MINUTES OF THE REDEVELOPMENT AUTHORITY OF THE CITY OF GREEN BAY

TUESDAY, AUGUST 14, 2018, 1:30 PM
CITY HALL, ROOM 604

A. ROLL CALL.

1. Members: Gary Delveaux, Chair; Matt Schueller, Vice-Chair; Ald. Barbara Dorff, James Blumreich, Kathy Hinkfuss, and Melanie Parma.
Liaisons: Chelsea Kocken, Jeff Mirkes, and Leah Weycker.

Members Present: Barbara Dorff, James Blumreich, Gary Delveaux, and Kathy Hinkfuss, Excused: Matt Schueller and Melanie Parma
Liaisons Present: Chelsea Kocken, Jeff Mirkes, and Leah Weycker
Others Present: Ald. Brian Johnson

B. APPROVAL OF THE AGENDA.

1. Approval of the agenda for the August 14, 2018, meeting of the Redevelopment Authority.

Moved by James Blumreich, seconded by Ald. Barbara Dorff to approve the agenda for the August 14, 2018, meeting of the Redevelopment Authority. Motion carried.
Yes- Barbara Dorff, Gary Delveaux, James Blumreich, Kathy Hinkfuss, No- None, Abstain- None

C. APPROVAL OF MINUTES.

1. Approval of the minutes from the July 10, 2018, regular meeting of the Redevelopment Authority.

Moved by James Blumreich, seconded by Kathy Hinkfuss to approve the minutes from the July 10, 2018, regular meeting of the Redevelopment Authority. Motion carried.

Yes- Barbara Dorff, Gary Delveaux, James Blumreich, Kathy Hinkfuss, No- None, Abstain- None

D. REGULAR BUSINESS.

1. Consideration with possible action on Development Agreement 18-04 with GB Real Estate Investments, LLC, for Whitney Park Townhomes: Phase IV at 827 Cherry Street, 829 Cherry Street, 205 N. Van Buren Street, and 211 N. Van Buren Street (Tax Parcels 10-71, 10-72, 10-72-A, and 10-72-B).

The Authority may convene in closed session pursuant to Sections 19.85(1)(e), Wis. Stats., for purposes of deliberating or negotiating the sale of public properties, investing of public funds or conducting other specified public business as necessary for competitive or bargaining reasons. 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.

Moved by Ald. Barbara Dorff, seconded by Kathy Hinkfuss to open the floor for discussion. Motion carried.
Yes- Barbara Dorff, Gary Delveaux, James Blumreich, Kathy Hinkfuss, No- None, Abstain- None

Moved by Ald. Barbara Dorff, seconded by James Blumreich to return to regular order of business. Motion carried.
Yes- Barbara Dorff, Gary Delveaux, James Blumreich, Kathy Hinkfuss, No- None, Abstain- None

Moved by Ald. Barbara Dorff, seconded by Kathy Hinkfuss to approve Development Agreement 18-04 with GB Real Estate Investments, LLC, for Whitney Park Townhomes: Phase IV at 827 Cherry Street, 829 Cherry Street, 205 N. Van Buren Street, and 211 N. Van Buren Street (Tax Parcels 10-71, 10-72, 10-72-A, and 10-72-B), subject to minor legal and technical revisions. Motion carried.
Yes- Barbara Dorff, Gary Delveaux, James Blumreich, Kathy Hinkfuss, No- None, Abstain- None

2. Consideration with possible action on Development Agreement 18-05 with GB Real Estate Investments, LLC, for 901 Main at 901 Main Street, 907 Main Street, and 913 Main Street (Tax Parcels 9-48, 9-47, and 9-46).

The Authority may convene in closed session pursuant to Sections 19.85(1)(e), Wis. Stats., for purposes of deliberating or negotiating the sale of public properties, investing of public funds or conducting other specified public business as necessary for competitive or bargaining reasons. 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.

Moved by James Blumreich, seconded by Kathy Hinkfuss to open the floor for discussion. Motion carried.
Yes- Barbara Dorff, Gary Delveaux, James Blumreich, Kathy Hinkfuss, No- None, Abstain- None

Moved by James Blumreich, seconded by Kathy Hinkfuss to return to regular order of business. Motion carried.
Yes- Barbara Dorff, Gary Delveaux, James Blumreich, Kathy Hinkfuss, No- None, Abstain- None

Moved by Kathy Hinkfuss, seconded by Ald. Barbara Dorff to approve Development Agreement 18-05 with GB Real Estate Investments, LLC, for 901 Main at 901 Main Street, 907 Main Street, and 913 Main Street (Tax Parcels 9-48, 9-47, and 9-46), subject to minor legal and technical revisions. Motion carried.

Yes- Barbara Dorff, Gary Delveaux, James Blumreich, Kathy Hinkfuss, No- None, Abstain- None

3. Consideration with possible action to issue Request for Qualifications (RFQ) for the professional services of a Consultant to prepare a Project Plan for the Shipyard.

The Authority may convene in closed session pursuant to Sections 19.85(1)(e), Wis. Stats., for purposes of deliberating or negotiating the sale of public properties, investing of public funds or conducting other specified public business as necessary for competitive or bargaining reasons. 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.

Moved by Ald. Barbara Dorff, seconded by Kathy Hinkfuss to approve the Request for Qualifications (RFQ) for the professional services of a Consultant to prepare a Project Plan for the Shipyard. Motion carried.
Yes- Barbara Dorff, Gary Delveaux, James Blumreich, Kathy Hinkfuss, No- None, Abstain- None

4. Consideration with possible action to purchase 1235 Main Street and 427 St. George Street (Tax Parcels 8-267 and 8-265) for one hundred and seventy-five thousand dollars ($175,000.00).

The Authority may convene in closed session pursuant to Sections 19.85(1)(e), Wis. Stats., for purposes of deliberating or negotiating the sale of public properties, investing of public funds or conducting other specified public business as necessary for competitive or bargaining reasons. 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.

The closed session notice was read from the agenda. Moved by Ald. Barbara Dorff, seconded by James Blumreich to go into closed session. Roll call was taken and motion carried.
Yes- Barbara Dorff, Gary Delveaux, James Blumreich, Kathy Hinkfuss, No- None, Abstain- None

Moved by Ald. Barbara Dorff, seconded by James Blumreich to return to open session. Roll call was taken and motion carried.
Yes- Barbara Dorff, Gary Delveaux, James Blumreich, Kathy Hinkfuss, No- None, Abstain- None

Moved by Ald. Barbara Dorff, seconded by James Blumreich to direct staff to amend its offer to purchase based on negotiations as directed in closed session. Motion carried.
Yes- Barbara Dorff, Gary Delveaux, James Blumreich, Kathy Hinkfuss, No- None, Abstain- None

The Director's Report was taken at this time.

5. Consideration with possible action on pre-approval of Contract "CD18-01 Beaver Dam Park Ballfield Lighting" to the low qualified bidder with CDBG funding not to exceed $150,000.00.

Moved by James Blumreich, seconded by Ald. Barbara Dorff to authorize staff to award Contract “CD18-01 Beaver Dam Park Ballfield Lighting" to the low qualified bidder with CDBG funding not to exceed $150,000.00. Motion carried.
Yes- Barbara Dorff, Gary Delveaux, James Blumreich, Kathy Hinkfuss, No- None, Abstain- None

6. Consideration with possible action to amend the 2017 Annual Action Plan for the transfer of $114,397.03 from the Economic Development Facade and Demolition Program to the Economic Development Revolving Loan Program.

