



Legislation Text

File #: 60508, Version: 1

Fiscal Note

The purchase price for the proposed purchase and sale agreement is \$525,000. Proceeds from the sale will be used to pay down approximately \$308,000 of outstanding special assessments in the Center for Industry and Commerce (CIC) with the remaining revenue being deposited in the General Land Acquisition Fund or General Fund. No additional City appropriation is required with the sale of this property.

Title

Authorizing a Purchase and Sale Agreement with Weldcorp Mfg, LLC for the sale of Lots 27 and 28 within the Center for Industry and Commerce ("CIC").

Body

WHEREAS, The Common Council adopted a resolution (RES-13-00460) on June 18, 2013 which authorized the execution of an "Agreement to Terminate the 'Agreement to Purchase and Undertake Development of the Northeast Industrial Property'" ("Purchase and Development Agreement") which was executed between the City of Madison ("City") and The Center for Industry & Commerce, LLC ("LLC") for the development of a mixed-use industrial park; and,

WHEREAS, the City assumed ownership of the remaining vacant properties located within The Center for Industry & Commerce, LLC ("CIC") at that time; and,

WHEREAS, the City has since been selling vacant property within CIC for light industrial and business uses; and,

WHEREAS, Weldcorp Mfg, LLC is a growing existing employer interested in relocating to CIC; and,

WHEREAS, Weldcorp Mfg, LLC and City staff have agreed to the principal terms of a sale of property within CIC at a market sales price, with no City financial support provided,

NOW THEREFORE BE IT RESOLVED, that the Common Council authorizes the Mayor and Clerk to execute a Purchase and Sale Agreement with the Purchaser on substantially the following terms and conditions:

Purchaser: Weldcorp Mfg, LLC. and/or Assigns, with the prior written notice of the City of Madison
Seller: City of Madison ("City")

Property: Lots 27-28 totaling 210,395 square feet (approximately 4.83 acres).

Purchase Price: Purchase price for the Property shall be approximately \$2.5/SF of land, or \$525,000.

Due Diligence: Purchaser shall have one hundred eighty (180) days from the date of the execution of the Purchase & Sale Agreement to satisfy itself as to obtaining acceptable financing, title, survey, and any physical, environmental or governmental conditions and approvals necessary for Purchaser's intent to use the Property (to be further defined in the Purchase & Sale agreement) (" Due Diligence Period"). Seller shall provide all available property related documents (if applicable), plans/drawings, reports, service contracts, etc, currently in its possession to Purchaser within ten (10) business days after the execution of the Purchase & Sale Agreement. Further, Seller shall provide to Purchaser copy of existing Title Insurance Policy, any existing environmental reports and/or soil reports, and CSM upon execution of Purchase & Sale Agreement.

Condition: The Property shall be sold "as is".

Closing Date: Closing to occur within thirty (30) days after Purchaser's completion of its Due Diligence Period, or earlier waiver of all contingencies.

Closing Costs: Purchaser and Seller shall share the closing costs in a manner consistent with the market. Purchaser shall pay for Lender's Title Policy (including any requested endorsements) and any Lender fees", and Seller shall pay for Owner's Title Policy.

Earnest Money: Purchaser will deposit \$25,000 with Purchaser's title insurance company or First American Title within five (5) business days of Purchase and Sale contract execution. In the event of default by Purchaser, Seller may seek to retain the earnest money deposit as its sole remedy.

Construction Contingency: Purchaser shall agree to commence construction onsite within 18 months of the date of purchase. This involves "pouring of footings and foundation." In the event Purchaser fails to commence construction in that timeframe, Seller shall have the right, but not the obligation, to purchase the Property back at 100% of the purchase price less any closing, title and transfer costs. To be further defined in Purchase & Sale Agreement.

Special Assessments: Seller shall pay any and all special assessment fees attributable to the parcels being purchased as of the date of Closing. Purchaser is responsible for any future special assessments.

Purchase & Sale Agreement: Seller agrees to provide Purchaser with a draft agreement within fifteen (15) business days of Common Council approval of the terms stated herein.

Broker Representation: Purchaser acknowledges that ARC Commercial represents the Purchaser in this transaction, and Seller shall pay ARC Commercial a sale commission of 3% of the gross sale price in full at Closing.

Associated Fees: Purchaser is responsible for all special assessments following closing, and will be responsible for payment of the Hanson Road sewer connection charge, all utility hook-up charges (MMSD, Water Utility, etc.), and any curb-cut/driveway apron charges. Closing costs will be split 50/50 by Seller and Purchaser. Seller will be responsible for Owner Policy Fee and Wisconsin Transfer Fee and will pay final stormwater account as of date of closing.

BE IT FINALLY RESOLVED, that the Mayor, Clerk and City staff are authorized to perform any and all duties necessary to carry out this transaction including recording documents, execution of title documents including a gap affidavit, which includes an indemnification provision, or other required documents in a form approved by the City Attorney.