

## Industrial & Commercial Development Commission (RICDC) Agenda

August 21, 2019

J's Pub & Grill, 280 Viking Drive

**12:00 PM**

*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 RICDC MINUTES FOR THE MEETING HELD ON MAY 15, 2019.:**

**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. Update on Walnut Street Flats apartments.
- B. Update on Hemsation.
- C. Consider MOU and site plan for State Theaters, LLC.
- D. Update on TID 9 expansion.
- E. Update on Huntington Park Apartments.

### **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**

May 15, 2019

Meeting called to order by Chair Don Lichte at 12:00 PM.

**Present:** Alder Mike Gargano, Alder Dave Knudsen, Jay Brunken, Adam Kaney, Blaine Albert

**Absent:** Dan DeBaets

**Staff:** Tim Becker, Brian Duvalle, Kurt Muchow

Motion by Albert, seconded by Gargano to approve the 2/27/19 minutes.

Motion Approved

### **Update on Walnut Flats Apartments**

They are planning for a late August/early Sept completion date.

### **Update on Sharratt railroad cars**

The warehouse would like to use rail cars more than semis as they hold four times as much. However the weight limit on the Merrimac Bridge limits how full the cars can be loaded.

### **Update on Hempstation**

Footings and foundation walls have been poured.

### **Update on TID #9 expansion**

The Plan Commission approved the Resolution and will go to Council and Joint Review Board by the end of June.

### **Update on Huntington Park Apartments**

Footings have been started. The Chamber has started receiving inquiries.

### **Update on Casey's General Store**

They are planning a June 13 open date.

### **Update on hotel study**

Michael Lindner, Hotel R&D, LLC gave a presentation on the completed study. Potential sites and the City's role in new hotel development were discussed.

### **Annual Code of Ethics**

Forms were signed.

Motion by Knudsen, seconded by Gargano to adjourn at 1:25 PM.

Motion Approved

Respectfully submitted,



Brian Duvalle

Planner/Building Inspector

# MEMORANDUM OF UNDERSTANDING

Between

State Theaters, LLC

And The

City Of Reedsburg, Wisconsin

State Theaters, LLC, a Wisconsin limited liability company, (Developer) is proposing to construct a six screen movie theater in Reedsburg resulting in the creation of high quality movie theater. This Memorandum of Understanding is intended to summarize the commitments of the Developer and City of Reedsburg (City). These commitments will be formalized in a Development Agreement which will be executed by the Developer and City.

## WITNESSETH:

Whereas, the Developer is proposing to construct a six screen movie theater in Reedsburg to fill the void created by the closing of the existing theater; and,

Whereas, the ability to develop the movie theater in Reedsburg will be based on the financial feasibility of the project; and

Whereas, the City created Tax Increment District No. 9 (TID No. 9) to promote new development opportunities in the City; and

Whereas, the City recognizes having an high quality movie theater is important for the continued development within the City; and

Whereas, it has been concluded that it is in the City's best interest to invest TID No. 9 funds to make the construction of a new movie theater feasible in the City.

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. Developer shall purchase a 1.41-acre parcel on Viking Drive as shown on Exhibit A. The parcel is comprised of tax parcels 2719-00000 and 2720-00000.
2. Developer proposes to construct a six screen movie theater with a total seating capacity of 500 on the development site, generally as shown on Exhibit B. The proposed buildings architectural style will be as illustrated on Exhibit C. The building will be a steel frame structure with steel siding, but will be enhanced with architectural accents on the exterior walls.
3. Developer agrees to operate and maintain the six screen first run movie multiplex with first class amenities such as recliner seating and an expanded food and beverage concession area.

4. Developer intends to begin the construction the movie theater in the fall of 2019, with construction completed in the spring of 2020.
5. Developer shall execute a long term agreement with Viking Foods to use a portion of their parking lot to serve the proposed movie theater. The parking agreement is attached as Exhibit D.
6. Developer's total expenditure for the facility is estimated to be \$2,695,000 including land acquisition, construction, furnishings, equipment, signage, inventory, professional fees and working capital.
7. The increase in tax base for the building is estimated to be \$2,000,000, which will generate an estimated \$49,620 of annual tax increment revenue. For purposes of this agreement, both parties agree the existing assessed value of the two parcels is \$373,100 and the 2018 real estate tax revenue is \$8,952.73. The 2018 real estate tax revenue will be used to calculate the annual tax increment revenue amount.
8. Obtain all necessary permits; comply with all local, state, and federal requirements. Developer shall be responsible to pay all permit fees and City impact and connection fees.
7. Submit a site plan, building plan and a landscaping plan for the City to review and approve.
10. Execute a Development Agreement between the City and Developer as stipulated in Section IV.
11. Developer shall not seek a reduction of property tax assessment during the term of this agreement.
12. 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. Using CDBG CLOSE funds, the City shall provide a forgivable loan in the amount of \$300,000. The funds shall be used for land acquisition. The \$300,000 forgivable loan shall be paid into a third party escrow account and disbursed as authorized by the Developer's lender. Each year that the Developer operates the movie theater as stipulated in Section I, one tenth (1/10<sup>th</sup>) of the forgivable loan shall be forgiven. That is after ten years of operation, the forgivable loan will become a grant. If during the ten-year period the Developer does not operate the movie theater as stipulated in Section 1, the Developer shall pay to the City the balance of the forgivable loan that has not been forgiven.
2. Using TID No. 9 funds, the City shall provide TIF funding to the Developer using the "PayGo" methodology. The City shall make annual TIF "PayGo" payments to the Developer equal to One Hundred Percent (100%) of the annual tax increment revenue. Said payments shall be made until the termination of TID No. 9 in 2037.

