

**CITY OF TWO RIVERS
BUSINESS AND INDUSTRIAL DEVELOPMENT COMMITTEE
.AND
COMMUNITY DEVELOPMENT AUTHORITY
Special Meeting
Tuesday, August 13, 2024, 5:00 PM
3rd Floor City Council Chamber – City Hall**

Call to Order

The meeting was called to order by BIDC and CDA Chair Greg Coenen at 5:00 PM.

Roll Call

BIDC members present were Betty Bittner, Tom Christensen, Greg Coenen, David Kalista, Tracey Koach, Keith Lyons, Shannon Derby and Scott Stechmesser. BIDC members absent and excused: Dan Wettstein.

CDA members present were Betty Bittner, Greg Coenen, David Kalista, Tracey Koach, Keith Lyons, Shannon Derby and Scott Stechmesser. CDA members absent: none.

Others present were Gregory Buckley, City Manager, and Justin Ulness and Nathan Hulsey of Pop-Start Restaurant Group, LLC.

Loan Application From Pop-Start Restaurant Group LLC—BIDC Business

Noting the presence of Messrs. Ulness and Hulsey, Chairman Coenen stated that, if there were no objections, he would skip to this item on the agenda. There were no objections.

Mr. Ulness and Mr. Hulsey introduced themselves to the BIDC and described their plans for the former Luigi's restaurant property at 1033 22nd Street. The City Manager noted that, as indicated in the loan application provided to committee members, the proposed project has a \$420,000 total budget, with \$315,000 proposed from an SBA loan through Nicolet Bank, \$63,000 from a City loan and \$42,000 in cash from the applicants. He added that the City Council had recently approved a \$10,000 grant from TID 8 to assist the project.

Mr. Coenen stated that he and Ms. Bittner have met twice with the applicants and City staff, and feel that this is a good application, although a few items remain to be addressed. Among these are being provided with a copy of the operating agreement for the LLC, whose members are Mr. Ulness and Mr. Hulsey. The applicants indicated that they can provide the City with a copy of that agreement.

Closed Executive Session

Keith Lyons moved, supported by Scott Steckmesser, for the BIDC to enter into closed session at 5:14 PM, per Wisc. Stats. 19.85(1)(e), deliberating or negotiating the purchasing of public properties, the investing of public funds, or conducting other specified public business, whenever competitive or bargaining reason require a closed session.

--Consider loan application form Pop-Start Restaurant Group, LLC for a \$63,000 loan to assist in a restaurant project a 1033 22nd Street.

The motion was approved by the following roll call vote. Voting yes: Betty Bittner, Tom Christensen, Greg Coenen, David Kalista, Tracey Koach, Keith Lyons, Shannon Derby and Scott Stechmesser. Voting no: none. The loan applicants left the meeting room at this time.

Reconvene in Open Session

Keith Lyons moved, supported Scott Stechmesser, to adjourn the closed session and reconvene in open session at 5:28 PM. The motion was approved by voice vote, without dissent.

Mr. Ulness and Mr. Hulsey returned to the meeting room.

Mr. Buckley distributed a list of proposed terms and conditions for the committee to consider in acting on the loan. He noted that the list was based on discussions with BIDC members Coenen and Bittner, following their meetings with the applicants. Those conditions included:

1. \$63,000 City loan for machinery and equipment, furnishings, building and site improvements
2. To be disbursed in up to four draw requests, based on presentation of invoices that have been paid or are to be paid
3. Borrowers must have closed on \$315,000 Nicolet Bank/SBA loan and closed on purchase of property at 1033 22nd Street prior to any draws being approved by City staff. These closings must occur by October 31, 2024.
4. 3 percent interest rate for the first two years following date of closing, increased to one percent below prime rate on date of closing, fixed, thereafter.
5. To be amortized over 10 years, with a balloon payment due at the end of Year 5. If unable to obtain take-out financing, loan may continue, but interest rate will be increased by 2 percent.
6. Conditioned upon personal guarantees of Justin Ulness and Nathan Hulsey and their spouses, joint and several
7. Conditioned upon the City being given a second mortgage for \$63,000 on the personal residence of Nathan Hulsey and spouse, subject only to the existing first mortgage in the principal amount of \$70,000.
8. Conditioned upon the City being given a second mortgage on the real property at 1033 22nd Street

Following discussion, the Tracey Koach moved, supported by Betty Bittner, to approve the loan, with the terms and conditions provided by Mr. Buckley, plus the following:

- Requirement that the City be provided with a copy of the applicant's operating agreement
- Provision that interest on the loan begin to accrue following completion of all draws against the loan, which are to be completed not later than December 31, 2024.
- Applicant to grant the City a general business security agreement (GBSA) on all assets of the business, if such an agreement is not being required by the Nicolet Bank SBA loan

Mr. Ulness and Mr. Hulsey indicated that they understand the proposed loan terms and conditions, and consider them to be acceptable.

Following brief discussion, the motion was approved by a unanimous voice vote.

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CDA Discussion Item: Sandy Bay Highlands Subdivision Phase 3 Project

Mr. Buckley reported on the City Council's recent award of a contract for Phase 3 infrastructure, which will allow development of 26 additional lots. He noted that he hopes to request actions at the CDA's August 27 regular meeting regarding lot pricing and the realtor listing contract for Phase 3. That would make Phase 3 information available in advance of the Manitowoc County Homebuilders' Parade of Homes in mid-September; that event includes a new custom home at the subdivision.

Next Meeting Date

The next meeting of the BIDC and CDA will be on Tuesday, August 27, 2024 at 5:15 PM.

Adjournment

Motion was made by Scott Stechmesser, seconded by Shannon Derby, to adjourn the meeting at 5:45 PM. Motion carried by voice vote, without dissent.

Respectfully Submitted,

A handwritten signature in black ink, appearing to read "Greg Buckley". The signature is written in a cursive style with a large initial "G" and "B".

Greg Buckley
City Manager