



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 7, 2017

6:00 PM

City Hall, Room 303

Call To Order

Vice Chairman Jim Spangenberg called the meeting to order at 6:01 p.m.

PRESENT: 6 - James Spangenberg, Jen Adamski, Doug Nicholson, Robert Anderson, Tracey Larrin and James DeMatthew

EXCUSED: 1 - John Crimmings

Approval of Minutes for the August 3, 2017 Meeting.

A motion was made by Adamski-Torres, seconded by Anderson, to approve the minutes of the August 3rd meeting. The motion PASSED by a Voice Vote.

879-17

Subject: Welcome Jim DeMatthew to the RDA and selection of a new Chairperson of the RDA.

Spangenberg introduced and welcomed new member Jim DeMatthew to the RDA.

Connolly opened the floor for nominations for Chairman of the RDA.

A motion was made by Anderson, seconded by Adamski-Torres, to nominate Jim Spangenberg to the position of Chairman. Spangenberg accepted the nomination.

The approval of Spangenberg as chairman left the position of vice-chairman of the RDA open. Connolly opened floor for the nominations of vice chair.

A motion was made was Larrin seconded by Anderson to approve Spangenberg as the chairman of the RDA. The motion PASSED by a Voice Vote.

A motion was made by Anderson, seconded by Nicholson, to nominate Adamski-Torres for the position of vice-chair. Adamski-Torres accepted the nomination. Adamski-Torres was approved as vice-chair by a Voice Vote.

880-17

Subject: Consider RDA Resolution 17-23 approving a Tax Incremental Financing Assistance Policy and Application Process.

Attachments: [ABM Tax Incremental Financing Policy and Application.docx](#)
[City of Racine Tax Incremental Financing Policy FINAL](#)
[City of Racine Tax Incremental Financing Application FINAL](#)
[Resolution 17-23 TIF Assistance Policy and Application](#)

Connolly stated that the information regarding the proposed policy was attached.

Connolly explained that there currently is not a policy on how Tax Incremental Financing (TIF) assistance requests are reviewed. She stated the policies created were set around the amount of financing offered, how requests would be reviewed, and how to establish the "but for" argument (e.g. "but for this incentive the project would not move forward..."). She stated that it is important that policies are set around that fact that without the assistance, the project could not move forward. She stated Regency Mall was the source of discussions, and it was revealed that there was no policy for Tax Incremental assistance.

She gave a general overview the TIF policy (eligibility; max amount to be applied for; the amount of money the developer was required to put forth; maximum payback period – 10 years; projects have to be self-supporting, etc... internal rate of return has to be between 12-15 percent, anything more would bring up the flag that perhaps too much incentive is being provided). Connolly stated the developer must demonstrate their need for the incentive and has to be up to date on taxes. Propose a fee of 1 percent for pay as you go applications and 1.5 percent for proposals that request bonding or borrowing. She also explained the application that would be required for incentive requests.

Nicholson asked if there were and should there be a minimum request amount.

Connolly stated some small requests have been granted, she stated that may be avoided by charging the percentage of the fee and felt there should be a minimum request amount.

Adamski-Torres asked regarding developer equity being a minimum of 15 percent; are we not expecting more than that.

Connolly stated that not much has been required in the past so 15 percent sets a standard.

A motion was made by Anderson, seconded by Adamski-Torres, to adopt RDA Resolution 17-23 approving the request. The motion PASSED by a Voice Vote.

[881-17](#)

Subject: Consider RDA Resolution 17-24 recommending approval of a development agreement between the City of Racine and Regency Mall, LLC for tax incremental financing assistance for Regency Mall.

Attachments: [Staff Review of TIF Assistance for Racine Mall LLC v September 1](#)
[Hull Group Proposal for Regency Mall TIF Assistance](#)
[Resolution 17-24 Regency Mall TIF Assistance](#)

Connolly stated this is one of the first TIF applications to come before the RDA. She stated staff has been working with the new owners of Regency Mall (the Hull Group) for more than a year to put together a Tax Increment District (TID) and development project to help revitalize the mall. She stated the development agreement is in the process of being finalized. Regency Mall requested 3.955 million in tax increment over 27 years related to the Phase I and Phase II development of the Mall; their minimum investment will be \$6.5 million.

