

February 24, 2026

To: City of Whitewater Finance Committee

RE: Status of Innovation Center EDA Grant and ECEC

As committee members may recall, on December 16, 2025, the work group for the Whitewater Early Childhood Education and Childcare Center (ECEC) concept presented to the council on their plans for a new childcare center and potential use of a portion of the Innovation Center (1221 Innovation Drive) for such a purpose. It should be noted this potential new center is made possible by a generous \$10 million donation from Billie and Steve Moksnes, stipulating that the funds can be used for childcare operations, programming, teacher wage support, etc, but not building renovations or construction.

The Innovation Center, which is owned by the City of Whitewater, was constructed in 2010 and opened in early 2011, utilizing a grant from the Economic Development Administration, a federal agency which is a bureau of the US Department of Commerce. The grant stipulates that the original purpose of the facility must be maintained for at least 20 years, or at least a portion of the original grant must be repaid.

Following the December 16, 2025 Common Council meeting, city staff sent an official request to Susan Brehm, Regional Director of the EDA, based in Chicago. The included letter and memo were straightforward and sought guidance on two items:

- Whether a portion of the Innovation Center could be repurposed for a childcare center, while still maintaining the rest of the building for existing purposes, under the terms of the grant. The request was clarified to state that the ECEC would likely be utilizing 7,000 sq ft of the first floor and possibly 1,500 sq ft of the second floor. The rest of the facility, including all common areas, would exist as they do now, and continue to be accessible by the other building tenants and visitors.
- Whether the Innovation Center could be sold to a non-profit group before the end of the 20-year duration of the grant commitment without repayment of the grant.

It should be stressed that the second request was made simply for informational and future planning purposes. There has not been any offer made from any entity to purchase the Innovation Center, and the Common Council has not been requested to consider putting the property up for sale.

It should further be noted and made clear that at no point during discussions regarding a potential childcare facility did city staff consider moving forward with any change in use at the Innovation Center, or remodel plans that would have been necessary, without consulting with the EDA first. The requirement to gain clearance for any change in use for this was made clear in the terms of the original grant and was reiterated in the legal opinion provided by Stafford Rosenbaum, dated January 16, 2025. However, city staff did

not want to take this step before the Common Council received a briefing on the project, as well as an opportunity to ask questions, which occurred at the December 16, 2025 Common Council meeting.

The EDA's regional office was responsive. After reviewing, Director Brehm shared the following in an email:

“Unfortunately, at this time childcare centers are not within EDA’s authorities, and using the proposed portion of the building for this purpose would take the grant out of compliance.

In response to your second question about selling the property to a non-profit organization, that would be acceptable as long as the original purpose of the grant (or another economic development purpose approved by EDA) is still being met and the purchaser agrees to the limitation of use for the remainder of the useful life (usually 20 years from construction completion). Sales to a for-profit company or a non-profit engaging in activities other than economic development would require repayment of the grant.”

The above response was received on Monday, January 26, 2026. At that time, after consulting the city attorney who expressed that the EDA’s communication was clear, city staff promptly notified the ECEC work group about the EDA’s decision. While expressing some disappointment, the ECEC group expressed that they understood the EDA’s communication, and that they would pursue potential alternative locations for a future childcare center within the City of Whitewater. In fact, they are currently exploring a different location in the community that only very recently presented itself as an opportunity.

On January 28, 2026, the Community Development Department also shared this information with all current tenants at the Innovation Center. One current tenant is already expressing interest in a lease extension.

The Community Development Department will continue working to manage and respond to inquiries regarding rentals and leases at the Innovation Center. Further, staff will assist the ECEC work group if requested, much as the department would work to assist any business or non-profit seeking a location in the community.

Regarding future sale of the Innovation Center property, it should be noted that the Innovation Center was issued final occupancy permit and opened in early February 2011. Under the terms of the grant, the property could be sold by the city without any repayment of the grant or other obligations as early as February 2031. This is an option that can be considered by a future Common Council.



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Regarding questions on the whereabouts of the original application that was sent to the EDA in 2009/2010, staff have exhaustively searched both digital and paper records on hand, including those previously kept by the CDA. It should be noted that the city did not start formally maintaining digital records until 2015. No copy of such application has been found.

Staff also inquired with UW-Whitewater personnel to see if they had a copy of same application. No copy has been found. A request was sent to the EDA office in Chicago, asking if they retained a copy that could be shared. A response to this request has not been received at time of this writing.

No action is requested from the Finance Committee currently. This information is being provided to the committee per direction of the Common Council.