Moved by Ald. Barbara Dorff, seconded by James Blumreich to approve the transfer of the balance of $114,397.03 from the Economic Development Facade and Demolition Program to the Economic Development Revolving Loan Program. Motion carried.
Yes- Barbara Dorff, Gary Delveaux, James Blumreich, Kathy Hinkfuss, No- None, Abstain- None

7. Consideration with possible action on an extension to development agreement for the property located at 1130 Stuart Street (Tax Parcel 14-997).

Moved by Ald. Barbara Dorff, seconded by Kathy Hinkfuss to approve a 45 day extension to the development agreement with Mitch's Hometown LLC for the property located at 1130 Stuart Street (Tax Parcel 14-997). Motion carried.
Yes- Barbara Dorff, Gary Delveaux, James Blumreich, Kathy Hinkfuss, No- None, Abstain- None

8. Consideration with possible action on a hold harmless agreement with On Broadway Inc. for the property located at 321 N. Broadway (Tax Parcels 5-586 and 5-587).

Moved by James Blumreich, seconded by Ald. Barbara Dorff to approve entering into a hold harmless agreement with On Broadway Inc. for the development of a temporary pocket park on the site located at 321 N. Broadway (Tax Parcels 5-586 and 5-587). Motion carried.
Yes- Barbara Dorff, Gary Delveaux, James Blumreich, Kathy Hinkfuss, No- None, Abstain- None

9. Consideration with possible action on request by Hometown Bank to release its interest in Historic Tax Credits per the Continuing Guaranty (Limited) RailYard: North at 420 N. Broadway and 520 N. Broadway (Tax Parcels 5-1756 and 5-1757).

The Authority may convene in closed session pursuant to Sections 19.85(1)(e), Wis. Stats., for purposes of deliberating or negotiating the sale of public properties, investing of public funds or conducting other specified public business as necessary for competitive or bargaining reasons. 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.

Moved by James Blumreich, seconded by Kathy Hinkfuss to recommend Common Council consent to request by Hometown Bank to release its interest in Historic Tax Credits per the Continuing Guaranty (Limited) RailYard: North at 420 N. Broadway and 520 N. Broadway (Tax Parcels 5-1756 and 5-1757). Motion carried.
Yes- Barbara Dorff, Gary Delveaux, James Blumreich, Kathy Hinkfuss, No- None, Abstain- None

E. INFORMATIONAL.

1. Financial report and check register.

2. Director's report and project updates.

K. Vonck provided the director's report and project updates.

James Blumreich left at 3:15 p.m.

3. Next meeting: September 11, 2018 at 1:30 PM

F. ADJOURNMENT.

Moved by Ald. Barbara Dorff, seconded by Kathy Hinkfuss to adjourn. Motion carried.
Yes- Barbara Dorff, Gary Delveaux, James Blumreich, Kathy Hinkfuss, No- None, Abstain- None

VERBATIM MINUTES

- [Kevin] Roll call, all right, Chair Gary Delevaux.

- Here.

- [Kevin] Vice Chair Matt Schueller asked to be excused. Alderperson Barbara Dorff.

- Here.

- Jim Blumreich.

- Here.

- Kathy Hinkfuss.

- Here.

- And Melanie Parma.

- Here.

- Motion for the approval of the agenda.

- Motion to approve.

- Second.

- Jim and Barb. All those in favor say aye.

- Aye.

- Opposed, that will carry. Approval of the minutes from July 10th.

- Motion to approve.

- Second.

- Jim and Kathy, motion to approve. All those in favor say aye.

- Aye.

- Opposed? So carried. Regular business. Number One, consideration with possible action on Development Agreement 18-04 with GB Real Estate Investments, LLC, for Whitney Park Townhomes: Phase IV at 827 Cherry Street, 829 Cherry Street, 205 North Van Buren Street, and 211 North Van Buren Street Tax Parcels 10-71, 10-72, 10-72-A, and 10-72-B.

- Only 4?

- Yeah, go ahead Kevin.

- [Kevin] All right, so we are talking about Whitney Park Townhomes Phase 4. This is intersection in Van Buren and Pine Street. This was brought before you as a term sheet earlier this summer. The only one thing that has changed is right now the developer is planning four townhomes to start instead of six. With that, I think the developer is also here, if you would like to suspend the rules and hear from him, you know, we would like to see this project continue throughout the block, but in terms of securing property and then a start to the project, is committing to four at this time. With that, we feel that this fits into our strategy of building, creating new housing projects in that Whitney Park Area. There are some little bits of environmental remediation, and some of the additional things that we really feel benefit us as a city. Right now, the tax roll is for $118,000. When this is all said and done, it'll be about $846,000, so agree it'll come from the tax base. With that, we're proposing a TIF incentive that includes two things, one is a property transfer. This property, or one of the parcels that's owned by the RDA was purchased with block grant money, so that'll be purchased for $19,000. We believe the property is assessed, the whole parcel, is about $31,000. Then a PAYGo Reimbursement, we do a TIF incentive as a PAYGo, and we take 80% of the PAYGo, and then be capped at the lesser of $150,000, or the total amount of qualified expenses. We estimate, then, we put a time-frame in that would last from today, 15 years. But once the project is on line and things are starting to come back it's about a 12 year payback for this. With that, we think the developer has a track record of doing this type of project in the neighborhood. This is also a little bit different than what was previously provided. He's here, if you'd like to open the forum and hear from him, the Council, excuse me, our staff support this, we recommend that you approve the development agreement.

- So Kevin, everything is scaled from what was six down to four?

- [Kevin] Correct, so in terms of the numbers and what was projected, yes, so we put it at, and I actually found a typo in the term sheet, we did only put in four because I think we were talking about the time the extra two would be in. So the value, the anticipated value, again, ultimately depends on final sales price. But we feel comfortable coming in at that $840,000.

- I'd like to open the meeting, mainly because I'd like to hear about the market analysis.

- Motion to suspend the rules and open the meeting.

- Second.

- All in favor say aye.

- Aye.

- Open meeting, developer.

- [Garritt] Good afternoon, to Kevin's point, the going from six to four was primarily because everyone who wanted a unit wanted a corner unit, they wanted windows. Corner units, higher value than middle units anyway, so the numbers are darn near identical, from four to six.

- Lot of interest already?

- [Garritt] Three of the four are already under contract.

- Wow.

- [Garritt] They're great folks, so it'll just be great. They're real excited for it, I just got goosebumps. They're gonna like it, it'll be a fun project.

- And you put a courtyard in there, is that what that is?

- [Garritt] So you have 10 feet in between the two buildings, just like the current ones I have right now. West of the driveway will be a landscape burn that burns the rest of the residual sediment that Kevin was referring to, from the fill that used to come out. PAHs like we have all over downtown. But there'll be a burn there, there'll be soil between the burn and the driveway, so this'll be a landscaped area.

- Okay.

- [Garritt] North of it is kind of in a TBD phase, to see if and when this can expand north at some point in the future, fingers crossed.

- Any other questions?

- Motion to go back into closed session.

- Yes.

- Motion to get back to regular business.

- So moved.

- Second.

- Barb and Jim, all in favor say aye.

- Aye.

- Aye.

- We go back to regular business. One thing Kevin, basically we've been on this before. There are no changes, other than the four to six?

- [Kevin] Correct, and we just went through and just, again, updated the Development Agreement. The nuts and bolts, I guess.

- Okay.

- Well, I'd like to move to approve this agreement.

- Motion made by Barb to approve.

- Second.

- Seconded by Kathy, we shall enter votes?

- Seconded?

- Mine didn't copy it.

- Oh, here it is.

- Do I have to be on the agenda for it to file?

- I think you have to go back to the agenda, you can't see the board without a packet.

- I have to go back to the agenda.

- Here we go.

- Okay, passed unanimously.

