



**TWO  
RIVERS**  
WISCONSIN

## MEMORANDUM

**To:** City Council

**From:** Gregory E. Buckley  
City Manager

**Date:** October 18, 2024

**Subject:** TID 12 Developer Grant Agreement With Milkweed Ventures LLC for Violet Inn Lounge and Spa Project, 1415 16<sup>th</sup> Street

Attached is the proposed development agreement for the above-cited project, which is a very ambitious, very exciting adaptive re-use of the former Two Rivers Elks Club/Club Atlantis/920 Lounge property--an historic downtown property that has become an abandoned, blighted property in recent years.

This project was anticipated in Amendment No. 2 to the TID 12 Project Plan, which was approved in May of this year. The proposed grant is to be disbursed on a "pay as you go" basis, over a period of up to 20 years, in an amount totaling up to \$130,000 total (no interest applicable), from additional property taxes generated from this specific development site.

This investment of TID 12 funds is leveraging a private investment of at least \$1.5 million, primarily from private sources. The project has also been approved for a \$200,000 loan from the City's Economic Development Loan Fund, approved by the BIDC in March of this year.

The agreement as presented is largely complete, except for updates to Exhibits B and C, the Project Plans and Budget, which will be distributed at Monday's meeting.

I recommend City Council Approval of this agreement, which provides an incentive amounting to less than 9 percent of the total project investment and will have a significant impact for Two Rivers' downtown/waterfront.

\_\_\_\_\_

**DEVELOPMENT AGREEMENT  
BY AND BETWEEN**

\_\_\_\_\_

**THE CITY OF TWO RIVERS AND MILKWEED VENTURES, LLC**

**SECTION 1: PREAMBLE**

This Agreement (“Agreement”) is made as of the \_\_\_\_\_ day of \_\_\_\_\_, 2024 between the City of Two Rivers, Wisconsin, a municipal corporation (hereinafter “City”) and Milkweed Ventures, LLC, a Wisconsin limited liability company (hereinafter “Ventures”). The parties are collectively referenced hereinafter as “The Parties.”

The City wishes to assist in the successful redevelopment of 1415 16<sup>th</sup> Street, Two Rivers, WI 54241, the “Development Site”, a blighted property, to enhance the tax base and job opportunities in the community, further known by the legal description and images included as Exhibit A and incorporated herein. To that end, City has amended, effective May 30, 2024, the Project Plan for Tax Incremental District No. 12 (“TID 12”). Said amendment was submitted on August 20, 2024, to the Wisconsin Department of Revenue for its review and approval as required by Wisconsin law.

Project Plan Amendment Number 2 for TID 12 specifically provides for a TID cash grant of up to \$130,000 to Ventures to assist in financing the “Project,” as described herein.

Ventures proposes to renovate the building at the Development Site. The “Project” as defined herein, is converting the former bar into a boutique hotel, containing six rooms, with spa amenities, and a cocktail lounge to be open to the public and hotel guests. The plans are attached as Exhibit B and incorporated herein. Ventures estimates the total cost of the proposed improvements to be approximately \$1,500,000, per the Project Budget attached hereto as Exhibit C. These estimates include the costs already incurred by Ventures for site acquisition.

Ventures has represented and hereby affirms, that the Project is contingent upon City assistance in the form of the “TID 12 Cash Grant” as described herein.

By Wisconsin State Statute, Section 66.1105(2)(f)(2)d, the terms for any TID-funded cash grant to Ventures must be addressed in a written economic development grant agreement. This Agreement is to serve as such agreement and is subject to be approved by the City Council.

**SECTION 2: DEFINITIONS**

**Certain Definitions.** In addition to the terms defined elsewhere in this Agreement, the following terms as used herein shall have the following meanings:

**(1) "Development Site"** is defined as the project location of 1415 16<sup>th</sup> Street, Two Rivers, WI 54241, which consists of one parcel, further described by the legal description attached hereto as Exhibit A and incorporated herein.

