

MINUTES
REDEVELOPMENT AUTHORITY OF THE CITY OF GREEN BAY
Tuesday, December 10, 2013
City Hall, Room 604
1:30 p.m.

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

LIAISON REPRESENTATIVES PRESENT: Jeff Mirkes, Christopher Naumann

OTHER PRESENT: Rob Strong, Cheryl Renier-Wigg, Krista Baeten, Andy Rosendahl, Mayor Jim Schmitt, Tony Wachewicz, Greg Flisram, Greg Larsen, Dawn Foeller, Ald. Jerry Wiezbiskie, Nancy Wojciechowski, Tim Carlson, Patrick Faulds, Victoria Parmentier, Sandra Ranck, Debby Tomczyk, Lisa Nelson, Jennifer Wilson, Rhonda Sitnikau, Alex Galt, Lisa Anderson, Marta Mezo, Jennifer Cassel, Cindy Rezek, Tim Vandenack, Stacy Van Drisse, Matt Abrahamson, Pat R., Caryn Settneldar, Lisa Gannow, Melanie Kachan, Erin McGinley, Ald. Mark Steuer, David Donian, Jim & Jackie Grzeca, Brent Crabb, Ray Salter, Jane Hermans, Marta Mezo, Rebecca Derenne, Janis Lortz, Richard Parins, Ashley Deprey-Peeters, Matthew LeMay, David VanderLeest, Lisa Hanson, Eric Gabrielson, Ald. Dave Boyce, John Rivett, Judy Van Ryzin, Thomas Olejniczak, Laurel Wauters, Celestine Jeffreys, Mitch Woesner, Mike Frantz, Ald. Tom DeWane, media, and other interested parties

APPROVAL OF AGENDA:

Approval of the agenda for the December 10, 2013, meeting of the Redevelopment Authority.

A motion was made by J. Moore and seconded by M. Schueller to amend the agenda to move Item #5 after Item #3. Motion carried.

A motion was made by J. Moore and seconded by T. Weber to approve the agenda as amended for the December 10, 2013, meeting of the Redevelopment Authority. Motion carried.

APPROVAL OF MINUTES:

Approval of the minutes from the November 12, 2013, regular meeting and November 19, 2013, special meeting of the Redevelopment Authority.

A motion was made by G. Delveaux and seconded by J. Moore to approve the minutes from the November 12, 2013, regular meeting and November 19, 2013, special meeting of the Redevelopment Authority. Motion carried.

COMMUNICATIONS:

1. Communication from November 21, 2013, Common Council meeting by Ald. Joe Moore to review CHDO eligibility requirements and process of distribution of CDBG funds with RDA and share information with full Council.

A motion was made by J. Moore and seconded by G. Delveaux to refer to staff to be presented at the January 2014 meeting. Motion carried.

2. Request by Ald. Joe Moore to review the request from NeighborWorks Green Bay to assume the outstanding obligation of NHS of Green Bay LLC and forgive the loan issued to this project.

A motion was made by J. Moore and seconded by M. Parma to refer to staff to be presented at the January 2014 meeting. Motion carried.

OLD BUSINESS:

None

NEW BUSINESS:

3. Review and possible action by the Redevelopment Authority on the following motion that resulted in a tie vote from the Larsen Green Governing Board:

Motion – To terminate the Purchase Agreement with WalMart based upon WalMart's non-compliance with Section 16 (c) of the Agreement which required a Development Agreement and Design Concept to be in place within 150 days of execution (November 22, 2013).

H. Maier indicated that the Authority and staff will discuss the item and then the meeting will be opened for public discussion. There will be a presentation by WalMart representatives followed by comments from individuals who have submitted a comment slip requesting to speak. The discussion will be limited to the specific agenda item and individual comments will be limited to two to three minutes.

