



Legislation Text

File #: 03546, **Version:** 1

Fiscal Note

The 1996 TIF agreements associated with parking development occurring on Block 89 gave future credits for virtually all of the TIF increment generated from all development on the block, in both TID 15 and TID 25, for the full expected remaining life of each district (19 years and 23 years, respectively). To date, the City has paid \$5,068,568 of TIF increment as a credit to reduce the developer's debt service for this project.

Those original development agreements did not anticipate the situation where one or both of the TIF districts had generated sufficient increment from outside of Block 89 to require closing of the district. This resolution authorizes amendment of the original project lease to provide a clear methodology for determining the present value of future tax increment due under the agreement should one or both of the districts become subject to closure, as is presently the case with TID 15. Based on the amendment language, an additional current year payment of \$1,235,000 to the bond trustee will satisfy the City's future TID 15 obligation to the project and allow for the timely closing of TID 15. This will bring the total Block 89 TIF contribution to \$6,303,568 through the end of 2006. Additional future TIF credits will continue to be paid from TID 25 until 2018 or the closing of that district.

Sufficient funds to make the additional \$1,235,000 current year payment are available in TID 15 from incremental taxes generated within the district and from funds donated from TID 14 as authorized in the TIF donor district plan adopted in 2000. There is no impact on cost controls or the tax levy.

Title

Authorizing the Mayor and City Clerk to execute a Third Amendment to Project Lease with Block 89 Parking Limited Partnership and disburse \$1,235,000 to the Bond trustee in full satisfaction of the TID 15 increment credit.

Body

PREAMBLE

In 1996, the Community Development Authority issued Redevelopment Lease Revenue Bonds in the principal amount of \$20,640,000 (the "Bonds") to partially finance the Block 89 redevelopment. As a part of that financing, the City, as landlord, entered into a Project Lease with Block 89 Parking Limited Partnership ("Developer"), as tenant, for the subterranean parking ramp on Block 89. Debt service on the Bonds is paid from lease payments by the Developer. Pursuant to the Project Lease, the Developer is paid, or receives a credit against rent due, for a portion of the incremental taxes generated from Tax Incremental Finance Districts Number 15 and 25 ("TID 15" and "TID 25"). When the Project Lease was executed in 1996, the parties' expectation was that TID 15 and TID 25 would be open until 2014 and 2018, respectively. TID 15, however, has generated sufficient increment to satisfy all existing obligations, and pursuant to Resolution File Number 03406, is scheduled to dissolve in 2006. In order to allow TID 15 to timely dissolve and to address the resultant reduction in the expected TIF credit for future years' Bonds debt service, the City and Developer have negotiated an amendment to the Project Lease which provides for a liquidated lump sum TIF credit amount to be paid to the Bond trustee to be used for the redemption of outstanding Bonds. The amendment also clarifies the terms that would be used to liquidate a TID 25 credit if conditions warrant such a calculation in the future.

WHEREAS, the City and Developer have entered into a Project Lease dated as of December 1, 1996, as amended by First Amendment on January 1, 1998 and by Second Amendment on August 1, 1998, covering the Block 89 Parking Ramp; and

WHEREAS, the City and Developer desire to amend the Project Lease to prescribe a formula by which a liquidated TIF credit amount could be calculated and paid to the Bond Trustee if TID 15 and TID 25 are closed earlier than 2014 and 2018, respectively.

NOW, THEREFORE, BE IT RESOLVED, that the Mayor and City Clerk are hereby authorized to execute a Third Amendment to Project Lease with Block 89 Limited Partnership, in a form approved by the City Attorney, which will allow for a lump sum payment of accumulated increment from TID 15 and TID 25 to the Bond Trustee if either TID is dissolved early.

BE IT FURTHER RESOLVED, that the City Comptroller is authorized to disburse the sum of \$1,235,000 by July 1, 2006 to the Bond trustee in full satisfaction of the anticipated TID 15 credit provided for in this amended Project Lease.

