



Legislation Text

File #: 28082, Version: 2

Fiscal Note

This resolution would authorize a \$130,000 end loan from the Madison Capital Revolving Fund to Noor Investment LLC for the construction of a new service station and convenience store at 1129 South Park Street. End loan proceeds shall be provided upon satisfactory completion of the project in conformance to the terms and conditions of the MCRF Loan, as stated herein. Terms of the MCRF Loan would be a maximum of five (5) years, amortized over ten (10) years at an interest rate of the prime rate at the time of disbursement, plus 1.0% fixed, with a balloon payment of principal and interest due at note maturity. The Borrower shall make quarterly principal and interest payments. The Borrower's obligation to repay would be secured by a second mortgage security on the property located at 1129 South Park Street. The Borrower shall provide the City with the personal guaranties of Mohammed Ehtasham and Almas Begum for the MCRF Loan. The 2012 Operating Budget authorizes \$500,000 for Madison Capital Revolving Fund loans. In 2012, the City has approved two (2) loans totaling \$370,000, leaving a balance of \$130,000 of budgeted loan authorization. The MCRF loan fund balance is sufficient to fund this amount without additional borrowing. However, as the funds are likely to be disbursed to Borrower in 2013, the 2013 Operating Budget has a provision to re-authorize \$130,000 for disbursement to Borrower at that time.

Title

Authorizing the Mayor and City Clerk to execute an agreement to fund a \$130,000 Madison Capital Revolving Fund loan to Noor Investment LLC to assist constructing a service station and convenience store at 1129 South Park Street.

Body

WHEREAS, on May 19, 1987 the Common Council accepted a report by the Madison Capital Revolving Fund Task Force recommending the creation of a Madison Capital Revolving Fund (MCRF); and

WHEREAS, the Community Development Authority (CDA) has been designated as agent of the City of Madison for the operation and administration of the Program; and

WHEREAS, on April 16, 1996, the Common Council accepted the MCRF objectives and criteria as proposed by the CDA; and

WHEREAS, Noor Investment LLC (the "Borrower") owns the existing Clark service station at 1129 South Park Street ("Property") and proposes to demolish and remediate the existing Clark service station to construct a new 2,500 square foot service station and convenience store on the Property ("Project"); and

WHEREAS, the Borrower has requested that the City of Madison provide \$130,000 of MCRF loan assistance ("MCRF Loan") to assist in construction costs of the Project; and

WHEREAS, staff has completed its review of the MCRF Loan request for financial assistance for the Project and finds that it meets the objectives of the MCRF Loan program; and

WHEREAS, on October 11, 2012 the CDA approved the MCRF Loan to the Borrower of \$130,000 at the terms and conditions described herein.

NOW THEREFORE BE IT RESOLVED that a MCRF end loan in the amount of \$130,000 be made to Noor Investment LLC, evidenced by a loan agreement and note made to the City of Madison under the following terms and conditions:

1. The Project. Borrower agrees at a minimum the Project ("Project") will include:
 - a. Demolition and environmental remediation of the former Clark service station currently located on the Property.
 - b. Construction of a new, 2,500 SF convenience store and service station on the Property at a total construction cost of approximately \$1,045,000.
2. Form of Assistance. MCRF loan assistance in the amount of One Hundred and Thirty Thousand and 00/100 Dollars (\$130,000) shall be provided in the form of an end loan ("MCRF Loan"), disbursed by the City upon the City's receipt of a certificate of occupancy certifying completion of building improvements. Said MCRF Loan proceeds to Borrower shall partially fund construction to the Property.
3. Loan to Value. Prior to MCRF Loan disbursement, Borrower shall provide the City with a current appraisal of the Property that shall demonstrate, to the City's satisfaction, that all liens and mortgages against the Property including the MCRF Loan shall not exceed 90% of the Property's fair market value.
4. Note, Security and Personal Guaranty. The MCRF Loan shall be evidenced by a Five (5) - Year Note from Borrower, amortized over ten (10) years, payable to the City of Madison in quarterly installments of principal and interest, bearing an interest rate of the prime rate at the time of loan disbursement, plus 1.0% fixed ("Note") with a balloon payment of remaining principal and interest due at Note maturity. Borrower shall provide the City of Madison a second mortgage security interest in the Property in the amount of the MCRF Loan. All obligations of the Borrower shall be secured by the personal guaranties of Mohamed Ehtasham and Almas Begum, each in the amount of the MCRF Loan.
5. Satisfaction. The MCRF Loan and Mortgage shall be satisfied, the Note cancelled and the personal guaranties shall be released upon full payment of the MCRF Loan.
6. Affirmative Action MGO 39.02 (9). Borrower and its contractors/subcontractors shall comply with all applicable provisions of the Madison General Ordinance (MGO) 39.02 (9), concerning contract compliance requirements. Prior to commencing construction, Borrower shall contact the City's Affirmative Action Division to assure that Borrower is in compliance with the aforementioned requirements. Borrower shall assist and actively cooperate with the Affirmative Action Division in obtaining the compliance of contractors and subcontractors with such applicable provisions of the Madison General Ordinance. Borrower shall allow maximum feasible opportunity for small business enterprises to compete for any contracts funded by the Loan.
7. Living Wage and Equal Benefits (MGO 4.20 & 39.07). Borrower shall comply with Madison General Ordinances 4.20 and 39.07 that require Borrower to provide a living wage and benefits to employees with domestic partners that are equal to benefits provided to married employees with spouses.
8. Accessibility (MGO 39.05). Borrower shall submit a written assurance of compliance with Madison General Ordinance 39.05.
9. Material Changes. Any material changes to the size, use or ownership of the Project than as stated in the MCRF Loan Application dated August 30, 2012 and its attachments and amendments submitted to the City shall subject this MCRF Loan commitment to reconsideration by the City, or if the loan has been made to immediate repayment of the MCRF Loan by Borrower.
10. Project Completion. Borrower shall guarantee that the Project will be completed by June 30, 2013. Completion shall be evidenced by the issuance of a certificate of occupancy.

11. Property Insurance. Prior to funding, evidence shall be provided that a property insurance policy of the proper type and amount of coverage to protect the City's participation has been obtained. The policy shall name the City of Madison as an additional insured.
12. Title Insurance. At least thirty (30) days prior to Loan closing, Borrower shall provide a commitment for title insurance on the Property issued by a title company licensed in Wisconsin in a form approved by the City Attorney. The City shall receive a lender's policy in the amount of the Loan within thirty (30) days of Loan closing

BE IT STILL FURTHER RESOLVED that the MCRF Loan to the Project is hereby approved and that the Mayor and City Clerk are hereby authorized to execute a loan agreement and other documents as may be necessary to effectuate the transaction, all of which are subject to the approval of the City Attorney.