

**ECONOMIC DEVELOPMENT COMMISSION MINUTES**  
**September 15, 2020**  
**Zoom Meeting**  
**7:00 a.m.**

The Governor of Iowa has declared a Public Emergency because of the COVID-19 outbreak. The Mayor has determined that an in-person meeting of the Economic Development Commission is impossible or impractical without violating the Governor's mandates therefore; the Commission would be treated the same way.

**When an in-person meeting is "impossible or impractical," Iowa Code Section 21.8 permits a governmental body to conduct a meeting by electronic means.**

The meeting was conducted by video conference using ZOOM.

A. Call to Order

1. Voting Members Present:                   Brittney Diercks, Chairperson  
Paula Stevenson, Vice Chairperson  
Steve Egli (arrived B1)  
Gary Grace  
Mark Hanawalt  
Cristol Harms  
Gene Lieb  
Troy Miller  
Deb Schroeder
- Non-Voting Partners Present:           Bob Buckingham, Waverly Utilities Board of Trustees  
Darrel Colson, Wartburg  
Adam Hoffman, Mayor  
Ed Klamfoth, W-SR Schools  
Matthew Schneider, City Council Liaison  
Heidi Solheim, Waverly Health Center  
Travis Toliver, Waverly Chamber  
Darrel Wenzel, Waverly Utilities
- Non-Voting Partners Absent:           Jim Atty, Waverly Health Center  
Sharina Sallis, CUNA Mutual (Largest Employer)
- Staff Present:                                 James Bronner, City Administrator  
Connie Tolan, Economic Development Specialist  
Bill Werger, Economic Development Director

2. Approval of Agenda:  
Motion By:   Schroeder                                 Seconded By: Miller

Move that the agenda be approved as printed.

Yes: 8                                 No: 0                                 Absent: 1

3. Approval of Previous Minutes:  
Motion By:   Miller   Seconded By: Grace

Move that the minutes of the August 11, 2020 Economic Development Commission Meeting be approved.

Yes: 8

No: 0

Absent: 1

**B. Regular Business**

**1. Review Red Fox Inn Redevelopment Proposals**

Nick Graham, Brett Tigges and Craig Tigges participated in the Zoom meeting to represent 1859 Ventures, LLC.

Graham described 1859 Ventures, LLC's Red Fox Inn Redevelopment Proposal. Graham mentioned their proposal involved 34 apartment units, 48 hotel units, dining options and convention area.

Graham is hoping to start by December 1<sup>st</sup>.

The apartment units would run around \$750 for efficiency apartments and in the \$1,000 range for 2-bedroom units with all utilities included.

Once the apartment units are close to full occupancy, then they will start phase 2. They are very efficient in filling occupancy, so shouldn't take too long to start phase 2. Graham has 100% occupancy in his current units.

Graham owns a hardware store. He has partnerships with various vendors, so is able to save money through these partnerships for this project.

Graham mentioned they have a group of contractors that they have used in the past, but would like to talk with Waverly contractors also.

Schroeder asked if an architect has walked through the building to give a cost estimate. Graham said yes, he has had several walk throughs, but not to actually bid the project.

Egli asked if he has thought about worst case scenario. Graham said absolutely. They have built cost overrun in the budget.

Miller asked if the City sewer and services were adequate or if they would be asking the City to increase anything needed. Graham stated they are not looking for additional work or funding from the City. They would like to have a conversation regarding tax rebate or TIF. They will not ask for any up-front funding.

Graham reiterated that everyone who is a part of their LLC has income and assets to cover some shortfalls.

Schroeder asked for Graham to describe the phases a little more. Graham stated that phase 1 consists of cleaning up interior and exterior, landscape some common spaces, rehab the pool, convert the back units into 24 apartment units. Once the units are close to full occupancy which Graham expects to take about 3-6 months then phase 2 will begin. Phase 2 consists of 48 hotel units and convention center.

Toliver asked if they would be running the hotel as an independent hotel. Graham said that is a possibility, but they have talked with some other brands.

They would prefer a brand, but haven't had extensive conversations. If their proposal is accepted, then deeper conversations will be held with hotel brands.

Grace asked if they had done research on the needs for hotel and convention space in Waverly. Have they looked in the occupancy rates in Waverly? Graham mentioned that he has looked at several Cobblestone projects by walking lobbies and driving by which are more informal studies. He is confident they could maintain 40-50% occupancy.

Grace asked if they were aware of the convention centers in Waverly. Graham said not, but the convention center is more ancillary income.

Buckingham asked how inner dependent are the rental units with the hotel units? Graham said they are two separate experiences.

Schroeder asked what the size the convention center will be. Graham said looking at the ratings on the inside of the current building, the capacity is around 600, but realistically he thinks 400-500 people would be capacity.

Hanawalt asked if Denver Savings Bank would increase the limit. Graham said yes as they've talked with Denver Savings Bank extensively.

Harms asked what the percentage of family units and what the square footage of the units would be as there is a need for family rentals with Trinity coming to the area. Brett agreed and said they are using the hotel room sizes somewhat and combining rooms to use current plumbing and reuse some of the bathrooms. Current hotel rooms are about 350 sq ft. Two bed, two bath units will be created from 3 existing rooms combined so roughly 1,000 sq ft. One bed, one bath units will be a little over 700 sq ft.

Nick Graham, Brett Tigges and Craig Tigges left the Zoom meeting.

