



City of Racine

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

Meeting Minutes - Draft

Redevelopment Authority of the City of Racine

Thursday, November 14, 2019

6:00 PM

City Hall, Room 303

Call To Order

Vice chairman 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 October 3, 2019 Meeting.

A motion was made by Jung, seconded by Anderson, to approve the minutes of the October 3, 2019 Meeting. The motion PASSED by a Voice Vote.

Approval of Minutes for the October 10, 2019 Meeting.

A motion was made by Jung, seconded by Anderson, to approve the minutes of the October 3, 2019 Meeting. The motion PASSED by a Voice Vote.

Approval of Minutes for the November 4, 2019 Meeting.

A motion was made by Jung, seconded by Anderson, to approve the minutes of the October 3, 2019 Meeting. The motion PASSED by a Voice Vote.

[1120-19](#)

Subject: (Direct Referral) Request from Cary Mauske representing Mt. Royal Property Management for review and approval of a White Box grant for the property at 413 Sixth Street.

Attachments: [Applicant Submittal](#)

[Updated Estimates](#)

Interim Executive Director Matt Sadowski briefly reviewed the request. He stated the application was before the Redevelopment Authority at its meeting in October. He stated the white box grant was approved with the opportunity to review the submittal to see if additional costs were available. Sadowski stated that a new floor plan was submitted to the Chief Building Inspector Ken Plaski, that showed the mechanicals being on the first floor. He stated it was found that the property was eligible for additional funds.

The applicant, Cary Manske, stated that part of the increase included the raised laminated floor. She stated the original plan did not show the mechanicals on the first floor.

A motion was made by Mason, seconded by Jung, to approve White Box Grant request in an amount up to \$13,141.00. The motion PASSED by a Voice Vote.

[1240-19](#)

Subject: (Direct Referral) A request by Ralph and Verdeep Schwarz for review and approval of a White Box grant for the property at 434 Main Street.

Attachments: [White Box Estimates/Submittal](#)

Sadowski introduced the request. He stated the grant request is for the old Joann Cards location. He stated that the Downtown Area Design Review Commission did not have a quorum at its meeting prior; the application was reviewed, however, no action was taken at the meeting. Sadowski stated that the application is eligible for a maximum grant award of \$16,383.00.

In response to Crimmings, Bob Yuhas, architect for the project, stated the upper floor was vacant.

A motion was made by Anderson, seconded by Jung, to approve the White Box Grant request in an amount up to \$16,383.00. The motion PASSED by a Voice Vote.

[1268-19](#)

Subject: Communication sponsored by Mayor Mason requesting the Ajax Incentive Agreement be approved.

Recommendation of the Finance and Personnel Committee on 11-11-19: Approve of the Developer Incentive Agreement between the City of Racine, Racine RDA, and Cardinal Capital Management, Inc., for the Redevelopment of 141 units of new multi-family housing on the RDA-owned, former Walker Manufacturing- Ajax industrial property at 1520 and 1536 Clark Street in Uptown.

Fiscal Note: The FY2019 CIP Budget for the I. G. funds contained the first \$500,000 for the site remediation and parking incentive; and the FY2020 I.G. Budget contains the other \$500,000. Under the 11-year TID, since it is pay-as-you-go, The Developer must first pay all taxes in order to have 90% of said payments then returned as an incentive, leaving the remaining 10% for the TID to repay a portion of the \$1M in incentive. The estimate is that the Developer will receive \$2,900,961 in TID increment capture rebates; while the City is expected to get back an estimated \$322,324 during the 11-year capture life of the TID. The REC Fees are expected to cost \$50,500, which is budgeted in the FY2020 I.G. Funds Budget. The cost of the water-line replacement In Clark Street is estimated at \$275,000 and will be paid by the Water utility Capital budget, as included in FY2020. The BCPL Loan will cost the City nothing except staff time, since all repayment of debt service will be made by the Developer. Following TID closure, the project is expected to produce at least \$184,500 in new yearly property taxes to the City.

