



CITY OF MERRILL
REDEVELOPMENT AUTHORITY
AGENDA • TUESDAY MARCH 5, 2019

Regular Meeting

City Hall Council Chambers

8:00 AM

- I. Call to order
- II. Minutes of previous meeting(s):
 1. Consider approval of RDA meeting minutes from February 5th
- III. Public Comment
- IV. Agenda items for consideration:
 1. Consider resolution authorizing a development agreement by and between the City of Merrill, Wisconsin and FreMarq Innovations, Inc. (1101 N. Mill St - TID No. 7)
- V. Next RDA Meeting
- VI. 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:
 1. Consider approval of closed session RDA meeting minutes from February 5th
 2. Update/discussion on potential new restaurant developments (TID No. 3 and No. 4 - East Side area)
 3. Update/discussion on potential commercial business rehabilitation and expansion (TID No. 7 - N. Center Ave)
 4. Update/discussion on potential commercial business relocation into vacant building (TID No. 9 - S. Center Avenue)
- VII. The RDA may reconvene in open session to consider action(s) on closed session development items
- VIII. Adjournment

City of Merrill
Meeting of Redevelopment Authority (RDA)

Tuesday, February 5th, 2019 at 8:00 a.m.
City Hall Common Council Chambers

RDA Present: Tim Meehean, Derek Woellner, Clyde Nelson, Jill Laufenberg, and Tim Haight

RDA Excused: Sheila Polak and Tony Kusserow

Others: City Clerk Bill Heideman, City Administrator Dave Johnson, City Attorney Tom Hayden, Finance Director Kathy Unertl, Public Works Director Rod Akey, City Building Inspector/Zoning Administrator Darin Pagel, and Ken Maule and Bill Bialecki from Lincoln County Economic Development Corp. (LCEDC)

Call to Order: RDA Chairperson Meehean called the meeting to order at 8:00 a.m.

Consider approval of RDA meeting minutes from December 4th, 2018:

Motion (Laufenberg/Nelson) to approve the meeting minutes from December 4th, 2018.
Carried.

Public Comment: None.

Update on final 2019 Tax Increment (TID) Revenues:

Unertl reported that the last step of the 2018 property tax calculation process is completion and submission of the Tax Increment Worksheet. The 2018 tax increment (2019 collection) totals \$1,065,721 which is allocated by equalized value of each of the TIDs. Unertl noted that seven of the ten TIDs are now generating tax increment. Exceptions are TID No. 7 (North Center Ave. area), TID No. 9 (Wisconsin River and South Center Ave.), and TID No. 10 (Fox Point).

Wisconsin Department of Revenue releases new equalized valuations by mid-August. Unertl will provide the 1/1/2019 information at that time.

Update on 2019 TID-funded infrastructure improvements, including proposed deferring of water and sewer extension to Lincoln County Highway G Industrial/Business Park till 2020:

The M2018-04 Street - Utility Project bid was awarded to Merrill Gravel & Construction in May 2018. This work includes downtown streets east of Center Ave. Public Works Director/City Engineer Rod Akey is completing design and bid process for 2019 construction projects.

With no immediate developments, Akey recommending deferring the water and sanitary sewer extension to the Lincoln County Highway G Industrial/Business Park. This work would be combined with the North Pine Ridge Ave. utility and street extension in 2020.

TID Revenue Bonds will be issued about October 2019 to finance these infrastructure improvements.

Update on Graham Architectural closure:

Johnson and Akey reported that Graham Architectural closed effective February 1st, 2019. The business had fifty to sixty employees whom are being recruited by other Merrill manufacturers.

Extensive resources were allocated in 2018 to assist with potential new facility development or potential relocation to another Merrill manufacturing facility.

Next RDA meetings: Tuesday, March 5th at 8:00 a.m.

