



Legislation Text

File #: 091367, Version: 1

091367
SUBSTITUTE 1
011469
THE CHAIR

Substitute resolution approving Amendment No. 1 to the Cooperation, Contribution and Redevelopment Agreement for Tax Incremental District No. 49, Cathedral Place, in the 4th Aldermanic District.

In 2002, the City created TID No. 49 to assist the development of the Cathedral Place office, condominium and retail complex at East Wells Street and North Jackson Street. Through TID No. 49, the City authorized RACM to construct, own and operate the parking ramp connected to the project at 555 East Wells Street. The parking ramp was financed with RACM variable rate revenue bonds in the initial amount of \$25.4 million.

The bonds are payable from operating revenue from the parking ramp, and tax increment revenue from the TID. Payment on the bonds is secured by a direct pay letter-of-credit issued by JPMorgan Chase Bank, which letter-of-credit expires May 15, 2010. Payment on the bonds is further secured by a Support Agreement from the developer of the Project and by the Moral Obligation pledge of the City to restore any draws made from a reserve established to further secure the bonds.

JPMorgan Chase is willing to extend its letter-of-credit, on the terms provided in this file, only if the City upgrades its Moral Obligation Pledge to a Legal Obligation. The attached Funding Agreement creates this legal obligation by budgeting sufficient contingent borrowing to directly reimburse the bank for any draws on its letter-of-credit.

To date, there have been no draws on the letter-of-credit, and the outstanding balance of the bonds is \$16.8 million, of which \$1.4 million will be redeemed on March 23, 2010. Whereas, The City of Milwaukee ("City") created Tax Incremental District No. 49 ("TID No. 49"), Cathedral Place, to assist in the development of the Cathedral Place office, residential and retail project located at the corner of East Wells Street and North Jackson Street (the "Project"); and

Whereas, The Redevelopment Authority of the City of Milwaukee ("RACM") previously issued its Cathedral Place Parking Facility Revenue Bonds, Series 2002, (the "Bonds") for the purposes of financing the 940-space parking structure at 555 East Wells Street in TID No. 49; and

Whereas, In connection with the issuance of the Bonds, the City, RACM, Cathedral Place, LLC and Van Buren Management, Inc. have entered into a Cooperation, Contribution and Redevelopment Agreement for TID No. 49 ("Cathedral Place Project") dated as of May 1, 2002 (the "Development and Cooperation Agreement"); and

Whereas, The Development and Cooperation Agreement was authorized pursuant to Common Council File No. 011469, adopted March 5, 2002; and

Whereas, Pursuant to the Development and Cooperation Agreement, the City has provided its Moral Obligation in support of the Bonds; and

Whereas, RACM and JPMorgan Chase Bank, N.A., (the "Letter-of-Credit Bank") have entered

into a First Amendment to Letter-of-Credit and Reimbursement Agreement dated as of August 27, 2007, which sets forth RACM's repayment obligations in conjunction with draws, if any, on the Letter-of-Credit issued by the Bank in support of the Bonds; and

Whereas, The above Letter-of-Credit expires on May 15, 2010 and the Letter-of-Credit Bank is willing to extend such Letter-of-Credit on terms and conditions as substantially set forth in its Direct Pay Letter-of-Credit Proposal ("LOC Proposal"), a copy of which is attached to this Common Council File as Exhibit A; and

Whereas, The City and RACM desire to Amend the Development and Cooperation Agreement to upgrade the City's Moral Obligation and to enter into a Funding Agreement in substantially the form set forth in Exhibit B, a copy of which is attached to this Common Council File, to acknowledge the City's commitment to provide funding to RACM in the event of any draws under the Reimbursement Agreement; now, therefore, be it

Resolved, By the Common Council of the City of Milwaukee, that the proper City officials are directed to enter into a Funding Agreement in substantially the form set forth in Exhibit B, with such modifications and revisions as may be approved by the City Attorney, and any associated documents necessary to Amend the Development and Cooperation Agreement, and the Reimbursement Agreement, which are consistent with the terms of the LOC Proposal.

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