CITY OF BLAIR

MEMORANDUM

DATE: November 10, 2026, 7:00PM

MEMO TO: Mayor and City Council

FROM: David Scott, Deputy City Administrator of Operations

RE: Sudbeck delinquent special assessments

SUMMARY: Malvin Sudbeck entered into an agreement with the city to develop Northern View Phase II Subdivision. To pay for the infrastructure the city took out general obligation bonds. These bonds were to be paid back with funds from Sudbeck over the term of the debt or earlier if all the lots got developed and sold ahead of time.

PREVIOUS ACTION: The Mayor and City Council entered into the developer's agreement with the Melvin Sudbeck (mentioned above)

At the March 26, 2024, City Council meeting, the City Council adopted resolution 2024-33 waving delinquent interest. The amount to be waived at the time was $3,794.35 for the water district, $7,935.76 for the sewer district and $12,743.54 for the paving district for a total delinquent interest waived of $24,473.65. The resolution also stated that if the remaining balance due, $247,912.58, was not paid within (30) days the delinquent interest will remain and begin to accrue again. No payment was received.

On July 27, 2026, a letter was sent to Melvin Sudbeck advising Mr. Sudbeck that Under Nebraska law, in the absence of voluntary payment, foreclosure and resale of the property is the only means by which a city may recover some or all of the special assessments it is due if the landowner becomes delinquent on special assessments. It further advised that the city had exhausted efforts in requesting a voluntary payment regarding the outstanding assessments for Northern View Phase II. As of September 1, 2026, the outstanding assessment lien is $471,810.50. If this sum is not paid on or before September 1, 2026, the city will be forced to take other action to collect the outstanding assessment charges.

After discussions, Mr. Sudbeck had requested additional time to get the assessment lien paid up to date. Another letter was sent dated August 26, 2026, giving Mr. Sudbeck an additional (60) days, to November 1, 2026, to get the accounts current. At that point Mr. Sudbeck had asked for another extension until November 6, 2026.

No payment has been received as of November 6, 2026, at 10:00AM.

BACKGROUND/DISCUSSION: No payments have been made on the special assessments since inception, except the Lots that were sold and the assessments needed to be paid to release the Lien.

Annual Special Assessment Payments are due Oct 12th of each year.

FINANCIAL IMPLICATIONS: The city is the holder of the special assessment bonds and is obligated to make annual bond principal and interest payments on those bonds. The way special assessments work is that the developer agrees to pay the city the amounts owed so the city can use those funds to make our annual bond principal and interest payments. If the developer doesn't make their payments to the city, it does not absolve the city from our financial obligation to make the principal and interest bond payments.

To surmise that delinquent interest is nothing more than a form of punishment to encourage the developer to make their special assessment payments timely is not completely accurate. If the developer does not make their special assessment payments in a timely fashion the city must divert property tax and sales tax revenue that was intended for other important projects or purposes to meet our obligation. This can lead to delays in other city activities or even the city needing to take on additional debt to keep other city projects and functions funded. Delinquent fees are a form of recouping those costly measures.

RECOMMENDATION: The city has made adequate attempts to collect the special assessment due. I recommend moving forward and approving the resolution before you tonight.