



Legislation Text

File #: 44737, **Version:** 1

Fiscal Note

The proposed resolution amends Resolution 11-00537 which authorized a Madison Capital Revolving Fund (MCRF) loan to Cathay Pacific, Inc. for building improvements. The proposed resolution would extend the \$36,618 balloon payment due on December 1, 2016 to December 1, 2018. The extension of the Note maturity would be at a rate of 6% interest, principal and interest paid quarterly. The extension of the balloon payment does not require additional City funds. The borrower is current on the existing MCRF loan and has a history of making timely quarterly payments. The cash balance in the MCRF is approximately \$1.1M.

Title

Amending Resolution 11-00537 Authorizing the Mayor and City Clerk to execute an agreement to fund a Madison Capital Revolving Fund loan to Cathay Pacific, Inc. to assist in making improvements to the building located at 2 South Mills Street and 1107 Regent Street to amend the Note and loan agreement in order to extend the \$36,618 balloon payment due on December 1, 2016 to December 1, 2018.

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 of the City of Madison (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 policy as proposed by the CDA; and

WHEREAS, on May 12, 2011, the CDA adopted CDA resolution number 22371 advising the Common Council to approve funding for an \$80,000 MCRF Loan to Cathay Pacific, Inc. ("Borrower"); and

WHEREAS, on June 21, 2011 the Common Council adopted RES-11-00537 (the "Resolution") authorizing the Mayor and City Clerk to execute an agreement to fund an \$80,000 MCRF loan to Cathay Pacific, Inc. ("Borrower") evidenced by a five (5) year note from Borrower, amortized over ten (10) years, in quarterly payments of principal interest, bearing an interest rate of 5% fixed, with a balloon payment of principal and interest due at maturity ("Note"), secured by a mortgage from Borrower in favor of the City of Madison and the personal guaranty of Philip Leung and Terrence Leung; and

WHEREAS, the MCRF Loan was made to Borrower to make improvements to their property located at 1107 Regent Street ("Property"); and

WHEREAS, the maturity date of the Note was set forth as December 1, 2016 and a balloon payment of \$36,618 is due on said date; and

WHEREAS, Borrower has requested an extension of the maturity date of the MCRF loan balloon payment; and

WHEREAS, on May 26, 2016, City staff notified the CDA of Borrower's request for an extension, and the CDA advised that the Common Council consider an extension of the Note maturity to December 1, 2018 at a rate of 6% interest, principal and interest paid quarterly.

NOW, THEREFORE, BE IT RESOLVED that RES-11-00537 is hereby amended on terms and conditions described herein.

BE IT FURTHER RESOLVED, paragraph 3 of the Resolution is amended to reflect that the MCRF balloon payment shall be extended for an additional two (2) years and such extension shall be evidenced by a Note from Borrower to the City of Madison in the amount of \$36,618, bearing six percent (6%) interest ("Note") at a term of 2 years, paid quarterly. The mortgage from Borrower in favor of the City of Madison shall remain in force on the Property until the Note is satisfied at maturity, and the Mortgage and Loan Agreement shall be amended as necessary to accomplish that purpose. Principals of Borrower, Philip Leung and Terrence Leung, shall each execute a personal guaranty guaranteeing payment of the MCRF balloon payment, including interest due thereon.

BE IT FURTHER RESOLVED, all other terms and conditions of the Loan Documents shall remain unchanged and in full force and effect.

BE IT FINALLY RESOLVED that the Mayor and the City Clerk are authorized to execute, deliver, accept, record and amend all documents and take such other actions as shall be necessary or desirable to accomplish the purpose of this resolution.