



CITY OF REEDSBURG
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Industrial & Commercial Development Commission (RICDC) Agenda
January 19, 2022
Reedsburg City Hall Council Chambers
12:00 PM

DUE TO THE RESTRICTIONS CAUSED BY THE COVID-19 PANDEMIC, SOME VOTING MEMBERS MAY BE PRESENT VIA TELECONFERENCE OR VIDEO CONFERENCE, AS PROVIDED BY THE RECOMMENDATIONS OF THE WISCONSIN DEPARTMENT OF JUSTICE. [HTTPS://WWW.DOJ.STATE.WI.US/NEWS-RELEASES/OFFICE-OPEN-GOVERNMENT-ADVISORY-CORONAVIRUS-DISEASE-2019-COVID-19-AND-OPEN-MEETINGS](https://www.doj.state.wi.us/news-releases/office-open-government-advisory-coronavirus-disease-2019-covid-19-and-open-meetings)

NOTICE IS HEREBY GIVEN THAT A MAJORITY OF THE MEMBERS OF THE COMMON COUNCIL MAY ATTEND THIS MEETING TO GATHER INFORMATION ABOUT A SUBJECT OVER WHICH THE COMMON COUNCIL HAS DECISION-MAKING AUTHORITY. IF A QUORUM OF THE COMMON COUNCIL ATTENDS THIS MEETING, NO ACTION WILL BE TAKEN BY THE COMMON COUNCIL AT THIS MEETING.

CALL TO ORDER

APPROVAL OF MINUTES

I. APPROVE MINUTES FOR THE MEETING HELD ON DECEMBER 15, 2021:

THE COMMITTEE WILL RECEIVE INFORMATION ON NON-AGENDA TOPICS BROUGHT BEFORE THE COMMITTEE BY MEMBERS OF THE PUBLIC. THE COMMITTEE WILL NOT DISCUSS THESE TOPICS, AND WILL NOT TAKE ACTION ON ANY OF THEM AT THIS MEETING

I. GENERAL BUSINESS:

- A. Review and consider approval of Holiday Inn Express Hotel Memorandum of Understanding.
- B. Update on the Business Retention & Expansion Survey.
- C. Update on commercial and industrial development projects.

II. ADJOURN:



The City of Reedsburg does not discriminate on the basis of disability in the admissions or access to, or treatment of or employment in, its programs or activities. Disability-related aids or services, including printed information in alternate formats, to enable persons with disabilities to participate in public meetings and programs are available by calling (608) 524-6404. To be able to meet the needs of a request for a different format contact the City Clerk-Treasurer at 134 S. Locust Street, Reedsburg, WI at least 48 hours prior to the commencement of the meeting so that any necessary arrangements can be made to accommodate each request.

Reedsburg Industrial & Commercial Development Commission

Meeting Minutes

December 15, 2021

Meeting called to order by Chair Kurt Muchow at 12:00 PM in Reedsburg City Hall.

Present: Alder Dave Knudsen, Alder Mike Gargano, Blaine Albert, Dan DeBaets, Jay Brunken

Absent: Ryan Bohen

Staff: Tim Becker, Brian Duvalle

Motion by DeBaets, seconded by Albert to approve the 10/20/2021 minutes.

Motion Approved

Consider Riffey Transload Facility Site Plan

The site plan was approved by the Plan Commission and is here for RICDC information. Wade Riffey stated that the storage will no longer be a hoop barn but wood with siding. He hopes to start Phase 2 in mid-2022. He would like to add a fence to the south side to shield the flood storage area. Albert gave an update on Pink Lady rail. The rail bridge construction is being reviewed by the DOT and won't finish until 2023.

Motion by Brunken, seconded by Gargano to approve the site plan as presented and with the new fence.

Motion Approved

Consider Foremost Truck Scale Site Plan.

Floodplain requirements were discussed. The actual floor of the scale and not its structural base has to be at the base flood elevation.

Motion by Knudsen, seconded by Albert to approve the site plan as presented.

Motion Approved

Consider United Co-op Site Plan.

Discussion held on the exterior of the new addition. The color will be a warm white with ribbed vertical profile and a metal roof. The existing onsite office building was reviewed, which as a second color wainscoting. Discussion was held on also adding landscaping material to break up the building mass and compared with Midwest Lumber.

