

City of Madison –Small Cap TIF Business Loan Program
Madison Development Corporation (MDC)

MDC has forgivable loan funds available for growing businesses in the City of Madison’s TID 51, 52, and 54 Districts. MDC will make recommendations to the City to lend up to \$250,000 to qualifying businesses for the purpose of purchasing real estate, financing real estate improvements or for purchasing capital machinery and equipment. Funds cannot be used to cover past expenses and are typically limited to ~30% of total project budget.

Eligible Borrowers (Qualifying Businesses):

- Businesses located within the City of Madison TID District or within Half Mile Boundary Area of TID 51, 52, or 54 per the attached maps.
- Small businesses defined as companies employing between 5 and 100 employees.
- Businesses who intend to stay within the TID District for at least 5 years.
- Business must be a for-profit entity.

Ineligible Borrowers (Nonqualifying Businesses)

- Lending and investment institutions
- Insurance companies
- Golf courses, racetracks or gambling facilities
- Non-for-profit entities
- Businesses engaged in any illegal activity per local, state, or federal regulations with federal regulations taking precedence over local or state regulations.
- Home-based businesses
- Chain stores
- Businesses with more than 100 Full-Time Equivalent (FTE) employees as of Feb. 28, 2020.

Amounts:

- Loans up to \$250,000 for real estate purchase, improvement, remodeling or expansion
- Loans up to \$150,000 for machinery and equipment purchases
- Loans are limited at \$50,000 for borrowers that rent their space

Rates:

- 0% interest for 5-year Term of the Loan
- Loan Balance to be decreased by 20% each year the Borrower is located and operates within the TID District, and will be fully forgiven at the end of the 5 years from the date that the City’s adopted the Loan Authorization Resolution

Terms:

- City will take the most mortgage security interest practicable in real estate and / or a practicable senior lien on machinery and equipment to secure the Loan
- A personal guarantee is required of all principals with 20% or more interest in business
- Equity requirement for existing businesses (10% of the total borrowing need) and 20% for start-up businesses

Credit Standards:

The presentation of loan requests will include at minimum the following documentation:

- A statement of the purpose of the loan and the use of funds
- A brief history of the cooperative
- Brief bios of Board members and key staff people.
- Financial Statements for the last three years consisting of:
 - Balance Sheet
 - Income Statement
 - Applicable Footnotes
 - Interim Financial Statements
- A schedule of existing debt and a valuation of available collateral
- An aging of accounts receivable and accounts payable
- Projections of income/expense and cash flow of the proposed project
- A statement of the job retention and creation

In addition to the above documentation, the presentation will include a summary of the analysis of the proposal detailing key ratios such as debt to net worth, current ratio, debt coverage, and any irregularities in the business's performance and profitability over time and in comparison to industry standards.

Loan documentation will be prepared by MDC staff. Loans underwritten by MDC staff will be presented to the loan committee of MDC Board Members and private-sector commercial lending officers from area financial institutions.