- Very good, thank you, good luck. It sounds great and beautiful project, congrats. Number Two, consideration with possible action on Development Agreement 18-05 with GB Real Estate Investments, LLC, for 901 Main at 901 Main Street, 907 Main Street, and 913 Main Street. Tax Parcels 9-48, 9-47, and 9-46.

- [Kevin] Me again?

- Yes.

- [Kevin] And same developer. So, we also discussed at the same time another project by Mr. Bader. This is looking at an apartment complex right on Main Street. This is right to the east of the old Greyhound Station, right across the street from Whitney Park. What we're looking here is, again, mirroring what was brought before in the term sheet earlier this summer. It's a three story apartment complex, 20 market rate units, ground floor retail, underground parking. Again, could be supported in terms of the continued redevelopment of the Whitney Park area, bringing some new housing products online that really add to the demand. Some environmental remediation also in the area, and again, we're bringing residents to our neighborhood and near downtown. So with that, we'll take a look at the numbers right now. We own all the property, so it pays nothing in taxes. When all is said and done, we estimate it'll be about $2.3 million assessed. Then, as far as a TIF incentive, in order to help cover some of the environmental remediation and structural work there, we're looking at two pieces. One, again, is a property transfer. We will look at transferring, for the sum of $1, we estimate this would be assessed at about $93,000 for both parcels. Then a PAYGo Reimbursement. We would look at a 100% PAYGo for the first four years, and then 80% thereafter. That would be capped at 540,000 dollars. If you look at the projections, we should have that paid back, by the developer, should recoup that 540 in about 12 years, or by the year 2032. With that, again, we feel it's a good project. Adding a rental option into this market, again, kind of the balance of what we've talked about here. Ownership products, rental products, and we feel it's a good spot in that rental market. We recommend your approval of this development agreement.

- Is this different than what had come through before?

- [Kevin] No, this is pretty much tailoring the same. It's exactly the term sheet, again, the developer is here. There's been some minor tweaks to it. But this one is really, stayed on line in terms of what was proposed earlier this year.

- Well, once again, I'd like opening the meeting. I'd like to hear the market analysis.

- Move to open the floor.

- Second.

- Seconded by Kathy. All in favor say aye.

- Aye.

- Motion carried, what's happening?

- [Garritt] This one's exciting, the townhomes are fun, they'll be cool, this one's really exciting. Tonight's actually the investor meeting I had with my crew for the first time. We're going over all the operating agreements and those sorts of things. To Kevin's point, same thing here, largely, as what was proposed. Three story, mixed use, 20 apartment units, 12 one bedrooms, eight two bedrooms. Underground parking. The only thing largely different than what's on the site plan is that the speed ramp, or the ramp that takes you down to the garage parking, will be flipped to the other side. But I've good discussions with someone that's on the underground parking lot, the sharing of the existing one, the shaping of that rear portion, and actually will add eight parking stalls on that side. One thing that we've learned from doing, not only the first phase, my townhomes, three to five years ago, and the new ones to the south. Apparently, in this immediate area, the more north you go, the more dirty the soil becomes. In this case here, the reason for the 100% PAYGo for the first four years, we have six feet of fill to take out. It's PH's and smaller stuff here. That'll be hauled up and trucked down to a special landfill, and then we'll essentially build from that point. The finished floor will be about four feet above grade. Otherwise, much like you see, I'm looking at the renderings in front of you, or if you've ever seen them. Just as you see is what you get from that standpoint.

- You've been marketing them already?

- These are hard to market early. The website's up, whitneypark.com/901-main.

- Okay.

- [Garritt] You can't market. The folks that are looking for rental units, really look about three to four months out from when they want to move. It's something that marketing will begin for us right around February, maybe March. Units are designed to be a tick below metro and city. One bedroom's about 975, two bedroom's about 1500, compared to where those are. Still attractive to those who want new urban product, it's pet friendly. But, again, if you don't want to spend where these are at, you can be just a little bit lower.

- Is there a demand for these?

- I'm sorry?

- Is there a demand for these?

- [Kevin] Absolutely, it's a given. Very strong, past 24 months throughout the downtown area. We're very pleased that Garritt wants to bring this product to the Main Street district. To see new construction on Main Street in this vicinity will complement other items taking place around Whitney Park. 35 units going up at Whitney School. This product, we welcome those 50 additional units in this neighborhood.

- [Garritt] That's a great point, because prior to doing the first set of townhomes, the neighborhood was largely, sadly, defined by absentee landlords, really low quality rentals. But now see more occupied properties, now this is, I'd say, quality rental properties, professionally managed, I think that's a big step.

- Thank you, what type of retail businesses are you hoping to attract?

- [Garritt] Ground floor will be about 6,150 square feet. The original plan was to have a drive-through in the back so I could give options for a drive-through coffee shop, that kind of thing. Because of the grade change and what we need to do with soil, that's probably not possible. But it could be very similar still to professional office, an insurance person, things of that nature. Could there be a restaurant component? That's possible, but that's a little bit to be determined.

- Are there any questions, if not, there is now a motion to get back to regular business.

- So moved.

- Second.

- Jim and Kathy. All in favor say aye.

- Aye.

- Opposed? Motion carried. Okay, we're back to regular business. Number Two, I'm looking for a motion.

- Right there, are you ready? I'd like to move that we approve consideration with possible development 18-05 with GB Real Estate.

- Okay, motion made by Kathy, second by Barb. And we shall vote.

- Passed unanimously.

- Congrats, and good luck.

- Congratulations.

- [Garritt] Thank you, you'll start seeing shovels by October 1st.

- All right.

- Thank you.

- See you later.

- All right, number three, Consideration with possible action to issue Request for Qualifications, an RFQ, for the professional services of a Consultant to prepare a Project Plan for the Shipyard. Kevin, that's yours too.

- [Kevin] Thank you, so we continue to make progress on Shipyard development. The development agreement in the last month to look through, and had to raise funds for the first phase of the project. So part of that, the decision made in July, is you wanted to see what we're gonna do in terms of going forward with professional services. We've put together a request for qualifications. This is to look for consultants to put together really, kind of, the designs plans for the Shipyard site itself. Which would include, and in this case, we're looking for both north and south sides of the parcel. In terms of providing just building pad ready site. We're gonna be talking about things architectural, structural, civil engineering, environmental remediation. We're also working through DNR and the permitting process, Core of Engineers. I mean, there's a lot that goes with this in order to help expedite. We feel this would be best handled through a consultant. Copy of the RFQ was included in the packet. Please review and become familiar with staff, who are before you here today and are seeking your approval to move forward with this. Give your blessing, we'll put it out on the market today. We'd like to have this turned around pretty quickly. Keep this process moving forward. So with that, some questions or comments, you might as well ask them while we're here.

- Very minor one, can we check the punctuation on its.

- Yeah, what page?

- Several instances.

- [Kevin] Several, all right, man, I'm a stickler for apostrophes, too, I'm embarrassed, I apologize.

- Too many of them to overlook.

- And Kevin, one question, I'm assuming when you put your original budget through this was part of it?

- [Kevin] Correct, and so.

- And we had that already listed all in there?

- [Kevin] Correct, so for the initial two million of borrowing that we're doing, 1.2 is gonna be allocated for real estate purchases, leaving about 800,000 left over. Based on previous projects that we've done in the City in terms of the scope of work that's required here. And then what we talked about with the previous rendition of the Shipyard, we feel half a million dollars is about the right budget. There is some cushion depending on where things come back, but that's where we feel is appropriate.

- And where do you find these consultants? Do you go up to the big city?

