



# City of Appleton

100 North Appleton Street  
Appleton, WI 54911-4799  
[www.appleton.org](http://www.appleton.org)

## Meeting Agenda - Final Community & Economic Development Committee

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Wednesday, July 17, 2019

4:30 PM

Council Chambers, 6th Floor

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**RESCHEDULED FROM 7-10-19**

1. Call meeting to order
2. Roll call of membership
3. Approval of minutes from previous meeting

[19-0999](#) CEDC Minutes from 6-26-19

**Attachments:** [CEDC Minutes 6-26-19.pdf](#)

### 4. Public Hearings/Apearances

### 5. Action Items

[19-1000](#) Request to approve the Development Agreement with Block 800, LLC for improvements and redevelopment of the property located at 823-825 and 827 W. College Avenue in Tax Increment Financing District No. 12

**Attachments:** [Memo Recommend 800 Block W College Ave Dev Agrmt.pdf](#)  
[Block 800 LLC - Draft Development Agreement 6-13-19.pdf](#)

### 6. Information Items

### 7. Adjournment

*Notice is hereby given that a quorum of the Common Council may be present during this meeting, although no Council action will be taken.*

*Any questions about items on this meeting are to be directed to Karen Harkness, Director, Community and Economic Development Department at 920-832-6468.*

*Reasonable Accommodations for Persons with Disabilities will be made upon Request and if Feasible.*



# City of Appleton

100 North Appleton Street  
Appleton, WI 54911-4799  
[www.appleton.org](http://www.appleton.org)

## Meeting Minutes - Final Community & Economic Development Committee

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Wednesday, June 26, 2019

4:30 PM

Council Chambers, 6th Floor

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1. Call meeting to order

Meeting called to order at 4:30 p.m.

2. Roll call of membership

**Present:** 5 - Coenen, Reed, Alderperson Lobner, Alderperson Thao and Alderperson Van Zeeland

*Others present:*

*Alderperson Alex Schultz, District #9*

*George Schroeder, Hearthstone Historic House Museum*

*Laura Leimer, 720 E. Washington Street*

*Nettie McGee, N4639 State Hwy. 76, Shiocton*

*Renee Ulman, 519 N. Sampson Street*

3. Approval of minutes from previous meeting

[19-0882](#)

CEDC Minutes from 6-12-19

**Attachments:** [CEDC Minutes 6-12-19.pdf](#)

Coenen moved, seconded by Alderperson Lobner, that the Minutes be approved. Roll Call. Motion carried by the following vote:

**Aye:** 5 - Coenen, Reed, Alderperson Lobner, Alderperson Thao and Alderperson Van Zeeland

4. Public Hearings/Appearances

5. Action Items

[19-0883](#)

**\*\*CRITICAL TIMING\*\*** Request to approve the Offer to Purchase from Valley Tool, Inc. or its assigns to purchase Lots 1 and 2 on Goodland Drive in the Northeast Industrial Park Plat No. 4 consisting of approximately 2.92 acres, at a purchase price of \$107,000 (\$36,643.84 per acre) and authorize staff to negotiate and execute an option to purchase for Lot 3 in the Northeast Industrial Park, Plat Number 4 with terms defined in Addendum A (#10)

**Attachments:**     [Valley Tool Memo 6-26-19.pdf](#)  
                              [Valley Tool OTP Lots 1 & 2 Goodland Dr 6-18-19.pdf](#)  
                              [Valley Tool Memo 5-15-19.pdf](#)  
                              [Valley Tool - Counter Offer No. 3.pdf](#)  
                              [Valley Tool Memo 4-19-19.pdf](#)  
                              [Valley Tool OTP Lots 1-2-3 Goodland Dr 4-17-19.pdf](#)  
                              [Valley Tool - Counter Offer 1\\_2.pdf](#)  
                              [NEIP Plat No 4 Covenants and Restrictions.pdf](#)  
                              [Map\\_Available Sites NE Bus Park\\_04182019.pdf](#)  
                              [NEBPUilities.pdf](#)

**Aldersperson Lobner moved, seconded by Coenen, that the Report Action Item be recommended for approval. Roll Call. Motion carried by the following vote:**

**Aye:** 5 - Coenen, Reed, Aldersperson Lobner, Aldersperson Thao and Aldersperson Van Zeeland

[19-0884](#)

