



*** All present are expected to conduct themselves in accordance with our City's Core Values ***

OFFICIAL NOTICE AND AGENDA

of a meeting of a City Board, Commission, Department, Committee, Agency, Corporation, Quasi-Municipal Corporation, or sub-unit thereof.

Meeting: ECONOMIC DEVELOPMENT COMMITTEE
Date/Time: Tuesday, December 9, 2014 at 4:00 p.m.
Location: City Hall, 2nd Floor, Board Room
Members: Bill Nagle (C), Tom Neal (VC), Romey Wagner, David Oberbeck and Lisa Rasmussen

AGENDA ITEMS FOR CONSIDERATION/ACTION

- 1 Public Comment on Matters Appearing on the Agenda
- 2 Discussion and Possible Action on the Request for Proposals for 1418 North 1st Street (Savo Supply)
- 3 Discussion and Possible Action on Proposed Development Agreement with Elk Creek Architectural, LLC for 306 McClellan Street (Wausau Club)

Adjournment

Bill Nagle (Chair)

This notice was posted at City Hall and emailed to the Wausau Daily Herald newsroom on 12/3/14

It is possible and likely that members of, and possibly a quorum of the Council and/or members of other committees of the Common Council of the City of Wausau may be in attendance at the above-mentioned meeting to gather information. **No action will be taken by any such groups.**

Please note that, upon reasonable notice, efforts will be made to accommodate the needs of disabled individuals through appropriate aids & services. For information or to request this service, contact the City Clerk at (715) 261-6620.

Other Distribution: Media, Alderpersons, Mayor, Department Heads, Hebert, Lawrence, Lenz, Stratz



**REQUEST FOR PROPOSALS
SAV-O SUPPLY BUILDING
REDEVELOPMENT PROJECT**



City of Wausau
Community Development Department
407 Grant Street
Wausau, WI 54403-4783
Phone (715) 261-6680

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Introduction/History

The current City-owned building, known locally as the Sav-O Supply Building, was built in 1920 to house the Badger Bag and Paper Manufacturing Company. The building has been used industrially, by various entities, throughout its history. Most recently, the building served as a warehouse for home building supplies.

The property is adjacent to functioning railroad tracks and is located near the banks of the Wisconsin River. Historically, properties in this area located along the railroad tracks and river were used for industrial purposes. The historical uses are changing as modern industry has moved away from the railroad and the river, and as waterfront property has become more desirable for commercial and residential development. The property directly north of the subject property, for example, contains a historic trolley shed that was converted into residential use as part of a larger new residential development.

The City has invested substantial resources in the area to remove blighting influences and begin revitalizing the riverfront and adjacent neighborhoods. The subject property is a key piece in these efforts as it has been a blighted property for many years and sits in a highly visible location. The City strongly desires to remediate the blighting influence of the building, either through rehabilitation or demolition, making the site desirable for private redevelopment.

Site Overview and Building Information

The Sav-O-Supply building rests on approximately 1.15 acres of land on the east side of the Wisconsin River, just south of Bridge Street. The address of the property is 1418 N 1st Street, in the city of Wausau, Wisconsin. The building is positioned on roughly the northern half of its lot. The Sav-O Supply Building is a two-story building, with approximately 19,200 square feet per floor. The property is currently zoned for industrial uses, but the City will initiate a change to planned-unit development zoning to accommodate future commercial, residential, industrial or mixed uses. The property's previous assessed value was \$75,000 Land and \$122,200 improvements for a total assessment of \$197,200.00. Photos and floor plans are included in Appendix 1.

The first floor construction is a concrete slab on grade. The second floor construction consists of steel beams and columns with 3" (nominal) wood tongue and groove floor deck. The building is divided into eight bays north-south and seven bays in the east-west direction.

The exterior walls consist of structural clay tiles infilled between steel beams and columns. Clay tiles were a common building material at the time this building was constructed. They are similar to modern concrete masonry block (commonly referred to as cinder block). The primary difference is that the product was made of clay which is similar to brick rather than concrete.

The building has some unique and historical features. The freight elevator is circa 1938. The mechanical system which operates the elevator is striking. The original 1920 "Economic" boiler is located at the southwest corner of the building.

In 2013, Ionic Structures and Design, LLC completed a structural analysis of the Sav-O Supply Building. Their findings indicated the overall condition of the existing structural steel framing to be in good condition and concluded it is "quite feasible to rehabilitate, restore and strengthen the Sav-O Supply Building." A copy of the structural analysis report is included in Appendix 2.

Contemplated Uses of the Property

If the building can be rehabbed in a cost effective manner to be functional and aesthetically pleasing, the City envisions its future use to be commercial, residential, industrial or mixed use. Options may be to redevelop the entire building into condos, loft apartments, office space, a maker's space, restaurant, culinary institute or light industrial. The building may be redeveloped by itself or be incorporated into a larger project with adjoining new structures, as was done in the Trolley Quarter Flats building directly to the north. The City of Wausau will also entertain proposals that do not reuse the existing building. All projects must be taxable. Tax exempt developments will not be considered for this site due to its desirable location.

Purpose of the Request for Proposal

The Sav-O-Supply Building sits along the developing east riverfront area. In recent years, the City of Wausau began acquiring and cleaning up underutilized properties on the riverfront in order to spur development. The City of Wausau now owns approximately 17 acres of real estate along the banks of the Wisconsin River, which cuts through bustling downtown Wausau. The City of Wausau has received multiple state and federal grants for planning, remediation, and site enhancements, including a recent \$1 million grant from the State of Wisconsin.

The purpose of this proposal is to locate investors and developers interested in acquiring and redeveloping the site into a viable asset of the neighborhood. The property is located within the City's Tax Increment District Three (TID #3).

The city of Wausau is seeking to identify and select an outside independent organization to perform the activities listed in this request. The remainder of this document provides additional information that will allow a developer the capacity to understand the scope of the effort and respond with a proposal in the format desired by the City of Wausau.

Dates for Submission

All proposals are due Tuesday, March 31st at 4:30PM. Any proposal received at the designated location after the required date and time specified shall be considered late and non-responsive. Any late proposals shall not be evaluated for award.

Schedule of Events

Contact information to submit their proposal as well as major dates associated with the RFP submission, evaluation and award process.

Event	Date
1. RFP Distribution to Developers	12/09/2014
2. Questions from Developers about scope or approach due	01/30/2015
3. Responses to Developers about scope or approach due	02/13/2015
4. Proposal Due Date	03/31/2015
5. Target Date for Review of Proposals	04/10/2015
6. Final Selection Discussion(s)--Week of	04/30/2015
7. Anticipated Decision and Selection of Developers(s)	05/01/2015
8. Anticipated Commencement (date of work)	09/01/2015

Please contact Megan Lawrence in the Community Development Department to arrange your private tour of the Sav-O Supply Building.

Megan Lawrence
Economic Development Manager
City of Wausau
715-261-6683
megan.lawrence@ci.wausau.wi.us

Evaluation Criteria

Weighting of criteria is used by the City as a tool in selecting the best proposal. The City may change criteria and criteria weights at any time. Evaluation scores or ranks do not create any right in or expectation of a contract award. Proposals will be evaluated on the accuracy and responsiveness of the developer. Background checks and references will also be considered.

The response that is deemed to be the most advantageous for the entire Wausau metro area shall be termed the best project. Consideration will be given to cost, level of investment, functionality, and other factors. A selection committee at the City of Wausau shall be made up of members from the community, Common Council, Community Development, Finance and Planning Departments.

To be selected, a developer (or team of developers) must be able to comply with the general requirements outlined in this document and with the Wisconsin Equal Opportunity and Affirmative Action Program requirements.

Proposals shall meet the following criteria:

1. Proposals shall be prepared on standard 8 1/2" X 11" letter-size paper, bound length-wise, with tabs to separate sections;
2. Proposals must respond to each RFP item in the order outlined in the RFP, beginning with Executive Summary. Each item must be marked by tabs to indicate the section number;
3. Proposal must not exceed twenty-five (25) pages excluding appendices;
4. Ten (10) copies of each proposal must be delivered to the attention of the authorized representative listed in the specific response requirements section;
5. Email digital copy of proposal to megan.lawrence@ci.wausau.wi.us no later than March 31st, 2015.

