



MINUTES OF THE REDEVELOPMENT AUTHORITY OF THE CITY OF GREEN BAY

WEDNESDAY, MAY 27, 2020, 1:30 PM

Telephonic Meeting

Public may also view at

www.youtube.com/CityOfGreenBay

A. ZOOM MEETING INFORMATION.

I. This item contains documents which provide call in information and instructions for the Zoom Meeting.

B. ROLL CALL.

I. 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.

Members Present: Gary J. Delveaux, Matt Schueller, Deby Dehn, Barbara Dorff, James Blumreich, Kathy Hinkfuss, Excused: Melanie Parma

Liaisons Present: Jeff Mirkes and Leah Weycker

Others Present: Ald. Lynn Gerlach and Ald. Brian Johnson

C. APPROVAL OF THE AGENDA.

I. Approval of the agenda for the May 27, 2020, meeting of the Redevelopment Authority.

Moved by Ald. Barbara Dorff, seconded by James Blumreich to approve the agenda. Motion carried.

Yes- Barbara Dorff, Gary J. Delveaux, James Blumreich, Kathy Hinkfuss, Matt Schueller, Deby Dehn,
No- None, Abstain- None

D. REGULAR BUSINESS.

1. Consideration with possible action on communication from Ald. Johnson (District 9) "To acquire properties on the 500 block of 11th Ave. for possible redevelopment using community development block grant funds" (from May 20, 2020 Common Council meeting).

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 Ald. Barbara Dorff to refer to staff to report back to RDA in July 2020. Motion carried.

Yes- Barbara Dorff, Gary J. Delveaux, James Blumreich, Kathy Hinkfuss, Matt Schueller, Deby Dehn,
No- None, Abstain- None

2. Consideration with possible action on Obligations of Developer to Development Agreement 17-04: Nature's Way at 3466 E. Mason St. (Tax Parcel 21-171-2).

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 Deby Dehn to approve Obligations of Developer to Development Agreement 17-04: Nature's Way at 3466 E. Mason St. (Tax Parcel 21-171-2).

Motion carried.

Yes- Barbara Dorff, Gary J. Delveaux, James Blumreich, Kathy Hinkfuss, Deby Dehn, No- None,
Abstain- Matt Schueller

3. Consideration with possible action on Second Amendment to Loan Agreement with 304 North Adams Green Bay, LLC regarding the Hotel Northland at 304 N. Adams St. (Tax Parcel 12-148).

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 Matt Schueller, seconded by James Blumreich to approve Second Amendment to Loan Agreement with 304 North Adams Green Bay, LLC regarding the Hotel Northland at 304 N. Adams St. (Tax Parcel 12-148), subject to minor legal and technical clarifications. Motion carried.

Yes- Barbara Dorff, Gary J. Delveaux, James Blumreich, Kathy Hinkfuss, Matt Schueller, Deby Dehn,
No- None, Abstain- None

4. Consideration with possible action on physical improvements to the KI Convention Center at 500 N. Adams St. (Tax Parcel 12-163).

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 Kathy Hinkfuss, seconded by James Blumreich to enter closed session. Motion carried.

Matt Schueller read the closed session language.

Yes- Barbara Dorff, Gary J. Delveaux, James Blumreich, Kathy Hinkfuss, Matt Schueller, Deby Dehn,

No- None, Abstain- None

Moved by Ald. Barbara Dorff, seconded by Deby Dehn to return to regular session. Motion carried.

Yes- Barbara Dorff, Gary J. Delveaux, James Blumreich, Kathy Hinkfuss, Deby Dehn, No- None,

Abstain- None

Moved by Ald. Barbara Dorff, seconded by Kathy Hinkfuss for staff to proceed as directed in closed session in investigating improvements to the KI Convention Center. Motion carried.

Yes- Barbara Dorff, Gary J. Delveaux, James Blumreich, Kathy Hinkfuss, Deby Dehn, No- None,

Abstain- None

5. Consideration with possible action on Revocable Easement to Smet Construction Services Corporation at 310 N. Washington St. (Tax Parcel 12-86-1).

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 Ald. Barbara Dorff to approve Revocable Easement to Smet Construction Services Corporation at 310 N. Washington St. (Tax Parcel 12-86-1), subject to minor legal and technical clarifications. Motion carried.

Yes- Barbara Dorff, Gary J. Delveaux, James Blumreich, Kathy Hinkfuss, Deby Dehn, No- None,

Abstain- None

E. ADJOURNMENT.

Moved by Ald. Barbara Dorff, seconded by James Blumreich to adjourn. Motion carried.

