

Report of the Community Development Authority of the City of Stevens Point

August 22, 2013, 4:30 PM
City Conference Room
1515 Strongs Avenue, Stevens Point, WI 54481

PRESENT: Chairperson Halverson, Commissioner Molski, Commissioner Cooper, and Commissioner Schlice.

EXCUSED: Alderperson Randy Stroik, Commissioner Adamski, and Commissioner Onstad.

ALSO PRESENT: Executive Director Michael Ostrowski, Public Housing Manager Donna Bella, City Attorney Logan Beveridge, Comptroller/Treasurer Corey Ladick, Andrew Schliepp, Eric Molien, Bill Schierl, Gerard McKenna, and Chris Jones.

INDEX:

1. Roll call.

Discussion and possible action on the following:

2. Reports of the May 7, 2013, May 21, 2013, and June 21, 2013 CDA meetings.
3. Authorizing a Securities Control Agreement with Community First Bank relating to the Children's Museum loan guarantee, and related requirements of Robert W. Baird & Co.
4. Current investment policy and strategy related to non-HUD or tax credit investor funds/investments, and potential related changes.
5. Request from Fox Theater, LLC relating to the acquisition of land immediately north of the Fox Theater, which owned by the Community Development Authority of the City of Stevens Point.
6. Approval of a Settlement Agreement between the City of Stevens Point, the Community Development Authority and Marshfield Clinic relating to the construction commencement date for the Hwy 66 site.
7. Authorization to use the funds received from Marshfield Clinic Settlement Agreement to pay for costs related to extending utilities near the site, burying overhead power lines south of the proposed Downtown Strongs Avenue parking lot, and use of the remaining funds for mall redevelopment related costs.
8. Award bid for the former Dunrite Cleaners environmental remediation project.
9. Authorization to allow WAOW to install a Skycam 9 on the roof of Edgewater Manor.
10. Authorization for out-of-state travel for the Public Housing Manager.
11. Setting monthly meeting date.
12. Adjourn.

1. Roll call.

Present: Halverson, Molski, Cooper, and Schlice.

Not Present: Stroik, Adamski, and Onstad.

2. Reports of the May 7, 2013, May 21, 2013, and June 21, 2013 CDA meetings.

**Motion by Commissioner Cooper to approve the reports; seconded by Commissioner Molski.
Motion carried 4-0.**

3. Authorizing a Securities Control Agreement with Community First Bank relating to the Children's Museum loan guarantee, and related requirements of Robert W. Baird & Co.

Director Ostrowski stated this item was in front of the CDA in May and revolves around the backing of loan payments for the Children's Museum loan with the interest from the housing trust funds. Community First Bank is asking the CDA to execute a securities control agreement to ensure that the payments will be made if the Children's Museum would default on their loan. In May, Baird had a requirement that they would need to create a new account, however, since that time, that requirement has changed.

Andrew Schliepp, Baird, said this generates from the loan between the Children's Museum and Community First Bank. He said the bank is trying to cover all their bases. Even though there is an agreement between the CDA and Community First, the CDA is Baird's client, and Baird can only take direction from them. This agreement that will be adopted onto the account, will allow Baird to make payments to Community First Bank from the interest payments, if the Children's Museum ever defaults.

Eric Molien, Community First Bank, said we already have an interest in the guarantee, what they don't have is a perfected interest. If it is not perfected, someone else could get ahead of them for collateral position.

Mr. Schliepp said Baird will not do anything until they get a signoff from the CDA.

Commissioner Molski said the last time we would have to get Community First Bank's permission if we were going to spend any money from this account. This is not the case now. Chairperson Halverson said that is correct. Mr. Schliepp said the control agreement would only come into play if the loan would go into default. At that time Community First Bank would ask Baird to route the interest until the loan is made whole.

Mr. Molien said it is just the interest payments that would cover the loan, not the principal.

Commissioner Schlice asked if they have been current on their payments. Mr. Molien said that he cannot speak about their account without their permission, but they have just renewed their loan another 5 years and everything has been current and fine.

