# MINUTES OF THE REDEVELOPMENT AUTHORITY OF THE CITY OF GREEN BAY

## TUESDAY, OCTOBER 29, 2019, 1:00 PM
## CITY HALL, ROOM 604 - THE HARRY MAIER ROOM

### A. ROLL CALL.

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

Present: Barbara Dorff, Matt Schueller, Deby Dehn, Gary J. Delveaux, James Blumreich,
Excused: Kathy Hinkfuss, Melanie Parma
Liaisons Present: None
Others Present: Ald. Randy Scannell

### B. APPROVAL OF THE AGENDA.

1. Approval of the agenda for the October 29, 2019, special meeting of the Redevelopment Authority.

Moved by James Blumreich, seconded by Matt Schueller to approve the agenda. Motion carried. Yes- Barbara Dorff, Gary J. Delveaux, James Blumreich, Matt Schueller, Deby Dehn, No- None, Abstain- None

### C. REGULAR BUSINESS.

1. Consideration with possible action on communication from Ald. Johnson (District 9) "To create a policy guaranteeing City Council oversight and disbursement of funds related to Affordable Housing Extension Resolutions for TIDs 7, 8, and 12."

Moved by James Blumreich, seconded by Matt Schueller to refer to staff to report back to the RDA in March 2020. Motion carried.
Yes- Barbara Dorff, Gary J. Delveaux, James Blumreich, Matt Schueller, Deby Dehn, No- None, Abstain- None

2. Consideration with possible action on Development Agreement 19-04 with TWG Development, LLC, and DDL Holdings, LLC, for TWG 2 @ The Rail Yard at 419 Donald Driver Way (Tax Parcel 5-1772).

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 James Blumreich to open the floor for discussion. Motion carried.
Yes- Barbara Dorff, Gary J. Delveaux, James Blumreich, Matt Schueller, Deby Dehn, No- None, Abstain- None

Moved by James Blumreich, seconded by Ald. Barbara Dorff to close the floor for discussion. Motion carried.
Yes- Barbara Dorff, Gary J. Delveaux, James Blumreich, Matt Schueller, Deby Dehn, No- None, Abstain- None

Moved by Ald. Barbara Dorff, seconded by James Blumreich to approve Development Agreement 19-04 with TWG Development, LLC, and DDL Holdings, LLC, for TWG 2 @ The Rail Yard at 419 Donald Driver Way (Tax Parcel 5-1772), subject to minor legal and technical revisions. Motion carried.
Yes- Barbara Dorff, Gary J. Delveaux, James Blumreich, Matt Schueller, Deby Dehn, No- None, Abstain- None

3. Consideration with possible action on Lease Agreement with Ultra Plating Corporation at 345 S. Pearl Street (Tax Parcel 3-552) regarding Leased Land at 239 Arndt Street and 119 Bridge Street (Tax Parcels 3-551 and 3-556).

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 Matt Schueller to go into closed session at 1:43 p.m. Motion carried.
Ald. Barbara Dorff read the closed session language.
Yes- Barbara Dorff, Gary J. Delveaux, James Blumreich, Matt Schueller, Deby Dehn, No- None, Abstain- None

Moved by Matt Schueller, seconded by Ald. Barbara Dorff to return to regular order of business at 2:05 p.m. Motion carried.
Yes- Barbara Dorff, Gary J. Delveaux, James Blumreich, Matt Schueller, Deby Dehn, No- None, Abstain- None

Moved by Matt Schueller, seconded by Ald. Barbara Dorff to terminate the lease with Ultra Plating Corporation at 345 S. Pearl Street (Tax Parcel 3-552) regarding Leased Land at 239 Arndt Street and 119 Bridge Street (Tax Parcels 3-551 and 3-556). Motion carried.
Yes- Barbara Dorff, Gary J. Delveaux, James Blumreich, Matt Schueller, Deby Dehn, No- None, Abstain- None

## D. INFORMATIONAL.

## E. ADJOURNMENT.

Moved by Matt Schueller, seconded by James Blumreich to adjourn. Motion carried.
Yes- Barbara Dorff, Gary J. Delveaux, James Blumreich, Matt Schueller, Deby Dehn, No- None, Abstain- None

## VERBATIM MINUTES

- [Woman] Right, because...