The Community and Economic Development Committee may go into closed session pursuant to State Statute §19.85(1)(e) for the purpose of discussing real estate negotiations regarding the potential sale of Lots 1, 2 and 3 on Goodland Drive in the Northeast Industrial Park Plat No. 4 and then reconvene into open session

**The Committee did not go into closed session.**

[19-0796](#)

Resolution #5-R-19: Rededication and Revitalization of Soldier's Square

**Attachments:**     [#5-R-19 Solider's Square.pdf](#)  
                              [Reso #5-R-19 Memo to CEDC 6-12-19.pdf](#)

*Referred to CEDD staff for due diligence*

**Reed moved, seconded by Aldersperson Lobner, that the Report Action Item be referred to Community & Economic Development Department staff. Roll Call. Motion carried by the following vote:**

**Aye:** 5 - Coenen, Reed, Aldersperson Lobner, Aldersperson Thao and Aldersperson Van Zeeland

**6. Information Items**

**7. Adjournment**

**Aldersperson Lobner moved, seconded by Coenen, that the meeting be adjourned at 4:56 p.m. Roll Call. Motion carried by the following vote:**

**Aye:** 5 - Coenen, Reed, Aldersperson Lobner, Aldersperson Thao and Aldersperson Van Zeeland



# MEMO

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

TO: Community & Economic Development Committee

FROM: Karen Harkness, Director

DATE: July 10, 2019

RE: Request Approval of the Development Agreement between the City of Appleton and Block 800, LLC in TIF District #12

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Tax Increment Financing District Number 12 (TIF District #12) was created by the City of Appleton in August 2017 under the authority provided by Wisconsin Statute Section 66.1105 "Tax Increment Law" to eliminate blight and stimulate the redevelopment of this urban corridor. TIF District #12 was created as a "Rehabilitation District" based upon the finding that at least 50%, by area of the real property within the District, is blighted and/or is in need of rehabilitation and/or conservation work within the meaning of Wisconsin Statute Section 66.1337 "Urban Renewal".

TIF District #12 is located along West College Avenue from approximately the Badger Avenue/Story Street intersection to Walnut Street. A map of TIF District #12 is included on the following page.

Block 800, LLC is requesting assistance to support a 4-story mixed use project that will encompass three lots, 823, 825 and 827 W. College Avenue. The building will have first floor commercial space with three floors of residential, including 20 market rate apartments. The building will have 10 parking spaces in the back and secure parking underground for 21 vehicles. A concept of proposed improvements is included as Exhibit B of the Development Agreement.

823, 825 and 827 W. College Avenue have been vacant for many years. This development will offer another opportunity for residential living in our Central Business District. This project is targeted to support the City's Comprehensive Plan goal of increasing the quantity and variety of housing product offered in Downtown Appleton.

Based on the analysis of current value of the property, projected value of the property and review of proposed expenses, TIF District #12 could make available the lesser of eighteen percent (18%) or \$823,500 of the Tax Increment Value as of January 1, 2021, plus interest thereon to support the construction work for Block 800, LLC.

## **Staff Recommendation:**

The Development Agreement between the City of Appleton and Block 800, LLC **BE APPROVED.**





## TAX INCREMENT DISTRICT NO. 12 DEVELOPMENT AGREEMENT

THIS DEVELOPMENT AGREEMENT (the "Agreement") is dated as of the \_\_\_\_ day of July, 2019, by and among Block 800, LLC, a Wisconsin limited liability company ("Developer") and the City of Appleton, a Wisconsin municipal corporation (the "City").

### RECITALS

Developer and the City acknowledge the following:

A. Developer owns or will acquire the real property located at 823-825 W. College Avenue (Parcel 31-3-0943-00) and 827 W. College Avenue (Parcel 31-3-0943-02), Appleton, WI more particularly described in Exhibit A, attached hereto (collectively the "Property").

B. The Property is located within the City in Tax Increment District #12 (the "District") which was created in 2017 pursuant to Section 66.1105, Wis. Stats. along with a plan for the redevelopment of the District (the "District Plan") that provides for, among other things, the financial assistance set forth in this Agreement.

C. Subject to obtaining the financial assistance set forth herein, Developer has proposed improvements to the Property to create a mixed use development that includes approximately 10,000 square feet of Retail/Office space on the first level and three floors of apartments consisting of approximately fourteen (14) one bedroom apartments and (6) two bedroom apartments, for a total of 20 apartments, as well as twenty-one (21) underground parking stalls (the "Project"). All references to the Project include the Property.

