*** All present are expected to conduct themselves in accordance with our City's Core Values ***

OFFICIAL NOTICE AND AGENDA

Notice is hereby given that the Common Council of the City of Wausau, Wisconsin will hold a regular or special meeting on the date, time and location shown below.

SPECIAL MEETING:	**COMMON COUNCIL OF THE CITY OF WAUSAU**
Date/Time:	**Tuesday, December 7, 2021 at 6:45 pm**
Location:	**City Hall (407 Grant Street, Wausau WI 54403) - Council Chambers**
Members:	Patrick Peckham, Michael Martens. Tom Kilian, Tom Neal, Jim Wadinski, Becky McElhaney, Lisa Rasmussen, Sarah Watson, Dawn Herbst, Lou Larson, Debra Ryan

		Call to Order	
		Pledge of Allegiance / Roll Call	
Public Comment:		Pre-registered citizens for matters appearing on the agenda	
		Suspend Rule 6(B) Filing and 12(A) Referral of Resolutions (2/3 Vote Required)	
21-1204	ED	Resolution Approving the proposal submitted by Gorman & Company, LLC for the redevelopment of the former Westside Battery and L & S Printing properties at 415 S. 1st Avenue and a Planning Option Agreement with Gorman & Company, LLC	Pending
20-0410	ED	Resolution Granting consent to RJ Elm Properties, LLC, to mortgage the Property described in the Lokre (Plaza Hotel) Multifamily Phase I Development Agreement to GreenState Credit Union	Pending
02-0425	COUN	Resolution Designating Public Depositories and Authorizing Withdrawal of County, City, Village, Town or School District Monies.	Pending
		Adjournment	

Signed by Katie Rosenberg, Mayor

This meeting is being held in person and via teleconference. All public participants' phones will be muted during the meeting. Members of the media and the public may attend in person,or by **calling 1-408-418-9388**. **The Access Code is: 1461 00 7947 Password: p8mQtTmNS33**

Members of the public who do not wish to appear in person may view the meeting live over the internet on the City of Wausau's YouTube Channel http://www.tinyurl.com/WAAMedia, live by cable TV, Channel 981, and a video is available in its entirety and can be accessed at https://tinyurl.com/WausauCityCouncil. Any person wishing to offer public comment who does not appear in person to do so, may e-mail mary.goede@ci.wausau.wi.us with "Common Council public comment" in the subject line prior to the meeting start or use the online comment form at: https://forms.co.marathon.wi.us/forms/City-Council-Agenda-Item-Form. The messages related to agenda items received prior to the start of the meeting will be provided to the Council and Mayor.

This Agenda was posted at City Hall and faxed to the Daily Herald newsroom on 12/03/21 @ 4:00 pm. Questions regarding this agenda may be directed to the City Clerk.

In accordance with the requirements of Title II of the Americans with Disabilities Act (ADA), the City of Wausau will not discriminate against qualified individuals with disabilities on the basis of disability in its services, programs or activities. If you need assistance or reasonable accommodations in participating in this meeting or event due to a disability as defined under the ADA, please call the City's ADA Coordinator at (715) 261-6620 or email clerk@ci.wausau.wi.us at least 48 hours prior to the scheduled meeting or event to request an accommodation.

CITY OF WAUSAU, 407 Grant Street, Wausau, WI 54403

RESOLUTION OF THE ECONOMIC DEVELOPMENT COMMITTEE

Approving the proposal submitted by Gorman & Company, LLC for the redevelopment of the former Westside Battery and L & S Printing properties at 415 S. 1st Avenue and a Planning Option Agreement with Gorman & Company, LLC

Committee Action: Pending

Fiscal Impact:

File Number:	21-1204	**Date Introduced:**	December 7, 2021

FISCAL IMPACT SUMMARY				
COSTS	*Budget Neutral*	Yes ☒ No ☐		
	Included in Budget:	Yes ☐ No ☐	*Budget Source:*	
	One-time Costs:	Yes ☐ No ☐	*Amount:*	
	Recurring Costs:	Yes ☐ No ☐	*Amount:*	
SOURCE	*Fee Financed:*	Yes ☐ No ☐	*Amount:*	
	Grant Financed:	Yes ☐ No ☐	*Amount:*	
	Debt Financed:	Yes ☐ No ☐	*Amount*	*Annual Retirement*
	TID Financed:	Yes ☐ No ☐	*Amount:*	
	TID Source: Increment Revenue ☐ *Debt* ☐ *Funds on Hand* ☐ *Interfund Loan* ☐			

RESOLUTION

WHEREAS, the City previously acquired both the former L&S Printing and Westside Battery properties and combined them into one parcel to facilitate their redevelopment into a use more appropriate for the continued redevelopment of the east and west riverfront areas; and

WHEREAS, the City released a Request for Proposal (RFP) in 2017 and again on September 17, 2021, with proposals due October 14, 2021; two responses were received, from Gorman & Company, LLC and Wausau Opportunity Zone, Inc.; and

WHEREAS, your Economic Development Committee at both its November 2 and November 10, 2021 meetings, heard presentations from both developers who responded to the RFP and on November 10, recommended to Council the approval of Gorman & Company, LLC's proposal to build a 50 unit, high quality, affordable housing complex;

WHEREAS, Gorman & Company, LLC ("Developer") has requested to secure the site for access to conduct due diligence activities over a 12-month planning period, by the conclusion of which Developer shall notice City of its intent to proceed to negotiate the terms of a development agreement.

NOW, THEREFORE, BE IT RESOLVED that the Common Council of the City of Wausau hereby approves the proposal of Gorman & Company LLC for the redevelopment of the property located at 415 S. 1st Avenue, and further, approves the Planning Option Agreement as attached, and instructs appropriate City staff to execute a letter awarding the Request for Proposal to Gorman & Company, LLC, along with the Planning Option Agreement.

Approved:

____

Katie Rosenberg, Mayor

MINUTES

Economic Development Committee Meeting

Date | time Tuesday, November 2, 2021, at 5:15 P.M. | *Meeting called to order by* Watson at 5:15 P.M.

In Attendance

Members Present:	Sarah Watson (Vice-Chair), Lisa Rasmussen, Becky McElhaney and Tom Kilian
Member Absent:	Tom Neal (C)
Others Present:	Mayor Rosenberg, Liz Brodek, Anne Jacobson, Tammy Stratz, Shannon Graff, Randy Fifrick, MaryAnne Groat, Chuck Ghidorzi, Trent Claybaugh, Jeff Stubbe, Mark Craig and Dave Eckman

In accordance with Chapter 19, Wisc. Statutes, notice of this meeting was posted and sent to the Daily Herald in the proper manner.

