Legislation Details (With Text)

File #:	41401	**Version:**	1	**Name:**	Authorizing the Release of the Mortgage on Unit 6 of the University Square Condominium and Ratifying Prior Action
Type:	Resolution			**Status:**	Passed
File created:	1/11/2016			**In control:**	BOARD OF ESTIMATES (ended 4/2017)
On agenda:	2/2/2016			**Final action:**	2/2/2016
Enactment date:	2/2/2016			**Enactment #:**	RES-16-00087
Title:	Authorizing the Release of the Mortgage on Unit 6 of the University Square Condominium and Ratifying Prior Action				
Sponsors:	Zach Wood				
Indexes:					
Code sections:					
Attachments:					

Date	Ver.	Action By	Action	Result
2/2/2016	1	COMMON COUNCIL	Adopt	Pass
1/25/2016	1	BOARD OF ESTIMATES (ended 4/2017)	RECOMMEND TO COUNCIL TO ADOPT - REPORT OF OFFICER	Pass
1/19/2016	1	COMMON COUNCIL	Referred	
1/11/2016	1	Attorney's Office	Referred for Introduction	

Fiscal Note

This resolution authorizes the release of a mortgage on a portion of the University Square condominium as defined in the TIF loan agreement. The City will receive an equity participation payment of $190,000 as a part of this transaction. This amount was budgeted in the 2015 adopted operating budget, but not received. The proceeds will be deposited in the General Fund as a 2016 revenue.

Title

Authorizing the Release of the Mortgage on Unit 6 of the University Square Condominium and Ratifying Prior Action

Body

WHEREAS, on April 28, 2008, the City and University Square, LLC (“Borrower”) entered into a Tax Incremental Financing Loan Agreement dated April 28, 2008 (the “TIF Loan Agreement”) pursuant to which the City provided City financial assistance to Borrower to construct the development known as University Square Condominium; and

WHEREAS, the City’s loan was originally secured by a mortgage executed by Borrower encumbering Unit 1 and Unit 2 of the University Square Condominium; and

WHEREAS, the TIF Loan Agreement requires that a transfer of the property results in payment of the full Equity Participation Payment of Three Million Dollars ($3,000,000), unless with prior Common Council Approval, the transfer is to an entity a majority of which is controlled by Gregory A. Rice; and

WHEREAS, Unit 2 has since been subdivided into new Units 6 and 7 of the University Square Condominium with Unit 7 being sold and the City accepting Two Hundred Thousand Dollars ($200,000) as a release price for the property representing an apportioned payment of the Equity Participation Payment due

under the TIF Loan Agreement; and

WHEREAS, Unit 6 was transferred to University Square II, LLC (the “Seller”) an entity a majority of which is controlled by Gregory A. Rice; and

WHEREAS, the City the Borrower and the Seller executed an Assignment and Assumption of Tax Incremental Financing Loan Agreement (the “Assignment Agreement”), executed on March 21, 2014, according to which the City received a new mortgage on Unit 6 from Seller and apportioned the Equity Participation Payment to One Hundred and Ninety Thousand Dollars ($190,000); and

WHEREAS, neither the transfer of Unit 6, nor the apportionment of the Equity Participation Payment for Units 6 and 7 had authorizing resolutions; and

WHEREAS, Seller desires to sell to the University of Wisconsin (the “Buyer”) all of Seller’s right, title, and interest in and to Unit 6 of University Square Condominium in accordance with the Assignment Agreement; and

NOW THEREFORE BE IT RESOLVED, that the City agrees to release the mortgage on Unit 6 of the University Square Condominium for One Hundred and Ninety Thousand Dollars ($190,000) in accordance with the terms of the Assignment Agreement.

BE IT FURTHER RESOLVED, that the Common Council of the City of Madison hereby ratifies the execution of the Assignment Agreement and the release of the mortgage on Unit 7 for Two Hundred Thousand Dollars ($200,000) price for Unit 7.

BE IT FINALLY RESOLVED, that the Mayor and City Clerk are hereby authorized to execute, deliver, accept and record any and all requisite documents and take such other actions as shall be deemed necessary or desirable to accomplish the purpose of this Resolution, in a form approved by the City Attorney.

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