

CITY COUNCIL MEETING

AGENDA ITEM X



CITY OF FRANKLIN
COUNCIL AGENDA REPORT
City Council August 6, 2012

From: Elizabeth Dragon – City Manager

Subject: Bessie Rowell Community Center- Tiny Twister and Head Start Full Faith & Credit pledge

Suggested Motions:

1. Councilor moves:

“I move that the Franklin City Council authorize the Mayor to sign resolution #03-13 Full Faith and Credit Pledge regarding the Tiny Twisters and Head Start CDBG grant projects at the Bessie Rowell Community Center. “

2. Mayor asks for a second, discussion, and calls the vote.

Discussion:

The City Council has already approved the terms of the lease with the Tiny Twister's organization which is a 20yr commitment. The council has already approved the terms of the grant for both Tiny Twisters & Head Start. As you know, these grants are for low and moderate income persons and therefore the funds used to renovate their space must benefit people who are in the low to moderate income category for the next 20yrs. This is not a difficult task to accomplish given the needs of the community if either of the organizations where to move out of the building during that time frame. Typically CDBG places a performance lien on the building but instead Attorney Fitzgerald was able to negotiate the attached Full faith and credit pledge (which he drafted). CDBG has approved this document and with your final approval we will be able to begin the cash flow back to the city for the funds paid out to date on the Tiny Twister's project.

As a side note- the Head Start project went out to bid, the low bidder was the same contractor who completed the Tiny Twisters project. This will be helpful in regards to consistency and being able to move forward quickly.

CITY OF FRANKLIN

RESOLUTION NO. 03-13

FULL FAITH AND CREDIT PLEDGE

WHEREAS, the City of Franklin is the recipient of certain funds designated for the Tiny Twisters Child Care Center and the Head Start program bearing grant numbers 14-9-012-33110-414 and 12-154-CDPF, respectively, and:

WHEREAS, the City has entered into certain contractual obligations and assurances in exchange for the receipt of the referenced funds including but not limited to commitments to continue to own and manage certain real property located within the City of Franklin for the benefit of both Tiny Twisters and Head Start for a specified period of time;

NOW, WHEREFORE, the City of Franklin, by and through its City Council does hereby commit its full faith and credit and pledges its unencumbered assets, as they may exist and change from time to time, as a financial guarantee for the performance of the above referenced covenants and assurances.

This pledge is given in consideration of a \$238,957 CDBG for the Tiny Twister Renovation/Relocation AND a \$350,000 CDBG for the Headstart Renovation/Relocation, for a total of \$588,957 in CDBG funding.

A condition of the CDBG funds is that the renovated areas financed with CDBG funds service primarily low and moderate income persons for a minimum of 20 years. The City agrees to notify CDFA whenever there is a change of tenancy in the Bessie Rowell Building in the areas renovated with CDBG funds until December 31, 2032. If a change in tenancy results in a tenant that does not serve primarily low and moderate income persons, the City will be required to repay a prorated (decrease of 5% per year of the CDBG funds granted for that portion of the

facility) amount of the CDBG funds.

This resolution was approved by the Franklin City Council on the ____ day of _____, 2012.

Dated: _____

Kenneth Merrifield, Mayor
City of Franklin, New Hampshire
Duly Authorized