Agenda Item 1 | Approval of the Minutes from 10/5/2021

Rasmussen motioned to approve minutes, seconded by Kilian. Motion carried 4-0

Agenda Item 2 | Discussion and Possible Action on Appointment of City's Poet Laureate

Brodek presented the agenda item. Brodek explained the resolution came from the Arts Commission and needs to be approved by a standing committee to be officially adopted of which the E.D. Committee is the "parent committee" to the Arts Commission. Brodek commented that adopting a poet laureate for our city puts Wausau in an echelon of a dozen or fewer Wisconsin cities.

Rasmussen moved to approve the appointment of the Poet Laureate, seconded by Kilian. Motion carried 4-0.

Agenda 3 | Discussion and Possible Action on Blenker Phase III Fourth Amendment

Brodek explained the amendment is to amend the commencement and completion date for the agreement. The most recent commencement date in May 2021 and December 2022 completion date. Brodek stated the developer is requesting more time due to supply chain issues and construction costs and is requesting a new commencement date of June 1, 2022 and December 31, 2024.

Rasmussen moved to approve the new timeline, seconded by Kilian. Motion carried 4-0.

Agenda Item 4 | Presentations, discussion, and possible action on responses to RFP for Westside Battery

Brodek stated the city received two proposals in response to the RFP for the Westside Battery – Gorman & Company, LLC and W.O.Z. Brodek introduced Trent Claybaugh, Development Manager, from Gorman who presented their proposal first.

Claybaugh described Gorman & Company's proposal to build a 50-unit, high quality, affordable housing complex on the site. He explained Gorman would offer the City of Wausau $100,000 for the parcel contingent upon an environmental investigation. He projected the development would generate roughly $2.23 Mil of annual tax base for the city. Claybaugh explained 20% would be for income levels at 30% or lower AMI, 40% of units would be for 31-49% AMI and 40% from 50-59% AMI. Claybaugh explained each unit would have at least one parking space underground and he has already been in contact with the adjacent property in case additional parking is needed. Claybaugh explained the breakdown of how the project would is estimated to be funded. He explained they are looking to apply for Neighborhood Investment Funds which could potentially cover the entire gap financing portion.

Kilian asked how soon they would know about the Neighborhood Investment Funds. Claybaugh responded the application is due back 11/11/21 and the deadline for a response is early December. Kilian then asked if Gorman is hopeful those funds would cover the nearly $1.7 Mil in gap financing. Claybaugh responded that would be the best-case scenario and that is what they would request from the fund. Kilian responded, if they do not receive all the funds requested from the fund, how does Gorman plan to finance the remainder of the gap. Claybaugh responded he envisioned the gap financing component would be to include a mixture of TIF, Home Investment loan and Wheda subordinate debt (allowed to borrow on a 1 to 10 basis). Kilian also asked if they anticipate any accessibility issues with the development being on a one-way street.

Rasmussen suggested if there is a portion remaining that other sources of funds be looked at in conjunction with or instead of TID financing due to this being a tax credit project and by law property taxes are paid at a rate of about 30% of that of a market rate building would and there would not be sufficient new increment to pay off TID debt sufficiently for taxpayers. Rasmussen also recommends having a closed session to discuss these proposals further.

Chuck Ghidorzi presented a proposal on behalf of Wausau Opportunity Zone (W.O.Z.). He provided poster visuals of the site with a four (4) story building and a poster visual with no building. He reminded the committee Wausau's master plan targeted the river life and downtown areas as key elements to the community's success. Ghidorzi explained the plan calls for a "sense of arrival", initially planned for Washington and 1st Streets but suggested it could occur much sooner. Ghidorzi voiced the addition of 4-story building on this site would destroy the master plan vision and mentioned several potential issues with constructability of the site. Ghidorzi offered W.O.Z.'s proposal as an exchange of the site for an additional 20,000 sq. ft. of land needed for the 78-foot street design on 3rd, Washington, Jackson, and 2nd Streets. He explained the mall land is currently assessed for $15/sq. ft., the cost to W.O.Z. has been $4.5 mil and the cost to the community has been $2.5 mil which equated to $22.43/sq. ft. to prep the pad for construction. He further stated the estimated value of land being exchanged is somewhere between $3-400k. Ghidorzi continued that the amendment to the purchase and development agreement proposed 95k sq. ft. of land for the street and the new design would increase it to about 121k sq. ft. Ghidorzi explained W.O.Z. proposes to amend the amendment to the purchase contract and put the property on the tax rolls in 2022. He explained Westside Battery would be raised in 2022 at their cost, estimated to be $100-125k. W.O.Z. would put $50k down in good faith pending finalization of the land transfer and the final street design.

Kilian commented the city is currently indebted to this property for about $390k. Kilian asked if W.O.Z. would be willing to pay the city $390k for the site. Ghidorzi responded their proposal speaks for itself and they feel the value of the exchange of land is equivalent to what the city has invested. Kilian expressed concern about the proposal and the master plan called for redevelopment rather than complete elimination of current development. Kilian also expressed concern regarding the financial piece of the proposal and said if W.O.Z. would be willing to pay the city $390k for the property he would potentially revisit his other concerns.

Rasmussen commented the committee is not equipped to decide regarding the proposals presented. She stated Gorman's rendering offers a quality product with the gateway appearance desired. Rasmussen discussed the concerns of building on the site but also mentioned the committee should focus on quality projects when presented. She continued that affordable housing and what is needed for the downtown is discussed often and what is needed is for people to live there or near there.

Watson spoke in support of Gorman's proposal due to the high demand for affordable housing.

McElhaney spoke in support of Gorman's proposal, but she did ask the tight timeline regarding submission of applications for tax credits.

Claybaugh responded the site isn't zoned for the density they're proposing so they preemptively applied for a planned unit development. Plan commission would review the application at Plan Commission on 11/16/21 and Common Council on 11/23/21.

It was the will of the committee to reconvene on 11/10/21 to discuss the proposals presented further.

Riverfront Condo Project:

Brodek stated staff continues to work through a development agreement with Mitch Viegut and his team. There have been two meetings with them in the last week and a multistep process was developed to address soil contamination issues and engineering concerns. Brodek stated a meeting is scheduled for next week to hopefully wrap up the agreement.

