



Department of City Development
730 Washington Avenue, Racine, Wisconsin 53403
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MEMORANDUM

DATE: September 4, 2008

TO: Members, Finance and Personnel Committee

FROM: Brian O'Connell, Director

RE: Amendment to the Development Agreement for State & Main, TID No. 13

You may recall that TID No. 13 for the State & Main mixed-use development at 141 Main Street is structured as a "pay as you go" TID. Specifically, the City did not borrow any funds for the project, the developer is responsible for financing the project, and the city only provides the tax increment actually received from the project as its financial assistance. The city does not retain any of the increment.

This presumed that the city would not have any direct expense, except minor administrative cost, to be recovered from the TID. As the project evolved, the city did take on the reconstruction of the intersection of State Street and Main Street as a city project and the project costs initially have been paid by the city. The project plan for the TID allows these costs to be repaid from the TID.

However, our development agreement with of State at Main Development, LLC, the subsidiary created for Gorman & Co. to own and develop the project, needs to be amended to allow the retention of increment by the city to pay for the intersection work. The attached memo from John W. Van Note, attorney for Gorman & Co., provides more detail on the proposed amendment.

I will be at your meeting on Monday, September 8th to discuss the amendment and answer any questions. I respectfully ask that your committee authorize the Mayor and City Clerk to execute the amendment to the development agreement.

Attachment

C: Chris Laurent, Gorman & Company
Rebecca Speckhard, Quarles & Brady
Robert Weber
David Brown
File