



Legislation Text

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Fiscal Note

The proposed resolution will authorize a \$250,000 end loan from the Madison Capital Revolving Fund to Sherman Plaza, Inc. for parking lot improvements to the building located at 2817 North Sherman Avenue. The final 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 3% 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 subordinate mortgage security on the property located at 2817 North Sherman Avenue. The Borrower shall provide the City with the personal guaranties of David W. Bruns and Donald B. Bruns for the MCRF Loan.

The Capital Revolving Fund currently has a fund balance of approximately \$1,300,000. The 2016 Adopted Budget appropriated \$250,000 for loans provided through the Capital Revolving Fund. The proposed loan will be paid through existing funds and will not result in new borrowing.

Title

Authorizing the Mayor and City Clerk to execute an agreement to fund a \$250,000 Madison Capital Revolving Fund loan to Sherman Plaza, Inc. to assist in making parking lot improvements to the property located at 2817 North Sherman Avenue currently occupied by Pierce's grocery store.

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, Sherman Plaza, Inc. (the "Borrower") has proposed to make parking lot improvements in front of the 23,500 square foot Pierce's grocery store located in the North Side Town Center property at 2817 North Sherman Avenue (the "Property") that will facilitate its use by the Willy Street Co-op grocery (the "Tenant") at an estimated total development cost of approximately \$250,000 (the "Project"); and

WHEREAS, as a condition of a letter of intent to lease the Property between Borrower and Tenant, the Borrower has requested that the City of Madison provide \$250,000 of MCRF loan assistance ("MCRF Loan") to make parking lot improvements to the Property; 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 March 10, 2016 the CDA approved the MCRF Loan to the Borrower of \$250,000 at the terms and conditions described herein.

NOW THEREFORE BE IT RESOLVED that a MCRF end loan in the amount of \$250,000 be made to Sherman

Plaza, Inc., evidenced by a loan agreement and note made to the City of Madison under the following terms and conditions:

1. The Project. Borrower agrees that the Project ("Project") will include:
 - a. Construction of parking lot improvements in front of the Property that facilitates its use as a Willy Street Co-op grocery store.
2. Form of Assistance. MCRF loan assistance in the amount of Two Hundred and Fifty Thousand and 00/100 Dollars (\$250,000) shall be provided in the form of an end loan ("MCRF Loan"). Said MCRF Loan proceeds to Borrower shall fund construction of parking lot improvements to the Property.
3. Conditions of MCRF Loan Disbursal. The MCRF end loan shall be disbursed by the City to Borrower upon the City's receipt of a certificate of occupancy certifying completion of building and parking lot improvements, evidence of compliance with all applicable City ordinances and a signed and executed lease between Borrower and Willy Street Co-op.
4. Loan to Value. Prior to MCRF Loan disbursal, 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.
5. 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 3% 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 David W. Bruns and Donald B. Bruns, each in the amount of the MCRF Loan.
6. Changes of Ownership in Borrower. Any material changes to the ownership of the Borrower following the authorization of the MCRF Loan shall require prior written notification of, and approval by, the City of Madison. Any such changes made without prior notification and approval by the City of Madison 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.
7. 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.
8. 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 minority/disadvantaged women business enterprises to compete for any contracts funded by the Loan.
9. 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.
10. Accessibility (MGO 39.05). Borrower shall submit a written assurance of compliance with Madison General Ordinance 39.05.

11. Equal Opportunity. Developer shall comply with all applicable local, state and federal provisions concerning Equal Opportunity.

12. Ban the Box. Developer shall comply with Madison General Ordinance 39.08 related to job applicant arrest and conviction records.

13. Material Changes. Any material changes to the size, use or ownership of the Project from the terms stated in the resolution authorizing the MCRF Loan to Borrower and the attached staff report 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.

14. Project Completion. Borrower shall guarantee that the Project will be completed by December 31, 2016. Completion shall be evidenced by the issuance of a certificate of occupancy.

15. 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.

16. 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.