Yes- Barbara Dorff, Gary J. Delveaux, James Blumreich, Kathy Hinkfuss, Deby Dehn, No- None,

Abstain- None

VERBATIM MINUTES

Kevin: Chair, Matt Schuller.

Matt: Here.

Kevin: Alderperson, Barbara Dorff

Barbara: Yes.

Kevin: Jim Blumreich.

Jim: Here.

Kevin: Deby Dehn.

Deby: Here.

Kevin: Kathy Hinkfuss. Kathy be excused. Melanie Parma, I believe also has to be excused.

Gary: Very good we got a quorum thank you.

Kevin: There's Kathy. It's not something different. Kathy's iPhone should recognize that. All right. We're good to go.

Kathy: I'm sorry, I was talking and I couldn't tell if you could hear me and then everybody was just chatting.

Gary: We're ready to rock and roll. Approval agenda, please.

Barbara: Move to approve.

Jim: Second.

Gary: [unintelligible 00:00:44] Dorf second by Jim. All in favor of saying aye?

All: Aye.

Gary: Motion carried. Write the order business number one. Consideration with possible action time communications from [unintelligible 00:00:55] to acquire properties on the 500 block from 11th Avenue for possible redeveloping using black grant funds from May 20th Common Council meeting. [unintelligible 00:01:07]

Kevin: This is a request for us to investigate acquiring properties I did not see other person of the council here.

Deby: No I don't see him.

Kevin: I would just at this point refer to staff to report back in July.

Jim: Moved.

Barbara: We move to refer to staff to report back in July.

Gary: Motion made by Jim seconded by Barbara. Any other questions or comments? All in favor sing by saying aye.

All: Aye

Gary: Opposed? Motion carried. Number two. Consideration possible action on obligations a developer the development agreement 17-0 for Nature's Way at turning point 66 East Mason St. (Tax Parcel 21- [unintelligible 00:01:58]-2. Kevin--

Kevin: Yes, that is me. All things we still have development projects going on and so we're very excited to have been working with Nature's Way. I guess Commissioner Shiller probably is known about this longer than I have [chuckles] but they are continuing to have their expansion of their plant the new health food production facility is up operating and now they are looking at an additional structure to put in some office space.

That will house additional employees and again this is an expansion in addition to their existing offices in the I-43 Business Park they're and will continue to grow so we're very happy to see that happen. Part of that process involves working and approving some additional obligations. We did an original development agreement back in 2017 to construct the original health food facility.

This new two-story office structure is going to be about 44,000 square feet. We're estimating the increased incremental to be about maybe an additional \$4 million dollars so this is all complete. The original agreement provided an opportunity to add contemplated additional expansions but we thought it was appropriate to go through and just gain approvals in terms of updating sections regarding the concept plan construction documents and the development budget.

The developer has been good on all the obligations so far but we felt it was appropriate to bring these through for approval today. We also have representatives including Mark Nelson with Nature's Way who is available to answer any questions that you may have. With that staff is recommending approval of these obligations.

Gary: Matt, I understand business is booming.

Matt: We're awfully busy right now Gary, we'll just leave it at but it's really really busy in a good way for us.

Gary: What are the changes, Kevin, can you highlight?

Kathy: What's the difference from the prior?

Kevin: What's being proposed and I believe it's on sheet tenant **[inaudible 00:04:34]** right before that there's a picture of the existing manufacturing facility that's completed. On page 10 it shows a conceptual site plan where they're proposing that additional 44,000 square-foot building.

That building will be closer up to the corner of Mason and Erie. There's also a potential for additional expansion on to that building in the future but this point will bring a closer street presence and provide the office space. It will be a separate structure from the manufacturing facility but it is part of the overall concept plan and then right after that there's some renderings that show what this building will look like once complete.

What we needed to do is since the scope has changed in terms of the concept and what's being built there in order to get this to also qualify for the **[unintelligible 00:05:31]** incentive we're asking for amendments of these construct concept plan and budget to show and reflect that the structure is being added. Pages 10 and 11 show the additions that are being contemplated today.

Mark: The primary difference of the office expansion is it was originally planned to be connected to the manufacturing facility and now it's going to be a stand-alone building with some parking in between buildings. Like Kevin said, to actually get a little closer and have a stronger street presence though that'd be the office building is the first thing you see as opposed to just the manufacturing facility.