D. The City has determined that the Project will spur economic development, expand the City's tax base and create new jobs; that such financial assistance is a Project Cost under the Tax Incremental Law; that the amount of financial assistance provided pursuant to this Agreement is the amount necessary to induce development of the Project; and, that the Project will not proceed without the financial assistance set forth in this Agreement.

E. Subject to obtaining financial assistance as set forth herein, Developer intends to undertake a redevelopment of the property that will increase the value of the Property and provide other tangible benefits to the surrounding neighborhoods and to the City as a whole, consistent with the District Plan. The City finds that this redevelopment of the Property and the fulfillment, generally, of the terms and conditions of this Agreement are in the vital and best interests of the City and its residents and serves a public purpose in accordance with state and local law.

F. The City, pursuant to Common Council Action dated July \_\_\_\_\_, 2019 has approved this Agreement and authorized the execution of this Agreement by the proper City officers on the City's behalf.

G. The Developer has approved this Agreement and authorized the appropriate officers to execute this Agreement on the Developer's behalf.

H. The base value of the Property for purposes of this Agreement, including calculating increment generated by the Project, is \$125,000. The Developer estimates the Project will create up to an additional \$ 4,575,000 in incremental value "Tax Increment Value".



I. All terms that are capitalized but not defined in this Agreement and that are defined under the Tax Increment Law shall have the definitions assigned to such terms by the Tax Increment Law.

## **AGREEMENT**

NOW, THEREFORE, in consideration of the Recitals and the promises and undertakings set forth herein, the parties mutually agree and covenant as follows:

### **ARTICLE I UNDERTAKINGS OF THE DEVELOPER**

1.1 Developer's Project shall include improvements to, and development of, the Property as set forth in Exhibit B that will result in an increase in the Property's assessed value. All aspects of the Project shall be in accordance with all applicable City zoning and building codes, ordinances and regulations.

1.2 Project Costs shall include, without limitation, costs incurred after approval of this agreement for the construction of improvements (including infrastructure improvements), environmental remediation costs, demolition, interior remodeling if applicable and the clearing, grading and redevelopment of the Project.

1.3 Developer warrants and represents to the City that but for the assistance provided by the City under Article II, herein, Developer would not be able to proceed with the Project.

1.4 Developer and City acknowledge that several of the specific undertakings of the parties may require approvals from directors, boards or the City Council as applicable. The parties' agreements are conditioned upon the obtaining of all such approvals in the manner required by law. The parties cannot assure that all such approvals will be obtained; however, they agree to use their best good faith efforts to obtain them on a timely basis.

### **ARTICLE II UNDERTAKINGS OF THE CITY**

2.1 The City shall appropriate sufficient funds for the performance of the City's obligations under this Agreement.

2.2 City shall cooperate with Developer throughout the Project and shall promptly review and/or process all submissions and applications in accordance with applicable City ordinances.

2.3 Subject to all of the terms, covenants and conditions of this Agreement and applicable provisions of law, and as an inducement by the City to Developer to carry out the Project, upon completion of the Project (which shall be defined as issuance of occupancy permits for all apartments within the Project (hereafter "completion")) the City will provide payments to Developer solely from future Tax Increments (derived from both real and personal property as legally permitted) to assist with Developer's Project Costs. The City's total payment of Tax Increment Revenue to the Developer shall not exceed the lesser of: i) \$823,500; or ii) eighteen percent (18%) of the actual Tax Increment Value as of January 1, 2021, plus interest thereon (the "Contribution").



The Contribution will be paid to Developer as follows:

2.3.1 As the sole source for payment of the Contribution, the City agrees to pay the Developer an amount equal to ninety percent (90%) of the Tax Increment Revenue attributable to, and actually received from, the Property during the calendar year.

2.3.2 Payments under this Agreement shall be due in annual installments on August 15 of the calendar year following the first tax year after completion of the Project and continuing on each August 15 thereafter for a period of time described in Sec. 4.2

2.3.3 Interest on the Contribution shall begin to accrue upon completion of the Project. The interest rate on the Contribution shall be the lesser of 1) the interest rate paid by the Developer to the primary lender for the Project, as evidenced by the note indicating the loan amount; or, 2) five percent (5.00%).