R. Strong provided a summary of why this item is before the Redevelopment Authority. In 2007 the City Council supported borrowing by On Broadway, Inc. to purchase the Larsen Green property. As part of that, On Broadway received a \$3 million new market tax credit loan and the bank asked the City to back that debt. The City backed the debt in exchange for a Memorandum of Understanding that required the creation of a Governing Board, which would be made up of three members of On Broadway, Inc., appointed by the On Broadway organization, and three members from the City of Green Bay, appointed by the Mayor. The Governing Board is in charge of handling all sales, contracts, etc. for the Larsen Green property. The Memorandum of Understanding states that if the Governing Board has a tie vote, the Redevelopment Authority would have the final say to break the tie. The Authority is being asked to either approve or deny the motion that was presented to the Governing Board, which is to consider the termination of the purchase agreement that exists between On Broadway, Inc. and WalMart, because they have not fulfilled Section 16 (c) of the Agreement, which required a development agreement and design concept in place within a certain period of time. The location of the site under Planning Option was reviewed and incorporates everything north of Kellogg Street that is owned by On Broadway, Inc. The homeless facility at the far north end and the vacant lot at the corner of Mather and Broadway are not included. The old office building, which was occupied by Birdseye until recently, is included. Birdseye's lease is still in effect and runs until June 2014. A Planned Unit Development zoning was prepared for the property in 2007/2008, showing what was envisioned for the area. The PUD is a zoning district that can be changed for the right project, but would require action by the Plan Commission and City Council. WalMart has been given consideration because there are designs that they have done across the country that were felt could possibly fit into the Broadway environment. WalMart has been consistent with their message that they want a 150,000-160,000 sq. ft., one-story building, with surface parking. That is what they feel will be successful in this location. The City would like to see a more urban design and has the position that this site, which is about 15.7 acres, deserves more development than just a big box. An analysis of the assessed value per acre in the Broadway core found the assessed value break to be about \$1.4 million. The WalMart development on the 15.7 acres is about \$634,000 in value per acre. The desire to get more value and a more intense development in the Broadway district was expressed to

WalMart. A review of the Governing Board process and timeline was provided. A Purchase Agreement was signed in June 2013 and provided 150 days for a feasibility analysis by WalMart to determine if the project was feasible. The agreement also contained a 90-day timeframe, due to the significance of the design characteristics for the Broadway district, to have an approved development agreement and design concept. Meetings with WalMart representatives regarding the design were held in July 2013, and it was made very clear that the design was going to be a minimum of 150,000 sq. ft. with surface parking. WalMart also indicated that they wanted the demolition of the building and relocation of the power lines to be paid for. The estimated cost for those two items is \$1.5 million. That request has now been dropped. The deadline for the development agreement and design concept to be prepared was September 23, 2013. There was an amendment done to extend the deadline for 30 days. The extension deadline was October 23, 2013. A meeting with the WalMart design team was held on October 24, 2013, with City representatives and the real estate agent representing On Broadway. Another 30-day extension was approved, which ended November 22, 2013. At a meeting on November 19 between City staff and WalMart representatives, a two-week period was allowed for the Governing Board and the Redevelopment Authority (if necessary) to act. No additional extension to the development agreement and design concept was agreed upon. On November 25, 2013, a third amendment that dealt with the feasibility was extended 21 days, and will expire on December 13, 2013. The Larsen Governing Board met on December 2, 2013, and considered the motion to terminate the Purchase Agreement, which resulted in a 3-3 tie. During the course of discussions, WalMart has refused recommendations for the following, which were key issues for the City:

- Smaller store 70,000 sq. ft. or less
- Multi-story store using a smaller building footprint
- Multi-story mixed use development to obtain higher property value
- Incorporating the WalMart store into the existing office building
- Prepare a design that allows for additional future development to increase density and property value (WalMart did provide one alternative that showed a small lot at the corner of Kellogg and Broadway)

G. Delveaux asked for clarification on the amounts of the Larsen Green loans. R. Strong stated the original loan is \$1 million to On Broadway, Inc., which they are responsible for. There is a \$3 million new market tax credit loan that the City is guaranteeing. In June 2014, with the loss of the additional income from the Birdseye lease and the loss of the tax credit expiration, the payments become much steeper. If On Broadway is unable to make the payments, the bank would look to the City and the City would probably take over control of the land along with the payments.

J. Moore questioned the assessed value of the land as it sits. R. Strong said it is part of a larger parcel but is estimated to be about \$3 million.

