



"...meeting community needs...enhancing quality of life."

TO: Finance Committee

FROM: Tony Saucerman, Finance Director

DATE: August 10, 2021

RE: **TIF 6 Developer Payment**

The City's TIF District #6 (TID 6) is nearing its mandatory termination date of February 14, 2023. The District has performed very well financially over the years which has enabled the district to accumulate a significant fund balance.

In 2016, the City signed a development agreement with Encapsys Southpoint, LLC to build their corporate headquarters in the Southeast Commerce Park which is located in TID 6. As part of the agreement, the City agreed to make a contribution to the project which was to be paid out annually based on incremental property taxes received on the property with a balloon payment in 2023 to pay off the balance. The balance owed to Encapsys prior to the 2021 payment is approximately \$2,985,600. The regularly scheduled payment for 2021 is \$329,423.

Due to the success of the District, the City is in a position to pay off the City's obligation early (which is allowed by the agreement) which would save significant interest expense as well as position the district to close earlier than its mandatory termination date.

Therefore, a budget adjustment is being requested to provide an additional \$1 million payment in 2021. The additional payment would save approximately \$40,000 in interest charges and pave the way for the final payment to be made in 2022 (which will be included in the 2022 Budget) enabling the City to begin the close-out of the District.

Thank you for your consideration of this request. If anyone has any questions or would like to discuss, feel free to contact me.