2.3.4 The Contribution shall be a special and limited obligation of the City and not a general obligation. Payments shall first apply to accrued interest and then to the principal balance of the Contribution. Unpaid interest in any year shall be added to the principal balance of the Contribution and accrue interest. The City may prepay the Contribution, in its sole discretion, at any time, with no prepayment penalty.

2.4 This Agreement fully evidences the City's obligation to pay the Contribution. No separate instrument will be prepared to evidence the City's obligation to pay the Contribution. The Contribution shall not be included in the computation of the City's statutory debt limitation because the Contribution is limited and conditional and no taxes will be levied or pledged for its payment. Nothing in this Agreement shall be deemed to change the nature of the City's obligation from a limited and conditional obligation to a general obligation.

2.5 The City covenants to Developer that until the Contribution plus interest thereon has been paid in full, the City shall not close the District prior to its statutory expiration date.

2.6 The City shall, upon Developer's request, provide to Developer an accounting of the status of the District including, but not limited to, the outstanding principal balance of the Contribution and annual Tax Increments received from the District.

2.7 Developer hereby acknowledges that, as a result of the special and limited nature of the City's obligation to pay the Contribution, Developer's recovery of the full amount of the Contribution depends on factors including, but not limited to, future mill rates, changes in the assessed value of the Property, the failure of the Property to generate the Tax Increments at the rate expected by Developer, reduction in Tax Increments caused by revenue-sharing, changes in the Tax Increment Law, and other factors beyond the City's and/or Developer's control.

### ARTICLE III PAYMENT OF TAXES

3.1 As long as the District is in existence, the Property and all buildings and improvements thereon shall be owned and taxable for real estate tax and special assessment purposes. The City may waive any or all of the restrictions upon execution of a payment in lieu of taxes (PILOT) agreement on a form acceptable to the City.

3.2 Throughout the duration of this agreement, all ad valorem property taxes properly assessed against the Property will be paid timely and in full.

3.3 In the event that any property owned by Developer within the District becomes exempt from ad valorem property taxes during the life of the District, then for the remaining life of the District, the Developer will make (or cause to be made) annual payments in lieu of taxes in amounts equal to what the ad valorem property taxes would have been for such other property had it not been exempt. If the Developer conveys the Property within the District to any party (related or unrelated), the terms of such sale shall impose as a covenant upon all successor owners of the property the foregoing obligation for payments in lieu of taxes during the life of the District. The City shall be a beneficiary of such covenant and entitled to enforce same against the successor owners.

#### ARTICLE IV CONDITIONS TO PAYMENT; TERMINATION OF AGREEMENT

4.1 The City shall have no obligation to pay any portion of the Contribution to Developer unless and until all of the following shall have occurred:

4.1.1 The Project's completion.

4.1.2 The Project's total assessed value after completion is greater than or equal to \$3,525,000.

4.2 This Agreement, and the City's obligation to make any further payments of the Contribution, shall terminate when any of the following shall have occurred:

4.2.1 The Contribution is paid in full or August 15, 2037, whichever occurs first.

4.2.2 Developer fails to complete the Project on or before December 31, 2021, subject to extension for Force Majeure.

#### ARTICLE V CONFLICT OF INTEREST

5.1 No member, officer or employee of the City, during his/her tenure or for one year thereafter, will have or shall have had any interest, direct or indirect, in this Agreement or any proceeds thereof.

#### ARTICLE VI WRITTEN NOTICES

6.1 Any written notice required under this Agreement shall be sent to the following individuals:

FOR THE CITY:

City of Appleton  
Community and Economic Development Department  
100 North Appleton Street  
Appleton, WI 54911-4799  
Attention: Director

With a copy to:

City of Appleton  
City Attorney's Office  
100 North Appleton Street  
Appleton, WI 54911-4799  
Attn: City Attorney

FOR DEVELOPER:

Block 800, LLC  
*Need contact person, address, etc.*

## ARTICLE VII ASSIGNMENT

7.1 No party to this Agreement may assign any of its interest or obligations hereunder without first obtaining the written consent of the other party.

## ARTICLE VIII NO PARTNERSHIP OR VENTURE

8.1 Developer and its contractors or subcontractors shall be solely responsible for the completion of the Project. Nothing contained in this Agreement shall create or effect any partnership, venture or relationship between the City and Developer or any contractor or subcontractor employed by Developer in the construction of the Project.

