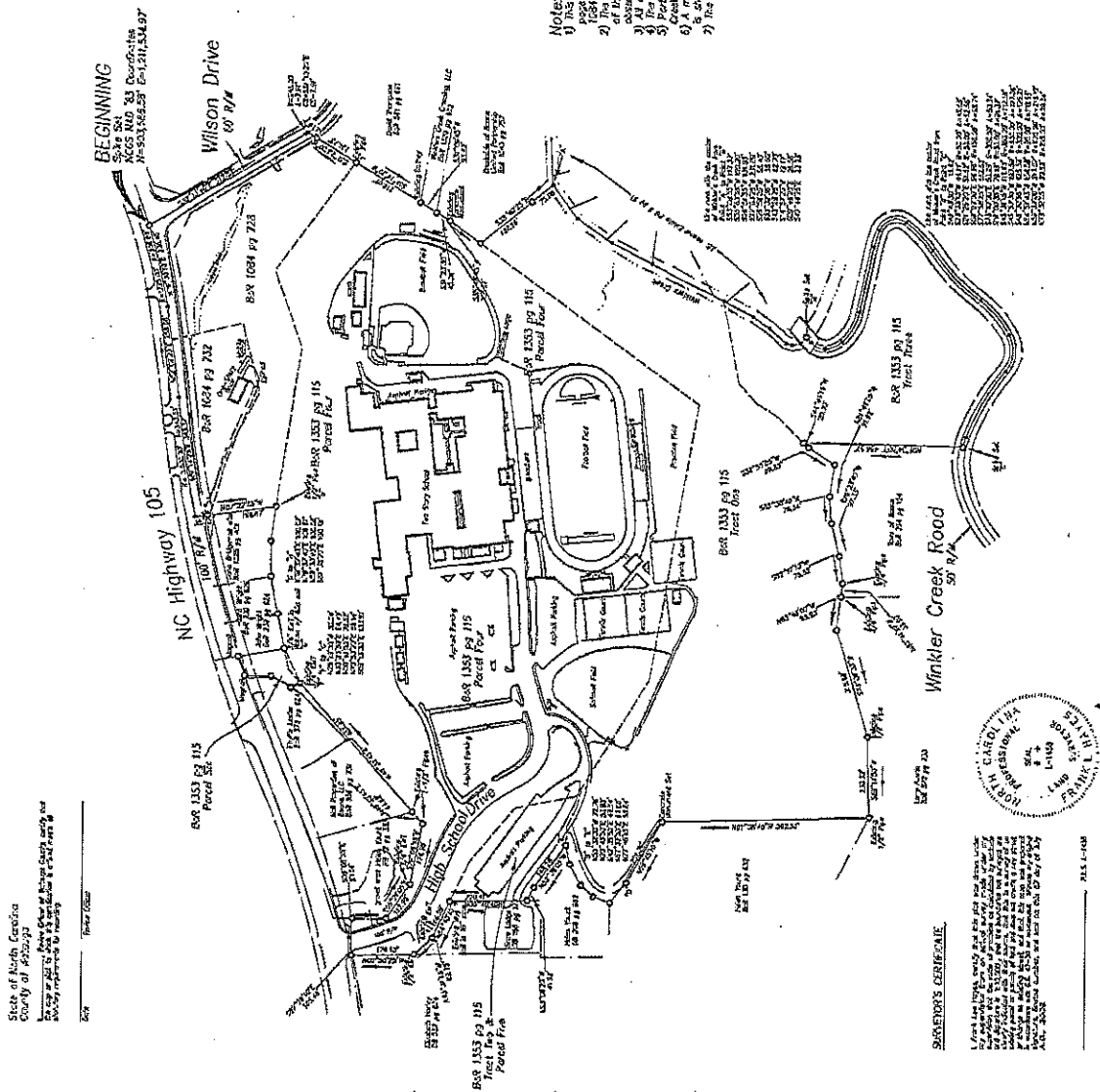
- 1) This is an expansion survey of those properties described in Book of Records 1853 of page 155 on Tracts 6, 7, 8, 9, 10 and Tract Faces Four, Five and Six and Book of Records 1854 of page 728 and Book of Records 1854 of page 722.
- 2) The survey was conducted in accordance with the bearings and coordinates of his bearing corners are relative to NCS 8500 and NCS 8501 as shown on the plat.
- 3) All corners shown on this plat are 5/8 inch radius unless otherwise noted.
- 4) Bearings of this property are subject to the local area and footings of Watauga's creek and flood plain.
- 5) The survey is a compilation of bearings computed from May 4, 2005 through July 7, 2009.

