



Legislation Text

File #: 49964, **Version:** 1

Fiscal Note

RES-17-00539, adopted on June 20, 2017, authorized the execution of a Purchase and Sale Agreement (PSA) between the City of Madison and RDC Development, LLC for the acquisition of a gray box condominium unit for the Pinney Library for \$3,087,807. The budget includes a contingency of \$112,193 for a total of \$3,200,000. The total project cost is approximately \$10,000,000. The proposed resolution amends the PSA by allowing the parties to extend the Due Diligence period in certain circumstances, allowing the installation of equipment related to the HVAC under Grand Oak Trail and the Book Drive with an estimated cost of \$80,000 to the Pinney Library project, and reflecting change orders totaling \$48,955 for a total purchase price of \$3,136,762. Funding is available in the project (Munis project #10002) for the amended PSA.

Title

Amending RES-17-00539 authorizing the amendment of a Purchase and Sale Agreement between the City of Madison and RDC Development, LLC for the acquisition of a gray box condominium unit for the relocation of the Pinney Library, and authorizing funding to pay for said unit.

Body

WHEREAS, on June 20, 2017, the Common Council adopted RES-17-00539 (File No. 47522) authorizing the execution of a Purchase and Sale Agreement with RDC Development, LLC ("RDC") for the purchase of a gray box condominium unit ("Unit") for the Pinney Library located at 516 Cottage Grove Road ("the Property"); and,

WHEREAS, the City and RDC entered into a Purchase and Sale Agreement ("PSA") on September 28, 2017. The PSA was amended on November 10, 2017 and December 8, 2017, the first and second amendments, respectively; and,

WHEREAS, the City and RDC have agreed to a number of Change Orders outlined in Exhibit C to the PSA, as amended, totaling \$48,955 which will be added to the Purchase Price for a total amount of \$3,136,762; and,

WHEREAS, the City has engaged an appraiser to value the Unit as part of its contingency under the PSA. On December 11, 2017 Landretti and Company, LLC determined that the value of the Unit at Closing equals \$3 million dollars ("Appraised Unit Value"), including the change orders; and,

WHEREAS, there is a desire to move forward with the installation of a geothermal system at the Property due to staging issues. The City Engineering Division would like to install the loop system under Grand Oak Trail and the Library's Book Drive in 2018 before Closing. Grand Oak Trail and the Book Drive are areas that RDC needs to complete prior to Closing per the PSA. Engineering is estimating that this work will cost roughly \$80,000; and,

WHEREAS, the Due Diligence Period is set to expire on January 26, 2018 pursuant to Section 6 of the PSA; and,

WHEREAS, the parties now request an amendment to the PSA in order to extend the Due Diligence Period so that the geothermal system loop work may be completed before Closing.

NOW THEREFORE BE IT RESOLVED that the Common Council authorizes the execution of an amendment to the Purchase and Sale agreement with RDC Development, LLC upon substantially the following terms:

Section 6 - "Contingencies". The first paragraph is hereby amended to add the following sentence to the end:

The parties may agree to extend the Due Diligence period by up to ninety (90) days. However, the City, in its sole discretion, may limit any extension to thirty (30) day time periods.

Section 6F - "Contingencies". This paragraph is hereby amended to add the following sentence to the end of said section: "The City shall be allowed to install the loop portion of its Geo System under Grand Oak Trail and the Book Drive as outlined on the Final Site Plan before Closing with an estimated cost of \$80,000 to the City. The timing of this work will be set forth in the Construction Schedule."

NOW THEREFORE BE IT FURTHER RESOLVED that the Common Council authorizes the following terms or actions as part of the terms of the PSA:

The City and RDC have agreed to a number of Change Orders outlined in Exhibit C to the PSA totaling \$48,955 which will be added to the Purchase Price for a total purchase price of \$3,136,762. Per Resolution RES-17-00539, the City has budget authority of \$3.2 million.

The City agrees to waive this appraisal contingency outlined in section 6K - "Contingencies" of the PSA since the Appraised Unit Value per Landretti and Company is within four percent of the Purchase Price.

BE IT FURTHER RESOLVED that the Common Council authorizes the Mayor and City Clerk to execute such documents as are necessary to carry out the intent of this resolution in a form authorized by the City Attorney.