



**CITY OF NOVI CITY COUNCIL  
SEPTEMBER 11, 2023**

**SUBJECT:** Consideration to approve Purchase Agreement for four vacant properties on Eleven Mile Road, adjacent to Lee BeGole Drive, approximately 14.70 acres total, Parcel I.D. Nos. 22-14-451-012 and -013, and 22-14-451-015 and -017, for \$3,500,000, and to amend the budget accordingly.

**SUBMITTING DEPARTMENT:** City Manager's office

<b>EXPENDITURE REQUIRED</b>	<b>\$3,500,000</b>
<b>AMOUNT BUDGETED</b>	<b>\$0</b>
<b>APPROPRIATION REQUIRED</b>	<b>\$3,500,000</b>
<b>LINE ITEM NUMBER</b>	<b>401-901.00-971.000</b>

**BACKGROUND INFORMATION:**

Attached for City Council's consideration is a draft Purchase Agreement for the above-referenced properties, which are located on the north side of Eleven Mile Road, across Lee BeGole Drive from the DPW property. They are vacant but are in the area of the long-planned extension of Crescent Boulevard from Novi Road to Eleven Mile Road in that northeast quadrant.

The proposed agreement is similar to those the City has used for such purposes over the years. It allows the City time to do a survey and environmental reviews, as well as title work. The date by which the transaction must be closed is no later than December 15, 2024.

A couple of items bear closer review. The earnest money deposit (which is paid to the title company and forfeited in the event of a default by the City) is substantial—\$500,000. Also, the properties are currently owned by two different entities but are being sold for one price. The agreement requires the Seller to have under one ownership by the time of closing.

See the attached materials for more information on the properties.

**RECOMMENDED ACTION:** Approval of Purchase Agreement for four vacant properties on Eleven Mile Road, adjacent to Lee BeGole Drive, approximately 14.70 acres total, Parcel I.D. Nos. 22-14-451-012 and -013, and 22-14-451-015 and -017, for \$3,500,000, and to amend the budget accordingly.

**RESOLUTION**

NOW, THEREFORE BE IT RESOLVED that the following Budget Amendment for the purchase agreement for four vacant properties on Eleven Mile Road adjacent to Lee BeGole Drive approximately 14.70 acres total is authorized:

	INCREASE (DECREASE)
<b>Capital Improvement Program (CIP) Fund</b>	
<b>APPROPRIATIONS</b>	
Capital Outlay	3,500,000
<b>TOTAL APPROPRIATIONS</b>	<u><b>\$ 3,500,000</b></u>
<b>Net Increase (Decrease) to Fund Balance</b>	<u><u><b>\$ (3,500,000)</b></u></u>

I hereby certify that the foregoing is a true and complete copy of a resolution adopted by the City Council of the City of Novi at a regular meeting held on September 11, 2023

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Cortney Hanson  
City Clerk

**STATE OF MICHIGAN  
COUNTY OF OAKLAND  
CITY OF NOVI**

**PURCHASE AGREEMENT**

BY SIGNING THIS PURCHASE AGREEMENT (Agreement), **Crystalbrooke II**, a Michigan limited liability company, and **Emeraldbrooke II**, a Michigan limited liability company, whose address is 38701 Seven Mile Road, Suite 245, Livonia, MI 48152 (jointly, Seller), and the **City of Novi**, whose address is 45175 Ten Mile Road, Novi, MI 48375 (Buyer), agree to sell and purchase the following real estate located in the City of Novi, Oakland County, Michigan, described as follows:

**See Exhibit A, attached**

Parcel I.D. Nos (approximately 14.70 acres, total):

Crystalbrooke II:

22-14-451-012

22-14-451-013

Emeraldbrooke II:

22-14-451-015

22-14-451-017

with Buyer to pay Three Million Five Hundred Thousand Dollars (\$3,500,000.00) (the Purchase Price), subject to the existing building and use restrictions and easements of record, and zoning ordinances, if any, on the following conditions:

**CASH SALE**

Seller shall convey title to the Property to Buyer by delivery of a warranty deed conveying marketable title (Deed) on tender of the Purchase Price. Payment of the Purchase Price is to be made in cash, bank cashier's check, or wire transfer at the time of closing.

