

COUNCIL COMMUNICATION

From: The City Manager

Subject: Fifth Amendment to Development Agreement with Wolgast Corporation

Manager's Recommendation:

I recommend that the Fifth Amendment to the Purchase and Development Agreement with Wolgast Corporation be approved and that the City Manager or his designee be authorized to execute all documents necessary. This Fifth Amendment to the Purchase and Development Agreement has been approved by the City Manager as to substance and the City Attorney as to form.

Justification:

On December 5, 2005, the City of Saginaw entered into a Purchase and Development Agreement with Wolgast Corporation for property located in the 3200, 3300, 3400, 3500, and 3600 block of Douglass St. on the southeast side of the City. Due to the initial lack of success in obtaining tax credits, the project was delayed, and the agreement amended. The Michigan State Housing Development Authority ("MSHDA") approved Wolgast's application, but the process took longer than expected, and the Agreement was amended three more times, with the closing date to have occurred by September 30, 2009.

MSHDA is now in the process of converting the original tax credits to federal equity funds to finance this project. This requires a time extension for the closing until December 2009. Construction can commence within 30 days after that.

Council Action:

Council _____ moved that the recommendation of the City Manager be approved.