VILLAGE OF PINCKNEY

Patterson Lake Road Property Bid - Council Recap

Purchaser	Superior Fine Furnishings, LLC	Offer	$25,000 cash purchase
Property	Approximately 6 acres to be split from 1600 Patterson Lake Road	Deposit	$2,500 earnest money
Bid Process	Publicly offered for 30 days; this was the only bid received	Current Use	Vacant Village-owned land

IMPORTANT CONTRACT ISSUE

The submitted contract does not currently require construction of three buildings within six months. It requires the purchaser to break ground on only one new home within 90 days after closing. Council's three-building requirement should be placed in a binding addendum before the Village accepts the offer.

Overview of the Offer

Superior Fine Furnishings, LLC proposes to purchase approximately six acres of vacant Village property. The final acreage and legal description will be established through a survey. The agreement is subject to due-diligence contingencies, including survey, soil evaluation, sight-distance approval and investigation of permits required for the proposed development.

The purchaser accepts responsibility for the principal development costs, including:

- Surveying and completion of the proposed land division.
- Soil evaluation and percolation testing.
- Investigation and extension of electricity and a fuel source.
- Driveways, building approvals, permits and development requirements.
- Due-diligence expenses, with no reimbursement from the Village.

The property is proposed to be sold in its current as-is condition, with all faults and without Village representations or warranties.

Benefits to the Village

- Provides $25,000 in immediate sale proceeds for property that is not presently producing property-tax revenue.
- Returns vacant public property to productive private use.
- Three completed residences would add taxable value and provide continuing property-tax revenue.
- Adds housing within the Village and supports community growth.
- Creates construction-related economic activity for contractors, suppliers and local businesses.
- Places most investigation, surveying, utility and development costs on the purchaser.
- Concludes an open 30-day bid process in which no competing offers were submitted.

LONG-TERM VALUE

The strongest financial benefit is not limited to the $25,000 purchase price. It is the addition of three completed residential properties to the Village tax base.

Concerns and Potential Disadvantages

- The offer is $25,000 for approximately six acres.
- Only one bid was received, so there are no competing offers available to confirm market demand or value.
- The acreage and final legal description have not yet been established.
- The purchaser may withdraw under stated contingencies if the survey, soil evaluation, sight distance or intended-use investigation is unsatisfactory.
- The agreement does not state a firm closing date.
- The Village is responsible for an owner's title-insurance policy and certain customary seller expenses.
- The current contract does not guarantee three completed buildings or provide a clear remedy if development does not occur.

Recommended Conditions Before Acceptance

Council approval should be expressly conditioned upon execution of a revised purchase agreement or addendum that provides:

- Construction of three residential buildings on the property.
- A defined deadline for groundbreaking and active construction on all three buildings.
- Completion of all three buildings within six months after closing.
- A clear definition of completion, preferably issuance of certificates of occupancy.
- A firm closing deadline.
- Compliance with all zoning, land-division, building, utility and other governmental requirements.
- An enforceable remedy for nonperformance, such as a Village repurchase right, deed restriction, performance security or comparable protection.
- Recording of continuing development obligations with the deed so they remain attached to the property.

Recommendation

Award the property to Superior Fine Furnishings, LLC for $25,000, subject to a revised and fully executed agreement requiring completion of three residential buildings within six months after closing and providing an enforceable remedy if that commitment is not met.

With these protections in place, the transaction would provide immediate revenue, return vacant property to the tax roll, add housing and create continuing financial benefits for the Village. Without the written three-building requirement, the submitted contract does not guarantee the development that supports the proposed sale.