**EVIDENCE OF TITLE**

As evidence of title, Seller, at Seller's expense, agrees to furnish Buyer within ten (10) days of the Effective Date (as defined below), a commitment for title insurance issued by a reputable title company licensed to do business in the State of Michigan, in good standing (the Title Company) and acceptable to the Buyer, in an amount not less than the Purchase Price and bearing a date later than the acceptance date of this Agreement, with the owner's policy to be issued pursuant to the commitment insuring marketable title (as defined below) to the Property in

Buyer.

Seller agrees that the commitment for title insurance and the subsequent policy to be issued shall be *without standard exceptions* provided Purchaser obtain a survey and shall be recertified and updated at the closing of this transaction as of the date of such closing or the most recent date through which the county register of deeds has completed the recording and indexing of real estate instruments and documents in order to eliminate the “gap” period between the date of such title commitment and the closing of this transaction, and that the policy issued will be updated to close any “gap” period between the date of closing and the date of the recording of the deed to Buyer. Seller shall also arrange to provide Buyer with a marked-up commitment for title insurance at the closing of this transaction guaranteeing that title is in the condition required under this paragraph.

Seller shall execute an owner’s affidavit and such other documents as the title insurance company or its agent typically requires for the issuance of a policy without standard exceptions; provided, however, that Buyer shall pay for the cost of any survey required for the deletion of the standard exceptions. For purposes of this Agreement, marketable title shall mean fee simple title free and clear of any and all liens and encumbrances whatsoever, excepting only recorded and enforceable building and use restrictions, public utility easements of record, the landscape berm easement referred to below, and zoning ordinances, which shall not constitute title defects or render the title to the Property unmarketable; provided, however, that Buyer, at Buyer’s sole option, may elect to accept title in whatever condition it may be in, notwithstanding such condition would not meet the above definition of “marketable title” and, in such event, marketable title shall mean the condition of title which Buyer has elected to accept.

### **TITLE OBJECTIONS**

If objection to the title is made in the commitment for title insurance or based on a written opinion of Buyer’s attorney that the title is not in the condition required for performance of this Agreement, Seller, at Seller’s sole option, shall have thirty (30) days from the date Seller is notified in writing of the particular defects claimed, either (1) to fulfill the requirements in the commitment or to remedy the title defects set forth in Buyer’s attorney’s opinion or (2) to refund the deposit in full termination of this Agreement. If Seller is able to comply with such requirements or remedy such defects within the time specified, as evidenced by written notification, revised commitment, or endorsement to commitment, Buyer agrees to complete the sale as provided herein, subject to any other contingency contained in this Agreement. If, after reasonable efforts, Seller is unable to furnish satisfactory title within the time specified, the deposit shall be immediately refunded in full termination of this Agreement, unless Buyer elects to proceed with the sale accepting such title as Seller is able to convey.

### **EARNEST MONEY DEPOSIT**

On the Effective Date (as defined below) of this Agreement, Buyer shall make an earnest money deposit of One Hundred Thousand Dollars (\$100,000.00) which shall be held by the Title Company and which shall be applied toward the Purchase Price at closing if the sale is consummated.

## **TAXES AND PRORATED ITEMS**

All taxes and assessments which have become a lien on the land as of the date of closing shall be paid by Seller, except that: (a) all current property taxes shall be prorated and adjusted between Seller and Buyer as of the date of closing on a due-date basis, without regard to lien date, as if paid prospectively (e.g., taxes due July 1 will be treated as if paid for the period July 1 through the following June 30, and taxes due December 1 shall be treated as if paid for the period December 1 through the following November 30); and (b) Buyer shall be responsible for the payment of all property taxes falling due after the date of closing without regard to lien date. Capital or lateral charges and special assessments which have become a lien on the Property shall be paid in full by Seller on or before closing. Capital or lateral charges and special assessments which have not become a lien on the Property shall be paid by Buyer either in full at closing, or, if applicable, in installments. Seller shall pay the cost of all utilities and service charges for the entire Property through and including the date of transfer of possession and occupancy to Buyer.

