



Legislation Details (With Text)

File #: 03970 **Version:** 1 **Name:** Authorizing the Mayor and City Clerk to execute a development agreement to fund a TIF Loan in the amount of \$130,000 to TJK Properties, LLC to construct a 25,000 square foot industrial building located on Lots 32 & 33 of Marsh Ct in TIF Dist #24.

Type: Resolution **Status:** Passed

File created: 6/14/2006 **In control:** BOARD OF ESTIMATES (ended 4/2017)

On agenda: 7/18/2006 **Final action:** 7/18/2006

Enactment date: 7/20/2006 **Enactment #:** RES-06-00610

Title: Authorizing the Mayor and City Clerk to execute a development agreement to fund a Tax Incremental Finance (TIF) Loan in the amount of \$130,000 to TJK Properties, LLC to construct a 25,000 square foot industrial building located on Lots 32 & 33 of Marsh Court in Tax Incremental Finance District Number 24 (Southeast Industrial Development District).

Sponsors: Judy Compton

Indexes:

Code sections:

Attachments:

Date	Ver.	Action By	Action	Result
7/18/2006	1	COMMON COUNCIL	Adopt	Pass
6/26/2006	1	BOARD OF ESTIMATES (ended 4/2017)	RECOMMEND TO COUNCIL TO ADOPT - REPORT OF OFFICER	Pass
6/20/2006	1	COMMON COUNCIL	Refer	
6/14/2006	1	Community and Economic Development Unit	Fiscal Note Required / Approval	
6/14/2006	1	Finance Dept/Approval Group	Approved Fiscal Note By The Comptroller's Office	
6/14/2006	1	Community and Economic Development Unit	Referred for Introduction	

Fiscal Note

The 2006 P & D Adopted Capital budget (project #10, Account #822401) authorizes expenditure of up to \$500,000 in loans to businesses locating within the TID 24 district. This project would be funded under such authorization.

Title

Authorizing the Mayor and City Clerk to execute a development agreement to fund a Tax Incremental Finance (TIF) Loan in the amount of \$130,000 to TJK Properties, LLC to construct a 25,000 square foot industrial building located on Lots 32 & 33 of Marsh Court in Tax Incremental Finance District Number 24 (Southeast Industrial Development District).

Body

WHEREAS on September 19, 1995, the Common Council of the City of Madison approved the creation of TIF District Number 24 and the project plan for the district, which states that the City of Madison has created said district to advance adopted City objectives for encouraging industrial growth and orderly land development; and

WHEREAS on September 7, 1999, the Common Council of the City of Madison adopted resolution number 56,509, ID number 26,070 authorizing a \$50,000 TIF loan to J-B Partnership, representing the owners of Westphal & Company ("Company"), an electrical contractor headquartered in Janesville, Wisconsin and operating in Janesville, Madison and Iowa; and

WHEREAS, the Company constructed a 10,000 square foot building in the City of Madison and said loan was repaid

through tax increments in 2005 (six years) and a satisfaction of mortgage and note issued by the City of Madison; and

WHEREAS, John Westphal, president of the Company and a member of J-B Partnership, bought out the interest of a family member in J-B Partnership and created Wahnfried Holdings, LLC ("Wahnfried") to own the current building and lease it to the Company; and

WHEREAS, the Company now retains 12 jobs in Madison and would locate 31 jobs in Madison jobs and consolidate all operations in Madison whereby approximately 250 full-time licensed electricians would operate and report to the new Madison headquarters; and

WHEREAS TJK Properties, LLC ("Developer") has requested that the City of Madison make a \$130,000 loan for the purpose of purchasing a 3.98 acre site at Lots 32 & 33 Marsh Court and constructing a 25,000 square foot building with an estimated assessed value of approximately \$1,877,000 ("Project"); and

WHEREAS, the Developer shall sell said building to Wahnfried and Wahnfried shall lease said building to the Company for a term of not less than ten (10) years; and

WHEREAS the Developer is constructing a building for a business eligible for assistance per the policy and process criteria set forth in Common Council Resolution 53,023, adopted March 5, 1996 which defines businesses eligible for assistance and is used to attract industry and high-paying jobs to the Southeast Industrial Development District (TIF District Number 24); and

WHEREAS it is contemplated that the City will assist the project by providing a loan in the amount of \$130,000 to Developer to assist with land cost; and

WHEREAS said Loan represents 53% of the tax increment generated by the project; and

WHEREAS City of Madison TIF Policy states that no more than 50% of the tax increment generated by a project be provided to that project as TIF assistance and providing said loan would require an exception be made to TIF Policy concerning the 50% rule; and

WHEREAS in addition to any other powers conferred by law, the City may exercise any power necessary and convenient to carry out the purpose of the TIF law, including the power to cause project plans to be prepared, to approve such plans, and to implement the provisions that effectuate the purpose of those plans.

