

Memo

To: CDBG Committee
From: Teresa Cothrine, Grants Administrator
Date: May 28, 2013
Re: Tenney Nursery and Parent Center, Inc. 1321 E. Mifflin Street

Tenney Nursery and Parent Center, Inc. signed a promissory note on August 15, 1996 for a deferred loan in the amount of \$28,700 for an installment of a wheel chair lift to provide accessibility to the second floor office of Centro Hispano. The loan was deferred until such time that the property is sold, change of use, or discontinuance of use. Since the installment of the wheel chair lift, Centro Hispano has moved out of the facility.

On February 20, 2013 a request came in for subordinating the City of Madison's loan. During the time that CDBG staff reviewed the request, it was determined that since two new tenants have occupied the space, staff requested that the center survey their current clients and it was determined that 32% of the clients that the center assisted were at or below 80% of the county median income. Based on this, the facility is no longer meeting the needs as outlined in the note; the loan is being converted to a repayment loan. Since the loan is being converted to a repayment, the request for subordination was no longer needed.

Since the agency could not pay back the note in full and the wheel chair lift was initially installed to assist Centro Hispano, CDBG staff and the agency negotiated back and forth with a suitable repayment term and schedule. The final terms were presented the board of directors of Tenney Nursery and Parent Center and they were in agreement to our terms.

The terms of the repayment is \$260/month for 5 years totaling \$15,600, with a balloon payment at the end of the 5th year of \$5,100 and forgiveness of \$8,000 of the original note.

RECOMMENDATION:

Recommend approval of the re-structuring of the Tenney Nursery and Parent Center, Inc. deferred loan to a repayment loan with the above mentioned terms of total repayment in the amount of \$21,700 and forgiveness of \$8,000.