## **CLOSING**

Closing shall take place at the office of the Title Company or at the Buyer's offices. If the closing takes place anywhere other than at the office of the Title Company, Seller shall arrange for a Title Company representative with authority to update and mark up the commitment for title insurance as required under this Agreement to be present at the closing. If title can be conveyed in the condition required under this Agreement and all contingencies have been satisfied or waived, closing shall take place on a date and time as is mutually agreeable to the parties and as dictated by the ability and availability of Buyer's lender, if any, to close, provided, however, that closing shall occur on or before **December 15, 2023**. Seller shall provide a complete package of every document to be executed by Buyer to Buyer's attorney at least 48 hours before closing.

## **PAYMENT OF FEES, CLOSING COSTS, ETC.**

Buyer shall pay all closing fees and all costs associated with recording the required Deed and any loan documents. The parties agree that the Title Company shall prepare the required Deed and closing documents necessary to complete this transaction, that the Title Company shall conduct the closing, and that the cost of same, together with any settlement, document preparation, or disbursement fee, shall be borne equally by Buyer and Seller. Seller shall also pay the required transfer tax, the cost of an owner's commitment and policy of title insurance, and applicable recording fees relative to the discharge of Seller's mortgage, if any. At closing, the parties shall execute closing statements prepared by the Title Company and all income or other tax reporting documents as required by the Title Company.

## **BUYER'S CONTINGENCIES**

Buyer's obligations under this Agreement shall be contingent on the following:

**Survey.** At Buyer's sole option and expense, Buyer obtaining a survey (of any type, e.g., mortgage report, ALTA/ASCM survey with any Table A options Buyer desires) of the Property

within ninety (90) days after the Effective Date (as defined below). If Buyer is not satisfied with the results of the survey for any reason related to title, marketability, or Buyer's use of the Property, or if, for any reason, the survey is insufficient to cause the survey exception to be deleted from the standard exceptions to the policy of title insurance, Buyer shall so notify Seller in writing at any time within fourteen (14) business days after the expiration of the ninety (90) day survey period. On receipt of written notice of same, Seller shall immediately refund to Buyer all sums deposited by Buyer and this Agreement shall be terminated and of no further force and effect. If no written objection is made by Buyer within the stated period, this survey contingency shall be deemed to be waived by Buyer and the parties shall proceed to closing in accordance with the terms of this Purchase Agreement and Buyer shall be deemed to have purchased the Property in an "AS IS" condition.

**Environmental.** Buyer obtaining satisfactory inspections and testing of the Property for radon, asbestos, toxic mold, and/or environmental contamination, including a Phase I Environmental Site Assessment (ESA), Phase II ESA, and if applicable a Baseline Environmental Assessment (BEA) of the Property, by a qualified person acceptable to Buyer, at Buyer's sole option and expense, within ninety (90) days after Buyer's receipt of an accepted copy of this Purchase Agreement from Seller. If this inspection or testing shows any type of Environmental Condition, Buyer shall have the option to terminate this Agreement by written notice to Seller at any time within fourteen (14) days after expiration of the one hundred and ninety (90) day inspection period. In such event, upon written notice of same to Seller, Buyer shall be immediately refunded all sums deposited by Buyer hereunder and this Agreement shall be terminated and of no further force and effect.

Nothing contained herein, however, shall be construed to mean the Buyer is indemnifying or otherwise holding Seller harmless from third-party actions or suits in regard to asbestos, toxic mold and/or environmental contamination of the Property or any other matter. When used herein, the term "Property" shall include all aspects of the Property, such as, but not limited to, any buildings on the Property and the soil and groundwater beneath the Property. When used herein, "Environmental Condition" shall mean any condition or conditions affecting or relating to the air, soil, groundwater, or surface water at or about the Property and any failure to comply with governmental requirements, including environmental protection laws, relating to such condition or conditions, which could or does require remediation, including abatement, investigation, containment, or removal and/or which could result in Environmental Claim(s).

If no written objection is made by Buyer within the stated period, this survey contingency shall be deemed to be waived by Buyer and the parties shall proceed to closing in accordance with the terms of this Purchase Agreement and Buyer shall be deemed to have purchased the Property in an "AS IS" condition. However, Buyer's obligation to purchase any or all of the Property is subject to and contingent upon Buyer's satisfaction that the Property can be feasibly and economically used for the intended uses with any environmental remediation deemed necessary by Buyer, in its sole and absolute discretion.