NOW THEREFORE BE IT RESOLVED that in furtherance of the objectives of the project plan for TIF District Number 24 and in conformity with the TIF law of the State of Wisconsin, and such other applicable statutes as may be appropriate, the Mayor and City Clerk are hereby authorized to execute an agreement to undertake development and authorize a loan of \$130,000 to Developer. The agreement shall be subject to the following conditions:

1. The Project. The Developer agrees to construct not less than 25,000 gross square feet of industrial and office space allowed by the zoning text.
2. Form of Assistance. TIF assistance shall be provided in the form of a zero interest (0%) loan at closing from the City to the Developer, in the amount of One Hundred Thirty Thousand Dollars (\$130,000) ("TIF Loan") to be disbursed at the construction loan closing. Said loan is made to partially finance Developer's purchase of land for the Project. Said TIF Loan becomes a grant when tax increment recovered from the Project and/or cash payments by the Developer are sufficient to repay the TIF Loan and the City's associated borrowing costs.
3. Evidence of Lease. The Developer shall provide an executed lease in a form acceptable to the City by December 31, 2006 or a later date agreed by the parties, with Company with primary terms of not less than 10 years and identifying the Company as the lessee occupying not less than 24,000 square feet of the Project.
6. Method of Payment and Guaranty. The City's expenditure in providing the TIF Loan shall be repaid by the Developer through tax increments generated by the Project and/or cash payments by the Developer. The Developer shall guaranty the City's receipt of increment revenue.
7. Security. The TIF Loan shall be evidenced by a Note to the City of Madison in the amount of the TIF Loan bearing zero percent (0%) interest ("Note"). Developer shall execute a second mortgage in favor of the City of Madison securing payment of the TIF Loan ("Mortgage"). The City shall agree to execute a subordination of mortgage in a

form approved by the City Attorney.

8. Assignment. The Developer's obligations under the agreement and mortgage may be assigned to Wahnfried Holdings, LLC.
9. Satisfaction. The Mortgage shall be satisfied and the Note cancelled upon full payment of the TIF Loan.
10. Affirmative Action MGO 3.58 (9). The Developer and its contractors/subcontractors shall comply with all applicable provisions of the Madison General Ordinance (MGO) 3.58 (9), concerning contract compliance requirements. Prior to commencing construction, the Developer shall contact the City's Affirmative Action Division to assure that the Developer is in compliance with the aforementioned requirements. The Developer shall assist and actively cooperate with the Affirmative Action Division in obtaining the compliance of contractors and subcontractors with such applicable provisions of the Madison General Ordinance. The Developer shall allow maximum feasible opportunity to minority/disadvantaged women business enterprises to compete for any contracts entered into pursuant to the contract.
11. Prevailing and Living Wage (MGO 4.20 & 4.23). The Developer shall comply with Madison General Ordinances 4.20 and 4.23 that require Developer to provide a living wage and a prevailing wage.
12. Accessibility (MGO 3.72). The Developer shall submit a written assurance of compliance with Madison General Ordinance 3.72.
13. Material Changes. Any material changes to the size, use or ownership of the Project or Property that is stated in the TIF Application dated May 11, 2006 and its attachments and amendments submitted to the City as of the date of introduction of a resolution to the Common Council to approve this TIF Loan, shall subject this TIF Loan commitment to reconsideration by the City, or if the loan has been made to immediate repayment of the TIF Loan by the Developer.
14. Project Completion. The Developer shall guarantee that the construction is completed by June 1, 2007 or a later date agreed to by the parties.
15. Property Insurance. Prior to funding, evidence shall be provided that a property insurance policy of the proper type and amount of coverage to protect the City's participation has been obtained. The policy shall name the City of Madison as an additional insured.
16. Title Insurance. At least fifteen (15) days prior to closing, the Developer shall provide a commitment for a title insurance policy of the proper type and amount of coverage to the City. The City shall receive a lender's policy.
17. Environmental Assessment. The Developer shall provide the City an environmental assessment of the site which is acceptable to staff.

BE IT STILL FURTHER RESOLVED that the TIF Loan to the Developer is hereby approved and that the Mayor and City Clerk are hereby authorized to execute a development agreement and other documents as may be necessary to effectuate the transaction, all of which are subject to the approval of the City Attorney.

BE IT FURTHER RESOLVED that the Common Council finds this amount to be necessary for the implementation of the project plan for TIF District Number 24 in which the proposed development is situated.

BE IT FURTHER RESOLVED that the Common Council finds this Project to be consistent with the City's objectives to retain and attract high-paying jobs in the City of Madison and finds it necessary and appropriate to make an exception to the 50% rule stipulated in City of Madison TIF Policy.

BE IT FURTHER RESOLVED that the Common Council finds that the project meets a public purpose by retaining and attracting high-paying jobs to the City of Madison.

BE IT STILL FURTHER RESOLVED that the Mayor and City Clerk are hereby authorized to execute any other documents as may be necessary to complete this transaction, all of which are subject to the approval of the City Attorney.