

VILLAGE OF GRAFTON

COMMUNITY DEVELOPMENT AUTHORITY MEETING MINUTES

SEPTEMBER 7, 2011

The Community Development Authority (CDA) was called to order by Village Clerk Teri Dylak at 6:15 p.m.

CDA members present: Jim Brunnquell, Jim Grant, Alan Kletti, Al Richards, John Gassert, Dan McKelvey, and Roger Kirgues (6:25 p.m.)

Staff/Officials present: Director of Planning and Development Michael Rambousek, Finance Director Paul Styduhar, Village Clerk Teri Dylak, Village Attorney Michael Herbrand

ELECTION OF CHAIR AND VICE CHAIR PURSUANT TO SECTION 24.20.010 OF THE GRAFTON MUNICIPAL CODE

Motion by Jim Grant, seconded by Alan Kletti, to appoint John Gassert Chair of the Community Development Authority. Approved unanimously.

Motion by Alan Kletti, seconded by Jim Grant, to appoint Roger Kirgues Vice-Chair of the Community Development Authority. Approved unanimously.

MINUTES

Motion by Dan McKelvey, seconded by Alan Kletti, to approve the August 3, 2011 Community Development Authority meeting minutes, as presented. Approved unanimously.

PERSONS REQUESTING TO BE HEARD

None.

REVIEW AND CONSIDERATION OF TWO SIGN GRANTS REQUEST BY DANIEL AND SHARON MCKELVEY FOR INVESTMENT CENTER BUILDING LOCATED AT 1019 CEDAR STREET

Director of Planning and Development Michael Rambousek identified that Investment Center of Grafton, 1019 Cedar Street, owned by Daniel and Sharon McKelvey, has submitted applications for two sign grants.

The first sign grant request, in the amount of \$667.45, is for a tenant sign for Realty Executives Integrity. The tenant sign would be located under the Investment Center sign on the existing pole structure. The tenant sign will include a blue border that defines the outline of the company's shield logo. The shield will be white and the lettering will be red. The dimensions of the sign are proposed to be 60 inches by 31.75 inches. The total cost of the sign, including installation, is \$1,334.90.

Director Rambousek identified that the second sign will consist of red and blue coloring in a gray background. This sign will have dimensions of 72 inches by 45.75 inches. The total cost of this sign, including installation, is \$2,125.04. This sign will be located at the top of the monument structure because it is the primary tenant.

Both signs are to be made of two inch thick foam with a sandblasted finish.

Director Rambousek informed the members that the Plan Commission has granted a variance to maintain the height of the sign pole at 15.5 feet. The sign structure is now in conformance with the Village of Grafton sign regulations for the downtown area.

2003 variance for vision clearance placement

Motion by Jim Grant, seconded by Al Richards, to approve two matching sign grants as follows: Realty Executives Integrity sign in the amount of \$667.45 and the Investment Center of Grafton sign in the amount of \$500, both signs to be located at 1019 Cedar Street, with both grant amounts to be paid to the Investment Center of Grafton after the installation of the signs.

The foam material being used for the sign was briefly discussed. Mr. McKelvey stated that the material is quite dense and heavy. The sign is sandblasted and then hand painted. Mr. McKelvey also stated that the red color shown in the submittal is actually a copper color.

Director Rambousek stated that there are currently several signs in the downtown made of the same foam material being proposed for this sign. The Painted Bean and Sweet Trio were identified.

Chair Gassert questioned if the variance, granted by the Plan Commission, for the height of the sign sets precedence for future requests.

Director Rambousek responded that a recent court case (Snyder v. Waukesha County Zoning Board of Adjustment) “deemed that the practical difficulty and unnecessary hardship do not include conditions personal to the owner of the land, but rather to the conditions especially affecting the lot in question”. He stated that a variance is based on conditions the property creates not conditions created by the applicant. Each case is reviewed separately.

The motion to approve two matching sign grants as follows: Realty Executives Integrity sign in the amount of \$667.45 and the Investment Center of Grafton sign in the amount of \$500, both signs to be located at 1019 Cedar Street, with both grant amounts to be paid to the Investment Center of Grafton after the installation of the signs was approved 6-0 (D. McKelvey - abstain).

ACTION TO APPROVE THE CALL OF THE LETTER OF CREDIT FROM OAK STREET #1, LLC – HIGHLAND RIDGE PROJECT

Finance Director Paul Styduhar updated the CDA on the status of the Letter of Credit for the Highland Ridge project. He stated that the Village received notice that the existing letter of credit, in the amount of \$2.5 million, would not be renewed and will expire on Friday, September 9. In order to secure available funds per the development agreement, it was the Village’s intent to draw the entire amount of the letter of credit, prior to expiration. If the Village draws on the letter of credit it becomes similar to a mortgage against the development.

Staff contacted developer E. J. Plesko and was informed that a new letter of credit was being secured and would hopefully be available on Monday.

Director Styduhar stated that Village Administrator Hofland received confirmation from Mr. Plesko earlier today that \$2.5 million would be wired to the Village account on Thursday to meet the requirements of the development agreement. A new letter of credit would be completed and in place early next week. Upon receipt of the new letter of credit, the Village will return the wired funds to Mr. Plesko.