Rasmussen commented that it has always been known these sites have had contamination issues and asked if there was anything different about this site other than what is already known. Brodek responded there is nothing different with this site to her knowledge but said there appears to have been a misunderstanding between the city and developer regarding soil contamination and management and they're now working through that.

T-Wall:

Brodek stated the city was approached by W.O.Z. to discuss a potential reorganization of projects that T-Wall is involved in, in Wausau. Ghidorzi stepped forward to explain the request and answer any questions.

Ghidorzi provided an update on the progress of the downtown revitalization. He explained at the same time T-Wall expressed an interest in the Riverlife project, they also expressed interest in the mall project and immediately sent W.O.Z. a letter of intent to purchase block for an to have an option to purchase block 1. Ghidorzi explained the mall project has moved along much faster than expected and because of that, a strategy was discussed among W.O.Z., the Mayor's office and team, and T-Wall to prioritize the mall site for construction in 2022 and Riverlife in 2024. Ghidorzi outlined many positives of reversing the timeline of the developments.

Rasmussen expressed concern about the request due to the timelines agreed upon in the development agreement with T-Wall for the Riverlife project. She stated a representative from T-Wall needs to present in front of the committee and council to request a revision of the timeline promptly.

McElhaney expressed frustration that the committee was not made aware of changes to development agreements sooner.

Mayor Rosenberg addressed the committee and explained staff has been working tirelessly on this project and this is a unique opportunity to shift the focus to the now vacant mall area.

MaryAnne Groat discussed TIF, assessed value and equalized value and how it affects to the mall.

Rasmussen asked if it would be necessary to request an exemption due to the construction timeline. Groat responded it would be because if construction starts in 2022, the value would be lost.

Kilian commented that certain discussions should not be held in backdoor sessions that the committee and the body is not involved in and when there are profound changes, he would like to hear about them a lot sooner.

Neighborhood Investment Program Fund:

Brodek explained that this fund is intended to assist local and tribal governments in significant transformational projects that help neighborhoods recover from the negative effects of Covid and provide long term benefits to the neighborhood. The projects must include a significant upfront investment to achieve those goals. Every applicant can submit for up to $15 mil. in funding. Brodek stated Wausau is applying for two grants through the fund to attempt to get some projects off TID funding. One request will be for $10.5 mil for the pedestrian bridge at the mall redevelopment and the other will be for $490k for the infrastructure under the streets at the mall redevelopment site because roads cannot be funded but other infrastructure can be. After these two requests, there is a remaining amount of just under $4 mil. if needed.

Kilian asked for more detail about its history and eligible activities and applications.

Brodek said the program is run through the DOA and they intend to award up to $200 mil. dollars in grants to communities in throughout the U.S. The funds can be used for housing, childcare, and public improvements of which the pedestrian bridge and street project would fall under. The projects need to tie into the negative effects of the pandemic and Brodek said there's a strong argument the mall closed at a pace much faster than expected and the project is in a qualified census tract which is another component of the grant.

Groat explained these are ARPA funds the state received and the application period provided is a very short.

Brodek said the application must be submitted by 11/11/21 and all funds must be expended by 12/31/24.

Kilian expressed disappointment in the decision to request grant funding for public improvements when the money can be used for dire needs like housing and childcare.

Brodek explained the mall projects are in queue right now and would otherwise be funded through other public dollars, likely through the city. The grant provides an opportunity to move these projects quickly and due to the short timeline, there wasn't enough time to put together a multi-million-dollar project to use the grant funding for.

Rasmussen asked if qualified projects for the grant need to be shovel ready. Brodek responded that a project that is shovel ready scores 5 points higher than any other category.

Rasmussen spoke in support of requesting the funding for the mall redevelopment projects.

Mayor Rosenberg commented that although the city itself does not have shovel ready projects ready for childcare there are other agencies in Wausau who do have projects ready and are applying for these grants as well.

Agenda Item 6 | Adjourn

Kilian motioned to adjourn, seconded by Rasmussen. Motion carried 4-0. Meeting adjourned at 6:50 P.M.

MINUTES

Economic Development Committee Meeting

Date | time Wednesday, November 10, 2021, at 5:15 P.M. | *Meeting called to order by* Watson at 5:15 P.M.

In Attendance

Members Present:	Tom Neal (C), Sarah Watson, Lisa Rasmussen, Becky McElhaney, and Tom Kilian
Others Present:	Mayor Rosenberg, Liz Brodek, Tammy Stratz, Tara Alfonso, Shannon Graff, Randy Fifrick, MaryAnne Groat, Chuck Ghidorzi, Trent Claybaugh, Tom Raddantz, Sam Wessel. Deb Ryan

In accordance with Chapter 19, Wisc. Statutes, notice of this meeting was posted and sent to the Daily Herald in the proper manner.

Agenda Item 1 – Approval of the Minutes from 11/2/2021

Watson motioned to approve minutes, seconded by Kilian. Motion carried 5-0

Agenda Item 2 – Discussion and Possible Action on proposals for the Westside Battery RFP

Brodek introduced the topic and explained the developers were present to answer any questions the committee might have.

Rasmussen asked Claybaugh if the summary from REI addressing site restrictions would be a deal breaker for their proposal or overcome the obstacle(s).

Claybaugh responded that based on the cost projections received from their architecture and engineering firms they had enough buffer built into their model to weather any possible concerns mentioned. He said they still need a geotechnical report to clarify any issues Gorman will face with the development. Claybaugh further explained when he built the model, he was very aware of how constrained the site is, which is why he built in a substantial buffer to accommodate any possible additional costs that might arise.

Watson asked Claybaugh if there was any development regarding the parcel across the street if additional parking is needed. Claybaugh said he contacted the owner of the parcel who said they would be willing to sell the parcel for the right price and Gorman staff have identified a price they think would be reasonable.

Ghidorzi spoke in favor of the W.O.Z. proposal.

Tom Raddantz spoke briefly about their concerns about the site.

Agenda Item 3 – Closed Session – pursuant to 19.85(1)(e) of the Wisconsin Statutes for deliberating or negotiating the purchase of public properties, the investing of public funds, or conducting other specified public business, whenever competitive or bargaining reasons require a closed session: Consideration of development proposals received for the Westside Battery RFP

Rasmussen motioned to move to closed session, seconded by Watson. Motion carried 5-0.

Agenda Item 4 – Reconvene into Open Session to Take Action on Closed Session Items, if Necessary

Rasmussen commented about the need for a diverse mix of housing at all levels and discussed the need for affordable housing which prompted the creation of the housing task force. Rasmussen continued that Gorman's proposal checks all the boxes for affordable housing but also offers quality aesthetic, will help activate public spaces for the east side of the river.

