



Legislation Text

File #: 42702, **Version:** 1

Fiscal Note

The proposed resolution authorizes a forgivable loan with the Allied Community Cooperative for pre-development costs associated with the construction of a market in the Allied Drive/Dunn's Marsh neighborhood. Funding for the loan is available in the 2016 Adopted Capital Budget in the Healthy Retail Access Program.

Title

Authorizing the Mayor and City Clerk to execute a forgivable loan agreement with the Allied Community Cooperative for \$53,667 in pre-development funds from the Healthy Retail Access Program for the purposes of advancing the Allied Community Cooperative Market project in the Allied Drive/Dunn's Marsh neighborhoods.

Body

WHEREAS, on November 18, 2014, the Common Council adopted RES-14-00786 (Legistar #35697) directing a staff team to propose options for intervention in the Allied Drive/Dunn's Marsh areas to improve food access with a focus on a physical site for a retailer, including a cooperative as an option; and

WHEREAS, on January 20, 2015, the Common Council accepted a staff report (Legistar #36723) which recommended making available up to \$300,000 of city funds to attract a full-service, affordable grocer to the Allied Drive/Dunn's Marsh areas; and

WHEREAS, on February 24, 2015, the Common Council adopted RES-15-00150 (Legistar #37014) authorizing the city to issue requests for proposals for up to \$300,000 of city funds, in the form of a low-interest or forgivable loan, for the location of an affordable, full-service grocer in the Allied Drive/Dunn's Marsh areas; and

WHEREAS, on October 6, 2015, the Common Council accepted a staff report (Legistar #39927) that recommended the acceptance of a response to the request for proposal submitted by the Allied Community Cooperative, with the support of the Willy Street Grocery Cooperative and the University of Wisconsin Center for Cooperatives, and provide a \$300,000 forgivable loan according to their proposal as submitted; and

WHEREAS, the Mayor and Common Council adopted the Healthy Retail Access Program budget in the Economic Development Division's 2016 Capital Budget of \$350,000, which included funding of up to \$115,334 for year one of the Allied Cooperative Market project; and

WHEREAS, city staff and project partners have worked closely since the approval of funding to advance the project and prepare the cooperative for next steps in the development of the market; and

WHEREAS, the Allied Community Cooperative has taken key steps to advance the project including formally incorporating as an organization, attending cooperative development conferences, establishing a grocery committee, and beginning community engagement; and

WHEREAS, the Allied Community Cooperative has indicated that they are ready and prepared to receive the first portion of funding to hire consultants to assist with a feasibility study, legal advice, financing, and other pre

-development activities, including attending additional capacity building trainings, and administrative costs; and

WHEREAS, the first portion of the funding covered by this resolution and agreement, \$53,667, is reserved for pre-development funds and the remaining portion of the \$300,000 forgivable loan is reserved for the development of grocery cooperative and will be negotiated and presented to the Common Council at a later date;

NOW, THEREFORE, BE IT RESOLVED, that the Mayor and Common Council are authorized to execute a forgivable loan agreement with the Allied Community Cooperative for \$53,667 in pre-development funds (the "Loan"); and

BE IT FURTHER RESOLVED, that the funds will be issued from the Healthy Retail Access Program for the purposes of advancing the Allied Community Cooperative Market project in the Allied Drive/Dunn's Marsh neighborhoods; and

BE IT STILL FURTHER RESOLVED, that the Loan Agreement will be in a form substantially in conformity with the following terms:

- The purpose of the Loan is to provide predevelopment financing that will enable Borrower to pay certain predevelopment costs of the project, including, but not limited to, feasibility; architectural; legal; permits; professional development; and administrative costs.
- The Borrower shall provide the City with an itemized budget of costs that are incurred under this agreement upon request.
- The Borrower agrees to meet with city staff on at least a quarterly basis to provide updates and track progress.
- The Loan shall be evidenced by a loan agreement and promissory note made by developer payable to the City in the amount equal to the loan at zero percent (0%) interest (the note, together with the loan agreement, the "Loan Documents).
- The Loan shall be forgivable if used for the purposes noted above and no other default has occurred.
- The Borrower must begin expending funds within one year of the execution of the Loan Documents.
- Upon the occurrence of an event of default, and the opportunity to cure, the note shall be due and payable at an interest to be determined by the City and the Borrower.

BE IT STILL FURTHER RESOLVED, that the Director of Food and Alcohol Policy is authorized to negotiate with the Allied Community Cooperative and approve the final loan agreement between the City and the Borrower in a form approved by the City Attorney; and

BE FINALLY RESOLVED, that the Mayor and City Clerk are authorized to execute, deliver, accept, and record any and all documents and take such other actions as shall be necessary or desirable to accomplish the purpose of this resolution in a form approved by the City Attorney.