## ARTICLE IX MISCELLANEOUS

9.1 Under no circumstances shall any officer, official, director, member, manager, commissioner, agent, or employee of City or Developer have any personal liability arising out of this Agreement, and no party shall seek or claim any such personal liability.

9.2 The laws of the State of Wisconsin shall govern this Agreement.

9.3 This Agreement may be signed in any number of counterparts with the same effect as if the signatures thereto and hereto were upon the same instrument.

9.4 No modification, alteration, or amendment of this Agreement shall be binding upon any party until such modification, alteration, or amendment is reduced to writing and executed by all parties to this Agreement.

9.5 Any captions or headings in this Agreement are for convenience only and in no way define, limit, or describe the scope or intent of any of the provisions of this Agreement.

9.6 If any provisions of this Agreement shall be held or deemed to be inoperative or unenforceable as applied in any particular case in any jurisdiction because it conflicts with any other provision or provisions of this Agreement or any constitution or statute or rule of public policy, or for any other reason, then such circumstances shall not have the effect of rendering the provision in question inoperative or unenforceable in any other case or circumstance, or of

rendering any other provision or provisions herein contained invalid, inoperative, or unenforceable to any extent whatever. To the maximum extent possible, this Agreement shall be construed in a manner consistent with the powers of the City, including but not limited to, the City's powers under the Blight Elimination and Slum Clearance Law and the Tax Increment Law, to achieve its intended purpose. Reference is made to Section 66.1333(17) of the Wisconsin Statutes and Chapter 105, Laws of 1975 § 4, which provide that the Blight Elimination and Slum Clearance Law and the Tax Increment Law should be construed liberally to effectuate their purposes.

[Signatures on following pages]

IN WITNESS WHEREOF, the parties have executed this Agreement on the day and year first above written.

CITY OF APPLETON:

By: \_\_\_\_\_  
Timothy M. Hanna, Mayor

ATTEST:

By: \_\_\_\_\_  
Kami L. Lynch, City Clerk

STATE OF WISCONSIN     )  
                                      : ss.  
OUTAGAMIE COUNTY     )

Personally came before me this \_\_\_\_ day of \_\_\_\_\_, 2019, Timothy M. Hanna, Mayor and Kami L. Lynch, City Clerk, of the City of Appleton respectively, to me known to be the persons who executed the foregoing instrument and acknowledged the same in the capacity and for the purposes therein intended.

Printed Name: \_\_\_\_\_  
Notary Public, State of Wisconsin  
My commission is/expires: \_\_\_\_\_

APPROVED AS TO FORM:

\_\_\_\_\_  
James P. Walsh, City Attorney  
800 Block, LLC - Draft  
Dated: June 13, 2019  
By: Christopher R. Behrens  
City Law A19-0407



DEVELOPER:

800 Block, LLC

By: \_\_\_\_\_  
\_\_\_\_\_, Principal

STATE OF WISCONSIN     )  
                                      : ss.  
OUTAGAMIE COUNTY     )

Personally came before me this \_\_\_\_ day of \_\_\_\_\_, 2019,  
\_\_\_\_\_, Principal, to me known to be the person who executed the  
foregoing instrument and acknowledged the same in the capacity and for the purposes therein  
intended.

\_\_\_\_\_  
Printed Name: \_\_\_\_\_  
Notary Public, State of Wisconsin  
My commission is/expires: \_\_\_\_\_

