

**CITY OF RACINE, WISCONSIN**

**REDEVELOPMENT AUTHORITY RESOLUTION 19-15**

**WHEREAS**, Racine Harborside, LLC developer of the @NorthBeach Development within the City of Racine requests approval of a \$1,263,000 low interest loan to facilitate the brownfield cleanup of hazardous materials of the property at 1129 N. Michigan Avenue.

**WHEREAS**, The Brownfield Cleanup-Revolving Loan Fund (BC-RLF) was created by the City of Racine in 2010 to facilitate the remediation of contaminated properties. The program was funded through a grant from the U.S. Environmental Protection Agency (EPA) which seeded the loan pool. The loan program offers low interest loans to developers who seek loan funds to be used for brownfield remediation. The City's program has assistance from both the Racine County Economic Development Corporation (RCEDC), who provides loan underwriting and preparation of loan documents, and the EPA, who provides technical assistance and approval of cleanup methodologies;

**WHEREAS**, Prior to loans being awarded, there is an extensive application process that ensures that all appropriate inquiry has been conducted related to the brownfield condition of the property and that the loan applicant has not caused any contamination on this property or any other property. The application also ensures that the loan request meets the "but for" test, common in economic development, to ensure that "but for" the low interest loan, the cleanup and redevelopment of a site would be economically unfeasible.

**WHEREAS**, It is in the best interest of the City of Racine to facilitate a loan to Racine Harborside, LLC. The City has, to date, been unsuccessful in using its BC-RLF funds to facilitate cleanup and redevelopment. These funds have been available for over 9 years. The EPA would like to City to expend these funds to facilitate brownfield cleanup. If the City can show progress in facilitating successful brownfield cleanup with these loans, then we may be eligible to receive more funding for our loan fund through the EPA.

**WHEREAS**, The terms and conditions associated with the loan include:

LOAN AMOUNT: \$1,263,000

INTEREST RATE 2.75% (2.25% interest with a 0.5% servicing fee)

REPAYMENT TERMS: 14-year term or term ending in August 2033, whichever is sooner; 36 months interest only converted at stabilization/30-year amortization

- Development Agreement must be fully executed.
- Payoff of existing BC-RLF loan tied to the project site.
- City must confirm that all conditions precedent to its obligation to perform under the Development Agreement have been satisfied.
- Borrower must comply with the requirements of Wisconsin's Voluntary Cleanup Program and agrees to complete the project in accordance with the Remedial Action Plan, the application, the project schedule and the project budget.
- Borrower shall obtain from WDNR and provide documentation of cleanup completion following completion of the project.
- BC-RLF funds must be spent in accordance with the Brownfields Law.

- All BC-RLF out of pocket costs for processing and closing are to be paid by the Borrower.
- Borrower will meet all requirements of the BC-RLF program as required by its funding source EPA, including but not limited to Davis Bacon and other federal regulations.
- Borrower to provide required documentation for all draws from the BC-RLF including, but not necessarily limited to, a written disbursement request with copies of invoices for each cost incurred.
- Borrower shall maintain complete documentation for all BC-RLF project costs.
- Borrower to provide required 20% matching funds towards the eligible BC-RLF project costs.
- Borrower shall execute all loans or grant documents required by RCEDC in connection with the loan.

**BE IT THEREFORE RESOLVED**, that the RDA recommends approval of this the Brownfield Cleanup Revolving Loan Fund loan terms to Racine Harborside, LLC and direct Mayor, Clerk, and City staff to execute loan documents to facilitate the loan.

**Fiscal Note:** The Brownfield Cleanup Revolving Loan of \$1,263,000 will be made from grant proceeds received from the USEPA. No City of Racine funds will be used to transact this loan. RCEDC will serve as the loan “servicer” and will make reports to the City of Racine Department of City Development as to the repayments of the loan. The City’s Brownfield Consultant, Ramboll Environ, will ensure that the project plan and project budget are met and that Davis Bacon requirements are also met and these costs to implement are paid for by the EPA grant program. The City of Racine is responsible for reports to the EPA on our loan program. If the loan is not repaid, the City of Racine is not responsible for repayment of the loan, but we will be unable to revolve our grant into new loans and we may be ineligible for additional grant funding

*Adopted on:* June 6, 2019

*Seal*

*By a Vote of*

For:

Against:

Abstain:

*Attest:*

Amy Connolly, Executive Director  
City of Racine Redevelopment Authority