- [Kevin] Yeah, so, I mean, I know there are some people who have been interested in this project and watching it, both in state and out of state. I think this will probably require a team of consultants. You're gonna need engineers with expertise in remediation and a lot of soil work. But you're also gonna need somebody with a lot of creativity and attention to detail when it comes to talking about the container park and the urban beach and the splash pad. The things that we feel are really gonna differentiate this from any other park or amenity that we have in the city. So I think that's, I tried to make it clear in there that, we really have to have both of these coming forward. Once this is out, we'll follow up with those who have expressed interest, and make sure that we push it out there as wide as possible. I think for those looking at this hopefully, we'll get some competitive bids so that, this could be a signature piece for the City of Green Bay. For a firm to be able attach their name to it would be of value to them.

- This is a critical step. Let's hope we find the best person or organization as possible to help you with this.

- [Kevin] Yeah, and again, it will come back to this body in terms of making decisions for moving forward. Tentatively, we have a timetable we'd like to. hopefully do this, put it out there for a month to six weeks, and then come back, maybe in late September for a special meeting, to move forward. And I think part of what we've also discussed is the timetable of how long it's going to take to get this design work done. And to try to line it up with construction schedules so that we can take this and then move it into construction in a pretty seamless process.

- Yeah, I don't want the project to delay anymore than anybody else. But I looked at the timeline, and boy, it looks pretty tight to respond, given the economy.

- [Kevin] So we discussed that and I discussed with with our Public Works Director, in terms of what's on the field right now. In terms of the RFQ, he felt good about having it out there for a month to six weeks. But what may get lagged up is the actual design. Doing the actual work for it. We'd love to see it done by the end of the year, but it may take six, nine months to do.

- [Mantt] This is no secret, right, that we're working on this. We'll cast the net pretty wide, some from Boston. We've had consultants in here from Minneapolis. People know we're on a roll.

- Plus we know where success stories have been.

- [Matt] I agree, the economy's pretty good right now, they're gonna pick a winner, but.

- I think that their attention makes sense. Actually doing the design work is going to take more time. You're gonna get deeper in the staff of who you've selected.

- My feeling is that once we commit to this, that that would help get other businesses interested in this Shipyard area. Do you feel the same way?

- [Kevin] Yes, I mean, since the development agreement has passed, our office has seen an uptick in interest of, okay, so he's really doing this, I may be more interested in the property down there. May be interested in something as it happens. Both, not only from helping out and being part of this project, but just, look, I want to move my business down there, I want to acquire some property down in that area and I think this step really helps with that. Shows that we're serious about making progress in that area.

- You're confirming what I'd hoped.

- It's exciting. It's hard to see that it desperately needs more help. It's exciting to be able to move forward with this.

- [Brian] Gary, a couple of questions.

- Oh, please.

- [Brian] Kevin, if, you know, and I realize this may be premature to bring this up, but I'd still like to address it, and that is, making sure that there's an appropriate dialogue with key stakeholders, including on Broadway, about physical improvements and design. Because honestly, right now the Broadway District is a rummage sale of design. I mean, nothing is contiguous, nothing is consistent. We're talking about some substantive improvements here along Art, Pearl, and Bridge, and it sure would seem nice to have some continuity with the rest of the district. So, whether it's just an assumption of responsibility by staff, I'm okay with that, or if it needs to be something that's documented in this document. Either way, I just, at least, want to make that point known, that I think there should be a discussion of, when you look at this as a district, how do you mark it as a district? Right now, it's kind of lacking that from a design perspective. Especially with what's going on at the

RailYard, they're kind of doing their own things. I just hate for all of a sudden you've got a Broadway district that looks like it's 10 different spaces. I think now is the time to maybe start having that discussion, about whatever design is chosen here, that's what carries through to the rest of the district.

- [Kevin] Sure, yeah, and I think, you know, it's important to us, and I think it's been brought up earlier in the process, and our team's been aware of just, public involvement piece in this. One of the things, in terms of, put in the qualifications, sub-F, they're talking about communicating with city staff, stakeholders, and public. Looking for also creative ways to engage. Going to Broadway, going to the farmer's market, going to events and really trying to solicit that feedback in meaningful ways, instead of just traditional public meeting. I think also, we're talking with On Broadway, in terms of how this investment really does shape the rest of the district, and how it might tie back up further north. Those groups are assumed to be involved in here, and part of it will be, when this Board and Council makes a selection that can be identified in the actual proposal and scope of work to make sure that that element is satisfied.

- Brian, is there something that you'd like to be added to the RFQ?

- [Brian] Not necessarily, again, I just, I'm gonna make it known every step of the way, Gary. That we're making a pretty big investment down here, and I don't want to squander the opportunity for what we do here to have a positive impact on the balance of the district.

- Good, all right, looking for a motion in regard to the RFQ.

- Move to approve.

- Barb.

- Second.

- Second by Kathy and we shall vote.

- Kathy still didn't register yet.

- There we go.

- Passed unanimously.

- Pretty congenial group today, that's good. Very positive, number four, consideration with possible action to purchase 1235 Main Street and 427 St. George Street, Tax Parcels 8-267 and 8-265 for $175,000.00. Who's got this guy?

- [Kevin] Still me.

- Still you, Kevin.

- [Kevin] So this is a parcel, located, it's in the packet, right off Main Street, northwest corner of Main Street and St. George Street. It's just between the East River and the Cock and Bull Pub. A representative for the property owner approached the city, and looked at potential for this building going to the city. I think from the city perspective, look, any time, it's been no secret, redevelopment on Main Street, redevelopment on the water front, that we need to look at opportunities for controlling and making sure we get the best development possible in these areas. Me and staff have done some due diligence and working through our departments about some potential opportunities and some potential alternatives for this particular parcel. We would recommend talking about negotiations and going into a closed session to discuss, where we're at, and how we're feeling about that. With that, we do have a representative for the property owner here, if you want to ask any specific questions, we can open the floor for that. If you want to do that before or after our discussion, I think we'll go from there.

- I think before we go to a closed session, I just want to ask a generalized question. What do you see in the maximum potential of that property?

- [Kevin] So, I mean, it's waterfront property. Well, it is and it isn't, so where the building is, there's actually a little parcel owned by the adjacent property owner. There's a hodgepodge of ownership in this area, between what is owned as part of this transaction and what the adjacent property owners own. I think through some dialogue we might be able to do some horse trading, in terms of looking at redevelopment. The parks, we're putting in the kayak launch up in that area, trails going through that area. As I said, Main Street redevelopment in terms of ultimately controlling the size and scale of redevelopment in that area. Working to get projects that will activate the space. I think all of those are things we've looked at, and I think, through those discussions, I have a few ideas as to what I'd like to make happen there. That's what I'd kind of like to discuss a path forward in terms of actually making a purchase. Anything else you'd like to know?

- [Jeff] We're looking at waterfront development, right? And that's, the administration would do the work on, and we just, we don't have anything owned from that. And when you kayak from downtown and go over there, you can envision a much cooler space than this pretty broken up, dilapidated parking lot, and the building's all right but. When we were approached that we could control this for, the price is $175,000. We talked about it, and the staff just really thought that, wanted to come here and go through the process. I will tell you that we thought we were getting a little bit, it's a little tricky out there, I think Kevin mentioned that. The actual waterfront-waterfront is really owned by the guy next door. He made some gestures that he'd be willing to swap that for some parking, but our meetings haven't gone as smoothly as I would have liked. But we can talk about that in closed session as to what to do about that. But look, we put a lot of money into that trail. We like kayaks, we like biking, and we love the Main Street district, and we gotta connect that all. They talk about connecting it through streetscape, and I'll buy that, but you wanna connect it to the water too. When this opportunity came up, it was six days ago, we worked on it, and, you know, we can't do anything without your approval and eventually the City Council. I guess, in terms of the negotiation of how you want to handle that, closed session is better. We've been working with their agent but get access here, and then he's the communication. The reason the property came up is the owner fell ill, and then reached out to us and said we'd like to talk to you and that's why it's here.