- [Woman] Did you press save? Press save.

- [Man] We're good? Okay.

- [Woman] It's on recording.

- [Man] Are we starting?

- [Woman] Yeah.

- [Man] Okay. Good. All right. Chair, Gary Delveaux?

- [Gary] Here.

- Vice Chair, Matt Schueller?

- [Matt] Here.

- Alderperson, Barbara Dorff?

- [Barbara] Here.

- Jim Blumreich?

- [Jim] Here.

- [Man] Deby Dehn?

- [Deby] Here.

- And Kathy Hinkfuss and Melanie Parma asked to be excused.

- Okay, motion to

- Starting.

- All right, Jim and Matt,

- [Jim] I.

- [Matt] I.

- Opposed will carry.

- Regular business number one: consideration of possible action and communications involving Alder Johnson, District Nine. To create a policy guaranteeing City Council oversight and disbursement of funds related to Affordable Housing Extension Resolutions for TIDs seven, eight and twelve.

- Yes, so this is communication, I read on the docket on the last agenda. So I just wanted to ensure the process. As you know, what we talked about, before pausing extensions for those three tax-sequent districts, Florida Counsel had actually had a very good discussion about it. But there was decided from Alder Johnson, who had communication about just how we're going to spend these funds, so we're not anticipating them coming in until 2021, 2022, but wanted some guidance in terms of how we are going to look at it allocating. These funds, there are some rules on it, 70% has to be spent on affordable housing, so our recommendation is to send this to staff, feel this really aligns a lot of stuff we're working on right now. We have to update a consolidated block. Now the grand plan, we have a new housing study, is this part of that? We started working account plans so, give us six months to work a few of those things out and we come back and report in March of 2020.

- [Man] Deliver.

- I just wanna know is this necessary? Is this something that other news counties do, it doesn't seems like--

- Yeah, they could and, you know, what I look at it is, kind of thinking how we would structure it is this body or our staff works on like kind of a block grand plan, right. We get a certain allocation of Block Grand funds and here's our plan of how we're gonna spend it. We have a public hearing and bring public input, and we present a budget to you, and then it gets approved by a council. After that, then everything is just run through RDA. So it turns out, right here is kind of the master plan and as projects come through this body approves it. I think we would maybe look at doing the same type of thing, where council through good neighborhood enhancement is another example. They have ruled, kind of, the overall budget categories policy in terms of where we're going, could evidence this body who really works on the specific projects allocating funds for this particular project.

- So in the past has it just been the body that makes that determination, or hasn't this ever happened in the past?

- We've never had this source of funding before.

- We've never had this source of funding, okay.

- Right

- But that's how it works for block grant, an enhancement?

- Okay.

- These other programs are gonna run through the

- Are you asking to have other communities created this type of investment?

- No, I asked if the other communities, are required their city council that be oversight and disbursement of the funds. I didn't understand why that was necessary.

- The bottom line is when you set is fast and flush it out and come back for the recommendation?

- Yes, in March of 2020.

- Motion, please.

- Motion.

- Motion by Jim.

- Second.

- Second in that. Any questions on this?

- I think we're good on this one.

- [Man] Pretty good, thank you. Number two: consideration of possible action of Development Agreement 19-04 with TWG Development LLC, and DDL Holdings LLC plus TW G two at The Rail Yard at 419 Donald Driver Way tax parcel five dash 1772.

- All right, I appreciate, again, everyone taking the time for this special meeting today. We've been working, as you know, with TWG on one project over at the Rail Art and Broadway Lofts, which go up Broadway, you can see it coming out of the ground mill, which is really great to see. You know, as we talked about Broadway Lofts, at the same time, we also talked with their team about another project in the community market rate project. And we looked at some different sites, and explored a few different alternatives and over time really came to the conclusion that you know, the Rail Yard was a place we, in terms of just the development that's going on and the amenities but also with TWG, just are really considered to you, with the project that they have there and so what we're