Barbara: I think it sounds lovely and I'd like to make a motion to approve.

Deby: Second.

Gary: Motion B, any other questions or comments?

Jim: I have a question. Kevin, can you refresh us on the additional tips obligations we would have then?

Kevin: It doesn't change the backend obligations we're still waiting for the full value of the assessment on here because it's done by the state. We have to wait for the state to run their numbers but we did have a cap on the original agreement I think on the backend of \$3 million dollars which is not inclusive of the property transfer.

It doesn't change any of the backend, it just provides some more value in order to get to that number faster than **[inaudible 00:07:09]**.

Jim: Thank you.

Gary: Any other questions or comments? If not, Matt, I assume you're going to abstain.

Matt: I'll just abstain.

Gary: All those in favor singby saying aye.

All: Aye.

Gary: Opposed? Motion carried. Congratulations guys, good luck.

Jim: Hey, Gary.

Gary: Yes.

Jim: I would complement the architect or whoever designed that building, it is a snappy looking office building.

Gary: Yes, it does. I thought the same, definitely. You guys got plenty of land to expand some more, right Matt?

Matt: There's always room and there's always an appetite to expand more, Gary.

Gary: Thank you.

Kevin: Keep taking your vitamins.

Gary: Excellent job keep up the great work, thanks. Number three, consideration possible action a second amendment to loan agreement with 304 North Adams Green Bay LLC regarding the hotel Northland at 304 North Adams Street (Tax Parcel 12-148). Kevin, this is the one you and I were talking about. Please give us an update.

Kevin: We need to go forth as you know we have a loan with the Hotel Northland. We went through in 2018 and basically we did a whole bunch of the documents between the developer in the city which is really a result of the receivership happened. Basically, all the new obligations are with 304 North Adams, Green Bay who is the new owner and operator of the hotel.

One of those agreements is a loan agreement which involves a specific Housing and Urban Development HUD section 108 loan, and what that did was provided \$4.7 million into the project to help get it completed. There's a chunk of that money that it's been set aside it's just under \$600,000 in the reserve account and just provide a little funding for administration but about \$4.1 million went into the building itself.

With that, there came some obligations with using because it is HUD money and part of it involved job creation. This entity as part of receiving a loan was required to create a certain number of jobs. The initial agreement and then part of the two amendments here the initial agreement said 160 jobs. That agreement was constructed or done with the first developer which was-- before my time with the city, but we would like to adjust that number from 160 to 135, 135 minimum that is required then that is \$35,000 per job-- Sorry \$35,000 that is required-- For every \$35,000 loan let me put that way is recorded that one full-time an equivalent be created and that requires them to create 135 jobs most appropriate and really from the original plan I think they've worked on doing some efficiencies in terms of staffing. Again, it's a seasonal business that comes and goes but we feel that the 135 is more appropriate in terms of reflecting the actual amount that they actually need to create. The last reporting and this was right before the pandemic hit they were at 128 full-time equivalents. So you're just like so close coming into the finish line. We actually had talked in January pre-all of this to say look do we need to talk about an extension or are we going to be on track to have these jobs completed by June, and we felt like things were rolling along just fine and if we're going to hit that and then pandemic.

So that's part of the reason we're here to revisit and make this amendment. The second has to do with timeline for job creation. The original agreement said 18 months from completion date which one could interpret it as A, getting the certificate of occupancy which was in December of 2018. Which then meant that the deadline was June 4th of this year or you could say full operation which was until January 14th-- I'm sorry February 14th Valentine's Day of 2019 which then would push it out to August of this year.

Either way, just based on where things are not right now we're not going to hit that number and so we'd like to push for an extension. The request before you is to push it out until 2024 which seems like an eternity away but after having some discussions with the owner and they having discussions with their colleagues and peers in the hospitality industry, this could be a long crawl back in terms of hospitality-related businesses.

The large gatherings, and group events, and business travel, corporate travel it's not going to be a quick bounce back. With that, they feel like they could likely hit their number and get back to their number sooner than that time but they also wanted to balance of if you get another wave in the fall they don't want to have to keep coming back to this body to make those amendments.

Staff is comfortable pushing it out this far given that the loan that they have with the city, the payback period, still goes out quite a few years I think it's until 2034, 35 and director

Ellenbecker can correct me if I'm wrong. I don't have the amortization chart in front of me but there is quite some time that they have in terms of paying back this loan or obligation. So in talking with our representatives from HUD they really said look this is an agreement between the city and the developer and we can support what you feel is right, we just like to see it formally amended so we're clear in terms of what the expectations are. With that, staff is recommending the original agreement the first amendment is in the package but we're recommending creating a second amendment which you have these two stipulations changing one 160 to 135 jobs, and secondly replacing 18 months from completion date to the 14th day of August 2014.

