

**MINUTES**  
**REDEVELOPMENT AUTHORITY OF THE CITY OF GREEN BAY**  
**Tuesday, October 8, 2013**  
**City Hall, Room 604**  
**1:30 p.m.**

**MEMBERS PRESENT:** Harry Maier, Chair; Gary Delveaux, Vice-Chair; Joe Moore, Melanie Parma, Matt Schueller, Tom Weber

**MEMBERS EXCUSED:** Jim Blumreich

**LIAISON REPRESENTATIVES PRESENT:** Jeff Mirkes, Christopher Naumann

**OTHERS PRESENT:** Rob Strong, Cheryl Renier-Wigg, Andy Rosendahl, Krista Baeten, Tony Wachewicz, Noel Halvorsen, Tim Denissen, Greg Flisram, Terrence Wall, Dawn Foeller, Mayor Schmitt, Ken Betsch, John Mehan, Nora Pecor, media, and other interested parties

**APPROVAL OF AGENDA:**

Approval of the agenda for the October 8, 2013, meeting of the Redevelopment Authority.

A motion was made by T. Weber and seconded by G. Delveaux to approve the agenda for the October 8, 2013, meeting of the Redevelopment Authority. Motion carried.

**APPROVAL OF MINUTES:**

Approval of the minutes from the September 10, 2013, regular meeting of the Redevelopment Authority.

A motion was made by J. Moore and seconded by M. Parma to approve the minutes from the September 10, 2013, regular meeting of the Redevelopment Authority. Motion carried.

**COMMUNICATIONS:**

None.

**OLD BUSINESS:**

None.

**NEW BUSINESS:**

A motion was made by J. Moore and seconded by M. Schueller to take Item 5 out of order. Motion carried.

5. Review and possible action on request by NeighborWorks Green Bay for \$100,000 in HOME CHDO funds for project at 513 Hubbard Street.

A motion was made by J. Moore and seconded by M. Parma to open the meeting for discussion. Motion carried.

A. Rosendahl stated the annual allocation of HOME funds includes a minimum of 15% designated for CHDO projects. NeighborWorks Green Bay is the only certified CHDO in the area. He provided an update on new HOME fund rules that went into effect on August 23, 2013. The HOME funding must be the last piece of money into the project. He proposed to move forward with the preliminary award, which will allow NeighborWorks to go out and secure financing, and staff can then conduct their underwriting analysis and come back to the Authority for final award.

N. Halvorsen proposed that the Authority grant preliminary approval subject to final approval by staff, rather than having to come back to the Authority at another meeting.

N. Halvorsen explained that the property is at 513 Hubbard Street, was built in the late 1930s, and is currently a six unit apartment. There are four apartments and two additional units in the attic. The proposal is to renovate the property as a four unit apartment. There is a four car garage in the back of the property. The property is currently a vacant, foreclosed building, which needs some work. It will be a good project for the neighborhood. NeighborWorks has tried to comply with the new HOME rule requirements in their proposal package. NeighborWorks would own and maintain the property as a rental and would pay a payment in lieu of taxes on the property. An overview was provided of the renovation plans.

A motion was made by T. Weber and seconded by G. Delveaux to approve preliminary award of project for 513 Hubbard Street, subject to staff review and approval. Motion carried.

1. Review and possible action on City issuance of bond funds and terms of the Development Agreement for T Wall development located at the southwest corner of Washington and Main Streets.

G. Flisram explained that while the developer has been shopping for financing, he has encountered that banks aren't willing to lend the full amount needed for the project. The banks are required to adhere to a certain loan-to-value ratio and as a result there is a shortage of \$300,000 for the project. Discussions have occurred with the developer and it is proposed to split the difference with the developer putting \$150,000 more towards the project and the City extend the life of the TIF up to an additional three years and adding \$150,000 to cover the gap. He further stated that these downtown projects are creating a new market and the historic low rents in the City are making it difficult to get these projects done. Appraisers look at performance of rents and they don't put as much value on the future.

The request is to amend the agreement to extend the life of the TIF for up to three years and put another \$150,000 into the project, which would bring the TIF requirement to \$2.49 million over a 19 year period. There is strong belief in the project and this situation was not foreseen when the development agreement was put together.

D. Foeller indicated that the TIF would close May 15, 2032.

A motion was made by G. Delveaux and seconded by J. Moore to open the meeting for discussion. Motion carried.

T. Wall stated that his additional \$150,000 would be provided through personal capital and investors. As for timing, they have a loan commitment from US Bank and they need to receive the loan documents, which will take approximately 30 days. The TIF and the financing need to come together and they will hopefully break ground in November/December. In response to a question about modifications to the building from what was originally approved, he stated they have taken some of the commercial space for a high end hotel-like lobby. Also, they have merged a couple of units on the penthouse level to make two-bedroom units, as requested by future tenants. With respect to the bank financing, the problem is that the comps downtown are all lower rent. The rent levels will range from studio/one-bedroom to two-bedroom/penthouse levels.