Rasmussen motioned to approve Gorman's approval and direct staff to execute the appropriate process steps. Motion seconded by Kilian. Motion carried 5-0.

Agenda Item 5 – Adjourn

Motion to adjourn by Watson, seconded by Kilian. Motion carried 5-0.

PLANNING OPTION AGREEMENT

THIS PLANNING OPTION AGREEMENT (this "Agreement") is made and entered into as of the 8th day of December 2021, by and between the **CITY OF WAUSAU**, a Wisconsin municipal corporation established pursuant to Chapter 66, Wis. Stats., having its office at 407 Grant Street, City Hall, Wausau, Wisconsin 54401 (hereinafter "CITY") and **GORMAN & COMPANY, LLC**, a Wisconsin limited liability company, with its principal address of 200 Main Street, Oregon, Wisconsin 53575 (hereinafter "DEVELOPER").

WITNESSETH:

WHEREAS, CITY owns certain real property and improvements located at 415 S. 1st Avenue, Wausau, Wisconsin, known as "Westside Battery" and with Pin No. 291-2907-264-0970 (the "Property"); and

WHEREAS, DEVELOPER has requested a period of time to complete all desired due diligence necessary to determine the physical and financial feasibility of certain redevelopment activities at the Property (the "Project"); and

WHEREAS CITY desires to see the Property redeveloped in order to generate economic activity and tax base for the community; and

WHEREAS, depending on a determination by both parties of the economic and land use compatibility of the proposed Project, CITY is willing to negotiate a sale of the Property to DEVELOPER.

NOW, THEREFORE, for good and valuable consideration, the parties mutually agree and state as follows:

1. **Planning Option.**

   (a) CITY hereby grants to DEVELOPER (and any entity that is approved by the City of Wausau as a successor or assign) an exclusive period from the date hereof through December 31, 2022 to complete, at DEVELOPER's sole cost, any desired due diligence and feasibility studies relating to the Property and the Project (the "Planning Option"). With this Agreement, the City hereby approves Lutheran Social Services of Wisconsin and Upper Michigan, Inc., as an assign of DEVELOPER. The price of the Planning Option shall be Ten Dollars ($10.00). The Planning Option may be extended for an additional period of six (6) months upon written notice to CITY prior to expiration for an additional fee of Ten Dollars ($10.00) (such fee is non-refundable except as set forth below).

(b) CITY, during the period of the Planning Option or any extension thereof, agrees not to sell the Property and agrees that DEVELOPER has exclusive rights to the purchase and development of the Property during such period.

(c) During the Planning Option, CITY will provide DEVELOPER with reasonable access to the Property for purposes of completing customary due diligence; provided however, that: (i) any destructive or invasive testing shall require CITY'S advance written consent; (ii) prior to conducting any activities on the Property, DEVELOPER agrees to provide CITY with proof of liability insurance reasonably acceptable to CITY; and (iii) DEVELOPER agrees to promptly repair any damage DEVELOPER causes. CITY shall make available all known environmental reports in CITY's possession.

(d) During the Planning Option, CITY shall make good faith efforts to coordinate the public agency participation in planning, obtaining data from public records as may be available, reviewing and commenting on aspects of the proposed development in a timely manner.

2. **Development Agreement Negotiations.** Upon a determination by DEVELOPER that the Project is feasible, DEVELOPER shall have the option to provide CITY with written notice of DEVELOPER's intent to proceed prior to the expiration of the Planning Option. Upon the delivery of such notice, the parties agree to negotiate in good faith for a period of not less than sixty (60) days to arrive at a binding development agreement between the parties relating to the Project (the "Development Agreement"). The terms and conditions of the binding Development Agreement are subject in all respects to negotiation and mutual agreement, and neither party shall be obligated to enter into such agreement. If after such negotiation period no binding Development Agreement has been completed, this Agreement shall self-terminate. The following is the current, non-binding understanding as to the potential structure of the Project:

(a) The Project will be consistent with DEVELOPER's previous written response to CITY's Request For Proposal process.

(b) CITY will transfer the Property to DEVELOPER in its "AS-IS" condition for $100,000 pursuant to the terms of an executed Development Agreement.

(c) The Project will be compliant with existing zoning. This Agreement does not supersede existing zoning and it does not guarantee or imply that any proposed uses that are not currently permitted by existing zoning will e authorized or that the regular design review processes can be avoided.

(d) CITY's obligations under the Development Agreement will be conditioned upon, among other items, evidence of Project financing, review and approval of DEVELOPER's construction plans, and approval by the City of Wausau Common Council in all respects.

(e) If the parties enter into the Development Agreement before the expiration of the Planning Option, all payments made to CITY for the Planning Option shall be applied to costs associated with the transfer of title to DEVELOPER or other costs or expenses to be paid to CITY under the Development Agreement. If the Development Agreement is not agreed to by the parties, the DEVELOPER shall forfeit all development rights to the Property.

3. **Termination.** In the event DEVELOPER determines that the proposed Project is not feasible, or otherwise does not desire to move forward, DEVELOPER shall terminate this Agreement by providing CITY with written notice thereof. In the event DEVELOPER provides no notice to proceed prior to the expiration of the Planning Option, this Agreement shall automatically terminate. CITY shall have the option to terminate this Agreement, with or without cause, upon at least thirty (30) days' written notice and, if without cause, CITY shall refund any payments made to CITY for the Planning Option.

IN WITNESS WHEREOF, this Agreement has been duly executed as of the date first above written.