To assist in this environmental review, Seller shall provide Buyer with any and all information in its possession regarding the environmental condition of the Property, including any

Phase I, Phase II, or BEA information.

### **SELLER'S REPRESENTATIONS**

Seller represents to Buyer as follows:

To the best of Seller's knowledge, there is no pending litigation affecting all or any part of the Property, or Seller's interest in it.

To the best of Seller's knowledge, there are no unrecorded interests of any person(s) or entity(ies) in and to the Property whatsoever (including, but not limited to, easements, profits, and licenses).

To the best of Seller's knowledge, there are no easements, either above the surface, at grade, or subsurface, other than utility easements of record, which would affect or interfere with Buyer's use and enjoyment of the Property, as determined by Buyer, with the sole exception of the Berm Easement described above.

To the best of Seller's knowledge, there are no underground storage tanks or hazardous or toxic substances existing on, under, or above the Property as defined in any federal, state, or local law, regulation, rule, statute, or directive, nor is there any asbestos or urea formaldehyde foam insulation installed in or on the Property.

Seller will transfer all division rights available to Buyer with the Deed.

### **POSSESSION/RIGHT OF OCCUPANCY**

Buyer shall be entitled to possession of the Property at the time of closing.

### **CONDITION OF PROPERTY**

Seller agrees that the Property will remain in substantially the same condition in which it existed as of the date of this Agreement for the period through the last date of Seller's ownership and possession of the Property (with the exception of the demolition and removal of the home and pool described above). Seller and Buyer agree that Buyer shall be permitted to conduct a walk-through inspection of the premises and Property within 48 hours of the date of closing to enable the Buyer to confirm that the Property is in substantially the same condition as existed upon the date of Buyer's physical inspection(s). If Buyer is not then satisfied that the premises and Property have been maintained by Seller as required, Buyer shall have the right to delay the closing until Seller returns the premises and Property to the required condition at Seller's expense. If the Seller fails or refuses to return the premises and Property to the required condition within fourteen (14)

days of Buyer's demand for same, Buyer shall have the right (but not the obligation) to declare this agreement to buy and sell the Property null and void and immediately thereafter all deposits paid by Buyer shall be returned to Buyer.

### **BROKER**

Seller is represented by Signature Associates. Buyer is represented by Real Estate One. A 5% commission will be paid by Seller and split between the two brokers.

### **EXPIRATION**

It is contemplated, but not required, that this Agreement will be signed by the Buyer first, with the Earnest Money Deposit given to the Title Company. In such event, Seller shall have five (5) business days from the date of receipt of the Agreement after it has been executed by Buyer to accept and deliver a countersigned original of this Agreement to Buyer or Title Company; otherwise this Agreement shall constitute an expired offer to purchase and the Earnest Money Deposit shall be immediately returned to the Buyer.

### **TIME IS OF THE ESSENCE**

At all times under this agreement where certain time constraints are set forth, the parties have agreed that TIME IS OF THE ESSENCE and that no extensions of said time limits are expected or agreed to unless specifically agreed to in writing.

### **RISK OF LOSS**

Seller and Buyer agree that the Michigan Uniform Vendor and Buyer Risk Act (MCLA § 565.701, et seq.) shall be applicable to this Agreement, except that Buyer shall have the sole uncontrolled discretion to determine and define what constitutes "material" damage or destruction.

### **DUE ON SALE**

Seller understands that consummation of the sale or transfer of the Property described in this agreement shall not relieve the Seller of any liability that Seller may have under the mortgage(s) to which the Property is subject, unless otherwise agreed to by the lender or required by law or regulation.

### **BUYER'S DEFAULT**

In the event of material default by the Buyer under this Agreement, Seller may, as Seller's sole option, declare a forfeiture hereunder and retain the deposit as liquidated damages.



## **SELLER'S DEFAULT**

In the event of material default by Seller under this Agreement, Buyer may, at Buyer's option, elect to enforce the terms of this agreement, or be entitled to an immediate refund of the entire deposit in full termination of this agreement.

