

**CITY OF MERRILL**  
**COMMUNITY DEVELOPMENT COMMITTEE**  
**Wednesday, March 6, 2019 at 8:00 A.M.**  
**City Hall Council Chambers**  
**1004 E. First Street**

Voting members: Ronald Peterson, Chairman, Alderman Tim Meehean, Pete Koblitz,  
Nancy Kwiesielewicz, Adam Rekau, Daniel Schneider and Betsy Wiesneski.

**AGENDA**

1. Call to order
2. Public Comment
3. June 13, 2018 meeting minutes
4. 2018 Community Development Block Grant Housing Growth Report
5. Consider request for Tax Increment District No. 7 interim financing loan to facilitate FreMarq manufacturing relocation
6. Adjourn

Ronald Peterson, Chairman

The Merrill City Hall is accessible to the physically disadvantaged. If special accommodations are needed, please contact Merrill City Hall at (715) 536-4880.

**COMMUNITY DEVELOPMENT COMMITTEE MINUTES**  
**Wednesday, June 13, 2018, City Hall, Merrill, WI**

Present: Ron Peterson, Pete Koblitz, Adam Rekau, Tim Meehan, and Betsy Wiesneski.

Present: ken Maule, Lincoln County Economic Development Director and Shari Wicke, Community Development Program Coordinator

The meeting was called to order at 8:00 a.m. Ms. Wiesneski made a motion to approve the minutes of the previous meeting; seconded by Mr. Koblitz. The motion carried.

No public comment.

Shari Wicke presented the Community Development Growth 2017 report. No action at this time

Motion by Mr. Meehan to convene in closed session pursuant to Wis. Statutes Section 19.85(i) (f) for consideration of personal financial related to Economic Development loan applications; seconded by Ms. Wiesneski the motion carried 5-0 on roll vote.

Motion to reconvene in open session was made by Ms. Wiesneski; seconded by Mr. Rekau, motion carried. The meeting reconvened in open session.

Motion made by Mr. Meehan to approve a loan up to \$35,000 to Troy Investments LLC, File#18002, a loan term of 5 years at 2% interest. The loan will be secured by business real estate; seconded by Ms. Wiesneski, Mr. Koblitz abstained and motion carried.

Motion made by Mr. Meehan to deny Application File#18003; seconded by Mr. Koblitz and motion carried.

There being no further business to discuss, Mr. Koblitz made a motion to adjourn; seconded by Mr. Meehan. The motion carried. Adjournment was at 8:35a.m.

Respectfully submitted,  
Shari Wicke

# **COMMUNITY DEVELOPMENT GROWTH IN 2018**



Prepared by  
Shari P. Wicke, Community Development Program Coordinator

### **Community Development Department:**

The purpose of the Community Development Block Grant (CDBG) is to rehabilitate and improve residential property occupied by low and moderate income (LMI) residents in the City of Merrill. CDBG loans are specifically used to improve the home with siding, roof, windows, insulation, doors, drywall repairs, furnace, water heater, and plumbing. This program is a win/win situation for the homeowner and the City. The homeowner gets a 0% deferred loan to make improvements to their home and the City benefits by cleaning up the neighborhoods and a possible increase in tax base. Homeowner applicants must have adequate equity in their property to secure the City's CDBG loan.

### **2018 Community Development (CDBG) Loans to City Residents:**

- 15 Homeowner applicants were contacted by the Community Development Program Administrator in 2018
- 9 were denied for various reasons; no security, homeowner denied loan, delinquent on property taxes, foreclosure or bankruptcy procedures have been filed.
- 6 Homeowners in the City were granted a loan for rehabilitation in 2018. Homeowner loans totaling \$94,266.00
- Working with 2 Active files.
- Since 1985 the CDBG Program has assisted 625 homeowners in the City of Merrill. We currently have funded \$5,831,879.20 in CDBG Housing mortgages for the community.
- The CDBG Program has assisted 33 Landlords that rent to low to moderate income tenants in the City of Merrill. We currently have funded \$755,627.01 in CDBG Rental mortgages for the community.
- The CDBG Program has reimbursed \$1,625.00 to the city for my wages from the Inspection fee charge.
- The 2018 reimbursed amount to the city for Shari Wicke's wages from the Community Development Block Grant Administration \$14,751.15.

## REQUEST TO INCLUDE ITEM ON AGENDA

Board or Committee: Community Development Committee  
Date of Meeting: Wednesday, March 6<sup>th</sup>, 2019  
Request by: Finance Director/RDA Secretary Kathy Unertl

Describe below the item(s) you wish to have put on the agenda:  
(please attach any pertinent information):

**Consider request for Tax Increment District No. 7 interim financing loan to facilitate FreMarq manufacturing relocation:**

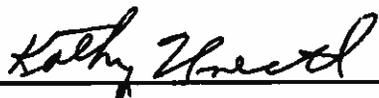
Request is for Community Development loan of \$100,000.00 for TID No. 7 for up to two-years of interim financing. Proposed interest rate of 3.0%.

Note: As of 1/31/2019, there was over \$200,000 in Community Development – SBA accounts. These bank accounts generated \$127.16 in interest in 2018.

For background on the FreMarq redevelopment of 1101 North Mill Street, please see information prepared for March 5<sup>th</sup> Redevelopment Authority (RDA) meeting.