having for you today is a proposal for a development agreement for a pretty substantial project, multi-family project. All in should be 225 units, and this will be at the south, I guess the northeast corner of Broadway and Kellogg, so this will be a focal point coming into the Rail Yard. One of the things we discussed in terms of the overall master planning of the Rail yard. We wanted something on Broadway and Kellogg, that's gonna match the size and scale of the warehouses that are there and really make sure we have a great entrance to that property. And so in terms of residential product, you know we've been talking a lot about how we're behind on the production of housing units and this fits in and into our view of what we need in terms of bringing additional units and bringing in additional price points and rents that really provide opportunities for all members of our community to have housing options there. So, what we have, we have incentives from the developer who are here today, Michael Taft and JB Curry who could speak a little bit more about the project and in short, we can go through, if you wanna hear about the project first, and we can talk a little bit more about the incentives, we're proposing a multi part incentive kind of like we did with the Broadway Lofts project. Whereas with the original Rail Yard agreement we would provide some funding upfront to DDL to help with the infrastructure build-up. Mr. Schueller had asked me some questions so I'd be prepared to kind of talk about how that flows, yes, and I'm giving heads up ahead of time to prepare so.

- I just wondered who Mr. Schueller was.

- Well, I don't know him.

- And so we'll look at, you know, how that flows and then after that service is paid on that as increments will be divided up as a pay-co, as you know, some goes to DDL, they could maybe get the portions of the developer and then, here today, they're asking for a portion of the city's increment that's left over after the vet service. So we go through, and have prints as I have some sheets so you see how that flows.

- Good.

- But I think, you know, to start off maybe it would be appropriate, it's appropriate. So the floor is on the developer, talk a little bit more about the project and then why we're really excited about it.

- Okay.

- Motion out on the board for the sake of All those in favor, can we say "I?"

- [Group] I.

- All right. So, let me get this up on the screen, do you wanna turn that on?

- Do you have a laptop or do you wanna run it off here?

- Up there would be great, but I also have a laptop.

- And that's version two, correct?

- It is.

- Okay.

- Right, it's like first time using computers, huh?

- We got it.

- Perfect. Thank you, very much. All right, so thanks, again, for everybody coming to a special RDA meeting, I appreciate your flexibility, here. I'm here with TWG Development, which is, as you know, a national multi family developer out of Indianapolis. I have a development analyst for the company, here as well, JB Curry, our VP of Market Rate Development. Just for quick background, I've over 75 projects either done or under construction. Founded a little over a decade ago, over in the Midwest, and starting to reach over into more states. We're full service, so we do development, take it through financing and find equity and debt. We manage all the design in-house with five in-house architects and an interior designer. We have a GCR for the construction and then we manage in other properties. We focus on the full income spectrum, kind of fixed on what the demands are in the given market. So just to get some context for our site, this is a little bit of outdated aerial, right there, on newer Broadway. This is a little bit closer to where I would say, today, but as you know, as it was covered, it's part of the Rail Yard master development where Broadway Lofts is right here just to the right of Palm Street, that is under construction, this is actually, I pulled these from a recent update and it looks very similar to today. I think the rain is not in great, but the framing is getting done and I think everything is managing to stay on schedule even though we have records rains, I think. And so we're really happy with that project, just to the construction and I'm really excited to see it finished out. Looking specifically to this project, we're looking in on the south end of the 400 block. It's about three acres and right there between the two historic buildings. So if you were looking, kind of walking north along Broadway, the view that we're kind of imagining, as you approach the project would be something like this. So this is a five-story building. Balconies on all units, primarily masonry and glass facade. We really appreciated visiting ordinance the PUD that was put together for the Rail Yard was very intentional about encouraging pedestrian walk-ability and good masonry materials and just enhancing kind of the vibrancy and the livability in this district. So, we think that we can really capture it with this kind of building and it fits almost perfectly what it calls for in that zoning plan. If you were to turn right on Kellogg and kind of continue there, I saw that they actually just poured the curves for Kellogg, if you head over there today, or in the last couple of days. But this would be kind of the view, looking back toward Broadway on Kellogg. Again, you can see, really great-looking facade that we think is gonna look even better after we kind of tweak it through even more architectural process over the next couple of months. You can see roof decks that would kind of have, like, a hosting kitchen, like a premium kitchen right off of the roof deck where you can put together a big meal and have friends over and kind of have that roof deck, indoor, outdoor space. And then as well, kind of that storefront, extending down the sidewalk and then this pedestrian connector that would kind of enhance the permeability of the building, we don't want it to be huge but, like, monotonous massive building that feels like a mega development. So we kind of added in this pedestrian connector, that makes it feel more natural to connect to Elmore Commons and more the northern side of the park. Here's a quick overview of the site plan. You can see that we have 7,000 square feet of residential and then, kind of storefront feel continues, but it is increasingly kind of private into community amenities and a leasing office and then it actually kind of wrap around into this interior courtyard. You have more residential and parking. Just a few reference images, this is a project we recently concluded in Indianapolis. This would have our premium finishes in all the units. We do granite countertops, Staples appliances, designer lighting. We have premium flooring, nine-