## **CHOICE OF LAW**

This Agreement shall be governed by and construed in accordance with the laws of the State of Michigan that are applicable to Agreements made and to be performed in that State. Should any court action be commenced at any time involving or concerning this Agreement, the parties hereto consent and agree to jurisdiction and venue being in the State of Michigan Circuit Court in Oakland County. The agreement of the parties in this paragraph shall survive the Closing of this transaction.

## **LEGAL DOCUMENT; INTERPRETATION**

This is a legal and binding document, and both Buyer and Seller acknowledge that they have been advised to consult an attorney to protect their interests in this transaction. Where the transaction involves financial and tax consequences, the parties acknowledge that they have been advised to seek the advice of their accountant or financial adviser. No provision in this Agreement is to be interpreted for or against any party because that party or that party's legal representative drafted the provision.

## **NOTICES**

All notices and demands required or permitted under this agreement shall be in writing and shall be served personally or by postage prepaid United States first class, certified (return receipt requested), or registered mail, addressed to the party at the address indicated on page 1 hereof or to such other place as may be designed by notice given in accordance with this section. It is agreed to by the parties that offers, acceptances and notices required hereunder may, but are not required to, be delivered by facsimile (fax) copy to the parties or their agents provided a hard copy (originally signed copy) is mailed or delivered in a timely manner. If faxed, the date and time of the receipt of the fax shall be the date and time of said offer, acceptance or notice. If not faxed, notice shall be deemed to have been given on the earlier of (a) the date of personal delivery, (c) the date when received, or (c) one (1) day after mailing if mailed in the State of Michigan.

## **GRAMMAR AND HEADINGS**

Whenever words herein are used in the masculine, they shall be read in the feminine or neuter whenever they would so apply and vice versa, and words in this Agreement that are singular shall be read as plural whenever the latter would so apply and vice versa. The headings contained herein are for the convenience of the parties and are not to be used in construing the provisions of this Agreement.

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**BINDING EFFECT**

The covenants, representations and agreements herein are binding upon and inure to the benefit of the parties hereto, their respective heirs, representatives, successors and assigns, and shall survive the Closing where indicated.

**DATE OF EXECUTION**

The date of execution of this Agreement shall be the date on which the last person to sign this document (in its final form) shall have signed the document. In the event the parties fail to insert the date of execution beneath their signatures below, then the date of execution shall be the date on which Seller actually signed the document. **IT IS THEREFORE VERY IMPORTANT FOR EACH PERSON SIGNING THIS DOCUMENT TO PLACE THE DATE OF SIGNING IN THE SPACE PROVIDED BELOW THEIR SIGNATURE.**

**ENTIRE AGREEMENT/WRITTEN AGREEMENTS ONLY**

This Agreement contains the entire agreement between Seller and Buyer. There are no agreements, representations, statements, or understandings which have been relied on by Seller or Buyer which are not stated in this Agreement. **IT IS THE PARTIES' INTENT IN THEIR DEALINGS THAT IF IT IS NOT IN WRITING, IT IS NOT ENFORCEABLE.** This Agreement (and written and signed addenda, if any) cannot be modified, altered, or otherwise amended without a writing being duly signed or initialed, as the case may be, by both Seller and Buyer. The parties agree that facsimile signatures and duly initialed changes are legally enforceable provided the applicable writing contains such signature or initials of all parties to this Agreement.

ACCORDINGLY, Seller and Buyer have executed this Purchase Agreement as of the date written below.

**CRYSTALBROOKE II**  
a Michigan limited liability company

\_\_\_\_\_  
By:  
Its:  
Dated: August \_\_\_\_, 2023

**EMERALDBROOKE II**  
a Michigan limited liability company

\_\_\_\_\_  
By:  
Its:

Dated: August \_\_\_\_, 2023  
**CITY OF NOVI**

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By: Robert J. Gatt  
Its: Mayor  
Dated: August \_\_\_\_, 2023

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By: Cortney Hanson  
Its: Clerk  
Dated: August \_\_\_\_, 2023