R. Strong stated the motions required would be to increase the amount of TIF assistance from \$2.34 to \$2.49 million and increase the term of the TIF from 16 to 19 years. The next step would be to recommend to City Council to proceed with financing of the project.

A motion was made by J. Moore and seconded by M. Schueller to approve up to a \$150,000 match to developer from \$2.34 million to \$2.49 million and increase the term of the TIF from 16 to up to 19 years. Motion carried.

A motion was made by G. Delveaux and seconded by T. Weber to recommend that the City secure financing for the T. Wall Development Project. Motion carried.

2. Presentation of final design for KI Convention Center expansion and review of project costs.

K. Betsch provided an overview of the final design plans. The expansion will add 30,000 sq ft of new meeting space, providing a total of 75,000 sq ft of meeting space overall. The timeline includes going out for bids within the next week and early foundation construction commencing in November. A few changes have been made to the design to increase the “back-of-house” space and remove the entrance lobby and stairs.

R. Strong stated the project cost is \$23.9 million, which includes construction cost, site work, demolition, soft costs, and acquisition costs. Construction needs to start before November 30, as part of the agreement to retain the room tax funds from the County. Things are on schedule with June 2015 for construction completion. The next step and item of business is the issuing of the redevelopment bonds.

The Authority requested to see new exterior and interior renderings when they are available.

A motion was made by T. Weber and seconded by J. Moore to receive and place on file. Motion carried.

3. Review and approval of Resolution No. 640 “Initial Resolution Authorizing Actions Necessary for the Sale and Issuance of Lease Revenue Bonds for the KI Convention Center and Public Hearing on Lease of Property to City.”

A motion was made by J. Moore and seconded by G. Delveaux to open the meeting for public discussion. Motion carried.

John Mehan with Robert W. Baird Co. provided an overview of the financing structure and the timeline. For consideration today is the Initial Resolution Authorizing Actions Necessary for the Sale and Issuance of Lease Revenue Bonds for the KI Convention Center and Public Hearing on Lease of Property to City. The issue is a taxable lease revenue bond. The date of the bonds is December 3. As long as the City has access to the property, they need to make lease payments to the RDA, who then pays the bond holders. The rating is estimated to be AA3.

Per the timeline, Resolution No. 640 includes setting the Public Hearing date of November 12, 2013. Action is required by the RDA and Council on November 19, 2013, to award the bonds.

A motion was made by G. Delveaux and seconded by T. Weber to approve Resolution No. 640 “Initial Resolution Authorizing Actions Necessary for the Sale and Issuance of Lease Revenue Bonds for the KI Convention Center and Public Hearing on Lease of Property to City.” Motion carried.

4. Review and possible action on request for an extension for development of Schauer and Schumacher buildings located at the northwest corner of Walnut and Adams Streets.

G. Flisram provided an overview of the title issues with the alley and the delays it has caused. The developer is not ready to execute the agreement, pay the \$50,000 performance guarantee, and be under way by October 15, which were the terms in the agreement, until fair title is given and closing can occur. The request is to extend the agreement for 60 days, until December 15.

A motion was made by J. Moore and seconded by M. Schueller to approve a 60-day extension. Motion carried.

6. Request of Dermond Property Investments LLC to discuss the City providing a guarantee on a secondary loan for apartment project located at the northwest corner of Washington and Walnut Streets.

G. Flisram stated this project is a 93-unit building with a similar situation to the T. Wall project discussed earlier. The developer has been seeking funding and banks are under valuing the estimated appraised value of the project, which impacts the loan to value ratio. The developer is concerned they will not be able to get the loan amount they need. So as a contingency, they are asking the City to guarantee a secondary loan up to \$950,000 to cover the possible gap. The City's guarantee will be backed up by a personal guarantee from Dermond Property Investments. The loan would be separate from their regular loan, interest only until they lease up, and then principal and interest and a rate of approximately 4.5%.

N. Pecor with Dermond Property Investments stated they have four strong bank proposals committed to the loan amount of \$8,460,000. They need the appraisal to come in at \$10,575,000 to have the loan approved at that amount. The problem is the market study came in lower on the penthouse rents and parking, which puts the value lower than they need. They are working with BMO Harris, who has been very aggressive and excited to do the project, but the bank can only lend up to 80% of the appraised value. They need a guarantee by a municipality to go over the 80%.

Mayor Schmitt expressed his support of the project. The personal financials of the developer have been reviewed by Finance Director Dawn Foeller. The developer will not be reducing the project scope and is already committed to invest \$3,000,000 of equity to the project.

J. Moore noted that he feels secure in the guarantee due to the \$3,000,000 personal investment.

A motion was made by G. Delveaux and seconded by J. Moore to approve an amendment to the Development Agreement with Dermond Property Investments LLC to provide a City guarantee up to \$950,000 and up to six years and recommend City Council approval. Motion carried.