CITY

CITY OF WAUSAU

a Wisconsin municipal corporation

By: ______________________________________

Katie Rosenberg, Mayor

By: ______________________________________

Kaitlyn Bernarde, Clerk

DEVELOPER:

GORMAN & COMPANY, LLC

a Wisconsin limited liability company

By: ______________________________

Brian Swanton, President/CEO

CITY OF WAUSAU, 407 Grant Street, Wausau, WI 54403

RESOLUTION OF THE ECONOMIC DEVELOPMENT COMMITTEE

Granting consent to RJ Elm Properties, LLC, to mortgage the Property described in the Lokre (Plaza Hotel) Multifamily Phase I Development Agreement to GreenState Credit Union

Committee Action: Pending

Fiscal Impact:

File Number:	20-0410	**Date Introduced:**	December 7, 2021

FISCAL IMPACT SUMMARY				
COSTS	*Budget Neutral*	Yes ☒ No ☐		
	Included in Budget:	Yes ☐ No ☐	*Budget Source:*	
	One-time Costs:	Yes ☐ No ☐	*Amount:*	
	Recurring Costs:	Yes ☐ No ☐	*Amount:*	
SOURCE	*Fee Financed:*	Yes ☐ No ☐	*Amount:*	
	Grant Financed:	Yes ☐ No ☐	*Amount:*	
	Debt Financed:	Yes ☐ No ☐	*Amount*	*Annual Retirement*
	TID Financed:	Yes ☐ No ☐	*Amount:*	
	TID Source: Increment Revenue ☐ *Debt* ☐ *Funds on Hand* ☐ *Interfund Loan* ☐			

RESOLUTION

WHEREAS, on April 14, 2020, the Common Council approved tax increment financing incentives not to exceed 10% of new construction value for the construction of proposed multifamily residential units with a minimum construction value of $17,000,000, to include a $450,000 grant towards the cost associated with the demolition of existing improvements on the property (Plaza Hotel-ballroom, pool and motel areas) and 50% of available increment annually for 5 years not to exceed $450,000 as part of Phase 1, and 70% of available increment annually for 7 years not to exceed $800,000 as part of Phase 2; and approved the term sheet attached to the Resolution; and

WHEREAS, on June 30, 2020, the Common Council approved a substantive change to the terms to require a fair clawback provision in the Development Agreement; and

WHEREAS, on August 26, 2020, the City entered into a Development Agreement (Plaza Hotel Multifamily – Phase I) with RJ Elm Properties, LLC, a Wisconsin limited liability company ("Developer") to develop its parcel in two separate phases, constructing two mixed-use multifamily residential complexes each consisting of approximately 60,000 useable square feet, with a minimum construction cost of $9,500,000; and

WHEREAS, on May 11, 2021, the Common Council adopted an ordinance of the Plan Commission to rezone 1520 Elm Street to a Planned Unit Development Zoning District and approved the General Development Plan, which consists of one building on Developer's Parcel, which consists of a 4 floor, 141 unit, mixed-use multifamily residential complex with retail space and a rooftop containing a patio, green space and an enclosed restaurant; and

WHEREAS, the terms of the Development Agreement prohibit the Developer from, directly or indirectly, selling, assigning, transferring, conveying, mortgaging or encumbering the property that is the subject of the Agreement, unless it first obtains the prior written consent of the City, which consent shall not be unreasonably withheld; and

WHEREAS, on December 1, 2021, Developer requested City consent to mortgage the subject property, for a loan of $20,703,032.00 for a term of ten (10) years at 3.45% interest.

NOW, THEREFORE, BE IT RESOLVED, that the Common Council of the City of Wausau hereby grants its written consent to Developer to mortgage the Developer's Parcel, as defined in the Development Agreement, for $20,703,032.00.

Approved:

____

Katie Rosenberg, Mayor

Office of the City Attorney

TEL: (715) 261-6590
FAX: (715) 261-6808

WAUSAU
WISCONSIN

Anne L. Jacobson
City Attorney

Tara G. Alfonso
Assistant City Attorney

Nathan Miller
Assistant City Attorney

STAFF MEMO

TO: Economic Development Committee Members
Common Council Members

FROM: Anne Jacobson, City Attorney

RE: Request from RJ Elm Properties, LLC to Consent to Mortgage of Phase I Development Property

DATE: December 3, 2021

Purpose: To provide information to assist governmental body members in analyzing the request from RJ Elm Properties, LLC ("Developer") to consent to mortgage Developer's Parcel, as defined in the Development Agreement ("DA") and shown on the attached map.

Background: Recall that a DA was reached, effective August 26, 2020, with Developer, wherein the owner then of 201 N. 17th Avenue (Plaza Hotel) proposed dividing its parcel and selling a portion to Developer and Developer, in turn, would further divide its parcel into two separate parcels and build two (2) mixed-use multifamily residential complexes each consisting of approximately 60,000 useable square feet on its parcel, in two separate phases. This Agreement governs only the Phase I Project.

Paragraph 7. of the DA states that *"Developer shall not, directly or indirectly, sell, assign, transfer, convey, mortgage or encumber the Property during the term of this Agreement unless it first obtains the prior written consent of the City, which consent shall not be unreasonably withheld. . . ."*

Paragraph 2.b. permits Developer, but does not require it, to divide its parcel into two or more lots and record a CSM showing the lots as "Property" and "Phase 2 Property."

The City is obligated to provide a "Grant" to the developer under the Agreement in an amount up to $450,000 for costs associated with the demolition of the existing improvements on the Property. Further, the City agreed to provide tax increment financing incentives not to exceed 10% of new construction value for the for the construction of proposed multifamily residential units with a minimum construction value of $17,000,000. (See attached April 14, 2020 Resolution and Term Sheet)

The Project completion deadline is December 31, 2022.

Current Status:

At the City's request, the owners have provided an updated sources and use table (attached) and a project update:

"The borrow equity is the value of the land held in RJ Elm Properties, LLC. The current development is considered Phase 1, and the mortgage will only be on this Phase 1 Development. The total cost of the project is slated to be just shy of $28,000,000 which exceeds the $9,500,000 stipulation in the development agreement. The hard construction budget is $23,234,101. The total gross square footage of the building is designed to be a total of 247,005 SQ.FT., and the Phase 1 Development agreement called for a development of greater than 60,000. The equity position of the investors is 20% of the projected loan to value according to the bank's appraisal. Construction costs are higher than expected and the valuation of the retail/hoteling components were lower than our initial underwriting assumptions. Being a private equity deal, the capital stack structure is common to most similar deals. Our financing is secured with GreenState Credit Union and plan to close as soon as we receive City approval next week. The term of the loan is 10 years. The interest rate is 3.45%.

Construction began in September and the site has been prepared with the foundations and lower-level concrete infrastructure has been installed. The construction remains on track for a Q4 2022 completion. Closing the loan next week will be critical to continuing the project to be completed on time late next year."