Attachments: [CITY OF RACINE ABM - Ajax Agreement.docx](#)
[Ajax Incentive Agreement 11-8-19a.docx](#)
[Ajax Incentive Agreement 11-12-19.docx](#)
[#1268-19 Resolution](#)

City Administrator Jim Palenick explained the request. He stated that we have been working on the project for more two years and to come to this point in time is exciting. He stated staff wanted to come before the RDA first and at its scheduled meeting last week, however, it did not work out that way. He stated the request will go out for final approval at the Common Council next week. Palenick stated David Fischer from Cardinal Capital was present to answer any questions.

Palenick reviewed the Agenda Briefing Memo that accompanied the request. He stated over time, the project has morphed from what was supposed to be a rehabilitation project to what will now be a demolition project. He stated the property will be two newly constructed apartment buildings. The first will be an 87-unit market-rate development and the second will have 54 units and will be partially funded by LIHTC. He stated Cardinal Capital will be spending more than \$30 million on the project; the RDA will receive \$10,000 for the land. Palenick explained that Cardinal has agreed that during the life of the TID that the added assessed value will not be less than \$12 million. He stated \$500,000 from 2019 Intergovernmental Revenue Sharing Fund (IG Fund) and \$500,000 from 2020 IG Funds will be used to incentivize the project. He stated a \$400,000 interest free loan from the RDA will be given to the developer for the project.

Palenick stated a \$900,000 loan will be provided to the City and loaned to Cardinal Capital. He stated the City would act as a pass through agent for the funds as the monies will come from the Board of Commissioners of Public Lands (BCPL). He explained the loan would be given to the City and the City would loan the funds to Cardinal with the same terms. He stated the City will also provide a \$600,000 Community Development Block Grant (CDBG) loan at one percent interest for the affordable project and that the City will make and fund any necessary upgrades to the water main needed to serve the project – estimated at \$275,000. He stated the Residential Equivalent Connection (REC) Fees will be waived and/or paid for by the City.

Palenick explained obligations of Cardinal Capital regarding the incentive agreement which include: Project equity of at least 15 percent, minimum investment in hard construction costs of \$21 million, and other obligations.

Fischer thanked the RDA for working with Cardinal and allowing the project to happen. He stated Departments were committed to making the project happen and he is excited to bring the project to a challenged area of Racine. He stated Cardinal has a lot of interest in continuing to do good things and is hoping this is the first of several. He stated the RDA has been flexible which allowed them to meet federal deadlines. He stated the southern building will be online by the end of 2020 and the market-rate will be a few months afterwards. He stated as far as the historic nature, there is a monument that will be right by the entrance and they might pull the girder that they were going to preserve and possibly use it as an arched entrance to parking. Fischer stated they are looking to preserve the heritage of the building.

Palenick noted that BCPL funding is a nice source of funding and might see other things like that with other projects.

Crimmings stated it is a wonderful conclusion to a long process. However, he expressed some concern that the RDA was left with no other option but to approve the request.

In response, Palenick apologized for the notice given to the RDA.

Jung stated that the work put in by staff and administration for this project is an example of good government, persistence and creativity. He stated he is excited to vote.

Palenick applauded the Mayor, current staff, and former City Development Director Amy Connolly for all of their work regarding the project and Cardinal Capital for sticking with the project for two years.

A motion was made by Crimmings, seconded by Jung, to adopt RDA Resolution 19-29 recommending approval of the request. The motion PASSED by a Voice Vote.

[1290-19](#)

Subject: Communication from the Manager of Neighborhood Services seeking to meet with the Redevelopment Authority regarding an extension of the closing date for 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 the Option to Purchase Agreement.

Matt Rejc, Manager of Neighborhood Services, explained the request. He stated the next step is closing on the property so that they can begin the project and move forward. He stated we are waiting on the authority to use the grant funds from HUD and we anticipate receiving authorization by the first week in December. Rejc stated he is anticipating a December 6th closing, however, would like to request an extension of the option to be able to close up until December 20th. He stated the December 20th date was arrived with after consultation with the developer.

A motion was made by Mason, seconded by Jung, to approve the extension of closing for the property located at 1520 and 1536 Clark Street to a date no later than December 20, 2019. The motion PASSED by a Voice Vote.

Adjournment

There being no further business, the meeting adjourned at 6:25 p.m.