

COMMUNITY DEVELOPMENT AUTHORITY OF THE CITY OF MADISON, WISCONSIN

Amended Resolution No. 2784

Authorizing the Chair and Executive Director to execute a Cooperation and Development Agreement with the City of Madison for the Redevelopment of the Allied Drive Neighborhood.

Presented January 30, 2008
Referred _____
Reported Back _____
Adopted _____
Placed on File _____
Moved By _____
Seconded By _____
Yeas _____ Nays _____ Absent _____
Abstention: _____
Rules Suspended _____

WHEREAS, the City created Tax Increment Finance District No. 29 for the purpose of redeveloping and assisting the Allied Drive neighborhood; and

WHEREAS, the CDA and City approved the creation of and adopted the Allied Drive Redevelopment District Plan on May 11, 2006, and on July 19, 2006, respectively, for the purpose of fostering redevelopment in the Allied Drive neighborhood; and

WHEREAS, pursuant to Sections 66.1105, Wisconsin Statutes (the "TIF Law") and 66.1333 (the "Redevelopment Act") the City may furnish services or facilities, provide property, lend or contribute funds, and enter into a cooperation agreement with the CDA to further the objectives of a redevelopment plan; and

WHEREAS, by Amended Alternate Second Substitute Resolution No. RES-07-00847 adopted August 7, 2007, by Amended Second Substitute Resolution No. RES-07-00926 adopted September 4, 2007, and by Resolution No. RES-07-01064 adopted November 6, 2007 (collectively, the "Preliminary Allied Resolutions"), the Common Council adopted an Allied Drive affordable housing plan and authorized the City to negotiate with the CDA to act as Master Developer of the City-owned properties located at 2317, 2345 and 2409 Allied Drive and 4705 and 4713 Jenewein Drive (collectively, these City-owned properties, along with the Greenway parcel located south of the Boys and Girls Club parking lot, shall be known as the "Redevelopment Property"); and

WHEREAS, the CDA and the City intend to enter into a Cooperation and Development Agreement to delineate certain duties and obligations of the City and CDA for the conveyance of the Redevelopment Property and the design, planning, financing, development and construction of residential housing and related improvements thereto to be located in the Allied Drive Redevelopment District and Tax Increment Finance District No. 29 (the "Project").

NOW THEREFORE, BE IT RESOLVED, that the CDA hereby authorizes the Chair and Executive Director to execute a Cooperation and Development Agreement with the CDA and all related documents, all in a form approved by the City Attorney, which will include the following material terms and conditions:

1. CDA as Master Developer. The CDA shall act as Master Developer for redevelopment of the Redevelopment Property, and shall be solely responsible for the Project's market analysis, design, land subdivision, planning, financing, construction, operation and maintenance. The terms and conditions contained in the Preliminary Allied Resolutions shall be incorporated, as appropriate, in the Cooperation and Development Agreement and other Project documentation.
2. Conveyance of City Property. The City will convey to the CDA the Redevelopment Property by quit claim deed for the sum of \$8,000 per unit of tax credit housing units developed (the "Purchase Price"), free and clear of all liens and encumbrances except the standard exceptions. The CDA shall execute a deferred payment note to the City at closing in the amount of the Purchase Price. Payment shall be due under the note when the CDA conveys the Redevelopment Property, or any portion thereof, to any entity other than a limited liability company to be created by the CDA. The City will subject the Redevelopment Property to various restrictions to ensure it reverts to the City: if the CDA fails to receive a sufficient allocation of Section 42 Low Income Housing Tax Credits in 2008; if

sufficient funding for the Project is not obtained; or if the development of the Project is not undertaken and accomplished in accordance with the Cooperation and Development Agreement.

