

AGENDA REPORT

TO: Mayor & City Commission
FROM: Ken Hibl, City Manager
DATE: June 2, 2016
RE: Approve Purchase Agreement

For the Agenda of June 6, 2016

Background. In accordance with the provisions of its management agreement with the City of Clare, the Clare Industrial Development Corporation has approved the sale of 2.48 acres of property in the City's North Industrial Park to Mr. Loren Cole of Gateway Refrigeration. Mr. Cole intends to move his 28-year old refrigeration business to the site; he plans to construct a new 10,000sf building on the site this year with proposed future construction of two additional 10,000sf buildings. The Planning Commission has approved his proposed site plan for this parcel of property.

Our City Attorney has prepared a purchase agreement (*copy att'd*) to consummate the sale of the property and allow subsequent construction of the Gateway Refrigeration Building. The City Commission is asked to approve the purchase agreement.

Issues & Questions Specified. Should the City Commission approve the purchase agreement?

Alternatives.

1. Approve the agreement.
2. Override the decision of the Clare IDC by disapproving the agreement.
3. Defer decision regarding the matter to a subsequently scheduled meeting.

Financial Impact. The purchase price of the property is \$10K per acre, which was set by agreement with the Economic Development Agency as a term of the grant provided to the City for the construction of the City's North Industrial Park. The proceeds of the sale will be provided to the IDC to promote future industrial development in accordance with the City's agreement with the IDC. The City will realize the benefits of the sale through increased tax revenue and new economic development in the industrial park.

Recommendation. I recommend that the City Commission approve the purchase agreement by adoption of Resolution 2016-060 (*copy att'd*).

Attachments.

1. Purchase Agreement.
2. Resolution 2016-060.

PRELIMINARY AGREEMENT FOR SALE OF REAL ESTATE

THIS CONTRACT, made at _____, Michigan, this ____ day of _____, 20____, by and between CITY OF CLARE, a Michigan municipal corporation, as Seller, and GATEWAY REFRIGERATION, INC., as Purchaser,

WITNESSETH, the Seller agrees to sell and convey and the Purchaser agrees to purchase, on terms and conditions hereinafter stated, the real property, with building and improvements thereon, approximately described as:

See attached Exhibit "A".

The Grantor grants to the Grantee the right to make -0- divisions of the above-described property under Section 108 of the Land Division act, Act No. 591 of the Public Acts of 1996, as amended, the above information provided by Grantor. Any split or division of land must be approved by the township and county officials and failure to comply may result in criminal or civil sanctions pursuant to Public Act 591 of 1996.

This property may be located within the vicinity of farmland or a farm operation. Generally accepted agricultural and management practices which may generate noise, dust, odors, and other associated conditions may be used and are protected by the Michigan Right to Farm Act.

The purchase price is Twenty-five Thousand and no/100ths (\$25,000.00) Dollars payable as follows: One Thousand and no/100ths (\$1,000.00) Dollars upon execution of this Agreement, receipt of which is hereby acknowledged; the balance of the purchase price shall be payable in cash upon closing which shall be within thirty (30) days, at which time purchaser will receive a warranty deed and possession of said premises.

The Seller shall furnish for Purchaser's examination a reasonable time before said delivered date a policy of title insurance, certified to a date subsequent hereto showing merchantable title to said premises in the Seller, free and clear of all encumbrances except restrictions of record and covenants running with the land and duly recorded, if any. The parties expressly agree that the parcel is subject to the Covenant of Purpose and Use for EDA Project No. 06-79-05874 which is recorded at Liber 1258, Page 362-365 and in connection with that EDA funding for infrastructure the property is subject to restrictions for a term of years and the title insurance will be issued subject to these restrictions.

The Seller shall be allowed a reasonable extension of time for correction of defects in title, if any. The abstract shall remain the property of the Seller and in his custody until payment of the purchase price is completed but shall be reasonably loaned to the Purchaser upon posting of ample security for its safe return. Said abstract shall become the property of the Purchaser upon the full payment of the purchase price.

Taxes to be apportioned to date of giving possession of premises. Risk of loss by fire or act of god until said date is assumed by the Seller. Time is of the essence of this Agreement.

The Purchaser agrees to purchase the above described premises from the Seller for the purchase price stated and to pay for same in the manner set forth.

