



REDEVELOPMENT AUTHORITY AGENDA

September 20, 2023 at 7:45 AM

**City Hall - Conference Room 106, 828 Center Avenue,
Sheboygan, WI**

Persons with disabilities who need accommodations to attend this meeting should contact the Department of City Development, (920) 459-3377. Persons other than commission, committee, and board members who wish to participate remotely shall provide notice to the City Development Department at 920-459-3377 at least 24 hours before the meeting so that the person may be provided a remote link for that purpose.

OPENING OF MEETING

1. Roll Call: Roberta Filicky-Peneski, James Owen, Jim Conway, Cleo Messner, Steven Harrison, Deidre Martinez and Darrell Hofland
2. Call to Order
3. Pledge of Allegiance
4. Identify potential conflict of interest

ITEMS FOR DISCUSSION AND POSSIBLE ACTION

5. Discussion and possible action on the acquisition of parcels 59281501560, 59281501540, and 59281501630 located on North Commerce Street.

CLOSED SESSION:

Motion to convene into closed session under the exemption provided in Sec. 19.85(1)(e) Wis. Stats. for the purpose of negotiating the purchasing of public properties or conducting other specified public business, to-wit, where competitive and bargaining reasons require a closed session.

OPEN SESSION:

Motion to reconvene into open session.

6. Discussion and possible action on the acquisition and demo of 639 North Commerce Street (59281501550).

CLOSED SESSION:

Motion to convene into closed session under the exemption provided in Sec. 19.85(1)(e) Wis. Stats. for the purpose of negotiating the purchasing of public properties or conducting other specified public business, to-wit, where competitive and bargaining reasons require a closed session.

OPEN SESSION:

Motion to reconvene into open session.

7. Discussion and possible action on Economic Development Loan Program manual updates.

NEXT MEETING

8. TBD

ADJOURN

9. Motion to Adjourn

In compliance with Wisconsin's Open Meetings Law, this agenda was posted in the following locations more than 24 hours prior to the time of the meeting:

*City Hall • Mead Public Library
Sheboygan County Administration Building • City's website*

HKS HOLDINGS, LLC**September 8, 2023**

**City of Sheboygan
Attn: Mayor Sorenson
828 Center Street,
Sheboygan, WI 53081**

Dear Mayor:

This letter is to represent our sincere interest and intent to advance a market rate residential project in the City of Sheboygan. Our firm has been working with your staff and the SCEDC in solidifying the aspects of the project that is vital for mutual success and delivering a project that will be embraced by City Officials, the neighborhood and local residents and future tenants.

Our commitment is to acquire from the City parcels identified in the attachments to this letter for the development of over 180 market rate housing units. At the end of the project, the City of Sheboygan will have a minimum property tax base valuation of \$30,000,000. After completing the necessary due diligence for environmental and approval of a development agreement with the City of Sheboygan or the Redevelopment Authority, we seek to purchase the property by December 15, 2023.

Our designers, civil engineers, and contractors will work diligently with the professionals in the City of Sheboygan and the Economic Development Corporation to accommodate our mutual interest of providing cost effective infrastructure updates to the property while also providing public access to riverfront amenities recommended by the City.

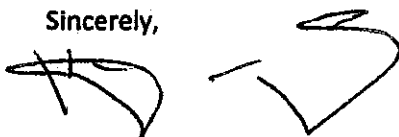
We are not seeking incentives to make the property cashflow, but we are seeking the City makes improvements to the site and surrounding area to make it pad ready, which will allow for the City's needed improvements to Commerce Street and its own utilities.

To assist in the development of the site, we recommend at a minimum the City submit applications to the Wisconsin Economic Development Corporation for their Idle Sites program, which will bring up to \$250,000 in grant dollars to support this redevelopment.

Our firm has shared letters from both our financial institution and our primary investor seeking to implement this riverfront project in Sheboygan with the Sheboygan County Economic Development Corporation. We currently have a project of similar size and scope in West Bend.

In closing, we ask for exclusive rights on the property, so we can invest in development final designs that will allow construction to commence in 2024 or early 2025.