Paula Geise entered the Zoom meeting on behalf of Bartels Lutheran Retirement Community.

Geise described their Red Fox Inn redevelopment proposal. Their concept includes a multi-generational community, additional independent living, wellness center and pool and future rentals.

They have not had a contractor or architect in the building, but would like to soon.

Geise said the first phase would be converting building 4 to independent living to get revenue coming in. A building in the back would be built to create storage rentals and garages. After those two are completed, they would gradually work on the rest.

Hanawalt asked if no one has looked at the property, how did they come up with their numbers. Geise stated they worked with Align Architecture who went off recent projects they've done. The numbers are slightly on the higher end, but they come out to about \$145/sq ft. [NOTE: city staff had provided access to the buildings earlier this summer by an Align architect, who also converted the written Red Fox building plans into a digital format for the City]

Schroeder asked what type of contract the independent living would be. Geise said it would be a combo of lease and buy-in. Bartels has done the first part of a

senior housing study which determined the need for independent living. They can do the second part of the study which includes the price if needed.

Egli asked how these facilities would fit with the current campus. How do they fit together? Geise said the current independent living is attached to the long-term care which is the most regulated. This would be close to the main campus, but nice that it wouldn't be attached.

Geise said this project would check several items off of the master plan that was created in 2017. Lots of parking would be offered. The location is ideal as Eisenach residents could come and use the amenities. It would be nice to have independent living off the main campus for COVID and any other illness. It would also keep green space on the main campus.

Egli asked if they would convert the current independent living to something else. Geise said they would evaluate that.

Schroeder asked what the phases are. Geise said they would secure and clean up the area in September 2020. They would get a contractor and architect in the building in October 2020. Fall 2020/spring 2021 would be firming up spaces and plans to get a new roof on. The renovation of building 4 and building storage units/garages would start in spring/winter 2021. Buildings 1 and 3 would be done in spring/winter 2022. Building 2 would be completed in spring/winter 2023.

Geise mentioned they have individuals who would like to partner. There are other non-profits who need space.

Geise left the Zoom meeting.

The commission discussed both proposals.

Hanawalt is surprised at the money difference. 8 million is very different from 3 million. He thinks the City needs to look at what they want the development looking like on a corridor coming into Waverly. On the other hand, it may be more conducive to Bartels needs. He is a big Bartels supporter and always wants to help them. The first proposal seems to be a little further along. Both are great, but what does the City want on the West corridor?

Bartels seems to be more of a residential feel.

Grace asked what the potential for tax base was. Werger said we would have to look at what the tax would be for any non-taxable portion, but that most of the property would be taxable under either proposal.

Egli said the first proposal seems to be trying to recreate the Red Fox. It is not going to be an easy venture. They have done minimal research and have minimal restaurant background. The second proposal is long term financially stable. They are one of the top 10 nursing homes in Iowa. They have the ability to start the project tomorrow. They are here to serve Waverly and won't move to another community.

Schroeder said Bartels looked at purchasing the site 3 years ago, but decided against it due to the cost of purchasing the building.

Schroeder was shocked about the cost difference between the two proposals. She didn't feel the first proposal was as complete even with the cost discounts he gets through his hardware business. She likes the community benefits from both proposals.

Toliver agreed with what Hanawalt said. What do we need right now that will be the gateway to the community?

Egli said both proposals have hotel aspect on the same building and both would look attractive so it seems either one would have the same impact on being what you see when you come in to town.

Schroeder said the City will need some type of provision within the agreement on what happens if the project gets started, but then stops progressing. What would happen in the worst-case scenario?

Werger mentioned we would have a buy out clause of how to get the property back if the project stops progressing. We don't want to see it just half done.

Miller asked if both parties would be in agreement to the development agreement including the buy back clause. Werger said yes, he has spoken to both regarding that issue.

Egli said both proposals are great.

Hanawalt says he always leans to the side that makes the City money as we are growing and need to keep money coming so he would lean toward the first proposal, but he is a huge supporter of Bartels. The first proposal could be more like the Red Fox in being an entertainment district.

Grace asked what does the City need most? Is it housing units, hotel and restaurant or independent living? He is concerned that phase 2 and 3 wouldn't be completed with the first proposal, so would lean more toward the Bartels proposal.

Miller thinks the first proposal is higher risk but also higher reward. We know what we'd get with Bartels.

Schroeder said Bartels is a solid business and does things the right way. She did like elements of the first proposal, but seems like the numbers are way off.

Buckingham said he came in favoring Bartels, but was disappointed as they hadn't done much research. Both were good proposals, but whatever goes in needs to succeed long term which brings him back to Bartels.

Stevenson likes that the Bartels proposal had already been put in the master plan. It needs to create income for the City. Both are outstanding, but leans toward Bartels as already a fantastic addition to the City. Mark did get her thinking of what you'll see when you come into town though. She also wonders if there will be an issue with Bremwood being so close.

Miller asked Klamfoth if the school has an opinion.

Klamfoth said both have advantages but he tends to lean toward the first proposal which creates housing that has the potential to bring in students. He is not concerned with either option in proximity to the school.

Based on the discussion, it does not seem that the commission has come to a consensus to make a recommendation. Some key points the commission mentioned are making the City money, long term success and the vision for that gateway into the City.

C. New Business

D. Next Meeting Date

The next meeting is scheduled for Tuesday, October 13, 2020 at Waverly City Hall or via Zoom

E. Adjournment

The meeting was adjourned.