Summary:

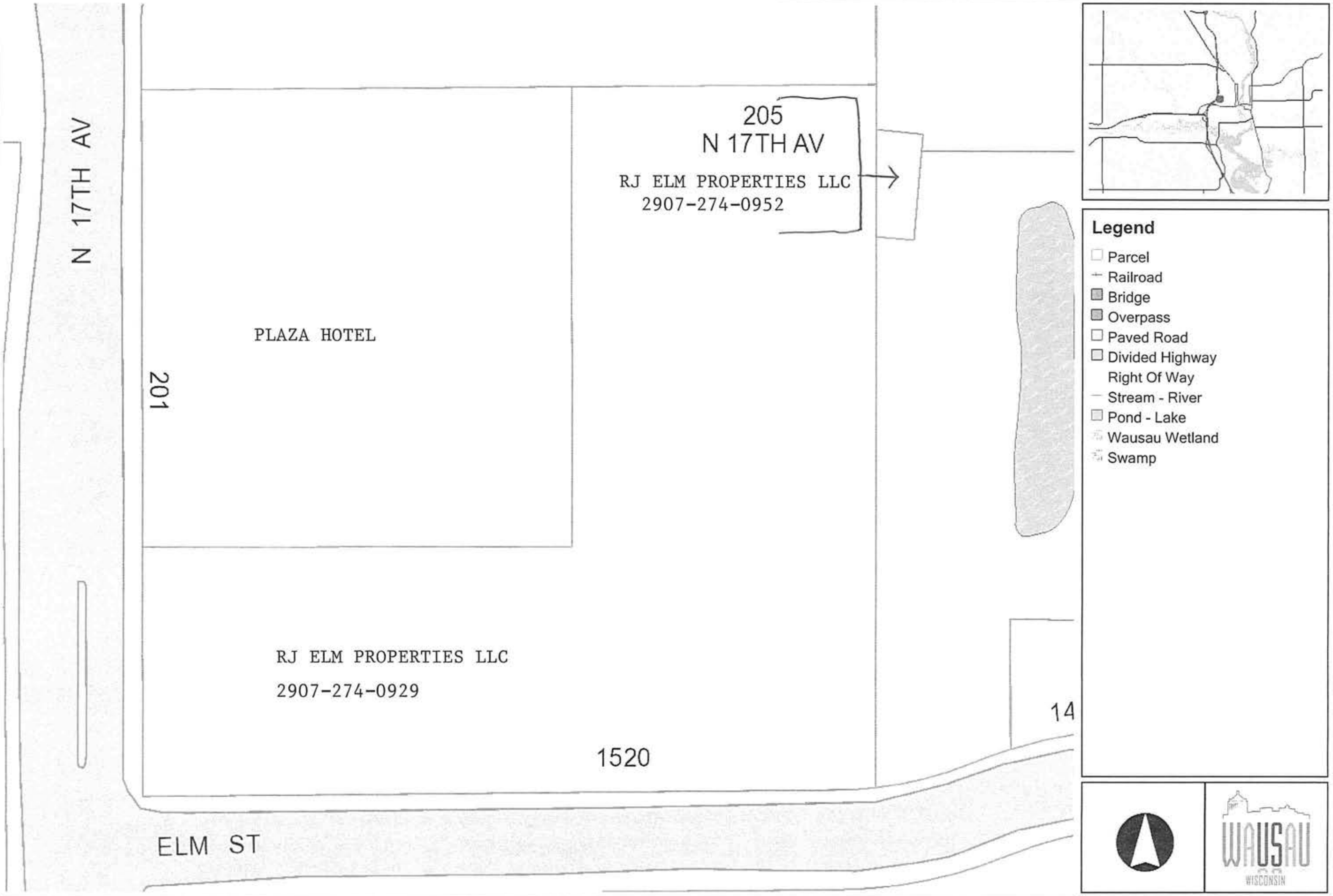
The Developer is obligated only to demolish the existing improvements on Developer's Parcel and construct a mixed-use multifamily residential complex consisting of approximately 60,000 useable square feet, with a minimum construction cost of $9,500,000, with no obligation to divide the Developer's Parcel into lots, nor construct a Phase 2 Project.

The Developer has chosen not to divide the Developer's Parcel into lots and it will remain as one parcel as shown on the attached map. The final project now encompasses the entire parcel. There will not be a Phase 2 Project (nor separate agreement). The minimum construction cost exceeds $9,500,000, estimated to be just under $28,000,000. The hard construction budget is $23,234,101, and the total square footage 247,005. The mortgage amount is $20,703,032, for a term of 10 years at 3.45% interest. The mortgage will encompass the entire parcel, then, as shown on the attached map.

On May 11, 2021, the Council adopted an ordinance of the Plan Commission to rezone 1520 Elm Street from SMU, Suburban Mixed-Use Zoning District to PUD, Planned Unit Development Zoning District and approved the General Development Plan. The project contains a variety of internal and external parking on the site (and a surface lot south of Elm Street provides for overflow parking). The ground floor contains retail space on the 17th Avenue side, along with common space for the public and residents of the apartments.

Floors two through four contain 47 apartment units per floor. Of those units, 26 are planned to be efficiency, eleven (11) are one-bedroom, six (6) are two-bedroom and four (4) are three-bedroom.

The top floor would contain a roof top patio area, some space for a green roof, as well as an indoor restaurant. The enclosed restaurant would take up approximately only 5,500 square feet of the roof top.



Map Created: 12/3/2021

38.31 0 38.31 Feet

NAD_1983_HARN_WISCRS_Marathon_County_Feet

Notes

SOURCES & USES
bantr Wausau

LOKRE GEARED EQUITY
12/2/21

SOURCES & USES	Amount	% Total
Sources		
First Mortgage Financing:	$20,403,032	73.0%
Demolition Grant (TIF)	$450,000	1.6%
Investor Equity	$7,000,000	25.0%
Borrower Equity:	$100,000	0.4%
Total Sources	**$27,953,032**	**100%**
Uses		
Land Cost:	$100,000	0.36%
Demolition Cost:	$450,000	1.61%
Apartment Hard Costs:	$22,077,101	78.98%
Retail Hard Costs:	$816,000	2.92%
Soft Costs:	$3,109,931	11.13%
Contingencies:	$1,400,000	5.01%
Total Uses	**$27,953,032**	**100%**

CITY OF WAUSAU, 407 Grant Street, Wausau, WI 54403

JOINT RESOLUTION OF THE ECONOMIC DEVELOPMENT AND FINANCE COMMITTEES

Approving tax increment financing incentives not to exceed 10% of new construction value for proposed multifamily residential units as part of a major redevelopment of the existing Plaza Hotel site at 201 N 17th Avenue and related budget modification.