Motion by Knudsen, seconded by Albert to recommend approval of the site plan as presented and with the addition of a second color wainscoting.

Motion Approved

Update on the Business Retention & Expansion Survey.

Muchow stated the survey was sent out. Some have started the survey but not yet finished. It could be wrapped up by January 2022.

Update on the EDA Grant application for the Business Park Expansion

A draft was submitted that is reviewed at staff level and who then provides feedback. The only feedback received was some clarifications. The submittal will officially be sent in by the end of the month.

Motion by Albert, seconded by Brunken to adjourn at 12:44 PM.

Motion Approved

Respectfully submitted,

Brian Duvalle

Planning/Building

MEMORANDUM OF UNDERSTANDING
Between
Reedsburg Hotel Group, LLC.
And The
City Of Reedsburg, Wisconsin

Reedsburg Hotel Group, LLC. (Developer) is proposing to construct a new hotel in Reedsburg. This Memorandum of Understanding is intended to summarize the commitments of the Developer and City of Reedsburg (City).

WITNESSETH:

Whereas, the Developer is proposing to construct a new 83 room Holiday Inn Express Hotel in the Reedsburg East Business Park to meet the demand in the City for a new upper midscale hotel; and,

Whereas, the City has created Tax Increment District No. 9 (TID No. 9) to promote the orderly growth of the community including the expansion of the East Side Business Park and enhancement of the east gateway into the City; and

Whereas, the City recognizes the importance of growing the local economy and working cooperatively with businesses to help facilitate business expansion;

Whereas, the City recognizes the economic benefits created by the proposed project is good for the citizens of Reedsburg; and

Whereas, it has been concluded that it is in the City's best interest to have this project be implemented in Reedsburg.

NOW, THEREFORE, in consideration of the premises and the mutual obligations of the parties hereto, each of them does hereby covenant and agree with the other as follows:

I. Developer agreement

1. Purchase an approximate 3.75 acre parcel from the City as shown on Exhibits A and B. The total purchase price is Fifty Thousand and 00/100 Dollars (\$50,000.00).
2. Construct an 83 room Holiday Inn Express Hotel on or before December 31, 2022, as illustrated on Exhibit C. The total cost of the facility is estimated to be Ten Million and 00/100 Dollars (\$10,000,000.00).
3. Increase the equalized taxable value of real estate on the parcel by approximately Six Million and 00/100 Dollars (\$6,000,000.00) on or before December 31, 2022, generating a minimum annual tax increment payment of One Hundred Twenty Thousand and 00/100 Dollars (\$120,000.00) beginning with the full tax increment payments due in 2024.
4. Acknowledges the hotel site is currently not served by City infrastructure. The City shall construct a public street and utilities connecting to South Golf Course Road to serve the Development Site. The City infrastructure including sanitary sewer, water main and street shall be constructed prior to the opening of the new hotel, which is scheduled for the fall of 2022.
5. Acknowledge that during construction of the Hotel and City infrastructure, access to the Hotel Development Site will be provided by a temporary access drive constructed by the City.

6. Construct all on-site improvements including site grading, utilities, building, access drives, parking lots, storm water management facilities, landscaping and signage.
7. Obtain all necessary permits and approvals. Comply with all local, state, and federal requirements. Developer shall be responsible to pay all permit fees and City impact and utility connection fees.
8. Grant to the City all easements on the Development Site, if any, necessary for the City's construction, repair replacement and maintenance of public infrastructure and utilities in connection with the Project.
9. Provide the City documentation and commitments required for the CDBG – Public Facilities for Economic Development (PFED) grant application. The Business shall create and fill at least fifteen full – time equivalent positions by December 31, 2024, and maintain each of those full-time equivalent positions until December 31, 2026. Of the full-time equivalent positions created, at least 51 percent shall be filled by low-to-moderate income persons.
10. Prepare, keep and maintain records that allow the City to determine whether they are complying with the terms of this Agreement. Such records shall include, at a minimum, name, address, household size, household income range and employee signature for each full – time equivalent employee employed. The City shall have reasonable access to these records.
11. Submit a site plan and building plan for the City to review and approve.
12. Developer shall not seek a reduction of the property tax assessment during the term of this agreement.
13. Any costs expended by the Developer will be exclusive to the Developer and will not be a cost of the City.