Commissioner Cooper asked what the amortization was on the loan. Mr. Molien said the loan to start with was \$800,000, they did not get anywhere near to that. He believed they were about 15-16 right now.

Motion by Commissioner Schlice to approve; seconded by Commissioner Cooper.

Roll call:

- **Ayes – Halverson, Molski, Cooper, and Schlice.**
- **Nays – None.**

Motion carried 4-0.

4. Current investment policy and strategy related to non-HUD or tax credit investor funds/investments, and potential related changes.

Director Ostrowski stated that previously you were presented with our current investment policy that was adopted in the 1970s. After that meeting we met with Baird to determine what our current investments were, and it was decided to get a little safer with investments, essentially not investing any more in the Freddie's and Fannie's, but more into the Ginnie's, because they are backed by the full faith and credit, as well as the governmental municipal bonds. However, they are not yielding the interest as we have seen in the past. In the past, we have had the following interest rates:

- 2009 – 5.5%
- 2010 – 5.1%
- 2011 – 4.8%
- 2012 – 3.5%

This year we are anticipating about 3.2%.

Director Ostrowski said he provided the board with a copy of the City's investment policy, as well as a GFOA investment policy template.

Chairperson Halverson asked what the difference has been between the Freddie's and Fannie's compared to the Ginnie's. Mr. Schliepp said you can look at it a couple of different ways. The difference is that the Ginnie's have the full faith and credit backing of the U.S. government. The Freddie's and Fannie's have the implicit backing. During the financial crisis, we did see the U.S. government step in and back the Freddie's and Fannie's. Allowing investments into the Freddie's and Fannie's opens up the pool of investments. A lot of the sales for the Ginnie's are on the secondary market. In the bond market, as interest rates increase, prices decrease, but only on the statement. When assets come due, they will come due at par value. When we look at investing, we want to invest at par value or below, so you are guaranteed a return upon the bond maturing. By opening the inventory up, we will have more to choose from. It could get back into the 4-4.75% range.

Chairperson Halverson said the concern that he has is that if we go back to the interest rate that we had, we could renovate 3-4 more homes.

Motion by Chairperson Halverson to modify the investment policy to be the broadest approach to investment strategy that is legally applicable to the investment of governmental funds; seconded by Commissioner Cooper.

Commissioner Schlice said everything he is reading is that Freddie and Fannie could go bankrupt at any time; the odds are that they won't. He thinks that is too big of a risk and he will not support it. Chairperson Halverson said he would agree with him if we were still dealing with tax collections. However, with these dollars, the reward versus the risk is the ability to for us to amplify these dollars. He would like to get back to the point that we were without a great deal of risk.

Mr. Schliepp said they selectively look at the investments. They are always going to focus on the safest investment that they can, if it makes sense. He just wants to have the ability to invest the funds quicker, as opposed to having the funds sit in a money market account losing money.

Director Ostrowski asked if the board would want the redrafted investment policy in September, and wait until then to invest the current couple hundred thousand dollars sitting in the account, or should he proceed with investing those funds based on the investment strategy proposed.

Chairperson Halverson said to authorize the reinvestment right away per the direction of the motion today.

Roll call:

- **Ayes – Halverson, Molski, and Cooper.**
- **Nays – Schlice**

Motion carried 3-1.

5. Request from Fox Theater, LLC relating to the acquisition of land immediately north of the Fox Theater, which owned by the Community Development Authority of the City of Stevens Point.

Mr. McKenna said in February the property was transferred from the Sanders family to the Arts Alliance of Portage County. The Arts Alliance then decided to form a separate board, which is now the Fox Theater Board, LLC. The idea from the Arts Alliance is to see if we can reclaim the building and see if we can repurpose it and determine what the use will be. They have been meeting for several months. They are at the stage where they are sending out RFPs for structural engineering. They want the engineers to come in and see if it is safe for public occupancy. Then they will determine what will need to be remediated. They will then look at a business plan. Following that, they will look at an architectural study to determine what the place will become, which is the reason for this request. They need to know for their planning if this land will be there.