- I got a number of questions but most of them are reserved for the closed session. Do have have any questions with regard to the open session before we go to the close session, James? Is everybody very familiar with the property, where it's at?

- I put a map in the packet.

- Yup, I see it.

- [Kevin] You can see in there, it's 8-267 is the building, and then 8-265 is the big parking lot in the back. Those are the two big parcels we're talking about.

- I guess a generalized comment. In general, very few times to we have the opportunity to buy property on the river, it doesn't come up very often. Generalized comment.

- What's 8-268?

- [Kevin] 8-268, that parcel is owned by the owner who owns 8-266 and 8-264. The 8-267 is like a little wedge in between everything else that the other property owner owns.

- But we're talking about 8-267 and 8-265?

- [Kevin] Correct.

- Do we need a motion to go into closed session?

- Yes, we do.

- Okay, and would you like me to make my motion?

- And the language.

- Would you like me to read the language then?

- Yes, yes, go ahead Barbara.

- Motion to go into closed session. The Authority may convene in closed session pursuant to Sections 19.85, Wisconsin Statutes, for purposes of deliberating or negotiating the sale of public properties, investing of public funds or conducting other specified public business as necessary for competitive or bargaining reasons. The Authority may thereafter reconvene in open session, pursuant to Section 19.85, Wisconsin Statutes, to report the results of the closed session and consider the balance of the agenda.

- All right, carry on.

- We have to have a motion and a second, motion and second to go into closed session.

- Somebody has to second it.

- Jim seconded, motion and a second to go into a closed session.

- All right, Gary Delveaux?

- Yes.

- Alderperson Barbara Dorff.

- Yes.

- Kathy Hinkfuss

- Yes.

- Jim Blumreich.

- Yes.

- Okay, closed.

- I make a motion to go into open session.

- Second.

- Barb and Jim, motioned to go back open session, we will take roll.

- All right, Gary Delveaux.

- Yes.

- Alderperson Barbara Dorff.

- Yes.

- Kathy Hinkfuss

- Yes.

- Jim Blumreich.

- Yes.

- All right, we are back to open session. In closed session, we came up with a direction for staff and how to proceed. We are asking Kevin to reword that motion, and we'll go from there, Kevin.

- [Kevin] Yes, so I think the appropriate action would be to direct staff to amend its offer to purchase based on directions given in closed session.

- I'll make that motion.

- I'll second.

- All right, motion by Barb and second by Jim, so we shall go to Number Four.

- Passed unanimously.

- Passed unanimously. So that you know, we're asking staff to continue to negotiate for something that we can all live with and then to come back to us with that result. Thank you.

- Sure.

- All right, number five. Jim, did you want to make a comment?

- I do, I want to jump ahead to the director's report, even though it's to Kevin, I got to comment. After this meeting you're taking a tour of the sixth floor, is that what's on the agenda?

- That would be great.

- Yes, what are you thinking of this?

- We're talking about 700,000 total.

- [Jim] It's just a great space, I'm very proud of this. This room we've done some things to, new technology, obviously, new table, new chairs, but this is the room that Harry Meyer spent a tremendous amount of time in. We would like to honor him and his family by renaming this the Harry Meyer room. We would place a plaque there or there, with his picture, and just talking about the dedication. We would like to do that on the 11th, of your next meeting. If you guys could just look at your agenda, see if you could do that at noon, with a lunch, invite his family, and the plaque that we put in here, we're gonna get two of them, and give one to his family. The Redevelopment Authority, he was strong on a lot of things, Pocket Park. Green Bay, but they're just feeling their way right now. This just feels right, and this is something that we have the authority to do, and we can talk about it at staff. We'll call his family tonight, tomorrow, let them know, but that's something that we as a staff really want to do. You can never do enough for people like that. I think this is a real honor to him, this building's gonna be here a long time. City Hall's not moving, so this'll be a good thing. For all of us here.

- We can even put a trailing thing on here, right.

- So, bottom line, everybody, at the end of this meeting we're gonna do a little tour of the sixth floor afterward.

- Thank you, very deserving, great idea.

- Thank you.

- All right, number five, consideration with possible action on pre-approval of Contract CD18-01, Beaver Dam Park Ballfield Lighting to the low qualified bidder with CDBG funding, not to exceed $150,000.00.

- This is me, this is 2017 funding for community development Larch Brand, they're putting in some park lighting at Beaver Dam, and they're doing a few other things that's gonna cost more money than the 150,000 worth of block grant funds. But in order to get this project moving, and the money spent by our timeliness deadline, for HUD, we are asking for a pre-approval with not to exceed our CBDG funding of $150,000.

- Do moved.

- Second.

- I have a question.

- Please.

- That's okay, one question, up to 150,000 it says low-qualified bidder. Do we look at the bidders for those people that do, that have their business in Green Bay, and do they have a lee-way of, let's say, one to two percent?

- I don't know, DPW bids it out, and I don't know what their qualifications. I think it's just for low-qualified bidders. I think, as long as they have all of their information, but I don't know that they get a preference if they're in Green Bay.

- I believe it's whosever low.

- Yeah, whosever low.

- Well, Vanessa would be our expert, but I'm guessing there would be more local preference.

- Well I just think, it would be people that live in Green Bay, live in Brown County, doing business in Green Bay and Brown County, that money all comes back. The lighting facility's in Milwaukee, and we have somebody that's, let's say, within $500, are we going with Milwaukee, or, do we think about that?

- Has there already been an option?

- We have to have one in place. If we don't have one in place right now, it's not an option.

- Right.

- So it's not an option right now. So, we'd have to have an ordinance in place?

- I will have to look into how we establish getting that option into place, but if we don't have one currently.

- It's too late for this.

- Okay, so motion and a second on number five?

- Motion to approve the funding up to $150,000. Do we don't have to go back? I didn't want to create a clog or anything.

- No, usually the discussion happens after the motion and second.

- Yes, it does, you're absolutely right.

- I'll raise my hand if I have to.

- Somebody with hands must have used this before me. There we go.

- Okay, passed unanimously.

- Very good, thank you. Number six, consideration with possible action to amend the 2017 Annual Action Plan for the transfer of $114,397.03 from the Economic Development Facade and Demolition Program to the Economic Development Revolving Loan Program. I think we may have be using that Facade and Demolition Program.

- Right, it's been hard to get the money out the door, and with our timeliness, out requirement from HUD having to get spent down by the 31st. Pardon me, the 30th, sorry, November 30th. We have to get this money spent, and the Economic Development Revolving Loan Program has been very successful. She's got three applications in the hopper right now that the money can be spent by that deadline date. It's still all economic development opportunities. We would like to just amend and move the money from the Facade Demo program to the revolving loan to get that money out the door and in the community. When we receive our 2018 funding we will have 50,000 that will replenish the Facade and Demo program. We will be getting some money back in, probably in the next month or two, when we get our 2018 funding profile. I don't see any people happy.

- How do people find out that their eligible?

- Well, our Economic Development team has been marketing it, we have pamphlets. Matt Buchanan from.

- Specifically in those areas that are eligible.

- We so some door to door.

- [Matt] We regularly meet with the bids and share information about the programs at those bid meetings. We have information on our website, we're talking about doing a video to put online as well. We try to share that information out in the community as much as possible.

- And that's home owners, can homeowners use this one, or is this just for business?

- [Matt] This is just for commercial businesses.

- Okay, okay.

- But what's the match on that, Matt?

- [Matt] 25%.

- Speaking of bids, we did not get any sort of update on what's going on in all the bid districts.

- [Matt] We don't do anything.

- I'm just curious about giving an update at the RDA at some point in time.

