



City of Racine

City Hall
730 Washington Ave.
Racine, WI 53403
www.cityofracine.org

Meeting Minutes - Final

Redevelopment Authority of the City of Racine

Thursday, September 5, 2019

6:00 PM

City Hall, Room 303

Call To Order

Vice-chair DeMatthew called the meeting to order at 6:00 p.m.

PRESENT: 5 - Crimmings, Anderson, DeMatthew, Mason and Jung

EXCUSED: 2 - Adamski and Nicholson

Approval of Minutes for the August 1, 2019 Meeting.

A motion was made by Jung, seconded by Anderson, to approve the minutes of the August 1, 2019 meeting. The motion PASSED by a Voice Vote.

[0994-19](#)

Subject: (Direct Referral) A request from Luis Zuniga for review and approval of a White Box Grant for the property at 3216 Washington Avenue.

Attachments: [3216 Washington Ave WB Application](#)

Associate Planner Jeff Hintz explained the request. He stated the application was reviewed at the Downtown Area Design Review Commission (DADRC) meeting and was recommended approval with the caveat of allowing the applicant the opportunity to provide additional bids. Hintz explained that the building is the old Playmakers on Washington Avenue. He stated that the applicant has been doing a lot of work to the property and the maximum grant that he would be eligible for based on the bids received would be \$5,354.00. However, the project is eligible for up to \$20,000.00 depending on additional bids received. He stated the DADRC wanted to give the applicant an opportunity to supply additional bids, if desired.

In response to DeMatthew, Hintz stated that the business will be retail. He stated the business listed on the application is for Jewel Time.

Discussion ensued regarding allowing the applicant additional time to provide additional bids and the property itself.

A motion was made by Jung, seconded by Anderson, to approve the White Box grant for 3216 Washington Avenue in the amount of \$5,354.00. The motion PASSED by a Voice Vote.

[1000-19](#)

Subject: Resolution 19-26 authorizing the RDA to enter into a contract with the Racine Revitalization Partnership (RRP) for neighborhood development services for \$50,000.00, as budgeted in the 2019 Capital Improvement Plan.

Attachments: [Combined PDF IG TID 2019-2020](#)

Matt Rejc, Manager of Neighborhood Services, stated that we have worked with Racine Revitalization Partnership (RRP) as a Community Housing Development Organization (CHDO) and have used funds to help support their operations. He stated they have a number of ongoing projects throughout the city that we want to support them with. He stated RRP is still putting their process together and final touches on their first unit.

Crimmings stated the organization seems to be doing well. He stated they have a house for sale on the 1300 block of Grand Avenue for \$142,000, which is pretty aggressive pricing. He asked if the city had any input regarding pricing.

Rejc stated the project on 1315 Grand is funded based on the CDBG program. He stated the house itself is not entirely finished and has to follow guidelines regarding meeting the 80 percent median income guidelines; they would need to find a buyer that meets the median income and still have the ability to purchase the home.

Crimmings explained the Home Services American model. He stated you try and sell houses for as much as you can in the neighborhood to drive up the neighborhood. He stated he has no problem with the request.

In response to Mason, Rejc stated it was a reimbursement program.

Brief discussion ensued about the self-sufficiency of RRP.

A motion was made by Jung, seconded by Crimmings, to adopt RDA Resolution 19-26 approving the request. The motion PASSED by a Voice Vote.

[1005-19](#)

Subject: Update on Common Council action regarding the amendment to the Tax Increment Financing Agreement; Promissory Note; and Vacant Land Offer to Purchase between the City of Racine and Racine Harborside, LLC for the @North Beach Project.

Attachments: [ABM - @North Beach Amend of TID.pdf](#)
[CITY OF RACINE ABM - @NorthBeach amend.pdf](#)
[@North Beach Offer to Purchase Amendment.pdf](#)
[@North Beach TID Amendment.pdf](#)
[@North Beach Promissory Note Amendment.pdf](#)

Jim Palenick, City Administrator, explained the item. He stated, because of urgency, the item went directly to the Common Council at its meeting earlier this week. He stated, typically, the request would have went to the Finance and Personnel Committee and the RDA. Palenick explained that the @North Beach project was anticipating ground breaking for mid-summer, however, there have been some things beyond our control that led to amendments to agreements with the developer.

Palenick stated as a result of the approval at the Common Council, staff feels confident that the project will move forward and close by a new date. He stated that the national economy softening, construction costs increasing, lack of certainty regarding Foxconn, and the environmental issues on the site were factors.