Commissioner Schlice asked how much land was in question. Director Ostrowski said the area identified as 5,950 square feet on the map is what we would be looking at transferring. It would go out about 73 feet from the current wall. Chairperson Halverson said it is about two times the size of the area that was originally removed from the theater. Director Ostrowski said he believes about 50 feet was taken originally.

Commissioner Schlice asked if this could cause us some problems with development in the future. Commissioner Halverson said in our planning process we have always kept this area open for the expansion of the Fox Theater. This would certainly inhibit something from going there. Director Ostrowski said the setbacks for this district are zero.

Commissioner Schlice said he does not have a problem supporting it. However, in the last 33 years he has seen a lot of plans come through, but they have not developed because there was no money. He said he would support the transfer under a couple of conditions. Specifically, they have to have an approved plan that is shovel ready, with the needed funding. Only then would we transfer the property. Then, if there has not been anything done in 24 months, the approval would come back to the CDA.

Motion by Commissioner Schlice to approve the transfer of land to the Fox Theater Board, LLC under the following conditions:

Prior to the transfer of land

- **an approved plan must be in place,**
- **the project must be shovel ready, and**
- **the project must be fully funded.**

If nothing has happened with the project in 24 months, it would come back to the CDA for review and consideration.

Seconded by Chairperson Halverson.

Commissioner Schlice said this will help ensure that if nothing happens and we need the property, we do not have to buy it back.

Chairperson Halverson said the good thing about the motion is that they have the ability to blue sky the idea.

Bill Schierl said that personally, it is a lot better as they go through their planning to have the land. Mr. Schierl is concerned that as this board changes, they may not like the plan and not transfer the land. Commissioner Schlice said the board would not approve the plan only that it has to go through the appropriate process. If it does, then it could be transferred. Once it goes through, the City Attorney draws up the papers the Executive Director and Chairperson sign and it is done.

City Attorney Beveridge said one way to provide them some certainty is that we structure it as an option to purchase, under the conditions mentioned.

Commissioner Schlice said the intent of his motion is to give the option for 24 months, and then bring it back to the CDA for review. Then we will know what is going on. If you go 5-10 years, you may lose something else because this is tied up, even though nothing is happening.

Mr. Schierl asked what is the concept that will be acceptable in 24 months. He asked what needs to happen in the 24 months. Commissioner Schlice said that they are making progress on the project. It puts pressure on the board to get the project moving. This does give you the ability to move forward with the project.

Mr. Schierl said that if the land was transferred now, it would be a tip of the hat by the city, saying that they really support this project moving forward. He is not sure what the loss would be to transfer the land now. Commissioner Schlice said that in 24 months, they should know if they are going to use the land or not. Commissioner Molski said, or if they get the funding. Commissioner Schlice said that he has no problem tying the land up, but he does not want to tie it up forever.

Roll call:

- **Ayes – Halverson, Molski, Cooper, and Schlice.**
- **Nays – None.**

Motion carried 4-0.

6. Approval of a Settlement Agreement between the City of Stevens Point, the Community Development Authority and Marshfield Clinic relating to the construction commencement date for the Hwy 66 site.

Chairperson Halverson said the agreement is simple. They were required to start construction on a certain date, they did not. The agreement was for \$120,000, and was settled for \$80,000. Director Ostrowski said that within the settlement, the City is not required to do any of the transportation enhancements/improvements.

Motion by Chairperson Halverson to approve the settlement agreement with Marshfield Clinic for \$80,000; seconded by Commissioner Schlice.

Roll call:

- **Ayes – Halverson, Molski, Cooper, and Schlice.**
- **Nays – None.**

Motion carried 4-0.

7. Authorization to use the funds received from Marshfield Clinic Settlement Agreement to pay for costs related to extending utilities near the site, burying overhead power lines south of the proposed Downtown Strongs Avenue parking lot, and use of the remaining funds for mall redevelopment related costs.

Director Ostrowski said extending the utilities near the site costs about \$30,500, burying the power lines will cost about \$34,000. This will leave us about \$15,500 for the other mall redevelopment related activities.

Commissioner Cooper asked if this will create a problem with the budget because we expected \$120,000. Chairperson Halverson said no.