The City of Wausau reserves the right to:

- Reject any or all offers and discontinue this RFP process without obligation or liability to any potential developer,
- Award a contract on the basis of initial offers received, without discussions or requests for best and final offers, and
- Award more than one contract.

The proposal shall be submitted in several parts as set forth below. The developer will confine its submission to those matters sufficient to define its proposal and to provide an adequate basis for the City of Wausau to evaluate and select redevelopment options.

In order to address the needs of this proposal, the city of Wausau encourages developers to work cooperatively in presenting integrated solutions. Team arrangements may be desirable to enable the companies involved to complement each other's unique capabilities, while offering the best combination of performance, cost, and delivery for the challenges offered under this RFP. The City of Wausau will recognize the integrity and validity of team arrangements provided that:

- The arrangements are identified and relationships are fully disclosed,

- A prime developer is designated that will be fully responsible for all contracted performance.

Specific Response Requirements

Developer's proposal in response to this RFP will be incorporated into the final agreement between the City of Wausau and the Developer and the selected vendor(s) of the Developer.

Send proposals by 4:30 p.m. on March 31, 2015 to the attention of:

Megan Lawrence, Economic Development Manager
City Hall
407 Grant Street
Wausau, WI 54403-4783
Phone: 715-261-6782 or 715-261-6683
Fax: 715-261-0305

The submitted proposals are suggested to include each of the following sections:

1. Executive Summary
2. Approach
3. Project Deliverables
4. Project Management Approach
5. Level of Investment and Financial Viability
6. Successful Urban Redevelopment Project Examples
7. Development Organization's Overview
8. Scope of Work

EXECUTIVE SUMMARY: This section will present a high-level synopsis of the Developer's responses to the RFP. The Executive Summary should articulate the developer's vision for the site, provide a brief overview of the engagement, and should identify the main features and benefits of the proposed work. Developer shall also highlight how the proposed project will benefit the surrounding neighborhood and district. Tax exempt projects will not be considered.

APPROACH: The proposal should reflect each of the sections listed below:

- For project team responsibilities, list the approximate percentage of the project for each team member,
- Description of the project approach,
- Include detailed procedures and technical expertise by phase.

PROJECT DELIVERABLES: Include descriptions of the types of reports used to summarize and provide detailed information on predicted vulnerabilities, and the necessary countermeasures to correct as well as the recommended corrective actions as they might apply to the project.

PROJECT MANAGEMENT APPROACH: Include biographies and relevant experience of key staff and management personnel. Describe the qualifications and relevant experience of the types of staff that would be assigned to this project by providing biographies for those staff members. Describe bonding process and coverage levels of employees. Affirm that no employees working on the engagement have ever been convicted of a felony.

- Experience and responsibility summary,
- List and description of key team members' personal experience,
- Briefly describe how the engagement proceeds from beginning to end,
- Include a fee breakdown by project phase.

LEVEL OF INVESTMENT AND FINANCIAL VIABILITY: Developers shall include a project construction budget. Developer shall provide the status of their organization (whether a corporation, a non-profit or charitable institution, a partnership, a limited liability corporation, a business association, joint venture, or other) indicating under which laws it is organized and operating, including a brief financial history. The developer shall provide a statement regarding any debarments, suspensions, bankruptcy and/or loan defaults.

SUCCESSFUL URBAN DEVELOPMENT/REDEVELOPMENT PROJECT EXAMPLES: Include detailed descriptions and photos of other successful urban redevelopment projects completed by your firm.

DEVELOPMENT ORGANIZATION'S OVERVIEW: Provide the following information about your company:

- Official registered name (Corporate, D.B.A., Partnership, etc.), Dun & Bradstreet Number, Primary and secondary SIC numbers, address, main telephone number, toll-free numbers, and facsimile numbers.
- Key contact name, title, address (if different from above address), direct telephone and fax numbers.
- Person authorized to contractually bind the organization for any proposal against this RFP.
- Brief history, including year established and number of years your development team has taken on projects similar to the Sav-O Supply Building.

Scope of Work

REQUIREMENTS

The following information should be used to determine the scope of this project and provide the specifics as to the level of overall investment for this engagement.

• Project Narrative, Use(s) and Scope of User(s)
• Design, Elevations, Preliminary Site Plan
• Estimate Costs of Labor/Materials
• Identified Phases (if applicable)
• Timeline of Scope of Work
• Conditions for Completion

Evaluation Factors for Award

Evaluation of offers will be based upon the Developer's responsiveness to the RFP and the quality of investment and usefulness.

The following elements will be the primary considerations in evaluating all submitted proposals and in the selection of a Developer:

1. Completion of all required responses in the correct format. **20 Points**
2. The extent to which the Developer's proposed solution creatively reuses and maximizes the property's potential. **30 Points**
3. An assessment of the Developer's ability to deliver the indicated service in accordance with the specifications set out in this RFP. **10 Points**
4. Certification statement affirming that the firm has not been debarred and that all accreditations claimed in the RFP are current. **10 Points**
5. The Developer's stability, experiences, and record of past performance in delivering such services. **10 Points**
6. Availability of sufficient high quality personnel with the required skills and experience for the specific approach proposed. **10 Points**
7. Overall investment level and proof of financial viability evidenced in the Developer's proposal. **20 Points**

The city of Wausau may at their sole discretion and without explanation to prospective Developer(s), choose to change its evaluative factors or discontinue the RFP at any given time.

Costs of Proposal

Any costs incurred in the development of the Response to this Request for Proposals are borne by the Developer. The City of Wausau is not responsible for any costs incurred by the Developer in formulating a response, or any other costs incurred such as mailing expenses.



Staff Report

From: Megan Lawrence
To: Economic Development Committee Members
Date: December 9, 2014
Re: Wausau Club

Purpose: Discussion and possible action on proposed development agreement with Elk Creek Architectural, LLC for the Wausau Club

Facts OR Considerations:

In December 2013, Wausau City Council voted to accept ownership of the Wausau Club in the form of a donation. In March 2014, the City of Wausau released an RFP for the historic site. The RFP process returned one proposal, from Elk Creek Architectural LLC, locally owned by Mark Goffin. Mr. Goffin desires to convert the iconic Wausau Club into a “symbiotic mercantile space consisting of a destination spa, wine bar & cellar, gallery, design center, bakery & café, and special events hall.”

Mr. Goffin’s \$1.9 million project will utilize traditional financing sources along with state and federal historic tax credits. Additionally, the City of Wausau and Mr. Goffin will collaboratively apply for WEDC’s Community Development Reinvestment Grant, which if awarded, will ultimately turn into a revolving loan fund for the City of Wausau. To complete his financing package, Mr. Goffin is seeking a \$150,000 grant from the City of Wausau along with donation of the site.

The Wausau Club is located within Tax Increment District Number 3.

Overall, Mr. Goffin’s proposal to redevelop the Wausau Club will foster economic development in downtown Wausau by preserving a cultural icon, driving tourism, attracting new businesses, creating jobs and adding to the City’s tax base.

A TIF application, draft development agreement and project details are enclosed for your consideration

DEVELOPMENT AGREEMENT

This Development Agreement (“Agreement”) is made as of the ____ day of December, 2014 (the “Effective Date”), by and between the City of Wausau, Wisconsin, a Wisconsin municipal corporation (hereinafter referred to as “City”) and Elk Creek Architectural, LLC, a Wisconsin limited liability company (hereinafter referred to as “Developer”).

RECITALS

WHEREAS, the City has, pursuant to the authority granted in Wisconsin Statutes, Section 66.1105, created a Tax Incremental District, the City of Wausau Tax Increment District Three (the “TID”), and adopted a Project Plan, as amended (the “Plan”) to finance certain costs to induce development within or around the TID;

WHEREAS, in order to achieve the objectives of the Plan and to make the land within the TID available for development by private enterprises for and in accordance with the uses specified in the Plan, the City has determined to provide assistance through grants from the TID and other actions, as hereinafter set forth, to permit development to proceed; and

WHEREAS, Developer has proposed a development (the “Development Project”), as hereinafter described, within the TID and located on the Property (as defined below). The City has determined that the Development Project proposed by Developer will promote and carry out the development objectives of the City and provide additional employment opportunities within the City.

