

1. **CALL TO ORDER.** The meeting of the Community Development Authority was called to order by Chair John Deits at 7:00 a.m. on Friday, February 2, 2007.
2. **WELCOME STEVE PEOTTER.** Chair Deits welcomed Steve Peotter to the CDA.
3. **ROLL CALL.** Present: Jeff Bergey, John Deits, Paul Larson, Jon Lourigan, Hans Noeldner and Steve Peotter. Absent: Scott MacWilliams. Also present: Village Administrator Mike Gracz, Village Attorney Matt Dregne, Board President Jerry Luebke, Finance Director Renee Hoeft, Public Works Director Mark Below, Trustee Phil Harms, Clerk Georgia Johnson and Financial Advisor Mike Harrigan.
4. **APPROVAL OF MINUTES.**
  - a) **June 14, 2006.** It was noted that the minutes will be available at the next CDA meeting.
5. **PUBLIC APPEARANCES.**
  - a) **Discussion regarding Oregon Community Sports Arena's (OCSA) request to Issue Recreational Sports Bonds through CDA.** Mike Harrigan of Ehlers & Associates, the Village's financial advisors, gave an overview of the request from Oregon Community Sports Facility for the Village to issue Recreational Sports Bonds through the Community Development Authority. This type of financing is strictly a "conduit" financing with absolutely no financial liability for the Village nor would it negatively affect the Village's bond rating, if done correctly. The OCSA is a 501C-3 tax exempt organization under the IRS, and because the bonds would be issued under the name of the CDA, they could be issued with double tax exemption. What this means is that the interest would be exempt from federal and state income taxation which would result in a lower interest rate. Harrigan stated this type of financing has been used elsewhere in Wisconsin and stated he was involved with one in Whitefish Bay. The Village's bond counsel (Quarles & Brady) would need to be involved and review all the documentation. Following his brief synopsis of the financing, Harrigan noted he would answer any questions. Noeldner asked what the difference was with Mitch Melheim's conclusions back in January of 2006. Harrigan stated he has had a discussion with OCSA's bond counsel and is comfortable with what they are proposing and that there will be no financial liability for the Village, if done correctly. When asked who buys these types of bonds, Harrigan stated that occurs between the lender and the sports arena. In order to get comfortable with the financing, the lender(s) would ask for additional forms of security such as a letter of credit, which adds to the cost or they may look for a personal guarantee. OCSF will have to find a bank that is willing to do it. There was some discussion. When asked if there is any risk to the Village if the OCSA defaults, Harrigan stated there was not—if it was done correctly. Discussion continued. Harrigan noted this has been done for hockey facilities. One of the basic requirements to satisfy the IRS is that the organization has to be a 501C organization and the bonds have to be available to the public. Luebke noted the Village did this type of bonding for WISCO on the north side of town. Harrigan noted an additional IRS rule—the total amount of bonds that can be issued by a community in order to be "bank qualified" is up to \$10M of total debt in a calendar year. That means that banks which are often some of the larger purchasers of municipal bonds, are able to buy that community's bonds and book it at a more favorable tax treatment than the bonds that would be issued by communities that issue more than \$10M in a calendar year. There was further discussion.

Jeff Groenier and Bob Strycharske from OCSA were asked to provide an overview of the project. Groenier stated the Oregon Sports Arena will be an 80,000 sq.ft. facility with basketball courts and a hockey rink, a sport shop and retail space. The total construction cost will be \$5M. They have been raising funds for the project. They have secured a \$340,000 loan from Alliant Energy for the use of energy efficient materials for the building. Groenier referred to the revenue and expense breakdown that was provided to the CDA members. They have already started work on the project and would like the bonds as soon as possible. They are putting in the parking lot and

