

MEMORANDUM

To: Mayor and City Council
From: Warren Hutmacher, City Manager
Date: November 1, 2012 (for November 12, 2012)
Subject: **Project Renaissance – Resolution to complete Transaction #2 of the 19 acre former Emory Dunwoody Hospital site**

ITEM DESCRIPTION

Staff will have completed all necessary due diligence activities for the second phase of the 19 acre (former Emory Dunwoody Hospital site) property purchase by the November 12, 2012 Council Meeting. Finalizing the purchase of the 5.4283 parcel "A2" (see attached map) now as opposed to waiting until 2013 the City will save \$22,010.00 in interest.

BACKGROUND

In August 2011, the City Council authorized the City Manager to execute a sales contract with American Medicorp Development Company (subsidiary of HCA) for the purchase of a 19.14 acre property formerly known as the Dunwoody Emory Hospital site along North Shallowford and Pernoshal Roads.

This property is being purchased as part of Project Renaissance, a redevelopment initiative focused on a 35-acre area in Georgetown, in accordance with the Georgetown/North Shallowford Master Plan and the Urban Redevelopment Plan.

In March 2012, the City Council authorized the City Manager to execute a modification to the sales contract referenced above that effectively divided the transaction into three parts. The City purchased parcels A1 and B in June 2012 and has an exclusive option on parcel A2 through 2013 and on parcel C through 2014 (see attached map).

As part of the 2012 Budget Amendment, adopted in October 2012, the City Council budgeted to purchase parcel A2 this year instead of waiting until 2013. By completing this transaction now the City will save \$22,010.00 in interest.

COMPLETED DUE DILLIGENCE ACTIVITIES

Staff has previously completed most of the necessary due diligence work to finalize the purchase of this property. The survey, appraisals, and environmental assessment were presented at the November 2011 City Council Meeting and are summarized below.

1. SURVEY

An ALTA survey (a survey prepared by the standards of the American Land Title Association and the American Congress on Surveying and Mapping) was completed which shows easements, rights-of-way, locations of all improvements on the land (observable utilities, roads, driveways, etc.), and other factors influencing the ownership of land. Additionally, the ALTA Survey provides the title company with the information needed to insure the title to the land. Staff has received an ALTA survey

for this property, which was prepared by TerraMark, and there are no issues of concern related to the survey.

2. APPRAISALS

Two independent MAI (Member of the Appraisal Institute) appraisals of the full 19 acre property were completed in accordance with City purchasing rules. The results are as follows:

1. Alex Rubin and Company. (Georgia Certified General Real Property Appraiser) determined the Market Value "As Is" of the fee simple interest of the full 19 acre subject property, based on market conditions as of November 7, 2011, is six million four hundred forty thousand dollars (\$6,440,000). This appraisal is above our total purchase price of \$5,532,000.
2. Weibel and Associates, Inc. (Georgia Certified General Real Property Appraiser) determined the Market Value "As Is" of the fee simple interest of the full 19 acre subject property, based on market conditions as of November 1, 2011, is eight million dollars (\$8,000,000). This appraisal is above our total purchase price of \$5,532,000.

The variance between the two appraisals is 19.5%. The City's purchasing policy requires two appraisals if the purchase price is above \$500,000 and either the variance between the two appraisals is less than 20% or both appraisals regardless of variance are above the purchase price. Since both appraisals are above the purchase price, a third appraisal was not required.

The average of the two appraisals is \$7,220,000. This is \$1,688,000 more than the total purchase price, amounting to a 23.3% variance. It is reasonable to conclude that the appraisals clearly justify the purchase price for this property.

3. ENVIRONMENTAL ASSESSMENT

The Phase I Environmental Site Assessment was performed in general accordance with American Society for Testing Materials (ASTM) Standard Practice for Site Assessments. The assessment includes an involved and detailed site visit by a qualified professional. A Phase I Environmental Site Assessment conducted by Rindt-McDuff Associates revealed no evidence of Recognized Environmental Conditions. There are no issues of concern related to the environmental assessment.

FINAL DUE DILIGENCE ACTIVITY

4. TITLE REVIEW

The City engaged Alison Woodrow, Esq., a commercial real estate attorney with FSB Fisher Broyles, a Limited Liability Partnership, to represent the City in this transaction. Ms. Woodrow has reviewed all of the title work related to the full 19 acre property and found no significant issues of concern related to the title review.

The City is contracting with First American Title Insurance Company to purchase appropriate title insurance for the property upon the consummation of the closing of this transaction.

FUNDING

The purchase price assigned to Transaction #2, if completed between November 1 and November 30, 2012, is \$521,030.00. At the October 29, 2012 Council Meeting, the Council allocated funds towards this purchase as part of the Fiscal Year 2012 Budget Amendment. There are sufficient funds on hand to close on this transaction.

RECOMMENDATION

Staff recommends the City Council authorize the City Manager to finalize and close Transaction #2 consisting of 5.4283 acres of land located on the former Emory Dunwoody Hospital site on Pernoshal Court.