



**City of Rochester Hills
AGENDA SUMMARY
NON-FINANCIAL ITEMS**

**1000 Rochester Hills Dr.
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Legislative File No: 2005-0043

TO: Mayor and City Council Members
FROM: Ed Anzek, Director of Planning and Development, ext. 2572
DATE: **March 31, 2005**
SUBJECT: Sale of Meadowfield Property

REQUEST:

To consider accepting one of three Purchase Agreements (two companies: one of which has provided two different proposals) submitted to the City for the sale of property known as the Meadowfield property (Parcel No. 15-22-226-016) located on the north side of Meadowfield Drive, west of Rochester Road.

BACKGROUND:

In December of 2004 the City received two unsolicited offers to buy the Meadowfield property. When these proposals were received a staff committee of Anzek, Dawson, Hartner, Farris, and City Attorney Staran was formed to review the merits of the two proposals. To be brief, the Committee recommended rejecting both submittals as they contained language that resulted in vesting rights and privileges that could not be done. Council then asked both parties to meet with staff to discuss their interest in revising their proposals and resubmit. The City Council also asked Vice President Holder to join this staff team and participate in the discussions. Ms. Holder did join and was available at all meetings held with Messrs. Gilbert and Lombardo, the two parties submitting the proposals.

During those discussion the question was asked of Lombardo if they would be interested in an outright purchase of the Meadowfield site without the proposed “swap” of land on Adams Road. They said they would and then resubmitted their offer as two (2) different proposals. The first is a Purchase Agreement and the second is an Exchange Agreement. Mr. Gilbert has also resubmitted his proposal with the changes discussed with the committee. All three offers now stand as an “option” to buy the property. Two are for a “cash” sale and the third is a “partial cash and land swap” as compensation offer. As an “option” both parties are asking to contract the right to conduct all appropriate investigations and to seek all appropriate approvals prior to closing the contract and exchanging compensation. This is standard practice with any option and also eliminated some of the contractual commitments that both parties were seeking in their original submittals.

In this second round of submittals, the Lombardo offers were increased to a cash value of \$1,975,000. The Gilbert offer remained at \$1,980,000 **IF** they can build 120 units on the Meadowfield site. The cash offer drops by \$16,500 per unit but not below \$1,850,000 as a bottom line offer that assumes 100 units on the 10-acre parcel. The Lombardo proposal calls for 58 units on the 10-acre parcel. In the January 19, 2005, submittal staff provided a lengthy analysis of the two proposals. Most of that analysis still stands. What is attached to this Agenda Summary is an Update to the Report titled Potential Sale/Purchase: Meadowfield Property/Adams Apple Site. Only those portions changed are in the Update. All other information remains the same and is again provided with this Agenda item.

RECOMMENDATION:

The Committee met on March 31, 2005 to discuss the proposals and determine if there is a consensus as to a recommendation to make to the City Council. The issues discussed are varied and diverse. It is further acknowledged that the comparison of these three proposals is an “apples to apples to oranges” situation. The defining factors boil down to what Council believes is the best policy to go forward.

Five members of the committee (all but Staran) did meet and unanimously recommends the City Council accept the Exchange Agreement with Lombardo as the preferred option. The reasons for this recommendation are contained in Pros and Cons Section and the Recommendation Section of the attached Update.

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RESOLUTION

NEXT AGENDA ITEM

RETURN TO AGENDA

APPROVALS:	SIGNATURE	DATE
Department Review		
Department Director		
Mayor		
City Council Liaison		