



## Legislation Text

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**File #:** 2021-044, **Version:** 1

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### **Request to Sell 235 South McKinstry and 4600 West Jefferson, Detroit, MI 48229 at a Reduced Purchase Price**

**Agenda of:** January 27, 2021

**Item No.:** **2021-044**

**Amount:** \$1,100,000.00

**TO:** The Honorable  
Board of Directors  
Great Lakes Water Authority

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

**DATE:** January 25, 2021

**RE: Request to Sell 235 McKinstry and 4600 West Jefferson, Detroit, MI 48229 at Reduced Purchase Price**

### MOTION

Upon recommendation and opinion of Randal M. Brown, General Counsel, the Board of Directors for the Great Lakes Water Authority (GLWA):

- 1) Approves the sale of 235 South McKinstry and 4600 West Jefferson, Detroit, MI 48229 at a purchase price of \$1,100,000.00 instead of \$1,500,000.00, which was previously approved by the Board of Directors; and
- 2) Authorizes the Chief Executive Officer to take such other action as may be necessary to accomplish the intent of this vote, including executing the Purchase Agreement and any closing documents.

### **JUSTIFICATION**

The 235 South McKinstry property contains a warehouse to store large equipment primarily for the

Water Resource Recovery Facility (WRRF). 4600 West Jefferson property is a vacant parcel. GLWA does not use the vacant parcel for any purpose, but it was sold to the DWSD as a part of the property acquisition in 2013.

The 235 South McKinstry warehouse needed significant improvements, including roofing and electrical improvements, however, the costs for improving the warehouse outweighs its future value. During the investigative period under the Purchase Agreement, the buyer noted that the necessary improvements made it costs prohibitive unless the purchase price was reduced from \$1,500,000.00 to \$1,100,000.00. Concurrent with the sale of these properties, GLWA is attempting to secure a 3-5-year lease for a warehouse once it vacates 235 South McKinstry in May or June 2021. Long term, GLWA intends to build a warehouse on or near WRRF.

Pursuant to the Regional Water Supply System Lease, Regional Sewage Disposal Lease, and the Master Bond Ordinance, GLWA has the right to sell Leased Water Facilities that it no longer needs to support the service to wholesale customers.

### **BUDGET IMPACT**

To be determined upon the closing and consultation with Bond counsel.

### **COMMITTEE REVIEW**

But for the change in the purchase price, the Legal Committee reviewed details of the proposed transaction on September 23, 2020. Given the desire to complete this transaction soon, this matter is being submitted directly to the Full Board.

### **SHARED SERVICES IMPACT**

There is no impact to the Shared Services Agreement.