



Legislation Text

File #: 20634, **Version:** 1

Fiscal Note

This resolution would authorize a \$66,000 end loan from the Madison Capital Revolving Fund to Tilt Media, Inc. for improvements to the building located at 3209 Latham Drive. Loan proceeds will be provided upon satisfactory completion of the project in conformance to the terms and conditions of the MCRF Loan. The MCRF Loan would be amortized over a maximum term of seven (7) years at a fixed interest rate of 4%. The borrower will make quarterly principal and interest payments. The borrower's obligation to repay would be secured by a second mortgage on the property, and the borrower will also provide the City with a personal guaranty for the MCRF Loan. The 2010 Capital Budget authorized \$500,000.00 for MCRF loans. There is one pending 2010 MCRF loan, in the amount of \$120,000, awaiting closure. The existing fund balance in the MCRF program is sufficient to fund this amount without additional borrowing.

Title

Authorizing the Mayor and City Clerk to execute an agreement to fund a Madison Capital Revolving Fund loan to Tilt Media, Inc. to assist in making improvements to the building located at 3209 Latham Drive.

Body

WHEREAS, on May 19, 1987 the Common Council accepted a report by the Madison Capital Revolving Fund Task Force recommending the creation of a Madison Capital Revolving Fund (MCRF); and

WHEREAS, the Community Development Authority (CDA) has been designated as agent of the City of Madison for the operation and administration of the Program; and

WHEREAS, on April 16, 1996, the Common Council accepted the MCRF objectives and criteria as proposed by the CDA; and

WHEREAS, Richard J. Rubasch is the principal of Tilt Media, Inc. (the "Borrower") that has proposed to make improvements to the building located at 3209 Latham Drive (the "Property") that facilitates its use for studio production of video and audio media and advertising production at an estimated total development cost of approximately \$531,000.00 (the "Project"); and

WHEREAS, Richard J. Rubasch is the principal of Tilt Projects, LLC ("Building Owner") that will own the property and lease it to the Borrower; and

WHEREAS, the Borrower proposes to utilize the 8,400 SF Property to expand its operations as a regional service provider for video and audio production and editing; and

WHEREAS, the Borrower has requested that the City of Madison provide \$66,000.00 of MCRF loan assistance ("MCRF Loan") to make improvements to the Property; and

WHEREAS, staff has completed its review of the MCRF Loan request for financial assistance for the Project and finds that it meets the objectives of the MCRF Loan program; and

WHEREAS, on November 11, 2010 the CDA approved the MCRF Loan to the Borrower of \$66,000.00 at the terms and conditions described herein.

NOW THEREFORE BE IT RESOLVED that a MCRF end loan in the amount of \$66,000.00 be made to Tilt Media, Inc., evidenced by a note made to the City of Madison under the following terms and conditions:

1. The Project. Borrower agrees at a minimum the Project (“Project”) will include:
 - a. Construction of interior building improvements located within the Property that facilitates its use for studio production of video and audio media and advertising production.
 - b. Creation of no fewer than two and one-half (2.5) new FTE jobs in the operation of the Borrower, a media services and production company, within three (3) years of the disbursement of MCRF Loan funds.
2. Form of Assistance. MCRF loan assistance in the amount of Sixty-Six Thousand and 00/100 Dollars (\$66,000.00) shall be provided in the form of an end loan (“MCRF Loan”), disbursed by the City upon the City’s receipt of a certificate of occupancy certifying completion of building improvements. Said MCRF Loan proceeds to Borrower shall partially fund construction of building improvements to the Property.
3. Note, Security and Personal Guaranty. The MCRF Loan shall be evidenced by a Seven (7) - Year Note, amortized over seven (7) years, payable to the City of Madison in quarterly installments of principal and interest, bearing an interest rate of 4% fixed (“Note”). Tilt Projects, LLC (“Building Owner”) shall provide the City of Madison a second mortgage security interest in the real estate located at 3209 Latham Drive, in Madison, Wisconsin. All other obligations of the Borrower shall be secured by the personal guaranty of Richard J. Rubasch in an amount which shall not exceed the amount of the MCRF Loan.
4. Distributions to Owners. Borrower is organized and incorporated as a Subchapter-s corporation, identifying Richard J. Rubasch as member of Borrower with an ownership interest (“Owner”). Borrower shall not make distributions of net income to Owner prior to the payment of debt service on the MCRF Loan and other long-term indebtedness.
5. Material Changes. Any material changes to the Project or ownership of the Borrower that is stated in the MCRF Loan Application dated September 15, 2010 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 MCRF Loan, shall require prior written notification of and approval by the City of Madison. Any such changes made without prior notification and approval of the City of Madison shall subject this MCRF Loan commitment to reconsideration by the City, or if the loan has been made to immediate repayment of the MCRF Loan by Borrower.
6. Satisfaction. The MCRF Loan and Mortgage shall be satisfied, the Note cancelled and the personal guaranty shall be released upon full payment of the MCRF Loan.
7. Affirmative Action MGO 39.02 (9). Borrower and its contractors/subcontractors shall comply with all applicable provisions of the Madison General Ordinance (MGO) 39.02 (9), concerning contract compliance requirements. Prior to commencing construction, Borrower shall contact the City’s Affirmative Action Division to assure that Borrower is in compliance with the aforementioned requirements. Borrower 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. Borrower shall allow maximum feasible opportunity for minority/disadvantaged women business enterprises to compete for any contracts entered into pursuant to this MCRF Loan.
8. Prevailing and Living Wage (MGO 4.20 & 4.23). Borrower shall comply with Madison General Ordinances 4.20 and 4.23 that require Borrower to provide a living wage and a prevailing wage.
9. Accessibility (MGO 39.05). Borrower shall submit a written assurance of compliance with Madison General Ordinance 39.05.

10. Title Insurance. At closing, Borrower must 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 at the completion of construction.
11. Project Completion. Borrower shall guarantee that the tenant improvements and equipment installation will be completed by December 31, 2011.
12. 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.

BE IT STILL FURTHER RESOLVED that the MCRF Loan to the Project 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.