detention pond and would like to open by the fall season. If the CDA does not proceed with the financing, OCSA would likely go to the Village Board and ask for the bonding. There was some discussion including the interest rate being lower than a bank rate, the need to be in discussions with the lender early on in order to underwrite the debt, the OCSA is looking for a commitment from the CDA before approaching a lender and that the financing is a lengthy process. Harrigan noted that either a spot blight determination or the creation of a re-development district would have to occur. A lengthy discussion followed. It was noted that the CDA needs to: a) determine whether or not they want to approve the financing; and if yes, b) do a spot blight determination and c) amend the agreement. Discussion continued. Harrigan reiterated the need to discuss the issues with a lender. Gracz emphasized the need to amend the agreement. Attorney Dregne noted that since the initial drafting of the Multi-Use Sports & Community Facility Site Agreement there have been changes and specifically on page 3 with respect to item #6, Liens. In order to proceed that would need to be amended. Discussion continued including the \$2M borrowing limit in the agreement, amending the language to eliminate the cap and allowing up to 75% of the construction costs as a lien against the property. There was additional discussion regarding the need for OCSA to talk to its bond attorney regarding how much "for-profit" they can have as non-profit, including a provision in the agreement that the financing meets the federal tax law for this type of debt and that it be reviewed and approved by the Village's bond counsel. Following discussion, **Larson moved to recommend the Village Board amend the existing agreement to eliminate the cap, allow a lien for up to 75% of the cost, to proceed with a spot blight determination study, require that the financing meet all federal tax laws all contingent upon Village Bond Counsel approval. [Let the record show that if blight study does not happen, the association does not plan to proceed with creation of the re-development district.] Second by Bergey. Motion carried 6-0.**

Discussion continued. It was noted that since the Village is not issuing the bonds Ehler's & Associates will not be as involved as with other issues. The Village Attorney's involvement will be with amending the agreement. The Village will use bond counsel for this and typically the Village uses Quarles & Brady.

Attorney Dregne stated the motion does two things: (1) it makes a recommendation to the Village Board to amend the existing agreement regarding the \$2M cap; (2) it is a decision by the CDA to proceed with a spot blight determination study and showing that the association does not want to proceed (with the re-development district) if they do not meet the spot blight determination qualifications. The CDA is not actually approving the bonds at this point—that issue would have to come back to the CDA. It is simply directing staff to proceed. Gracz stated the comfort resolution would happen before the blight determination is started to satisfy Noeldner's concern. Discussion continued. Noeldner noted his reservations as far as the Village's annual debt issuance amount of \$10m debt ceiling. Further discussion. Following discussion the motion was re-read and clarified: **moved to recommend the Village Board amend the existing agreement to eliminate the \$2M cap, to increase the maximum amount of debt against the facility to 75% of the costs, the CDA proceeds with a spot blight determination noting that the association does not plan to proceed with the re-development district if the blight study does not happen. Motion carried 6-0.**

There was further discussion after which Dregne stated there should be additional language to the motion recommending the Village Board prior to issuance of any debt, obtain a legal opinion from bond counsel that this would be true conduit financing with no Village or CDA exposure to liability.

**Noeldner moved to amend the motion to include the recommendation that prior to issuance of any debt the Village would obtain a legal opinion from bond counsel that this would be**

**true conduit financing with no Village or CDA exposure to liability. Second by Lourigan. Motion carried 7-0. Diets then called for the vote on the amended motion. Motion carried 6-0.**

- b) Possible Recommendation to Village Board to Proceed with either a Spot Blight Determination for OCSF's Bonding Request or the Creation of a Re-Development District. See item a) above.
- c) Possible Recommendation to the Village Board regarding Amending Agreement with OCSF including Adding Language for Recapturing Fees for Time Spent on the Bonding Process. See item a) above.
- d) Discussion regarding Church Hill's Project and Request for TIF Assistance. Mike Harrigan referred to the email summary and the spreadsheet calculations from Church Hill Group. Ehler's & Associates was asked to look into the amount of money that would be generated in tax increment from this project over the remaining life of the TID; and he went over the Projected Tax Increment Analysis attached to the agenda packet. Built into the analysis is the inflation/appreciation rate using a conservative figure of 2.5% and an assumption of what the tax increment rate is going to be in the future. The starting rate is \$18.56 (which is current) and adjusted to decline by 1% per year and he explained the reasoning. The "value added" column indicates a \$550,000 value that has occurred since the TIF District was created and the property went on the tax roll with that value. The additional numbers in that column are the actual construction of improvements on the site—adding up to \$10M. The inflation increment column represents 2.5% on the value of the accumulative valuation figure. With the new construction combined with the inflation at the end of the 20 year projection period it would have a value of \$14,482,000.
- e) Multiply each year's value times the tax **increment** rate to get to an annual amount of **increment** that would be collected in the TIF fund.
- f) When you create a TIF district the property in the district pays taxes just like other properties—the difference is in the distribution—100% of the tax increment are retained by the Village and put into the TIF. The projected tax increment over 20 years would be \$3,192,000. The maximum that could be supported upfront through TIF assistance is \$1,762,000 based on the present value calculation. When the TIF #3 project plan was done originally, there were projects that added up to over \$11M. In addition, there was about \$675,000 identified as developer incentives. Harrigan said there is a question of whether the Village is capped at that number. He stated he is not sure; it depends on the way the language was written. In any event, when TIF #3 was being prepared the Village had assumed certain amounts of new construction for this project and other projects. There were assumptions made regarding the projected increment from the projects and how that increment revenue would provide the cash flow to pay for all infrastructure improvements in the District. There was lengthy discussion including all of these issues, the need to amend the plan, whether the Village wanted to adjust the amount for developer incentives and so forth.

