



41 Perimeter Center East, Suite 250
Dunwoody, Georgia 30346
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dunwoodyga.gov

MEMORANDUM

To: Mayor and City Council

From: Warren Hutmacher, City Manager

Date: June 11, 2012

Subject: **Project Renaissance – Resolution to complete Transaction #1 of the 19 acre former Emory Dunwoody Hospital site**

ITEM DESCRIPTION

Staff has completed all necessary due diligence activities for the purchase of property located at the former Emory Dunwoody Hospital site and recommends that the City Council finalize the purchase of property referred to as Transaction #1. This includes Parcels A1 and B (see attached map), which totals 8.123 acres.

BACKGROUND

At the August 2011 Council Meeting, 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.

At the March 2012 Council Meeting, the City Council authorized the City Manager to execute a modification to the sales contract referenced above that effectively divided the transaction into 3 parts. The City has an exclusive option to purchase parcels A1 and B in 2012, parcel A2 in 2013 and parcel C in 2014 (see attached map).

This property is being purchased as a larger effort by the City to create a public/private partnership to redevelop a 35-acre area (16 acre parcel City owns and 19 acres the City has under contract) in the Georgetown area in accordance with the Georgetown/North Shallowford Master Plan. The City is partnering with John Wieland Homes and Neighborhoods on this project.

Significant elements of the development of the 35-acres of land include:

1. Approximately 106 new construction, high-end single-family owner occupied homes (estimate of 70 on the 16 acre property and 36 on the 19 acre property). This may rise to up to 125 homes, subject to final zoning approval.
2. 10+ acres of new parkland.
3. 5 acres of land for either a municipal complex(City Hall/Police/Court), additional parkland or commercial development.
4. Multi-use 8-12 ft. landscaped trail connecting Chamblee Dunwoody Road with the edge of the 19-acre former Dunwoody Emory Hospital property (with future planned connection to Brook Run Park).
5. New 3 acre future commercial development on the west side of North Shallowford Road.



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Staff has reviewed the comprehensive plan and the Georgetown-North Shallowford Master Plan. These plans were constructed with significant public input and adopted unanimously by the City Council. This project is wholly consistent with the goals, objectives and direction of the plans.

DUE DILLIGENCE ACTIVITIES

Staff has previously completed the necessary due diligence work to finalize the purchase of this property. All due diligence material was presented at the November 2011 City Council Meeting and is summarized below. Due diligence included:

1. SURVEY

An ALTA survey is a boundary survey that has been jointly prepared and adopted by the American Land Title Association (ALTA) and the American Congress on Surveying and Mapping (ACSM). The completed ALTA Survey 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 properties listed above 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 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 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 subject property, based on market conditions as of November 1, 2011, is eight million dollars (\$8,000,000). This appraisal is above our 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 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



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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.

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 this transaction. There are no significant issues of concern related to the title review.

The City has contracted 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 #1 is \$3,750,000. There are sufficient funds on hand to close on this real estate.

RECOMMENDATION

Staff recommends the City Council hold a public hearing at the June 11, 2012 City Council Meeting and authorize the City Manager to finalize and close Transaction #1 consisting of 8.123 acres of land located on the former Emory Dunwoody Hospital site on North Shallowford Road and Pernoshal Court.

**STATE OF GEORGIA
CITY OF DUNWOODY**

RESOLUTION 2012-06-19

**A RESOLUTION TO AUTHORIZE THE CITY TO PURCHASE PROPERTY
ADDRESSED AT 2030 PERNOSHAL COURT, 4553 NORTH SHALLOWFORD
ROAD AND 4555 NORTH SHALLOWFORD ROAD, DUNWOODY, GA**

WHEREAS, the City has invested considerable time working with its residents and businesses in order to document the community's vision for future redevelopment as documented in the Comprehensive Land Use Plan and area master plans such as the Georgetown / North Shallowford Master Plan; and

WHEREAS, the Georgetown / North Shallowford Master Plan establishes specific recommendations for the redevelopment of 35 acres of real property located off of North Shallowford Road consisting of a 16 acre parcel owned by the City and a 19 acre property that the City has under contract which were officially designated as the "Redevelopment Area" by Resolution 2012-04-10; and

WHEREAS, by Resolution 2012-04-12, the City adopted an Urban Redevelopment Plan which provides for the redevelopment of the urban redevelopment area; and

WHEREAS, in order to implement the Georgetown / North Shallowford Master Plan and the Urban Redevelopment Plan the City has previously entered into a Contract for the purchase of 19 acres designated as part of the Redevelopment Area; and

WHEREAS, the 19 acre property consists of five parcels of real property. The Contract for Purchase and Sale, Reinstatement of the Third Amendment to the Purchase and Sale Agreement, and the Real Estate Option Agreement, all attached hereto and incorporated herein by reference, provide for the purchase to take place over a three year period; and

WHEREAS, pursuant to the Contract for Purchase and Sale, the City desires to purchase three parcels of real property, 3.34 acres addressed 2030 Pernoshal Court, (Tax Parcel Identification Number 18 344 01 010), 2.83 acres addressed 4553 North Shallowford Road, (Tax Parcel Identification Number 18 344 01 009), and 1.99 acres addressed 4555 North Shallowford Road (Tax Parcel Identification Number 18 344 01 007 for the price of \$3,750,000.00; now

THEREFORE BE IT RESOLVED, by the Mayor and Council for the City of Dunwoody, that the City Manager and City Attorney are hereby authorized to execute all necessary documents to effect the purchase of the tax parcels referenced in this resolution.

SO RESOLVED AND EFFECTIVE, this 11th day of June, 2012.

Approved:

Michael G. Davis, Mayor

Attest:

Sharon Lowery, City Clerk
(Seal)

