

MINUTES

Plan Commission Offices
Manitowoc City Hall

Regular Meeting
Manitowoc Industrial Development Corporation
Thursday
January 23, 2014
3:30 P.M.

CITY OF
MANITOWOC

David Less
City Planner

I. CALL TO ORDER

The meeting of the Manitowoc Industrial Development Corporation was called to order by Chairman Jim Hamann at 3:30 P.M.

II. ROLL CALL

Members Present

Bob Kaufman
Greg Dufek
Dennis Tienor
John Zimmer
Jim Hamann
Jim Brey
David Soeldner
Wayne Mertens
Carl Laveck

Members Excused

Myron Halla
Ted Vallis

Staff Present

David Less
Paul Braun

Others Present

See attached Sign In Sheet

III. APPROVAL OF MINUTES of the Regular April 4, 2013 Meeting.

Motion by: Mr. Brey

Moved that: the minutes be approved as presented.

Seconded by: Mr. Zimmer

Upon Vote: the motion was approved unanimously.

IV. REFERRALS FROM COMMON COUNCIL

A. None

V. NEW BUSINESS



A. PC33-2013: Wisconsin Redevelopment, LLC – Discussion Regarding Proposed Revolving Loan for Redevelopment of Former Mirro Plant No. 3 at 2402 and 2408 Franklin Street

Mr. Less first introduced Bob Lemke and Todd Hutchison as the principals in Wisconsin Redevelopment, LLC. Mr. Less then explained that the City had worked with these gentlemen on the Manitowoc Hotel project several years ago, and a few months ago, they began a conversation regarding doing a similar project at the former Mirro Plant No. 3. Mr. Less explained the recent history of this property, its 2013 rezoning to permit multifamily housing, and then added that the City was funding a Phase I and if required, a Phase II environmental assessment for the property through its EPA Community-Wide Assessment grant. Mr. Less added that based on the historical use of the property, and unknowns related to the vacant parcel to the west, he expected a Phase II would be required. Mr. Less added that completing the environmental assessments at this time would allow for the more likely attraction of equity capital to this project, eliminating environmental questions that might otherwise be in the minds of potential investors or lenders.

Mr. Less explained that there was no TIF district investment planned for this \$8.7mm project, and as time was of the essence to provide some funding to begin filling a financial gap in the project, he felt that utilizing RLF monies in this manner made the most sense. Mr. Less did note that 1 week ago, the CDA did commit \$250,000 to this project in existing housing RLF account balances.

Mr. Less continued to outline the proposed project, and reviewed a “Project Narrative” which outlined a potential RLF investment of \$300,000 for the acquisition of the subject property on Franklin Street. Mr. Less reviewed the details of the proposed loan, the loan terms and proposed collateral, which would be closed subject to satisfaction of several compliance conditions including the developers receipt of both Low Income Housing Tax Credits (LIHTC) from WHEDA, and State and federal historic tax credits for certified historic structures. Mr. Less explained that securing all of the requested tax credits were essential to the project, as these developments generated limited income due to the rent restricted units, and as such, debt service obligations would have to be low enough to be covered by cash flow. Mr. Less did note that the details of this project, including financial pro formas, had been reviewed by Mr. Tienor and Mr. Laveck and himself prior to today’s meeting. Mr. Less made reference to a market study being done that would become part of the WHEDA application.

Mr. Tienor commented that the developer credentials were solid, and added that they brought a lot of capital and experience to the table. Mr. Tienor continued that Mr. Lemke and Mr. Hutchison had a good repertoire of projects throughout WI, with the key being the marketability of these developments. Mr. Tienor noted that in the case of the “Artist Lofts”, the larger unit sizes, plus the addition of indoor parking were assets to the project.

Mr. Laveck expressed his support, and commented that this was a complex project, and felt the right people were in place to make it happen.

Bob Lemke, 1134 Kavanaugh Place, Wauwatosa, emphasized that there were a number of hurdles to overcome to make this project a success. Mr. Lemke went on to explain that he felt the largest hurdle was with the State Historical Society regarding developing a solid rationale to validate and confirm the historic significance of the 1929 building, followed by the WHEDA competition for LIHTC's. Mr. Lemke continued that the lowest funded LIHTC application in 2013 scored 308 points, and felt that their 2014 application would score 328 points. Mr. Lemke emphasized the highly competitive nature of the competition for these tax credits. Mr. Lemke noted in closing that their other project in Manitowoc, the former Manitowoc Hotel, had an occupancy level above 95%, and felt that the Mirro Plant No. 3 property, with larger unit square footages, and with each unit having 2 bathrooms, would make it very attractive. Mr. Lemke added that there would be on-site management for the property as well.