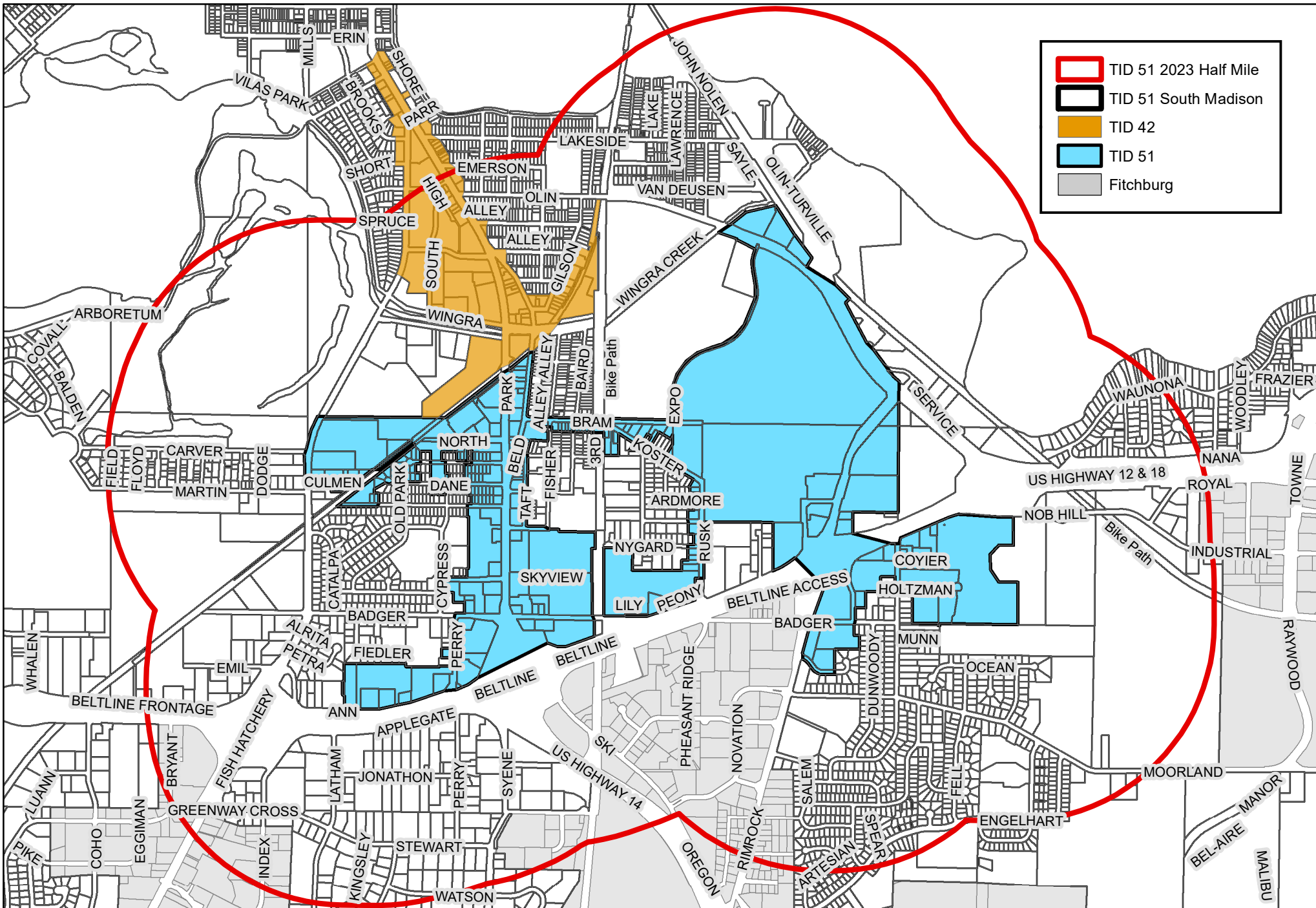
Final loan approval to be provided by the City of Madison's common council who will be presented a synopsis of the credit analysis and recommendation. Loans must comply with goals and TIF Law; no working capital nor loans for operating costs will be provided under this program.

Fees:

The City will retain 15% of the loan pool for servicing costs, so there are no closing fees on the Loan paid by the Borrower.

Applications:

Madison Development Corporation, 550 W Washington Avenue, Madison WI 53703
Jillian Hackel - Business Lending Program Manager, jillian@mdcorp.org; 608-571-3302



- TID 51 2023 Half Mile
- TID 51 South Madison
- TID 42
- TID 51
- Fitchburg

Department of Planning and Community
and Economic Development:
Economic Development Division (REDWR)

