



CITY OF NOVI CITY COUNCIL
SEPTEMBER 28, 2020

SUBJECT: Consideration to approve a Fifth Amendment to the previously-approved Conditional Agreement of Purchase and Sale on North Grand River City Property, located north of Grand River Avenue, east of Town Center Drive.

SUBMITTING DEPARTMENT: City Manager

BACKGROUND INFORMATION: City Council is being asked to approve a Fifth Amendment to the above-referenced agreement. The purpose of the amendment is to extend the closing date by 6 months, from the current date of September 30, 2020 to March 31, 2021, with a corresponding change to the date by which the parties need to have the Conditions to Closing and the Development Conditions satisfied to be one month earlier, moving from August 31, 2020 to February 28, 2021.

The original agreement was entered into back on June 21, 2018, and had an outside date of 18 months after the effective date to satisfy all Conditions to Closing, including full Planned Rezoning Overlay (PRO) approval. There were a number of internal "target" dates for inspections and developmental approvals within that end date. These included dates for submission of development plans for the purchaser to seek approval of a brownfield redevelopment plan, and for the Purchaser to secure a commercial rehabilitation district.

City Council approved the Fourth Amendment back in December 2019 establishing the revised dates that are now proposed to be pushed back again. Council received detailed correspondence from the Purchaser in July setting forth the reasons why the dates need to be extended (largely Covid 19 related). The Purchaser also included revised plans that showed a decrease in the commercial development area of the project and an increase in the number of residential units by 28.

The Council considered the proposed Amendment at its August 31, 2020 meeting. Several Council members voiced concerns about the change in the plans. Rather than approve the 6-month extension, the Council approved a 30-day extension of the dates to allow the Purchaser to address comments made at the meeting.

Purchaser has now proposed to Council that it return to the plan that proceeded through the Planning Commission and "first reading" at City Council – but with a

change to the timing of construction of the improvements and the purchase of the land. They propose:

- A phased purchase, requiring an amendment to the purchase agreement to allow payoff of a portion of the property by land contract (essentially paying half the purchase price at closing and the other half over 5 years).
- A phased development that they describe as follows:

"We agree to expeditiously develop to completion during Phase 1 the new proto-type One World Market, the pond and Asian-style walking path, the 50 units of townhome apartments, and a meadow abutting Grand River Avenue. The 68 units of apartments will follow shortly."

The primary question before Council remains whether to extend the Conditional Purchase as requested to discuss any or all of the proposal. The differing terms from the Conditional Purchase Agreement would need to be addressed in a future Amendment to that document, and some or all of the phasing issues would need to be addressed in the eventual PRO Agreement, if one is reached.

RECOMMENDED ACTION: [If extension is granted] Approval a Fifth Amendment to the previously-approved Conditional Agreement of Purchase and Sale on North Grand River City Property, located north of Grand River Avenue, east of Town Center Drive, and to authorize the Mayor and Clerk to sign the same, subject to final review and approval of the terms and conditions of the Purchase Agreement by the City Manager and City Attorney's office, including minor amendments thereto.

SAKURA NOVI, LLC

350 N. Old Woodward Avenue, Suite 300
Birmingham, MI 48009
(248) 283-1071 Phone (248) 283-1150 Fax

September 24, 2020

Via Email

City of Novi City Council
c/o Peter Auger, City Manager
45175 Ten Mile Road
Novi, Michigan 48375
Email: pauger@cityofnovi.org

Re: Conditional Agreement of Purchase and Sale - North Grand River City Property, Between the City of Novi ("Seller") and Sakura Novi, LLC ("Purchaser"), dated June 21, 2018, as amended ("Purchase Agreement")

Dear City Council,

We have heard your message that Sakura Novi needs to be limited to 118 residential apartment units. In response we propose to return to the earlier provisionally approved plan.

We still think that adding 14 units in an unobtrusive location tucked behind the market would be the most practical way for the commercial developer to make necessary adjustments in reaction to volatility caused by the COVID19 pandemic. This solution would still prominently feature retail, restaurant, and other commercial uses throughout the central project corridor from Grand River Avenue to 11 Mile.