foot ceiling heights. You can see we door out to the balcony on every unit. So these can be pretty great units. The amenities space will always have a 24-hour fitness center with pretty great equipment. I kind of wish I lived in one of our buildings. And then, kind of the general amenity space, increasingly, we kind of see residents looking for almost a coworking feel. Sometimes, quite often actually, they are able to work from home, or have various kinds of path-gate economy jobs and that sort of thing, so we want it to be a space where they can gather with friends but also get some work done during the day. So it's free coffee, fast Wi-Fi and just got a good space to gather. And then this is kind of a reference for just the rooftop we recently completed, in Indianapolis right next to our headquarters. In terms of who this development would be serving, I kind of put together this spectrum of incomes, to give you some context in terms of Broadway Lofts, which is currently under construction, there in the Rail Yard. Primarily serves the spectrum from extremely low-income to 60% of income. And so I suit three with kind of the averaging comes up as points on there to give you some context. And we think that's extremely important. I mean, if you're opening businesses in the Rail Yard district, encouraging kind of a vibrant neighborhood, you need service-level employees and as you increase vibrancy, cost of housing goes up. And so you wanna really make a great neighborhood, but not price out those same service workers that are really enabling a neighborhood to be successful. So we think that's super important. However, if you're only going up to 60% of income, I mean, this is really half of the chart. If this is average income, you have this other half still left. So you have 70% of the population that cannot live in Broadway Lofts. And so we were looking at how we serve more of this income spectrum. So this development would feature primarily average income and up units, as well as 10% of the units would be at 60% income or less. So I think we're adding a lot of the valuable for ability and without tax credits, but we're primarily kind of aiming for the rest of this 50% of the spectrum. And then you can see that kind of broken down here more specifically, an interesting nuance, the way that we're financing it, and this is a little bit confusing but I'm happy to explain it more, is that 80% of the units are limited to 100% average rents, but they're not income limited. So anybody can use one of those units. And actually just gets a really healthy limit to what rent they might be subject to. So you can kind of see the difference there in this market two-bedroom versus 100% two-bedroom, where for that particular unit, is about a five hundred dollar delta. In terms of the others, you can kind of see. Studios and one bedrooms, essentially market rate rent. I think those are about the highest rents you'll pay in Green Bay, along, kind of next to the metro. Development and then, but we also have the 60%'s and kind of those discounted two-bedrooms. But overall, again these are all premium units. All granite countertops, you could walk into any given one and not have no idea of what income level it might have. And primarily, these are gonna be fairly high income residents, that would be living here. And then you can kind of see a few other amenities we throw in there, we have generally dog parks and a nice indoor tub for like washing your dog and a grilling station up on the rooftop and indoor bike storage. We find that like-abilities are increasingly important for residents. Adding features like that repair equipment for those bikes, and if you're not a homeowner it's hard to have that equipment around. And, yep. In terms of costs, they were projecting this currently at about 44 or 45 million dollars for total development costs. We're paying for that via 21% equity for most of the debt. And then we're projecting the tax liability of the project to really increase over 10 fold. So, well the proposed incentive, I think Kevin will dig into a little bit more detail. The city is still obtaining taxes from that project and I think we'll ultimately, especially at the end of the period, see a huge benefit for those increase in taxes. So I think overall, I guess, and then here's the schedule really quickly. We plan on purchasing this before the end of the year. It's actually maximized our opportunity zone. This is an opportunity zone, if you're familiar with that mechanism, and if we purchase it by the end of the year, it maximizes kind of the benefits of that investment. So we're planning on purchasing the land this year, starting construction in the summer, finishing construction two years later in the summer, and then spending about a year and a half leasing

out. So overall, I think it's a really great development. That's the site plan. I think as needed housing density there, I was just reading that, there's a, I think four, in the last decade there's been a four percent increase in the present households and renters. So increasingly, if Green Bay wants more residents, the housing base of the city is gonna have shift toward renting. So there's this huge demand for premium renting and you see it in apartment buildings like Metro, you see that are full. And if somebody gets a new startup job and wants to live in downtown Green Bay, they can't if they're kind of looking at that sort of apartment. So we think this is a really needed housing project. We were really happy to provide affordable housing, but it can also provide market rate housing. And yeah, I think, after that open up to any questions or to Kevin's guidance.