NOW, THEREFORE, in consideration of the mutual covenants and agreements contained in this Agreement, the parties agree as follows:

1. Transfer of Property.

A. Property Included in Transfer. Subject to the terms, covenants and conditions set forth in this Agreement, the City agrees to convey to the Developer, and the Developer agrees to accept from the City, the City’s interest in the real property commonly known as 309 McClellan Street, Wausau, Wisconsin and as legally described on the attached Exhibit A (collectively, the “Property”). The City shall convey the Property to the Developer on an “As-Is With All Faults” condition, and the City shall have no further ongoing liability related to the Property as of the date of conveyance.

B. No Cash Consideration. There shall be no cash consideration paid by the Developer to the City for the Property. The Developer’s covenant and agreement to use the Property for the development of the Development Project shall be valid and binding consideration for the City’s conveyance of the Property. The City finds and agrees that the public interest or necessity demands, and will not be inconvenienced by, the conveyance of the Property to the Developer as contemplated by this Agreement. The City further finds and agrees

that the City will receive significant value from the development of the Development Project, including the many public and community benefits.

C. Failure of Project. In the event that the Developer decides not to proceed with the Development Project for any reason, the Developer shall notify the City of such fact and this Agreement shall automatically terminate without cost or liability. Upon any such termination, the Developer shall quitclaim its interest in the Property to the City by quit claim deed if requested to do so by the City.

2. Title.

A. Conditions of Title. At the Closing (as defined in paragraph 6 below), the City shall convey all of its right, title and interest in and to the Property to the Developer by quitclaim deed in the form of Exhibit B attached hereto (the “Deed”). The City agrees that it will not take any action from and after the date of this Agreement to transfer all or any part of the Property to any person or entity, or take any action to create any title encumbrance, without the prior written consent of the Developer.

B. Developer’s Responsibility for Title Insurance. The Developer understands and agrees that its right, title and interest in the Property shall not exceed that vested in the City, and that the City is under no obligation to furnish any policy of title insurance or survey in connection with the transfer of Property. To the extent the Developer desires or requires title insurance or a survey in connection with the transfer of the Property these items shall be obtained by the Developer at the Developer’s sole cost and expense.

3. AS-IS Transfer; Release.

A. Developer’s Independent Investigation of the Property. The Developer shall perform any due diligence on the Property that the Developer determines is necessary or appropriate, and the City agrees to give the Developer access to perform any such due diligence, subject to the rights of any third parties.

B. Entry and Indemnity. All entries by the Developer or its agents onto the Property to perform any testing or other investigations which could affect the physical condition of the Property (including, without limitation, soil borings) or the uses thereof will be made only pursuant to the terms and conditions of a permit to enter substantially on the City’s form and with such insurance and indemnity provisions as are satisfactory to the City. The Developer shall maintain, and shall require that its agents maintain, public liability and property damage insurance in amounts and in form and substance adequate to insure against all liability of the Developer and its agents, arising out of any entry or inspection of the Property in connection with the transaction contemplated hereby, and the Developer shall provide the City with evidence of such insurance coverage upon request from the City.

C. As-Is Conveyance. DEVELOPER SPECIFICALLY ACKNOWLEDGES AND AGREES THAT THE CITY IS CONVEYING AND THE DEVELOPER IS ACCEPTING THE PROPERTY ON AN “AS-IS WITH ALL FAULTS”

BASIS SUBJECT TO ALL APPLICABLE LAWS, RULES AND ORDINANCES, INCLUDING WITHOUT LIMITATION, ANY ZONING ORDINANCES, OR OTHER REGULATIONS GOVERNING THE USE, OCCUPANCY OR POSSESSION OF THE PROPERTY. THE DEVELOPER REPRESENTS AND WARRANTS THAT THE DEVELOPER IS RELYING SOLELY ON ITS INDEPENDENT INVESTIGATION AND NOT ON ANY REPRESENTATIONS OR WARRANTIES OF ANY KIND WHATSOEVER, EXPRESS OR IMPLIED, FROM THE CITY OR ITS AGENTS AS TO ANY MATTERS CONCERNING THE PROPERTY.

D. Release of City with Regard to Hazardous Materials. As part of its agreement to accept the Property in its “As-Is With All Faults” condition, the Developer, on behalf of itself and its successors and assigns, waives any right to recover from, and forever releases and discharges, City, its officers, employees, agents, contractors and representatives, and their respective heirs, successors, legal representatives and assigns, from any and all demands, claims, legal or administrative proceedings, losses, liabilities, damages, penalties, fines, liens, judgments, costs or expenses whatsoever (including, without limitation, attorneys’ fees and costs), whether direct or indirect, known or unknown, foreseen or unforeseen, that may arise on account of or in any way be connected with (i) the physical, geological or environmental condition of the Property, including, without limitation, any hazardous material in, on, under, above or about the Property, and (ii) any federal, state, local or administrative law, rule, regulation, order or requirement applicable thereto.

4. City’s Conditions Precedent. The following are conditions precedent to the City’s obligation to convey the Property to the Developer (“City’s Conditions Precedent”):

A. Adoption by the City’s Council of a resolution approving this Agreement and authorizing the transactions contemplated by this Agreement, and the continued effectiveness of all authorizations and approvals relating to this Agreement and the Development Project;

B. The receipt by the Developer (and corresponding evidence to City of such receipt) of proceeds from the sale of federal and state historic tax credits in an amount of at least \$642,060.00.

C. The receipt by the City on behalf of the Developer of a development grant for the Development Project from the Wisconsin Economic Development Corporation in an amount of at least \$500,000.00 which shall be held by and disbursed by the City in accordance with Section 7 below; and

D. Evidence provided by the Developer to the City that the Developer has a binding financing commitment from a lender whereby the lender agrees to borrow the Developer an amount of at least \$351,547.00 to be used in connection with the Development Project.

E. The receipt of a notice from the Developer to the City that the Developer is ready, willing and able to accept the Property (or portion thereof), and that all conditions for the transfer of the Property have been satisfied;

5. Failure of the City's Conditions Precedent. Each of the City's Conditions Precedent is intended solely for the benefit of the City. If any of the City's Conditions Precedent are not satisfied as provided above by the Closing Date (as defined below), the City may, at its option, extend the Closing Date or terminate this Agreement. Upon any such termination, neither party shall have any further rights or obligations hereunder except as expressly provided herein.

6. Closing of Transfer of Property.

A. The closing of the transfer of the Property ("Closing") shall take place on or before May 1, 2015 (the "Closing Date"). Both the Developer and the City shall have the right to extend the Closing Date by up to thirty (30) days if the City's Conditions Precedent have not been satisfied. Within these limitations, the Closing shall take place at the City and at such time and on such date as mutually agreeable to City and Developer.

B. At Closing, City shall execute and deliver the following:

- i. The Deed, in recordable form; and
- ii. A resolution or other evidence of authorization of the transfer of the Property acceptable to the Developer.

C. At Closing, Developer shall pay all recording fees and filing costs, all transfer taxes, and the title insurance premium for Buyer's owner's policy of title insurance and the costs of the endorsements to the owner's policy of title insurance.

7. Wisconsin Economic Development Corporation Grant. The City and the Developer have jointly applied for a grant in the amount of \$500,000.00 from the Wisconsin Economic Development Corporation ("WEDC") which has been designated for the City to use for Reimbursable Expenses (as defined below) in connection with the Development Project. Upon the issuance of the grant from WEDC, the grant shall be deposited with the City to be held on behalf of the Developer. The City agrees all disbursements of the WEDC grant, or portions thereof, shall be made directly to the Developer upon invoice and, provided such invoice contains documentation to City's reasonable satisfaction, shall be made within thirty (30) business days of invoice. The Developer shall not invoice the City for the WEDC grant more than two (2) times per month. All invoices shall include only portions of the Reimbursable Expenses previously performed, shall describe the portion of the Reimbursable Expenses performed, shall list all contractors, subcontractors and materialmen who perform such work and the amounts due to each, and shall be accompanied by copies of invoices from such contractors, subcontractors and materialmen and proof of payment by Developer of such invoices. Developer certifies that all of the invoices submitted in connection with the WEDC grant shall be for Reimbursable Expenses and as agreed to by the terms of this Agreement.