II. City of Reedsburg agreement

1. Sell the approximate 3.75 acre parcel of land shown on Exhibits A and B to the Business for Fifty Thousand and 00/100 Dollars (\$50,000.00). The City shall provide a Certified Survey Map, Title Insurance and pay for closing costs.
2. Construct a temporary access road for the Developer's contractors to use during the construction phase of the project. Said temporary access road shall be completed prior to the start of construction of the Hotel, which is estimated to be April 4, 2022.
3. Construct the public street and utilities to serve the proposed Development Site as illustrated on Exhibit B. The construction shall be completed prior to opening the hotel, which is scheduled for the fall of 2022. The cost of the street and utility improvements is estimated to be One Hundred Seventy Five Thousand and 00/100 Dollars (\$175,000.00).
4. Construct traffic signals at the intersection of Hwy 23/33 and Golf Course Road to provide a safe ingress and egress route for the Hotel to Hwy 23/33. The construction shall be completed no later than June 30, 2023. The cost of the traffic signals is estimated to be Four Hundred Fifty Thousand and 00/100 Dollars (\$450,000.00).
5. Apply for and administer a CDBG-PFED grant to obtain grant funds to help fund the infrastructure improvements and traffic signals. The CDBG-PFED grant is expected to fund Fifty Percent (50%) of the infrastructure and traffic signal costs.

6. Using TID No. 9 funds, the City shall provide TIF funding to the Developer in the form of "PayGo" payments. The TIF incentive payment shall be equal to Six Hundred Thousand and 00/100 Dollars (\$600,000.00). Said incentive payment shall be made in annual installment payments of Sixty Thousand and 00/100 Dollars (\$60,000.00) over a ten year period starting in 2024. The first payment will be made on July 31, 2024 and the last payment on July 31, 2033.
7. The "PayGo" payments shall be made by the City provided the Developer is in compliance with the terms of the Development Agreement. Payments are also subject to the Guaranteed Tax Increment Revenue provisions included in Article III, Section 3 of this MOU. If the actual TIF revenue is less than the Guaranteed Tax Increment Revenue, the annual "PayGo" payment shall be decreased by the amount of the shortfall. For example, if the actual annual tax increment revenue is Five Thousand Dollars (\$5,000) less than the Guaranteed Annual Tax Increment Revenue amount, the annual "PayGo" payment to the Developer will be reduced by Five Thousand Dollars (\$5,000). In the event the annual "PayGo" payments are decreased, the amount of the annual reduction will also be reduced from the aggregate amounts of TIF assistance provided for in Article II, Section 3 above.
8. The terms of the TIF payments shall be incorporated into a Promissory Note issued by the City.
9. The terms of the TIF payments will be a special limited revenue obligation, not a general obligation of the City, and payable only from TID No. 9 tax increment revenue.
10. Any money expended exclusively by the City for this project will not be reimbursed by the Developer.

III. Security

1. First Position Real Estate Mortgage. The parties acknowledge and agree that the Tax Increment received by the City from TID No. 9 is intended to be sufficient to pay the City those sums which the City has or will incur in the acquisition and development of the Development Site. The parties agree that solely for purposes of this Agreement, the net amount the City considers attributable to the Development Site is Three Hundred Seventy Thousand and 00/100's Dollars (\$370,000.00) ("Net City Upfront Development Cost"). The City Net Upfront Development Costs includes the City's cost to construct the public infrastructure and soft costs, less the CDBG-PFED grant.

It is specifically agreed by and between the parties hereto that the City shall have a first position real estate mortgage against the parcel to guarantee the Developer shall convey the parcel back to the City in the event the Developer does not construct the proposed facility. Said conveyance shall be free and clear of all liens and encumbrances. The first position real estate mortgage shall be in the amount of Three Hundred Seventy Thousand and 00/100's Dollars (\$370,000.00), which is equal to the City's Net Upfront Development Cost. It is also specifically agreed by and between the parties hereto that the City shall subordinate to the first mortgage lenders once construction is started and funds are disbursed by the lender. Upon completion on the new facility, the Real Estate Mortgage shall be in a subordinate security position to the first mortgage lenders, but shall remain against the parcel for the term of the Agreement.

