



CITY of NOVI CITY COUNCIL

Agenda Item N
July 8, 2019

SUBJECT: Final approval of two purchase agreements and authorization to proceed with closings, for properties located on Ten Mile Road west of Novi Road (JAMCO, LLC), Parcel 22-22-400-009, in the amount of \$300,000, and on Grand River Avenue west of Novi Road (Country Building & Supplies), Parcel 22-15-477-005/006, in the amount of \$630,000.

SUBMITTING DEPARTMENT:

CITY MANAGER APPROVAL:

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BACKGROUND INFORMATION:

City Council reviewed draft Purchase Agreements for the two above-referenced properties. The first is an approximately ten-acre parcel that the City is acquiring in a "bargain sale" from JAMCO, LLC, along Ten Mile Road near Novi Road. The City's purchase price is \$300,000, and JAMCO intends to seek a tax benefit for a "donation" of the remainder of the value of the property, which the City had appraised at \$690,000.

The City has secured a survey of the property, which does not disclose any issues. The City has also secured its environmental review and no further action is being recommended by the consultant.

As indicated in prior correspondence to the City, however, there is an old deed restriction that is noted in the title work that the City received for the property. On its face, it appears to restrict the use of the property to "residence and agricultural" purposes. However, the title company has determined to issue a "identified exception and identified risk coverage endorsement" under which the title company would insure against loss or damage sustained by the City by reason of "a final order or decree enforcing the identified risk in favor of an adverse party," or the release of a perspective purchaser as a result of the restriction.

In light of the fact that the City has no particular future use of the property in mind, the intention is to go forward with the closing with the endorsement as proposed.

The second parcel is the Country Building and Supplies property that the City is acquiring for use in part in connection with potential road improvements in the Grand River Avenue/Novi Road area. The purchase price is \$630,000. The City has received the survey of the property, and it discloses no areas of concern. The City is still awaiting title work and environmental reviews.

Although the City Council saw these documents in a draft form, the purpose of this agenda item is to confirm the final version of the documents and authorize the City administration to proceed forward with closings in accordance with the terms and conditions of the documents.

RECOMMENDED ACTION: Approval of two purchase agreements for properties located on Ten Mile Road west of Novi Road (JAMCO, LLC), Parcel 22-22-400-009, in the amount of \$300,000, and on Grand River Avenue west of Novi Road (Country Building & Supplies), Parcel 22-15-477-005/006, in the amount of \$630,000, and to authorize the City Manager and City Attorney to undertake all required actions to close on the properties in accordance with the terms and conditions of the agreements.