TID 51 2023 Creation 8.5x11 Half Mile

Date: 8/8/2023





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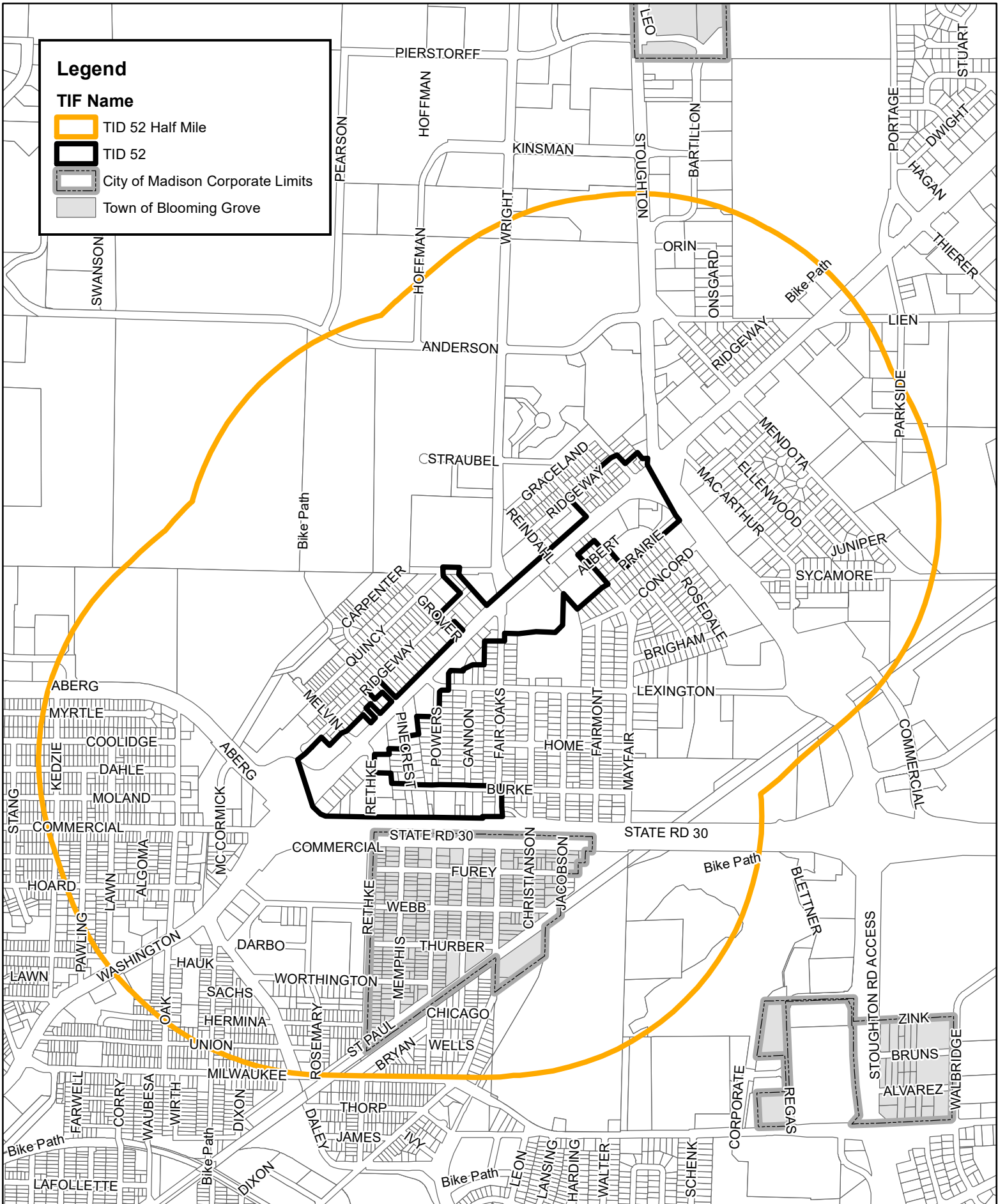
TID 51 Half Mile Area



Legend

TIF Name

-  TID 52 Half Mile
-  TID 52
-  City of Madison Corporate Limits
-  Town of Blooming Grove



