



Legislation Details (With Text)

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File created:	10/4/2011	In control:	BOARD OF ESTIMATES (ended 4/2017)		
On agenda:	10/18/2011	Final action:	10/18/2011		
Enactment date:	10/21/2011	Enactment #:	RES-11-00886		
Title:	Authorizing the acceptance of a loan in the amount of \$1.5 million from the Wisconsin Department of Natural Resources and the issuance of a general obligation promissory note for the purpose of assisting in the remediation and demolition of the former Royster Clark property, and authorizing the loaning of such funds to RDC Development, LLC.				
Sponsors:	Larry Palm				
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Date	Ver.	Action By	Action	Result
10/18/2011	1	COMMON COUNCIL	Adopt Unanimously	Pass
10/10/2011	1	BOARD OF ESTIMATES (ended 4/2017)	RECOMMEND TO COUNCIL TO ADOPT (15 VOTES REQUIRED) - REPORT OF OFFICER	Pass
10/4/2011	1	COMMON COUNCIL	Refer	Pass
10/4/2011	1	Attorney's Office	Referred for Introduction	

Fiscal Note

The resolution requires an amendment to the 2011 Adopted Budget for the Department of Planning, Community and Economic Development to reflect \$1.5 million in loan proceeds received from the Wisconsin Department of Natural Resources (DNR) and an equal appropriation amount for the payment to the developer. The loan conditions require that the City provide a general promissory note that pledges the full faith and credit of the City to repay the \$1.5 million loan from DNR in the event that the loan is not repaid by the developer.

The promissory note will require that the City designate a portion of general fund reserves equal to the remaining principal on the loan until it is repaid. The undesigned general fund balance as of December 31, 2010, is \$29.6 million. The initial designation of \$1.5 million represents 5% of the the undesignated balance. As the loan principal is repaid by the developer, the amount set-aside in the general fund balance will be reduced.

Title

Authorizing the acceptance of a loan in the amount of \$1.5 million from the Wisconsin Department of Natural Resources and the issuance of a general obligation promissory note for the purpose of assisting in the remediation and demolition of the former Royster Clark property, and authorizing the loaning of such funds to RDC Development, LLC.

Body

The Wisconsin Department of Natural Resources (DNR) administers the Ready to Reuse Program under which it offers zero interest loans to local governments to help clean up environmental contamination at eligible brownfield sites. On behalf of RDC Development, LLC ("Developer") the City applied to the DNR for a Ready to Reuse loan to assist Developer in the remediation and demolition of the former Royster Clark property (the "Property"). The City's application was approved, and the DNR has agreed to loan the City up to

\$1.5 million (the "Loan"). The Loan is zero interest and matures in 2026. A Schedule of Payments is set forth below. To secure repayment of the Loan, the City must issue a general promissory note payable to the DNR, pledging its full faith and credit to repay the Loan. The City plans to loan the DNR funds to Developer to partially assist Developer's remediation and demolition of the Property. The approximate cost of the remediation and demolition exceed \$4 million. Developer will be obligated to repay the City on the same terms as the City is obligated to repay the DNR.

The DNR Loan requires that the City provide matching funds of 22% of the Loan to the project. On May 17, 2011 and July 5, 2011, the Common Council adopted resolutions authorizing the City to provide a BREWD grant to Developer to assist in the remediation and demolition of the Property. The BREWD grant funds may be counted towards the City's match requirement, and when combined with private equity from Developer, will satisfy the DNR's match requirement.

NOW THEREFORE, BE IT RESOLVED, that the Common Council hereby authorizes the City to accept a Ready to Reuse Brownfields Cleanup loan in an amount not to exceed \$1.5 million for the purpose of assisting in the remediation and demolition of the Royster Clark site, to execute a loan agreement with the DNR in a form approved by the City Attorney and to issue a general obligation promissory note payable to the DNR on the following terms:

1. The Loan shall be zero interest and payable on the following dates and in the amounts set forth below:

<u>Payment Date</u>	<u>Principal Payment Amount</u>
July 1, 2015	\$50,000
July 1, 2016	\$50,000
July 1, 2017	\$100,000
July 1, 2018	\$100,000
July 1, 2019	\$100,000
July 1, 2020	\$100,000
July 1, 2021	\$100,000
July 1, 2022	\$100,000
July 1, 2023	\$200,000
July 1, 2024	\$200,000
July 1, 2025	\$200,000
July 1, 2026	\$200,000
Total	\$1,500,000

2. The City shall execute a general obligation promissory note payable to the DNR in the amount of the Loan (the "Note").

3. The Loan may be used solely for the eligible expenses of remediating and demolishing the former Royster Clark Property.

4. The City irrevocably pledges its full faith and credit to the punctual payment of the principal on the Note. The Note shall be a direct and general obligation of the City, and the City shall be obligated to levy ad valorem taxes upon all the taxable property in the City for the payment of the Note.

NOW THEREFORE, BE IT FURTHER RESOLVED, that the Common Council hereby authorizes a loan in the amount of \$1.5 million to RDC Development, LLC, and authorizes the Mayor and Clerk to execute a loan agreement with Developer on the following terms and conditions:

1. Developer shall use the loan funds solely for the purpose of paying DNR eligible expenses of remediating and demolishing the former Royster Clark property.
2. Developer shall assume all of the City's obligations to the DNR.
3. Developer shall execute a promissory note payable to the City in the amount of the Loan payable on the same terms as the City's repayment to the DNR.
4. Developer shall provide the City with a first mortgage lien on the Property. The City may execute partial releases from and/or subordination of the mortgage upon Developer's partial payments of the Note.
5. Developer shall ensure that all laborers working on the project are paid in accordance with Davis Bacon wage rates.
6. Developer shall complete the work funded by the DNR loan on or before December 30, 2012, unless extended by the DNR.

NOW THEREFORE, BE IT STILL FURTHER RESOLVED, that the Mayor and Clerk are hereby authorized to

execute any and all documents necessary to carry out the purposes of this Resolution, all in a form approved by the City Attorney.