Closed Session:

Chair Meehean 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 RDA meeting minutes from December 4th
- b. Continued status review of proposed Nelson's Power House new development - Lot 1 (2400 E. Main St. – TID No. 3) and consider potential amendments to the TID development agreement
- c. Status review of potential sale of Lot 3 (i.e. 2600 E. Main St. between Pearl St. and Gem St. – TID No. 3) and potential TID cash development incentives to facilitate new development and jobs expansion
- d. Update/discussion on potential new restaurant developments (TID No. 3 and No. 4 – East Side area)
- e. Update and discussion on potential sale of former Fox Point site (TID No. 10) for residential development project and potential request for TID cash development incentives
- f. Update/discussion on potential commercial business rehabilitation and expansion (TID No. 7 – N. Center Ave.)
- g. Update/discussion on potential commercial business relocation into vacant building (TID No. 9 – S. Center Ave.)
- h. Update/discussion on potential utility improvements and TID cash development incentives for manufacturing relocation (TID No. 7 – N. Center Ave. area)

Motion (Laufenberg/Nelson) to move into closed session. Carried 4-1 on roll call vote at 8:15 a.m.

- **Motion (Nelson/Haight) to approve the Closed Session meeting minutes from December 4th, 2018.** Carried.
- Johnson and Hayden updated RDA Commissioners on the status of Nelson Powerhouse development. City staff met with Pat Taylor of TSI State Property (Lot 1 - 2500 E. Main St. - TID No. 3) in January. RDA Commissioners directed City staff to draft development letter to Taylor with specific performance timeframes.
- Johnson, Akey, and Unertl provided update on potential Lot 3 (2700 E. Main St. - TID No. 3) development, as well as potential TID cash development incentive. A preliminary facility layout was reviewed by RDA Commissioners. Both City staff and the developer continue with due diligence activities and will be finalizing the TID development agreement for RDA consideration.
- Bill Bialecki from LCEDC provided updates on potential new restaurant development options in TID No. 3 and No. 4. There will be continued discussions on potential site(s), developer(s), and operator(s).
- Johnson reported that no additional information had been received concerning potential developer financing to facilitate residential development on the former Fox Point site (TID No. 10).
- Ken Maule from LCEDC provided overview of potential acquisition, rehabilitation, and expansion of commercial site on North Center Ave. There needs to be additional information provided by the developer before potential TID development incentive can be considered.
- Johnson, Maule, and Bialecki provided information on potential commercial business considering a vacant facility on South Center Ave. There needs to be additional information as to potential request for TID assistance to facilitate business relocation.
- There was extensive review and discussion of request from a manufacturer to relocate to Merrill with planned new job expansion. RDA Commissioners directed City staff to draft potential TID development incentive agreement based upon jobs.

Adjournment: Motion (Nelson/Woellner) to adjourn at 9:45 a.m. Carried.

Minutes prepared by RDA Secretary Kathy Unertl

RESOLUTION NO. _____ DRAFT – 2019-02-28

**A RESOLUTION AUTHORIZING A DEVELOPMENT AGREEMENT BY
AND BETWEEN THE CITY OF MERRILL, WISCONSIN AND
FREMARQ INNOVATIONS, INC.**

WHEREAS, the Common Council of the City of Merrill created Tax Increment District (TID) No. 7 (North Center Ave. Area) on August 11, 2009; and,

WHEREAS, FreMarq Innovations, Inc. has proposed relocation and expansion of jobs from Wausau to the vacant former mill property at 1101 North Mill Street (within TID No. 7) for curtain wall manufacturing business, and,

WHEREAS, there will be at least fifty manufacturing jobs retained or newly created through this redevelopment project; and,

WHEREAS, the City of Merrill finds that the proposed development and the fulfillment of the items and conditions of the attached agreement are in the vital and best interest of the City of Merrill, Redevelopment Authority and City residents and serve a public purpose in accordance with State law; and,

WHEREAS, the City and FreMarq Innovations, Inc. have negotiated the development agreement to provide an incentive/forgivable loan payment to facilitate the manufacturing relocation; and

WHEREAS, the loan of up to \$100,000 would become a TID development grant (i.e. no repayment) if fifty jobs are maintained in Merrill for two years after the manufacturing relocation;

NOW THEREFORE, BE IT RESOLVED BY THE COMMON COUNCIL OF THE CITY OF MERRILL, WISCONSIN this ___ day of _____, that the Mayor and City Clerk are authorized to sign the development agreement by and between the City of Merrill and FreMarq Innovations, Inc. and to facilitate the implementation thereof.