A motion was made by J. Moore and seconded by G. Delveaux to take Item 11 out of order. Motion carried.

11. Review and action of a purchase agreement for 501 N. Adams Street as part of the KI Convention Center project.

R. Strong stated that negotiations have been going on for some time with the owners, Bay Verte Realty Co. A purchase agreement has been worked out to purchase the property for \$375,000, which will be part of the KI bonding. The original asking price was \$500,000 and the assessed value is \$260,500. Approval is being requested to move forward with the purchase. A relocation plan will be prepared and will include the difference in rent for the tenant for a period of four years as well as moving costs. The tenant has three sites in mind and will need to make a decision.

A motion was made by T. Weber and seconded by M. Schueller to approve the purchase agreement for 501 N. Adams Street as part of the KI Convention Center project. Motion carried.

7. Request from Ald. Moore for review and approval of Resolution No. 641 in Support of Raising Wisconsin's Historic Tax Credits to Twenty Percent.

J. Moore stated that historic tax credits were 5% in Wisconsin. There was a push for an increase to 20% to help with the Hotel Northland and to be competitive with neighboring states. The State of Wisconsin approved increasing the historic tax credits to 10% in this year's budget, but an increase to 20% is still desired. The Hotel Northland has been designated as a historical building and will qualify for these tax credits. He would like the increase to 20% so additional TIF funding won't be needed for the Hotel Northland project. Resolution No. 641 shows the support of the Authority to increase the tax credits to 20%.

A motion was made by G. Delveaux and seconded by M. Parma to approve Resolution No. 641 in Support of Raising Wisconsin's Historic Tax Credits to Twenty Percent. Motion carried.

8. Update and possible action on supplying water to 712 and 716 N. Ashland Avenue.

K. King stated that bids were obtained and the recommended solution is to pass it along to the developer of the project on Mather and Ashland, which is NeighborWorks Green Bay. NeighborWorks has agreed to handle the issue as part of the development. The amount of HOME funds contributed to the project may need to be increased to cover the cost. The bid came in at \$8,000.

A motion was made by G. Delveaux and seconded by J. Moore to provide up to \$8,000 in HOME funds to NeighborWorks Green Bay to supply water to 712 and 716 N. Ashland Avenue. Motion carried.

9. Request for authorization to purchase 1162 and 1164 Day Street using CDBG impact funds.

A motion was made by T. Weber to convene in closed session pursuant to Sections 19.85(1)(e), Wis. Stats., for purposes of deliberating or negotiating the purchasing of public properties, the investing of public funds, or conducting other specified public business, whenever competitive or bargaining reasons require a closed session. The Authority may thereafter reconvene in open session pursuant to Section 19.85(2), Wis. Stats., to report the results of the closed session and consider the balance of the agenda. Motion was seconded by G. Delveaux and carried.

A motion was made by T. Weber and seconded by M. Schueller to return to open session. Motion carried.

A motion was made by J. Moore and seconded by M. Parma for staff to move forward with the offer to purchase 1162 Day Street and to move forward with negotiations on 1164 Day Street as discussed in closed session. Motion carried.

10. Review and approval of draft 2014 Annual Action Plan and funding allocations.

K. Baeten stated that each year the City is required to submit an Annual Action Plan based on its 5-Year Consolidated Plan and Strategy, defining how the City will spend the projected CDBG and HOME funds to be received. Meetings were held with staff, input was received from various departments, and a public hearing was held on how to spend the 2014 funds. This is

the last year of the 5-Year Consolidated Plan so the allocations are similar to the previous four years.

K. Baeten provided an overview of the CDBG recommendations, which include Parks Projects at Tank Park and Seymour Park totaling \$150,000, DPW Sidewalk/Alley Resurfacing Projects totaling \$150,000, Public Service Programs totaling \$188,000, Impact Area Projects totaling \$133,000, CDBG Eligible Streetscaping totaling \$50,000, and CDBG Administration totaling \$229,000. The estimated CDBG entitlement is \$900,000, along with \$245,000 in estimated program income, for a total of \$1,145,000.

K. Baeten provided an overview of the HOME recommendations, which include Downpayment Closing Cost Assistant totaling \$100,000, Housing Development Advancement Projects totaling \$190,000, CHDO Set Aside totaling \$60,000, and HOME Administration totaling \$50,000. The estimated HOME entitlement is \$400,000, along with \$100,000 in estimated program income, for a total of \$500,000.

A motion was made by M. Parma and seconded by J. Moore to approve the Draft 2014 Annual Action Plan and funding allocations. Motion carried.

**BILLS:**

12. Acceptance of financial report and check register as provided.

A motion was made by M. Schueller and seconded by G. Delveaux to approve the financial report and check register as provided. Motion carried.

**INFORMATIONAL:**

13. Director's Report.  
None.

14. Project Updates.  
None.

Chair ruled for adjournment at 3:20 p.m.