At this time there was discussion regarding whether to allow the Church Hill developers to make a presentation at this time or whether they should come back to a future meeting. Joseph Harrington from Icon Real Estate Group, Robert Simonson from Apex Management, LLC, and Robin Roberts of Roberts Construction Associates, Inc. were present and gave a brief overview of the project. They are proposing phasing the project which would be an assisted living facility would have 40 units, be of a Victorian residential nature with landscaping in the front of the facility and plenty of parking in the rear. The developers are requesting TIF support in order to move the project along. They have similar facilities in Edgerton, Onalaska and Watertown. This type of assisted living facility allows for residents to own the space and still have residential care, it is an equal housing opportunity and would not be in competition with the assisted living facility

in Oregon already. There are a number of reasons the developer feels this project would benefit the Village including, an annual payroll of approximately \$350,000, will employ 14-20 full and part time employees, will increase local assisted living options, there is no such facility in the Village at this time, would create a community within the community and so forth to name a few. The developer is looking for approximately \$1M in TIF monies. There was considerable discussion including the request being such a high amount of money and what the charge per unit would be (1 bedroom would range from \$2,650 to \$2,900/monthly; with 2 bedrooms running \$3,100 - \$3,200/monthly. There seemed to be some confusion regarding the amount of money being requested and that needs to be clarified. It was stated that if the CDA and Board agreed to give the developers \$1M there would be no monies left for other projects. Luebke asked if this was something the CDA wanted to do, or do they feel the developers standards need to be lowered by the developers in order to be affordable? Discussion continued.

- g) Possible Recommendation to the Village Board regarding Church Hill's TIF Request and Updating TIF #3. Following discussion, **Noeldner moved to recommend Village Board authorize staff to hire Ehlers & Associates to update the TIF project plan in an amount not to exceed \$5,000.00. Second by Peotter. Motion carried 6-0.**

Due to the length of the meeting (approximately 3 hours) the remaining items on the agenda were tabled to the next meeting.

6. **MISCELLANEOUS BUSINESS AND COMMUNICATIONS.**

- a) Discuss Status of Red Brick Renovation Work. For informational purposes.
- b) Discuss Status of Southeast Quadrant Plan. For informational purposes.
- c) Discuss Status of Alpine Business Park. For informational purposes.

7. **UNFINISHED BUSINESS.**

- a) Discuss Status of Downtown Intersection Project and Streetscape Project.

8. **NEW BUSINESS.**

9. **STAFF REPORT.**

10. **NEXT MEETING DATE AND TIME.** There was discussion and it was concluded the next meeting will be held Thursday, February 22, 2007 at 7:00 a.m.

11. **ITEMS FOR FUTURE MEETINGS.**

- a) Business Improvement District (BID) Discussion
- b) Establishment of Re-Development District
- c) April 7 & 21, 2005 Minutes
- d) Per Trustee Noeldner's Email: Marketing of Downtown Oregon to Developers and Discuss Marketing of Downtown to Businesses and Review Waterman Central Park Concept

12. **ADJOURNMENT.** The meeting was adjourned at 10:05 a.m. on motion by Noeldner, second by Lourigan. **Motion carried 6-0.**

Submitted by,  
Georgia Johnson,  
Village Clerk