



City of Racine, Wisconsin

AGENDA BRIEFING MEMORADUM

AGENDA DATE:

March 4, 2025 – Common Council

March 10, 2025 – Finance and Personnel Committee

March 18, 2025 – Common Council

SUBJECT: Communication sponsored by Mayor Mason, on behalf of the Director of City Development, requesting permission to enter into a Development Incentive Agreement with Dominion 12, LLC and Dominion 14, LLC, and AOA Racine, LLC for Dominion Downtown Phase 2.

PREPARED BY: Walter D. Williams MBA-EDFP- Director, Department of City Development

SUMMARY: As an enhancement to the completed Hotel Verdant project, the developer desires to redevelop 512 Main Street into a full-service spa, rehab 222 5th Street, into a mixed-use property containing one retail and four residential units and demolish the existing structure at 401 Wisconsin to construct a secure parking lot with a future phase to include the construction of a four story forty-unit market rate apartment building. In return the City will provide financial assistance in the form of a loan from T.I.D. #26) in the amount of \$9,700,000. The loan will have an annual interest rate of 3%, which will be interest only for the first 5 years. If the developer proceeds with the construction of the 40-unit apartment building at 426 Wisconsin Avenue within 5 years, at close of construction financing of the building, the principal on the \$9.7M loan will be forgiven.

DEVELOPERS OBLIGATIONS: Developer agrees to provide equity for any cost exceeding the \$9,700,000 provided by the City of Racine.

At the expiration of the interest-only period of the loan or before the Developer will construct at least a four-story building that has at minimum 40 residential units on property located at 426 Wisconsin Avenue. The developer agrees to the minimum valuation of \$4,000,000.

If the developer does not commence construction on the building at 426 Wisconsin Avenue prior to the end of the interest only period on the loan, the \$9.7M loan will be re-amortized and bear an interest rate of 5% due in 2040.

Developer agrees to incorporate LEED Gold Standards in the 426 building and comply with all city rules, regulations, Policies and Ordinances provisions. This includes the “Racine Works” Ordinances

RECOMMENDED ACTION: That the Mayor and City Clerk be authorized and directed to negotiate and execute Development Incentive Agreement and all associated documents with Dominion 12, LLC and Dominion 14, LLC, and AOA Racine, LLC regarding the redevelopment of land/buildings at 512 Main Street, 222 5th Street, 401 Wisconsin Ave., and 426 Wisconsin Ave.

FISCAL NOTE:

Various funding sources will be used as part of the financing stack for this agreement, the City's budgetary impact will be as follows:

The \$9.7M loan to the developer will come from the following sources:

- \$5.7 million will be transferred from TID #9 (Johnson Building)-Cash is available for this transfer
- \$4 million will come from a City borrowing from the Board of Commissioners of Public Lands as authorized by the Common Council.

Exhibit "A"

Area Plan Showing Project Sites