Sincerely,



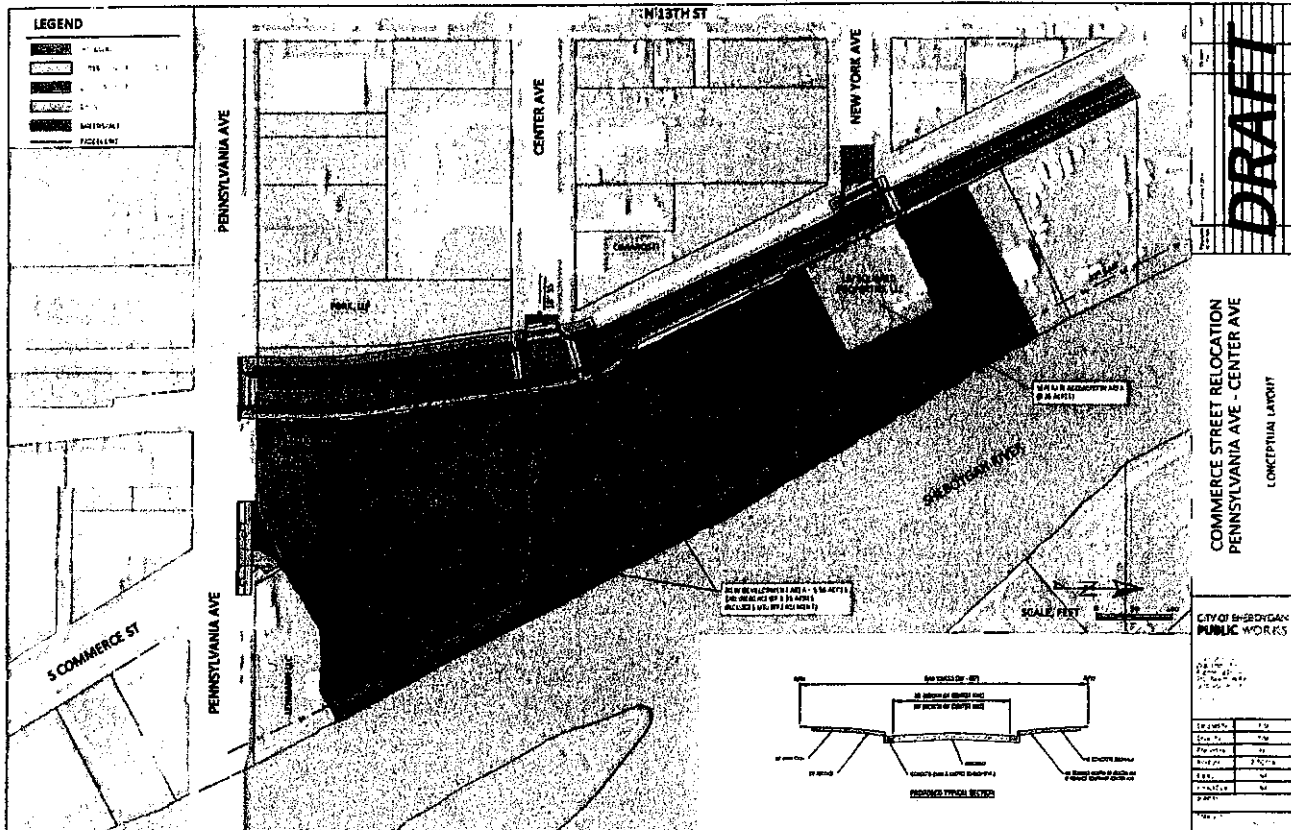
**Kyle Strigenz
HKS Holdings, LLC**

172 N BROADWAY, SUITE 200 MILWAUKEE WI 53202

DEVELOPMENT PROPERTY

Property Configuration – For Development Project

- Properties owned by City Redevelopment Authority
- Properties owned by City of Sheboygan (street)
- Properties currently owned by LBJ Squared Properties, LLC
- Property currently owned by 575 Riverwoods Partners, LLC



