

City of Merrill
Redevelopment Authority (RDA)

Tuesday, June 6th, 2017 at 8:00 a.m.
City Hall Common Council Chambers

RDA Present: Bill Bialecki, Ryan Schwartzman, Tim Haight, Jill Laufenberg,
Clyde Nelson, Karen Karow, and Tony Kusserow

Others: City Administrator Dave Johnson, City Attorney Tom Hayden,
Finance Director Kathy Unertl, Public Works Director Rod Akey,
Mary Rajek from Redevelopment Resources, Ken Maule from
Lincoln County Economic Development Corp. (LCEDC), City Clerk
Bill Heideman, Paul Russell from Merrill Area Housing Authority
(MAHA), and Scott Kwiecinski from Horizon Development Group
via phone

Call to Order: Bialecki called the meeting to order at 8:00 a.m.

Consider approval of meeting minutes:

Motion (Schwartzman/Karow) to approve the RDA meeting minutes from May 2nd.
Carried.

Public Comment: None.

Update on Fox Point site redevelopment status (TID No. 10):

Unertl advised that Horizon Development Group, Inc. was unsuccessful in their application for 2017 WHEDA tax credits. MAHA Executive Director Paul Russell distributed a drawing for potential forty-unit development instead of originally proposed 60-unit multi-family housing complex. Scott Kwiecinski from Horizon Development Group emphasized that the Prairie View Townhomes would have received WHEDA tax credits for Rural Set-Aside projects which are limited to maximum of 40 units.

Laufenberg asked if Horizon is still interested in the Fox Point site. Kwiecinski responded that their firm is still interested. Immediate deadline is 6/16/2017 grant application timeframe for Federal Home Loan Bank. In order to submit an application, Horizon would need to show site control.

City staff reported that the 2016 Horizon offer to purchase had many contingencies including obtaining WHEDA tax credit award by June 1, 2017. No formal development agreement, as authorized by Common Council Resolution No. 2495 was finalized, since title to the property has not been transferred to Horizon. The background information provided to the RDA and Common Council did note that more than one WHEDA tax credit application cycle potentially might be needed.

Update on Fox Point site redevelopment status (TID No. 10) - continued:

Bialecki asked if MAHA would be property owner after the tax credit period. Russell reported yes, MAHA would be future owner and would be committing \$1.3 million toward the project financing. Russell advised that the MAHA Commissioners wanted to move forward with Horizon as multi-family housing developer.

Karow asked about status of the Swiderski RFP which was for 60 units. Kwiecinski advised that it would be possible to either build another 20 market-rate units on the property (i.e. now shown as open space/playground). Potentially there could be an application for second phase of WHEDA tax credits for another building.

Unertl emphasized that she had cash flow concerns for TID No. 10 with the construction delay and lower number of rental units. Kwiecinski reported that six of the forty units would be market rate (15%) and that more rental revenues would be generated for this revised proposal.

Bialecki recommended holding joint RDA – Committee of Whole meeting to further discuss options for the proposed multi-family housing development. Johnson and Bialecki commented that the per-unit costs would higher with the proposed 40 unit housing development (i.e. estimated \$7 million construction/development cost).

Laufenberg stated that the primary objectives were affordable housing, increased tax base, and adequate TID cash flow. There were two housing proposals received in 2016 with selection based upon quality and density. Kusserow concurred with target of 60 housing units even if done in phases.

Review and discuss preliminary boundaries/tax parcels to include in new Mixed-Use TID (Weinbrenner factory area):

Weinbrenner Shoe Company has provided notice of intent to purchase the City-owned factory per their lease agreement. Under the 1993 lease terms, there was a \$235,000 purchase price less maintenance expenses. The minimum purchase amount is \$10.00 per the lease agreement.

Unertl highlighted need to create the proposed TID No. 12 by 9/30/2017 so that the existing zero real estate valuation is the TID base. The 1/1/2018 real estate valuation is projected at about \$1,088,000 based upon on a 2016 appraisal. There would be about \$35,000 annually generated in TID tax increment. A certified survey map (CSM) is pending to split the Weinbrenner parking lot from a larger City-owned tax parcel.

Additional tax parcels to include in the proposed TID No. 12 include: two houses west of Weinbrenner factory, the River Bend Trail since the area needs to be contiguous, and the former Hurd Windows & Doors parcels. There have been environmental and demolition challenges related to the former Hurd buildings and redevelopment has been slowed. These former Hurd tax parcels would be deleted from TID No. 8.

RDA meetings: Next RDA meetings are scheduled for:

Tuesday, June 13th at 6:00 p.m. – Joint with Committee of Whole

Tuesday, June 27th at 6:00 p.m. – Joint with Committee of Whole

Tuesday, August 8th at 6:00 p.m. – Public Hearing on TID No. 12 creation

There will be no RDA meetings on Tuesday, July 4th or Tuesday, August 1st.

Bialecki read the following notice: The RDA may convene in closed session per Wis. Stats. Sec. 19.85(1)(e) – deliberating or negotiating the purchasing of public properties, the investing of public funds, or conducting other specified public business, whenever competitive or bargaining reasons require a closed session to consider:

- a. Consider approval of closed session meeting minutes from May 2nd
- b. Potential purchase of properties and potential TIF development incentives in TID No. 3 to facilitate new commercial developments

Motion (Schwartzman /Laufenberg) to move to closed session. Motion carried 7-0 on roll call vote at 8:42 a.m.

Unertl distributed the closed session meeting minutes from May 2nd. **Motion (Laufenberg/Karow) to approve the closed session meeting minutes from May 2nd.** Carried.

There was extensive discussion regarding potential purchase of properties in TID No. 3, potential alternative site for the Nelson's Powerhouse development, potential site for other commercial businesses, as well as potential revised TIF development incentives. There will be further follow-up with the property owner.

There will be additional discussion and potential action at the joint RDA – Committee of Whole meeting on Tuesday, June 27th.

Adjournment: Motion (Schwartzman/Karow) to adjourn at 9:20 a.m. Carried.

Minutes prepared by RDA Secretary Kathy Unertl