2. Insurance. The Developer shall maintain insurance on the Parcel, in an amount not less than the full insurable value of the improvements, for fire, casualty, and external damage coverage and shall name the City as an additional insured, for the term of the Development Agreement. The City shall be in a subordinate position to any bank and/or other lender (collectively, the "Lender") providing construction or long-term financing for the Facility or to the Developer. A copy of an insurance binder or certificate of insurance demonstrating

compliance with this Section shall be submitted to the City within thirty (30) days after commencement of construction at the Facility. Thereafter, the Developer shall provide the City with written evidence of compliance with this Section on an annual basis. In the event the improvements on the Parcel are damaged or destroyed before the City has totally recovered its expenditures for this project, the proceeds from the insurance shall be payable to the Developer, and subject to the Lender's requirements, shall be applied toward (a) the reconstruction of the improvements so destroyed or damaged, or (b) the then outstanding amount of upfront Development Costs that have not been recouped by the annual tax increment revenue generated by the project. The parties agree that solely for purposes of this Agreement, the amount of the City's Net Upfront Development Cost is Three Hundred Seventy Thousand and 00/100's Dollars (\$370,000.00).

3. **Guaranteed Annual Tax Increment Revenue.** During the term of the Development Agreement, the Developer shall generate at least the annual amount of tax increment revenue as stipulated in Article I, Section 3 above. In the event the actual tax increment revenue payment is less than the Guaranteed Annual Tax Increment Revenue, the City shall reduce the annual "PayGo" payment to the Developer, as provided for in Article II, Sections 6 and 7 of this MOU. The amount of the reduction to the annual "PayGo" payment shall be equal to the difference between the actual annual tax increment revenue and the Guaranteed Annual Tax Increment Revenue. In the event the reduction to the annual "PayGo" payment is not sufficient to make up the shortfall of the Guaranteed Tax Increment Revenue, Developer shall pay to City annually a sum equal to the difference between the Guaranteed Tax Increment Revenue and the deficit left after the reduction in the annual "PayGo" is applied. So long as there is a deficit left after the reduction in the annual "PayGo" payment is applied, the payments shall be made by the Developer to the City and shall continue annually until the expiration date of the Development Agreement. If the Developer fails to make the payment upon the written demand of the City, the City shall add the amount owed by the Developer to the real estate tax bill for the Development Site. In no event shall this paragraph be interpreted to allow the Developer to pay less than the legally established annual property tax levied against the property which may be in excess of the guaranteed minimum amount established above; nor shall the Developer be relieved of its responsibility to pay such taxes levied after termination of the Development Agreement.

IV. Acknowledgements & Contingencies

The parties to this MOU acknowledge the commitments included in this document are subject the following contingents:

1. Approval by the Reedsburg Industrial & Commercial Development Commission and Reedsburg Common Council.
2. Developer obtaining financing approval for their project.
3. Recording of a Certified Survey Map.
4. Approval of the Site Plan by the Reedsburg Plan Commission.

With the approval of this MOU, the City of Reedsburg Common Council is granting authority to the Mayor, City Administrator, City Clerk, and City Attorney to prepare and execute a Development Agreement and other documents necessary for the implementation of the project, provided they are consistent with the terms of the MOU.

The term of the Development Agreement is until July 31, 2037, which is the final year to collect revenue for TID No. 9.

Both parties mutually understand the City and Developer will execute a Development Agreement. This MOU will expire once both parties sign a Development Agreement, or on February 28, 2022, whichever comes first. The terms stated herein constitute the entire agreement between the Developer and City. The City and the Developer must agree to any amendment to this agreement in writing.

IN WITNESS WHEREOF, the parties hereto have executed this Agreement on:
January 24, 2022.

