

**CITY OF CEDARBURG
COMMUNITY DEVELOPMENT AUTHORITY
AUGUST 15, 2023**

**CDA20230815-1
UNAPPROVED**

A meeting of the Community Development Authority of the City of Cedarburg, Wisconsin, was held on Tuesday, August 15, 2023, at Cedarburg City Hall, W63N645 Washington Avenue, Council Chambers, second floor, and online utilizing the Zoom app.

Mayor O’Keefe called the meeting to order at 7:00 p.m.

Roll Call: Present: Mayor Mike O’Keefe, James Roemer, Eric Stelter, Mark O’Neill (Zoom), Dale Lythjohan, Council Member James Fitzpatrick

Excused: Eric Arvold

Also Present: City Administrator Mikko Hilvo, City Clerk Tracie Sette, Todd Taves of Ehlers Financial Group

STATEMENT OF PUBLIC NOTICE

At Mayor O’Keefe’s request, City Clerk Tracie Sette verified that notice of this meeting was posted and distributed in compliance with the Wisconsin Open Meetings Law.

COMMENTS AND SUGGESTIONS FROM CITIZENS – None

APPROVAL OF MINUTES

A motion was made by Eric Stelter, seconded by Council Member James Fitzpatrick, to approve the July 18, 2023 Community Development Authority minutes. Motion carried without a negative vote with Eric Arvold excused.

DISCUSSION AND POSSIBLE ACTION ON A POTENTIAL HOTEL TO BE LOCATED ON PIONEER ROAD

PRESENTATION BY LIGHTHOUSE HOSPITALITY GROUP

Lighthouse Hospitality Group presented a proposal for a Hotel with banquet facilities to be constructed on Pioneer Road near La Rosa Landscape Company and Zuern Builders. The proposed project is similar to the Heidel House located in Green Lake, Wisconsin. A feasibility study was conducted, and the results affirmed that a boutique hotel with the backing of a national chain would provide the best fit for the area. The décor would be constructed to match the look of Cedarburg and it would have a total of 69 rooms. The project would include a community room large enough to hold 40-50 people. This new project is estimated to bring an additional 21,000 visitors to Cedarburg annually. A five (5) year operational pro forma was shared which included an estimated assessment of \$9M upon completion of construction. It is also estimated that the city would be eligible to collect approximately \$96,000 in room tax from this project. Various Tax Incremental Finance (TIF) options were presented including

and Up Front TIF, Paygo, and a hybrid of both. The Lighthouse Hospitality Group requested the Up Front TIF as it nets the greatest rate of return for the developer.

TID PRESENTATION AND DISCUSSION BY EHLERS

Todd Taves of Ehlers Financial gave a brief overview of Tax Incremental Financing (TIF). He began with the explanation there are four (4) valid reasons that a Tax Incremental District (TID) may be created. Promoting mixed use (Commercial and Industrial) is one of the reasons and fits the hotel project and location. He explained in further detail the Up Front TIF is the least desirable option for the City and recommends against it, should the City pursue a TIF district. The second type of TIF is a Paygo. This represents a decreased rate of return for the developer but implies the most amount of security for the City. Finally, a hybrid of the first (2) types of TID's provides for a middleground for both the developer and the City.

Mr. Arnett spoke in favor of collecting room tax for the City. He also highlighted the impact fees the City could potentially collect, if a hotel is approved.

Mr. Lythjohan is in favor of a hotel and supports a hybrid TIF.

Mr. Roemer expects that the City will not see a hotel unless an Up Front TIF is approved.

Mr. Stelter would like to see more consistency with the general design of the southern portion of Washington Avenue.

Mayor O'Keefe is coming to the realization that a TIF will be needed in order for a hotel to be built.

Council Member Fitzpatrick would like to analyze the details of a TIF further before a commitment is made.

Mr. O'Neill explained his gut reaction is in support of a TIF but would only support a Paygo with significant guarantees in a developer's agreement.

ADJOURNMENT - CLOSED SESSION

A motion was made by James Roemer, seconded by Dale Lythjohan, to adjourn to closed session at 8:38 p.m., pursuant to State Statute 19.85(1)(e) to deliberate or negotiate the purchasing of public properties, the investing of public funds, or conducting other specified public business whenever competitive or bargaining reasons require a closed session. Specifically discussed was an amendment to the Developer's Agreement for Amcast. Motion carried on a roll call vote with Mayor O'Keefe, Eric Stelter, James Roemer, Council Member James Fitzpatrick, Mark O'Neill, and Dale Lythjohan voting in favor, and Eric Arvold excused.

RECONVENE TO OPEN SESSION

Open Session reconvened at 9:41 p.m.

ADJOURNMENT

A motion made by James Roemer, seconded by Dale Lythjohan, to adjourn the meeting at 9:42 p.m.
Motion carried without a negative vote with Eric Arvold excused.

Tracie Sette,
City Clerk