8. City Grant to Developer. Pursuant to the terms and conditions of this Agreement and after the Developer's acceptance of the transfer of the Property and the satisfaction of the City's Conditions Precedent, City agrees to make, and Developer agrees to accept, a grant equal to One Hundred Fifty Thousand and 00/100s Dollars (\$150,000.00) (the "Grant"). The Grant shall be in the form of a reimbursement for the actual, out-of-pocket costs incurred by the Developer in the renovation of improvements currently located at the Property as part of the Development Project on or after the Effective Date (the "Reimbursable Expenses"). Notwithstanding the above, the City shall not be obligated to disburse the Grant, or any portion thereof, until the Developer provides evidence reasonably acceptable to the City that (a) the Developer has previously expended at least \$351,547.00 on the Development Project which was received by Developer from Developer's primary lender, (b) the Developer has previously expended at least \$642,060.00 on the Development Project which was received by Developer from Developer's sale of federal and state historic tax credits, and (c) the Developer has previously expended at least \$500,000.00 on the Development Project which was disbursed by the City to the Developer in connection with the WEDC grant.

9. Payment of City's Grant. All disbursements of the Grant shall be made by City directly to Developer and, provided such invoice contains supporting documentation to City's reasonable satisfaction, shall be made within thirty (30) business days of invoice submission. Developer shall not invoice the City for the Grant more than two (2) times per month. All invoices shall include only portions of the Reimbursable Expenses previously performed, shall describe the portion of the Reimbursable Expenses performed, shall list all contractors, sub-contractors and materialmen who performed such work and the amounts due to each, and shall be accompanied by copies of invoices from such contractors, sub-contractors and materialmen and proof of payment by Developer of such invoices. Developer certifies that all of the invoices submitted shall be for Reimbursable Expenses and as agreed to by the terms of this Agreement.

10. Developer's Creation and Retention of New Full-Time Jobs. Developer shall create by the third (3rd) anniversary of the completion of the Development Project (or January 1, 2019 if the Development Project is not completed by that date) at least twenty-five (25) New Jobs which shall be maintained for a period of two (2) years thereafter. A "New Job" is a full-time or part-time job created after the Effective Date, that is performed at the Property and created as a result of the Development Project for which the employee receives annual pay that is equal to at least \$19,000.00. New Jobs created and maintained by tenants of the Developer shall count towards the above requirements. Developer shall submit an annual written report to the City's Economic Development Department staff on or before November 30 of each year through 2024 which discloses to the City the number of employees with full-time jobs working primarily at the Property. If Developer fails to comply with the above, the City may exercise its claw back rights as set forth in paragraph 12 below.

11. City Inspection/Audit Rights. The City shall have the right to inspect records related to the Reimbursable Expenses from time to time upon reasonable notice during regular business hours. The City shall also have the right to audit all financial and related records associated with the Reimbursable Expenses and the creation of New Jobs from time to time upon reasonable notice to Developer. In the event such audit reveals that Developer overstated the Reimbursable Expense so that the City's Grant would have been less than actually paid or that

Developer overstated New Jobs so that the City would have had claw back rights under Paragraph 12 below but for such overstatement, Developer shall reimburse City for the cost of completing the audit.

12. City's Claw Back Rights Related to New Full-Time Jobs. In the event that Developer's Development Plan does not create and retain at least twenty-five (25) New Jobs within in the time frames set forth in paragraph 10 above, Developer shall reimburse the City in an amount equal to twenty-five (25) less the actual New Jobs created or maintained by Developer multiplied by One Thousand and 00/100s Dollars (\$1,000.00). Developer shall reimburse the City within thirty (30) days of written demand from the City. The obligations of the Developer under this paragraph shall be secured by a second position real estate mortgage on the Property, subordinate only to a real estate mortgage to Developer's primary lender which real estate mortgage shall secure obligations not to exceed \$351,547.00. The obligations of the Developer under this paragraph shall also be secured by a second position security agreement and lien on the Developer's personal property used in conjunction with the Project. The obligations of the Developer under this paragraph shall be personally guaranteed by Mark Goffin pursuant to a Continuing Guaranty (Limited) in form and substance as the attached Exhibit C (the "Guaranty").

13. Obligations of Developer Related to Value of Property.

A. Undertake the Development Project. Developer agrees to redevelop and improve the Property through undertaking the Development Project, all in accordance with the Project Narrative set forth on Exhibit D, attached hereto and incorporated herein by reference (the "Project Narrative"), the Project Cost Breakdown set forth in Exhibit E, attached hereto and incorporated herein by reference (the "Project Cost Breakdown") and the Schedule set forth in Exhibit F, attached hereto and incorporated herein by reference (the "Schedule"). City, in its sole and absolute discretion, may agree to variations from the Project Cost Breakdown or the Schedule requested in writing by Developer.

B. Construction Schedule. Developer agrees to complete construction of each of the components of the Development Project, such completion to be evidenced by the issuance of a temporary occupancy permit or certificate of occupancy by City, by the third anniversary of the Effective Date.

C. Guaranty of Minimum Construction Costs. Developer agrees that the Development Project will have an aggregate minimum construction cost, including the land acquisition costs, of \$1,854,547.00.

D. Guaranty of Minimum Equalized Value; Payment of Payment-in-Lieu-of-Taxes. Developer hereby guarantees to City that as of January 1, 2020, and each January 1 thereafter for a period of ten (10) years, the equalized value of the Property for real estate tax purposes shall equal or exceed \$874,000.00. In the event that the Property in any year does not have such a value, Developer agrees to make to City a payment-in-lieu-of-taxes equal to the difference between the amount of taxes which would have been levied on the Property for said year by City and all other taxing jurisdictions if the Property had had an equalized value for real

estate tax purposes of \$874,000.00 and the actual amount of taxes levied on the Property for said year by City and all other taxing jurisdictions. Said payment-in-lieu-of-taxes shall be due and payable in full to City on January 31 of the following calendar year. The obligations of Developer above shall be personally guaranteed by Mark Goffin pursuant to the Guaranty.

E. Rights of Access. Developer shall permit the representative of City to have access to the Property at all reasonable times during and following the construction when City deems access necessary to ensure compliance with the terms and conditions of this Agreement including, but not limited to, access for inspection of all work being performed in connection with the Development Project. No compensation shall be payable nor shall any charge be made in any form by any party for the access provided in this Agreement.

F. Compliance with Planning and Zoning. Developer at its own expense shall obtain all approvals, permits and licenses as may be required by any governmental or non-governmental entity in connection with the Development Project. Any conditions imposed on Developer to obtain any approval, permit or license must be acceptable to City. Developer will not initiate, approve, consent to or participate in any change or modification of the zoning in effect for the Property or any portion thereof, without City's prior written consent.

G. Maintenance and Repair. Developer agrees that at all times after construction of the Development Project, it will keep and maintain the Property and the Development Project in good condition and repair.

H. Insurance. During the term of this Agreement, Developer shall maintain insurance in such amounts and against such risks both generally and specifically with respect to the Property, as are customarily insured against in developments of like size, kind and character, including customary builders risk insurance during construction and customary casualty, property and liability insurance, with deductibles approved by City. Developer shall provide to City certificates of all such insurance. So long as this Agreement is in effect, Developer covenants to apply any and all insurance proceeds to rebuild and maintain the Property.

14. Real Estate Taxes. Developer agrees that prior to the date that is fifteen (15) years after the Effective Date (the "Termination Date"), Developer (or a successor owner of the Property as applicable) will pay, when due, all real ad valorem real estate taxes on the Property. Developer may transfer the Property to an entity or third party at any time; provided, however, that the obligation of the owner of the Property to continue making ad valorem real estate tax payments shall apply through the Termination Date whether or not the entity or other third party as successor to the Property is an entity or body normally exempt from paying ad valorem real estate taxes. Upon reaching the Termination Date, all future ad valorem real estate tax payments, and applications of exemptions from ad valorem real estate taxes, shall be made in accordance with normal rules concerning the same.

