



Legislation Text

File #: 79643, **Version:** 1

Fiscal Note

The proposed resolution authorizes the negotiation and execution of a Purchase and Sale Agreement for the property at 405 W. Gorham St between the City and Core Spaces, LLC (“Purchaser”). The total purchase price for the property shall be One Dollar (\$1.00).

The City has retained an appraiser to appraise the property. The difference between the appraised value and the Purchase Price shall be considered the City’s financial contribution to the Purchaser’s proposed development.

No additional City appropriation required.

Title

Authorizing the negotiation and execution of a Purchase and Sale Agreement between Core Spaces, LLC (“Purchaser”) and the City of Madison for the Purchaser’s acquisition of the property located at 405 W. Gorham Street. (District 4)

Body

WHEREAS, the City of Madison (“Seller”) is the owner of the property located at 405 W. Gorham Street, Madison, Wisconsin (“Property”), totaling approximately 2,485 square feet; and

WHEREAS, the Purchaser desires to purchase the Property for their proposed development project, as the inclusion of the Property will allow for the Purchaser to optimize the use of adjacent lands already under contract by the Purchaser and enable Purchaser to construct affordable student housing units by adding bonus stories via an agreement that has not yet been negotiated; and

WHEREAS, The City of Madison Engineering Division has confirmed that the Property is not needed for any future transportation needs and therefore can be considered surplus to City needs; and

WHEREAS, per the City’s Surplus Property Ordinance (MGO 8.075), the following has occurred:

- All City Departments have been notified of this surplus property; and, no City Departments have expressed an interest in the Property.
- The Economic Development Division Director has completed an Economic Feasibility Analysis of the Property and determined that there are no viable or independent uses for the Property given its small size and configuration.
- The Economic Development Division Director and Department of Planning, Community, and Economic Development Director, in consultation with the District Alder, have determined that it is in the best interest of the City of Madison to negotiate a Direct Sale with surrounding property owners (or those with rights to surrounding properties).
- As the only entity with control of surrounding properties, the Economic Development Division Director negotiated a Letter of Intent for the sale of the Property to the Purchaser with the terms noted below.

NOW, THEREFORE, BE IT RESOLVED that the City's Common Council hereby authorizes the City to negotiate and execute, as Seller, a Purchase and Sale Agreement ("Agreement") with the Purchaser for the sale of the Property, substantially on the following terms and conditions:

1. Purchaser. Core Spaces, LLC and/or its Assigns, with prior written notice given to Seller for its approval ("Purchaser").
2. Seller. City of Madison, a Wisconsin municipal corporation ("Seller").
3. Property. The real property located at 405 W. Gorham Street, Madison, Wisconsin ("Property"), totaling approximately 2,485 square feet (Parcel No. 251/0709-231-0506-3).
4. Purchase Price. The total purchase price for the Property (the "Purchase Price") shall be One Dollar (\$1.00). The Purchase Price shall be payable in cash at Closing.
5. Effective Date. The "Effective Date" shall be the later date of execution of the Agreement by the Seller or the Purchaser, as indicated on the signature page thereof.
6. Conveyance. The Purchaser shall purchase and the Seller shall sell and convey by Quit Claim Deed (the "Deed") fee simple title to the Property.
7. Due Diligence. Purchaser shall have one (1) year from the Effective Date to satisfy itself as to obtaining acceptable financing, title, survey, Certified Survey Map approvals, and any physical, environmental, or governmental conditions and approvals necessary for Purchaser's intent to use the Property (to be further defined in the Agreement "Due Diligence Period"). Seller shall provide all available property related documents (if applicable), plans/drawings, reports, service contracts, leases, etc., currently in its possession to Purchaser within ten (10) business days after the execution of the Agreement.

Further, Seller shall provide to Purchaser copies of existing Title Insurance Policy, any existing environmental reports and/or soil reports, and Certified Survey Map upon execution of the Agreement.

In the event that municipal approvals are delayed or stalled due to unforeseen events out of the control of either party, the Due Diligence Period shall be extended a commensurate period of time.

8. City of Madison Contingencies.
 - a. The Property shall be sold as is, where is.
 - b. Purchaser is responsible, at Purchaser's cost, for: ALTA Survey, CSM, MMSD fees, utility hook-up charges, any commercial curb cut driveway apron charges, installation of all private utilities, and any work in the right of way required by City Engineering (if any).
 - c. Purchaser shall be responsible for any recording costs for any loan documents and deed.
 - d. The Property is part of a surrounding redevelopment project being pursued by Purchaser. Sale of Property is contingent upon Purchaser receiving all City land use approvals for said project. This resolution should not be construed as the City's approval of that project.
 - e. The Property is being sold to enable Purchaser to construct affordable student housing units via an agreement that has not yet been negotiated. This resolution should not be construed as the City's approval of a specific affordable student housing agreement.

9. Contingencies of Sale. The Agreement and The City's sale of the Property to Purchaser are contingent upon the following during the Due Diligence Period:
 - a. Purchaser receives Certified Survey Map approvals.
 - b. Purchaser receives all necessary physical, environmental, or governmental conditions and approvals.
 - c. The parties and the University of Wisconsin-Madison enter into a mutual agreement regarding affordable student housing to be included in Purchaser's planned development.
10. Closing Date. Closing to occur within (30) days after Purchaser's completion of its Due Diligence Period, or earlier waiver of all contingencies.
11. Closing Costs. Purchaser and Seller shall share the closing costs in a manner consistent with the market. Purchaser shall pay for the Lender's Title Policy and any required endorsements and lender's fees, Seller shall pay for the Owner's Title Policy.
12. Special Assessments. Seller shall pay, or waive, any and all special assessment fees attributable to the Property, up to the day of closing. Purchaser is responsible for any future special assessments attributable to the Property after closing.
13. Draft Agreement. Seller agrees to provide Purchaser with a draft Agreement within sixty (60) business days of Common Council approval of the terms stated herein.
14. Notices. All notices to be given under the terms of the Agreement shall be signed by the person sending the same, and shall be sent by certified mail, return receipt requested and postage prepaid, to the address of the parties specified below. If electing to utilize electronic mail, said emails shall be sent to the email addresses provided below with an active read receipt and shall include a statement that the electronic mail constitutes notice under the terms of the Agreement.

For the Seller: City of Madison
 Economic Development Division
 Office of Real Estate Services
 Attn: Manager
 P.O. Box 2983
 Madison, WI 53701-2983
 lvest@cityofmadison.com & ores@cityofmadison.com

For Purchaser: Core Spaces
 Attn: Brendan Miller & Austin Pagnotta
 1643 N. Milwaukee Ave.
 Chicago, IL 60647
 Austinp@corespaces.com

Any party hereto may, by giving five (5) days written notice to the other party in the manner herein stated, designate any other address in substitution of the address shown above to which notices shall be given.

BE IT FINALLY RESOLVED, the Mayor and Clerk are authorized to sign, accept, and record any and all documents and legal instruments required to complete the transactions contemplated in this resolution, on a

form and in a manner that has been approved by the City Attorney.