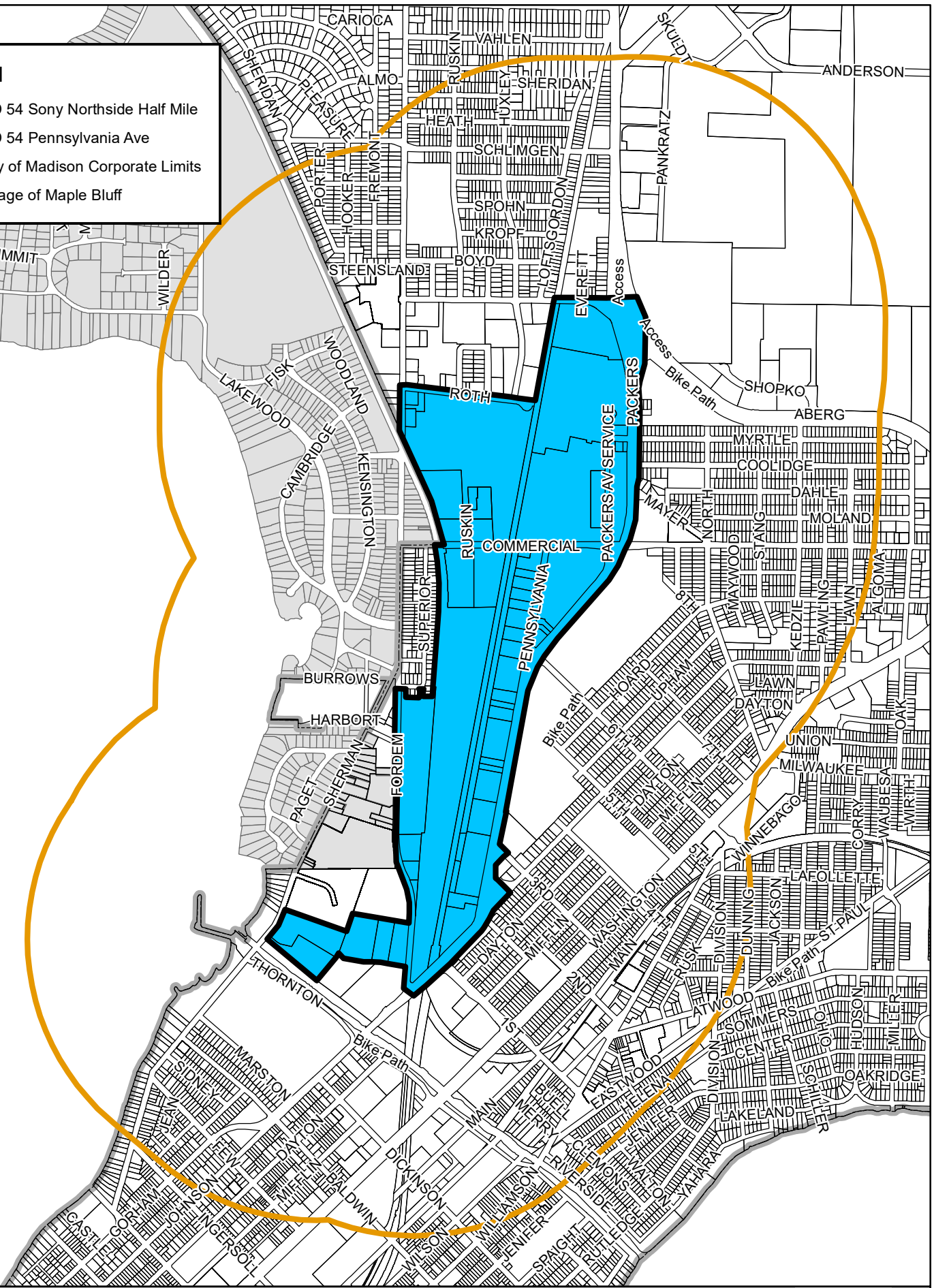
Department of Planning and Community
and Economic Development:
Economic Development Division (REDWR)
TID 52 2023 Creation v2 Half Mile
Date: 4/17/2023

TID 52 2023 Creation



Legend

-  TID 54 Sony Northside Half Mile
-  TID 54 Pennsylvania Ave
-  City of Madison Corporate Limits
-  Village of Maple Bluff



TID 54 Half Mile Rule Area





Small Business Loan Programs

MDC's Small Business Loan Program (BLP) offers loans to businesses located in Madison that commit to creating or retaining jobs for moderate- and low-income residents. Loans are generally intended for high-risk borrowers with difficulty in securing other funding sources, or borrowers with a gap in their project capital stack. Qualifying businesses can borrow up to \$200,000 for working capital, inventory, equipment, and real estate.



Smart Cleaning Solutions Groundbreaking

Small Cap TIF Lending Program The City of Madison established that the health of the Madison area economy is vital. It intends to continue to expand, stabilize and diversify its economic base. In 2020, the City of Madison in collaboration with MDC established a lending program to review, underwrite, and provide recommendations for applicants. The program is structured as a forgivable loan program for qualifying businesses for the purposes of real estate purchases, improvements, and machinery. Loans are to be structured with 0% over a 5-year term. Eligible businesses are required to remain and keep ownership of the facility for at least 5 years.