Committee Action: ED: Approved 4-1
FIN: Approved 5-0

Fiscal Impact: $900,000 for Phase 1; $800,000 for Phase 2 of the multifamily residential development

File Number: 20-0410	**Date Introduced:** April 14, 2020

FISCAL IMPACT SUMMARY				
COSTS	*Budget Neutral*	Yes☐ No☒		
	Included in Budget:	Yes☐ No☒	*Budget Source: TID #8*	
	One-time Costs:	Yes☒ No☐	*Amount:*	
	Recurring Costs:	Yes☐ No☐	*Amount:*	
SOURCE	*Fee Financed:*	Yes☐ No☒	*Amount:*	
	Grant Financed:	Yes☐ No☒	*Amount:*	
	Debt Financed:	Yes☒ No☐	*Amount: $450,000*	*Annual Retirement: $52,500*
	TID Financed:	Yes☒ No☐	*Amount: $450,000*	
	TID Source: Increment Revenue ☒ *Debt* ☒ *Funds on Hand* ☐ *Interfund Loan* ☐			

RESOLUTION

WHEREAS, the City of Wausau has a long track record of successful public-private partnerships to facilitate quality redevelopment activities that increase economic benefits to the City of Wausau and further economic development goals; and

WHEREAS, the Plaza Hotel has needed renovation and redevelopment, having gone through foreclosure and seen a lack of investment for many years; and

WHEREAS, the owner has presented a proposal to renovate part of the hotel, and sell the rest for its redevelopment into other complimentary uses; and

WHEREAS, the redevelopment of the Plaza Hotel site:

- Would not occur without the financial assistance from the City of Wausau financed from Tax Increment District Number Eight.
- That the financial assistance will be supported by a development agreement and other related documents signed by the developer.

- That the development incentives and developer payments are eligible expenses under the tax increment financing laws.
- That the redevelopment of the existing Plaza Hotel site furthers the purposes of tax increment financing and the objectives of Tax Increment District Number Eight.
- That development incentives were listed as project plan costs within the Tax Increment District Eight Project Plans.
- That the incentive to the developer is necessary and convenient to effectuate the purposes for which Tax Increment District Number Eight were created.
- That the City will initiate and/or complete a Project Plan amendment to add this property to the district's boundaries.
- That redevelopment of the Plaza Hotel site is in the best interest of the City and its residents in accordance with the public purpose and conditions of applicable state and local laws and the standards under which the tax increment district was undertaken and implemented; and

WHEREAS, the following budget modification is required to fund the developer incentives:

Increase 148-348497200	TID 8 Developer Incentives	$450,000
Increase 148-351289120	TID 8 Debt Proceeds	$450,000

NOW, THEREFORE, BE IT RESOLVED, the Wausau Common Council approves tax increment financing incentives not to exceed 10% of new construction value for the construction of proposed multifamily residential units with a minimum construction value of $17,000,000 in substantial conformance with the plans presented and the term sheet herein; and

BE IT FURTHER RESOLVED, that the Wausau Common Council approves the Mayor and other proper city officials to execute development agreements and loan documents in substantial conformance with the proposal and term sheet herein for the development of the proposed multifamily residential units; pursue debt financing and publish any required budget modifications to facilitate said grants and reverse increment payments.

Approved:

Robt B Mielke

Robert B. Mielke, Mayor

Plaza Hotel Multifamily Redevelopment Term Sheet

The Developer shall construct a residential multifamily development with a minimum construction value of $17,000,000 on the site.

- Phase 1 of the residential multifamily building shall commence before December 31, 2020 and complete the project before December 31, 2022; subject to final site plan, zoning approvals, and tax increment district amendments.
- Phase 2 of the residential multifamily building shall commence before December 31, 2022 and complete the project before December 31, 2023; subject to final site plan, zoning approvals, and tax increment district amendments.

The City shall provide the Developer a $450,000 grant towards site improvements and the demolition of existing ballroom, pool and motel areas of the existing Plaza Hotel as part of Phase 1 residential multifamily construction.

The City shall provide the Developer 50% of available increment annually for 5 years not to exceed $450,000 as part of Phase 1 of the residential multifamily redevelopment.

The City shall provide the Developer 70% of available increment annually for 7 years not to exceed $800,000 as part of Phase 2 of the residential multifamily redevelopment.

CITY OF WAUSAU, 407 Grant Street, Wausau, WI 54403

RESOLUTION OF THE COMMON COUNCIL

Approving substantive terms of development agreement for the development of the proposed multifamily residential units as part of the redevelopment of the existing Plaza Hotel site at 201 N 17th Avenue

Committee Action: Approved 6-3

Fiscal Impact:

File Number:	20-0410	**Date Introduced:**	June 30, 2020

	FISCAL IMPACT SUMMARY			
COSTS	*Budget Neutral*	Yes☐ No☐		
	Included in Budget:	Yes☐ No☐	*Budget Source:*	
	One-time Costs:	Yes☐ No☐	*Amount:*	
	Recurring Costs:	Yes☐ No☐	*Amount:*	
SOURCE	*Fee Financed:*	Yes☐ No☐	*Amount:*	
	Grant Financed:	Yes☐ No☐	*Amount:*	
	Debt Financed:	Yes☐ No☐	*Amount*	*Annual Retirement*
	TID Financed:	Yes☐ No☐	*Amount:*	
	TID Source: Increment Revenue ☐ *Debt* ☐ *Funds on Hand* ☐ *Interfund Loan* ☐			

RESOLUTION

WHEREAS, on April 14, 2020, the Common Council approved the terms of a development agreement with Roland Lokre and Jim Frings for the construction of multi-family apartment complexes; and

WHEREAS, the development agreement would provide the developers $450,000 in TIF assistance upon the completion of the demolition of the existing structure; pay an additional $450,00 in reverse TIF upon the completion of the first 60-unit apartment building; and $800,000 in reverse TIF upon completion of the second 60-unit apartment building; and

WHEREAS, the developers are requesting the city to consider renegotiating the portion of the clawback provision associated with repayment of city grants in the event construction of the second building is not completed by the end of 2023.

NOW, THEREFORE, BE IT RESOLVED the Common Council of the City of Wausau hereby directs the Community Development Department staff and the city attorney to renegotiate a fair clawback provision to this proposed development agreement.