- [Kevin] Sure, I think by statute they're required to report out to Planning Commission. Next time they do, 'cause Planning Commission is actually the one that approves their operating plans. But next time they're on the docket, I'll make sure to do it at the corresponding RDA.

- Good, thank you.

- And that's October?

- October.

- October?

- Okay.

- Just a quick comment in regard to Revolving Loan Committee. Matt, is the Chair. Anyway, very successful group. We've got live applications where we made the difference between something happening and not happening with gap financing. I know the money is going to be used wisely, so I would very much appreciate a motion to move those dollars.

- [Brian] Gary, a couple questions first.

- Yes, please.

- [Brian] Is it possible for these dollars to have dual designations? What I mean by that is could they be designated to the Revolving Loan Fund and the grant program, first come first serve?

- Yeah, we would just have to restructure our annual action plan, because we have it set up in the accounting system as two separate programs. It would have to be just restructured.

- [Brian] Part of the reason I'm asking is I can think of at least two proposals that, while I don't have them today, they would come in before the deadline on this, but if that money's gone, we'd lose that opportunity. So, that's why I'm asking if there can be a dual purpose. Or, would it be possible, perhaps, to withhold some of this, without understanding what Revolving Loan Fund needs, to withhold some of this and say, contingent upon, maybe giving like a 30 day period. I'm making numbers up, but we'll withhold $20,000 for 30 days, if no applications come in within that 30 day period then the balance gets transferred over.

- Can I just say, I thought we were getting 50,000 more.

- For next year.

- No, but it'll come in this year.

- It's coming in this year.

- [Brian] So that 50,000 is coming into this grant, Facade grant program?

- Correct, yes.

- [Brian] I'm sorry, I missed that piece.

- Yes, that should be here in the next month or two. The application's in HUD, so we're just waiting for our grant signatures to come back. Once we sign those it'll be put into our account.

- [Brian] Can that application be submitted before that money comes in, and could it be received if a project is ready? So you would just mortgage the 50,000 until HUD prints it, okay. The 50 is enough to cover what I've got in the hopper, so I'm good then.

- Great.

- [Matt] I still recommend that maybe we do consider dual purpose, that could add flexibility for next year would be fantastic.

- Don't we have a 30 day comment period for this loan?

- We have a 30 day comment period, yes. We would have to change.

- The language?

- The language of how we would move this money, and the purpose.

- Either or, and that would be acceptable?

- I've never had it done that way.

- Wendy's got some loans in the hopper that would spend all of that money.

- That's what she said.

- Is that true?

- Yes.

- Yes.

- So it's a bird in the hand, two in the bush?

- [Brian] But I mean, just because she might have some people the hopper, doesn't guarantee that those requests would be approved.

- Right, see what I'm trying.

- Exactly. And that's that's why I kind of been preferring the dual purpose option.

- If we could do that with this because there's gonna be the other 50,000 in future or did you guys want it done now?

- I'm okay with looking at it for the future as long as I know that I've got that 50,000 coming in that could entertain some of these things I've been working on.

- We should verify that.

- Are those different programs than yours, Matt? Are you are you thinking of the same facade loans.

- Yeah.

- Oh, okay.

- [Matt] My grant program, being combined, dual purpose with our off.

- No, but my question is are you?

- I'm thinking of.

- Looking at the same projects for facade are you thinking of a separate facade project, separate from what Alder Johnson has in the hopper?

- [Matt] I've got multiple in the hopper from multiple districts but they are not ready right now. Is that 50 enough to cover it, I don't know for sure.

- We can always transfer the money back.

- We can always transfer the money back.

- Yeah, we can transfer the money. The problem is if we make it a dual first in, first out. It starts being two different national objectives. The Economic Development Revolving Loan Program is creating jobs. The Facade and Demo Program is eliminating blight. So, they're actually two different programs. I don't know how we could mesh those together with different national objectives at the end. That's why we kind of have them separated out. Absolutely the Facade Demo Program could create jobs but that is a different type of burden that might be make it even harder to get the money out the door if we do that.

- That's actually not on the agenda right. This is not on the agenda. Do we need the thing about making it dual purpose? Do we need to have that on the agenda?

- [Matt] Well, not unless it was an amendment to the way that you're actually going to transfer these funds, if that's a contingency. But again, I'm saying if there's 50,000 coming in, I'm good. And if you want to talk about dual purpose for next year.

- So we can just make sure it's okay. So keep it legal and make sure dual purpose is okay.

- I think with certain styles are coming in that we should make the motion to move these dollars.

- We haven't had a facade demo go through in quite a while. This money, this 114,000 is 2008 and 2013 money that hasn't been moving and it's because we haven't had staff really moving it. And Matt coming aboard, he has been working diligently trying to get that out. I think if we need additional, more than 50,000 we could make a transfer from the revolving loan, because the revolving loan is going to be receiving some money in.

- [Kevin] We don't wanna drain the fund, that's when applications will start coming.

- Right.

- Right.

- [Kevin] That's normally what happens.

- Our goal is to meet timeliness.

- Right.

- Right. So it's a 30 day.

- Right.

- If we move this time.

- No we have not.

- I'll second.

- We have a motion by Barb, second by Jim, and we shall vote.

- Passed unanimously.

- Very good, thank you. Thanks for your comments friend. Number seven, consideration with possible action on an extension to development agreement for the property located at 1130 Stuart Street, Tax Parcel 14-997. Alright Ken.

- Hi.

- Good seeing you.

- [Ken] Alright, so this 1130 Stuart Street was a property that the RDA purchased in 2016 from Brown County as a tax foreclosure. In April, we awarded the development agreement with Mitch's Hometown LLC. So far you've done some a selective demo and some tree removal on the property, but he lost his initial funding source as well as one of the general contractors. He's been working to find a new contractor that can fit into this timeline. He's looking to get a 45-day extension as of August 20th is when the original development agreement expires. Talking with him, I put the deadline of that August 20th to verify that he has a contractor, in writing. As well as providing proof of funds to make sure that you can complete this project within the the scope of his original work that he presented to us.

- So, it's not to complete the work but to have all his stuff lined up?

- [Ken] Well August 20th is what I gave him as the deadline to get the ducks in a row. Then what we're approving today would be a 45 day extension contingent on him having those proof of funds and a contractor lined up.

- And he's had them for how long?

- [Ken] He's had it since April 10th, when we awarded it. I think we executed, end of April, is when we transferred it. April 20th is when we transferred them the property.

- I'm fine with it. I'll make a motion to grant that extension.

- I Second.

- Motion made by Barb, second by Kathy, so we shall vote.

- There we go, passed unanimously.

- Very good, thanks Ken. Have you got number eight as well?

- [Ken] I do.

- Okay, number eight, consideration with possible action on a hold harmless agreement with On Broadway Inc. for the property located at 321 North Broadway, Tax Parcels 5-586 and 5-587.

- [Ken] I put a map in the packet. So I can show you where we're looking. If anyone else needs them I have them. Staff met with On Broadway staff to look at doing a pocket park on 321 North Broadway. This site we had previously RFP'd, if you remember, in the past, we had awarded this to The Barracks, it was The Barracks project.

- They were the builders.

- [Ken] City staff does plan on the RFP'ing this one again, in this fall. Actually, once we award the Adams Street Park we're gonna put an RFP out for this one. We talked with On Broadway staff at looking at doing a pocket park here, just to, kind of, activate the site temporarily. Just to add another public space in the Broadway district. It'll be all things on the site that are removable, nothing will be permanent there. We have the Aaron Rosnick from our staff here do a little rendering here, as well as in your packet, you can see the idea for the site. As well as other pictures there of ideas of what they want to do. WPS has also donated a solar-powered, phone charging station, slash picnic table, to On Broadway, so they're looking for a site for that. We incorporated that into this plan as well. Sam from on Broadway, has been a lead on this project, she's here if you have any questions for her.

