

COMMUNITY DEVELOPMENT AUTHORITY OF THE CITY OF MADISON, WISCONSIN

Resolution No. 4264

Authorizing the execution of a Property Management Agreement between the CDA and Founders 3 Real Estate Services, LLC for services at the Village on Park.

Presented April 12, 2018

Referred

Reported Back

Adopted April 12, 2018

Placed on File

Moved By Claude Gilmore

Seconded By Sariah Daine

Yeas 4 Nays 1 Absent 1

Rules Suspended

Legistar File Number 51111

WHEREAS, the Community Development Authority of the City of Madison ("CDA") adopted a resolution (Resolution No. 2636) on February 10, 2005 that authorized the execution of a Property Management Agreement with Founders 3 Real Estate Services, LLC, formerly known as Siegel-Gallagher Property Management Company ("Manager") for the provision of property management services for The Villager; and

WHEREAS, the parties executed the Property Management Agreement on March 17, 2005, and the Property Management Agreement was subsequently amended by First Amendment to Agreement dated April 21, 2005; by Second Amendment to Agreement dated April 16, 2008; by Third Amendment to Agreement dated December 8, 2008; by First Notice of Renewal and Fourth Amendment to Agreement dated March 20, 2009; by Fifth Amendment to Agreement dated June 25, 2009; by Sixth Amendment to Agreement dated January 8, 2010; by Seventh Amendment to Agreement dated August 24, 2010; by Eight Amendment to Agreement dated July 10, 2014; by Ninth Amendment to Agreement dated July 10, 2014 ; by the Tenth Amendment to Agreement dated June 11, 2015; by the Eleventh Amendment to Agreement dated July 9, 2015; by the Twelfth Amendment to the Agreement dated March 10, 2016 ; and by the Thirteen Amendment to the Agreement dated June 8, 2017 (collectively "Agreement"); and

WHEREAS, the parties desire to continue their relationship and enter into a new contract for a three-year period, with three-one year options to extend, upon substantially the same terms and conditions as the Agreement, and updated boilerplate language.

NOW, THEREFORE, BE IT RESOLVED that the CDA and the Manager agree to execute a new property management agreement ("PMA") on substantially the terms of the Agreement with the following modifications:

Term: The PMA shall be for a term of three years, commencing as of March 19, 2018, and expiring on March 18, 2021.

Renewal: The PMA shall provide for three (3) subsequent one (1) year renewal periods upon written agreement of the parties.

Budgets: On or before each October 31st, Manager shall submit annually to the CDA for the CDA's approval, a proposed operating budget and capital improvement budget, in such form as the CDA may require for the Property.

Compensation: The Manager will be compensated out of the operating account for its services performed under this Agreement as follows:

- a. Direct Costs. The CDA will pay Manager one hundred percent (100%) of the direct cost associated with the following on-site position of the Maintenance Technician. Direct costs are defined as the approved salary hourly rate (in the approved operating budget) plus any approved over time in excess of 40 hours ("Business Hours") per week by Manager; plus the following eligible benefits per the Manager's employee benefits package-holiday; sick; worker's comp; social security; federal and state unemployment tax; Medicare; disability insurance; life insurance; uniform allowance; and phone (cap of \$165 per month) (collectively "Direct Costs"). At the end of each calendar year, Manager will provide a detailed accounting to the CDA of these Direct Costs.

Maintenance Technician. This individual will be on-site and not support any other properties of Manager during Business Hours. This individual is responsible for the day-to-day maintenance and engineering operations of the Property as defined in Exhibit A as his/her sole responsibility. The CDA will pay for this individual a base wage between \$21 and \$25 per hour, depending on skill set with annual increases not to exceed 3%. If the Maintenance Technician exceeds 40 hours per week and the local manager approves the extra hours, then the base wage will be at time and one-half for the incremental hours. If the Maintenance Technician receives any after-hour property calls defined as after 4 p.m. and before 6 a.m. ("After Hour") then Maintenance Technician will be paid time and a half of their current base wage for the incremental hours.

- b. Management Fee. The management fee for the Property shall be the greater of a fixed fee of \$3,200 or 4% of gross receipts per month. The management fee should not be calculated on any insurance collections, interest, security deposits and rebates. This management fee includes all accounting services and any off-site time/benefits of Manager's employees and Manager's expenses-except for the following costs directly tied to the Property: postage, copies & fax costs (at \$.10/sheet) and fifty dollars (\$50) per month for the automated service data plan.
- c. Construction Management Fee. Manager will provide the construction management services, if directed by the CDA, required for all capital and tenant improvement projects. This will include project development, bid analysis, architectural and engineering engagement as well as coordination of contractors, on-site supervision and financial accountability. The fee for these services will be in addition to the management fee and will be at three percent (3%) of the amount of such construction costs in excess of \$500,000.
- d. Technical Services. Should tenants request the Maintenance Technician to perform any work that is tenant's responsibility per the lease, then the tenants will be billed by Manager for said work at \$35 per hour and reimbursed to the Property. Emergency or After-Hours calls requested by the tenants are to be billed and reimbursed to the Property at the rate of time and a half or \$52.50 per hour.
- e. Maintenance Services. If the Maintenance Technician is on approved vacation time, sick or needs a supporting maintenance technician of Manager, then the Manager will supply another staff member (the "Roamer") to perform the duties outlined in Exhibit A. The Roamer will be provided at a rate of \$59 per hour, and time and one half for After-Hour calls. Should tenants request Roamer to perform work that is their responsibility per their lease while the Maintenance Technician is on vacation or sick, then tenants will be billed direct by Manager at \$59 per hour and reimbursed to the Property. Emergency or After-Hours calls requested by the tenants are to be billed and reimbursed to the Property at the rate of \$88.50 per hour.

BE IT FURTHER RESOLVED that all other provisions of the Agreement remain unchanged and in full force and effect unless inconsistent with the changes herein.

BE IT FINALLY RESOLVED THAT the Chair and Secretary of the CDA are hereby authorized to execute, deliver and record such documents and to take such other actions as shall be necessary or desirable to accomplish the purposes of this Resolution in a form that is acceptable to the City Attorney's Office.