



City of Racine, Wisconsin

COMMON COUNCIL AGENDA BRIEFING MEMORADUM (ABM)

COMMITTEE: Finance Committee

LEGISLATION ITEM #:

AGENDA DATE: January 13th, 2025 Common Council: January 21st, 2025

DEPARTMENT:

ABM Prepared by: Kathleen Fischer

Reviewed by: Walter Williams

SUBJECT:

Communication sponsored by Mayor Mason, on behalf of the Finance director seeking approval to amend the TIF Incentive Agreement with The Main Attraction, LLC, regarding the Verdant Hotel project at 500 Main Street.

EXECUTIVE SUMMARY:

The City created TID #26 in response to the construction of the Hotel Verdant and entered into a TIF Incentive Agreement with The Main Attraction, LLC to share the TID increment with the developer over a period of time. Since the incentive agreement was signed in 2022, the amount of TID increment in the district has not proven to be as high as we originally predicted in the TID project plan. This is a result of a higher City equalized value projecting the TID tax rate being significantly lower than what was originally projected in the TID plan. This amendment does the following:

1. Modifies the Pay-go portion of the TIF Incentive agreement to reflect more closely, the actual TID increment proceeds available.
2. Extends the pay-go through from 2030 to 2034

The amendment authorizes a re-amortization of the original municipal revenue bond obligation issued for the project with bond payments from 03/01/2024-03/01/2034. The obligation will be payable directly to the lender based on tax increment received within the TIF District #26. If increment is not produced, payment will not be made by the City, and the developer will be responsible for making the payment to the lender. Total amount of "pay go" distribution under this amended agreement is expected to be \$3.35 million over a 11 year period. The District anticipates adequate funding for this arrangement.

CITY INVESTMENT & BUDGETARY IMPACT:

The amendment authorizes a re-amortization of the original municipal revenue bond obligation issued for the project with bond payments from 03/01/2024-03/01/2034. The obligation will be payable directly to the lender based on tax increment received within the TIF District #26. If increment is not produced, payment will not be made by the City, and the developer will be responsible for making the payment to the lender. Total amount of "pay go" distribution under this amended agreement is expected to be \$3.35 million over a 11 year period. The District anticipates adequate funding for this arrangement. A MRO (Mortgage revenue bond obligation) is not a direct debt of the City and does not impact our City borrowing capacity.

RECOMMENDED ACTION:

To authorize and direct the Mayor and the City Clerk to enter into an amendment to the TIF Incentive Agreement with the Main Attraction, LLC and execute any and all necessary documents associated with this amendment.