- As of 1/1/2018, TID No. 7 was not yet generating tax increment (see 2018 Statement of Changes in TID Value from WI Department of Revenue).
- TID No. 7 operational expenses are being paid through Tax Increment Sharing (i.e. transfer) from TID No. 3 (which is City's east side area).
- TID No. 7 has 2016 Note Anticipation Note (NAN) for \$70,000 which comes due by October 1<sup>st</sup>, 2021.
- Besides the FreMarq manufacturing relocation, there is another potential TID No. 7 commercial redevelopment pending.

This requested interim financing would allow Redevelopment Authority (RDA) and Common Council to evaluate future borrowing options for TID No. 7.

Signed: 

Date: 2/28/2019

TID302WI

**2018 Statement of Changes in TID Value**  
**Wisconsin Department of Revenue**  
**Equalization Bureau**

Date: 08/09/18  
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County        35        Lincoln  
City            251        Merrill  
TID #          007        TID Type - Blight post-95  
School District 3500    Sch D of Merrill Area

Special District - 1    None  
Special District - 2    None  
Special District - 3    None  
Union High              None

**Current Year Value**

|   | Assessed Value * | Ratio  | DOR Full Value | Amended Full Value ** | Final Full Value   |
|---|------------------|--------|----------------|-----------------------|--------------------|
| Non-Manufacturing Real Estate and Personal Property | \$7,472,300      | 97.01% | \$7,702,600    |                       | \$7,702,600        |
| Manufacturing Real Estate                           |                  |        | \$0            |                       | \$0                |
| Manufacturing Personal Property                     |                  |        | \$23,900       |                       | \$23,900           |
| <b>Prior Year Corrections:</b>                      |                  |        |                |                       |                    |
| Non-Manufacturing Real Estate and Personal Property |                  |        | \$12,900       |                       | \$12,900           |
| Manufacturing Real Estate                           |                  |        | \$0            |                       | \$0                |
| Manufacturing Personal Property                     |                  |        | \$0            |                       | \$0                |
| Frozen Overlap Value                                |                  |        |                |                       |                    |
| <b>Current Year TID Value</b>                       |                  |        |                |                       | <b>\$7,739,400</b> |
| <b>2009 TID Base Value</b>                          |                  |        |                |                       | <b>\$7,787,000</b> |
| <b>TID Increment Value</b>                          |                  |        |                |                       | <b>-\$47,600</b>   |

\* Municipal Assessor's final values filed on 06/08/2018

\*\* Amended Full Value based on information from Municipal Assessor

**Changes in TID Equalized Values**

| 2017 TID Value | 2018 TID Value | Dollar Change | % Change |
|----------------|----------------|---------------|----------|
| \$6,532,700    | \$7,739,400    | \$1,206,700   | 18       |

**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.

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

**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.**

| <u>Real Estate</u>  | <u>Existing Valuation</u> |              | <u>Projected Valuation</u> |
|---|---------------------------|--------------|----------------------------|
| Land  | \$44,600                  | Land         | \$44,600                   |
| Improved  | \$515,000                 | Improved     | \$530,000                  |
| <b>Total</b>  | <b>\$559,600</b>          | <b>Total</b> | <b>\$574,600</b>           |
| <b>Projected RE Tax Increment</b>                               |                           |              | <b>\$15,000</b>            |
| Could potentially be higher depending upon future improvements. |                           |              |                            |

| <u>Personal Property</u>          | <u>2018 Valuation</u> |  | <u>Projected Valuation</u> |
|-----------------------------------|-----------------------|--|----------------------------|
| FM Graham Enterprises             | \$23,200              |  | \$48,200                   |
| <b>Projected PP Tax Increment</b> |                       |  | <b>\$25,000</b>            |

**Projected Tax Increment (TID No. 7)**

| Const. Year   | Value Year | Revenue Year | Real Estate Increment | Estimated PP Increment | Tax Rate | Projected Tax Increment |
|---|------------|--------------|-----------------------|------------------------|----------|-------------------------|
| <b>2019</b>   | 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       | <b>2036</b>  | \$15,000              | \$25,000               | \$30.93  | \$1,237                 |
| <b>Projected Tax Increment</b>                                  |            |              |                       |                        |          | <b>\$18,249</b>         |
| Could potentially be higher depending upon future improvements. |            |              |                       |                        |          | <b>TID Increment</b>    |



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

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

**REQUEST FOR TIF DEVELOPMENT INCENTIVE**

TID No. 7

Contact Name, Address, and Telephone Number Renea Frederick,  
FreMarq Innovations, Inc., 8300 Highland Drive,  
Wausau WI 54401, 715-842-6842

Property Owner (how property is or will be titled) Prairie River  
Properties, LLC

Business Entity and Type Manufacture - Small Business  
FreMarq Innovations, Inc

Location Wausau WI

Corporation or LLC Corp What State ~~WI~~ DE

Name(s) of Signers and Position They Hold in Company Renea Frederick,  
Secy/Treasurer, Todd Frederick, President

Mailing 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  
Wausau.

JOBS, (Number of existing and new positions) 37 existing, 14 new  
positions

INFRASTRUCTURE potential property owner/business improvements-KC  
Updates to Building & new equipment - \$1 million

PROJECT TIMEFRAMES:  
Start March 2019

Planned Completion April 2019

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