15. Right of First Refusal. Upon the transfer of the Property to the Developer, the Developer shall grant to the City a right of first refusal to purchase the Property under the terms and conditions reasonably acceptable to the Developer and the City. Such terms shall include that if at any time during the term of the Agreement, Developer receives any bona fide offer to

purchase (the “Offer to Purchase”) the Property, which offer Developer desires to accept, Developer shall give notice to the City in writing of such offer, and the City shall have forty (40) days after receipt of such notice within which to notify Developer of the City’s election to purchase the Property upon the terms and conditions set forth in the Offer to Purchase. The notice from Developer to the City shall contain a copy of the Offer to Purchase as described in the offer. If the City elects to exercise its right of first refusal, by providing notice to Developer within the time period set forth above, Developer and the City shall proceed to close the transfer of the Property in the time period for the closing as set forth in the Offer to Purchase. In the event that the City fails to provide Developer with notice within the time period set forth above, Developer may transfer the Property free and clear of the terms of the Right of First Refusal. In the event that neither the City nor a third-party purchaser closes on the purchase of the Property pursuant to any offer to purchase, the Right of First Refusal shall renew and continue in effect with respect to subsequent Offer(s) to Purchase.

16. Miscellaneous.

A. Assignment. Developer shall not have the right to assign this Agreement to any other party without the prior written consent of City, in City’s sole discretion. No assignment of this Agreement shall serve to release Developer from any liability or obligations under this Agreement.

B. Recording. Recording of this Agreement is prohibited except as allowed in this paragraph. At the request of either party, the parties shall promptly execute and record, at the cost of the requesting party, a short form memorandum describing the Property and stating restrictions related to ad valorem real estate taxes contained in paragraph 13 above, the Termination Date, and other information the parties agree to include, and

C. Joint Review Board. Developer acknowledges that the City will send a copy of this Agreement, executed by the parties, to the Joint Review Board for the TID, as required by Wisconsin Statutes, Section 66.1105(2)(f)(2)(d).

D. Notices. All notices must be in writing and must be sent by United States registered or certified mail (postage prepaid) or by an independent overnight courier service, addressed to the addresses specified below:

Developer: Elk Creek Architectural, LLC
Attn: Mark Goffin
9290 County Road A
Wausau, WI 54401

City: City of Wausau
Attn: Clerk
407 Grant Street
Wausau, WI 54403

Notices given by mail are deemed delivered within (3) three business days after the party sending the notice deposits the notice in the United States Post Office. Notices delivered by

courier are deemed delivered on the next business day after the party delivering the notice timely deposits the Notice with the courier for overnight (next day) delivery.

E. Severability. If any covenant, condition, provision, term or agreement of this Agreement is, to any extent, held invalid or unenforceable, the remaining portion thereof and all other covenants, conditions, provisions, terms, and agreements of this Agreement will not be affected by such holding, and will remain valid and in force to the fullest extent by law.

F. Governing Law. This Agreement is governed by, and must be interpreted under, the internal laws of the State of Wisconsin. Any suit arising or relating to this Agreement must be brought in Marathon County, Wisconsin.

G. Time is of the Essence. Time is of the essence with respect to this performance of every provision of this Agreement in which time of performance is a factor.

H. Relationship of Parties. This Agreement does not create the relationship of principal and agent, or of partnership, joint venture, or of any association or relationship between the City and Developer.

I. Captions and Interpretation. The captions of the articles and sections of this Agreement are to assist the parties in reading this Agreement and are not a part of the terms of this Agreement. Whenever required by the context of this Agreement, the singular includes the plural and the plural includes the singular.

J. Counterparts/Electronic Signature. This Agreement may be executed in several counterparts, each of which shall be deemed an original but all of which counterparts collectively shall constitute one instrument representing the agreement among the parties. Facsimile signatures and PDF email signatures shall constitute originals for all purposes.

IN WITNESS WHEREOF, the parties hereto have executed this Agreement.

ELK CREEK ARCHITECTURAL, LLC

By: _____
Mark Goffin, Authorized Member

CITY OF WAUSAU

By: _____
James E. Tipple, Mayor

Attest: _____
Toni Rayala, Clerk

EXHIBIT A
Legal Description of Property

Parcel A:

Lot one (1) of Certified Survey Map No. 14751 recorded in the office of the Register of Deeds for Marathon County, Wisconsin, in Volume 66 of Certified Survey Maps on page 23, as Document No. 1474431; being Lots five (5), six (6) and seven (7) in Block sixteen (16) of the Original Plat of the City of Wausau, Marathon County, Wisconsin; subject to easements of record.

AND

Parcel B:

That part of Lots two (2) and three (3) in Block sixteen (16) of the Original Plat of the City of Wausau, Marathon County, Wisconsin, described as follows:

Commencing at the West $\frac{1}{4}$ corner of said Section 25; thence South $00^{\circ}04'41''$ East, along the West line of the SW $\frac{1}{4}$ of said Section 25, 2629.66 feet to the Southwest corner of said Section 25; thence North $43^{\circ}33'21''$ East, 1077.15 feet to the Northwest corner of said Block 16; thence South $85^{\circ}12'04''$ East, along the North line of said Block 16, 242.24 feet to the East line of said Block 16; thence South $04^{\circ}54'33''$ West. Along said East line, 121.82 feet to the North line of Lot 4, said Block 16; thence North $85^{\circ}16'32''$ West, along said North line and along the North line of said Lot 3, 118.50 feet to the point of beginning; thence South $04^{\circ}43'28''$ West, 0.12 feet; thence North $85^{\circ}16'32''$ West, 20.20 feet; thence North $04^{\circ}43'28''$ East, 0.12 feet to the North line of said Lot 2; and thence South $85^{\circ}16'32''$ East, along said North lines of Lot 2 and 3, 20.20 feet to the point of beginning.

PIN: 37-291-4-2907-253-0279

EXHIBIT B
Form of Quit Claim Deed

DRAFT

EXHIBIT C
Continuing Guaranty (Limited)

DRAFT

EXHIBIT D
Project Narrative

DRAFT

EXHIBIT E
Project Cost Breakdown

DRAFT

EXHIBIT F
Schedule

DRAFT



City of Wausau TIF Application

Please complete the following information and return it along with a \$125 fee made payable to Community Development.

DEVELOPER

Legal Entity: Elk Creek Architectural, LLC

d/b/a:

Main Office Location: 9290 County Road A, Wausau, WI 54401

Type of Business: Residential/Commercial Architectural Woodworking

Project Description: The Wausau Club is a treasured and beloved icon to the citizens of Wausau and is not merely an important piece of our history, but rather a constant and evolving reflection of our culture. The facility will be converted into a symbiotic mercantile space consisting of a destination spa, wine bar & cellar, gallery, design center, bakery & café, and special events hall. (*See Project Deliverables*) and (*Operation Budget Projections*)

Reason for Application Assistance: In line with the goals, objectives, and strategies of the TIF guidelines for the City of Wausau, this funding will insure the entire scope of the project funding and sources. Without this funding the project will likely hit a headwall and place in jeopardy the creation of jobs, the reuse and historical revitalization of a property that's history is an identity of this community.

PROPERTY INFORMATION

Parcel 1

Address: 309 McClellan Street, Wausau, WI 54403

Size: .508 Acre

Current Use: Vacant

Current Assessed Value: \$499,000 (2013)

Current Property Taxes: \$0

Parcel 2

Address:

Size:

Current Use:

Current Assessed Value:

Current Property Taxes:

PROPOSED IMPROVEMENTS

Describe improvement details

The Wausau Club building was placed on the list of National Historic Landmarks in 1989. This will result in all work meeting the requirements for the substantial rehabilitation of historic structures as defined by the National Parks Service, division of the Department of the Interior, and the Wisconsin Historical Society. The substantial rehabilitation will upgrade or provide new utilities to service the facility and will be done according to all applicable codes and guidelines, including, but not limited to, local zoning codes, state building codes, and National Parks Service guidelines. In addition, the facility will meet life safety and handicap accessibility requirements. These improvements will not only allow for commercial use, it will regain its original charm and increase the remaining life of the property.

