

SUBMITTED BY: Ana Urqujo, City Manager

MANAGEMENT TEAM REVIEW: Donald C. Huish, Mayor

SUBJECT: **DISCUSSION/DECISION** on approval of the Rancho La Perilla Apartments BID AWARD submitted by Build Investments LLC.

EXECUTIVE SUMMARY:

On June 25, 2021, staff prepared a bid packet for the sale of the Douglas Municipal Golf Course, RV Park and Rancho La Perilla Apartments. Bids were advertised according to charter regulations. One bid was received on January 6, 2022 that deviated to only purchase the Rancho La Perilla Apartments:

Build Investments LLC	\$5,000,000 purchase price with terms as follows: seller to pay real estate brokerage commission equal to three percent (3%) of gross sales price. Buyer will assume existing FHA loan held by seller. Buyer and seller to pay customary closing costs.
-----------------------	--

BACKGROUND:

Staff reviewed and evaluated the proposal. Mayor and Council provided direction to staff to negotiate the proposal in order to comply with section 13 of the Special Terms and Conditions that the City requested not to pay broker fees. Bidder resubmitted offer with same terms except that the city would not pay broker fees with a total purchase price of \$4,850,000. Staff recommends that the revised bid submitted by Build Investments LLC be accepted and approved.

Staff will prepare all the necessary related documents to execute the sale and opening escrow required to fully transfer the asset from the City of Douglas to Build Investments LLC.

FISCAL IMPACT:

\$4,850,000 in Revenue for Fiscal Year 2021/2022. The outstanding mortgage loan amount of approximately \$3.9 million will be applied towards the loan principal for the Rancho La Perilla Apartments that leaves \$950,000 available revenue as a result of the sale.

Fiscal Year: 2022/2023

Amount Requested: \$

Budgeted: N/A

Account (s):

“...I MOVE THAT THE MAYOR AND COUNCIL GRANT THE RANCHO LA PERILLA APARTMENTS BID AWARD TO BUILD INVESTMENTS LLC.”