## SCHEDULE OF EXHIBITS

- A. Legal Description of Property
- B. Proposed Improvements

DRAFT

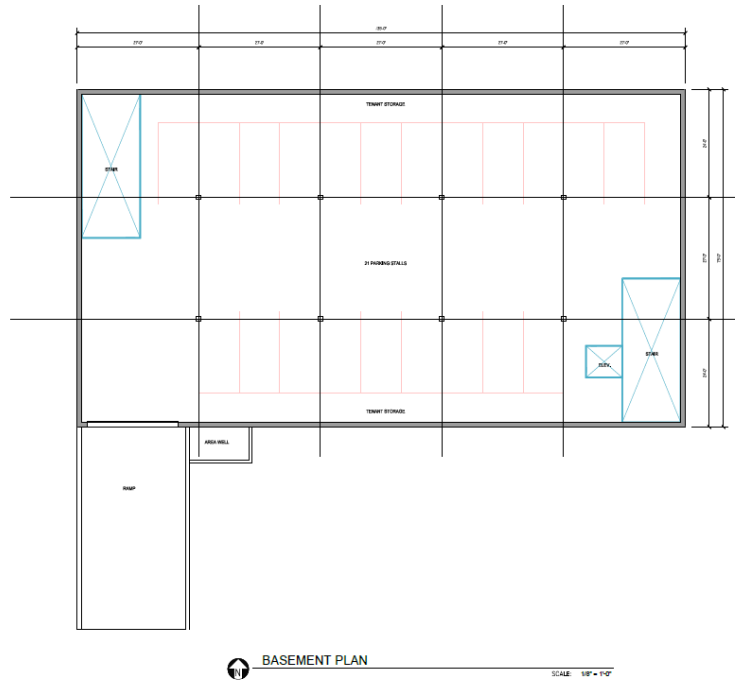
**EXHIBIT A**  
**LEGAL DESCRIPTION OF THE PROPERTY**

*To be added*

## EXHIBIT B

### PROPOSED IMPROVEMENTS

The project budget is approximately \$6,000,000 and is depicted as follows:



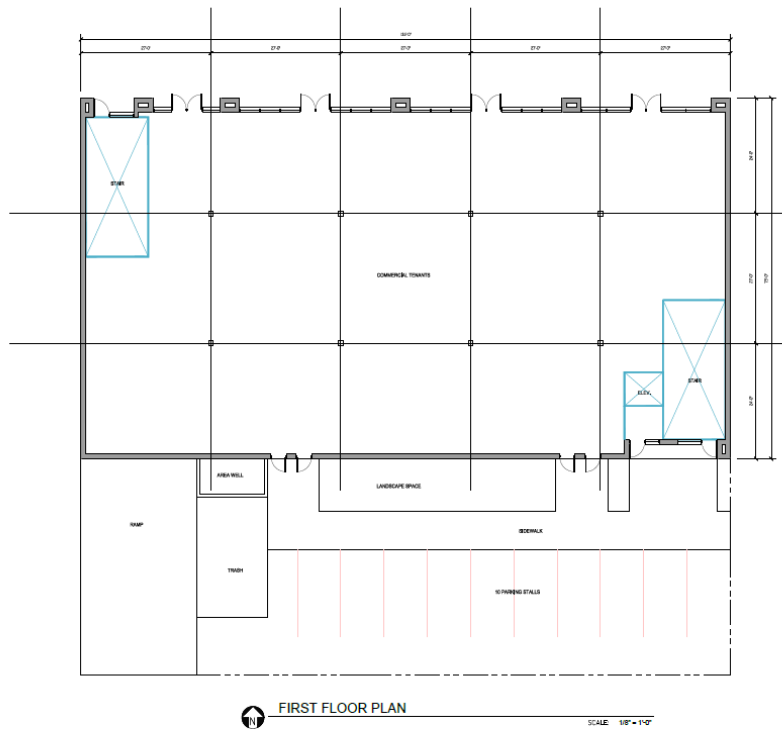
**VISION**  
Architecture

3024 Buttercup Road  
Norwalk, MI 49061  
517-904-4320  
www.visionarchitecture.net  
adam@visionarchitecture.net

Building Renovation for:  
**AMS 823/825, LLC**  
City of Appleton, Wisconsin

Issue Date: 1/13/2018  
Revisions:

A100



**VISION**  
architects

3028 Buttercup Road  
Neenah, WI 54956  
920.864.4300

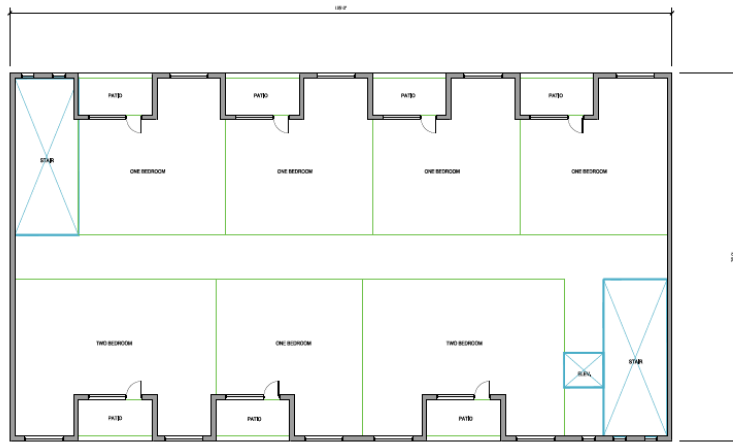
[www.visionarchitects.net](http://www.visionarchitects.net)  
[adam@visionarchitects.net](mailto:adam@visionarchitects.net)