- Yeah. Appreciate the summary, I think, Michael really captured it well. Two big things that really attracted us to this project and getting into this point, you know, one has to do with the attention to decide. We're really feeling this is the appropriate scale and density that's needed, you know, in the Rail Yard, and for that particular site, you know, we both talked about it, with the planners and then working on PUD and in terms of just massing it, it really fits in well with what is going on there and it's really gonna, as we've always tried to say, create, put additional neighborhood in Eckel District. And they've been really great to work with in terms of conforming to the PUD that said. That really does talk about density and scale and design, it's really important you know. You got one shot in a generation to get it right, so, in terms of the masonry and the glass, it's really important to continue those things in the new structures that we're building there. And then the second piece, it just goes to the product itself and just really the diversity of targeting additional segments of market in terms of again, you know, sometimes that, I talked about that, you know that big gap in the middle, where we work a lot of times, now in my households. But, you know, kind of the high end but you know, kind of made it to that middle right around AMI, that 88, 100, 20% sometimes gets forgotten about, and what, we're not a hole in the net, to have a product that offers rents in those ranges, and also, yeah, I mean you're getting captures, we talked about again, too, the changing household demographics and the lease helps us take advantage of demand in the market place. You know, so that's, with that, again, we talked a little bit more about incentives, if you've got questions or anything to ask the developer so.

- Okay, Kevin I got a couple of VC questions, in the development agreement, the guarantee development is 30 million?

- The guarantee development will be 21 million, they're looking at about guaranteeing 30 million in hard costs for construction.

- On tax fees, you said 21 million. Is that what we're talking about?

- Yes.

- I think he's asked about, you stated in here is 21 million, correct.

- Okay. And, you were looking at what page?

- On the 21?

- No, the 21 that should be what we're estimating the assessment will be at. I think, again, working with the assessor is probably a conservative number.

- So basically we're dumping 44 million in developing costs?

- Right, so again, one of the challenges as we looked at, working with our assessor, I think it will come out higher than 21, part of it is just constructions costs are just way higher than they've been before. And at the end of the day you can only still charge even the market rate rents, a certain amount of rent. It's gonna get ticked down a little bit because there's 10% that'll be at that 60% so those rents will bring it down a little bit further. And there's some uncertainty right now, just the retail component of it. So we really didn't rely a lot on how that retail space will be rented out. So yeah in terms of, we feel that in terms of assessment where it's projected, if it fits, it'll probably be higher but I think in terms of also when we talk about the debt service we wanna be a little bit conservative on that side in case it does come in at 21 that's still enough then to cover a cost for the debt service and making sure we're not making a narrow dime.

- The bottom line, the city would be investing 2.1 million upfront?

- Correct. As Mr. Schueller requested.

- I bet Jim got all excited.

