



Legislation Text

File #: 48607, **Version:** 1

Fiscal Note

The proposed resolution authorizes the execution of an amendment to the development agreement with Garver Feed Mill, LLC to change the terms of the City's reversionary interest. The amendment changes the City's risk in getting a completed project. The fiscal impact will not be known until negotiations occur regarding how the reversion will be impacted by the New Market Tax Credits and what risks the City will face if it chooses to enforce the reversion.

Title

Amending RES-17-00664 Authorizing the Execution of a Development Agreement with Garver Feed Mill, LLC to change the terms of the City's Reversionary Interest.

Body

WHEREAS, the Common Council adopted RES-17-00664, File #47354, authorizing the execution of a Development Agreement with Garver Feed Mill, LLC ("Developer") for the redevelopment of the Garver site; and

WHEREAS, Section 3.4(d) of the Development Agreement calls for the reversion of the Garver Building to the City in the event the Developer does not complete construction of the Lot 1 Component within two years of closing (the "Reversion"); and

WHEREAS, lenders for the Developer have determined that the reversionary interest causes security concerns for their loans and are requesting that the Reversion be amended to adequately address both the lender and City security for the development; and

WHEREAS, lenders request that the Reversion interest be amended to terminate once the new market tax credit financing has been substantially or entirely drawn from escrow and into the project.

NOW THEREFORE BE IT RESOLVED, that the Mayor and City Clerk are hereby authorized to execute an amendment to the Development Agreement permitting the City to terminate its reversionary interest upon all or substantially all of the new market tax credit financing is disbursed from escrow into the Lot 1 Component.

BE IT FURTHER RESOLVED, that the Lot 1 Project Commencement Closing Deadline shall be amended to be defined as October 31, 2017.

BE IT FINALLY RESOLVED, that the Mayor and City Clerk are authorized to take any further action including executing and recording documents as required to carry out the terms of this resolution in a form to be approved by the City Attorney.