Building Renovation for:  
**AMS 823/825, LLC**  
City of Appleton, Wisconsin

Issue Date: 1/13/2018  
Revisions:

**A101**





SECOND FLOOR PLAN

SCALE: 1/8" = 1'-0"

3034 Rutledge Road  
Berens, WI 54906  
920-944-1100

[www.vision-architecture.net](http://www.vision-architecture.net)  
[adam@vision-architecture.net](mailto:adam@vision-architecture.net)

Building Renovation for:

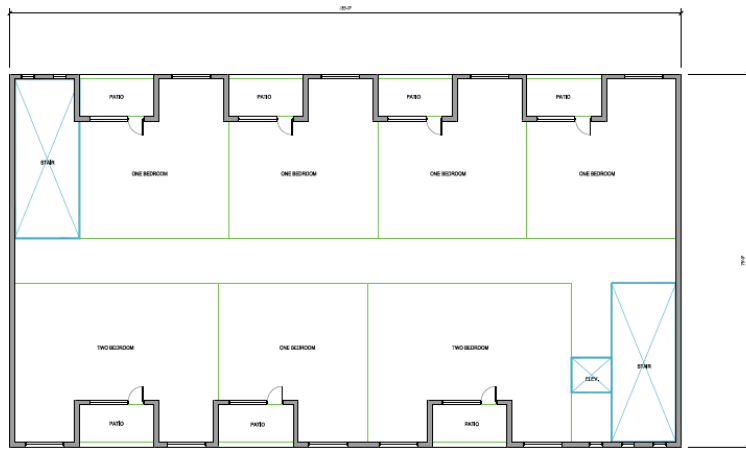
**AMS 823/825, LLC**

City of Appleton, Wisconsin

Issue Date: 1/23/2018

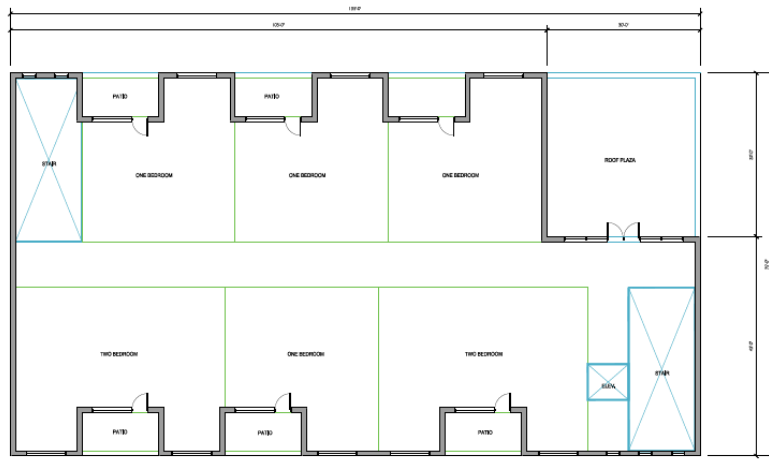
Revisions:


**A102**

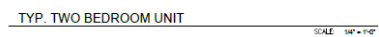
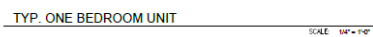


THIRD FLOOR PLAN

SCALE: 1/8" = 1'-0"



**FOURTH FLOOR PLAN** SCALE: 1/8" = 1'-0"





NORTH ELEVATION

SCALE: 1/8" = 1'-0"



NORTH RENDERING

SCALE: 1/8" = 1'-0"

3224 Buteview Road  
Neenah, WI 54956  
920.404.4320

www.visionarchitecture.net  
adam@visionarchitecture.net

Building Renovation for:

**AMS 823/825, LLC**  
City of Appleton, Wisconsin

App Date: 1/13/2016

Revisions:


**A200**