- Quite the spreadsheet, I know, right. I had to put ledgers so you could read it. I thought about putting it on the screen but it's a little bit small. So short end and we make, depending on time of completion and lease-out, so they might shift about a year but, so if you go into the assess value of 21 million, what that would create with 19.5 of increment, the 2.1 million dollar loan goes back to the original agreement with the Rail Yard. When we go back to talking about development of the Rail Yard, we estimated, and this was internally our public works department, that infrastructure for the rail yard, streets, the sanitary water, the sanitary storm water, lighting, everything that was needed to service that area was gonna be somewhere in the neighborhood of four and a half to five and a half million dollars. That was 2015, so as you know, our infrastructure prices have creeped up a little bit, but the way we negotiated the original agreement with DDL, is that we would provide them funding to build this infrastructure as projects came online to help service as things got billed out. So the 2.1 million is based on, we said for every million dollars of increment you're going to create we'll provide $100,000 towards the infrastructure. So then you would say we have loan then of 2.1 million that would go in and then after the debt services is taken out on that and here we just projected a 15-year note at 5%. After the debt service is taken out, it takes a few years to kind of catch up, in terms of, right, because we're taking out the debt right away. That's feeders until the building is built and actually producing property taxes but once we catch up then the extra increment, the available increment is split 50/50 between DDL and the city. And really what that was designed to do is to help out with some of the build-up costs, especially the rehab, the warehouses, construction, can be much like other development in the community right, the rents aren't keeping up with construction increases. And so we also have historical buildings that need, who we have, and a lot of work still in them. The pay-co was decided then to help with some of those more private development costs and in the case here, DDL has agreed to share part of those costs with this developer, the new development, in terms of moving that case forward. What's been requested of us then is after it's split 50/50 from our share is to take 60% of our share, 60% of 50% is what 30% really and go towards as well, in terms of again helping with some of their build-out costs. And so with that, it all adds up basically, the pay-co ends up being about 80%, so if you take 50% to DDL, plus 30% sorry, 60% of our 50% is 30% so in essence, 80%'s going to development projects, 20% is going back into the TIF

balance, and so that's where the numbers come across here. So with that, you know, probably in somewhere in the neighborhood of about 3 million, 3.1 million of a pay-co that's to be divvied up between DDL and TWG. With then about 760,000 for the TIF balance.

- And that requires an extension, right? Three year extension on the TIF?

- Yes, so, we talked about this at the chart review part, they decided that we did a request because the Broadway Lofts project anticipated the same thing, they felt it was too early to decide to grant an extension so they actually held the item. Kind of gave them a hint that their might be another project coming soon that was going to be requesting this. What we did, though, is we said, "Look, if it's not extended for three years," that we would provide an incentive equivalent to an additional three years to put that, it would end up being if you look at the net pay it'll go probably around $650,000 which, if for some reason they didn't grant the extension and we had to close, there's still enough in our balance to make that happen. I think that JRB was saying, let's see what happens that we get closer to closure time, because if this keeps going like it is going there could be surplus in funds and if we don't need to extend it we could just, like we've done, some project TIFs that we've closed, we can just escrow it by closing on time. So that's why they just, they didn't wanna say no but they also didn't wanna say yes yet because we are still, you know, quite some time out from that closure. So there's language in the agreement that anticipates this but there's a mechanism if it doesn't happen, that they can still look at an incentive.

- Well, right now, this TIF is to be tended at 2023, that's it?

- Correct. Mhm.

- But you're saying it could be, might be extended?

- Correct, for three years. So it'd just be a standard extension.

- 2.1 million what you're paying upfront is that also being paid upfront? Or is that, that's where we come with a you give me four AA dispense around it. Is that 2.1 million we could get it back?

- Correct. And that goes back to the agreement, that we had with DDL,

- Yes.

- For the Rail Yard north portion, so it would be taken out, I don't know, we've been working, I apologize my throat is-- We've been doing a lot of the upfront money with cash flow in the case, you know depending on how we all look at it, for bootings and a rating, we may get to the point that this is a pretty big amount, or we may actually look to borrow for this piece to help with that infrastructure.

- Put that borrowing in that payment,

- It'll get paid, I guess, kind of on a year by year basis. So what we do is, and that's where the account would get services, we estimate here is our debt service payment every year. So we're gonna start paying, we're gonna start going in the hole because there's nothing there, yet. And so once the project is online, all that increment is gonna go into payment and service until we're basically caught

up and ahead, and then once we're ahead, every year we'll look at, all right, market service is just under $200,000, or lets just say there's $455,000 of increment, but our debt service is only $200,000, so once we're caught up, pay that service off and then split the 250 and work on it that way.

- At 2036 at the latest, we begin full tax fees.

- Yes, correct.

- And for the 15-year blanket, about 50-70%?

- Correct, yeah.

- Okay.

- Does everybody understand the TIF?

- Mhm.

- Yeah, Mike. So just, reality, so this 2.1 million that goes to DDL, what is that paying for?