Connolly informed the RDA that the Hull Group will do a four phase project; the first two phases are the part that will be incentivized. She stated phase I includes façade improvement, landscaping, signage, interior renovations, etc. and the Hull Group would

like to start renovations in October (October 1). Phase II includes new tenant buildout and co-investing with anchor tenants.

She explained that Phase III would be completed at a later date and will include lot development. A future phase may include a multi-family development. At this moment those will not be incentivized.

Negotiations include TIF no more than \$3.5 million due to road plans and transportation needs for the area. She stated it should be an annual pay as you go project; performance based and only for 13 years of 90 percent of the taxes earned by the properties they own determined on September 30th of each calendar year. She stated if taxes don't generate, increment incentive is not received.

Connolly explained that the first phase of the project will take about one year and the second phase will take about seven years. She stated there would be conditions to the TIF agreement such as all city bills are to be paid and property tax values cannot be challenged. She stated the property would have a minimum assessed value of \$8.9 million.

Connolly explained that the Hull Group does not have a history of selling properties and a \$10,000 fee was collected for the application. She stated most of the criteria has been met with the exception of two that can be waived – the TID cap (30 percent can be waived if existing structure) and the 10 year payback period, she stated the Hull Group asked for a three year ramp up period due to the concern of the Phase I possibly not generating revenues right away and to allow for gaining tenancy.

She stated Ehlers & Associates reviewed financial documents. The mall is currently 22 percent vacant and financial contributions will not exceed 10 percent Internal Rate of Return; the Hull Group is very confident in their ability to redevelop the Mall.

Nicholson asked about developer obligations and whether granting assistance meant any property within the TID cannot challenge their assessment.

Connolly clarified that it is any property owned by Racine Mall, LLC (the Hull Group).

Adamski-Torres asked regarding sales increase analysis and how the Hull Group will position themselves within the community in order to reposition the mall.

Connolly stated it is about the exterior renovations and rebranding as a whole. She said they are working to align mall management to their management style and creating a tenant mix in order to make sure that it is a mall that makes women feel comfortable.

A motion was made by DeMatthew, seconded by Anderson, to adopt RDA Resolution 17-24 approving the request. The motion PASSED by a Voice Vote with Nicholson abstaining.

Report of the Executive Director

A. Center for Community Progress Project

Connolly stated the contract with the Center for Community Progress (CCP) has been signed. CCP will be here first week of November and will help with technical

assistance regarding land bank development and enforcement of housing and building codes.

B. White Box Program

Connolly stated six white box grants were awarded. She stated the original policy calls for projects to be completed within 120 days of approval, however, might want to change policy to extend out six months to a year. She stated projects can take longer than what may be awarded and asked the Commission what should be the amount of time given to White Box project. Spangenberg stated it is hard at the moment to get a contractor; depends on the timing. Nicholson stated a year might be a good extension time – larger scale projects can take an extended amount of time. DeMatthew asked if the timeframe were extended, could it be evaluated for how much is already completed. Jim Palenick, City Administrator, suggested granting the ability to give three 90-day extensions administratively and any more than that would have to come back to the RDA. Authority members agreed with the suggestion.

C. Branding and Website Project

Connolly explained staff is working hard on branding and website. She stated the website will be released this month. A password to check the website will be sent to the Authority members to provide feedback.