In place of this preferred solution, however, we propose the following:

1. Grant the six-month extension currently under consideration. This is necessary for us to complete the PRO Agreement, the re-zoning, and other tasks that will allow us to have shovels in the ground next Spring. During this time, we will need to finalize the details of the Brownfield tax recapture plan and the Commercial Rehabilitation District, as outlined in the provisional Purchase Agreement. In the wake of the pandemic, and given City Council's limit on residential apartments, these programs are taking on heightened importance.
2. Phase the purchase of the Anglin parcel, through a land contract, to allow the restaurant and retail marketplace to heal from damage caused by the COVID19 pandemic. This will require us to return to City Council soon to adjust the provisional Purchase Agreement. We will pay half of the purchase price (\$1,500,000) at closing in six months. Under a five-year land contract, we will pay the other half of the land cost (\$1,500,000) as soon as the tenants are in place for the Restaurant and Retail Collection in Building C and construction is financeable. We expect that this will occur well before the end of the five-year contract.
3. Adjust the phasing for the project to reflect new market conditions. We agree to expeditiously develop to completion during Phase 1 the new proto-type One World Market, the pond and Asian-style walking path, the 50 units of townhome apartments, and a meadow abutting Grand River Avenue. The 68 units of apartments will follow shortly, and the Restaurant and Retail Collection in Building C on Grand River Avenue will be undertaken as soon as qualified tenants

are under contract and construction is financeable. We agree to build either Building B abutting the pond or more commercial uses north of One World Market, as the marketplace will allow.

We believe that Sakura Novi will be a remarkably successful project, and that Sakura Novi will bring powerful public benefits to the community. We look forward to continuing to work with Novi City Council and Novi staff to bring the project to fruition.

Sincerely,

Sakura Novi, LLC

A handwritten signature in black ink, appearing to read "G. Scott Aikens", enclosed within a thin black rectangular border.

G. Scott Aikens

**FIFTH AMENDMENT TO
CONDITIONAL AGREEMENT OF PURCHASE AND SALE
NORTH GRAND RIVER CITY PROPERTY**

THIS FIFTH AMENDMENT TO CONDITIONAL AGREEMENT OF PURCHASE AND SALE (“**Amendment**”) is made as of _____, 2020 by and between the CITY OF NOVI, a Michigan municipal corporation (“**Seller**”), and SAKURA NOVI, LLC, a Michigan limited liability company (“**Purchaser**”), with regard to the following:

A. Seller and Purchaser entered into a certain Conditional Agreement of Purchase and Sale North Grand River City Property dated June 21, 2018 for the purchase and sale of the Anglin Parcel, as defined and described in the such agreement, as amended by that certain First Amendment dated November 2, 2018, that certain Second Amendment dated December 17, 2018, that certain Third Amendment dated April xx, 2019, that certain Fourth Amendment dated December 20, 2019, and that certain Acknowledgement of Extension Dates dated August 31, 2020 (as amended, the “**Agreement**”).

B. The parties desire to amend the Agreement to extend certain dates in the Agreement, on the terms and conditions set forth below.

NOW, THEREFORE, in consideration of the mutual agreements herein, and other good and valuable consideration, the receipt and adequacy of which is hereby acknowledged, the parties amend the Agreement as follows:

1. Section 1(b) of the Agreement is hereby amended to read as follows:

(b) “Closing Date”: March 31, 2021. In the event all Conditions to Closing as set forth in Paragraph 6 are not satisfied or waived, in Purchaser’s sole and absolute discretion, and the Development Conditions in Paragraph 7 are also not satisfied or waived, by February 28, 2021, then this Agreement shall automatically terminate, whereupon the Deposit currently held by the Seller shall be promptly returned to Purchaser and this Agreement shall thereafter be of no further force or effect and all liability and obligations under this Agreement shall be terminated, unless the Seller and Purchaser stipulate in writing to extend the Closing to a date certain, in which case the date specified in that written stipulation shall be the Closing Date.

2. The parties hereby confirm and ratify all provisions of the Agreement, which shall and do remain in full force and effect as amended hereby. This Amendment may be signed in counterparts, each of which will be deemed an original document, but all of which together will constitute one and the same document. Faxed and pdf scanned signatures shall be deemed original signatures for purposes of this Amendment. All capitalized, undefined terms in this Amendment shall have the same meaning as defined in the Agreement.

[SIGNATURES ON FOLLOWING PAGE]

IN WITNESS WHEREOF, the parties hereto have executed this Fifth Amendment to Conditional Agreement of Purchase and Sale North Grand River City Property on the date first above written.

