

## **VILLAGE OF GRAFTON**

### **COMMUNITY DEVELOPMENT AUTHORITY MEETING MINUTES**

**TUESDAY, JUNE 9, 2015**

The Community Development Authority meeting was called to order at 6:15 p.m. by Chair John Gassert.

Board members present: Alan Kletti, Dan McKelvey, Al Richards, President Jim Brunnuell, Trustee Dave Antoine, and Chair John Gassert

CDA members absent: Roger Kirgues

Staff/Officials present: Village Administrator Darrell Hofland, Director of Planning and Development Jessica Wolff, Finance Director Paul Styduhar, and Planning Intern Cody Zimmer

Others present: Todd Taves, Senior Municipal Advisor, Ehlers

#### **MINUTES**

Motion by Mr. Kletti, seconded by Mr. Richards, to approve the minutes of the March 4, 2015 and May 6, 2015 Community Development Authority meeting, as presented. Motion carried.

#### **HEAR PERSONS REQUESTING TO BE HEARD**

None

#### **TAX INCREMENTAL DISTRICTS CASH FLOW PRO FORMAS**

Todd Taves was present to review cash flows for the Tax Incremental Districts (TIDs). For all projections, staff assumed a flat tax rate and one percent increase in values going forward. TID No. 2 (Grafton Business Park) included a correction for the double valuation of Regal Beloit. There will be a projected \$2,000,000 increase in 2015 from the Kapco expansion and the day care construction. All available increment through the life of the TID No. 2 will be donated to TID No. 3. TID No. 2 is projected to close in 2020 in good standing with no debt.

TID No. 5 (Grafton Commons) is the other donor district. There are no significant changes in value. All available increment through the life of the TID No. 5 will be donated to TID No. 3 and TID No. 4. TID No. 5 is projected to close in 2033 in good standing with no debt.

TID No. 3 (Downtown Redevelopment) has been losing value (28 percent) from 2008 including nearly \$1,600,000 last year. The projections reflect the Lumberyard project revenue in 2017 and costs associated with the purchase of Lumberyard property. The Village will refinance existing debt this year for past TID No. 3 expenses. This district will have a negative fund balance until the district closes in 2026. In 2016, the Village will need to advance funds to assist TID No. 3 in paying its expenses.

TID No. 4 (South Commercial District) has been losing value since 2007 (43 percent). It is anticipated that increment valuation will increase in 2015 over 2014. The projections include \$19,000,000 increase in value by 2018 from Village Pointe Commons and the related incentives for the project. The Village will refinance existing debt this year for past TID No. 4 expenses. Restructuring the debt will allow for better cash flow associated with the debt payments. Starting in 2029, this district is projected to have a healthy fund balance and is projected to close in 2032 with a significant fund balance. From 2016 - 2024, the Village is projected in its need to advance funds to assist TID No. 4 in paying its expenses.

There was a discussion about what happens if TIDs close with a loss. Mr. Taves indicated that the General Fund would pick up any deficits. State statutes allow for a three year extension for TIDs that are in debt at time of the regular closing year. The Finance Committee, at its June 15 meeting, will initiate discussion of possible options to fill the gap in negative fund balances in TID Nos. 3 and 4 as part of the projected 2016 budgets.

**DISCUSSION AND POSSIBLE ACTION TO APPROVE SECOND AMENDMENT TO ESCROW AGREEMENT BY AND BETWEEN OAK STREET #1, VILLAGE POINTE COMMONS, LLC, VILLAGE OF GRAFTON CDA, AND CHICAGO TITLE INSURANCE COMPANY; DISCUSSION AND POSSIBLE ACTION TO APPROVE SECOND AMENDMENT TO TERMINATION OF THE OAK STREET #1 AGREEMENTS; and DISCUSSION AND POSSIBLE ACTION TO APPROVE SETTLEMENT AND MUTUAL RELEASE AGREEMENT BY AND BETWEEN THE VILLAGE OF GRAFTON, VILLAGE OF GRAFTON CDA, OAK STREET #1, LLC, AND GUARANTORS OF THE OAK STREET DEVELOPMENT AGREEMENTS, CONDITIONED UPON SUCCESSFUL COMPLETION OF THE TERMS OF THE ESCROW AGREEMENT, AS AMENDED**

Administrator Hofland noted that the Village Pointe Commons development agreements needed to be amended as a result of the delay in the private sale of the property because Capri Communities was not ready to apply for building permits. The Village has not provided any additional incentive related to the delay. Village Board has already taken action on the following documents.

Motion by President Brunquell, seconded by Trustee Antoine to approve the second amendment to the escrow agreement, the second amendment to termination of the Oak Street #1 Agreements, and the settlement and mutual release agreement by and between Oak Street #1, Village Pointe Commons, LLC, Village of Grafton Community Development Authority, and Chicago Title Insurance Company. Motion carried.

**CONVENE TO CLOSED SESSION**

Motion by Mr. Kletti, seconded by Mr. Richards, to convene to closed session, at 7:10 p.m., pursuant to Wisconsin Statutes 19.85(1)(e) for real estate and competitive bargaining matters (Lumberyard development agreement).

Mr. Alan Kletti – Aye  
President Brunquell – Aye

Trustee Antoine – Aye  
Chair John Gassert – Aye

Mr. Al Richards – Aye  
Motion carried.

Mr. Daniel McKelvey – Aye

A closed session of approximately 22 minutes was held. The CDA discussed negotiation strategies associated with the Lumberyard development agreement.

### **RECONVENE TO OPEN SESSION AND THE REGULAR ORDER OF BUSINESS**

Motion by Mr. Richards, seconded by President Brunnuquell, to reconvene to open session and the regular order of business, at 7:32 p.m.

Mr. Alan Kletti – Aye  
President Brunnuquell – Aye

Mr. Al Richards – Aye  
Chair John Gassert – Aye

Motion carried (Mr. McKelvey and Trustee Antoine left during closed session).

### **OLD/NEW BUSINESS**

Director Wolff explained that Freddie's Deli food truck wants to park at the former Moose's service station. The CDA, by consensus, agreed to allow the food truck with a condition that the owner agrees to indemnify the Village against any liability.

### **ADJOURN**

Motion by Mr. Richards, seconded by Mr. Kletti, to adjourn at 7:37 p.m.  
Motion carried.