Legislation Text

File #: 07623, **Version:** 2

Fiscal Note

The City made a loan of $500,000 in CDBG, EDI, and City funds, that is secured with a mortgage on the property, to Wexford Ridge Neighborhood Center to help them construct a new neighborhood center. The organization now seeks to establish a line of credit for construction with a lender that requires a first mortgage. This resolution would permit subordination of the $500,000 loan to the lenders $1 million line of credit during the period of construction. This transaction would move the City position from a total loan to value ratio of 19% to 58%.

Title

SUBSTITUTE - Authorizing the subordination of a previously approved loan to Wexford Ridge Neighborhood Center to a first mortgage holder during the period of construction and authorizing the Mayor and City Clerk to sign agreements to effect such a change.

Body

WHEREAS the Common Council approved a loan to Wexford Ridge Neighborhood Center to help them develop and construct a neighborhood center to better serve their target population and expand their services; and

WHEREAS those efforts have been very successful, enabling the organization to negotiate a land lease for property owned by the Madison School District adjacent to ~~West High School~~ Memorial High School and to complete the necessary predevelopment efforts; and

WHEREAS Wexford has raised 76% of their capital budget to date and are in the process of completing their fundraising campaign for the remaining funds; and

WHEREAS Wexford secured a $1 million line of credit from a lender to assist with construction financing until committed pledges are paid and the remaining fund raised funds are secured; and

WHEREAS the CDBG staff and Commission have reviewed the proposal for the subordination and recommend Council adoption as a way to assist Wexford Ridge Neighborhood Center complete construction within their proposed timeline and limit additional costs due to delayed construction;

NOW THEREFOR BE IT RESOLVED that the Common Council authorize the Mayor and City Clerk to sign agreements to implement the subordination.