



## Legislation Text

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**File #:** 36887, **Version:** 1

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### Fiscal Note

This resolution amends the Purchase and Sale Agreement between the City and Hovde West Johnson, LLC, to add indemnification language for neglect by the City as a unit owner within the property on West Johnson Street. This indemnification language will expand the City's risk as a unit owner, but that risk is mitigated by the City's property and liability insurance coverage. No appropriation is necessary.

### Title

Authorizing the Execution of a Third Amendment to the Purchase and Sale Agreement executed between the City and Hovde West Johnson, LLC.

### Body

Hovde West Johnson, LLC, successor-in-interest to Hovde Properties, LLC, and the City are the parties to that certain Purchase and Sale Agreement dated as of December 10, 2012; as amended by First Amendment to Purchase and Sale Agreement dated May 31, 2013 (collectively, the "PSA"). The PSA authorized the recent sale from the City to the Developer of the Madison Fire Department Administration Building located in the 300 Block of West Johnson Street for assemblage into the Developer's mixed-use development condominium project (the "Project") located at 305-309 West Johnson Street. The Madison Fire Administration Building (the "Building") has been demolished by the Developer. The City will purchase a "grey box" condominium unit (the "Fire Admin Condo Unit") and parking stalls within the Project for the purpose of providing administrative office and storage space for the Madison Fire Department. The City shall be responsible for the build out of the Fire Admin Condo Unit. The Madison Fire Department's administration offices have been relocated to leased space until the Fire Admin Condo Unit is built out.

Upon purchasing the Condo Unit, the City will agree to the terms of the Condominium Declaration, the Condominium Association By-Laws. Under the terms of the by-laws indemnification will be required in the case of neglect by the City of Madison as a unit owner. The indemnification language has been reviewed by the City's Risk Manager. The City's risk exposure is increased by this clause, but the exposure is covered by insurance, subject to its terms and conditions.

NOW, THEREFORE, BE IT RESOLVED, that the Common Council of the City of Madison hereby authorizes the execution of a Third Amendment to the Purchase and Sale Agreement between the City of Madison and Hovde West Johnson, LLC, successor-in-interest of Hovde Properties, LLC, dated December 10, 2012, as amended May 31, 2013 and December 10, 2013 (collectively, the "PSA"), which will amend the PSA as follows:

1. Paragraph 5.d of the PSA shall be amended to add the following:

“The Project Condominium Documents may include a City indemnification provision in the case of neglect by the City of Madison as a unit owner.”

2. The PSA shall remain in full force and effect and the parties shall continue the PSA on the terms contained therein, but subject to the modifications and amendments described in the Third Amendment.

BE IT FURTHER RESOLVED that the Mayor and the City Clerk are 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.