

City of Merrill
Meeting of Redevelopment Authority (RDA)

Tuesday, August 1st, 2017 at 8:00 a.m.
City Hall Common Council Chambers

RDA Present: Bill Bialecki, Ryan Schwartzman, Tim Haight, Jill Laufenberg,
and Karen Karow

RDA Absent: Clyde Nelson (Excused) and Tony Kusserow

Others: City Clerk Bill Heideman, City Attorney Tom Hayden,
Finance Director Kathy Unertl, Public Works Director Rod Akey,
City Building Inspector Darin Pagel, Ken Maule from Lincoln
County Economic Development Corp. (LCEDC), Brian Wogernese
of Cobblestone Hotels, and Tonia Speener from Clark-Dietz

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

Consider approval of meeting minutes from June 27th, 2017:

Motion (Karow/Schwartzman) to approve the joint RDA-Committee of Whole meeting minutes from June 27th.

Public Comment: None.

Consider resolution authorizing development agreement between the City of Merrill and Cobblestone Hotels for 3209 E. Main St. rehabilitation (Badger Hotel) – TID No. 3):

Unertl provided overview of the proposed rehabilitation project including exterior improvements and replacement of interior fixtures, furnishings, and equipment. Cobblestone acquisition and rehabilitation investment will be about \$2.5 million. City staff proposed \$150,000 total TID No. 3 cash development incentive which would be payable over five years.

Cobblestone Hotels CEO Brian Wogernese reported that their firm is Wisconsin-based and has seventy-six hotel properties in seventeen states. Other Wisconsin communities with Cobblestone Hotels include Chippewa Falls, Stevens Point, Hartford, Ashland, Baron, and Clintonville.

Wogernese emphasized that Merrill's rehabilitation project would be new adventure and would be corporate-run. Rather than economy hotel, the rehabilitated hotel would be considered mid-scale class. The existing bar area will be removed and there will be continental breakfast area.

Cobblestone Hotels for 3209 E. Main St. rehabilitation (Badger Hotel) – Continued:

RDA Commissioners questions included: Schwartzman asked about the former indoor pool - unclear at this point due to how converted into event area. Laufenberg asked about additional jobs – depends upon improving future hotel occupancy. Haight asked about construction/landscaping contractors – likely to request quotes from local landscaping and asphalt paving firms. Furnishings and fixtures are through national contracts and Cobblestone has own construction employees.

The Merrill rehabilitated hotel will be branded as Borders Inn & Suites by Cobblestone Hotels. Unertl suggested reviewing website pictures of the Medford Borders Inn & Suites which appears to be similar to the Merrill Badger Hotel. Laufenberg verified that the Medford hotel was a former AmericInn. Wogernese reported that the Medford hotel is not corporate owned/run.

Motion (Karow/Haight) to recommend the resolution authorizing development agreement between the City of Merrill and Cobblestone Hotels for 3209 E. Main St. rehabilitation (Badger Hotel) – TID No. 3. Carried.

Consider resolution authorizing updated structure of TID No. 8 development incentive for 1504 W. Main St. rehabilitation project:

Unertl advised that the proposed resolution is a fiscal housekeeping issue due to the delay in this potential rehabilitation project. The total amount of the potential TID No. 8 development incentive remains the same - \$43,000. However, the entire amount would be paid to the developer (Mark Raymer) upon completion of the project.

Motion (Schwartzman/Laufenberg) to recommend the resolution authorizing updated structure of TID No. 8 development incentive for 1504 W. Main St. rehabilitation project. Carried.

Review and discussion of 2016 Tax Increment District Annual Reports:

Unertl highlighted the TID Annual Report information for 2016 which is required for Joint Review Board review. Unertl reported on the almost \$28.5 million in equalized valuation which is in various tax increment districts. TID No. 3 has almost \$20.7 million and TID No. 4 has increased significantly from under \$1.0 million to almost \$6.8 million. Total increment to cover 2017 TID expenditures is \$915,335.

There was fiscal summary of the 12/31/2016 TID balances, subsequent additional TID borrowing (Draw #2 in March 2017), tax increment being generated for 2017, and Unertl's projected 12/31/2017 fiscal status. There will be additional TID No. 3 tax increment transfers to "blighted area" TIDs.

The last revenue year for TID No. 3 is 2026. Unertl emphasized that City's intent is to keep TID No. 3 open one additional year as allowed under TID Wisconsin Statutes to generate potential \$750,000 for future community housing improvements.

