



City of West Allis

Legislation Text

File #: R-2021-0340, **Version:** 1

Resolution approving amendment #2 to the Purchase and Sale Agreement by and between Six Points West Allis Apartments, LLC and the Community Development Authority of the City of West Allis relative to the Development Finance Agreement (North of National Avenue "NONA")

WHEREAS, the Community Development Authority of the City of West Allis (the "Authority") entered into a Development Agreement (the "Agreement") with Six Points West Allis Apartments, LLC, dated May 1, 2018, for the development of a 177-unit apartment building located on the northwest side of W. National Ave. and Six Points Crossing (the "Property"); and,

WHEREAS, the Property has reached construction completion and Six Points West Allis Apartments, LLC ("Developer") has obtained permanent financing; and,

WHEREAS, per the Agreement, the Authority was an investor to help advance the redevelopment and to fill a financial gap at the time of Construction; and,

WHEREAS, the terms of the Agreement specifically provide conditions for the Developer to provide repayments of the CDA's investment as well as the distribution of construction savings between the Authority and the Developer; and,

WHEREAS, the Authority, on May 31, 2016 by Resolution No. 1179, authorized the sale of the Property to Mandel Group Properties, LLC and the Common Council, on August 1, 2017 by Resolution No. R-2017-0213, approved an Option to Purchase from Mandel Group Properties, LLC, and on November 11, 2017 by Resolution No. R-2017-0243, approved an amended version to the Purchase and Sale Agreement; and,

WHEREAS, the Authority, on February 9, 2021 by Resolution No. 1378, approved the amendment and acceptance of the payment terms; and,

WHEREAS, the terms of the Agreement specifically provide conditions for the Developer to provide repayments of the CDA's investment as well as the distribution of construction savings between the Authority and the Developer; and,

WHEREAS, the Developer and Authority agree to the following changes to the Agreement:

1. Accepting of a \$1.54 million loan repayment to the Authority
2. Accepting the construction savings calculation payment of approximately \$665,656. This payment may be made in 2 parts, with the majority of the payment coming up front and the 2nd payment upon the Developer receiving WDNR Closure of the site.
3. On the repayment of the \$2.5 million loan from the Authority, the Developer proposes the following:
 - a. Pay the Authority \$1.5 million today as a principal payment on the \$2.5 million sub participating debt.
 - b. Developer will continue to pay interest on the unpaid portion of the sub participating debt (\$1.0 million).
 - c. At reversion, in ten (10) years, the Authority receives the first \$1,000,000 if/after the investors achieve a 15% IRR. After the first \$1,000,000, the Authority and Developer will share 60/40 in favor of the Developer in remaining proceeds with the Authority's participation being capped at \$500,000. Upon receipt of the \$500,000, the CDA would be fully paid on the \$2.5 million sub participating debt plus the additional \$500,000 noted in the previous line.

NOW, THEREFORE, BE IT RESOLVED by the Common Council of the City of West Allis hereby authorizes as follows:

The approval of the attached Amended Development Agreement between the City of West Allis and the Developer (Six Points West Allis Apartments, LLC.) for development activities within the Farmers Market/Six Points redevelopment area;

BE IT FURTHER RESOLVED that the Executive Director of Economic Development, with the approval of the City Attorney, or their designees, are hereby authorized and directed to take any and all other actions necessary to effectuate the intent of the Development Agreement on behalf of the City of West Allis;

BE IT FURTHER RESOLVED that the Executive Director of Economic Development, with the approval of the City Attorney, or their designees, are hereby authorized to make such nonsubstantive changes, modifications, additions and deletions to and from the various provisions of any and all loan commitments, the sale of land, loan agreements, mortgages, notes, guaranties, security agreements, escrow agreements, certificates, affidavits, assignment agreements, pledges, disbursing agreements, subordination agreements, environmental agreements, indemnification agreements, land use restriction agreements, certified survey maps, easements, operating reserve agreements, replacement reserve agreements, working capital agreements, grant agreements and financing statements, development agreements, property management agreements, consulting agreements, escrow agreements, certificates, affidavits, reimbursement agreements, assignment agreements, attachments, exhibits, addendums, amendments and/or any other documents as may be necessary, proper and convenient to correct inconsistencies, eliminate ambiguity, and otherwise clarify and supplement said provisions to preserve and maintain the general intent thereof, and to prepare and deliver

such other and further documents as may be reasonably necessary to complete the transactions contemplated therein;

BE IT FURTHER RESOLVED that approval of the attached Amended Development Agreement supersedes only the amended sections on the document. All previously executed terms and conditions not referenced in this amendment remain in place;

BE IT FURTHER RESOLVED, that the Executive Director, or his designee, be and is hereby authorized and directed to execute and deliver the aforesaid amendment #2 to the Purchase and Sale Agreement and Development Agreement on behalf of the Community Development Authority of the City of West Allis.

cc: Economic Development Program
 Finance Department
 City Attorney

DEV-R-1060-6-1-21

Adopt