(See Estimated Construction Costs)

RETURN ON INVESTMENT ANALYSIS

Project Costs *(See Sources and Use of Funds)*

	Amount (\$)	Source of Funds
Purchase of Land	1	
Demolition Cost		
Site Improvements		
Purchase of Existing Facility	0	
Construction of New Building(s)		
Renovation of Existing Structure	1,095,855	
Machinery & Equipment	27,395	
Architectural & Engineering Fees	54,793	
Legal & Other Professional Fees	134,242	
Contingency	215,086	
Working Capital	141,175	
Other (please specify)		
Elk Creek Sweat Equity & Materials	186,000	
Total Project Costs	1,854,547	

Value of Property

- Lot Size (in acres): .508
- Improvement Square Footage: 26,824
- Current Assessed Values: Land \$324,000 + Improvements \$175,000 = \$499,000
- Calculated Property Value: Land \$324,000 + Improvements \$555,000 = \$874,000

Projected Property Taxes

- Current Property Taxes: \$0
- Calculated Property Taxes: \$12,250 - \$21,063
- Calculated Tax Increment: 24.10 mil rate (2014) 25.06 mil rate (2005)

Zoning:

- Current Zoning: Commercial/Country Club
- Proposed Zoning: Commercial

Requested City Participation/Financing

Source	Amount	Terms: Years/Interest	Contact Information
Loans:			
Equity			
Requested City Participation:			
Loan:	\$525,000	30/0%	
Grant:	\$150,000		
Other:			
Total Financing	\$675,000		

CDI Grant (\$500,000) n/a WEDC
TOTAL CITY RISK \$175,000 Less than 9.5% of Project Cost (\$1,854,547)

City of Wausau ROI:

1. Creation of 25-36 jobs resulting in an estimated economic impact of \$491,425 to \$728,528. (See Job Creation)
2. Reduction of Leakage in the marketplace. (See Leakage & Market Sales Analysis)
3. Increased Tax Base. (See Other Considerations)
4. City risk mitigated with CDI Grant and may develop a perpetual loan fund for future projects.

Jobs Created

- Up to \$15,000: _____
- \$15,001-\$30,000: 25-36 Jobs
- \$30,001-\$45,000: _____
- \$45,001-\$60,000: _____
- \$60,001 and above: _____
- Description of Employee benefits:
- Please return to Community Development, Attn: Megan Lawrence, 407 Grant Street, Wausau, WI 54403.



The Mercantile

A house of culture

Presented By

ELK CREEK
Architectural

Project Deliverables

Included in this section are:

1. Floor Plan Concept Drawings (Main Level)
2. Floor Plan Concept Drawings (Lower Level)
3. Floor Plan Concept Drawings (Upper Level)
4. Sources and Use of Funds
5. Project Timetable

We have proposed in the Floor Plan Concept Drawing (Main Level) our preferred scenario of retail space including a wine bar, gallery with outdoor patio seating, and destination salon & spa. The salon and spa space (green) will consist of reception, retail and soft seating/lounge area, salon floor, manicure and pedicure bar, treatment rooms, and back-of-house area. The wine bar & gallery (brown) will consist of a beautifully re-created 1920's bar, hand crafted tables and soft seating, allowing guests to admire locally crafted art and furniture throughout the bar/gallery all the while enjoying wine and craft brews. We envision the gallery to offer support to the CVA with exhibits or pieces too large for its facility. The remainder of the main level will consist of common area (Orange) to include the grand staircase, restrooms, corridor and elevator.

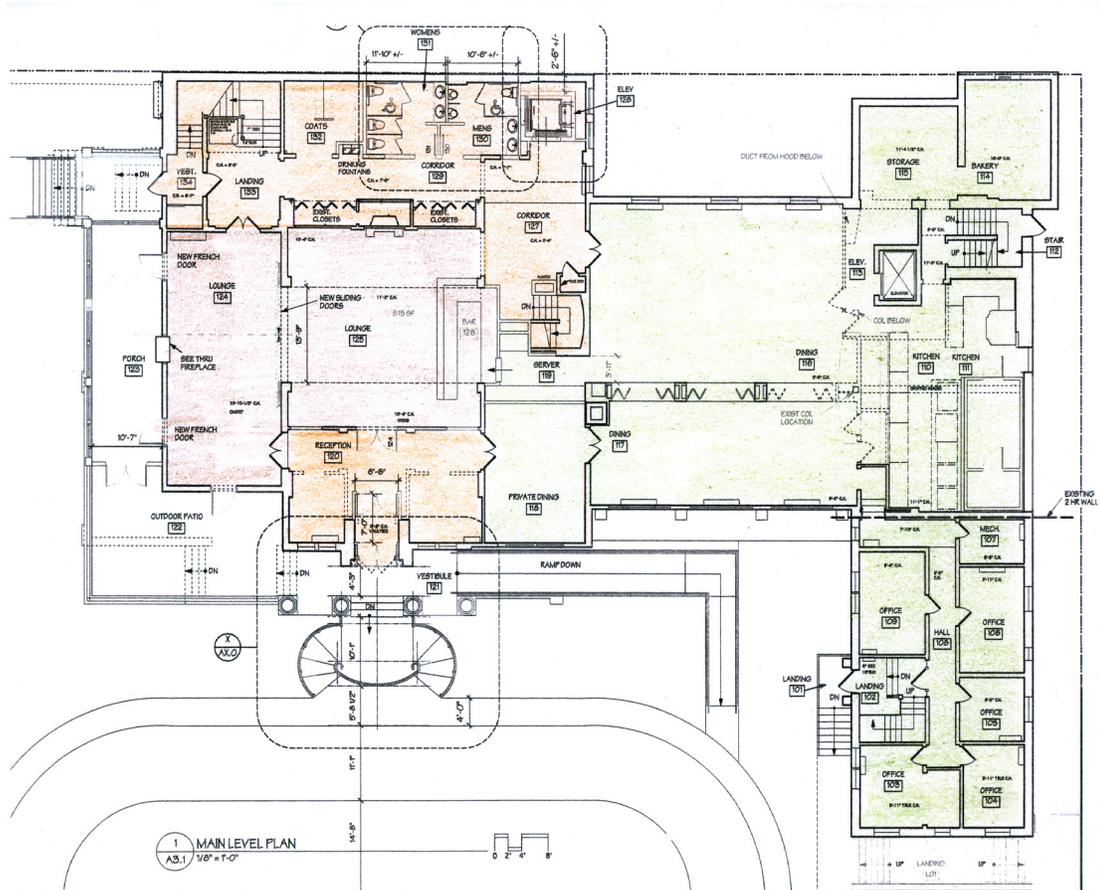
The Floor Plan Concept Drawing (Lower Level) is less a preferred scenario than it is a necessary layout. Due to the existing floor plan and previously completed work, the kitchen (Mustard) and bakery & café (Purple) will be located in applicable areas. The wine cellar (Brown) will conveniently utilize space below the wine bar with direct access achieved through a connecting staircase. With the exception of storage/laundry (Green) and mechanical (Red), the common areas (Orange) make up the remainder of the lower level. There is some unused space (White) that may be proposed as additional mercantile space. We envision specialty retail shops geared to the male demographic, an element almost absent in the River District.

We have further proposed in the Floor Plan Concept Drawing (Upper Level) our preferred vision for office space, design center, and special events hall. The north wing (Purple) will host a conference room and offices space. The design center (Mustard) will provide a functioning space for wedding and special event planning, as well as lounge area during such events. The ballroom/stage (Rose) is ample space to conduct corporate retreats, intimate weddings, yoga & meditation, and even act as a platform for performance artists and musicians. Again, common areas (Orange) make up the remainder of the upper level with a sufficient area planned for back-of-house and mechanical (Red).

