



To Honorable Mayor and City Council

From John B. Gates, Jr, Purchasing Manager through  
Eric Linton, City Manager

Subject Acceptance of Bid from Summit Healthcare Group, LLC for Purchase of 4553 and  
4555 N. Shallowford Road

Date August 8, 2022

### **COUNCIL AGENDA ITEM DESCRIPTION**

This agenda item is to accept and approve the bid received from Summit Healthcare Group, LLC for the purchase of the city-owned property at 4553 and 4555 N. Shallowford Road.

### **BACKGROUND**

#### ***Analysis and Discussion***

The City has determined it would serve the public good to sell the city-owned property at 4553 and 4555 N. Shallowford Road. To ensure transparency and that all public noticing requirements have been followed, on May 26, 2022, the City publicly noticed its intent to sell the properties in the City's official organ for legal advertising.

The content of the legal advertisement included an Invitation to Bid (ITB 22-07) for purchase of tax parcels, 18-344-01-007 and 18-344-01-009, commonly known as 4553 and 4555 North Shallowford Road. The closing date and time for receipt of responses was clearly indicated as June 17, 2022, at 2 PM. From this ITB solicitation, the City received one response.

The sole sealed bid response was opened in public at City Hall, in the City Managers Conference Room at 2:05 PM.

The sole bid to purchase the property was received from Summit Healthcare Group, LLC, in acceptable form and content. The Summit Healthcare Group, LLC bid is in the amount of \$7,780,000.00.

### **RECOMMENDED ACTION REQUESTED OF THE CITY COUNCIL**

It is respectfully requested that the City Council accept and approve the bid received from Summit Healthcare Group, LLC in the amount of \$7,780,000.00 for purchase of the properties at 4553 and 4555 N. Shallowford Road.



June 17, 2022

City of Dunwoody  
4800 Ashford Dunwoody Road  
Dunwoody, Georgia 30338

**Re: City of Dunwoody ITB 22-07  
4553 and 4555 North Shallowford Road, Dunwoody, GA (collectively, "Subject Property")**

To Whom It May Concern:

This bid letter is intended to serve as an outline of the terms and conditions under which SHG Dunwoody, LLC ("Purchaser"), is prepared to negotiate in good faith to enter into a binding purchase and sale agreement ("Agreement") for the purchase of the Subject Property. It is understood that this letter constitutes an expression of our intent only and that the Agreement shall be subject to the preparation, negotiation and execution of definitive legal documents.

Subject to the foregoing limitations, it is the mutual intention and understanding of the parties that the terms and conditions of the Agreement to be entered into shall include, among others, the following terms and conditions:

1. **Purchaser:** SHG Dunwoody, LLC
2. **Capital Source:** Summit Healthcare Group, LLC, the Purchaser's manager, and Physicians Realty Trust (DOC) have partnered on previous developments and DOC is prepared to provide the necessary capital to support this submission. DOC is publicly-traded Real Estate Investment Trust (REIT) with 274 assets in 36 states with a gross real estate value of over \$5 Billion dollars. Physicians Realty Trust has an \$850 million unsecured revolving line of credit with over \$755 million available to be drawn on the line of credit as of the date of this Letter of Intent. Moody's and S&P rate Buyer's outstanding public bonds with an investment grade rating (Moody's: Baa3; S&P: BBB).
3. **Seller:** City of Dunwoody ("Seller")
4. **Property:** All rights, title, and interest of Seller in the Subject Property
5. **Purchase Price:** The total purchase price to be paid by Purchaser for the Subject Property shall be \$7,780,000 in cash or other acceptable funds at the closing of the purchase and sale. Provided, the Purchaser reserves the right to request a credit against the Purchase Price at closing in an amount of \$25,000.00.
6. **Earnest Money:** A deposit of \$300,000 ("Earnest Money Deposit") has previously been made by Purchaser and is being held by Mozley Finlayson Loggins LLP. The Earnest Money Deposit shall be applied to the Purchase Price at Closing.
7. **Title:** Purchaser is willing to waive any customary feasibility period and accepts the exceptions set forth on the attached the Title Commitment.
8. **Survey:** Purchaser, at its sole cost and expense, has previously obtained a survey.
9. **Feasibility Period:** Purchaser is willing to waive the customary feasibility period and proceed to closing.

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Summit Healthcare Group, LLC  
4244 Goodyear Drive Winston Salem, NC 27104