Todd Hutchison, 3316 N. Summit, Milwaukee, commented that the larger unit sizes, and the indoor parking were big assets for the project. Mr. Hutchison then described the planned roof top deck, and the common area spaces on the other floors of the 5-story structure.

Mr. Lemke commented that they were planning to install new windows into the building, with sound attenuation to further deaden any noise emanating from the adjacent railroad tracks.

Mr. Tienor also noted that the developers had also met with Mike Huck, Executive Director, Lakeshore CAP regarding their potential involvement in this project.

Mr. Hutchison noted that WHEDA had emphasized the importance of supportive housing and supportive housing services in the 2014 funding round, so connecting with Lakeshore CAP and with Jane Babcock from the County Veterans Office, and bringing their support into the application, were very important elements that they hoped to include in their submittal to WHEDA.

Mr. Lemke re-stated that WHEDA had a big emphasis this year on supporting veterans.

Mr. Hutchison commented on a variety of war time materials that were constructed in Mirro Plant No. 3.

Mr. Kaufman inquired if there were any chemical remnants in the building, and if there was clarity regarding the environmental status of the property?

Mr. Lemke commented on the environmental assessment work being done at the building, and then went on to explain that the building had scuppers or flaps at each floor, which would open up when they washed the floors down, with the flows going onto the sidewalk and into the City sewers. Mr. Lemke noted that it was a different time than today. Mr. Lemke noted that they would be encapsulating the floors, and didn't anticipate any problems with using that approach.

Mr. Less again stated that it was his guess that the Phase I would come back, recommending conducting some Phase II work primarily on the vacant parcel to the west. Mr. Less asked if there were any other comments, and if not, recommended that the IDC approve the

loan as outlined in the “Project Narrative”, with authorization to proceed to close if all project tax credits and funding arrangements were funded, and to authorize Mr. Hamann to sign a letter documenting the IDC’s commitment of the \$300,000 to be included in the application to WHEDA.

Mr. Zimmer commented that he was impressed with the project, and noted that other non-industrial projects had been funded in the past.

Mr. Brey commented that as the Alderman for the district where Mirro Plant No. 3 was located, he had lived close to the property for many years, and was very familiar with this site and the land in this area. Mr. Brey continued that while he cautiously supported the recent rezoning of the property, he was concerned with this project being funded with RLF monies when the project wasn’t industrial, and noted that, as such, he would not support this loan request.

Mr. Less commented that this was an industrial facility to be renovated, converted and upgraded into a commercial development for multifamily housing, and qualified under program guidelines. Mr. Less added that the parcels comprising the development currently had delinquent property taxes due.

Mr. Soeldner commented that he echoed Mr. Brey’s concerns, and while very supportive of the project, had questions about its fit within the RLF program guidelines. Mr. Soeldner noted that while he supported the project and the City getting involved, and despite that he felt this was a great project, he couldn’t support the proposed RLF loan.

Mr. Less explained that when the RLF programs were established for the City, the program associated with the IDC was a balance of City program, the guidelines for which detail the types of projects not eligible for funding under the program. Mr. Less stated that he didn’t believe there was anything in those guidelines that would make this project a poor match for the program.

Mr. Tienor asked how real estate taxes would be impacted by this project?

Mr. Less replied that it would increase from its current tax delinquent status to around \$15-17,000 per year.

Mr. Dufek asked Mr. Less if he was in favor of this project?

Mr. Less stated yes.

Mr. Dufek asked if the IDC had ever lent monies to a rental housing project?

Mr. Less stated no, adding that the route in this project was to renovate and restore this historic building into a productive asset in the community.

Mr. Dufek noted that if nothing was done to the property, it would continue to decline and be a blight in the community.

Mr. Brey again stated that while he cautiously supported the project, he was still concerned with how noise and garbage complaints that had increased in the area over time, would impact the overall attractiveness of the development, and re-stated that in his opinion, he didn't think the RLF was an appropriate fit for this project. Mr. Brey added that there was a plan in place between Mr. Jagemann and the County regarding payment of taxes.

Motion by: Mr. Zimmer
Moved that: the IDC approved
the recommendation of the City
Planner as stated above.

Seconded by: Mr. Laveck
Upon Vote: the motion was approved. Mr. Brey
and Mr. Soeldner voted against the motion.