Recommended by: Redevelopment Authority – _____

CITY OF MERRILL, WISCONSIN

Derek Woellner
Mayor

Moved: _____

Passed:

William N. Heideman
City Clerk

Attachment: TID7 - FreMarq Dev Agreement (4003 : Development Agreement- FreMarq Innovations, Inc.)

City of Merrill – TIF Development Incentive Overview

TID No. 7 (North Center Ave. Area)

Business Entity: FreMarq Innovations, Inc.

Property Owner: Prairie River Properties, LLC

Location: 1101 North Mill Street

Note: Property and business owners are Todd and Renea Frederick.

Redevelopment: Relocation of curtain wall manufacturing business from Wausau to now vacant former mill buildings.

Jobs: Relocation of thirty-seven (37) positions and hiring an additional fourteen (14) employees.

There is potential for additional future job creation.

Personal Property: Likely some office equipment (most will be Exempt - Manufacturing Equipment)

Developer Investment: Relocation of manufacturing business from Wausau to Merrill.

Potential future investment for building improvements and new equipment – dependent upon financing.

Future Infrastructure: City 1904 water main running to the property eventually needs replacement. Todd and Renea Frederick are also requesting water and sanitary sewer connection to the furthest northern building.

Costs for future infrastructure are being reviewed.

TID Development Incentive – TID No. 7:

Total of \$100,000 (i.e. \$2,000 per job)

Loan with potential conversion to TID cash incentive grant (i.e. no repayment) if 50 full-time jobs retained for two years after manufacturing relocation.

If less than 50 jobs, loan repayment would be at 4.25% interest, amortized over a ten (10) year period.

This is the interest rate that the Wisconsin Board of Commissioners for Public Lands is charging for State Trust Fund Loans of under five year.

TID Lifespan Tax Increment:

Spreadsheet provided – projected at \$18,249; however, could be higher than conservative estimates depending upon future developer investments.

TID No. 7 Interim Financing:

Request submitted to the City of Merrill Community Development Committee for two-year loan to TID No. 7.

There would be future TID No. 7 Revenue Bonds issued (or General Obligation-supported) borrowing in conjunction with refinancing a 2016 Note Anticipation Note (NAN) that matures in 2021.

City of Merrill - Projected Tax Increment						
1101 North Mill Street			TID No. 7 (N. Center Ave. Area)			
PIN 251-3106-122-0142						
Proposed business relocation: FreMarq Innovations, Inc.						
Relocation of existing jobs from Wausau to former mill property located at 1101 North Mill Street which is owned by Prairie River Properties, LLC With closure of Graham Architectural, this property is now vacant.						
Real Estate						
			<u>Existing</u>			<u>Projected</u>
			<u>Valuation</u>			<u>Valuation</u>
	Land		\$44,600	Land		\$44,600
	Improved		\$515,000	Improved		\$530,000
	Total		\$559,600	Total		\$574,600
Projected RE Tax Increment						\$15,000
Could potentially be higher depending upon future improvements.						
Personal Property						
			<u>2018</u>			<u>Projected</u>
			<u>Valuation</u>			<u>Valuation</u>
	FM Graham Enterprises		\$23,200			\$48,200
Projected PP Tax Increment						\$25,000
Projected Tax Increment (TID No. 7)						
Const. Year	Value Year	Revenue Year	Real Estate Increment	Estimated PP Increment	Tax Rate	Projected Tax Increment
2019	2020	2021	\$0	\$0	\$30.93	\$0
	2021	2022	\$15,000	\$15,000	\$30.93	\$928
	2022	2023	\$15,000	\$25,000	\$30.93	\$1,237
	2023	2024	\$15,000	\$25,000	\$30.93	\$1,237
	2024	2025	\$15,000	\$25,000	\$30.93	\$1,237
	2025	2026	\$15,000	\$25,000	\$30.93	\$1,237
	2026	2027	\$15,000	\$25,000	\$30.93	\$1,237
	2027	2028	\$15,000	\$25,000	\$30.93	\$1,237
	2028	2029	\$15,000	\$25,000	\$30.93	\$1,237
	2029	2030	\$15,000	\$25,000	\$30.93	\$1,237
	2030	2031	\$15,000	\$25,000	\$30.93	\$1,237
	2031	2032	\$15,000	\$25,000	\$30.93	\$1,237
	2032	2033	\$15,000	\$25,000	\$30.93	\$1,237
	2033	2034	\$15,000	\$25,000	\$30.93	\$1,237
	2034	2035	\$15,000	\$25,000	\$30.93	\$1,237
	2035	2036	\$15,000	\$25,000	\$30.93	\$1,237
Projected Tax Increment						\$18,249
Could potentially be higher depending upon future improvements.						TID Increment