PUBLIC INVESTMENTS AND COMMITMENTS IN PROJECT

- A. City of Sheboygan “but for” TIF # 17 Boundary Amendment. The City of Sheboygan will amend TIF # 17 Boundary to accommodate the Developer’s commitments and investment as documented in this agreement. The Developer has advised the City “but for” the inclusion into TIF # 17 boundary, the Developer would not pursue development of the parcel due to the extensive site preparation required for the project site.
- B. Site Acquisition and Environment Evaluation. The CITY will acquire required sites for the project as is outlined in Exhibit A. The City will share all reports on the development of property in Exhibit A including but not limited to: Phase I and Phase II environmental report(s), topographic survey, and reports from removal of buildings and wetland delineation.
- C. Site Improvements to Development Property Public Access Improvements. The City will work with the DEVELOPER on common site preparation needs of a redevelopment property. These include demolition of buildings, constructing and or relocating city infrastructure (sewer/water), environmental remediation of the site to the level required for the development, sidewalks, street city, riverwalk, riprap, riverwalk lighting, public access paddle board and kayak launch, curb cuts on Commerce Street, landscaping in the public domain, design, engineering and permit fees for these public improvements. These improvements are anticipated to be funded entirely by the City. If not listed, the City and Developer will consider the public benefit and public safety in determining if the expense is that of the City.
- D. Relocation of Commerce Street and The Shoreline 400 Rail Trail. The City will work with Developer and the necessary County, state and federal agencies to relocate Commerce Street and the trail to accommodate better traffic flow and alignment with Pennsylvania Avenue. In addition, a partial relocation of the Shoreline 400 Rail Trail, maybe needed as Commerce Street is redeveloped. A public access riverwalk walk will be incorporated into the project design. These improvements are anticipated to be funded entirely by the City.
- E. Easement for Main Sewer and Water Lines. The City has a main sewer and water line in the proximity of the Development Site. The City will relocate lines within the existing Commerce Street but several lines will not be relocated due to the extreme expense. The City will require easement on the parcel where required.
- F. Idle Sites Grant and Remediation Grants – City application as appropriate. To support this project and to reduce local tax payer and developer costs, the City will be applicant to grants that can reduce costs to the overall public and private development costs.

PRIVATE IMPROVEMENTS AND COMMITMENTS

- A. Purchase of Exhibit A Parcels for Market Rate Residential. The DEVELOPER has agreed to purchase parcels described in Exhibit A from the City of Sheboygan and or the Redevelopment Authority for \$1.00 by December 15, 2023. If the development has not started construction by June 30, 2025, the City may purchase the property from the Developer for \$1.00.
- B. Development Project Representation and Assessed Valuation. The City and Developer agree that market rate apartments and townhomes will be constructed on the Development Property. The Developer will create a minimum of 180 living units. The Developer has agreed that the project will have a minimum property tax valuation of thirty million (\$30,000,000) by December 31, 2028.
- C. Zoning and Permits. The DEVELOPER will work through the committee process to receive site plan approval for a project similar to the concepts shared in Exhibit D.
- D. Site Improvements to Development Property Public Access Improvements. The City will work with the DEVELOPER on common site preparation needs of a redevelopment property. These include: demolition of buildings, constructing and or relocating city infrastructure (sewer/water), environmental remediation of the site to the level required for the development, sidewalks, street city, riverwalk, riprap, riverwalk lighting, public access paddle board and kayak launch, curb cuts on Commerce Street, landscaping in the public domain, design, engineering and permit fees for these public improvements. If not listed, the City and Developer will consider the public benefit and public safety in determining if the expense is that of the city.
- E. Relocation of Commerce Street and The Shoreline 400 Rail Trail. The City will work with Developer and the necessary County, state and federal agencies to relocate Commerce Street and the trail to accommodate better traffic flow and alignment with Pennsylvania Avenue. In addition, the relocation of the Shoreline 400 Rail Trail, which become a river walk extension along the Sheboygan River.
- F. Easement for Main Sewer and Water Lines. The City has a main sewer and water line in the proximity of the Development Site. The City will relocate lines within the existing Commerce Street but several lines will not be relocated due to the extreme expense. The City will require easement on the parcel where required.
- G. Real Estate Tax Guarantee. In addition to Developer commitment to implement the above Private Improvements, Developer further agrees that inconsideration of the Public Improvements, the Tax Increment (as defined in the Tax Increment law) resulting from private improvements shall be equal to 30,000,000 by tax year 2029 and in the event said Tax Value fail to meet or exceed that amount, Developer shall make an additional payment in lieu of taxes (the "PILOT") to make up the difference. Said PILOT payment shall be due on or before January 31, 2030 annually. The said

PILOT payments shall be reduced or eliminated to the extent that the Tax Increment and PILOT payments have fully repaid the City for its Public Investment described in Section Exhibit B together with interest from the date of borrowing at the City's borrowing rate.

PRIVATE DEVELOPMENT – CONCEPT PLAN