B. PC30-2013: Steimle Birschbach Law Offices/Foster Limited Liability Company;
Request to Donate Land to City of Manitowoc in I-43 Industrial Park

Mr. Less noted that this discussion was for informational purposes only, with this matter having been dealt with at the Council level. Mr. Less explained the history of this project, noting that a donation of 2.78-acres of land in the I-43 Industrial Park back to the City had been completed. Mr. Less continued that the acreage came out of a larger 4.031-acres of land owned by Foster Limited Liability Company, which was home to Color Craft in the I-Park. Mr. Less noted that the owner was in the process of doing some estate planning, and was also selling a portion of this property to a new owner, and had determined that there was no need or interest in retaining ownership of the 2.78-acres. Mr. Less noted that the property was offered for donation to the City, and the ultimate donation was unconditional, and without any cost or expense. Mr. Less continued that the property was appraised at \$91,000, and was now available for the City to resell. Mr. Less then explained that this acreage provided the City with a developable parcel next to other City-owned, I-Park lots that could be negatively impacted by a potential storm water pond and delineated wetlands to the east.

No action was taken.

VI. OLD BUSINESS

A. Wage;Heavy Metal Fabricators LLC and HMF Real Estate Holdings LLC –
IREV08-3 – Update on Release of Mortgage for Property on CTH “JJ”

Mr. Less explained that he had communicated with the IDC back on December 13, 2013 regarding a request from Mr. Wage to release a mortgage that the City had as part of its collateral package for the above referenced loan. Mr. Less continued that the mortgage covered a portion of Wage's property on CTH “JJ” which he was under contract to sell. Mr. Less stated that the majority of IDC members had affirmatively responded to his written proposal, and that he wanted the IDC to re-confirm its action tonight on this matter. Mr. Less advised that the transaction had been completed at the end of December, with one slight modification; that US Bank would not allow Formrite Companies to provide a new corporate guaranty to the City, and

in lieu of that arrangement, he and Mr. Wage agreed to the City's receipt of a lump sum payment from the sale proceeds in the amount of \$20,000. Mr. Less advised that the City's collateral interest in the CTH "JJ" parcel was for vacant land only, and that in January, 2014, the City received this payment for releasing this security interest, which he had subsequently applied to Mr. Wage's outstanding loan balance. Mr. Less recommended approval of the Wage collateral arrangement as it was described, with the alteration of the \$20,000 in lieu of the corporate guaranty from Formrite.

Motion by: Mr. Mertens
Moved that: the IDC approved
the recommendation of the City
Planner as stated above.

Seconded by: Mr. Zimmer
Upon Vote: the motion was approved unanimously.

B. Jagemann Stamping Company Project Update

Mr. Less then provided an update on the \$1.2 mm Jagemann Stamping Company (JSC) RLF loan, and noted that the total loan proceeds disbursed to date was \$669,629.50, and that the loan was interest-only through March, 2014, with principal and interest payments to begin in April, 2014. Mr. Less noted that the full loan would have to be disbursed by the end of 2014 under the loan agreement. Mr. Less added that regarding employment at the company, JSC at the time of loan approval employed 188 FTE's, and their target under the City loan was 60 new FTE's, or a total of 248 FTE's. Mr. Less continued that at the end of September, 2013, JSC had 264 FTE's, adding that the company was on its way to satisfying that requirement. Mr. Less reminded the IDC that the sale of 8.1-acres to the company as part of this expansion project was impacted by, and eligible under, the City's land rebate policy, and as such, the company needed to attain a level of 278 FTE's to qualify for the 100% land rebate. Mr. Less noted that he expected the land rebate to be disbursed sometime in 2014, and added that the company was moving forward smoothly.

Mr. Zimmer commented that he had talked with Tom Jagemann, and their projections were on target.

Mr. Less commented on the importance of historical relationships with this company.

No action was taken.

VI. NEXT MEETING

VII. ADJOURNMENT.

The meeting was adjourned at 4:15 P.M.

Respectfully Submitted,

A handwritten signature in black ink, appearing to read 'David Less', is written over the printed name.

David Less
Secretary

SIGN IN SHEET
 MANITOWOC INDUSTRIAL
 DEVELOPMENT CORPORATION
 JANUARY 23, 2014

NAME	ADDRESS	TELEPHONE
1. <i>Connie Loden</i>	<i>EDC 202 N 8th St</i>	<i>920 482 0540</i>
2. <i>Todd Hutchinson</i>	<i>3316 N. SUMMIT AVE. WISC. REDEV. MILWAU</i>	<i>414.791-4222</i>
3. <i>BOB EMICK</i>	<i>1134 KAXANAUBT PL WAUWATOSA, WI 53223</i>	<i>414-640-2175</i>
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