If the title is not marketable, or if the terms of purchase are contingent upon ability to obtain a new mortgage and cannot be met, this deposit is to be refunded. In the event the Purchaser fails to conclude the sale on these terms, then Seller shall be entitled to retain the sum deposited as liquidated damages, or seek specific performance.

The parties agree that purchaser is responsible for paying closing costs.

The conditions, of this Agreement, extend to and bind the heirs, administrators, successors and assigns of the parties hereto.

WITNESS:

SELLER
CITY OF CLARE

BY:
ITS:

PURCHASER
GATEWAY REFRIGERATION, INC.

BY:
ITS:

PREPARED BY:
JAYNIE SMITH HOERAUF
JAYNIE SMITH HOERAUF, P.C.
601 Beech Street, P.O. Box 67
Clare MI 48617
(989) 386-3434

EXHIBIT "A"

A parcel of land located in the Southwest 1/4 of Section 23, Township 17 North, Range 4 West, City of Clare, Clare County, Michigan, being more particularly described as:

Commencing at the Southwest corner of said Section 23;
thence North 89°27'03" East 1968.62 feet,
 along the South line of said Section 23 and Colonville Road (66 feet wide);
thence North 00°39'12" East 1317.58 feet,
 to a point on the South 1/8 line of said Section 23, as monumented;
thence North 89°35'44" East 160.00 feet,
 along said South 1/8 line of Section 23, as monumented, to the POINT OF BEGINNING;
thence North 89°35'44" East 375.86 feet,
 continuing along said South 1/8 line of Section 23, as monumented;
thence South 00°32'57" East 254.97 feet,
 to a point on the North line of Consumers Energy Parkway (variable width);
thence South 89°27'03" West 501.23 feet,
 along the North line of said Consumers Energy Parkway;
thence North 00°39'12" East 96.28 feet;
thence North 89°35'44" East 119.99 feet;
thence North 00°39'12" East 160.00 feet to the POINT OF BEGINNING.

Said parcel contains 2.48 acres, more or less. Together with and subject to a 10 feet wide public utilities easement over the Southerly 10.0 feet thereof. Also being subject to any other restrictions or easements of record, if any.

RESOLUTION 2016-060

A RESOLUTION OF THE CLARE CITY COMMISSION APPROVING A PURCHASE AGREEMENT FOR THE SALE OF PROPERTY WITHIN THE CLARE NORTH INDUSTRIAL PARK.

WHEREAS, the City of Clare has long enjoyed an Agreement with the Clare Industrial Development Corporation to manage and market the City's industrial properties, to include the authority to negotiate the sale of said properties, and promote industrial development within the City of Clare;

WHEREAS, said relationship has garnered substantial success for the City and the Greater Clare Area Community through job creation and economic development and was instrumental in the development of both of the City's industrial parks and other industrial development within the City of Clare; and

WHEREAS, in accordance with the terms of said Agreement, the IDC has negotiated and approved the sale of 2.5 acres of vacant industrial property to Gateway Refrigeration in the City's North Industrial Park, the sale price being \$10,000 per acre; and

WHEREAS, the Clare City Attorney has crafted a Purchase Agreement for the sale of said property; and

WHEREAS, the Clare City Commission has reviewed and discussed said Purchase Agreement and deemed that the approval of said Agreement is definitely in the best interests of the City.

NOW THEREFORE BE IT RESOLVED THAT the Mayor and City Commission of the City of Clare hereby approve the proposed Purchase Agreement between the City of Clare and Gateway Refrigeration, Incorporated for the sale price of \$25,000 and directs its City Attorney to proceed with the execution of said Agreement.

BE IT FURTHER RESOLVED THAT the City Commission hereby approves the transfer of all proceeds associated with the sale of said property to the Clare Industrial Development Corporation, said proceeds to be used strictly and solely for the purposes of promoting and further industrial development for the City of Clare in accordance with the terms of the Agreement between the City of Clare and Clare Industrial Development Corporation.

ALL RESOLUTIONS AND PARTS OF RESOLUTIONS INsofar AS THEY CONFLICT WITH THE PROVISIONS OF THIS RESOLUTION BE AND THE SAME ARE HEREBY RESCINDED.

The Resolution was introduced by Commissioner _____ and supported by Commissioner _____. The Resolution declared adopted by the following roll call vote:

YEAS:

NAYS:

ABSENT:

Resolution approved for adoption on this 6th day of June 2016.

Diane Lyon, City Clerk