TID7 - FreMarq - Prairie River Properties

Revised: 2/28/2019

Attachment: TID7 - FreMarq Dev Agreement (4003 : Development Agreement - FreMarq Innovations, Inc.)



January 31, 2019

To: Redevelopment Authority

RE: FrēMarq move to Merrill WI

Dear Committee,

With the sudden departure of Graham Architectural it has left FrēMarq in a difficult position. We are a growing company with our limited resources being used for research and development and growth. The cost of moving back to Merrill at this time is challenging. It makes financial sense to stay where we are.

So, we are requesting \$120,000 from the RDA to offset some of the moving cost back to Merrill, we would like the opportunity to hire some of Graham's current experience staff and gain additional square footage. If the city would grant our request, FrēMarq would commit to the following. The hiring of 8 technical staff position with salary ranging from \$55,000 to \$100,000 and 6 fabricators with starting wages of \$17/hour to \$20/hour. This would bring the total of FrēMarq employee to 51. FrēMarq pays 100% of all benefits.

Our estimate costs are as following: 10 loads of equipment and material @ 12,000/each (approx.)

There are also additional utility costs, the additional cost of adding labor, additional lease payments and downtime for the move.

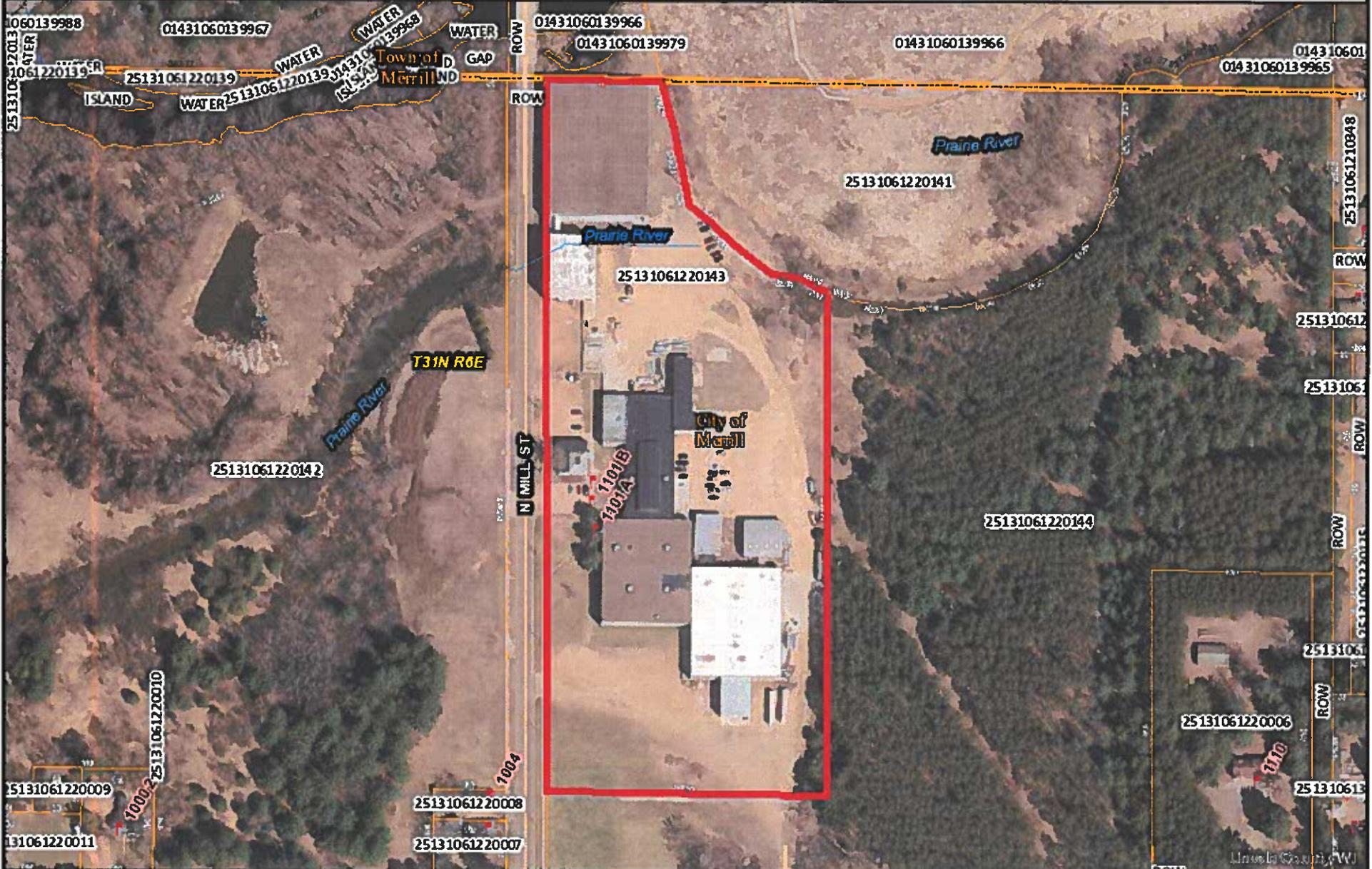
We appreciate your time on this matter.

Respectfully,

Renea Frederick, Sect/Treasurer

REQUEST FOR TIF DEVELOPMENT INCENTIVETID No. 7Contact Name, Address, and Telephone Number Renea Frederick,
FreMarq Innovations, Inc., 8300 Highland Drive,