The first payment will be made on July 31, 2021 and the last payment on July 31, 2037. Said payments shall be made provided the Developer is in compliance with the terms of the Development Agreement.

3. The terms of the TIF payments shall be incorporated into a Municipal revenue Obligation (MRO) issued by the City. The MRO will be a special limited revenue obligation, not a general obligation of the City, and payable only from TID No. 9 tax increment revenue.
4. The Developer will not be allowed to sell the building during the term of the Development Agreement unless granted written approval from the City, which will not be unreasonably withheld. If approval to sell is granted, the terms of the Development Agreement between the Developer and the City will be assigned to the buyer.
5. The City agrees to receive a request for approving a Certified Survey Map and will work cooperatively with the Developer to approve the Certified Survey map pursuant to City ordinances.
6. Any money expended exclusively by the City for this project will not be reimbursed by the Developer.

### III. Security

1. 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 either (a) the reconstruction of the improvements so destroyed or damaged, or (b) the then outstanding unpaid principal balance of the City's loan taken out to fund the City's Development Costs. The parties agree that solely for purposes of this MOU, the amount of the City's Development Cost is \$310,000, which include the Forgivable loan, plus soft costs including administrative, legal and consultant costs.
2. Irrevocable Letter of Credit. 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 will incur in Development Costs, plus interest incurred during the term of the Irrevocable Letter of Credit. The City's Development Costs include the cost for the upfront forgivable loan, plus soft costs including administrative, legal and financing costs. The parties agree that solely for purposes of this MOU, the amount of the City's Development Cost is \$310,000.

Notwithstanding any other provisions herein, if Developer is not in substantial compliance with the conditions set forth in Article I, then the City, at its sole option, may draw upon the Irrevocable Letter of Credit in a sum not exceeding \$310,000, plus interest incurred during the term of the Irrevocable Letter of Credit. DEVELOPER, at the time of Closing shall provide the City an Irrevocable Letter of Credit. The Irrevocable Letter of Credit shall be payable at sight to the City, authorize partial draws, and shall include a provision requiring that the City be given written notice not less than 45 days nor more than 60 days prior to expiration of the Irrevocable Letter of Credit.

The termination date of the Irrevocable Letter of Credit is December 31, 2020, or the date of occupancy of the six screen movie theater as described in Section I.

3. Tax Increment Revenue. During the term of the Development Agreement, the Developer shall generate an estimated \$49,620 of annual amount of tax increment revenue, with the first partial payment being in 2021 and the first full payment being in 2022. In the event the actual tax increment revenue payment is less or more than the estimated amount, the City shall reduce or increase the annual "PayGo" payment to the Developer to be equal to the actual tax increment revenue payment. 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.
4. Second Position Real Estate Mortgage. It is specifically agreed by and between the parties hereto that the City shall have a second position real estate mortgage against the parcel to secure the forgivable loan in the event the Developer does not operate the movie theater as stipulated in Section 1. The second position real estate mortgage shall be in the amount of three hundred thousand and no/100's Dollars (\$310,000.00), which is equal to the City Upfront Development Cost. The second mortgage shall stay in place until the forgivable loan has been totally forgiven after ten years of operation.

#### **IV. Acknowledgements & Contingencies**

The parties to this MOU acknowledge the commitments included in this document are preliminary and are subject to change as the project scope is finalized. The parties also acknowledge the following contingencies:

1. Developer receives final financing approval.
2. The project site plan approved by the Plan Commission. Note, due to the unique site layout, the site plan may need to be approved by the Plan Commission and Common Council as a Planned Development Group.
3. Recording of the previously approved Certified Survey Map.
4. The City and Developer approves and executes the Development Agreement and a Municipal Revenue Obligation.
5. The Developer acquires title to the parcel on terms satisfactory to Developer.
6. The Developer executes a long term park lot agreement with Viking Foods.