For the City of Reedsburg

David Estes, Mayor

Date

Jacob Crosetto, Clerk/Treasurer

Date

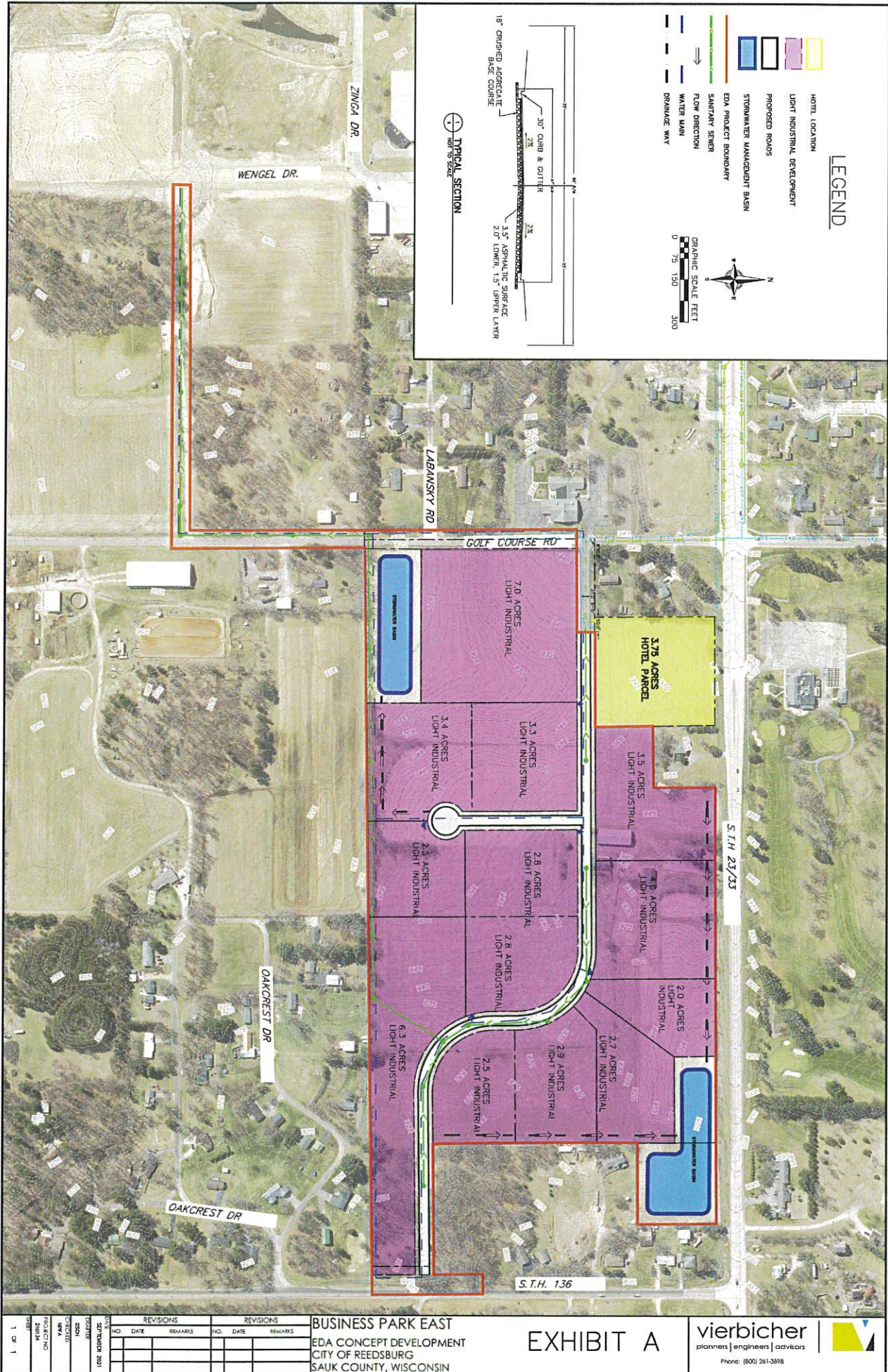
Reedsburg Hotel Group, LLC

