



Legislation Details (With Text)

File #: 64845 **Version:** 1 **Name:** Valor Addendum to Loan Agreements
Type: Resolution **Status:** Passed
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Title: Approving an Addendum to Loan Agreements between the City and UC Nexus, LLC and Valor on Washington, LLC Pursuant to MGO 39.02(9)(g)(13)
Sponsors: Arvina Martin
Indexes:
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Attachments:

Date	Ver.	Action By	Action	Result
5/4/2021	1	COMMON COUNCIL	Adopt Unanimously	Pass
4/1/2021	1	AFFIRMATIVE ACTION COMMISSION		
3/30/2021	1	COMMON COUNCIL	Referred	
3/29/2021	1	Attorney's Office	Referred for Introduction	

Fiscal Note

The proposed resolution approves an addendum to agreements between the City and UC Nexus, LLC and Valor on Washington, LLC. Because the developers did not achieve desired affirmative action goals, this addendum includes conditions to satisfy the compliance requirements. These conditions include a \$237,000 payment to the City, which will be used to support small, minority and women-owned businesses. No City appropriation is required.

Title

Approving an Addendum to Loan Agreements between the City and UC Nexus, LLC and Valor on Washington, LLC Pursuant to MGO 39.02(9)(g)(13)

Body

WHEREAS, Gorman & Company, LLC (Gorman), Valor on Washington, LLC (Valor), and the City of Madison (City) have entered into that certain Affordable Housing Loan Agreement, dated as of March 1, 2020 related to Valor, and

WHEREAS, UC Nexus, LLC (Nexus), Gorman, and the City have entered into that certain Tax Incremental Loan Agreement, dated as of September 2, 2020 related to Nexus (together the "Loan Agreements") to support construction of projects by the Developers; and

WHEREAS, the Loan Agreements contain required language related to Affirmative Action pursuant to Madison General Ordinance 39.02; and

WHEREAS, the City claims Valor and Nexus did not achieve the desired goals for participation of targeted business enterprises and emerging business enterprises in the construction of their respective projects; and

WHEREAS, in accordance with MGO 39.02(9)(g)(13), the City and the Developers have agreed to the terms

and conditions set forth in this resolution to satisfy compliance requirements of the Loan Agreements.

NOW THEREFORE BE IT RESOLVED, that the Common Council authorizes the Mayor and Clerk to execute an addendum to the Loan Agreements materially on the following terms and conditions:

1. Developers shall pay Two Hundred Thirty Seven Thousand (\$237,000) (the "Payment") to the City and the City agrees to use such funds for the purpose of funding employment initiatives for small, minority and women-owned businesses as determined in the City's sole discretion. The City's intended use is for the ACRE Program. The Payment shall be made by September 1, 2021 (the "Payment Date").
2. Continuing Obligations. In addition to the Payment, Gorman as parent company of the Developers, shall perform, and cause any current and future subsidiaries or other related development entities to engage in the following Continuing Obligations:
 - A. Participate in the City of Madison ACRE Program including:
 1. Provide in class instruction for 3 years to the program participants, specifically including 3 hours of class instruction per calendar year.
 2. Provide formal mentorship to program participants for 3 years at the direction of the City.
 3. Provide paid internships at least four months in duration for 3 program participants during a three-year period.
 - B. Attend pre-development meetings with the City of Madison Department of Civil Rights, including high level leadership representatives from both development and construction. Include the City on our pre-bid and pre-construction meetings to better understand compliance requirements and expectations as well as learn how to better inform targeted business enterprises about how to participate in Gorman projects.
 - C. Provide paid internships of at least two months in duration for 3 program participants that are taking part in City-funded construction training programs.
 - D. Use an equity analysis tool five times over the next two years for hiring or process improvements.

BE IT FINALLY RESOLVED, that the Mayor and Clerk shall have the authority to execute and record the addendum and any other documents necessary to carry out the purposes of this resolution in a form to be approved by the City Attorney.