

Legislation Text

File #: 2019-471, Version: 1

Authorization for Sale of Leased Property Commonly Known as 11900 Freud and 11900 E. Jefferson, Detroit, Michigan to the Detroit Brownfield Redevelopment Authority at the Amended Purchase Price and Acreage

Agenda of: December 19, 2019

Item No.: **2019-471**

Amount: **\$655,286.00**

TO: The Honorable
Board of Directors
Great Lakes Water Authority
The Legal Committee

FROM: Sue F. McCormick
Chief Executive Officer
Great Lakes Water Authority

DATE: December 18, 2019

RE: Authorization for Sale of Leased Property Commonly Known as 11900 Freud and 11900 E. Jefferson, Detroit, Michigan to the Detroit Brownfield Redevelopment Authority at the Amended Purchase Price and Acreage

MOTION

Upon recommendation of Randal M. Brown, General Counsel, the Legal Committee recommends the approval by the Board of Directors (Board) of the Great Lakes Water Authority (GLWA):

1. authorizing the sale of leased property Commonly Known as 11900 Freud and 11900 E. Jefferson, Detroit, Michigan (9.470 acres) to the Detroit Brownfield Redevelopment Authority for the sum of Six Hundred Fifty-Five Thousand Two Hundred Eighty-Six and no/100 Dollars (\$655,286.00) pursuant to the Second Amendment to the Real Property Purchase Agreement
2. acknowledging that the portion of the property to be sold is no longer needed in connection with the operation of the Conner Creek CSO Facility and the sale will not impair the operating efficiencies of the Conner Creek CSO Facility
3. granting a drainage easement and temporary access easement, and
4. authorizing the CEO to take such other action as may be necessary to accomplish the intent of this vote.

BACKGROUND

On February 26, 2019, Fiat Chrysler Automobiles NV (FCA) and the City of Detroit announced FCA's intent to invest approximately \$4.5 billion in five automobile plants located in the State of Michigan. Included amongst the proposed

investments is approximately \$1.6 billion to be invested in the Jefferson North and Mack Avenue Engine Plants located within the City of Detroit. On February 26, 2019, the Detroit News reported that: "Under terms of a Memorandum of Understanding between the Detroit and FCA, city officials must assemble land, craft a community benefits agreement and finalize tax incentives." GLWA staff has been advised this Memorandum of Understanding requires the City to assemble the land for this project within 60 days or by April 25, 2019.

GLWA owns property located at 11900 Freud and 11900 E. Jefferson, south of FCA's Jefferson North Assembly Plant. This property was acquired to be available for potential future system improvements. The Detroit Brownfield Redevelopment Authority (DBRA) has indicated its desire to acquire the property for the FCA project at a price of One Million Dollars (\$1,000,000) pursuant to the attached Real Property Purchase Agreement and has asked GLWA to respond by March 13, 2019 to its proposed purchase of the property.

Subsequent to the Board's prior approval of this transaction, the DBRA has indicated that it no longer needs a permanent access easement and desires to purchase less acreage than previously anticipated. For these reasons, the purchase price has been reduced to \$655,286.00.

JUSTIFICATION

The justification for this action is subject to an attorney-client privileged communication to the Board.

BUDGET IMPACT

The sale of this property would not directly impact GLWA's proposed budget.

COMMITTEE REVIEW

This matter was presented to the Legal Committee at its meeting on March 13, 2019. It was approved by the Board on that same day. The matter is being presented to the Legal Committee due to the changes to the material terms of the agreement.

SHARED SERVICES IMPACT

This item does not impact the shared services agreement between GLWA and DWSD.