[crostalk]

Barbara: Wait, what's the 2014?

Kevin: I'm sorry 2024, my apologies.

[crosstalk]

Matt: Had they been making payments all along?

Kevin: Yes, so Director Ellenbecker I thought maybe was on? Yes. So they have been current on all of their payments. First of all, about a year ago we refinanced the loan to get a more stable interest and payment rate. For all you right econ nerds it was like taking Libor and doing some crazy division and it was bouncing all over the place. We have a locked-in payment schedule now, they've been current and all of their payments. We basically bill them, collect the money, and then pass it back through it's through Bank of Mellon.

With that, we do have another payment coming up. We have had some discussions with them and HUD is providing an opportunity to defer payments on the principal. Basically, you could take the principal and spread it back out over the other payments however interest would still be due. In our conversations with the developer they feel that they could still continue to make the payments but of course, in times like these cash flow is very important. So we'll have some further conversations with them in terms of how those payments would be good where the other we expect them to be in good standing in making those payments. I don't know if Director Ellenbecker wanted to add anything else to that.

Diana: No just confirm correct our next payment is due August 1st which means we send it over the last week of July. We'll build a hotel early in July make sure we have the money so we can try and it's really a pass-through Just to confirm, yes, the last principal payment is due in August of 2035 and they have been very timely paying their payments.

Kathy: Okay, question, I have a question so we're going-- I'm trying to figure out the FTEs it was at 160 you said and they want to drop it to 135?

Gary: Yes.

Kathy: So they want to drop it by 15%?

Kevin: Correct, so two arguments for that. One is, 135 is the minimum that's required in terms of the amount of money that we lent them and so they would like to fit in [inaudible 00:16:52] with that the current owner now did not do this agreement and they did not say 160 and they said, "Look, if we were involved in the original negotiations we would have never said 160, we wouldn't have taken that much money." That 160 is a leftover holdover from the very first developer of this project.

Kathy: Okay, okay that makes sense, Kevin.

Gary: It's been tough times for him I'm sure for him right now.

Kevin: Yes, we did have some conversations early on about them potentially shuttering the hotel however, they have managed to stay open with the bare-bones staff and to be thankful for that because they've been able to still serve a need in the community. Yes, it's tough and it's going to be tough in that industry for time to come. We've been having good

conversations and, again, throughout this, they've been very good partners, they've been timely on payments.

We actually just came off a HUD audit of everything and how we were doing things, there's a few small technical things we on the city side have to take care of. HUD was very pleased with how this was going and really. a lot of you who are through the battle line-- **[inaudible 00:18:19]** Someone just say it's a miracle we get this thing done and HUD is very pleased with how this project has turned out and continue to tell us that and really wanted to make sure it succeeds. Part of that is doing here to make some minor adjustments that ensure their success in the future.

Gary: Entertain a motion.

Matt: I would make the motion to-

Jim: I second.

[crosstalk]

Matt: -**[unintelligible 00:18:44]** a loan agreement.

Gary: In the motion are the two changes one going for 160 to 135 and also extending it to 2024, August 2024, right?

Kevin: Correct

Barbara: And I'll second.

Gary: It sounds like Matt made the motion and Jim seconded. Any questions or comments? If not that all of the peers.

[crosstalk]

Barbara: Oh, sorry, I didn't hear it.

[crosstalk]

Gary: Any questions or comments? If not all those in favor **[inaudible 00:19:09]**

All: Aye.

Gary: Opposed? Motion carried. Thank you.

Kevin: Sure and because this does involve **[inaudible 00:19:21]** this will go to City Council next week on June 2nd.

Gary: Very good thank you. Number four, consideration with possible action and physical improvements to the Kenai Convention Center at 500 North Adams (Tax Parcel 12-163).

Kevin: This one, we have been talking about largely capital improvements to the KI and I know from time to time Cheryl has provided an update along with Stephanie Schmelzer from our office in terms of where things are at. There's a list of things that we want to do to continue to make sure that's a top-notch facility.

[unintelligible 00:20:00] had a meeting this morning to discuss how things are going and how they're operating and responding, and still working to do the best they can in terms of booking events at the center given all the limitations that are in progress. This though involves a potential real estate transaction. **[inaudible 00:20:22]** this in closed session.

