

**MINUTES**  
**REDEVELOPMENT AUTHORITY OF THE CITY OF GREEN BAY**  
**Wednesday, April 8, 2015**  
**City Hall, Room 604**  
**1:30 p.m.**

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

**MEMBERS EXCUSED:** Jim Blumreich, Melanie Parma

**OTHERS PRESENT:** Mayor Jim Schmitt, Kim Flom, Cheryl Renier-Wigg, Kevin Vonck, Jim Mueller, Dawn Foeller, Ald. Dave Nennig, Glenn Spevacek, Marvin Wanders, Michael Keil, media, and other interested parties

**APPROVAL OF AGENDA:**

Approval of the agenda for the April 8, 2015, special meeting of the Redevelopment Authority.

A motion was made by M. Schueller and seconded by G. Delveaux to approve the agenda for the April 8, 2015, special meeting of the Redevelopment Authority. Motion carried.

**NEW BUSINESS:**

1. Watermark, 301 N. Washington Street, Parcels 12-357 – 12-362: Amended and Reinstated Development Agreement.

Mayor Schmitt stated that this project is a great opportunity for the Redevelopment Authority and the City of Green Bay. The Watermark project, although surrounded by success, has struggled and was undercapitalized. Developers Marvin Wanders and Michael Keil met with the City last fall and they have been working together for the past few months and have a proposal that warrants discussion and consideration. Marvin Wanders and Michael Keil were introduced.

A motion was made by Ald. J. Moore and seconded by T. Weber to open the floor for public discussion. Motion carried.

M. Wanders provided information on his background in real estate development, which started with multifamily rental properties many years ago and then added office and retail. Their hearts are in urban core mixed-use development. Their developments have been infill development, which is what attracted them to this project.

M. Keil provided information on his background in real estate development and he has experience working with distressed properties, historic restoration, and brownfield sites.

A presentation followed on redevelopment projects they have worked on in the past, including projects in LaCrosse; a development they built on top of a former municipal landfill site in the City of Cudahy; a mixed-use, urban core, historic renovation project in Marinette, which was involved in a bankruptcy and took a period of time to untangle; and a student housing project currently underway with a current County administration building, which requires substantial asbestos abatement, and is currently occupied by the County. Their project enabled the County to move to a new facility, which stimulated additional projects. Another office building renovation project they worked on involved a partnership with the Hmong Community Center, which was located next door, and utilizing land as an urban farm, which provided all the vegetables to the Community Center and had a positive impact to the community.

They have a team that is very good at professional management.

M. Wanders indicated that they first saw the Watermark in August or September of last year and they reached out to the Mayor shortly after.

K. Vonck provided a history of the Watermark project and an overview of the proposal from Marvin Wanders and Michael Keil. The staff recommendation is to move forward with this proposal. The proposal includes completing the build out, stabilizing operations, and maintaining and operating the facility moving forward. They will primarily focus the top floors on professional services with retail on the first floor. There is no shortage of interested tenants wanting to move into the building. Requests are being forwarded to the developers. Because of all the partners involved and the rules and regulations on the financing, there needs to be a transfer of ownership without an outright sale of the property. M. Wanders and M. Keil will create a LLC that will buy out the ownership of River Vision Partnership (owned by Vetter and Denk).

K. Vonck provided the following analysis, which was outlined in detail in his staff report:

1) What has the City invested to date in the Watermark project? Total debt amount of \$6.22 million with annual debt service of \$444,000.

2) What property tax revenue does the Watermark currently generate for the City? Assessed value of \$6,602,300 with annual property taxes of \$145,251. It was noted that with the way the condo documents are written, the parking structure is integrated into all the spaces. If broken out, the principal structure has an assessed value of \$4,444,300 and the parking structure \$2,158,000. If things are left status quo, this would be the tax revenue for the foreseeable future.

3) What property tax revenue would the Watermark generate for the City in this workout proposal?

The principal structure would have a guaranteed (written into development agreement) assessed value of \$7 million, less the Children's Museum and less the parking ramp, by 2021. The reason is the Children's Museum has an option to purchase and if they purchase they would go tax exempt. Current assumptions are that they will continue to rent. The parking ramp part of the deal would be converting the City's debt into equity. In 2019 the owners would transfer the parking ramp to the City. The ramp would then be tax exempt. The City acquiring the asset of the ramp would be an opportunity to generate revenue in the future. It is also beneficial for the City to have control and ownership of all parking downtown. The existing tenants have parking spaces guaranteed and that would continue. Assuming that the Children's Museum continues to rent, the assessed value would be \$8,217,400 with annual property taxes of \$180,783.

4) What other potential revenues and expenses would this workout proposal generate?

Additional expenses associated with acquiring the parking ramp include estimated maintenance and operation costs of \$30,000 per year. Additional estimated revenues include a parking ramp management fee, 71 leased spaces in Watermark parking ramp, and 159 leased spaces in adjacent parking ramps for a total of \$231,000 per year. The best projection is that the City would net around \$381,783 in annual revenue from the Watermark (\$180,783 from property taxes and \$201,000 from other sources) in 2021 and beyond.

Revenues could be less if the Children's Museum exercises its option to purchase the property, the parking ramp maintenance expenses are higher, or the City does not fully lease its available

spaces in adjacent ramps. Revenues could be greater if the principal structure assesses higher than \$7 million after build out or tenants demand additional spaces to lease in adjacent ramps.

T. Weber questioned if future personal property tax revenues are looked at. D. Foeller stated there have been proposals off and on at the state level to remove personal property taxes from the tax roll.

K. Vonck stated that his objective was to bring the most conservative assumptions forward. Working on a project like this requires the cooperation of a lot of parties – previous developers, banks, federal government. Everyone is at the table ready to say yes to move forward with this proposal. The RDA is the next step in the checklist and staff recommends approval of the amended and reinstated development agreement.

H. Maier questioned when this would take affect.

J. Mueller stated the RDA is one of the last steps. There is an anticipated closing date of May 1, 2015. It would go to Council on April 21, 2015.

G. Delveaux asked about the total square footage. K. Vonck indicated the total including Hagemeister and the Children's Museum is 103,000 sq ft. The parcel on the water is about 75,000 sq ft. It was clarified that as part of this agreement, back taxes would be paid.

T. Weber questioned and it was clarified that the newly created LLC by M. Wanders and M. Keil would be taking over 100% of ownership.

Ald. J. Moore had questions on the development agreement page 2, section C, items 3, 4, and 5 regarding the assessed valuation of the building and reimbursing the developer on taxes if the property exceeds \$7 million in assessed value. J. Mueller provided clarification that if in the past they haven't met the \$7 million minimum and had to personally make up the difference, and if they create over \$7 million later on, it will be credited back.

Ald. J. Moore indicated that based on comments he has heard, he feels there would be more Council support if on page 4, section V Financing, item B, the language "unless otherwise agreed to in writing by the PARTIES" is removed. J. Mueller indicated that it was language he added in and it could be removed. Ald. Moore noted his support and feels it's an act of fiscal responsibility for the City to move forward.

H. Maier questioned the developers on their vision for the Watermark. M. Wanders stated they are looking for office users to accommodate a variety of different square footage sizes.

G. Delveaux inquired about personal guarantees and it was noted that the developers are personally guaranteeing the \$7 million assessed value.

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

A motion was made by T. Weber and seconded by Ald. J. Moore to approve the amended and reinstated Development Agreement and all associated documentation for the Watermark workout plan subject to minor legal and technical changes. Motion carried.

Chair ruled for adjournment at 2:15 p.m.