**(2) "Available Tax Increment"** means, for any given Revenue Year, an amount equal to the Tax Increment attributable to the Development Site, which shall be calculated by subtracting Base Taxes for the Development Site from the property taxes attributable to the Development Site for the Revenue year in question.

**(3) "Base Taxes"** means the real property taxes payable for Tax Year 2024 based on the assessed value of the Development Site as of January 1, 2024.

**(4) "City Assistance"** means the TIF Grant described herein.

**(5) "Memorandum"** means a short form memorandum of this Agreement recorded in the office of the Manitowoc County Register of Deeds. The parties agree that the form of memorandum attached hereto as **Exhibit D** is acceptable to both parties.

**(6) "Private Financing"** means private equity, bank loans or financing from other, non-City sources necessary to fully fund the Project Budget attached hereto as Exhibit C

**(7) "Project"** means the renovation of 1415 16<sup>th</sup> Street into a boutique hotel, lounge, and spa along with the improvements identified in Exhibit B, the "Project Plans".

**(8) "Project Commencement Deadline"** December 31, 2024

**(9) "Project Completion Deadline"** means December 31, 2025

**(10) "Revenue Year"** means any calendar year in which the City is reasonably expected to receive the revenue for such calendar year by reason of the actual payment of real estate taxes. By way of example, 2026 is the Revenue Year for the 2025 Tax Year based on the real estate valuation as of January 1, 2025.

**(11) "Tax Year"** means each calendar year for which real and personal property taxes are levied.

**(12) "TIF Grant"** means a "pay as you go" grant of the Available Tax Increment for development of the Project in the amount of \$130,000.

**(13) "TIF Grant Installment Amount"** for each Revenue Year (commencing in Revenue Year 2027) means the Available Tax Increment for such Revenue Year which has been appropriated by the City Council to payment of the TIF Grant provided, however, that in no event shall the

cumulative total of all such TIF Grant Installment Amount payments exceed the total TIF Grant.

**(14) "TIF Grant Payment Deadline"** means December 1, 2027, for Revenue Year 2027, and on each anniversary thereof for each subsequent Revenue Year.

**SECTION 3: OBLIGATIONS OF VENTURES.** Ventures shall:

- A. Secure all necessary Private Financing for the Project (including a firm commitment for permanent take-out financing for any construction financing) as defined herein, and shall provide proof of such financing to the City, not later than December 31, 2024
- B. Obtain all necessary permits and approvals not later than December 31, 2024.
- C. Commence construction of the "Project" not later than December 31, 2024.
- D. Complete the Project not later than December 31, 2025. Completed Project shall include a six-room boutique hotel, spa amenities, and a lounge, as identified in the Project Plans attached hereto as Exhibit B and incorporated herein.
- E. Provide the City with documentation of Ventures' expenditures of at least **\$1,400,000** for the Project between the date of this Agreement and March 31, 2026. Such documentation must be provided to the City not later than April 30, 2026, and shall consist of copies of contractor and vendor invoices and copies of deposited checks or other documentation acceptable to the City, as confirmed by the City in writing, evidencing the payment of such invoices.
- F. Ventures shall not transfer ownership or contract with any other entity for the operation of the Project throughout the term of this Agreement without the express written consent of the City.
- G. Make timely payment of City property taxes, City special assessments and special charges, as well as City utility bills, throughout the term of this Agreement.
- H. Make timely payment of all payments required and otherwise comply with all provisions of any Loan Agreement between Ventures and the Business and Industrial Development Authority of the City of Two Rivers and/or the City of Two Rivers, and the Promissory Note executed by Ventures pursuant to that Loan Agreement.

Ventures must comply with Obligations A. through H. above to maintain its qualification for the grant assistance addressed in this Agreement. Failure to do so may result in the City declaring Ventures in default of this Agreement and withholding TID 12 grant payments pending such a default being cured. Failure by Ventures to cure such defaults in a timely

manner may result in the City terminating this Agreement. Upon termination of this Agreement, any TID 12 grant funds already paid to Ventures by the City shall be immediately due and payable by Ventures to the City.

