



City of Racine, Wisconsin
AGENDA BRIEFING MEMORADUM

AGENDA DATE: November 8, 2021

SUBJECT:

A request sponsored by Mayor Mason to amend a CDBG funding agreement executed pursuant to Resolution #0325-18.

PREPARED BY:

Matthew Rejc, Assistant Director, Dept. of City Development

EXECUTIVE SUMMARY:

Mayor Mason requests that the Finance and Personnel Committee recommend approval to amend an agreement between the City of Racine and LSS Housing-Gold Medal Lofts, LLC pursuant to Resolution #0325-18.

BACKGROUND AND ANALYSIS:

Resolution #0325-18, passed by the Common Council on October 16, 2018, authorized the City to enter into an agreement with LSS Housing-Gold Medal Lofts, LLC to facilitate a loan of \$1,320,000 for acquisition costs of 1701 Packard Avenue ("Gold Medal Lofts") at 1% interest over 20 years contingent on cash flow. The loan amount was later increased to \$1,540,000 through Resolution #0032-19 approved by the Common Council on January 15, 2019. The loan agreements in question were executed on February 14, 2019.

Earlier this year, Lutheran Social Services approached the City of Racine to request that Lutheran Social Services directly assume the obligations under the CDBG documents to the City to facilitate refinancing of the transaction. After discussions with Lutheran Social Services' staff and counsel, the City negotiated amendment language that suitably protects the City's interests and ensures that the property will continue to provide property tax revenue to the City.

BUDGETARY IMPACT:

No changes to the loan terms and repayment are contemplated.

RECOMMENDED ACTION:

To authorize the Mayor and City Clerk to execute an amendment to a CDBG funding agreement between the City of Racine and LSS Housing-Gold Medal Lofts, LLC pursuant to Resolutions #0325-18 and #0032-19.