

COMMUNITY DEVELOPMENT AUTHORITY
October 16, 2017

CDA20171016-1
UNAPPROVED

A meeting of the Community Development Authority of the City of Cedarburg, Wisconsin, was held on Monday, October 16, 2017 at City Hall, W63N645 Washington Avenue, second floor, Council Chambers.

The meeting was called to order by Mayor Kinzel at 7:00 p.m.

Roll Call: Present - Mayor Kip Kinzel, Council Member Mitch Regenfuss, Eric Arvold, Joe Kassander, Andy Dettro, Eric Stelter

 Excused - Dale Lythjohan

 Also Present - City Administrator/Treasurer Christy Mertes, City Clerk Constance McHugh, City Attorney Michael Herbrand (arrived at 7:03 p.m.), Council Members Jack Arnett and Rick Verhaalen, Todd Taves of Ehlers & Associates, DJ Burns, Brian Berner and Chelsea Corson of Drake Consulting Group, LLC, interested citizens and news media

STATEMENT OF PUBLIC NOTICE

Mayor Kinzel acknowledged that the agenda for this meeting was posted and distributed in compliance with the Wisconsin Open Meetings Law.

PUBLIC HEARING REGARDING THE PROPOSED PROJECT PLAN, BOUNDARIES AND CREATION OF TAX INCREMENTAL DISTRICT NO. 4

Mayor Kinzel declared the public hearing open at 7:02 p.m. City Clerk McHugh acknowledged that proper notice of the public hearing was given.

Mr. Taves said the CDA is being asked to adopt a resolution designating the boundaries of TID No. 4 and approving the Project Plan.

Mr. Taves reviewed the Project Plan with the CDA. TID No. 4 consists of three parcels and 8.42 contaminated acres. The site is the former Meta Mold Aluminum Company manufacturing site, also known as Amcast. State Statutes require that 50% of the area be blighted in order to qualify for a blighted TID. In this case 100% of the area is blighted.

The City anticipates making total project expenditures of approximately \$4.54 million, including \$3.33 million in project incentive and assistance payments to a private developer, \$1.04 million for long-term interest due on the associated debt obligation, \$97,000 for finance related expenses and \$84,000 for administrative expenses over the life of the District. Costs to carry the debt are estimated to be \$1.37 million with an expectation that the City will need to provide a net \$337,766 subsidy to cover the full amount of the interest payments due. The District is expected to remain open for 27 years and create a minimum of \$10,025,000 in incremental valuation. It is expected that the District will not recover its project costs, and that the City will be providing an estimated \$878,946 subsidy to the District consisting of the \$337,766 debt service gap plus

\$541,180 in estimated interest accruals on both the recovered and unrecovered portion of advanced funds.

Mr. Stelter asked if the funds from TID No. 4 could be transferred to another TID in the future if TID No. 4 performs well. Mr. Taves explained that in some cases TIDs can be recipients of funds from other TIDs.

Council Member Arnett asked Mr. Taves to address a statement in the Project Plan that states the life of the TID may be extended by three years. Mr. Taves said that if it comes to a point where it is known the project costs will not be recovered, a request can be made to extend the TID by three years.

Developer DJ Burns briefly addressed his request for a TID. He said that TIDs can act as donors or recipients of funds from other TIDs. He explained that he took an interest in this property several years ago. He said that the site is a complex site and is a Superfund site. He said his financial incentive is capped at a certain level, regardless of how successful the TID is. Any excess benefits from the TID will go the community.

Timothy Tucker, 12204 N Fieldwood Road, Mequon said he has been doing remediation for 30 years. He said he has been in negotiations with the seller of the Amcast site for approximately 2 years. He said he represents a group of investors that have a proposal to remediate and redevelop the site that does not involve any City dollars. He said the group is happy with the current zoning restrictions on the site and the financial modelling he has done. He said he is an expert in fast track construction and will redevelop the site in quick order. He apologized for not appearing before today and remaining silent. He said the group of investors is ready to write a check tomorrow and have the property generate taxable income to the City within 12 months. He said this is not a very complicated project. He said he has an agreement with the seller of the property to purchase, with the seller waiting to hear the outcome of this meeting. He said he has extensive experience in remediating contaminated sites, including Exxon, Proctor & Gamble, Fort Howard Paper, Wisconsin Electric, Sears Tower, Texas Utilities, and others.