**SECTION 4: OBLIGATIONS OF THE CITY.**

- A.** Provided that (a) Ventures is not in default of its obligations with this Agreement or its private financing and (b) Project Completion was achieved on or prior to the Project Completion Deadline; the City shall pay to Ventures the TIF Grant in installments each Revenue Year, beginning in 2027, based on the Available Tax Increment for such Revenue Year and subject to the terms and conditions herein. This obligation shall be contingent upon the approval of Amendment No. 2 to the TID 12 Project Plan by the Wisconsin Department of Revenue, as submitted by the City on August 20, 2024.
- B.** The TIF Grant shall be payable solely from each Available Tax Increment which has been received and retained by the City in accordance with the provisions of Section 66.1105 of the Wisconsin Statutes and appropriated by the City Council to payment of the TIF Grant. The TIF Grant shall be payable in annual installments on or before the TIF Grant Payment Deadline of each Revenue Year, commencing with Revenue Year 2027 (based on the Available Tax Increment generated in Tax Year 2026) and on each TIF Grant Payment Deadline thereafter (based on Available Tax Increment generated in the immediately preceding Tax Year) in an amount equal to the TIF Grant Installment Amount for the respective Revenue Year; provided, however, that the City may, at its option and in its sole discretion, prepay the TIF Grant in whole or in part at any time.
- C.** If the total TIF Grant Installment Amount payments have been insufficient to pay the full TIF Grant after the scheduled installment payable on or before the TIF Grant Payment Deadline in Revenue Year 2046 (based on the Available Tax Increments generated in 2045), then the TIF Grant shall be deemed paid in full, the obligation of the City to make any further payment shall terminate, and Ventures shall have no right to receive any additional payments.
- D.** The amount of the TIF Grant shall not exceed \$130,000. No interest rate shall be applied to the amount owed to Ventures under the TIF Grant.
- E.** The City makes no representation or covenant, express or implied, that Available Tax Increments will be generated or that they will be sufficient to pay, in whole or in part, the TIF Grant. All Tax Increments received by the City which are not appropriate to pay the TIF Grant may be used by the City for any legally permitted purpose, in its sole discretion. The application of Available Tax Increments to payment of the TIF Grant each year is subject to future annual appropriation by the City Council. The City makes no representation or covenant, express or implied that any non-zero Available Tax Increment will be generated and/or appropriated in any given year, nor does the City

make any representation or covenant as to any aggregate amount of Available Tax Increments to be paid to Ventures. Any Tax Increment which is not appropriated and allocated toward the Available Tax Increment may be used by the City for any legally permitted purpose, in its sole discretion.

- F. Termination of Obligation.** The City's Obligation to Ventures under this Agreement shall terminate, once the City has paid the TIF Grant, in full, or as of December 31, 2046, regardless of whether there remains an outstanding balance, Ventures has not received an aggregate total of \$130,000, or if this Agreement is terminated for any other reason provided herein.
- G.** Additionally, the City's Obligation terminates if the Development Site becomes exempt from real property taxes, in any Tax Year after the date of signing of this Agreement.