Wausau WI 54401, 715-842-6842Property Owner (how property is or will be titled) Prairie River
Properties, LLCBusiness Entity and Type Manufacture - Small Business
FreMarq Innovations, IncLocation Wausau WICorporation or LLC Corp What State ~~WI~~ DEName(s) of Signers and Position They Hold in Company Renea Frederick,
Secy/Treasurer, Todd Frederick, PresidentMailing Address 8300 Highland Dr, Wausau**DEVELOPMENT PROPOSAL**To move business and 37 FT positions & hire an additional
14 people dislocated from Graham to Merrill from
WausauJOBS, (Number of existing and new positions) 37 existing, 14 new
positionsINFRASTRUCTURE Potential property owner/business improvements-KC
Updates to Building & new equipment - \$1 million**PROJECT TIMEFRAMES:**Start March 2019 Planned Completion April 2019

Lincoln County Public Access Land Records Viewer



Author: Public
 Date Printed: 2/4/2019



The information depicted on this map is a compilation of public record information including aerial photography and other base maps. No warranty is made, express or implied, as to the accuracy of the information used. The data layers are a representation of current data to the best of our knowledge and may contain errors. It is not a legally recorded map and cannot be substituted for field-verified information. Map may be reproduced with permission of the Lincoln County Land Services Department. Errors should be reported to Land Services Department, 801 North Sales St, Merrill, WI, 54452. Copyright © 2015 Phone (715) 539-1049.

Attachment: T1D7 - FreMarq Dev Agreement (4003 : Development Agreement- FreMarq Innovations, Inc.)