G. Delveaux asked if there has been other interest expressed for development of the site that would meet the desired layout. There has not.

The approximate assessed value of \$10 million shown for the proposed WalMart project is based on the WalMart east store, which is approximately 155,000 sq. ft. WalMart has estimated between \$10-\$15 million of total cost.

M. Schueller questioned if there are environmental issues around the property and it is believed that there are. Documentation supporting the extent has not been seen.

G. Delveaux questioned the amount of City assistance needed for the project. At this time, the request for assistance for the project has been withdrawn, although it is felt they would want to see Kellogg Street go through.

J. Blumreich questioned the amount that the loan payments will accelerate to in June 2014. A number of factors would need be considered, but the amount could go as high as \$20,000-\$30,000.

T. Weber asked if WalMart has made a request for an extension to the Purchase Agreement. The only extension that was discussed with City staff referred to the extension of the feasibility that went through December 13. It was clarified that the Authority needs to decide if they want to terminate the agreement based on what the design is at this point. If the Authority votes yes, the Purchase Agreement is terminated and the Governing Board can then pursue other development for the site, or WalMart could come in and try to negotiate a new Purchase Agreement. If the Authority votes no, the Purchase Agreement is not terminated and it goes back to the Governing Board. If the Governing Board's motion for action ends in a tie vote again, that motion would come back to the Redevelopment Authority.

R. Strong stated it is not unusual for the City and Redevelopment Authority to hold out for the right project on a site. This is a key piece of property and the City's perspective is that we should be able to do better than \$10 million in value.

Ald. J. Wiezbiskie questioned if there were any other potential projects for the site on the horizon. R. Strong noted there have been various inquiries, but nothing concrete.

Ald. J. Moore questioned the feasibility that an agreement could be completed and WalMart would take possession of the land and the debt by June 2014, before the payments balloon. C. Naumann stated that even if the project was approved by the Governing Board, it would still need to go through the City's development process.

T. Weber indicated that there has been little discussion heard about the need impact for this area of the City. He questioned if the City has looked at filling the needs of this area of the City.

R. Strong clarified that what the Governing Board and City are saying is that WalMart can do a better job of developing the site and providing the services to the neighborhood – a better design with more land available for development. The key issue in Governing Board and City discussions is the design and making it fit in the Broadway district. They are trying to get WalMart to improve in these areas and they have made baby steps while they are being asked to take leaps.

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

Mayor Schmitt reminded the Redevelopment Authority of their purpose, which is for redevelopment efforts of the City. That is what this is about; not about an owner that hasn't managed the property or a debt that is coming. The Redevelopment Authority is about redevelopment of the downtown. The Authority is appointed by the Mayor and together, with the City, have made great strides. The project as presented is not correct for redevelopment of the downtown. The motion on the floor is about redevelopment of the downtown. He feels the Authority should vote yes and reject the project as presented.

Lisa Nelson, WalMart representative, provided an overview of where things stand today. They have had several meetings and have done their due diligence with City staff. They brought in an architect that has worked on stores in urban environments to look at what they were trying to accomplish within the parameters and limitations they are facing in the Broadway district. They are a business that is already in our community and employees more than 700 associates, with over 63% as full time. The stores are involved and active in the community. Their analysis for the site indicates that 150,000 sq. ft. is the appropriate size store for this market. They've also determined that the downtown customers have to drive quite a distance to get to a WalMart store and the downtown constituents shop at WalMart. They want to be the solution to providing fresh and affordable food and groceries downtown. They have been asked if they could build just a grocery store, but they need the synergy of the general merchandise. There is a general merchandise gap, as well as a food gap, downtown. A downtown consumer survey shows that 74.5% think that the shopping and retail sector of the market place need to be improved. They are asking for the chance to allow this project to go through the process and allow community discussion.