- What street is this right here?

- That's Kelly.

- Oh, okay.

- How much money are we talking about putting into this?

- [Ken] We would just continue to do the maintenance. We wouldn't put any money other than, maybe, some staff time to help coordinate some donations. Activities for the site.

- The bottom line, you're gonna send out another RFP to develop it?

- Correct.

- This is a temporary thing.

- [Ken] It's temporary, also talking with the Law Department, instead of doing a hold harmless agreement, we would do a lease agreement. We would probably do a $1 lease and set that up as $1 per year then, maybe month-to-month. Once we do get that development. They're on the same page as us, they want to see the site redeveloped. They don't want it to be a permanent park, but for the time being, why not activate this base.

- So, the recommendation would be entering in to a lease?

- Correct. That, actually, I talked to Law after this already printed.

- I move to approve.

- I've got a motion to approve.

- Second.

- Second by Barb.

- There isn't any green space down there.

- [Ken] I think it opens up opportunities for other sites once we prove that we can do a pocket park here, and maybe other redevelopment sites, we can do the same thing temporarily.

- Passed unanimously.

- Good, number nine, consideration with possible action on request by Hometown Bank to release its interest in Historic Tax Credits per the Continuing Guaranty, Limited, RailYard: North at 420 North Broadway and 520 North Broadway, Tax Parcels 5-1756 and 5-1757. That's you?

- [Kevin] So, our development agreement with the RailYard, tri-party between City, RDA, DDL Holdings. There is also a part of that agreement there was a guarantee between the City and Hometown Bank was providing financing for the project. We discussed it here ultimately, the guarantee is just an agreement between the City and Hometown and DDL. With that, they are looking at the letter that was included in your packet. Made a request to the City for consent to be able to transfer the Historic Tax Credits as collateral to transfer that to Associated Bank. In short, our initial opinion was that that actually wasn't contemplated as part of the security agreement, as collateral, so they didn't really need our consent. With that, the Bank felt that they would still like to get approval or consent so there's nothing to argue about in the future in terms of direction. Given that, again, we didn't really contemplate it. We would recommend that consent be given. We recommend that Council take action to provide consent to the reallocation of HTC's from Hometown to Associated. This would be just recommending, this would be on that coming Council agenda next Tuesday. This would just be in order to get through a Committee a recommendation for Council to take that action. Representing.

- Just to make it clear, how this request is working. We never had any interest in the tax credits from the City's perspective whatsoever. So, what they were doing is securing the loan, saying that what they would do is go after the collateral that was identified in their security agreement first before they came after the guarantee or that those were things that they could use to essentially, to pay off the debt. Again, when we reviewed it, it did not indicate there is anything included in there with the Historic Tax Credits. The closest thing that came close to it was business assets of the company. Felt it was a little too attenuated to really make that extrapolation saying that they were gonna use those Historic Tax Credits, especially since have contemplated the whole time as being used by something else in the bag actually conveyed to us that they were not planning on using these Historic Tax Credits as collateral or anything. With that, we don't see any issue with it, we're recommending.

- So they weren't using them as collateral?

- Correct.

- And there's no risk then, transfer or.

- Correct.

- So is our action to recommend approval to the City Council?

- Yes.

- Recommendation to Council?

- Because the way it's written, it makes it sound like we have the authority.

- [Kevin] I apologize, it was written that way, but it should be recommending the Council take action.

- With that I'll recommend it as amended for a move to approve it as recommended.

- And I'll second that.

- Motion by Jim, second by Kathy. Let's vote. All right.

- Passed unanimously.

- Very good thank you Lisa. Informational, I looked at the report, check register, I have no problem with that. Director's report and project updates.

- [Kevin] All right, so, project updates. Hotel Markland, so two parts. One, construction continues to progress along. I anticipate that shell should be completed end of this month and still on track for opening this fall. I know Krista has been working with the general manager in terms of the hiring requirements on part of the HUD loan and things, and so they're trying to assemble their team over there and then comply with the guidelines there. One of the pieces that goes to Finance Committee tonight you've seen, and I can forward to RDA is an audit of the project. This was a request made by the last Council communication that was made with that the receiver. Doing their jobs with terms of handling the assets of Hotel Markland LLC, had a third-party auditor come in and basically look at the project from top to bottom. Presented the results that audit to all the financial partners involved. For the City two forms, we have the 2.5 million of tax increment financing, that went in, and then our HUD loan. Of the 4.7 million, we had 3.6 million into the project. The auditor looked at that 3.6 million in terms of, again, there's certain requirements that money had to be spent on certain items that complied with HUD guidelines. There was a list, furniture, fixtures, capital assets, working capital, some consulting. With that, the auditor did find discrepancies between receipts that were given to the City and money that was actually, how much money was actually spent.

- It did not?

- It did.

- Did.

- Yes did.

- [Kevin] So, two things happened. One, our HUD money went into an account with all the other funds. Basically, when you were making developer, This is Hotel Markland LLC, this is, probably, previous developer, not current developer. When that developer was making payments it wasn't like this was a HUD dollar, and this was Octagon dollar, and this was a whatever dollar. It was all coming into one account. In terms of tracking those expenses they weren't kept in separate buckets. With that, and looking at the specific things that were submitted back to the City in terms of there was a list of documentation that the developer had to say, look, we spent money on these certain things and submitted receipts for that. The audit found that that didn't match up with what was actually done. There was some discrepancy. The biggest one being was kitchen equipment. All in, there was about $800,000 of discrepancies in terms of what was actually paid for, in terms of some bills weren't paid in full. The kitchen equipment wasn't actually fully purchased. With that, the auditor found that, again, that documentation that was submitted to the City, in some instances was not true. With that, the auditor did find and confirm that all the money did go in to the project. No money went out to separate contractors or individuals, it all went into the project. What we did, upon receipt of this, is looking at okay, well with all those funds, and working with the finance director it's okay, from all those receipts and all the money that went into the project, what were the things that were spent on HUD-eligible expenses. We know that okay, it wasn't spent on these things but obviously there's $10,000,000 going to the project, what are the other items that were spent for HUD-eligible expenses. Went through, identified those, and are now working just with HUD and make sure that those all match up. Once we get confirmation from HUD, I think we're talking to them Friday, just about the process. Also making amendments to the development agreement to get the new developer on board. That we're just making sure that we match up all those receipts so that we can be compliant with HUD before we release the rest of our funds. There's still about $500,000 left for us to put into the project, I just want to make sure everything previously, previous developer matches up before we get more with current developer. Long story short, it's disappointing, upsetting, to see that basically we were lied to and in the situation that money wasn't spent on items that we thought it was spent on. And really, had no reason to believe it wasn't spent on, given the receipts and everything else that we had in terms of that documentation. With that though, I think it was assuring for some confirmation that all the money did stay in the project and went into the project.

- Any lessons learned or anything? Not really, based on what you're giving me.

- [Kevin] We're gonna write a book about this project when it's finished, like what not to do in some instances. I think from an accounting perspective, could look at some things of keeping up separate money for, okay, then you have to take it out of a separate HUD account moving forward. We could look at that. We could look at slowing down the process and going through and all right, we actually want to go over and see every nut and bolt and things like that. I think in terms of construction schedules and timeliness and things like that and again I mean doing the documentation. You wouldn't have a reason not to believe that money wasn't being spent on those things. Also, I think there's several times we have conversations with the other partners about feel anything that there's, you know, doesn't smell right about this. At the time, our financial partners said, no, I think the money is going into these things, obviously the buildings.