Motion by Commissioner Molski to approve the use of funds for the aforementioned activities; seconded by Commissioner Cooper.

Roll call:

- **Ayes – Halverson, Molski, Cooper, and Schlice.**
- **Nays – None.**

Motion carried 4-0.

8. Award bid for the former Dunrite Cleaners environmental remediation project.

Director Ostrowski said we opened bids this week for the remediation. There were three options that we looked at for remediation (1) remove the most highly contaminated soil and dispose of it in a landfill, while capping the remaining low-level contamination with a parking lot, (2) attempt to remove all of the contaminated soil and dispose of it in a landfill, and (3) attempt to remove all of the contaminated soil and construct soil venting piles at another site to remediate the contamination. After review of all three options, option three was chosen because option one failed to remove the contamination from the site, and option two's cost significantly increased due to the amount of soil that would need to be disposed of in a landfill. The plan for option three is to construct the soil venting piles near the wastewater treatment facility. Once the vapor extraction system is installed in the soil venting piles, it is anticipated that the soil will be cleaned or environmentally remediated within approximately two years.

We had three bids submitted for option three:

- Earth Inc. - \$248,850
- SGS Environmental Cont. - \$219,650
- River View Construction Inc. - \$188,470, which was the low bid.

Staff would recommend proceeding with the low bid of \$188,470 from River View Construction Inc.

Motion by Chairperson Halverson to award the bid to River View Construction Inc. for \$188,470; seconded by Commissioner Schlice.

Commission Schlice asked if the DNR has signed off on the plan. Director Ostrowski said we will need to get a remedial action plan approved by the DNR and meet the requirements outlined in state statutes.

Director Ostrowski said that the problem with hauling all of the dirt to a landfill is that the amount of soil has increased significantly, likely due to the way it was pushed around on the site.

Roll call:

- **Ayes – Halverson, Molski, Cooper, and Schlice.**
- **Nays – None.**

Motion carried 4-0.

9. Authorization to allow WAOW to install a Skycam 9 on the roof of Edgewater Manor.

Director Ostrowski said WAOW Channel 9 has been looking for another location to install a Skycam 9 weather camera. I have been working with them to place the camera on top of Edgewater Manor in the City of Stevens Point. Costs relating to setup and installation would be paid for by WAOW. The CDA may incur minor costs relating to electricity or internet usage. While the camera would likely provide a benefit to WAOW, it should also provide a benefit to the CDA and the City of Stevens Point through increased exposure of the community to the viewing area.

A contract will be signed between the two parties.

Motion by Commissioner Cooper to approve the installation of a skycam on top of Edgewater Manor; seconded by Commissioner Molski.

Roll call:

- **Ayes – Halverson, Molski, Cooper, and Schlice.**
- **Nays – None.**

Motion carried 4-0.

10. Authorization for out-of-state travel for the Public Housing Manager.

Public Housing Manager Bella explained the request. She said it is a fair housing conference by Nan McKay. This one is in North Dakota.

Chairperson Halverson asked if there were any training opportunities online or in Wisconsin. Public Housing Manager Bella said not with fair housing. She said fair housing is very touchy.

Chairperson Halverson said Alderperson Stroik has indicated that he is opposed to the request. He felt that there are other avenues for this type of training.

Commissioner Cooper asked how often the training is offered. Public Housing Manager Bella said that she was not sure, but the next one will likely be in another part of the country.

City Attorney Beveridge said that any time legal or fair housing issues come up, he would encourage her to forward them to his office.

Chairperson Halverson said he understands Alderperson Stroik's position, but given what he has seen and the danger of these cases, the more training that staff has on these matters the better.

Motion by Chairperson Halverson to approve the request for out of state travel by the Public Housing Manger; seconded by Commissioner Schlice.

Commissioner Schlice asked how much was the cost. Public Housing Manager said the cost of the conference is \$285.

Chairperson Halverson said to look at the cost of driving versus flying. Cost not to exceed \$600 round trip for flight.

Motion carried 4-0.

11. Setting monthly meeting date.

No action was taken.

12. Adjourn.

Meeting adjourned at 5:20 PM.

Chairperson

Date

Secretary

Date