Debby Tomczyk, WalMart land use attorney, supplemented the timeline previously discussed and noted that the first official meeting they had was January 3, 2013, and they tried to be clear from the beginning that they don't build stores that they don't think will be successful. The store they think will be successful is a 150,000 sq. ft. single-story store. The Purchase Agreement was signed on June 25 and that is when they started their due diligence. There have been a series of meetings and design changes that have taken place. They would like the process to continue with the opportunity to go to Plan Commission and Common Council. She presented the elevations and design changes that have taken place to date, based on discussions with City staff and On Broadway. On the financial component of the project, WalMart is offering to pay fair market value for the property, which allows the \$3 million debt to be paid. They are also willing to take on the costs for infrastructure, demolition, stormwater management, and similar costs that other developers may request to be funded with TIF assistance. They will not be requesting TIF assistance. They've also identified additional liabilities for adverse soil conditions that will require extensive footings to be installed, and environmental remediation including asbestos abatement and methane gas venting. They will be increasing the tax base and noted that the Bellevue/Green Bay store has a current assessed value of almost \$12 million and generates \$211,000 in taxes. The proposed outlot on the corner would be available for future development and could bring additional value. They feel they will be a nice addition to the assessed value goal as well as bring significant job opportunities and create retail traffic for the rest of the Broadway district.

Ald. J. Moore questioned why WalMart's 90,000 sq. ft. model as opposed to the 150,000 sq. ft. model wouldn't work in that location. Constituents that he talks to are consistently asking for a smaller footprint and feel that a 150,000 sq. ft. building is not needed nor the appropriate anchor on that property. L. Nelson discussed the formula used to determine store size and the synergistic value of having both general merchandise and groceries. They want to offer the downtown customers everything they would expect from a WalMart store. Ald. Moore expressed concerns with the number of parking spots and the area taken away for future development. He asked if WalMart foresees any situation in which they would come back with a plan for a store 90,000 sq. ft. or less. L. Nelson stated no. Their real estate team has determined that 150,000 sq. ft. would be the smallest sized store proposed for the area, based on the needs and demands.

M. Schueller questioned if other sites were looked at that would meet the gap between the east and west sides of the City. It was noted that several other sites were looked at, but WalMart feels this is the appropriate site to fill the gap.

H. Maier questioned the possibility of a two-story store with 75,000 sq. ft. per floor. L. Nelson stated WalMart's broker has been very clear from the beginning that they need 150,000 sq. ft. and will not do multi-story.

Public comments were presented from the following people in favor of terminating the Purchase Agreement with WalMart:

Sandra Ranck, 4336 Annabell Circle; Alex Galt, 143 N. Broadway; Rhonda Sitnikau, 1122 S. Jackson Street; Lisa Anderson, 894 Elmore Street; Eric Gabrielson, 875 Hubbard Street; Judy Van Ryzin, 921 S. Jackson; Marta Mezo, 237 N. Broadway; Laurel Wauters, 2619 E. Glacier Drive; Celestine Jeffreys, 614 Kellogg Street; Mitch Woesner, 1209-1211 Western Ave; Rebecca Derenne, 817 N. Chestnut Avenue; Lisa Hanson, 708 Kellogg Street.

The following did not speak, but indicated they were in favor of terminating the Purchase Agreement with WalMart:

Matthew LeMay, 727 E. Walnut; John Rivett, 2527 LaJolla Street; Janis Lortz, 2983 Sunshine Place; Tim Carlson, 708 Garden Street & 772 N. Melcorn Circle, De Pere.

Public comments were presented from the following people against terminating the Purchase Agreement with WalMart:

David Donian, On Broadway, Inc.; Thomas Olejniczak, 1543 Fox Ridge Court, De Pere; David VanderLeest, 501 S. Maple Ave

A motion was made by T. Weber and seconded by G. Delveaux to return to regular order of business. Motion carried.

A motion was made by T. Weber and seconded by M. Parma to deny the recommendation to terminate the Purchase Agreement.

G. Delveaux expressed concern with WalMart's inability to change what they are proposing.

Ald. J. Moore stated that a 150,000 sq. ft. store with 600 parking spots has less than 30% of City Council approval. The footprint of a 40,000 or less sq. ft. store increases the approval to about 75% being willing to consider it. He feels there isn't a reason to approve this to move forward and let WalMart waste their time and money. He can't support moving forward with this store footprint and wasting everyone's time.

