



Legislation Text

File #: 18696, Version: 1

Fiscal Note

A pre-lease requirement is often used to help demonstrate that a project is economically viable prior to the commitment of financing. Waiver of this requirement will allow the City to provide the \$2,049,250 budgeted as its share of the BioLink facility construction cost before the operator, Madison Development Corporation, obtains lease commitments on the space to be constructed. Although the tax increment generated by this project will be insufficient to recoup the TIF investment, it is likely that growth in the base value of other property within TID #39 will be sufficient to pay back the debt incurred prior to the end of the district's life.

Title

Amending RES-09-00309, in reference to the Midwest BioLink Commercialization and Business Center, by removing the 50% pre-lease requirement.

Body

WHEREAS, RES-09-00309 was enacted on April 2, 2009; and,

WHEREAS, RES-09-00309 committed \$2,049,250 through TID # 39 and a contribution of a 2.63 acre property within the BioAg Gateway valued at approximately \$573,000 to serve as the local match required to construct the Midwest BioLink Commercialization and Business Center ("BioLink"); and,

WHEREAS, RES-09-00309 states "be it still further resolved that the Common Council direct staff to include the recommendations set out in the March 23, 2009 Memo from Mr. Gromacki to the Board of Estimates or to otherwise resolve the issues raised in said Memo prior to finalizing the TIF loan and development agreement;" and,

WHEREAS, the aforementioned memo states "the City shall require that project be 50% pre-leased prior to disbursing TIF funds;" and,

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

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

WHEREAS, payment for construction of BioLink must be made using the Federal and local (TIF) match concurrently; and,

WHEREAS, construction must begin within 18 months of the May 11, 2010 award date noted above; and,

WHEREAS, within this 18 month timeframe Madison Development Corporation, or its assigns, must also complete final architecture and engineering, which may also require concurrent payment with Federal and local (TIF) funds; and,

WHEREAS, the business plan for BioLink does not call for 50% occupancy of the facility until the second year of operation; and,

WHEREAS, Madison Development Corporation has expressed concern about being able to achieve 50% pre-

lease prior to completion of architecture/engineering work and construction of BioLink, especially within the 18-month construction start deadline noted above.

NOW THEREFORE BE IT RESOLVED that the Common Council removes the 50% pre-lease requirement identified within RES-09-00309.