Approved:

Katie Rosenberg

Katie Rosenberg, Mayor

CITY OF WAUSAU, 407 Grant Street, Wausau, WI 54403

RESOLUTION OF THE COMMON COUNCIL			
Designating Public Depositories and Authorizing Withdrawal of County, City, Village, Town or School District Monies.			
Committee Action:	*Pending*		
Fiscal Impact:	None		
File Number:	02-0435	**Date Introduced:**	December 7, 2021

RESOLUTION

BE IT RESOLVED, that the hereinafter listed Banks, Savings & Loan Associations, Credit Unions and Investment Institutions (hereafter called "Financial Institutions") qualified as public depositories under Ch. 34, Wis. Stats., are hereby designated as depositories in which the funds of this Municipality may from time to time be deposited; that the following described account be opened and maintained in the name of this Municipality with the Financial Institutions subject to the rules and regulations of the Financial Institutions from time to time in effect, that the persons and the number thereof designated by title opposite the following designation of account is hereby authorized, for and on behalf of this Municipality, to sign order checks as provided in s.66.0607, Wis. Stats., for payment or withdrawal of money from said account and to issue instructions regarding the same, and to endorse for deposit, negotiation, collection or discount by Financial Institutions any and all checks, drafts, notes, bills, certificates of deposit or other instruments or orders for the payment of money owned or held by said Municipality; that the endorsement for deposit may be in writing, by stamp, or otherwise, with or without designation or signature of the person so endorsing; and that any officer, agent or employee of this Municipality is hereby authorized to make oral or written requests of the Financial Institutions for the transfer of funds of money between accounts maintained by this Municipality.

Financial Institutions:

Abbybank
Wausau, Wisconsin

Associated Bank Wausau
Wausau, Wisconsin

B C Ziegler & Co.
Wausau, Wisconsin

Chase Bank
Stevens Point, Wisconsin

Intercity State Bank
Wausau, Wisconsin

Incredible Bank
Wausau, Wisconsin

Cloverbelt Credit Union
Wausau, Wisconsin

Connexus Credit Union
Wausau, Wisconsin

CoVantage Credit Union
Wausau Wisconsin

Federated Investors
Boston, Massachusetts

Hometown Bank
109 Plaza Rd
Wautoma, WI 54982

Prevail Bank
Wausau, Wisconsin

Local Government Investment Pool Madison, Wisconsin	Tower Credit Union Wausau, Wisconsin
BMO Financial Group Wausau, Wisconsin	US Bank of Wausau Wausau, Wisconsin
Marathon Savings Bank Wausau Wisconsin	Wells Fargo Minneapolis, Minnesota
People's State Bank Wausau, Wisconsin	Wood Trust Bank Wausau, Wisconsin

State of Wisconsin Local Government Investment Pool and all public depositories as defined in Chapter 34, Wisconsin Statutes, located in the State of Wisconsin.

Name or Type of Account	Number of Signatures Required
City of Wausau Funds	Three

Facsimile Signatures:

Signatures and Titles of Authorized Persons

____
Kaitlyn Bernarde, City Clerk

____
Katie Rosenberg, Mayor

____
Maryanne Groat, Finance Director/Treasurer

____
Emily Ley, Asst Finance Director

BE IT FURTHER RESOLVED, that the Financial Institutions be and are hereby authorized and directed to honor, certify, pay and charge to any of the accounts of this Municipality, all order checks for the payment, withdrawal or transfer of funds or money deposited in these accounts of the credit of this Municipality for whatever purpose or to whomever payable, including requests for conversion of such instruments into cash as well as for deduction from and payment of cash out of any deposit, and whether or not payable to, endorsed or negotiated by or for the credit of any persons signing such instrument or payable to or for the credit of any other officer agent or employee of this Municipality, when signed, accepted, endorsed or approved as evidenced by original or facsimile signature by the persons and the number thereof, designated by title opposite the designation of the accounts described in the foregoing resolution, and to honor any request(s) made in accordance with the foregoing resolution, whether written or oral, and including but not limited to, request(s) made by telephone or other electronic means, for the transfer of funds or money between accounts maintained by this Municipality at the Financial Institutions, and the Financial Institutions shall not be required or under any duty to inquire as to the circumstances of the issuance or use of any such instrument or request or the application or use of proceeds thereof.

BE IT FURTHER RESOLVED, that the Financial Institutions be and are hereby authorized to comply with any process, summons, order, injunction, execution, distraint, levy, lien, or notice of any kind (hereafter called "Process") received by or served upon the Financial Institutions, by which, in the Financial Institutions' opinion, another person or entity claims an interest in any of these accounts and the Financial Institutions may, at its option and without liability, thereupon refuse to honor orders to pay or withdraw sums from these accounts and may hold the balance therein until Process is disposed of to the Financial Institutions satisfaction.

BE IT FURTHER RESOLVED, that any one or more of the persons holding the offices of this Municipality designated above is/are hereby authorized (1) to receive for and on behalf of this Municipality, securities, currency or any other property of whatever nature held by, sent to, consigned to or delivered to the Financial Institutions for the account of or for delivery to this Municipality, and to give receipts therefore, and the Financial Institutions are hereby authorized to make delivery of such property in accordance herewith and (2) to sell, transfer, endorse for sale or otherwise authorize the sale or transfer of securities or any other property of whatever nature held by, sent to, consigned to or delivered to the Financial Institutions for the account of or for delivery to this Municipality, and to receive and/or apply the proceeds of any such sale to the credit of this Municipality in any such manner as he/she/they deem(s) proper, and the Financial Institutions are hereby authorized to make a sale or transfer of any of the aforementioned property in accordance herewith.

BE IT FURTHER RESOLVED, that the undersigned officer of this Municipality be and hereby is authorized and directed to certify to the Financial Institutions the foregoing resolutions, that the provisions thereof are in conformity with law and to provide the names and specimen signatures on signature cards, if requested of the persons authorized therein, and that the foregoing resolutions and signature cards and the authority thereby conferred shall remain in full force and effect until this Municipality notifies the Cashier of the Financial Institutions to the contrary in writing and the Financial Institutions may conclusively presume that such resolutions and signature cards are in effect and that the persons identified therein from time to time as officers of the Municipality have been duly elected or appointed to and continue to hold such offices.

This is to Certify, that the foregoing is a true and correct copy of a resolution duly and legally adopted by the governing body of the Municipality at an open legal meeting held on the ____day of__________________, 20_______ and said resolution is now in full force and effect.

Signed and sealed this ________ day of ______________, 20____

SEAL

____
Kaitlyn Bernarde, City Clerk

The undersigned member of the governing body not authorized to sign order checks certifies that the foregoing is a correct copy of a resolution passed as therein set forth.

____
Becky McElhaney, Council President

Approved:

____
Katie Rosenberg, Mayor