Bjorn Kaashagen, Member

Date

Witness

Date



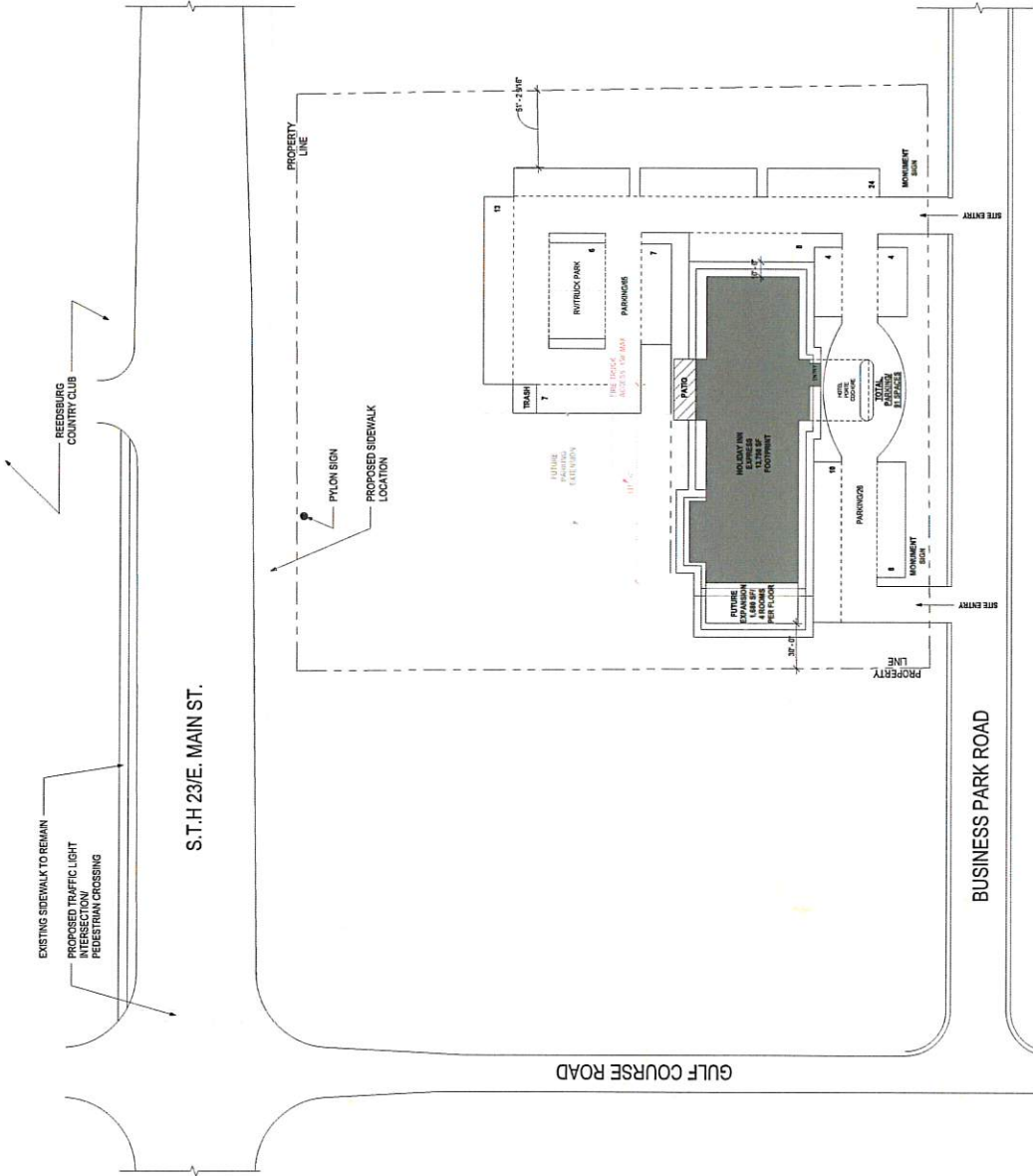
REVISIONS			REVISIONS		
NO.	DATE	REMARKS	NO.	DATE	REMARKS

