



Legislation Text

File #: 18-0942, **Version:** 1

Resolution to Accept Settlement Offer to Resolve *Dahlmann v City of Ann Arbor*, 22nd Circuit Court, Case No. 18-133-CK

Prepared by: Stephen K. Postema, City Attorney

Whereas, The City negotiated a real-estate transaction with Dennis A. Dahlmann and, in 2014, closed on that transaction with Mr. Dahlmann and his company Fifth Fourth, LLC (Dahlmann and Fifth Fourth collectively being “Dahlmann”);

Whereas, As a result of the transaction, Dahlmann paid the City \$5,250,000, and the City made and delivered to Dahlmann, and Dahlmann accepted, a deed that granted Dahlmann a conditional and limited interest in a parcel of downtown Ann Arbor real estate known as the “Y Lot”;

Whereas, The deed the City made obligated Dahlmann to develop the Y Lot in a certain fashion within 4 years, or title would revert to the City with its payment of no more than \$4,200,000;

Whereas, Dahlmann did not develop the Y Lot and the 4 years have now passed;

Whereas, Dahlmann has sued the City in Washtenaw County Circuit Court, Case No. 18-133-CK, claiming breach of contract, mutual mistake, quiet title and other claims, and seeking damages, monetary remedies, as well as equitable relief, including rescission, reformation, specific performance and title to the Y Lot in fee simple absolute;

Whereas, The City disputes all of Dahlmann’s claims, moved to dismiss, and has now filed an answer, affirmative defenses and a counterclaim to quiet title in the Y Lot in its favor;

Whereas, On May 1, 2018, by unanimous resolution, the City Council authorized the payment of the \$4,200,000 to facilitate the City’s exercise of its reversionary right;

Whereas, Dahlmann, around that time, rejected that payment;

Whereas, Before that time and since, the parties have engaged in extensive settlement negotiations;

Whereas, Dahlmann has made a settlement offer to the City in the form of a signed, written settlement agreement, a copy of which is attached;

Whereas, Dahlmann’s offer includes: (1) its acceptance, by July 3, 2018, of the \$4,200,000 and stipulation to quiet title to the Y Lot to the City, in fee simple absolute, (2) a separate payment by July 3 of \$1,000,000 to Dahlmann for settlement of all claims in the case, and (3) mutual releases, and various other representations, warranties and obligations; and

Whereas, The City Administrator has determined that following the timing requirements of the City’s Environmental Assessment Procedure is unnecessary, as the City will complete a Baseline

Environmental Assessment within 45 days of entry of the order quieting title;

RESOLVED, That City Council accepts Dahlmann's settlement offer;

RESOLVED, That City Council directs the City Administrator, City Clerk, Mayor and City Attorney to countersign the settlement agreement that is Dahlmann's offer, a copy of which is attached to this resolution;

RESOLVED, That City Council authorizes and directs the City Administrator and City Attorney to take all actions required or contemplated by the settlement agreement;

RESOLVED, That City Council waives the timing requirements of the City's Environmental Assessment Procedure; and

RESOLVED, That City Council authorizes and directs the City Administrator, City Clerk, Mayor and City Attorney to take any additional actions, including issuing payments and executing instruments, necessary to perfect the City's title to Y Lot in fee simple absolute, procure appropriate insurance for said title, and pay all necessary taxes.

Sponsored by: Councilmembers Smith, Grand and Westphal