

**Madison's Central Business Improvement District (BID) Board meeting
Sep. 3, 2015**

Report on Action on the State Street Retail District Grant Program (Leg ID [39841](#))

Attendance:

PRESENT: Steve Amundson, Rick Brahmer, Greg Frank, Ryan Huber, Richard Kilmer, Matthew Mikolajewski*, Maria Milsted, Stacy Nemeth, Paul Norman, Zach Pagel, Rick Petri, Jeanette Riechers, Sue Springman, Mike Verveer*

STAFF: Mary Carbine (Executive Director), Tim Jenquin (Programming Coordinator), Susan Schmitz (DMI)

ABSENT: John Hutchinson, Larry Lichte, Patrick McGowan, Emily Mehl, Krys Wachowiak, Teresa Werhane

**non voting*

Agenda item

7. Resolution approving the State Street Retail District Improvement Grant Program (ACTION ITEM, Council Referral, Leg ID [39841](#)) (12:35 pm)

–Ruth Rohlich, Economic Development Division

- The Retail Improvement grant we are proposing is very similar to our façade grant.
- It's a short term retail interior improvement grant for businesses that are mostly in TID 32, but expanded slightly.
- What we're looking for now is the BID Board's thoughts on the program language, which is included in the board packet.
- It's designed to mirror what we've been doing with the façade grant program
 - o The grant is only for interior improvements.
 - o The grant for only retail businesses.

Rick Brahmer – Does this grant include things like software too?

Ruth – In general the grant is for physical improvements only.

- There is a match component to this as there was with the façade grant.
 - o We are allowing some uses to be used in the match that wouldn't be covered by the funding we provide.
 - o Software wouldn't be included, but could include some other non-structural improvements.

Paul Norman – If you had a facility with, say, 3 units available, and 2 were for retail and the other for restaurant, the whole project would be eligible for the program?

Ruth – No, only the retail.

Paul – The language seems to be property-based.

Ruth – We'll probably clean up that language.

Sue Springman – Is this a forgivable grant?

Ruth – It is, it is designed exactly like the façade grant.

Matt Mikolajewski – This is how the city structures it. We were going back and forth between calling it a forgivable loan and a grant, but it is essentially a grant.

Sue Springman – What happens if a business closes before their 5 year lease is up?

Matt – We keep in mind that a retailer might not survive. We are including that the work must be for improvements to the space that could potentially be taken advantage of by a future retail tenant.

Sue – We often have to define in our leases what is considered a fixture. I recommend being specific about what counts as a fixture is and what does not.

Ruth – There is a little confusion in the language about it being labelled a loan, but acting as a grant.

Sue – Then why are you attaching a lien on the property?

Ruth – We have some issues to work out in the legal language.

Stacy Nemeth – you have to be careful with attaching a lien because a property owner could go in default of their mortgage if a lien is placed on the property.

Mary Carbine – Please note that retail broker John Bergh has provided some initial comments and questions, which are included in the board packet. A comment—I understand the grant is funded by TID 32 which is centered on State St., but the eligible grant area and map includes the Capitol Square. I recommend you consider re-naming it, since the name implies that it is only for the State St. area, and prospective retailers in other areas will not think it applies to them. I recommend something like the “State St. and Capitol Square Improvement Grant.”

ACTION ITEM: Rick Petri – I move to refer the item to the October 1, 2015 BID Board meeting for additional comment, with general support of the concept of the grant.

Rick Brahmer seconds the motion.

The motion passed unanimously.