

**COMMUNITY DEVELOPMENT AUTHORITY
OF THE
CITY OF MADISON, WISCONSIN**

May 12, 2011

Resolution No. 3024____

**APPROVING THE ACQUISITION BY THE COMMUNITY DEVELOPMENT
AUTHORITY (CDA) FROM THE RECEIVER OF CONDOMINIUM UNITS AT LAKE
POINT MADISON AND AUTHORIZING THE CDA TO HIRE
PROFESSIONALS TO MAINTAIN AND MARKET THE PROPERTY**

PREAMBLE

The CDA loaned \$2 million from the Fannie Mae revolving credit facility to Lake Point Madison, LLC (Developer) to construct a fifty-unit residential condominium project known as Lake Point Madison. To date, 14 units remain unsold and the balance owed on the CDA's loan to the Developer is \$1,217,774 plus accrued interest and expense of collection. When the project failed in 2008, the CDA approved the appointment of Michael S. Polsky to act as Assignee and Receiver of the project. The Receiver has approached the CDA about completing his Receivership and conveying the remaining unsold units to the CDA as part of a credit bid transaction. Under such a transaction the CDA would execute an Offer to Purchase the unsold units from the Receiver upon the following terms:

- a. The property to be purchased by the CDA would be all the units which are not sold or under contract for sale as of the date the CDA's Offer is made;
- b. The purchase price will be \$ 1,215,000. The purchase price will not be paid in cash, but the CDA will receive a credit against the purchase price in the amount of the outstanding loan balance as of the date of closing owed by Developer to the CDA.
- c. The CDA will assume all outstanding real estate taxes and special assessments relating to the property to be purchased.
- d. The property will be purchased "as is" with no warranties, and will be conveyed by quit claim deed and court order approving the sale.
- e. The sale is contingent on court approval, and the Receiver has the right to continue to market the property and attempt to receive higher offers.
- f. The closing is to occur within five business days of the court's execution of an order approving the sale
- g. The closing will be contingent on the court's execution of an order stating that all income received by the Receiver from the project including unit sales proceeds deposited into the Receivership account will be turned over to the CDA (after payment of all costs) when the Receivership is terminated.
- h. The CDA is to pay all closing costs, including but not limited to title insurance premiums, transfer fees and recording fees.

The property is maintained on behalf of the Receiver by Steve Looft of SPL Beverly, LLC and marketed by Lynne Holley Real Estate of Keller Williams. The CDA desires to retain the services of SPL Beverly, LLC and Keller Williams to continue these functions on behalf of the CDA.

SPL Beverly, LLC's scope of work will include (1) acting as owner's representative in reviewing and negotiating offers to purchase, (2) assisting with the sales efforts, (3) manage construction work necessary to complete or improve condominiums under purchase contract by contracting with and overseeing contractors, (4) oversee the work of the management company for the condominium association, (5) process bills including but not limited to utility bills, real estate taxes, and condominium fees relating to unsold condominiums, and (6) act as owner's representative for warranty work. The CDA will reimburse SPL Beverly, LLC for all out of pocket costs relating the the scope of services set forth above. In addition, the CDA shall pay SPL Beverly, LLC for its employees' time at a rate of \$95 per hour. The contract may be terminated by either party with 30 days notice.

Keller Williams would continue to market the property under the terms substantially the same as the terms currently being offered the Receiver. The terms will be documented in a Standard Residential Listing Agreement and will include but not be limited to a commission to Keller Williams of 6% for condominiums sold. Keller Williams will agree to offer a 3% co brokerage fee.

NOW, THEREFORE, BE IT RESOLVED, that the Chair and Secretary are hereby authorized to execute an Offer to Purchase the unsold units in Lake Point Madison from the Receiver upon the terms as described herein, and to execute all documents necessary to complete the transactions described herein, all in a form approved by the City Attorney.

AND BE IT FURTHER RESOLVED, that the Chair and Secretary are hereby authorized to execute an agreement with SPL Beverly, LLC for the maintenance of the CDA's property, and a listing contract with Keller Williams to market and sell the CDA's units.

AND BE IT FURTHER RESOLVED, that subject to court approval and payment of all reasonable fees, the CDA hereby approves of the termination of the Receivership, and authorizes the Chair and Secretary to execute any documents necessary to effect such termination.