



## Legislation Text

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**File #:** 81363, **Version:** 1

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### **Fiscal Note**

The proposed resolution authorizes a Small Cap TIF Loan in the amount of \$80,000 to Fringe Salon Spa to purchase a commercial property at 1423 S Park St. At loan closing, the City shall disburse an amount equal to 15% of the principal amount of loan to MDC from Program funds for servicing, and 15% of the principal amount of the loan to MDC from Program funds for servicing and closing fees. The aggregate (30%) of all such loan fees for this loan will be \$24,000.

The TID 51 Project Plan includes \$1.5 million for Small Cap TIF Loans. The Common Council approved the TID 51 Project Plan in 2023 (RES-23-00208, Leg file 75809). Council further authorized Madison Development Corporation (MDC) to administer the program in TID 51 (RES-23-00470, Leg file 78323). Two other Small Cap TIF loans in TID 51 have been approved by Council: \$212,500 (RES-23-00651, Leg file 80079) and \$250,000 (RES-23-00776, Leg file 80813).

No additional City appropriation is required.

### **Title**

Authorizing a loan to Fringe Salon Spa or its assigns in the amount of \$80,000 to purchase a commercial property at 1423 South Park Street through the TID 51 Small Cap TIF loan program using TID #51 incremental revenue as authorized in the TID #51 Project Plan (RES-23-00208) adopted by the Common Council on March 7, 2023). (District 14)

### **Body**

WHEREAS, the City of Madison has created the boundary and Project Plan for Tax Incremental District (TID) #51 on March 7, 2023 (RES-23-00208) File ID Number 75809; and

WHEREAS, the intent and purpose of the Project Plan, among other things, is to attract and retain business and employment in South Madison, as bounded by John Nolen Drive, Wingra Creek, Fish Hatchery Road, and the Beltline Highway; and

WHEREAS, business and property ownership is a vital pathway to economic empowerment and for Madison to make meaningful progress in addressing racial and gender disparities the City must go beyond programs focused on addressing basic needs, and direct more resources and strategies toward building wealth and economic empowerment among communities that are not sharing in the City's prosperity; and

WHEREAS, Fringe Salon Spa will operate its business out of this location. The businesses goal is to enrich our community and the world with healthy motivation about beauty and self-worth for over ten years; and

WHEREAS, Fringe Salon Spa would utilize Small Cap TIF program funds to assist with the acquisition of the property located at 1423 South Park Street, hereby meeting the requirements of the Small Cap TIF program; and

WHEREAS, the program guidelines stipulate through these funds borrowers may receive zero-percent (0%) loans, not to exceed \$250,000, for the purpose of purchasing real estate, financing real estate improvements or not to exceed \$150,000 for purchasing capital machinery and equipment and for each anniversary year of the Common Council authorization of the Loan, 20% of the original principle of the Loan is forgiven until the

entire balance is forgiven at the end of five (5) years; and

WHEREAS, the City of Madison has a service contract with Madison Development Corporation (MDC) to market the Program to eligible small businesses and MDC shall qualify all Borrowers for eligibility and credit-worthiness; and

WHEREAS, the MDC Loan Committee has recommended an investment of \$80,000 of TID 51 Small Cap TIF loan program funds using TID #51 incremental revenue to this project.

NOW, THEREFORE BE IT RESOLVED, that the Common Council authorizes a \$80,000 TID 51 Small Cap TIF loan program using TID #51 incremental revenue to Smart Cleaning Solutions and/or its assigns for the purchase of the property at 1423 South Park Street; and

BE IT FINALLY RESOLVED, that the Mayor and City Clerk are hereby authorized to execute a loan agreement and/or any other documents as may be necessary to effectuate the transaction, all of which are subject to the approval of the City Attorney.