T. Weber expressed his support of the process and the need to allow the process to continue.

Ald. J. Wiezbiskie reiterated that the business at hand is that the Authority needs to address WalMart's non-compliance with the Purchase Agreement.

R. Strong stated that a 150,000 sq. ft. building with surface parking is the design snag. They've been working together to try and overcome that, but WalMart has made it clear that they won't change that design because that is what they need to be successful.

J. Blumreich stated he would not vote in favor of the motion on the floor because WalMart did not provide an adequate response when given the opportunity to modify the proposal.

R. Strong explained that with the Purchase Agreement in place, the property can not be marketed. If the agreement is terminated, On Broadway can proceed with marketing.

T. Weber questioned if there are other developers out there that are interested. Discussion followed regarding the marketing efforts and challenges by On Broadway and the Governing Board over the past six years. C. Naumann stated that On Broadway's point of view is that WalMart has met most of the requirements, including front end processes that they haven't been through before, and have worked in good faith under the terms of the agreement.

Mayor Schmitt stated that the Governor is in the City tomorrow to sign the Historic Tax Credit legislation, which is an enhancement. He further stated that the property needs to be marketed more aggressively. R. Strong clarified that the property hasn't been marketed for the past six years and only the past four to five months when WalMart stepped in and now it's been tied up under their Purchase Agreement for a year. The property really hasn't been marketed for anything other than an office building and some outlots. Further discussion followed regarding the marketing history.

L. Nelson stated that if the process was allowed to continue, their team would re-evaluate based on comments made. They would like the opportunity to continue through the process because they think the project has merit.

M. Parma commented that often times the Authority has developers asking for TIF assistance, low interest loans, etc. and we have a developer that it willing to foot the bill. There are issues with the site and she feels the Authority needs to let the process run its course.

A roll call vote was taken on the motion by T. Weber and seconded by M. Parma to deny the recommendation to terminate the Purchase Agreement. Ayes – T. Weber, M. Schueller, M. Parma, H. Maier; Nays – J. Moore, J. Blumreich, G. Delveaux. Motion carried 4-3.

5. Review and possible action on term sheet with Frantz Community Investors for redevelopment of Hotel Northland property.

G. Flisram provided an overview of the term sheet. The developer desires to purchase the former Hotel Northland property, 304 N. Adams Street, to redevelop and renovate the structure returning it to a luxury boutique hotel consisting of 160 luxury hotel rooms, restaurant, fitness center/spa and/or other ancillary uses. The target commencement date is December 31, 2013, with project completion on or before March 21, 2015. Estimated construction costs are in the range of \$27 - \$33 million and construction would commence no later than January 31, 2014. There is a considerable amount of equity in the project through private investment, historic tax credits, and new market tax credits. The City shall provide the maximum amount of project-supported TIF to the project as determined by the City and subject to conditions.

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

Mike Frantz stated that the total cost for the renovation will be approximately \$35 million, which includes acquisition of the building. They estimate the appraised value to be approximately \$26 million. They will have senior debt of about \$19 million, which will help to close the gap. The rest will be made up of private equity and tax credits.

A motion was made by G. Delveaux and seconded by J. Moore to return to regular order of business. Motion carried.

It was clarified that a CD-RLF loan in an amount not to exceed \$500,000 would be offered after all other funding sources have been exhausted. A development agreement could be presented at the next RDA meeting. It was clarified that the construction commencement date would be no later than January 31, 2014, and not December 31, 2013.

A motion was made by T. Weber and seconded by J. Blumreich to approve the term sheet for the Hotel Northland project. Motion carried.

4. Review and possible action on sale, development agreement and related documents with AHM Inc. for redevelopment of Clarion Hotel property.

R. Strong stated that the bonds for the KI expansion were closed today. An official groundbreaking was held last week. The Authority agreed to sell the Clarion Hotel property to AHM Inc. for \$2.7 million. Easements will be retained including air rights. The easements put a number of restrictions on the development site. The meeting room space that is attached to the convention center will be torn down. For the \$2.7 million, the purchase includes the building and the land with all the easements in place. An overview was provided of the term sheet, purchase agreement, development agreement, and temporary construction easement.