Review and discussion of 2016 Tax Increment District Annual Reports (Continued):

Unertl's summary spreadsheet included the detail information from the Wisconsin DOR reports for TID No. 3 through TID No. 11. There is no Wisconsin DOR multiple-page report for TID No. 11 since not required because this TID was first created in May 2016 and no potential tax increment could have been generated during 2016. Unertl advised that she included due the significant TID No. 11 expenditures and related borrowing.

Unertl noted that the major TID expenditures were for cash development incentives, blight demo (with \$177,894 for former Page Milk in TID No. 9), infrastructure capital improvements (almost \$882,000), and real property assembly costs (especially for TID No. 10 – Premier Apartments and No. 11 – Fox Point site).

Laufenberg asked about the Wisconsin DOR Section 4 – future project costs and surplus or deficit. Unertl advised that she only included future project costs without considering any potential tax increment or other TID revenues. Unertl will be looking for input from the Joint Review Board members, as well as guidance from Wisconsin DOR on what should be included since the on-line form does not separate future expenses and future revenues.

Next RDA meetings: The next RDA meeting is scheduled for Tuesday, August 8th at 6:00 p.m. which will include public hearings on proposed TID No. 12 (Weinbrenner) creation and TID No. 8 boundary and plan amendment. This RDA meeting will be followed by joint meeting with Committee of Whole and Community Development Committee on housing survey information and potential future directions.

The RDA will also meet on Tuesday, August 29th at 8:00 a.m. instead of the week after Labor Day weekend.

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 minutes from Joint RDA-COW minutes from June 27th
- b. Potential purchase of properties and potential TIF development incentives in TID No. 3 and TID No. 4 to facilitate new commercial developments

Motion (Schwartzman/Laufenberg) to move to closed session. Motion carried on 5-0 on roll call vote at 8:35 a.m.

There was extensive review and discussion on above items in closed session. City staff provided updates on potential property acquisitions and TID development agreements.

Adjournment: Motion (Karow/Schwartzman) to adjourn from closed session at 9:10 a.m. Carried.

Minutes prepared by RDA Secretary Kathy Unertl

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Motion (Schwartzman/Laufenberg) to move to closed session. Motion carried on 5-0 on roll call vote at 8:35 a.m.

Motion (Schwartzman/Laufenberg) to approve the Joint RDA – Committee of Whole closed session meeting minutes from June 27th. Carried.

There was extensive review and discussion on above items in closed session. City staff provided updates on potential property acquisitions and TID development agreements.

Recommending purchase of vacant land fronting on Thielman Street for street infrastructure fill and for future commercial development site (TID No. 3):

Motion (Schwartzman/Laufenberg) to recommend purchase of the Nienow ET AL vacant land parcel fronting on Thielman Street through TID No. 3. Carried.

Recommending amendment of the purchase price for two Badger Portfolio, LLC tax parcels and authorizing a development agreement by and between the City of Merrill and Continental Properties for new maintenance garage (TID No. 3):

Unertl advised that she misinterpreted Continental Properties plans to have three clear redevelopment parcels. The City of Merrill is purchasing two tax parcels on the north side of State Highway 64 (about 6.5 acres). There is an additional tax parcel on River Street (about 1.3 acres) that will be available for purchase and new development.

City of Merrill agreement on purchase price for the two parcels on the north side of State Highway 64 (between O'Reilly Auto Parts and Gem Street) was for \$600,000 not the \$575,000 in Resolution No. 2513.

- Nelson's Powerhouse is finalizing their site plan for the western area adjacent to O'Reilly Auto Parts.
- There was RDA Commission consensus to continue discussions for proposed new development on the about 2.7 acre site between Pearl St. and Gem St.
- Unertl advised that the City would be issuing a Request for Proposal (RFP) for commercial development proposals for the about 2.2 acre site west of Pearl St.

During the past several years, City staff discussions with Continental Properties ownership included TID No. 3 development incentive for construction of new maintenance garage on the Whispering Pines parcel fronting on Thielman St.

Motion (Schwartzman/Laufenberg) to recommend adjustment of the purchase of price to \$600,000 for the two Badger Portfolio parcels and recommending a development agreement for an amount not to exceed \$25,000 upon completion of the new Whispering Pines maintenance garage (TID No. 3). Carried.

Adjournment: Motion (Karow/Schwartzman) to adjourn from closed session at 9:10 a.m. Carried.

Minutes prepared by RDA Secretary Kathy Unertl