



Legislation Text

File #: 45307, Version: 1

Fiscal Note

This resolution would authorize a \$35,000 end loan from the Madison Capital Revolving Fund to Regent Market Cooperative, Inc. to install solar panels on their property at 2136 and 2138 Regent 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 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 2136 and 2138 Regent Street. The Borrower shall provide the City with the corporate guaranty of Regent Market Cooperative, Inc. for the MCRF Loan. The Capital Revolving Fund has a fund balance of approximately \$1.1 million. The MCRF loan fund balance is sufficient to fund this amount without additional borrowing.

Title

Authorizing the Mayor and City Clerk to execute an agreement to fund a \$35,000 Madison Capital Revolving Fund loan to Regent Market Cooperative, Inc. ("Borrower") to assist in Borrower's \$1.2 million renovation and expansion of commercial space, including the installation of 10 kilowatt solar modules on the roof and awning ("Project") within the property located at 2136 and 2138 Regent Street ("Property.")

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, Regent Market Cooperative, Inc. (the "Borrower") has proposed a \$1.2 million renovation and expansion of commercial space, including the installation of 10 kilowatt solar modules on the roof and awning ("Project") within the property located at 2136 and 2138 Regent Street (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 September 8, 2016 the CDA approved the MCRF Loan to the Borrower of \$35,000 at the terms and conditions described herein.

NOW THEREFORE BE IT RESOLVED that a MCRF end loan in the amount of \$35,000 be made to Regent Market Cooperative, Inc., evidenced by a loan agreement and note made to the City of Madison under the following terms and conditions:

1. The Project. Tenant agrees to undertake a \$1.2 million renovation and expansion of commercial space, including 10 kilowatt solar modules on the roof and awning within the property located at 2136 and 2138 Regent Street.
2. Form of Assistance. MCRF Loan shall be disbursed in the form of a Thirty Five Thousand Dollar

(\$35,000) end loan from the City to Borrower contingent upon providing the City of Madison with all of the following:

- a. A Certificate of Occupancy from the City of Madison for the Project.
 - b. A current real estate appraisal of the Mortgaged Property demonstrating that the MCRF loan and all other financing do not exceed 90% of the appraised value.
 - c. Notification from the City of Madison Department of Civil Rights, Affirmative Action Division that the Project is in compliance with all applicable City ordinances.
 - d. Compliance with all closing conditions of the Loan Agreement.
3. Method of Payment and Guaranty. A schedule of the projected payments shall be attached to the MCRF Loan Agreement. Borrower shall provide a corporate guaranty of the repayment of the MCRF loan.
4. Security. The MCRF Loan shall be evidenced by a note from Borrower to the City of Madison in the amount of \$35,000, bearing 3 percent (3%) interest ("Note") at a term of 5 years, with a ten-year amortization. Borrower shall execute a mortgage in favor of the City on the Property securing payment of the MCRF Loan. The City shall agree to execute a subordination of mortgage in a form approved by the City Attorney if necessary. Borrower shall execute a corporate guaranty guaranteeing payment of the MCRF Loan.
5. Satisfaction. The MCRF Mortgage shall be satisfied and the Note cancelled upon full payment of the MCRF Loan in accordance with Section 4, and confirmation of compliance with the terms and conditions of the Loan Agreement.
6. Affirmative Action MGO 39.02 (9). Borrower and their 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 and Tenant 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 to small business enterprises to compete for any contracts entered into pursuant to the contract.
7. Living Wage (MGO 4.20). Borrower shall comply with Madison General Ordinance 4.20 that requires Developer to provide a living wage.
8. Accessibility (MGO 39.05). Borrower shall submit a written assurance of compliance with Madison General Ordinance 39.05.
9. Equal Opportunity. Borrower shall comply with all applicable local, state and federal provisions concerning Equal Opportunity.
10. Equal Benefits. Borrower shall comply with Madison General Ordinance 39.07 that requires Developer to provide equal benefits.
11. Ban the Box. Borrower shall comply with Madison General Ordinance 39.08 related to job applicant arrest and conviction records.
12. Material Changes. Any material changes to the size, use or ownership of the Project or Property that is stated in the MCRF Application as of the date of introduction of a resolution to the Common Council to approve this MCRF Loan, 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.

13. Project Completion. Borrower shall guarantee that the construction of the Project shall be completed by June 30, 2017. Project completion shall be evidenced by the issuance of a certificate of occupancy for the Project.
14. 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.
15. Title Insurance. At least fifteen (15) days prior to closing, Borrower shall provide a commitment for a title insurance policy of the proper type and amount (i.e. the amount of the MCRF Loan) of coverage to the City. The City shall receive a lender's policy.
16. Land Use Approval Contingency. The terms and conditions of this MCRF assistance are contingent upon approval of zoning and other land use approvals for the Project as described in the MCRF Application and its amendments and attachments.
17. Automatic Expiration. The MCRF Loan to Borrower shall be null and void in the event that Borrower or Tenant does not commence construction on the Project, as evidenced by issuance of construction permits, by March 31, 2017.

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.