

*****ATTACHMENTS*****

CITY OF SHEBOYGAN

REQUEST FOR FINANCE COMMITTEE CONSIDERATION

ITEM DESCRIPTION: Resolution 152-16-17 by Alderperson Wolf. A Resolution authorizing entering into a promissory note with Gorman & Company for the former Washington school site development.

REPORT PREPARED BY: Nancy Buss, Finance Director

REPORT DATE: January 20, 2017

MEETING DATE: January 23, 2017

FISCAL SUMMARY:

STATUTORY REFERENCE:

Budget Line Item: N/A
Budget Summary: N/A
Budgeted Expenditure: N/A
Budgeted Revenue: N/A

Wisconsin Statutes: N/A
Municipal Code: N/A

BACKGROUND / ANALYSIS:

Gorman and Company have purchased the former Washington School site from the Sheboygan Area School District to create affordable housing in the City of Sheboygan. Gorman and Company have secured investors for the project as well as financing through WHEDA. Due to a potential change in the corporate tax rate, the tax credits on the project will drop in excess of ten percent, causing a gap in the financing.

STAFF COMMENTS:

Boston Capital, the secured investors for the project have agreed to fund any potential gap in financing.

ACTION REQUESTED:

Motion to recommend the Common Council file Res 152-16-17 by Alderperson Wolf authorizing entering into a promissory note with Gorman & Company for the former Washington School site development.

ATTACHMENTS:

- I. Resolution 152-16-17
- II. Communication from Ted Matkom, WI Market President for Gorman & Company

III

DIRECT REFERRAL TO FINANCE ON 12/12/16

Res. No. 152 - 16 - 17. By Alderperson Wolf. December 12, 2016.

A RESOLUTION authorizing entering into a promissory note with Gorman & Company for the former Washington School site development.

WHEREAS: Gorman & Company is a respected industry leader in the preservation of affordable housing, workforce housing, and the adaptive reuse of significant historic buildings, and;

WHEREAS: Gorman & Company have purchased the former Washington School site from the Sheboygan Area School District to create affordable housing in the City of Sheboygan, and;

WHEREAS: Gorman & Company have secured investors for the project as well as financing through WHEDA, and;

WHEREAS: Due to the potential change in the corporate tax rate, Gorman & Company may have a shortfall of \$500,000, and;

WHEREAS: The City of Sheboygan Strategic Plan as well as the HUD Community Development Block Grant Five-Year Consolidated Plan have identified the need for affordable housing and the improved economic state of the City warrants the need for additional workforce housing opportunities in the City.

RESOLVED: That the appropriate City Officials direct the City Attorney to draft a Promissory Note and Corporate Guarantee with Gorman & Company in an amount not to exceed \$500,000 at an interest rate of one percent over the current borrowing rate for a period of 15 years.

Finance

I HEREBY CERTIFY that the foregoing Resolution was duly passed by the Common Council of the City of Sheboygan, Wisconsin, on the _____ day of _____, 20____.

Dated _____ 20____. _____, City Clerk

Approved _____ 20____. _____, Mayor



200 N. Main Street • Oregon, WI 53575

P: (608) 835-1900

F: (608) 835-1922

www.GormanUSA.com

REAL ESTATE DEVELOPMENT

MILWAUKEE MIAMI PHOENIX CHICAGO DENVER

Chad Pelishek
Director of Planning & Development
City of Sheboygan
828 Center Ave.
Suite 104
Sheboygan, WI 53081

December 8, 2016

RE: Washington School

Dear Mr. Pelishek,

The purpose of this letter is to request some gap funding for our Washington School project from the City of Sheboygan. I apologize for the late and urgent request since we are scheduled to close all financing on the deal by year end. The reason for this request is the unforeseen and immediate drop in the price we were expecting for the WHEDA Tax Credits we are selling to finance this project. Since the Presidential election our price has dropped in excess of 10 percent which has caused a \$500,000 gap in our financing. The reason for this drop is the projected tax reform which is expected to drop corporate tax rates to 20 percent making the value of the WHEDA tax credit less than before. The gap financing would be guaranteed by Gorman & Company, Inc. and I will send you our audited financials. The term of the loan to be acceptable to my bank will need to be 15 years to match the tax credit compliance period of our deal. Please contact me to discuss and I can provide any other information you desire in short order.