- So in their agreement, I was just gonna pull up, their project costs at first has to be spent on infrastructure. Basically any type of public growth. And the way we think to be structured that is look, if we're putting money in upfront, we want it going to something that would be of value to the city, in the case that things went sideways, there would at least be an asset there that would be tangible to us. It doesn't help to have an half-finished building if that's coming there first. So the money has to go into public infrastructure, things that will ultimately dedicated to the public. Then after that, it can go into environmental mediation. Asbestos removal, again we felt those were things that we would have to do if we ended up acquiring a property and they were working with another developer, and then after that it can go into private side improvements. But based on the budget that's there, we're not there in terms of paying for all the public infrastructure yet, so we're still in terms of priority, that money is going into what you see over there right now. Storm water pond, streets, all that infrastructure.

- And in these costs here there were there's no TIF or a need of

- It's the, they call it the classic TIF is that money goes into doing it. There's a little bit of a twist in that we are in this case instead of us, the city going out and doing the project, or having the developer do it, you know, feeling that they, in combinations of our private projects can get a better cost in terms of getting it done. And what we do, I guess, the other twist from the classic, is that we just don't give 2.1 million dollars, we actually reimburse costs. So they submit to us a list of all their expenses, that Anne and I go through and basically then reimburse those costs as they become accumulated.

- And, far as they're concerned as a clear understanding is for what types of costs we're talking about.

- Yes, yeah, I mean there's a list and an old, Perry, Travis and I have some more of the things to work through in agreement in fact in 2017 when we put that together in terms of you know, it's gotta be spent on infrastructure first. And I think, hence we've looked at it both Director Ellenbecker and I

have seen like, yep, first ones go to basically the design, engineering for all the infrastructure, and now we're in this point of we're gonna pay for hard costs in terms of actual, in our bills are to Peter's and Martalle and those things have actually getting the the health infrastructure in.

- And then when this project is completed, we're assuming our incremental taxes are flowing. Hey, the first part of it maybe flows to service the debt. And then I'm just trying to sit here and kind of think through, so for every hundred dollars then of incremental taxes that are created, it looks like 20 are going to DDL, 60 go to TWG, and then the last 20 go to the city.

- Correct. Mhm.

- That was just the part in the way the agreement was written that I was struggling to make sure I understood.

- It was uh

- That's cleared then.

- So this is really hyper funding of the TIF, in the sense that you're having some upfront but basically all pull it construction for the 2.1, and then a guarantee in a four-level pay-co reimbursement after the developer, if the development reaches level.

- Correct. Correct. You know, one of the things we discussed early on with this tax increment district in terms of the infrastructure of should it be lobby funded or should it be tax increment funded and in terms of what are the benefits in terms of the streets and many things in there, you know, given conclusion up for development in there, we don't need to provide-- and so there's an alternative and we did discuss you know having a private development like a large apartment complex having all private infrastructure back there but through discussions with DDL and the city, felt it was a best interest to have public infrastructure in there and so that's what kind of generated this model--

- Yeah, it's difficult but forward.

- Yes.

- And in the case the property were to assess more than 21 million

- Mhm.

- Is there a cap on how much TIF funding we could pay off? And that's just assuming assessed really high, 30 million.

- Sure, in this case, we did not. It would not change the upfront. The upfront will stay at a 2.1 we feel that's just something that us, developer, assessor can at least be comfortable with in terms of finance director, in terms of break withdrawing funds, borrowing funds. And in this one the only cap is that they would have to show eligible expenses. So in terms of what they're requesting the additional funds for, there is not a back cap. In a way, we've done some other agreements without a cap, really as an incentive to do higher end finishes or to do things that are gonna assess higher but they would still have to demonstrate to us what those funds are going into.

- And then they have to comply with TIF funding requirements.

- Yeah, so as long as they can show additional eligible expenses, the pay-co in the back end could be higher. But, yes they have to demonstrate what it's worth.

- Okay, the spreadsheet helps a lot. I guess I don't have a certain need to go through the full assessment to answer our questions but it gives us, the group, if you have some questions if you want to ask them in confidentiality then do it. If not then we'll personality the assessor but this is of use. Are there any questions in open session, any questions from the audience? Open session. You sure? If not, we'll go back to regular business. In regard as first and second,

- [Group] I.

- Okay we're back to regular business.

- Thank you. Thank you for stopping by.