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 the final annual "PayGo" payment is made by the City to the Developer, which is estimated to be on July 31, 2037. In no case can TIF annual "PayGo" payments be made after TID No. 9 is terminated, which is estimated to be in 2037.

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 September 30, 2019, 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:

\_\_\_\_\_, 2018.

**For the Reedsburg Industrial and Commercial Development Commission**

\_\_\_\_\_  
Donald H. Lichte, Chair

\_\_\_\_\_  
Witness

\_\_\_\_\_  
Date

\_\_\_\_\_  
Date

**For the City of Reedsburg**

\_\_\_\_\_  
David G. Estes, Mayor

\_\_\_\_\_  
Jacob Crosetto, City Clerk

\_\_\_\_\_  
Date

\_\_\_\_\_  
Date

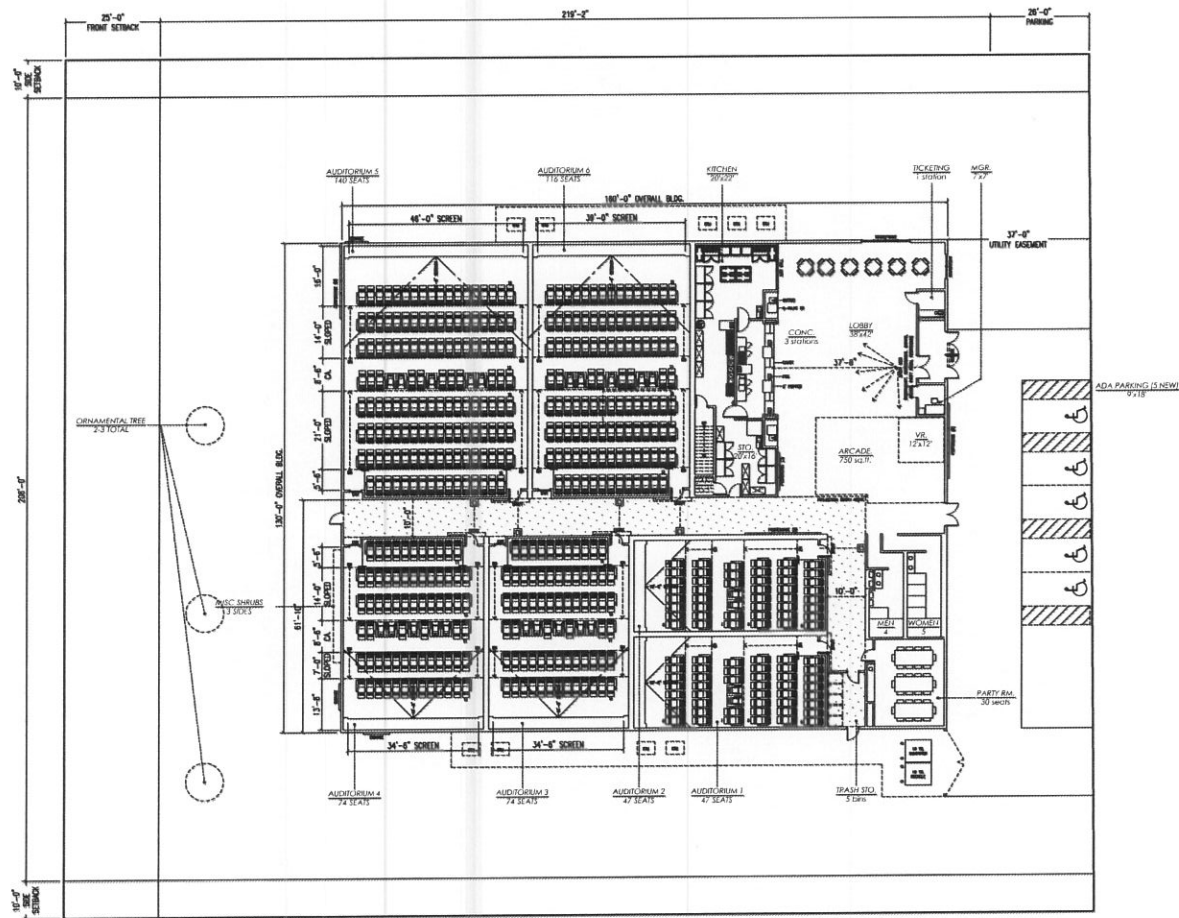
**State Theater, LLC**

\_\_\_\_\_  
Duane DeYoung, Member

\_\_\_\_\_  
Witness

\_\_\_\_\_  
Date

\_\_\_\_\_  
Date



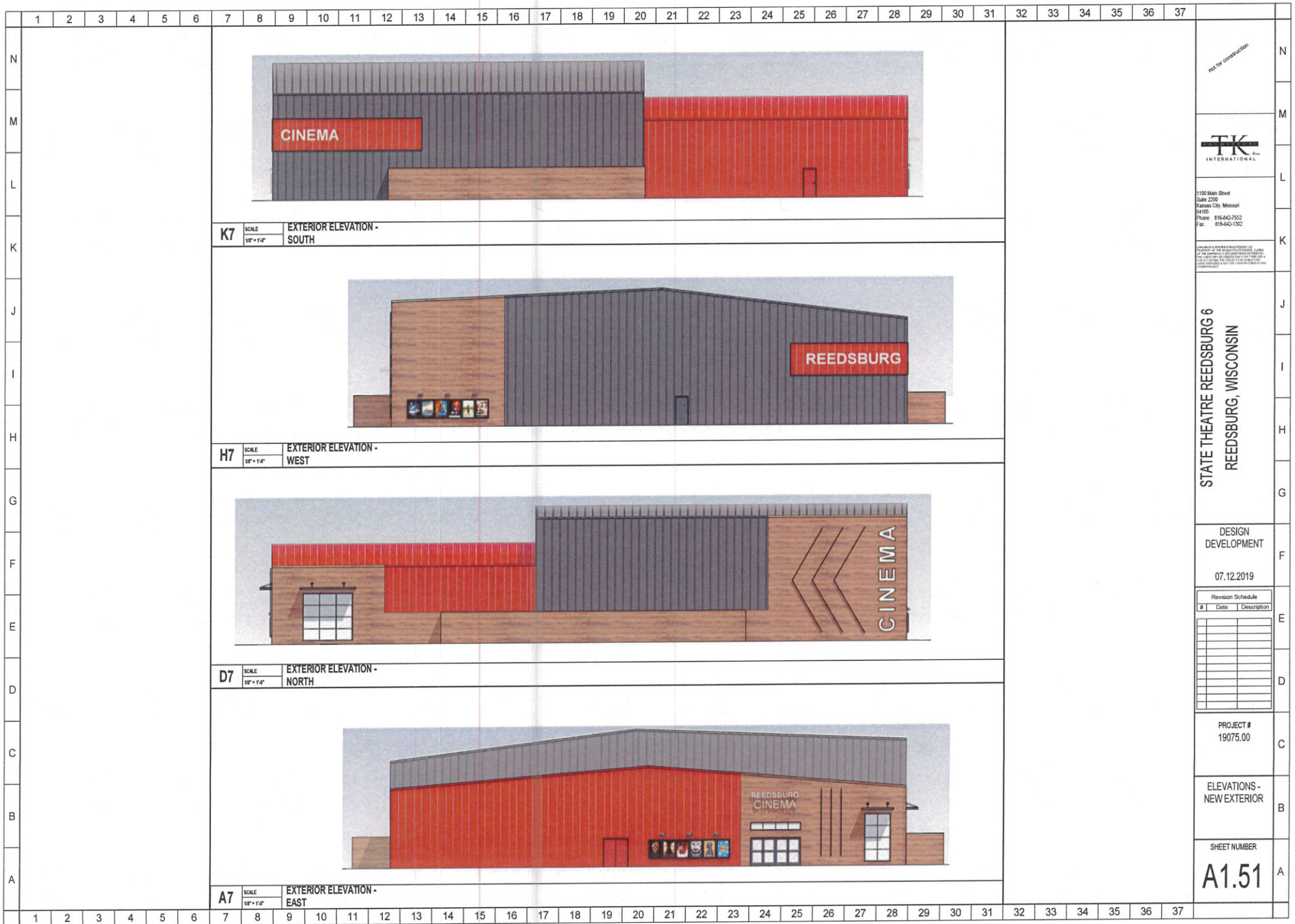
① SITE PLAN  
 $\frac{1}{32}'' = 1'-0''$

EXISTING  
 FOOTPRINT: 20,800 sq.ft.  
 AUDITORIUMS: 6 screens  
 SEATING: 498 seats

PROJECT # 19075.00  
 SHEET NUMBER HARDLINE NO.4  
 ORIGINAL ISSUE 2019.06.18  
 REVISED ISSUE 2019.07.22



1100 Main Street - Suite 2200 - Kansas City, Missouri - 64105  
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Not for construction



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64105  
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Fax: 816-842-1302

STATE THEATRE REEDSBURG 6  
REEDSBURG, WISCONSIN

DESIGN  
DEVELOPMENT  
07.12.2019

| Revision Schedule |      |             |
|-------------------|------|-------------|
| #                 | Date | Description |
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PROJECT #  
19075.00

ELEVATIONS -  
NEW EXTERIOR

SHEET NUMBER  
**A1.51**



State Theatres - Reedsburg  
2019.07.12. TKA-18075

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