Director Styduhar stated that the developer has been working with the bank on obtaining a new letter of credit.

Alan Kletti questioned if there is a development timeline for this site. Director of Planning and Development Michael Rambousek stated that he met with the developer last month to discuss a new development concept for this site; however, he is unable to release any information at this time.

After limited discussion, it was the consensus of the members to proceed with action to draw the letter of credit funds as a safeguard in case the funds are not wired to the Village account as proposed by Mr. Plesko.

Motion by Jim Brunnuquell, seconded by Roger Kirgues, to draw the full amount of the letter of credit, \$2.5 million, for the Highland Ridge development, if the funds are not wired to the Village of Grafton account by 2:00 p.m. on Thursday, September 8. Approved unanimously.

CONVENE TO CLOSED SESSION

No closed session was required.

UPDATE ON FINANCIAL CONDITION OF TID NO. 3 AND 4

Finance Director Styduhar reviewed the financial condition of Tax Incremental Districts No. 3 and No. 4. He informed the CDA that he worked with Ehlers to on updated numbers for all of the TIDs.

The cash flow pro-forma shows that TID No. 2 and TID No. 5 have excess revenue. He reminded the CDA that these two districts have been designated as donor districts to assist TID Nos. 3 and 4 with cash flow.

Director Styduhar reviewed the development assumptions, increment projections and cash flow pro-forma spreadsheets for TID No. 3. He stated that any construction that takes place in 2011, such as the Grafton Hotel project, will not be realized until 2013. Based on assumptions, it is anticipated that this district will close in 2026 with an anticipated total increment of \$15,565,011.

Jim Brunnuell questioned why a 2 percent tax rate adjustment factor was used. Director Styduhar responded that with an expected decrease in valuations with a level tax levy the result is an increased tax rate.

Director Styduhar commented that if the Lumberyard site develops by 2013-2014, with a \$10 million dollar project value, an estimated additional \$2.4 million in increment could be realized. This would significantly assist the district and lessen the need for donor district funds. If additional development does not occur in this district donor district funds will need to be utilized in order for the burden not to fall on the taxpayers. Donor district funds will not be utilized unless necessary to pay debt service.

Roger Kirgues commented that the Village should limit the use of donor district funds, if possible. Jim Grant agreed and stated that when the Grafton Hotel renovation project is completed perhaps it will stimulate additional development in the downtown.

Director Styduhar informed the CDA that if TID No. 2 was not needed as a donor district, the district could be closed.

The CDA briefly discussed the new Distressed TID designation option recently made available by the State. Director Styduhar stated that the Village of Thiensville has applied for a Distressed TID designation which will extend the life of district for 30 years. It was the consensus of the members that this was not an option for the Village of Grafton districts.

Director Styduhar reviewed the development assumptions, increment projections and cash flow pro-forma spreadsheets for TID No. 4. It is anticipated that this district will close in 2030 with a projected total increment of \$25,109,701.

Director Styduhar identified that the Village does have safeguards in place for this district to guarantee valuation. The Highland Ridge agreement provides that if the anticipated valuation is not reached, the developer must "make up the difference". In addition, if the District does not have adequate increment to make the debt payments associated with this development, the developer must reimburse the Village.

The former Pick 'n Save area was reviewed. Lerner Company will continue to receive lease payments from Pick 'n Save until the end of 2011. At that time, it is likely that a

new tenant will be sought for this area. The members briefly discussed the possibility of expanding TID No. 4 to include the Lerner Company shopping center.

The amount of donor funds available from each district was discussed. Director Styduhar stated that there is no limit on donor funding other than what is available in excess increment.

The members briefly discussed the use of donor districts. Jim Brunnquell commented that while it is good to have the option of donor funds, the first priority is to have a development stand on its own merit. Director Styduhar agreed stating that is why the Village requires development agreements that make the developer responsible for any shortfall in valuation and increment for payment of any associated.

Director Rambousek commented that when a new development is proposed, the Village does not look at the use of donor funds for development viability, but whether the development is economically feasible.

John Gassert questioned how municipally owned properties affect the TID because of their tax exempt status and zero valuation. Director Styduhar responded that the Grafton Hotel site will be back on the tax roll, effective 1-1-2012. The remaining Village owned properties, once developed, will be placed back on the roll.

Chair Gassert commented that while the financial health of TID No. 3 and TID No. 4 may appear bleak right now, with possible future development the Village can hope that these two districts will be financial viable in the near future.

Alan Kletti questioned if the Village has adequate financial value to create an additional TID. He also requested that the TID assumptions be updated as developments come forward or things change. Director Styduhar responded that the Village has the ability to create another TID and he will provide the CDA with updated TID numbers as things change.

OLD BUSINESS / NEW BUSINESS

Jim Grant questioned if there any new developments coming forward. Director Rambousek responded that a new store, similar to a Pier 1 Imports, will be moving into space in the Creekside Plaza. In addition, a corporate Hallmark Store will be moving into space in the new Highland Ridge. He also stated the Gauthier Biomedical project has received all of the Village of Grafton approvals and is finally moving forward.

ADJOURN

Motion by Jim Grant, seconded by Dan McKelvey, to adjourn at 7:15 p.m.
Approved unanimously.