



## Legislation Text

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**File #:** 46250, **Version:** 1

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### **Fiscal Note**

The proposed amendment to the loan documents has no fiscal impact.

### **Title**

Authorizing an amendment to loan documents associated with previously allocated Community Development Block Grant (CDBG) funds that were used by Center for Families, Inc. (formerly Respite Center Inc. and Family Centers Inc.) to acquire property located at 2120 Fordem Ave., Madison, WI.

### **Body**

On December 15, 1988 the City of Madison approved a loan of \$100,000 in CDBG funding to support the acquisition of facilities at 2120 Fordem Ave. that would serve the following five local agencies whose programs focused on child abuse prevention and related issues: Respite Center, Family Enhancement, Parental Stress, Family Sexual Abuse Treatment, and Exchange Club, Center for Child Abuse. At that time, the agencies' facilities were inadequate to respond to growing needs and they lacked the capital necessary to purchase or build suitable facilities. City financial assistance supported enlarged program and administrative space at a lower cost than would have been possible individually and also increased the potential for collaboration on cases, thus improving quality, quantity and efficiency of services to clients.

The City of Madison executed a Real Estate Mortgage and Promissory Note for the 2120 Fordem property with Respite Center, Inc. and Family Centers, Inc. Repayment of the \$100,000 loan was deferred until sale, transfer or change of use of the property such that it no longer met a CDBG national objective.

On October 18, 2010 the five previously identified collaborating agencies merged into one corporation known as Center for Families, Inc. The original mortgagors, Respite Center Inc., and Family Centers Inc., notified the City at that time and thus all parties understood that Center for Families was then responsible for the Mortgage and Promissory note. The City did not, however, execute revised real estate documents naming Center for Families Inc. as the new mortgagor.

Center for Families, Inc. recently notified City staff that, in April 2017, it is planning to merge into another organization, Community Partnerships, Inc. For that reason, Center for Families, Inc. is seeking approval from the City of Madison to modify the original loan documents for 2120 Fordem Ave. such that Community Partnerships, Inc. assumes the City CDBG debt obligations. After the merger, all Center for Families, Inc. debt obligations will become obligations of Community Partnerships, Inc. Community Partnerships, Inc. will continue to operate Center for Families programs and promote the same mission, partnering with and providing services to Madison's low- to moderate-income families.

### **Action**

WHEREAS, City Community Development Division staff have reviewed the Center for Families request to modify existing loan documents for City CDBG debt on 2120 Fordem Ave. and found that approving the request will further the Division's goals as expressed in its HUD-approved Action Plan; and

WHEREAS, the proposed loan document modifications are technical in nature and do not substantially alter the Fordem Ave. project or impact the relevance of CDBG national objectives under which the CDBG Committee and Common Council approved the project; and

WHEREAS, any future name changes by the mortgagor, without changes to federal EIN number, will be immediately relayed to the City of Madison by the mortgagor and filed with the related loan documents by City

staff.

NOW, THEREFORE, BE IT RESOLVED that the Common Council hereby authorizes City Community Development Division staff to amend its existing loan documents associated with 2120 Fordem Ave., Madison, WI to transfer existing debt obligations to Community Partnerships, Inc.