



City of Racine, Wisconsin

## COMMON COUNCIL

### AGENDA BRIEFING MEMORADUM (ABM)

**COMMITTEE:** Finance Committee

**LEGISLATION ITEM #:**

**Related Items #:** 1341-19 (Boutique Hotel Incentive Agreement) #0123-21 (Amendment #2)

---

**AGENDA DATE:** August 9, 2021 Finance and Personnel, August 17, 2021 Common Council

---

**DEPARTMENT:**

**ABM Prepared by:** Kathleen Fischer

**Information Assembled by:** Kathleen Fischer

**Reviewed by:** Bill Bowers, Paul Vornholt

---

**SUBJECT:**

Communication from Mayor Mason seeking approval to enter into amendment #3 to the development incentive agreement with The Main Attraction, LLC, regarding the Verdant Hotel project at 500 Main Street.

---

**EXECUTIVE SUMMARY:**

Since the amended agreement was approved in March of 2021 the City Development Team, outside council, and all of the parties to the agreement have been working diligently towards the closing of the financing for the project. During due diligence a few items came to our attention that are being requested in this amendment.

1. It became apparent that that the original parking language in the developer agreement would need to be modified to better reflect the needs of the hotel as well as work within our current parking commitments.

2. Within weeks of the anticipated closing, due to factors beyond our control, the construction company, and one of the financial partners for the project could not commit to the proposed level of funding. The result was a pause in the closing of the project while Dominion Properties worked to

31 secure a new funding source. A new construction company has now committed to the project with a  
32 contribution to the capital stack, but this has delayed the project by about 8 weeks, requiring an  
33 extension to our development agreement.

34 The amendment is requesting three changes to the original agreement:

35 **Parking:**

36 The amendment from March 2, 2021, includes language to have 100 parking stalls allocated between  
37 the McMynn Ramp and the Civic Center Ramp. *This amendment requests that the stalls be made*  
38 *available at the Civic Center Ramp and the Lake Avenue Ramp, eliminating McMynn.* There is also a  
39 parking lease agreement that will be proposed to Finance and Personnel that will have the specifics on  
40 this arrangement.

41 **Financing:**

42 The City's portion of the capital stack will remain **exactly the same** as the amendment from March 2,  
43 2021 referenced: \$5.5 Million City Loan to the Developer and \$2.895 grant to the developer. A  
44 language change to the agreement is being requested to more accurately reflect how those funds will be  
45 contributed to the capital stack.

46 **Commencement Date:**

47 The March 2, 2021 amendment to the agreement had a commencement date of July 15, 2021. In order  
48 for the closing to occur on all of the financing, *the new commencement of construction date will be no*  
49 *later than October 31, 2021.*

---

51 **CITY INVESTMENT & BUDGETARY IMPACT:**

52 With project costs of over \$30 million, the project is anticipated to bring at least \$20M of new tax valuation  
53 to the City of Racine. This project will be evaluated by the City Assessor and will be considered "Net new  
54 construction"

---

56 **RECOMMENDED ACTION:**

57 To authorize and direct the Mayor and the City Clerk to enter into amendment #3 to the development  
58 agreement with The Main Attraction, LLC, regarding the Verdant Hotel at 500 Main Street.  
59

---

