

VILLAGE OF GRAFTON

COMMUNITY DEVELOPMENT AUTHORITY MEETING MINUTES

FEBRUARY 16, 2011

The Community Development Authority (CDA) meeting was called to order by Vice Chair Roger Kirgues at 5:34 p.m. due to the absence of Chair John Gassert.

CDA members present: Alan Kletti, Roger Kirgues, Dan McKelvey, Al Richards, Ron LaPean, Jim Grant and John Gassert (6:10 p.m.)

Staff/Officials present: Village Administrator Darrell Hofland and Village Clerk Teri Dylak

PERSONS REQUESTING TO BE HEARD

None.

CONSIDERATION OF MUELLER HOTEL LLC'S REQUEST FOR PARTICIPATION IN WHEDA PROGRAM WHICH WILL ALLOW ELIGIBILITY FOR MIDWESTERN DISASTER AREA BOND FINANCING

Village Administrator Darrell Hofland briefly reviewed the financing options for the Mueller Hotel, LLC Grafton Hotel redevelopment project. He identified that the developers have previously applied to HUD for participation in a HUD-guarantee loan program. In addition, alternative short term financing options includes additional owner equity, a construction loan from a private bank; and CDA-provided short-term financing of their purchase of the Grafton Hotel property from the CDA. Administrator Darrell Hofland informed the CDA that the developer has been looking for alternative long-term financing options for their project to succeed the short-term construction loan.

Administrator Hofland stated that because Ozaukee County was designated a disaster area as a result of a severe storm, Midwestern Disaster Area Bonds (MDABs) may be available for the long term financing of this project. These bonds, issued through WHEDA, are for a maximum of 30 years at a fixed interest rate. A WHEDA condition of approval is that 20 percent of the apartments (4 of the 18 units) be for "worker rate" rents (approximately \$620-\$800 per month) based on the restriction that rents cannot exceed 60 percent of the Ozaukee County median income.

Paul Rushing and Jim Reed were present. They informed the CDA that they have calculated the rent requirement against their planned rent structure and found no major difference.

Vice Chair Kirgues stated that it is in the best interest of the CDA and the Village overall for this project to move forward.

Trustee Grant questioned if any additional information was available regarding the HUD financing component of this project.

Jim Reed responded that they have received their “firm commitment” package from HUD; however, they have indicated that closing would not occur for a minimum of 60 days. He stated that this timeframe is not acceptable. They would like to begin construction in March and are looking for additional financing options. Unfortunately, with the current economic climate, banks are not willing to provide longer than a 3 year bridge financing loan on this type of project which is why the MSBA financing option was researched.

Administrator Hofland indicated that the developer of the new Columbia St. Mary’s clinic took advantage of these types of bonds for their recent project.

Administrator Hofland identified that in earlier negotiations with Mueller Hotel LLC, on the purchase of the parcel and the development agreement, the CDA indicated that they would not support the developers' participation in a federal or state program that would affect the valuation of the property. A valuation of \$1.6 million is required upon completion of the project. Mr. Reed and Mr. Rushing identified that the lower rent requirement will have no effect on the valuation.

Motion by Alan Kletti, seconded by Al Richards, to approve Mueller Hotel LLC's request for participation in WHEDA program which will allow eligibility and apply for Midwestern Disaster Area Bond financing.
Approved unanimously.

CONVENE TO CLOSED SESSION

Motion by Trustee LaPean, seconded by Trustee Grant, to convene to closed session, at 5:46 p.m., pursuant to Wisconsin Statutes 19.85(1)(e) for Real estate and competitive bargaining matters (redevelopment agreement negotiations and sale of downtown CDA-owned property)
Approved unanimously by roll call vote.

A closed session of approximately 2 hours and 45 minutes was held. During the closed session the CDA reviewed a potential development for a former industrial site. In addition the members discussed an amendment to a previously approved development agreement for the Highland Ridge project and a possible offer to sell CDA-owned property in the downtown.

RE-CONVENE TO OPEN SESSION AND THE REGULAR ORDER OF BUSINESS

Motion by Trustee Grant, seconded by Dan McKelvey, to reconvene to open session and the regular order of business at 8:37 p.m. Approved unanimously by roll call vote.

CONSIDERATION OF A THIRD AMENDMENT TO TAX INCREMENT DISTRICT NO. 4 DEVELOPMENT AGREEMENT FOR HIGHLAND RIDGE

Motion by Roger Kirgues, seconded by Al Kletti, to approve the Third Amendment to TID No. 4 Development Agreement for Highland Ridge, as presented. Approved unanimously.

OLD BUSINESS

None.

NEW BUSINESS

Dan McKelvey indicated that he will not be present at the March 2 CDA meeting.

ADJOURN

Motion by Trustee LaPean, seconded by Trustee Grant, to adjourn at 8:40 p.m. Approved unanimously.