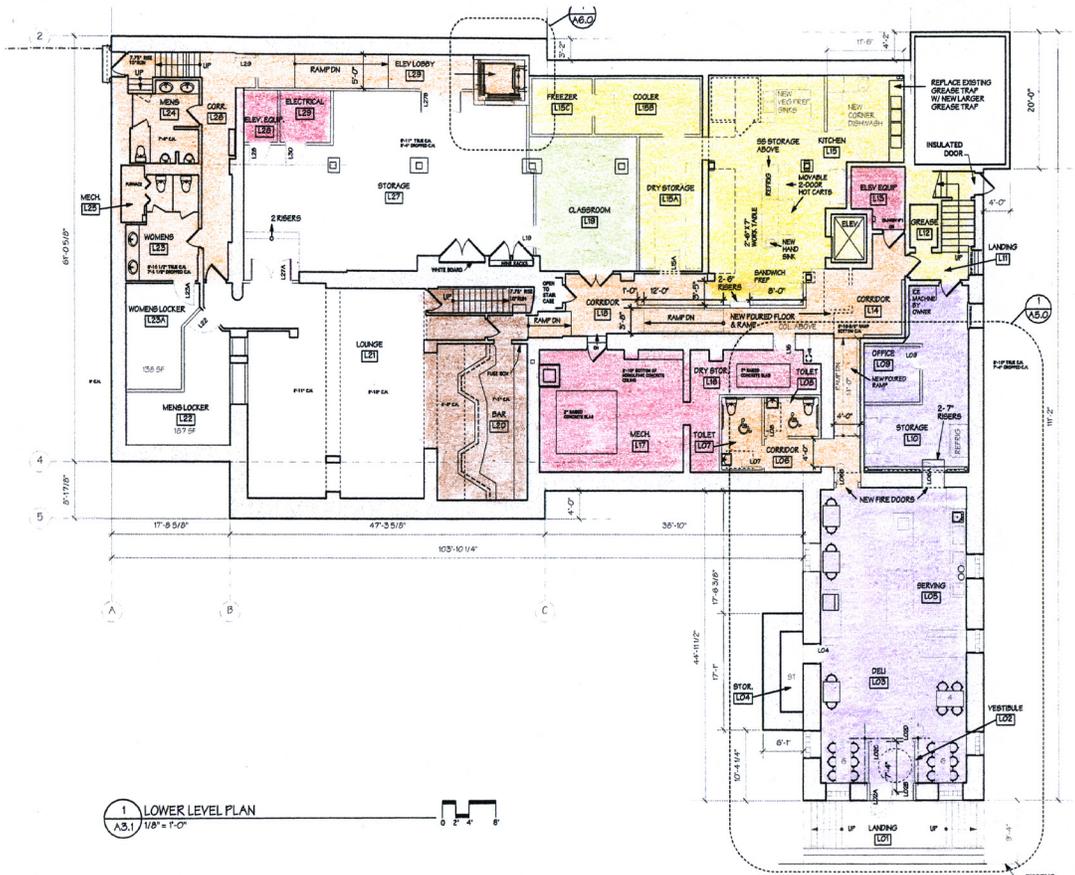
In terms of predicted vulnerabilities, there are always uncertainties which exist at this stage of the redevelopment of an historic property. Among them are environmental unknowns, surprises that come with more in-depth investigation of the structure, and hence, funding uncertainties. Upon being selected as developer, Elk Creek would undertake a site analysis to determine any environmental or structural issues. This would provide a better understanding of costs moving forward in our funding requests. Although our timeline assumes the completion of Due Diligence and funding award dates, these are arbitrary, and may extend longer. It is our desire to partner with the City in such a manner to allow refining our funding requests, if required.

As stated earlier, Elk Creek will not paint itself as an experienced developer. However, we wish to convey to City staff and leaders that Elk Creek and its owner have roots that are deeply embedded in soil of this community with a vested interest in the Main Street/River District. We have been involved in hundreds of projects in the Wausau area, many of them involving commercial entities. Our track record is driven by our passion for historic preservation, unique vision, design and reuse.

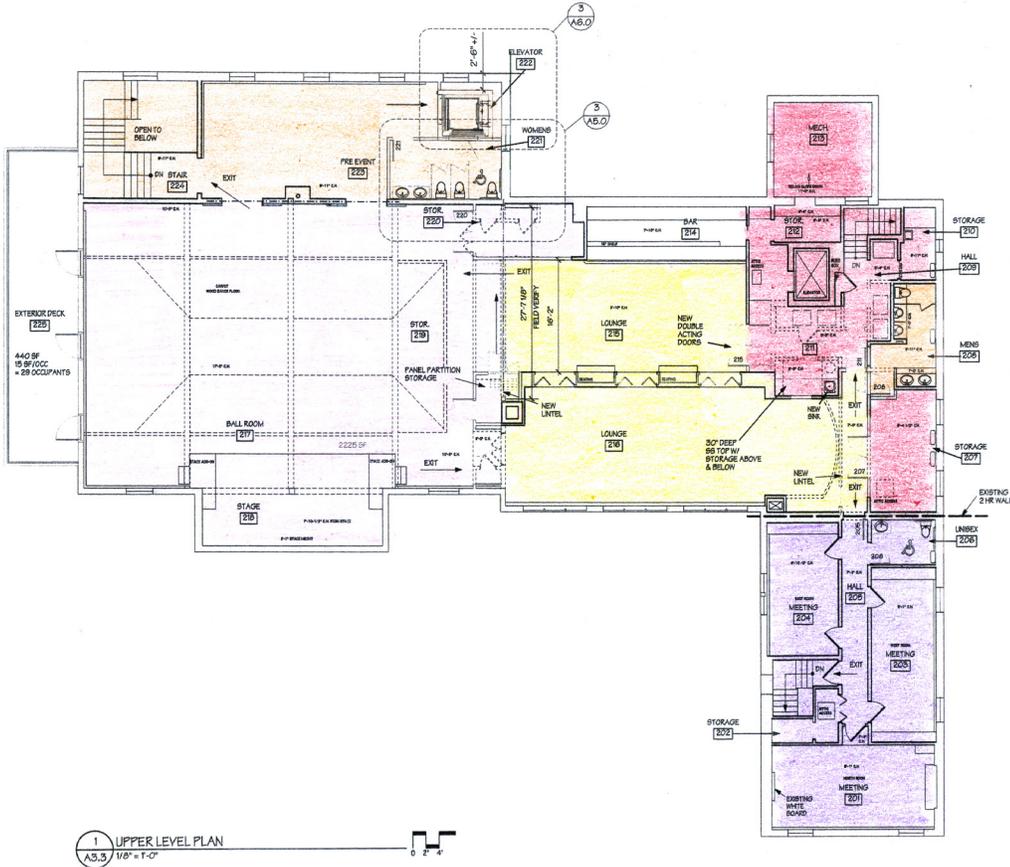
Floor Plan Concept Drawings (Main Level)



Floor Plan Concept Drawings (Lower Level)



Floor Plan Concept Drawings (Upper Level)



Operation Budget Projections

1. Rent Schedule (Figure 5):

Rent Schedule
(Figure 5)

PHASE	ENTITY		SF	RENT		TOTAL		FUTURE
1	Salon		4000	2000		2000		3000
2	Wine/Pub		4000	2000		2000		3000
2	Cellar		1200	600		600		900
2	Office		1000	500		500		750
2	Events		4000	2000		2000		3000
3	Bakery		3000	1500		1500		2250
3	Design		3500	1750		1750		2625
4	Lower		3000	1500		1500		2250
TOTAL			23700	11850		11850		17775

2. Operating Budget

	\$ 142,200	
	(4050)	Annual (\$11,850/Month) Vacancy/Bad Debt
	137,950	Effective Gross
	(64,600)	Operating Expense:
		6,600 Admin & Expenses
		15,000 Maintenance & Repairs
		3,000 Common Utilities
		26,000 Property TX (\$12,000)
		12,000 Insurance (\$6,000)
		2,000 Reserve
	73,350	Net Before Debt
	(18,000)	Debt 1 \$525,000 0%/30yr
	(25,680)	Debt 2 \$257,000 5%/20yr
	29,670	Cash Flow
	14,000	Initial Property TX Reserve
	6,000	Initial Insurance Reserve
	(32,100)	Expected Float on HTC
	\$ 17,570	End Cash Flow