#### **SECTION 5: DEFAULT; REMEDIES; FORCE MAJEURE**

- A. Notice of Default and Right to Cure.** In the event of any default in or any breach of this Agreement or any of its terms or conditions by any party hereto, the non-defaulting party shall give written notice of the default to the defaulting party. The defaulting party may then cure such default or breach within thirty (30) calendar days after receipt of such notice. In the event the breach or default cannot reasonably be cured within said thirty calendar day period, the defaulting party shall not be in default, hereunder, if it timely commences to cure such default within said period and diligently pursues the cure and cures the same within a reasonable time thereafter. If the default or breach is not timely cured under this subsection, the non-defaulting party may exercise any right or remedy provided for herein.
- B. Remedies.** Subject to the notice of default and opportunity to cure provisions above, the parties may exercise any rights or remedies provided for by law or equity in the event of any default in or breach of this Agreement by the other party, including but not limited to termination of this Agreement, an action for specific performance and an action for the recovery of damages. All rights and remedies may be exercised independently or concurrently. The election of one remedy does not preclude the pursuit of other remedies, unless otherwise provided for by law.
- C. Waiver.** Any delay by a party in instituting or prosecuting any action or proceeding or otherwise asserting its rights under this Agreement shall not operate as a waiver of such rights or to deprive it of or to limit such rights in any way. The parties intend by this provision that no party should be constrained in its efforts to resolve any issues that may arise, and hereby intend to avoid the risk of being deprived of or limited in the exercise of the remedy provided in this Agreement because of concepts of waiver, laches or otherwise, or to be compelled to exercise such remedy at a time when it may still hope otherwise to resolve the issue created by the default involved.

No waiver in fact made by either party with respect to any specific default by the other party under this Agreement shall be considered or treated as the waiver of the rights of the non-defaulting party with respect to any other defaults by such defaulting party under this Agreement, or with respect to the default except to the extent specifically waived in writing.

- D. Rights Cumulative.** The rights and remedies of each party, whether provided by law, equity or this Agreement, shall be cumulative, and the exercise of any one or more of such remedies shall not preclude the exercise at the same or different times of any other such remedies for the same event of default or breach or of any remedies for any other event of default or breach by either party.
- E. Enforcement Costs.** In the event any proceeding is commenced because of a default under this Agreement, the prevailing party shall be entitled to recover its reasonable costs and expenses (including but not limited to reasonable attorneys' fees) incurred in enforcing the terms and provisions of this Agreement.
- F. Force Majeure.** For the purposes of any provisions of the Agreement, a party shall not be considered in breach or default of its obligations in the event of enforced delay in the performance of such obligations due to causes beyond its reasonable control and without its fault or negligence, including but not restricted to acts of God, acts of public enemy, acts of adjoining property owners, governmental authority, fires, floods, epidemics, quarantine restrictions, strikes, embargoes, unavailable materials, and unusually severe weather; it being the parties' purpose and intent of this provision that in the event of the occurrence of any such enforced delay, the time or times of performance of any of the obligations of the particular party shall be extended for the period of the enforced delay.

## **SECTION 6: TERM**

Unless terminated early in accordance with this Agreement, the term of this Agreement (the "Term") shall be for a period commencing upon the Effective Date of this Agreement and expiring on December 31, 2046.

## **SECTION 7: NOTICES AND DEMANDS**

A notice, demand or other communication under this Agreement by either Party to the other Party shall be sufficiently given or delivered if it is dispatched by registered or certified mail, postage prepaid, return receipt requested, or delivered personally as follows:

For the City:

City of Two Rivers  
Attn: City Clerk  
1717 East Park Street  
Two Rivers, WI 54241

For Ventures:  
Milkweed Ventures, LLC.  
Melissa Nyssen, Member  
130 Park Road  
Two Rivers, WI 54241

## SECTION 8: MISCELLANEOUS

- A. Approvals.** Whenever under this Agreement approvals, authorizations, determinations, satisfactions, or waivers are authorized or required, such approvals, authorizations, determinations, satisfactions, or waivers shall be effective and valid only when given in writing, signed by the party's duly authorized representative. Except as otherwise set forth herein, wherever any approval is required by the terms of this Agreement and request or application for such approval is duly made, such approval shall not be unreasonably withheld.
- B. Waiver; Amendment.** No waiver, amendment, or variation in the terms of this Agreement shall be valid unless in writing and signed by the City and Ventures, and then only to the extent specifically set forth in writing.
- C. Entire Agreement.** This Agreement and the documents executed pursuant to this Agreement contain the entire understanding of the Parties with respect to the subject matter hereof. There are no restrictions, promises, warranties, covenants, or undertakings other than those expressly set forth in this Agreement and the documents executed in connection with this Agreement. This Agreement and the documents executed in connection herewith supersede all prior negotiations, agreements, and undertakings between the parties with respect to the subject matter hereof.
- D. No Third-Party Beneficiaries.** This Agreement is intended solely for the benefit of Ventures and the City, and no third party (other than successors and permitted assigns) shall have any rights or interest in any provision of this Agreement. Without limiting the foregoing, no approvals given pursuant to this Agreement by Ventures or



