



## Legislation Text

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**File #:** 38969, **Version:** 1

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### **Fiscal Note**

This resolution would authorize a \$5,000,000 loan to Gorman and Company, Inc. and its assigns ("Developer") for the redevelopment on City-owned property at 2504, 2507 and 2430 Winnebago Street, in the existing TID #37 (Union Corners) boundary.

The Project consists of approximately 60,000 square feet of medical clinic (Phase 1), approximately 102 apartment units and 28,200 square feet of grocery with 7,700 square feet of commercial (Phase 2); 97 affordable and market rate apartments and 10,250 gross square feet of commercial and retail space (Phases 3 & 4) and approximately 641 underground and surface parking stalls ("Project"). This loan would be repaid through incremental taxes generated by the Project and represents approximately 50.1% of the present value of all incremental taxes anticipated from the Project over the 18-years of life remaining in TID #37.

Upon completion of the Project, the City will review the Developer's audit of project costs and financing, to the City's satisfaction, or conduct its own audit.

No funds are required to capitalize this loan, as it represents conveyance of land for One Dollar (\$1.00) to Developer to be recovered by tax increments generated by the Project over time. While it is anticipated that the incremental taxes generated by the Project will be sufficient to repay the loan within approximately 6 years, the Developer is required to guaranty a minimum payment if sufficient future tax increment is not available.

The increment guarantee is secured by a subordinated mortgage on the property. The TIF Loan also requires that Developer be prohibited from selling or transferring the Property prior to repayment of the TIF Loan. If Developer sells or transfers the Property to a tax-exempt entity, Buyer shall pay an annual payment in lieu of taxes (PILOT) in the amount of the property tax paid as of the date of sale, frozen, until July 18, 2033.

### **Title**

Authorizing the Mayor and City Clerk to execute a development agreement to fund a \$5,000,000 Tax Incremental Finance Loan to Gorman and Company, Inc. and its assigns to assist in the development of the City-owned Union Corners commercial redevelopment project located at 2504, 2507 and 2340 Winnebago Street within the boundary of TID #37 (Union Corners).

### **Body**

See body of resolution in attachments.