Gary: Matt, give me the verbiage **[unintelligible 00:20:32]**?

Matt: Sure. The authority may convene in closed session pursuant to Sections 19.85(1)(e) Wisconsin statutes for purposes of deliberating or negotiating the sale of public properties, investing in public funds, or conducting other specified **[inaudible 00:20:53]** public before competitive origins. The authority may thereafter reconvene in open session pursuant to Section 19.85(2) through Wisconsin statutes to report the results of the closed session and consider the balance of the agenda.

Gary: Is there a motion to second to go in closed session?

Jim: So move.

Kathy: I'll make the **[unintelligible 00:21:17]**.

Gary: Kathy and Jim. First and second. All those in favor sing by saying aye and then we'll do roll call.

Matt: Aye.

Barbara: Aye.

Deby: Aye.

Kathy: Aye.

Jim: Aye.

Gary: Roll call, please.

Kevin: Gary Delveaux.

Gary: Here. Yes.

Kevin: Matt Schueller.

Matt: Here.

Kevin: Barbara Dorff.

Barbara: Here.

Kevin: Jim Blumreich.

Jim: Aye.

Kevin: Deby Dehn.

Deby: Here.

Kevin: Kathy Hinkfuss.

Kathy: Here.

Kevin: We are going into closed session then. Then get that for the record.

Gary: Who's going to make the motion? We'll go back to open session. Barb.

Barbara: I can make it.

Kathy: I'll second.

Barbara: Give me the signal.

Gary: Kathy will second.

Kathy: Yes.

Gary: Thank you.

Kevin: To go back into open session. Gary Delveaux.

Gary: Yes.

Kevin: Matt Schueller. [unintelligible 00:22:16]. Jim Blumreich.

Jim: Aye.

Kevin: Alderperson Barbara Dorff.

Barbara: Aye.

Kevin: Deby Dehn.

Deby: Yes.

Kevin: Kathy Hinkfuss.

Kathy: Yes.

Gary: Thank you. We are back in open session. I will now entertain a motion, please.

Barbara: I would like to move that staff proceed as directed in closed session in investigating the improvements to the KI Center.

Gary: [unintelligible 00:22:41].

Kathy: Yes, second by me.

Gary: Questions or comments? Are there questions or comments? All in favor sing by saying aye.

All: Aye.

Gary: Opposed? Motion carried. Thank you. Excellent. Good work guys. [unintelligible 00:22:57] exciting.

Kathy: Yes, I think so too.

Barbara: Item five.

Gary: One person can leave if they have to. Otherwise, we'll sneak in number five real quick. Consideration with possible action on a revocable easement to Smet Construction Services Corporation at 310 North Washington Street (Tax Parcel 12-86-1).

Kevin: It's my show today. One more for me. [chuckles] This is just something very small, minor Smet Construction Services who owns part of the condos in the Baylake Bank building [inaudible 00:23:33] However, doing so would require placement of an air conditioner [inaudible 00:23:40] RDA owned property because it's a little more substantial. Even though it's revocable, I just felt it was appropriate to bring it here to get approval for this. Listening through [unintelligible 00:23:53] and DPW and they're comfortable with this. We recommend support approval.

Kathy: Oh my gosh.

Gary: Oh my gosh. What happened?

Kathy: Sorry [unintelligible 00:24:03].

Gary: Is there any cost to us in regard to their improvements?

Kevin: We'll get \$10 for the easement.

[laughter]

Gary: [unintelligible 00:24:12] go. I'm sorry. I got it. We're giving them the easement. I'm sorry.

Kevin: It's revocable. If we would ever pursue something with this [unintelligible 00:24:20]. This is not going to stop any future project on our site.

Jim: It's a 30-day notice on the revocation.

Kevin: Yes.

Barbara: [unintelligible 00:24:31] approve.

Jim: Approve.

Kathy: Second.

Gary: I think I heard Jim first and Barb second. All those in favor approving the easement sing by saying, aye.

All: Aye.

Gary: Opposed.

Deby: Aye.

Gary: Excellent. Motion carried. Motion to adjourn.

Barbara: So moved.

Jim: Second

Gary: Jim, I believe. [chuckles] All those in favor sing by saying, aye.

Barbara: Aye.

Kathy: Aye.

Jim: Aye.

Gary: We're adjourned. Thank you, guys.

[00:25:04] [END OF AUDIO]