the City, or any person acting on behalf of any of them, shall be available for use by any contractor or other person in any dispute relating to the subject matter of this Agreement.

- E. Severability.** If any provision of this Agreement is held invalid, it shall be considered deleted from this Agreement and shall not invalidate the remaining provisions of this Agreement, which shall continue in full force and effect.
- F. Successors and Assigns.** The terms and provisions of this Agreement shall be binding upon and inure to the benefit of the Parties hereto, as well as their respective successors, transferees, and permitted assigns. The obligations of Ventures hereunder run with the land and bind any subsequent owners in title to the Development Site.
- G. Municipal Approvals; Compliance with Law.** The provisions of this Agreement shall not vest any rights in Ventures to any municipal approvals required under applicable law. Nothing contained in this Agreement is intended to or has the effect of releasing Ventures from compliance with any applicable laws, rules, regulations, and ordinances, including the obligation to secure usual and customary building permits and approvals, in addition to compliance with all terms, conditions, and covenants contained in this Agreement.
- H. City's Right of Immunity.** Nothing contained in this Agreement constitutes a waiver of the City's ability to assert its rights of immunity to tort claims under applicable law. Under no circumstances shall any alderperson, council member, officer, official, director, attorney, employee, or agent of the City have any personal liability arising out of this Agreement, and no party shall seek or claim any such personal liability.
- I. 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 Manitowoc County, Wisconsin, or if such court lacks jurisdiction, the Circuit Court for the Eastern District of Wisconsin.
- J. Time is of the Essence; Deadlines.** Time is of the essence with respect to the performance of every provision of this Agreement in which time of performance is a factor. In the event a deadline herein falls on a non-business day, the deadline shall be deemed to fall on the next following business day.
- K. 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 Ventures.
- L. 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.

**M. 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 and other forms of electronic signatures shall constitute originals for all purposes.

**N. Exhibits.** All exhibits referenced herein are incorporated by reference.

Dated as of the date first listed above.

City of Two Rivers, Wisconsin  
A Municipal Corporation

By: \_\_\_\_\_  
Gregory E. Buckley City Manager

By: \_\_\_\_\_  
Amanda Baryenbruch, City Clerk

Milkweed Ventures, LLC

By: \_\_\_\_\_

Name: \_\_\_\_\_

Title: \_\_\_\_\_

ACKNOWLEDGEMENTS

STATE OF WISCONSIN )  
) SS.  
COUNTY OF MANITOWOC )

Personally appeared before me this \_\_\_ day of October, 2024, the above-named Gregory E. Buckley as City Manager of the City of Two Rivers and Amanda Baryenbruch as City Clerk of the City of Two Rivers, to me known to be such City Manager and City Clerk of the City, by its authority, and acknowledged the same.

\_\_\_\_\_  
Notary Public, State of Wisconsin

STATE OF WISCONSIN )  
) SS.  
COUNTY OF MANITOWOC )

Personally appeared before me this \_\_\_ day of \_\_\_\_\_, 2024, the above named \_\_\_\_\_ to me known to be such person and acknowledged the same.

\_\_\_\_\_  
Notary Public, State of Wisconsin

**Exhibit A**

Legal Description:

Lot 4 of the Original Plat Block 71 as recorded in the Register of Deeds Office in Manitowoc County, Wisconsin.

