



Legislation Details (With Text)

File #: 41972 **Version:** 1 **Name:** Authorizing a Material Change in the Phase Loan Agreement for Phases 3 and 4 of the Union Corners Development.

Type: Resolution **Status:** Passed

File created: 2/26/2016 **In control:** Attorney's Office

On agenda: 3/15/2016 **Final action:** 3/15/2016

Enactment date: 3/21/2016 **Enactment #:** RES-16-00224

Title: Authorizing a Material Change in the Phase Loan Agreement for Phases 3 and 4 of the Union Corners Development.

Sponsors: Marsha A. Rummel

Indexes:

Code sections:

Attachments:

| Date | Ver. | Action By | Action | Result |
|-----------|------|-------------------|--|--------|
| 3/15/2016 | 1 | COMMON COUNCIL | Adopt Under Suspension of Rules 2.04, 2.05, 2.24, and 2.25 | Pass |
| 2/26/2016 | 1 | Attorney's Office | RECOMMEND TO COUNCIL TO ADOPT UNDER SUSPENSION OF RULES 2.04, 2.05, 2.24, & 2.25 - MISC. ITEMS | |

Fiscal Note

No appropriation required. This resolution does not change the original TIF loan amount of \$5 million.

Title

Authorizing a Material Change in the Phase Loan Agreement for Phases 3 and 4 of the Union Corners Development.

Body

WHEREAS, on October 30, 2013 the City of Madison (the "Seller") executed a Purchase and Sale Agreement (the "PSA") with Gorman & Company, Inc. (the "Developer") for the conveyance and redevelopment of properties owned by the City located at 2504, 2507 and 2340 Winnebago Street, Madison, WI (collectively, the "Development") for a mixed-use redevelopment project. Under the terms of the PSA the Buyer was required to develop the Property in four phases; and

WHEREAS, the First Amendment to the PSA, which among other items, provided that the number of phases be increased from four to six. In the Second Amendment to the PSA, only Phases 1 through 4 were acquired by the Buyer (hereinafter, "PSA" shall refer the original PSA and all amendments); and,

WHEREAS, on July 7, 2015, the Common Council approved a TIF loan of five million dollars (\$5,000,000) (the "Master TIF Loan") to the Developer in accordance with the PSA under enactment RES 15-00575 (the "Resolution"); and,

WHEREAS, the Resolution permitted the TIF Loan to be apportioned to each phase of the Development (collectively the "Phase Loans", individually the "Phase Loan"); and,

WHEREAS, Section 16 of the Resolution provided that Phase Loans do not require Common Council approval as long as the terms did not materially change from the terms of the Master TIF Loan; and,

WHEREAS, Section 6 of the Resolution permitted the Developer to transfer ownership of any Phase to a Gorman, LLC, which is a corporate entity of which Developer is a member; and,

WHEREAS, Phases 3 and 4 are to be used as affordable housing and commercial uses and will use Low-Income Housing Tax Credits ("LIHTC") to assist in the financing for the Phases; and,

WHEREAS, the corporate structure of the entity owning Phases 3 and 4, for the purposes of creating a LIHTC entity, does not have Developer as a member, but as a partial owner of a member; and,

WHEREAS, the investor member will also have the ability to remove the Gorman, LLC as managing member under certain conditions as described in the tax credit entity's operating agreement, but primarily in the case of the managing member not performing its duties; and,

WHEREAS, this ownership structure and ability to replace the Gorman, LLC is a material change from the terms of the Resolution; and

WHEREAS, the material change is viewed as necessary to the development of the Phases.

NOW THEREFORE, BE IT RESOLVED that the Common Council authorizes the material change in the ownership structure from the terms of the Resolution in order to facilitate the development of housing on Phases 3 and 4 of the Development.

BE IT FURTHER RESOLVED, that the Gorman, LLC may be removed from being a member of the tax credit entity in accordance with the tax credit entity's operating agreement.

BE IT FURTHER RESOLVED, no other material changes from the Master TIF Loan Agreement will be permitted.

BE IT FINALLY RESOLVED, that the Mayor and City Clerk are hereby authorized to execute a Phase Loan agreement and other documents as may be necessary to effectuate the transaction, all of which are subject to the approval of the City Attorney.