3. Showing cash flow at \$.50 per sf lease rate (warrants start-up & success of Tenants)

4. HTC carrying costs of \$32,100 later distributed to graduating Property TX & Insurance

Estimated Construction Costs

\$1,095,855

1. All systems sub-contractors have agreed and planned to 'birdcage' the systems' designs in order to accommodate performing phase work.
2. Elevator Pit & Shaft \$135,000
 - a. Required roof modification?
 - b. Miron - tower shaft per IRS?
3. Fire Sprinkler System \$117,000
 - a. Exposed system in basement
 - b. Concealed system 2nd/3rd floors
 - c. Dry stem system in attic
 - d. 4" water main variance
 - e. Bid \$4.50 sf /as low as \$3.50 sf
4. Construction/Utility rework required \$73,000
5. Plumbing & Fixtures \$167,000
 - a. (6) public ADA restrooms
 - b. (1) full kitchen
 - c. (1) dispense & laundry
 - d. (2) full beverage bar
6. HVAC \$126,000
 - a. (7) separate units allow separation of systems
7. Electrical \$88,400
 - a. Existing Electrical is usable
 - b. Each unit/entity will have separate utility
 - c. New & required estimated at \$3.40 sf
8. Security & Systems \$21,000
 - a. Basic Security w/remote access
 - b. Integrated with Fire & Sprinkler
9. Kitchen \$77,000
 - a. Equipment & Supplies in used/excellent condition
 - b. Restoration and install
10. Renovation Material & Labor \$291,455

*Additional items not included in the Uses of Funds:

Items budgeted through \$186,000 in equity labor & improvement (not listed in Source of Funds) and approved by The Wisconsin State Historical Society, IRS, and the Financial Institution are: any and all labor provided to rehabilitate, maintain and add value to the building and grounds. It has been suggested that improvements ineligible for Historic Tax Credits (HTC), such as landscaping, be performed as 'sweat equity'. Although interior painting, cleaning and permanent furnishings (millwork) are eligible for HTC's, these will be performed as equity labor as well.

Sources and Uses of Funds

SOURCES

First Mortgage	\$	257,055
Partnership Investment-Federal Historic Tax Credits		321,030
Partnership Investment-State Historic Tax Credits		321,030
Wisconsin Economic Development Grant		93,565
TIF Funding (5-20%)		150,867
Wausau City Loan (30 years, 0%, deferred)		525,000

TOTAL SOURCES

	\$	1,668,547
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USES

Land & Building	\$	1
Construction		1,095,855
Contingency		109,586
Architectural & Engineering		54,793
Interim Costs		71,230
• Construction Insurance		
• Construction Interest		
Financing Fees and Expenses		23,012
• Construction Loan Origination Fee		
• Title & Recording Costs		
• Other Related Expenses		
Related Costs		27,395
• Includes unforeseen construction costs		
○ Damaged equipment		
○ Vandalism & theft		
○ Engineering resolutions		
Syndication Costs		40,000
• Legal and Accounting Costs involved in the founding of a Master Tenant, LLC between the Developer and Federal HTC Investor (Bank).		
Developers Overhead		141,175
Project Reserves		105,500

TOTAL USES

	\$	1,668,547
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Job Creation & Economic Impact

1. Job Creation & Economic Impact
 - a. The Mercantile is projecting the creation of 25-32 positions
 - i. Banquet – 4
 - ii. Wine Bar & Cellar – 5
 - iii. Café – 6
 - iv. Salon & Spa – 6
 - v. Design/Gallery – 1
 - vi. Hobby – 2
 - vii. Hospitality – 2
 - viii. Management & Maintenance – 2
 - ix. Temporary construction positions are not included in these projections
 - b. WEDC generated a report estimating the economic impact of:
 - i. \$491,425 for 25 jobs in those sectors
 - ii. \$728,528 for 36 jobs in those sectors
 - c. Scenario results by WEDC (Figure 7) represent the economic impact of a salon expansion. Terradea Salon & Spa has the potential to create an additional 6 positions prior to the completion of The Mercantile, augmenting the economic impact.

Local impact for 22 positions within the Wausau Club:

Aggregate Changes

\$491,425 <small>Change in Earnings 1.25 Multiplier</small>	25 <small>Change in Jobs 1.13 Multiplier</small>	\$19,788 <small>Average Earnings Per Job (2011)</small>
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For 32 positions, the impact would be:

Aggregate Changes

\$728,528 <small>Change in Earnings ⓘ 1.25 Multiplier</small>	36 <small>Change in Jobs ⓘ 1.13 Multiplier</small>	\$20,129 <small>Average Earnings Per Job (2011) ⓘ</small>
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Changes to Beauty Salons (812112)

\$123,481 <small>Change in Earnings 1.18 Multiplier</small>	6 <small>Change in Jobs 1.12 Multiplier</small>	\$22,049 <small>Average Earnings Per Job (2011)</small>
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Leakage & Market Sales Analysis

As described in the 2012 Market Profile, developed by the River District of Wausau, the demand for retail services within a 10-mile radius of the River District provides substantial development opportunities due to leakage in the marketplace (Figure 3).

- Furniture & Home Furnishings has a 55% leakage rate. The Mercantile’s design center will cater to the discerning shopper with fine hand crafted furniture and cabinetry, leather pieces, art of all mediums, fixtures, and accents to provide an eclectic flare so desired, yet so limited in the River District.
- Food & Beverage Stores have a 42% leakage rate. The Mercantile’s bakery, café, wine bar, cellar and craft brews will help fill the void. On Saturday, July 26th, 2014, CBS Morning News aired a piece on the growing interest in wine in the U.S. People are falling in love with wine! In 2013 the wine sales in the U.S. topped 36 billion dollars; more than any other place in the world. With the increase in so-called wine bars, cropping up in places outside of the ‘big city’, Americans are finding the opportunity to be educated and sample a multitude of wines without the cost of full bottle trial & error. This industry is just beginning to toast its own success.
- Health & Personal Care has a 32% leakage rate. Terradea Salon & Spa’s rate of growth has surpassed the capacity of its current location at 608 3rd Street. The Mercantile would support the expansion and allow Terradea to position itself as a destination spa. Terradea also plans to develop a small fair trade boutique within its retail area. Terradea has tested this market at the North Star location and we strongly sense that it will be a success in The Mercantile as well.
- Sporting, Hobby, Book & Music Stores have a 55% leakage rate. The Mercantile’s gallery, sport memorabilia, and events hall will potentially slow the ‘leak’ in this sector. Many options are on the table, with the consideration on our minds of ‘what is missing’ in the River District.

(Figure 3)



Other Considerations

2. Tax Revenue – Future
 - a. 2014-15 \$0
 - b. 2016 \$12,250
 - c. 2017-18 \$18,630
 - d. 2019-? \$26,474
3. Tax Revenue Losses since 2004
 - a. 2005 the taxes were \$21,010 and in 2008 the taxes were \$7,929. In the years 2006-2007 no taxes were paid. Therefore, between \$15,858 and \$42,020 was absent from tax revenue for the City. In 2014 there will be no tax imposed, and possibly the same for 2015 as well, which would account for another \$15,858-\$42,020 loss.
4. Economic Impact Losses since 2004
 - a. 10 years of idle use has cost the City of Wausau an estimated \$4.9 million in wage economic impact from potential job creation alone. Factor in the leakage and potential annual consumer spending of \$3.1 million (conservatively figured, half of the potential annual revenues generated by the suggested Mercantile entities); the losses quickly rise to over \$35 million.
 - b. Independentwestand.org, a site recommended by WEDC displays the statistic that if every family unit in the Wausau metro area spent just \$10 a month with a locally-owned, independent business instead of a national chain, over \$4,341,773 would be directly returned to the Wausau community. That means better schools, better roads, more police, fire and rescue departments and stronger local economy. When you spend \$100 with a national chain, \$43 returns to the local economy versus \$68 when spent at an independent business due to the revolving effect of continued local spending. Add that potential effect to the respected losses in (4a).
 - c. These figures and examples simply represent how the investment or lack of investment, by the City, into local business opportunity has a profound effect not only on the local economy, but the City's ROI as well.
5. Success Scenario over 30yr period
 - a. City loan repaid \$525,000
 - b. Elk Creek Investment of \$968,000 and the City investment of \$150,000 into The Mercantile has the following economic impact (in today's dollars):
 1. \$14.7 million in wages
 2. \$750,000 in property tax revenue
 3. \$186 million in potential annual average revenue
 4. \$\$ Millions more in revolving local revenue