



## Legislation Text

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**File #:** 20099, **Version:** 1

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### **Fiscal Note**

This resolution would authorize the City to temporarily loan up to \$650,000 to Madison Development Corporation to finance construction related payments during construction of the planned BioLink facility. Interest payments received from MDC would effectively reimburse the general fund for any lost investment income resulting from the loan. Consequently, no significant budgetary impact is expected.

The actual balance of any such loan acts as a restriction of the City's general fund balance, and to the extent MDC draws on this loan, the City's unreserved, undesignated fund balance will be reduced. The total available fund balance now stands at approximately \$27,000,000, or about 12% of the City's annual general fund budget. A loan to MDC of \$650,000 would reduce the current fund balance to 11.7% of budget, compared to the target level of 15%.

### **Title**

Authorizing a loan up to \$650,000 from the general fund to Madison Development Corporation, or its assigns, for the purpose of paying eligible expenses related to architecture/engineering, construction management, Madison Development Corporation project management, and construction of BioLink.

### **Body**

WHEREAS, the City of Madison ("City") has committed to provide land and a TIF loan to Madison Development Corporation ("MDC"), or its assigns, for the construction of the Midwest BioLink Commercialization and Business Center ("BioLink"), as outlined in RES-09-00309 (enacted on April 2, 2009) and RES-10-00550 (enacted on June 16, 2010); and,

WHEREAS, on May 11, 2010, the City and MDC were awarded a \$4,534,472 grant from the U.S. Department of Commerce's Economic Development Administration ("EDA") to construct BioLink; and,

WHEREAS, it is the intent of the City to finalize and execute a TIF loan and development agreement with MDC, or its assigns, to construct and operate BioLink; and,

WHEREAS, MDC will receive concurrent reimbursement payments from the City (through TIF) and the EDA for eligible expenses related to architecture/engineering, construction management, MDC project management, and construction of BioLink as costs are incurred and invoices are paid by MDC; and,

WHEREAS, the EDA requires that all invoices be paid by MDC before the EDA will issue a reimbursement; and,

WHEREAS, the City will likely require that all invoices be paid by MDC before the City will issue a reimbursement through its pledged TIF support; and,

WHEREAS, during construction, some monthly contractor invoices will exceed \$600,000; and,

WHEREAS, MDC does not have the liquid cash resources to pay BioLink-related invoices; and,

WHEREAS, the City's loan to MDC, or its assigns, will be evidenced by a note and loan agreement, and secured by a subordinate mortgage from MDC, or its assigns, to the City.

NOW THEREFORE BE IT RESOLVED that the City is authorized to loan up to \$650,000 from the general fund

to MDC, or its assigns, for the purpose of paying eligible expenses related to architecture/engineering, construction management, MDC project management, and construction of BioLink; and,

BE IT FURTHER RESOLVED that the City is authorized to charge MDC, or its assigns, a variable monthly interest rate equal to the City's investment earnings plus .25% on the outstanding principal amount; and,

BE IT FURTHER RESOLVED that MDC, or its assigns, upon submission of reimbursement requests for eligible architecture/engineering, construction management, MDC project management, and construction costs for BioLink, will be reimbursed the City's proportionate share through TIF at the time the reimbursement request is submitted; and,

BE IT FURTHER RESOLVED that MDC, or its assigns, will repay the entire \$650,000 principal plus accrued interest to the City upon conclusion of the construction of BioLink and receipt of final reimbursements from the EDA and City; and,

BE IT FINALLY RESOLVED that the Mayor and City Clerk are authorized to execute any and all documents, including a loan agreement, all in a form approved by the City Attorney, and to take whatever actions as shall be necessary or desirable to accomplish the purpose of this resolution.