T. Wachewicz stated that there have been numerous discussions and the process has been extensive with respect to the easements. They were recorded last week. Details of the purchase agreement have been addressed and the development agreement has been sent to them. AHM has concerns with some language in the development agreement that are being worked through. A temporary construction easement is included to ensure that lobby access is not restricted during the building of the KI expansion. This easement would expire around the time of finalization of the construction of the KI convention center. It was noted that there is no TIF assistance as part of the development agreement.

R. Strong suggested to AHM that they look at the Revolving Loan Fund to borrow money for the building shell, because everything is being torn down due to the location of the stair well. That is an additional cost that they didn't anticipate and weren't aware of when they came up with their \$5.3 million investment in rehab costs. That request would go before the Revolving Loan Fund Committee. They would be eligible because they are creating jobs.

J. Moore expressed concern with verbally authorizing the funds before they come forward with the request. The loan committee would need to review and approve the loan.

Discussion followed regarding the language in the development agreement under Section VII, A. Developer's Transfer Restrictions and Obligations. The Law Department will make adjustments to the language to state the developer may transfer the Property only upon the prior written approval of developer's primary lender and the RDA.

A motion was made by J. Moore and seconded by M. Schueller to approve sale, development agreement as amended, and related documents with AHM Inc. for redevelopment of the Clarion Hotel property subject to legal and technical changes. Motion carried.

6. Review and possible action regarding the development agreement for the former Schauer & Schumacher Property.

G. Flisram indicated that the developer is asking for an additional 30-day extension. The title situation on the alley has been resolved and it is now owned by the City. A new investor has stepped in to partner with the existing developer.

A motion was made by G. Delveaux and seconded by J. Blumreich to extend the development agreement for the former Schauer & Schumacher property for 30 days. Motion carried with J. Moore voting no.

7. Update and possible action on Development Agreement and HOME Agreement with River Vision Partnership, LLC for 301 North Washington Street.

The Authority may convene in closed session pursuant to Section 19.85(1)(g), Wis. Stats., for the purpose of conferring with legal counsel for the governmental body who is rendering oral or written advice concerning strategy to be adopted by the body with respect to litigation in which it is or is likely to become involved, and/or Section 19.85(1)(f) for the purpose of considering financial, medical, social or personal histories or disciplinary data of specific persons, which, if discussed in public, would be likely to have a substantial adverse effect upon the reputation of any person referred to in such histories or data, or involved in such problems or investigations.. 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.

T. Wachewicz indicated that the project is at a stand still and there have been discussions going back five to six months regarding a variety of options to explore to move this project forward. The challenge with the project is with respect to the new market tax credit structure that financed the original deal and the financing on tenant improvements to get people to locate into the building. Numerous discussions have occurred with a variety of stakeholders.

The developer is in agreement that something needs to be done. T. Wachewicz indicated that both the Authority and the City Council would approve any change in developers.

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

8. Request for action on the following administrative items:
 - a. Appoint interim Secretary/Executive Director.
 - b. Increase approval authority of the Secretary/Executive Director to authorize demolitions up to \$12,000.

R. Strong indicated that a Secretary/Executive Director needs to be appointed for signing contracts and agreements after he retires and in the interim until a new Director is hired. He is recommending that Cheryl Renier-Wigg be appointed in the interim.

A motion was made by J. Moore and seconded by M. Parma to approve the appointment of Cheryl Renier-Wigg as interim Secretary/Executive Director. Motion carried.

A motion was made by J. Moore and seconded by G. Delveaux to increase the approval authority of the Secretary/Executive Director to authorize demolitions up to \$12,000. Motion carried.

BILLS:

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

A motion was made by J. Moore and seconded by M. Parma to approve the financial report and check register as provided. Motion carried.

INFORMATIONAL:

10. Director's Report

The signing of the Historic Tax Credit legislation by the Governor is occurring at 10:00 a.m. tomorrow.

R. Strong stated that he is retiring and his last day is December 31. He acknowledged his appreciation for the Authority members and thanked them for everything they have done.

11. Project Updates

Chair ruled for adjournment at 5:01 p.m.