Assemblage and Boundary Survey
of
The Watauga High School Property
for
Watauga County

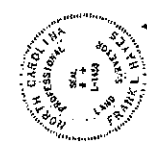
Town of Boone - New River Township
Watauga County - North Carolina
May 5, 2005 thru July 7, 2009



Job No. 09123



State of North Carolina
County of Watauga



SURVEYOR'S CERTIFICATE

I, the undersigned, being duly qualified and sworn as a Professional Land Surveyor in the State of North Carolina, do hereby certify that the foregoing is a true and correct copy of the original survey as shown to me by the client, and that the same was made in accordance with the laws and regulations of the State of North Carolina, and that the same was made on the 5th day of May, 2005, and on the 7th day of July, 2009.

Appalachian Professional Land Surveyors & Consultants, PA C-2398
1480 U.S. Highway 421 South / Boone, North Carolina 28607 / (828) 264-0280

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County or Municipality	Population **	% Share of Distribution	Ad Valorem Levies **	% Share of Distribution
DURHAM *	0	0.00000%	\$ 136,075.00	0.01336%
FUQUAY-VARINA	18,644	1.12311%	\$ 8,363,370.00	0.82137%
GARNER	26,345	1.58702%	\$ 14,815,270.00	1.45501%
HOLLY SPRINGS	25,567	1.54015%	\$ 13,262,858.00	1.30255%
KNIGHTDALE	11,904	0.71710%	\$ 5,248,658.00	0.51547%
MORRISVILLE *	19,406	1.16902%	\$ 12,476,626.00	1.22533%
RALEIGH *	411,289	24.77603%	\$ 188,556,933.00	18.51824%
ROLESVILLE	3,976	0.23951%	\$ 2,145,022.00	0.21066%
WAKE FOREST *	30,154	1.81648%	\$ 18,995,174.00	1.86552%
WENDELL	5,967	0.35945%	\$ 2,257,011.00	0.22166%
ZEBULON *	4,493	0.27066%	\$ 4,123,148.00	0.40494%
TOTAL	1,660,028	100.00000%	\$ 1,018,222,976.00	100.00000%
WARREN (PER CAPITA)	20,883	90.92215%	\$ 16,158,304.00	95.58278%
MACON	119	0.51811%	\$ 15,258.00	0.09026%
NORLINA	1,112	4.84152%	\$ 258,451.00	1.52844%
WARRENTON	854	3.71822%	\$ 473,024.00	2.79812%
TOTAL	22,968	100.00000%	\$ 16,905,037.00	100.00000%
WASHINGTON (AD VALOREM)	13,060	73.51534%	\$ 6,387,256.00	83.81648%
CRESWELL	272	1.53110%	\$ 62,675.00	0.82245%
PLYMOUTH	3,833	21.57613%	\$ 1,033,279.00	13.55916%
ROPER	600	3.37743%	\$ 137,315.00	1.80191%
TOTAL	17,765	100.00000%	\$ 7,620,525.00	100.00000%
WATAUGA (PER CAPITA)	52,111	72.85094%	\$ 30,605,671.00	71.70093%
BEECH MOUNTAIN *	298	0.41660%	\$ 3,288,282.00	7.70357%
BLOWING ROCK *	1,203	1.68179%	\$ 2,944,941.00	6.89921%
BOONE	17,751	24.81581%	\$ 5,262,125.00	12.32776%
SEVEN DEVILS *	168	0.23486%	\$ 584,160.00	1.36853%
TOTAL	71,531	100.00000%	\$ 42,685,179.00	100.00000%