Mr. Stelter said the CDA was put into place for the purpose of negotiations and has worked with Mr. Burns for at least nine months. The City has worked with Mr. Burns for at least one year prior to that. He asked Mr. Tucker why he has not approached the CDA and City before tonight.

Mr. Tucker said he does not trust the City or the seller. He did not want anyone to know what he was working on. In addition, he is not asking for any money from the City. He is also a procrastinator and does not like people to know his business. He said he has been trained in real estate law and to keep his mouth shut.

Mr. Stelter reminded Mr. Tucker that there are liability issues relating to this site.

Mr. Tucker said he realizes there is liability, and it is breached if the City touches the site. He said he plans to create a firewall of liability. He asked the CDA to hold off on taking any action at this time. It is his intent to indemnify all parties.

Mr. Stelter asked why the seller has not just sold him the property if everything is so easy.

Mr. Tucker said the seller and everyone is scared of the indemnification. He again stated he does not like to conduct his affairs in public.

Mr. Stelter asked when it would be learned who the investors are, the funding, and the intricacies of the proposal.

Mr. Tucker said he could provide more detailed information in about three weeks. He said that he does have a contract to purchase the property.

Mayor Kinzel questioned how long the City is supposed to hold off on taking any action when there is a willing participant who has come forth and has been working with the City for years. He said the City needs to know what the seller is planning to do with the site.

Attorney Herbrand said the City does not own this land. He is in the process of talking to the attorneys for the now bankrupt Amcast company. The Amcast attorneys indicated last Friday that they prefer to sell the land to Mr. Burns. Mr. Tucker came forth last week. He said if there is any concern on the part of the CDA the matter could be postponed until a proposal is received from Mr. Tucker and all issues are vetted.

Mr. Stelter again asked when the City would receive details and substantive information.

Mr. Tucker said he could forward something in writing in a few days.

Mr. Dettro said he does not want to derail the work that has been done by the City and the CDA, but he is interested in what Mr. Tucker's plan is and what it may mean to the City. He said the TID process should move forward. Mr. Tucker needs to work within the City's timeframe.

Council Member Arnett asked Mr. Tucker what type of development is planned for the site to justify the costs, given that no rezoning is necessary.

Mr. Tucker said there will be a multi-family development. He will not be asking for any money from the City or any rezoning or variances.

Bryan Baas, N76 W6023 Bywater Lane, said that to him cost is not a factor. He is concerned about removing the blight and cleaning up the site.

Mr. Taves said that from his perspective the CDA and Common Council could move forward in terms of the TID given this recent development. The effective date of the TID will be January 1, 2018; however, if it is determined that the TID is not necessary the required paperwork will not be filed with the State in October of 2018.

Mr. Dettro said he is in favor of moving the process to create the TID forward.

Mr. Tucker indicated he will forward a plan to the City in the near future.

Motion made by Council Member Regenfuss, seconded by Mr. Kassander, to close the public hearing at 8:12 p.m. Motion carried unanimously with Mr. Lythjohan excused.

**CONSIDERATION OF RESOLUTION DESIGNATING PROPOSED BOUNDARIES
AND APPROVING A PROJECT PLAN FOR TAX INCREMENTAL DISTRICT NO. 4,
CITY OF CEDARBURG, WISCONSIN**

Motion made by Mr. Stelter, seconded by Mr. Kassander, that the CDA adopt Resolution No. 2017-01 designating proposed boundaries and approving a Project Plan for Tax Incremental District No. 4, City of Cedarburg, Wisconsin. Motion carried unanimously with Mr. Lythjohan excused.

ADJOURNMENT

Motion made by Mr. Kassander, seconded by Mr. Arvold, to adjourn the meeting at 8:14 p.m. Motion carried unanimously with Mr. Lythjohan excused.

Constance McHugh
City Clerk