Loan Committee MDC's Small Business Loan Programs are backed by a team of experienced small business and lending professionals who volunteer their expertise.

47 YEARS of supporting Madison Businesses

400+ LOANS made

3891 JOBS created

\$25 MILLION in loans made



Fringe Salon Closing



ED LEE
Urban League of Greater Madison



MATT KARNICK
Lake Ridge Bank



JESSICA PIATT
Old National Bank



RON TRACHTENBERG
Fuhrman & Dodge, SC

For more information on MDC's Small Business Loan Programs:
mdcorp.org/businessloanprogram; lending@mdcorp.org; 608-256-2799

2023 Loans:

In addition to the loans listed below, MDC's loan portfolio of 25 businesses reported employing 268 people and creating 26 jobs in 2023.

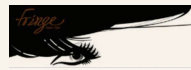
EL PASTOR. Rosalino Ruiz has been managing the full-service Mexican Restaurant since 2000 and purchased its assets in 2009. Under his ownership, El Pastor has innovated their service delivery by introducing catering services and expanded delivery. Utilizing the Small Cap TIF Lending Program, El Pastor purchased the location that they had been renting for over 20 years.



FLOCLAIRE GROUP. Established in 2019 by Richard Muma, Floclaire Group is a Madison-based company that formulates and manufactures premium, high-performance hair products. A 2023 BLP loan provided working capital for inventory, marketing and new hires.



FRINGE SALON SPA. Owner Tamara Brown has been in the beauty industry for over 20 years and owned Fringe Salon Spa for 13, specializing in diverse hair textures, haircuts, and makeovers. Previously renting, Fringe Salon Spa purchased the real estate at 1423 S Park St in Madison with the goal of growing its staff and service offerings by utilizing both the BLP and Small Cap TIF Loan programs.



R.E. GOLDEN PRODUCE. Since 1978, R.E. Golden Produce, a family-owned wholesale supplier in Madison, has grown from a small dairy distributor to a well-established business offering everything needed to run a successful kitchen. The second generation of ownership includes company President Devin Golden, sales director Tom Woodford, finance director Julie Brennan, and VP Nick La Luzerne. Golden Produce has embarked on an expansion into a new facility with significantly increased storage capacity by utilizing both the Small Cap TIF and BLP programs.



REVIVE RESTORATIONS. Revive Restorations provides emergency services for water and fire damaged resident and commercial buildings. The owner, Josh Duggan, has grown Revive Restorations to be one of southern Wisconsin's top mold remediation companies and provider of trauma remediation, asbestos remediation, and duct, carpet, upholstery and tile cleaning. To support the growth of the company and build a 36,000+ sq ft building, Revive Restorations received a Small Cap TIF Loan.



SMART CLEANING SOLUTIONS.

Smart Cleaning Solutions (SCS) was established in 2013 and is one of the fastest growing companies in Dane County. Founded by James Sutton, SCS offers a wide variety of cleaning services including post-construction, commercial/residential cleaning, forensic (crime scene), human biohazards, medical waste, and mold remediation. To increase their services and continue growth, SCS is building its own facility to double their space, utilizing the Small Cap TIF lending program.



THRILL FACTORY ENTERTAINMENT.

Guy Kitchell has a long history of building and operating businesses in the building and entertainment spaces. His latest venture is developing a 48,000 square foot upscale family entertainment center in the East Towne Mall in Madison using BLP funds to help fill his capital stack. The facility will include 12 escape rooms, 12 bowling lanes, themed adventure areas, laser tag arena, large arcade, mini golf, party rooms, and food and beverage options throughout the venue.



VARIATIONS DANCE STUDIO.

Established in 2019 by Mynda Lynn with Brandon & Natalie Donkersgoed as partners, Variations has a mission of developing dynamic dancers and humans, by providing strong technique training while instilling self-confidence, positive body image, and kindness toward themselves and others in a safe, affirming environment. The MDC loan supported their expansion with the purchase of a studio at 2037 Sherman Avenue.



"After serving the South Madison community for over 25 years, we've decided it's time to make El Pastor a permanent fixture in the neighborhood by purchasing our building. This will allow us to modernize the space and create an even better dining experience for our customers. Most importantly, it secures the future of El Pastor for generations to come. My children share our passion for the business and are eager to carry on the family tradition."

- Lino Ruiz, El Pastor