- So, the real good news is that all the dollars did go into the project. That's number one.

- That's correct.

- The two buckets weren't kept separate. So now you've got to straighten that out with HUD?

- Yeah and you've looked at, of all the other expenses that were done, there's certain others it wasn't the kitchen equipment, what were the others that were HUD-eligible, just to make sure that moving forward this is what HUD money is used for, specifically.

- [Brian] Kevin maybe this is a more appropriate question for Finance, but I wanna ask it now anyway. As the guarantor of that loan, is the City at risk if there's not enough HUD eligible expenses to match up with the money we've already given out? Meaning, could the City potentially be demanded to repay that money.

- Even if it went to the project.

- Even though it went into the project, which is not HUD-eligible could HUD say you got to pay us back that money.

- [Kevin] So yeah, so there, we have to pay back the money, regardless. Really, what our collateral is, how many years five? Four?

- Five years.

- [Kevin] Of our block grant funding. What they could look at putting at risk is saying in the future okay well these things weren't, necessarily spent on HUD eligible activities. I think that's what we're trying to work out with right now and I think we've been upfront with HUD and HUD has understood all the fits and starts of this project and for them being one of the few Section 108 loans that they do. They've kept an eye on where things go. I don't think they're to the point where things are adversarial, because they both want to see two things. They want to see this project get done and they want to see us continue to receive our block grant funding. I don't think we're at the point where we have reason to be concerned about that happening yet. Did I answer your question or not?

- [Brian] You answered it, but I don't know that it makes me feel good. I mean they're not saying that they're gonna do it but they could.

- So what we have been conveyed to this whole time that we've been talking to them is that HUD gives us the money and it's our responsibility to pay them back. Once it comes passed to the City, it's our obligation to make sure that everything follows through. So really, HUD's just worried about getting paid back for what they are owed and then they put all the responsibility on ensuring that the requirements are met on the City. With Kevin, I don't see a lot of potential for default because we are making those loan terms back and we are imposing this obligations, like you have to meet the hiring restrictions and all that stuff, and we have been worked with them. I think HUD, even if we were potentially in default, which I don't think we are, I think that HUD is a place that he's willing to work with us, they're willing to work with us.

- I think to that point, like most of our other programs, HUD really kind of defers to the municipality or the entity receiving the money. It's up to us to decide did those expenses meet those eligible, are they eligible expenses. They basically rely on the City to say yes or no, those are eligible those are not eligible. Where we're trying to do is just trying to be proactive, like in the case, where somebody would look at this down the future or HUD would want to do an audit on this, that there's no question. Yeah, these would you know qualify, in HUD's perspective as qualified expenditures. I think what Vanessa was saying, they leave it up to us to decide, but I just wanna make sure that those in DC would also agree with us that there's no ambiguity like no, this is a true meeting that. I think, talking with Chris, there's some times too, where we talk about just totally separate projects like could this qualify, you know, in terms of if we run it up the chain and just say hey you think this means one of the national objectives or those things. With that, I guess, I don't have concern that they would say nope it wasn't used as we thought it was gonna be used.

- The other component of it is, we when we started talking about all this stuff, we've actually been in talks with HUD for months and we told them we'd let them know what the terms or the results, all that stuff. While they were interested in the audit they were more interested in payment plan. This whole time we've been in the discussions with them we've notified them of the fact that there are inconsistencies and still, they're like okay, well, let's focus on send us those, let's go ahead and talk about those and get those cleaned up, make sure everything's fine. More importantly, we need to know the terms that the new developers will be assuming because we just need to get those documents cleaned up. They're moving forward completely with getting things moving forward.

- The question I have, is if you have a single audit, that your auditors perform each year when they come in to look at the City for us and the single audit handles the umbrella of all grants, state and federal programs, that the city administers, I'm guessing that this HUD loan fell underneath that single audit guideline. So, did your auditors not look in detail as to whether the proceeds were spent appropriately?

- [Vanessa] I don't know. This one was actually a forensic audit. I don't know if that's what's different about it.

- Should it be the same? I mean, that's why you pay auditors to do the single audit.

- [Brian] That's a good point. Because if it wasn't flagged in the original audit it would give us some recourse if this were to go south. And I get your point, right. There's no indication right now that it may, but if.

- I would just circle back and ask who's the audit from, Schenk?

- Schenk.

- I would circle back to the partner on the audit and ask them.

- Did they look at this fund?

- Well they certainly should have that's what they got paid for. The question would be what level of detail did they get into, to satisfy that all the monies went the appropriate way. Because they'll often give you a ding if the monies are spent in an appropriate fashion and look for change of procedures. I would circle back through Finance to Schenk.

- You know, it seems to me that the letter that we got was kind of a happy little letter that it was spent appropriately. I'm just really surprised to hear you say this from reading the letter.

- I think that Mr. Delveaux's point, at the end of the day, all the money went into the project. I think that, at times, there was accusations of money going out of the project, to other contractors.

- I see.

- To other individuals. And auditor was very clear that all that money went in.

- And you told me when he said that, but that was used to pay suppliers and subcontractors for goods and services, provided to the renovation development of Hotel Markland. Now, what we have to make sure of is that a certain portion, a portion the HUD money went to HUD-eligible appropriate.

- Correct, so 850.

- Because it was commingled. We have to figure out, probably did.

- [Kevin] Yes, and that's why we have a list of other expenditures on which it was spent that cover that 850, that we feel, look, as a city, which kind of from the regulating authority, yep, those are HUD-eligible expenditures. We just wanna also get some confirmation from HUD, like, okay, we think there are HUD-eligible expenditures here the same page.

- Just one more question. Were they set out right at the beginning, before the project started, this is where the HUD money, exactly, will go?

- Yes.

- And that's not exactly where it went?

- There were some buckets, yes, that basically said, roughly, we're gonna spend X amount and you can pull it up, X amount on these particular things. That's what, they were trying to fill the buckets.

- Okay, because those particular things were gone.

- Correct.

- Probably.

- [Kevin] Correct.

- So of the $800,000 that you said in discrepancies. So, when an expense came in, that's, does the City then transfer the money out to whoever made it? I mean, did we lose any of this money or is it just all accounting?

- [Kevin] It was all accounting with the previous developer.

- Okay.

- [Kevin] So that all of our money went in to that account, it got dispersed to entities, really all for HUD-eligible expenditures, but not eligible expenditures for which we were provided receipts, did not match. There were some things that money wasn't spent on.

- Okay.

- [Kevin] And that's where the discrepancies.

- But other money was spent on. Was for sure spent on it, so it evened out in the end but it wasn't tracked appropriately?

- [Kevin] Correct.

- It's good practice for your 4:00 meeting.

- 4:30.

- That's my meeting too, isn't it? No, Finance is 4:30, according to this.

- Okay.

- I'm sorry.

- They change them all the time.

- Anything else at the audit?

- I got a quick, Foxconn, anything new there?

- [Kevin] We are meeting with them on Friday to talk to him about timelines.

- I'm gonna ask this question okay because somebody asked me. The Friar building at St. Mary's Church, what day is that?

- [Kevin] They are still working on their not their due diligence, construction schedule. Putting some pieces together about how they're moving forward with that. They have the tax credits, so that they're just trying to line up, basically, they're the contractors that, hopefully, they would like to get started this year on.

- Okay.

- Any other questions?

- [Kevin] In October?

- That's what Kevin said.

- Say it again?

- [Kevin] Design in October?

- Okay.

- Okay, great.

- [Kevin] Which needs approval from us, correct?

- Yes.

- Okay.

- Motion to adjourn?

- Motion to adjourn.

- Second.

- All in favor say aye.

- Aye.

- We are adjourned, thank you, excellent job.