Brownfield Properties Report

A. 1425 N. Memorial Drive (Racine Steel Castings)

Rachana Kothari, Racine County Economic Development Corporation, gave brief overview of site layout and conditions. She stated the site is approximately 10.7 acres in area and a lot of chemical storage and foundries were present on the site, making some of the site highly contaminated. She stated the site was divided into two lots – North and South. Atty. Bill Scott explained the remediation plan. He stated the north lot is highly contaminated requiring more intense remediation; there are two options for the site with one being In-situ chemical reduction breaking the bonds of the contaminates. Pilot testing will be done in the most contaminated area of the site. Atty. Scott explained the uses of the site worst case would allow for low occupancy use e.g. a parking lot. The pilot test is approximately \$200,000.00. Everything outside of the test site is nominally contaminated. There are two phases – pilot test and, based on the results, the rest of the site cleanup will be determined. Connolly stated \$300,000.00 was budgeted in the capital improvement budget for cleanup. Kothari stated there are grants from the Environmental Protection Agency (EPA) for \$200,000. Connolly stated would like to start in October. Public hearings regarding the site and cleanup were held last week. Remediation timeline for completion by the end of this year. DeMatthew asked about the long-term effects of CoolOx. Atty. Scott stated has been aware of the CoolOx since 2010, has been used at dry cleaners, petroleum companies, etc.

RDA-Owned Property Report

A. 233 Lake Avenue - Hotel & Event Center

Connolly explained the invoices for the Event Center costs. Connolly and Palenick explained milestones e.g. RFI for private sector developer for 150-room hotel, extended to September 19th and might be extended again. They stated several responses were received; however, developers are well aware of FoxConn project. Exterior building naming rights and development of CIP were also discussed.

B. Southside Industrial Park

Connolly stated there has been some interest shown in the property. Hopefully a term sheet agreement will be presented at the next RDA meeting.

C. 615 Marquette Street (Case Plow Works Building)

Connolly stated that General Capital is working on their phase I due diligence. She stated there were no historic tax credits available for the building.

D. 1520 and 1536 Clark Street (Ajax Property)

Connolly stated Cardinal Capital is moving forward, however, they will not be applying for Low Income Housing Tax Credits (LIHTC) and will just use Historic Preservation tax credits and Veteran housing vouchers (maybe 10 percent) the rest will be market rate.

E. Other RDA-Owned and City-owned property report

West Bluff – Kothari gave background regarding the West Bluff. She stated RCEDC received \$95,000 Fund for Lake Michigan (FFLM) grant to fund Phase I portion of West Bluff Stabilization dependent on City acquisition of all of the properties which was completed May 2017. RFQ for Steam bank went out in June and Smith Group JJR was selected. She explained their scope of work totaling \$114,700 and RCEDC negotiated to \$95,000 which will all paid for by FFLM no match from the City. Majority of the work completed this year and the grant will end July 2018. Connolly stated the goal is to stabilize the steam bank so bike path can be developed.

Root River - Connolly explained there are floating docks next to the machinery row area, City-owned property that are becoming unstable and dangerous. She stated IG funds were used to hire a contractor (through a bidding process) to have the docks removed this fall.

CLOSED SESSION

Chairman Spangenberg read the Closed Session notice.

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

At 7:43 p.m. a motion was made by Adamski-Torres, seconded by Larrin, to convene into Closed Session. The motion PASSED by the following vote:

AYES: 6 - James Spangenberg, Jen Adamski, Doug Nicholson, Robert Anderson,
Tracey Larrin and James DeMatthew

EXCUSED: 1 - John Crimmings

[740-17](#)

Subject: (Direct Referral) Communication from the Deputy City Attorney requesting to meet with the Redevelopment Authority in Closed Session pursuant to Wisconsin Statutes section 19.85(1)(g), concerning strategy with respect to litigation in which the Redevelopment Authority is or is likely to become involved, specifically regarding relocation claims.

The Redevelopment Authority will return to Open Session.

The RDA may take action regarding matters addressed in Closed Session.

OPEN SESSION

At 7:51 p.m. a motion was made by Adamski-Torres, seconded by Nicholson, to reconvene into Open Session. The motion PASSED by the following vote:

AYES: 6 - James Spangenberg, Jen Adamski, Doug Nicholson, Robert Anderson,
Tracey Larrin and James DeMatthew

EXCUSED: 1 - John Crimmings

Adjournment

*A motion was made by Anderson, seconded by Nicholson, to adjourn the meeting.
The meeting adjourned at 7:51 p.m.*