3. Limited Liability Company. The CDA shall create a Wisconsin limited liability company ("the LLC") that will be the legal entity to develop, construct and operate the tax credits housing portion of the Project. The CDA may assign to the LLC its WHEDA tax credit allocation, and its rights, duties and obligations under the Cooperation and Development Agreement, construction contract, architecture and design contract and any other agreements related to the tax credits portion of the Project.
4. Tax Credits Housing. The CDA shall commence the Project by developing the northern third of the Redevelopment Property into approximately 40 to 47 units of Section 42 low-income rental housing ("Phase 1 Housing". The Phase 1 Housing shall remain affordable for a minimum of 25 years at the levels of affordability and pursuant to the conditions enumerated in Resolution No. RES-07-00847 (File Number 05247). The CDA will convey a portion of the Redevelopment Property to the LLC by long-term ground lease for construction thereon of the Phase 1 Housing.
5. Fannie Mae Loan. The CDA or the LLC may borrow an amount not to exceed \$2,100,000 from the Fannie Mae American Communities Capital Revolving Fund Program and utilize the loan proceeds to assist in developing the Phase 1 Housing. All outstanding principal and interest payments under the Fannie Mae loan shall be due on or before December 31, 2010. Such loan shall be evidenced by a note and secured by a mortgage.
6. Public Improvements. The City, at its expense, shall construct certain public improvements to benefit the Redevelopment Property. The City shall also, prior to conveying the Redevelopment Property, demolish the improvements located thereon. Such demolition and public improvements shall be performed as public works construction projects under the direction of and pursuant to the discretion of the City Engineer, and are limited by the extent of funding authorized, from time to time, by the Common Council.
7. Existing Tenants. The CDA or the LLC will reimburse the City, on or before the receipt of the first installment of tax credit equity, for all of the City's expenses in relocating existing residential, commercial and non-profit tenants located in the Redevelopment Property.
8. Financing. The CDA will be responsible for procuring sufficient financing for the Project. The Cooperation and Development Agreement shall be null and void and of no further effect if the CDA fails to obtain at least \$9,000,000 in firm financing commitments by August 1, 2008. The City's financial contribution will be limited to its contribution of land to the CDA and its credit backstop of the Fannie Mae revolving line of credit loan. Any equity capitalization, developer fee or other fee received by the CDA or Developer from the Project shall be reinvested in the Allied Drive neighborhood and other community development initiatives consistent with the City's policies, plans and objectives.

NOW THEREFORE BE IT FURTHER RESOLVED that the CDA form a limited liability under the name of Allied Drive Redevelopment, LLC, or such other name as the Chair and Executive Director shall choose (the "LLC"), to proceed with the purchase, construction, rehabilitation, renting, selling, managing, and/or financing of the Redevelopment Property.

BE IT FURTHER RESOLVED that the CDA is authorized to become a member or, if requested by the Chair and Executive Director, a managing member of the LLC and/or to form a subsidiary entity to serve in such a role as the Chair and Executive Director may authorize, and to admit additional individual(s) to serve as member(s) or managing member(s) of the LLC as the Chair and Executive Director may authorize.

BE IT STILL FURTHER RESOLVED that the CDA is authorized to either sell outright or ground lease to the LLC the land underlying the Redevelopment Property on such terms and conditions as the Chair and Executive Director of the CDA shall approve, subject to a public hearing thereon and to approval by the Common Council.

BE IT STILL FURTHER RESOLVED that the CDA, either on its own behalf or as a member of the LLC, is hereby authorized to undertake such actions and enter into such documents, agreements, and financing arrangements, as the Chair and Executive Director shall deem necessary or appropriate to purchase, finance, apply, and receive tax credits to construct, rehabilitate, and otherwise design, sell, rent, and operate the Redevelopment Property on such terms and conditions as the Chair and Executive Director shall deem necessary or appropriate.

BE IT STILL FURTHER RESOLVED that the CDA, either on its own behalf or as a member of the LLC, is hereby authorized to cause the LLC to raise equity through the sale of tax credits and to seek permanent financing for the Redevelopment Property.

BE IT STILL FURTHER RESOLVED that the CDA authorizes the disbursement of \$2,000 from the CDA General Fund UC17 to pay the application fee for the tax credit application.

NOW THEREFORE BE IT FURTHER RESOLVED that the CDA approves of and incorporates in its approval hereof, the amendments included in Amended Substitute Resolution File Number 08380, adopted by the Common Council on January 22, 2008.