



## Legislation Text

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**File #:** 02133, **Version:** 1

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### **Fiscal Note**

The City made a loan of \$150,000 in CDBG funds to Access Community Health Center (formerly, Madison Community Health Care). The organization has decided to establish a subsidiary to own and manage its property; this Resolution would permit the City to take the steps necessary to assign, transfer, and subordinate the current loan to new first and second mortgage loans that involve New Market Tax Credits. No significant fiscal impact is associated with this loan reassignment.

### **Title**

Authorizing the transfer of a previously approved loan from Madison Community Health Center to a new non-profit subsidiary and authorizing the Mayor and the City Clerk to sign agreements to effect such a change.

### **Body**

WHEREAS the City Council approved a loan to Madison Community Health Center to help them purchase the former Dean Medical Clinic on East Washington Avenue to better serve their target population and expand their dental services;

WHEREAS those efforts have been very successful, enabling the organization to increase its services to serve more than 1,500 new clients;

WHEREAS the organization is now forming a non-profit subsidiary (ACHC Facilities) to handle its real estate responsibilities, as a prelude to obtaining New Market Tax Credits (NMTC) to help them lower their base facility costs, and the Dane Fund has agreed to seek NMTC for this organization, and provide a second mortgage loan of \$200,000 to help secure the NMTC;

WHEREAS the CDBG staff and Commission have reviewed the proposal and recommend Council adoption as a way to leverage advantageous financing for the City's prior CDBG investment, and increase the chances for greater operational security for the Access Community Health Center;

NOW THEREFORE BE IT RESOLVED that the Common Council

- a) Approve the transfer of the original CDBG loans from MCHC to ACHC Facilities, Inc.,
- b) Approve the subordination of the City's mortgage lien to the Dane Fund in the amount of \$200,000 and to US Bank in the amount of \$1,400,000, and
- c) Authorize the Mayor and the City Clerk to enter into any agreement(s), assignments, and assumption agreements with Madison Community Health Center (the Access Community Health Care) and its subsidiary (ACHC Facilities, Inc.) under which ACHC would assume all of MCHC's obligations under the previous note, mortgage, and CDBG agreement.