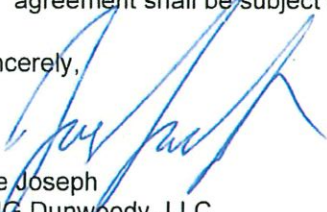
10. **Zoning:** As the Subject Property has been rezoned to a zoning category and with terms and conditions acceptable to Purchaser, Purchaser shall proceed to closing on the acquisition of the Subject Property based on the terms of the Agreement.
11. **Closing:** Closing shall be on or before August 31, 2022, unless otherwise extended by mutual agreement of the parties (the "Closing Date").
12. **Closing Costs:** Title policy, survey fees and State of Georgia transfer tax incurred in connection with the sale of the Subject Property shall be paid by the Purchaser. Inspection costs shall be borne by the Purchaser. Purchaser and Seller shall each be responsible for their respective attorney's fees. All other closing costs shall be borne by both Purchaser and Seller to be determined by customary practices in land and office building sales transactions in Atlanta, Georgia.
13. **Representations and Warranties:** The Agreement shall contain such reasonable covenants, agreements, representations and warranties as Seller and Purchaser may agree upon.
14. **Assignment:** NA
15. **Real Estate Brokerage Commission:** Cushman & Wakefield of Georgia, Inc. ("Cushman") is representing Purchaser in this contemplated transaction. Colliers International ("Colliers") is representing Seller in this contemplated transaction. Seller shall be responsible for the payment of the real estate commission, to be split evenly between Colliers and Cushman, pursuant to a separate agreement between Seller, Colliers and Cushman. Seller and Purchaser shall each indemnify the other party from any other real estate commissions relative to the sale of the Subject Property made through Seller or Purchaser, respectively.
16. **Confidentiality:** This letter is being transmitted to you with the express understanding that its contents and the fact that it has been transmitted remain confidential, except for normal disclosure to the Seller's lenders, attorneys, partners, retained consultants and advisors, and others working with Seller, including the Mayor and City Council members, on this contemplated transaction. Any announcements, material communication to other parties not associated with Seller or Purchaser, or publicity by either the Seller or Purchaser regarding this transaction will require the consent of both parties, except for any applicable public disclosures referenced in the City of Dunwoody's Invitation to Bid Form.
17. **Exclusivity:** In consideration of the time and effort which the Purchaser will be committing to this undertaking and in recognition of the time necessary to successfully consummate the proposed transaction, the Seller agrees that upon execution of this letter of intent the Seller will not and will not permit any agent, partner, or affiliate to accept or entertain offers, negotiate, solicit interest, or otherwise enter into discussions involving the sale, financing, or disposition of all or any part of the Subject Property while the Agreement is negotiated.
18. **Termination:** In the event Seller approves and accepts Purchaser's bid, the existing Purchase Agreement shall be ratified, subject to a Fourth Amendment being executed. Any termination rights are as set forth in the Purchase Agreement.
19. **Condition Precedent:** The Agreement shall provide that Purchaser's obligation to close on the purchase of the Subject Property is conditioned on: (i) both parcels, 4553 and 4555 North Shallowford Road, comprising the Subject Property being sold simultaneously to Purchaser; and (ii) at Closing, the Seller will execute a license or similar encroachment agreement allowing the two existing monument signs located in the right of way of Shallowford Road to remain in their current location and providing Purchaser with the right to access, repair, maintain and replace the signs as needed.
20. **Parking Easement:** The Agreement shall provide that Purchaser shall grant Seller an easement for a certain number of parking spaces on the Subject Property at times that don't interfere with Purchaser's development of the proposed approximately 60,000 SF medical office building or Purchaser's intended use of the Subject Property and improvements thereon for medical office purposes. The intent is to provide parking accessibility to Seller for use by patrons of the City of Dunwoody public park located on Pernoshal Court after Purchaser's business hours on weekdays and on weekends

and holidays, subject to a mutually acceptable parking agreement covering, among other details, insurance, liability, indemnities, cleaning, maintenance and repair.

21. **Proposed Purchase and Sale Agreement:** In connection with the foregoing, the Purchaser has attached a copy of the Purchase and Sale Agreement, First Amendment, Second Amendment, the Third Amendment and an Assignment of Purchase and Sale Agreement (collectively, the Purchase Agreement") for the Seller's review. In the event this bid is accepted and approved by the Seller, the Purchaser requests a Fourth Amendment be executed by the Seller and Purchaser confirming any changes to the Purchase Agreement and otherwise ratifying its terms.

If the foregoing terms and conditions are acceptable to the Seller, please have Seller indicate its approval in the space provided below and return a fully executed copy of this letter to Purchaser at the address shown below on or before July 12, 2022. In the event a response indicating Seller's acceptance is not received on or before July 12, 2022, this letter shall expire and be of no further effect. Nothing contained herein shall constitute a binding agreement and any agreement shall be subject to the review and approval of counsel for both parties.

Sincerely,



Joe Joseph  
SHG Dunwoody, LLC  
4244 Goodyear Drive  
Winston-Salem, NC 27104

**AGREED AND ACCEPTED:**

**Seller:** CITY OF DUNWOODY

**By:** \_\_\_\_\_

**Title:** \_\_\_\_\_

**Date:** June \_\_\_\_, 2022

**Attached Exhibits:**

1. Purchase and Sale Agreement, First Amendment, Second Amendment, Third Amendment and Assignment
2. Owner's Title Commitment-setting forth the permitted exceptions



BID/PROPOSAL RESPONSES

Solicitation Identification <i>ITB 22-07</i>	<i>Notice of Intent to Sell Property</i>
Date <i>6-17-2022</i>	<i>TAX PARCELS 18-344-01-007 AND 18-344-01-09</i>

	Company	Bid Total
1	<i>Summit Healthcare Group</i>	<i>\$7,780,000</i>
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