

--MEMORANDUM--

TO: City Council

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



DATE: August 12, 2022

SUBJECT: Development Agreement with Wine Not, LLC

Attached for the Council's consideration on Monday night is a proposed Development Agreement between the City and Wine Not, LLC, which addresses terms for \$250,000 in financial assistance, funded through a Community Development Incentive (CDI) grant from the WI Economic Development Corporation.

That grant will assist in the Cool City Brewing Company project at 1718 West Park Street: a \$2 million+ project to convert the long-vacant former Wells Fargo Bank building into an exciting new downtown eating/drinking/gathering spot.

As with other WEDC grants received by the City in recent years (CDI grant for Cobblestone Hotel project, Idle Sites grant for former Paragon), the grant monies are awarded to City, which in turn disburses the funds to the private developer, under terms of a development agreement between the City and Developer.

The City Council approved the grant agreement with the WEDC on June 6, 2022. The proposed Development Agreement with Wine Not, LLC is now presented in follow-up to that WEDC grant award and agreement. Key features of this Development Agreement include:

1. Terms for disbursement of the grant-funded assistance to the Developer by the City. These include a requirement that at least half of the Developer's required project expenditures (\$693,000, half of \$1,386,000) be expended and documented in order to receive an initial draw of \$125,000, and that the balance of required expenditures (at least another \$693,000) be expended and documented, and the project completed and authorized for occupancy by the Building Inspector, to receive the second and final draw of \$125,000.
2. Protection for the City in the event that there is a default by the Developer that gives the WEDC the right to demand reimbursement of some or all of the grant funds by the City. Such defaults might include failure to complete the project timely, or failure to operate the Project as a restaurant until at least June 2027. The protections afforded the City in the Development Agreement include an indemnification and hold harmless by Wine Not, LLC and its members (Curt and Jean Andrews, Barry and Gina Krahn) and a second mortgage on the 1718 West Park Street real estate.

Staff recommends approval of the Development Agreement as presented, and we look forward to completion of this major downtown redevelopment project, scheduled for the Fall of this year.