Sincerely,

Ted Matkom
Wisconsin Market President
(414) 617-9997
tmatkom@gormanusa.com

CITY OF SHEBOYGAN

REQUEST FOR FINANCE COMMITTEE CONSIDERATION

ITEM DESCRIPTION: Resolution 176-16-17 by Alderperson Wolf authorizing entering into an agreement with Ruckert & Mielke for planning and preliminary engineering services related to the expansion of the Sheboygan Business Center.

REPORT PREPARED BY: Chad Pelishek, Director of Planning and Development

REPORT DATE: January 20, 2017

MEETING DATE: January 26, 2017

FISCAL SUMMARY:

STATUTORY REFERENCE:

Budget Line Item: N/A
Budget Summary: N/A
Budgeted Expenditure: N/A
Budgeted Revenue: N/A

Wisconsin Statutes: N/A
Municipal Code: N/A

BACKGROUND / ANALYSIS:

With two pending development proposals in the Sheboygan Business Center and the city nearing full occupancy of the available parcels needs to start planning for an expansion of the park. The city's owns a 57 acre parcel known as the compost site that may allow the city to be competitive for larger tracts of land associated with new business leads. City staff would prefer to have the area south of our current park between CTH OK and I-43 master planned as the city potentially start selling its property. City staff interviewed three consultants, Ruckert & Mielke, RA Smith National, GRAEF and asked them to submit costs. The scope of work includes conceptual plan for roads and utilities, as well as a marketability study for the land. Based on knowledge of the project, city staff recommends Ruckert & Mielke for \$34,000.

STAFF COMMENTS:

This study is step one in the process for analyzing expansion of the business center to stay competitive in the county. The Village of Oostburg, Sheboygan Falls, and Plymouth all have industrial parks ready for new development opportunities and staff feels we need to start the process of analyzing our options. This study will be paid from the Industrial Development Fund, which is dedicated to expansion of our business parks.

ACTION REQUESTED:

Motion to recommend the Common Council approve an agreement with Ruckert & Mielke, Waukesha, WI for \$34,000 for a market study, planning and preliminary engineering services related to expansion of the Sheboygan Business Center.

ATTACHMENTS:

- I. Resolution No. 176-16-17

CITY OF SHEBOYGAN

REQUEST FOR FINANCE COMMITTEE CONSIDERATION

ITEM DESCRIPTION: Resolution 178-16-17 by Alderperson Wolf authorizing a transfer of appropriations in the 2017 Budget.

REPORT PREPARED BY: Nancy Buss, Finance Director

REPORT DATE: January 20, 2017

MEETING DATE: January 23, 2017

FISCAL SUMMARY:

STATUTORY REFERENCE:

Budget Line Item: N/A
Budget Summary: N/A
Budgeted Expenditure: N/A
Budgeted Revenue: N/A

Wisconsin Statutes: N/A
Municipal Code: N/A

BACKGROUND / ANALYSIS:

Resolution 176-16-17 requests entering into an agreement with Ruckert & Mielke for planning and preliminary engineering services related to the expansion of the Sheboygan Business Center. The 2017 Budget does not include funding for these services. Additional funds are added to the transfer for an appraisal.

STAFF COMMENTS:

WI State Statutes requires no funds may be expended and no liabilities incurred by the city or any department unless authorized. The request for transfer is from the Unreserved Fund Balance of the Industrial Park Fund.

ACTION REQUESTED:

Motion to recommend the Common Council approve Resolution 178-16-17 by Alderperson Wolf authorizing a transfer of appropriations in the 2017 Budget.

ATTACHMENTS:

- I. Resolution 178-16-17