

*****ATTACHMENTS*****

CITY OF SHEBOYGAN

REQUEST FOR REDEVELOPMENT AUTHORITY CONSIDERATION

ITEM DESCRIPTION: Discussion and possible action on a subordination request from Niagara, LLC. for a loan between the Redevelopment Authority and Niagara, LLC.

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

REPORT DATE: December 14, 2018

MEETING DATE: December 19, 2018

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:

The Redevelopment Authority holds a mortgage as a TIF loan on 909 N. 8th Street (Nemschoff Building). The original loan amount was \$500,000 and issued in 2001 due in years 2016-2020 at \$100,000 per year on January 1 of each year. The current balance of the City's TIF loan is \$100,000.

Bayside Development has three properties mortgaged into the first mortgage on this property valued at \$5,228,000 and they include 909 N. 8th Street, 1414 N. Taylor, and 4505 S. Taylor. They are requesting a subordination of the RDA's \$100,000 remaining note to add a second mortgage in the amount of \$3,017,000 on the above properties (with the same lender, BMO Harris Bank, N.A.) to secure a construction loan on their apartment project to be located at 2724 Kohler Memorial Drive, Sheboygan, Wisconsin.

STAFF COMMENTS:

Staff has no concerns with the subordination request.

ACTION REQUESTED:

Motion to approve the subordination agreement request from Niagara, LLC.

ATTACHMENTS:

- I. None