

CITY OF SHEBOYGAN

REQUEST FOR FINANCE AND PERSONNEL COMMITTEE CONSIDERATION

ITEM DESCRIPTION: Res. No. 134-21-22 by Alderpersons Mitchell and Filicky-Peneski authorizing a budget transfer and appropriation in the 2022 budget to complete an interfund transfer between the Tax Incremental District 6 Debt Fund and the Redevelopment Authority Fund

REPORT PREPARED BY: Kaitlyn Krueger, Finance Director

REPORT DATE: February 10, 2021 **MEETING DATE:** February 14, 2021

FISCAL SUMMARY:

Budget Line Item:	Interfund Transfer
Budget Summary:	\$376,188
Budgeted Expenditure:	30481400-811295
Budgeted Revenue:	29515100-492304

STATUTORY REFERENCE:

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

BACKGROUND / ANALYSIS:

The Redevelopment Authority entered into the contract in 1992 through a TIF developer's agreement with Heartland Properties to provide three individual loans for three properties: Leverenz, Balzer and Jung properties totaling \$840,004. Under the agreements, Heartland was to pay interest expenses equivalent to the interest rates on the city's borrowed funds in TIF 6. The loan proceeds were used to renovate the buildings into affordable housing developments.

On December 13, 2021 the Redevelopment Authority approved the request of Heartland Properties accept a cash payoff for the loan of \$463,816. This amount was believed to be a fair payoff because Heartland Properties has paid additional increment taxes of \$283,528 for more value created above the minimum investment and \$92,660 in principal loan payments in addition to taxes. Over the years, there have been some accounting issues on both sides on how the interest was receipted and tracked. The loan was issued in the Redevelopment Authority Fund, but interest and principal payments have all been receipted in TIF 6 fund.

Heartland Properties paid the agreed upon amount of \$463,816 on December 30, 2021.

STAFF COMMENTS:

This action allows for the Redevelopment Authority to clear off the entire loan balance from their balance sheet. It is anticipated that the Redevelopment Authority will approve transferring back previous advances back to the General Fund and Capital Projects Fund with the payoff amount that was received in December.

ACTION REQUESTED:

Motion to recommend the Common Council approve Res. No. 134-21-22 authorizing a budget transfer and appropriation in the 2022 budget to complete an interfund transfer between the Tax Incremental District 6 Debt Fund and the Redevelopment Authority Fund.

ATTACHMENTS:

I. Res. No. 134-21-22