- Yeah, it's complicated, in terms of the flows. But I think this just tops to kind of illustrate and again this is something we've all discussed. Money in upfront should go to things that if projects goes sideways, there's still some type of tangible asset or value to the city. And after that we can work on private siting structure.

- Obviously, we all like to but since this a bunch of infrastructure which is really development of the city, I think it's a good upfront investment compared to some things.

- Okay.

- I kind of like, on this, the I-43 business department, we started that development before we created a TIF district, and if there was a lot of public infrastructure that needed to happen to incentive a goal. And so we created that TIF and used it to pay for that public infrastructure that supported additional expansion of all those businesses out there. So I see that 2.1 million very similar to I-43. And I'm a big fan of any goal. If you don't do the development then you don't get the incentive. It's as simple as that.

- Absolutely.

- I mean, it's a big chunk of money to pay out in terms of 80%, but you know you're gonna get the 20%.

- Well, and again, I think I also we also want to grow that long long term that sometimes not having that cap to push it higher, when this is done in 2033, 2036, you know I think our goal is when we have a tax increment district, it's not to take it from zero to 10, it's to take it from like zero to one hundred. And so if we get more development in during the time period, you know, that's kind of our device as well.

- Absolutely.

- And one thing struck my ears, from Michael's presentation, they own their projects and they manage, and that was big to us on the first development.

- All right, any other questions?

- I'd like to go to

- Motion in regard. Motion to approve the second and at Jim, are there any questions or comments? If not, we shall vote.

- Click that one. The gold symbol, yeah.

- Thank you for assisting us.

- Very good. Congratulations, good luck.

- Nice project.

- Very good.

- Absolutely.

- Number three. Consideration of possible action on lease agreement with Ultra Plating Corporation at 325 South Pearl Street, tax parcel three dash five five two, regarding leased land at 239 Ardnt Street and 119 Bridge Street, tax parcels three dash five five one and three dash five five six? Please.

- Yes, all right so, we have older agreements with Ultra Plating incorporation to use some of our land to park their vehicles on. As you know, as you start to move forward with the ship yard, we're starting to move dirt and property lines are tight and we don't know if there's enough room to accommodate some of those vehicles with, you know, our need to move dirt around filling and grading in that area As you know, we kind of bring that out about four feet in elevation to get it out of the flood plain and so-- what's that?

- Is there flooding over there? I always just ride right by.

- Yeah, you're like, right, all this extra waterfront, right. With that there's some positions in here and just looking through before my time, I'm sure Schueller was here when you talked about it, and so we'd really like to, kind of, talk through some of those provisions and I guess next steps in terms of what we do with this agreement, and how it fits in the dealership yard. So since we are, potentially be talking about negotiating some things, I think it would be appropriate to do that in exclusive.

- Do you want me to read that?

- Yes.

- Deep guarding may convenient close session pursuant to section 1928 by sub one sub B, Wisconsin statutes per purposes of deliberate ordinant or negotiating the sale of public properties investing public funds or conducting other specified public business as necessary for competitive or bargaining

reasons. The authority made thereafter, re-convenient open session pursuant to section 1928 by sub two, Wisconsin statutes to report the results of the closed session and considered the balance of the agenda.

- All right, this is, Chair Gary Delveaux.

- Yes.

- Chair Matt Schueller.

- Here.

- Alderperson, Barbara Dorff.

- Yes.

- Jim Blumreich?

- Yes.

- And we came to a conclusion I think we're ready for a vote.

- [Woman] It's usually blue.

- Yeah and I will make a motion that we terminate a lease for the parcels that are currently being leased to Ultra Plating corporations.

- Okay, motion by Matt, to second the Alderberg. We're going to terminate the lease with Ultra Plating

- Any comments or questions to that motion?

- I'm having trouble with this.

- You have to vote the second into motion.

- Yes. Yeah, yes.

- Okay, cast unanimously.

- Okay good.

- All right, our next meeting is...

- Regular meeting on the twelfth.

- Yeah,

- I will try.

- It's in November or December.

- Oh, November or December?

- Yeah.

- Yep.

- Matt and Jim, all in favor say, "I".

- [Group] I.

- We're adjourned, thank you.

- That's a good motion.

- Again, thank you.

- Thanks for coming in.