Palenick explained the amendments. He stated while it was not necessary for the

project, in a year or two once the properties are being developed, streets might have to be torn to provide for the sanitary sewer. He stated the city will not pay more than \$595,000 to cover the costs of extending the sanitary sewer infrastructure. He stated it could be covered by TID No. 14 reserve funds. Palenick stated the second amendment to the agreement would be to amend the sales price of the land by eliminating the \$1,000,000 balloon payment. He stated the city would not have seen the funds for 14 years. Palenick explained that the third amendment adjusts the tax increment from 90 to 95 percent. The fourth amendment would be for the city to assign to the developer any funds it may receive in the future due to special assessments, etc. for connection to the sanitary sewer extended to the south. Palenick stated the final amendment was extending the closing date to October 25, 2019. He stated the proposed amendments were unanimously approved by the City Council by a 14-0 vote.

In response to Crimmings, Palenick stated the developers had to get another entity to finance the project. He stated the previous financier stepped out at a point where the costs had increased.

Crimmings asked if there were any sanctions imposed if the developers did not close on the property.

Palenick explained he anticipates closing. He stated the developer is in the project for \$1 million and they have received permits and done all their due diligence.

Mason stated projects are always harder than anticipated. He stated the engineering for the project was more complicated and the site was more contaminated than anticipated.

Crimmings stated that there are some people who would argue that the site is not as contaminated as others may think it is. He stated there is discontent in the development community with how developers are being treated by the City of Racine.

Palenick spoke regarding the environmental issue. He stated the developers designed certain structures and design elements and some of the requirements that we imposed altered some of those elements and required more soil to be moved.

DeMatthew stated this development is something that is needed right now to get other developments moving. He stated you can fall into a recession before you realize it. He stated now is the time to move; in the next year or so we may see softening of the economy based on the bond ratings and other activities.

A motion was made by Jung, seconded by Crimmings, to receive and file the item. The motion PASSED by a Voice Vote.

CLOSED SESSION

DeMatthew read the closed session notice.

It is intended that the Redevelopment Authority convene in closed session pursuant to Wisconsin Statutes Sec 19.85 (1)(g), to confer with legal counsel concerning strategy with respect to litigation in which the Redevelopment Authority is or is likely to become involved and pursuant Wisconsin Statutes Sec. 19.85(1)(e), to consider strategy where bargaining reasons require a closed session.

At 6:28 p.m., a motion was made by Jung, seconded by Mason, to go into closed session. The motion PASSED by the following vote:

AYES: 5 - Crimmings, Anderson, DeMatthew, Mason and Jung

EXCUSED: 2 - Adamski and Nicholson

[0999-19](#)

Subject: Communication from the City Attorney requesting to meet with the Redevelopment Authority in closed session pursuant to Wisconsin Statute section 19.85(1)(g) to discuss the settlement of a litigation in which the Redevelopment Authority is currently involved, specifically *Marquette Distribution Center, LLC, et al., v. Redevelopment Authority of the City of Racine*, Racine County Circuit Court Case No. 18 CV 1250.

[0995-19](#)

Subject: Communication from the Manager of Neighborhood Services seeking to meet with the Redevelopment Authority in closed session pursuant to Wisconsin Statutes section 19.85(1)(e), to address a matter that, for competitive or bargaining reasons, requires a closed session, specifically regarding the transfer of real property located at 1520 and 1536 Clark Street, Racine, Wisconsin, from the Redevelopment Authority to Cardinal Capital Management, Inc., and/or its assignees, pursuant to an Option to Purchase Agreement.

OPEN SESSION

At 6:59 p.m., a motion was made by Jung seconded by Mason to reconvene into open session. The motion PASSED by the following vote:

AYES: 5 - Crimmings, Anderson, DeMatthew, Mason and Jung

EXCUSED: 2 - Adamski and Nicholson

The Redevelopment Authority will return to Open Session and may take action regarding any closed session item.

[0999-19](#)

Subject: Communication from the City Attorney requesting to meet with the Redevelopment Authority in closed session pursuant to Wisconsin Statute section 19.85(1)(g) to discuss the settlement of a litigation in which the Redevelopment Authority is currently involved, specifically *Marquette Distribution Center, LLC, et al., v. Redevelopment Authority of the City of Racine*, Racine County Circuit Court Case No. 18 CV 1250.

A motion was made by Crimmings, seconded by Mason, to approve the proposed request. The motion PASSED by a Voice Vote.

[0995-19](#)

Subject: Communication from the Manager of Neighborhood Services seeking to meet with the Redevelopment Authority in closed session

pursuant to Wisconsin Statutes section 19.85(1)(e), to address a matter that, for competitive or bargaining reasons, requires a closed session, specifically regarding the transfer of real property located at 1520 and 1536 Clark Street, Racine, Wisconsin, from the Redevelopment Authority to Cardinal Capital Management, Inc., and/or its assignees, pursuant to an Option to Purchase Agreement.

A motion was made by Jung, seconded by Crimmings, to approve the request to affect the closing date to no later than October 31, 2019. The motion PASSED by a Voice Vote.

Adjournment

There being no further business, the meeting adjourned at 7:03 p.m.