Address:

1415 16<sup>th</sup> Street, Two Rivers, WI 54241

Image:

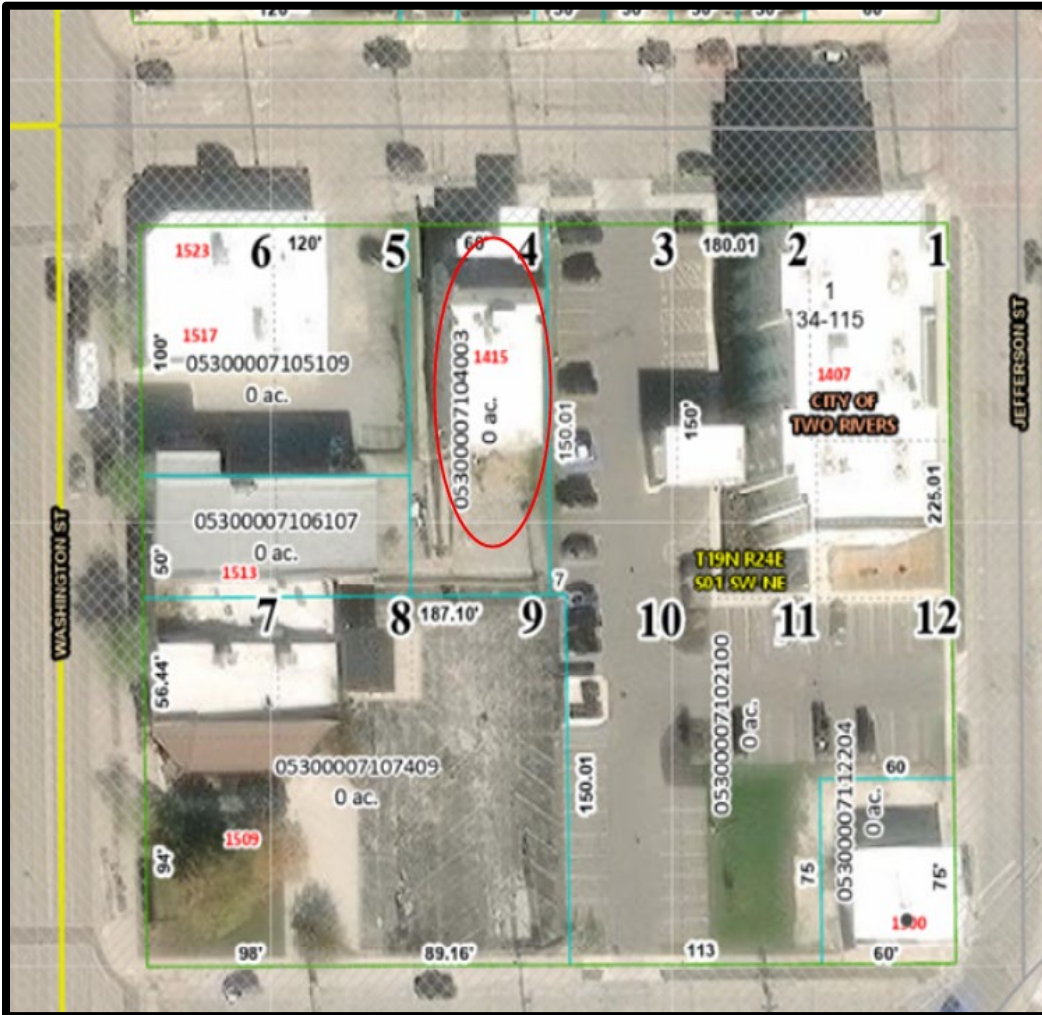


Exhibit B

Project Plans

Image:



**Exhibit C**

**Project Budget**

<b>Land Purchase</b>	\$119,000
<b>Building Rehabilitation:</b>	\$960,000 to \$1,500,000
<b>Total Project Cost:</b>	\$ 1,079,000 to \$1,619,000