



Legislation Details (With Text)

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Title: Resolution to Approve the Purchase of and Appropriate Funds for the Acquisition of 331 East Huron Street, Ann Arbor from Dean Zahn Properties, L.L.C. (\$605,000.00 plus Closing Costs/ NTE \$615,000.00 total) (8 Votes Required)

Sponsors:

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Attachments:

| Date | Ver. | Action By | Action | Result |
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| 7/7/2008 | 1 | City Council | Approved | Pass |

Resolution to Approve the Purchase of and Appropriate Funds for the Acquisition of 331 East Huron Street, Ann Arbor from Dean Zahn Properties, L.L.C. (\$605,000.00 plus Closing Costs/ NTE \$615,000.00 total) **(8 Votes Required)**

Attached for your review and action is a resolution to approve the purchase of and appropriate funds for the acquisition of 331 East Huron Street, Ann Arbor, Michigan, in the amount of \$605,000.00.

On June 24, 2008, Dean Zahn Properties, LLC, owner of the real property located at 331 Huron Street, presented the City Administration with an unsolicited offer to sell the real property to the City for \$605,000.00 with the further condition that the City would assume all responsibilities and obligations under the existing lease with the current tenant and that the City would assume all of the closing costs for the sale. The offer was made subject to the City and the DZP execution of a purchase and sale agreement by July 10, 2008.

On behalf of the City, the City Administrator acknowledged the offer to sell the real property and necessary approval of the City Council for the negotiation of a purchase and sale agreement for the real property.

An appraisal of the real property performed by Gerald Alcock Company, LLC, as of October 8, 2007, listed the market value of the property as \$605,000.00. Given the recent valuation date, the City Administrator, in accordance with Section 1:320(4) of the Ann Arbor Code, is not recommending a further appraisal be performed and that the use of this appraisal is a reasonable approach to ascertaining the value of the real property.

The following budget is proposed for the acquisition of the real property:

Project Acquisition Costs:

Purchase Price \$605,000.00
Closing/Incidental Due Diligence \$ 10,000.00
Total Appropriation (NTE) \$615,000.00

Sufficient funds are available in the General Fund FY09 Fund Balance for acquisition of the property.

Acquisition of the real property is recommended.

Whereas, The City of Ann Arbor received an unsolicited offer from Dean Zahn Properties, LLC to sell the property located at 331 East Huron Street, Ann Arbor, Michigan;

Whereas, The Offer to Sell for the amount \$605,000 consistent with previously fair market appraised valuation of the real property;

Whereas, The Offer to Sell was contingent on the assumption of all responsibilities and obligations under the existing lease of the property and the assumption of all costing cost for the transfer;

Whereas, The Administration is supportive of acceptance of the proposed offer to sell subject to the negotiation of an acceptable purchase and sales agreement to all parties; and

Whereas, Sufficient funds for the acquisition, including all appropriate due diligence and closing costs, are available in the General Fund FY09 Fund Balance;

RESOLVED, That City Council approve acceptance of the Offer to Sell 331 E. Huron Street, subject to the negotiation of an acceptable purchase and sales agreement;

RESOLVED, That the City Administrator and the City Attorney are authorized and directed to begin negotiation with the property owner to finalize a purchase and sales agreement effective immediately for the offered sale price and subject to an acceptable assignment of the existing lease and such other terms as may be in the best interest of the City and its potential future use of the real property;

RESOLVED, That the Mayor and City Clerk are authorized and directed to execute the negotiated purchase and sales agreement; and

RESOLVED, That City Council appropriate from the General Fund FY 09 Fund Balance and increase the nondepartmental expenditure budget for FY 09 for the amount of acquisition, including appropriate due diligence and closing costs, not to exceed \$615,000.