PURCHASER:

SAKURA NOVI, LLC,
a Michigan limited liability company

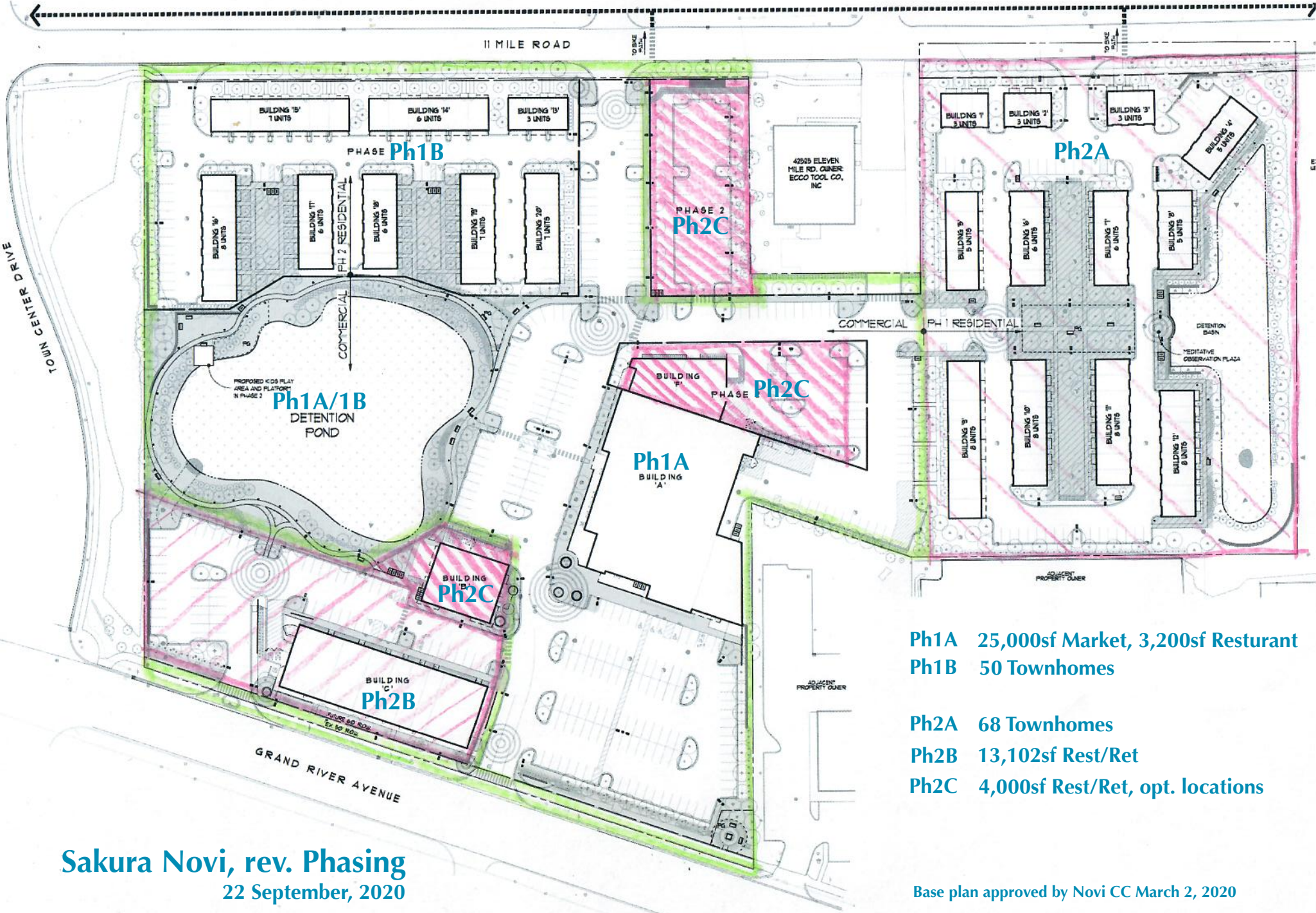
By: _____
Geoffrey Scott Aikens, Trustee of
the Geoffrey Scott Aikens Trust
u/a/d December 10, 2011

SELLER:

CITY OF NOVI, MICHIGAN,
a Michigan municipal corporation

By: _____
Robert J. Gatt, Mayor

By: _____
Courtney Hanson, City Clerk



- Ph1A 25,000sf Market, 3,200sf Resturant
- Ph1B 50 Townhomes
- Ph2A 68 Townhomes
- Ph2B 13,102sf Rest/Ret
- Ph2C 4,000sf Rest/Ret, opt. locations

Sakura Novi, rev. Phasing
 22 September, 2020

Base plan approved by Novi CC March 2, 2020