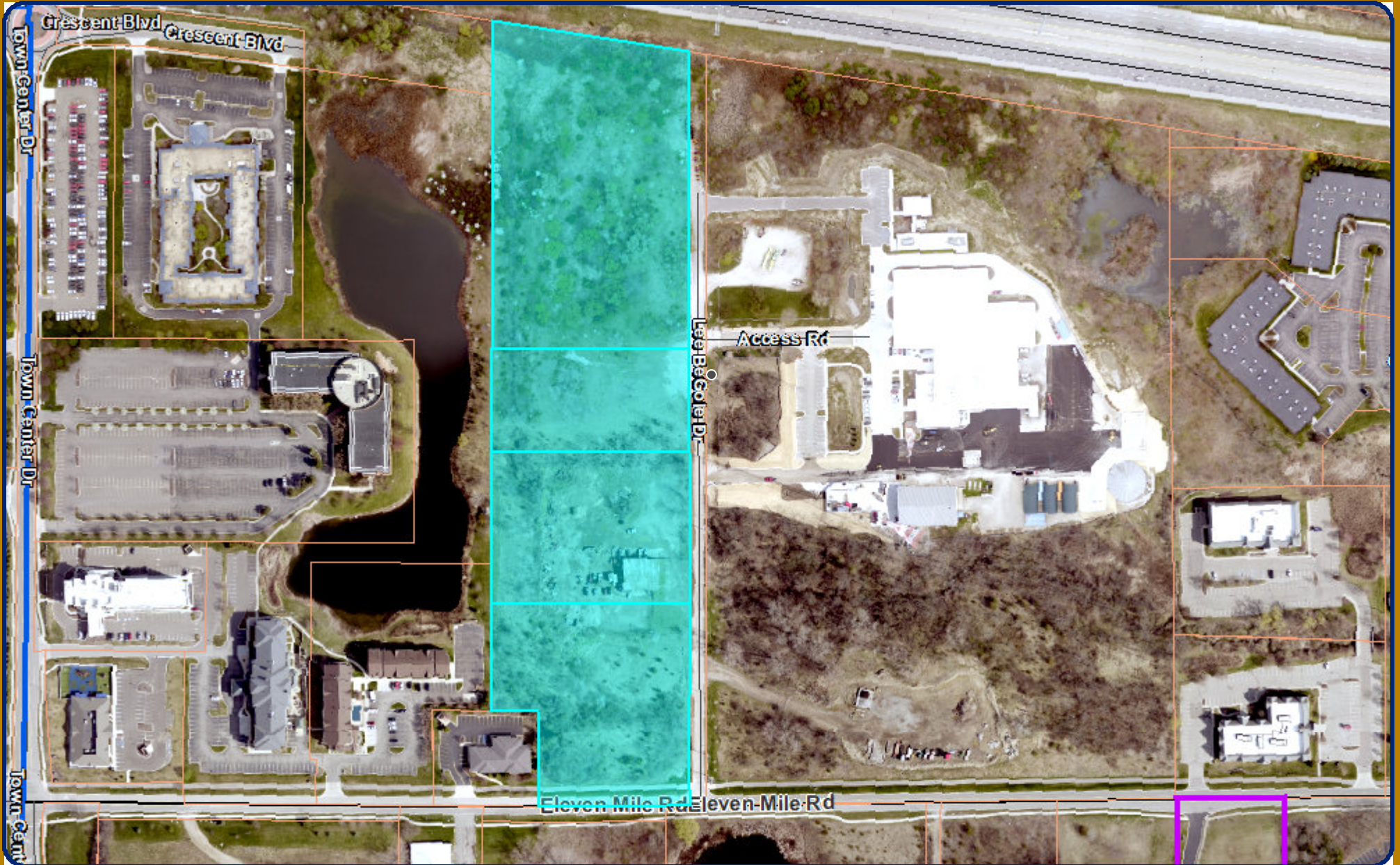
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Exhibit A

[Legal Description]

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# Lee BeGole Drive Properties



**MAP INTERPRETATION NOTICE**

Map information depicted is not intended to replace or substitute for any official or primary source. This map was intended to meet National Map Accuracy Standards and use the most recent, accurate sources available to the people of the City of Novi. Boundary measurements and area calculations are approximate and should not be construed as survey measurements performed by a licensed Michigan Surveyor as defined in Michigan Public Act 132 of 1970 as amended. Please contact the City GIS Manager to confirm source and accuracy information related to this map.



1 inch = 376 feet



Map Print Date:  
4/27/2023



**City of Novi**

45175 Ten Mile Rd  
Novi, MI 48375  
cityofnovi.org