BUSINESS PARK EAST
 EDA CONCEPT DEVELOPMENT
 CITY OF REEDSBURG
 SAUK COUNTY, WISCONSIN

EXHIBIT A

vierbicher
 planners | engineers | advisors
 Phone: (800) 261-3898

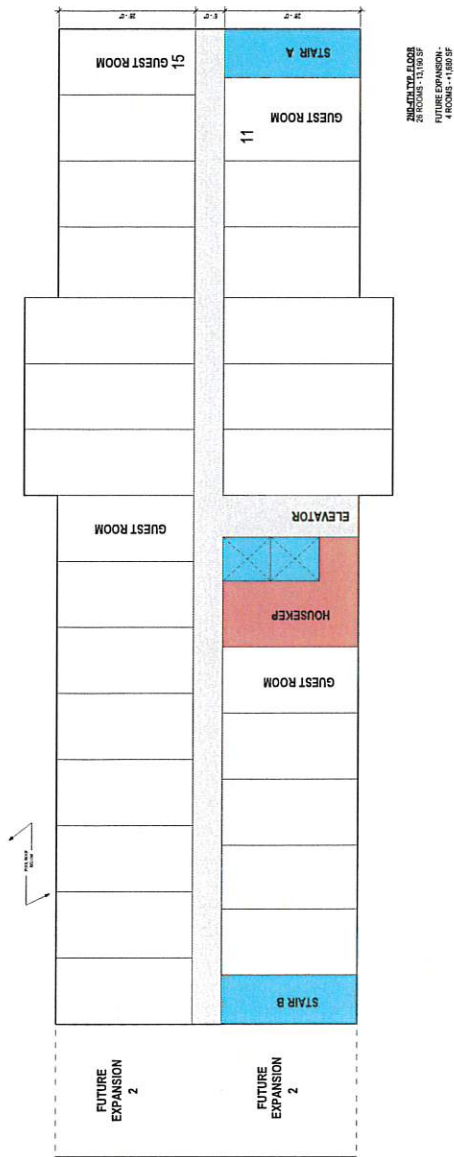




SITE PLAN
1" = 40'-0" (22x34 SHEET SIZE)

Exhibit C

REDSBURG BUSINESS PARK HOTEL

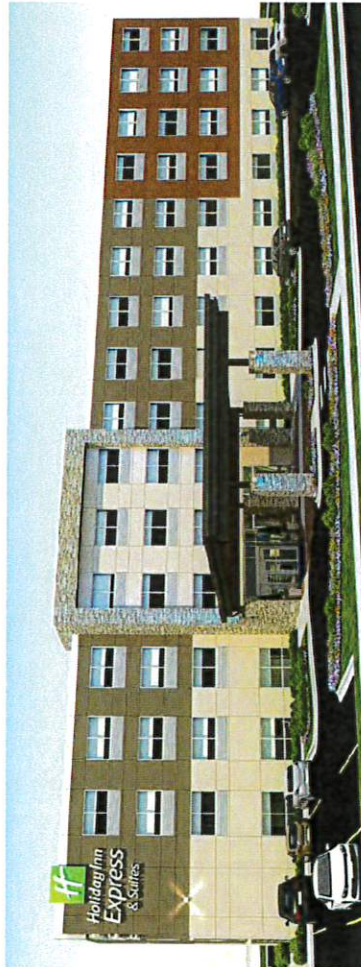
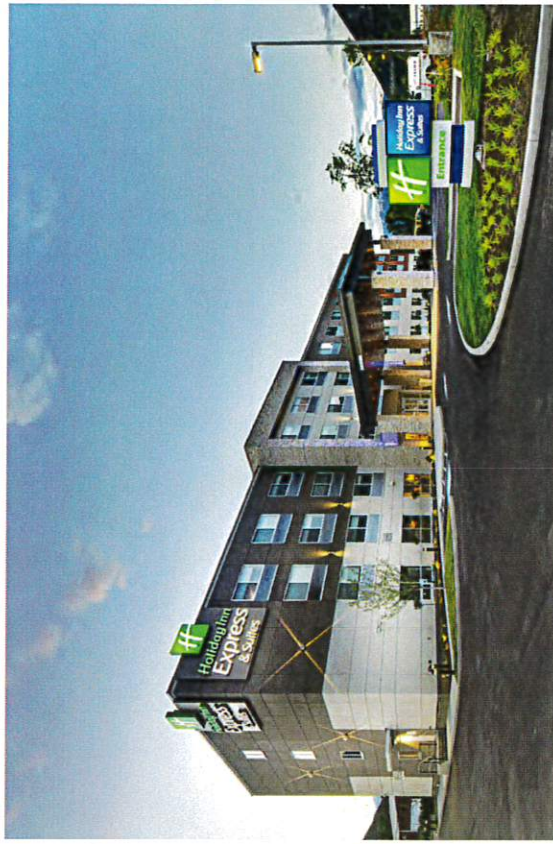


BUILDING INFORMATION
83 TOTAL GUEST ROOMS
13,750 SF FOOTPRINT
13,190 SF/FLOOR X 3 FLOORS = 39,570 SF
52,760 SF TOTAL BUILDING SF + 600 SF OUTDOOR PATIO

FUTURE EXPANSION
+1,680 SF FOOTPRINT X 4 FLOORS = 6,720 SF
4 ROOMS/FLOOR X 4 FLOORS = 16 ROOMS
83 CURRENT + 16 FUTURE EXPANSION = 99 TOTAL ROOMS
91 PARKING SPACES



1 TYPICAL FLOOR PLANS
1" = 16' - 0" ARCHITECTURAL SCALE



EXTERIOR VIEW
(NOT TO SCALE)