

13-329

Stipulation for Suspension of the Class "A" Beer License of DK Petroleum, Inc., Davinder Singh, Agent, 2619 North Richmond Street for a period of ten (10) days starting at 9:00 a.m. on Monday, June 10, 2013 through 9:00 a.m. on Thursday, June 20, 2013.

Attachments: [DK Petroleum - 05-23-2013.pdf](#)

This Report Action Item was approved.

7. Report of the Fox Cities Transit Commission

8. Report of the Board of Health

5. Report of the Community and Economic Development Committee

Peter Stueck was called to speak. Joe Martin was called to speak

Aldersperson Mettille moved, seconded by Aldersperson Smith, that the Report be approved. Roll Call. Motion carried by the following vote:

Aye: 14 - Aldersperson Dannecker, Aldersperson Hill, Aldersperson Martin, Aldersperson Plank, Aldersperson Oswald, Aldersperson Smith, Aldersperson Spears, Aldersperson Coenen, Aldersperson Garb, Aldersperson Jirschele, Aldersperson Konetzke, Aldersperson Lobner, Aldersperson Mettille and Aldersperson Stueck

Excused: 1 - Aldersperson Croatt

13-641

Review and approve and update to the Riverheath Development Agreement.

Attachments: [Riverheath Memo.doc](#)

[Fourth Amendment to Dev Agrm\(2\) - City - 05-31-13.pdf](#)

This Report Action Item was approved

Aye: 14 - Aldersperson Coenen, Aldersperson Dannecker, Aldersperson Garb, Aldersperson Hill, Aldersperson Jirschele, Aldersperson Konetzke, Aldersperson Lobner, Aldersperson Martin, Aldersperson Mettille, Aldersperson Oswald, Aldersperson Plank, Aldersperson Smith, Aldersperson Spears and Aldersperson Stueck

Excused: 1 - Aldersperson Croatt

4. Report of the Parks and Recreation Committee

Michael Smith was called to speak. Curt Konetzke was called to speak

Aldersperson Konetzke moved, seconded by Aldersperson Mettille, that the Report be approved. Roll Call. Motion carried by the following vote:



MEMORANDUM

"... meeting community needs... enhancing quality of life."

To: Community and Economic Development
From: Karen Harkness, Community and Economic Development Director
Date: June 3, 2013
Re: Riverheath Development Agreement

The reason for the meeting is to update the Development Agreement a fourth time. When Council approved the \$1.6 million loan in December it was for infrastructure and the construction of Riverheath Way.

The update is for two reasons: 1. Clarify that the Lift Station and Force Main construction is part of the infrastructure and thus part of the \$1.6 million loan and 2. Tightens the language surrounding the process if funds need to be escrowed for the second phase of construction. As the third DA stated this would only occur if there is a need for funds over the \$1.6 million.

Just to be clear...the City commitment IS NOT NOR WILL BE OVER THE \$1.6 million approved by Council in December.



MEMORANDUM

"... meeting community needs... enhancing quality of life."

TO: Council

FROM: Timothy Hanna, Mayor
Karen Harkness, Director of Community and Economic Development

DATE: December 17, 2012

RE: RiverHeath

On September 5, 2012, the City of Appleton Common Council approved the proposed Third Amendment which included offering a \$1.6 million dollar low interest rate loan for infrastructure at RiverHeath to the Developer. **Your approval to offer financing for the road** allowed the Developer to move forward in discussions with two potential Capital Providers - National Exchange Bank and Trust (NEBAT) and Freeman Enterprises, LLC (FE). Please see Attachment 1 & 2 which are letters from each Capital Provider.

It should be noted that these two capital providers are independent of each other and are separate sources of capital for the project. Both Capital Providers reviewed the terms of the proposed Third Amendment and each identified concern(s).

NEBAT requested that the City loan be structured with a five year interest-only payment, followed by a five-year principal and interest payment. They also requested that the City's loan be fully subordinate to the bank's loan.

On November 30, 2012, City staff and NEBAT staff reviewed and discussed the proposed Third Amendment, the City's actions since Council's support in September and the NEBAT letter dated November 28, 2012 outlining their requests. NEBAT and the City both expressed a desire to see this development be successful and for both organizations to work collaboratively to move this project forward. NEBAT expressed concern that the repayment schedule for the infrastructure loan outlined in the proposed third amendment to the development agreement did not allow adequate time for build-out and lease-up. The City explained that the funds for the loan had been bonded for in October and the bond payment schedule closely matched the terms in the proposed third amendment to the development agreement endorsed by our City Council. We talked conceptually about potential solutions and established that we would conduct further research with regard to a solution and would be back in contact.

Staff worked hard to identify potential solutions and on December 12, 2012 we had another discussion with NEBAT and presented our solution to divide the construction of RiverHeath

Way into two phases. Phase I would consist of infrastructure (sewer and water), grade and gravel with a cost of approximately \$750,000 and would be done as soon as possible. Phase II would cost approximately \$850,000 and would finish RiverHeath Way with permanent concrete in 2014. The loan then would be structured around the two phases. The loan for Phase I will be for \$750,000 with interest only payments for four (4) years beginning in 2013 followed by principal and interest payments for three (3) years beginning in 2018. The loan for Phase II will be for \$850,000 with interest only payments for four(4) years beginning in 2015 followed by principal and interest payments for three (3) years beginning in 2019. Please refer to Attachment 3 for the schedule of payments. This solution will require the City to re-program \$850,000 originally allocated to this loan to other capital projects planned for 2013, thus reducing our borrowing in 2013. The specifics of this re-programming will come back to the Council in a separate action in 2013. The City also agreed to subordinate our loan to NEBAT's loan, but will record a subordinate lien on the property. The City has since been informed that the NEBAT Board of Directors has agreed to extend construction and permanent financing to RiverHeath based on these revised terms.

To Public Safety Capital Projects

Freeman Enterprises (FE) requested the removal of the language that allowed the TIF payments to be suspended in the event of a default on the City's infrastructure loan. FE expressed that they have sources in Minneapolis and Chicago interested in capitalizing the TIF increment payments. However the suspension provision makes it unlikely, if not impossible, to close the deal. The City discussed options and believes that RiverHeath Way and the access it provides is our collateral. The City agreed to remove the requested language.

David Moody, Senior Vice President of Nation Exchange Bank & Trust and Francis Freeman, President of Freeman Enterprises, LLC along with the developer, Mark Geall will be in attendance at the Committee of the Whole meeting on Wednesday. The developer will immediately sign the amended Development Agreement following Council's positive action.

If you have any questions please feel free to contact either of us prior to the Committee of the Whole.